

THE 77 BANK INTEGRATED REPORT 2018

The 77 Bank aims to be the “Best Consulting Bank”
that responds to customers’ needs by offering
the optimum solutions



140th anniversary thanks to
the support of customers

140

Best Consulting Bank

77 BANK

For The Customer & For The Future

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

Editorial policy

The 77 Bank has prepared this Integrated Report. This report describes the frameworks that support our business foundations, including the bank image sought by The 77 Bank and initiatives aimed at sustainable growth such as financial information. It has been comprehensively compiled to include efforts aimed at improving value for The 77 Bank and the local community, while presenting initiatives for the reconstruction, growth, and development of the local community, such as earthquake reconstruction support and regional revitalization measures, as well as non-financial information including ESG information (environment, social, and governance).

This document also includes disclosure materials based on Article 21 of the Banking Act (explanatory document regarding our business and financial condition). When using this document as a disclosure document, please refer to both this document and Disclosure 2018 (Data) (viewable at The 77 Bank’s Head Office and branches).

CONTENTS

The 77 Bank Integrated Report 2018

About The 77 Bank, Ltd.

The Trajectory of Trust and Growth	3
Message from the President	5
Growth Vision of The 77 Bank, Ltd.	11
Financial and Non-financial Highlights	15

Frameworks Supporting the Business Foundations

Board of Directors and Audit & Supervisory Committee Members ...	21	
Organization	23	
77 Bank Group	24	
Corporate Governance Initiatives	25	
Risk Management System	27	
Social Responsibility	29	
Working Style Reform Efforts	31	

Growing with the Region Toward Sustainable Development

The Economy of Miyagi Prefecture	33	
The Bank's Sales Promotion Structure Toward Growth and Development of the Region	34	
Business Evaluation Initiatives	37	
Overseas Business Support	39	
Earthquake Reconstruction Support	41	
Regional Revitalization	43	
Provision of Information to the Region	46	
77 Business Support Foundation	46	
Provision of Integrated Financial Services	47	
Financial Intermediary Function Benchmarks	49	

Contributing to the Region

Enhancement of Service Network and Channels	55	
Operations that Put Customers First	57	
Measures to Strengthen Transaction Security	59	
Strengthening Heart-warming Support	60	

Social Contribution Activities

Interaction with the Region	62	
Responding to Environmental Issues	62	
Supporting Financial Education	63	
Supporting Cultural Activities	63	
Promoting Sports	64	
Contribution to Social Welfare	64	

Bank Data

Overview	65
Service Network	66

ESG Information

ESG is a word that combines the first letters of the three words, environment, social, and governance, and is a concept that advocates the use of non-financial aspects as factors for measuring corporate value. The 77 Bank actively addresses issues related to ESG based on the following policies, and in this report, details regarding such efforts by The 77 Bank are indicated with an ESG mark.

Environment

The 77 Bank's stance towards the environment has been formulated as the Environmental Policy, and The 77 Bank conducts initiatives to reduce its environmental footprint, while supporting the environmental conservation efforts of customers.

Social

The Bank Creed explains our stance on service for the prosperity of the local community. We will contribute to business partners and the local community and work to improve community value through our core business as a regional financial institution.

Governance

The 77 Bank will work continuously to enhance and strengthen corporate governance, in order to promote sustained growth and improvements in corporate value over the medium- to long-term.

► Shareholders and investors information
<http://www.77bank.co.jp/kabunushi.html>

* Japanese Language only

► Social Contribution Activities information
<http://www.77bank.co.jp/shakaikouken/>

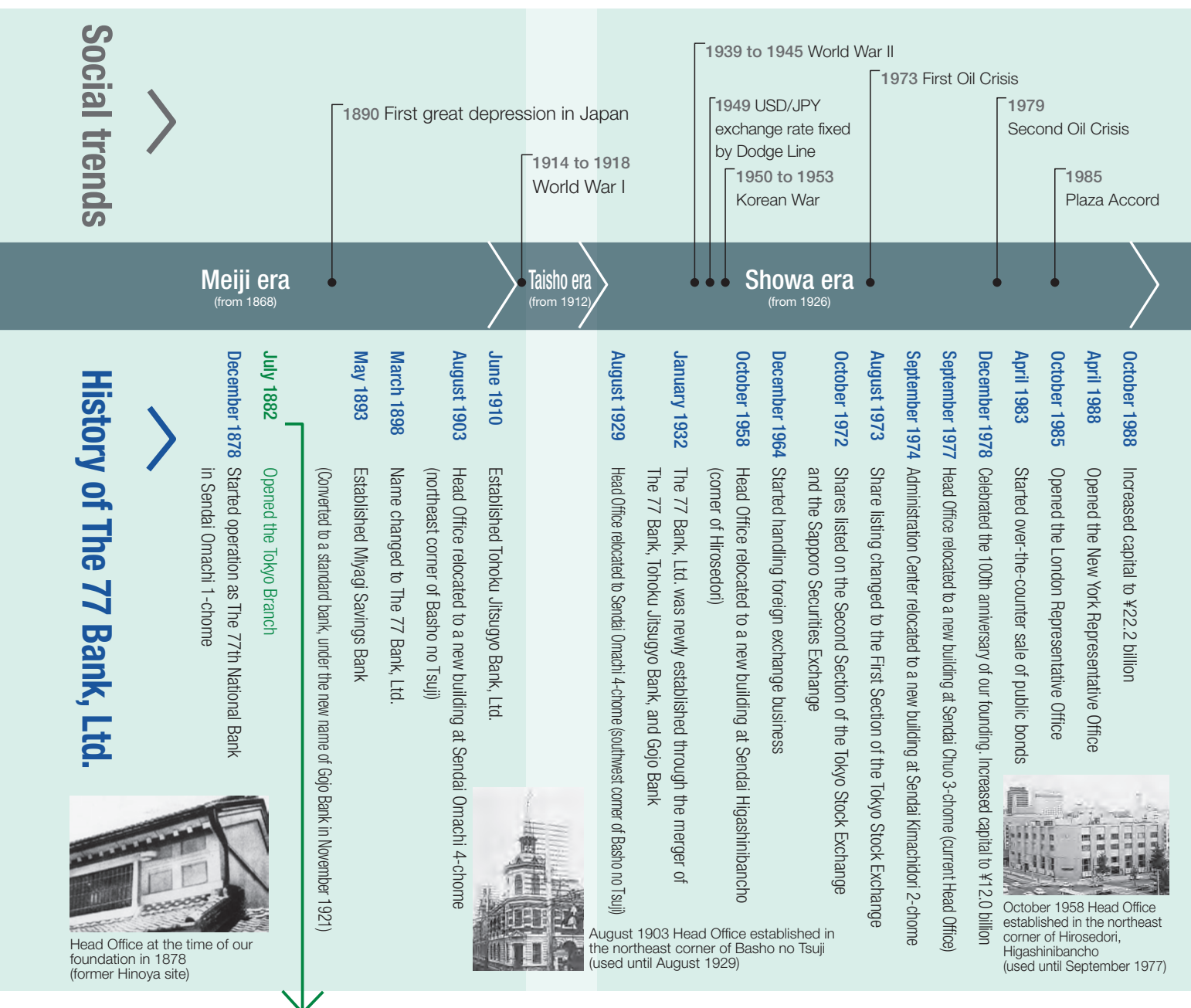
* Japanese Language only

Note regarding forward-looking statements

This document contains forward-looking statements that are based on the information available at the time of disclosure, along with certain assumptions believed to be reasonable by The 77 Bank. However, The 77 Bank makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from forecasts, due to a variety of factors.

The Trajectory of Trust and Growth

The 77 Bank, Ltd. was founded in 1878, and will mark its 140th anniversary this year. Based on our management philosophy of dedication to serve the local community for the prosperity of the local community, throughout the four generations of Meiji, Taisho, Showa, and Heisei, The 77 Bank, Ltd. has developed steadily by overcoming many difficulties while pursuing sound management.



Strengths of The 77 Bank, Ltd.

I

Trust relationship with the Tokyo Stock Exchange

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

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

<The only regional bank that serves as a fund settlement bank>



Seikei Ono
5th President



Shibusawa warehouse during the Meiji era, where the first Tokyo Branch of The 77th National Bank was located

Great East Japan Earthquake reconstruction support measures

On March 11, 2011, unprecedented damage was caused when the Great East Japan Earthquake, one of the largest recorded natural disasters in our history, struck Japan. Immediately after the earthquake, The 77 Bank, Ltd. worked to provide financial infrastructure and fulfill financial intermediary functions, and has since provided financial support for the reconstruction efforts of the region and customers.

Seven years have passed since the earthquake, and the stage of reconstruction has progressed from recovery to rehabilitation, and then to development. To fulfill our responsibility as a financial institution in the affected area, we will continue to gain a detailed understanding of the status of the affected area as well as the needs of the affected people, and stimulated an acceleration of reconstruction through proposals and support for actions to resolve the issues faced.



Onagawacho



Measures to strengthen and enhance corporate governance

The Basic Policy in Corporate Governance was established in November 2015 to prescribe our basic stance toward corporate governance, as well as the action policy that should be put in practice by the Bank in order to work towards the Bank's sustainable growth and medium- to long-term improvements in corporate value.

In June 2017, we transitioned to a Company with an Audit & Supervisory Committee structure, in an effort to strengthen the audit function over the Board of Directors and business-executing employees, and accelerate decision-making by the Board of Directors.

In addition, we are promoting the appointment of Outside Directors to improve the effectiveness of the Board of Directors through the diversification of Directors. In June 2018, the Bank appointed its first female Director, and the ratio of Outside Directors is currently 37.5%.

Going forward, we will work to improve corporate value through efforts to further enhance corporate governance.

Ratio of Outside Directors

(Ratio of Outside Directors to
the total number of Directors)

37.5%

A full-length portrait of Hidefumi Kobayashi, the President, standing in a modern office setting. He is wearing a dark pinstriped suit, a white shirt, and a pink patterned tie. He has short, dark hair and is looking directly at the camera with a neutral expression. The background is a blurred office interior with large windows and modern architecture.

“For The Customer & For The Future” Becoming the “Best Consulting Bank”

We will further enhance the degree of customer satisfaction and confidence in the Bank through consulting, offering the optimum solutions by identifying customers' needs and issues.

Hidefumi Kobayashi
President

Environment Surrounding Financial Institutions

Regarding the Japanese economy, exports and production are trending upward, in line with a moderate improvement of overseas economies. In addition, capital expenditures are also continuing on a growth track, amid improvements in corporate earnings and business sentiment, and consequently, the Japanese economy is continuing a trend toward a moderate recovery.

In Miyagi Prefecture, the primary base of operations for The 77 Bank, seven years have elapsed since the Great East Japan Earthquake. From this fiscal year, we have entered the development period, which represents the final stage of the Miyagi Prefecture Earthquake Disaster Recovery Plan, which has a period of ten years. Although the development of the regional economy and society centered on the areas affected by the earthquake can be expected with the achievement of earthquake reconstruction, the reconstruction demand for the rebuilding of housing and infrastructure development that has driven Miyagi Prefecture since the earthquake is considered to have peaked out.

However, the entry of manufacturing companies into the area such as Toyota Motor East Japan, Inc. is transforming the industrial structure in ways such as the integration of manufacturing industries. In addition, the enhancement of Sendai's city functions, including the expansion and widening of the Sanriku Expressway and the privatization of Sendai Airport, in combination with the demographics, has further accelerated the concentration around Sendai in the Tohoku region, and economic activities in Miyagi Prefecture are generally at a high level.

Looking at the financial environment, the environment surrounding financial institutions has become more challenging due to social structure issues such as a declining birthrate, the aging population and a shrinking population, combined with extremely low market interest rates underpinned by the monetary easing policy of the Bank of Japan. Furthermore, financial institutions are faced with the new threat of a decrease in revenue opportunities, due to developments in the provision of financial services using IT through other business formats and FinTech companies, in addition to traditional financial institutions.

In order to overcome these challenges and become a bank that is truly supported by customers, the Bank must establish a strong sales base and construct a future-proof business model.

Review of the Previous Medium-term Management Plan

Under the slogan of "Value Up," we worked to improve the value of the Bank and the value of the region during the previous three-year Medium-term Management Plan, starting from FY2016. During this three-year period, there

were significant changes in the external environment that had not been considered at the time of development of the previous Medium-term Management Plan, including the introduction of a negative interest rate policy by the Bank of Japan. As a result, the targets were not achieved for items related to the enhancement of profitability and pursuit of efficiency including an increase of interest on loans and bills discounted and core OHR.

Meanwhile, the targets for an increase of loans and bills discounted in Miyagi Prefecture and an increase of loans and bills discounted in Sendai to increase regional market share were exceeded by a significant margin and we were able to contribute to the growth and development of the regional economy.

We established four basic policies of strengthening earthquake reconstruction support, reinforcing our earnings base, enhancing the value of the region, and smooth migration to and utilization of migration to a joint use system (MEJAR), and conducted various measures under these policies.

In terms of our main achievements, we contributed to the growth, development, and improvement in corporate value of our clients through means such as active efforts to conduct appropriate business feasibility assessments on the business content and growth potential of clients in various life stages, the smooth provision of funds, and proposals to solve issues including the development and expansion of sales channels.

In addition, we opened the Singapore Representative Office in May 2016 to support the expansion of clients into the ASEAN region and provide information related to trade, investment, and finance, and opened the Hachinohe Corporate Sales Office in September 2016 as a new base in Hachinohe City, Aomori Prefecture to support the wide range of corporate customer needs using information networks across the Tohoku region. By broadly deploying human resources, including to locations overseas, we have achieved the establishment of a network that takes full advantage of our business bases and human resources.

Furthermore, in order to accurately respond to an increasingly diverse and sophisticated set of customer needs, in July 2016, we established subsidiaries, such as 77 Securities Co., Ltd. and 77 Capital Co., Ltd., in an effort to expand the scope of our business. In addition, in November 2016, four companies, 77 Lease Co., Ltd., 77 Shin-Yo Hosyo Co., Ltd., 77 Computer Services Co., Ltd., and The 77 Card Co., Ltd. became our wholly-owned subsidiaries in order to provide integrated financial services as a Group, as we strive to improve the speed and efficiency of management and strengthen governance.

Migration to a joint use system (MEJAR) used by the Bank of Yokohama, Hokuriku Bank, and Hokkaido Bank was completed in January 2016. This system will be used to offer advanced financial services to customers and improve the efficiency of operations.

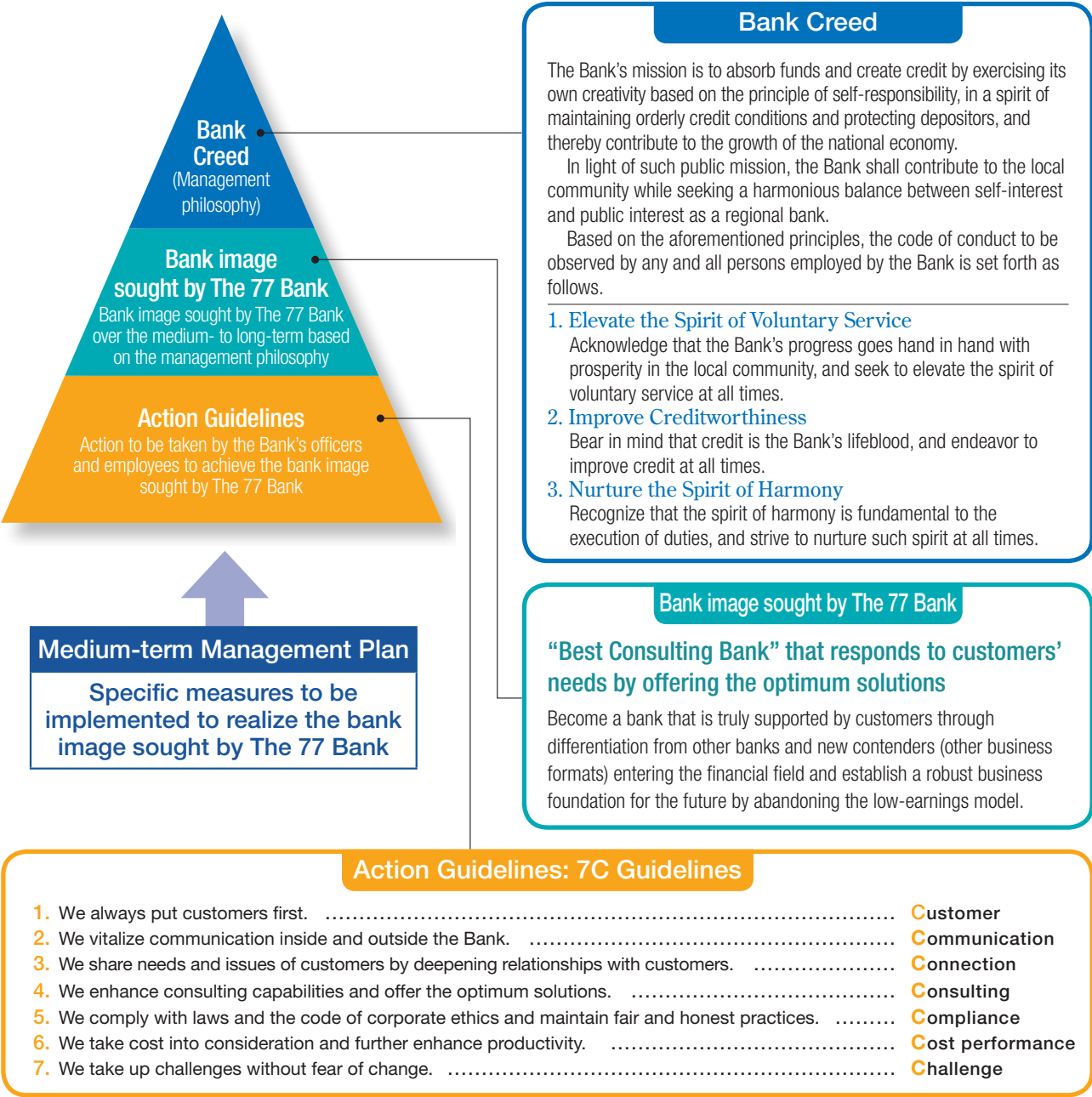
Business Model of the Bank

We believe that it is necessary to strengthen our consulting capabilities to become a bank that is truly supported by customers. Therefore, the Bank has established its medium- to long-term business model aimed at sustainable growth, as follows.

Business model

Further enhance the degree of customer satisfaction and confidence in the Bank through consulting, offering the optimum solutions by identifying customers' needs and issues. Moreover, enhance profitability and employee satisfaction through these initiatives.

In addition, the bank image sought by The 77 Bank, of a “Best Consulting Bank” that responds to customers' needs by offering the optimum solutions, has been established as the medium- to long-term vision of the Bank, based on our management philosophy, while the 7C Guidelines, comprised of seven keywords beginning with the letter C, have been prescribed as action guidelines that should be considered by all officers and employees to realize this target bank image.



New Medium-term Management Plan (April 1, 2018 to March 31, 2021)

The Medium-term Management Plan prescribes specific measures that should be taken to realize the bank image sought by the Bank from a medium- to long-term perspective in consideration of the outlook for the management environment and management challenges, and is positioned as a compass indicating the direction that the Bank should take.

The new Medium-term Management Plan, which started in April 2018, is called “For The Customer & For The Future” —Best Consulting Bank Project—.

We will implement the measures in the Medium-term Management Plan to achieve improvements in profitability, enhance the degree of customer satisfaction and confidence in the Bank, and enhance the satisfaction of the employees who work at the Bank.

Four key strategies have been developed in order to realize the bank image sought by The 77 Bank.



Key Strategy 1: Growth strategy —Strengthening of profitability—

Key Strategy 2: Regional economy vitalization strategy
—Enhancement of value of the region—

Key Strategy 3: Productivity enhancement strategy
—Effective and efficient allocation of resources—

Key Strategy 4: Governance strategy —Strengthening of governance
for sustainable growth—

▶An overview of the new Medium-term Management Plan is on page 13

Key Strategy 1: Growth strategy —Strengthening of profitability—

For our growth strategy, we will implement measures to enhance customer satisfaction and strengthen profitability.

We aim to enhance customer satisfaction in the Bank and improve profitability through Group-wide consulting-based sales, while working in a variety of ways to strengthen our consulting capabilities, including revisions to our organizational structure and human resources development.

We will also strengthen our channel strategy to expand customer contact points, which are a prerequisite for sales activities.

<Consulting-based sales promotion structure>

In April 2018, the name of the Corporate & Retail Banking Division was changed to Consulting Promotion Division, as an organizational change aimed at enhancing the consulting-based sales promotion structure to strengthen our consulting capabilities. In the future, we will expand the number of personnel to roughly 80 and further strengthen our branches support structure.

We will make further contributions to the development of the regional society and economy by demonstrating Headquarters liaison functions through consulting by Headquarters specialists and having senior employees accompany customer visits with branch personnel, as well as by the provision of integrated financial services as a Group.

In addition, we will capture and discover a wide variety of needs through business feasibility assessments based on close relationships with clients, and work to provide consulting and solutions with high added value.

Key Strategy 2: Regional economy vitalization strategy —Enhancement of value of the region—

The regional economy vitalization strategy will continue the efforts to strengthen earthquake reconstruction support and enhance the value of the region under the previous Medium-term Management Plan, “Value Up.”

We will continue to engage in earthquake reconstruction support, while taking into consideration the change in the stage of the Miyagi Prefecture Earthquake Disaster Recovery Plan from the regeneration to the development period. In addition, we will demonstrate consulting capabilities aimed at resolving regional challenges and provide corporate rehabilitation and business reform support for regional revitalization and regional businesses, while strengthening relationships with municipal governments, in an effort to enhance the value of the region.

<Earthquake reconstruction efforts>

On March 11, 2011, unprecedented damage was caused when the Great East Japan Earthquake, one of the largest recorded natural disasters in our history, struck Japan.

The 77 Bank has formulated its Reconstruction Support Policy in order 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 the reconstruction efforts of the region and customers. Based on this policy, we have continued to provide strong financial support aimed at the reconstruction and development of the areas seriously affected by the earthquake, with earthquake reconstruction support as one of the most important management issues.

Seven years have passed since the earthquake, and the stage of reconstruction has progressed from recovery to rehabilitation, and then to development. However, the stage of earthquake reconstruction differs for each client and new challenges have arisen, along with a wide variety of needs. As a financial institution in the affected area, we will continue to gain a detailed understanding regarding the status of the affected area and the needs of the people affected, and stimulate an accelerated reconstruction through proposals and support for action to resolve the issues faced.

<Regional revitalization efforts>

In response to changes in the environment including a declining population and aging society, efforts towards regional revitalization aimed at the realization of an autonomous and sustainable society in which each region takes advantage of its respective characteristics, are part of the mission of a regional financial institution. In 2015, the Bank established the Regional Vitalization Promotion Committee and the Regional Vitalization Promotion Desk in the Regional Development Promotion Division to provide cross-functional support across Headquarters by fulfilling a role as a one-stop contact point both inside and outside of the Bank, while improving the effectiveness of various measures.

In addition, in consideration of the roles expected of a regional financial institution in regional revitalization, as four priority items, we have established support for starting new companies and businesses, support and development of regional core companies, promotion of urban development, and support for promoting of tourism, etc. We will actively work towards regional revitalization, while contributing to regional economic growth and industrial development, through proposals and support aimed at solving issues and improving business value for customers, based on close relationships with industry, academia, and government.

Key Strategy 3: Productivity enhancement strategy —Effective and efficient allocation of resources—

In our productivity enhancement strategy, we will work towards the effective and efficient allocation of management resources, in order to secure manpower and time to focus on consulting services, as an approach to improve productivity and reduce costs.

Through effective investments in consideration of sales measures, combined with business and working style reforms, we will work to improve employee fulfillment and work motivation, while further improving the productivity of each and every employee.

<Business reform efforts>

We will continue the efforts we have undertaken to the present to enhance the efficiency of the business processes of branches and promote Headquarters centralization, together with the business reforms commenced from FY2018, and secure manpower and time by improving productivity. We will then make effective use of this created time, through means such as shifting it towards opportunities to make proposals to clients, and link it to our practice of consulting sales.

In addition, as part of our efforts to promote the enhancement of business efficiency by utilizing IT, we have conducted a trial of business automation utilizing RPA (robotics process automation), since September 2017. Thanks to the introduction of RPA, routine work with a high workload has become automated, operations have been equalized and made more efficient, and work hours for personnel have been reduced. In light of this, we advanced

with the full-scale introduction of RPA, and expanded the covered range of operations from November 2017. Going forward, we will allocate the created time to the creation of new value.

<Working style reform efforts>

The Bank is promoting diversity that will lead to the growth of our organization through the creation of new values and ideas, by respecting the individuality of each and every employee, including differences in gender, age, lifestyle, and values.

Efforts to promote the participation of women include a support structure for the career building and capacity development of female employees, as well as support for returning to work after childbirth or childcare. We are striving to create an environment that allows female employees to achieve a balance between work and home lives, and to fully demonstrate their abilities, while having an awareness of career advancement.

Work-life balance initiatives include a campaign to encourage employees to leave work at the prescribed time and promotion of a shift to early morning work, as well as efforts to expand leave systems. We will work to create a working environment that enables each and every employee to work actively, with a feeling of fulfillment and accomplishment in line with their own lifestyle, and to work in a healthy state of mind and body, with sufficient time for home life and the local community.



IkuBoss Declaration

Key Strategy 4: Governance strategy —Strengthening of governance for sustainable growth—

The establishment of a high-level internal control system that will be trusted by customers through a strengthening of the compliance system, a money laundering prevention system, and various risk management systems for administrative and cybersecurity risks will serve as the foundation for a variety of initiatives in the current Medium-term Management Plan. In our governance strategy, we will work to enhance and strengthen governance for the sustainable growth of the Bank, and establish a brand strategy for the 77 Bank Group to further enhance our presence as the leading bank in the Tohoku region.

<ESG initiatives>

We actively make efforts in ESG (environment, social, and governance) to achieve the sustainable growth of our business model, improve medium- to long-term corporate value, and fulfill our corporate social responsibility. We contribute to value improvement and value creation for the Bank and the region, by using the Bank's management resources and tangible and intangible assets from a medium- to long-term perspective.

[E: Environment]

The Bank's stance towards the environment has been clarified as the Environmental Policy, and it has continued efforts aimed at reducing its environmental footprint, such as using recycled paper and promoting the adoption of paperless operations. Efforts related to the core businesses of financial institutions include renewable energy-related financing and investments in bonds issued for businesses that resolve environmental issues such as green bonds. In addition, from a global perspective, we will contribute to the achievement of sustainability, which is a common global issue through measures in response to issues such as climate change that are raised in the SDGs (Sustainable Development Goals) that have been adopted by United Nations member countries.

[S: Social]

Co-existence and co-prosperity with the local community is the mission of a regional financial institution, and the Bank has always remained dedicated to serving the prosperity of the local community. Support for reconstruction from the Great East Japan Earthquake and various efforts aimed at regional revitalization are forms of contribution to the regional society, and going forward, the Bank will continue to work to enhance the value of the region through its core business. In addition, we will contribute to the development of the next generation through support of financial education and work towards the mutual growth of the region, employees, and the Bank through working style reforms that improve the feeling of fulfillment and accomplishment gained through work for each and every officer and employee.

