



Vision 2030

Leading company creating a path to the future

Basic Strategies to Achieve “Our Target Form”



- 01 | Top customer satisfaction strategy
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01

Top customer satisfaction strategy

Inspire through consulting and digital technologies!



The 77 Bank Group aims to be the leading bank for customer satisfaction by offering an amazing customer experience (inspiration) that competitors cannot match.

Strengthen relations with corporate customers

Our KPIs related to strengthening our relations with corporate customers are to “increase the proportion of companies in Miyagi for whom we are their main bank by 10%” and to “increase the number of corporate lending clients outside Miyagi by 1.5x.” The background to these KPIs lies in our desire to eliminate the concern that the region will lose vitality as the number of business sites declines in line with the aging society, low birthrate, and falling population. It is expected that the population will continue to fall in the Tohoku region, and more companies will enter the Sendai economic area. Amid these conditions, the Bank aims to stimulate the region as a whole by providing high-quality services and at the same time acting as a pipe offering a connection to the Tohoku region as a whole and the Sendai economic area.

In order to further strengthen collaboration between bank branches and headquarters, and promote high value-added consulting services, in April 2018, we created “regional support teams” in the Consulting Promotion Division and have been working to solve the management issues of our clients. Additionally, in March 2020, we established the “COVID-19 Emergency Support Team” consisting of employees from the Consulting Promotion Division and the Credit Supervision Division, and enhanced our client support systems, including dispatching sales representatives to regional sites within Miyagi Prefecture.

By May 31, 2021, the “COVID-19 Emergency Support Team” had accepted over 14,000 consultations from customers. Matters related to subsidies, business matching, and other forms of support for core businesses made up the majority of consultations, at approximately 8,000 consultations, but there were also companies facing the issue of business continuity, and the number of consultations related to business succession and M&A is increasing.

In order to promote consulting services rooted in customers’ needs as we look to achieve KPIs in future, we will continue to offer cashflow support to clients affected by COVID-19 and continue to support business improvements and rehabilitation, while at the same time further strengthening corporate sales systems by increasing the number of liaison officers from headquarters. Additionally, we will also strengthen loan management and support from headquarters based on business evaluations, while at the same time working to complement and stimulate a diverse range of needs among our customers through the introduction of the “77 Big Advance” management support platform that we began offering in May 2021, including broader marketing channels, business matching, business succession, M&A, securing human resources, and the increased use of IT.

Regarding lending, we have actively focused on addressing the needs of business operators, such as syndicated loans to provide funds for capital expenditure aimed at business expansion. Looking ahead, however, we will strengthen our participation in regional development projects with significant economic ripple effects, such as the "Sendai Urban Restructuring Project" and the "next-generation synchrotron radiation facility maintenance project." As the same time, we will also identify new funding demand and use this to secure new corporate clients, including companies entering Miyagi Prefecture. As part of these efforts, we established the "Structured Finance Section" in June 2021, in order to strengthen our measures targeting regional redevelopment, renewable energy facilities, etc. In August 2020, we established a "Structured Finance System Strengthening Project Team," and have been considering ways to make credit supervision and risk management systems more advanced. We will also work together with funds managed by "77 Capital," a 77 Bank Group company, to enhance our earnings opportunities on both the lending and equity sides in areas such as project financing for renewable energy and PFI projects, asset financing for real estate, etc., and acquisition financing for M&A.



Iwasaki Dairy Farm LLC (headquartered in Wakuya, Toda, Miyagi) aims to create a "giga-farm" in order to stabilize the supply of raw milk in the region amid raw milk shortages driven by the increase in people leaving agriculture as the population ages, etc. The company used a syndicated loan with the Bank as the lead arranger as funds for major capital expenditure, including the introduction of robotic milking equipment.

-Interview-



Manager, Structured Finance Section,
Consulting Promotion Division
Reiji Sato

Structured finance refers to loans provided for specific businesses and assets, such as project financing and asset financing, in accordance with an assessment of profitability

and business potential based on the cashflows generated by the business or asset. It is notable for the fact that it enables fundraising that is separated from the creditworthiness of the company as a whole. For example, in March 2020, the Bank acted as the arranger for project financing between six regional banks in Tohoku for one of the largest wind power projects in Miyagi Prefecture, in the Kami district. In August 2020, the Bank also provided project financing as the sole lender for a large solar power project in the Futaba district, Fukushima Prefecture. Large-scale lending is accompanied by some risk, but we are continuously implementing measures to manage risk and enhance our abilities to supervise projects. Our mission is to contribute to social and economic development in Miyagi Prefecture and the Tohoku region, as well as the resolution of social issues, by strengthening our relations with corporate clients, one of the issues raised in "Vision 2030." As the same time, I believe we must also strengthen our earnings capabilities in order to ensure the sustainable growth of the Bank.

Support life-planning for individuals

Our KPIs related to supporting life-planning for individual customers are to "increase the proportion of households in Miyagi 'holding assets' to the national average or higher" and to "ensure that 20% of the population of Miyagi (aged 20-74) use loans from the 77 Bank."

~Increasing the proportion of households holding assets~

To ensure that people lead lives filled with happiness in a super-aged society, described as "the age of 100-year lifespans," the enhancement of financial literacy and long-term asset formation will be essential. In particular, there is an increasing need to prepare "funds for old age," said to be one of the three great expenses in life. Given the present low-interest rate environment, however, it cannot be said that managing such funds with deposits will be sufficient. According to the "National Consumption Trends Survey" by the Ministry of Internal Affairs and Communications, the proportion of households holding assets in Miyagi Prefecture (the proportion holding shares or equity investment trusts) is approximately 14%, which is a relatively low level across Japan as a whole. Accordingly, as a regional financial institution, we intend to increase that proportion to at least 21%, the national average.

The Bank will interact with customers in a broad variety of

ways and support the life-planning of each of our customers by becoming a partner that works with our customers to find solutions for the various issues they face, while also supporting the circulation of assets beyond generations, to customers' children and grandchildren. Furthermore, in September 2020, we also established a "Senior Service Support Investigation Committee" chaired by the President, and we are considering potential services that support senior citizens from the perspective of "succession," "nursing care and cognitive decline," and "longer lives," based on surveys and research focused on "financial gerontology.*"

Based on the above, the Bank has set forth the two core pillars of support for the life-planning of individuals as "enhancing life-planning support to enable lifelong transactions" and "measures to address the increased risk of cognitive decline."

