



# **ANNUAL REPORT 2019/2020**

April 2019 - March 2020

**DEPOSIT INSURANCE CORPORATION OF JAPAN**

**This Annual Report was produced based on the English translation of the original Annual Report in Japanese. The original Annual Report in Japanese shall govern for all purposes and prevail in case of any discrepancy with this Annual Report.**

**This Annual Report covers the DICJ's activities from April 2019 to March 2020.**

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## Message from the Governor

The Deposit Insurance Corporation of Japan (DICJ) was established in 1971 as a financial safety net provider in order to protect depositors' important deposits when financial institutions fail.

Japan's financial safety net system has evolved remarkably through the collapse of the economic bubble and banking crisis in the 1990s and the Global Financial Crisis of the late 2000s. During this time, the DICJ has played a role in maintaining the stability of Japan's financial system through the failure resolutions of more than 180 financial institutions.

The global economy has been seriously affected by the COVID-19 pandemic and faces the crisis referred to as the most significant since the end of World War II. Japanese economy is also in a severe situation which should be described as a national crisis. The government has introduced an array of policy measures, and various financial facilities have been applied, such as corporate funding support programs.

Under the declaration of a state of emergency, the DICJ has continued its operation as an organization while responding to the government requests to stay at home and to work from home, by promptly implementing telework arrangements so as to carry out its mission as well as protecting the lives and health of executives and staff members.

Irrespective of these severe conditions, the DICJ's work remains unchanged to carry out its mission; conducting seamless failure resolutions, maintaining stability of the financial system, and ensuring social justice.

This is the start line of the DICJ and shall not change in the future, whereas there are things that shall change. The environment surrounding the DICJ undergoes significant changes with the times, and we need to be prepared for those changes at once.

Japan faces various challenges in addition to the impact of the COVID-19, such as advancement of digitalization, internationalization, and a protracted low-interest rate environment. Advancement of digitalization makes financial functions available not only to financial institutions, but also to various industries, while also bringing about drastic changes to business models throughout society through both unbundling and rebundling of financial functions. These changes should affect not only the functions and course of finance and financial institutions, but also those of the DICJ.

In order to accomplish our unchanged goal to maintain stability of the financial system, it is important for us to have an overview of changing social trends and carry out our duties responding appropriately to such trends. For this purpose, it should be more relevant going forward to continue to be an organization capable of adapting to the changing times as we learn from the experiences of the past failure resolutions and fully reflect risks for a safety net provider.

We restructured the organization in July 2020 as one of the responses to the changing environment.

The DICJ has always been an active participant in international cooperation in the deposit insurance field in accord with increasing internationalization. I assumed the office of chairman of the International Association of Deposit Insurers (IADI) in October 2017 and have contributed further to partnership and cooperation with relevant foreign institutions. Research and International Affairs Department was created to consolidate international operations based upon the efforts made until today. Consolidation of failure resolution operations and reorganization to strengthen internal general coordination capacity simultaneously took place in order to improve our capability for resolutions and, to strengthen our internal general coordination functions for effective and efficient operations, respectively.

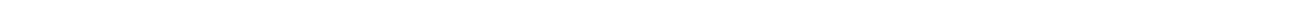
We are committed to make continuous efforts, including but not limited to the organization activation above, to improve and reform our system operation so that we can respond to the changing times.

This annual report provides a summary of the operations conducted by the DICJ in FY2019 in each field of activity. It goes without saying that the DICJ believes that its operations can be conducted smoothly only if it obtains the people's trust. I hope that the annual report will help people understand the DICJ's role and operations, including failure resolution, and foster their trust in the DICJ.

All the DICJ's executives and staff members are dedicating themselves wholeheartedly to the operations as the organization that supports the maintenance of the stability of the financial system. I appreciate your continued encouragement for the DICJ.

August 2020  
**MIKUNIYA Katsunori**  
Governor

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# Deposit Insurance Corporation of Japan Annual Report 2019/2020

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## Abbreviations and others in this annual report

### [Acts]

- Deposit Insurance Act
- Act on Emergency Measures for Financial Functions Stabilization (*Former Financial Functions Stabilization Act*)
- Act on Emergency Measures for the Revitalization of the Financial Functions (*Financial Revitalization Act*)
- Act on Emergency Measures for Early Strengthening of Financial Functions (*Early Strengthening Act*)
- Act on Special Measures concerning Promotion of Disposal of Claims and Debts of Specific Jusen Companies (*Jusen Act*)
- Act on Special Measures for Promotion of Organizational Restructuring of Financial Institutions (*Organizational Restructuring Act*)
- Act on Special Measures for Strengthening Financial Functions (*Financial Functions Strengthening Act*)
- Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (*Special Corporate Reorganization Act*)
- Act on Payment of Damage Recovery Benefits from Funds in Deposit Accounts Used for Crime (*Criminal Accounts Damage Recovery Act*)
- Act on Utilization of Funds Related to Dormant Deposits to Promote Public Interest Activities by the Private Sector (*Dormant Deposits Utilization Act*)

### [Accounts]

- Account for Early Strengthening of Financial Functions (*Early Strengthening Account*)
- Account for Disposal of Claims and Debts of Specific Jusen Companies (*Jusen Account*)
- Account for the Management of Dormant Deposits, etc. (*Dormant Deposits, etc. Management Account*)
- Financial Institutions' Management Base Strengthening Account (*Management Base Strengthening Account*)

### [Organizations]

- Deposit Insurance Corporation of Japan (*DICJ*)
- Financial Services Agency (*FSA*)
- Resolution and Collection Corporation (*RCC*)
- Housing Loan Administration Corporation (*HLAC*)
- Resolution and Collection Bank (*RCB*)
- Regional Economy Vitalization Corporation of Japan (*REVIC*)
- Second Bridge Bank of Japan, Ltd. (*2nd BBJ*)
- Industrial Revitalization Corporation of Japan (*IRCJ*)
- Enterprise Turnaround Initiative Corporation of Japan (*ETIC*)
- Seven Specific Jusen Companies stipulated in the Jusen Act (*seven former Jusen Companies*)
- Incubator Bank of Japan, Limited (*Incubator Bank of Japan*)
- Corporation for Revitalizing Earthquake-Affected Business (*Corporation for Revitalizing Business*)
- Agricultural and Fishery Co-operative Saving Insurance Corporation (*AFCSIC*)

### [Delegation of authority]

- In cases where the Prime Minister delegates authority to the FSA Commissioner, authority shall be given to the FSA Commissioner.



# I. DICJ's Operations

## 1. DICJ's Operations and Deposit Insurance System

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# 1. DICJ's Operations and Deposit Insurance System

## (1) Basic Mechanism of the Deposit Insurance System

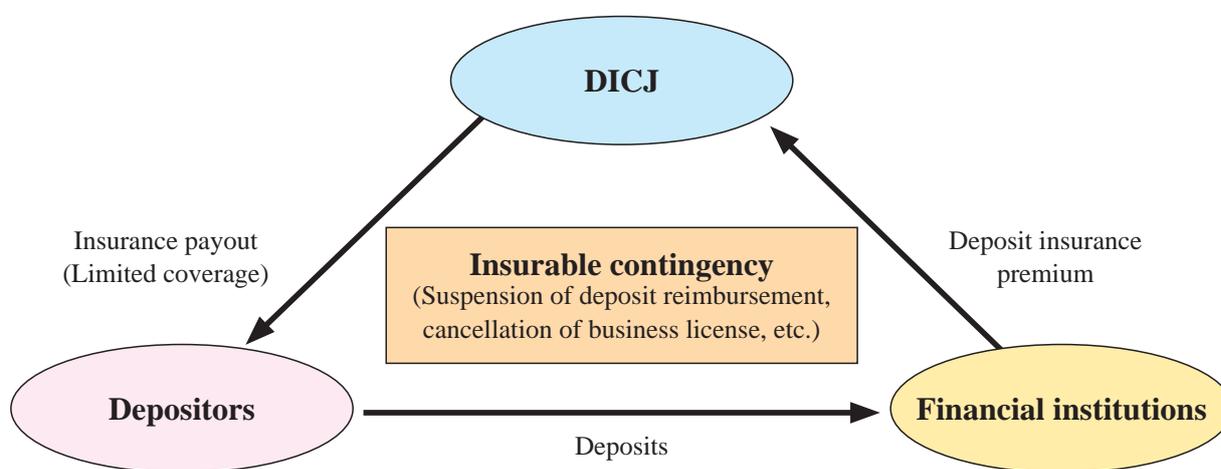
Under the deposit insurance system of Japan, financial institutions pay insurance premiums to the Deposit Insurance Corporation of Japan (hereinafter referred to as the "DICJ") and the DICJ makes a certain amount of insurance payouts to protect depositors in the event of a failure of a financial institution. The deposit insurance system has been adopted in many countries around the world.

As shown in the figure below, when a depositor makes a

deposit at a financial institution covered by the deposit insurance system, an insurance relationship is automatically established among the depositor, the financial institution and the DICJ under the Deposit Insurance Act; in other words, a "three-way relationship of trust" is established among these three parties in this case.

Insurance premiums, which constitute the fund source of the deposit insurance system, are paid to the DICJ every year by financial institutions in accordance with the amount of their deposits during the previous fiscal year. Depositors are not required to make any special arrangements for deposit insurance.

**Basic mechanism of the deposit insurance system**



## (2) DICJ's Mission and Operations

The objective of the Deposit Insurance Act is to establish the deposit insurance system and to contribute to the maintenance of an orderly credit system in order to protect depositors and others and ensure the settlement of funds related to failed financial institutions. The mission of the DICJ is to appropriately manage the deposit insurance system <sup>(Note)</sup> for achieving its objective, specifically by mainly conducting the following operations.

Note: As will be mentioned later, the DICJ also conducts operations based on laws other than the Deposit Insurance Act.

### (i) Protection of depositors and failure resolution, etc. of financial institutions, etc.

#### 1) Failure resolution, etc. of financial institutions, etc.

A. In cases where a financial institution has failed after suspending deposit reimbursements, etc., the DICJ, as part of the normal procedures, makes insurance payouts to protect eligible deposits up

to a certain amount (limited coverage), and provides financial assistance, more specifically, monetary grants and the purchase of assets of failed financial institutions, to the assuming financial institution or assuming bank holding company (hereinafter collectively referred to as the "assuming financial institution"), which will take over the business operations of the failed financial institution or implement a merger or other assuming measure.

When appointed as a financial administrator following the FSA Commissioner's disposition ordering the management of business and property of a failed financial institution by a financial administrator (hereinafter referred to as a "disposition ordering management"), the DICJ also conducts operations such as the maintenance, continuation and transfer of the business operations of a failed financial institution to an assuming financial institution, etc.

B. If the Prime Minister finds that the maintenance of an orderly credit system in Japan or in a certain region in Japan where the insured financial institution conducts its business could be severely hindered, the DICJ takes measures against financial crisis, such as capital injection (subscription for shares and other capital-raising instruments), financial assistance in excess of the insurance payment cost (full protection for deposits being possible) and special crisis management of the failed financial institution (acquisition of all outstanding shares, etc.).

C. If the Prime Minister finds that severe disruption may be caused in Japan's financial market and any other financial systems, the DICJ puts the relevant financial institution <sup>(Note)</sup> under monitoring and conducts operations related to measures for an orderly resolution of assets and liabilities of the financial institution, etc. (hereinafter referred to as "orderly resolution of a financial institution, etc."), such as provision of liquidity, capital injection and provision of specified financial assistance.

Note: The entire financial industry (deposit-taking financial institutions, insurance companies, financial instruments business operators engaged in type-I financial instruments business, financial holding companies, etc.)

## 2) Follow-up and encouragement for financial institutions to develop preparedness in normal times

In order to securely and smoothly implement failure resolution, it is necessary in normal times to encourage financial institutions to develop systems, procedures, and manuals intended to facilitate the implementation of measures such as the preparation of depositor data to be submitted to the DICJ and reimbursement of deposits, etc. Therefore, the DICJ conducts on-site inspections of financial institutions and database verification of financial institutions and provides training and advice to them.

## 3) Management, collection and disposal of assets acquired from failed financial institutions, etc. and pursuit of liabilities, etc.

The DICJ strives to facilitate the collection of assets acquired from failed financial institutions, etc. through the Resolution and Collection Corporation (hereinafter referred to as the "RCC") as a contracted bank. It also manages and disposes of stocks, etc. acquired from failed financial institutions, etc.

In order to support the resolution of failures and the collection of assets by the RCC, the DICJ provides guidance and advice. In addition, it makes efforts to identify assets concealed by unconscientious debtors, etc. who refuse to make reimbursement and disclose

asset information by exercising the right to conduct asset investigations. Besides, the DICJ pursues civil and criminal liabilities of former managers of failed financial institutions and other parties concerned.

### (ii) Operations related to capital participation

The DICJ conducts operations related to capital participation in financial institutions, etc. in order to strengthen financial functions under the Act on Special Measures for Strengthening Financial Functions (hereinafter referred to as the "Financial Functions Strengthening Act"). The DICJ strives for proper management and smooth disposal of shares and other capital-raising instruments for which it has subscribed under the same law.

### (iii) Financial operations assistance

The DICJ entrusts the purchase of specified difficult recovery claims, etc. to the RCC under the Deposit Insurance Act, and provides information concerning antisocial forces in response to inquiries from financial institutions.

In addition, the DICJ has been in charge of placing public notices related to the payment of damage recovery benefits by financial institutions to victims of bank transfer fraud under the Act on Payment of Damage Recovery Benefits from Funds in Deposit Accounts Used for Crime (hereinafter referred to as the "Criminal Accounts Damage Recovery Act").

Moreover, the DICJ implements the management operations of dormant deposits, etc., such as collecting money for transfer from dormant deposits, etc. and providing grants funded by dormant deposits, etc. under the Act on Utilization of Funds Related to Dormant Deposits to Promote Public Interest Activities by the Private Sector (hereinafter referred to as the "Dormant Deposits Utilization Act").

## Column 1: How does the deposit insurance system work?

What would happen should a financial institution fail?

As its name suggests, the deposit insurance system is primarily intended to provide for the payment of insurance claims when an insurable contingency occurs. Specifically, there are two methods of protection: “insurance payout method,” whereby insurance payouts are made directly to depositors, and “financial assistance method,” whereby the business of a failed financial institution is transferred to an assuming financial institution and the DICJ provides financial assistance to that institution. In December 1999, the Financial System Council recommended that priority should be placed on the application of the financial assistance method, under which the failure resolution cost was expected to be smaller.

### (1) How Failure Resolution Works

To illustrate how this works, let us consider the scenario of a financial institution failing on a Friday and the DICJ being appointed as the financial administrator (here, we assume the adoption of the financial assistance method, which is a basic method for failure resolution). In such a case, the DICJ dispatches staffs to the failed financial institution and undertakes the work of the financial administrator. The failed financial institution prepares to make it possible to resume business on the following Monday so that deposits covered by the deposit insurance system (insured deposits) can be repaid to depositors based on the identification of deposits for each depositor (name-based aggregation of depositors) by the DICJ at the time of the failure. From the following Monday, the failed financial institution resumes the service on reimbursement of insured deposits and the

operations for settlements. Ultimately, the DICJ will look for an assuming financial institution, to which the failed financial institution’s normal assets (acquired assets) and insured deposits will be transferred. At the time, the DICJ will provide necessary financial assistance to facilitate the transfer. Meanwhile, uninsured deposits and other debts will be repaid around one year later based on a rehabilitation plan formulated in accordance with the Civil Rehabilitation Act. [For the resolution process followed by the DICJ, see P27: II. 1. (1) Failure Resolution Scheme under the Limited Coverage (overview of the financial assistance method (an example)).]

### (2) Measures against Financial Crisis

In addition, the current legal system also provides for measures to be taken when it is found that an extremely serious hindrance could jeopardize the maintenance of an orderly credit system in Japan or in a certain region where financial institutions are conducting business. In such a crisis, capital injection (Measures under Item (i)), financial assistance whose amount exceeds the insurance payout cost (Measures under Item (ii)) or special crisis management (Measures under Item (iii)) may be implemented as measures against financial crisis according to the situation of the financial institution in question pursuant to Article 102 of the Deposit Insurance Act, subject to deliberation by the Financial Crisis Response Council chaired by the Prime Minister (the Council consisting of the Prime Minister (chairperson), Chief Cabinet Secretary, Minister of State for Financial Services, FSA Commissioner, Minister of Finance and Governor of the Bank of Japan). [For details, see P13: I. 1. (4) (iii)]

(Reference) The Financial Crisis Response Council is responsible for holding deliberations on policy and other important matters concerning measures against financial crisis, such as a chain reaction of large-scale failures of financial institutions, upon consultation by the Prime Minister, and for overseeing the implementation of measures by relevant administrative agencies based on the policy.

### (3) Outline of the Deposit Insurance System

#### (i) Formation of a deposit insurance relationship

A deposit insurance relationship among depositors, financial institutions and the DICJ is automatically formed in accordance with the Deposit Insurance Act when the insured financial institutions described in (ii) below accept the eligible deposits, etc. described in (iii) below from the depositors.

#### (ii) Insured financial institutions

The financial institutions covered by the deposit insurance system are as follows:

- a. Banks stipulated in the Banking Act
- b. Long-term credit banks stipulated in the Long-Term Credit Bank Act
- c. Shinkin banks
- d. Credit cooperatives
- e. Labor banks
- f. Shinkin Central Bank
- g. The Shinkumi Federation Bank
- h. The Rokinren Bank
- i. The Shoko Chukin Bank, Ltd.

Notes:

- At present, no long-term credit banks stipulated in the Long-Term Credit Bank Act exist.
- Overseas branches of the above financial institutions, government related financial institutions, and foreign bank branches in Japan are not covered by this system.
- The Norinchukin Bank, agricultural cooperatives, fishery cooperatives, and others are covered by the savings insurance system of the Agricultural and Fishery Co-operative Savings Insurance Corporation.
- Securities companies\* belong to the Japan Investor Protection Fund, and life and non-life insurance companies belong to the Life Insurance Policyholders Protection Corporation of Japan and the Non-life Insurance Policyholders Protection Corporation of Japan, respectively.

\* "Securities companies" refers to business operators engaged in type-I financial instruments business.

#### (iii) Eligible deposits, etc.

The deposits, etc. that fall within the scope of the deposit insurance system are as follows:

- a. Deposits
- b. Installment savings
- c. Installment deposits
- d. Money trusts under the guarantee of principal
- e. Bank debentures (limited to custody products)

However, the following deposits, etc. are not eligible for insurance system:

- a. Foreign currency deposits
- b. Negotiable certificates of deposits

- c. Publicly offered bank debentures and bank debentures whose custody agreement has expired
- d. Loan trusts whose rights of beneficiary are recorded in the transfer of corporate bonds, shares, other securities or trusts issuing beneficiary certificates that are subject to the Act on Book-Entry Transfer of Company Bond, Shares, etc.
- e. Deposits in special international financial transaction accounts (Japan offshore market accounts)
- f. Deposits, etc. from the Bank of Japan (excluding treasury funds)
- g. Deposits, etc. from insured financial institutions (excluding those related to the investment of defined contribution pension reserves)
- h. Deposits, etc. from the DICJ
- i. Bearer deposits

Furthermore, the following deposits, etc. are excluded from protection under the deposit insurance system:

- a. Deposits and others under another party's name (including those under a fictitious/false name)
- b. Deposits and others to be re-lent to a third party

#### (iv) Scope of protection

##### 1) Scope of protection of deposits, etc.

Regarding the amount of deposits, etc., to be protected by the deposit insurance system when a financial institution has failed, among eligible deposits, etc., deposits falling under the category of deposits for payment and settlement purposes (those meeting three requirements: bearing no interest, payable on demand, and capable of providing payment and settlement services) are fully protected, while deposits, etc., falling under other categories (hereinafter referred to as "general deposits, etc.") are protected up to ¥10 million in principal plus interest, etc. until the day of failure per depositor per financial institution. (Deposits covered by the deposit insurance within the predetermined limit are called "insured deposits.")

Regarding the portion of general deposits, etc. that is in excess of this limit, as well as non-eligible deposits, etc., repayment is made according to the status of the failed financial institution's assets. Thus, these deposits, etc., are subject to deduction.

Note: While not protected by deposit insurance, when a financial institution continues its business operations after failure, interest on deposits may be paid from the day after the day of failure (although the interest rate may be reduced).

## Scope of protection of deposits, etc.

Types of deposits, etc.		Scope of protection
Eligible deposits, etc. (Note 1)	<b>Deposits for payment and settlement purposes</b> <sup>(Note 2)</sup> (Current deposits, ordinary deposits, etc. that bear no interest)	Full protection
	<b>General deposits, etc.</b> Interest-bearing ordinary deposits, time deposits, deposits at notice, savings deposits, deposits for preparation for taxes, installment savings, installment deposits, money trusts under the guarantee of principal, bank debentures (limited to custody products), etc.	Protection up to a total of ¥10 million in principal plus interest, etc. until the day of failure. <sup>(Note 3, 4)</sup> Repayment for the portion of deposits that is in excess of the above scope of protection is made according to the state of the failed financial institution's assets (subject to deduction).
	<b>Non-eligible deposits, etc.</b> (Foreign-currency deposits, negotiable certificates of deposits, bank debentures (subscribed debentures and those whose custody agreement has expired, etc.))	Repayment is made according to the state of the failed financial institution's assets (subject to deduction).

- Notes: 1. Deposits, etc. held in an account opened in the name of a person other than the actual depositor (including deposits held in an account opened under a fictitious or false name) and deposits, etc. to be re-lent to third parties are excluded from protection under the deposit insurance system.
2. Deposits meeting three requirements: bearing no interest, payable on demand, and capable of providing payment and settlement services.
3. Regarding interest, etc. accrued on structured deposits, the portion of interest that corresponds to interest rates up to the over-the-counter indicated interest rate on conventional time deposits (the same term and same amount as the structured deposits) at the time of depositing is protected by deposit insurance, but the portion of interest corresponding to interest rates higher than said indicated interest rate is not protected.
4. In cases where financial institutions merge or the entire business of a financial institution is transferred to another institution, a special treatment to protect the following amount of deposits per depositor is applied for a period of up to one year thereafter: ¥10 million in principal multiplied by the number of financial institutions involved in the merger or the transfer of business; and interest, etc. until the day of the failure. For example, in the case of a merger of two banks, the amount of deposits to be protected is ¥20 million (¥10 million multiplied by two) plus interest accrued thereon until the day of the failure.

### 2) Scope of protection of settlement obligations

The obligations (limited to cases of payment in Japanese yen) assumed by the insured financial institutions concerning transactions related to the settlement of funds (funds transfers, transactions for settlement of bills/checks at the clearing house and those concerning self-addressed checks drawn by financial institutions) are called settlement obligations<sup>(Note 1)</sup>, and they are fully protected. For example, an obligation of an insured financial institution arising from funds transfers requested by a customer where the funds received from the customer have not been transferred to the payee at the time of the financial institution's failure falls under this category. However, the obligations arising from transactions which are conducted by financial institutions or other financial business operators as part of their own business or from entrustment by such parties do not fall under the category of the settlement obligations, in principle.<sup>(Note 2)</sup>

- Notes: 1. The settlement obligations non-applicable to deposits for payment and settlement purposes or general deposits, etc. are called specified settlement obligations, and settlement obligations treated as suspense receipts, etc. in accounting fall under this category.
2. The obligations relating to transactions which are based on funds transfers and the presentation of bills/checks at the clearing house which are either of the following fall under the category of the settlement obligations: (i) obligations arising from transactions other than those conducted by financial institutions as part of their own business; or (ii) obligations based on transactions other

than those conducted by financial institutions or other financial business operators as part of their own business, which arise from entrustment by such parties.

### (v) Deposit insurance premium

Deposit insurance premiums constitute a source of funds for operations such as financial assistance and insurance payout and insured financial institutions must pay their insurance premiums to the DICJ. An insured financial institution calculates the amount of premiums by multiplying the respective insurance premium rates by the balance of eligible deposits, etc. for the previous fiscal year (the average daily balance for business days during the previous fiscal year) with regard to each of deposits for payment and settlement purposes and general deposits, etc., and pays its insurance premiums within the first three months of each fiscal year (semiannual installments are also acceptable).

The deposit insurance premium rate is to be determined in light of factors such as the need for keeping the DICJ's finances balanced in the long term. A change in the deposit premium rate is subject to a decision of the Policy Board upon authorization from the FSA Commissioner and the Minister of Finance and is publicly announced in the Official Gazette. In addition, the insurance premium rates for deposits for payment and settlement purposes and for general deposits, etc., have been in principle calculated, following the decision of the effective rate (the rate

of the total amount of premiums to the amount of eligible deposits under the deposit insurance system), so as to ensure that the insurance premium for each yen of insured deposits would be the same for the deposits for payment and settlement purposes, and general deposits, etc.

The effective rate was set at 0.084% from FY1996 to FY2014. From FY2015 onward, the effective rate was set at 0.042% in FY2015, 0.037% in FY2017, and 0.034% in FY2018, and 0.033% in FY2019 as a result of deliberation conducted based on the common understanding reached at a Policy Board meeting held in March 2015 on the future of the liability reserves and deposit insurance premium rates from the medium- to long-term perspective.

## Common understanding on “the future of the liability reserves and deposit insurance premium rates from the medium- to long-term perspective”

### (1) Basic approach

- For the time being, we will aim to set aside liability reserves so as to raise the level of the liability reserves to approximately ¥5 trillion by the end of FY2021.
- From the perspective of maintaining the strong deposit insurance system as the core framework for financial system stability, we will steadily achieve this goal.
- Regarding the applicable deposit insurance premium rates, we will determine them at the levels which will certainly enable the goal to be achieved.

### (2) Framework to review

- Regarding the status of the liability reserves level compared with the goal described in (1) above, the Policy Board will monitor it when

the Policy Board deliberates the deposit insurance premium rates of the following fiscal year.

- During the reserve period (the timeframe to achieve the target level of the liability reserves), we will conduct a review which will take account of changes in the environment surrounding the deposit insurance system. Specifically, we will conduct a review as necessary with regard to the applicable rate, the target level of the liability reserves and the method of setting the target level, and the timing of the target achievement, in light of such factors as actual growth in eligible deposits, international trends related to deposit insurance systems, the status of failure occurrence, the financial and economic situations etc.

## Trend in the insurance premium rates

	Effective rate <sup>(Note 1)</sup>	Deposit insurance premium rate	
From 1971 (when the system began) to FY1981	0.006%	0.006%	
From FY1982 to FY1985	0.008%	0.008%	
From FY1986 to FY1995	0.012%	0.012%	
From FY1996 to FY2000	0.084%	0.048%	
FY2001		Specific deposits <sup>(Note 2)</sup>	Other deposits, etc. <sup>(Note 2)</sup>
FY2002		0.048%	0.048%
		0.094%	0.080%
From FY2003 to FY2004		Deposit for payment and settlement purposes <sup>(Note 3)</sup>	General deposits, etc. <sup>(Note 3)</sup>
FY2005		0.090%	0.080%
From FY2006 to FY2007		0.115%	0.083%
FY2008		0.110%	0.080%
FY2009		0.108%	0.081%
From FY2010 to FY2011		0.107%	0.082%
From FY2012 to FY2013 <sup>(Note 4)</sup>	0.084%	0.107% (0.089%)	0.082% (0.068%)
FY2014 <sup>(Note 4)</sup>	(0.07%)	0.108% (0.090%)	0.081% (0.068%)
From FY2015 to FY2016	0.042%	0.054%	0.041%
FY2017	0.037%	0.049%	0.036%
FY2018	0.034%	0.046%	0.033%
FY2019	0.033%	0.045%	0.032%
FY2020		0.045%	0.031%

- Notes: 1. Including the rate (0.036%) of the special premiums (provided for in Article 19, paragraph (1) of the Supplementary Provisions of the Deposit Insurance Act), which was in place between FY1996 and FY2001. The effective rate from FY2002 onward is the one presumed when the deposit insurance premium rates were decided.
2. "Specific deposits" are current deposits, ordinary deposits and separate deposits, and "other deposits, etc." are deposits other than specific deposits, such as time deposits.
3. Until FY2004, "deposits for payment and settlement purposes" were the same as "specific deposits," and "general deposits, etc." were the same as "other deposits, etc." (specified settlement obligations as specified in Article 69-2, paragraph (1) of the Deposit Insurance Act being included in FY2004). From FY2005 onward, "deposits for payment and settlement purposes" comprised deposits meeting three requirements — bearing no interest, payable on demand, and capable of providing payment and settlement services — and specified settlement obligations, while "general deposits, etc." comprised deposits, etc. other than deposits for payment and settlement purposes, such as time deposits.
4. For FY2012 to FY2014, the insurance premiums were partially reimbursed during these fiscal years, as there was neither (a) an insurable contingency, (b) a disposition ordering the management of business and properties of a failed financial institution by a financial administrator, nor (c) a confirmation by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act. (The deposit insurance premium rates and the effective rate after the reimbursement are shown in parentheses.)

## Column 2: History of the deposit insurance system in Japan

Since the establishment of the deposit insurance system in 1971, the institutional framework and scope of protection of the system have been expanded. [See P118: III. 1. (1)]

### (Introduction of major systems, etc.)

July 1986	Introduction of the financial assistance system and provisional payment
June 1996	Introduction of the insurance payout based on the method of placing deposits, and special measures for full protection of deposits and other claims
April 1997	Introduction of the purchasing deposits and other claims, and representation of depositors in court procedures
April 2001	Introduction of measures against financial crisis and introduction of the obligation for financial institutions to prepare name-based aggregation databases of depositors and make necessary adjustments to computer systems
At the end of March 2002	Abolition of full protection of deposits, etc. except for specific deposits (current deposits, ordinary deposits and separate deposits) <sup>(Note 1)</sup> Note 1: Full protection was provided for current deposits, ordinary deposits and separate deposits until the end of FY2002. (As these types of deposits were regarded as deposits for payment and settlement purposes, they were fully protected until the end of FY2004.)
April 2003	Introduction of full protection of deposits for payment and settlement purposes <sup>(Note 2)</sup> and settlement obligations <sup>(Note 3)</sup> Note 2: Deposits that satisfy three requirements — bearing no interest, payable on demand, and capable of providing payment and settlement services Note 3: See P6 : I. 1. (3) (iv) 2).
At the end of March 2005	Abolition of full protection of specific deposits (Deposits that meet the requirements for deposits for payment and settlement purposes have continued to be fully protected since April 2005.)

### (Changes in the scope of protection of deposits, etc.)

	From July 1971	From June 1974	From July 1986	From June 1996	From April 2002	From April 2003	From April 2005	
Current deposits Ordinary deposits Separate deposits	Up to ¥1 million in principal	Up to ¥3 million in principal	Up to ¥10 million in principal	Fully protected				Deposits for payment and settlement purposes
Time deposits Installment savings, etc.								

## (4) Resolution of Failed Financial Institutions

If an insured financial institution has failed, the eligible deposits, etc. thereof are in principle protected within the coverage of the protection prescribed (limited coverage). Provided that the Prime Minister finds that unless any measures against financial crisis, such as full protection of the eligible deposits, etc., are taken, the maintenance of an orderly credit system in Japan or in a certain region in Japan where the insured financial institution conducts its business could be severely hindered, measures against financial crisis may be taken subject to deliberation by the Financial Crisis Response Council. [For financial institutions subject to the deposit insurance system, see P5: I. 1. (3) (ii); for the scope of protection of deposits, etc., see P5: I. 1. (3) (iv); and for measures against financial crisis, see P13: I. 1. (4) (iii)]

When the Prime Minister finds that severe disruption could be caused in Japan's financial market and any other

financial systems, orderly resolution of a financial institution, etc. may be implemented, following deliberation by the Financial Crisis Response Council. [For orderly resolution of a financial institution, etc., see P15: I. 1. (4) (iv); and for the progress of expansion and improvement of the deposit insurance system, see P118: III. 1. (1)]

### (i) Failure resolution under limited coverage 1) Insurable contingency

Trigger events of the deposit insurance system (insurable contingencies) are divided into two types. The first type is the suspension of the reimbursement of deposits, etc. by a financial institution (Category One Insurable Contingency). The second type is the cancellation of a financial institution's license to conduct business, a decision to commence bankruptcy proceedings or a resolution to dissolve the financial institution (Category Two Insurable Contingency).

## 2) Method of protection

If a Category One Insurable Contingency has occurred, the insured deposits are protected by either of the following two methods: the insurance payout method, whereby payouts are made to depositors, etc.; and the financial assistance method, whereby financial assistance is provided to an assuming financial institution or other entity. The method to be adopted is decided by the Policy Board within one month from the occurrence of a Category One Insurable Contingency (If necessary, this period may be extended by up to one month). The Financial System Council recommended that priority should be given to the financial assistance method to minimize any disorder that may accompany the failure of a financial institution.

If a Category Two Insurable Contingency has occurred, the insurance payout method is adopted because the financial functions of a failed financial institution are not maintained in this case.

Under the limited coverage scheme, uninsured deposits and other claims are repaid according to the state of assets of a failed financial institution. Therefore, it is necessary to preserve the assets by imposing certain restrictions on the operations of the failed financial institution, such as deposit reimbursement, in order to maintain the equality among depositors and general creditors and prevent an outflow of assets. For this reason, the legal framework for bankruptcy is used for the resolution of failed financial institutions under the limited coverage scheme.

### 3) Protection by the insurance payout method

In the case of protection based on the insurance payout method, the DICJ will make insurance payout to depositors upon their request after specifying the amount of insured deposits as of the date of the insurable contingency for each depositor, which is based on data of depositors provided by the financial institution where the insurable contingency has occurred. However, insurance payout regarding deposits pledged as security may be deferred until the right of pledge expires.

There are two methods of making insurance payout. One is direct payout to depositors, etc. The other is the deposit placing method, which involves placing deposits at insured financial institutions other than the failed financial institution and transferring them to depositors, etc. (the deposit placing method).

In the case of protection by the insurance payout method, the DICJ determines – subject to a resolution by the Policy Board – the details of the insurance payout, such as the payout period, place, method, and processing time for the payout. It then places public notices in the Official Gazette and

other publications to ensure that all depositors are aware of these details.

### 4) Protection by the financial assistance method

In the case of protection based on the financial assistance method, the DICJ provides financial assistance to an assuming financial institution or other entity that takes over the insured deposits, etc. of a failed financial institution by implementing a merger, transfer of business (including partial transfer), transfer of the insured deposits, the acquisition of shares of the failed financial institution, or company split (hereinafter referred to as a “merger, etc.”), in an amount up to the estimated cost that would be necessary if the insurance payout method were adopted (hereinafter referred to as “the insurance payout cost”) in response to an application from the assuming financial institution for financial assistance.

Financial assistance may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee of liabilities, assumption of financial obligations, subscription of preferred shares and other capital-raising instruments, or loss sharing.

In cases where an assuming financial institution undertakes the partial transfer of business or transfer of the insured deposits from a failed financial institution, the DICJ may also provide financial assistance to the failed financial institution in the form of a monetary grant in order to secure the amount of funds necessary for the repayment of the remaining debts of the failed financial institution to the creditors so that the equal treatment of creditors (equitable financial assistance) is ensured.

In the case of protection based on the financial assistance method, the Policy Board of the DICJ, upon receiving an application for financial assistance made jointly by an assuming financial institution (necessary to receive authorization<sup>(Note)</sup> for the eligibility of the merger, etc. or a recommendation of the merger, etc. by the FSA Commissioner) and a failed financial institution, decides whether or not to provide the relevant financial assistance as well as the amount, method and other details if a decision in favor of the assistance is made. Then, the DICJ enters into a financial assistance agreement with the assuming financial institution and the failed institution. When making this decision, the Policy Board takes account of the financial condition of the DICJ, the difference between the cost necessary for the financial assistance and the insurance payout, and strives to ensure an efficient use of the DICJ’s assets.

Note: Authorization for the eligibility may be granted only when all of the following three requirements are satisfied:

1. The merger, etc. contributes to the protection of the depositors, etc. and other creditors,

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2. The financial assistance by the DICJ is indispensable for carrying out the merger, etc., and
3. If the merger, etc. is not carried out for the failed financial institution pertaining thereto and the failed financial institution ceases all its business or is dissolved, it is likely to cause considerable detriment to the smooth supply and demand of funds and convenience of consumers in the region or fields in which the relevant failed financial institution conducts its business.

### 5) Provisional payments

If an insurable contingency has occurred, the DICJ may make a provisional payment to depositors in an amount up to ¥600,000 per account against the balance of ordinary deposits (principal only).

The DICJ makes provisional payments to enable depositors to cover their immediate living costs and other expenses before insurance payout (in the case of protection by the insurance payout method) or the reimbursement of insured deposits (in the case of protection by the financial assistance method) starts. The Policy Board of the DICJ decides whether or not to make provisional payments within one week of the occurrence of the insurable contingency. When making provisional payments, the Policy Board decides the details, such as its period, place, method, and processing time. As in the case of insurance payouts, the DICJ places public notices in the Official Gazette and other publications to ensure that all depositors are aware of these details.

When insurance payout, etc. is made later, the amount of provisional payment will be deducted from the amount of insurance payout.

### 6) Purchase of deposits and other claims

If an insurable contingency has occurred, uninsured deposits, etc. are repaid to depositors, etc. as dividends or tenders according to the state of the assets of the failed financial institution as part of the bankruptcy proceedings.

The purchase of deposits and other claims represents a system for securing liquidity for depositors, etc. at an early date before the payment of dividends or tenders by the failed financial institution. The DICJ purchases deposits and other claims upon request by depositors, etc. by paying an amount (the amount of the estimated proceeds payment) to those depositors, etc. calculated by multiplying the portion of the general deposits, etc. of each depositor, etc. that exceeds ¥10 million in principal and principals of foreign currency deposits plus interest, etc. (excluding deposits pledged as security) by a rate (the estimated proceeds payment rate) determined by the DICJ in light of the estimated amount of the bankruptcy dividends (the estimated proceeds payment) to be paid by the failed financial institution and other factors.

When the amount of funds which the DICJ has received as dividends or tenders related to deposits and other claims purchased from depositors exceeds the total of the estimated proceeds payments and expenses incurred in purchasing deposits and other claims, the DICJ pays the surplus to depositors, etc. (the settlement payment).

The Policy Board of the DICJ determines whether or not to purchase deposits and other claims. After the Policy Board has determined the estimated proceeds payment rate, the DICJ obtains authorization for the rate from the FSA Commissioner and the Minister of Finance.

If authorization for the purchase of deposits and other claims is granted, the Policy Board determines the purchase period and place, method of making the estimated proceeds payment, processing time and other details, and the DICJ places public notices in the Official Gazette and other publications. When making settlement payments, the Policy Board determines the details of the final settlement payment, such as its amount, period and method, and the DICJ places public notices in the Official Gazette and other publications.

### 7) Representation of depositors in court procedures

Under the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (hereinafter referred to as the "Special Corporate Reorganization Act"), the DICJ participates in bankruptcy proceedings for failed financial institutions on behalf of depositors of eligible deposits and foreign currency deposits, in principle, in order to ensure the realization of depositors' rights and facilitate the bankruptcy proceedings.

When participating in the bankruptcy proceedings on behalf of depositors, the DICJ assumes the duty of fairness and good faith and the duty of care.

#### (ii) Tasks of the financial administrator

When a financial institution is in situations such as insolvency, the FSA Commissioner may issue the financial institution with a disposition ordering management of its operations and assets by a financial administrator. Lawyers, certified public accountants or people well-versed in financial practices have been appointed as financial administrators. Recently, the DICJ has also been appointed as a financial administrator due to its accumulated experience in the failure resolution of financial institutions. The financial administrator possesses the exclusive authority to execute the operations of the failed financial institution and to manage and dispose of its assets. The financial administrator, upon the request of the FSA Commissioner, also prepares a report on

the status of the business and assets of the failed financial institution, draws up a management plan, and works to provisionally continue the business of the failed financial institution. At the same time, the financial administrator seeks the swift transfer of the business of the failed financial institution to an assuming financial institution and also files civil

suits and/or criminal accusations in order to make clear the responsibility of former executives for the failure. As described above, the tasks that are to be undertaken by the financial administrator are quite diverse.

### Column 3: Failure resolution of the Incubator Bank of Japan

The failure resolution of the Incubator Bank of Japan is the first resolution case under the limited coverage scheme. The chronology of the failure resolution of this bank is as described in the table below.

#### ○ Timeline of failure resolution of the Incubator Bank of Japan

Sept. 10, 2010 (Fri.)	<ul style="list-style-type: none"> <li>The Incubator Bank of Japan notifies the FSA Commissioner that it has insufficient assets to fully discharge its claims.</li> <li>The FSA issues a disposition ordering management against the Incubator Bank of Japan.</li> <li>The FSA appoints the DICJ as the financial administrator for the Incubator Bank of Japan.</li> <li>The Incubator Bank of Japan concludes the basic agreement with the 2nd BBJ.</li> <li>The Incubator Bank of Japan files with the Tokyo District Court for the commencement of civil rehabilitation proceedings.</li> <li>The Tokyo District Court issues temporary restraining order and supervision order.</li> </ul>
Sept. 12 (Sun.)	<ul style="list-style-type: none"> <li>Policy Board meeting held (loans of funds for reimbursement of deposits, etc.).</li> </ul>
Sept. 13 (Mon.)	<ul style="list-style-type: none"> <li>16 locations reopen for business.</li> <li>The DICJ provides loans to the Incubator Bank of Japan for the reimbursement of deposits, etc.</li> <li>The Tokyo District Court makes a decision on commencement of civil rehabilitation proceedings.</li> </ul>
Sept. 16 (Thu.)	<ul style="list-style-type: none"> <li>Creditors meeting held.</li> </ul>
Sept. 17 (Fri.)	
Sept. 21 (Tue.)	<ul style="list-style-type: none"> <li>25 more locations reopen for business (16→41 locations).</li> </ul>
Sept. 27 (Mon.)	<ul style="list-style-type: none"> <li>60 more locations reopen for business (41→all 101 locations).</li> </ul>
Dec. 7 (Tue.)	<ul style="list-style-type: none"> <li>Policy Board meeting held (purchase of deposits and other claims &lt;estimated proceeds payment&gt;).</li> </ul>
Dec. 13 (Mon.)	<ul style="list-style-type: none"> <li>Purchase of deposits and other claims (estimated proceeds payment) begins.</li> </ul>
Dec. 17 (Fri.)	<ul style="list-style-type: none"> <li>20 locations consolidated (101→81 locations).</li> </ul>
Dec. 27 (Mon.)	<ul style="list-style-type: none"> <li>Transfer of directors.</li> </ul>
Jan. 13, 2011 (Thu.)	<ul style="list-style-type: none"> <li>Transfer of representative executive officer, etc.</li> </ul>
Jan. 17 (Mon.)	<ul style="list-style-type: none"> <li>Documents sent out on takeover of the Incubator Bank of Japan deposits by the 2nd BBJ.</li> </ul>
Feb. 21 (Mon.)	<ul style="list-style-type: none"> <li>13 locations consolidated (81→68 locations).</li> </ul>
Mar. 11 (Fri.)	<ul style="list-style-type: none"> <li>Solicitation of final assuming financial institution candidates starts.</li> </ul>
Mar. 31 (Thu.)	<ul style="list-style-type: none"> <li>Purchase period for deposits and other claims (estimated proceeds payment) ends.</li> <li>Solicitation of final assuming financial institution candidates ends.</li> </ul>
Apr. 8 (Fri.)	<ul style="list-style-type: none"> <li>Deadline for reply on takeover of deposits by the 2nd BBJ.</li> </ul>
Apr. 25 (Mon.)	<ul style="list-style-type: none"> <li>42 locations consolidated (68→26 locations).</li> <li>The Incubator Bank of Japan transfers some of its business operations to the 2nd BBJ.</li> <li>The DICJ provides financial assistance to the 2nd BBJ and the Incubator Bank of Japan.</li> <li>The RCC purchases some assets of the Incubator Bank of Japan (1st asset purchase).</li> </ul>
May 27 (Fri.)	<ul style="list-style-type: none"> <li>Deadline for filing rehabilitation claims.</li> <li>The DICJ submits schedule of depositors to the Tokyo District Court.</li> </ul>
July 27 (Wed.)	<ul style="list-style-type: none"> <li>The Incubator Bank of Japan submits proposed rehabilitation plan to the Tokyo District Court.</li> </ul>
Aug. 23 (Tue.)	<ul style="list-style-type: none"> <li>The RCC files a lawsuit against the former executives of the Incubator Bank of Japan for damages.</li> </ul>
Sept. 27 (Tue.)	<ul style="list-style-type: none"> <li>Policy Board meeting held (financial assistance amounts changed based on detailed examination, maximum amount set for additional financial assistance to the Incubator Bank of Japan, etc.).</li> </ul>
Sept. 28 (Wed.)	<ul style="list-style-type: none"> <li>The DICJ subscribes to the capital of the 2nd BBJ.</li> </ul>
Sept. 30 (Fri.)	<ul style="list-style-type: none"> <li>AEON Bank Ltd. is selected and announced as the final assuming financial institution.</li> </ul>
Nov. 15 (Tue.)	<ul style="list-style-type: none"> <li>Creditors meeting held.</li> <li>The Tokyo District Court approves proposed rehabilitation plan.</li> </ul>
Nov. 28 (Mon.)	<ul style="list-style-type: none"> <li>The RCC purchases some assets of the Incubator Bank of Japan (2nd asset purchase).</li> </ul>
Dec. 9 (Fri.)	<ul style="list-style-type: none"> <li>The Incubator Bank of Japan sells off some claims through bidding.</li> </ul>
Dec. 14 (Wed.)	<ul style="list-style-type: none"> <li>Order of confirmation of proposed rehabilitation plan becomes final and binding.</li> </ul>
Dec. 19 (Mon.)	<ul style="list-style-type: none"> <li>The RCC purchases some assets of the Incubator Bank of Japan (3rd asset purchase).</li> </ul>

Dec. 26 (Mon.)	<ul style="list-style-type: none"> <li>All outstanding shares of the 2nd BBJ transferred to AEON Bank Ltd.</li> <li>The Incubator Bank of Japan transfers some loan claims to AEON Bank Ltd.</li> <li>The RCC purchases some assets of the 2nd BBJ.</li> </ul>
Through Apr. 2, 2012 (Mon.)	<ul style="list-style-type: none"> <li>The Incubator Bank of Japan implements 1st repayment in accordance with rehabilitation plan.</li> </ul>
Apr. 3 (Tue.)	<ul style="list-style-type: none"> <li>Policy Board meeting held (settlement payment).</li> </ul>
Apr. 9 (Mon.)	<ul style="list-style-type: none"> <li>Repayment of tenders to DICJ-represented depositors starts.</li> </ul>
Apr. 10 (Tue.)	<ul style="list-style-type: none"> <li>Settlement payment starts.</li> </ul>
July 23 (Mon.)	<ul style="list-style-type: none"> <li>The RCC purchases some assets of the Incubator Bank of Japan (4th asset purchase).</li> </ul>
Aug. 21 (Tue.)	<ul style="list-style-type: none"> <li>The RCC files the second suit against the former executives of the Incubator Bank of Japan for damages.</li> </ul>
Aug. 27 (Mon.)	<ul style="list-style-type: none"> <li>The Incubator Bank of Japan adopts resolution to dissolve itself and apply for approval from the FSA.</li> </ul>
Sept. 10 (Mon.)	<ul style="list-style-type: none"> <li>The FSA approves dissolution of the Incubator Bank of Japan, which shifted to the Liquidated Company of the Incubator Bank of Japan.</li> </ul>
Nov. 29 (Thu.)	<ul style="list-style-type: none"> <li>The Liquidated Company of the Incubator Bank of Japan holds an extraordinary shareholders' meeting (the inventory of property and the balance sheet as of Sept. 10, 2012, the date of dissolution, are approved).</li> </ul>
Nov. 30 (Fri.)	<ul style="list-style-type: none"> <li>The Liquidated Company of the Incubator Bank of Japan submits the inventory of property and other materials to the 8th Civil Division of the Tokyo District Court.</li> </ul>
Sept. 10, 2013 (Tue.)	<ul style="list-style-type: none"> <li>Liquidation year (1st term)</li> </ul>
Nov. 28 (Thu.)	<ul style="list-style-type: none"> <li>Regular general shareholders' meeting</li> </ul>
Mar. 31, 2014 (Mon.)	<ul style="list-style-type: none"> <li>Baseline date of calculation of the amount of proceeds from recovery to be returned by the RCC (specified in the rehabilitation plan)</li> </ul>
Sept. 10 (Wed.)	<ul style="list-style-type: none"> <li>Liquidation year (2nd term)</li> </ul>
Sept. 30 (Tue.)	<ul style="list-style-type: none"> <li>The Liquidated Company of the Incubator Bank of Japan starts 2nd repayment in accordance with rehabilitation plan.</li> </ul>
Oct. 1 (Wed)	<ul style="list-style-type: none"> <li>Policy Board meeting held (2nd settlement payment).</li> </ul>
Oct. 6 (Mon.)	<ul style="list-style-type: none"> <li>The 2nd repayment of tenders to DICJ-represented depositors starts.</li> <li>The 2nd settlement payment starts.</li> </ul>
Oct. 29 (Wed.)	<ul style="list-style-type: none"> <li>The DICJ provides financial assistance pertaining to the return of proceeds from recovery of the assets which the RCC purchased under the rehabilitation plan.</li> </ul>
Dec. 15 (Mon.)	<ul style="list-style-type: none"> <li>The court decides on the termination of the rehabilitation proceedings (three years after the rehabilitation plan became final and binding).</li> </ul>
Sept. 20, 2016 (Tue.)	<ul style="list-style-type: none"> <li>The Liquidated Company of the Incubator Bank of Japan starts final repayment based on rehabilitation plan.</li> </ul>
Sept. 21 (Wed.)	<ul style="list-style-type: none"> <li>Policy Board meeting held (3rd settlement payment).</li> </ul>
Sept. 26 (Mon.)	<ul style="list-style-type: none"> <li>The 3rd repayment of tenders to DICJ-represented depositors starts.</li> <li>The 3rd settlement payment starts.</li> </ul>
May 2, 2017 (Tue.)	<ul style="list-style-type: none"> <li>The liquidation is completed.</li> </ul>

**(iii) Measures against financial crisis**

**1) Overview**

Provided that the Prime Minister finds that unless one of the following measures against financial crisis is taken, the maintenance of an orderly credit system in Japan or in a certain region in Japan where the

insured financial institution conducts its business could be severely hindered, one of those measures may be taken, subject to deliberation by the Financial Crisis Response Council.

Measures to be taken	Insured financial institutions
i) Capital injection (Article 102, paragraph (1), item (i) of the Deposit Insurance Act)	Financial institutions (excluding failed or insolvent financial institutions)
ii) Financial assistance in an amount exceeding the insurance payout cost (Article 102, paragraph (1), item (ii) of the Deposit Insurance Act)	Failed or insolvent financial institutions
iii) Special crisis management (Article 102, paragraph (1), item (iii) of the Deposit Insurance Act)	Failed financial institutions that are insolvent banks

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## 2) Capital injection

The DICJ strengthens the capital base of insured financial institutions (except failed or insolvent ones) by subscribing for common shares, preferred shares or subordinated bonds and other capital-raising instruments that they or their holding companies issue, based on the decision of the FSA Commissioner<sup>(Note)</sup> (subject to the consent of the Minister of Finance).

The DICJ injected capital into Resona Bank, Limited., in 2003 as a measure against financial crisis. The repayment of public funds provided to Resona Bank through this measure was completed in July 2014. [See P131: III. 2. (1) (i) (c)]

Note: In cases where the insured financial institutions are the labor banks or the Rokinren Bank, the decisions of the FSA Commissioner and of the Minister of Health, Labour and Welfare are required; in the case of the Shoko Chukin Bank, the decisions of the FSA Commissioner, the Minister of Finance, and the Minister of Economy, Trade and Industry are required.

## 3) Financial assistance in an amount exceeding the insurance payout cost

In cases where the insured financial institution is a failed or insolvent financial institution, the DICJ may provide financial assistance in an amount exceeding the insurance payout cost to an assuming financial institution involved in a merger, etc. This makes it possible to fully protect deposits and other claims.

When this measure is taken, the FSA Commissioner issues a disposition ordering management.

## 4) Special crisis management

Special crisis management may be implemented only in cases where the insured financial institution is a failed financial institution that is an insolvent bank and where it is found that even if financial assistance were provided in an amount exceeding the insurance payout cost, it would be impossible to maintain an orderly credit system in Japan or in a certain region in Japan where the insured financial institution conducts its business.

When special crisis management is implemented, the DICJ acquires the shares of a bank under special crisis management based on the decision of the FSA Commissioner, and appoints the directors, auditors and other officers of the bank as nominated by the FSA Commissioner.

Moreover, the DICJ may implement financial assistance to the bank under special crisis management without taking into account the insurance payout cost. This enables full protection of deposits and other claims.

It is prescribed that special crisis management should be terminated as early as possible by implementing the merger, transfer of business, disposal of shares, or company split.

One of the cases processed by the DICJ in the past is for Ashikaga Bank, Ltd. (hereinafter referred to as “Ashikaga Bank”), for which the Prime Minister confirmed the necessity that special crisis management be implemented upon deliberation by the Financial Crisis Response Council held on November 29, 2003. Concurrently with such confirmation, the FSA Commissioner decided that the shares of Ashikaga Bank should be acquired. Following the public notice issued on December 1, 2003, the DICJ acquired the shares of the same bank. On July 1, 2008, the special crisis management of Ashikaga Bank ended, as the DICJ transferred the Ashikaga Bank shares it had held to an assuming financial institution. Details of the business associated with the special crisis management can also be viewed on the DICJ’s website ([https://www.dic.go.jp/english/e\\_katsudo/page\\_000268.html](https://www.dic.go.jp/english/e_katsudo/page_000268.html)).

## 5) Crisis Management Account and contributions

The DICJ keeps records of all the expenses for capital injection and the portion of financial assistance that is in excess of the insurance payout cost in the Crisis Management Account, rather than the General Account.

Note: In addition to the above operations related to measures against financial crisis, the records of the expenses of operations related to orderly resolution of a financial institution, etc. are also kept in the Crisis Management Account. [For orderly resolution of a financial institution, etc., see P15: 1.1.(4) (iv)]

It is prescribed that the deficit of the Crisis Management Account (excluding operations related to orderly resolution of a financial institution, etc. hereinafter in this paragraph) should be funded by contributions from financial institutions covered by the deposit insurance system. When the FSA Commissioner and the Minister of Finance find the need for such contributions, the insured financial institutions must make the contributions to the DICJ according to the contribution rate and the period for the payment of contribution determined by the FSA Commissioner and the Minister of Finance. The amount of contributions to be made by each insured financial institution is calculated by multiplying the contribution rate by the amount of its debts (excluding some specified reserves) as of the end of the previous fiscal year.

However, the government may subsidize some of the expenses for the operation by the DICJ only when it is found that if the deficit of the Crisis Management Account were funded by the contributions alone, the financial situation of insured financial institutions would deteriorate substantially and an extremely serious hindrance could be caused to the maintenance of an orderly credit system in Japan.

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**(iv) Orderly resolution of a financial institution, etc.**

**1) Outline**

When the Prime Minister finds that if the following measures are not taken it may cause severe disruption to Japan's financial market and any other financial systems, orderly resolution of a financial institution, etc. may be implemented, following deliberation by the Financial Crisis Response Council.<sup>(Note 1)</sup>

Measures to be taken	Financial institution, etc. <sup>(Note 2)</sup>
(i) Liquidity provision/capital injection (Article 126-2, paragraph (1), item (i) of the Deposit Insurance Act)	A financial institution, etc. that is not insolvent
(ii) Specified financial assistance/related measure (Article 126-2, paragraph (1), item (ii) of the Deposit Insurance Act)	A financial institution, etc. that is insolvent, or is likely to become insolvent, or that has suspended payment of obligations, or is likely to suspend payment of obligations

- Notes: 1. The Prime Minister may confirm the necessity to implement orderly resolution of a financial institution, etc. (hereinafter referred to as "specified confirmation"). (Article 126-2, paragraph (1) of the Deposit Insurance Act).
2. In light of the experience of the recent global financial crisis, we assume that in order to maintain the financial system's resilience by preventing a rapid loss of confidence in the financial market or the failure of a financial institution, etc. from causing disruption in the market or affecting the real economy, it is important to safeguard the whole of the financial market and the financial industry. Based on this assumption, the measures for orderly resolution of a financial institution, etc. shall be applicable to the whole of the financial industry (deposit-taking financial institutions, insurance companies, financial instruments business operators engaged in type-I financial instruments business, financial holding companies, etc.; these institutions shall be hereinafter collectively referred to as "financial institution, etc." in paragraphs related to orderly resolution).

**2) Liquidity provision/capital injection (when the financial institution, etc. is not insolvent)**

When a financial institution, etc. is not insolvent but is likely to cause severe disruption in the financial system as a result of liquidity exhaustion, etc., the DICJ places the institution under its oversight, provides liquidity, and/or makes capital injection to ensure that systemically important debts<sup>(Note)</sup> are repaid.

Note: Debts for which any default is likely to cause severe disruption in the financial system.

**3) Specified financial assistance/related measures (when the financial institution, etc. is insolvent, etc.)**

When a financial institution, etc. is insolvent, etc., the DICJ places the institution under its oversight, and while assuming the power to execute operations and manage and dispose of assets, promptly transfers systemically important debts, etc. from the institu-

tion to a specified assuming financial institution, etc. In doing so, the DICJ provides specified financial assistance<sup>(Note)</sup> to the specified assuming financial institution, etc. to ensure that systemically important debts are repaid.

Note: Specified financial assistance may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee of liabilities, assumption of financial obligations, subscription of specified preferred shares and other capital raising instruments, or loss sharing.

When the DICJ receives an application for loan necessary for repayment of debts pertaining to systemically important debts from a financial institution, etc., and finds it necessary, it may provide the loan.

Any assets and liabilities that remain with the financial institution are disposed of through bankruptcy proceedings. However, "deposits," "insurance contracts," and "assets deposited by customers" are protected to a certain extent under existing safety nets, namely the "deposit insurance system," "policyholder protection system," and "investor protection fund system."

**4) Crisis Management Account and specified contributions**

The DICJ keeps the record of expenses of business operations relating to orderly resolution of a financial institution, etc. not in the General Account, but in the Crisis Management Account.<sup>(Note 1)</sup> When the FSA Commissioner and the Minister of Finance find the need for specified contributions, the financial institutions, etc. must make the specified contributions to the DICJ according to the contribution rate and the period for the payment of contribution determined by the FSA Commissioner and the Minister of Finance to cover the cost incurred in conducting crisis management operations (limited to measures relating to financial institutions, etc. related to specified confirmation and those relating to specified bridge financial institutions, etc.<sup>(Note 2)</sup>).

However, the government may provide a subsidy to the DICJ to cover part of the cost of conducting the crisis management operations only when it is found that the financial positions of financial institutions could substantially deteriorate and severe disruption may be caused in Japan's financial market and any other financial systems if said cost is to be borne by specified contributions alone.

- Notes: 1. In addition to the above operations related to orderly resolution of a financial institution, etc., the records of the expenses of operations related to measures against financial crisis are also kept in the Crisis Management Account. [For measures against financial crisis, see P: 13 I. 1. (4) (iii)]
2. [For specified bridge financial institutions, etc., see P: 24 I. 2. (3) (iv)]

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## 2. DICJ's Structure and Organization

### (1) Establishment

The DICJ is a semi-governmental organization that was established in 1971 for the purpose of operating Japan's deposit insurance system under the Deposit Insurance Act.

The concept of a deposit insurance system was taken up in a report on the policy of private financial institutions submitted by the Financial System Research Committee in July 1970. The report stressed the need to create a deposit insurance system from the perspective of protecting depositors and indicated a basic direction of the

system. Based on this policy, the Deposit Insurance Act was enacted in March 1971 (promulgated and enforced on April 1 of the same year). The DICJ was established on July 1, 1971, with funding from the government, the Bank of Japan, and private financial institutions.

The DICJ was initially capitalized at ¥450 million (with funding of ¥150 million each from the government, the Bank of Japan, and private financial institutions). The DICJ's current capital amount stands at ¥31.475 billion (as of July 1, 2020).

Changes in capital contributions are as shown below.

Date	Contributor (Entity receiving repayment)	Account	Capital increase (Capital reduction)
July 1986	National Association of Labour Banks	General Account	Capital increase of ¥5 million
July 1996	Government	Jusen Account	Capital increase of ¥5 billion
October 2009	Government	Enterprise Turnaround Initiative Account	Capital increase of ¥5 billion
December 2009	Government	Enterprise Turnaround Initiative Account	Capital increase of ¥5 billion
February 2012	Government	Revitalizing Earthquake-Affected Business Account	Capital increase of ¥18.68 billion
July 2012	Repayment to the government	Abolishment of the Jusen Account	Capital reduction of ¥5 billion
March 2013	Government	Regional Economy Vitalization Corporation Account <sup>(Note)</sup>	Capital increase of ¥3 billion
March 2015	Government	Regional Economy Vitalization Corporation Account	Capital increase of ¥3 billion
May 2018	Government	Revitalizing Earthquake-Affected Business Account	Capital increase of ¥9.34 billion
February 2019	Repayment to the government	Regional Economy Vitalization Corporation Account	Capital reduction of ¥13 billion

Note: The Enterprise Turnaround Initiative Account was changed to the Regional Economy Vitalization Corporation Account in March 2013.

### (2) Organization

#### (i) Policy Board

The Policy Board functions as a decision-making body that passes resolutions on important matters regarding the management of the DICJ. It consists of a maximum of eight Board Members, four temporary members to study and deliberate special matters, and the Governor and Deputy Governors of the DICJ. Board Members and temporary members are appointed by the Governor of the DICJ from among persons with experience and expert knowledge concerning financial affairs. All appointments must be approved by the FSA Commissioner and the Minister of Finance. At present, there are eight Policy Board members: five representatives of the financial community and three members from outside the financial community.

According to the Articles of Incorporation, a resolution by the Policy Board is required for such matters as: 1) amendments to the Articles of Incorporation;

2) preparation of and amendments to the Operational Guidelines; 3) budget and funding plans; 4) settlement of accounts; 5) decisions on and changes to the insurance premium rates; 6) decisions on insurance payout and provisional payments thereof; 7) decisions on financial assistance; and 8) decisions on the purchase of deposits and other claims. In FY2019, the Policy Board met three times.



The Policy Board meeting

## Policy Board members and the DICJ executives (as of July 23, 2020)

Chairman: MIKUNIYA Katsunori (Governor of the DICJ)

Members (in Japanese alphabetical order):

UMEDA Kei (Chairman, Trust Companies Association of Japan)  
 OYA Yasuyoshi (Chairman, Regional Banks Association of Japan)  
 TORITANI Reiko (Senior Director, Research Institute for Environmental Finance)  
 NAKAE Kimito (President, National Association of Labour Banks)  
 FUKUDA Shin-ichi (Professor, Graduate School of Economics, The University of Tokyo)  
 MIKE Kanetsugu (Chairman, Japanese Bankers Association)  
 MIMURO Kenichiro (Chairman, The National Association of Shinkin Banks)  
 MIYAMOTO Katsuhiro (Representative Director and Executive Vice President,  
 NIPPON STEEL CORPORATION)

Deputy Governors: HISADA Takamasa, TEZUKA Akira, HOSAKA Naoki, NAITO Hirofumi

<Executives of the DICJ>

Governor:	MIKUNIYA Katsunori
Deputy Governors:	HISADA Takamasa, TEZUKA Akira, HOSAKA Naoki, NAITO Hirofumi
Auditor (Part-Time):	SAKAMOTO Hiroko

<Department Heads of the DICJ>

Planning and Coordination Department:	USUKI Yoshiki
Treasury Department:	NAKAMURA Hiroki
Resolution and Financial Revitalization Department:	INO Akihiro
Deposit Insurance Department:	HEIKE Satoshi
Special Investigation Department:	ONO Kazushige
Inspection Department:	HOTTA Hideyuki
Financial Operations Assistance Department:	MURATA Tatsuya
Research and International Affairs Department :	KAWAUCHI Hironori
Osaka Operation Department:	YAMAUCHI Yasuo
Legal Affairs Department:	SATO Dan
Information System Department:	YOSHIDA Tsuyoshi
Audit Department:	HASHIMOTO Toru
Senior Executive Director:	MIYATA Makoto
Executive Advisors to the Governors:	MURAI Miwako FUJITA Akihiro

### (ii) Operations of departments

#### 1) Planning and Coordination Department

The Planning and Coordination Department is responsible for overall coordination of the DICJ's administrative works, convening the Policy Board and other meetings, public relations, information disclosure, protection of personal information, personnel affairs, organization, staffing levels, promoting information security measures, general supervision, liaison and coordination of responses to questions from the National Diet, planning, plotting, liaison and coordination regarding systemic revision related to the DICJ, general supervision and overall coordination of guidance and advice to the RCC, concluding agreements with the RCC, capital injection to Regional Economy Vitalization Corporation of Japan and others, liaison and coordination with

safety net related authorities, etc., operating the cloud service collecting and providing relevant information on failure resolutions, collecting and analyzing information of Domestic financial institutions, inspection and research of the domestic deposit insurance system, and has jurisdiction over the affairs outside the jurisdictions of the other departments.

This department consists of six divisions and two offices: the Administration Division, the Personnel Division, the Public Relations and Information Management Office, the Information Security Office, the Planning and Coordination Division, the Subsidiary Administration Division, the Administration and Coordination Division and the Research and Analysis Division.

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## 2) Treasury Department

The Treasury Department is responsible for budgeting, settlement, accounting, asset management, financial planning, fund raising and management, as well as the collection of insurance premiums, contributions and specified contributions.

This department consists of six divisions: the Financial Planning and Coordination Division, the Budget and Accounting Division I, the Budget and Accounting Division II, the Budget and Accounting Division III, the Finance Division I, and the Finance Division II.

## 3) Resolution and Financial Revitalization Department

The Resolution and Financial Revitalization Department is responsible for the administration by financial administrator, special oversight and specified administration, operations specified in Article 34, Item (xiii) of the Deposit Insurance Act, financial revitalization, capital injection in financial institutions and others, coordination and implementation of agreements with respect to financial assistance and specified financial assistance, management of assets acquired as financial assistance and specified financial assistance, businesses of acquiring financial institutions under management and assuming debts of financial institutions under management, etc., measures under Item (iii) specified in Article 102, Paragraph (1), Item (iii) of the Deposit Insurance Act, loans and guarantees for financial institutions, etc., acquisition of assets from financial institutions and others, and for any acts taken by financial institutions in accordance with Article 58-3 of the Deposit Insurance Act.

This department consists of three divisions: the Planning and Coordination Division, the Capital Operation and Management Division, and the Resolution and Receivership Division.

## 4) Deposit Insurance Department

The Deposit Insurance Department is responsible for the insurance payouts and other payments, decisions on financial assistance (including responses to financial crisis), purchase of deposits and other claims, decisions on specified financial assistance operations such as making the schedule of depositors, based on the Special Corporate Reorganization Act, and the name-based aggregation of depositors, providing financial institutions with trainings and advice for preparing data on deposits and withdrawals, and the systems, etc.

This department consists of four divisions: the Planning Division, the Management Planning Division, the Financial Assistance Division, and the Advisory Service Division.

## 5) Special Investigation Department

The Special Investigation Department is responsible for the guidance and advice to the RCC, the asset investigation of debtors and others regarding claims transferred to the RCC, other investigations necessary for giving guidance and advice to the RCC, claim collection entrusted by the RCC, the disposal, etc. of purchased assets, and pursuit of liabilities of managers of failed financial institutions, etc. and other parties concerned.

This department has four divisions: the Investigation and Planning Division, the Investigation and Recovery Division, Special Investigation Division I and Special Investigation Division II.

## 6) Inspection Department

The Inspection Department is responsible for inspections pursuant to Article 137, Paragraph (6) of the Deposit Insurance Act (except item (iv) of the same paragraph), inspections pursuant to Article 36 Paragraph (6) of the Criminal Accounts Damage Recovery Act, inspections pursuant to Article 44, Paragraph (6) of the Act on Utilization of Funds Related to Dormant Deposits to Promote, and collection, organization and analyses of information related to such inspections.

This department has four divisions: the Inspection Planning Division, the Evaluation Division, Inspection Division I, and Inspection Division II.

## 7) Financial Operations Assistance Department

The Financial Operations Assistance Department is responsible for purchase of specified difficult recovery claims, provision of information on antisocial forces in response to inquiries from financial institutions, collection and storage of such information, public notices made under the Criminal Accounts Damage Recovery Act, and management operations of dormant deposits, etc. and so on.