[G: Governance]

Corporate governance is the foundation of corporate management, as well as the Bank's driving force for sustained growth and improvement in corporate value over the medium- to long term. The Bank will work continuously to enhance and strengthen corporate governance, in order to improve the transparency of management and the appropriateness of processes. We will also work together appropriately with stakeholders, including the regional society, clients, and shareholders to further enhance our presence as the leading bank in the Tohoku region.

Message to stakeholders

To this day, the Bank Creed has been deeply engrained as a code of conduct among the Bank's executives and employees, since its establishment as our basic principle of management in 1961. The Bank Creed declares our commitment to "contribute to the local community, while seeking a harmonious balance between self-interest and public interest." In this context, it assigns top priority to "elevating the spirit of voluntary service" and advocates a service-minded approach to bring about prosperity in the local community.

Based on this basic principle, we will work towards business operations that give constant consideration to the public mission of a regional bank, of contributing to the development of the regional economy and society through banking operations. We will also 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.

The Bank will celebrate its 140th anniversary since foundation in December of this year. I would like to thank our stakeholders for their many years of patronage and support, together with our executives and employees, and pledge to contribute to enhancing the value of the region, with an eye toward the future.

We hope for your continued understanding and support.



Growth Vision of The 77 Bank, Ltd.

As the regional market is expected to contract due to a declining population over the medium- to long-term, competition has become increasingly intense, with the entry of other business formats and FinTech companies into the financial field, in addition to traditional financial institutions. Within this business environment, the Bank will overcome management issues through efforts under the Medium-term Management Plan and aim to establish a robust business foundation that is resistant to changes in the external environment.

External environment

Japan

Economy and market

- Declining birthrate and aging population, and a decrease in population
- Increase in business discontinuance and a decline in industry due to a lack of successors
- Lack of labor due to population outflow to large cities

Finance

- Decrease in the volume of deposits and loans
- Prolongation of a low interest rate environment
- Decrease in revenue opportunities through the emergence of other business formats and FinTech companies
- Advance of management integration and restructuring of branches and personnel
- Increasing difficulty in securing human resources due to a deterioration of bank performance

Miyagi Prefecture

Economy and market

- Development of the regional economy and society through achievement of earthquake reconstruction
- Changes in industrial structure due to the integration of manufacturing industries
- Expansion of city functions (acceleration of concentration around Sendai in the Tohoku region)

Finance

- Intensified competition with regional banks in Tohoku

Business model

Further enhance the degree of customer through consulting offering the optimum and issues. Moreover, enhance profitability initiatives.

Medium-term Management Plan

“For The Customer & For The Future”

—Best Consulting Bank Project—

3 years [from April 1, 2018 to March 31, 2021]

Key Strategy

1

Growth strategy

—Strengthening of profitability—

Key Strategy

3

Productivity enhancement strategy

—Effective and efficient allocation of resources—

Competitive advantages of The 77 Bank

High share
in the region

Credibility
with our
business
partners

Earthquake
reconstruction
support track
record

satisfaction and confidence in the Bank solutions by identifying customers' needs and employee satisfaction through these

For The Customer



For The Future



ベスト・コンサルティングバンク

Key Strategy
2

Regional economy
vitalization strategy
— Enhancement of value
of the region —

Key Strategy
4

Governance strategy
— Strengthening of governance
for sustainable growth —

Management resources of The 77 Bank

Abundant
human
resources

Information
networks

Collective
strength of
the Group

Growth and development
of regional society and
customers



Bank image sought by
The 77 Bank
“Best Consulting Bank” that
responds to customers’
needs by offering the
optimum solutions



Establish a robust business
foundation that is not
susceptible to the external
environment

- Enhance the satisfaction of every stakeholder
- Sustainable growth through the strengthening of the earnings base
- Contributions to regional society and customers through consulting sales

Overview of the new Medium-term Management Plan

1. Name

“For The Customer & For The Future”

—Best Consulting Bank Project—

For The Customer



For The Future

ベスト・コンサルティングバンク

2. Period

3 years [from April 1, 2018 to March 31, 2021]

3. Basic policies (Medium- to long-term business model)

Further enhance the degree of customer satisfaction and confidence in the Bank through consulting offering the optimum solutions by identifying customers' needs and issues. Moreover, enhance profitability and employee satisfaction through these initiatives.

4. Key Strategies

Key Strategy 1	Growth strategy —Strengthening of profitability—
<p>Promote consulting-based sales throughout the Group to enhance customer satisfaction with the Bank and the Bank's profit.</p> <p>Also, strengthen the channel strategy to expand customer contact points.</p>	
<ul style="list-style-type: none">(1) Establish systems and structures for strengthening consulting capabilities(2) Strengthen consulting-based sales capabilities throughout the Group(3) Strengthen the channel strategy utilizing IT and FinTech(4) Promote sophisticated management of securities	

Key Strategy 2	Regional economy vitalization strategy —Enhancement of value of the region—
<p>Continue earthquake reconstruction support in light of the transition of the phase from regeneration to development.</p> <p>In addition, demonstrate consulting capabilities aimed at resolving regional challenges, actively work toward regional revitalization, and provide corporate rehabilitation and business reform support for regional businesses, in an effort to enhance the value of the region.</p>	
<ul style="list-style-type: none">(1) Continue earthquake reconstruction support(2) Contribute to regional revitalization(3) Strengthen relations with regional public bodies(4) Strengthen support for corporate rehabilitation and business reform	

Key Strategy 3	Productivity enhancement strategy —Effective and efficient allocation of resources—
<p>Conduct strategic investments in consideration of sales measures, in order to allocate management resources effectively and efficiently to secure manpower and time to concentrate on consulting services.</p> <p>In addition, work to improve employee fulfillment and work motivation, while further enhancing the productivity of each and every employee through business and working style reforms.</p> <p>Further raise awareness of costs through these measures.</p>	
<ul style="list-style-type: none">(1) Make effective investment in light of sales measures(2) Continue business reform(3) Promote working style reform(4) Optimize allocation of human resources and promote strategic utilization	

Key Strategy 4	Governance strategy —Strengthening of governance for sustainable growth—
<p>Through the strengthening of the compliance system, money laundering prevention system, and various risk management systems for administrative and cybersecurity risks, further strengthen governance, including the establishment of a high-level internal control system that will be trusted by customers.</p> <p>In addition, establish a brand strategy for the 77 Bank Group to further improve our presence as the leading bank in the Tohoku region.</p>	
<ul style="list-style-type: none">(1) Enhance and strengthen governance(2) Establish brand strategy(3) Enhance shareholder value	

5. Targets

	Item	FY2018 results	FY2021 targets
Enhancement of profitability	<ul style="list-style-type: none"> Net income (consolidated) Interest on loans and bills discounted Fees and commissions 	¥18.3 billion ¥41.4 billion ¥9.3 billion	¥19.0 billion or more ¥45.0 billion or more ¥11.5 billion or more
Pursuit of efficiency	<ul style="list-style-type: none"> Core OHR (core gross operating income expense ratio) ROE (consolidated) 	69.5% 3.8%	Less than 70% 3.7% or more
Pursuit of soundness	<ul style="list-style-type: none"> Capital adequacy ratio (consolidated) 	10.4%	10% or more
Strengthening of corporate sales capabilities	<ul style="list-style-type: none"> Balance of corporate loans (term-end) Of which Miyagi Prefecture Of which Sendai City 	¥2,796.0 billion ¥1,698.9 billion ¥1,223.3 billion	¥3,000.0 billion or more ¥1,900.0 billion or more ¥1,370.0 billion or more
Strengthening of retail sales capabilities	<ul style="list-style-type: none"> Balance of assets in custody, Group (term-end) ^(Note) Balance of consumer loans (term-end) 	¥606.2 billion ¥1,101.4 billion	¥740.0 billion or more ¥1,200.0 billion or more

(Note) Sum of assets in custody of The 77 Bank and those of 77 Securities (Foreign currency deposits exclude deposits by financial institutions and offshore accounts)

6. Key performance indicators (KPIs) for strengthening consulting capabilities

	Item	FY2018 results	FY2021 targets
Enhancement of consulting capabilities	<ul style="list-style-type: none"> No. of employees with qualifications (1st grade Certified Financial Planner, CFP, and Small and Medium Enterprise Management Consultant) (final year) 	111 people	700 people or more
Strengthening of consulting for corporate clients	<ul style="list-style-type: none"> No. of corporate loan borrowers (final year) No. of clients who signed contracts for customized solutions based on business evaluation (cumulative total for 3 years) ^(Note 2) Fees and commissions from corporate clients (final year) ^(Note 1) 	12,290 borrowers (1,114 clients) ¥0.6 billion	13,000 borrowers or more 2,000 clients or more ¥1.8 billion or more
Strengthening of consulting for retail customers	<ul style="list-style-type: none"> No. of business succession, inheritance, and asset succession support recipients (cumulative total for 3 years) ^(Note 2) No. of increases in contracts for installment-type assets in custody [compared with FY2018 term-end] ^(Note 2) No. of seminars for customers (cumulative total for 3 years) ^(Note 2) 	(677 recipients) (10,856 contracts) (80 times)	3,300 recipients or more 40,000 contracts or more 1,100 times or more

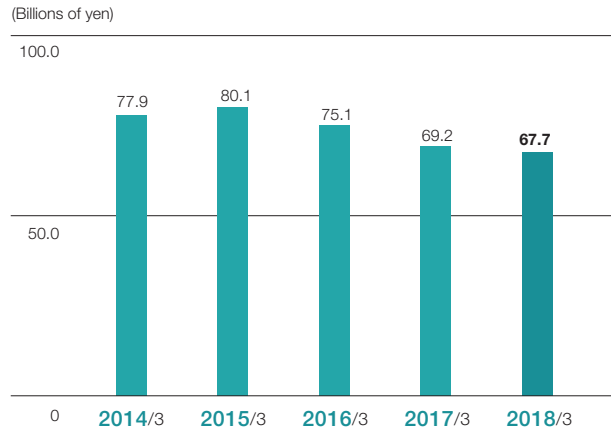
(Note 1) Fees and commissions for syndicated loans, commitment lines, business matching, M&A, privately placed corporate bonds, manager insurance products, etc.

(Note 2) Results indicated for FY2018 are results for the single year.

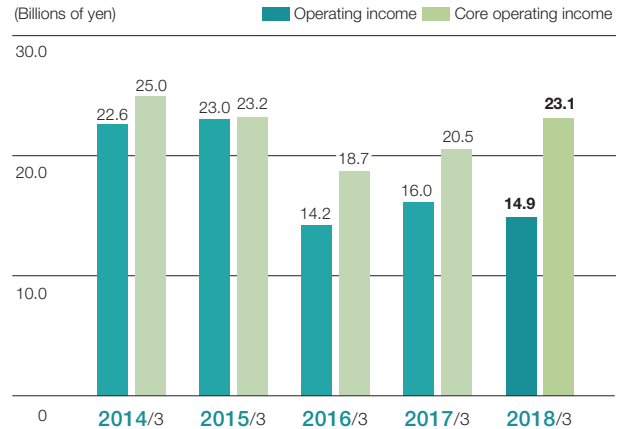
Financial and Non-financial Highlights

Financial information

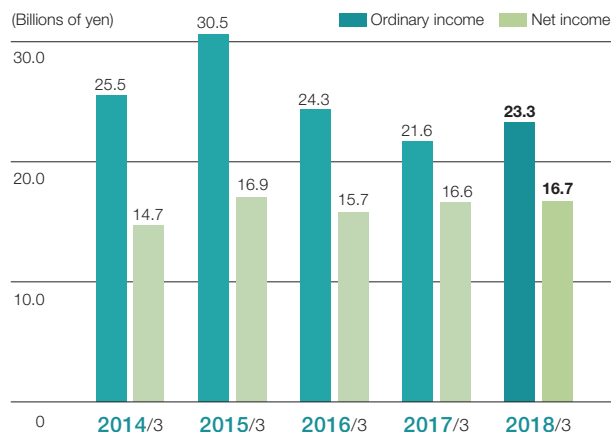
Gross operating income



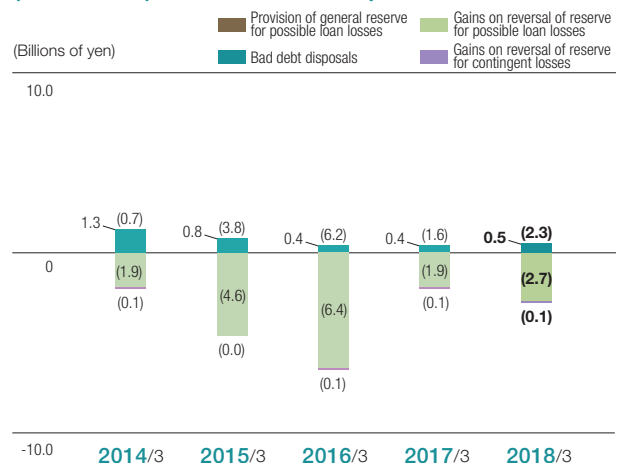
Operating income/Core operating income



Ordinary income/Net income

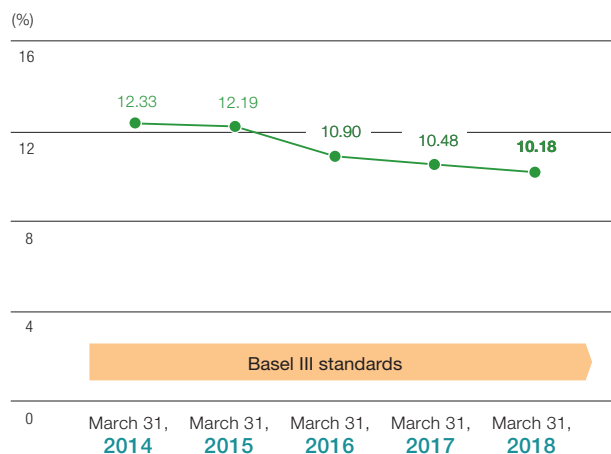


(Reference) Credit-related expenses trends

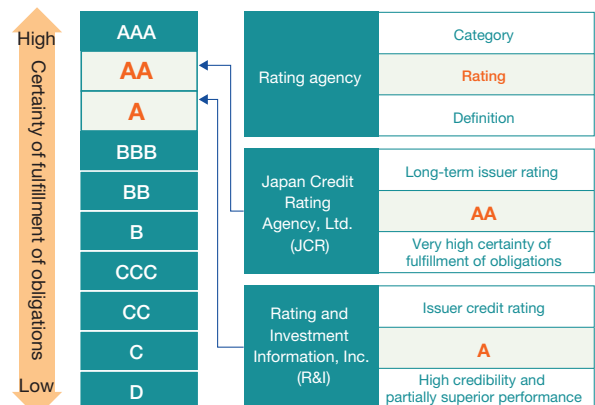


(Note) In the fiscal year ended March 31, 2018, gains on reversal of reserve for possible loan losses and gains on reversal of reserve for contingent losses were recorded, as the total general reserve for possible loan losses and the specific reserve for possible loan losses, as well as gains on reserve for contingent losses were reversed.

Capital adequacy ratio



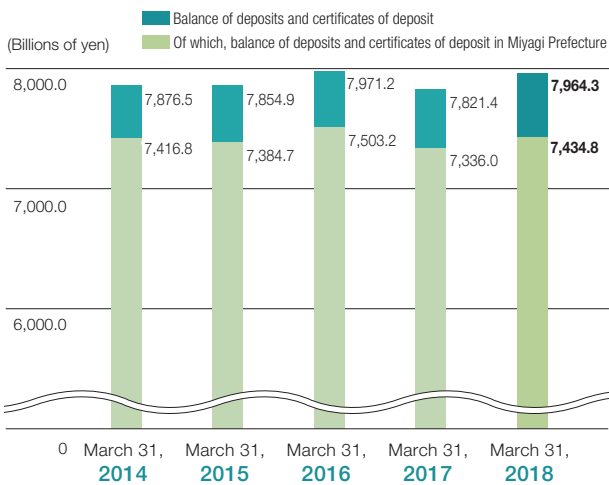
Rating (as of July 31, 2018)



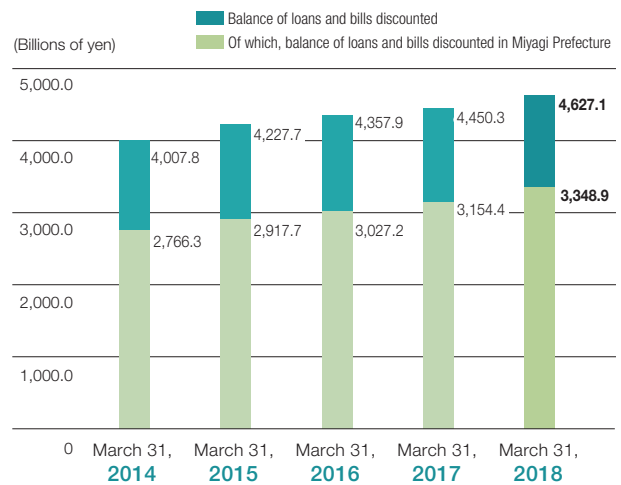
Notes:

- Some rating agencies do not use D.
- Ratings from level AA to level CCC (including level B by some agencies) are further qualified with the use of a + or - sign

Balance of deposits and certificates of deposit

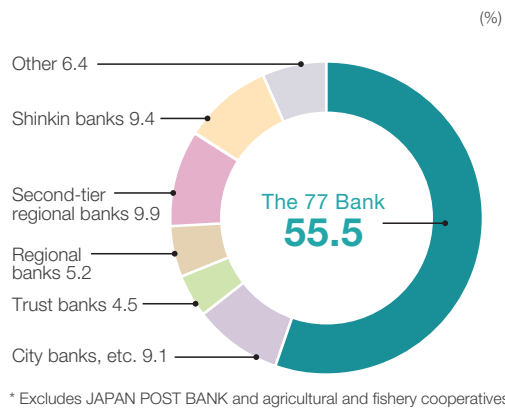


Balance of loans and bills discounted

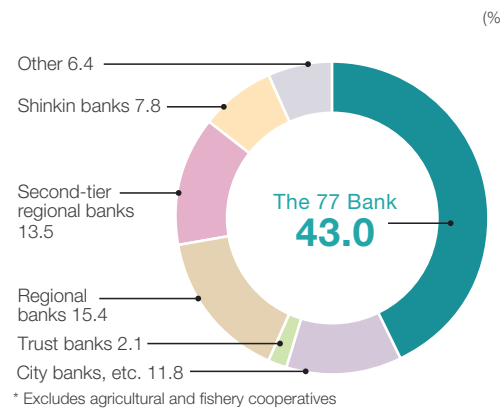


Deposits and loans and bills discounted share in Miyagi Prefecture

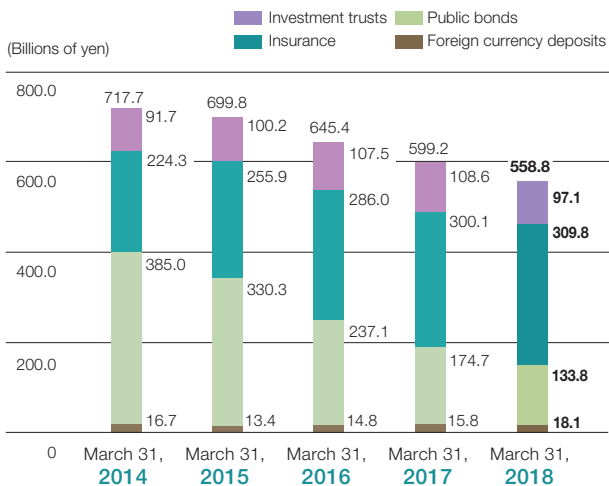
Deposit share in Miyagi Prefecture (As of March 31, 2018)



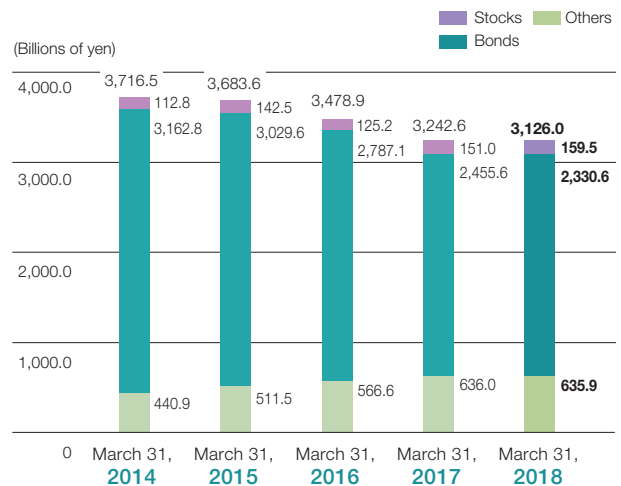
Loans and bills discounted share in Miyagi Prefecture (As of March 31, 2018)



Balance of assets in custody

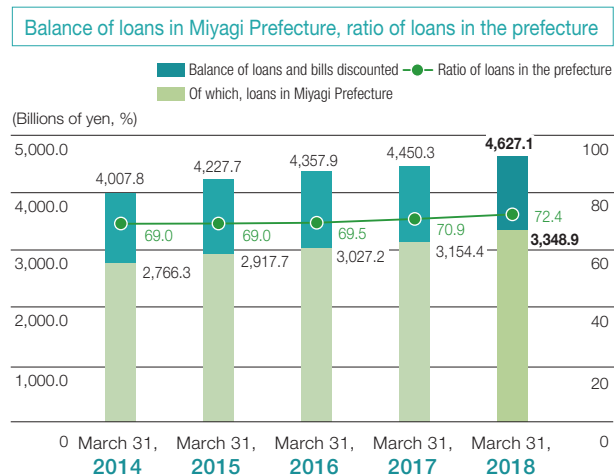


Securities balance

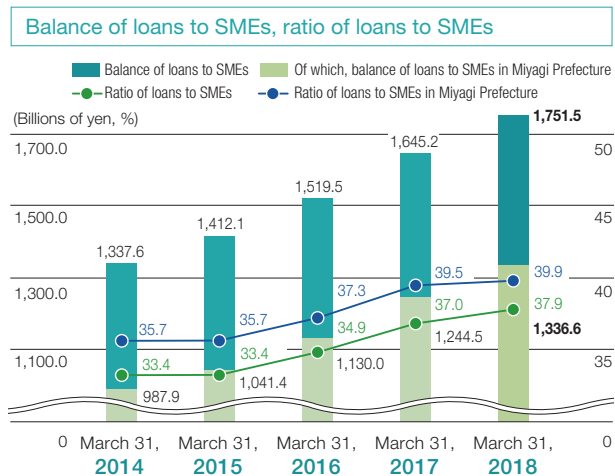


Financial information

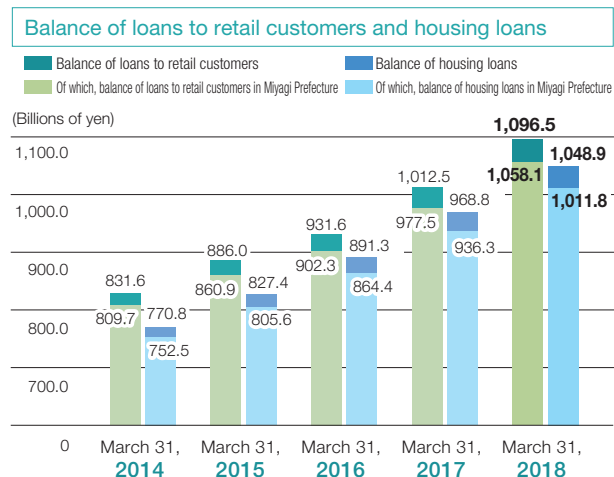
Status of loans in Miyagi Prefecture



Loans to SMEs



Status of loans to retail customers



Status of loans by industry

(Billions of yen, %)

Balance of loans by industry (As of March 31, 2018)	Balance of loans and bills discounted	Of which, Miyagi Prefecture	Percentage
Manufacturing	433.5	178.6	41.2
Agriculture and forestry	6.2	5.6	91.1
Fisheries	5.6	5.5	98.4
Mining and quarrying of stones and gravel	4.2	1.3	32.4
Construction	159.2	136.3	85.6
Electricity, gas, heat supply and water	161.4	138.7	85.9
Information and communications	21.7	7.5	34.7
Transport and postal activities	125.8	70.4	56.0
Wholesale and retail trade	389.1	281.3	72.3
Finance and insurance	311.1	89.3	28.7
Real estate and goods rental and leasing	924.6	545.4	59.0
Other services	332.8	272.7	82.0
Municipal governments	654.7	557.5	85.2
Other	1,096.5	1,058.1	96.5
Total	4,627.1	3,348.9	72.4

* The breakdowns of the balance of loans by industry have been rounded down to the unit displayed.

Status of credit disclosed under the Financial Reconstruction Act and risk-monitored loans

(As of March 31, 2018, Billions of yen)

Credit disclosed under the Financial Reconstruction Act (Scope: credit related accounts, only loans and bills discounted for substandard loans)			Risk-monitored loans (Scope: loans and bills discounted)	
Classification	Total coverage	Coverage ratio		
Loans to bankrupt and quasi-bankrupt 13.4	13.4	100%	Loans to bankrupt borrowers 3.0	
Doubtful loans 58.0	52.4	90.4%	Delinquent loans 66.6	
Substandard loans 28.1	14.5	51.6%	Loans past due 3 months or more 1.9	
Subtotal 99.5	80.3	80.7%	Restructured loans 26.2	
			Total 97.7	
Normal loans 4,575.7				
Total 4,675.2				

[Credits disclosed under the Financial Reconstruction Act]

(1) Loans to bankrupt and quasi-bankrupt

Loans to borrowers that have fallen into, or effectively fallen into bankruptcy, and other loans equivalent thereto

(2) Doubtful loans

Loans to borrowers that are not bankrupt, but for which there is a high likelihood of not being able to reclaim the principal or collect interest according to the contract, due to a deterioration of business results or financial position

(3) Substandard loans

Loans past due 3 months or more or restructured loans other than those in (1) or (2)

(4) Normal loans

Loans other than those in (1) to (3) for which there are no particular issues in the business results or financial position of the borrower

[Risk-monitored loans]

(1) Loans to bankrupt borrowers

Loans for which interest receivable has not been recorded for borrowers that have conducted legal proceedings, such as those under the Bankruptcy Act, and for which transactions have been suspended by a business partner or clearinghouse

(2) Delinquent loans

Loans for which interest receivable has not been recorded (excluding loans in (1) and loans for which interest payments have been extended due to restructuring or support of the management of the borrower)

(3) Loans past due 3 months or more

Loans for which payments of the principal or interest are past due 3 months or more from the day following the prescribed payment date (excluding (1) and (2))

(4) Restructured loans

Loans for which favorable terms have been provided to the borrower or restructuring or support of the management of the borrower, such as a reduction of interest, an interest payment extension, or waiver of a claim (excluding (1) to (3))

Non-financial information

▶ Earthquake reconstruction ▶ (Earthquake reconstruction support...Page 41)

Recovery and reconstruction fund track record

Loans for businesses

8,173 cases/¥403.8 billion

Loans to retail customers

17,050 cases/¥279.0 billion

(After the earthquake to March 31, 2018)

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

Bridge financing ^(*) results

771 cases/¥56.5 billion

Principal investment ^(*) results

165 cases/¥12.3 billion

*1 Bridge financing until subsidy is provided

*2 Principal investment (one fourth of the investment amount) financing for the portion not covered by subsidy

(After the earthquake to March 31, 2018)

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

884 cases/¥19.6 billion

* A dedicated housing loan in which only the building is put forth as collateral, when constructing a new building on leased land, in connection with the disaster prevention collective relocation promotion project

(After the earthquake to March 31, 2018)

Number of off-site credit screening offices ^(*)

Total of 5,575 offices

Number of resident credit screening days ^(*)

353 days

*1 Number of branches where a credit screening was conducted through a visit to the branches by Credit Supervision Division personnel

*2 Number of days during which Credit Supervision Division personnel resided for several days at branches mainly in the disaster area, and conducted intensive project screening or branches guidance related to corporate rehabilitation

(After the earthquake to March 31, 2018)

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

(For the Bank)

187 clients

(For the Bank)

Organization for Industry Reconstruction support clients

75 clients

(After the earthquake to March 31, 2018)

Response to the double debt problems of retail customers affected by the disaster Personal voluntary liquidation guideline support results

Consultations received: 505

Applications received: 256

Repayment plan proposals received: 215

Repayment plan proposals agreed to: 215

(Zero refused plans)

(After the earthquake to March 31, 2018)

Number of housing rebuilding consultation meetings ^(*) held

210

* Consultation meetings held in cooperation with the Miyagi Reconstruction and Residential Development Promotion Committee, etc. to support housing rebuilding for people affected by the disaster

(After the earthquake to March 31, 2018)

Cases of petty cash payments ^(*)

39,030 cases/¥3.1 billion

* Number of withdrawals of up to ¥100,000 per day paid at bank counters to people without a bankbook, cash card, or seal due to the earthquake.

