

2005

ANNUAL REPORT 2005

April 2005-March 2006



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 DICJ's activities from April 2005 to March 2006.

Message from the Governor



This Annual Report presents an operational overview of the Deposit Insurance Corporation of Japan (DICJ) for FY2005 after the removal of the blanket guarantee (re-introduction of the limited coverage) came into effect on April 1, 2005.

First, I would like to review the key operations of the DICJ. In order to maintain and improve the failure resolution framework for the protection of depositors, the DICJ accepted the actual sets of data submitted by financial institutions to verify their performance — specifically on how financial institutions manage and maintain depositor's name-based aggregation databases and systems. In addition to this, the DICJ dispatched officers to financial institutions to conduct on-site inspections. Meanwhile, as for depositors, the DICJ has been active in promoting public awareness, disclosing information particularly about the system under limited coverage through lectures, articles in financial journals, our website, and the mass media.

With regard to the resolution of failed financial institutions, there was no case of new failure in FY 2005; consequently, no financial assistance was extended to facilitate resolution, which enabled the DICJ to further accelerate the disposal of past failure resolutions. The DICJ also has been making continued efforts to collect non-performing loans purchased from failed financial institutions through the Resolution and Collection Corporation, which is a DICJ subsidiary, while the DICJ itself has actively exploited corporate revitalization techniques and implemented the liquidation and securitization of non-performing loans. In the course of such activities, the DICJ conducted asset investigations to reveal hidden assets of debtors and further pursued civil liability of the executive management of failed financial institutions.

Concerning capital injections into financial institutions, the repayment of capital which had been injected under the Early Strengthening Law has been fostered.

In the area of international cooperation activities, the DICJ has provided Asian countries with technical assistance mainly for the establishment of a deposit insurance system, and organized the “DICJ Round Table” for better international exchange of experiences and knowledge. In addition, the DICJ issued the journal, “Deposit Insurance Review,” to share the results of research and study the DICJ has conducted.

Regarding financial affairs, the cumulative deficit of general accounts fell because there was no failure resolution of financial institutions newly arisen in this year. However, the situation still remains difficult.

In this way, from the aspect of “flow,” the DICJ has taken the necessary steps to strengthen the organization in order to properly deal with moderate contingencies of the new normal period covered under limited coverage. From the aspect of “stock,” meanwhile, the DICJ has striven to ensure proper and efficient dispositions of failure cases through the investigation of holding assets or credit/debt, or the pursuit of liability. In the future, paying attention to dealing with crises which could possibly occur, we will do our utmost to review the present status of the organization, improve our organizational capability and rationalize our operations on a routine basis; hence pursuing the goal of contributing towards revitalization of the financial sector.

On the occasion of publication of this Annual Report, I would like to convey my sincere hope that this report will be helpful in facilitating a more in depth understanding of the DICJ's mandates and operations, and for us to gain your support for the activities of the DICJ.

Shunichi Nagata

Shunichi Nagata
Governor

Deposit Insurance Corporation of Japan Annual Report 2005

CONTENTS

DICJ AT A GLANCE	i
Profile	i
(1) Objective.....	i
(2) History	i
(3) Membership.....	ii
(4) Governance.....	ii
(5) The DICJ Group	iii
Operations of the DICJ	iv
(1) Collection of Insurance Premiums	iv
(2) Reimbursement of Insured Deposits and Other Monies.....	iv
(3) Financial Assistance	iv
(4) Purchase of Deposits and Other Claims	v
(5) Tasks of Financial Administrators.....	v
(6) The Operations of Bridge Banks	v
(7) Response to Financial Crisis	vi
(8) On-site Inspections of Financial Institutions	vi
(9) Purchasing Assets from Sound Financial Institutions	vi
(10) Subscription of Shares, etc. of Financial Institutions	vi
(11) Guidance and Advice to the RCC	vi
(12) Investigation and Accusations in Pursuit of Managerial Liability	vii
Activities Summary of FY2005	vii
(1) Maintenance and Improvement of Failure Resolution Framework for the Protection of Depositors	vii
(2) Proper and Steady Disposal of the Past Failure Resolutions.....	viii
(3) Proper Execution of Capital Injection and Operations related to Asset Purchase from Sound Financial Institutions	viii
(4) Asset Investigations and Pursuit of Liability.....	ix
(5) Financial Affairs	ix
(6) International Cooperation and Research & Study Activities related to Deposit Insurance.....	ix
Tables & Figures	xi
(1) Outline of Deposit Insurance System	xi
(2) Historical Development of Deposit Insurance System.....	xii
(3) Development of Special Measures for Contracted Banks, Specified Contracted Banks and Claim Resolution Companies	xiv
(4) Failure Resolution Scheme under the Limited Coverage.....	xvii
(5) Scheme of Financial Assistance	xviii
(6) Capital Injection Schemes for Financial Institutions based on the Financial Function Strengthening Law	xix
(7) System of Liability Pursuit.....	xxii

(8) Relationship between the DICJ and the RCC Concerning Collection Operations.....	xxiii
(9) Major Events of the DICJ after Year 1996.....	xxiv
(10) Policy Board Meetings (in FY2005)	xxxiii
(11) Policy Board Members and DICJ Officials, etc. (as of August 31, 2006)	xxxiv
(12) DICJ Organization Chart (as of July 1, 2006)	xxxv

I. OPERATIONAL HIGHLIGHTS IN FY 2005 1

1. Maintenance and Improvement of Failure Resolution Framework for the Protection of Depositors	1
(1) Promoting Preparation for the Depositors' Name-based Aggregation Database and System	1
(2) On-Site Inspections	2
(3) PR Activities to Ensure Public Awareness of the Deposit Insurance System.....	2
(4) Failure Resolution System under Limited Coverage.....	4
2. Proper and Steady Disposal of Past Failure Resolutions	5
(1) Management and Recovery of Assets Purchased from the Failed Financial Institutions	5
(2) Operations Related to Banks under the Special Public Management	8
(3) Operations Related to Banks under the Special Crisis Management	9
3. Proper Execution of Capital Injection and Operations related to Asset Purchase from Sound Financial Institutions	9
(1) Management and Disposal of Shares Subscribed through Capital Injection	9
(2) Purchase of Assets from Sound Financial Institutions, etc. and Management and Disposal.....	11
4. Asset Investigations and Pursuit of Liability	12
(1) Asset Investigations.....	12
(2) Pursuit of Criminal Liability.....	13
(3) Pursuit of Civil Liability.....	13
5. Financial Affairs	14
(1) Financial Conditions.....	14
(2) Funding.....	15
(3) Setting the Insurance Premium Rate	17
6. International Cooperation and Research & Study Activities related to Deposit Insurance	18
(1) International Cooperation.....	18
(2) Strengthening Research & Study.....	21

II. FINANCIAL RESULTS 22

1. General Account	22
2. Crisis Management Account	22
3. Financial Reconstruction Account	22
4. Early Strengthening Account	23
5. Jusen Account	23

6. Industrial Revitalization Account	24
7. Financial Function Strengthening Account	24

III. ABOUT THE DICJ

1. Establishment & Roles	25
2. Policy Board	25
3. Liability Investigation Committee	26
4. Purchase Price Examination Board	26
5. Divestment Examination Board for Preferred Shares etc.	26
6. Performance Appraisal Committee	26
7. Operations of Departments	27
8. Organizational Changes	28
9. Resolution and Collection Corporation (RCC)	28
10. The Second Bridge Bank of Japan	28
11. Industrial Revitalization Corporation of Japan (IRCJ)	29

IV. DEPOSIT INSURANCE SYSTEM

1. Insured Financial Institutions	30
2. Insured Deposits, etc.	30
3. Scope of Deposit Protection	30
4. Protection of Settling Obligations	30
5. Insurance Premiums	31
6. Resolution of Failed Financial Institutions	32

V. APPENDICES

1. Operational Results	35
(1) Financial Assistance, etc.	35
(2) Capital Injection Operations to Financial Institutions	48
Table 1. List of Capital Injection Operations Pursuant to the former Financial Function Stabilization Law....	48
Table 2. List of Capital Injection Operations Pursuant to the Early Strengthening Law	49
Table 3. List of Capital Injection Operations Pursuant to the Financial Reorganization Promotion Law	51
Table 4. List of Capital Injection Operations Pursuant to the Deposit Insurance Law (Response to Financial Crisis)	51
(3) Asset Purchases, etc. under Article 53 of the Financial Revitalization Law	52
(4) Arrests, Accusations and Complaints	53
(5) Pursuit of Civil Liability via Litigation and Conciliation	54

(6) Collection Performance of the RCC.....	54
(7) Condition of Corporate Revitalization Cases of the RCC.....	55
(8) Capital Injection of Financial Institutions	56
(9) Number of On-Site Inspections Implemented.....	58
(10) Outline of Funding of the DICJ (FY2006).....	59
Table 1. Outline of Funding Program by Account.....	59
Table 2. Outstanding Balance of Funds Raised in Each Fiscal Year.....	60
(11) Visits Paid and Received in Relation to International Operations	60
2. Financial Statement	62
(1) General Account.....	63
(2) Crisis Management Account	66
(3) Financial Reconstruction Account	68
(4) Early Strengthening Account	70
(5) <i>Jusen</i> Account	72
(6) Industrial Revitalization Account.....	74
(7) Financial Function Strengthening Account.....	76
3. Statistical Tables	78
Table 1. Income and Expenditure	78
Table 2. Insured Deposits and Deposit Insurance Fund.....	79
Table 3. Insured Deposits by Sector of Financial Institutions	80
Table 4. Number of Insured Financial Institutions	81
(Annex 1) DICJ Round Table–Program and Participants.....	82
(Annex 2) International Association of Deposit Insurers (IADI) List of Participants	84

Abbreviation

[Laws]

- the Law Concerning Emergency Measures for Financial Function Stabilization (*the former Financial Function Stabilization Law*)
- the Law concerning Emergency Measures for the Revitalization of the Financial System (*the Financial Revitalization Law*)
- the Law Concerning Emergency Measures for Early Strengthening of Financial Functions (*the Early Strengthening Law*)
- the Special Measures Law for Promotion of Disposal of Claims and Debts of Specific *Jusen* Companies (*the Jusen Law*)
- the Special Measures Law for Promotion of Organizational Restructuring (*the Organizational Restructuring Law*)
- the Special Measures Law for Strengthening Financial Functions (*the Financial Function Strengthening Law*)
- the Law Concerning Exceptions to Reorganization and Bankruptcy Procedure for Financial Institutions (*the Special Corporate Reorganization Law*)

[Accounts]

- 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*)
- Industrial Revitalization Corporation of Japan (*IRCJ*)
- Seven Specific *Jusen* Companies stipulated in the *Jusen* Law (*seven former Jusen companies*)

DICJ AT A GLANCE

Profile

(1) Objective

The objective of the Deposit Insurance Law, as defined in Article 1 thereof, is to protect depositors and other parties, as well as to maintain an orderly financial system: 1) by providing for the payment of deposit insurance claims and the purchase of deposits and other claims in the event that repayment of said deposits, etc., is suspended by a financial institution; and 2) regarding the resolution of failed financial institutions, by providing appropriate financial assistance to facilitate the merger or other resolution of failed financial institutions, providing financial administrators for failed financial institutions, providing for the succession of business of failed financial institutions, and establishing a system for appropriate measures in response to financial crises.

(2) History

The Deposit Insurance Corporation of Japan (DICJ) was established on July 1st, 1971, as an operating agency of Japan's deposit insurance system under the Deposit Insurance Law (Law No.34 of April 1, 1971), following the July, 1970 recommendation by the Financial System Research Committee, an advisory board to the Minister of Finance, which stressed the creation of a system to protect depositors. The DICJ was originally capitalized at ¥450 million (with funding of ¥150 million each from the national government, the Bank of Japan, and private financial institutions). The additional participation of labor banks in July 1986 brought a further injection of ¥5 million. In addition, with funding of ¥5 billion by the government for the *Jusen* Account in July 1996, capitalization now stands at ¥5,455 million.

In the 1990s, accumulated non-performing loans in the financial system following the burst of the bubble economy became a major issue, and a larger number of financial institutions than ever before started to fail. In response, various measures, including the amendment to the Deposit Insurance Law, have been taken, and the role and functions of the DICJ were significantly enhanced in 1996, though its main function remains the protection of depositors. In its new form, the DICJ has been authorized to provide financial assistance in excess of the limit of the pay-out cost for resolution operations involving failed financial institutions, so as to reflect the transition of the deposit insurance framework from limited coverage to a blanket guarantee. The DICJ has been also authorized to collect non-performing loans. The Housing Loan Administration Corporation (the HLAC) was established with 100% capital subscription by the DICJ in order to dispose of the assets of *Jusen* Companies, specific housing loan companies at which the non-performing loan problem emerged.

Subsequent enactment, amendment and abrogation of laws related to the financial system have taken place, including a further amendment to the Deposit Insurance Law in 1997 and the enactment of the Financial Revitalization Law and the Law concerning Emergency Measures for Early Strengthening of Financial Functions ("Early Strengthening Law") in 1998. These laws have allowed the DICJ to take on additional functions related to the resolution of failed financial institutions, including tasks concerning financial administrators and a bridge banks, and capital injection as temporary measures for revitalization of the financial system.

In April 1999, the Resolution and Collection Corporation (RCC) was established as a wholly owned subsidiary of the DICJ through the merger of the HLAC and the Resolution and Collection Bank (RCB), whose main purpose was the resolution and recovery of business transferred from failed credit cooperatives. The main role of the RCC is to achieve quick and efficient collection of non-performing loans using fair and transparent means, and to minimize the use of public funds. The DICJ gives operation guidance and advice to the RCC. Furthermore, through an amendment to the Financial Revitalization Law, the government authorized the DICJ in February 1998 to purchase non-performing loans from sound financial institutions to accelerate the disposal of non-performing loans.

Further amendment to the Deposit Insurance Law turned the temporary functions of the DICJ for the resolution of failed financial institutions under the relevant laws into the permanent functions, as well as allowed it to take on new functions, including on-site inspection, loss and profit sharing, partial purchase and assumption of failed financial institutions and aggregating deposits to facilitate the resolution process.

As seen above, the scope of the role and operation of the DICJ has been enlarged. The DICJ is now one of the key entities for financial system stabilization, mainly handling the process of resolution for failed financial institutions [See Pxii, xxiv, Tables & Figures (2) Historical Development of Deposit Insurance System and (9) Major Events of the DICJ after Year 1996].

(3) Membership

The following institutions, having head offices in Japan, are required by the Deposit Insurance Law to participate in the Deposit Insurance System of Japan.

- Banks as provided in the Banking Law
- Long-term credit banks as provided in the Long Term Credit Bank Law
- Shinkin banks
- Credit cooperatives
- Labor banks
- Shinkin Central Bank
- The Shinkumi Federation Bank
- The Rokinren Bank

Note: Overseas branches of the above financial institutions, governmental financial institutions and branches of foreign banks in Japan are not covered by the system.

(4) Governance

Supervising authorities

The supervising authorities of the DICJ are the Ministry of Finance and the Financial Services Agency. These two authorities jointly oversee the activities of the DICJ.

Governing body

The Policy Board functions as a decision-making body that approves resolutions on important matters regarding the management of the DICJ. It consists of a maximum of eight Board Members together with the Governor and the Deputy Governors of the DICJ. Board Members are appointed by the Governor of the DICJ from persons with experience and expert knowledge in finance. All appointments must be approved by the Prime Minister and Minister of Finance. The Policy Board considers the following matters for approval: 1) amendments of articles of incorporation; 2) the preparation operational guidelines and the approval amendments; 3) the annual budget and financing program, 4) Settlement of Accounts; 5) the insurance premium rate and its change; 6) the payment of deposit insurance or provisional payment thereof; 7) financial assistance; and 8) the purchase of deposit and other claims.

Management of the DICJ

Executive officers (Governor and Deputy Governors) shall be appointed by the Prime Minister subject to the approval of both Houses of the Diet. The Governor shall be responsible for the management of the DICJ.

Organization

The DICJ has the following seven departments and one office under the management of the Governor: 1) the Planning and Coordination Department; 2) the Deposit Insurance Department; 3) the Financial Reconstruction Department; 4) the Special Investigation Department; 5) the Inspection Department; 6) the Treasury Department; 7) the Osaka Operation Department; and 8) the Investigation & Recuperation Office of Legal Affairs. [See Pxxxv, Tables & Figures (12) DICJ Organization Chart (as of July 1, 2006)].

(5) The DICJ Group

The DICJ has established the Resolution and Collection Corporation (RCC) and the Second Bridge Bank of Japan, Ltd. (the 2nd BBJ) as 100% subsidiaries (limited companies). In April 2003, the Industrial Revitalization Corporation of Japan (IRCJ) was established as the third subsidiary of the DICJ.

The Resolution and Collection Corporation (RCC)

The RCC was established as a 100% subsidiary (limited company) of the DICJ through a merger of the Housing Loan Administration Corporation (HLAC)* and the Resolution and Collection Bank (RCB)** on April 1st, 1999, following amendments to the Deposit Insurance Law and the *Jusen Law**** in October, 1998. The purpose of the RCC is: 1) the recovery of loans transferred from former *Jusen* Companies; 2) the purchase and collection of non-performing loans from failed financial institutions; 3) the purchase and collection of non-performing loans from sound financial institutions; 4) the subscribing of shares to enhance the capital adequacy of financial institutions; 5) to acting as a servicer under the license of the Minister of Justice; 6) the subscription of non-performing loans through trusts; 7) the securitization of non-performing loans through trusts; and 8) the creation of corporate revitalization funds that make use of private-sector funding.

* HLAC was established as a 100% subsidiary of the DICJ (capitalization of ¥200 billion) in July, 1996 to prompt the collection of non-performing loans related to *Jusen* companies.

** The RCB was established as a 75% subsidiary of the DICJ (capitalization of ¥120 billion for the DICJ) in September, 1996 to manage and prompt the disposal of non-performing loans transferred from failed credit cooperatives.

*** The Law Concerning Special Measures for the Promotion of Disposal of Claims and Debts of Specific *Jusen* Companies.

The Second Bridge Bank of Japan, Ltd.

The Second Bridge Bank of Japan, Ltd. (the 2nd BBJ) was established as a 100% subsidiary of the DICJ (capital subscription: ¥2.12 billion) with funding approval by the Commissioner of the FSA on February 26, 2004, and acquired a license for banking and secured bond trust businesses on March 8, 2004.

The 2nd BBJ aims at the continuation of temporary operations by taking over insured deposits and sound assets from a failed financial institution which has been placed under the management of financial administrators in case no assuming financial institution is found at the time of failure, and when seeking an assuming financial institution for such operations in order to protect depositors and maintain the financial system.

The period of existence of the 2nd BBJ is, as a rule, limited to within two years from the date of the order for the first financial institution to be placed under management and from which the 2nd BBJ receives the transfer of business (however, a one-year extension is possible).

The Industrial Revitalization Corporation of Japan

The DICJ established the Industrial Revitalization Corporation of Japan (IRCJ) on April 16, 2003 as a fully-owned subsidiary based on the Industrial Revitalization Corporation Law. The IRCJ subsequently increased the capital on May 20, 2003. The DICJ and the Norinchukin Bank are the shareholders.

The IRCJ may purchase corporation claims, by which the IRCJ supports their revitalization, from financial institutions other than their main financing banks at the proper market price considering the feasibility of their revitalization plans in order to collect and coordinate their debt-and-credit related matters. The purpose of the IRCJ is to revitalize the business of such corporations in cooperation with the main financing banks.

Operations of the DICJ

The DICJ undertakes the following operations to achieve the objectives of the law:

(1) Collection of Insurance Premiums

The DICJ collects insurance premiums from insured financial institutions for the operation of the deposit insurance system. The insurance premiums to be paid by the insured financial institutions are calculated by multiplying the average balance of deposits and other claims by insurance premium rates which are determined by the DICJ's Policy Board and approved by the Commissioner of the Financial Services Agency and Minister of Finance [See Pxi, Tables & Figures (1) (ii) Insurance Premium Rates].

Financial institutions covered by the system are obligated to pay insurance premiums to the DICJ within three months of the beginning of each business year (the annual premium amount may be split into two semi-annual payments).

(2) Reimbursement of Insured Deposits and Other Monies

The DICJ may make insurance payment when an insurable contingency, such as the suspension of the repayment of deposits, has occurred. The amount of insurance coverage provided to depositors is: 1) the entire amount protected for deposits for settlement and payment purposes; and 2) a maximum amount of ¥10 million in principal and accrued interests for ordinary deposits, time deposits and other instruments. When a business transfer, etc. from a failed financial institution to an assuming financial institution is conducted, depositors may receive repayment of insured deposits in the same manner as ordinary deposit transactions as long as a payment counter function has been arranged at the assuming financial institution after the DICJ has determined the insured deposit amounts for each depositor through the aggregation of deposits held by the same depositor.

If it is anticipated that insurance payments or the repayment of insured deposits will not be made for a considerable length of time, partial payment measures may be made to cover the immediate living expenses and other costs of depositors of the failed financial institution. As stipulated by Cabinet Order, partial payments are made against the balance of ordinary savings (principal only) of each depositor up to a limit of ¥600,000 per account.

(3) Financial Assistance

When a financial institution fails, the DICJ may extend financial assistance to an assuming financial institution and/or a bank holding company that purchases assets and assumes liabilities of or merges with the failed financial institution in order to facilitate the transaction. The financial assistance may take the form of a money grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred stock or loss sharing [See Pxxviii, Tables & Figures (5) Scheme of Financial Assistance].

Under the blanket guarantee system, financial assistance for business transfer was limited to transfer of the entire business. However, with the transition to limited coverage from FY2001 onwards, financial assistance now remains, in principle, within the scope of the deposit pay-out cost, and mainly concerns cases of partial business transfer, including the transfer of the deposits of failed financial institution that are protected by deposit insurance, sound and other assets to the assuming financial institutions.

In case of the partial transfer of business from failed financial institutions, the DICJ can provide financial assistance to the failed financial institutions to enable them to ensure equality among creditors. Additional financial assistance can be provided, if necessary, in response to application from such institutions. When assuming financial institutions and/or bank holding companies ask the DICJ to subscribe for their preferred and other shares, they are required to submit a business plan to ensure the financial soundness of the institutions. As of March 31, 2006, financial assistance has been implemented in 180 cases, grants totaled ¥18.6 trillion and asset purchases totaled ¥6.3 trillion.

(4) Purchase of Deposits and Other Claims

The DICJ may purchase deposits and other claims not covered by deposit insurance (for example, the principal of insurable deposits in excess of ¥10 million, plus interest accrued thereon, or non-insurable foreign currency deposits, plus interest accrued) from financial institutions that have been subject to an insurable contingency in response to requests from depositors, etc. The purchase price, known as the “estimated proceeds payment”, is to be calculated by multiplying the balance of claims on the date of the insurable contingency by a ratio determined in consideration of the estimated liquidating dividend of the failed financial institution (the “estimated proceeds payment rate”), among other factors.

$$\begin{array}{l} \text{Estimated proceeds payment} \\ \text{(amount paid to depositors)} \end{array} = \begin{array}{l} \text{Amount of principal exceeding} \\ \text{¥10 million, plus interest, etc.} \end{array} \times \begin{array}{l} \text{Estimated proceeds payment rate} \end{array}$$

If the amount recovered by the DICJ from purchased deposits and other claims (excluding expenses related to their purchase) exceeds the estimated proceeds payment, the surplus is to be refunded to the depositors, etc. (“settlement payment”)

$$\begin{array}{l} \text{Settlement payment} \\ \text{(additional amount} \\ \text{paid to depositors)} \end{array} = \begin{array}{l} \text{Amount recovered} \\ \text{by the DICJ} \end{array} - \begin{array}{l} \text{Costs needed for} \\ \text{purchase, etc.} \end{array} - \begin{array}{l} \text{Estimated} \\ \text{proceeds} \\ \text{payment} \end{array}$$

(5) Tasks of Financial Administrators

When a financial institution fails and the Commissioner of the Financial Services Agency issues an “order for management” (i.e., orders that the business or assets of the financial institution be placed under the management of a financial administrator), the DICJ may be appointed as a financial administrator for failed financial institutions under the Deposit Insurance Law (Article 78, paragraph 2 of the Deposit Insurance Law). The key activities of financial administrators are: 1) the execution of operations of failed financial institutions; 2) the selection of assuming financial institutions and the smooth transfer of the business; 3) the pursuit of liabilities against former executives of failed financial institutions.

The management of financial institutions by financial administrators is to end within one year of the management order through transfer of the institution’s business or by other means. Extension by a further year is possible; however, extensions are subject to approval by the Commissioner of the Financial Services Agency [See Pxxvii, Tables & Figures (4) Failure Resolution Scheme under the Limited Coverage].

(6) The Operations of Bridge Banks

The DICJ may establish a bridge bank, as its own subsidiary, which provisionally assumes the business of failed financial institutions under management in order to maintain and continue their operation until a private sector counterpart can be identified and the business transfer transaction is completed.

In principle, a bridge bank is to complete the business transfer transaction of its managing failed financial institution within two years from the date of the management order issued to the failed financial institution whose operations were assumed by the bridge bank. The business transfer can be completed through merger of the bridge bank, transfer of its whole business, transfer of shares, dissolution through resolution at a general meeting of shareholders, or by other means. However, when it is not possible to complete the business transfer within two years due to unavoidable circumstances, the business transfer period may be extended by a one year.

The DICJ may also provide loans to and guarantees for the borrowings of the bridge bank, and compensate for loss incurred in conducting operations, as stipulated in Cabinet Orders [See Pxxvii, Tables & Figures (4) Failure Resolution Scheme under the Limited Coverage].

(7) Response to Financial Crisis

If the failure of a financial institution poses an extremely serious threat to the stability of the financial system and local and/or national economies, the Prime Minister may invoke the provisions of the law and take one of the following measures on the advice of the Financial System Management Council. The DICJ can conduct these operations by order of the Prime Minister.

- 1) Subscription of shares, etc. of financial institutions (except in the case of 2) below) by the DICJ
- 2) Financial assistance to failed financial institutions and/or financial institutions with capital deficit in excess of the payout cost
- 3) Acquisition of the entire amount of shares of failed financial institutions with capital deficit by the DICJ (banks under special crisis management)

In the case of 2), an order for management by a financial administrator is to be issued immediately after the confirmation of the decision for this arrangement. In the case of 3), the FSA would appoint new directors and auditors to the bank under special crisis management, and they may proceed with the necessary civil and criminal procedures to clarify the managerial liability of its former executives. This arrangement should be ended as soon as possible by transferring the business to an assuming financial institution, etc.

(8) On-site Inspections of Financial Institutions

The DICJ is authorized to conduct on-site inspections of financial institutions if the Prime Minister (legally mandated by the Commissioner of the Financial Services Agency) deems it necessary to ensure that the provisions of the Law are implemented efficiently. The scope of the on-site inspections include: 1) checking if the payment of insurance premiums is being made properly; 2) checking if adequate measures have been taken to prepare databases and improve information systems for aggregating deposits held by the same depositors, as is obligatory for financial institutions; and 3) identifying the estimated amounts that can be repaid on deposits and other claims when a financial institution fails.

(9) Purchasing Assets from Sound Financial Institutions

Article 53 of the Law concerning Emergency Measures for the Revitalization of the Financial System (“Financial Revitalization Law”) provides for a system of emergency measures regarding the purchase of assets from financial institutions as one of the measures for the stabilization and revitalization of financial functions in Japan. This system has been in effect since FY1999, with said law having stipulated that the purchase of assets be carried out in response to applications for purchase submitted by the end of March, 2005; therefore, purchase relating to this final application has been carried out. The DICJ has been outsourcing this type of asset purchase to the specified contracted bank (the RCC).

(10) Subscription of Shares, etc. of Financial Institutions

In order to strengthen the capital base of financial institutions, the DICJ is involved in the subscription of shares and other securities issued by financial institutions by commissioning the RCC to manage subscribing operations under the Early Strengthening Law, the Financial Function Stabilization Law (abolished in 1998) and the Financial Reorganization Promotion Law. In this regard, the DICJ undertakes various operations, including (a) lending to the RCC for subscribing shares; (b) guaranteeing debts; (c) compensating for losses arising from the execution of operations by the RCC; (d) approving the exercise of voting rights and other rights by the RCC as a shareholder or capital investor; and (e) approving the disposal of shares and other instruments by the RCC [See Pxix-xxi, Tables & Figures (6) Capital Injection Schemes for Financial Institutions based on the Financial Function Strengthening Law].

(11) Guidance and Advice to the RCC

The DICJ has conducted specific activities under its agreement with the RCC such as: 1) to provide the RCC with guidance and advice necessary to execute its operations; 2) to inspect the assets of debtors where such are likely to be concealed; and 3) to collect claims from the debtors whose assets are mortgaged in a complicated manner. These activities aim at minimizing public costs by maximizing the collection of debts through the coordination with the RCC.

(12) Investigation and Accusations in Pursuit of Managerial Liability

The DICJ's pursuit of civil and criminal liability conducted by the DICJ includes the pursuit of managerial liability on the part of executives of failed financial institutions and former *Jusen* companies by the RCC and the pursuit of managerial liability of former executives of failed financial institutions by the DICJ in its capacity as a financial administrator. The pursuit of criminal liability of debtors has resulted in a number of accusations including obstruction of auction, obstruction of execution, and fraud [See Pxxii, Tables & Figures (7) System of Liability Pursuit].

Activities Summary of FY2005

This Annual Report presents an overview of the operations of Deposit Insurance Corporation of Japan after the removal of the blanket guarantee in April 2005. This section, "Activities Summary of FY2005," represents the gist of this annual report.

(1) Maintenance and Improvement of Failure Resolution Framework for the Protection of Depositors

(i) Promoting Preparation for the Depositors' Name-based Aggregation Database and System

Following the removal of the blanket guarantee, it is important that the "depositors' name-based aggregation," involving the calculation of the amount of deposit and protected by collating two or more accounts of a single depositor together, be implemented at the earliest opportunity.

For this reason, the Deposit Insurance Law obligates financial institutions to provide their depositor data on magnetic tapes without delay when financial institutions have failed, and moreover, requires each financial institution to maintain its depositor name-based aggregation system and database on a routine basis. Furthermore, in order to ensure that funds in payment and settlement deposits are smoothly reimbursed in the event of failure, the said law requires each financial institution to set up a system to reflect the depositors' name-based aggregation data which has been transmitted by the DICJ on their own operation system.

During FY2005, the DICJ worked on the second round operation of verifying data in order to encourage the continuation of the proper maintenance and improvement of the depositors' name-based aggregation database and systems of insured financial institutions by using the DICJ's system. (The first round operation was completed in FY2004. In the second round until the end of March 2006, 278 financial institutions were targeted.) The Advisory Service Division, which was established in July 2004, positively provided training and advisory services related to the maintenance and improvement of the depositors' name-based aggregation data, etc. for each financial institution (The number of such services provided was 178 in FY2005.)

(ii) On-Site Inspections

In order to ensure the protection of depositors, the DICJ began on-site inspections of depositors' name-based aggregation databases and systems of financial institutions in August 2001 under the Deposit Insurance Law.

The DICJ implemented the inspections in 105 financial institutions during the inspection year 2005 (July 2005 to June 2006). Consequently, the number of financial institutions in which the DICJ has conducted an inspection since August 2001 reached a cumulative total of 423 as of June 30, 2006.

The DICJ followed up the result of the on-site inspection conducted by the DICJ, joined a hearing conducted by the Financial Services Agency and local finance bureaus and issued advice to financial institutions to enable effective improvements.

(iii) PR Activities to Ensure Public Awareness, etc., of the Deposit Insurance System

Placing great importance on accurate public awareness of the deposit insurance system, including depositors, the DICJ has devoted significant attention to public relations activities. In particular, in FY2005 with the removal of the blanket guarantee, the DICJ implemented positive public relation activities to ensure public awareness of the deposit insurance system under a limited coverage scheme.

The DICJ also made a comprehensive revision of its web site, including setting up new columns for promoting depositor understanding about the deposit insurance system.

(iv) Failure Resolution System under Limited Coverage

Even under a limited coverage scheme, the financial assistance method, just as in the case of full protection, is superior to that of straight deposit pay-out. However, in the case of non-insured deposits or obligations in general, reimbursement depends on the state of assets of the failed financial institution. Therefore, in order to maintain fairness to depositors and general creditors, and prevent an outflow of assets, certain restrictions on the business of financial institutions must be introduced as well as preserving its assets. For that reason, the failure resolution under the limited coverage scheme is to be implemented subject to the Banking Law and other ordinances under the authority of the Financial Services Agency and subject to the civil rehabilitation proceedings under court supervision.

The DICJ is deliberating the failure resolution scheme with limited coverage and is preparing a manual for the handling of failure resolutions in the event that the DICJ is appointed financial administrator. The DICJ is also conducting periodic in-service training of the failure resolution office work in order to ensure the proper application of the prepared failure resolution procedures and to solidify assurance in coping with failure resolution. This training is not aiming at failures of particular financial institutions, but just for preparatory measures for potential events in the future.

(2) Proper and Steady Disposal of the Past Failure Resolutions

In order to smoothly resolve the failures of financial institutions, the DICJ has extended financial assistance to 180 failure cases (monetary grants: ¥18,615.4 billion, assets purchase: ¥6,366.3 billion, and others) to date. Non-performing loans purchased of ¥6,773.8 billion were also recovered as of the end of March 2006. The great majority of recovery activities are entrusted to the Resolution and Collection Corporation (RCC), which is a DICJ subsidiary. In order to support such execution of recovery activities, the DICJ provides the RCC with the guidance and advice necessary to execute its recovery activities in addition to uncovering hidden assets by exercising the right to inspect properties. In the process of grappling with the problem of recovering non-performing loans purchased, the RCC has attempted diversification of recovery methods such as recovery using techniques of corporate revitalization, liquidation or securitization of claims, as well as conventional claim collection methods. The RCC had executed 425 cases of corporate revitalizations in the period from November 2001, during which the Headquarters for Corporate Revitalization was established, up to the end of FY2005. Furthermore, the liquidation and securitization of claims, including individual sales, bulk sales and securitization, were carried out with a total book value of ¥6,314.2 billion by the end of FY2005.

Concerning banks which are placed under special public management (the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank), in addition to the aforementioned financial assistance, the DICJ paid Shinsei and Aozora Banks ¥1,222.6 billion on taking over the claim under the warranty for latent defect provision of the share sales agreement by the end of FY2005. Furthermore, under the said agreement, the DICJ purchased shares of ¥2,939.7 billion as held by the said banks. These shares shall be properly and smoothly disposed within approximately ten years by paying careful attention to the principles of “Minimizing the public cost” and “Minimizing the effect on the market.”

In addition, the DICJ purchased assets of ¥23.5 billion in FY2005 under Article 129 of the Deposit Insurance Law from Ashikaga Bank, which has been placed under special crisis management. The cumulative total of purchased assets and recovery reached ¥85.0 billion and ¥36.2 billion, respectively (as of the end of March 2006.)

(3) Proper Execution of Capital Injection and Operations related to Asset Purchase from Sound Financial Institutions

(i) Capital Injection Related Operations

In connection with capital injections into financial institutions, the DICJ had subscribed a cumulative total of ¥10,420.9 billion of preferred shares by the end of FY2001 in accordance with the former Financial Function Stabilization Law and the Early Strengthening Law. The outstanding balance following the deduction of repayments, etc. stood at ¥4,781.3 billion as of the end of March 2006. In addition, capital injections of ¥1,960.0 billion (outstanding balance was ¥1,957.3 billion as of the end of March 2006) and ¥6.0 billion (no recovery record) were executed in FY2003, based on Article 102 of the Deposit Insurance Law and the Organizational Restructuring Law, respectively. In August 2004, the Financial Function Strengthening Law came into effect as a new means of capital injection (no capital injection record.)

(ii) Operations Related to Asset Purchase from Sound Financial Institutions, etc.

In FY2005, in connection with assets purchase from sound financial institutions under the Financial Revitalization Law, the DICJ executed asset purchases for the last application which was closed at the end of March 2005 (from 16 financial institutions with a value of ¥29.9 billion in the principal) as the last asset purchase from sound financial institutions (Article 53 of the Financial Revitalization Law stipulates that purchase applications be closed as of the end of March 2005. However, asset purchase from the IRCJ is still acceptable as no termination date is fixed there.) The RCC is in charge of management and disposal of the purchased assets and making its effort to recover or dispose assets, or revitalize corporations within 3 years to the utmost extent.

(4) Asset Investigations and Pursuit of Liability

In FY2005, in connection with the asset investigation of debtors regarding claims purchased by the RCC, the DICJ investigated 274 cases and uncovered approximately ¥51.4 billion in hidden assets of debtors. Concerning the pursuit of civil liability against the executive management of failed financial institutions and so forth, the DICJ has been cooperating in investigation conducted by the Ashikaga Bank, which failed in 2003, by participating in the bank's internal investigation committee as observers (as a result, the Bank brought a claim for damages against the then accounting auditors, etc.).

(5) Financial Affairs

In FY2005, the DICJ had the following seven accounts for its operation according to the related laws; 1) the General Account, 2) the Crisis Management Account, 3) the Financial Reconstruction Account, 4) the Early Strengthening Account, 5) the *Jusen* Account, 6) the Industrial Revitalization Account and 7) Financial Function Strengthening Account. Current profit for the term reached to ¥522.1 billion for the General Account and, as a result, the deficit had decreased from ¥2,977.0 billion at the end of FY2004 to ¥2,454.9 billion at the end of FY2005. With regard to other accounts, the Crisis Management Account had a surplus of ¥14.4 billion, the Financial Reconstruction Account a deficit of ¥684.6 billion, the Early Strengthening Account a surplus of ¥345.5 billion, the *Jusen* Account a deficit of ¥287.3 billion as of the end of FY2005.

(6) International Cooperation and Research & Study Activities related to Deposit Insurance**(i) International Cooperation**

As part of international cooperation activities, the DICJ provided various technical assistances including sending officers and employees as well as accepting trainees for the related institutions which are considering introduction of a deposit insurance system, particularly of Asian countries such as China and Mongolia. In March 2006, the DICJ held a Round Table in Tokyo with around 30 participants from 16 overseas organizations related to deposit insurance and discussed the immediate and important issues surrounding the DICJ. In addition, the DICJ continued to positively take part in activities related to the International Association of Deposit Insurers.

(ii) Strengthening Research & Study

With the Office for Research and Intelligence, newly established in FY2004 to strengthen research & study activities, playing a leading role, the DICJ assembled and arranged materials relating to the past failure resolutions of financial institutions as well as researching on overseas deposit insurance systems. The results of the research & study were published in a new issue of the research and study journal, "Deposit Insurance Review," of which the first issue was published in FY2003. (The journal is available only in Japanese.)

Tables & Figures

(1) Outline of Deposit Insurance System

(i) Schedule for Transition to Limited Coverage

		April 2002- March 2005	April 2005 onwards
Deposit, etc., within the scope of protection	Current deposits Ordinary deposits Specified deposits	Full protection	Full protection for deposits that satisfy three conditions(*1) (Permanent measures)
	Other deposits, etc (time deposits, installment savings, money in trust under the guarantee of principal, bank debentures)	Total up to a maximum principal of ¥10 million (*2) plus interest (*3) (The portion in excess of that amount will be paid depending on the asset status of the failing financial institution (Some may be unpaid))	
Deposits, etc., outside the scope of protection (foreign currency deposits, negotiable certificates of deposit, money in trust under no guarantee of principal, bank debentures (other than of safe deposit instruments), etc)		Not Protected (Liquidation dividends payable in accordance with asset situation of failed financial institution)	

(*1) These deposits are referred to as “the Payment and Settlement Deposits” They must satisfy three conditions bearing no interest, being redeemable on demand and providing normally required payment and settlement services.

(*2) For the time being, when financial institutions merge or receive the transfer of all operations, for one year from the merger date, the protected amount will be “¥10 million multiplied by the number of financial institutions involved in the merger” (for example, ¥20 million if two institutions merge).

(*3) The distribution of earnings on installment savings provisions and money trusts will be protected in the same way as interest, providing they meet certain conditions.

