

Best Consulting Bank

In order to become a bank that is truly supported by its customers and to establish a solid management base for the future, we have set the image of the bank we aspire to become as the following, and actively trained specialist resources.

“Best Consulting Bank” that responds to customers’ needs by offering the optimum solutions



Consulting approach targeted by The 77 Bank

"Consulting services" at The 77 Bank	Refers to services in which we identify the needs and issues of customers, and propose optimum solutions by bringing together the collective strength of the Group, while supporting problem solving and customer development by supporting the implementation of these solutions.
"Scope of consulting" at The 77 Bank	Consulting covers a broad range of services. We receive consultation requests from all of our customers, including corporate customers, individuals, and regional public bodies, in areas requiring specialized expertise such as business succession and M&As, problem solving through business evaluations, and acceptance of deposits.
"Consulting service providers" at The 77 Bank	As a banking service professional, each and every Bank employee serves as a consultant, and all Bank employees provide consulting services in their areas of responsibility.
"Purpose of strengthening consulting capabilities" at The 77 Bank	We will strengthen our consulting capabilities, and work to improve customer satisfaction and revitalize the regional economy, in order to realize the bank image sought by The 77 Bank of being the “Best Consulting Bank.”
"Requirements for strengthening consulting capabilities" at The 77 Bank	We will rebuild our structures at Headquarters and branches, as well as human resource development frameworks, in order to gain an understanding of customer needs and issues, propose solutions, and provide implementation support. In this process, it is necessary to improve the skills and skill levels of each and every employee.

Training of specialists personnel through external secondments.

Digital field	Japan Digital Design,Inc., MEJAR Digital Innovation Hub (MDIH) ,etc.	3 people
International business/market field	Japan External Trade Organization (UK), Bangkok Bank (Thailand), Vietcom Bank (Vietnam) ,etc.	10 people
Solutions business field	Mizuho Bank, MUFG Bank, Nihon M&A Center ,etc.	11 people
Regional revitalization field	Regional public bodies (Miyagi Prefecture and Sendai City) , (General Incorporated Association)Tohoku Tourism Promotion Organization	3 people

27 people as of May 31, 2020

Human Resource Development

Interview 01



Striving to solve the issues of quality assurance and manpower shortage on the front line of manufacturing.

Corporate Support Department
Kei Akama

I was assigned to Tohoku Electronics Industry Co., Ltd. with headquarters in Ishinomaki City, Miyagi Prefecture for one year under the Local Company Trainee program that started in 2018. I was assigned to the Quality Assurance Department, where I dealt with automobile manufacturers and interacted with manufacturing sites to ensure the quality of automobile-related parts. I was interested in the manufacturing industry, including automobiles and machinery, and I thought I had acquired some prior knowledge before I was transferred to the company, but I had to make a series of discoveries in the field and gained a lot of insights.

One of the things that left a deep impression on me was the strictness of quality control. The automobile manufacturer required us to improve quality down to the smallest invisible details and to thoroughly eliminate unnecessary costs. In order to meet these demands, we repeatedly reviewed and improved our processes and other aspects of our operations while listening to feedback from the front line. In addition, although

Tohoku Electronics Industry has about 1,000 employees in the entire group, I was forced to be keenly aware of the issue of the shortage of manpower at the manufacturing front line. I believe that these valuable experiences as a trainee at a local company can be utilized in my current work. I am currently working in the Corporate Support Office, providing support mainly to customers in the fishery processing industry in the coastal areas of the prefecture that are still on the road to recovery from the Great East Japan Earthquake. Although the fields and products we handle are different from those of the company to which I was assigned, I believe that the fundamentals of manufacturing are the same. In addition, there are many customers who are facing issues such as quality assurance and labor shortage in the field of fishery processing. My future goal is to contribute to such customers with the specialized knowledge I have acquired on the program and to solve their problems by making proposals that take into account their front line of manufacturing behind the numbers.



Service development from the user’s point of view, learned in the cutting-edge field.

Assistant Manager, Digital Strategy Department
Junya Segawa

From December 2017 to December 2019, I was assigned for two years to Japan Digital Design ,Inc., a FinTech company that provides services that integrate finance and IT, where I worked on two major tasks. The first was system development. I oversaw the programming of the business automation system RPA, which is also being introduced at our bank, and designed the process for managing it.

The other task was the service planning for digital currency. We worked together with external organizations to design products, procedures for payment, user screen transitions, and legal and regulatory checks. In particular, 2019 is the first year of the “cashless era” in Japan, a time of large-scale initiatives, and it was a great learning experience for me to be able to experience this major turning point firsthand. Cashless is one of

the major themes at our bank, and I hope to make use of my experience.

I learned a lot about digital technology by working in the field of FinTech, but the most important thing I realized was to think from the user’s perspective first. For example, if the system is for internal use, it must be easy for employees to use, and if it is for digital currency, it must be easy for customers to use otherwise, the equipment alone is meaningless. In particular, I feel that until now, some systems have been designed primarily for the convenience of the bank, and I would like to review them once again and change them to systems that focus on the convenience of customers. I also believe that more open discussions involving other departments and more flexible ideas will lead to better services for our customers.

Business Evaluation Initiatives

We conduct appropriate business evaluations of the business content and growth potential of clients in various life stages, while appropriately grasping and analyzing the current state and issues of the regional economy and industry as we actively engage in business evaluations that provide funds smoothly and proposals for solutions to resolve issues.

Interview 02



Sendai Haranomachi Branch
Kosuke Takeo

CEO, MAKABE GIKEN Co., Ltd.
Masahiro Makabe

Supporting the company's development by encouraging expansion to the private sector, backed up by business strategies.

We interviewed Mr. Makabe, CEO of MAKABE GIKEN Co., Ltd. which manufactures equipment for developing new materials using Japan's leading technology, about his impressions and results of our consulting services.

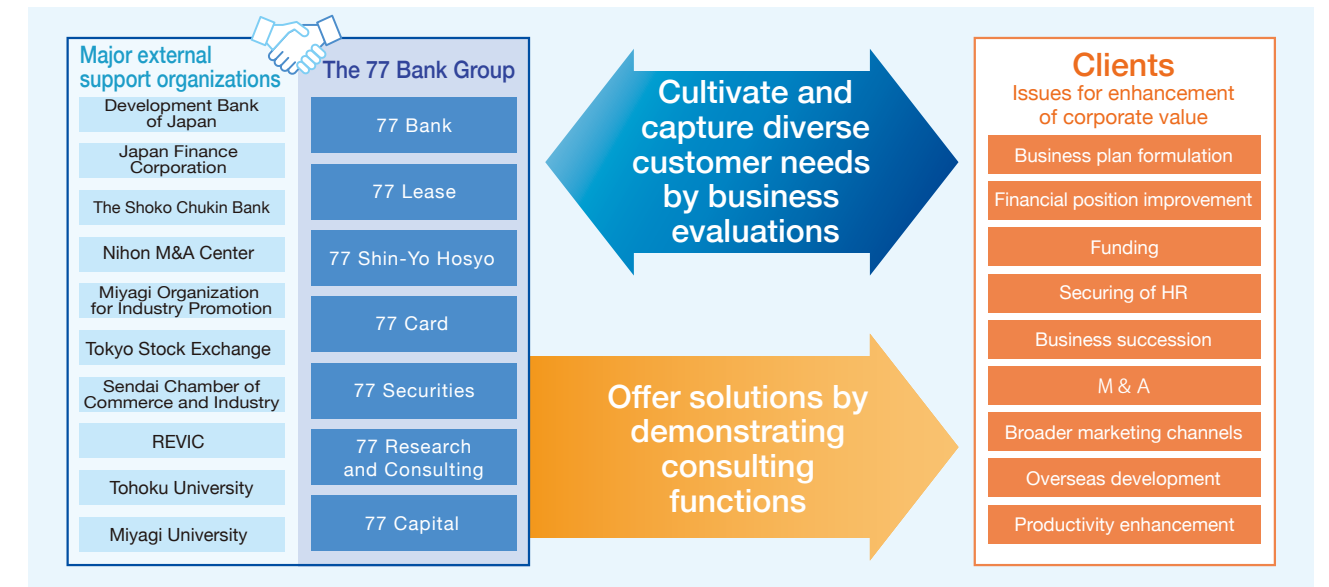
Makabe: MAKABE GIKEN is mainly engaged in the development and manufacture of equipment for researching metal materials and the materials themselves. One of our main products in recent years has been gas atomized powder production equipment for use in 3D printers for metals. We have been manufacturing these products for more than 30 years and provide high-quality powder production equipment. This is a very niche field, but Mr. Takeo has been visiting our company since before I became the CEO in 2019 to deepen his understanding.

Takeo: Even though I was young and not knowledgeable, you took a lot of time to teach me in detail. It helped me understand the value of your company, which I could not understand just



Equipment for manufacturing gas atomized powder, which is the material for metal 3D printers. The demand for this material has been increasing in recent years, and MAKABE GIKEN has been developing and manufacturing it for over 30 years.

Image of Business evaluation



by looking at numbers on a desk. I feel that I was able to provide funding and other support thanks to that. In particular, I was convinced that the development and technological capabilities that you have cultivated over your long history are unrivaled and will be required in a variety of fields in the coming digital age. I have been working with Mr. Makabe for about a year and a half on the succession of the business, and we are only in the final stages of transferring assets and developing the internal management system, but the first thing we did was to develop the financial foundation of the company.

Makabe: That was one of the issues that I felt we needed to address. Since the company's founding, we have been very much a manufacturing-driven company, and we have never had a solid business strategy in place. In addition, the company is currently going through a transition period. For a long time, our company has been receiving most of its orders from universities and other research institutions, but with the reduction of research expenses, we must now accelerate our expansion into the private sector. Thus, we asked the 77 Bank to help us develop a strategy for financial management and sales channel development necessary for this initiative. You even went so far as to suggest cost setting.

Takeo: As we started working with Mr. Makabe on formulating the business strategy, we felt his enthusiasm for the kind of company he wanted MAKABE GIKEN to be in the future, and this strengthened our desire to respond as the main bank to his expectations. As for the cost setting, I think it has been difficult to determine the appropriate price in the absence of competing products, but after we estimated the value from various perspectives, we suggested that it would be possible to set a higher price for such an excellent and rare technology.

Makabe: In the past, we often took on projects based on the price offered by research institutes, but now that we have an objective evaluation from the outside, we have one standard. In addition, the visualization of our finances has helped us to clarify the path to our sales targets, which has motivated our employees and made them more cost-conscious. Recently, we received an order for manufacturing equipment from France, and we hope to increase our business with Europe, the U.S.,

and other foreign countries in the future, and to receive help in the areas of compliance and legal affairs overseas.

Takeo: Our bank has an extensive platform for overseas business, from credit inquiries to legal risk management, so we can provide a one-stop service. We are no longer in an era when banks only deal with funds. We will continue to meet our clients' expectations based on our day-to-day relationship with them.



The company's technology is attracting attention both domestically and internationally. Recently, the company's excellent powder manufacturing technology has been highly evaluated, and the company has been conducting R&D and developing new businesses in cooperation with major private companies.



MAKABE GIKEN Co., Ltd.

Established in 1922, MAKABE GIKEN develops and manufactures research equipment for developing new materials and new materials themselves with abundant know-how and advanced technology.

M&A Cases

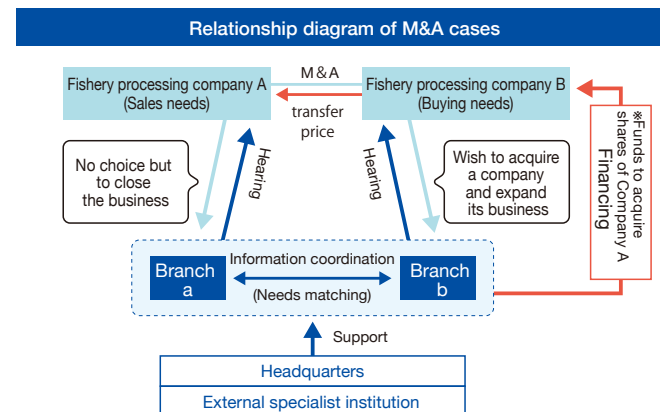
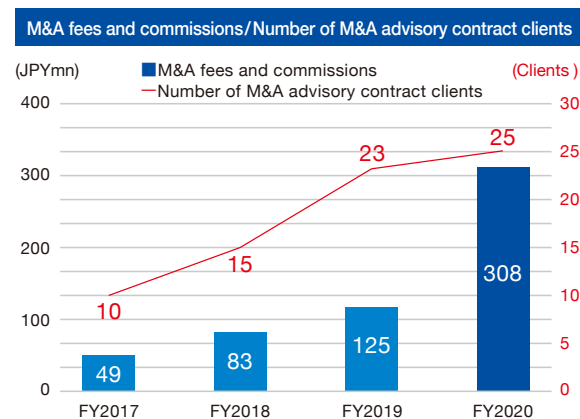
In order to meet the needs of our customers, we utilize our extensive network to provide support from consultation to the closing of M&A transactions.

At Branch A, the M&A specialist took the lead in proposing to Company A, a fishery processor that was considering closing down its business due to the absence of a successor, that the company hand over its business through M&A with a view to utilizing outside specialized organizations. However, there was no progress on selecting a candidate, and the decision to close the business was being made.

At that point, Branch B identified the needs of Company B, another fishery processor, to expand sales channels and secure human resources through M&A with a business feasibility assessment, and information coordination (needs matching) between the two branches and the head office was speedily carried out to realize the M&A.

As a result of this M&A, Company B was able to expand its seafood processing business by acquiring Company A's raw material suppliers and sales routes, and Company A was able to maintain its business and employment rather than simply closing down.

Company B is currently preparing to further expand its overseas business of Tohoku's food culture (processed marine products, etc.).



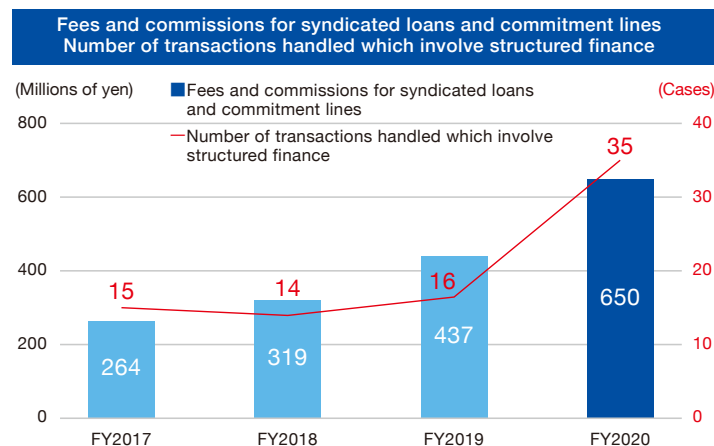
Signing a Project Finance Agreement for a Wind Power Generation Project in Kami District, Miyagi Prefecture

We have arranged syndicated loan project finance for the largest wind power generation project in Miyagi Prefecture.