(After the earthquake to April 2011)

Non-financial information

▶ Financial intermediation

ABL execution results

173 cases/¥30.4 billion

(Of which, 22 cases/¥4.0 billion in FY2018)

(After the earthquake to March 31, 2018)

Privately placed corporate bonds underwriting results

102 bonds/¥9.9 billion

(Of which, 77 Privately Placed Corporate Bonds for Reconstruction ^(*): 38 bonds/¥3.6 billion)
(Of which, 77 Privately Placed Corporate Bonds for Social Contribution (donation-type) ^(**): 37 bonds/¥3.3 billion)

*1 Privately placed corporate bonds for companies working towards recovery and reconstruction after the earthquake

*2 Privately placed corporate bonds in which a portion of the commissions received by the Bank are donated

(After the earthquake to March 31, 2018)

Cumulative number of domestic business matching contracts closed

6,603 contracts (of which, 1,410 contracts in FY2018)

* Including the number of business matching contracts closed at business meetings

Cumulative number of 77 Business Matching Service contracts closed ^(*)

1,055 contracts (of which, 342 contracts in FY2018)

(After the earthquake to March 31, 2018)

* Service in which the Bank's business partners are introduced in order to resolve customer issues

Number of business reform plan formulation support provided using external specialists

432 cases

(After the earthquake to March 31, 2018)

▶ Customer-focused measures

Number of clients visited

601
thousand clients



(FY2018)

Number of seminars held

Asset management seminars

60 times



(FY2018)

Number of overseas business support provided ^(*)

1,290 cases



* Number of cases support was provided for overseas expansion, development of overseas marketing channel, various trade transactions, and financing for clients

(FY2018)

New employee training workshop participants ^(*)

505



* Training workshop in which new employees of client companies learn greetings, telephone support, etc. required as members of society, with employees of the Bank serving as instructors

(April 2018)

▶ Human resources ▶ (Working style reform efforts...Page 31)

Promotion of women

Director: 1

(As of June 30, 2018)

Managers: 145

(As of March 31, 2018)



Number of people in loan unit: 130

(As of March 31, 2018)

In-house attorneys:

2

In-house certified
public accountants:

1

Small and medium
enterprise management consultants: 32

(As of March 31, 2018)



Usage of annual paid leave

73.2%

Number of days acquired

13.8days

(FY2018)



Number of employees
qualified as Service Care
Attendant 395

Number of employees
who participated in training
course for Supporters of People
who Suffer from Dementia 1,869

(As of March 31, 2018)



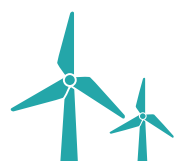
▶ Social contribution activities ▶ (Social contribution activities...Page 61)

[Environment]

Renewables-related funding
(based on handled amount)

243 cases/¥76.2 billion

(After the earthquake to March 31, 2018)



[Financial education]

Number of participants in courses
provided by Tohoku Gakuin
University 328

Number of visitors to Currency
and Banking Museum (*) 1,642

* An archives center opened at the Bank's Head Office in 1998, in
commemoration of the 120th anniversary of our founding, to introduce
the history and roles of money and banks, etc.

(FY2018)



[Cultural activities support]

Starlight Symphony (*)

(FY1992 to FY2018)

26times

77 Fureai Concert (*)

(FY1993 to FY2018)

56times



*1 A concert that provides local elementary and junior high school students with an opportunity to see a live concert

*2 Charity concert held to enliven the Sendai Pageant of Starlight

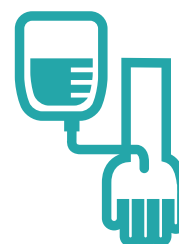
[Contribution to social welfare]

Cooperation in blood donation projects
through corporate blood
donation campaign

Number of blood donors

316

(FY2018)





Board of Directors and Audit & Supervisory Committee Members

(As of June 30, 2018)



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 Ujiie

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)



Masakatsu Tsuda
Managing Director

Apr. 1981 Joined the Bank
Mar. 2003 General Manager, Wakuya Branch, the Bank
Mar. 2005 General Manager, Nagoya Branch, the Bank
Jun. 2007 General Manager, Nakakecho Branch, the Bank
Jun. 2009 General Manager, Personnel Div., the Bank
Jun. 2011 Director and General Manager, Personnel Div. and General Manager, Affected People Support Office, the Bank
Jun. 2014 Director, Executive Officer and General Manager, Personnel Div., the Bank
Jun. 2016 Managing Director, General Manager, Personnel Div., the Bank
Jun. 2017 Managing Director, the Bank (current position)



Toru Sugawara
Managing Director

Apr. 1983 Joined the Bank
Jun. 2003 General Manager, Ogimachi Branch, the Bank
Jun. 2005 General Manager, Kitasendai Branch, the Bank
Jun. 2006 General Manager, Osaka Branch, the Bank
Jun. 2008 Deputy General Manager, System Development Div., the Bank
Jun. 2009 General Manager, System Development Div., the Bank
Jun. 2013 Director and General Manager, System Development Div., the Bank
Jun. 2014 Director, Executive Officer and General Manager, System Development Div., the Bank
Jun. 2017 Managing Director, the Bank (current position)



Koichi Suzuki
Managing Director

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)



Atsushi Shitoh
Managing Director

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 (current position)



Yoshikazu Onodera
Managing Director

Apr. 1985 Joined the Bank
Sep. 2007 General Manager, Hachimanmachi Branch, the Bank
Mar. 2009 General Manager, Yoshioka 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)



Masahiro Sugita
Outside Director

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 Standing Audit & Supervisory Board Member, Banyu Pharmaceutical Co., Ltd. (currently MSD K.K.)
Jun. 2013 Director, the Bank (current position)



Ken Nakamura
Outside Director

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 Audit & Supervisory Board Member, 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)



Emiko Okuyama
Outside Director

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



Yoshiaki Nagayama
Director, Audit & Supervisory Committee Member

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 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)



Shuji Nakamura
Director, Audit & Supervisory Committee Member

Apr. 1980 Joined the Bank
Jun. 2004 General Manager, Akita Branch, the Bank
Mar. 2007 Deputy General Manager, General Planning & Coordination Div., the Bank
Jun. 2008 General Manager, Nihonbashi Branch, the Bank
Mar. 2011 General Manager, Ichibancho Branch, the Bank
Jun. 2012 Standing Audit & Supervisory Board Member, the Bank
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Toshio Suzuki

Director, Audit & Supervisory Committee Member (Outside Director)
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 Daishi Bank, Ltd.
Jun. 2013 Audit & Supervisory Board Member, the Bank
Jun. 2013 Chairman and Representative Director, Tohoku Intelligent Telecommunication Co., Inc.
Jun. 2015 Advisor, Tohoku Intelligent Telecommunication Co., Inc.
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Masai Yamaura

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



Masahiro Wako

Director, Audit & Supervisory Committee Member (Outside Director)
Apr. 1975 Joined the Miyagi Prefectural Government
Jul. 2010 Vice Governor, Miyagi Prefecture
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

Responsible for Special Missions
General Manager, Audit & Inspection Division
General Manager, Tokyo Branch
General Manager, Credit Supervision Division

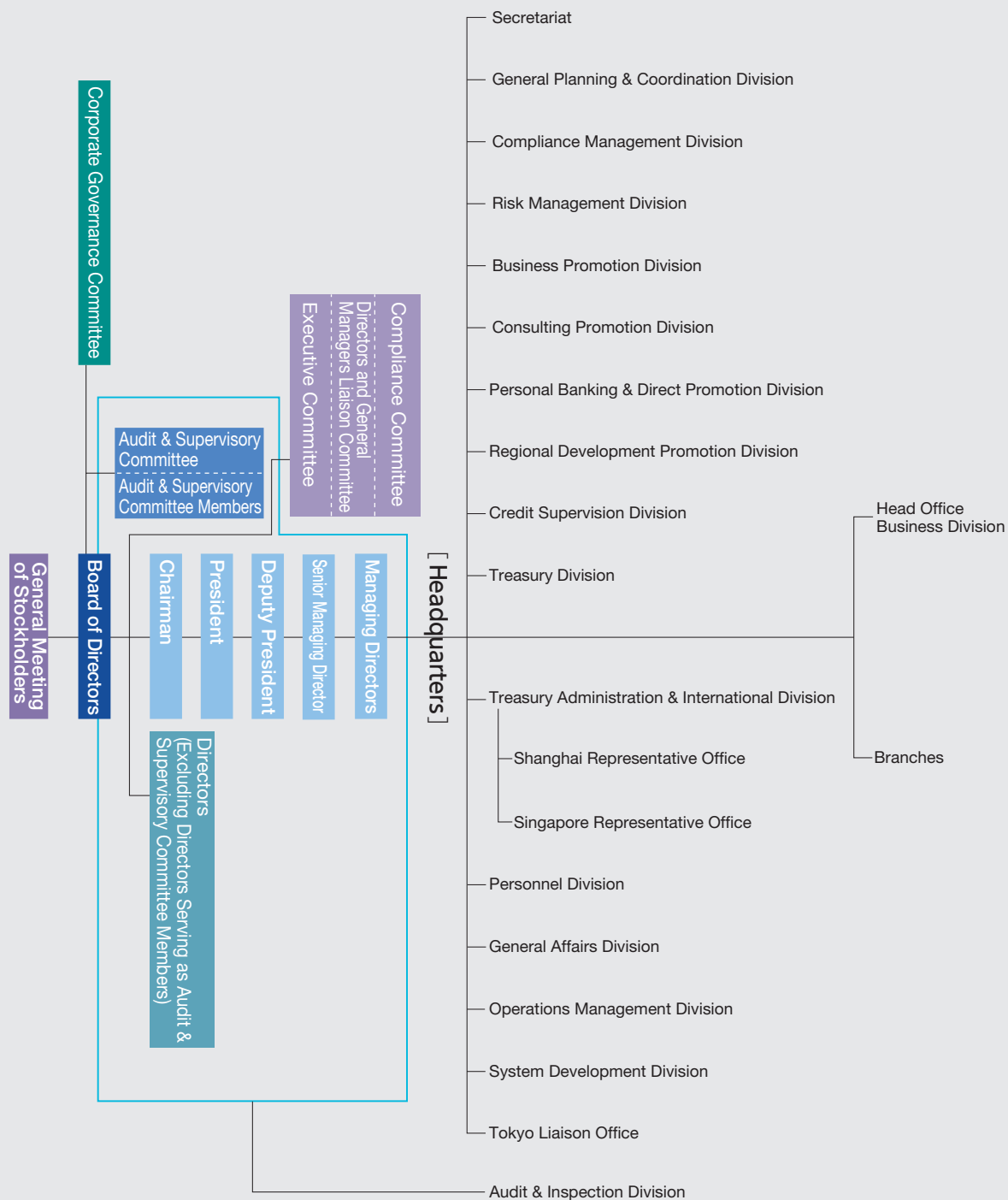
Toshimi Homareda
Kenji Kikuchi
Yasumichi Meguro
Takuji Tabata

Executive Officers

General Manager, Oroshimachi Branch
General Manager, Business Promotion Division
General Manager, General Planning & Coordination Division
General Manager, Consulting Promotion Division
General Manager, Ishinomaki Branch and Minato Branch

Yoshiki Nakajima
Hiroyuki Suda
Atsushi Kobayashi
Masanori Muranushi
Yoshihiro Endo

The 77 Bank



Subsidiaries

77 Lease Co., Ltd.

77 Shin-Yo Hosyo Co., Ltd.

77 Computer Services Co., Ltd.

The 77 Card Co., Ltd.

77 Securities Co., Ltd.

77 Research and Consulting Co., Ltd.

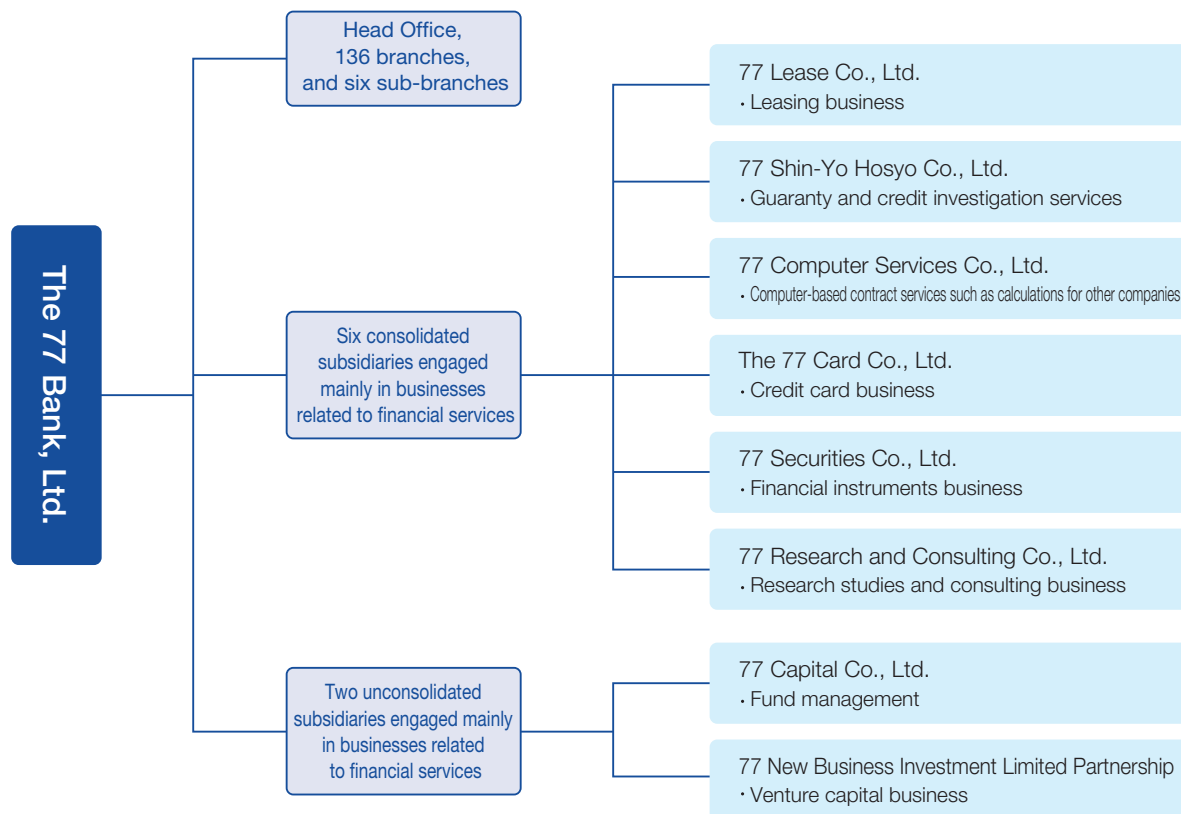
77 Capital Co., Ltd.

77 New Business Investment Limited Partnership

Main Business and Organization

(As of July 31, 2018)

The 77 Bank Group is engaged in leasing, credit card, research studies, consulting and other financial businesses in addition to the banking business. The Group consists of the following:



Consolidated Subsidiaries

Company name	Address/Phone	Established	Paid-in capital	Percentage of parent company's voting stock	Percentage of consolidated companies' voting stock
77 Lease Co., Ltd.	15-1, Hon-cho 2-chome, Aoba-ku, Sendai, Miyagi, Japan Phone: +81-22-262-4341	November 25, 1974	¥100 million	100.00%	—
77 Shin-Yo Hosyo Co., Ltd.	1-12, Kimachi-dori 2-chome, Aoba-ku, Sendai, Miyagi, Japan Phone: +81-22-723-3685	October 2, 1978	¥30 million	100.00%	—
77 Computer Services Co., Ltd.	10-1, Ake-dori 2-chome, Izumi-ku, Sendai, Miyagi, Japan Phone: +81-22-377-8872	January 29, 1982	¥20 million	100.00%	—
The 77 Card Co., Ltd.	4-22, Tsutsujiga-oka 2-chome, Miyagino-ku, Sendai, Miyagi, Japan Phone: +81-22-298-1877	February 22, 1983	¥64 million	100.00%	—
77 Securities Co., Ltd.	7-5, Chuo 1-chome, Aoba-ku, Sendai, Miyagi, Japan Phone: +81-22-398-3977	July 27, 2016	¥3,000 million	100.00%	—
77 Research and Consulting Co., Ltd.	3-20, Chuo 3-chome, Aoba-ku, Sendai, Miyagi, Japan Phone: +81-22-748-7877	July 18, 2018	¥200 million	100.00%	—

Corporate Governance Initiatives

Past Efforts to Enhance and Strengthen Governance

Implementation timing	Implementation contents	Social background
2014	Introduction of executive officer system	
2015	Establishment of Corporate Governance Policy Establishment of Corporate Governance Committee	Establishment of Stewardship Code Implementation of Corporate Governance Code
2017	Transition to a Company with an Audit & Supervisory Committee Revision of compensation system for Directors	Revision of Stewardship Code
2018	Revision of executive officer system Appointment of a woman as a Director	Revision of Corporate Governance Code

November 2015: Establishment of Corporate Governance Policy

In order to further improve the transparency of management and the appropriateness of processes, and to further enhance the corporate governance function, the Corporate Governance Committee was established as an advisory body to the Board of Directors, and the Corporate Governance Policy which states the basic stance toward corporate governance and the action policy for the Bank was established.

Corporate Governance Policy




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 Committee

Established an advisory body chaired by an Outside Director to strengthen the governance function for nomination and compensation

Members

	Chairperson	One Outside Director (excluding Directors who are Audit & Supervisory Committee Members) determined through mutual election by members
	Deputy Chairperson	One Outside Director (excluding Directors who are Audit & Supervisory Committee Members) determined through mutual election by members
	Committee members	Representative Directors, Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), Chairman of the Audit & Supervisory Committee

Discussion items

Necessary items from the perspective of enhancing the corporate governance function are discussed and reported to the Board of Directors

- Nomination of candidates for Directors
- Appointment/dismissal of Representative Directors
- Compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Analysis and evaluation of the effectiveness of the Board of Directors

June 2017: Transition to a Company with an Audit & Supervisory Committee

The Bank has transitioned to a company with an Audit & Supervisory Committee to improve corporate value through further enhancement of corporate governance.

- We will strengthen the audit function over the Board of Directors and executives by establishing an Audit & Supervisory Committee, the majority of which is composed of Outside Directors, and granting Directors who are Audit & Supervisory Committee Members voting rights on the Board of Directors.
- We will work to accelerate the decision making process by delegating a portion of the authority of the Board of Directors to Directors.
- With this transition to a company with an Audit & Supervisory Committee, we will work to further improve the transparency and objectivity of management by increasing the ratio of Outside Directors.
- Along with the transition to a company with an Audit & Supervisory Committee, we have revised the compensation system for Directors and introduced a performance-linked compensation system in which Director compensation is linked to the degree of attainment of the management plan, etc.

June 2018: Revision of executive officer system

The Executive Officer System introduced in April 2014 was partially revised, and the business execution function of Executive Officers was further strengthened.

- A new position, Senior Executive Officer, was introduced to streamline and vitalize the Board of Directors, with an aim of accelerating decision-making, oversight and business execution, as well as strengthening functions.

June 2018: Appointment of woman as Director

The former mayor of Sendai City, Ms. Emiko Okuyama was appointed as an Outside Director in order to improve the effectiveness of the Board of Directors through the diversification of Directors.

Due to the proactive appointment of Outside Directors, the ratio of Outside Directors now stands at 37.5%.

Increase in the ratio of Outside Directors

37.5%

(6 Outside Director/Total 16 Directors)

► 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 FY2018	
Corporate briefings for institutional investors	2 times/approximately 240 participants
Corporate briefings for individual investors	3 times/approximately 250 participants
Corporate briefings for clients by region	5 times/approximately 330 participants
Visits to foreign investors	2 times



Strengthening of comprehensive risk management system

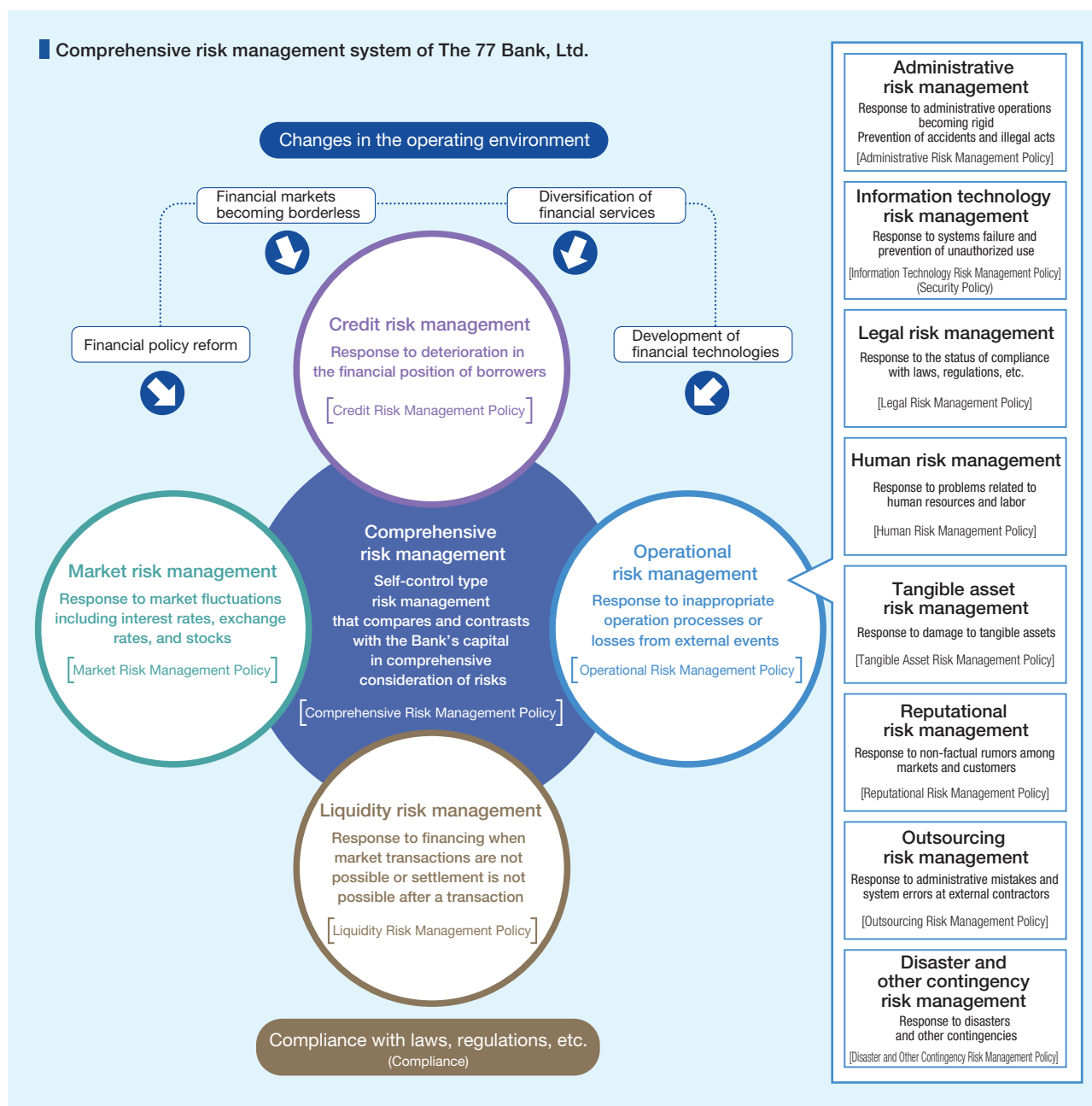
The operating environment surrounding financial institutions has significantly changed in recent years, exposing them to an unprecedented variety of risks. In this environment, financial institutions are required more than ever before to accurately identify, analyze and appropriately control risks.

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

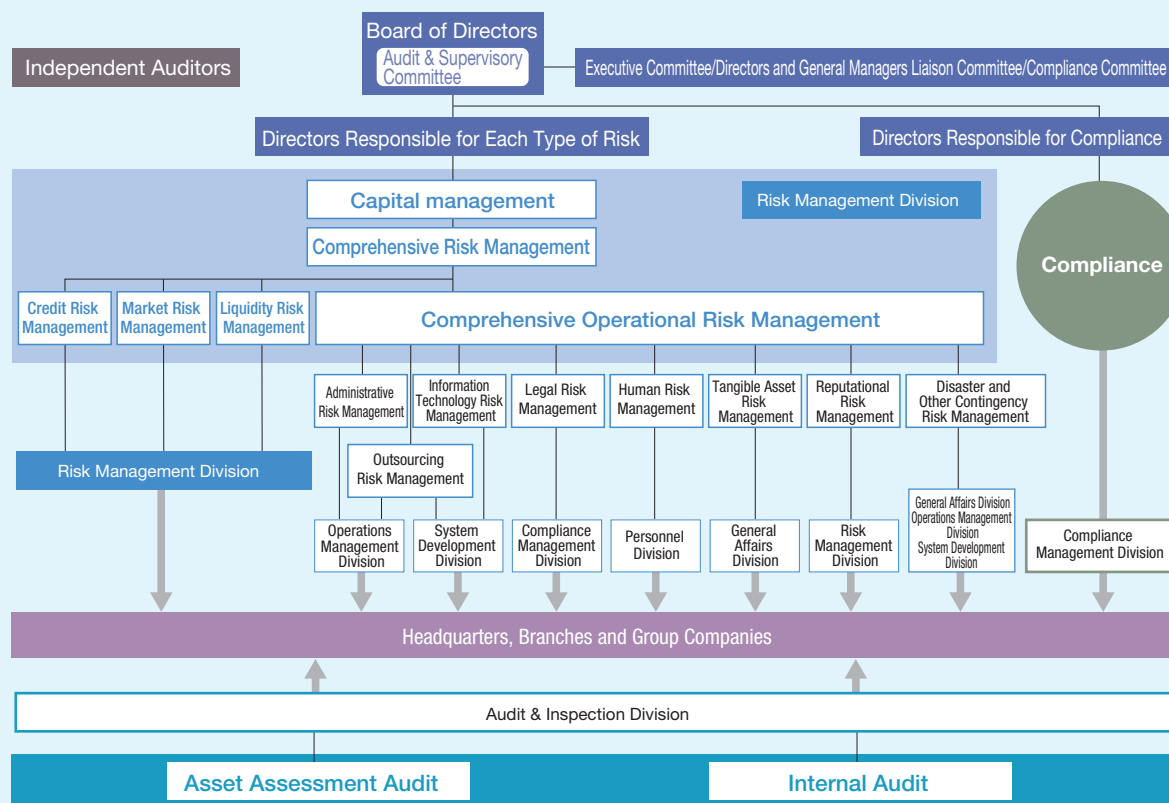
methods through means such as the enhancement of risk measurement techniques.

