

Attachment  
Summary of Specific Examples of Distinctive Efforts

I Examples of Business Revitalization and Facilitation of Small- and Medium-sized Enterprise (SME) financing

(1) Strengthening Functions to Support Creation and Opening of New Businesses  
(Support for venture businesses and other businesses through cooperation of industry, academia and government, and through use of external organizations)

- Established a specialized department which undertakes the coordination function for industry, academia, government and finance and supports venture businesses in an effort to coordinate with industry, academia and government, collect information, and provide information to operating branches. (Bank: Hokkaido Local Finance Bureau Jurisdiction)
- Six organizations have newly joined a cooperative organization covering industry and academia made up of local universities, financial institutions, and government-affiliated financial institutions, including three prefectural financial institutions, a prefectural university and a prefectural test research institute. This institute “seeds” enlarged organization publishes Research Seeds Collections that include universities and research, and sponsors business-matching in addition to matching them with the needs of private companies. (Bank: Tohoku Local Finance Bureau Jurisdiction)
- Formed a regional fund to support and invest in “second establishment” of new businesses by companies with comparatively long histories rather than simply ventures coming from universities. (Bank: Tohoku Local Finance Bureau Jurisdiction)
- In addition to implementing a technology consultation support service in cooperation with regional universities (traveling technical consultation group), prefecture-wide regional discussion groups have been jointly sponsored. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Jointly sponsored The University Intellectual Property Matching Seminar with backing from the SME Development Council, comprising two universities. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Promoted an “entrepreneur support program” as a joint project with the third sector to support venture businesses and second establishment of new businesses. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Conducted a questionnaire survey pertaining to original technology owned by city’s small- and medium-sized manufacturers in a joint effort with regional universities and public bodies. Supported expanded business opportunities by entering the questionnaire results in a database and issuing the information inside and outside prefectures. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

- In cooperation with the Information-Technology Promotion Agency, implemented the first SME IT support financing in Western Japan. (Bank: Chugoku Local Finance Bureau Jurisdiction)
- Jointly established the nation's first agricultural fund among private financial institutions with related companies with funding from independent administrative agencies, with the objective of promoting the agricultural, forestry and fishery industries. (Bank: Shikoku Local Finance Bureau Jurisdiction)
- Based on the agricluster concept (supporting revitalization of industry groups involved in the commercial distribution for prefectural backbone industries related to agriculture, including related industries which will have an impact), assign agricluster specialists and amassed and utilized assessment know-how, and promoted joint financing through cooperation with government affiliated financial institutions. (Bank: Kyushu Local Finance Bureau Jurisdiction)
- Set up workshops through cooperation between regional companies, universities and financial institutions, and examine and provide information on market exploration, acquisition of know-how, and business promotion methods, functioning additionally as an intermediary with the government, inviting former governors and mayors to be panel members and speakers. (Credit Union: Hokkaido Local Finance Bureau Jurisdiction)
- Established the first regional branch in the nation through cooperation of all credit unions within the prefecture and the "Organization for Industry-Academic-Government Collaboration" to provide loans from the "Industry-Academic-Government Collaboration Fund" to member companies that require funding. (Credit Union: Tohoku Local Finance Bureau Jurisdiction)
- Help venture companies by way of the establishment of an award system for thoroughly original technology and business ideas from regional university students, and introduce the winning ideas at credit union business fairs. (Credit Union: Kinki Local Finance Bureau Jurisdiction)
- Support unlisted companies through the establishment of a venture support fund through cooperation with all credit unions in the prefecture and central institutions. (Credit Union: Kinki Local Finance Bureau Jurisdiction)
- Provide proper financing in cooperation with local public bodies to new businesses set up by local fruit and poultry farmers to diversify funding sources for farmers. (Credit Union: Kyushu Local Finance Bureau Jurisdiction)
- In order to take advantage of natural hot springs and to revitalize regional economies, our credit union has made it possible for newly established companies by local residents to use prefectural and other financing systems for funding and provides consultation on

management and other matters afterwards and therefore contributes to regional revitalization. (Credit Association: Tohoku Local Finance Bureau Jurisdiction)

○ Began handling of chamber of commerce system financing (financing for venture companies also possible), to support the development of member businesses. (Credit Associations: Kyushu Local Finance Bureau Jurisdiction)

○ Utilized management consultation function of industrial promotion organizations, which are access points for regional SME support centers, to introduce know-how on creating and opening new businesses. (Credit Association: Tohoku Local Finance Bureau Jurisdiction)

(Strengthen Financing Examination System, New Product Development, etc.)