(ii) Insurance Premium Rates

		Ordinary Premium Rate (1)	Special Premium Rate* (2)	
On launch of the system in 1971 -		0.006%	-	
FY1982 -		0.008%	-	
FY1986 -		0.012%	-	Total (1) + (2)
FY1996 -		0.048%	0.036%	0.084%
FY2001	Specific Deposits	0.048%	0.036%	0.084%
	Other Deposits	0.048%		
FY2002	Specific Deposits	0.094%	-	
	Other Deposits	0.080%		
FY2003 -	Payment & Settlement Deposits	0.090%	-	
	General Deposits	0.080%		
FY2005	Payment & Settlement Deposits	0.115%	-	
	General Deposits	0.083%		
from FY2006	Payment & Settlement Deposits	0.110%	-	
	General Deposits	0.080%		

* Applicable between FY1996 and FY2001 only (Deposit Insurance Law, Supplementary Provisions, Article 19 paragraph 1)

(2) Historical Development of Deposit Insurance System

	Initial Provisions in 1971	Jul. 1986	Jun. 1996	Amendments or Additions since May 2000
1. Insured Financial Institutions (by Law)	Banks, Sogo banks* ¹ , Shinkin banks, Credit cooperatives	(Jul. 1986) Labor banks added		(Jun. 2000) Shinkin Central Bank, The Shinkumi Federation Bank, Rokinin Bank added Scheduled for Oct. 2007: The Post Office Savings Bank to be added
2. Capitalization (by approval)	¥450million Government: ¥50million BOJ: ¥150million Private Financial Institutions: ¥150million	(Jul. 1986) Capital subscription by Labor banks (¥5million) added	(Jul. 1996) Capital subscription by the Government [<i>Jusen</i> Account] (¥5,000million) added	
3. Governor, Deputy Governors, Auditor <by appointment of Prime Minister (Oct. 1998)> (by law)	Governor (Deputy Governor of the BOJ) Deputy Governor (1) Auditor (1)		(Appointed by Minister of Finance) (Jun. 1996) Max. 3 persons (Jun. 1996) (Appointed by PM, approved by both Houses of the Diet) (Oct. 1998) Max. 4 persons (Oct. 1998)	
4. Insurance Premiums General premium rate (by approval) Special premium rate (by cabinet order)	0.006%	(FY 1982) 0.008% → (FY 1986) 0.012%	(FY 1996) 0.048% →	(FY 2001) Specific deposits 0.048% → (FY 2002) 0.094% → (FY 2003) Payment and settlement deposits 0.090% → (FY 2005) 0.080% → (FY 2006) Regular deposits 0.080% → 0.115% → 0.110% → 0.080% → 0.083% → 0.080% →
5. Payment Date of Insurance Premium (by law)	Within 3 months after beginning of business year		Within 3 months after beginning of business year. However, half may be paid within 3 months after beginning of second half of business year	
6. Maximum Insurance Payments (per depositor) (by cabinet order)	Principal ¥1 million	(Jun. 1974) ¥3million → (Jul. 1986) ¥10million		(Apr. 2001) Principal ¥10 million + interests, etc. → (Apr. 2003) Payment and settlement deposits: full coverage Regular deposits: Principal ¥10 million + interest, etc. →
7. Special Arrangement for the Blanket Guarantee of Deposit Insurance (by law)			Introduced	Until end of FY 2001 ¹⁴
8. Insurance Payment by Setting and Transferring Insurer's Deposit to each Insured Depositor (by law)			Introduced	
9. Partial Payment (by law) and Maximum Amount of Partial Payment (per ordinary deposit account) (by cabinet order)		(Jul. 1986) Introduced ¥200,000		(Apr. 2001) ¥600,000 →
10. Purchase of Deposits and other claims (by law)			Introduced (Apr. 1997)	
11. Representation of Depositors in Court ² Procedures (by law)			Introduced (Apr. 1997)	
12. Financial Assistance (by law)		(Jul. 1986) Introduced		
13. Purchase of Assets of Failed Financial Institutions (by law)		Purchase of assets from assuming financial institutions (Jul. 1986)	Purchase of assets from failed financial institutions (Jun. 1996)	Purchase of assets from banks under special crisis management, etc.
14. Borrowing of Funds (General Account) (1) Maximum Borrowings ³ (by cabinet order) (2) Borrowing from financial Institutions for Repayment of the BOJ Borrowings (by law)	¥50 billion	¥500 billion (Jul. 1986) Introduced: borrowing from insured financial institutions (Jul. 1986)	¥1 trillion (Jun. 1996) → ¥2 trillion (Apr. 1999) → ¥4 trillion (Oct. 1998) Added: other financial institutions (Oct. 1998)	¥6 trillion (Apr. 2001) → ¥13 trillion (Apr. 2002) → ¥19 trillion (Apr. 2003) → ¥20.14 trillion (Apr. 2004) → ¥20.6 trillion (Apr. 2005) → ¥21.18 trillion (Apr. 2006)

<p>Principal Special Operations Introduced in the Jun. 1996 Amendment of the Law</p> <ul style="list-style-type: none"> • Special financial assistance • Special purchase of deposits and other claims • Collection of special insurance premiums • Capital subscription, compensation for losses, guarantee of debts, guidance and advice, etc. to Contracted Bank • Asset investigation of debtors concerning loan assets transferred to Contracted Bank, and collection of loans • Contracted Bank purchase of assets of failed credit cooperatives • Government debt guarantees for borrowings from BOJ, other financial institutions, etc., to implement special operations concerning failed credit cooperatives 	<p>Main Points in the Amendment of Dec. 1997</p> <ul style="list-style-type: none"> • Adding of consolidation to the types of merger, etc., for which an application for financial assistance can be made • Financial assistance for specified merger (temporary measure) 	<p>Main Points in the Amendment of Feb. 1998</p> <ul style="list-style-type: none"> • Integration of the Special Account for Non-Credit Cooperatives Financial Institutions and the Special Account for Credit Cooperatives into the Special Operations Account • Expansion of Contracted Bank's functions to act as an assuming bank for non-credit cooperatives financial institutions • Issues of DICJ bonds • Extension of penal investigative power to include recovery of loans made by failed financial institutions • Introduction of the Special Operations Fund (up to a limit of ¥7 trillion worth of government granted bonds)
--	--	--

<p>Main Points in the Financial Revitalization Related Laws enacted in Oct. 1998</p> <ul style="list-style-type: none"> • Introduction of financial administrator operations • Introduction of establishment and operations concerning business management of bridge banks • Introduction of special public management operations • Introduction of relevant operations to increase equity capital of financial institutions, etc. • Enlargement of target area for asset acquisition by adding banks under special public management, bridge banks, financial institutions, etc. • Introduction of the Financial Reconstruction Account which deals with loans, etc. to banks under special public management and bridge banks • Introduction of the Early Strengthening Account which deals with loans, compensation for losses by the contracted bank which subscribes shares of financial institutions, etc. 	<p>Main Points in the Amendment of May 2000</p> <ul style="list-style-type: none"> • Extension of the Special Arrangement for the blanket guarantee of deposit insurance, etc. (until end of fiscal 2001) • Obligation for financial institutions to prepare data for aggregating deposits held by the same 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 • Introduction of operations as a financial administrator • Introduction of operations concerning the establishment and managing the business of bridge banks • Introduction of financial assistance, for cases of partial business transfer • Introduction of capital injection and loss and profit share scheme for assuming financial institutions • Introduction of operations for loans to help failed financial institutions repay insured deposits and prevent deterioration of asset value • Introduction of operations against financial crisis (creation of Crisis Management Account) • Increased provision of government bonds to Special Operations Account (from ¥7 trillion to ¥13 trillion)
--	--

<p>Main Points in the Amendment of Dec. 2002</p> <ul style="list-style-type: none"> • Addition of securing of payment and settlements for failed financial institutions to the purposes of the Deposit Insurance Law • Full protection for payment and settlement deposits (as a permanent measure) • Guarantee for the completion of ongoing settlements • Addition of requirement that financial institutions implement systems for ensuring the smooth payment of insurance payouts for payment and settlement deposits (Additional measures established in April 2006 for smooth payment of settlement and payment deposits etc.) 	<p>Main Points in the Special Measures Law for Promotion of Organizational Restructuring enacted in Dec. 2002</p> <ul style="list-style-type: none"> • Simplification for merger procedures • Capital reinforcement through the subscription of preferred shares • Lift of the upper limit of deposit insurance coverage (New limit for first year after merger: ¥10 million × number of financial institutions involved in the merger)
--	---

<p>Main Points in the Financial Function Strengthening Law enacted in Jun. 2004</p> <ul style="list-style-type: none"> • Capital injection through the subscription of shares by the financial institutions, etc. 	<p>*1 Sogo Banks (mutual financing banks) have gradually transformed into ordinary commercial banks since February, 1989. (The Mutual Financing Bank Law was abolished on April 1st, 1993.) *2 The Special Corporate Reorganization Law *3 Maximum Borrowings from Bank of Japan between 1971 and the end of March, 2001. It was revised to Maximum Borrowings after April, 2001. *4 Current deposits, ordinary deposits and specified deposits had been insured under the blanket guarantee system until the end of FY2002 and were considered as settlement and payment deposits until the end of FY2004.</p>
---	---

(3) Development of Special Measures for Contracted Banks, Specified Contracted Banks and Claim Resolution Companies

(i) Measures Related to the Deposit Insurance Law

Amendment of June 1996 (Enforced from June 21, 1996)	Amendment of February 1998 (Enforced from February 18, 1998)	Amendment of October 1998 (Enforced from October 23, 1998)	Amendment to the Deposit Insurance Law, May 2000	
			(Enforced from June 30, 2000)	(Enforced from April 1, 2001)
				• Resolution and collection operations as a provisional arrangement
• Capital subscription in the contracted bank	No change	No change	No change	No change
• Entrusting the contracted bank to purchase the assets of failed credit cooperatives	• Entrustment extended to failed financial institutions	No change	• “Transferees of special assets, etc”. added to scope of contract (until March 2001)	• Entrustment extended to failed financial institutions, etc. (failed financial institutions, bridge banks, banks under special crisis management)
• Compensation for losses incurred by the contracted bank (restricted to losses related to the contracted purchase of assets)	• Coverage of losses extended to losses related to merger and transfer of business based on the Resolution and Collection Agreement	No change	No change	No change
	• Lending to the contracted bank	No change	No change	No change
• Guarantee of borrowing by the contracted bank	No change	No change	No change	No change
	• Receipt of money paid in by the contract bank	No change	No change	• Restriction on the transfer of profit from contracted bank to the DICJ abolished • Loan loss reserve is treated as integral to the scheme for profit transfer/loss compensation
• Guidance and advice for the contracted bank	No change	No change	No change	No change
• Investigation into the assets of debtors and collection of claims related to assets transferred to the contracted bank	• Penal provisions added to strengthen investigation into the assets of debtors	No change	No change	No change
	• Approval of entrusting collection to the claim resolution company of <i>Jusen's</i> assets and liabilities	No change	No change	Provision deleted
• Enquiries and request for cooperation to government agencies, public organizations and others	No change	No change	No change	No change
		• Action necessary for merger between the contracted bank and the claim resolution company	No change	No change

(ii) Measures Related to the Financial Function Reconstruction Law

Original Financial Function Reconstruction Law (Enforced from October 23, 1998)	Amendment of May 2000 (Enforced from April 1, 2001)	Amendment of June 2001 (Enforced from June 27, 2001)	Amendment of December 2001 (Enforced from January 11, 2002)	Amendment of April 2003 (Enforced from April 10, 2003)
<ul style="list-style-type: none"> Asset purchase from financial institutions and entrustment of such operation to the specified contracted bank 	No change	<ul style="list-style-type: none"> Extension of the period in which sound financial institutions, etc. can apply to the DICJ to purchase assets (until Mar. 31, 2004) 	<ul style="list-style-type: none"> Asset purchase price to be at market value Asset purchase by participating in bidding Specified in provision to work for giving flexibility to disposition methods, speeding up the process, and encouraging the revitalization of debtors. 	<ul style="list-style-type: none"> Extension of the period in which sound financial institutions, etc. can apply to the DICJ to purchase assets (until Mar. 31, 2005) Added provision for delegating asset purchases to the Industrial Revitalization Corporation
<ul style="list-style-type: none"> Resolution and collection of purchased asset 	No change	No change	No change	No change
<ul style="list-style-type: none"> Lending to the specified contracted bank Guarantee of borrowing by the specified contracted bank 	No change	No change	No change	No change
<ul style="list-style-type: none"> Receipt of money paid in by the specified contracted bank 	No change	No change	No change	No change
Compensation for losses incurred by the specified contracted bank	No change	No change	No change	No change
Approval of the implementation/financial plans from the specified contracted bank	No change	No change	No change	No change
Guidance and advice to the contracted bank	No change	No change	No change	No change
Investigation into the assets of debtors (backed up by penal provisions) and collection of claims related to assets transferred to the specified contracted bank	No change	No change	No change	No change
Enquiries and request for cooperation to government agencies, public organizations and others	No change	No change	No change	No change
<ul style="list-style-type: none"> Approval of entrusting collection to claim resolution company disposing of <i>Jusen</i> assets and liabilities 	Provision deleted			

(iii) Measures Related to the Early Strengthening Law

Early Strengthening Law enacted October 1998 (Enforced from October 23, 1998)	Amendment of May 2000 (Enforced from June 30, 2000)
<ul style="list-style-type: none"> Subscribing of shares, etc., entrusted to the contracted bank 	<ul style="list-style-type: none"> Applications for subscribing of shares, etc., in specified cooperative financial institutions, etc. to be submitted by March 31, 2002
<ul style="list-style-type: none"> Compensation for losses incurred by the contracted bank 	No change
<ul style="list-style-type: none"> Loan to the contracted bank 	No change
<ul style="list-style-type: none"> Guarantee of borrowing by the contracted bank 	No change
<ul style="list-style-type: none"> Receipt of monies remitted by the contracted bank 	No change
<ul style="list-style-type: none"> Guidance and advice to the contracted bank which has share-issuing banks as its subsidiaries 	No change

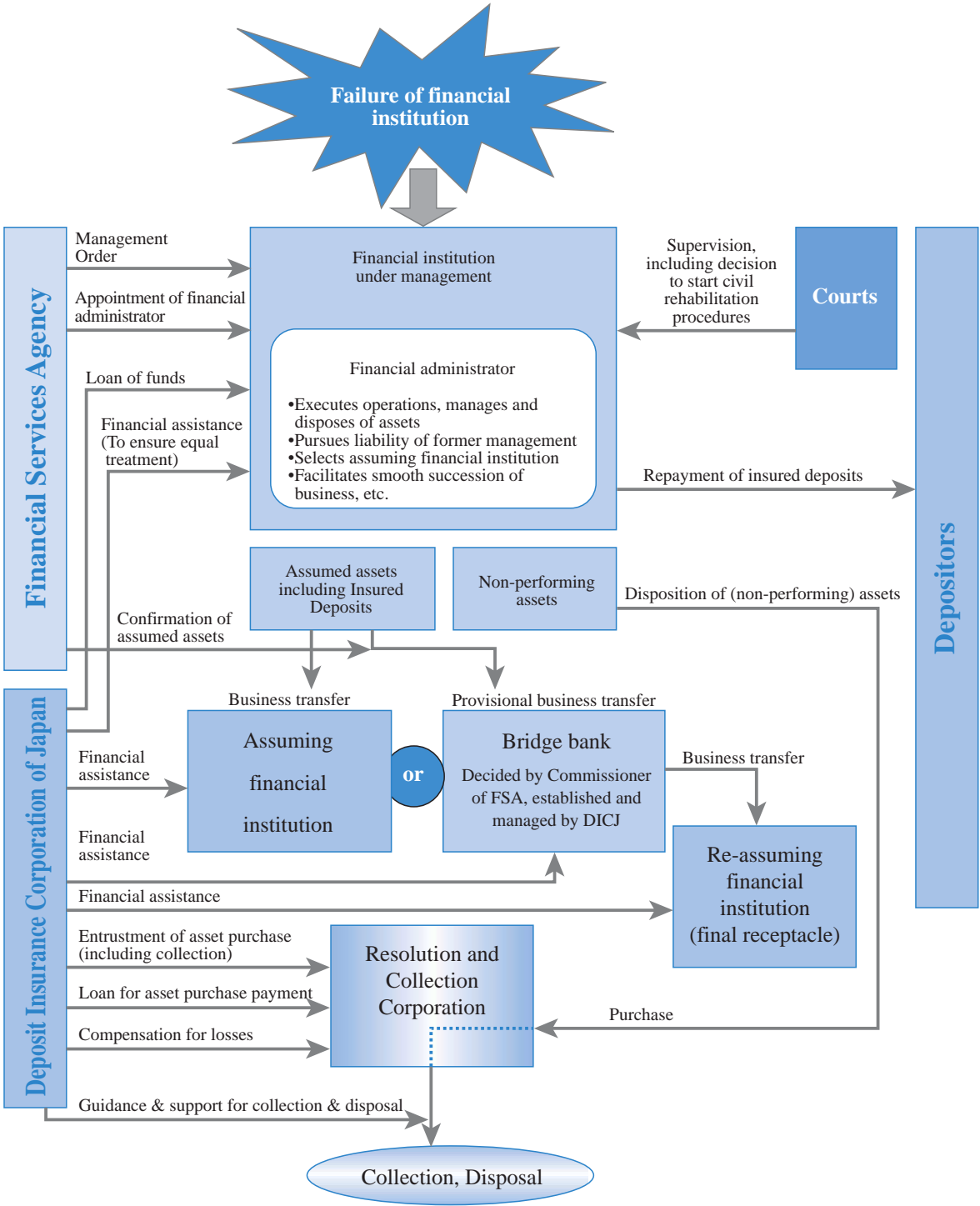
(iv) Measures Related to the Special Measures Law for Strengthening Financial Functions

June 2004 Special Measures Law for Strengthening Financial Functions (Enforced from August 1, 2004)
• Entrustment of subscription of shares to the contracted bank and purchase of beneficial interest in trust from the cooperative central financial institutions
• Compensation for losses incurred by the contracted bank
• Loan to the contracted bank
• Guarantee of borrowing by the contracted bank
• Receipt of monies remitted by the contracted bank

(v) Measures Related to the *Jusen* Law

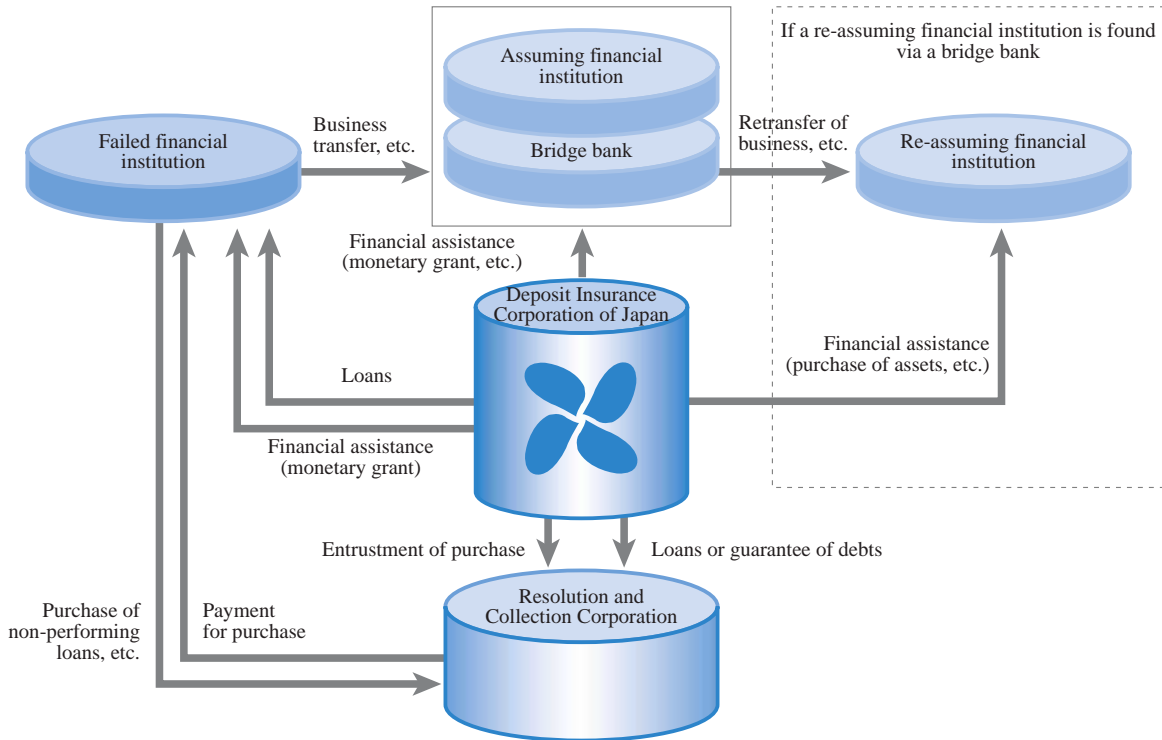
Original <i>Jusen</i> Law June 1996 (Enforced from June 21, 1996)	Amendment of April 1998 (Enforced from April 10, 1998)	Amendment of October 1998 (Enforced from October 23, 1998)	Amendment of May 2000 (Enforced from April 1, 2001)
• Capital subscription in, provision of subsidies for, loan guarantee and guidance/advice for claim resolution company	No change	No change	No change
• Investigation (backed up by penal provisions) into the assets of debtors and collection of claims related to loans transferred to claim resolution company	• Penal investigation extended to real estate assets pledged (as security) by third parties	No change	No change
	• Approval of entrusting collection to the contracted bank	No change	Provision deleted
• Enquiries and requests for cooperation to government agencies, public organizations and others	No change	No change	No change
• Borrowing from financial institutions (separate from borrowing for general operations and up to the government capital in the <i>Jusen</i> account of ¥5 billion)	No change	No change	No change
• Receipt of government subsidies and financial contribution by the Bank of Japan and private financial institutions; payment of collection profits to the government	• Revised methods of receiving subsidies and paying collection profits to the government (Any surplus after offsetting half of the secondary losses against the collection profits in each business year is paid to the government. In the case of a deficit, a government subsidy is provided.)	No change	No change
• Establishment of a coordinating council by the government	No change	No change	No change
		• Arrangements necessary for merger between claim resolution company and contracted bank	No change

(4) Failure Resolution Scheme under the Limited Coverage

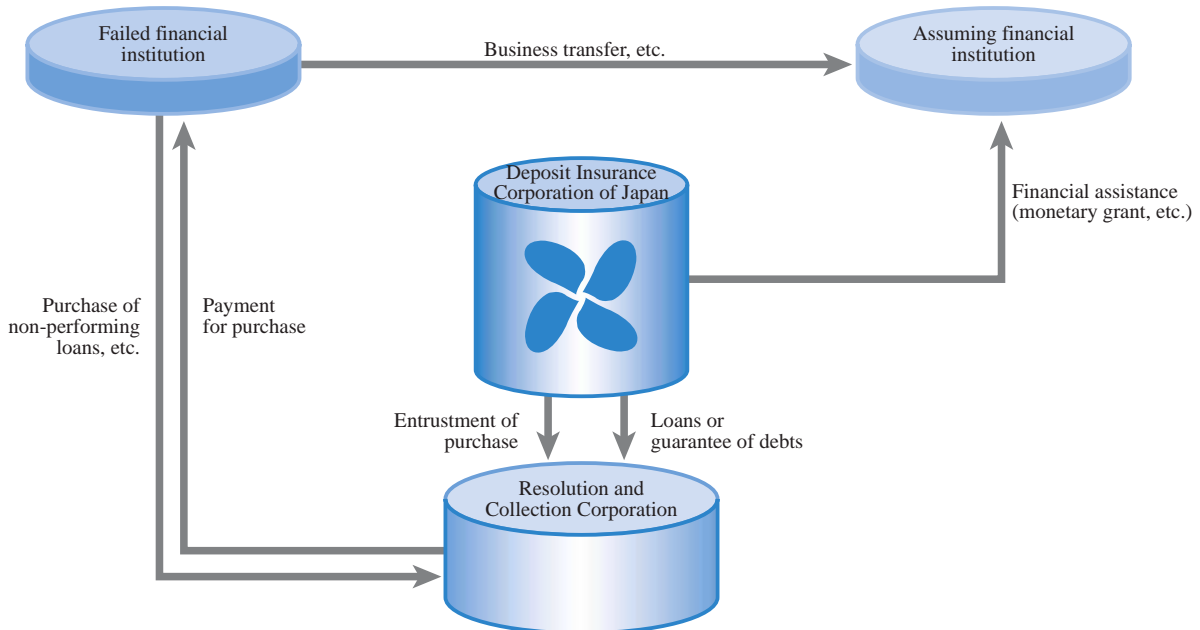


(5) Scheme of Financial Assistance

(i) Ordinary Financial Assistance

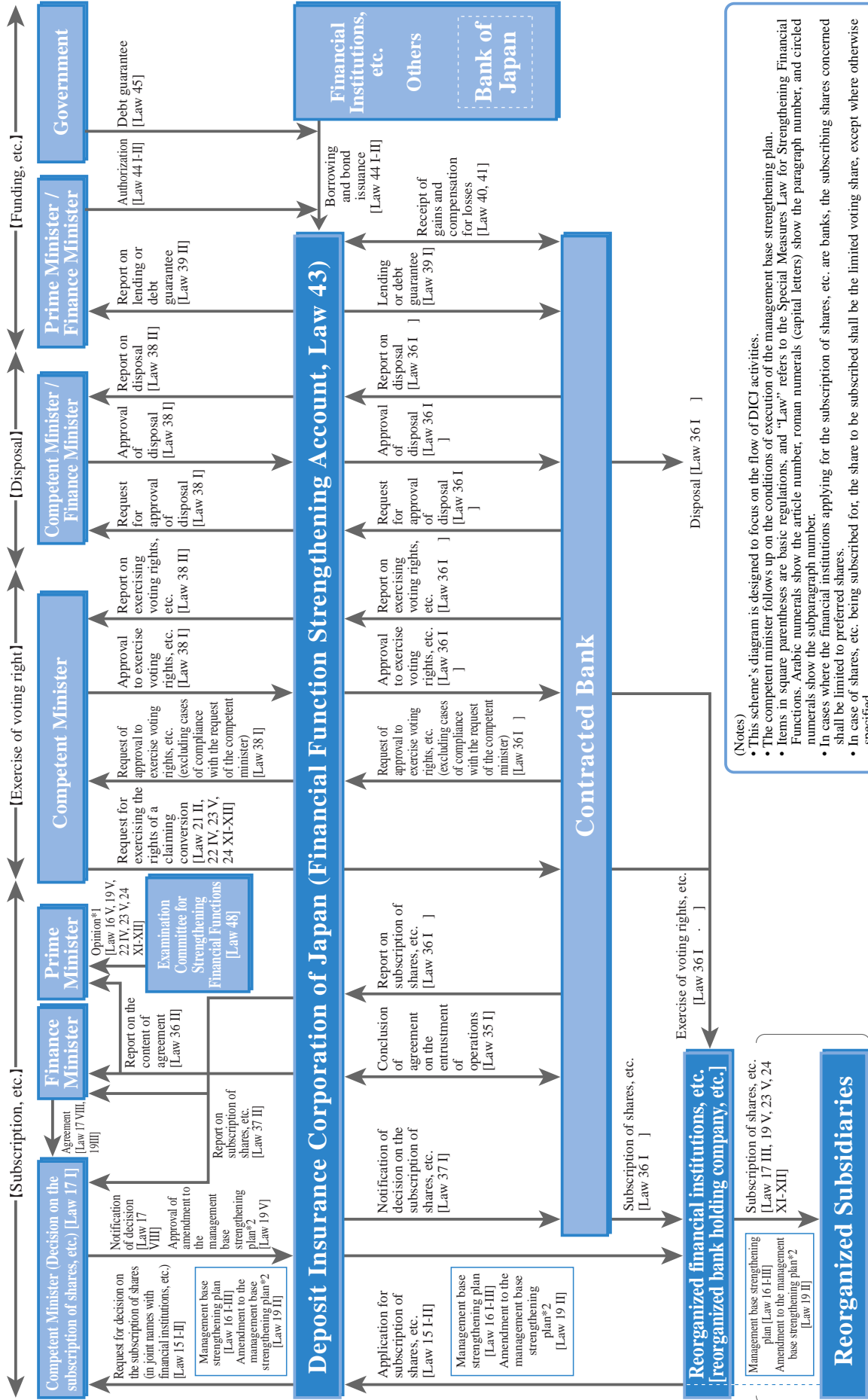


**(ii) Financial Assistance when Facing a Financial Crisis
(Example of measures under subparagraph 2)**



Special Measures Law for Strengthening Financial Functions

(ii) Outline of the scheme of share subscription of reorganized financial institutions

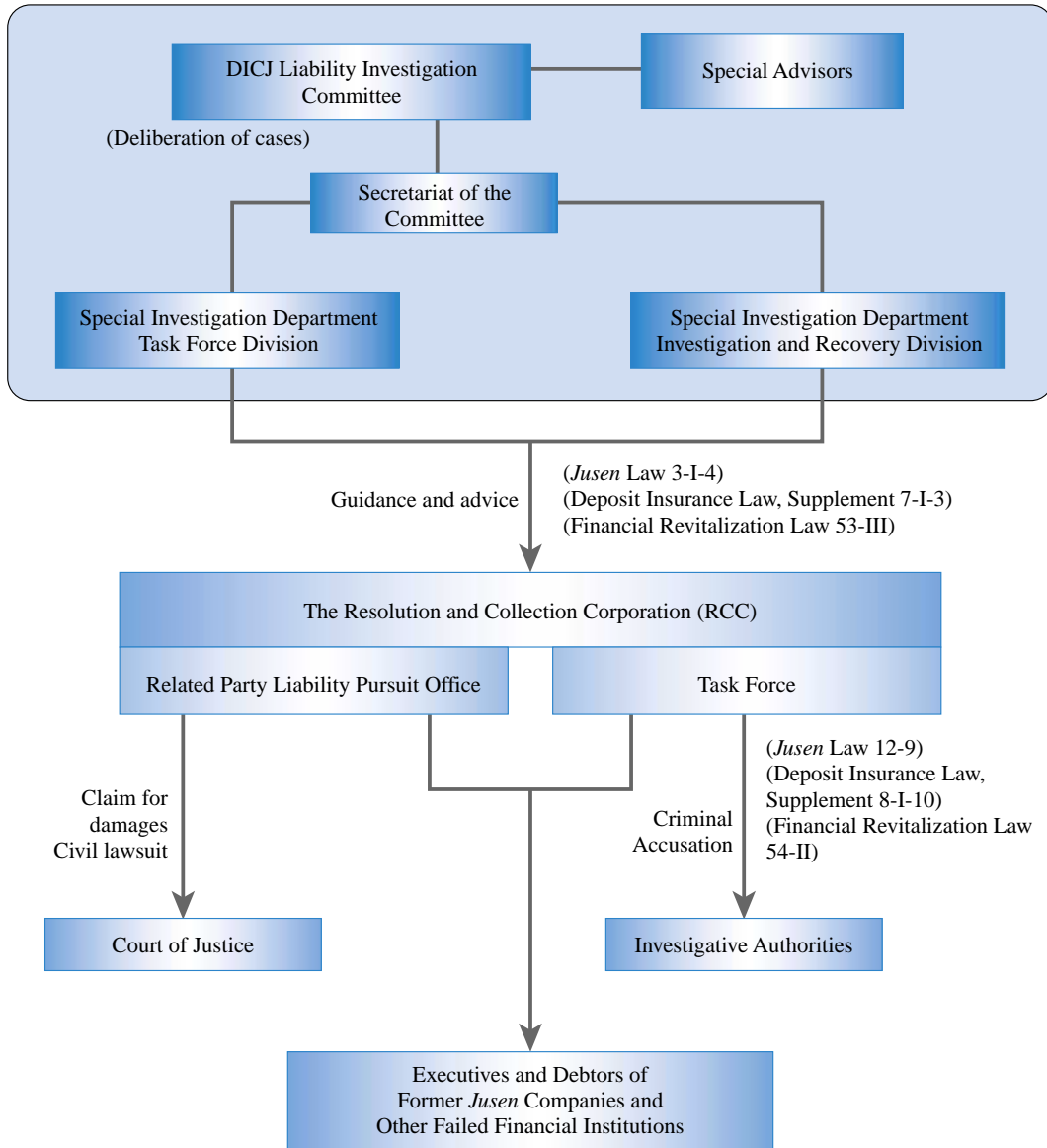


(Notes)

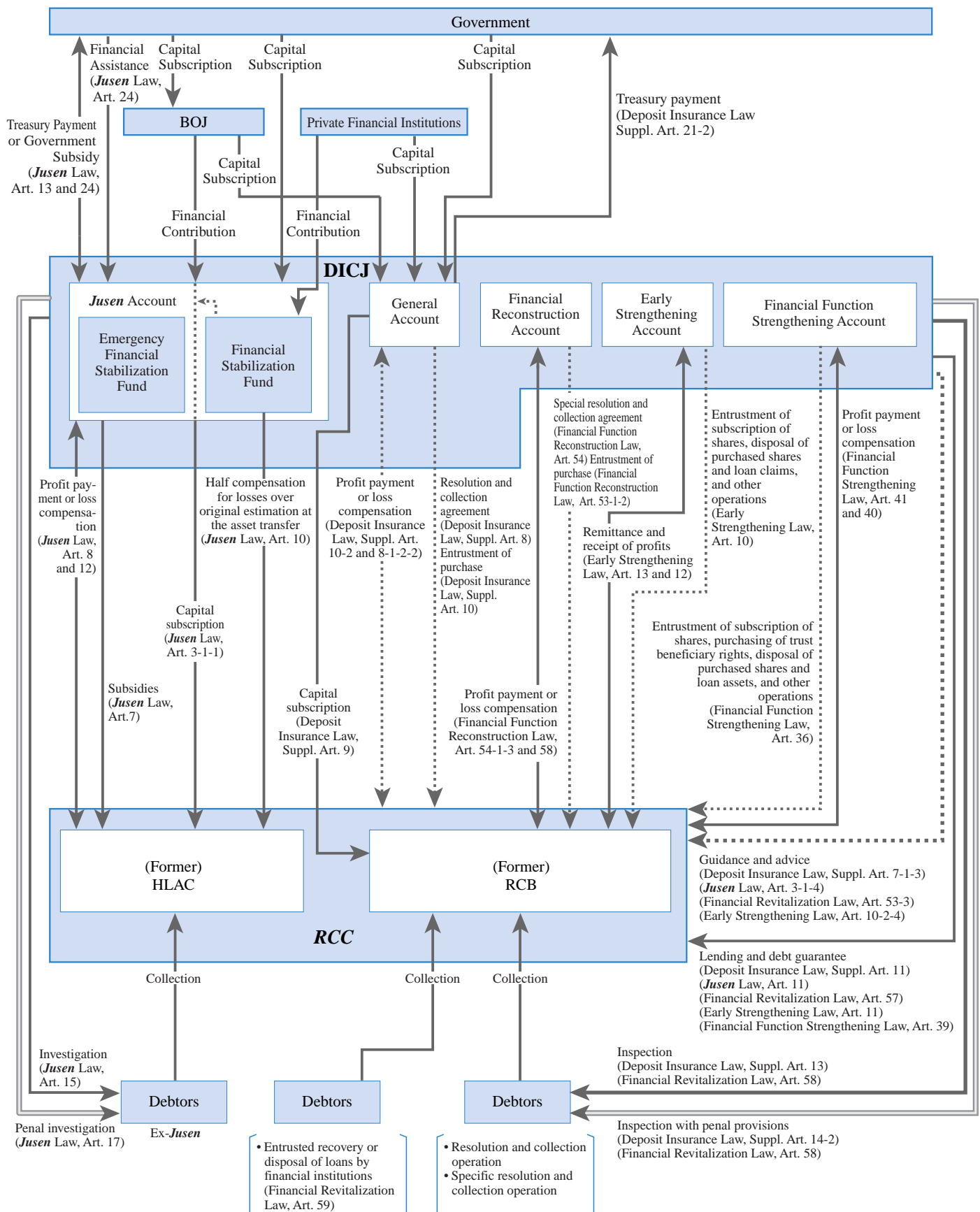
- This scheme's diagram is designed to focus on the flow of DIC activities.
- The competent minister follows up on the conditions of execution of the management base strengthening plan.
- Items in square parentheses are basic regulations, and "Law" refers to the Special Measures Law for Strengthening Financial Functions. Arabic numerals show the article number, roman numerals (capital letters) show the paragraph number, and circled numerals show the subparagraph number.
- In cases where the financial institutions applying for the subscription of shares, etc. are banks, the subscribing shares concerned shall be limited to preferred shares.
- In case of shares, etc. being subscribed for, the share to be subscribed shall be the limited voting share, except where otherwise specified.
- *1: In cases where it is recognized that such process is needed.
- *2: In cases where it is involved in amendment to the specified matters.

(7) System of Liability Pursuit

Deposit Insurance Corporation of Japan



(8) Relationship between the DICJ and the RCC Concerning Collection Operations



(9) Major Events of the DICJ after Year 1996

Year 1996

Jun. 26	· Establishment of the Special Investigation Department
Jul. 26	· Establishment of the Housing Loan Administration Corporation (HLAC)(¥200 billion capital subscription)
Jul. 26	· Request for cooperation in investigation of Jusen borrower
Aug. 2	· Investigation on the assets of Sueno Kosan
Aug. 5	· Submitted “Basic Agreement Concerning the Disposal of Jusen Companies”
Aug. 30	· 1st regular meeting of the executives of DICJ and HLAC
Sep. 17	· Establishment of Osaka Special Investigation Department · Reorganization of the structure of the DICJ (Four-department system: General Affairs Department, Deposit Insurance Department, Special Investigation Department and Osaka Special Investigation Department)
Sep. 25	· ¥120 billion capital subscription in the RCB
Oct. 1	· 1st regular meeting of DICJ and RCB executives
Oct. 9	· 1st meeting of Tripartite Council of Real Estate Assets
Oct. 15	· 1st meeting of Coordinating Council for Collateralized Real Estate
Dec. 12	· “Request for Support in Collection Operation” submitted to the Commissioner-General of the National Police Agency
Dec. 19	· Approval of a subsidy from the Emergency Financial Stabilization Fund to the HLAC and guarantee on liabilities borrowed by the HLAC

Year 1997

Sep. 14	· Dispatch of the Servicer Study Group to the U.S.
---------	--

Year 1998

Feb. 20	· Establishment of Liability Investigation Committee
Feb. 23	· Establishment of the secretariat of the Committee on Financial Crisis Management and Examination · 1st meeting of the Committee on Financial Crisis Management and Examination
Mar. 30	· Subscription of preferred shares, etc issued by financial institutions under the Financial Function Stabilization Law
Apr. 1	· Establishment of Osaka Deposit Insurance Department
Oct. 23	· Establishment of Financial Reconstruction Department and Financial Reorganization Office of Osaka Deposit Insurance Department · Abolition of the secretariat of the Committee on Financial Crisis Management and Examination
Nov. 4	· New Executives appointed for LTCB (under special public management)
Dec. 25	· New Executives appointed for NCB (under special public management) · Conclusion of agreement on merger between the HLAC and the RCB and creation of the RCC (Resolution and Collection Corporation)

Year 1999

Mar. 30	· Subscription of preferred shares, etc issued by financial institutions under the Early Strengthening Law (15 banks, including 8 city banks, 1 long-term credit bank, 5 trust banks and 1 regional bank with ¥7,459 billion)
Apr. 1	· Establishment of the RCC through merger between the HLAC and the RCB · Establishment of Sapporo Office of Special Investigation Department
Apr. 11	· Appointed as a financial administrator for Kokumin Bank
May 22	· Appointed as a financial administrator for Kofuku Bank
Jun. 9	· Establishment of Purchase Price Examination Board
Jun. 12	· Appointed as a financial administrator for Tokyo Sowa Bank
Aug. 7	· Appointed as a financial administrator for Namihaya Bank
Sep. 28	· Memorandum on the Transfer of the LTCB signed by DICJ, New LTCB Partners and LTCB
Sep. 29	· Asset purchases from sound financial institutions · Capital injections under the Early Strengthening Law (¥230 billion to the Ashikaga Bank and other three banks)
Oct. 2	· Appointed as a financial administrator for Niigata Chuo Bank

Nov. 19	· Appointed as a financial administrator for Nichinan Shinkin Bank
Nov. 29	· Capital injections under the Early Strengthening Law (¥30 billion to Ashikaga Bank)

Year 2000

Jan. 11	· Basic Agreement on Business Transfer of Kokumin Bank signed by Yachiyo Bank and Kokumin Bank
Feb. 9	· Final Agreement on the Transfer of the LTCB signed by DICJ, New LTCB Partners and LTCB
Feb. 28	· Repayment of perpetual subordinate debentures (¥100 billion) underwritten from the Tokyo Mitsubishi Bank · Asset Purchases from sound financial institutions
Feb. 29	· Capital injections under the Early Strengthening Law (¥30 billion to the Kumamoto Family Bank)
Mar. 1	· Transfer of LTCB shares to New LTCB Partners
Mar. 7	· Business Transfer Agreement of Komukin Bank signed by Yachiyo Bank and Kokumin Bank
Mar. 30	· Asset purchase from sound financial institutions
Mar. 31	· Capital injection under the Early Strengthening Law (¥285 billion to the LTCB and another bank)
May 18	· Basic Agreement on Business Transfer of Kofuku Bank signed with the US investment fund “Asia Recovery Fund” and Kofuku Bank
May 31	· Basic Agreement on Business Transfer of Namihaya Bank signed by the Daiwa and Kinki Osaka Bank, and Namihaya Bank
Jun. 6	· Basic Agreement on the Transfer of NCB signed by DICJ, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB
Jun. 27	· Basic Agreement on Business Transfer of Tokyo Sowa Bank signed by Asia Recovery Fund and Tokyo Sowa Bank
Jun. 30	· Final Agreement on the transfer of the NCB signed by DICJ, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB
Jul. 28	· Business Transfer Agreement of Namihaya Bank signed by Daiwa, Kinki Osaka Bank and Namihaya Bank
Sep. 1	· Transfer of the NCB’s shares to the consortium of Softbank, Orix and Tokio Marine and Fire Insurance
Sep. 26	· Asset purchases from sound financial institutions
Sep. 29	· Basic Agreement on Business Transfer of Niigata Chuo Bank signed with Taiko, Daishi, Hachijuni, and Higashi Nihon Bank and Niigata Chuo Bank · Capital injections under the Early Strengthening Law (¥60 billion to Chiba Kogyo Bank and ¥35 billion to Yachiyo Bank)
Oct. 3	· Capital injection under the Early Strengthening Law (¥260 billion to NCB)
Oct. 6	· Business Transfer Agreement of Kofuku Bank signed with Kansai Sawayaka Co., Ltd., a company set up by the Fund as an acquiring institution (name later changed to the Kansai Sawakaya Bank on acquisition of banking license)
Oct. 20	· Business Transfer Agreement of Nichinan Shinkin Bank signed with Nango Shinkin Bank and Nichinan Shinkin Bank
Oct. 31	· Basic Agreement on Business Transfer of Niigata Chuo Bank signed with Gumma, Towa Bank and Niigata Chuo Bank
Nov. 30	· Basic Agreement of Tokyo Sowa Bank by the Asia Recovery Fund and Tokyo Sowa Bank cancelled
Dec. 16	· Appointed as a financial administrator for Kansai Kogin Credit Cooperative
Dec. 20	· Special purchase of assets from Shinkumi Federation Bank, and compensation for losses incurred thereby (Special purchase: ¥15.9 billion, Compensation for losses: ¥82 billion)
Dec. 21	· Business Transfer Agreement of Niigata Chuo Bank signed with the Taiko, Daishi, Hachijuni, Higashi-Nippon, Gunma Bank and Niigata Chuo Bank
Dec. 22	· Business Transfer Agreement of Niigata Chuo Bank signed with Towa Bank and Niigata Chuo Bank
Dec. 22	· Repayment of perpetual subordinated bonds (¥150 billion) underwritten from Mitsubishi Trust & Banking
Dec. 28	· Disposal of preferred shares worth ¥200 billion subscribed from Mitsubishi Trust & Banking
Dec. 29	· Appointed as a financial administrator for Chogin Tokyo Credit Cooperative

Year 2001

Jan. 25	· Business Transfer Agreement of Tokyo Sowa Bank signed by the US investment fund “Lone Star” and Tokyo Sowa Bank
Mar. 30	· Capital injection under the Early Strengthening Law (¥12 billion to Kansai Sawayaka Bank and ¥20 billion to Higashi-Nippon Bank)
Apr. 2	· Set up insurance premium rate for FY 2001 as 0.048% for Specific deposits and Other deposits, etc.
Dec. 28	· Appointed as a financial administrator for Ishikawa Bank

Year 2002

Mar. 8	· Appointed as a financial administrator for Chubu Bank
Mar. 11	· Establishment of Bridge Bank of Japan (BBJ) as a 100% subsidiary (¥2.05 billion capital subscription)
Mar. 19	· The BBJ got licenses of banking and mortgage debentures trust business
Mar. 28	· Business Transfer Agreement of Ishikawa Bank and Chubu Bank signed by the BBJ and Ishikawa Bank, and the BBJ and Chubu Bank respectively
Mar. 29	· Set up insurance premium rate for FY 2002 as 0.094% for Specific deposits and 0.08% for Other deposits, etc.
Nov. 1	· Basic Agreement for the business transfer of the Chubu Bank signed among the Chubu Bank, the BBJ and three assuming institutions: the Shimizu Bank, the Shizuoka Chuo Bank and the Tokyo Star Bank.
Nov. 15	· Basic Agreement for the business transfer of the Ishikawa Bank signed among the Ishikawa Bank, the BBJ and five assuming institutions: the Hokuriku Bank, the Hokkoku Bank, the First Bank of Toyama, the Kanazawa Shinkin Bank and the Noto Shinkin Bank.
Dec. 6	· Business Transfer Agreement of the Chubu Bank signed among the Chubu Bank, the BBJ and three assuming institutions: the Shimizu Bank, the Shizuoka Chuo Bank and the Tokyo Star Bank.
Dec. 11	· The bill to amend the Deposit Insurance Law was enacted. The blanket guarantee for current deposits, ordinary deposits and specified deposits was extended to March 2005
Dec. 17	· Business Transfer Agreement of Chogin Tokyo Credit Cooperative signed with Hana Credit Cooperative and the RCC
Dec. 27	· Business Transfer Agreement of the Ishikawa Bank signed among the Ishikawa Bank, the BBJ and five assuming institutions: the Hokuriku bank, the Hokkoku Bank, the First Bank of Toyama, the Kanazawa Shinkin Bank and the Noto Shinkin Bank

Year 2003

Apr. 1	· Set up insurance premium rates for FY2003 as 0.090% for payment and settlement deposits and 0.080% for general deposits, etc.
Apr. 10	· The investment of ¥49.4 billion to establish the Industrial Revitalization Corporation of Japan (Established on April 16) approved at a Policy Board meeting
Jun. 30	· Capital subscription to Resona Bank based on the Deposit Insurance Law (Response to Financial Crisis)
Jul. 1	· Inspection Department established
Sep. 9	· Approval for advanced repayment of perpetual subordinated bonds from Mizuho Trust & Banking (¥50 billion out of the remaining ¥100 billion). (Completed on Sep. 30, 2003.)
Sep. 12	· Approval for transfers of preferred shares (¥8 billion) from Kansai Sawayaka Bank. (Completed on Oct. 3, 2003.)
Sep. 24	· Capital injections to financial institutions based on the Special Measures Law for the Promotion of Organizational Restructuring (¥6 billion to Kanto Tsukuba Bank).
Sep. 26	· Preferred shares of the Hokuriku Bank were transferred to Hokugin Financial Group, established through stock transfers.
Sep. 29	· Purchases of assets from sound financial institutions (with a book value of ¥123.2 billion from 51 financial institutions).
Oct. 16	· Study Group on Deposit Insurance Premium was established.
Dec. 1	· As a crisis response measure stipulated in the Deposit Insurance Law, all shares of The Ashikaga Bank were acquired (Bank under Special Crisis Management).
Dec. 25	· Cancellation by purchase of subordinated bonds from Kansai Sawayaka Bank (¥4 billion) was approved. (Completed on January 8, 2004.)
Dec. 26	· Purchases of assets from sound financial institutions (with a book value of ¥52.5 billion from 21 financial institutions).

Year 2004

Jan. 7	· Approval for disposal of preferred shares (¥100 billion) and subordinated bonds (¥100 billion) of the Sumitomo Trust & Banking by resale to third parties and cancellation by purchase to third parties. (Completed on January 13-14, 2004.)
Feb. 26	· At a Policy Board meeting, the investment of ¥2.12 billion to establish The Second Bridge Bank of Japan, Ltd. was approved (Established on March 1.)
Mar. 18-19	· The International Seminar on Deposit Insurance held at Kyoto.
Mar. 23	· Approval was granted for advanced repayment and discretionary reimbursement of 6 subordinated bonds (¥605 billion) and 2 subordinated loans (¥60 billion) from Mizuho Financial Group, the Ashikaga Bank, Mitsui Trust Holdings and the Bank of Yokohama. (Completed on March 30-31, 2004.)
Mar. 26	· Purchases of assets from sound financial institutions (with a book value of ¥179.4 billion from 62 financial institutions).
Apr. 9	· Approval for discretionary reimbursement of dated subordinated loan (¥50 billion) from the Bank of Yokohama (completed on May 11, 2004).

Apr. 22	· Establishment of Performance Appraisal Committee
Apr. 27	· Purchase of assets from sound financial institutions (with a book value of ¥1.2 billion from one financial institution).
Jun. 1	· In cases of transfer or disposal of preferred shares which were underwritten for capital injection through public funds, for the purpose of pricing reasonably from the perspectives of fairness and impartiality, a “Divestment Price Examination Board”, which is composed of external experts, was established within DICJ, and the first meeting was held.
Jun. 23	· Mr. Matsuda resigned from his office of Governor.
Jun. 24	· Mr. Nagata was appointed as Governor.
Jun. 28	· Approval of the transfer of preferred shares (¥30 billion) from the Bank of Yokohama (completed on July 2, 2004). · Purchase of assets from sound financial institutions (with a book value of ¥12.7 billion from 13 financial institutions)
Jul. 1	· Establishment of the Treasury Department
Jul. 8	· The notification “Immediate Guideline for Disposal of Preferred Shares Acquired for Capital Injection to the Third Parties or for Offer of Repaying the Public Funds (dated November 21, 2000)” was revised and made public.
Jul. 26	· Approval of conversion of the preferred shares into ordinary shares and selling them from the Bank of Yokohama (¥55 billion out of ¥70 billion) (completed on July 30, 2004).
Jul. 28	· Receiving a proposal of purchase of assets, as stipulated in Article 129 paragraph 1 of the Deposit Insurance Law, from the Ashikaga Bank which is under special crisis management, the Policy Board met on July 28, 2004 and the purchase of the asset concerned at the price of ¥5.1 billion (with a book value of ¥36 billion) was decided (the date of purchase to be August 23, 2004).
Aug. 27	· Approval of transfer of preferred shares (¥15 billion out of ¥70 billion) from the Bank of Yokohama (completed on August 31, 2004). · The Governor announced the statement of activity: Approval of the transfer of two preferred shares (¥232.75 billion in total) from Mizuho Financial Group (completed on August 31, 2004).
Sep. 24	· Approval of the advanced repayment and discretionary reimbursement of permanent subordinated bonds (¥200 billion) from Mizuho Holdings, of permanent subordinated bonds (the remaining ¥25 billion) from Mizuho Trust & Banking and of dated subordinated loans (¥40 billion out of the remaining ¥140 billion) from Mitsui Trust Holdings (completed on September 30, 2004).
Sep. 28	· Purchase of assets from sound financial institutions (with a book value of ¥54.5 billion from 36 financial institutions)
Sep. 30	· Approval of conversion of two preferred shares (¥201 billion in total) into ordinary shares from the Sumitomo-Mitsui Financial Group and selling them by ToSTNeT-2 (sold on November 2, 2004).
Dec. 28	· Purchase of assets from sound financial institutions (with a book value of ¥27.9 billion from 13 financial institutions).

