



ANNUAL REPORT 2012/2013

April 2012 - March 2013

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 2012 to March 2013.

Message from the Governor

During the recent global financial crisis triggered by the failure of Lehman Brothers, etc., it was revealed that there is a potential risk that distress and failure of systemically important financial institutions may spread across domestic and foreign financial markets and cause a serious impact on the real economy. Based on this experience, international discussions have been ongoing on how to maintain the stability of the financial system as a whole while keeping important financial functions and minimizing the adverse effects on the market, in other words, how to enable an orderly resolution, when such a financial institution faces a crisis.

Under these circumstances, in Japan, the Deposit Insurance Act, among other laws and regulations, was revised in June 2013 in order to introduce measures for orderly resolution of assets and liabilities of financial institutions for the purpose of ensuring financial system stability which are applicable to the whole of the financial industry. The Deposit Insurance Corporation of Japan (DICJ) will make preparations necessary for the enforcement of the revised Act.

The DICJ will also seek to maintain effective and flexible operational postures to enable us to appropriately carry out our mission as a safety-net provider, as well as making further improvements in our organizational efficiency.

This annual report provides a summary of the DICJ's operations in FY2012.

Until FY2012, the DICJ had been implementing the resolution process for the Incubator Bank of Japan, Limited, the first resolution case under the limited coverage, as both the national deposit insurer and the bank's financial administrator. As the bank dissolved in September 2012 and shifted to a corporation in liquidation, the DICJ completed the management of the bank in FY2012.

Regarding Jusen claims (of Jusen housing loan companies), the DICJ completed the final settlement as a result of the closure of the Jusen Account in June 2012 in accordance with the disposal measures approved by government (Cabinet) 15 years ago, without depending on additional public costs.

The DICJ continued to provide guidance and advice to the Resolution and Collection Corporation (RCC), the organization entrusted by the DICJ with the collection of non-performing loans purchased from failed financial institutions, to better ensure that thorough consideration be given to customer protection. Regarding difficult recovery cases, particularly cases involving antisocial forces, we have been supporting the RCC in strictly dealing with these cases through asset investigation and civil proceedings in order to uncover debtors' concealed assets.

Moreover, last year the DICJ started the purchase and recovery of specified difficult recovery claims, and it intends to continue to operate this program smoothly and further promote it.

The DICJ also prepared for the start of operations related to the RCC's bridge bank functions, by providing practical training, for example.

Two years have passed since the Great East Japan Earthquake. In order to provide firm financial support to the areas hit by the earthquake, assistance measures for financial institutions and other relevant organizations have been implemented since July 2011 based on the Financial Functions Strengthening Act. In accordance with this Act, the DICJ subscribed for preferred shares issued by financial institutions whose applications for capital injections had been approved. In addition the DICJ provided support for an appropriate and efficient conduct of operations by the Corporation for Revitalizing Earthquake-Affected Business, an organization established in February last year to help rehabilitate debtors in the afflicted areas.

Meanwhile, the Enterprise Turnaround Initiative Corporation of Japan (ETIC) was reorganized as the Regional Economy Vitalization Corporation of Japan (REVIC) and its functions were strengthened in March this year in order to revitalize regional economies. The DICJ provided additional capital to REVIC so as to strengthen its functions.

In the area of international cooperation, the DICJ has been actively contributing to the activities of the International Association of Deposit Insurers (IADI), with our Deputy Governor Obata assuming the post of the Chairperson of the IADI's Finance and Planning Committee and also continuing to serve as the Chairperson of the IADI's Asia-Pacific Regional Committee. In March this year, we hosted the 7th DICJ Round Table, which was attended by representatives from 17 countries/regions and in which reports were made and discussions were held on the current situation concerning the theme "New Developments in Resolution Regimes."

In the area of research activities, the DICJ has been studying the latest trends related to the deposit insurance systems and failure resolution schemes both inside and outside Japan in order to reflect new developments in its own policy decisions. Some of our findings have been compiled in our research journal, "Deposit Insurance Review."

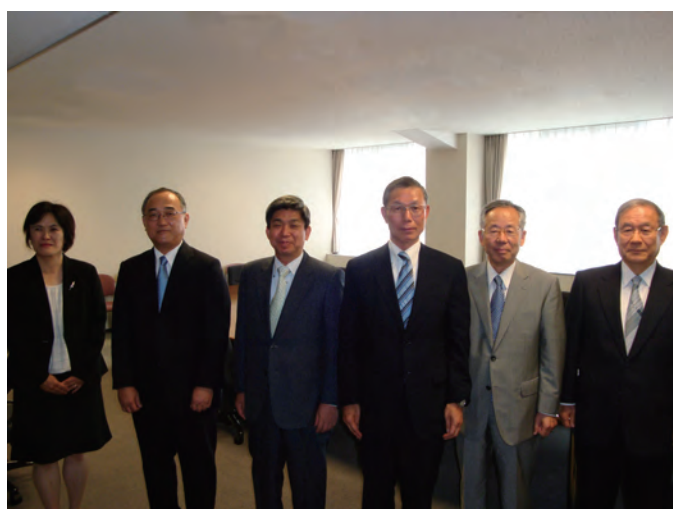
We have continued efforts to smoothly publicize relief procedures for victims of the bank transfer fraud. With regard to the usage of funds paid to the DICJ under the Act on Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes, which are residual funds, relevant ordinances of the competent ministries were amended in March last year to include provisions for scholarship loans for the children of crime victims as well as subsidies for organizations providing support for crime victims. Accordingly, the scholarship loan and subsidy programs were launched by relevant organizations in December last year.

As stated above, FY2012 marked the end of some major operations and the start of new ones for the DICJ. I believe that FY2013 will be the year in which the DICJ lays the foundation for moving on to the next stage of stabilizing the financial system such as conducting operations relating to orderly resolution of assets and liabilities of financial institutions, a measure applicable to the whole of the financial industry, including deposit-taking financial institutions and insurance companies. We are committed to vigorously performing our expected roles.

Finally, I would like to ask for your continued support for the DICJ. All the DICJ's executives and staff members are resolved to make every possible effort to ensure efficient business operations in order to meet the expectations and trust of the Japanese people, including depositors.

July, 2013

Masanori Tanabe
Governor



Executives of the DICJ from the left: Auditor Machida, Deputy Governor Obata, Deputy Governor Inoue, Governor Tanabe, Deputy Governor Gunji, Deputy Governor Sakurai

Deposit Insurance Corporation of Japan Annual Report 2012/2013

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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 Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes
(*Criminal Accounts Damage Recovery 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*)
- Financial Institutions' Management Base Strengthening Account (*Management Base Strengthening Account*)

[Organizations]

- Deposit Insurance Corporation of Japan (*DICJ*)
- Resolution and Collection Corporation (*RCC*)
- Housing Loan Administration Corporation (*HLAC*)
- Resolution and Collection Bank (*RCB*)
- 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*)
- Financial Services Agency (*FSA*)
- 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

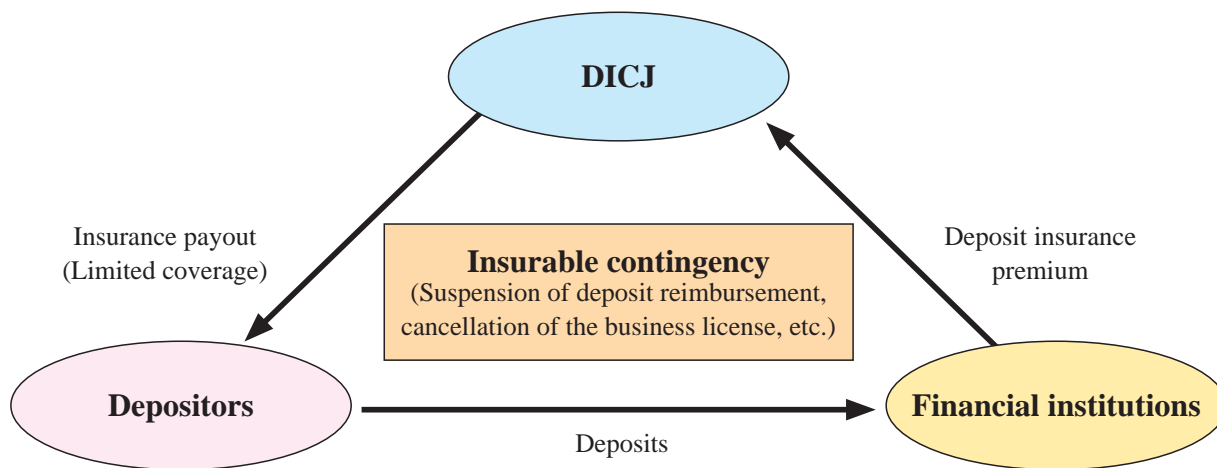
Under the deposit insurance system of Japan, financial institutions pay insurance premiums to the Deposit Insurance Corporation of Japan (hereinafter referred to as the "DICJ") and the DICJ makes a certain amount of insurance payouts to protect depositors in the event of a failure of a financial institution. 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 based on 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 stability of the financial 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 for achieving its objective, specifically by conducting the following four operations.

(i) Deposit Insurance

The DICJ engages not only in the collection of deposit insurance premiums but also conducts other operations such as on-site inspection, system verification and training to enhance depositors' name-based aggregation database, which will become necessary when making insurance payouts to depositors. Furthermore, the DICJ also strives to enhance easy-to-understand public relations materials to help raise public awareness of the deposit insurance system and the DICJ's operations.

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, etc., to the assuming financial institution or assuming bank holding company (hereinafter referred to as the "assuming financial institution, etc."), which will take over the business operations of the failed financial institution or implement a merger or other assuming measure.

(ii) Failure resolution

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 undertakes operations such as the maintenance, continuation and transfer of the business operations of a failed financial institution, and if no assuming financial institution, comes

forward immediately, the DICJ will be responsible for the business management of a bridge bank to which the business operations of the failed financial institution are temporarily transferred.

In addition, the DICJ may purchase deposits beyond those protected by deposit insurance, claims as necessary.

Moreover, if the Prime Minister recognizes that an extremely serious hindrance is posed to the maintaining of financial system stability, the DICJ undertakes the implementation of financial crisis management operations, such as providing full protection for deposits and other claims and conducting special crisis management of the failed financial institution (acquisition of all outstanding shares).

(iii) Purchase of non-performing loans, and pursuit of liabilities of managers

The DICJ strives to facilitate the collection of assets (debt claims, shares, etc.) acquired from failed financial institutions through the Resolution and Collection Corporation (hereinafter referred to as the "RCC") as a contracted bank, which takes charge of the collection.

Furthermore, the DICJ entrusts the purchase and recovery of specified difficult recovery claims held by financial institutions to the RCC with the aim of maintaining the stability of the financial system

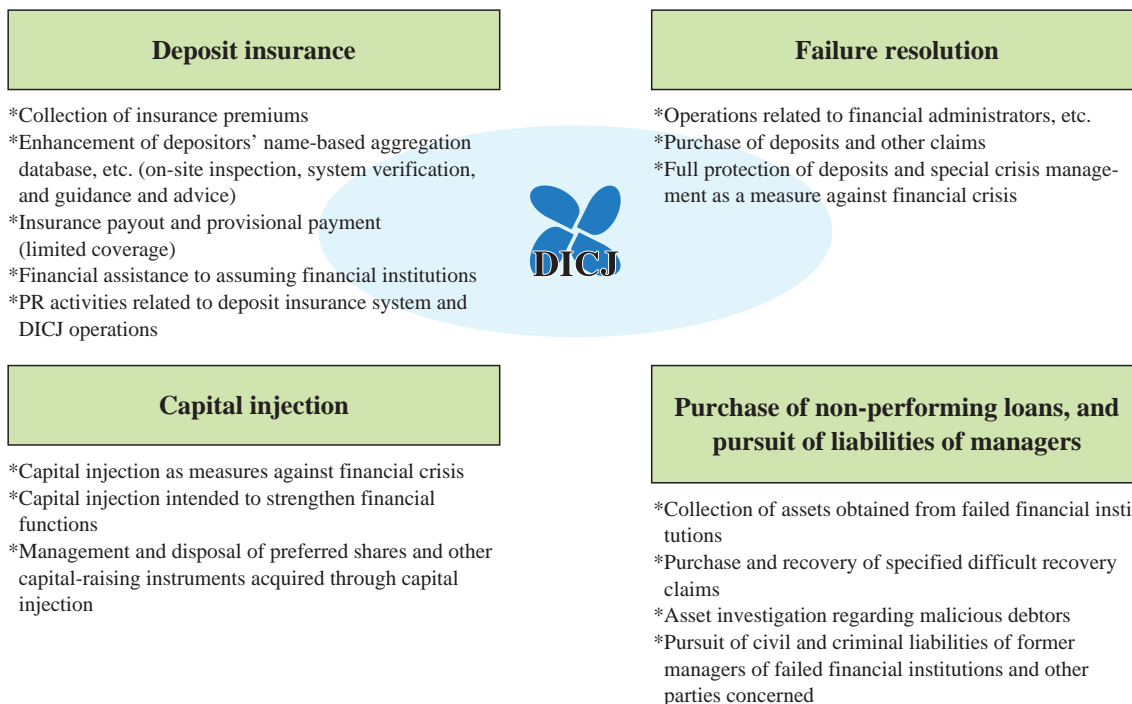
through securing soundness in the assets of financial institutions by blocking the relationships with antisocial forces, etc.

In order to support the collection of claims held by the RCC, a contracted bank, the DICJ appropriately conducts asset investigations regarding malicious debtors including antisocial forces in obstructed recovery cases, and also pursues civil and criminal liabilities of former managers of failed financial institutions and other parties concerned.

(iv) Capital injection

As the safety-net provider that implements measures including capital injections with public funds, etc., the DICJ undertakes operations such as subscribing for shares to prevent the failure of financial institutions (capital injections intended as measures against financial crisis under the Deposit Insurance Act) and subscribing for shares to strengthen financial functions (capital injections based on the Act on Special Measures for Strengthening Financial Functions (hereinafter referred to as the "Financial Functions Strengthening Act"). The DICJ also will continue to strive for proper management and smooth disposal of preferred shares and other capital-raising instruments acquired through capital injections.

DICJ's major operations



Note: In addition to the operations described above, the DICJ has been in charge of placing public notices related to the procedures for the payment of damage recovery benefits based on the Act on Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes (hereinafter referred to as the "Criminal Accounts Damage Recovery Act").

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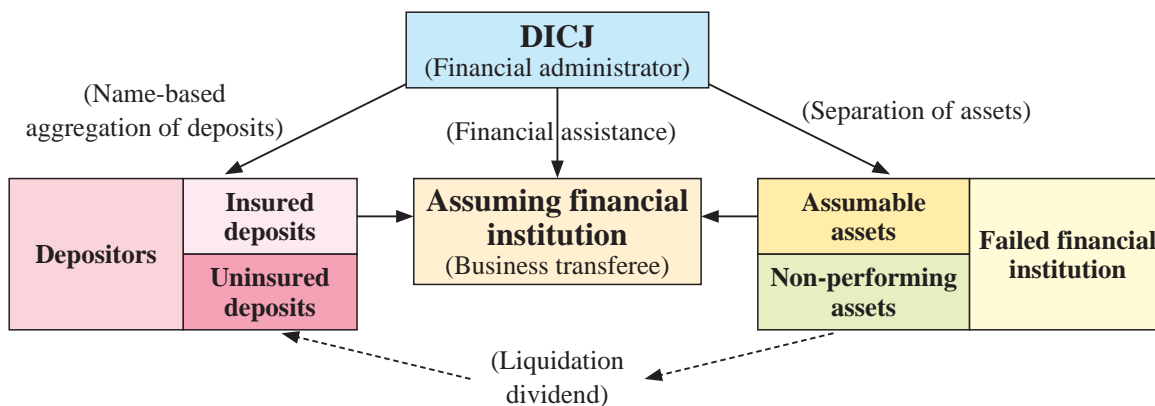
Column 1: How does the deposit insurance system work?

What will happen should a financial institution fail? As its name suggests, the deposit insurance system is intended primarily 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.

(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). In such a case, the DICJ dispatches staff to the failed financial institution and undertakes the work of the financial administrator. The staff make preparations to enable the financial institution 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 deposits) 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 a financial institution to which the failed financial institution’s assets that are sound or not seriously impaired (i.e. assumable assets) and insured deposits can be transferred, and it will provide necessary financial assistance to facilitate the transfer. Meanwhile, uninsured deposits and other debts will be repaid about one year later based on a revitalization plan formulated in accordance with the Civil Rehabilitation Act. The figure below shows the flow of resolution procedures. The below gives an overview of the resolution process followed by the DICJ.



(2) Measures against Financial Crisis

In addition, the current legal system also provides for measures to be taken when it is recognized that an extremely serious hindrance could jeopardize the maintenance of the stability of the financial 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. [For further details, see P10: I. 1. (3) (vi) 2)]

(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. The Shinkin Central Bank
- g. The Shinkumi Federation Bank
- h. The Rokinren Bank
- i. The Shoko Chukin Bank

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 Japanese branches of foreign banks 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.

(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 (including loan trusts)
- 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. Subscribed 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, etc. 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. Anonymous bank accounts

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

- a. 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)
- b. Deposits, etc. to be relented to third parties

(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 thereon payable until the day of failure per depositor per financial institution (deposits that are 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 (however, the interest rate may be reduced).

Scope of protection of deposits, etc.

| Types of deposits, etc. | | Scope of protection |
|-----------------------------|--|---|
| Eligible deposits, etc. | Deposits for payment and settlement purposes | Full protection |
| | General deposits, etc. | Protection up to a total of ¥10 million in principal ^(Note 1) plus interest, etc. thereon payable until the day of failure. ^(Note 2) { Repayment for the portion of deposits that is in excess of ¥10 million in principal plus interest, etc. thereon is made according to the state of the failed financial institution's assets (subject to deduction). } |
| Non-eligible deposits, etc. | | No protection { Repayment is made according to the state of the failed financial institution's assets (subject to deduction). } |

Notes: 1. Under the current arrangement, in cases where financial institutions merge or the entire business of a financial institution is transferred to another institution, the amount of deposits to be protected per depositor will be ¥10 million in principal multiplied by the number of financial institutions involved in the merger or the business transfer and interest thereon for a limited period of up to one year after such merger or business transfer takes place.

2. Reimbursable benefits of installment savings, and distributions of earnings from money trusts that meet certain conditions, are also protected in the same way as interest on deposits. 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 (however, the interest rate may be reduced).

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 and checks at the clearing house and those concerning self-addressed checks drawn by financial institutions) are called settlement obligations ^(Note), 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.

Note: The settlement obligations which are not accepted as 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.

However, the obligations arising from transactions which are based on funds transfers and the settlement of bills and checks at the clearing house and which are conducted or entrusted by insured financial institutions or other financial business operators do not fall under the category of the settlement obligations if the transactions are conducted or entrusted by them as part of their own business.

(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 it must pay by multiplying the insurance premium rate 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 general deposits, etc., and deposits for payment and settlement purposes and pays its insurance premiums within the first three months of each fiscal year (semiannual installments are also acceptable).

The deposit insurance premium rate, which is to be determined in light of factors such as the need for keeping the DICJ's finances balanced in the long term, may be changed subject to a decision of the Policy Board upon authorization from the FSA Commissioner and the Minister of Finance. Subsequently, the deposit insurance premium rate is publicly announced in the Official Gazette. The effective rate was set at 0.084% in FY2002 following the abolition of the special insurance premium and has been kept at that level in light of the fact that the total of the standard and special insurance premium rates was 0.084% from FY1996 to FY2001 and that the Deposit Insurance Act stipulates that the rate should be set so as to keep the DICJ's finances balanced over the long term.

Under these circumstances, while the effective rate for FY2012 was kept at 0.084%, a mechanism that would allow rate reduction subsequently if no financial institution failed during the same year was introduced in light of the DICJ's finances, the domestic and international conditions, and the burden of deposit insurance premiums on financial institutions. As there was no failure in FY2012, the effective rate was changed to 0.07%, representing the first reduction in the effective rate since the establishment of the deposit insurance system.

Accordingly, in April 2013, deposit insurance premiums totaling ¥124.5 billion were refunded.

In addition, the effective rate for FY2013 was also changed in light of the DICJ's finances and the domestic and international conditions. A mechanism allowing rate reduction subsequently under certain conditions has been maintained. [See P81: II. 7. (3) for details]

In accordance with a recommendation made by the Financial System Council in September 2002 to the effect that it is appropriate to set the insurance

premium rate for deposits for payment and settlement purposes at a higher level than that for other deposits, since FY2005, when the current framework of deposit protection was established, the insurance premium rate has been calculated 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.

Trend in the insurance premium rates

| | Premium rate | | Effective rate (Note 3) |
|--|--|---------------------------------|-------------------------|
| From 1971 onward (when the system began) | 0.006% | | 0.006% |
| From FY1982 onward | 0.008% | | 0.008% |
| From FY1986 onward | 0.012% | | 0.012% |
| From FY1996 onward | 0.048% | | 0.084% |
| FY2001 | Specific deposits (Note 1) | Other deposits, etc. (Note 1) | |
| | 0.048% | 0.048% | |
| FY2002 | 0.094% | 0.080% | |
| From FY2003 onward | Deposit for payment and settlement purposes (Note 2) | General deposits, etc. (Note 2) | |
| | 0.090% | 0.080% | |
| FY2005 | 0.115% | 0.083% | |
| From FY2006 onward | 0.110% | 0.080% | |
| FY2008 | 0.108% | 0.081% | |
| FY2009 | 0.107% | 0.081% | |
| From FY2010 onward | 0.107% | 0.082% | |
| FY2012 (Note 4) | 0.089% | 0.068% | 0.07% |
| FY2013 (Note 5) | 0.107% (0.089%) | 0.082% (0.068%) | 0.084% (0.07%) |

Notes: 1. Specific deposits are current deposits, ordinary deposits and specified deposits, and other deposits, etc. are deposits other than specific deposits, such as time deposits.

- 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 were 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.
- Including the rate (0.036%) of the special insurance premium (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 rate for FY2002 is the weighted average of the rates for specific deposits and other deposits, etc. and the rate for the period from FY2003 onward is the weighted average of the rates for deposits for payments and settlement purposes and general deposits, etc.
- For FY2012, the premium rate and effective rate indicated above were applied retroactively from the first day of the fiscal year, as there was neither (a) insurance contingency, (b) disposition ordering management, nor (c) a decision by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during the fiscal year.
- For FY2013, the premium rate and effective rate in parentheses will be applied if there is neither (a) insurance contingency, (b) disposition ordering management, nor (c) a decision by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during the fiscal year.

(vi) Resolution of failed financial institutions, etc.

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 recognizes that unless any measures against financial crisis, such as full protection of the eligible deposits, etc., are taken, the maintenance of the stability of the financial 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. [See P5: I. 1. (3) (ii) concerning insured financial institutions, P5: I. 1. (3) (iv) concerning the scope of protection of deposits, etc., P10: I. 1. (3) (vi) 2) concerning measures against financial crisis and P132: IV. 1. (1) concerning the development of a failure resolution scheme]

1) Failure resolution under limited coverage

a. Insurable contingency

Trigger events of the deposit insurance system (insurable contingencies) are divided into two types: the suspension of the repayment of deposits, etc. by a financial institution (Category One Insurable Contingency); and the cancellation of a financial institution's license to conduct business, a decision to commence bankruptcy proceedings and a resolution to dissolve the financial institution (Category Two Insurable Contingency).

b. 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; 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 has 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 bankruptcy proceedings are used for the resolution of failed financial institutions under the limited coverage scheme.

c. 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 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:

direct payout to depositors, etc. and deposit placing method which is 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.

d. 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, business transfer (including partial transfer), transfer of the insured deposits, or the acquisition of shares of the failed financial institution (hereinafter referred to as a "merger, etc."), in an amount up to the estimated cost that would be necessary if the insurance payout method was 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 for 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 (it is necessary to receive authorization ^(Note) 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 the decision in favor of the assistance is made. Then, the DICJ enters into a financial assistance agreement with the

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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 implementation of the merger, etc. must contribute to the protection of depositors and other creditors.
2. The financial assistance by the DICJ must be indispensable to the facilitation of the merger, etc.
3. The merger, etc. must be such that, if it is not carried out and the failed financial institution ceases all business or is dissolved, it could significantly hinder the smooth flow of funds and undermine the convenience of users within the region or sector in which the failed financial institution operates.

e. 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 when it is expected to take a considerable length of time before insurance payout (in the case of protection by the insurance payout method) or the repayment 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 of the partial payment, 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 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, etc.

f. Purchase of deposits and other claims

If an insurable contingency has occurred, uninsured deposits, etc. are repaid as bankruptcy dividends or repayment 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 bankruptcy dividends or repayment by the failed financial institution.

The DICJ purchases deposits and other claims upon request by depositors by paying an amount (amount of the estimated proceeds payment) to those depositors calculated by multiplying the portion of the general deposits, etc. of each depositor that exceeds ¥10 million in principal and principals of foreign-currency deposits plus interest thereon (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 dividend (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 bankruptcy dividends or repayment 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. (final 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, 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 final 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.

g. 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 fiduciary duty and the duty of care.

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Conceptual diagram of the treatment of deposits, etc. in the case of the failure of a financial institution

Coverage of protection by the deposit insurance system

| Type of deposit | Insurable amount of deposit | Scheduled starting date of repayment | Sites for repayment, etc. |
|--|---|---|--|
| Eligible deposits (Note 1) <Deposits for payment and settlement purposes (Note 2)> • Non-interest bearing ordinary deposits • Current deposits, etc. <General deposits, etc.> • Interest-bearing ordinary deposits • Time deposits • Installment savings • Deposits at notice • Savings deposits • Deposits for preparation for taxes, etc. | Full amount | Protected To be repaid as usual from the day of the resumption of business (Note 3) | Deposit counters, CD, ATM, Internet Receipt of salaries and pensions and automatic debit transfer can be made as usual. |
| | Up to a total of ¥10 million in principal plus interest thereon | | |
| | Portion in excess of ¥10 million | | |
| Non-eligible deposits • Foreign-currency deposits | To be paid according to the state of the failed financial institution's assets (subject to deduction) | Repayment will be suspended. However, the following services will be available. (i) Offsetting of deposits with loan and guarantee: To be available from the day of the resumption of business. (ii) Payment of the estimated proceeds: The starting date and other details will be notified separately. | Repayment will be made about one year later. A counter at the branch where the account was held. |

Notes: 1. Deposits held in an account opened in the name of a person other than the actual depositor or under a fictitious name, made on the assumption of being relented to a third party, or held in an anonymous account, are excluded from the deposit insurance even if they are of the kinds that are covered thereby, such as ordinary deposits and time deposits.

2. These are deposits satisfying the three requirements: bearing no interest, payable on demand, and capable of providing payment and settlement services. They are thus fully protected under law.

3. It may take several days from the receipt of an application for the reimbursement of deposits before the reimbursement procedure is completed in cases where the account in question includes both of the portions that are covered (the portion that is up to ¥10 million) and not covered (the portion that is in excess of ¥10 million) by the deposit insurance or where it is impossible to ascertain that deposits are covered by insurance due to a deficiency in depositor's name-based aggregation data such as the address (including cases where the deposits are held in the name of a voluntary organization).

2) Measures against financial crisis

a. Overview

Provided that the Prime Minister recognizes that unless one of the following measures against financial crisis is taken, the maintenance of the stability of

the financial 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 whose amount exceeds 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 |

b. 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 corporate bonds and other capital-raising instruments that they or their holding companies issue, based on the decision of the FSA Commissioner ^(Note) (subject to the consent of the Minister of Finance).

The DICJ injected capital into Resona Bank, Ltd. in 2003 as a measure against financial crisis. [See P59: II. 4. (2) (iii)]

Note: In cases where the insured financial institutions are labor banks or the Rokinren Bank, the decisions of the FSA Commissioner, and 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.

c. Financial assistance whose amount exceeds the insurance payout cost

In cases where the insured financial institution is a failed or insolvent financial institution, the DICJ may provide financial assistance whose amount exceeds 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.

d. 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 recognized that even if financial assistance were provided in an amount exceeding the insurance payout cost, it would be impossible to maintain the stability of the financial system in Japan or in a certain region in Japan where the insured bank conducts its business.

When special crisis management is implemented, the DICJ acquires the shares of the insured bank 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 an insured bank 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, or disposal of shares.

One of the cases processed by the DICJ in the past is for Ashikaga Bank, Ltd., for which the Prime Minister recognized that special crisis management should be implemented upon deliberation by the Financial Crisis Response Council held on November 29, 2003. Concurrently with such recognition, the FSA Commissioner decided that the shares of the 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 the 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 (http://www.dic.go.jp/english/e_katsudo/e_hatanshori/).

e. Crisis Management Account and contributions

The DICJ keeps the record 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.

It is prescribed that the deficit of the Crisis Management Account should be funded by contributions from financial institutions covered by the deposit insurance system. When the FSA Commissioner and the Minister of Finance recognize 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 incurred by the DICJ only when it is recognized that if the deficit of the Crises 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 the stability of the financial system in Japan.

Column 2: History of the deposit insurance system

Since the establishment of the deposit insurance system in 1971, the institutional framework and scope of protection of the system have been expanded. [See P132: IV. 1. (1)]

(Introduction of major systems, etc.)

| | |
|--------------------------|---|
| July 1986 | Introduction of the financial assistance and provisional payment |
| June 1996 | Introduction of the insurance payout based on the method of placing deposits, and exceptional 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 depositor's name-based aggregation databases 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 specified deposits) ^(Note 1) <small>Note 1: Full protection was provided to current deposits, ordinary deposits and specified 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.)</small> |
| April 2003 | Introduction of full protection of deposits for payment and settlement purposes ^(Note 2) and settlement obligations <small>Note 2: Deposits that satisfy three requirements — bearing no interest, payable on demand, and capable of providing payment and settlement services</small> |
| 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 Specified 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) Operations of the Financial Administrator

The resolution of the failed financial institution begins when the FSA Commissioner, based on the recognition of such situations as an excess of liabilities over assets, issues “a disposition ordering management. When the FSA Commissioner issues the disposition ordering management, the Commissioner appoints the financial administrator in charge of managing the failed financial institution at the same time. Lawyers, certified public accountants or people well-versed in financial practices have been appointed as financial administrators. The DICJ has been appointed as a financial administrator (in a total of 12 cases) due to its accumulated experience in the resolution of the failure of financial institutions.

Immediately after the issuance of the disposition ordering management, the financial administrator visits the failed financial institution to prepare for the resumption of operations, and manages and disposes 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 management for the business failure. As described above, the tasks that are to be undertaken by the financial administrator are quite diverse.

With regard to the resolution of the Incubator Bank of Japan, Limited (hereinafter referred to as the “Incubator Bank of Japan”), the DICJ was appointed as its financial administrator to implement the resolution at the same time as the disposition ordering management that was issued on September 10, 2010. Starting in April 2012, the DICJ repaid holders of rehabilitation claims, including those of uninsured depositors under the civil rehabilitation plan, and settlement payment to depositors who receive estimated proceeds payment of uninsured deposits. Thereafter, the FSA approved the dissolution of the Incubator Bank of Japan and canceled the disposition ordering the management of business and property by the financial administrator on September 10 of the same year, representing the completion of the management of the bank. [For details of the operations of financial administrator for the Incubator Bank of Japan, see P40: II. 2. (6)]

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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 put into effect 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 participation of labor banks in the deposit insurance system in July 1986 added ¥5 million to the DICJ's capital. Thereafter, the DICJ received capital of ¥10 billion for the Enterprise Turnaround Initiative Account (¥5 billion in each of October and December 2009) from the government, and additional capital of ¥18.680 billion from the government in February 2012 for the Account for Revitalizing Earthquake-Affected Business. In addition, when the Enterprise Turnaround Initiative Account was renewed as the Regional Economy Vitalization Account in March 2013, the DICJ received capital of ¥3 billion from the government. As a result, the DICJ's current capital amount stands at ¥32.135 billion (as of July

1, 2013). Meanwhile, following the abolition of the Jusen Account on June 30, 2012, capital of ¥5 billion provided by the government for the same account was returned to the national treasury.

(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 in addition to the Governor and Deputy Governors of the DICJ. Board 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 FY2012, the Policy Board met nine times.



The Policy Board meeting

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Policy Board Members and the DICJ Executives (as of July 12, 2013)

Chairman: Masanori Tanabe (Governor of the DICJ)

Members (in Japanese alphabetical order):

Yoshito Ishibashi (President, National Association of Labor Banks)
 Koji Omae (Chairman, the National Association of Shinkin Banks)
 Yasuo Kikuchi (Chairman, the Second Association of Regional Banks)
 Takeshi Kunibe (Chairman, Japanese Bankers Association)
 Masaaki Tani (Chairman, Regional Banks Association of Japan)
 Fumio Muraoka (Director, Chairman of the Audit Committee, Toshiba Corporation)
 Shinji Yamada (News Commentator, Japan Broadcasting Corporation, NHK)
 Naoyuki Yoshino (Professor of Economics, Keio University)

Deputy Governors: Yoshiaki Inoue, Ikuo Gunji, Hiroyuki Obata, Masafumi Sakurai

<Executives of the DICJ>

| | |
|----------------------|---|
| Governor: | Masanori Tanabe |
| Deputy Governors: | Yoshiaki Inoue, Ikuo Gunji, Hiroyuki Obata, Masafumi Sakurai |
| Auditor (Part-Time): | Emi Machida |

<Department Heads of the DICJ>

| | |
|---------------------------------------|---|
| Planning and Coordination Department: | Tatsuyoshi Otobe |
| Treasury Department: | Osamu Ishikawa |
| Financial Reconstruction Department: | Isao Misonou |
| Deposit Insurance Department: | Fumio Kai |
| Special Investigation Department: | Takuji Nishiyama |
| Inspection Department: | Jun Ikeda |
| Osaka Operation Department: | Yoshinobu Magari |
| Legal Affairs Department: | Shunsuke Takahashi |
| Audit Department: | Takashi Mieno |
| Executive Advisors to the Governor: | Kazuya Nishihata, Teruhisa Okamoto, Noritaka Muramatsu |

(ii) Operations of departments

1) Planning and Coordination Department

The Planning and Coordination Department is in charge of overall coordination of the DICJ's administrative works, convening of the Policy Board and other meetings, public relations, information disclosure, protection of personal information, personnel affairs, organization, recruitment, guidance and advice to or liaison with the RCC, capital injection to Regional Economy Vitalization Corporation of Japan and others, planning for international affairs, research on deposit insurance systems at home and abroad, overall coordination of the DICJ's information systems, purchase of specified difficult recovery claims, and other administrative work not handled by other departments.

This department consists of six divisions and three offices: the Administration Division, the Personnel Division, the Public Relations and Information Management Office, the Planning and Coordination Division, the Subsidiary Administration Division, the Office for International Affairs, the Office for Research and Intelligence, the Information System Planning Division, and the Specified Difficult Recovery Claims Division.

2) Treasury Department

The Treasury Department is responsible for budgeting, settlement, accounting, asset management, financial planning, fund raising and management, the collection of insurance premiums, public notices made under the Criminal Accounts Damage Recovery Act, and so on.

This department consists of seven divisions: the Financial Planning and Coordination Division, Budget and Accounting Division I, Budget and Accounting Division II, Budget and Accounting Division III, Finance Division I, Finance Division II, and the Bank Transfer Fraud Recovery Division.

3) Financial Reconstruction Department

The Financial Reconstruction Department is in charge of work related to financial administrators, the business transfer of failed financial institutions, responses to financial crises, special public management of banks, asset purchases from and capital injection into financial institutions, as well as corporate revitalization.

This department consists of three divisions: the Planning and Coordination Division, the Capital Operation Division, and the Financial Reorganization Division.

4) Deposit Insurance Department

The Deposit Insurance Department is in charge of work related to the execution of insurance claims and other payments, financial assistance (including responses to financial crises), purchase of deposits and other claims, support and advice to development and operation of the DICJ's information systems, development and operation of the DICJ's failure resolution system, training of and advice to financial institutions regarding the systems and database for their failure resolution, including depositors' name-based aggregation and mixed account separation, and the preparation of schedule of depositors in line with the Special Corporate Reorganization Act.

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

5) Special Investigation Department

The Special Investigation Department is in charge of such work associated with claim collection entrusted by the RCC, the management, collection and disposal of purchased assets, guidance and advice to the RCC, the asset investigation of debtors and others regarding claims transferred to the RCC.

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

6) Inspection Department

The Inspection Department is in charge of inspections and verifications pursuant to Article 137, paragraph (6) of the Deposit Insurance Act and Article 36, paragraph (6) of the Criminal Accounts Damage Recovery Act, and the collection, organization and analysis of a broad range of information related to the inspections and verifications.

This department has five divisions: the Inspection Planning Division, the Monitoring and Analysis Division, the Evaluation Division, Inspection Division I, and Inspection Division II.

7) Osaka Operation Department

The Osaka Operation Department is in charge 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 crises), purchase etc. of deposits and other claims, financial administrators, pursuit of liabilities of the managers of failed financial institutions, guidance and advice to the RCC, and asset investigation of debtors and others regarding claims transferred to the RCC, claim collection entrusted by RCC, and the

management, collection and disposal of purchased assets.

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.

8) Legal Affairs Department

The Legal Affairs Department is in charge of dealing with legal cases related to the operational activities of the DICJ and overseeing the compliance activities of the DICJ.

9) Audit Department

The Audit Department is responsible for the administration 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 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 bringing criminal accusations and making compensation claims. In FY2012, this committee met once and held deliberations on a case of liability pursuit.

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. In FY2012, the special advisers met once.

<Special Advisors to the Liability Investigation Committee (as of July 1, 2013)>

Kiyoshi Uetani (former President of the Osaka High Court)

Toru Motobayashi (former President of the Japan Federation of Bar Associations)

Hiroyoshi Yoshimura (former Commissioner General of

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|---|
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the National Police Agency)
Haruo Kasama (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 determining appropriate prices through fair and neutral procedures when preferred shares and other capital-raising instruments for which the DICJ subscribed in order to make capital injections 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 and added execution of divestment, method of divestment, and amount of divestment to the subjects of its examination 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," announced on October 28, 2005. The Board met four times in FY2012.

<Members of the Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments (as of July 1, 2013)>

Chairman: Satoshi Komiyama (Certified public accountant)
Deputy Chairman: Yasuyuki Kuratsu (Financial practitioner)
Member: Hidetaka Kawakita (Academic expert)
Member: Naohiko Matsuo (Lawyer)

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 did not meet in FY2012.

<Members of the Performance Appraisal Committee (as of July 1, 2013)>

Chairman: Naoyuki Yoshino (Policy Board member)
Member: Shinji Yamada (Policy Board member)
Member: Fumio Muraoka (Policy Board member)
Member: Emi Machida (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 by proper procedures and the purchase price 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, a certified real estate appraiser from the perspective that the member shall deliberate the appropriateness of the specified difficult recovery claims and the purchase price. The Committee met twice in FY2012.

Names of the Committee members are not disclosed, taking the task into consideration.

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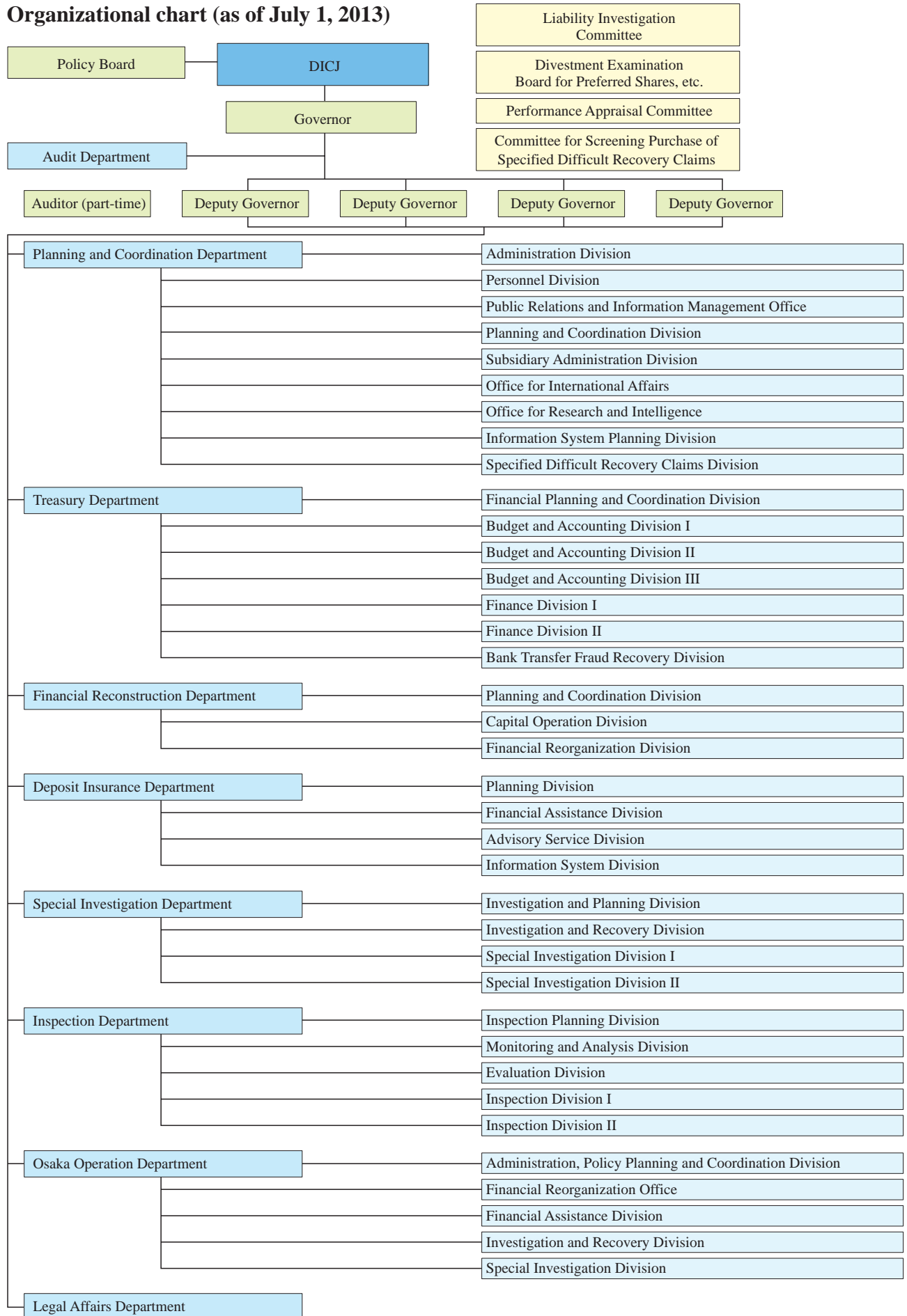
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Organizational chart (as of July 1, 2013)



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

| Fiscal year | Executives | | | | Staff members | | | | | | Increase/decrease compared with previous fiscal year |
|------------------------------|------------|-----------------|---------|-------|------------------------------|-----------------|-------------|---------------|---------------|-------|--|
| | Governor | Deputy governor | Auditor | Total | Secretariat of the committee | Department head | 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 | 11 | 10 | 94 | 119 | 107 |
| 1997 | 1 | 3 | (1) | 4 | - | 7 | 11 | 14 | 155 | 187 | 68 |
| 1998 Initial After change | 1 | 3 | (1) | 4 | - | 8 | 14 | 27 | 239 | 288 | 101 |
| | 1 | 4 | (1) | 5 | - | 10 | 16 | 29 | 278 | 333 | 147 |
| 1999 | 1 | 4 | (1) | 5 | - | 11 | 16 | 31 | 275 | 333 | 0 |
| 2000 | 1 | 4 | (1) | 5 | - | 11 | 16 | 34 | 292 | 353 | 20 |
| 2001 | 1 | 4 | (1) | 5 | - | 11 | 16 | 34 | 320 | 381 | 28 |
| 2002 | 1 | 4 | (1) | 5 | - | 13 | 16 | 34 | 346 | 409 | 28 |
| 2003 | 1 | 4 | (1) | 5 | - | 13 | 17 | 37 | 331 | 398 | -11 |
| 2004 | 1 | 4 | (1) | 5 | - | 14 | 16 | 39 | 328 | 397 | -1 |
| 2005 | 1 | 4 | (1) | 5 | - | 14 | 16 | 38 | 318 | 386 | -11 |
| 2006 | 1 | 4 | (1) | 5 | - | 14 | 16 | 38 | 305 | 373 | -13 |
| 2007 | 1 | 4 | (1) | 5 | - | 14 | 16 | 36 | 297 | 363 | -10 |
| 2008 | 1 | 4 | (1) | 5 | - | 14 | 16 | 37 | 293 | 360 | -3 |
| 2009 | 1 | 4 | (1) | 5 | - | 14 | 16 | 37 | 294 | 361 | 1 |
| 2010 | 1 | 4 | (1) | 5 | - | 14 | 16 | 37 | 292 | 359 | -2 |
| 2011 | 1 | 4 | (1) | 5 | - | 14 | 16 | 37 | 299 | 366 | 7 |
| 2012 | 1 | 4 | (1) | 5 | - | 15 | 16 | 37 | 298 | 366 | 0 |
| 2013 | 1 | 4 | (1) | 5 | - | 16 | 16 | 37 | 303 | 372 | 6 |

Notes: 1. Figures with () represent part-time workers.

2. Department head includes Chief Legal Officer, the Chief Audit Officer, Executive Directors, while Division Head includes Office Head, and Manager, etc. includes the Deputy General Counsels, Senior Managers, and division staff.

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(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 through a 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 amount of public funds.

As of July 1, 2013, the RCC had total capital of ¥12.0 billion (all of which was provided by the DICJ), seven officers (four directors and three auditors) and 365 employees (including three operating officers). As for its organization, in addition to its headquarters’ functions, it also has two collection offices: one in Tokyo and the other in Osaka.

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 in line with 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);
- 3) Operations relating to capital injections under the Financial Functions Strengthening Act;
- 4) Operations relating to the bridge bank function intended to facilitate failure resolution; and
- 5) Purchase and recovery of specified difficult recovery claims held by financial institutions. [See P37: II. 2. (3)]

(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 revitalization potential, through such measures as purchasing debt held by financial institutions and other entities against such companies, 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 entry-into-force of the Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan (the current capital amount is ¥23.0848 billion, of which ¥22.5848 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 Regional Economy Vitalization Corporation of Japan (hereinafter referred to as the “REVIC Act”):

- 1) Purchasing debts held by financial institutions and other entities against support recipient businesses;
- 2) Lending funds, guaranteeing loans from financial institutions, and providing capital to support recipient businesses;
- 3) Accepting specified trusts;
- 4) Providing capital and lending funds to specified support recipient businesses;
- 5) Dispatching experts to specified businesses eligible for the dispatch of experts;
- 6) Establishing and conducting business administration of stock companies which become unlimited liability partners of limited liability investment partnerships supplying funds that contribute to invigorating regional economies; and
- 7) Purchasing debt claims, or managing, transferring or otherwise disposing of debt claims relating to the acceptance of specified trusts.

The period for REVIC to make decisions on business turnaround support is until March 31, 2018 and the period of business turnaround support is up to five years from the date of the decision on support for business turnaround.

(iii) Corporation for Revitalizing Earthquake-Affected Business

Corporation for Revitalizing Earthquake-Affected Business (hereinafter, referred to as “Corporation for Revitalizing Business”) was established on February 22, 2012 with investments by the DICJ, and the Agricultural and Fishery Co-operative Savings Insurance Corporation (hereinafter referred to as AFCSIC) with the aim of supporting revitalization of quake-affected business operators with excess debts and alleviating the debt burdens of such business operators who intend to rebuild their businesses in quake-hit areas by purchasing the claims held by financial institutions etc. and other measures. These measures are expected to contribute to the maintenance of economic activities and reconstruction of the quake-hit areas in cooperation with financial institutions and municipal governments, etc. by preventing the industries and the population in the affected areas

from fleeing said areas. The current capital amount of the Corporation for Revitalizing Business stands at ¥19.982 billion (¥18.668 billion from the DICJ and ¥1.314 billion from AFCSIC).

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

- 1) Purchasing debt held by financial institutions and other entities against support recipient companies;
- 2) Lending funds, guaranteeing loans from financial

institutions, and providing capital to eligible businesses;

- 3) Dispatching business turnaround experts;
- 4) Offering suggestions related to business operations.

The period for the financial support decision for the target business operators by Corporation for Revitalizing Business is up to five years (extendable by one additional year) from the date of its establishment while the period for support is not more than 15 years from the date of the decision on support.

Column 3: Bridge Banks

(1) Purpose of a Bridge Bank

A bridge bank is intended to temporarily maintain the operations of a failed financial institution by taking over its insured deposits and sound assets that have been placed under the management of financial administrators in cases where no financial institution takes over its operations. It also aims to protect depositors and the stability of the financial system until a final assuming financial institution willing to take over those operations (a reassuming financial institution) starts operations.

(2) Records of Failure Resolution Using a Bridge Bank

There are past cases of failure resolution using two bridge banks. In one of the cases, the Bridge Bank of Japan (established in March 2002) took over the business of two failed banks, Ishikawa Bank and

Chubu Bank, whose business were assumed by the final assuming financial institutions, and it was dissolved in March 2004. In the other case, the Second Bridge Bank of Japan (established in March 2004) took over the business of the failed Incubator Bank of Japan, which was assumed by AEON Bank through transfer of shares.

(3) Bridge Bank Function of RCC

As a result of the revision of the Deposit Insurance Act in 2011, the RCC which contracted a bridge bank function agreement with the DICJ (RCCBB, Article 15-2, paragraph (3) of Supplementary Provisions of the Deposit Insurance Act) may perform a bridge bank function, as well as a bridge bank established as subsidiaries of the DICJ under the Act (Article 2, paragraph (13) of the Deposit Insurance Act).



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1. Improvement and Enhancement on the Preparedness for Failure Resolution of Financial Institutions from the Perspective of Depositor Protection

- (1) Preparations, Training, etc. for Failure Resolution under Limited Coverage of Deposit
- (2) Promoting Maintenance of Depositor's Name-based Aggregation Database and Improvement of the System
- (3) On-site Inspections
- (4) Collaboration among Persons Undertaking On-site Inspections, System Verification, and Training and Advice

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

- (1) Implementation of Financial Assistance, etc. and Collection of Assets
- (2) Management and Disposal of Assets Purchased from Failed Financial Institutions
- (3) Purchase and Recovery of Specified Difficult Recovery Claims
- (4) Operations Related to Banks under Special Public Management
- (5) Management and Disposal of Assets Purchased from Sound Financial Institutions
- (6) Operations Related to the Resolution of the Failure of the Incubator Bank of Japan

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

- (1) Asset Investigation
- (2) Support for Collection Operations in Particularly Difficult Recovery Cases
- (3) Pursuit of Civil Liability
- (4) Pursuit of Criminal Liability

4. Operations Related to Capital Injection

- (1) Operations Related to Capital Injection
- (2) Capital Injection and Disposal under Relevant Acts

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

- (1) Posting of Public Notices by the DICJ
- (2) Three Main Public Notices Posted in FY2012
- (3) System of Money Transfers from Financial Institutions to the DICJ and the Use of Transferred Money
- (4) Status of the Utilization of Public Notices

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

- (1) PR Activities Utilizing Various Media
- (2) Response to Inquiries

7. Promotion of Efforts to Ensure Sound and Efficient Finances

- (1) Financial Conditions
- (2) Funding and Investment (Fund Management)
- (3) Deposit Insurance Premium Rates for FY2013

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

- (1) International Collaborative and Cooperative Activities
- (2) Research & Study Activities

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

1. Improvement and Enhancement on the Preparedness for Failure Resolution of Financial Institutions from the Perspective of Depositor Protection

(1) Preparations, Training, etc. for Failure Resolution under Limited Coverage of Deposit

The DICJ continues to study failure resolution schemes under limited coverage of deposit and, in anticipation 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. Specifically, the DICJ assumes that it will take the following administrative procedures, for example, when the financial assistance method is adopted:

- (i) As failures of financial institutions occurred on a weekend in many past cases, the DICJ assumes that a financial institution is most likely to fail on Friday and that as soon as the FSA Commissioner issues the disposition ordering management of the failed financial institution, 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 make preparations to resume operations the following Monday. The main operations to be resumed are as follows:
 - Identifying the insured deposits through name-based aggregation of deposits;
 - Preparing to reimburse insured deposits;
 - Preparing for special operations such as responses to depositors' requests for the offsetting of deposits against loans; and
 - Keeping employees of the failed financial institution informed of how business operations should be conducted in the future;

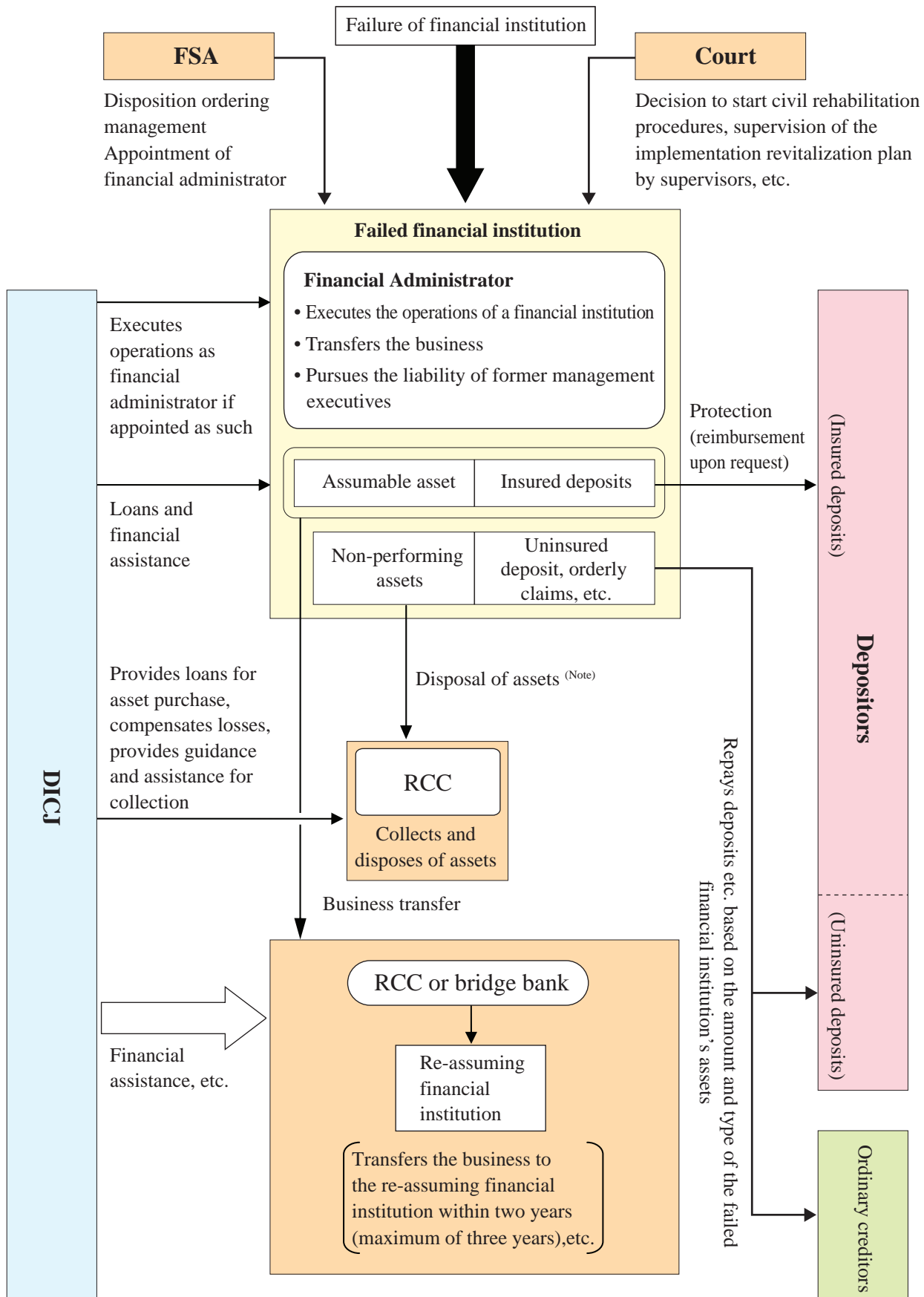
- (iii) The DICJ will proactively conduct PR activities and resume the reimbursement of insured deposits, payment and settlement services and lending operations from the following Monday in order to prevent confusion at bank counters;

- (iv) The DICJ aims to immediately purchase deposits and other claims (based on estimated proceeds payment);
- (v) In case where approximately six months have passed since failure of the financial institution, business transfer (i.e. transfer of insured deposits, sound loan assets, etc.) will be done to a bridge bank,^(Note) which temporarily succeeds its operations. The DICJ offers financial assistance within the insurance payout cost at the time of business transfer;
- (vi) Repayment of residual assets of a failed financial institution will be started based on their rehabilitation plan by around one year after its failure; and
- (vii) The bridge bank will transfer the business to a final assuming financial institution within two years (the period may be extended to three years in cases where there is a compelling reason) from the date of the disposition ordering management.

Note: Due to revision of the Deposit Insurance Act (enforced on October 29, 2011), in addition to the conventional bridge bank system, it became possible to establish a new account (Bridge Bank Account) to take over normal assets and insured deposits from each failed financial institution in the contracted bank (the RCC) so that they can take over the operations of failed financial institutions in order to make a more flexible and efficient resolution of financial institution failures possible. In the future, the DICJ will make failure resolution utilizing the RCC's bridge bank function a principle in the event of failure of a financial institution.

The DICJ also conducts periodic practical training concerning failure resolution procedures in order to ensure appropriate failure resolution by properly implementing the prepared failure resolution procedures. In addition, based on its past experiences of failure resolution, the DICJ continuously reviews the procedures to make a more appropriate and effective resolution of financial institution failures possible. This practical training is not conducted assuming failure of any specific financial institution but to prepare for the future failure of any financial institution.

Failure resolution scheme under limited coverage (Outline of an example of financial assistance)



Note: The disposal of assets through a bidding system is also to be considered.

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Column 4 : Measures for smooth reimbursement of deposits, etc. in the event of financial institution failure

Previously, the Deposit Insurance Act required financial institutions to take (i) measures to maintain depositor's data necessary for the name-based aggregation of deposits and promptly submit such data to the DICJ in the event of failure, and (ii) measures for the smooth reimbursement of deposits for payment and settlement purposes. After the revision of the Deposit Insurance Act in May 2011 that aims at the smooth reimbursement of deposits in the event of failure, financial institutions are also required to incorporate the additional preparation for reimbursement procedure (compiling manuals, etc.) on a steady basis.

Specifically, with regard to the above (ii), financial institutions are required to take the following measures in accordance with the revision of the Deposit Insurance Act (Article 58-3) in 2011 and the revision of the Ordinance of the Cabinet Office in October 2011 in order to smoothly make payment of deposits, which include not only deposits for reimbursement and settlement purposes but also general deposits, etc., and also deal with other insurable contingencies (enforced on May 19, 2012).

- (i) Financial institutions must have preparedness (the preparation of relevant manuals, etc.) to promptly separate^(Note) the insured deposit portion (reimbursable) and the uninsured deposit portion (non-reimbursable).

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 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.

- (ii) In order to ensure smooth civil rehabilitation proceedings, etc., financial institutions must have preparedness (system development, etc.) to submit data on deposits and withdrawals of deposits after failure to the DICJ by 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).

- (iii) Financial institutions must have preparedness (the preparation of relevant manuals, etc.) to smoothly carry out the offsetting of deposits and loans and estimated proceeds payment of uninsured deposits, etc.

Financial institutions are required to prepare manuals, etc. (when system responses are needed, financial institutions must formulate a system development plan within a reasonable period of time) for these measures by the day of enforcement (May 19, 2012). The DICJ plans to proactively support 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 of deposits and relations with the revision of the Deposit Insurance Act in 2011

The portion in yellow shows the portion for which the establishment of a system has been previously required.

The portion in blue shows the portion for which the establishment of a system is newly required due to the law revision in 2011.

| | Financial institution | | DICJ |
|--|---|------------|---|
| After the close of business on Friday–Sunday (In the case of failure on a weekend) | (1) Preparation of depositor data (magnetic tapes) and submission to the DICJ | Submission | (2) Implementation of the name-based aggregation of deposits using the DICJ's own system |
| | (4) Based on electronic data prepared by the DICJ (described in the right column), collectively setting system measures (establishment of caution codes, etc.) to inhibit reimbursement for the accounts (described in the right column) | Feedback | (3) Preparing electronic data on the “accounts whose full or partial amount is non-reimbursable” and feeding back the data to the financial institution |
| | (5) Based on data prepared by the DICJ (described in the right column), dividing a mixed account (an account for which a part is non-reimbursable) into an insured deposit portion and an uninsured deposit portion and separately managing the segments by inhibiting only the reimbursement of the uninsured deposit portion (with the establishment of caution codes, etc.) (particularly for ordinary deposits) | Feedback | (3)' Preparing the data on the non-reimbursable amount and feeding it back to the financial institution (adding the above information to the electronic data (3)) |
| Monday | <ul style="list-style-type: none"> Reimbursement of insured deposits (including deposits for payment and settlement purposes) Acceptance of deposits Commencement of accepting depositors' requests for the offsetting of deposits against loans | | |
| After Monday | <ul style="list-style-type: none"> Submitting deposit data on deposits made and withdrawn after failure to the DICJ (daily) | Submission | <ul style="list-style-type: none"> Separating deposits before and after failure based on legal bankruptcy proceedings |
| | <ul style="list-style-type: none"> Commencement of accepting depositors' requests for the estimated proceeds payment of uninsured deposits | Feedback | <ul style="list-style-type: none"> Deciding on the estimated proceeds payment rate |

(2) Promoting Maintenance of Depositor's Name-based Aggregation Database and Improvement of the System

The DICJ identifies all accounts held by an identical depositor and tallies the deposits in those accounts based on depositor data submitted by a failed financial institution. If the data is not accurate, or if the submission of the data is delayed, the DICJ will face difficulty in calculating the amount of insured deposits promptly and the smooth protection of deposits will be hampered.

Therefore, the Deposit Insurance Act requires each financial institution to provide depositor data recorded on magnetic tapes (hereinafter referred to as “the name-based aggregation database”) to the DICJ without delay in the event of failure and to continuously keep the name-based aggregation database 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 and maintain their own business systems so as to promptly reflect the feedback of the results of the name-based aggregation of deposits from the DICJ (Article 58-3 of the Deposit Insurance Act). In FY2012, the DICJ conducted database verification, training and advice as follows.

(i) Verification of the depositors' name-based aggregation database

The DICJ requires each financial institution to submit its name-based aggregation database in order to ensure smooth name-based aggregation of deposits 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 designated format.

When the DICJ finds any incorrect data (or any data that is suspected to be incorrect) as a result of database verification, it sends such data back to the financial institution concerned for correction and confirmation. The DICJ also sends back the name-based aggregation results obtained through the use of its own system and requires financial institutions to confirm that they can reflect these results in their own business systems promptly.

In FY2012, the DICJ conducted database verification at 87 insured financial institutions.

(ii) Training and advice, etc.

In order to promote the maintenance of the name-based aggregation data and the system, the DICJ has dispatched its staff members to individual financial institutions based on their requests in order to provide training and advice, etc. tailored to their respective circumstances.

In FY2012, we have provided training and advice to a total of 50 financial institutions.

Column 5: What is name-based aggregation of deposits?

(i) Definition of “name-based aggregation of deposits”

In Japan, deposit insurance protects the full amount of deposits for payment and settlement purposes,^(Note) while regarding other types of deposits, it protects up to a total of ¥10 million in principal and interest accrued thereon payable 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 deposits.”

Note: 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.