○ Initiated to handle a packaged product in support of new business establishment (seminars, support for business plan creation, investment and financing as well as providing know-how on external cooperation). Also began to handle business startup support loans and investment in conjunction therewith. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Established a total support system for companies creating and opening new businesses and companies joining industry-academia cooperation, including a grant system, investment financing system, and business coordination. Since then it discovers high potential companies every year, and through the system helps with measures such as funding support and management consulting. (Bank: Kinki Local Finance Bureau Jurisdiction)

○ Made unsecured loans through a “technology evaluation project” established by chambers of commerce in order to support the development of newly established companies with competitive technology. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Assigned specialists, developed loan products, and held seminars to provide information in the medical and nursing fields. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Introduced regional universities to clients, and utilized a “clinic opening location analysis service” system developed based on advice from universities for the bank’s support of private practice doctors. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ Initiated sales of a “support loan” loan product which was developed in cooperation with scholars with expertise in entrepreneurship in order to create regional employment. (Credit Union: Chugoku Local Finance Bureau Jurisdiction)

○ Initiated sales of a new product for venture companies in September 2006, entitled “Technology and Business Plan Financing.” (Credit Association: Tokai Local Finance Bureau Jurisdiction)

○ Initiated sales in March 2005, and is now being promoted a new business support loan to discover and foster high potential business. (Credit Association: Chugoku Local Finance Bureau Jurisdiction)

## (2) Strengthening Functions of Management Consultations and Support for Client Companies

### (Business-Matching)

○ Conducted business discussions inside and outside Hokkaido for the purpose of expanding business-matching outside Hokkaido, and promoted business-matching through industry, academia, and government cooperation and expanded cooperation with financial institutions. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

○ Conducted business discussions and participated in events to support local companies’ overseas businesses, opened an office in China, and concluded an overseas economic cooperation agreement with the government. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

○ Held agricultural business discussions with about 300 companies in attendance to support business-matching between farmers and suppliers, and these efforts resulted in about 1,300 business-matching agreements. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Held a “Credit Union Business Fair” to support local business-matching, in which 110 companies participated and 5,000 people attended. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

○ Held a continuing series of “SME M&A” seminars for small- and medium-sized companies in cooperation with accounting firms. (Credit Union: Tokai Local Finance Bureau Jurisdiction)

○ Provided information on a variety of businesses through advanced IT support services for business-matching, which has been used by many people. (Credit Union: Kinki Local Finance Bureau Jurisdiction)

○ Supported companies’ future activities by training the next generation of client companies and providing companies without successors matching through M&A. (Credit Unions: Tohoku, Kanto, Chugoku, and Shikoku Local Finance Bureau Jurisdictions)

○ Held business fairs with the cooperation of credit unions within the Tokai region, in efforts for wide ranging business-matching. (Credit Union: Tokai Local Finance Bureau Jurisdiction)

○ Formed the Credit Associations Executive Association, whose membership consists of executives and others, and held regularly scheduled meetings in all regions to provide a place for cross-industry exchanges, focusing on contracts for business-matching projects. (Credit Association: Kyushu Local Finance Bureau Jurisdiction)

○ Participated in the Tokyo Business Summit for the first time along with regional banks, and promoted local characteristics by way of display booths with attending companies. As a result of that, reached business agreements. (Credit Association: Kyushu Local Finance Bureau Jurisdiction)

(Support for SME to Expand Overseas)

○ A number of regional banks have cooperated across regions and conducted observation missions to Shanghai and held joint business discussions. Supported expansion of sales channels and suppliers by clients. (Banks: Hokkaido, Tohoku, Kanto, Hokuriku, Tokai, Kinki, and Chugoku Local Finance Bureau Jurisdictions)