Year 2005

Feb. 1	· Selling of ordinary shares of Resona Holdings (¥2.73 billion) by ToSTNeT-2.
Feb. 28	· Receiving a proposal of purchase of assets as stipulated in Article 129 of the Deposit Insurance Law from the Ashikaga Bank which is under special crisis management, the Policy Board met and the purchase of the asset concerned at the price of ¥56.4 billion (with a book value of ¥397.8 billion) was decided (the date of purchase to be March 22, 2005)
Mar. 2	· The shares purchased by DICJ, which the former Long-term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank (Aozora Bank) held at the time of termination of the special public management of these two banks, had been entrusted respectively to Shinsei Trust & Banking and Aozora Trust & Banking. However, accompanied by the expiration of the initial trust period of those held by Shinsei Trust & Banking on March 1, 2005 under the shares sales/purchase agreement, the shares, excluding those for which the trust period was extended for one year (on a historical cost basis, around ¥120 billion) were transferred to DICJ.
Mar. 3	· Approval of the transfer of 3 preferred shares (¥249.85 billion in total) from Mizuho Financial Group (completed on March 7, 2004)
Mar. 10	· Approval of prepayment and discretionary reimbursement of permanent subordinated bonds (¥100 billion) and dated subordinated loans (the remaining ¥100 billion) from Mitsui Trust Holdings, and dated subordinated bonds (¥100 billion) from Mizuho Holdings (completed on March 31, 2005).
Mar. 28	· Decision on the approval of the corporate reorganization plan of the Ashigin Financial Group, which is subject to control under the Corporate Reorganization Law.
Mar. 29	· Purchase of assets from sound financial institutions (with a book value of ¥80.5 billion from 41 financial institutions)
Mar. 31	· Approval of deposit insurance premium rate for FY2005 (0.115 % for “Payment and Settlement Deposit”, and 0.083 % for “General Deposits, etc.”) by the Commissioner of Financial Service Agency and Finance Minister.
Jun. 28	· Purchase of assets from sound financial institutions etc. (for the last application which closed at the end of March, 2005)
Aug. 23	· Approval of the transfer of 4 preferred shares (¥616.4 billion in total) from Mizuho Financial Group (completed on August 29, 2005)

Sep. 1	<ul style="list-style-type: none"> The shares purchased by DICJ, which the former Long-Term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank (Aozora Bank) held at the time of termination of the special public management of these two banks, had been entrusted respectively to Shinsei Trust & Banking and Aozora Trust Bank. However, accompanied by the expiration of the initial trust period of the shares held by Aozora Trust Bank on August 31, 2005 under the shares sales/purchase agreement, the shares, excluding those for which the trust period was extended for one year (on an acquisition book value basis, approximately ¥210 billion) were transferred to DICJ.
Sep. 27	<ul style="list-style-type: none"> Approval of the advanced prepayment and discretionary reimbursement of 2 permanent subordinated loans (¥200 billion in total) from Resona Holdings, permanent subordinated loans (¥10 billion, partially repaid) from the Hokuriku Bank, permanent subordinated loans (¥20 billion) from Momiji Holdings, and permanent subordinated loans (¥100 billion) from UFJ Holdings (completed on September 30, 2005, except ¥100 billion of those from Resona Holdings completed on October 3).
Oct. 4	<ul style="list-style-type: none"> Approval of the conversion of two preferred shares (¥323.6 billion in total) into common shares from the Mitsubishi UFJ Financial Group and their disposition after conversion (selling them by ToSTNeT-2) (completed on October 5, 2005).
Oct. 6	<ul style="list-style-type: none"> Approval of the exercising of rights based on the provision for mandatory redemption concerning the preferred shares (¥250 billion) from Mizuho Financial Group (completed on October 12, 2005).
Oct. 28	<ul style="list-style-type: none"> The revision of the notification “Immediate Guideline for Disposal of Preferred Shares Acquired for Capital Injection to Third Parties or for Offer of Repaying Public Funds,” and “The Immediate Measures for Divestment of Preferred Stocks, Shares etc., Subscribed for the Purpose of Capital Injection” were officially announced in order to indicate judgment criteria when considering disposition without any applications being filed from financial institutions, in addition to the procedure for the event wherein applications are filed from financial institutions.
Dec. 6	<ul style="list-style-type: none"> Approval of the conversion of two preferred shares (¥180.4 billion in total) into common shares from the Mitsubishi UFJ Financial Group and their disposition after conversion (selling them by ToSTNeT-2) (completed on December 7, 2005); Approval of the disposal by sale of two preferred shares (¥75.5 billion) from the Mitsubishi UFJ Financial Group and preferred shares (¥12.0 billion) from the Wakayama Bank to third parties (completed on: December 9, 2005 for the Mitsubishi UFJ Financial Group; December 12, 2005 for the Wakayama Bank)
Dec. 16	<ul style="list-style-type: none"> Approval of the disposal by sale (¥17.0 billion) and transfer (¥3.0 billion) of preferred shares (¥20.0 billion) from Momiji Holdings to third parties (completed on December 21, 2005)

Year 2006

Jan. 27	<ul style="list-style-type: none"> Receiving a proposal for the purchase of assets as stipulated in Article 129, Paragraph 1 of the Deposit Insurance Law from the Ashikaga Bank which is under special crisis management, the Policy Board met and the purchase of the assets concerned at the price of ¥23.5 billion (with a book value of ¥91.1 billion) was decided (purchased on February 6, 2006)
Feb. 27	<ul style="list-style-type: none"> Of the shares that had been possessed by the former Long-Term Credit Bank of Japan (Shinsei Bank) after the term of special public management, then purchased by the DICJ and entrusted to Shinsei Trust & Banking, the shares for which the trust period had been extended for one year were transferred to DICJ (on an acquisition book value basis, approximately ¥1,200 billion) due to the expiration of the period. (The other shares were transferred on March 2, 2005.)
Feb. 28	<ul style="list-style-type: none"> Approval of the conversion of two preferred shares (¥180.3 billion in total) into common shares from the Mitsubishi UFJ Financial Group and their disposition after conversion (selling them by ToSTNeT-2) (completed on March 1, 2006); Approval of the disposal by sale of preferred shares (¥136.2 billion) from the Mitsubishi UFJ Financial Group to third parties (completed on March 3, 2006) The “Divestment Price Examination Board” was renamed as the “Divestment Examination Board for Preferred Shares etc.,” with expanded functionality and increased members based on “Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds” (completed on February 23, 2006).
Mar. 3	<ul style="list-style-type: none"> Approval of the discretionary reimbursement of permanent subordinated loans (¥10 billion) from the Hokuriku Bank (completed on March 30, 2006).
Mar. 17	<ul style="list-style-type: none"> Approval of the disposal by sale of preferred shares (¥35.0 billion) from the Yachiyo Bank to third parties (completed on March 24, 2006)
Mar. 31	<ul style="list-style-type: none"> Approval of the deposit insurance premium rate for FY2006 (0.110 % for “Payment and Settlement Deposit, and 0.080 % for “General Deposits, etc.”) by the Commissioner of Financial Service Agency and Finance Minister.

(Note) “Statements by the Governor” and details of other information, visit the DICJ Website at <http://www.dic.go.jp/english/>

(Reference 1)

October 28, 2005
Deposit Insurance Corporation of Japan

Statement by the Governor

Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds

1. The Financial Services Agency has announced today “Approaches to the Disposal of the Financial Assets (Preferred Stocks, etc.) Acquired through Capital Injections with Public Funds”. It demonstrates the concept that, with regard to the disposal of preferred stocks, etc. 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 sound management of the Recapitalized Financial Institutions and avoiding negative impacts on markets”.
The Deposit Insurance Corporation of Japan (DICJ) will be required “to stand prepared to take appropriate and flexible actions in view of factors including the terms of preferred stocks 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 (hereinafter referred to as the “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 approaches, DICJ has revised “Immediate Guideline for Disposal of Preferred Stocks Acquired for Capital Injection to Third Parties or for Offer of Repaying the Public Funds (announced by DICJ on July 8, 2004),” and newly published the attached “Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds” in order to demonstrate the concepts and criteria for judgments for disposing the preferred stocks without any requests for repayment made by the Recapitalized Financial Institutions in addition to the guideline based on the requests for repayment by the Recapitalized Financial Institutions.
3. With changes of the circumstances in that the sound management of the Recapitalized Financial Institutions and the market environment have improved, and the possibilities of early disposal legally expected increasing, DICJ will additionally take appropriate and flexible actions in the disposal of preferred stocks, subordinated bonds, etc. (hereinafter referred to as “Preferred Stocks”), consulting with the Recapitalized Financial Institutions, taking into consideration the terms of preferred stocks and stock price movements, 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.
In such cases, DICJ will continue to pay full attention to maintaining sound management of the Recapitalized Financial Institutions and avoiding negative impacts on markets.
Upon making the specific disposition, from the perspective of respecting the capital policy of each Recapitalized Financial Institution, DICJ shall see whether there is an intention of the request for disposal of Preferred Stocks from each Recapitalized Financial Institution in advance, and make sufficient discussion with it, based on the appropriate procedures.

October 28, 2005

Deposit Insurance Corporation of Japan

Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds

The Deposit Insurance Corporation of Japan (DICJ) has temporarily been adopting the guideline of disposing of preferred stocks, subordinated bonds and so on (hereinafter referred to as “Preferred Stocks”) acquired by the Resolution and Collection Corporation (RCC) for capital injections including the exercise of the conversion right of convertible preferred stocks into common stocks which is made in expectation of selling.

1. Basic concept

While the soundness of the financial institutions which 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, such as they are now in most cases able to raise capital from private sources, it is requested to take an approach that places more emphasis on the standpoint of “taxpayers’ interest” in its role of managing the financial assets (preferred stocks, etc.) acquired through the 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, DICJ will take appropriate and flexible actions in the disposal of preferred stock taking into account the terms of preferred stocks and stock price movements at a given point in time, 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 Stocks to third parties (including sale in the capital market)

(1) Concept

DICJ will sell Preferred Stocks 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 Stocks be fairly sold to third parties, in view of the purport that financial institutions were recapitalized by issuing preferred stocks, DICJ will give due consideration to the independence in management of the Recapitalized Financial Institutions which issued such preferred stocks.

In the case of selling them in the capital market, DICJ will conduct their sale by considering stock market conditions.

(2) Criteria for judgment

- (i) Avoiding public costs
Whether the repayment, etc. 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

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
 - Whether the financial institution will be able to maintain its capital adequacy ratio at a sufficient level after the repayment, etc.
 - 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 it is very favorably circumstanced to make the dispositions in view of the terms of the preferred stocks and stock price movements**(1) Concept**

DICJ will make the disposition of the preferred stocks, 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 DICJ to ensure collection of profits accruing on the public funds on the premise of maintaining sound management of the Recapitalized Financial Institutions and avoiding negative impacts on markets when it is considered very favorably circumstanced to sell Preferred Stock at that time in view of the terms of preferred stocks and stock price movements, while a request from the Recapitalized Financial Institution for the sale is still not expected to be offered after consultation with it.

Upon making the disposition, from the perspective of respecting the capital policy of the Recapitalized Financial Institution, DICJ shall see whether there is an intention of request for disposal of preferred stocks from the Recapitalized Financial Institution in advance, and make sufficient consultation with it.

(2) Criteria for judgment

- (i) That it can be estimated to earn profits for certain by selling the Preferred Stock at a fair price in view of the terms and stock price movements of Preferred Stock, and that it is very favorably circumstanced to make the disposition at that time

Note: Concerning preferred stocks, 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 are estimated to be earned certainly by making the disposition.

- (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, and so on.

DICJ shall determine the timing and size of converting or selling of Preferred Stocks, 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 disposition and conversion of Preferred Stocks is fair. Furthermore, upon converting (see Note) or selling, DICJ shall give due consideration to the independence of management of the Recapitalized Financial Institutions which issued them, in view of the purport that the financial institutions were recapitalized by issuing preferred stocks.

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

(Reference 2)

February 27, 2006
Deposit Insurance Corporation of Japan

Statement by the Governor

Purchased and transferred stocks to DICJ of former Long-Term Credit Bank of Japan and former Nippon Credit Bank

1. Stocks possessed by both former Long-Term Credit Bank of Japan (Shinsei Bank) and former Nippon Credit Bank (Aozora Bank) at the end of Special Public Management, which Deposit Insurance Corporation of Japan (DICJ) purchased and entrusted with each of Shinsei Trust & Banking and Aozora Trust Bank, transferred to DICJ on March 2, 2005 and September 1, 2005 respectively, except stocks which extended the entrusting contract period by one year. Today, stocks possessed by Shinsei Trust & Banking (book value: 1,200 billion yen), for which the trust period was extended, transferred to DICJ in accordance with the expiration of the contract period after extending. The rest of the stocks possessed by Aozora Trust Bank are scheduled to be transferred to DICJ on August 28, 2006 upon expiration of the trust period.
2. DICJ will dispose stocks on this issue in principle of “minimization of national burden” and “minimization of market impact”, now has been formulating a fundamental policy on the basis of experts’ opinions. We will pursue disposal of stocks appropriately and smoothly over about the next decade after such policy stipulated. We basically entrust disposal of stocks on this issue to the selected financial institution (entrustment institution of stock disposal) which has expertise in relation to such operations.
3. Until entrustment institution of stock disposal is selected and disposal is made appropriately and smoothly, DICJ disposes of stocks in the following case.
 - (1) In case stock issuers make a request of payback.
(Unless DICJ bears any loss.)
 - (2) In case they acquire odd stocks.
 - (3) In case their stocks move to special watch or special list under the regulations of the stock exchange.
4. Trust bank which is entrusted the management exercises voting rights of stocks on this issue under the following policies.
 - (1) To increase economic profit of DICJ.
 - (2) To enhance the business management to maximize stockholders’ profit.

Outline of stocks on this issue

	Shinsei Trust & Banking (Former Long-Term Credit Bank of Japan)	Aozora Trust Bank (Former Nippon Credit Bank)
Entrustment term after extending	February 24, 2006	August 28, 2006
Accumulated amount of total purchase	2,269.3 billion yen	670.4 billion yen
Outstanding as of the end of January, 2006 (including transferred stocks)	1,361.5 billion yen	583.4 billion yen
Transferred stocks (Amount of initial transferred stocks)	102.5 billion yen (120.5 billion yen)	206.6 billion yen (209.3 billion yen)
Amount of transferred stocks in the present case	1,235.4 billion yen	

(Note) 1. Amounts are based on purchased book value.

2. Difference of amount at each point, for instance, between accumulated amount of total purchase and outstanding as of the end of January, is caused from redemption by Shinsei Bank and Aozora Bank and payback by each during these period.
3. Amount of initial transferred stocks in transferred stocks means amount of stocks which transferred to DICJ from Shinsei Trust & Banking on March 2, 2005 and from Aozora Trust Bank on September 1, 2005 upon termination of the initial entrustment contract period.

(10) Policy Board Meetings (in FY2005)

	Agenda
183rd Meeting (June 22, 2005)	<ol style="list-style-type: none"> 1. Account settlement of FY2004 2. Increase of monetary grant to Minato Bank following the settlement of lawsuit succeeded from its predecessor 3. Increase of monetary grant to Kansai Urban Banking Corporation following the settlement of lawsuit of Kofuku Bank 4. Granting a subsidy for the business operation to the RCC
184th Meeting (October 7, 2005)	<ol style="list-style-type: none"> 1. Designation of a person who represents the chairman in the event of his absent
185th Meeting (January 27, 2006)	<ol style="list-style-type: none"> 1. Asset Purchases from Ashikaga Bank 2. Terms of entrustment to RCC concerning asset purchases from Ashikaga Bank 3. Change of limit for loan to and loan guarantee to RCC 4. Approval for the payment application made by Tokyo Star Bank for the reconciliation
186th Meeting (March 23, 2006)	<ol style="list-style-type: none"> 1. Decision on issuance premium rate for FY2006 2. Decision on budget and financing plan for FY2006 3. Amendment to Articles of Incorporation 4. Amendment to operational guidelines 5. Increase of monetary grant for Tokyo Star Bank in accordance with the settlement of contentious case regarding Chiba-ken Shoko Credit Cooperative 6. Increase of monetary grant for Osaka Shinkin Bank for the settlement of lawsuit succeeded from its predecessor 7. Increase of monetary grant for Keiji Credit Cooperative for the settlement of lawsuit succeeded from its predecessor

(11) Policy Board Members and DICJ Officials, etc. (as of August 31, 2006)
< Policy Board >

Chairman	Shunichi Nagata	(Governor of the DICJ)
Members (in alphabetical order)	Nobuo Kuroyanagi	(Chairman, Japanese Bankers Association)
	Yutaka Morita	(Chairman, Trust Companies Association of Japan)
	Masamichi Narita	(Adviser, Japan Tobacco, Inc.)
	Yasuhiko Okada	(Governor, National Association of Labour Banks)
	Koji Omae	(Chairman, National Association of Shinkin Banks)
	Toshio Seya	(Chairman, Regional Banks Association of Japan)
	Takeshi Yoshii	(Adviser, Nippon Steel Corporation)
	Naoyuki Yoshino	(Professor of Economics, Keio University)
	Hakaru Hirose	(Deputy Governor of the DICJ)
	Yutaka Nagashima	(Deputy Governor of the DICJ)
	Mutsuo Hatano	(Deputy Governor of the DICJ)
	Masanori Tanabe	(Deputy Governor of the DICJ)

< Officials of the DICJ >

Governor	Shunichi Nagata
Deputy Governors	Hakaru Hirose
	Yutaka Nagashima
	Mutsuo Hatano
	Masanori Tanabe
Auditor (Part-Time)	Hitomi Takahashi

< Department Heads of the DICJ >

Planning and Coordination Department	Fujiki Hayashi
Treasury Department	Masahiro Kan
Financial Reconstruction Department	Soichi Yoshimura
Deposit Insurance Department	Tetsuro Wada
Special Investigation Department	Masao Sato
Inspection Department	Ken Nakazawa
Osaka Operation Department	Shoichi Kano
Investigation & Recuperation Office of Legal Affairs	Nobuyuki Takahashi

< Special Advisors to the Liability Investigation Committee >

Hisao Kamiya	(former Prosecutor-General)
Shigeru Kobori	(former President of the Japan Federation of Bar Associations)
Tadao Ando	(former Superintendent-General of the Metropolitan Police)

< Members of the Purchase Price Examination Board >

Chairman	Yoshinori Fujimura	(Attorney at law)
Deputy Chairman	Nobuo Nagaba	(Real Estate Appraiser)
Members	Somitsu Takehara	(Certified Public Accountant)
	Yasuyuki Kuratsu	(Financial Practitioner)
	Mikinari Higano	(Academic expert)

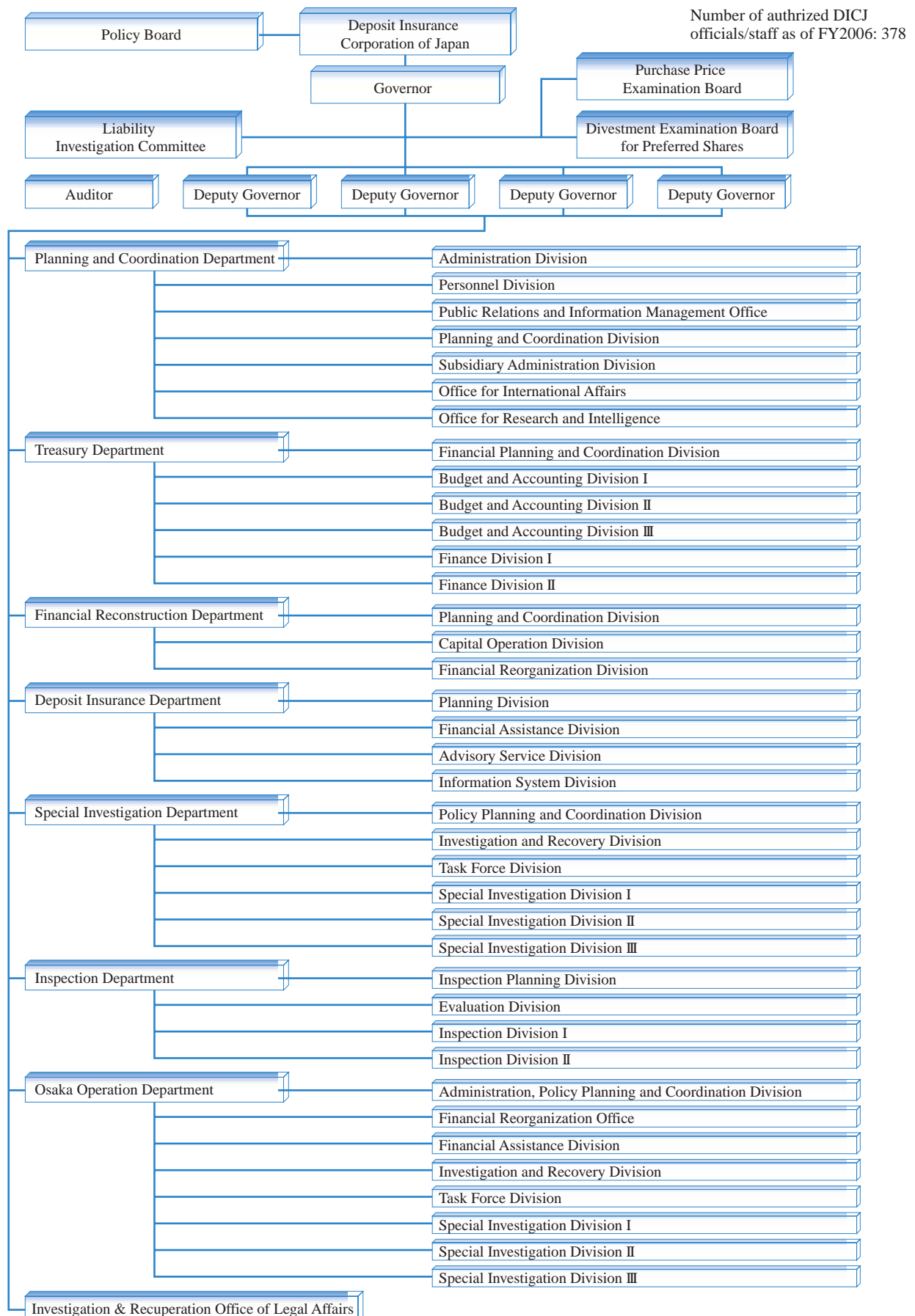
< Members of the Divestment Examination Board for Preferred Shares etc. >

Chairman	Satoshi Komiyama	(Certified Public Accountant)
Deputy Chairman	Yasuyuki Kuratsu	(Financial Practitioner)
Members	Akira Usui	(Academic expert)
	Hidetaka Kawakita	(Academic expert)

< Members of the Performance Appraisal Committee >

Chairman	Masamichi Narita	(Policy Board Member)
Members	Takeshi Yoshii	(Policy Board Member)
	Naoyuki Yoshino	(Policy Board Member)
	Hitomi Takahashi	(DICJ Auditor)

(12) DICJ Organization Chart (as of July 1, 2006)



I. OPERATIONAL HIGHLIGHTS IN FY 2005

1. Maintenance and Improvement of Failure Resolution Framework for the Protection of Depositors

(1) Promoting Preparation for the Depositors' Name-based Aggregation Database and System

The limit of amount protected under the deposit insurance scheme is defined as per one depositor for one financial institution. Therefore, in the event of a failure, it is imperative to produce the depositors' name-based aggregation database by consolidating and totaling all accounts held by the same depositor. This producing operation itself is conducted by the DICJ based on the depositor data submitted by the failed financial institution in question, but if the data is not accurate, or if delivery of the data is delayed to the DICJ, the deposit amount to be protected cannot be promptly calculated, and thereby the smooth protection of deposit is hampered.

(Note) [See P30, IV. 3. "Scope of Deposit Protection"] regarding the protection limit.

Accordingly, the deposit insurance law requires financial institutions to provide depositor data on magnetic tapes (hereinafter referred to as "the name aggregation data") to the DICJ without delay in the event of failure, and requires each financial institution to maintain the name aggregation data and system on a routine basis (Article 55, Paragraph 2 of the same law.) Furthermore, in order to ensure that payment and settlement deposits and settlement funds in process are smoothly reimbursed, the same law requires financial institutions to set up a system to promptly reflect the results of depositors' name-based aggregation data transmitted by the DICJ on their own operational system. (Article 58, Paragraph 3.)

Concerning the data and system set up by financial institutions, in FY2005, the DICJ proceeded as mentioned below to encourage the proper maintenance and operation of the database even after the name-based aggregation data had been well organized to cope with the subsequent acceptance of new deposits and amendments to the deposit operation system.

(i) Verification of the depositors' name-based aggregation database and system under Article 37 of the Deposit Insurance Law

Since October 2003, to facilitate name identification at

the failure of a financial institution, each financial institution was requested to submit their depositor data in accordance with Article 37 of the Deposit Insurance Law. This data was subsequently verified by DICJ's system as to whether it conformed to the specified format. The first-round data verification of all insured financial institutions was completed by March 2005. In June of the same year, the DICJ started the second-round verification operation, by adding payment and settlement deposits into the verification items, from the perspective of maintaining the accuracy of the depositors' name-based aggregation database. (The second-round verification covered 278 financial institutions by the end of March 2006.)

(ii) Training and advice

In order to facilitate preparation for the depositors' name-based aggregation database and system, in July 2004 the DICJ established an Advisory Service Division to provide financial institutions with training and advice. The division has actively responded to requests to dispatch lecturers to collective training hosted by the associations, etc. as well as to provide training/advice for individual financial institutions. In FY2005, the DICJ provided 178 cases of training/advice (176 for individual financial institutions and 2 collective trainings.) As a result, the total of training/advice reached 285 cases on a cumulative basis (267 for individual financial institutions and 18 collective training sessions.) The DICJ also notified financial institutions in writing of important maintenance-related points from the perspective of promoting the maintenance of the depositor data based on the results of the inspections of the depositors' name-based aggregation database and system etc.

(Reference) Maintenance and Improvement of the DICJ's System

Taking advantage of FY2007's renewal of a computer suite for the depositors' name-based aggregation operations on the part of the DICJ, the DICJ is planning to implement its improvements including: swifter acceptance and transfer of data; security; drawbacks and disaster measures; easier maintenance of its software; and expenses. In FY2005, in line with its preparation process, the DICJ undertook the study of improvement details and the selection of vendors for its equipment etc.

(2) On-Site Inspections

(i) On-site inspections

The Deposit Insurance Law provides that the Prime Minister (granting authorization to the Commissioner of the FSA) may, when deeming it necessary to ensure that the provisions of the Law are implemented efficiently, authorize the DICJ to conduct on-site inspections of financial institutions.

The scope of on-site inspections that may be undertaken by the DICJ is defined in Article 137, Paragraph 6 of the Deposit Insurance Law. Namely, (i) the DICJ may conduct inspections to check “That payment of insurance premiums is being made properly” (subparagraph 1 of the same), (ii) “That measures are being implemented to prepare databases, electronic data processing systems and other relevant measures for aggregating data related to deposits held by the same depositor, as obligatory to financial institutions” (subparagraph 2), and (iii) “The estimated amount to be repaid on deposits and other claims when a financial institution has been made subject to bankruptcy proceedings” (subparagraph 3). Penal provisions also exist for cases including evasion of these on-site inspections (Article 143, Paragraph 2 of the Deposit Insurance Law).

The DICJ began inspecting depositor name databases in August 2001 (inspection under subparagraph 2) and is effectively and efficiently undertaking the inspections in order to ensure and improve the accuracy of the depositor data.

In addition to the inspection on depositor name databases, the DICJ expanded its inspections to include insurance premiums confirmation (inspection under subparagraph 1) in January 2003. As the adequate payment of insurance premiums is indispensable for the stable operation of the deposit insurance system, the DICJ is striving, through its inspections, to ensure that premium payments are being properly made and that fairness is maintained among financial institutions, the system’s clients. Regarding the calculation of “estimated proceeds payment rate” (inspection under subparagraph 3), the DICJ is prepared to undertake the inspection, if necessary, in order to properly pay the estimated proceeds in the event that a financial institution fails.

To enhance the quality of these inspections, the DICJ established its Inspection Department in July 2003 and is taking other measures to create a system under which inspections can be properly performed.

For the 2005 inspection year (July 2005 to June 2006), the DICJ implemented on-site inspections in 105 finan-

cial institutions, which makes an accumulated total of 423 institutions after August 2001 (as of June 30, 2006.) [See P58, V. 1. (9) Number of On-Site Inspections Implemented].

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

Concerning items pointed out by the DICJ during inspections, the Financial Services Agency or Regional Finance Bureaus request a report from financial institutions on improvements based on Article 24 of the Banking Law and Article 136 of the Deposit Insurance Law, and then conduct a hearing. Based on the “Comprehensive Guideline for Supervision of Small- and Medium- sized and Regional Financial Institutions” (May 2004, Financial Services Agency), the DICJ also participates in this hearing and advises financial institutions to ensure that effective improvements are made.

(3) PR Activities to Ensure Public Awareness of the Deposit Insurance System

Placing great importance on good public awareness of the deposit insurance system, including depositors, the DICJ has devoted significant attention to public relation activities. In particular, in FY2005, when the removal of the blanket guarantee came into effect, the DICJ actively promoted public relation activities in cooperation with the Financial Services Agency and the Bank of Japan, and endeavored to ensure public awareness of the system under limited coverage.

The following is an overview of those activities.

(i) PR activities to ensure public awareness of the system

The DICJ had been actively publicizing the removal of the blanket guarantee, which came into effect on April 1, 2005, by issuing brochures etc. In FY2005, after the removal of the blanket guarantee, the DICJ undertook positive PR activities aiming at ensuring public awareness of the deposit insurance system, including: (i) the Governor of the DICJ gave lectures about the deposit insurance system related to the removal of the blanket guarantee at presentations sponsored by various organizations, and staff members of the DICJ were dispatched to workshops, etc., sponsored by financial institutions and associations to give explanation on the deposit insurance system; (ii) the DICJ carried interview articles concerning the deposit insurance system etc. with its officials on financial journals; and (iii) the DICJ ensured public awareness of the deposit insurance system by actively accepting interview requests by and providing information for reporters of newspaper offices and TV stations

and other mass media.

(ii) Website revision

Since its inception in 1999, the DICJ website has been taking a role of widely introducing its organizational structures, functions, operational activities, financial standings, etc. The DICJ, recognizing the importance of promoting the depositors' understanding about the deposit insurance system, particularly after the removal of the blanket guarantee of April 1, 2005, introduced a comprehensive revision of its website including an addition of an overview of the insurance deposit system and a complete change of its top page. The main points of the revisions are: a redesigning of the top page with multicolored design and image photos; an addition of new items such as "Deposit Insurance System," aiming at providing the depositors with fundamental information on the system; and an inclusion of a new cartoon column for friendly and easy understanding of the system (The cartoon column is only offered on the Japanese website.)



(iii) Explanation of the system in response to telephone inquiries

The DICJ set up dedicated telephone lines for answering inquiries concerning the deposit insurance system from the public to help them gain a correct understanding of the deposit insurance system, and answered a wide range of questions and inquiries from the public; including depositors.

The number of inquiries recorded was 3,224 in FY2005; representing a significant decrease of approximately 40% in comparison with the previous year when the removal of the blanket guarantee was imminent. [See (Reference 1)]

In April 2005, the number of inquiries reached an approximate 177% increase compared with the same month of the previous year due to the removal of the blanket guarantee, which came to effect on April 1, 2005. However, the number of inquiries decreased substantially after April of the same year compared with each corresponding month of the previous year and, from October of the same year, inquiries especially quieted down to a steady range of 100 cases per month. This is considered to be due to the fact that the financial environment showed signs of improvement, which was evidenced by the steady progress towards decreasing non-performing loans of the financial institutions.

In FY2005, inquiries concerning financial products covered by the deposit insurance system — such as those on the payment and settlement deposits which are fully protected under the deposit insurance system among others — accounted for approximately 16% of the total number of inquiries recorded. Inquiries focused on financial institutions also accounted for approximately 16% — such as those regarding the new types of financial institutions including individual financial institution handling deposits with high interest rates and the banks specializing internet banking, confirming whether they are fully protected under the deposit insurance system. Other noticeable inquiries included those concerning the limit of insurance payout, at around 13%. [See (Reference 2)]

(Reference 1) Number of Inquiries Recorded about General Matters

(Unit: Number of cases)

Fiscal year	2001	2002	2003	2004	2005
Individual	12,267	6,590	2,960	5,167	2,062
Corporation	10,001	3,225	1,812	3,034	1,162
Total Number	22,268	9,815	4,772	8,201	3,224

(Reference 2) Number of Inquiries Recorded by items in FY2005

(Unit: Number of cases, %)

Category	Number of cases	Composition ratio (%)
1. Inquiries about the outline of the system	422	7.2
System in general	194	3.3
Organization of DICJ	142	2.4
Deposit Insurance Fund, Premium Rate	86	1.5
2. Payment of insurance money, Purchase	4,212	71.8
Insured financial institution	940	16.0
Insured financial product	919	15.7
Insured depositor	450	7.7
Limit of payment of insurance money	758	12.9
Purchase system, Estimated proceeds payment	81	1.4
Interest	175	3.0
Name-based aggregation	518	8.8
Settlement function	161	2.7
Time of reimbursement	108	1.8
Procedures for claiming payment of insurance money	28	0.5
Partial payment	74	1.3
3. Financial assistance	24	0.4
4. Set-off of deposits against borrowings	271	4.6
5. Requesting materials, Other	939	16.0
Requesting materials, About website	246	4.2
Other	693	11.8
Total by item	5,868(note 1)	100.0(note2)

(Note 1) Because in some cases one line of inquiry covered two or more inquiry items, the total by item does not match that for each case of inquiries, as shown in (Reference 1).

(Note 2) The composition ratio of each item is rounded off.

(4) Failure Resolution System under Limited Coverage

There are two methods for resolving the failure of a financial institution, namely the method of paying insurance money directly to each depositor, etc. (straight deposit payout) and a method of transferring, in whole or in part, the operation of the failed financial institution to assuming financial institutions and providing financial assistance to such institutions (the financial assistance method). However, in the Financial System Council report of December 1999, the basic policy for resolution of failed institutions was specified as follows: "If a financial institution fails, it is necessary to select the resolution method which has the prospect of having the lowest cost required for resolving the failure, as well as to make every effort to minimize the confusion accompanying the failure. As a method for treating the failure of a financial institution, the choice of the financial assistance method is favorable and insurance payout should be avoided as much as possible." Following the transition to a limited coverage of time deposits, etc. beginning in FY2002, no financial institu-

tion has failed (except for one case where full deposits, etc., were protected as a result of measures in response to a financial crisis). Even under the limited coverage scheme, the financial assistance method, just as in the case of full protection, is superior to that of straight deposit payout. However, in the case of deposits, etc., other than those protected by the deposit insurance when a financial institution has failed (hereinafter referred to as "the insured deposit") and obligations in general, reimbursement depends on the state of assets of the failed financial institution. Therefore, in order to maintain fairness to depositors and general creditors and prevent an outflow of assets, certain restrictions on the business of the financial institution must be introduced and its assets preserved. For that reason, failure resolution under the limited coverage scheme is to be conducted subject to the civil rehabilitation procedures under court supervision.

(Note) When the impact of the financial institution's failure etc. is so huge that it shakes the financial system, the deposit etc. may be "fully protected" as measures to a financial crisis in accordance with Article 102 of the deposit insurance law subject to the resolution of the Council for Financial Crises chaired by the Prime Minister.

The DICJ is deliberating failure resolution schemes under limited coverage and is preparing a manual for dealing with procedures of the failure resolution assuming a case where the DICJ is appointed as a financial administrator. The DICJ is also exercising periodic in-service training for failure resolution procedures in order to ensure the proper implementation of the prepared failure resolution procedures and to make assurance doubly sure to cope with the failure resolution. (Note) This in-service training is aiming at preparatory measures for the failure of an individual financial institution, and is not intended for the failure of a specific financial institution.

[See Pxxvii, Tables & Figures (4) “Failure Resolution Scheme under the Limited Coverage”]

(Note) The training is exercised on a periodic and continuous basis. In FY2005, the following training was exercised to cover each segment of the financial administrator tasks.
September 16, 20 and 21, 2005 (3 days in total)
December 15 and 16, 2005 (2 days in total)

* Assumed operations of a financial administrator

When the Prime Minister (granting authorization to the Commissioner of FSA) issues an order to manage the business and assets of the financial institution (hereinafter referred to as “the order for management”) by a financial administrator, the DICJ may be appointed as a financial administrator. In this case, the following failure resolution procedures are assumed:

- (i) Since there have been multiple instances of financial institution failure in the latter part of the week, failure is assumed likely to occur on a Friday. When a financial institution has failed, the Prime Minister (granting authorization to the Commissioner of the FSA) issues a decision to render such institution subject to a management order and the DICJ is then appointed as a financial administrator.
- (ii) The failed financial institution applies to commence civil recovery proceedings.
- (iii) On Saturday and Sunday, preparations are made towards to reopen the business on Monday, including:
 - The blocking of all outside channels (*), and identification of insured deposits through aggregating deposits held by the same depositor, preparations for the payment of insured deposits, extraction of transactions excluded from settlement obligations, and preparations for new operations such as offsetting by depositors.
 - Briefing for all employees of the failed financial institution concerning the future operational sys-

tem, etc.

- (iv) Payment of insured deposits, settlement operations and loan operations are resumed from Monday. The DICJ prevent any confusion at the bank counter by careful preparations for resuming banking operations, exercising swift office works as well as positive PR activities. The failed financial institution strives to implement the payment of estimated proceeds as early as possible on commission by the DICJ.
- (v) Categorization of assets such as loans, etc.
- (vi) The DICJ begins to select an assuming financial institution upon its appointment as a financial administrator and transfer the business to the assuming financial institution. After six months from the date of the management order, the insured deposits and sound lending assets, etc., are transferred to the bridge bank, a provisional assuming institution.
- (vii) Starting from approximately one year after the date of the management order, the remaining assets of the failed financial institution are to be reimbursed based on the recovery plan.
- (viii) The bridge bank is a provisional assuming financial institution, and such bridge bank shall re-transfer the business to the final assuming financial institution within 2 years (within 3 years in the inevitable situations) from the date of the management order.

(*) An external channel means a circuit connecting with the system of the failed financial institution, such as a CD-ATM, affiliated ATM, Internet Banking, etc. of the failed financial institutions.

2. Proper and Steady Disposal of Past Failure Resolutions

(1) Management and Recovery of Assets Purchased from the Failed Financial Institutions

(i) Debt recovery and related activities

In order to facilitate the failure resolution of failed financial institutions, the DICJ has given financial assistance to 180 financial institutions (monetary grants: ¥18,615.4 billion, purchase of assets: ¥6,366.3 billion (including assets purchased from the Hanwa bank), lending of funds: ¥8.0 billion, debt assumption: ¥4.0 billion). Of these, ¥6,773.8 billion of claims purchased from failed financial institutions was recovered by debt collection and selling assets (as of the end of March 2006). Upon actually carrying out operations (purchase of assets, man-

agement and disposal), the majority of operations is entrusted to the Resolution and Collection Corporation (RCC), which is a DICJ subsidiary.

Furthermore, in order to support the operations involved in the management and recovery of assets, which the RCC purchased following entrustment of the DICJ as well as the takeover of seven companies from *Jusen*, the DICJ provides the guidance and advice necessary for carrying out operations under the Deposit Insurance, Financial Revitalization and *Jusen* Laws, etc.

These supporting activities for the RCC cover a wide range including the recovery of transferred claims, civil recovery proceedings, the legal process and other trans-

actions related to real estate, recovery by uncovering hidden assets as well as the pursuit of civil and/or criminal liability of directors or other persons concerned of failed financial institutions by fully exploiting the investigative powers entrusted to the DICJ. [See P12, I.4. “Asset Investigations and Pursuit of Liability” regarding asset investigation and liability pursuit.]

In addition to conventional debt collection methods, attempts are being made at the RCC to make collection methods more diversified and maximize collection results by using corporate revitalization methods and utilizing methods of liquidation and securitization of claims, etc.

Purchase of Assets from Failed Financial Institutions (as of the end of March 2006) (Unit: ¥ billion)

Category	Amount of purchase	Cumulative amount of recoveries
Purchase of assets from failed financial institutions (Article 64 of the Deposit Insurance Law)	5,186.5	5,150.9
Purchase of assets from banks which are placed under special public management (the former Long-Term Credit Bank of Japan and the former Nippon Credit bank) (Article 72 of the Financial Revitalization Law)	1,179.8	1,622.9
Total	6,366.3	6,773.8

(Note) In addition to the purchase of assets as financial assistance as mentioned above, the DICJ purchases assets from banks which are placed under special crisis management under Article 129 of the Deposit Insurance Law [See P9, I.2. (3) “Operations Related to Banks under the Special Crisis Management”] and from sound banks under Article 53 of the Financial Revitalization Law (Receipt of applications for the purchase of assets from sound financial institutions under Article 53 of the Financial Revitalization Law was closed as of March 31, 2005). [See P11, I.3. (2) “Purchase of Assets from Sound Financial Institutions, etc. and Management and Disposal”] Likewise, the DICJ entrusts the RCC with operations involved in management and disposal.

(ii) Debt recovery activities by the RCC

1) Debt collection policy of the RCC

The RCC takes roles in the fair and swift collection of the assets purchased with public funds from failed financial institutions and former *Jusen* to minimize national burdens. The RCC advocates three guidelines for debt recovery, namely, “pursuit of the binding character of contract,” “preservation of human dignity,” and “pursuit of corporate revitalization.”

In line with the above guidelines, the RCC is making the best efforts to negotiate with debtors taking their specific circumstances into consideration, while observing strict debt collection policy to maximize the volume of recovery. In addition, based on the governmental policy, etc. adopted in FY2001 and followed afterward, the RCC is carefully coping with the debtors of possible revitalization and is pursuing the maximization of debt collection through corporate revitalization.

2) Debt collection performance of the RCC

In FY2005, debts totaling ¥630.6 billion were recovered. This included ¥100.3 billion for the former Housing Loan

Administration Corporation, in addition to the amount for the former RCB that consists of ¥385.0 billion transferred from failed financial institutions (including the commissioned recovery of Hanwa Bank claims) and ¥145.3 billion purchased from sound financial institutions [See P54, V.1. (6) “Collection Performance of the RCC”].

3) Corporate revitalization

a. Promotion of corporate revitalization activities

In response to “the Structural Reform in the Japanese Basic Policy for Fiscal and Economic Management and for Economic and Social Structural Reform” (known as the Honebuto Policies) decided by the Cabinet on June 26, 2001 and the amendments to the Financial Revitalization Law in the same month, the RCC launched its “Headquarters for Corporate Revival,” with the RCC president serving as director, and a corporate revival department in charge of performing these activities was established in November of that same year. In January 2002, in order to judge expertly and objectively whether or not revitalization was

possible, the “Corporate Revitalization Study Committee” was established as an advisory body of the Headquarters for Corporate Revival managers. Moreover, an organizational structure was arranged to incorporate the corporate revival, and since that time its functions have been strengthened and its organization enhanced based on various policies decided by the government (*).

In recent years, a “Study Meeting for Regional Corporate Revitalization” has been held periodically, and based on the RCC’s track record and experience in corporate revitalization, activities for the revitalization of the regional economy have been carried out in coordination with regional financial institutions.

Moreover, in the “Program for Further Financial Reform,” publicized by the Financial Services Agency in December 2004, “Review of the RCC’s Corporate Revival Function aimed at the Intensive Revival of Small-and Medium-sized Enterprises, and Promotion of Asset Liquidation” was specified. In response to this, the RCC is planning to deal with corporate revitalization as a public institution and to continuously support revitalization of small and medium-sized enterprises.

(*) “Amendments to the Financial Revitalization Law” (January 2002), “Prompt Countermeasures to Deflation” (February 2002), “General Countermeasures for Accelerated Reform” and “Program for Financial Revival” (October 2002), “Action Program concerning enhancement of Relationship Banking Function” (March 2003), “Program for Further Financial Reform” (December 2004).

b. Corporate revitalization performance, etc.

Since the establishment of the Headquarters for Corporate Revival in November 2001, and up to March 2006, the RCC has been involved with 425 cases in the process of formulating revitalization plans (293 cases of private revitalization, 72 cases of legal revitalization and 60 cases with trusts and funds), and there are 196 cases of proposed candidates for revitalization. As for the performance in FY2005 (single year), the RCC was involved with 78 cases (46 cases of private revitalization, 9 cases of legal revitalization and 23 cases with trust and funds.) [See P55, V.1. (7) “Condition of Corporate Revitalization Cases of the RCC”]

4) Trust operations

The RCC obtained a license to engage in the trust business on August 31, 2001, established the “Trust Business Department” and commenced to subscribe to non-per-

forming loans using the trust method. In addition, the RCC utilizes trust functions in grappling with the securitization of non-performing loans and setting up the corporate revitalization fund using private funds. The RCC was entrusted with claims with a book value of ¥236.7 billion in FY2005, making a cumulative total of ¥2,243.9 billion (including RCC contributions) by the end of March, 2006, and contributed to promoting the smooth disposal of the non-performing loans of failed financial institutions.