(ii) Definition of an identical depositor in relation to name-based aggregation of deposits

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.

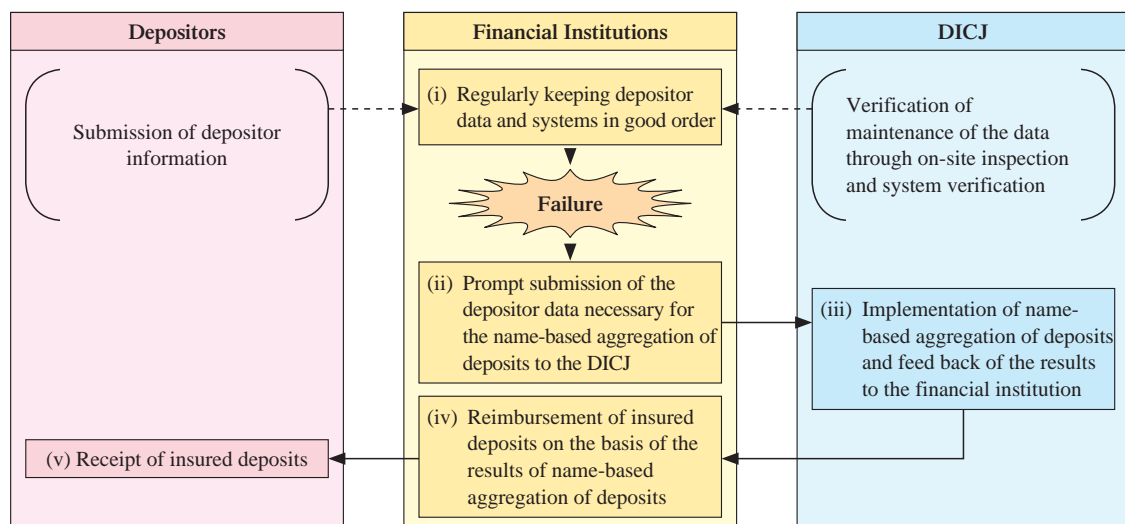
In order for organizations to fall under the category of unincorporated (non-juridical) associations or foundations, they are generally required to be structured as an organization and the method of managing the organization must be specified in the articles of association and other guidelines.

The eligibility is determined on a case-by-case basis in light of the specific circumstances of each organization.

4) Voluntary organizations

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

[Maintenance of depositor data and name-based aggregation of deposits 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 on-site inspection of a financial institution when the Commissioner deems the inspection to be necessary in order to ensure smooth enforcement of the Act.

The scope of on-site inspections that may be undertaken by the DICJ is defined in Article 137, paragraph (6) of the Deposit Insurance Act. Under this provision, the DICJ may conduct inspections in order to check (a) whether the payment of insurance premiums is being made properly (item (i) of the said provision); (b) whether financial institutions are implementing measures to improve the name-based aggregation databases and systems as required (item (ii)); and (c) the estimated amount of deposits and other claims to be repaid in the event of the failure of a financial institution (item (iii)). There are also penal provisions concerning refusal of on-site inspection and other inappropriate acts (Article 143, paragraph (2) of the Deposit Insurance Act).

In August 2001 the DICJ began implementing inspections under item (ii), "the Name-based aggregation of deposits etc." Also, Article 58-3, paragraph (1) of the Deposit Insurance Act was revised in May 2011 and enforced in May 2012 (including the Ordinance of the Cabinet Office on the measures provided in Article 58-3, paragraph (1) of the Deposit Insurance Act). In

order to comply with this revision, the DICJ changed the inspection policy so as to focus not only on the status of maintenance of the name-based aggregation databases of depositors, but also the status of "separate management of insured and uninsured deposits; development of systems for preparing data on changes in deposits, etc. (files on specific deposits and withdrawals); and preparation for offsetting of deposits against loans and purchase of deposits and other claims (estimated proceeds payment) (development of procedures and manuals, etc.).

In addition, the DICJ has conducted the inspection under item (i), "Payment of insurance premiums," since January 2003. As appropriate payment of insurance premiums is indispensable for the stable operation of the deposit insurance system, the DICJ is striving to ensure that premium payments are being made properly so as to maintain equality among financial institutions as payers of insurance premiums. Regarding the inspection under item (iii), "Calculation of the estimated proceeds payment rate," the DICJ is prepared to conduct inspections when necessary in order to ensure that financial institutions properly pay the estimated proceeds in the event of their failure.

The implementation status of inspections until the 2012 inspection year is shown below.

Number of on-site inspections implemented (as of the end of June 2013)

(Unit: number of financial institutions inspected)

| Inspection year (Note 1) | Number of financial institutions inspected | Number of financial institutions inspected | | |
|-----------------------------|--|--|------------------------|------------------------------|
| | | Banks, etc. (Note 2) | Shinkin banks (Note 3) | Credit cooperatives (Note 4) |
| 2001 | 39 | 2 | 14 | 23 |
| 2002 | 66 | 1 | 31 | 34 |
| 2003 | 100 | 10 | 56 | 34 |
| 2004 | 113 | 17 | 66 | 30 |
| 2005 | 105 | 14 | 69 | 22 |
| 2006 | 100 | 35 | 35 | 30 |
| 2007 | 100 | 58 | 29 | 13 |
| 2008 | 116 | 22 | 59 | 35 |
| 2009 | 91 | 5 | 44 | 42 |
| 2010 | 46 | 5 | 27 | 14 |
| 2011 | 57 | 8 | 44 | 5 |
| 2012 | 58 | 20 | 25 | 13 |

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

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

3. Shinkin banks include the Shinkin Central Bank.

4. Credit cooperatives include the Shinkumi Federation Bank.

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

Concerning matters pointed out by the DICJ during inspections, the FSA or Local Finance Bureaus require financial institutions to report on the status of improvement based on Article 24 of the Banking Act and Article 136 of the Deposit Insurance Act and then conducts a hearing. The DICJ also participates in this hearing and advises financial institutions so as to enable them to make effective improvement.

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

Financial institutions are required to regularly improve their name-based aggregation databases and systems (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

depositor's name-based aggregation databases and systems of financial institutions, persons-in-charge of the DICJ collaborate in implementing on-site inspection, database verification, and training and advice.

In addition, the DICJ conducts comprehensive management and analysis of the status of the maintenance of the name-based aggregation databases of financial institutions and 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.
- Upon confirmation of the results of database verification or upon the start of work on modifications, the DICJ staff give advice to the financial institutions concerned as to the results of verification and the state of maintenance of the name-based aggregation database, 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 resolution of the failures of financial institutions and inject capital into financial institutions, the DICJ has so far provided monetary grants totaling ¥18,987.2 billion, purchased assets worth

¥9,830.6 billion, injected capital worth ¥12,977.9 billion into banks and provided other financial assistance totaling ¥6,383.1 billion. By the end of March 2013, ¥10,037.5 billion was recovered out of the assets purchased, ¥12,538.9 billion out of the funds used for injecting capital into banks and ¥5,027.2 billion out of other financial assistance.

Status of financial assistance, etc. and recovery (as of the end of March 2013)

(Unit: ¥ billion)

| Types of financial assistance, etc. | Amount of financial assistance, etc. implemented | Cumulative amount of recoveries, etc. (Note 1) (Note 2) |
|---|--|---|
| 1) Monetary grants (Note 3) | 18,987.2 | — |
| Of the above, monetary grants to banks under special public management | 6,376.4 | — |
| Of the above, monetary grants to banks under special crisis management | 256.3 | — |
| 2) Purchase of assets (Note 4) (Note 5) | 9,830.6 | 10,037.5 |
| Purchase of assets from failed financial institutions | 6,535.1 | 7,624.8 |
| Of the above, the purchase of bad assets from banks under special public management | 1,179.8 | 1,659.5 |
| Of the above, the purchase of assets from banks under special crisis management | 99.9 | 114.2 |
| Purchase of normal assets from banks under special public management (Note 6) | 2,942.1 | 1,725.9 |
| Of the above, the purchase of shares held by banks under special public management | 2,939.7 | 1,717.3 |
| Purchase of assets from sound financial institutions | 353.3 | 686.8 |
| 3) Capital injection (Note 5) (Note 7) | 12,977.9 | 12,538.9 |
| Capital injection under the former Financial Functions Stabilization Act | 1,815.6 | 1,652.6 |
| Capital injection under the Early Strengthening Act | 8,605.3 | 9,424.9 |
| Capital injection under the Deposit Insurance Act | 1,960.0 | 1,418.8 |
| Capital injection under the Organization Restructuring Act | 6.0 | 6.0 |
| Capital injection under the Financial Functions Strengthening Act | 591.0 | 36.7 |
| 4) Other | 6,383.1 | 5,027.2 |
| Taking over assets under the warranty for latent defect provisions | 1,222.6 | 670.0 |
| Compensation for losses (Note 8) | 576.6 | — |
| Of the above, compensation for losses to banks under special public management | 494.5 | — |
| Debt assumption (assumption of debts owed to assuming financial institutions) | 4.0 | 3.8 |
| Lending (Note 9) | 4,579.9 | 4,353.4 |

The above figures are rounded off.

Notes: 1. In addition to the amount of collection equivalent to the book value portion, the cumulative amount of recoveries, etc. includes the portion of the amount of collection exceeding the book value, such as profits from the collection of claims, profits on the sale of securities and on that of real estate property, and the amount of price adjustment of the purchased assets (*), but it excludes interest and dividend income, etc.

* Concerning the amount of purchase price adjustment: A certain period is required from the base date of evaluation based on which the purchase price of assets is decided until the RCC actually takes over assets from failed financial institutions. The changes in asset price arising from such factors as the progress in collection during this period are to be settled (adjustment of purchase price) following close examination and agreement between the RCC and the liquidated corporation (the failed financial institution) after the takeover. Upon settlement, the amount equivalent to the increase or decrease of the purchase price concerned following adjustment shall be the amount of purchase price adjustment. The amount of purchase price adjustment was ¥1,201.2 billion as of the end of March 2013.

2. In addition to the cumulative amount of recoveries, etc. shown in the table above, ¥2.0 billion for banks under special public management (¥1.0 billion each for the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank), and ¥120.0 billion for banks under special crisis management (Ashikaga Bank ¥120.0 billion) have been received as the proceeds from the sale of shares.

3. Of the monetary grants, ¥10,432.6 billion was financed by the redemption (use) of grant bonds (¥13,000 billion) (*) (currently confirmed as the public burden). The remaining amount was financed from deposit insurance premiums. The deposit insurance premiums which the DICJ collected from financial institutions by the end of March 2013, totaled ¥10,065.7 billion. If monetary grants are returned as a result of the completion of liquidation, the returned funds are transferred to the national treasury.

* 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.)

4. Purchase of assets from failed financial institutions includes purchase of assets from the Shinkumi Federation Bank (the central bank for credit cooperatives) (the amount of financial assistance is ¥15.9 billion and the cumulative amount of recoveries, etc. is ¥24.5 billion) and purchase of assets from assuming financial institutions in re-assumption.
5. The above table does not include the compensation for losses granted to the RCC by the DICJ — ¥158.2 billion for the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank and ¥28.3 billion for Mizuho FG related to capital injection under the former Financial Functions Stabilization Act; ¥22.4 billion for Ashigin FG related to capital injection under the Early Strengthening Act; the amount of special compensation for losses (¥78.5 billion) arising from the entrustment of asset purchase operations; and ¥4.1 billion related to the purchase of assets from banks under special crisis management — since the RCC is not a financial institution eligible for financial assistance.
6. Purchase of normal assets from banks under special public management includes the purchase of loan claims and other assets (the amount of financial assistance is ¥2.4 billion and the cumulative amount of recoveries, etc. is ¥8.7 billion).
7. Of the cumulative amount of recoveries, etc. related to capital injection, which stood at ¥12,538.9 billion, ¥11,051.8 billion represents the amount of capital injection.
8. Compensation for losses includes the compensation for losses to the Shinkumi Federation Bank (¥82.0 billion).
9. Lending includes the lending of funds to banks under special public management (the amount of financial assistance is ¥4,200.0 billion and the cumulative amount of recoveries, etc. is ¥4,200.0 billion), the lending of funds to failed financial institutions (the amount of financial assistance is ¥371.9 billion and the cumulative amount of recoveries, etc. is ¥145.4 billion) and the lending to assuming financial institutions (the amount of financial assistance is ¥8.0 billion and the cumulative amount of recoveries, etc. is ¥8.0 billion).

So far, the DICJ has provided financial assistance in a total of 182 cases of financial institution failure since 1992 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 2013) (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 | 5,154.7 | | 850.1 | — | — |
| 2001 | 37 | 1,639.4 | | 406.4 | — | — |
| 2002 | 51 | 2,326.6 | | 794.9 | — | — |
| 2003 | 0 | — | | — | — | — |
| 2004 | 0 | — | | — | — | — |
| 2005 | 0 | — | | — | — | — |
| 2006 | 0 | — | | — | — | — |
| 2007 | 0 | — | | — | — | — |
| 2008 | 1 | 256.3 | | 1.7 | — | — |
| 2009 | 0 | — | | — | — | — |
| 2010 | 0 | — | | — | — | — |
| 2011 | 1 | 46.1 | 75.1 | 53.0 | — | — |
| 2012 | 0 | — | — | 0.1 | — | — |
| Total | 182 | 18,912.1 | 75.1 | 6,421.0 | 8.0 | 4.0 |
| | | 18,987.2 | | | | |

Notes: 1. Figures for each fiscal year are calculated based on the date of implementation of financial assistance (the date of transfer of business). (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.)

2. 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 a 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 assuming financial institution 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).
- Purchase of assets : The purchases include purchase of assets from assuming financial institutions in re-assumption in accordance with Article 101 of the Deposit Insurance Act.
Purchase of assets from failed financial institutions totaled ¥6,519.1 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.

(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 | Amount | Number | Amount | Number | Amount | Number | Amount |
| Total | 182 | 178 | 18,987.2 | 169 | 6,420.9 | 1 | 8.0 | 1 | 4.0 |
| Under full protection | 169 | 166 | 17,783.0 | 167 | 6,366.3 | 0 | — | 1 | 4.0 |
| Banks | 22 | 18 | 12,692.1 | 19 | 4,630.5 | 1 | 8.0 | 1 | 4.0 |
| Under full protection | 17 | 14 | 11,724.6 | 17 | 4,575.8 | 0 | — | 1 | 4.0 |
| Shinkin Banks | 27 | 27 | 972.9 | 25 | 550.0 | 0 | — | 0 | — |
| Under full protection | 25 | 25 | 926.9 | 25 | 550.0 | 0 | — | 0 | — |
| Credit cooperatives | 133 | 133 | 5,322.2 | 125 | 1,240.6 | 0 | — | 0 | — |
| Under full protection | 127 | 127 | 5,131.5 | 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 ¥7,624.8 billion through debt collection and the sale of assets by the end of March 2013. 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 2013)

(Unit: ¥ billion)

| Category | Amount of purchase | Cumulative amount of recoveries, etc. |
|--|--------------------|---------------------------------------|
| Purchase of assets | 9,830.6 | 10,037.5 |
| Purchase of assets from failed financial institutions | 6,535.1 | 7,624.8 |
| Of the above, purchase of non-performing assets from banks under special public management | 1,179.8 | 1,659.5 |
| Of the above, purchase of assets from a bank under special crisis management | 99.9 | 114.2 |
| Purchase of normal assets from banks under special public management ^(Note 1) | 2,942.1 | 1,725.9 |
| Purchase of assets from sound financial institutions ^(Note 2) | 353.3 | 686.8 |

Notes: 1. Mainly purchases of shares held by banks under special public management. [See P38: II. 2. (4) (ii)]

2. [See P39: II. 2. (5)]

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 P48: II. 3] Moreover, the RCC is required to pay to the DICJ the profits arising from the asset collection each year minus the losses arising from the collection and the collection costs. As of the end of June 2013, the profits paid to the DICJ since FY1996 totaled approximately ¥1.4 trillion (including ¥0.9 trillion that was transferred to the national treasury).

Cumulative amount of payments from the RCC to the DICJ (as of the end of March 2013)

(Unit: ¥ billion)

| | |
|--|---------|
| Payments related to assets transferred from the former Jusen companies (Article 12, item (x) of the Jusen Act) | 3.5 |
| Payments related to assets purchased from failed financial institutions (Article 8, paragraph (1), item (ii)-3 of the Supplementary Provisions of the Deposit Insurance Act) | 1,036.3 |
| Payments related to assets purchased from sound financial institutions (Article 54, paragraph (1), item (iii) of the Financial Revitalization Act) | 334.8 |
| Total | 1,374.6 |

- Notes: 1. The above figures include profits recorded by the RCC for FY2013 (to be recorded by the DICJ for FY2013).
 2. In addition to the above, the RCC paid to the DICJ profits related to capital injection, which totaled ¥1,779.4 billion (compensation for losses is not taken into account although the DICJ records profits paid by the RCC as current revenue on the profit and loss statement for each account and records compensation for losses paid to the RCC as current expenses in each account).

(ii) Debt recovery activities by the RCC 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 facilitate the operation of the financial system and contribute to the stability of financial markets 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 the loan repayment environment for debtors due to the worsening of the economic conditions following the Lehman shock and 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 malicious debtors and antisocial forces from the perspective of compliance with laws and

regulations, and at the same time, regarding 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.

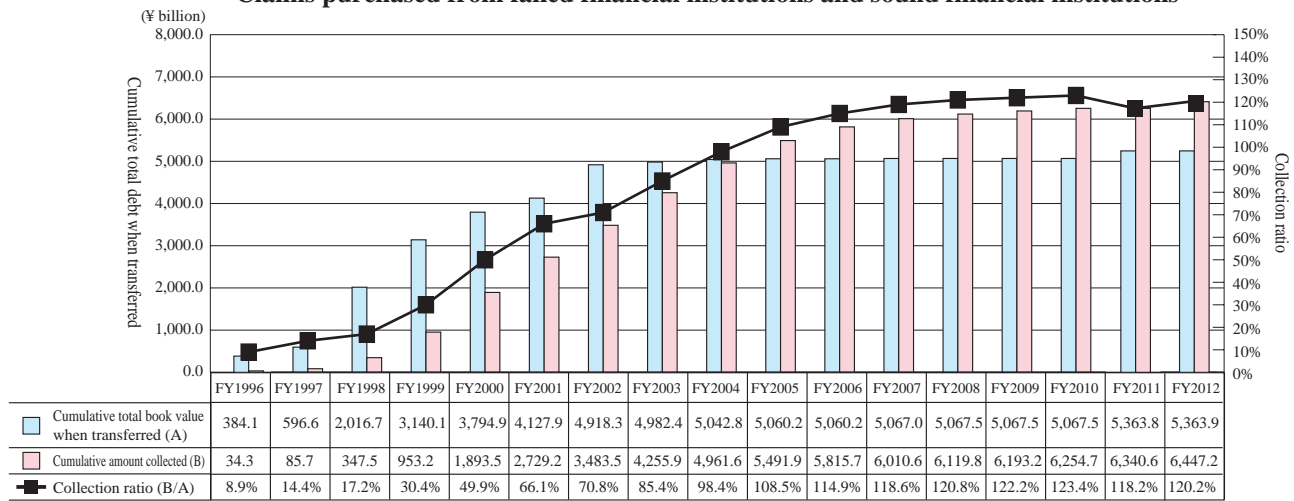
In addition, from the perspective of ensuring appropriate processing of complaints and inquiries from debtors, the RCC has established the Complaint Processing Committee in order to seek outside experts' opinions and recommendations concerning the status of processing. The RCC will reflect opinions and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

2) Debt recovery activities by the RCC

In FY2012, debts totaling ¥106.66 billion were recovered. The total includes ¥103.0 billion purchased from failed financial institutions, and ¥3.5 billion purchased from sound financial institutions.

Debt collection performance of the RCC

Claims purchased from failed financial institutions and sound financial institutions



- Notes: 1. The amount of claims purchased from failed financial institutions in FY1996 represents the total amount collected in FY1995 and FY1996.
 2. The trust scheme is excluded from the transferred claims of Hokkaido Takushoku Bank.
 3. Figures include transferred claims of Hanwa Bank (those of which collection was commissioned to the RCC by the DICJ) and the amount of assets purchased under Articles 129 and 59 of the Deposit Insurance Act.
 4. In some cases, the book debt value after transfer may change due to adjustments in purchase prices and other factors.
 5. The figures for FY2011 onwards include the amount of claims transferred from the Jusen Account at the end of November 2011 and the amount of those claims recovered.
 6. Since the above figures are rounded off, the total sometimes does not match the sum of the amounts of individual items.

3) Final resolution of Jusen claims

In June 2012, the residual assets in the RCC's Jusen Account were distributed to the DICJ's Jusen Account. The RCC's Jusen Account was abolished. For its part, the DICJ abolished its Jusen Account at the end of June and transferred the residual assets worth ¥11.9 billion to the national treasury at the end of July.

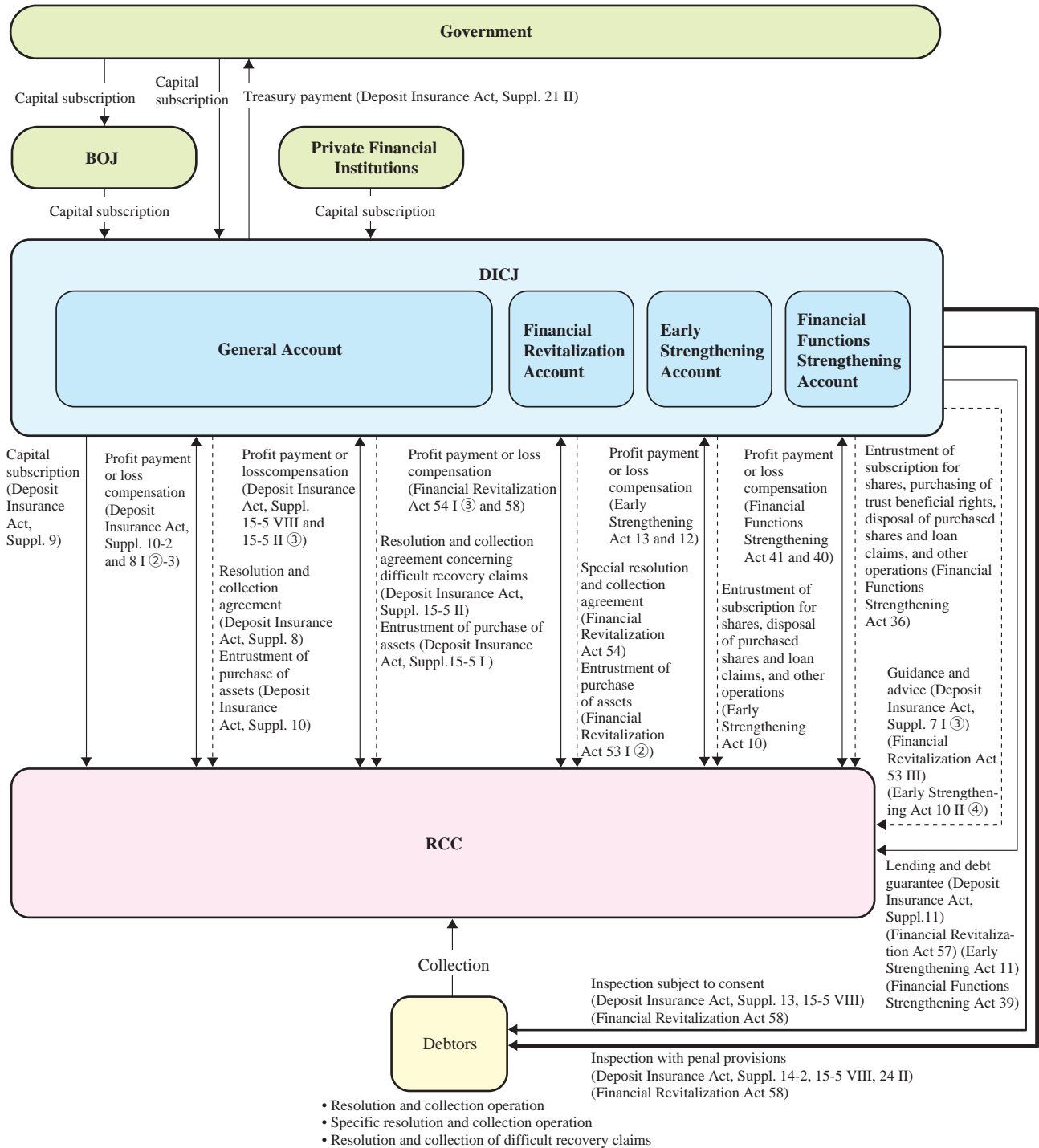
4) Relationship between the DICJ and the RCC concerning collection operations

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 based on 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 investigation (investigation subject to consent and investigation with penal provisions), which is granted to the DICJ based on those laws.

• Relationship between the DICJ and the RCC concerning collection operations



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(iii) Management of corporations under liquidation and their lawsuits

There were six corporations under liquidation that were transferred from failed financial institution status as of the end of FY2012, as one corporation

was placed under liquidation while the liquidation of three corporations was completed during the year. With settlements reached in litigation in which these liquidators stood as defendants, the amount of monetary grants was increased by ¥0.5 billion.

(3) Purchase and Recovery of 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. for the sake of ensuring sound finances at financial institutions, and a system was put in place to entrust 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:

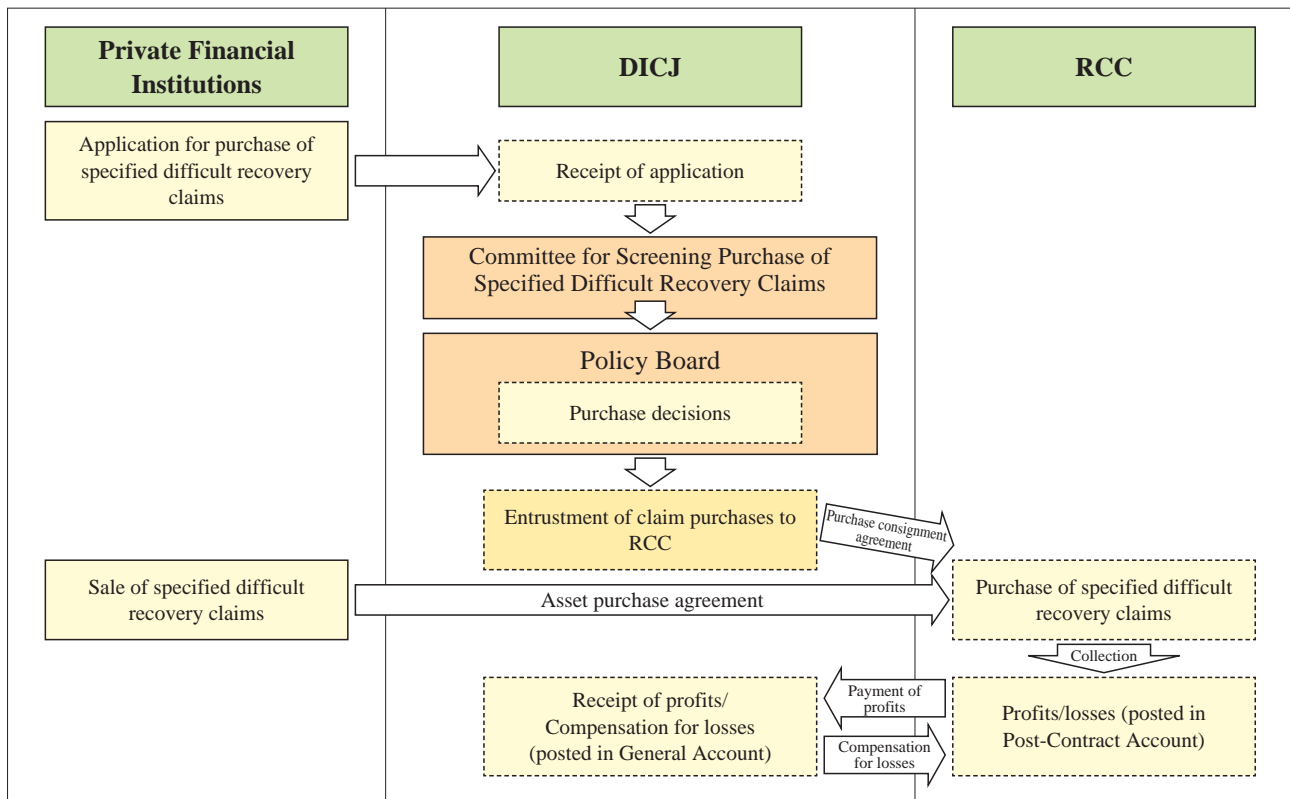
- 1) The debtor or guarantor is a member of antisocial forces, and it is deemed likely that this debtor or guarantor will not abide by the terms of the agreement concerning the claim in question.

- 2) Actions are likely to be taken to impede participation in the auctioning of real estate serving as collateral for the claim in question.

- 1) is an attribute requirement, focusing on whether the debtor/guarantor is a member of antisocial forces, 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 member of antisocial forces.

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 makes public the "Guideline for Purchase of Specified Difficult Recovery Claims," which prescribes the approach to actual management of this program, by posting it on its website. Specified difficult recovery claims are to be purchased following the procedures diagrammed below.



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Records of purchases of specified difficult recovery claims

First purchase (implemented subject to a resolution by the Policy Board in June 2012)

| Contract date | Number of claims purchased | Total amount of claims purchased (¥ thousand) | Total purchase value (¥ thousand) |
|---------------|----------------------------|---|-----------------------------------|
| July 27, 2012 | 5 | 143,608 | 5 |

Second purchase (implemented subject to a resolution by the Policy Board in March 2013)

| Contract date | Number of claims purchased | Total amount of claims purchased (¥ thousand) | Total purchase value (¥ thousand) |
|----------------|----------------------------|---|-----------------------------------|
| March 29, 2013 | 5 | 82,461 | 2,109 |
| April 12, 2013 | 5 | 69,670 | 9,572 |
| Total | 10 | 152,131 | 11,681 |

Notes: 1. The above figures are rounded off.

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

(4) Operations Related to Banks under Special Public Management

(i) Management and collection of loans

As described in II. 2. (2) Management and Disposal of Assets Purchased from Failed Financial Institutions, 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) under Article 72 of the Financial Revitalization Act, and it has so far collected ¥1,659.2 billion.

In addition, the DICJ took over non-performing 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 (current Shinsei Bank, Limited) and the former Nippon Credit Bank, Limited (current 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. by the end of March 2013. The DICJ recovered ¥473.9 billion in non-performing loans purchased from Shinsei Bank, Limited and ¥196.1 billion in such loans purchased from Aozora Bank, Ltd. by the end of March 2013.

With regard to the non-performing loans taken over in accordance with the above-mentioned loan buyback provisions, 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. Under the stock purchase agreement on the transfer of both banks, these banks may buy back those shares during the five-year trust period. However, if loss is to arise at the time of sale, the DICJ may refuse to sell them back to the banks. It was prescribed that if the buy-back of the shares was refused within a period of one year before the expiry of the trust period, the period should be extended for one year from the date of the refusal.

All of the shares purchased from the former Long-Term Credit Bank of Japan, Limited and those purchased from the former Nippon Credit Bank, Limited, except for the shares bought back by them, were transferred to the DICJ by February 2006 and August 2006, respectively, after a one-year extension of the trust period.

The DICJ has been proceeding with the disposal of those transferred shares in an appropriate and smooth manner with a view of its completion in about ten years under the principles of minimizing the public costs and the impact on the market. However, in view of the government's response to the sharp fall of the stock market in 2008, the DICJ decided to suspend the sale of listed shares for the time being, starting on October 15, 2008. The suspension of the sale of listed shares continued in FY2012 except for specific transactions, such as sale of shares to the issuing company to apply for its Take Over Bid. In FY2012, the DICJ recovered a total of ¥1.6 billion, bringing the cumulative total amount recovered by the end of March 2013, to ¥1,717.3 billion.

Overview of shares purchased (as of the end of March, 2013)

(Unit: ¥ billion; () denotes loss)

| | Item no. | End of March 2011 | End of March 2012 | Comparison of end of March 2013 and end of March 2012 |
|--|----------|-------------------|-------------------|---|
| | | A) | B) | B) – A) |
| Cumulative total of book value of shares purchased | (1) | 2,939.7 | 2,939.7 | — |
| Shinsei Bank | | 2,269.3 | 2,269.3 | — |
| Aozora Bank | | 670.4 | 670.4 | — |
| Cumulative book value of claims recovered | (2) | 1,377.6 | 1,380.4 | 2.8 |
| Outstanding balance of book value = (1) – (2) | (3) | 1,562.0 | 1,559.2 | (2.8) |
| (Reference) | | | | |
| Market value | (4) | 778.9 | 964.7 | 185.8 |
| Latent profits/losses = (4) – (3) | (5) | (783.1) | (594.5) | 188.6 |
| Breakdown of (5): Cumulative impairment | | (760.1) | — | — |
| Breakdown of (5): Valuation difference | | (23.0) | — | — |
| Cumulative profits/losses from claims recovered, etc. | (6) | 338.0 | 336.8 | (1.2) |
| Cumulative total of claims recovered = (2) + (6) | | 1,715.7 | 1,717.3 | 1.6 |

Notes: 1. All balances are rounded off to the nearest unit, and component items thus may not sum to the total.

- The sale of listed shares (excluding the shares of depository institutions receiving capital injections with public funds) has been entrusted to the Sumitomo Mitsui Trust Bank, Limited since August 29, 2006.
- The sale of listed shares has in principle been suspended for the time being since October 15, 2008.
- The distribution of residual assets is included in the cumulative total of claims recovered.
- (Reference)

“Impairment” is a valuation method based on private-sector accounting standards used for the write-down of the value of shares whose market values have dropped substantially (by 50% or more) from the acquisition price determined that there are no prospects for a rebound. The DICJ does not itself adopt such private-sector accounting standards, but calculation result using impairment is provided in the “Administrative Cost Statement” for better comprehension of DICJ’s composition of finances.

“Valuation difference” represents the difference between the market valuation of shares with a market price and the acquisition price of the shares. The valuation difference of the purchased shares is also available in the “Administrative Cost Statement.”

(5) Management and Disposal of Assets Purchased from Sound Financial Institutions

(i) Outline

Article 53 of the Financial Revitalization Act provides for a system of emergency measures concerning the purchase of assets from financial institutions as a means of stabilizing and revitalizing financial functions in Japan. Upon receiving applications for purchases from sound financial institutions in accordance with this Article, the DICJ consulted with the Purchase Price Examination Board (an advisory body to the Governor) on prices and related matters and then carried out asset purchases (as a

temporary measure through the end of March 2005) with the approval of the Prime Minister (approval had previously been granted by the Financial Reconstruction Commission until its dissolution in January 2001).

Thereafter, the Act on the Corporation for revitalizing Earthquake-Affected Business enacted in February 2012 enabled purchases from the Corporation for Revitalizing Earthquake-Affected Business. In addition, the Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan that came into force in March 2013 enabled purchases from Regional Economy Vitalization Corporation of Japan (REVIC).

(ii) Purchase and management/disposal of assets

Most of the actual operations under this system (purchase, management and disposal of assets) are entrusted to the RCC, a subsidiary of the DICJ, under agreements concluded in accordance with the provisions of Article 53 of the Financial Revitalization Act and other Acts. Therefore, the DICJ provides the RCC with loans necessary for executing these operations, and it also collects profits that the RCC has earned by executing the operations. Furthermore, the DICJ provides guidance and advice regarding the operations stipulated under its agreements with the RCC.

The cumulative total of assets purchased from sound financial institutions since the enforcement of the Financial Revitalization Act in 1999 is ¥4,004.1 billion in claim principal at a purchase price of ¥353.3 billion. The RCC is endeavoring as far as possible to recover/dispose of these purchased assets

and achieve enterprise turnaround within a three-year period to minimize the burden on taxpayers. [See P34: II. 2. (2) (ii) regarding the specifics of recovery/disposal]

The RCC manages assets purchased from sound financial institutions in the account called the “Article 53 account” (the principal value of claims is ¥4,046 billion and the purchase value is ¥355.7 billion), together with assets purchased from banks under special public management (the principal value of claims is ¥41.9 billion and the purchase value is ¥2.4 billion) on commission from the DICJ under this scheme. The amount of claims recovered through the Article 53 account in FY2012 was ¥3.5 billion, bringing the cumulative total to ¥693.3 billion by the end of March 2013, with the ratio of the cumulative total to the purchase value standing at 194.9%.

Recovery of assets purchased under Article 53 of the Financial Revitalization Act (Unit: ¥ billion)

| Fiscal year | Original principal value of claims | Cumulative total of original principal value of claims | Purchase value | Cumulative total of purchase value (A) | Total of claims collection | Cumulative total of claims collection (B) | Collection ratio (B/A) |
|-------------|------------------------------------|--|----------------|--|----------------------------|---|------------------------|
| 1999 | 493.0 | 493.0 | 24.1 | 24.1 | 4.2 | 4.2 | 17.4% |
| 2000 | 522.2 | 1,015.2 | 12.6 | 36.8 | 21.7 | 25.9 | 70.4% |
| 2001 | 330.2 | 1,345.4 | 20.6 | 57.3 | 30.4 | 56.3 | 98.3% |
| 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 | 667.7 | 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% |

Notes: 1. The figures include collections of claims which DICJ purchased from banks under special public management under Article 53 of the Financial Revitalization Act. (The principal amount of claims was ¥41.9 billion and the purchase value was ¥2.4 billion.)

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

(6) Operations Related to the Resolution of the Failure of the Incubator Bank of Japan

The Incubator Bank of Japan failed on Friday, September 10, 2010. The DICJ implemented the failure resolution as the bank’s financial administrator. The resolution of the failure of the Incubator Bank of Japan became the first case under the limited coverage scheme since the inauguration of the deposit insurance system of Japan in 1971, where deposits up to ¥10 million in principal and

interest thereon payable until the day of failure are protected per depositor. The financial assistance method was adopted as the means for failure resolution, and civil rehabilitation proceedings as the means for bankruptcy proceedings. [See P8: I. 1. (3) (vi) 1), and P24: II. 1. (1) regarding failure resolution under limited coverage and protection through financial assistance method]

The course of events in resolving the failure of the Incubator Bank of Japan is summarized below in chronological order.

(i) Disposition ordering the management of business and property of the Incubator Bank of Japan by a financial administrator, etc.

On Friday, September 10, 2010, the Incubator Bank of Japan under the provisions of Article 74, paragraph (5) of the Deposit Insurance Act, submitted a written notification to the FSA Commissioner that its assets “are insufficient to honor its financial obligations.” In response, the FSA Commissioner on the same day issued a disposition ordering management under the provisions of Article 74, paragraph (1) of the same Act, and appointed the DICJ as the financial administrator under the provisions of Article 77, paragraph (2) of the same Act. In conjunction with this, the Incubator Bank of Japan filed an application on that same date with the Tokyo District Court to begin civil rehabilitation proceedings; the court handed down a decision on the following Monday (September 13, 2010) to the effect that civil rehabilitation procedures could commence.

(ii) Name-based aggregation of deposits, the Policy Board, and the resumption of business

Over the weekend the DICJ prepared for the restart of business at the beginning of the following week by aggregating deposits held by the same party, approving a lending of funds to the Incubator Bank of Japan at its Policy Board meeting on Sunday (September 12), and taking other necessary measures.

The Incubator Bank of Japan reopened 16 locations, including its head office, on the following Monday (September 13). Then, it gradually increased the number of reopened locations, and two weeks after the restart of business, all 101 locations had been reopened.

(iii) Purchase of deposits and other claims

On December 7, 2010, the Policy Board of the DICJ decided to purchase deposits and other claims (estimated proceeds payment) at the estimated proceeds payment rate of 25% (purchase period: December 13, 2010–March 31, 2011). [See P9: I. 1. (3) (vi) 1) f. regarding the purchases of deposits and other claims]

Ultimately about 90% of uninsured deposits, held by 3,163 depositors, was purchased, with the amount being ¥2.44 billion.

(iv) Business transfer to the 2nd BBJ and financial assistance by the DICJ

As a provisional step, the business transfer of the Incubator Bank of Japan to the 2nd BBJ was implemented on April 25, 2011 (the business transfer date). The 2nd BBJ was designed to take over deposits, etc. and loan assets, etc. from the failed financial

institution for the tentative maintenance and continuation of its business and re-transfer the business to a final assuming financial institution.

For the business transfer above, the DICJ provided financial assistance to the 2nd BBJ, etc.

1) Takeover of deposits

For deposits of up to ¥10 million in principal taken over by the 2nd BBJ that were made prior to the day of failure and whose maturity dates fell after the business transfer date, it was decided to set the deposit interest rate applicable from the date of business transfer lower than the agreed interest rate on the day of deposit receipt out of concern for sound and proper operations at the 2nd BBJ and the impact that maintenance of the earlier high interest rates would have on the takeover of business by the final assuming financial institutions. Accordingly, the Incubator Bank of Japan and the 2nd BBJ sent out documents on January 17, 2011 to relevant depositors, asking them whether or not they would consent to their deposits being taken over by the 2nd BBJ. If a depositor does not consent to the takeover of the deposits by the 2nd BBJ, based on the purport of the Deposit Insurance Act that up to ¥10 million in principal plus accrued interest thereon until the date of failure be protected, it was decided that the depositor can receive interest at the contract interest rate of the deposit date until the day of failure without applying the interest rate for the cancellation before maturity prescribed under deposit rules of the Incubator Bank of Japan.

2) Takeover of loan claims, etc.

The DICJ as the financial administrator, selected the assets that should be taken over by the 2nd BBJ from among the Incubator Bank of Japan’s loan claims and other assets to facilitate takeover of the Incubator Bank of Japan’s operations and ensure sound and proper administration at the 2nd BBJ, and then requested confirmation from the FSA Commissioner that these assets were suitable as assets to be held by the 2nd BBJ under Article 93, paragraph (1) of the Deposit Insurance Act. The FSA Commissioner checked these assets against previously announced standards (in public notices from the FSA/Ministry of Finance) and confirmed in accordance with Article 93, paragraph (2) of that Act that these assets were indeed suitable as assets to be held by the 2nd BBJ.

Some of the assets not taken over by the 2nd BBJ were transferred to the RCC on four separate occasions beginning from April 25, 2011, while some were sold off through bidding. Appropriate steps will be taken in future for the transfer, disposal, etc., for assets not taken over by the 2nd BBJ, the RCC or other institutions

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|---|
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3) Financial assistance by the DICJ

An application for financial assistance (monetary grants, asset purchases) and equitable financial assistance (monetary grants) in the joint names of the 2nd BBJ and the Incubator Bank of Japan was received on April 8, 2011, and the Policy Board at its April 15, 2011 meeting decided to provide on April 25, 2011 the financial assistance described in a. to c. below; this financial assistance was subsequently provided on that date. [See P8: I. 1. (3) (vi) 1) d. regarding financial assistance and equitable financial assistance]

a. Monetary grant to the 2nd BBJ (financial assistance)...¥104.1 billion

(¥46.1 billion as of the end of March 2013)

Following a detailed examination of the figures at the time of business transfer, insured deposits were reimbursed and loans recovered, bringing about changes in assets and liabilities. The Policy Board at its September 27, 2011 meeting consequently decided to reduce the amount of monetary grants to ¥46.0 billion, and this decision went into effect on October 7, 2011. Since then, the amount of financial assistance has been adjusted as necessary.

b. Monetary grant to the Incubator Bank of Japan (equitable financial assistance) ...¥65.6 billion

(¥75.1 billion as of the end of March 2013)

In view of the aforementioned changes in assets/liabilities, the Policy Board at its September 27, 2011 meeting decided to increase the amount of the monetary grant to ¥75.1 billion, and this was implemented on October 7, 2011. A decision on additional financial assistance (monetary grant) was also made at this same Policy Board meeting, setting the maximum increase in equitable financial assistance at ¥23.1 billion in preparation for repayment should all of the unconfirmed liabilities among the rehabilitation claims filed against the Incubator Bank of Japan be confirmed as liabilities. Since then, the amount of equitable financial assistance has been adjusted as necessary in order to ensure equilibrium among creditors of the failed financial institution.

c. Purchase of assets from the Incubator Bank of Japan

(purchases entrusted to the RCC) ...

¥52.9 billion

(¥53.0 billion as of the end of March 2013)

Thereafter, the following purchases of assets remaining at the Incubator Bank of Japan after the transfer of business were made via resolutions of the Policy Board upon receipt of applications for additional purchase of assets:

Second purchase: Resolution passed on November

22, 2011, implemented on November 28; purchase amount: ¥14 million

Third purchase: Resolution passed on December 6, 2011, implemented on December 19; purchase amount: ¥10 million

Fourth purchase: Resolution passed on July 17, 2012, implemented on July 23; purchase amount: ¥63 million

(v) Selection of the final assuming financial institution, etc.

In selecting a final assuming financial institution, the DICJ stipulated the basic requirements for a final assuming financial institution (published on March 11, 2011 in the guidelines for final assuming financial institution candidates) and following a three-stage process—(1) soliciting final assuming financial institution candidates, (2) requesting the submission of business plans and (3) requesting the submission of acceptance conditions—and strict and fair screening, the DICJ finally decided and announced on September 30, 2011 that AEON Bank had been deemed eligible and would serve as the final assuming financial institution for the Incubator Bank of Japan. On December 26, 2011, all of the outstanding shares of the 2nd BBJ, which had accepted the transfer of some of the Incubator Bank of Japan's business, were transferred to AEON Bank.

To ensure the transparency and fairness of the selection process for a final assuming financial institution, the DICJ established the Final Assuming Financial Institution Screening Committee for the Incubator Bank of Japan as an advisory body to the Governor to provide expert advice until the final assuming financial institution was selected.

Additionally, in the course of carrying out the re-assumption to AEON Bank, the Policy Board received an application for purchase of assets in the joint names of AEON Bank and the 2nd BBJ and decided at its December 19, 2011 meeting to purchase ¥429,000 in assets; this decision was implemented on December 26, 2011.

(vi) Extension of termination date for management of the Incubator Bank of Japan

Article 90 of the Deposit Insurance Act provides that “financial administrators shall, within one year of the disposition ordering management, conclude its management by transferring the business of the managed financial institution and taking other such measures as necessary” but, needing more time to complete the transfer of loan claims remaining at the Incubator Bank of Japan, the DICJ as the financial administrator submitted a request to the FSA Commissioner asking for a one-year extension of the termination date for management in line with the

provision of Article 90.

On September 9, 2011, the DICJ received from the FSA Commissioner permission to extend the termination date for management of the Incubator Bank of Japan until September 10, 2012.

(vii) Submission of schedule of depositors

The DICJ prepared and submitted a schedule of depositors to the Tokyo District Court on May 27, 2011, the final day of the period for filing proofs of claims in the civil rehabilitation proceedings, in accordance with Article 463, paragraph (1) of the Special Corporate Reorganization Act.^(Note)

Note: The civil rehabilitation proceedings require that creditors file their claims during the period for filing proofs of claims. The above submission by the DICJ of the schedule of depositors is deemed to constitute filing of deposit claims and other claims included on this schedule of depositors filed within the stipulated period for filing proofs of claims.

The schedule of depositors includes deposit claims for deposits exceeding the scope of deposit insurance protection (excluding deposits and other claims purchased <the estimated proceeds payment>), and the DICJ in principle is to carry out rehabilitation proceedings as necessary on behalf of depositors on this schedule of depositors (hereinafter referred to as "DICJ-represented depositors") with respect to their deposit claims in accordance with Article 466 of the Special Corporate Reorganization Act.

(viii) Submission and approval of rehabilitation plan

Civil rehabilitation proceedings are designed to coordinate the interests of rehabilitation creditors, etc., and rehabilitate debtors' businesses by establishing a court-approved rehabilitation plan to revise the rights to rehabilitation claims (e.g., reduce, eliminate or add deterrents). The rehabilitation plan for the Incubator Bank of Japan is described as follows.

1) Submission of rehabilitation plan

The Incubator Bank of Japan submitted a rehabilitation plan to the Tokyo District Court on July 27, 2011 in accordance with the procedures set out in the Civil Rehabilitation Act. This rehabilitation plan proposed that a repayment rate of 27% be used for the first round of repayment to rehabilitation creditors, that upon subsequent conversion of the remaining assets further repayments be made using the converted cash and the claim recovery profits generated by the RCC, that the DICJ as financial administrator pursue investigations into the responsibility of the Bank's former management, and that former shareholders' rights be invalidated while the DICJ becomes the only shareholder of the bank.

2) Petition for permission to modify proposed rehabilitation plan

On October 25, 2011, the Incubator Bank of Japan submitted a petition to the Tokyo District Court seeking permission to make a partial modification to the proposed rehabilitation plan submitted on July 27 of that year in accordance with the procedures set forth in the Civil Rehabilitation Act. The modification of to the proposed rehabilitation plan was an increase in the repayment rate for the first round of repayment to rehabilitation creditors from the initial 27% to 39%. This modification was prompted by an agreement reached on the handling of large claims filed by creditors and disputed by the Incubator Bank of Japan, freeing up funds initially held in reserve pending the outcome of this dispute to be used for repayment to rehabilitation creditors.

3) Order of confirmation of rehabilitation plan

A creditors meeting organized by the Tokyo District Court was held on November 15, 2011 and, given the court's approval of the partial modification to the proposed rehabilitation plan, a resolution referred to the creditors on the proposed post-change rehabilitation plan was approved by a majority, upon which the court ordered confirmation of the rehabilitation plan. Public notice was provided in the Official Gazette in accordance with the procedures set forth in the Civil Rehabilitation Act and, after a period allowing for immediate appeals to be filed, the rehabilitation plan became final and binding on December 14 of that year.

(ix) Payment of tenders in the first repayment

The Incubator Bank of Japan made payment of tenders in the first repayment (repayment rate: 39%) to rehabilitation creditors by April 2, 2012 in line with the finalized rehabilitation plan.

(x) Settlement payment and repayment of tenders

The DICJ made the decision to calculate additional payment amounts and make settlement payment based on the difference between the tenders received from the Incubator Bank of Japan for the purchased deposit claims (repayment rate: 39%) and the estimated proceeds payment amount calculated using the estimated proceeds payment rate (25%). The Policy Board at its April 3, 2012 meeting then decided on the amounts of the settlement payment (payment period: April 10–June 29, 2012). [See P9: I. 1. (3) (vi) 1) f. with regard to settlement payment] The DICJ proceeded to pay tenders to DICJ-represented depositors from the first repayment received on behalf of DICJ-represented depositors (payment period: from April 9, 2012).

(xi) Termination of management of the Incubator Bank of Japan by the financial administrator

On September 10, 2012, the FSA approved the dissolution of the Incubator Bank of Japan in accordance with Article 37, paragraph (1), item (iii) of the Banking Act and cancelled the disposition ordering the management of business and property of the bank by the financial administrator in accordance with Article 75, paragraph (1) of the Deposit Insurance Act. As a result, the Incubator Bank of Japan became a liquidated company, the Liquidated Company of the Incubator Bank of Japan, which is responsible for disposing of the residual assets.

(xii) Operation and management of the Liquidated Company of the Incubator Bank of Japan

The Liquidated Company of the Incubator Bank of Japan is striving to complete the remaining examination and settle the remaining lawsuits toward early completion of the liquidation and is preparing for final repayment.

As a 100% shareholder of the Liquidated Company of the Incubator Bank of Japan, the DICJ has been appropriately involved in the operation of the company with a view to early final repayment and completion of the liquidation in light of the records of the past financial assistance.

Timeline of failure resolution of the Incubator Bank of Japan

| | |
|----------------------------------|---|
| Sep. 10, 2010 (Fri.) | <ul style="list-style-type: none"> The Incubator Bank of Japan notifies the FSA Commissioner that the Incubator Bank of Japan has insufficient assets to fully discharge its claims. FSA issues a disposition ordering the management of business and property by a financial administrator against the Incubator Bank of Japan. FSA appoints the DICJ as the financial administrator for the Incubator Bank of Japan. The Incubator Bank of Japan concludes Basic Agreement with the 2nd BBJ. The Incubator Bank of Japan files with the Tokyo District Court for the commencement of civil rehabilitation proceedings. Tokyo District Court issues temporary restraining order and supervision order. |
| Sep. 12 (Sun.) | <ul style="list-style-type: none"> Policy Board meeting held (loans of funds for repayment of deposits, etc.). |
| Sep. 13 (Mon.) | <ul style="list-style-type: none"> 16 locations reopen for business. The DICJ provides loans to the Incubator Bank of Japan for the repayment of deposits, etc. Tokyo District Court makes a decision on commencement of civil rehabilitation proceedings.. |
| Sep. 16 (Thu.) Sep. 17 (Fri.) | <ul style="list-style-type: none"> Creditors meeting held. |
| Sep. 21 (Tue.) | <ul style="list-style-type: none"> 25 more locations reopen for business (16→41 locations). |
| Sep. 27 (Mon.) | <ul style="list-style-type: none"> 60 more locations reopen for business (41→all 101 locations). |
| Dec. 7 (Tue.) | <ul style="list-style-type: none"> Policy Board meeting held (purchase of deposits and other claims <estimated proceeds payment>). |
| Dec. 13 (Mon.) | <ul style="list-style-type: none"> Purchase of deposits and other claims (estimated proceeds payment) begins. |
| Dec. 17 (Fri.) | <ul style="list-style-type: none"> 20 locations consolidated (101→81 locations). |
| Dec. 27 (Mon.) | <ul style="list-style-type: none"> Transfer of directors. |
| Jan. 13, 2011 (Thu.) | <ul style="list-style-type: none"> Transfer of representative executive officer, etc. |
| Jan. 17 (Mon.) | <ul style="list-style-type: none"> Documents sent out on takeover of the Incubator Bank of Japan deposits by the 2nd BBJ. |
| Feb. 21 (Mon.) | <ul style="list-style-type: none"> 13 locations consolidated (81→68 locations). |
| Mar. 11 (Fri.) | <ul style="list-style-type: none"> Solicitation of final assuming financial institution candidates starts. |
| Mar. 31 (Thu.) | <ul style="list-style-type: none"> Purchase period for deposits and other claims (estimated proceeds payment) ends. Solicitation of final assuming financial institution candidates ends. |
| Apr. 8 (Fri.) | <ul style="list-style-type: none"> Deadline for reply on takeover of deposits by the 2nd BBJ. |
| Apr. 25 (Mon.) | <ul style="list-style-type: none"> 42 locations consolidated (68→26 locations). The Incubator Bank of Japan transfers some of its business operations to the 2nd BBJ. The DICJ provides financial assistance to the 2nd BBJ and the Incubator Bank of Japan. The RCC purchases some assets of the Incubator Bank of Japan (1st asset purchase). |
| May 27 (Fri.) | <ul style="list-style-type: none"> Deadline for filing rehabilitation claims. The DICJ submits schedule of depositors to Tokyo District Court. |
| July 27 (Wed.) | <ul style="list-style-type: none"> The Incubator Bank of Japan submits proposed rehabilitation plan to Tokyo District Court. |
| Aug. 23 (Tue.) | <ul style="list-style-type: none"> The RCC files a lawsuit against the former management of the Incubator Bank of Japan for damages. |
| Sep. 27 (Tue.) | <ul style="list-style-type: none"> 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.). |
| Sep. 28 (Wed.) | <ul style="list-style-type: none"> The DICJ subscribes to capital for in the 2nd BBJ. |
| Sep. 30 (Fri.) | <ul style="list-style-type: none"> AEON Bank selected and announced as the final assuming financial institution. |
| Nov. 15 (Tue.) | <ul style="list-style-type: none"> Creditors meeting held. Tokyo District Court approves proposed rehabilitation plan. |
| Nov. 28 (Mon.) | <ul style="list-style-type: none"> The RCC purchases some assets of the Incubator Bank of Japan (2nd asset purchase). |
| Dec. 9 (Fri.) | <ul style="list-style-type: none"> The Incubator Bank of Japan sells off some claims through bidding. |
| Dec. 14 (Wed.) | <ul style="list-style-type: none"> Order of confirmation of proposed rehabilitation plan becomes final and binding. |
| Dec. 19 (Mon.) | <ul style="list-style-type: none"> The RCC purchases some assets of the Incubator Bank of Japan (3rd asset purchase). |
| Dec. 26 (Mon.) | <ul style="list-style-type: none"> All outstanding shares of the 2nd BBJ transferred to AEON Bank. The Incubator Bank of Japan transfers some loan claims to AEON Bank. The RCC purchases some assets of the 2nd BBJ. |
| Through Apr. 2, 2012 (Mon.) | <ul style="list-style-type: none"> The Incubator Bank of Japan implements 1st repayment in accordance with rehabilitation plan. |
| Apr. 3 (Tue.) | <ul style="list-style-type: none"> Policy Board meeting held (final settlement payment). |
| Apr. 9 (Mon.) | <ul style="list-style-type: none"> Repayment of tenders to DICJ-represented depositors starts. |

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| | |
|-----------------------------|--|
| Apr. 10 (Tue.) | <ul style="list-style-type: none"> Final settlement payment starts. |
| July 23 (Mon.) | <ul style="list-style-type: none"> The RCC purchases some assets of the Incubator Bank of Japan (4th asset purchase). |
| Aug. 21 (Tue.) | <ul style="list-style-type: none"> The RCC files the second suit against members of the former management of the Incubator Bank of Japan for damages. |
| Aug. 27 (Mon.) | <ul style="list-style-type: none"> The Incubator Bank of Japan adopts resolution to dissolve itself and apply for approval from FSA. |
| Sep. 10 (Mon.) | <ul style="list-style-type: none"> FSA approves dissolution of the Incubator Bank of Japan, which shifted to the Liquidated Company of the Incubator Bank of Japan. |
| Nov. 29 (Thu.) | <ul style="list-style-type: none"> The Liquidated Company of the Incubator Bank of Japan holds an extraordinary shareholders' meeting (Sep 10, 2012 [date of dissolution]). Current list of assets and balance sheet are approved. |
| Nov. 30 (Fri.) | <ul style="list-style-type: none"> The Liquidated Company of the Incubator Bank of Japan submits current list of assets and other materials to the 8th Civil Division of the Tokyo District Court. |
| Mar. 31, 2014 (Mon.) | <ul style="list-style-type: none"> Baseline date of calculation of the amount of proceeds from recovery to be returned by the RCC (specified in the rehabilitation plan) |
| From Dec. 15 (Mon.) onwards | <ul style="list-style-type: none"> The court decides on the termination of the civil rehabilitation proceedings (three years after the rehabilitation plan became final and binding). However, the liquidation will be completed after the final repayment based on the rehabilitation plan (the timing has yet to be determined). |

Column 6: Future resolution process based on the experience of the Incubator Bank of Japan

(1) Lesson from the resolution process of the Incubator Bank of Japan

The resolution process for the Incubator Bank of Japan represented the first case of resolution using the civil rehabilitation proceedings under the limited coverage scheme. Through the resolution process, the DICJ for the first time experienced administrative procedures such as the separation of mixed accounts into insured and uninsured portions of deposits, implementation of civil rehabilitation proceedings under bankruptcy legislation and quick transfer of business to a bridge bank. In addition, the DICJ recognized anew the importance of making meticulous preparations, maintaining collaboration with relevant organizations and smoothly implementing both judicial procedures under bankruptcy legislation such as the Civil Rehabilitation Act and administrative procedures prescribed under the Deposit Insurance Act.

(2) Actions taken by the DICJ

Based on the experience, regarding preparations, the DICJ further improved the failure resolution scheme by accumulating knowhow and skills acquired through the resolution process for the Incubator Bank of Japan. The DICJ also strived to strengthen the capability to deal with failure through measures such as periodically conducting failure resolution exercises and training and improving its organizational structure as a financial administrator in preparation for emergencies. As for collaboration with relevant organizations, the DICJ is striving to ensure i) closer collaboration with financial supervisory authorities to appropriately implement the resolution process; (ii) collaboration with the RCC, which has been equipped with the bridge bank function in the

revised the Deposit Insurance Act of 2011; and (iii) better interaction with courts to smoothly implement civil rehabilitation proceedings.

(3) Revision of the Deposit Insurance Act in 2013

The revision of the Deposit Insurance Act in 2013 has introduced the following changes:

- (i) Activities of a trustee and a provisional administrator under bankruptcy legislation have been added to the scope of the DICJ's operations;
- (ii) The DICJ may entrust operations to financial institutions, other than deposit-taking ones;
- (iii) The DICJ may require financial institutions to submit reports when it recognizes the need to do so;
- (iv) Regarding financial institutions under the management of financial administrators (managed financial institutions), the managed financial institutions may implement 100% capital reduction based on a court permission, rather than a special resolution at a shareholders' meeting;
- (v) The term of office for executives of managed financial institutions appointed based on a substitute court permission shall be until a shareholders' meeting to be convened following the termination of the management by financial administrators; and
- (vi) When a contracted bank, etc. purchases bad assets, it is deemed that a request for the determination of the principal of the revolving mortgage was filed through a public notice.

In the future, the DICJ will strive to better execute its operations by making full use of the revised Deposit Insurance Act based on the lesson of the resolution process for the Incubator Bank of Japan.

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

(1) Asset Investigation

Regarding the collection of loan assets held by the RCC, a contracted bank, the DICJ supports the RCC's collection activity by identifying assets concealed by malicious debtors who try to evade the repayment obligation despite having sufficient financial capacity for the repayment, by way of exercising the authority to conduct asset investigations granted under the Deposit Insurance Act and the Financial Revitalization Act (debtors and some other specified parties face penalties for their 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 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 recent asset investigations include those of malicious and sophisti-

cated in nature, involving debtors using companies of which they are the beneficial owners, or misusing the names of third parties in attempts to conceal assets.

Facing this recent trend of asset concealment techniques becoming more malicious and sophisticated, the DICJ has been rigorously engaging in identifying cases of malicious debtors, including antisocial forces, and conducting thorough asset investigations by employing most suited methods selected among a range of investigation techniques. The DICJ also informs the RCC in timely manner of the results of asset investigations and provides guidance and advice to the RCC with regard to how to deal with the cases in accordance with the circumstances of the debtors and what legal actions to take.

The DICJ conducted 69 asset investigations in FY2012, confirming concealed assets (hereinafter referred to as "confirmed assets") of about ¥3.4 billion. Cumulative confirmed assets since June 1996, when the DICJ was granted the authority to conduct asset investigations, total about ¥736.4 billion.

Result of asset investigations

| Categories | FY2012 | Cumulative total since June 1996 |
|------------------------------------|--------------|----------------------------------|
| Number of investigations initiated | 44 | 2,423 |
| Number of ongoing investigations | 69 | 3,501 |
| Confirmed assets | ¥3.4 billion | ¥736.4 billion |

Notes: 1. The number of ongoing investigations: the number of investigations carried over from the previous fiscal year plus the number of investigations initiated during the fiscal year under review

2. Figures are rounded off.

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

In cases involving malicious debtors or antisocial forces in which the collateral is enmeshed in a complex web of interests that block recovery efforts and make recovery particularly difficult, the DICJ works with the RCC to deal with these matters through multifaceted application of laws and regulations to vigorously enforce recovery.

When seeking to end occupation of collateral by antiso-

cial forces, the DICJ supported collection operation through meticulous guidance and advice while making full use of legal means, including civil execution procedures, and securing on-site safety by maintaining collaboration with police, etc., as necessary.

Meanwhile, in order to recover claims totaling about 62.7 billion against the General Association of Korean Residents, the RCC took legal actions, such as filing a petition seeking auction of the real estate where the association's head office is located, in July 2012.

(3) Pursuit of Civil Liability

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

In pursuing the liability of the former managers of the seven former Jusen companies and failed financial institutions, the DICJ pursued civil liability (management liability) for the insolvencies through lawsuits or pre-suit settlement/mediation, and civil liability (mediator's liability) of the financial institutions that introduced borrowers to the seven former Jusen companies. The majority of these cases entailed litigation 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. The DICJ is working to appropriately resolve litigation still

pending through the Liability Investigation Committee and the Committee's Special Advisory Council, with due consideration to the DICJ's public mission and economic rationality, etc.