This department has four divisions: the Operations Planning Division, the Financial Information Management Division, the Bank Transfer Fraud Recovery Division, and the Dormant Deposits Management Division.

## 8) Research and International Affairs Department

The Research and International Affairs Department is responsible of research and study of foreign deposit insurance and failure resolution systems, collection and analysis of information on financial institutions, etc., relating to orderly resolution of a financial institution, administrative works for the International Association of Deposit Insurance (IADI), and bilateral cooperation with foreign organizations concerned.

This department has four divisions: the Planning and

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Administration Division, the International Organizations Division, the Research Division and the Specific Operation Division.

### 9) Osaka Operation Department

The Osaka Operation Department is responsible of the following tasks mainly in the Kansai region and areas further west: work related to the reimbursement of deposit insurance and other payments, financial assistance (including responses to financial crisis), purchase, etc. of deposits and other claims, decisions, etc. of the policy of management, collection and disposal of purchased assets, work of financial administrators, etc., guidance and advice to the RCC, asset investigation of debtors and others regarding claims transferred to the RCC, other investigations necessary for giving guidance and advice to the RCC, claim collection entrusted by RCC, and pursuit of liabilities of managers of failed financial institutions, etc. and other parties concerned.

This department has four divisions and one office: the Administration, Policy Planning and Coordination Division, the Financial Reorganization Office, the Financial Assistance Division, the Investigation and Recovery Division, and the Special Investigation Division.

### 10) Legal Affairs Department

The Legal Affairs Department is responsible of legal cases related to the operational activities of the DICJ and overseeing the compliance activities of the DICJ.

### 11) Information System Department

The Information System Department is responsible for planning, plotting and overall coordination of individual information systems inside the DICJ, support for development and operation related to individual information systems, overall coordination of budget and execution of individual information systems, overall coordination of plans of training for individual information systems inside the DICJ, preparation for development and overall coordination of the information systems related to tasks associated with systemic revision related to the DICJ, development, operation and administrative support of the failure resolution operation system and its related systems, development and operation of the antisocial forces information inquiry system, and development and operation of the dormant deposits management system, etc.

### 12) Audit Department

The Audit Department is responsible of internal audits, overseeing external auditing, and administration relating to inspections by the Board of Audit of Japan, etc.

### (iii) Other committees, etc.

#### 1) Liability Investigation Committee

As a result of the revision of the Deposit Insurance Act in February 1998, it was prescribed that the Governor of the DICJ should strive to improve the organizational structure of the DICJ so as to effectively implement operations regarding the resolution of failures and the collection of assets, and the legal requirement for the pursuit of liability was strengthened.

In response to this, the Liability Investigation Committee, which is chaired by the Governor of the DICJ and which is comprised of DICJ executives and staff members appointed by the Governor as its members, was established in February of the same year. It is in charge of clarifying the civil and criminal liability of debtors, executives, etc. of failed financial institutions, former Jusen companies and other entities in order to properly implement measures such as making compensation claims and bringing accusations.

Meanwhile, four outside experts currently serve as special advisers to the Liability Investigation Committee and express opinions as to how to appropriately implement the above measures. The committee held no meeting in FY2019.

#### <Special Advisors to the Liability Investigation Committee (as of July 1, 2020)>

MOTOBAYASHI Toru

(former President of the Japan Federation of Bar Associations)

YAMAZAKI Hisashi

(former President of the Sapporo High Court)

KANETAKA Masahito

(former Commissioner General of the National Police Agency)

ONO Kotaro (former Prosecutor General)

#### 2) Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments

The Divestment Price Examination Board was established as the Governor's advisory committee in June 2004 for the purpose of securing determination of appropriate prices through fair and neutral procedures when preferred shares and other capital-raising instruments for which the RCC subscribed in order to make capital injection and participation using public funds are disposed of.

On February 23, 2006, the Board revised its name to the Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments in order to deal with cases where applications for divestment from financial institutions are not expected. This step was taken in line with the "Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds," announced on October 28, 2005. The Board held a meeting in FY2019.

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**<Members of the Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments (As of July 1, 2020)>**

- Member: NAKAGAWA Hidetoshi (Academic expert)
- Member: OGURA Kanako (Certified public accountant)
- Member: OHASHI Kazuhiko (Academic expert)
- Member: YAMASHITA Satoshi (Academic expert)
- Member: KOEDA Junko (Academic expert)

**3) Performance Appraisal Committee**

The Performance Appraisal Committee was established in April 2004 in order to decide the rate of contribution to the DICJ performance for the purpose of making fair and reasonable payment of retirement allowance to DICJ executives. The Performance Appraisal Committee is composed of three members of the Policy Board (excluding members from the financial industry) and one part-time auditor. This committee held no meeting in FY2019.

**<Members of the Performance Appraisal Committee (as of July 1, 2020)>**

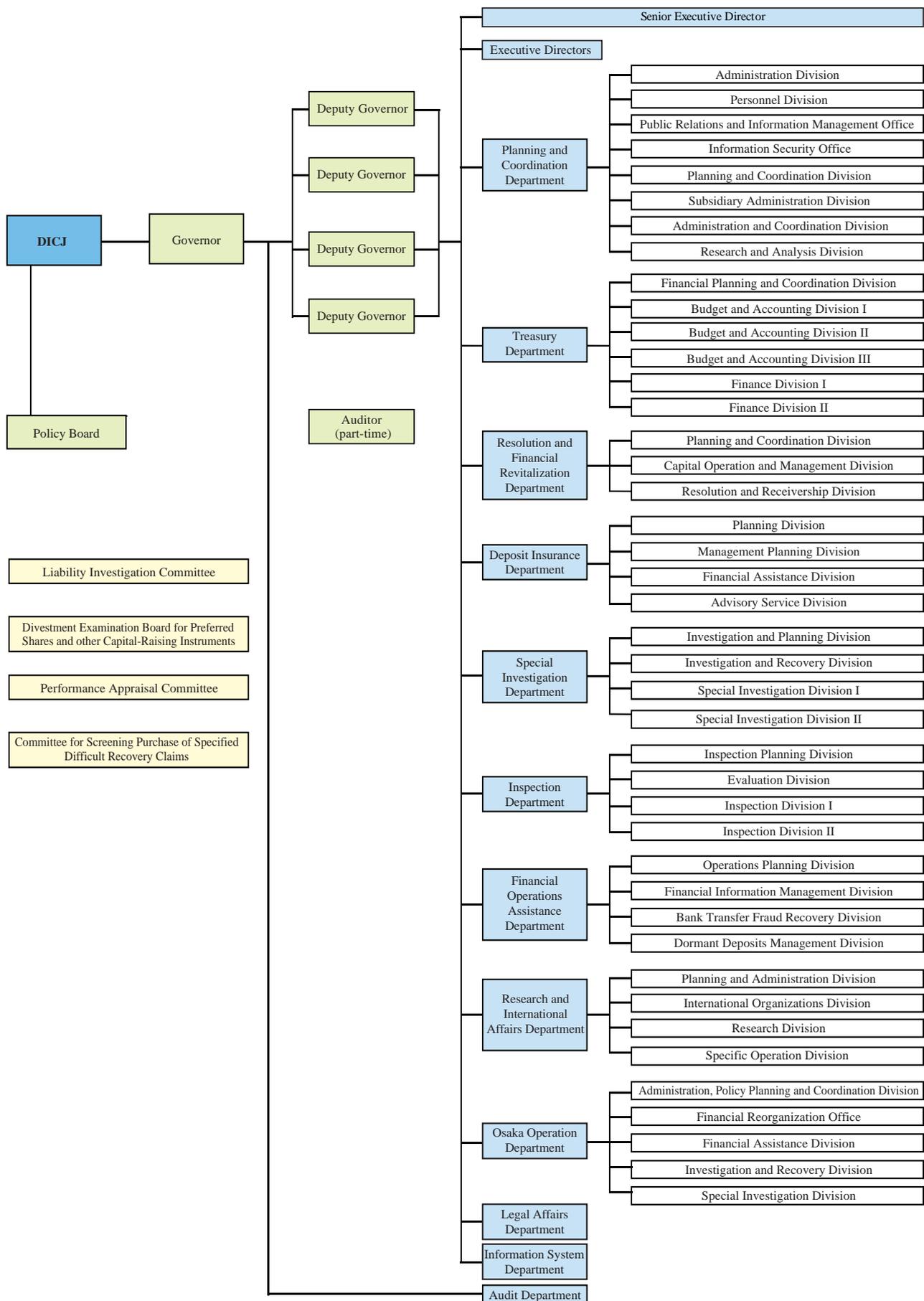
- Member: TORITANI Reiko (Policy Board member)
- Member: FUKUDA Shin-ichi (Policy Board member)
- Member: MIYAMOTO Katsuhiko (Policy Board member)
- Member: SAKAMOTO Hiroko (DICJ auditor)

**4) Committee for Screening Purchase of Specified Difficult Recovery Claims**

The DICJ established the Committee for Screening Purchase of Specified Difficult Recovery Claims in October 2011 for the purpose of deliberating the appropriateness of purchasing specified difficult recovery claims and the purchase price, which contribute to determination of the appropriateness of purchase and the purchase price by proper procedures in the case where the DICJ intends to purchase such specified difficult recovery claims. The Committee comprises three third parties, including an attorney at law and a certified real estate appraiser, from the perspective that the members shall deliberate whether the offering claims fall under the specified difficult recovery claims or not and the applicability of the purchase price. The Committee met two times in FY2019.

Based on the nature of operations, names of the Committee members are undisclosed.

Organizational chart (as of July 1, 2020)



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**Changes in the authorized number of staff members, by working role, at the DICJ**

Fiscal year	Executives				Secretariat of the committee	Staff members						Increase/decrease with previous fiscal year
	Governor	Deputy governor	Auditor	Total		Department head	Executive Director, etc.	Deputy head	Division head	Manager, etc.	Total	
Established in July 1971	(1)	1	(1)	1	1	-	-	-	-	10	11	-
1975	(1)	1	(1)	1	1	-	-	2	-	7	10	-1
1976	(1)	1	(1)	1	1	-	-	2	-	7	10	0
1977	(1)	1	(1)	1	1	-	-	4	-	7	12	2
1978	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1979	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1980	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1981	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1982	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1983	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1984	(1)	1	(1)	1	1	-	-	4	-	7	12	0
1985	(1)	1	(1)	1	1	-	-	4	-	8	13	1
1986	(1)	1	(1)	1	1	-	-	4	-	8	13	0
1987	(1)	1	(1)	1	1	-	-	4	-	9	14	1
1988	(1)	1	(1)	1	1	-	-	4	-	9	14	0
1989	(1)	1	(1)	1	1	-	-	4	-	9	14	0
1990	(1)	1	(1)	1	1	-	-	4	-	9	14	0
1991	(1)	1	(1)	1	1	-	-	4	-	9	14	0
1992	(1)	1	(1)	1	1	-	-	4	-	10	15	1
1993	(1)	1	(1)	1	1	-	-	4	-	10	15	0
1994	(1)	1	(1)	1	1	-	-	4	-	9	14	-1
1995	(1)	1	(1)	1	1	-	-	4	-	10	15	1
1996	1	3	(1)	4	-	4	1	10	10	94	119	107
1997	1	3	(1)	4	-	6	1	11	14	155	187	68
1998 Initial	1	3	(1)	4	-	7	2	14	26	239	288	101
After change	1	4	(1)	5	-	8	3	15	29	278	333	147
1999	1	4	(1)	5	-	9	3	15	31	275	333	0
2000	1	4	(1)	5	-	9	3	15	34	292	353	20
2001	1	4	(1)	5	-	9	3	15	34	320	381	28
2002	1	4	(1)	5	-	9	5	15	34	346	409	28
2003	1	4	(1)	5	-	8	6	16	37	331	398	-11
2004	1	4	(1)	5	-	8	7	16	38	328	397	-1
2005	1	4	(1)	5	-	8	7	16	37	318	386	-11
2006	1	4	(1)	5	-	8	7	16	37	305	373	-13
2007	1	4	(1)	5	-	9	6	16	35	297	363	-10
2008	1	4	(1)	5	-	9	6	15	37	293	360	-3
2009	1	4	(1)	5	-	9	6	15	37	294	361	1
2010	1	4	(1)	5	-	9	6	15	37	292	359	-2
2011	1	4	(1)	5	-	9	6	15	37	299	366	7
2012	1	4	(1)	5	-	9	7	15	37	298	366	0
2013	1	4	(1)	5	-	9	8	15	37	303	372	6
2014	1	4	(1)	5	-	11	6	16	38	324	395	23
2015	1	4	(1)	5	-	12	4	16	40	333	405	10
2016	1	4	(1)	5	-	12	4	16	40	341	413	8
2017	1	4	(1)	5	-	12	4	16	42	342	416	3
2018	1	4	(1)	5	-	12	4	16	42	340	414	-2
2019	1	4	(1)	5	-	12	4	16	42	338	412	-2
2020	1	4	(1)	5	-	12	4	16	42	337	411	-1

Notes: 1. Figures in parentheses represent part-time workers.

2. Department Head includes Deputy Head of Department (FY1997 to FY2005), Chief Legal Officer, Chief International Officer and Chief Audit Officer.

### (3) Subsidiaries of the DICJ

#### (i) The Resolution and Collection Corporation (RCC)

Following amendments to the Deposit Insurance Act and the Act on Special Measures concerning Promotion of Disposal of Claims and Debts of Specific Jusen Companies (hereinafter referred to as the “Jusen Act”) in October 1998, the RCC was established as a result of the merger between the Housing Loan Administration Corporation (hereinafter referred to as “HLAC”) and the Resolution and Collection Bank (hereinafter referred to as “RCB”) on April 1, 1999. Its purpose was to achieve quick and efficient collection of nonperforming loans using fair and transparent means and to minimize the injection of public funds.

As of March 31, 2020, the RCC had total capital of ¥12 billion (all of which was provided by the DICJ). As of July 1, 2020, it had 312 executives and staff members (including 4 directors, 3 auditors, and 4 operating officers).

Under an agreement with the DICJ, the RCC conducts the following operations:

- 1) Purchase and collection of non-performing loans, etc. from failed financial institutions;
- 2) Collection of non-performing loans purchased from sound financial institutions and other entities under Article 53 of the Act on Emergency Measures for the Revitalization of the Financial Functions (hereinafter referred to as the “Financial Revitalization Act”) (The receipt of applications for the purchase of assets closed on March 31, 2005, except for purchases from the Regional Economy Vitalization Corporation of Japan and the Corporation for Revitalizing Earthquake-Affected Business);
- 3) Operations relating to capital participation under the Financial Functions Strengthening Act, etc.;
- 4) Operations relating to the bridge bank function intended to facilitate failure resolution; and
- 5) Purchase and collection of specified difficult recovery claims held by financial institutions.

The RCC also utilizes its servicer functions in purchasing and accepting consignment of the administration and collection of claims against antisocial forces held by credit companies and insurance companies, etc., which are not covered under the system for purchasing specified difficult recovery claims.

#### (ii) Regional Economy Vitalization Corporation of Japan (REVIC)

Enterprise Turnaround Initiative Corporation of Japan, which was established in order to support the business turnaround of middle-ranking enterprises and small- and medium-size enterprises that are saddled with excessive debt despite their revitaliza-

tion potential, was reorganized on March 18, 2013, as Regional Economy Vitalization Corporation of Japan (hereinafter referred to as “REVIC”), which aims to support the business turnaround of small- and medium-size enterprises, etc. and business activities that contribute to invigorating regional economies, following the enforcement of the Act to partially revise the Act on the Enterprise Turnaround Initiative Corporation of Japan. (The capital amount as of March 31, 2020, is ¥13.1038 billion, of which ¥12.6038 billion was provided by the DICJ and ¥0.5 billion by Norinchukin Bank).

REVIC conducts the following operations in accordance with Article 22 of the Act on the Regional Economy Vitalization Corporation of Japan (hereinafter referred to as “REVIC Act”):

- 1) Business turnaround support (business turnaround support intended to eligible support recipient businesses through the purchase of debt claims held by financial institutions and other creditors against the businesses, as well as the acceptance of trusts related to claims held by financial institutions and other creditors (hereinafter referred to as “purchase of debt claims, etc.”));
- 2) Lending funds, guaranteeing loans from financial institutions, and providing capital to eligible recipient businesses;
- 3) Specified support (support for specified eligible recipient businesses in starting new business through the purchase of debt claims held by financial institutions and other creditors (support provided through consolidation of corporate debt and guaranteed debt owed by owner-managers; hereinafter referred to as “purchase of specified debt claims”);
- 4) Dispatch of experts (dispatching experts in regional economic vitalization and business turnaround to financial institutions and other entities and businesses which they are supporting or in which they are investing);
- 5) Specified investment in investment partnerships (investment made in regional vitalization and business turnaround funds by limited liability partners);
- 6) Specified business administration (investment for the establishment of, or business administration of, stock companies which become unlimited liability partners of regional vitalization and business turnaround funds); and
- 7) Management, transfer, and other forms of disposal of debt claims relating to the purchase of debt claims, etc. and purchase of specified debt claims.

The period for REVIC to make decisions on business turnaround support and take other relevant actions is until March 31, 2026. The period of business turnaround support and other relevant actions is up

to five years from the date of the decision on support for business turnaround.

**(iii) The Corporation for Revitalizing Earthquake-Affected Business**

The Corporation for Revitalizing Earthquake-Affected Business (hereinafter referred to as the “Corporation for Revitalizing Business”) was established on February 22, 2012, with investments by the DICJ, as well as the Agricultural and Fishery Co-operative Savings Insurance Corporation (hereinafter referred to as the “AFCSIC”), with the aim of supporting revitalization of earthquake-affected business operators with excess debts and alleviating the debt burdens of such business operators who intend to rebuild their businesses in earthquake-hit areas by purchasing the claims held by financial institutions, etc. and other measures. (The capital amount as of March 31, 2020, is ¥29.984 billion, of which ¥28.0062 billion was provided by the DICJ and ¥1.9778 billion by the AFCSIC).

The Corporation for Revitalizing Business engages in the following operations in accordance with Article 16 of the Act on the Corporation for Revitalizing Earthquake-Affected Business (hereinafter referred to as the “Act on Corporation for Revitalizing Business”):

- 1) Purchasing debt held by financial institutions and other entities against eligible support recipient companies;
- 2) Lending funds, guaranteeing loans from financial institutions, and providing capital to eligible businesses;
- 3) Dispatching business turnaround experts; and
- 4) Offering suggestions related to business operations.

The period for the financial support decision for the target business operators by the Corporation for Revitalizing Business is until March 31, 2021 (extendable by one year). The period for support is not more than 15 years from the date of the decision on support.

**(iv) Specified bridge companies**

Under the revised Deposit Insurance Act, which came into force in March 2014, the DICJ has been empowered to take over operations or debts related to the specified transfer of businesses of a financial institution, etc. under special oversight through takeover of business, debt assumption, mergers and company splits related to orderly resolution of a financial institution, etc. and to establish specified bridge financial institutions, etc.<sup>(Note)</sup> for the purpose of temporarily maintaining and continuing transferred businesses or facilitating repayments of debts subject to a decision by the FSA Commissioner.

In May 2014, the FSA Commissioner made the decision to the effect that the DICJ should “establish five specified bridge companies responsible for conducting such operations as taking over business as subsidiaries in order to assume debts, etc. from financial institutions under special oversight, etc. under Article 126-34, paragraph (1) of the Deposit Insurance Act.” In accordance with this decision, the DICJ established five specified bridge companies as subsidiaries in June 2014.

Note: Specified bridge banks, specified bridge insurance companies, specified bridge financial instruments business operators and specified bridge companies as specified by Article 126-34, paragraph (3) of the Deposit Insurance Act are collectively called “specified bridge financial institutions, etc.”

**Column 4: Bridge Banks**

**(1) Purpose of Bridge Bank**

A bridge bank is intended to contribute to the protection of depositors and the maintenance of an orderly credit system by temporarily maintaining the operations of a failed financial institution – until the operations are re-transferred to a final assuming financial institution – through takeover of its insured deposits and sound assets that have been placed under the management of financial administrators in cases where no financial institution immediately takes over its operations.

**(2) Records of Failure Resolution Using Bridge Bank**

The Bridge Bank of Japan (established in March 2002) re-transferred the business taken over from two failed banks, Ishikawa Bank and Chubu Bank, to the final assuming financial institutions through transfer of business, and the DICJ ended its business management

in March 2004. The other case, the Second Bridge Bank of Japan (established in March 2004) re-transferred the business taken over from the failed Incubator Bank of Japan to the final assuming financial institution through a share transfer, and the DICJ ended its business management in December 2011.

**(3) Bridge Bank Function of the Contracted Bank**

Under the Deposit Insurance Act, when a contracted bank concludes a resolution and collection agreement with the DICJ (Article 7 of the Supplementary Provisions of the Deposit Insurance Act) and also concludes a bridge bank function agreement with the DICJ (Article 15-2 of Supplementary Provisions of the Deposit Insurance Act), the contracted bank may serve as a bridge bank function, as well as bridge banks established as subsidiaries of the DICJ (Article 2, paragraph (13) of the Deposit Insurance Act).

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## II. Overview of the DICJ's Activities in FY2019

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- (1) Flow of Failure Resolution under Limited Coverage Scheme
- (2) Improvement of Maintenance of Name-based Aggregation Databases of Depositors and the Systems
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- (1) International Collaboration and Cooperation
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- (1) Operations Related to Capital Participation
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# 1. Improvement and Enhancement on the Preparedness for Failure Resolution of Financial Institutions from the Perspective of Depositor Protection

## (1) Flow of Failure Resolution under Limited Coverage Scheme

The DICJ continues to study failure resolution schemes under limited coverage scheme and, on assumption of its possible appointment as a financial administrator, keeps itself ready to take administrative procedures for failure resolution. The DICJ continuously reviews the administrative procedures based on its past experiences of failure resolution in order to make the procedures more appropriate and reasonable.

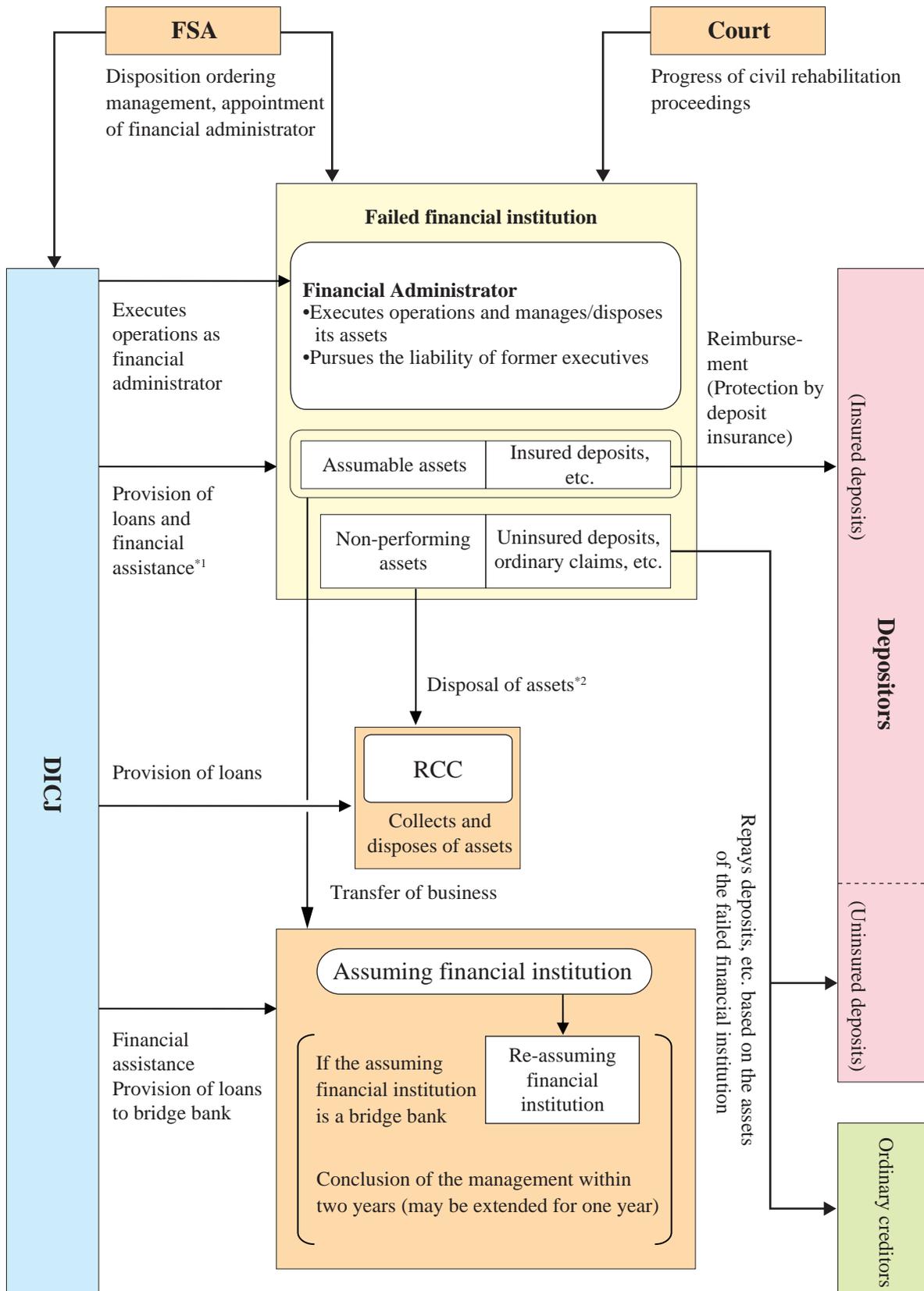
If a financial institution fails after business hours on a Friday and in the case that the DICJ implements failure resolution through the transfer of business to a bridge bank, the following administrative procedures are assumed to be implemented:

- (i) After business hours on Friday, the FSA Commissioner issues to the financial institution the disposition ordering management of business and property, and the DICJ will be appointed as the financial administrator;
- (ii) The failed financial institution will file a court application to commence civil rehabilitation proceedings and implement the following preparatory processes in order to resume operations the following Monday:
  - Submitting data of depositors to the DICJ (identification of the insured deposits through name-based aggregation of depositors by the DICJ);
  - Suspending the reimbursement of uninsured deposits and preparing to reimburse insured deposits based on the results of the name-based aggregation of depositors; and
  - Making other preparations to resume operations, such as accepting depositors' requests for the offsetting of deposits against loans;
- (iii) The reimbursement of insured deposits, payment and settlement services, and lending operations will be resumed on the following Monday;
- (iv) Immediately after the failure, preparations for the transfer of business to the bridge bank, which serves as a temporary assuming financial institution, will be made;
- (v) After a certain period of time, acceptance of requests for the purchase of deposits and other claims (estimated proceeds payment) will be started;

- (vi) The transfer of business (i.e., transfer of insured deposits and sound loan assets) to the bridge bank will be implemented. At that time, the DICJ will offer financial assistance within the insurance payout cost for the transfer of business;
- (vii) The DICJ will prepare and submit a schedule of depositors to the court on the final day of the period for filing proofs of claims in the civil rehabilitation proceedings;
- (viii) After the submission of a civil rehabilitation plan to the court and the approval of the plan at a creditors' meeting, the court will order confirmation of the plan;
- (ix) Regarding the residual assets of the failed financial institution, repayment to creditors will be started in line with the civil rehabilitation plan; and
- (x) The bridge bank will conduct a re-assumption (merger, transfer of business, share transfer, company split) to a final assuming financial institution (re-assuming financial institution, etc.). (The DICJ needs to conclude the management of the bridge bank through a merger, transfer of business, share transfer, company split or dissolution within two years (The period may be extended due to unavoidable circumstances for one year.) from the date of the disposition ordering management).

The DICJ also conducts practical training concerning failure resolution procedures in order to appropriately implement the prepared failure resolution procedures. In addition, in order to enable the implementation of a more appropriate and reasonable resolution of financial institution failures under various, different assumptions, the DICJ continuously reviews the procedures.

**Failure resolution scheme under the limited coverage  
(Overview of the financial assistance method (an example))**



\*1 Financial assistance may be provided to the failed financial institution for equity among creditors.

\*2 The assets may be disposed to non-RCC entities.

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## Column 5: Measures for smooth reimbursement of deposits, etc. in the event of financial institution failure

The Deposit Insurance Act requires financial institutions to take (i) measures to maintain data of depositors necessary for the name-based aggregation of depositors and promptly submit the data to the DICJ in the event of failure (Article 55-2 of the Deposit Insurance Act), and (ii) measures for the smooth implementation of insurance payout concerning deposits, etc., reimbursement of deposits and any other measures necessary for dealing with insurable contingencies on a steady basis.

With regard to (ii) above, specific measures are specified as follows (Cabinet Office Ordinance concerning the measures specified under Article 58-3 (1)).

(A) To ensure smooth insurance payout for and reimbursement of deposits etc., financial institutions must improve preparedness for promptly processing data in their operation systems upon receiving the result data of name-based aggregation of depositors from the DICJ after the failure. This preparedness includes enabling financial institutions to divide an account of a general deposit, etc., which contains both insured and uninsured deposit portions (a mixed account), in order to manage them separately.

Note: For example, financial institutions must divide a mixed account into an insured deposit portion and an uninsured deposit portion and enable the reimbursement of only the insured deposit portion by inhibiting reimbursement of the uninsured deposit portion (with the establishment of caution codes, etc.). In particular, it is necessary, starting at the time of the resumption of business, to make the insured portion of ordinary deposits reimbursable over the counter and/or through an ATM and also make the insured portion available for automatic transfer for utility charges and salary

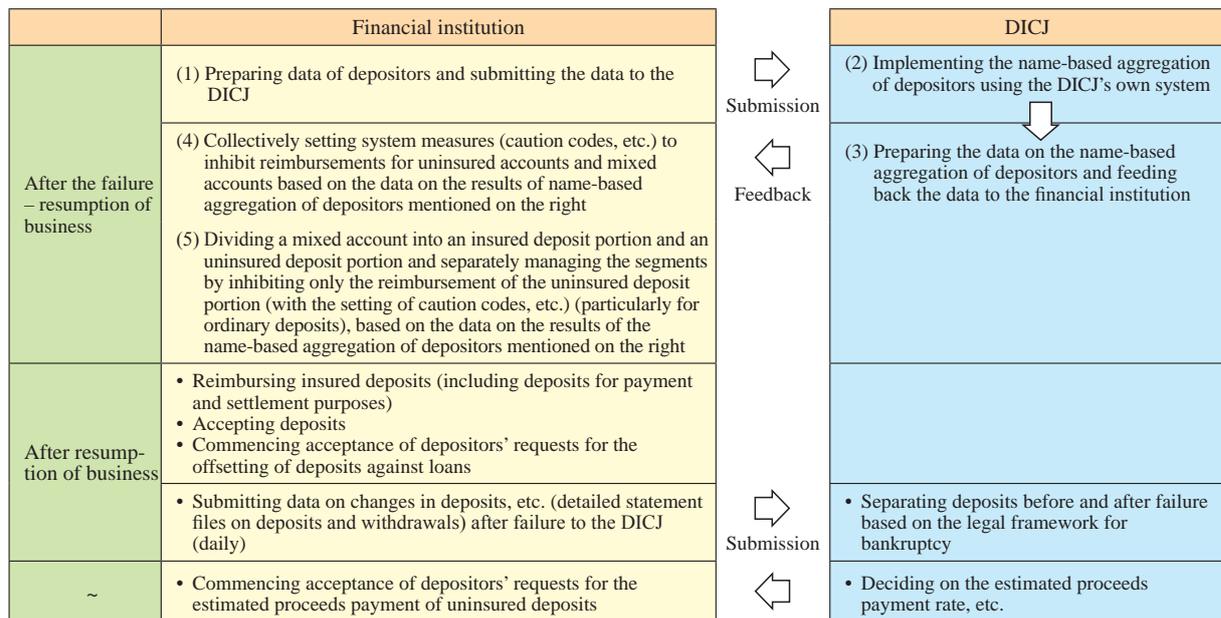
payment, etc., in the same manner as before the failure. With respect to the uninsured portion, the DICJ makes payment at a later date pursuant to the estimated proceeds payment, etc. or the bankruptcy procedures in accordance with the status of the failed financial institutions' assets.

- (B) Financial institutions must improve the preparedness to enable reimbursement of deposits for payment and settlement purposes even when it fails to receive data on the results of name-based aggregation of depositors.
- (C) In order to ensure smooth civil rehabilitation proceedings, etc., financial institutions must improve the preparedness to submit data on changes in deposits, etc. (detailed statement files on deposits and withdrawals) after failure to the DICJ in the designated data format so that the DICJ can separately identify and manage deposits prior to the failure (rehabilitation claim) and deposits after the failure (common benefit claim).
- (D) Financial institutions must improve the preparedness to smoothly carry out the offsetting of deposits and loans and estimated proceeds payment of uninsured deposits, etc.

Financial institutions are making necessary system improvements and improvements of procedures and manuals in order to implement the measures for improving the preparedness described in A through D above.

The DICJ supports financial institutions in taking these steps (promoting more thorough preparation, etc.) through a series of briefings and training sessions.

### The flow of failure resolution under limited coverage



## (2) Improvement of Maintenance of Name-based Aggregation Databases of Depositors and the Systems

The DICJ conducts name-based aggregation on data of depositors etc. submitted by failed financial institutions. However, inaccurate data submitted or delay in the submission gives the DICJ difficulties in promptly calculating the amount of insured deposits to be protected and in smoothly protecting deposits etc.

Therefore, the Deposit Insurance Act requires each financial institution to provide data of depositors, etc. (hereinafter referred to as “the name-based aggregation databases of depositors”) to the DICJ without delay in the event of failure and to continuously keep the name-based aggregation databases of depositors and system in good order (Article 55-2 of the Deposit Insurance Act). Furthermore, in order to ensure the smooth reimbursement of the insured deposits, each financial institution is required to develop systems to promptly reflect the feedback of the results of the name-based aggregation database processing from the DICJ, systems for preparing data on changes in deposits, etc. (detailed statement files on deposits and withdrawals) and procedures and manuals for failure resolution, etc. (Article 58-3 of the Deposit Insurance Act and Cabinet Office Ordinance Concerning Measures Prescribed in Article 58-3 paragraph (1) of the Deposit Insurance Act).

In FY2019, the DICJ conducted database verification and provided training and advice as follows:

### (i) Database verification, etc.

The DICJ requires each financial institution to submit its name-based aggregation databases of depositors in order to ensure smooth name-based aggregation of depositors in the event of the failure of a financial institution in accordance with Article 37 of the Deposit Insurance Act. The DICJ uses its own system to check whether the database conforms to the DICJ prescribed format.

Since FY2016, the DICJ has examined the status of database development by using the DICJ's system to check whether data on changes in deposits, etc. submitted by financial institutions under Article 37 of the Deposit Insurance Act have been appropriately prepared in accordance with the specifications prescribed by the DICJ.

When the DICJ finds any incorrect data, etc. as a result of database verification, it sends such incorrect data back to the financial institution concerned for confirmation, correction, etc.

In FY2019, the DICJ conducted database verification for 62 insured financial institutions.

### (ii) Training, advice, etc.

In order to promote the maintenance of the name-based aggregation databases of depositors and the system and the development of procedures and manuals for failure resolution, the DICJ provides individual training and advice by dispatching its staff members to individual financial institutions based on their requests and group training for disseminating information to a large number of financial institutions. In addition, the DICJ has developed an e-learning system as a tool for financial institutions to conduct practical training in implementing procedures for failure resolution and operating DICJ terminals, and it has provided the system to financial institutions since April 2018. As of the end of FY2019, 130 financial institutions are using the e-learning system.

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## Column 6: What is name-based aggregation of depositors?

### (1) Definition of “name-based aggregation of depositors”

In Japan, deposit insurance protects the full amount of deposits for payment and settlement purposes, <sup>(Note 1)</sup> while regarding other types of deposits, it protects up to a total of ¥10 million in principal and interest, etc. until the day of failure per depositor per financial institution. Therefore, in the event of the failure of a financial institution, it is imperative to identify all accounts held by an identical depositor at the financial institution and tally the deposits in those accounts. This operation is called “name-based aggregation of depositors”. <sup>(Note 2)</sup>

Notes: 1. Deposits for payment and settlement purposes refer to deposits that meet the following three requirements: bearing no interest, payable on demand, and capable of providing payment and settlement services.

2. From January 2018 onward, both an Individual Number (a 12-digit number designated and notified to each and every resident in Japan) and a Corporate Number (a 13-digit number designated and notified to each corporation in Japan) can be used for name-based aggregation of depositors.

### (2) Definition of an identical depositor in relation to name-based aggregation of depositors

The definition of an identical depositor is as follows:

#### 1) Individuals

Each individual is regarded as one depositor. Spouses, parents and children are regarded as different depositors. However, deposits held in accounts using another person’s name (fictitious-name accounts, borrowed-name

accounts, etc.) are not protected by deposit insurance.

In the case of sole proprietors, deposits for business and non-business purposes are aggregated as deposits under the same name.

#### 2) Juridical persons

Each juridical person is regarded as one depositor.

#### 3) Unincorporated (non-juridical) associations and foundations

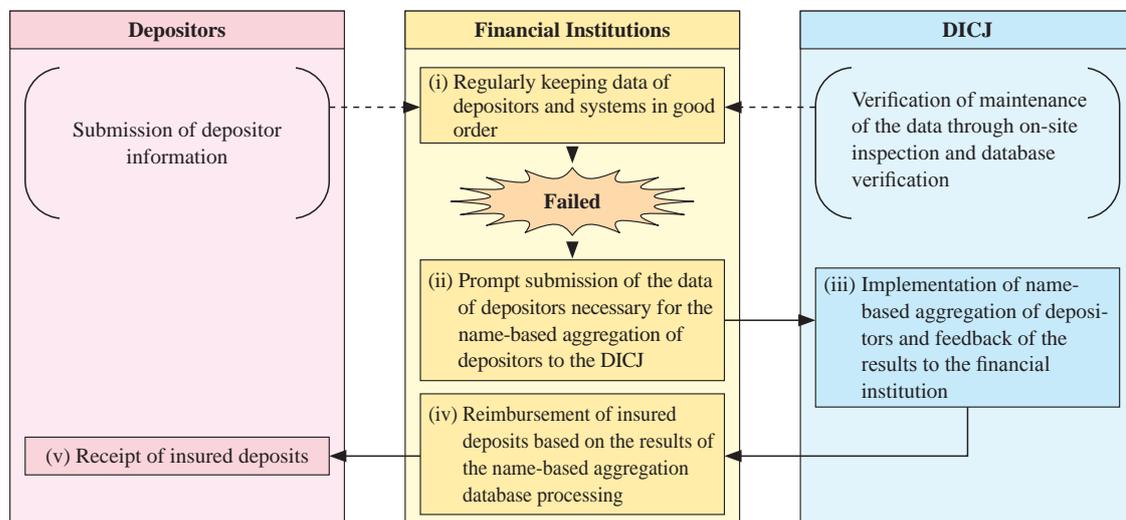
Each unincorporated (non-juridical) association and each foundation is regarded as one depositor.

In order for organizations to fall under the category of unincorporated (non-juridical) associations or foundations, they are generally required to be structured as an organization and the method of managing the organization must be specified in the articles of association and other guidelines. The eligibility is determined on a case-by-case basis in light of the specific circumstances of each organization.

#### 4) Voluntary organizations

Each voluntary organization (which refers to associations other than juridical persons and unincorporated [non-juridical] associations and foundations; the same shall apply hereinafter) is not regarded as one depositor. Deposits held in the name of a voluntary organization are divided into those in the members comprising the organization according to their respective amount of deposits.

### [Maintenance of data of depositors, etc. and name-based aggregation of depositors in the event of financial institution failure]



### (3) On-site Inspections

#### (i) On-site Inspections

The Deposit Insurance Act stipulates that the FSA Commissioner may authorize the DICJ to conduct an on-site inspection of a financial institution when the Commissioner finds the inspection to be necessary, under Article 137, paragraph (6) of said Act, in order to ensure smooth enforcement of the Act. It is provided that an on-site inspection may be conducted to investigate the following matters in such a case: (a) that the payment of insurance premiums has been made appropriately (Article 137, paragraph (6), item (i) of the Deposit Insurance Act); (b) that measures to develop the name-based aggregation databases of depositors and systems as required, etc. have been taken (item (ii) of said paragraph); (c) the expected amount of payment to be received for deposits and other claims in the event of the failure of a financial institution (item (iii) of said paragraph); or (d) the status of execution of business and management and disposition of property by a financial institution, etc. necessary for ensuring the smooth implementation of orderly resolution of a financial institution, etc. (item (iv) of said paragraph). There are also penal provisions concerning refusal of on-site inspection and other inappropriate acts (Article 143, paragraph (2) of the Deposit Insurance Act).

At present, the DICJ implements inspections under

item (i) (payment of insurance premiums) and inspections under item (ii) (the name-based aggregation of depositors, etc.). In inspections under item (i), the DICJ conducts inspections from the viewpoint of ensuring appropriate payment of insurance premiums, which is indispensable for the stable operation of the deposit insurance system. In inspections under item (ii), the DICJ conducts inspections not only on the status of the maintenance of depositor data necessary for the name-based aggregation databases of depositors, but also on the status of development of procedures and manuals for the smooth implementation of insurance payout concerning deposits, etc. and any other measures necessary for dealing with insurable contingencies (such as improving the preparedness for separating the insured deposit portion and the uninsured deposit portion of an account of a deposit that has a mixture of said portions or for submitting data on changes in deposits, etc. after failure to the DICJ) in response to enforcement of the revised Deposit Insurance Act in May 2012, from the viewpoint of ensuring smooth reimbursement of insured deposits in the event of a financial institution failure. The DICJ also strives to improve the efficiency and effectiveness of on-site inspections by such efforts as enhancing off-site monitoring.

The implementation status of inspections until the 2019 administrative year is shown below.

#### Number of on-site inspections implemented (as of the end of June 2020)

(Unit: number of financial institutions inspected)

Administrative year (Note 1)	Number of financial institutions inspected	Banks, etc. <sup>(Note 2)</sup>	Shinkin banks <sup>(Note 3)</sup>	Credit cooperatives <sup>(Note 4)</sup>
FY2001	39	2	14	23
FY2002	66	1	31	34
FY2003	100	10	56	34
FY2004	113	17	66	30
FY2005	105	14	69	22
FY2006	100	35	35	30
FY2007	100	58	29	13
FY2008	116	22	59	35
FY2009	91	5	44	42
FY2010	46	5	27	14
FY2011	57	8	44	5
FY2012	58	20	25	13
FY2013	46	18	21	7
FY2014	42	25	16	1
FY2015	42	20	18	4
FY2016	31	20	8	3
FY2017	33	15	13	5
FY2018	36	7	14	15
FY2019	21	4	9	8

Notes: 1. The administrative year is the working year in which the inspection was conducted (from July to June of the following year).

2. Banks, etc. include the labor banks, the Rokinren Bank and the Shoko Chukin Bank.

3. Shinkin banks include Shinkin Central Bank.

4. Credit cooperatives include the Shinkumi Federation Bank.

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**(ii) Follow-up of the results of on-site inspections conducted by the DICJ**

Concerning matters pointed out by the DICJ in its inspections, the FSA or Local Finance Bureau requires financial institutions to report on the status of improvement under the provisions of Article 24 of the Banking Act, etc. and then conducts a hearing. The DICJ also participates in this hearing and advises financial institutions so as to encourage them to make effective improvement.

**(4) Collaboration among Persons Undertaking On-site Inspections, Database Verification, and Training and Advice**

Financial institutions are required to regularly improve the name-based aggregation databases of depositors, systems, and procedures and manuals (hereinafter referred to as “name-based aggregation databases of depositors, etc.”) (a) because new accounts are opened and data related to depositors change on a daily basis and (b) because mergers between financial institutions and the modification and upgrading of systems frequently occur.

In order to effectively promote the maintenance of the name-based aggregation databases of depositors, etc., on-site inspections, database verification and training and advice are implemented. The DICJ further promotes the following collaborative activities so as to organically coordinate the above measures and efficiently and effectively implement them.

- Regarding the implementation of on-site inspection, database verification and training and advice, DICJ staff endeavor to share information at all times.
- On-site inspections are conducted in light of the results of database verification, and training and advice. These results as well as the results of the previous on-site inspections are reflected in the scope and depth of inspections with regard to financial institutions for which it is possible to use them.
- To support the confirmation of the results of database verification, and the data modifications, as well as the development of systems and the preparation of procedures and manuals, the DICJ staff respond to various inquiries from financial institutions and give advice to the institutions concerned as to the results of verification and the state of maintenance of the name-based aggregation database of depositors, etc., for example by directly visiting the institutions in order to provide training.

## 2. Proper and Steady Operations Related to Failure Resolution and Asset Holdings

### (1) Implementation of Financial Assistance, etc. and Collection of Assets

In order to facilitate the failure resolution of financial institutions and inject capital into financial institutions, the DICJ has so far provided monetary grants totaling ¥19,031.9 billion, purchased assets worth ¥9,830.6 billion,

made capital injection worth ¥12,380.9 billion and capital participation worth ¥690.0 billion into banks, and provided other financial assistance totaling ¥6,383.2 billion. By the end of March 2020, ¥10,232.8 billion was recovered out of the assets purchased, ¥13,724.9 billion out of the funds used for capital injection, ¥229.1 billion for capital participation into banks, and ¥5,126.8 billion out of other financial assistance.

### Status of financial assistance, etc. and recovery (as of the end of March 2020)

(Unit: ¥ billion)

Types of financial assistance, etc.	Amount of financial assistance, etc. (a)	Amount of recoveries and disposals <sup>(Note 1)</sup> (b)	Remaining balance (c)=(a)-(b)	Profits and Losses <sup>(Note 2)</sup> (d)	Cumulative amount of recoveries <sup>(Note 3)</sup> (e)=(b)+(d)
<b>1) Monetary grants<sup>(Note 4) (Note 10)</sup></b>	19,031.9				
Monetary grants to banks under special public management	6,376.4				
Monetary grants to banks under special crisis management	256.4				
<b>2) Purchase of assets</b>	9,830.6	8,279.8	1,550.8	1,953.0	10,232.8
Purchase of assets from failed financial institutes, etc. <sup>(Note 5) (Note 10)</sup>	6,535.1	6,507.7	27.4	1,271.2	7,778.8
Purchase of non-performing assets from banks under special public management	1,179.8	1,179.7	0.1	480.7	1,660.4
Purchase of assets from banks under special crisis management	99.9	96.7	3.2	23.5	120.2
Purchase of performing assets from banks under special public management <sup>(Note 6)</sup>	2,942.1	1,419.5	1,522.6	335.7	1,755.1
Purchase of shares held by banks under special public management	2,939.7	1,417.0	1,522.6	329.4	1,746.5
Purchase of assets from sound financial institutions, etc.	353.3	352.6	0.7	346.2	698.8
<b>3) Capital injection<sup>(Note 7)</sup></b>	12,380.9	12,130.9	250.0	1,594.0	13,724.9
Capital injection based on the Former Financial Functions Stabilization Act	1,815.6	1,685.6	130.0	53.7	1,739.3
Capital injection based on the Early Strengthening Act	8,605.3	8,485.3	120.0	1,278.0	9,763.3
Capital injection based on the Deposit Insurance Act	1,960.0	1,960.0	—	262.4	2,222.4
<b>4) Capital participation</b>	690.0	206.5	483.5	22.6	229.1
Capital participation based on the Reorganization Law	6.0	6.0	—	—	6.0
Capital injection based on the Financial Functions Strengthening Act	684.0	200.5	483.5	22.6	223.1
(Reference) (Subscription of preferred shares, etc. ("3) Capital injection" + "4) Capital participation")	13,070.9	12,337.4	733.5	1,616.7	13,954.1
<b>5) Others</b>	6,383.2			(1,238.4)	
Lending of funds, etc.	5,806.5	5,788.5	18.0	(661.7)	5,126.8
Lending <sup>(Note 8)</sup>	4,579.9	4,579.9	—	(145.0)	4,434.9
Assumption of assets based on the Warranty of Latent Defect Provision	1,222.6	1,204.6	18.0	(516.6)	688.0
Assumption of debts (assumption of debts for assuming financial institutions)	4.0	4.0	—	(0.1)	3.8
Compensation for losses <sup>(Note 9)</sup>	576.7			(576.7)	
Compensation for losses related to banks under special public management	494.7			(494.7)	

\* As the above figures are rounded off at the nearest ¥100 million, they may not add up to totals.

Notes: 1. Concerning "2) Purchase of assets," the amount of recoveries and disposals represent the sum of the cumulative amount of recoveries equivalent to the book value portion (¥7,477.2 billion) (including the amount of price adjustment of the purchased assets\*) and the cumulative amount of reductions of the book value portion due to write-offs, sales, etc. (¥802.6 billion). Concerning "3) Capital injection" and "4) Capital participation," they represent the cumulative amount of figures equivalent to the capital injection and capital participation.

Concerning “5) Lending of other funds, etc.,” it represents the sum of the cumulative amount of recoveries equivalent to the book value portion (¥5,109.5 billion) (including\*) and the cumulative amount of reductions of the book value portion due to write-offs, sales, etc. (¥679.0 billion).

\* Concerning the price adjustment of purchased assets, etc.: A certain period is required from the base date of evaluation, based on which the purchase price of assets, etc. is decided until the RCC and the DICJ actually takes over assets and liabilities from failed financial institutions. The changes in the composition of purchased assets, etc. arising from such factors as the progress in collection during this period, are to be subject to price adjustment.

The amount of price adjustments of purchased assets, etc. was ¥1,202.1 billion as of the end of March 2020.

2. This item represents the figure obtained by subtracting the cumulative amount of write-offs and losses on sales from the cumulative amount of portions of the amount of collection exceeding the book value, such as profits from the collection of claims, and it excludes profits and losses, such as interest and dividends.
3. In addition to the cumulative amount of recoveries, etc. shown in the table above, ¥2 billion for banks under special public management (¥1 billion each for the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank), and ¥120 billion for banks under special crisis management (¥120 billion for Ashikaga Bank) have been received as the proceeds from the sale of shares.
4. Of the monetary grants, ¥10,432.6 billion was financed by the redemption (use) of grant bonds (¥13 trillion) \* (currently confirmed as the public burden). The remaining amount was financed from deposit insurance premiums.
  - \* The grant bonds were issued to finance the portion of the amount of monetary grants exceeding the insurance payout cost in cases of failure resolution up to the end of March 2002. (Redemption of the grant bonds was completed at the end of March 2003.)
5. Purchase of assets from failed financial institutions includes purchase of assets from the Shinkumi Federation Bank (the central bank for credit cooperatives) (amount of financial assistance ¥15.9 billion; cumulative amount of recoveries, etc. ¥24.6 billion) and purchase of assets from the Second Bridge Bank of Japan in re-assumption.
6. Purchase of normal assets from banks under special public management includes the purchase of loan claims and other assets (amount of financial assistance ¥2.4 billion; cumulative amount of recoveries, etc. ¥8.7 billion).
7. The amount of recoveries and disposals and the cumulative amount of recoveries include special preferred dividends paid from capital surplus. (The value of dividends received was reduced from the book value of the relevant preferred shares.)
8. Lending includes the lending of funds to banks under special public management (amount of financial assistance ¥4.2 trillion; cumulative amount of recoveries, etc. ¥4.2 trillion), the lending of funds to a failed financial institution (Incubator Bank of Japan) (amount of financial assistance ¥371.9 billion; cumulative amount of recoveries, etc. ¥226.9 billion) and the lending to assuming financial institutions (amount of financial assistance ¥8 billion; cumulative amount of recoveries, etc. ¥8 billion).
9. Compensation for losses includes the compensation for losses to the Shinkumi Federation Bank (¥82 billion).
10. • The amount of profits/losses and the cumulative amount of recoveries, etc. through purchase of assets from failed financial institutions includes the purchase of assets from the Incubator Bank of Japan that was made subject to the following return of proceeds from recovery.
  - The amount of financial assistance, etc. implemented through monetary grants includes monetary grants (¥51.8 billion) provided as additional equitable financial assistance pertaining to the return of proceeds from recovery of the assets which the RCC purchased from the Incubator Bank of Japan.

So far, the DICJ has provided financial assistance in a total of 182 cases of financial institution failure since FY1992 under the provisions of Articles 64 and 118 of

the Deposit Insurance Act and Article 72 of the Financial Revitalization Act.

## Financial assistance in the resolution of failed financial institutions (as of the end of March 2020)

### (i) Financial assistance on a fiscal year basis

(Unit: ¥ billion)

Fiscal year	Number of cases	Monetary grants		Purchase of assets	Lending	Debt assumption
		To assuming financial institutions	To failed financial institutions (equitable financial assistance)			
1992	2	20.0		—	8.0	—
1993	2	45.9		—	—	—
1994	2	42.5		—	—	—
1995	3	600.8		—	—	—
1996	6	1,315.8		90.0	—	—
1997	7	152.4		239.1	—	4.0
1998	30	2,674.1		2,681.5	—	—
1999	20	4,637.4		1,304.4	—	—
2000	20	5,153.0		850.1	—	—
2001	37	1,639.4	—	406.4	—	—
2002	51	2,332.5	—	794.9	—	—
2003	0	—	—	—	—	—
2004	0	—	—	—	—	—
2005	0	—	—	—	—	—
2006	0	—	—	—	—	—
2007	0	—	—	—	—	—
2008	1	256.4	—	1.7	—	—
2009	0	—	—	—	—	—
2010	0	—	—	—	—	—
2011	1	46.2	115.3	53.0	—	—
2012	0	—	—	0.1	—	—
2013	0	—	—	—	—	—
2014	0	—	—	—	—	—
2015	0	—	—	—	—	—
2016	0	—	—	—	—	—
2017	0	—	—	—	—	—
2018	0	—	—	—	—	—
2019	0	—	—	—	—	—
Total	182	18,916.5	115.3	6,421.0	8.0	4.0
		19,031.9				

Notes: 1. Figures for each fiscal year are calculated based on the date of implementation of financial assistance. (The amount of monetary grants is the figure after amendment of the amount as of the date of initial implementation to reflect a subsequent reduction).

- The purchase of assets from the Long-Term Credit Bank of Japan, Limited and the Nippon Credit Bank, Limited. was made twice for each institution, while the monetary grants to the Tokyo Kyowa Credit Cooperative and Anzen Credit Cooperative pair and the asset purchase from the Fukutoku Bank and Naniwa Bank pair were made once for each institution. Consequently, the number of cases of financial assistance matches the number of failed financial institutions. Midori Bank cases (asset purchase in FY1998 and monetary grant in FY1999) are counted only in FY1998. In FY2012, there was the fourth asset purchase from the Incubator Bank of Japan, worth ¥63 million (rounded off). The first to third asset purchases from the Incubator Bank of Japan and an asset purchase from the Second Bridge Bank of Japan relating to re-assumption were collectively counted as one case in FY2011, when the first financial assistance was provided.
- Monetary grants: The grants comprise (1) monetary grants to assuming financial institutions, and (2) monetary grants to failed financial institutions to ensure equitability among the creditors of these failed financial institutions (equitable financial assistance; enforced in April 2001). The equitable financial assistance in FY2011 includes monetary grants (¥51.8 billion) provided as additional equitable financial assistance related to the return of proceeds from recovery of assets purchased by the RCC from failed financial institutions.
- Purchase of assets: The purchases include purchase of assets from the Second Bridge Bank of Japan in re-assumption in accordance with Article 101 of the Deposit Insurance Act.  
Purchase of assets from failed financial institutions totaled ¥6,519.2 billion, the sum of the purchase of assets made in accordance with Article 129 of the Deposit Insurance Act (¥98.2 billion) and the above financial assistance.
- Lending: Since a low-interest loan was a typical means of management assistance for ailing financial institutions at the time of the failure of Toho Sogo Bank, an application for financial assistance through a loan was filed, and the loan was provided.
- Debt assumption: At the time of the failure of Hanwa Bank, Kii Deposit Management Bank was the financial institution responsible for the reimbursement of deposits. The DICJ assumed the financial obligations that had not been inherited by the Kii Deposit Management Bank.
- Since the above figures are rounded off, the total sometimes does not match the sum of each item.

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Donant Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

III. Annex

**(ii) Financial assistance by category of financial institution**

(Unit: ¥ billion)

Category of financial institution	Number of cases	Monetary grants		Purchase of assets		Lending		Debt assumption	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
<b>Total</b>	182	178	19,031.9	169	6,421.0	1	8.0	1	4.0
Under full protection	169	166	17,787.2	167	6,366.3	0	—	1	4.0
<b>Banks</b>	22	18	12,737.4	19	4,630.5	1	8.0	1	4.0
Under full protection	17	14	11,729.5	17	4,575.8	0	—	1	4.0
<b>Shinkin banks</b>	27	27	972.5	25	550.0	0	—	0	—
Under full protection	25	25	926.5	25	550.0	0	—	0	—
<b>Credit cooperatives</b>	133	133	5,322.0	125	1,240.6	0	—	0	—
Under full protection	127	127	5,131.3	125	1,240.6	0	—	0	—

Note: The above figures for amounts are rounded off to the nearest ¥100 million.

**(2) Management and Disposal of Assets Purchased from Failed Financial Institutions**
**(i) Recovery of assets purchased from the failed financial institutions**

Of the assets purchased, the DICJ purchased

¥6,535.1 billion worth from failed financial institutions, and recovered ¥7,778.8 billion through debt collection and the sale of assets by the end of March 2020. When executing operations (purchase and recovery of assets), the DICJ entrusted most of these operations to the RCC, which is a contracted bank.

**Amount of purchase of assets from failed financial institutions and cumulative amount of recoveries (as of the end of March 2020)**

(Unit: ¥ billion)

Category	Amount of purchase	Cumulative amount of recoveries, etc.
<b>Purchase of assets</b>	9,830.6	10,232.8
Purchase of assets from failed financial institutions	6,535.1	7,778.8
Purchase of non-performing assets from banks under special public management	1,179.8	1,660.4
Purchase of assets from a bank under special crisis management	99.9	120.2
Purchase of normal assets from banks under special public management <sup>(Note 1)</sup>	2,942.1	1,755.1
Purchase of assets from sound financial institutions <sup>(Note 2)</sup>	353.3	698.8

The above figures are rounded off.

Notes: 1. Mainly purchases of shares held by banks under special public management. [See P39: II. 2. (3)(ii)]

2. [See P40: II. 2. (4)]

The DICJ provides guidance and advice necessary for the execution of the RCC's operations under such Acts as the Deposit Insurance Act and the Financial Revitalization Act. The DICJ's support activities are wide-ranging, including general legal and practical affairs related to the recovery of transferred claims, civil recovery proceedings and real estate transactions; recovery of claims based on the discovery of concealed assets through the use of the authority to conduct asset investigation granted to the DICJ; and the pursuit of civil and/or criminal liability of managers of failed financial institutions and other persons concerned. [See P44: II. 3.]

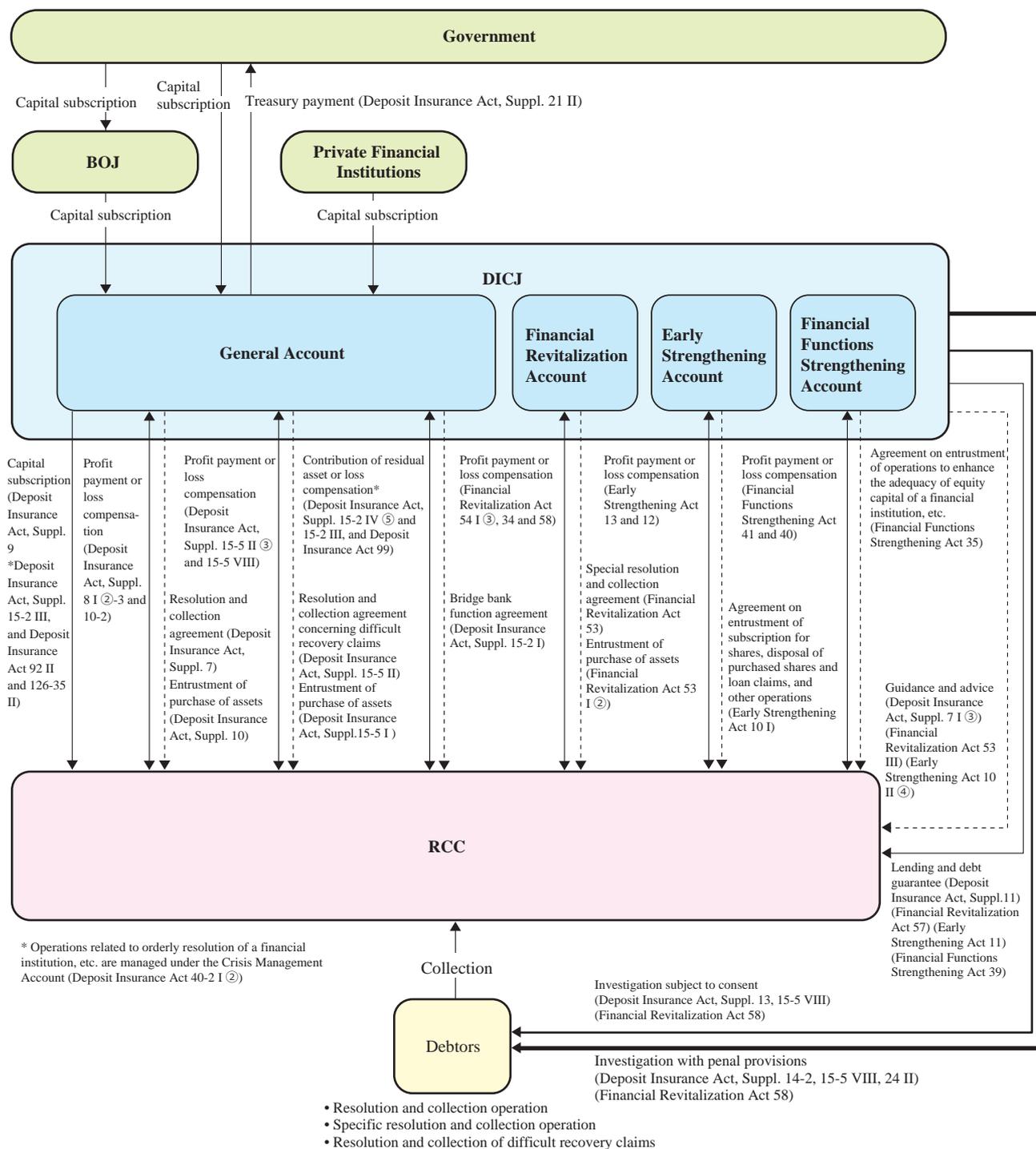
**(ii) Relationship between the DICJ and the RCC concerning collection operations**

The DICJ entrusts most of the operations related to the management and disposal of assets purchased

from failed financial institutions to the RCC, which is a contracted bank. The RCC is closely related to the DICJ as it is in charge of actually implementing operations concerning each account of the DICJ.

The following chart describes (i) the flow of funds between the DICJ and the RCC (payment of profits, loss compensation, etc.) and shows (ii) that the DICJ provides guidance and advice necessary for the execution of the RCC's operations under the Deposit Insurance Act, the Financial Revitalization Act and other laws, and also shows (iii) that the DICJ assists the RCC's collection of assets by identifying the debtors' assets that may remain concealed by exercising the authority to conduct asset investigations (which are those investigations subject to consent and investigations with penal provisions), which is granted to the DICJ under those laws.

Relationship between the DICJ and the RCC concerning collection operations



If the amount of profits arising from asset collection each year is larger than the amount of costs arising from collection, the RCC is required to pay the surplus profits to the DICJ in the following fiscal year under the contract. In the reverse case, the RCC receives loss compensation from the DICJ in the following fiscal year.

From FY1996 to FY2019, the cumulative amount of payments for purchase of assets made by the RCC was ¥1,537.8 billion on a settlement of account basis (including ¥1,542.0 billion in cumulative profit payments and ¥4.2 billion in cumulative loss compensation).

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution
2. Asset Holdings
3. Pursuit of Liability
4. International Cooperation
5. Capital Participation
6. Specified Difficult Recovery Claims
7. Original Accounts Damage Recovery
8. Management Operations of Donated Deposits, etc.
9. Finances
10. PR Activities to Ensure Public Awareness
11. The Medium-Term Goals and Operational Policy

III. Annex

## Cumulative amount of profit payments from the RCC to the DICJ and cumulative amount of loss compensation from the DICJ to the RCC for purchase of assets (from FY1996 to FY2019)

(Unit: ¥ billion)

Category	Amount of payments (A)-(B)	Amount of profit payments (A)	Amount of loss compensation (B)
Payments related to assets transferred from the former Jusen companies (Article 12, item (x) of the Jusen Act)	3.5	3.5	—
Payments related to assets purchased from failed financial institutions (Article 8, paragraph (1), item (ii)-3 and Article 10-2 of the Supplementary Provisions of the Deposit Insurance Act)	1,189.7	1,194.0	4.2
Payments related to assets purchased from sound financial institutions (Article 54, paragraph (1), item (iii), Article 34, and Article 58 of the Financial Revitalization Act)	344.5	344.5	—
<b>Total</b>	<b>1,537.8</b>	<b>1,542.0</b>	<b>4.2</b>

The above figures are rounded off.

Notes: 1. Including profits recorded by the RCC for FY2019 (to be recorded by the DICJ for FY2020).

2. Of the profits of ¥1,194.0 billion related to the assets purchased from failed financial institutions, ¥872.2 billion was paid to the national treasury under Article 21, paragraph (2) of the Supplementary Provisions of the Deposit Insurance Act.
3. In addition to the above, there is ¥78.5 billion in special compensation related to entrustment of asset purchase operation based on the contract between the DICJ and the RCC.
4. See [P41: II. 2. (5) (i)] for profit payments and loss compensation in operations related to capital injection and [P57: II. 5. (1) (ii)] for profit payments and loss compensation in operations related to capital participation.

### Reference 1) Debt recovery policy of the RCC

The RCC, as a contracted bank of the DICJ, adheres to the principle of appropriately and promptly executing the public mission mandated by the people so as to contribute to the stability of the financial system, and has endeavored to ensure that its recovery efforts are fair and proper by employing recovery procedures that emphasize negotiations based on due consideration for the actual circumstances of individual debtors.

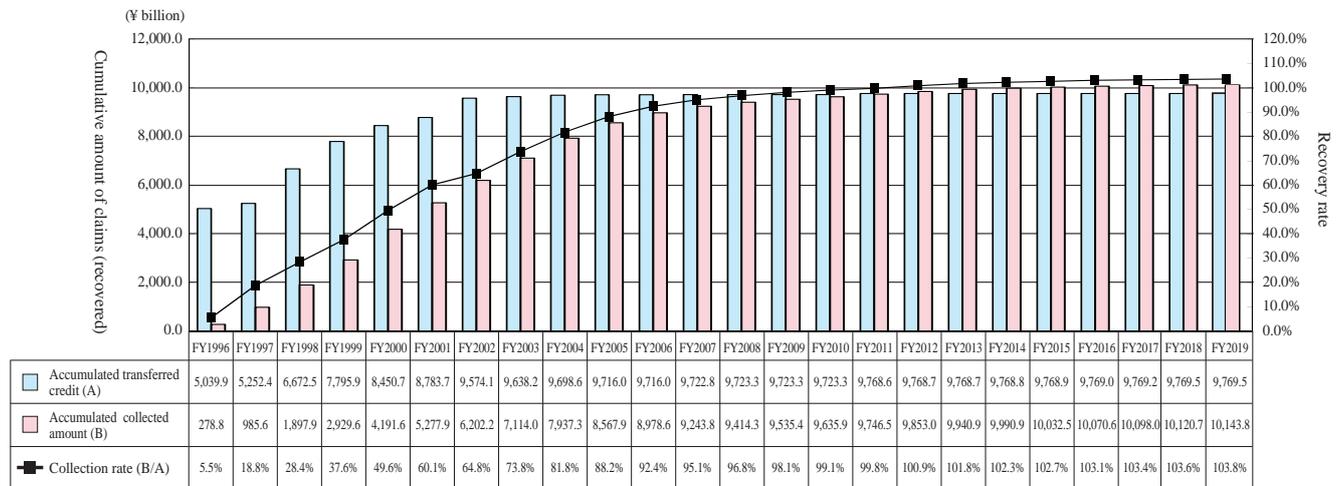
In particular, because of an increase in requests for the modification of loan terms owing to the deterioration of debtors' abilities to repay loans due to the worsening economy following the financial crisis (known as the "Lehman shock" in Japan), the aging of debtors, and other factors, it has become necessary to give increased consideration to the protection of customers. Therefore, the RCC has continued to rigorously deal with antisocial forces, etc. for the sake of compliance with laws and regulations. At the same time, regarding good and conscientious debtors, the RCC aims to achieve appropriate settlements for resolution cases after holding sufficient hearings with debtors about their circumstances while taking care to enable them to pursue rehabilitation and maintain their livelihoods.