○ Held joint seminars for companies moving into China in cooperation with regional banks working together to support companies expanding in Asia. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Initiated to support for business in China by supporting the creation of Chinese language web pages. Reinforced support measures for entering China such as forming business clubs to serve as places for companies doing business there to exchange information. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Commercialized consulting business so as to support international business by advising companies when they set up local subsidiaries in China. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Cooperated with the Vietnamese government (Foreign Investment Agency of Ministry of Planning and Investment) and held investment seminars in addition to the provision of information to client companies on investment laws, related procedures and the investment environment in that country. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Supported business development in Asia with high potential by observing the status of client companies doing business in China and conducting information exchange meetings to share information among participating companies. (Credit Union: Kinki Local Finance Bureau Jurisdiction)

○ Taking advantage of the location of Fukuoka, collaborated with central government institutes and regional chambers of commerce to hold “Chinese business seminars”, set up a “business discussions mission in Shanghai and the Yangtze River Delta region”, and visited the region including Shanghai to support development of new business. (Credit Union: Fukuoka Local Finance Branch Bureau Jurisdiction)

(Establish the System for Management Consultations and Support)

○ Provided services to support local companies obtaining to corporate credit ratings. Facilitated applications for corporate credit ratings for SMEs developed by credit rating institutions, and acted as intermediary for local cleaning companies to obtain ratings. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ Drew up management improvement plans utilizing the prefecture’s management improvement special consultation section. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Began serving as agent for an “SME Rating service” developed by credit rating institutions in order to support the region’s SMEs to obtain ratings. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Supervised cashflow simulation software designed for the construction industry developed by a major software company in order to support profit management that is unique to the construction industry. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Cooperated with the Japan Federation of Solicitors Associations to strengthen M&A intermediary functions in order to support business succession in client companies. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Concluded a memorandum of agreement concerning cooperation and business collaboration with independent administrative agencies with a view to setting up a support system that emphasizes business succession. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Proactively promoted M&A by issuing M&A information through the bank’s internal LAN and holding M&A seminars for customers in order to respond to needs of local client companies to solve succession problems and diversify their businesses. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Established a “shipping finance section” and staffed it with specialists to enhance the support function for the local shipping industry by conducting industry trend surveys and analysis, and by providing information. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Regional banks and independent administrative agencies have jointly invested in a limited liability partnership fund, as partners with limited liability, to support regional SMEs that have no successors and thus are facing difficulties in developing new business. (Bank: Fukuoka Local Finance Branch Bureau Jurisdiction)

○ Concluded a cooperative agreement with the Japanese branch of a major Swiss private bank in order to improve services for family businesses. (Bank: Okinawa General Bureau Jurisdiction)

○ Developed consultation functions to deal with problems faced by regional SMEs by providing information on trade and providing various consultations to support and foster the local precious metals industry. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

○ Published the messages, desires, and success stories of company managers who had recovered their business with management improvement support on the website to help small companies that were experiencing business difficulties. (Credit Unions: Kanto, Tokai Local Finance Bureau Jurisdictions)

○ Based on strengthened collaboration with chambers of commerce and other regional commercial groups, conducted seminars on entry to new businesses in the same and different industries and other management seminars to facilitate information exchanges to meet members' needs, and introduced preferential financing for members. (Credit Associations: Kinki Local Finance Bureau Jurisdiction, Kyushu Local Finance Bureau Jurisdiction)

○ Concluded a contract with a regional chamber of commerce to participate in a virtual industrial park, "Business Net", on the Internet. (Credit Association: Kanto Local Finance Bureau Jurisdiction)

○ Inaugurated a company revitalization support project for major lending industries, strived to monitor client companies with one person assigned to each company, and sponsored special study groups for managers, to provide management guidance and personnel training to clients. (Credit Association: Kinki Local Finance Bureau Jurisdiction)

### (3) Aggressive Efforts towards Prompt Business Revitalization

#### (Promotion of "Broad" Revitalization)

○ Used the regional revitalization fund to revitalize three Japanese inns as a single unit in an attempt to revitalize a hot spring town in its entirety, which had many hot spring inns that were facing business difficulties. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ Simultaneously utilized the Resolution and Collection Corporation, the SME Revitalization Support Council, and the Business Revitalization Fund to support revitalization of 11 hotels and inns in tourist regions of the entire prefecture, taking a broad approach rather than helping one inn at a time, in order to revitalize this key local industry. (Bank: Fukuoka Local Finance Branch Bureau Jurisdiction)