The DICJ served as the financial administrator for the failed Incubator Bank of Japan for two years from September 2010, and undertook investigative activities to clarify the events leading up to the failure of this bank, the bank's use of funds, etc., and to ascertain the civil and criminal liability of the former management. As a result, the RCC, to whom the claims for damages had been transferred, filed a lawsuit in August 2011 against seven members of the former management demanding ¥5.0 billion in damages. Then, the RCC filed a lawsuit in August 2012 against four members of the former management demanding ¥500 million in damages.

These efforts resulted in a cumulative total of 127 cases of lawsuits for damages against the former managers of the seven former Jusen companies and failed financial institutions 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, 2013)

| | | DICJ (Note 3) | | RCC | | | | | | Total | |
|-------------------------------|------------------------------|---------------|----------------------------|--------------|----------------------------|---------------|----------------------------|--------------|----------------------------|--------------|----------------------------|
| | | | | RCB (Note 4) | | HLAC (Note 5) | | RCC (Note 6) | | | |
| | | 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 (Note 1) | Failed financial institution | 17 | 38,132.30 | 15 | 30,238.35 | | | 89 | 54,763.09 | 121 | 123,133.74 |
| | Jusen | | | | | 1 | 3,595.00 | 3 | 900.00 | 4 | 4,495.00 |
| Mediator's liability (Note 2) | | | | | | 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 through slipshod management, but have also actively filed complaints and accusations with investigative authorities on matters deemed illegal acts, and investigations are still ongoing on both the criminal and civil liability of the former management of the Incubator Bank of Japan that failed in FY2010.

The DICJ has similarly filed accusations (complaints) against debtors who have attempted to escape their debts through illegitimate methods. Particularly in cases involving antisocial forces, the DICJ has assisted the RCC in taking strict measures against these parties by

endeavoring to ascertain any illegal actions committed in the course of recovery negotiations and providing guidance/advice to assist the filing of accusations (complaints) regarding these actions. As a result, the RCC filed an accusation against the head of a subordinate group of Yamaguchi-Gumi, a designated crime syndicate, and a debtor of the RCC, and two accomplices for obstruction of auction and bid in relation to the crime syndicate head's successful bid made in another person's name as a dummy for his own auctioned property.

The DICJ filed accusations (complaints) against borrowers in one case (three individuals) in FY2012 and, since June 1996, has filed accusations (complaints) against borrowers in 300 cases (594 individuals) and lenders in 38 cases (108 individuals) for a grand total of 338 cases (702 individuals).

Accusations/Complaints

(i) Number of cases (cumulative total by March 31, 2013)

(Unit: cases)

| | DICJ | RCC | HLAC | RCB | Total |
|---------------------|-----------------|------------------|-----------------|-----------------|-------------------------------|
| Arrested | 29 (85) | 209 (430) | 76 (149) | 23 (37) | 337 (701) |
| Under investigation | | | | | |
| Other (Note 2) | | | 1 (1) | | 1 (1) |
| Total | 29 (85) | 209 (430) | 77 (150) | 23 (37) | 338 (Note 3) (702) |

Notes: 1. The figures in parentheses represent the number of persons against whom an accusation (or a complaint) was brought.

2. Statute of limitation expired.

3. 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 | 300 | 594 |
| Lenders | 38 | 108 |
| Total | 338 | 702 |

(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 | 0 | 77 (150) | 23 (37) | 100 (187) |

Note: The figures in parentheses represent the number of persons against whom an accusation (or a complaint) was brought.

- From the establishment of the RCC (April 1, 1999) to March 31, 2013

(Unit: cases)

| | DICJ | RCC | | | | Total |
|--|-----------------|---------------------|--|----------------------------|----------------|------------------|
| | | Former Jusen claims | Transferred claims of failed financial institutions (Note 2) | Article 53 claims (Note 3) | Other (Note 4) | |
| Cases related to borrowers (Note 5) | 11 (33) | 45 (86) | 132 (260) | 19 (43) | 2 (3) | 209 (425) |
| Auction interference | 1 (1) | 7 (9) | 45 (88) | 11 (25) | 1 (1) | 65 (124) |
| Fraud | 4 (10) | 14 (30) | 33 (64) | 3 (8) | | 54 (112) |
| Obstruction of compulsory execution | 3 (11) | 16 (34) | 26 (52) | 3 (8) | 1 (2) | 49 (107) |
| False entry on notarial documents, etc. | 1 (7) | 3 (7) | 8 (27) | | | 12 (41) |
| Threat/extortion | | | 5 (8) | | | 5 (8) |
| Fraudulent bankruptcy | 2 (4) | | 7 (11) | 1 (1) | | 10 (16) |
| Other | | 5 (6) | 8 (10) | 1 (1) | | 14 (17) |
| Cases related to lenders (Note 6) | 18 (52) | | 11 (38) | | | 29 (90) |
| Breach of trust/aggravated breach of trust | 13 (37) | | 10 (35) | | | 23 (72) |
| Other | 5 (15) | | 1 (3) | | | 6 (18) |
| Total | 29 (85) | 45 (86) | 143 (298) | 19 (43) | 2 (3) | 238 (515) |

- Notes: 1. The figures in parentheses represent the number of persons against whom an accusation (or a complaint) was 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 11 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. In six of the 11 cases of the "Cases related to lenders" listed in the RCB column, the accusation (or complaint) was 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.

(iii) List of cases in which accusations were filed (FY2012)

| Date of accusation | Accuser | Investigative agency | Suspect | Charges | Contents |
|--------------------|---------|--------------------------|---|--------------------------------|--|
| Jun 1, 2012 | RCC | Osaka Prefectural Police | Three individuals, including a debtor of a failed financial institution | Obstruction of auction and bid | Obstruction of auction and bid for own real estate used as collateral through successful bidding by himself with the use of a dummy nominee (Civil Execution Act precludes the debtor from bidding). |

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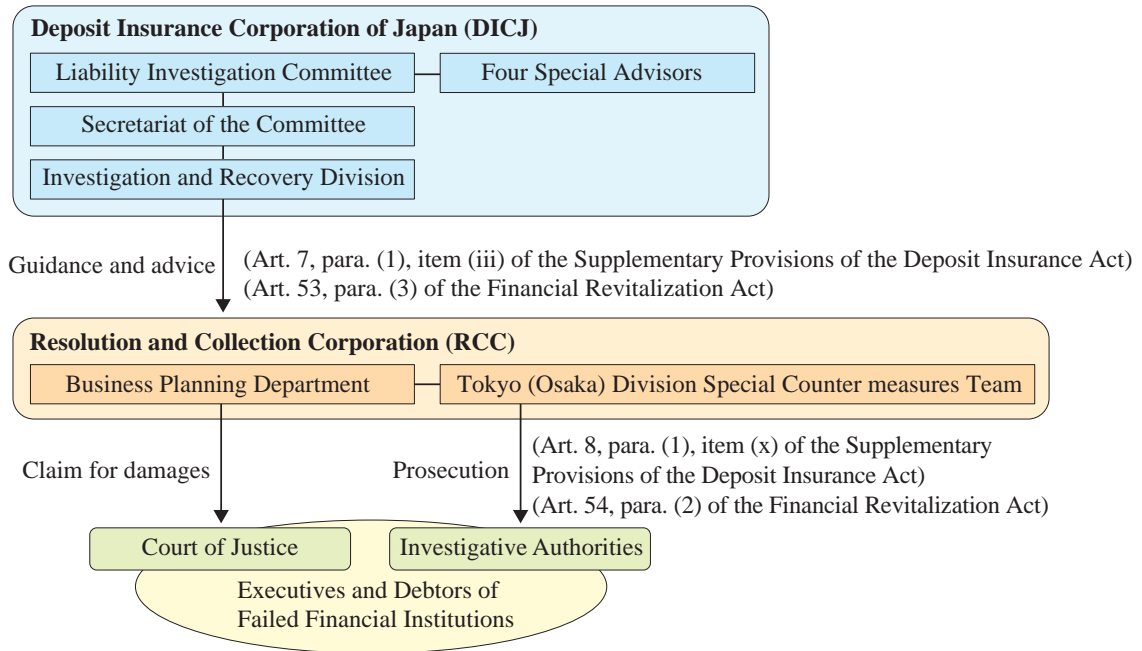
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System for liability pursuit

The Liability Investigation Committee, which was established in February 1998 and which is chaired by the Governor of the DICJ, has held 106 meetings. At present, the Special Advisors for this committee are people who formerly served as: the president of the Osaka High Court; the president of the Japan Federation of Bar Associations; the commissioner-general of the National Police Agency and the prosecutor general. [See P16: I. 2. (2) (iii) 1]

The Liability Investigation Committee files accusations and take other actions in a rigorous and appropriate manner through the following system:



4. Operations Related to Capital Injection

(1) Operations Related to Capital Injection

The DICJ undertakes operations related to capital injection into financial institutions under the Acts specified on

P57: II. 4. (2), and entrusts share subscription, etc., related to the operations specified on P57–58: II. 4. (2) (i) and (ii) to the RCC. The DICJ directly subscribes for shares, etc., in relation to the operations specified on P59: II. 4. (2) (iii). [See P61: II. 4. (2) Table 1]

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

- (i) **Capital injection:** The DICJ subscribes for shares issued by financial institutions under relevant Acts.
- (ii) **Management:** The DICJ properly manages holdings of preferred shares and other capital-raising instruments.
- (iii) **Disposal:** The DICJ smoothly disposes of holdings of preferred shares and other capital-raising instruments.

(i) Capital injection

The capital injection system currently permits measures compliant with the Financial Functions Strengthening Act and the Deposit Insurance Act (measures against financial crisis and capital injections into assuming financial institutions: permanent measures). In FY2012 a total of ¥65.0 billion in capital injections was provided to three entities in accordance with the Financial Functions Strengthening Act, bringing the cumulative total of capital injections as of the end of FY2012 to ¥12,977.9 billion provided to 59 entities.

The Financial Functions Strengthening Act was revised in July 2011 to deal with the aftermath of the Great East Japan Earthquake, maintain/strengthen financial functions throughout the afflicted region and construct a framework that would reassure depositors. [See P58: II. 4. (2) (ii)]

(ii) Management

The DICJ's activities include lending funds necessary for the operations of the RCC and collecting profits arising from the RCC's operations. As well, it authorizes the RCC to exercise voting and other rights as a shareholder or capital subscriber, and directly exercises its own voting rights regarding shares for which it has subscribed. In December 2008, the DICJ announced the "Basic Policy in Exercising the Voting Right as a Shareholder," setting out its basic policy for the exercise of voting rights regarding shares acquired as a result of capital injection with public funds. The DICJ is also properly conducting management operations; for example, it holds meetings with recapitalized financial institutions in a timely manner to review their financial results, dividend policies and accumulation of retained earnings as well as capital policies, including future plans for public fund repayments.

Main management operations in FY2012

- Exercising the voting rights at general meetings of shareholders
- Holding regular meetings with financial institutions to review their financial results semi-annually and quarterly

The DICJ should exercise its voting rights properly from the viewpoint of its interests as a shareholder, 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; and
- it is in accordance with the purposes of the law that constitutes the basis of the strengthening of the capital base, such as the facilitation of financing.

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

(iii) Disposal

With regard to the disposal of preferred shares and other capital-raising instruments held as a result of capital injection, a cumulative total of ¥11,051.8 billion worth was disposed of by the end of March, 2013, while the balance of preferred shares and other capital-raising instruments held as a result of capital

injection stood at ¥1,926.1 billion as of the end of March, 2013. When disposing of assets in the form of preferred shares, 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

P17: I. 2. (2) (iii) 2)]

Moreover, assuming the use of public offerings as a means of disposal, the DICJ selects the candidates for the lead manager securities companies in advance through an open tendering process and chooses the lead manager securities companies from among them on the occasion of each public offering so that fairness can be ensured and disposal can be implemented more efficiently.

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 into which capital was injected, 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 from the viewpoints of: (i) avoidance of the public costs, (ii) stability of the financial system, and (iii) the soundness of management of financial institutions.

Reflecting the increasing emphasis on “taxpayers’ interests” in managing public funds, the DICJ may dispose of preferred shares and other capital-raising instruments 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 view of the term of the preferred shares and stock prices movements.

In such cases, the DICJ ensures the soundness of management of the institution and avoids adverse impact on the market, 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.

Main disposal operations in FY2012

- The DICJ disposed of preferred shares and other capital-raising instruments acquired through capital injection on five cases in FY2012.
- The DICJ convened meetings of the Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments.
- The DICJ selected the candidates for the lead manager securities companies for FY2013 in February 2013.

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 the capital injections, “considering the aspect of asset management with more emphasis on the standpoint of ‘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 view 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 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 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.

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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, consulting with the Recapitalized Financial Institutions, in view 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, from the perspective 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 from each Recapitalized Financial Institution in advance, and make sufficient discussion with the institution, based on the appropriate procedures.

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 the standpoint of “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 view 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 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 view 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 be fairly sold to third parties, in view of the purport that financial institutions were injected with capital by issuing preferred shares, the DICJ will give due consideration to the management independence of the Recapitalized Financial Institutions which issued such preferred shares.

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, from the viewpoint

of 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 plan of the financial institution for restoring sound management, 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 view of the criteria for judgment as mentioned below, including the requirement that the financial institution concerned can consistently ensure a satisfactory capital adequacy ratio.

(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 plan of the financial institution for restoring sound management, 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, from the viewpoint of its method or scale, etc.

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

(1) Concept

The DICJ will make the disposal of the preferred shares, unless there are any special problems, if it is deemed proper in view 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 view of the terms of preferred shares 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, from the perspective of respecting the capital policy of the Recapitalized Financial Institution, the DICJ shall see whether there is an intention of request for disposal of preferred shares 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 at a fair price in view 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, from the viewpoint of 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 plan of the financial institution for restoring sound management, and with market evaluation, and so on.

The DICJ shall determine the timing and scale of conversion or sale of preferred shares, 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 is fair. Furthermore, upon converting^(Note) or selling, the DICJ shall give due consideration to the independence of management of the Recapitalized Financial Institutions which issued them, in view of the intent of recapitalizing the financial institutions by issuing preferred shares.

Note: The conversion is made from the perspective of asset management.

(2) Capital Injection and Disposal under Relevant Acts

(i) The former Financial Functions Stabilization Act and the Early Strengthening Act

The DICJ subscribed for shares and other capital-raising instruments worth a total of ¥10,420.9 billion, which comprised ¥1,815.6 billion in cumulative capital injected under the Act on Emergency Measures for Financial Functions Stabilization (hereinafter referred to as the “former Financial Functions Stabilization Act”) (abolished in October 1998) and ¥8,605.3 billion in cumulative capital injected under the Act on Emergency Measures for Early Strengthening of Financial Functions (hereinafter referred to as the “Early Strengthening Act”).

By the end of March 2013, the DICJ received requests from various financial institutions, via the RCC, for the disposal of preferred shares and other capital-raising instruments through transfer and other means, and it approved the RCC’s applications for disposal as follows: the disposal of ¥131.0 billion in preferred shares, ¥1,180.0 billion in subordinated bonds, and ¥314.6 billion in subordinated loans that the DICJ subscribed for under the former Financial Functions Stabilization Act. Moreover the DICJ disposed of ¥6,612.2 billion in preferred shares, ¥200.35 billion in common shares, ¥954.0 billion in subordinated bonds, and ¥370.0 billion in subordinated loans, which it subscribed for under the Early Strengthening Act.

In August 2012, Aozora Bank, Ltd. announced

“Comprehensive Recapitalization Plan,” which outlined its approach to the repayment of public funds and capital/dividend policy. The plan clarified the path to the full repayment of public funds by featuring the following measures:

- 1) Securing funds for full repayment of public funds through a change in capital composition (capital reduction);
- 2) Extending the conversion date of the preferred shares relating to public funds;
- 3) Repaying public funds by repurchasing a portion of the preferred shares;
- 4) Fully repaying public funds over a 10-year period through payment of special preferred dividends;
- 5) Fully repaying the remaining public funds as early as possible when conditions are met; and
- 6) Repurchasing common shares equivalent to approximately 20% of the total number of outstanding shares and setting a dividend payout ratio at 40% in order to enhance the return to common shareholders.

The DICJ approved the proposals with regard to the changes to the terms of the preferred shares (through amending the Articles of Incorporation) at the respective class shareholders meetings held in September 2012 and entered into a letter agreement with the bank, which includes mutual confirmation of the total amount of public funds to be repaid. In October of the same year, in response to Aozora Bank’s request, the DICJ disposed of preferred shares totaling ¥26.532 billion (repurchase amount: ¥22.7 billion).

[Comprehensive Recapitalization Plan of Aozora Bank, Ltd.]

| | Measures to realize a full repayment of public funds over time |
|---|---|
| Aozora Comprehensive Recapitalization Plan | Identify a clear structure toward a full repayment of public funds <ul style="list-style-type: none"> • Upfront repayment/retirement of a portion on the Series 5 preferred shares • Installment repayments through a super preferred dividend paid from Other Capital Surplus |
| | Improve the stock evaluation <ul style="list-style-type: none"> • Common share buyback • Increase dividend payout ratio (to enhance return to shareholders) |
| | Eliminate the hurdles for repayment <ul style="list-style-type: none"> • Create a distributable amount sufficient for a full repayment of public funds through a change in capital composition • Eliminate the “Gap issue” through the installment repayment structure (An extension of the conversion period for the preferred shares) |

Source: Compiled based on a press release issued by Aozora Bank, Ltd.

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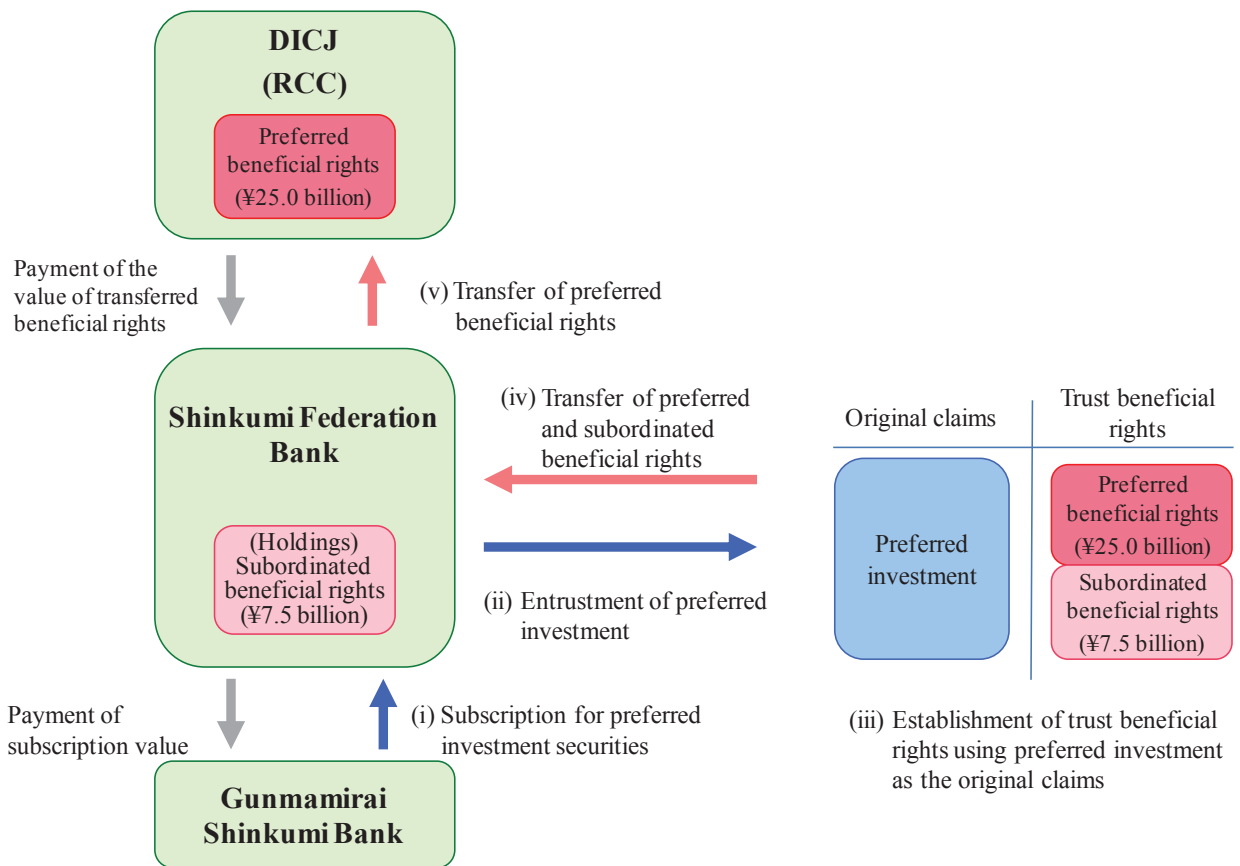
In addition, in March 2013, Sumitomo Mitsui Trust Holdings, Inc. applied for disposal of common shares, and the DICJ disposed of common shares totaling ¥200.35 billion (proceeds from sale: ¥213.874 billion) through sale on the ToSTNeT-2 market (closing price trade) of the Tokyo Stock Exchange, marking the completion of the company's repayment of public funds. Consequently, as of March 31, 2013, the net outstanding balance of shares and other capital-raising instruments the DICJ has subscribed for after deducting the disposals made until then was ¥190.0 billion involving two financial institutions under the former Financial Functions Stabilization Act and ¥468.8 billion involving four entities under the Early Strengthening Act. [See P139: IV. 2. (2) (i), P140: IV. 2. (2) (ii)]

Organizational Restructuring of Financial Institutions (hereinafter referred to as the "Organizational Restructuring Act"), which makes it possible for financial institutions pursuing organizational restructuring through mergers and other means to receive public funds from the DICJ, capital injection into one financial institution worth a total of ¥6.0 billion was made and the injected public funds have already been repaid. [See P143: IV. 2. (2) (iii)]

In accordance with the Financial Functions Strengthening Act, whose aim was to revitalize local economies by offering public assistance to efforts being made by financial institutions to bolster financial functions in their communities and thereby contribute to the maintenance of an orderly credit system and the sound development of the national economy, the DICJ provided capital injection to the Shinkumi Federation Bank (Gunmamirai Shinkumi Bank) in December 2012 through the purchase of trust beneficial rights totaling ¥25.0 billion.

(ii) The Act on Organizational Restructuring and the Financial Functions Strengthening Act
Under the Act on Special Measures for Promotion of

[Capital injection scheme for the Shinkumi Federation Bank (Gunmamirai Shinkumi Bank)]



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The total amount of preferred shares disposed by the end of March 2013 stood at ¥35.4 billion. Consequently, the net outstanding balance of preferred shares held by the DICJ stood at ¥339.1 billion involving 13 entities as of March 31, 2013.

In response to Kiyo Holdings Inc.'s request, the DICJ disposed of preferred shares totaling ¥15.4 billion (repurchase amount: ¥16.66 billion) in September 2012, representing the first disposal of preferred shares under the Financial Functions Strengthening Act.

A revised version of the Financial Functions Strengthening Act was put into force on December 17, 2008 and the deadline for applications for the subscription for shares was extended to the end of March 2012, but on July 27, 2011 a further revised Financial Functions Strengthening Act was enacted to deal with the aftermath of the Great East Japan Earthquake, maintain/strengthen financial functions throughout the afflicted region, and establish a solid framework that reassures depositors.

Specifically, the revised Act extended the application deadline for capital participation by the government by five years (until the end of March, 2017) and established special provisions in response to the disaster. For disaster-impacted financial institutions seeking capital participation by the government, the revised Act provided that (1) the responsibility of managers will not be pursued, (2) the setting of specific goals for profitability, efficiency, or other benchmarks will not be required; and (3) the cost of government capital injection will be reduced compared with in normal times, while for cooperative financial institutions the revised Act declared that (1) cooperative financial institutions whose future financial condition is uncertain because they have suffered disaster damage or because they have a substantial amount of outstanding loans to disaster victims may receive joint capital injection from the government and their central organizations, (2) central organizations will provide guidance on the management of financial institutions which have suffered disaster damage, and (3) if the write-off of carried-over losses has become necessary due to future businesses restructuring, deposit insurance funds, for example, may be used to liquidate injected capital.

In FY2012, capital injection of ¥10.0 billion was provided to Tohoku Bank in September 2012 (subscription for preferred shares), and ¥30.0 billion (subscription for preferred shares) was provided to Jimoto Holdings, Inc. (Kirayaka Bank) in December 2012.

The outstanding balance of funds provided through capital injections to the earthquake-affected special financial institutions by the end of March 2013 stood at ¥216.5 billion involving 12 entities, including ¥86.1 billion provided to six specified cooperative financial institutions under earthquake-related special measures.

The outstanding balance of subscription, etc., made under the Financial Functions Strengthening Act, including capital injections to the earthquake-affected special cooperative financial institutions, by the end of March 2013 stood at ¥555.6 billion provided to 25 entities. [See P144: IV. 2. (2) (iv)]

(iii) The Deposit Insurance Act

Under the Deposit Insurance Act, the DICJ is authorized to subscribe for shares and other capital-raising instruments against the financial crisis (Article 102, paragraph (1), item (i) of the Deposit Insurance Act). It is also authorized to subscribe for preferred shares and other capital-raising instruments issued by assuming financial institutions and bank holding companies, which take over business or conduct a merger (capital injection of the assuming financial institution under Article 59, paragraph (1), item (vi) of the Deposit Insurance Act). [See P146: IV. 2. (3) (i) (a), P147: IV. 2. (3) (i) (b)]

As a measure against the financial crisis, the DICJ may subscribe for shares and other capital raising instruments issued by financial institutions if the Prime Minister acknowledges the need to do so. The DICJ injected a capital of ¥1,960.0 billion into the Resona Bank, Ltd. by subscribing for preferred and common shares on June 30, 2003, after a meeting of the Financial Crisis Response Council held on May 17, 2003. (Subsequently, these shares were exchanged for shares issued by Resona Holdings.)

At the request of Resona Holdings, the DICJ began carrying out disposals from February 2005 with authorization from the FSA Commissioner and the Minister of Finance, and these disposals currently total ¥1,248.3 billion. The outstanding balance of subscription for both ordinary and preferred shares as of March 31, 2013 came to ¥711.7 billion. [See P145: IV. 2. (2) (v)]

On the other hand, the purpose of capital injection into an assuming financial institution is to help restore its capital adequacy ratio, should the ratio decline as a result of being involved in the resolution of a failed financial institution, such as a merger with the failed institution. To date, however, no capital injection of this type has been carried out.

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Column 7: What is capital injection with public funds?

(1) Background

Since 1997, the expansion of non-performing loans in the aftermath of the bursting of the economic bubble eroded the strength of Japanese financial institutions and triggered a string of failures of financial institutions, seriously shaking confidence in the Japanese financial system as a whole both at home and abroad. The resulting decline in financial functions, as exemplified by banks' perceived reluctance to lend money, was cited as a factor behind the prolonged economic stagnation in Japan and developed into a significant social problem.

(2) History of capital injection

In order to cope with this situation, the government decided to use public funds to subscribe for shares and other capital-raising instruments issued by financial institutions (capital injection with public funds) to help restore the strength of financial institutions, restore confidence in financial institutions both at home and abroad and normalize financial functions in Japan. The former Financial Functions Stabilization Act and the Early Strengthening Act were enacted in February and October 1998, respectively, as temporary measures to deal with systemic risk (until the end of March 2001; the former Financial Functions Stabilization Act was abolished in October 1998), and the DICJ was called upon to undertake operations related to the capital injection into financial institutions.

Furthermore, the Deposit Insurance Act was revamped as a permanent measure in order to prepare for a potential financial crisis in the future and maintain the stability of the financial system under the limited coverage of deposit insurance, taking up capital injection to deal with a financial crisis and capital injection into assuming financial institutions as one type of financial assistance. In addition, the Organizational

Restructuring Act and the Financial Functions Strengthening Act, which absorbed the portion related to capital injections made under the Organizational Restructuring Act, were enacted as special measures valid until the end of March 2008 in order to help ensure the sound and efficient management of financial institutions, etc., and the revitalization of regional economies.

(3) Revision of the Financial Functions Strengthening Act (Response to the global financial crisis and the Great East Japan Earthquake)

In December 2008, at a time when the global financial crisis was significantly affecting the management of financial institutions through sharp stock price falls in Japan and the real economy, the revised Financial Functions Strengthening Act was enacted as a special measure valid until the end of March 2012 in order to help financial institutions properly and proactively provide funds and perform the financial intermediation functions as expected by small and medium-sized enterprises, etc. In July 2011, following the unprecedented earthquake, the Financial Functions Strengthening Act was amended again and extended until the end of March 2017 in order to help stabilize the financial base of earthquake-affected financial institutions, maintain and strengthen the financial functions in afflicted areas and protect depositors.

Since February 1998, when the former Financial Functions Stabilization Act was put into force, the capital injection measures have been introduced and revised time to time. Various measures to maintain the stability of the financial system, in response to the changes of financial conditions and considering current issues of the financial administration, have been developed.

Status of capital injection into financial institutions and disposal of capital-raising instruments

Table 1. Capital injection and disposal (as of March 31, 2013)

| Applicable Acts | Purpose of capital injection | | Capital injection implementation (application deadline) |
|--|--|---|--|
| Former Financial Functions Stabilization Act | To maintain the stability of the financial 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) |
| Organizational Restructuring Act | To promote organizational restructuring of financial institutions and contribute to economic revitalization | | September 2003 (Capital injections 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) | | November 2006 – December 2012 (until the end of March 2017) |
| Deposit Insurance Act | To maintain the stability of the financial system | Response against financial crisis (measures under item (i)) | June 2003 (Permanent measure) |
| | To assist in mergers, etc. | Capital injection to assuming financial institutions | No cases (Permanent measure) |

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

| Applicable Acts | Capital injection amount | | | | | Current balance | | | | |
|---|----------------------------------|-------------------------------|-------------------------|--------------------------|-----------------------------|----------------------------------|-------------------------------|-------------------------|--------------------------|----------------------------|
| | Number of financial institutions | Preferred and ordinary shares | Trust beneficial rights | Subordinated bonds/loans | Total | Number of financial institutions | Preferred and ordinary shares | Trust beneficial rights | Subordinated bonds/loans | Total |
| Former Financial Functions Stabilization Act | 21 | 321.0 | — | 1,494.6 | 1,815.6 | 2 | 190.0 (130.0) | — | — | 190.0 (130.0) |
| Early Strengthening Act | 32 | 7,281.3 | — | 1,324.0 | 8,605.3 | 4 | 468.8 (120.0) | — | — | 468.8 (120.0) |
| Organizational Restructuring Act | 1 | — | — | 6.0 | 6.0 | — | — | — | — | — |
| Financial Functions Strengthening Act | 25 | 409.5 | 161.5 | 20.0 | 591.0 | 25 | 374.1 | 161.5 | 20.0 | 555.6 |
| For earthquake-affected special financial institutions | 12 | 105.0 | 91.5 | 20.0 | 216.5 | 12 | 105.0 | 91.5 | 20.0 | 216.5 |
| Deposit Insurance Act (Measures against financial crisis) | 1 | 1,960.0 (296.4) | — | — | 1,960.0 (296.4) | 1 | 711.7 (261.7) | — | — | 711.7 (261.7) |
| Total | 59 | 9,971.8 (296.4) | 161.5 | 2,844.6 | 12,977.9 (296.4) | 29 | 1,744.6 (511.7) | 161.5 | 20.0 | 1,926.1 (511.7) |

Notes: • Figures inside parentheses indicate ordinary shares.

- Common shares pursuant to the former Financial Functions Stabilization Act were acquired by the exercise of privilege of acquisition claims, and those pursuant to the Early Strengthening Act were acquired by mandatory acquisition.

(Unit: ¥ billion; figures are rounded off)

| FY | Disposal Amount (book value) | | | |
|--------------------------|------------------------------|-------------------------|--------------------------|------------------------|
| | Preferred and common shares | Trust beneficial rights | 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) | — | 51.0 | 446.2 (32.0) |
| 2009 | 60.0 | — | — | 60.0 |
| 2010 | 1,286.6 | — | — | 1,286.6 |
| 2011 | — | — | — | — |
| 2012 | 262.3 | — | — | 262.3 |
| Cumulative Amount | 8,227.2 (34.7) | — | 2,824.6 | 11,051.8 (34.7) |

Note: Figures inside parentheses indicate ordinary shares.

Table 2. List of capital injection/disposal/balances by financial institution (as of March 31, 2013) (Unit: ¥ billion)

| Name of financial institution | Amount of capital injection | (Classification) | | Cumulative total of disposed book value | | For FY2012 | | Remaining balance | |
|--|-----------------------------|---|---------|---|-------------------------------|------------|-----------|-------------------|-----------|
| | | Type (instrument) | Amount | | Breakdown | | Breakdown | | Breakdown |
| Resona HD | 3,128.0 | Preferred Shares | 2,531.6 | 2,256.3 | 1,921.6 | — | — | 871.7 | 610.0 |
| | | Common Shares | 296.4 | | 34.7 | | — | | 261.7 |
| | | Subordinated Loans | 300.0 | | 300.0 | | — | | — |
| Shinsei Bank | 416.6 | Preferred Shares | 370.0 | 166.6 | 120.0 | — | — | 250.0 | — |
| | | Common Shares | — | | (120.0) ^(Note 3) | | — | | 250.0 |
| | | Subordinated Loans | 46.6 | | 46.6 | | — | | — |
| Aozora Bank | 320.0 | Preferred Shares | 320.0 | 131.3 | 131.3 | 26.5 | 26.5 | 188.7 | 188.7 |
| | | Common Shares | — | | (104.7) ^(Note 3) | | — | | — |
| Chiba Kogyo Bank | 60.0 | Preferred Shares | 60.0 | — | — | — | — | 60.0 | 60.0 |
| Kiyo HD (Kiyo Bank) | 31.5 | Preferred Shares | 31.5 | 15.4 | 15.4 | 15.4 | 15.4 | 16.1 | 16.1 |
| Howa Bank | 9.0 | Preferred Shares | 9.0 | — | — | — | — | 9.0 | 9.0 |
| North Pacific Bank | 100.0 | Preferred Shares | 100.0 | — | — | — | — | 100.0 | 100.0 |
| 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 | 20.0 | 20.0 | 30.0 | 30.0 |
| Daisan Bank | 30.0 | Preferred Shares | 30.0 | — | — | — | — | 30.0 | 30.0 |
| Shinkumi Federation Bank (YamanashiKenmin Shinkumi Bank) | 45.0 | Trust Beneficial Rights ^(Note 5) | 45.0 | — | — | — | — | 45.0 | 45.0 |
| Towa Bank | 35.0 | Preferred Shares | 35.0 | — | — | — | — | 35.0 | 35.0 |
| 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 |
| 77 Bank | 20.0 | Subordinated Loans | 20.0 | — | — | — | — | 20.0 | 20.0 |
| Shinkumi Federation Bank (Soso Shinkumi Bank) | 13.9 | Trust Beneficial Rights | 13.9 | — | — | — | — | 13.9 | 13.9 |
| Shinkumi Federation Bank (Iwaki Shinkumi Bank) | 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 (Kesenuma 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 |
| Shinkumi Federation Bank (Nasu Shinkumi Bank) | 5.4 | Trust Beneficial Rights ^(Note 5) | 5.4 | — | — | — | — | 5.4 | 5.4 |
| Tohoku Bank | 10.0 | Preferred Shares | 10.0 | — | — | — | — | 10.0 | 10.0 |
| Shinkumi Federation Bank (Gunmamirai Shinkumi Bank) | 25.0 | Trust Beneficial Rights ^(Note 5) | 25.0 | — | — | — | — | 25.0 | 25.0 |
| Mitsubishi UFJ FG | 2,200.0 | Preferred Shares | 1,600.0 | 2,200.0 | 1,600.0 | — | — | — | — |
| | | Common Shares | — | | (1,188.3) ^(Note 3) | | — | | — |
| | | 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) ^(Note 3) | | — | | — |
| | | 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 | 200.4 | — | 200.4 | — |
| | | Common Shares | — | | (345.9) ^(Note 3) | | — | | — |
| | | Subordinated Bonds | 100.0 | | 100.0 | | — | | — |
| | | Subordinated Loans | 178.0 | | 178.0 | | — | | — |
| 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) ^(Note 3) | | — | | — |
| | | 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 | | — | | — |
| Ashigin FG | 135.0 | Preferred Shares | 105.0 | 135.0 | 105.0 | — | — | — | — |
| | | Subordinated Bonds | 30.0 | | 30.0 | | — | | — |
| 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 | — | — | — | — |
| Kanto Tsukuba Bank | 6.0 | Subordinated Loans | 6.0 | 6.0 | 6.0 | — | — | — | — |
| 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 | — | — | — | — |

| Name of financial institution | Amount of capital injection | (Classification) | | Cumulative total of disposed book value | | For FY2012 | | Remaining balance | |
|-------------------------------|---|-------------------|-----------------|---|-----------------|----------------------|-----------------------------|--------------------------------------|----------------|
| | | Type (instrument) | Amount | | Breakdown | | Breakdown | | Breakdown |
| 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 | — | — | — | — |
| Total | Total capital injection amount | | 12,977.9 | Total disposed book value | 11,051.8 | For FY2012 | 262.3 | Total remaining balance | 1,926.1 |
| | Breakdown by type (instrument) Breakdown for amount of capital injection | | | Breakdown of disposed book value | | Breakdown for FY2012 | | Breakdown of total remaining balance | |
| | Preferred Shares | | 9,675.4 | | 8,192.5 | | 61.9 | | 1,232.9 |
| | Common Shares | | 296.4 | (2,064.9) ^(Note 3) | 34.7 | | (200.4) ^(Note 3) | | 511.7 |
| | Subordinated Bonds | | 2,134.0 | | 2,134.0 | | — | | — |
| | Subordinated Loans | | 710.6 | | 690.6 | | — | | 20.0 |
| | Trust Beneficial Rights | | 161.5 | | — | | — | | 161.5 |

Notes: 1. The above figures are rounded off.

2. 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.
3. Disposed after being converted into common shares from preferred shares.
4. 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 mandatory acquisition by the bank on August 1, 2007.
Regarding the funds provided under the former Financial Functions Stabilization Act (¥96.8864 billion after capital reduction), common shares were held upon the request for acquisition on March 31, 2008.
5. Of the trust beneficial rights, preferred beneficial rights were purchased by the DICJ.

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

(1) Posting of Public Notices by the DICJ

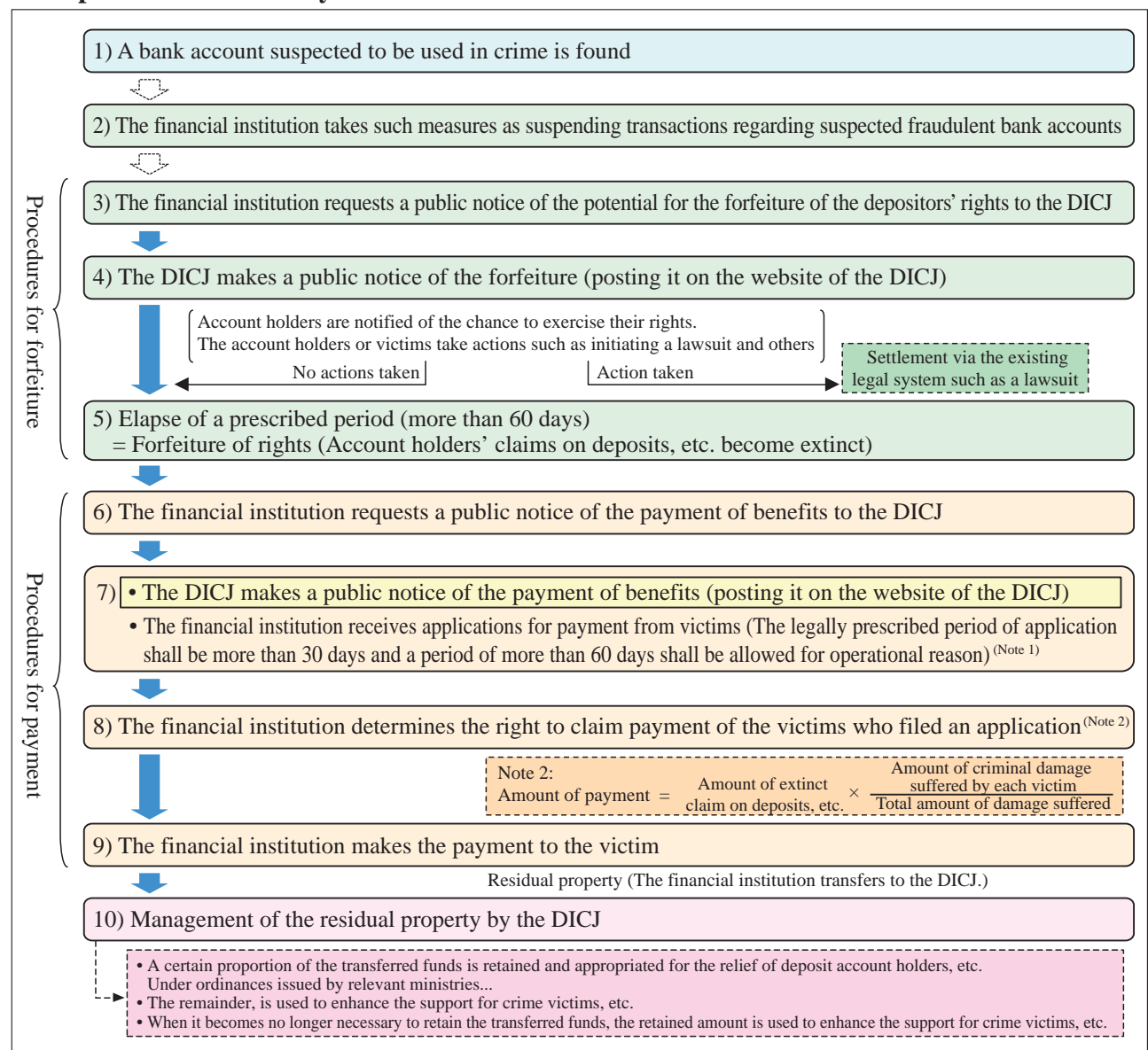
Based on the Criminal Accounts Damage Recovery Act, the DICJ in July 2008 started posting public notices on the procedures for the payment of damage-recovery benefits for the purpose of contributing to the prompt recovery of property damage suffered by victims of criminal acts, such as bank transfer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

The Criminal Accounts Damage Recovery Act requires an

announcement of the status of the posting of public notices at least once a year (Article 37, paragraph (2) of the Act). Accordingly, on May 8, 2013, the DICJ announced the records of public notices posted in FY2012.

Public notices based on the Criminal Accounts Damage Recovery Act are posted on the DICJ website dedicated to such notices (Article 27 of the 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



Note 1: Out of consideration for the victims who reside in areas afflicted by the Great East Japan Earthquake, the period of application for payment has been set at 90 days for the time being regarding public notices posted on April 1, 2011, onward.

(2) Three Main Public Notices Posted in FY2012

The Criminal Accounts Damage Recovery Act provides 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 FY2012 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).

The public notices on the start of procedures for the extinction of claims on deposits, etc. posted by the DICJ in FY2012 numbered 24 (against 24 in FY2011), involving 29,650 deposit accounts (against 31,801 deposit accounts in FY2011) and claims on deposits, etc. worth ¥2,389 million (against ¥3,034 million in FY2011).

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. Subsequently, in principle, the procedure described in (ii) below is initiated to distribute the remaining claims on the deposit account. 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 are no distribution 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). The public notices to announce that there will be no distribution of damage-recovery benefits for extinct claims on a deposit, etc. (a deposit account for which the amount of claims is less than ¥1,000) posted by the DICJ in FY2012 numbered 24 (against 24 in FY2011), involving 16,706 deposit accounts (against 17,481 deposit accounts in FY2011) and claims worth ¥7 million (against ¥8 million in FY2011).

(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.

(Note) 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.

The public notices on the start of procedures for the payment of damage-recovery benefits for extinct claims on deposits, etc. posted by the DICJ in FY2012 numbered 24 (against 24 in FY2011), involving 13,626 deposit accounts (against 16,243 deposit accounts in FY2011) and claims on deposits, etc. worth ¥2,154 million (against ¥2,086 million in FY2011).

Note: Out of consideration for the victims who reside in areas afflicted by the Great East Japan Earthquake, the period of application for payment has been set at 90 days for the time being regarding public notices posted on April 1, 2011, onward.

(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 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 (Article 31 of Ordinance for the Enforcement of the Criminal Accounts Damage Recovery Act).

The public notices on the completion of the payment of damage-recovery benefits posted by the DICJ in FY2012 numbered 24 (against 24 in FY2011), with the total amount of extinct claims on deposits, etc., claims standing at ¥2,768 million (against ¥1,494 million in FY2011), the sum of payments to victims at ¥2,168 million (against ¥1,111 million in FY2011), and the sum of remaining claims expected to be transferred to the DICJ at ¥600 million (against ¥382 million in FY2011) (Article 19 of the Criminal Accounts Damage Recovery Act). [For the status of public notices posted in FY2012]

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

(i) System of money transfer

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.

(ii) Use of money transferred

In accordance with ordinances issued by a relevant ministry, the money transferred is to be used to enhance support for the victims of crime on the premise of setting aside funds necessary for the relief of deposit account holders (Article 20 of the Criminal Accounts Damage Recovery Act).

1) Relief of the rights of deposit account holders, etc.

For the ex post facto relief of deposit account holders, etc., the Criminal Accounts Damage Recovery Act provides that when sufficient reasons are found to assume that deposit accounts are not used in crimes after deposit account holders, etc. offer necessary explanations about circumstances beyond their control that prevented them from giving notices on the exercise of their rights to financial institutions within the prescribed period or reasons for major flows of money into their deposit accounts, deposit account holders, etc. can ask financial institutions to pay out the amounts equivalent to the balances of their deposit accounts. The Act also provides that in cases where deposit account holders, etc. offer necessary explanations about the circumstances beyond their control described above, when the money was put into their accounts with assets other than damaged assets, deposit account holders, etc. can ask financial institutions to pay out the amounts left after deducting the amounts equivalent to

damaged assets from the balances of their deposit accounts (Article 25, paragraphs (1) and (2) of the Criminal Accounts Damage Recovery Act).

The Act also provides that financial institutions, when making the payments to deposit account holders, etc. in relation to the above requests for payments, can ask the DICJ to reimburse them for the amounts equivalent to the payments made to deposit account holders, etc., after giving the notices on the payments, when they think that there were no errors or omissions in the relevant procedures taken (Article 25, paragraphs (3) and (4) of the Criminal Accounts Damage Recovery Act). Thus far, the DICJ made the payment worth ¥5,284,802 in 5 cases of the ex post facto relief of deposit account holders, etc. (as of the end of March 2013).

2) Payments to enhance support for the victims of crimes

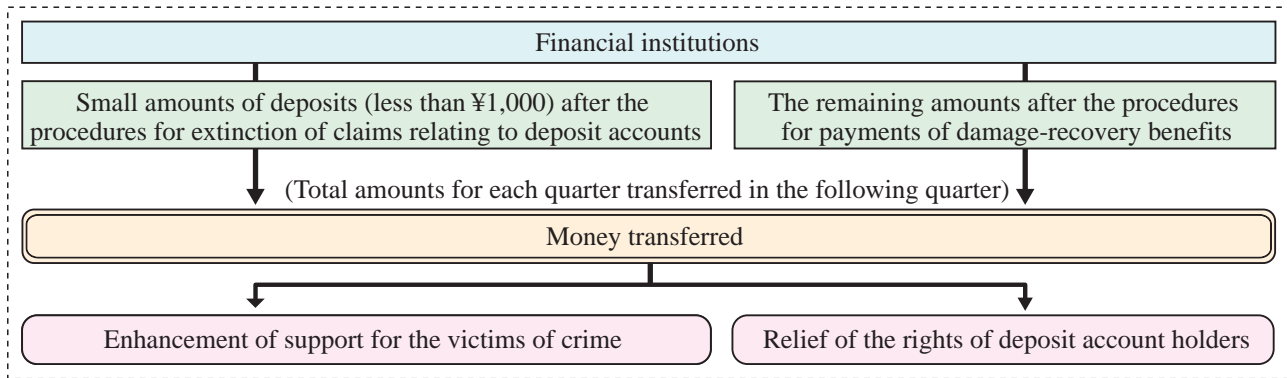
The Criminal Accounts Damage Recovery Act provides that money transferred to the DICJ shall be used for the enhancement of support for criminal victims as well as for the relief of the rights of deposit account holders as described above. Regarding specific uses of the money, an examination was made by “The Project Team on Issues Surrounding Payments to Deposit Insurance Corporation Stipulated in the Criminal Accounts Damage Recovery Act” (hereinafter referred to as the “Project Team”), which was established within the Financial Services Agency in September 2010. Based on the final proposals created by the Project Team, the ordinance of the competent ministry was revised to stipulate that the money shall be used for two projects: “scholarship loans to children of crime victims” and “subsidies to crime victims support groups” (effective from April 1, 2012).

In response, the Nippon Foundation, selected by the Project Team as the implementing entity of these two projects, started implementation in December 2012. In March 2013, the DICJ paid out ¥5,250 million for the projects.

(iii) Management of money transferred

The DICJ manages the money transferred by financial institutions in a separate dedicated account in order to prevent the money from becoming mixed with other funds.

System of money transfer



The amount of money transferred and paid out in each year

| Amount of money transferred | | Amount of money paid out | |
|-----------------------------|----------------|---|------------------------------------|
| | | Relief of the rights of deposit account holders | Support for criminal victims, etc. |
| FY2008 | ¥14,176,835 | 0 | 0 |
| FY2009 | ¥2,828,250,381 | 0 | 0 |
| FY2010 | ¥1,561,750,812 | ¥11,418 | 0 |
| FY2011 | *¥426,043,388 | ¥2,062,565 | 0 |
| FY2012 | ¥521,958,179 | ¥3,210,819 | ¥5,250,000,000 |
| Total | ¥5,352,179,595 | ¥5,284,802 | ¥5,250,000,000 |

Reference: Outstanding balance of money transferred as of March 31, 2013: ¥100,303,414 (including ¥3,408,621 in interest on money transferred)

*The figure was adjusted for excess transfer (¥1,823,829)

(4) Status of the Utilization of Public Notices

(i) Number of accesses

The number of accesses to the DICJ's website for public notices based on the Criminal Accounts

Damage Recovery Act in FY2012 reached 340,000 (against some 390,000 in FY2011).

The number of requests for consultations and inquiries from victims of crime or deposit account holders reached 639 (against 698 in FY2011).

Number of accesses to the website in FY2012

(Unit: cases)

| Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Total | (Ref.) FY2011 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------------|
| 30,580 | 29,416 | 31,182 | 30,297 | 28,327 | 27,061 | 30,973 | 27,401 | 24,314 | 26,534 | 28,881 | 28,917 | 343,883 | 391,065 |

Number of requests for consultations and inquiries in FY2012

(Unit: cases)

| Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Total | (Ref.) FY2011 |
|------|-----|------|------|------|------|------|------|------|------|------|------|-------|---------------|
| 41 | 57 | 52 | 31 | 20 | 38 | 57 | 50 | 50 | 85 | 79 | 79 | 639 | 698 |

(ii) Financial institutions covered

Financial institutions covered by the public notice system are banks (including the Japan Post Bank and foreign banks), Shinkin Banks, Labor Banks, Credit Cooperatives, Agricultural Cooperatives, Fishery Cooperatives, Fishery Processing Cooperatives, the Norinchukin Bank, the Shoko Chukin Bank, and federations of these cooperatives (Article 2, paragraph (1) of the Criminal Accounts Damage Recovery Act). Given the inclusion of Agricultural and Fishery

Cooperatives as well as foreign banks, which are outside the deposit insurance system, a broader range of financial institutions may utilize this system than the range of financial institutions covered by the deposit insurance system.

Of the 1,427 deposit-taking financial institutions (as of April 1, 2013), 635 entities made use of this system in FY2012 (the number increased to 762 after the Criminal Accounts Damage Recovery Act took effect).

Financial institutions covered and the use of the system

| | Banks | Shinkin Banks | Labor Banks | Credit Cooperatives | Norinchukin Bank Agricultural/Fishery Cooperatives | Shoko Chukin Bank |
|--|-------|---------------|-------------|---------------------|--|-------------------|
| Number of covered financial institutions | 199 | 271 | 14 | 158 | 784 | 1 |
| Number of financial institutions that used the system after the enactment of the law | 138 | 256 | 13 | 87 | 267 | 1 |
| (Number of financial institutions that used the system in FY2012) | (133) | (209) | (12) | (54) | (226) | (1) |

Note: Although Fishery Processing Cooperatives are covered by the system, they are not included in the above figures since they do not take deposits.

(iii) Collection of commissions

The DICJ collects commissions 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 commissions to cover the cost of operations in FY2011 (¥160 million) were collected from financial institutions in August 2012 (the fee was set at ¥3,524 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).

6. 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, the DICJ has devoted significant efforts to public relations (PR) activities. In FY2012, the DICJ conducted PR activities, utilizing various media in collaboration with related organizations.

The following is an overview of those activities.

(1) PR Activities Utilizing Various Media

The following is an overview of the principal PR activities conducted by the DICJ in FY2012.

- 1) The DICJ created a website specialized for access via smart phones so as to improve convenience for users.
- 2) The DICJ increased public awareness about the deposit insurance system by fully revising the brochure called "Deposit Insurance Guidebook" (former "Operations of the Deposit Insurance Corporation of Japan") and also by fundamentally revising "Understanding the Deposit Insurance System with Cartoons" and issuing them for distribution. In addition, the DICJ worked with other institutions in the preparation of their brochures with the aim of making the deposit insurance system better known.
- 3) The DICJ strove to realize correct press reporting by providing information to news media and positively responding to their news gathering activities.

- 4) The DICJ exerted its efforts to enable the general public, including depositors to better understand the deposit insurance system by dispatching lecturers to various training sessions and actively contributing articles to specialized journals.

(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 a wide range of questions and inquiries from the public, including depositors.

The number of inquiries totaled 2,118 in FY2012, a year-on-year decrease of 21.6%.

Many inquiries concerned "purchase system of deposits and estimated proceeds payment, etc." and "procedures for claiming insurance payout, etc." because the settlement payment was made with regard to the Incubator Bank of Japan in the first quarter. There were also a relatively large number of inquiries concerning "maximum insurance payment amount" and "insured financial institutions."



(The DICJ's website)



(The DICJ's brochure: "Understanding the Deposit Insurance System with Cartoons")



(The DICJ's brochure: "Deposit Insurance Guidebook")

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

9. The Medium-term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

Number of inquiries about general matters (Number of cases)

| | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 |
|---------------------|--------------|--------------|---------------|--------------|--------------|
| Individuals | 4,661 | 3,885 | 11,273 | 2,162 | 1,699 |
| Corporations | 1,105 | 658 | 1,545 | 539 | 419 |
| Total Number | 5,766 | 4,543 | 12,818 | 2,701 | 2,118 |

Number of inquiries recorded by item in FY2012

| Category | Number of cases | Composition ratio (%) |
|---|---------------------------------|---------------------------------|
| 1. Inquiries about the outline of the system | 316 | 6.4 |
| System in general | 224 | 4.5 |
| Organization of the DICJ | 44 | 0.9 |
| Deposit insurance fund, insurance premium rate | 48 | 1.0 |
| 2. Insurance payout, purchase of deposits | 4,052 | 81.7 |
| Insured financial institutions | 537 | 10.8 |
| Insured financial products | 420 | 8.5 |
| Insured depositors | 270 | 5.4 |
| Maximum insurance payment amount | 557 | 11.2 |
| Purchase system of deposits, estimated proceeds payment, etc. | 728 | 14.7 |
| Interest on deposits | 256 | 5.2 |
| Name-based aggregation of deposits | 252 | 5.1 |
| Settlement function | 184 | 3.7 |
| Reimbursement schedule | 283 | 5.7 |
| Procedures for claiming insurance payout, etc. | 563 | 11.3 |
| Provisional payment | 2 | 0.0 |
| 3. Financial assistance | 35 | 0.7 |
| 4. Offsetting of deposits against borrowing | 52 | 1.0 |
| 5. Requesting materials, other | 506 | 10.2 |
| Requesting materials, about the website | 102 | 2.1 |
| Other | 404 | 8.1 |
| Total by item | 4,961^(Note 1) | 100.0^(Note 2) |

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

2. Composition ratios by item do not add up to the total due to rounding.

7. Promotion of Efforts to Ensure 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,^(Note 1) the Revitalizing Earthquake-Affected Business Account and the Account for Disposal of Claims and Debts of Specific Jusen Companies (hereinafter referred to as the “Jusen Account”).^(Note 2) 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 Function 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 Act on Regional Economy Vitalization Corporation of Japan, the Revitalizing Earthquake-Affected Business Account under the Act on the Corporation for Revitalizing Earthquake-Affected Business and the Jusen Account under the Jusen 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 (deficit, earned surplus, 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).

Notes 1. The account name was revised from the Enterprise Turnaround Initiative Corporation Account to the Regional Economy Vitalization Corporation Account in accordance with the Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan.

2. The Jusen Account was abolished on June 30, 2012 in accordance with the Jusen Act, and a financial statement for the first three months of FY2012 was prepared.

(i) Overview of the nine accounts

As of March 31, 2013, the liability reserves of the General Account reached ¥1,030.0 billion. As for other accounts, the Crisis Management Account had an earned surplus of ¥266.9 billion; the Financial Revitalization Account registered a deficit of ¥262.0 billion; and the Early Strengthening Account recorded an earned surplus of ¥1,501.2 billion.

In the Jusen Account (abolished on June 30, 2012), an earned surplus of ¥6.9 billion was registered, with the residue assets transferred to the national treasury. As in the past several years, many accounts saw their deficit decrease or earned surplus increase. This indicates that the DICJ's financial conditions are steadily growing stronger and more efficient.

Earned surplus/deficit of nine accounts

(Unit: ¥ billion; () denotes loss)

| Name of account | End of FY2009 | End of FY2010 | End of FY2011 | End of FY2012 | Major factors | |
|--|---------------|-------------------------------|-------------------------------|---------------------------------|---------------|---|
| | | | | | Y/Y | |
| General Account | (273.2) | 137.3 (Liability reserves) | 420.5 (Liability reserves) | 1,030.0 (Liability reserves) | 609.5 | Insurance premium income 606.5 |
| Crisis Management Account | 128.2 | 246.4 | 256.6 | 266.9 | 10.3 | Dividends from shares held (Note 1) 10.8 |
| Financial Revitalization Account | (299.7) | (287.8) | (273.7) | (262.0) | 11.7 | Proceeds from asset purchase operations 16.8 |
| Early Strengthening Account | 1,529.4 | 1,551.3 | 1,560.6 | 1,501.2 | (59.3) | Compensation for loss at the contracted bank (61.0) |
| Financial Functions Strengthening Account | 1.0 | 1.0 | 4.9 | 9.0 | 4.1 | Profits transferred from the contracted bank 4.2 |
| Damage Recovery Distribution Account | 2.6 | 4.2 | 4.6 | (0.06) | (4.6) | Expenses related to payment of damage recovery benefits (5.2) |
| Regional Economy Vitalization Account | (0) | (0) | (0.01) | (0.01) | (0) | |
| Revitalizing Earthquake-Affected Business Account (Note 2) | | | (0) | (0) | (0) | |
| Jusen Account | (432.7) | (456.5) | 0.08 | 6.9 | 6.8 | Income from recovery of shares in affiliated companies 13.7 |

Notes: 1. Shares in Resona Holdings.

2. The account name was revised from the Enterprise Turnaround Initiative Corporation Account to the Regional Economy Vitalization Corporation Account in accordance with the Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan.

3. The Jusen Account was abolished on June 30, 2012 in accordance with the Jusen Act.

(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 P8: I. 1. (3) (vi) 1) d.] in the event of the failure of a financial institution. [See P8: I. 1. (3) (vi) 1)]

The special operations account, which accounted for such operations as the provision of 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 difference between revenues and expenses 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 DICJ bonds. [See P77: II. 7. (2)]

Revenues in FY2012 totaled ¥875.1 billion, including ¥606.5 billion in insurance premium revenues from financial institutions and ¥30.2 billion in profits transferred from a contracted bank (RCC) in relation to the assets it acquired.

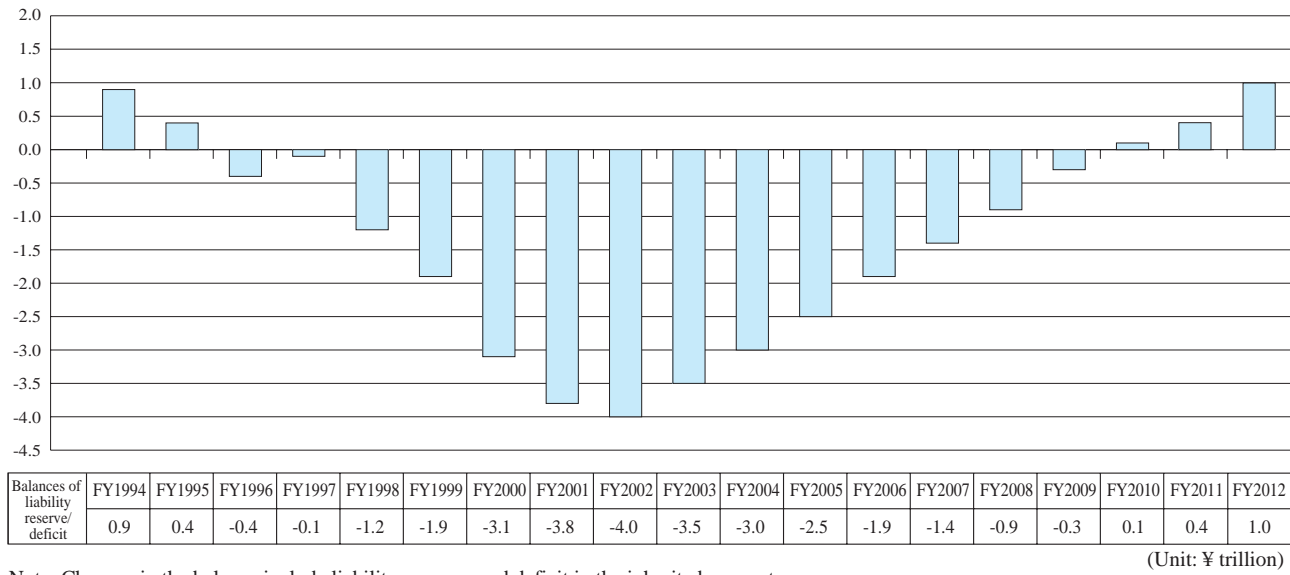
On the other hand, expenses totaled ¥875.1 billion, including ¥609.5 billion in provisions for liability reserves, ¥232.6 billion in provisions for loan loss reserves associated with loan loss reserves set aside in relation to loans to financial institutions under management, and ¥23.4 billion in payments to the national treasury of revenues of profits transferred from a contracted bank, etc.

Consequently, the General Account set aside liability reserves of ¥1,030.0 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.

Changes in the balance of liability reserves/deficit

(Unit: ¥ trillion)



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 crises after deliberation by the Financial Crisis Response Council and approval by the Prime Minister (capital injections and financial assistance in excess of the insurance payout cost) and contributions from financial institutions. [See P10: I. 1. (3) (vi) 2)]

Revenues in FY2012 totaled ¥10.8 billion, including dividend income from Resona Holdings shares held by the DICJ.