In addition, from the perspective of ensuring appropriate and fair processing of complaints and inquiries from debtors, the RCC convenes the Grievance Committee in order to seek outside experts' opinions and recommendations concerning the status of processing. The RCC will reflect opinions and recommendations expressed at the committee's meetings in its future business operations.

### Reference 2) Debt recovery activities by the RCC

In FY2019, debts totaling ¥23.1 billion were recovered. The total includes ¥22.3 billion purchased from failed financial institutions, and ¥0.7 billion purchased from sound financial institutions.

## Debt recovery performance of the RCC (claims purchased from failed financial institutions and sound financial institutions)



The above figures are rounded off.

### (3) Operations Related to Banks under Special Public Management

#### (i) Management and collection of loans

The DICJ purchased non-performing loans worth a total of ¥1,179.8 billion from banks under special public management (the former Long-Term Credit Bank of Japan, Limited and the former Nippon Credit Bank, Limited) as financial assistance under Article 72 of the Financial Revitalization Act (the operation of purchase and collection was entrusted to the RCC). The cumulative amount of recoveries etc. as of the end of FY2019 was ¥1,660.4 billion.

In addition, the DICJ took over loans in accordance with the warranty for latent defect (loan buy-back) provisions, as stipulated in the stock purchase agreements concerning the transfer of the former Long-Term Credit Bank of Japan, Limited (Shinsei Bank, Limited) and the former Nippon Credit Bank, Limited (Aozora Bank, Ltd) and the amount of buy-back payments reached ¥894.1 billion for Shinsei Bank, Limited and ¥328.6 billion for Aozora Bank, Ltd. The cumulative amount of recoveries, etc. as of the end of FY2019 was ¥484.8 billion for Shinsei Bank, Limited and ¥203.2 billion for Aozora Bank, Ltd.

With regard to the loans taken over in accordance with the above-mentioned warranty for latent defect provision, the RCC is conducting management and collection operations on commission from the DICJ.

#### (ii) Management and disposal of shares

Out of the shares held by the former Long-Term Credit Bank of Japan, Limited (Shinsei Bank,

Limited) and the former Nippon Credit Bank, Limited (Aozora Bank, Ltd.) when the special public management of both banks was terminated in 2000, the DICJ purchased those shares that were needed for both banks to continue their business, and entrusted shares to Shinsei Trust & Banking Co., Ltd. and Aozora Trust Bank, Ltd., respectively.

The trust period expired in February 2006 with respect to shares purchased from Shinsei Bank, Limited and in August of the same year with respect to shares purchased from Aozora Bank, Ltd. The transfer of all those shares, except for the shares bought back by the two banks during the trust period, to the DICJ was completed.

The DICJ was planning to proceed with the disposal of transferred shares with the aim of its completion in about ten years from August 2006 under the principles of “minimizing the public costs” and “minimizing the impact on the market.” However, in view of the impact of the sharp fall of stock prices in 2008 on the Japanese financial sector and real economy, the DICJ decided to suspend the sale of listed shares in the market for the time being, starting on October 15, 2008.

In FY2019, while continuing to suspend the sale of listed shares in the market, the DICJ recovered ¥11.1 billion in book value through sales of listed shares in the form of application for takeover bids as an exceptional transaction, as well as sales of unlisted shares. As a result, the cumulative total amount recovered by the end of March 2020 came to ¥1,746.5 billion.

**Overview of shares purchased (as of the end of March 2020)**

(Unit: ¥ billion; ( ) denotes loss/decrease)

	Item no.	End of March 2019	End of March 2020	Comparison
		A)	B)	B) – A)
<b>Cumulative total of book value of shares purchased</b>	(1)	2,939.7	2,939.7	—
Shinsei Bank		2,269.3	2,269.3	—
Aozora Bank		670.4	670.4	—
<b>Cumulative book value of claims recovered</b>	(2)	1,406.0	1,417.0	11.1
<b>Outstanding balance of book value = (1) – (2)</b>	(3)	1,533.7	1,522.6	(11.1)
(Reference) Market value	(4)	1,352.3	1,234.1	(118.2)
Latent profits/losses = (4) – (3)	(5)	(181.4)	(288.5)	(107.1)
<b>Cumulative profits/losses from claims recovered, etc.</b>	(6)	333.1	329.4	(3.6)
<b>Cumulative total of claims recovered = (2) + (6)</b>		1,739.1	1,746.5	7.4

- Notes: 1. All balances are rounded off to the nearest unit, and figures in the comparison column may not match the total. Component items thus may not sum to the total.  
 2. The distribution of residual assets is included in the cumulative total of claims recovered.

#### (4) Management and Disposal of Claims Purchased from Sound Financial Institutions

As an emergency measure based on Article 53 of the Financial Revitalization Act, the DICJ can purchase assets from financial institutions (However, this system expired at the end of March 2005 except in the case of purchases from REVIC and the Corporation for Revitalizing Business).

The cumulative total of claims purchased from sound financial institutions (the purchase, recovery, etc. entrusted to the RCC) based on this system since its introduction is ¥4,046.0 billion in claim principal at a purchase price of ¥355.7 billion.<sup>(Note)</sup> The cumulative amount of recoveries as of the end of FY2019 was ¥705.2 billion.

Note: Including claims purchased from banks under special public management (¥41.9 billion in claim principal and ¥2.4 billion in purchase value).

#### Recovery of assets other than stocks purchased under Article 53 of the Financial Revitalization Act

(Unit: ¥ billion)

Fiscal year	Original principal amount of claims		Purchase value		Total of collection		Collection ratio (B/A)
		Cumulative total		Cumulative total (A)		Cumulative total (B)	
1999	493.0	493.0	24.1	24.1	4.2	4.2	17.6%
2000	522.2	1,015.2	12.6	36.8	21.7	25.9	70.5%
2001	330.2	1,345.4	20.6	57.3	30.4	56.3	98.1%
2002	2,088.5	3,433.9	205.7	263.0	39.4	95.6	36.3%
2003	405.4	3,839.3	64.1	327.2	126.0	221.6	67.7%
2004	176.7	4,016.0	23.3	350.5	163.5	385.1	109.9%
2005	29.9	4,046.0	5.2	355.7	145.4	530.4	149.1%
2006	—	4,046.0	—	355.7	79.0	609.4	171.3%
2007	—	4,046.0	—	355.7	39.5	648.9	182.4%
2008	—	4,046.0	—	355.7	18.8	667.8	187.7%
2009	—	4,046.0	—	355.7	9.0	676.7	190.2%
2010	—	4,046.0	—	355.7	8.5	685.2	192.6%
2011	—	4,046.0	—	355.7	4.6	689.8	193.9%
2012	—	4,046.0	—	355.7	3.5	693.3	194.9%
2013	—	4,046.0	—	355.7	3.2	696.5	195.8%
2014	—	4,046.0	—	355.7	1.8	698.4	196.3%
2015	—	4,046.0	—	355.7	1.5	699.9	196.7%
2016	—	4,046.0	—	355.7	1.1	700.9	197.0%
2017	—	4,046.0	—	355.7	2.7	703.6	197.8%
2018	—	4,046.0	—	355.7	0.9	704.5	198.0%
2019	—	4,046.0	—	355.7	0.7	705.2	198.3%

Note: Since the above figures are rounded off, the total sometimes does not match the sum of each item.

## (5) Operations Related to Capital Injection

### (i) Outline of Operations Related to Capital Injection

The DICJ has undertaken operations related to capital injection (subscription for shares, etc. issued by financial institutions) into financial institutions under the Act on Emergency Measures for Financial Functions Stabilization (hereinafter referred to as the “former Financial Functions Stabilization Act”; abolished in October 1998), the Act on Emergency Measures for Early Strengthening of Financial Functions (hereinafter referred to as the “Early Strengthening Act”), and the Deposit Insurance Act in order to ensure the stability of the financial system. The cumulative total amount of capital injected into a total of 34 financial institutions by the end of FY2019 under the former Financial Functions Stabilization Act, the Early Strengthening Act and the Deposit Insurance Act is ¥12,380.9 billion. Capital injection is currently permitted under the Deposit Insurance Act as a measure of financial

assistance by the DICJ (a measure to restore the capital adequacy ratio of an assuming financial institution that declines due to the assumption of business operations, etc.), a measure against financial crisis, and a measure to ensure orderly resolution of a financial institution, etc.

In FY2019, no capital injection based on the Deposit Insurance Act was implemented.

The DICJ also manages\* and disposes of shares, etc. for which it has subscribed for the purpose of capital injection. [As for management and disposal operations, see P57: II.5. (1) (ii) and P58: II.5 (1) (iii)]

The cumulative total of shares, etc. disposed of by the end of FY2019 came to ¥12,130.9 billion. The outstanding balance of shares, etc. was ¥250 billion as of the end of FY2019.

\* From FY1997 to FY2019, the cumulative amount of payments made in operations related to capital injection by the RCC was ¥1,492.5 billion on a settlement of account basis (including ¥1,770.8 billion in cumulative profit payments and ¥278.4 billion in cumulative loss compensation). (For the details of profit payments and loss compensation, see P36: II. 2. (2) (ii))

### Cumulative amount of profit payments from the RCC to the DICJ and cumulative amount of loss compensation from the DICJ to the RCC in operations related to capital injection (from FY1997 to FY2019)

(Unit: ¥ billion; ( ) denotes deficit)

Category	Amount of payments (A)-(B)	Amount of profit payments	Amount of loss compensation
		(A)	(B)
Capital injection	1,492.5	1,770.8	278.4
Capital injection based on the Former Financial Functions Stabilization Act	(39.3)	147.2	186.6
Capital injection based on the Early Strengthening Act	1,531.8	1,623.6	91.8

The above figures are rounded off.

Note: Including profits recorded by the RCC for FY2019 (to be recorded by the DICJ for FY2020).

**(ii) Capital Injection and Disposal under Relevant Acts**

The status of capital injection and disposal of shares, etc. implemented by the end of FY2019 under relevant acts is as follows:

**Status of capital injection in financial institutions and disposal of capital-raising instruments**  
**Table 1. Capital injection and disposal (as of the end of March 2020)**

Applicable Act	Purpose of capital injection		Implementation of capital injection (application deadline)
Former Financial Functions Stabilization Act	To maintain an orderly credit system and promote the sound development of the national economy		March 1998 (Capital injections terminated)
Early Strengthening Act	To restructure the financial system and contribute to economic revitalization		March 1999 – March 2002 (Capital injections terminated)
Deposit Insurance Act	To assist in mergers, etc.	Capital injection to assuming financial institutions	No cases (Permanent measure)
	To maintain an orderly credit system	Response against financial crisis (Measures under Item (i))	June 2003 (Permanent measure)
	To contribute to the stability of the financial system	Orderly resolution of a financial institution, etc. (Specified Measures under Item (i))	No cases (Permanent measure)

(Units: cases, ¥ billion; figures are rounded off)

Applicable Act	Amount of capital injection				Current balance			
	Number of financial institutions	Preferred and common shares	Subordinated bonds/loans	Total	Number of financial institutions	Preferred and common shares	Subordinated bonds/loans	Total
Former Financial Functions Stabilization Act	21	321.0	1,494.6	1,815.6	1	130.0 (130.0)	—	130.0 (130.0)
Early Strengthening Act	32	7,281.3	1,324.0	8,605.3	1	120.0 (120.0)	—	120.0 (120.0)
Deposit Insurance Act (Measures against financial crisis)	1	1,960.0 (296.4)	—	1,960.0 (296.4)	—	— (—)	—	— (—)
<b>Total</b>	<b>34</b>	<b>9,562.3 (296.4)</b>	<b>2,818.6</b>	<b>12,380.9 (296.4)</b>	<b>1</b>	<b>250.0 (250.0)</b>	<b>—</b>	<b>250.0 (250.0)</b>

Notes: • Figures inside parentheses indicate common shares.

- Common shares under the former Financial Functions Stabilization Act were acquired by the exercise of privilege of acquisition claims, and those under the Early Strengthening Act were acquired by mandatory acquisition.
- Since capital injection into some financial institutions was implemented based on multiple Acts, the number of financial institutions does not add up to the number shown in the "Total" column.

(Unit: ¥ billion; figures are rounded off)

Fiscal year	Disposal amount (book value)		
	Preferred and common shares	Subordinated bonds/loans	Total
1999	—	100.0	100.0
2000	200.0	150.0	350.0
2001	—	—	—
2002	—	674.6	674.6
2003	108.0	839.0	947.0
2004	786.3 (2.7)	615.0	1,401.3 (2.7)
2005	1,934.4	340.0	2,274.4
2006	3,092.4	20.0	3,112.4
2007	102.0	35.0	137.0
2008	395.2 (32.0)	45.0	440.2 (32.0)
2009	60.0	—	60.0
2010	1,286.6	—	1,286.6
2011	—	—	—
2012	226.9	—	226.9
2013	596.2 (261.7)	—	596.2 (261.7)
2014	248.5	—	248.5
2015	275.8	—	275.8
2016	—	—	—
2017*	0.0 (0.0)	—	0.0 (0.0)
2018	—	—	—
2019	—	—	—
<b>Cumulative Amount</b>	<b>9,312.3 (296.4)</b>	<b>2,818.6</b>	<b>12,130.9 (296.4)</b>

Notes: • Figures inside parentheses indicate common shares.

- The disposal amount of preferred shares (book value) includes special preferred dividends paid from other capital surplus. (The amount of dividends received was reduced from the book value of the relevant preferred shares).

\* The disposal amount of common shares (book value) in FY2017 is equivalent to ¥3,864 (Disposal of Shinsei Bank odd-lot common shares (0.8 shares)).

**Table 2. List of capital injection/disposal/balances by financial institution  
(as of the end of March 2020)**

(Unit: ¥ billion)

Name of financial institution	Amount of capital injection	Breakdown		Cumulative total of disposed book value		For FY2019		Remaining balance		
		Type (instrument)	Amount		Breakdown		Breakdown		Breakdown	
Shinsei Bank	416.6	Preferred Shares	370.0	166.6	120.0	—	—	250.0 <sup>(Note 2)</sup>	250.0	
		Common Shares	—		(120.0) <sup>(Note 1)</sup>					—
		Subordinated Loans	46.6		46.6					—
Mitsubishi UFJ FG	2,200.0	Preferred Shares	1,600.0	2,200.0	1,600.0	—	—	—	—	
		Common Shares	—		(1,188.3) <sup>(Note 1)</sup>					—
		Subordinated Bonds	600.0		600.0					—
Mizuho FG	2,949.0	Preferred Shares	1,949.0	2,949.0	1,949.0	—	—	—	—	
		Subordinated Bonds	1,000.0		1,000.0					—
Sumitomo Mitsui FG	1,501.0	Preferred Shares	1,301.0	1,501.0	1,301.0	—	—	—	—	
		Common Shares	—		(251.0) <sup>(Note 1)</sup>					—
		Subordinated Bonds	200.0		200.0					—
Sumitomo Trust & Banking	300.0	Preferred Shares	100.0	300.0	100.0	—	—	—	—	
		Subordinated Bonds	200.0		200.0					—
Sumitomo Mitsui Trust HD	710.3	Preferred Shares	432.3	710.3	432.3	—	—	—	—	
		Common Shares	—		(345.9) <sup>(Note 1)</sup>					—
		Subordinated Bonds	100.0		100.0					—
		Subordinated Loans	178.0		178.0					—
Resona HD	3,128.0	Preferred Shares	2,531.6	3,128.0 <sup>(Note 3)</sup>	2,531.6	—	—	—	—	
		Common Shares	296.4		296.4					—
		Subordinated Loans	300.0		300.0					—
Aozora Bank	320.0	Preferred Shares	320.0	320.0 <sup>(Note 3)</sup>	320.0	—	—	—	—	
		Common Shares	—		(104.7) <sup>(Note 1)</sup>					—
Kansai Sawayaka Bank	12.0	Preferred Shares	8.0	12.0	8.0	—	—	—	—	
		Subordinated Bonds	4.0		4.0					—
Bank of Yokohama	220.0	Preferred Shares	100.0	220.0	100.0	—	—	—	—	
		Common Shares	—		(55.0) <sup>(Note 1)</sup>					—
		Subordinated Loans	120.0		120.0					—
Wakayama Bank	12.0	Preferred Shares*	12.0	12.0	12.0	—	—	—	—	
Momiji HD	40.0	Preferred Shares	20.0	40.0	20.0	—	—	—	—	
		Subordinated Loans	20.0		20.0					—
		Preferred Shares	105.0		105.0					—
Ashigin FG	135.0	Subordinated Bonds	30.0	135.0	30.0	—	—	—	—	
		Preferred Shares*	35.0		35.0					—
Yachiyo Bank	35.0	Preferred Shares*	35.0	35.0	35.0	—	—	—	—	
Kumamoto Family Bank	30.0	Preferred Shares	30.0	30.0	30.0	—	—	—	—	
Kyushu-Shinwa HD	30.0	Preferred Shares*	30.0	30.0	30.0	—	—	—	—	
Hokuhoku FG	140.0	Preferred Shares#	120.0	140.0	120.0	—	—	—	—	
		Subordinated Loans	20.0		20.0					—
Bank of the Ryukyus	40.0	Preferred Shares*	40.0	40.0	40.0	—	—	—	—	
Nishi-Nippon City Bank	70.0	Preferred Shares*	70.0	70.0	70.0	—	—	—	—	
Gifu Bank	12.0	Preferred Shares	12.0	12.0	12.0	—	—	—	—	
Higashi-Nippon Bank	20.0	Preferred Shares	20.0	20.0	20.0	—	—	—	—	
Chiba Kogyo Bank	60.0	Preferred Shares	60.0	60.0	60.0	—	—	—	—	
Total	Total amount of capital injection	12,380.9		Total disposed book value	12,130.9	For FY2019	—	Total remaining balance	250.0	
		Breakdown by type (instrument)								Breakdown of disposed book value
Breakdown for amount of capital injection										
Preferred Shares		9,265.9		9,015.9		—		—		
Common Shares		296.4		(2,064.9) <sup>(Note 1)</sup>		296.4		250.0		
Preferred investment securities		—		—		—		—		
Subordinated Bonds		2,134.0		2,134.0		—		—		
Subordinated Loans		684.6		684.6		—		—		
Trust Beneficial Rights		—		—		—		—		

The above figures are rounded off. Of the preferred shares, ¥45 billion worth (former Hokkaido Bank) out of the amount accompanied by the mark “#” and the amounts accompanied by the mark “\*” were issued as subordinated bonds at the time of capital injection.

Notes: 1. Disposed after conversion from preferred shares into common shares.

2. Issued as preferred shares at the time of capital injection. For the remainder of ¥120 billion injected under the Early Strengthening Act, common shares were issued in exchange as a result of the acquisition of preferred shares by the financial institution on the mandatory acquisition date (August 1, 2007). Regarding the remainder of ¥130 billion injected under the former Financial Functions Stabilization Act (¥96,886.4 million after capital reduction), common shares were held upon the request for acquisition on the day before the mandatory acquisition date (March 31, 2008).

3. The amount of ¥64.0 billion out of ¥3,128.0 billion for Resona HD and the amount of ¥61.5 billion out of ¥320.0 billion for Aozora Bank account for special preferred dividends paid from other capital surplus (The amount of dividends received was reduced from the book value of the relevant preferred shares).

### 3. Supporting Resolution and Collection Operations and the Appropriate Implementation of Operations to Pursue Liability

#### (1) Asset Investigation

In order to support the resolution of failures and the collection of assets by the RCC, the DICJ makes effort to identify assets concealed by unconscientious debtors who refuse to make repayment or disclose asset information by way of exercising the authority to conduct asset investigations granted under the Deposit Insurance Act and the Financial Revitalization Act (by which penalties may be imposed for the refusal of investigations and false statements, etc.).

For this purpose, the DICJ's Special Investigation Department (Tokyo) has two Special Investigation Divisions and the Osaka Operation Department has one such division. These divisions are staffed not only by expert personnel but also personnel on loan from government organizations, such as the National Tax Agency, Public Prosecutor's Office, Police Agency and Japan Customs, as well as from private-sector financial institutions.

The cases of asset concealment uncovered in asset investigations

include those involving debtors exploiting the names of third parties, such as corporations which they practically operate, in attempts to conceal assets in a devious manner.

Facing this recent trend of asset concealment techniques becoming more devious, the DICJ has been engaging in identifying cases which have a high need for asset investigations and conducting in-depth asset investigations. The DICJ informs the RCC of the results of its asset investigations in a timely manner and properly gives the RCC guidance and advice on the collection of claims, including what measures and legal actions should be undertaken in accordance with the circumstances of the debtors. Through such guidance and advice, the DICJ helps the RCC maximize its collection of claims.

The DICJ conducted 103 asset investigations in FY2019. The amount of concealed assets confirmed (hereinafter referred to as "confirmed assets") in FY2019 was about ¥0.5 billion. Cumulative confirmed assets since June 1996, when the DICJ was granted the authority to conduct asset investigations, total about ¥725.2 billion.

#### Result of asset investigations

Categories	FY2019	Cumulative total since June 1996
Number of investigations conducted	103 cases	—
Number of investigations initiated	49 cases	2,837 cases
Confirmed assets	¥0.5 billion	¥725.2 billion

Notes: 1. The number of investigations conducted = the number of investigations carried over from the previous year + the number of investigations initiated in the current year

2. Figures are rounded off.

#### (2) Support for Collection Operations in Particularly Difficult Recovery Cases

In cases where recovery is particularly difficult, such as where a large amount of assets is concealed in a devious manner by misusing the name of a third party or where antisocial forces are involved in the concealment, the DICJ works with the RCC to deal with these matters through multifaceted consideration of laws and regulations to vigorously enforce recovery.

In particular, when seeking to end occupation of collateral by antisocial forces, the DICJ supports the collection operations by holding detailed discussions with the RCC about the legal means that could be taken, including civil execution procedures, and securing safety at the recovery site in cooperation with police, etc., while also making effort to provide meticulous guidance and advice to the RCC.

Meanwhile, with regard to claims against the General Association of Korean Residents (hereinafter referred to as the "GAKR"), the RCC has proceeded to collect the claims. As a result, the outstanding principal obligation against the GAKR declined from about ¥62.7 billion at the end of FY2007 to about ¥56.6 billion at the end of FY2019.

#### (3) Pursuit of Civil Liability

In response to strong public calls for pursuing the legal responsibility of former corporate managers and other parties concerned who are accountable for the failure of financial institutions or are responsible for non-performing loans, in order to have them compensate for the damage incurred by the financial institutions, the DICJ and the RCC are pursuing their civil liabilities through such means as bringing civil lawsuits against them and seeking damages for breach of duty of care and of good

faith operations on the part of the former management through their involvement in fraudulent lending practices.

With regard to the seven specific Jusen companies specified by the Jusen Act (hereinafter referred to as the “seven former Jusen companies”), the DICJ has pursued liability of their former managers (management liability) as well as civil liability of the financial institutions that

introduced borrowers to the seven former Jusen companies (mediator’s liability).

Until now, a cumulative total of 127 cases of lawsuits for damages, etc. were filed against the former managers of the failed financial institutions and the seven former Jusen companies by the DICJ and the RCC, seeking a total of about ¥132.6 billion in damages.

### Pursuit of civil liability via litigation and conciliation (cumulative total by March 31, 2020)

		DICJ <sup>(Note 3)</sup>		RCC						Total	
				RCB <sup>(Note 4)</sup>		HLAC <sup>(Note 5)</sup>		RCC <sup>(Note 6)</sup>			
		No. of cases	Amount claimed (¥ million)	No. of cases	Amount claimed (¥ million)	No. of cases	Amount claimed (¥ million)	No. of cases	Amount claimed (¥ million)	No. of cases	Amount claimed (¥ million)
Management liability <sup>(Note 1)</sup>	Failed financial institutions	17	38,132.30	15	30,238.35	—	—	89	54,763.09	121	123,133.74
	Jusen companies	—	—	—	—	1	3,595.00	3	900.00	4	4,495.00
Mediator’s liability <sup>(Note 2)</sup>		—	—	—	—	2	5,014.46	—	—	2	5,014.46
Total		17	38,132.30	15	30,238.35	3	8,609.46	92	55,663.09	127	132,643.20

Notes: 1. Suits that pursue the liability of the former management executives (directors, executive board members, auditors and inspectors), their bereaved families, employees and other joint tortfeasors at failed financial institutions and Jusen companies.

2. Suits that pursue the liability of financial institutions that mediated loans to Jusen companies.

3. Cases in which the DICJ itself filed a lawsuit as a plaintiff or was involved in a lawsuit as the financial administrator of a failed financial institution.

4. Cases in which the RCB itself filed a lawsuit as a plaintiff or took over a lawsuit that a failed financial institution had filed (except for the cases specified in Note 3).

5. Cases in which the HLAC itself filed a lawsuit as a plaintiff.

6. Cases in which the RCC itself filed a lawsuit as a plaintiff or took over a lawsuit that a failed financial institution had filed (except for the cases specified in Note 3).

7. The above figures for amounts are rounded down.

## (4) Pursuit of Criminal Liability

The DICJ and the RCC have not only pursued the civil liability of the former managers who had set the stage for the failure of their financial institutions, but have also pursued their criminal liability through actively filing accusations (complaints) with investigative authorities on matters deemed illegal acts.

Also, the DICJ has strengthened its assistance to the RCC in strictly responding to cases of asset concealment by debtors, etc. through illegal means or obstructed recovery cases by providing guidance/advice for filing accusations (complaints) regarding these cases.

In FY2019, the DICJ provided the RCC with guidance and advice when files an accusation (as an accusation

(complaint) concerning Specified Difficult Recovery Claims) of damaging of assets, etc. for the purpose of obstruction of compulsory execution in the case of a debtor who held multiple bank accounts under different names, and concealed assets by withdrawing from some of those bank accounts not yet provisionally seized knowing of execution of provisional seizure of them. Through this guidance and advice, etc. in FY2019 the RCC made accusations (complaints) against three people in three cases, including the aforementioned case.

From June 1996 to the end of FY2019, the DICJ has filed accusations (complaints) against borrowers in 326 cases (642 individuals) and lenders in 39 cases (109 individuals) for a grand total of 365 cases (751 individuals).

## Accusations/Complaints

### (i) Number of cases (cumulative total by March 31, 2020)

(Unit: cases)

	DICJ	RCC	HLAC	RCB	Total
Number of accusations (complaints)	30 (91)	235 (473)	77 (150)	23 (37)	365 <sup>(Note 2)</sup> (751)

Notes: 1. The figures in parentheses represent the number of persons against whom accusations (complaints) were brought.

2. A breakdown of the total number of cases by borrower and lender is as follows:

	Number of cases in which accusations (complaints) have been filed	Number of individuals against whom accusations (complaints) have been filed
Borrowers	326	642
Lenders	39	109
Total	365	751

### (ii) Breakdown of cases

#### • From the establishment of the Special Investigation Department (June 26, 1996) to March 31, 1999

(Unit: cases)

	DICJ	HLAC	RCB	Total
Cases related to borrowers	—	77 (150)	14 (19)	91 (169)
Auction interference	—	27 (49)	3 (7)	30 (56)
Fraud	—	18 (44)	2 (2)	20 (46)
Obstruction of compulsory execution	—	15 (36)	4 (5)	19 (41)
False entry on notarial documents, etc.	—	4 (7)	—	4 (7)
Threat/extortion	—	3 (3)	—	3 (3)
Fraudulent bankruptcy	—	1 (1)	1 (1)	2 (2)
Other	—	9 (10)	4 (4)	13 (14)
Cases related to lenders	—	—	9 (18)	9 (18)
Breach of trust/aggravated breach of trust	—	—	4 (11)	4 (11)
Other	—	—	5 (7)	5 (7)
Total	—	77 (150)	23 (37)	100 (187)

Note: The figures in parentheses represent the number of persons against whom accusations (complaints) were brought.

• From the establishment of the RCC (April 1, 1999) to March 31, 2020

(Unit: cases)

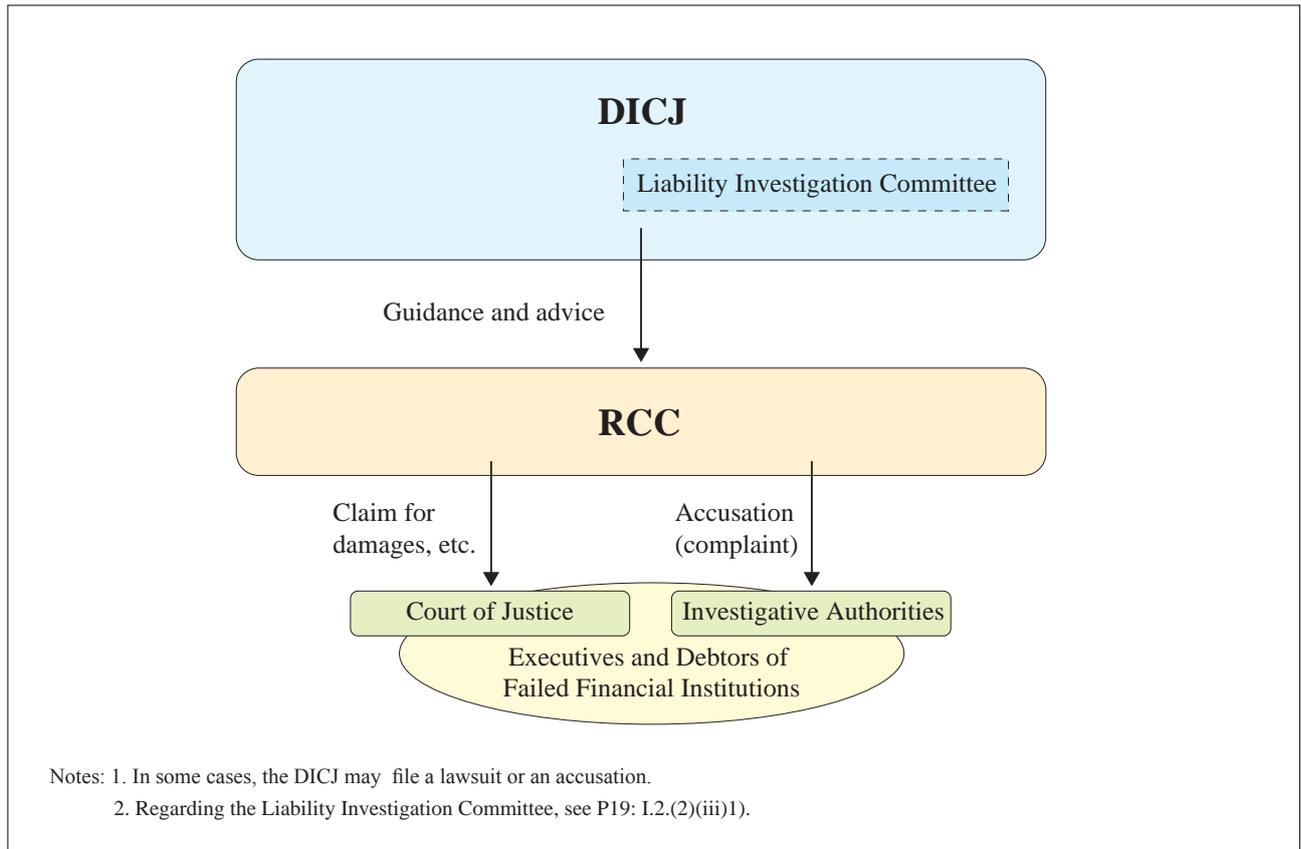
	DICJ	RCC					Total
		Former Jusen claims	Transferred claims of failed financial institutions (Note 2)	Article 53 claims (Note 3)	Specified difficult recovery claims	Other (Note 4)	
Cases related to borrowers (Note 5)	12 ( 39)	45 ( 86)	142 (280)	20 ( 44)	13 ( 20)	3 ( 4)	235 (473)
Auction interference (Note 6)	1 ( 1)	7 ( 9)	47 ( 91)	11 ( 25)	—	1 ( 1)	67 (127)
Fraud	4 ( 10)	14 ( 30)	37 ( 74)	3 ( 8)	7 ( 9)	1 ( 1)	66 (132)
Obstruction of compulsory execution (Note 7)	4 ( 17)	16 ( 34)	29 ( 56)	4 ( 9)	6 ( 11)	1 ( 2)	60 (129)
False entry on notarial documents, etc.	1 ( 7)	3 ( 7)	8 ( 27)	—	—	—	12 ( 41)
Threat/extortion	—	—	5 ( 8)	—	—	—	5 ( 8)
Fraudulent bankruptcy	2 ( 4)	—	8 ( 14)	1 ( 1)	—	—	11 ( 19)
Other	—	5 ( 6)	8 ( 10)	1 ( 1)	—	—	14 ( 17)
Cases related to lenders (Note 8)	18 ( 52)	—	12 ( 39)	—	—	—	30 ( 91)
Breach of trust/aggravated breach of trust	13 ( 37)	—	10 ( 35)	—	—	—	23 ( 72)
Other	5 ( 15)	—	2 ( 4)	—	—	—	7 ( 19)
<b>Total</b>	<b>30 ( 91)</b>	<b>45 ( 86)</b>	<b>154 (319)</b>	<b>20 ( 44)</b>	<b>13 ( 20)</b>	<b>3 ( 4)</b>	<b>265 (564)</b>

- Notes: 1. The figures in parentheses represent the number of persons against whom accusations (complaints) were brought.  
 2. Transferred claims of failed financial institutions include the claims transferred from the RCB.  
 3. "Article 53 claims" refer to the claims purchased from sound financial institutions under Article 53 of the Financial Revitalization Act.  
 4. "Other" refers to the claims purchased under the Act on Special Measures concerning Business of Management and Collection of Claims.  
 5. In the 12 cases of the "Cases related to borrowers" listed in the DICJ column, the accusation was actually filed jointly by the DICJ and the RCC. However, as a matter of convenience, the number is included in the DICJ column in this table.  
 6. Auction interference refers to activity that violates Article 96-3 (interference with auctions, etc.) of the Criminal Code before the revision made in 2011 or Article 96-4 (interference with sales related to compulsory execution) of the same law after the same revision.  
 7. Obstruction of compulsory execution refers to activity that violates Article 96-2 (obstruction of compulsory execution) of the Criminal Code before the revision made in 2011 or Article 96-2 (damaging of assets, etc. for the purpose of obstruction of compulsory execution) of the same law after the same revision.  
 8. In six of the 12 cases of the "Cases related to lenders" listed in the RCC column, the accusations (complaints) were actually filed jointly by the DICJ and the RCC. However, as a matter of convenience, the number is included in the RCC column in this table.

- 1. DICJ's Operations
- II. Overview of the DICJ's Activities
  - 1. Failure Resolution
  - 2. Asset Holdings
  - 3. Pursuit of Liability
  - 4. International Cooperation
  - 5. Capital Participation
  - 6. Specified Difficult Recovery Claims
  - 7. Criminal Accounts Damage Recovery
  - 8. Management Operations of Domestic Deposits, etc.
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- 1. DICJ's Operations
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### Conceptual scheme for liability pursuit



## 4. International Collaboration and Cooperation and Research & Study Activities Regarding Deposit Insurance

### (1) International Collaboration and Cooperation

The DICJ keeps track of international developments related to deposit insurance systems and the rapidly changing global financial situation. It also makes proactive participation in the activities of the International Association of Deposit Insurers (IADI), holds international meetings and conferences, and collaborates and cooperates with foreign deposit insurance organizations. In FY2019, the DICJ has strove to share information with foreign deposit insurance organizations on the impact of the global COVID-19 pandemic on the operation of deposit insurance organizations. The DICJ aims to further improve its operations and Japan's deposit insurance system through these activities and contribute to the enhancement of other countries' deposit insurance systems and to the stability of international financial systems by disseminating Japan's experiences.

#### (i) Contributions to the Activities of the International Association of Deposit Insurers (IADI)

The IADI is an international organization which was established in May 2002 by deposit insurance organizations and related institutions from various countries in the world, and DICJ Governor Mikuniya currently serves as President of the IADI (elected to the post in October 2017). The objectives of the IADI are to i) contribute to financial stability by promoting international cooperation in the area of deposit insurance and by providing guidance on deposit insurance systems; and ii) expand international exchanges among deposit insurance organizations and related institutions. The IADI's membership has continued to grow since its establishment, and 87 organizations had joined the IADI as regular members as of the end of March 2020. [See P52: International Association of Deposit Insurers (IADI) List of participants]

The DICJ has been a member of the IADI since the Association was established, and currently, DICJ Governor Mikuniya, who is President of the IADI, concurrently serves as Chair of the Executive Council (EXCO), which is the de facto decision-making body for the IADI. In addition, DICJ officials serve as members of the Asia-Pacific Regional Committee (APRC) and the Core Principles and Research Council Committee. Furthermore, the DICJ has dispatched one of its staff members to the IADI Secretariat in Basel, Switzerland, as part of its contribution to IADI activities.

#### 1) IADI Annual General Meeting (AGM)

The General Meeting, comprised of all members, is the IADI's highest decision-making body. The President of the IADI serves as the chair of the General Meeting. The IADI holds the AGM every year, and the latest meeting (the 18th AGM) was held in Istanbul, Turkey in October 2019. At the meeting, DICJ Governor Mikuniya served as the chair.

#### 2) Executive Council (EXCO)

The Executive Council (EXCO) is the de facto decision-making body for the IADI, and holds meeting about three times each year. The current EXCO Chair is DICJ Governor Mikuniya. There are presently 25 seats in the EXCO, including the Chair, and members are chosen via elections conducted at the AGM. DICJ officials have continually served as EXCO members since the Council was established.

#### 3) Council Committees

The following Council Committees have been established in the IADI to perform specific activities in various fields.

##### ○ Council Committees (four committees)

(1) Core Principles and Research Council Committee (a DICJ official serving as a member), (2) Member Relations Council Committee, (3) Training and Technical Assistance Council Committee and (4) Audit and Risk Council Committee

#### 4) Regional Committees

In addition to the Council Committees, Regional Committees have been established to reflect the characteristics of each region in the activities of the Association as a whole and conduct activities in line with those regional characteristics.

##### ○ Regional Committees (eight committees)

The Regional Committees cover the following regions, respectively: (1) Asia-Pacific (DICJ official serving as a member), (2) Africa, (3) the Caribbean, (4) Eurasia, (5) Europe, (6) Latin America, (7) the Middle East and North Africa, (8) North America

##### ○ Asia-Pacific Regional Committee (APRC)

After the committee was founded, DICJ officials served as the APRC Chairperson until October 2017. The DICJ has strived to strengthen partnership and cooperation in the Asia-Pacific region and increase

the APRC's presence in and contributions to the IADI through such activities as (1) intra-region training and technical cooperation and assistance and (2) intra-region research and policy development.

**(ii) International conferences**

Since 2006, the DICJ has been holding international conferences at which debates and exchanges of opinions are conducted about various issues, including deposit insurance and failure resolution, with highly-experienced foreign deposit insurance organizations who are well-versed in these challenges.

Recently, the 11th DICJ Round Table was held in March 2019 in Tokyo. The 12th DICJ Round Table was scheduled for March 2020 but was canceled due to the worldwide COVID-19 pandemic.

**○ For reference, information on the 11th DICJ Round Table is provided below.**

The 11th DICJ Round Table was held in Tokyo on March 12-13, 2019, with participants from foreign deposit insurance institutions and relevant authorities from 21 countries/jurisdictions (23 institutions) and the IADI secretariat as well as domestic experts. There were around 120 participants in total.

At the conference, presentations were delivered by senior officials, including the top officials of foreign deposit insurance organizations, and domestic experts, on topics and challenges related to individual countries/jurisdictions. In addition, lively panel discussions were held.

**(iii) Enhancement of cooperation with foreign deposit insurance organizations**

The DICJ is signing memorandum of understanding (MOU) and engaging in exchange of letters (EOL) with foreign deposit insurance organizations in order to strengthen mutual cooperation through exchange of information, technical cooperation and exchanges

of executives and staff members.

In FY2019, the DICJ renewed an MOU with the Korea Deposit Insurance Corporation in May and signed an MOU with the Savings Deposit Insurance Fund of Turkey in October.

Through the activities conducted so far, the DICJ has signed memorandum of understanding and exchanged letters with a total of 17 foreign organizations, mainly in advanced and Asian countries. [See P55: "Exchange of letters, etc. with foreign organizations"]

**(iv) Other international cooperation, technical cooperation and personnel exchanges**

In addition to the above activities, the DICJ is engaging in various forms of cooperation and exchange with foreign deposit insurance organizations and related institutions, mainly in Asia, with which Japan has strong economic and financial ties. The DICJ also provides technical cooperation for the introduction and strengthening of deposit insurance systems. Technical cooperation also includes the dispatch of executives and staff members to other countries, acceptance of visits from foreign deposit insurance organizations and related institutions, and acceptance of trainees from abroad in collaboration with other domestic organizations. [See P55: "Visits paid and received in relation to international operations"]

**1) Dispatch of executives and staff members abroad**

As for major activities in FY2019, the DICJ dispatched executives and staff members to seminars and other events as lecturers.

At the IADI Asia-Pacific Regional Committee CEO Dialogue held in Taipei, Chinese Taipei in April, the DICJ delivered a speech "Global and Asia-Pacific Economic Outlook and Responses to Challenges Facing APRC Deposit Insurers".

At the 17th IADI Asia-Pacific Regional Committee Annual General Meeting and International Conference



Participants in the 11th DICJ Round Table

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held in St. Petersburg, Russia in June, the DICJ delivered a speech “Asset Recovery of Failed Banks in Japan”. At a seminar on “The need to Strengthen Bank Resolution Preparedness” hosted by the Indonesia Deposit Insurance Corporation in Nusu Dua, Indonesia in August, the DICJ delivered a speech.

At a seminar (Study Visit) of the IADI Asia-Pacific Regional Committee held in Seoul, South Korea in September, the DICJ delivered a speech “Financial Safety-Net Structure in Japan.”

At a seminar hosted by the Serbia Deposit Insurance Agency in Belgrade, Serbia in December, the DICJ delivered a speech on “Deposit Insurers’ Strategic Challenges and Roles Going Forward”.

**2) Acceptance of visitors from foreign deposit insurance organizations and related institutions**

The DICJ accepts visitors from foreign deposit insur-

ance organizations and related institutions, mainly those in Asia. In FY2019, the DICJ accepted visits by executives and staff members from foreign deposit insurance organizations and related institutions in six countries and explained its operations.

**3) Technical cooperation provided through Japan International Cooperation Agency (JICA)**

DICJ executives and staff members have been dispatched to serve as instructors on topics pertaining to deposit insurance systems in training programs, etc. planned by JICA.

In FY2019, DICJ executives and staff members participated as instructors in training programs for staff members of foreign financial regulatory and supervisory organizations, gave lectures on the deposit insurance system and the role of the DICJ, and conducted an active exchange of opinions with trainees.

**Reference: Main activities by the IADI**

**(i) Core Principles for Effective Deposit Insurance Systems**

In June 2009, the IADI and the Basel Committee on Banking Supervision published the Core Principles for Effective Deposit Insurance Systems (hereinafter referred to as the “Core Principles”), which represented the best practices for deposit insurance systems, following a report from the former Financial Stability Forum. In November 2014, the IADI published the revised Core Principles.

In order to ensure that the Core Principles take hold, the following activities are being conducted by the IADI and other international organizations.

**1) Activities by the IADI**

The IADI hosts workshops to support individual countries’ voluntary initiatives concerning the Core Principles of the deposit insurance system upon requests from individual countries and regions and provides support, including advice by IADI experts.

**2) Activities by the International Monetary Fund and the World Bank**

The International Monetary Fund (IMF) and the World Bank are implementing the Financial Sector Assessment Program (FSAP), which is intended to assess the status of member countries’ compliance with international standards concerning financial regulation and supervision and the stability of financial systems. The Core Principles have been adopted as an international standard for assessing individual countries’ deposit insurance systems under the FSAP. Experts on such assessment are dispatched through the IADI to join IMF and World Bank missions.

**(ii) Preparation of Research Papers, Guidance Papers, etc.**

In order to develop better deposit insurance systems, the IADI drafts and publishes Research Papers and Guidance Papers related to the deposit insurance system, primarily through the Core Principles and Research Council Committee, one of its Council Committees. The DICJ is participating in the preparation of Research Papers and Guidance Papers.

**(iii) Outreach**

There are countries and jurisdictions with deposit insurance systems that have not joined the IADI. Expanding IADI membership is desirable in order to improve deposit insurance systems of the countries and jurisdictions. Therefore, the Regional Committees are playing a major role in making efforts to expand membership.

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**International Association of Deposit Insurers (IADI) — List of participants**  
**I. Member organizations (Deposit insurers: 87 organizations from 82 countries/jurisdictions)**

Source: IADI website  
 (as of March 31, 2020)

Albania: Albanian Deposit Insurance Agency
Algeria: Bank Deposit Guarantee Fund (FGDB)
Angola: Fundo de Garantia de Depósitos (FGD)
Argentina: Seguro de Depósitos Sociedad Anónima (SEDESA)
Australia: Australian Prudential Regulation Authority (APRA)
Azerbaijan: Azerbaijan Deposit Insurance Fund
The Bahamas: Deposit Insurance Corporation of the Bahamas
Bangladesh: Deposit Insurance Department of Bangladesh Bank
Barbados: Barbados Deposit Insurance Corporation
Belarus: Agency of Deposit Compensation (ADC)
Belgium: Garantiefonds voor financiële diensten (Guarantee fund for financial services)
Bermuda: Bermuda Deposit Insurance Corporation (BDIC)
Brazil: Guarantee Fund of Credit Cooperatives (FGCoop)
Brazil: Fundo Garantidor de Créditos (FGC)
Brunei Darussalam: Brunei Darussalam Deposit Protection Corporation
Bulgaria: Bulgarian Deposit Insurance Fund
Canada: Canada Deposit Insurance Corporation
Canada (British Columbia): Credit Union Deposit Insurance Corporation
Canada (Québec): Autorite des Marchés Financiers
Chinese Taipei: Central Deposit Insurance Corporation
Colombia: Fondo de Garantías de Instituciones Financieras (FOGAFIN)
Colombia: Deposit Insurance Fund for Cooperative Institutions (FOGACOO)
Croatia: State Agency for Deposit Insurance and Bank Resolution
Czech Republic: Financial Market Guarantee System
Ecuador: Corporación del Seguro de Depósitos, Fondo de Liquidez y Fondo de Seguros Privados –COSEDE
El Salvador: Instituto de Garantía de Depósitos (IGD)
Finland: Finland Stability Authority
France: Fonds de Garantie des Dépôts et de Résolution (FGDR)
Germany: Bundesverband deutscher Banken (Deposit Protection Fund)
Ghana: Ghana Deposit Protection Corporation (GDPC)
Greece: Hellenic Deposit and Investment Guarantee Fund (TEKE)
Guatemala: Banco de Guatemala, como Administrador del Fondo para la Protección del Ahorro
Honduras: Fondo de Seguro de Depósitos (Honduras Deposit Insurance Agency)
Hong Kong: Hong Kong Deposit Protection Board
Hungary: Országos Betéttámogatási Alap (National Deposit Insurance Fund of Hungary)
India: Deposit Insurance and Credit Guarantee Corporation
Indonesia: Lembaga Penjamin Simpanan (Indonesia Deposit Insurance Corporation)
Iran: Iran Deposit Guarantee Fund
Italy: Fondo Interbancario di Tutela dei Depositi (FITD) (Interbank Deposit Protection Fund)
Jamaica: Jamaica Deposit Insurance Corporation
Japan: Deposit Insurance Corporation of Japan (DICJ)
Jordan: Jordan Deposit Insurance Corporation
Kazakhstan: Kazakhstan Deposit Insurance Fund
Kenya: Kenya Deposit Insurance Corporation
Korea: Korea Deposit Insurance Corporation
Kosovo: Deposit Insurance Fund of Kosovo (FSDK)
Kyrgyz Republic: Deposit Protection Agency of the Kyrgyz Republic
Lebanon: Institut National de Garantie des Dépôts
Libya: Depositor's Insurance Fund
Malaysia: Malaysia Deposit Insurance Corporation

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Mexico: Instituto para la Protección al Ahorro Bancario (IPAB)
Mongolia: Deposit Insurance Corporation of Mongolia
Montenegro: Deposit Protection Fund
Morocco: Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires
Netherlands: De Nederlandsche Bank
Nicaragua: Fondo de Garantía de Depósitos de las Instituciones Financieras
Nigeria: Nigeria Deposit Insurance Corporation
Norway: Bankenes Sikringsfond (Norwegian Banks' Guarantee Fund)
Pakistan: Deposit Protection Corporation (DPC Pakistan)
Palestine: Palestine Deposit Insurance Corporation
Paraguay: Fondo de Garantía de Depósitos (Guarantee Deposit Fund)
Perú: Fondo de Seguro de Depósitos
Philippines: Philippine Deposit Insurance Corporation
Poland: Bankowy Fundusz Gwarancyjny (Bank Guarantee Fund)
Romania: Bank Deposit Guarantee Fund (FGDB)
Russian Federation: Deposit Insurance Agency
Rwanda: Deposit Guarantee Fund of Rwanda (National Bank of Rwanda)
Saudi Arabia: Saudi Arabian Monetary Authority- Depositors Protection Fund
Serbia: Deposit Insurance Agency of Serbia
Spain: Fondo de Garantía de Depósitos de Entidades de Crédito (FGD)
Sudan: Bank Deposit Security Fund of Sudan
Sweden: Riksgalden (Swedish National Debt Office)
Switzerland: esisuisse
Tanzania: Deposit Insurance Board
Thailand: Deposit Protection Agency of Thailand
Trinidad and Tobago: Deposit Insurance Corporation
Turkey: Savings Deposit Insurance Fund (SDIF)
Tunisia: Banking Deposits Guarantee Fund
Uganda: Deposit Protection Fund of Uganda
Ukraine: Deposit Guarantee Fund
United Kingdom: Financial Services Compensation Scheme
United States: Federal Deposit Insurance Corporation (FDIC)
United States (Massachusetts): Massachusetts Credit Union Share Insurance Corporation (MSIC)
Uruguay: Corporación de Protección del Ahorro Bancario (COPAB)
Vietnam: Deposit Insurance of Vietnam (DIV)
Zimbabwe: Deposit Protection Corporation
West African countries: West African Monetary Union Deposit Insurance Fund (FGD-UMOA)

Notes: 1. The numbers of member organizations of individual Regional Committees are as follows:

- Asia-Pacific Regional Committee (19), North America Regional Committee (7), Africa Regional Committee (10), Caribbean Regional Committee (4), Latin America Regional Committee (14), Eurasia Regional Committee (8), Europe Regional Committee (26), and Middle East and North Africa Regional Committee (11).
- 2. Mongolia, Kyrgyz Republic and Kazakhstan belong to the Asia-Pacific and Eurasia Regional Committees.
- 3. Azerbaijan and Russia belong to the Asia-Pacific, Eurasia and Europe Regional Committees.
- 4. Mexico belongs to the Latin America and North America Regional Committees.
- 5. Ukraine belongs to the Europe and Eurasia Regional Committees.
- 6. Turkey belongs to the Eurasia, Middle East and North Africa and Europe Regional Committees.
- 7. Sudan belongs to the Africa, Middle East and North Africa and Europe Regional Committees.
- 8. The FGD-UMOA is comprised of eight West African countries (Benin, Guinea Bissau, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo).

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**II. Associates (other safety net organizations from countries/regions that have developed or are considering developing a deposit insurance system: eight organizations from eight countries/regions)**

Belize: Central Bank of Belize
British Virgin Islands: Ministry of Finance, Government of the Virgin Islands
Cambodia: National Bank of Cambodia
Republic of Mauritius: Bank of Mauritius
Morocco: Bank Al Maghrib
Philippines: Bangko Sentral ng Pilipinas
South Africa: The National Treasury South African Reserve Bank
Uganda: Bank of Uganda

**III. Partners (International organizations, etc.: 14 organizations)**

Alliance for Financial Inclusion (AFI)
Asian Development Bank Institute (ADBI)
Association of Supervisors of Banks of the Americas (ASBA)
Centro de Estudios Monetarios Latinoamericanos (CEMLA)
European Bank for Reconstruction and Development (EBRD)
European Forum of Deposit Insurers (EFDI)
Inter-American Development Bank (IDB)
International Monetary Fund (IMF)
Consultative Group to Assist the Poor (CGAP)
The South East Asian Central Banks (SEACEN) Research and Training Centre
Toronto Centre
Union of Arab Banks (UAB)
United States Department of the Treasury, International Affairs, Office of Technical Assistance
The World Bank

**Number of IADI participants**

Category	Number of countries/jurisdictions	Number of entities
Member	82	87
Associate	8	8
Partner	—	14

**(Reference) IADI council and regional committees**

Council Committees	Regional Committees
Core Principles and Research Council Committee	Asia-Pacific Regional Committee
Member Relations Council Committee	Africa Regional Committee
Training and Technical Assistance Council Committee	Caribbean Regional Committee
Audit and Risk Council Committee	Eurasia Regional Committee
	Europe Regional Committee
	Latin America Regional Committee
	Middle East and North Africa Regional Committee
	North America Regional Committee

**Exchange of letters, etc. with foreign organizations  
Signed by the Governor**

Date of exchange/signing	Counterparty	EOL or MOU
Nov. 2000	Korea Asset Management Corporation	EOL
Nov. 2001 Jun. 2006 (Second time)	Korea Deposit Insurance Corporation	EOL
Aug. 2006	Central Deposit Insurance Corporation (Chinese Taipei)	EOL
Jan. 2007 May 2013 (Second time)	Philippine Deposit Insurance Corporation	EOL
Dec. 2007	Indonesia Deposit Insurance Corporation	EOL
Dec. 2007	Deposit Insurance of Vietnam	EOL
Jan. 2009	Deposit Protection Agency of Thailand	EOL
Sept. 2009	National Deposit Insurance Fund of Hungary	EOL
May 2013 May 2016 (Second time) May 2019 (Third time)	Korea Deposit Insurance Corporation	MOU
Nov. 2013 Nov. 2016 (Second time)	Financial Services Compensation Scheme (U.K.)	MOU
Apr. 2014	Canada Deposit Insurance Corporation	MOU
Mar. 2015	Deposit Insurance Corporation of Mongolia	EOL
Mar. 2015	Kazakhstan Deposit Insurance Fund	EOL
Jun. 2015	Deposit Insurance of Vietnam	MOU
Jun. 2016	Federal Deposit Insurance Corporation (USA)	MOU
Jul. 2017	Deposit Protection Agency of the Kyrgyz Republic	EOL
Aug. 2018	Hong Kong Deposit Protection Board	EOL
Oct. 2019	Savings Deposit Insurance Fund of Turkey	MOU

**Signed by the Deputy Governor**

Date of exchange/signing	Counterparty	EOL or MOU
May 2008 Oct. 2013 (Second time)	Depositor Protection Fund Lao PDR	EOL

**Signed by a working level official**

Date of exchange/signing	Counterparty	EOL or MOU
Jul. 2011 Jun. 2016 (Second time)	Federal Deposit Insurance Corporation (USA)	MOU

Note: This MOU is limited to the dispatch of personnel.

**Visits paid and received in relation to international operations**

**Activity Related to the International Association of Deposit Insurers (IADI)**

Date	Event	Location
Mar. 31 - Apr. 2, 2019	Asia-Pacific Regional Committee CEO Dialogue	Chinese Taipei (Taipei)
Apr. 9-10, 2019	Financial Stability Institute (FSI) & IADI Joint Conference	Switzerland (Basel)
May 20-24, 2019	58th Executive Council Meeting, Research Conference, etc.	Switzerland (Basel)
Jun. 25-28, 2019	17th Asia-Pacific Regional Committee Annual Meeting and International Conference, etc.	Russia (St. Petersburg)
Jul. 15-16, 2019	Working Group on New Funding Options Extraordinary Meeting	Italy (Milan)
Sept. 2-5, 2019	59th Executive Council Meeting, etc. & FSI-IADI Joint Conference	Switzerland (Basel)
Sept. 18-20, 2019	Asia-Pacific Regional Committee Seminar (Study Visit)	Korea (Seoul)
Oct. 7-11, 2019	18th Annual General Meeting, 60th Executive Council Meeting & International Conference, etc.	Turkey (Istanbul)
Feb. 11-13, 2020	61st Executive Council Meeting, etc.	Switzerland (Basel)

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**Participation in seminars**

Date	Event	Location
May. 6-17/ Nov. 4-8, 2019	A seminar hosted by Federal Deposit Insurance Corporation (USA)	United States (Dallas/Washington, D.C.)
Aug. 21, 2019	A seminar hosted by Indonesia Deposit Insurance Corporation	Indonesia (Nusa Dua)
Nov. 4-8, 2019	A seminar hosted by Korea Deposit Insurance Corporation	South Korea (Seoul)
Dec. 16-18, 2019	A seminar hosted by Serbia Deposit Insurance Agency	Serbia (Belgrade)

**Visits by related foreign organizations welcomed**

Date	Visitor
Apr. 8-19, 2019	Researcher participated in Mansfield program (US Federal Acquisition Service personnel)
Sept. 6, 2019	Central Bank of Sri Lanka
Oct. 30, 2019	Chinese Academy of Social Sciences, etc.
Dec. 5, 2019	Financial Supervisory Commission, etc.(Chinese Taipei)
Dec. 17, 2019	Deposit Insurance of Vietnam
Jan. 17, 2020	Deposit Insurance Corporation of Mongolia, etc.

**Acceptance of trainees from abroad**

Date	Visitor	Organizer/name of training
Feb. 18, 2020	Staff members of foreign financial regulatory and supervisory organizations	Japan International Cooperation Agency (JICA)

**(2) Research & Study Activities**

**(i) Recent activities**

The DICJ conducts research and studies on international developments related to the deposit insurance systems as well as on various practical and legal issues in order to ensure appropriate operations.

In FY2019, the DICJ conducted research focusing on developments related to deposit insurance systems, failure resolution regimes and crisis management framework in the United States and Europe and the status of international discussions on technological innovations in the financial sector.

**(ii) Publication of the journal (“Deposit Insurance Review”)**

In March 2004, the DICJ started to issue the journal “Deposit Insurance Review,” to make public the results of research. Twenty-two issues have been published thus far. For more information, visit the DICJ website (Japanese only). (Address: [https://www.dic.go.jp/katsudo/page\\_001652.html](https://www.dic.go.jp/katsudo/page_001652.html))

## 5. Operations Related to Capital Participation

### (1) Operations Related to Capital Participation

The DICJ has been conducting operations related to capital participation in financial institutions, etc. under the Act on Special Measures for Promotion of Organizational Restructuring of Financial Institutions (hereinafter referred to as the “Organizational Restructuring Act”) and the Financial Functions Strengthening Act, in order to strengthen their financial functions. Currently, capital participation under the Financial Functions Strengthening Act is permitted. The DICJ entrusts these operations to the RCC based on a contract.

**Operations related to capital participation are divided into the following three categories:**

- (i) Capital participation: The DICJ subscribes for shares, etc. issued by financial institutions, etc. under the Financial Functions Strengthening Act.
- (ii) Management: The DICJ properly manages shares and other capital-raising instruments.
- (iii) Disposal: The DICJ smoothly disposes of shares and other capital-raising instruments.

#### (i) Capital participation

The DICJ conducts operations such as subscribing for shares and other capital-raising instruments issued by financial institutions, etc. under a method prescribed by the Financial Functions Strengthening Act. [See P136: III.2. (2)(ii)]

Concerning capital participation based on the Financial Functions Strengthening Act, in FY2019, the DICJ made capital participation of ¥9.2 billion in one entity. The cumulative total of capital participation as of the end of FY2019 was ¥684.0 billion provided to 30 entities.

Including capital participation of ¥6 billion in one entity based on the Organizational Restructuring Act, the cumulative number of entities in which capital participation has been made is 30 and the cumulative amount of capital participation is ¥690.0 billion.

Incidentally, capital participation under the Financial Functions Strengthening Act was revised in recognition of the impact of COVID-19 in June 2020. The revision includes the extension of the deadline of the application by four years from March 31, 2022 to March 31, 2026, and special provisions established with regarding COVID-19.

Specifically, in cases where financial institutions, etc. apply for the government’s capital participation, the government shall give them none of the following

instructions: (1) to set profitability and efficiency targets, (2) to reform the management setup (pursuit of managerial responsibilities), and (3) to establish numerical targets for facilitating credit granting to small and medium, enterprises except as to the instruction to devise measures contributing to revitalizing local economy. Banks may issue common shares and subordinated bonds additionally to preferred shares as types of instruments for the government’s capital participation, and to set dividend rates lower than usual.

#### (ii) Management

The DICJ’s activities include lending funds necessary for the operations entrusted to the RCC and collecting profits arising from entrusted operations\*. In addition, based on the “Basic Policy in Exercising the Voting Right as a Shareholder”, which was announced in December 2008, the DICJ authorizes the RCC to exercise voting and other rights as a shareholder or capital subscriber. The DICJ also holds annual and semi-annual meetings with financial institutions which received capital participation to review their financial results, dividend policies and accumulation of retained earnings, as well as future plans for public fund repayments.

\* From FY2003 to FY2019, the cumulative amount of payments made in operations related to capital participation by the RCC was ¥36.1 billion on a settlement account basis (including ¥56.8 billion cumulative profits and ¥20.8 billion cumulative loss compensation). (For the details of the procedures of profit payments and loss compensation, see P36: II.2.(2)(ii))

## Cumulative amount of profit payments from the RCC to the DICJ and cumulative amount of loss compensation from the DICJ to the RCC in operations related to capital participation (from FY2003 to FY2019)

(Unit: ¥ billion)

Category	Amount of payments (A)-(B)	Amount of profit payments (A)	
		Amount of profit payments (A)	Amount of loss compensation (B)
Capital participation	36.1	56.8	20.8
Capital participation based on the Organizational Restructuring Act	1.2	1.2	—
Capital participation based on the Financial Functions Strengthening Act	34.9	55.6	20.8

The above figures are rounded off.

Note: Including profits recorded by the RCC for FY2019 (to be recorded by the DICJ for FY2020).

### Main management operations in FY2019

- Exercising the voting rights, etc. properly at general meetings of shareholders.
- Holding meetings with financial institutions which received capital participation.
- Exchanging opinions with relevant financial institutions and cooperative structured central financial institutions with regard to the business conditions of earthquake-affected special financial institutions (at the time of hearings about financial results).

### Basic Policy in Exercising the Voting Right as a Shareholder (announced on December 25, 2008)

The DICJ should exercise its voting rights properly for the sake of shareholder interests, with due consideration given to whether:

- the exercising of voting rights contributes to maintaining the soundness of the business operations of the bank concerned
- it helps the bank to secure funds for the repayment of public funds
- it is in accordance with the purposes of the law that constitutes the basis of capital injection with public funds, such as the facilitation of financing

In addition, the DICJ ensures conformity with administrative policies and measures.

### (iii) Disposal

The DICJ carries out disposal in accordance with the “Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds” announced on October 28, 2005.

Specifically, the disposal of preferred shares and other instruments are in principle implemented on the basis of requests made by financial institutions which received capital participation, in accordance with their own capital policy.

Upon such request, the DICJ disposes of preferred shares and other instruments if it finds no particular problems with the requests in terms of: (i) avoiding public costs, (ii) not damaging financial system stability, and (iii) not damaging the soundness of management of the financial institution.

Reflecting the increasing emphasis on “taxpayers’ interests” in managing public funds, the DICJ may dispose of preferred shares and other capital-raising instruments (hereinafter referred to as “shares, etc.”) even if a disposal request is not forthcoming from a financial institution on the basis of exhaustive discussions in case the market conditions are highly favorable to disposal in terms of the shares, etc. and of stock prices movements. In such cases, the DICJ ensures the soundness of management of the institution and avoidance of adverse impact on the market and disposes of them if there is no particular problem. When disposing of assets in the form of shares, etc., the DICJ convenes a meeting of the Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments, which is comprised of outside experts, in order to secure the appropriateness of disposal prices. [See P19: I.2.(2) (iii) 2)]

With regard to shares, etc. held through capital participation, there was no disposal in FY2019. The cumulative total amount of shares, etc. disposed of by the end of FY2019 came to ¥206.5 billion. The outstanding balance of shares, etc. was ¥483.5 billion as of the end of FY2019.

October 28, 2005

Deposit Insurance Corporation of Japan

**Statement by the Governor****Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds**

1. The Financial Services Agency has announced today “Approaches to the Disposal of the Financial Assets (Preferred Shares and other Capital-Raising Instruments) Acquired through Capital Injections with Public Funds”. It demonstrates the concept that, with regard to the disposal of preferred shares and other capital-raising instruments acquired through capital injection with public funds, “considering the aspect of asset management with more emphasis on ‘taxpayers’ interest”, there should be “a basic principle to ensure collection of profits accruing on public funds as the fruit of the stabilization of the financial system, while maintaining the soundness of management of the Recapitalized Financial Institutions and avoiding negative impacts on markets”.  
The DICJ will be required “to stand prepared to take appropriate and flexible actions in light of factors including the terms of preferred shares and stock price movements at a given point in time, while continuously adhering to the position that the disposal is basically made on a request that each financial institution which received the capital injections (“Recapitalized Financial Institution(s)”) makes in accordance with its own capital policy”, adapting to the phase transition in relation to the Recapitalized Financial Institutions.
2. Based on the above requirements, the DICJ has revised the “Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired for Capital Injection to Third Parties or for Offer of Repaying the Public Funds (announced by the DICJ on July 8, 2004)” and newly published the attached “Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds” in order to demonstrate the concepts and criteria for judgments for disposing the preferred shares and other capital-raising instruments without any requests for repayment made by the Recapitalized Financial Institutions in addition to the guideline based on the requests for repayment by the Recapitalized Financial Institutions.
3. Given the changed circumstances in which the sound management of the Recapitalized Financial Institutions and the market environment have improved and the possibilities of the early disposal expected under the law increasing, the DICJ will additionally take appropriate and flexible actions in the disposal of preferred shares and other capital-raising instruments, consulting with the Recapitalized Financial Institutions, in light of factors including the terms of preferred shares and stock price movements at a given point in time, while adhering to the position that the disposal is basically made due to a request that each Recapitalized Financial Institution makes in accordance with its own capital policy.  
In such cases, the DICJ will continue to exercise all due caution in maintaining the soundness of management of the Recapitalized Financial Institutions and avoiding negative impacts on markets.  
Upon conducting the specific disposal, in terms of respecting the capital policy of each Recapitalized Financial Institution, the DICJ shall see whether there is an intention of request for disposal of preferred shares and other capital-raising instruments, from each Recapitalized Financial Institution in advance, and make sufficient discussion with the institution, based on the appropriate procedures.

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4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Dormant Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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October 28, 2005

Deposit Insurance Corporation of Japan

**Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds**

The DICJ has temporarily been adopting the guideline of disposing of preferred shares, subordinated bonds and so on (hereinafter referred to as “preferred shares and other capital-raising instruments”) acquired by the RCC for capital injections including the exercise of the conversion right of convertible preferred shares into common stocks which is made in expectation of disposal.

**1. Basic concept**

While the soundness of the financial institutions that received the capital injections (hereinafter referred to as the “Recapitalized Financial Institution(s)”) has steadily improved since the first series of capital injections and the financial environment surrounding such institutions has been changing — for instance, they are now, in most cases, able to raise capital from private sources — it is requested that they take an approach that places more emphasis on “taxpayers’ interests” in their role of managing the financial assets (preferred shares and other capital-raising instruments) acquired through capital injections.

In such circumstances, while adhering to the position that the disposal is basically made on a request that each Recapitalized Financial Institution makes in accordance with its own capital policy, the DICJ will take appropriate and flexible actions in the disposal of preferred shares and other capital-raising instruments, in light of factors including the terms of preferred shares and stock price movements, and paying attention to maintaining sound management of the Recapitalized Financial Institutions and avoiding negative impacts on markets.