With regard to "enhancing life-planning support to enable lifelong transactions," we intend to build systems for continuing transactions with customers beyond generations, while at the same time making various proposals tailored to customers' life events.

Additionally, it will be particularly important that we address the issue of "leaving behind assets," as we watch over the asset circulation between generations. At the Bank, we are strengthening our initiatives related to "trusts," which are considered an effective method for "leaving behind assets." In April 2021, we added "testamentary substitute trusts" and "annual gift trusts" to our trust product line-up. Furthermore, in order to fulfill demand from customers who "wish to leave assets to parties other than

* Financial gerontology refers to academic studies focused on the appropriate administration and management of the assets of elderly people.

-Interview-

In the Wealth Management Office, our mission is to be involved in transactions with individual customers on a lifelong basis, through our support for life-planning in the age of 100-year lifespans. We have prepared a wide range of services and products for individual customers, including investment trusts and insurance. In future, we aim to act as a partner customers in the various life events they face in the age of 100-year lifespans, across three generations in each family. I hope the Bank can be a useful partner for customers in accordance with their life stage and at the same time contribute to improving the financial literacy of our customers, including services to utilize trust schemes and prepare for the risk of cognitive decline for senior citizens, asset formation plans such as Tsumitate (accumulation) NISAs for when family members enter the workforce, and plans to provide funds for education when children and grandchildren enter school. I also hope that we will develop good human resources over the 10-year period of "Vision 2030" as we support the life-planning of individual customers.



Wealth Manager, Wealth Management Office,
Business Promotion Division
Takayuki Endo

their family," we entered into "collaborative agreements related to bequests" with Tohoku University, National University Corporation and the Miyagi Branch of the Japanese Red Cross Society in April 2021, as well as Tohoku Gakuin, Incorporated Educational Institution in June 2021.

With regard to "measures to address the increased risk of cognitive decline," it is important that we prepare for cognitive risk in advance, through the utilization of "civil trusts" and other measures. In October 2018, the Bank began offering "deposit accounts based on civil trust agreements," followed by "apartment loans based on civil trust agreements" in March 2019. For civil trust agreements, we provide support for trouble-free asset administration through the efforts of the 77 Bank Group as a whole to address the risk of cognitive decline, such as support by "77 Research and Consulting," a 77 Bank Group company.

We are focusing on "developing human resources" and "strengthening our systems" as concrete measures to achieve the twin aims of "enhancing life-planning support to enable lifelong transactions" and "measures to address the increased risk of cognitive decline."

In terms of developing human resources, we have been proactively implementing multiple initiatives, including our "program to strengthen individual consulting capabilities" as a form of in-house training that provides practical experience of the whole process from identifying customer needs, to creating a shared understanding of issues among related parties, and offering a solution to the issue, as well as the "77 Money School" for FP Level 1 and persons with a CFP qualification to enable them to acquire the skills to make high-quality proposals, and "bank-brokerage workshops" in collaboration with "77 Securities," a 77 Bank Group company, based on the "77 Basic Policy on Operations that Put Customer First."

Regarding the second measure, strengthening systems, we established the "Wealth Management Office" in June 2021, and we have been assigning employees with specialist knowledge to this office and developing a system for accepting various different consultations, in order to provide a one-stop service for addressing a wide range of needs, such as asset succession, not just managing the assets of our customers.

Furthermore, we also believe it is important that we enhance the financial literacy of our customers and the region. At the "Currency and Banking Museum," which is adjacent to the Bank's Head Office, we distribute information about finance. In addition, we also sponsored and have opened a branch in "Student City," a hands-on educational program for elementary school students that Sendai City government is promoting. In

addition, we have been holding a course in collaboration with Tohoku Gakuin University at Tohoku Gakuin, Incorporated Educational Institution based around the theme of banking operations since 2011. Starting in 2021, we also intend to incorporate the theme of "financial gerontology."

In the "age of 100-year lifespans," the Bank will continue to support life-planning for individuals, to ensure that our customers can live lives filled with happiness.



When accepting consultations related to inheritance and trusts, our customers use original notebooks created by The 77 Bank called the "77 WISH Notebook," in which they write down what they want to achieve in their remaining years and think about their future.

~Increasing the proportion of people using loans~

Given changes in the economic environment and lifestyles, it is expected that even individual customers will face various funding needs. At present, however, the number of people using loans from The 77 Bank remains low, at approximately 13% of the population of Miyagi Prefecture. As such, over the next 10 years, we intend to increase the proportion of people using loans to 20% by being a familiar bank that many people use, including a share of deposits in Miyagi Prefecture of 57.3% as of March 31, 2021, leading them to also use loans from the Bank.

As we look to achieve this KPI, with regard to housing loans, we will capture demand related to condominium apartments, which is increasing primarily in Sendai City, by strengthening our collaboration with housing business operators and offering finely tuned service for lending opportunities about which we are approached. Additionally, in relation to unsecured loans, we will focus on occupation-based sales, cross-selling, various promotional campaigns, etc., while also working to strengthen the promotion of "100% Web-based Loans" and enhance their functionality, as recently this service has been used for approximately half of the total amount lent of unsecured loans and 80% of the total amount of auto loans lent, partly owing to the impact of COVID-19.

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

With this KPI, we will respond to the increasingly diversified needs of our customers and promote regional revitalization and the stimulation of local communities. In order to do so, we will utilize the "strengths" we have developed thus far and expand the scope of our businesses by leveraging the digital transformation and alliances, as part of our aim to become a leading company that operates a diverse range of businesses with the banking business at our core.

We aim to achieve this KPI by FY2024, but when we consider potential projects, we will focus on the key points of "does it utilize the strengths of the 77 Bank Group?" and "can we leverage synergies with our existing operations?" At the same time, each and every executive and employee will turn their eyes and ears toward the issues and needs of local communities and go beyond the framework of finance to think about how we can contribute to the region. With this as our starting point, we will create profitable businesses from the process of solving regional issues.

As we try to achieve our target, the key to success will lie in "fostering an ambitious corporate culture," meaning a corporate culture where executives and employees' ideas are shared within the Group, the fact that they had those ideas is praised, and good ideas are incorporated into our businesses. In April 2021, we called for participation in a "business planning content" for all executives and employees. This contest marked the

successful launch of our efforts to establish an ambitious corporate culture, with a total of 170 applications, covering a range of employees from new employees to branch managers.