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.

Comprehensive risk management system of The 77 Bank, Ltd.



The 77 Bank's risk management system



Risk management departments and roles

Classification	Responsible department	Roles
Comprehensive risk management	Risk Management Division	Comprehensive management of each risk
Credit risk	Risk Management Division	In addition to understanding management methods for each risk and developing regulations for appropriate risk management, verifies whether operations are being conducted in accordance with management principles and regulations, etc. and revises methods, etc. as necessary.
Market risk	Risk Management Division	
Liquidity risk	Risk Management Division	
Comprehensive operational risk management	Risk Management Division	
Administrative risk	Operations Management Division	
Information technology risk	System Development Division	
Legal risk	Compliance Management Division	
Human risk	Personnel Division	
Tangible asset risk	General Affairs Division	
Reputational risk	Risk Management Division	
Outsourcing risk	Operations Management Division, System Development Division	
Disaster and other contingency risk	General Affairs Division, Operations Management Division, System Development Division	

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 system) 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.

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)

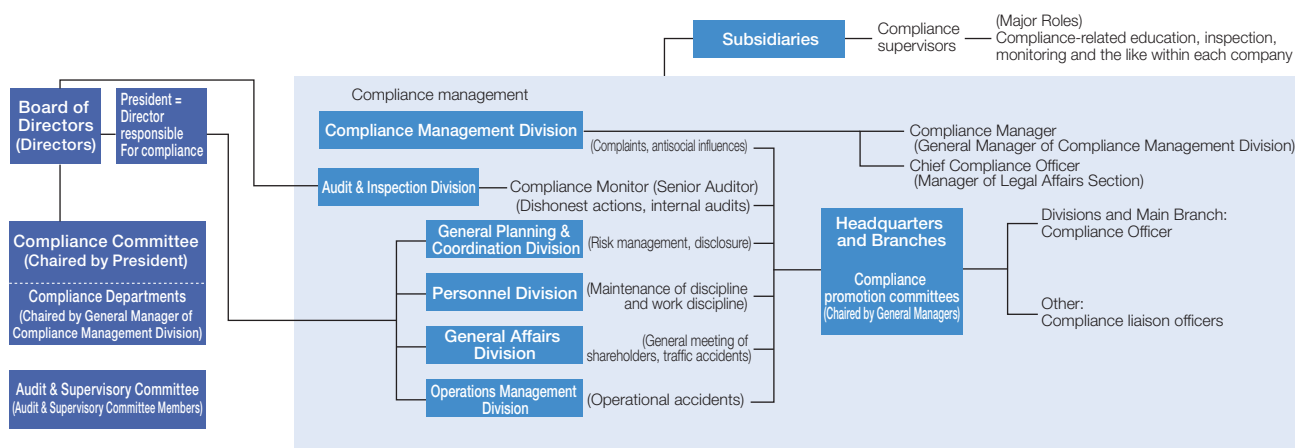
[Basic Direction]

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.

Compliance with the Basic Policy Concerning Response to Antisocial Forces

The Bank has established an Antisocial Forces Response Policy to respond with a resolute attitude towards antisocial forces and to eliminate relationships with such forces, and it ensures that executives and employees comply with this policy. In addition, the Basic Policy Concerning Responses to Antisocial Forces has been released on the Bank's website. Furthermore, clauses to exclude antisocial forces have been included in various transaction rules, including ordinary deposit transaction rules and bank transaction agreements, as part of our efforts to eliminate relationships with antisocial forces.

Scan the QR code to read
the Basic Policy
Concerning Responses to
Antisocial Forces.

* Japanese Language only



Compliance with the Policy for Management of Conflicts of Interest

The Bank has established the Conflict of Interest Management Policy and Conflict of Interest Management Regulations, in order to prevent unfair impairment of interests of customers by transactions that could cause conflicts of interest, and ensures that executives and employees comply with this policy. In addition, the Policy for Management of Conflicts of Interest has been released on the Bank's website.

Scan the QR code to read
the Policy for Management
of Conflicts of Interest.

* Japanese Language only



Compliance with the Privacy Policy

Due to the nature of their business, financial institutions possess large amounts of important information that must be appropriately protected, including transaction information and personal information regarding customers. The Bank has established and complies with the Privacy Policy in order to appropriately protect personal information, and this policy has been released on the Bank's website.

Scan the QR code to read
the Privacy Policy.

* Japanese Language only



Compliance with the Solicitation Policy

The Bank has established a Solicitation Policy that stipulates our basic policy when offering financial products and services to customers, and it ensures that executives and employees comply with this policy. The Solicitation Policy is on display in the lobbies and cash service corners of our branches and has been released on the Bank's website.

Scan the QR code to read
the Solicitation Policy.

* Japanese Language only



Compliance with the Financial Facilitation Promotion Policy

The Bank has established a Financial Facilitation Promotion Policy to more appropriately respond to consultations from customers regarding changes to loans or repayment terms in consideration of factors including the current economic and financial situation, as well as the employment environment. The Bank ensures that executives and employees comply with this policy, which has been released on the Bank's website.

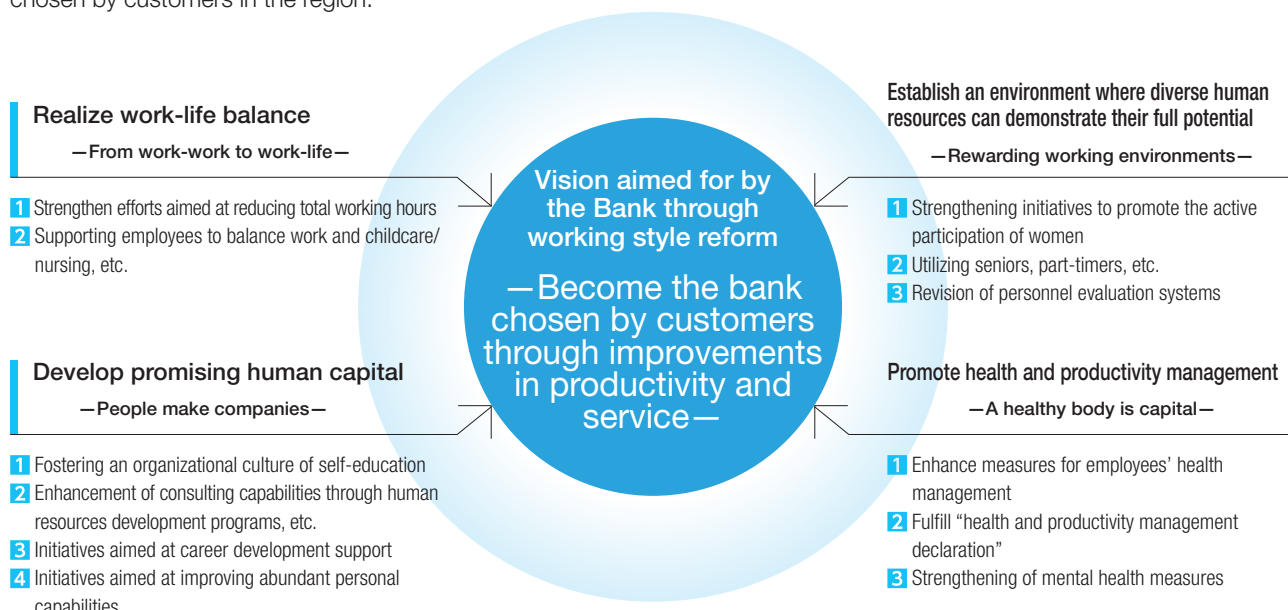
Scan the QR code to read
the Financial Facilitation
Promotion Policy.

* Japanese Language only



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 consulting capabilities, we aim to be the bank chosen by customers in the region.



Realize work-life balance

We are developing ideal working environments through a reduction of total working hours and the promotion of diverse working styles.

- Strengthening efforts aimed at reducing total working hours (encouraging employees to leave work at the prescribed time, prohibition of overtime after 7 p.m. as a general rule, promoting early morning work)
- Supporting a balance between childcare/nursing and work (holding workplace visits, holding round-table talks for childcare leave participants and nursing care seminars)



Workplace visit
Holding of 77 Work - Work Family Day

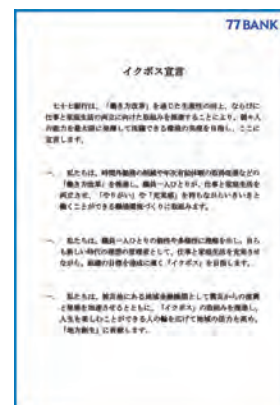


Round-table talk for childcare leave participants
Holding of Work - Work Sukoyaka Club

Implementation of IkuBoss Declaration

The Bank's Directors and managerial employees implemented the IkuBoss Declaration in October 2016.

We are working to develop ideal workplace environments that are both easier and more rewarding to work in.



Joining the Miyagi IkuBoss Union

In February 2017, we joined the Miyagi IkuBoss Union, an information sharing network for nurturing supportive IkuBosses at companies and organizations in Miyagi Prefecture to spread the concept of IkuBosses in the region.



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

We are developing work environments that will improve the motivation of each and every employee and enable participation that is rewarding for diverse human resources.

- Strengthening initiatives to promote the active participation of women
Establishment of General Business Owner Action Plan (No. 2) based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Main contents of the General Business Owner Action Plan (No. 2)

- Plan period
3 years from April 1, 2018 to March 31, 2021
- Targets
 1. Increase the percentage of women in management positions by 30% or more (compared to March 31, 2017)
 2. Over 600 women engaged in consulting
 3. Have 150 or more women with qualifications such as 1st grade Certified Financial Planner or CFP during the plan period in order to improve the consulting capabilities of women



Holding of "Holiday Seminar Aimed at Achieving a Balance between Work and Family Care"

Establishment of Diversity Promotion Policy

In March 2018, the Bank established Diversity Promotion Policy in order to foster a workplace culture in which all employees can work with enthusiasm and perform to their full potential.

Diversity Promotion Policy

The 77 Bank will promote diversity that leads to improvements in corporate value, by respecting the diversity of each and every employee and generating new value and ideas.

- 1 Fostering a vibrant workplace environment
We foster a workplace environment where each and every employee can perform to their full potential by valuing autonomous career development by employees and mutually respecting the individuality of employees.
- 2 Achieving work-life balance
We will work to develop a workplace environment that enables each and every employee to work with a feeling of fulfillment and accomplishment that is in line with their own lifestyle.
- 3 Improving corporate value
We will generate new value and ideas and improve the competitiveness of the organization by continually promoting diversity that responds flexibly to changes in the times and the environment.

Develop promising human capital

We work to improve the capabilities of each and every employee by effectively using the time that is created as time for human resources and personal development, and for engagement with regional society.

- Initiatives aimed at supporting career development (implementation of career support interviews, holding career development support seminars)
- Initiatives aimed at improving abundant personal capabilities (holding exchanges between different industries, implementing recurrent education and volunteer activities)



Holding of "Holiday Seminar Aimed at Career Development Support for Women"

Promote health and productivity management

We are developing an environment that allows employees to work actively in a healthy state of mind and body.

- Expansion of health management measures for employees
- Strengthening of mental health measures (holding of seminars on self-care and line care)

Implementation of "Joint Declaration on 'Working Style Reform' in Miyagi"

In August 2016, we made declaration to contribute to the development of Miyagi Prefecture through efforts aimed at working style reform that will lead to productivity improvements and employment creation for local companies.



External evaluations on the Bank's initiatives

"Gold Certified Company" under the company certification system for leveraging the power of women in Miyagi Prefecture

"Eruboshi (Grade 3)" general business owner certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace



"Platinum Kurumin" special certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children

The Economy of Miyagi Prefecture

Miyagi Prefecture, the primary base of operations for The 77 Bank, is located in the southeast of the Tohoku region. The prefecture is an important crossroads linking Tohoku to Tokyo, the nation's capital. In 1989, Sendai, the prefectural capital, became the 11th city in Japan specially designated by ordinance. The branches and offices of major national businesses and organizations, including government agencies, are concentrated in Sendai, thereby positioning Sendai as the preeminent city of the Tohoku region. In terms of major economic indicators such as population, gross prefectural product, and retail sales amount, Miyagi Prefecture ranks around 15th within the nation, and the national share is roughly 2%.

In Miyagi Prefecture, the Great East Japan Earthquake damaged many houses and other buildings, mainly on the coast, and devastated infrastructure such as roads and ports, but progress is now being made toward reconstruction and revitalization.

[Economy] Major Economic Indicators

Item	Actual number	National share	National rank
Total area	7,282 km ²	1.9%	16
Population	2,319 thousand	1.8%	14
Number of households	980 thousand	1.7%	14
Gross Prefectural Product (Nominal)	¥8,895.9 billion	1.7%	14
Number of offices	102,644	1.8%	16
Number of workers	1,015 thousand	1.8%	15
Agricultural output	¥184.3 billion	2.0%	19
Fisheries and aquaculture production amount	¥76.0 billion	5.2%	5
Manufactured goods shipment amount	¥4,080.2 billion	1.4%	24
Wholesale sales amount	¥9,249.8 billion	2.1%	9
Retail sales amount	¥2,900.8 billion	2.0%	14
Number of new housing being constructed	21,173	2.2%	11

[Industry] Composition of Gross Prefectural and Gross Domestic Product (Nominal) (%)

Item	Miyagi Prefecture	Japan
Agriculture, forestry and fishery	1.2	1.1
Manufacturing	13.1	18.6
Construction	13.3	5.8
Utilities	1.9	2.4
Wholesale and retail	13.0	13.9
Financial institutions	3.5	4.6
Real estate	13.4	13.9
Transportation	4.9	4.8
Information and communications	3.9	5.3
Services	19.0	19.7
Municipalities and others	12.7	10.7
Total	100.0	100.0

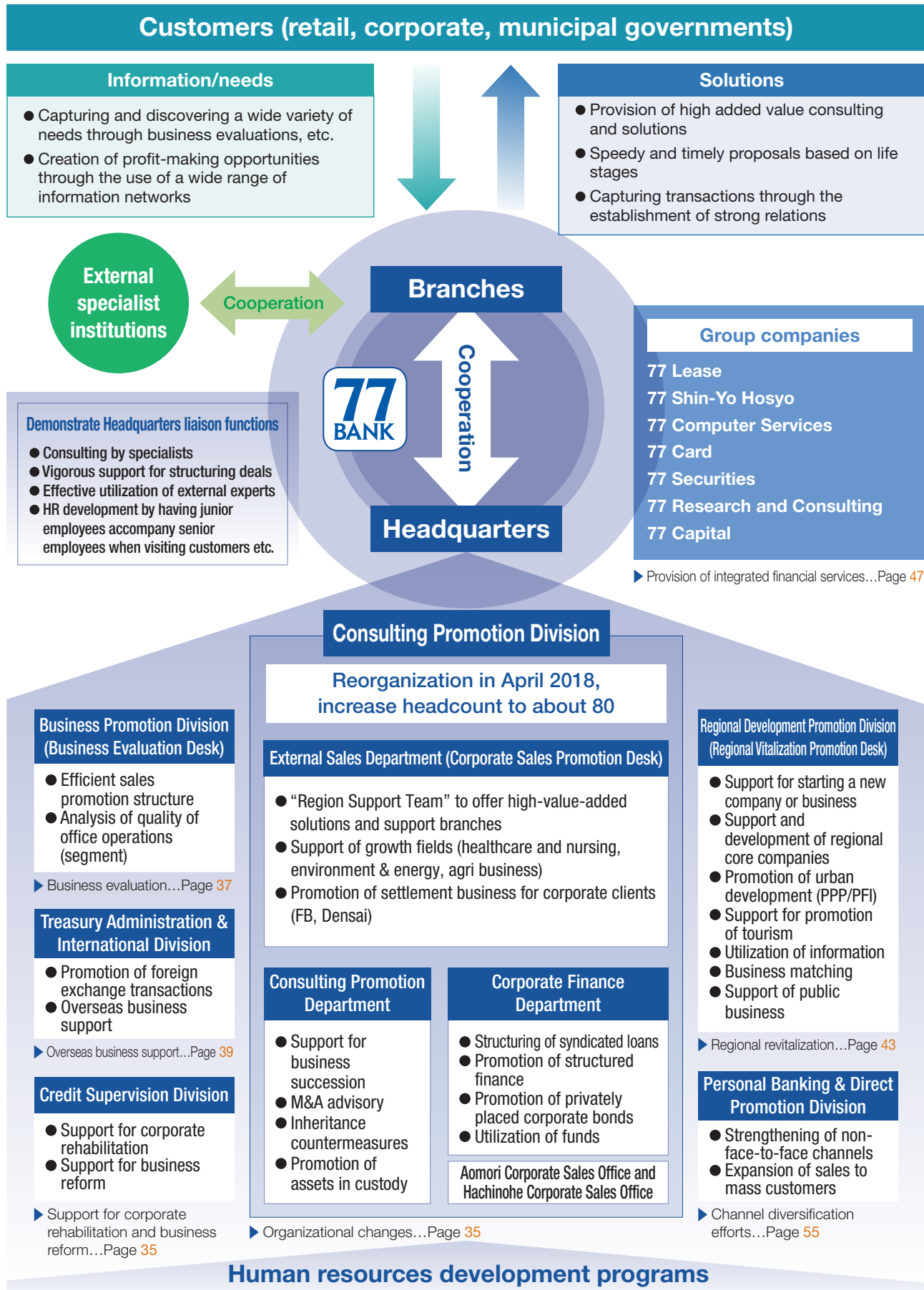
[Progress of Reconstruction Projects in Miyagi Prefecture]

Source: "Reconstruction Progress Statuses" issued by Miyagi Prefecture and other materials

Item	Progress (% of completion)					Overview (State of reconstruction/damage and base date)
	20	40	60	80	100	
Infrastructure	100% (track length with service resumed)					456 / 456 km (total track length) (December 10, 2016)
	97% (completed locations)					1,490 / 1,534 locations (May 31, 2018)
	69% (completed locations)					194 / 281 locations (May 31, 2018)
Residential environment	100% (volume disposed of)					1,888 / 1,888t (March 31, 2014)
	99% (relocation completed)					194 / 195 communities (May 31, 2018)
	97% (construction completed)					15,415 / 15,823 houses (May 31, 2018)
Agriculture/Fisheries	98% (number of fishing boats restored)					8,800 / 9,000 boats (May 31, 2018)
	82% (completed locations)					1,032 / 1,260 fishing ports (May 31, 2018)
	98% (completed area)					12,808 / 13,000ha (May 31, 2018)
	99% (area recovered)					177 / 178ha (May 31, 2018)
Commerce and industry	80% (number of chamber of commerce members near the coastline that resumed operation)					6,240 / 7,798 members (March 31, 2017)
	95% (number of facilities that resumed operation)					430 / 453 facilities (February 28, 2018)

The Bank's Sales Promotion Structure Toward Growth and Development of the Region

Headquarters, Branches, and Group companies will work together to provide solutions with higher added value in response to diverse needs, to support the growth and development of the regional society and customers.



Strengthening of consulting function for clients

Organizational changes

In April 2018, organizational changes to Headquarters aimed at enhancing the sales promotion structure were conducted to strengthen the consulting capabilities stipulated in the Medium-term Management Plan.

The name of the Corporate & Retail Banking Division was changed to Consulting Promotion Division, and the Corporate Finance Department was established, which offers financing services for corporate clients. In addition, the name of the Asset Management Support Department was changed to the Consulting Promotion Department to develop a structure that can support a wide range of customer needs including business succession, M&As, inheritance, and asset management.

Strengthening coordination with branches through the Consulting Promotion Division

In order to implement consulting sales with higher added value, branches have been categorized into six areas within Miyagi Prefecture, and Region Support Team staffed by employees from the External Sales Department in each area was formed in order to strengthen coordination between Headquarters and branches. While utilizing the Region Support Team, we will provide optimal solutions for resolving management issues through utilization of the Headquarters liaison function for highly specialized projects, such as those in the healthcare and nursing and environment and energy fields.

In addition, the Consulting Promotion Department will promote assets in custody and support a wide variety of needs including business succession, M&As, and inheritance. The Corporate Finance Department will strengthen financing services for corporate clients, including syndicated loans, structured finance, and privately placed corporate bonds.

77 medical and social welfare loan balance/number of loans executed (since the start of handling to March 31, 2018) **1,451 loans/¥72.7 billion**

Renewables-related funding (based on handled amount) (following the earthquake to March 31, 2018) **243 loans/¥76.2 billion**

Support for corporate rehabilitation and business reforms by the Credit Supervision Division

The Corporate Support Office was established in the Credit Supervision Division, which works to support corporate rehabilitation and the business reform of clients. Following the earthquake, the number of personnel in the Corporate Support Office was increased from 5 to 11 (as of March 31, 2018) to strengthen support for corporate rehabilitation and business reform.

In an effort to revitalize the regional economy and strengthen the soundness of the Bank's assets, we have designated clients for which there is a need to plan and execute rehabilitation support measures, such as those who have repeatedly changed loan terms over many years, as "corporate rehabilitation support clients," and are directly involved in corporate rehabilitation support for these clients.

Clients selected as corporate rehabilitation support clients (FY2018) **62 clients**
Of which, clients with improvements in business conditions **20 clients**

Reinforcement of the credit screening structure

We conduct off-site credit screening consisting of visits by staff from the Credit Supervision Division to branches to conduct credit screening in order to respond promptly and smoothly to loan consultations and applications, as well as on-site credit screening focused on areas that suffered significant tsunami damage, in which a staff member are stationed at a branch for several days, and conducts concentrated credit screening and provides branch guidance related to the corporate rehabilitation of the client. Since April 2015, we have been conducting resident credit screening in the Ishinomaki region, in which a staff member from the Credit Supervision Division resides at a branch and conducts credit screening with the aim of achieving a credit screening process that is more prompt and accurate than ever before.

Number of off-site credit screening offices (following the earthquake to March 31, 2018) **Total of 5,575 offices**
Number of on-site days (following the earthquake to March 31, 2018) **353 days**

Client visits by branch staff

Client visits by branch staff are made to strengthen relationships with customers as we work to understand their true needs and provide optimal solutions.

The diverse customer needs that have been clarified through such visits are managed in a systematic and unified manner, through sharing with Headquarters and branches and solutions that address the issues are proposed.

Number of clients visited (FY2018) **601 thousand clients**

Establishment of 77 Research and Consulting Co., Ltd.

77 Research and Consulting was established in July 2018 as a subsidiary that conducts highly-specialized research studies regarding trends in the regional economy and industry, and provides effective consulting services aimed at solving problems for clients.

It will continue to contribute to improvements in value for clients and regional revitalization through its highly-specialized knowledge, the provision of high added value services and dissemination of information.

