

Special
Feature

Structured Finance Initiatives

We are concentrating efforts on structured finance initiatives as a main pillar of our corporate consulting operations. Since we first started participating in project finance for PFI projects in 2002, we have achieved top-tier results among the regional banks.

Message from Director in Charge

We will contribute to the development of regional companies and the regional economy with services that meet the needs of the times

Yutaka Arakida
Managing Executive Officer



PFI business has grown into the top tier of regional banks

The Corporate Consulting Division consists of three divisions: the Consulting Section, the Structured Finance Section, and the Business Succession and M&A Support Section. The main consulting services it provides include support for startups and new businesses, support for business matching, a wide variety of financing proposals, and support for M&A and business succession. Corporate solutions fees in fiscal 2023 amounted to 2,979 million yen, about 30% of which was related to structured finance.

In the structured finance area, steady growth is being achieved in project finance for PFI projects. In 2002, not long after the PFI Act was enacted in 1999, Hyakugo Bank began working on PFI projects ahead of other regional banks, participating in project finance for a qualified project for a complex containing a library and other public facilities in Kuwana City, Mie Prefecture as a participating financial institution.

Since then, we have gradually built up a track record and accumulated expertise, and we have earned trust in our efforts in all aspects of projects, from arrangement to monitoring. In recent years, we have been involved in PFI projects in diverse fields in various parts of Japan, including the Nagoya Regional Government Building No. 4 and a sports complex in Shunan City, Yamaguchi Prefecture. As of March 31, 2024, the cumulative total of PFI loans amounted to 98.5 billion yen. We have participated in a total of 66 projects, serving as arranger for 37 of those projects. This is a top-tier track record among the regional banks. Project finance for PFI projects is an activity that also contributes to solving regional issues, and we will continue to actively promote it in the future.

Advancement of sustainable finance
Proposal of evaluation report in video format in a first for Japan

The Bank has been a provider of Positive Impact Finance (PIF) since 2021. PIF is a type of financing in which the Bank makes a comprehensive assessment of the economic, social, and environmental impact of a customer's corporate activities for supporting their efforts to increase positive impact and mitigate negative impact. One of its features is that the Bank, together with the customer, sets the degree of those activities' contribution to the achievement of the SDGs as a key performance indicator (KPI) and monitors their performance on a regular basis, thus helping customers to enhance their corporate value.

The PIF evaluation report is usually prepared in written form and disclosed on the Bank's website, etc. However, at the customer's request, the Bank proposed the adoption of "an evaluation report in video format," presenting a message from the customer's top management and the details of the business on video. This was an original idea devised by the Bank in a Japan first. The disclosure of this evaluation report also helped to improve the image of the company engaged in sustainable management, and the evaluation report video, which sought to be effective as PR, has been well received by the customer. We have also received a great deal of feedback about this evaluation report from other customers of the Bank and from other banks. By making more customers aware of this initiative as one of the solutions that we offer, we will continue to contribute to the realization of a sustainable society.

First in Japan! Positive Impact Finance project issues evaluation report in video format

In December 2023, the Bank worked on PIF, releasing its "PIF evaluation report" in video format in a first for Japan. We asked Mr. Toshikatsu Kawada, President of Kawada Feather Co., Ltd., which actually concluded the PIF loan agreement, about the background of the conclusion of the loan agreement, its effects, and other topics.

Customer Interview

Kawada Feather Co., Ltd.



Mr. Toshikatsu Kawada
Representative Director,
Kawada Feather Co., Ltd.

Corporate Profile

Capital: ¥43.2 million
(Head Office) 1-31, Kusanagicho, Nakamura-ku, Nagoya City, Aichi Prefecture
(Meiwa Factory) 3255, Yamaoyodo, Meiwa-Cho, Ta-ki-Gun, Mie Prefecture
Business description Purchase, processing, recovery processing and sales of raw down and feathers, collection of used down products, production of down comforters



Available on Hyakugo Bank's Official YouTube Channel
Positive Impact Finance Evaluation Report - Kawada Feather Co., Ltd.