By having all executives and employees actively take on new challenges, and allowing trial and error, we will establish an ambitious corporate culture while also creating new businesses that are truly needed by our customers.

In relation to this KPI, we have also set a KPI to "double net income of Group companies by entering new businesses and new sectors and expanding existing businesses."

There are six companies in the 77 Bank Group: 77 Lease, 77 Shin-Yo Hosyo, 77 Card, 77 Securities, 77 Research and Consulting and 77 Capital. We took steps to expand the scope of our businesses by establishing 77 Securities and 77 Research and Consulting in July 2016 and July 2018, respectively, and also strengthened collaboration within the Group by making Group companies wholly owned subsidiaries in November 2016. We intend to double the net income of Group companies as a whole by creating stronger sales systems integrated across the Group through the exchange of human resources within the Group and other means, while also leveraging synergies with projects in new businesses and sectors.

-Interview-



Manager, Group Business Strategy Section, General Planning & Coordination Division
Junichi Fujino

In addition to administering the management of Group companies, we also manage the planning and promotion of new businesses and sectors. The establishment of projects in new

businesses and sectors is an important theme in "Vision 2030," and since this spring, we have increased the number of employees on our team as we look to achieve "our target form." Recently, we have been considering opportunities to strengthen and enhance our operations in the non-financial sector, such as businesses for senior citizens and staffing services, in addition to the financial sector, including trusts and the regional issue of business succession. The creation of new businesses will contribute to revitalizing the regional economy through the creation of employment, etc. Additionally, the development of the regional economy in Miyagi Prefecture and the wider Tohoku region will contribute not just to the Bank's interests, but also to the interests of all the stakeholders surrounding the Bank. Uncertainty and risk are always present when "starting something new," but in order to make the "corporate culture of taking on new challenges" laid out in "Vision 2030" a reality, we will actively promote the creation of businesses from projects in new businesses and sectors, based on a forward-facing stance and reliable judgments. In doing so, we will create a new kind of corporate group, that while remaining a bank, is also a kind of bank that has never existed before.

*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."

<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 compiled 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

02

Double productivity strategy

Reform channels and release from the burden of administrative work!



The 77 Bank Group will double productivity by releasing bank branches from the burden of administrative work, strengthening our consulting systems, and enhancing the abilities of each individual.

Double “labor productivity in core operations”

The Bank will take steps to enhance “labor productivity in core operations,” aiming to double productivity over a 10-year period, based on indicator that shows the value added by each employee. In this regard, the Bank has created a unique indicator by replacing “operating income” in the general formula for labor productivity with “interest on loans and bills discounted + fees and commissions - interest on deposits.”

“Labor productivity in core operations” refers to the value added through each employee’s promotion of consulting, based on interest on loans and bills discounted and fees and commissions. However, the Bank will employ three main methods of increasing productivity: “top-line growth” by increasing interest on loans and bills discounted and revenue from fees and commissions, “limiting expenses” through cutting inefficient administrative work, etc., and a “natural attrition in the workforce” by promoting non-face-to-face channels and paperwork-free processes.

Recently, the advancement of digitalization has meant that counter services are shifting from the face-to-face channel to the non-face-to-face channel, including online banking, banking apps, and 100% Web-based Loans. At the same time, the number of customers coming to counters has declined significantly, partly owing to COVID-19. On the other hand, there is an increasing “need for highly specialist consulting services” in relation to issues such as business succession and M&A,

driven in part by the falling birthrate and aging society, as well as a lack of corporate successors. Accordingly, we will increase labor productivity by releasing bank branches from the burden of administrative work and ensuring that they focus on consulting.

Cut amount of administrative work at bank branches by 50%

As customer needs become increasingly diversified in line with the advancement of digitalization, etc., it will be important that we reduce administrative work at bank branches, mainly that related to face-to-face services and the processing of cash, as we look to achieve our target for “labor productivity in core operations.” In March 2020, the Bank established the “Paperwork-free Promotion Committee” chaired by the President, and we are promoting “paperwork-free” initiatives to release bank branches from the burden of administrative work, such as the concentration of bank branch administrative work at headquarters and revisions to inefficient administrative work.

In FY2021, while focusing primarily on “reducing and simplifying administrative processes” and “guiding customers to non-face-to-face channels,” we significantly reduced administrative work across our Operations Group by enhancing the functions of our non-face-to-face channels and promoting their usage, including establishing a support office to concentrate back-office administrative work from bank branches at headquarters, in addition to making online banking for individu-

als only available through online registration. In addition, we also overhauled the administrative work of the Loan Group, including concentrating administrative work related to lending at headquarters and expanding the range of products eligible for “100% Web-based Loans,” where the entire process from application to the execution of the loan is completed online. As a result, in FY2021, we saved a total of approximately 200,000 manhours through the reduction of administrative work across all bank branches, equivalent to 107 employees.

From FY2022 onward, we will continue to further accelerate our move toward paperwork-free processes. Specifically, we will reduce administrative work in our Operations Group through such measures as increasing the number of branches whose administrative work is consolidated in the support office, concentrating administration work related to succession, etc., at headquarters, making it such that customers do not need to visit branches for transfers, various forms, procedures in the event of an accident, etc., by enhancing the functions of our non-face-to-face channels and promoting their use, and moving to electronic methods for consulting operations and accepting tax payments. Regarding administrative work in the Loan Group and the Sales Group, we have expanded the range of operations concentrated at headquarters to cover administrative work related to credit ratings and international remittances, and we also “moved payment collection operations to electronic processes” in August 2021, as we received many requests for improvements to these operations from bank branches. Furthermore, headquarters and bank branches will also continue to work

together to make proposals to customers aimed at overhauling inefficient administrative work, and guide customers toward non-face-to-face processes for tax payments, investment trusts, and loan transactions.