JRE Miyagi Kami, a limited liability company in which Japan Renewable Energy Corporation has an equity stake, will be the main contractor for the project, which will construct 10 large wind turbines in Kami, Kami District, Miyagi Prefecture. After the start of commercial operation, all electricity will be sold to Tohoku Electric Power Co., Inc.

We believe that this project will contribute to the "Renewable Energy and Energy Conservation Plan" formulated by Miyagi Prefecture with the aim of increasing the introduction of renewable energy and improving the self-sufficiency ratio of electricity. In order to support the promotion of renewable energy projects and the revitalization of the local economy, a syndicated loan will be formed by regional banks in Tohoku to provide project finance for this 42.0 MW-class wind power generation project—one of the largest in scale in Miyagi Prefecture.

Banks in the six prefectures of Tohoku (Aomori Bank, Akita Bank, Bank of Iwate, Toho Bank, and Yamagata Bank, in addition to The 77 Bank) will participate in the project and work toward the scheduled start of commercial operations in April 2023.



Collaboration with 77 Research and Consulting



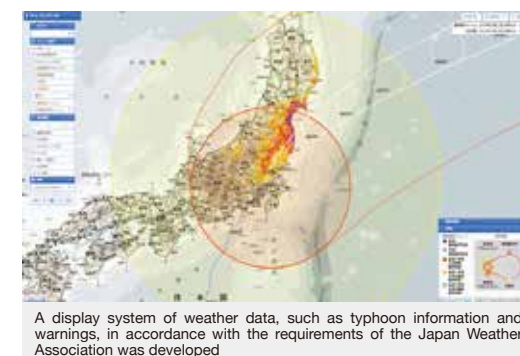
The 77 Bank Group members join forces to help customers realize their wishes.

We interviewed Mr. Sato, CEO of Arces Inc., which is working to establish its corporate philosophy and improve its personnel system through consulting by 77 Research and Consulting (77 R&C), a 77 Bank Group company.

Arces Inc., is a company that develops systems such as weather-related ones. The data provided by our client, the Japan Weather Association, is used in a wide range of fields, including ministries, local governments, media, railroad companies, and road management companies. Recently, we have also developed a system for rockets.

Our company was established in 2010 by becoming independent from a system company headquartered in Tokyo, and we inherited the personnel system as it was. However, as we signed a partnership agreement with a company that was leading the way in Working Style Reform initiatives, and as the number of employees increased, changing the working environment, we began to feel the need to improve our HR system. It was right around this time that Mr. Yamazaki, deputy branch manager of 77 Bank's Nakakecho branch (currently deputy manager of the Higashi-Sendai branch), introduced us to 77 R&C. So we decided to ask their support.

At first, what we wanted to consult on was the HR system, but 77 R&C suggested that we go beyond that area and first create a corporate philosophy, establish a business strategy, and then develop the HR system accordingly. I was quite convinced by that proposal.



Mr. Kaoru Sato, CEO of Arces Inc. (center)
Hirafu Yamazaki, 77 Bank (left)
Katsushi Saiki, 77 Research and Consulting (right)

I think the reason we were able to create a corporate philosophy based on the thoughts of our employees was that we were provided with tailor-made solutions to meet the challenges of our organization. Through the process of consulting, including employee surveys and hearings, we were able to deepen communication with our employees and realize that our company was chosen because of the emotional connection between our employees and customers. In the future, we will work with customers to solve various issues on the basis of our corporate philosophy, striving to gain trust by focusing on proposal-based system development while valuing the strong relationship of trust that we have built through our business activities.

From 77 R&C Staff

We were introduced to Arces Inc., by the Nakakecho branch and had several meetings with the CEO, Mr. Sato. After it had been about 10 years since the transfer of the business, he wanted to improve the personnel system and working environment for further growth. Thus, we proposed the creation of a plan to promote Working Style Reform and a Revision of the Personnel System.

As we interacted with the employees through questionnaires and interviews, we were convinced that we could promote their growth and enhance their sense of fulfillment by facilitating communication between them, which would lead to growth as a company. We discussed various measures with Mr. Sato, and we have supported the presentation of the Working Style Reform Promotion Plan to employees and the Revision of the Personnel System as the next step.

As one of the members of the 77 Bank Group, we will continue to support our customers with solving their business issues in order to live up to their trust.

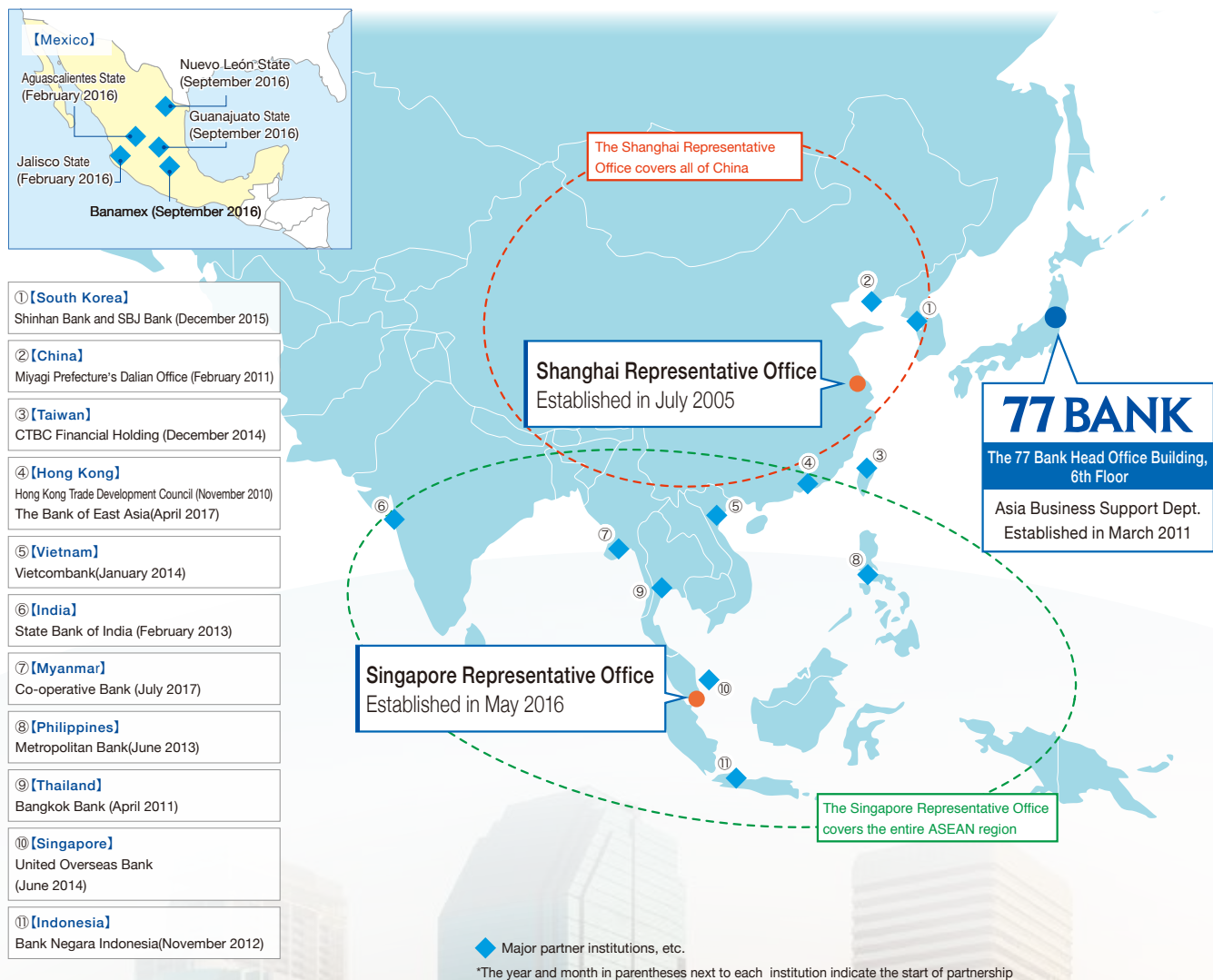
77 Research and Consulting Co., Ltd.

77 Research and Consulting conducts research and consulting by leveraging the network and information-gathering capabilities of the 77 Group. In the consulting field, we provide business succession, business strategy planning, financial advice, and various other management issues and requests.

Overseas Business Support

The Bank provides overseas business support, including support for overseas expansion, development of overseas marketing channels, and various trade transactions of clients using a broad network led by the Asia Business Support Department, and in coordination with our two representative offices (Shanghai and Singapore), employees deployed abroad in nine cities located in seven countries (regions), and partner overseas financial institutions.

Expansion of overseas network



Interview 03

Responding to the diverse needs of overseas businesses with flexible capabilities in cooperation with local correspondences

Assistant Manager,
Asia Business Support Department
Akinori Chiba

One of the strengths of our overseas business support is that we are able to provide a one-stop service from start to finish for consultations with customers whose needs vary greatly depending on the type of business and the target country. Our goal is to be a “one-stop shop for all your overseas needs” in our consulting business. In addition to overseas expansion and development of sales channels, we also receive many consultations on the acquisition of overseas human resources due to the declining birth rate and aging population in the Tohoku region.

In recent years, some of the contents that have been attracting attention from overseas are the high-quality food products of Tohoku. This has been driven by the registration of washoku (Japanese food) as a UNESCO Intangible Cultural Heritage in 2013. However, many customers of Tohoku’s primary industry said that it was difficult for them to move forward on a single-company basis when they were aiming to expand overseas. In response to this, we have organized the “Tohoku Food Sola Michi Council” in cooperation with specialized organizations in various fields, such as logistics and insurance, to support the promotion of exports of high-quality and safe food, agriculture, forestry, and fisheries products from Tohoku. From a long-term perspective, we believe that by connecting the dots that are products of Tohoku companies and expanding them into a plane of the Tohoku brand as well as by promoting Tohoku’s food culture to the world, we can help businesses increase their sales.

We also have one of the largest overseas networks among regional banks in the Tohoku region, which enables us to provide detailed support for the overseas business development of customers in a wide range of industries throughout the region. In recent years, our customers have

been accelerating their overseas business development, especially in Southeast Asia, and their expansion into Vietnam particularly has been increasing. We dispatch our staff to major financial institutions and Japanese consulting companies in Vietnam to provide the best solutions to our customers’ needs, including support for local financing and sales channel development.

The spread of the novel coronavirus has become a major issue in considering future overseas business development. When facing a situation such as this, especially in overseas markets, it is important to respond flexibly according to the situation at the time, rather than sticking to one particular approach. We are also working on such response, making efforts to utilize more non-face-to-face approaches in overseas business development, which was based on traffic of people. For example, in the area of sales channel development, we are actively creating overseas contact points using online channels. In cooperation with major cross-border EC management companies and specialized organizations such as the Japan External Trade Organization and SME Support, Japan, we are supporting our customers in introducing non-face-to-face channels and building systems for overseas business development.

Despite the constant need for change in overseas business support, our fundamental stance remains unchanged. Unlike megabanks, we have a long history of working with customers who operate businesses in the Miyagi and Tohoku regions. For this reason, we are able not only to track numerical information but also to act on the basis of our firsthand understanding of what our customers are struggling with and what they want to do about it. We will continue to provide the necessary services while keeping pace with each of our customers.

Outline of the Tohoku Food Culture Export Promotion Cooperative Association



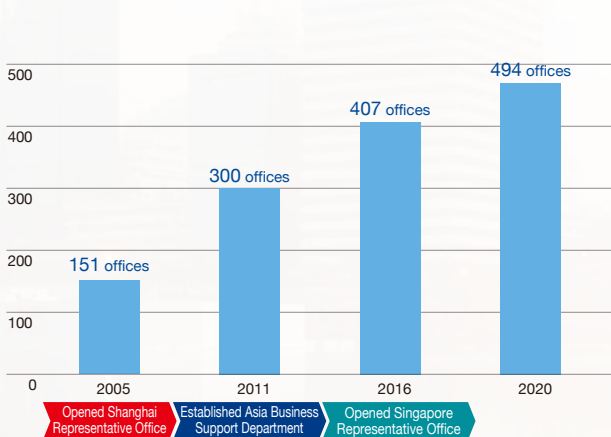
* Tohoku Food Sola Michi Council
Established with Sendai International Airport Co., Ltd., TOPPAN PRINTING CO., LTD., NIPPON EXPRESS CO., LTD., and Mitsui Sumitomo Insurance Co., Ltd., this council aims to connect Tohoku and the world through food, bringing revitalization of the community.

Number of employees deployed overseas

	Dalian, China	Miyagi Prefecture's Dalian Office	1
	Shanghai, China	Oversees representative office, etc.	3
	Hong Kong	Financial institution	1
	Hanoi, Vietnam	Financial institution	1
	Ho Chi Minh, Vietnam	Japanese consulting company	1
	Bangkok, Thailand	Financial institutions, etc.	2
	Singapore	Oversees representative office	2
	London, United Kingdom	Japan External Trade Organization	1
	New York, United States	Financial institution	1
total			13

* As of June 30, 2020

Number of overseas offices of local companies



Initiatives for Retail Customers

Interview 04



We provide support for asset succession and asset formation from the perspective of our clients, especially senior citizens.

Deputy Manager,
Consulting Promotion Department
Takayuki Endo

As the role of banks shifts from saving to supporting asset building, we provide services that are necessary for customers at various stages of their lives, from cradle to grave. In the Tohoku region, where the population is aging, we are receiving an increasing number of consultations from senior customers, so we use balance sheets to visualize their assets, such as insurance and deposits, as well as consider the life events expected for their families, and we make proposals to help them spend their lives in a more fulfilling manner. In addition, we are also working on inheritance measures. Many customers used to be reluctant to even talk about inheritance planning, but the Great East Japan Earthquake made them to reconsider their ways of life, and I have the impression that the number of customers asking for advice has been increasing for about 10 years. As an agent, we offer “testamentary trust” services, which include the preparation and storage of wills and

the execution of wills prior to the occurrence of inheritance, and “estate liquidation services,” which include the preparation of an inventory of assets after the occurrence of inheritance, to help ensure an amicable and smooth inheritance.