On the other hand, expenses came to ¥0.5 billion, including interest payments on funds raised for the acquisition of Resona Holdings shares.

Consequently, net profit came to ¥10.3 billion, increasing retained earnings at the end of FY2012 to ¥266.9 billion from ¥256.6 billion in FY2011.

3) Financial Revitalization Account

This account is for such operations as disposals related to banks under special public management [see P38: II. 2. (4)] and purchases of assets from sound institutions and other entities based on Article 53 of the Financial Revitalization Act. [See P39: II. 2. (5)] Assets and liabilities related to capital injection based on the former Financial Function Stabilization Act (abolished on October 23, 1998) have been transferred to this account.

Revenues in FY2012 totaled ¥46.1 billion, including ¥16.8 billion in asset purchase operation revenues such as dividend revenues from shares purchased from banks under special public management, ¥3.5 billion in revenues from the transfer of collection profit on assets which the specified contracted bank

(RCC) purchased from sound financial institutions and other entities and ¥25.7 billion in the reversal of loan loss reserves.

On the other hand, expenses totaled ¥34.4 billion, including ¥7.7 billion in interest payments on funds raised for the acquisition of loans in accordance with the warranty against defect and other claims purchased from banks under special public management and ¥21.8 billion transferred to loan loss reserves.

Consequently, net profit came to ¥11.7 billion, with the deficit at the end of FY2012 declining to ¥262.0 billion from ¥273.7 billion in FY2011.

4) Early Strengthening Account

This account is for such operations as the lending of funds to a contracted bank (RCC), related to capital injection based on the Early Strengthening Act. [See P57: II. 4. (2) (i)]

Revenues in FY2012 totaled ¥2.0 billion, including ¥1.4 billion in non-operating revenue (investment return from surplus funds).

On the other hand, expenses came to ¥61.4 billion, including ¥61.0 billion in compensation for losses paid to the contracted bank.

Consequently, net loss came to ¥59.3 billion, with retained earnings at the end of FY2012 declining to ¥1,501.2 billion from ¥1,560.6 billion in FY2011.

5) Financial Functions Strengthening Account

This account is for such operations as the lending of funds to a contracted bank (RCC), related to capital injection based on the Financial Function Strengthening Act [See P58: II. 4. (2) (ii)].

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 a contracted bank related to capital injection based on the Organizational Restructuring Act, was abolished at the end of FY2004, with its assets and liabilities transferred to this account.

Revenues in FY2012 totaled ¥4.8 billion, including ¥4.2 billion in transferred profits from the contracted bank related to capital injection under the Financial Functions Strengthening Act.

On the other hand, expenses came to ¥0.7 billion, including interest payments on funds raised for the provision of loans to contracted bank.

Consequently, this account recorded a net profit of ¥4.1 billion, with earned surplus increasing from ¥4.9 billion as of March 31, 2012 to ¥9.0 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 benefits to victims of criminal acts such as bank transfer fraud. [See P64: II. 5]

Revenues in FY2012 totaled ¥683 million, including ¥521 million in transfer payments made by financial institutions in relation to the balance of damage-recovery benefits to be distributed to victims.

On the other hand, expenses came to ¥5,382 million, including ¥5,250 million in expenses for the enhancement of support for crime victims (expenses related to payment of damage recovery benefits).

Consequently, net loss came to ¥4,698 million, resulting in deficit of ¥66 million at the end of FY2012, as the retained earnings of ¥4,631 million in FY2011 were drawn down.

7) Regional Economy Vitalization Corporation Account

This account is for such operations as the provision of capital to the Regional Economy Vitalization Corporation Account based on the Act on Regional Economy Vitalization Corporation of Japan. [See P20: I. 2. (3) (ii)]

In FY2012, the account name was revised from the Enterprise Turnaround Initiative Corporation Account to the Regional Economy Vitalization Corporation Account in accordance with the Act to Partially Revise the Act on Enterprise Turnaround

Initiative Corporation of Japan, and additional capital (¥3.0 billion) was provided by the government to the account.

Revenues in FY2012 came to just ¥1,012 in non-operating revenue.

On the other hand, expenses amounted to ¥4 million in general administrative expenses.

Consequently, net loss in this account came to ¥4 million, with deficit at the end of FY2012 increasing to ¥15 million from ¥10 million in FY2011.

8) Revitalizing Earthquake-Affected Business Account

This account is for operations such as investing in the Corporation for Revitalizing Earthquake-Affected Business based on the Act on the Corporation for Revitalizing Earthquake-Affected Business. [See P20: I. 2. (3) (iii)]

Revenues in FY2012 came to just ¥61,117 in non-operating revenue.

On the other hand, expenses amounted to ¥60,000, including general administrative expenses.

Consequently, net loss came to ¥400,000, with deficit at the end of FY2012 increasing to ¥500,000 from ¥90,000 in FY2011.

9) Jusen Account

This account is for operations related to the claim resolution by a contracted bank (RCC), which conducts management/collection/disposal, etc., of loan and other claims transferred from the seven former Jusen companies, including the provision of subsidies, guarantee of debts related to borrowings and collection of transfer payments.

Revenues in FY2012 totaled ¥13.9 billion, including ¥13.7 billion in income from the recovery of shares in affiliated companies.

On the other hand, expenses came to ¥7.0 billion, including funds transferred to the Financial Stabilization Contribution Fund, the amount of which was equivalent to half of the total income from recovery of shares in affiliated companies and the investment returns for the same fund,

Consequently, net profit came to ¥6.8 billion, leading to retained earnings of ¥6.9 billion.

The Jusen Account was abolished on June 30, 2012 in accordance with the Jusen Act, and the residual assets were transferred to the national treasury (¥11.9 billion) in accordance with the same Act.

Outline of DICJ accounts

(Unit: ¥ billion)

| Account name | Outline of DICJ accounts | Surplus/deficit (-) recorded as of end of FY2012 | Profit/loss (-) recorded as of end of FY2012 | Main factors | |
|---|--|--|--|---|-------|
| General Account | <ul style="list-style-type: none"> Financial assistance up to the amount of the insurance payout cost in the event of failure of financial institutions Lending to the contracted bank regarding purchase of assets of financial institutions under the Deposit Insurance Act Receipt of profit/compensation for loss regarding disposal of purchased assets of the contracted bank, etc. Collection of insurance premiums | 1,030.0 (Liability reserves) | 609.5 (Provisions for liability reserve) | Revenue | 875.1 |
| | | | | Premiums | 606.5 |
| | | | | Transfer payments by contracted bank | 30.2 |
| | | | | Others | 238.1 |
| | | | | Expenses | 875.1 |
| | | | | Transfer to the national treasury | 23.4 |
| | | | | Transfer to liability reserve | 609.5 |
| | | | | Transfer to loan loss reserves | 232.6 |
| | | | | Other expenses | 9.3 |
| Crisis Management Account | <ul style="list-style-type: none"> Measures against financial crises which are taken based on approval by the Prime Minister following deliberation by the Financial Crisis Response Council Holding preferred and common shares in Resona Holdings as a result of capital injection under the Deposit Insurance Act | 266.9 | 10.3 | Revenues | 10.8 |
| | | | | Dividends from Resona Holdings shares | 10.8 |
| | | | | Others | 0 |
| | | | | Expenses | 0.5 |
| | | | | Non-operating expenses (e.g., interest payment) | 0.5 |
| | | | | Others | 0 |
| Financial Revitalization Account | <ul style="list-style-type: none"> Transactions for banks under special public management (former Long-Term Credit Bank of Japan and former Nippon Credit Bank) Lending to the Specified Contracted Bank regarding purchase of assets from sound financial institutions under Article 53 of the Financial Revitalization Act Receipt of profit/compensation for loss regarding the disposal, etc., of the purchased assets of the Specified Contracted Bank | (262.0) | 11.7 | Revenues | 46.1 |
| | | | | Income from financial assistance-related business | 16.8 |
| | | | | Income from payment by specified contracted bank | 3.5 |
| | | | | Reversal from loan loss reserves | 25.7 |
| | | | | Others | 0 |
| | | | | Expenses | 34.4 |
| | | | | Non-operating expenses (e.g., interest payment) | 7.7 |
| | | | | Transfer to loan loss reserves | 21.8 |
| | | | | Others | 4.7 |
| Early Strengthening Account | <ul style="list-style-type: none"> Lending to the contracted bank regarding capital injection under the Early Strengthening Act Receipt of profit/compensation for loss regarding disposal of preferred shares and other capital-raising instruments held by the contracted bank | 1,501.2 | (59.3) | Revenues | 2.0 |
| | | | | Non-operating revenues (investment return, etc.) | 1.4 |
| | | | | Others | 0.5 |
| | | | | Expenses | 61.4 |
| | | | | Compensation for loss at the contracted bank, | 61.0 |
| | | | | Others | 0.2 |
| Financial Functions Strengthening Account | <ul style="list-style-type: none"> Lending to the contracted bank regarding capital injection under the Financial Functions Strengthening Act Receipt of profit/compensation for loss regarding disposal of preferred shares and other capital-raising instruments held by the contracted bank The capital injection application deadline is the end of March 2017 | 9.0 | 4.1 | Revenues | 4.8 |
| | | | | Income from payment by contracted bank | 4.2 |
| | | | | Others | 0.6 |
| | | | | Expenses | 0.7 |
| | | | | Non-operating expenses (e.g., interest payment) | 0.7 |
| | | | | Others | 0 |
| Damage Recovery Distribution Account | <ul style="list-style-type: none"> Payment of fees necessary for operations related to damage recovery distribution, and collection of handling fees Collection or expenses/payment of money related to the balance of damage recovery benefits | (0.06) | (4.6) | Revenues | 0.6 |
| | | | | Transfer payment of the balance of damage recovery benefits | 0.5 |
| | | | | Others | 0.1 |
| | | | | Expenses | 5.3 |
| | | | | Expenses related to payment of damages recovery benefits | 5.2 |
| | | | | Others | 0.1 |
| Regional Economy Vitalization Corporation Account | <ul style="list-style-type: none"> Investments in Regional Economy Vitalization Corporation based on the Act on Regional Economy Vitalization Corporation | (0.01) | (0) | Revenues | 0 |
| | | | | Expenses | 0 |

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| Account name | Outline of DICJ accounts | Surplus/deficit (-) recorded as of end of FY2012 | Profit/loss (-) recorded as of end of FY2012 | Main factors | |
|---|---|--|--|---|------|
| Revitalizing Earthquake-Affected Business Account | • Investments in the Corporation for Revitalizing Earthquake-Affected Business based on the Act on the Corporation for Revitalizing Earthquake-Affected Business | (0) | (0) | Revenues | 0 |
| | | | | Expenses | 0 |
| Jusen Account | • Provision of subsidies, debt guarantees for borrowings, and receipt of payments related to the claim resolution company which recovers loans and other assets transferred from the seven former Jusen companies | 6.9 | 6.8 | Revenues | 13.9 |
| | | | | Income from recovery of shares in affiliated companies | 13.7 |
| | | | | Other revenues | 0.1 |
| | | | | Expenses | 7.0 |
| | | | | Transfer to the Financial Stabilization Contribution Fund | 7.0 |
| Other expenses | 0 | | | | |

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 were transferred to the General Account). The Management Base Strengthening Account was abolished at the end of FY2004 (the assets and liabilities were transferred to the Financial Functions Strengthening Account).

(2) Funding and Investment (Fund Management)

(i) Funding

Regarding deficits arising from the execution of operations, the DICJ is authorized to raise funds 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 (in the case of the Damage Recovery Distribution Account, only borrowings are allowed). Government guarantee can be provided for funding for accounts other than the Damage Recovery Distribution Account under the ordinances concerning borrowings or DICJ bond issues (the upper limit on the total amount of government guarantee as stipulated in the general provisions of the budget was set at ¥51 trillion).

Outline of funding program by account (FY2013)

| Account | Borrowings/issue of DICJ bonds | | | | Government guarantee | |
|---|---|--|--|---|--|---|
| | Applicable Act | Ceiling | Method (source) | Purpose | Applicable Act | Appropriation in general provisions of budget in FY2013 |
| 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"> Insurance payout Financial assistance Purchase of deposits and other claims Provision of capital to establish bridge banks Loans, etc., to bridge banks Loans to failed financial institutions Others | Art. 42-2 of the Deposit Insurance Act (Within the limit approved by the Diet) | ¥19 trillion in the budget for FY2013 |
| Crisis Management Account | Art. 126, para. (1) of the Deposit Insurance Act | ¥17 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"> Share subscription, etc., by the DICJ Financial assistance to financial institutions under public management Financial assistance to banks under special crisis management Others | Art. 126, para. (2) of the Deposit Insurance Act (Within the limit approved by the Diet) | ¥17 trillion in the budget for FY2013 |
| 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"> Purchase of assets from financial institutions Others | Art. 66 of the Financial Revitalization Act (Within the limit approved by the Diet) | ¥3 trillion in the budget for FY2013 |
| 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"> Loans to contracted bank for subscriptions for shares, etc. Loss compensation for contracted bank Others | Art. 17 of the Early Strengthening Act (Within the limit approved by the Diet) | Nil in the budget for FY2013 |
| Financial Functions Strengthening Account | Art. 44, para. (1) and (2) of the Financial Functions Strengthening Act | ¥12 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"> Loans to contracted bank for subscriptions for shares and others and for purchasing trust beneficial rights, etc. (including those based on the former Organizational Restructuring Act) Loss compensation for contracted bank, etc. Others | Art. 45 of the Financial Functions Strengthening Act (Within the limit approved by the Diet) | ¥12 trillion in the budget for FY2013 |
| 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"> Expenses necessary for such operations as the posting of public notices on the start of procedures for extinction of deposit and other claims Expenses necessary for such operations as the posting of public notices on the start of procedures for payment of damage-recovery benefits Others | | |

Note: With regard to the Early Strengthening Account, the provision of limiting the maximum amount was deleted 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.

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The outstanding balance of funds raised by the DICJ at the end of the fiscal year peaked in FY2002, and at the end of FY2012, the balance remained flat compared with the previous year at around ¥2.8 trillion, down sharply from the peak level.

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, four and seven years) in accordance with the length of periods during which funds are needed in light of the market environment. Consequently, funds raised through the issuance of DICJ bonds and borrowings account for 68% and 32%, respectively, of the outstanding balance of funds raised, which totaled around ¥2.8 trillion as of March 31, 2013.

Outstanding balance of funds raised by the DICJ

(Unit: ¥ billion; () denotes the percentage share)

| | End of FY2010 | End of FY2011 | End of FY2012 |
|---|------------------|------------------|------------------|
| General Account | 92.3 | — | — |
| Borrowing | 92.3 | — | — |
| DICJ bonds | — | — | — |
| Crisis Management Account | 1,371.4 | 455.2 | 444.7 |
| Borrowing | 71.4 | 455.2 | 444.7 |
| DICJ bonds | 1,300.0 | — | — |
| Financial Revitalization Account | 1,879.4 | 1,861.0 | 1,845.4 |
| Borrowing | 229.4 | 211.0 | 195.4 |
| DICJ bonds | 1,650.0 | 1,650.0 | 1,650.0 |
| Early Strengthening Account | 400.0 | — | — |
| Borrowing | — | — | — |
| DICJ bonds | 400.0 | — | — |
| Financial Function Strengthening Account | 349.0 | 521.6 | 547.2 |
| Borrowing | 69.0 | 241.6 | 267.2 |
| DICJ bonds | 280.0 | 280.0 | 280.0 |
| Damage Recovery Distribution Account | 0.2 | 0.2 | 0.2 |
| Borrowing | 0.2 | 0.2 | 0.2 |
| DICJ bonds | — | — | — |
| Total | 4,092.3 (100.0%) | 2,838.0 (100.0%) | 2,837.5 (100.0%) |
| Borrowing | 462.3 (11.3%) | 908.0 (32.0%) | 907.5 (32.0%) |
| DICJ bonds | 3,630.0 (88.7%) | 1,930.0 (68.0%) | 1,930.0 (68.0%) |

Notes: 1. Issuance of DICJ bonds for the Early Strengthening Account started in October 1999.

2. Issuance of DICJ bonds for the General and Financial Revitalization Accounts started in April 2003.

3. Issuance of DICJ bonds for the Crisis Management Account started in April 2004.

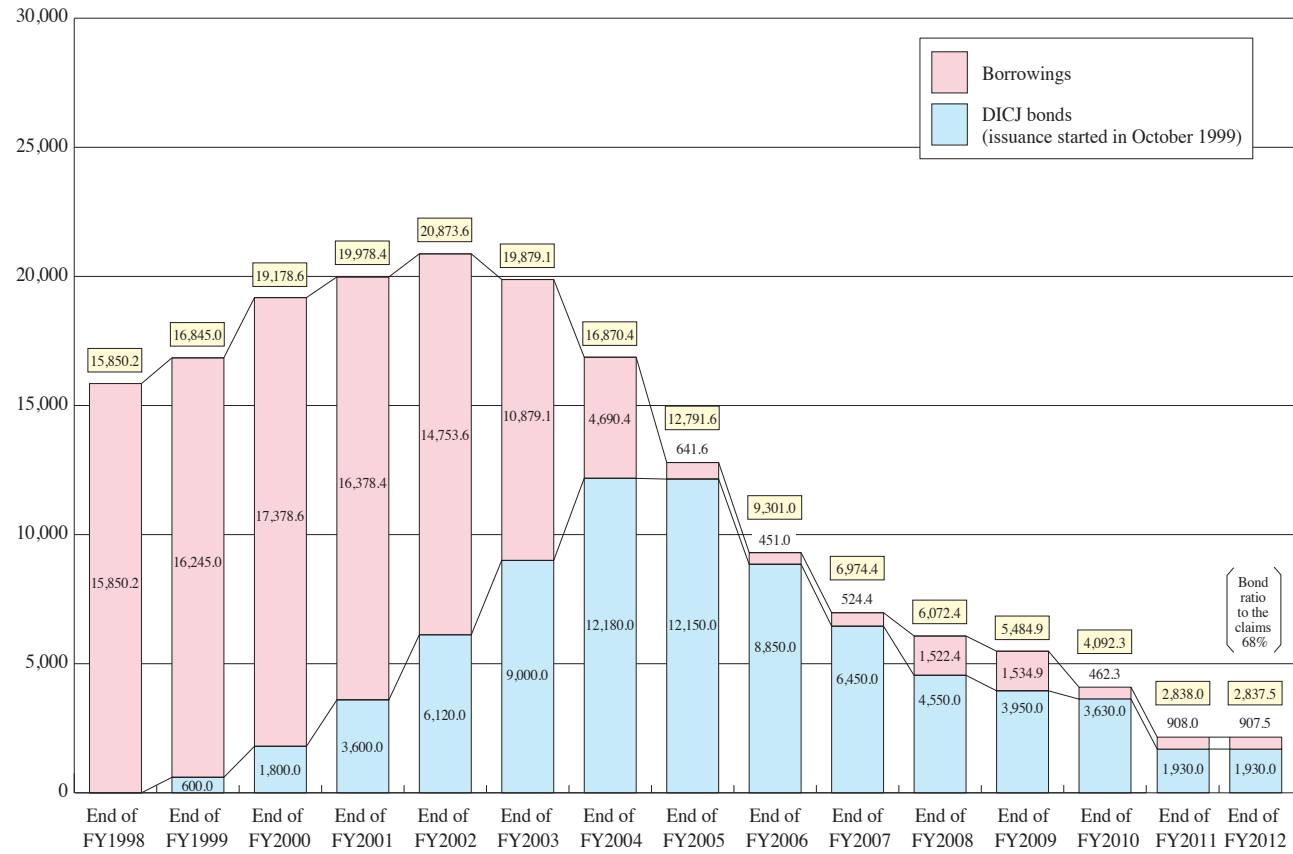
4. The assets and liabilities of the Management Base Strengthening Account were transferred to the Financial Functions Strengthening Account on April 1, 2005.

5. Issuance of DICJ bonds for the Financial Functions Strengthening Account started in May 2010.

6. The Regional Economy Vitalization Corporation Account and the Revitalizing Earthquake-Affected Business Account are excluded, as they conduct no funding activities.

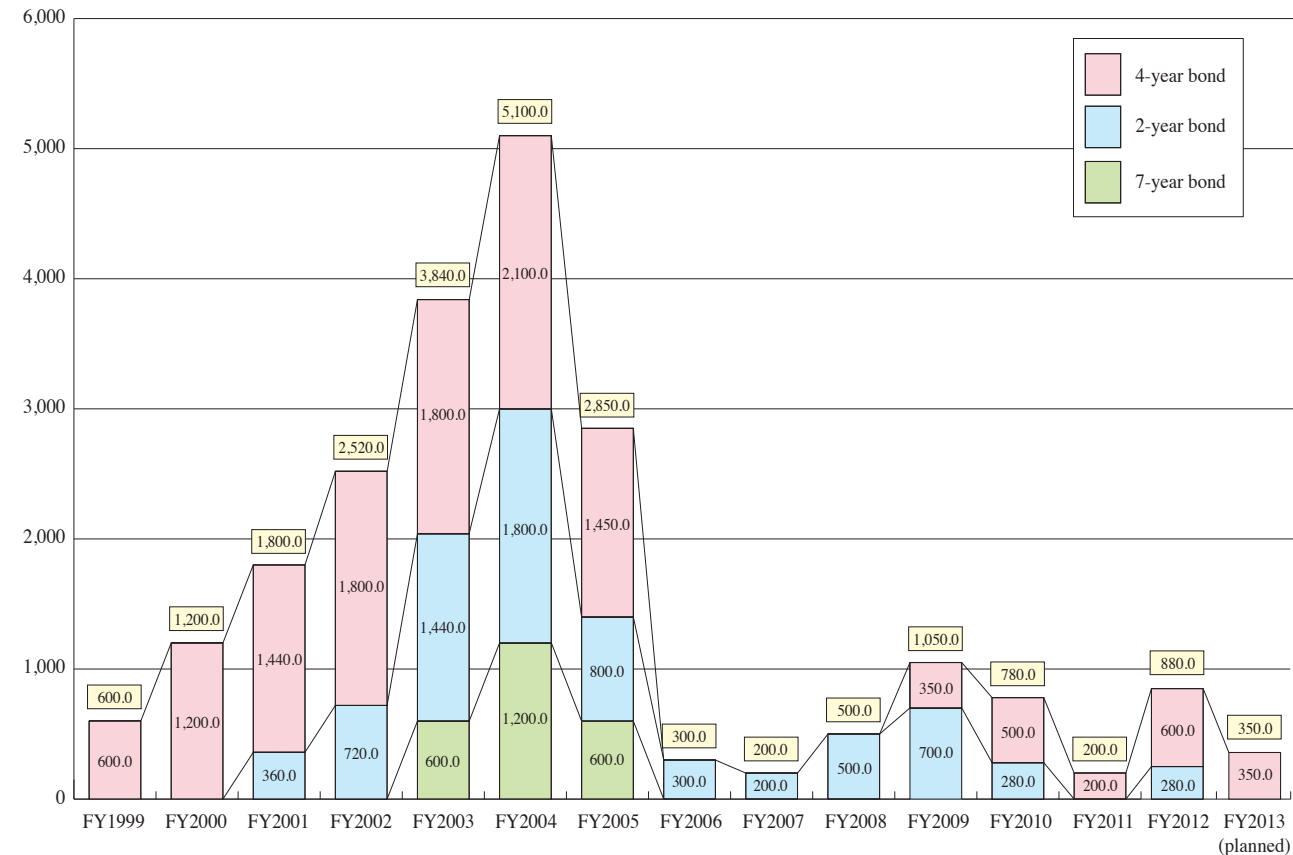
Trends in the outstanding balance of funds raised by the DICJ

(Unit: ¥ billion)



Trends in the annual issuance of DICJ bonds

(Unit: ¥ billion)



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The amount of DICJ bonds issued in FY2012 increased from ¥200.0 billion in FY2011 to ¥880.0 billion. The increase is attributable mainly to an increase in the issuance of refinancing bonds (from 7-year bonds to 4-year bonds) to make up for the redeemed bonds in the Financial Revitalization Account. The balance of outstanding DICJ bonds remained flat compared with FY2011 (unchanged as of the end of FY2012 at ¥1,930.0 billion).

The balance of outstanding borrowings remained flat as the DICJ borrowed funds mainly for refinancing

(¥907.5 billion as of the end of FY2012, compared with ¥908.0 billion as of the end of FY2011).

In addition, the DICJ strove to continue stable and efficient funding by holding meetings with financial institutions that participate in fund-borrowing auctions to brief them on the status of the DICJ's borrowings, thereby sharing information on the status of the DICJ's borrowings and borrowing plans, etc.

Outline of DICJ accounts

| | |
|-----------|--|
| 1999 Oct. | • Commenced the issuance of bonds for the Early Strengthening Account (4-year bonds) |
| 2001 June | • Commenced the issuance of 2-year bonds for the Early Strengthening Account (from issuing 4-year bonds to issuing 2- or 4-year bonds) |
| 2002 Mar. | • The Bank of Japan accepted the government guaranteed claim on deeds to the DICJ as eligible security (assessment rate of eligible security: 80% of the outstanding principal). |
| Dec. | • The Bank of Japan raised the assessment rate of the eligible security on deeds of which the initial claim period is less than one year (from 80% to 96% of the outstanding principal, and to 97% in September 2005). |
| 2003 Apr. | • Commenced the issuance of 7-year bonds for the Early Strengthening Account (from issuing 2- to 4- year bonds to issuing 2-, 4- or 7-year bonds) |
| | • Commenced the issuance of 2- or 4-year bonds for the General Account and the Financial Revitalization Account |
| 2004 Mar. | • Commenced the borrowing of unsecured call money |
| Apr. | • Commenced the issuance of 4- or 7-year bonds for the Crisis Management Account |
| | • Changed the method of bond auction (from the Total Amount Method to the Dutch Auction on Yield Method) ^(Note) |
| | Note: The Dutch Auction on Yield Method refers to accepting bids of lower yield in ascending order until reaching the expected issuance volume (the highest accepted bid yield), and issuing bonds are subject to the terms of the highest accepted bid yield. |
| 2008 Sep. | • Commenced the borrowings without government guarantee for the Damage Recovery Distribution Account |
| 2009 May | • Commenced the issuance of 2-year bonds for the Crisis Management Account |
| 2010 May | • Commenced the issuance of 2-year bonds for the Financial Functions Strengthening Account |

Funding methods (as of the end of March 2013)

| Classification | Borrowings | DICJ bonds |
|---|--|--|
| Auction method | Competitive bidding | Competitive bidding |
| Auction style | Conventional style (multi-yield style) | The Dutch Auction on Yield Method (single-price style) |
| Funding period | Up to one year in principle | Two, four, seven years |
| Number of eligible auction participants | 65 companies | 16 companies |

Interest rate on financing (for funds raised in FY2012)

(Unit: %)

| | Borrowing rate (guaranteed by the government) | DICJ bond subscriber's yield (guaranteed by government) | | | Unsecured call money | Borrowing rate (without govern- ment guarantee) (Damage Recov- ery Distribution Account) |
|----------------|---|---|-------------|-------------|-------------------------|--|
| | | 2-year bond | 4-year bond | 7-year bond | | |
| Average (Note) | 0.104 | 0.079 | 0.124 | — | — | 0.236 |
| Peak | 0.114 | 0.079 | 0.162 | — | — | 0.337 |
| Bottom | 0.088 | 0.079 | 0.097 | — | — | 0.190 |

Note: Weight-averaged by the amount of funds raised.

(ii) Management of surplus funds, etc.

The DICJ strove to invest surplus funds generated in each account, focusing on safety and liquidity in efficient fund management in compliance with the relevant laws and regulations. Specifically, the DICJ invested the funds by properly using and combining the following financial instruments while appropriately considering the use of the funds in the respective accounts: for short-term investment purposes during the period up to the time they flow out as ordinary expenditures or as funds for the redemption of DICJ bonds and the repayment of borrowings, (i) secured call loan transactions settled on the day of contract; (ii) short-term gensaki transactions (purchase under resale agreement) for TDB; and (iii) outright purchases of TDB; and additionally, for longer-term investment purposes, (iv) outright purchases of interest-bearing government bonds.

Regarding the management of surplus funds in the General Account in particular, the DICJ made efforts to enhance liquidity, for example by investing in financial instruments with shorter maturities in light of the risk that a large amount of funds may be paid from the account during an emergency.

The management of the Financial Stabilization Contribution Fund of Jusen Account, which had continued since FY1996, was terminated at the end of June 2012.

In investing surplus funds, the DICJ will continue efforts to ensure efficient investment while attaching importance to safety and liquidity in light of the financial situation. Furthermore, in raising funds, the DICJ will focus on stable funding to contribute to the soundness and efficiency of the financial position based on proper funding needs.

(3) Deposit Insurance Premium Rates for FY2013**1) Change of deposit insurance premium rate**

Based on the DICJ's finances and the domestic and international conditions, the deposit insurance premium rate was changed in March 2013 as described below, and took effect in FY2013.

- The deposit insurance premium rates applicable from April 1, 2013 will be:
0.082% for general deposits, etc.; and
0.107% for deposits for payment and settlement purposes
- On the basis that a situation "where it is anticipated that a sharp decline in prices in domestic and international financial markets or other types of rapid deterioration of financial markets will adversely affect the financial position of the DICJ" did not arise during FY2012, if during FY2013 there is no (a) insurance contingency (Article 49, paragraph (2), items (i) and ((ii) of the Deposit Insurance Act); (b) order for a financial administrator to manage the business and properties of the failed financial institution (Article 74, paragraph (1) or (2) of said Act); or (c) decision by the Prime Minister to take measures stipulated in Article 102, paragraph (1), items (ii) or (iii) of said Act, the following deposit insurance premium rates will be applied retroactively from the first day of FY2013, in spite of "1." above:
0.068% for general deposits, etc.; and
0.089% for deposits for payment and settlement purposes

Note: Effective premium rates for 1. and 2. above are 0.084% and 0.07%, respectively.

2) Background of the change

The change in the deposit insurance premium rates was discussed based on the assumption of the following framework, as was the case in FY2012.

[Basis for the resolution on the deposit insurance premium rate for FY2012]

1. Deposit insurance premium rates in the immediate future

(1) Basic policy

Considering the fiscal and financial situation in Europe, etc., the current premium rate (0.084%) will be maintained for the time being (three years) from the perspective of keeping the deposit insurance system robust as the core of the financial system.

(2) Specific payment method of deposit insurance premiums for FY2012

- (i) Amount of deposit insurance premiums is calculated by multiplying the average deposit balance in the previous fiscal year by 0.084%.
- (ii) Unless a failure of a financial institution occurs during the relevant fiscal year, the DICJ will refund the amount equivalent to 0.014% at end of the fiscal year. If a financial institution fails during the fiscal year, the DICJ will not provide a refund.
- (iii) In the case where it is anticipated that a sharp decline in prices in domestic and international financial markets or other types of rapid deterioration of financial markets will adversely affect the financial position of the DICJ, the DICJ will not provide a refund as referred to in (ii) above in the following fiscal year. (A refund will be given in the current fiscal year.)

Note: Failure of a financial institution refers to the occurrence of an insurance contingency (Article 49, paragraph (2), items (i) and (ii) of the Deposit Insurance Act), the disposition ordering management (Article 74, paragraph (1) or (2) of said Act) and measures against financial crisis (Article 102, paragraph (1), item (ii) or (iii) of said Act).

2. Medium- to long-term deposit insurance premium rates

With regard to liability reserves in the DICJ General Account, funds will basically be set aside for approximately ten years starting from FY2012 to a level at which no deficit such as that experienced by the DICJ in the past will occur. The principles to set premium rates for it will be discussed specifically taking into consideration the status of the reserves and various factors in the domestic and international conditions.

Regarding the difference of the premium rates between the deposits for payment and settlement purposes and general deposits, etc., it was determined that the principle to ensure an equal premium burden for each yen of insured deposits will be

maintained. Consequently, based on the trend of eligible deposits, etc., premium rates for the deposits for payment and settlement purposes and general deposits, etc. were calculated.

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

(1) International Collaborative and Cooperative Activities

As a result of the recent global financial crisis, it was recognized internationally that deposit insurance systems play an important role in not only protecting depositors but also in stabilizing the financial system. The DICJ keeps track of international developments related to deposit insurance systems and the rapidly changing global financial situation. It also makes proactive contributions to the activities of the International Association of Deposit Insurers (IADI), holds international meetings and conferences annually, and collaborates and cooperates with overseas deposit insurance organizations. The DICJ aims to further improve its operations as well as 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 of the Heisei financial crisis and other incidents.

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

The IADI was established in May 2002 by deposit insurance organizations and related authorities from various countries in the world to enable enhanced collaboration among deposit insurance corporations and other organizations on a global scale and help stabilize financial systems. The DICJ has been a member of IADI since the Association was established, and its Deputy Governor serves as a member of its Executive Council (EXCO), a decision-making body responsible for administering the IADI operations, and also as Chairperson of the Asia-Pacific Regional Committee (APRC). In addition, in February 2013, the Deputy Governor assumed the chairpersonship of the Finance and Planning Committee (FPC), an IADI standing committee that deliberates on the organization's budget. 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.

The IADI's main activities include: i) advancing the understanding of common interests and issues related to deposit insurance systems, ii) providing guidance to enhance the effectiveness of deposit insurance systems and structures, iii) facilitating the sharing and exchange of expertise and information on deposit insurance issues and iv) undertaking research and providing guidance on issues relating to deposit insurance. IADI's membership has grown year by year since its establishment, and 67 organizations

had joined the IADI as regular members as of the end of March 2013. [See P87: "International Association of Deposit Insurers (IADI) List" for details]

A. IADI Annual General Meeting (AGM)

The IADI holds an Annual General Meeting (AGM) each year, and the latest such meeting (the 11th AGM), which doubled as an event to celebrate the 10th anniversary of the IADI's foundation, was held in London (U.K.) in October 2012. The AGM comprises all members and is the IADI's highest decision-making body. Serving as the AGM chairperson is Jerzy Pruski, who is President of the IADI and President of the Management Board of the Bank Guarantee Fund (Poland).

B. Executive Council (EXCO)

The Executive Council (EXCO) is the de facto decision-making body for the IADI, meeting about three times each year. The current EXCO Chair is Jerzy Pruski, who is President of the IADI and President of the Management Board of the Bank Guarantee Fund (Poland). There are presently 25 seats in the EXCO, including the Chair and Vice Chair, and members are chosen via elections conducted at the AGM (term of office: three years). DICJ officials have continually served as EXCO members since the Council was established.

C. Standing committees

The following standing committees have been established in the IADI to perform specific activities in various fields.

○ Standing committees (seven committees)

(1) Governance Committee, (2) Finance and Planning Committee (Chairperson: DICJ), (3) Audit Committee, (4) Membership and Communications Committee, (5) Training and Conference Committee, (6) Research and Guidance Committee, (7) Data and Survey Committee

D. Regional committees

In addition to the standing 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 (Chairper-

son: DICJ), (2) Africa, (3) Caribbean, (4) Eurasia, (5) Europe, (6) Latin America, (7) Middle East and North Africa, (8) North America

○ **IADI Asia-Pacific Regional Committee (APRC)**

DICJ officials have served as the APRC Chair since the IADI was founded. As the Chair organization of the APRC, the DICJ has exercised leadership in the activities in the Membership and Communications Committee, aiming at expanding membership in the Asia-Pacific region. With such efforts, DICJ has contributed to realize the increase of participation in IADI by deposit insurance organizations in this region, such as those in Australia, India, Bangladesh, Indonesia, Singapore, Thailand and Brunei.

(ii) International conferences, etc., hosted by the DICJ

1) DICJ Round Tables

Since 2006 the DICJ has annually been holding DICJ Round Tables at which it presents challenges that deposit insurance systems could confront in the future, and conducts debates and exchanges of opinions with highly-experienced experts from overseas deposit insurance organizations who are well-versed in these challenges. The aims of these DICJ Round Tables are (1) to provide future references for DICJ operations, (2) to offer information (intellectual cooperation) to Asian countries (particularly those which are considering introducing, or have just introduced, deposit insurance systems), and (3) to bolster mutual collaboration among deposit insurance-related organizations.

○ **7th DICJ Round Table**

The 7th DICJ Round Table was held in Tokyo over a two-day period in March 2013 with the theme “New Developments in Resolution

Regimes,” and was attended by a large number of participants, including 38 executives and staff members from 19 foreign deposit insurance organizations.

In recent years, the number of deposit insurance organizations which undertake the resolution process in addition to deposit insurance is increasing and the scope of operations conducted by deposit insurance organizations is expanding. It has been internationally agreed that failure resolution schemes should be developed based on “Key Attributes of Effective Resolution Regimes for Financial Institutions,” which was adopted in 2011 by the Financial Stability Board (FSB), and individual countries are developing such systems accordingly. In Japan as well, a working group under the Financial System Council adopted a report calling for the development of a framework for “orderly resolution regime of financial institutions” in January 2013. In light of those developments, presentations were made and lively discussions were held at the latest Round Table about three sub-themes — (1) recent initiatives in resolution regimes; (2) technical issues of resolution; and (3) integrated protection scheme under the broad theme “New Developments in Resolution Regimes” among participants from various countries based on the experiences of individual countries/regions and the lessons learned therefrom. [See P89: “Program of the 7th DICJ Round Table” and “Participating Overseas Organizations (17 countries/regions, 19 organizations.)”]

2) Exchanges of views with embassy personnel

Meetings to exchange views, including briefings on the DICJ’s recent activities, were held in April and November 2012 for personnel from foreign embassies and central banks stationed in Japan.



Participants in 7th DICJ Round Table

- I. DICJ's Operations
- II. Overview of the DICJ's Activities
 - 1. Failure Resolution
 - 2. Asset Holdings
 - 3. Pursuit of Liability
 - 4. Capital Injection
 - 5. Criminal Accounts Damage
 - 6. PR Activities to Ensure Public Awareness
 - 7. Finances
 - 8. International Cooperation
 - 9. The Medium-Term Goals and Operational Policy
- III. Future Activities Based on Revision of the Deposit Insurance Act, etc.
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(iii) 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, 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 and customized training programs arranged through collaboration with other domestic organizations for trainees from abroad. [See P90: "Visits Paid and Received in Relation to International Operations"]

The DICJ is engaging in an exchange of letters (EOL) with eight foreign organizations (as of the end of FY2012), mainly in Asian countries, in order to strengthen cooperation through an exchange of information, technical cooperation and personnel exchange. [See P90: "Exchange of letters with overseas organizations"]

1) Technical cooperation provided through Japan International Cooperation Agency (JICA)

DICJ executives and staff members have been providing support as instructors on topics pertaining to deposit insurance systems in the "Seminar on Policy Measures for Financial System Stability Development Strategy in Eastern Asian Countries," a training program conducted by JICA each year since 2004 aimed at reinforcing the financial sector in ASEAN countries, as well as in the seminar titled "Necessary Policy Measures and Reform Strategies for Financial System Stability in NIS Countries," a training program held each year since 2007 aimed at drafting financial system stabilization policies and reform strategies for the NIS countries (the former Soviet Union). In February 2013, trainees from NIS

countries visited Japan. The trainees attended DICJ lectures on such topics as the roles of Japan's deposit insurance system and the DICJ, and a lively exchange of opinions took place after the lectures.

In February 2013, the Governor of the DICJ held a meeting with a delegation led by Myanmar's Deputy Minister for Ministry of Finance and Revenue, which visited Japan at JICA's invitation, and explained Japan's experience related to the deposit insurance system and international developments in relation to the circumstances of Myanmar, which is striving to enhance the deposit insurance system.

2) Dispatch of executives and staff members abroad

The IADI held training seminars in Washington, D.C., United States, in May 2012 and in Seoul, South Korea, in November 2012.

General reports were made and general discussions were held at both seminars on the legal framework of the deposit insurance system, and the DICJ made a presentation to explain Japan's experiences related to that matter. Also, initiatives conducted by each country/region were explained and discussions were held.

In February 2013, the DICJ made a presentation to explain Japan's experiences related to asset management and portfolio management in Mumbai, India, under the sponsorship of the IADI and Deposit Insurance & Credit Guarantee Corporation of India.

3) Personnel exchange with foreign deposit insurance organizations

The DICJ has dispatched personnel to the U.S. Federal Deposit Insurance Corporation for a stay of one year from July 2012 in order to investigate the status of the management of the U.S. deposit insurance system and the resolution process for banks.

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Reference: Principal activities by IADI

(i) Core Principles for Effective Deposit Insurance System

Following the April 2008 report by the former Financial Stability Forum, the Core Principles for Effective Deposit Insurance System (Core Principles), representing the internationally-agreed best practices for deposit insurance systems, were jointly adopted and published by the IADI and the Basel Committee on Banking Supervision in June 2009. In January 2011, a methodology for compliance assessment was announced for assessing national deposit insurance systems in light of the Core Principles. To encourage the development of deposit insurance systems consistent with the Core Principles, the following activities are being conducted by the IADI and other international organizations.

Currently, partial revision of the Core Principles is ongoing at IADI, and the DICJ is involved in this work.

(A) Activities by IADI to disseminate the Core Principles

The IADI has been hosting a series of workshops to assess the deposit insurance systems of individual countries/regions and determine their conformity with the Core Principles. The DICJ dispatches personnel to participate in the evaluation process at such workshops.

(B) Activities by the IMF 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. Recently, it has been decided to adopt the Core Principles as an international standard for assessing individual countries' deposit insurance systems under the FSAP. In the future, experts on such assessment are expected to be dispatched through the IADI to join IMF and World Bank missions.

(ii) Preparation of guidance, etc.

In order to develop better deposit insurance systems, the IADI is drafting and publishing Guidance Papers, primarily through the Research and Guidance Committee, one of its standing committees, to present rules and guidelines on individual areas/topics in deposit insurance systems, and it has been holding a variety of seminars to disseminate these rules and guidelines among member organizations. The DICJ is participating in the preparation of the Guidance Papers and seminars. The DICJ also posts Guidance Papers published by the IADI on its own website.

(iii) Outreach

There are countries/regions 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/regions. As the APRC Chairperson, the DICJ has been leading activities aimed at expanding IADI membership in the Asia-Pacific region.

International Association of Deposit Insurers (IADI) — List of participants

I. Member organizations (Deposit insurers: 67 organizations from 66 countries/regions) (as of March 31, 2013)

| | |
|---|---|
| Asia-Pacific Regional Committee ^(Note 1) (17 institutions) | Australia: Australian Prudential Regulation Authority Azerbaijan: Azerbaijan Deposit Insurance Fund Bangladesh: Bangladesh Bank Brunei: Brunei Darussalam Deposit Protection Corporation Taiwan: Central Deposit Insurance Corporation India: Deposit Insurance and Credit Guarantee Corporation Japan: Deposit Insurance Corporation of Japan Vietnam: Deposit Insurance of Vietnam Thailand: Deposit Protection Agency Hong Kong: Hong Kong Deposit Protection Board Indonesia: Indonesia Deposit Insurance Corporation Kazakhstan: Kazakhstan Deposit Insurance Fund Korea: Korea Deposit Insurance Corporation Malaysia: Malaysia Deposit Insurance Corporation Philippines: Philippine Deposit Insurance Corporation Russia: Deposit Insurance Agency Singapore: Singapore Deposit Insurance Corporation |
| North America Regional Committee ^(Note 2) (four institutions) | Canada: Autorité des marchés financiers (Québec) Canada: Canada Deposit Insurance Corporation United States: Federal Deposit Insurance Corporation Mexico: Instituto para la Protección al Ahorro Bancario |
| Africa Regional Committee (four institutions) | Tanzania: Deposit Insurance Board of Tanzania Zimbabwe: Deposit Protection Board Kenya: Deposit Protection Fund Board Nigeria: Nigeria Deposit Insurance Corporation |
| Caribbean Regional Committee (four institutions) | Barbados: Barbados Deposit Insurance Corporation Trinidad and Tobago: Deposit Insurance Corporation Bahamas: Deposit Insurance Corporation, Central Bank of The Bahamas Jamaica: Jamaica Deposit Insurance Corporation |
| Latin America Regional Committee ^(Note 3) (12 institutions) | Uruguay: Corporación de Protección del Ahorro Bancario Guatemala: Banco de Guatemala, como Administrador del Fondo para la Protección del Ahorro Ecuador: Corporación del Seguro de Depósitos Paraguay: Fondo de Garantía de Depósitos, Banco Central del Paraguay Nicaragua: Fondo de Garantía de Depósitos de las Instituciones Financieras Venezuela: Fondo de Protección Social de los Depósitos Bancarios Colombia: Fondo de Garantías de Instituciones Financieras Peru: Fondo de Seguro de Depósitos Brazil: Fundo Garantidor de Créditos El Salvador: Instituto de Garantía de Depósitos Mexico: Instituto para la Protección al Ahorro Bancario Argentina: Seguro de Depósitos Sociedad Anónima |
| Eurasia Regional Committee ^(Note 4) (four institutions) | Azerbaijan: Azerbaijan Deposit Insurance Fund Ukraine: Deposit Guarantee Fund Kazakhstan: Kazakhstan Deposit Insurance Fund Russia: Deposit Insurance Agency |
| Europe Regional Committee ^(Note 5) (21 institutions) | Albania: Albanian Deposit Insurance Agency Poland: Bank Guarantee Fund Guernsey: Banking Deposit Compensation Scheme Bulgaria: Bulgarian Deposit Insurance Fund Belgium: Deposit and Financial Instrument Protection Fund Liechtenstein: Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association Ukraine: Deposit Guarantee Fund Romania: Bank Deposit Fund Russia: Deposit Insurance Agency Bosnia-Herzegovina: Deposit Insurance Agency of Bosnia and Herzegovina Serbia: Deposit Insurance Agency of Serbia Czech: Deposit Insurance Fund Kosovo: Deposit Insurance Fund of Kosovo Germany: The Deposit Protection Fund of the Association of German Banks Switzerland: Deposit Protection of Swiss Banks and Securities Dealers France: Fonds de Garantie des Dépôts United Kingdom: Financial Services Compensation Scheme Italy: Interbank Deposit Protection Fund Jersey: Jersey Bank Depositors Compensation Board Hungary: National Deposit Insurance Fund of Hungary Turkey: Savings Deposit Insurance Fund of Turkey Sweden: Swedish National Debt Office |

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3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

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| | |
|---|--|
| Middle East and North Africa Regional Committee (Note 6) (seven institutions) | Morocco: Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts Sudan: Bank Deposit Security Fund of Sudan Uganda: Bank of Uganda Libya: Depositor's Insurance Fund Lebanon: Institut National de Garantie des Dépôts Jordan: Jordan Deposit Insurance Corporation Turkey: Savings Deposit Insurance Fund of Turkey |
|---|--|

- Notes: 1. Azerbaijan and Kazakhstan also belong to the Eurasia Regional Committee. Russia also belongs to the Eurasia and Europe Regional Committees.
2. Mexico also belongs to the Latin America Regional Committee.
3. Mexico also belongs to the North America Regional Committee.
4. Ukraine also belongs to the Europe Regional Committee. Russia also belongs to the Asia-Pacific and Europe Regional Committees. Azerbaijan and Kazakhstan also belong to the Asia-Pacific Regional Committee.
5. Russia also belongs to the Asia-Pacific and Eurasia Regional Committees. Ukraine also belongs to the Eurasia Regional Committee. Turkey also belongs to the Middle East and North Africa Regional Committee.
6. Turkey also belongs to the Europe Regional Committee.

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

| | |
|-----------------|--|
| Asia | Mongolia: Bank of Mongolia Thailand: Bank of Thailand Philippines: Bangko Sentral ng Pilipinas |
| Africa | Algeria: Bank of Algeria Mauritius: Bank of Mauritius South Africa: The National Treasury · South African Reserve Bank Lesotho: Central Bank of Lesotho |
| Central America | Virgin Islands: Ministry of Finance, Government of Virgin Islands |
| Middle East | Palestine: Palestine Monetary Authority |

III. Partners (International organizations and other entities: 12 organizations)

| |
|--|
| Asian Development Bank Institute |
| Association of Supervisors of Banks of the Americas (ASBA) |
| Centro de Estudios Monetarios Latinoamericanos (CEMLA) |
| European Bank for Reconstruction and Development |
| European Forum of Deposit Insurers |
| Inter-American Development Bank, IDB |
| International Monetary Fund |
| Office of Technical Assistance, US Department of the Treasury, International Affairs |
| The South East Asian Central Banks (SEACEN) Research and Training Centre |
| The Toronto International Leadership Centre for Financial Sector Supervision |
| Union of Arab Banks |
| World Bank |

Note: The above organizations are listed in an alphabetical order.

Number of IADI participants

| Category | Number of countries/regions | Number of entities |
|-----------|-----------------------------|--------------------|
| Member | 66 | 67 |
| Associate | 9 | 9 |
| Partner | — | 12 |

(Reference) Standing and Regional Committees

| Standing Committees | Regional Committees |
|---|--|
| Governance Committee Finance and Planning Committee Audit Committee Membership and Communications Committee Training and Conference Committee Research and Guidance Committee Data and Survey Committee | Asia-Pacific Regional Committee Africa Regional Committee Caribbean Regional Committee Eurasia Regional Committee Europe Regional Committee Latin America Regional Committee Middle East and North Africa Regional Committee North America Regional Committee |

Program of the seventh DICJ Round Table

| | Wednesday, March 6, 2013 | Thursday, March 7, 2013 |
|-----------|--|--|
| Morning | Opening Ceremony | Session 3: Integrated Protection Scheme |
| | Opening & Welcome Remarks Masanori Tanabe, Governor, Deposit Insurance Corporation of Japan Hisashi Ono, Deputy Director-General, Supervisory Bureau, Financial Services Agency Atsushi Miyanoaya, Director-General, Financial System and Bank Examination Department, Bank of Japan | (1)Korea Eun-ji Gwon, Research Fellow, Deposit Insurance Policy Department, Korea Deposit Insurance Corporation (2)Malaysia Afiza Abdullah, Deputy General Manager, Policy and International Division, Malaysia Deposit Insurance Corporation |
| | Session 1: Recent Initiatives in Resolution Regimes (1)United States John Oravec, Chief, Resolution Strategy and Implementation, Federal Deposit Insurance Corporation (2)Hungary András Fekete-Győr, Managing Director, National Deposit Insurance Fund of Hungary (3)Japan Hiroyuki Obata, Deputy Governor, Deposit Insurance Corporation of Japan | (3) Indonesia Salusra Satria, Director, Insurance and Risk Management, Indonesia Deposit Insurance Corporation |
| Afternoon | Keynote Speech: Asia's Financial Market, Deposit Insurance and Safety Net for Insurance and Securities in Asia Naoyuki Yoshino, Professor of Economics, Keio University, Member of the Policy Board of the DICJ | Closing Ceremony |
| | Session 2: Technical Issues of Resolution | Closing Remarks Hiroyuki Obata, Deputy Governor, Deposit Insurance Corporation of Japan |
| | (1)United States John Oravec, Chief, Resolution Strategy and Implementation, Federal Deposit Insurance Corporation (2)United Kingdom Karen Gibbons, Head, Policy and External Affairs, Financial Services Compensation Scheme, UK (3)Canada Thomas Sauvé, Managing Director, Complex Resolution Division, Canada Deposit Insurance Corporation | |

Participating overseas organizations (17 organizations from 19 countries/regions)

| | |
|----------------|--|
| Canada | Canada Deposit Insurance Corporation |
| Hungary | National Deposit Insurance Fund of Hungary |
| United Kingdom | Financial Services Compensation Scheme |
| United States | Federal Deposit Insurance Corporation |
| Azerbaijan | Azerbaijan Deposit Insurance Fund |
| Bangladesh | Bangladesh Bank |
| Hong Kong | Hong Kong Deposit Protection Board |
| India | Deposit Insurance & Credit Guarantee Corporation |
| Indonesia | Indonesia Deposit Insurance Corporation |
| Korea | Korea Deposit Insurance Corporation |
| Malaysia | Malaysia Deposit Insurance Corporation |
| Philippines | Philippine Deposit Insurance Corporation Banko Sentral ng Pilipinas |
| Russia | Deposit Insurance Agency |
| Taiwan | Central Deposit Insurance Corporation |
| Thailand | Deposit Protection Agency Bank of Thailand |
| Turkey | Saving Deposit Insurance Fund |
| Vietnam | Deposit Insurance of Vietnam |

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**Visits paid and received in relation to international operations
(International Exchanges)**
• International Association of Deposit Insurers (IADI)

| Date | Committee | Location |
|------------------|---|-------------------------|
| May 1–3, 2012 | IADI Training Seminar | US (Washington, D.C.) |
| June 4–6, 2012 | 10th Asia-Pacific Regional Committee Annual Meeting | Russia (Moscow) |
| June 26–28, 2012 | 36th Executive Council Meeting, Standing Committee Meetings, etc. | US (Washington, D.C.) |
| Aug. 28–30, 2012 | IADI Training Seminar | Switzerland (Basel) |
| Sep. 5–7, 2012 | IADI Training Seminar | Malaysia (Kuala Lumpur) |
| Oct. 22–25, 2012 | IADI 11th Annual General Meeting, 37th Executive Council Meeting, etc. | UK (London) |
| Nov. 13–15, 2012 | IADI Training Seminar | Korea (Seoul) |
| Feb. 4–7, 2013 | 38th Executive Council Meeting, Standing Committee Meetings, etc. | Canada (Ottawa) |
| Feb. 20–22, 2013 | Training seminar co-hosted by IADI and Deposit Insurance & Credit Guarantee Corporation (India) | India (Mumbai) |

Note: The DICJ has dispatched one of its staff members to the IADI Secretariat in Basel, Switzerland

• Personnel exchange with deposit insurance organizations overseas

| Date | Contents of the exchange |
|---------------------------------|--|
| Approx. one year from July 2012 | Dispatch of personnel to Federal Deposit Insurance Corporation |

• Exchange of letters with overseas organizations

| Date of exchange/signing | Counterparty |
|--------------------------|--|
| Nov. 2000 | Korea Asset Management Corporation |
| Nov. 2001 June 2006 | Korea Deposit Insurance Corporation |
| Aug. 2006 | Central Deposit Insurance Corporation (Taiwan) |
| Jan. 2007 | Philippine Deposit Insurance Corporation |
| Dec. 2007 | Indonesia Deposit Insurance Corporation |
| Dec. 2007 | Deposit Insurance of Vietnam |
| Jan. 2009 | Deposit Protection Agency (Thailand) |
| Sep. 2009 | Deposit Insurance of Vietnam |
| July 2011 | Federal Deposit Insurance Corporation (United States) (Concerning dispatch of staff) |

• Visits to related overseas organizations

| Date | Objective | Location |
|------------------|---|--|
| Sep. 3–4, 2012 | Exchange of views with deposit insurance organizations in Asian countries | Brunei (Bandar Seri Begawan), Australia (Sydney) |
| Sep. 13–14, 2012 | Exchange of views with deposit insurance organizations in Asian countries | Taiwan (Taipei) |

• Acceptance of research groups from abroad

| Date | Visitor |
|-----------------|--|
| May 10, 2012 | China Great Wall Asset Management Corporation |
| May 11–14, 2012 | The People's Bank of China |
| Oct. 10, 2012 | Korea Deposit Insurance Corporation |
| Oct. 11, 2012 | Indonesia Deposit Insurance Corporation |
| Nov. 6, 2012 | Deposit Protection Agency (Thailand) |
| Nov. 9, 2012 | Deposit Protection of Swiss Banks and Securities Dealers |
| Nov. 19, 2012 | Canada Deposit Insurance Corporation |
| Feb. 7, 2013 | Myanmar Ministry of Finance and Revenue |
| Mar. 5, 2013 | Indonesia Deposit Insurance Corporation |
| Mar. 11, 2013 | Bank of Thailand |

(Technical cooperation)

• Sending expert officials abroad

| Date | Purpose | Location |
|------------------|---|-------------------------|
| May 1–3, 2012 | IADI Training Seminar | US (Washington, D.C.) |
| Aug. 28–30, 2012 | IADI Training Seminar | Switzerland (Basel) |
| Sep. 5–7, 2012 | IADI Training Seminar | Malaysia (Kuala Lumpur) |
| Nov. 13–15, 2012 | IADI Training Seminar | Korea (Seoul) |
| Feb. 20–21, 2013 | Training seminar co-hosted by IADI and Deposit Insurance & Credit Guarantee Corporation (India) | India (Mumbai) |

• Acceptance of trainees from overseas

| Date | Visitor | Organizer |
|--------------|---|---|
| Feb 21, 2013 | Government/central bank personnel from countries of the former Soviet Union | 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 system as well as on various practical and legal issues in order to ensure appropriate operations.

In FY2012, the DICJ conducted researches focusing on the development in international discussions of resolution frameworks at the G20, FSB, etc. and reform of deposit insurance systems and resolution frameworks in various countries and regions. Some of the accomplishments of these research and studies were disseminated widely through the publication of a research journal (see ii. below), posted on the DICJ's website and other means.

(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. The DICJ published issue No. 14 in May 2012 and No. 15 in May, 2013.

○ No. 14 (May 2012)

- History of and challenges of the deposit insurance system
- International trends in the structure of macroprudential policy
- Global trend of deposit insurance systems after the Lehman Shock
- (Report) Desirable Insurance premium Rates in Future

○ No.15 (May 2013)

- (Speech) The development of Safety Net System in Japan
- A New Resolution Framework under the Dodd-Frank Act
- Debate on Banking Union in EU
- Organization and Activities of the International Association of Deposit Insurers (IADI)
- Overview of the 7th DICJ Round Table
- Failure Resolution of the Incubator Bank of Japan – Focusing on Protection of Depositors –

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Deposit insurance schemes of selected jurisdictions

| | Japan | United States | Canada | Korea |
|---------------------------------------|--|--|--|--|
| Deposit insurance institution | 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 | 372 (FY2013 authorized staff) | 7,476 (end of 2012) | 99 (March 2013; full-time) | 584 (end of 2011) |
| Insured financial institutions | [Compulsory membership] 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) The Shinkin Central Bank 7) The Shinkumi Federation Bank 8) The Rokinren Bank 9) The Shoko Chukin Bank | [Compulsory membership] 1) Banks 2) Thrift institutions (savings and loan associations, savings banks) | [Compulsory membership] 1) Banks 2) Deposit-taking trust companies and loan companies 3) Cooperative credit associations established under the Cooperative Credit Associations Act | [Compulsory membership] 1) Banks 2) Mutual savings banks 3) Korean Federation of Savings Banks (KFSB) 4) 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) Subscribed 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 and others, or trusts issuing beneficiary certificates, subject to the Act on Book-Entry Transfer of Company Bond, Shares, etc. 5) Deposits and others in special international financial transaction accounts (Japan offshore market accounts) 6) Deposits and others from the Bank of Japan (excluding treasury funds) 7) Deposits and others from insured financial institutions (excluding those related to the investment of defined contribution pension reserves) 8) Deposits and others from the DICJ 9) Anonymous bank accounts The following deposits are not protected: 1) Deposits and others under another party's name (Including those under fictitious/false name) 2) Deposits and others to be re-lent to a third party | [Eligible deposits, etc.] 1) Current accounts 2) Ordinary accounts 3) Time deposits 4) Negotiable certificates of deposits 5) Foreign-currency deposits 6) Checks, money orders, traveler's checks [Non-eligible deposits, etc.] 1) Bonds 2) Trust vehicles | [Eligible deposits, etc.] The following deposits, etc. in member financial institutions, which are in Canadian dollars and payable in Canada: 1) Chequing accounts 2) Saving accounts 3) Term Deposits of five years or less 4) Debentures issued to evidence deposit by member institutions (other than banks) 5) Money orders, certified cheques, traveler's cheques and bank drafts issued by CDIC members [Non-eligible deposits, etc.] 1) Foreign currency deposits 2) Term deposits with original term to maturity more than five years 3) Bonds 4) Mutual funds, shares 5) Financing Bills 6) Banker's acceptances, principal protected notes (PPNs) | [Eligible deposits, etc.] 1) Current accounts 2) Ordinary accounts 3) Time deposits 4) Trust vehicle under the guarantee of principal 5) Foreign-currency deposits 6) Cumulative deposits 7) Deposits from overseas branches [Non-eligible deposits, etc.] 1) Negotiable certificates of deposits 2) Trust vehicle without the guarantee of principal 3) Deposits from the government 4) Deposits from the central bank 5) Deposits from KDIC 6) Deposits from financial institution |
| 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 (approx. ¥23.7 million, interest included) for each of eight categories including single accounts and joint accounts Unlimited protection was applied to deposits bearing no interest used for settlement purposes on a temporary basis until the end of 2012, but full protection was terminated due to the expiration of that period. | CS\$100,000 (approx. ¥9.3 million, interest included) for each of seven categories including single accounts and joint accounts | W50 million (approx. ¥4.3 million, interest included) |
| Premium rate | Flat-rate premium system: (FY2013) ^(Note 2) Deposits for payment and settlement purposes: 0.107% General deposits, etc.: 0.082% (Effective premium rate: 0.084%) | Differential premium system: 0.025 – 0.45% | Differential premium system: Four premium categories: 0.028%, 0.056%, 0.111%, 0.222% | Flat-rate premium system: Banks: 0.08%, Mutual savings banks: 0.40% Special premium rate (by 2027) All sectors of financial institutions across-the board: 0.1% |
| Other | • The norinchukin Bank, agricultural cooperatives, and fisheries cooperatives and others are members of the Agricultural and Fishery Cooperative Savings Insurance Corporation. • Security companies are members of the Investor Protection Fund, and life/non-life insurance companies are members of the Policyholders' Protection Corporation. | • Deposits at credit unions are protected by National Credit Union Administration (NCUA). | • Deposits at credit unions and caisses populaires operating within each province are protected by the provincial deposits insurance system of that province. | • KDIC also protects financial and investment companies and insurance firms other than deposit-taking financial institutions. • Deposits at credit unions are protected by National Credit Union Federation of Korea.. |

Notes: 1. The EU Directive on Deposit Guarantee Schemes sets the limit at €100,000 across the board.