5) Liquidation and securitization of loan assets

The “Program for Financial Revival,” inaugurated in October 2002, specified that (i) the RCC will accelerate collections and sales of loan assets purchased by the RCC and perform as a bridge to the activities of corporate reconstruction funds and others in order to maximize the collection of claims purchased. From this point of view, the RCC will expeditiously consider selling claims in principle which cannot be collected in the short-term after purchase. It also called for (ii) the RCC will strengthen its function to securitize its loan asset portfolio and continue its efforts to further sell asset-backed securities. As a result, in December of the same year, the DICJ and RCC announced “Basic Policy concerning the Liquidation and Securitization of Assets held by the RCC.” Under this policy, sales or securitization will be more actively considered when, from the perspective of economic rationality, these options are advantageous compared to recovery by the RCC.

In accordance with the aforementioned policy, the RCC introduced a method for bulk sales of multiple claims through bidding in the end of FY2002. In FY2005, bulk sales of properties were carried out with a total book value of ¥2,445.1 billion owed by 23,350 debtors (cumulative total: ¥4,393.4 billion). In addition, individual sales of properties were carried out with a total book value of ¥167.6 billion owed by 176 debtors (cumulative total: ¥1,304.0 billion), and securitization using trust functions (“RCC trust series” which combines non-performing loans of the RCC with those of financial institutions to securitize them) resulted in ¥77.4 billion worth of non-performing loan (cumulative total: ¥616.7 billion).

As a result, liquidation and securitization, including individual sales, bulk sales and securitization, were carried out with a total book value of ¥6,314.2 billion by the end of FY2005 (including the commissioned recovery of Hanwa Bank claims and the purchase of assets under Article 53 of the Financial Revitalization Law.).

Liquidation of Receivables (original book value of claims)

(Unit: ¥ billion)

Fiscal year	1999	2000	2001	2002	2003	2004	2005	Accumulated Total
Individual Sales	0.3	95.2	133.9	220.4	359.2	327.4	167.6	1,304.0
Securitization	-	-	32.3	109.6	341.2	56.4	77.4	616.7
Bulk Sales	-	-	-	263.8	361.8	1,322.7	2,445.1	4,393.4
Total	0.3	95.2	166.2	593.8	1,062.2	1,706.4	2,690.1	6,314.2

(Note) Some totals may not tally as the individual amounts have been rounded off.

6) Real estate management and disposal, etc.

The RCC is working on the proper management of real estates purchased from the seven former *Jusen* companies and failed financial institutions, and efficient disposal of these properties according to fair and transparent rules. More specifically, this includes registrations with REINS (the Real Estate Information Network System administered by the Organization for Real Estate Transactions under the authorization of the Ministry of Land, Infrastructure and Transport), listings of real estate sales information on the Internet web site, the application of competitive bidding, and the promotion of land sales for official or public use through collaboration with local public entities.

The RCC attempted to promote sales by positively introducing the bulk sales method (set sales) to sell properties owned by the RCC. In FY2005, the RCC sold 206 properties (including real estate that was previously owned by the former Hanwa Bank and administered by the RCC) for a total of ¥36.1 billion. As a result, cumulative sales reached 3,978 properties (including those transferred to the HLAC and the RCB) worth a total of ¥325.2 billion to date.

(iii) Management of Corporations under Liquidation and Lawsuits

In FY2005, out of the failed financial institutions which went into corporations under liquidation (hereinafter referred to as “Corporations under Liquidation”), 12 corporations finalized liquidation procedures (29 corporations under liquidation as of the end of FY2005) and the DICJ recovered approximately ¥1.0 billion as an unused balance of monetary grants. On the other hand, the DICJ increased monetary grants in the amount of approximately ¥0.8 billion as the result of settlements of lawsuits where the corporations under liquidation acted as defendants.

(2) Operations Related to Banks under the Special Public Management

(i) Management and disposal of non-performing loans

As described in “2. (1) Management and Recovery of

Assets Purchased from the Failed Financial Institutions,” the DICJ purchased non-performing loans of ¥1,179.8 billion from banks under special public management (the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank) under Article 72 of the Financial Revitalization Law, and has recovered ¥1,622.9 billion to date.

In addition to the above, the DICJ took over non-performing loans subject to the warranty for latent defect provision, as stipulated in the share sales agreement on the transfer of the former Long-Term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank of Japan (Aozora Bank), and the amounts of payment reached ¥894.1 billion for Shinsei Bank and ¥328.6 billion for Aozora Bank respectively by the end of FY2005. The DICJ had recovered ¥420.1 billion on non-performing loans purchased from Shinsei Bank and ¥174.1 billion on those from Aozora Bank by the end of FY2005. With regard to the non-performing loans taken over subject to the above-mentioned warranty for latent defect provision, the RCC is working on its management and recovery operation entrusted by the DICJ.

(ii) Management and disposal of shares

Out of shares held by the former Long-Term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank (Aozora Bank) when the special public management of both banks terminated in 2000, the DICJ purchased shares needed by both banks to carry on business, and entrusted them to Shinsei Trust & Banking and Aozora Trust Bank, respectively. Under the share sales agreement on the transfer of both banks, both banks may buy back the shares concerned during the five-year trust period, but in the event of any loss at the time of sales, the DICJ may reject selling them back. When buy-back of the shares is rejected within one year before the expiration of trust period, the trust period of such shares is extended for one year from the date of the rejection.

Among these shares, those of Shinsei Bank, for which the trust period that had been extended for one year expired in February 2006, were completely transferred to the

DICJ by the expiry, excluding those bought back by the same bank. As for those of Aozora Bank, excluding those for which the trust period was extended when the initial trust period expired in August 2005, were transferred to the DICJ and all shares are scheduled to be transferred to the DICJ in August 2006 when the extended trust period expires. The Shares transferred to the DICJ are entrusted

to Japan Trustee Services Bank.

Based upon the principles of “Minimizing the public cost” and “Minimizing the effect on the market,” the shares concerned are to be disposed of properly and smoothly within a target of approximately one decade. [See Pxxxii, Tables & Figures (9) Major Events of the DICJ after Year 1996 (Reference 2) Statement by the Governor]

Outline of Share Purchased (as of the end of March 2006)

(Unit: ¥ billion)

Categorization	Shares for Shinsei Bank	Shares for Aozora Bank	Total
Cumulative total of purchase	2,269.3	670.4	2,939.7
Amount of trust (on an acquisition book value basis)	1,336.6	582.1	1,918.7

(Note) The difference between cumulative total of purchase and amount of trust is due to buy-back of shares by Shinsei Bank and Aozora Bank during those periods, and the purchase of their own shares by the issuing companies after the transfer to the DICJ.

(3) Operations Related to Banks under the Special Crisis Management

Through a meeting of the Financial System Management Council held on November 29, 2003, the Prime Minister acknowledged the necessity of the special crisis management (subparagraph 3 measures under Article 102, Paragraph 1 of the Deposit Insurance Law) with respect to the Ashikaga Bank, Ltd. In accordance with this acknowledgment, it was decided by the Commissioner of the Financial Services Agency that the DICJ would acquire shares from the Ashikaga Bank, Ltd. On December 1, 2003, the transaction was publicly announced and the DICJ acquired the Ashikaga Bank shares.

The DICJ also appointed a new management team (directors and auditors) in accordance with nomination by the Commissioner of the FSA on December 16 and 25 of the same year.

In FY2005, the DICJ received an offer for the purchase of assets from the Ashikaga Bank, Ltd. under Article 129, Paragraph 1 of the Deposit Insurance Law, and made the third purchase (The relevant procedures were entrusted to the RCC in accordance with Article 10, Paragraph 1 of Supplementary Provision of the Deposit Insurance Law). The amount purchased was ¥23.5 billion (a book value of purchased assets as of February 6, 2006: ¥91.1 billion) and thereby the cumulative amount of purchase reached ¥85.0 billion (a book price: ¥524.9 billion) and the cumulative amount of recovery, etc. reached ¥36.2 billion (as of the end of March 2006.)

(Note) [See P35, V.1. (1) (i) “Financial assistance and recoveries, etc. by items”] regarding the situation of granting and recovery of financial assistance, etc.

3. Proper Execution of Capital Injection and Operations related to Asset Purchase from Sound Financial Institutions

(1) Management and Disposal of Shares Subscribed through Capital Injection

Under the laws from (i) to (iii) mentioned below, the DICJ is authorized to inject capital into financial institutions. The DICJ commissions shares subscription operations set forth in (i) and (ii) to the RCC. The DICJ directly subscribes shares for the operations set forth in (iii).

The DICJ is also engaged in providing the RCC with loans needed for its operations, collecting profits earned from the operations of the RCC, and approving the authority regarding the exercise of voting and other rights held by the RCC as a shareholder or financier, and the disposal of shares, etc. The RCC directly exercises voting right of the shares subscribed by itself.

With regard to the disposal of shares, etc. by which capital injection was provided, the DICJ specifies its policy in “Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds,” which was announced on October 28, 2005.

Specifically, disposal is basically made on a request that each financial institution which received the capital injections (hereinafter referred to as the “Recapitalized Financial Institution(s)”) makes in accordance with its own capital policy, and when an application is submitted for disposal of shares, the application will be investigated and approved by the DICJ unless it finds any specific problems in view of: (i) avoidance of public burdens, (ii)

maintenance of the stable financial system and (iii) sound management of financial institutions.

However, in view of the fact that it is requested to take an approach that places more emphasis on the standpoint of “taxpayers’ interest” in its role of managing the financial assets acquired through the capital injections, the DICJ disposes shares even when the DICJ does not expect any possibilities of applying for disposal of shares from a financial institution after an adequate negotiation with the financial institution in consideration of its managerial soundness as well as avoidance of bad influence to the market, subject to the condition where it is extremely advantageous to dispose the shares in terms of merchantability of preferred stocks and the stock price movement. [See Pxxix, Tables & Figures (9) Major Events of the DICJ after Year 1996 (Reference 1) Statement by the Governer]

(i) The former Financial Function Stabilization and the Early Strengthening Laws

The DICJ subscribed shares of ¥10,420.9 billion in total, putting together a cumulative amount of ¥1,815.6 billion provided by capital injection under the former Financial Function Stabilization Law (abolished in October 1998) and that of ¥8,605.3 billion provided by capital injection under the Early Strengthening Law.

Up to March 31, 2006, the DICJ received applications for transfers and other disposal from various financial institutions through the RCC. Applications were submitted for preferred shares (total value: ¥99.0 billion), subordinated bonds (total value: ¥1,180.0 billion) and subordinated loans (total value: ¥314.6 billion) out of the preferred shares, etc. subscribed under the former Financial Function Stabilization Law, as well as preferred shares (total value: ¥2,822.0 billion), subordinated bonds (total value: ¥954.0 billion) and subordinated loans (total value: ¥270.0 billion) out of shares, etc. subscribed under the Early Strengthening Law. The DICJ granted approval for such requests by the RCC.

Consequently, as of March 31, 2006, the net outstanding balance of subscription after reducing the repayments made to that point was ¥222.0 billion under the former Financial Function Stabilization Law and ¥4,559.3 billion under the Early Strengthening Law. [See P48, V.1. (2) Table 1. “List of Capital Injection Operations Pursuant to the former Financial Function Stabilization Law” and P49, V.1. (2) Table 2. “List of Capital Injection Operations Pursuant to the Early Strengthening Law”]

(ii) The Organizational Restructuring and Financial Function Strengthening Laws

Under the Organizational Restructuring Law, which makes it possible for financial institutions pursuing organizational restructuring through mergers, etc. to receive capital injections from the DICJ, a subordinated loan of ¥6.0 billion was made to the Kanto Tsukuba Bank on September 24, 2003.

Furthermore, the Financial Function Strengthening Law came into effect on August 1, 2004, to revitalize regional economies, maintain the financial system, and promote the healthy development of the national economy through public organization’s assistance for financial institutions which set themselves a target of reinforcing financial functions in the region. Under its provisions, it became possible for financial institutions, etc. to apply to the DICJ for subscription of shares, etc. until March 31, 2008. [See P51, V.1. (2) Table 3. “List of Capital Injection Operations Pursuant to the Financial Reorganization Promotion Law”]

(iii) The Deposit Insurance Law

Under the Deposit Insurance Law, the DICJ is authorized to subscribe the shares, etc. in response to a financial crisis (Article 102 of the Deposit Insurance Law). It is also authorized to subscribe the preferred shares, etc. of the relief financial institutions and bank holding companies, which take over business or conduct a merger (hereinafter referred to as “the relief financial institutions, etc.”) as a form of financial assistance (hereinafter referred to as “capital injection to assuming institutions”).

As a measure of response to a financial crisis, when the Prime Minister acknowledges the necessity thereof, the DICJ can subscribe the financial institutions’ shares, etc. In accordance with such acknowledgment, the DICJ implemented a capital injection into Resona Bank, Ltd. of total value ¥1,960.0 billion in subscribing preferred and common shares on June 30, 2003 through a meeting of the Financial System Management Council, held on May 17, 2003. (Subsequently, these shares were exchanged for shares issued by Resona Holdings). On February 1, 2005, Resona Bank, Ltd. submitted an application to the DICJ for a capital injection, following which the DICJ, after obtaining the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Ministry of Finance, disposed of some of common shares (total value: ¥2.7 billion). Consequently, as of March 31, 2006, the net outstanding balance of shares was ¥1,957.3 billion.

Meanwhile, the purpose of a capital injection into an

assuming institution is to provide appropriate financial assistance for a merger or other operations undertaken as attempts to resolve a failed financial institution and, hereby, contribute to the stability of the financial system. An assuming financial institution will face a lower capital adequacy ratio once it merges with a failed institution, but a capital injection will help to restore the ratio. To date, no capital injections of this type have been performed. [See P51, V.1. (2) Table 4. “List of Capital Injection Operations Pursuant to the Deposit Insurance Law (Response to Financial Crisis)”]

(2) Purchase of Assets from Sound Financial Institutions, etc. and Management and Disposal

(i) Outline of the system

Article 53 of the Financial Revitalization Law provides details of a system of emergency measures involving the purchase of assets from financial institutions, as a means of stabilizing and reviving Japan’s financial functions. Following requests for the purchase of assets from sound financial institutions, the DICJ then makes such purchases after consulting with the Purchase Price Examination Board, which is established in the DICJ, and with the approval of the Prime Minister (or the Financial Reconstruction Commission until its abolition in January 2001).

When the Financial Revitalization Law was first enacted, the deadline of requests for asset purchase was set at the end of March 2001. However, as one of the measures for resolving the non-performing loan problem and other problems of financial institutions incorporated in the “Emergency Economic Package” due to the amendments to the said law of June 2001, this deadline was extended to the end of March 2004 for sound financial institutions. Furthermore, the said law was amended in January 2002 in line with the government’s “Advanced Reform Program” (October 26, 2001), etc., so that in order to further accelerate the processing of non-performing loans of financial institutions, etc., the price calculation methods was made flexible to purchase non-performing loans at the market value, and purchasing methods were diversi-

fied through enabling participation in bidding. In addition, regulations relating to the handling of purchased non-performing loans were reformulated in the agreement between the DICJ and RCC. (concretely, (i) the disposal methods were diversified, (ii) a goal of three years was set for collection and disposal, (iii) the decision as to whether it would be possible for debtors to revitalize should be determined speedily and efforts to ensure their quick revitalization should be made.)

In addition, as a result of the amendments to related laws in connection with the enforcement of the Industrial Revitalization Corporation Law in April 2003, purchasing from the Industrial Revitalization Corporation of Japan became possible, and the deadline for asset purchases from sound financial institutions, etc. was extended to the end of March 2005. (After the deadline for application for purchasing assets from sound financial institutions, etc. has passed, the purchase of assets from financial institutions, etc. is made based only on an application from the Industrial Revitalization Corporation of Japan.)

(ii) Track record of purchase

In FY2005, the DICJ purchased assets for the last applications received by the end March 2005 from sound financial institutions (from 16 financial institutions with a book value of obligations of ¥29.9 billion and overall purchase price of ¥5.2 billion). On a cumulative basis, the total number of financial institutions reached 192, a book value of obligations of ¥4,004.1 billion and overall purchase prices of ¥353.3 billion.

The track record of purchase shows the number of cases of utilizing this system peaked in FY2002 on a fiscal year basis, and has subsequently tended to decline. This is chiefly because financial institutions, major banks among others, have facilitated the processing of non-performing loans and the private secondary market in such loans has grown.

(iii) Management and disposal after purchase

The DICJ provides the funds necessary for asset purchase operations to the specified contracted bank (the RCC) to which the DICJ entrusts the said operations. In addition, the DICJ the collects profits earned from the said opera-

Purchase of Assets from Sound Financial Institutions, etc.

(Unit: Number of Cases, ¥ billion)

Fiscal year	1999	2000	2001	2002	2003	2004	2005	Total
Financial Institutions	91	95	87	110	89	60	16	192
Principal of claims	451.0	522.2	330.2	2,088.5	405.4	176.7	29.9	4,004.1
Purchase Price	21.7	12.6	20.6	205.7	64.1	23.3	5.2	353.3

[See P52, V.1. (3) “Asset Purchases, etc. under Article 53 of the Financial Revitalization Law”]

tions of the specified contracted bank. Furthermore, the DICJ provides guidance and advice with respect to operations as stipulated in the agreement with the specified contracted bank.

The specified contracted bank is endeavoring to collect non-performing loans and dispose of assets purchased or revitalize its business within the three year target as far as possible. [Regarding details of management and disposal, see P6, I, 2.(1) (ii) “Debt recovery activities by the RCC.”]

(Note) [See P35, V.1. (1) (i) “Financial assistance and recoveries, etc. by items”] regarding details of execution and recovery of financial assistance.

4. Asset Investigations and Pursuit of Liability

(1) Asset Investigations

The DICJ provides the RCC with guidance and advice necessary to support the recovery operations of non-performing loans transferred, and makes strenuous efforts to uncover the hidden assets of devious debtors who are presumed to conceal assets by exercising the investigative powers prescribed by the *Jusen* Law, the Deposit Insurance Law and the Financial Revitalization Law. The DICJ strongly supports the RCC so that it can recover as large a portion of the non-performing loans as possible.

In FY2005, the DICJ investigated 274 cases, of which 29 were on-site examinations, and uncovered hidden assets worth ¥51.4 billion. The cumulative total of uncovered hidden assets since June 1996, when asset investigative powers were granted to the DICJ, is ¥649.7 billion.

Investigations mainly include inquiries to financial institutions for information on debtors’ property, on-site examinations of debtors and related sites, and interviews of debtors and related persons. If there is any obstruction or avoidance of investigations, it may result in a certain penalty.

Recently, tricks used to conceal assets are becoming

increasingly devious or ingenious. As an example, there are cases where debtors transfer property to a company which they substantially manage (however, the directors are registered in the name of third parties) or family members. Considerable numbers of such cases have been discovered by DICJ investigators. More specifically,

(i) A debtor company (A) assigned its loan assets on its affiliated company (B) to a consulting company (C) at an unreasonably low price and thereby a washed sale was suspected. As the result of investigations on the flow of funds involved in the assignment through on-sight inspection to (A), (B) and (C) as well as hearings of the course of transactions from the parties concerned, (A) turned out to be in collusion with (B) and (C) in making a fictitious assignment agreement of the loan assets to evade a debt collection from the RCC.

(ii) During the investigation on the flow of proceeds regarding voluntary sales of the property possessed by a debtor company (D), it was discovered that a part of the proceeds was transferred to the account of its affiliated company (E). On-sight inspection of (D) located two separate sales agreements of different sales amounts in (D)’s office. The DICJ requested the representative of (D) to explain the irregularity and revealed that (D) made a double agreement, presented the RCC with the agreement of the smaller sales amount, and appropriated the difference to the working capital of (E).

(iii) The DICJ identified a deposit under a borrowed name to be attributed to a guarantor through inspection of a financial institution and executed the provisional attachment to the deposit. The guarantor, who was informed of the provisional attachment and in fear of on-sight inspection by the DICJ, closed all securities transactions made through this account under a borrowed name and withdrew all remaining balance of the account in cash, intending to evade the asset preservative measures. In addition, the guarantor had acquired a luxurious house under the name of a dummy company. Accordingly, on suspicion for the devious asset concealment, the DICJ

(Reference) Results of Assets Investigations

Category	FY2005	Accumulated total from June 1996
All investigations	274 cases	2,350 cases
Of which, on-site examinations	29 cases	368 cases
(Hidden) assets confirmed	¥51.4 billion	¥649.7 billion

(Note) The DICJ has three Special Investigation Divisions (through the first to the third division) in each of the Special Investigation Department (Tokyo) and Osaka Operation Department to enhance the system of asset investigations.

These Special Investigation Divisions are unique groups of experts specializing in asset investigation. They are staffed by personnel with diverse backgrounds in both public and private sectors, mainly from the National Tax Agency and financial institutions, but also including the Public Prosecutors Office, National Police Agency and Japan Customs Office.

executed on-sight inspections of the debtor's office as well as the guarantor's house, which, in addition to locating a large amount of cash, revealed that the guarantor concealed properties by altering the name of real estates ownership to that of a dummy company.

In order to uncover such tricks, the DICJ conducts close and thorough investigations, using its own originality and ingenuity, and exposes such sophisticated attempts by devious debtors to conceal their assets. By such activities, the DICJ provides powerful support for the recovery of non-performing loans by the RCC. In particular, whether it is successful in recovering non-collateral assets, which are considered difficult to recover, depends largely on the asset investigations conducted by the DICJ.

(2) Pursuit of Criminal Liability

The DICJ and the RCC brought 17 charges against 43 persons (the accused) with law enforcement authorities during FY2005. This brings the total number of charges brought by the DICJ since June in 1996 to 294 (against 613 persons). [See P53, V.1. (4) "Arrests, Accusations and Complaints"]

Although no charges were brought against the officials of failed financial institutions, charges against debtors in pursuit of criminal liability have been filed concerning (i) five cases of auction interference, (ii) five cases of fraud and (iii) four cases of obstruction of compulsory seizure. More specifically, (i) the fairness of official auctions being impaired through false declarations made to court executors; (ii) in fraud cases relating to the release of mortgaged property, debtors conceal the actual sales price and make false declarations to mortgagees on the value of mortgaged assets to settle the mortgage at a lower price (this is known as "Nakanuki Fraud" or Fraudulent Arbitrage); (iii) assets are deliberately concealed or deceptively transferred in order to avoid compulsory execution of recovery. For example, there was a case that after becoming aware of the threat of compulsory execution based on the fact that the deposits in the name of the company and placed at a bank were temporarily attached, a company officer, who was also a debtor, interfered with the compulsory execution by drawing substantial amount of money out of deposits placed at another bank or the leader of a "Boryokudan" forced his group to prevent acquisition of an item purchased at auction, intimidating the successful bidder by strongly emphasizing possession of the item by the group.

(3) Pursuit of Civil Liability

The DICJ and the RCC pursue civil liability (referred to below as "managerial liability") of the former executives of *Jusen* companies and failed financial institutions through lawsuits or settlements and arbitration prior to court proceedings. They also pursue intermediators' liability against financial institutions providing improper financial intermediation to *Jusen* companies.

The types of actions taken by the DICJ and the RCC can be generally classified as follows: (i) Suits by the DICJ as plaintiff; (ii) Suits originally brought by *Jusen* companies or failed financial institutions (the DICJ is or is not involved as a financial administrator) and taken over by the RCC; and (iii) Suits by the RCC as plaintiff (including cases brought by the RCB and the HLAC).

Most of these actions are damages suits filed against former executives with the violation of their good manager's duty of due care.

As of March 31, 2006, the DICJ and the RCC brought 124 suits against 484 defendants (including legal entities and 446 executives), demanding a total of approximately ¥125.3 billion in damages [See P54, V.1. (5) "Pursuit of Civil Liability via Litigation and Conciliation"].

In addition, concerning the Ashikaga Bank, Ltd. which failed in November 2003 and was placed under special crisis management, the DICJ, as an observer, continued to participate in the internal investigation committee established within said bank to pursue the legal liability of the former directors, and cooperated with it in investigating. As a result, the said bank instituted a suit claiming compensation for damage against the then accounting auditors and the former auditing officers as defendants. This action was taken following the previous year's suit instituted against 13 directors of the former management concerning an illegal payment of dividends in the closing of the term ending at the end of March 2001, etc.

Also, with regard to the cases where debt collection is extremely difficult in pursuit of borrowers' liability (known as "Ganban Cases"), legal means, such as petitions of bankruptcy procedures by creditors under the Bankruptcy Law and other preservative measures, were actively utilized.

Examples of difficult claim collection cases (known as "Ganban Cases")

1. A case where preservative measures were taken in respect of collateral security occupied by a large debtor.

A president of a construction company, who was occupy-



ing a beautiful garden built in Meiji era situated in Kyoto city, had been interfering in an auction by such means of altering the registration of the building. As the result of the petition by the DICJ and the RCC, the garden was held under the control of a court as preservative measure and he was ordered to evacuate the garden.

2. A case where preservative measures were taken in respect of collateral security occupied by a “Boryokudan” and used for their office.

A “Boryokudan” was occupying a building for auction in Wakayama prefecture by using the building as their office. As the result of the petition by the DICJ and the RCC, preservative measures were taken in respect to clearing off the occupant from the building and preserving the building under the control of a court at the auction by sending the riot police of the Wakayama prefecture police force.



5. Financial Affairs

(1) Financial Conditions

The accounts of the DICJ are divided; based on the operations to be accounted for. In FY2005, the DICJ used seven accounts for its operation; 1) the General Account, 2) the Crisis Management Account, 3) the Financial Reconstruction Account, 4) the Early Strengthening Account, 5) the *Jusen* Account, 6) the Industrial Revitalization Account, 7) the Financial Function

Strengthening Account.

The DICJ handles accounting for general operations via its General Account. This Account’s deposit insurance fund is used for financial assistance, insurance payments and other purposes within the pay-out cost ceiling (*). The General Account budget is managed so that it is balanced over the long-term in light of the expected expenses incurred in the operations concerned. In addition, the expenditures are financed by premium income, which is calculated based on the premium rate prescribed so that no specified financial institutions are discriminately handled. The amount after reducing expenditure from revenues must be reserved as the Deposit Insurance Fund. However, any deficiency arising from the implementation of such operations can be raised by borrowings or issuing a deposit insurance corporation bond (henceforth referred to as the “Bond”).

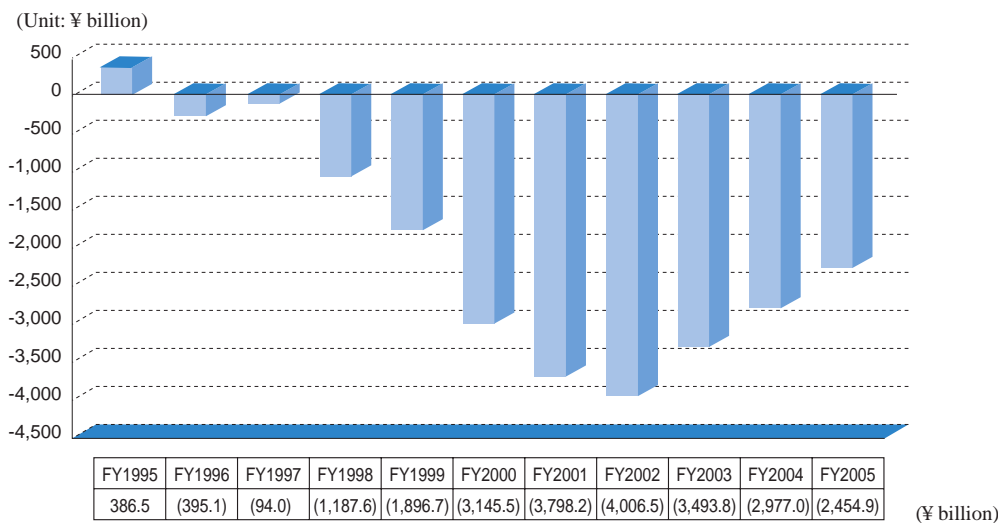
The Deposit Insurance Fund of the General Account had been reserved each year up to FY1994, but since FY1995, had been decreasing given the rising trend in the number of failure resolution cases. The deficiency is recorded as a retained loss after FY1996.

The amount of deficit had increased to reach ¥4,006.5 billion at the end of FY2002. Subsequently, the amount of deficit tends to decrease, because there are no large amounts of monetary grants for new failure resolution (as of the end of FY2005, ¥2,454.9 billion).

(*) The pay-out cost means the cost (expense) estimated to be incurred in paying insurance money to depositors of failed financial institutions (insurance payment). Specifically, the pay-out cost is calculated by deducting the “estimated amount of liquidating dividend,” which the RCC can recover by taking bankruptcy procedures against failed financial institutions, from the total estimated insurance payment and estimated expenses incurred in such payment.

$\begin{aligned} \text{Pay-out cost} &= \text{Estimated payment of insurance proceeds} \\ &+ \text{Estimated expenses incurred in paying insurance proceeds} \\ &- \text{Estimated amount of liquidating dividend} \end{aligned}$

Balance of Deposit Insurance Fund of DICJ



Other accounts as of the end of FY2005 are summarized as follows.

(Unit: ¥ billion)

Classification	Balance of assets	Profit or loss for the current term	Surplus or deficit
General Account	818.8	522.1	(2,454.9)
Crisis Management Account	1,959.5	8.5	14.4
Financial Reconstruction Account	2,587.5	165.0	(684.6)
Early Strengthening Account	4,947.1	198.3	345.5
<i>Jusen</i> Account	2,318.4	(62.7)	(287.3)
Industrial Revitalization Account	49.7	(0.004)	(0.013)
Financial Function Strengthening Account ^(Note)	6.2	0.2	0.2

(Note 1) The Management Base Strengthening Account was abolished at the end of FY2004 and the assets and liabilities it possessed were transferred to the Financial Function Strengthening Account.

(Note 2) [See P22, II. “FINANCIAL RESULTS”] regarding details of each account.

(Note 3) [See P62, V. 2. “Financial Statement,” Balance Sheets and Profit and Loss Statements (shaded figures)] regarding details of the above account titles.

(2) Funding

For deficits arising from operations performed, the DICJ is authorized to raise funds for each account in the form of borrowing and/or bond issues up to the amount separately stipulated by the Cabinet Order (however, for the *Jusen* account, only borrowing is allowed). Government guarantees can be given on funding for accounts other than the *Jusen* Account under the ordinances concerning borrowing or bond issues (the total limit of the government guarantee being as stipulated in the general provisions of the budget, FY2005: ¥58.15 trillion, FY2006: ¥50.15 trillion). [See P59, V.1.(10) Table 1. “Outline of Funding Program by Account”]

After the balance of funding of the DICJ, as of the end of the FY, peaked in FY2002, it has subsequently tended to decrease, and in FY2005 was around ¥13 trillion [See P60, V.1. (10) Table 2 “Outstanding Balance of Funds Raised in Each Fiscal Year”]. With a consideration of

stable funding and addressing fluctuations in future interest rates, the DICJ has been switching medium- and long-term funding from borrowing to bond issues. Of the balance of funding of ¥13 trillion as of the end of FY2005, funding by bond issues accounted for 95%.

The DICJ lowered the rate of commission for principal and interest payment at the start of the Book-Entry Transfer System for “Corporate Bonds” (*), taking the special character of the DICJ bonds into consideration. The DICJ also relaxed the qualifications for bidders in selecting trustee companies for the securities under the new system in order for executing more competitive bids. As such, the DICJ has endeavored to improve funding efficiency.

(*) This is a system which enables a complete paperless settlement for transferring the right of corporate debentures, local authority bonds, governmental agencies bonds and Yen denominated foreign bonds, etc. The DICJ called for bids of transfer bond (4-year bond) on the commencement date of the system (January 10, 2006.)

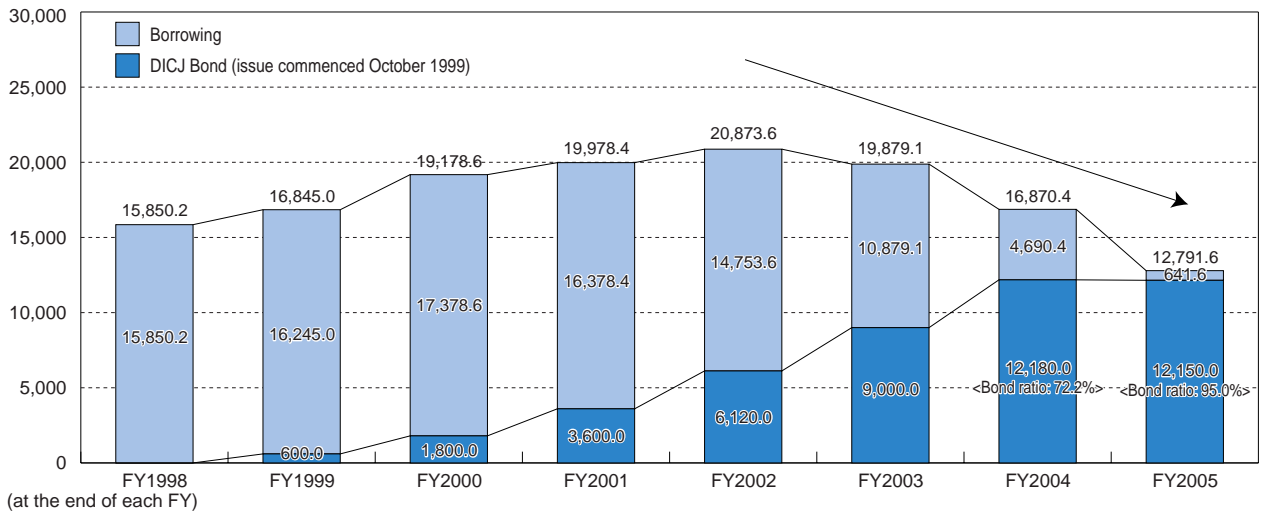
Outstanding Balance of Funds Raised (as of the end of FY2005)

(Unit: ¥billion, %)

	Outstanding Balance of Funds Raised		
		Borrowing	Bond
Total	12,791.6 (100.0%)	641.6 (5.0%)	12,150.0 (95.0%)
General Account	2,972.0	292.0	2,680.0
Crisis Management Account	1,943.6	343.6	1,600.0
Financial Reconstruction Account	3,270.0	-	3,270.0
Early Strengthening Account	4,600.0	-	4,600.0
Financial Function Strengthening Account	6.0	6.0	-
Industrial Revitalization Account	-	-	-
Justen Account	-	-	-

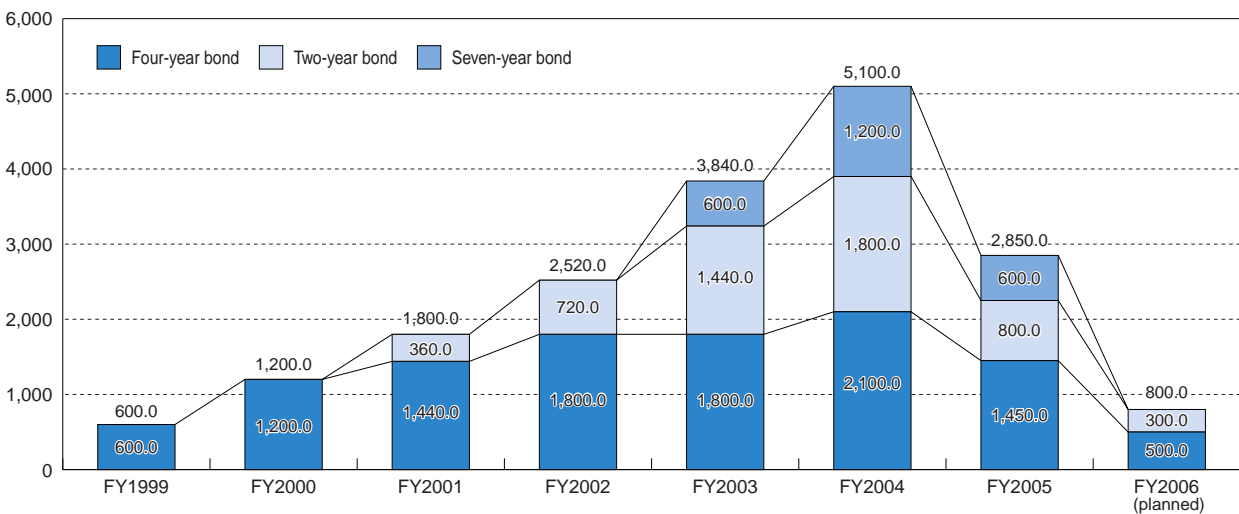
Outstanding Balance of Funding

(Unit: ¥ billion)



Annual Issuance Volume of DICJ Bond

(Unit: ¥ billion)



Outline of Funding Operations

October 1999	<ul style="list-style-type: none"> Commenced the issue of bonds for the Early Strengthening Account (four-year bond)
June 2001	<ul style="list-style-type: none"> Commenced the issue of two-year bonds for the Early Strengthening Account (from four-year bond to two-or-four year bonds)
March 2002	<ul style="list-style-type: none"> The Bank of Japan accepted the governmental guaranteed claim on deeds to the DICJ as eligible security (assessment rate of eligible security: 80% of the outstanding principal)
December 2002	<ul style="list-style-type: none"> 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)
April 2003	<ul style="list-style-type: none"> Commenced the issue of seven-year bonds for the Early Strengthening Account (from two or four year bonds to two-,four-or seven-year bonds) Commenced the issue of two or four-year bonds for the General Account and the Financial Revitalization Account.
March 2004	<ul style="list-style-type: none"> Commenced the unsecured call loan
April 2004	<ul style="list-style-type: none"> Commenced the issue of four-or seven-year bonds for the Crisis Management Account Commenced interest rate swap transaction Changed the method of bond auction (from the total amount method to the Yield-Dutch Style auction^(*)) <p>(*) The Yield-Dutch Style auction refers to a method of accepting bids of lower yielding in ascending order until reaching the expected issuance volume (the highest accepted bid yielding), and issuing bonds are subject to the terms of the highest accepted bid yielding.</p>
July 2004	<ul style="list-style-type: none"> The time for announcing the results of bidding for borrowers was brought forward by half a day (from 4:00 p.m. to 9:30 a.m. of the business day following the date of bidding).
January 2006	<ul style="list-style-type: none"> Commenced bidding of the transfer bond, in line with the Book-Entry Transfer System for “Corporate Bonds”. Lowered the principal and interest payment fee.
March 2006	<ul style="list-style-type: none"> The time for announcing the results of bidding for borrowers was brought forward by half a day (from 9:30 a.m. of the following business day after the bidding to 5:00 p.m. of the date of bidding).

Interest Rate on Funding (funded during FY2005)

	Borrowing (guaranteed by the government)	Bond subscriber's yield (guaranteed by the government)			Unsecured call loan
		2-year bond	4-year bond	7-year bond	
Average ^(*)	0.022%	0.156%	0.486%	0.949%	0.001%
Peak	0.115%	0.300%	0.766%	1.146%	0.002%
Bottom	0.001%	0.069%	0.320%	0.750%	0.000%

(*) Calculated by the weighted average of the amount.

(3) Setting the Insurance Premium Rate

The insurance premium rate for “payment and settlement deposits,” applicable in FY2006, was settled at 0.110% (0.115% in FY2005) and that for “general deposits, etc.” 0.080% (0.083% in FY2005) by the Policy Board meeting held on March 23, 2006, and after obtaining the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Ministry of Finance on March 31, 2006, was announced publicly as of April 3, 2006 [See P31, IV. 5. “Insurance Premiums”]. This insurance premium rate was decided comprehensively taking into account the circumstances mentioned below, including the fact that the deposit balances subject to deposit insurance premium calculation have been changing due to a shift from “general deposits, etc.” to “the payment and settlement deposits” in FY2005, while the framework of deposit protection remained unchanged.

- (i) The financial condition of the DICJ shows huge losses (an estimated deficit for FY2005 of approximately ¥2.5 trillion) but because the burden of premium by the insured financial institutions is still at a proportionate level, it is considered appropriate (*) to maintain an effective premium rate of 0.084 % for FY2005 (an estimated annual premium income of a little more than ¥500 billion).
- (ii) It was recognized that the insurance premium rate for “payment and settlement deposits” should be set up higher than that of “general deposits”, in line with the report by the Financial System Council, as the coverage range of “general deposits” which is subject to limited coverage differs from “payment and settlement deposits” which is under full protection.
- (iii) The difference in premium rate between “the

payment and settlement deposits” and “general deposits, etc.” should be set, in consideration of the continuity as well, in line with the idea of “the same insurance premium burden for each yen of respective insured deposits.”

(*) Apparently, both insurance premium rates are reduced; however, overall insurance premiums remain at the same level as the previous year. This is not because actual insurance premiums were reduced, but because there had been a shift from “general deposits” to “payment and settlement deposits” which apply high insurance premium rates, resulting in a reduction in overall “insurance premium burden for each yen of respective insured deposits.”

6. International Cooperation and Research & Study Activities related to Deposit Insurance

(1) International Cooperation

(i) Technical assistance

1) Sending expert officials abroad

a. Support for the introduction of the deposit insurance system in China

Recognizing that the mid- and long-term stabilization of the financial system of China as also essential to the financial community of Japan, the DICJ has been cooperating in the reform of Chinese financial systems by positively responding to the request for technical assistance by the People’s Bank of China, which is studying the introduction of the deposit insurance system as part of equipping and strengthening the financial safety net.

In September 2005, the People’s Bank of China hosted the “Deposit Insurance International Forum” in Dalian (with the participation of 14 overseas organizations related to deposit insurance and 100 Chinese participants from governmental officials and financial organizations). The DICJ sent expert officials to the forum, who spoke on the themes of “Designing Deposit Insurance Systems and Organizations” and “Management of Deposit Insurance Funds.” It was a consensus reached by the Chinese participants at the seminar that earnest efforts should be continued to construct the deposit insurance system best suited for the Chinese by taking advice based on experiences and lessons from countries such as Japan and the US.

In December 2005, the DICJ dispatched its expert executives to a “Japan and China Joint Workshop” in Beijing jointly hosted by the Chinese Academy of Social Sciences and the Ministry of Finance of

Japan, and they spoke on the themes of “Evolution of the DICJ’s Role in the Japanese Financial System” and “Designing a Deposit Insurance Scheme and Organizing a Deposit Insurance Agency.” The joint workshop, with the participation of the State Council officials who were to be involved in drawing up the deposit insurance implementation bills, was considered to have contributed to the smooth introduction of a deposit insurance system in China.

b. Support for the introduction of the deposit insurance system in Mongolia

Since the Mongolian transition to a market-oriented economy in 1991, the financial sector in Mongolia also implemented such reforms as privatization of state-owned banks and fortification of the banks’ capital bases. With a rapid increase in deposit balances due to a high rate of economic growth in recent years, the Bank of Mongolia, which is the central bank of Mongolia, is now preparing to introduce bills in Congress related to implementation of the deposit insurance system as well as prevention of money laundering aiming to stabilize the Mongolian financial system and protect individual depositors.

In May 2005, at the request of the Bank of Mongolia, the DICJ in collaboration with FSA dispatched expert officials to Ulaanbaatar and hosted a two-day seminar to give assistance to the financial stabilization in Mongolia. The DICJ gave a specific explanation and advice on the management method of the deposit insurance fund, implementation method of the removal of the blanket guarantee and measures against money laundering, etc. to around 60 participants from the Bank of Mongolia, relevant ministries and agencies, related financial institutions, international organizations residing in Mongolia, etc.

After the seminar, the Bank of Mongolia drew up a bill for implementation of the deposit insurance system and is preparing for the establishment of a deposit insurance fund in 2006.

c. Other activities

In May 2005, the DICJ dispatched expert officials to Kazakhstan (Almaty) to communicate its experience at the “Conference on Early Warning Systems as a Key Issue for Bank Solvency and Financial Stability” which was jointly hosted by the Kazakhstan Deposit Insurance Fund, the IADI,

European Bank for Reconstruction and Development and the United States Agency for International Development. In November 2005, expert officials from the DICJ were also dispatched to Jakarta at the request of the Indonesian government to give advice on drawing up a bill related to financial safety net as an on-site follow-up of the “Seminar on Strengthening of the Financial System” hosted by the Japan International Cooperation Agency.

2) Acceptance of overseas trainees

a. “Deposit Insurance Seminar” hosted by FSA

The Financial Services Agency decided to host the “Deposit Insurance Seminar” in Tokyo starting from FY2005 in collaboration with the DICJ in order to give assistance to constructing a financial safety net, targeting Asian countries which are on the eve of or immediately after the implementation of a deposit insurance system (Indonesia, Thailand, China, Bangladesh and Mongolia.)

The first seminar was held in March 2006 for approximately a week, inviting 7 officials from organizations related to deposit insurance in those countries. Expert officials of the FSA and the DICJ gave lectures on such fundamental themes as “the Role and Function of a Deposit Insurance System” and “Collaboration with related Organizations.” The trainees to the seminar also participated in “the DICJ Round Table” (described later) and widened their knowledge about designing and managing the deposit insurance system of each country.

b. Other activities

In addition to the above activities, as part of cooperation with other Japanese organizations, the DICJ dispatched expert officials to various seminars held in Japan on six occasions, including “the Second Seminar on Financial System Strengthening” hosted by JICA and “Experience-based Seminar on Macroeconomic Policy and Japan’s Economic Growth” jointly hosted by IMF and the Japan Center for International Finance, and introduced a wide spectrum of Japanese experience, etc., in relation to the deposit insurance system, to Asian countries and elsewhere.

The DICJ also accepted executives and officials from the Deposit Insurance Board of Tanzania, which was planning to improve functions of the deposit insurance system, and gave them short term training, etc.

(ii) Round Table hosted by DICJ

The DICJ invited overseas representatives engaged in deposit insurance operations and held a Round Table (international conference for exchanging opinions with limited participants and themes for discussions) over two days in Tokyo in March 2006. 29 participants, including executives and managers, participated in this Round Table from 16 institutions of mainly Asian countries.

