



The Economy and Growth Potential 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%. Although Miyagi Prefecture experienced significant damage due to the Great East Japan Earthquake, particularly in coastal areas, reconstruction projects have now reached the final phase thanks to joint efforts by the public and private sectors. In addition, with the expansion of major automotive and electronics companies, the manufacturing industry is expected to become a driver for post-recovery economic growth while economic concentration is advancing owing to active construction investment related to redevelopment projects in Sendai.

[Economy] Major Economic Indicators

Item	Actual number	National share	National rank
Total area	7,282km ²	1.9%	16
Population	2,312 thousand	1.8%	14
Number of households	989 thousand	1.7%	14
Gross Prefectural Product (Nominal)	¥9,481.6 billion	1.7%	14
Number of offices	102,026	1.8%	16
Number of workers	1,007 thousand	1.8%	15
Agricultural output	¥190.0 billion	2.0%	19
Fisheries and aquaculture production amount	¥81.9 billion	5.6%	4
Manufactured goods shipment amount	¥4,469.6 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	19,646	2.1%	12

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

Item	Miyagi Prefecture	Japan
Agriculture, forestry and fishery	1.3	1.0
Manufacturing	15.1	21.7
Utilities and industrial waste processing	2.6	2.9
Construction	12.8	5.4
Wholesale and retail	13.3	12.6
Transportation and postal businesses	5.3	5.1
Accommodation and food services	2.3	2.5
Information and communications	3.7	4.9
Financial institutions	3.5	4.6
Real estate	11.0	11.6
Specialist technology and scientific technology, business support services	7.3	7.5
Government affairs	6.0	4.4
Education	4.3	3.8
Health and social welfare	7.5	7.2
Other services	4.1	4.5
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 km/456 km (December 10, 2016)
	98% (completed locations)					1,503/1,534 locations (May 31, 2019)
	83% (completed locations)					232/280 locations (May 31, 2019)
Residential environment	100% (volume disposed of)					1,888/1,888t (March 31, 2014)
	100% (relocation completed)					195/195 communities (January 31, 2019)
	100% (construction completed)					15,823/15,823 houses (March 31, 2019)
Agriculture/ Fisheries	98% (number of fishing boats restored)					8,800/9,000 boats (May 31, 2018)
	86% (completed locations)					1,073/1,252 fishing ports (May 31, 2019)
	99% (completed area)					12,875/13,000ha (May 31, 2019)
	100% (area recovered)					178/178ha (November 30, 2018)
Commerce and Industry	80% (number of chamber of commerce members near the coastline that resumed operation)					6,260/7,798 members (March 31, 2018)
	95% (number of facilities that resumed operation)					430/453 facilities (February 28, 2018)

Industrial transformation

- Expansion of manufacturing industry has created new jobs and grown peripheral industries (e.g., Toyota Motor East Japan and Tokyo Electron Miyagi).
- Toyota Motor East Japan has concentrated production of compact cars.
- Alps Alpine's new core plant in Japan starts operation.

[Number of offices]

2012	2016	Rate of increase
98,190	102,026	+3.9%

Source: Statistics Bureau, Ministry of Internal Affairs and Communications

No.1 growth rate in country since last survey (2012)

[Manufactured goods shipment amount]

(Trillions of yen)						
2012	2013	2014	2015	2016	2017	
3.42	3.73	3.97	4.02	4.11	4.47	

Source: Tohoku Bureau of Economy, Trade and Industry

Six straight years of growth since earthquake

Increase in visitors

- Building a tourism platform
 - Creation of DMO in Sendai/Matsushima (March 2018)
 - Opening of Miyagi Olle (October 2018)
- Privatization of Sendai Airport
 - New routes and increased flights on domestic and international routes

[Cumulative total accommodation nights by foreigners]

2010	159,490 people
2018	344,420 people

Source: Japan Tourism Agency

Approx. 2.2x increase since 2010

[Number of annual passengers at Miyagi Airport]

FY2011	2.62 million
FY2019	3.61 million

Source: Miyagi Prefecture

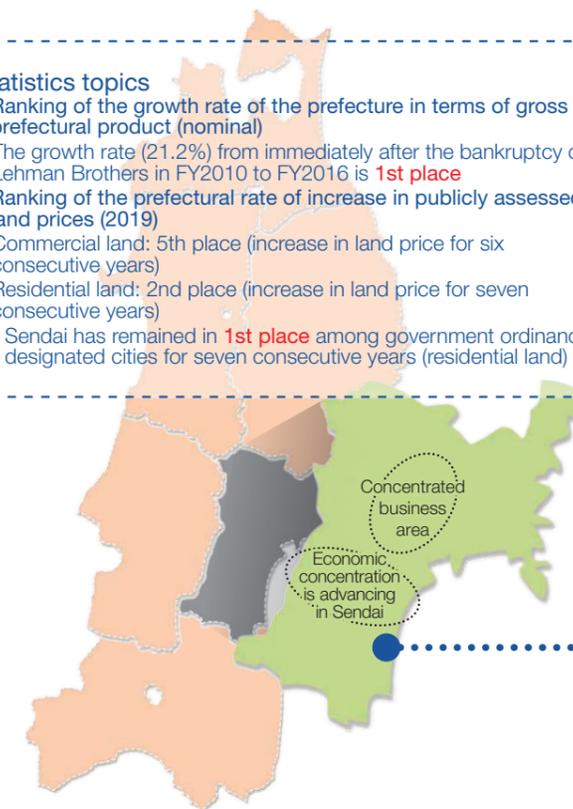
Up 990 thousand since 2010 (record high)

Progress of regional development projects

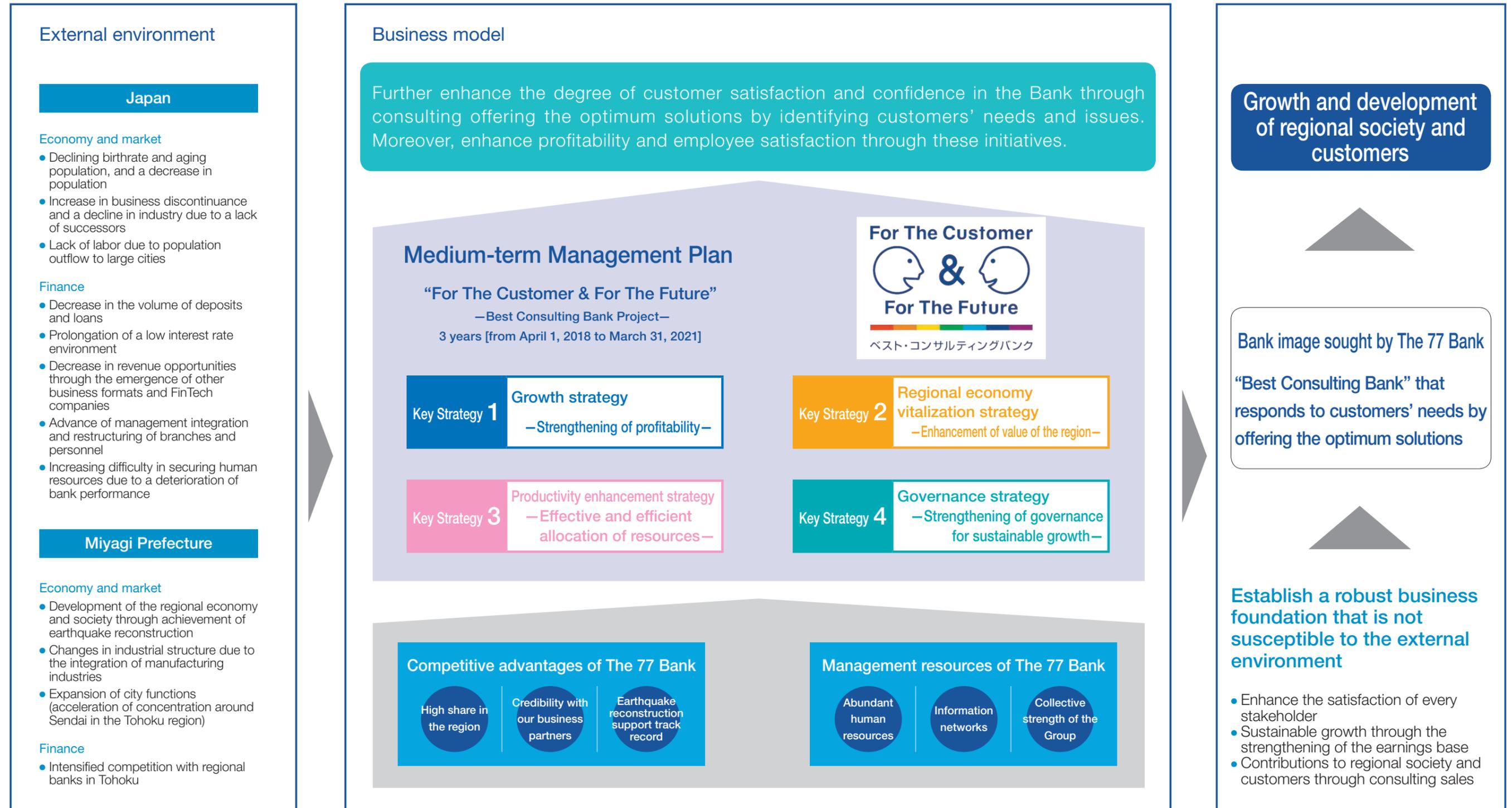
- Redevelopment progress
 - Former site of Tohoku University Faculty of Agriculture
 - Asuto Nagamachi City Sub-center
 - Tomizawa Station West Land Readjustment Project
- Regional development projects
 - Creation of a new campus for Tohoku Gakuin University
 - Next-generation synchrotron radiation facility development project
 - Wide-area disaster prevention hub development project (relocation of JR cargo terminal)

Statistics topics

- Ranking of the growth rate of the prefecture in terms of gross prefectural product (nominal)
The growth rate (21.2%) from immediately after the bankruptcy of Lehman Brothers in FY2010 to FY2016 is **1st place**
- Ranking of the prefectural rate of increase in publicly assessed land prices (2019)
Commercial land: 5th place (increase in land price for six consecutive years)
Residential land: 2nd place (increase in land price for seven consecutive years)
* Sendai has remained in **1st place** among government ordinance designated cities for seven consecutive years (residential land)



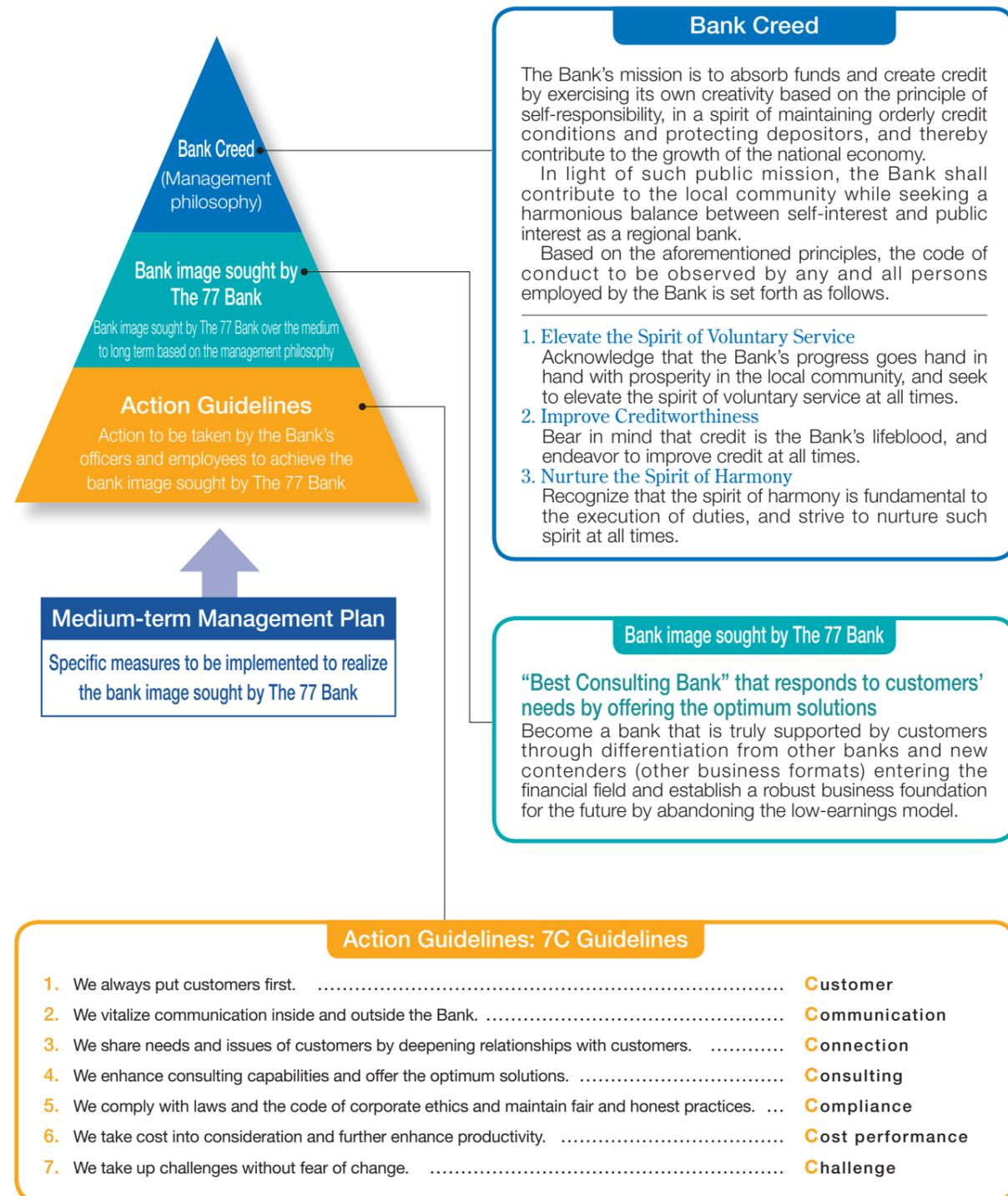
As the regional market is expected to contract due to a declining population over the medium to long term, competition has become increasingly intense, with the entry of other business formats and FinTech companies into the financial field, in addition to traditional financial institutions. Within this 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.



With the Bank Creed established in 1961 as our management philosophy, we seek to become the “Best Consulting Bank” that responds to customers’ needs by offering optimum solutions.

We will continue to implement measures based on the Action Guidelines (7C Guidelines) and the Medium-term Management Plan, in order to realize our management philosophy as well as the bank image sought by The 77 Bank.

Positioning of the bank image sought by The 77 Bank and the Action Guidelines



Overview of the 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—

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—

5. Targets

	Item	FY2019 results	FY2021 targets
Enhancement of profitability	● Net income (consolidated)	¥17.6 billion	¥19.0 billion or more
	● Interest on loans and bills discounted	¥42.0 billion	¥45.0 billion or more
	● Fees and commissions	¥9.6 billion	¥11.5 billion or more
Pursuit of efficiency	● Core OHR (core gross operating income expense ratio)	73.3%	70% or less
	● ROE (consolidated)	3.6%	3.7% or more
Pursuit of soundness	● Capital adequacy ratio (consolidated)	10.4%	10% or more
Strengthening of corporate sales capabilities	● Balance of corporate loans (term-end)	¥2,868.5 billion	¥3,000.0 billion or more
	Of which, Miyagi Prefecture Of which, Sendai City	¥1,746.0 billion ¥1,276.6 billion	¥1,900.0 billion or more ¥1,370.0 billion or more
Strengthening of retail sales capabilities	● Balance of assets in custody, Group (term-end) *	¥619.3 billion	¥740.0 billion or more
	● Balance of consumer loans (term-end)	¥1,140.4 billion	¥1,200.0 billion or more

*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	FY2019 results	FY2021 targets
Enhancement of consulting capabilities	● No. of employees with qualifications (1st grade Certified Financial Planner, CFP, and Small and Medium Enterprise Management Consultant) (final year)	118 people	700 people or more
Strengthening of consulting for corporate clients	● No. of corporate loan borrowers (final year)	12,204 borrowers	13,000 borrowers or more
	● No. of clients who signed contracts for customized solutions based on business evaluation (cumulative total for 3 years)	1,244 clients	2,000 clients or more
	● Fees and commissions from corporate clients (final year)*	¥1.3 billion	¥1.8 billion or more
Strengthening of consulting for retail customers	● No. of business succession, inheritance, and asset succession support recipients (cumulative total for 3 years)	904 recipients	3,300 recipients or more
	● No. of increases in contracts for installment-type assets in custody [compared with FY2018 term-end]	13,633 contracts	40,000 contracts or more
	● No. of seminars for customers (cumulative total for 3 years)	430 times	1,100 times or more

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

Key Strategies

Based on four key strategies, we will realize our image of becoming the “Best Consulting Bank” that responds to customers’ needs by offering optimum solutions.

Key Strategy 1
Growth strategy
–Strengthening of profitability–

- 1 Establish systems and structures for strengthening consulting capabilities
- 2 Strengthen and demonstrate consulting-based sales capabilities throughout the Group
- 3 Strengthen the channel strategy utilizing digital technologies
- 4 Promote sophisticated management of securities

We will boost profitability by providing solutions with higher added value that lead to true customer satisfaction, and take full advantage of structures developed to enhance our consulting capabilities, including a branch support structure centered on the Consulting Promotion Division, and the consulting function of 77 Research and Consulting Co., Ltd.

In addition, by effectively utilizing digital technologies and strengthening our channel strategy through appropriate collaboration with FinTech companies, etc., we will work to improve customer convenience and expand opportunities for profit.