2. See P81 regarding Japan's insurance premium rates in FY2013.

3. Exchange rates are based on the monthly average of March 2013.

Sources: Materials provided by related authorities of various countries

| Common Standard in EU (the directive on deposit guarantee schemes) | United Kingdom | France | Germany |
|---|--|---|---|
| — | Financial Services Compensation Scheme (FSCS) | Fonds de Garantie des Dépôts (FGD) | [Compulsory membership] Entschädigungseinrichtung deutscher Banken GmbH (EdB) (Compensation Scheme of German Banks) [Voluntary membership] Bundesverband deutscher Banken (Association of German Banks) |
| (Standards established in 1994; draft revision proposed in July 2010 is currently under consideration by European Parliament) | 2001 (Deposit insurance system started in 1982) | 1999 (Deposit insurance system of the French Bankers Association started in 1980) | 1966 |
| — | Public institution | Private institution authorized under public law | Private institution |
| — | 182 (March 2012) | Several people | Several people (full-time staff) (supported by the Association of German Banks) |
| Eligible financial institutions are planned to be harmonized within the EU. | [Compulsory membership] 1) Banks 2) Building societies 3) Credit unions 4) UK branches of foreign banks established outside of the European Economic Area (EEA) | [Compulsory membership] 1) Banks 2) French branches of foreign banks established outside of the EEA *French branches of foreign banks established within the EEA can become members to supplement the deposit insurance of the home country. | [Compulsory membership system] 1) Banks 2) Building and Loan Associations 3) German branches of foreign banks established outside of the EEA *German branches of foreign banks established within the EEA can become members to supplement the deposit insurance of the home country. [Voluntary membership system] 1) Banks 2) Branches of foreign banks |
| Eligible deposits are planned to be harmonized within the EU. | [Eligible deposits, etc.] 1) Current accounts 2) Ordinary accounts 3) Time deposits 4) Foreign currency deposits 5) Deposits of branches of foreign banks in the EEA [Non-eligible deposits, etc.] 1) Deposits of financial institutions 2) Deposits of the manager or any other related individuals of failed financial institutions 3) Anonymous bank accounts 4) Deposits under an alias or fictitious name 5) Deposits concerned with money laundering activities | [Eligible deposits, etc.] 1) Current accounts 2) Ordinary accounts 3) Time deposits 4) Foreign currency (only in the EEA currencies) denominated deposits 5) Deposits of member's foreign branches in the EEA 6) Unsettled debts [Non-eligible deposits, etc.] 1) Negotiable certificates of deposit 2) Bonds 3) Trust vehicles 4) Deposits from the central government 5) Deposits from financial institutions 6) Deposits of individuals who are directors and persons related to the failed financial institutions 7) Anonymous bank accounts 8) Deposits concerned with money laundering activities 9) Deposits in non-EEA currencies | [Eligible deposits, etc.] 1) Current accounts 2) Ordinary accounts 3) Time deposits 4) Foreign currency deposits (Deposits denominated in currencies outside of the EEA are not insured by the compulsory system but insured by the voluntary system) 5) Deposits of member's foreign branches within the EEA [Non-eligible deposits, etc.] 1) Deposits from financial institutions 2) Deposits of individuals who are directors and persons related to the failed financial institutions 3) Anonymous bank accounts |
| €100,000 (approx. ¥12.3 million, interest included)(already dealt with by the end of 2010). | £85,000 for deposits (approx. €100,000, interest included) (Note 1) | € 100,000 for deposits (interest included) (Note 1) | [Compulsory membership system] € 100,000 (interest included) (Note 1) [Voluntary membership system] An amount of deposits which is equal to 30% of liable capital is protected per depositor per institution |
| A differential premium rate scheme is planned to be harmonized within the EU. | Ex-post funding (flat-rate premium system) • Cap on the total premiums collected by deposit-taking financial institution: £1.5 billion on an annual basis. | Differential premium system | [Compulsory membership system] Flat-rate premium system [Voluntary membership system] Differential premium system |
| | • The Financial Services Compensation Scheme also provides protection to entities other than deposit-taking financial institutions, such as securities companies, insurance companies (life and casualty insurance), investment advisory companies, insurance brokers and mortgage brokers (compensation is provided in the case of inappropriate advice or sales). | • Securities under custody of authorized institutions are protected up to €70,000 (¥9 million). | • Deposits at cooperative banks and savings banks are protected by different deposit insurance scheme |

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9. 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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III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

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The Performance Evaluation Report for FY2012

| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---|-----------|---|-----------|---|--|--|---------------|---|------------|---|-----|-----|-------|-------|-----|----|----|---|----|----|----|----|-----------------------|----|----|----|----|----|----|-------|-----|-----|-----|-------|-------|-----|
| 1. Improvement and Enhancement on the Preparedness for Failure Resolution of Financial Institutions Corresponding to Every Situation from the Perspective of the Protection of Depositors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) Strengthening of the DICJ's systems related to failure resolution and follow-up review of the status of financial institutions' effort to improve their systems in normal operations | <ul style="list-style-type: none"> ○ Strove to strengthen the DICJ's readiness to respond to the failure of financial institutions by accumulating know-how and skills obtained through failure resolution practices as well as by actively implementing practical training and workshops while improving the preparedness of its financial administrator operations for contingencies <table border="1" style="margin-top: 10px; width: 100%;"> <thead> <tr> <th style="background-color: #D9EAD3;">Every month since April 2012 (except for August)</th> <th style="background-color: #D9EAD3;">Series of trainings for all on-site advisers dispatched by the DICJ</th> </tr> </thead> <tbody> <tr> <td>June 2012</td> <td>Failure resolution initial action plan for staff of financial administrator (walk-through exercise)^(Note)</td> </tr> <tr> <td>July 2012</td> <td>Comprehensive practical training for new DICJ employees, etc.</td> </tr> <tr> <td>October 2012</td> <td>Public relations-related practical training for staff of financial administrator, etc.</td> </tr> <tr> <td>December 2012</td> <td>Joint training with other financial operation centers</td> </tr> <tr> <td>March 2013</td> <td>Failure resolution initial action plan for staff of financial administrator (simulation training)</td> </tr> </tbody> </table> <p style="margin-top: 5px;">Note: In a "walk-through exercise," staff members check the flow of procedures prescribed by manuals and other materials.</p> ○ To coincide with the entry-into-force of the revised Deposit Insurance Act (May 2012), held seminars for financial institutions (a total of 17 seminars at 12 locations nationwide) at Local Finance Bureaus nationwide in order to collect information from the institutions and check their current status of implementation of procedures regarding dealing with insurable contingencies; as well, requested 584 financial institutions across the country to submit their procedures and manuals, and held supplementary hearings with them | Every month since April 2012 (except for August) | Series of trainings for all on-site advisers dispatched by the DICJ | June 2012 | Failure resolution initial action plan for staff of financial administrator (walk-through exercise) ^(Note) | July 2012 | Comprehensive practical training for new DICJ employees, etc. | October 2012 | Public relations-related practical training for staff of financial administrator, etc. | December 2012 | Joint training with other financial operation centers | March 2013 | Failure resolution initial action plan for staff of financial administrator (simulation training) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Every month since April 2012 (except for August) | Series of trainings for all on-site advisers dispatched by the DICJ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June 2012 | Failure resolution initial action plan for staff of financial administrator (walk-through exercise) ^(Note) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 2012 | Comprehensive practical training for new DICJ employees, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| October 2012 | Public relations-related practical training for staff of financial administrator, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| December 2012 | Joint training with other financial operation centers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March 2013 | Failure resolution initial action plan for staff of financial administrator (simulation training) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) Inspection, etc. of the status of improvements made by financial institutions to facilitate repayment of insured deposits | <ul style="list-style-type: none"> ○ Regarding on-site inspections, made fundamental shift from the conventional procedure on name-based aggregation databases of depositors to improvement of manuals and systems related to failure resolution as well as increasing inspections of entities that operate systems on their own in order to conduct inspections in accordance with the revised Deposit Insurance Act that was put into force in May 2012. Moreover, regarding improvement of name-based aggregation databases of depositors, started a new measure of encouraging voluntary improvement by informing inspected financial institutions of their performance scores (level of readiness in normal times) ○ DICJ staff, etc. who actually conducted inspections and examinations, attended and exchanged opinions at improvement hearings held by the FSA, etc., in an effort to enhance understanding on the part of financial institutions based on the inspection results ○ As for system verification, enhanced the provision of feedback data to inspected financial institutions so as to facilitate improvement of procedures and manuals for adaptation to the revised Deposit Insurance Act that was put into force in May 2012. Moreover, regarding classification related to group deposits (classification of depositors into juridical persons, unincorporated associations and foundations, and voluntary organizations), compiled and distributed reference materials that outline the concept of the classification under the deposit insurance system so as to help financial institutions make judgment <table border="1" style="margin-top: 10px; width: 100%;"> <thead> <tr> <th rowspan="2" style="background-color: #D9EAD3;">Administrative Year^(Note 1)</th> <th colspan="3" style="background-color: #D9EAD3;">No. of on-site inspections conducted</th> <th rowspan="2" style="background-color: #D9EAD3;">FY</th> <th rowspan="2" style="background-color: #D9EAD3;">No. of system verification conducted</th> <th rowspan="2" style="background-color: #D9EAD3;">No. of training and advice, etc. given</th> </tr> <tr> <th style="background-color: #D9EAD3;">Banks, etc.</th> <th style="background-color: #D9EAD3;">Shinkin banks</th> <th style="background-color: #D9EAD3;">Credit cooperatives</th> </tr> </thead> <tbody> <tr> <td style="background-color: #D9EAD3;">13-22</td> <td style="background-color: #D9EAD3;">876</td> <td style="background-color: #D9EAD3;">169</td> <td style="background-color: #D9EAD3;">430</td> <td style="background-color: #D9EAD3;">13-22</td> <td style="background-color: #D9EAD3;">1,759</td> <td style="background-color: #D9EAD3;">716</td> </tr> <tr> <td style="background-color: #D9EAD3;">23</td> <td style="background-color: #D9EAD3;">57</td> <td style="background-color: #D9EAD3;">8</td> <td style="background-color: #D9EAD3;">44</td> <td style="background-color: #D9EAD3;">23</td> <td style="background-color: #D9EAD3;">82</td> <td style="background-color: #D9EAD3;">50</td> </tr> <tr> <td style="background-color: #D9EAD3;">24^(Note2)</td> <td style="background-color: #D9EAD3;">58</td> <td style="background-color: #D9EAD3;">20</td> <td style="background-color: #D9EAD3;">25</td> <td style="background-color: #D9EAD3;">24</td> <td style="background-color: #D9EAD3;">87</td> <td style="background-color: #D9EAD3;">50</td> </tr> <tr> <td style="background-color: #D9EAD3;">Total</td> <td style="background-color: #D9EAD3;">991</td> <td style="background-color: #D9EAD3;">197</td> <td style="background-color: #D9EAD3;">499</td> <td style="background-color: #D9EAD3;">Total</td> <td style="background-color: #D9EAD3;">1,928</td> <td style="background-color: #D9EAD3;">816</td> </tr> </tbody> </table> <p style="margin-top: 10px;">Notes: 1. An administrative year is a period from July through June of the following year. 2. The number of on-site inspections conducted in the 2012 administrative year is an estimate.</p> | Administrative Year ^(Note 1) | No. of on-site inspections conducted | | | FY | No. of system verification conducted | No. of training and advice, etc. given | Banks, etc. | Shinkin banks | Credit cooperatives | 13-22 | 876 | 169 | 430 | 13-22 | 1,759 | 716 | 23 | 57 | 8 | 44 | 23 | 82 | 50 | 24 ^(Note2) | 58 | 20 | 25 | 24 | 87 | 50 | Total | 991 | 197 | 499 | Total | 1,928 | 816 |
| Administrative Year ^(Note 1) | No. of on-site inspections conducted | | | FY | No. of system verification conducted | | | | No. of training and advice, etc. given | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Banks, etc. | Shinkin banks | Credit cooperatives | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13-22 | 876 | 169 | 430 | 13-22 | 1,759 | 716 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | 57 | 8 | 44 | 23 | 82 | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 ^(Note2) | 58 | 20 | 25 | 24 | 87 | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 991 | 197 | 499 | Total | 1,928 | 816 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
|---|---|--|
| <ul style="list-style-type: none"> ○ Appropriately executed the financial administrator operations in the failure resolution of the Incubator Bank of Japan, as a result of continuous workshops and practical training ○ Further strengthened the DICJ's preparedness for failure resolution, as a result of considering various issues based on the experience of the failure resolution of the Incubator Bank of Japan ○ Deepened financial institutions' understanding of the revised Deposit Insurance Act that was put into force in May 2012 by encouraging the improvement of their preparedness for efficient deposit repayment in the event of insurable contingencies through the improvement of procedures and manuals | <ul style="list-style-type: none"> ○ Strive to further enhance the DICJ's readiness by conducting a further study on various issues that have been revealed through workshops, practical training, etc. ○ Continue to encourage financial institutions to redouble their efforts to enhance their preparedness for the reimbursement of insured deposits, etc. through the inspections and workshops, etc. for financial institutions ○ In introducing measures concerning an orderly resolution of assets and liabilities of financial institutions for stabilization of financial system in the new Deposit Insurance Act in June 2013, strive to improve the DICJ's readiness as necessary for the enforcement of the new Act | <p>Financial Reconstruction Department: Financial Reorganization Division</p> <p>Treasury Department: Financial Planning and Coordination Division Finance Division I Finance Division II</p> <p>Deposit Insurance Department: Information System Division Planning Division</p> <p>Special Investigation Department : Investigation and Recovery Division</p> <p>Inspection Department : Monitoring & Analysis Division Legal Affairs Department Planning & Coordination Department: Planning & Coordination Division</p> |
| <ul style="list-style-type: none"> ○ In preparation for conducting inspections in accordance with the revised Deposit Insurance Act that was put into force in May 2012, strove to accumulate skills by holding comprehensive training for the staff of the Inspection Department (14 times, 14 days), revised the method of name-based aggregation inspection and enhanced an exchange of information among the DICJ's relevant departments and divisions Given that the said Act was only recently put into force, placed emphasis on giving guidance in the DICJ's inspections Regarding entities which were inspected by the DICJ for the second time, observed an improvement in the accuracy of their name-based aggregation database of depositors, indicating the effects of on-site inspections, system verification, training and advice, etc. ○ Regarding improvement hearings, checked whether inspected financial institutions were making appropriate improvement efforts based on understanding of the inspection results and provided necessary advice so as to ensure effective improvements ○ Since there are still differences among financial institutions in the accuracy of their name-based aggregation database of depositors and there is room for improvement, supported their efforts to improve their preparedness for name-based aggregation of depositors by compiling reference materials that outline the concept of the classification regarding group deposits under the deposit insurance system In addition, recognized that financial institutions need to constantly maintain and improve the accuracy of their name-based aggregation database of depositors based on actual conditions, as they have to respond to the opening of new accounts and changes in data on individual depositors as well as modifications of relevant systems | <ul style="list-style-type: none"> ○ Hold a joint review meeting with the Inspection Department, the Deposit Insurance Department and the Financial Reconstruction Department to strengthen collaboration among the relevant departments and divisions of the DICJ through sharing of the recognition of issues identified by inspections In addition, strive to unify the perspective of the DICJ's relevant departments by enhancing manuals and training programs ○ Strive to provide information and support preparedness by financial institutions to prevent errors in the name-based aggregation databases of depositors | <p>Inspection Department: Inspection Planning Division Evaluation Division, Monitoring and Analysis Division</p> <p>Deposit Insurance Department: Information System Division Advisory Service Division</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------|------------------|--------|--------|----------------------------------|----------|----------|----------|---|---------------|----------------|----------------|---------------------|--------|--------|--------|-------|----------------|----------------|------------------|--|----------------|----------------|----------------|--|----------------|----------------|----------------|
| 1. Improvement and Enhancement on the Preparedness for Failure Resolution of Financial Institutions Corresponding to Every Situation from the Perspective of the Protection of Depositors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(iii) Improvement and expansion of the DICJ's preparedness and development of the failure resolution system for accelerating the procedure for name-based aggregation of depositors and facilitating the financial administrator operations</p> | <ul style="list-style-type: none"> ○ As for operations, reviewed administrative procedures related to various failure resolution methods In relation to failure resolution practices, made settlement payment and payment of tenders with regard to uninsured deposits at the Incubator Bank of Japan ○ With regard to information systems, completed a system replacement intended to optimize the DICJ's operations and started the operation of the failure resolution system that is used for name-based aggregation of depositors and for financial administrator operations in May 2012 After the start of the operation of the system, made additional system development in order to adapt the system to the revised Deposit Insurance Act that was put into force in May 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(iv) Consideration of matters necessary for the failure resolution scheme and practices and collaboration with other safety net providers</p> | <ul style="list-style-type: none"> ○ Based on the experience of the failure resolution of the Incubator Bank of Japan, continued to discuss on an ongoing basis the issues necessary for the current and future failure resolution schemes and practical operations Also clarified the scope of deposit insurance protection regarding structured deposits and responded to inquiries about the deposit insurance system ○ Strengthened collaboration with relevant authorities with regard to failure resolution ○ Held a meeting with other financial safety net providers (in October 2012) to strengthen relationships | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. PR Activities Related to the Deposit Insurance System and the DICJ's Operations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Implementation of PR activities from the standpoint of depositors intended to enable depositors to deepen their understanding of the deposit insurance system and the DICJ's role and operations</p> | <ul style="list-style-type: none"> ○ Created a DICJ website specialized for access via smart phones so as to improve convenience for users Moreover, in order to enable all people, including elderly people and people with disabilities, to easily use information and functions provided through the DICJ's website, took measures to enhance web accessibility by making PDF data available in the HTML format so that users of text-to-speech software can better obtain information ○ In order to enable a wide range of depositors and financial industry officials to deepen their understanding of the deposit insurance system, actively dispatched lecturers to seminars and various meetings and contributed articles to financial journals In FY2012, conducted more of these activities than in the previous year <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th></th> <th style="text-align: center;">FY2010</th> <th style="text-align: center;">FY2011</th> <th style="text-align: center;">FY2012</th> </tr> </thead> <tbody> <tr> <td>Dispatch of executives and staff</td> <td style="text-align: center;">10 times</td> <td style="text-align: center;">14 times</td> <td style="text-align: center;">20 times</td> </tr> <tr> <td>Contributions of articles to financial journals, etc.</td> <td style="text-align: center;">Four articles</td> <td style="text-align: center;">Three articles</td> <td style="text-align: center;">Eight articles</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ○ Revised two pamphlets for depositors to make them more readable and understandable and distributed them to financial institutions, local governments and other organizations across the country so as to raise awareness of the deposit insurance system <p>[Publication numbers of pamphlets for depositors]</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: center;">Publication numbers</th> <th style="text-align: center;">FY2010</th> <th style="text-align: center;">FY2011</th> <th style="text-align: center;">FY2012</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">884,000 copies</td> <td style="text-align: center;">799,000 copies</td> <td style="text-align: center;">1,605,000 copies</td> </tr> <tr> <td style="text-align: center;">Understanding the Deposit Insurance System with Cartoons</td> <td style="text-align: center;">500,000 copies</td> <td style="text-align: center;">450,000 copies</td> <td style="text-align: center;">925,000 copies</td> </tr> <tr> <td style="text-align: center;">Deposit Insurance Guidebook (Formerly titled "Operations of the Deposit Insurance Corporation of Japan")</td> <td style="text-align: center;">384,000 copies</td> <td style="text-align: center;">349,000 copies</td> <td style="text-align: center;">680,000 copies</td> </tr> </tbody> </table> | | FY2010 | FY2011 | FY2012 | Dispatch of executives and staff | 10 times | 14 times | 20 times | Contributions of articles to financial journals, etc. | Four articles | Three articles | Eight articles | Publication numbers | FY2010 | FY2011 | FY2012 | Total | 884,000 copies | 799,000 copies | 1,605,000 copies | Understanding the Deposit Insurance System with Cartoons | 500,000 copies | 450,000 copies | 925,000 copies | Deposit Insurance Guidebook (Formerly titled "Operations of the Deposit Insurance Corporation of Japan") | 384,000 copies | 349,000 copies | 680,000 copies |
| | FY2010 | FY2011 | FY2012 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dispatch of executives and staff | 10 times | 14 times | 20 times | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contributions of articles to financial journals, etc. | Four articles | Three articles | Eight articles | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Evaluation | Future policy | Responsible unit |
|---|---|---|
| | | |
| <ul style="list-style-type: none"> ○ Improved and expanded the DICJ's preparedness for operation through the review and training of administrative procedures related to various failure resolution methods and enhanced its operational capabilities in the actual practice of failure resolution ○ Expect that the newly developed failure resolution system has made the failure resolution more effective and efficient | <ul style="list-style-type: none"> ○ In order to speed up name-based aggregation of depositors and facilitate financial administrator operations, efficiently develop and expand the DICJ's preparedness for failure resolution and enhance its operational capabilities on the basis of its experience of the failure resolution of the Incubator Bank of Japan ○ Also aim to maintain smooth operation of the failure resolution system by efficiently improving the DICJ's preparedness for operation across all of its departments and divisions | <p>Deposit Insurance Department: Information System Division</p> <p>Financial Reconstruction Department: Financial Reorganization Division</p> <p>Planning & Coordination Department: Information System Planning Division</p> |
| <ul style="list-style-type: none"> ○ Recognize that the DICJ sufficiently discussed over issues necessary for the smooth operation of the deposit insurance system, i.e., reviewing failure resolution scheme and its practice for better implementation, clarifying the scope of insured deposit, etc. ○ Facilitated interaction with relevant financial authorities and other safety net providers | <ul style="list-style-type: none"> ○ Continue to consider necessary matters from the perspective of ensuring the smooth operation of the deposit insurance system and seek to further strengthen relationships with relevant authorities and other safety net providers ○ In introducing measures concerning an orderly resolution of assets and liabilities of financial institutions for stabilization of financial system in the new Deposit Insurance Act in June 2013, further discuss practical issues for the enforcement of the new Act, working together with relevant authorities | <p>Planning & Coordination Department: Planning & Coordination Division, Office for Research and Intelligence</p> <p>Deposit Insurance Department: Planning Division</p> <p>Financial Reconstruction Department: Planning & Coordination Division</p> |
| | | |
| <ul style="list-style-type: none"> ○ Recognize that the DICJ's public relations media were enhanced as a result of the diversification of access methods and improvement of accessibility due to the creation of a website specialized for access via smart phones ○ Achieved substantial results in PR activities using various media For example, actively dispatched lecturers to seminars and contributed articles to financial journals Recognized that, as a result of revising pamphlets for depositors so as to make them more readable and understandable, the number of copies requested for distribution by financial institutions across the country increased, with the number of copies published rising to the highest level ever in FY2012 since the first publication in FY2006. | <ul style="list-style-type: none"> ○ In line with the policy of implementing easy-to-understand PR activities from the standpoint of depositors, continue to consider enhancing and improving the DICJ's efforts and implementing new measures while listening to the opinions of users at every available opportunity as well as examining the access status of the DICJ website | <p>Planning & Coordination Department: Public Relations & Information Management Office</p> |

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- IV. Annex

| Task | Main business performance | | | | | | | | | | | | |
|--|--|--|--|----------------|---|--|--|---------------|---|--|--|---------------|---|
| 3. Operations Related to Capital Injection | | | | | | | | | | | | | |
| <p>(i) Appropriate execution of capital injection based on the Financial Functions Strengthening Act (including special measures related to the Great East Japan Earthquake)</p> | <p>○ Implemented capital injection of ¥40.0 billion into two institutions including the earthquake-affected special financial institution as an earthquake-related special measure under the Financial Functions Strengthening Act</p> <table border="1" data-bbox="470 380 1428 616"> <tr> <td colspan="2">Earthquake-affected special financial institution (Article 8 of the Supplementary Provisions of the Financial Functions Strengthening Act)</td> </tr> <tr> <td>September 2012</td> <td>Tohoku Bank (¥10.0 billion, preferred shares)</td> </tr> <tr> <td colspan="2">Financial institution established through financial organizational restructuring involving an earthquake-affected special financial institution (Article 9 of the Supplementary Provisions of the Financial Functions Strengthening Act)</td> </tr> <tr> <td>December 2012</td> <td>Jimoto Holdings (Kirayaka Bank) (¥30.0 billion, preferred shares)^(Note 1)</td> </tr> </table> <p>Note 1: Kirayaka Bank and Sendai Bank integrated their business operations in October 2012 under Jimoto Holdings as a joint holding company. Jimoto Holdings received capital injections totaling ¥60.0 billion in exchange for preferred shares as an earthquake-related special measure, including capital injection of ¥30.0 billion received in September 2011 by Sendai Bank as an earthquake-affected special financial institution under Article 8 of the Supplementary Provisions of the Financial Functions Strengthening Act. The existing ¥20.0 billion public funds injected to Kirayaka Bank (in September 2009 under the main provisions of the Financial Functions Strengthening Act (Article 5); prior to the business integration with Sendai Bank) was repaid along with the issuance of the preferred shares by Jimoto Holdings.</p> <p>○ Injected capital of ¥25.0 billion into one cooperative financial institution established through financial organizational restructuring under the main provisions of the Financial Functions Strengthening Act</p> <table border="1" data-bbox="470 974 1428 1086"> <tr> <td colspan="2">Cooperative financial institution established through financial organizational restructuring (Article 26 of the Financial Functions Strengthening Act)</td> </tr> <tr> <td>December 2012</td> <td>Gunmamirai Shinkumi Bank (¥25.0 billion, trust beneficial rights [preferred beneficial rights])^(Note 2)</td> </tr> </table> <p>Note 2: Gunmamirai Shinkumi Bank was established in November 2012 through the merger between Higashigunma Shinkumi Bank and Kamitsuke Shinkumi Bank. The DICJ injected capital by subscribing for the preferred portion of the trust beneficial rights backed by trust assets in the form of corporate bond-type, non-cumulative perpetual preferred investment securities issued by Gunmamirai Shinkumi Bank, which Shinkumi Federation Bank, (the central organization of credit cooperatives) entrusted.</p> <p>○ Implemented capital injections under the Financial Functions Strengthening Act in a cumulative total of ¥591.0 billion (including ¥374.5 billion provided under the main provisions of the Act and ¥216.5 billion provided as an earthquake-related special measure)</p> | Earthquake-affected special financial institution (Article 8 of the Supplementary Provisions of the Financial Functions Strengthening Act) | | September 2012 | Tohoku Bank (¥10.0 billion, preferred shares) | Financial institution established through financial organizational restructuring involving an earthquake-affected special financial institution (Article 9 of the Supplementary Provisions of the Financial Functions Strengthening Act) | | December 2012 | Jimoto Holdings (Kirayaka Bank) (¥30.0 billion, preferred shares) ^(Note 1) | Cooperative financial institution established through financial organizational restructuring (Article 26 of the Financial Functions Strengthening Act) | | December 2012 | Gunmamirai Shinkumi Bank (¥25.0 billion, trust beneficial rights [preferred beneficial rights]) ^(Note 2) |
| Earthquake-affected special financial institution (Article 8 of the Supplementary Provisions of the Financial Functions Strengthening Act) | | | | | | | | | | | | | |
| September 2012 | Tohoku Bank (¥10.0 billion, preferred shares) | | | | | | | | | | | | |
| Financial institution established through financial organizational restructuring involving an earthquake-affected special financial institution (Article 9 of the Supplementary Provisions of the Financial Functions Strengthening Act) | | | | | | | | | | | | | |
| December 2012 | Jimoto Holdings (Kirayaka Bank) (¥30.0 billion, preferred shares) ^(Note 1) | | | | | | | | | | | | |
| Cooperative financial institution established through financial organizational restructuring (Article 26 of the Financial Functions Strengthening Act) | | | | | | | | | | | | | |
| December 2012 | Gunmamirai Shinkumi Bank (¥25.0 billion, trust beneficial rights [preferred beneficial rights]) ^(Note 2) | | | | | | | | | | | | |
| <p>(ii) Appropriate management and disposal of preferred shares and other capital-raising instruments for which the DICJ subscribed based on the Early Strengthening Act, Financial Functions Strengthening Act, etc.</p> | <p>○ Implemented the following operations regarding management of preferred shares and other capital-raising instruments for which the DICJ subscribed in order to implement capital injection:</p> <ul style="list-style-type: none"> Exercised the voting rights at general meetings of shareholders in compliance with the “Basic Policy in Exercising Voting Rights as a Shareholder,” which ensures the maintenance of the soundness of bank operations, securing of funds for the repayment of public funds and conformity with the purposes of the Act (that constitutes the basis of capital injection with funds) (five cases at ordinary general meetings of shareholders and six cases at general meetings of class shareholders) and exercised the preferred beneficial rights (one case, asking questions at a general meeting of preferred investors of a cooperative financial institution) <p>Note : Following the exercise of the voting right at class shareholders meetings of Aozora Bank, Ltd. with regard to amendment of the articles of incorporation concerning changes to the terms of the preferred shares (extending the conversion dates by 10 years, repayments through special preferred dividend payments, etc.), the DICJ entered into a letter agreement contributing to early full repayment of public funds with the bank (the contract requires the bank to repay the remaining funds early when repayment conditions are met) based on the “Immediate Guideline for Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection” (hereafter referred to as the “Immediate Guideline”)</p> <ul style="list-style-type: none"> Received dividends (a total of ¥26.4 billion from 22 financial institutions; two financial institutions paid no dividends) Conducted hearings with financial institutions that received capital injection in respect to financial results, dividend policy, accumulation of surpluses and future repayment plans, etc., as well as meetings with financial institutions on such topics as repayment plans and individual cases (139 cases) | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
|---|---|--|
| <p>○ Immediately responded to applications from financial institutions, and appropriately implemented capital injection into three institutions (one bank, one bank holding company and one cooperative financial institution)</p> | <p>○ As the deadline for application for capital injection under the Financial Functions Strengthening Act is set at the end of March 2017, implement capital injection under the same Act in a secure and smooth manner in close cooperation with relevant authorities</p> | <p>Financial Reconstruction Department: Capital Operation Division</p> |
| <p>○ In management operations, appropriately exercised the DICJ's voting rights at ordinary general meetings of shareholders and on other occasions Conducted adequate deliberations on each proposal in line with the "Basic Policy in Exercising Voting Rights as a Shareholder" and submitted questions in advance of general meetings of shareholders as necessary and asked the questions at the meetings Strove to grasp the financial results and implementation status of repayment plans of recapitalized financial institutions through periodic interviews and other means</p> | <p>○ Strive for appropriate management, including proper exercise of voting rights in line with the "Basic Policy in Exercising Voting Rights as a Shareholder"</p> | <p>Financial Reconstruction Department: Capital Operation Division</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|------------------------|--------------------------|-------|------------------|------|---|-------|-------|-------|------|-------|-------|-------|-------|------|---|---|---|-------|------|---|-------|-------|---------|------|-------|-------|-------|---------|------|-------|-------|---------|---------|------|---------|-------|---------|---------|------|---------|------|---------|---------|------|-------|------|-------|---------|------|-------|------|-------|---------|------|------|---|------|---------|------|---------|---|---------|----------|------|---|---|---|----------|------|-------|---|-------|----------|
| 3. Operations Related to Capital Injection | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>○ As for disposal, conducted the following operations with regard to preferred shares and other capital-raising instruments for which the DICJ subscribed in order to implement capital injection</p> <ul style="list-style-type: none"> Smoothly disposed of preferred shares and other capital-raising instruments (totaling ¥273.3 billion in five cases involving four financial institutions — Kiyo Holdings, Aozora Bank, Jimoto Holdings (Kirayaka Bank) and Sumitomo Mitsui Trust Holdings— with the total book value of ¥262.3 billion) based on the Immediate Guideline, which ensures the soundness of management of financial institutions, etc., avoidance of the public costs and the securing of the stability of the financial system When implementing disposal, convened meetings of Divestment Examination Board for Preferred Shares and other Capital-Raising Instruments, which comprises outside experts (four meetings) Selected the candidates for the lead manager securities companies (eight companies) through an open tendering process (February 2013) to ensure flexibility and proactiveness of the disposal of preferred shares and other capital-raising instruments <p>[Disposal amount (on a book value basis)] (Unit: ¥ billion; figures are rounded off)</p> <table border="1"> <thead> <tr> <th>FY</th> <th>Preferred shares, etc.</th> <th>Subordinated bonds, etc.</th> <th>Total</th> <th>Cumulative total</th> </tr> </thead> <tbody> <tr><td>1999</td><td>-</td><td>100.0</td><td>100.0</td><td>100.0</td></tr> <tr><td>2000</td><td>200.0</td><td>150.0</td><td>350.0</td><td>450.0</td></tr> <tr><td>2001</td><td>-</td><td>-</td><td>-</td><td>450.0</td></tr> <tr><td>2002</td><td>-</td><td>674.6</td><td>674.6</td><td>1,124.6</td></tr> <tr><td>2003</td><td>108.0</td><td>839.0</td><td>947.0</td><td>2,071.6</td></tr> <tr><td>2004</td><td>786.3</td><td>615.0</td><td>1,401.3</td><td>3,472.9</td></tr> <tr><td>2005</td><td>1,934.4</td><td>340.0</td><td>2,274.4</td><td>5,747.3</td></tr> <tr><td>2006</td><td>3,092.4</td><td>20.0</td><td>3,112.4</td><td>8,859.8</td></tr> <tr><td>2007</td><td>102.0</td><td>35.0</td><td>137.0</td><td>8,996.8</td></tr> <tr><td>2008</td><td>395.2</td><td>51.0</td><td>446.2</td><td>9,443.0</td></tr> <tr><td>2009</td><td>60.0</td><td>-</td><td>60.0</td><td>9,503.0</td></tr> <tr><td>2010</td><td>1,286.6</td><td>-</td><td>1,286.6</td><td>10,789.6</td></tr> <tr><td>2011</td><td>-</td><td>-</td><td>-</td><td>10,789.6</td></tr> <tr><td>2012</td><td>262.3</td><td>-</td><td>262.3</td><td>11,051.8</td></tr> </tbody> </table> | FY | Preferred shares, etc. | Subordinated bonds, etc. | Total | Cumulative total | 1999 | - | 100.0 | 100.0 | 100.0 | 2000 | 200.0 | 150.0 | 350.0 | 450.0 | 2001 | - | - | - | 450.0 | 2002 | - | 674.6 | 674.6 | 1,124.6 | 2003 | 108.0 | 839.0 | 947.0 | 2,071.6 | 2004 | 786.3 | 615.0 | 1,401.3 | 3,472.9 | 2005 | 1,934.4 | 340.0 | 2,274.4 | 5,747.3 | 2006 | 3,092.4 | 20.0 | 3,112.4 | 8,859.8 | 2007 | 102.0 | 35.0 | 137.0 | 8,996.8 | 2008 | 395.2 | 51.0 | 446.2 | 9,443.0 | 2009 | 60.0 | - | 60.0 | 9,503.0 | 2010 | 1,286.6 | - | 1,286.6 | 10,789.6 | 2011 | - | - | - | 10,789.6 | 2012 | 262.3 | - | 262.3 | 11,051.8 |
| FY | Preferred shares, etc. | Subordinated bonds, etc. | Total | Cumulative total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1999 | - | 100.0 | 100.0 | 100.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2000 | 200.0 | 150.0 | 350.0 | 450.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2001 | - | - | - | 450.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2002 | - | 674.6 | 674.6 | 1,124.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2003 | 108.0 | 839.0 | 947.0 | 2,071.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2006 | 3,092.4 | 20.0 | 3,112.4 | 8,859.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2008 | 395.2 | 51.0 | 446.2 | 9,443.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2009 | 60.0 | - | 60.0 | 9,503.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010 | 1,286.6 | - | 1,286.6 | 10,789.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2011 | - | - | - | 10,789.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2012 | 262.3 | - | 262.3 | 11,051.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Support for the Resolution and Collection Operations of the Contracted Bank, including a Strict Response to Obstructed Recovery Cases and the Appropriate Implementation of Operations to Pursue the Liability, and the Appropriate Purchase and Recovery of Specified Difficult Recovery Claims | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) Enhancement of cooperation with a contracted bank (RCC) to strictly deal with obstructed recovery cases, etc. | <p>○ In cases involving antisocial forces, etc. in which recovery was particularly difficult, worked with the RCC to deal with these matters through multifaceted application of laws and regulations to vigorously enforce recovery</p> <p>○ Consequently, in FY2012, filed a criminal accusation against the head of a subordinate group of Yamaguchi-Gumi, a designated crime syndicate and a debtor of the RCC, and two accomplices for obstruction of auction and bid in relation to the crime syndicate head's successful bid, made in another person's name as a dummy, for his own auctioned property</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) Accurate selection of cases to be investigated with a focus on malicious debtors, and appropriate implementation of in-depth asset investigations | <p>[Accurate selection of cases to be investigated]</p> <p>○ When selecting cases to be investigated, strove for an accurate selection by sending DICJ staff to RCC offices and conducting hearings about information on debtors, etc. Also took care in selecting cases to be given priority in investigation</p> <p>[In-depth asset investigation]</p> <p>○ In an effort to identify concealed assets and clarify the actual conditions of debtors, made inquiries in writing to and conducted on-site investigations of financial institutions, etc., to clarify the flows of funds involving debtors, etc., and whom the funds belong to In this way, strove to conduct efficient investigations and carried out in-depth asset investigations in accordance with the contents of investigation cases</p> <p>○ Carried out thorough investigations of cases involving malicious debtors, including antisocial forces, using various investigation techniques, and strove to discover assets including deposits and real estate property, etc., which were concealed through the use of third-party names, etc. and other means</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
|--|--|---|
| <p>○ As for disposal, received an application for repayment of public funds from a financial institution shortly before the date of conversion of the preferred shares into common shares. The DICJ then appropriately implemented disposal in line with the Immediate Guideline, contributing to early repayment of public funds so as to avoid the risk that the government could continue to hold large latent losses</p> | <p>○ As for disposal operation, strive for smooth disposal in line with the Immediate Guideline</p> | |
| | | |
| <p>○ Achieved a measure of results due to providing the RCC with guidance and advice focusing on the preparation for criminal accusations in cases involving antisocial forces, etc.</p> | <p>○ By focusing on cases involving antisocial forces, etc., provide proactive guidance and advice, and promote investigation activities for the appropriate collection and criminal accusations against malicious debtors, etc.</p> | <p>Special Investigation Department: Investigation and Recovery Division</p> <p>Osaka Operation Department: Investigation and Recovery Division</p> |
| <p>○ By visiting the RCC and carrying out consultations and deliberations on malicious debtors, including antisocial forces, were able to accurately select cases involving debtors that were recognized to be malicious</p> <p>○ While methods used for asset concealment are becoming more malicious and sophisticated, supported the claim collection activity of the RCC by conducting thorough in-depth asset investigations and identifying concealed assets through the clarification of the actual conditions surrounding assets of malicious debtors, etc., such as antisocial forces</p> | <p>○ Appropriately implement in-depth asset investigations after conducting an accurate selection of cases to be investigated, including specified difficult recovery claims, etc., and deciding which cases should be given priority in order to support the resolution and collection activity undertaken by a contracted bank (RCC)</p> | <p>Special Investigation Department: Special Investigation Division I Special Investigation Division II</p> <p>Osaka Operation Department: Special Investigation Division</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------------------|----------------------|-----------------------------------|---------------------------------|--------------------------------|---------------|----------------------------|----------------------------------|----------------------|---------------|---|--------------------|--------------|---------------|----------------------------|----------------------------------|----------------------|----------------|---|-------------------|------------------|----------------|---|-------------------|------------------|---------|----|--------------------|-------------------|
| 4. Support for the Resolution and Collection Operations of the Contracted Bank, including a Strict Response to Obstructed Recovery Cases and the Appropriate Implementation of Operations to Pursue the Liability, and the Appropriate Purchase and Recovery of Specified Difficult Recovery Claims | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | [Examinations and consultations with the RCC] | | | [Results of asset investigations] | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Category | FY2011 | FY2012 | Category | FY2011 | FY2012 | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. of consultations | 52 | 50 | No. of investigations | 54 (12) | 69(22) | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. of examinations | 326 (42) | 595 (86) | No. of investigations launched | 22 (6) | 44 (15) | | | | | | | | | | | | | | | | | | | | | | | | |
| | Note:Figures in parentheses are for cases involving antisocial forces. | | | Amount of confirmed assets | ¥1.3 billion (¥0.04 billion) | ¥3.4 billion (¥0.5 billion) | | | | | | | | | | | | | | | | | | | | | | | | |
| | [Guidance and advice on collection] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ○ Provided the RCC with guidance and advice on the gathering of information, etc., on debtors, etc., as needed, for the appropriate collection of claims from general assets (non-collateral assets) utilizing the authority to conduct asset investigations granted to the DICJ Also expeditiously provided the RCC with the results of asset investigations, and provided guidance and advice on how to deal with debtors subsequently in accordance with their actual conditions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (iii) Appropriate implementation of operations to pursue the criminal and civil liability in cases related to failed financial institutions | ○ In dealing with the failure of the Incubator Bank of Japan, in the same manner that the DICJ did in FY2011, conducted an investigation of large borrowers, etc., including companies participating in the "Incubator Network for SMEs," which is made up of companies with close ties to the Incubator Bank of Japan, to clarify developments, that led to the bank's failure and the flow of funds, etc. ○ Observed the following situation: As a result of these investigation activities, regarding the transaction in which a large amount of funds was lent by the Incubator Bank of Japan to Chusho-Kigyo-Hosho-Kiko Co., Ltd., it was found out that the former executive of the Incubator Bank of Japan committed violations of the duty of care as a director. Therefore, the RCC, which took over the claims to seek damages from the Incubator Bank of Japan, brought a lawsuit for damages totaling ¥500 million against four persons, including the former Chairman of the Incubator Bank of Japan, in August 2012. ○ In preparation for future failure resolution, the Special Investigation Department, the Osaka Operation Department, etc., strove to share information by jointly holding a workshop intended to improve the preparedness for operation and investigation techniques. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (iv) Steady implementation of purchase and recovery of specified difficult recovery claims and appropriate implementation of purchase procedures, including listening to the opinions of the Committee for Screening Purchase of Specified Difficult Recovery Claims | ○ Conducted the first purchase of specified difficult recovery claims in July 2012 In addition, decided in March 2013 to conduct the second purchase, and purchased claims in five of the cases concerned [Records of purchase of specified difficult recovery claims] First purchase (implemented upon a resolution by the Policy Board in June 2012) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Contract date</th> <th style="text-align: center;">Number of claims purchased</th> <th style="text-align: center;">Total amount of claims purchased</th> <th style="text-align: center;">Total purchase value</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">July 27, 2012</td> <td style="text-align: center;">5</td> <td style="text-align: center;">¥ 143,608 thousand</td> <td style="text-align: center;">¥ 5 thousand</td> </tr> </tbody> </table> Second purchase (a resolution passed by the Policy Board in March 2013) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Contract date</th> <th style="text-align: center;">Number of claims purchased</th> <th style="text-align: center;">Total amount of claims purchased</th> <th style="text-align: center;">Total purchase value</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">March 29, 2013</td> <td style="text-align: center;">5</td> <td style="text-align: center;">¥ 82,461 thousand</td> <td style="text-align: center;">¥ 2,109 thousand</td> </tr> <tr> <td style="text-align: center;">April 12, 2013</td> <td style="text-align: center;">5</td> <td style="text-align: center;">¥ 69,670 thousand</td> <td style="text-align: center;">¥ 9,572 thousand</td> </tr> <tr> <td style="text-align: center;">(Total)</td> <td style="text-align: center;">10</td> <td style="text-align: center;">¥ 152,131 thousand</td> <td style="text-align: center;">¥ 11,681 thousand</td> </tr> </tbody> </table> | | | | | | Contract date | Number of claims purchased | Total amount of claims purchased | Total purchase value | July 27, 2012 | 5 | ¥ 143,608 thousand | ¥ 5 thousand | Contract date | Number of claims purchased | Total amount of claims purchased | Total purchase value | March 29, 2013 | 5 | ¥ 82,461 thousand | ¥ 2,109 thousand | April 12, 2013 | 5 | ¥ 69,670 thousand | ¥ 9,572 thousand | (Total) | 10 | ¥ 152,131 thousand | ¥ 11,681 thousand |
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| (Total) | 10 | ¥ 152,131 thousand | ¥ 11,681 thousand | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ○ Had the Committee for Screening Purchase of Specified Difficult Recovery Claims (a third-party committee comprised of lawyers, real estate appraisers and other experts) conduct deliberations on whether or not to purchase the claims concerned as specified difficult recovery claims and on purchase prices at meetings held in June 2012 (for the first purchase) and in March 2013 (for the second purchase), and the Policy Board made its decision on the purchases in light of the committee's opinions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ○ In preparation for the purchase of specified difficult recovery claims, from April 2012 onwards, held seminars at offices of bank-police liaison councils, etc., in 31 locations (a total of 40 seminars) across the country to explain the purchase program and responded to questions from 50 financial institutions, etc., so as to raise awareness of the program among business groups and financial institutions, etc. (received a total of 129 questions and inquiries, including 87 questions concerning the purchase program and 42 inquiries about specific matters) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
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| | | |
| <ul style="list-style-type: none"> ○ Consider that, as a result of providing the RCC with guidance and advice on the results of asset investigations conducted by the DICJ and legal actions, etc., based on them, the DICJ has contributed to the appropriate execution of the collection activity by the RCC | | |
| <ul style="list-style-type: none"> ○ Appropriately implemented the pursuit of civil liabilities of former executives of failed financial institutions For example, brought a lawsuit for damages totaling ¥500 million against four persons including the former Chairman in August 2012 | <ul style="list-style-type: none"> ○ Regarding claims taken over by the RCC, carry out a policy to pursue liabilities against former executives in cooperation with the RCC while providing it with guidance and advice ○ Strive to improve the preparedness for operation to respond immediately at the time of failure resolution and enhance investigation techniques | <p>Special Investigation Department: Investigation and Recovery Division</p> <p>Osaka Operation Department: Investigation and Recovery Division</p> |
| <ul style="list-style-type: none"> ○ Started purchase and recovery of specified difficult recovery claims in FY2012 and implemented two purchases steadily ○ When purchasing specified difficult recovery claims, followed appropriate procedures, such as listening to the opinion of the Committee for Screening Purchase of Specified Difficult Recovery Claims ○ Received many questions and consultation requests from financial institutions, etc. due to an increase in the awareness of the purchase program among financial institutions, etc. as a result of conducting awareness-raising activities | <ul style="list-style-type: none"> ○ Steadily conduct operations in cooperation with financial institutions and other relevant parties ○ When purchasing specified difficult recovery claims, proceed with the appropriate purchase procedures, such as taking into consideration the opinions of the third-party committee ○ Enhance public relations regarding this purchase program through participation in bank-police liaison councils in various regions and by other means | <p>Planning & Coordination Department: Specified Difficult Recovery Claims Division</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | |
|---|--|----------|-------------------|-------------------------|--|-------------------|-------------------|----------|------------------------------------|---|---|---|---|-------------------------|----|---|---|----|
| 5. Appropriate Management, Disposal, etc., of Retained Assets | | | | | | | | | | | | | | | | | | |
| <p>Appropriate and efficient management and disposal of claims, shares, etc., acquired from failed financial institutions, etc.</p> | <p>[Management and collection of claims by the RCC]</p> <p>○ Observed the following situation: The RCC collected claims appropriately, fully understanding the standpoint of debtors, etc. In FY2012, the RCC collected claims totaling ¥106.6 billion, including claims purchased from failed financial institutions, etc. and claims purchased under Article 53 of the Financial Revitalization Act, compared with the targeted collection amount of ¥63.0 billion, bringing the cumulative amount of claims collected by the end of FY2012 to ¥9,853.0 billion (equivalent to 100.9% of the book value of transferred claims). The RCC also made payments to the DICJ equivalent to the amount of profits gained on the collection of claims minus losses incurred in the collection and collection expense (¥62.9 billion) (the deadline for payments for FY2012 is June 2013). The DICJ provided the RCC with guidance and advice so that the RCC would carefully collect claims by following all necessary procedures in accordance with the “Basic Policy for the Management of Customer Protection, etc.” formulated by the DICJ. In addition, the RCC has held semi-annual meetings of the Complaint Processing Committee established in FY2010 from the perspective of ensuring appropriate processing of complaints and inquiries, etc., from customers in order to reflect outside experts’ opinions in business operations, taking seriously customers’ complaints, consultations, etc., and utilizing them in business operations.</p> <p>[Management and disposal of claims subject to the warranty for latent defect provision]</p> <p>○ In FY2012, collected ¥2.1 billion out of the claims the DICJ took over from the former Long-Term Credit Bank of Japan, Limited and the former Nippon Credit Bank, Limited based on the warranty for latent defect provision prescribed in the stock purchase agreements (takeover completed in FY2004; the cumulative total of claims collected stands at ¥670.0billion)</p> <p>[Management and disposal of shares purchased from banks under special public management (the "Purchased Shares")]</p> <p>○ Suspended the sale of listed shares in the market from October 15, 2008, in principle, in line with the government’s policy Thus, carried out the disposal of shares worth ¥1.8 billion only as exceptional transactions, in response to takeover bid by others, etc. Also achieved the sale of unlisted shares worth ¥1.0 billion in response to the requests for the sale to third parties designated by issuing companies, etc.</p> <p>[Appropriate management of the completion of liquidation procedures for corporations in liquidation and litigation cases]</p> <p>○ Regarding the completion of liquidation procedures for corporations in liquidation, etc. and litigation cases, appropriately managed litigation cases in which corporations in liquidation, etc., are defendants by providing guidance and advice to them and cooperating with corporate lawyers The number of corporations in liquidation increased by one as a result of the dissolution of the Incubator Bank of Japan, while during the same period liquidation procedures for three corporations were completed. As a result, received return of monetary grants worth ¥600 million In addition, upon completion of litigation cases in which corporations in liquidation, etc. are defendants, provided monetary grants worth ¥500 million</p> <p>[Changes in the number of corporations in liquidation and litigation cases]</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">End of March 2012</th> <th colspan="2">April 2012 - March 2013</th> <th rowspan="2">End of March 2013</th> </tr> <tr> <th>Increase</th> <th>Decrease</th> </tr> </thead> <tbody> <tr> <td>No. of corporations in liquidation</td> <td>8</td> <td>1</td> <td>3</td> <td>6</td> </tr> <tr> <td>No. of litigation cases</td> <td>15</td> <td>2</td> <td>6</td> <td>11</td> </tr> </tbody> </table> | | End of March 2012 | April 2012 - March 2013 | | End of March 2013 | Increase | Decrease | No. of corporations in liquidation | 8 | 1 | 3 | 6 | No. of litigation cases | 15 | 2 | 6 | 11 |
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| Evaluation | Future policy | Responsible unit |
|---|--|---|
| <ul style="list-style-type: none"> ○ Provided the RCC with guidance and advice so that the RCC would attempt to collect claims in a deliberate manner by following all necessary procedures in accordance with the “basic policy for the management including customer protection” In such a situation, recognized that the RCC collected more claims than the collection target ○ Regarding the management and disposal of claims subject to the warranty for latent defect provision, endeavored to maximize collection based on the basic philosophy of the maximization of collection and the clear management responsibility ○ Regarding the management and disposal of shares purchased from the banks under special public management, recognized that the disposal of the Purchased Shares was generally sluggish, as the sale of listed shares, which constitute the majority of the Purchased Shares, has been suspended in principle ○ Through cooperation with relevant parties, has managed corporations in liquidation and litigation cases appropriately | <ul style="list-style-type: none"> ○ Continue to proceed with appropriate and efficient management and collection while striving to enhance the protection of customers and comply with laws and regulations, etc. ○ Regarding the management and disposal of claims subject to the warranty for latent defect provision, continue to endeavor to maximize collection in accordance with the philosophy described in the left column ○ Regarding the management and disposal of shares purchased from banks under special public management, continue to take appropriate actions considering market trends and the economic situation ○ Due in part to complexities in outstanding litigation cases, continue to appropriately handle the cases in cooperation with corporations in liquidation and corporate lawyers, etc. | <p>Planning & Coordination Department: Subsidiary Administration Division</p> <p>Financial Reconstruction Department: Planning & Coordination 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> <p>Legal Affairs Department</p> |

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|--|---|---|---|--|---|--|-------------------------------|--|-------------------------------|--|-------------------------------|--------------------------------------|--|--------------------------------------|--|--------------------------------------|-----------------------------------|--|-----------------------------------|--|--|---|--|--|--|---|
| 6. Appropriate Execution of Operations Related to the Incubator Bank of Japan | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Repayment to rehabilitation creditors, rigorous implementation of settlement payment, proper completion of management and appropriate adjustment of monetary grants based on the rehabilitation plan of the Incubator Bank of Japan</p> | <p>[Financial administrator operations]</p> <ul style="list-style-type: none"> ○ In response to the fact that the Incubator Bank of Japan made the first repayment based on the rehabilitation plan under management by the DICJ as a financial administrator (repayment rate of 39%) by April 2, 2012, made the settlement payment to the depositors with uninsured deposits who received estimated proceeds payment between April 10 and June 29, 2012, and also made the first repayment to other depositors with uninsured deposits (DICJ-represented depositors) on behalf of whom the DICJ received the payment. Later, completed the task as a financial administrator when the Incubator Bank of Japan, after passing a resolution for dissolution on August 27, 2012, was reorganized as the Liquidated Company of the Incubator Bank of Japan on September 10, 2012 upon approval of its dissolution from the FSA <p>[Financial assistance for the Incubator Bank of Japan] (Monetary grants)</p> <ul style="list-style-type: none"> ○ In FY2012, adjusted the amount of monetary grants to AEON Bank (the balance as of the end of March 2013: ¥46.1 billion), to which shares in the 2nd BBJ were transferred in FY2012. Also adjusted the amount of equitable financial assistance to the Liquidated Company of the Incubator Bank of Japan (the balance as of the end of March 2013: ¥75.1 billion) in order to ensure equilibrium between creditors of the failed financial institution <p>(Purchase of assets)</p> <ul style="list-style-type: none"> ○ Implemented the fourth (final) purchase of assets, worth ¥63 million, from the Incubator Bank of Japan (a resolution passed by the Policy Board on July 17, 2012 and implemented on July 23, 2012) (the total amount of assets purchased came to ¥53.0 billion) | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. Appropriate Implementation of Public Notice Operations, etc., Related to Procedures for Criminal Accounts Damage Recovery, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Smooth implementation of public notice operations related to relief procedures for victims of bank transfer frauds, and appropriate handling of money transferred from financial institutions to the DICJ under the Criminal Accounts Damage Recovery Act</p> | <ul style="list-style-type: none"> ○ Handled a variety of inquiries from victims of criminal acts, such as bank transfer fraud, as well as those from financial institutions, posted public notices as scheduled, and announced the status of implementation of public notices as required under law ○ Modified the application program of the system for public notices, etc., so as to improve the readability of the public notice site and the account search function and upgraded to a new program in March 2013 ○ Regarding the money transferred from financial institutions to the DICJ under the Criminal Accounts Damage Recovery Act, proceeded, together with the project operator, with preparations for the “scholarship loans to children of crime victims” and “subsidies to crime victims support groups” projects launched by the operator in December 2012. Moreover, in March 2013, provided ¥5,250 million from the funds paid to it under the Criminal Accounts Damage Recovery Act for the implementation of those projects <p>[Status of posting of major public notices]</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 33%; padding: 5px;">Public notices on the start of procedures for extinction of claims on bank deposit accounts</td> <td style="width: 5%; padding: 5px;">⇒</td> <td style="width: 33%; padding: 5px;">Public notices on the start of procedures for the payment of damage-recovery benefits</td> <td style="width: 5%; padding: 5px;">⇒</td> <td style="width: 24%; padding: 5px;">Public notices on the completion of procedures for the payment of damage-recovery benefits</td> </tr> <tr> <td style="padding: 5px;">No. of public notices 24</td> <td></td> <td style="padding: 5px;">No. of public notices 24</td> <td></td> <td style="padding: 5px;">No. of public notices 24</td> </tr> <tr> <td style="padding: 5px;">No. of financial institutions 578</td> <td></td> <td style="padding: 5px;">No. of financial institutions 459</td> <td></td> <td style="padding: 5px;">No. of financial institutions 407</td> </tr> <tr> <td style="padding: 5px;">No. of deposit accounts 29,650</td> <td></td> <td style="padding: 5px;">No. of deposit accounts 13,626</td> <td></td> <td style="padding: 5px;">Amount of deposits, etc. ¥2,768 million</td> </tr> <tr> <td style="padding: 5px;">Amount of deposits, etc. ¥ 2,389 million</td> <td></td> <td style="padding: 5px;">Amount of deposits, etc. ¥2,154 million</td> <td></td> <td style="padding: 5px;">Payments of benefits to victims ¥2,168 million</td> </tr> </table> | Public notices on the start of procedures for extinction of claims on bank deposit accounts | ⇒ | Public notices on the start of procedures for the payment of damage-recovery benefits | ⇒ | Public notices on the completion of procedures for 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 578 | | No. of financial institutions 459 | | No. of financial institutions 407 | No. of deposit accounts 29,650 | | No. of deposit accounts 13,626 | | Amount of deposits, etc. ¥2,768 million | Amount of deposits, etc. ¥ 2,389 million | | Amount of deposits, etc. ¥2,154 million | | Payments of benefits to victims ¥2,168 million |
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| Evaluation | Future policy | Responsible unit |
|--|--|--|
| <ul style="list-style-type: none"> ○ Completed financial administrator operations in cooperation with relevant organizations, including the FSA and courts ○ Not only provided monetary grants to an assuming financial institution but also provided appropriate financial assistance so as to ensure that rehabilitation plans are carried out, for example by providing equitable financial assistance to failed financial institutions | <ul style="list-style-type: none"> ○ As a 100% shareholder of the Liquidated Company of the Incubator Bank of Japan, appropriately participate in the operation of the company with a view to early final repayment and completion of the liquidation in light of the records of the past financial assistance ○ Provide financial assistance appropriately, for example by adjusting the amount of monetary grants related to the Liquidated Company of the Incubator Bank of Japan | <p>Financial Reconstruction Department: Financial Reorganization Division</p> <p>Deposit Insurance Department: Financial Assistance Division</p> |
| <ul style="list-style-type: none"> ○ Recognize that the DICJ has smoothly implemented the public notice operations as it posted public notices as scheduled ○ Due to being able to steadily proceed with modification of the application program, improved convenience for general users, etc. ○ Were able to use money transferred from financial institutions to the DICJ under the Criminal Accounts Damage Recovery Act for the implementation of the “scholarship loans to children of crime victims” and “subsidies to crime victims support groups” projects, which are prescribed by the ordinances of the competent ministries, after making preparations together with the operator of the projects | <ul style="list-style-type: none"> ○ Smoothly implement the public notice operations to contribute to the relief of victims of criminal acts, such as bank transfer fraud ○ Regarding money transferred to the DICJ, take appropriate action based on laws and regulations | <p>Treasury Department: Bank Transfer Fraud Recovery Division</p> |