○ In order to support SMEs whose fundraising was affected by bankruptcies of regional financial institutions, all credit unions within the prefecture formed a joint fund for broad revitalization. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

○ Emphasizing the development of new industries that make use of special regional characteristics, provided aggressive and focused support with the objective of enabling faster and more solid growth for new businesses. (Credit Association: Kanto Local Finance Bureau Jurisdiction)

(Further Utilization of Various Business Revitalization Methods)

○ In cooperation with government affiliated financial institutions, supported M&A with major central manufacturers for manufacturers within the prefecture who had business difficulties, yet had high levels of technology. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ In order to support recovery of good credit and normalize transactions with financial institutions, after using non-bank bridge financing to have them repay revitalization debt and conclude civil rehabilitation, regional financial institutions replaced the non-banks with joint financing. Also, supported creation of post civil rehabilitation business plans by coordinating with financial institutions and providing management consultants at the time of completion of civil rehabilitation. (Bank, Credit Union: Tohoku Local Finance Bureau Jurisdiction)

○ Set up a “Business Revitalization Monitoring Committee” to periodically check on the business status of companies that had received financial support such as debt forgiveness, and began to follow up periodically on progress of revitalization plans. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Among financing support methods for the companies undergoing rehabilitation, which are trying to strengthen their profitability, conducted Asset Based Lending (ABL) requesting private companies that have a wealth of know-how to evaluate companies incorporating a business strategy to establish their own brand and differentiate themselves from competitors within their industries and to take the value of their product inventories into consideration. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Created a business revitalization support manual for customers, selected special supported companies by each branch for its use, and implemented support based on the



manual. Created a DIP finance manual, and applied DIP financing to one company. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ As part of business conversion, which is one of the measures to support client companies in the construction industry, worked with experts such as construction industry support advisors from the Ministry of Land, Infrastructure, and Transport including Industries Creation Organization and conducted M&A to achieve business revitalization. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Created revitalization plans utilizing a company reconstruction fund and sale of business in cooperation with the SME Revitalization Support Council, government affiliated financial institutions, and fund management companies as a scheme to revitalize hot spring inns, and revitalized a hot spring inn and hotel group company. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Set up a project team to help leverage companies located in regions that are slowly recovering, examined revitalization possibilities for companies using SWOT analysis and other methods, and worked to revitalize companies using hands on methods. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Cooperated with the SME Revitalization Support Councils to support revitalization of a number of tourist related companies using a revitalization fund. Also was the first in the nation to complete a company reconstruction using regional revitalization funds from the Organization for Small and Medium Enterprises and Regional Innovation, JAPAN (SMRJ). (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Utilized the collateral right termination request system and provided its necessary funding through DIP financing for a company that had applied for civil rehabilitation, as engaged in competing sales by secured party owned of branch stores essential for continuing in business. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Established a SME revitalization fund with investments from regional financial institutions (all financial institutions within the prefecture (banks, credit unions)) and SMRJ and began business revitalization using the fund. (Bank, Credit Union: Okinawa General Bureau Jurisdiction)

○ Revitalized insolvent inns using the revitalization scheme that can be called a pre-packaged bankruptcy that combined sales of business and bankruptcy. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

○ Provided exit financing, a form of DIP financing, for companies undergoing management reconstruction. (Credit Associations: Kanto Local Finance Bureau Jurisdiction)

(Establish the System for Business Revitalization)

- Created a collection of examples of revitalization to expand disclosed information on the results of revitalization support and to share revitalization know-how. Continuing to organize information and data on new revitalization projects for fulfill collection of examples. (Bank: Kyushu Local Finance Bureau Jurisdiction)
- Supported efforts to improve financial condition and revitalize business during a construction period, forecasting the business condition after the completion of large scale construction. (Credit Union: Hokuriku Local Finance Bureau Jurisdiction)

(4) Promoting financing that does not depend on Excess Collateral or Guarantees

(Promoting Loans without Excessive Reliance on Collateral and Guarantees)