In the midst of these developments, two specific needs are growing: inheritance tax countermeasures and asset management for the age of the 100-year life cycle.

With the inheritance tax revision in 2015, we are receiving many requests for inheritance tax planning, especially from customers who are newly subject to the tax. We provide detailed support for everything from the basic concept of inheritance to succession measures such as the allocation of assets.

As for “asset management in the age of the 100-year life cycle,” more and more clients are becoming aware of their health expectancy and asking for advice on how to manage their assets while they are still healthy. One of the services that has recently become popular with these customers is the “civil trust” system, which allows them to set up a successor administrator for their real estate in advance in case something happens to them. The number of people using this service is increasing because it is a smooth procedure.

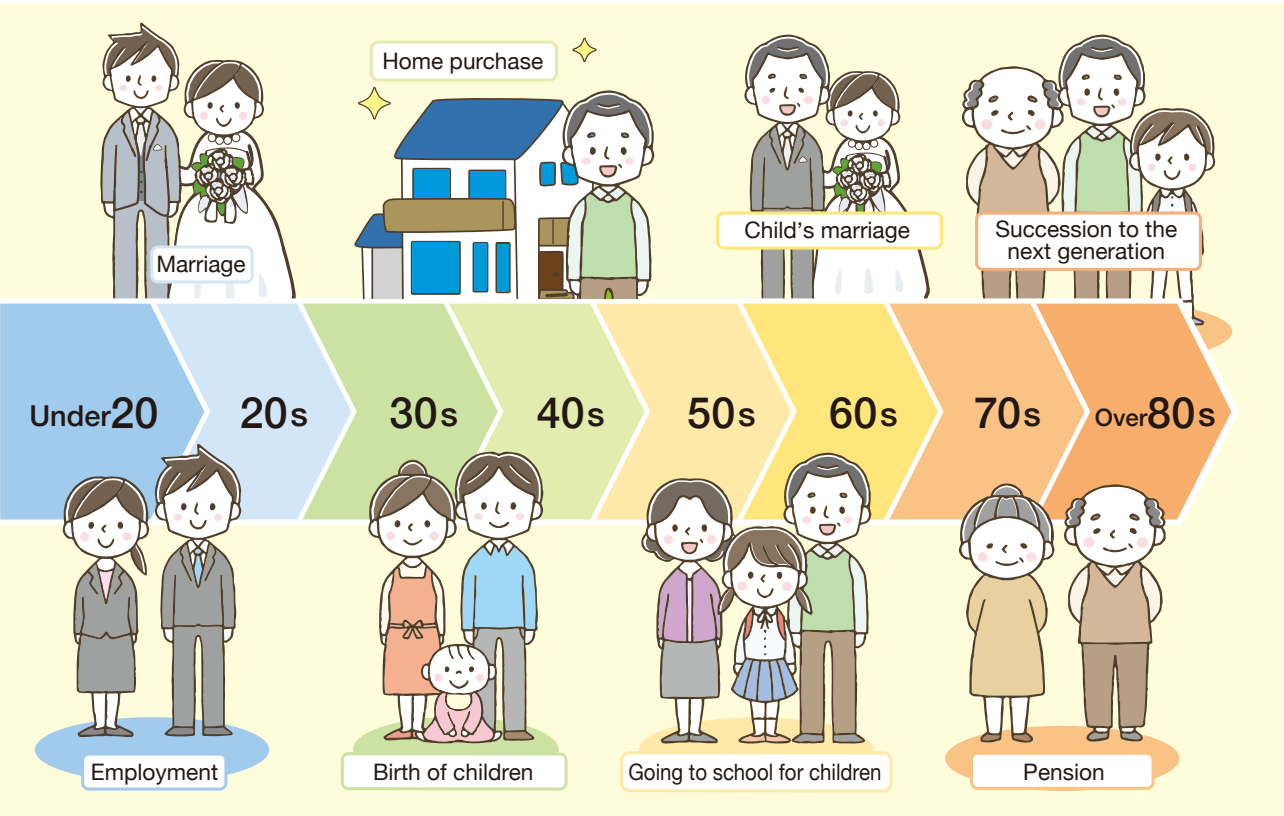
One of our major themes is to develop human resources within the bank so that we can offer the best solutions to our customers. At our bank, we try to acquire the necessary knowledge and experience through training sessions, role-playing based on case studies, and discussions in which a wide range of people, from branch managers to young employees, participate. In addition, we visit our branches on a

daily basis and visit customers with our staff members in order to develop human resources. At this time, we repeatedly tell our employees to always think about whether the proposals from the bank side are really beneficial to the customers and whether they would recommend them to their parents or family members. Customers are well aware that they cannot grow their funds only by making deposits, but in Japan, where there are few opportunities for investment education, there is still a lack of understanding about asset management. That’s why we try to provide them with detailed and easy-to-understand explanations. Our bank also holds investment seminars and study groups for customers, to which we invite them to stimulate their interest in and understanding of asset management.

My mission as a banker is to give back to my hometown. In particular, I believe that providing support for fulfilling lifestyles in old age and smooth succession of property to the next generation are important missions, and I would like to continue to provide honest assistance from the perspective of a customers.



Customer's life event image

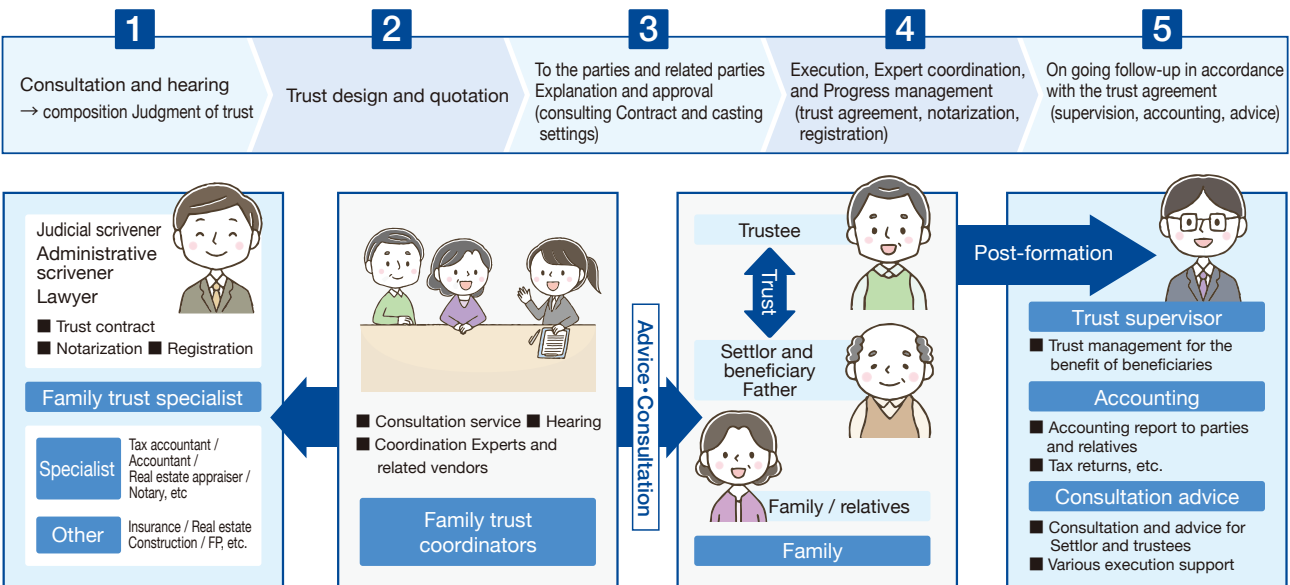


Expansion of handling of deposit accounts and so forth based on civil trust agreements

Close up

A civil trust is a method that allows an aging trustee to entrust the management of assets (real estate, deposits, etc.) to a trusted family member (trustee) in case the trustee loses the ability to make decisions due to dementia, etc. It is also commonly referred to as a “family trust.” In 2018, we started handling deposit accounts based on civil trust agreements, and in 2019, we started handling “77 Apartment Loans (Civil Trust Account).”

Five Steps from consideration to execution of a civil trust



Collaboration with 77 Securities

Interview 05



77 Securities Co., Ltd. Assistant Manager, Minamimachi-dori Branch
Orié, Kobayashi (left) Ami Hoshi (right)

Synergistic effects of cooperation between a bank and a securities company in developing products and intra-bank training

Committed to providing customer-oriented services as a member of the 77 Bank Group

Hoshi: With the establishment of 77 Securities, I now have many opportunities to propose asset management to customers who have not been active in asset management. Since there are many customers who have no experience in securities investment, I try to explain the difference between deposits and investments and the risks involved in investment in simple terms, avoiding too much technicality, and try to provide more understandable and careful explanations, thereby practicing the philosophy of “customer-oriented business management” set forth by the 77 Bank Group.

If customers have a need to invest in securities, we will introduce the customer to 77 Securities after confirming the customer’s intentions. Even after introducing the customer to 77 Securities, our staff will be present when the staff of 77 Securities

makes investment proposals to the customer, if necessary. In the event of a major change in the market, we will promptly provide the necessary information in cooperation with our staff at 77 Securities.

Kobayashi: In the three years since 77 Securities opened, we have been making investment proposals to customers and providing after-sales services under the motto “Customer First.” Against the backdrop of social trends such as the “shift from savings to asset formation” and the government’s encouragement of asset formation through stock investment, we have seen an increase in customer interest in asset management, and we have also seen an increase in requests for products with highly specialized themes, such as investment trusts related to the next-generation 5G communication standard. In order to meet the diverse needs of our customers and provide them with the



most suitable proposals, we strive to share information closely between bank and securities companies within the group, such as by having the 77 Bank provide us with information based on its long relationship with customers and by sharing customer needs identified by 77 Securities.

Focus on training employees to improve the quality of proposals.

Hoshi: At our bank, there are more and more opportunities for education, such as training sessions within the bank to improve the quality of proposals to customers. At the Minamimachi-dori branch, where I work, we hold study sessions twice a month, inviting speakers from 77 Securities, to learn about the market and share information about our customers. In addition, the Bank encourages employees to obtain qualifications related to the sale of financial products, such as FP and CFP, and many employees participate in in-house study sessions to raise their awareness of the need to acquire specialized knowledge. Most of the employees at the branch are also studying hard for the next exam.

In addition, there is a training program called the Trainee Program from the Bank to 77 Securities, in which trainees attend the on-site proposal sessions of 77 Securities sales staff to acquire skills in proposing and explaining products to customers. Based on the knowledge gained through the trainee

experience, the salespersons make proposals from a new perspective, which draws out the needs of customers and often leads to contracts.

Kobayashi: I also visit the branches I am in charge of and hold study sessions on a regular basis, and I have the impression that the number of motivated employees is increasing. We also hold a newspaper reading session every morning, and I have heard that some employees who went through the Trainees Program from the 77 Bank have been gathering their staff members to read the newspaper after returning to their own branches. I hope that this kind of movement will spread more widely.

Deepening cooperation to even better meet customers’ needs

Hoshi: Originally, as a bank, we made comprehensive proposals based on the asset status of our customers, including life plans for not only them but also their families. In particular, the Minamimachi-dori branch is surrounded by many other banks and securities companies and has many customers with strong interest in investments, so we will continue to deepen our cooperation with 77 Securities to meet a variety of needs.

Kobayashi: In general, I feel that we are cooperating well with the 77 Bank, but the degree of cooperation varies from branch to branch, so I think there is room for the 77 Bank Group as a whole to further deepen cooperation. Through our study sessions, daily sales activities, and other communication with our employees, we will continue to educate them on the importance of cooperation between the Bank and the securities company, and we will do our best to be of further assistance to our customers.

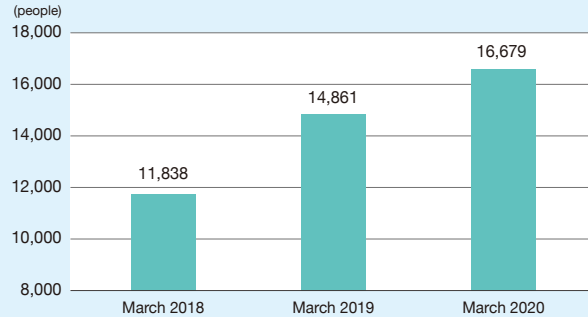
Strengthening of bank-brokerage partnership

Item	Results (branches / participants)	
Holding of bank-brokerage workshops by 77 Securities for the 77 Bank <small>Bank-brokerage workshops instructed by 77 Securities sales personnel are held for the purpose of improving financial product sales skills among employees of the 77 Bank.</small>	FY2019 1H	18 branches
	FY2019 2H	42 branches
	FY2020 1H	31 branches
	FY2020 2H	25 branches
The 77 Bank and 77 Securities collaborate to hold asset management seminars <small>The 77 Bank and 77 Securities jointly hold mutual fund seminars to provide customers with opportunities to receive reports on the investment status of investment trust products.</small>	August 2018	69 people
	February 2019	145 people
	August 2019	122 people
	February 2020	101 people

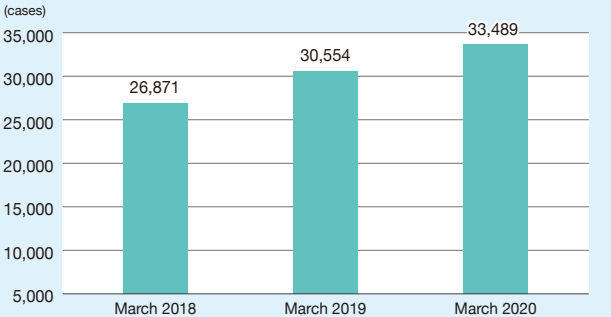
Provision of services that are appropriate for customers

The Bank 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



<77>Initiatives for Operations that Put Customers First

The Bank and 77 Securities Co., Ltd. have established the 77 Basic Policy on Operations that Put Customer First in order to promote the provision of quality financial products and service to customers. This policy is complied with executives and employees, and the status of initiatives is announced regularly.

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



The 77 Bank



77 Securities

* Japanese Language only

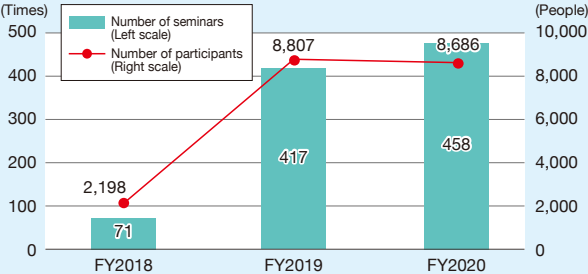
77 Securities Co., Ltd.