▶ P23

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

- 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

We will continue to engage in finely tuned earthquake reconstruction support, according to the actual circumstances in the affected area, 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, in order to achieve regional revitalization by resolving regional challenges, we will strengthen support for regional core companies and new companies or businesses through means such as the use of various systems including subsidies. We will also provide corporate rehabilitation and business reform support for regional businesses, while strengthening relationships with municipal governments and various support institutions, in an effort to enhance the value of the region.

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

- 1 Strategically allocate management resources through enhanced cost-management structure
- 2 Streamline and increase sophistication of operations using digital technologies
- 3 Promote working style reform
- 4 Optimize allocation of human resources and promote strategic utilization

We will strengthen our cost management structure towards the effective and efficient allocation of limited management resources, while working to improve cost awareness, as all employees work together to reduce costs.

In addition, in order to secure manpower and time to focus on consulting services, we will improve operational efficiency through the effective use of digital technology along with a review of branch functions and our sales structure, and pursue business and working style reforms as we transform into a highly efficient and productive organization.

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Key Strategy 4
Governance strategy
–Strengthening of governance for sustainable growth–

- 1 Enhance and strengthen governance
- 2 Establish brand strategy
- 3 Enhance shareholder value

We will establish a high-level internal control system that will be trusted by customers, by further strengthening our compliance system and money laundering prevention system, enhancing our various risk management systems for administrative and cybersecurity risks, and pursuing sincere efforts with the aim of realizing customer-oriented business operations.

In addition, we will further enhance our presence as a leading bank in the Tohoku region by addressing issues related to ESG and SDGs, and establishing a brand strategy for the 77 Bank Group.

▶ P51

In order to become a bank that is truly supported by customers through differentiation from other banks and new contenders (other business formats) entering the financial field, and to establish a robust business foundation for the future by abandoning the low-earnings model, we have defined the bank image sought by The 77 Bank, as follows.

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



Consulting approach targeted by The 77 Bank

“Consulting services”
at The 77 Bank

Refers to services in which we identify the needs and issues of customers, and propose optimum solutions by bringing together the collective strength of the Group, while supporting problem solving and customer development by supporting the implementation of these solutions.

“Scope of consulting”
at The 77 Bank

Consulting covers a broad range of services. We receive consultation requests from all of our customers, including corporate customers, individuals, and regional public bodies, in areas requiring specialized expertise such as business succession and M&As, problem solving through business evaluations, and acceptance of deposits.

“Consulting service providers”
at The 77 Bank

As a banking service professional, each and every Bank employee serves as a consultant, and all Bank employees provide consulting services in their areas of responsibility.

“Purpose of strengthening consulting capabilities”
at The 77 Bank

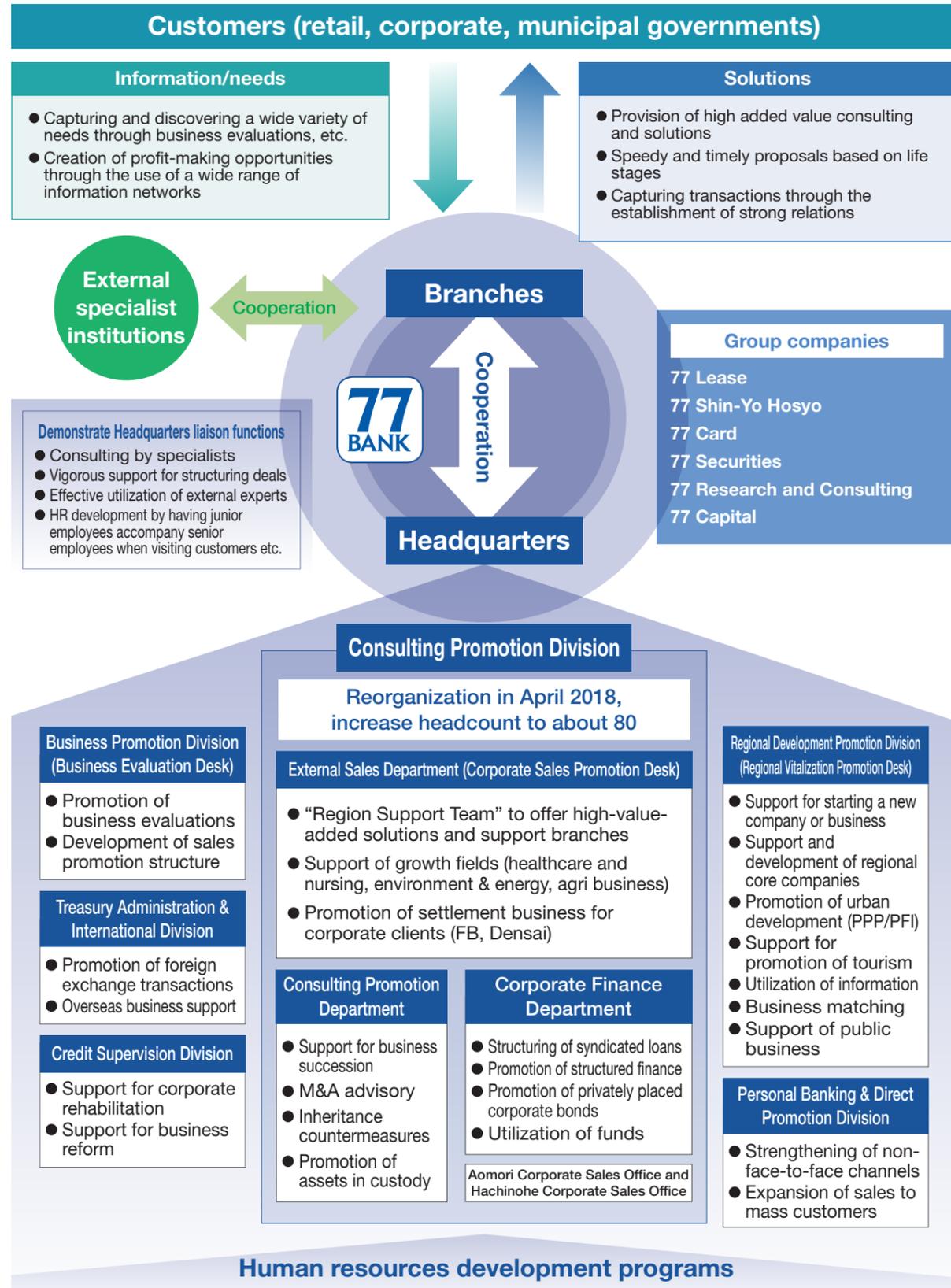
We will strengthen our consulting capabilities, and work to improve customer satisfaction and revitalize the regional economy, in order to realize the bank image sought by The 77 Bank of being the “Best Consulting Bank.”

“Requirements for strengthening consulting capabilities”
at The 77 Bank

We will rebuild our structures at Headquarters and branches, as well as human resource development frameworks, in order to gain an understanding of customer needs and issues, propose solutions, and provide implementation support. In this process, it is necessary to improve the skills and skill levels of each and every employee.

Sales Promotion Structure and Human Resource Development

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. In addition, we are also engaged in human resources development aimed at enhancing consulting capabilities.



Human resources development programs to enhance consulting capabilities

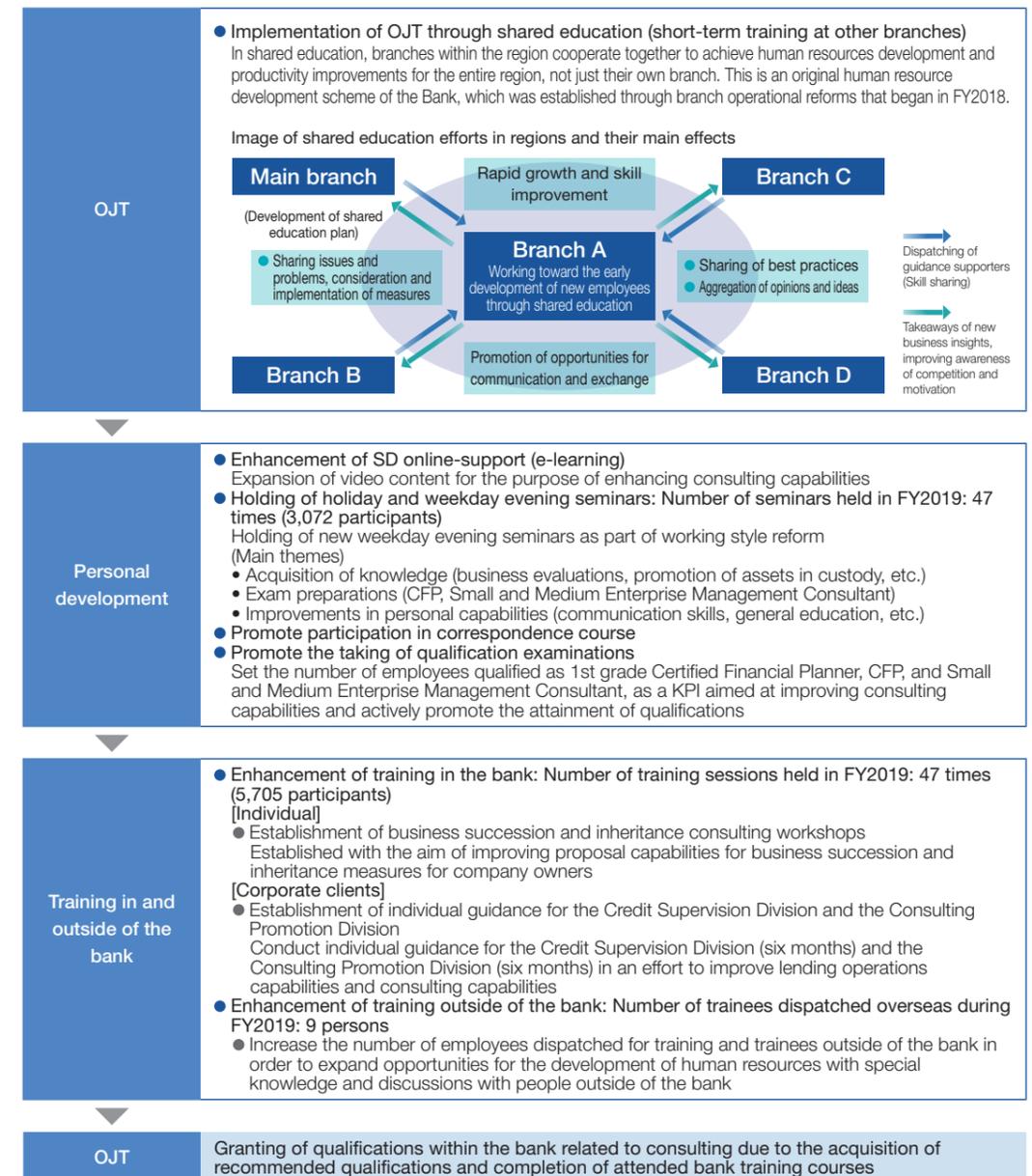
Ideal human resources—Toward enhancement of consulting capabilities that are firmly rooted in the region—

- **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

Basic approach toward human resource development

OJT at the workplace forms the basis for human resource development. Our basic approach toward the knowledge and skills that each employee believes to be necessary, or that they would like to study, involves personal development through self-study. A variety of training is conducted to complement OJT and personal development, and to provide opportunities to learn more specialized knowledge and skills, and for further skill improvements.

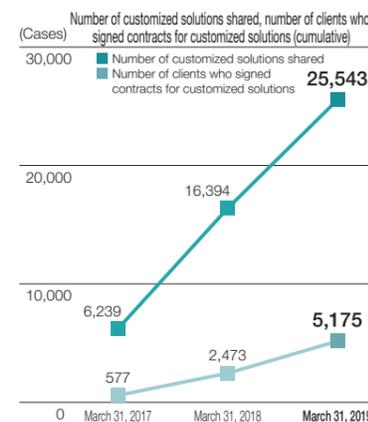
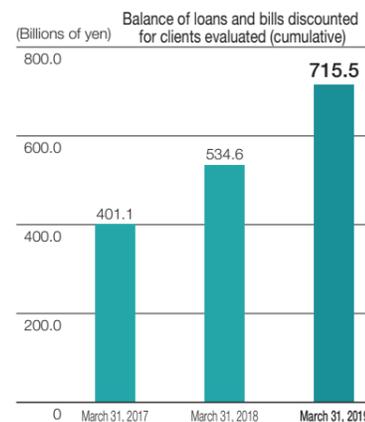
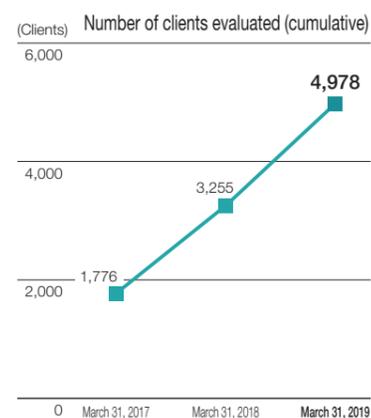
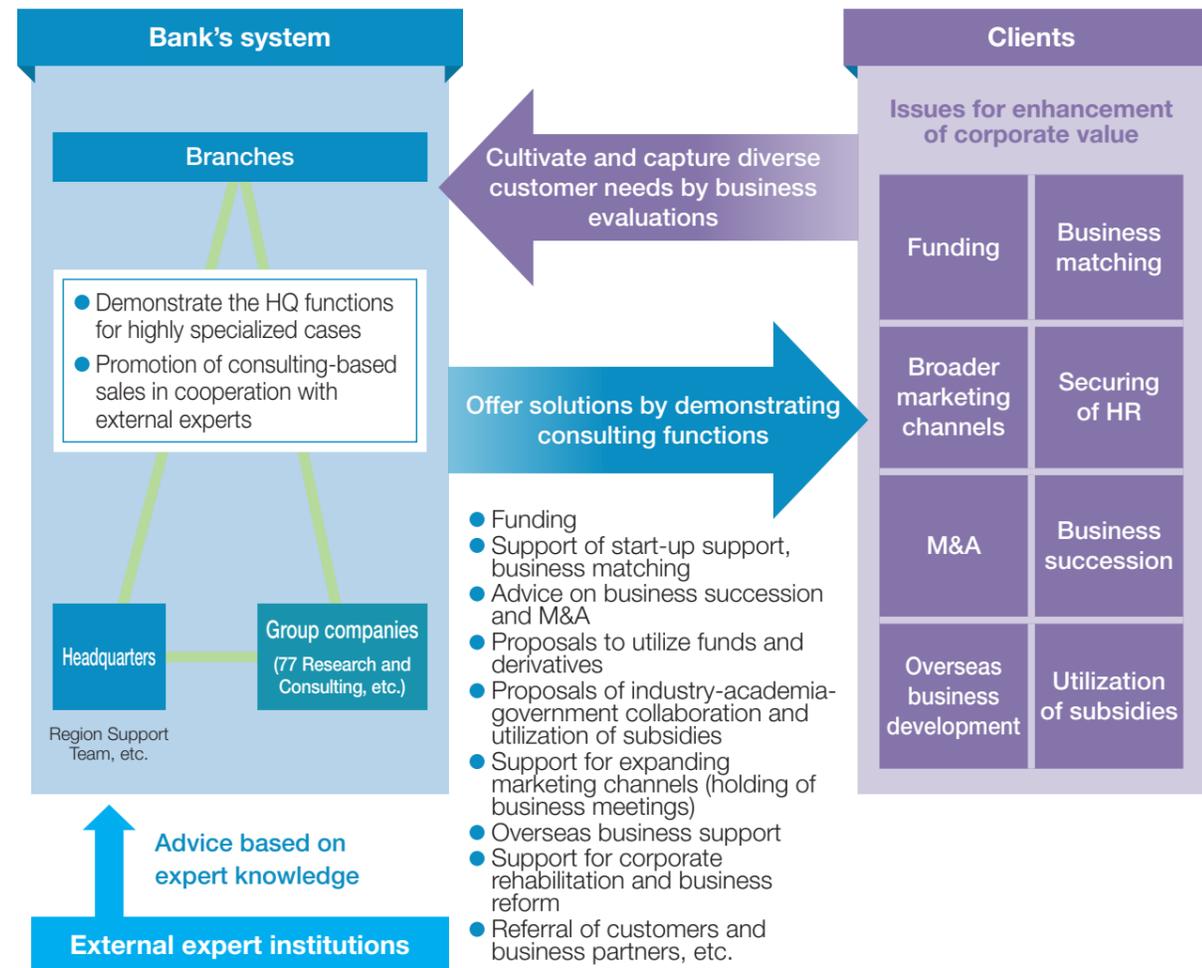
We aim to develop human resources by repeating such OJT, personal development, and training.



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.

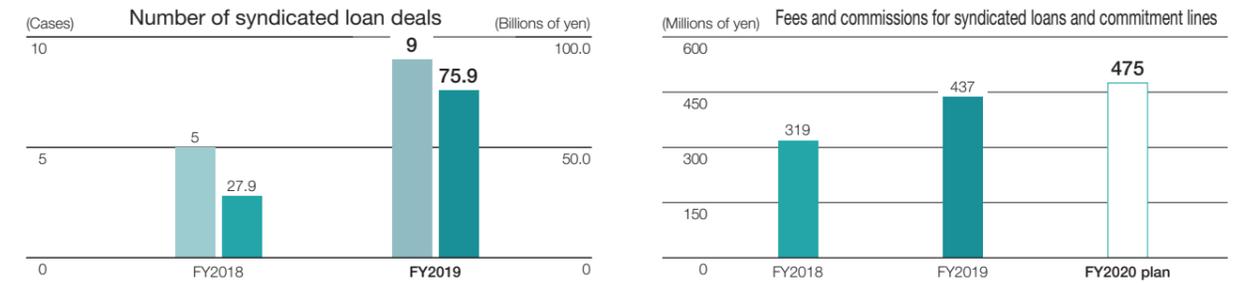
Business evaluation conceptual diagram



Syndicated loans, structured finance (*)

The Corporate Finance Department, which was established through organizational changes in April 2018, is strengthening its financing services for corporate clients including syndicated loans and structured finance, in an aim to offer diverse funding methods.

