

● Consolidated Performance for Fiscal 2018

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31

Financial and Economic Conditions

Based in Miyagi Prefecture, The 77 Bank has a network of branches extending across Fukushima Prefecture, Iwate Prefecture, Yamagata Prefecture, Akita Prefecture, Tokyo, Aichi Prefecture, Osaka and Hokkaido. In accordance with the principle of sound management, the Bank aspires to be the “Value-creating bank that grows together with and is the most trusted by the region,” and vigorously worked on various measures based on the medium-term management plan “Value Up: Challenge Value Creation,” a plan covering the three-year period from April 2015 to March 2018.

In view of the massive damage caused by the Great East Japan Earthquake, the Bank strove to maintain the stable provision of financial services and to continue to fulfill its financial intermediary functions, in order to contribute to the reconstruction and development of communities and the regional economy as a financial institution working hand-in-hand with the region.

In terms of support for corporate customers that were affected by the Great East Japan Earthquake, we vigorously responded to their funding needs for the resumption of business and restoration of facilities by utilizing the support measures provided by central and local government, including the Restoration and Maintenance Subsidy Project for Facilities of Small and Medium-sized Enterprise Groups and Compensation for Interest Rates on Special Zones for Reconstruction. Through business matching and other core business support, we continued making efforts to resolve customers’ management issues, including the development and expansion of sales routes.

To support customers facing difficulties in continuing business or making loan repayments because of the impact of the earthquake, the Bank continued to be flexible, such as accepting change of loan terms and conditions, in light of the situation faced by each customer. In response to the “double loan” problem, the Bank utilized external institutions, such as the Corporation for Revitalizing Earthquake-affected Business and the Miyagi Industry Revitalization Corporation, as necessary, to support corporate customers burdened by double loans, and offered consultation to help them improve management and revitalize their businesses through collaboration with external experts present at the Bank’s headquarters. For individual customers, the Bank strove to communicate the advantages and implications of the Individual Debtor Guidelines for Out-of-Court Workouts. Moreover, for customers subject to group relocation projects for disaster mitigation, the Bank vigorously offered the 77 Earthquake Recovery Support Home Loan (Group Relocation Type and Leased Land Type), a dedicated mortgage product to support the building of new homes.

In these circumstances, all officers and employees at the Bank and its consolidated subsidiaries made a concerted effort to promote business and assist in the recovery from the Great East Japan Earthquake with the support of shareholders and customers. As a result, the outline of the financial position, operating results and cash flows (hereinafter, “operating results, etc.”) of the Bank and its consolidated subsidiaries for the year under review is as follows.

Consolidated Business Results

Deposits, including negotiable deposits, amounted to ¥7,946.1 billion at the end of the year under review, having increased by ¥140.2 billion.

Loans and bills discounted increased by ¥177.1 billion to ¥4,621.0 billion at the end of the year. Investment securities decreased by ¥119.9 billion to ¥3,121.8 billion at the end of the year.

Total assets stood at ¥8,718.0 billion at the end of the year under review, having increased by ¥68.7 billion.

With regard to profit and loss, ordinary income increased by ¥6,488 million from the previous year to ¥113,180 million, mainly owing to an increase in investment income resulting from increases in interest on loans and bills discounted and interest and dividends on investment securities, and an increase in other ordinary income resulting primarily from an increase in securities-related income. Meanwhile, ordinary expenses increased by ¥4,535 million from the previous year to ¥87,430 million, mainly due to an increase in expenses on other activities partly resulting from an increase in loss on redemption of bonds and other securities.

As a result, ordinary profit increased by ¥1,953 million from the previous year to ¥25,749 million and net income attributable to owners of the parent increased by ¥2,200 million to ¥18,314 million. Net income per share was ¥246.87.

Cash Flows

Net cash used in operating activities totaled ¥105,188 million, a decrease of ¥176,565 million from the previous year, mainly due to an increase in loans and bills discounted.

Net cash provided by investing activities totaled ¥108,678 million, a decrease of ¥48,339 million from the previous year to, mainly due to redemption of securities.

Net cash used in financing activities amounted to ¥3,362 million, an increase of ¥5,946 million from the previous year, mainly due to dividends paid.

Consequently, cash and cash equivalents at March 31, 2018 amounted to ¥701,935 million, having increased by ¥120 million from the previous year.