As the only securities company headquartered in Miyagi Prefecture, our bank-brokerage partnership with The 77 Bank allows us to support a broad range of needs through the provision of high-quality services from a customer perspective as well as highly specialized products.

Provision of information that is easy-to-understand for customers

The Bank and 77 Securities regularly holds seminars for customers in order to provide information on asset management that is easy-to-understand for customers.

<The 77 Bank> Number of seminars held for customers and number of participants



<77 Securities>

Item	Results (participants)
First anniversary seminar (April 2018)	143people
Mutual fund seminar (July 2018)	54people
New Year's seminar (January 2019)	110people
<77>Corporate briefings/Investment seminar(September 2019)	103people
Market Seminar "Seven Salon" (June 2019-February 2020)	9times/126people
77 Securities New Year's seminar and 77 Bank Corporate briefings (January 2020)	110people
<77 Securities>Market Seminar (February 2020)	30people

Initiatives of the COVID-19 Emergency Support Team and Earthquake Reconstruction Support

Interview 06



Utilizing our experience in earthquake and tsunami reconstruction support, we will support our customers with swift countermeasures against the spread of the novel coronavirus.

Deputy General Manager,
Consulting Promotion Division
Takuya Kyono (left)

Senior Credit Officer,
Credit Supervision Division
Masashi Mohri (right)

Responding to the changing needs after COVID-19

Kyono: Six months have passed since the COVID-19 Emergency Support Team was established, and I have the impression that the number of consultations about immediate cash flow—which were overwhelmingly common when the team was first established—have peaked out. Since May, there has been an increase in needs related to post-pandemic services, such as employment-related consultations and the search for ways to change existing business models.

In the Consulting Sales Department, to which I belong, liaison officers from the headquarters are stationed at core branches in the region, and we try to respond quickly and proactively while strengthening cooperation with the field.

Speedy decision-making and provision of information are essential for responding to emergencies

Mohri: It has been about eight years since I started working on reconstruction support, and we have developed a variety of measures. We have been able to make full use of these experiences in our countermeasures against the spread of the novel coronavirus. For example, the “on-site evaluation” system that we have developed to conduct evaluation close to customers in the affected areas has been reappropriated for us to make quick decisions on the spot. In the future, as in the process of reconstruction support, it is expected that there will be many aspects of making business plans and management improvement plans. In such cases, we will utilize the know-how we have accumulated so far and respond quickly in cooperation with external experts and organizations.

In addition, it is important to not only wait for consultations from customers but also proactively approach them and provide information. This time, the unforeseen outbreak of COVID-19 caused even latent needs to erupt at once. We will continue to build close relationships with our customers so that we can respond flexibly to their needs even in such an emergency situation.

The true value of our bank is being tested. This is where our support activities really begin.

Kyono: As a member of the Consulting Sales Department, I am determined to do everything I can to help our customers. I believe that this is a phase in which the true value of regional banks will be at stake, with regard to what kind of companionship and support we can provide from a long-term perspective, even when the future is uncertain.

Mohri: I feel that this incident has broadened our customer base by, for example, allowing us to support sole proprietorship customers with whom we had no previous relationship. From this point on, we will be even closer to the people in the community, and we will become a bank that people can consult about anything.

Together with our customers, we aim not at recovery but at reconstruction.

Kyono: In the activities of the COVID-19 Emergency Support Team, I believe that what we should do is essentially the same as what we do on a daily basis, which is to contribute to the growth and development of local economies by providing optimal solutions that meet the needs of our customers. In recent years, the business model of banks has changed dramatically, and we are striving to provide not only traditional

financial intermediary services but also consulting services to help our customers solve their various problems. We will continue to make initiatives to promote these initiatives widely so that our customers can make effective use of us.

Mohri: In our initiatives to support the recovery from the earthquake and tsunami, we often said that we wanted to “build back better, not just restore.” This means not just restoring

companies and stores to the state they were in before the disaster, but revitalizing them into a better state with an eye to the future. In response to the current situation, I would like to work with customers to create business revitalization and improvement plans that take into account the next few years and work together with them toward building back better.

COVID-19-related loan performance

Status of loan provision to businesses affected by COVID-19 (cumulative total up to June 2020, including changes in loan conditions) >> **3,248 cases / ¥245.5 billion**

Information provision to regional public bodies through public-private collaboration

By utilizing the video conference system of the Bank, Miyagi Prefecture, Sendai City, Tohoku Bureau of Economy, Trade and Industry, Miyagi Labour Bureau, and Miyagi Guarantee collectively provided information to all regional public bodies in Miyagi Prefecture as well as some of the regional public bodies in Fukushima Prefecture, on the topics including the emergency economic measures, employment support measures, and financial support measures.



Reconstruction Support Policy

In view of the massive damage inflicted by the Great East Japan Earthquake, The 77 Bank formulated its “Reconstruction Support Policy” to contribute to the reconstruction and development of the regional economy. The objective of this policy is to fulfill the Bank’s responsibility as a regional financial institution that should work hand-in-hand with the local region, through the provision of financial services and financial intermediary functions aimed at supporting reconstruction efforts of the region and customers.

All executives and employees of the Bank are working to support the region and the Bank’s customers by tackling various challenges in order to restore Miyagi and the wider Tohoku region to their original states of places brimming with vitality, affluence and kindness.



In “Reconstruction Support Policy” Click here for more information You can see it.
* Japanese Language only

Efforts toward earthquake reconstruction

Earthquake-related loan performance (cumulative total after the earthquake to March 31, 2020) >> **26,750 cases / ¥743.6 billion**

[Corporate]

	Operating	Capital expenditure	Total
Number of cases	6,044	2,605	8,649
Amount	¥273.5 billion	¥166.5 billion	¥440.0 billion

Results of Loans related to Recovery and Development Subsidy Project for SME Group Facilities, etc. (Miyagi Prefecture)



Bridge financing results — **860 cases / ¥61.9 billion**
Principal investment results — **175 cases / ¥12.8 billion**

Results of response to the double debt problems of businesses affected by the disaster



Businesses affected by the Great East Japan Earthquake designated by the Corporation for Revitalizing Earthquake-Affected Business — **188 cases**
Organization for Industry Reconstruction support clients — **75 cases**

77 Earthquake Reconstruction Support Housing Loans (for collective relocation/leased land type) disbursements



943 cases / ¥21.1 billion Number of housing rebuilding consultation meetings held >> **226 times**

Results of response to the double debt problems of retail customers affected by the disaster



Personal voluntary liquidation guideline support results
Consultations received — **507 cases**
Applications received — **258 cases**
Repayment plan proposals received — **216 cases**
Repayment plan proposals agreed to — **216 cases**
(Zero refused plans)

Initiatives for Regional Revitalization

Support for starting new companies or businesses

In order to create new industries and new businesses in the region, we actively support startups, second startups, and efforts to enter growth fields.

Cooperation with Tomiya school, an entrepreneur development project conducted by Tomiya City

We are cooperating with the Tomiya school, an entrepreneur development project conducted by Tomiya City. The Bank provides hands-on support for this program, including seminars based on our expertise and individual consultations, in order to make it a highly effective program that leads to the further growth of business seeds for those who aspire to start a business in Tomiya City.



Cooperation with regional public bodies

First “77 Regional Revitalization Business Matching Event” Held

We held the “77 Regional Revitalization Business Matching Event,” an information exchange meeting between regional public bodies that had concluded comprehensive cooperation agreements with us and private companies. The purpose of this event was to promote collaboration between regional public bodies and private companies, which can provide solutions to the challenges regional public bodies are facing. The event saw a very lively exchange of information.

〈Part 1〉
Presentations by regional public bodies



〈Part 2〉
Information exchange meeting

Regional public bodies with issues and challenges



Private companies that want to contribute to the community

Sharing of Regional Issues



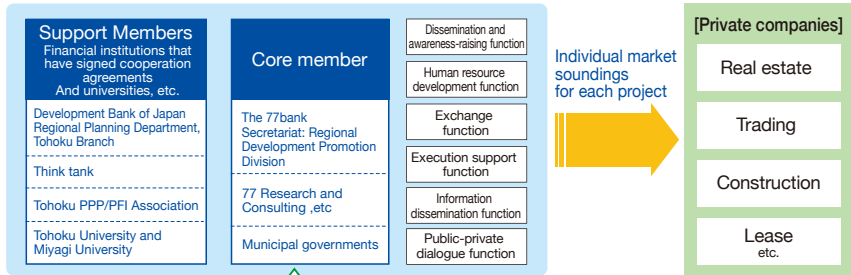
Proposals for solving problems



Business matching

Formation of Miyagi wide-area PPP platform

As part of the efforts to promote urban development projects based on the “Agreement on Comprehensive cooperation for Regional Revitalization” and other agreements with local governments, we have formed a regional platform as a place to continuously share information and promote dialogue between the public and private sectors in order to promote the use of private capital and know-how in the provision of public facilities and services.



Regional public bodies with which 77 Bank has concluded Comprehensive Cooperation Agreements for Regional Revitalization (33 as of June 30, 2020)



Promotion of urban development

We are actively participating in public-private partnership projects and providing support for the redevelopment of public infrastructure.

Support for Onagawa Town’s public-private partnership organization through crowdfunding

In June 2020, we cooperated in the formation of a crowdfunding-based fundraising project by an organization to promote community development in Onagawa Town, Miyagi Prefecture, through a public-private partnership, with the aim of revitalizing the town’s industry in the face of the novel coronavirus. In addition to providing support for the launch of the crowdfunding project and participating in the organization, we have also rendered financial support by contributing to the project’s costs.



Four priority items for regional revitalization have been set as the following: “Support for starting new companies or businesses,” “Support and development of regional core companies,” “Promotion of urban development,” and “Support for promotion of tourism, etc.” The 77 Bank Group aims to achieve regional revitalization by contributing to the growth of local economies and the development of industries through cooperation with regional public bodies.

The 77 Bank

77 Research and Consulting
77 Capital, etc.

Tohoku University

Miyagi University

Tohoku Gakuin University,
etc.

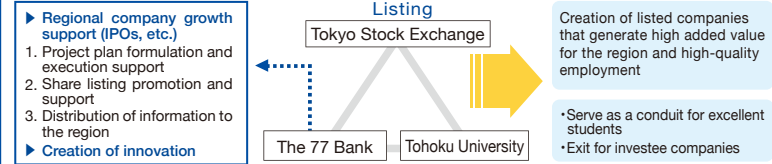
Support and development of regional core companies

We promote business evaluations and provide various solutions to meet the life stages of companies.

Collaboration with Tohoku University and the Tokyo Stock Exchange

In collaboration with Tohoku University and the Tokyo Stock Exchange, we are working to develop the regional economy by making individual visits to companies seeking to list their shares and proposing the use of the stock market operated by the Tokyo Stock Exchange, holding events for venture companies, and collaborating with Tohoku University’s Business Innovation Promotion Program for regional companies.

The 77 Bank x Tohoku University x Tokyo Stock Exchange Collaboration Scheme



Support for promotion of tourism, etc.

We support tourism promotion projects that contribute to the expansion of the exchange population in order to revitalize the region.

Supporting the revitalization of a local railroad line through industry-academia-government-finance collaboration

With the aim of revitalizing the areas along the Abukuma Express Line between Fukushima City in Fukushima Prefecture and Shibata-machi in Miyagi Prefecture, we worked on a project to raise funds for the production of “Honey beer” through crowdfunding in cooperation with universities, private businesses, and related regional public bodies along the Abukuma Express Line.

With the goal of making the area along the railway line more lively through industry-academia-government-finance collaboration



Decline in the number of passengers on the Abukuma Express, a local train that runs through both Fukushima and Miyagi Prefecture

Forum on regional revitalization along the Abukuma Express Line (December 2016–)

With 16 constituent organizations for revitalization, 5 working discussions were held [report on collaborative project was produced].

- Survey report on the area along the railway line
- Proposals for tourism PR methods

The 77 Bank

- Proposal for the use of crowdfunding
- Introduction of collaborators and asking them to participate in the project
- Financial planning support

Raised more funds than the target amount and succeeded in creating a new local product

[Honey beer production project]

Sennan Sinken Factory Marusho Sake Store Ishizuka yohoen Fukushima College (student)

Consolidation of local resources along the Abukuma Express Line

Start the project to make Honey beer



Disseminating the charm of the railway line area!

Initiatives of the Financial Network of TOHOKU Tourism

With the aim of revitalizing the tourism industry in the Tohoku region and communicating its attractiveness, the 2nd FINE+ Tohoku Instagram Photo Contest was held as a part of the efforts of the Financial Network of TOHOKU Tourism*. The contest was open until the end of March 2020, and the initiative was a continuation of the first event held from April to the end of August 2019, which was very well received and decided to continue.

*The Network consists of Aomori Bank, Akita Bank, the Bank of Iwate, Yamagata Bank, Toho Bank, and the Development Bank of Japan



Hitome Senbon Zakura, (One thousand cherry trees in one view) Miyagi Prefecture



Mt. Kattadake summit, Miyagi Prefecture

Support for starting new companies or businesses

■ Launch of the Sendai Startup Ecosystem Promotion Committee

In December 2019, the Sendai Startup Ecosystem Promotion Committee was established with local industry, government, academia, and financial organizations. In July 2020, Sendai was selected by the Cabinet Office as a “Hub City for the Promotion of a Startup Ecosystem” in recognition of these and other efforts.



■ Provision of the 77 Business Startup Support Package

We are providing the 77 Business Startup Support Package, which covers our menu of business launch support services, in an aim to satisfy customers in the foundation stage with needs to optimize their operation, including for accounting and payment.

This is a package of products and services provided by the 77 Bank Group and business partners that can be used to improve the efficiency of operation including for accounting and payment. We support for a startup with a variety of services.



■ The 77 New Business Subsidy

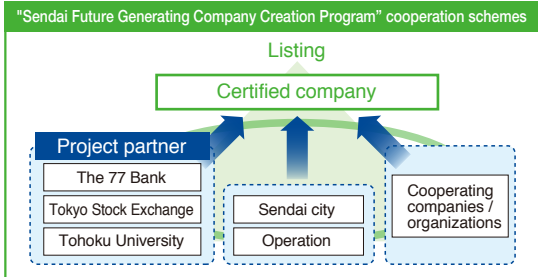
Since 1998, THE 77 Business Support Foundation has been awarding and subsidizing companies that are actively developing their businesses by utilizing new and original technologies and know-how. To date, a total of 76 companies have been selected and subsidized.