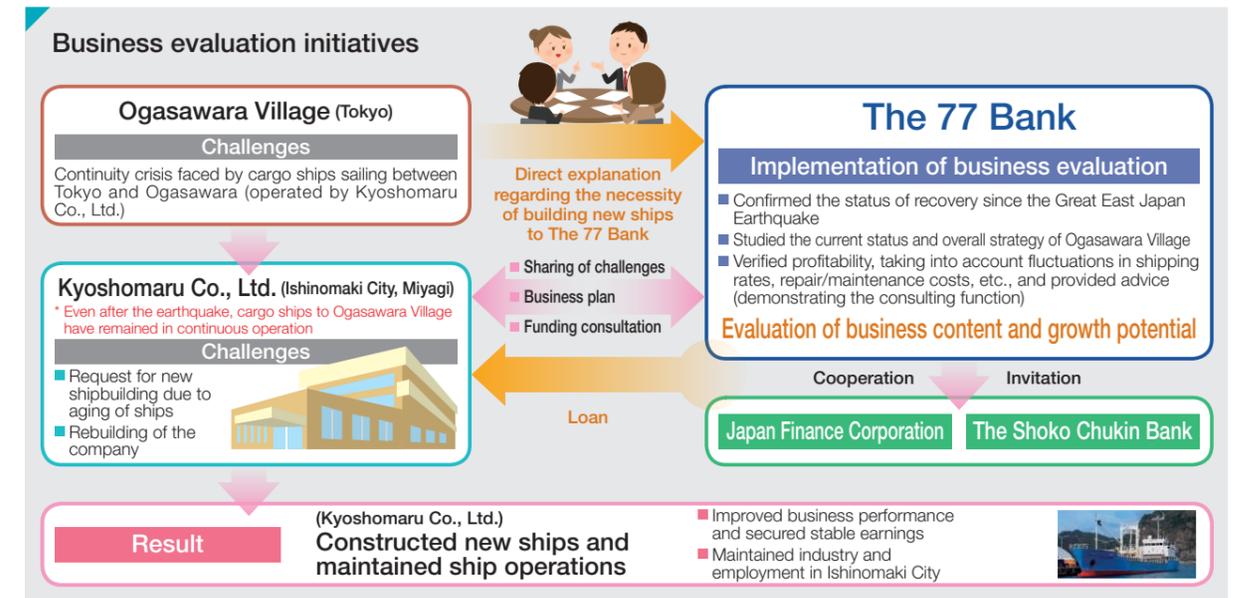
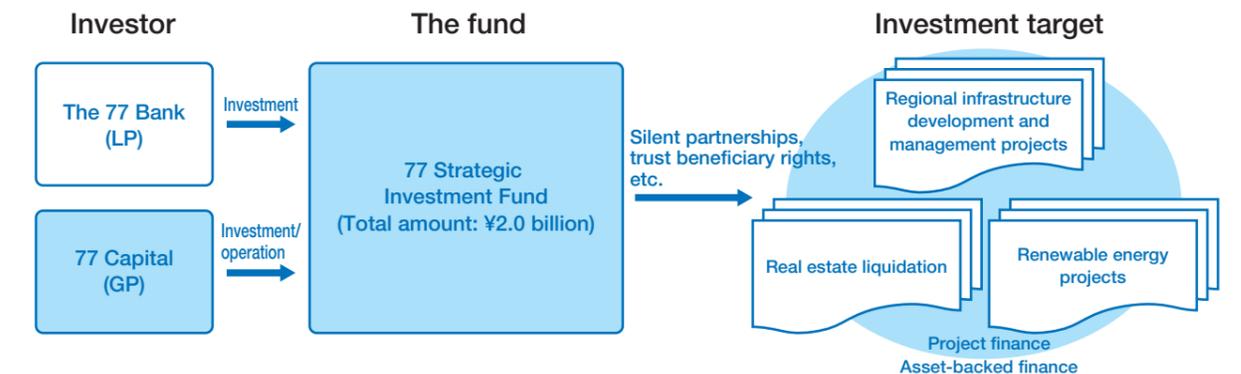
(*) Provision of finance based on the creditworthiness of cash flows and the asset value generated from business, independent from the creditworthiness of a company, through devising the transaction structure.



Establishment of the 77 Strategic Investment Fund

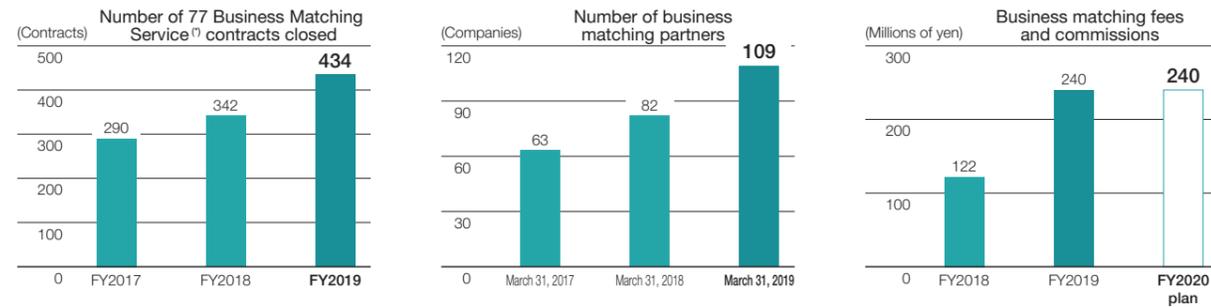
In March 2019, the 77 Strategic Investment Fund was established in cooperation with 77 Capital Co., Ltd. This fund invests in equity interests in silent partnerships, etc. backed by assets including real estate and cash flow generated from projects such as infrastructure development and operations of regional commercial, educational, and medical facilities, as well as renewable energy.

The fund executes equity investments related to structured finance, which is an extremely unique effort for a regional bank affiliated fund, and will develop new areas of finance for the Group.



Business matching

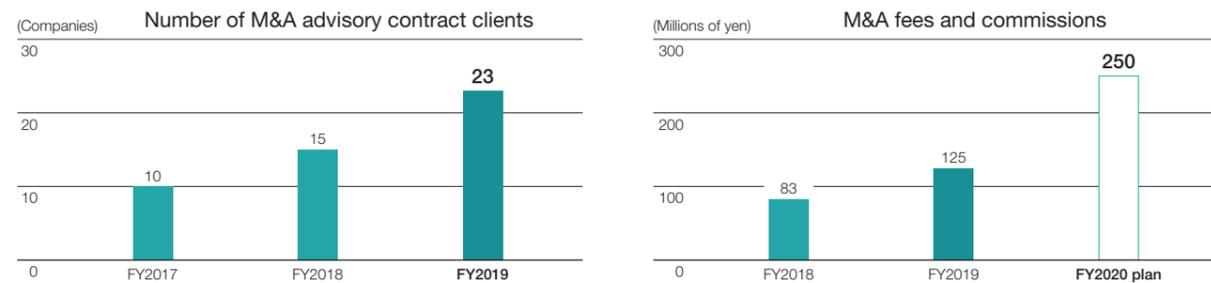
We are actively promoting business matching using regional networks, including support for creating new business opportunities and client management issues.



¹⁾ Service in which the Bank's business partners are introduced in order to resolve customer issues

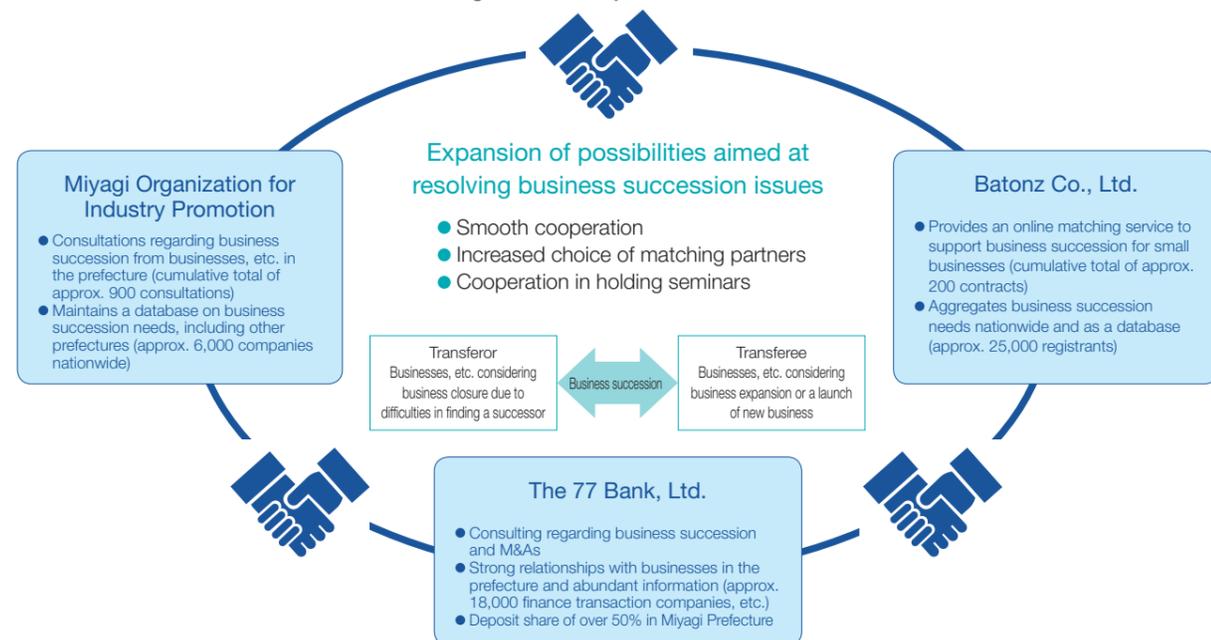
M&A

M&A representatives have been assigned to the Consulting Promotion Department to support growing needs for business succession support, underpinned by the advance of an aging society, and respond to various types of consultations in cooperation with branches.



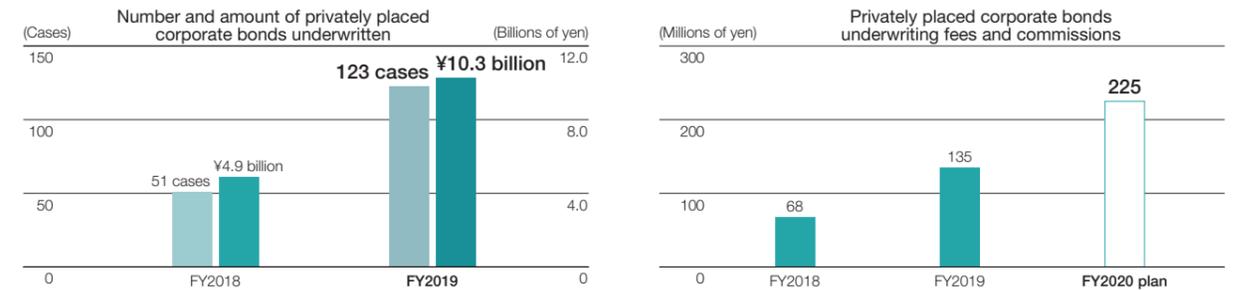
Partnership agreement regarding business succession

In June 2019, we entered into a three-party Partnership and Cooperation Agreement on Business Succession Support, together with Miyagi Organization for Industry Promotion and Batonz Co., Ltd., in order to promote smooth business succession for SMEs and revitalization of the regional economy.



Privately placed corporate bonds

We support the funding needs of customers with long-term, fixed interest rates, while promoting bank-guaranteed, privately placed corporate bonds that are issued only for blue-chip companies fulfilling issue standards. Such bonds also contribute to improving the image of companies. In addition, we also offer 77 Privately Placed Corporate Bonds for Reconstruction, for companies working toward post-earthquake recovery and reconstruction, as well as 77 Privately Placed Corporate Bonds for Social Contribution (Donation-Type), for which the Bank uses a portion of the fees and commissions received from the issuing company at the time of issuance of privately placed corporate bonds to buy and donate goods required for regional educational institutions and nursing care facilities, etc.



Launch of 77 Local Professional Sports Support Bonds (Donation-Type) and 77 ESG Privately Placed Corporate Bonds

In April 2019, we launched 77 Local Professional Sports Support Bonds (Donation-Type) and 77 ESG Privately Placed Corporate Bonds with the goal of satisfying customer needs for engaging in social contribution activities and backing sustainable growth of customers who support ESG efforts.

With 77 Local Professional Sports Support Bonds (Donation-Type), the Bank donates a portion of the fees and commissions received from the issuing company at the time of bond issuance, as activity funds for a professional sports team in Miyagi Prefecture selected by the customer from among bank-designated teams (Vegalta Sendai, Mynavi Vegalta Sendai Ladies, Tohoku Rakuten Golden Eagles, and the Sendai 89ERS).

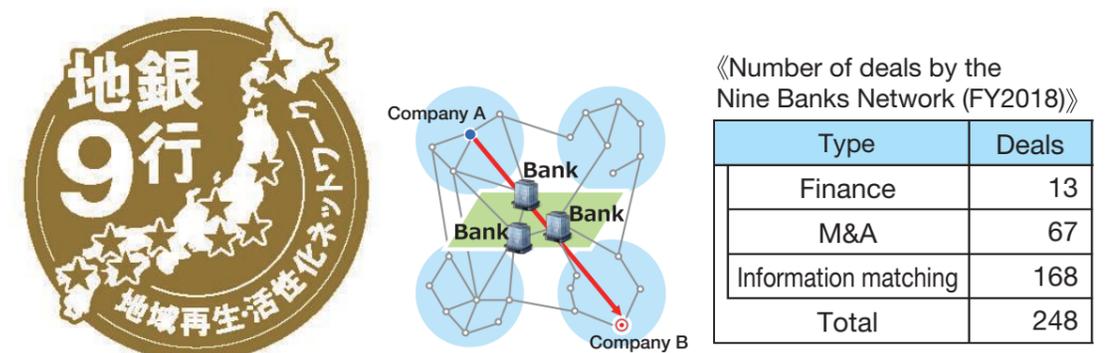
With 77 ESG Privately Placed Corporate Bonds, preferential treatment is offered for a portion of fees and commissions at the time of privately placed corporate bond issuance, in order to support the sustainable growth of customers that support ESG efforts and have set specific targets for ESG measures.

Regional Regeneration and Revitalization Network (Nine Banks Network)

We participate in the Regional Regeneration and Revitalization Network (Nine Banks Network), a business alliance between nine regional banks (*) that works to create new value and regenerate and revitalize the regional economy by leveraging the information and networks held in different management bases and sales areas.

The Bank works with partner banks to resolve management issues, including matching clients between banks in cases where matching within one's own bank is difficult, expanding sales channels, and introducing suppliers. For example, in February 2018, the Bank and a partner bank (The Hiroshima Bank) matched a client of the Bank that wanted to expand from Tohoku into western Japan with a client of a partner bank in the same industry that was struggling to find a successor, which led to an M&A deal.