**2. When the Recapitalized Financial Institutions have requested the selling of preferred shares and other capital-raising instruments to third parties (including sale in the capital market)**

**(1) Concept**

The DICJ will sell preferred shares and other capital-raising instruments to third parties, meeting the request of the Recapitalized Financial Institutions unless there are any special problems in light of the criteria for judgment as mentioned below, including the requirement of not lowering the capital adequacy ratio in principle. While it is requested that preferred shares and other capital-raising instruments be fairly sold to third parties, considering the purpose of financial institutions being injected with capital by issuing preferred shares and other capital-raising instruments, the DICJ will give due consideration to the management independence of the Recapitalized Financial Institutions which issued such preferred shares and other capital-raising instruments. In the case of selling them in the capital market, the DICJ will conduct their sale by considering stock market conditions.

**(2) Criteria for judgment**

- (i) Avoiding public costs  
Whether disposal is possible at a proper value that is above the acquisition value
- (ii) Not damaging financial system stability  
Whether the proposed repayment, etc., will have any negative impacts on markets due to its method or scale, etc.
- (iii) Not damaging the soundness of management of the financial institution  
Whether there is no problem with, for instance, the progress of the business revitalization plan, and with market evaluation, etc.

**3. When the Recapitalized Financial Institution has made a request for repaying the public funds injected**

**(1) Concept**

The DICJ will meet the request for repayment unless there are any special problems in light of the criteria for judgment as mentioned below, including the requirement that the financial institution concerned can consistently ensure a satisfactory capital adequacy ratio.

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**(2) Criteria for judgment**

- (i) Not damaging the soundness of management of the financial institution
  - a. Whether the financial institution will be able to maintain its capital adequacy ratio at a sufficient level after the repayment, etc.
  - b. Whether there is no problem with, for instance, the progress of the business revitalization plan, and with market evaluation, etc.
- (ii) Avoiding public costs  
Whether the repayment, etc., is possible at a proper value that is above the acquisition value
- (iii) Not damaging financial system stability  
Whether the proposed repayment, etc., will have any negative impacts on markets due to its method or scale, etc.

**4. When the circumstances are very favorable for making the disposals in light of the terms of the preferred shares and stock price movements**

**(1) Concept**

The DICJ will make the disposal of the preferred shares and other capital-raising instruments, unless there are any special problems, if it is deemed proper in light of the criteria for judgment as mentioned below, taking into consideration that it is appropriate for the DICJ to ensure collection of profits accruing on the public funds on the premise of maintaining the soundness of management of the Recapitalized Financial Institutions and avoiding negative impacts on markets when it is considered that the circumstances are very favorable for selling preferred shares at that time in light of the terms of preferred shares and other capital-raising instruments and stock price movements, even when a request from the Recapitalized Financial Institution for the sale is still not expected to be offered after consultation with it.

Upon conducting the disposal, so as to respect the capital policy of the Recapitalized Financial Institution, the DICJ shall see whether there is an intention of request for disposal of preferred shares and other capital-raising instruments from the Recapitalized Financial Institution in advance, and make sufficient consultation with the institution.

**(2) Criteria for judgment**

- (i) It can be estimated that profits can be earned for certain by selling the preferred shares and other capital-raising instruments at a fair price in light of the terms of preferred shares and stock price movements, and that the circumstances are very favorable for making the disposal at that time.  
Note: Concerning preferred shares, if the price of the common stock is being maintained for about 30 consecutive trading days at a price of approximately more than 150% of the conversion price, it is judged that profits can reliably be earned by making the disposal.

- (ii) Not damaging financial system stability  
The proposed repayment, etc. will not have any negative impacts on markets due to its method or scale, etc.

- (iii) Not damaging the soundness of management of the financial institution  
There is no problem with, for instance, the progress of the business revitalization plan, and with market evaluation, and so on.

The DICJ shall determine the timing and scale of conversion or sale of preferred shares and other capital-raising instruments by considering stock market conditions, taking into account the timing of the revision of the convertible price, in order to avoid negative impacts on markets.

It is required that the method of making the disposal and conversion of preferred shares and other capital-raising instruments is fair. Furthermore, upon converting<sup>(Note)</sup> or selling preferred shares and other capital-raising instruments, the DICJ shall give due consideration to the independence of management of the Recapitalized Financial Institutions which issued them, in light of the intent of recapitalizing the financial institutions by issuing preferred shares and other capital-raising instruments.

Note: The conversion is made from an asset management point of view.

## (2) Capital Participation and Disposal under Relevant Acts

The status of capital participation and disposal implemented by the end of FY2019 is as follows:

### Status of capital participation in financial institutions and disposal of capital-raising instruments

**Table 1. Capital participation and disposal (as of the end of March 2020)**

Applicable acts	Purpose of capital participation	Implementation of capital participation (application deadline)
Organizational Restructuring Act	To promote organizational restructuring of financial institutions and contribute to economic revitalization	September 2003 (Capital participation terminated)
Financial Functions Strengthening Act	To strengthen financial functions and promote the sound development of the national economy (Special measures for earthquake-affected financial institutions added in response to the Great East Japan Earthquake (July 2011)) (Special provisions with regarding the COVID-19 were added in August 2020)	November 2006 – March 2020 (until the end of March 2026) (Capital participation under the earthquake-related special provisions expired)

(Units: cases, ¥ billion; figures are rounded off)

Applicable acts	Amount of capital participation					Current balance				
	Number of financial institutions	Preferred shares and preferred investment securities	Trust beneficial rights	Subordinated loans	Total	Number of financial institutions	Preferred shares and preferred investment securities	Trust beneficial rights	Subordinated loans	Total
Organizational Restructuring Act	1	—	—	6.0	6.0	—	—	—	—	—
Financial Functions Strengthening Act	30	461.5	202.5	20.0	684.0	27	281.0	202.5	—	483.5
For earthquake-affected special financial institutions	12	105.0	91.5	20.0	216.5	11	105.0	91.5	—	196.5
<b>Total</b>	<b>30</b>	<b>461.5</b>	<b>202.5</b>	<b>26.0</b>	<b>690.0</b>	<b>27</b>	<b>281.0</b>	<b>202.5</b>	<b>—</b>	<b>483.5</b>

(Unit: ¥ billion; figures are rounded off)

FY	Disposal amount (book value)			
	Preferred shares and preferred investments	Trust beneficial rights	Subordinated loans	Total
2004	—	—	—	—
2005	—	—	—	—
2006	—	—	—	—
2007	—	—	—	—
2008	—	—	6.0*	6.0*
2009	—	—	—	—
2010	—	—	—	—
2011	—	—	—	—
2012	35.4	—	—	35.4
2013	125.1	—	—	125.1
2014	—	—	—	—
2015	—	—	20.0	20.0
2016	—	—	—	—
2017	—	—	—	—
2018	20.0	—	—	20.0
2019	—	—	—	—
<b>Cumulative Amount</b>	<b>180.5</b>	<b>—</b>	<b>26.0</b>	<b>206.5</b>

\*The disposed book value ¥6.0 billion in FY2008 is the capital participation based on the Organization Restructuring Act.

**Table 2. List of capital participation/disposal/balances by financial institution (as of the end of March 2020)**

#### 1) Capital participation/disposal/balances operations pursuant to the Organizational Restructuring Act

(Unit: ¥ billion)

Name of financial institution	Amount of capital participation	(Classification)		Cumulative total of disposed book value		For FY2019		Remaining balance	
		Type (instrument)	Amount	Breakdown	Breakdown	Breakdown	Breakdown		
Kanto Tsukuba Bank	6.0	Subordinated loans	6.0	6.0	6.0	—	—	—	—
<b>Total</b>	<b>Total amount of capital participation</b>		<b>6.0</b>	<b>Total disposed book value</b>	<b>6.0</b>	<b>For FY2019</b>	<b>—</b>		<b>—</b>

## 2) Capital participation/disposal/balances operations pursuant to the Financial Functions Strengthening Act

(Unit: ¥ billion)

Name of financial institution	Amount of capital participation	(Classification)		Cumulative total of disposed book value		For FY2019		Remaining balance	
		Type (instrument)	Amount		Breakdown		Breakdown		Breakdown
Howa Bank	25.0	Preferred shares	25.0	9.0	9.0	—	—	16.0	16.0
Fukuho Bank	6.0	Preferred shares	6.0	—	—	—	—	6.0	6.0
Minami-Nippon Bank	15.0	Preferred shares	15.0	—	—	—	—	15.0	15.0
Michinoku Bank	20.0	Preferred shares	20.0	—	—	—	—	20.0	20.0
Jimoto HD (Kirayaka Bank)	50.0	Preferred shares	50.0	20.0	20.0	—	—	30.0	30.0
San ju San FG (Daisan Bank)	30.0	Preferred shares	30.0	—	—	—	—	30.0	30.0
The Shinkumi Federation Bank (Yamanashi Kenmin Shinyo Kumiai)	45.0	Trust beneficial rights <sup>(Note)</sup>	45.0	—	—	—	—	45.0	45.0
Towa Bank	35.0	Preferred shares	35.0	20.0	20.0	—	—	15.0	15.0
Bank of Kochi	15.0	Preferred shares	15.0	—	—	—	—	15.0	15.0
FIDEA HD (Hokuto Bank)	10.0	Preferred shares	10.0	—	—	—	—	10.0	10.0
Miyazaki Taiyo Bank	13.0	Preferred shares	13.0	—	—	—	—	13.0	13.0
Jimoto HD (Sendai Bank)	30.0	Preferred shares	30.0	—	—	—	—	30.0	30.0
Tsukuba Bank	35.0	Preferred shares	35.0	—	—	—	—	35.0	35.0
The Shinkumi Federation Bank (Sosogojō Shinyo Kumiai)	13.9	Trust beneficial rights	13.9	—	—	—	—	13.9	13.9
The Shinkumi Federation Bank (Iwaki Shinyo Kumiai)	17.5	Trust beneficial rights	17.5	—	—	—	—	17.5	17.5
Shinkin Central Bank (Miyako Shinkin Bank)	8.5	Trust beneficial rights	8.5	—	—	—	—	8.5	8.5
Shinkin Central Bank (Kesennuma Shinkin Bank)	13.0	Trust beneficial rights	13.0	—	—	—	—	13.0	13.0
Shinkin Central Bank (Ishinomaki Shinkin Bank)	15.7	Trust beneficial rights	15.7	—	—	—	—	15.7	15.7
Shinkin Central Bank (Abukuma Shinkin Bank)	17.5	Trust beneficial rights	17.5	—	—	—	—	17.5	17.5
The Shinkumi Federation Bank (Nasu Shinyo Kumiai)	5.4	Trust beneficial rights <sup>(Note)</sup>	5.4	—	—	—	—	5.4	5.4
Tohoku Bank	10.0	Preferred shares	10.0	—	—	—	—	10.0	10.0
The Shinkumi Federation Bank (Gunmamirai Shinyo Kumiai)	25.0	Trust beneficial rights <sup>(Note)</sup>	25.0	—	—	—	—	25.0	25.0
The Shinkumi Federation Bank (Tokyo Kosei Shinyo Kumiai)	5.0	Trust beneficial rights <sup>(Note)</sup>	5.0	—	—	—	—	5.0	5.0
The Shinkumi Federation Bank (Yokohama Kogin Credit Union)	19.0	Trust beneficial rights <sup>(Note)</sup>	19.0	—	—	—	—	19.0	19.0
The Shinkumi Federation Bank (Kushiro Shinyo Kumiai)	8.0	Trust beneficial rights <sup>(Note)</sup>	8.0	—	—	—	—	8.0	8.0
The Shinkumi Federation Bank (Shigaken Shinyo Kumiai)	9.0	Trust beneficial rights <sup>(Note)</sup>	9.0	—	—	—	—	9.0	9.0
The Shinkumi Federation Bank	36.0	Preferred investment securities	36.0	—	—	—	—	36.0	36.0
Kiyo HD (Kiyo Bank)	31.5	Preferred shares	31.5	31.5	31.5	—	—	—	—
North Pacific Bank	100.0	Preferred shares	100.0	100.0	100.0	—	—	—	—
77 Bank	20.0	Subordinated loans	20.0	20.0	20.0	—	—	—	—
Total	Total amount of capital participation		684.0	Total disposed book value	200.5	For FY2019	—	Total remaining	483.5

Breakdown by type (instrument)		Breakdown of disposed book value		Breakdown for FY2019		Breakdown of total remaining balance	
Preferred shares	425.5		180.5		—		245.0
Common shares	—		—		—		—
Preferred investment securities	36.0		—		—		36.0
Subordinated bonds	—		—		—		—
Subordinated loans	26.0		26.0		—		—
Trust beneficial rights	202.5		—		—		202.5
Total amount of capital participation	690.0	Total disposed book value	206.5	For FY2019	—	Total remaining balance	483.5

The above figures are rounded off.

Note: Preferred beneficial rights.

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## 6. Steady Implementation of Purchase and Other Operations Related to Specified Difficult Recovery Claims

The DICJ was assigned responsibility for the purchase and recovery of specified difficult recovery claims to stabilize the financial system as a whole by blocking the relationships with antisocial forces, etc. through ensuring sound finances at financial institutions, and it entrusts these tasks to the RCC, a contracted bank. “Specified difficult recovery claims” are those loan claims and other similar assets held by financial institutions under exceptional circumstances in which financial institutions are likely to face difficulties in taking normal measures necessary for recovering claims. The Deposit Insurance Act refers to the following two types of claims as examples:

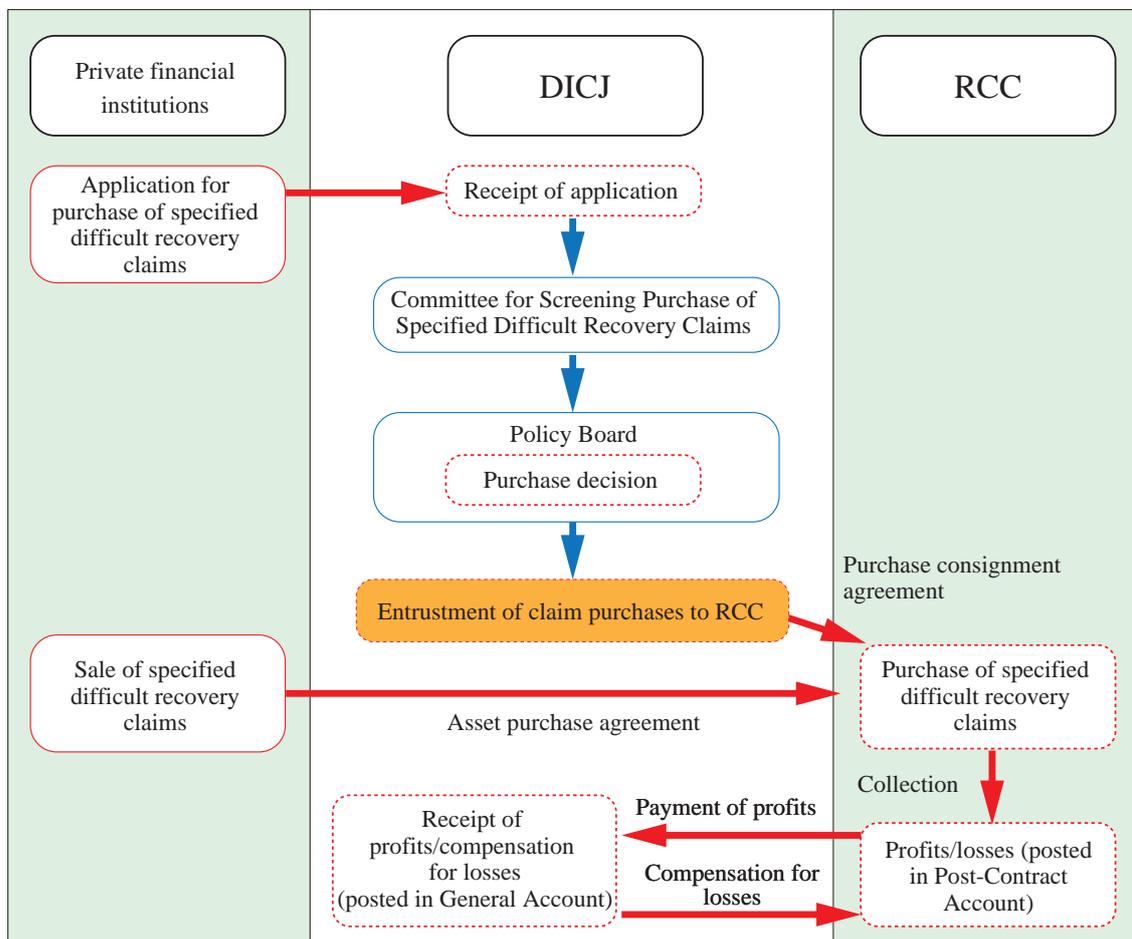
- 1) The debtor or guarantor is a crime syndicate member and it is deemed likely that this debtor or guarantor will not abide by the terms of the agreement concerning the claim in question.
- 2) Actions are likely to be taken to impede participation in the auctioning of real estate serving as collateral for the claim in question.

Item 1) above is an attribute requirement, focusing on whether the debtor/guarantor is a crime syndicate member, while 2) is a behavioral requirement, focusing on auction obstruction, violence and other actions that impede the recovery of claims, regardless of whether or not the actor is a crime syndicate member.

The operations pertinent to the purchase/collection of such claims are managed under the DICJ’s General Account, and the DICJ has been granted the authority to conduct asset investigations.

The DICJ has formulated and made public the “Guideline for Purchase of Specified Difficult Recovery Claims”, which prescribes the approach to actual management of this program. The DICJ has also determined and published through its website improvement measures, including improvement of the purchase schedule and clarification of management, in light of requests from financial institutions and a policy announced by the FSA (Encouraging the Efforts to Sever Relationships with Antisocial Groups).

Specified difficult recovery claims are to be purchased following the procedures diagrammed below.



## Records of decisions on purchases of specified difficult recovery claims

Fiscal year of the decision	Decisions on purchases	Number of claims	Total amount of claims (¥ thousand)	Total value (¥ thousand)
FY2012	First and second (Decided in June 2012 and March 2013)	16	308,739	16,976
FY2013	Third (Decided in March 2014)	16	1,774,085	49,868
FY2014	Fourth, fifth and sixth (Decided in June and October 2014, and March 2015)	58	1,078,252	125,889
FY2015	Seventh and eighth (Decided in July 2015 and March 2016)	75	2,689,740	188,727
FY2016	Ninth, tenth and eleventh (Decided in September and December 2016, and March 2017)	41	316,413	60,773
FY2017	Twelfth, thirteenth and fourteenth (Decided in June and November 2017, and March 2018)	55	1,088,644	372,635
FY2018	Fifteenth, sixteenth and seventeenth (Decided in June and November 2018, and March 2019)	17	144,289	13,343
FY2019	Eighteenth, nineteenth and twentieth (Decided in June and December 2019, and March 2020)	9	77,035	14,639
Total		287	7,477,197	842,849

Notes: 1. The above figures are rounded off.

2. The number of claims purchased corresponds to the number of debtors.

Meanwhile, with regard to provision of information on antisocial forces in response to inquiries from financial institutions, the DICJ has started operation of a system that connects the servers of the National Police Agency

and the DICJ and responds to inquiries about information on crime syndicates made from terminals installed at banks, etc. in January 2018.

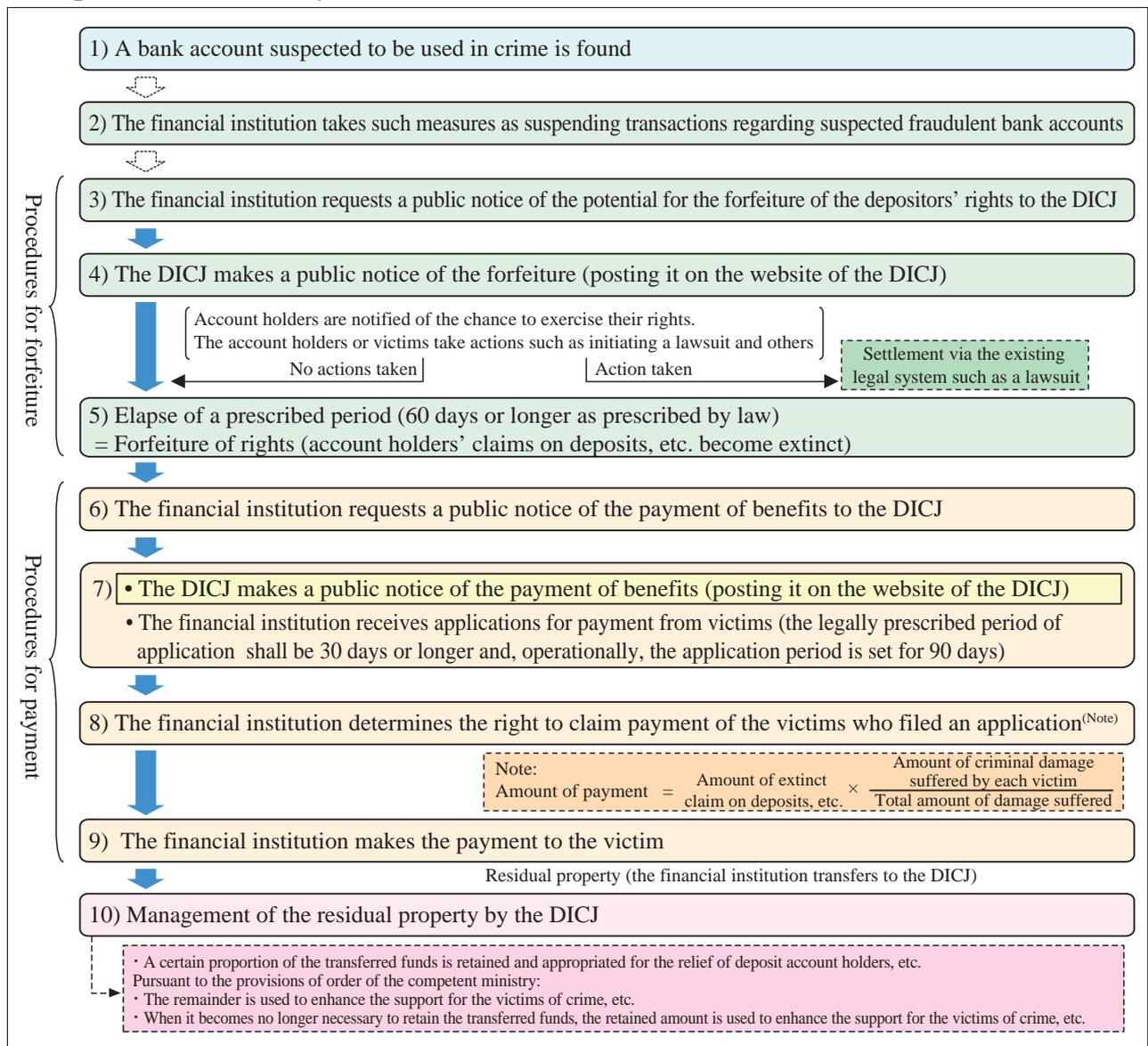
## 7. Proper Implementation of Operations Related to Procedures for Criminal Accounts Damage Recovery

### (1) Posting of Public Notices by the DICJ

Under the Criminal Accounts Damage Recovery Act, the DICJ in July 2008 started posting public notices on the procedures for the payment of damage-recovery benefits for the purpose of contributing to the prompt recovery of property damage suffered by victims of criminal acts, such as bank transfer fraud, in which the criminal tricks a person into sending money to a designated fraudulent deposit account.

Public notices are posted on the DICJ website (Article 27 of the Criminal Accounts Damage Recovery Act), twice per month in principle. In addition, the DICJ announces the outline of major public notices, including the number of cases and the amount of money involved.

### Flow of procedures for the payment of damage-recovery benefits to victims and operations handled by the DICJ



## (2) Three Main Public Notices Posted in FY2019

The Criminal Accounts Damage Recovery Act provides for various types of public notices. The status of the main public notices that form the core of the procedures for the relief of victims posted in FY2019 is as follows.

### (i) The public notice on the start of procedures for extinction of claims on deposits, etc.

The DICJ gives this public notice at the request of a financial institution as the procedure for extinction of claims on a deposit, etc. pertaining to a bank deposit account (forfeiture) when the financial institution has sufficient reason to assume that the deposit account is being used in a crime (Article 5, paragraph (1) of the Criminal Accounts Damage Recovery Act).

The public notice sets a period of 60 days, in principle, for account holders to file applications to exercise their rights. If an application is not filed within this period, the claims on the deposit, etc., become extinct (forfeiture).

Regarding deposit accounts forfeited under this public notice, the next step is to post a public notice on the extinction of claims on a deposit, etc. to announce the forfeiture of claims on the accounts. Meanwhile, regarding a deposit account for which the amount of claims is less than ¥1,000, a public notice is posted to announce that there is no payment of damage-recovery benefits for extinct claims on a deposit, etc. (Article 8, paragraph (3) of the Criminal Accounts Damage Recovery Act), and the claims are transferred to the DICJ (Article 19 of the Criminal Accounts Damage Recovery Act).

### (ii) The public notice on the start of procedures for the payment of damage-recovery benefits for extinct claims on a deposit, etc.

The DICJ gives this notice at the request of a financial institution as the procedures for the payment of benefits to victims for the extinct claims on deposits, etc. (Article 11, paragraph (1) of the Criminal Accounts Damage Recovery Act).

The public notice sets a period of 90 days, for victims to file applications to receive the payments. Following the lapse of this period, the financial institution pays benefits after taking the prescribed proceedings, including the decision on whether the applicant is an eligible recipient of the benefits.

### (iii) The public notice on the completion of the payment of damage-recovery benefits

The DICJ gives this notice at the request of a financial institution as the procedures after the completion of payment of benefits (Article 18, paragraph (2) of the Criminal Accounts Damage Recovery Act).

The public notice does not cover information on individual deposit accounts, but only indicates the sum of the extinct claims on deposits, etc., for which the procedure for the payment has been completed, as well as the sum of payments made to the victims therefrom and the sum of remaining claims expected to be transferred to the DICJ.

### (iv) Payment rate of damage-recovery benefits to victims

According to the public notice on the completion of the payment of damage-recovery benefits, the sum of payments to victims was ¥696 million compared with the sum of the extinct claims on deposits, which was ¥830 million, translating into a payment ratio of 83.9%. The requirement for financial institutions to make efforts to raise the payment rate remains in place.

## (3) System of Money Transfers from Financial Institutions to the DICJ and the Use of Transferred Money

Financial institutions are required to transfer claims relating to a deposit account to the DICJ when the amount of claims (the balance in the deposit account) is less than ¥1,000 following the procedures for the extinction of the claims on deposits, etc., and also required to transfer any claims that remain after the completion of the procedures for the payment of damage-recovery benefits to victims (Article 19 of the Criminal Accounts Damage Recovery Act). In principle, the transfer of money related to cases of the extinction of claims in each quarter is performed in the following quarter.

Pursuant to the provisions of order of the competent ministry, the money transferred is to be used as payment to enhance support for the victims of crime on the premise of setting aside funds necessary for the relief of the rights of deposit account holders (Article 20 of the Criminal Accounts Damage Recovery Act).

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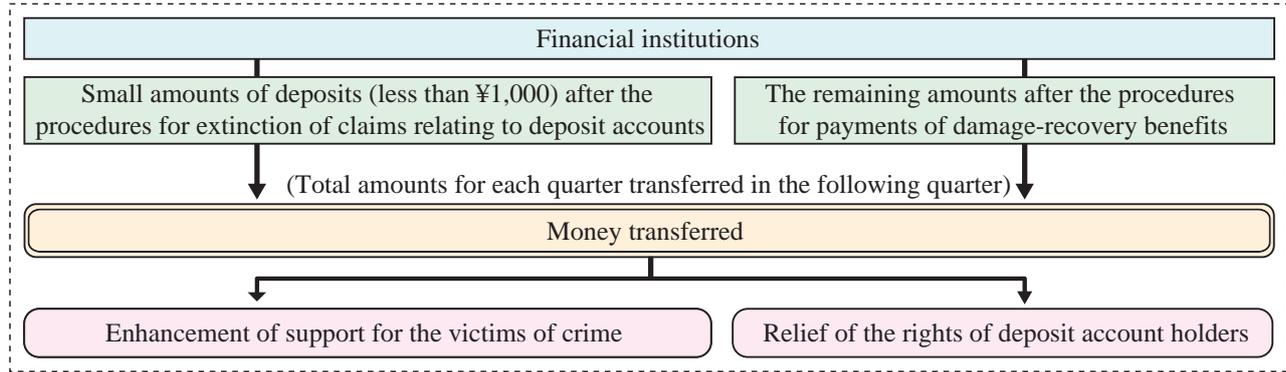
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## System of money transfer



## The amount of money transferred and paid out in each fiscal year

	Amount of money transferred	Amount of money paid out	
		Relief of the rights of deposit account holders	Support for the victims of crime, etc.
FY2008	¥14,176,835	¥0	¥0
FY2009	¥2,828,250,381	¥0	¥0
FY2010	¥1,561,750,812	¥11,418	¥0
FY2011	(Note 1) ¥426,043,388	¥2,062,565	¥0
FY2012	¥521,958,179	¥3,210,819	¥5,250,000,000
FY2013	¥412,652,813	¥5,039,738	¥400,000,000
FY2014	¥566,264,927	¥7,389,961	¥560,000,000
FY2015	¥434,998,632	¥393,870	¥440,000,000
FY2016	¥384,874,088	¥615	¥380,000,000
FY2017	(Note 2) ¥195,677,473	¥3,127,881	¥190,000,000
FY2018	(Note 3) ¥163,052,564	¥0	¥150,000,000
FY2019	(Note 4) ¥139,627,237	¥0	¥160,000,000
Total	¥7,649,327,329	¥21,236,867	¥7,530,000,000

Reference: Outstanding balance of money transferred as of March 31, 2020: ¥101,799,837 (including ¥3,709,411 as interest on money transferred)

- Notes: 1. The figure was adjusted for excess transfer (¥1,823,829).  
 2. The figure was adjusted for excess transfer (¥20,537).  
 3. The figure was adjusted for excess transfer (¥564,981).  
 4. The figure was adjusted for excess transfer (¥26,544).

### (4) Status of the Utilization of Public Notices

#### (i) Number of accesses

The number of accesses to the DICJ's website for public notices under the Criminal Accounts Damage Recovery Act in FY2019 reached 789,963 (against 628,902 in FY2018), and the number of requests for consultations and inquiries from victims of crime or deposit account holders reached 876 (against 1,000 in FY2018).

#### (ii) Financial institutions covered

The financial institutions covered by the public notice system and the number of financial institutions that used the system are shown below.

## Financial institutions covered and the use of the system

	Banks	Shinkin banks	Labor banks	Credit cooperatives	The Norinchukin Bank & agricultural/fishery cooperatives	The Shoko Chukin Bank	Total
Number of covered financial institutions	191	256	14	146	673	1	1,281
Number of financial institutions that used the system after the enactment of the act	143	272	13	102	458	1	989
(Number of financial institutions that used the system in FY2019)	125	193	13	35	227	0	593

Notes: 1. Although fishery processing cooperatives are covered by the system, they are not included in the above figures since they do not take deposits.  
2. The number of Shinkin banks that use the system is higher than the number of covered ones because the number of covered ones declined due to mergers and closures.

## (iii) Collection of fees

The DICJ collects fees from financial institutions that use the public notice system in order to cover the expenses necessary for the operations related to public notices, including system and personnel costs, with the fee amount determined by the Policy Board (Article 30 of the Criminal Accounts Damage Recovery Act). The fees to cover the cost of operations in FY2018 (¥135 million; rounded down) were collected from financial institutions in August 2019 (the fee was set at ¥4,766 per each notice on the start of procedures for the extinction of claims on deposits, etc. and on the start of procedures for the payment of damage-recovery benefits).

## (5) On-site Inspections

The Criminal Accounts Damage Recovery Act stipulates that the administrative agency may authorize the DICJ to conduct an on-site inspection of a financial institution when the agency finds the inspection to be necessary, under Article 36, paragraph (6) of the Act, in order to ensure smooth enforcement of the Act. It is provided that an on-site inspection is limited to the following matters: (a) procedures for extinction of claims on deposits, etc. (Chapter III); and (b) procedures for the payment of damage-recovery benefits (Chapter IV). There are also penal provisions concerning refusal of on-site inspection and other inappropriate acts (Article 43, paragraph (2) of the Criminal Accounts Damage Recovery Act).

Inspections commenced in February 2015. Their implementation status is shown below.

## Number of on-site inspections implemented (as of the end of June 2020)

(Unit: number of financial institutions inspected)

Administrative year <sup>(Note 1)</sup>	Number of financial institutions inspected	Number of financial institutions inspected		
		Banks, etc. <sup>(Note 2)</sup>	Shinkin banks <sup>(Note 3)</sup>	Credit cooperatives <sup>(Note 4)</sup>
2014	8	4	3	1
2015	17	5	12	0
2016	14	9	5	0
2017	19	11	7	1
2018	22	7	9	6
2019	10	3	5	2

Notes: 1. The administrative year is the working year in which the inspection was conducted (from July to June of the following year).  
2. Banks, etc. include the labor banks, the Rokinren Bank and the Shoko Chukin Bank.  
3. Shinkin banks include Shinkin Central Bank.  
4. Credit cooperatives include the Shinkumi Federation Bank.

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## 8. Appropriate Implementation of Management Operations of Dormant Deposits, etc.

The Dormant Deposits Utilization Act was promulgated on December 9, 2016, and was enforced on January 1, 2018. The Dormant Deposits Utilization Act is intended to stabilize and improve the lives of the Japanese people and increase social welfare by utilizing funds related to dormant deposits, etc. to promote public interest activities by the private sector while protecting the interests of depositors, etc. to whom the dormant deposits, etc. belong.

Under the Dormant Deposits Utilization Act, the DICJ is responsible for the management operations of dormant deposits, etc. (collection of money for transfer from dormant deposits, etc., payment of substitute money for dormant deposits, etc., provision of grants funded by dormant deposits, etc., and so on) and entrusts the receipt of payment claims from former depositors, etc. and the payment of substitute money for dormant deposits, etc. to financial institutions. Since September 2019 the DICJ has commenced operations for the collection of money for transfer from dormant deposits, etc.

The overview of the system under the Dormant Deposits Utilization Act is as follows:

### ○ Financial institutions covered by the system

The scope of financial institutions covered by the management operations of dormant deposits, etc. is wider than the coverage of the deposit insurance system. Specifically, the financial institutions covered by the management operations of dormant

deposits, etc. are: banks (excluding foreign banks), shinkin banks, labor banks, credit cooperatives, agricultural cooperatives, fishery cooperatives, fishery processing cooperatives, Norinchukin Bank, the Shoko Chukin Bank, and federations of those banks and cooperatives.

### ○ Deposits, etc. covered by the system

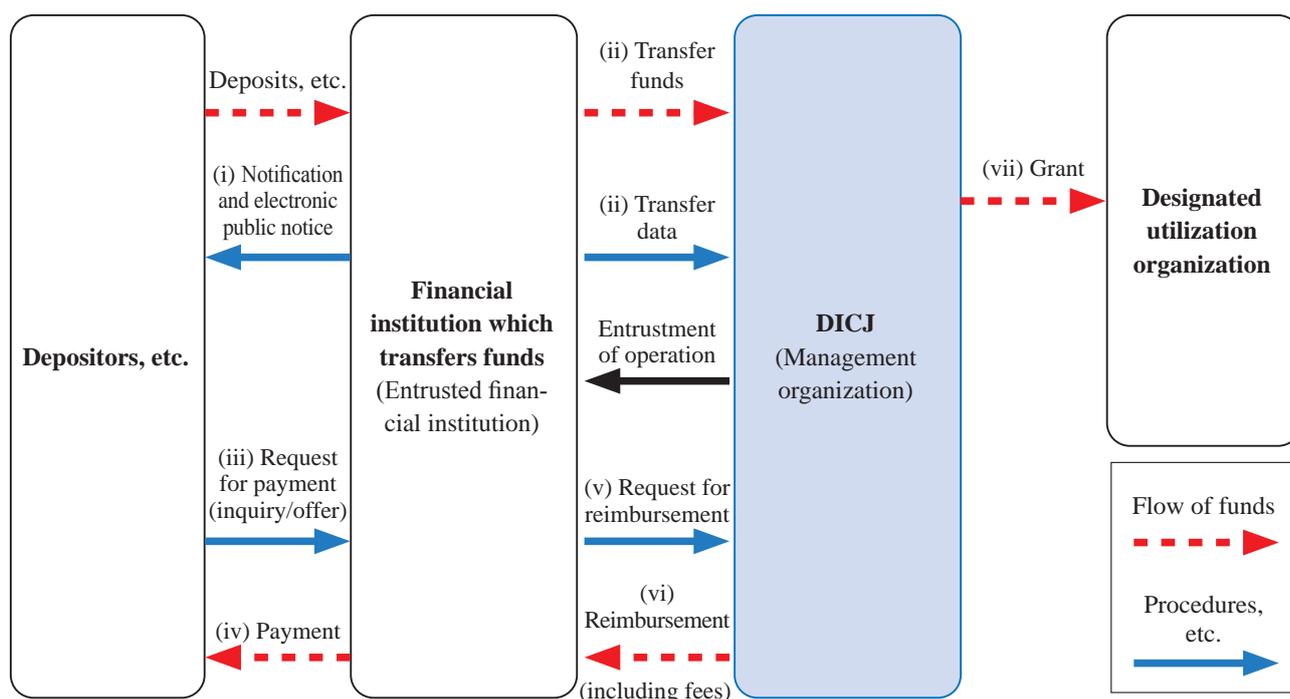
In principle, the deposits, etc. covered by the system are general deposits, etc. and deposits for payment and settlement purposes as defined under the Deposit Insurance Act and general savings, etc. and savings for payment and settlement purposes as defined under the Agricultural and Fishery Cooperative Savings Insurance Act.

### ○ Dormant deposits, etc.

Dormant deposits, etc. refer to the deposits covered by the system for which 10 years have passed since the date of the most recent account activity, such as withdrawal, depositing, depositing and withdrawal by transfer and automatic-transfer, was made (hereinafter referred to as the “most recent account activity date, etc.”).

### ○ Flow of the procedures and the DICJ's operation

The flow of the relevant procedures and the operation for which the DICJ is responsible are as follows.



- (i) If nine years have passed since the most recent account activity date, etc. concerning a deposit, etc. held at a financial institution, the institution is required to post an electronic public notice of the following and other matters not later than 10 years and six months after the most recent account activity date, etc.: matters concerning the most recent account activity date, etc.; the due date for payment of money for transfer from dormant deposits, etc.; the scheduled expiration of the claim related to the deposit, etc.; and matters concerning payment of the substitute money for dormant deposits, etc.  
Before posting the electronic public notice, the financial institution is also required to notify the depositor, etc. of the matters concerning the deposit, etc. for which nine years have passed since the most recent account activity date, etc. if the amount of principal of the claim related to the deposit, etc. in question is ¥10,000 or more.
- (ii) If two months have passed since the date of the electronic public notice concerning a dormant deposits, etc. held at a financial institution, the institution is required to pay money for transfer from dormant deposits, etc. (funds equivalent to the amount of money for transfer from dormant deposits, etc. hereinafter referred to as “transfer funds”) to the DICJ before the passage of one year from the date of the posting of the public notice (the payment period). The claim related to the dormant deposit, etc. held by the depositor, etc. is due to expire on the date of payment of transfer funds from the financial institution to the DICJ.
- (iii) A person who formerly held a dormant deposit, etc. (hereinafter referred to as a “former depositor, etc.”) may request a payment of the substitute money for dormant deposits, etc. (funds equivalent to the sum of the amount of principal of the claim and an amount equivalent to interest; hereinafter referred to as “substitute funds”) from a financial institution commissioned by the DICJ with the management operations of dormant deposits, etc. under the Dormant Deposits Utilization Act.
- (iv) The financial institution commissioned by the DICJ with the management operations of dormant deposits, etc. under the Dormant Deposits Utilization Act pays the substitute funds to the former depositor, etc.

- (v) The financial institution requests the DICJ to reimburse an amount equivalent to the substitute funds, etc. that have been paid to the former depositor, etc.
- (vi) Based on the reimbursement request, the DICJ pays the reimbursement plus the commission fee to the financial institution.
- (vii) Out of the funds left after the deduction of the sum of the funds set aside as reserves for payment claims from former depositors, etc. (hereinafter referred to as the “reserves” in this Chapter) and the expenses necessary for the management operations of dormant deposits, etc. from the amount equivalent to the transfer funds paid in the previous business year, the DICJ grants the amount necessary for implementing a business plan approved by the Prime Minister (hereinafter referred to as the “grants funded by dormant deposits, etc.”) to the designated utilization organization.<sup>(Note)</sup>

Any funds that remain after providing the dormant deposit grants are to be set aside as funds to cover future provisions of grants funded by dormant deposits, etc., expenses necessary for the management operations of dormant deposits, etc., or as reserves.

Note: On January 11, 2019, the Prime Minister designated the Japan Network for Public Interest Activities (hereinafter referred to as “JANPIA”), a general incorporated foundation, as the designated utilization organization.

○ **Separate accounting**

The record of expenses of the management operations of dormant deposits, etc. is kept in a special account (Dormant Deposits, etc. Management Account) that is separated from other accounts.

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○ Status of transfer funds

The status of transfer funds in FY2019 is as follows:

1	Amount of money for transfer from dormant deposits, etc. collected and number of dormant deposits, etc. concerning money for transfer from dormant deposits etc. in FY2019	¥145,722,583,412 7,241,557 cases
2	Amount of substitute money for dormant deposits, etc. paid and number of dormant deposits, etc. concerning the substitute money for dormant deposits, etc. in FY2019	¥4,558,983,013 40,485 cases
3	Amount of reserves under Article 14 of the Dormant Deposits Utilization Act set aside as of the end of FY2019 <sup>(Note 1)</sup>	¥70,581,800,200
4	Remaining balance of funds set aside as stipulated by Article 8 of the Dormant Deposits Utilization Act as of the end of FY2019 <sup>(Note 2)</sup>	¥0
5	Date of grants funded by dormant deposits, etc. Amount of grants funded by dormant deposits, etc.	Sept. 27, 2019 ¥2,142,832,000

- Notes: 1. Reserves set aside for the payment of expenses required for paying substitute money for dormant deposits, etc. to former depositors, etc.  
 2. With regard to the remainder after issuing grants funded by dormant deposits, etc. from money for transfer from dormant deposits etc. and from amounts from which the necessary expenses have been deducted for management of reserves and dormant deposits, etc. under Article 14 of the Dormant Deposits Utilization Act, any funds that remain after providing the dormant deposit grants are to be set aside to cover future provisions of grants funded by dormant deposits, etc., expenses necessary for the management operations of dormant deposits, etc., or as reserves.

## 9. Steady Promotion of Sound and Efficient Finances

### (1) Financial Conditions

The DICJ runs its operations through nine separate accounts: the General Account, the Crisis Management Account, the Financial Revitalization Account, the Account for Early Strengthening of Financial Functions (hereinafter referred to as the “Early Strengthening Account”), the Financial Functions Strengthening Account, the Damage Recovery Distribution Account, the Regional Economy Vitalization Corporation Account, the Revitalizing Earthquake-Affected Business Account, and the Dormant Deposits Management Account. These nine accounts were established under their respective relevant Acts as follows: the General Account and the Crisis Management Account were established under the Deposit Insurance Act, the Financial Revitalization Account under the Financial Revitalization Act, the Early Strengthening Account under the Early Strengthening Act, the Financial Functions Strengthening Account under the Financial Functions Strengthening Act, the Damage Recovery Distribution Account under the Criminal Accounts Damage Recovery Act, the Regional Economy Vitalization Corporation Account under the REVIC Act, the Revitalizing Earthquake-Affected Business Account under the Act on the Corporation for Revitalizing Business, and the Dormant Deposits Management Account under the Dormant Deposits Utilization Act.

The nine accounts were established because their respective relevant acts stipulate that accounting should be separated for respective operations under special accounts. (The Deposit Insurance Act calls for separate accounting for each area of operation that is to be organized under special accounts). Consequently, the current status of financial results (retained earnings, deficit, etc.) can be monitored with regard to each act (with regard to each of the general operations and crisis management operations in the case of the Deposit Insurance Act).

#### (i) Overview of the nine accounts

As of the end of FY2019, the liability reserves of the General Account reached ¥4,357.2 billion. As for other accounts, the Crisis Management Account had retained earnings of ¥368.1 billion; the Financial Revitalization Account had retained earnings of ¥12.4 billion; the Early Strengthening Account recorded retained earnings of ¥792.8 billion; and the Financial Functions Strengthening Account had retained earnings of ¥56.0 billion.

In the DICJ's overall accounts, since ¥800.0 billion from retained earnings in the Early Strengthening Account were paid to the national treasury, retained earnings decreased, but liability reserves are steadily increasing.

### Surplus/deficit of nine accounts

(Unit: ¥ billion; ( ) denotes deficit)

Name of account	End of FY2016 [Liability reserves]	End of FY2017 [Liability reserves]	End of FY2018 [Liability reserves]	End of FY2019 [Liability reserves]	Y/Y	Major factors
General Account	3,225.2	3,614.5	3,987.6	4,357.2	369.6	Insurance premium income 368.9
Crisis Management Account	369.5	369.0	368.5	368.1	(0.4)	General administrative expenses 0.4
Financial Revitalization Account	(88.0)	(57.5)	(20.8)	12.4	33.2	Income from purchased assets 35.6
Early Strengthening Account	1,592.2	1,592.5	1,592.6	792.8	(799.8)	Payments to the national treasury 800.0
Financial Functions Strengthening Account	43.4	46.9	50.2	56.0	5.8	Profits transferred from contracted bank 5.7
Damage Recovery Distribution Account	(0.04)	(0.10)	(0.06)	(0.06)	(0.00)	
Regional Economy Vitalization Corporation Account	(0.03)	(0.03)	(0.01)	(0.01)	(0.00)	
Revitalizing Earthquake-Affected Business Account	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
Dormant Deposits, etc. Management Account	(0.0)	(0.5)	(1.3)	(1.3)	—	

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**(ii) Financial statement by account**

**1) General Account**

The General Account is used to make insurance payout and provide financial assistance up to the amount of the insurance payout cost [see P10: I. 1. (4) (i) 4]] in the event of the failure of a financial institution. [See P9: I. 1. (4) (i)] The Special Operations Account, which accounted for such operations as the provision of special financial assistance in excess of the insurance payout cost, was abolished at the end of FY2002, and the assets and liabilities related to that account have been transferred to the General Account.

The General Account is funded with insurance premium revenues calculated on the basis of an insurance premium rate set so as to ensure that “the DICJ’s finances are balanced over the long term in light of an expected amount of expenses necessary for its operations and that no specific financial institution receives discriminatory treatment (except for treatment made in accordance with the degree of the soundness of management of financial institutions)”, and the amount after deducting expenses from revenues must be set aside as liability reserves.

However, any fund shortage stemming from the execution of the DICJ’s operations may be financed by borrowings or issuance of the DICJ bonds. [See P78: II. 9. (2)(i)]

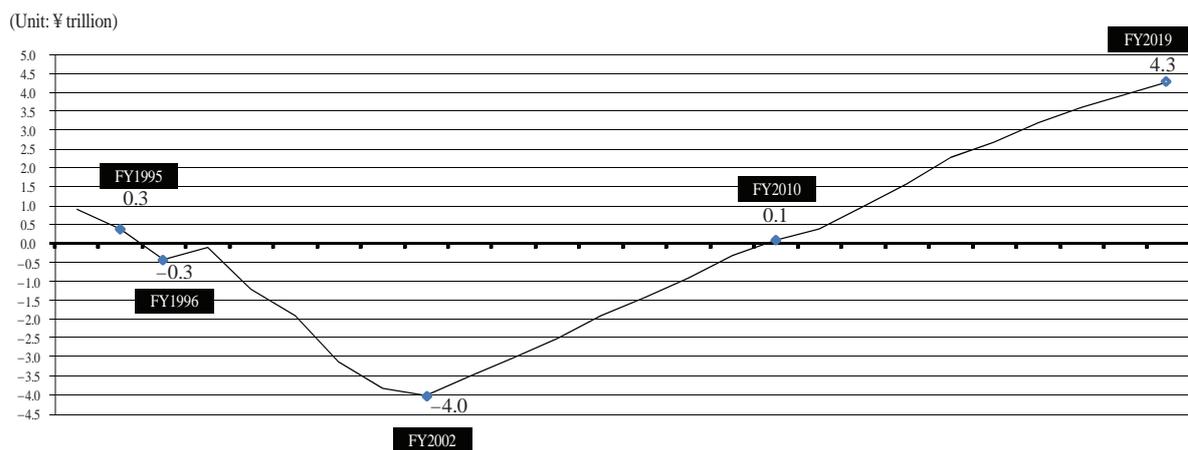
Revenues in FY2019 totaled ¥382.1 billion, including ¥368.9 billion in insurance premium revenues from financial institutions, and ¥12.8 billion in profits transferred from the RCC (contracted bank) in relation to the assets it purchased.

Meanwhile, expenses totaled ¥382.1 billion, including ¥369.6 billion in provisions for liability reserves, ¥4.3 billion in payments to the national treasury (transfer payment from Special Operations Account) in relation to revenues of profits transferred from the RCC (contracted bank) and ¥7.9 billion in general administrative expenses.

Consequently, the General Account set aside liability reserves of ¥4,357.2 billion.

The liability reserves set aside in the General Account increased each year until FY1994, but they started to decline in FY1995 due to the resolution of a series of failures of financial institutions. As a result, this account has been in deficit since FY1996. The deficit expanded to ¥4,006.5 billion at the end of FY2002, but subsequently continued to decline, and in FY2010, the General Account cleared its deficit and set aside liability reserves, despite an impact of the resolution of the failure of the Incubator Bank of Japan. Since FY2010, liability reserves have increased every year. [See P170: III. 2. (7)]

**Changes in the balance of liability reserves/deficit**



Note: Changes in the balance include liability reserves and deficit in the inherited accounts.

**2) Crisis Management Account**

This account is for accounting operations executed in response to financial crisis after deliberation by the Financial Crisis Response Council and approval by the Prime Minister (operations related to measures against crisis and measures for orderly resolution of a financial institution, etc.) and contributions and specified contributions from financial institutions. [For measures against financial crisis, see P13: I. 1. (4) (iii); for measures for orderly resolution of a financial institution, etc., see P15: I.1.(4) (iv)]

Revenues in FY2019 totaled ¥93,000, comprised wholly of non-operating revenues, while expenses came to ¥0.4 billion for general administrative expenses. Consequently, the current loss came to ¥0.4 billion, reducing retained earnings at the end of FY2019 to ¥368.1 billion.

**3) Financial Revitalization Account**

This account is for such operations as disposals related to banks under special public management [see P39: II. 2. (3)] and purchases of assets from sound financial institutions and other entities under Article 53 of the Financial Revitalization Act. [See P40: II. 2. (4)] Assets and liabilities related to capital injection under the former Financial Functions Stabilization Act (abolished in October 1998) have been transferred to this account.

Revenues in FY2019 totaled ¥52.0 billion, including ¥37.1 billion in asset purchase operation revenues such as dividend income from shares purchased from banks under special public management, ¥0.7 billion in revenues from the transfer of collection profit on assets which the RCC (specified contracted bank) purchased from sound financial institutions and other entities, and ¥13.4 billion in the reversal of allowance for doubtful accounts.

Meanwhile, expenses totaled ¥18.8 billion, including ¥5.0 billion in financial assistance-related business from write-offs and losses, etc. concerning asset purchases from banks under special public management, ¥0.4 billion for bond issuances costs relating to funds raised for the acquisition of shares and other claims purchased from banks under special public management, and ¥12.9 billion for provision of allowance for doubtful accounts.

Consequently, net profit came to ¥33.2 billion, clearing the deficit from the previous fiscal year, leading to retained earnings of ¥12.4 billion at the end of FY2019.

**4) Early Strengthening Account**

This account is for such operations as the lending of funds to the RCC (contracted bank) related to capital injection under the Early Strengthening Act. [See P41: II. 2. (5)]

Revenues in FY2019 totaled ¥0.1 billion, including profits transferred from the contracted bank.

Meanwhile, expenses totaled ¥5 million, including general administrative expenses.

Consequently, net profit was ¥0.1 billion, but ¥800.0 billion of retained earnings were paid to the national treasury in accordance with Article 15, paragraph (2) of the Early Strengthening Act. Thus, retained earnings decreased to ¥792.8 billion as of the end of the FY2019.

**5) Financial Functions Strengthening Account**

This account is for such operations as the lending of funds to the RCC (contracted bank) related to capital participation under the Financial Functions Strengthening Act [See P57: II. 5. (1)(i)]. The Financial Institutions' Management Base Strengthening Account (hereinafter referred to as the "Management Base Strengthening Account"), which had been used for such operations as the lending of funds to the RCC (contracted bank) related to capital injection under the Organizational Restructuring Act, was abolished at the end of FY2004, with its assets and liabilities transferred to this account.

Revenues in FY2019 totaled ¥6.1 billion, including ¥5.7 billion in profits transferred from the RCC (contracted bank) related to capital participation under the Financial Functions Strengthening Act.

Meanwhile, expenses came to ¥0.2 billion, including general administrative expenses.

Consequently, net profit came to ¥5.8 billion, with retained earnings at the end of FY2019 increasing to ¥56.0 billion.

**6) Damage Recovery Distribution Account**

This account is for such operations as posting public notices related to the start of procedures for the extinction of claims on deposits in order to facilitate the payment of damage-recovery benefits to victims of criminal acts such as bank transfer fraud. [See P66: II. 7]

Revenues in FY2019 totaled ¥274 million, including ¥139 million in profits transferred from financial institutions in relation to the balance of damage-recovery benefits and ¥135 million in fees collected from financial institutions.

Meanwhile, expenses came to ¥278 million, including ¥160 million in expenses for the enhancement of support for crime victims (expenses related to payment of benefits of fund collected to victims) and ¥118 million in general administrative expenses.

Consequently, current loss came to ¥3 million, with the deficit at the end of FY2019 to ¥64 million.

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### 7) Regional Economy Vitalization Corporation Account

This account is for operations such as the provision of capital to the REVIC under the REVIC Act. [See P23: I. 2. (3) (ii)]

Expenses in FY2019 amounted to ¥5 million, comprised wholly of general administrative expenses. Consequently, the current loss came to ¥5 million, with the deficit at the end of FY2019 increasing to ¥18 million.

### 8) Revitalizing Earthquake-Affected Business Account

This account is for operations such as the provision of capital to the Corporation for Revitalizing Business under the Act on the Corporation for Revitalizing Business. [See P24: I. 2. (3) (iii)]

Expenses in FY2019 amounted to ¥530,000, comprised wholly of general administrative expenses. Consequently, the current loss came to ¥530,000, with the deficit at the end of FY2019 increasing to ¥413,000.

### 9) Dormant Deposits, etc. Management Account

This account is for operations conducted under the Dormant Deposits Utilization Act, such as collecting money for transfer from dormant deposits, etc. from financial institutions, paying substitute money for dormant deposits, etc. to depositors, etc. of dormant deposits, etc., and providing grants funded by dormant deposits, etc. to the designated utilization organization. [See P70: II. 8.]

In addition, as grants funded by dormant deposits, etc. are granted as a source of funding for the money for transfer from the previous fiscal year, the remaining balance from revenues from money for transfer, etc. after deducting expenses for provision of payment reserves for substitute money for dormant deposits, etc. is transferred for grants funded by dormant deposits, etc. payment reserves.

Revenues in FY2019 came to ¥145.7 billion, including money for transfer from dormant deposits, etc. from financial institutions (with collection beginning in September 2019).

Meanwhile, expenses came to ¥145.7 billion, including ¥70.5 billion for provision of payment reserves for substitute money for dormant deposits, etc. to pay for future substitute money, ¥67.2 billion for provision of payment reserves for grants funded by dormant deposits, etc., ¥4.5 billion for payment of substitute money for dormant deposits, etc., ¥2.1 billion for grants funded by dormant deposits, etc., and ¥1.1 billion for general administrative expenses. Consequently, there was no net profit or current loss, and the deficit at the end of FY2019 was unchanged from the ¥1.3 billion at the end of the previous fiscal year.

## Outline of DICJ accounts

(Unit: ¥ billion)

Account name	Outline of DICJ accounts	Surplus/deficit (-) recorded as of end of FY2019	Profit/loss (-) recording FY2019	Major factors
General Account	<ul style="list-style-type: none"> <li>Financial assistance up to the amount of the insurance payout cost in the event of failure of financial institutions</li> <li>Lending to contracted bank regarding purchase of assets of financial institutions under the Deposit Insurance Act</li> <li>Receipt of profit/compensation for loss regarding disposal of purchased assets of the RCC (contracted bank), etc.</li> <li>Collection of insurance premiums</li> </ul>	4,357.2 (Liability reserves)	369.6 (Provision of liability reserves)	Revenues 382.1
				Insurance premium revenues 368.9 Profits transferred from contracted bank 12.8 Others 0.3 Expenses 382.1 Payments to the national treasury 4.3 General administrative expenses 7.9 Transfer to liability reserves 369.6 Others 0.2
Crisis Management Account	<ul style="list-style-type: none"> <li>Measures against financial crisis (including operations related to orderly resolution of a financial institution, etc.) which are taken based on approval by the Prime Minister following deliberation by the Financial Crisis Response Council</li> </ul>	368.1	(0.4)	Revenues 0.0
				Non-operating revenues Expenses 0.4 General administrative expenses

Account name	Outline of DICJ accounts	Surplus/deficit (-) recorded as of end of FY2019	Profit/loss (-) recording FY2019	Major factors
Financial Revitalization Account	<ul style="list-style-type: none"> <li>Transactions for banks under special public management (former Long-Term Credit Bank of Japan and former Nippon Credit Bank)</li> <li>Lending to the RCC (Specified Contracted Bank) regarding purchase of assets from sound financial institutions under Article 53 of the Financial Revitalization Act</li> <li>Receipt of profit/compensation for loss regarding the disposal, etc., of the purchased assets of the RCC (Specified Contracted Bank)</li> </ul>	12.4	33.2	Revenues 52.0
				<ul style="list-style-type: none"> <li>Asset purchase operation revenues 37.1</li> <li>Profits transferred from specified contracted bank 0.7</li> <li>Reversal of allowance for doubtful accounts 13.4</li> <li>Non-operating revenues 0.7</li> </ul>
Early Strengthening Account	<ul style="list-style-type: none"> <li>Lending to the RCC (contracted bank) regarding capital injection under the Early Strengthening Act</li> <li>Receipt of profit/compensation for loss regarding sale of preferred shares and other capital-raising instruments held by the RCC (contracted bank)</li> </ul>	792.8	0.1	Revenues 0.1
				<ul style="list-style-type: none"> <li>Profits transferred from contracted bank 0.1</li> <li>Non-operating revenues 0.0</li> </ul>
Financial Functions Strengthening Account	<ul style="list-style-type: none"> <li>Lending to the RCC (contracted bank) regarding capital participation under the Financial Functions Strengthening Act</li> <li>Receipt of profit/compensation for loss regarding sale of preferred shares and other capital-raising instruments held by the RCC (contracted bank)</li> <li>The capital participation application deadline is the end of March 2022</li> </ul>	56.0	5.8	Revenues 6.1
				<ul style="list-style-type: none"> <li>Profits transferred from contracted bank 5.7</li> <li>Non-operating revenues 0.3</li> </ul>
Damage Recovery Distribution Account	<ul style="list-style-type: none"> <li>Payment of fees necessary for operations related to damage recovery distribution, and collection of handling fees</li> <li>Collection or payment of money related to residual assets of damage recovery benefits</li> </ul>	(0.06)	(0.00)	Revenues 0.2
				<ul style="list-style-type: none"> <li>Fees collected 0.1</li> <li>Transfer payment of the balance of damage-recovery benefits 0.1</li> <li>Non-operating revenues 0.0</li> </ul>
Regional Economy Vitalization Corporation Account	<ul style="list-style-type: none"> <li>Provision of capital to the REVIC under the REVIC Act</li> </ul>	(0.01)	(0.00)	Revenues 0.0
				<ul style="list-style-type: none"> <li>Non-operating revenues 0.0</li> </ul>
Revitalizing Earthquake-Affected Business Account	<ul style="list-style-type: none"> <li>Provision of capital to the Corporation for Revitalizing Business under the Act on the Corporation for Revitalizing Business</li> </ul>	(0.00)	(0.00)	Revenues 0.0
				<ul style="list-style-type: none"> <li>Non-operating revenues 0.0</li> </ul>
Dormant Deposits, etc. Management Account	<ul style="list-style-type: none"> <li>Accepting money for transfer from dormant deposits, etc., paying substitute money for dormant deposits, etc., and providing grants funded by dormant deposits, etc.</li> </ul>	(1.3)	—	Revenues 145.7
				<ul style="list-style-type: none"> <li>Money for transfer from dormant deposits, etc. 145.7</li> <li>Non-operating revenues 0.0</li> </ul>
				Expenses 145.7
				<ul style="list-style-type: none"> <li>Substitute money for dormant deposits, etc. 4.5</li> <li>Grants funded from dormant deposits, etc. 2.1</li> <li>General administrative expenses 1.1</li> <li>Provision of payment reserves for substitute money for dormant deposits, etc. 70.5</li> <li>Provision of payment reserves for grants funded by dormant deposits, etc. 67.2</li> <li>Others 0.0</li> </ul>

Note: The Special Operations Account, which had been used to account for special financial assistance exceeding the insurance payout cost, was abolished at the end of FY2002 (the assets and liabilities being transferred to the General Account). The Management Base Strengthening Account was abolished at the end of FY2004 (the assets and liabilities being transferred to the Financial Functions Strengthening Account).

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## (2) Funding and Investment (Fund Management)

### (i) Funding

The DICJ is authorized to raise funds necessary for the execution of operations for each account (with the exception of the Regional Economy Vitalization Corporation Account and the Revitalizing Earthquake-Affected Business Account) in the form of borrowings and/or DICJ bond issues up to the amount separately stipulated by a relevant Cabinet Order (with only borrowings being allowed in the

case of the Damage Recovery Distribution Account and the Dormant Deposits, etc. Management Account). Government guarantee can be provided for borrowings or DICJ bond issues conducted in accounts other than the Damage Recovery Distribution Account and the Dormant Deposits, etc. Management Account under the laws and regulations (the upper limit on the total amount of government guarantee as stipulated in the general provisions of the budget in FY2020 being set at ¥69 trillion, the same amount as in FY2019).

### Outline of funding program by account (FY2020)

Account	Borrowings/issue of DICJ Bonds				Government guarantee	
	Applicable Act	Ceiling	Method (source)	Purpose	Applicable Act	Appropriation in general provisions of budget in FY2020
General Account	Art. 42, para. (1) and (2) of the Deposit Insurance Act	¥19 trillion (Art. 2 of the Order for Enforcement of the Deposit Insurance Act)	(1) Borrowings: (i) Financial institutions and others (ii) Bank of Japan (2) DICJ bond issues	<ul style="list-style-type: none"> <li>Insurance payout</li> <li>Financial assistance</li> <li>Purchase of deposits and other claims</li> <li>Provision of capital to establish bridge banks</li> <li>Loans, etc., to bridge banks</li> <li>Loans to failed financial institutions</li> <li>Others</li> </ul>	Art. 42-2 of the Deposit Insurance Act (Within the limit approved by the Diet)	¥19 trillion in the budget for FY2020
Crisis Management Account	Art. 126, para. (1) of the Deposit Insurance Act	¥35 trillion (Art. 29 of the Order for Enforcement of the Deposit Insurance Act)	(1) Borrowings: (i) Financial institutions and others (ii) Bank of Japan (2) DICJ bond issues	<ul style="list-style-type: none"> <li>Share subscription, etc., by the DICJ</li> <li>Financial assistance to financial institutions under public management</li> <li>Financial assistance to banks under special crisis management</li> <li>Specified financial assistance, etc. related to orderly resolution of a financial institution, etc.</li> <li>Others</li> </ul>	Art. 126, para. (2) of the Deposit Insurance Act (Within the limit approved by the Diet)	¥35 trillion in the budget for FY2020
Financial Revitalization Account	Art. 65, para. (1) of the Financial Revitalization Act	¥3 trillion (Art. 13 of the Order for Enforcement of the Financial Revitalization Act)	(1) Borrowings: (i) Financial institutions and others (ii) Bank of Japan (2) DICJ bond issues	<ul style="list-style-type: none"> <li>Purchase of assets from financial institutions</li> <li>Others</li> </ul>	Art. 66 of the Financial Revitalization Act (Within the limit approved by the Diet)	¥3 trillion in the budget for FY2020
Early Strengthening Account	Art. 16, para. (1) of the Early Strengthening Act	-(Note)	(1) Borrowings: (i) Financial institutions and others (ii) Bank of Japan (2) DICJ bond issues	<ul style="list-style-type: none"> <li>Loans to contracted bank for subscriptions for shares, etc.</li> <li>Loss compensation for contracted bank</li> <li>Others</li> </ul>	Art. 17 of the Early Strengthening Act (Within the limit approved by the Diet)	/
Financial Functions Strengthening Account	Art. 44, para. (1) and (2) of the Financial Functions Strengthening Act	¥15 trillion (Art. 33 of the Order for Enforcement of the Financial Functions Strengthening Act)	(1) Borrowings: (i) Financial institutions and others (ii) Bank of Japan (2) DICJ bond issues	<ul style="list-style-type: none"> <li>Loans to contracted bank for subscriptions for shares and others and for purchasing trust beneficial rights, etc.</li> <li>Loss compensation for contracted bank, etc.</li> <li>Others</li> </ul>	Art. 45 of the Financial Functions Strengthening Act (Within the limit approved by the Diet)	¥12 trillion in the budget for FY2020 ¥15 trillion in the second supplementary budget for FY2020
Damage Recovery Distribution Account	Art. 29, para. (1) of the Criminal Accounts Damage Recovery Act	¥390 million (Art. 1 of the Order for Enforcement of the Criminal Accounts Damage Recovery Act)	Borrowings: Financial institutions and others	<ul style="list-style-type: none"> <li>Expenses necessary for such operations as the posting of public notices on the start of procedures for extinction of deposit and other claims</li> <li>Expenses necessary for such operations as the posting of public notices on the start of procedures for payment of damage-recovery benefits</li> <li>Others</li> </ul>	/	/

Account	Borrowings/issue of DICJ Bonds				Government guarantee	
	Applicable Act	Ceiling	Method (source)	Purpose	Applicable Act	Appropriation in general provisions of budget in FY2020
Dormant Deposits, etc. Management Account	Art. 15, para. (1) of the Dormant Deposits Utilization Act	¥20 billion (Art. 1 of the Order for Enforcement of the Dormant Deposits Utilization Act)	Borrowings: Financial institutions and others	<ul style="list-style-type: none"> <li>Expenses necessary for such operations as the storage and provision of information related to money for transfer from dormant deposits, etc.</li> <li>Others</li> </ul>		

Note: With regard to the Early Strengthening Account, the provision of limiting the maximum amount was removed in the Order for Enforcement of the Early Strengthening Act as amended on April 1, 2012, as neither new borrowings nor issuance of DICJ bonds are projected.

The DICJ has been making efforts to raise funds in an efficient manner by combining borrowings (up to one year, in principle) and issuance of DICJ bonds (with maturities of two and four years) in light of the market environment, funding requirements, and the lengths of the periods during which funds are needed.

As for fund-raising in FY2019, the overall balance of raised funds declined due to dividend revenue related to shares purchased from banks under special public management in the Financial Revitalization Account (from ¥1,994.4 billion as of the end of FY2018 to ¥1,963.4 billion as of the end of FY2019). As for the breakdown of raised funds by fund-raising instruments, due to causes including the transfer of some funding for the repayment of borrowings to the DICJ bonds, the outstanding balance of DICJ bonds increased from the previous fiscal year while the

outstanding balance of borrowings decreased (with the outstanding balance of DICJ bonds increasing from ¥1,700.0 billion as of the end of FY2018 to ¥1,870.0 billion as of the end of FY2019; and the outstanding balance of borrowings decreasing from ¥294.4 billion as of the end of FY2018 to ¥93.4 billion as of the end of FY2019).

In the meantime, the DICJ held explanatory meetings with the bidders for borrowings in FY2019. In addition, with the aim of further facilitating fundraising, the DICJ visited the bidders for borrowings and DICJ bonds in order to exchange views about fundraising instruments.

The DICJ will continue to strive to ensure efficient funding in the future while taking into consideration funding requirements.