Support and development of regional core companies

■ Cooperation with the "Sendai Future Generating Company Creation Program"

The Bank works together with Sendai City towards intensive support for the listing of local companies, through cooperation in the Sendai Future Generating Company Creation Program implemented by Sendai City.

This program provides intensive support for stock listing, after recruiting and selecting local companies that could possibly be listed within roughly five years, and certifying them as Sendai Future Generating Companies. (eight companies were certified in FY 2020).



■ Support for Y.K. Sugawara

Y. K. Sugawara (Taiwa Town, Miyagi Prefecture), which cultivates Date Iwana, a specialty fish product of Miyagi Prefecture, suffered extensive damage from Typhoon No. 19 in 2019, making it difficult to continue cultivating the fish. The Bank proposed that Sugawara raise funds by crowdfunding for restoration of the aquaculture facility and of communicating the appeal of the product to a wide audience. For that purpose, we introduced our business matching partner, Music Securities Inc.



Scenes of damage in the aftermath



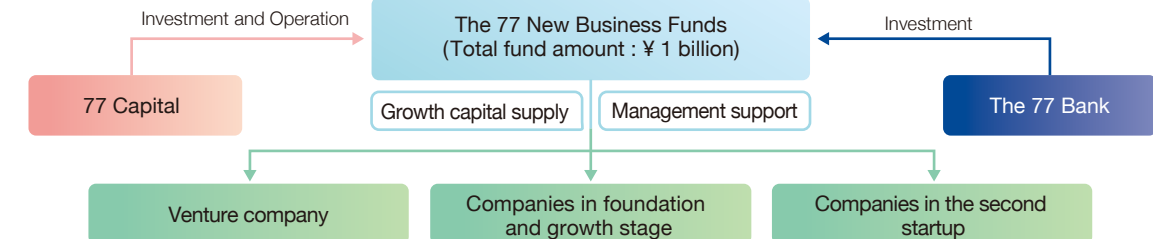
Date Iwana, Miyagi Prefecture's local specialty

Photograph Source: Project pages by Music Securities, Inc.

■ Supply of funds by 77 Capital Co., Ltd.

The 77 New Business Fund, which The 77 Bank established with its group company 77 Capital Co., Ltd. supports the growth of companies in various life stages, mainly by providing capital funds.

Kakiya Co., Ltd. (Shiroishi City, Miyagi Prefecture) manufactures processed marine products such as salmon flakes and squid okra as well as daikon garnish to accompany sashimi made from locally grown Zao Kogen Daikon and cut vegetables made from its own produce, and it sells them widely throughout Japan. The company is working on the succession of the business from the founding owner and is making efforts to expand products that meet consumer needs and to enhance manufacturing facilities to increase supply volume. The 77 Bank and 77 Capital Co., Ltd. proposed raising funds through equity as part of efforts to strengthen their management structure. The company aims to achieve further growth by utilizing the obtained funds.



77 Capital Co., Ltd.

77 Capital's main business activities include the formation and management of investment limited partnerships (funds). In addition to providing a wide range of funding in response to the business characteristics and needs of companies, the company is actively engaged in company development and company support through investment and is working to improve regional value.

Promotion of urban development

■ Promotion of PPP / PFI project

In response to an expected increase in PPP/PFI projects led by municipal governments stemming from a declining population and aging public facilities, The Bank has further strengthened relationships with municipal governments, through initiatives including involvement in the project from the formulation stage. To date, the Bank has participated as a financing financial institution for 13 PPP/PFI projects in Miyagi Prefecture, and has conducted arranger services as the main bank for seven of these projects.

Track record of the Bank's PPP/PFI project in Miyagi Prefecture

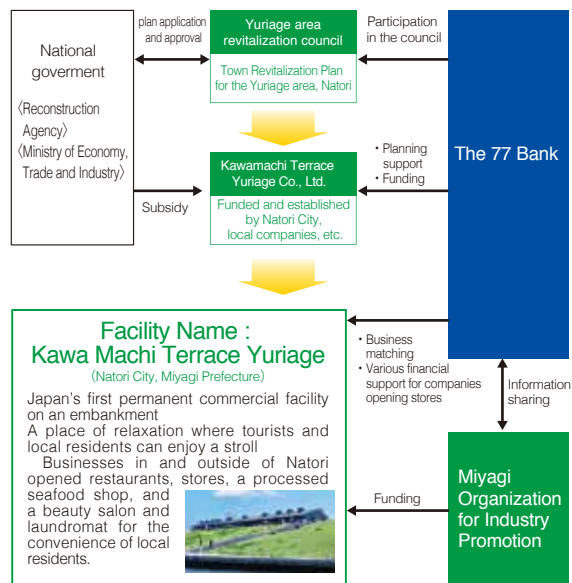
owner	Project
Sendai City	Matsumori Plant Related Civic Facilities Development Project "Spopark Matsumori"
Sendai City	Observatory Development and Operation Project
Tohoku University	Sanjo Student Dormitory Development Project
Ishinomaki District Integrated Administration of a Large Region Office Work Association	Fire Department Headquarters Transfer and Development Project
Sendai City	Nomura School Lunch Center Development Project
Ishinomaki District Integrated Administration of a Large Region	Office Work Association/ Nursing Home Improvement Project "Mansei-en"
Miyagi Prefecture	Fire Academy Transfer and Development Project
Miyagi Prefecture	Education and Welfare Complex Development Project
Higashimatsushima City	School Lunch Center Development Operation Project
Onagawa Town	Onagawa Seafood Processing Complex Wastewater Treatment Facility Development Project "Fishery Support Ogawa"
Ministry of Land, Infrastructure, Transport and Tourism	Sendai Airport Special Operation Project
Sendai City	Minamiyoshinari School Lunch Center Development Project
Tohoku University	Aobayama University House Development Project

■ Support for the Kawa Machi Terasu Yuriage Co., Ltd.,

It was established in September 2017 by a group of local businesses to build, operate, and promote new commercial facilities as part of the reconstruction and local development efforts in the Yuriage area of Natori, which was severely damaged by the Great East Japan Earthquake.

The new commercial facility, located near the mouth of the Natori River, is the first permanent commercial facility on the embankment in Japan and an attractive spot integrated with the waterfront, with restaurants and stores.

As a member of the local Town Revitalization Council, The 77 Bank has been involved from the business planning stage, and in addition to providing funds and business matching services, we have also provided funds and support to install cashless payment for companies that have opened their stores in Kawa Machi Terasu.



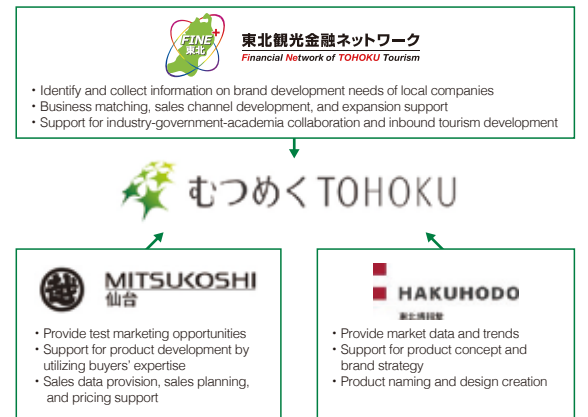
Photograph Source: Kawamachi Terrace Yuriage Co., Ltd.

Support for promotion of tourism, etc.

■ Initiatives of the Mutsumeku TOHOKU Laboratory

In March 2018, the Financial Network of TOHOKU Tourism, Sendai Mitsukoshi, and Tohoku Hakuhoodo signed a business cooperation agreement with the aim of developing regional industries and so on, launching the Mutsumeku TOHOKU Laboratory.

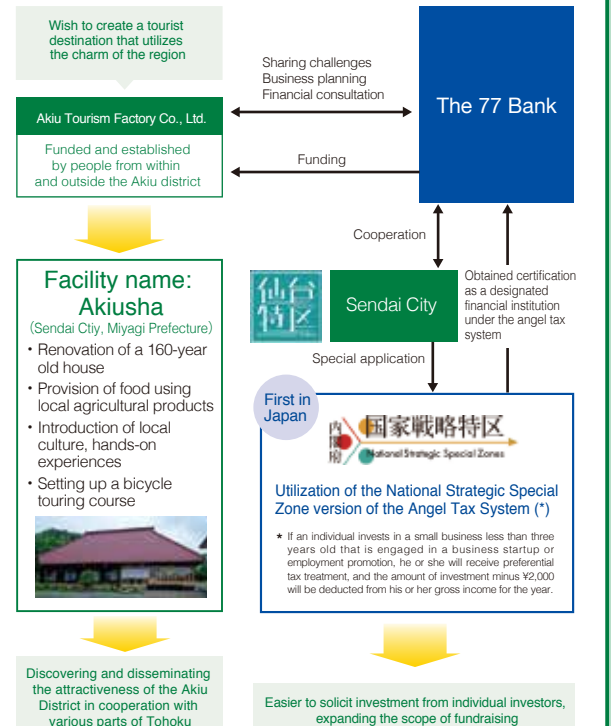
We are working on the development of local industries and the promotion of tourism by discovering processed products and handicrafts that utilize the local resources of Tohoku, refining them into new local brands, and promoting their sales.



■ Support for the Akiu Tourism Factory Co., Ltd.

Business owners and business representatives of several companies in Miyagi Prefecture have been working together to make use of traditional Japanese houses and to attract tourists to the prefecture. A 160-year-old traditional Japanese house in the Akiu district of Sendai has been renovated into a tourist exchange center, which also houses a restaurant.

The 77 Bank has been providing support for efforts to promote the attractiveness of the region as a tourist destination and to revitalize the local community, such as by obtaining a designated financial institution for the use of the angel tax system in Sendai using the national strategic special zone to encourage diversification of fund procurement.



Photograph Source: Akiu Tourism Factory Co., Ltd.

Paperwork-free × Digital

Strengthening consulting capabilities based on human

Paperwork-free

Reduction, centralization, and simplification of branch office administrative work

- Abolition of excessive administrative work
- Centralization of branch operations at headquarters
- Simplification of the remaining paperwork at branches



services through Paperwork-free × digital

Digital

Promotion of Paperwork-free through the digitalization and expansion of non-face-to-face channels

- Automation and streamlining of branch office operations
- Realization of paperless, seal-less, passbook-less, and cash-handling-less
- Provision of full banking functionality through personal apps



Interview 07

Reducing administrative work at branch offices and increasing the time spent with customers

In order to improve the Bank's profitability, we must increase the amount of time we spend on customer-facing consulting. To achieve this goal, we have started full-scale "Paperwork-free" initiatives to reduce inefficient work and inefficient desk-bound hours.

One initiative with which we are currently experimenting is Centralization to Headquarters. This work can be broadly divided into that of the Operations Group and that of the Loan Group. In the Operations Group, much of the administrative work and time-consuming tasks generated at the branches are transferred to a specialized department at the headquarters for centralized administrative processing. In addition, the Loan Group at headquarters handles the examination and storage of approval documents and contracts related to transactions with customers, execution operations, foreign exchange operations, and other tasks that used to be handled by staff at branches. Centralizing these operations will allow branch employees to spend more time with customers, which will lead to proposals that are more highly specialized as well as tailored support. We are gradually expanding this initiative to cover all parts of the Bank while checking for improvements and problems. So far, the feedback has been positive, and I am confident about the success of this initiative.

Eliminating paperwork will also have a significant impact on the digital strategy we are pursuing. We can maximize our digital strategy's effectiveness by thoroughly reducing inefficient operations and then identifying operations that can be replaced by digital ones. In order to go seal-less, passbook-less, paperless, and so forth, we must form a new framework through the power of digital technology. To this end, we are working closely with the Digital Strategy Division on each initiative.

There is no end to reducing administrative work. In each era, technology evolves, and customers' needs change. We must constantly review our style and adapt to changes. In the past, we have been too busy to address many issues in day-to-day operations, even if we found them to be wasteful or inefficient. With this initiative, we have received many opinions and ideas from branches toward the realization of Paperwork-free.

In order to accurately respond to societal changes, we will continue to foster a culture within the Bank in which each employee is always conscious about the efficiency of office work and proactively seeks to improve it.



Senior Officer, General Planning & Coordination Division
Hiroaki Takahashi

Seeking to strengthen consulting sales by promoting digitalization within the organization

Society is changing toward digitalization, so our bank also must change its business model. In order to achieve this, we must first eliminate inefficient administrative work, which will lead to our digital transformation. This will strengthen consulting sales, which are close to customers and unique to regional banks.

One of the things we are currently focusing on in our digitalization efforts is expanding our non-face-to-face channels. By using non-face-to-face channels, we can collect data that cannot be obtained through face-to-face conversations, which can be used for analysis and research to uncover needs that even customers are unaware of and to propose optimal services. In particular, the penetration rate of Internet banking using smartphones and PCs is increasing rapidly, and we are making ground-up efforts to upgrade and enhance the functions of our Web services and applications.

On the other hand, RPA has been introduced at the headquarters to automate routine tasks. We also plan to greatly promote the use of AI in the future. For example, in the past, when we proposed services to customers, we contacted them based on their balance sheet at the end of the month. Ideally, it would be more effective to check the trends on a daily basis, but this was not possible, considering the time and workload involved. However, with the use of AI, we can acquire customer data automatically and cross-analyze the data with other information, making it possible to propose the necessary services at more precise times.

We would also like to enhance our equipment. For example, by having our employees use tablets, we can provide our customers with timely information on industry trends and highly specialized content. This will be a great help, especially for young employees who are still inexperienced.

While promoting these initiatives, we must be aware that digital technology is not a panacea. In particular, unlike megabanks and Internet banks, our bank is rooted in this region and has a mission to work together with the community. In this sense, we must take advantage of digital technology to enhance our convenience as a bank; at the same time, we must value our unique qualities, such as the fact that our employees will continue to visit our customers and provide face-to-face support. I believe that our mission going forward will be to transform our business model by skillfully integrating digital with non-digital and face-to-face with non-face-to-face.