Multiple financial institutions share and utilize their information and networks

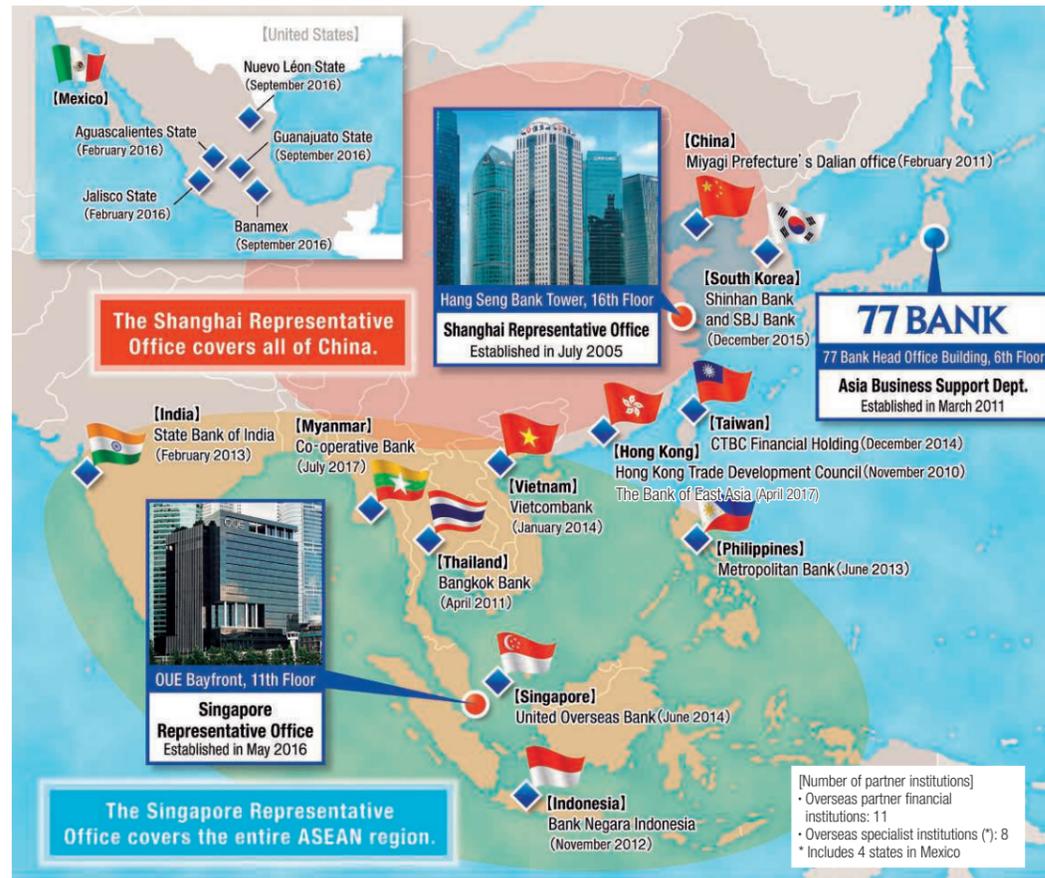


*Nine Banks Network participating banks
The 77 Bank, Hokkaido Bank, The Chiba Bank, The Hachijuni Bank, The Shizuoka Bank, The Bank of Kyoto, The Hiroshima Bank, The Iyo Bank, The Bank of Fukuoka

Overseas Business Support

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

Expansion of overseas network

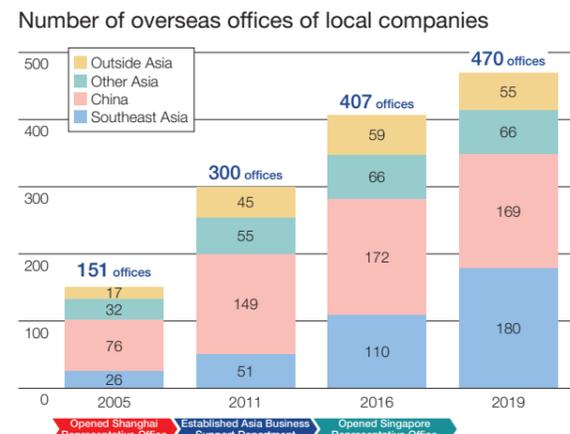


Number of employees deployed overseas

Country	Office Name	Count
China	Dalian, Miyagi Prefecture's Dalian office	1
China	Shanghai, Overseas representative offices, etc.	3
Hong Kong	Financial institution	1
Vietnam	Hanoi, Financial institution	1
Thailand	Bangkok, Financial institution, etc.	2
Singapore	Overseas representative offices, etc.	3
United Kingdom	London, Japan External Trade Organization	1
United States	New York, Financial institution	1
Total		13

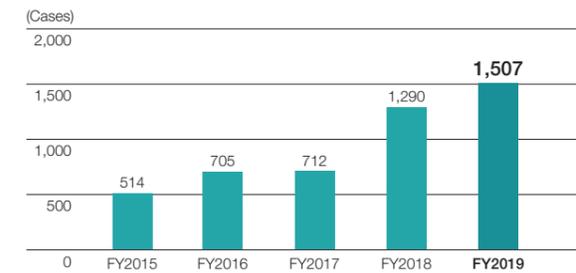
* As of May 30, 2019

Number of overseas offices of local companies



Status of overseas business support for clients

Number of overseas business support (*) cases



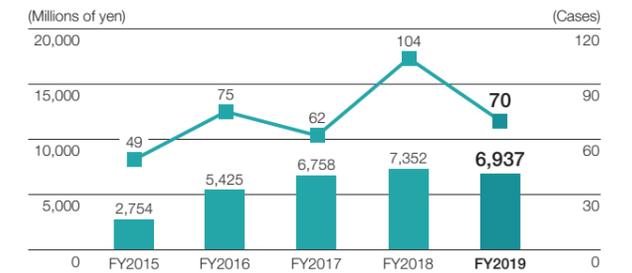
*Overseas expansion support, sales channel expansion and procurement support, provision of overseas information, etc.

Overseas business matching

Business meetings, etc. held overseas (FY2019)

Name of business meeting	Target companies	Timing	Location
Mfair Bangkok 2018 Monozukuri Business Conference	Manufacturing	June 2018	Thailand (Bangkok)
FBC Guangdong 2018 Monozukuri Business Discussion Meeting in Nanhai	Manufacturing	September 2018	China (Guangdong)
Miyagi and Tohoku Food Tasting Fair	Food products	October 2018	Singapore
Food Japan 2018	Food products	October 2018	Singapore
FBC Shanghai 2018 Monozukuri Business Discussion Meeting in Future Manufacturing Exhibition	Manufacturing	November 2018	China (Shanghai)
2018 Dalian - Regional Bank Joint Business Meeting	Manufacturing, food products, etc.	November 2018	China (Dalian)
Business Matching in Taipei (Japanese-Taiwanese Companies Business Discussion Meeting)	Manufacturing	November 2018	Taiwan (Taipei)
Thai-Japan Business Matching	Manufacturing, etc.	January 2019	Thailand (Bangkok)
JAPAN BRAND Kyodo Zen: Modern Tohoku Dining Singapore Promotion Project	Food products	February 2019	Singapore

Overseas business-related financing results



Pick Up

Miyagi and Tohoku Food Tasting Fair and Food Japan 2018

We supported Food Japan 2018, the largest Japanese food tasting fair in the ASEAN countries, which was held in Singapore from October 25 to 27, 2018, and six of our clients with needs for developing overseas sales channels exhibited at the fair.

In addition, the Miyagi and Tohoku Food Tasting Fair was held, together by the Bank and related organizations within Miyagi Prefecture on the day prior to Food Japan 2018. Eight of our clients held business talks with approximately 40 visitors involved in the local restaurant industry.

Furthermore, for the purpose of test marketing by the exhibiting companies, local restaurant chefs were asked to develop dishes using the foods of exhibiting companies and these dishes were provided at actual restaurants for a period of roughly one month before the food tasting fair and feedback was sought.



Business talks at food tasting fair | Food Japan 2018

Signing of a partnership agreement related to overseas business support, etc. with Sendai City, etc.

In January 2019, a partnership agreement aimed at the revitalization of SMEs in Sendai City and Thailand was signed between the four parties of The 77 Bank, Ltd., Sendai City, Toyo Business Service, and Toyota Tsusho (Thailand).

Each organization shares its specialized knowledge and information, and cooperates to support various needs related to overseas business for SMEs that are considering conducting business in or expanding business into Sendai City and Thailand.

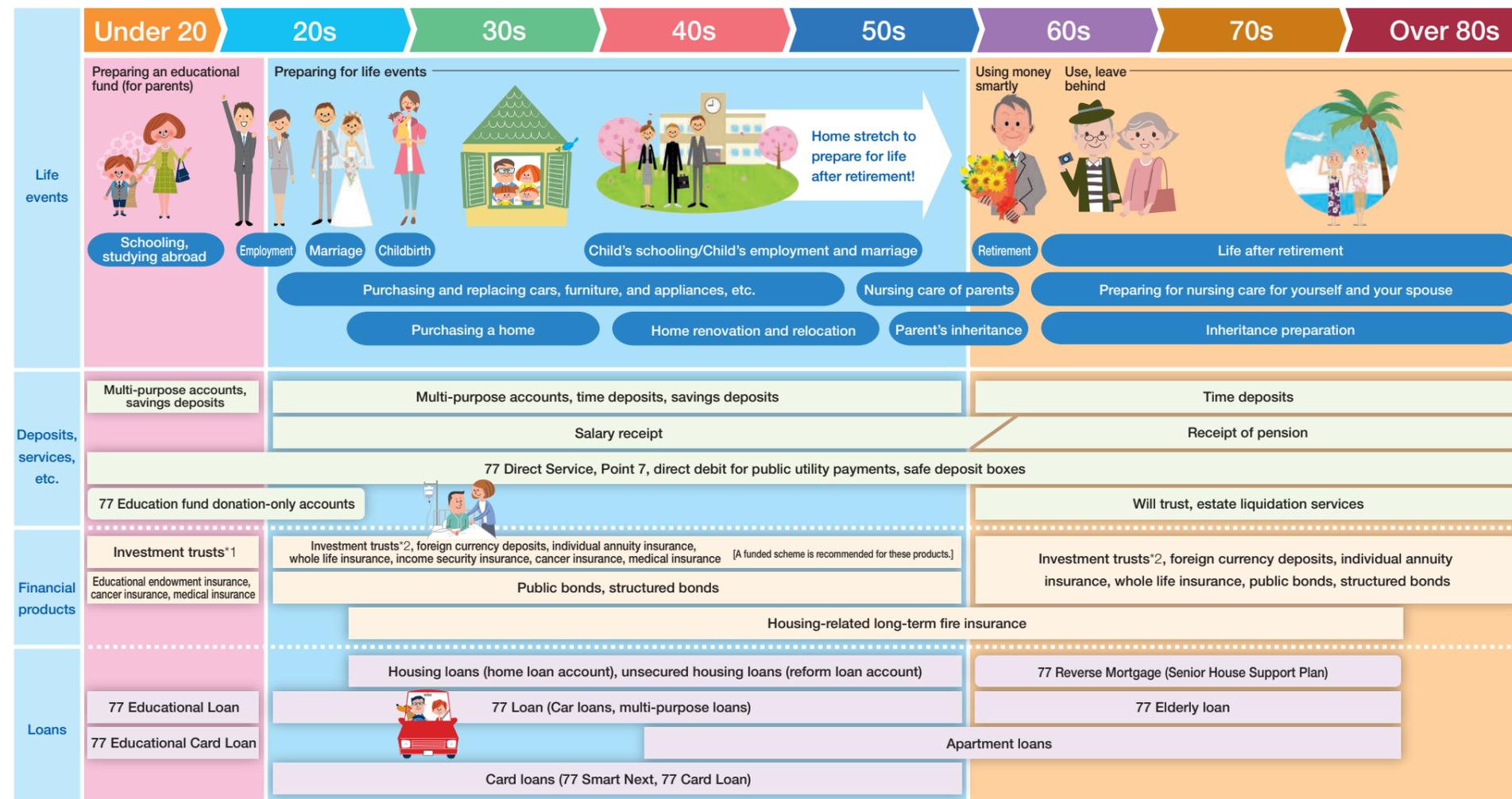


Signing of an MOU on business partnership and cooperation with the Vietnam-Japan Institute for Human Resources Development

In February 2019, we signed a Memorandum of Understanding on business partnership and cooperation with the Vietnam-Japan Institute for Human Resources Development. The institute is a human resources development organization that was established under the mutual agreement of the governments of Japan and Vietnam. As one of their various projects, the institute runs a business course that develops Vietnamese executives by teaching Japanese-style management. We conduct matching and other forms of support between companies that have completed this course and Japanese clients.



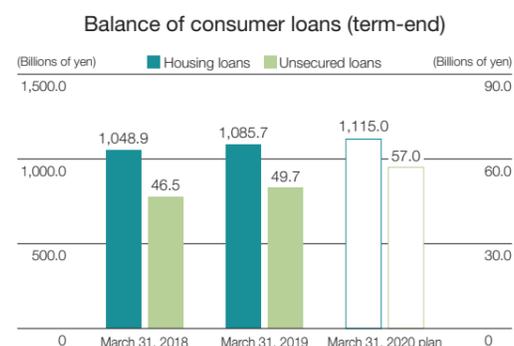
Initiatives for Retail Customers



*1. Junior NISA (tax exemption program for small investments for minors) is available.
*2. NISA (tax exemption program for small investments) is available.

Consumer loans

We offer a variety of loan products including housing loans and educational loans to support the various funding needs of our retail customers.



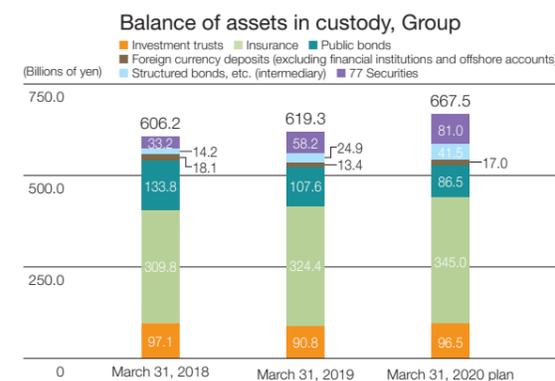
Renewal of our website and launch of online contracts

In June 2019, we completely renewed the loan page of our website to offer product lineup that is easy for customers to understand and use, and began offering online contracts for the 77 Card Loan.



Assets in custody

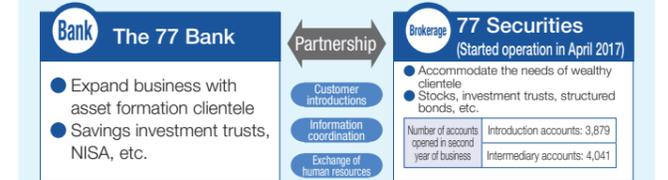
Together with 77 Securities, the Bank supports a wide range of customer asset management needs through the provision of high-quality services and products from a customer perspective.



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.

Supporting asset building for customers as a Group through bank-brokerage partnership



Launch of deposit accounts, etc. based on civil trust agreements

In response to needs for property management and smooth asset succession by the elderly using civil trusts, along with the advance of the aging population, we started offering deposit accounts based on civil trust agreements in October 2018, and the 77 Apartment Loan (civil trust accounts) in March 2019.



A civil trust is a means for an elderly trustor to entrust the management of assets (real estate, deposits, etc.) to a trusted family member (trustee), in preparation for a decline in judgment ability caused by factors such as dementia. This type of trust is also called a family trust.

The use of a civil trust enables smooth estate division at the time of succession. In addition, the use of an apartment loan that supports a civil trust makes it possible to continue a real estate rental business and procure the funds needed for large-scale repairs, etc. even if the trustor suffers from dementia.

* Customers can also consult with the Bank's subsidiary 77 Research and Consulting Co., Ltd. regarding entering a trust agreement.

Launch of online insurance

In October 2018, we launched online insurance to support the diversifying financial asset management needs of our customers. The introduction of online insurance will make it possible for customers who are unable to visit the bank during business hours to conduct procedures ranging from estimates to applications for life insurance products through our website.

Being open for business on holidays

All of the Bank's Loan Centers, Counselling Plazas, and Insurance Plazas are open for business on holidays excluding the New Year 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 31, 2019)

Name	Business days and business hours
Sendai Ekimae Counselling Plaza (within Sendai Ekimae Branch) 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)	Weekdays, Saturdays, Sundays, holidays: 9:00 to 16:30 (Excluding December 31 to January 3)
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 Hebita 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)	

*1. 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.
*2. Sendai Ekimae Counselling Plaza closed as of 15:00 on August 30, 2019 upon the relocation of the Sendai Ekimae Branch.

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 from 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, the Sendai Airport Sub-Branch, and the third floor of JR Sendai Station and at Sendai Airport Transit's Mori-sekinoshita Station.

<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 Bank, 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
 MIYAGINET SENDAI BANK, Morinomiyako Shinkin Bank, First Bank MIYASHIN, Ishinomaki-Shinkin Bank, Sennan-Shinkin Bank, Kesennuma Shinkin Bank	Weekdays 8:45 to 18:00
 MY CASH POINT 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 app for account opening

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.

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.

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! 77 Bank PayB

In March 2019, we launched 77 Bank PayB, a payment app that uses PayB provided by the FinTech company, Billing System Corporation.

This app uses your smartphone's camera to scan the bar code information printed on payment handling slips for taxes, etc., in order to enable real-time payment by account transfer. Customers who use this app can easily pay taxes, etc. using a smartphone without having to visit a bank counter or convenience store.

Usage example

1. Launch the app and scan the bar code on the payment handling slip.



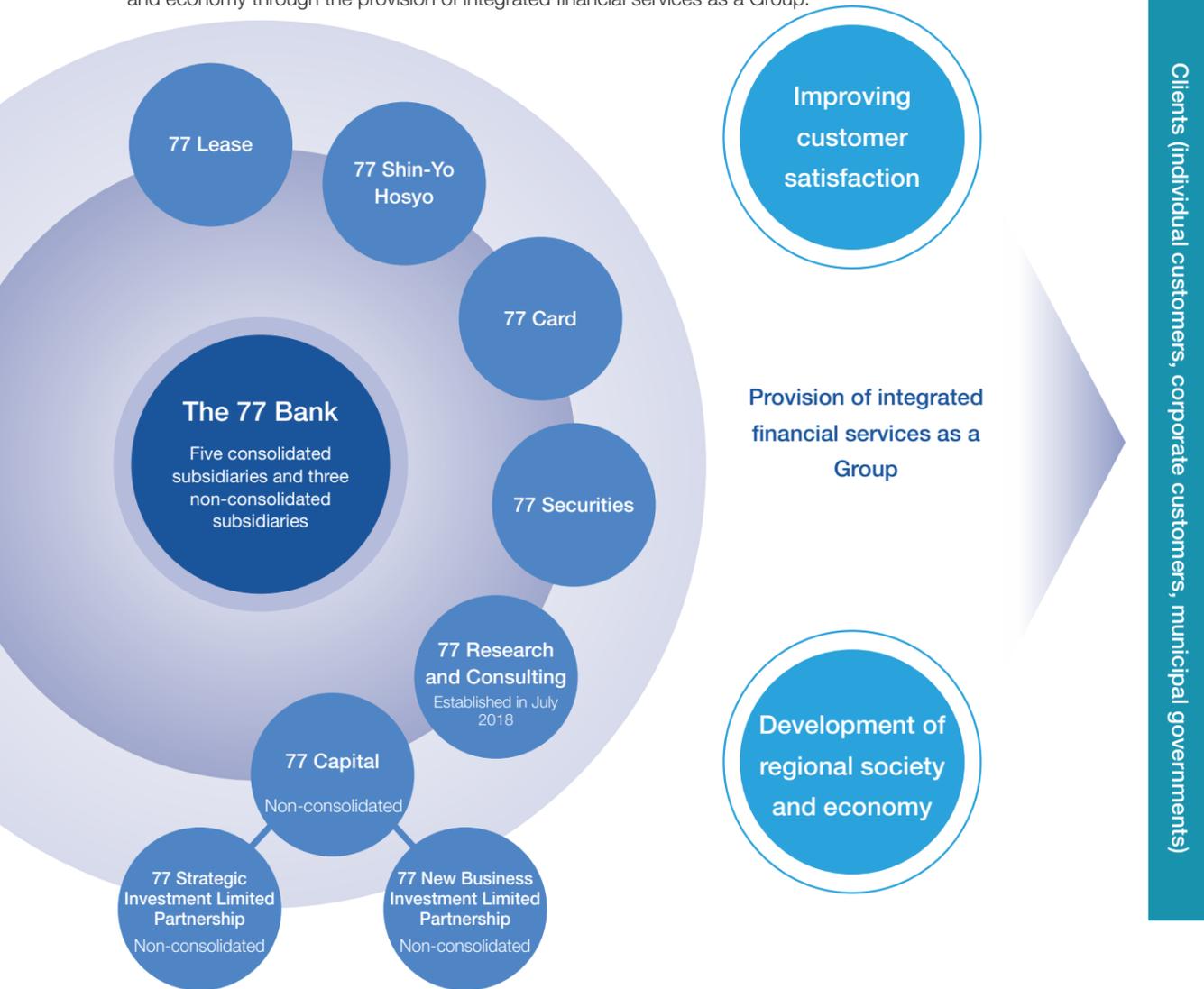
2. Confirm the payment information.
3. Enter your PIN number.
4. Complete the payment.