In addition to the above, as a medium- to long-term initiative, in May 2021, we began development of a “next-generation SFA and CRM/credit supervision system” together with the banks participating in the “MEJAR” common use system, in order to enhance our ability to make proposals in liaison operations and enhance operational efficiency. We aim to begin operating this system in 2024. This system will eliminate issues related to customer information being entered multiple times and a lack of coordination. It will be a “single input, multi output” system, whereby when information is entered one time, it is automatically reflected in various types of data and forms. Additionally, multiple separate systems had previously been established for “supporting sales,” “managing customers,” and “credit supervision,” but now this system will combine all these elements into a single platform-type system on AWS.* This will thus enable the integration of customer information, including both retail and corporate customers, and make it easy to create links with other services on AWS, which we expect will make liaison operations more efficient and sophisticated in future.

By halving the volume of administrative work at bank branches with the above initiatives, the Bank will rebalance its use of management resources and limit expenses, while also allocating the working hours created to consulting services.

* AWS is an abbreviation for “Amazon Web Services,” referring to cloud services provided by Amazon.

—Interview—



Manager, Digital Strategy Section, Digital Strategy Division
Hiraku Nakatsugawa

We plan and formulate strategies and measures that utilize digital technologies. The business environment is changing at a blistering pace as a result of the rapid advance of

digitalization, including GAFA, fintech companies, and other companies in different industries becoming competitors of the Bank. In this environment, the Bank has specified the “digital transformation” as one of the key factors of “Vision 2030.” Amid these conditions, we have formulated a digital strategy based on the two core pillars of “digital reforms in the banking business” and “creating new businesses,” and are promoting digitalization from the customer’s perspective, based on our strong sense of our mission to utilize digital technologies to fundamentally overhaul banking operations as a whole. Specifically, we will focus on measures such as utilizing big data for marketing, as well as robotic process automation and AI for operations, in order to enhance labor productivity and reduce administrative work. Through these digitalization initiatives, we will create employees and time for offering consulting services to customers, thereby enhancing our presence and brand power as The 77 Bank, the bank that is very attentive to its customers.

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

In order to become a bank that customers can use at any time, in any place, and quickly connect with the 77 Bank, we set a KPI to “triple the rate of usage of non-face-to-face channels.”

In recent years, changes in customer behavior and their increasingly diversified values have led to transformations in society, but this trend has become even more apparent as a result of the spread of COVID-19. Demand among retail customers for the ability to complete all banking transactions “easily,” “at any time,” “anywhere,” is increasing as a result of the spread of smartphones. Additionally, employee workstyles are also changing significantly as a result of teleworking, workations, and other trends, and many business operators are being forced to reexamine their businesses as a result of the COVID-19 pandemic. Under these circumstances, the 77 Bank Group will pursue the best mix of face-to-face and non-face-to-face channels by shifting services either from face-to-face to non-face-to-face channels, or the opposite, in order to address the needs and issues of our customers in a timely, appropriate manner.

We have added various functions to our existing non-face-to-face channels, based on the twin concepts of making them “more convenient for customers” and “more efficient for the Bank.” As a result, we have succeeded in moving most transactions at bank branches to ATMs and online banking.

Looking ahead, we will build infrastructure for providing 77 Bank Group services to customers in a one-stop manner, centered around three core pillars for non-face-to-face channels - “Banking,” “Information,” and “Communication” - and combined with non-financial services. For retail customers, this will be the “77 Bank App,” a smartphone app equipped with online banking functions, while for corporate customers, it will be the “Corporate Portal Site,” which we plan to create online.

On May 24, 2021, we launched “77 Big Advance,” as a foundational component of the “Corporate Portal Site.” The service was extremely well received, with approximately 300 clients signing up within the first month of its release. The Bank will identify or stimulate needs and issues among customers through non-face-to-face channels, then collaborate in a timely and appropriate manner with bank branches, loan centers, and insurance plazas, which are all face-to-face channels, to provide consulting related to these issues,

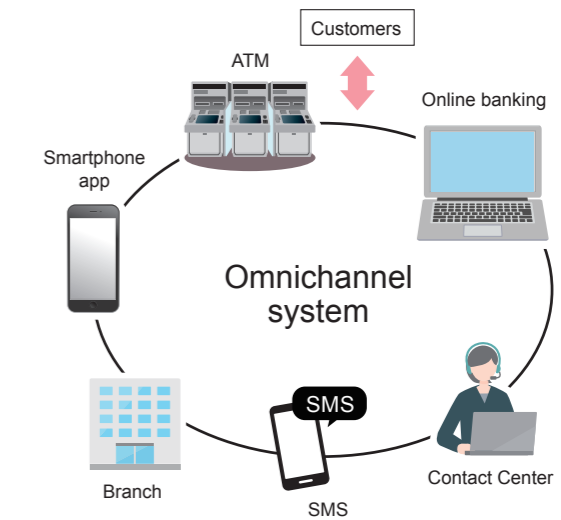
based on close relationships with our customers.

The “Contact Center,” which we have established in the Direct Channel Promotion Division, will fulfil a significant role in achieving the best mix of face-to-face and non-face-to-face channels. The Contact Center’s main duties are receiving phone calls (inquiries) from customers and making phone calls (information on products and services) to customers, its importance has been increasing as the only staffed channel among our non-face-to-face channels, following a rapid increase in the use of non-face-to-face channels. Additionally, while utilizing a variety of marketing methods, AI-based data analysis, and more tools, we are providing information on a One To One basis via an omnichannel system that links all our face-to-face and non-face-to-face systems, and the “Contact Center” is increasing contact with customers based on the information provid-

ed in each channel.

Additionally, another important non-face-to-face channel is our ATMs. With cashless payment systems expected to increase further in popularity in future, the 77 Bank Group is providing its customers with cashless payment services that customers can use conveniently and with peace of mind, including 77 JCB Debit cards, 77 Cards, and the linking of customers’ bank accounts with various smartphone payment services. As such, while ATMs formerly played an important role as “mini-branches,” the number of ATM transactions is falling. However, there will still be a demand for cash, so we will focus on creating the optimal ATM network through measures including the joint operation of ATMs in convenience stores, while keeping in mind the necessity of ATMs for customer convenience and as places to withdraw cash.