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| Task | Main business performance | | |
|---|--|---|---|
| 8. Cooperation and Collaboration with Affiliated Companies | | | |
| (i) Collaboration and cooperation with the RCC, and appropriate execution of operations, including the closure of the Jusen Account | <ul style="list-style-type: none"> ○ 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 and information related to specific cases In addition, collaborated and cooperated with the RCC by having its officials attend the Compliance Committee of the RCC and express appropriate opinions as committee members ○ Implemented procedures for closing the Jusen Account as follows: <ul style="list-style-type: none"> • The balance of funds in the Financial Stabilization Contribution Fund was distributed to the contributing financial institutions (June 2012). • The Jusen Account was closed (at the end of June 2012). • Residual assets in the Jusen Account, worth ¥11.9 billion, were transferred to the national treasury (at the end of July 2012). ○ Regarding operations related to the bridge bank function, held management-level consultations with the RCC and conducted working-level practical training, thereby improving the preparedness for operation. ○ Regarding the purchase and recovery of specified difficult recovery claims, concluded an agreement on the management and disposal of such claims with the RCC while holding working-level consultations with the RCC in preparation for the start of the operation of the purchase and recovery program In addition, strove together with the RCC to improve the preparedness for appropriate management of operations by developing and sharing a specific policy for the management of purchase and recovery | | |
| (ii) Cooperation with the Enterprise Turnaround Initiative Corporation of Japan and Corporation for Revitalizing Earthquake-Affected Business | <p>[Enterprise Turnaround Initiative Corporation of Japan (Regional Economy Vitalization Corporation of Japan)]</p> <ul style="list-style-type: none"> ○ In accordance with the enactment of the FY2012 supplementary budget, provided additional capital to the Regional Economy Vitalization Corporation of Japan^(Note) Note : The Enterprise Turnaround Initiative Corporation of Japan was reorganized as the Regional Economy Vitalization Corporation of Japan under the Act to Partially Revise the Act on the Enterprise Turnaround Initiative Corporation of Japan, which was put into force in March 2013. ○ Conducted activities as a shareholder, including checking the financial results and exercising the DICJ's voting rights at general meetings of shareholders <p>[Corporation for Revitalizing Earthquake-Affected Business ("HIGASHI-NIHON DAI-SHINSAI JIGYOSHA SAISEI SHIEN KIKO")]</p> <ul style="list-style-type: none"> ○ Conducted activities as a shareholder, including checking the financial results and exercising the DICJ's voting rights at general meetings of shareholders | | |
| 9. Research and Study/International Cooperation Comprehensively Taking Account of the Financial and Economic Situations, etc. | | | |
| (i) Research and studies concerning operations related to the DICJ, and the provision of research accomplishments to parties concerned in various fields | <ul style="list-style-type: none"> ○ Mainly conducted research on the development of international discussions on resolution framework at the G20 and FSB, etc., as well as on developments related to deposit insurance systems and resolution frameworks in various countries and regions ○ Widely disseminated part of the accomplishments of these research and studies through the publication of the Deposit Insurance Review, the DICJ's research and study journal (the 14th issue was published in FY2012) and via the website of the DICJ | | |
| (ii) Cooperation and collaboration with overseas deposit insurance authorities, grasp of international trends, technical cooperation, personnel exchanges, etc. | <ul style="list-style-type: none"> ○ Given that, following the global financial crisis, there has been an increasing need for international cooperation in the area of deposit insurance as a part of the financial safety net, proactively took part in the activities of the International Association of Deposit Insurers (IADI) and strove to grasp international trends to use them as a reference in enhancing and strengthening Japan's deposit insurance system through exchanges with other relevant organizations In addition, proactively participated in review seminars and other gatherings based on the "Core Principles for Effective Deposit Insurance Systems," which are internationally agreed basic principles on the deposit insurance system, and the "Methodology for Compliance Assessment of the Core Principles" <table border="1" data-bbox="470 1839 1428 2040"> <tr> <td data-bbox="470 1839 630 1973">Participation in the International Association of Deposit Insurers (IADI)</td> <td data-bbox="630 1839 1428 2040"> <ul style="list-style-type: none"> • Participated in the Annual General Meeting of the IADI held in London, U.K. • In addition to the Annual General Meeting, participated in 10 meetings, including those of the Executive Council, etc. • The representative of the DICJ, serving as the Chairperson of the Asia-Pacific Regional Committee, also assuming the Chairpersonship of the Finance and Planning Committee after serving as its vice chairperson • Sent DICJ staff to the IADI Secretariat in Basel </td> </tr> </table> | Participation in the International Association of Deposit Insurers (IADI) | <ul style="list-style-type: none"> • Participated in the Annual General Meeting of the IADI held in London, U.K. • In addition to the Annual General Meeting, participated in 10 meetings, including those of the Executive Council, etc. • The representative of the DICJ, serving as the Chairperson of the Asia-Pacific Regional Committee, also assuming the Chairpersonship of the Finance and Planning Committee after serving as its vice chairperson • Sent DICJ staff to the IADI Secretariat in Basel |
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| Evaluation | Future policy | Responsible unit |
|--|---|--|
| <ul style="list-style-type: none"> ○ Provided necessary guidance and advice from the perspective of ensuring appropriate management of operations by the RCC ○ Steadily implemented procedures for closing the Jusen Account ○ Proceeded with the improvement of the preparedness for the bridge bank operations and the purchase and recovery of specified difficult recovery claims | <ul style="list-style-type: none"> ○ Follow up on the status of customer protection and compliance by the RCC and provide necessary guidance and advice so as to ensure appropriate operations ○ Establish a more appropriate and efficient preparedness for bridge bank operations ○ Regarding the purchase and recovery of specified difficult recovery claims, strive to maintain cooperation and coordination so as to ensure appropriate operations | <p>Planning & Coordination Department: Subsidiary Administration Division, Specified Difficult Recovery Claims Division</p> <p>Treasury Department: Financial Planning and Coordination Division</p> <p>Financial Reconstruction Department: Financial Reorganization Division</p> <p>Special Investigation Department: Investigation and Planning Division</p> <p>Osaka Operation Department: Administration, Policy Planning and Coordination Division</p> |
| <ul style="list-style-type: none"> ○ Cooperated in the business operations of the Regional Economy Vitalization Corporation of Japan For example, conducted operations related to the provision of additional capital to the corporation ○ Cooperated in the business operations of the Corporation for Revitalizing Earthquake-Affected Business | <ul style="list-style-type: none"> ○ Cooperate in the appropriate and efficient implementation of the operations of Regional Economy Vitalization Corporation and Corporation for Revitalizing Earthquake-Affected Business | <p>Planning & Coordination Department: Subsidiary Administration Division</p> |
| <ul style="list-style-type: none"> ○ Provided necessary information to the parties concerned within and outside the DICJ | <ul style="list-style-type: none"> ○ Continue research and studies while taking into consideration developments at home and abroad | <p>Planning & Coordination Department: Office for Research and Intelligence</p> |
| <ul style="list-style-type: none"> ○ Take part in the establishment of best practices concerning the deposit insurance system by taking on an important role at the IADI and proactively contributing to its activities Recognize that this is conducive to the enhancement and strengthening of Japan's deposit insurance system In addition, strengthened personnel and operational cooperative relations with foreign organizations through active participation in the IADI and other organizations and made progress toward achieving the task | <ul style="list-style-type: none"> ○ Continue to step up the DICJ's activities in order to further enhance international cooperation and collaboration through further contribution to the IADI and other organizations and the proactive dissemination of Japan's experiences ○ Continue to further increase technical cooperation, while exercising greater ingenuity in the selection of cooperation recipients and themes, etc., and establish a framework of collaboration in Asia, etc. | <p>Planning & Coordination Department: Office for International Affairs</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---|--|---------------------|--|--|---|---|---|---|---------------|-------|-------|------|---------|---------|-----|-----|--------------------------|----------------------|---------------|---------|-------|---------------------------|---------|---------|-----|--------|--------------------------|----------------------|-------------------|-------|------|-----|------|--------|-----|-------|------------------------|-----------------------|
| 9. Research and Study/International Cooperation Comprehensively Taking Account of the Financial and Economic Situations, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <tr> <td>International conferences, etc., sponsored by the DICJ</td> <td> <ul style="list-style-type: none"> Held the "7th DICJ Round Table" with 38 representatives of deposit insurance institutions and other organizations from 17 countries/jurisdictions around the world Held meetings for briefing the DICJ's activities, etc., and exchanging opinions targeting resident officers of foreign embassies and central banks in Tokyo </td> </tr> <tr> <td colspan="2">○ In cooperation with other domestic organizations, has been concentrating on technical cooperation to Asia and other regions that are important for Japan in its international economic and financial relations</td> </tr> <tr> <td>Technical cooperation to other countries, etc.</td> <td> <ul style="list-style-type: none"> Accepted survey missions from China Great Wall Asset Management Corporation, the People's Bank of China and the Bank of Thailand, had a meeting with Myanmar's Deputy Minister for Ministry of Finance and Revenue and accepted JICA trainees from former Soviet Union countries </td> </tr> <tr> <td>Personnel exchanges</td> <td> <ul style="list-style-type: none"> Sent staff to the Federal Deposit Insurance Corporation (FDIC) for about a year to study the failure resolution experiences of the U.S., etc. </td> </tr> </table> | International conferences, etc., sponsored by the DICJ | <ul style="list-style-type: none"> Held the "7th DICJ Round Table" with 38 representatives of deposit insurance institutions and other organizations from 17 countries/jurisdictions around the world Held meetings for briefing the DICJ's activities, etc., and exchanging opinions targeting resident officers of foreign embassies and central banks in Tokyo | ○ In cooperation with other domestic organizations, has been concentrating on technical cooperation to Asia and other regions that are important for Japan in its international economic and financial relations | | Technical cooperation to other countries, etc. | <ul style="list-style-type: none"> Accepted survey missions from China Great Wall Asset Management Corporation, the People's Bank of China and the Bank of Thailand, had a meeting with Myanmar's Deputy Minister for Ministry of Finance and Revenue and accepted JICA trainees from former Soviet Union countries | Personnel exchanges | <ul style="list-style-type: none"> Sent staff to the Federal Deposit Insurance Corporation (FDIC) for about a year to study the failure resolution experiences of the U.S., etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 10. Steady Promotion of the Strengthening and Efficiency Improvement of Finances and Disclosure of Information on Financial Conditions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) Formulation and execution management of budgets suited for the resolution of financial institution failures, etc., and easy-to-understand disclosure of information on financial conditions | <p>○ Ensured the transparency of budget formulation by holding a budget formulation policy meeting to decide on the budget formulation policy and clarifying the criteria, etc. for authorization budget requests</p> <p>○ Prepared a FY2013 authorization budget that gave consideration to the implementation of more sophisticated and reasonable failure resolution by scrutinizing cost reductions, settlement of unnecessary items, etc., and continuing to secure expenses of part-time employees, etc., necessary for the resolution of financial institution failures</p> <p>○ Based on the purpose of the "Review of the remuneration of executives and employees at special public corporations, etc." (required by Director-General of the Supervisory Bureau of the FSA on March 14, 2012), prepared a FY2013 authorization budget that continued to reflect remuneration reduction</p> <p>○ In line with the provision of additional governmental investment in the Regional Economy Vitalization Corporation Account, changed the FY2012 authorization budget</p> <p>○ By continuing to reduce expenses and managing assets in accordance with asset management rules, executed the budget more appropriately</p> <p>○ In order to improve the efficiency of contract-related administrative work, strove toward rationalization by formulating contract formats, for example</p> <p>○ As for the strengthening of the DICJ's financial management, achieved an increase in earned surpluses (liability reserves for the General Account) or a decrease in deficits in the General Account, the Crisis Management Account, the Account for Disposal of Claims and Debts of Specific Jusen Companies ^(Note 1), the Financial Revitalization Account and the Financial Functions Strengthening Account <small>Note 1: In line with the closure of the Jusen Account on June 30, 2012, settlement was conducted and the residual assets, etc. were transferred to the national treasury.</small></p> <p>[Increase/decrease in earned surpluses (liability reserves for the General Account)/deficits in respective accounts] (Unit: ¥ billion; () denotes loss)</p> <table border="1"> <thead> <tr> <th></th> <th>General</th> <th>Crisis Management</th> <th>Jusen</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> </tr> </thead> <tbody> <tr> <td>End of FY2011</td> <td>420.5</td> <td>256.6</td> <td>0.08</td> <td>(273.7)</td> <td>1,560.6</td> <td>4.9</td> <td>4.6</td> <td>(10,970) (¥ thousand)</td> <td>(90) (¥ thousand)</td> </tr> <tr> <td>End of FY2012</td> <td>1,030.0</td> <td>266.9</td> <td><small>Note 2</small> 6.9</td> <td>(262.0)</td> <td>1,501.2</td> <td>9.0</td> <td>(0.06)</td> <td>(15,050) (¥ thousand)</td> <td>(50) (¥ thousand)</td> </tr> <tr> <td>Increase/Decrease</td> <td>609.5</td> <td>10.3</td> <td>6.8</td> <td>11.7</td> <td>(59.3)</td> <td>4.1</td> <td>(4.6)</td> <td>(4070) (¥ thousand)</td> <td>(400) (¥ thousand)</td> </tr> </tbody> </table> <p><small>Note 2 : The figures for the Jusen Account are as of June 30, 2012.</small></p> | | General | Crisis Management | Jusen | Financial Revitalization | Early Strengthening | Financial Functions Strengthening | Damage Recovery Distribution | Regional Economy Vitalization Corporation | Corporation for Revitalizing Earthquake-Affected Business | End of FY2011 | 420.5 | 256.6 | 0.08 | (273.7) | 1,560.6 | 4.9 | 4.6 | (10,970) (¥ thousand) | (90) (¥ thousand) | End of FY2012 | 1,030.0 | 266.9 | <small>Note 2</small> 6.9 | (262.0) | 1,501.2 | 9.0 | (0.06) | (15,050) (¥ thousand) | (50) (¥ thousand) | Increase/Decrease | 609.5 | 10.3 | 6.8 | 11.7 | (59.3) | 4.1 | (4.6) | (4070) (¥ thousand) | (400) (¥ thousand) |
| | General | Crisis Management | Jusen | Financial Revitalization | Early Strengthening | Financial Functions Strengthening | Damage Recovery Distribution | Regional Economy Vitalization Corporation | Corporation for Revitalizing Earthquake-Affected Business | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Evaluation | Future policy | Responsible unit |
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| <ul style="list-style-type: none"> ○ Recognize that the DICJ is making a certain measure of contribution to financial stability in Asia as a whole by promoting the introduction and improvement of the deposit insurance system through technical cooperation based on Japan's experience, including the acceptance of survey missions from abroad and the dispatch of lecturers to seminars, which is highly rated by overseas organizations. | | |
| <ul style="list-style-type: none"> ○ Recognize that the DICJ was able to prepare sufficient budgets for the resolution of financial institution failures, etc. in the FY2013 authorization budget ○ Recognize that through expense reduction efforts and compliance with the asset management rules, the DICJ was able to execute and manage the budgets strictly and appropriately ○ As a whole, were able to strengthen its finances, with earned surpluses, etc., increasing or deficits decreasing in the General Account, the Crisis Management Account, the Account for Disposal of Claims and Debts of Specific Jusen Companies, the Financial Revitalization Account, and the Financial Functions Strengthening Account | <ul style="list-style-type: none"> ○ Continue to make further efforts to strengthen the DICJ's financial management and streamline operations related to its finances going forward and also strive for easy-to-understand disclosure of information on the DICJ's financial conditions | <p>Treasury Department: Budget and Accounting Division I, Budget and Accounting Division II, Budget and Accounting Division III</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------|----------------------------|-----------|----------------------|-----------|-----------|--|-----------|---------|-----------|-----------|---------------------|---------------------|---------------------|---------------------|---|-------|-------|-------|-------|-------------------|-------|-------|--|-------|-------|-------|-------|-------|-------|-------|------------------|----------------------|-------|-------|------------------------|-------|-------|-------|-------|-------|-------|-------|------------------|-------------------------|-------|-------|-------|-------|--|--|--|--|--|--|--|------|-----------------|
| 10. Steady Promotion of the Strengthening and Efficiency Improvement of Finances and Disclosure of Information on Financial Conditions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) Determination of appropriate deposit insurance premium rates that take into account the DICJ's finances | <p>○ In light of the DICJ's finances and the domestic and international conditions, decided that (1) the effective deposit insurance premium rate for FY2013 will be 0.084%, and (2) if there is no financial institution failure (the occurrence of an insurance contingency, a disposition ordering the management of business and property of the failed financial institution by a financial administrator, or the implementation of measures against financial crisis [Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act]) during FY2013, the DICJ will refund the equivalent of 0.014% without interest and without delay after the end of FY 2013</p> <p style="text-align: right;">(Unit: %)</p> <p>[Trends of deposit insurance premium rates]</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>1971 (launch of system)</th> <th>FY 1982 –</th> <th>FY 1986 –</th> <th>FY 1996 –</th> <th>FY 2001</th> <th>FY 2002</th> <th>FY 2003 –</th> <th>FY 2005</th> <th>FY 2006 –</th> <th>FY 2008</th> <th>FY 2009</th> <th>FY 2010 –</th> <th>FY 2012 (Note 3)</th> <th>FY 2013 (Note 4)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Deposit insurance premium rate (Note 1)</td> <td rowspan="2">0.006</td> <td rowspan="2">0.008</td> <td rowspan="2">0.012</td> <td rowspan="2">0.048</td> <td>Specific deposits</td> <td>0.048</td> <td>0.094</td> <td>Deposits for payment and settlement purposes</td> <td>0.090</td> <td>0.115</td> <td>0.110</td> <td>0.108</td> <td>0.107</td> <td>0.107</td> <td>0.089</td> <td>0.107 (0.089)</td> </tr> <tr> <td>Other deposits, etc.</td> <td>0.048</td> <td>0.080</td> <td>General deposits, etc.</td> <td>0.080</td> <td>0.083</td> <td>0.080</td> <td>0.081</td> <td>0.081</td> <td>0.082</td> <td>0.068</td> <td>0.082 (0.068)</td> </tr> <tr> <td>Effective rate (Note 2)</td> <td>0.006</td> <td>0.008</td> <td>0.012</td> <td colspan="8">0.084</td> <td>0.07</td> <td>0.084 (0.07)</td> </tr> </tbody> </table> <p>Notes: 1. "Specific deposits" are current deposits, ordinary deposits and specified deposits, and "other deposits, etc." are deposits other than specific deposits, such as time deposits. 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 were 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.</p> <p>2. Including the rate (0.036%) of the special insurance premium (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 rate for FY2002 is the weighted average of the rates for "specific deposits" and "other deposits, etc.," and the rate for the period from FY2003 onward is the weighted average of the rates for "deposits for payment and settlement purposes" and "general deposits, etc."</p> <p>3. The deposit insurance premium rate for FY2012 was set at 0.107% for deposits for payment and settlement purposes and at 0.082% for general deposits, etc., while the effective rate was set at 0.084%. However, as there was neither (a) occurrence of an insurance contingency, (b) disposition ordering the management of the business and property of a failed financial institution by a financial administrator, nor (iii) approval by the Prime Minister for the implementation of measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during FY2012, the deposit insurance premium rate and effective rate indicated in the parentheses were applied retroactively from the first day of the same year. As a result, deposit insurance premiums totaling ¥124.5 billion were refunded in April 2013.</p> <p>4. The deposit insurance premium rate and the effective rate indicated in the parentheses will be applied in FY2013 if there is neither (a) occurrence of an insurance contingency, (b) disposition ordering the management of the business and property of a failed financial institution by a financial administrator, nor (c) approval by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during the fiscal year.</p> | | 1971 (launch of system) | FY 1982 – | FY 1986 – | FY 1996 – | FY 2001 | FY 2002 | FY 2003 – | FY 2005 | FY 2006 – | FY 2008 | FY 2009 | FY 2010 – | FY 2012 (Note 3) | FY 2013 (Note 4) | Deposit insurance premium rate (Note 1) | 0.006 | 0.008 | 0.012 | 0.048 | Specific deposits | 0.048 | 0.094 | Deposits for payment and settlement purposes | 0.090 | 0.115 | 0.110 | 0.108 | 0.107 | 0.107 | 0.089 | 0.107 (0.089) | Other deposits, etc. | 0.048 | 0.080 | General deposits, etc. | 0.080 | 0.083 | 0.080 | 0.081 | 0.081 | 0.082 | 0.068 | 0.082 (0.068) | Effective rate (Note 2) | 0.006 | 0.008 | 0.012 | 0.084 | | | | | | | | 0.07 | 0.084 (0.07) |
| | 1971 (launch of system) | FY 1982 – | FY 1986 – | FY 1996 – | FY 2001 | FY 2002 | FY 2003 – | FY 2005 | FY 2006 – | FY 2008 | FY 2009 | FY 2010 – | FY 2012 (Note 3) | FY 2013 (Note 4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deposit insurance premium rate (Note 1) | 0.006 | 0.008 | 0.012 | 0.048 | Specific deposits | 0.048 | 0.094 | Deposits for payment and settlement purposes | 0.090 | 0.115 | 0.110 | 0.108 | 0.107 | 0.107 | 0.089 | 0.107 (0.089) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Other deposits, etc. | 0.048 | 0.080 | General deposits, etc. | 0.080 | 0.083 | 0.080 | 0.081 | 0.081 | 0.082 | 0.068 | 0.082 (0.068) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Effective rate (Note 2) | 0.006 | 0.008 | 0.012 | 0.084 | | | | | | | | 0.07 | 0.084 (0.07) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (iii) Efficient fund management with focus on safety and liquidity, stable fund-raising conducive to the soundness and efficiency of the DICJ's finances, etc. | <p>Amid the monetary easing and the low interest rate environment, conducted fund management and financing as follows:</p> <p>○ In fund management, strove to efficiently manage surplus funds arising in individual accounts with a focus on safety and liquidity Specifically, combined investments in secured call loan transactions, short-term gensaki transactions (purchase under resale agreement) for Treasury discount bills (TDBs), outright purchases of TDBs, etc. while giving adequate consideration to the redemption and repayment dates of DICJ bonds and borrowings as well as expenditures and other financing activities in each account Terminated the management of the Financial Stabilization Contribution Fund in the Jusen Account, which started in FY1996, at the end of June 2012</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
|--|--|--|
| <p>○ Set the appropriate deposit insurance premium rates to ensure an equilibrium in the DICJ's finances in the medium and long term</p> | <p>○ Consider how the deposit insurance premium rate should be set in the medium and long terms</p> | <p>Deposit Insurance Department: Planning Division</p> <p>Treasury Department: Finance Division II</p> |
| <p>○ In fund management, efficiently managed surplus funds in individual accounts focusing on safety and liquidity</p> | <p>○ In view of prevailing financial market conditions, strive for efficient fund management by focusing on safety and liquidity</p> | <p>Treasury Department: Finance Division I</p> |

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| Task | Main business performance | | | | | | | | | | | | | | | | | | | | |
|---|--|-----------------------------------|-----------------------------------|-----------------------------------|--------|--------|--------------------|------------------|------------------|------------------|------------------|------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------|-------|-------|-------|-------|
| 10. Steady Promotion of the Strengthening and Efficiency Improvement of Finances and Disclosure of Information on Financial Conditions | | | | | | | | | | | | | | | | | | | | | |
| | <p>○ In fund-raising activities, issued DICJ bonds (¥880.0 billion) in the Financial Revitalization Account and the Financial Functions Strengthening Account In these accounts as well as the Crisis Management Account and the Damage Recovery Distribution Account, borrowed funds from financial institutions as necessary. In the Financial Functions Strengthening Account, borrowed funds for the purpose of implementing capital injection into earthquake-affected special financial institutions and financial institutions carrying out financial reorganization (¥35.0 billion) Saw that the outstanding balance of funds raised by the DICJ on the basis of all accounts remained flat compared with the level in FY2011 (¥2,800 billion at the end of FY2011 → ¥2,800 billion at the end of FY2012), when the balance declined steeply</p> <p>[Trends of the outstanding balance of funds raised]</p> <table border="1"> <thead> <tr> <th></th> <th>FY2009</th> <th>FY2010</th> <th>FY2011</th> <th>FY2012</th> </tr> </thead> <tbody> <tr> <td>Balance of funding</td> <td>¥5,484.9 billion</td> <td>¥4,092.3 billion</td> <td>¥2,838.0 billion</td> <td>¥2,837.5 billion</td> </tr> <tr> <td>Balance of bonds (annual issuance)</td> <td>¥3,950.0 billion (¥1,050.0 billion)</td> <td>¥3,630.0 billion (¥780.0 billion)</td> <td>¥1,930.0 billion (¥200.0 billion)</td> <td>¥1,930.0 billion (¥880.0 billion)</td> </tr> <tr> <td>Ratio of bonds</td> <td>72.0%</td> <td>88.7%</td> <td>68.0%</td> <td>68.0%</td> </tr> </tbody> </table> <p>○ Regarding the promotion of the provision of information, in order to ensure more efficient fund-raising, held explanatory meetings with financial institutions that participate in fund-borrowing auctions to provide them with information on the DICJ's fund-raising environment and policy, etc. Also strove to provide easy-to-understand information through such steps as disclosure of the "Fund-raising costs as the preferred dividend annual rate" of earthquake-affected special financial institutions, etc. through the DICJ website</p> | | FY2009 | FY2010 | FY2011 | FY2012 | Balance of funding | ¥5,484.9 billion | ¥4,092.3 billion | ¥2,838.0 billion | ¥2,837.5 billion | Balance of bonds (annual issuance) | ¥3,950.0 billion (¥1,050.0 billion) | ¥3,630.0 billion (¥780.0 billion) | ¥1,930.0 billion (¥200.0 billion) | ¥1,930.0 billion (¥880.0 billion) | Ratio of bonds | 72.0% | 88.7% | 68.0% | 68.0% |
| | FY2009 | FY2010 | FY2011 | FY2012 | | | | | | | | | | | | | | | | | |
| Balance of funding | ¥5,484.9 billion | ¥4,092.3 billion | ¥2,838.0 billion | ¥2,837.5 billion | | | | | | | | | | | | | | | | | |
| Balance of bonds (annual issuance) | ¥3,950.0 billion (¥1,050.0 billion) | ¥3,630.0 billion (¥780.0 billion) | ¥1,930.0 billion (¥200.0 billion) | ¥1,930.0 billion (¥880.0 billion) | | | | | | | | | | | | | | | | | |
| Ratio of bonds | 72.0% | 88.7% | 68.0% | 68.0% | | | | | | | | | | | | | | | | | |
| 11. Enhancement of Preparedness for Securing Compliance, etc. | | | | | | | | | | | | | | | | | | | | | |
| Enhancement of preparedness for compliance and operational risk management: in particular appropriate information security measures, including protection of personal information | <p>[Ensuring compliance]</p> <p>○ Regarding compliance, as shown below, in addition to continuing existing activities focusing on the maintenance and continuation of education and reporting systems, provided intra-departmental training using training materials based on compliance example cases and revised compliance rules in order to further strengthen the DICJ's preparedness for compliance</p> <p>(1) Maintenance and continuation of the education system</p> <ol style="list-style-type: none"> i) The Governor of the DICJ sent a message related to the securing of compliance to all executives and employees at the beginning of the new year. ii) Provided training for new DICJ employees twice (in April and July 2012). iii) Held a total of 68 intra-departmental seminar sessions iv) Provided comprehensive training involving external instructors twice (in September and October 2012) <p>(2) Maintenance and continuation of the system of reporting compliance information</p> <ol style="list-style-type: none"> i) Held consultations with the compliance oversight department (e.g., examination of the contents of contracts) ii) Held a liaison meeting for persons responsible for compliance three times (in August 2012 and in February and March 2013) <p>(3) Measures to strengthen preparedness for compliance</p> <ol style="list-style-type: none"> i) Exchanged opinions in a discussion format using training materials based on compliance example cases in individual departments (February 2013) ii) A corporate lawyer making comments based on the results of the exchanges of opinions mentioned in i) above (March 2013) iii) Revised compliance rules (March 2013) <p>[Operational risk management, etc.]</p> <p>○ Improved the framework for maintaining and enhancing the information security level of the DICJ by establishing the Office for Information Security</p> <p>○ In order to strengthen information management and information security measures, strove to increase awareness of information security among DICJ executives and employees and reviewed procedures related to information security and enhanced them as follows</p> <p>(1) Increasing awareness of information security among DICJ executives and employees</p> <ol style="list-style-type: none"> i) Provided information security training for new DICJ employees (twice; April and July 2012) ii) Issued an Alert Notice concerning computer viruses (twice; July 2012) iii) Provided information security training for all executives and employees (once; December 2012) iv) Provided training concerning targeted mails for all executives and employees (once; January–February 2013) v) Conducted self-inspection concerning information security (once; February 2013) | | | | | | | | | | | | | | | | | | | | |

| Evaluation | Future policy | Responsible unit |
|---|--|---|
| | | |
| <ul style="list-style-type: none"> ○ In fund-raising activities, raised funds in a stable and efficient manner by taking into account the use of funds, the outlook for cash flows, capital injection measures, etc. ○ Also promoted the provision of easy-to-understand information on fund management and fund-raising by holding explanatory meetings on fund-borrowing auctions, etc., and proactively using the DICJ website | <ul style="list-style-type: none"> ○ Seek to raise funds in a stable manner conducive to the soundness and efficiency of the DICJ's finances by accurately identifying funding needs ○ Promote the provision of easy-to-understand information on the DICJ's fund management and fund-raising activities | |
| | | |
| <ul style="list-style-type: none"> ○ Recognize that the DICJ's various efforts to ensure compliance have contributed to enhancing awareness of compliance among executives and employees ○ Saw that these measures contributed to enhancing awareness of information security among executives and employees and improving the information security level of the DICJ | <ul style="list-style-type: none"> ○ In order to further ensure understanding and proper action concerning compliance by executives and employees, maintain and continue the current education and reporting systems, reassess the DICJ's preparedness for compliance and review it as need arises to make changes, enhancements, etc., of it ○ Strive to enhance awareness of information security among executives and employees through education and training and further strengthen information security measures against the threat of new types of cyber attack | <p>Planning and Coordination Department: Information System Planning Division</p> <p>Legal Affairs Department</p> |

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| Task | Main business performance |
|--|---|
| 11. Enhancement of Preparedness for Securing Compliance, etc. | |
| | <p>(2) Review and enhancement of procedures related to information security</p> <ul style="list-style-type: none"> i) Revised existing implementation procedures (three procedures; January 2013) ii) Established new implementation procedures (two procedures; January 2013) <p>(3) Information security diagnosis of information systems</p> <p>Commissioned an external information security company to conduct information security diagnosis of the LAN/WAN (common system) (January–March 2013)</p> |
| 12. Appropriate and Efficient Management of Organization, etc. | |
| <p>Appropriate and efficient management of organization, personnel and systems in accordance with the operational policy and environmental changes</p> | <p>[Organization and personnel]</p> <ul style="list-style-type: none"> ○ In accordance with the government's rationalization policy on authorized strength of personnel, formulated a rationalization plan and reduced the authorized number of personnel by seven ○ In order to adapt to new business operations associated with the revision of the Deposit Insurance Act (enacted in May 2011) (obligations in normal times and purchase of specified difficult recovery claims), secured the necessary staff size and improved the DICJ's organizational structure ○ In light of the results of deliberation by a task force concerning the integrated management of human resources in preparation for the resolution of financial institution failures, reviewed the assignments of personnel working on loan from other organizations and further promoted an exchange of personnel between departments and divisions related to failure resolution, in order to implement financial administrator operations expeditiously and flexibly <p>[Systems]</p> <ul style="list-style-type: none"> ○ Launched operation of the following systems based on "DICJ Policy for Optimizing Core Operation System, etc.": <ul style="list-style-type: none"> – LAN/WAN (common system): from May 2012 – Failure resolution system: from May 2012 ○ Established the Information System Planning Division to provide personnel and technical assistance and conduct overall coordination with regard to the development of information systems under the leadership of the CIO and Deputy CIO while also seeking advice from Executive Advisor for CIO |

| Evaluation | Future policy | Responsible unit |
|---|---|---|
| | | |
| <ul style="list-style-type: none"> ○ Appropriately dealt with the processing of various operations based on the operational policy under the constraints of limited manpower ○ Supported system development for individual departments and promoted implementation of information security measures across the whole organization | <ul style="list-style-type: none"> ○ Strive to conduct appropriate and efficient management of organization, personnel and systems in accordance with the operational policy and in response to changes in the surrounding environment | Planning & Coordination Department: Personnel Division, Planning & Coordination Division, Information System Planning Division |

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April 1, 2011
 Revised on June 30, 2011
 Revised on March 30, 2012
 Revised on June 28, 2013

Deposit Insurance Corporation of Japan Medium-Term Goals (FY2011– FY2013)

I. The DICJ's Mission

The mission of the DICJ is to appropriately manage the deposit insurance system^(Note 1) 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 2)

Notes: 1. The deposit insurance system consists of the following operations: payout of deposit insurance and the purchase of deposits and other claims necessary in the event that repayment of said deposits, etc. is suspended by a financial institution; financial assistance in mergers and other situations in the resolution of failed financial institutions, the management and transfer of business, etc. by a financial administrator; purchase of specified difficult recovery claims; measures against financial crisis; and measures for orderly resolution of assets and liabilities of financial institutions.

2. The DICJ also undertakes operations related to capital injection with public funds based on the Financial Functions Strengthening Act, operations related to the posting of public notices based on the Criminal Accounts Damage Recovery Act, etc.

II. Circumstances Surrounding the Deposit Insurance System and Organizational Operations of the DICJ (Domestic and foreign financial conditions)

Many countries, including European countries and the United States, have taken various measures to deal with the recent global financial crisis. As the financial conditions have subsequently restored some calm, the shift from crisis responses to responses in normal times is gradually taking place. International discussions now also make progress concerning the reform of financial regulations and supervision in order to prevent a similar crisis from ever recurring.

With the impact of the recent financial crisis on the Japanese financial system rather limited and no significant impact from the first failure resolution under the limited coverage observed, Japan's financial conditions have remained stable as a whole.

Under these circumstances, Japan is responding with the resumption of capital injection with public funds and other measures, albeit on a temporary basis, given progress observed in the resolution of problems traced to the financial crises of the past (the "Heisei Financial Crisis"). Financial institutions, meanwhile, are taking steps toward the integration of management, such as mergers, etc., and the enhancement of their capital bases.

In addition, responses to financial crimes becoming more sophisticated and malicious in recent years, and efforts to cut off relationships between financial institutions and antisocial forces for the prevention of damage caused by antisocial forces are increasingly gaining in importance.

Furthermore, responses to the aftereffects of the Great East Japan Earthquake have become significant challenges.

(The situation surrounding the DICJ)

Regarding the DICJ's operations, while the ex-post facto resolution of problems traced to the "Heisei Financial Crisis" has made smooth progress, the first case of failure resolution under the limited coverage has occurred. The DICJ is faced with the challenge of appropriately processing this failure resolution case and striving to ensure more efficient failure resolution processes in the future by reviewing the case of this failure resolution, finding areas for improvement and considering and working out adequate responses as necessary.

In addition, in order to further facilitate the financial administrator operations in the event of failure of a financial institution, the DICJ needs to continue to efficiently build up the failure resolution system and also appropriately respond to the impact of the Great East Japan Earthquake.

Moreover, as measures for orderly resolution of assets and liabilities of financial institutions intended to ensure the stability of the financial system are to be introduced in accordance with the revision of the Deposit Insurance Act (June 2013), it is necessary to improve readiness in preparation for the enforcement of the revised Act.

(Responses to the changing environment surrounding the DICJ)

In order to unerringly accomplish its mission amid the changing environment, the DICJ finds it necessary to continue to promote the resolution of problems traced to the "Heisei Financial Crisis" and enhance its preparedness for failure resolution under the limited coverage of deposit insurance, and also to constantly examine and

sort out functions and its own organizational management in light of the DICJ's principles as a financial safety-net provider. Therefore, the DICJ will strive to improve its operational preparedness as follows:

- (i) As the entity responsible for the protection of depositors through the deposit insurance system, the DICJ will strive to make complete preparedness for the resolution of the failure of a financial institution, in light of the lessons learned from the failure resolution currently being carried out, to secure the understanding and security of depositors while enhancing close cooperation with the regulatory and supervisory authorities as well as the central bank.
- (ii) The DICJ will consider the practicalities of the implementation of measures for orderly resolution of assets and liabilities of financial institutions, and will develop readiness.
- (iii) The DICJ will appropriately exercise its functions, serving as the financial safety-net provider, including capital injection with public funds.
- (iv) In order to mitigate moral hazards of financial institution managers, inherent in deposit insurance system, and in order to cope with increasingly malicious financial crimes, the DICJ will bolster its countervailing power against antisocial forces, etc., and appropriately exert the functions of pursuit of liability and the collection of assets. In addition, the DICJ will appropriately execute the operations of the purchase and recovery of "specified difficult recovery claims."
- (v) The DICJ will appropriately execute the purchase, etc., of assets from failed financial institutions.
- (vi) The DICJ will appropriately execute the operations newly assigned to it, including procedures for criminal accounts damage recovery for the relief of victims.
- (vii) The DICJ will appropriately manage its operations while cooperating and collaborating with affiliated companies.
- (viii) The DICJ will seek to improve its research and study activities, etc. as well as international cooperation based on an understanding of the needs of the times.
- (ix) The DICJ will strive for the self-governing management of its operations and pay due heed to ensuring efficiency and compliance, etc.

III. Medium-Term Goals for FY2011–2013

The DICJ has set the following medium-term goals for FY2011–FY2013 as a roadmap for advancing the operations described above, also set out the basic directions for the execution and improvement of its operations.

(Initiatives for depositor protection from the viewpoint of depositors)

1. With consideration for the failure resolution of financial institution that the DICJ is currently conducting, the DICJ will improve and enhance its preparedness for the failure resolution framework of financial institutions in response to every situation while enhancing close cooperation with the relevant authorities. In particular, regarding the DICJ's system for use in the depositor's name-based aggregation of deposits and the operations of financial administrators, etc., the DICJ will continue to develop the system in an efficient manner and aim at steady operation of the system so as to realize secure and smooth procedures.

As a bill to revise the Deposit Insurance Act was enacted (May 2011) that requires financial institutions to redouble their efforts to enhance their framework in normal times, etc.,^(Note) the DICJ will strive to make this widely known (through the provision of information on the failure resolution scheme, etc.) in preparation for the enforcement of the revised Act, and upon such enforcement, will provide individual financial institutions with necessary advice and follow up on the status of their responses, with the cooperation and coordination of relevant departments within the DICJ.

Note: When system responses are needed, financial institutions must develop a system within a reasonable period of time. However, as of the day of enforcement, they only have to formulate a system development plan.

2. The DICJ will strive for easy-to-understand PR activities related to the deposit insurance system and the DICJ's operations from the standpoint of depositors.

(Action related to the introduction of measures for orderly resolution of assets and liabilities of financial institutions)

3. As measures for orderly resolution of assets and liabilities of financial institutions intended to ensure the stability of the financial system are to be introduced in accordance with the revision of the Deposit Insurance Act (June 2013), the DICJ will consider the practicalities of the implementation of the measures in preparation for the enforcement of the revised Act and develop readiness while cooperating with relevant authorities.

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(Operations related to capital injection)

4. The DICJ will work closely with applicant financial institutions and the relevant authorities in its operations related to capital injection with public funds, including special measures concerning the Great East Japan Earthquake under the revised Financial Functions Strengthening Act. The DICJ will also strive for the appropriate management and smooth disposal of preferred shares and other capital-raising instruments subscribed for capital injection.

(Appropriate exertion of the function of pursuing liability and the appropriate implementation of the purchase and recovery of specified difficult recovery claims)

5. The DICJ will support the resolution and collection operations undertaken by the contracted bank, including strict responses to malicious obstructed recovery cases, and appropriately execute its operations to pursue the liability of former managers of failed financial institutions, etc. In addition, following the enactment of a bill to revise the Deposit Insurance Act (May 2011) to include the operations of the purchase and recovery of specified difficult recovery claims held by financial institutions in the DICJ's operations, the DICJ will appropriately carry out the operations concerned pursuant to the revised Deposit Insurance Act.

(Purchase of assets, etc. from failed financial institutions, etc.)

6. The DICJ will appropriately implement the purchase of assets from failed financial institutions, etc., and the disposal of purchased assets, etc.

7. The DICJ will appropriately carry out operations related to the Incubator Bank of Japan and strive to find a final assuming financial institution at an early date.

(Procedures for criminal accounts damage recovery)

8. The DICJ will appropriately implement public notice operations related to procedures for criminal accounts damage recovery from the perspective of contributing to the relief of victims.

(Cooperation and collaboration with affiliated companies)

9. The DICJ will cooperate and collaborate with affiliated companies and provide necessary guidance and advice, etc., to them. In addition, following the enactment of a bill to revise the Deposit Insurance Act (May 2011), the DICJ will review the role of the RCC in accordance with the revised Act so that the RCC can appropriately execute its operations.

(Research and study, international cooperation)

10. The DICJ will conduct research and study activities as well as international cooperation by comprehensively taking account of the financial and economic situations, etc.

(Self-governing management of operations, etc.)

11. The DICJ will steadily promote the strengthening of its financial management as well as the rationalization of operations related to its finances, and will also strive for easy-to-understand disclosure of information on its financial conditions.

12. The DICJ will establish preparedness necessary for compliance and management of operational risk, etc.

13. The DICJ will appropriately and efficiently respond to the changing environment in its organizational system, etc.

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

The operational policy for each fiscal year is formulated based on the medium-term goals and the situation at that point in time as well as the implementation status and evaluation of the operational policy of the preceding fiscal years.

April 1, 2013
Revised on June 28, 2013

Deposit Insurance Corporation of Japan Operational Policy for FY2013 (April 2013–March 2014)

1. Improvement and Enhancement on Preparedness for Failure Resolution of Financial Institutions Corresponding to Every Situation from the Perspective of the Protection of Depositors

- (i) In order to further improve the failure resolution scheme and the financial administrator operations, the Deposit Insurance Corporation of Japan (hereinafter referred to as the “DICJ”) will strengthen its readiness for failure resolution by studying various issues based on the experience obtained from the case of the Incubator Bank of Japan.

Furthermore, the DICJ will intensify cooperative relationships with external related parties, including relevant authorities, enhance practical training, workshops and seminars, so that the capability of the financial administrator team improve, while striving for the analysis and management of necessary information. As for the response to the revised Deposit Insurance Act, enacted in 2011, the DICJ will provide necessary advice to individual financial institutions and follow up on the status of their response, as the revised Act requires financial institutions to redouble their efforts to enhance their framework in normal times, etc.

In light of the above, if a financial institution fails on Friday and the DICJ is appointed as a financial administrator, the DICJ will strive to let the failed financial institution resume its business smoothly and steadily on the following Monday (realization of the so-called Friday-Monday operation procedure in the initial stage).

- (ii) The DICJ will focus its on-site inspection on the examination of the status of improvement in response to insurable contingencies, etc. as specified under the Deposit Insurance Act.^(Note 1) and will conduct inspections that effectively lead to the continuation of efficient operations at the time of financial institution failure while adequately cooperating and exchanging opinions with relevant authorities and related divisions and departments within the DICJ as well as with financial institutions.

With regard to the implementation of the above measures, the DICJ will comprehensively manage and analyze the implementation status of not only “on-site inspections” but also “improvement hearings,”^(Note 2) “system verification”^(Note 3) and “training and advice, etc.”^(Note 4) and will use the results to improve on-site inspections, etc. and reflect them in the next implementation plan, etc.

Regarding maintenance of name-based aggregation databases of depositors, the DICJ will notify inspected financial institutions of their status of responses in normal times at the time of on-site inspections, thereby encouraging them to appropriately maintain and manage the database and related systems.

Notes: 1. The status of improvement in response to insurable contingencies, etc. as specified under the Deposit Insurance Act refers to the status of the following: maintenance of the name-based aggregation databases of depositors; separate management of insured and uninsured deposits; development of systems for preparing data on changes in deposits, etc. (files on specific deposits and withdrawals); and preparation for offsetting of deposits against loans and purchase of deposits and other claims (estimated proceeds payment) (development of procedures and manuals, etc.).

2. “Improvement hearings” refers to hearings held by the FSA or a Local Finance Bureaus in order to receive reports from financial institutions on the status of improvement regarding the matters pointed out at the time of DICJ inspections based on Article 24 and other provisions of the Banking Act. DICJ officials attend the hearings and provide advice so as to enable effective improvement.

3. In “system verification”, the DICJ requests the submission of depositor data from financial institutions and verifies whether they are developing their name-based aggregation database of depositors in an appropriate manner by using the DICJ’s system.

4. “Training and advice, etc.” refers to training and advice, etc. provided to individual financial institutions upon their requests by dispatched DICJ staff in accordance with the institutions’ circumstances in order to promote improvement of name-based aggregation databases, procedures and manuals and information systems.

- (iii) In order to further accelerate the processing of the depositor’s name-based aggregation database and smoothly facilitate financial administrator operations, the DICJ, in accordance with the experience of failure resolution of the Incubator Bank of Japan, will efficiently improve and expand its business execution systems and strive to further enhance its actual operational capabilities. The DICJ will also improve the framework for operating a failure resolution system for use in name-based aggregation of deposits and financial administration operations, etc. across its divisions and departments and will maintain efficient and steady operation of the system.

- (iv) The DICJ will examine further necessary matters concerning the failure resolution scheme and related practices from the perspective of ensuring the smooth management of the deposit insurance system. The

DICJ will also enhance close cooperation with the relevant authorities as well as other financial safety-net providers.

2. PR Activities Related to the Deposit Insurance System and the DICJ's Operations

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 the deposit insurance system and the DICJ's role and operations.

3. Response to the Introduction of Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions

As measures for orderly resolution of assets and liabilities of financial institutions intended to ensure the stability of the financial system are to be introduced in accordance with the recent revision of the Deposit Insurance Act, the DICJ will consider the practicalities of the implementation of the measures in preparation for the enforcement of the revised Act and improve its readiness while cooperating with relevant authorities.

4. Operations related to Capital Injection

- (i) The DICJ will work closely with applicant financial institutions and the relevant authorities in its operations related to capital injection under the Financial Functions Strengthening Act (the application deadline: March 31, 2017), including special measures concerning the Great East Japan Earthquake under the revised Financial Functions Strengthening Act.
- (ii) Regarding preferred shares and other capital-raising instruments subscribed under the Early Strengthening Act and the Financial Functions Strengthening Act and other Acts, the DICJ will continue working on appropriate management and strive for their smooth disposal based on the "Immediate Guideline for the Disposal of Preferred Shares and other Capital-Raising Instruments Acquired through Capital Injection with Public Funds" (published in October 2005).

5. Support for the Resolution and Collection Operations of the Contracted Bank, including a Strict Response to Malicious Obstructed Recovery Cases and the Appropriate Execution of Operations to Pursue Liability, and the Appropriate Purchase and Recovery of Specified Difficult Recovery Claims

- (i) In light of the start of the purchase and recovery of specified difficult recovery claims, the DICJ will enhance cooperation with the RCC, a contracted bank, and provide proactive guidance and advice in order to support the RCC's appropriate recovery of claims from malicious debtors, etc., in particular in support of the RCC's strict responses to obstructed recovery cases involving antisocial forces.
- (ii) In order to support the resolution and collection operations undertaken by the RCC, a contracted bank, the DICJ will precisely select cases to be investigated, and implement in-depth asset investigations focusing on malicious debtors, including antisocial forces, involved in specified difficult recovery claims, etc. and will appropriately provide guidance and advice.
- (iii) The DICJ will strive to conduct thorough investigations of failed financial institutions to clarify developments, etc., that led to failures and appropriately execute operations to pursue criminal and civil liabilities. In addition, the DICJ will improve its readiness to respond immediately at the time of failure resolution and enhance investigation techniques.
- (iv) The DICJ will steadily purchase and recover specified difficult recovery claims in cooperation with private financial institutions and other relevant parties. In addition, the DICJ will follow appropriate procedures, including listening to the opinions of the Committee for Screening Purchase of Specified Difficult Recovery Claims, with regard to the purchase price as well as whether or not claims to be purchased are specified difficult recovery claims.

Moreover, the DICJ will raise awareness of this program through participation in bank-police liaison councils in various regions.

6. Appropriate Management and Disposal, etc., of Retained Asset

The DICJ will appropriately manage and collect claims acquired from failed financial institutions, etc., from the perspective of customer protection.

The DICJ will appropriately and efficiently implement the management and disposal of shares from the perspective of minimizing the public costs with due consideration for the impact on the market and the length of the processing period.

7. Appropriate Execution of Operations Related to the Liquidated Company of the Incubator Bank of Japan

The DICJ will appropriately manage the Liquidated Company of the Incubator Bank of Japan in preparation for the final repayment and completion of the liquidation by strict check on residual assets and liabilities and expenses incurred.

In addition, in preparation for the completion of the liquidation, the DICJ will appropriately adjust the amount of monetary grants to the Liquidated Company of the Incubator Bank of Japan.

8. Appropriate Implementation of Public Notice Operations, etc., Related to Procedures for Criminal Accounts Damage Recovery

The DICJ will smoothly implement public notice operations related to procedures for criminal accounts damage recovery from the perspective of contributing to the relief of victims.

When using money transferred from financial institutions to the DICJ, the DICJ will strive to ensure appropriate implementation of the scholarship and subsidy projects specified by ordinances of the competent ministries as the targets of support for crime victims, etc. while cooperating with relevant ministries and agencies and consulting with the organization implementing the projects.

9. Cooperation and Collaboration with Affiliated Companies

(i) Resolution and Collection Corporation (RCC)

The DICJ will better cooperate and collaborate with the RCC. In particular, the DICJ will provide guidance and advice so as to ensure appropriate execution of operations introduced under the revised Deposit Insurance Act (May 2011), such as the purchase and recovery of specified difficult recovery claims and the bridge bank operation. Furthermore, the DICJ will provide guidance and advice necessary for the RCC to appropriately deal with the collection of the claims it holds while accurately grasping the conditions of its debtors in areas damaged by the Great East Japan Earthquake.

(ii) Regional Economy Vitalization Corporation of Japan (REVIC) and Corporation for Revitalizing Earthquake-Affected Business

The DICJ will cooperate in the appropriate and efficient implementation of operations of Regional Economy Vitalization Corporation of Japan and Corporation for Revitalizing Earthquake-Affected Business.

10. Research and Study/International Cooperation Comprehensively Taking Account of the Financial and Economic Situations, etc.

Given the status of crisis management, etc., in response to the latest global financial crisis in various countries and regions in the world, the DICJ will take the following steps:

(i) Regarding the DICJ's operations such as developments related to the reform of resolution frameworks and deposit insurance systems in various countries and regions, the DICJ will conduct research and study activities both at home and abroad and provide the accomplishment to parties concerned and others in various quarters.

(ii) The DICJ will further enhance cooperation and collaboration with overseas deposit insurance authorities. The DICJ will further improve Japan's deposit insurance system by grasping international trends related to deposit insurance systems and the financial situation around the world through the hosting of international conferences and proactive participation in activities of the International Association of Deposit Insurers (IADI). Furthermore, the DICJ will continue to contribute to the establishment of an international cooperation system concerning the deposit insurance system and provide technical cooperation to other countries, and in particular seek to establish a cooperative framework in Asia. In order to further enhance the relationships with deposit insurance organizations of other countries, the DICJ will carry out personnel exchanges with these organizations.

11. Steady Promotion of the Strengthening and Efficiency of Finances and Disclosure of Information on Financial Conditions

(i) The DICJ will grapple with the strengthening of its financial management as well as with rationalization of operations related to its finances and strive to draw up, execute and manage budget plans that are capable of dealing with the resolution of financial institution failures, etc. The DICJ will also strive for easy-to-understand disclosure of information on its financial conditions.

(ii) Taking its financial conditions into account, the DICJ will set appropriate deposit insurance premium rates to ensure an equilibrium in the DICJ's finances (the General Account) in the long term.

(iii) In view of prevailing financial market conditions, the DICJ will strive for efficient fund management by focusing on safety and liquidity, and seek to raise funds in a stable manner conducive to the soundness and efficiency of its finances after accurately elucidating funding needs. The DICJ will also strive to provide information on its fund management and fund-raising activities in an easy-to-understand manner.

12. Enhancement of Readiness for Compliance, etc.

The DICJ will further enhance its readiness for the compliance and management of operational risk, etc. In particular, in light of the growing threat posed by new types of cyber attack, the DICJ will strive to further enhance information security measures. In order to make its executives and employees thoroughly aware of these matters, the DICJ will hold relevant training sessions in various forms at least twice a year.

13. Appropriate and Efficient Management of Organizational Systems, etc.

Corresponding to the operational policy described above and changes in the surrounding environment, the DICJ will strive to appropriately and efficiently manage its organization, personnel and systems.

(Reference) Major Events during FY2012

| | | |
|------|---------|--|
| 2012 | Apr. 2 | • The Incubator Bank of Japan makes payment of tenders in the first repayment based on the rehabilitation plan (repayment rate of 39%) |
| | Apr. 9 | • Payment of tenders starts for DICJ-represented depositors (depositors with uninsured deposits who had not received estimated proceeds payment) of the Incubator Bank of Japan. |
| | Apr. 10 | • Settlement payment starts for depositors with uninsured deposits who had received estimated proceeds payment |
| | July 23 | • Assets held by the Incubator Bank of Japan purchased (purchase entrusted to the RCC) |
| | July 27 | • The first purchase of specified difficult recovery claims made (purchase entrusted to the RCC) |
| | Aug. 23 | • The second lawsuit filed by the RCC to establish liability of the Incubator Bank of Japan's former executives |
| | Sep. 10 | • Management of the Incubator Bank of Japan completed |
| | " | • The Incubator Bank of Japan dissolved |
| | Sep. 28 | • Tohoku Bank provided with capital injections by the DICJ through subscription for preferred shares in accordance with the Financial Functions Strengthening Act |
| | Dec. 18 | • Projects to support crime victims using money transferred from financial institutions to the DICJ based on the Criminal Accounts Damage Recovery Act start |
| | Dec. 28 | • Jimoto Holdings (Kirayaka Bank) provided with capital injections by the DICJ through the subscription for preferred shares in accordance with the Financial Functions Strengthening Act |
| | " | • The Shinkumi Federation Bank (Gunmamirai Shinkumi Bank) provided with capital injections by the DICJ through the purchase of trust beneficial rights in accordance with the Financial Functions Strengthening Act |
| 2013 | Mar. 7 | • The DICJ holds the 7th DICJ Round Table (two days: March 6–7, 2013) |
| | Mar. 18 | • The Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan put into force |
| | " | • Enterprise Turnaround Initiative Corporation of Japan reorganized as Regional Economy Vitalization Corporation of Japan |
| | " | • Capital increased (Regional Economy Vitalization Corporation Account, ¥3.0 billion) |
| | Mar. 25 | • The deposit insurance premium rate for FY2013 and beyond set at 0.082% for general deposits, etc. and at 0.107% for deposits for payment and settlement purposes; if there is neither (i) insurance contingency, (ii) a disposition ordering management of the business and property of the failed financial institution by a financial administrator, nor (iii) decision by the Prime Minister to take measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of Deposit Insurance Act during FY2013, the deposit insurance premium rate applicable in the same year is to be set at 0.068% for general deposits, etc. and at 0.089% for deposits for payment and settlement purposes (approved by the FSA Commissioner and Minister of Finance on March 29, 2013) |
| | Mar. 29 | • The second purchase of specified difficult recovery claims made (purchase entrusted to the RCC) |

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

1. Partial Revision of the Deposit Insurance Act, etc.

2. Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions for the Purpose of Ensuring Financial System Stability

- (1) Recognition of the Necessity of Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions
- (2) Financial Institutions to which the Measures Are Applicable
- (3) Description of the Measures and Criteria for the Invocation Thereof
- (4) Crisis Management Account and Specific Contributions
- (5) Future Activities of the DICJ

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1. Partial Revision of the Deposit Insurance Act, etc.

During the recent global financial crisis triggered by the failure of Lehman Brothers, etc., it was revealed that there is a potential risk that distress and failure of systemically important financial institutions may spread across domestic and foreign financial markets and cause a serious impact on the real economy.

Based on this experience, international debates were held on the development of a framework that would enable orderly failure resolution should a financial institution fail. In October 2011, the Financial Stability Board (FSB) adopted a new guideline called “Key Attributes of Effective Resolution Regimes for Financial Institutions,” which was internationally agreed upon at the G20 Summit in Cannes in November 2011.

In parallel with such international debates, efforts have been underway in the United States and major European

countries to develop a new comprehensive framework for effective resolution of the failure of financial institutions.

In Japan as well, the Deposit Insurance Act was revised in June 2013 in light of those international developments in order to develop a framework for orderly resolution of financial institutions in the event of a crisis that could spread through markets.

After the entry into force of the revised Deposit Insurance Act,^(Note) “Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions for the Purpose of Ensuring Financial System Stability” will be introduced.

Note: This Act will be put into force on the day specified by Cabinet Order within a period not exceeding nine months from the date of promulgation (June 19, 2013).

2. Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions for the Purpose of Ensuring Financial System Stability

(1) Recognition of the Necessity of Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions

The Prime Minister shall recognize the necessity of implementing measures for orderly resolution of assets and liabilities of financial institutions subject to a resolution by the Financial Crisis Response Council (members: the Prime Minister [chair], the Chief Cabinet Secretary, the Minister for Financial Services, the FSA Commissioner, the Minister of Finance and the Governor of the Bank of Japan), since this matter requires a very high level judgment just as the implementation of measures against financial crisis under the current Deposit Insurance Act does, when necessary to stabilize the financial system.

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

(2) Financial Institutions to which the Measures are Applicable

In light of the experience of the recent global financial crisis, we believe that in order to maintain the financial system’s resilience by preventing a rapid decline in trust in the financial market or the failure of a financial institution from causing disruptions to 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 belief, the measures for orderly resolution of assets and liabilities of financial institutions shall be applicable to the whole of the financial industry (deposit-taking financial institutions, insurance companies, financial instruments business operators, financial holding companies, etc.; these institutions shall be hereinafter collectively referred to as “financial institutions”).

(3) Description of the Measures and Criteria for the Invocation Thereof

1) Specific Type I Measures

<Description of the measure>

Financial institutions to which the measure is applicable are placed under special oversight^(Note) and receive supply of liquidity.

<Criteria for invocation>

The measure may be invoked when it is recognized that serious disruptions could be caused to the financial market and other parts of the financial system in Japan and when the financial institutions in question are solvent.

Note: Under the framework for orderly resolution of financial institutions, financial institutions recognized as targets of the specific measure upon a resolution by the Financial Crisis Response Council may be designated by the Prime Minister as entities whose execution of business operations and management and disposal of property should be monitored by the DICJ. The entities designated as such shall be called “financial institutions under special oversight.”

The DICJ may provide necessary advice, etc. (advice, guidance and recommendations) with regard to the execution of business operations of financial institutions under special oversight as well as the management and disposal of their property.

Moreover, the Prime Minister may issue a necessary order with regard to the execution of business operations of financial institutions under special oversight as well as the management and disposal of their property when he/she recognizes the need to do so in order to avoid the risk that serious disruptions could be caused to Japan’s financial system.

2) Specific Type II Measures

<Description of the measure>

Financial institutions are placed under special oversight, and the DICJ, while acquiring the right to manage and dispose of their property,^(Note 1) transfers the debts, etc. that are essential to stabilizing the financial system to specific bridge financial institutions^(Note 2) and has the debt obligations performed by providing specific financial assistance at the time of the transfer.^(Note3)

<Criteria for invocation>

The measure may be invoked when it is recognized that serious disruptions could be caused to the financial market and other parts of the financial system in Japan and when the financial institutions in question are insolvent or may become so, or repayment have been or may be suspended.

Notes: 1. Disposition ordering specific administration: When financial institutions have been recognized as targets of Specific Type II Measures and when it is recognized that the situation fits the description of either of the following (i) and (ii), the Prime Minister may make a disposition ordering the administration of their business and property (hereinafter referred to as the “disposition ordering specific administration”).

- (i) The management of the business operations of the financial institutions recognized as targets of Specific Type II Measures is substantially inappropriate.
- (ii) There is the risk that if all of the business operations of said financial institutions are abolished or dissolved without a specific merger, etc. regarding the business operations and debts of said financial institutions, the abolition or the failure to perform the debt obligations could cause serious disruptions to Japan’s financial system.

When a disposition ordering specific administration has been issued, the DICJ is given the exclusive authority to execute the business operations of the financial institutions subject to the disposition and manage and dispose of their property as their representative.

2. The DICJ may establish the following subsidiaries subject to a decision by the Prime Minister in order to take over the business operations or debts of financial institutions under special oversight through transfer of debts, etc. and provisionally continue the business operations or facilitate debt repayment. The following subsidiaries shall be collectively referred to as “specific bridge financial institutions”

- *Specific bridge banks
- *Specific bridge insurance companies
- *Specific financial instruments business operators
- *Specific bridge companies

3. “Specific financial assistance” refers to a measure taken by the DICJ to support a specific merger, etc.^(Note 4) implemented by financial institutions which are different from financial institutions recognized as targets of Specific Type II Measures (hereinafter referred to as “specific failed financial institutions”) (the financial institutions implementing the specific merger, etc. shall be hereinafter referred to as “specific assuming financial institutions”).

Upon the receipt of applications from specific assuming financial institutions, the DICJ may decide to provide specific financial assistance subject to a resolution by the Policy Board on the premise that the Prime Minister recognizes the need for a specific merger, etc. only when the prescribed criteria are satisfied. It should be noted that as specific financial assistance, the DICJ may implement measures prescribed under the Deposit Insurance Act, such as monetary grant.

4. A “specific merger, etc.” refers to a merger between a specific failed financial institution and another financial institution, the transfer of businesses, and the assumption of debts and other similar measures.

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(4) Crisis Management Account and Specific Contributions

The DICJ keeps the record of expenses of business operations relating to orderly resolution of assets and liabilities of financial institutions in the Crisis Management Account rather than in the General Account.

Financial institutions must make specific contributions to the DICJ to cover the cost incurred by it in conducting crisis management operations (limited to measures relating to financial institutions recognized as targets of the specific measures and those relating to specific bridge financial institutions).

However, the government may provide subsidy to the DICJ to cover parts of the cost of conducting the crisis management operations only when it is recognized that

the financial positions of financial institutions could substantially deteriorate and serious disruptions could be caused to the financial market and other parts of the financial system in Japan if said cost is to be funded by specific contributions alone.

(5) Future Activities of the DICJ

In accordance with the introduction of the above measures based on the revision of the Deposit Insurance Act, the DICJ will study practical affairs relating to the conduct of crisis management operations while maintaining cooperation with relevant authorities in preparation for the entry into force of the revised Deposit Insurance Act and will develop necessary systems.

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- (1) Historical Development of the Deposit Insurance System (as of the end of March 2013)
- (2) Historical Development of Special Measures for the Contracted Bank (as of the end of March 2013)

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- (6) Income and Expenditures on a Fiscal Year Basis (General Account)
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1. I. DICJ's Operations

(1) Historical Development of the Deposit Insurance System (as of the end of March 2013)

| | Initial Provisions in 1971 | Initial Provisions— June 1996 | June 1996 – |
|--|---|---|---|
| 1. Insured Financial Institutions (by Act) | Banks, Sogo banks, ^(Note 1) Shinkin banks, Credit cooperatives | (July 1986) Labor banks joined | |
| 2. Insurance Premium Rates ^(Note 2) (by approval) | 0.006% | (FY1982) 0.008% → (FY1986) 0.012% | (FY1996) 0.048% |
| 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 | |
| 5. Special Arrangement for the Blanket Guarantee of Deposit Insurance (by Act) | | | Introduced |
| 6. Insurance Payout by the Deposit Placing Method (by Act) | | | Introduced |
| 7. Provisional Payment (by Act) and Maximum Amount of Partial Payment (by Cabinet Order) | | (July 1986) Introduced ¥200,000 | |
| 8. Purchase of Deposits and Other Claims (by Act) | | | (Apr. 1997) Introduced |
| 9. Representation of Depositors in Court ^(Note 3) 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. ^(Note 4) |
| 12. Borrowing of Funds (General Account) Maximum Borrowings (by Cabinet Order) | ¥50 billion | (July 1986) ¥500 billion | (June 1996) ¥1 trillion → (Apr. 1999) ¥2 trillion → (Apr. 2000) ¥4 trillion |

Notes: 1. Sogo banks (mutual financing banks) have gradually transformed into ordinary banks since February 1989 (the Mutual Financing Bank Act abolished on April 1, 1993).

2. During the period from FY1996 to FY2001, a special premium (the insurance premium rate 0.036%) was set.

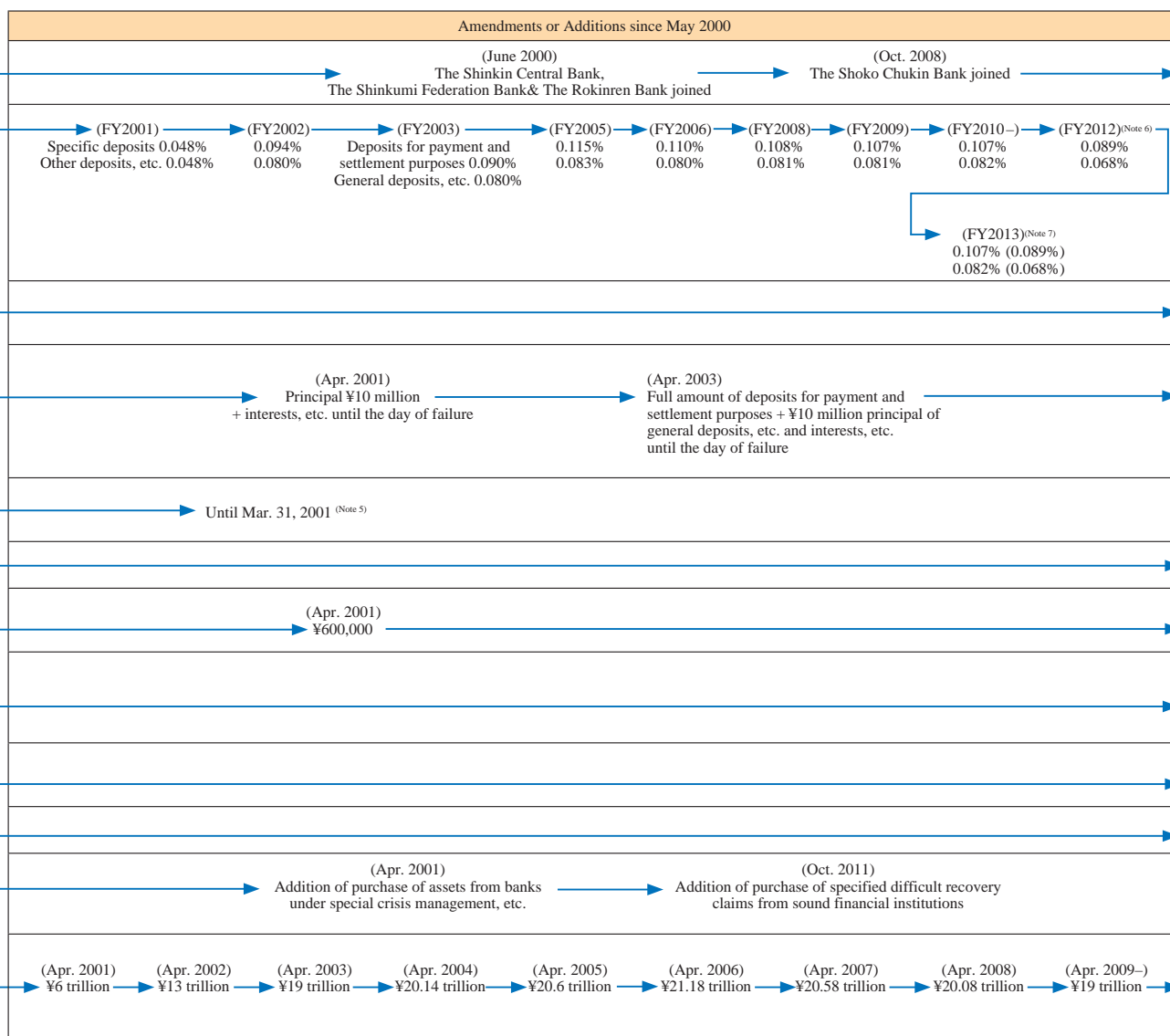
3. A system introduced under the Special Corporate Reorganization Act.

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. Current deposits, ordinary deposits and specified deposits were fully covered until the end of FY2002 (Regarded as deposits for payment and settlement purposes insured under the blanket guarantee until the end of FY2004).

6. As there was neither (i) insurance contingency; (ii) a disposition ordering management; nor (iii) approval by the Prime Minister for the implementation of measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during FY2012, the deposit insurance premium rate indicated here was applied retroactively from the first day of the same fiscal year.

7. If there is neither (i) insurance contingency; (ii) a disposition ordering management; nor (iii) approval by the Prime Minister for the implementation of measures stipulated in Article 102, paragraph (1), item (ii) or (iii) of the Deposit Insurance Act during FY2013, the deposit insurance premium rate in the parenthesis will be applied in the same fiscal year.