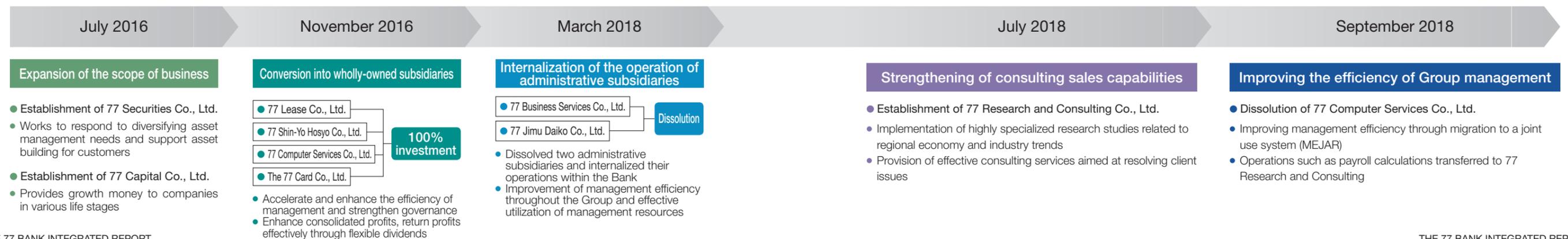
Provision of Integrated Financial Services

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 work to improve customer satisfaction and make further contributions to the development of the regional society and economy through the provision of integrated financial services as a Group.



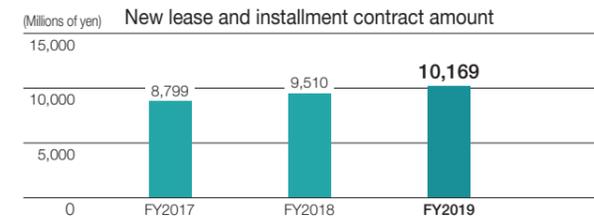
Evolution of the Group's strength



77 Lease

77 Lease supports capital investments by customers through finance leases, etc. for office equipment, transportation equipment, industrial machinery, medical devices, civil engineering and construction machinery, etc.

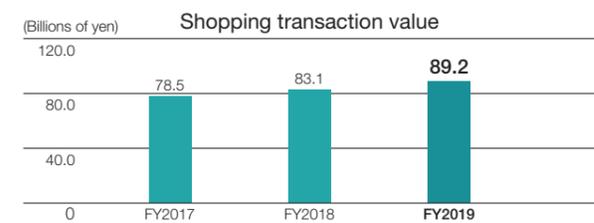
In terms of the business sentiment in Miyagi Prefecture, while there has been a slowdown in the recovery from the Great East Japan Earthquake as a result of factors including a rebound from reconstruction demand, economic activity has generally remained strong, and the new lease and installment contract amount remains high as well.



77 Card

77 Card issues credit cards including JCB, Visa, and MasterCard for retail and corporate customers and is also engaged in the card loan guarantee business. In addition, the company is working together with Miyagi Prefecture and Sendai City, etc. to support the introduction of cashless terminals to promote the further spread of cashless payments.

Shopping transaction value has been strong as a result of factors including strong personal consumption underpinned by an improvement in the employment and wage environment and the advance of cashless payments.



77 Research and Consulting

77 Research and Consulting's main business activities include membership organization management, survey and research activities, and consulting services, and it contributes to improvement in value of client companies and regional revitalization through its expertise, the provision of high added value services, and information transmission.

The company has achieved a smooth business launch with the undertaking of research projects contracted by Sendai City, Tohoku University, etc., and consulting projects including support for asset succession, M&A support activities and human resources related activities.

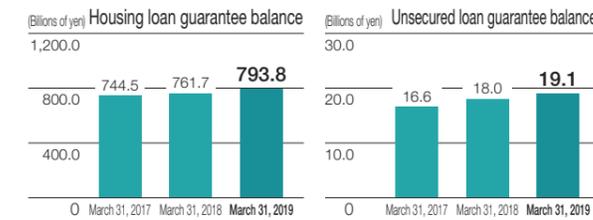
Results as of March 31, 2019 (8 months since launch)

Item	Results
Number of member customers	1,317 members
Number of contracted research projects	5 projects
Number of consulting projects	18 projects

77 Shin-Yo Hosyo

77 Shin-Yo Hosyo is engaged in business including obligation guarantees for customers using housing loans and unsecured loans such as car loans, and credit management.

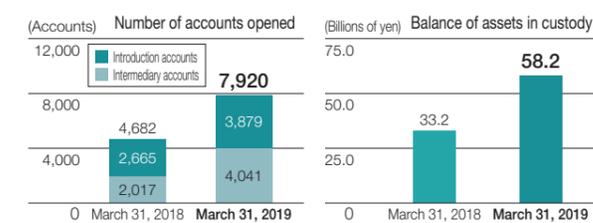
Although housing investment in Miyagi Prefecture is declining due to a rebound from the rebuilding demand triggered by the earthquake, investment levels remain high and the guarantee balance is strong as well.



77 Securities

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

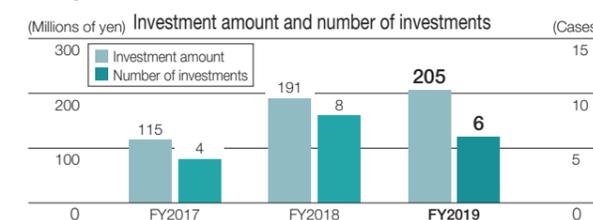
The number of accounts opened and balance of assets in custody is high thanks to integrated Group efforts through the bank-brokerage partnership.



77 Capital

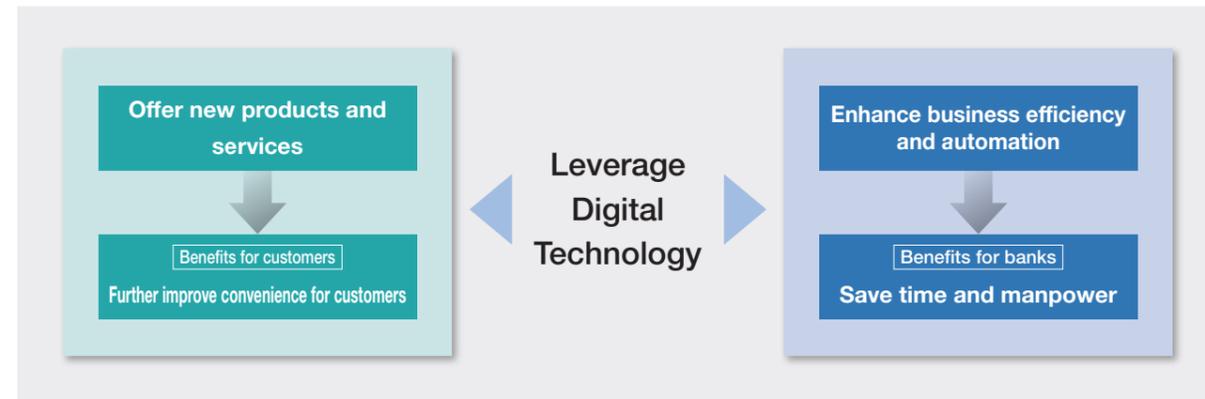
77 Capital's main business activities include the formation and management of investment limited partnerships (funds). In addition to providing a wide range of funding in response to the business characteristics and needs of companies, the company is actively engaged in company development and company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

Since its establishment in July 2016, the company has achieved steady results through management of the 77 New Business Fund for companies working on an initial business launch, establishment, or secondary business launch that contribute to regional revitalization and regional activation. In addition, the company is developing new areas of finance through the 77 Strategic Investment Fund that was established in March 2019.



Leverage Digital Technology

We are working to achieve a digital transformation that will transform the banking business model through the utilization of digital technologies and cooperation with external companies for the purpose of enhancing customer convenience and improving productivity.



New products and services	Payment/remittance	Smartphone payment	Yahoo! Wallet / Rakuten Edy / LINE Pay / PayPay / pring / merpay / docomo Kouza / J-Coin Pay Provide instant top-up to electric wallets
		Debit card payment	77 JCB Debit Provide instant transfer services, support Google Pay
		Fee payments	77 Bank PayB Provide instant payment service via smartphone
	Household finance/finance management	Smartphone apps	77 BANK app for account opening 77 BANK app (household accounting services, etc.)
	Data analysis	AI/Big data	Select investment trust targets, etc., based on big data analysis
Financial information	Data linkage	Monitoring Information Service Receiving financial information on TKC Corporation member companies in digital data format	
Enhance business efficiency	RPA	Enhance business efficiency and automation on repetitive routine work Annual hours reduced: 4,977 (110 operations) * As of end-March 2019	
Other operations to sophisticate the Bank's businesses	Omnichannel	Provide services through information sharing between channels (full-scale operation scheduled to start in Oct. 2019)	
	Block chaining	Joined user group of SBI Group and conducted research on new remittance/payment services	
	Cooperation with external organizations	Dispatched Bank employees to Japan Digital Design to do research on enhancement of the Bank's businesses and user-friendliness Aiming to build highly efficient and productive new business model through revision and reform of operations in partnership with MEJAR system member banks	

Cashless payment initiatives

In order to enhance customer convenience through cashless payments, we support debit cards as well as a wide variety of smartphone-based cashless payment services provided by external companies.



Utilization of smartphone apps

We work together with FinTech companies, etc. to improve convenience through smartphone apps.



77 Bank PayB

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



77 BANK app

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

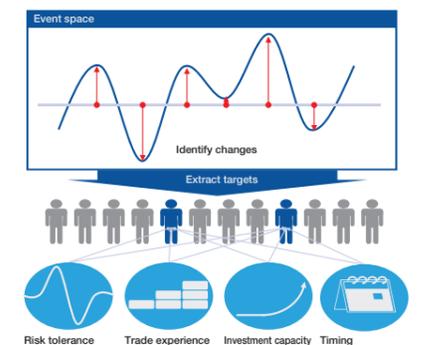


77 BANK app for account opening

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

Introduction of big data analysis software using artificial intelligence (AI)

In partnership with the FinTech company, Generic Solution Corporation, we have been engaged in the creation of a model to predict the timing with which customers will want to borrow loans and use asset management services, based on the massive amount of transaction records held by the Bank, as a trial effort for big data analysis utilizing artificial intelligence. Because a certain degree of accuracy has been confirmed for the developed model as a result of this trial, in June 2018, we carried out full-scale introduction of an AI-based data analysis software developed by the Bank.



Launch of the MEJAR Digital Innovation Hub

In December 2018, together with The Bank of Yokohama, Hokuriku Bank, and Hokkaido Bank with whom we jointly manage the core system MEJAR, we launched a digital promotion project. In this project, various measures utilizing digital technologies including operational process reforms as well as channel and service reforms are promoted collaboratively with the project partners.



Holding of X-Tech Innovation 2018

From July 2018, the IT-themed business contest, X-Tech Innovation 2018 was jointly held with the Fukuoka Financial Group, Hokkaido Bank, and The Bank of Okinawa, in order to contribute to revitalization of the regional economy through the discovery and support of original and novel ideas and innovations utilizing IT.

This contest focuses on various forms of rapidly developing technologies, and widely accepts new cross-industry services and business ideas from start-up companies, etc., in order to discover and recognize outstanding ideas. It also supports the commercialization of such business ideas, provides matching opportunities with local companies and explores the applicability in existing businesses in an aim to revitalize the regional economy.



Earthquake Reconstruction Support

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 optimum 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.

Efforts toward earthquake reconstruction

Earthquake-related loan performance (cumulative total after the earthquake to March 31, 2019)

26,024 cases/¥715.6 billion

Corporate

	Operating	Capital expenditure	Total
Number of cases	5,933	2,483	8,416
Amount	¥265.6 billion	¥157.7 billion	¥423.3 billion

Retail

	Unsecured	Housing	Total
Number of cases	4,290	13,318	17,608
Amount	¥7.4 billion	¥284.9 billion	¥292.3 billion

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

The Loans related to Recovery and Development Subsidy Project for SME Group Facilities, etc. Project is under way with the assistance of the national government and Miyagi Prefecture as support for the recovery and development of the facilities and equipment of SME groups affected by the earthquake. In addition to subsidy application support, we actively meet funding needs through bridge financing until the subsidies are granted as well as financing for the principal investment portion (a quarter of the investment amount) that is not fully covered by the subsidy.

Bridge financing results

801 cases/¥57.9 billion

Principal investment results

168 cases/¥12.8 billion

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

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 a diverse support menu including credit purchase, and the Miyagi Organization for Industry Reconstruction.

Businesses affected by the Great East Japan Earthquake designated by the Corporation for Revitalizing Earthquake-Affected Business

188 cases

Organization for Industry Reconstruction support clients

75 cases

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

From February 2013, we began handling 77 Earthquake Reconstruction Support Housing Loans (for collective relocation/leased land type), 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.

929 cases/¥20.7 billion

Number of housing rebuilding consultation meetings held

Housing rebuilding consultation meetings are held in cooperation with the Miyagi Reconstruction and Residential Development Promotion Committee, the Japan Housing Finance Agency, and municipal governments in Miyagi Prefecture, in order to support the rebuilding of housing for people affected by the disaster.

220 times

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

We actively work to raise awareness of and promote use of the personal voluntary liquidation guideline support that is implemented for the purpose of resolving the double debt problems of retail customers who are using housing loans, etc.

Personal voluntary liquidation guideline support results

Consultations received:	506 cases	Repayment plan proposals received:	216 cases
Applications received:	257 cases	Repayment plan proposals agreed to:	216 cases (Zero refused plans)

Examples of initiatives to improve convenience

Relocation of the Kesenuma Branch

The Kesenuma Branch, which has continued its operation in the former Kesenuma Chamber of Commerce and Industry building after the branch building was damaged in the Great East Japan Earthquake, will be relocated in January 2020 to a newly constructed building at almost the same location as the former branch.



Relocation of the Minato Branch and Watanoha Branch

The Minato and Watanoha Branches, which have continued their operation at a location different from the original place after the branch buildings were damaged in the Great East Japan Earthquake, will be together relocated in February 2020 to a newly constructed building near the Ishinomaki Fish Market.