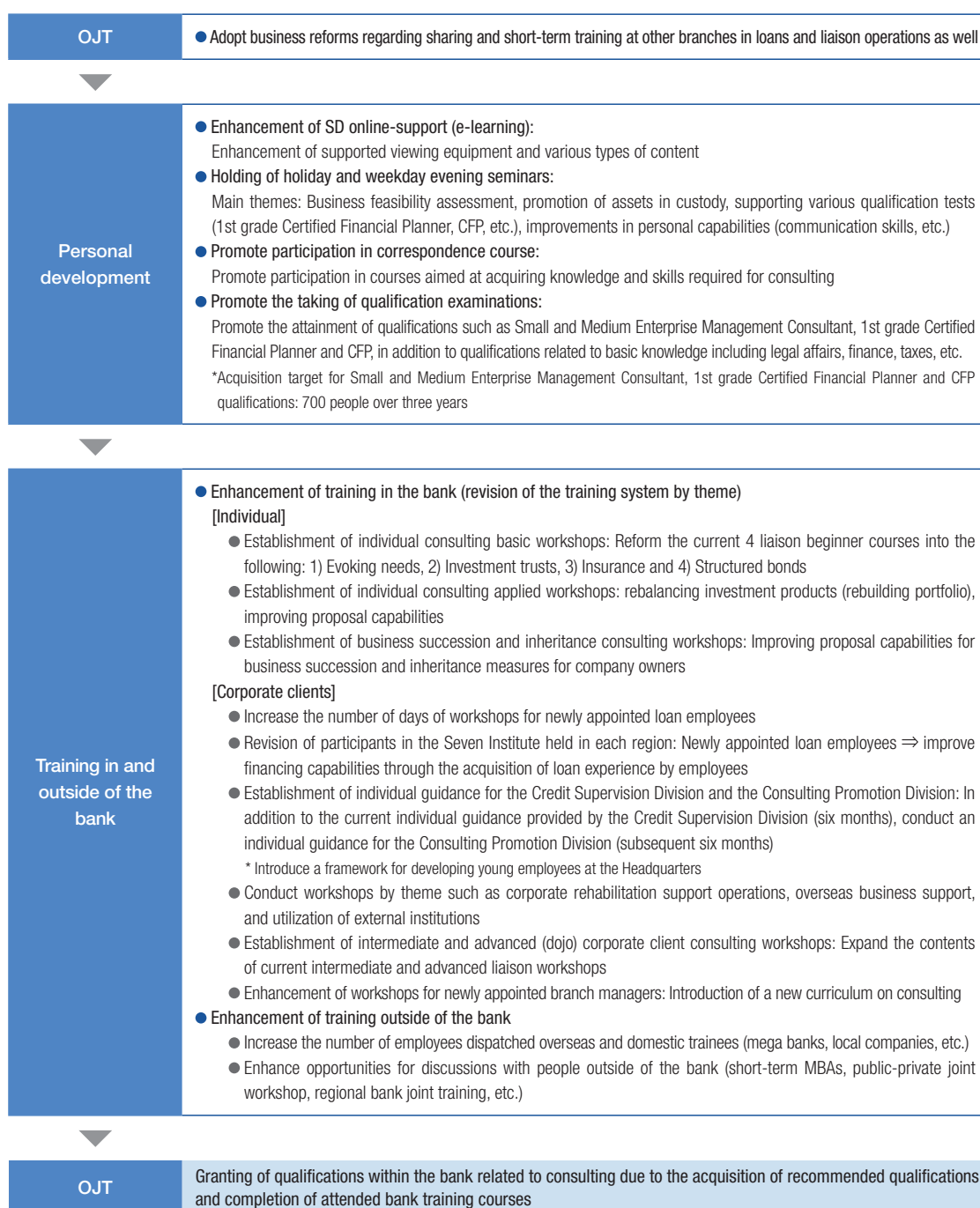
77R&C

Human resources development programs to enhance consulting capabilities

Ideal human resources —Toward enhancement of consulting capabilities that are firmly rooted in the region—

- **Insatiable desire to improve:** Human resources who will continue to grow, and who are full of ambition for personal development, and have the constant desire to improve and explore from a broad perspective
- **Robust spirit of taking on challenges:** Human resources who will continue to take on challenges without being held back by precedents or previous successes, while working toward high goals without fear of failure
- **Ability to execute independently:** Human resources who think independently with a sense of responsibility, and who are capable of performing to the end
- **Abundant personal capabilities:** Human resources who are capable of building trust relationships with the people around them through abundant personal capabilities and achieving results through cooperation
- **High sense of ethics:** Human resources who are capable of faithfully putting compliance and customer-oriented initiatives into practice, based on a high sense of ethics

Human resources development programs to enhance consulting capabilities

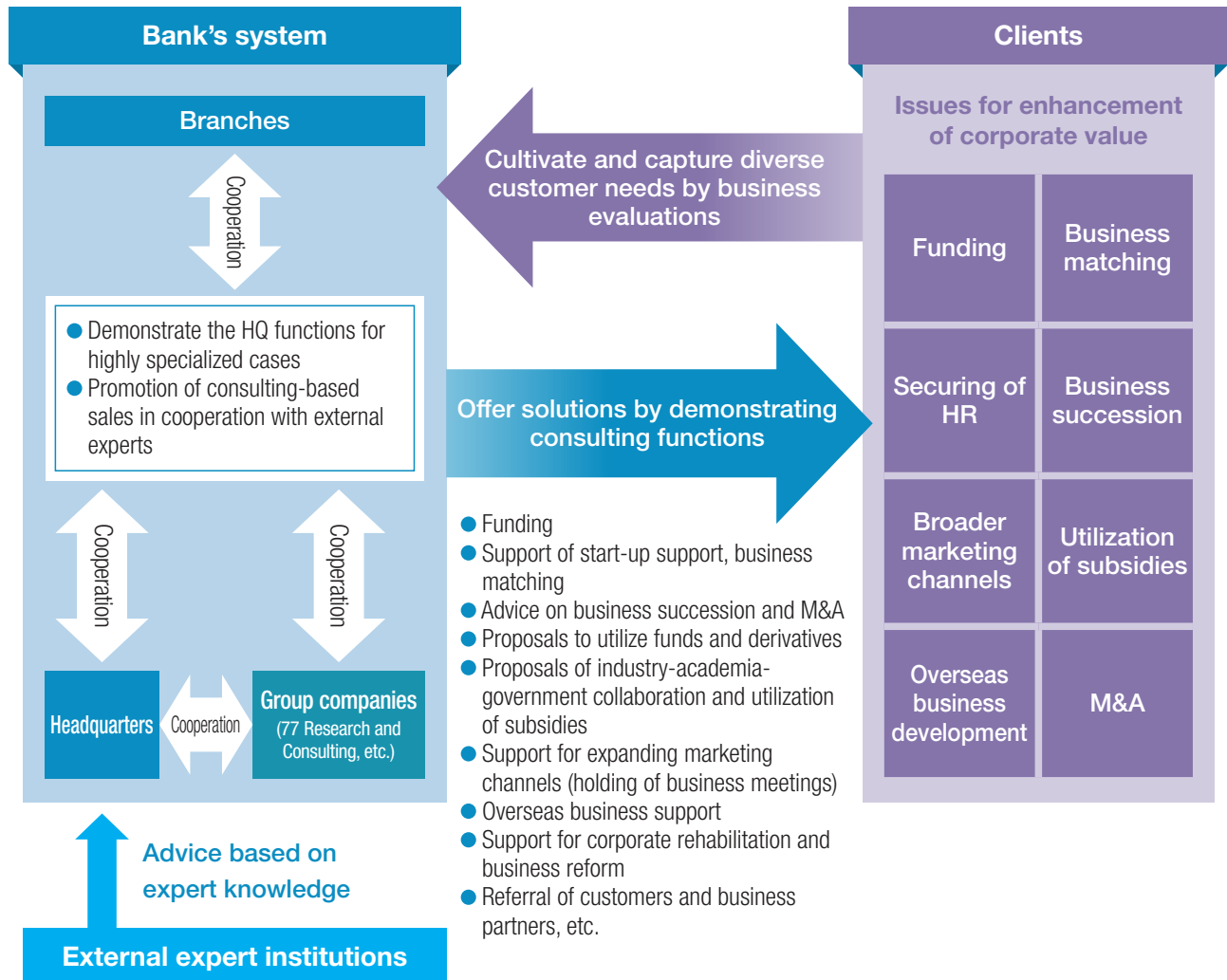


Enhancement of consulting capabilities

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.

Business evaluation conceptual diagram



Strengthening of initiatives for business evaluation



Supporting improvements in corporate value by solving the issues of clients

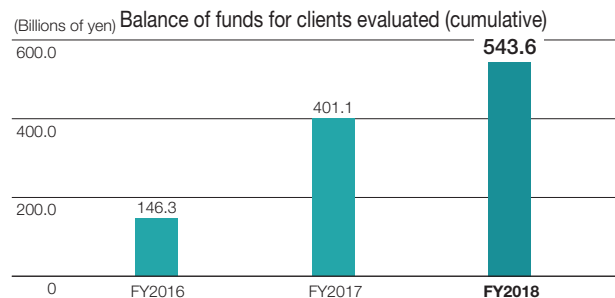
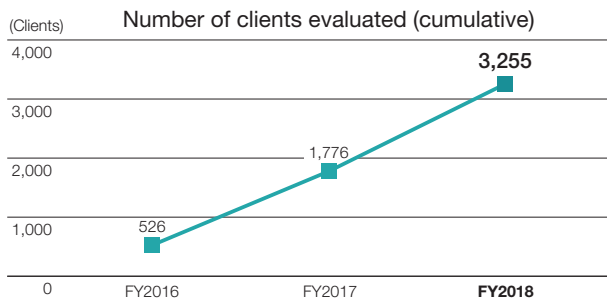
Number of clients evaluated
3,255 (March 31, 2018)



Issue solutions per client
4 to 5



Approximately 16,000
issue solutions



Initiative examples

Supporting foreign exchange risk hedging needs

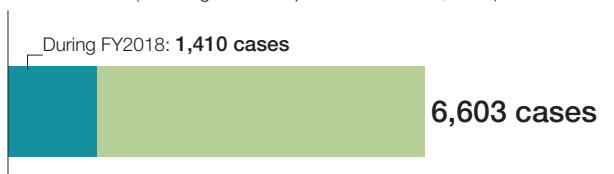
● A company that imports cooking materials from overseas and sells them to restaurants was facing issues related to long-term profitability management including the stable procurement of USD. In interviews with senior management through a business evaluation, information was shared regarding the company's stance towards foreign exchange fluctuation risks and expected foreign exchange levels, and we proposed a long-term foreign exchange option as a solution. Through this proposal, the company has achieved stable product procurement and an expansion of their scope of operations is expected. Going forward, we will conduct a variety of proposals as their main bank, including the introduction of new customers for expanding marketing channels and support further improvements in their business value.

Support for restoring and expanding marketing channels

Business matching

We are actively promoting business matching using regional networks, including support for creating new business opportunities and client management issues.

Cumulative number of business-matching deals in Japan
(following the earthquake to March 31, 2018)



* Including the number of business meeting deals closed

Cumulative number of 77 Business-matching Service* deals
(following the earthquake to March 31, 2018)



* Service in which the Bank's business partners are introduced in order to resolve the issues of customers

Holding of business meetings

In October 2017, the 10th Delicious Yamagata and Food Kingdom Miyagi Business Meeting was jointly held with Miyagi Prefecture, Yamagata Prefecture and others, and a total of 412 individual business meetings were conducted.

In November 2017, the 2017 Regional Bank Food Selection was held for the 12th time in Tokyo. Energetic business talks were held with more than 10,000 food-related buyers from across Japan.



Delicious Yamagata and Food Kingdom Miyagi Business Meeting

Use of Guidelines on Management Guarantees

Status of implementation of Guidelines on Management Guarantees

In response to the release of the Guidelines on Management Guarantees in December 2013, we have strengthened our systems to promote loans that are not dependent on management guarantees.

Up to the present, the Bank has appropriately confirmed the management conditions of customers as required under these Guidelines and reviewed non-guaranteed loans, the cancellation of guarantee agreements (including the cancellation of guarantee agreements with the prior management at the time of business succession), and existing guarantee agreements, and will continue to respond faithfully to these guidelines.

Results of implementation of Guidelines on Management Guarantees (FY2018)

Number of new non-guaranteed loans *	1,853
Number of guarantee contracts canceled	532
Number of changed guarantee contracts	57
Number of new loans *	12,251
Percentage of loans that are not dependent on management guarantees compared to all new loans	15.1%

* Does not include loans provided within credit limits.

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 led by the Asia Business Support Department and in coordination with our two Representative Offices (Shanghai and Singapore), employees deployed overseas, and external partner institutions.

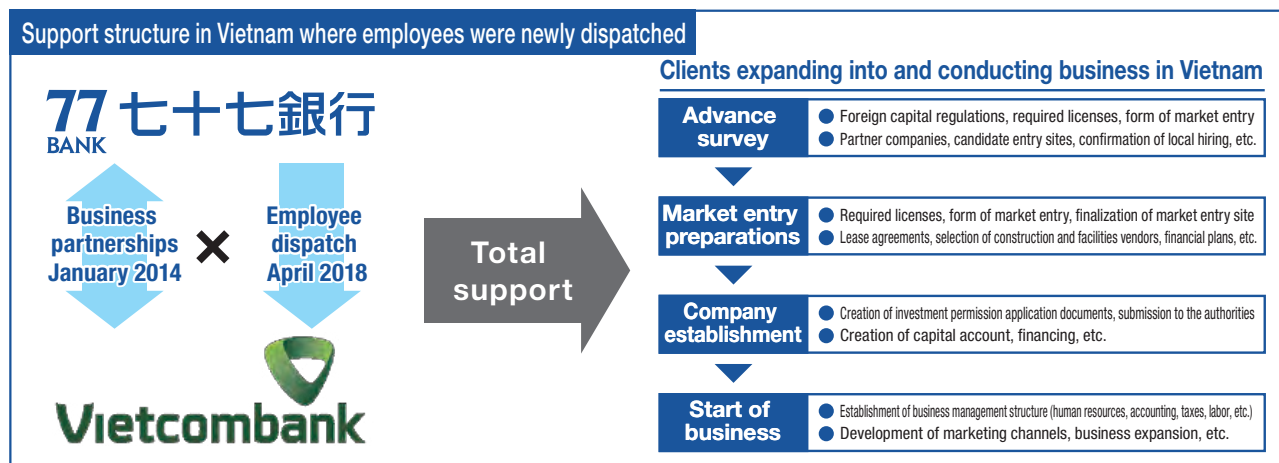
Expansion of overseas network



Deployment of employees overseas

We are working to expand our human resources network overseas through means such as dispatching our employees to overseas financial institutions with a focus on Asia.

The destinations of dispatched employees include China (Dalian, Shanghai), Hong Kong, Singapore, Thailand (Bangkok), the United States (New York), and the United Kingdom (London). We also started employee dispatch to Vietnam in April 2018, and a total of 13 employees have been dispatched overseas including resident employees at the Shanghai and Singapore Representative Offices. Going forward, we will work to support the overseas business of clients using these human resources networks.



Status of overseas business support for clients

Overseas business support by the Treasury Administration & International Division
The Asia Business Support Department was established in the Treasury Administration & International Division in March 2011 to respond to various needs including support for overseas expansion, development of overseas marketing channels, various trade transactions, and financing for clients. We provide active support in coordination with our employees who have been dispatched overseas, as well as external partner institutions.

Number of overseas business support cases (FY2018): 1,290 cases

Number of overseas business related loans (FY2018): 104 cases/¥7.4 billion

Funding support using overseas partner institutions

We support local funding for clients through standby L/Cs, in which we supply funds to local banks using our partnerships with overseas financial institutions.

Standby L/Cs issued: 14 cases
(From establishment of Asia Business Support Department to March 31, 2018)

Overseas business matching

We are actively engaged in business matching overseas to support needs such as the expansion of marketing channels for overseas clients and the diversification of suppliers. In FY2018, business meetings were held in Thailand (Bangkok), China (Dalian, Shanghai, Guangdong), Singapore, Taiwan (Taipei), and Vietnam (Hanoi), with participation by a total of 52 client companies.



Business meetings, etc. held overseas (FY2018)

Name of business meeting	Target industries	Timing	Location
Mfair Bangkok 2017 Monozukuri Business Conference	Manufacturing industry	June 2017	Thailand (Bangkok)
2017 Dalian - Regional Bank Joint Business Meeting	Manufacturing industry Food products, etc.	September 2017	China (Dalian)
FBC Shanghai 2017 Monozukuri Business Discussion Meeting	Manufacturing industry	September 2017	China (Shanghai)
Japanese Food Tasting Fair	Food products	October 2017	Singapore
Food Japan 2017	Food products	October 2017	Singapore
FBC Guangdong 2017 Monozukuri Business Discussion Meeting in Nanhai	Manufacturing industry	November 2017	China (Guangdong)
Business Matching in Taipei (Japanese-Taiwanese Companies Business Discussion Meeting)	Manufacturing industry	November 2017	Taiwan (Taipei)
FBC Hanoi 2018 Monozukuri Business Discussion Meeting	Manufacturing industry	March 2018	Vietnam (Hanoi)

Provision of information on overseas businesses

We hold various seminars to provide the latest information on overseas businesses to clients.

During FY2018, we held a total of 20 seminars including the fifth Asia Business Exchange Meeting 2018, with participation by a total of approximately 900 people.



Issuance of the "Global Letter" overseas business information magazine

The "Global Letter" overseas business information magazine, which contains interviews with clients engaged in business overseas and the latest local information by our employees dispatched overseas is issued four times per year.

We will actively support the overseas business of clients through the provision of information using overseas networks.



Initiative examples

Overseas marketing channel development support in coordination with Miyagi Prefecture

- A company in the fishery processing industry was considering entering the Singapore market, which is a hub for Southeast Asia, where purchasing capability is growing, as one measure to develop marketing channels. In response, we provided information on the local Japanese food market using food export seminars and an individual consultation fair as a tool. As a result, the company held an exhibition at the Food Japan 2017 Japanese food trade fair held in Singapore.
- We supported the use of subsidy systems related to participation in overseas trade fairs in coordination with Miyagi Prefecture and arranged business meetings with partners at the fair. In addition, we invited local buyers and restaurants to a food tasting fair for companies participating in the trade fair including the supported company, which was held jointly with Miyagi Prefecture on the day prior to the trade fair and provided opportunities for marketing and high-quality business talks.



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.

<Reconstruction Support Policy>

-To restore the Miyagi and Tohoku region with flourishing vitality, abundance, and overflowing kindness-

1. Fulfill our financial intermediation function

As a financial institution working with the local region, we are striving to meet funding needs related to reconstruction and revitalization efforts. We are working sincerely to resolve the problems of customers who were affected by the disaster through altering lending conditions and resolving double mortgages for customers who are working proactively for rebuilding.

2. Contribute to reconstruction and further development for the region

We will further enhance our consulting and judgment capabilities, and provide swift and optimal solutions to customers with reconstruction needs that were identified through vigorous customer visiting. At the same time, we will participate actively in initiatives for regional rehabilitation and industrial revitalization through enhanced collaboration with the municipal governments that are taking the lead in implementing reconstruction measures in the region. In this way, we will contribute to reconstruction and further development of the region.

Additionally, we will work to improve the branch network and sales platform in an effort to help enhance customer convenience and to fully assist efforts to achieve regional revitalization and rehabilitation through stable provision of financial services.

3. Assist efforts to achieve a disaster prevention-aware, safe and environmentally-friendly society

In light of the massive damage caused by the earthquake, we will pay even closer attention to disaster prevention and mitigation, as well as safety. In addition, we will take measures to bolster the business continuity framework in order to provide continuous financial services in disasters and other emergencies.

Furthermore, we will make long-term and sustainable contributions to the local community through initiatives to enhance energy conservation and environmental friendliness in anticipation of an environmentally-friendly society in the region after reconstruction.

Earthquake Reconstruction Committee

The Earthquake Reconstruction Committee, which is chaired by the President at Headquarters, was established in May 2011 to work toward the restoration of financial infrastructure and the prompt normalization of customers and clients, promote efforts aimed at further improvements in financial intermediary functions, and contribute to the reconstruction and development of the regional society and economy. The Earthquake Reconstruction Committee discusses measures related to damaged office response and reconstruction support, monitors the implementation status of these measures, and revises measures as necessary, depending on their effectiveness.

Status of earthquake-related loans

Earthquake-related loan performance (cumulative total after the earthquake to March 31, 2018)

25,223 cases/¥682.8 billion

Corporate

	Operating	Capital expenditure	Total
Number of cases	5,781	2,392	8,173
Amount	¥252.5 billion	¥151.3 billion	¥403.8 billion

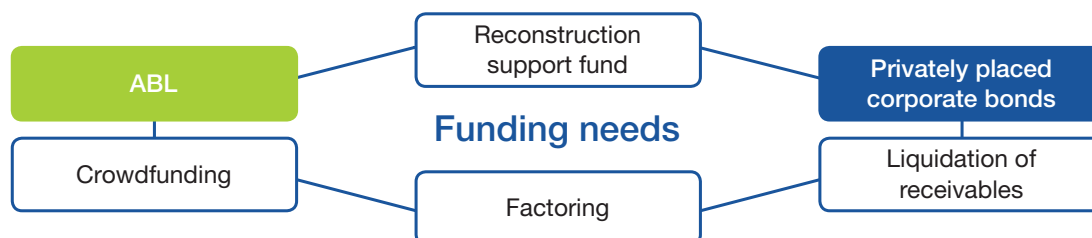
Retail

	Unsecured	Housing	Total
Number of cases	4,237	12,813	17,050
Amount	¥7.3 billion	¥271.7 billion	¥279.0 billion

Diversification of funding methods

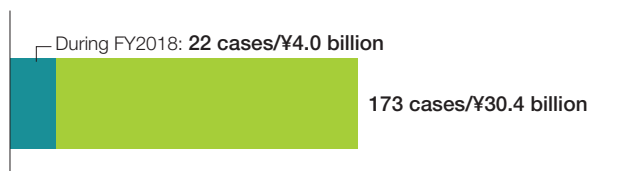
As a financial institution in the earthquake-affected area, we are required to encourage acceleration of the reconstruction process, through proposals and support for measures to resolve issues according to the circumstances of people in the affected area.

We will appropriately cultivate and capture the funding needs of people affected by the earthquake, which are becoming more diverse and complex, in accordance with the various stages of reconstruction and use diverse funding methods to support reconstruction from the earthquake.



ABL (Asset-based lending)

(cumulative total from after the earthquake to March 31, 2018)



- Use of 20 real estate appraisal advisors (March 31, 2018)

Privately placed corporate bonds

(cumulative total from after the earthquake to March 31, 2018)



- Privately placed corporate bonds for reconstruction: 38 cases/¥3.6 billion
- Privately placed corporate bonds for social contribution(donation-type): 37 cases/¥3.3 billion

Case of earthquake reconstruction (1): Mirai Ships Project

Flow of coordination

The shipbuilding industry in Kesennuma City was on the brink of extinction due to the Great East Japan Earthquake



The shipbuilding industry unites to survive



Mirai Ships Inc.

(Established in May 2015 through investments by seven shipbuilding companies)



Construction of new shipbuilding plant
(Third shiplift plant in Japan)

Total project cost: ¥10.5 billion
(Subsidy: ¥7.03 billion, syndicated loan: ¥3.36 billion)

Business

National/municipal governments

Financial institution

Coordination

The 77 Bank

Case of earthquake reconstruction (2): 77 privately placed corporate bonds for social contribution (donation-type)

Example of use of privately placed corporate bond

Issuing company: Takamasa Co., Ltd.

- Major fisheries processing company in Miyagi Prefecture
- The company's kamaboko fish cakes received the Emperor's Cup Award at the FY2017 Agriculture, Forestry and Fisheries Festival

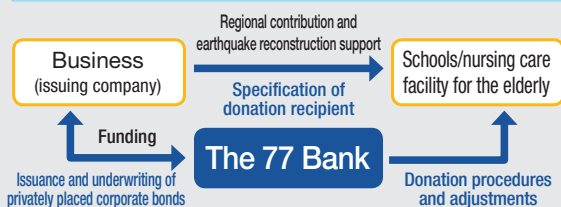


Donated large heaters, books, decorative plants, and other items, along with financing through privately placed corporate bonds



Donation recipient: Approved Specified Nonprofit Corporation Katariba

- Provision of a location to support after school learning by children in the affected area



Establishment of regional revitalization promotion structure

■ Establishment of the Regional Vitalization Promotion Desk

In order to support the formulation and promotion of the Regional Comprehensive Strategy compiled by municipal governments based on the Comprehensive Strategy for Vitalization of Towns, People, and Jobs decided on by the Cabinet in December 2014, the Regional Vitalization Promotion Desk was established in the Regional Development Promotion Division to provide cross-functional support across Headquarters in April 2015, and the branch managers of 33 branches handling municipal government transactions (Note) were assigned as Regional Vitalization Representatives to support initiatives aimed at regional revitalization.

(Note) Branches handling municipal government transactions:

Prefectural Office, Sendai City Hall, Shiogama, Tagajo, Yamato, Ishinomaki, Kesenuma, Furukawa, Tsukidate, Sanuma, Shiroishi, Kakuda, Iwanuma, Masuda, Tomiya, Matsushima, Shichigahama, Rifu, Onagawa, Shizugawa, Yoshioka, Nakaniida, Kogota, Wakuya, Zao, Ogawara, Funaoka, Murata, Marumori, Watari, Yamashita, Kawasaki, and Haranomachi (33 offices)

■ Establishment of the Regional Vitalization Promotion Committee

The Regional Vitalization Promotion Committee was established in October 2015, in order for the Bank to actively perform its expected role towards regional revitalization and enhance its value in the region, while contributing to the growth and development of the regional economy.

Under the leadership of the Regional Vitalization Promotion Committee, the Regional Vitalization Promotion Desk will serve as a one-stop contact point for inside and outside of the Bank, and we will contribute to the reconstruction and development of the region through support for formulation and promotion of the Regional Comprehensive Strategy, and efforts aimed at improving regional value, while conducting industry-academia-government collaboration.

■ Setting of priority items

We have set four priority items that the Bank will proactively address with the aim of regional revitalization.

Support for starting new companies or businesses

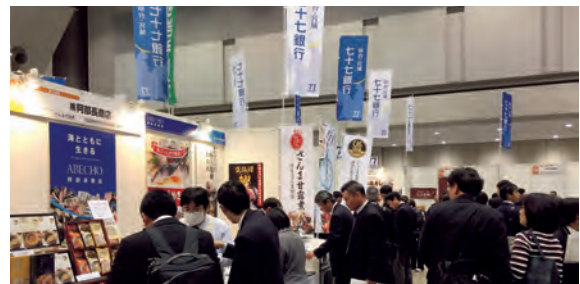
- Support for initial and secondary business launch
- Funding support through venture funds
- Holding or cooperating with entrepreneur support events and the Business Grand Prix



Business Grand Prix

Support and development of regional core companies

- Support for development and expansion of marketing channels
- Overseas business support
- Support through industry-academia collaboration
- Conversion of agricultural, forestry, and fishery industries into growth industries
- Business reform and corporate rehabilitation
- Business succession and M&A



Food Selection

Promotion of urban development

- Promotion of public private partnerships (PPP/PFI)
- Participation in regional development projects
- Support in cooperation with external organizations



Tohoku synchrotron radiation facility (rendering)

Support for promotion of tourism, etc.

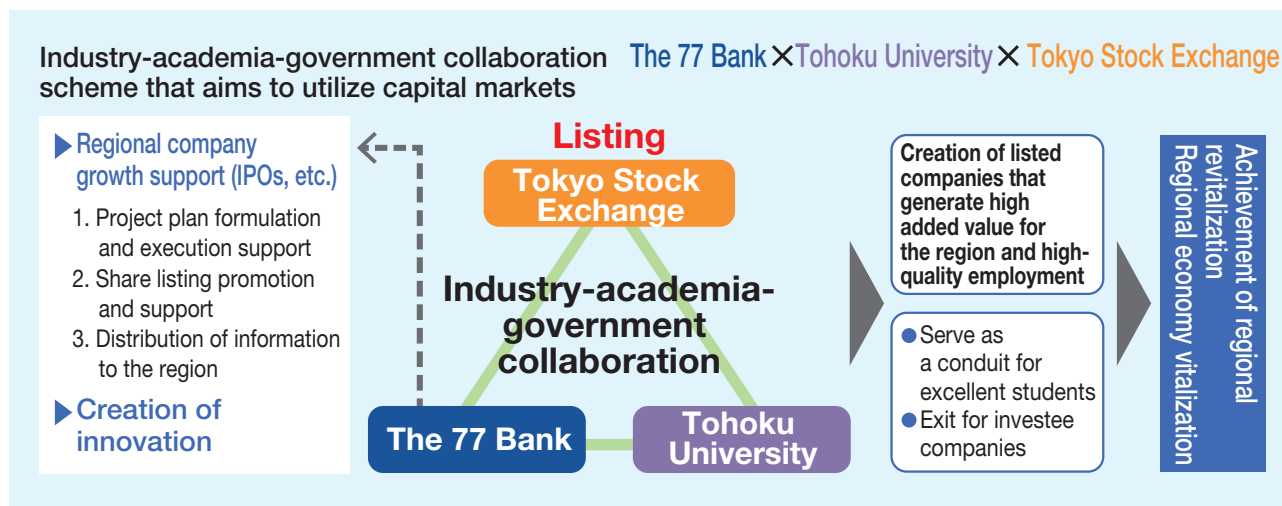
- Commercialization support and growth support for tourism-related industries
- Support for promotion of inbound tourism



Traditional Japanese house

■ Cooperation with Tohoku University and the Tokyo Stock Exchange

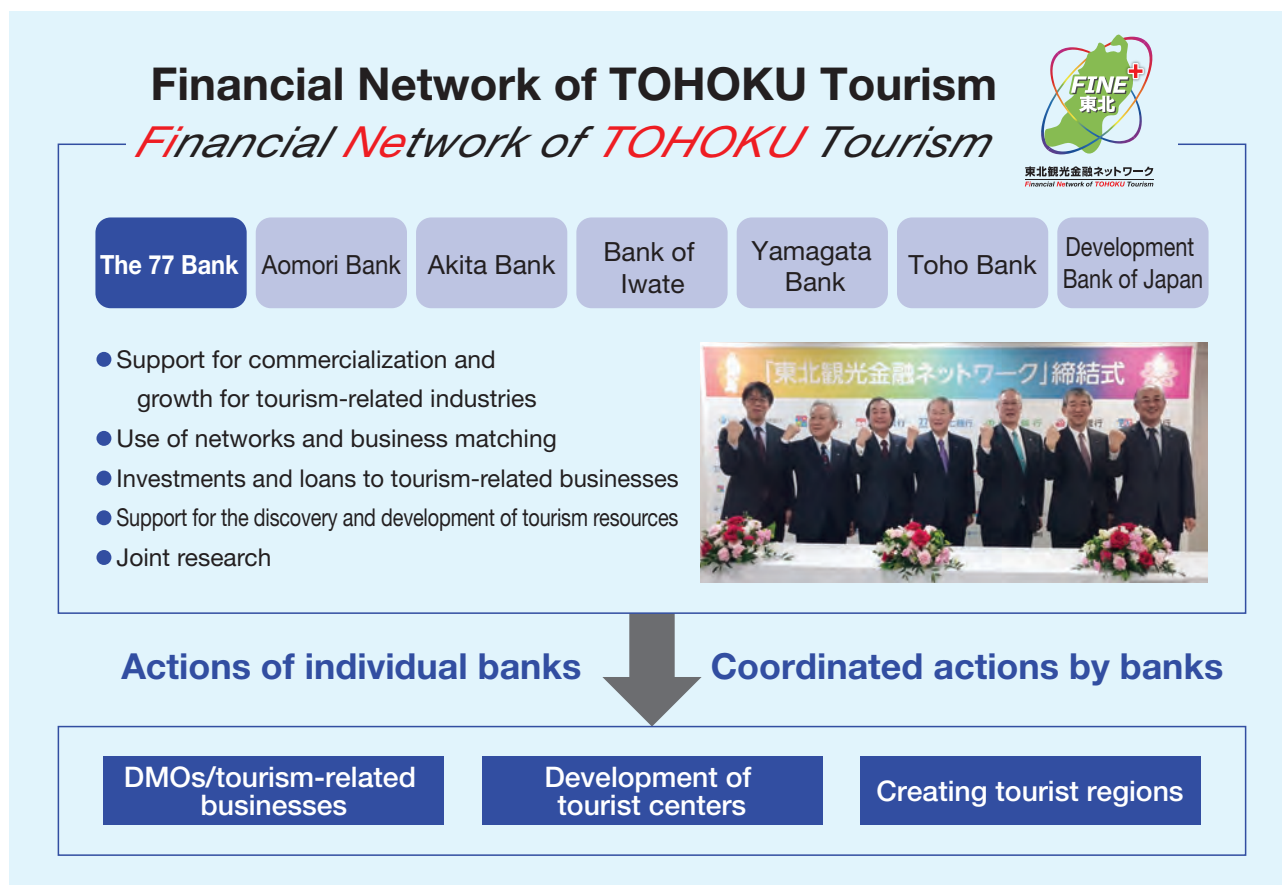
In November 2017, the Bank, Tohoku University, and Tokyo Stock Exchange, Inc. signed a basic agreement on cooperation related to growth support for venture companies and regional companies through utilization of the capital markets and the promotion of entrepreneurial human resources development. This is the first effort in Japan by a regional financial institution, university, and Tokyo Stock Exchange to cooperate in the development of the regional economy.