## Outstanding balance of funds raised by the DICJ

(Unit: ¥ billion; ( ) denotes the composition ratio)

	End of FY2017	End of FY2018	End of FY2019
General Account	—	—	—
Crisis Management Account	—	—	—
Financial Revitalization Account	1,613.0	1,567.0	1,535.5
Borrowing	213.0	167.0	45.5
DICJ bonds	1,400.0	1,400.0	1,490.0
Early Strengthening Account	—	—	—
Financial Function Strengthening Account	448.0	424.0	427.7
Borrowing	68.0	124.0	47.7
DICJ bonds	380.0	300.0	380.0
Damage Recovery Distribution Account (Borrowing)	0.2	0.2	0.2
Dormant Deposits, etc. Management Account (Borrowing)	0.5	3.2	—
<b>Total</b>	<b>2,061.7 (100.0%)</b>	<b>1,994.4 (100.0%)</b>	<b>1,963.4 (100.0%)</b>
Borrowing	281.7 ( 13.7%)	294.4 ( 14.8%)	93.4 ( 4.8%)
DICJ bonds	1,780.0 ( 86.3%)	1,700.0 ( 85.2%)	1,870.0 ( 95.2%)

Notes: 1. Figures are rounded off.

2. The Regional Economy Vitalization Corporation Account and the Revitalizing Earthquake-Affected Business Account, for which the DICJ does not raise funds, are excluded.

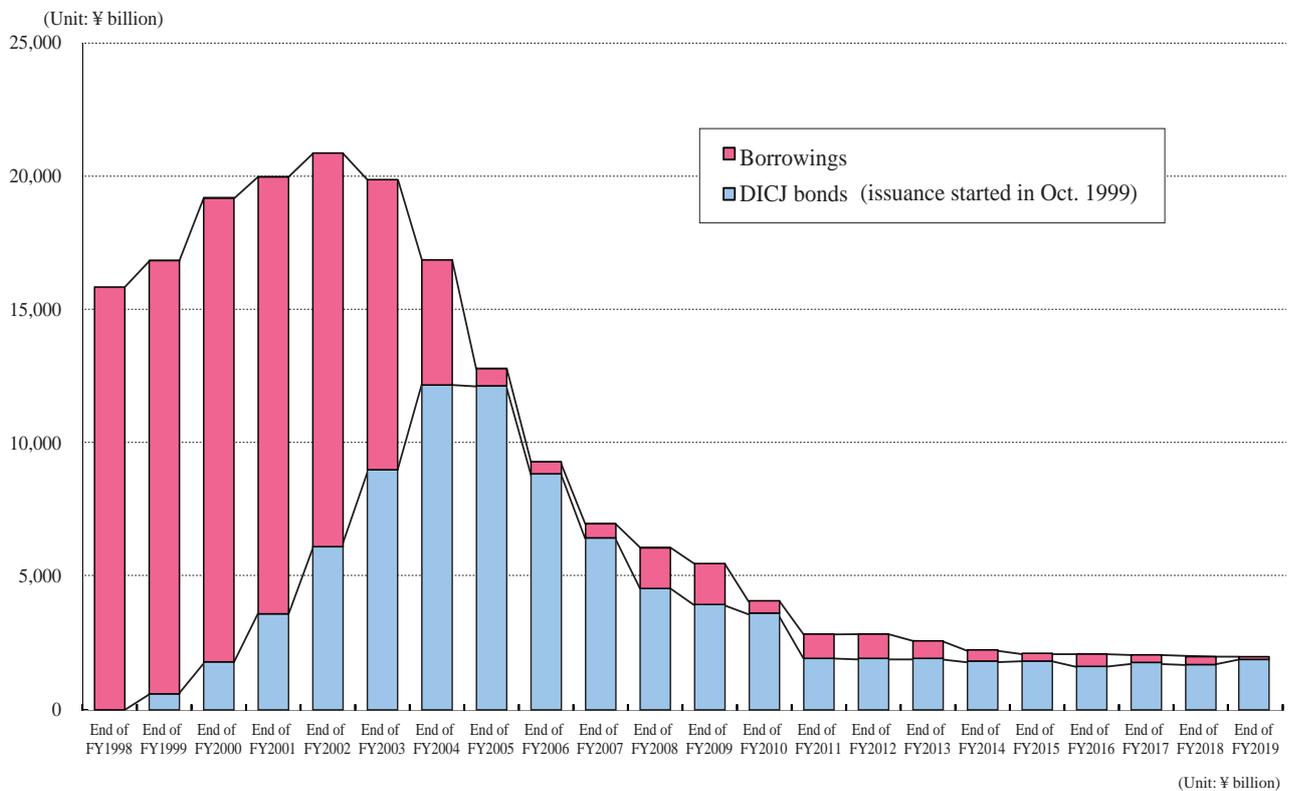
### Interest rate on financing (for funds raised in FY2019)

(Unit: %)

	Borrowing interest rate (guaranteed by the government)	DICJ Bond subscriber's yield (guaranteed by government)		Borrowing interest rate (without government guarantee) (Damage Recovery Distribution Account and Dormant Deposits, etc. Management Account)
		4-year bond	2-year bond	
Average <sup>(Note 2)</sup>	0.000	-0.069	-0.124	0.041
Peak	0.000	-0.064	-0.099	0.060
Bottom	0.000	-0.079	-0.159	0.035

Notes: 1. Figures are rounded off.  
2. Weight-averaged by the amount of funds raised.

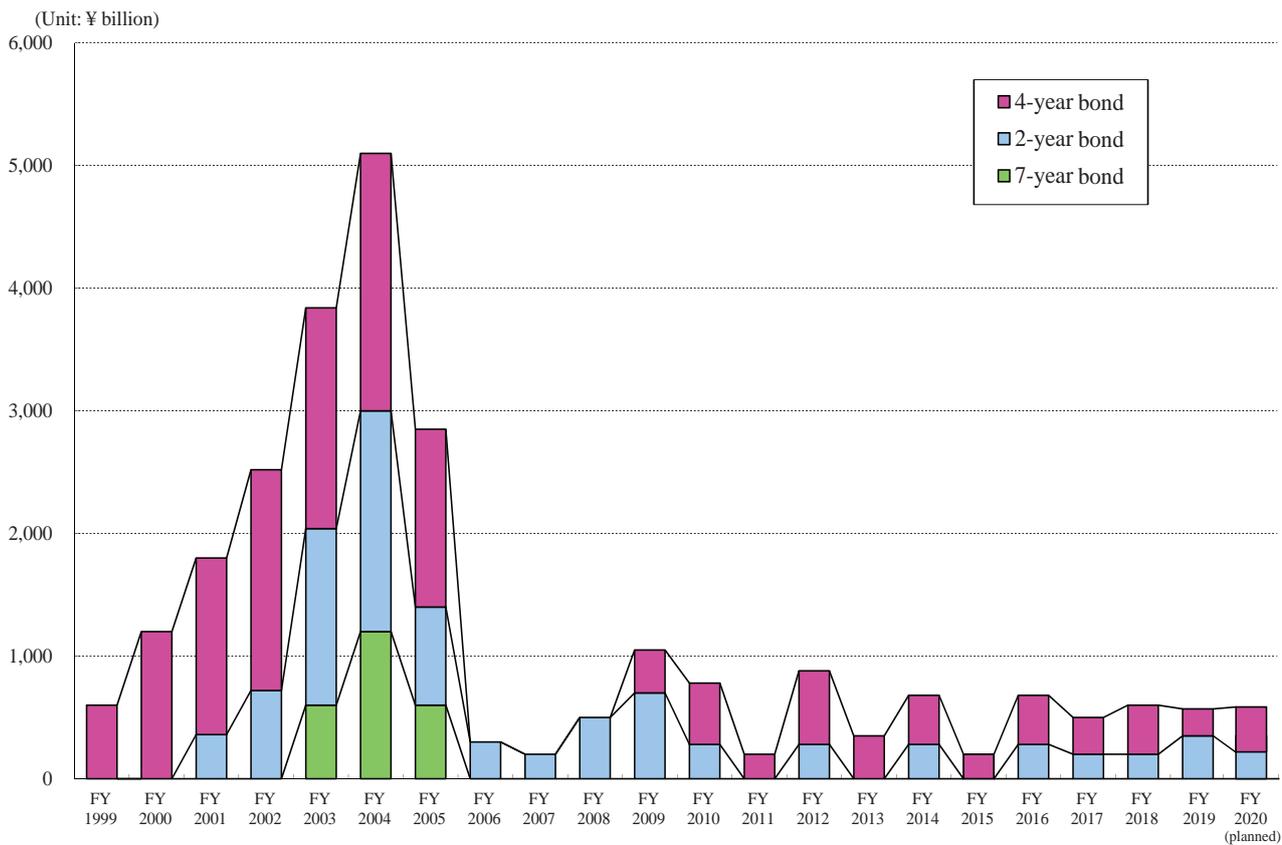
### Trends in the outstanding balance of funds raised by the DICJ



End of FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	15,850.2	16,845.0	19,178.6	19,978.4	20,873.6	19,879.1	16,870.4	12,791.6	9,301.0	6,974.4	6,072.4	5,484.9	4,092.3	2,838.0	2,837.5	2,585.7	2,247.6	2,119.7	2,089.9	2,061.7	1,994.4	1,963.4
Borrowings	15,850.2	16,245.0	17,378.6	16,378.4	14,753.6	10,879.1	4,690.4	641.6	451.0	524.4	1,522.4	1,534.9	462.3	908.0	907.5	655.7	417.6	289.7	459.9	281.7	294.4	93.4
DICJ bonds	—	600.0	1,800.0	3,600.0	6,120.0	9,000.0	12,180.0	12,150.0	8,850.0	6,450.0	4,550.0	3,950.0	3,630.0	1,930.0	1,930.0	1,930.0	1,830.0	1,830.0	1,630.0	1,780.0	1,700.0	1,870.0

(Unit: ¥ billion)

Trends in the annual issuance of DICJ bonds



(Unit: ¥ billion)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (planned)
Total	600.0	1,200.0	1,800.0	2,520.0	3,840.0	5,100.0	2,850.0	300.0	200.0	500.0	1,050.0	780.0	200.0	880.0	350.0	680.0	200.0	680.0	500.0	600.0	570.0	580.0
4-year bond	600.0	1,200.0	1,440.0	1,800.0	1,800.0	2,100.0	1,450.0	—	—	—	350.0	500.0	200.0	600.0	350.0	400.0	200.0	400.0	300.0	400.0	220.0	370.0
2-year bond	—	—	360.0	720.0	1,440.0	1,800.0	800.0	300.0	200.0	500.0	700.0	280.0	—	280.0	—	280.0	—	280.0	200.0	200.0	350.0	210.0
7-year bond	—	—	—	—	600.0	1,200.0	600.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

(ii) Management of surplus funds

The DICJ strives to invest surplus funds in each account, focusing on safety and liquidity in efficient fund management in compliance with the relevant laws and regulations while appropriately considering the use of the funds. In FY2019, the DICJ did not make new investments such as bond purchases amid the ongoing implementation of the Bank of Japan's monetary easing policy.

Amid the continued severe investment environment, the DICJ will continue to attach importance to safety and liquidity when investing surplus funds.

(3) Deposit Insurance Premium Rates for FY2020

Regarding the deposit insurance premium rate in FY2020, the DICJ decided to maintain the effective rate at 0.033% in FY2019 as a result of deliberation based on the "Basic Approach" and the "Framework to Review," which represents a common understanding reached at a Policy Board meeting held in March 2015 on the future of the liability reserves and deposit insurance premium rates from the medium- to long-term perspective. On the premise of this decision, the current deposit insurance premium rates for deposits for payment and settlement purposes and general deposits, etc. have been set as follows [See P6: I. 1. (3) (v)]:

- 0.033% the effective rate
- 0.045% for the deposits for payment and settlement purposes; and
- 0.031% for the general deposits, etc.

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## 10. PR Activities to Ensure Public Awareness of the Deposit Insurance System and the DICJ's Operations

Recognizing the importance of enabling the general public, including depositors, to gain a correct understanding of the contents of the deposit insurance system, etc., the DICJ has devoted significant efforts to public relations (PR) activities. In FY2019, the DICJ conducted PR activities and responded to inquiries utilizing various media as follows.

### (1) PR Activities Utilizing Various Media

The following is an overview of the principal PR activities conducted by the DICJ in FY2019 using various media.

- 1) The DICJ actively provided information. For example, the DICJ provided new information in a timely manner while preparing its website out of consideration for web accessibility.
- 2) The DICJ distributed brochures for depositors called “Understanding the Deposit Insurance System with Cartoons” and other materials in order to raise public awareness about the deposit insurance system.
- 3) The DICJ actively provided information to news media and positively responded to their news gathering activities.



The DICJ's website



“Understanding the Deposit Insurance System with Cartoons”

## (2) Response to Inquiries

The DICJ set up dedicated telephone lines for answering inquiries concerning the deposit insurance system from the public to enable them to correctly understand the deposit insurance system, and answered questions and inquiries from the public, including depositors.

The total number of inquiries was 1,381 in FY2019, representing a year-on-year increase of 4.1%.

The most frequently inquired matters in FY2019 were about the “system in general,” followed by those about “insured financial institutions” and “settlement functions.”

### Number of inquiries about general matters (Number of cases)

	FY2015	FY2016	FY2017	FY2018	FY2019
Individuals	848	1,707	1,076	1,127	1,176
Corporations	191	171	186	200	205
Total Number	1,039	1,878	1,262	1,327	1,381

### Number of inquiries recorded by item in FY2019

Category	Number of cases	Composition ratio (%)
1. Inquiries about the outline of the deposit insurance system	<b>758</b>	<b>34.5</b>
System in general	695	31.6
Organization of the DICJ	29	1.3
Deposit insurance fund, insurance premium rates	34	1.6
2. Insurance payout, purchase of deposits	<b>1,041</b>	<b>47.4</b>
Insured financial institutions	324	14.7
Insured financial products	107	4.9
Insured depositors	48	2.2
Limit amount of insurance payout	125	5.7
Purchase system of deposits, estimated proceeds payment, etc.	1	0.1
Interest on deposits	28	1.3
Name-based aggregation of depositors	72	3.3
Settlement function	215	9.8
Reimbursement schedule	74	3.4
Procedures for claiming insurance payout, etc.	46	2.1
Provisional payment	1	0.1
3. Financial assistance	<b>0</b>	<b>0</b>
4. Offsetting of deposits against borrowing	<b>31</b>	<b>1.4</b>
5. Requesting materials, others	<b>368</b>	<b>16.7</b>
Requesting materials, about the website	57	2.6
Others	311	14.2
Total	<b>2,198<sup>(Note 1)</sup></b>	<b>100.0<sup>(Note 2)</sup></b>

Notes: 1. Because in some cases one inquiry covered two or more inquiry items, the total for the five items does not match the total in the upper table.

2. As the composition ratios for individual items are rounded, the total sum of the ratios does not come to 100.



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## 11. Preparation and Announcement of the Medium-Term Goals, Operational Policy and Performance Evaluation

The DICJ strives to enhance governance and the appropriateness and efficiency of its operations through the operation management process of setting medium-term operational goals, conducting operations according to policies drawn up each year based on these goals, evaluating the performance of operations after the end of the fiscal year and utilizing the evaluation results in future operations.

In addition, in order to enhance the transparency of its management of operations and appropriately perform its accountability obligation to the people, the DICJ publishes the “Medium-Term Goals”, “Operational Policy” and “Performance Evaluation Report”.

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Task	Main business performance								
<b>1. Improvement and Enhancement of Preparedness to Respond to Every Situation related to the Protection of Depositors, Failure Resolution, etc.</b>									
(i) Maintenance and strengthening of the DICJ's response capability related to failure resolution, and strengthening of the response capability related to orderly resolution	<ul style="list-style-type: none"> <li>○ Strove to maintain and strengthen the response capability related to the failure resolution scheme and financial administrator operations as follows:               <ul style="list-style-type: none"> <li>• Strove to improve practices for resuming operations of failed financial institutions and to enhance financial administrator operations through such necessary improvements of preparedness as reviewing the administrative workflow concerning the guidance to branch offices of failed financial institutions and the treatment of less-common deposit products</li> <li>• Continuously exchanged opinions with practitioners, etc. and review and various challenges in order to improve the preparedness related to the operation of the deposit insurance system in light of the "Activities to Improve Preparedness Related to the Operation of the Deposit Insurance System", published in June 2017</li> <li>• Following the training plan (covering the two years from FY2018 to FY2019) for administrative work related to payment of deposits, etc. based on scenarios assumed under various bankruptcy proceedings, conducted training related to estimated proceeds payments, settlement payments and dividend payments under bankruptcy proceedings in FY2019</li> </ul> </li> <li>○ Regarding measures for orderly resolution of assets and liabilities of a financial institution, etc., conducted a necessary study on practical affairs while cooperating with relevant authorities, etc. and also exchanged opinions with foreign authorities through participation in international conferences, etc. related to failure resolution</li> </ul>								
(ii) Quality improvement of financial administrator operations	<ul style="list-style-type: none"> <li>○ In order to improve the quality of the financial administrator operations and routinely develop the capability to appropriately respond to emergencies, strove to further deepen cooperative relationships with relevant authorities and financial industry-related organizations, and to enhance practical training and seminars, etc. as follows:               <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: center;">May, September 2019</td> <td> <ul style="list-style-type: none"> <li>• Implemented a training for new DICJ employees to obtain basic knowledge concerning the failure resolution of financial institutions</li> </ul> </td> </tr> <tr> <td style="text-align: center;">October 2019</td> <td> <ul style="list-style-type: none"> <li>• Implemented a seminar on assigned duties for emergency support personnel to be dispatched by financial industry-related organizations</li> </ul> </td> </tr> <tr> <td style="text-align: center;">Almost every month since September 2019</td> <td> <ul style="list-style-type: none"> <li>• Implemented separate training programs depending on experience and proficiency to those who will be assigned to guide branch offices of failed financial institutions on their operations</li> <li>• Implemented themed seminars on preassigned emergency duties for DICJ employees assigned to other duties in normal times</li> </ul> </td> </tr> <tr> <td style="text-align: center;">Almost every month since November 2019</td> <td> <ul style="list-style-type: none"> <li>• Implemented training with role-playing focusing on initial response related to failure resolution</li> </ul> </td> </tr> </tbody> </table> </li> </ul>	May, September 2019	<ul style="list-style-type: none"> <li>• Implemented a training for new DICJ employees to obtain basic knowledge concerning the failure resolution of financial institutions</li> </ul>	October 2019	<ul style="list-style-type: none"> <li>• Implemented a seminar on assigned duties for emergency support personnel to be dispatched by financial industry-related organizations</li> </ul>	Almost every month since September 2019	<ul style="list-style-type: none"> <li>• Implemented separate training programs depending on experience and proficiency to those who will be assigned to guide branch offices of failed financial institutions on their operations</li> <li>• Implemented themed seminars on preassigned emergency duties for DICJ employees assigned to other duties in normal times</li> </ul>	Almost every month since November 2019	<ul style="list-style-type: none"> <li>• Implemented training with role-playing focusing on initial response related to failure resolution</li> </ul>
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Almost every month since November 2019	<ul style="list-style-type: none"> <li>• Implemented training with role-playing focusing on initial response related to failure resolution</li> </ul>								
(iii) Realization of stable operation and system improvement of the failure resolution operation system	<ul style="list-style-type: none"> <li>○ Maintained stable operation of the failure resolution operation system (a system used for name-based aggregation of depositors, financial administrator operations, etc. at the time of a financial institution failure)</li> <li>○ Improved the system in order to facilitate the smooth implementation of the failure resolution operation</li> </ul>								

Evaluation	Future policy	Responsible unit
<p>○ Maintained and strengthened the response capability related to the failure resolution scheme and financial administrator operations by revising practices in consideration of the study on various issues related to the failure resolution of financial institutions</p> <ul style="list-style-type: none"> <li>• Made steady progress in improving preparedness for secure and quick failure resolution through the review and study of various issues related to the operation of the deposit insurance system</li> <li>• Appropriately conducted training for administrative work related to payment based on a training plan</li> </ul> <p>○ Conducted a necessary study on practical affairs related to orderly resolution while cooperating with relevant authorities, etc.</p>	<p>○ Concerning the failure resolution scheme and the financial administrator operations, identify and study the various issues related to the operation of the deposit insurance system to adapt to the diversification and sophistication of financial products, financial activities, and the operations of financial institutions, etc. with the objective of the protection of depositors. Maintain and strengthen its capability to respond to the failure resolution of financial institutions through such measures as continuously improving the operation of the deposit insurance system</p> <p>○ Strengthen response capability in cooperation with relevant authorities, etc.</p>	<p>Resolution and Financial Revitalization Department: Resolution and Receivership Division</p> <p>Deposit Insurance Department: Planning Division</p> <p>Special Investigation Department: Investigation and Recovery Division</p> <p>Research Department: Planning and Research Division Specific Operation Division Special Recovery and Resolution Division</p>
<p>○ Improved the quality of financial administrator operations by further enhancing and strengthening practical training and seminars in a hands-on form</p>	<p>○ In order to improve the quality of the financial administrator operations and routinely develop the capability to appropriately respond to emergencies, further deepen cooperative relationships with relevant authorities and financial industry-related organizations, and enhance practical training and seminars, etc.</p>	<p>Resolution and Financial Revitalization Department: Resolution and Receivership Division</p>
<p>○ Maintained stable operation of the system and improved the system according to plan</p>	<p>○ Continue to realize stable operation of the failure resolution operation system and improve the system from the perspective in terms of securely and quickly implementing failure resolution</p>	<p>Planning and Coordination Department: System Planning Division System Division I</p> <p>Resolution and Financial Revitalization Department: Resolution and Receivership Division</p> <p>Deposit Insurance Department: Planning Division Advisory Service Division</p>

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11. The Medium-Term Goals and Operational Policy

Task	Main business performance																						
<b>2. Follow-up on and Encouragement for the Development of Financial Institutions' Preparedness in Normal Times to Respond to Emergencies</b>																							
<p>Follow-up and encouragement for financial institutions to develop preparedness in normal times</p>	<p>○ In order to implement failure resolution in a secure and smooth manner, conducted a follow-up review of response through the following measures with regard to measures required in normal times, after grasping the improvement status of name-based aggregation databases of depositors, systems, procedures and manuals, etc. by financial institutions</p> <p>(On-site inspection, follow-up interview for improvement, etc.)</p> <ul style="list-style-type: none"> <li>Conducted on-site inspection with emphasis on matters which may have a greater impact on failure resolution with respect to the status of improvement of systems related to measures which financial institutions are obligated to implement in order to smoothly reimburse deposits in the event of insurable contingencies</li> </ul> <p>Conducted appropriate follow-up activity after the on-site inspection, such as having DICJ employees responsible for examination attend follow-up interviews for improvement conducted by supervisory authorities, including the Financial Services Agency, with inspected financial institutions, and having them check the status of improvement concerning matters pointed out in the inspection and provide necessary advice</p> <p>In selecting entities for inspection gave precedence to those which had not been inspected since the enforcement of the amended Deposit Insurance Act (May 2012) in order to improve the effectiveness and efficiency of on-site inspections, continued to conduct on-site inspections, with a reduced number of days spent on inspection, and implemented off-site verification of insurance premium payment in addition to fully taking into consideration the matters confirmed through the implementation of various measures, including "follow-up interview for improvement", "database verification", and "training and advice, etc."</p> <p>*Number of entities subjected to off-site verification: FY2019: eleven entities (number on the basis of the date of the document submission request)</p> <p>(Database verification)</p> <ul style="list-style-type: none"> <li>With regard to database verification, in addition to conducting verification intended to promote the improvement of the name-based aggregation databases of depositors as before, implemented the verification of the status of the system for detailed statement files on deposits and withdrawals, which was newly required under the amended Deposit Insurance Act put into force in May 2012</li> </ul> <p>(Training and advice, etc.)</p> <ul style="list-style-type: none"> <li>With regard to training and advice, etc., developed the e-learning system (since April 2018) as a tool for financial institutions to conduct practical training in implementing procedures for failure resolution and operating DICJ terminals</li> </ul> <p>In addition, handled inquiries, etc. regarding system related insurable contingencies from financial institutions and encouraged the failure resolution preparedness of financial institutions</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>FY2017 (Conducted number)</th> <th>FY2018 (Conducted number)</th> <th>FY2019 (Conducted number)</th> </tr> </thead> <tbody> <tr> <td>On-site inspection <sup>(Note 1)</sup></td> <td>27 institutions</td> <td>41 institutions</td> <td>32 institutions</td> </tr> <tr> <td>Follow-up interview for improvement <sup>(Note 2)</sup></td> <td>21 institutions</td> <td>11 institutions</td> <td>11 institutions</td> </tr> <tr> <td>Database verification</td> <td>44 institutions</td> <td>59 institutions</td> <td>62 institutions</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>FY2018 (institutions)</th> <th>FY2019 (institutions)</th> </tr> </thead> <tbody> <tr> <td>E-learning system Number of institutions involved (cumulative total)</td> <td>102 institutions</td> <td>130 institutions</td> </tr> </tbody> </table> <p>Notes: 1. The number of entities on the basis of the starting date of on-site inspection. 2. The number of entities with which a follow-up interview for improvement was conducted with the attendance of the DICJ.</p>		FY2017 (Conducted number)	FY2018 (Conducted number)	FY2019 (Conducted number)	On-site inspection <sup>(Note 1)</sup>	27 institutions	41 institutions	32 institutions	Follow-up interview for improvement <sup>(Note 2)</sup>	21 institutions	11 institutions	11 institutions	Database verification	44 institutions	59 institutions	62 institutions		FY2018 (institutions)	FY2019 (institutions)	E-learning system Number of institutions involved (cumulative total)	102 institutions	130 institutions
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Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Through various measures, encouraged financial institutions to take appropriate actions regarding measures necessary in normal times and conducted a follow-up review of the actions taken by financial institutions</li> <li>○ Strove to increase the effectiveness and efficiency of the inspection, for example by deciding the institution to be inspected and the scope of examination, etc. in a prioritized manner</li> </ul>	<ul style="list-style-type: none"> <li>○ In order to implement failure resolution in a secure and smooth manner, continue to appropriately encourage financial institutions to strive to strengthen preparedness for failure resolution which they have carried out Continue to strive to increase the effectiveness and efficiency of the inspection, for example by deciding the institution to be inspected and the scope of examination, etc. in a prioritized manner</li> <li>○ With regard to database verification, continue to conduct verification intended to promote the improvement of the name-based aggregation databases of depositors With regard to the verification of the improvement of the system for detailed statement files on deposits and withdrawals, further improve the efficiency of the verification while taking into consideration the characteristics, etc. of financial institutions' accounting systems Regarding training, advice, etc., conduct a follow-up review, mainly with respect to financial institutions for which the results of verification were unfavorable and which made specific requests Strengthen reaching out to financial institutions to promote the e-learning system as a tool for practical training in the failure resolution operation</li> </ul>	<p>Inspection Department: Inspection Planning Division Evaluation Division</p> <p>Deposit Insurance Department: Advisory Service Division</p> <p>Research Department: Research and Analysis Division</p>

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- III. Annex

Task	Main business performance
<p><b>3. Appropriate Management, Collection and Disposal of Assets Acquired from Failed Financial Institutions and Pursuit of Liability, etc.</b></p>	
<p>(i) Provision of guidance and advice to the RCC to ensure appropriate management and collection of claims acquired from failed financial institutions</p> <p>Appropriate management and disposal of shares, etc. acquired from failed financial institutions</p>	<p>[Management and collection of claims by the RCC]</p> <p>○ The DICJ provided the RCC with guidance and advice in a timely and appropriate manner so that the RCC would appropriately manage and collect claims in accordance with the nature of the claims and the actual situation of debtors, among other factors, with the objective of the protection of customers with respect to claims acquired by the RCC from failed and sound financial institutions</p> <p>As a result, the RCC strove to collect claims appropriately, accurately understanding the actual situation of debtors, etc.</p> <p>The amounts collected this fiscal year were as follows:</p> <ul style="list-style-type: none"> <li>• Collected a total of ¥23.1 billion in claims purchased from failed financial institutions and Article 53 (Financial Revitalization Act) claims purchased from sound financial institutions (including ¥22.3 billion in claims purchased from failed financial institutions (of which ¥0.2 billion are in claims purchased from banks under special public management) and ¥0.7 billion in claims purchased from sound financial institutions) in FY2019, bringing the cumulative total of claims collected by the end of FY2019 to ¥10,143.8 billion (103.8 % of the transfer value (book value))</li> <li>• Profits of ¥12.3 billion from the collection (profit arising from the asset collection minus the losses arising from the collection and collection cost) were paid to the DICJ (paid in June 2020)</li> </ul> <p>[Management and collection of claims subject to the warranty for latent defect provision]</p> <p>○ With regard to the claims the DICJ took over from the former Long-Term Credit Bank of Japan, Limited and the former Nippon Credit Bank, Ltd. based on the warranty for latent defect provision prescribed in the stock purchase agreements, in FY2019, collections (entrusted to the RCC) amounted to ¥3.5 billion (with the cumulative total of claims collected standing at ¥688 billion)</p> <p>[Management and disposal of shares purchased from banks under special public management]</p> <p>○ While suspending the sale of listed shares in the market from October 15, 2008, in principle, in line with the government's policy, disposed of shares worth ¥0.4 billion in application for takeover bids as off-market transactions</p> <p>Regarding unlisted shares, implemented disposal of shares worth ¥10.6 billion through such measures as sales to issuing companies and third parties designated by them, as well as disposals conducting sales toward investors in view of the price competitiveness</p> <p>[Appropriate management and disposal of shares and other capital-raising instruments for which the DICJ subscribed under the Early Strengthening Act, etc.]</p> <p>○ Implemented the following operations regarding preferred shares and other capital-raising instruments for which the DICJ subscribed in order to implement capital injection</p> <p>&lt;&lt;Number of institutions which have been receiving capital injection: One institution (Shinsei Bank, Limited)&gt;&gt;</p> <p>(Management operation)</p> <ul style="list-style-type: none"> <li>• Exercised the voting rights and asked questions at regular general meetings of shareholders</li> <li>• Conducted periodic hearings about financial results, dividend policy, accumulation of surpluses and future repayment plans</li> <li>• Received dividends (¥470 million)</li> </ul> <p>(Disposal operation)</p> <ul style="list-style-type: none"> <li>• As there was no application related to the disposal of preferred shares and other capital-raising instruments from financial institutions, there was no disposal in FY 2019. The cumulative total of preferred shares and other capital-raising instruments disposed of by the end of March 2020 was ¥12,130.9 billion and the amount outstanding as of the end of March 2020 was ¥250 billion</li> </ul>

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Contributed to the appropriate execution of management and collection operation by the RCC by providing guidance and advice to it</li>   <li>○ Steadily implemented the management and collection of claims subject to the warranty for latent defect provision</li>   <li>○ Regarding unlisted shares, strove to steadily dispose of shares, such as continuance of disposals first conducted in FY2017</li>   <li>○ Properly grasped the financial results and plans for future repayment of financial institutions, which received capital injection through periodic hearings and other means, in addition to striving to appropriately exercise the voting and other rights at general meetings of shareholders and other meetings</li> </ul>	<ul style="list-style-type: none"> <li>○ Provide guidance and advice to the RCC so that it would proceed with appropriate and efficient management and collection while striving to enhance the protection of customers and comply with laws and regulations, etc.</li>   <li>○ Steadily implement the management and collection of claims subject to the warranty for latent defect provision</li>   <li>○ Regarding the management and disposal of shares purchased from banks under special public management, continue to take appropriate actions to minimize the burden on the people and the impact on the market</li>   <li>○ Implement appropriate management, including appropriately exercising voting and other rights at general meetings of shareholders and identifying the status of management of financial institutions which received capital injection through periodic hearings, etc.</li>   <li>○ As for disposal operation, make smooth disposal in line with the Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection (hereinafter referred to as "the Immediate Guideline")</li> </ul>	<p>Planning and Coordination Department: Subsidiary Administration Division</p> <p>Resolution and Financial Revitalization Department: Planning and Coordination Division Capital Operation and Management Division</p> <p>Deposit Insurance Department: Financial Assistance Division</p> <p>Special Investigation Department: Investigation and Planning Division</p> <p>Osaka Operation Department: Administration Policy, Planning, and Coordination Division Financial Assistance Division</p>

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Task	Main business performance																				
(ii) Appropriate selection of cases to be investigated, in-depth asset investigations, and guidance and advice concerning collection Cooperation with the RCC intended to deal with obstructed recovery cases	[Appropriate selection of cases to be investigated] ○ Focusing mainly on cases involving unconscientious debtors who refused to make repayment and disclose asset information and cases involving antisocial forces, etc., strove to select cases for which there was a high necessity for asset investigation by repeatedly holding consultations and deliberations with the RCC concerning potentially concealed assets																				
	[Consultations and deliberations with the RCC] <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Category</th> <th style="width: 15%;">FY2017</th> <th style="width: 15%;">FY2018</th> <th style="width: 15%;">FY2019</th> </tr> </thead> <tbody> <tr> <td>Number of consultations</td> <td>25</td> <td>20</td> <td>45</td> </tr> <tr> <td>Number of deliberations</td> <td>290 (202)</td> <td>238 (167)</td> <td>263 (155)</td> </tr> </tbody> </table> Note: Figures in parentheses are for cases involving antisocial forces, etc.  [In-depth asset investigation] ○ Strove not only to identify the assets held in debtors' names, but also strove to make in-depth investigations, such as conducting a detailed survey of fund balance changes among concerned parties, etc. so as to collect on claims by identifying debtors' assets which had been held and concealed in a third party's names, and assets transferred to others from debtors	Category	FY2017	FY2018	FY2019	Number of consultations	25	20	45	Number of deliberations	290 (202)	238 (167)	263 (155)								
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(iii) Appropriate implementation of operations to pursue civil and criminal liability in cases related to former executives of failed financial institutions and development of preparedness to respond immediately at the time of failure resolution	[Results of asset investigations] <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Category</th> <th style="width: 15%;">FY2017</th> <th style="width: 15%;">FY2018</th> <th style="width: 15%;">FY2019</th> </tr> </thead> <tbody> <tr> <td>No. of investigations</td> <td>148 (99)</td> <td>104 (62)</td> <td>103 (52)</td> </tr> <tr> <td>No. of investigations launched</td> <td>105 (70)</td> <td>46 (25)</td> <td>49 (27)</td> </tr> <tr> <td>No. of on-site investigations</td> <td>4 (2)</td> <td>3 (3)</td> <td>0 (0)</td> </tr> <tr> <td>Amount of confirmed assets</td> <td>¥16.2 billion (¥0.3 billion)</td> <td>¥0.5 billion (¥0.1 billion)</td> <td>¥0.5 billion (¥0.1 billion)</td> </tr> </tbody> </table> Notes: <ul style="list-style-type: none"> <li>• The number of investigated cases = the number of investigated cases carried over from the previous year + the number of cases for which investigation started in the current year.</li> <li>• Figures in parentheses are for cases involving antisocial forces, etc.</li> <li>• The figures of the amounts are rounded off.</li> </ul> [Guidance and advice on collection] ○ Provided the RCC with the results of asset investigations conducted by the DICJ in a timely manner Also provided guidance and advice concerning collection, including on how to deal with debtors in accordance with their actual conditions and on legal measures, etc.	Category	FY2017	FY2018	FY2019	No. of investigations	148 (99)	104 (62)	103 (52)	No. of investigations launched	105 (70)	46 (25)	49 (27)	No. of on-site investigations	4 (2)	3 (3)	0 (0)	Amount of confirmed assets	¥16.2 billion (¥0.3 billion)	¥0.5 billion (¥0.1 billion)	¥0.5 billion (¥0.1 billion)
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	[Support for strictly dealing with obstructed recovery cases] ○ Provided the RCC with guidance and advice when files an accusation (as an accusation (complaint) concerning Specified Difficult Recovery Claims) of damaging of assets, etc. for the purpose of obstruction of compulsory execution in the case of a debtor who held multiple bank accounts under different names, and concealed assets by withdrawing from some of those bank accounts not yet provisionally seized knowing of execution of provisional seizure of them. Through this guidance and advice, etc. in FY2019 the RCC made accusations (complaints) against three people in three cases, including the aforementioned case																				
	[Appropriate implementation of operations to pursue civil and criminal liabilities in cases related to former executives of failed financial institutions] ○ Regarding the pursuit of liability of former executives of failed financial institutions, conducted continuous investigations and studies on legal affairs in close cooperation with the RCC in order to pursue civil and criminal liability Provided the RCC with the necessary guidance and advice to proceed with collection of the claims which had been approved by the final court for damages from the former manager of a failed financial institution																				
	[Development of preparedness to respond immediately at the time of failure resolution] ○ For the purpose of strengthening cooperation among relevant divisions and departments at the time of failure resolution of financial institutions, etc., a practical joint seminar, etc. was implemented on operations to pursue civil liability, such as routine training with equipment used at failed financial institutions																				

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Were able to accurately select cases for which asset investigation was highly necessary as a result of close consultations and deliberations with the RCC</li>   <li>○ Identified assets concealed through devious methods by appropriately conducting in-depth asset investigations</li>   <li>○ Contributed to the appropriate execution of collection activity at the RCC by appropriate and timely guidance and advice concerning collection, including on how to implement legal measures such as providing the RCC with the results of asset investigations</li> <li>○ Helped to strictly deal with obstructed recovery-cases, etc. by closely and continuously cooperating with the RCC through guidance and advice</li> </ul>	<ul style="list-style-type: none"> <li>○ Regarding such cases involving unconscientious debtors who refused to make repayment or disclose asset information and those involving antisocial forces, etc., support the maximization of collection of claims by the RCC by continuing appropriate selection of cases to be investigated, followed by in-depth asset investigations and provision of guidance and advice concerning collection</li>   <li>○ Cooperate closely with the RCC, relevant units and relevant organizations to carry out a strictly dealing with obstructed recovery cases, etc.</li> </ul>	<p>Special Investigation Department: Investigation and Recovery Division Special Investigation Division I Special Investigation Division II</p> <p>Osaka Operation Department: Investigation and Recovery Division Special Investigation Division</p>
<ul style="list-style-type: none"> <li>○ Achieved results by continuing operations for the pursuit of civil liabilities in cooperation with the RCC</li>   <li>○ Developed preparedness to respond immediately at the time of failure resolution by, for example, strengthening cooperation among relevant divisions and departments</li> </ul>	<ul style="list-style-type: none"> <li>○ When proceeding with collection of claims for damaged in accordance with final court rulings in lawsuits against former executives of failed financial institutions, strive to carry out the pursuit of civil liability appropriately by providing guidance and advice to the RCC</li>   <li>○ While strengthening cooperation among relevant divisions and departments to develop preparedness to respond immediately at the time of failure resolution, strive to improve investigation methods through seminars, etc.</li> </ul>	<p>Special Investigation Department: Investigation and Recovery Division</p> <p>Osaka Operation Department: Investigation and Recovery Division</p>

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Task	Main business performance								
<b>4. Enhancement of Collaboration with Foreign Deposit Insurance Organizations, etc., and Survey and Research Activities</b>									
<p>(i) Improvement of international recognition, and promotion of collaboration and cooperation with foreign deposit insurance organizations</p> <p>Enhancement of mutual cooperation with foreign deposit insurance organizations, and technical assistance to other countries</p>	<p>○ Proactively took part in the activities, etc. of the International Association of Deposit Insurers (IADI), and grasped international trends concerning deposit insurance system to use them as a reference in enhancing and strengthening Japan's deposit insurance system</p> <p>DICJ Governor Mikuniya has served as the IADI's president since October 2017</p> <p>In addition to representing the IADI externally, he conducted activities to further promote international cooperation in the field of deposit insurance by concurrently serving as the Chair of the Executive Council, which is in effect the IADI's decision-making body, and attending various conferences held in various regions for deposit insurance organizations</p> <p>The DICJ continued to strenuously conduct activities as one of the main members of the Asia-Pacific Regional Committee (APRC) under the IADI and promoted collaboration and cooperation among deposit insurance organizations</p> <table border="1" data-bbox="432 571 1468 1019"> <tr> <td data-bbox="432 571 715 1019">Participation in the International Association of Deposit Insurers (IADI)</td> <td data-bbox="715 571 1468 1019"> <p>Posts of DICJ representatives at the IADI</p> <p>President of the IADI, Chair of the Executive Council, member of the Core Principles and Research Council Committee, member of the Asia-Pacific Regional Committee (APRC), Chair of the Working Group on New Funding Options</p> <p>Sent DICJ staff to the IADI Secretariat in Basel, Switzerland</p> <p>Participated in the following IADI-related meetings, etc.</p> <ul style="list-style-type: none"> <li>• Annual General Meeting, etc. (Istanbul, Turkey in October 2019)</li> <li>• Executive Council Meetings, etc. (Basel (Switzerland) in May, Basel (Switzerland) in September and Istanbul (Turkey) in October 2019, and Basel (Switzerland) in February 2020)</li> <li>• APRC CEO Dialogue (Taipei, Chinese Taipei in April 2019)</li> <li>• Financial Stability Institute (FSI) &amp; IADI Joint Conference (Basel, Switzerland in April 2019)</li> <li>• Working Group on New Funding Options Extraordinary Meeting (Milan, Italy in July 2019)</li> <li>• APRC General Meeting, etc. (St. Petersburg, Russia in June 2019)</li> <li>• APRC Seminar (Study Visit) (Seoul, South Korea in September 2019)</li> </ul> </td> </tr> </table> <p>○ Had the DICJ Governor hold meetings with the leaders and other officials of foreign deposit insurance organizations through every possible opportunity in order to strengthen cooperative relationships</p> <p>In addition, by signing memoranda on cooperation with those organizations, confirmed that there would be efforts toward mutual cooperation with them</p> <table border="1" data-bbox="432 1153 1468 1220"> <tr> <td data-bbox="432 1153 715 1220">Memoranda signed with</td> <td data-bbox="715 1153 1468 1220"> <ul style="list-style-type: none"> <li>• Korea Deposit Insurance Corporation (renewed)</li> <li>• Savings Deposit Insurance Fund of Turkey</li> </ul> </td> </tr> </table> <p>○ In cooperation with relevant organizations in Japan, devoted efforts to technical cooperation (sending staff members (as lecturers) and acceptance of visitors, etc.) with regions, particularly Asia</p> <table border="1" data-bbox="432 1310 1468 1713"> <tr> <td data-bbox="432 1310 715 1713">Technical cooperation</td> <td data-bbox="715 1310 1468 1713"> <ul style="list-style-type: none"> <li>• Accepted Mansfield (researcher) (US Federal Acquisition Service personnel); concerned an overview of the DICJ's operations, etc. (April 2019)</li> <li>• Explained an outline of the DICJ's operations during a visit by staff members from the Central Bank of Sri Lanka (September 2019)</li> <li>• Explained experience with the deposit insurance system, etc. during a visit by staff members of the Chinese Academy of Social Sciences (October 2019)</li> <li>• Explained an outline of the DICJ's operations during a visit by staff members from the Financial Supervisory Commission (Chinese Taipei) (December 2019)</li> <li>• Explained an outline of the DICJ's operations during a visit by staff members from Deposit Insurance of Vietnam (December 2019)</li> <li>• Explained an outline of the DICJ's operations during a visit by staff members from the Deposit Insurance Corporation of Mongolia (January 2020)</li> <li>• DICJ staff members participated as instructors in training conducted by JICA for staff members from foreign financial regulatory and supervisory organizations (February 2020)</li> </ul> </td> </tr> </table> <table border="1" data-bbox="432 1736 1468 1904"> <tr> <td data-bbox="432 1736 715 1904">Seminar, etc.</td> <td data-bbox="715 1736 1468 1904"> <p>Participated in the following seminars and other events</p> <ul style="list-style-type: none"> <li>• Federal Deposit Insurance Corporation (USA) Seminar (May and November 2019)</li> <li>• Indonesia Deposit Insurance Corporation Seminar (August 2019)</li> <li>• Korea Deposit Insurance Corporation Seminar (November 2019)</li> <li>• Serbia Deposit Insurance Agency Seminar (December 2019)</li> </ul> </td> </tr> </table>	Participation in the International Association of Deposit Insurers (IADI)	<p>Posts of DICJ representatives at the IADI</p> <p>President of the IADI, Chair of the Executive Council, member of the Core Principles and Research Council Committee, member of the Asia-Pacific Regional Committee (APRC), Chair of the Working Group on New Funding Options</p> <p>Sent DICJ staff to the IADI Secretariat in Basel, Switzerland</p> <p>Participated in the following IADI-related meetings, etc.</p> <ul style="list-style-type: none"> <li>• Annual General Meeting, etc. (Istanbul, Turkey in October 2019)</li> <li>• Executive Council Meetings, etc. (Basel (Switzerland) in May, Basel (Switzerland) in September and Istanbul (Turkey) in October 2019, and Basel (Switzerland) in February 2020)</li> <li>• APRC CEO Dialogue (Taipei, Chinese Taipei in April 2019)</li> <li>• Financial Stability Institute (FSI) &amp; 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Evaluation	Future policy	Responsible unit
<p>○ Strove to grasp international trends concerning deposit insurance systems through the IADI's activities and utilized the results as a reference for the DICJ's operations Also, strove to increase the recognition of Japan's deposit insurance system by actively participating in activities hosted by the IADI In addition, contributed to further promotion of international cooperation in the field of deposit insurance as the chair organization of the IADI Also, regarding activities at the APRC, made considerable contributions to collaboration and cooperation among deposit insurance organizations in the region</p> <p>○ Strengthened cooperative relationships with foreign deposit insurance organizations by holding meetings and signing memoranda</p> <p>○ Achieved certain results in strengthening the capabilities of foreign deposit insurance organizations, particularly those in Asia, through technical cooperation, and such contributions are highly regarded by foreign organizations In addition, obtained up-to-date information by having DICJ staff members participate in seminars and other events held by international organizations and foreign deposit insurance organizations and strove to use and share the information</p>	<p>○ As the chair organization of the IADI, step up the DICJ's activities in order to further enhance international collaboration and cooperation through further contribution to the IADI's activities in the future and the proactive dissemination of Japan's experiences, among other measures In addition, deepen mutual understanding with deposit insurance organizations in the Asia-Pacific region and promote intra-regional collaboration and cooperation</p> <p>○ Continue efforts to further strengthen collaboration with foreign deposit insurance organizations, etc. through active use of meetings and signing memoranda, among other activities</p> <p>○ Further increase technical cooperation, thereby establishing a framework of collaboration in Asia, etc. Make active use of seminars and other events held by international organizations and foreign deposit insurance organizations and reflect up-to-date information obtained thereby in the DICJ's activities</p>	<p>International Department Research Department: Planning and Research Division</p>

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(ii) Research and studies concerning matters related to the operations of the DICJ, and provision of results to relevant organizations, etc. in various sectors	<p>○ Conducted research on developments related to deposit insurance systems, resolution regimes and crisis management framework in the U.S. and Europe and the status of international discussions on technological innovation in the financial sector</p> <p>(Reference) Published articles titled “U.S. FDIC: Overview of Deposit Insurance Fund” and “Number of Failures of U.S. Financial Institutions” on the DICJ website (Available only in Japanese)</p>																																																		
<b>5. Operations Related to Capital Participation</b>																																																			
Appropriate execution of capital participation under the Financial Functions Strengthening Act, and appropriate management and disposals of shares and other capital-raising instruments for which the DICJ subscribed based on the Act	<p>○ In FY2019, capital participation of ¥9.2 billion in one institution in accordance with the Financial Functions Strengthening Act</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Cooperative structured central financial institutions (Art. 34-4 of the Financial Functions Strengthening Act)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FY2017</td> <td>The Shinkumi Federation Bank (December 2017, ¥10.0 billion, preferred investments)</td> </tr> <tr> <td style="text-align: center;">FY2018</td> <td style="text-align: center;">—</td> </tr> <tr> <td style="text-align: center;">FY2019</td> <td>The Shinkumi Federation Bank (March 2020, ¥9.2 billion, preferred investments)</td> </tr> </tbody> </table> <p>Note: Subscription of shares and other capital-raising instruments in accordance with the Financial Functions Strengthening Act is entrusted to the RCC under a contract.</p> <p>○ Made the following amount of capital participation, etc. under the Financial Functions Strengthening Act: (Units: cases, ¥100 million, rounded off)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Applicable Act</th> <th colspan="2" style="text-align: center;">Amount of capital participation</th> <th colspan="2" style="text-align: center;">Current balance</th> </tr> <tr> <th style="text-align: center;">Number of financial institutions</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Number of financial institutions</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Financial Functions Strengthening Act</td> <td style="text-align: center;">30</td> <td style="text-align: center;">6,840</td> <td style="text-align: center;">27</td> <td style="text-align: center;">4,835</td> </tr> <tr> <td style="text-align: center;">For earthquake-affected special financial institutions</td> <td style="text-align: center;">12</td> <td style="text-align: center;">2,165</td> <td style="text-align: center;">11</td> <td style="text-align: center;">1,965</td> </tr> </tbody> </table> <p>Note: The amount of capital participation is the cumulative amount as of the end of March 2020 and the current balance is the balance as of the end of March 2020.</p> <p>○ Implemented the following operations regarding the preferred shares and other capital-raising instruments for which the DICJ subscribed in order to implement capital participation &lt;&lt;Number of entities which have been receiving capital participation: 27&gt;&gt; (Management operation)</p> <ul style="list-style-type: none"> <li>• Exercised the rights (exercised voting rights and asked questions) at general meetings of holders of class shares and preferred investment securities investors</li> <li>• Attended the follow-up hearings conducted by supervisory authorities in order to identify the status of management and other matters</li> <li>• Exchanged opinions about the management status of earthquake-affected special financial institutions which received capital participation and other matters with the financial institutions and cooperative structured central financial institutions at the time of hearings about financial results</li> <li>• Conducted periodic hearings about financial results, dividend policy, accumulation of surpluses and future repayment plans</li> <li>• Received dividends (¥2,481 million)</li> </ul> <p>(Disposal operation)</p> <ul style="list-style-type: none"> <li>• In FY2019, no disposal was implemented as there was no offer related to the disposal of preferred shares and other capital-raising instruments from financial institutions</li> </ul> <p>[Disposal amount (on a book value basis)] (Unit: ¥ billion, rounded off)</p> <table border="1" style="width: 100%; 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Evaluation	Future policy	Responsible unit
<p>○ Appropriately conducted international research</p>	<p>○ Continue research and study activities while taking account of developments at home and abroad</p>	<p>International Department Research Department: Research and Analysis Division</p>
<p>○ Implemented capital participation steadily in one cooperative structured central financial institution The capital participation was decided in accordance with the Financial Functions Strengthening Act</p> <p>○ Grasped the financial results and plans for future repayment of financial institutions, which received capital participation through periodic hearings and other means, in addition to exercising the voting and other rights at general meetings of shareholders and other meetings Also strove to grasp the actual status of earthquake-affected special financial institutions which received capital participation in an in-depth manner through exchanges of opinions about their business status and other matters with them and cooperative structured central financial institutions</p>	<p>○ Regarding capital participation under the Financial Functions Strengthening Act (the deadline for application: March 31, 2022), continue to strive to take appropriate action in close cooperation with relevant authorities</p> <p>○ Implement appropriate management, including appropriately exercising voting and other rights at general meetings of shareholders and other meetings and identifying the business status of financial institutions which received capital participation through periodic hearings, etc.</p> <p>○ As for disposal operation, strive to make smooth disposal in line with "the Immediate Guideline"</p>	<p>Resolution and Financial Revitalization Department: Capital Operation and Management Division</p>

1. DICJ's Operations

II. Overview of the DICJ's Activities

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<b>6. Operations Related to Support for Financial Operations</b>																																												
(i) Steady implementation of purchase, etc. of specified difficult recovery claims	<p>[Steady implementation of purchase of specified difficult recovery claims]</p> <p>○ In FY2019, decisions on purchase were made in a total of nine cases, from the eighteenth purchase to the twentieth purchase</p> <p>[Records of decisions on purchase of specified difficult recovery claims]</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Fiscal year of decision</th> <th style="width: 45%;">Decisions on purchases</th> <th style="width: 10%;">Number of claims</th> <th style="width: 15%;">Total amount of claims</th> <th style="width: 15%;">Total value</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FY2017</td> <td style="text-align: center;">Twelfth, thirteenth and fourteenth (Decided in June, November 2017, and March 2018)</td> <td style="text-align: center;">55</td> <td style="text-align: right;">¥1,088,644 thousand</td> <td style="text-align: right;">¥372,635 thousand</td> </tr> <tr> <td style="text-align: center;">FY2018</td> <td style="text-align: center;">Fifteenth, sixteenth and seventeenth (Decided in June, November 2018, and March 2019)</td> <td style="text-align: center;">17</td> <td style="text-align: right;">¥144,289 thousand</td> <td style="text-align: right;">¥13,343 thousand</td> </tr> <tr> <td style="text-align: center;">FY2019</td> <td style="text-align: center;">Eighteenth, nineteenth and twentieth (Decided in June, December 2019, and March 2020)</td> <td style="text-align: center;">9</td> <td style="text-align: right;">¥77,035 thousand</td> <td style="text-align: right;">¥14,639 thousand</td> </tr> </tbody> </table> <p>○ At the time of the decision on the purchase for each time, the Committee for Screening Purchase of Specified Difficult Recovery Claims (a third-party committee including lawyers, real estate appraisers and other experts) deliberated on the appropriateness of purchasing the claims concerned as specified difficult recovery claims and on the purchase prices at meetings, and the Policy Board made its decision on the purchases in light of the Committee's opinions</p> <p>[Efforts to raise awareness about the program]</p> <p>○ Held seminars concerning the program for purchase of specified difficult recovery claims at offices of bank-police liaison councils throughout Japan (on 56 occasions) to explain the outline and the operational status of the purchase program in order to raise awareness of the program among financial institutions, etc. In addition, responded to 45 questions and requests for consultation from 28 financial institutions, etc.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 10%;">FY</th> <th rowspan="2" style="width: 20%;">The number of occasions explained about the program at bank-police liaison councils</th> <th colspan="3" style="width: 70%;">Number of inquiries and requests for consultation from financial institutions, etc.</th> </tr> <tr> <th style="width: 15%;">Inquiries concerning the program</th> <th style="width: 15%;">Inquiries concerning specific cases</th> <th style="width: 40%;">Total (number of financial institutions, etc.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FY2017</td> <td style="text-align: center;">42</td> <td style="text-align: center;">22</td> <td style="text-align: center;">49</td> <td style="text-align: center;">71 (33)</td> </tr> <tr> <td style="text-align: center;">FY2018</td> <td style="text-align: center;">68</td> <td style="text-align: center;">63</td> <td style="text-align: center;">64</td> <td style="text-align: center;">127 (86)</td> </tr> <tr> <td style="text-align: center;">FY2019</td> <td style="text-align: center;">56</td> <td style="text-align: center;">11</td> <td style="text-align: center;">34</td> <td style="text-align: center;">45 (28)</td> </tr> </tbody> </table>	Fiscal year of decision	Decisions on purchases	Number of claims	Total amount of claims	Total value	FY2017	Twelfth, thirteenth and fourteenth (Decided in June, November 2017, and March 2018)	55	¥1,088,644 thousand	¥372,635 thousand	FY2018	Fifteenth, sixteenth and seventeenth (Decided in June, November 2018, and March 2019)	17	¥144,289 thousand	¥13,343 thousand	FY2019	Eighteenth, nineteenth and twentieth (Decided in June, December 2019, and March 2020)	9	¥77,035 thousand	¥14,639 thousand	FY	The number of occasions explained about the program at bank-police liaison councils	Number of inquiries and requests for consultation from financial institutions, etc.			Inquiries concerning the program	Inquiries concerning specific cases	Total (number of financial institutions, etc.)	FY2017	42	22	49	71 (33)	FY2018	68	63	64	127 (86)	FY2019	56	11	34	45 (28)
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(ii) Appropriate management of the operation to provide information on antisocial forces	<p>○ Regarding the system for providing information on antisocial forces (hereinafter referred to as the "antisocial force information inquiry system"), under which information is provided in response to inquiries from financial institutions, strove to ensure smooth operation by cooperating with the DICJ's system division and business operators involved in the operation and maintenance of the system</p> <p>○ Strove to ensure appropriate implementation of inquiries from financial institutions based on the terms of usage, etc. by carefully responding to questions, etc. from financial institutions using this system</p> <p>○ Steadily conducted on-site checks with financial institutions using the system concerning the implementation of inquiries</p>																																											

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Steadily implemented purchases of specified difficult recovery claims based on the decisions made on the nine cases in FY2019 When purchasing specified difficult recovery claims, followed the appropriate procedures, such as listening to the opinion of the Committee for Screening Purchase of Specified Difficult Recovery Claims</li> <li>○ Strove to ensure that the purchase program takes root by implementing awareness-raising activities and encouraged financial institutions to actively use the program</li> </ul>	<ul style="list-style-type: none"> <li>○ Steadily conduct operations in cooperation with financial institutions and other relevant parties</li> <li>○ When purchasing specified difficult recovery claims, proceed with the appropriate purchase procedures, such as taking into consideration the opinions of the Committee for Screening Purchase of Specified Difficult Recovery Claims</li> <li>○ Improve the operation of the program to purchase specified difficult recovery claims in collaboration with relevant authorities including the FSA, and industry groups, and promote more active use of the program by financial institutions</li> </ul>	Financial Operations Assistance Department: Operations Planning Division
<ul style="list-style-type: none"> <li>○ Smoothly operated the antisocial force information inquiry system in collaboration with relevant parties</li> <li>○ Strove to ensure implementation of inquiries according to the terms of usage, etc. by carefully responding to questions, etc. from financial institutions using the system and steadily conducting on-site checks</li> </ul>	<ul style="list-style-type: none"> <li>○ Regarding the antisocial force information inquiry system, continue to promote collaboration among relevant parties and strive to ensure smooth operation</li> <li>○ Steadily conduct on-site checks in order to make sure of implementation of inquiries by financial institutions using the system according to the terms of usage, etc.</li> </ul>	Financial Operations Assistance Department: Financial Information Management Division  Planning and Coordination Department: System Division II

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(iii) Appropriate implementation of public notice operations under the Criminal Accounts Damage Recovery Act, and appropriate expenditure of money transferred to the DICJ	<p>○ Handled a variety of inquiries from victims of bank transfer fraud, as well as those from financial institutions, posted public notices as scheduled, and disclosed the status of implementation of public notices as required by law</p> <p>[Status of posting of major public notices]</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Public notices on the start of procedures for extinction of claims on deposits, etc.</th> <th style="width: 33%;">Public notices on the start of procedures for the payment of damage-recovery benefits</th> <th style="width: 33%;">Public notices on the completion of the payment of damage-recovery benefits</th> </tr> </thead> <tbody> <tr> <td>No. of public notices 24</td> <td>No. of public notices 24</td> <td>No. of public notices 24</td> </tr> <tr> <td>No. of financial institutions 520</td> <td>No. of financial institutions 407</td> <td>No. of financial institutions 421</td> </tr> <tr> <td>No. of deposit accounts 20,509</td> <td>No. of deposit accounts 6,822</td> <td>Amount of deposits, etc. ¥830 million</td> </tr> <tr> <td>Amount of deposits, etc. ¥1,148 million</td> <td>Amount of deposits, etc. ¥972 million</td> <td>Payments of benefits to victims ¥696 million</td> </tr> </tbody> </table> <p>○ Regarding the public notice, etc. system (system to process public notice data based on laws and regulations), maintained stable operation</p> <p>○ As the “scholarship benefits to children of crime victims” and “subsidies to groups supporting victims of crime” projects launched by the operator in FY2013 have continued, in March 2020, provided ¥160 million from the money transferred to the DICJ under the Criminal Accounts Damage Recovery Act</p> <p>○ Conducted on-site inspections based on Article 36, paragraph (6) of the Criminal Accounts Damage Recovery Act</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">FY2017</th> <th style="width: 20%;">FY2018</th> <th style="width: 30%;">FY2019</th> </tr> </thead> <tbody> <tr> <td>Number of financial institutions on which on-site inspections were conducted<sup>(Note)</sup></td> <td style="text-align: center;">13 institutions</td> <td style="text-align: center;">25 institutions</td> <td style="text-align: center;">17 institutions</td> </tr> </tbody> </table> <p>Note: Number of institutions on the basis of the starting date of on-site inspection.</p>	Public notices on the start of procedures for extinction of claims on deposits, etc.	Public notices on the start of procedures for the payment of damage-recovery benefits	Public notices on the completion of the payment of damage-recovery benefits	No. of public notices 24	No. of public notices 24	No. of public notices 24	No. of financial institutions 520	No. of financial institutions 407	No. of financial institutions 421	No. of deposit accounts 20,509	No. of deposit accounts 6,822	Amount of deposits, etc. ¥830 million	Amount of deposits, etc. ¥1,148 million	Amount of deposits, etc. ¥972 million	Payments of benefits to victims ¥696 million		FY2017	FY2018	FY2019	Number of financial institutions on which on-site inspections were conducted <sup>(Note)</sup>	13 institutions	25 institutions	17 institutions
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Number of financial institutions on which on-site inspections were conducted <sup>(Note)</sup>	13 institutions	25 institutions	17 institutions																					
(iv) Appropriate implementation of management operations of dormant deposits, etc.	<p>○ Produced the “Guidelines for Transferring and Managing Dormant Deposits” and distributed and promoted them among financial institutions in cooperation with relevant authorities and financial institutions, etc.</p> <p>○ With the approval of competent ministers, concluded agreements on entrusting provision and other operations with the financial institutions that have paid money for transfer from dormant deposits, etc. (1,278 institutions as of the end of March 2020)</p> <p>○ In September 2019, began full-scale operation of the management system for dormant deposits, etc. and collection of money for transfer from dormant deposits, etc. In addition, the same year in October, began paying reimbursements concerning substitute money for dormant deposits, etc. paid by financial institutions</p> <p>○ In September 2019, provided grants funded by dormant deposits, etc. to the designated utilization organization the Japan Network for Public Interest Activities (JANPIA) and publicly announced the amount of the grants</p> <p>[Status of money for transfer from dormant deposits, etc. in FY2019]</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tbody> <tr> <td style="width: 80%;">Amount of money for transfer from dormant deposits, etc. collected from financial institutions in FY2019</td> <td style="text-align: right;">¥145.7 billion</td> </tr> <tr> <td>Number of dormant deposits, etc. concerning money for transfer from dormant deposits, etc. in FY2019</td> <td style="text-align: right;">7,241,557</td> </tr> <tr> <td>Amount of substitute money for dormant deposits, etc. paid in FY2019</td> <td style="text-align: right;">¥4.6 billion</td> </tr> <tr> <td>Number of dormant deposits, etc. concerning the substitute money for dormant deposits, etc. in FY2019</td> <td style="text-align: right;">40,485</td> </tr> <tr> <td>Amount of reserves under Article 14 of the Dormant Deposits Utilization Act set aside, at the end of FY2019<sup>(Note)</sup></td> <td style="text-align: right;">¥70.6 billion</td> </tr> </tbody> </table> <p>Note: Reserves set aside for the payment of expenses required for paying substitute money for dormant deposits, etc. to former depositors, etc.</p> <p>[Status of grants funded by dormant deposits, etc. in FY2019]</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tbody> <tr> <td style="width: 60%;">Date of grants funded by dormant deposits, etc.</td> <td style="text-align: center;">September 27, 2019</td> </tr> <tr> <td>Amount of grants funded by dormant deposits, etc.</td> <td style="text-align: right;">¥2.1 billion</td> </tr> </tbody> </table>	Amount of money for transfer from dormant deposits, etc. collected from financial institutions in FY2019	¥145.7 billion	Number of dormant deposits, etc. concerning money for transfer from dormant deposits, etc. in FY2019	7,241,557	Amount of substitute money for dormant deposits, etc. paid in FY2019	¥4.6 billion	Number of dormant deposits, etc. concerning the substitute money for dormant deposits, etc. in FY2019	40,485	Amount of reserves under Article 14 of the Dormant Deposits Utilization Act set aside, at the end of FY2019 <sup>(Note)</sup>	¥70.6 billion	Date of grants funded by dormant deposits, etc.	September 27, 2019	Amount of grants funded by dormant deposits, etc.	¥2.1 billion									
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Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Implemented the public notice operations as scheduled and appropriately disclosed the status of implementation of public notices</li>   <li>○ Appropriately managed money transferred from financial institutions to the DICJ and provided funds for the “subsidies to groups supporting victims of crime” project which is prescribed by the orders of the competent ministry</li>   <li>○ Appropriately conducted on-site inspections based on Article 36, paragraph (6) of the Criminal Accounts Damage Recovery Act</li> </ul>	<ul style="list-style-type: none"> <li>○ Appropriately and smoothly implement the public notice operations in order to contribute to the prompt recovery of property damage suffered by victims of bank transfer fraud</li>   <li>○ Regarding money transferred to the DICJ, strive to ensure appropriate expenditure</li>   <li>○ Strive to appropriately conduct on-site inspections based on Article 36, paragraph (6) of the Criminal Accounts Damage Recovery Act</li> </ul>	<p>Financial Operations Assistance Department: Bank Transfer Fraud Recovery Division</p> <p>Inspection Department: Inspection Planning Division Evaluation Division</p>
<ul style="list-style-type: none"> <li>○ Completed the development of administrative procedures related to the collection of money for transfer from dormant deposits, etc., the conclusion of contracts, etc. related to entrusted payment, etc. operations, and the development of the management system for dormant deposits, etc., and appropriately implemented the management operations of dormant deposits, etc., such as the collection of money for transfer from dormant deposits, etc. and provision of grants funded by dormant deposits, etc.</li> </ul>	<ul style="list-style-type: none"> <li>○ Appropriately implement the management operations of dormant deposits, etc., such as collecting money transfer from dormant deposits, etc., providing grants funded by dormant deposits, etc., and setting aside reserves transfer from dormant deposits, etc.</li> </ul>	<p>Financial Operations Assistance Department: Dormant Deposits Management Division</p> <p>Planning and Coordination Department: System Division III</p>

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  - 6. Specified Difficult Recovery Claims
  - 7. Criminal Accounts Damage Recovery
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Task	Main business performance										
<b>7. Development and Improvement of Various Systems and Enhancement of Information Security Measures</b>											
<p>(i) Enhancement of IT governance, and development and improvement of various systems</p>	<p>○ Formulated a three-year plan for system development in FY2020-2022 in accordance with the Procedure for Planning of System Development Measures, which prescribes the procedure for the formulation of system development plans, and improved the DICJ's management procedure related to the development and operation of information systems</p> <p>○ Developed and improved various systems as follows in accordance with the three-year plan for system development</p> <p>[Status of development and improvement of major systems]</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">System name</th> <th>Status of development and improvement</th> </tr> </thead> <tbody> <tr> <td>Failure resolution operation system</td> <td>Maintaining stable operation and implementing system improvement work according to the plan Start developing the next-generation system</td> </tr> <tr> <td>Antisocial force information inquiry system</td> <td>Maintaining stable operation and implementing system improvement work according to the plan Initiating research for developing the next-generation system</td> </tr> <tr> <td>Dormant deposits management system</td> <td>Began full-scale operation according to the plan in September 2019, and now continuing initial transfer of money for transfer from dormant deposits, etc. from financial institutions Maintaining stable operation and implementing system improvement work according to the plan</td> </tr> <tr> <td>LAN/WAN (common system)</td> <td>Maintaining stable operation and implementing system renewal work according to the plan</td> </tr> </tbody> </table>	System name	Status of development and improvement	Failure resolution operation system	Maintaining stable operation and implementing system improvement work according to the plan Start developing the next-generation system	Antisocial force information inquiry system	Maintaining stable operation and implementing system improvement work according to the plan Initiating research for developing the next-generation system	Dormant deposits management system	Began full-scale operation according to the plan in September 2019, and now continuing initial transfer of money for transfer from dormant deposits, etc. from financial institutions Maintaining stable operation and implementing system improvement work according to the plan	LAN/WAN (common system)	Maintaining stable operation and implementing system renewal work according to the plan
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<p>(ii) Improving the level of information security</p>	<p>○ In order to improve the level of information security at the DICJ, implemented the following measures:</p> <ul style="list-style-type: none"> <li>• Revised DICJ Information Security Policy and Procedures to confirm with "Common Standard on Information Security Measures of Government Entities (FY2018 )" finalized by the government's Cybersecurity Strategic Headquarters</li> <li>• Established the DICJ CSIRT for responding to information security incidents In addition, entrusted an external information security firm to conduct an assessment on the effectiveness of DICJ Incident Response Procedures and the effectiveness of a technological countermeasures and operations framework of LAN/WAN (common system) for incident response</li> <li>• Updated an inventory of information and information systems and conducted security risk assessment based on the inventory Also created Response Plan to respond to the risk for improvement</li> <li>• Entrusted an external information security firm to conduct audits of the status of implementation of information security measures concerning individual divisions and departments and information systems, and conducted a vulnerability diagnosis of information systems connected to the Internet</li> <li>• Held e-learning-workshops concerning information security and provided training to strengthen response capability for targeted email attacks in order to increase awareness of information security among executives and employees</li> </ul> <p>○ Regarding highly confidential important information, stored under a safer environment (separated LAN/WAN environment) with a higher level of security, thereby ensuring the security of the information In addition, regarding the procedures for handling important information in the separated LAN/WAN that had been formulated by divisions and departments using the separated LAN/WAN, conducted appropriate operation based on the said procedures, thus making necessary revisions to reflect the revisions in the information security policy</p>										