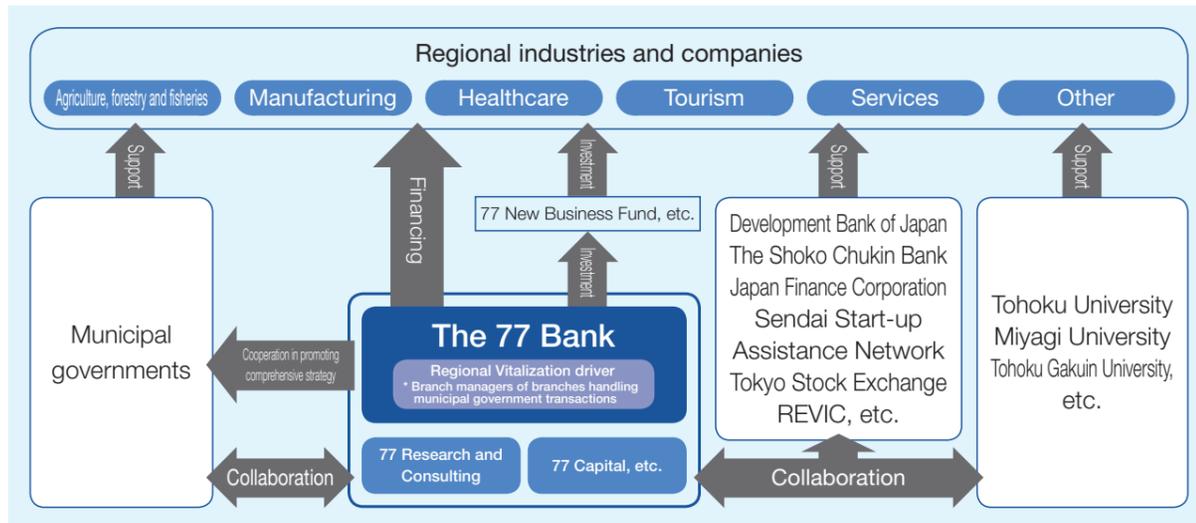
Commercial facility Mukaeru in Minamimachi-Kaigan



Ishinomaki Fish Market

Initiatives for Regional Revitalization

Implementation structure for regional revitalization



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



Delicious Yamagata and Food Kingdom Miyagi Business Meeting

Promotion of urban development

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



Next-generation 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



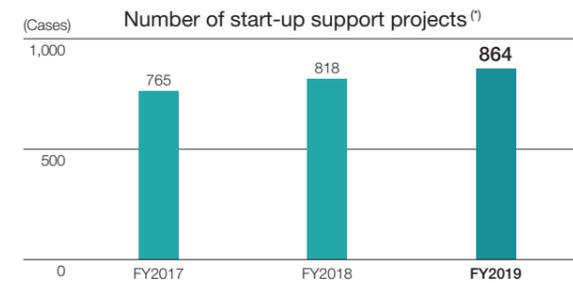
Tourism exchange center using a renovated traditional Japanese house

Support for starting a new company or business

Support for starting a new company or business

As part of our efforts to strengthen initiatives toward regional revitalization, 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 support organizations, and is actively working to provide funds through the use of start-up-and-new-business-related financing systems provided by Miyagi Prefecture.

In addition, the Bank provides hands-on support through introductions of companies with outstanding technologies and ideas to external support organizations, such as Tohoku University and Miyagi University.



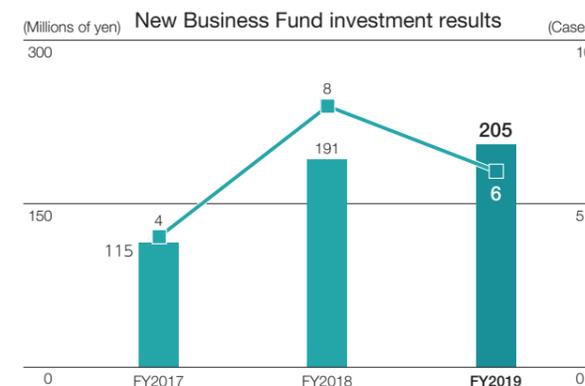
* Start-up plan formulation support, financing clients in the start-up stage, introduction of government-affiliated financial institutions and start-up support organizations, and subsidies, financing, and investment in venture companies

Results of hands-on support using external support organizations, etc. (Cases)

	FY2017	FY2018	FY2019
Tohoku University / Miyagi University	3	10	12
Organization for Small & Medium Enterprises and Regional Innovation, JAPAN	18	22	23
Yorozu Support Center	1	4	13
Miyagi Professional Human Resources Strategic Base	4	17	4
Tokeiren Business Center	2	7	1
Industrial Technology Institute, Miyagi Prefectural Government	0	2	1
Others	5	14	22
Total	33	76	76

Investments through 77 Capital Co., Ltd.

77 Capital Co., Ltd., which was established in July 2016, has formed and made investments through the 77 New Business Fund together with the Bank for companies working on initial business launch, establishment, or secondary business launch that contribute to regional revitalization and regional activation.



Application support for subsidies, etc.

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

Subsidies	Results
Manufacturing SME and Small Business Prototype Development Support Subsidy (Alias: Manufacturing Subsidy)	Cases of support: 56 Adoption results: 33
SME and Small Business Manufacturing, Commerce, and Service Innovation Project (Alias: New Manufacturing Subsidy)	Cases of support: 99 Adoption results: 52
Manufacturing, Commerce, and Service Innovation Subsidy	Cases of support: 51 Adoption results: 26
Manufacturing, Commerce, and Service New Development Support Subsidy	Cases of support: 47 Adoption results: 19
Manufacturing, Commerce, and Service Development Support Subsidy	Cases of support: 25 Adoption results: 11
Manufacturing, Commerce, and Service Management Capabilities Improvement Support Subsidy	Cases of support: 49 Adoption results: 24
Regional Demand Creation Entrepreneurship and Foundation Promotion Subsidy (Alias: Start-up Subsidy)	Cases of support: 79 Adoption results: 39
Foundation Subsidy (Alias: Foundation Promotion Subsidy)	Cases of support: 58 Adoption results: 18
2014 Supplementary Budget Initial and Secondary Business Launch Promotion Subsidy	Cases of support: 25 Adoption results: 21
Small Business Revitalization Subsidy (Alias: Small Business Subsidy)	Cases of support: 10 Adoption results: 9
2015 Budget Initial Business Launch and Secondary Business Launch Promotion Subsidy	Cases of support: 17 Adoption results: 14
2017 Budget Foundation and Business Succession Subsidy	Cases of support: 7 Adoption results: 0

Details of investees

Target area	Number of companies	Investment amount (Millions of yen)
Manufacturing	8	171
Energy	2	85
Drug discovery	2	80
Services	2	40
Medical institution	1	50
Nursing	1	49.5
Construction	1	20
Fishery processing	1	15
Total	18	510.5

Launch of the 77 Business Startup Support Package

In April 2019, we launched the 77 Business Startup Support Package, which covers our menu of business launch support services, in an aim to satisfy customers in the foundation stage with needs to optimize their operation, including for accounting and payment. Corporate customers that have a deposit account with the Bank, and that were founded within the last two years are eligible for this package. Preferential treatments and benefits, including exemption from contract fees and first year annual fees, are available for applicants at the time they introduce subject products.



THE 77 Business Support Foundation

The Bank established the 77 Business Support Foundation in April 1998, for the purpose of contributing to the promotion of industry and economic development in Miyagi Prefecture.

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 that are actively engaged in business through new and original technologies or know-how, and entrepreneurs who aspire to start new businesses. In addition to holding lectures and seminars, the Foundation also issues a business information magazine.



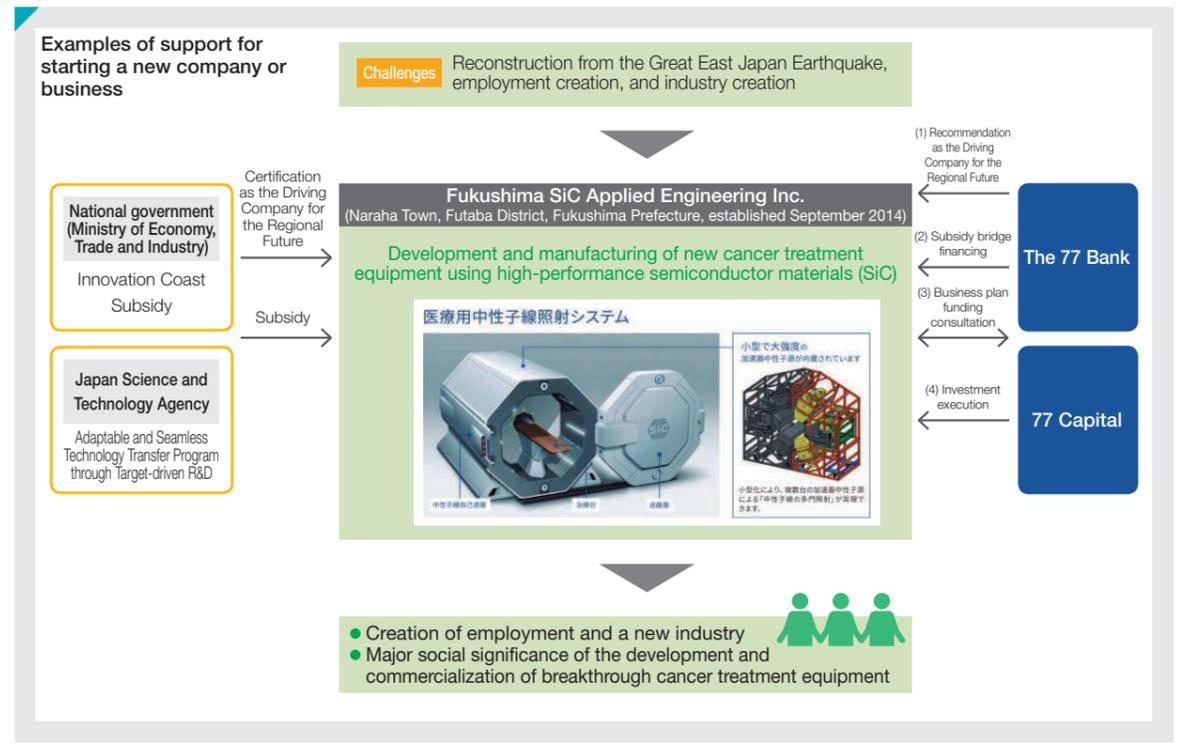
<FY2019 Awards Ceremony>

21st 77 Business Grand Prize	21st 77 New Business Subsidy
kyoyu co., ltd. SELCO HOME, Inc.	Olpasso Corporation Tohoku Magnet Institute manaby co., ltd. Mirai kikaku Co., Ltd. Yamato Medical Corporation

Support for Fukushima SiC Applied Engineering Inc.

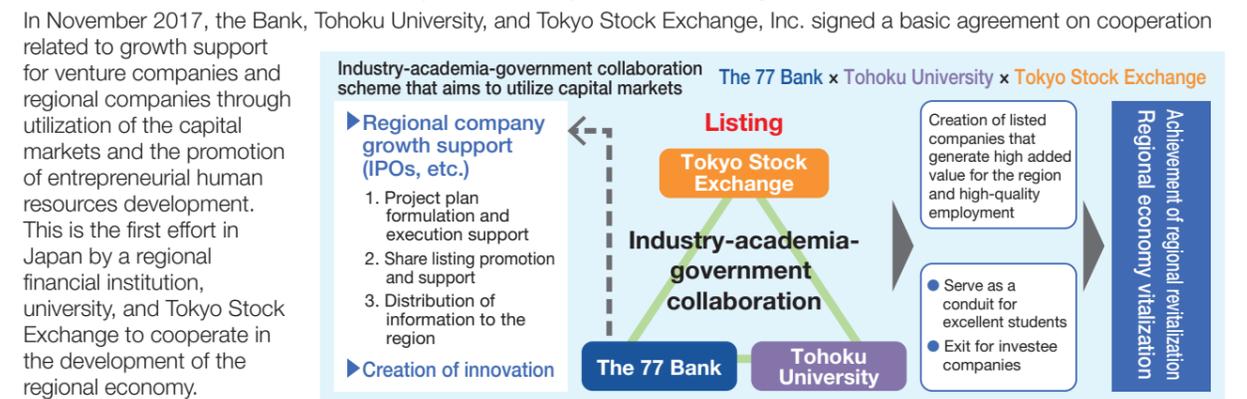
Fukushima SiC Applied Engineering is a medical equipment manufacturing venture that was founded in 2014 to develop technologies and manufacture products using SiC semiconductors (compound semiconductors formed of silicon and carbon). Social implementation of the company's new technologies will lead to the creation of employment and new industry in the areas affected by the Great East Japan Earthquake, and contribute to society through the commercialization of breakthrough equipment for cancer treatment.

The Bank has cooperated from the stage of business plan formulation and provided various forms of support in the development period including recommendations to future leading companies in the region, bridge financing until the receipt of subsidies, and provision of capital funds through the 77 New Business Fund formed together with the Group company, 77 Capital Co., Ltd.



Support and development of regional core companies

Cooperation with Tohoku University and the Tokyo Stock Exchange



Sendai Future Generating Company Creation Program

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

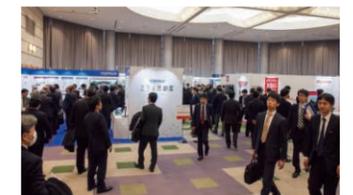
This program provides intensive support for stock listing, after recruiting and selecting local companies that could possibly be listed within roughly five years, and certifying them as Sendai Future Generating Companies.



* Cooperation with this program is carried out as a new initiative based on a three-party cooperation agreement entered in November 2017 between the Bank, Tohoku University, and the Tokyo Stock Exchange, Inc. for the purpose of providing growth support for venture companies and local companies using the capital markets, and promoting the development of entrepreneurial human resources.

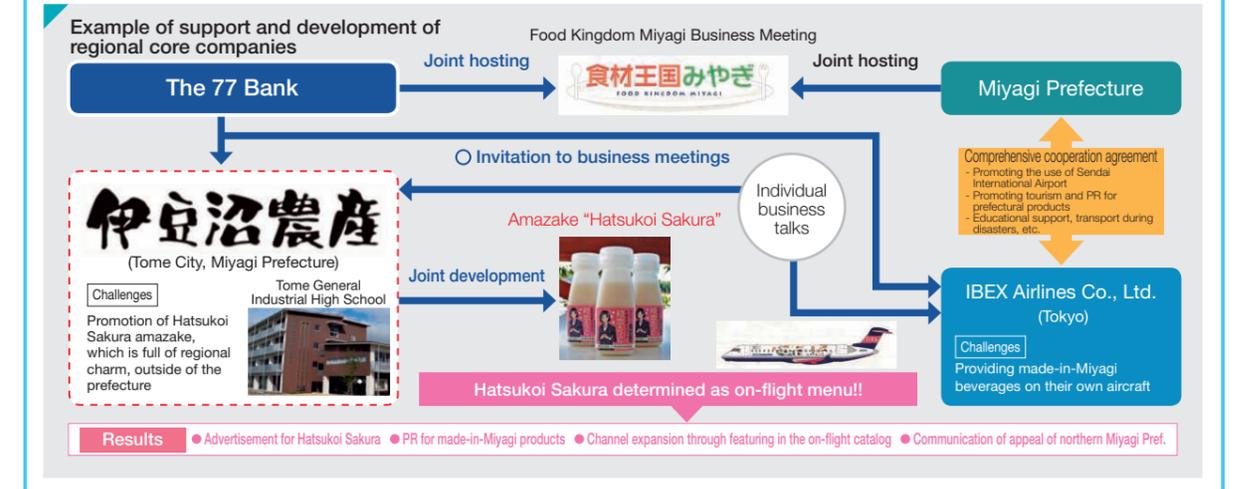
Holding the "77 Business Forum —For the Future—"

In January 2019, a business forum on the theme of the future was held as part of our efforts to contribute to the expansion of business opportunities for business partners and revitalization of the regional economy. Various programs related to regional revitalization were provided through the forum, including lectures and panel discussions by notable figures from various fields and exhibition booths introducing the latest technologies.



Support for Izunuma Nousan Co., Ltd.

Izunuma Nousan Co., Ltd., an agricultural production corporation in Tome City, is working toward the sixth sector industrialization of regional food products, including Hatsukoi Sakura amazake (traditional drink made from fermented rice), which was jointly developed with Tome General Industrial High School, and has participated in the Food Kingdom Miyagi Business Meeting sponsored by the Bank with the aim of developing and expanding sales channels. In addition, in response to the needs of IBEX Airlines Co., Ltd., based at Sendai International Airport, with respect to beverages made in Miyagi Prefecture that could be served aboard the airline's flights, the handling branch proposed participation in the Food Kingdom Miyagi Business Meeting, during which individual business talks were held with Izunuma Nousan Co., Ltd. Subsequent discussions led to a business match that will help serve as PR for made-in-Miyagi products.



Promotion of urban development

PPP/PFI project initiatives

The Bank has further strengthened relationships with municipal governments, through initiatives including involvement in the project from the formulation stage, in response to an expected increase in PPP/PFI projects led by municipal governments stemming from a declining population and aging public facilities.

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)

Support for promotion of tourism, etc.

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 (Alias: 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.

Financial Network of TOHOKU Tourism

Financial Network of TOHOKU Tourism

The 77 Bank, Aomori Bank, Akita Bank, Bank of Iwate, Yamagata Bank, Toho Bank, Development Bank of Japan

- Support for commercialization and growth for tourism-related industries
- Use of networks and business matching
- Investments and loans to tourism-related businesses
- Support for the discovery and development of tourism resources
- Joint research

Actions of individual banks → **Coordinated actions by banks**

DMOs/tourism-related businesses, Development of tourist centers, Creating tourist regions

Support for Tohoku Noto Kyosei Research Institute, Co., Ltd.

Tohoku Noto Kyosei Research Institute is a business consulting company that provides support for sixth sector industrialization and regional branding, and its primary business is a sixth sector industrialization support business that is contracted by municipal governments, etc. This project aims to create a sustainable regional management model through the effective use of closed schools, which have become a social issue nationwide, maintenance of the local community in rural villages, and creation of regional industry based on agriculture.

The Bank has provided support, including support for the formulation of business plans to realize this project, industry-academia collaboration with Miyagi University, cooperation with product development through matching with the Ecole d'Art Culinaire de Miyagi, and the formation of cooperative loans with local financial institutions, etc. In addition, the Bank also provides ongoing support for sales channel expansion through business matching.

Examples of promotion of urban development

Kawasaki Town, Miyagi Prefecture

Challenges

- Decline in regional agriculture
- Increasing number of school closures in the town

Tohoku Noto Kyosei Research Institute, Co., Ltd. (Sendai City, Miyagi Prefecture, established December 2012)

Development of a facility for merchandise sells, restaurants and community center using a closed school (formerly Hasekura Elementary School) for the purpose of regional reconstruction, sixth sector industrialization, and employment creation

- Direct sales vendors and merchandise sells
- Restaurants and take-out
- Community activity and learning
- Direct sales of agricultural products, processed products, souvenirs, sundries, etc.
- Cafe, local foods, chocolate, etc.
- Miso making, making chocolates from cacao, etc.