■ Establishment of the Financial Network of TOHOKU Tourism

In March 2017, the Cooperative Business Agreement on Support for Tourism Promotion Projects was signed with Aomori Bank, Akita Bank, the Bank of Iwate, Yamagata Bank, Toho Bank, and the Development Bank of Japan, and the Financial Network of TOHOKU Tourism (Nickname: FINE+ Tohoku) was established.

Through this cooperative business agreement, each bank will work to cooperate in areas such as information exchange and the provision of financial services while supporting tourism promotion and contributing to further improvements in the appeal of the region and regional revitalization.



Cooperation with municipal governments

■ Signing of a cooperation agreement with municipal governments

In FY2018, the Comprehensive Cooperation Agreement for regional revitalization was signed with seven municipal governments, with the aim of sustainable development of the regional economy through mutual cooperation by the Bank and municipal governments while effectively utilizing mutual resources.

In addition, the Bank entered an Agreement to Assist Elderly People in the Region with Miyagi Prefecture along with nine financial institutions in the prefecture in June 2016.

Going forward, we will strengthen our partnerships with municipal governments, and contribute to the reconstruction and development of the region through active involvement and cooperation toward regional revitalization.

List of agreement partners

Timing	Municipal governments
FY2016	Kami Town, Iwanuma City
FY2017	Zao Town, Shinci Town (Fukushima Prefecture), Tomiya City, Minamisoma City (Fukushima Prefecture), Ishinomaki City, Marumori Town, Onagawa Town
FY2018	Higashimatsushima City, Murata Town, Ogawa Town, Taiwa Town, Shiogama City, Shichigahama Town, Kakuda City
FY2019	Watari Town



■ Status of funds provided for municipal governments

In an aim for regional regeneration, the Bank works toward the smooth provision of funds to municipal governments and other organizations that implement regional reconstruction measures. As of March 31, 2018, the Bank has provided loans to 35 of 36 municipal governments in Miyagi Prefecture.

Among designated financial institution contracted services, public fund handling services have been contracted by 35 of 36 municipal governments in Miyagi Prefecture (contracted as a designated financial institution by 28 bodies and as a designated proxy financial institution by seven bodies), and these services are widely used by people in the prefecture through the administration of public fund collections and payments.

Status of loans, etc. to municipal governments in Miyagi Prefecture (Cases, Billions of yen)

	Loans		(Reference) Deposits and negotiable certificates of deposit	
	Number of municipal government clients	Balance	Number of municipal government clients	Balance
March 31, 2017	35	496.9	36	1,121.5
March 31, 2018	35	521.7	36	1,048.0

(Note) Excludes transactions with special municipal governments and local public corporations.

■ PPP/PFI project initiatives

Since the earthquake, the Bank has further strengthened relationships with municipal governments through initiatives including involvement in the PPP/PFI project formation stage and onward in response to an expected increase in PPP/PFI projects led by municipal governments and the demand for funds related to various reconstruction projects.

To date, the Bank has participated as a financing financial institution for 13 PPP/PFI projects in Miyagi Prefecture, and has conducted arranger agent services as the main bank for seven of these projects.

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

- Sendai City / Matsumori Plant Related Civic Facilities Development Project (Financing financial institution, arranger and agent)
- Sendai City / Nomura School Lunch Center Development Project (Financing financial institution, arranger and agent)
- Ishinomaki District Integrated Administration of a Large Region Office Work Association / Nursing Home Improvement Project (Financing financial institution, arranger)
- Miyagi Prefecture / Fire Academy Transfer and Development Project (Financing financial institution, arranger)
- Sendai City / Minamiyoshinari School Lunch Center Development Project (Financing financial institution, arranger)
- Higashimatsushima City / School Lunch Center Development Operation Project (Financing financial institution, arranger)
- Tohoku University / Sanjo Student Dormitory Development Project (Financing financial institution)
- Sendai City / Observatory Development and Operation Project (Financing financial institution, co-arranger)
- Ishinomaki District Integrated Administration of a Large Region Office Work Association / Fire Department Headquarters Transfer and Development Project (Financing financial institution, co-arranger)
- Miyagi Prefecture / Education and Welfare Complex Development Project (Financing financial institution, construction arranger)
- Onagawa Town / Onagawa Seafood Processing Complex Wastewater Treatment Facility Development Project (Financing financial institution)
- Ministry of Land, Infrastructure, Transport and Tourism / Sendai Airport Special Operation Project (Financing financial institution)
- Tohoku University / Aobayama University House Development Project (Financing financial institution, arranger and agent)



Sendai Astronomical Observatory



Sendai International Airport

■ Deployment of employees to Miyagi Prefecture

The Bank has continuously deployed employees to the Miyagi Prefecture Reconstruction Planning Department since 2012.

From April 2016, employees have been assigned to the Regional Reconstruction Support Section and joined the Transfers and Permanent Resident Promotion Team, which has run liaison councils with municipalities and engaged in public relations.



Holding asset management seminars

The Bank holds various types of seminars with Headquarters employees and external instructors at various locations within Miyagi Prefecture to provide information on financial asset management to clients.



Status of seminars held (FY2018)

	Number of times held	Location held	Number of participants (cumulative total)
Asset management seminars	60	Hotel Metropolitan Sendai, etc.	1,666
Mutual fund seminars	2	Head Office 4F Main Conference Room	279
Life stage seminars	2	Head Office 5F Conference Room 1 etc.	53

Support for local companies through workshops

We hold various seminars and workshops and dispatch lecturers to workshops on themes selected by clients in order to contribute to corporate management and employee education in the region.

Lectures and workshops conducted by employee instructors of the Bank

Name of lecture, etc.	Details
Various lectures and workshops	Economic situation of Miyagi Prefecture and future outlook, etc.
New employee training	Manners required as new members of society, etc. (104 companies / approximately 500 people, April 2018)
Workshops for serving and treating customers	Basics of greetings and telephone calls, etc.
Various seminars	Seminars on business succession and inheritance measures

Holding lectures

We hold lectures and various seminars with the aim of enhancing the provision of information on themes such as reconstruction support, sales strategies, and inheritance measures.

Seminars and lectures conducted by external instructors (FY2018)

Timing	Name of seminar or lecture	Number of participants
July 2017	Summer Lecture on "The Future of the Japanese Economy and Challenges for the Regional Economy"	Approximately 300
February 2018	Spring Lecture on "Future of Japan-US Relations and the Situation in East Asia"	Approximately 300

Announcement of the results of various surveys (*)

<Monthly Survey Report>

The Monthly Survey Report is issued as a magazine featuring developments in the economy and industry in Miyagi Prefecture.

<Survey on Trends of Companies within the Prefecture>

We conduct a questionnaire survey for the purpose of assessing the business sentiment in Miyagi Prefecture with approximately 750 companies in the prefecture, and announce analyzed results in a Monthly Survey Report.

<Analysis of data related to the economy of the prefecture>

We conduct an analysis and announce distinguishing data on the economy of the prefecture.

* This work will be carried on by 77 Research and Consulting Co., Ltd.

The Bank established the 77 Business Support Foundation in April 1998 for the purpose of contributing to the promotion of industry and economic development of Miyagi Prefecture, and this foundation celebrated its 20th anniversary in April 2018.

Support for companies and entrepreneurs

The 77 Business Support Foundation offers awards once per year in a ceremony held in November, including the 77 Business Grand Prize for companies with highly-regarded products or services and outstanding technologies or management methods that have contributed to the development of industry and the economy within the prefecture, and the 77 New Business Subsidy for companies actively engaged in business through new and original technologies or know-how, and entrepreneurs that aspire to start new businesses.

<Award receivers in FY2018>

20th 77 Business Grand Prize	20th 77 New Business Subsidy
Satoh & Co., Ltd. (Sendai City)	Taikou Juken Corporation (Sendai City)
TOMESEICOH Co., Ltd. (Tome City)	Tohoku-Microtec Co., Ltd. (Sendai City)
	Ball Wave Inc. (Sendai City)
	Mirai Ships Inc. (Kesennuma City)
	Riken Food Co., Ltd. (Chiyoda-ku, Tokyo)

Holding lectures and seminars

Academic experts and notable figures from various fields are invited to serve as instructors for regular lectures held on themes related to the promotion of regional industry and corporate management.



In April 2018, we invited Professor Emeritus, Takeshi Yoro from The University of Tokyo to serve as an instructor for a lecture on "Topics on the Brain that are Useful for Business" in celebration of the 20th year since establishment, which was attended by roughly 300 people.

Publication of the Business Information Magazine

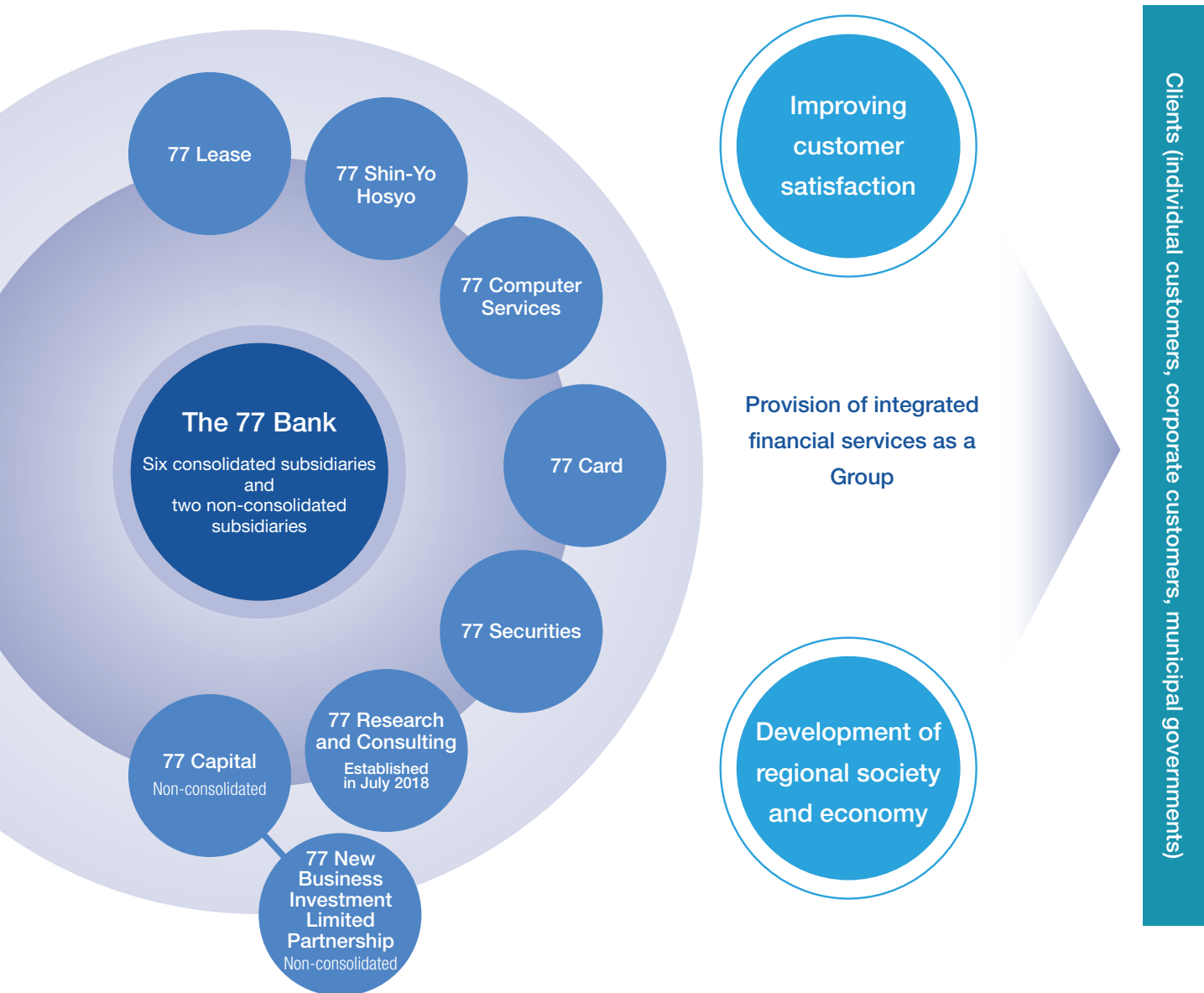
The 77 Business Information Magazine, which consists mainly of company interviews that introduce the recipients of the 77 Business Grand Prize and the 77 New Business Subsidy, various types of information required for corporate management or startups, and articles written by experts from various industries in the prefecture is published four times per year.



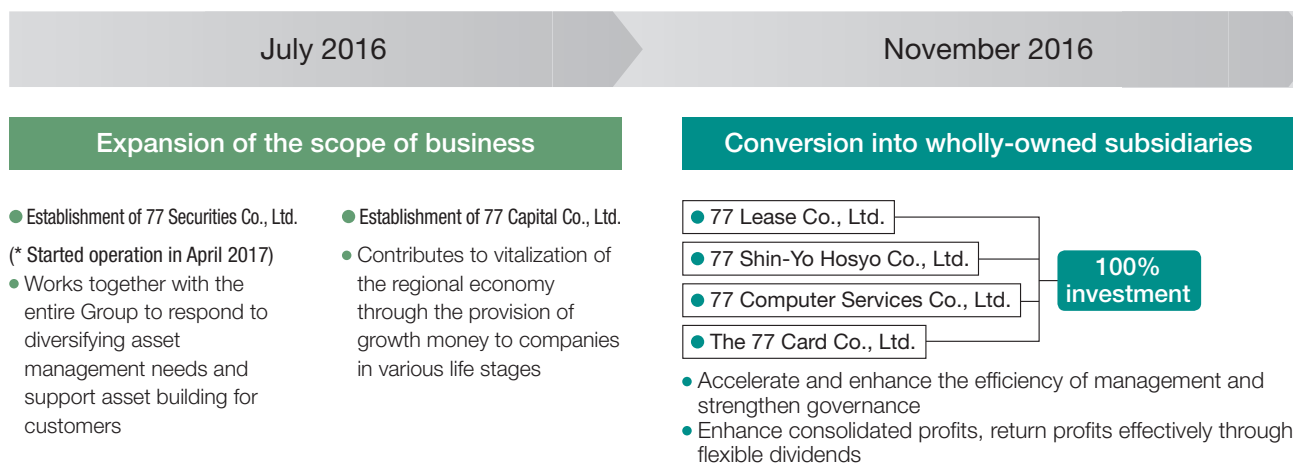
Provision of Integrated Financial Services

The Bank aims realize its image of becoming the “Best Consulting Bank” that responds to customers’ needs by offering optimum solutions, and we have worked to strengthen coordination within the Group and expand the scope of our business.

We will make further contributions to the development of the regional society and economy through the provision of integrated financial services as a Group.

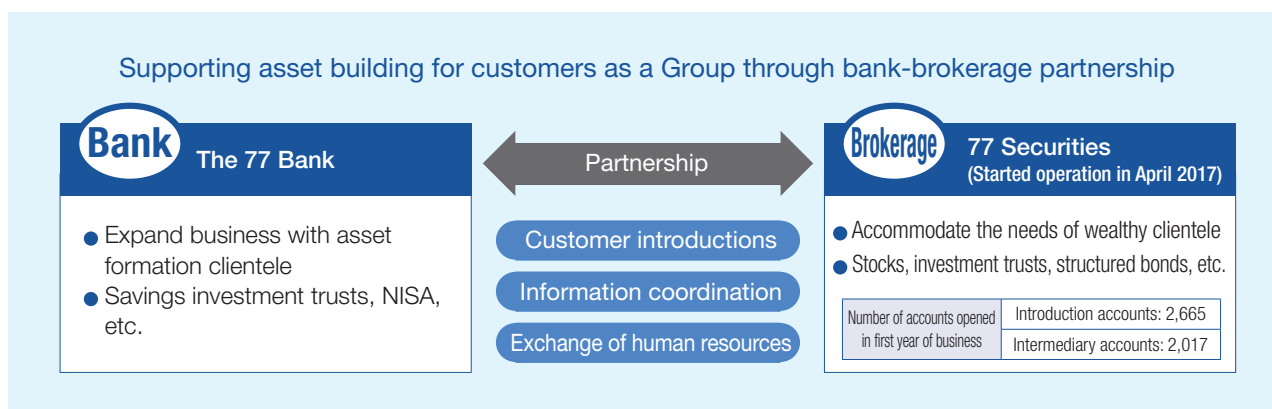


Evolution of the Group’s strength



Strengthening of bank-brokerage partnership businesses

The asset management needs of customers are becoming more varied and diverse as customers shift from savings to asset formation. With the bank-brokerage partnership between The 77 Bank and 77 Securities, we will support a broad range of needs through the provision of high-quality services from a customer perspective, as well as highly specialized products.



Establishment of 77 Research and Consulting Co., Ltd.

At 77 Research and Consulting Co., Ltd. that was established in July 2018, the company aims to contribute to improvements in value of clients and regional revitalization through the provision of highly-specialized, high-value-added services and information distribution, with services that consists mainly of membership organization management, research studies, and consulting.

Membership organization management	A service which a fee-charging membership organization is established, and members are provided with information on regional economy and corporate information as well as employee education services
Research studies	A service which conducts contracted research based on bid information released by municipal governments, and independent research on regional economy and industry trends, as well as distribution of information.
Consulting	A service which provides advice and planning based on analysis and diagnosis of management issues faced by client companies, as well as support for the execution of measures in response to such issues Main themes: Business succession consulting, financial advice, business strategy planning support

March 2018

July 2018

Internalization of the operation of administrative subsidiaries

- 77 Business Services Co., Ltd.
 - 77 Jimu Daiko Co., Ltd.
- Dissolution**
- Dissolved two administrative subsidiaries and internalized their operations within the Bank
 - Improvement of management efficiency throughout the Group and effective utilization of management resources

Strengthening of consulting sales capabilities

- Establishment of 77 Research and Consulting Co., Ltd.
- Implementation of highly specialized research studies related to regional economy and industry trends
- Provision of effective consulting services aimed at resolving client issues

Financial Intermediary Function Benchmarks

Vigorously supplying risk money

As a financial institution that works together with the region, the Bank aims for reconstruction from the Great East Japan Earthquake and has proactively supported clients who have been affected by the earthquake through means such as changes to loan conditions, and provided financial services and performed financial intermediary functions.

Going forward, along with the advancement of reconstruction efforts in the affected area, the Bank will steadily implement support measures according to the stage of earthquake reconstruction, and vigorously supply risk money through the promotion of financing focused on business feasibility and future potential as well as the utilization of various funds, after appropriately assessing the issues and needs of customers in various life stages.

Total number of borrowers

19,712 companies (as of March 31, 2018)

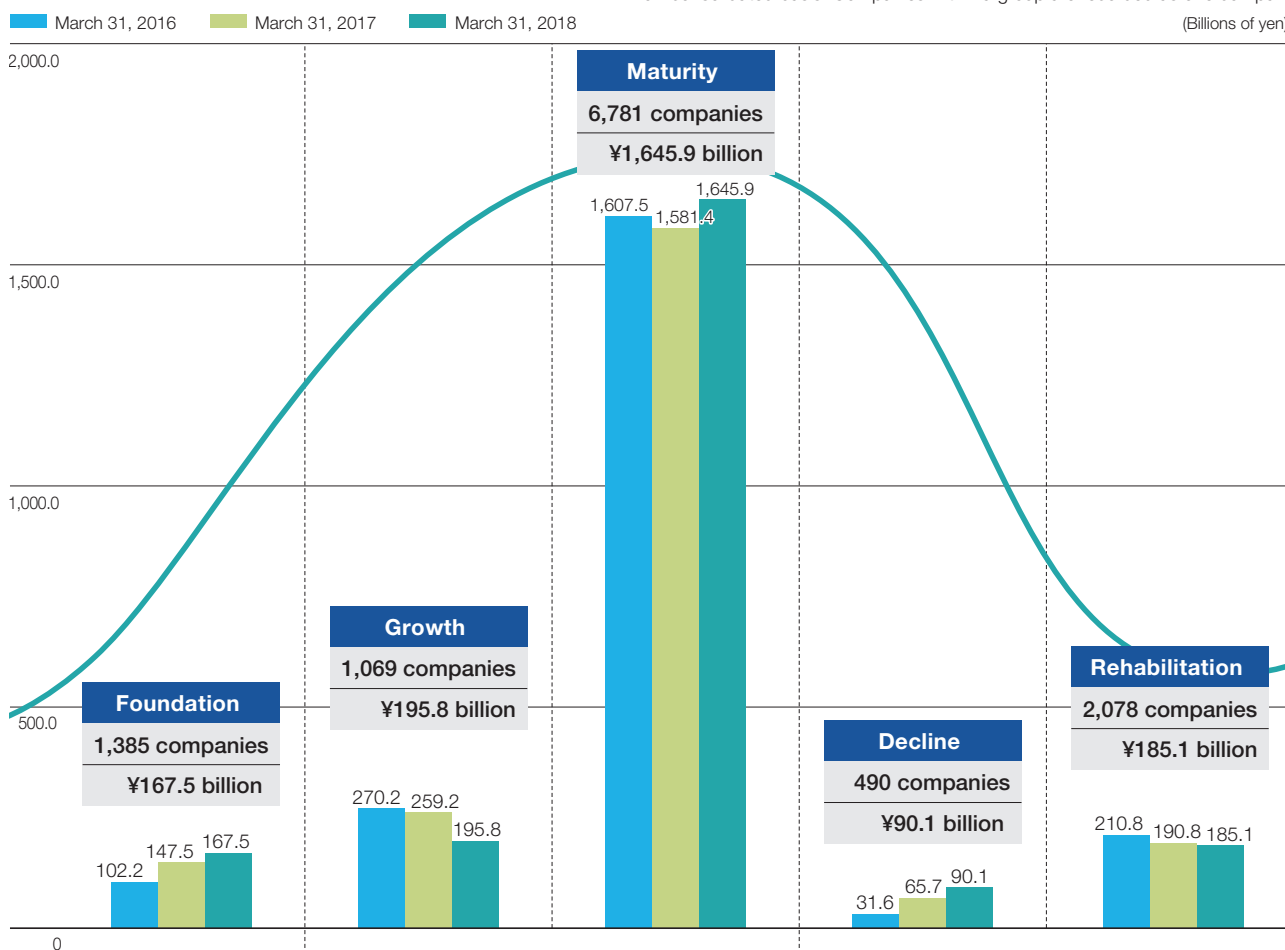
Loan balance of borrowers

¥2,795.9 billion (as of March 31, 2018)

* Although the number of corporate clients and individual business owners (including clients without a loan balance) is stated for the number of borrowers, the number of borrowers by life stage shown below does not include individual business owners or corporate clients for which there is no financial registration data for the past five years. (7,909 companies / loan balance of ¥511.5 billion).

Number of borrowers and loan balance by life stage (Number of borrowers: non-consolidated basis)

* Non-consolidated basis: Companies within a group are recorded as one company



The Bank's life stage-based support menu

- Use of start-up support financing systems
- Use of funds (77 Capital)
- Application support for foundation-related subsidies
- Support for business plan creation
- Cooperating with external support organizations

- Marketing channel development support (business meetings)
- Overseas business support
- Support measures for attracting companies
- M&A support

- Business reform plan formulation support
- Use of funds (earthquake-related)
- DES, DDS, debt waiver
- Use of public institutions such as REVIC
- Business succession support

Strengthening corporate rehabilitation support and business reform support

In order to support clients who have had difficulties repaying loans due to the impact of the earthquake, the Bank has responded flexibly to changes in loan conditions, including reductions in repayment amounts, depending on the degree of damage experienced by clients. After the earthquake, in order to strengthen the consulting functions, including corporate rehabilitation and business reform, we have increased the number of personnel at the Corporate Support Office (increased from five before the earthquake to current 11) in the Credit Supervision Division, which is a specialized department and permanently stationed external experts with advanced corporate rehabilitation know-how in Credit Supervision Division as part of efforts to strengthen our structures.

We will work to support corporate rehabilitation and business reform of customers by flexibly supporting new issues and diverse needs that arise with advancements in the stage of earthquake reconstruction, and by continuing to conduct analysis and proposals aimed at resolving issues related to the financial position and profitability of customers.