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Enhanced IT governance</li> <li>○ Strove to develop and improve various systems owned by the DICJ</li> </ul>	<ul style="list-style-type: none"> <li>○ Continue to enhance IT governance</li> <li>○ Strive to develop and improve various systems owned by the DICJ</li> </ul>	Planning and Coordination Department: System Planning Division
<ul style="list-style-type: none"> <li>○ Comprehensively grasped and evaluated risks related to information security at the DICJ by conducting risk assessment and auditing information security, and also improved the level of information security by effectively implementing necessary measures In addition, through implementation of various training programs, exercises and other activities, strove to increase awareness of information security among executives and employees</li> <li>○ Strove to ensure appropriate management of highly confidential important information by using separated LAN/WAN</li> </ul>	<ul style="list-style-type: none"> <li>○ Improve the level of information security in response to the threat of cyberattacks, which have become more sophisticated and complex in recent years, by comprehensively grasping and evaluating risks related to information security at the DICJ and by aptly and effectively implementing necessary measures In addition, increase awareness of information security among executives and employees by implementing various training programs, exercises and other activities</li> <li>○ Strive to appropriately manage highly confidential important information through the use of separated LAN/WAN</li> </ul>	Planning and Coordination Department: Administration Division Office for Information Security System Planning Division

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Task	Main business performance																																																		
<b>8. Strengthening of Finances, Efficient Organizational Management and Enhancement of the Preparedness to Secure Compliance</b>																																																			
<p>(i) Formulation and execution management of budgets that can be appropriately adapted to resolution of financial institution failures, etc.</p>	<p>○ When compiling the FY2020 budget, conducted a thorough review and revision, including close examination taking account of the results of past budget executions Non-personnel expenses increased compared with the previous fiscal year due to such factors as the start of full-fledged development of a next-generation failure resolution operation system, but personnel expenses decreased due to the reduction of the authorized number of staff members, among other measures. In addition, continued to secure expenses necessary for failure resolution of financial institutions, etc.</p> <p>○ Strove to execute the budget efficiently by closely examining whether funds are really necessary for achieving the business purposes</p> <p>○ Strove to ensure the transparency and competitiveness of the contract method by reviewing discretionary contracts and shifting to competitive contracts except when discretionary contracts are really inevitable</p> <p>○ In FY2019, paid ¥800 billion of retained earnings belonging to the Account for Early Strengthening Account to the national treasury in accordance with the Article 15-2 of the Act on Emergency Measures for Early Strengthening of Financial Functions In addition, for the financial results in FY2019, liability reserves (reserves set aside as a fund source for insurance payout from the General Account and financial assistance at the time of a financial institution failure) increased in the General Account because there was no failure of a financial institution</p> <p>[Increase/decrease in retained earnings (liability reserves for the General Account)/deficits in respective accounts] (Unit: ¥ billion; ( ) denotes deficit)</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>General</th> <th>Crisis Management</th> <th>Financial Revitalization</th> <th>Early Strengthening</th> <th>Financial Functions Strengthening</th> <th>Damage Recovery Distribution</th> <th>Regional Economy Vitalization Corporation</th> <th>Corporation for Revitalizing Earthquake-Affected Business</th> <th>Dormant Deposits, etc. Management</th> </tr> </thead> <tbody> <tr> <td>End of FY2017</td> <td>3,614.5</td> <td>369.0</td> <td>(57.5)</td> <td>1,592.5</td> <td>46.9</td> <td>(107.1) (¥million)</td> <td>(39.6) (¥million)</td> <td>(3.0) (¥million)</td> <td>(0.5)</td> </tr> <tr> <td>End of FY2018</td> <td>3,987.6</td> <td>368.5</td> <td>(20.8)</td> <td>1,592.6</td> <td>50.2</td> <td>(60.9) (¥million)</td> <td>(12.9) (¥million)</td> <td>(3.5) (¥million)</td> <td>(1.3)</td> </tr> <tr> <td>End of FY2019</td> <td>4,357.2</td> <td>368.1</td> <td>12.4</td> <td>792.8</td> <td>56.0</td> <td>(64.5) (¥million)</td> <td>(18.3) (¥million)</td> <td>(4.1) (¥million)</td> <td>(1.3)</td> </tr> <tr> <td>Increase/Decrease (19-18)</td> <td>369.6</td> <td>(0.4)</td> <td>33.2</td> <td>(799.8)</td> <td>5.8</td> <td>(3.6) (¥million)</td> <td>(5.4) (¥million)</td> <td>(0.5) (¥million)</td> <td>—</td> </tr> </tbody> </table>		General	Crisis Management	Financial Revitalization	Early Strengthening	Financial Functions Strengthening	Damage Recovery Distribution	Regional Economy Vitalization Corporation	Corporation for Revitalizing Earthquake-Affected Business	Dormant Deposits, etc. Management	End of FY2017	3,614.5	369.0	(57.5)	1,592.5	46.9	(107.1) (¥million)	(39.6) (¥million)	(3.0) (¥million)	(0.5)	End of FY2018	3,987.6	368.5	(20.8)	1,592.6	50.2	(60.9) (¥million)	(12.9) (¥million)	(3.5) (¥million)	(1.3)	End of FY2019	4,357.2	368.1	12.4	792.8	56.0	(64.5) (¥million)	(18.3) (¥million)	(4.1) (¥million)	(1.3)	Increase/Decrease (19-18)	369.6	(0.4)	33.2	(799.8)	5.8	(3.6) (¥million)	(5.4) (¥million)	(0.5) (¥million)	—
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<p>(ii) Appropriate determination of deposit insurance premium rates</p>	<p>○ Regarding the deposit insurance premium rate for FY2020, maintained the current effective rate of 0.033% as a result of deliberations based on a common understanding on the future of the liability reserves and deposit insurance premium rates from the medium-to long-term perspective, which was obtained when determining the deposit insurance premium rate for FY2015 The deposit insurance premium rates for deposits for payment and settlement purposes and for general deposits, etc. were set assuming the current effective rates</p> <p>The effective rate 0.033% (unchanged from the current rate) The deposits for payment and settlement purposes 0.045% (unchanged from the current rate) The general deposits, etc. 0.031% (-0.001% from the current rate) <sup>(Note 1)</sup></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p style="text-align: center;"><b>Common understanding on the future of the liability reserves and deposit insurance premium rates from medium-to long-term perspective</b></p> <p>(1) Basic approach</p> <ul style="list-style-type: none"> <li>○ For the time being, we will aim to set aside the liability reserves so as to raise the level of the liability reserves to approximately ¥5 trillion by the end of FY2021.</li> <li>○ From the perspective of maintaining the strong deposit insurance system as the core framework for financial system stability, we will certainly achieve this goal.</li> <li>○ Regarding the applicable deposit insurance premium rates, we will determine them at the levels which will certainly enable the goal to be achieved.</li> </ul> <p>(2) Framework to review</p> <ul style="list-style-type: none"> <li>○ Regarding the status of the liability reserves level compared with the goal described in (1) above, the Policy Board will monitor it when the Policy Board deliberates the deposit insurance premium rates of the following fiscal year.</li> <li>○ During the reserve period (the timeframe to achieve the target level of the liability reserves), we will conduct a review which will take account of changes in the environment surrounding the deposit insurance system. Specifically, we will conduct a review as necessary with regard to the applicable rate, the target level of the liability reserves and the method of setting the target level, and the timing of the target achievement, in light of such factors as actual growth in eligible deposits, international trends related to deposit insurance systems, the status of failure occurrence and the financial and economic situations, etc.</li> </ul> </div>																																																		

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Under the FY2020 budget, reviewed non-personnel and personnel expenses and allocated expenses to prepare for failure resolution of financial institutions, etc.</li> <li>○ Through expense reduction efforts and review of discretionary contracts, etc. appropriately managed the budget execution</li> <li>○ Liability reserves, which are set aside for insurance payout, etc., steadily increased</li> </ul>	<ul style="list-style-type: none"> <li>○ Strengthen the financial management, streamline operations related to its finances and ensure budget preparation and execution management that can be appropriately adapted to failure resolution of financial institutions, etc.</li> </ul>	Treasury Department: Budget and Accounting Division I Budget and Accounting Division II Budget and Accounting Division III
<ul style="list-style-type: none"> <li>○ Appropriately determined the deposit insurance premium rates based on the common understanding described on the left</li> </ul>	<ul style="list-style-type: none"> <li>○ Appropriately determine the deposit insurance premium rates based on the common understanding described on the left</li> </ul>	Deposit Insurance Department: Planning Division

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Task	Main business performance																
	<p>[Trends in deposit insurance premium rates]</p> <table border="1"> <thead> <tr> <th></th> <th>Effective rate</th> <th>Deposits for payment and settlement purposes <sup>(Note 2)</sup></th> <th>General deposits, etc. <sup>(Note 2)</sup></th> </tr> </thead> <tbody> <tr> <td>FY2018</td> <td>0.034%</td> <td>0.046%</td> <td>0.033%</td> </tr> <tr> <td>FY2019</td> <td>0.033%</td> <td>0.045%</td> <td>0.032%</td> </tr> <tr> <td>FY2020</td> <td>0.033%</td> <td>0.045%</td> <td>0.031%</td> </tr> </tbody> </table> <p>Notes: 1. With respect to general deposits, etc., the growth of the protected portion (up to ¥10 million of general deposits, etc.) has been smaller than the overall growth. As a result of the calculation, the rate for general deposits, etc. has been decreased            2. “Deposits for payment and settlement purposes” comprise deposits meeting three requirements bearing no interest, payable on demand, and capable of providing payment and settlement services and specified settlement obligations. “General deposits, etc.” comprise deposits, etc. other than deposits for payment and settlement purposes, such as time deposits</p>		Effective rate	Deposits for payment and settlement purposes <sup>(Note 2)</sup>	General deposits, etc. <sup>(Note 2)</sup>	FY2018	0.034%	0.046%	0.033%	FY2019	0.033%	0.045%	0.032%	FY2020	0.033%	0.045%	0.031%
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(iii) Fund management with focus on stability and liquidity, and efficient fundraising taking account of the funding requirements	<p>○ Strove to conduct fund management with a focus on safety and liquidity while appropriately grasping the market trends amid the ongoing implementation of the Bank of Japan’s monetary easing policy            As a result, did not conduct new fund management operations, such as bond purchase</p> <p>○ In fund-raising activities, issued DICJ bonds totaling ¥390 billion in the Financial Revitalization Account and ¥180 billion in the Financial Functions Strengthening Account in consideration of fund demand and the market environment, among other factors            Moreover, borrowed funds from financial institutions in the Financial Revitalization Account, the Financial Functions Strengthening Account, the Damage Recovery Distribution Account, and the Dormant Deposits, etc. Management Account            In addition, strove to enhance dialogue through such measures as holding explanatory meetings for bidders of borrowings and making visits to bidders of both borrowings and DICJ bonds with the aim of further facilitating fund-raising</p> <p>[Trends in the outstanding balance of funds raised] <span style="float: right;">(Unit: ¥billion)</span></p> <table border="1"> <thead> <tr> <th></th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>Balance of funding</td> <td>2,061.7</td> <td>1,994.4</td> <td>1,963.4</td> </tr> <tr> <td>Balance of bonds (annual issuance)</td> <td>1,780.0 (500.0)</td> <td>1,700.0 (600.0)</td> <td>1,870.0 (570.0)</td> </tr> </tbody> </table>		FY2017	FY2018	FY2019	Balance of funding	2,061.7	1,994.4	1,963.4	Balance of bonds (annual issuance)	1,780.0 (500.0)	1,700.0 (600.0)	1,870.0 (570.0)				
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(iv) Appropriate and efficient management of organization and personnel corresponding to the operational policy and changes in the surrounding environment	<p>[Organization and personnel]</p> <p>○ Based on a rationalization plan in accordance with the government’s rationalization policy on authorized strength of personnel, reduced the authorized number of personnel by nine</p> <p>○ In addition, secured the necessary authorized number of personnel and took measures such as flexible staff allocation in order to maintain and strengthen capabilities related to the DICJ’s operations, including failure resolution of financial institutions</p>																
(v) Enhancement of awareness of compliance among executives and employees	<p>○ Implemented the following measures in order to better ensure that executives and employees understand compliance and take appropriate actions:</p> <ul style="list-style-type: none"> <li>• Executives issued messages related to compliance toward all executives and employees</li> <li>• Compliance training (training provided by the Legal Affairs Department to respective divisions and departments, and lecture provided by external instructor (lawyer))</li> <li>• Training in other legal fields (lecture provided by external instructor (lawyer))</li> <li>• Distribution of email newsletters concerning compliance</li> <li>• Holding of liaison meetings to inform and confirm the job duties of persons responsible for compliance at respective divisions and departments</li> <li>• Holding of Compliance Committee meetings</li> </ul>																

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Appropriately conducted fund management with a focus on safety and liquidity</li> <li>○ In fund-raising activities, raised funds in an appropriate and efficient manner by taking into account the funding requirements</li> </ul>	<ul style="list-style-type: none"> <li>○ Considering the severe fund management environment, appropriately manage funds while continuing to focus on safety and liquidity</li> <li>○ Raise funds in an efficient manner in light of the funding requirements</li> </ul>	Treasury Department: Finance Division I
<ul style="list-style-type: none"> <li>○ Arranged the appropriate organization within the authorized strength in order to manage various operations based on the operational policy</li> </ul>	<ul style="list-style-type: none"> <li>○ Strive to conduct accurate and efficient management of the organization and personnel in accordance with the operational policy and in response to changes in the surrounding environment</li> </ul>	Planning and Coordination Department: Personnel Division Administration Division
<ul style="list-style-type: none"> <li>○ Strove to enhance awareness of compliance among executives and employees</li> </ul>	<ul style="list-style-type: none"> <li>○ In order to raise awareness about compliance among executives and employees and ensure more appropriate actions, will strive to implement training and other activities</li> </ul>	Legal Affairs Department

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  - 4. International Cooperation
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  - 6. Specified Difficult Recovery Claims
  - 7. Criminal Accounts Damage Recovery
  - 8. Management Operations of Prudent Deposits, etc.
  - 9. Finances
  - 10. PR Activities to Ensure Public Awareness
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Task	Main business performance
<b>9. Collaboration with Affiliated Companies</b>	
<p>(i) Guidance and advice to the RCC, and collaboration with the RCC concerning operations of collecting claims against antisocial forces</p>	<ul style="list-style-type: none"> <li>○ Held hearings on the status of customer protection, compliance with laws and regulations, etc., and provided guidance and advice on business operation improvement at liaison council meetings concerning business operation improvement, etc. In addition, collaborated with the RCC by having the DICJ's officials attend the Compliance Committee of the RCC and express opinions as committee members</li> <li>○ Regarding the use of the RCC's servicer function, collaborated with the RCC in order to ensure appropriate management of the program, for example by attending meetings of the Accreditation Advisory Committee, which was established at the RCC in order to secure the appropriateness of judgment concerning equivalence to claims against antisocial forces, and by expressing opinions as a committee member, in order to implement measures to promote initiatives to sever relationships with antisocial forces</li> <li>○ Provided advice, etc. concerning measures to secure staff, the method of procuring computer systems, cash management, etc. through close exchanges of information with the RCC</li> </ul>
<p>(ii) Cooperation with the Regional Economy Vitalization Corporation of Japan and the Corporation for Revitalizing Earthquake-Affected Business</p>	<ul style="list-style-type: none"> <li>○ Explanations of operations were received from both corporations and their contents were confirmed</li> </ul>
<p>(iii) Appropriate exercise of voting rights as a shareholder</p>	<ul style="list-style-type: none"> <li>○ Regarding the exercise of voting rights at ordinary general shareholders' meetings of affiliated companies, exercised voting rights as a shareholder based on explanations received from each of the companies concerning their budgets, settlement of accounts, etc.</li> </ul>

Evaluation	Future policy	Responsible unit
<p>○ Promoted collaboration with the RCC in addition to providing necessary guidance and advice so as to ensure appropriate management of operations by the RCC</p>	<p>○ Follow up on the status of customer protection and compliance with laws and regulations by the RCC and provide necessary guidance and advice so as to ensure appropriate management of operations</p> <p>○ Regarding the use of the RCC's servicer function, strive to collaborate so as to ensure appropriate management of operations</p>	<p>Planning and Coordination Department: Subsidiary Administration Division</p> <p>Treasury Department: Finance Division I</p> <p>Resolution and Financial Revitalization Department: Planning and Coordination Division</p> <p>Special Investigation Department: Investigation and Planning Division</p> <p>Financial Operations Assistance Department: Operations Planning Division</p> <p>Osaka Operation Department: Administration, Policy Planning and Coordination Division</p>
<p>○ Cooperated on the appropriate and efficient management of operations of both the corporations</p>	<p>○ Cooperated on the appropriate and efficient implementation of the operations of both the corporations</p>	<p>Planning and Coordination Department: Subsidiary Administration Division</p>
<p>○ Appropriately exercised voting rights as a shareholder</p>	<p>○ Appropriately exercise voting rights as a shareholder while paying attention to such points as whether affiliated companies are conducting operations in line with the purposes of laws and regulations</p>	<p>Planning and Coordination Department: Subsidiary Administration Division</p>

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Task	Main business performance																
<b>10. Establishment of a Framework for Business Continuity during Disasters</b>																	
(i) Establishment of a framework for business continuity intended to smoothly implement failure resolution operations	<ul style="list-style-type: none"> <li>○ Strove to maintain the back-up preparedness of facilities so that failure resolution can be smoothly implemented during disasters and to establish the framework for business continuity in order to smoothly implement failure resolution operations by conducting disaster-time system switching training, etc.</li> </ul>																
(ii) Development of a robust framework for business continuity through business continuity training related to the settlement of funds and other measures	<ul style="list-style-type: none"> <li>○ In order to enable smooth transfer of the settlement of funds and other operations, which shall be continued as priority operations during disasters from The Treasury Department to the Osaka Operation Department, they consulted with each other and checked the framework</li> <li>○ Conducted training to check the operation of the Bank of Japan Financial Network System (BOJ-NET) in preparation for a large-scale disaster, and BCP training related to such operations as settlement of funds for borrowing from and redemption to financial institutions</li> </ul>																
<b>11. Enhancement of Provision of Information to Depositors and Relevant Parties in and outside Japan</b>																	
(i) Implementation of easy-to-understand PR activities and development of an environment that facilitates two-way exchanges of information with financial institutions, etc.	<p>[Implementation of easy-to-understand PR activities for depositors, etc.]</p> <ul style="list-style-type: none"> <li>○ Made efforts to actively provide information, including posting of new information in a timely manner while preparing the DICJ website for better web accessibility</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>The number of visitors to the DICJ website</td> <td>387,159 persons</td> <td>440,633 persons</td> <td>577,202 persons</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>○ Distributed a brochure called “Understanding the Deposit Insurance System with Cartoons”, etc. for depositors and distributed it to financial institutions and consumer centers nationwide in order to raise public awareness about the deposit insurance system</li> <li>○ Strove to disclose information through such measures as compiling and publishing an administrative cost statement, including consolidated financial statements that cover subsidiaries in addition to financial statements and other documents prescribed by the Deposit Insurance Act and other laws and regulations</li> </ul> <p>[Development of an environment that enables bilateral exchanges of information with financial institutions, etc.]</p> <ul style="list-style-type: none"> <li>○ In order to identify any problems in the implementation of on-site inspections, implemented, as necessary, inspection monitoring, in which the executive in charge of the Inspection Department visited financial institutions At that time, a wide range of opinions, including requests to the DICJ, were exchanged</li> <li>○ Used a cloud service to provide financial institutions with information related to training, inspection, database verification, failure resolution, insurance premiums, purchases of specified difficult recovery claims and management operations of dormant deposits, etc.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>Number of new information items provided through the cloud service</td> <td>18</td> <td>12</td> <td>24</td> </tr> </tbody> </table>		FY2017	FY2018	FY2019	The number of visitors to the DICJ website	387,159 persons	440,633 persons	577,202 persons		FY2017	FY2018	FY2019	Number of new information items provided through the cloud service	18	12	24
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The number of visitors to the DICJ website	387,159 persons	440,633 persons	577,202 persons														
	FY2017	FY2018	FY2019														
Number of new information items provided through the cloud service	18	12	24														
(ii) Dissemination of information to relevant parties overseas with respect to Japan's deposit insurance system and the DICJ's activities	<ul style="list-style-type: none"> <li>○ Prepared and distributed to relevant organizations in and outside Japan “ANNUAL REPORT 2018/2019”, the English version of the FY2018 annual report of the DICJ, in order to disseminate information concerning Japan's deposit insurance system and the DICJ's activities internationally and also used it to explain the DICJ's activities at seminars and other events held for foreign deposit insurance organizations</li> <li>○ Published articles in English on the DICJ website, thereby continuing efforts to enhance the dissemination of information in English</li> </ul>																

Evaluation	Future policy	Responsible unit
<ul style="list-style-type: none"> <li>○ Strove to establish the framework for business continuity during disasters</li> </ul>	<ul style="list-style-type: none"> <li>○ Continue to strive to establish the framework for business continuity during disasters</li> </ul>	Planning and Coordination Department: Planning and Coordination Division System Planning Division  Resolution and Financial Revitalization Department: Resolution and Receivership Division  Deposit Insurance Department: Planning Division
<ul style="list-style-type: none"> <li>○ Conducted training to check the framework enabling smooth transfer of the settlement of funds and other operations from the Treasury Department to the Osaka Operation Department during disasters and strove to strengthen disaster time response capabilities</li> </ul>	<ul style="list-style-type: none"> <li>○ Continue to strive to develop a robust framework for business continuity in cooperation with relevant organizations so that operations related to the settlement of funds, etc. can be appropriately implemented during disasters</li> </ul>	Planning and Coordination Department: Planning and Coordination Division  Treasury Department: Financial Planning and Coordination Division Finance Division I Finance Division II  Osaka Operation Department: Administration, Policy Planning and Coordination Division
<ul style="list-style-type: none"> <li>○ Contributed to deepening depositors' and others' understanding of the deposit insurance system and the DICJ's roles and operations through the dissemination of information via the DICJ website and distribution of brochures Regarding the website, developed contents for better web accessibility</li> <li>○ Disclosed information in an easy-to-understand manner with respect to the financial conditions of the entire DICJ, including subsidiaries</li> <li>○ Engaged in bilateral exchanges of information with financial institutions through inspection monitoring</li> <li>○ Strove to provide information to financial institutions through a cloud service</li> </ul>	<ul style="list-style-type: none"> <li>○ Implement PR activities that are easy to understand for depositors, etc., promote the development of an environment that facilitates interactive exchanges of information with financial institutions, etc. and enhance and improve the DICJ's efforts while listening to the opinions of relevant parties at every available opportunity Regarding the website, strive to further improve web accessibility</li> </ul>	Planning and Coordination Department: Public Relations and Information Management Office  Treasury Department: Budget and Accounting Division I  Inspection Department: Inspection Planning Division  Research Department: Research and Analysis Division
<ul style="list-style-type: none"> <li>○ Provided necessary information to relevant parties in and outside Japan</li> </ul>	<ul style="list-style-type: none"> <li>○ Continue efforts to provide information in a timely manner by using the English version of the annual report at international conferences, technical cooperation seminars and other events and by conducting public relations activities using the English version of the website</li> </ul>	International Department

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**Medium-Term Goals (FY2020–FY2022)**

**I. The DICJ’s Mission**

The mission of the DICJ is to appropriately manage the deposit insurance system<sup>(Note)</sup> in order to achieve the objective of the Deposit Insurance Act, which is to establish a deposit insurance system in order to protect depositors, etc., and to ensure the settlement of funds related to failed financial institutions, thereby contributing to the maintenance of the stability of the financial system.

Note: The DICJ also undertakes operations related to capital participation under the Financial Functions Strengthening Act, operations related to the posting of public notices under the Criminal Accounts Damage Recovery Act, management operations of dormant deposits, etc. and so on under the Dormant Deposits Utilization Act and other operations.

**II. Circumstances Surrounding the DICJ and Challenges**

Japan’s deposit insurance system was established in 1971 under the Deposit Insurance Act as a scheme to protect small-lot deposits. The DICJ was also established under this act. As the operator of the safety net of the Japanese financial sector, the DICJ has implemented failure resolutions of more than 180 financial institutions since its establishment.

Since the experience of a serious financial crisis in the 1990s following the collapse of economic bubbles, various measures, including the injection of public funds, have been implemented. The need to secure the financial intermediary function for conscientious and sound borrowers was keenly recognized during the process of overcoming the crisis and various kinds of systems were introduced, which included those for the financial administrators, the bridge banks and the banks under special crisis management. In 2005, Japan shifted its policy for deposits from full protection to limited coverage. Meanwhile, Japan introduced the deposits for payment and settlement purposes system in order to secure the settlement of funds. The Incubator Bank of Japan failed in 2010, and the DICJ implemented the first-ever failure resolution through limited coverage in Japan.

Since the global financial crisis, which is symbolized by the collapse of Lehman Brothers in 2008, there have been international debates on financial regulations which intend to prevent recurrence of similar crises. Also, each country has individually undertaken domestic measures for institutionalizing the agreements which they made in the debates. Systems such as a framework for orderly resolution of assets and liabilities of a financial institution, etc. for the purpose of ensuring financial system stability have been introduced in Japan as well.

In light of the present financial environment, Japan’s financial system is stable as a whole, but issues such as a prolonged low interest rate environment and a declining population exert an effect on the profitability of financial institutions. The diversification and sophistication of financial products, financial activities and the operations of financial institutions have proceeded at a remarkable speed in an environment marked by advancements in digitalization and the internationalization of economic activity. Measures for adapting to such changes have been implemented. In addition, various forward-looking discussions are held. To adapt in a timely and proper manner to these changing times and environment, it is critical for the DICJ to tirelessly improve the operation of the deposit insurance system in collaboration with relevant authorities and work to strengthen preparedness for failure resolution and response capabilities.

It is also important to strive to contribute to the activities of the International Association of Deposit Insurers (IADI), etc., and strengthen collaboration with relevant foreign institutions in order to respond to internationalization as an institution of the financial safety net.

Furthermore, in order to steadily implement the aforementioned operations, the DICJ must make efforts such as those to build up and further sophisticate the various systems that are the foundation of the DICJ’s management, while also proactively vitalizing organization and streamlining its management.

**III. Medium-Term Goals for FY2020–2022**

In light of the matters mentioned above, in order to set out the basic directions for the execution and improvement of its operations, the DICJ has set the following medium-term goals for FY2020–FY2022 as a roadmap for managing its operations:

1. DICJ's Operations

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3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Dormant Deposits, etc.

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(Initiatives for depositor protection and failure resolution of financial institutions, etc.)

1. With consideration for the diversification and sophistication of financial products, financial activities, and the operations of financial institutions, and measures for responding to such changes, the DICJ will identify and study various issues related to the operations of the deposit insurance system. Also, the DICJ will improve and enhance its preparedness for operations, such as protection of depositors and failure resolution of financial institutions, so as to adapt to any possible situation.
2. The DICJ will regularly follow up on the status of each financial institution's preparedness for failure resolution and encourage it to strengthen their preparedness, while also giving them advice as necessary. With regard to on-site inspections, the DICJ will work to implement inspections in an efficient and effective manner, such as by focusing attention on matters which may affect failure resolution.
3. The DICJ will appropriately implement the management and disposal of assets acquired from failed financial institutions.  
The DICJ will support the resolution and collection operations undertaken by the contracted bank, and improve and enhance its operations, such as pursuit of the liability of former executives of failed financial institutions.
4. The DICJ will make efforts to strengthen cooperation with foreign deposit insurance organizations and other organizations, including active participation in activities of the International Association of Deposit Insurers (IADI). The DICJ will also conduct research and study activities concerning international development related to deposit insurance systems.

(Operations related to capital participation)

5. With regard to capital participation under the Financial Functions Strengthening Act, the DICJ will appropriately cooperate with applicant financial institutions and relevant authorities.

(Operations related to support for financial operations)

6. The DICJ will make active efforts to appropriately conduct operations related to the purchase of the specified difficult recovery claims held by financial institutions, information inquiries on antisocial forces, recovery of damages such as posting public notices on the procedures for criminal accounts damage recovery, and dormant deposits, etc. management.

(Sound and appropriate management of operations)

7. The DICJ will consider the appropriate deposit insurance premium rates in collaboration with stakeholders.
8. The DICJ will strive to develop and improve the various systems, and will enhance information security measures.
9. The DICJ will strive for its financial soundness and efficient management of its organization.
10. The DICJ will collaborate with affiliated companies, including the RCC, and give guidance and advice to them as necessary.
11. The DICJ will develop a framework for business continuity during disasters.
12. The DICJ will enhance the dissemination of information to depositors as well as relevant parties in both Japan and abroad.
13. The DICJ will strive to further an active organization, and strengthen personnel training and compliance preparedness, appropriately respond to the changing environment.

**IV. The Relation between the Medium-Term Goals and the Operational Policy for Each Fiscal Year**

The operational policy for each fiscal year is formulated based on the medium-term goals, as well as the implementation status and evaluation of the operational policy then and of the preceding fiscal years.

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April 1, 2020  
Revised on August 6, 2020

### Operational Policy (April 2020–March 2021)

#### I Challenges Related to the Circumstances Surrounding the DICJ

The Deposit Insurance Corporation of Japan (hereinafter referred to as the “DICJ”) will continuously improve the operation of the deposit insurance system and strengthen the response capability of failure resolution of financial institutions in light of the diversification of the operations of financial institutions, among other factors.

In addition, the DICJ will promote collaboration and cooperation with foreign deposit insurance organizations in response to the globalization of financial transactions. It will also continue efforts to develop and improve the various systems in light of ongoing technology innovation.

#### II Operational Policy for FY 2020

In light of the above, the DICJ sets the following operational policy for FY2020 as a guideline for implementation of operations.

1. Improvement and Enhancement of Preparedness for Every Situation Related to the Protection of Depositors, Failure Resolution, etc.
  - (i) Concerning the failure resolution scheme and the financial administrator operations, the DICJ will maintain and strengthen its capability to deal with the failure resolution of financial institutions through such measures as continuously improving the operation of the deposit insurance system, while identifying and studying various issues related to the operation of the system so that it can adapt to the diversification and sophistication of financial products, financial activities, and the operations of financial institutions, etc. with the objective of the protection of depositors.  
In addition, the DICJ will continue to cooperate with relevant authorities, etc. and enhance the capability to implement measures related to orderly resolution of assets and liabilities of a financial institution, etc.
  - (ii) In order to improve the quality of financial administrator operations and routinely develop the capability to appropriately respond to emergencies, the DICJ will further deepen cooperative relationships with relevant authorities and financial industry-related organizations, and enhance practical training and seminars, etc.
2. Following Up on each Financial Institution’s Development of Preparedness for Failure Resolution and Encouraging the Strengthening Thereof  
In order to ensure secure and smooth implementation of failure resolution, the DICJ will regularly follow up on each financial institution’s preparedness for failure resolution which it must undertake through “on-site inspections”, “follow-up interviews for improvement”, “database verification”, and “training and advice, etc.”, and will encourage it to strengthen said preparedness, and will provide necessary advice, etc.  
Regarding on-site inspections, the DICJ will, based on factors including the status of each financial institution’s accounting systems, conduct inspections efficiently and effectively through such means by deciding which institution to be inspected and the scope and depth of such an examination, etc. in a prioritized manner.
3. Appropriate Management, Collection and Disposal of Assets Acquired from Failed Financial Institutions, etc. and Pursuit of Liability, etc.
  - (i) The DICJ will provide the RCC with necessary guidance and advice for enabling the RCC to appropriately manage and collect claims acquired from failed financial institutions, etc. with due consideration to customer protection.  
In addition, the DICJ will appropriately implement the management and disposal of shares and other capital-raising instruments acquired from failed financial institutions, etc. with due consideration to the perspective of minimizing public burdens and the market impact etc.

- (ii) The DICJ will support the maximization of the RCC's collection of claims by accurate selection of cases to be investigated, implementation of in-depth asset investigations, and appropriately providing guidance and advice concerning collection of claims, with emphasis on malicious cases involving unconscientious debtors who refuse to make repayment or disclose asset information and those involving antisocial forces.

The DICJ will also strictly deal with malicious obstructed recovery cases, etc., including those involving antisocial forces, while maintaining close cooperation with the RCC and providing necessary support.

- (iii) The DICJ will strive to conduct thorough investigations of failed financial institutions, etc. to clarify the background of failure and appropriately execute operations to pursue civil and criminal liabilities. In addition, the DICJ will strive to improve its preparedness to respond immediately at the time of failure resolution and enhance investigation methods.

4. Enhancement of Collaboration with Foreign Deposit Insurance Organizations, and Research and Study Activities

- (i) As the chair organization of the International Association of Deposit Insurers (IADI), the DICJ will lead the IADI in its management and activities, and will facilitate international collaboration and cooperation among deposit insurance organizations.

By exchanging of letters (EOL) for collaboration, signing memoranda of understanding (MOU) and exchanging personnel, etc., the DICJ will seek the mutual strengthening of information exchanges, technical cooperation, etc. with foreign deposit insurance organizations.

In addition, the DICJ will continue to provide technical support to other countries considering the introduction and strengthening of deposit insurance systems.

- (ii) Regarding the matters related to the DICJ's operations such as the reform of deposit insurance systems in other countries and regions and the status of international organizations' efforts toward international cooperation, the DICJ will conduct research and studies and provide the accomplishments to parties concerned and others in various fields.

5. Implementation of Operations Related to Capital Participation

The DICJ will appropriately respond to capital participation under the Financial Functions Strengthening Act (application deadline: March 31, 2026) , which includes special provisions attributable to the revision of the same law in relation to the COVID-19 in close cooperation with relevant authorities. In addition, the DICJ will appropriately manage and dispose of shares and other capital-raising instruments for which it has subscribed under the same law.

6. Implementation of Financial Operations Assistance

- (i) The DICJ will steadily implement such operations as the purchase of specified difficult recovery claims in collaboration with the FSA and relevant organizations, while improving the operation of the program as needed and encouraging financial institutions to actively use the program.

- (ii) The DICJ will strive to ensure appropriate execution of the operation to provide information on antisocial forces in response to inquiries from financial institutions.

- (iii) In order to contribute to the prompt recovery of property damage suffered by victims of bank transfer fraud, the DICJ will post public notices appropriately and smoothly and strive to make appropriate use of money transferred to the DICJ, while cooperating with relevant ministries and agencies, and relevant organizations.

- (iv) The DICJ will appropriately implement the management operations of dormant deposits, etc., such as collecting money for transfer from dormant deposits, etc., providing grants funded by dormant deposits, etc., and setting aside reserves, etc.

7. Study of the Appropriate Insurance Premium Rate

The DICJ will consider the appropriate deposit insurance premium rates in collaboration with stakeholders.

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8. Development and Improvement of Various Systems and Enhancement of Information Security Measures
  - (i) The DICJ will continue to enhance IT governance, and develop and improve various systems that it possesses.
  - (ii) The DICJ will further raise the information security level against cyberattacks that have become increasingly devious and complex in recent years by comprehensively grasping and evaluating risks related to information security at the DICJ and by aptly and effectively implementing necessary measures.
  
9. Strengthening of Finances and Efficient Organizational Management
  - (i) The DICJ will work to strengthen its financial management and rationalize operations related to its finances and will draw up, execute and manage budget plans that are capable of appropriately dealing with the resolution of financial institution failures, etc.
  - (ii) Taking its financial conditions into account, the DICJ will appropriately determine deposit insurance premium rates to ensure equilibrium in the DICJ's finances (the General Account) in the long term.
  - (iii) In the severe fund management environment, the DICJ will appropriately manage funds while continuing to focus on safety and liquidity. The DICJ will raise funds in an efficient manner in light of the funding requirements.
  - (iv) The DICJ will strive to appropriately and efficiently manage the organization and staff in line with the operational policy and in response to the changing environment.
  
10. Collaboration with Affiliated Companies
  - (i) The DICJ will provide necessary guidance and advice so as to ensure appropriate implementation of operations by the RCC. In addition, the DICJ will continue to collaborate with the RCC with regard to operations to collect claims against antisocial forces by using the RCC's servicer function.
  - (ii) The DICJ will cooperate in the appropriate and efficient implementation of operations of the Regional Economy Vitalization Corporation of Japan and the Corporation for Revitalizing Earthquake-Affected Business.
  - (iii) When exercising shareholder voting rights to an affiliated company, the DICJ will appropriately exercise the rights in cooperation with relevant authorities, with due consideration to whether the company manages operations in compliance with the purposes of laws and regulations, etc.
  
11. Establishment of a Framework for Business Continuity during Disasters
  - (i) The DICJ will continue to develop a business continuity framework that enables smooth implementation of operations related to failure resolution in case a disaster should occur.
  - (ii) The DICJ will continue to implement business continuity training in cooperation with relevant departments and organizations and build a robust business continuity framework so that it can appropriately implement operations related to the settlement of funds, etc.
  
12. Enhancement of Information of Dissemination to Depositors and Relevant Parties in and outside Japan
  - (i) The DICJ will strive to conduct easy to understand public relations utilizing various media from the standpoint of depositors in order to ensure better understanding by depositors, etc. of such matters as the deposit insurance system and the DICJ's role and operations. The DICJ will also make every possible effort to develop an environment that facilitates two-way exchange of information with financial institutions, etc.
  - (ii) In order to disseminate information widely to relevant parties outside Japan with regard to Japan's deposit insurance system and the DICJ's activities, the DICJ will continue to compile the English version of the Annual Report and enhance the contents of the English version of the DICJ's website.
  
13. Stronger Organizational Activation, Personnel Training and Compliance Preparedness
  - (i) In order to respond in a timely and appropriate manner to the changing environment, etc., the DICJ will make efforts to further activate organizations and strive to train personnel.
  - (ii) The DICJ will strive to implement training programs, etc. in order to ensure that executives and employees take more appropriate actions by raising their awareness about compliance.

## III. Annex

### 1. I. DICJ's Operations

- (1) Historical Development of the Deposit Insurance System (as of the end of March 2020)
- (2) Historical Development of Special Measures for the Contracted Bank (as of the end of March 2020)
- (3) Deposit Insurance Schemes of Selected Jurisdictions

### 2. II. Overview of the DICJ's Activities in FY2019

- (1) List of Capital Injection Operations and Capital Injection Schemes
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- (4) Balance Sheets, and Profit and Loss Statements
- (5) Trends in the Number of Insured Financial Institutions
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- (7) Trends in the Eligible Deposits and Liability Reserves
- (8) Trends in the Eligible Deposits by Sector of Financial Institutions

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OperationsII. Overview  
of the DICJ's  
Activities1. Failure  
Resolution2. Asset  
Holdings3. Pursuit  
of Liability4. International  
Cooperation5. Capital  
Participation6. Specified  
Difficult Recovery  
Claims7. Criminal  
Accounts Damage  
Recovery8. Management  
Operations of Prominent  
Deposits, etc.

9. Finances

10. PR Activities  
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Term Goals and  
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III. Annex

# 1. I. DICJ's Operations

## (1) Historical Development of the Deposit Insurance System (as of the end of March 2020)

	Initial provisions in 1971	Initial provisions–		June 1996–				
1. Insured financial institutions (by Act)	Banks, Sogo banks, <sup>(Note 3)</sup> Shinkin banks, credit cooperatives	(July 1986) Labor banks joined		(June 2000) Shinkin Central Bank, The Shinkumi Federation Bank & The Rokinren Bank joined				
2. Deposit insurance premium rates (by approval)	0.006%	(FY1982) 0.008%	(FY1986) 0.012%	(FY1996) 0.048%	FY2001 Specific deposits 0.048%		FY2002 0.094%	
(Reference) Effective rates <sup>(Note 1)</sup>	0.006%	0.008%	0.012%	0.084%	Other deposits, etc. 0.048%		0.080%	
3. Payment date of insurance premium (by Act)	Within three months after beginning of fiscal year			Within three months after beginning of fiscal year. However, half may be paid within three months after beginning of second half of fiscal year.				
4. Maximum insurance amount (by Cabinet Order)	Principal ¥1 million	(June 1974) ¥3 million	(July 1986) ¥10 million	(Apr. 2001) Principal ¥10 million plus interests, etc. until the day of failure				
5. Exceptional measures for full protection of deposits and other claims (by Act)				Introduced		Until the end of FY2001 <sup>(Note 5)</sup>		
6. Insurance payout by the deposit placing method (by Act)				Introduced				
7. Provisional payment (by Act) and maximum amount of its payment (by Cabinet Order)		(July 1986) Introduced ¥200,000				(Apr. 2001) ¥600,000		
8. Purchase of deposits and other claims (by Act)				(Apr. 1997) Introduced				
9. Representation of depositors in court <sup>(Note 2)</sup> procedures (by Act)				(Apr. 1997) Introduced				
10. Financial assistance (by Act)		(July 1986) Introduced						
11. Purchase of assets from failed financial institutions, etc. (by Act)		(July 1986) Purchase of assets from assuming financial institutions		(June 1996) Addition of purchase of assets from failed financial institutions	(Oct. 1998) Addition of purchase of assets from banks under special public management, etc. <sup>(Note 4)</sup>		(Apr. 2001) Addition of purchase of assets from banks under special crisis management, etc..	
12. Borrowing of funds (General Account) and maximum borrowings (by Cabinet Order)	¥50 billion	(July 1986) ¥500 billion		(June 1996) ¥1 trillion	(Apr. 1999) ¥2 trillion	(Apr. 2000) ¥4 trillion	(Apr. 2001) ¥6 trillion	(Apr. 2002) ¥13 trillion
13. Measures related to orderly resolution of a financial institution, etc. (by Act)								

- Notes: 1. Including the rate (0.036%) of the special insurance premium, which was in place between FY1996 and FY2001. The effective rate from FY2002 onward is the premised one when the deposit insurance premium rates were decided.
2. A system introduced under the Special Corporate Reorganization Act.
3. Sogo banks (mutual financing banks) have gradually transformed into ordinary banks since February 1989 (the Mutual Financing Bank Act abolished on April 1, 1993).
4. Purchase of assets from banks under special public management, financial institutions under management, contracted bridge banks and sound financial institutions was a temporary measure valid until the end of March 2001. Purchase of assets from sound financial institutions was a measure valid until the end of March 2005.
5. Full protection was provided to current deposits, ordinary deposits and separate deposits until the end of FY2002 (As these types of deposits were regarded as deposits for payment and settlement purposes, they were fully protected until the end of FY2004).
6. From FY2012 to FY2014, insurance premiums were partially reimbursed during each fiscal year, as there was neither (a) an insurable contingency, (b) a disposition ordering the management of business and properties of a failed financial institution by a financial administrator nor (c) a confirmation by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act (the effective rate after the reimbursement are shown in parentheses).



I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Donor Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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Principal special operations introduced in the June 1996 revision of the Deposit Insurance Act

- Special financial assistance
- Special purchase of deposits and other claims
- Collection of special insurance premiums
- Capital subscription, loss compensation, debt guarantee, guidance, advice, etc. for contracted bank
- Asset investigation of debtors concerning loan assets transferred to contracted bank and loan collection
- Entrusting purchase of assets of failed credit cooperatives to contracted bank
- Government debt guarantees for borrowings from the BOJ, or other financial institutions to implement special operations concerning failed credit cooperatives

Main points in the Dec. 1997 revision of the Deposit Insurance Act

- Addition of consolidation to the types of merger, etc., for which an application for financial assistance can be made
- Financial assistance for specified mergers (temporary measure)

Main points in the Feb. 1998 revision of the Deposit Insurance Act

- Integration of the Special Account for general financial institutions and the Special Account for credit cooperatives into the Special Operations Account
- Expansion of the RCB's function to act as an assuming bank for general financial institutions
- Issuance of DICJ bonds
- Extension of the authority to conduct asset investigations with the penalties for violations to include the recovery of loan assets of failed financial institutions
- Introduction of the Special Operations Fund (up to a limit of ¥7 trillion in government-granted bonds)

Main points in the Financial Revitalization Act and Early Strengthening Act enacted in Oct. 1998

- Addition of financial administrator operations
- Addition of operations related to: establishment and business management of bridge bank, special public management, and equity capital injection of financial institutions
- Expansion of the scope of institutions from which the DICJ can purchase assets, including bank under special public management, bridge banks and financial institutions
- Establishment of the Financial Revitalization Account and the Early Strengthening Account

Main points in the May 2000 revision of the Deposit Insurance Act

- Extension of special measures for full protection of deposits, etc. (until the end of FY2001)
- Obligation for financial institutions to prepare data for aggregating deposits held by the identical depositor, and to make necessary adjustments to computer systems, etc.
- Introduction of procedural arrangements for provisional resolutions for business transfers, etc., and court authorization procedures (subrogation) to substitute for special resolutions
- Addition of financial administrator operations
- Addition of operations concerning the establishment and business management of bridge banks
- Addition of financial assistance in the case of partial business transfer
- Addition of capital injection and loss sharing collateral for the assuming financial institution
- Addition of operations for loans to help failed financial institutions repay insured deposits and prevent deterioration of asset value
- Addition of operations against financial crisis (creation of the Crisis Management Account)
- Increased provision of government-granted bonds to the Special Operations Account (from ¥7 trillion to ¥13 trillion)

Main points in the Dec. 2002 revision of the Deposit Insurance Act	
<ul style="list-style-type: none"> <li>• Addition of “securing of settlement of funds for failed financial institutions” to the purposes of the Deposit Insurance Act</li> <li>• Full protection for deposits for payment and settlement purposes (as a permanent measure)</li> <li>• Guarantee for the completion of ongoing settlements</li> <li>• Addition of obligation for financial institutions to implement systems for ensuring the smooth payment of insurance payments for deposits for payment and settlement purposes (additional measures established in April 2006 for smooth payment of deposits for payment and settlement purposes)</li> </ul>	
Main points in the Organizational Restructuring Act enacted in Dec. 2002	
<ul style="list-style-type: none"> <li>• Simplification of merger and other procedures</li> <li>• Capital injection through preferred shares and other capital-raising instruments</li> <li>• Increase in insurance base amount (¥10 million × number of financial institutions in merger, etc., for one year after the merger, etc.)</li> </ul>	
Main points in the Financial Functions Strengthening Act enacted in June 2004	
<ul style="list-style-type: none"> <li>• Capital injection through the subscription for shares by the financial institutions</li> <li>• Establishment of the Financial Functions Strengthening Account</li> </ul>	
Main points in the Dec. 2008 revision of Financial Functions Strengthening Act	
<ul style="list-style-type: none"> <li>• Extension of application period, facilitation of credit granting to small and medium-sized entrepreneurs, and capital injection to the central cooperative financial institution</li> </ul>	
Main points in the May 2011 revision of the Deposit Insurance Act	
<ul style="list-style-type: none"> <li>• Granting of the bridge bank function to contracted bank</li> <li>• Addition of the operations of purchasing specified difficult recovery claims</li> </ul>	
Main points in the June 2011 revision of the Financial Functions Strengthening Act	
<ul style="list-style-type: none"> <li>• Extension of application period and addition of special treatment under the impact of the Great East Japan Earthquake (capital injection to cooperative financial institutions jointly with the cooperative central financial institution)</li> </ul>	
Main points in the June 2013 revision of the Deposit Insurance Act	
<ul style="list-style-type: none"> <li>• Addition of operations related to orderly resolution of a financial institution, etc.</li> </ul>	
Main points in the Dec. 2016 revision of Financial Functions Strengthening Act	
<ul style="list-style-type: none"> <li>• Extension of application period</li> </ul>	

1. D/CJ's Operations

II. Overview of the D/CJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Prominent Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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## (2) Historical Development of Special Measures for the Contracted Bank (as of the end of March 2020)

### (i) In relation to the Deposit Insurance Act

	Revision of June 1996 (Enforced on June 21, 1996)	Revision of February 1998 (Enforced on February 18, 1998)	Revision of October 1998 (Enforced on October 23, 1998)	Revision of May 2000 (Enforced on June 30, 2000)	Revision of May 2000 (Enforced on April 1, 2001)	Revision of May 2011 (Enforced on October 29, 2011)	Revision of June 2013 (Enforced on March 6, 2014)
1. Failure Resolution	• Capital subscription for contracted bank				• Resolution and collection operations established as temporary measures		
2. Asset Holdings	• Entrusting purchase of assets from failed credit cooperatives to contracted bank	• Expansion of the scope of entrustment to include "failed financial institutions"		• Addition of "transferees of special assets, etc." to the scope of entrustment (until March 31, 2001)	• Expansion of the scope of entrustment to include "failed financial institutions, etc. (failed financial institutions, bridge banks, banks under special crisis management)"	• Addition of "contracted bridge bank (transfer)" to the scope of entrustment	• Expansion of the scope of entrustment to include "failed financial institutions, etc. (failed financial institutions, bridge banks, banks under special crisis management, financial institutions under special oversight, etc., specified bridge financial institutions, etc.)"
3. Pursuit of Liability	• Compensation for losses of contracted bank (limited to losses related to entrustment of purchase of assets)	• Expansion of the scope of loss compensation to "loss related to mergers and business transfers based on agreement"					
4. International Cooperation		• Loan of funds to contracted bank					
5. Capital Participation	• Guarantees of debt pertaining to borrowings by contracted bank						
6. Specified Difficult Recovery Claims		• Receipt of monies paid by contracted bank			• Repeal of restrictions on profit payments • Addition of provisions on allowance for doubtful accounts for each item such as profit payment, profit on loss compensation and loss		
7. Criminal Accounts Damage Recovery	• Guidance and advice to contracted bank						
8. Management Operations of Donor Deposits, etc.	• Asset investigation and debt collection from debtors of loan claims, etc. transferred to contracted bank	• Asset investigation of debtor secured by penal provisions					
9. Finances	• Right to inquire with and request cooperation from authorities, public organizations, etc.	• Approval for entrusting of collection to the claim resolution company			Deletion of provisions		
10. PR Activities to Ensure Public Awareness			• Required measures for merger between contracted bank and the claim resolution company				
11. The Medium-Term Goals and Operational Policy						• Addition of provision on the conclusion of bridge bank function agreement with contracted bank	
						• Purchases of specified difficult recovery claims and entrustment to contracted bank	

**(ii) In relation to the Financial Revitalization Act**

Financial Revitalization Act established in October 1998 (Enforced in October 23, 1998)	Revision of May 2000 (Enforced on April 1, 2001)	Revision of June 2001 (Enforced on June 27, 2001)	Revision of December 2001 (Enforced on January 11, 2002)	Revision of April 2003 (Enforced on April 10, 2003)	Revision of June 2009 (Enforced on September 28, 2009)	Revision of November 2011 (Enforced on February 23, 2012)
<ul style="list-style-type: none"> <li>Purchase of assets from financial institutions, etc., and entrustment to specified contracted bank</li> </ul>	No change	<ul style="list-style-type: none"> <li>Extension of the period where sound financial institutions, etc. may apply for purchase of assets (until March 31, 2004)</li> </ul>	<ul style="list-style-type: none"> <li>Use of market value for asset purchase prices</li> <li>Participation in bidding enabled</li> <li>Clarification of provisions to make efforts on diversification and acceleration of methods of disposing purchased assets, and reconstruction of debtors</li> </ul>	<ul style="list-style-type: none"> <li>Extension of the period in which sound financial institutions, etc., can apply to purchase assets (until March 31, 2005)</li> <li>Addition of purchase of assets of the IRCJ</li> </ul>	<ul style="list-style-type: none"> <li>Addition of purchase of assets from the ETIC (reorganized as Regional Economy Vitalization Corporation of Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Addition of purchase of assets from the Corporation for Revitalizing Earthquake-Affected Business</li> </ul>
<ul style="list-style-type: none"> <li>Resolution and collection of purchased assets</li> <li>Loans to specified contracted bank</li> <li>Guarantee of borrowings by specified contracted bank</li> <li>Receipt of monies paid from specified contracted bank</li> <li>Loss compensation for specified contracted bank</li> <li>Approval of implementation plans and funding plans for specified contracted bank</li> <li>Guidance and advice to specified contracted bank</li> <li>Asset investigation (secured by penal provisions) and debt collection from debtors of loan claims, etc. transferred to specified contracted bank</li> <li>Right to inquire with and request cooperation from authorities, public organizations, etc.</li> <li>Approval for entrusting collection to the claim resolution company</li> </ul>	<ul style="list-style-type: none"> <li>Deletion of provisions</li> </ul>					

**(iii) In relation to the Early Strengthening Act**

Establishment of Early Strengthening Act, in October 1998 (Enforced on October 23, 1998)	Revision of May 2000 (Enforced on June 30, 2000)
<ul style="list-style-type: none"> <li>Entrustment of subscription, etc. for shares, etc. to contracted bank</li> <li>Compensation for losses of contracted bank</li> <li>Loan of funds to contracted bank</li> <li>Guarantees of debt pertaining to the borrowings by contracted bank</li> <li>Receipt of monies paid by contracted bank</li> <li>Guidance and advice when a bank issuing shares to contracted bank becomes a subsidiary of the contracted bank</li> </ul>	<ul style="list-style-type: none"> <li>The time limit for applications for subscription, etc. for shares, etc. of "specified cooperative financial institutions, etc." set on March 31, 2002</li> </ul>

**(iv) In relation to the Financial Functions Strengthening Act**

Establishment of Financial Functions Strengthening Act in June 2004 (Enforced on August 1, 2004)	Revision of December 2008 (Enforced on December 17, 2008)	Revision of June 2011 (Enforced on July 27, 2011)	Revision of December 2016 (Enforced on December 2, 2016)
<ul style="list-style-type: none"> <li>Entrustment of a) subscription, etc. for shares, etc.; and b) purchase of trust beneficial rights, etc. from the cooperative central financial institution, to contracted bank</li> <li>Compensation for losses of contracted bank</li> <li>Loan of funds to contracted bank</li> <li>Guarantees of debt pertaining to the borrowings by contracted bank</li> <li>Receipt of monies paid by contracted bank</li> </ul>	<ul style="list-style-type: none"> <li>Extension of application period for subscription, etc. for shares, etc., and purchases of trust beneficial rights, etc. (until March 31, 2012)</li> </ul>	<ul style="list-style-type: none"> <li>Extension of application period for subscription, etc. for shares, etc., and purchases of trust beneficial rights, etc. (until March 31, 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Extension of application period for subscription, etc. for shares, etc., and purchases of trust beneficial rights, etc. (until March 31, 2022)</li> </ul>

1. D/C's Operations

II. Overview of the D/C's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Critical Accounts Recovery

8. Management Operations of Deposit, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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### (3) Deposit Insurance Schemes of Selected Jurisdictions

	Japan	United States	Canada	Korea
Deposit insurance institution, etc.	Deposit Insurance Corporation of Japan (DICJ)	Federal Deposit Insurance Corporation (FDIC)	Canada Deposit Insurance Corporation (CDIC)	Korea Deposit Insurance Corporation (KDIC)
Year of foundation	1971	1934	1967	1996
Character	Public institution	Public institution	Public institution	Public institution
Number of staff	411 (FY2020 authorized number of staff members)	5,593 (end of 2019; full time equivalent staff)	116 (end of March 2019; full-time)	785 (end of 2018)
Insured financial institutions	The following financial institutions that have head offices in Japan: 1) Banks stipulated in the Banking Act 2) Long-term credit banks stipulated in the Long-Term Credit Bank Act 3) Shinkin banks 4) Credit cooperatives 5) Labor banks 6) Shinkin Central Bank 7) The Shinkumi Federation Bank 8) The Rokinren Bank 9) The Shoko Chukin Bank	1) Banks 2) Savings associations	Federally regulated deposit-taking institutions such as: 1) Banks 2) Trust companies 3) Loan companies 4) Federal credit unions	1) Banks 2) Mutual savings banks 3) Korean branches of foreign banks
Eligible deposits, etc.	[Eligible deposits, etc.] 1) Deposits 2) Installment savings 3) Installment deposits 4) Money trusts under the guarantee of principal 5) Bank debentures (limited to custody products)  [Non-eligible deposits, etc.] 1) Foreign-currency deposits 2) Negotiable certificates of deposits 3) Publicly offered bank debentures and bank debentures whose custody agreement has expired 4) Loan trusts whose rights of beneficiary are recorded in the transfer of corporate bonds, shares, other securities or trusts issuing beneficiary certificates that are subject to the Act on Book-Entry Transfer of Company Bond, Shares, etc. 5) Deposits, etc. in special international financial transaction accounts (Japan offshore market accounts) 6) Deposits, etc. from the Bank of Japan (excluding treasury funds) 7) Deposits, etc. from insured financial institutions (excluding those related to the investment of defined contribution pension reserves) 8) Deposits, etc. from the DICJ 9) Anonymous bank accounts  The following deposits, etc. are not protected: 1) Deposits and others under another party's name (including those under a fictitious/false name) 2) Deposits and others to be re-lent to a third party	[Eligible deposits, etc.] 1) Checking accounts 2) Negotiable Order of Withdrawal (NOW) accounts 3) Savings accounts 4) Money market deposit accounts (MMDA) 5) Time deposits such as certificates of deposit (CDs) 6) Cashier's checks, money orders, etc. issued by banks  [Non-eligible deposits, etc.] 1) Stock investments 2) Bond investments 3) Mutual funds 4) Life insurance policies 5) Annuities 6) Municipal securities 7) U.S. Treasury bills, bonds, or notes	[Eligible deposits, etc.] The following deposits, etc. in member financial institutions, which are in Canadian dollars: 1) Savings accounts 2) Chequing accounts 3) Guaranteed Investment Certificates (GICs) and other term deposits with original terms to maturity of five years or less  [Non-eligible deposits, etc.] 1) Mutual funds 2) Stocks 3) Bonds 4) Foreign currency deposits 5) Cryptocurrencies	[Eligible deposits, etc.] 1) Demand deposits 2) Ordinary deposits 3) Term deposits 4) Money trusts with principal guarantees 5) Foreign currency deposits 6) Installment deposits  [Non-eligible deposits, etc.] 1) Certificates of Deposits (CD) 2) Deposits of the governments 3) Deposits of the Bank of Korea 4) Deposits of KDIC 5) Deposits of insured financial institutions
Scope of deposit protection	Of the eligible deposits, etc., deposits for payment and settlement purposes (deposits meeting three requirements: bearing no interest, payable on demand, and capable of providing payment and settlement services) are fully protected. For other (eligible) deposits, etc., the principal of up to ¥10 million plus interest thereon payable until the day of failure are protected per depositor per financial institution.	US\$250,000 (interest included) for each ownership category such as single accounts and joint accounts (mainly eight categories; there are also some individually protected cases)	C\$100,000 (interest included) for each of seven categories including single accounts and joint accounts	KRW 50 million (interest included)
Premium rate	Flat-rate premium system: (FY2020) <sup>(Note 2)</sup> 0.033% effective rate 0.045% for deposits for payment and settlement purposes 0.031% for general deposits, etc.	Differential premium system: 0.015 – 0.40%	Differential premium system: Four premium categories: 0.075%, 0.150%, 0.300%, 0.333%	Differential premium system
Other	<ul style="list-style-type: none"> <li>The Norinchukin Bank, agricultural cooperatives, fishery cooperatives, and others are members of the Agricultural and Fishery Co-operative Savings Insurance Corporation.</li> <li>Securities companies (*) are members of the Japan Investor Protection Fund, and life/non-life insurance companies are members of the Policyholders Protection Corporation.</li> <li>(*) "Securities companies" refers to type I financial instruments business operators engaged in securities related business.</li> </ul>	<ul style="list-style-type: none"> <li>Deposits at credit unions are protected by National Credit Union Administration (NCUA).</li> </ul>	—	<ul style="list-style-type: none"> <li>KDIC also protects financial and investment companies and insurance firms other than deposit-taking financial institutions.</li> <li>Deposits at credit unions are protected by National Credit Union Federation of Korea.</li> </ul>

Notes: 1. The EU Directive on Deposit Guarantee Schemes sets the limit at €100,000 across the board.

2. For Japan's insurance premium rates in FY2020, see P6: I. 1. (3) (v).

Sources: Materials provided by related authorities of various countries

Common Standard in EU (the directive on deposit guarantee schemes)	France	United Kingdom
—	Fonds de Garantie des Dépôts et de Résolution (FGDR) (French Deposit Insurance and Resolution Fund)	Financial Services Compensation Scheme (FSCS)
Standards established in 1994; amended in April 2014	1999 (Deposit insurance system of the French Bankers Association started in 1980)	2001 (Deposit insurance system started in 1982)
—	Private body created by law	Public institution
—	Approx. 14 (full-time equivalent staff, average for 2018)	187 (average number of employees during the year ended 31 March 2019)
Credit institutions	1) Banks 2) Cooperative banks 3) Specialised credit institutions	1) Banks 2) Building societies 3) Credit unions
[Eligible deposits, etc.] 1) Savings deposits 2) Fixed-term deposits, etc.  [Non-eligible deposits, etc.] 1) Deposits made by other credit institutions 2) Own funds of the credit institution 3) Deposits arising out of transactions in connection with which there has been a criminal conviction for money laundering 4) Deposits by financial institutions 5) Deposits by investment firms 6) Deposits the holder of which has never been identified 7) Deposits by insurance undertakings and by reinsurance undertakings 8) Deposits by collective investment undertakings 9) Deposits by pension and retirement funds 10) Deposits by public authorities 11) Debt securities issued by a credit institution, etc.	[Eligible deposits, etc.] Denominated in euros or in the currency of a government 1) Current accounts 2) Savings accounts 3) Term accounts 4) Foreign currency deposits 5) Deposits of member's foreign branches in the European Economic Area ("EEA")  [Non-eligible deposits, etc.] 1) Life insurance policy 2) Pension savings scheme 3) Anonymous deposits 4) Cryptocurrencies, etc.	[Eligible deposits, etc.] 1) A deposit held by a UK establishment of a Deposit Guarantee Scheme ("DGS") member 2) A deposit held by a branch of a DGS member established in another EEA State  [Non-eligible deposits, etc.] 1) A deposit by a financial institution 2) A deposit arising out of a transaction in connection with which there has been a criminal conviction for money laundering 3) A deposit by an investment firm 4) A deposit the holder and any beneficial owner of which have not had their identity verified 5) A deposit by an insurance undertaking or a reinsurance undertaking 6) A deposit by a collective investment undertaking 7) A deposit by a pension or retirement fund 8) A deposit by a public authority
€100,000 (interest included) The following deposits are protected above €100,000 for at least three months and no longer than 12 months after the amount has been credited or from the moment when such deposits become legally transferable: 1) Deposits resulting from real estate transactions relating to private residential properties 2) Deposits that serve social purposes laid down in national law and are linked to particular life events of a depositor such as marriage, divorce, retirement, dismissal, redundancy, invalidity or death 3) Deposits that serve purposes laid down in national law and are based on the payment of insurance benefits or compensation for criminal injuries or wrongful conviction	€100,000 for deposits (interest included) <sup>(Note 1)</sup>	£85,000 for deposits (approx. €100,000, interest included) <sup>(Note 1)</sup>
Differential premium system	Differential premium system	Differential premium system
—	• The FGDR also protects investment firms, etc. other than deposit-taking financial institutions.	—

1. DGS's Operations

II. Overview of the DGS's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Deposit Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

## 2. II. Overview of the DICJ's Activities in FY2019

### (1) List of Capital Injection Operations and Capital Injection Schemes

#### (i) List of Capital Injection Operations (for each Act)

##### (a) Capital injection operations pursuant to the former Financial Functions Stabilization Act (as of the end of March 2020)

(Units: ¥ billion, %)

Name of Financial Institution	Capital Injection (Subordinated Bonds and Subordinated Loans)					Management/Disposal Status	
	Date	Amount	Rate (L = 6m JPY LIBOR)		Type	Date	Notes
			0 - 5th Year	6th Year onwards			
Mizuho FG (Fuji Bank)	March 1998	100.0	L + 1.10	L + 2.60	Subordinated bond (Perpetual)	March 2004	The issuer called for redemption in full.
Mizuho FG (Industrial Bank of Japan)	March 1998	100.0	L + 0.55	L + 1.25	Subordinated bond (10 years)	March 2004	The issuer called for early redemption in full.
Mizuho FG (Yasuda Trust & Banking)	March 1998	150.0	L + 2.45	L + 3.95	Subordinated bond (Perpetual)	March 2003	The issuer partially called for redemption of ¥50 billion (out of ¥150 billion).
						September 2003	The issuer partially called for redemption of ¥50 billion (out of ¥100 billion).
						March 2004	The issuer partially called for redemption of ¥25 billion (out of ¥50 billion).
						September 2004	The issuer called for redemption of the remaining ¥25 billion.
Sumitomo Mitsui FG (Sakura Bank)	March 1998	100.0	L + 1.20	L + 2.70	Subordinated bond (Perpetual)	March 2003	The issuer called for redemption in full.
Sumitomo Mitsui FG (Sumitomo Bank)	March 1998	100.0	L + 0.90	L + 2.40	Subordinated bond (Perpetual)	March 2003	The issuer called for redemption in full.
Bank of Tokyo-Mitsubishi	March 1998	100.0	L + 0.90	L + 2.40	Subordinated bond (Perpetual)	February 2000	The issuer repurchased in full (repurchase amount: ¥100.56 billion).
Mitsubishi Trust & Banking	March 1998	50.0	L+1.10	L+2.60	Subordinated bond (Perpetual)	December 2000	The issuer repurchased in full (repurchase amount: ¥50.002 billion).
UFJ HD (Sanwa Bank)	March 1998	100.0	L+0.55	L+1.25	Subordinated bond (10 years)	March 2003	The issuer called for early redemption in full.
UFJ HD (Tokai Bank)	March 1998	100.0	L+0.90	L+2.40	Subordinated loan (Perpetual)	May 2001	Perpetual subordinated loan changed into perpetual subordinated bonds.
						March 2003	The issuer called for redemption in full.
UFJ HD (Toyo Trust & Banking)	March 1998	50.0	L+1.10	L+2.60	Subordinated bond (Perpetual)	March 2003	The issuer called for redemption in full.
Resona HD (Asahi Bank)	March 1998	100.0	L+1.00	L+2.50	Subordinated loan (Perpetual)	October 2005	The borrower exercised the option to repay in full.
Resona HD (Daiwa Bank)	March 1998	100.0	L + 2.70 (Note 3)	L + 2.70 (On and after July 1, 2008: L + 3.95) (Note 3)	Subordinated loan (Perpetual)	September 2005	The borrower exercised the option to repay in full.
Sumitomo Trust & Banking	March 1998	100.0	L+1.10	L+2.60	Subordinated bond (Perpetual)	March 2003	The issuer called for redemption in full.
Mitsui Trust HD (Mitsui Trust & Banking)	March 1998	100.0	L+1.45	L+2.95	Subordinated bond (Perpetual)	March 2005	The issuer called for redemption in full.
Mitsui Trust HD (Chuo Trust & Banking)	March 1998	28.0	L+2.45	L+3.95	Subordinated loan (Perpetual)	March 2003	The borrower exercised the option to repay in full.
Bank of Yokohama	March 1998	20.0	L+1.10	L+2.60	Subordinated loan (Perpetual)	May 2003	The borrower exercised the option to repay in full.
Hokuriku Bank	March 1998	20.0	L+2.45	L+3.95	Subordinated loan (Perpetual)	September 2005	The borrower partially exercised the option to repay ¥10 billion (out of ¥20 billion).
						March 2006	The borrower exercised the option to repay the remaining ¥10 billion.
Ashikaga Bank	March 1998	30.0	L+2.95	L+4.45	Subordinated bond (Perpetual)	March 2004	The issuer called for redemption in full.
Shinsei Bank (Long-Term Credit Bank of Japan)	March 1998	46.6	L+2.45	L+3.95	Subordinated loan (Perpetual)	March 2003	The borrower exercised the option to repay in full.