Promoting Loans Secured by Chattel or by Intellectual Property

- Developed and applied a form of joint financing secured by process of production and selling of vegetables (*komatsuna*, Japanese mustard spinach). (Bank: Hokkaido Local Finance Bureau Jurisdiction)
- Regional financial institution set up its own loan in the form of Asset Based Lending (ABL) secured by all-in-one package of product inventory (Maezawa beef, production equipment, special vehicles, shark fins) and accounts receivable. (Bank: Tohoku Local Finance Bureau Jurisdiction)
- Worked jointly with government-affiliated financial institutions, provided ABL secured by all-in-one package of product inventory (glass products, accessories, specialty pork products, fish cakes, teriyaki sauce) and accounts receivable. (Bank: Tohoku Local Finance Bureau Jurisdiction)
- Provided ABL secured through frozen tuna to meet marine product processing industry's volatile funding needs, which buy frozen tuna by the boatload. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Provided loans secured through intellectual property, including software trademarks and program copyrights. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Began handling loans secured through equipment, including mechanical equipment and vehicles, in cooperation with a major leasing company. (Bank: Kanto Local Finance Bureau Jurisdiction)
- Established a specialized section to strengthen response to new products such as syndicated loans and products using advanced financial techniques, and made a broad

range of proposals to client companies to diversify their funding methods. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Provided loans secured through a professional sports team's trademark, a technology patent for an agricultural implement, and rice-growing rights. (Bank: Kinki Local Finance Bureau Jurisdiction)

○ Established a "CSR private placement bonds" system for companies that manage their businesses in consideration of the environment. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Provided loans secured through intellectual property in cooperation with government affiliated financial institutions. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Provided syndicated loan ABL secured through inventory and accounts receivable for the regional marine product processing industry in cooperation with the Shoko Chukin Bank. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Began handling "commercial vehicle purchase loans", which are loans secured through chattel such as commercial vehicles including trucks, in cooperation with a leasing company. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Introduced a "transaction guarantee backed by equipment" system in cooperation with a leasing company, utilizing a chattel transfer registration system for SMEs that own insufficient real estate, allowing them to receive loans secured through machine tools, printing equipment, construction equipment, etc., which have a market price in the secondhand market. (Bank: Fukuoka Local Finance Branch Bureau Jurisdiction)

○ Began selling an unsecured non-third party guaranteed product to companies utilizing covenants to secure loans based on a review of financial product summaries. (Credit Union: Tokai Local Finance Bureau Jurisdiction)

○ Began selling loan products secured through accounts receivable as a mortgage by transfers which do not require guarantees by representatives or third parties or real estate collateral. (Credit Union: Kinki Local Finance Bureau Jurisdiction)

○ Began employing the credit insurance system, a new form of loan by central cooperative financial institutions which is secured through chattel. (75 out of 287 credit unions nationwide)

○ Built a system to provide loans using asset evaluation of machine tools and other equipment. (Credit Union: Kinki Local Finance Bureau Jurisdiction)

○ Six credit unions within the prefecture cooperated and began operating a loan system for corporate members and tax accountant related companies, supporting clients with

even lower interest rate financing. (Credit Union: Chugoku Local Finance Bureau Jurisdiction)

(Approach to Liquidation of Loans and Diversification of Funding Methods, etc.)

○ Provided loans, in cooperation with government affiliated financial institutions, for prescription pharmacy companies, secured by prescription compensation obligations and prescription medicine inventories. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ In order to support regional SMEs' recruiting and training (expenses related to hiring new graduates, etc.) from a financial perspective, developed and launched low interest loan products for companies that do not require collateral or third party guarantees. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

○ Thorough follow-up by headquarters on changes to guarantee contracts along with guarantee system changes including comprehensive revolving guarantee contracts. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Began handling collaboration loans that do not require collateral or third party guarantees, utilizing "SME accounting checklists" and "attached document system" based on cooperation with corporate association and tax accountant association. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Began handling business loans for farmers using credit scoring models. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ Revised rules for guarantees for proper financing, and decided not to secure uniform third-party guarantees. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ Re-established the key review period for existing comprehensive revolving guarantee contracts and dealt with the non-compliant clients. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ Arranged a broad-ranging syndicated loan with four credit unions from other prefectures, and expanded a funding method to meet client companies' needs for companies engaged in nationwide business. (Credit Union: Chugoku Local Finance Bureau Jurisdiction)