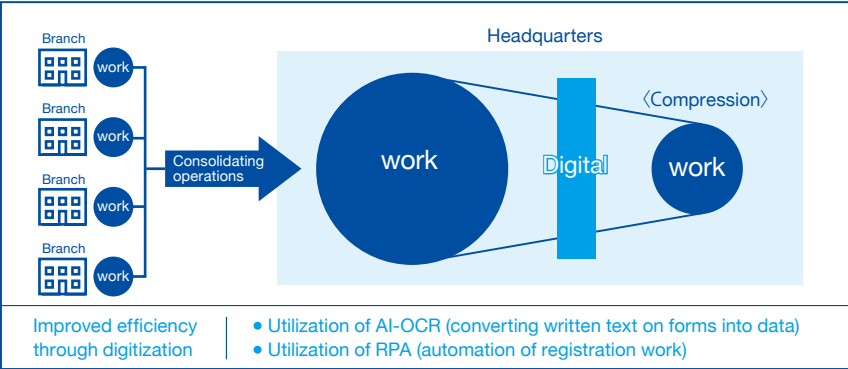


Manager, Digital Strategy Division
Hiraku Nakatsugawa

Automating and Streamlining Branch Office Operations with Digital Technologies

We are creating more time to focus on consulting by consolidating the remaining administrative work at the branches to the headquarters and automating it through the use of RPA and other digital technologies.

〈Case Study〉
Credit rating operations in the financing business, etc.



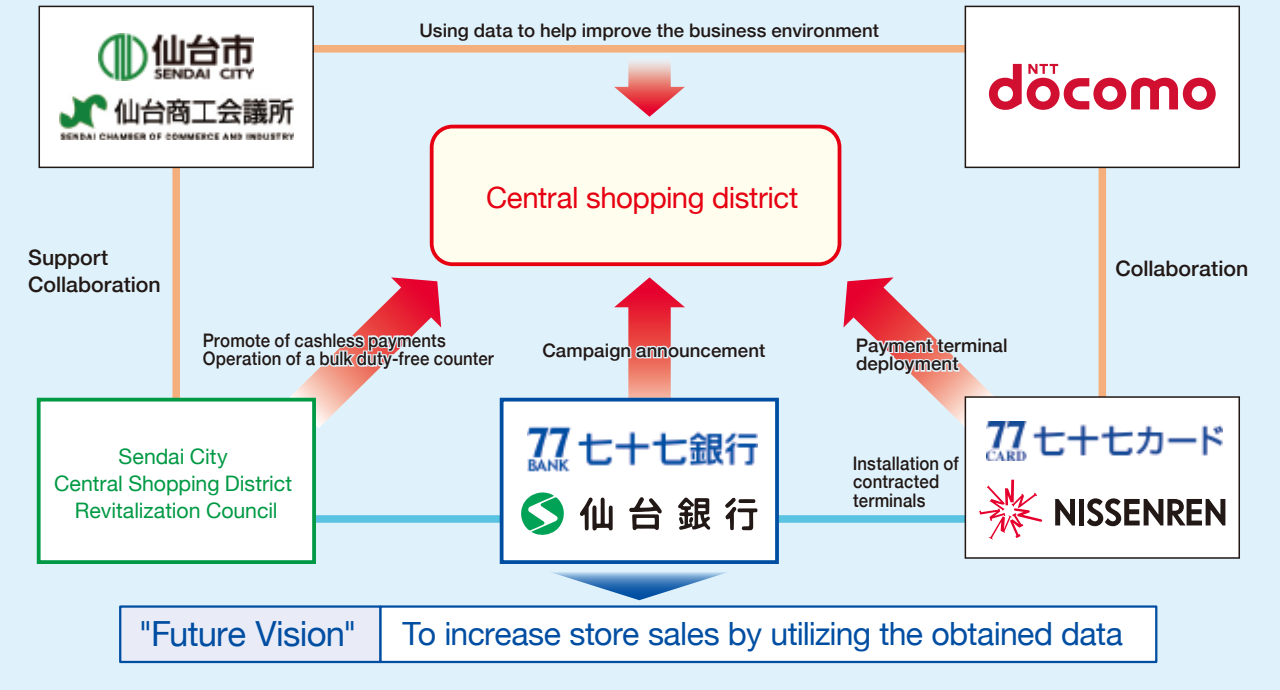
Realization of a Cashless Society

Cashless payments are spreading around the world. The central government's goal is to increase the domestic cashless payment ratio from the current 25% to 80% in the future in order to improve payment efficiency and attract inbound tourism consumption. In order to enhance customer convenience through cashless transactions, we support debit cards as well as a wide variety of smartphone-based cashless-payment services provided by external companies.



Collaboration with 77 Card

MORI-NO-MIYAKO CASHLESS TOWN initiative of Sendai's Central Shopping District is aimed at making the district the most convenient place to shop in Japan. With the aim of further promoting the use of cashless payments, The 77 Bank, together with 77 Card, is working with the Sendai City and other organizations to revitalize shopping areas. We aim to increase sales at local stores by utilizing the data obtained from the spread of cashless payments.



77 Card Co., Ltd. 77 Card issues credit cards for retail and corporate customers and is also engaged in the card loan guarantee business. In addition, the company is working together with government agencies to support the introduction of cashless terminals to promote the further spread of cashless payments.

Expansion of Non-face-to-face Channels

The Bank is making efforts to expand its non-face-to-face channels, such as the 77 Bank App.

77 Bank App

App that enables retail customers to use various services whenever they want without visiting a teller, including viewing balances, or having fun saving for preset goals like buying a car or going on a trip.

Balance, deposit, and withdrawal details

You can check your account balance and deposit/withdrawal details in real time.

Transfers and other transactions (Internet Banking)

Customers can log into their Internet banking account to make transfers and other transactions.*

Lifetime Passbook by Moneytree

By linking up to Moneytree, a personal-asset-management app, users can manage their bank, securities, credit card and point services balances and so forth all in one place.*

Deposit by Purpose

Clients can set a target amount and deadline for saving for each purpose, such as purchasing a car or taking a trip.

Coupon

We will send out special coupons.

The 77 Bank Website for Our Customers' Employees 77 Web Relations

We are constantly updating this site with exclusive information, such as about campaigns and products that are available only to employees of our customer companies.

Links to Other Companies' Websites

77 Bank app can provide links to other companies' websites in order to enhance convenience by providing local information and convenient information from other companies' services, and the list of links is expanding.

* To use this service, users must sign up for the 77 Direct Service and register on first use.

77 BANK PayB

App that enables payments to be made anytime, anywhere without going to an ATM or convenience store, as long as you have a smartphone and payment handling slip.

77 Bank app account opening

App that enables a user to apply to open an ordinary deposit account or investment trust trading account from the comfort of their home, etc. at any time without visiting a teller.

Internet Insurance

Internet insurance is an insurance product that can be completed from application to contract via smartphone. One can also use the Insurance Robot Advisor for detailed simulations.

Insurance Review Simulation

With nine questions, customers can get a solid quote and automatically calculate their premiums.

IB Investment Trust

The fees are more reasonable than over the counter. Users can also set goals with the email function.

Investment Trust Information Distribution Service

You will receive information about funds (NAV, distributions and so forth), stock market information and recommendations from us according to your settings.

100% Web based Loans

100% Web based loans are a loan product that can be completed from application to contract via smartphone. (Lineup)

- 77 Car Loan
- 77 Wide Loan
- 77 Educational Loan
- 77 Card Loan
- 77 multi-purpose Loan

WEB Passbook

WEB Passbook is an environmentally friendly and convenient service that allows users to inquire about their balance, deposits, and withdrawals without providing a paper passbook. Users can check transactions from the past 13 months.

A cartoon illustration of a cat sitting on a blue sofa, holding a smartphone. The cat is looking at the screen. Above the cat, there is a speech bubble that says '便利シカー!' (Convenient to use!).

37 THE 77 BANK INTEGRATED REPORT

THE 77 BANK INTEGRATED REPORT 38

Message from an Outside Director



As an outside director, she makes proposals for the further promotion of Working Style Reform from an objective standpoint.

I believe that the role of outside directors is to confirm various initiatives and make recommendations from an objective perspective to allow The 77 Bank to contribute to the development of the regional economy in Tohoku and become customers' preferred bank. There is a wide range of issues I can confirm, including those that are difficult to notice from within the bank and determining the balance between risk and safety. One of the things I am focusing on is Working Style Reform through promoting diversity. I believe that if each of our diverse employees can perform their duties with a sense of satisfaction and fulfillment, it will lead to the improvement of productivity and services.

In 2015, while serving as the mayor of Sendai, I gave a speech at a symposium on the promotion of women's advancement hosted by the Bank, and I got the impression that the Bank is enthusiastic about promoting diversity. In fact, it has been proactive in its efforts to date, including the establishment of the Working Group for the Promotion of Women's Participation in 2013 and the Diversity Promotion Office in 2016. When I met female employees at symposiums and seminars, I found that many of them were active and talented, and I felt the need to create an organization that would put them in positions that prompt them to demonstrate their abilities. Compared to 10 years ago, the percentage of women in management positions has increased significantly, but I believe we can increase it further.

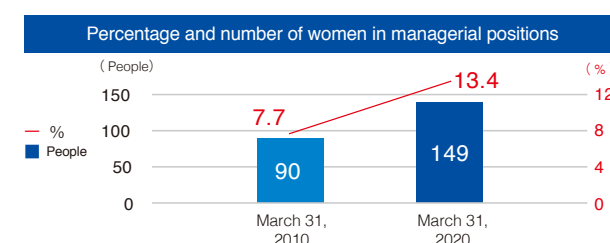
One of the themes I am focusing on as an inseparable part of this issue is young employees' visualization of their career plans, including female employees. If too many employees leave the bank within a few years, the investment in human resources will not be worthwhile, and the transfer of business know-how may be hindered. To prevent such a situation, we need to communicate the job's attractiveness to employees and evolve into a workplace that appeals to long-term employees; the job of a banker is enticing and significant. With the financial crisis of 2007–2008, the Great East Japan Earthquake, COVID-19, and other unimaginable events happening one after

another, banks are playing an extremely important role in society and the economy. Being involved in a job that supports the social economy is highly rewarding and helps employees grow as people.

To address the issues of female managers and career advancement, I think it is important "to deepen the perspective of employees" and "to share information within the bank." In FY2020, we will continue to hold a number of career seminars and round-table talks for childcare leave participants, and I hope that employees will take advantage of these opportunities to learn management skills based on accepting diversity and communication skills for improving the work environment.

Also, to motivate young employees, it is necessary for management to present a clear vision of their policies and what they are thinking. For example, to make young employees feel that there is a connection between the headquarters and the front line in the field, it is necessary not only to disclose information formally, but also to devise ways to disseminate information that is easy for young employees to understand.

Through the Board of Directors and various events, I feel that President Kobayashi is also focusing on Working Style Reform, and our efforts are making steady progress, such as receiving awards from the Ministry of Health, Labor and Welfare and Miyagi Prefecture as a model company for promoting diversity. I will continue to support the company in its efforts to make further progress.



Working Style Reform Efforts

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

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

Realize work-life balance —From work-work to work-life—

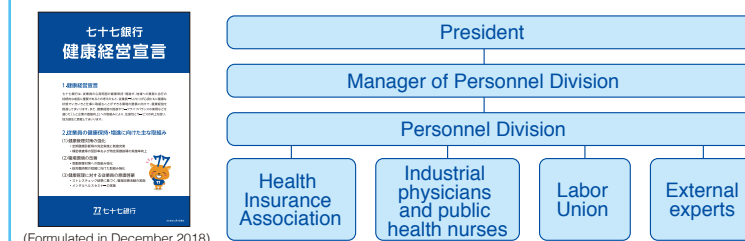
1. Strengthen efforts aimed at reducing total working hours
2. Supporting employees to balance work and childcare/nursing, etc.

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

Working Style Reform Efforts Promote Health and Productivity Management

In December 2018, the Bank issued the Health and Productivity Management Declaration and has been strengthening its efforts accordingly. As for specific initiatives for Health and Productivity Management, based on the results of the previous fiscal year, we have established a system in which the Personnel Division plays a central role in the management of the program and implements it in cooperation with the health insurance association, industrial physicians and public health nurses, labor union and external experts.



(Formulated in December 2018)

Vision aimed for by the Bank through working style reform

Become the bank chosen by customers
through improvements in productivity and service

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



Held "Career Seminar / Exchange Meeting" with Outside Director Okuyama

46 female employees participated

External evaluations on the Bank's initiatives

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



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



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



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

2020 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

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



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

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

* Notes on MSCI indexes and logos, etc., 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.

Board of Directors and Audit & Supervisory Committee Members

(As of July 31, 2020)



Hidefumi Kobayashi

President

Apr. 1981 Joined the Bank
Jun. 2006 General Manager, Treasury Div., the Bank
Jun. 2008 General Manager, General Planning & Coordination Div., the Bank
Jun. 2010 Director and General Manager, General Planning & Coordination Div., the Bank
Jun. 2013 Director and General Manager, Head Office Business Div., the Bank
Jun. 2014 Managing Director and General Manager, Head Office Business Div., the Bank
Jun. 2015 Managing Director, the Bank
May. 2016 Managing Director, the Bank, General Manager, Ishinomaki Branch and Minato Branch
Jun. 2016 Managing Director, the Bank
Jun. 2017 Representative Director and Deputy President, the Bank
Jun. 2018 Representative Director and President, the Bank (current position)

Teruhiko Ujiei

Chairman

Apr. 1969 Joined The Industrial Bank of Japan, Limited
Aug. 1992 Associate Director-General, Related Business Department, The Industrial Bank of Japan, Limited
Jun. 1993 Director and General Manager, Business Development Div., the Bank
Jun. 1995 Director and General Manager, Business Promotion Div., the Bank
Jun. 1997 Director and General Manager, Head Office Business Div., the Bank
Jun. 1998 Managing Director and General Manager, Head Office Business Div., the Bank
Jun. 1999 Managing Director and General Manager, Investigation Div., the Bank
Mar. 2000 Managing Director, the Bank
Jun. 2002 Senior Managing Director, the Bank
Jun. 2005 Representative Director and Deputy President, the Bank
Jun. 2010 Representative Director and President, the Bank
Jun. 2018 Representative Director and Chairman, the Bank (current position)

Makoto Igarashi

Senior Managing Director

Apr. 1980 Joined the Bank
Sep. 2000 General Manager, Onahama Branch, the Bank
Jun. 2002 General Manager, Bashonotsuji Branch, the Bank
Jun. 2004 General Manager, Shiroishi Branch, the Bank
Jun. 2005 General Manager, General Affairs Div., the Bank
Jun. 2006 General Manager, Personnel Div., the Bank
Jun. 2009 Director and General Manager, Tokyo Branch, the Bank
Jun. 2012 Director and General Manager, Business Promotion Div., the Bank
Jun. 2013 Managing Director, the Bank
Jun. 2017 Senior Managing Director, the Bank
Jun. 2018 Representative Director and Senior Managing Director, the Bank (current position)