■ Motivation and Driving Force

Environmental issues are a corporate responsibility

Kawada Feather Group, a manufacturer of down and feathers, considers the achievement of the highest quality of down to be its most important mission. Down can only be collected from waterfowl raised for meat. In other words, the circumstances in which waterfowl are farmed is linked directly to the quality of the down. However, with the growing demand for cheap meat worldwide, fowl are being farmed for shorter periods, which means that there is progressively less down of good quality being produced. In addition, since around the 1990s, changes in the natural environment, such as heavy rainfall and intense heat, have caused a decline in waterfowl numbers. There may come a day when we can no longer harvest down...Through my work, I witnessed these various problems that are becoming increasingly serious, and I realized that we needed to embark on recycling activities. At that time, recycling was not accepted by the Japanese, but I was encouraged by the concepts of corporate citizenship*1 and noblesse oblige*2 that have taken root in the West, and I decided to use our capabilities as a company to effect change, starting with our own surroundings, that is, to use our powers for the sake of the environment.

■ Our Vision

“Recirculation of down” that only we can achieve
Our aim is to create a society where down can be recycled for more than 100 years

Deciding to build a new factory, I launched a nationwide search for a source of water that would help recover damaged down. In the course of that search, I found that Meiwa-cho, Taki-gun, Mie Prefecture had the ideal environment for recycling, with abundant ground water that was extremely soft and had strong reduction power. It was also not prone to high temperatures and humidity all year round. When considering environmental issues as a company, we reached the conclusion that recirculation, or recycling of down was something that only we could achieve. Down is durable and can be used for more than 100 years, so we aim to create a society in which it can be recycled in a favorable environment with our technological capabilities.



■ Positive Impact Finance (PIF)

Belief that “a picture is worth a thousand words” proves highly effective

I chose Hyakugo Bank's PIF because it looked interesting (laughs).

Contracts of this kind are usually concluded completely in writing, but I am convinced that, in all things, “a picture is worth a thousand words.” It is something that I tell my own employees.

The element of surprise of a video evaluation report resonated with me, and I immediately decided not just to cooperate, but to actively participate in the initiative. In fact, the video evaluation report received a flood of responses, and it was even more effective than I expected. The fact that the video was shot by a famous filmmaker and that it was the first of its kind in Japan have become topics of conversation at our company. It has been well received as it gives our employees a renewed understanding of what we do. Outside the company, we are also using it in our business negotiation materials. The glimpse that the video offers of the deepest inner workings of our factory, which are not usually visible, has been very popular.

It has the highest number of views on our official YouTube channel and new customers have come to us after watching the video. I hope that our example of video-format reports will spread nationwide in the future.

■ Expectations of Hyakugo Bank

I was born and raised in Nagoya, but I have lived in Mie since we established the new factory. For this reason, I see Hyakugo Bank as my local bank. Accordingly, I hope that the Bank will provide the kinds of uniquely local services and information that the mega-banks cannot offer.

In fact, the Bank is even now offering us specific proposals regarding processes and methods for achieving the targets set out in the PIF. Our issue is the fact that 90% of down is thrown away and incinerated. We have been visiting local governments nationwide to make them aware that down can be recycled, but collection volumes have not increased. Our challenge is to do something about this. I hope to work with the Bank to resolve these kinds of issues.

*1 Corporate citizenship: The idea that a company is an element of society just like citizens and that it should bear a commensurate burden.

*2 Noblesse oblige: A term that combines the French words “noblesse” (nobility) and “oblige” (to have an obligation). It means that holding financial power, authority, and social status is accompanied by responsibilities. It is a basic sense of morality that has penetrated Western society that holds that persons of higher status have social responsibilities and duties that they must fulfill accordingly.