○ Made efforts to provide loans using contracts received public works expense as a proxy and transfer contracts of claims of private constructions. (Credit Union: Kyushu Local Finance Bureau Jurisdiction)

○ As municipal hospitals have closed due to financial difficulties, provided unsecured loans to open facilities to be used as clinics focusing on home medical care to meet

regional needs for an aging population. (Credit Associations: Tohoku Local Finance Bureau Jurisdiction)

○ Developed an original loan product utilizing regional Industrial Advancement Center's SME technology evaluation system and manufacturing cluster council's technology evaluation business. (Credit Association: Kinki Local Finance Bureau Jurisdiction)

○ Newly established a "loan system secured by accounts receivable transfer" for the credit association members that have accounts receivable as subcontractors to specific companies, as a means to diversify fund raising by SMEs. (Credit Association: Fukuoka Local Finance Branch Bureau Jurisdiction)

○ Developed business loans that in principle do not require collateral or third party guarantees, using credit scoring models, and in cooperation with five local chambers of commerce and the societies of commerce and industry, promoted low interest rate loans only for members. (Credit Association: Kyushu Local Finance Bureau Jurisdiction)

(5) Developing a System of Explanation to Customers; Strengthening Functions to Deal with Consultations and Complaints

○ In order to prepare for quick responses to complaints and problems related to proactive involvement by upper management, established a "Customer Service Improvement Committee" directly controlled by managers to study measures to prevent reoccurrence. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

○ Newly made a "CS Information Card" to receive suggestions and requests other than complaints to share information, and started up a headquarters interdepartmental CS study group. Also established a CS promotion section to develop the CS improvement promotion system. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ In order to explain loan transactions to customers in integrated and easily understood at operating branches, DVD players have been set up at all branches, and explanations of all types of contracts such as housing loans have been distributed. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Revised interest rate change procedures, and required that contracts with clients be changed by documentation. At the same time, created Q&A for important matters when interest rate changes are negotiated. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Greatly reduced the documentation required from customers when financing, based on requests from users and operating branches. (Credit Union: Tokai Local Finance Bureau Jurisdiction)

○ Full-time executives became involved in and resolved complaints or inquiries directly and informed members of the association of the content and response of the cases for DM after the content was examined by the board of managing directors. (Credit Associations: Fukuoka Local Finance Branch Bureau Jurisdiction)

#### (6) Developing Human Resources

○ In order to improve examination skills by industry, the loan examination department created reports on the main points of examinations by industry and on industry trends, and distributed them to operating branches. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Fostered bank personnel with high skill to understand company conditions by assigning them for long-term training in other industries. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ In order to foster personnel who can accurately perceive foreign exchange requirements, conducted a foreign exchange study group where personnel from the international department and others lecture. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Improved judgment capability by introducing a training system that specializes in company improvement support business. (Credit Union: Tokai Local Finance Bureau Jurisdiction)

○ Send personnel to client companies to provide on-the-job training and utilize that which they have learned in their duties. (Credit Association: Kanto Local Finance Bureau Jurisdiction)

## II Examples of Efforts to “Strengthen Management Capability”

### (Enhancing Risk Management)

○ In order to enhance risk management procedures by taking into account advanced operational risk methods, and to further reduce potential risk, established and revised rules for operational risk, and at the same time implemented RCSA (Risk Control Self-Assessment), and established an operational risk reduction program based on those results. (Bank: Kanto Local Finance Bureau Jurisdiction)

### (Strengthening Governance)

○ Clarified in writing the tasks and disclosure process for creating financial reports, confirmed its application using a “checklist” which describes each departments’ workflow in writing, and required an “internal confirmation document” from the head of

each department. By doing this, the responsible person and department are clarified and a confirmation document is attached to the financial report. Furthermore, introduced consultations by external experts to ensure that these are properly conducted. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Held business report meetings for regional customers four times in November, and issued questionnaires. The questionnaires are reported in meetings including the general employee representatives meeting. As such, the opinions of users are reflected in the business through meetings other than the ordinary employee representatives' meetings. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