Ripple effect on the regional economy through formation of a new community

- Maintenance and regeneration of regional agriculture
- Creation of new employment
- Creation of a tourist center and an increase in the nonresident population

Municipal governments → Recruitment of projects for utilizing closed schools → Tohoku Noto Kyosei Research Institute, Co., Ltd.

Miyagi University (Ecole d'Art Culinaire de Miyagi) → Product development cooperation/field study → Tohoku Noto Kyosei Research Institute, Co., Ltd.

The 77 Bank → Consultation → Tohoku Noto Kyosei Research Institute, Co., Ltd.

The 77 Bank → Business partnership (industry-academia collaboration) → Tohoku Noto Kyosei Research Institute, Co., Ltd.

Support from The 77 Bank:

- Business plan formulation support
- Financial support Working capital and capital investment funds/crowdfunding
- Cooperation in PR Business matching

Support for Miyagi Zao Kanko Co., Ltd.

Miyagi Zao Kanko Co., Ltd. operates the Miyagi Zao Eboshi Ski Resort, which enjoys the largest number of visitors among ski resorts in Miyagi Prefecture. As a main hub of regional tourism, the resort has installed artificial snow machines as part of efforts toward establishing a business structure that is not dependent on weather conditions during the winter season.

The Bank is providing support aimed at resolving the issues of Miyagi Zao Kanko Co., Ltd., including cooperation from the business plan formulation phase, cooperation with the Development Bank of Japan, which participates in the Financial Network of TOHOKU Tourism, and execution of investments through the jointly funded Miyagi Reconstruction and Regional Revitalization Support Fund.

Examples of support for promotion of tourism, etc.

Miyagi Zao Eboshi Ski Resort

Challenges

- Unseasonable weather conditions
- Lack of human resources
- Decline in the skier population

Miyagi Zao Kanko Co., Ltd. (Zao Town, Katta District, Miyagi Prefecture, established October 1966)

With the expected role of serving as the main hub of regional tourism, the company aims to become a resort facility that can be enjoyed throughout the year, with activities such as trekking in the summer and viewing of autumn leaves in the fall, in addition to snow season customers.

Enhancing and improving the appeal of tourism resources, Improving the productivity of the tourism industry

Towns and cities in the Zao area, DMOs → Promoting collaboration → Miyagi Zao Kanko Co., Ltd.

Miyagi Zao Kanko Co., Ltd. → (4) Investment execution → Miyagi Reconstruction and Regional Revitalization Support Fund

Miyagi Reconstruction and Regional Revitalization Support Fund → Information sharing/Collaboration → The 77 Bank

The 77 Bank → (1) Business plan formulation support, (2) Business matching, (3) Referral of human resources → Miyagi Zao Kanko Co., Ltd.

The 77 Bank → Implementation of business evaluation → Miyagi Zao Kanko Co., Ltd.

The 77 Bank → Development Bank of Japan → Miyagi Reconstruction and Regional Revitalization Support Fund

Cooperation with municipal governments

■ Signing of a cooperation agreement with municipal governments

The Bank has Comprehensive Cooperation Agreements for regional revitalization with 22 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.

We will strengthen our partnerships with municipal governments, and contribute to the vitalization of the regional economy pursuing public-private partnership efforts based on these agreements.

List of agreement partners

Kami Town Kamigo 	Ogawara Town Sakurakki 
Iwanuma City Iwanuma-kakaricho 	Taiwa Town Asahinasaburo 
Zao Town Zao-sama 	Shiogama City Minamoto Nerikama 
Shinchi Town (Fukushima Prefecture) 	Shichigahama Town Bochan 
Minamisoma City (Fukushima Prefecture) Nomatan 	Kakuda City Muhime 
Tomiya City Buruberikko and Burupiyo 	Watari Town Watarin 
Ishinomaki City Ishipyon 	Tome City Hatton 
Marumori Town Shoko-maru 	Osaki City Patasaki-san 
Onagawa Town Seapal-chan 	Shibata Town Hanami-chan 
Higashimatsushima City Ito/Ina 	Rifu Town Fairy of Tofu no Sato Rifu-chan 
Murata Town Kurarin 	Kawasaki Town Chocoemon 

Corporate rehabilitation support and business reform support

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

The Corporate Support Office was established in the Credit Supervision Division, and is working 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 five persons before the earthquake to 11 (as of March 31, 2019), in order 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 (FY2019)	57
Of which, clients with improvements in business conditions	22

■ Support for business reforms at branches

In order to strengthen efforts to improve borrower classification levels, branches conduct analysis regarding the necessity of business reform support for each client so as to identify to whom support should be provided. Based on such analysis, branches offer support for business reform, including presentation of approaches to resolve issues related to financial position and profitability.

Specifically, clients whose management intends to continue business, and for which improvements can be expected through the implementation of business reform support, are identified as business reform support clients, and support is provided through the formulation of business reform plans based on thorough discussions with the clients, as well as cooperation between the Corporate Support Office of the Credit Supervision Division and external experts.

In light of the impact of the earthquake, since April 2012, the scope of business reform support clients has been expanded, and the Corporate Support Office has started regular monitoring of business reform support clients to strengthen the involvement of the Headquarters in business reform support.

In FY2019, a total of 2,121 business reform support clients were identified, 140 of which achieved improvements in their borrower classification level as a result of various forms of business reform support.

Business reform support participation rate: 32.8%
= 2,121 business reform support participating clients/6,457 debtors at the beginning of the year (excluding normal borrowers)

Borrower classification improvement rate: 6.6%
= 140 clients with improved borrower classification/2,121 business reform support participating clients (excluding normal borrowers)

Rehabilitation plan formulation rate: 43.8%
= 928 clients that formulated rehabilitation plans/2,121 business reform support participating clients (excluding normal borrowers)

<FY2019 business reform support participation results>

	Number of borrowers at the beginning of year	Of which, number of business reform support participating clients	Of which, number of clients that improved borrower classification	Of which, number of clients that formulated rehabilitation plan
Borrowers requiring caution (excluding substandard borrowers)	5,484	1,564	96	647
Substandard borrowers	247	144	20	58
Potentially bankrupt borrowers	552	409	21	220
Effectively bankrupt borrowers	154	4	3	3
Bankrupt borrowers	20	0	0	0
Total	6,457	2,121	140	928

Effective and Efficient Allocation of Resources

■ Establishment of the Nozomino Sub-Branch, a next generation branch

In June 2018, the Hebita Branch Nozomino Sub-Branch was established in Nozomino, Ishinomaki City, based on a new branch concept that differs from traditional ones, in order to create manpower, time, and space for business activities, with the aim of strengthening consulting capabilities and improving customer satisfaction.

This new branch offers a self-service counter (77 Smart Counter) that can be used with employee assistance, as well as tablets that support digital signatures when applying to open a new account.

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

■ Expansion of branches with remote consultation systems and tablets

In January 2019, we expanded the number of branches with remote consultation systems and tablets, in order to become the "Best Consulting Bank" that responds to customers' needs by offering the optimum solutions, an image sought under the Medium-term Management Plan.



[77 Smart Counter]

Introduced in: 2 branches



[Tablets]

Introduced in: 10 branches
(expanded to 10 branches from 1 branch)



[Remote consultation system]

Introduced in: 4 branches
(expanded to 4 branches from 1 branch)

■ Changes in business hours

In April 2018, in an effort to maintain and improve financial services in the region, bank counter business hours at Ayukawa Branch were changed to 9:00 to 11:30 and 12:30 to 15:00 on weekdays, with counters closed between 11:30 and 12:30.

■ Deployment of branches within branches

In an effort to strengthen the Bank's overall sales capabilities through the effective use of management resources created through the consolidation of sales locations, the Basho no Tsuji Branch was moved to within the Head Office Business Division in July 2018, in order to adopt a branches within branches format in which multiple branches are operated within a single branch building.

In addition, the Sendai Ekimae Branch was moved to within the Nakakecho Branch in September 2019.

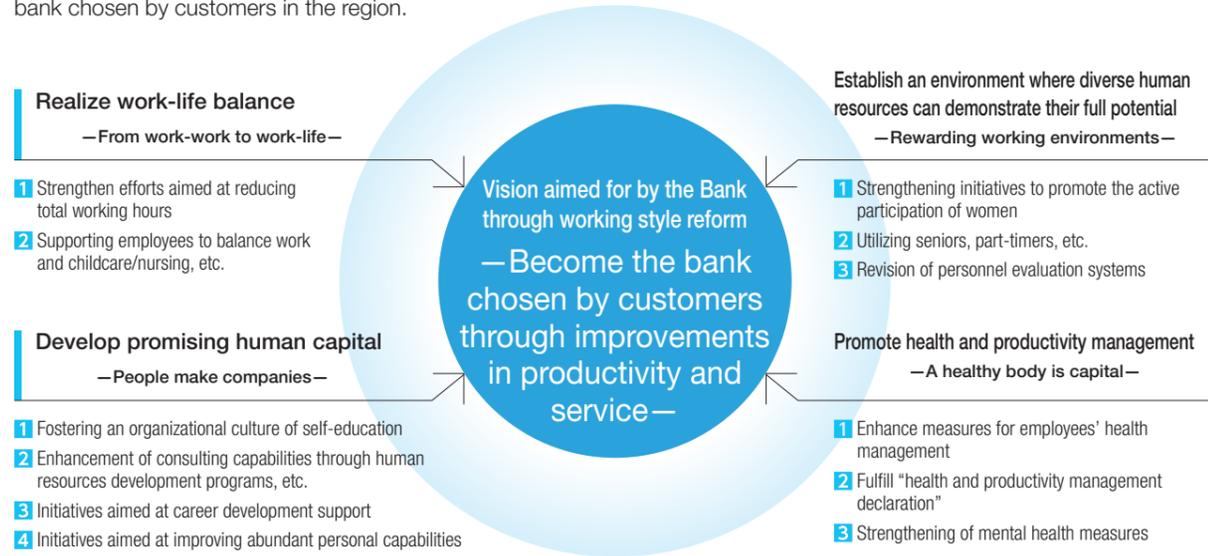
■ Streamlining operations

We are working to centralize branch administration at Headquarters, and review work flows in order to create manpower and time for focusing on the consulting business. In addition, we are implementing automated operations by introducing RPA (robotics process automation).

Item	Annual reduction effect through streamlined operations in FY2019 (Hours)
Centralization of branch administration at Headquarters	10,787
Reviewing work flows at branches	59,192
Reviewing branch administration based on administration improvement proposals	12,437
RPA (67 Headquarters operations)	2,562
Total	84,978

Working Style Reform Efforts

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

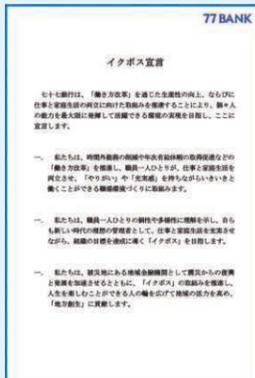


Realize work-life balance

- 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)

Implementation of IkuBoss Declaration

The Bank's Directors and managerial employees implemented the IkuBoss Declaration in October 2016 to develop ideal workplace environments that are both easier and more rewarding to work in.



IkuBoss Declaration

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.



In March 2019, the Bank formed a utilization partnership with daycare facilities in Miyagi Prefecture, as an enterprise-driven daycare project.

- Partner daycare providers:
11 companies
Available daycare facilities:
20 facilities



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

Establishment of Diversity Promotion Policy

In March 2018, the Bank established the 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.

Holding of career seminars and roundtable discussions for young employees, as part of the support for career development for women

- Number of times held in FY2019: 4
Total of 101 participants



Developing 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 and weekday evening seminars, based on a human resource development program from the perspective of improving consulting capabilities

- Holiday and weekday evening seminars
Number of times held in FY2019: 47
Total of 3,072 participants



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

In December 2018, the bank formulated the health and productivity management declaration, and implemented initiatives including a total prohibition of smoking on all Bank property to strengthen health and productivity management.



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

Board of Directors and Audit & Supervisory Committee Members

(As of June 30, 2019)



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)



Toru Sugawara

Managing Director

- Apr. 1983 Joined the Bank
- Jun. 2003 General Manager, Oiguchi 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 (current position)
- 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

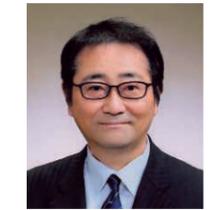
- Apr. 1985 Joined the Bank
- Jun. 2005 Chief Secretary, the Bank
- Jun. 2008 General Manager, Fukushima Branch, the Bank
- Jun. 2010 General Manager, Izumi Branch, the Bank
- Jun. 2012 General Manager, Treasury Administration & International Div., the Bank
- Jun. 2014 Executive Officer and General Manager, 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)
- Jun. 2019 Managing Director, 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)



Takuji Tabata

Managing Director

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



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



Mitsuo Chubachi

Director, Audit & Supervisory Committee Member

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



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 President and Representative Director, TECHNO PLAZA Miyagi, Inc.
- Jun. 2017 President, Miyagi Organization for Industry Promotion (current position)
- Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Yoko Ushio

Director, Audit & Supervisory Committee Member (Outside Director)

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

Senior Executive Officers

- General Manager, Audit & Inspection Division **Kenji Kikuchi**
- General Manager, Oroshimachi Branch **Yoshiki Nakajima**
- General Manager, Head Office Business Division, and Sasho no Tsuji Branch **Atsushi Kobayashi**

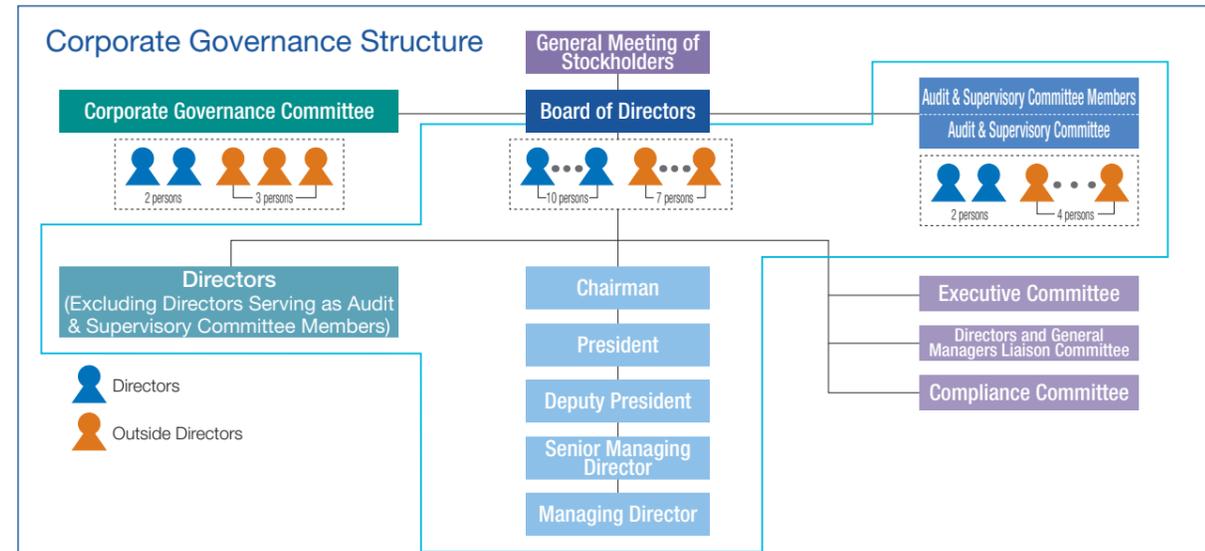
Executive Officers

- General Manager, Tokyo Branch **Masanori Muranushi**
- General Manager, Business Promotion Division **Yoshihiro Endo**
- General Manager, Personnel Division **Naoshi Aoyagi**
- General Manager, Compliance Management Division **Kazuhito Chida**
- General Manager, Ishinomaki Branch and Minato Branch **Shuichi Ibuka**
- General Manager, Treasury Division **Hirokimi Fukushi**

Corporate Governance Initiatives

Basic stance toward corporate governance

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



Main members by organization

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

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

Past Efforts to Enhance and Strengthen Governance

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.

Discussion items for the Corporate Governance Committee

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

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

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 strengthened 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 worked 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 and appointment of a female Director

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

- 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 2019:

We increased the number of Outside Directors who are Audit & Supervisory Committee Members by one in order to strengthen the management supervisory function of the Audit & Supervisory Committee and establish a more effective corporate governance structure.

Due to the proactive appointment of Outside Directors and female Directors, the ratio of Outside Directors now stands at 41.1%, while the ratio of female Directors stands as 11.7%.