[Omnichannel strategy]



[77 Bank App main screen]



-Interview-

In the Direct Channel Promotion Division, we focus on product development and promotion planning for non-face-to-face channels, while also working with face-to-face channels, the Contact Center, etc. As customer behavior and values change, and the channels they want to use become increasingly diversified, we are taking steps to increase the sophistication of our “Banking,” “Information,” and “Communication,” based on the concept of “easy access to all banking transactions, at any time, from anywhere.” In all types of transaction, we are taking steps to differentiate ourselves from other banks through systems that enable customers to complete transactions without coming to branches, and personalizing the provision of information to customers, while also further enhancing our smartphone, PC, and other non-face-to-face channels as a form of channel infrastructure for contact points with customers. Through these measures, we aim to achieve our “Vision 2030” KPI of “tripling the rate of usage of non-face-to-face channels.” As such, we will achieve the best mix of face-to-face and non-face-to-face channels, tailored to the needs and situation of each customer. At times, we will also look for alliance opportuni-



Manager, Direct Channel Promotion Section, Direct Channel Promotion Division
Ken Yoshida

ties with other banks and companies in other industries, as we provide consulting services based on close relationships with our customers.

03 Regional growth strategy

Achieve sustainable growth in the local community!



The 77 Bank Group will work to achieve sustainable growth together with the local community by making the region attractive and supporting the growth of inspirational local companies.

Support increased economic growth rate in Miyagi

With this KPI, we aim to enhance the economic growth rate in Miyagi in the same way as the targets set in Miyagi Prefecture's "Plan for Putting the Future Vision of a New Miyagi into Practice," in order to achieve regional revitalization together with Miyagi Prefecture.

We must further strengthen our initiatives toward regional revitalization in order to achieve our KPIs, and as such, the Bank has established four prioritized areas, "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." In March 2015, we established a "Regional Revitalization Desk" within the Regional Development Promotion Division, and we have also made branch managers with transactions with regional public bodies into "Regional Revitalization Managers," while we focus on areas such as solving regional issues based on collaboration between headquarters and bank branches. Additionally, from the perspective of ensuring close cooperation with regional public bodies, we have also entered into "Agreements on Comprehensive cooperation for Regional Revitalization with 38 regional public bodies, including Miyagi Prefecture and 35 municipalities within the prefecture. These cooperation agreements are aimed at cooperation and contribution to creating "towns, people, and work" in regional areas, while effectively utilizing the resources of both parties.

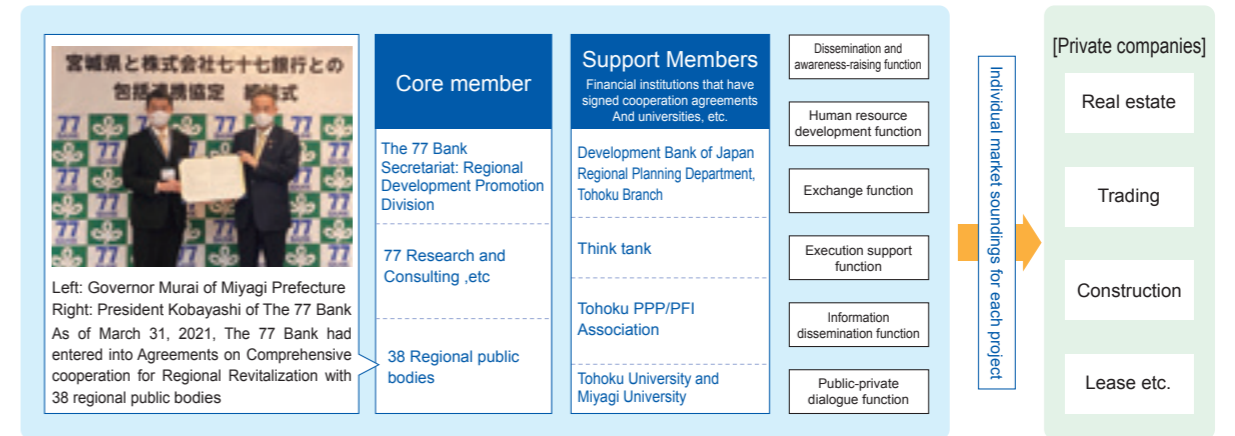
Specifically, we are implementing various measures, including holding "regional revitalization seminars" for employees of regional public bodies and the branch managers of bank branches with which they have transactions to research examples of pioneering initiatives from other regions and exchange views, etc., as well as a "Regional Revitalization Business Matching Event" where solutions from private-sector companies were offered solutions to regional issues faced by regional public bodies, as part of the "Miyagi wide-area PPP platform (MAPP)" established in January 2020.

Looking ahead, we intend to continue to strengthen our cooperation with regional public bodies and thus support a higher economic growth rate in Miyagi Prefecture.

Triple number of growth support cases for business founders

According to the "Annual Report on Employment Insurance Services" from the Ministry of Health, Labour and Welfare, the business entry rate in Miyagi Prefecture in FY2020 was 3.6%, but the government has set a target of 10%, roughly on par with Europe and America. In order to achieve the government target, the business entry rate in Miyagi Prefecture will need to be tripled. As such, the 77 Bank Group aims to increase the business entry rate in Miyagi Prefecture to the government's target by further focusing on support for customers whose businesses are growing and tripling the number of growth support cases that we handle.

[Miyagi wide-area PPP platform]



In order to support the development of local SMEs and new companies or businesses, the Bank has prepared a unique systematic loan program called "77 New Business Support Funds." Additionally, in order to address the need for more efficient operations in relation to finance, accounting, etc., when customers are starting new companies, in April 2019, we began offering a "Founders Support Package," consisting of a range of services for supporting new companies offered by the 77 Bank Group and our business partners. Furthermore, in April 1998, we established the "THE 77 Business Support Foundation, Public Interest Incorporated Foundation," with the objective of contributing to stimulating industry in Miyagi Prefecture and economic development. This foundation awards "The 77 New Business Subsidy" to companies actively developing their businesses with novel and original technologies, and company founders aiming to launch new businesses.

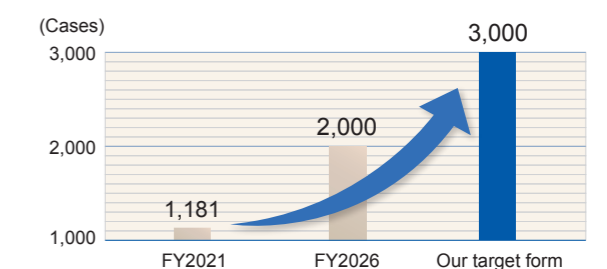
Additionally, in order to support the creation of viable businesses around excellent technology based on the results of research at Tohoku University, we are supporting new compa-

nies or businesses through the investment of ¥0.7 billion, the largest amount for a private-sector company, in the "THVP1 Investment Limited Partnership" in August 2015, followed by a further ¥0.3 billion in "THVP2 Investment Limited Partnership" in April 2021, in collaboration with companies including "TOHOKU University Venture Partners Co., Ltd.," which was established as a company wholly owned by Tohoku University.