Name of Financial Institution	Capital Injection (Convertible Preferred Shares)					Management/Disposal Status	
	Date	Amount	Dividend Rate	Beginning of Conversion Period	Mandatory Acquisition Date	Date	Notes
Mizuho FG (Dai-ichi Kangyo Bank)	March 1998	99.0	0.75	July 1, 1998	August 1, 2005	August 2004	The issuer repurchased in full (repurchase amount: ¥59.489 billion).
Mitsui Trust HD (Chuo Trust & Banking)	March 1998	32.0	2.50	July 1, 1998	August 1, 2018	July 2006	The issuer acquired preferred shares in full and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds from PO: ¥97.926 billion).
Shinsei Bank (Long-Term Credit Bank of Japan)	March 1998	130.0	1.00	October 1, 1998	April 1, 2008	October 1998	The DICJ acquired preferred shares based on the decision to impose Special Public Management.
						March 2000	The number of preferred shares was decreased by 25,472,000 shares (out of 100,000,000 shares) on the decision to implement reduction of capital.
						March 2008	The issuer acquired the remaining 74,528,000 preferred shares, at the request of the DICJ, and issued new 269,128,888 common shares to the DICJ in exchange for such preferred shares.
Aozora Bank (Nippon Credit Bank)	March 1998	60.0	1.00	October 1, 1998	June 30, 2022	November 2017	The issuer repurchased odd-lot common shares that arose from a reverse share split (0.8 shares equivalent to book value ¥3,864. Proceeds from disposal: ¥1,554).
						December 1998	The DICJ acquired preferred shares based on the decision to impose Special Public Management.
						October 2000	The number of preferred shares was decreased by 71,856,000 shares (out of 120,000,000 shares) on the decision to implement reduction of capital (and reduced dividend rate (3%→1%).)
						September 2012	The terms of preferred shares were changed (amendment to the articles of incorporation). The date of the mandatory acquisition was extended (April 2018 before the change).
						June 2015	The issuer repurchased in full (repurchase amount: ¥86.72 billion).

Total Amount of Capital Injection	1,815.6	
Total Amount of the Disposed Book Value	1,685.6	
Remaining Balance	130.0	Disposed

- Notes: 1. Current names are used for the names of financial institutions. However, for the cases of financial institutions whose disposal has been completed, names at the time of the completion of disposal are used.
2. Entries in parentheses are names at the time of capital injection.
3. "L" stands for 3-month JPY LIBOR.

## (b) Capital injection operations pursuant to the Early Strengthening Act (as of the end of March 2020)

(Units: ¥ billion, %)

Name of Financial Institution	Capital Injection (Subordinated Bonds and Subordinated Loans) (L = 6m JPY LIBOR)						Management/Disposal Status	
	Date	Amount	Rate	Beginning of Step-up	Rate after Beginning of Step-up	Type	Date	Notes
Mizuho FG (Dai-ichi Kangyo Bank)	March 1999	100.0	L+0.75	April 1, 2004	L+1.25	Subordinated loan (10 years)	November 2000	Subordinated loan changed into subordinated bonds.
							March 2004	The issuer called for early redemption in full.
Mizuho FG (Dai-ichi Kangyo Bank)	March 1999	100.0	L+0.75	April 1, 2005	L+1.25	Subordinated loan (11 years)	November 2000	Subordinated loan changed into subordinated bonds.
							March 2005	The issuer called for early redemption in full.
Mizuho FG (Fuji Bank)	March 1999	200.0	L+0.65	April 1, 2004	L+1.35	Subordinated bond (perpetual)	September 2004	The issuer called for redemption in full.
				April 1, 2009	L+2.15			
Mizuho FG (Industrial Bank of Japan)	March 1999	250.0	L+0.98	April 1, 2004	L+1.48	Subordinated bond (perpetual)	March 2004	The issuer called for redemption in full.
UFJ HD (Sanwa Bank)	March 1999	100.0	L+0.34	October 1, 2004	L+1.34	Subordinated bond (perpetual)	September 2005	The issuer called for redemption in full.
Mitsubishi Trust & Banking	March 1999	100.0	L+1.75	April 1, 2004	L+2.25	Subordinated bond (perpetual)	December 2000	The issuer repurchased in full (repurchase amount: ¥101.807 billion).
Resona HD (Asahi Bank)	March 1999	100.0	L+1.04	April 1, 2009	L+2.54	Subordinated loan (perpetual)	November 2006	The borrower partially repaid ¥20 billion (out of ¥100 billion, repayment amount: ¥20.32 billion).
							June 2007	The borrower partially repaid ¥35 billion (out of ¥80 billion, repayment amount: ¥35.55 billion).
							March 2009	The borrower exercised the option to repay the remaining ¥45 billion.
Sumitomo Trust & Banking	March 1999	100.0	L+1.53	April 1, 2006	L+2.03	Subordinated bond (12 years)	January 2004	The issuer repurchased in full (repurchase amount: ¥102.366 billion).
Mitsui Trust HD (Mitsui Trust & Banking)	March 1999	150.0	L+1.49	April 1, 2004	L+1.99	Subordinated loan (10 years)	March 2004	The borrower partially exercised the option to repay ¥10 billion (out of ¥150 billion).
							September 2004	The borrower partially exercised the option to repay ¥40 billion (out of ¥140 billion).
							March 2005	The borrower exercised the option to repay the remaining ¥100 billion.
Bank of Yokohama	March 1999	50.0	L+1.65	April 1, 2004	L+2.15	Subordinated loan (perpetual)	March 2004	The borrower exercised the option to repay in full.
		50.0	L+1.07	April 1, 2004	L+1.57	Subordinated loan (10 years two months)	May 2004	The borrower exercised the option to repay in full.
Momiji HD (Hiroshima-Sogo Bank)	September 1999	20.0	L+2.80	October 1, 2004	L+4.14	Subordinated loan (perpetual)	September 2005	The borrower exercised the option to repay in full.
Kansai Sawayaka Bank	March 2001	4.0	L+1.87	April 1, 2006	L+2.37	Subordinated bond (10 years)	January 2004	The issuer repurchased in full (repurchase amount: ¥4.012 billion).

Name of Financial Institution	Capital Injection (Preferred Shares)						Management/Disposal Status	
	Date	Amount	Dividend Rate	Beginning of Conversion Period	Mandatory Acquisition Date	Type	Date	Notes
Mizuho FG (Dai-ichi Kangyo Bank)	March 1999	200.0	0.41	August 1, 2004	August 1, 2006	Convertible	March 2005	The issuer partially repurchased ¥77.2 billion (out of ¥200 billion) (repurchase amount: ¥60.525 billion).
							August 2005	The issuer repurchased the remaining ¥122.8 billion (repurchase amount: ¥115.293 billion).
		200.0	0.70	August 1, 2005	August 1, 2008	Convertible	August 2005	The issuer repurchased in full (repurchase amount: ¥187.578 billion).
Mizuho FG (Fuji Bank)	March 1999	300.0	2.38	-	-	Non-convertible	July 2006	The issuer repurchased in full mandatorily based on both its articles of incorporation and the subscription agreement of the shares (repurchase amount: ¥301.858 billion).
		300.0	2.10	-	-	Non-convertible	July 2006	The issuer repurchased in full mandatorily based on both its articles of incorporation and the subscription agreement of the shares (repurchase amount: ¥301.64 billion).
		250.0	0.55	October 1, 2006	February 1, 2011	Convertible	October 2005	The issuer repurchased in full mandatorily based on both its articles of incorporation and the subscription agreement of the shares (repurchase amount: ¥250.735 billion).
		250.0	0.40	October 1, 2004	February 1, 2009	Convertible	March 2005	The issuer partially repurchased ¥131.4 billion (out of ¥250 billion, repurchase amount: ¥148.784 billion).
							August 2005	The issuer repurchased the remaining ¥118.6 billion (repurchase amount: ¥156.376 billion).
Mizuho FG (Industrial Bank of Japan)	March 1999	175.0	1.40	September 1, 2003	September 1, 2009	Convertible	August 2004	The issuer partially repurchased ¥133.75 billion (out of ¥175 billion, repurchase amount: ¥180.482 billion).
							March 2005	The issuer repurchased the remaining ¥41.25 billion (repurchase amount: ¥50.651 billion).
		175.0	0.43	July 1, 2003	September 1, 2009	Convertible	August 2005	The issuer repurchased in full (repurchase amount: ¥233.707 billion).
Sumitomo Mitsui FG (Sakura Bank)	March 1999	800.0	1.37	October 1, 2002	October 1, 2009	Convertible	November 2004	The DICJ exercised the option to convert ¥105 billion preferred shares (out of ¥800 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥200.629 billion).
							September 2006	The issuer partially repurchased ¥450 billion (out of ¥695 billion, repurchase amount: ¥653.04 billion).
							October 2006	The issuer partially repurchased ¥195 billion (out of ¥245 billion, repurchase amount: ¥222.242 billion).
							October 2006	The issuer acquired the remaining ¥50 billion preferred shares and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥76.793 billion).

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Name of Financial Institution	Capital Injection (Preferred Shares)						Management/Disposal Status	
	Date	Amount	Dividend Rate	Beginning of Conversion Period	Mandatory Acquisition Date	Type	Date	Notes
Sumitomo Mitsui FG (Sumitomo Bank)	March 1999	201.0	0.35	May 1, 2002	February 27, 2009	Convertible	November 2004	The DICJ exercised the option to convert ¥96 billion preferred shares (out of ¥201 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥67.71 billion).
							May 2006	The issuer repurchased the remaining ¥105 billion (repurchase amount: ¥141.96 billion).
	March 1999	300.0	0.95	August 1, 2005	February 27, 2009	Convertible	May 2006	The issuer partially repurchased ¥99 billion (out of ¥300 billion, repurchase amount: ¥133.957 billion).
							September 2006	The issuer repurchased the remaining ¥201 billion (repurchase amount: ¥245.079 billion).
Mitsubishi UFJ FG (Sanwa Bank)	March 1999	600.0	0.53	July 1, 2001	August 1, 2008	Convertible	October 2005	The DICJ exercised the option to convert ¥207.9 billion preferred shares (out of ¥600 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥171.869 billion).
							December 2005	The DICJ exercised the option to convert ¥155.7 billion preferred shares (out of ¥392.1 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥149.862 billion).
							December 2005	The DICJ partially sold ¥53.1 billion (out of the remaining ¥236.4 billion) to the other party/parties at the request of the issuer (proceeds of sale: ¥55.426 billion).
							March 2006	The DICJ exercised the option to convert ¥155.4 billion preferred shares (out of ¥183.3 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full through ToSTNeT-2 to the issuer and regular transaction on the stock exchange (proceeds of sale: ¥160.469 billion).
Mitsubishi UFJ FG (Tokai Bank)	March 1999	300.0	0.93	July 1, 2002	March 31, 2009	Convertible	May 2006	The issuer acquired the remaining ¥27.9 billion preferred shares and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥25.206 billion).
							October 2005	The DICJ exercised the option to convert ¥115.7 billion preferred shares (out of ¥300 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥177.935 billion).
							March 2006	The DICJ exercised the option to convert ¥24.9 billion preferred shares (out of ¥184.3 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full through ToSTNeT-2 to the issuer and regular transaction on the stock exchange (proceeds of sale: ¥39.669 billion).
							June 2006	The issuer acquired the remaining ¥159.4 billion preferred shares and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥219.637 billion).
Mitsubishi UFJ FG (Toyo Trust & Banking)	March 1999	200.0	1.15	July 1, 1999	August 1, 2009	Convertible	May 2006	The issuer acquired ¥178.714 billion preferred shares (out of ¥300 billion) and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥249.644 billion).
							June 2006	The issuer acquired the remaining ¥121.286 billion preferred shares and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥167.12 billion).
							December 2005	The DICJ exercised the option to convert ¥24.7 billion preferred shares (out of ¥200 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer primarily through ToSTNeT-2 (proceeds of sale: ¥50.579 billion).
							December 2005	The DICJ sold ¥22.4 billion (out of ¥175.3 billion) to the other party at the request of the issuer (proceeds of sale: ¥45.969 billion).
Mitsubishi Trust & Banking	March 1999	200.0	0.81	July 31, 2003	August 1, 2008	Convertible	March 2006	The DICJ sold ¥136.2 billion (out of ¥152.9 billion) to the other parties at the request of the issuer (proceeds of sale: ¥300.185 billion).
							June 2006	The issuer acquired the remaining ¥16.7 billion preferred shares and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥31.663 billion).
							January 2001	The DICJ sold in full to the other parties at the request of the issuer (proceeds of sale: ¥210.35 billion).
							January 2007	The issuer partially repurchased ¥244.679 billion (out of ¥408 billion, repurchase amount: ¥293.37 billion).
Resona HD (Asahi Bank)	March 1999	300.0	1.15	July 1, 2002	December 1, 2009	Convertible	March 2009	The issuer repurchased the remaining ¥163.321 billion (repurchase amount: ¥174.917 billion).
							January 2007	The issuer partially repurchased ¥288.03 billion (out of ¥300 billion, repurchase amount: ¥276.629 billion).
							March 2009	The issuer repurchased the remaining ¥11.97 billion (repurchase amount: ¥5.519 billion).
							June 2013	The terms of preferred shares were changed (amendment to the articles of incorporation). • The mandatory acquisition date was extended (December 2014 before the change). • Special preferred dividends totaling ¥20 billion to be paid annually.
Resona HD (Asahi Bank)	March 1999	100.0	1.48	July 1, 2003	The next day after a regular general shareholders meeting related to the fiscal year ending in March 2018	Convertible	June 2014	Special preferred dividends totaling ¥20 billion
							June 2015	Special preferred dividends totaling ¥20 billion
							June 2015	The issuer repurchased the remaining ¥60 billion (repurchase amount: ¥60 billion).
Sumitomo Trust & Banking	March 1999	100.0	0.76	April 1, 2001	March 31, 2009	Convertible	January 2004	The DICJ sold in full to the other parties at the request of the issuer (proceeds of sale: ¥138.08 billion).

Name of Financial Institution	Capital Injection (Preferred Shares)						Management/Disposal Status	
	Date	Amount	Dividend Rate	Beginning of Conversion Period	Mandatory Acquisition Date	Type	Date	Notes
Sumitomo Mitsui Trust HD (Mitsui Trust & Banking)	March 1999	250.3	1.25	July 1, 1999	August 1, 2009	Convertible	July 2007	The issuer acquired ¥37 billion preferred shares (out of ¥250.25 billion) and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥86.662 billion).
							July 2008	The issuer partially repurchased ¥86.4 billion (out of ¥213.25 billion, repurchase amount: ¥127.386 billion).
							July 2008	The issuer acquired ¥76.5 billion preferred shares (out of ¥126.85 billion) and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥103.53 billion).
							August 2009	The issuer, on the Mandatory Acquisition Date, acquired the remaining ¥50.35 billion preferred shares mandatorily based on its articles of incorporation, etc. and issued new 125,875,000 common shares to the DICJ in exchange for such preferred shares.
							March 2013	At the request of the issuer, the DICJ sold the remaining common shares totaling ¥50.35 billion through TosTNet-2 to the issuer (proceeds of sale: ¥53.749 billion).
Sumitomo Mitsui Trust HD (Chuo Trust & Banking)	March 1999	150.0	0.90	July 1, 1999	August 1, 2009	Convertible	August 2009	The issuer, on the Mandatory Acquisition Date, acquired ¥150 billion preferred shares mandatorily based on its articles of incorporation, etc. and issued new 375,000,000 common shares to the DICJ in exchange for such preferred shares.
							March 2013	At the request of the issuer, the DICJ sold the remaining common shares totaling ¥150 billion through TosTNet-2 to the issuer (proceeds of sale: ¥160.125 billion).
Bank of Yokohama	March 1999	70.0	1.13	August 1, 2001	July 31, 2009	Convertible	July 2004	The DICJ exercised the option to convert ¥55 billion preferred shares (out of ¥70 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full through the Public Offering (proceeds of PO: ¥81.415 billion).
		30.0	1.89	August 1, 2004	July 31, 2009	Convertible	July 2004	The issuer repurchased the remaining ¥15 billion (repurchase amount: ¥17.259 billion).
								July 2004
Ashigin FG (Ashikaga Bank)	September 1999	75.0	0.94	September 29, 2000	September 30, 2009	Convertible	February 2006	The issuer dissolved in December 26, 2005, and the DICJ received distribution of residual assets (distribution amount: ¥2.776 billion) for the preferred shares in February 24, 2006 (book value: ¥105 billion in total).
	November 1999	30.0	0.94	November 30, 2000	November 30, 2009	Convertible		
Hokuhoku FG (Hokuriku Bank)	September 1999	75.0	1.54	March 1, 2001	July 30, 2010	Convertible	August 2007	The issuer partially repurchased ¥35 billion (out of ¥75 billion, repurchase amount: ¥40.016 billion).
							June 2008	The issuer partially repurchased ¥15 billion (out of ¥40 billion, repurchase amount: ¥18.018 billion).
							July 2009	The issuer repurchased the remaining ¥25 billion (repurchase amount: ¥29.805 billion).
Hokuhoku FG (Hokkaido Bank)	March 2000	45.0	1.16	August 1, 2001	August 1, 2010	Convertible	September 2000	Perpetual subordinated bonds converted into preferred shares as originally planned.
							June 2008	The issuer partially repurchased ¥10.032 billion (out of ¥45.03 billion, repurchase amount: ¥12.093 billion).
							July 2009	The issuer partially repurchased ¥15.048 billion (out of ¥34.998 billion, repurchase amount: ¥18.107 billion).
							August 2009	The issuer repurchased the remaining ¥19.95 billion (repurchase amount: ¥21.991 billion).
Bank of the Ryukyus	September 1999	40.0	1.50	December 29, 2000	October 1, 2010	Convertible	September 2000	Perpetual subordinated bonds converted into preferred shares as originally planned.
							October 2006	The issuer partially repurchased ¥34 billion (out of ¥40 billion, repurchase amount: ¥40.593 billion).
							July 2010	The issuer repurchased the remaining ¥6 billion (repurchase amount: ¥6.026 billion).
Momiji HD (Hiroshima-Sogo Bank)	September 1999	20.0	1.41	September 30, 2004	August 1, 2011	Convertible	December 2005	The DICJ sold ¥17 billion to the other party at the request of the issuer (proceeds of sale: ¥25.075 billion). The issuer repurchased ¥3 billion (repurchase amount: ¥4.425 billion).
Kumamoto Family Bank	February 2000	30.0	1.33	September 2, 2002	March 1, 2014	Convertible	May 2006	The DICJ sold in full to the other party at the request of the issuer (proceeds of sale: ¥31.552 billion).
Shinsei Bank (Long-Term Credit Bank of Japan)	March 2000	240.0	1.21	August 1, 2005	August 1, 2007	Convertible	August 2006	The issuer acquired ¥120 billion preferred shares (out of ¥240 billion) and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full to the issuer primarily through TosTNet-2 (proceeds of sale: ¥150.625 billion).
							August 2007	The issuer, on the Mandatory Acquisition Date, acquired the remaining ¥120 billion preferred shares mandatorily based on its articles of incorporation, etc. and issued new 200,000,000 common shares to the DICJ in exchange for such preferred shares.
Chiba Kogyo Bank	September 2000	60.0	1.29	September 30, 2002	March 31, 2014	Convertible	July 2013	The issuer repurchased in full (repurchase amount: ¥60.227 billion).
Yachiyo Bank	September 2000	35.0	1.13	September 30, 2002	September 30, 2010	Convertible	February 2001	Perpetual subordinated bonds converted into preferred shares as originally planned.
							March 2006	The DICJ sold in full to the other party at the request of the issuer (proceeds of sale: ¥40.068 billion).
Aozora Bank (Nippon Credit Bank)	October 2000	260.0	1.24	October 3, 2005	June 30, 2022	Convertible	November 2006	The issuer acquired ¥104.72 billion preferred shares (out of ¥260 billion) and issued new common shares to the DICJ in exchange for such preferred shares. The DICJ sold such common shares in full through the Public Offering at the request of the issuer (proceeds of PO: ¥132.646 billion).
							September 2012	The terms of preferred shares were changed (amendment to the articles of incorporation). •The date of the mandatory acquisition extended (October 2012 before the change). •Special preferred dividends totaling ¥20.49 billion to be paid annually.
							October 2012	The issuer repurchased ¥26.532 billion (out of the remaining ¥155.28 billion, repurchase amount: ¥22.7 billion).
							June 2013	Special preferred dividends totaling ¥20.49 billion.
							June 2014	Special preferred dividends totaling ¥20.49 billion.
							June 2015	Special preferred dividends totaling ¥20.49 billion.
June 2015	The issuer repurchased the remaining ¥67.278 billion (repurchase amount: ¥56.71 billion).							

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III. Annex

Name of Financial Institution	Capital Injection (Preferred Shares)						Management/Disposal Status	
	Date	Amount	Dividend Rate	Beginning of Conversion Period	Mandatory Acquisition Date	Type	Date	Notes
Kansai Sawayaka Bank	March 2001	8.0	1.08	August 1, 2002	March 31, 2011	Convertible	October 2003	The issuer repurchased in full (repurchase amount: ¥10.584 billion).
Higashi-Nippon Bank	March 2001	20.0	1.10	March 31, 2003	March 31, 2011	Convertible	March 2011	The issuer repurchased in full (repurchase amount: ¥20.098 billion).
Resona HD (Kinki Osaka Bank)	April 2001	60.0	1.36	January 1, 2002	The next day after a regular general shareholders meeting related to the fiscal year ending in March 2018	Convertible	June 2013	The terms of preferred shares were changed (amendment to the articles of incorporation). •The mandatory acquisition date was extended (April 2015 before the change). •Special preferred dividends totaling ¥12 billion to be paid annually.
							June 2014	Special preferred dividends totaling ¥12 billion
							June 2015	Special preferred dividends totaling ¥12 billion
							June 2015	The issuer repurchased the remaining ¥36 billion (repurchase amount: ¥36 billion).
Gifu Bank	April 2001	12.0	1.21	March 1, 2002	April 1, 2011	Convertible	December 2010	The issuer repurchased in full (repurchase amount: ¥12.106 billion).
Nishi-Nippon City Bank (Fukuoka City Bank)	January 2002	70.0	1.20	January 31, 2007	April 1, 2012	Convertible	September 2002	Perpetual subordinated bonds converted into preferred shares as originally planned.
							September 2006	The issuer partially repurchased ¥35 billion (out of ¥70 billion, repurchase amount: ¥41.163 billion).
							July 2010	The issuer repurchased the remaining ¥35 billion (repurchase amount: ¥35.121 billion).
Wakayama Bank	January 2002	12.0	1.34	May 1, 2003	April 1, 2014	Convertible	September 2002	Perpetual subordinated bonds converted into preferred shares as originally planned.
							December 2005	The DICJ sold in full to the other parties at the request of the issuer (proceeds of sale: ¥12.113 billion).
Kyushu-Shinwa HD (Kyushu Bank)	March 2002	30.0	1.25	March 1, 2006	April 1, 2012	Convertible	September 2002	Perpetual subordinated bonds converted into preferred shares as originally planned.
							February 2008	The issuer dissolved in August 29, 2007, and the DICJ received distribution of residual assets (distribution amount: ¥30 billion) in February 18, 2008.

Total Amount of Capital Injection	8,605.3
Total Amount of the Disposed Book Value	8,485.3
Remaining Balance	120.0

Fully Disposed   
  Partially Disposed  
 Common shares have been held through mandatory acquisition

- Notes: 1. Current names are used for the names of financial institutions. However, for the cases of financial institutions whose disposal has been completed, names at the time of the completion of disposal are used.
2. Entries in parentheses are names at the time of capital injection.

(c) Capital injection operations pursuant to the Deposit Insurance Act  
(measures against financial crisis) (as of the end of March 2020)

(Units: ¥ billion, %)

Name of Financial Institution (Initial Capital Injection Recipient)	Capital Injection (Common Shares)			Management/Disposal Status		
	Date	Amount	—	Date	Notes	Remaining Amount after Disposal
Resona HD (Resona Bank) <sup>(Note 1)</sup>	June 2003	296.438	—	February 2005	The issuer partially repurchased ¥2.73 billion (out of ¥296.438 billion) through ToSTNeT-2 (repurchase amount: ¥11.078 billion).	293.708
				June 2008	The DICJ sold partially ¥14.444 billion (out of the remaining ¥293.708 billion) to the other party through ToSTNeT-2 at the request of the issuer (proceeds of sale: ¥50 billion).	279.264
				December 2008	The DICJ sold partially ¥17.568 billion (out of the remaining ¥279.264 billion) to the other party through ToSTNeT-2 at the request of the issuer (proceeds of sale: ¥50 billion).	261.697
				July 2013	The issuer partially repurchased ¥99.237 billion (out of ¥261.697 billion) through ToSTNeT-3 (repurchase amount: ¥100 billion).	162.460
				February 2014	The issuer repurchased the remaining ¥162.460 billion through ToSTNeT-2 (repurchase amount: ¥170.583 billion)	—

Name of Financial Institution (Initial Capital Injection Recipient)	Capital Injection (Convertible Preferred Shares) <sup>(Note 2)</sup>						Management/Disposal Status		
	Date	Amount	Dividend Rate (L = 1 year JPY LIBOR)	Beginning of Conversion Period	Mandatory Acquisition Date	Name	Date	Notes	Remaining Amount after Disposal
Resona HD (Resona Bank) <sup>(Note 1)</sup>	June 2003	550.0	L+0.50	July 1, 2006	—	Class 1 Series 1	August 2010	The issuer partially repurchased ¥400 billion (out of ¥550 billion, repurchase amount: ¥425.72 billion).	150.0
							March 2011	The issuer repurchased the remaining ¥150 billion (repurchase amount: ¥160.095 billion).	—
		563.562	L+0.50	July 1, 2008	—	Class 2 Series 1	December 2008	The issuer repurchased odd-lot common shares that arose from a reverse share split. (0.001 shares equivalent to book value ¥200. Proceeds from disposal: ¥207).	563.562
							March 2011	The issuer repurchased ¥563.562 billion (repurchase amount: ¥610.619 billion).	—
		550.0	L+0.50	July 1, 2010	—	Class 3 Series 1	March 2011	The issuer partially repurchased ¥100 billion (out of ¥550 billion, repurchase amount: ¥111.25 billion)	450.0
							February 2014	The issuer partially repurchased ¥254 billion (out of ¥450 billion, repurchase amount: ¥298.094 billion).	196.0
					July 2014	The issuer repurchased ¥196 billion (repurchase amount: ¥234.945 billion).	—		

Total Amount of Capital Injection	1,960.0
Total Amount of the Disposed Book Value	1,960.0
Remaining Balance	—

 Fully Disposed

- Notes: 1. The DICJ initially subscribed for common shares and preferred shares issued by Resona Bank in June 2003. In August 2003, Resona HD issued new shares to the DICJ in exchange for the original shares.
2. Preferred shares with voting rights.

I. DICJ's  
OperationsII. Overview  
of the DICJ's  
Activities1. Failure  
Resolution2. Asset  
Holdings3. Pursuit  
of Liability4. International  
Cooperation5. Capital  
Participation6. Specified  
Difficult Recovery  
Claims7. Criminal  
Accounts Damage  
Recovery8. Management  
Operations of Dormant  
Deposits, etc.

9. Finances

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Term Goals and  
Operational Policy

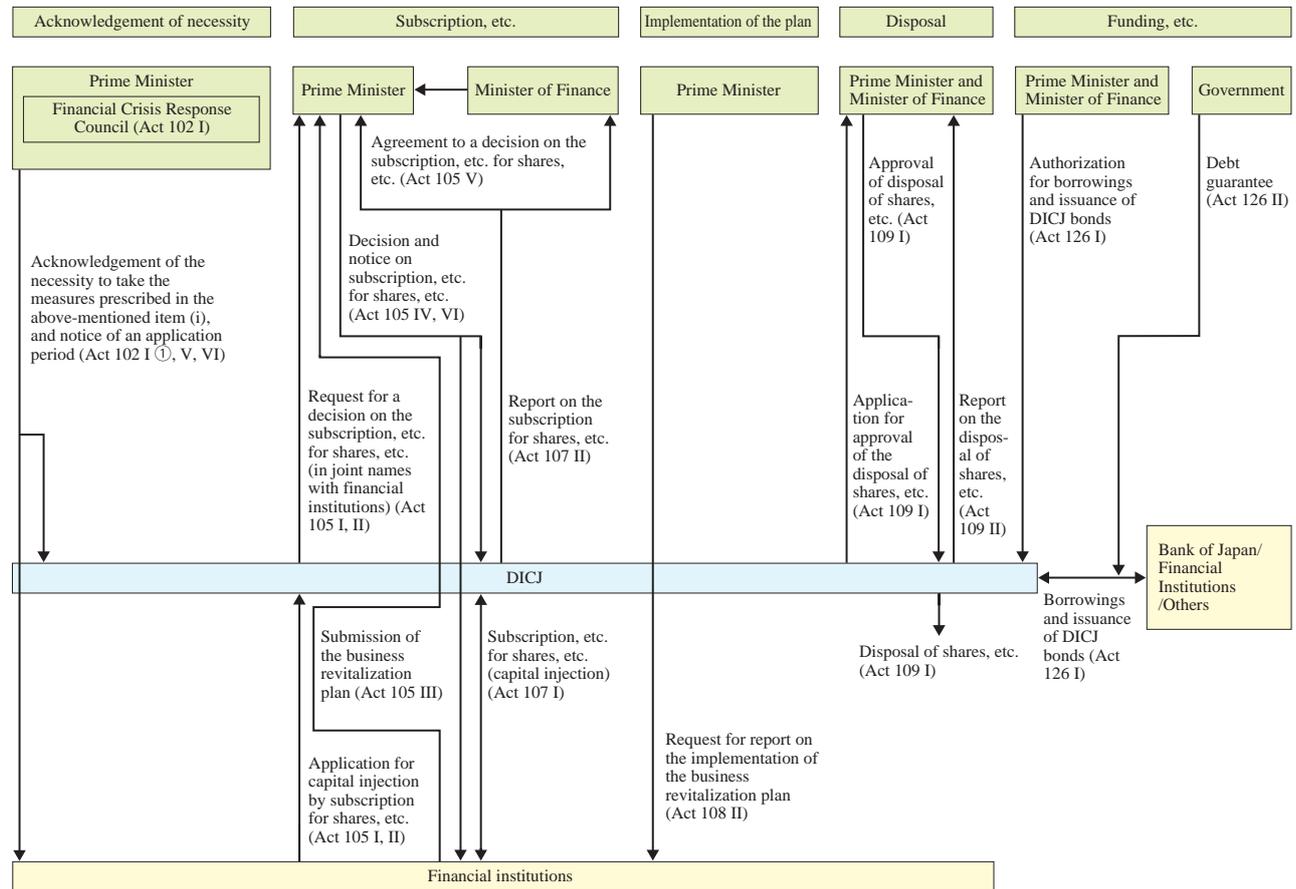
III. Annex

- 1. DICJ's Operations
- II. Overview of the DICJ's Activities
  - 1. Failure Resolution
  - 2. Asset Holdings
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- III. Annex

**(ii) Capital injection scheme based on the Deposit Insurance Act**

**(a) Outline of the capital injection scheme based on Article 102, paragraph (1), item (i) of the Deposit Insurance Act**

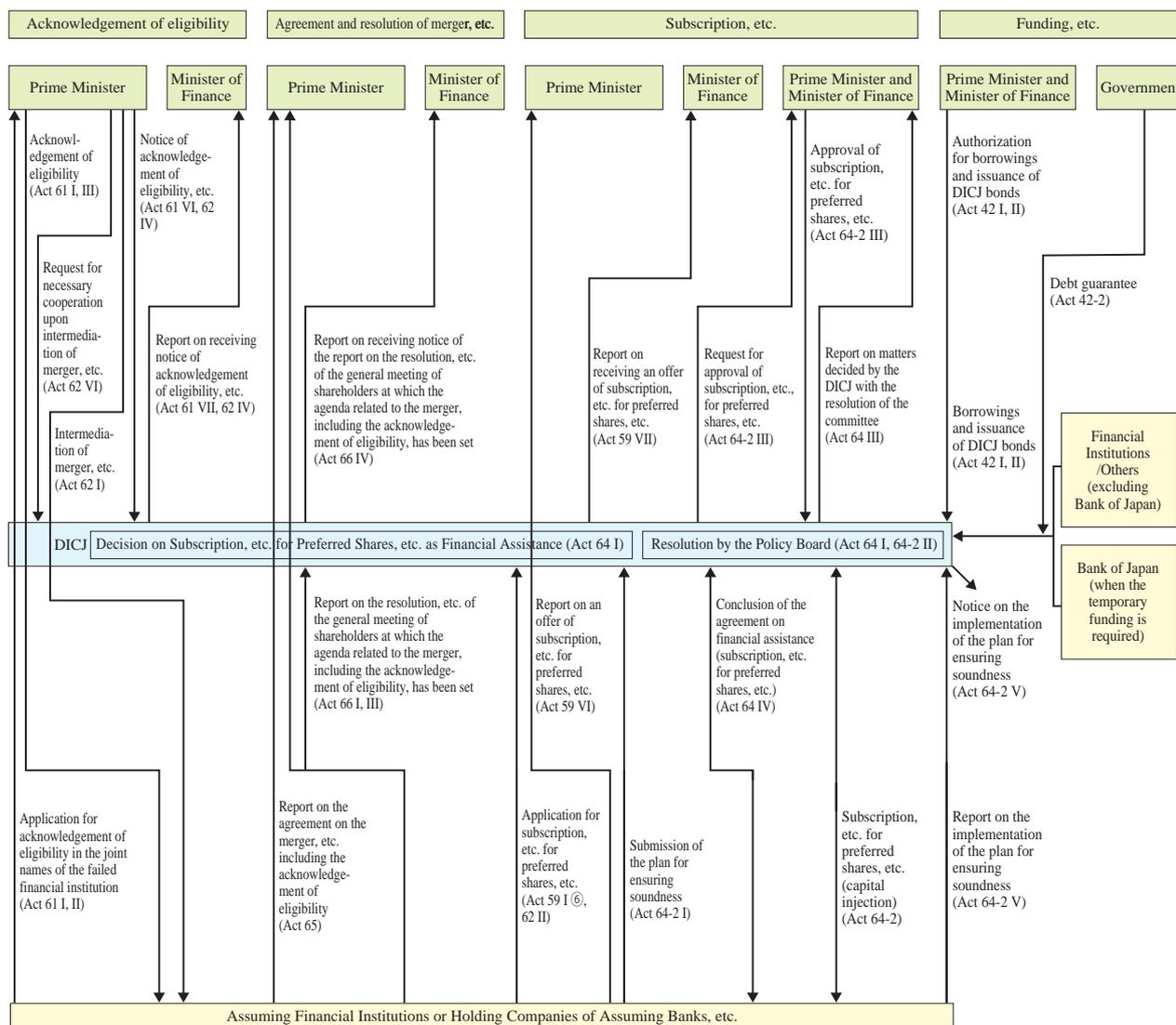
This scheme below represents measures taken when an extremely serious threat is posed to the maintenance of an orderly credit system in Japan or a region where financial institutions conduct their businesses and, after deliberation by the Financial Crisis Response Council, if the Prime Minister finds it necessary to take measures (known as Measures under Item (i)).



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities. In the case of the financial institution being a labor bank, etc., the Minister of Health, Labour and Welfare also becomes involved in the activities shown in the diagram, and in the case of the financial institution being the Shoko Chukin Bank, the Minister of Economy, Trade and Industry also becomes involved.
2. Entries in parentheses are governing regulations. The “ACT” refers to the Deposit Insurance Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the items number).

(b) Outline of capital injection scheme for assuming financial institutions under Article 59, paragraph (1), item (vi) of the Deposit Insurance Act

This scheme is a method of capital injection made as one of the means for financially assisting an assuming financial institution that bails out a failed financial institution through a merger, etc., upon request to the DICJ from the assuming financial institution, in a financial resolution process conducted through the financial assistance method. No capital injection based on this scheme has been implemented to date.



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities. In the case of the financial institution being a labor bank, etc., the Minister of Health, Labour and Welfare also becomes involved in the activities shown in the diagram, and in the case of the financial institution being the Shoko Chukin Bank, the Minister of Economy, Trade and Industry also becomes involved.
2. Entries in parentheses are governing regulations. The “ACT” refers to the Deposit Insurance Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the items number).

## (2) List of Capital Participation Operations and Capital Participation Schemes

### (i) List of Capital Participation Operations (for each Act)

#### (a) Capital participation operations pursuant to the Organizational Restructuring Act (as of the end of March 2020)

(Units: ¥ billion, %)

Name of Financial Institution	Capital Participation (Subordinated Loan)					Management/Disposal Status		
	Date	Amount	Rate (L = 6m JPY LIBOR)	Beginning of Step-up	Rate after Beginning of Step-up	Maturity	Date	Notes
Kanto Tsukuba Bank	September 2003	6.0	L + 3.76 (Rate adjustment clause included, which are dependent on the condition of fulfillment of the plan)	October 1, 2008	L+4.76	10 years	September 2008	The borrower exercised the option to repay in full.

Total Amount of Capital Participation	6.0
Total Amount of the Disposed Book Value	6.0
Remaining Balance	—

 Disposed

#### (b) Capital participation operations pursuant to the Financial Functions Strengthening Act (as of the end of March 2020)

(Units: ¥ billion, %)

Name of Financial Institution	Capital Participation (Subordinated Bonds and Subordinated Loans)				Management/Disposal Status	
	Date	Amount	Rate	Type	Date	Notes
77 Bank	December 2011	20.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	Subordinated loan (10 years three months)	June 2015	The borrower exercised the option to repay in full.

Name of Financial Institution	Capital Participation (Preferred Investments)				Management/Disposal Status	
	Date	Amount	Dividend Rate (T = 12m JPY TIBOR)	Type	Date	Notes
The Shinkumi Federation Bank	December 2015	10.6	T + 0.32 (cap rate: 8.00)	Corporate bond-type, non-cumulative perpetual preferred investment securities		
The Shinkumi Federation Bank	December 2016	6.24	T + 0.32 (cap rate: 8.00)	Corporate bond-type, non-cumulative perpetual preferred investment securities		
The Shinkumi Federation Bank	December 2017	10.0	T + 0.35 (cap rate: 8.00)	Corporate bond-type, non-cumulative perpetual preferred investment securities		
The Shinkumi Federation Bank	March 2020	2.0	T + 0.38 (cap rate: 8.00)	Corporate bond-type, non-cumulative perpetual preferred investment securities		
The Shinkumi Federation Bank	March 2020	7.2	T + 0.49 (cap rate: 8.00)	Corporate bond-type, non-cumulative perpetual preferred investment securities		

Name of Financial Institution	Capital Participation (Preferred Shares (convertible))					Management/Disposal Status	
	Date	Amount	Dividend Rate (T = 12m JPY TIBOR)	Beginning of Conversion Period	Mandatory Acquisition Date	Date	Notes
Kiyo HD (Kiyo Bank) <sup>(Note 2)</sup>	November 2006	31.5	T + 1.15 (cap rate: 7.50)	October 1, 2011	October 1, 2016	September 2012	The issuer partially repurchased ¥15.4 billion (out of ¥31.5 billion, repurchase amount: ¥16.66 billion).
						September 2013	The issuer repurchased the remaining ¥16.1 billion (repurchase amount: ¥18.101 billion).
Howa Bank <sup>(Note 3)</sup>	December 2006	9.0	1.84 (until March 2009) 6m JPY TIBOR + 1.20 (after March 2010)	April 1, 2008	To be decided by the board of directors on or after April 2, 2020	March 2014	The issuer repurchased in full (repurchase amount: ¥9.144 billion). The issuer also received capital participation of ¥16 billion.
North Pacific Bank	March 2009	100.0	T + 1.00 (cap rate: 8.00)	January 1, 2013	April 1, 2024	July 2013	The issuer partially repurchased ¥30 billion (out of ¥100 billion, repurchase amount: ¥35.322 billion).
						March 2014	The issuer repurchased the remaining ¥70 billion (repurchase amount: ¥81.088 billion).
Fukuho Bank	March 2009	6.0	1.90 (until March 2012) T + 1.10 (after March 2013) (cap rate: 8.00)	October 1, 2011	April 1, 2024		
Minami Nippon Bank	March 2009	15.0	T + 1.05 (cap rate: 8.00)	October 1, 2012	April 1, 2024		
Michinoku Bank	September 2009	20.0	T + 0.95 (cap rate: 8.00)	April 1, 2017	October 1, 2024		
Jimoto HD (Kirayaka Bank) <sup>(Note 2)</sup>	September 2009	20.0	T + 1.15 (cap rate: 8.00)	October 1, 2010	October 1, 2024	December 2012	The issuer repurchased in full (repurchase amount: ¥20.078 billion). Implemented along with the issuance of new preferred shares totaling ¥20 billion.
San ju San FG (Daisan Bank) <sup>(Note 2)</sup>	September 2009	30.0	T + 1.00 (cap rate: 8.00)	October 1, 2012	October 1, 2024		
Towa Bank	December 2009	35.0	T + 1.15 (cap rate: 8.00)	December 29, 2010	December 29, 2024	May 2018	The issuer partially repurchased ¥20 billion (out of ¥35 billion, repurchase amount: ¥22.744 billion).
Bank of Kochi	December 2009	15.0	T + 1.10 (cap rate: 8.00)	December 29, 2010	December 29, 2024		
FIDEA HD (Hokuto Bank) <sup>(Note 2)</sup>	March 2010	10.0	T + 1.00 (cap rate: 8.00)	April 1, 2013	April 1, 2025		
Miyazaki Taiyo Bank	March 2010	13.0	T + 1.05 (cap rate: 8.00)	October 1, 2010	April 1, 2025		

Name of Financial Institution	Capital Participation (Preferred Shares (convertible))					Management/Disposal Status	
	Date	Amount	Dividend Rate (T = 12m JPY TIBOR)	Beginning of Conversion Period	Mandatory Acquisition Date	Date	Notes
Jimoto HD (Sendai Bank) <sup>(Note 2)</sup>	September 2011	30.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	April 1, 2013	October 1, 2036		
Tsukuba Bank	September 2011	35.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	July 1, 2012	October 1, 2031		
Tohoku Bank	September 2012	10.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	June 29, 2013	September 29, 2037		
Jimoto HD (Kirayaka Bank) <sup>(Note 2)</sup>	December 2012	20.0	T + 1.15 (cap rate: 8.00)	December 29, 2012	October 1, 2024		
Jimoto HD (Kirayaka Bank) <sup>(Note 2)</sup>	December 2012	10.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	June 29, 2013	December 29, 2037		
Howa Bank	March 2014	16.0	T + 0.95 (cap rate: 8.00)	April 1, 2014	April 1, 2029		

Name of Financial Institution	Capital Participation (Trust Beneficial Rights)					Management/Disposal Status	
	Date	Amount	Dividend Rate (T = 12m JPY TIBOR)	Trust Period	Reference	Date	Notes
The Shinkumi Federation Bank (Yamanashikenmin Shinyo Kumiai) <sup>(Note 2)</sup>	September 2009	45.0	T + 1.73 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Soso Gojo Shinyo Kumiai) <sup>(Note 2)</sup>	January 2012	13.9	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
The Shinkumi Federation Bank (Iwaki Shinyo Kumiai) <sup>(Note 2)</sup>	January 2012	17.5	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
Shinkin Central Bank (Miyako Shinkin Bank) <sup>(Note 2)</sup>	February 2012	8.5	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
Shinkin Central Bank (Kesennuma Shinkin Bank) <sup>(Note 2)</sup>	February 2012	13.0	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
Shinkin Central Bank (Ishinomaki Shinkin Bank) <sup>(Note 2)</sup>	February 2012	15.7	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
Shinkin Central Bank (Abukuma Shinkin Bank) <sup>(Note 2)</sup>	February 2012	17.5	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	10 years (extendable)	(Note 4)		
The Shinkumi Federation Bank (Nasu Shinyo Kumiai) <sup>(Note 2)</sup>	March 2012	5.4	Funding cost as an annualized rate of preferred dividend <sup>(Note 1)</sup>	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Gunnamirai Shinyo Kumiai) <sup>(Note 2)</sup>	December 2012	25.0	T+1.24 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Tokyo Kosei Shinyo Kumiai) <sup>(Note 2)</sup>	March 2014	5.0	T+1.07 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Yokohama Kougoin Shinyo Kumiai) <sup>(Note 2)</sup>	March 2014	19.0	T+1.00 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Kushiro Shinyo Kumiai) <sup>(Note 2)</sup>	December 2014	8.0	T+0.89 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		
The Shinkumi Federation Bank (Shigaken Shinyo Kumiai) <sup>(Note 2)</sup>	December 2014	9.0	T+1.05 (cap rate: 8.00)	25 years (extendable)	Preferred beneficial rights out of trust beneficial rights		

Total Amount of Capital Participation	684.04	
Total Amount of the Disposed Book Value	200.5	
Remaining Balance	483.54	Fully Disposed

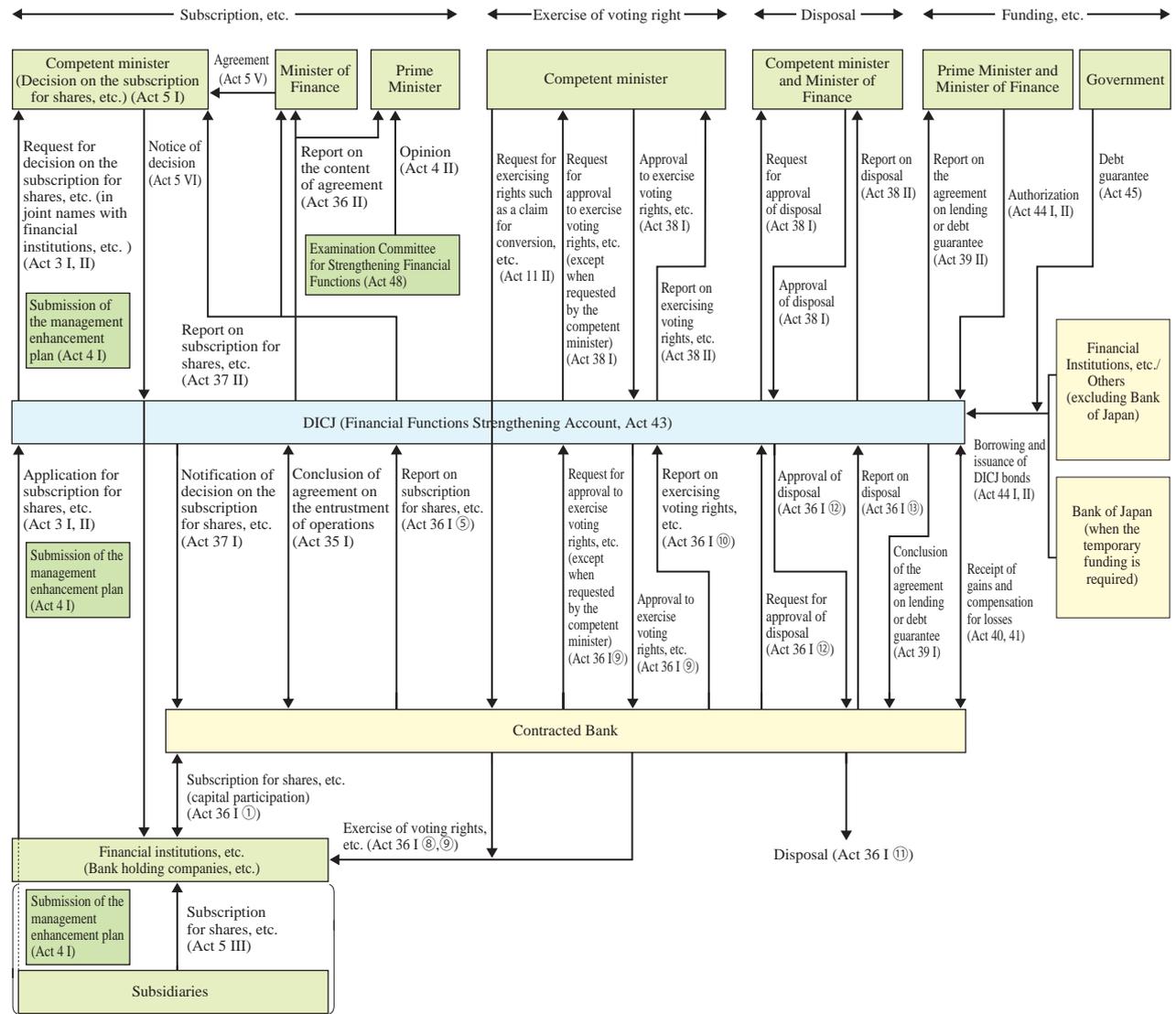
- Notes: 1. Rates or dividend rates applied for capital participation based on the special measures concerning the Great East Japan Earthquake are “funding cost as an annualized rate of preferred dividend” announced by the DICJ in each fiscal year, which is capped at 12-month JPY TIBOR or 8%, whichever is lower.
2. Names of financial institutions in parentheses next to Kiyu HD, Jimoto HD, San ju San FG, FIDEA HD, the Shinkumi Federation Bank and Shinkin Central Bank refer to the entities that effectively received capital participation. Soso Gojo Shinyo Kumiai was created through the merger in November 2013 of Soso Shinyo Kumiai, which received capital participation, and Gojo Shinyo Kumiai. Yokohama Kougoin Shinyo Kumiai was created through the merger in March 2017 of Yokohama Chuo Shinyo Kumiai, which received capital participation, and Kyushu Kougoin Shinyo Kumiai.
3. Preferred shares with voting rights to appoint or dismiss directors.
4. It is stipulated that within 10 years following capital participation, either (i) “authorization of management improvement” or (ii) “authorization of capital reorganization associated with business restructuring” must be obtained.

- 1. DICJ's Operations
- II. Overview of the DICJ's Activities
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- 3. Pursuit of Liability
- 4. International Cooperation
- 5. Capital Participation
- 6. Specified Accounts Recovery
- 7. Criminal Operations of Donor Deposits, etc.
- 8. Management of Donor Deposits, etc.
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**(ii) Capital participation schemes for financial institutions based on the Financial Functions Strengthening Act**

**(a) Outline of the scheme of capital participation through subscription, etc. for shares, etc. of financial institutions, etc.**

The capital participation scheme based on the Financial Functions Strengthening Act is carried out for the purpose of revitalizing regional economies including facilitating the finances of small- and medium-sized enterprises, by strengthening financial functions through the capital participation of central government in the financial sector. This scheme is a method of capital participation made in individual financial institutions, etc. through subscription, etc. for their shares, etc.

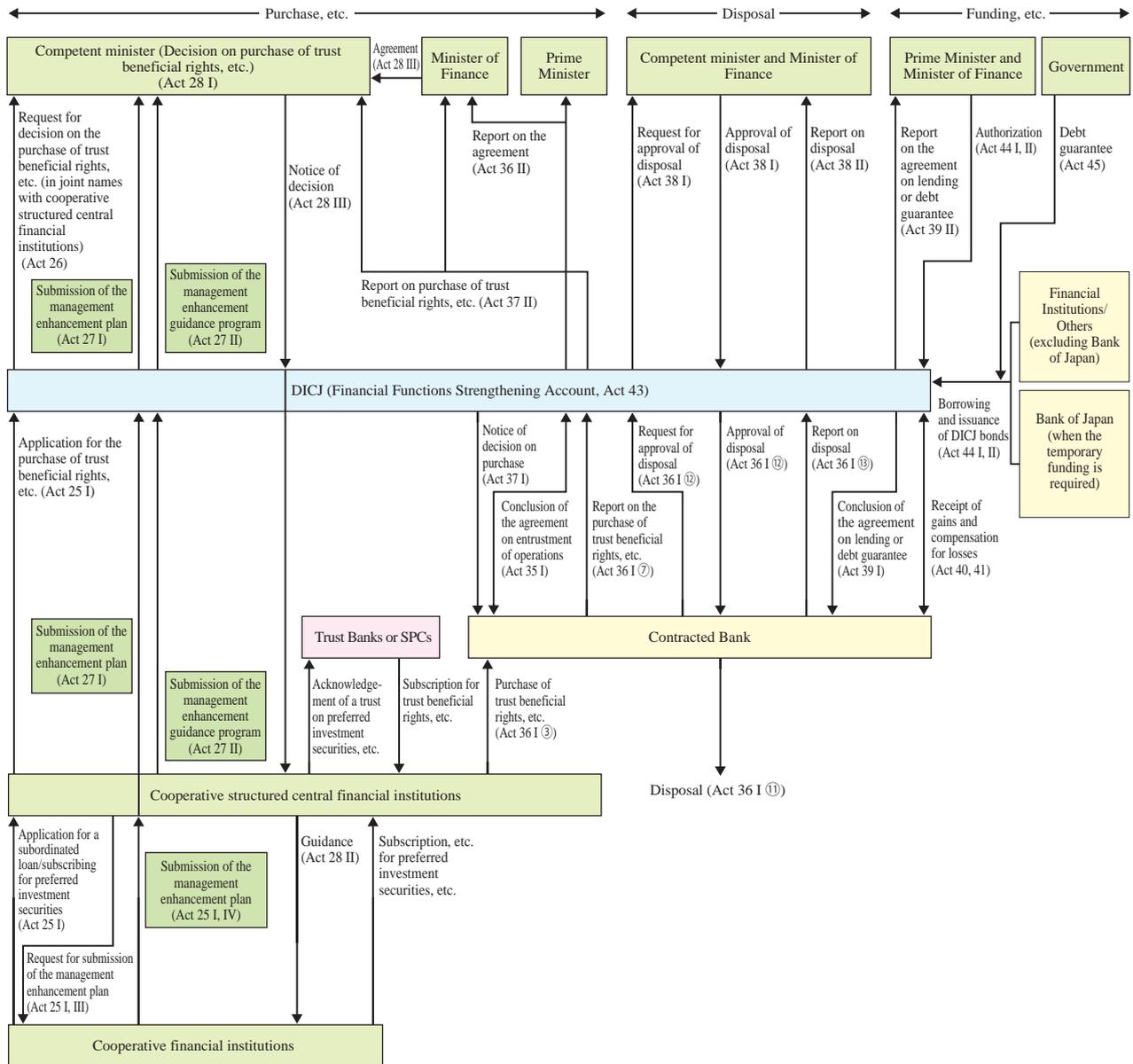


- Notes: 1. This scheme diagram focuses on the main flow of DICJ activities.  
 2. Entries in parentheses are governing regulations. The “Act” refers to the Financial Functions Strengthening Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the item number).  
 3. This scheme can be applied to special cases related to the COVID-19.



(c) Outline of the scheme of capital participation made through purchasing the trust beneficial rights, etc. pertaining to the preferred investment securities, etc. of cooperative financial institutions

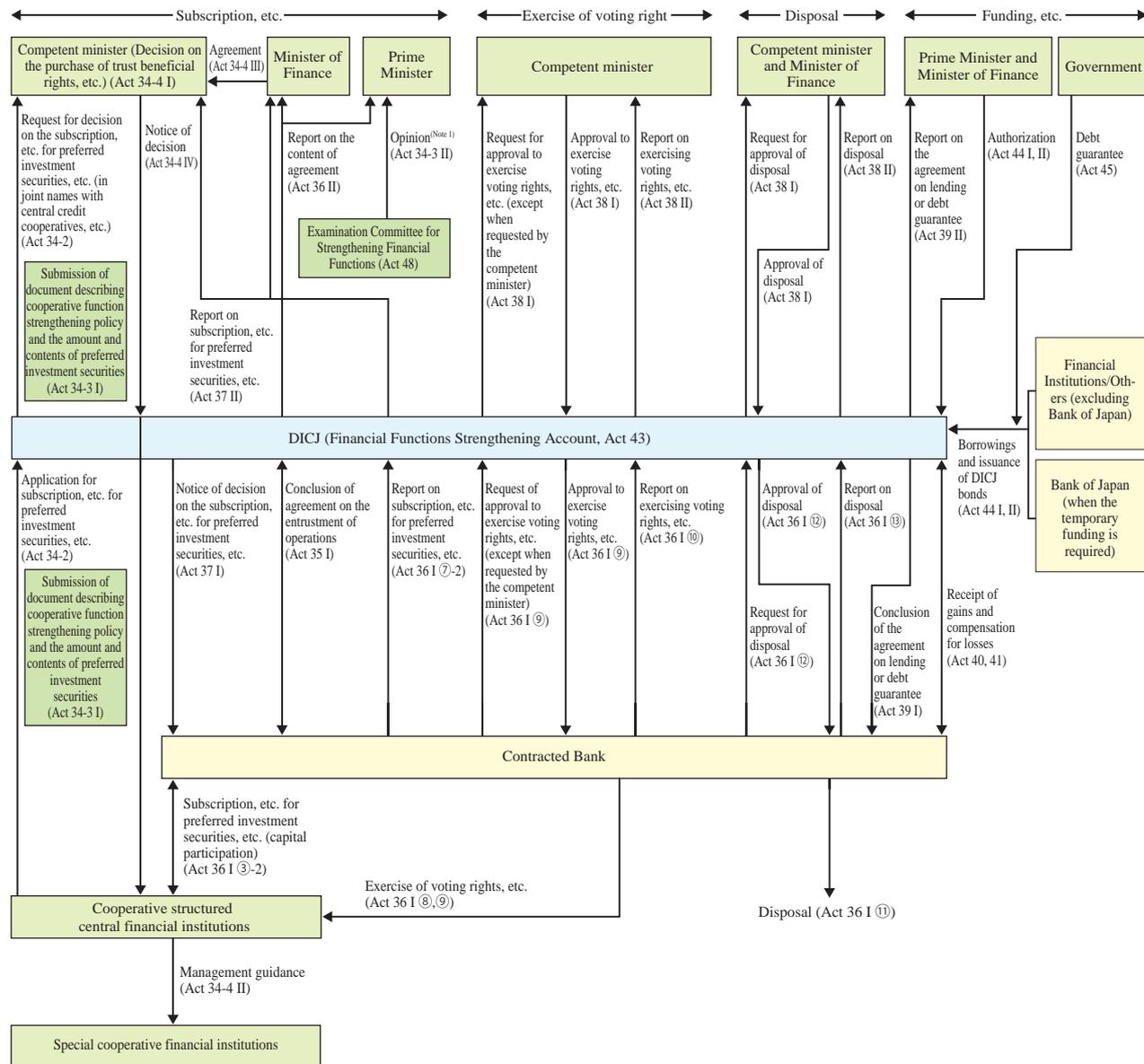
This scheme is a method of capital participation made through purchasing the trust beneficial rights, etc. pertaining to the preferred investment securities, etc. which cooperative structured central financial institutions (Shinkin Central Bank and the Shinkumi Federation Bank, etc.) have subscribed from cooperative financial institutions.



- Notes: 1. This scheme diagram focuses on the main flow of DICJ activities.  
2. Entries in parentheses are governing regulations. The “Act” refers to the Financial Functions Strengthening Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the item number).  
3. This scheme can be applied to special cases related to the COVID-19.

(d) Outline of the scheme of capital participation through subscription, etc. for preferred investment securities of cooperative structured central financial institutions, etc.

This scheme is a method of capital participation made through subscription, etc. for preferred investment securities of cooperative structured central financial institutions (Shinkin Central Bank and the Shinkumi Federation Bank, etc.).



Notes: 1. This scheme diagram focuses on the main flow of DICJ activities.

2. Entries in parentheses are governing regulations. The “Act” refers to the Financial Functions Strengthening Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the item number).

3. (Note 1) applies when found necessary.

4. This scheme can be applied to special cases related to the COVID-19.

1. DICI's Operations

II. Overview of the DICI's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Crucial Accounts Damage Recovery

8. Management Operations of Deposit, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

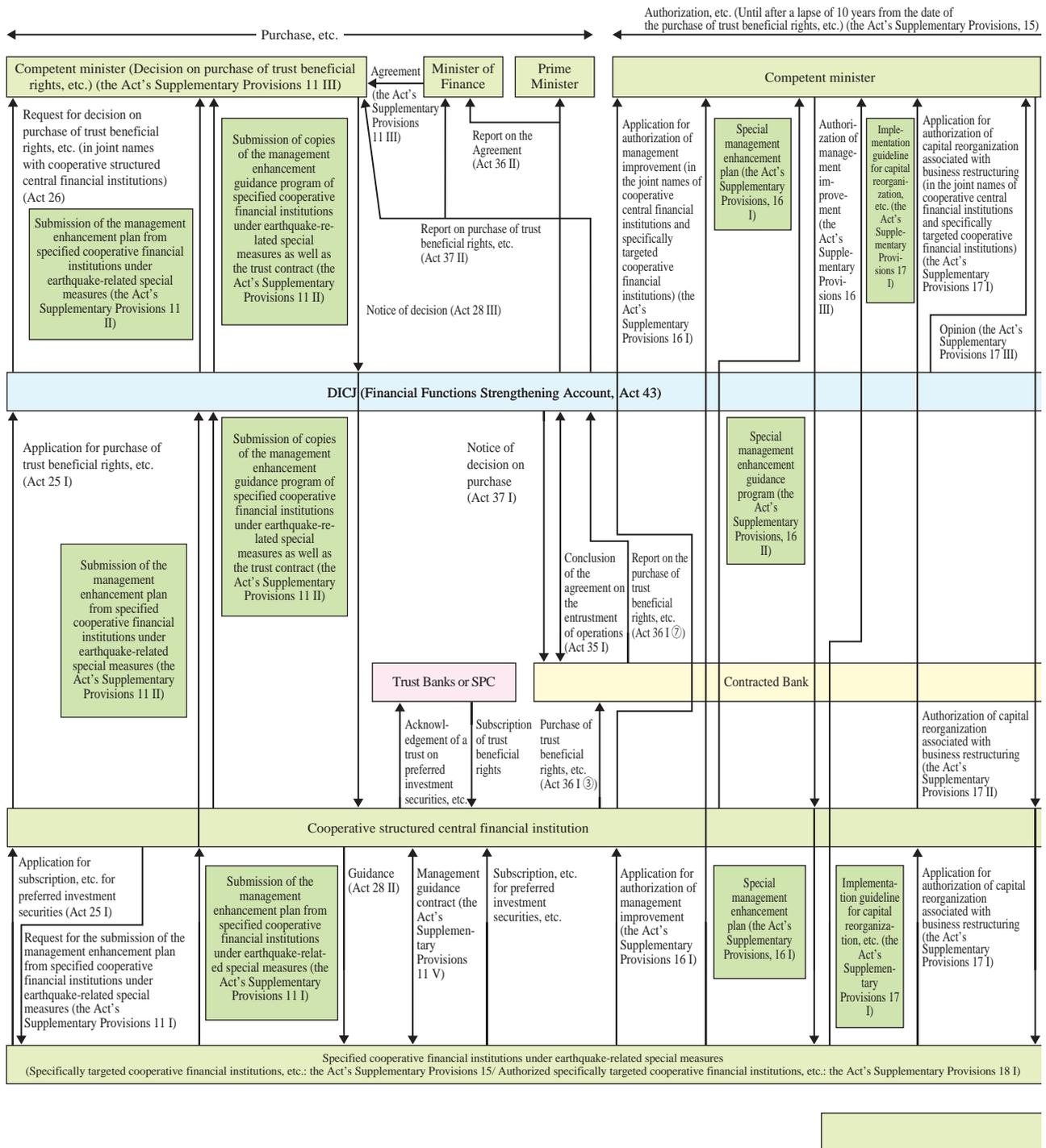
11. The Medium-Term Goals and Operational Policy

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- 1. DICI's Operations
- II. Overview of the DICI's Activities
  - 1. Failure Resolution
  - 2. Asset Holdings
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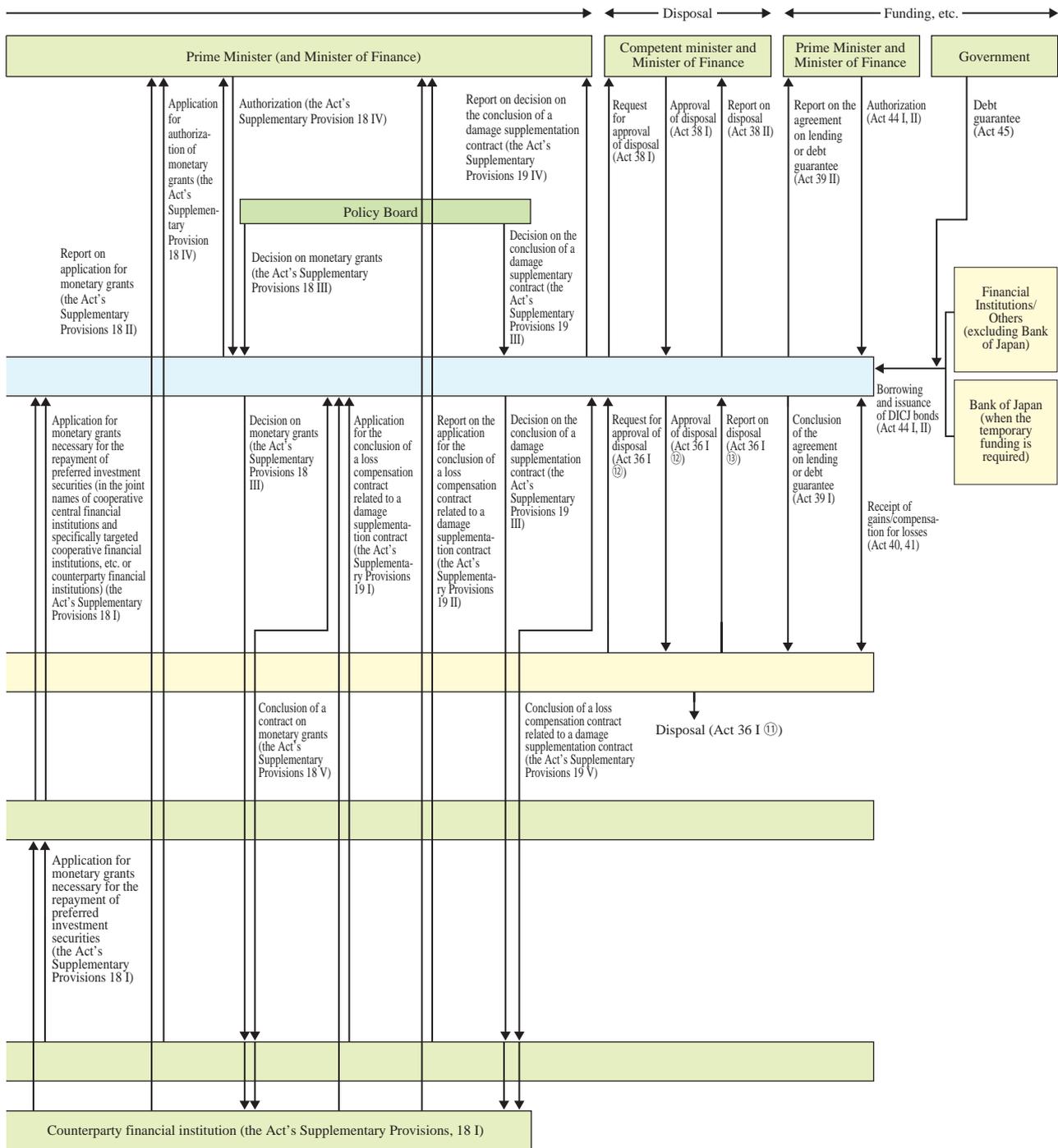
(Reference) Outline of the scheme of capital participation through purchase of trust beneficial rights, etc. pertaining to the preferred investment securities, etc. of specified cooperative financial institutions under earthquake-related special measures

This scheme is a method of capital participation made through purchasing the trust beneficial rights, etc. pertaining to the preferred investment securities, etc. which cooperative structured central financial institutions (Shinkin Central Bank and the Shinkumi Federation Bank, etc.) have subscribed from cooperative financial institutions (Shinkin banks and credit cooperatives, etc.) whose future financial conditions are uncertain due to the marked impact of the Great



- Notes: 1. This scheme diagram focuses on the main flow of DICJ activities.
2. Entries in parentheses are governing regulations. The "Act" refers to the Financial Functions Strengthening Act (Arabic numerals show the Article number, Roman numerals show the paragraph number, and circled numerals show the item number).

East Japan Earthquake (hereinafter referred to as “specified cooperative financial institutions under earthquake-related special measures”). The time limit for the application for capital participation under this scheme expired at the end of March 2017.



- 1. D/C's Operations
- II. Overview of the D/C's Activities
- 1. Failure Resolution
- 2. Asset Holdings
- 3. Pursuit of Liability
- 4. International Cooperation
- 5. Capital Participation
- 6. Specified Difficult Recovery Claims
- 7. Critical Accounts Recovery
- 8. Management Operations of Deposit, etc.
- 9. Finances
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### (3) Overview of Settlement of Accounts in FY2019

#### Overview of Settlement of Accounts in FY2019

Figures are rounded down.