Ratio of Outside Directors: **41.1%** Ratio of Female Directors: **11.7%**

► 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 FY2019	
Corporate briefings for institutional investors	2 times/approximately 250 participants
Corporate briefings for individual investors	4 times/approximately 310 participants
Corporate briefings for clients by region	5 times/approximately 400 participants
Visits to foreign investors	July 2017: Asia, February 2018: North America, April 2019: Asia



Social Responsibility

Compliance structure

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

Compliance Guidelines (Compliance Standards)

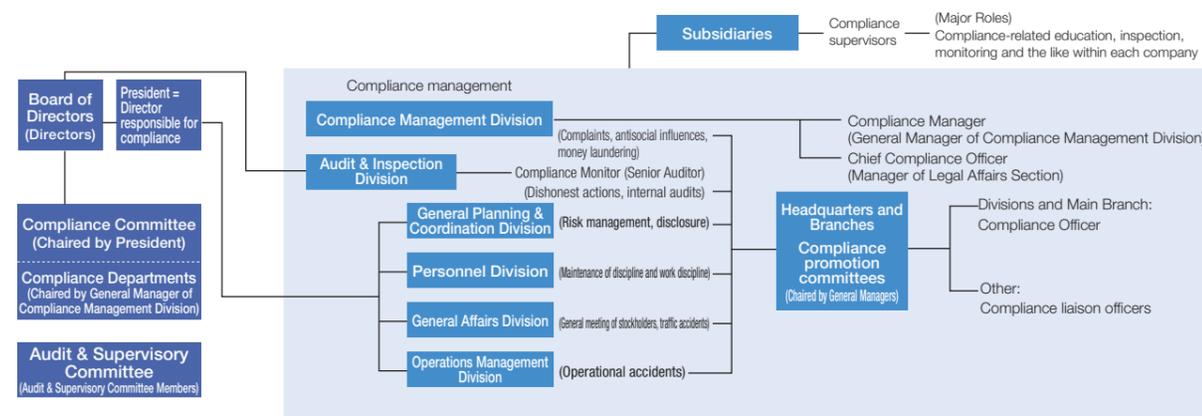
[Basic Direction]

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

[Code of Conduct]

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

Compliance structure



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

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



Newly established

Compliance with the 77 Bank Money Laundering Prevention Policy

The Bank recognizes that the abuse of financial services through crimes including money laundering is a serious risk in bank management, and positions the prevention of money laundering as one of its most important management issues. In light of this, the Bank has established the 77 Bank Money Laundering Prevention Policy, and released this policy through the Bank's website.

Scan the QR code to read the 77 Bank Money Laundering Prevention Policy.
* 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



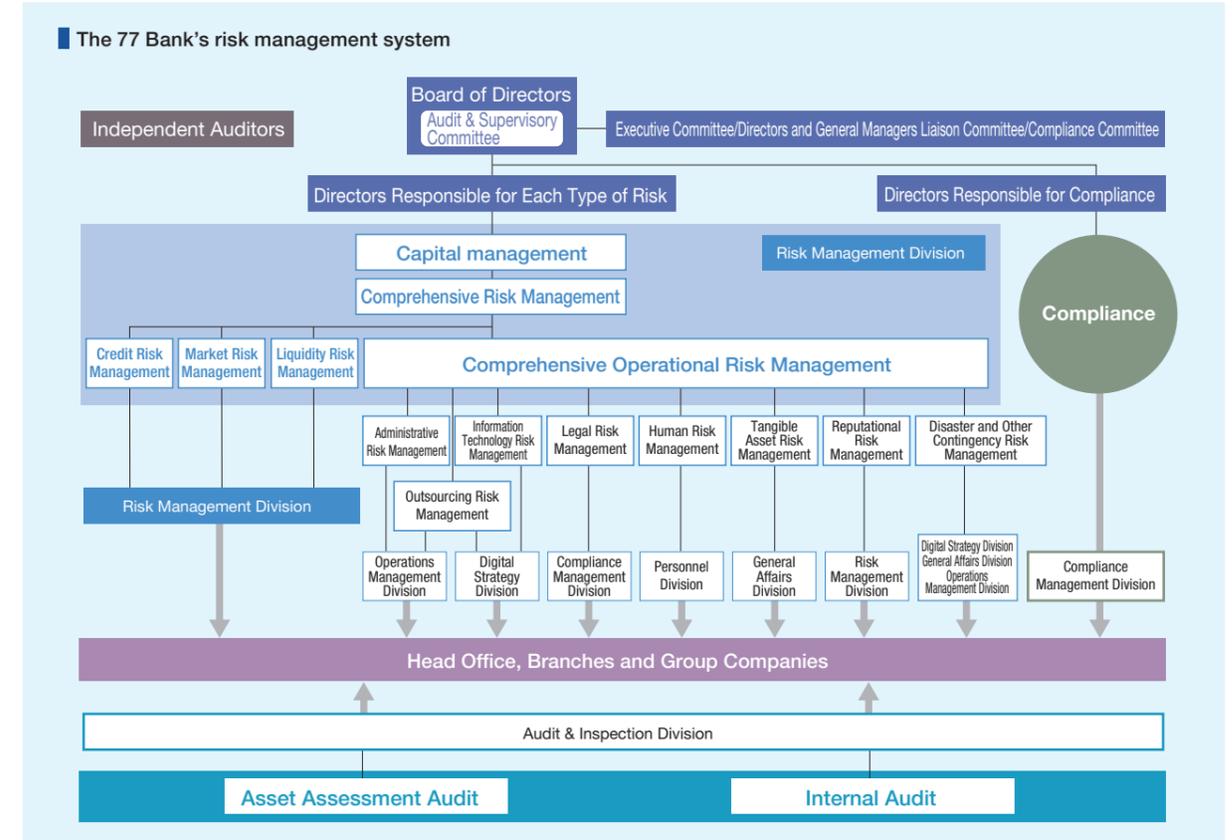
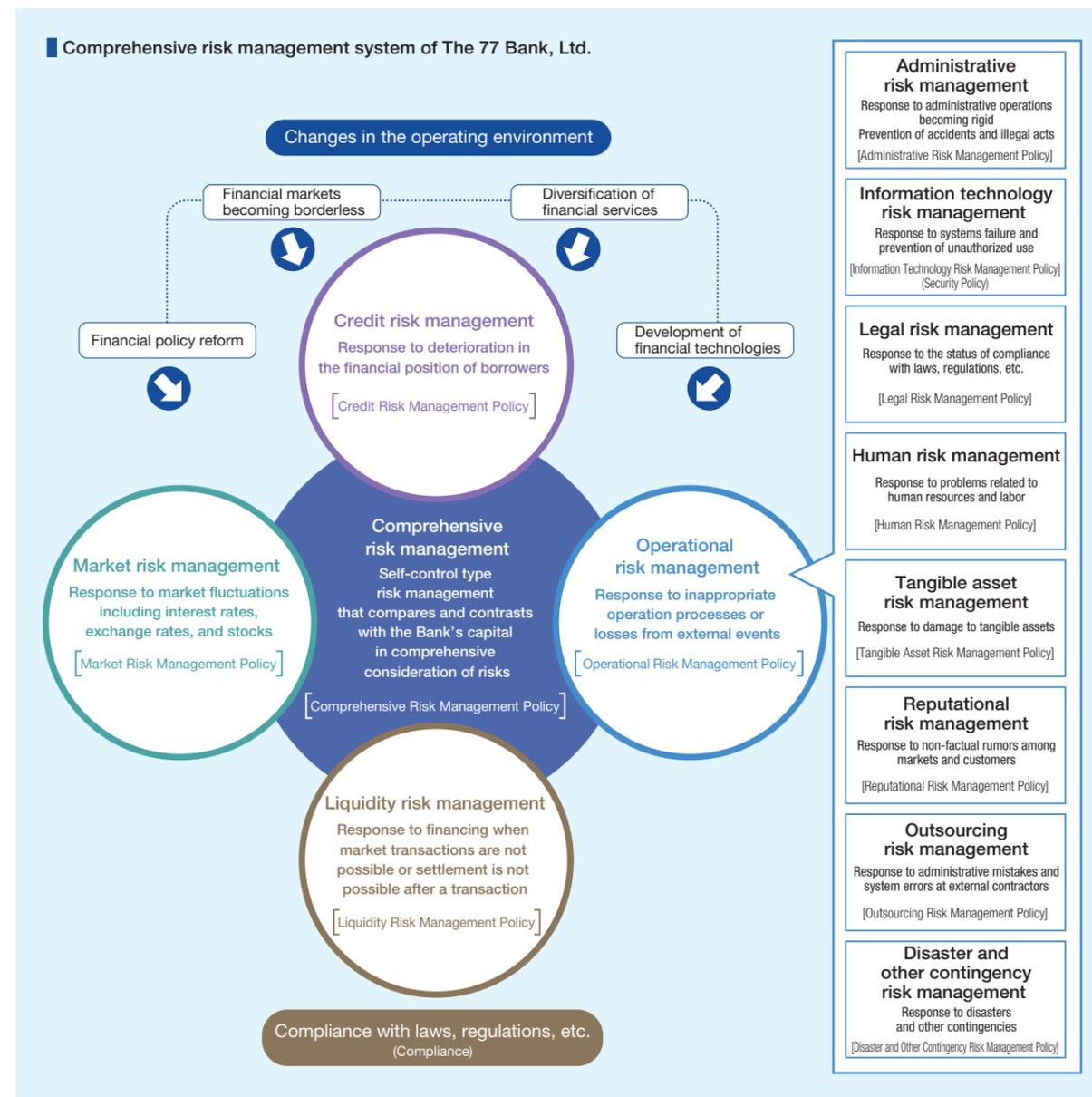
Risk Management System

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.



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	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.
Information technology risk	Digital Strategy Division	
Legal risk	Compliance Management Division	
Human risk	Personnel Division	
Tangible asset risk	General Affairs Division	
Reputational risk	Risk Management Division	
Outsourcing risk	Digital Strategy Division, Operations Management Division	
Disaster and other contingency risk	Digital Strategy Division, General Affairs Division, Operations Management 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 systems) and physical inspections with the primary aim of preventing illegality.

Responding to increasing cyberattacks

In order to respond to cyberattacks, which are becoming increasingly advanced and sophisticated on a daily basis, the Bank has established Cyber Security Management Regulations, and has implemented multi-layer technical measures, including the prevention of unauthorized intrusions and blocking of information leakage, as well as detection of malicious viruses. In addition, the Bank has undertaken organizational measures such as drills and exercises that assume the occurrence of a cyberattack, and is continuously working to strengthen systems for swiftly responding to cyberattacks.

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

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

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

19,850 companies (as of March 31, 2019)

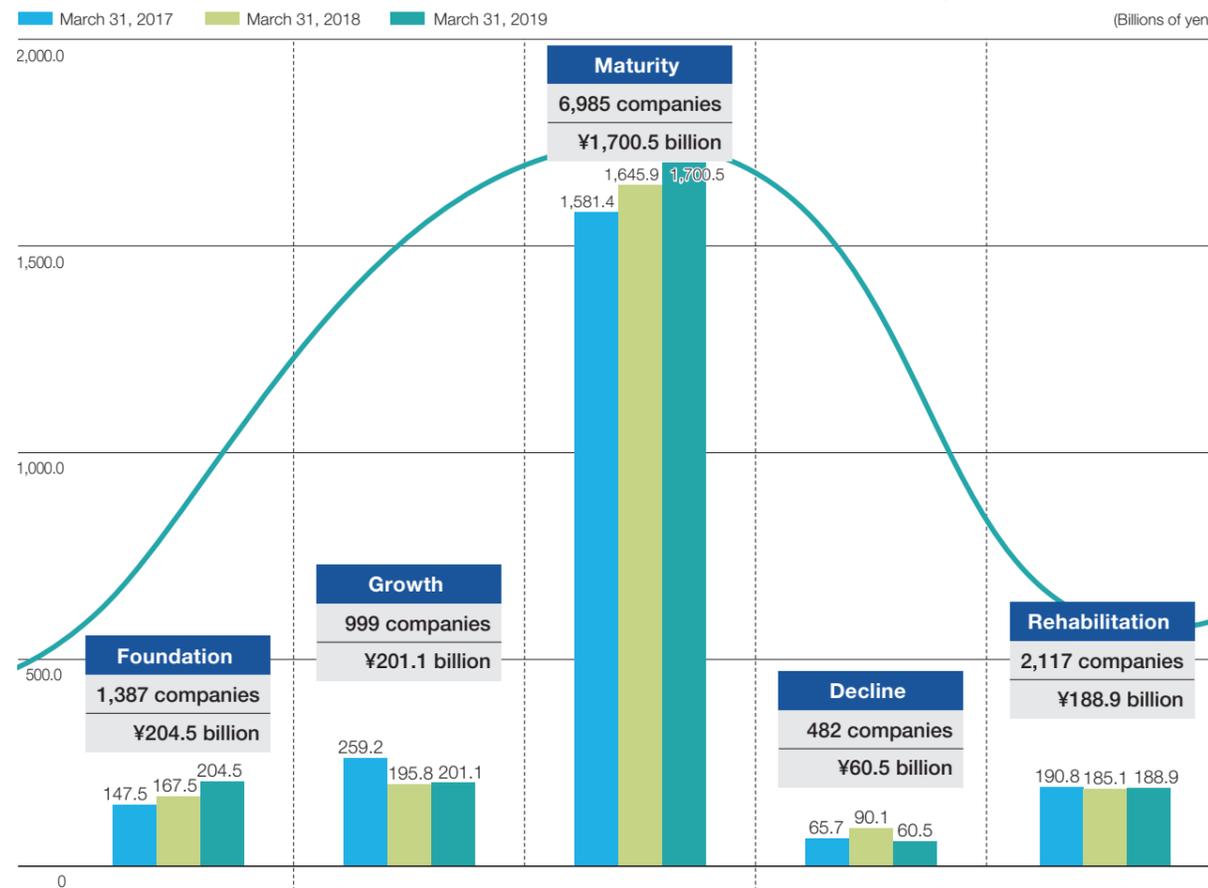
Loan balance of borrowers

¥2,869.4 billion (as of March 31, 2019)

* 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. (7,880 companies / loan balance of ¥513.9 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 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

(Companies)				
Total number of condition changes				
948	Good progress	Steady progress	Unfavorable progress	Clients without a plan
	29	246	97	576

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

(Companies)		
Number of clients with highly feasible drastic business improvement plans		
96	Number of clients that have achieved plans	Number of clients that have not yet achieved plans
	91	5

Number of secondees accepted for core business support for clients

(People)	
FY2019	
	13

Number of users of the Regional Economy Vitalization Corporation of Japan (REVIC), SME Business Rehabilitation Support Co-operatives

(Companies)			
Number of users of REVIC			
	FY2017	FY2018	FY2019
	8	11	11

Number of users of SME Business Rehabilitation Support Co-operative

(Companies)			
Number of users of SME Business Rehabilitation Support Co-operative			
	FY2017	FY2018	FY2019
	25	25	21

Users of DES, DDS, or debt waiver among corporate rehabilitation support clients and the support amount (Fiscal year ended March 31, 2019)

DES, DDS, debt waiver	
	11 companies
	¥1.5 billion

Use of funds

FY2019			
			10 cases

The Bank's main investee funds

Name	Size	Establishment	Investors
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.
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
Miyagi Regional Value Co-creation Fund	¥3.0 billion	September 28, 2018	Unlimited liability partner (operator): DBJ Regional Investment Co., Ltd. (wholly owned subsidiary of Development Bank of Japan) Limited liability partners: The Bank, Development Bank of Japan
77 Strategic Investment Fund	¥2.0 billion	March 25, 2019	Unlimited liability partner (operator): 77 Capital Co., Ltd. Limited liability partner: The Bank

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

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

Number of start-up support projects (Cases)				
864	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
		17	775	47

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

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)	4,978 companies	¥715.5 billion
Total number of borrowers and the loan balance (2)	19,850 companies	¥2,869.4 billion
(1)/(2)	25.1%	24.9%

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

Total number of borrowers (1)		
19,850	Of which, clients using Guidelines (2)	(2)/(1)
	3,651	18.4%

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

Total number of regional SME borrowers (1)		
16,235	Of which, unsecured borrowers (2)	(2)/(1)
	9,155	56.4%

Loan balance for regional SMEs (3)		
1,188.4	Of which, unsecured loan balance (4)	(4)/(3)
	290.2	24.4%

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

Total number of regional SME borrowers (1)		
16,235	Of which, borrowers that revolving mortgage has not been set for (2)	(2)/(1)
	12,805	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

Loan balance for SMEs		
1,803.2	Of which, finance amount with a guarantee from a credit guarantee association	
	101.9 (5.7%)	37.4 (2.1%)

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

All clients (1)		
18,729	Of which, clients who are proposed with solutions (2)	(2)/(1)
	6,850	36.6%

Loan balance of all clients (3)		
2,869.4	Of which, loan balance of solution proposal clients (4)	(4)/(3)
	899.2	31.3%

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

FY2017	FY2018	FY2019
46	64	65

Number of business succession support clients

FY2017	FY2018	FY2019
174	367	404

Number of M&A support clients

	FY2017	FY2018	FY2019
Advisory contract clients	10	15	23

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

	FY2017	FY2018	FY2019
Local	983	1,578	1,160
Non-local	106	173	126
Overseas	13	16	18
Total	1,102	1,767	1,304

* 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)

	FY2019		
	Local	Non-local	
	Miyagi Prefecture	Non-local in the Tohoku Region	Other
Total number of clients	28,001		
Number of clients by region	23,625	4,376	
	23,625	2,758	1,618

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)

FY2019	
Number of clients for which the Bank is the main bank (1)	8,407
Total number of clients (2)	28,001
(1)/(2)	30.0%

Among clients for which the Bank is the main bank (top in 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)

FY2019	
Number of clients for which the Bank is the main bank	7,391
Loan balance of above	966.5
Clients that improved management indicators, etc.	5,767

* 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.

FY2017	FY2018	FY2019
755.4	799.9	798.1

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
27 times	1,231 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 industry management advisors

Reference Supplementary explanation on terms used in "Financial intermediary function benchmarks"

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
Borrowers	Includes clients without a loan balance, such as clients with only a credit line or guarantees
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%
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
DES/DDS	<p>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</p> <p>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</p> <p>(Example of DDS)</p>
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