

Growing with the Region -Toward Reconstruction from the Great East Japan Earthquake-

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 higher profile encouraged major national businesses and organizations, including government agencies, to set up branches and offices in Sendai, thereby positioning Sendai as the pre-eminent city of the Tohoku region.

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.

Composition of Gross Prefectural and Gross Domestic Product (Nominal)

	Miyagi Prefecture	Japan
Agriculture, forestry and fishery	1.3	1.1
Manufacturing	11.9	18.2
Construction	10.6	5.2
Utilities	1.9	2.1
Wholesale and retail	14.4	13.5
Financial institutions	3.7	4.7
Real estate	14.6	14.0
Transportation	3.6	4.8
Information and communications	4.6	5.2
Services	19.8	19.6
Municipalities and others	13.7	11.7
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	85% (track length with service resumed)					386/456km (total track length) (May 31, 2015)
	95% (completed locations)					1,459/1,538locations (May 31, 2015)
	47% (completed locations)					137/292locations (May 31, 2015)
Residential environment	100% (volume disposed of)					1,888/1,888t (March 31, 2014)
	50% (relocation completed)					97/195communities (May 31, 2015)
	35% (construction completed)					5,545/15,988houses (May 31, 2015)
Agriculture/ Fisheries	93% (number of fishing boats restored)					8,400/9,000boats (May 31, 2015)
	31% (completed locations)					450/1,439fishing ports (May 31, 2015)
	85% (completed area)					11,020/13,000ha (May 31, 2015)
	92% (area recovered)					163/178ha (May 31, 2015)
Commerce and industry	81% (number of chamber of commerce members near the coastline that resumed operation)					6,300/7,800members (May 31, 2015)
	84% (number of facilities that resumed operation)					388/462facilities (December 31, 2014)

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.

Repayment of public funds

In an aim to achieve regional reconstruction goals through joint efforts of the Japanese government and the Bank, the Bank received ¥20.0 billion in public funds (subordinated loan based on the earthquake-related special provision of the Act on Special Measures for Strengthening Financial Functions) in December 2011.

Based on the state of reconstruction of earthquake-damaged areas, mainly in Miyagi Prefecture, and the Bank’s financial situation, the Bank determined that it established a financial base sufficiently capable of strengthening earthquake recovery support (further accelerating reconstruction) if it were to repay public funds. Consequently, the Bank repaid public funds in their entirety in June 2015.

Following the repayment, all executives and employees of the Bank are united in making the utmost efforts to reinforce earthquake recovery support toward the reconstruction of the regional economy following the Great East Japan Earthquake.

Deposit and Loan Shares in Miyagi Prefecture

Our mission, as a regional financial institution, is to contribute to regional socioeconomic development through the timely and accurate provision of financial services geared to the needs of the region. Our efforts have earned us the support of customers, boosting our regional share of deposits and loans to the highest level among Japanese regional banks.