##### (i) General Account

##### (Overview of the settlement of account)

Due to ¥368.9 billion in insurance premium revenues from financial institutions, etc., transfer to liability reserves amounted to ¥369.6 billion. Liability reserves increased from ¥3,987.6 billion in the previous fiscal year to ¥4,357.2 billion.

- Major revenues included: 1) ¥368.9 billion in insurance premium revenues from financial institutions; and 2) ¥12.8 billion in profits transferred from the contracted bank (RCC).
- Major expenses included: 3) ¥369.6 billion in transfer to liability reserves; 4) ¥7.9 billion in general administrative expenses; and 5) ¥4.3 billion in payments to the national treasury (out of profits transferred from the contracted bank, the amount paid from the former Special Operations Account).
- 6) Assets of the contracted bank (RCC) business as the account's major assets decreased by ¥10.9 billion to ¥83.7 billion due to a decrease in loans to contracted bank.
- 7) Liability reserves as the account's major liabilities increased by ¥369.6 billion from the previous fiscal year to ¥4,357.2 billion.

##### Profit and Loss Statement

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Expenses			Revenues		
5) Financial Assistance Related Expenses	0.0	<0.0>	Insurance Premium Revenues	368.9	<368.4> 1)
5) Payments to National Treasury	4.3	<4.6>	Profits Transferred from Contracted Bank	12.8	<15.8> 2)
4) Compensation for Losses at Contracted Bank	0.0	<0.0>	Reversal of Allowance for Doubtful Accounts	0.1	<0.1>
3) General Administrative Expenses	7.9	<6.5>	Non-Operating Revenues	0.1	<0.0>
3) Provision of Liability Reserves	369.6	<373.1>	Other Revenues	0.0	<0.0>
Provision of Allowance for Doubtful Accounts	0.1	<0.1>			
Other Expenses	0.0	<0.0>			
<b>Expenses Total</b>	<b>382.1</b>	<b>&lt;384.4&gt;</b>	<b>Revenues Total</b>	<b>382.1</b>	<b>&lt;384.4&gt;</b>

##### Balance Sheet

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	4,272.4	<3,892.6>	Liability Reserves	4,357.2	<3,987.6> 7)
Financial Assistance Related Assets	0.7	<0.7>	Other Liabilities	1.5	<1.2>
Purchased Assets	0.9	<0.9>			
Allowance for Doubtful Accounts	(0.1)	<(0.1)>			
6) Assets Related to Contracted Bank	83.7	<94.6>	<b>Liabilities Total</b>	<b>4,358.7</b>	<b>&lt;3,988.8&gt;</b>
Intangible Assets	1.7	<0.7>	Capital	0.4	<0.4>
Other Assets	0.5	<0.6>	<b>Net Assets Total</b>	<b>0.4</b>	<b>&lt;0.4&gt;</b>
<b>Total</b>	<b>4,359.2</b>	<b>&lt;3,989.3&gt;</b>	<b>Total</b>	<b>4,359.2</b>	<b>&lt;3,989.3&gt;</b>

**(ii) Crisis Management Account****(Overview of the settlement of account)**

As general administrative expenses equivalent translated into current loss, retained earnings decreased from ¥368.5 billion in the previous fiscal year to ¥368.1 billion.

- Expenses were 1) ¥0.4 billion in general administrative expenses.
- 2) Retained earnings decreased by ¥0.4 billion from the previous fiscal year to ¥368.1 billion due to reporting of a current loss.

**Profit and Loss Statement**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Expenses			Revenues		
1) General Administrative Expenses	0.4	<0.4>	Non-Operating Revenues	0.0	<0.0>
Other Expenses	-	<0.0>			
Expenses Total	0.4	<0.4>	Revenues Total	0.0	<0.0>
			Current Loss	0.4	<0.4>

**Balance Sheet**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	368.1	<368.6>	Provision for Retirement Allowance, etc.	0.0	<0.0>
Other Assets	0.0	<0.0>	Liabilities Total	0.0	<0.0>
			Retained Earnings	368.1	<368.5> 2)
			Net Assets Total	368.1	<368.5>
Total	368.2	<368.6>	Total	368.2	<368.6>

**(iii) Financial Revitalization Account**
**(Overview of the settlement of account)**

Current profit came to ¥33.2 billion due to income from the asset purchase business pertaining to assets (entrusted shares and warranty against defects) purchased from banks under special public management, etc. The deficit of ¥20.8 billion in the previous fiscal year was cleared resulting in retained earnings of ¥12.4 billion.

- Major revenues included: 1) ¥37.1 billion in revenues from the asset purchase business due to dividend income from entrusted shares, etc.; and 2) ¥0.7 billion in profits transferred from the specified contracted bank (RCC) in relation to profits on the disposal of purchased assets pursuant to Article 53.
- Major expenses included: 3) ¥5.0 billion in loss on sales of assets purchased from banks under special public management, etc.; and 4) ¥0.4 billion in non-operating expenses related to bond issuance cost related to funds raised for the acquisition of assets purchased from banks under special public management.
- 5) Assets of the asset purchase business as the account's major assets decreased by ¥13.8 billion to ¥1,527.6 billion due to the disposal of assets purchased from banks under special public management.
- 6) Borrowings and DICJ bonds as the account's major liabilities decreased by ¥31.5 billion from the previous fiscal year to ¥1,535.5 billion.

**Profit and Loss Statement**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Expenses			Revenues		
3) Expenses of Asset Purchase Business	5.0	<0.5>	Revenues from Asset Purchase Business	37.1	<35.5> 1)
General Administrative Expenses	0.3	<0.2>	Profits Transferred from Specified Contracted Bank	0.7	<2.4> 2)
Provision of Allowance for Doubtful Accounts	12.9	<13.4>	Reversal of Allowance for Doubtful Accounts	13.4	<13.4>
4) Non-Operating Expenses	0.4	<0.6>	Non-Operating Revenues	0.7	<0.2>
Other Expenses	-	<0.0>			
<b>Expenses Total</b>	<b>18.8</b>	<b>&lt;14.9&gt;</b>	<b>Revenues Total</b>	<b>52.0</b>	<b>&lt;51.6&gt;</b>
<b>Current Profit</b>	<b>33.2</b>	<b>&lt;36.6&gt;</b>			

**Balance Sheet**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	20.4	<6.3>	Borrowings/DICJ Bonds	1,535.5	<1,567.0> 6)
5) Assets of Asset Purchase Business	1,527.6	<1,541.5>	Other Liabilities	4.6	<4.6>
Loans to Specified Contracted Bank	1.4	<1.6>	<b>Liabilities Total</b>	<b>1,540.1</b>	<b>&lt;1,571.6&gt;</b>
Other Assets	2.9	<1.2>	Retained Earnings or (Deficit)	(12.4)	<(20.8)>
			<b>Net Assets Total</b>	<b>(12.4)</b>	<b>&lt;(20.8)&gt;</b>
<b>Total</b>	<b>1,552.5</b>	<b>&lt;1,550.7&gt;</b>	<b>Total</b>	<b>1,552.5</b>	<b>&lt;1,550.7&gt;</b>

**(iv) Early Strengthening Account****(Overview of the settlement of account)**

Due to profits transferred from the contracted bank (RCC), current profit amounted to ¥0.1 billion, with retained earnings decreasing from ¥1,592.6 billion in the previous fiscal year to ¥792.8 billion due to payments to the national treasury of ¥800.0 billion from retained earnings.

- Major revenues included 1) ¥0.1 billion in profits transferred from the contracted bank (RCC), such as dividends on shares of recapitalized financial institutions.
- Expenses included 2) ¥5 million in general administrative expenses.
- 3) Loans to the contracted bank (RCC) as the account's major assets amounted to ¥19.8 billion.
- Retained earnings decreased by ¥799.8 billion from the previous year to ¥792.8 billion.

**Profit and Loss Statement**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Expenses			Revenues		
2) General Administrative Expenses	0.0	<0.0>	Profits Transferred from Contracted Bank	0.1	<0.1>
Other Expenses	-	<0.0>	Non-Operating Revenues	0.0	<0.0>
Expenses Total	0.0	<0.0>	Revenues Total	0.1	<0.1>
Current Profit	0.1	<0.1>			

**Balance Sheet**

(Unit: ¥ billion, figures in &lt;&gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	773.0	<1,572.8>	Provision for Retirement Allowance, etc.	0.0	<0.0>
3) Loans to Contracted Bank	19.8	<19.8>	Liabilities Total	0.0	<0.0>
Other Assets	0.0	<0.0>	Retained Earnings	792.8	<1,592.6>
			Net Assets Total	792.8	<1,592.6>
Total	792.8	<1,592.6>	Total	792.8	<1,592.6>

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**(v) Financial Functions Strengthening Account**
**(Overview of the settlement of account)**

Due to profits transferred from the contracted bank (RCC), current profit amounted to ¥5.8 billion, and retained earnings increased from ¥50.2 billion in the previous fiscal year to ¥56.0 billion.

- Major revenues included 1) ¥5.7 billion in profits transferred from the contracted bank (RCC), such as dividends on shares of recapitalized financial institutions.
- Major expenses included 2) ¥0.1 billion in general administrative expenses.
- 3) Loans to the contracted bank (RCC) as the account's major assets increased by ¥9.2 billion from the previous fiscal year to ¥483.5 billion due to capital participation in one organization.
- 4) Borrowings and DICJ bonds as the account's major liabilities increased by ¥3.7 billion from the previous fiscal year to ¥427.7 billion.

**Profit and Loss Statement**

(Unit: ¥ billion, figures in &lt; &gt; indicate FY2018)

Expenses			Revenues		
2) General Administrative Expenses	0.1	<0.1>	Profits Transferred from Contracted Bank	5.7	<3.2> 1)
Non-Operating Expenses	0.1	<0.1>	Interest on Loans to Contracted Bank	-	<0.0>
Other Expenses	-	<0.0>	Non-Operating Revenues	0.3	<0.3>
Expenses Total	0.2	<0.3>	Revenues Total	6.1	<3.5>
Current Profit	5.8	<3.2>			

**Balance Sheet**

(Unit: ¥ billion, figures in &lt; &gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	0.8	<0.4>	Borrowings/DICJ Bonds	427.7	<424.0> 4)
3) Loans to Contracted Bank	483.5	<474.3>	Other Liabilities	0.6	<0.5>
Other Assets	0.0	<0.0>	Liabilities Total	428.3	<424.5>
			Retained Earnings	56.0	<50.2>
			Net Assets Total	56.0	<50.2>
Total	484.4	<474.8>	Total	484.4	<474.8>

**(vi) Damage Recovery Distribution Account****(Overview of the settlement of account)**

Current loss came to ¥3 million due to the difference, etc. of receiving the equivalent of general administrative expenses for the current fiscal year as fees in the next year. The deficit increased from ¥60 million in the previous year to ¥64 million.

- Major revenues included 1) ¥139 million in money transferred from financial institutions to the DICJ which was not distributed to victims as damage-recovery benefits and 2) ¥135 million in fees collected.
- Major expenses included 3) ¥160 million in expenses related to support for victims of crime and 4) ¥118 million in general administrative expenses.
- 5) Out of Cash and Deposits, the balance of transfer payments of the balance of damage-recovery benefits came to ¥101 million.

**Profit and Loss Statement**

(Unit: ¥ million, figures in &lt;&gt; indicate FY2018)

Expenses		Revenues	
3) Expenses for Damage Recovery Benefit Distribution Operations	160 <150>	Fees Collected	135 <151> 2)
4) General Administrative Expenses	118 <117>	Transfer Payments of the Balance of Damage-Recovery Benefits	139 <163> 1)
Non-Operating Expenses	0 <0>	Non-Operating Revenues	0 <0>
Other Expenses	0 <0>		
Expenses Total	278 <268>	Revenues Total	274 <314>
Current Profit	- <46>	Current Loss	3 <>

**Balance Sheet**

(Unit: ¥ million, figures in &lt;&gt; indicate FY2018)

Assets		Liabilities and Net Assets	
5) Cash and Deposits	132 <156>	Borrowings	180 <200>
Intangible Assets	2 <3>	Other Liabilities	21 <22>
Other Assets	1 <1>	Liabilities Total	201 <222>
		Deficit	(64) <(60)>
		Net Assets Total	(64) <(60)>
Total	136 <161>	Total	136 <161>

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Donant Deposits, etc.

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**(vii) Regional Economy Vitalization Corporation Account**
**(Overview of the settlement of account)**

As general administrative expenses equivalent translated into a current loss, the deficit increased from ¥12 million in the previous fiscal year to ¥18 million.

- Expenses were 1) ¥5 million in general administrative expenses.
- Major assets were 2) ¥12,603 million in shares in REVIC.
- Major liabilities were 3) ¥9,659 million in contributions from financial institutions.

**Profit and Loss Statement**

(Unit: ¥ million, figures in &lt; &gt; indicate FY2018)

Expenses		Revenues	
Dividend Distribution on Shares of REVIC	- <5,339>	Dividend on Shares of REVIC	- <5,339>
Payments to National Treasury on Proceeds from the Sale of Shares in REVIC	- <2,322>	Proceeds from the Sale of Shares in REVIC	- <2,354>
1) General Administrative Expenses	5 <5>	Non-Operating Revenues	0 <0>
<b>Expenses Total</b>	<b>5 &lt;7,667&gt;</b>	<b>Revenues Total</b>	<b>0 &lt;7,693&gt;</b>
Current Profit	- <26>	Current Loss	5 <>

**Balance Sheet**

(Unit: ¥ million, figures in &lt; &gt; indicate FY2018)

Assets		Liabilities and Net Assets	
Cash and Deposits	38 <44>	Contributions from Financial Institutions	9,659 <9,659> 3)
2) Shares in REVIC	12,603 <12,603>	Other Liabilities	1 <0>
Other Assets	0 <0>	<b>Liabilities Total</b>	<b>9,660 &lt;9,660&gt;</b>
		Capital	3,000 <3,000>
		Deficit	(18) <(12)>
		<b>Net Assets Total</b>	<b>2,981 &lt;2,987&gt;</b>
<b>Total</b>	<b>12,642 &lt;12,647&gt;</b>	<b>Total</b>	<b>12,642 &lt;12,647&gt;</b>

**(viii) Revitalizing Earthquake-Affected Business Account****(Overview of the settlement of account)**

As general administrative expenses equivalent translated into a current loss, the deficit increased from ¥3 million in the previous fiscal year to ¥4 million.

- Expenses were 1) ¥0.5 million in general administrative expenses.
- 2) Shares in the Corporation for Revitalizing Business as the account's major assets amounted to ¥28,006 million.

**Profit and Loss Statement**

(Unit: ¥ million, figures in &lt;&gt; indicate FY2018)

Expenses			Revenues		
1) General Administrative Expenses	0.5	<0.5>	Non-Operating Revenues	0.0	<0.0>
Expenses Total	0.5	<0.5>	Revenues Total	0.0	<0.0>
			Current Loss	0.5	<0.5>

**Balance Sheet**

(Unit: ¥ million, figures in &lt;&gt; indicate FY2018)

Assets			Liabilities and Net Assets		
Cash and Deposits	9	<10>	Provision for Bonuses, etc.	0	<0>
2) Shares in the Corporation for Revitalizing Business	28,006	<28,006>	Liabilities Total	0	<0>
Other Assets	0	<>	Capital	28,020	<28,020>
			Deficit	(4)	<(3)>
			Net Assets Total	28,015	<28,016>
Total	28,015	<28,016>	Total	28,015	<28,016>

1. D/C's Operations

II. Overview of the D/C's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

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**(ix) Dormant Deposits, etc. Management Account**
**(Overview of the settlement of account)**

The balance of ¥67.2 billion (after deducting provision of payment reserves for substitute money for dormant deposits, etc. of ¥70.5 billion from money for transfer from dormant deposits, etc. revenues of ¥145.7 billion) was transferred into grants funded by dormant deposits, etc. payment reserves, so there was no current profit or current loss and therefore no change in the deficit of ¥1.3 billion from the previous fiscal year.

- Major revenues included 1) ¥145.7 billion in money for transfer from dormant deposits, etc.
- Major expenses included 2) ¥70.5 billion in provision of payment reserves for substitute money for dormant deposits, etc., 3) ¥67.2 billion in provision of payment reserves for grants funded by dormant deposits, etc., 4) ¥4.5 billion in substitute money for dormant deposits, etc. and 5) ¥2.1 billion in grants funded by dormant deposits, etc.
- Major assets included 6) ¥2.1 billion in intangible assets.
- Major liabilities included 7) ¥70.5 billion in substitute money for dormant deposits, etc. payment reserves and 8) ¥67.2 billion in grants funded by dormant deposits, etc. payment reserves.

**Profit and Loss Statement**

(Unit: ¥ billion, figures in &lt; &gt; indicate FY2018)

Expenses			Revenues		
4)	Substitute Money for Dormant Deposits, etc.	4.5 <>	Money for Transfer from Dormant Deposits, etc.	145.7 <>	1)
5)	Grants Funded by Dormant Deposits, etc.	2.1 <>	Non-Operating Revenues	0.0 <0.0>	
	General Administrative Expenses	1.1 <0.7>			
2)	Provision of Payment Reserves for Substitute Money for Dormant Deposits, etc.	70.5 <>			
3)	Provision of Payment Reserves for Grants Funded by Dormant Deposits, etc.	67.2 <>			
	Non-Operating Expenses	0.0 <0.0>			
	Other Expenses	0.0 <>			
	<b>Expenses Total</b>	<b>145.7 &lt;0.7&gt;</b>	<b>Revenues Total</b>	<b>145.7 &lt;0.0&gt;</b>	

**Balance Sheet**

(Unit: ¥ billion, figures in &lt; &gt; indicate FY2018)

Assets			Liabilities and Net Assets		
	Cash and Deposits	135.7 <0.1>	Borrowings	- <3.1>	
6)	Intangible Assets	2.1 <1.8>	Grants Funded by Dormant Deposits, etc. Payment Reserves	67.2 <>	8)
	Other Assets	0.0 <0.0>	Substitute Money for Dormant Deposits, etc. Payment Reserves	70.5 <>	7)
			Other Liabilities	1.4 <0.1>	
			<b>Liabilities Total</b>	<b>139.2 &lt;3.2&gt;</b>	
			Deficit	(1.3) <(1.3)>	
			<b>Net Assets Totalx</b>	<b>(1.3) &lt;(1.3)&gt;</b>	
	<b>Total</b>	<b>137.9 &lt;1.9&gt;</b>	<b>Total</b>	<b>137.9 &lt;1.9&gt;</b>	

[Reference]

**Borrowings and DICJ Bonds Balance (account total)**

(Unit: ¥ billion)

Category	End of FY2019	End of FY2018	Difference
Borrowings	93.3	294.3	(200.9)
DICJ Bonds	1,870.0	1,700.0	170.0
Total	1,963.3	1,994.3	(30.9)

**General Administrative Expenses (account total)**

(Unit: ¥ million)

Category	FY2019	FY2018	Difference
Personnel Cost	4,410	4,297	113
Non-Personnel Cost	5,828	4,076	1,752
included expenses for systems	4,543	2,813	1,729
Total	10,239	8,373	1,866

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## (4) Balance Sheets, and Profit and Loss Statements

### (i) General Account

#### Balance Sheet (As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	4,272,485	3,892,635	(Current Liabilities)	1,098	847
Cash and Deposits	4,272,469	3,892,625	Accounts Payable	776	531
Deposits Paid	9	9	Deposited Tenders/Dividends	0	0
Supplies	0	-	Deposits Received	27	26
Prepaid Expenses	0	0	Provision for Bonuses	294	288
Accrued income	5	-			
Accounts Receivable	0	0	(Non-Current Liabilities)	4,357,700	3,988,009
			Liability Reserves	4,357,282	3,987,637
(Non-Current Assets)	86,768	96,675	Provision for Retirement Allowance	417	372
Financial Assistance Related Assets	758	760			
Purchased Assets	927	938	(Liabilities Total)	4,358,798	3,988,856
Allowance for Doubtful Accounts	(169)	(178)			
Assets Related to Contracted Bank	83,700	94,600	(Capital)	455	455
Shares in Contracted Bank	12,000	12,000	Government Capital	150	150
Loans to Contracted Bank	71,700	82,600	Bank of Japan Capital	150	150
Property, Plant and Equipment	190	215	Private Capital	155	155
Buildings	170	189			
Tools/Equipment/Fixtures	20	26	(Net Assets Total)	455	455
Intangible Assets	1,737	723			
Software	1,731	189			
Software in Progress	3	530			
Telephone Subscription Rights	3	3			
Investment and Other Assets					
Guarantee Money and Other Security	381	376			
<b>Total</b>	<b>4,359,253</b>	<b>3,989,311</b>	<b>Total</b>	<b>4,359,253</b>	<b>3,989,311</b>

Note: Figures are rounded down.

#### Profit and Loss Statement (From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	382,199	384,449	(Ordinary Revenues)	382,199	384,450
Financial Assistance Related Expenses			Insurance Premium Revenues		
Cost of Commissioning Management and Collection Recovery Business	0	0	Deposit Insurance Premiums	368,960	368,433
Expenses for Operations to Purchase Deposits and Other Claims	0	0	Income from Financial Assistance-Related Business	0	0
Expenses for Operations Related to Reorganization of Financial Institutions	0	-	Income from Contracted Bank Business	12,860	15,825
Repayments of Insurance Premiums for Prior Periods	25	-	Interest on Loans to Contracted Bank	5	-
Compensation for Losses at Contracted Bank	51	26	Profits Transferred from Contracted Bank	12,854	15,825
Payments to the National Treasury	4,309	4,600	Reversal of Allowance for Doubtful Accounts	178	188
General Administrative Expenses	7,996	6,519	Non-Operating Revenues	199	3
Provision of Liability Reserves	369,645	373,123			
Provision of Allowance for Doubtful Accounts	169	178			
(Extraordinary Expenses)					
Loss from Retirement of Non-Current Assets	0	0			
<b>Total</b>	<b>382,199</b>	<b>384,450</b>	<b>Total</b>	<b>382,199</b>	<b>384,450</b>

Note: Figures are rounded down.

- Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the moving average method

2. Depreciation and Amortization Method for Non-Current Assets

- (1) Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥568 million.

- (2) Intangible Assets

Concerning software products for use in the DICJ, the straight-line method based on the period of usability within the DICJ (five years) is used.

3. Appropriation Criteria for Provision

- (1) Allowance for Doubtful Accounts

For claims related to debtors that are effectively in a state of business failure, the estimated disposable collateral and estimated recoverable amount through guarantees are subtracted from the amount of the claim, and the remainder is aggregated.

- (2) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

- (3) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

4. Provision for Liability Reserves

At the end of each fiscal year, the DICJ must calculate a liability reserve for the General Account, to be set aside in accordance with orders of the Cabinet Office and the Ministry of Finance, as stipulated in Article 41 of the Deposit Insurance Act (Act No. 34 of 1971). Article 15 of the Regulation for Enforcement of the Deposit Insurance Act (Ministry of Finance Order No. 28 of 1971) stipulates that the amount of liability reserves that must be set aside cumulatively in each fiscal year shall be an amount equivalent to the amount obtained by subtracting the combined amount of expenses (excluding the transfer to liability reserves) and deficit brought forward from the amount of revenues in the fiscal year concerned.

5. Other Important Matters Relating to Preparation of Financial Statements

- (1) Accounting method for consumption tax, etc.: Tax-inclusive method

- (2) Other

The DICJ received the payment statement and application for provision of loss compensation prepared under the account settlement for FY2019 from the RCC (contracted bank) on May 25, 2020. In the RCC, the payment was accounted for as expense and compensation was accounted for as revenue in FY2019, but in the DICJ, they are accounted for as revenue and expense, respectively, in the following fiscal year in accordance with the provision of the proviso to Article 4, paragraph (2) of the DICJ Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥11,814 million in profits transferred from contracted bank (of which the estimated amount of payments to the national treasury is ¥3,830 million) and ¥66 million in compensation for losses at contracted bank in the following fiscal year.

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Deposit, etc.

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**(ii) Crisis Management Account**

**Balance Sheet**  
(As of March 31, 2020) (Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	368,196	368,649	(Current Liabilities)	41	44
Cash and Deposits	368,196	368,649	Accounts Payable	10	11
Accounts Receivable	0	0	Provision for Bonuses	31	32
(Non-Current Assets)	25	26	(Non-Current Liabilities)		
Assets Related to Specified Bridge Financial Institutions, etc.			Provision for Retirement Allowance	44	42
Shares in Specified Bridge Financial Institutions, etc.	20	20	(Liabilities Total)	86	86
Property, Plant and Equipment	5	6	(Surplus)		
Buildings	3	3	Retained Earnings		
Tools/Equipment/Fixtures	1	2	Accumulated Fund	368,135	368,589
			(Net Assets Total)	368,135	368,589
<b>Total</b>	<b>368,222</b>	<b>368,675</b>	<b>Total</b>	<b>368,222</b>	<b>368,675</b>

Note: Figures are rounded down.

**Profit and Loss Statement**  
(From April 1, 2019, to March 31, 2020) (Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)			(Ordinary Revenues)		
General Administrative Expenses	454	461	Non-Operating Revenues	0	0
(Extraordinary Expenses)			(Current Loss)	454	461
Loss from Retirement of Non-Current Assets	-	0			
<b>Total</b>	<b>454</b>	<b>461</b>	<b>Total</b>	<b>454</b>	<b>461</b>

Notes: 1. Current loss of ¥454 million is deducted from the accumulated fund pursuant to the provision of Article 3 of the Regulation for Enforcement of the Deposit Insurance Act.

2. Figures are rounded down.

● Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the moving average method

2. Depreciation and Amortization Method for Non-Current Assets

Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥2 million.

3. Appropriation Criteria for Provision

(1) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

(2) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

4. Other Important Matters Relating to Preparation of Financial Statements

Accounting method for consumption tax, etc.: Tax-inclusive method

1. D/CJ's Operations
II. Overview of the D/CJ's Activities
1. Failure Resolution
2. Asset Holdings
3. Pursuit of Liability
4. International Cooperation
5. Capital Participation
6. Specified Difficult Recovery Claims
7. Criminal Accounts Damage Recovery
8. Management Operations of Promart Deposits, etc.
9. Finances
10. PR Activities to Ensure Public Awareness
11. The Medium-Term Goals and Operational Policy

**(iii) Financial Revitalization Account**
**Balance Sheet**

(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	23,464	7,602	(Current Liabilities)	445,985	467,376
Cash and Deposits	20,479	6,380	Short-Term Borrowings	45,500	167,000
Deposits Paid	2,949	1,195	DICJ Bonds (due for redemption within one year)	400,000	300,000
Suspense Payments	23	21	Premium on DICJ Bonds (due for redemption within one year)	267	81
Prepaid Expenses	6	-	Accounts Payable	147	180
Accrued Income	4	5	Accrued Expenses Payable	50	34
Accounts Receivable	0	0	Advance Payments Received	0	27
(Non-Current Assets)	1,529,082	1,543,167	Suspense Receipts	-	35
Assets of Asset Purchase Business	1,527,676	1,541,560	Provision for Bonuses	19	17
Purchased Assets	1,540,636	1,555,018	(Non-Current Liabilities)	1,094,143	1,104,251
Allowance for Doubtful Accounts	(12,960)	(13,457)	DICJ Bonds	1,090,000	1,100,000
Property, Plant and Equipment	6	7	Premium on DICJ Bonds	4,116	4,228
Buildings	4	5	Provision for Retirement Allowance	27	22
Tools/Equipment/Fixtures	4	5	(Liabilities Total)	1,540,129	1,571,627
Intangible Assets	1	1	(Surplus or Deficit)		
Telephone Subscription Rights			Retained Earnings or (Deficit)		
Investment and Other Assets	0	0	Accumulated Fund or (Deficit Brought Forward)	12,418	(20,857)
Loans to Specified Contracted Bank	1,400	1,600	(Net Assets Total)	12,418	(20,857)
<b>Total</b>	<b>1,552,547</b>	<b>1,550,770</b>	<b>Total</b>	<b>1,552,547</b>	<b>1,550,770</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	18,813	14,992	(Ordinary Revenues)	52,089	51,669
Expenses of Asset Purchase Business	5,053	581	Income from Asset Purchase Business	37,113	35,561
Loss on Sale of Purchased Assets	4,877	402	Income from Purchased Assets	35,677	33,733
Assets Purchasing Operation Expenses	126	125	Profits on Sale of Purchased Assets	1,436	1,828
Cost of Commissioning Management and Collection Recovery Business	49	52	Profits Transferred from Specified Contracted Bank	748	2,420
General Administrative Expenses	335	292	Reversal of Allowance for Doubtful Accounts	13,457	13,461
Provision of Allowance for Doubtful Accounts	12,960	13,457	Non-Operating Revenues	769	226
Non-Operating Expenses					
Bond Issuance Cost	465	661			
(Extraordinary Expenses)					
Loss from Retirement of Non-Current Assets	-	0			
(Current Profit)	33,275	36,676			
<b>Total</b>	<b>52,089</b>	<b>51,669</b>	<b>Total</b>	<b>52,089</b>	<b>51,669</b>

Notes: 1. Current profit of ¥33,275 million is added to accumulated fund, pursuant to the provision of Article 25, paragraph (1) of the Regulation for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions (Rules of the Financial Reconstruction Commission No. 2 of 1998).

2. Figures are rounded down.

- Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the moving average method

2. Depreciation and Amortization Method for Non-Current Assets

Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥27 million.

3. Appropriation Criteria for Provision

- (1) Allowance for Doubtful Accounts

For claims related to failed debtors or debtors in damage of collapse as well as debtors who face or are highly likely to face serious problems in the repayment of debts although not yet in a state of business failure, the estimated amount recovered through collateral and the estimated amount other than collateral recovered in light of debtors' business status are subtracted from the amount of the claim, and the remainder is aggregated.

- (2) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

- (3) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

4. Other Important Matters Relating to Preparation of Financial Statements

- (1) Accounting method for consumption tax, etc.: Tax-inclusive method

- (2) Amortization Method of Premium and Discount on DICJ Bonds

Premium and Discount on DICJ bonds: equal amortization over the period up to the term of bond redemption

- (3) Appropriating Method of DICJ Bonds Issuing Cost

All expenses are accounted for at the time of payment.

- (4) Other

The DICJ received the payments statement prepared under the account settlement for FY2019 from the RCC (specified contracted bank) on May 25, 2020. In the RCC, the payment was accounted for as an expense in FY2019, but in the DICJ, it is accounted for as revenue in the following fiscal year in accordance with the provision of the proviso to Article 4, paragraph (2) of the DICJ Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥510 million in profits transferred from the specified contracted bank in the following fiscal year.

1. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Deposit, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

III. Annex

**(iv) Early Strengthening Account**

**Balance Sheet**  
(As of March 31, 2020) (Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	773,068	1,572,894	(Current Liabilities)	0	0
Cash and Deposits	773,068	1,572,894	Accounts Payable	0	0
Accounts Receivable	0	0	Provision for Bonuses	0	0
(Non-Current Assets)	19,800	19,800	(Non-Current Liabilities)		
Property, Plant and Equipment	0	0	Provision for Retirement Allowance	0	0
Buildings	0	0			
Tools/Equipment/Fixtures	0	0	(Liabilities Total)	0	0
Intangible Assets			(Surplus)		
Telephone Subscription Rights	0	0	Retained Earnings		
Investments and Other Assets			Accumulated Fund	792,868	1,592,693
Loans to Contracted Bank	19,800	19,800			
			(Net Assets Total)	792,868	1,592,693
<b>Total</b>	<b>792,869</b>	<b>1,592,694</b>	<b>Total</b>	<b>792,869</b>	<b>1,592,694</b>

Note: Figures are rounded down.

**Profit and Loss Statement**  
(From April 1, 2019, to March 31, 2020) (Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)			(Ordinary Revenues)	179	184
General Administrative Expenses	5	5	Profits Transferred from Contracted Bank	179	184
(Extraordinary Expenses)			Non-Operating Revenues	0	0
Loss from Retirement of Non-Current Assets	-	0			
(Current Profit)	174	179			
<b>Total</b>	<b>179</b>	<b>184</b>	<b>Total</b>	<b>179</b>	<b>184</b>

Notes: 1. Current profit of ¥174 million is added to the accumulated fund pursuant to the provisions of Article 8 paragraph (1) of the Regulation for Enforcement of the Act on Emergency Measures for Early Strengthening of Financial Functions (Rules of the Financial Reconstruction Commission No. 3 of 1998).

2. Figures are rounded down.

## I. Important Accounting Principles and Other Relevant Matters

### 1. Depreciation and Amortization Method for Non-Current Assets

#### Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥6 million.

### 2. Appropriation Criteria for Provision

#### (1) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

#### (2) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

### 3. Other Important Matters Relating to Preparation of Financial Statements

#### (1) Accounting method for consumption tax, etc.: Tax inclusive method

#### (2) Other

The DICJ received the payments statement prepared under the account settlement for FY2019 from the RCC (contracted bank) on May 29, 2020. In the RCC, the payment was accounted for as an expense in FY2019, but in the DICJ, it is accounted for as revenue in the following fiscal year in accordance with the provision of the proviso to Article 4, paragraph (2) of the DICJ Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥178 million profits transferred from the contracted bank in the following fiscal year.

## II. Other

### National treasury payments

Payment of ¥800,000 million from retained earnings was made to the national treasury in FY2019, pursuant to Article 15 paragraph (2) of the Act on Emergency Measures for Early Strengthening of Financial Functions (Act No. 143 of 1998).

1. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Prominent Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

III. Annex

**(v) Financial Functions Strengthening Account**
**Balance Sheet**

(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	879	486	(Current Liabilities)	247,796	224,126
Cash and Deposits	879	486	Short-Term Borrowings	47,700	124,000
Accounts Receivable	0	0	DICJ Bonds (due for redemption within one year)	200,000	100,000
(Non-Current Assets)	483,542	474,342	Premium on DICJ Bonds (due for redemption within one year)	71	105
Property, Plant and Equipment	2	2	Accounts Payable	6	4
Buildings	1	1	Accrued Expenses Payable	6	4
Tools/Equipment/Fixtures	0	0	Provision for Bonuses	11	12
Investments and Other Assets			(Non-Current Liabilities)	180,569	200,469
Loans to Contracted Bank	483,540	474,340	DICJ Bonds	180,000	200,000
			Premium on DICJ Bonds	553	453
			Provision for Retirement Allowance	16	15
			(Liabilities Total)	428,365	424,596
			(Surplus)		
			Retained Earnings		
			Accumulated Funds	56,055	50,231
			(Net Assets Total)	56,055	50,231
<b>Total</b>	<b>484,421</b>	<b>474,828</b>	<b>Total</b>	<b>484,421</b>	<b>474,828</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	280	300	(Ordinary Revenues)	6,103	3,547
General Administrative Expenses	178	188	Profits Transferred from Contracted Bank	5,759	3,241
Non-operating Expenses			Interest on Loans to Contracted Bank	-	3
Bond Issuance Cost	101	112	Non-Operating Revenues	344	302
(Extraordinary Expenses)					
Loss from Retirement of Non-Current Assets	-	0			
(Current Profit)	5,823	3,246			
<b>Total</b>	<b>6,103</b>	<b>3,547</b>	<b>Total</b>	<b>6,103</b>	<b>3,547</b>

Notes: 1. Current profit of ¥5,823 million is added to the accumulated fund pursuant to the provision of Article 4, paragraph (1) of the Order Regulating Financial Functions Strengthening Operations of the DICJ (Order of the Cabinet Office and the Ministry of Finance No. 3 of 2004).

2. Figures are rounded down.

- Important Accounting Principles and Other Relevant Matters

1. Depreciation and Amortization Method for Non-Current Assets

Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥1 million.

2. Appropriation Criteria for Provision

- (1) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

- (2) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

3. Other Important Matters Relating to Preparation of Financial Statements

- (1) Accounting method for consumption tax, etc.: Tax-inclusive method

- (2) Amortization Method of Premium and Discount on DICJ Bonds

Premium and Discount on DICJ bonds: equal amortization over the period up to the term of bond redemption

- (3) Appropriating Method of DICJ Bonds Issuing Cost

All expenses are accounted for at the time of payment.

- (4) Other

The DICJ received the application for provision of loss compensation prepared under the account settlement for FY2019 from the RCC (contracted bank) on May 29, 2020. In the RCC, compensation was processed as earnings in FY2019, but in the DICJ, it is accounted for as an expense in the following fiscal year in accordance with the provision of the proviso to Article 4 paragraph (2) of the DICJ Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥20,600 million in loss compensation for the contracted bank in the following fiscal year.

1. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Dormant Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

III. Annex

**(vi) Damage Recovery Distribution Account**
**Balance Sheet**

(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	132	156	(Current Liabilities)	193	215
Cash and Deposits	132	156	Short-Term Borrowings	180	200
Accounts Receivable	0	0	Accounts Payable	7	9
			Accrued Expenses Payable	-	0
(Non-Current Assets)	3	5	Provision for Bonuses	5	5
Property, Plant and Equipment	1	1			
Buildings	0	0	(Non-Current Liabilities)		
Tools/Equipment/Fixtures	0	0	Provision for Retirement Allowance	8	7
Intangible Assets					
Software	2	3	(Liabilities Total)	201	222
			(Deficit)		
			Deficit Brought Forward	(64)	(60)
			(Net Assets Total)	(64)	(60)
<b>Total</b>	<b>136</b>	<b>161</b>	<b>Total</b>	<b>136</b>	<b>161</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	278	268	(Ordinary Revenues)	274	314
Expenses for Damage Recovery Benefit Distribution Operations			Fees Collected	135	151
Expenses Related to Support for Victims of Crime	160	150	Transfer Payment of the Balance of Damage-Recovery Benefits	139	163
Repayments of Money Transferred for Prior Periods	0	0	Non-Operating Revenues	0	0
General Administrative Expenses	118	117	(Current Loss)	3	-
Non-Operating Expenses	0	0			
Interest on Borrowings	0	0			
Miscellaneous Losses	0	0			
(Extraordinary Expenses)					
Loss from Retirement of Non-Current Assets	-	0			
(Current Profit)	-	46			
<b>Total</b>	<b>278</b>	<b>314</b>	<b>Total</b>	<b>278</b>	<b>314</b>

Notes: 1. Current loss of ¥3 million is added to deficit brought forward, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for the DICJ's Operations (Order of the Cabinet Office and the Ministry of Finance No. 1 of 2008) prescribed in Article 5 of the Act on Payment of Damage Recovery Benefits from Funds in Deposit Accounts Used for Crime.

2. Figures are rounded down.

- Important Accounting Principles and Other Relevant Matters

1. Depreciation and Amortization Method for Non-Current Assets

- (1) Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥0 million.

- (2) Intangible Assets

Concerning software products for use in the DICJ, the straight-line method based on the period of usability within the DICJ (two to five years) is used.

2. Appropriation Criteria for Provision

- (1) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

- (2) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

3. Other Important Matters Relating to Preparation of Financial Statements

- (1) Accounting method for consumption tax, etc.: Tax-inclusive method

- (2) Other

The DICJ expects to receive funds equivalent in amount to the expenses that arise in the current fiscal year as fees collected in the following fiscal year, pursuant to the provision of Article 30, paragraph (1) of the Act on Payment of Damage Recovery Benefits from Funds in Deposit Accounts Used for Crime (Act No. 133 of 2007).

**(vii) Regional Economy Vitalization Corporation Account**
**Balance Sheet**

(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	38	44	(Current Liabilities)	0	0
Cash and Deposits	38	44	Accounts Payable	0	0
Accounts Receivable	0	0	Provision for Bonuses	0	0
(Non-Current Assets)			(Non-Current Liabilities)	9,660	9,660
Shares in REVIC	12,603	12,603	Contributions from Financial Institutions	9,659	9,659
			Provision for Retirement Allowance	0	0
			(Liabilities Total)	9,660	9,660
			(Capital)		
			Government Capital	3,000	3,000
			(Deficit)		
			Deficit Brought Forward	(18)	(12)
			(Net Assets Total)	2,981	2,987
<b>Total</b>	<b>12,642</b>	<b>12,647</b>	<b>Total</b>	<b>12,642</b>	<b>12,647</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	5	7,667	(Ordinary Revenues)	0	7,693
Dividend Distribution on Shares in REVIC	-	5,339	Dividend on Shares of REVIC	-	5,339
Payments to the National Treasury on Proceeds from the Sale of Shares in REVIC	-	2,322	Proceeds from the Sale of Shares in REVIC	-	2,354
General Administrative Expenses	5	5	Non-Operating Revenues	0	0
(Current Profit)	-	26	(Current Loss)	5	-
<b>Total</b>	<b>5</b>	<b>7,693</b>	<b>Total</b>	<b>5</b>	<b>7,693</b>

Notes: 1. Current loss of ¥5 million is added to deficit brought forward, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for DICJ's Operations (Order of the Cabinet Office and the Ministry of Finance No. 5 of 2009) prescribed in Chapter VIII of the Act on Regional Economy Vitalization Corporation of Japan.

2. Figures are rounded down.

**• Important Accounting Principles**
**1. Evaluation Method for Securities**

Cost method based on the moving average method

**2. Appropriation Criteria for Provision**
**(1) Provision for Bonuses**

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

**(2) Provision for Retirement Allowance**

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

**3. Other Important Matters Relating to Preparation of Financial Statements**

Accounting method for consumption tax, etc.: Tax-inclusive method

**(viii) Revitalizing Earthquake-Affected Business Account****Balance Sheet**  
(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	9	10	(Current Liabilities)	0	0
Cash and Deposits	9	10	Accounts Payable	0	0
Accounts Receivable	0	-	Provision for Bonuses	0	0
(Non-Current Assets)			(Liabilities Total)	0	0
Shares in the Corporation for Revitalizing Business	28,006	28,006	(Capital)		
			Government Capital	28,020	28,020
			(Deficit)		
			Deficit Brought Forward	(4)	(3)
			(Net Assets Total)	28,015	28,016
<b>Total</b>	<b>28,015</b>	<b>28,016</b>	<b>Total</b>	<b>28,015</b>	<b>28,016</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)			(Ordinary Revenues)		
General Administrative Expenses	0	0	Non-Operating Revenues	0	0
			(Current Loss)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>

Notes: 1. Current loss of ¥0 million is arranged as deficit brought forward, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for the DICJ's Operations (Order of the Cabinet Office and the Ministry of Finance No. 4 of 2011) prescribed in Chapter VIII of the Act on the Corporation for Revitalizing Earthquake-Affected Business.

2. Figures are rounded down.

- Important Accounting Principles

1. Evaluation Method for Securities

Cost method based on the moving average method

2. Appropriation Criteria for Provision

Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

3. Other Important Matters Relating to Preparation of Financial Statements

Accounting method for consumption tax, etc.: Tax-inclusive method

1. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Criminal Accounts Damage Recovery

8. Management Operations of Deposit, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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**(ix) Dormant Deposits, etc. Management Account**
**Balance Sheet**

(As of March 31, 2020)

(Unit: ¥ million)

Assets			Liabilities and Net Assets		
Item	End of FY2019	(Reference) End of FY2018	Item	End of FY2019	(Reference) End of FY2018
(Current Assets)	135,752	136	(Current Liabilities)	68,642	3,251
Cash and Deposits	135,752	136	Short-Term Borrowings	-	3,170
Accounts Receivable	0	0	Accounts Payable	1,368	61
			Accrued Expenses Payable	-	0
(Non-Current Assets)	2,183	1,824	Grants Funded by Dormant Deposits, etc.	67,253	-
Property, Plant and Equipment	2	2	Payment Reserves		
Buildings	1	1	Provision for Bonuses	20	19
Tools/Equipment/Fixtures	0	0			
Intangible Assets	2,181	1,821	(Non-Current Liabilities)	70,610	25
Software	2,145	5	Substitute Money for Dormant Deposits, etc.	70,581	-
Software in Progress	35	1,816	Payment Reserves		
			Provision for Retirement Allowance	28	25
			(Liabilities Total)	139,253	3,276
			(Deficit)		
			Deficit Brought Forward	(1,316)	(1,316)
			(Net Assets Total)	(1,316)	(1,316)
<b>Total</b>	<b>137,936</b>	<b>1,960</b>	<b>Total</b>	<b>137,936</b>	<b>1,960</b>

Note: Figures are rounded down.

**Profit and Loss Statement**

(From April 1, 2019, to March 31, 2020)

(Unit: ¥ million)

Expenses			Revenues		
Item	FY2019	(Reference) FY2018	Item	FY2019	(Reference) FY2018
(Ordinary Expenses)	145,722	783	(Ordinary Revenues)	145,722	0
Expenses for Management	6,741	-	Money for Transfer from Dormant Deposits, etc.	145,722	-
Operations of Dormant Deposits, etc.			Non-Operating Revenues	0	0
Substitute Money for Dormant Deposits, etc.	4,559	-			
Grants Funded by Dormant Deposits, etc.	2,142	-	(Current Loss)	-	783
Commission Fees for Payment, etc. Operations	37	-			
Clerical Costs of Substitute Money for Dormant Deposits, etc. Payment	0	-			
Miscellaneous Clerical Costs of Dormant Deposits, etc. Management	0	-			
General Administrative Expenses	1,145	783			
Provision of Payment Reserves for Substitute Money for Dormant Deposits, etc.	70,581	-			
Provision of Payment Reserves for Grants Funded by Dormant Deposits, etc.	67,253	-			
Non-operating Expenses	1	0			
Interest on Borrowings					
<b>Total</b>	<b>145,722</b>	<b>783</b>	<b>Total</b>	<b>145,722</b>	<b>783</b>

Note: Figures are rounded down.

- Important Accounting Principles and Other Relevant Matters

1. Depreciation and Amortization Method for Non-Current Assets

- (1) Property, Plant and Equipment

Straight-line method is used.

Average useful life is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

The accumulated depreciation is ¥0 million.

- (2) Intangible Assets

Concerning software products for use in the DICJ, the straight-line method based on the period of usability within the DICJ (five years) is used.

2. Appropriation Criteria for Provision

- (1) Provision for Bonuses

In order to cover the payment of bonuses to executives and employees, provisions are recorded in an amount equivalent to the portion of the expected bonus payment amount in the following fiscal year that should be covered in the current fiscal year.

- (2) Provision for Retirement Allowance

In order to prepare for payment of retirement allowances for executives and employees, the required remuneration at the end of the fiscal year is used as the criterion for appropriating provision.

3. Other Important Matters Relating to Preparation of Financial Statements

Accounting method for consumption tax, etc.: Tax-inclusive method

I. DICJ's  
OperationsII. Overview  
of the DICJ's  
Activities1. Failure  
Resolution2. Asset  
Holdings3. Pursuit  
of Liability4. International  
Cooperation5. Capital  
Participation6. Specified  
Difficult Recovery  
Claims7. Criminal  
Accounts Damage  
Recovery8. Management  
Operations of Dormant  
Deposits, etc.

9. Finances

10. PR Activities  
to Ensure Public  
Awareness11. The Medium-  
Term Goals and  
Operational Policy

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## (5) Trends in the Number of Insured Financial Institutions

Fiscal Year End	Banks						Shinkin Banks	Credit Cooperatives	Labor Banks	Federations	Other	Total
	City Banks	Regional Banks	Regional Banks II (Note)	Trust Banks	Long-Term Credit Banks	Total (including other)						
1971	14	61	71	7	3	156	483	524	—	—	—	1,163
1972	14	63	72	7	3	159	484	508	—	—	—	1,151
1973	13	63	72	7	3	158	484	498	—	—	—	1,140
1974	13	63	72	7	3	158	476	492	—	—	—	1,126
1975	13	63	72	7	3	158	471	489	—	—	—	1,118
1976	13	63	71	7	3	157	469	488	—	—	—	1,114
1977	13	63	71	7	3	157	468	490	—	—	—	1,115
1978	13	63	71	7	3	157	466	486	—	—	—	1,109
1979	13	63	71	7	3	157	462	484	—	—	—	1,103
1980	13	63	71	7	3	157	461	476	—	—	—	1,094
1981	13	63	71	7	3	157	456	474	—	—	—	1,087
1982	13	63	71	7	3	157	456	469	—	—	—	1,082
1983	13	63	71	7	3	157	456	469	—	—	—	1,082
1984	13	64	69	7	3	156	456	462	—	—	—	1,074
1985	13	64	69	11	3	160	456	449	—	—	—	1,065
1986	13	64	68	16	3	164	455	447	47	—	—	1,113
1987	13	64	68	16	3	164	455	440	47	—	—	1,106
1988	13	64	68	16	3	164	455	419	47	—	—	1,085
1989	13	64	68	16	3	164	454	415	47	—	—	1,080
1990	12	64	68	16	3	163	451	408	47	—	—	1,069
1991	11	64	68	16	3	162	440	398	47	—	—	1,047
1992	11	64	66	16	3	160	435	394	47	—	—	1,036
1993	11	64	65	21	3	164	428	384	47	—	—	1,023
1994	11	64	65	23	3	167	421	374	47	—	—	1,009
1995	11	64	65	30	3	174	416	370	47	—	—	1,007
1996	10	64	65	33	3	176	410	364	47	—	—	997
1997	10	64	64	33	3	176	401	352	47	—	—	976
1998	9	64	61	34	3	173	396	323	41	—	—	933
1999	9	64	60	33	3	171	386	292	41	—	—	890
2000	9	64	57	31	3	167	372	281	40	3	—	863
2001	7	64	56	29	3	165	349	247	21	3	—	785
2002	7	64	53	27	2	159	326	191	21	3	—	700
2003	7	64	50	27	2	155	306	181	13	3	—	658
2004	7	64	48	25	1	154	298	175	13	3	—	643
2005	6	64	47	21	1	148	292	172	13	3	—	628
2006	6	64	46	21	0	147	287	168	13	3	—	618
2007	6	64	45	20	0	149	281	164	13	3	—	610
2008	6	64	44	20	0	149	279	162	13	3	1	607
2009	6	64	42	19	0	147	272	159	13	3	1	595
2010	6	63	42	18	0	145	271	158	13	3	1	591
2011	6	64	42	18	0	146	271	158	13	3	1	592
2012	6	64	41	16	0	142	270	157	13	3	1	586
2013	5	64	41	16	0	141	267	155	13	3	1	580
2014	5	64	41	16	0	141	267	154	13	3	1	579
2015	5	64	41	16	0	141	265	153	13	3	1	576
2016	5	64	41	16	0	140	264	151	13	3	1	572
2017	5	64	41	15	0	139	261	148	13	3	1	565
2018	5	64	40	14	0	138	259	146	13	3	1	560
2019	5	64	38	14	0	136	255	145	13	3	1	553

Note: Regional Banks II are member banks of the Second Association of Regional Bank. Inclusive of Sogo Banks up to FY1991. Figures are the total of Sogo Banks up to FY1987.

**(6) Income and Expenditure on a Fiscal Year Basis (General Account)**

(Unit: ¥ million)

Fiscal Year	Income			Expenditure	Net earnings	Liability reserves (Fiscal Year End)
	Insurance premiums	Paid into special operations funds	Total (including other)			
1971	2,800	—	3,090	23	3,066	3,066
1972	4,560	—	5,030	43	4,987	8,053
1973	5,638	—	6,369	40	6,328	14,381
1974	6,364	—	7,563	57	7,505	21,887
1975	7,214	—	8,958	61	8,896	30,784
1976	8,402	—	10,739	69	10,670	41,454
1977	9,401	—	12,252	78	12,174	53,629
1978	10,571	—	14,024	105	13,919	67,548
1979	11,818	—	16,084	95	15,988	83,536
1980	12,767	—	18,392	104	18,288	101,825
1981	13,631	—	20,314	127	20,187	122,012
1982	20,107	—	28,209	119	28,090	150,103
1983	21,624	—	31,519	123	31,396	181,500
1984	23,232	—	34,769	118	34,650	216,151
1985	25,274	—	38,569	134	38,435	254,586
1986	40,739	—	55,236	140	55,096	309,683
1987	44,195	—	62,015	155	61,860	371,543
1988	48,759	—	68,021	143	67,878	439,421
1989	53,757	—	74,333	146	74,187	513,608
1990	60,381	—	87,944	156	87,788	601,396
1991	63,202	—	95,154	166	94,987	696,384
1992	63,149	—	94,411	20,169	74,241	770,626
1993	63,792	—	96,081	46,137	49,944	820,570
1994	64,972	—	98,140	42,680	55,459	876,030
1995	66,643	—	111,581	601,033	(489,452)	386,578
1996	461,992	—	532,743	1,314,428	(781,684)	(395,106)
1997	462,956	—	464,317	163,228	301,089	(94,017)
1998	465,003	1,199,232	1,675,820	2,769,430	(1,093,610)	(1,187,627)
1999	480,736	3,645,679	4,216,932	4,926,059	(709,127)	(1,896,755)
2000	482,837	3,640,683	4,204,983	5,453,792	(1,248,809)	(3,145,565)
2001	511,087	667,547	1,288,209	1,940,875	(652,666)	(3,798,231)
2002	509,944	1,589,874	2,502,074	2,710,347	(208,273)	(4,006,504)
2003	522,106	—	742,728	230,070	512,657	(3,493,847)
2004	529,386	—	656,581	139,783	516,798	(2,977,048)
2005	537,769	—	740,157	218,034	522,122	(2,454,926)
2006	540,496	—	754,717	232,457	522,259	(1,932,667)
2007	566,674	—	703,539	148,656	554,882	(1,377,784)
2008	611,676	—	828,608	361,326	467,281	(910,502)
2009	641,157	—	700,516	63,274	637,241	(273,260)
2010	679,397	—	722,155	311,545	410,609	137,348
2011	702,932	—	1,011,208	728,047	283,160	420,509
2012	606,561	—	875,133	265,613	609,520	1,030,030
2013	622,346	—	917,741	259,759	657,982	1,688,012
2014	645,969	—	926,174	233,752	692,422	2,380,434
2015	401,090	—	593,162	181,006	412,156	2,792,591
2016	414,412	—	603,048	170,418	432,629	3,225,220
2017	383,092	—	407,308	18,014	389,293	3,614,513
2018	368,433	—	384,450	11,326	373,123	3,987,637
2019	368,960	—	382,199	12,553	369,645	4,357,282

Notes: 1. Figures for FY1996 are the total of the General Account, the Special Account for General Financial Institutions and the Special Account for Credit Cooperatives, excluding inter-account transfers.

2. Figures for FY1997 to FY2002 are the total of the General Account and the Special Operations Account, excluding inter-account transfers.

3. Figures are rounded down.

1. DICI's Operations

II. Overview of the DICI's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. International Cooperation

5. Capital Participation

6. Specified Difficult Recovery Claims

7. Critical Accounts Damage Recovery

8. Management Operations of Donant Deposits, etc.

9. Finances

10. PR Activities to Ensure Public Awareness

11. The Medium-Term Goals and Operational Policy

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## (7) Trends in the Eligible Deposits and Liability Reserves

(Units: ¥ billion, %)

Fiscal Year End	Deposits of insured financial institutions			Liability reserves	
	Total deposits (A)	Eligible deposits (B)	Percentage of eligible deposits (B/A)	Amount	Ratio of liability reserves to eligible deposits
1971	81,194.7	72,253.0	89.0	3.0	0.004
1972	102,833.3	90,863.5	88.4	8.0	0.009
1973	116,312.7	104,186.7	89.6	14.3	0.014
1974	129,839.0	116,631.5	89.8	21.8	0.019
1975	150,629.5	136,197.8	90.4	30.7	0.023
1976	169,410.4	153,636.2	90.7	41.4	0.027
1977	189,872.9	172,002.1	90.6	53.6	0.031
1978	213,416.8	192,942.1	90.4	67.5	0.035
1979	235,571.3	209,822.2	89.1	83.5	0.040
1980	255,141.1	227,184.8	89.0	101.8	0.045
1981	285,301.3	251,345.8	88.1	122.0	0.049
1982	305,115.2	270,301.4	88.6	150.1	0.056
1983	331,490.5	290,402.5	87.6	181.5	0.062
1984	362,385.1	315,927.8	87.2	216.1	0.068
1985	407,760.2	339,108.6	83.2	254.5	0.075
1986	453,845.5	366,709.3	80.8	309.6	0.084
1987	515,952.1	404,748.5	78.4	371.5	0.092
1988	594,626.7	446,396.8	75.1	439.4	0.098
1989	685,242.0	501,597.7	73.2	513.6	0.102
1990	703,458.9	526,686.0	74.9	601.3	0.114
1991	694,900.5	526,242.7	75.7	696.3	0.132
1992	695,013.6	531,607.0	76.5	770.6	0.145
1993	704,975.2	541,444.8	76.8	820.5	0.152
1994	710,349.8	555,711.2	78.2	876.0	0.158
1995	717,604.3	550,600.5	76.7	386.5	0.070
1996	713,479.8	551,270.8	77.3	(395.1)	—
1997	705,772.0	556,393.5	78.8	(94.0)	—
1998	703,259.9	572,729.9	81.4	(1,187.6)	—
1999	698,382.0	575,717.4	82.4	(1,896.7)	—
2000	728,863.8	611,512.7	83.9	(3,145.5)	—
2001	718,543.4	609,374.8	84.8	(3,798.2)	—
2002	708,597.2	622,556.3	87.9	(4,006.5)	—
2003	709,811.2	627,257.9	88.4	(3,493.8)	—
2004	720,145.2	634,504.6	88.1	(2,977.0)	—
2005	724,834.7	643,507.7	88.8	(2,454.9)	—
2006	724,768.9	646,937.8	89.3	(1,932.6)	—
2007	805,758.2	723,947.6	89.8	(1,377.7)	—
2008	852,909.1	767,364.5	90.0	(910.5)	—
2009	891,038.0	805,328.0	90.4	(273.2)	—
2010	922,811.4	833,925.4	90.4	137.3	0.016
2011	956,099.8	866,095.7	90.6	420.5	0.049
2012	982,638.2	888,600.6	90.4	1,030.0	0.116
2013	1,020,971.4	920,952.6	90.2	1,688.0	0.183
2014	1,055,989.3	948,730.5	89.8	2,380.4	0.251
2015	1,094,152.9	979,676.6	89.5	2,792.5	0.285
2016	1,146,613.1	1,024,091.8	89.3	3,225.2	0.314
2017	1,203,498.5	1,069,500.9	88.8	3,614.5	0.337
2018	1,232,082.6	1,099,905.2	89.2	3,987.6	0.362
2019	1,255,822.5	1,127,472.2	89.7	4,357.2	0.386

- Notes: 1. “Total deposits” is the sum of the amount of deposits (including installment savings, installment deposits, money trusts and foreign-currency deposits) and negotiable certificates of deposits.
2. “Eligible deposits” excludes deposits, etc., under Article 3 and Article 3-2 of the Order for Enforcement of the Deposit Insurance Act (starting from FY2003, specified settlement obligations pursuant to Article 69-2 of the Deposit Insurance Act are added to this amount).
3. “Deposits of insured financial institutions” indicates the amount stated in the insurance premium statement submitted at the time of the first payment. The balance of deposits, based on which the insurance premium is calculated, has been shifted from an end-of-term basis to an average-balance basis since FY2001.
4. The amount of “liability reserves” for FY1996 is the total of the General Account, the Special Account for General Financial Institutions, and the Special Account for Credit Cooperatives.
5. The amount of “liability reserves” for FY1997 to FY2002 is the total of the General Account and the Special Operations Account.
6. Figures are rounded down.

1. D/C's Operations
II. Overview of the D/C's Activities
1. Failure Resolution
2. Asset Holdings
3. Pursuit of Liability
4. International Cooperation
5. Capital Participation
6. Specified Difficult Recovery Claims
7. Criminal Accounts Damage Recovery
8. Management Operations of Promort Deposits, etc.
9. Finances
10. PR Activities to Ensure Public Awareness
11. The Medium-Term Goals and Operational Policy
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## (8) Trends in the Eligible Deposits by Sector of Financial Institutions

Fiscal Year	Banks					
	City Banks	Regional Banks	Regional Banks II	Trust Banks	Long-Term Credit Banks	Total (including other)
1971	29,188.7	15,582.0	7,228.8	7,511.6	1,263.7	60,775.0
1972	36,165.2	19,788.1	9,245.9	9,489.0	1,716.1	76,404.5
1973	39,037.6	23,497.1	11,280.6	10,760.8	1,928.7	86,505.0
1974	42,209.5	26,536.8	13,019.3	12,312.3	2,055.3	96,133.4
1975	49,227.5	30,983.9	15,088.6	14,465.9	2,493.5	112,259.6
1976	54,967.5	34,935.7	16,881.8	16,887.3	2,753.8	126,426.3
1977	61,697.8	39,221.4	18,945.1	19,158.3	2,849.5	141,872.3
1978	68,034.6	44,717.0	21,614.9	21,616.3	2,943.7	158,926.8
1979	71,684.6	49,556.1	23,851.8	23,544.9	3,090.7	171,728.2
1980	77,550.1	53,474.3	25,761.9	25,497.9	3,288.4	185,572.7
1981	85,876.8	59,497.7	28,471.2	28,085.0	3,504.3	205,435.2
1982	90,962.9	64,099.1	30,573.2	31,417.5	3,630.5	220,683.3
1983	98,093.4	68,333.0	32,444.7	34,761.6	3,816.4	237,449.3
1984	107,585.0	76,232.6	33,195.1	37,522.8	4,128.4	258,664.2
1985	117,048.6	79,947.6	34,460.5	37,963.7	4,119.6	273,540.2
1986	128,829.3	86,621.8	37,045.2	39,813.6	4,172.6	296,482.7
1987	145,975.0	95,995.9	40,019.0	41,304.2	4,689.8	327,984.1
1988	158,959.8	107,207.4	44,179.1	46,063.8	5,154.0	361,564.3
1989	180,209.3	120,168.4	47,904.3	50,384.1	6,369.1	405,035.5
1990	184,899.5	125,264.3	50,722.6	55,185.0	5,657.9	421,729.6
1991	175,188.3	129,149.0	51,681.5	57,126.2	4,377.6	417,522.6
1992	169,169.0	133,250.4	52,707.7	59,378.9	4,469.1	418,975.4
1993	169,657.0	137,050.6	53,879.5	59,841.5	4,347.2	424,776.0
1994	172,413.8	142,630.5	55,794.6	58,628.8	4,540.3	434,071.2
1995	170,717.2	144,615.1	55,864.0	52,825.0	4,547.5	428,676.3
1996	168,766.4	147,132.3	55,817.9	51,923.5	4,566.7	428,206.9
1997	172,244.4	150,615.2	55,549.1	49,482.5	4,587.8	432,488.4
1998	178,508.3	154,772.0	58,990.5	49,445.4	5,090.1	446,811.9
1999	181,490.1	160,421.9	53,932.7	48,496.1	4,582.5	448,926.7
2000	193,100.6	174,359.8	55,917.7	48,794.2	7,016.7	479,229.2
2001	200,167.1	173,500.6	55,325.8	45,994.1	2,993.5	478,098.3
2002	216,243.7	176,510.1	52,708.5	43,587.8	3,908.4	493,256.5
2003	220,185.7	173,472.8	53,875.5	42,053.6	4,318.5	494,460.9
2004	224,233.5	177,158.8	52,179.7	40,145.5	—	498,979.2
2005	229,128.6	179,096.6	52,829.0	38,497.1	—	505,949.5
2006	227,746.9	181,409.6	53,047.4	37,070.5	—	507,250.9
2007	227,932.9	185,427.6	54,059.5	36,524.8	—	580,399.1
2008	229,688.6	193,291.8	54,740.3	37,750.4	—	617,836.8
2009	235,843.3	199,570.4	55,105.8	37,947.2	—	652,357.7
2010	241,645.5	204,241.7	55,994.9	36,987.3	—	677,560.1
2011	247,089.3	211,503.6	57,458.7	37,105.0	—	705,655.9
2012	251,070.0	217,452.5	58,079.8	36,680.3	—	724,833.4
2013	261,194.8	225,912.7	59,621.7	37,371.8	—	753,082.8
2014	269,266.1	232,704.5	61,475.7	37,829.9	—	776,225.1
2015	281,147.9	239,701.2	62,849.2	39,341.0	—	802,965.5
2016	306,171.7	245,364.1	64,042.9	43,122.6	—	843,600.1
2017	324,720.7	251,974.1	65,443.0	44,544.5	—	885,410.7
2018	339,243.9	263,490.7	60,025.9	45,009.9	—	912,324.3
2019	352,305.4	268,880.7	60,983.4	44,912.5	—	936,279.3

Notes: 1. "Regional Banks II" are member banks of the Second Association of Regional Banks. Up to FY1991, inclusive of Sogo Banks (mutual financing banks). Up to FY1987, figures are for Sogo Banks only.

2. Starting from FY2000, the Shinkin Central Bank, etc. are covered by the deposit insurance system.

3. Starting from FY2004, Long-Term Credit Banks are included in the "Total (including other)".

(Unit: ¥ billion)

Shinkin Banks	Credit Cooperatives	Labor Banks	Federations	Total	Fiscal Year
9,160.6	2,317.2	—	—	72,253.0	1971
11,602.9	2,856.0	—	—	90,863.5	1972
14,195.5	3,486.1	—	—	104,186.7	1973
16,346.8	4,151.2	—	—	116,631.5	1974
19,008.0	4,930.1	—	—	136,197.8	1975
21,639.4	5,570.4	—	—	153,636.2	1976
23,944.0	6,185.7	—	—	172,002.1	1977
27,083.7	6,931.5	—	—	192,942.1	1978
30,371.6	7,722.3	—	—	209,822.2	1979
33,162.8	8,449.2	—	—	227,184.8	1980
36,603.6	9,307.0	—	—	251,345.8	1981
39,491.0	10,127.0	—	—	270,301.4	1982
42,074.7	10,878.4	—	—	290,402.5	1983
45,606.9	11,656.6	—	—	315,927.8	1984
48,412.1	12,372.2	4,784.0	—	339,108.6	1985
51,909.3	13,187.8	5,129.4	—	366,709.3	1986
56,738.4	14,551.4	5,474.5	—	404,748.5	1987
62,574.5	16,349.4	5,908.5	—	446,396.8	1988
70,972.5	19,172.4	6,417.1	—	501,597.7	1989
76,734.8	21,307.2	6,914.2	—	526,686.0	1990
79,876.1	21,473.7	7,370.2	—	526,242.7	1991
82,933.0	21,854.2	7,844.3	—	531,607.0	1992
85,735.4	22,588.5	8,344.8	—	541,444.8	1993
89,632.1	23,158.3	8,849.4	—	555,711.2	1994
91,224.1	21,512.7	9,187.3	—	550,600.5	1995
92,552.2	20,976.2	9,535.3	—	551,270.8	1996
93,725.7	20,098.7	10,080.5	—	556,393.5	1997
96,118.6	19,267.4	10,531.9	—	572,729.9	1998
97,371.8	18,440.3	10,978.4	—	575,717.4	1999
102,201.5	17,853.9	11,709.6	518.5	611,512.7	2000
101,747.7	16,599.3	12,303.8	625.6	609,374.8	2001
100,918.5	14,562.8	13,088.7	729.5	622,556.3	2002
103,442.0	15,015.6	13,527.2	811.9	627,257.9	2003
105,328.6	15,399.3	13,899.4	897.9	634,504.6	2004
107,099.2	15,769.0	14,151.8	538.1	643,507.7	2005
108,753.3	15,879.8	14,455.2	598.4	646,937.8	2006
111,513.8	16,170.7	14,860.0	1,003.9	723,947.6	2007
113,842.3	16,330.0	15,336.3	4,018.8	767,364.5	2008
116,069.3	16,559.6	15,864.9	4,476.2	805,328.0	2009
118,173.5	17,042.0	16,537.9	4,611.8	833,925.4	2010
120,858.9	17,572.5	17,049.6	4,958.6	866,095.7	2011
123,022.5	18,065.5	17,367.3	5,311.6	888,600.6	2012
125,785.2	18,512.6	17,609.2	5,962.6	920,952.6	2013
129,321.2	18,966.9	17,836.3	6,380.9	948,730.5	2014
132,807.4	19,378.2	18,110.4	6,414.9	979,676.6	2015
135,789.7	19,764.7	18,638.4	6,298.7	1,024,091.8	2016
138,831.5	20,116.0	18,912.7	6,229.8	1,069,500.9	2017
141,427.9	20,464.1	19,441.8	6,246.9	1,099,905.2	2018
143,583.5	20,951.2	20,063.0	6,470.0	1,127,347.2	2019

Notes: 4. Payment is made in the year following the year of calculation.

5. Starting from FY2008, Shoko Chukin Bank is newly included in the Federations Account.

6. Figures are rounded down.

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**For further information, comments or feedback on this publication,  
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DEPOSIT INSURANCE CORPORATION OF JAPAN