Capital Injection and Capital Participation (Including Earthquake Disaster Countermeasure)

1. The DICJ has so far conducted capital injection operations to ensure the stability of the financial system in accordance with the Financial Functions Stabilization Act (abolished in October 1998), the Early Strengthening Act, and the Deposit Insurance Act. Currently, the DICJ implements capital injections as measures against financial crisis management operations and for orderly resolution of financial institutions under the Deposit Insurance Act. Also, in order to enhance financial functions of financial institutions, the DICJ has conducted operations related to capital participation to financial institutions under the Organizational Restructuring Act and the Financial Functions Strengthening Act. Currently, the DICJ is allowed to undertake capital participation under the Financial Functions Strengthening Act.

Regarding operations of subscriptions for shares and other capital-raising instruments in capital injection/capital participation, the DICJ implements such operations by entrusting them to the RCC based on the contract with RCC as well as by subscribing the above instruments by the DICJ itself.

In entrusting operations of subscription for shares and other capital-raising instruments to the RCC, the DICJ lends funds necessary for such operations to the RCC. Also, the DICJ conducts operations for the RCC to appropriately manage/dispose shares and other capital-raising instruments, for which the RCC subscribed so far, by authorizing the RCC to exercise voting and other rights as a shareholder or investor.

When the DICJ itself subscribes for shares and other capital-raising instruments, the DICJ appropriately manages/disposes them.

Note: The DICJ disposes of preferred shares and other capital-raising instruments based on "Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds" (October 2005), and properly exercises voting right as a shareholder in accordance with the "Basic Policy in Exercising a Voting Right as a Shareholder."

2. The DICJ discloses "Funding Cost as an Annualized Rate of Preferred Dividend (FY2017)" in accordance with "the management base strengthening plan" of the earthquake disaster special financial institutions, etc., which is announced by the competent minister based on the Financial Functions Strengthening Act.