○ In order to strengthen corporate governance, the functions of the general employee representative meeting (number and term of representatives, list of names of representatives, representative election rules) are published in the disclosure journal, to deepen user understanding. In addition, officers participate in the member support associations in each region so as to listen to ideas and requests. (Credit Associations: Hokkaido Local Finance Bureau Jurisdiction)

#### (Strengthening Compliance)

○ Created a compliance manual for internal controls in accordance with securities operation, Deposit Insurance Law, and the Whistleblower Protection Act. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ In order to provide thorough notification and understanding of correct management and handling of customer information, created a video entitled "Preventing Leaks of Customer Information" which includes examples of internal problems, and distributed it to operating branches. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Distributed study materials pertaining to insider trading rules and conducted internal training for employees including part time employees in departments and operating branches. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ In order to achieve thoroughly rigorous operation, began system management (system check and ledger restoration) to discover transactions with organized crime and to report suspicious transactions. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Introduced a system to prevent erroneous FAX transmissions to prevent the leakage of customer information. (Bank: Shikoku Local Finance Bureau Jurisdiction)

○ Installed a function capable of printing the names of printer users with watermark letters to the bank's internal LAN PCs, strengthened limits on bringing in private items, and decided to make the ledger completely digital. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ As the region is one characterized by a high rate of aging, a pension and asset deposit group was formed at the headquarters, encompassing 5% of all employees, and they are to accompany branch sales personnel when they visit customers to implement thorough measures to respond to customers' needs. (Credit Union: Hokuriku Local Finance Bureau Jurisdiction)

○ Created the "One Message Hotline" poster, posted it in all operating branches and notified all employees in September 2005 to promote use of the hotline that is a part of the internal whistle-blower system, which was implemented in July 2005. (Credit Associations: Chugoku Local Finance Bureau Jurisdiction)

#### (Strategic Utilization of IT)

○ Developed stock management software in cooperation with a regional university (software that assembles a portfolio of stock investments that would be expected to provide a stable return based on share price and investment performance). (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Introduced a knowledge navigation system to improve customer service and quality of business, by collecting, making visible and sharing the large amounts of information that veteran employees possess as individual know-how or that had been put in written form but dispersed. (Bank: Kyushu Local Finance Bureau Jurisdiction)

○ Introduced the video telephone consultation service first of the credit union industry, thereby increasing user convenience through the utilization of IT. (Credit Union: Kanto Local Finance Bureau Jurisdiction)

### III Examples of Efforts to "Enhance Convenience for Regional Users"

#### (Vitalizing Regions, Promoting Redevelopment, Fostering and Supporting Regional Industries)

○ To achieve revitalization of regional industry overall which will be led by shifting the approach of revitalization from "point (company-to-company)" to "broad", listed clients with high need for revitalization and reconstruction, and structured and implemented concrete revitalization schemes in cooperation with government and other financial institutions. 1- Revitalized tourist region as a single unit, 2- revitalized the urban center redevelopment association, 3- revitalized companies with a high level of public interest. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Financed real estate liquidation projects using an "Urban Residence Revitalization Fund" to promote regional revitalization including urban revitalization measures. (Bank: Kanto Local Finance Bureau Jurisdiction)



○ As part of the Challenge Support Region Model Project worked cooperatively by the prefecture and the Cabinet Office, then took charge in holding lectures for mothers raising children, and provided opportunities for them to understand the occupation such as visits to the workplace and informal talks with employees. (Bank: Kanto Local Finance Bureau Jurisdiction)

○ Participated as a supporting company in a child raising foundation as a support measure of child raising as birth rates decline, and offered preferential interest rates to households with two or more children for housing loans, educational loans and car loans. (Bank: Hokuriku Local Finance Bureau Jurisdiction)

○ Arranged project financing as a main provider for local hospitals and industrial waste disposal facilities, etc., as a part of a local PFI project. (Bank: Chugoku Local Finance Bureau Jurisdiction)

○ Established a housing loan center in Tokyo to enhance convenience for people wanting to move into the prefecture from elsewhere. Began handling housing loans for people moving into the prefecture from elsewhere. (Bank: Okinawa General Bureau Jurisdiction)