In addition to the above initiatives, we will also take steps to further strengthen growth support for company founders with active support in areas such as preparing to found the company, securing human resources, solving technical issues, expanding sales channels, and improving operational efficiency, through promotion of the use of subsidies and other public support systems, collaboration with external support institutions, and business matching.



[Cases of growth support for founders]



Aim for 100% participation in regional development projects in Miyagi

For this KPI, the Bank will offer various kinds of participation in and support for regional development projects that many stakeholders, both public and private, are participating in and that are expected to have a suitable impact on the regional economy. At present, we participate in many regional development projects, but as we look to maximize the presence of the 77 Bank Group, we will aim for a 100% participation rate.

Below, we introduce two representative regional development projects that are currently underway in Miyagi Prefecture and that the Bank is actively participating in.

The first is the "Sendai Urban Restructuring Project."

Under this project, in order to rebuild the central area of Sendai City, which plays a central role in the flow of economic activity, with the aim of achieving the next stage of recovery from the Great East Japan Earthquake of 2011, old buildings will be rebuilt and the development of highly functional office buildings will be promoted, etc., through the year FY2031. Since Sendai City announced the launch of this project in July 2019, the Bank has collaborated with Sendai City to hold seminars for building owners and others in September 2019 and worked to spread awareness of newly established subsidy systems, etc., while also entering into discussions with customers concerning proposed

projects, etc.

In October 2020, further measures to strengthen subsidy systems, etc., were announced, and progress has been made in enhancing measures to support the redevelopment and reinforcement of the functions of the central area of Sendai City. This is a large project with economic ripple effects, in which the Bank's customers are also expected to fully participate. For this reason, we will continue our active participation to ensure that we can contribute to urban development in Sendai City.

The second project is the "Next-generation Synchrotron Radiation Facility Maintenance Project."

The "Synchrotron Radiation Facility" is a state-of-the-art research facility that uses an enormous microscope with powerful light to enable researchers to see the structure of substances, etc. at the atomic level. It is said to be an extremely effective national strategic research foundation for enhancing the international competitiveness of the manufacturing industry in Japan.

The Bank has been participating in promotion committee meetings related to the attraction of the facility since before it was decided that it would be developed on the New Aobayama Campus of Tohoku University in 2024. Additionally, the Bank has also participated in the "Phototon Science Innovation Center," which is the main executive organization overseeing the construction and operation of the facility, as "Auditor."

This facility is expected to be used in a wide range of industrial fields, and according to estimates from the Tohoku Economic Federation, is expected to create annual economic ripple effects of approximately ¥1.9 trillion over the 10 years after it begins operating. This project is a major project that is expected to have significant ripple effects for Miyagi Prefecture, including the entry of related companies and the creation of employment opportunities. Accordingly, while collaborating with our regional partners, the "Phototon Science Innovation Center," "Tohoku Economic Federation," "Miyagi Prefecture," "Sendai City," and "Tohoku University," which are the executive organizations overseeing the project, the Bank intends to support the accumulation of new businesses and industries and promote regional revitalization through the creation and attraction of this research and development facility, etc.

Additionally, multiple regional development projects that are expected to create economic ripple effects are planned in Miyagi Prefecture, including a privatization project for a public business and an industrial park relocation and maintenance project. The Bank will continue actively participating in such projects.

The 77 Bank Group will cut CO₂ emissions and support cuts to greenhouse gas emissions in Miyagi

In order to actively respond to issues related to climate change and ensure sustainable growth together with local communities, we have set a KPI to "cut 77 Bank Group CO₂ emissions by 46% compared with FY2014 by FY2031, and support cuts to greenhouse gas emissions in Miyagi."

In recent years, climate change has become a global issue, including unusual weather phenomena around the world and increasing amounts of damage from major natural disasters. In 2012, the Bank formulated an "Environ-

mental Policy," in July 2020, we announced the "77 Bank Group SDG Declaration," and in July 2021, we announced our support for the "TCFD recommendations." We intend to support the sustainable growth of local communities and our customers by taking the initiative in responding to climate change as a leading bank in the region.

Based on our Environmental Policy, etc., the Bank has been offering environmentally friendly financial products and services, and implementing measures such as controlling room temperatures. With regard to our branches, in FY2020, we built and opened new branches, the Kesenuma Branch and the Minato and Watanoha Branches, as "eco-friendly branches," with LED lighting and energy-saving air conditioning units. Furthermore, we are gradually switching lighting for low counters, etc., to LED lighting, and changing to energy-saving air conditioning units at all branches, excluding those that we plan to remodel.

Additionally, the Bank also actively promotes activities to conserve the environment within regional communities. In September 2018, new employees of the Bank planted 1,000 black pine saplings in the Arahama district of Sendai City. We are currently continuing our efforts to develop disaster prevention forests to protect local communities from disasters, in collaboration with related institutions. As such, in March 2021, we joined the "Miyagi Coaster Disaster Prevention Forest Creation Council," established primarily by Miyagi Prefecture.

Looking ahead, we will continue actively working not just to cut the 77 Bank Group's CO₂ emissions, but also to cut greenhouse gas emissions in Miyagi Prefecture, through measures such as strengthening our support for initiatives targeting the SDGs at customers whose businesses we have evaluated, and activities to conserve the environment in regional communities.