Managing Director Koichi Suzuki

Apr. 1984 Joined the Bank
Mar. 2005 General Manager, Wakuya Branch, the Bank
Sep. 2007 General Manager, Masuda Branch, the Bank
Jun. 2009 General Manager, General Affairs Div., the Bank
Jun. 2013 General Manager, Business Promotion Div., the Bank
Jun. 2014 Executive Officer and General Manager, Business Promotion Div., the Bank
Jun. 2015 Director, Executive Officer and General Manager, Oroshimachi Branch, the Bank
Jun. 2018 Managing Director, the Bank (current position)



Managing Director Yoshikazu Onodera

Apr. 1985 Joined the Bank
Sep. 2007 General Manager, Hachimanmachi Branch, the Bank
Mar. 2009 General Manager, Yoshoka Branch, the Bank
Jun. 2011 General Manager, Operations Management Div., the Bank
Jun. 2013 General Manager, General Planning & Coordination Div., the Bank
Jun. 2014 Executive Officer and General Manager, General Planning & Coordination Div., the Bank
Jun. 2016 Director, Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank
Jun. 2018 Managing Director, the Bank (current position)



Outside Director Masahiro Sugita

Apr. 1967 Joined the Bank of Japan
May. 1996 General Manager, International Dept., the Bank of Japan
Jun. 1998 Director, Research Institute of Overseas Investment, the Export-Import Bank of Japan
Sep. 1999 Auditor, the Bank of Japan
Dec. 2003 Standing Audit & Supervisory Board Member, Banyu Pharmaceutical Co., Ltd. (currently MSD K.K.)
Jun. 2006 Director, Horiba, Ltd. (current position)
Jun. 2007 Audit & Supervisory Board Member, the Bank
Oct. 2009 Audit & Supervisory Board Member, Banyu Pharmaceutical Co., Ltd. (currently MSD K.K.)
Jun. 2013 Director, the Bank (current position)



Outside Director Emiko Okuyama

Apr. 1975 Joined the Sendai City Government
Aug. 2009 Mayor, Sendai City
Jun. 2018 Director, the Bank (current position)



Director, Audit & Supervisory Committee Member Yoshiaki Nagayama

Apr. 1971 Joined the Bank
Jun. 1993 General Manager, New York Branch, the Bank
Jun. 1995 General Manager, International Div., the Bank
Jun. 1997 Director and General Manager, Business Promotion Div., the Bank
Jun. 1999 Director and General Manager, Tokyo Branch, the Bank
Apr. 2001 Director and General Manager, General Planning & Coordination Div., the Bank
Jun. 2003 Managing Director, the Bank
Nov. 2003 Managing Director and General Manager, International Div., the Bank
Jun. 2004 Managing Director, the Bank
Jun. 2006 Senior Managing Director, the Bank
Jun. 2008 Representative Director and Senior Managing Director, the Bank
Jun. 2010 Representative Director and Deputy President, the Bank
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director) Toshio Suzuki

Apr. 1970 Joined Tohoku Electric Power Co. Inc.
Jun. 2001 Deputy Director and General Manager, Human Resources Division, Tohoku Electric Power Co. Inc.
Jun. 2005 Director and General Manager, Human Resources Division, Tohoku Electric Power Co. Inc.
Jun. 2006 Director and General Manager, Miyagi Branch, Tohoku Electric Power Co. Inc.
Jun. 2007 Senior Executive Officer and General Manager, Miyagi Branch, Tohoku Electric Power Co. Inc.
Jun. 2009 Standing Statutory Auditor, Tohoku Electric Power Co. Inc.
Jun. 2010 Corporate Auditor, The Desk Bank, Ltd.
Jun. 2013 Audit & Supervisory Board Member, the Bank
Jun. 2015 Chairman and Representative Director, Tohoku Intelligent Telecommunication Co., Inc.
Jun. 2017 Advisor, Tohoku Intelligent Telecommunication Co., Inc.
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



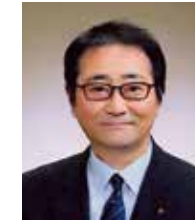
Director, Audit & Supervisory Committee Member (Outside Director) Masahiro Wako

Apr. 1975 Joined the Miyagi Prefectural Government
Jul. 2010 Vice Governor, Miyagi Prefecture
Jun. 2017 President and Representative Director, TECHNIO PLAZA Miyagi, Inc.
Jun. 2017 President, Miyagi Organization for Industry Promotion (current position)
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Managing Director Atsushi Shitoh

Apr. 1985 Joined the Bank
Jun. 2005 Chief Secretary, the Bank
Jun. 2008 General Manager, Fukushima Branch, the Bank
Jun. 2010 General Manager, Izumi Branch, the Bank
Jun. 2012 General Manager, Treasury Administration & International Div., the Bank
Jun. 2014 Executive Officer and General Manager, Tokyo Branch, the Bank
Jun. 2016 Director, Executive Officer and General Manager, Head Office Business Div., the Bank
Jun. 2018 Managing Director and General Manager, Head Office Business Div., the Bank
Jun. 2019 Managing Director, the Bank (current position)



Managing Director Takuji Tabata

Apr. 1986 Joined the Bank
Sep. 2007 General Manager, Koriyama Branch, the Bank
Jun. 2009 General Manager, Tokyo Liaison Office, the Bank
Jun. 2012 General Manager, Treasury Div., the Bank
Jun. 2015 General Manager, Credit Supervision Div., the Bank
Jun. 2016 Executive Officer and General Manager, Credit Supervision Div., the Bank
Jun. 2018 Senior Executive Officer and General Manager, Credit Supervision Div., the Bank
Jun. 2019 Managing Director, the Bank (current position)



Outside Director Ken Nakamura

Apr. 1974 Registered as Attorney-at-Law (Sendai Bar Association)
Sep. 1977 Opened Nakamura Ken Law Office (current position)
Jun. 1996 Audit & Supervisory Board Member, KOHSOKU CORPORATION
Nov. 2004 Auditor, HOKUSHU Co., Ltd. (current position)
Jun. 2007 Audit & Supervisory Board Member, the Bank
Jun. 2013 Director, KOHSOKU CORPORATION
Jun. 2015 Director, the Bank (current position)
Jun. 2016 Director (Audit & Supervisory Committee Member), KOHSOKU CORPORATION (current position)



Outside Director Seiichi Ohtaki

Oct. 1987 Assistant Professor, Faculty of Economics, Tohoku university
Apr. 1992 Professor, Faculty of Economics, Tohoku university
Apr. 1999 Professor, Graduate School of Economics and Management, Tohoku university
Apr. 2011 Dean Graduate School of Economics and Management / Faculty of Economics, Tohoku University
Jul. 2014 President, The Sanaburi Foundation (current position)
Jun. 2016 Auditor, Yurtec Corporation
Nov. 2016 President, Organization for Creating Local Good (current position)
Apr. 2018 Vice-President, Shizenkan University (current position)
Jun. 2020 Director, the Bank (current position)



Director, Audit & Supervisory Committee Member Mitsuo Chubachi

Apr. 1985 Joined the Bank
Mar. 2011 General Manager, Nihonbashi Branch, the Bank
Jun. 2013 General Manager, Risk Management Div., the Bank
Jun. 2015 Audit & Supervisory Board Member, MIYAGI SYOJI Co., Ltd.
Jul. 2016 Director and General Manager, Administration Div., 77 Securities Co., Ltd.
Jun. 2019 Director, Audit & Supervisory Committee Member, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director) Masai Yamaura

Oct. 1973 Joined the Sendai City Government
Sep. 2005 Vice Mayor, Sendai City
Apr. 2006 Chief Director, Sendai Green Association
Jun. 2007 President and Representative Director, Sendai Software Center Co., Ltd.
Jun. 2008 Auditor, Sendai Meat Wholesale Market Co., Ltd. (current position)
Apr. 2014 Chairman, Sendai Council of Social Welfare (current position)
Jun. 2015 Audit & Supervisory Board Member, the Bank
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director) Yoko Ushio

May. 2001 Senior Managing Director and General Manager, Fujisaki Comfortable Lifestyle Research Institute Co., Ltd.
May. 2003 Director, Department Store Fujisaki Co., Ltd.
Jan. 2011 Advisory Fellow, Tohoku Regional Advancement Center
Apr. 2012 Fellow, Tohoku Regional Advancement Center
Apr. 2016 Auditor, Tohoku University (current position)
Jun. 2019 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

General Manager, Audit & Inspection Division **Kenji Kikuchi**
General Manager, Head Office Business Division, and Basho no Tsuji Branch **Atsushi Kobayashi**
General Manager, Tokyo Branch **Masanori Muranushi**
General Manager, Business Promotion Division **Yoshihiro Endo**

Executive Officers

General Manager, Personnel Division **Naoshi Aoyagi**
General Manager, Oroshimachi Branch **Kazuhiro Chida**
General Manager, Ishinomaki Branch **Shuichi Ibuka**
General Manager, Treasury Division **Hirokimi Fukushi**

General Manager, Credit Supervision Division **Kazutoshi Saito**
General Manager, Digital Strategy Division **Masahide Kato**
General Manager, Consulting Promotion Division **Takashi Kuroda**
General Manager, Compliance Management Division **Kuniaki Endo**

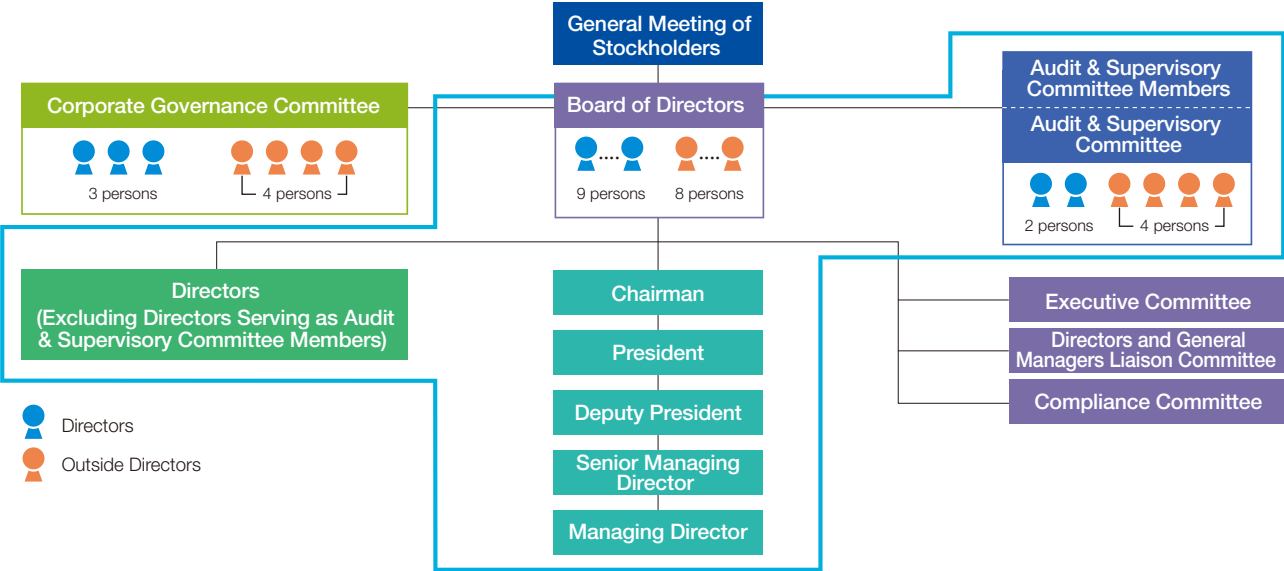
Corporate Governance Initiatives

Basic stance toward corporate governance

We will work to strengthen and enhance corporate governance in accordance with the following basic stance.

- In accordance with the Bank Creed, which is our basic principle of management, we will operate business that give constant consideration to the public mission of a regional bank — contributing to the development of the regional economy and society — through banking operations.
- We will improve the transparency of management and the appropriateness of processes and work together appropriately with stakeholders including the regional society, clients, and shareholders for the Bank’s sustained growth and improvements in corporate value over the medium- to long-term.