The purposes of this Round Table were: (i) to gather various information for the benefit of future operations of the DICJ, (ii) to provide information (intellectual assistance) for Asian countries (especially with those that are on the eve of or immediately after the implementation of an insurance deposit system) and (iii) to strengthen the collaboration between organizations related to deposit insurance. In line with the above purposes, the DICJ will: present immediate and important issues to be solved by itself to cope with the new circumstances on transit to a peace-time mode; host a meeting and invite expert officials from principal deposit-insurance-related organizations, etc. of the US, Canada and Asian countries, which are equipped with sufficient knowledge and experience in relation to those issues, as case study presenter and commentators and; act as a moderator at the meeting and organize discussions and exchange of opinions over such issues.



Two issues were presented for discussion, namely (i) “Smooth and Effective Resolution Method of Failed Financial Institutions under the Limited Coverage” and (ii) “Sustainable Framework of Funding for Financial Stability,” and the participants exchanged various opinions over the issues based on their experience.

Positive opinions and advice were presented from overseas participants acquainted with each issue. Regarding the resolution of failed financial institutions, it was stressed that simplification of the resolution procedures

as well as timely and proper sharing/disclosure of information were important. Meanwhile, such topics as a fair pricing of fund accumulation, securing the flexibility of fund raising from the market and effectiveness of the risk based premium system were discussed on the issue of “Sustainable Framework Providing a Satisfactory Source of Funds,” all of which were beneficial for future operations of the DICJ.

[See P82, (Annex 1) “DICJ Round Table — Program and Participants”]

(iii) International exchanges

1) International Association of Deposit Insurers (IADI)

In May 2002, the International Association of Deposit Insurers (IADI) was established by deposit insurance institutions and related offices, etc. around the world aiming to contribute to the stabilization of the financial system through expanding mutual cooperation among deposit insurance organizations operating in each country. In order to achieve this purpose, its major activities include (i) a deeper understanding of common interests and problems related to the deposit insurance system, (ii) enhanced guidance to increase the effectiveness of the deposit insurance system, (iii) exchanging and sharing, etc. of expertise and information concerning various problems relating to deposit insurance, (iv) implementing research and investigation activities concerning the deposit insurance system, etc. Since its establishment, the number of participating organizations has been increasing year by year, and 62 organizations from 49 countries/regions are participating as of the end of October 2006. [See P84, (Annex 2) “International Association of Deposit Insurers (IADI) List of Participants”]

The DICJ, as a founding member, has been participating in the IADI since its establishment to maintain and strengthen cooperative relationships with deposit insurance institutions of various countries as well as gather information related to overseas deposit insurance.

At the fourth IADI Annual Conference, held in September 2005 in Taipei, Taiwan, the first reelection was held for the members of its Executive Council, which is the highest decision-making body of the association. The representative from the DICJ was reelected with the highest number of votes among all candidates, and, as a result, the DICJ continuously took the responsibility as a member of the Executive Council from the inception of the IADI.

The IADI has the Regional Committees in its body with the primary objective of reflecting interests of each region in the association activities as a whole. The DICJ has been chairing the Asia Regional Committee (ARC) comprising deposit insurance institutions, etc. in the Asia region since its establishment. The DICJ, as the chairing institution to the ARC, held the third ARC annual meeting in Taipei, Taiwan in September 2005 (simultaneously with the IADI Conference), and the fourth meeting in Manila, the Philippines in February 2006 and actively exchanged opinions on the issues related to deposit insurance within the Asian region such as “Transition to Limited Coverage,” “Funding” (both at the third meeting), and “Integration of Financial Supervising Functions” (at the fourth meeting). In particular, the fourth meeting in Manila, with the assistance and cooperation of Asian Development Bank, became the first international conference hosted by the DICJ and successful in collaboration with an international financial organization. The DICJ also took the initiative, as the chairing institution to the ARC, in increasing the participating organizations in the Membership and Communications Committee from the Asian region, and successfully obtained the participation of India, Indonesia and Bangladesh in the IADI in FY2005.

2) Visits to related overseas organizations



The DICJ continued its effort to exchange opinions with related overseas organizations and to research into overseas circumstances in FY2005. The Governor visited the following places and met with top level officials to exchange views about strengthening friendly relationships through continued technical cooperation: in September 2005, with officials of main organizations that participated in the IADI Annual Conference held in Taipei (mentioned above); in January 2006, in Jakarta with officials of the Indonesian Deposit Insurance Corporation just after its

establishment; in January 2006, in Beijing with officials of the People's Bank of China which was in preparation for the introduction of the deposit insurance system. In addition, research relating to overseas deposit insurance systems was conducted, which involved interviews with overseas organizations etc.

3) Receiving visiting research missions from overseas

As a result of the financial crisis that some Asian countries underwent in the 1990's, interests in financial stability and the protection of depositors are growing around the world, and the movement to introduce and equip deposit insurance systems is on the rise in the Asian region.

Based on these circumstances, many countries are showing significant interest in Japan's deposit insurance system, its resolution of failed financial institutions, debt recovery, etc. In FY2005, the DICJ received a total of 4 visits by research missions from Korea and Taiwan.

[See P60, V.1. (11) "Visits Paid and Received in Relation to International Operations"]

relating to past failure resolutions of financial institutions. (The journal is available only in Japanese.)

(2) Strengthening Research & Study

(i) Enhancing and strengthening functions of research & study

In order to study more deeply the role of the deposit insurance system in the protection of depositors and financial safety net, in FY2004, the DICJ newly established the Office for Research and Intelligence and enhanced the functions of studying and researching on the deposit insurance system, both within and outside Japan.

In FY2005, in addition to coordinating and publishing the prepared data relating to past failure resolutions of financial institutions, the DICJ researched into the deposit insurance system in Korea and innovative trends involving the deposit insurance system of the US as part of research & study into deposit insurance systems of foreign countries.

(ii) Issuing the journal "Deposit Insurance Review"

In March 2004, the DICJ issued the journal "Deposit Insurance Review," which serves as a forum for the public release of the results of ongoing investigation and research. In FY2005, the DICJ published the fourth issue in September 2005, the fifth in October and the sixth in March 2006 based on its varied experiences and accomplishments. The fourth issue of September 2005 was published under the subtitle of "Feature Edition: Dealing with Heisei Financial Crisis," which focused on data

II. FINANCIAL RESULTS

1. General Account

The General Account is mainly concerned with the measures of insurance payment and financial assistance, etc. within the pay-out cost during the failure of financial institutions. The assets and liabilities relating to the Special Operations Account which had been used to account for special financial assistance exceeding the pay-out cost and was abolished at the end of FY2002, were transferred to this Account.

The account's total income in FY2005 was ¥740.1 billion, including ¥537.7 billion from insurance premiums from insured financial institutions, ¥155.2 billion from transferred incomes and profits from assets purchased by the contracted bank (the RCC), ¥1.5 billion of earned interest from loans to the contracted banks, and ¥0.9 billion in the reimbursement of grants from financial institutions, etc.

Total expenses amounted to ¥218.0 billion, including ¥156.5 billion of transfer to national revenue such as the receipts of profit earned from collection of assets exceeding the book value from the contracted banks and ¥4.0 billion of compensation for loss to the contracted bank under Article 129 of the Deposit Insurance Law, ¥10.3 billion of interest payments on funding (borrowings and bond issues) to finance the contracted bank.

As a result, the General Account recorded a profit of ¥522.1 billion in the current term.

The deficit carried over to the next fiscal year was reduced to ¥2,454.9 billion from the deficit of ¥2,977.0 billion carried over from the previous fiscal year.

At the end of FY2005, the outstanding balance of funding was ¥2,972.0 billion, including ¥292.0 billion in borrowings and ¥2,680.0 billion from bond issuing. [See P62, V.2. "Financial Statement," hereinafter the same in the following accounts.]

2. Crisis Management Account

The Crisis Management Account is concerned with the measures of response to the financial crisis which are taken based on approval by the Prime Minister, following discussion by the Financial System Management Council.

The account's total income in FY2005 was ¥10.1 billion, including ¥9.7 billion which arose from dividends of

Resona Holdings, acquired in FY2003. Total expenses amounted to ¥1.6 billion, including interest payments on funding (borrowing and bond issues) to acquire shares of Resona Holdings.

As a result, the Crisis Management Account recorded a profit of ¥8.5 billion in the current term. The surplus carried to the next fiscal year increased to ¥14.4 billion from the surplus of ¥5.8 billion carried from the previous fiscal year. The outstanding balance of funding at the end of FY2005 was ¥1,943.6 billion, including ¥343.6 billion of borrowings and ¥1,600.0 billion from bond issuing.

(Note) As of the end of FY2005, the outstanding balance of capital injection to Resona Holdings was ¥2,925.3 billion in total, consisting of ¥1,957.3 billion for the Crisis Management Account and ¥968.0 billion for the Early Strengthening Account.

3. Financial Reconstruction Account

The Financial Reconstruction Account is mainly concerned with transactions for banks under special public management (the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank) and the purchase of assets from sound financial institutions under Article 53 of the Financial Revitalization Law. The assets and liabilities relating to capital injection and undertaken under the former Financial Function Stabilization Law (abolished on October 23, 1998) were succeeded to this account.

The total income of this account in FY2005 was ¥472.8 billion, consisting of ¥117.9 billion from dividends earned from shares acquired from the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank, ¥69.1 billion from the transfer of income on assets acquired from sound financial institutions by the specified contracted bank (the RCC), and ¥285.0 billion of reversal from loan loss reserves.

Total expenses amounted to ¥307.7 billion, consisting of ¥53.0 billion including the cost to write off purchased assets from the former Long-Term Credit Bank of Japan and the former Nippon Credit Bank and commission to the RCC for the sales of acquired assets, ¥28.3 billion of compensation for loss to the contracted bank (the RCC) through its capital injection measures, ¥213.2 billion for the transfer of loan loss reserves, and ¥12.5 billion for interest on funding (borrowings and bond issues) to finance the RCC.

As a result, the account recorded a profit of ¥165.0 billion in the current term. The deficit carried forward to the next fiscal year decreased to ¥684.6 billion, from the deficit of ¥849.6 billion brought from the previous fiscal year.

At the end of FY2005, the total outstanding balance of funding was ¥3,270.0 billion, which arose from bond issuing.

4. Early Strengthening Account

The Early Strengthening Account is mainly concerned with loans to the contracted bank (the RCC) for capital injection under the Early Strengthening Law.

The account's total income in FY2005 was ¥222.7 billion, including ¥199.9 billion from income from payment by the contracted bank (the RCC) through its capital injection measures, and ¥22.8 billion of earned interest from loans to the contracted bank.

Total expenses amounted to ¥24.4 billion, including ¥24.3 billion of interest payments on funding (borrowings and bond issues) to the contracted bank.

As a result, the account recorded a profit of ¥198.3 billion in the current term. The surplus carried through to the next fiscal year increased to ¥345.5 billion from the surplus of ¥147.1 billion carried from the previous fiscal year.

At the end of FY2005, the outstanding balance of funding was ¥4,600.0 billion, which arose from bond issuing.

5. Jusen Account

The *Jusen* Account is mainly concerned with subsidies, debt guarantees for borrowings, and the receipt of payments related to a claim resolution company (the RCC) which manages, recovers and disposes of loan assets and other assets transferred from the former seven *Jusen* companies.

The account's total income in FY2005 was ¥32.3 billion, including ¥16.0 billion transferred from investing the Financial Stabilization Fund (Note 1).

Total expenses amounted to ¥95.1 billion, including ¥78.7 billion for an operational subsidy which represented one-half of the secondary losses incurred to the RCC in FY2004 under Article 10 of the *Jusen* Law.

As a result, the account recorded a loss of ¥62.7 billion in the current term. The deficit carried over to the next fiscal year increased to ¥287.3 billion from the deficit of ¥224.5 billion carried from the previous fiscal year.

The subsidy is supposed to be financed with profits made from investing the Financial Stabilization Fund and the investment profit in FY2005 was only ¥16.0 billion. As a result, the subsidy account recorded a payable amount of ¥287.3 billion in the current term (Note 2).

(Note 1) The Financial Stabilization Fund is the fund (¥1,007.0 billion) which was set up in the DICJ following the decision by the Cabinet meeting of January 30, 1996 ("Specific Measures for Resolution of *Jusen*"). This Account is mainly concerned with injections into the claim resolution company (the RCC), subsidies, and debt guarantees for borrowings.

The DICJ has invested ¥907.0 billion excluding capital

Investment into the Financial Stabilization Fund

(Unit: ¥billion, %)

	March 31, 2005		March 31, 2006	
	Balance	Ratio of Investment	Balance	Ratio of Investment
Investment	907.0	100.0	907.0	100.0
Long-term bonds	905.3	99.8	906.4	99.9
Government bonds	359.4	39.6	253.5	28.0
Government guaranteed bonds	188.0	20.7	188.0	20.7
Local bonds	51.1	5.6	51.1	5.6
Secured debenture	269.8	29.7	269.8	29.7
Domestic bonds without government guarantee	37.0	4.1	144.0	15.9
Short-term bonds	1.7	0.2	0.6	0.1

(Unit: ¥billion, %)

	FY2004	FY2005
Operational profit	15.7	16.0
Yield on investment	1.728	1.764



subscription (¥100.0 billion) in the former Housing Loan Administration Corporation (the present RCC), focusing on the factors of “safeness”, “profitability” and “liquidity” in accordance with ordinances. In particular, the DICJ has invested funds in government bonds, government guaranteed bonds, local bonds, secured debentures, etc. in which the DICJ is allowed to invest according to the Ordinances. In FY2005, the DICJ sold some of their possessive government bonds and purchased domestic bonds without government guarantee (FILP Agency Bonds) with high interest rates in comparison to government bonds. As a result, its operational profit was around ¥16.0 billion and the yield on investment was 1.764%.

(Note 2) Under Article 8 of the *Jusen* Law, the DICJ has the power to issue subsidies to claim resolution companies within the government subsidy range of the sum of approximately half of the remaining secondary losses minus the profit from the collection of more than the credit acquisition book value .

year.

At the end of FY2005, the outstanding balance of borrowings stood at ¥6.0 billion, all of which were drawn from private financial institutions etc.

In FY2005, there was no record of capital injection under the Financial Function Strengthening Law.

6. Industrial Revitalization Account

The Industrial Revitalization Account is concerned with capital subscription to the Industrial Revitalization Corporation of Japan, and financing of its operational expenses.

In FY2005, the account disbursed an operational cost of ¥4.0 million, and the same amount of loss was recorded in the current term. As a result, the account recorded a loss of ¥13.0 million, together with the deficit of ¥9.0 million brought forward from the previous fiscal year.

7. Financial Function Strengthening Account

The Financial Function Strengthening Account is concerned with loans to the contracted bank (the RCC) for capital injection under the Financial Function Strengthening Law. The assets and liabilities relating to the Financial Institutions’ Managerial Base Strengthening Account, which had been used to account for loans to the contract bank (the RCC) for capital injection under the Organizational Restructuring Law and was abolished at the end of FY2004, were transferred to this Account.

The account’s total income in FY2005 was ¥231.0 million, including ¥230.0 million from income from payment by the contracted bank (the RCC) through its capital injection measures, etc.

Total expenses amounted to ¥29.0 million, including operational costs, etc.

As a result, the account recorded a profit of ¥201.0 million in the current term. The surplus carried through to the next fiscal year increased to ¥257.0 million from the surplus of ¥55.0 million carried from the previous fiscal

III. ABOUT THE DICJ

1. Establishment & Roles

(1) Establishment

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

The background of the DICJ's establishment lies in July 1970, when the idea of a deposit insurance system was raised in a Financial System Research Committee report on policies for private financial institutions. The report stressed the need to create a system aimed at protecting depositors, and indicated basic directions to that end. Based on this, the Deposit Insurance Law was enacted in March 1971 (coming into effect on April 1 of the same year).

The DICJ was then established on July 1, 1971, with funding from the government, the Bank of Japan, and private financial institutions.

The DICJ was originally capitalized at ¥450 million (with funding of ¥150 million each from the government, the Bank of Japan, and private financial institutions). The additional participation of labor banks in July 1986 brought a further injection of ¥5 million. With funding of ¥5 billion by the government for the *Jusen* Account in July 1996, capitalization now stands at ¥5,455 million.

(2) Roles and Functions

The purpose of the Deposit Insurance Law, as defined in Article 1 thereof, is “to protect depositors and other parties as well as maintain an orderly financial system, by providing for the payment of deposit insurance claims and the purchase of deposits and other claims in the event that repayment of said deposits, etc., is suspended by a financial institution, and, regarding the resolution of failed financial institutions, providing appropriate financial assistance to facilitate mergers or other resolutions of failed financial institutions, providing for financial administrators for failed financial institutions, providing for the succession of business of failed financial institutions, and establishing a system for appropriate measures in response to financial crises.”

The DICJ undertakes the following operations, among others, to achieve these objectives. (i) Collection of insurance premiums; (ii) Reimbursement of insured deposits and other claims; (iii) Financial assistance to

facilitate mergers or other resolutions of failed financial institutions; (iv) Purchase of deposits and other claims; (v) Operations related to financial administrators etc.; (vi) Operations related to the business management of bridge banks; (vii) Operations in response to financial crises; (viii) On-site inspections of financial institutions; (ix) Operations related to purchase of assets from sound financial institutions; (x) Subscription of shares from financial institutions, etc., and other operations (capital injection operations); (xi) Guidance and advice to the RCC concerning its resolution and collection operations; (xii) Asset investigation of debtors of the RCC; and (xiii) Pursuit of civil and/or criminal liability on the part of former executives, etc., of failed financial institutions.

2. 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 together with the Governor and Deputy Governors of the DICJ. Board Members are appointed by the Governor of the DICJ from persons with experience and expert knowledge in finance. All appointments must be approved by the Prime Minister (a task legally delegated to the Commissioner of the Financial Services Agency) and the Minister of Finance. At present, the Policy Board consists of eight people, five representatives of the financial community and three members from outside the financial community. [See Pxxxiv, Tables & Figures (11) “Policy Board Members and DICJ Officials, etc. (as of August 31, 2006)”]

According to the Articles of Incorporation, a resolution of the Policy Board is required, among others, for (i)



amendments to the Articles of Incorporation, (ii) preparation of and amendments to the Operational Guidelines, (iii) budget and funding plans, (iv) settlement of accounts, (v) decisions on and changes to insurance premium rates, (vi) decisions on the reimbursement of deposit insurance and partial payments thereof, (vii) decisions on financial assistance, and (viii) decisions on the purchase of deposits and other claims. In FY2005, the Board met on four occasions. [See Pxxxiii, Tables & Figures (10) “Policy Board Meetings (in FY2005)”]

3. Liability Investigation Committee

Under the amendment to the Deposit Insurance Law in February 1998, the Governor of the DICJ was required to arrange a system for efficiently conducting operations based on the Agreement on Resolution and Collection. This served to intensify legal demands for the pursuit of liability.

In response to this, Liability Investigation Committee, chaired by the Governor of the DICJ and with DICJ officials 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 others with a view to properly implementing criminal accusations, compensation claims, and other requisite measures. During FY2005, the Committee met on two occasions and discussed cases involving the pursuit of liability.

The Liability Investigation Committee includes three special advisers, who counsel on the above measures.

4. Purchase Price Examination Board

In June 1999, a Purchase Price Examination Board consisting of three external experts (a lawyer, a certified public accountant and a real estate appraiser) was set up as an advisory body to the Governor of the DICJ. Its purpose is to ensure the correct operation of the system for purchasing assets from sound financial institutions, etc., under Article 53 of the Financial Revitalization Law.

In accordance with the stipulation in the revised Financial Revitalization Law which became effective in January 2002 and which allows purchasing of debts at current market price, the structure of the Purchase Price Examination Board was reinforced by adding two new members (for a total of five members) in order to guaran-

tee the rationality of purchase prices.

After the implementation of the amended law, the DICJ makes the scheduled one-to-one purchases four times a year, as compared with twice in previous years, and it was also permitted to participate in bidding.

Receipt of applications for the purchase of assets from sound financial institutions closed at the end of March 2005, and the Purchase Price Examination Board has not convened since the 59th meeting (held in June 2005) where the last application was examined. The Board will convene for a purchase price examination in the event of purchase from the IRCJ (under Article 53, Paragraph 1, Item 1 of the Financial Revitalization Law.)

5. Divestment Examination Board for Preferred Shares etc.

The Divestment Price Examination Board was established in June 2004 for the purpose of deciding appropriate prices through the fair and neutral procedures when disposal is made of preferred shares and other instruments which have been received to carry out capital injections by public funds.

On February 23, 2006, the Board revised its name to the “Divestment Examination Board for Preferred Shares etc.”, and added “execution of divestment”, “method of divestment” and “amount of divestment” to the subjects for examination to cope with situations where applications for divestment from financial institutions are not expected. This adjustment was taken in line with the “Immediate Guideline for Disposal of Preferred Stocks, etc. Acquired through Capital Injection with Public Funds” announced on October 28, 2005.

During FY2005, the Committee met on nine occasions.

6. Performance Appraisal Committee

The Performance Appraisal Committee was established in April 2004 to decide the rate of contribution to the DICJ performance for the purpose of making fair and reasonable payment of retirement allowance to the DICJ officials. The Performance Appraisal Committee is composed of three members of the Policy Board (excluding a member from financial industries) and one part-time auditor. During FY2005, the Committee met once.

7. Operations of Departments

(1) Planning & Coordination Department

The Planning & Coordination Department is in charge of overall coordination of DICJ's administrative work, convening 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, administrative work related to investments to the IRCJ, international affairs, research activities at home and abroad, and other administrative work not handled by other departments.

The Department consists of four divisions and three offices, the Administration Division, the Personnel Division, the PR and Information Management Office, the Planning and Coordination Division, the Subsidiary Administration Division, the Office for International Affairs, and the Office for Research and Intelligence.

(2) Treasury Department

The Treasury Department is responsible for budgeting, settlement, accounting, financial audits, assets management, financial planning, funding, management, and collection of insurance premiums at the DICJ.

The Department consists of six divisions, the Financial Planning and Coordination Division, the 1st Budget and Accounting Division, the 2nd Budget and Accounting Division, the 3rd Budget and Accounting Division, the 1st Finance Division and the 2nd Finance Division.

(3) Financial Reconstruction Department

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

The 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 execution of claims and other payments, financial assistance (including responses to financial crises), purchase of deposits and other claims, development and operation of information systems, training and advice to

financial institutions on enhancement of the depositors name-based aggregation/system and database, and preparation of lists of depositors in line with the Law Concerning Exceptions to Reorganization and Bankruptcy Procedure for Financial Institutions.

The 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 investigating cases in pursuit of criminal and civil liability, investigatory guidance and advice to the RCC, investigating debtors and others regarding claims transferred to the RCC, collection commissioned by the RCC, the management, collection and disposal of purchased assets, and other work.

The Department has six divisions: the Policy Planning and Coordination Division, the Investigation and Recovery Division, the Task Force Division, the 1st Special Investigation Division, the 2nd Special Investigation Division and the 3rd Special Investigation Division.

(6) Inspection Department

The Inspection Department is in charge of inspections and verifications to examine the propriety of insurance premium payments, management of depositor name databases and data processing systems, and estimations of the liquidating dividends of failed financial institutions to calculate the "estimated proceeds payment rate".

The Department has four divisions: the Inspection Planning Division, the Evaluation Division, 1st Inspection Division and 2nd Inspection Division.

(7) Osaka Operation Department

The Osaka Operation Department is in charge of work related to financial administrators, such as the reimbursement of deposit insurance and other payments, the financial assistance, the purchase of deposits and other claims, as well as investigating cases in pursuit of criminal and civil liability, guidance and advice to the RCC, investigating debtors and others regarding claims transferred to the RCC, collection commissioned by the RCC, the management, recovery and disposal of purchased assets, and other work, mainly when such work pertains to the Kansai region and further west.

The Department has seven divisions and one office: the Administration, Policy Planning and Coordination

Division, the Financial Reorganization Office, the Financial Assistance Division, the Investigation and Recovery Division, the Task Force Division, the 1st Special Investigation Division, the 2nd Special Investigation Division and the 3rd Special Investigation Division.

(8) Investigation & Recuperation Office of Legal Affairs (set up in April 2006)

The Investigation & Recuperation Office of Legal Affairs is in charge of administering legal affairs related to the operational activities of the DICJ and administering practical work related to the compliance activities of the DICJ.

8. Organizational Changes

In terms of the organizational reforms in FY2006, in consideration of the changes in the financial environment with the transfer to peacetime, resulting in changes in workload, a thorough review of the organization was conducted to meet the necessities of the organization's functions and resources in accordance with the basic policy of maintaining a stable framework of operational activities ensuring its legality and compliance as well as to promote the downsizing of the organization. In addition to setting up the Investigation & Recuperation Office of Legal Affairs, the DICJ attempted to reduce the overall workforce, and consequently the number of authorized staff as of FY2006 stands at 373 persons, thirteen fewer than in the previous fiscal year.

9. Resolution and Collection Corporation (RCC)

Following amendments to the Deposit Insurance Law and the *Jusen* Law in October 1998, the RCC was established as a 100% subsidiary (limited company) of the DICJ (capitalization ¥212 billion) through a merger between the HLAC and the RCB on April 1, 1999. Its purpose was to achieve quick and efficient collection of non-performing loans using fair and transparent means, and to minimize the injection of public funds.

As of April 2006, the RCC had nine officers (six directors and three auditors) and 1,382 employees. Its organization consists of a head office, 25 branches, and two offices. Its collection operations are handled by five Business Divisions, a Branch Affairs and Loan Operation Department and Special Collection Divisions in Tokyo

and Osaka.

The main business of the RCC includes (i) recovery of loan assets etc. transferred from seven former *Jusen* companies, (ii) purchase and collection of non-performing loans, etc., from failed financial institutions, (iii) purchase and collection of non-performing loans from sound financial institutions and others in line with Article 53 of the Financial Revitalization Law (Receipt of applications for the purchase of assets closed at the end of March 31, 2005.), and (iv) subscription of shares, etc., as capital injections under the Financial Function Strengthening Law. In addition, the RCC started servicer operations based on a servicer license acquired in June 1999. In April 2001, meanwhile, according to the Agricultural & Fishery Cooperative Savings Insurance Law, it entered an agreement on collection operations with the Agricultural & Fishery Cooperative Savings Insurance Corporation and became a contracted debt collection company. Moreover, as of August 2001, the RCC became authorized to conduct trust business and currently, it is pushing forward with the subscription of non-performing loans via the trust method, securitization of non-performing loans through trusts, and the creation of corporate revitalization funds that make use of private-sector funding. [See Pxxiii, Tables & Figures (8) "Relationship between the DICJ and the RCC Concerning Collection Operations"]

10. The Second Bridge Bank of Japan

The Second Bridge Bank of Japan was established as a 100% subsidiary of the DICJ (capital subscription: ¥2.12 billion) obtaining founding approval by the Commissioner of the FSA on February 26, 2004, and having acquired a license for banking and secured bond trust businesses on March 8, 2004.

The Second Bridge Bank of Japan aims at continuing operations temporarily by taking over insured deposits and sound assets from failed financial institutions placed under management by financial administrators in cases where no assuming financial institution is found at the time of failure, and to seek an assuming financial institution for such operations (re-assuming financial institution) to attempt to protect depositors and maintain the financial system.

As of the end of March of 2006, there was no failure resolution case in which this bank was utilized.

11. Industrial Revitalization Corporation of Japan (IRCJ)

The Industrial Revitalization Corporation of Japan (IRCJ) was established with the April 9, 2003 implementation of the Industrial Revitalization Law (Law No. 27 of 2003). The purpose of the IRCJ is to undertake support for the revitalization of companies that have valuable management assets but also excessive debt. It is to do this by purchasing loans financial institutions have made to these companies. The overriding goal set out for the IRCJ is to revitalize Japan's industry, while considering the need for employment stability, and to maintain the stability and integrity of the financial system by promoting the disposition of non-performing loans. Approval by the Prime Minister, the Minister of Finance and the Minister of Economy, Trade and Industry was received on April 14, 2003 and two days later, the IRCJ was established with all of its capital (¥49.408 billion) provided by the DICJ. On May 20, the IRCJ received additional capital from the DICJ and the Norinchukin Bank. Its total capital balance now stands at ¥50.507 billion (¥49.757 billion from the DICJ and ¥750 million from the Norinchukin Bank).

The IRCJ performs following works under Article 19 of the Industrial Revitalization Corporation Law:

- (i) The IRCJ may purchase loans made to businesses for which it has been decided to initiate rehabilitation assistance procedures (hereinafter referred to as “targeted business(es)”) by financial institutions. These purchases may be of loans themselves or loan trusts (both forms of purchase are hereinafter referred to as “loan purchases”).
- (ii) To debtors for loans acquired through loan purchases, the IRCJ may:
 - a. Loan funds,
 - b. Act as the guarantor for loans from financial institutions,
 - c. Provide capital.
- (iii) The IRCJ may manage or transfer claims, transfer equity ownership related to its own capital investments and dispose of other assets.
- (iv) The IRCJ may provide advice to targeted businesses, engage in negotiations or coordination activities related to the work mentioned above, and perform incidental tasks.

Concerning industrial revitalization, the DICJ deliberates cases on which it received an offer from an enterprise or a main bank in accordance with the assistance standards and procedures prescribed by the Ordinances. However,

finally, the Industrial Revitalization Committee decides whether the financial assistance should be given and the purchase of assets should be made after obtaining the opinion of the competent Minister.

Receipt of applications for the purchase of non-performing loans closed at the end of March 2005 under Article 23 of the Industrial Revitalization Corporation Law. Up to then, the IRCJ had supplemented the activities of corporate revitalization by private financial institutions, irrespective of the size or category of business of a corporation; from a local industry to a major listed company, and has presented a model of industrial revitalization for the future. As a result, the number of cases for which support was eventually provided reached 41. Typical corporate revitalizations handled by the IRCJ include: cases of a long-established department store or an inn with a hot spring where their revivals may contribute to the economic revitalization of local society; those in which the cooperation of public institutions was secured by the IRCJ while such public cooperation was difficult for private businesses to attain; and those in which the IRCJ discharged the functions of bridging the gap between private and legal corporate reorganization by using a scheme combined with the civil rehabilitation proceedings and minimizing the impairment of enterprise value. Out of those cases for which support was provided, disposal of the purchased loans progressed, and 25 cases completed disposal by the end of March 2006.

(Note) Purchase of claims closed at the end of March 2005. Article 29 of the Industrial Revitalization Corporation Law obliges the IRCJ to make every effort for the disposal of claims etc. purchased from targeted businesses within 3 years of the purchase date.

IV. DEPOSIT INSURANCE SYSTEM

1. Insured Financial Institutions

Financial institutions covered by the deposit insurance system include the following types of financial institutions with head offices in Japan. An insurance relationship between the DICJ, a financial institution and its depositors, etc., automatically arises when the institution accepts the insured deposits and others listed in 2. below.

- (i) Banks as defined in the Banking Law
- (ii) Long-term credit banks as defined in the Long-Term Credit Bank Law
- (iii) Shinkin banks
- (iv) Credit cooperatives
- (v) Labor banks
- (vi) Shinkin Central Bank
- (vii) The Shinkumi Federation Bank
- (viii) The Rokinren Bank

* 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, fishermen's cooperatives, and others are members of the savings insurance system for the Agricultural and Fisheries Cooperative Sector.

* Japan Post's Postal Savings accounts are guaranteed by the Government of Japan, but they are scheduled to be covered by the deposit insurance system as from October 2007 due to the privatization of the postal system. Investment securities firms are members of the Investor Protection Fund. Life insurers are members of the Life Insurance Policyholders Protection Corporation of Japan and non-life insurers are members of the Non-Life Insurance Policyholders Protection Corporation of Japan.

2. Insured Deposits, etc.

The scope of deposits etc. insured under the deposit insurance system is as follows:

- (i) Deposits
- (ii) Installment savings
- (iii) Installment contributions
- (iv) Money in trusts with guarantee of principal (including loan trusts)
- (v) Bank debentures (custody products)
- (vi) Accumulating or asset-forming products based on deposits, etc., in (i) to (v) above
- (vii) Deposits related to investments in fixed-contribution pension reserves

The following types of deposits, etc., are not insured:

- (i) Foreign currency deposits
- (ii) Negotiable certificates of deposit (NCD)
- (iii) Deposits in special international financial trans-

action accounts (Japan off-shore market accounts)

- (iv) Deposits etc. from the Bank of Japan (excludes treasury funds)
- (v) Deposits etc. from insured financial institutions (excludes those related to the investment of fixed contribution pension reserves)
- (vi) Deposits etc. from the DICJ
- (vii) Anonymous bank accounts
- (viii) Deposits under another party's name (including those under fictitious names)
- (ix) Deposits to be relented to a third party
- (x) Money in trusts with no guarantee of principal
- (xi) Bank debentures (other than custody products)

3. Scope of Deposit Protection

With the December 2002 passage of the Amended Deposit Insurance Law, limits on insurance protection for deposits at failed financial institutions were established. These limits were effective for the two-year period beginning in April 2003 and were as follows. For current, ordinary, and specified deposits, protection was the same as in FY2002. In other words, principal and interest were protected in full, while time and other deposits were protected up to a maximum of ¥10 million in principal, plus related interest, per depositor, per financial institution.

Beginning in April 2005, deposits for payment and settlement purposes (non-interest-bearing, deposit redeemable on demand, normally required payment and settlement services) will gain full protection (permanent measures). Other deposits will be protected up to a maximum of ¥10 million in principal, plus related interest, per depositor, per financial institution.

For amounts in excess of ¥10 million in principal for insured deposits other than payment and settlement accounts and uninsured deposit principal and interest, pay-out will be made according to the condition of the failed financial institution's assets, so it is possible that pay-out will be less than the full amounts of principal and interest.

4. Protection of Settling Obligations

The obligations assumed by financial institutions concerning transactions involved in fund settlement conducted by financial institutions (exchange transactions, bills

which can be cleared at the clearing house, transactions settled by presenting cheques and those involving self-addressed checks drawn by financial institutions) are called the settling obligations (Note). For example, the obligations involved in a transaction where despite a customer transfer request lodged before the financial institution fails, funds received from the customer are still not transferred to a transferee, come under the settling obligations. The settling obligations are protected in full.

(Note) The obligations arising from transactions entrusted by a financial institution or person who carries on financial business do not come under the settling obligations in principle. However, the obligations arising from transactions, which a financial institution did not conduct as its business, come under the settling obligations. The settling obligations which are not accepted as deposits for settlement and payment purposes are called “Specified settling obligations”. For example, the settling obligations which are accepted as bank deposits or suspense receipts come under “Specified settling obligations”.

5. Insurance Premiums

From FY1996 to FY2001, insurance premiums were divided into “ordinary premiums” and “special premiums” (for the blanket guarantee of deposits etc.). The latter were abolished at the end of FY2001*. Ordinary insurance premiums are used to fund operations such as insurance payments (“pay-out”) and financial assistance not exceeding the pay-out cost (i.e. the cost expected to be borne by the DICJ if insurance is paid to depositors).

* Special premiums were used to fund an account set up especially to implement financial assistance exceeding the pay-out cost (special financial assistance) and other special operations under the special arrangement for full protection of deposits, etc. (in operation from FY1996 to FY2001). Insured financial institutions were obliged to pay these special insurance premiums (the premium rate being prescribed by Cabinet Order as 0.036% of the balance of insured deposits).

The insurance premium rate, subject to a resolution by the Policy Board, is decided with the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Minister of Finance. Premiums are determined by multiplying the insurance premium rate by the balance of insured deposits for the previous fiscal year (since FY2002, the balance figure has changed to the average balance for business days during the previous fiscal year from the balance at the end of the previous fiscal year.) Insured financial institutions must pay their premiums to the DICJ within the first three months of each business year (semiannual installments are also possible).

In FY2002, the scope of protection of deposits will become different for each type. “Specific deposits (current, ordinary and specified deposits)” will continue to be protected in full, while “Other deposits (time deposits,

etc.)” will shift to limited coverage (protection for a maximum principal of ¥10 million, plus interest). In line with the abolition of special insurance premiums, the gist of the Deposit Insurance Law and the report by the Financial System Council in December 1999, the premium rate for “Specific deposits” has been set at 0.094% and that for “Other deposits” at 0.080%.

The insurance premium rate for FY2003 onwards will be determined according to the provisions of the Deposit Insurance Law as amended in the previous fiscal year. However, for FY2003 and FY2004, what have been termed “specific deposits” will be treated as “payment and settlement deposits” and will continue to receive full protection. “Other deposits” will become “regular deposits” and be subject to limited coverage. Such changes mean that protection will be essentially the same as what applied in FY2002. Therefore, consistent with the idea that it is appropriate to employ a weighted average of the rate that would result in the same insurance premium burden for each yen of insured deposits and the rate that would result if the rates for both were set at a uniform 0.084%, and considering both the tenor of the reports of the Financial System Council meetings of December 1999 and September 2002 and the need to maintain continuity in the difference between the rates for payment and settlement deposits and regular deposits, the premium rate for payment and settlement deposits has been set at 0.090% and that for regular deposits at 0.080%.

Furthermore, concerning FY2004, other than the financial condition of the DICJ, no major changes in the condition of other factors is foreseen, so it has not changed from the present.

Taking into account the fact that the removal of the so-called blanket guarantee came into effect in April 2005 and that the framework of deposit protection was changed, the insurance premium rate applicable to FY2005 was set at 0.115% for “payment and settlement deposits” and 0.083% for “regular deposits” in accordance with the basic policy of maintaining the overall effective rate at the current level of 0.084% and of ensuring a uniform premium burden per insured deposit.

The insurance premium rate applicable in FY2006 was settled at 0.110% for “payment and settlement deposits” and 0.080% for “regular deposits etc.” by calculating the premium rate in the same way as the previous fiscal year with consideration for the fact that the balance of deposits for calculating the insurance premium was changing in terms of a trend towards a deposit shift from “regular deposits etc.” to “payment and settlement deposits” during FY2005 despite the unchanged deposit protection framework.

[See P17, I. 5. (3) “Setting the Insurance Premium Rate”]

6. Resolution of Failed Financial Institutions

(1) Financial Assistance

(i) Outline

When a financial institution fails, the DICJ may extend financial assistance to an assuming financial institution, etc. that implements a business transfer, merger, or other operation, or to the failed financial institution, etc., to facilitate a merger or other operation. As a result of financial assistance, deposits and other claims are taken over and protected by the assuming financial institution. Financial assistance may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred shares, or loss sharing.

Under the system of full protection of deposits, etc., financial assistance for business transfers was limited to transfer of the entire business. With the transition to limited coverage from FY2002 onwards, however, financial assistance now remains, in principle, within the scope of the pay-out cost, and mainly concerns cases of partial business transfer. This includes transfer of the deposits of a failed financial institution that are protected by deposit insurance (insured deposits), sound assets, and others to the assuming financial institution, etc. In cases of partial transfer of business, it is assumed that the DICJ can provide financial assistance to failed financial institutions (limited to monetary grants) to enable them to equally treat creditors. This has the aim of securing a liquidating dividend for creditors who were not covered by the business transfer.

(ii) Procedure for Financial Assistance

An assuming financial institution, etc., may apply to the DICJ for financial assistance, pending authorization* of the eligibility of the merger, etc., or recommendation of the merger, etc., by the Prime Minister (granting authorization to the Commissioner of the FSA). Upon receipt of the application, the DICJ decides, subject to a resolution by the Policy Board, whether or not to extend financial assistance and, if so, the amount, method, and other details. When making such a resolution, the Policy Board is required to take account of the financial condition of the DICJ, the estimated amount of financial assistance required, and the pay-out cost, as well as aiming for efficient utilization of DICJ assets. After making this decision, the DICJ enters a financial assistance agreement with the assuming financial institution, etc., and provides financial assistance.

* Approval of eligibility may only be given when all of the following three conditions are met.

- (i) The implementation of the merger, etc., will contribute to the protection of depositors and other creditors.
- (ii) The financial assistance of the DICJ is indispensable to the merger, etc.
- (iii) The absence of such a merger, etc., and the total suspension of operations or dissolution of the failed financial institution subject to the merger, etc., could greatly obstruct the smooth flow of funds in the area or sector in which the failed financial institution operates, as well as hindering the convenience of its users.

(2) Reimbursement of Insured Deposits

Insurable contingencies resulting in insurance payments by the DICJ are divided into the following two types. Insurance pay-out is made against claims filed by depositors once depositor identification and other necessary steps have been taken at the financial institution where an insurable contingency has occurred.

Category One Insurable Contingency:

Suspension of repayment of deposits, etc., by a financial institution. In such cases, the DICJ decides whether or not to make insurance payments within one month of the occurrence of the insurable contingency, subject to a resolution by the Policy Board (if necessary, this period may be extended by a further month).

Category Two Insurable Contingency:

Revocation of a financial institution's operating license, declaration of bankruptcy, or resolution to dissolve the financial institution. In such cases, insurance payments are made without requiring any decision by the DICJ.

The amount of insured deposits to be reimbursed to each depositor, etc., is the total principal of insured deposits of the said depositor, etc., in the financial institution subject to the insurable contingency, plus interest, etc. The principal should not exceed the sum of ¥10 million per depositor, etc., as prescribed by Cabinet Order (however, insurance payments on deposits pledged as security may be deferred until the right of pledge has lapsed).

When Category One Insurable Contingency has occurred, the DICJ must determine, subject to the approval of the Policy Board, insurance pay-out and information to be carried in public notices (payment period, place, method, processing times, etc). It must then place public notices in the Official Gazette, and otherwise strive to ensure that all depositors understand these details. In the case of Category Two Insurable Contingency, insurance pay-out will be made without approval of the Policy Board, so the DICJ will on its own determine information to be carried in public notices and place the public notices.

(3) Partial Payments

Partial payments are made to cover the immediate living costs and other expenses of depositors, etc., in a financial institution that has been subject to an insurable contingency, when it is anticipated that insurance payments or the reimbursement of insured deposits will not begin for a considerable length of time. The DICJ is required to decide whether or not to make partial payments within one week of the occurrence of the insurable contingency, subject to a resolution by the Policy Board.

In accordance with Cabinet Orders, a maximum partial payment of ¥600,000 per account is to be paid against the balance of ordinary deposits (principal only) held by depositors, etc. If insurance payments are subsequently made or insured deposits reimbursed, the amount of the partial payment is deducted from the insurance payments or insured deposits reimbursed to the depositors, etc.

When making partial payments, the DICJ is required to follow the same procedure with respect to public announcements, etc., as for insurance payments.

(4) Purchase of Deposits and Other Claims

For the portion of principal in excess of ¥10 million per depositor, plus interest thereon in the case of insured deposits other than deposits for settlement and payment purposes, or

for uninsured foreign currency deposits and their interest, DICJ may, when its Policy Board has decided to implement estimated proceeds payment, make such payments in the form of purchasing these claims, based on requests by depositors. In such cases, the purchase price is calculated by multiplying the claims by a rate determined in consideration of the estimated dividend (the estimated proceeds payment rate), etc. This does not, however, apply to deposits pledged as collateral. This system makes it possible for depositors to actually recover part of their claims at an early date without waiting for tenders or dividend payments. These estimated proceeds payments may be made when either of the failure resolution methods, namely the financial assistance method, or the insurance pay-out method is adopted.

When the amount recovered by the DICJ from purchased deposits and other claims (excluding expenses related to their purchase) exceeds the estimated proceeds payment, the surplus is to be refunded to the depositors, etc. (“settlement payment”)

When the DICJ purchases deposits and other claims, it must first obtain the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Minister of Finance concerning the estimated proceeds payment rate, then decide the period and place of purchase, the method of payment, and other details, and inform depositors and others via public notices.

Conceptual diagram of treatment of deposits at the failure of a financial institution (after April 2005)
(Space within the bold lines indicates deposit insurance protection)

		Up to ¥10 million	Over ¥10 million		
Insured Deposits	Payment and settlement deposits (Current deposits, Non-interest-bearing ordinary deposits, etc.)	Full Protection Full protection for principal and interest (Permanent measures)			
	Deposits other than payment and settlement deposits (Interest-bearing ordinary deposits, Time deposits, Installment Savings, Money trusts under the guarantee of principle, Bank debentures, etc.)	Limited Protection Protection of principal up to ¥10 million and interest	Estimated Proceeds Payments Principal in excess of ¥10 million and foreign currency deposits and interest × Estimated Proceeds Payment Rate	Liquidation Payment	Possibility that less than full amount of principal and interest will be paid
Uninsured Deposits	Foreign Currency Deposits				
	Negotiable certificates of deposit, Money trusts under no guarantee of principle, etc.	Payments depending on the condition of the failed financial institution's assets			



(5) Procedures Based on the Special Corporate Reorganization Law

Under the Special Corporate Reorganization Law, the DICJ is empowered to perform various functions designed to improve the efficiency of the reorganization, reconstruction and bankruptcy procedures for failed financial institutions. This includes acting on behalf of depositors in filing claims for reorganization, reconstruction and bankruptcy (i.e. by submitting lists of depositors to the courts) and in exercising voting rights on proposed reorganization or reconstruction plans. When wishing to exercise these voting rights, the DICJ is required to inform depositors and others in advance, through notifications and public notices, of the proposed reorganization or reconstruction plans to which it intends to agree.

V. APPENDICES

1. Operational Results

(1) Financial Assistance, etc.

(i) Financial assistance and recoveries, etc. by items (as of the end of March 2006) (Unit: ¥ billion)

Financial assistance items	The extent to which financial assistance has been implemented	The cumulative amount of recoveries, etc. (Note 1)
(1) Grants	18,615.4	(Note 2) -
Of the above, monetary grants to a bank which is under special public management	6,376.4	-
(2) Purchase of assets	9,762.7	8,581.8
Purchase of assets from failed financial institutions	6,366.3	6,773.8
Of the above, the purchase of bad assets from banks which are under special public management	1,179.8	1,622.9
Purchase of normal assets (shares held) from banks which are under special public management	2,939.7	1,217.9
Purchase of non-performing loans (loan receivables, etc.) from banks which are under special public management	2.4	8.0
Purchase of assets from a bank which is under special crisis control	85.0	36.2
Purchase of assets from the National Federation of Credit Cooperatives	15.9	22.4
Purchase of assets from sound financial institutions	353.3	523.6
(3) Capital injection	12,386.9	(Note 3) 6,172.6
Capital injection under the former Financial Function Stabilization Law	1,815.6	1,554.7
Capital injection under the Early Strengthening Law	8,605.3	4,606.8
Capital injection under the Insurance Deposit Law	1,960.0	11.1
Capital injection under the Organizational Restructuring Law	6.0	0.0
(4) Other	5,966.7	4,806.0
Lending of funds to a bank which is under special public management	4,200.0	4,200.0
Taking delivery of assets under the warranty for latent defect provisions	1,222.6	594.2
Compensation for losses	532.1	-
Compensation for losses to banks which are under special public management	450.0	-
Compensation for losses to the National Federation of Credit Cooperatives	82.0	-
Lending (lending to assuming financial institutions)	8.0	8.0
Debt assumption (debt assumption to assuming financial institutions)	4.0	3.8

Fractions falling short of ¥0.1 billion are rounded off.