Progress of business reform for SMEs that have changed loan terms

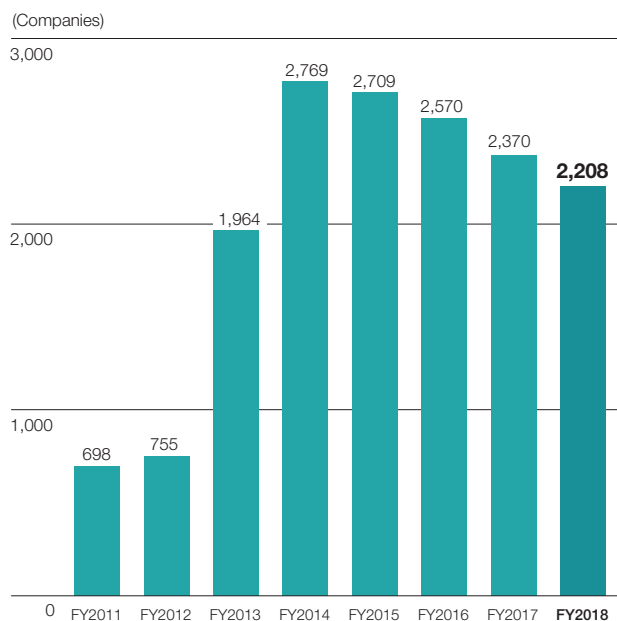
Total number of condition changes				
950	Good progress	Steady progress	Unfavorable progress	Clients without a plan
	29	250	101	570

Number of corporate rehabilitation support clients with highly feasible drastic business improvement plans and status of plan achievement

Number of clients with highly feasible drastic business improvement plans		
95	Number of clients that have achieved plans	Number of clients that have not yet achieved plans
	79	16

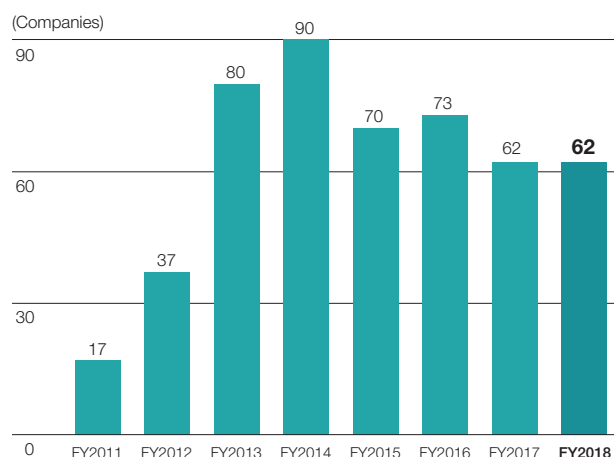
Number of business reform support clients

We conduct an analysis regarding the need for business reform support for each client to identify business reform support clients, and then provide business reform support including the presentation of approaches for resolving issues related to the financial position and profitability of these clients.



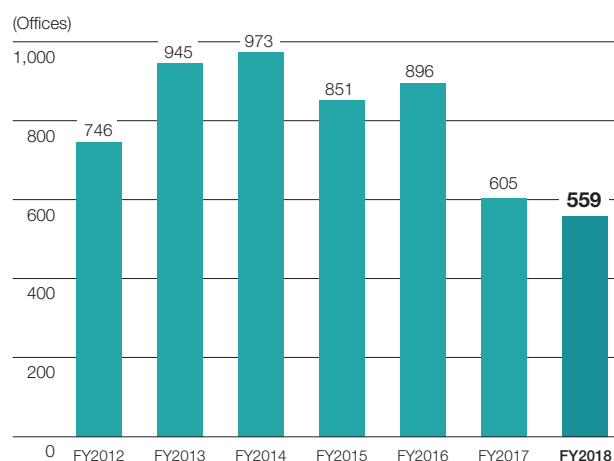
Number of corporate rehabilitation support clients

From among our business reform support clients, the Corporate Support Office selects clients with a particular need to plan and execute corporate rehabilitation support measures as corporate rehabilitation support clients, and actively engages in corporate rehabilitation support.



Number of off-site credit screening visits

In order to respond promptly and smoothly to credit screening consultations and applications, we conduct off-site credit screening in which Credit Supervision Division personnel visit a branch and conduct credit screening, as well as on-site credit screening and resident credit screening.



Number of secondees accepted for core business support for clients
Since April 2013, external experts with advanced corporate rehabilitation know-how have been permanently stationed in the Credit Supervision Division to offer proposals for utilizing credit purchase institutions for customers with double debt problems and support for the formulation of business reform plans.

Number of resident external experts (People)

FY2018
5

Number of users of resident external experts in the Credit Supervision Division (Companies)

FY2016	FY2017	FY2018
32	21	19

Number of users of the Regional Economy Vitalization Corporation of Japan (REVIC)

For the purpose of providing corporate rehabilitation support and business support that contributes to regional revitalization, we signed an agreement regarding the dispatch of specified experts with REVIC in August 2014, and will work to further strengthen our consulting functions through this provision of specialized knowledge and know-how.

Number of users of REVIC (Companies)

FY2016	FY2017	FY2018
12	8	11

Number of users of SME Business Rehabilitation Support Co-operatives

As a measure to strengthen corporate rehabilitation since before the earthquake, we endeavored to strengthen coordination, including the dispatch of human resources with the Miyagi Prefecture SME Business Rehabilitation Support Co-operative. In order to support the rehabilitation of companies affected by the Great East Japan Earthquake, we have also utilized this co-operative in establishment of cooperation support structures among financial institutions.

Number of users of SME Business Rehabilitation Support Co-operatives (Companies)

FY2016	FY2017	FY2018
28	25	25

Track record of corporate rehabilitation support using public institutions

In response to the double debt problems triggered by the earthquake, we have utilized public institutions such as the Corporation for Revitalizing Earthquake-Affected Business, which has diverse support menu including credit purchase and the Miyagi Organization for Industry Reconstruction. In addition, we utilize DES and DDS as effective rehabilitation support measures for companies requiring drastic corporate rehabilitation.

Users of DES, DDS, or debt waiver among corporate rehabilitation support clients and the support amount (Fiscal year ended March 31, 2018)

Corporation for Revitalizing Earthquake-Affected Business	Miyagi Organization for Industry Reconstruction	DES/DDS
7	0	1
¥3.1 billion	¥0.0 billion	¥0.8 billion

Track record for use of funds

We smoothly provide funds to companies that are engaged in businesses that contribute to the reconstruction and growth of areas affected by the earthquake through use of the Miyagi Reconstruction and Regional Revitalization Support Fund and the Great East Japan Earthquake SME Reconstruction Support Fund, for the purpose of recovery support for companies affected by the earthquake.

In addition, we use the 77 New Business Fund and other funds to provide growth funds and management support for companies in various life stages.

The Bank's main investee funds

Name	Size	Establishment	Investors
Miyagi Reconstruction Bridge Fund	¥1.3 billion	August 31, 2011	Unlimited liability partner (operator): Tohoku Reconstruction Partners Limited liability partners: The Bank, Development Bank of Japan
Great East Japan Earthquake SME Reconstruction Support Fund	¥8.8 billion	January 31, 2012	Unlimited liability partner (operator): Daiwa Corporate Investment Co., Ltd. Limited liability partners: The Bank, Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, etc.
Tohoku 6th Industrialization Bridge Fund	¥2.0 billion	April 25, 2013	Unlimited liability partner (operator): Yamada Consulting Group Co., Ltd. Limited liability partners: The Bank, Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan, etc.
Miyagi Reconstruction and Regional Revitalization Support Fund	¥5.0 billion	December 8, 2014	Unlimited liability partner (operator): Tohoku Reconstruction Partners Limited liability partners: The Bank, Development Bank of Japan, Regional Economy Vitalization Corporation of Japan
THVP-1 Fund	¥9.68 billion	August 31, 2015	Unlimited liability partner (operator): TOHOKU University Venture Partners Co., Ltd. Limited liability partners: The Bank, Tohoku University, etc.
77 New Business Fund	¥1.0 billion	August 19, 2016	Unlimited liability partner (operator): 77 Capital Co., Ltd. Limited liability partner: The Bank

Track record for use of funds

FY2018
10 cases/¥0.3 billion

Contributing to regional revitalization

We aim for regional revitalization by contributing to the growth of the regional economy and industrial development through the sharing of management issues with customers, proposals and support aimed at solving issues and improving business value of customers, and cooperation with industry-academia-government bodies under the close relationships with our customers.

Support for starting a new company or business

In the areas affected by the disaster, business start-ups and entrepreneurship have become more active, including new initiatives aimed at creative forms of reconstruction and the creation of businesses that use local resources. With the objectives of new business creation and vitalization of the regional economy through the promotion of business start-ups and entrepreneurship in the region, the Bank is providing various forms of support in cooperation with external organizations, and actively working to provide funds through the use of start-up-and-new-business-related financing systems provided by Miyagi Prefecture.

Subsidy application support

The Bank was certified as a Support Agency for Business Innovation in November 2012, and liaison personnel from branches and Headquarters visit customers to support business plan creation and applications for subsidies such as the Manufacturing Subsidy and Start-up Subsidy.

Subsidy application support results (as of March 31, 2018)

Cases of support: 474 / adoption results: 242 cases

<Main subsidies>

- SME and Small Business Manufacturing, Commerce, and Service Innovation Project
(Alias: New Manufacturing Subsidy)
- Regional Demand Creation Entrepreneurship and Foundation Promotion Subsidy (Alias: Start-up Subsidy), etc.

Working together with external support organizations

In order to expand support measures to solve business issues, etc. faced by business founders and entrepreneurs, the Bank works together with external support organizations that have a proven track record in providing support for business founders and entrepreneurs.

Business partnership execution date	Name of external support organization
January 2007	Tohoku University (business partnership)
July 2014	Sendai Start-up Assistance Network (participation)
July 2014	Japan Finance Corporation (business partnership)
August 2014	MAKOTO (General Incorporated Association) (business partnership)
December 2014	The Shoko Chukin Bank, Ltd. (business partnership)
August 2015	Miyagi University (business partnership)

Use of start-up support financing systems, implementation of investment business, and establishment of 77 Capital Co., Ltd.

The Bank utilizes start-up support financing systems and invests in venture companies from the viewpoint of developing local SMEs as a regional financial institution. In addition, 77 Capital Co., Ltd., a subsidiary that creates and manages funds, was established in July 2016, and is developing and supporting companies through fund investments.

77 Capital Co., Ltd.

Fund No.1: "77 New Business Fund"
Total value of fund: ¥1.0 billion (launched August 2016)
Investments made in FY2018: 8

Number of start-up support projects (by type of support)

(Companies)

Number of start-up support projects				
818	Start-up plan formulation support	Financing clients in the start-up stage	Introduction of government-affiliated financial institutions and start-up support organizations	Subsidies, financing, and investment in venture companies
	22	735	39	22

Support and development of regional core companies (promotion of business evaluation)

We conduct appropriate business evaluations regarding the business contents and growth potential of clients in various life stages while appropriately recognizing and analyzing the current state and issues of the regional economy and industries as we actively engage in business evaluations for the smooth provision of funds and proposals for solutions to resolve client issues.

Number of borrowers provided finance by the Bank based on business evaluations, their loan balance, and ratio of the above to all borrowers and the loan balance (Number of borrowers: non-consolidated basis)

	Number of borrowers	Loan balance
Number of borrowers financed based on business evaluations and their loan balance (1)	3,255 companies	¥543.6 billion
Total number of borrowers and the loan balance (2)	19,712 companies	¥2,795.9 billion
(1)/(2)	16.5%	19.4%

Number of clients using Guidelines for Personal Guarantee Provided by Business Owners Management Guarantees and percentage of all borrowers (Companies)

Total number of borrowers (1)		
19,712	Of which, clients using the Guidelines (2)	(2)/(1)
	2,940	14.9%

Number of unsecured borrowers and percentage of unsecured finance among local SME borrowers (Number of borrowers: non-consolidated basis) (Companies)

Total number of regional SME borrowers (1)		
16,324	Of which, unsecured borrowers (2)	(2)/(1)
	9,487	58.1%

Loan balance for regional SMEs (3)		
1,170.1	Of which, unsecured loan balance (4)	(4)/(3)
	285.5	24.4%

Percentage of borrowers that revolving mortgage has not been set for among local SME borrowers (Number of borrowers: non-consolidated basis) (Companies)

Total number of regional SME borrowers (1)		
16,324	Of which, borrowers that revolving mortgage has not been set for (2)	(2)/(1)
	12,880	78.9%

Percentage of finance amount with a guarantee from a credit guarantee association and percentage of financing with a 100% guarantee among local SME financing (Billions of yen)

Loan balance for SMEs		
1,751.5	Of which, finance amount with a guarantee from a credit guarantee association	
	111.3	Finance amount with a 100% guarantee 47.5

Loan balance of clients who are proposed with solutions and percentage of loan balance of all clients (Companies)

All clients (1)		
18,382	Of which, clients who are proposed with solutions (2)	(2)/(1)
	5,901	32.1%

Loan balance of all clients (3)		
2,795.9	Of which, loan balance of solution proposal clients (4)	(4)/(3)
	762.7	27.3%

Number of clients provided with support measures for attracting companies to the local region (Cases)

FY2016	FY2017	FY2018
54	46	64

Number of business succession and M&A support clients

Number of business succession support clients (Companies)

FY2016	FY2017	FY2018
169	174	367

Number of M&A support clients (Companies)

	FY2016	FY2017	FY2018
Advisory contract clients	9	10	15
M&A proposal clients	67	153	124

Clients assisted with sales channel development (by local, non-local, overseas) (Companies)

	FY2016	FY2017	FY2018
Local	537	983	1,578
Non-local	152	106	173
Overseas	8	13	16
Total	697	1,102	1,767

* Counted as "local" if both are local companies, "overseas" if one is an overseas company, and "non-local" in other cases

Improvements to the 77 brand

The Group will realize the provision of integrated financial services as a leading regional bank by working to improve customer convenience and expand group functions. We aim to improve the 77 brand and to be a bank that continues to be chosen by customers through means such as the development of human resources with both financing and consulting skills, along with heart-warming customer support capabilities.

Number of all clients and number of clients by region (Number of borrowers: non-consolidated basis)

(Companies)

	FY2018		
	Local	Non-local	
	Miyagi Prefecture	Non-local in the Tohoku Region	Other
Total number of clients	26,804		
Number of clients by region	22,780	4,024	
	22,780	2,547	1,477

Number of clients in cases which the Bank is the main bank (top in loan balance) and their percentage against all clients (Number of borrowers: non-consolidated basis)

(Companies)

FY2018	
Number of clients for which the Bank is the main bank (1)	8,461
Total number of clients (2)	26,804
(1)/(2)	31.6%

Among clients for which the Bank is the main bank (top loan balance), clients for which improvements were seen in management indices (sales, operating income ratio, labor productivity, etc.) or an increase in the number of employees (Number of clients: group basis)

(Companies/Billions of yen)

FY2018	
Number of clients for which the Bank is the main bank (1)	7,476
Loan balance of above	970.8
Clients that improved management indicators, etc. (2)	5,703
(2)/(1)	76.3%

* Group basis: Multiple companies within a group are recorded as one company

Loan balance at the end of the fiscal year for the last three years of customers that improved management indicators, etc.

(Billions of yen)

FY2016	FY2017	FY2018
740.2	808.8	820.3

Number of implemented training sessions on core business support for clients, number of participants, and number of people acquiring qualification

Number of training sessions	Number of participants	Number of people acquiring qualification
31 times	1,374 people	73 people

* The number of people acquiring qualifications is the total number of small and medium enterprise management consultants, personal property appraisal advisors, agricultural, and fishery management advisors

Reference

Supplementary explanation on terms used in “Financial intermediary function benchmarks”

Clients	Borrowers who are corporate clients and individual business owners (including clients without a loan balance), and customers that have received various forms of support, including solution proposals	Highly feasible drastic business improvement plans	Business reform plans with highly feasible drastic business improvement plans and clients with a sales achievement rate of at least 80% are classified as those that have achieved plans
Borrowers	Includes clients without a loan balance, such as clients with only a credit line or guarantees	DES/DDS	Debt for equity swaps and debt for debt swaps are methods that aim to eliminate excessive debt for companies with future business potential or an outlook of improvements in management. Efforts are made to improve the balance sheet through conversion of debt into equity (DES) and subordination (DDS) to facilitate business reforms DES: Method in which a financial institution swaps existing debt to equity DDS: Method in which a financial institution swaps existing debt to a subordinated loan with a lower repayment order than general creditors
Main borrowers	Borrowers whose highest loan balance is with the Bank among loan balances at time of financial closing of the customer		
Life stages	(1) Foundation: Up to 5 years from initial or secondary business launch (2) Growth: Average net sales for the past 2 years is over 120% of that for the past 5 years (3) Maturity: Average net sales for the past 2 years is 80% to 120% of that for the past 5 years (4) Decline: Average net sales for the past 2 years is less than 80% of that for the past 5 years (5) Rehabilitation: Period during which there have been loan condition changes or delinquency		
Secondary business launch	(1) When the successor of a client company with existing business starts a new business (2) When a manager that has transferred (succeeded) an existing business starts a new business (3) When a company changes industries and rebuilds itself through fundamental corporate rehabilitation		
Progress of business reform plans	Classified based on achievement of sales against the plan (1) Good: Achievement of over 120% (2) Steady: Achievement of 80% to 120% (3) Unfavorable: Achievement of less than 80%	Guarantee agreement with stopping conditions	Guarantee agreement which holds back the occurrence of guarantee obligations, in which guarantee obligations occur if matters that have been pledged are violated

Enhancement of Service Network and Channels

The Bank has 143 branches (128 of which are located in Miyagi Prefecture). In addition, the Bank works to improve the convenience of people in the region through various other channels that it has available. (As of July 2, 2018)

NEW!

Establishment of Nozomino Sub-Branch as a next generation branch

In June 2018, the Hebata Branch Nozomino Sub-Branch was established as an office in Nozomino, Ishinomaki City, based on a new concept that differs from traditional offices in response to changes in the market and to offer even further convenience for retail customers using the Bank.

The new office offers state of the art equipment and a self-service counter (77 Smart Counters) that can be used with employee assistance, as well as fully private consultation booths where customers can comfortably consult our employees in complete privacy. In addition, a remote consultation system enabling mutual communication with dedicated Headquarters staff members has been installed, and we support a wide variety of retail customer needs including life planning, inheritance, and the effective use of real estate.



Opening day of the office



Remote consultation system

Being open for business on holidays

The Bank's Counselling Plazas, Loan Centers, and Insurance Plazas are open for business on holidays. In addition, our branches and Loan Centers occasionally hold 77 Weekend Loan Advisory Sessions that allow customers to consult on and apply for various types of loans including housing and educational loans.

Business days and business hours for Counselling Plazas, Loan Centers, and Insurance Plazas (As of July 2, 2018)

Name	Business days and business hours
Sendai Ekimae Counselling Plaza (within Sendai Ekimae Branch)	Weekdays, Saturdays, Sundays, holidays: 9:00 to 16:30 (Excluding December 31 to January 3)
Izumi Counselling Plaza (within Izumi Branch)	
Akashidai Counselling Plaza (within Akashidai Branch)	
Kuryu Counselling Plaza (within Kuryu Branch)	
Rifu Counselling Plaza (within Rifu Branch)	
Furukawa Counselling Plaza (within Furukawa Branch)	
Head Office Loan Center (Head Office 3F)	
Nagamachi Loan Center (Nagamachi-minami Branch 2F)	
Izumi Loan Center (Izumichuo Branch 2F)	
Sendai Higashiguchi Loan Center (Sendai Higashiguchi Branch 2F)	
Ishinomaki Loan Center (within Hebata Branch)	
Mori-sekinoshita Loan Center (within Mori-sekinoshita Branch)	
Rokuchome Loan Center (within Rokuchome Branch)	
77 Akashidai Insurance Plaza (within Akashidai Branch)	
77 Nagamachi-minami Insurance Plaza (within Nagamachi-minami Branch)	

* Reservations are required for Saturday, Sunday, and holiday visits to Loan Centers at the Head Office and the Sendai Higashiguchi Branch and for visits to the 77 Akashidai Insurance Plaza and 77 Nagamachi-minami Insurance Plaza.

Expansion of ATM services

<Expansion of opening hours for cash service corners>

In October 2016, we expanded the opening hours of cash service corners in Miyagi Prefecture to 7:00 to 22:00 on Saturdays, Sundays, and holidays, in principle, in order to further improve convenience for customers.

<Installation of ATMs that support cards issued overseas>

ATMs that allow withdrawals in Japanese yen and balance inquiries using credit cards and other cards issued overseas have been installed at the Head Office and the Sendai Airport Sub-Branch, as well as on the third floor of JR Sendai Station.

An ATM was also newly installed at Sendai Airport Transit's Mori-sekinoshita Station in September 2017, and as of March 31, 2018, these ATMs are available at four locations.

<Offering ATM Pay-easy and ATM Lottery services>

The ATM Pay-easy service allows customers to make payments for taxes and various charges supported by Pay-easy, which is a service handled by the Bank's designated collection agency. The service allows payments in cash or by cash card, and cash card payments are also available on Saturdays, Sundays, and holidays.

In addition, with the ATM Lottery, which allows customers to buy number-selection type lottery tickets with their cash cards using the ATM (NUMBERS 3, NUMBERS 4, MINI LOTO, LOTO 6, and LOTO 7), prize money is automatically transferred to the cash card account used for purchase in two business days from the winning date.

<Partnerships with financial institutions>

We have ATM partnerships with E-net, Lawson ATM Networks, Seven Bank, AEON Bank, and JAPAN POST BANK, and our cash cards can be used at convenience stores throughout Japan for transactions such as withdrawals and balance inquiries.

In addition, withdrawals are free of charge during daytime hours on weekdays for some partner financial institutions.

Partner financial institutions with free withdrawals during the daytime hours on weekdays

	Applicable financial institutions	Available business hours
	SENDAI BANK, Morinomiya Shinkin Bank, First Bank MIYASHIN, Ishinomaki-Shinkin Bank, Sennan-Shinkin Bank, Kesennuma Shinkin Bank	Weekdays 8:45 to 18:00
	Yamagata Bank, Toho Bank	Weekdays 9:00 to 18:00
ATM linkage	Tohoku Bank, Kita-Nippon Bank	Weekdays 8:45 to 18:00

Channel diversification efforts

The Bank has expanded direct channels to allow the direct use of services including fund transfer and deposit inquiries as well as bank transfers by telephone, Internet, mobile phone and other means in response to the diversifying needs of customers.

Telephone banking

Telephone banking is a service that allows balance inquiries, fund transfer and deposit inquiries, and account transfers by telephone and is available from 9:00 to 19:00 on weekdays. This service can also be used to carry out address change procedures.

Internet banking

Internet banking is a transaction service that is available over the Internet using a computer or smartphone. Services such as balance inquiries, fund transfer and deposit inquiries, bank and account transfers, time deposit contract signing or cancellation, investment trust transactions, foreign currency deposits transactions, public bond transactions, and payment of taxes and various charges supported by Pay-easy can be used anytime, 24 hours a day (excluding some services). In addition, changes to housing loan conditions (entering fixed interest selective special contracts and partial early repayment) and digital delivery services are also available.

Transactions are also possible using a smartphone dedicated transaction display (excluding some services).

Mobile banking

Mobile banking is a service for mobile phones that support i-mode, EZweb, and Yahoo! Keitai. Services such as balance inquiries, fund transfer and deposit inquiries, bank and account transfers, and payment of taxes and various charges supported by Pay-easy (online services only) are available anytime, 24 hours a day (excluding some services).

77 Bank account opening app

This app allows users to apply to open an ordinary deposit account using a smartphone. By taking a photo of a driver's license using a smartphone camera, the information of the user, including name and address are automatically reflected, making it possible to apply for opening a new account without the inconvenience of direct input by the user.

In addition, users can apply to open an investment trust trading account if they have an ordinary deposit account at a branch that offers investment trusts.

* There are conditions for use. In addition, applications may be refused based on a comprehensive judgment.

NEW!

Launch of digital delivery service for Internet banking

In March 2018, we launched a digital delivery service for documents related to deposits and investment trusts that are sent to customers by post.

With this service, customers can view supported documents at any time on their Internet banking screen, and as these documents can be saved on a PC or smartphone, document management is easier with a reduced risk of loss.

NEW!

Launch of 77 Bank app

This smartphone app allows users to make balance inquiries and fund transfer and deposit inquiries for ordinary deposit accounts, savings deposit accounts and card loan accounts, as well as use purpose-based deposits that make it fun to save by setting goals such as a car purchase or trip. In cooperation with a personal asset management app, Issho Tsucho (lifetime account management) by Moneytree, which allows users to centrally manage details regarding transaction status including the Bank's accounts and credit cards, is also supported.



NEW!

Launch of 77 Bank Robo-advisor and Simulation

The 77 Bank Robo-advisor and Simulation is an asset management support service that include a robot advisor that leverages FinTech, in order to support the diversifying financial asset management needs of customers.

Various features are available on our website free of charge, including guidance on investment plans depending on the customer's approach towards investment, as well as risk-return analysis and investment simulations.

NEW!

Started the use of SNS (Social Networking Services)

The Bank started communicating through Facebook and LINE from December 2017 in order to create contact points with customers from a wide range of generations. We provide information to improve customer convenience and value, including information on products, services and campaigns, as well as information on events and tourism in the prefecture.

NEW!

Launch of Online Bankbooks

In consideration of the environment and promoting paperless operations, from April 2018, we have given users the option of selecting Online Bankbooks when opening an account. In the past, Online Bankbooks could only be selected through the account opening app and Internet banking.

The Online Bankbook is a convenient, eco-friendly bankbook that allows users to make balance and transaction record inquiries online such as by using Internet banking instead of issuing a paper bankbook. In addition to making it possible for users to confirm transaction records at any time and place, users also have no need to worry about unauthorized use due to loss or theft of a bankbook.

Operations that Put Customers First

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

The 77 Basic Policy on Operations that Put Customers First

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

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

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

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



* Japanese Language only

Initiatives for operations that put customers first

The Bank conducted the following initiatives in FY2018 based on the 77 Basic Policy on Operations that Put Customers First.

As part of the provision of services that are appropriate for customers, the Bank has launched asset management support services that leverage FinTech, including a robot advisor service. In this service, the robot advisor responds to simple questions from customers through a dedicated PC or smartphone website, in order to propose asset management plans that are appropriate for customers.



As part of the provision of information that is easy-to-understand for customers, we have renewed the contents of the Money Plan Guide and 77 Bank Fund Selection.