Corporate Governance Structure



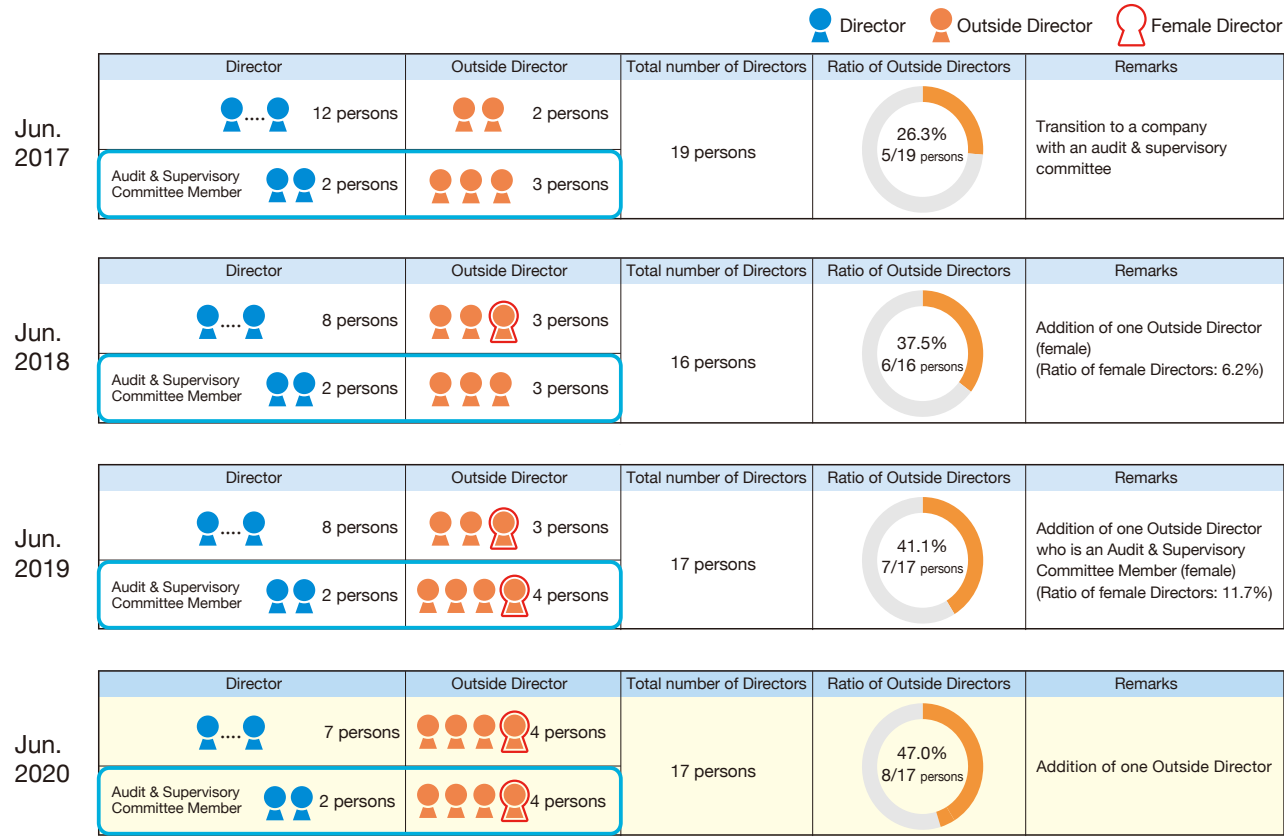
Main members by organization

Title	Name	Board of Directors	Executive Committee	Corporate Governance Committee	Audit & Supervisory Committee	Compliance Committee
(Representative Director) Chairman	Teruhiko Ujiie	○ (Chairperson)	○	○		
(Representative Director) President	Hidefumi Kobayashi	○	○ (Chairperson)	○		○ (Chairperson)
(Representative Director) Senior Managing Director	Makoto Igarashi	○	○	○		○
Managing Director	Koichi Suzuki	○	○			○
Managing Director	Atsushi Shitoh	○	○			○
Managing Director	Yoshikazu Onodera	○	○			○
Managing Directo	Takuji Tabata	○	○			○
Director	Masahiro Sugita	○		○ (Chairperson)		
Director	Ken Nakamura	○		○		
Director	Emiko Okuyama	○		○		
Director	Seiichi Ohtaki	○		○		
Director, Audit & Supervisory Committee Member	Yoshiaki Nagayama	○	△ (Note 3)		○ (Chairperson)	△ (Note 3)
Director, Audit & Supervisory Committee Member	Mitsuo Chubachi	○	△ (Note 3)		○	△ (Note 3)
Director, Audit & Supervisory Committee Member	Toshio Suzuki	○			○	
Director, Audit & Supervisory Committee Member	Masai Yamaura	○			○	
Director, Audit & Supervisory Committee Member	Masahiro Wako	○			○	
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○	
Other members			General Manager of General Planning & Coordination Division, General Manager of Compliance Management Division, General Manager of Audit & Inspection Division			

*1 A Deputy President has not been appointed.
 *2 Directors Masahiro Sugita, Ken Nakamura, Emiko Okuyama, Seiichi Ohtaki, Toshio Suzuki, Masai Yamaura, Masahiro Wako, and Yoko Ushio are Outside Directors prescribed in Article 2, Item 15 of the Companies Act.
 *3 Standing Directors who are Audit & Supervisory Committee Members attend the Executive Committee and Compliance Committee, and state their opinions as necessary.
 *4 The Chairperson of the Audit & Supervisory Committee observes the Corporate Governance Committee.

Improvements in governance

The Bank transitioned in June 2017 from a company with the Board of Corporate Auditors to a company with an Audit & Supervisory Committee to improve corporate value through further enhancement of corporate governance, which was followed by initiatives for developing further effective corporate governance structure through appointing Outside Directors and female Directors.



Evaluating the Effectiveness of the Board of Directors

The Bank’s “Corporate Governance Policy” stipulates that the effectiveness of the Board of Directors as a whole is analyzed and evaluated at the end of each fiscal year, and a summary of the results is disclosed. After deliberation by the Corporate Governance Committee, the Board of Directors conducted an analysis and evaluation of the overall effectiveness of the Board of Directors for FY2019 at its annual meeting on May 15, 2020. In this context, we have confirmed that the effectiveness of the Board of Directors as a whole has been ensured. On the other hand, with the aim of further improving the effectiveness of the Board of Directors, the following matters have been confirmed and shared, and we intend to make improvements in the future.

- To strive to diversify the composition of the Board of Directors.
- To review the management of the Board of Directors to further invigorate discussions.

Enhancement of IR activities

The Bank is actively involved in IR activities including the holding of corporate briefings for institutional investors and individual investors so that stakeholders such as customers, the local community, and shareholders can understand the management conditions of the Bank.

Results for FY2020	
Corporate briefings for institutional investors	2 times/approximately 270 participants
Corporate briefings for individual investors	4 times/approximately 360 participants
Corporate briefings for clients by region	5 times/approximately 400 participants
Visits to foreign investors	February 2018: North America, April 2019: Asia



Social Responsibility

Compliance structure

The Bank formulated the Compliance Policies in order to clarify its stance on compliance and to ensure the effectiveness thereof. Further, the Bank established the Compliance Guidelines (Compliance Standards) to articulate specific guidelines and a code of conduct so that the executives and employees place importance on compliance, thereby ensuring the lawful conduct of business.

Compliance Guidelines (Compliance Standards)

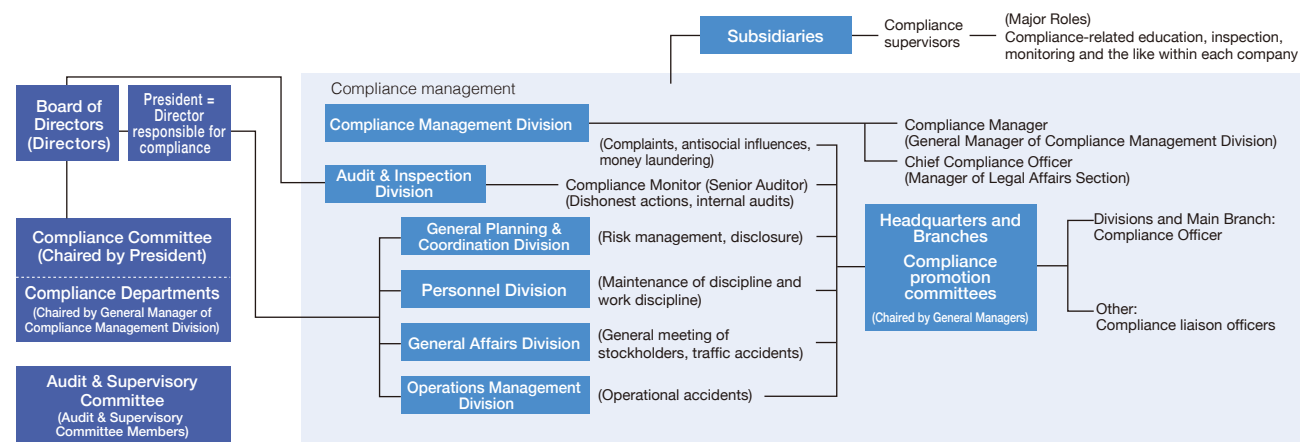
[Basic Direction]

1. Ensure sound management and pay the utmost attention to sustaining the Bank's credibility and its ability to maintain smooth financing.
2. Comply with laws and the code of corporate ethics and maintain fair and honest practices.
3. Take a principled stand with regard to issues that threaten social order or public peace.
4. Provide financial services that the region, customers, and society broadly trust and endeavor to achieve sustainable development together with them as a good corporate citizen.
5. Foster a flexible and constructive working environment conducive to the well-being of all employees.

[Code of Conduct]

1. We will comply with laws, ordinances, the Articles of Incorporation, the Rules of Employment, and internal rules of the Bank.
2. We will not force unfair transaction on our customers.
3. We will not divulge confidential information of our customers or the Bank, or material information that has not been made public.
4. We will not neglect to provide reports required by laws, ordinances, and internal rules of the Bank, or provide false reports.
5. We recognize the public nature and the large social responsibility of the Bank and will devote ourselves to our duties.
6. We will not follow instructions or orders given by an individual that go beyond or deviate from the authorities given to said individual.
7. We will not engage in such conduct as will undermine the credibility or honor of the Bank.
8. We will not do favors for our customers in violation of law, ordinances, or internal rules of the Bank.
9. We will not seek to make unfair profits by taking advantage of our duties or position.
10. We will not borrow from or mediate for someone to borrow from our customers, other executives, or other employees without legitimate reason.
11. We will not engage in socially unacceptable entertaining or gift giving.
12. We will make efforts to maintain order in the workplace.

Compliance structure



Note: Compliance officers and compliance liaisons maintain their independence in the performance of their duties related to compliance and do not follow the instructions of higher-ranking individuals.

Risk Management

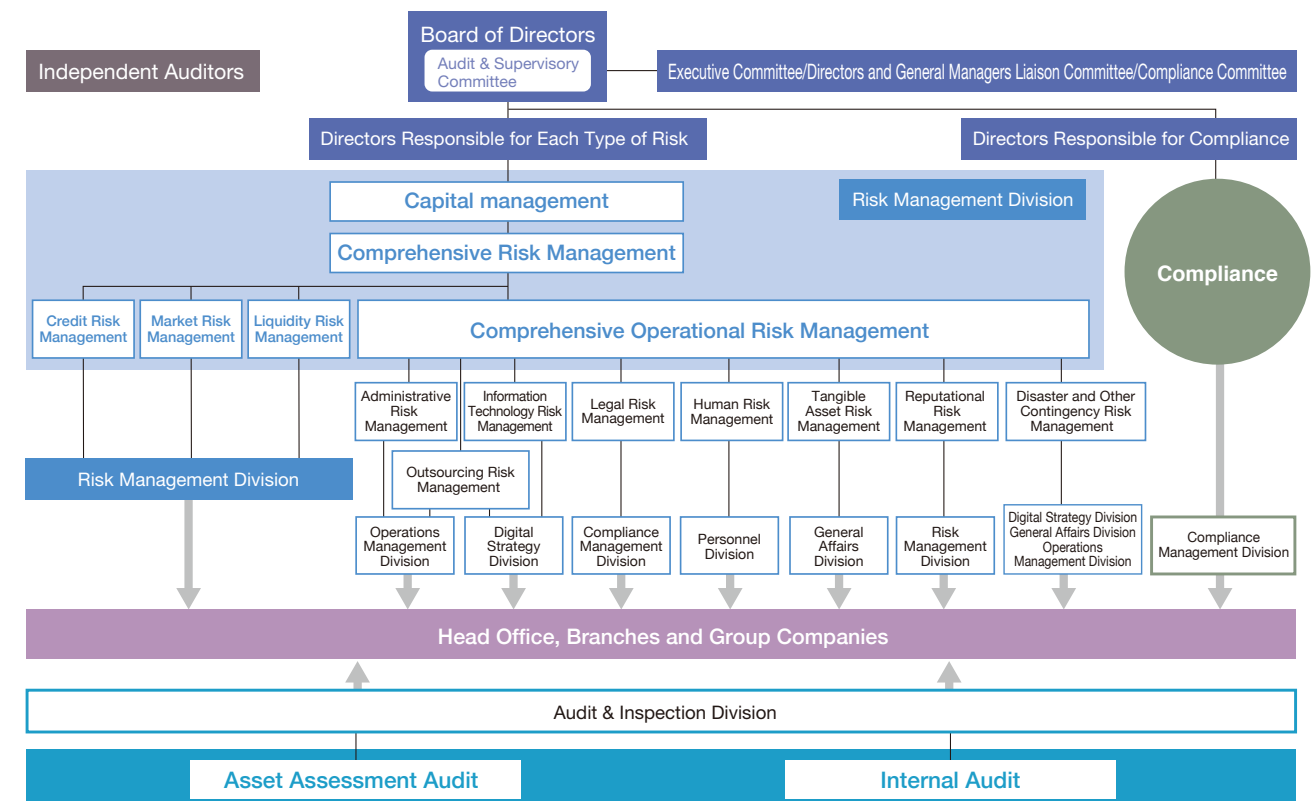
Strengthening of comprehensive risk management

The operating environment surrounding financial institutions has significantly changed in recent years, exposing them to an unprecedented variety of risks. In this environment, financial institutions are required more than ever before to accurately identify, analyze and appropriately control risks.

From the viewpoint of increasing the soundness of management, the risks the Bank faces are assessed by category, and comprehensive risk management systems are established for self-control type risk management through comprehensive assessment, and by comparison and contrast with the Bank's capital. At the same time, efforts are being made to improve risk management methods through means such as the enhancement of risk measurement techniques.

We have implemented risk capital management as a specific framework for comprehensive risk management. Risk capital management is a management method where a risk capital budget, which represent risk tolerance, is allocated by risk category to each unit (domestic business units, funds and securities units, and other units), and the risks measured for each unit are monitored to ensure that they do not exceed their respective budgets. Risk capital management is also utilized to monitor whether the expected profits that are suitable for the risks taken are being secured.

Risk management structure



Verification of the risk management system by the Audit & Inspection Division: The Audit & Inspection Division is the auditing unit for internal processes and asset status, and is independent of all business units. This division audits branches, Headquarters and Group companies through comprehensive audits focusing on the verification of internal management systems (financial facilitation, compliance, customer protection, governance and management, and risk management systems) and physical inspections with the primary aim of preventing illegality.

Responding to increasing cyberattacks

In order to respond to cyberattacks, which are becoming increasingly advanced and sophisticated on a daily basis, the Bank has established Cyber Security Management Regulations, and has implemented multi-layer technical measures, including the prevention of unauthorized intrusions and blocking of information leakage, as well as detection of malicious viruses.

In addition, the Bank has undertaken organizational measures such as drills and exercises that assume the occurrence of a cyberattack, and is continuously working to strengthen systems for swiftly responding to cyberattacks.

Development of business continuity systems in response to the occurrence of large-scale disasters

The Bank has developed a Disaster Emergency Response Plan that clarifies the basic principles of action for times of emergency, such as earthquakes or other disasters and systems failures.

Under the Disaster Emergency Response Plan, we have worked to develop systems to ensure business continuity through the establishment of business continuity plans for continuing the minimum operations required to maintain the finance function, and to achieve the prompt resumption or recovery of this function, in the event that the Bank incurs sufficient damage that it becomes impossible to fulfill normal bank operations, due to an unforeseen disaster. In addition, in order to confirm the effectiveness of the Disaster Emergency Response Plan, we conduct regular disaster drills and business continuity drills and conduct revisions to make our preparations for disaster more robust in consideration of the damage caused by the Great East Japan Earthquake in an effort to strengthen the Bank's crisis response capabilities.