(Note 1) In addition to the amount of collection equivalent to a book value portion, the cumulative amount of recoveries, etc. includes the amount of collection exceeding book value such as gains from the collection of claims, gains on the sale of securities and on that of real estate property and the amount of price adjustment (*) of the purchased assets, but excluding income such as interest and dividends.

* 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 Resolution and Collection Corporation (RCC) takes over actual assets from failed financial institutions. The changes in asset price arising from the progress of 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 ¥1,175.2 billion as of March 2006.

(Note 2) ¥10,432.6 billion out of monetary grants is financed by the redemption (use) of grant bonds (¥13,000 billion). (Tax payers bear the burden at the present stage) The remaining amount is to be financed from the deposit insurance premium. The deposit insurance premium which the DICJ had collected from financial institutions by March 31, 2006 had reached an aggregate of ¥5,716.8 billion.

** The grant bonds were issued to finance monetary grants exceeding the pay-off cost in failure resolutions up to the end of March 2002. (Redemption of the grant bonds was completed at the end of March 2003.)

*** The decreased amount arising from close scrutiny of monetary grants is paid to the national treasury.

(Note 3) Of the cumulative amount of recoveries, etc. involved in capital injection, ¥6,172.6 billion, ¥5,642.3 billion was involved in capital injection.

(Note 4) All of the compensation for losses — (¥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 involved in capital injection under the former Financial Function Stabilization Law; ¥22.4 billion for Ashigin FG) involved in capital injection under the Early Strengthening Law; the amount of special compensation for losses (¥78.5 billion) arising from the entrustment of asset purchase operations; and ¥4.1 billion involved in the purchase of assets from banks under special crisis management — represent compensation for losses granted to the RCC by the DICJ, and so these amounts are not included in the aforementioned table.

(Note 5) The distributed amount of remaining assets, ¥2.8 billion, with regard to Ashigin FG is not included in the cumulative amount of recoveries etc.

(ii) Financial assistance on a fiscal year basis

(Unit: ¥ billion)

Fiscal Year	Number of Cases	Financial Assistance			
		Grants	Asset Purchases	Lending	Debt assumption
1992	2	20.0	-	8.0	-
1993	2	45.9	-	-	-
1994	2	42.5	-	-	-
1995	3	600.8	-	-	-
1996	6	1,316.0	90.0	-	-
1997	7	152.4	239.1	-	4.0
1998	30	2,684.2	2,681.5	-	-
1999	20	4,637.4	1,304.4	-	-
2000	20	5,156.2	850.1	-	-
2001	37	1,641.8	406.4	-	-
2002	51	2,318.2	794.9	-	-
2003	0	-	-	-	-
2004	0	-	-	-	-
2005	0	-	-	-	-
Total	180	18,615.4	6,366.3	8.0	4.0

- Note: 1. Figures of 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 a figure following amendment to the amount as of the date of initial implementation; taking into account the subsequent reduction in amount.
2. Regarding the number of cases, the purchase of assets from the Long-Term Credit Bank of Japan and the Nippon Credit Bank was twice implemented. In the case of Midori Bank (asset purchases in FY1998 and monetary grants in FY1999), however, only cases for FY1998 are counted.
3. The amount of assets purchased from failed financial institutions is ¥6,451.3 billion; calculated by adding ¥85.0 billion of asset purchases under Article 129 of the Insurance Deposit Law to the amount of financial assistance as mentioned above.
4. Because fractions falling short of ¥0.1 billion are rounded off, the total amount does not match that calculated by when individual amounts are totaled.
5. "Lending": since the low-interest loan was a typical management assistance scheme for ailing financial institutes at the time of the failure of the Toho Sogo Bank, an application for financial assistance by lending was filed.
6. "Debt assumption": at the time of the failure of the Hanwa Bank, the Kii Deposit Management Bank that was assuming the role of a financial institution assumed the financial obligations which had not been succeeded at the Kii Deposit Management Bank — for the purpose of repayment of deposits.

(iii) Financial assistance by category of financial institutions

(Unit: ¥ billion)

Category of financial institutions	Number of Financial Assistance Cases	Monetary grant		Purchase of assets		Lending		Debt assumption	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total	180	176	18,615.4	167	6,366.3	1	8.0	1	4.0
Under the full amount protection	169	166	17,788.7	167	6,366.3	0	-	1	4.0
Banks	20	16	12,327.2	17	4,575.8	1	8.0	1	4.0
Under the full amount protection	17	14	11,737.2	17	4,575.8	0	-	1	4.0
Shinkin banks	27	27	973.0	25	550.0	0	-	0	-
Under the full amount protection	25	25	927.0	25	550.0	0	-	0	-
Credit Cooperatives	133	133	5,315.2	125	1,240.6	0	-	0	-
Under the full amount protection	127	127	5,124.5	125	1,240.6	0	-	0	-

Note: Fractions falling short of ¥0.1 billion are rounded off.

(iv) Financial Assistance**<Up to Fiscal Year 1995>**

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
1	01/04/92	28/10/91	Iyo Bank	Toho Sogo Bank	Loan (for 5 years)	8.0
2	01/10/92	01/06/92	Sanwa Bank	Toyo Shinkin Bank	Monetary Grant	20.0
3	01/10/93	24/06/93	Bank of Iwate	Kamaishi Shinkin Bank	Monetary Grant	26.0
4	01/11/93	28/07/93 (28/10/93)	Osaka Koyo Credit Cooperative	Osaka Fumin Credit Cooperative	Monetary Grant (inclusive of additional assistance)	19.0 (19.9)
5	13/03/95	25/11/94	Kansai Kogin Credit Cooperative	Gifu Shogin Credit Cooperative	Monetary Grant	2.5
6	20/03/95	09/02/95	Tokyo Kyodo Bank	Tokyo Kyowa Credit Cooperative Anzen Credit Cooperative	Monetary Grant	40.0
7	31/07/95	19/05/95	Kanagawa-Prefecture Labor Bank	Yuai Credit Cooperative	Monetary Grant	2.8
8	29/01/96	14/12/95	Midori Bank	Hyogo Bank	Monetary Grant	473.0
9	25/03/96	16/02/96	Tokyo Kyodo Bank	Cosmo Credit Cooperative	Monetary Grant	125.0
Total				9 cases	Loan Monetary Grant	8.0 709.2

< Fiscal Year 1996 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
10	19/08/96	24/06/96 (20/01/97)	Fukui Bank	Fukui-Prefecture Dai-Ichi Credit Cooperative	Monetary Grant (after reduction)	0.6 (0.5)
11	17/09/96	07/08/96	Wakashio Bank	Taiheiyo Bank	Monetary Grant	117.0
12	05/11/96	28/10/96	Danyo Credit Cooperative	Sanyo Credit Cooperative	Monetary Grant Asset Purchase	12.9 3.3
13	05/11/96	28/10/96	Danyo Credit Cooperative	Kenmin Daiwa Credit Cooperative	Monetary Grant Asset Purchase	10.8 3.8
14	20/01/97	09/01/97 (01/11/00)	Tokai Bank	Osaka Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	169.7 (170.4) * 82.9
15	24/02/97	14/02/97 (04/12/00)	RCB	Kizu Credit Cooperative	Monetary Grant (after reduction)	1,004.8 * (1,004.4)
Total				6 cases	Monetary Grant Asset Purchase	1,316.0 90.0

< Fiscal Year 1997 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
16	21/04/97	11/04/97 (24/04/98)	RCB	Sanpuku Credit Cooperative	Monetary Grant (after reduction)	26.2 (25.3)
17	04/11/97	22/10/97	Hyogo-Prefecture Credit Cooperative	Hanshin Labor Credit Cooperative	Monetary Grant Asset Purchase	3.7 0.4
18	17/11/97	22/10/97	Bank of Fukuoka	Kitakyushu Credit Cooperative	Monetary Grant Asset Purchase	4.0 3.8
19	25/11/97	22/10/97 (30/03/98)	Bank of Yokohama	Kanagawa-Prefecture Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	19.2 (18.9) 23.2
20	26/01/98	14/01/98 (30/03/98)	Kii Deposits Management Bank	Hanwa Bank	Monetary Grant (after reduction) Asset Purchase Liability Assumption	81.4 ○ (81.2) * 208.3 4.0
21	26/01/98	14/01/98	Juroku Bank	Toki Credit Cooperative	Monetary Grant Asset Purchase	4.3 1.1
22	09/02/98	14/01/98 (30/03/98)	Ogaki Kyoritsu Bank	Tokai Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	15.5 (15.0) 2.3
Total				7 cases	Monetary Grant Asset Purchase Liability Assumption	152.4 239.1 4.0

< Fiscal Year 1998 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
23	13/04/98	30/03/98 (16/06/98)	Sakura Bank	Tanabe Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	82.8 ○ (81.6) 26.4
24	11/05/98	24/04/98 (16/04/99)	Chogin Kinki Credit Cooperative	Chogin Osaka Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	268.3 ○ (262.4) 47.6
25	24/08/98	10/08/98 (16/06/99)	Dai-Ichi Kangyo Credit Cooperative	Teishin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.2 (2.1) 1.2
26	28/09/98	09/09/98 (26/07/00)	Ikebukuro Credit Cooperative	Yutaka Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	10.0 (9.8) 3.1
27	01/10/98	09/09/98	(Namihaya Bank (Newly established))	Fukutoku Bank /Naniwa Bank	Asset Purchase	301.8
28	19/10/98	06/10/98 (09/11/99)	Sumitomo Bank	Seinan Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	8.3 (8.2) 6.9
29	26/10/98	06/10/98 (16/04/99)	Kofuku Bank	Kyoto Kyoei Bank	Monetary Grant (after reduction) Asset Purchase	45.6 ○ (43.6) * 58.1
30	09/11/98	06/10/98 (13/10/99)	Dai-Tokyo Credit Cooperative	Shinagawa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	17.1 (17.0) 10.0
31	16/11/98	29/10/98 (16/06/99)	Hokuyo Bank / Chuo Trust & Banking	Hokkaido Takushoku Bank	Monetary Grant (after reduction) Asset Purchase	1,794.7 (1,773.3)* 1,616.6
32	24/11/98	09/11/98 (26/05/99)	Sendai Bank (Note7)	Tokuyo City Bank	Monetary Grant (after reduction) Asset Purchase	123.8 ○ (119.2) * 169.5

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
33	24/11/98	09/11/98 (26/05/99)	Osaka Shomin Credit Cooperative	Chugoku Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	4.9 (4.8) 2.3
34	24/11/98	09/11/98 (26/05/99)	Fuji Credit Cooperative	Rokko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	7.6 (7.4) 7.9
35	07/12/98	25/11/98 (12/01/00)	Tomin Credit Cooperative	Hoei Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	13.6 (13.3) 7.6
36	14/12/98	25/11/98 (13/10/99)	Seikyo Credit Cooperative	Taihei Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	17.8 (17.1) 10.0
37	21/12/98	25/11/98 (25/08/00)	Eitai Credit Cooperative	Toko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	10.4 (10.2) * 10.9
38	11/01/99	18/12/98 (13/10/99)	Hokuetsu Bank	Nagaoka Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.8 ○ (1.7) 2.9
39	11/01/99	18/12/98 (13/10/99)	Seikyo Credit Cooperative	Daiwa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	51.8 ○ (51.0) 17.4
40	18/01/99	18/12/98 (10/08/99)	Nanto Bank	Nara-Ken Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	11.3 ○ (10.8) 4.0
41	25/01/99	11/01/99 (13/10/99)	Yokohama Shogin Credit Cooperative	Shizuoka Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	16.2 (16.0) 2.2
42	08/02/99	11/01/99 (20/12/00)	Atsugi Credit Cooperative	Shonan Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	13.3 ○ (12.9) * 8.6
43	08/02/99	11/01/99 (13/10/99)	Seikyo Credit Cooperative	Nippon Savings Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	23.0 ○ (22.6) 9.0
44	15/02/99	01/02/99 (16/06/99)	Asahi Bank	Seibu Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	5.0 ○ (4.9) 4.9
45	22/02/99	01/02/99 (12/01/00)	Kawasaki Shinkin Bank	Kanagawa-shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	12.8 ○ (12.4) 9.9
46	22/02/99	01/02/99 (12/01/00)	Hiroshima Shogin Credit Cooperative	Yamaguchi Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	20.3 ○ (20.3) 11.2
47	22/02/99	01/02/99 (12/01/00)	Hiroshima Shogin Credit Cooperative	Shimane Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	0.9 ○ (0.9) 0.2
48	08/03/99	23/02/99 (13/10/99)	Seikyo Credit Cooperative	Kawachi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	91.5 ○ (89.5) * 28.9
49	08/03/99	23/02/99 (04/12/00)	Yachiyo Bank	Sagamihara Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	27.6 ○ (26.1) 24.9
50	23/03/99	09/03/99	Hanshin Bank	Midori Bank	Asset Purchase	265.9
51	23/03/99	09/03/99 (25/08/00)	Tokyo Shogin Credit Cooperative	Saitama Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	36.7 ○ (35.3) * 8.3
52	29/03/99	09/03/99 (12/01/00)	Miyagi Shogin Credit Cooperative	Hokkai Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	9.9 (9.7) * 3.3
Total				30 cases	Monetary Grant Asset Purchase	2,684.2 2,681.5

< Fiscal Year 1999 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
-	01/04/99	09/03/99 (01/12/99)	Hanshin Bank	Midori Bank	Monetary Grant (after reduction)	790.1 ○ (771.9) *
53	05/04/99	09/03/99 (01/12/99)	Shiga-Prefecture Credit Cooperative	Takashima Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	6.2 ○ (5.7) * 2.7
54	19/04/99	25/03/99 (01/12/99)	Daido Credit Cooperative	Osaka Towa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	12.3 ○ (11.8) 3.7
55	06/05/99	16/04/99 (12/01/00)	Kiyo Bank	Wakayama-Prefecture Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	176.8 ○ (173.7) * 42.5
56	17/05/99	16/04/99 (01/12/99)	Daido Credit Cooperative	Kowa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	35.3 (34.7) * 12.2
57	14/06/99	26/05/99 (01/12/99)	Daido Credit Cooperative	Fukuju Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	54.6 ○ (53.7) * 19.4
58	28/06/99	16/06/99 (19/04/00)	Osaka Shomin Credit Cooperative	Howa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	16.2 (15.5) 11.1
59	16/08/99	10/08/99		Long-Term Credit Bank of Japan	Asset Purchase (1st)	493.9
60	23/08/99	10/08/99 (17/05/00)	Osaka Shomin Credit Cooperative	Osaka Koyo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	182.5 ○ (178.8) * 53.4
61	25/10/99	13/10/99 (07/03/01)	Koto Credit Cooperative	Tokyo Towa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	11.8 (11.0) 4.7
62	22/11/99	09/11/99		Nippon Credit Bank	Asset Purchase (1st)	298.7
63	22/11/99	09/11/99 (25/04/01)	Tomin Credit Cooperative	Sobu Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	6.6 ○ (6.3) * 4.1
64	22/11/99	09/11/99 (25/04/01)	Tomin Credit Cooperative	Taito Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	7.2 (6.9) 3.9
65	29/11/99	09/11/99 (08/06/00)	Hakko Shinkin Bank (Note8)	Fudo Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	10.0 ○ (9.5) * 11.3
66	13/12/99	01/12/99 (07/03/01)	Hokuo Credit Cooperative	Kyodo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	44.1 ○ (43.1) 6.2
67	13/12/99	01/12/99 (07/03/01)	Hokuo Credit Cooperative	Chitose Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	18.5 ○ (17.7) 3.8
68	24/01/00	12/01/00 (21/02/01)	San-ei Credit Cooperative	Heiwa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	6.9 ○ (6.5) 5.0
69	14/02/00	02/02/00 (22/01/01)	Kinokuni Shinkin Bank	Kihoku Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	14.1 ○ (13.8) 3.4
70	28/02/00	16/02/00 (05/01/01)		Long-Term Credit Bank of Japan	Monetary Grant (after reduction) Asset Purchase	3,239.1 (3,235.0) 304.8
71	21/03/00 13/03/00	01/03/00 (08/06/00)	Okayama Sogo Shinkin Bank	Tamano Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	31.5 (31.2) * 9.9

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
72	21/03/00	01/03/00 (01/11/00)	Hyakugo Bank	Mie-Prefecture Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	11.4 ○ (10.7) * 9.6
Total				20 cases	Monetary Grant Asset Purchase	4,637.4 1,304.4

< Fiscal Year 2000 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
73	08/05/00	19/04/00 (28/03/01)	Mito Shinkin Bank	Ryugasaki Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	18.7 (18.3) 12.4
74	22/05/00	19/04/00 (25/04/01)	Tomin Credit Cooperative	Adachi Sogo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	4.3 ○ (3.8) 1.1
75	05/06/00	17/05/00 (28/03/01)	Kosan Shinkin Bank	Kanda Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	46.9 (45.6) * 16.6
76	12/06/00	17/05/00 (28/03/01)	Tokyo-to Shokuin Credit Cooperative	Tokyo-to Kyoiku Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	11.6 (11.3) 8.2
77	26/06/00	08/06/00 (07/03/01)	Fukui Shogin Credit Cooperative	Toyama Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.6 ○ (2.3) 0.7
78	07/08/00	26/07/00 (28/05/01)	Oji Shinkin Bank	Nippon Shinpan Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	53.9 ○ (52.5) 18.6
79	14/08/00	26/07/00 (25/09/01)	Yachiyo Bank	Kokumin Bank	Monetary Grant (after reduction) Asset Purchase	183.7 (174.9) * 34.3
80	31/08/00 28/08/00	25/08/00 (07/02/01)		Nippon Credit Bank	Monetary Grant (after reduction) Asset Purchase	3,149.7 (3,141.4) 82.4
81	13/11/00	01/11/00 (20/06/01)	Sagami Shinkin Bank	Seiso Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	15.4 ○ (14.6) 9.1
82	04/12/00	01/11/00 (20/06/01)	Showa Shinkin Bank	Matsuzawa Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	19.3 ○ (17.6) * 6.3
83	11/12/00	04/12/00 (02/10/02)	Minato Bank	Kita Hyogo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	10.0 ○ (9.4) 3.3
84	04/01/01 18/12/00	04/12/00 (02/10/02)	Kyoto Chuo Shinkin Bank	Kyoto Miyako Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	248.6 (218.0) * 108.3
85	04/01/01 18/12/00	04/12/00 (02/10/02)	Kyoto Chuo Shinkin Bank	Minami Kyoto Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	144.7 ○ (138.8) 50.1
86	09/01/01	20/12/00 (12/12/01)	Saitama Prefecture Shinkin Bank	Ogawa Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	156.0 ○ (138.8) * 100.6
87	05/02/01 29/01/01	22/01/01 (24/10/01)	Okayama Shinkin Bank	Okayama Shimin Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	23.9 (22.3) * 10.8
88	13/02/01	01/02/01 (20/03/02)	Daiwa Bank and Kinki Osaka Bank	Namihaya Bank	Monetary Grant (after reduction) Asset Purchase	652.6 (629.5) * 190.5
89	26/02/01	21/02/01 (20/03/02)	Kansai Sawayaka Bank	Kofuku Bank	Monetary Grant (after reduction) Asset Purchase	494.1 (485.7) * 170.6

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
90	26/02/01	21/02/01 (12/12/01)	Taiyo Shinkin Bank (Note9)	Wakaba Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	23.6 ○ (20.9) 18.8
91	19/03/01	07/03/01 (27/06/02)	Hyakujushi Bank	Shikoku Savings Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	6.6 ○ (5.7) * 6.2
92	26/03/01	07/03/01 (20/03/02)	Nango Shinkin Bank	Nichinan Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	5.1 (4.7) 1.0
Total				20 cases	Monetary Grant Asset Purchase	5,156.2 850.1

< Fiscal Year 2001 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
93	23/04/01	28/03/01 (27/06/02)	Hokuriku Shogin Credit Cooperative	Ishikawa Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.1 ○ (1.0) 0.5
94	14/05/01	25/04/01 (06/03/02)	Taiko Bank + 5 others (Note10)	Niigata Chuo Bank	Monetary Grant (after reduction) Asset Purchase	381.7 (356.0) * 102.1
95	14/05/01	25/04/01 (27/06/02)	Dai-Tokyo Credit Cooperative	Shinko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	14.0 ○ (13.1) 5.6
96	28/05/01	16/05/01 (01/08/02)	Kinki Sangyo Credit Cooperative	Osaka Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	160.5 ○ (159.4) * 22.6
97	11/06/01	28/05/01 (17/05/02)	Tokyo Star Bank	Tokyo Sowa Bank	Monetary Grant (after reduction) Asset Purchase	762.6 (684.6) * 124.2
98	09/07/01	20/06/01 (27/06/02)	Sorachi Shoko Credit Cooperative	Do-o Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	5.8 ○ (5.7) 1.4
99	12/11/01	24/10/01 (01/08/02)	Hiroshima Shogin Shinkin Bank	Kochi Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.9 ○ (2.8) 0.7
100	19/11/01	24/10/01 (25/12/02)	Tono Shinkin Bank	Mizunami Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.0 ○ (1.8) 0.3
101	26/11/01	07/11/01 (19/02/03)	Chogin Hokuto Credit Cooperative	Chogin Aomori Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.9 ○ (1.8) 0.7
102	26/11/01	07/11/01 (19/02/03)	Chogin Hokuto Credit Cooperative	Chogin Miyagi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	4.9 ○ (4.8) 0.7
103	26/11/01	07/11/01 (19/02/03)	Chogin Chubu Credit Cooperative	Chogin Fukui Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.9 ○ (3.8) 1.2
104	26/11/01	07/11/01 (19/02/03)	Chogin Chubu Credit Cooperative	Chogin Aichi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	90.3 ○ (88.5) * 20.5
105	26/11/01	07/11/01 (19/02/03)	Chogin Nishi Credit Cooperative	Chogin Shimane Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.5 ○ (1.4) 0.2
106	26/11/01	07/11/01 (19/02/03)	Chogin Nishi Credit Cooperative	Chogin Hiroshima Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	16.7 ○ (15.6) * 4.0
107	26/11/01	07/11/01 (19/02/03)	Chogin Nishi Credit Cooperative	Chogin Yamaguchi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	59.3 ○ (57.7) 10.0

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
108	26/11/01	07/11/01 (19/02/03)	Chogin Nishi Credit Cooperative	Chogin Fukuoka Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	86.6 (84.8) * 9.5
109	26/11/01	07/11/01 (19/02/03)	Chogin Nishi Credit Cooperative	Chogin Nagasaki Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.0 ○ (0.9) 0.1
110	25/12/01	12/12/01 (01/08/02)	Yokohama Shogin Credit Cooperative	Ibaraki Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.7 ○ (3.6) 1.6
111	15/01/02	12/12/01 (01/08/02)	Nagasaki Mitsubishi Credit Cooperative (Note11)	Nagasaki Dai-Ichi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.9 ○ (3.8) 1.5
112	28/01/02	15/01/02 (25/12/02)	Kanazawa Chuo Credit Cooperative	Fudo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.5 (2.3) * 1.0
113	18/02/02	15/01/02 (25/12/02)	Noto Shinkin Bank	Wajima Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	0.5 ○ (0.5) 0.1
114	25/02/02	06/02/02 (02/10/02)	Tochigi Shinkin Bank (Note12)	Utsunomiya Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	26.5 ○ (23.2) 15.4
115	25/02/02	06/02/02 (25/12/02)	Aichi Shogin Credit Cooperative	Mie Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	8.7 ○ (8.3) 1.5
116	25/02/02	06/02/02 (25/12/02)	Oita Shinkin Bank	Usuki Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	4.8 ○ (4.4) 0.9
117	04/03/02	06/02/02 (02/10/02)	Otaru Shinkin Bank	Otaru Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	12.7 ○ (12.4) 5.3
118	18/03/02	20/02/02 (02/10/02)	Asunaro Credit Cooperative	Niigata Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	4.3 ○ (4.2) 1.4
119	18/03/02	20/02/02 (02/10/02)	Chita Shinkin Bank	Tokoname Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	14.8 ○ (13.2) * 8.5
120	18/03/02	20/02/02 (25/12/02)	Fukuho Bank	Harue Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.1 ○ (0.8) 1.1
121	18/03/02	20/02/02 (25/12/02)	Gifu Shinkin Bank	Nakatsugawa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.0 ○ (2.7) 0.8
122	18/03/02	20/02/02 (25/12/02)	Koza Shinkin Bank	Okinawa Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	4.3 (4.0) 6.2
123	25/03/02	20/02/02 (02/10/02)	Shonan Shinkin Bank	Kanagawa-ken Seika Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.8 ○ (1.7) 1.3
124	25/03/02	06/03/02 (25/12/02)	Kanuma Sogo Shinkin Bank	Dai-Nikko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.9 ○ (3.8) 1.9
125	25/03/02	06/03/02 (25/12/02)	Oji Shinkin Bank (Note13)	Seika Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	13.1 ○ (11.8) 4.4
126	25/03/02	06/03/02 (26/03/03)	Osaka Shinkin Bank	Osaka Dai-ichi Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	11.4 ○ (10.2) * 9.3
127	25/03/02	06/03/02 (19/02/03)	Amagasaki Shinkin Bank (Note14)	Kansai Nishinomiya Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	39.8 ○ (35.4) * 35.9
128	25/03/02	06/03/02 (25/12/02)	Oita Mirai Shinkin Bank	Nakatsu Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	10.5 ○ (9.3) 3.0

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
129	25/03/02	06/03/02 (19/02/03)	Oita Mirai Shinkin Bank	Saganoseki Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	2.7 ○ (2.6) 0.6
Total				37 cases	Monetary Grant Asset Purchase	1,641.8 406.4

< Fiscal Year 2002 >

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
130	15/04/02	06/03/02 (18/06/03)	Asuka Credit Cooperative	Tokyo Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	136.2 (125.0) * 36.2
131	22/04/02	06/03/02 (19/02/03)	Kanazawa Shinkin Bank (Note15)	Daishin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.2 ○ (2.9) 3.6
132	27/05/02	06/03/02 (25/12/02)	Nagasaki Mitsubishi Credit Cooperative	Matsushima Tanko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	0.4 ○ (0.3) 0.0
133	08/07/02	06/03/02 (25/12/02)	Kushiro Credit Cooperative	Abashiri Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	9.7 ○ (8.9) 1.6
134	30/04/02	20/03/02 (25/12/02)	Kyoritsu Credit Cooperative	Daiei Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	20.8 ○ (19.4) 6.0
135	07/05/02	20/03/02 (25/12/02)	Hokuo Credit Cooperative	Asahikawa Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	21.3 ○ (20.5) 7.1
136	13/05/02	20/03/02 (26/03/03)	Hokkoku Bank	Kaga Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.2 (0.9) 2.1
137	20/05/02	20/03/02 (18/06/03)	Kyushu Kogin Credit Cooperative	Fukuoka Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	48.0 (47.1) 5.0
138	10/06/02	20/03/02 (25/12/02)	Kyoritsu Credit Cooperative	Tokyo Fuji Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	14.3 ○ (13.2) 3.8
139	17/06/02	20/03/02 (25/12/02)	Sendai Shinkin Bank (Note16)	Miyagi-ken Chuo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	7.1 ○ (6.2) 7.0
140	24/06/02	20/03/02 (25/12/02)	Nasu Credit Cooperative	Kuroiso Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	13.5 ○ (12.4) 4.3
141	24/06/02	20/03/02 (25/12/02)	Nasu Credit Cooperative	Bato Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	1.6 ○ (1.4) 0.4
142	24/06/02	20/03/02 (25/12/02)	Nasu Credit Cooperative	Ogawa Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.2 ○ (2.1) * 1.1
143	08/07/02	20/03/02 (25/12/02)	Kesen-numa Credit Cooperative	Iwate Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.8 ○ (3.3) 2.1
144	08/07/02	20/03/02 (26/03/03)	Tomato Bank	Okayama-ken Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	34.9 ○ (33.2) * 12.3
145	15/07/02	20/03/02 (19/02/03)	Tachibana Shinkin Bank	Shimabara Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.3 ○ (2.1) 0.5
146	15/07/02	20/03/02 (19/02/03)	Chikugo Shinkin Bank	Ryochiku Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.9 ○ (2.2) 2.9

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
147	20/05/02	17/04/02 (25/12/02)	Nisshin Shinkin Bank	Shin-ei Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	4.3 ○ (3.8) * 4.4
148	27/05/02	17/04/02 (25/12/02)	Dai Tokyo Credit Cooperative	San-ei Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	25.1 ○ (23.8) 9.1
149	27/05/02	17/04/02 (19/02/03)	Kinki Sangyo Credit Cooperative (Note17)	Kyoto Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	50.3 ○ (49.4) * 10.3
150	03/06/02	17/04/02 (19/02/03)	Kihoku Shinkin Bank	Nagashima Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	2.9 ○ (2.7) 0.4
151	10/06/02	17/04/02 (18/06/03)	Oita Shinkin Bank	Saiki Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	9.3 ○ (8.2) 2.8
152	17/06/02	17/04/02 (19/02/03)	Arakawa Shinkin Bank (Note18)	Tomin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	34.3 ○ (30.6) 22.3
153	17/06/02	17/04/02 (19/02/03)	Tokyo Sankyo Shinkin Bank	Ikebukuro Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	14.0 ○ (13.0) 6.3
154	17/06/02	17/04/02 (26/03/03)	Kinki Sangyo Credit Cooperative (Note19)	Kansai Kogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	683.4 (658.3) * 148.3
155	24/06/02	17/04/02 (25/12/02)	Tochigi Bank	Tochigi-ken Chuo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	8.5 ○ (7.6) 6.7
156	24/06/02	17/04/02 (25/12/02)	Yokohama Shogin Credit Cooperative	Chiba Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	5.4 ○ (5.1) 1.8
157	08/07/02	17/04/02 (19/02/03)	Saikyo Shinkin Bank (Note20)	Tokyo Shokuhin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	12.7 ○ (11.7) 7.8
158	15/07/02	17/04/02 (25/12/02)	Kosan Shinkin Bank (Note21)	Daisan Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	7.8 ○ (7.7) 3.9
159	15/07/02	17/04/02 (25/12/02)	Tokyo Star Bank	Tokyo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	6.9 ○ (6.7) 2.0
160	22/07/02	17/04/02 (25/12/02)	Akita Shinkin Bank	Akita-ken Chuo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	4.0 ○ (2.7) * 5.6
161	22/07/02	17/04/02 (25/12/02)	Tokyo Star Bank	Tokyo Chuo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	8.8 ○ (8.4) 1.0
162	22/07/02	17/04/02 (18/06/03)	Hokkoku Bank	Ishikawa Tobacco Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	0.7 ○ (0.5) 0.5
163	05/08/02	17/04/02 (19/02/03)	Nagano-ken Credit Cooperative (Note22)	Ueda Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	16.3 ○ (14.1) 15.5
164	12/08/02	17/04/02 (19/02/03)	Hiratsuka Shinkin Bank	Atsugi Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	8.4 ○ (7.3) 9.3
165	19/08/02	17/04/02 (18/06/03)	Tokyo Star Bank (Note23)	Chiba-ken Shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	33.1 (32.6) 16.8
166	10/06/02	17/05/02 (10/12/03)	Osaka Shinkin Bank	Sogo Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	78.1 (71.9) * 63.2
167	17/06/02	17/05/02 (19/02/03)	Tokyo Higashi Shinkin Bank	Funabashi Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	46.0 (40.0) * 35.1

No.	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥billion)
168	17/06/02	17/05/02 (26/03/03)	Shingu Shinkin Bank	Kinan Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	0.7 ○ (0.6) 1.4
169	15/07/02	17/05/02 (26/03/03)	Kyushu Kogin Credit Cooperative	Oita Shogin Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	2.6 ○ (2.6) 0.4
170	12/08/02	17/05/02 (19/02/03)	Koto Credit Cooperative	Akatsuki Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	3.6 ○ (3.2) 1.1
171	17/09/02	17/05/02 (19/02/03)	Tokyo Higashi Shinkin Bank (Note24)	Eitai Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	150.2 (114.2) * 45.0
172	24/09/02	17/05/02 (19/02/03)	Mito Shinkin Bank	Ishioka Shinkin Bank	Monetary Grant (after reduction) Asset Purchase	35.6 ○ (31.1) 17.3
173	14/08/02	01/08/02 (10/12/03)	Hyogo Himawari Credit Cooperative (Note25)	Chogin Kinki Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	263.4 (257.2) * 62.2
174	30/12/02	25/12/02 (10/12/03)	Hana Credit Cooperative (Note26)	Chogin Tokyo Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	208.6 (206.7) * 21.0
175	30/12/02	25/12/02 (10/12/03)	Hana Credit Cooperative (Note26)	Chogin Chiba Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	33.0 (32.5) * 3.1
176	30/12/02	25/12/02 (10/12/03)	Hana Credit Cooperative (Note26)	Chogin Niigata Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	5.2 ○ (5.1) 0.6
177	30/12/02	25/12/02 (10/12/03)	Hana Credit Cooperative (Note26)	Chogin Nagano Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	10.4 ○ (10.3) * 1.5
178	30/12/02	25/12/02 (10/12/03)	Hana Credit Cooperative (Note26)	Chogin Kanto Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	109.4 (106.7) * 18.0
179	03/03/03	19/02/03 (26/02/04)	Bridge Bank of Japan	Chubu Bank	Monetary Grant (after reduction) Asset Purchase	94.4 (67.0) * 64.6
180	24/03/03	05/03/03 (26/02/04)	Bridge Bank of Japan	Ishikawa Bank	Monetary Grant (after reduction) Asset Purchase	180.9 (173.9) * 89.4
Total				51 cases	Monetary Grant Asset Purchase	2,318.2 794.9

- Notes: 1. Assuming financial institutions are applicants for financial assistance.
2. Since the values given in the tables are rounded off to the nearest billion, totals sometimes do not equal the sum of the amounts.
 3. The amount for grants is based on the amount disbursed while the amount for asset purchase, loans and subscription of debts is based on the relevant resolutions by the Policy Board.
 4. Amount marked with a circle (○) means liquidation procedure was completed. Amounts marked with an asterisk (*) were disbursed based on the relevant decisions by the Policy Board after the date of executing financial assistance or the date of the decision (to reduce the amount) by the Policy Board.
 5. Nos. 12-26, 28, 30-36, 38-61, 63-86, 88-112, 114-118, 120, 121, 124-127, 129-131, 133-135, 137-138, 140, 142-145, 147-150, 152-159, 161, 163, 165, 166, 169-180 were carried out as special financial assistance.
 6. For the second case of Midori Bank given in fiscal 1999, only the amount of the grant is shown because the asset purchase had already been carried out in 1998.
 7. There were 13 assuming financial institutions for the Tokuyo City Bank (Sendai Bank, Shichijushichi Bank, Kita-Nippon Bank, Fukushima Bank, Tochigi Bank, Musashino Bank, Higashi-Nippon Bank, Sendai Shinkin Bank, Miyagi Dai-Ichi Shinkin Bank, Ishinomaki Shinkin Bank, Sennan Shinkin Bank, Shiogama Shinkin Bank, Kesenuma Shinkin Bank).
 8. There were 9 assuming financial institutions for the Fudo Shinkin Bank (Hakko Shinkin Bank, Osaka Shinkin Bank, Osaka Kosei Shinkin Bank, Osaka City Shinkin Bank, Eiwa Shinkin Bank, Senyo Shinkin Bank, Hanna Shinkin Bank, Hirakata Shinkin Bank, Settsu Shinkin Bank).
 9. There were 9 assuming financial institutions for the Wakaba Shinkin Bank (Taiyo Shinkin Bank, Asahi Shinkin Bank, Doei Shinkin Bank, Shiba Shinkin Bank, Showa Shinkin Bank, Meguro Shinkin Bank, Higashi-Chofu Shinkin Bank, Oji Shinkin Bank, Tama Chuo Shinkin Bank).
 10. There were 6 assuming financial institutions for the Niigata Chuo Bank (Taiko Bank, Daishi Bank, Hachijuni Bank, Higashi-Nippon Bank, Gumma Bank, Towa Bank).
 11. There were 2 assuming financial institutions for the Nagasaki Daiichi Credit Cooperative (Nagasaki Mitsubishi Credit Cooperative and Juhachi Bank).
 12. There were 5 assuming financial institutions for Utsunomiya Shinkin Bank (Tochigi Shinkin Bank, Karasuyama Shinkin Bank, Kanuma Sogo Shinkin Bank, Oyama Shinkin Bank, Otawara Shinkin Bank).
 13. There were 2 assuming financial institutions for Seika Credit Cooperative (Oji Shinkin Bank, Kosan Shinkin Bank).
 14. There were 4 assuming financial institutions for Kansai Nishinomiya Shinkin Bank (Amagasaki Shinkin Bank, Kobe Shinkin Bank, Himeji Shinkin Bank, Hyogo Shinkin Bank).
 15. There were 2 assuming financial institutions for Daishin Credit Cooperative (Kanazawa Shinkin Bank, Hokuriku Shinkin Bank).
 16. There were 2 assuming financial institutions for Miyagi-ken Chuo Credit Cooperative (Sendai Shinkin Bank, Miyagi Dai-ichi Shinkin Bank).
 17. There were 2 assuming financial institutions for Kyoto Shogin Credit Cooperative (Kinki Sangyo Credit Cooperative and Resolution and Collection Corporation).
 18. There were 4 assuming financial institutions for Tomin Credit Cooperative (Arakawa Shinkin Bank, Nikko Shinkin Bank, Saikyo Shinkin Bank, and Dai-ichi Kangyo Credit Cooperative).
 19. There were 2 assuming financial institutions for Kansai Kogin Credit Cooperative (Kinki Sangyo Credit Cooperative and The Resolution and Collection Corporation).
 20. There were 4 assuming financial institutions for Tokyo Shokuhin Credit Cooperative (Saikyo Shinkin Bank, Asahi Shinkin Bank, Kosan Shinkin Bank, and Tokyo Sangyo Shinkin Bank).
 21. There were 2 assuming financial institutions for Daisan Credit Cooperative (Kosan Shinkin Bank and Dai Tokyo Credit Cooperative).
 22. There were 5 assuming financial institutions for Ueda Shoko Credit Cooperative (Nagano-ken Credit Cooperative, Mikoma Credit Cooperative, Nagano Shinkin Bank, Ueda Shinkin Bank, and Hachijuni Bank).
 23. There were 2 assuming financial institutions for Chiba-ken Shoko Credit Cooperative (Tokyo Star Bank and Choshi Shoko Credit Cooperative).
 24. There were 2 assuming financial institutions for Eitai Credit Cooperative (Tokyo Higashi Shinkin Bank and Showa Shinkin Bank).
 25. There were 4 assuming financial institutions for Chogin Kinki Credit Cooperative (Hyogo Himawari Credit Cooperative, Keiji Credit Cooperative, Mire Credit Cooperative and The Resolution and Collection Corporation).
 26. There were 2 assuming financial institutions for Chogin Tokyo Credit Cooperative, Chogin Chiba Credit Cooperative, Chogin Niigata Credit Cooperative, Chogin Nagano Credit Cooperative and Chogin Kanto Credit Cooperative (Hana Credit Cooperative and The Resolution and Collection Corporation).

(2) Capital Injection Operations to Financial Institutions

Table 1. List of Capital Injection Operations Pursuant to the former Financial Function Stabilization Law

(figure as of March 31, 2006) (¥billion, %)

Name of Financial Institutions	Month/Year of Injection	Preferred Shares			Subordinated Bonds/Loans			Period	
		Type	Amount (¥billion)	Rate Approved	Beginning of Conversion	Type	Amount (¥billion)		Rate Approved (L for 6 month LIBOR of yen)
									0-5th Year
Mizuho FG (formerly Dai-ichi Kangyo Bank)	March 1998	Convertible	99.0	0.75%	Jul. 1, 1998	-	-	-	
Mizuho FG (formerly Fuji Bank)	March 1998	-	-	-	-	PSB	100.0	L + 2.60%	Perpetual
Mizuho FG (formerly Industrial Bank of Japan)	March 1998	-	-	-	-	SB	100.0	L + 1.25%	10 years
Mizuho FG (formerly Yasuda Trust & Banking)	March 1998	-	-	-	-	PSB	150.0	L + 2.45%	Perpetual
Sumitomo Mitsui FG (formerly Sakura Bank)	March 1998	-	-	-	-	PSB	100.0	L + 2.70%	Perpetual
Sumitomo Mitsui FG (formerly Sumitomo Bank)	March 1998	-	-	-	-	PSB	100.0	L + 0.90%	Perpetual
Mitsubishi UFJ FG (formerly Tokyo Mitsubishi Bank)	March 1998	-	-	-	-	PSB	100.0	L + 2.40%	Perpetual
Mitsubishi UFJ FG (formerly Mitsubishi Trust & Banking)	March 1998	-	-	-	-	PSB	50.0	L + 1.10%	Perpetual
Mitsubishi UFJ FG (formerly Sanwa Bank)	March 1998	-	-	-	-	SB	100.0	L + 1.25%	10 years
Mitsubishi UFJ FG (formerly Tokai Bank)	March 1998	-	-	-	-	PSB	100.0	L + 0.90%	Perpetual
Mitsubishi UFJ FG (formerly Toyo Trust & Banking)	March 1998	-	-	-	-	PSB	50.0	L + 1.10%	Perpetual
Resona HD (formerly Asahi Bank)	March 1998	-	-	-	-	PSL	100.0	L + 1.00%	Perpetual
Resona HD (formerly Daiwa Bank)	March 1998	-	-	-	-	PSL	100.0	L + 2.70%	Perpetual
Sumitomo Trust & Banking	March 1998	-	-	-	-	PSB	100.0	L + 1.10%	Perpetual
Mitsui Trust HD (formerly Mitsui Trust & Banking)	March 1998	-	-	-	-	PSB	100.0	L + 1.45%	Perpetual
Mitsui Trust HD (formerly Chuo Trust & Banking)	March 1998	Convertible	32.0	2.50%	Jul. 1, 1998	PSL	28.0	L + 2.45%	Perpetual
Bank of Yokohama	March 1998	-	-	-	-	PSL	20.0	L + 1.10%	Perpetual
Hokuhoku FG (Hokuriku Bank)	March 1998	-	-	-	-	PSL	20.0	L + 2.45%	Perpetual
Ashigin FG (Ashikaga Bank)	March 1998	-	-	-	-	PSB	30.0	L + 2.95%	Perpetual
Shinsei Bank	March 1998	Convertible	130.0	1.00%	Oct. 1, 1998	PSL	46.6	L + 2.45%	Perpetual
Aozora Bank	March 1998	Convertible	60.0	1.00%	Oct. 1, 1998	-	-	-	-

Notes

- DICJ acquired the preferred shares of the Shinsei Bank (formerly the Long-Term Credit Bank of Japan) and the Aozora Bank (formerly the Nippon Credit Bank) on October 28, 1998 and December 17, 1998, respectively through the decision to start special public management. The preferred shares (originally ¥130.0 billion) of the Shinsei Bank were reduced by 25,472,000 shares (of 100,000,000 shares) on March 31, 2000. The preferred shares of the Aozora Bank (originally ¥60.0 billion) were reduced by 71,856,000 shares (of 120,000,000 shares) on October 3, 2000, and its dividend rate cut from 3% to 1%.
- 3-month LIBOR is applied to the rate approved for Resona HD (formerly Daiwa Bank). The approved added rate for perpetual subordinated loans of the Resona HD (formerly Daiwa Bank) will be 3.95% from July 1, 2008. The date that Resona HD can exercise call provision for optional repayment is each interest payment date after March 30, 2003.
- Perpetual subordinated loans to Mizuho FG (formerly Tokai Bank) were converted to perpetual subordinated bonds on May 21, 2001.
- Perpetual subordinated bonds injected into Mizuho FG (formerly Bank of Tokyo-Mitsubishi) were repaid (cancellation by purchase) on February 28th, 2000 (repayment amount ¥100.56 billion). Perpetual subordinated bonds injected into Mizuho FG (formerly Mizuho Trust & Banking) were repaid (cancellation by purchase) on December 22, 2000 (repayment amount ¥50.002 billion).
- On March 31, 2003, 6 financial institutions (Sumitomo Mitsui FG, Mizuho FG, Tokai Bank, formerly Tokai Bank, formerly Toyo Trust & Banking, Sunitomo Trust Bank, Shinsei Bank, Mitsui Trust HD (formerly Chuo Trust & Banking) and Mizuho FG (formerly Yasuda Trust & Banking)) ¥50.0 billion out of ¥150.0 billion prepaid a total of ¥674.6 billion of subordinated bonds/loans in accordance with call provisions provided.
- On May 9, 2003, Bank of Yokohama prepaid a total of ¥20.0 billion of subordinated loans in accordance with call provisions provided.
- On September 30, 2003, Mizuho Trust & Banking prepaid ¥30.0 billion out of ¥100.0 billion subordinated loans of Mizuho FG (formerly Yasuda Trust & Banking) in accordance with call provisions provided.
- On March 30, 2004, Ashigin FG (formerly Ashikaga Bank) ¥30 billion, Mizuho FG (formerly Fuji Bank and formerly Industrial Bank of Japan) ¥100 billion each, and formerly Yasuda Trust & Banking: ¥25 billion out of ¥50 billion prepaid ¥25.0 billion of subordinated loans in accordance with call provisions provided.
- The preferred shares of Mizuho FG (¥99.0 billion) were repaid (cancellation by purchase) on August 31, 2004 (repayment amount ¥59.49 billion).
- On September 30, 2004, Mizuho Trust & Banking prepaid ¥25.0 billion of subordinated loans of Mizuho FG (formerly Yasuda Trust & Banking) in accordance with call provisions provided.
- On March 31, 2005, Mitsui Trust HD prepaid ¥100.0 billion of subordinated loans (formerly Mitsui Trust & Banking) in accordance with call provisions provided.
- On September 30, 2005, Resona HD (formerly Daiwa Bank) prepaid ¥100.0 billion, Hokuhoku FG (Hokuriku Bank) prepaid ¥10.0 billion out of ¥20.0 billion in accordance with call provisions provided.
- On October 3, 2005, Resona HD repaid a total of ¥100.0 billion (formerly Asahi Bank) of subordinated loans in accordance with call provisions provided.
- On March 30, 2006, Hokuhoku FG (formerly Hokuriku Bank) repaid a total of ¥10.0 billion of subordinated loans (see Note 12) in accordance with call provisions provided.