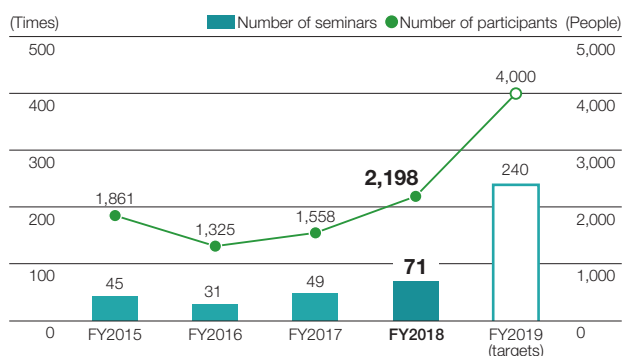


Key performance indicators (KPIs) for operations that put customers first

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

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

Number of seminars held for customers and number of participants

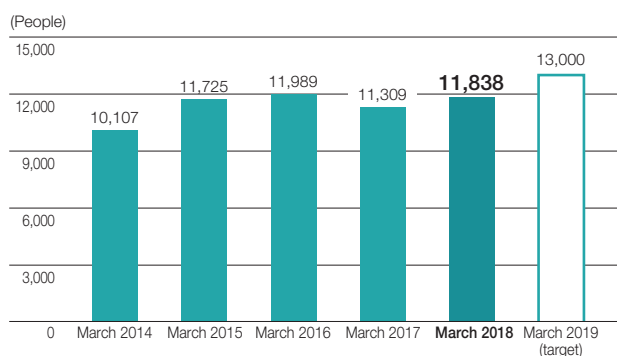


2. Provision of services that are appropriate for customers

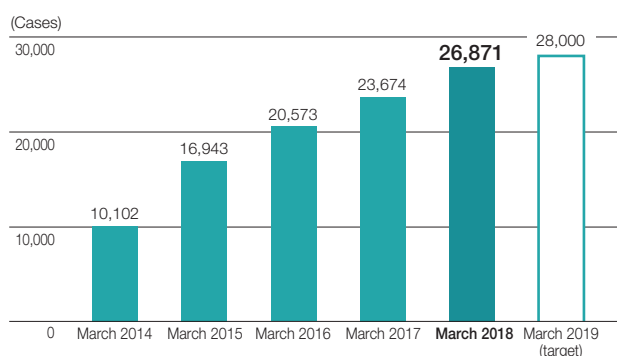
Consulting from a customer perspective

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

Number of 77 Savings Investment Trust contract holders



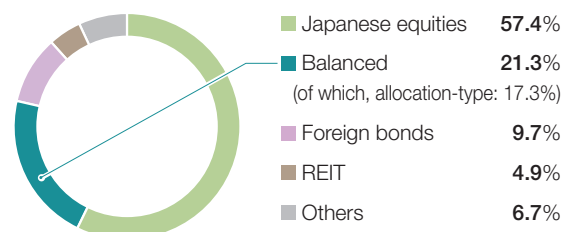
Number of tax-exempt accounts (NISA, etc.) opened



Promotion of stable asset formation

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

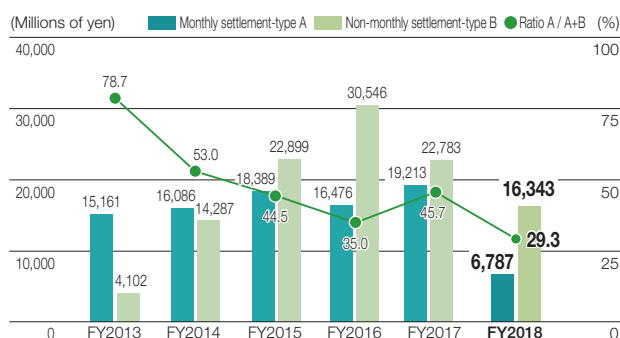
Portfolio of sales amount for balanced fund-type investment trusts



Abundant product lineup

- We offer 70 investment trust products and 27 life insurance products in order to support the diverse needs of customers.
- In addition, we take a careful approach towards proposal for monthly settlement-type investment trusts so that the compound effect interest can be better gained.

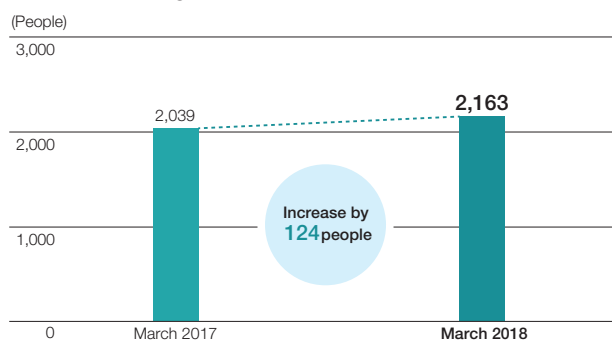
Comparison of ratio of sales amount for monthly settlement-type investment trusts and other types of investment trusts to total investment trusts sales



3. Strengthening of structures and raising awareness inside the Bank

- We have established a branch performance evaluation system that evaluates actions that meet the needs and interests of customers, and such actions are appropriately reflected in the evaluation of employees and personnel.
- The Bank promotes the acquisition of qualifications such as 1st and 2nd grade Certified Financial Planner, and CFP from the perspective of appropriate asset management proposals.

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



Measures to Strengthen Transaction Security

■ Measures to strengthen security related to transactions using cash cards

<Setting of withdrawal limit>

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

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

<Partial use limits on bank transfers>

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

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

Applicable customers

Customers for whom both of the following two conditions apply

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

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

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

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

Toll-free number

0120-77-1099 Available 24/7

■ Strengthening security for Internet banking

In light of the fact that the unauthorized use of Internet banking is becoming a social problem, we have worked to strengthen security and our systems for protecting customers through means such as compensation for corporate clients that have incurred damages due to unauthorized withdrawals, and the launch of one-time passwords (disposable passwords that change after a certain amount of time has elapsed) in our Internet banking services for corporate clients and individual business owners.

In addition, in our Internet banking services for retail customers, we have started providing risk-based authentication (confirmation of identity through a secret phrase), email notification passwords, and one-time passwords. In addition, in light of an increase in the unauthorized use of Pay-easy across Japan, we have strengthened security by setting a limit amount on payment using Pay-easy with Internet banking.

In addition to the measures above, in April 2017, we further strengthened security through the introduction of a feature that detects virus infections on the computers of customers and unauthorized transactions, and which does not require installation by the customer.

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

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

Main contents of the agreement

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

Supporting elderly customers and customers with disabilities

<Office facilities>

Installation of priority seats

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

Installation of ATMs with voice interaction functions

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

Installation of ramps and elimination of level differences at branch entrances

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

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

Installation of COMUOON desktop-type interaction support system

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

Installation of lap writing tables

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

Equipping branches with wheelchairs

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

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

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



Communication board



Guidance sign for people with hearing disabilities

purpose of bank visits and transactions.

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

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

Display of service dog welcome stickers

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



<Products and services>

Support for filling out forms by employees

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

Supporting customers who are visually impaired

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

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

Braille service for customers who are visually impaired

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

IC cash cards with Braille

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



Braille display

We will continue to walk together with the people of the region.

Basic Policy on Social Contribution Activities

We will achieve co-prosperity with the region and dedicate ourselves to serving the region by deepening interaction with regional society as a member of the local community and through our ongoing social contribution activities, including support for cultural and educational promotion as well as social welfare activities.



Interaction with the Region

■ Participation in regional events

The 34th Sendai Aoba Festival was held in May 2018, during which approximately 180 employees participated in the Yamaboko Parade, which was the highlight of the festival. The stirring sound of the Japanese drums and the energy of the people pulling the Bank's "Shichifuku Odaiko Yamaboko" in the parade and the beautiful performance of the dancers who had practiced earnestly for the day's entertainment were met with applause and cheers from the audience.

During the Sendai Tanabata Festival, which is one of the three major festivals of Tohoku held in August every year, we put up Tanabata decorations in front of the branch located in the arcade where the festival is held and Head Office Business Division. At the traditional Dontosai Festival that celebrates the Lunar New Year every January, approximately 70 employees made the traditional

hadakamairi (naked shrine visit) to Osaki Hachiman Shrine wearing only light clothing in January 2018.

Each branch also works to interact with the region through active participation in regional festivals and a variety of events. In addition, the Bank's wadaiko (Japanese drums) club performs at regional festivals and various events, and also holds solo performances and a taiko school.



Sendai Aoba Festival



Dontosai Festival

Responding to Environmental Issues

We have established and released an Environmental Policy to clarify the Bank's stance toward the environment as a regional financial institution and to actively and continuously promote efforts to protect the natural environment of the region and reduce our environmental burden.

Environmental Policy

[Basic Principle]

The 77 Bank believes that it has a social responsibility to protect the beautiful and abundant natural environment and to pass it down to the next generation in an improved state as a good corporate citizen.

Based on the mindset to "Elevate the Spirit of Voluntary Service," which is the first item in the Bank Creed, our basic principle of management, the Bank aims to be a company that coexists with regional society, and for this reason the Bank is actively and continuously engaged in environmental conservation activities aimed at creation of a sustainable society.

[Action Guidelines]

1. We will comply with laws and regulations, agreements, and other matters related to the environment to which the Bank has agreed.
2. We will promote energy conservation, resource conservation and recycling activities, and work to reduce our environmental burden.
3. We will support customers involved in environmental conservation through the provision of environmentally-friendly financial products and services.
4. We will conduct awareness raising activities to deepen the awareness of each and every executive and employee regarding the environment and promote environmental conservation activities in regional society.

■ Environmental conservation activities through financial products and services

The Bank supports companies and individual customers actively involved in social contribution activities such as those for environmental conservation through environmentally-friendly financial products and services.

<Products for businesses>

We offer products such as the 77 Social Contribution Activities Support Loan for companies engaged in efforts such as the prevention of global warming and the introduction of recycling-related equipment.

<Products for individual customers>

We offer investment trusts that invest in environmentally-conscious companies, as well as reduced interest rates for car loans plans for the purchase of eco-cars.

■ Efforts to reduce environmental burden

<Introduction of fuel cell vehicles>

We introduced two of Toyota Motor's MIRAI fuel cell vehicles for use as sales vehicles in August 2017 in an effort to reduce our environmental burden and support the use of hydrogen energy, which is being promoted by the government and Miyagi Prefecture.



<Recycling and resource conservation efforts>

Files that are constructed of 100% paper including the binding are used to save documents and forms at branches, so that information assets for which the retention period has elapsed can be recycled after dissolution while still in the files.

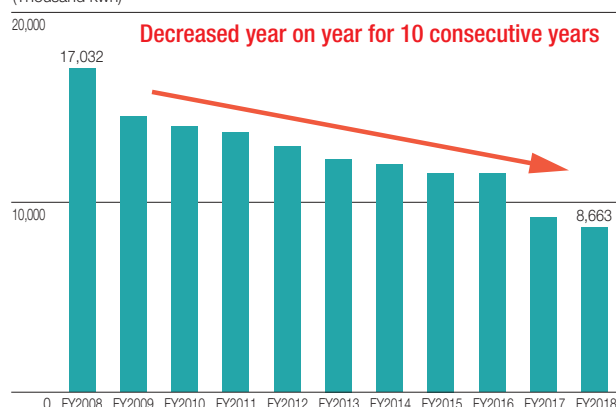
<Other efforts>

- (1) Implementation of cool biz and warm biz campaign
- (2) Establishment of environmentally friendly branches
- (3) Switching to energy-efficient air conditioners
- (4) Offering bankbooks that use environmentally-friendly materials
- (5) Participation in CO₂ reduction and light use reduction campaigns
- (6) Support of the climate change campaign "Fun to Share" declaration

■ Initiatives for saving energy

<Power consumption (Total at Head Office, Administration Center, and Izumi Center (systems departments))>

(Thousand kwh)



Supporting Financial Education

■ Course provided at Tohoku Gakuin University

A course provided by The 77 Bank has been held at the Faculty of Business Administration at Tohoku Gakuin University since FY2012 for the purpose of promoting social contributions to the region through education and research contributing to the development of the regional economy and human resources.

This course is taught by an employee of the Bank, and covers topics such as specific details of bank operations, recent financial trends, and the role of regional financial institutions. The course was held for the 7th time in FY2018, and it has been participated by 328 students since the start of the course in September 2017.



■ Conducting the Student City experiential educational program

We provide a Student City experiential educational program for elementary school students, conducted at the Sendai Children Experience Plaza Elem, which was opened by Sendai City in September 2014 as a working experience facility.

This program allows students to learn about economic and social mechanisms, and what work is like through experience as employees and customers at reproductions of stores and offices, and has become part of the curriculum for fifth and sixth grade classes at public elementary schools in Sendai City.



As a sponsoring company of this program, the Bank has established a booth that is a reproduction of a bank counter, and dispatches operations volunteers. Approximately 8,200 students from 114 schools participated in FY2018.

■ National High School Student Finance and Economics Quiz Championship “Economics Koshien”

The Miyagi Tournament of the National High School Student Finance and Economics Quiz Championship “Economics Koshien” has been held since FY2010 through joint sponsorship with the Association for the Promotion of Financial Literacy, in an effort to make social contributions to the region through an educational project for acquiring the financial and economics knowledge that is essential for life planning and safeguarding one’s lifestyle.

■ The 77Bank Currency and Banking Museum

The 77Bank Currency and Banking Museum was opened in December 1998 in celebration of the 120th anniversary of our founding and in gratitude for the many years of support from people in the region. Media such as exhibition panels, actual materials, videos, and experiential displays are used to introduce topics, including as the history and roles of money, the birth and development of banks, and industry and economy in Miyagi Prefecture and Japan in a manner that is easy to understand.

The center was visited and used as an opportunity for financial education by approximately 1,600 people, including students from 55 elementary schools and junior high schools during FY2018.



Supporting Cultural Activities

■ 77 Fureai Concert

The 77 Fureai Concert has been held continuously since FY1993 in cooperation with the Sendai Philharmonic Orchestra, in order to give students from regional elementary schools and junior high schools the opportunity to experience a live orchestra.

Concerts were held at Tenshin Elementary School (Tagajo City) and Matsushima Junior High School (Matsushima Town) in FY2018, where a total of approximately 750 people including children, students, and family members viewed a powerful musical performance and enjoyed introductions of the orchestral instruments and conductor experiences.



experience of the Sendai Pageant of Starlight, which is becoming established as a winter tradition, as a member of the city.

In December 2017, Junko Yagami was invited as a guest, and performed various hit songs with the backing of the Sendai Philharmonic Orchestra. In addition, fundraising activities were conducted to help support earthquake reconstruction and operation of the Sendai Pageant of Starlight.



■ 77 Starlight Symphony

The Bank has held a charity concert named the 77 Starlight Symphony since 1991 in order to enhance the

■ Sponsorship of cultural activities

The Bank sponsors many cultural activities, festivals and events to contribute to cultural promotion in the region. In FY2018, the Bank sponsored the Davos-Sendai World Bosai Forum International Disaster and Risk Conference 2017 in Sendai, the 61st All Tohoku Piano Competition, and the 54th Arts Festival of Miyagi.

Promoting Sports ESG

■ Volunteer activities at the Sendai International Half Marathon

At the 28th Sendai International Half Marathon held in May 2018, 35 employees were involved in volunteer activities as water supply staff.

On the day of the event, the volunteers provided water at a water supply stand located near the Bank's Head Office building while enthusiastically cheering on the runners doing their best.



■ Promotion of sports through local professional sports teams

We contribute to the promotion of local sports by supporting the activities of local professional sports teams as an official sponsor of the Tohoku Rakuten Golden Eagles, Vegalta Sendai, and the Sendai 89ERS.



In addition, we support the activities of the professional futsal team, Voscuore Sendai as an official sponsor, and the activities of the academy team (elementary school students to high school students) of Vegalta Sendai, as a uniform sponsor.

■ Promotion of sports through sports club activities

The Bank promotes regional sports through sports club activities.

The baseball team, track and field team, and badminton team participate in national level competitions such as the Intercity Baseball Tournament, Japan National Championships, and All Japan Jitsugyodan Badminton Championships, while the para-badminton team also competes in international level competitions, activities which are conducted to bring some bright news and vitality to the region.

In addition, we are actively engaged in coaching activities in order to contribute to earthquake reconstruction through the promotion of sports.

TOPICS

Badminton team member Ayako Suzuki has represented Japan, earning gold medals at three international competitions in FY2018, including the Para-Badminton World Championships. In December 2017, she was awarded with Sanji No Tate Award by Sendai City, which recognizes individuals with outstanding performance in sports, and there are hopes for her to participate and earn a medal at the 2020 Tokyo Paralympic Games.



Contribution to Social Welfare ESG

■ 77 Caring Fund Raising Committee

The 77 Caring Fund Raising Committee was established in 1994 by the executives and employees of the Bank for the purpose of donating to social welfare projects and facilities in appreciation of the support received from the local community to that time.

During FY2018, a total of approximately ¥3.4 million was donated to 10 social welfare facilities recommended by the Miyagi Prefecture Social Welfare Council and 14 volunteer groups. The donated funds are used to cover facility repair costs, running costs for volunteer activities and other expenses.

■ Cooperation in blood donation projects through a corporate blood donation campaign

We have conducted a corporate blood donation campaign in cooperation with the Miyagi Prefecture Red Cross Blood Center in order to contribute to ensuring a stable supply of blood required for medical



treatment. During FY2018, a blood donation campaign using a mobile blood bank was conducted at the Head Office, Izumi Center and 12 branches, with 316 participants.

In 2008, in commemoration of the 130th anniversary of our establishment, the Bank donated one mobile blood bank to the Miyagi Prefecture Red Cross Blood Center, which is now being used throughout the prefecture.

■ Small Kindness Movement

Since the establishment of the Miyagi Prefecture Headquarters of the Small Kindness Movement, the Bank has been involved in the planning and operation of these activities, while serving as the secretariat for 42 years.

The Summer Sendai Cleaning Campaign is conducted each year prior to opening of the Sendai Tanabata Festival, and in FY2018, it was participated by approximately 280 people including 110 employees of the Bank. During the campaign, we cleaned the areas near Sendai Station and the shopping streets, and distributed pocket tissues to raise awareness of the cleaning campaign.

Overview

Profile

(As of March 31, 2018)

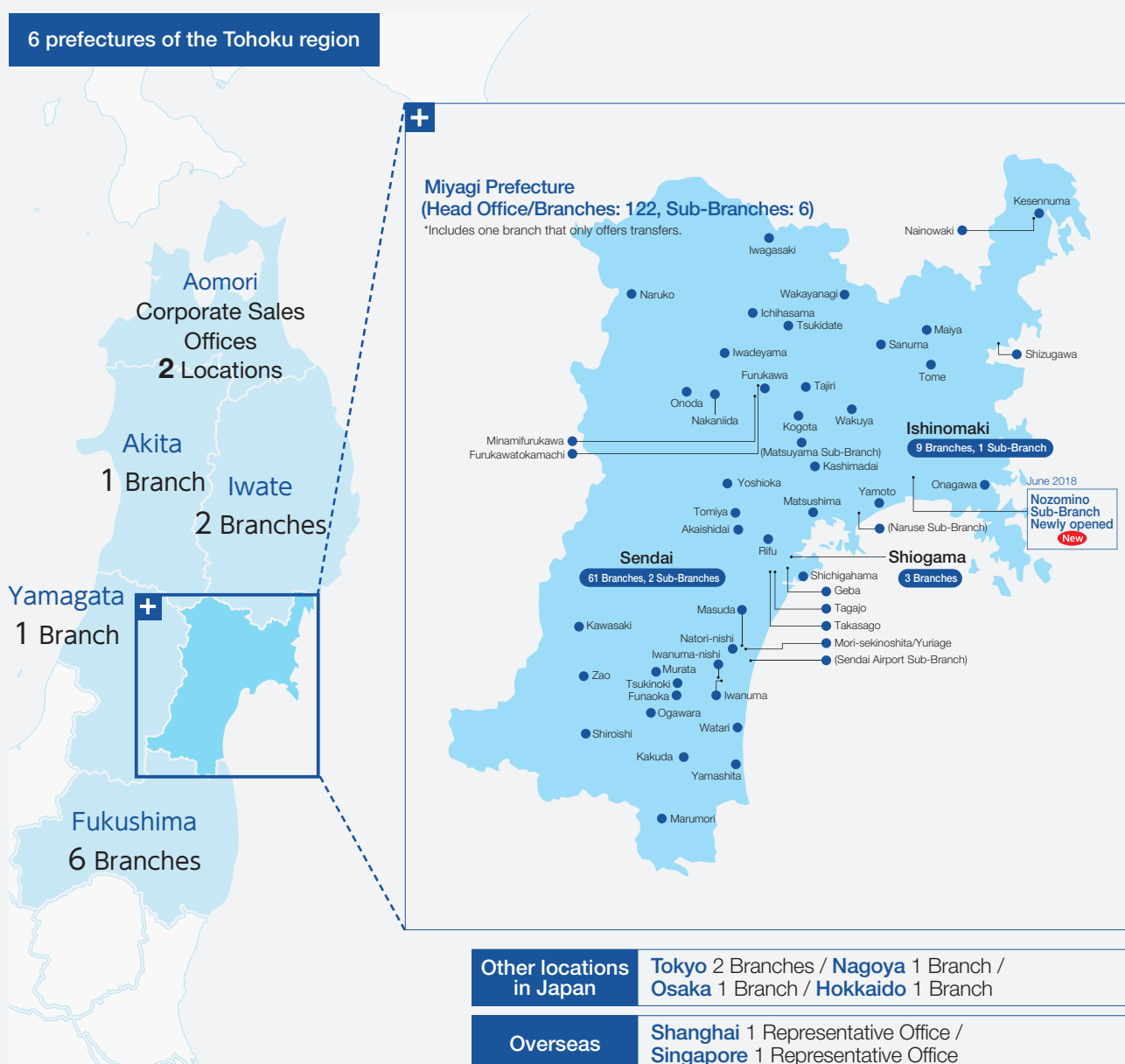
Company Name:	The 77 Bank, Ltd.	Shares Outstanding:	76,655 thousand
Head Office:	3-20, Chuo 3-chome, Aoba-ku, Sendai, Miyagi 980-8777, Japan	Number of Shareholders:	11,306
Founded:	December 9, 1878	Capital Adequacy Ratio (domestic standards):	non-consolidated 10.18% / consolidated 10.43%
Paid-in Capital:	¥24.6 billion	Total Assets:	¥8,701.5 billion
Number of Employees:	2,822	Deposits and Certificates of Deposits:	¥7,964.3 billion
Number of Branches:	142 (Head Office/Branches: 137, Sub-Branches: 5)	Loans and Bills Discounted: ...	¥4,627.1 billion

Business Description

Deposit services	Deposits	The Bank offers current deposits, ordinary deposits, savings deposits, deposits at notice, time deposits, time savings, separate deposits, reserve deposits for tax payment, non-resident yen deposits, foreign currency deposits, etc.
	Certificates of deposits	The Bank offers negotiable time deposits.
Loan services	Loans	The Bank offers loans on bills, loans on deeds, and overdrafts.
	Discounts on bills	The Bank offers discounts on bank acceptances, commercial bills, and documentary bills.
Trading account securities transaction services		The Bank offers transaction services for public bonds including national government bonds and commercial paper.
Securities investment		The Bank invests in national government bonds, local government bonds, corporate bonds, stocks, and other securities for deposit payment preparations and asset management.
Domestic exchange services		The Bank offers services such as exchange for remittance, account transfers, and bills for collection.
Foreign exchange services		The Bank offers various services related to exports, imports, foreign remittances, and other foreign exchange services.
Contracted services for corporate bonds		The Bank offers contracted services for corporate bonds and contracted services for public and corporate bond subscriptions under the Secured Bond Trust Act.
Financial futures transaction services, etc.		The Bank offers services such as financial futures transactions, options transactions, and swap transactions.
Ancillary services	Agent services	Agent services for the Bank of Japan, revenue agent services for the Bank of Japan
		Public fund handling services for local governments
		Agent services for the Organization for Workers' Retirement Allowance Mutual Aid, etc.
		Agent services for the receipt of payments for stocks and agent services for the payment of stock dividends and interest on public and corporate bonds
		Loan agent services for the Japan Finance Corporation, etc.
		Trust agent services
		Nonlife insurance agent services
		Life insurance agent services
		Safe custody and safe deposit box services
		Securities lending
		Obligation guarantees (acceptances)
		Gold trading
		Public bond underwriting
		Over-the-counter sales of public bonds including government bonds and investment trusts
		Corporate-type defined contribution pension services
		Handling of commercial paper, etc.
		Financial product brokerage services

Service Network

(As of July 2, 2018)



Service Network Data

	Number of municipalities (within Miyagi Prefecture)	Of which, areas with the Bank's location	Total number of the Bank's locations	Number of head office/branches	Number of sub-branches	Cash corners outside of branches	Number of ATMs
Within Miyagi Prefecture	35	31	128	122	6	266	784
Cities	14	14	109	103	6	230	686
[Of which, Sendai City]			[63]	[61]	[2]	[142]	[433]
Towns	20	17	19	19	-	35	97
Villages	1	-	-	-	-	1	1
Outside of Miyagi Prefecture			15	15	-	3	28
Within Tokyo			2	2	-	-	3
Other prefectures			13	13	-	3	25
Total	35 municipalities	31 cities and towns	143 locations	137 locations	6 locations	269 locations	812 ATMs

(Notes) 1. Other branch locations: Sapporo City, Morioka City, Kitakami City, Akita City, Yamagata City, Fukushima City, Koriyama City, Soma City, Minamisoma City, Iwaki City (2 branches), Nagoya City, and Osaka City
2. There is a cash corner at all branches besides the Nagoya Branch and Osaka Branch.

About The 77 Bank, Ltd.

Frameworks Supporting the Business Foundations

Growing with the Region Toward Sustainable Development

Contributing to the Region

Social Contribution Activities

Bank Data

Disclosure materials

Introduction of Disclosure 2018 (Data)



This is a disclosure document based on Article 21 of the Banking Act (explanatory document regarding our business and financial condition). It states financial data and matters related to the status of capital adequacy, and is available on The 77 Bank's website.

* Japanese Language only

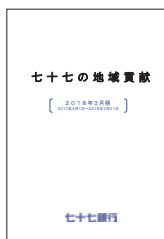
Introduction of Mini Disclosure 2018



This small pamphlet provides a summary overview of our business results and state of operations, in consideration of our relationship with the local community, in a manner that is easy to understand. It is available at both The 77 Bank's Head Office and branches, and The 77 Bank's website.

* Japanese Language only

Introduction of Social Contributions by The 77 Bank



This is a detailed introduction of the relationship between The 77 Bank and the local community. It is available on The 77 Bank's website.

* Japanese Language only

In addition to this document, The 77 Bank has prepared disclosures including Disclosure 2018 (Data) based on the Banking Act, the Securities Report based on the Financial Instruments and Exchange Act, Mini Disclosure 2018 for the general public and shareholders, and the Annual Report for countries overseas.

In addition, we are continuously working to provide investors with a better understanding of The 77 Bank, Ltd. through means such as the timely disclosure of management information through our website, etc. and the holding of corporate IR briefings twice per year.

Going forward, The 77 Bank, Ltd. will pursue sound management and work towards timely and appropriate disclosure.

Customer feedback

Customer Feedback Cards are available at lobbies and ATM corners at our branches, as a tool for gathering insights and feedback regarding products and services, as well as opinions and requests from customers.

We also accept opinions and requests from customers through our website. Please feel free to contact us.



<http://www.77bank.co.jp/opinion.html>

The 77 Bank Customer feedback search

* Japanese Language only

Designated dispute resolution organization for The 77 Bank under the Banking Act

Japanese Bankers Association

Contact point: Japanese Bankers Association
Customer Relations Center

Address: 2-6-1 Otemachi, Chiyoda-ku, Tokyo

Telephone number: +81-570-017109 or

+81-3-5252-3772

<What is a designated dispute resolution organization?>

A designated dispute resolution organization is an organization designated by the Financial Services Agency that works to resolve complaints submitted by customers or requests for dispute resolution (mediation) related to banking services, etc. from a fair and neutral position.

The 77 Bank, Ltd.

July 2018

Issued by The 77 Bank, Ltd.

General Planning & Coordination Division

3-20, Chuo 3-chome, Aoba-ku, Sendai, Miyagi 980-8777, Japan

Phone: +81-22-267-1111

<https://www.77bank.co.jp/english/top.htm>