-Interview-



Manager, Regional Development Promotion Section, Regional Development Promotion Division
Tomiaki Ara

In the Regional Development Promotion Division, which oversees all aspects of regional revitalization, we have entered into Agreements on Comprehensive cooperation for Regional Revital-

ization with 38 municipalities, including all municipalities in Miyagi Prefecture, and are focused on resolving regional issues and stimulating the regional economy based on prioritized areas, such as "support for starting new companies or businesses" and the "promotion of urban development." As the population falls across the Tohoku region as a whole, Sendai City, the central city of the Tohoku economy, is experiencing a net outflow of people to the Greater Tokyo Area, despite an influx of people from the six prefectures in the Tohoku region. An important mission for us as a bank is to support business founders as they take on the challenge of creating businesses and new work that will be attractive to young people in the region. As such, we aim to "triple the number of growth support cases for business founders." As we aim for "100% participation in regional development projects in Miyagi," we are also participating in various projects in the prefecture, sometimes openly and sometimes behind the scenes, including the next-generation synchrotron radiation facility, where researchers can visualize things at the "nano" level. I understand that regional revitalization is an area where the expectations upon us are highest as a financial institution with roots in the region, and where our raison d'être is questioned. I will focus on my duties to ensure that The 77 Bank can demonstrate a strong presence in Miyagi and the Tohoku region as a whole, and contribute to the creation of an attractive region.



04 Corporate culture reform strategy

Virtuous circle of ambition, confidence, and cheerfulness!



The 77 Bank Group will endeavor to promote diversity, and create a virtuous circle where all officers and employees take on new challenges, leading to confidence and cheerfulness.

Implement various initiatives to “foster an ambitious spirit”

We are truly facing a “time of great change” with financial institutions losing the interests already gained in existing business domains, owing partly to changes in the makeup of society, such as the low birthrate, aging society, and falling population, as well as the advancement of digitalization in the financial industry and the development of payment services by companies in other industries, mainly the IT industry.

In order to execute the three basic strategies described above, we must work to transform our corporate culture based on changes in the times. As such, we will endeavor to promote the advancement of diversity and create a virtuous circle where all officers and employees take on new challenges, etc., leading to confidence and cheerfulness.

In order to encourage employees to proactively take on new challenges, we are actively rolling out training sessions that employees can apply to participate in, such as “Headquarters Operations Trials” to enable employees to learn about operations at headquarters and Group companies, and “Local Company Trainees,” to enable employee’s to sharpen their ability to assess companies, while also holding a “business planning contest” to develop new

businesses and sectors. In addition to these initiatives, we will also consider opportunities to revise our personnel systems with the aim of addressing a broad range of values held among employees and enhancing their motivation.



Business planning contest

Increase the proportion of women in management positions to 30% or more

The Bank has approximately 4,000 employees, including part-time employees, of which more than half are women. Based on the idea that “the Bank will not develop without the active participation of women,” we aim to increase the proportion of women in management positions to 30%, the government target, by FY2031.

The Bank is actively focusing on areas such as supporting women’s career development and the enhancement of systems to support the combination of work and childbirth/childcare. As such, in June 2016, the Bank obtained “Grade 3” certification, the highest level, under the Ministry of Health, Labour and Welfare’s “Eruboshi” system for commending excellent companies promoting female participation, and has increased the number of female managers from 99 to 147 over the past 10 years, equivalent to an increase from 8.5% to 13.4% as a proportion of the total. However, the Bank still has some way to go to achieve the 30% target. For this reason, under our “Action Plan as a General Business Proprietor Pursuant to the Act on Promotion of Women’s Participation and Advancement in the Workplace,” formulated in March 2021, we aim to achieve a ratio of 18% by FY2026 through “reducing the average number of hours worked outside of working hours and on days off (to less than 10 hours per person per month)” and “enhancing the annual rate of taking paid time off (to 70% or more).”

In FY2021, in order to foster an awareness of career enhancement among female employees, we held a workstyle seminar, in which Yoko Ushio, an Outside Director of the Bank, participated, as well as day-off seminars aimed at supporting the career development and skill development of female

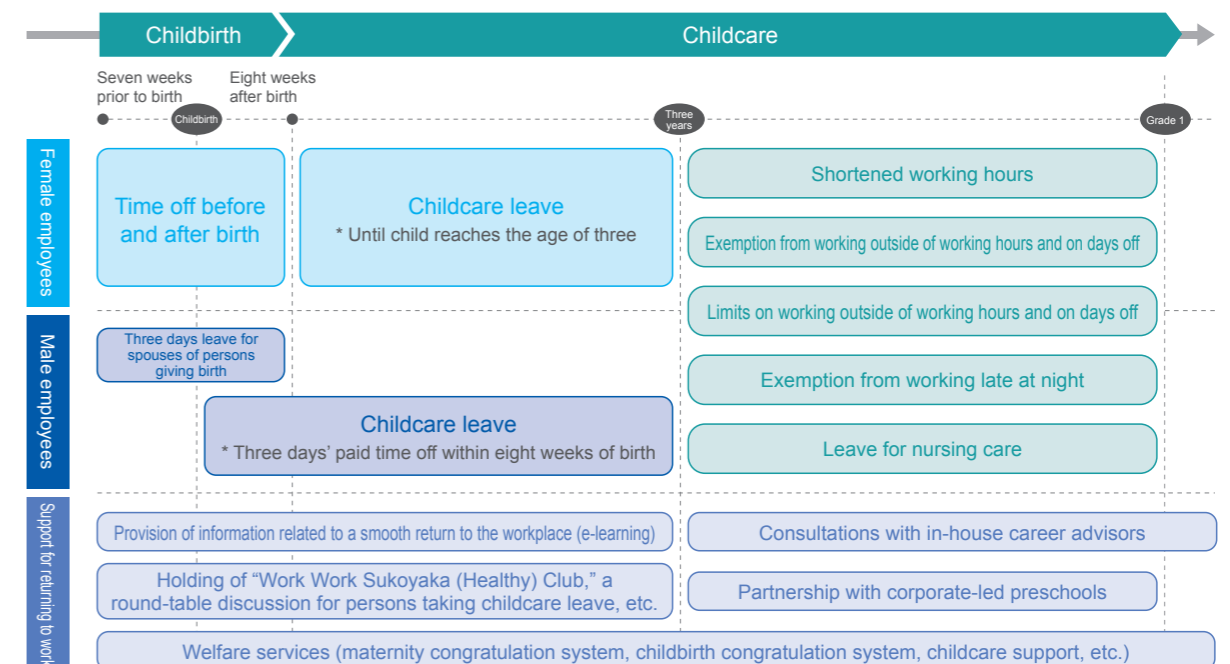
employees, and round-table discussions, etc., partly aimed at eliminating concerns surrounding returning to work among persons taking childcare leave and others. Additionally, in order to promote diversity, including the active participation of women, in November 2020, we revised rules surrounding clothing during working hours and introduced a “Business Casual Day.”