■ The repayments have been shown in shadow.

PSB=perpetual subordinated bond;

SB=subordinated bond;

PSL=perpetual subordinated loan

Injection Total	1,815.6
Repayment, etc	1,593.6
Outstanding Balance	222.0

Table 2. List of Capital Injection Operations Pursuant to the Early Strengthening Law

(Figures as of March 31, 2006) (¥billion, %)

Name of Financial Institutions	Month/Year of Injection	Preferred Stock				Subordinated Bonds / Loans					
		Type	Amount (¥billion)	Rate Approved	Beginning of Conversion	Type	Amount (¥billion)	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Mizuho FG (formerly Dai-ichi Kangyo Bank)	March 1999	Convertible (1)	200.0	0.41%	Aug. 1, 2004	SB	100.0	L + 0.75%	Apr. 1, 2004	L + 1.25%	10 years
		Convertible (2)	200.0	0.70%	Aug. 1, 2005	SB	100.0	L + 0.75%	Apr. 1, 2005	L + 1.25%	11 years
Mizuho FG (formerly Fuji Bank)	March 1999	Debenture	300.0	2.38%	-	-	-	-	-	-	-
		Debenture	300.0	2.10%	-	PSB	200.0	L + 0.65%	Apr. 1, 2004	L + 1.35%	Perpetual
Mizuho FG (formerly Industrial Bank of Japan)	March 1999	Convertible (1)	250.0	0.55%	Oct. 1, 2006	-	-	-	-	-	-
		Convertible (2)	250.0	0.40%	Oct. 1, 2004	-	-	-	-	-	-
Sumitomo Mitsubishi FG (formerly Sakura Bank)	March 1999	Convertible (1)	175.0	1.40%	Sep. 1, 2003	PSB	250.0	L + 0.98%	Apr. 1, 2004	L + 1.48%	Perpetual
		Convertible (2)	175.0	0.43%	Jul. 1, 2003	-	-	-	-	-	-
Sumitomo Mitsubishi FG (formerly Sakura Bank)	March 1999	Convertible	800.0	1.37%	Oct. 1, 2002	-	-	-	-	-	-
Sumitomo Mitsubishi FG (formerly Sumitomo Bank)	March 1999	Convertible (1)	201.0	0.35%	May 1, 2002	-	-	-	-	-	-
Mitsubishi UFJ FG (formerly Sanwa Bank)	March 1999	Convertible (2)	300.0	0.95%	Aug. 1, 2005	PSB	100.0	L + 0.34%	Oct. 1, 2004	L + 1.34%	Perpetual
		Convertible	600.0	0.53%	Jul. 1, 2001	-	-	-	-	-	-
Mitsubishi UFJ FG (formerly Tokai Bank)	March 1999	Convertible (1)	300.0	0.93%	Jul. 1, 2002	-	-	-	-	-	-
		Convertible (2)	300.0	0.97%	Jul. 1, 2003	-	-	-	-	-	-
Mitsubishi UFJ FG (formerly Toyo Trust & Banking)	March 1999	Convertible	200.0	1.15%	Jul. 1, 1999	-	-	-	-	-	-
Mitsubishi UFJ FG (formerly Mitsubishi Trust & Banking)	March 1999	Convertible	200.0	0.81%	Jul. 31, 2003	PSB	100.0	L + 1.75%	Apr. 1, 2004	L + 2.25%	Perpetual
Resona HD (formerly Daiwa Bank)	March 1999	Convertible	408.0	1.06%	Jun. 30, 1999	-	-	-	-	-	-
Resona HD (formerly Asahi Bank)	March 1999	Convertible (1)	300.0	1.15%	Jul. 1, 2002	PSL	100.0	L + 1.04%	Apr. 1, 2009	L + 2.54%	Perpetual
		Convertible (2)	100.0	1.48%	Jul. 1, 2003	-	-	-	-	-	-
Sumitomo Trust & Banking	March 1999	Convertible	100.0	0.76%	Apr. 1, 2001	SB	100.0	L + 1.53%	Apr. 1, 2006	L + 2.03%	12 years
Mitsui Trust HD (formerly Mitsui Trust & Banking)	March 1999	Convertible	250.3	1.25%	Jul. 1, 1999	SL	150.0	L + 1.49%	Mar. 31, 2004	L + 1.99%	10 years
Mitsui Trust HD (formerly Chuo Trust & Banking)	March 1999	Convertible	150.0	0.90%	Jul. 1, 1999	-	-	-	-	-	-
Bank of Yokohama	March 1999	Convertible (1)	70.0	1.13%	Aug. 1, 2001	PSL	50.0	L + 1.65%	Apr. 1, 2004	L + 2.15%	Perpetual
		Convertible (2)	30.0	1.89%	Aug. 1, 2004	SL	50.0	L + 1.07%	Apr. 1, 2004	L + 1.57%	10 years and 2 months
Ashigin FG (Ashikaga Bank)	September 1999	Convertible	75.0	0.94%	Sep. 29, 2000	-	-	-	-	-	-
Hokuhoku FG (Hokuriku Bank)	November 1999	Convertible	30.0	0.94%	Nov. 30, 2000	-	-	-	-	-	-
Hokuhoku FG (Hokkaido Bank)	September 1999	Convertible	75.0	1.54%	Mar. 1, 2001	-	-	-	-	-	-
Hokuhoku FG (Hokkaido Bank)	March 2000	Convertible	45.0	1.16%	Aug. 1, 2001	-	-	-	-	-	-
Bank of the Ryukyus	September 1999	Convertible	40.0	1.50%	Dec. 29, 2000	-	-	-	-	-	-

Name of Financial Institutions	Month/Year of Injection	Preferred Stock			Subordinated Bonds / Loans						
		Type	Amount (¥billion)	Rate Approved	Beginning of Conversion	Type	Amount (¥billion)	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Momiji HD (formerly Hiroshima-Sogo Bank)	September 1999	Convertible	20.0	1.41%	Sep. 30, 2004	PSL	20.0	L + 2.80%	Oct. 1, 2004	L + 4.14%	Perpetual
Kumamoto Family Bank	February 2000	Convertible	30.0	1.33%	Sep. 2, 2002	-	-	-	-	-	-
Shinsei Bank	March 2000	Convertible	240.0	1.21%	Aug. 1, 2005	-	-	-	-	-	-
Chiba Kogyo Bank	September 2000	Convertible	60.0	1.29%	Sep. 30, 2002	-	-	-	-	-	-
Yachiyo Bank	September 2000	Convertible	35.0	1.13%	Sep. 30, 2002	-	-	-	-	-	-
Aozora Bank	October 2000	Convertible	260.0	1.24%	Oct. 3, 2005	-	-	-	-	-	-
Kansai Sawayaka Bank	March 2001	Convertible	8.0	1.08%	Aug. 1, 2002	SB	4.0	L + 1.87%	Apr. 1, 2006	L + 2.37%	10 years
Higashi-Nippon Bank	March 2001	Convertible	20.0	1.10%	Mar. 31, 2003	-	-	-	-	-	-
Resona HD (Kinki Osaka Bank)	April 2001	Convertible	60.0	1.36%	Jan. 1, 2002	-	-	-	-	-	-
Giftu Bank	April 2001	Convertible	12.0	1.21%	Mar. 1, 2002	-	-	-	-	-	-
The Nishi-Nippon City Bank (formerly Fukuoka City Bank)	January 2002	Convertible	70.0	1.20%	Jan. 31, 2007	-	-	-	-	-	-
Wakayama Bank	January 2002	Convertible	12.0	1.34%	May 1, 2003	-	-	-	-	-	-
Kyushu Shinwa HD (formerly Kyushu Bank)	March 2002	Convertible	30.0	1.25%	Mar. 1, 2006	-	-	-	-	-	-

■ The repayments have been shown in shadow.

Note: L stands for the 6 month LIBOR of yen.

PSB=perpetual subordinated bond;
SB=subordinated bond;
PSL=perpetual subordinated loan;
SL=subordinated loan

Injection Total	8,605.3
Repayment	4,046.0
Outstanding Balance	4,559.3

Notes

- 1: Perpetual subordinated bonds issued by Bank of the Ryukyus and the Hokkaido Bank were converted to preferred stock on September 29, 2000, those of the Yachiyo Bank on February 28, 2001, and those of the Fukuoka City Bank, the Wakayama Bank, the Kyushu Shinwa HD (Kyushu Bank) on September 30, 2002.
- 2: Subordinated loans issued by Mizuho FG (formerly Dai-ichi Kangyo Bank) were converted to subordinated bonds on November 22, 2000.
- 3: Perpetual subordinated bonds issued by Mitsubishi UFJ FG (formerly Mitsubishi Trust & Banking) were repaid by the Bank (cancellation by purchase) on December 22, 2000 (payment amount ¥101,807 million). The Bank's preferred stock (proceeds from sale ¥210.35 billion) was also re-sold on January 24, 2001.
- 4: Preferred stock issued by Kansai Sawayaka Bank was repaid the Bank (cancellation by purchase) on October 3, 2003 (payment amount ¥10,584 billion). Also, subordinated loans to the Bank were repaid on January 8, 2004 (cancellation by purchase, payment amount ¥4,012 billion).
- 5: Preferred stock issued by Sumitomo Trust & Banking (proceeds from sale: ¥138.08 billion) was re-sold on January 13, 2004. Also, subordinated loans to the Bank were repaid on January 14, 2004 (cancellation by purchase, payment amount ¥102,366 billion).
- 6: On March 31, 2004, Mizuho FG (formerly Dai-ichi Kangyo Bank and formerly Industrial Bank of Japan), Bank of Yokohama and Mitsui Trust HD (formerly Mitsu Trust & Banking) (¥10 billion out of ¥150.0 billion) prepaid ¥410.0 billion of subordinated loans in total in accordance with the call provisions provided.
- 7: On May 11, 2004, Bank of Yokohama repaid ¥50.0 billion of subordinated loans in accordance with the call provisions provided.
- 8: Preferred stock issued by Bank of Yokohama (¥50 billion) was repaid by the Bank (cancellation by purchase) on July 2, 2004 (payment amount ¥34,842 billion).
- 9: Preferred stock issued by the Bank of Yokohama (¥55.0 billion out of ¥70.0 billion) was converted to common stocks and sold on July 30, 2004 (proceeds from sale ¥81,415 billion).
- 10: Preferred stock issued by Mizuho FG (¥15.0 billion out of ¥70.0 billion) was repaid by the Bank (payback) on August 31, 2004 (payment amount ¥17,259 billion).
- 11: Preferred stock issued by Mizuho FG (¥133.75 billion out of ¥175.0 billion approved rate 1.40%) was repaid by the Bank (cancellation by purchase) on August 31, 2004 (payment amount ¥180,482 billion).
- 12: On September 30, 2004, Mizuho FG (formerly Fuji Bank) (payment amount ¥200.0 billion), Mitsui Trust HD (formerly Mitsui Trust & Banking) (¥40.0 billion out of ¥140.0 billion (See Note 6)) prepaid ¥240.0 billion of subordinated loans in total in accordance with the call provisions provided.
- 13: On September 30, 2004, preferred stock issued by Sumitomo-Mitsui FG (formerly Sakura Bank ¥105.0 billion out of ¥800.0 billion and formerly Sumitomo Bank ¥96.0 billion out of ¥201.0 billion) was converted to common stock (acquisition amount ¥201.0 billion), and then sold by ToSTNET-2 (sale date: November 2, 2004 / account date: November 8, 2004 / proceeds from sale: ¥268,339 billion).
- 14: Preferred stock issued by Mizuho FG (formerly Dai-ichi Kangyo Bank ¥77.2 billion out of ¥200.0 billion approved rate 0.41), formerly Fuji Bank ¥131.4 billion out of ¥250.0 billion approved rate 0.40), and formerly Industrial Bank of Japan ¥41.25 billion out of ¥175.0 billion approved rate 1.40, see Note: 11) was repaid by the Bank (by purchase) on March 7, 2005 (payment amount ¥259.96 billion).
- 15: On March 31, 2005, Mizuho FG (formerly Daiichi-Kangyo Bank) (payment amount ¥100.0 billion) (term: 11 years), Mitsui Trust HD (formerly Mitsui Trust & Banking) (payment amount the rest of ¥100.0 billion) (see Note 12), prepaid ¥200.0 billion of subordinated loans in total in accordance with the call provisions provided.
- 16: Preferred stock issued by Mizuho FG (formerly Dai-ichi Kangyo Bank ¥122.8 billion out of ¥200.0 billion approved rate 0.41) (see Note 14), formerly Dai-ichi Kangyo Bank ¥200.0 billion approved rate 0.70), formerly Fuji Bank ¥118.6 billion out of ¥250.0 billion (see Note 14), and formerly Industrial Bank of Japan ¥175.0 billion approved rate 0.43) were repaid by the Bank on August 29, 2005 (payment amount ¥692,954 billion).
- 17: On September 30, 2005, Mitsubishi UFJ FG (formerly Sanwa Bank) (payment amount ¥100.0 billion), Momiji HD (payment amount ¥20.0 billion) prepaid ¥120.0 billion of subordinated loans in total in accordance with call provisions provided.
- 18: Preferred stock issued by Mitsubishi UFJ FG (formerly Sanwa Bank ¥207.9 billion out of ¥600.0 billion approved rate 0.53) and formerly Tokai Bank: ¥115.7 billion out of ¥300.0 billion approved rate 0.93) (acquisition amount ¥323.6 billion), and then sold by ToSTNET-2 (sale date: October 11, 2005 / proceeds from sale: ¥349,804 billion).
- 19: On October 12, 2005, preferred stock issued by Mizuho FG (formerly Fuji Bank: ¥250.0 billion approved rate 0.55) was compulsorily redeemed in full (payment amount ¥250,735 billion).
- 20: Preferred stock issued by Mitsubishi UFJ FG (formerly Sanwa Bank: ¥155.7 billion out of ¥600.0 billion approved rate 0.53) (see Note 18) and formerly Toyo Trust & Banking: ¥24.7 billion out of ¥200.0 billion approved rate 1.15) was converted to common stock (acquisition amount ¥180.4 billion), and then sold by ToSTNET-2 (sale date: December 7, 2005 / account date: December 12, 2005 / proceeds from sale: ¥200,441 billion).
- 21: Preferred stock issued by Mitsubishi UFJ FG (formerly Sanwa Bank: ¥53.1 billion out of ¥600.0 billion approved rate 0.53) (see Note 20) and formerly Toyo Trust & Banking: ¥22.4 billion out of ¥200.0 billion approved rate 1.15) (see Note 20) was resold (proceeds from sale ¥101,395 billion) on December 9, 2005.
- 22: Preferred stock issued by Wakayama Bank was resold on December 12, 2005 (proceeds from sale ¥12,113 billion).
- 23: Preferred stock issued by Momiji Holdings (¥17.0 billion out of ¥20.0 billion) was re-sold on December 21, 2005 (proceeds from sale ¥25,075 billion) and ¥3.0 billion was repaid (payment amount ¥4,425 billion).
- 24: Ashigin FG (total ¥105.0 billion), dissolved on December 26, 2005, and remaining Preferred stock issued by Ashigin Bank was acquired by DICJ on December 1, 2003 due to the fact that Ashigin Bank has been under special crisis management.
- 25: Preferred stock issued by Mitsubishi UFJ FG (former Sanwa Bank: ¥155.4 billion out of ¥600.0 billion approved rate 0.53) (see Note 21) and former Tokai Bank: ¥24.9 billion out of ¥300.0 billion approved rate 0.93) (see Note 18) was converted to common stock (acquisition amount ¥180.3 billion), and then sold by ToSTNET-2 (sale date: March 6, 2006 / account date: March 1, 2006 / proceeds from sale: ¥186.14 billion) and by trade on the floor (sale date: March 1, 2006 / account date: March 6, 2006 / proceeds from sale: ¥13,997 billion).
- 26: Preferred stock issued by Mitsubishi UFJ FG (former Toyo Trust & Banking: ¥156.2 billion out of ¥200.0 billion approved rate 1.15) (see Note 21) was resold (proceeds from sale: ¥300.185 billion) on March 3, 2006.
- 27: Preferred stock issued by Yachiyo Bank was resold on March 24, 2006 (proceeds from sale: ¥40,068 billion).

Table 3. List of Capital Injection Operations Pursuant to the Financial Reorganization Promotion Law

(as of March 31, 2006) (¥billion, %)

Name of Financial Institutions	Month/Year of Injection	Preferred Shares			Subordinated Bonds / Loans						
		Type	Amount	Rate of Dividend	Beginning of Conversion	Type	Amount	Rate*	Beginning of Step-up	Rate after Beginning of Step-up	Period
Kanto Tsukuba Bank	September 2003	-	-	-	-	SL	6.0	L + 3.76%**	Oct.1, 2008	L + 4.76%	10 years

*L stands for the 6 month LIBOR of yen.
 **There are rate adjustment clauses which are dependent on the conditions of the fulfillment of the plan.
 SL=subordinated loan

Injection Total	6.0
Repayment, etc	0.0
Outstanding Balance	6.0

Table 4. List of Capital Injection Operations Pursuant to the Deposit Insurance Law (Response to Financial Crisis)

(as of March 31, 2006) (¥billion, %)

Name of Financial Institutions	Month/Year of Injection	Common / Preferred Shares			Subordinated Bonds / Loans						
		Type	Amount	Rate of Dividend*	Beginning of Conversion	Type	Amount	Rate	Beginning of Step-up	Rate after Beginning of Step-up	Period
Resona HD (Resona Bank)	June 2003	Common Shares	296.4	-	-	-	-	-	-	-	-
		Preferred Shares (Convertible)	550.0	L + 0.5%	Jul. 1, 2006	-	-	-	-	-	-
		Preferred Shares (Convertible)	563.6	L + 0.5%	Jul. 1, 2008	-	-	-	-	-	-
		Preferred Shares (Convertible)	550.0	L + 0.5%	Jul. 1, 2010	-	-	-	-	-	-

Note

1. Payment was made to Resona Bank on June 30, 2003 and concerning the subscribed shares on July 1, an exchange of shares was conducted on August 7, 2003 with shares issued by Resona Holdings.
 2. By offer from Resona HD, common shares (¥2.73 billion out of ¥296.4 billion) were sold by ToSTNet-2 (the date of delivery February 4 and the sale amount ¥11,078 million) on February 1, 2005.
- * L stands for the one-year LIBOR of yen.

Injection Total	1,960.0
Repayment, etc	2.7
Outstanding Balance	1,957.3

(3) Asset Purchases, etc. under Article 53 of the Financial Revitalization Law

(i) Asset Purchases from Sound Financial Institutions

○ Number of Financial Institutions

(Unit: No. of Cases)

FY	1999	2000	2001	2002	2003	2004	2005	Total
City, long-term credit and trust banks	16	12	11	12	8	7	5	20(13)
Regional banks	39	40	32	36	35	19	5	59(59)
Members of 2nd Association of Regional banks	19	22	23	24	19	14	1	41(35)
Shinkin banks, Credit Cooperatives, etc.	17	21	21	38	27	20	5	72(66)
Total	91	95	87	110	89	60	16	192(173)

Note) In the case of repetition, only one time is counted. Figures in parentheses represent those after deducting the number of financial institutions which cease to exist due to mergers.

○ Number of Claims

(Unit: No. of Cases)

FY	1999	2000	2001	2002	2003	2004	2005	Total
City, long-term credit and trust banks	948	712	1,750	10,248	3,159	1,264	334	18,415
Regional banks	2,306	2,476	1,600	2,872	1,508	1,372	115	12,249
Members of 2nd Association of Regional banks	993	2,156	730	1,729	550	305	33	6,496
Shinkin banks, Credit Cooperatives, etc.	718	747	795	1,192	381	836	19	4,688
Total	4,965	6,091	4,875	16,041	5,598	3,777	501	41,848

○ Original Book Value of Claims

(Unit: ¥ billion)

FY	1999	2000	2001	2002	2003	2004	2005	Total
City, long-term credit and trust banks	252.1	96.5	203.6	1,867.6	290.5	100.9	20.4	2,831.6
Regional banks	113.5	131.2	64.7	137.9	79.1	38.0	8.4	572.8
Members of 2nd Association of Regional banks	52.1	264.9	29.3	50.5	19.4	17.3	0.4	434.0
Shinkin banks, Credit Cooperatives, etc.	33.3	29.6	32.6	32.5	16.4	20.6	0.7	165.7
Total	451.0	522.2	330.2	2,088.5	405.4	176.7	29.9	4,004.1

○ Purchase price

(Unit: ¥ billion)

FY	1999	2000	2001	2002	2003	2004	2005	Total
City, long-term credit and trust banks	9.6	3.1	13.1	184.8	54.0	18.3	4.3	287.3
Regional banks	6.9	5.7	4.4	12.9	6.9	2.8	0.8	40.4
Members of 2nd Association of Regional banks	2.3	2.9	1.3	3.3	2.2	1.8	0.0	13.7
Shinkin banks, Credit Cooperatives, etc.	2.9	0.9	1.8	4.7	1.1	0.4	0.1	11.9
Total	21.7	12.6	20.6	205.7	64.1	23.3	5.2	353.3

(ii) Debt Recovery by the Specified Contracted Bank

(Unit: ¥ billion)

FY	1999	2000	2001	2002	2003	2004	2005	Total
Original book value of debts	493.0	522.2	330.2	2,088.5	405.4	176.7	29.9	4,046.0
Purchase price	24.1	12.6	20.6	205.7	64.1	23.3	5.2	355.7
Amount of debts recovered	4.2	21.7	30.4	39.4	126.0	163.5	145.4	530.4

Note) The figures in table (ii) include purchase performance including assets other than stocks (with a book value of ¥41.9 billion and purchase price of ¥2.4 billion) the DICJ purchased under Article 53 of the Financial Revitalization Law from banks which are under special public management, and the collection performance of them.

(4) Arrests, Accusations and Complaints

(i) Number of Cases (as of March 31, 2006)

(Unit: No. of Cases)

	DICJ	RCC	HLAC	RCB	Total
Arrested	22(61)	172(365)	76(149)	23(37)	293(612)
Under investigation	-	-	-	-	-
Other *	-	-	1(1)	-	1(1)
Total	22(61)	172(365)	77(150)	23(37)	294(613)

Figures in parentheses represent the number of persons involved in each category.

* Statute of limitation expired

(ii) Breakdown of Cases

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

(Unit: No. of Cases)

Category		DICJ	HLAC	RCB	Total
Cases Related to Borrowers	Sub-Total	-	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	-	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	Sub-Total	-	-	9 (18)	9 (18)
	Breach of Trust / Aggravated Breach of Trust	-	-	4 (11)	4 (11)
	Other	-	-	5 (7)	5 (7)
Total		-	77 (150)	23 (37)	100(187)

Figures in parentheses represent the number of persons involved in each category.

* Stipulated in the former Bankruptcy Law (Article 374)

○ From the establishment of the RCC (April 1, 1999) to March 31, 2006.

(Unit: No. of Cases)

Category		DICJ	RCC			Total
			HLAC	RCB*2	Article 53*3	
Cases Related to Borrowers*4	Sub-Total	4 (9)	43(84)	103(208)	16(38)	166(339)
	Auction Interference	1 (1)	7 (9)	34 (69)	11(25)	53(104)
	Fraud	1 (2)	14(30)	25 (49)	1 (4)	41 (85)
	Obstruction of Compulsory Execution	2 (6)	16(34)	20 (40)	3 (8)	41 (88)
	False entry on notarial documents	-	3 (7)	8 (27)	-	11 (34)
	Threat/Extortion	-	-	4 (7)	-	4 (7)
	Fraudulent Bankruptcy*1	-	-	6 (10)	1 (1)	7 (11)
	Other	-	3 (4)	6 (6)	-	9 (10)
Cases Related to Lenders*5	Sub-Total	18(52)	-	10 (35)	-	28 (87)
	Breach of Trust / Aggravated Breach of Trust	13(37)	-	10 (35)	-	23 (72)
	Other	5(15)	-	-	-	5 (15)
Total		22(61)	43(84)	113(243)	16(38)	194(426)

Figures in parentheses represent the number of persons involved in each category.

*1 Stipulated in the Bankruptcy Law (Article 265)

*2 RCB receivables are credits bought from failed financial institutions.

*3 Article 53: Assets purchased from sound financial institutions under Article 53 of the Financial Revitalization Law

*4 The 4 cases of the "Cases Related to Borrowers" listed in the "DICJ" column were actually filed by the DICJ and the RCC in their joint names. However, as a matter of convenience, the number is listed in the "DICJ" column in this table.

*5 Of the 10 cases of the "Cases Related to Lenders" listed in the "RCB" column, 5 cases were actually filed by the DICJ and the RCC in their joint names. However, as a matter of convenience, the number is included in the "RCC" column in this table.

(5) Pursuit of Civil Liability via Litigation and Conciliation

(as of March 31, 2006)

Claimant		DICJ ³⁾		RCC						Total	
				RCB ⁴⁾		HLAC ⁵⁾		RCC ⁶⁾			
Reason for Claim		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 ¹⁾	Failed financial institution	17	38,132.3	15	30,238.35	–	–	86	47,463.09	118	115,833.74
	<i>Jusen</i>	–	–	–	–	1	3,595.00	3	900.00	4	4,495.00
Mediators Liability ²⁾		–	–	–	–	2	5,014.46	–	–	2	5,014.46
Total		17	38,132.3	15	30,238.35	3	8,609.46	89	48,363.09	124	125,343.20

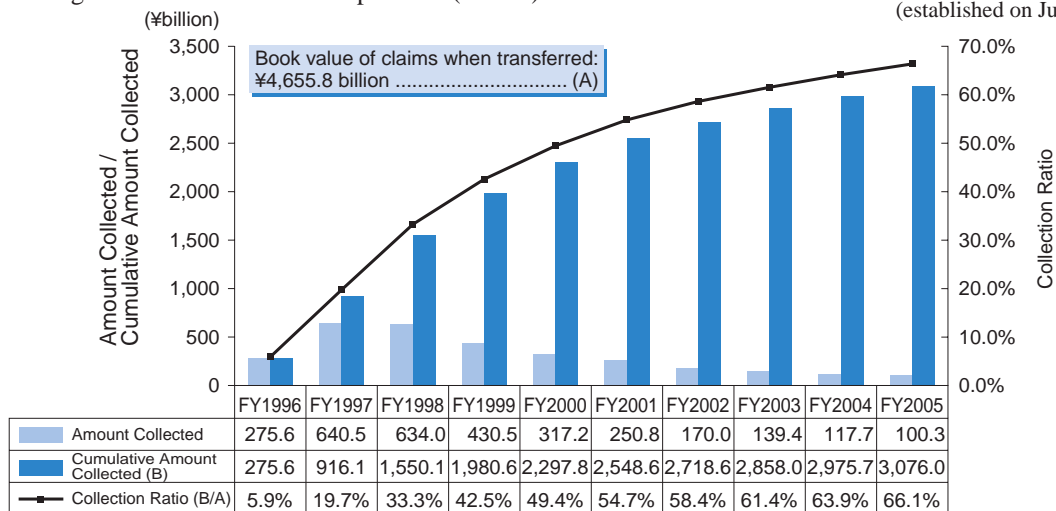
No. of cases means the number of filed lawsuits.

- Notes
- 1) Liability pursuit against former management executives (directors, general managers and auditors), their bereaved families and others who committed illicit activities of failed financial institutions and *Jusen*.
 - 2) Liability pursuit against financial institutions that introduced *Jusen* for financing.
 - 3) Cases that the DICJ itself filed lawsuits as a plaintiff or was involved in lawsuits as a financial administrator of failed financial institutions.
 - 4) Cases that the RCB itself filed lawsuits as a plaintiff or took over lawsuits that failed financial institutions had filed (except cases of Note 3).
 - 5) Cases that the HLAC itself filed lawsuits as a plaintiff.
 - 6) Cases the RCC itself filed lawsuits as a plaintiff or took over lawsuits that failed financial institutions had filed (except cases of Note 3).

(6) Collection Performance of the RCC

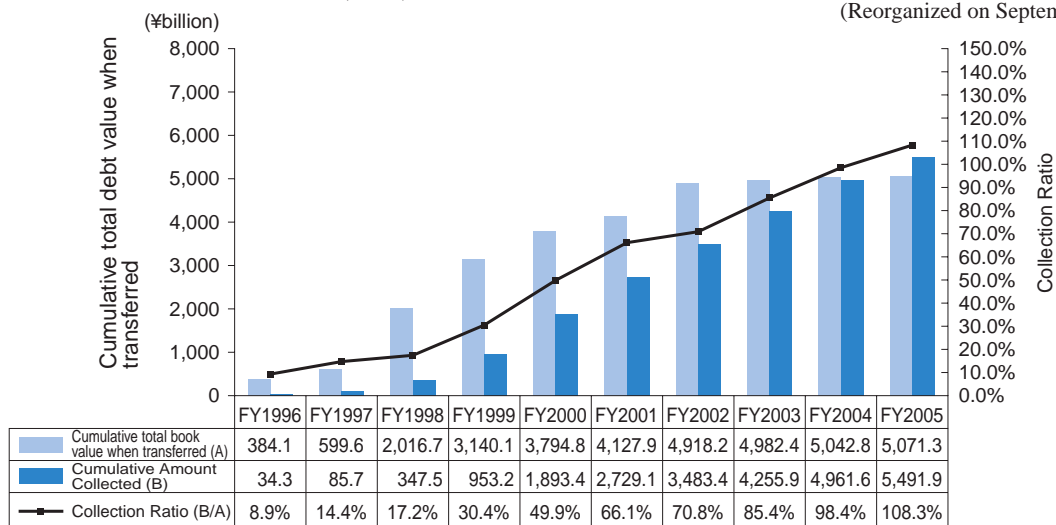
○ Former Housing Loan Administration Corporation (HLAC)

(established on July 26, 1996)



○ Former Resolution and Collection Bank (RCB)

(Reorganized on September 2, 1996)



- The performance of the Resolution and Collection Bank in FY1996 is the total of the amounts collected in FY1995 and FY1996.
- Excluding trust scheme from the transfer claims of Hokkaido Takushoku Bank.
- Including transfer claims of Hanwa Bank (the amount collected and received from the DICJ) and the amount of assets purchased under Article 129 of the Deposit Insurance Law and under Article 53 of the Financial Revitalization Law.
- In some cases, the book debt value after transfer may change due to adjustments in purchase prices, etc.

○ The Cumulative Amount of Payments from RCC to DICJ (as of the end of FY2005)

(Unit: ¥ billion)

Payments involved in assets transferred from the former <i>Jusen</i> companies (Article 12, Subparagraph 10 of the <i>Jusen</i> Law)	3.5
Payments involved in assets purchased from failed financial institutions (Article 8-2, Subparagraph 2 of Supplementary Provisions of the Deposit Insurance Law)	630.2
Payments involved in assets purchased from sound financial institutions (Article 54, Paragraph 1, Subparagraph 3 of the Financial Revitalization Law)	220.1

* Including those reckoned up in the statement of accounts of RCC for the term ending on March 31, 2006 (DICJ will reckon up them in FY2006).

* In addition to the above, there is the amount of payments involved in capital injection, ¥393.7 billion.

(7) Condition of Corporate Revitalization Cases of the RCC

(From the establishment of the Headquarters for Corporate Revival in November 2001 to the end of March 2006)

1. Cases of Corporate Revitalization	
Classification	Number of Cases (Debtors)
(1) Legal Revitalization	72
(2) Private Revitalization	293
(3) Privately Funded Revitalization Utilizing Loans in Trust, Funds, etc.	60
Subtotal	425

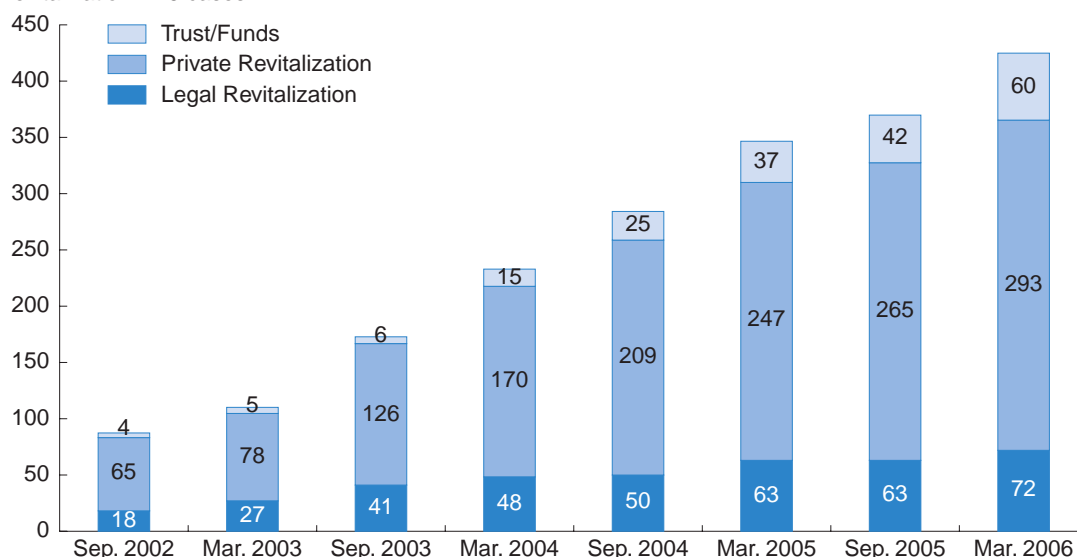
(Note) Cases in which there was the RCC intervention in the process of formulating revitalization plans.

2. Conditions for Corporate Revitalization Candidates	
Classification	Number of Cases (Debtors)
(1) Claims held by the RCC, etc.	178
(2) Claims of trust, funds, etc.	18
Subtotal	196

Total	621
--------------	------------

Number of Cases; Corporate Revitalization (Accumulated total)

Total Number of Corporate Revitalization: 425 cases



Number of Cases; Corporate Revitalization (after November, 2001)

(Accumulated total, No. of Cases)

	Sep. 2002	Mar. 2003	Sep. 2003	Mar. 2004	Sep. 2004	Mar. 2005	Sep. 2005	Mar. 2006
Trust/Funds	4	5	6	15	25	37	42	60
Private Revitalization	65	78	126	170	209	247	265	293
Legal Revitalization	18	27	41	48	50	63	63	72
Total	87	110	173	233	284	347	370	425

(8) Capital Injection of Financial Institutions

Status of Capital Injection and Disposition (as of March, 2006)

(Unit: cases, ¥billion)

Governing Laws	Purpose of Capital Injection	Capital Injection Periods	Number of Financial Institutions	Breakdown of capital injection		
				Preferred Stocks / Common Stocks	Subordinated Bonds / Loans	Total
Former Financial Function Stabilization Law	To maintain an orderly financial system and promote the healthy development of the economy	March, 1998	21 <3>	321.0 <222.0>	1,494.6 <0.0>	1,815.6 <222.0>
Early Strengthening Law	To restructure the financial system and contribute to economic revitalization	March, 1999- March, 2002	32 <16>	7,281.3 <4,459.3>	1,324.0 <100.0>	8,605.3 <4,559.3>
Organizational Restructuring Law	To promote organizational restructuring of financial institutions and contribute to economic revitalization	September, 2003	1 <1>	-	6.0 <6.0>	6.0 <6.0>
Financial Function Strengthening Law	To maintain an orderly financial system and promote the healthy development of the national economy	Until March, 2008	0	No track record	No track record	
Deposit Insurance Law	To maintain an orderly financial system	Permanent measure (June, 2003)	1 <1>	1,960.0 (296.4) <1,957.3>	-	1,960.0 (296.4) <1,957.3>
	To assist in mergers etc.	Permanent measure	0	No track record	No track record	
(Note)	(i) Fractions falling short of ¥0.1 billion are rounded off. (ii) The amounts are based on the amounts of capital injection. (iii) Amounts of common stocks are written in rounded parentheses. (iv) Outstanding balances as of the end of March 2006 are written in triangular brackets. (v) The amount for Ashigin FG (¥105.0 billion) is not included within the disposed amounts.	Total	35 <17>	9,562.3 (296.4) <6,638.6>	2,824.6 <106.0>	12,386.9 (296.4) <6,744.6>
		Disposed amount in FY1999		0.0	100.0	100.0
		Disposed amount in FY2000		200.0	150.0	350.0
		Disposed amount in FY2001		0.0	0.0	0.0
		Disposed amount in FY2002		0.0	674.6	674.6
		Disposed amount in FY2003		108.0	839.0	947.0
		Disposed amount in FY2004		786.3 (2.7)	615.0	1,401.3 (2.7)
		Disposed amount in FY2005		1,829.4	340.0	2,169.4
		Accumulated disposed amount		2,923.7 (2.7)	2,718.6	5,642.3 (2.7)
		Outstanding balance of capital injection		6,638.6 (293.7)	106.0	6,744.6 (293.7)

List of capital injections, dispositions, and outstanding balances for individual financial institutions (as of the end of March, 2006)

(Unit: ¥billion)

Name of Financial Institutions	Injection	(Classification)		Accumulated disposed amount (Amount disposed in this term)				Figures as of March 31, 2006	
		Type (instrument)	Amount (¥billion)	(Classification)	(Classification)	(Classification)	Outstanding balance	(Classification)	
Mizuho FG	2,949.0	Preferred Shares	1,949.0	2,349.0	1,349.0	866.4	866.4	600.0	600.0
		Subordinated Bonds	1,000.0		1,000.0		0.0		0.0
Sumitomo Mitsui FG	1,501.0	Preferred Shares	1,301.0	401.0	201.0	0.0	0.0	1,100.0	1,100.0
		Common Shares	-		(201.0) ^{Note 2}		0.0		0.0
		Subordinated Bonds	200.0		200.0		0.0		0.0
Mitsubishi UFJ FG	2,200.0	Preferred Shares	1,600.0	1,696.0	1,096.0	996.0	896.0	504.0	504.0
		Common Shares	-		(684.3) ^{Note 2}		(684.3) ^{Note 2}		0.0
		Subordinated Bonds	600.0		600.0		100.0		0.0
Resona HD	3,128.0	Preferred Shares	2,531.6	202.7	0.0	200.0	0.0	2,925.3	2,531.6
		Common Shares	296.4		2.7		0.0		293.7
		Subordinated Loans	300.0		200.0		200.0		100.0
Mitsui Trust HD	710.3	Preferred Shares	432.3	278.0	0.0	0.0	0.0	432.3	432.3
		Subordinated bond	100.0		100.0		0.0		0.0
		Subordinated Loans	178.0		178.0		0.0		0.0
Hokuhoku FG	140.0	Preferred Shares #	120.0	20.0	0.0	20.0	0.0	120.0	120.0
		Subordinated Loans	20.0		20.0		20.0		0.0
Shinsei Bank	416.6	Preferred Shares	370.0	46.6	0.0	0.0	0.0	370.0	370.0
		Subordinated Loans	46.6		46.6		0.0		0.0
Aozora Bank	320.0	Preferred Shares	320.0	0.0	0.0	0.0	0.0	320.0	320.0
Ashigin FG (Ashikaga Bank)	135.0	Preferred Shares	105.0	30.0	0.0	0.0	0.0	105.0	105.0
		Subordinated Bonds	30.0		30.0		0.0		0.0
Bank of the Ryukyus	40.0	Preferred Shares *	40.0	0.0	0.0	0.0	0.0	40.0	40.0
Kumamoto Family Bank	30.0	Preferred Shares	30.0	0.0	0.0	0.0	0.0	30.0	30.0
Chiba Kogyo Bank	60.0	Preferred Shares	60.0	0.0	0.0	0.0	0.0	60.0	60.0
Higashi-Nippon Bank	20.0	Preferred Shares	20.0	0.0	0.0	0.0	0.0	20.0	20.0
Gifu Bank	12.0	Preferred Shares	12.0	0.0	0.0	0.0	0.0	12.0	12.0
The Nishi-Nippon City Bank	70.0	Preferred Shares *	70.0	0.0	0.0	0.0	0.0	70.0	70.0
Kyushu Shinwa HD	30.0	Preferred Shares *	30.0	0.0	0.0	0.0	0.0	30.0	30.0
Kanto Tsukuba Bank	6.0	Subordinated Loans	6.0	0.0	0.0	0.0	0.0	6.0	6.0
Sumitomo Trust & Banking	300.0	Preferred Shares	100.0	300.0	100.0	0.0	0.0	0.0	0.0
		Subordinated Bonds	200.0		200.0		0.0		0.0
Bank of Yokohama	220.0	Preferred Shares	100.0	220.0	100.0	0.0	0.0	0.0	0.0
		Common Shares	-		(55.0) ^{Note 2}		0.0		0.0
		Subordinated Loans	120.0		120.0		0.0		0.0
Momiji HD	40.0	Preferred Shares	20.0	40.0	20.0	40.0	20.0	0.0	0.0
		Subordinated Loans	20.0		20.0		20.0		0.0
Yachiyo Bank	35.0	Preferred Shares *	35.0	35.0	35.0	35.0	35.0	0.0	0.0
Kansai Sawayaka Bank	12.0	Preferred Shares	8.0	12.0	8.0	0.0	0.0	0.0	0.0
		Subordinated Bonds	4.0		4.0		0.0		0.0
Wakayama Bank	12.0	Preferred Shares *	12.0	12.0	12.0	12.0	12.0	0.0	0.0
Injection Total		12,386.9	Disposition total	5,642.3	Disposition total for this term	2,169.4	Outstanding balance total	6,744.6	
Breakdown of injection per type (instrument)			Breakdown of disposition per type (instrument)		Breakdown of disposition per type (instrument) for this term		Breakdown of outstanding balance per type (instrument)		
Preferred Shares		9,265.9		2,921.0		1,829.4		6,344.9	
Common Shares		296.4	(940.3) ^{Note 2}	2.7	(684.3) ^{Note 2}	0.0		293.7	
Subordinated Bonds		2,134.0		2,134.0		100.0		0.0	
Subordinated Loans		690.6		584.6		240.0		106.0	

Note 1: Of the number of preferred shares, 450 of those indicated by # (for the former Hokkaido Bank) and those indicated by * were subordinated bonds at the time of injection.

Note 2: Preferred shares were converted to common shares before disposition.

(9) Number of On-Site Inspections Implemented

(Unit: number of financial institutions)

Inspection Year	Financial institutions where inspections have been implemented		
	Banks	Shinkin Banks	Credit Cooperatives
2001	39	2	14
2002	66	1	31
2003	100	10	56
2004	113	17	66
2005	105	14	69
Total	423	44	236

- Notes: 1. The inspection year is the work year during which the inspection was conducted (July to June of the following year).
 2. This includes simultaneous investigations conducted with the FSA, etc.
 3. Credit Cooperatives include the National Federation of Credit Cooperatives.

(10) Outline of Funding of the DICJ (FY2006)

Table 1. Outline of Funding Program by Account

	General Account	Crisis Management Account	Financial Reconstruction Account	Early Strengthening Account	Industrial Revitalization Account	Financial Function Strengthening Account
Borrowing / bond issues						
Legal Base	Deposit Insurance Law, Art. 42, Para. 1 and 2	Deposit Insurance Law, Art. 126, Para. 1	Financial Revitalization Law, Art. 65, Para. 1	Early Strengthening Law, Art. 16, Para. 1	Industrial Revitalization Corporation Law, Art. 49, Para. 1 and 2	Financial Function Strengthening Law, Art. 44, Para. 1
Ceiling	¥21.18 trillion (Deposit Insurance Law, Cabinet Order Art. 2)	¥18.6 trillion (Deposit Insurance Law, Cabinet Order Art. 29)	¥8.97 trillion (Financial Revitalization Law, Cabinet Order, Art. 13)	¥7.8 trillion (Early Strengthening Law, Cabinet Order Art. 5)	¥0.15 trillion (Industrial Revitalization Corporation Law, Cabinet Order, Art. 4)	¥2.00 trillion (Financial Function Strengthening Law, Cabinet Order, Art. 33)
Method (Source)	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues	(1) borrowing: •Financial institution and others •Bank of Japan (BOJ) (2) bond issues
Spent on	•payment of insurance claims •financial assistance to purchase of deposits and other claims •subscribe the capital to establish bridge banks •loans, etc., to bridge banks •loans to failed financial institutions etc.	•share subscription, etc., by the DICJ •financial assistance to financial institutions under public management •financial assistance to banks under special crisis management etc.	•asset purchase from financial institutions, etc. •loans to contracted banks for subscribing shares, etc., under former Financial Function Stabilization Law etc.	•loans to contracted banks for subscribing shares, etc. •loss compensation for contracted banks etc.	•subscription of equity of the Industrial Revitalization Corp. etc.	•loans to contracted banks for subscribing shares, etc. and for purchasing trust beneficiary rights etc., under former Organizational Restructuring Law. •loss compensation for contracted banks
Government guarantee						
Legal Base	Deposit Insurance Law, Art. 42-2	Deposit Insurance Law, Art. 126, Para. 2	Financial Revitalization Law, Art. 66	Early Strengthening Law, Art. 17	Industrial Revitalization Corporation Law, Art. 50	Financial Function Strengthening Law, Art. 45
Appropriation in general provisions of budget in FY 2006	Within the limit approved by the Diet (¥19.00 trillion in the budget for FY 2006)	Within the limit approved by the Diet (¥17.00 trillion in the budget for FY 2006)	Within the limit approved by the Diet (¥7.00 trillion in the budget for FY 2006)	Within the limit approved by the Diet (¥5.00 trillion in the budget for FY 2006)	Within the limit approved by the Diet (¥0.15 trillion in the budget for FY 2006)	Within the limit approved by the Diet (¥2.00 trillion in the budget for FY 2006)

Table 2. Outstanding Balance of Funds Raised in Each Fiscal Year

(Unit: ¥billion)

Fiscal Year		End of FY 2003	End of FY 2004	End of FY 2005
Account Title				
General Account		5,314.6	4,267.5	2,972.0
	Raised by Issue of Bonds	1,140.0	2,140.0	2,680.0
Crisis Management Account		1,960.4	1,953.4	1,943.6
	Raised by Issue of Bonds	-	1,600.0	1,600.0
Financial Reconstruction Account		4,664.9	4,119.6	3,270.0
	Raised by Issue of Bonds	1,200.0	2,900.0	3,270.0
Early Strengthening Account		7,933.1	6,523.9	4,600.0
	Raised by Issue of Bonds	6,660.0	5,540.0	4,600.0
Financial Strengthening Account		-	-	6.0
Management Base Strengthening Account		6.1	6.0	-
Total		19,879.1	16,870.4	12,791.6
	Raised by Issue of Bonds	9,000.0	12,180.0	12,150.0

- Notes: 1. On April 1, 2003, the General Account succeeds the assets and liabilities belonging to the Special Operations Account.
 2. Raising funds through bond issues under the Early Strengthening Account came into operation as of October 1999.
 3. Raising funds through bond issues under the General Account and the Financial Reconstruction Account came into operation as of April 2003.
 4. Raising funds through bond issues under the Crisis Management Account came into operation as of April 2004.
 5. On April 1, 2005, the Financial Function Strengthening Account succeeds the assets and liabilities belonging to the Management Base Strengthening Account.