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| Principal Special Operations Introduced in the June 1996 Revision of the Deposit Insurance Act | |
| <ul style="list-style-type: none"> • Special financial assistance • Special purchase of deposits and other claims • Collection of special insurance premiums • Capital contribution, loss compensation, debt guarantee, guidance, advice, etc. for the contracted bank • Asset investigation of debtors concerning loan assets transferred to the contracted bank and loan collection • Entrusting purchase of assets of failed credit cooperatives to the contracted bank • Government debt guarantees for borrowings from the BOJ, or other financial institutions, etc. to implement special operations concerning failed credit cooperatives | |
| Main Points in the Dec. 1997 Revision of the Deposit Insurance Act | |
| <ul style="list-style-type: none"> • 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 | |
| <ul style="list-style-type: none"> • 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 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 Related Act and Early Strengthening Act enacted in Oct. 1998 | |
| <ul style="list-style-type: none"> • 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, etc. • Expansion of the scope of institutions from which the DICJ can purchase assets, including bank under special public management, bridge banks and financial institutions, etc. • Establishment of the Financial Reconstruction Account and the Early Strengthening Account | |
| Main Points in the May 2000 Revision of the Deposit Insurance Act | |
| <ul style="list-style-type: none"> • Extension of Special Measures for the blanket guarantee 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 management of the business 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"> • Addition of "securing of payment and settlements for failed financial institutions" to the purposes of the Deposit Insurance Act • Full protection for deposits for payment and settlement purposes (as a permanent measure) • Guarantee for the completion of ongoing settlements • 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) | |
| Main Points in the Organizational Restructuring Act enacted in Dec. 2002 | |
| <ul style="list-style-type: none"> • Simplification of merger and other procedures • Capital injection through preferred shares and other capital-raising instruments • Increase in insurance base amount (¥10 million × number of financial institutions in merger, etc., one year after the merger, etc.) | |
| Main points in the Strengthening Financial Functions Act enacted in June 2004 | |
| <ul style="list-style-type: none"> • Capital injection through the subscription for shares by the financial institutions, etc. • Establishment of the Financial Functions Strengthening Account | |
| Main points in the Dec. 2008 Revision of Financial Functions Strengthening Act | |
| <ul style="list-style-type: none"> • Extension of application period, facilitation of credit granting to small and medium-sized entrepreneurs, and capital injection to the cooperative central financial institution, etc. | |
| Main points in the May 2011 Revision of the Deposit Insurance Act | |
| <ul style="list-style-type: none"> • Granting of the bridge bank function to contracted bank • Addition of the operations of specified difficult recovery claims | |
| Main points in the June 2011 Revision of the Financial Functions Strengthening Act | |
| <ul style="list-style-type: none"> • 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, etc.) | |

(2) Historical Development of Special Measures for the Contracted Bank (as of the end of March 2013)

(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) |
|---|--|---|--|--|--|
| | | | | • Resolution and collection operations established as temporary measures | |
| • Capital contribution to the contracted bank | | | | | |
| • Entrusting purchase of assets from failed credit cooperatives to the contracted bank | • Expansion of the scope of entrustee to failed financial institutions | | • Addition of transferees of special assets, etc. to the scope of entrustee (until March 31, 2001) | • Expansion of the scope of entrustee to failed financial institutions, etc. (failed financial institutions, bridge banks, banks under special crisis management) | |
| • Compensation for losses of the 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 | | | | |
| | • Loan of funds to the contracted bank | | | | |
| • Guarantees of debt pertaining to the borrowings by the contracted bank | | | | | |
| | • Receipt of monies paid by the contracted bank | | | • Repeal of restrictions on profit payments • Addition of provisions on bad debt allowance for each item such as profit payment, profit on loss compensation and loss | |
| • Guidance and advice to the contracted bank | | | | | |
| • Asset investigation and debt collection from debtors of loan claims, etc. transferred to the contracted bank | • Asset investigation of debtor secured by penal provisions | | | | |
| | • Approval for entrusting of collection to the claim resolution company | | | Deletion of provisions | |
| • Right to inquire with and request cooperation from authorities, public organizations, etc. | | | | | |
| | | • Required measures for a merger of the contracted bank with the claim resolution company | | | |
| | | | | | • Addition of provision on the conclusion of bridge bank function agreement with the contracted bank |
| | | | | | • Purchases of specified difficult recovery claims and entrustment to the contracted bank |

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(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"> Purchase of assets from financial institutions, etc., and entrustment to the specified contracted bank | No change | <ul style="list-style-type: none"> Extension of the period where sound financial institutions, etc. may apply for purchase of assets (until March 31, 2004) | <ul style="list-style-type: none"> Use of market value for asset purchase prices Participation in bidding enabled Clarification of provisions to make efforts on diversification and acceleration of methods of disposing purchased assets, and reconstruction of debtors | <ul style="list-style-type: none"> Extension of the period that sound financial institutions, etc., can apply to purchase assets (until March 31, 2005) Addition of purchase of assets of the IRCJ | <ul style="list-style-type: none"> Addition of purchase of assets from the ETIC(reorganized as the Regional Economy Vitalization Corporation of Japan in March 2013) | <ul style="list-style-type: none"> Addition of purchase of assets from the Corporation for Revitalizing Earthquake-Affected Business |
| <ul style="list-style-type: none"> Resolution and collection of purchased assets |  | | | | | |
| <ul style="list-style-type: none"> Loans to the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Guarantee of borrowings by the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Receipt of monies paid from the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Loss compensation for the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Approval of implementation plans and funding plans for the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Guidance and advice to the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Asset investigation (secured by penal provisions) and debt collection from debtors of loan claims, etc. transferred to the specified contracted bank | | | | | | |
| <ul style="list-style-type: none"> Right to inquire with and request cooperation from authorities, public organizations, etc. | | | | | | |
| <ul style="list-style-type: none"> Approval for entrusting collection to the claim resolution company | Deletion of provisions | | | | | |

(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"> Entrustment of the subscription, etc. for shares, etc. to the contracted bank | <ul style="list-style-type: none"> The time limit for applications for subscription, etc. for shares, etc. of "specified cooperative financial institutions, etc." set on March 31, 2002  |
| <ul style="list-style-type: none"> Compensation for losses of the contracted bank | |
| <ul style="list-style-type: none"> Loan of funds to the contracted bank | |
| <ul style="list-style-type: none"> Guarantee of debts pertaining to the borrowings by the contracted bank | |
| <ul style="list-style-type: none"> Receipt of monies paid by the contracted bank | |
| <ul style="list-style-type: none"> Guidance and advice when a bank issuing shares to the contracted bank becomes a subsidiary of the contracted bank | |

(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) |
|--|--|--|
| <ul style="list-style-type: none"> Entrustment of a) subscription, etc. for shares, etc.; and b) purchase of trust beneficial rights, etc. from the cooperative central financial institution, to the contracted bank | <ul style="list-style-type: none"> Extension of application period for subscription, etc. for shares, etc., and purchases of trust beneficial rights, etc. (until March 31, 2012) | <ul style="list-style-type: none"> Extension of application period for subscription, etc. for shares, etc., and purchases of trust beneficial rights, etc. (until March 31, 2017) |
| <ul style="list-style-type: none"> Compensation for losses of the contracted bank |  | |
| <ul style="list-style-type: none"> Loan of funds to the contracted bank | | |
| <ul style="list-style-type: none"> Guarantee of debts pertaining to the borrowings by the contracted bank | | |
| <ul style="list-style-type: none"> Receipt of monies paid by the contracted bank | | |

2. II. Overview of the DICJ's Activities in FY2012

(1) Financial Assistance in the Resolution of Failed Financial Institutions (as of the end of March 2013)

(Unit: ¥ billion)

| Fiscal Year | Effective Date | Date of Policy Board Decision | Assuming Financial Institution | Failed Financial Institution | Scheme | Financial Assistance | Amount |
|-------------|--------------------------------|-------------------------------|--|--------------------------------|-----------------------|--|---------------------------|
| ~1995 | Apr. 1, 1992 | Oct. 28, 1991 | Iyo Bank | Toho Sogo Bank | Merger | Lending (For five years) | 8 |
| | Jan. 29, 1996 | Dec. 14, 1995 | Midori Bank | Hyogo Bank | Business transfer | Monetary grants | 473 |
| 1996 | Sep. 17, 1996 | Aug. 7, 1996 | Wakashio Bank | Taiheiyo Bank | Business transfer | Monetary grants | 117 |
| 1997 | Jan 26, 1998 | Jan. 14 1998 (Mar. 30, 1998) | Kii Yokinkanri Bank | Hanwa Bank | Business transfer | Monetary grants (After reduction) Purchase of assets Assumption of financial obligations | 81 (81) 208 4 |
| 1998 | Oct. 1, 1998 | Sep. 9, 1998 | Namihaya Bank | Fukutoku Bank Naniwa Bank | Merger | Purchase of assets | 302 |
| | Oct. 26, 1998 | Oct 6, 1998 (Apr. 16, 1999) | Kofuku Bank | Kyoto Kyoei Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 46 (44) 58 |
| | Nov. 16, 1998 | Oct. 29, 1998 (Jun. 16, 1998) | North Pacific Bank Chuo Trust & Banking | Hokkaido Takushoku Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 1,795 (1,763) 1,617 |
| | Nov. 24, 1998 | Nov 9, 1998 (May 26, 1999) | Sendai Bank | Tokuyo City Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 124 (119) 170 |
| | Mar. 23, 1999 | Mar. 9, 1999 | Hanshin Bank | Midori Bank | Merger | Purchase of assets | 266 |
| 1999 | Apr. 1, 1999 | Mar 9, 1999 (Dec. 1, 1999) | Hanshin Bank | Midori Bank | Merger | Monetary grants (After reduction) | 790 (722) |
| | Aug. 16, 1999 | Aug. 10, 1999 | | Long-Term Credit Bank of Japan | | Purchase of assets (1st) | 494 |
| | Nov. 22, 1999 | Nov. 9, 1999 | | Nippon Credit Bank | | Purchase of assets (1st) | 299 |
| | Feb. 28, 2000 | Feb. 16, 2000 (Jan. 5, 2001) | | Long-Term Credit Bank of Japan | | Monetary grants (After reduction) Purchase of assets (2nd) | 3,239 (3,235) 305 |
| 2000 | Aug. 14, 2000 | July 26, 2000 (Sep. 25, 2001) | Yachiyo Bank | Kokumin Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 184 (174) 34 |
| | Aug. 31, 2000 Aug. 28, 2000 | Aug 25, 2000 (Feb. 7, 2001) | | Nippon Credit Bank | Acquisition of shares | Monetary grants (After reduction) Purchase of assets (2nd) | 3,150 (3,141) 82 |
| | Feb. 13, 2001 | Feb. 1, 2001 (Mar. 20, 2002) | Daiwa Bank Kinki Osaka Bank | Namihaya Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 653 (630) 191 |

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| Fiscal Year | Effective Date | Date of Policy Board Decision | Assuming Financial Institution | Failed Financial Institution | Scheme | Financial Assistance | Amount |
|-------------|--------------------------------|--|--------------------------------|------------------------------|---------------------------|---|---------------------------------|
| 2000 | Feb. 26, 2001 | Feb. 21, 2001 (Mar. 20, 2002) | Kansai Sawayaka Bank | Kofuku Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 494 (485) 171 |
| | | Apr. 25, 2001 (Mar. 6, 2002) | Taiko Bank | Niigata Chuo Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 382 (356) 102 |
| 2001 | June 11, 2001 | May 28, 2001 (May 17, 2002) | Tokyo Star Bank | Tokyo Sowa Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 763 (682) 124 |
| | | Mar. 3, 2003 | Bridge Bank of Japan | Chubu Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 94 (67) 65 |
| 2002 | Mar. 24, 2003 | Feb. 19, 2003 (Feb. 26, 2004) | Bridge Bank of Japan | Ishikawa Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 181 (175) 89 |
| | | Mar. 5, 2003 (Feb. 26, 2004) | Bridge Bank of Japan | Ishikawa Bank | Business transfer | Monetary grants (After reduction) Purchase of assets | 181 (175) 89 |
| 2008 | June 30, 2008 June 16, 2008 | June 6, 2008 (Sep. 17, 2008) | Ashikaga HD | Ashikaga Bank | | Monetary grants (After reduction) Purchase of assets | 260 (256) 2 |
| | | Apr. 15, 2011 (Sep. 27, 2011) Apr. 15, 2011 (Sep. 27, 2011) | Second Bridge Bank of Japan | Incubator Bank of Japan | Partial business transfer | Monetary grants (After reduction) Equitable financial assistance (After reduction) Purchase of assets | 104 (46) 66 (75) 53 |

Notes: 1. The above figures are rounded off.

2. "Monetary grants" are amounts paid, while "purchase of assets," "lending," and "assumption of financial obligations" are amounts decided by the Policy Board.
3. Assuming financial institutions for Tokuyo City Bank are 13 financial institutions including Sendai Bank.
4. Assuming financial institutions for Niigata Chuo Bank are six financial institutions including Tako Bank.

(2) List of Capital Injection Operations (for each Act)

(i) Capital injection operations pursuant to the former Financial Functions Stabilization Act (as of the end of March 2013)

(Unit: ¥ billion, %)

| Name of Financial Institution | Capital Injection (Subordinated Bonds and Subordinated Loans) | | | | | Management/Disposal Status | |
|---|---|--------|-------------------------------------|--|-------------------------------|----------------------------|--|
| | Capital Injection Date | Amount | Rate (L = 6m LIBOR) | | Type | Disposal 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 early redemption of ¥50.0 billion (out of ¥150.0 billion). |
| | | | | | | September 2003 | The issuer partially called for early redemption of ¥50.0 billion (out of ¥100.0 billion). |
| | | | | | | March 2004 | The issuer partially called for early redemption of ¥25.0 billion (out of ¥50.0 billion). |
| | | | | | | September 2004 | The issuer called for early redemption of the remaining ¥25.0 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) | 1998 March | 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 <small>(Note 3)</small> | L + 2.70 (On and after July 1, 2008: L + 3.95) <small>(Note 3)</small> | 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 ¥10.0 billion (out of ¥20.0 billion). |
| | | | | | | March 2006 | The borrower exercised the option to repay the remaining ¥10.0 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 (the 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 | |
|---|--|--------|---------------|--------------------------------|----------------------------|----------------------------|---|
| | Capital Injection Date | Amount | Dividend Rate | Beginning of Conversion Period | Mandatory Acquisition Date | Disposal 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 (the Long-Term Credit Bank of Japan) | March 1998 | 130.0 | 1.00 | October 1, 1998 | April 1, 2008 | October 1998 | Acquired by the DICJ based on the decision to impose Special Public Management |
| | | | | | | March 2000 | Decreased in the number 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 (the Nippon Credit Bank) | March 1998 | 60.0 | 1.00 | October 1, 1998 | June 30, 2022 | December 1998 | Acquired by the DICJ based on the decision to impose Special Public Management |
| | | | | | | October 2000 | Decreased in the number 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 extended (October 2012 before the change) Preferred dividends gradually reduced in line with repayment of public funds |

| | |
|---|---------|
| Total Amount of Capital Injection | 1,815.6 |
| Total Amount of the Disposed Book Value | 1,625.6 |
| Remaining Balance | 190.0 |

 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.

(ii) Capital injection operations pursuant to the Early Strengthening Act (as of the end of March 2013)

(Unit: ¥ billion, %)

| Name of Financial Institution | Capital Injection (Subordinated Bonds and Subordinated Loans) (L = 6m LIBOR) | | | | | | Management/Disposal Status | |
|--|--|--------|---------------------|--------------------------------|---------------------------------|---|----------------------------|---|
| | Capital Injection Date | Amount | Rate (L = 6m LIBOR) | Beginning of Step-up | Rate after Beginning of Step-up | Type (Maturity) | Disposal 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 April 1, 2009 | L + 1.35 L + 2.15 | Subordinated bond (perpetual) | September 2004 | The issuer called for redemption in full. |
| 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 ¥20.0 billion (out of ¥100.0 billion, repayment amount: ¥20.320 billion). |
| | | | | | | | June 2007 | The borrower partially repaid ¥35.0 billion (out of ¥80.0 billion, repayment amount: ¥35.550 billion). |
| | | | | | | | March 2009 | The borrower exercised the option to repay the remaining ¥45.0 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 ¥10.0 billion (out of ¥150.0 billion). |
| | | | | | | | September 2004 | The borrower partially exercised the option to repay ¥40.0 billion (out of ¥140.0 billion). |
| | | | | | | | March 2005 | The borrower exercised the option to repay the remaining ¥100.0 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 | |
|--------------------------------------|--------------------------------------|--------|---------------|--------------------------------|----------------------------|-----------------|--|--|
| | Capital Injection Date | Amount | Dividend Rate | Beginning of Conversion Period | Mandatory Acquisition Date | Type | Disposal 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 ¥200.0 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: ¥301.640 billion). |
| | | 250.0 | 0.55 | October 1, 2006 | February 1, 2011 | Convertible | October 2005 | The issuer partially repurchased ¥131.4 billion (out of ¥250.0 billion, repurchase amount: ¥148.784 billion). |
| | | 250.0 | 0.40 | October 1, 2004 | February 1, 2009 | Convertible | March 2005 | The issuer partially repurchased ¥131.4 billion (out of ¥250.0 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 ¥175.0 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). |

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|--|--------------------------------------|--------|---------------|--------------------------------|----------------------------|-------------|----------------------------|--|
| | Capital Injection Date | Amount | Dividend Rate | Beginning of Conversion Period | Mandatory Acquisition Date | Type | Disposal Date | Notes |
| 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 ¥105.0 billion preferred shares (out of ¥800.0 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 ¥450.0 billion (out of ¥695.0 billion, repurchase amount: ¥653.040 billion). |
| | | | | | | | October 2006 | The issuer partially repurchased ¥195.0 billion (out of ¥245.0 billion, repurchase amount: ¥222.242 billion). |
| 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 ¥96.0 billion preferred shares (out of ¥201.0 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: ¥67.710 billion). |
| | | | | | | | May 2006 | The issuer repurchased the remaining ¥105.0 billion (repurchase amount: ¥141.960 billion). |
| | | 300.0 | 0.95 | August 1, 2005 | February 27, 2009 | Convertible | May 2006 | The issuer partially repurchased ¥99.0 billion (out of ¥300.0 billion, repurchase amount: ¥133.957 billion). |
| | | | | | | | September 2006 | The issuer repurchased the remaining ¥201.0 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 ¥600.0 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). |
| | | | | | | | 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). |
| Mitsubishi UFJ FG (Tokai Bank) | March 1999 | 300.0 | 0.93 | July 1, 2002 | March 31, 2009 | Convertible | October 2005 | The DICJ exercised the option to convert ¥115.7 billion preferred shares (out of ¥300.0 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full to the issuer through mostly 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 to the issuer (proceeds of sale: ¥219.637 billion). |
| | | 300.0 | 0.97 | July 1, 2003 | March 31, 2009 | Convertible | May 2006 | The issuer acquired ¥178.714 billion preferred shares (out of ¥300.0 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 to the issuer (proceeds of sale: ¥167.120 billion). |
| Mitsubishi UFJ FG (Toyo Trust & Banking) | March 1999 | 200.0 | 1.15 | July 1, 1999 | August 1, 2009 | Convertible | December 2005 | The DICJ exercised the option to convert ¥24.7 billion preferred shares (out of ¥200.0 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). |
| | | | | | | | 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 to the issuer (proceeds of sale: ¥31.663 billion). |
| Mitsubishi Trust & Banking | March 1999 | 200.0 | 0.81 | July 31, 2003 | August 1, 2008 | Convertible | January 2001 | The DICJ sold in full to the other parties at the request of the issuer (proceeds of sale: ¥210.350 billion). |
| Resona HD (Daiwa Bank) | March 1999 | 408.0 | 1.06 | June 30, 1999 | April 1, 2009 | Convertible | January 2007 | The issuer partially repurchased ¥244.679 billion (out of ¥408.0 billion, repurchase amount: ¥293.370 billion). |
| | | | | | | | March 2009 | The issuer repurchased the remaining ¥163.321 billion (repurchase amount: ¥174.917 billion). |
| Resona HD (Asahi Bank) | March 1999 | 300.0 | 1.15 | July 1, 2002 | December 1, 2009 | Convertible | January 2007 | The issuer partially repurchased ¥288.03 billion (out of ¥300.0 billion, repurchase amount: ¥276.629 billion). |
| | | | | | | | March 2009 | The issuer repurchased the remaining ¥11.97 billion (repurchase amount: ¥5.519 billion). |
| | | 100.0 | 1.48 | July 1, 2003 | December 1, 2014 | Convertible | | |

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Original Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

9. The Medium-Term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

I. DICJ's Operations

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1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

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IV. Annex

| Name of Financial Institution | Capital Injection (Preferred Shares) | | | | | | Management/Disposal Status | |
|---|--------------------------------------|--------|---------------|--------------------------------|----------------------------|-------------|----------------------------|--|
| | Capital Injection Date | Amount | Dividend Rate | Beginning of Conversion Period | Mandatory Acquisition Date | Type | Disposal Date | Notes |
| 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: ¥138.080 billion). |
| 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 ¥37.0 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: ¥103.530 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 ¥150.0 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 ¥150.0 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 ¥55.0 billion preferred shares (out of ¥70.0 billion) into common shares at the request of the issuer. The DICJ sold such common shares in full through the Public Offering (proceeds of sale: ¥81.415 billion). |
| | | | | August 1, 2004 | July 31, 2009 | | August 2004 | The issuer repurchased the remaining ¥15.0 billion (repurchase amount: ¥17.259 billion). |
| | | 30.0 | 1.89 | August 1, 2004 | July 31, 2009 | Convertible | July 2004 | The issuer repurchased in full (repurchase amount: ¥34.842 billion). |
| Ashikaga Bank | September 1999 | 75.0 | 0.94 | September 29, 2000 | September 30, 2009 | Convertible | February 2006 | The issuer dissolved in December 2005, and the DICJ received distribution of residual assets (distribution amount: ¥2.776 billion) for the preferred shares (book value: ¥105.0 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 ¥35.0 billion (out of ¥75.0 billion, repurchase amount: ¥40.016 billion). |
| | | | | | | | June 2008 | The issuer partially repurchased ¥15.0 billion (out of ¥40.0 billion, repurchase amount: ¥18.018 billion). |
| | | | | | | | July 2009 | The issuer repurchased the remaining ¥25.0 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 ¥34.0 billion (out of ¥40.0 billion, repurchase amount: ¥40.593 billion). |
| | | | | | | | July 2010 | The issuer repurchased the remaining ¥6.0 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 ¥17.0 billion to the other party at the request of the issuer (proceeds of sale: ¥25.075 billion). The issuer repurchased ¥3.0 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 (the Long-Term Credit Bank of Japan) | March 2000 | 240.0 | 1.21 | August 1, 2005 | August 1, 2007 | Convertible | August 2006 | The issuer acquired ¥120.0 billion preferred shares (out of ¥240.0 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 ¥120.0 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 | | |
| 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 ¥260.0 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) • Preferred dividends gradually reduced in line with repayment of public funds • Special preferred dividends totaling ¥20.49 billion to be paid annually (for repayment of public funds) |
| | | | | | | | October 2012 | The issuer repurchased ¥26.532 billion out of the remaining ¥155.28 billion (repurchase amount: ¥22.7 billion). |

| Name of Financial Institution | Capital Injection (Preferred Shares) | | | | | | Management/Disposal Status | |
|--|--------------------------------------|--------|---------------|--------------------------------|----------------------------|-------------|----------------------------|---|
| | Capital Injection Date | Amount | Dividend Rate | Beginning of Conversion Period | Mandatory Acquisition Date | Type | Disposal 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 | April 1, 2015 | Convertible | | |
| 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 ¥35.0 billion (out of ¥70.0 billion, repurchase amount: ¥41.163 billion). |
| | | | | | | | July 2010 | The issuer repurchased the remaining ¥35.0 billion (repurchase amount: ¥35.121 billion). |
| Wakayama Bank | April 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 | Perpetual subordinated bonds converted into preferred shares as originally planned. |
| 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 2007, and the DICJ received distribution of residual assets (distribution amount: ¥30.0 billion) for the preferred shares (book value: ¥30.0 billion). |

| | | | |
|---|---------|--|--|
| Total Amount of Capital Injection | 8,605.3 |  Fully Disposed |  Partially Disposed |
| Total Amount of the Disposed Book Value | 8,136.5 | | |
| Remaining Balance | 468.8 |  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.

(iii) Capital injection operations pursuant to the Organizational Restructuring Act (as of the end of March 2013)

(Unit: ¥ billion, %)

| Name of Financial Institution | Capital Injection (Subordinated Loan) | | | | | | Management/Disposal Status | |
|-------------------------------|---------------------------------------|--------|---|----------------------|---------------------------------|----------|----------------------------|---|
| | Capital Injection Date | Amount | Rate (L = 6m LIBOR) | Beginning of Step-up | Rate after Beginning of Step-up | Maturity | Disposal 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 Injection | 6.0 |  Disposed |
| Total Amount of the Disposed Book Value | 6.0 | |
| Remaining Balance | — | |

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

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III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(iv) Capital injection operations pursuant to the Financial Functions Strengthening Act (as of the end of March 2013)

(Unit: ¥ billion, %)

| Name of Financial Institution | Capital Injection (Subordinated Bonds and Subordinated Loans) | | | | Management/Disposal Status | |
|-------------------------------|---|--------|---|---|----------------------------|-------|
| | Capital Injection Date | Amount | Rate | Type | Disposal Date | Notes |
| 77 Bank | December 2011 | 20.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | Subordinated loan (10 years three months) | | |

| Name of Financial Institution | Capital Injection (Preferred Shares (convertible)) | | | | | Management/Disposal Status | |
|------------------------------------|--|--------|--|--------------------------------|---|----------------------------|--|
| | Capital Injection Date | Amount | Dividend Rate (T = 12m TIBOR) | Beginning of Conversion Period | Mandatory Acquisition Date | Disposal Date | Notes |
| Kiyo HD (Kiyo Bank) (Note 2) | November 2006 | 31.5 | T + 1.15 (cap rate: 7.50) | October 1, 2011 | October 1, 2016 | September 2012 | The issuer repurchased ¥15.4 billion out of ¥31.5 billion (repurchase amount: ¥16.66 billion). |
| Howa Bank (Note 3) | December 2006 | 9.0 | 1.84 (until March 2009) 6m TIBOR + 1.20 (after March 2010) | April 1, 2008 | To be decided by the board of directors on or after April 2, 2020 | | |
| North Pacific Bank | March 2009 | 100.0 | T + 1.00 (cap rate: 8.00) | January 1, 2013 | April 1, 2024 | | |
| Fukuhoku 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) (Note 2) | 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 ¥20.0 billion). |
| Daisan Bank | 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 | | |
| Bank of Kochi | December 2009 | 15.0 | T + 1.10 (cap rate: 8.00) | December 29, 2010 | December 29, 2024 | | |
| FIDEA HD (Hokuto Bank) (Note 2) | 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 | | |
| Jimoto HD (Sendai Bank) (Note 2) | September 2011 | 30.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | April 1, 2013 | October 1, 2036 | | |
| Tsukuba Bank | September 2011 | 35.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | July 1, 2012 | October 1, 2031 | | |
| Tohoku Bank | September 2012 | 10.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | June 29, 2013 | September 29, 2037 | | |
| Jimoto HD (Kirayaka Bank) (Note 2) | December 2012 | 20.0 | T + 1.15 (cap rate: 8.00) | December 29, 2012 | October 1, 2024 | | |
| Jimoto HD (Kirayaka Bank) (Note 2) | December 2012 | 10.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | June 29, 2013 | December 29, 2037 | | |

| Name of Financial Institution | Capital Injection (Trust Beneficial Rights) | | | | | Management/Disposal Status | |
|---|---|--------|---|-----------------------|--|----------------------------|-------|
| | Capital Injection Date | Amount | Dividend Rate (T = 12m TIBOR) | Trust Period | Reference | Disposal Date | Notes |
| Shinkumi Federation Bank (Yamanashikenmin Shinkumi Bank) (Note 2) | September 2009 | 45.0 | T + 1.73 (cap rate: 8.00) | 25 years (extendable) | Preferred beneficial rights out of trust beneficial rights | | |
| Shinkumi Federation Bank (Soso Shinkumi Bank) (Note 2) | January 2012 | 13.9 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkumi Federation Bank (Iwaki Shinkumi Bank) (Note 2) | January 2012 | 17.5 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkin Central Bank (Miyako Shinkin Bank) (Note 2) | February 2012 | 8.5 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkin Central Bank (Kesenuma Shinkin Bank) (Note 2) | February 2012 | 13.0 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkin Central Bank (Ishinomaki Shinkin Bank) (Note 2) | February 2012 | 15.7 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkin Central Bank (Abukuma Shinkin Bank) (Note 2) | February 2012 | 17.5 | Funding cost as an annualized rate of preferred dividend (Note 1) | 10 years (extendable) | (Note 4) | | |
| Shinkumi Federation Bank (Nasu Shinkumi Bank) (Note 2) | March 2012 | 5.4 | Funding cost as an annualized rate of preferred dividend (Note 1) | 25 years (extendable) | Preferred beneficial rights out of trust beneficial rights | | |
| Shinkumi Federation Bank (Gunmamirai Shinkumi Bank) (Note 2) | December 2012 | 25.0 | T+1.24 (cap rate: 8.00) | 25 years (extendable) | Preferred beneficial rights out of trust beneficial rights | | |

| | |
|---|-------|
| Total Amount of Capital Injection | 591.0 |
| Total Amount of the Disposed Book Value | 35.4 |
| Remaining Balance | 555.6 |

Fully Disposed
 Partially Disposed

Capital injection based on special measures concerning to the Great East Japan Earthquake

- Notes: 1. Rates or dividend rates applied for capital injection 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 Kiyo HD, FIDEA HD, Shinkumi Federation Bank, Shinkin Central Bank and Jimoto HD refer to the entities that effectively received capital injection.
3. Preferred shares with voting rights to appoint or dismiss directors.
4. It is stipulated that within 10 years following capital injection, either (i) “authorization of management improvement” or (ii) “authorization of capital reorganization associated with business restructuring” must be obtained.

(v) Capital injection operations pursuant to the Deposit Insurance Act (measures against financial crisis) (as of the end of March 2013)

(Unit: ¥ billion, %)

| Name of Financial Institution (Initial Capital Injection Recipient) | Capital Injection (Common Shares) | | | Management/Disposal Status | | |
|--|-----------------------------------|---------|---|----------------------------|--|---------------------------------|
| | Capital Injection Date | Amount | — | Disposal Date | Notes | Remaining amount after Disposal |
| Resona HD (Resona Bank) | June 2003 | 296.438 | — | February 2005 | The issuer partially repurchased ¥2.730 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 at the request of the issuer (proceeds of sale: ¥50.0 billion). | 279.264 |
| | | | | December 2008 | The DICJ sold partially ¥17.568 billion out of the remaining ¥279.264 billion to the other party at the request of the issuer (proceeds of sale: ¥50.0 billion). | 261.697 |

| Name of Financial Institution (Initial Capital Injection Recipient) | Capital Injection (Convertible Preferred Shares) ^(Note 2) | | | | | | Management/Disposal Status | | |
|--|--|---------|---|--------------------------------|----------------------------|------------------|----------------------------|---|---------------------------------|
| | Capital Injection Date | Amount | Dividend Rate (L = 1 year JPY LIBOR) | Beginning of Conversion Period | Mandatory Acquisition Date | Name | Disposal Date | Notes | Remaining amount after Disposal |
| Resona HD (Resona Bank) | June 2003 | 550.0 | L + 0.50 | July 1, 2006 | — | Class 1 Series 1 | August 2010 | The issuer partially repurchased ¥400.0 billion (out of ¥550.0 billion, repurchase amount: ¥425.72 billion). | 150.0 |
| | | | | | | | March 2011 | The issuer repurchased the remaining ¥150.0 billion (repurchase amount: ¥160.095 billion). | — |
| | | 563.562 | L + 0.50 | July 1, 2008 | — | Class 2 Series 1 | December 2008 | The DICJ demanded purchase of fractional share (0.001 share) (¥200) in implementation of stock consolidation at the request of the issuer (proceeds of sale: ¥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 ¥100.0 billion (out of ¥550.0 billion, repurchase amount: ¥111.250 billion). | 450.0 |

| | |
|---|---------|
| Total Amount of Capital Injection | 1,960 |
| Total Amount of the Disposed Book Value | 1,248.3 |
| Remaining Balance | 711.7 |

Fully Disposed Partially Disposed

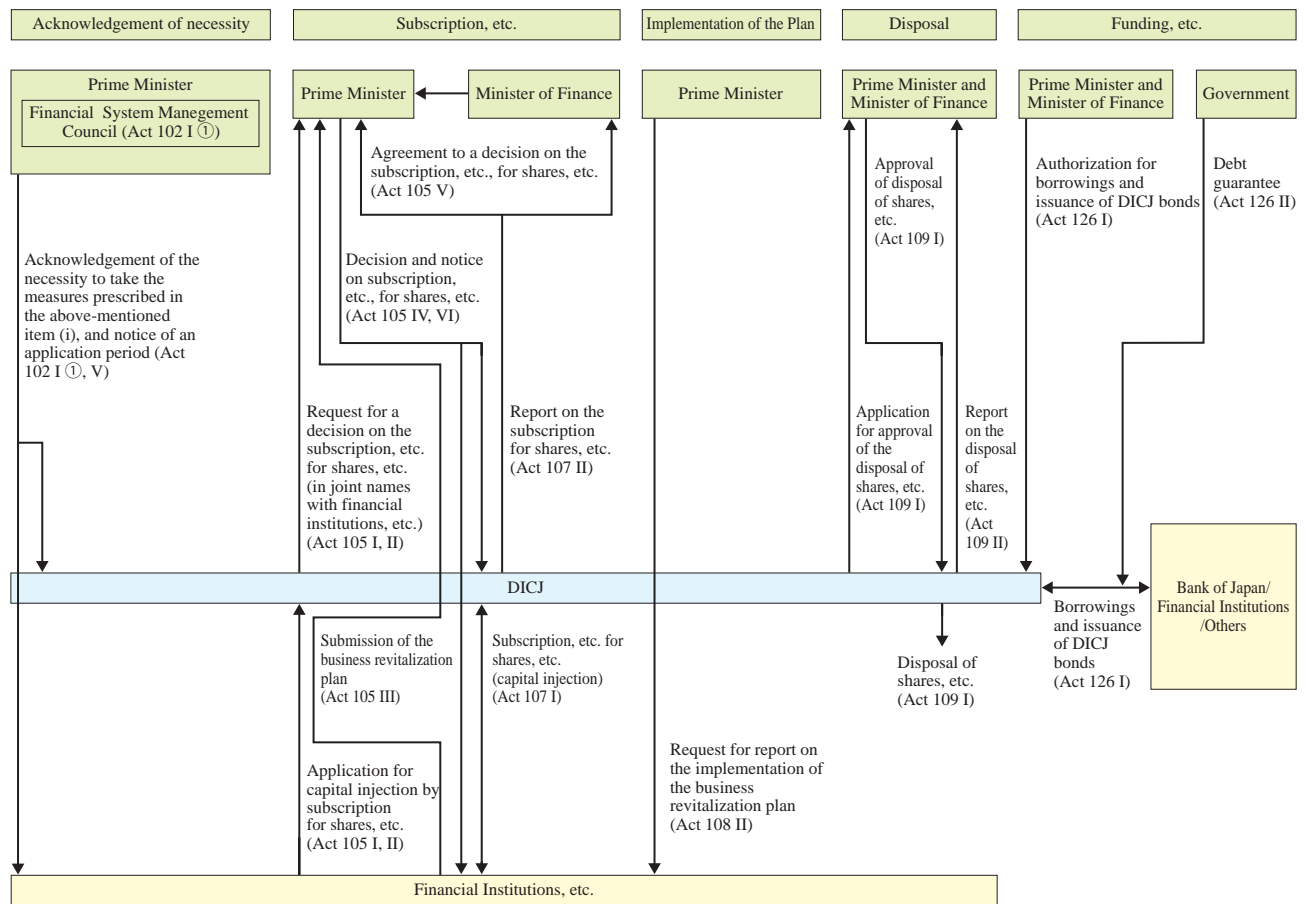
- Notes: 1. The DICJ initially subscribed for common shares and preferred shares issued by Resona Bank in June 2003. In August 2003, Resona HD issued new shares to the DICJ in exchange for the original shares.
2. Preferred shares with voting rights

(3) Capital Injection Scheme

(i) 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

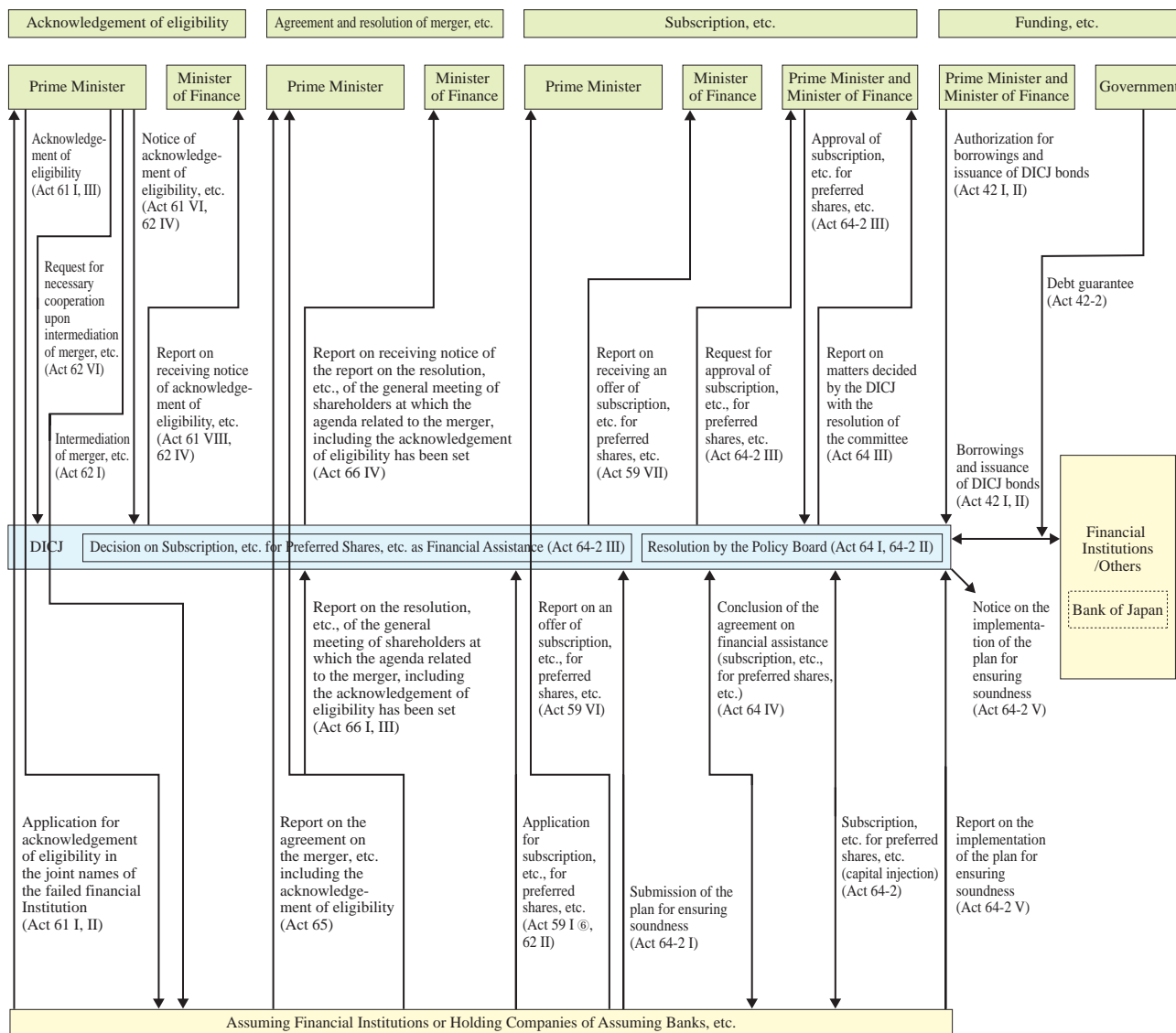
The DICJ has carried out the capital injection operations under the former Financial Functions Stabilization Act, Early Strengthening Act and other Acts for the stabilization of financial functions. Among the current six capital injection schemes, two of them are based on the Deposit Insurance Act and four of them are based on the revised Financial Functions Strengthening Act. This scheme below is one of those based on the Deposit Insurance Act, and implemented when an extremely serious threat is posed to the maintenance of the credit system in Japan or a region where financial institutions are conducting operations (measures against financial crisis) (known as Measure No. 1). This scheme has been used for Resona Bank, Ltd. in June 2003.



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities. In the case of a financial institution, etc. 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 a financial institution being the Shoko Chukin Bank, the Minister of Economy, Trade and Industry also becomes involved.
2. There are cases where the Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
3. 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 item 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 one of the capital injection schemes based on the Deposit Insurance Act, which is used for the financial institution that is assuming the business of a failed financial institution or implementing a merger, for the purpose of recovering its capital adequacy ratio that declines upon the succession of its assets. No capital injection based on this scheme has been implemented to date.

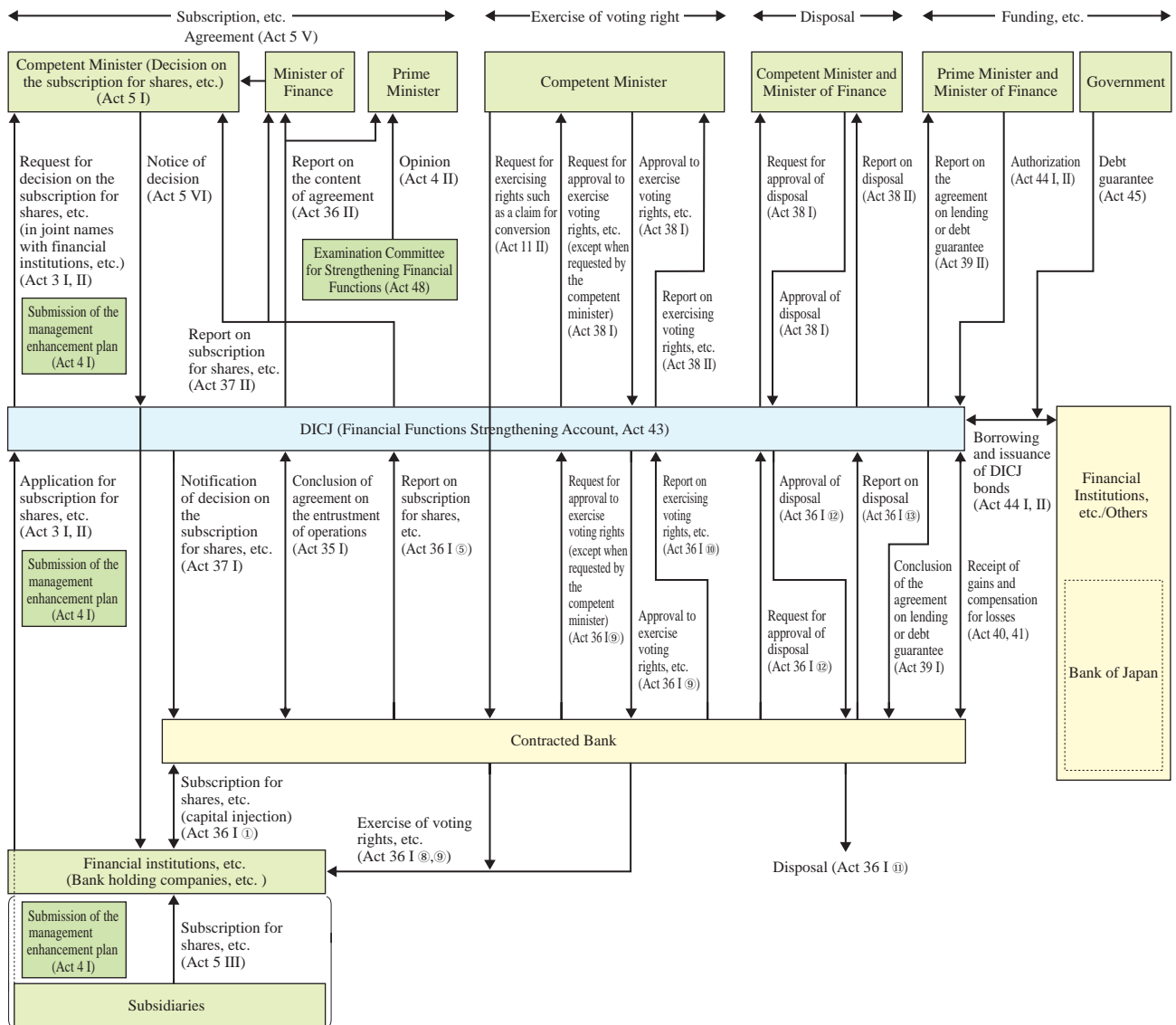


- Notes: 1. This scheme diagram focuses on the flow of DICJ activities. In the case of the assuming financial institution, etc., being a labor bank, etc., the Minister of Health, Labour and Welfare also becomes involved in the activities shown in the diagram, and in the case of the financial institution being the Shoko Chukin Bank, the Minister of Economy, Trade and Industry also becomes involved.
2. There are cases where the Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
3. 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 item number.)

(ii) Capital injection schemes for financial institutions based on the Financial Functions Strengthening Act

(a) Outline of the scheme of subscription, etc., for shares, etc.

The capital injection 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 central government's capital participation in the financial sector. This scheme is designed to carry out capital injection to individual financial institutions and until March 2010 has been used for a total of 11 banks in response to applications filed based on Article 3 of said Act and also for three banks in FY2011 and one bank in FY2012, as the earthquake-affected special financial institutions, etc. pursuant to Article 8 of the Supplementary Provisions of said Act.

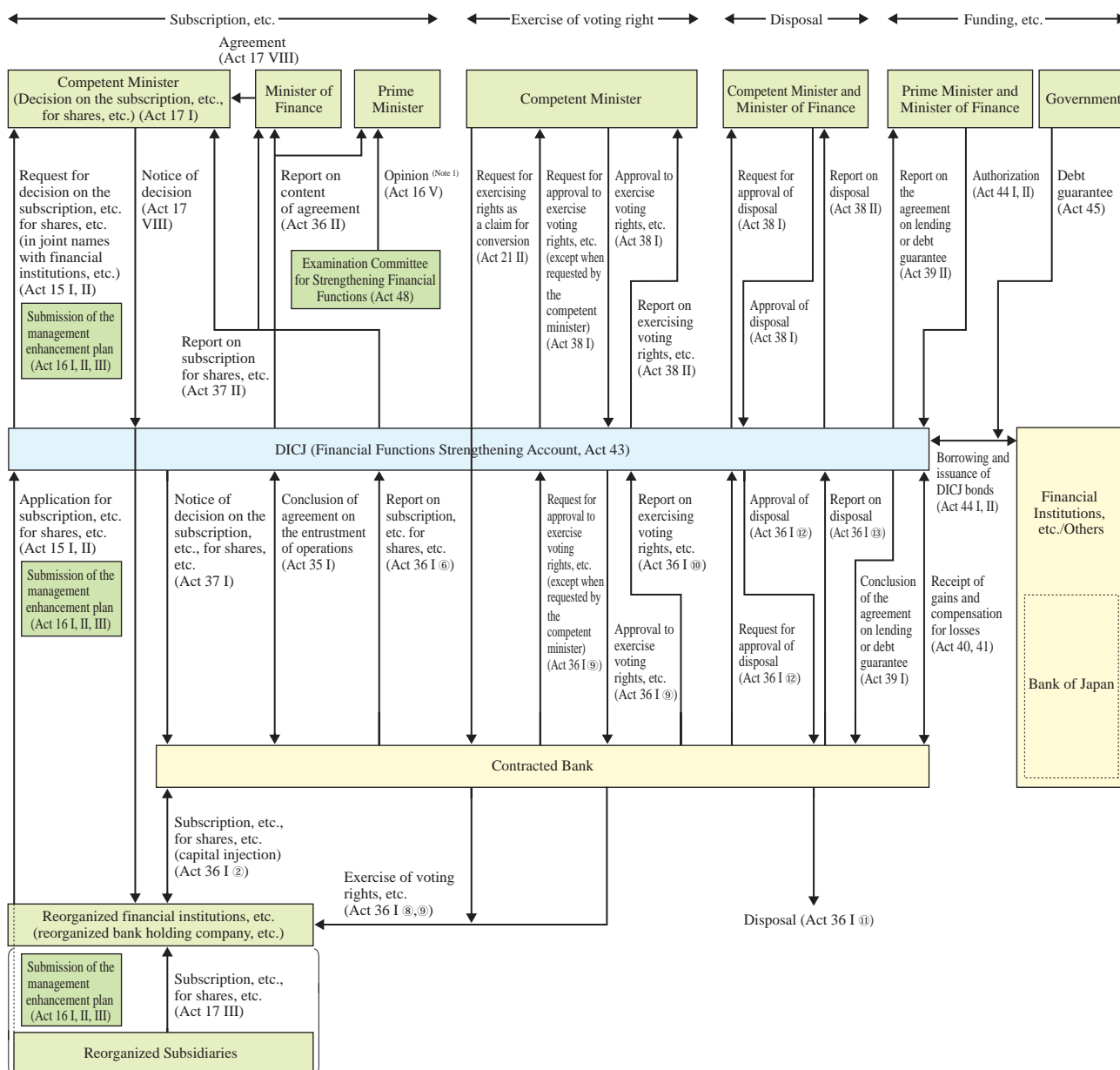


Notes: 1. This scheme diagram focuses on the flow of DICJ activities.

- The competent minister follows up on the progress of execution of the management enhancement plan.
- Entries in parentheses are governing regulations. The "Act" refers to the Special Measures Act for Strengthening Financial Functions (Arabic numerals show the article number, Roman numerals show the paragraph number, and circled numerals show the item number.)
- If the financial institution, etc. that applies for the subscription for shares, etc., is a bank (except for the earthquake-affected special financial institutions), the relevant subscription shall be limited to the subscription for shares. (Act 3 I)
- If it is shares that are to be subscribed, the relevant subscription shall be for shares with restricted voting rights, etc. (excluding financial institutions not meeting the criteria, etc.) (Act 5 II)
- The Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
- The application concerning the subscription, etc. for shares, etc. and submission of the management enhancement plan involving the earthquake-affected special financial institutions, etc. shall be made pursuant to the Act's Supplementary Provisions 8 I, II, III and IV.

(b) Outline of the scheme of subscription, etc. for shares, etc. of reorganized financial institutions

This scheme is one of the capital injection schemes based on the Financial Functions Strengthening Act which is used for financial institutions, etc. that undergo organizational restructuring (merger, company split and business transfer). It has been used for the Kiyoh Holdings, Inc. (Kiyoh Bank, Ltd.) in November 2006. It was also used for Jimoto Holdings, Inc. (Kirayaka Bank, Ltd.) in December 2012 as a financial institution, etc., undergoing organizational restructuring involving the earthquake-affected special financial institutions, etc. under Article 9 of the Supplementary Provisions of the same Act.



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities.
 2. The competent minister follows up on the progress of execution of the management enhancement plan.
 3. 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.)
 4. If the financial institution, etc. that applies for the subscription for shares, etc. is a bank, etc. (except for the earthquake-affected special financial institutions), the relevant subscription, etc. for shares, etc. shall be limited to the subscription for shares. (Act 15 I).
 5. If it is shares that are to be subscribed, the relevant subscription shall be for shares with restricted voting rights, etc. (excluding financial institutions not meeting the criteria or the earthquake-affected special financial institutions) (Act 17 II, the Act’s Supplementary Provisions 9 III).
 6. The Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
 7. (Note 1) applies when deemed necessary.
 8. The application concerning the subscription, etc. for shares, etc. and submission of the management enhancement plan involving the earthquake-affected special financial institutions shall be made pursuant to the Act’s Supplementary Provisions 9 I and II.

I. DICI's Operations

II. Overview of the DICI's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Original Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

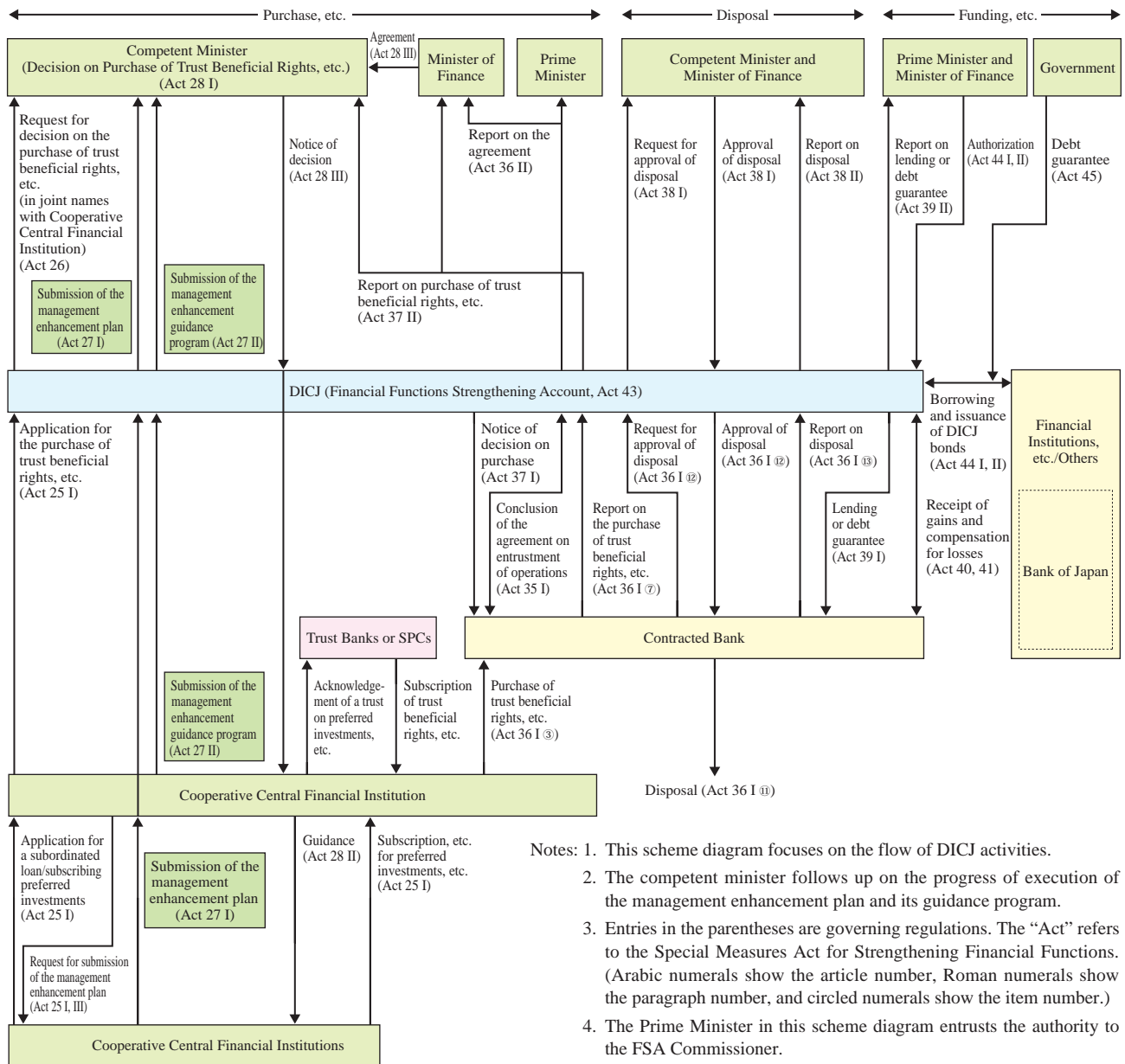
9. The Medium-Term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(c) Outline of the purchase scheme of trust beneficial rights, etc.

This scheme is one of the capital injection schemes based on the Financial Functions Strengthening Act where capital injection is made upon the request to DICJ from cooperative central financial institutions (Shinkin Central Bank and Shinkumi Federation Bank) that subscribe for preferred equity investments from cooperative financial institutions (Shinkin Banks and credit cooperatives), for the purchase of the trust beneficial rights, etc., pertaining to the preferred equity investments, etc., which said cooperative central financial institutions subscribe for. This scheme was used for the Shinkumi Federation Bank (Yamanashikenmin Shinkumi Bank) in September 2009 and again for the same bank (Gunmamirai Shinkumi Bank) in December 2012. In addition, capital injection was provided for the Shinkumi Federation Bank (Nasu Shinkumi Bank) in March 2012 as the earthquake-affected special financial institution pursuant to Article 10 of the Supplementary Provisions of said Act.



- Notes:
1. This scheme diagram focuses on the flow of DICJ activities.
 2. The competent minister follows up on the progress of execution of the management enhancement plan and its guidance program.
 3. Entries in the parentheses are governing regulations. The “Act” refers to the Special Measures Act for Strengthening Financial Functions. (Arabic numerals show the article number, Roman numerals show the paragraph number, and circled numerals show the item number.)
 4. The Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
 5. The request for the submission of the management enhancement plan from the earthquake-affected special cooperative financial institutions shall be made pursuant to the Act’s Supplementary Provisions 10 I, II, III and IV.

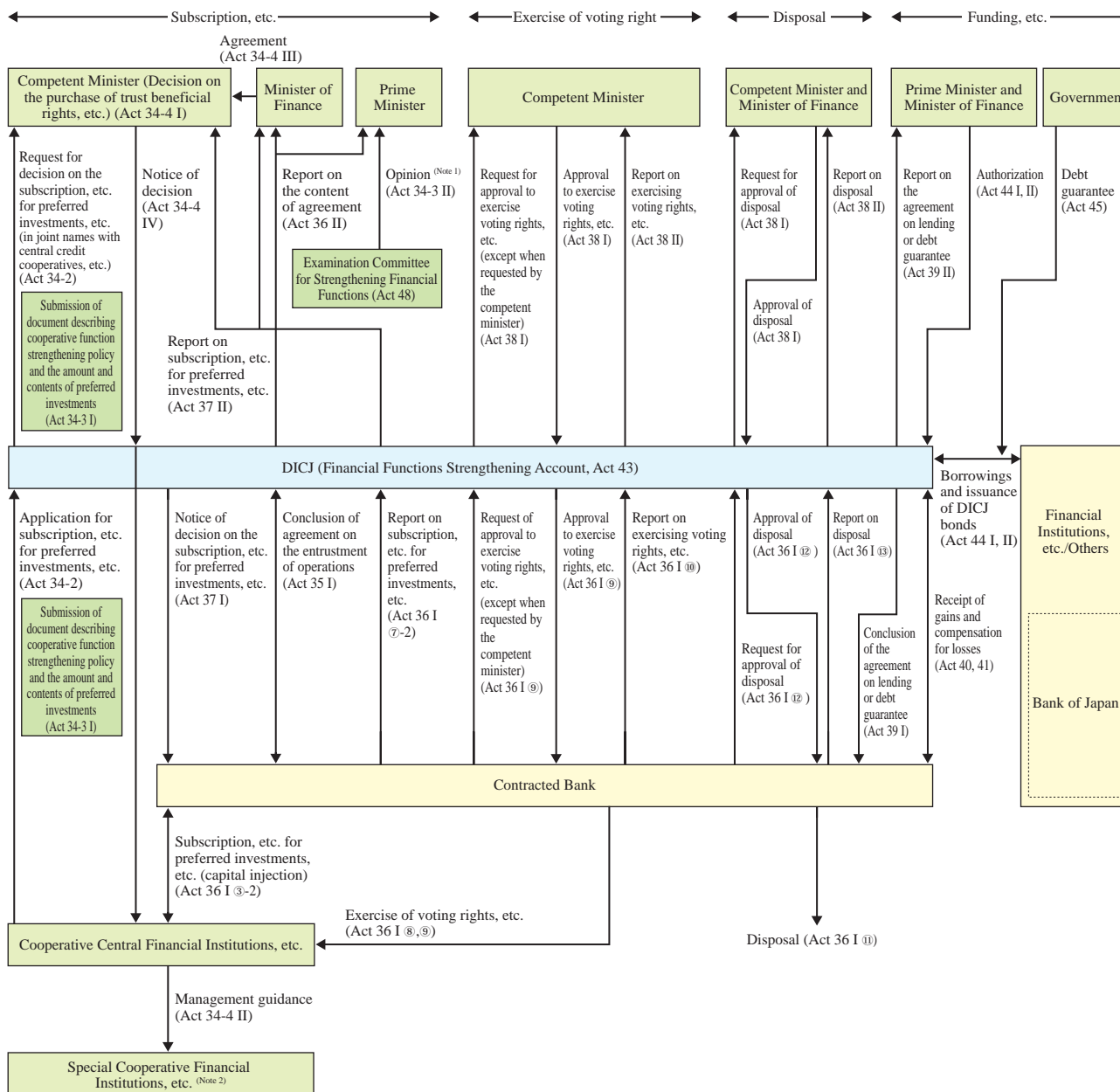
6. The request for the submission of the management enhancement plan from cooperative financial institutions that require capital injection as a specified special exception under the impact of the Great East Japan Earthquake shall be made pursuant to the Act’s Supplementary Provisions 11 I, and the submission of the management enhancement guidance plan as the earthquake-affected special cooperative financial institution shall be made pursuant to the Act’s Supplementary Provisions 10 II.

For the outline of the scheme in this case, see (e) Outline of the purchase scheme trust beneficial rights, etc. (the earthquake-affected special cooperative financial institutions).

- I. DICJ's Operations
- II. Overview of the DICJ's Activities
 - 1. Failure Resolution
 - 2. Asset Holdings
 - 3. Pursuit of Liability
 - 4. Capital Injection
 - 5. Criminal Accounts Damage
 - 6. PR Activities to Ensure Public Awareness
 - 7. Finances
 - 8. International Cooperation
 - 9. The Medium-Term Goals and Operational Policy
- III. Future Activities Based on Revision of the Deposit Insurance Act, etc.
- IV. Annex

(d) Outline of the scheme of subscription, etc. for preferred equity investments, etc. and others of cooperative central financial institutions, etc.

This scheme is one of the capital injection schemes based on the Financial Functions Strengthening Act which is used for central credit cooperatives (Shinkin Central Bank and Shinkumi Federation Bank). This scheme has been newly added under the amendment of the Financial Functions Strengthening Act in December 2008, but no capital injection under this scheme has been implemented to date.