Looking ahead, we will continue providing training to contribute to designing career paths for women and strengthening their skills, and supporting the return to work by persons taking childcare leave, with the aim of ensuring women’s continued employment at the Bank. Additionally, as we look to achieve a diverse range of workstyles, we will encourage the use of the “Select Staggered Shift System,” which we introduced in April 2021, and make broad efforts to enhance the awareness of male employees and employees in management positions toward the activities of women, as part of aim to enhance the proportion of women in management positions.



Workstyle seminar with participation by Yoko Ushio, Outside Director

[Systems to support the combination of work and childbirth/childcare]



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

Based on our understanding that one of the greatest assets of the 77 Bank Group is our “human resources,” and that the development of “human resources that serve a purpose for customers and local communities” and “human resources that contribute to corporate reform” will be major factors for achieving “Vision 2030,” we have selected “human resource development” as a key factor.

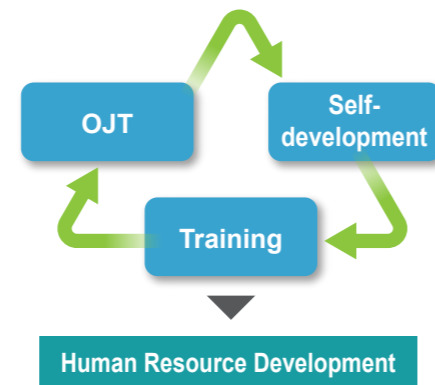
Previously, employees engaged in administrative work comprised a significant portion of the Bank’s employees, but as we shift the roles of employees from administrative work to consulting, we will train our employees to have specialist areas and expertise matched to their unique characteristics, and develop human resource with interpersonal charm, capable of frank communication with customers and local regions. Additionally, we also intend to transform the 77 Bank Group as a whole by developing human resources with creativity unrestricted by conventional ideas.



Women’s career advancement program

In the explanation of human resource development that follows, first, we explain our basic approach to human resource development.

At the Bank, “on-the-job training (OJT)” forms the core of our human resource development, and employees acquire the knowledge skills they require and want to learn through “self-development.” In addition, we use “training” to complement “OJT” and “self-development,” and give employees an opportunity to enhance their skills, while also learning more specialist knowledge and skills. We endeavor to develop our human resources through the continuous repetition of “OJT,” “self-development,” and “training.”



“OJT” provides an “opportunity” for employees to acquire the necessary knowledge and skills, and forms the starting point for human resource development. In addition to rotations at bank branches, the Bank offers opportunities for short-term learning breaks at bank branches, headquarters, and Group companies where advanced initiatives are underway, as well as accompanying employees from the Consulting Promotion Division and Credit Supervision Division on visits, and other measures.

For “self-development” to ensure that employees acquire knowledge, skills, and qualifications, the Bank fosters an appetite for self-development among employees through measures such as “weekday evening seminars” to enhance employees’ consulting abilities, etc., the distribution of various types of educational content through e-learning, etc., mediation for tests and correspondence learning, and the payment of incentives for the acquisition of public qualifications. In our previous medium-term management plan, we set a KPI of “achieving 700 persons with qualifications as either a 1st Grade Certified Financial Planner, CFP, or Small and Medium enterprise Management Consultant,” in order to strengthen our consulting capabilities. We did not achieve this target, partly as a result of the difficulty of the qualifications and the impact of COVID-19, but the initiative contributed to developing an appetite for self-development, including a growing number of employees taking on the challenge of acquiring such qualifications. Going forward, we will continue to encourage the acquisition of qualifications and actively provide mediation for testing and corresponding learning related to fields such as inheritance and the succession of assets, in order to strengthen our initiatives targeting asset succession consulting and other businesses aimed at senior citizens.

Regarding “training,” we are implementing “training per level” for employees at every level from branch manager to new employee, “training by theme” to enhance consulting abilities, etc., and other forms of in-house training, while also actively engaging in external training, including participating in training seminars held by regional and national banking associations, dispatching employees to graduate schools in Japan for them to



Programs to train human resources who will contribute to regional development

acquire MBAs, and dispatching trainees overseas to Shanghai, Singapore, etc. As part of our aim to develop “human resources that serve a purpose for customers and local communities” and “human resources that contribute to corporate reform,” we began further enhancing external training opportunities from FY2022, including dispatching trainees to fintech companies, consulting companies, and others, and holding “programs to train human resources who will contribute to regional development” in collaboration with employees of Miyagi Prefecture. Additionally, we are also enhancing the content of in-house training, including establishing the “women’s career advancement program,” “training to strengthen the trust business,” and the “77 Money School” for FP Level 1 and persons with CFP qualification.

–Interview–



Manager, Diversity Promotion Office, Personnel Division
Naomi Hasegawa

“People” are the one true source of corporate growth. In the Diversity Promotion Office, we promote the creation of a workplace where a diverse range of human resources

can actively participate, while maintaining a sense of fulfillment in their work. The development of human resources with a diverse range of capabilities will contribute to fostering an “ambitious spirit,” considered necessary for reforming our corporate culture, and will also serve as the foundation for the basic strategies listed in “Vision 2030.” Since 2013, we have worked to make systematic improvements and enhance employee awareness by promoting the active participation of women and other forms of diversity. Accordingly, the proportion of women in management positions is gradually increasing, and the rate of male employees taking childcare leave has been 100% every year since 2014. We have a long, difficult road ahead of us to achieve our target of “increasing the percentage of women in management positions to 30% or more,” but in order to foster a corporate culture that enables all employees to leverage their abilities to the greatest possible extent, I would also like to enhance diversity from perspectives other than gender.

Develop human resources

◆The 77 Bank Group will utilize the qualities of each individual to develop “human resources that serve a purpose for our customers and local communities” and “human resources that contribute to corporate reform,” which will serve as an asset for the Bank into the future.

Type of human resources that 77 Bank Group develops

- Unending ambition
- Filled with ability to take on new challenges
- Ability to act independently
- Rich human potential
- Strong sense of ethics

Human resources that serve a purpose for customers and local communities

Expertise in consulting and other areas, as well as human potential capable of frank communication with customers and local regions

Human resources that contribute to corporate reform

Creativity unrestricted by conventional ideas, and unique, irreplaceable personnel