○ Implemented “regional group awards” with a monetary prize to award groups that were actively involved in regional activities every year in cooperation with groups related to town building, to revitalize the region, and have awarded eight groups to date. (Credit Association: Kanto Local Finance Bureau Jurisdiction)

○ Established an “Urban Policy Division” within our Association, and began to engage in various town development with the city. Sponsored business startup seminars, “Second Establishment of New Business and Management Innovation School,” and implemented informal discussion meetings with next generation managers. (Credit Association: Kanto Local Finance Bureau Jurisdiction)

○ Established a “Regional Contribution Committee” with the Director as committee chairman, and are studying revisions and enhancements to the contents of regional contributions. Collecting information in cooperation with cities and chambers of commerce pertaining to regional business planning, and building a cooperative structure from a financial standpoint. (Credit Associations: Shikoku Local Finance Bureau Jurisdiction)

#### (NPO Support)

○ Developed products combining “Regional Currency” and our bank’s “Time Deposit” to support activities of NPOs, and provided bridge financing to NPOs (NPO loans). (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Began to handle support fund products to support NPO activities, in efforts to invigorate the region. (Credit Union: Chugoku Local Finance Bureau Jurisdiction)

(Responding to Regional Needs)

○ Established a special consultation desk to offer financial management consultation on holidays and in the evenings to meet the diversifying lifestyles of our customers. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

(Economic and Financial Education)

○ In order for the children who will lead the subsequent generation (elementary, middle and high school students) to gain financial knowledge, sponsored seminars in cooperation with other banks for elementary school students in Hokkaido, and worked on providing various financial education in cooperation with economic and financial education promotion institutions. (Bank: Hokkaido Local Finance Bureau Jurisdiction)

○ Supported entrepreneurial education projects in local middle schools designated in the prefecture's "Entrepreneurial Education Model School". The middle schools established "companies," created business plans and received actual financial examinations, and sold their "company products," and through these experiences they learned about management and money. (Bank: Tohoku Local Finance Bureau Jurisdiction)

○ Cooperated with regional commercial broadcasters to create and broadcast informative television shows where bank employees introduce asset management products and their characteristics in an easily understood format. (Bank: Tokai Local Finance Bureau Jurisdiction)

○ Assigned two employees to local high schools and held "Financial Education Delivery School" for 280 first year students. Received middle school students and provided an "experience and learn workplace" program as part of general education for middle schools. Held workshops for university graduate students. (Credit Union: Tohoku Local Finance Bureau Jurisdiction)

○ Offered internships to students within the credit union commercial jurisdictions and implemented the "experience and learn workplace" program to deepened their understanding of the importance of money and financial institutions' work. (Credit Unions: Hokkaido Local Finance Bureau Jurisdiction, Tokai Local Finance Bureau Jurisdiction)

○ Received company visit and implemented both parent and child work-study program intended local elementary schools, implemented one-day work-study program experienced as a branch manager to deepen their understanding of the work and structure of financial institutions. (Credit Associations: Kanto Local Finance Bureau Jurisdiction, Tokai Local Finance Bureau Jurisdiction)

(Creating Branches that are Convenient for Users, and Issuing Useful Information, etc.)

- Implemented standing operations (bank employees remain standing while working at the counter) to speed up and make operations more efficient aiming to reduce customer waiting times (Bank: Tohoku Local Finance Bureau Jurisdiction)
- In order to provide financial support for companies that are working to balance both work and child-rearing or care-giving to the elderly for its employees, we developed a system to provide low interest loans for operational and facilities funds necessary to build a workplace that makes it easier to take time off for child-rearing and care-giving, and to return to work. (Bank: Chugoku Local Finance Bureau Jurisdiction)
- Based on results of user satisfaction questionnaires, we began handling new products such as various loans including welfare loans, and personal pension insurance. (Credit Associations: Tokai Local Finance Bureau Jurisdiction)

(Survey on User Satisfaction)

- Announced main improvements based on the responses from “customers’ comments” in the mini-disclosure journal. (Bank: Kanto Local Finance Bureau Jurisdiction)

End