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities.
 2. The competent minister follows up on the progress of execution of the management enhancement plan.
 3. Entries in parentheses are governing regulations. The “Act” refers to the Financial Functions Strengthening Act. (Arabic numerals show the article number, Roman numerals (capital letters) show the paragraph number, and circled numerals show the item number.)
 4. The Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.
 5. (Note 1) applies when deemed necessary.
 6. (Note 2) Special Credit Cooperatives, etc. stipulated in Act 34-3 III

I. DICI's Operations

II. Overview of the DICI's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Original Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

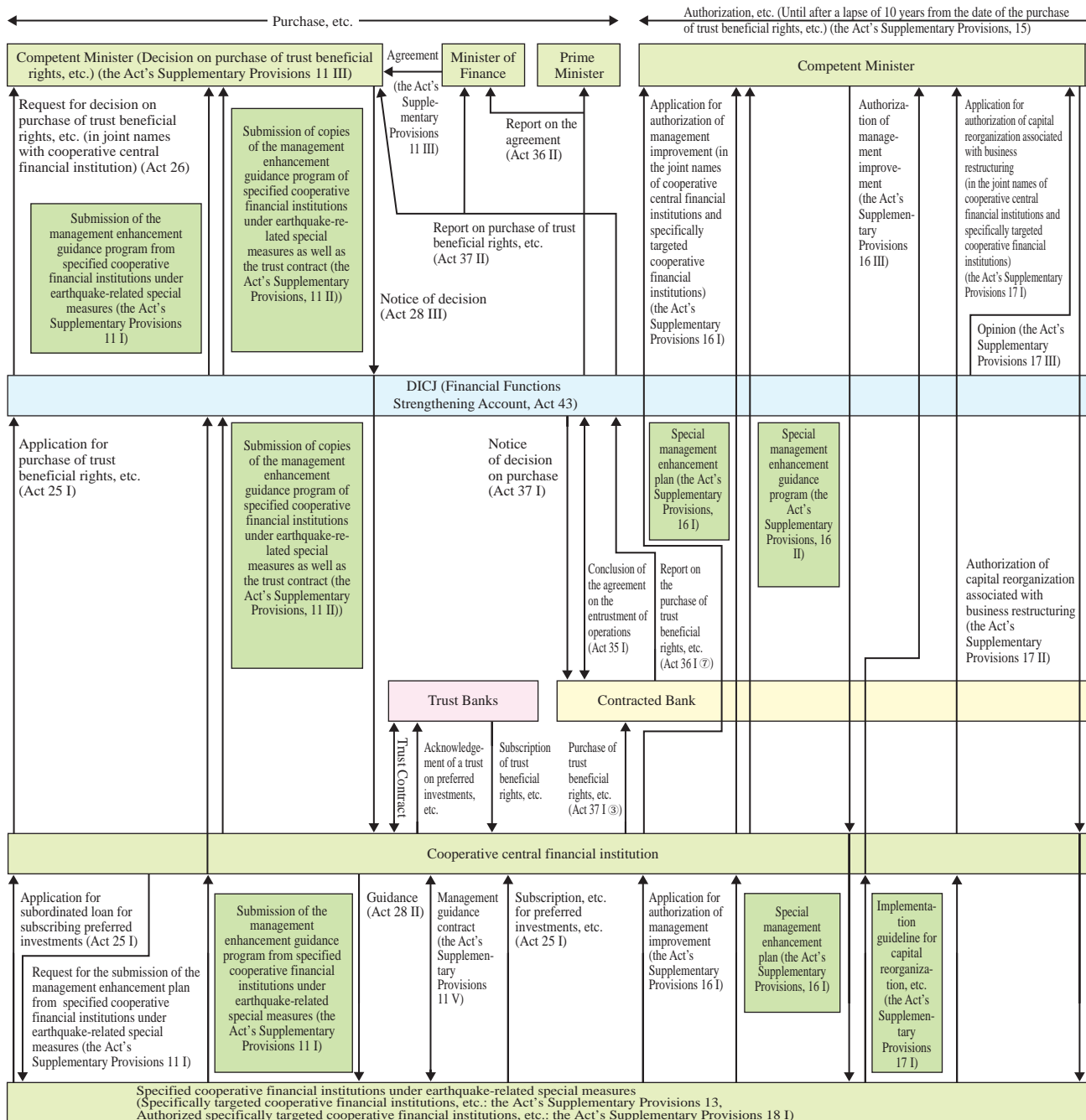
9. The Medium-term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(e) Outline of the purchase scheme trust beneficial rights, etc. (specified cooperative financial institutions under earth-

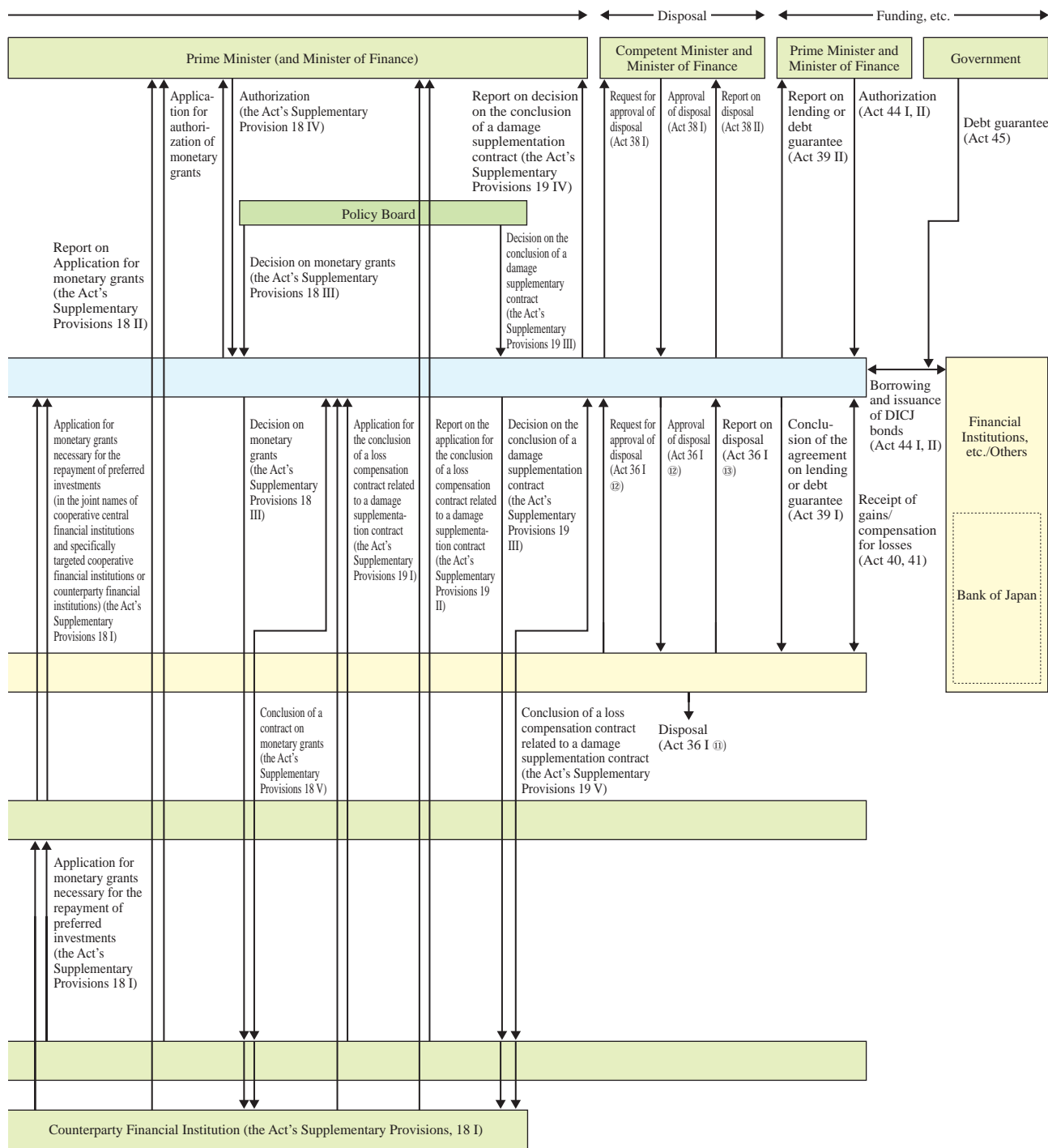
This scheme is one of the capital injection schemes based on earthquake-related special measures of the Financial unions, etc.) whose future financial conditions are uncertain due to the marked impact of the Great East Japan measures”) seek capital injection through the preferred equity investments, etc., capital injection is made into speci-institutions (Shinkin Central Bank and the Shinkumi Federation Bank, etc.) upon a request to the DICJ for purchas-central financial institutions. In FY2011, capital injection was provided to six specified cooperative financial institu-



- Notes: 1. This scheme diagram focuses on the flow of DICJ activities.
 2. The competent minister follows up on the progress of execution of the management enhancement plan and its guidance program.
 3. Entries in parentheses are governing regulations. The “Act” refers to the Special Measures Act for Strengthening Financial Functions. (Arabic numerals show the article number, Roman numerals show the paragraph number, and circled numerals show the item number.)
 4. The Prime Minister in this scheme diagram entrusts the authority to the FSA Commissioner.

quake-related special measures)

Functions Strengthening Act in which, in cases where cooperative financial institutions (Shinkin banks and credit Earthquake (hereinafter referred to as “specified cooperative financial institutions under earthquake-related special measures through cooperative central financial ing trust beneficial rights, etc. pertaining to the preferred equity investments, etc. which is made by such cooperative tions under earthquake-related special measures.



5. In filing an application for authorization, if “the amount of assets > the amount of debt + the amount of preferred equity investments” holds true, an application for authorization of management improvement shall be filed, and, if the above is not applicable, an application for authorization of capital reorganization associated with business restructuring shall be filed.
6. Monetary grants under the provisions of the Act's Supplementary Provisions 18 shall be provided through the General Account (through the Early Strengthening Account for a portion in excess of the insurance payout cost). (the Act's Supplementary Provisions 21 I and II)

(4) Overview of Settlement of Accounts in FY2012

(i) General Account

(Overview of the settlement of account)

Due to ¥606.5 billion in insurance premium revenues from financial institutions, transfer to liability reserves amounted to ¥609.5 billion. Liability reserves increased from ¥420.5 billion in FY2011 to ¥1,030.0 billion.

- Major revenues included: 1) ¥606.5 billion in insurance premium revenues from financial institutions; 2) ¥232.6 billion in reversal from loan loss reserves; and 3) ¥30.2 billion in profits transferred from the contracted bank (RCC) in relation to the assets it acquired.
- Major expenses included: 4) ¥609.5 billion in transfers to liability reserves; 5) ¥232.6 billion in transfers to loan loss reserves against loans to financial institutions under management etc.; 6) ¥23.4 billion in transfers to the national treasury, including profits transferred from the contracted bank (RCC).
- 7) Assets of the contracted bank (RCC) business as the account's major assets decreased by ¥54.8 billion to ¥225.5 billion due to a decrease in loans as a result of the disposal of assets purchased from the Incubator Bank of Japan, etc. 8) As for business assets related to financial institutions under management, ¥226.5 billion in loan loss reserves were reported to fully cover the ¥226.5 billion in outstanding loans of financial institutions under management.
- 9) Liability reserves as the account's major liabilities increased by ¥609.5 billion to ¥1,030.0 billion.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|---------------------------------------|------------------------------|--|------------------------------|
| Financial Assistance Related Expenses | 2.8 <127.4> | Insurance Premium Revenues | 606.5 <702.9> 1) |
| Purchase of Deposits and Other Claims | 1.3 <0> | Revenue from Purchase of Deposits and Other Claims | 1.3 <> |
| 6) Payments to Government | 23.4 <25.0> | Profits Transferred from the Contracted Bank | 30.2 <26.8> 3) |
| 4) Transfer to Liability Reserves | 609.5 <283.1> | Refund of Monetary Grant | 3.5 <1.0> |
| 5) Transfer to Loan Loss Reserves | 232.6 <232.6> | Reversal from Loan Loss Reserves | 232.6 <268.7> 2) |
| Other Expenses | 5.2 <17.5> | Non-Operating Revenues | 0.5 <11.2> |
| | | Other Revenues | 0.2 <0.3> |
| Expenses Total | 875.1 <1,011.2> | Revenues Total | 875.1 <1,011.2> |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|--|------------------------------|----------------------------|------------------------------|
| Securities and Others | 926.7 <113.3> | Borrowings | 124.6 <0> |
| Financial Assistance Related Assets | 0.9 <23.1> | Liability Reserves | 1,030.0 <420.5> 9) |
| 7) Assets Related to Contracted Bank | 225.5 <280.3> | Other Liabilities | 0.8 <0.8> |
| 8) Assets of Financial Institutions under Management | - <> | Liabilities Total | 1,155.4 <421.4> |
| Loans of Financial Institutions under Management | (226.5) <226.5> | Capital | 0.4 (0.4) |
| Loan Loss Reserves | (226.5) <226.5> | | |
| Other Assets | 2.6 <2.5> | Net Assets Total | 0.4 <0.4> |
| Total | 1,155.9 <421.8> | Total | 1,155.9 <421.8> |

(ii) Crisis Management Account**(Overview of the settlement of account)**

Current profit for FY2012 amounted to ¥10.3 billion due to receipt of their dividends from Resona Holdings. Earned surplus increased from ¥256.6 billion in FY2011 to ¥266.9 billion.

- 1) Major revenues included ¥10.8 billion in dividends on Resona Holdings shares.
- 2) Major expenses came to ¥0.5 billion, including interest payments on borrowings related to funds raised for the acquisition of Resona Holdings shares.
- 3) Resona Holdings shares as the account's major assets remained unchanged from ¥711.6 billion in FY2011.
- 4) Borrowings as the account's major liabilities decreased by ¥10.5 billion to ¥444.7 billion.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | | Revenues | | |
|---------------------------|------|--------|-------------------------------------|------|--------|
| 2) Non-Operating Expenses | 0.5 | <1.4> | Dividends on Resona Holdings Shares | 10.8 | <11.3> |
| Other Expenses | 0 | <0> | Other Revenues | 0 | <0.2> |
| Expenses Total | 0.5 | <1.4> | Revenues Total | 10.8 | <11.5> |
| Current Profit | 10.3 | <10.1> | | | |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | | Liabilities and Net Assets | | |
|---------------------------|-------|---------|----------------------------|-------|---------|
| Securities and Others | 0.1 | <0.2> | Borrowings | 444.7 | <455.2> |
| 3) Resona Holdings Shares | 711.6 | <711.6> | Other Liabilities | 0.1 | <0.1> |
| Other Assets | 0 | <0> | Liabilities Total | 444.8 | <455.3> |
| | | | Earned Surplus | 266.9 | <256.6> |
| | | | Net Assets Total | 266.9 | <256.6> |
| Total | 711.8 | <711.9> | Total | 711.8 | <711.9> |

(iii) Financial Revitalization Account
(Overview of the settlement of account)

Current profit for FY2012 came to ¥11.7 billion due to a decrease in expenses from asset purchase business, etc. The retained loss decreased from ¥273.7 billion for FY2011 to ¥262.0 billion.

- Major revenues included: 1) ¥16.8 billion in revenues from asset purchase business, including dividend revenues from shares purchased from banks under special public management (hereinafter referred to as "the Purchased Shares"); and 2) ¥3.5 billion in transfer payments made by the RCC in relation to profits on the disposal of purchased assets pursuant to Article 53.
- Major expenses included: 3) ¥7.7 billion in interest payments on DICJ bonds related to funds raised for the acquisition of the Purchased Shares and warranty against defects purchased from banks under special public management.
- 4) Assets of Asset Purchase Business as the account's major assets decreased by ¥3.6 billion due to the disposal of assets (the Purchased Shares and warranty against defect) purchased from banks under special public management to ¥1,575.5 billion.
- 5) Borrowings and DICJ bonds as the account's major liabilities decreased by ¥15.6 billion to ¥1,845.4 billion.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|-------------------------------------|--------------------------|--|--------------------------|
| Expenses of Asset Purchase Business | 4.4 <7.4> | Income from Asset Purchase Business | 16.8 <18.5> 1) |
| Transfer to Loan Loss Reserves | 21.8 <25.7> | Profits Transferred from Specified Contracted Bank | 3.5 <5.9> 2) |
| 3) Non-Operating Expenses | 7.7 <9.7> | Reversal from Loan Loss Reserves | 25.7 <32.7> |
| Other Expenses | 0.3 <0.4> | Other Revenues | 0 <0> |
| Expenses Total | 34.4 <43.2> | Revenues Total | 46.1 <57.3> |
| Current Profit | 11.7 <14.0> | | |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|--------------------------------------|--------------------------------|----------------------------|--------------------------------|
| Securities and Others | 3.2 <3.4> | Borrowings/DICJ Bonds | 1,845.4 <1,861.0> 5) |
| 4) Assets of Asset Purchase Business | 1,575.5 <1,579.1> | Other Liabilities | 0.3 <0.6> |
| Loans to Specified Contracted Bank | 4.1 <4.7> | Liabilities Total | 1,845.7 <1,861.6> |
| Other Assets | 0.7 <0.5> | Retained Loss | (262.0) <(273.7)> |
| | | Net Assets Total | (262.0) <(273.7)> |
| Total | 1,583.7 <1,587.8> | Total | 1,583.7 <1,587.8> |

(iv) Early Strengthening Account**(Overview of the settlement of account)**

Due to compensation for loss at the contracted bank (RCC), current deficit for FY2012 amounted to ¥59.3 billion, with the earned surplus declining from ¥1,560.6 billion in FY2011 to ¥1,501.2 billion.

- 1) Major revenues included ¥0.5 billion in interest on loans to the contracted bank (RCC) and ¥1.4 billion in interest on securities, etc.
- 2) Major expenses included ¥61.0 billion in compensation for loss to cover the deficit that arose due to the impairment of shares at the contracted bank (RCC).
- 3) Loans to the contracted bank (RCC) as the account's major assets declined by ¥223.1 billion from FY2011 to ¥372.3 billion due to the repayment of loans from the contracted bank (RCC) following the repayment of public funds by Sumitomo Mitsui Trust Holdings, etc.

*As profits on the sale of impaired shares arose in the settlement of accounts at the contracted bank (RCC) in FY2012, the DICJ expects revenues of ¥86.7 billion in the form of profits transferred from the contracted bank in FY2013.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|---|------------|--|--------------|
| 2) Compensation for Loss at the Contracted Bank | 61.0 - | Profits Transferred from the Contracted Bank | - <6.0> 2) |
| Non-Operating Expenses | 0.2 <4.5> | Interest on Loans to the Contracted Bank | 0.5 <2.1> 1) |
| Other Expenses | 0 <0> | Non-Operating Revenues | 1.4 <5.6> 1) |
| Expenses Total | 61.4 <4.6> | Revenues Total | 2.0 <13.8> |
| Current Profit | - <9.2> | Current Deficit | 59.3 - |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|------------------------------|-------------------|----------------------------|-------------------|
| 3) Securities and Others | 1,128.4 <964.4> | Other Liabilities | 0 <0> |
| Loans to the Contracted Bank | 372.3 <595.4> | Liabilities Total | 0 <0> |
| Other Assets | 0.4 <0.7> | Earned Surplus | 1,501.2 <1,560.6> |
| | | Net Assets Total | 1,501.2 <1,560.6> |
| Total | 1,501.2 <1,560.6> | Total | 1,501.2 <1,560.6> |

(v) Financial Functions Strengthening Account
(Overview of the settlement of account)

As income from the contracted bank (RCC) was reported, current profit for FY2012 amounted to ¥4.1 billion, and earned surplus increased from ¥4.9 billion in FY2011 to ¥9.0 billion.

- 1) Major revenues included ¥4.2 billion in profits transferred from the contracted bank (RCC), such as dividends on capital injection-related assets.
- 2) Major expenses included ¥0.7 billion in interest payments on DICJ bonds related to funds raised for loans to the contracted bank (RCC).
- 3) Loans outstanding to the contracted bank (RCC) as the account's major assets increased by ¥29.6 billion to ¥555.8 billion, since three additional financial institutions received capital injection and two institutions repaid public funds.
- 4) Borrowings and DICJ bonds as the account's major liabilities increased by ¥25.6 billion to ¥547.2 billion.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | | Revenues | | |
|---------------------------|------------|--------------------|--|------------|--------------------|
| 2) Non-Operating Expenses | 0.7 | <0.5> | Profits Transferred from the Contracted Bank | 4.2 | <3.9> 1) |
| Other Expenses | 0 | <0> | Interest on Loans to Specified Contracted Bank | 0.6 | <0.6> |
| | | | Other Revenues | 0 | <0> |
| Expenses Total | 0.7 | <0.6> | Revenues Total | 4.8 | <4.6> |
| Current Profit | 4.1 | <3.9> | | | |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | | Liabilities and Net Assets | | |
|---------------------------------|--------------|----------------------|----------------------------|--------------|----------------------|
| 3) Loans to the Contracted Bank | 555.8 | <526.2> | Borrowings/DICJ Bonds | 547.2 | <521.6> 4) |
| Other Assets | 0.6 | <0.4> | Other Liabilities | 0.2 | <0.1> |
| | | | Liabilities Total | 547.4 | <521.7> |
| | | | Earned Surplus | 9.0 | <4.9> |
| | | | Net Assets Total | 9.0 | <4.9> |
| Total | 556.4 | <526.6> | Total | 556.4 | <526.6> |

(vi) Damage Recovery Distribution Account**(Overview of the settlement of account)**

Due to expenses related to support for crime victims, current deficit of ¥4,698 million was reported and a retained loss of ¥66 million arose, a turnaround from an earned surplus of ¥4,631 million in FY2011.

- 1) Major revenues included: 1) ¥160 million in income from fees; and 2) ¥521 million in transfer payments made by financial institutions in relation to the balance of damage-recovery benefits to be distributed to the victims.
- 2) Major expenses included ¥5,253 million in expenses related to support for crime victims.
- 3) Of Cash and Deposits as the account's major assets, the balance of damage-recovery benefits to be distributed to the victims came to ¥0.1 billion.

Profit and Loss Statement

(Unit: ¥ million, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|--|-------------|---|--------------|
| 2) Expenses Related to Payment of Damage Recovery Benefits | 5,253 <2> | Income from Fees | 160 <159> 1) |
| General Administrative Expenses | 128 <199> | Transfer Payments of Damage-Recovery Distribution Residual Fund | 521 <427> 1) |
| Other Expenses | 0 <2> | Other Revenues | 1 <0> |
| Expenses Total | 5,382 <203> | Revenues Total | 683 <587> |
| Current Profit | - <384> | Current Deficit | 4,698 - |

Balance Sheet

(Unit: ¥ million, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|----------------------|-------------|------------------------------|--------------|
| 3) Cash and Deposits | 167 <4,895> | Borrowings | 190 <210> |
| Other Assets | 0 <0> | Other Liabilities | 44 <53> |
| | | Liabilities Total | 234 <263> |
| | | Retained Loss/Earned Surplus | (66) <4,631> |
| | | Net Assets Total | (66) <4,631> |
| Total | 167 <4,895> | Total | 167 <4,895> |

(vii) Regional Economy Vitalization Corporation Account
(Overview of the settlement of account)

As the account manages capital contributions to the Regional Economy Vitalization Corporation of Japan (REVIC), general administrative expenses translate into current deficit. As a result, the retained loss increased from ¥10 million in FY 2011 to ¥15 million.

- 1) Major expenses included ¥4 million in general administrative expenses required for the management of the corporation's capital.
- 2) Contributions to Regional Economy Vitalization Corporation as the account's major assets increased by ¥2,955 million from FY2011 to ¥22,584 million as a result of the provision of additional capital associated with a legal revision.
- 3) Contributions from financial institutions as the account's major liabilities were ¥9,659 million.

Profit and Loss Statement

(Unit: ¥ million, figures in <> indicate FY2011)

| Expenses | | | Revenues | | |
|------------------------------------|-----|-------|------------------------|-----|-------|
| 1) General Administrative Expenses | 4.0 | <4.1> | Non-Operating Revenues | 0.0 | <0.0> |
| Expenses Total | 4.0 | <4.1> | Revenues Total | 0.0 | <0.0> |
| | | | Current Deficit | 4.0 | <4.1> |

Balance Sheet

(Unit: ¥ million, figures in <> indicate FY2011)

| Assets | | | Liabilities and Net Assets | | |
|--|--------|----------|--|--------|------------|
| Cash and Deposits | 10 | <19> | Contribution from Financial Institutions | 9,659 | <9,659> 3) |
| Securities and Others | 49 | - | Other Liabilities | 0 | <0> |
| 2) Shares in Regional Economy Vitalization Corporation | 22,584 | <19,629> | Liabilities Total | 9,660 | <9,660> |
| Other Assets | 0 | <0> | Capital | 13,000 | <10,000> |
| | | | Retained Loss | (15) | <(10)> |
| | | | Net Assets Total | 12,984 | <9,989> |
| Total | 22,645 | <19,649> | Total | 22,645 | <19,649> |

(viii) Revitalizing Earthquake-Affected Business Account**(Overview of the settlement of account)**

As the account manages capital contributions to the Corporation for Revitalizing Earthquake-Affected Business, general administrative expenses translated into a current deficit. As a result, the retained loss increased from ¥90,000 to ¥500,000.

- 1) Major expenses included ¥0.4 million in general administrative expenses necessary for management of capital contributions to the Corporation for Revitalizing Earthquake-Affected Business.
- 2) Contributions to the Corporation for Revitalizing Earthquake-Affected Business as the account's major assets came to ¥18.6 billion.

Profit and Loss Statement

(Unit: ¥ million, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|---|-------------|--|-------------|
| Organization Expense of the Corporation for Revitalizing Earthquake-Affected Business | - <140.9> | Contributions for Establishment of the Corporation for Revitalizing Earthquake-Affected Business | - <140.9> |
| 1) General Administrative Expenses | 0.4 <0.0> | Non-Operating Revenues | 0.0 <0.0> |
| Other Expenses | 0.0 - | Revenues Total | 0.0 <141.0> |
| Expenses Total | 0.4 <141.0> | Current Deficit | 0.4 <0.0> |

Balance Sheet

(Unit: ¥ million, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|--|-----------------|----------------------------|-----------------|
| Cash and Deposits | 1 <11> | Accounts Payable | 0 <0> |
| Securities and Others | 10 - | Liabilities Total | 0 <0> |
| 2) Shares in the Corporation for Revitalizing Earthquake-Affected Business | 18,668 <18,668> | Capital | 18,680 <18,680> |
| | | Retained Loss | (0) <(0)> |
| Other Assets | 0 <0> | Net Assets Total | 18,679 <18,679> |
| Total | 18,679 <18,679> | Total | 18,679 <18,679> |

(ix) Jusen Account
(Overview of the settlement of account)

Due to the acceptance of the residual assets of the claim resolution company (RCC) and the repayment of the repayable payments received from the Bank of Japan and distribution from the Financial Stabilization Contribution Fund, the earned surplus in the Jusen Account as of the end of FY2012 increased by ¥6.8 billion from ¥0.08 billion to ¥6.9 billion.

- Major revenues included: 1) ¥0.1 billion in investment return from the Financial Stabilization Contribution Fund and 2) ¥13.7 billion in profits on the recovery of shares in affiliated companies.
- Major expenses included: 3) ¥7.0 billion in transfer payment to the Financial Stabilization Contribution Fund intended to transfer the amount of funds equivalent to half of the total of investment return from the fund and profits on the recovery of shares in affiliated companies.
- Assets totaled 4) ¥11.9 billion in cash and deposits.
- Net assets included 5) ¥5.0 billion in capital and 6) ¥6.9 billion in earned surplus.

The total sum of 5) and 6), or ¥11.9 billion, will be transferred to the national treasury as the residual assets of the Jusen Account.

Profit and Loss Statement

(Unit: ¥ billion, figures in <> indicate FY2011)

| Expenses | | Revenues | |
|--|--------------------------|---|---------------------------|
| 3) Transfer Payment to the Financial Stabilization Contribution Fund | 7.0 <317.5> | Income from Investment | 0.1 <1.0> 1) |
| Operation Promotion Subsidy | - <38.2> | Transfer from the General Account | - <316.4> |
| Other Expenses | 0 <0.2> | Reversal of Contribution to the Financial Stabilization Contribution Fund | - <425.4> |
| | | Profit on Recovery of Shares in Affiliated Companies | 13.7 <> 2) |
| | | Profit on Cancellation of Subsidy | - <69.4> |
| | | Other Revenues | 0 <0.3> |
| Expenses Total | 7.0 <355.9> | Revenues Total | 13.9 <812.6> |
| Current Profit | 6.8 <456.6> | | |

Balance Sheet

(Unit: ¥ billion, figures in <> indicate FY2011)

| Assets | | Liabilities and Net Assets | |
|---|-----------------------------|---|-----------------------------|
| 4) Cash and Deposits | 11.9 <0.06> | Repayable Payments Received from the BOJ | - <100.0> |
| Assets of the Financial Stabilization Contribution Fund | - <800.1> | Financial Stabilization Contribution Fund | - <900.1> |
| Shares of the Affiliated Company (RCC) | - <200.0> | Liabilities Total | - <1,000.1> |
| Other Assets | - <5.0> | Capital | 5.0 <5.0> 5) |
| | | Earned Surplus | 6.9 <0.08> 6) |
| | | Net Assets Total | 11.9 <5.0> |
| Total | 11.9 <1,005.2> | Total | 11.9 <1,005.2> |

[Reference]

Borrowings and DICJ Bonds Balance (account total)

(Unit: ¥ billion)

| Category | End of FY2012 | End of FY2011 | Difference |
|------------|---------------|---------------|------------|
| Borrowings | 907.4 | 908.0 | (0.6) |
| DICJ Bonds | 1,930.0 | 1,930.0 | 0 |
| Total | 2,837.4 | 2,838.0 | (0.6) |

General Administrative Expenses (account total)

(Unit: ¥ million)

| Category | FY2012 | FY2011 | Difference |
|---|--------|--------|------------|
| Labor Cost | 3,056 | 3,231 | (175) |
| Non-Personnel | 2,899 | 3,808 | (909) |
| included system administrative expenses | 1,256 | 1,953 | (697) |
| Total | 5,956 | 7,039 | (1,083) |

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

9. The Medium-Term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(5) Balance Sheets, and Profit and Loss Statements

(i) General Account

Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|--|--------------------|--------------------------------|-----------------------------------|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 926,875 | 113,390 | (Current Liabilities) | 125,140 | 635 |
| Cash and Deposit | 125,289 | 638 | Accounts Payable | 456 | 612 |
| Short-Term Loans | 50,088 | 20,022 | Deposited Tenders/Dividends | 68 | - |
| Money Deposited | 18 | 153 | Money on Deposit | 124,615 | 21 |
| Securities | 751,366 | 92,540 | Suspense Receipts | 2 | 2 |
| Prepaid Expenses | - | 0 | (Fixed Liabilities) | 1,030,316 | 420,773 |
| Suspense Payments | 1 | - | Liability Reserves | 1,030,030 | 420,509 |
| Accounts Receivable | 98 | 32 | Reserves for Retirement Allowance | 286 | 263 |
| Loan Loss Reserves | 13 | 2 | | | |
| (Fixed Assets) | 229,036 | 308,473 | (Liabilities Total) | 1,155,457 | 421,408 |
| Financial Assistance Related Assets | 978 | 23,178 | (Capital) | 455 | 455 |
| Purchased Assets | 7,115 | 29,279 | Government Capital | 150 | 150 |
| Securities | 0 | 0 | Bank of Japan Capital | 150 | 150 |
| Loan Loss Reserves | (6,137) | (6,100) | Private Capital | 155 | 155 |
| Deposits and Other Assets Related to Asset Purchase Operations | - | 2,438 | (Net Assets Total) | 455 | 455 |
| Deposits and Other Claims Purchased | - | 2,438 | | | |
| Assets Related to Contracted Bridge Bank | - | - | | | |
| Contracted Bridge Bank Shares | 2,050 | 2,050 | | | |
| Assets Related to Contracted Bank | 225,500 | 280,300 | | | |
| Contracted Bank Shares | 12,000 | 12,000 | | | |
| Loans for Contracted Bank | 213,500 | 268,300 | | | |
| Assets of Financial Institutions under Management | - | - | | | |
| Loans of Financial Institutions under Management | 226,527 | 226,527 | | | |
| Loan Loss Reserves | (226,527) | (226,527) | | | |
| Tangible Fixed Assets | 170 | 178 | | | |
| Buildings | 151 | 158 | | | |
| Tools/Equipment/Fixtures | 19 | 20 | | | |
| Intangible Fixed Assets | 3 | 3 | | | |
| Investment and Other Assets | - | - | | | |
| Guarantee Money and Other Security Deposit | 334 | 324 | | | |
| Total | 1,155,912 | 421,863 | Total | 1,155,912 | 421,863 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenue | | |
|--|----------------|--------------------|--|----------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 875,129 | 1,002,262 | (Current Revenue) | 875,133 | 1,011,208 |
| Financial Assistance Expenses | 2,872 | 127,468 | Insurance Premium Revenues | - | - |
| Monetary Grants | 633 | 126,439 | Deposit Insurance Premiums | 606,561 | 702,932 |
| Loss on Sales of Purchased Assets | 2,221 | 1,013 | Income from Financial Assistance-Related Business | 6 | 0 |
| Administrative Expenses for Purchased Assets | 0 | 0 | Income from Purchased Assets | 0 | 0 |
| Cost of Commissioning Management and Collection Recovery Business | 18 | 15 | Profit on Sales of Purchased Assets | 6 | 0 |
| Expenses for Operations to Purchase Deposits and Other Claims | 1,373 | 0 | Interest on Loans of Financial Institutions under Management | - | 53 |
| Expenses for Operations Related to Financial Institutions under Management | - | 11,335 | Income from Purchase of Deposits and Other Claims | 1,365 | - |
| Expenses for Operations Related to Reorganization of Financial Institutions and Others | 2 | 0 | Income from Contracted Bank Business | 30,519 | 27,045 |
| Refunds of Insurance | - | - | Interest on Loans to Contracted Bank | 266 | 219 |
| Premiums for Prior Periods | 13 | 10 | Transfer Payments by Contracted Bank | 30,253 | 26,826 |
| Payments to Government | 23,401 | 25,023 | Income from Contribution by Contracted Bridge Bank | 11 | 34 |
| General Administrative Expenses | 5,280 | 6,036 | Contributions related to Financial Institutions, etc. under Management | 6 | - |
| Transfer to Jusen Account | - | 316,467 | Refunded Monetary Grants | 3,526 | 1,093 |
| Transfer to Liability Reserves | 609,520 | 283,160 | Reversal from Loan Loss Reserves | 232,628 | 268,786 |
| Transfer to Loan Loss Reserves | 232,664 | 232,628 | Non-Operating Income | 508 | 11,260 |
| Non-Operating Expenses | - | - | | | |
| Interest on Borrowing | - | 131 | | | |
| Administrative Expenses for Borrowings | - | 131 | | | |
| Miscellaneous Loss | - | 0 | | | |
| (Extraordinary Expenses) | - | 0 | | | |
| Loss from Sale of Fixed Assets | 4 | 8,946 | | | |
| Loss from Retirement of Fixed Assets | 0 | - | | | |
| Loss on Sales of Stocks of Subsidiaries and Affiliates | 3 | 7 | | | |
| | - | 8,939 | | | |
| Total | 875,133 | 1,011,208 | Total | 875,133 | 1,011,208 |

Note: Figures are rounded off.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Financial Assistance Operating Assets ¥26 million

Tangible Fixed Assets ¥417 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

3. Appropriation Criteria for Reserves

(1) Loan Loss Reserves

For claims related to debtors for whom statutory facts of business failure (e.g. bankruptcy or composition) have occurred, or debtors in an equivalent position, the estimated disposable collateral and estimated recoverable amount through guarantees are subtracted from the amount of the claim, and the remainder is aggregated.

For 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, etc., and the estimated amount in light of the debtors' financial status and business performance, are reduced from the amount of the claim, and the remainder being aggregated as loan loss reserves. Claims other than the above are aggregated on the basis of a bad debt ratio deemed reasonable.

Regarding the balance of principals of loans to the Incubator Bank of Japan, loans loss reserves totaling ¥226,527 million were reported, as was the case in FY2011, in order to fully cover the balance (loan-loss charge of 100%), as the repayment was not made by the end of FY2012.

(2) Reserves for Retirement Allowance

The required remuneration at the end of fiscal year is used as the criteria for appropriating reserves in preparation for payment of retirement allowances for employees.

4. Provisions 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 ordinances 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 Ordinance for Enforcement of the Deposit Insurance Act (Ordinance of the Ministry of Finance No. 28 of 1971) stipulates that an amount of liability reserves that must be set aside cumulatively in each fiscal year shall be an amount equivalent to an amount obtained by subtracting the combined amount of expenses (excluding the transfer to liability reserves) and loss carried forward from an amount of revenue 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

i) Regarding income from contracted bank under the provision of Article 7 of the Supplementary Provisions of the Deposit Insurance Act, the DICJ received the payments statement prepared under the account settlement for FY2012 from the contracted bank (RCC) on May 28, 2013. In the RCC, the payments are accounted for in FY2012, but in the DICJ, they are accounted for as revenue in the following fiscal year in accordance with the provision of Article 4, paragraph (2) of the Accounting Regulations. The amount of profit or loss arising from such accounting is estimated at ¥59,724 million in transfer payments by the contracted bank (of which the estimated amount of payments to the government is ¥15,250 million) in the following fiscal year.

ii) As insurance premiums are to be refunded based on a decision made at the 228th meeting of the Policy Board on March 26, 2012 on the premium rate for FY2012, ¥124,615 million in money on deposits, including ¥124,595 million, an amount equivalent to the insurance premium refunds, was reported.

(ii) Crisis Management Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|--------------------------|--------------------|--------------------------------|-----------------------------------|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 141 | 256 | (Current Liabilities) | 444,870 | 455,310 |
| Cash and Deposits | 11 | 6 | Short-Term Borrowings | 444,700 | 455,200 |
| Securities | 129 | 249 | Accounts Payable | 2 | 0 |
| Suspense Payments | - | 0 | Accrued Interest Payable | 168 | 109 |
| Accrued Income | 0 | 0 | (Fixed Liabilities) | | |
| Accounts Receivable | 0 | 0 | Reserves for Retirement Allowance | 0 | 0 |
| (Fixed Assets) | 711,696 | 711,696 | (Liabilities Total) | 444,871 | 455,310 |
| Acquired Shares | 711,696 | 711,696 | (Surplus) | | |
| Tangible Fixed Assets | 0 | 0 | Earned Surplus | 266,967 | 256,642 |
| Buildings | 0 | - | Accumulated Fund | 256,642 | 246,480 |
| Tools/Equipment/Fixtures | 0 | 0 | Current Profit | 10,325 | 10,161 |
| | | | (Net Assets Total) | 266,967 | 256,642 |
| Total | 711,838 | 711,952 | Total | 711,838 | 711,952 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenue | | |
|--|---------------|--------------------|--|---------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 525 | 1,415 | (Current Revenue) | 10,850 | 11,577 |
| General Administrative Expenses | 13 | 15 | Income from Operations such as the Acquisition of Shares | | |
| Non-Operating Expenses | 512 | | Dividends of Purchased Shares, etc. | 10,849 | 11,340 |
| Interest in Borrowing | 511 | 1,400 | Non-Operating Revenue | 0 | 237 |
| Interest on DICJ Bonds | - | 115 | | | |
| Administrative Expenses for DICJ Bonds | 0 | 1,280 | | | |
| (Extraordinary Expenses) | | 4 | | | |
| Loss from Sale of Fixed Assets | 0 | - | | | |
| (Current Profit) | 10,325 | 10,161 | | | |
| Total | 10,850 | 11,577 | Total | 10,850 | 11,577 |

Notes: 1. Current profit of ¥10,325 million is added to the accumulated fund for the next fiscal year, pursuant to the provision of Article 3 of the Ordinance for Enforcement of the Deposit Insurance Act (Ordinance of the Ministry of Finance No. 8 of 1971).

2. Figures are rounded off.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Tangible fixed assets: ¥0 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

3. Appropriation Criteria for Reserves

Reserves for Retirement Allowance

The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.

4. Other Important Matters Relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

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Insurance Act, etc.

IV. Annex

(iii) Financial Revitalization Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|-------------------------------------|--------------------|--------------------------------|---|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 4,032 | 3,996 | (Current Liabilities) | 545,696 | 811,413 |
| Cash and Deposits | 101 | 96 | Short-Term Borrowings | 195,400 | 211,000 |
| Short-Term Loans | - | 200 | DICJ Bonds (due for redemption within one year) | 350,000 | 600,000 |
| Money Deposited | 1,164 | 1,494 | Discount on DICJ Bonds (due for redemption within one year) | 2 | (19) |
| Securities | 2,019 | 1,668 | Accounts Payable | 120 | 109 |
| Suspense Payments | 12 | 19 | Accrued Expenses Payable | 148 | 297 |
| Prepaid Expenses | 45 | 17 | Advance Payments Received | 25 | 26 |
| Accrued Income | 460 | 378 | | | |
| Accounts Receivable | 228 | 122 | | | |
| (Fixed Assets) | | | (Fixed Liabilities) | 1,300,018 | 1,050,231 |
| Financial Assistance Related Assets | 1,579,678 | 1,583,877 | DICJ Bonds | 1,300,000 | 1,050,000 |
| Purchased Assets | 1,575,567 | 1,579,166 | Discount on DICJ Bonds | (11) | 201 |
| Loan Loss Reserves | 1,597,403 | 1,604,872 | Reserves for Retirement Allowance | 29 | 29 |
| Tangible Fixed Assets | (21,835) | (25,705) | (Liabilities Total) | 1,845,714 | 1,861,644 |
| Buildings | 10 | 10 | | | |
| Tools/Equipment/Fixtures | 9 | 8 | (Deficit) | (262,003) | (273,770) |
| Intangible Fixed Assets | 1 | 2 | Deficit Brought Forward | (273,770) | (287,869) |
| Investment and Other Assets | 0 | 0 | Current Profit | 11,766 | 14,099 |
| Loan to Specified Contracted Bank | 4,100 | 4,700 | | | |
| | | | (Net Assets Total) | (262,003) | (273,770) |
| Total | 1,583,711 | 1,587,874 | Total | 1,583,711 | 1,587,874 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expense | | | Revenue | | |
|--|---------------|--------------------|--|---------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 34,402 | 43,294 | (Current Revenue) | 46,169 | 57,393 |
| Administrative Expenses for Purchased Assets | 4,419 | 7,451 | Income from Operations for Purchased Assets | 16,885 | 18,586 |
| Loss on Sales of Purchased Assets | 4,272 | 7,264 | Income from Purchased Assets | 16,422 | 16,427 |
| Assets Purchasing Operation Expenses | 102 | 102 | Profit on Sales of Purchased Assets | 462 | 2,159 |
| Cost of Commissioning Management and Collection Business | 43 | 85 | Transfer Payments by Specified Contracted Bank | 3,549 | 5,993 |
| General Administrative Expenses | 390 | 422 | Interest on Loans to Specified Contracted Bank | 24 | 50 |
| Transfer to Loan Loss Reserves | 21,835 | 25,705 | Reversal from Loan Loss Reserves | 25,705 | 32,758 |
| Non-Operating Expenses | 7,756 | 9,713 | Non-Operating Revenues | 3 | 4 |
| Interest on Borrowing | 225 | 337 | | | |
| Interest on DICJ Bonds | 6,567 | 9,051 | | | |
| Administrative Expenses for DICJ Bonds | 962 | 324 | | | |
| (Extraordinary Expenses) | 0 | 0 | | | |
| Loss from Sale of Fixed Assets | 0 | - | | | |
| Loss from Retirement of Fixed Assets | 0 | 0 | | | |
| (Current Total) | 11,766 | 14,099 | | | |
| Total | 46,169 | 57,393 | Total | 46,169 | 57,393 |

Notes: 1. Current profit of ¥11,766 million is used to decrease loss brought forward from the previous fiscal year, pursuant to the provision of Article 25, paragraph (2) of the Ordinance 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 off.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Tangible fixed assets ¥20 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

3. Appropriation Criteria for Reserves

(1) Loan Loss Reserves

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, etc., and the estimated amount recovered in light of debtors' financial status and business performance are reduced from the amount of the claim, and the remainder is aggregated.

Claims other than the above are aggregated on the basis of a bad debt ratio deemed reasonable.

(2) Reserves for Retirement Allowance

The required remuneration at the end of the fiscal year is used as the criteria for appropriating reserves in preparation for payment of retirement allowances for employees.

4. Other Important Matters relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

(2) Depreciation Method of DICJ Bonds Issuing Cost

Discount in DICJ Bonds Issue: equal depreciation over the period up to the term of bond redemption

(3) Appropriating Method of DICJ Bonds Issuing Cost

All the expenses are accounted for at the time of expenses.

(4) Other

Regarding payments by specified contracted bank under the provision of Article 53 of the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No.132 of 1998), the DICJ received the payments statement prepared under the account settlement for FY2012 from the RCC (a specified contracted bank) on May 28, 2013. In the RCC, the payments are accounted for as expenses in FY2012, but in the DICJ, they are accounted for as revenue in the following fiscal year in accordance with the provision of Article 4, paragraph (2) of the Accounting Regulations. The amount of profit or loss arising from such accounting is estimated at ¥3,238 million in the following fiscal year.

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Insurance Act, etc.

IV. Annex

(iv) Early Strengthening Account

Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|-----------------------------|--------------------|--------------------------------|--|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 1,128,905 | 965,203 | (Current Liabilities) | 2 | 1 |
| Cash and Deposit | 24 | 21 | Accounts Payable | | |
| Securities | 1,128,433 | 964,445 | (Fixed Liabilities) | | |
| Suspense Payments | 1 | 2 | Reserves for Retirement Allowance | 4 | 4 |
| Accrued Income | 446 | 734 | (Liabilities Total) | 7 | 5 |
| Accounts Receivable | 0 | 0 | | | |
| (Fixed Assets) | 372,358 | 595,408 | (Surplus) | | |
| Tangible Fixed Assets | 2 | 2 | Earned Surplus | 1,501,256 | 1,560,607 |
| Buildings | 1 | 1 | Accumulated Funds | 1,560,607 | 1,551,378 |
| Tools/Equipment/Fixtures | 0 | 0 | Unappropriated Current Profit or Undisposed-of Current Deficit (-) | (59,350) | 9,228 |
| Intangible Fixed Assets | 0 | 0 | (Net Assets Total) | 1,501,256 | 1,560,607 |
| Investment and Other Assets | | | | | |
| Loans for Contracted Bank | 372,356 | 595,406 | | | |
| Total | 1,501,263 | 1,560,612 | Total | 1,501,263 | 1,560,612 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenue | | |
|---|---------------|--------------------|--------------------------------------|---------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 61,415 | 4,614 | (Current Revenue) | 2,064 | 13,842 |
| Compensation of Loss at the Contracted Bank | 61,069 | - | Income from the Contracted Bank | - | 6,031 |
| General Administrative Expenses | 55 | 57 | Interest on Loans to Contracted Bank | 599 | 2,138 |
| Non-Operating Expenses | 290 | 4,557 | Non-Operating Income | 1,464 | 5,672 |
| Interest on DICJ Bonds | - | 2,079 | (Current Deficit) | 59,350 | - |
| Administrative Expenses for DICJ Bonds | 0 | 1 | | | |
| Loss on Redemption of Securities | 290 | 2,476 | | | |
| (Extraordinary Expenses) | 0 | 0 | | | |
| Loss from Sale of Fixed Assets | 0 | - | | | |
| Loss from Retirement of Fixed Assets | 0 | 0 | | | |
| (Current Profit) | - | 9,228 | | | |
| Total | 61,415 | 13,842 | Total | 61,415 | 13,842 |

Notes: 1. Current deficit of ¥59,350million is used to reduce the accumulated fund pursuant to the provisions of Article 8 paragraph (2) of the Ordinance 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 off.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Tangible fixed assets: ¥4 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

3. Appropriation Criteria for Reserves

Reserves for Retirement Allowance

The required remuneration at the end of the fiscal year is used as the criteria for appropriating reserves in preparation for payment of retirement allowance for employees.

4. Other Important Matters Relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

(2) Other

Regarding funds transferred from a contracted bank under the provision of Article 13 of the Act on Emergency Measures for Early Strengthening of Financial Functions (Act No.143 of 1998), the DICJ received the payments statement prepared under the account settlement for FY2012 from the contracted bank (RCC), on May 31, 2013. In the RCC, the payments are accounted for as expenses in FY2012, but in the DICJ, they are accounted for as revenue in the following fiscal year in accordance with the provision of Article 4, paragraph (2) of the Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥86,765 million.

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of the Deposit
Insurance Act, etc.

IV. Annex

(v) Financial Functions Strengthening Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|------------------------------|--------------------|--------------------------------|---|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 695 | 491 | (Current Liabilities) | 267,332 | 521,713 |
| Cash and Deposit | 22 | 19 | Short-Term Borrowing | 267,200 | 241,600 |
| Securities | 539 | 339 | DICJ Bonds (due for redemption within one year) | - | 280,000 |
| Accrued Income | 132 | 132 | Discount on DICJ Bonds (due for redemption within one year) | - | (14) |
| Accounts Receivable | 0 | 0 | Accounts Payable | 13 | 2 |
| (Fixed Assets) | 555,800 | 526,200 | Accrued Expense Payable | 118 | 126 |
| Tangible Fixed Assets | 0 | 0 | (Fixed Liabilities) | 280,074 | 5 |
| Buildings | 0 | 0 | DICJ Bonds | 280,000 | - |
| Tools/Equipment/Fixtures | 0 | 0 | Discount on DICJ bonds | 68 | - |
| Investments and Other Assets | | | Reserves for Retirement Allowance | 5 | 5 |
| Loans for Contracted Bank | 555,800 | 526,200 | (Liabilities Total) | 547,407 | 521,719 |
| | | | (Surplus) | | |
| | | | Earned Surplus | 9,088 | 4,972 |
| | | | Accumulated Funds | 4,972 | 1,007 |
| | | | Unappropriated Current Profit | 4,116 | 3,964 |
| | | | (Net Assets Total) | 9,088 | 4,972 |
| Total | 556,495 | 526,691 | Total | 556,495 | 526,691 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenue | | |
|--|--------------|--------------------|--------------------------------------|--------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 782 | 642 | (Current Revenue) | 4,899 | 4,607 |
| General Administrative Expenses | 82 | 86 | Transfer Payments by Contracted Bank | 4,267 | 3,968 |
| Non-operating Expense | 700 | 555 | Interest on Loans to Contracted Bank | 630 | 638 |
| Interest in Borrowing | 276 | 146 | Non-Operating Income | 1 | 0 |
| Interest on DICJ Bonds | 271 | 407 | | | |
| Administrative Expenses for DICJ Bonds | 151 | 0 | | | |
| (Extraordinary Expenses) | 0 | - | | | |
| Loss from Sale of Fixed Assets | 0 | - | | | |
| Loss from Retirement of Fixed Assets | 0 | - | | | |
| (Current Profit) | 4,116 | 3,964 | | | |
| Total | 4,899 | 4,607 | Total | 4,899 | 4,607 |

Notes: 1. Current profit of ¥4,116 million is added to the reduced accumulated fund for the next fiscal year pursuant to the provision of Article 4, paragraph (1) of the Order Regulating Financial Functions Strengthening Operations of the DICJ(Ordinance of the Cabinet Office and the Ministry of Finance No. 3 of 2004).

2. Figures are rounded off.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Tangible Fixed Assets: ¥0 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

3. Appropriation Criteria for Reserves

Reserves for Retirement Allowance

The required remuneration at the end of fiscal year is used as the criteria for appropriating reserves in preparation for payment of retirement allowances for employees.

4. Other Important Matters Relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

(2) Depreciation method of DICJ Bonds Issuing Cost

Discount in DICJ Bonds Issue: equal depreciation over the period up to the term of bond redemption

(3) Other

Regarding payments by contracted bank under the provision of Article 41 of the Act on Special Measures for Strengthening Financial Functions (Act No. 128 of 2004), the DICJ received the payments statement prepared under the account settlement for FY2012 from the contracted bank (RCC) on May 31, 2013. In the RCC, the payments were accounted for as expenses in FY2012, but in the DICJ, they are accounted for as revenue in the following fiscal year in accordance with the provision of Article 4 paragraph (2) of the Accounting Regulations.

The amount of profit or loss arising from such accounting is estimated at ¥6,253 million in the following fiscal year.

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IV. Annex

(vi) Damage Recovery Distribution Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|--------------------------|--------------------|--------------------------------|--|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 167 | 4,895 | (Current Liabilities) | 229 | 259 |
| Cash and Deposits | 167 | 4,895 | Short-Term Borrowings | 190 | 210 |
| Accounts Receivable | 0 | 0 | Accounts Payable | 39 | 49 |
| | | | Accrued Payable | 0 | 0 |
| (Fixed Assets) | | | (Fixed Liabilities) | | |
| Tangible Fixed Assets | 0 | 0 | Reserves for Retirement Allowance | 4 | 4 |
| Buildings | 0 | - | | | |
| Tools/Equipment/Fixtures | 0 | 0 | (Liabilities Total) | 234 | 263 |
| | | | (Surplus or Retained Loss(-)) | | |
| | | | Earned Surplus or Retained Loss (-) | (66) | 4,631 |
| | | | Accumulated Fund | 4,631 | 4,247 |
| | | | Unappropriated Current Profit or Undisposed-of Current Deficit (-) | (4,698) | 384 |
| | | | (Net Assets Total) | (66) | 4,631 |
| Total | 167 | 4,895 | Total | 167 | 4,895 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenue | | |
|--|--------------|--------------------|-------------------------------------|--------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 5,382 | 203 | (Current Revenue) | 683 | 587 |
| Expenses for Damage Recovery Benefit | 5,253 | 2 | Income from Fees | 160 | 159 |
| Distribution Operations | | | Transfer Payment of Damage Recovery | 521 | 427 |
| Expenses related to Support for Crime Victims | 5,250 | - | Distribution Residual Fund | | |
| Expenses related to Compensation for Creditors of Extinct Deposits, etc. | 3 | 2 | Non-Operating Income | 1 | 0 |
| Repaid Levies of Past Fiscal Years | - | 1 | (Current Deficit) | 4,698 | - |
| General Administrative Expenses | 128 | 199 | | | |
| Non-Operating Expenses | 0 | 0 | | | |
| Interest on Borrowings | 0 | 0 | | | |
| Miscellaneous Loss | - | 0 | | | |
| (Extraordinary Expenses) | | | | | |
| Loss from Sale of Fixed Assets | 0 | - | | | |
| (Current Profit) | - | 384 | | | |
| Total | 5,382 | 587 | Total | 5,382 | 587 |

Notes: 1. Current deficit of ¥4,698 million is used to reduce the accumulated fund for the next fiscal year, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for the DICJ's Operations (Ordinance of the Cabinet Office and the Ministry of Finance No. 1 of 2008), prescribed in Article 5 of Act on Damage Recovery Benefit Distributed from the Fund in the Bank Account Used for Crime.

2. Figures are rounded off.

Important Accounting Principles and Other Relevant Matters

1. Depreciation Method for Fixed Assets

Fixed installment method is used. The aggregate depreciation amount is as follows:

Tangible Fixed Assets: ¥0 million

Average Durability is as follows:

Buildings: 8 to 18 years

Others: 3 to 20 years

2. Appropriation Criteria for Reserves

Reserves for Retirement Allowance

The required remuneration at the end of the fiscal year is used as the criteria for appropriating reserves in preparation for payment of retirement allowances for employees.

3. Other Important Matters relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

(2) Other

- i) As the Order to Specify the Ratio and Expenses Prescribed under Article 20, paragraph(1) of the Act on Damage Recovery Benefit Distributed from the Fund in the Bank Account Used for Crime(Ordinance of the Cabinet Office and the Ministry of Finance No. 2 of 2012) was put into force on March 21, 2012, the DICJ provided ¥5,250 million to an organization implementing the support activity prescribed under Article 2 of the same Ordinance (the provision of subsidy for private organizations which lend funds for an interest-free scholarship program for children of crime victims and those which support crime victims) in FY2012.
- ii) The DICJ expects to receive funds equivalent in amount to the expenses that arise in FY2012 as fee income in the following fiscal year, pursuant to the provision of Article 30, paragraph (1) of the Act on Damage Recovery Benefit Distributed from the Fund in the Bank Account Used for Crime (Act No. 133 of 2007).

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

9. The Medium-Term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(vii) Regional Economy Vitalization Corporation Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|---|--------------------|--------------------------------|--|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 60 | 19 | (Current Liabilities) | | |
| Cash and Deposits | 10 | 19 | Accounts Payable | 0 | 0 |
| Securities | 49 | - | (Fixed Liabilities) | 9,660 | 9,660 |
| Accrued Income | 0 | - | Contribution from Financial Institutions | 9,659 | 9,659 |
| Accounts Receivable | 0 | 0 | Reserves for Retirement Allowance | 0 | 0 |
| (Fixed Assets) | | | (Liabilities Total) | 9,660 | 9,660 |
| Shares in Regional Economy Vitalization Corporation | 22,584 | 19,629 | (Capital) | | |
| | | | Government Capital | 13,000 | 10,000 |
| | | | (Deficit) | (15) | (10) |
| | | | Deficit brought forward | (10) | (6) |
| | | | Unappropriated Current Deficit | (4) | (4) |
| | | | (Net Assets Total) | 12,984 | 9,989 |
| Total | 22,645 | 19,649 | Total | 22,645 | 19,649 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenues | | |
|---------------------------------|----------|--------------------|----------------------|----------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | | | (Current Revenue) | | |
| General Administrative Expenses | 4 | 4 | Non-Operating Income | 0 | 0 |
| | | | (Current Deficit) | 4 | 4 |
| Total | 4 | 4 | Total | 4 | 4 |

Notes: 1. Current deficit of ¥4 million is carried forward to the next fiscal year, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for DICJ's Operations (Ordinance 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 off.

Important Accounting Principles and Other Relevant Matters
1. Evaluation Method for Securities

Cost method based on the periodic average method

2. Appropriation Criteria for Reserves
Reserves for Retirement Allowance

The required remuneration at the end of the fiscal year is used as the criterion for appropriating for payment of allowances for employees.

3. Other Important Matters relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

(2) Other

As a result of the enforcement of the Act to Partially Revise the Act on Enterprise Turnaround Initiative Corporation of Japan (Act No. 2 of 2013) on March 18, 2013, the Enterprise Turnaround Initiative Corporation Account was renamed as the Regional Economy Vitalization Corporation Account.

(viii) Revitalizing Earthquake-Affected Business Account**Balance Sheet**

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|---|--------------------|--------------------------------|--------------------------------|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 11 | 11 | (Current Liabilities) | | |
| Cash and Deposits | 1 | 11 | Accounts Payable | 0 | 0 |
| Securities | 10 | - | | | |
| Suspense Payments | 0 | - | (Liabilities Total) | 0 | 0 |
| Accrued Income | 0 | - | | | |
| Accounts Receivable | 0 | 0 | (Capital) | | |
| | | | Government Capital | 18,680 | 18,680 |
| (Fixed Assets) | | | (Deficit) | | |
| Shares in the Corporation for Revitalizing Earthquake-Affected Business | 18,668 | 18,668 | Deficit Brought Forward | (0) | (0) |
| | | | Unappropriated Current Deficit | (0) | (0) |
| | | | (Net Assets Total) | 18,679 | 18,679 |
| Total | 18,679 | 18,679 | Total | 18,679 | 18,679 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Expenses | | | Revenues | | |
|---|----------|--------------------|---|----------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 0 | 141 | (Current Revenue) | 0 | 140 |
| Organization Expense of the Corporation for Revitalizing Earthquake-Affected Business | - | 140 | Contribution for Establishment of the Corporation for Revitalizing Earthquake-Affected Business | - | 140 |
| General Administrative Expenses | 0 | 0 | Non-Operating Income | 0 | 0 |
| Non-Operating Expenses | | | (Current Deficit) | | |
| Loss on Redemption of Securities | 0 | - | | | |
| Total | 0 | 141 | Total | 0 | 141 |

Notes: 1. A current deficit of ¥0 million is carried forward to the next fiscal year, pursuant to the provision of Article 3, paragraph (2) of the Order on Special Provisions, etc. for the DICJ's Operations (Ordinance 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 off.

Important Accounting Principles and Other Relevant Matters**1. Evaluation Method for Securities**

Cost method based on the periodic average method

2. Other Important Matters relating to Preparation of Financial Statements

(1) Accounting method for consumption tax, etc.: tax inclusive method

I. DICJ's Operations

II. Overview of the DICJ's Activities

1. Failure Resolution

2. Asset Holdings

3. Pursuit of Liability

4. Capital Injection

5. Criminal Accounts Damage

6. PR Activities to Ensure Public Awareness

7. Finances

8. International Cooperation

9. The Medium-Term Goals and Operational Policy

III. Future Activities Based on Revision of the Deposit Insurance Act, etc.

IV. Annex

(ix) Jusen Account
Balance Sheet

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|---|--------------------|--------------------------------|---|--------------------|--------------------------------|
| Item | End of March, 2013 | (Reference) End of March, 2012 | Item | End of March, 2013 | (Reference) End of March, 2012 |
| (Current Assets) | 11,947 | 5,088 | (Fixed Liabilities) | - | - |
| Cash and Deposits | 11,947 | 68 | Repayable Payments Received from Bank of Japan | - | 100,000 |
| Short-Term Loan | - | 5,020 | (Statutory Reserves) | - | - |
| Accrued Income | - | 0 | Financial Stabilization Fund | - | - |
| (Fixed Assets) | - | 1,000,168 | Counterpart of Private-Sector Contributions | - | 900,168 |
| Investment and Other Assets | - | 1,000,168 | (Liabilities Total) | - | 1,000,168 |
| Assets Relating to Financial Stabilization Fund | - | 800,168 | (Capital) | - | - |
| Shares of Affiliated Companies | - | 200,000 | Government Capital | 5,000 | 5,000 |
| | | | (Surplus) | | |
| | | | Earned Surplus | 6,947 | 88 |
| | | | Accumulated Fund or Deficit Brought Forward (-) | 88 | (456,571) |
| | | | Unappropriated Current Profit | 6,858 | 456,660 |
| | | | (Net Assets Total) | 11,947 | 5,088 |
| Total | 11,947 | 1,005,257 | Total | 11,947 | 1,005,257 |

Note: Figures are rounded off.

Profit and Loss Statement

(Unit: ¥ million)

| Assets | | | Liabilities and Net Assets | | |
|--|---------------|--------------------|---|---------------|--------------------|
| Item | FY2012 | (Reference) FY2011 | Item | FY2012 | (Reference) FY2011 |
| (Current Expenses) | 7,043 | 355,995 | (Current Revenue) | 13,901 | 743,229 |
| Grant for Claim Resolution Company | - | 38,255 | Income from Investment | - | - |
| Operation Promotion Company | - | 218 | Income from Investment of Financial Stabilization Fund | 185 | 1,054 |
| General Administrative Expenses | 0 | 218 | Income from Special Operations Contributions | - | 190 |
| Transfer to Financial Stabilization Fund | 7,043 | 317,522 | Paid from General Account | - | 316,467 |
| (Extraordinary Expenses) | - | 0 | Reversal from Financial Stabilization Fund | - | 425,400 |
| Loss from Retirement of Fixed Assets | - | 0 | Profits from Recovery of Shares in Affiliated Companies | 13,714 | - |
| (Current Profit) | 6,858 | 456,660 | Non-Operating Income | 1 | 4 |
| | | | Reversal from Charge against Assets | - | 112 |
| | | | (Extraordinary Income) | | |
| | | | Income from Cancellation of Subsidy | - | 69,427 |
| Total | 13,901 | 812,656 | Total | 13,901 | 812,656 |

Notes: 1. Current profit of ¥6,858 million should be added to the accumulated fund, pursuant to the provision of Article 5, paragraph (1) of the Ordinance for Enforcement of the Act on Special Measures concerning Promotion of Disposal of Claims and Debts of Specific Jusen Companies (hereinafter referred to as the "Jusen Act") (Ordinance of the Ministry of Finance No. 34 of 1996). However, as a result of the recent abolition of the Jusen Account under Article 30, paragraph (1) of the Jusen Act, the current profit will be transferred to the national treasury as part of the residual assets, pursuant to Article 30, paragraph (2) of the same Act.

2. Figures are rounded off.

Important Accounting Principles and Other Relevant Matters

- (1) Accounting method for consumption tax: tax inclusive method
- (2) Accounting criteria for revenue and expenses: accrual method
- (3) Other

This account was abolished on June 30, 2012 pursuant to the provision of Article 30, paragraph (1) of the Jusen Act (Act No. 93 of 1996) and funds totaling ¥11,947 million, equivalent to the amount of the residual assets left after the abolition of the Jusen Account, will be transferred to the national treasury, pursuant to Article 30, paragraph (2) of the Jusen Act.

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IV. Annex

(6) Income and Expenditures 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 |

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 off.

(7) Trends in the Eligible Deposits and Liability Reserves

(Unit: ¥ billion, %)

| Fiscal Year End | Deposits of insured financial institutions | | | Liability reserves | |
|-----------------|--|-----------------------|---------------------------------------|--------------------|--|
| | Total (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 |

- Notes: 1. Total deposits include installment savings, installment deposits, money trusts, foreign-currency deposits, and negotiable certificates of deposits.
2. Eligible deposits exclude 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 indicate 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.

(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 | Sub-Total |
| 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 |

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 Sub-Total.

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.

(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 |

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IV. Annex

(9) 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 | Sub-Total | | | | | | |
| 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 |

Note: Regional Banks II are member banks of the Second Association of Regional Bank. Up to FY1991, inclusive of Sogo Banks. Up to FY1987, figures are the total of Sogo Banks.

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