(11) Visits Paid and Received in Relation to International Operations

(i) Technical Assistance

1) Sending expert officials abroad

Date	Purpose	Location
May 16-19, 2005	Dispatch of instructors for the "Conference on Early Warning Systems as a Key Issue to Bank Solvency and Financial Stability" hosted by Kazakhstan Deposit Insurance Fund	Kazakhstan (Almaty)
May 26-27, 2005	Workshop for Mongolia on "Deposit Insurance and Anti-Money Laundering"	Mongolia (Ulaanbaatar)
September 15-16, 2005	Dispatch of instructors for the "Deposit Insurance International Forum" hosted by The People's Bank of China	China (Dalian)
November 24-25, 2005	Dispatch of instructors for the "Seminar on Strengthening of the Financial System (On-site follow-up)" hosted by Japan International Cooperation Agency	Indonesia (Jakarta)
December 9, 2005	Dispatch of instructors for "Japan and China Joint Workshop" hosted by Chinese Academy of Social Sciences and Japan Ministry of Finance	China (Beijing)

2) Acceptance of trainees from overseas

Date	Visitors	Organizer / Course
July 6-7, 2005	Officers of Deposit Insurance Board of Tanzania	“Short-term Training on Deposit Insurance” hosted by the DICJ
August 4, 2005	Officers of the Republic of Uzbekistan Government	“Uzbekistan Banking and Finance Academy Summer Seminar” hosted by the Ministry of Finance
October 26, 2005	Staff of Banking Bureau, Taiwan Financial Supervisory Commission	“Legal System and Operation Seminar regarding Financial Management” hosted by Overseas Vocational Training Association
December 13, 2005	Officers of Bosnia and Herzegovina Government	“Seminar on Development Finance for Middle/East European regions” hosted by JICA
February 2-6, 2006	Officers of the governments and central banks in ASEAN countries	“The 2nd Seminar on Financial System Strengthening” hosted by JICA
March 8-15, 2006	Officers of the governments and central banks in Asian countries	“The 1st Deposit Insurance Seminar” hosted by Financial Services Agency
March 14, 2006	Officers of the governments and central banks in Asian regions	“Experience-based Seminar on Macroeconomic Policy and Japan’s Economic Growth” hosted by IMF and Japan Center for International Finance

(ii) International Exchange**1) International Association of Deposit Insurers (IADI)**

Date	Purpose	Location
April 11-15, 2005	International Association of Deposit Insurers (IADI) Attendance at Executive Council Meeting and Governance Committee	Switzerland (Basel)
June 28-July 1, 2005	IADI Attendance at Executive Council Meeting and Governance Committee	Switzerland (Basel)
September 22-October 1, 2005	IADI Attendance at 4th Annual Conference and 3rd Asia Regional Committee	Taiwan (Taipei)
February 13-18, 2006	IADI Attendance at 4th Asia Regional Committee	The Philippines (Manila)
March 23-24, 2006	IADI Attendance at Research and Guidance Committee	Switzerland (Basel)

2) Visits to Related Overseas Organizations

Date	Purpose	Location
September 26-28, 2005	International Association of Deposit Insurers (IADI) Discussion with organizations that participated in the 4th Annual Conference (Governor)	Taiwan (Taipei)
October 26-28, 2005	Investigation of Deposit Insurance Systems (Korea Deposit Insurance Corporation)	Korea (Seoul)
November 7-11, 2005	Investigation of Deposit Insurance Systems (Federal Deposit Insurance Corporation, Canada Deposit Insurance Corporation and others)	United States (Washington DC), Canada (Ottawa)
January 11-13, 2006	Discussion with The People’s Bank of China and Indonesia Deposit Insurance Corporation (Governor)	China (Beijing), Indonesia (Jakarta)
March 28-30, 2006	Meeting for Asian Regional Financial Cooperation Initiative on Deposit Insurance Systems with the Asian Development Bank	The Philippines (Manila)

3) Reception of Investigative Groups

Date	Visitors
July 28, 2005	Associate Professors from Tamkang University, Taiwan
November 22, 2005	Staff of Human Resources Development Department, Korea Deposit Insurance Corporation
December 2, 2005	Executive Director, Korea Deposit Insurance Corporation
March 30, 2006	Staff of Prompt Resolution Department, Korea Deposit Insurance Corporation

2. Financial Statement

Outline of DICJ Accounts

Account name	Account outline	Surplus / deficit (-) carried to next FY as of end of FY2005	Profit / loss (-) recorded as of end of FY2005	Main factors
General Account	<ul style="list-style-type: none"> Financial assistance within pay-out cost during failure of financial institutions Lending to contracted banks regarding purchase of assets of financial institutions under the Deposit Insurance Law Receipt of profit / compensation for loss regarding disposition of Purchased Assets of contracted banks, etc. Collection of insurance premiums 	-¥2,454.9 billion	¥522.1 billion	Income from Deposit Insurance Income from payment by contracted banks Payment to Government
Crisis Management Account	<ul style="list-style-type: none"> Measures against financial crises which are taken based on approval by the Prime Minister following discussion by Financial System Management Council Possesses preferred & common shares of Resona Holdings through capital injection under the Deposit Insurance Law (book value as of end of FY2005: ¥1,957.2 billion) 	¥14.4 billion	¥8.5 billion	Dividends of Resona Holdings
Financial Reconstruction 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 Specified Contracted Bank regarding purchase of assets from sound financial institutions under Article 53 of the Financial Revitalization Law. Receipt of profit / compensation for loss regarding disposition of Purchased Assets of specified contracted banks, etc. Lending to contracted banks regarding capital injection under the former Financial Function Stabilization Law Receipt of profit / compensation for loss regarding disposition of preferred shares (capital injection ¥1,815.6 billion → balance ¥222.0 billion as of end of FY2005) possessed by contracted banks (some of which hold deposit insurance), etc. 	-¥684.6 billion	¥165.0 billion	Income from Financial Assistance-Related Business Income from payment by specified contracted banks Financial Assistance Expenses Compensation for Losses to contracted banks Transfer to Loan Loss Reserves Reversal from Loan Loss Reserves
Early Strengthening Account	<ul style="list-style-type: none"> Lending to contracted banks regarding capital injection under the Early Strengthening Law. Receipt of profit / compensation for loss regarding disposition of preferred shares (capital injection ¥8,605.3 billion → balance ¥4,559.3 billion as of end of FY2005), etc. possessed by contracted banks 	¥345.5 billion	¥198.3 billion	Income from payment by contracted banks
Financial Function Strengthening Account	<ul style="list-style-type: none"> Lending to contracted banks regarding capital injection under the Financial Function Strengthening Law (enforced from August 2004) No track record of operations to date. Receipt of applications for capital injection to be closed at end March 2008. 	¥0.2 billion	¥0.2 billion	Income from payment by contracted bank
(Managerial Base Strengthening Account)	<ul style="list-style-type: none"> Lending to contracted banks regarding capital injection under the Organizational Restructuring Law. Receipt of profit / compensation for loss regarding subordinated loan to Kanto Tsukuba Bank by contracted banks (book value as of end of FY2005: ¥6.0 billion). Abolished at end of FY2004. (Assets and liabilities relating to this account transferred to Financial Function Strengthening Account.) 			
Jusen Account	<ul style="list-style-type: none"> Provision of subsidies, debt guarantees for borrowings, and receipt of payments related to claim resolution companies which recover loans and other assets transferred from former seven Jusen companies. 	-¥287.3 billion	-¥62.7 billion	Operational subsidy Profits from managing Financial Stabilization Fund
Industrial Revitalization Account	<ul style="list-style-type: none"> Capital subscription to Industrial Revitalization Corporation (¥49.7 billion as of end of FY2005) 	-¥0.01 billion	-¥0.004 billion	General and administrative cost

Fractions falling short of ¥0.1 billion are omitted.

(Note) The "Special Operations Account," which had been used to account for special financial assistance exceeding the pay-out cost, was abolished at the end of FY2002. (The assets and liabilities were transferred to the General Account.)

(1) General Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	16,340
Cash and Deposits	518
Money Deposited	1,740
Securities	13,527
Suspense Payments	386
Prepaid Expenses	120
Accrued Income	43
Accounts Receivable	3
Loan Loss Reserves	(0)
<Fixed Assets>	799,827
Financial Assistance Related Assets	30,600
Purchased Assets	69,768
Compensation Claims	150
Loan Loss Reserves	(39,317)
Assets Related to Contracted Bridge Bank	
Subsidiary Stock	4,170
Assets Related to Contracted Bank	764,500
Contracted Bank Shares	12,000
Loans for Contracted Bank	452,500
per contra on Loan Guarantee for Contracted Bank	300,000
Tangible Fixed Assets	310
Buildings	259
Tools/Equipment/Fixtures	51
Intangible Fixed Assets	2
Investment and Other Assets	
Guarantee Money and Other Security Deposits	244
<Deferred Charge>	2,689
Cost of Issuing Bonds	1,677
Discount on Bonds	1,012
Total	818,857
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	792,864
Short-Term Loans	292,000
DICJ Bonds (due for redemption within 1 year)	500,000
Accounts Payable	391
Accrued Expenses Payable	178
Money on Deposit	20
Advance Payments Received	215
Suspense Receipts	58
<Fixed Liabilities>	2,480,464
DICJ Bonds	2,180,000
Long-Term Advance Payment Received	342
Reserves for Retirement Allowance	122
Loan Guarantees	
Loan Guarantee for Contracted Bank	300,000
<<Liabilities Total>>	3,273,329
<Capital>	455
Government Capital	150
Bank of Japan Capital	150
Private Capital	155
<Deficit>	(2,454,926)
Deficit Brought Forward	(2,977,048)
Current Profit	522,122
<<Capital Total>>	(2,454,471)
Total	818,857

Note: All figures are rounded down to the nearest ¥ million.



Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	740,157
Income from Deposit Insurance	
Insurance Premiums	537,769
Income from Financial Assistance-Related Business	1,898
Income from Purchased Assets	934
Profit on Sales of Purchased Assets	964
Income from Contracted Bank Business	156,760
Interest on Loans to Contracted Bank	1,505
Income from Payment by Contracted Bank	155,254
Income from Contributions by Contracted Bridge Bank	35
Refunded Grants	971
Reversal from Loan Loss Reserves	42,124
Non-Operating Income	597
Total	740,157
Expenses	
Item	Amount
<Current Expenses>	218,033
Financial Assistance Expenses	1,774
Grants	807
Loss on sales of Purchased Assets	416
Administrative Expenses for Purchased Assets	16
Cost of Commissioning Management and Collection Business	533
Refunds of Insurance Premiums for Prior Periods	154
Payments to Government	156,522
Compensation for Losses to Contracted Bank	4,061
General Administrative Expenses	5,808
Transfer to Loan Loss Reserves	39,318
Non-Operating Expenses	10,392
Interest on Borrowings	199
Interest on Bonds	8,163
Administrative Expenses for Borrowings	0
Administrative Expenses for Bonds	31
Amortization of Bond Issuing Cost	1,568
Amortization of Discount on Bonds	430
<Extraordinary Expenses>	
Loss from Retirement of Fixed Assets	1
<Current Profit>	522,122
Total	740,157

- Notes: 1. Current profit of ¥522,122 million for this fiscal year is used to decrease loss brought forward from the previous fiscal year, pursuant to the Article 15, Paragraph 1 of the Deposit Insurance Law Reinforcement Regulations.
2. All figures are rounded down to the nearest ¥ million.

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 using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:

Financial assistance operation assets: ¥16 million

Tangible fixed assets: ¥159 million

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 are not in a state of bankruptcy at present but are likely to face bankruptcy in the future, the estimated disposal amount as well as the estimated collectable amount through guarantee are deducted from the amount of claims and the amount which is considered necessary, based on the general judgment of the payment capability of the debtor, is accounted for vis-a-vis the remaining amount after the above reduction.

For claims other than those described above, the amount for Loan Loss Reserves is based on the actual loan loss ratio calculated from actual cases of loan loss which occurred in a specific period of time in the past.

(2) 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: tax inclusive method

(2) Accounting Method for Deferred Assets

1) Bond Issuing Cost: equal depreciation over three years

2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption

(3) Accounting criteria for revenue and expenses: accrual method

(2) Crisis Management Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	383
Cash and Deposits	176
Accrued Income	207
Accounts Receivable	0
<Fixed Assets>	
Acquired Stocks	1,957,270
<Deferred Charge>	1,946
Cost of Issuing Bonds	1,410
Discount on Bonds	535
Total	1,959,599
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	344,190
Short-Term Loans	343,600
Accounts Payable	0
Accrued Expenses Payable	263
Advance Payments Received	326
<Fixed Liabilities>	1,601,008
DICJ Bonds	1,600,000
Long-Term Advance Payment Received	1,008
Reserves for Retirement Allowance	0
<<Liabilities Total>>	1,945,199
<Surplus>	14,400
Accumulated Fund	5,828
Current Profit	8,571
<<Capital Total>>	14,400
Total	1,959,599

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	10,191
Income from Operations such as the Acquisition of Shares	
Dividend of Purchased Shares, etc.	9,798
Non-Operating Revenue	393
Total	10,191
Expenses	
Item	Amount
<Current Expenses>	1,619
General Administrative Expenses	11
Non-Operating Expenses	1,608
Interest on Borrowings	30
Administrative Expenses for Bonds	27
Amortization of Bond Issuing Cost	1,410
Amortization of Discount on Bonds	140
<Current Profit>	8,571
Total	10,191

Notes: 1. Current profit of ¥8,571 million is added to the accumulated fund for the next fiscal year, pursuant to the provision of Article 3 of the Deposit Insurance Law Reinforcement Regulations.

2. All figures are rounded down to the nearest ¥ million.

Important Accounting Principles and Other Relevant Matters

1. 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.

2. Other Important Matters Relating to Preparation of Financial Statements

(1) Accounting method for consumption tax: tax inclusive method

(2) Accounting Method for Deferred Assets

1) Bond Issuing Cost: equal depreciation over three years

2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption

(3) Accounting criteria for revenue and expenses: accrual method



(3) Financial Reconstruction Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	490,576
Cash and Deposits	178
Money Deposited	2,997
Securities	484,234
Suspense Payments	320
Prepaid Expenses	154
Accrued Income	868
Accounts Receivable	1,822
Loan Loss Reserves	(0)
<Fixed Assets>	2,093,704
Financial Assistance Related Assets	1,987,880
Purchased Assets	2,201,112
Loan Loss Reserves	(213,232)
Tangible Fixed Assets	21
Buildings	13
Tools/Equipment/Fixtures	7
Intangible Fixed Assets	0
Investment and Other Assets	105,803
Loans to Specified Contracted Bank	69,900
Loans to Contracted Bank	35,900
Guarantee Money and Other Security Deposits	3
<Deferred Charge>	3,313
Cost of Issuing Bonds	1,895
Discount on Bonds	1,418
Total	2,587,594
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	1,301,635
DICJ Bonds (due for redemption within 1 year)	1,300,000
Accounts Payable	141
Accrued Expenses Payable	371
Advance Payments Received	283
Suspense Receipts	837
<Fixed Liabilities>	1,970,600
DICJ Bonds	1,970,000
Long-Term Advance Payment Received	580
Reserves for Retirement Allowance	20
<<Liabilities Total>>	3,272,235
<Deficit>	(684,640)
Deficit Brought Forward	(849,687)
Current Profit	165,046
<<Capital Total>>	(684,640)
Total	2,587,594

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	472,811
Income from Financial Assistance-Related Business	117,975
Income from Purchased Assets	30,163
Profit on Sales of Purchased Assets	87,811
Income from Payment by Specified Contracted Bank	69,196
Interest on Loans to Specified Contracted Bank	431
Interest on Loans to Contracted Bank	175
Reversal from Loan Loss Reserves	285,028
Non-Operating Revenue	4
Total	472,811
Expenses	
Item	Amount
<Current Expenses>	307,764
Financial Assistance Expenses	53,001
Loss on Sales of Purchased Assets	51,580
Administrative Expenses for Purchased Assets	476
Cost of Commissioning Management and Collection Business	421
Cost of Commissioning Financial Assistance Business	521
Compensation for Losses to Contracted Bank	28,347
General Administrative Expenses	682
Transfer to Loan Loss Reserves	213,232
Non-Operating Expenses	12,500
Interest on Borrowings	78
Interest on Bonds	10,122
Administrative Expenses for Bonds	34
Amortization of Bond Issuing Cost	1,853
Amortization of Discount on Bonds	411
<Extraordinary Expenses>	
Loss from Retirement of Fixed Assets	0
<Current Profit>	165,046
Total	472,811

Notes: 1. Current profit of ¥165,046 million is used to decrease loss brought forward from the previous fiscal year, pursuant to the provision of Article 24, Paragraph 2 of the Financial Revitalization Law Reinforcement Regulations.

2. All figures are rounded down to the nearest ¥million.

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 using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:

Tangible fixed assets: ¥8 million

3. Appropriation Criteria for Reserves

(1) Loan Loss Reserves

For debtors who have succumbed to business failure or effective business failure, and those 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 the debtors' financial status and business performance are reduced from the amount of the claim, 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.

(2) 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: tax inclusive method

(2) Accounting Method for Deferred Assets

1) Bond Issuing Cost: equal depreciation over three years

2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption

(3) Accounting criteria for revenue and expenses: accrual method



(4) Early Strengthening Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	387,989
Cash and Deposits	103
Securities	387,263
Suspense Payments	126
Accrued Income	497
Accounts Receivable	0
<Fixed Assets>	4,557,497
Tangible Fixed Assets	4
Buildings	3
Tools/Equipment/Fixtures	0
Intangible Fixed Assets	0
Investment and Other Assets	4,557,493
Loans for Contracted Bank	4,557,492
Guarantee Money and Other Security Deposits	1
<Deferred Charge>	1,629
Cost of Issuing Bonds	917
Discount on Bonds	712
Total	4,947,117
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	1,800,791
DICJ Bonds (due for redemption within 1 year)	1,800,000
Accounts Payable	25
Accrued Expenses Payable	300
Advance Payments Received	465
<Fixed Liabilities>	2,800,781
DICJ Bonds	2,800,000
Long-Term Advance Payment Received	779
Reserves for Retirement Allowance	1
<<Liabilities Total>>	4,601,572
<Surplus>	345,544
Accumulated Fund	147,189
Current Profit	198,355
<<Capital Total>>	345,544
Total	4,947,117

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	222,786
Income from the Contracted Bank	199,901
Interest on Loans to Contracted Bank	22,880
Non-Operating Income	4
Total	222,786
Expenses	
Item	Amount
<Current Expenses>	24,430
General Administrative Expenses	67
Non-Operating Expenses	24,362
Interest on Borrowings	49
Interest on Bonds	20,249
Administrative Expenses for Borrowings	0
Administrative Expenses for Bonds	1,560
Amortization of Bond Issuing Cost	1,979
Amortization of Discount on Bonds	524
<Extraordinary Expenses>	
Loss from Retirement of Fixed Assets	0
<Current Profit>	198,355
Total	222,786

Notes: 1. Current profit of ¥198,355 million is added to the accumulated fund for the next fiscal year, pursuant to the provisions of Article 8, Paragraph 1 of the Early Strengthening Law Enforcement Regulations.

2. All figures are rounded down to the nearest ¥million.

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 using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
Tangible fixed assets: ¥2 million
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: tax inclusive method
 - (2) Accounting Method for Deferred Assets
 - 1) Bond Issuing Cost: equal depreciation over three years
 - 2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption
 - (3) Accounting criteria for revenue and expenses: accrual method

(5) Jusen Account
Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	5,085
Cash and Deposits	79
Securities	4,994
Accrued Income	11
Accounts Receivable	0
<Fixed Assets>	2,313,321
Tangible Fixed Assets	55
Buildings	50
Tools/Equipment/Fixtures	4
Intangible Fixed Assets	1
Investment and Other Assets	2,313,264
Assets Relating to Financial Stabilization Fund	909,060
Shares of Affiliated Companies	200,000
Guarantee Money and Other Security Deposits per contra on Loan Guarantees	100 1,204,104
Total	2,318,407
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	287,382
Accounts Payable	287,364
Advance Payments Received	17
<Fixed Liabilities>	1,304,271
Reserves for Retirement Allowance	10
Repayable Payments Received from Bank of Japan	100,000
Charges against Assets Allotted in Operation	157
Loan Guarantees	1,204,104
<Statutory Reserves>	
Financial Stabilization Fund	1,009,060
Counterpart of Private-Sector Contributions	1,007,000
Counterpart of Operating Income	2,060
<<Liabilities Total>>	2,600,714
<Capital>	
Government Capital	5,000
<Deficit>	(287,307)
Deficit Brought Forward	(224,539)
Current Deficit	(62,767)
<<Capital Total>>	(282,307)
Total	2,318,407

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	32,382
Income from Investment	
Income from Investment of Financial Stabilization Fund	16,039
Income from Special Operations Contributions	228
Reversal from Financial Stabilization Fund	16,007
Non-Operating Income	88
Reversal from Charge Against Assets Allotted in Operation	18
<Current Deficit>	62,767
Total	95,150
Expenses	
Item	Amount
<Current Expenses>	95,150
Grant for Claim Resolution Company	
Operation Promotion Grant	78,787
General Administrative Expenses	322
Transfer to Financial Stabilization Fund	16,039
<Extraordinary Expenses>	
Loss from Retirement of Fixed Assets	0
Total	95,150

- Notes: 1. Current deficit of ¥62,767 million is carried forward to the next fiscal year, pursuant to the provisions of Article 5, Paragraph 2, of the *Jusen* Law Enforcement Regulations.
2. All figures are rounded down to the nearest ¥million.

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 using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
Tangible fixed assets: ¥46 million
3. Appropriation Criteria for Reserves
 - (1) 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.
 - (2) Financial Stabilization Fund
Contributions made by financial institutions which were investors or creditors of *Jusen* companies and interest income, etc., accrued by the operation of such contributions are accounted for pursuant to the provisions of Article 9, Paragraph 1, and Article 9, Paragraph 2, of the *Jusen* Law, respectively, for investment in the claim resolution company and for the provision of grants for such companies for the smooth implementation of their business.
4. Other Important Matters Relating to Preparation of Financial Statements
 - (1) Accounting method for consumption tax: tax inclusive method
 - (2) Accounting criteria for revenue and expenses: accrual method

(6) Industrial Revitalization Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	16
Cash and Deposits	16
Accounts Receivable	0
<Fixed Assets>	
Shares of the Industrial Revitalization Corporation of Japan	49,757
Total	49,773
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	
Accounts Payable	0
<Fixed Liabilities>	49,787
Payments Received from Financial Institutions	49,787
Reserves for Retirement Allowance	0
<<Liabilities Total>>	49,787
<Deficit>	(13)
Deficit Brought Forward	(9)
Current Deficit	(4)
<<Capital Total>>	(13)
Total	49,773

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Deficit>	4
Total	4
Expenses	
Item	Amount
<Current Expenses>	
General Administrative Expenses	4
Total	4

Notes: 1. Current deficit of ¥4 million is carried forward to the next fiscal year, pursuant to Article 3, Paragraph 2 of the directive concerning the exceptional provisions on DICJ § operations, specified in the Chapter 8 of the Industrial Revitalization Corporation Law.

2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters

1. 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.

2. Other Important Matters Relating to Preparation of Financial Statements

(1) Accounting method for consumption tax: tax inclusive method

(2) Accounting criteria for revenue and expenses: accrual method

(7) Financial Function Strengthening Account

Balance Sheet (as of March 31, 2006)

(Unit: ¥ million)

Assets	
Item	Amount
<Current Assets>	258
Cash and Deposits	58
Securities	199
Accrued Income	0
Account Receivable	0
<Fixed Assets>	6,000
Tangible Fixed Assets	0
Buildings	0
Tools/Equipment/Fixtures	0
Investment and Other Assets	6,000
Loans to Contracted Bank	6,000
Guarantee Money and Other Security Deposits	0
Total	6,259
Liabilities and Capital Accounts	
Item	Amount
<Current Liabilities>	6,001
Short-Term Loans	6,000
Accounts Payable	0
Accrued Expenses Payable	0
<Fixed Liabilities>	
Reserves for Retirement Allowance	0
<<Liabilities Total>>	6,001
<Surplus>	257
Accumulated Fund	55
Current Profit	201
<<Capital Total>>	257
Total	6,259

Note: All figures are rounded down to the nearest ¥ million.

Profit and Loss Statement (April 1, 2005 to March 31, 2006)

(Unit: ¥ million)

Revenue	
Item	Amount
<Current Revenue>	231
Income from Payment by Contracted Bank	230
Interest on Loans to Contracted Bank	0
Non-Operating Income	0
Total	231
Expenses	
Item	Amount
<Current Expenses>	29
General Administrative Expenses	29
Non-Operating Expenses	
Interest on Borrowings	0
<Current Profit>	201
Total	231

Notes: 1. Current profit of ¥201 million for this fiscal year is added to the accumulated fund, pursuant to Article 4, paragraph 1 of the decision which specifies DICJ's operations for strengthening of financial function.

2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters

1. Depreciation Method for Fixed Assets

Fixed installment method using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:

Tangible fixed assets: ¥28,000

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 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: tax inclusive method

(2) Accounting criteria for revenue and expenses: accrual method

3. Statistical Tables

**Table1. Income and Expenditure
(General Account)**

(Unit: ¥ million)

Fiscal Year	Income			Expenditure	Net Earnings	Deposit Insurance Fund (Ending on March 31)
	Insurance Premiums	Paid into Special Operations Fund	Total (including others)			
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)

Notes: 1. Figures for FY1996, except for inter-account transfers, are the total for the general account, the special account for general financial institutions and the special account for credit cooperatives.

2. Figures for FY1997 to FY2002, except for inter-account transfers, are the total for the general account and the special operations account.

3. All figures are rounded down to the nearest ¥million.

Table 2. Insured Deposits and Deposit Insurance Fund

(Unit: ¥ billion,%)

Fiscal Year (ending on March 31)	Deposits of Insured Financial Institutions			Deposit Insurance Fund	
	Total (A)	Insured (B)	Percentage of Insured Deposits (B/A)	Amount	Ratio of Deposit Insurance Fund to Insured 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)	-

Notes: 1. Total deposits include installment savings, money in trust, foreign currency deposits, and negotiable certificates of deposit.

2. Insured deposits exclude deposits, etc. under Article 3 and Article 3-2 of the Deposit Insurance Law Enforcement Regulations (in FY2003, the specific settlement debts based on Article 69-2 of the Deposit Insurance Law are added to this amount). From FY2001, insurance premiums are calculated from average balance of deposits.

3. Concerning the balance of deposits of insured financial institutions, the amount stated in the premium statements which were submitted at the time of the first payment is stated. The balance of deposits based on which the premium is calculated has been shifted from that at the end of term basis to the average balance basis since FY2001.

4. Amounts for the Deposit Insurance Fund for FY1996 show the total amount for the general account, the special account for general financial institutions and the special account for credit cooperatives.

5. Amounts for the Deposit Insurance Fund for FY1997 to FY2002 is the total for the general account and the special operations account.

Table 3. Insured Deposits by Sector of Financial Institutions

(Unit: ¥ billion)

Fiscal year (ending on March 31)	Total	Banks						Shinkin Banks	Credit Cooperatives	Labor Banks	Federations
		Banks total	City Banks	Regional Banks	Regional Banks II*	Trust Banks	Long-Term Credit Banks**				
1971	72,253.0	60,775.0	29,188.7	15,582.0	7,228.8	7,511.6	1,263.7	9,160.6	2,317.2	-	-
1972	90,863.5	76,404.5	36,165.2	19,788.1	9,245.9	9,489.0	1,716.1	11,602.9	2,856.0	-	-
1973	104,186.7	86,505.0	39,037.6	23,497.1	11,280.6	10,760.8	1,928.7	14,195.5	3,486.1	-	-
1974	116,631.5	96,133.4	42,209.5	26,536.8	13,019.3	12,312.3	2,055.3	16,346.8	4,151.2	-	-
1975	136,197.8	112,259.6	49,227.5	30,983.9	15,088.6	14,465.9	2,493.5	19,008.0	4,930.1	-	-
1976	153,636.2	126,426.3	54,967.5	34,935.7	16,881.8	16,887.3	2,753.8	21,639.4	5,570.4	-	-
1977	172,002.1	141,872.3	61,697.8	39,221.4	18,945.1	19,158.3	2,849.5	23,944.0	6,185.7	-	-
1978	192,942.1	158,926.8	68,034.6	44,717.0	21,614.9	21,616.3	2,943.7	27,083.7	6,931.5	-	-
1979	209,822.2	171,728.2	71,684.6	49,556.1	23,851.8	23,544.9	3,090.7	30,371.6	7,722.3	-	-
1980	227,184.8	185,572.7	77,550.1	53,474.3	25,761.9	25,497.9	3,288.4	33,162.8	8,449.2	-	-
1981	251,345.8	205,435.2	85,876.8	59,497.7	28,471.2	28,085.0	3,504.3	36,603.6	9,307.0	-	-
1982	270,301.4	220,683.3	90,962.9	64,099.1	30,573.2	31,417.5	3,630.5	39,491.0	10,127.0	-	-
1983	290,402.5	237,449.3	98,093.4	68,333.0	32,444.7	34,761.6	3,816.4	42,074.7	10,878.4	-	-
1984	315,927.8	258,664.2	107,585.0	76,232.6	33,195.1	37,522.8	4,128.4	45,606.9	11,656.6	-	-
1985	339,108.6	273,540.2	117,048.6	79,947.6	34,460.5	37,963.7	4,119.6	48,412.1	12,372.2	4,784.0	-
1986	366,709.3	296,482.7	128,829.3	86,621.8	37,045.2	39,813.6	4,172.6	51,909.3	13,187.8	5,129.4	-
1987	404,748.5	327,984.1	145,975.0	95,995.9	40,019.0	41,304.2	4,689.8	56,738.4	14,551.4	5,474.5	-
1988	446,396.8	361,564.3	158,959.8	107,207.4	44,179.1	46,063.8	5,154.0	62,574.5	16,349.4	5,908.5	-
1989	501,597.7	405,035.5	180,209.3	120,168.4	47,904.3	50,384.1	6,369.1	70,972.5	19,172.4	6,417.1	-
1990	526,686.0	421,729.6	184,899.5	125,264.3	50,722.6	55,185.0	5,657.9	76,734.8	21,307.2	6,914.2	-
1991	526,242.7	417,522.6	175,188.3	129,149.0	51,681.5	57,126.2	4,377.6	79,876.1	21,473.7	7,370.2	-
1992	531,607.0	418,975.4	169,169.0	133,250.4	52,707.7	59,378.9	4,469.1	82,933.0	21,854.2	7,844.3	-
1993	541,444.8	424,776.0	169,657.0	137,050.6	53,879.5	59,841.5	4,347.2	85,735.4	22,588.5	8,344.8	-
1994	555,711.2	434,071.2	172,413.8	142,630.5	55,794.6	58,628.8	4,540.3	89,632.1	23,158.3	8,849.4	-
1995	550,600.5	428,676.3	170,717.2	144,615.1	55,864.0	52,825.0	4,547.5	91,224.1	21,512.7	9,187.3	-
1996	551,270.8	428,206.9	168,766.4	147,132.3	55,817.9	51,923.5	4,566.7	92,552.2	20,976.2	9,535.3	-
1997	556,393.5	432,488.4	172,244.4	150,615.2	55,549.1	49,482.5	4,587.8	93,725.7	20,098.7	10,080.5	-
1998	572,729.9	446,811.9	178,508.3	154,772.0	58,990.5	49,445.4	5,090.1	96,118.6	19,267.4	10,531.9	-
1999	575,717.4	448,926.7	181,490.1	160,421.9	53,932.7	48,496.1	4,582.5	97,371.8	18,440.3	10,978.4	-
2000	611,512.7	479,229.2	193,100.6	174,359.8	55,917.7	48,794.2	7,016.7	102,201.5	17,853.9	11,709.6	518.5
2001	609,374.8	478,098.3	200,167.1	173,500.6	55,325.8	45,994.1	2,993.5	101,747.7	16,599.3	12,303.8	625.6
2002	622,556.3	493,256.5	216,243.7	176,510.1	52,708.5	43,587.8	3,908.4	100,918.5	14,562.8	13,088.7	729.5
2003	627,257.9	494,460.9	220,185.7	173,472.8	53,875.5	42,053.6	4,318.5	103,442.0	15,015.6	13,527.2	811.9
2004	634,504.6	498,979.2	224,233.5	177,158.8	52,179.7	40,145.5	-	105,328.6	15,399.3	13,899.4	897.9
2005	643,507.7	505,949.5	229,128.6	179,096.6	52,829.0	38,610.6	-	107,099.2	15,769.0	14,151.8	538.1

* Regional Banks II are Member Banks of the Second Association of Regional Banks. Up to 1991, inclusive of Sogo Banks (mutual financing banks). Up to fiscal 1987, figures are for Sogo Banks only and from 2000, the Shinkin Central Bank and others were added.

** Long Term Credit Banks are included to Banks total from 2004.

- Payment should be made in the year following the year of calculation.

Table 4. Number of Insured Financial Institutions

Fiscal year (ending on March 31)	Banks						Shinkin Banks	Credit Cooperatives	Labor Banks	Federation	Total**
	Banks total	City Banks	Regional Banks	Regional Banks II*	Trust Banks	Long-Term Credit Banks					
1971	156	14	61	71	7	3	483	524	-	-	1,163
1972	159	14	63	72	7	3	484	508	-	-	1,151
1973	158	13	63	72	7	3	484	498	-	-	1,140
1974	158	13	63	72	7	3	476	492	-	-	1,126
1975	158	13	63	72	7	3	471	489	-	-	1,118
1976	157	13	63	71	7	3	469	488	-	-	1,114
1977	157	13	63	71	7	3	468	490	-	-	1,115
1978	157	13	63	71	7	3	466	486	-	-	1,109
1979	157	13	63	71	7	3	462	484	-	-	1,103
1980	157	13	63	71	7	3	461	476	-	-	1,094
1981	157	13	63	71	7	3	456	474	-	-	1,087
1982	157	13	63	71	7	3	456	469	-	-	1,082
1983	157	13	63	71	7	3	456	469	-	-	1,082
1984	156	13	64	69	7	3	456	462	-	-	1,074
1985	160	13	64	69	11	3	456	449	-	-	1,065
1986	164	13	64	68	16	3	455	447	47	-	1,113
1987	164	13	64	68	16	3	455	440	47	-	1,106
1988	164	13	64	68	16	3	455	419	47	-	1,085
1989	164	13	64	68	16	3	454	415	47	-	1,080
1990	163	12	64	68	16	3	451	408	47	-	1,069
1991	162	11	64	68	16	3	440	398	47	-	1,047
1992	160	11	64	66	16	3	435	394	47	-	1,036
1993	164	11	64	65	21	3	428	384	47	-	1,023
1994	167	11	64	65	23	3	421	374	47	-	1,009
1995	174	11	64	65	30	3	416	370	47	-	1,007
1996	176	10	64	65	33	3	410	364	47	-	997
1997	176	10	64	64	33	3	401	352	47	-	976
1998	173	9	64	61	34	3	396	323	41	-	933
1999	171	9	64	60	33	3	386	292	41	-	890
2000	167	9	64	57	31	3	372	281	40	3	863
2001	164	7	64	56	29	3	349	247	21	3	784
2002	158	7	64	53	27	2	326	191	21	3	699
2003	155	7	64	50	27	2	306	181	13	3	658
2004	154	7	64	48	27	1	298	175	13	3	643
2005	148	6	64	47	24	1	292	172	13	3	628

* Regional Banks II are Member Banks of the Second Association of Regional Banks. Up to 1991, inclusive of Sogo Banks (mutual financing banks). Up to fiscal 1987, figures are for Sogo Banks only.

** Financial institutions ordered to be placed under financial administrators are included.

(Annex 1) DICJ Round Table – Program and Participants

1. Program

■ March 13 (Monday), 2006

09:30-09:50 Opening Ceremony & Orientation
Opening address by Shunichi Nagata, Governor of DICJ

Session 1 “Smooth and Effective Resolution Method of Failed Financial Institutions under the Limited Coverage”

09:50-10:50 Keynote Presentation:
Mr. Tatsuya Kanai, Senior Counselor, Financial Reconstruction Dept., DICJ

11:05-13:15 Case Study (1) Resolutions under Limited Coverage “Experience in the U.S.”
Mr. Arthur J. Murton, Director, Division of Insurance and Research, Federal Deposit Insurance Corporation (FDIC)
Case Study (2) “Resolution of Financial Institutions in Korea”
Mr. Taewan Chung, Head, Office of International Affairs, Korea Deposit Insurance Corporation (KDIC)
Case Study (3) “Intervention and Failure Resolution Methods”
Ms. Michèle Bourque, Vice President, Canada Deposit Insurance Corporation (CDIC)

14:15-15:15 Special Presentation “Japan’s Economy: Long way to get rid of the long-term stagnation”
Mr. Kagehide Kaku, Adviser, Daiwa Institute of Research Ltd (Former Executive Director, Bank of Japan)

15:15-16:15 Comments:
Ms. Kausaliya Ravichandra, Deputy General Manager, Board and Policy Dept., Deposit Insurance and Credit Guarantee Corporation (DICGC)
Mr. Nhu Minh Nguyen, Deputy General Director, Deposit Insurance of Vietnam (DIV)
Ms. Bakhytgul Tuyakova, Senior Specialist, Problem Bank Resolution Dept., Kazakhstan Deposit Insurance Fund (KDIF)
Ms. Imelda S.Singzon, Executive Vice President, Division II, Philippine Deposit Insurance Corporation (PDIC)

16:30-17:30 Discussion and Wrap-up:
Moderator: Mr. Tatsuya Kanai, Senior Counselor, Financial Reconstruction Dept., DICJ

■ March 14 (Tuesday), 2006

Session 2 “Sustainable Framework of Funding for Financial Stability”

09:30-10:25 Keynote Presentation:
Mr. Nobusuke Tamaki, Senior Advisor, Treasury Dept., DICJ

10:40-13:00 Case Study (1) “Amended Federal Deposit Insurance Act and Keys to Secure Funding for Financial Stability”
Mr. Arthur J. Murton, Director, Division of Insurance and Research, Federal Deposit Insurance Corporation (FDIC)
Case Study (2) “Financial Reform and Securing Funds for Financial Stability – Taiwan Experience”
Mr. Johnson Chen, President, Central Deposit Insurance Corporation (CDIC-Taiwan)
Case Study (3) “CDIC’s Framework and Special Considerations for Funding in a Highly Concentrated Financial Sector”
Ms. Michèle Bourque, Vice President, Canada Deposit Insurance Corporation (CDIC)

13:45-14:45 Special Presentation “Policies for Financial System Stability and Public Fund Injection (Japan’s Experiences in the 20th Century)”
Mr. Yoshimasa Nishimura, Dean, Graduate School of Asia-Pacific Studies, Waseda University (Former Director General, Ministry of Finance)

14:45-15:40 Comments:
Ms. Tess Leung, Senior Manager, Banking Development Dept., Hong Kong Deposit Protection Board (HKDPB)
Mr. Jean Pierre Sabourin, Chief Executive Officer, Malaysia Deposit Insurance Corporation (MDIC)
Mr. Der Jiun Chia, Executive Director, Prudential Policy Dept., Monetary Authority of Singapore (MAS)

15:55-16:55 Discussion and Wrap-up:
Moderator: Mr. Nobusuke Tamaki, Senior Advisor, Treasury Dept., DICJ

16:55-17:00 Closing Remarks:
Mr. Akira Konishi, Executive Director, Planning and Coordination Dept., DICJ

2. Participants: (in alphabetical order of the name of country/region)

Speakers:

- Canada Deposit Insurance Corporation
Ms. Michèle Bourque, Vice President, Insurance and Risk Assessment
- Korea Deposit Insurance Corporation
Mr. Taewan Chung, Head, Office of International Affairs
- Central Deposit Insurance Corporation (Taiwan)
Mr. Johnson Chen, President, and three other participants
- Federal Deposit Insurance Corporation (USA)
Mr. Arthur J. Murton, Director, Division of Insurance and Research

Commentators:

- Hong Kong Deposit Protection Board
Ms. Tess Leung, Senior Manager, Banking Development Department
- Deposit Insurance and Credit Guarantee Corporation (India)
Ms. Kausaliya Ravichandra, Deputy General Manager, Board and Policy Department
- Kazakhstan Deposit Insurance Fund
Ms. Bakhytgul Tuyakova, Senior Specialist, Problem Bank Resolution Department
- Malaysia Deposit Insurance Corporation
Mr. Jean Pierre Sabourin, Chief Executive Officer, and two other participants
- Philippine Deposit Insurance Corporation
Ms. Imelda S. Singzon, Executive Vice President, and one other participant
- Bangko Sentral ng Pilipinas (Philippines)
Ms. Ma Corazon J. Guerrero, Managing Director, Supervision & Examination II
- Monetary Authority of Singapore
Mr. Der Jiun Chia, Executive Director, Prudential Policy Department, and one other participant
- Deposit Insurance of Vietnam
Mr. Nhu Minh Nguyen, Deputy General Director, and one other participant

Observers:

- Bangladesh Bank
Mr. Muhammad Mustafa, General Manager, Department of Offsite Supervision
 - The People's Bank of China
Ms. Ping Hu, Deposit Insurance Division, Financial Stability Department
Mr. Li Jian Guo, Chief Representative, Tokyo Representative Office
 - Indonesia Deposit Insurance Corporation
Mr. Noor Cahyo Soeharto, Director, Claim and Banking Resolution, and two other participants
 - Bank of Mongolia
Ms. Luvsandorj Chimgee, Director, Supervision Department
 - Bank of Thailand
Ms. Ruchukorn Siriyodhin, Director, Project Management Office, and one other participant
- (Total of 16 organizations / 29 participants)



(Annex 2) International Association of Deposit Insurers (IADI) List of Participants

(As of October 31, 2006)

I. Member Organizations (Deposit insurers: 45 organizations from 44 countries/regions)	
Asia	1) Japan: Deposit Insurance Corporation of Japan 2) Taiwan: Central Deposit Insurance Corporation 3) India: Deposit Insurance and Credit Guarantee Corporation 4) Vietnam: Deposit Insurance of Vietnam 5) Hong Kong: Hong Kong Deposit Protection Board 6) Indonesia: Indonesia Deposit Insurance Corporation 7) Kazakhstan: Kazakhstan Deposit Insurance Fund 8) Korea: Korea Deposit Insurance Corporation 9) Malaysia: Malaysia Deposit Insurance Corporation 10) Philippines: Philippine Deposit Insurance Corporation 11) Singapore: Singapore Deposit Insurance Corporation 12) Bangladesh: Bangladesh Bank
North America	13) Canada: Autorité des marchés financiers (Québec) 14) Canada: Canada Deposit Insurance Corporation 15) United States: Federal Deposit Insurance Corporation
Central and South America	16) Trinidad and Tobago: Deposit Insurance Corporation 17) Bahamas: Deposit Insurance Corporation, Central Bank of the Bahamas 18) Venezuela: Fondo de Garantía de Depósitos y Protección Bancaria 19) Colombia: Fondo de Garantías de Instituciones Financieras 20) Peru: Fondo de Seguro de Depósitos 21) Brazil: Fundo Garantidor de Créditos 22) El Salvador: Instituto de Garantía de Depósitos 23) Mexico: Instituto para la Protección al Ahorro Bancario 24) Jamaica: Jamaica Deposit Insurance Corporation 25) Nicaragua: Nicaraguan Deposit Insurance Fund 26) Argentina: Seguro de Depósitos Sociedad Anónima
Europe	27) Albania: Albanian Deposit Insurance Agency 28) Bulgaria: Bulgarian Deposit Insurance Fund 29) Romania: Deposit Guarantee Fund in the Banking System 30) Russia: Deposit Insurance Agency 31) Bosnia and Herzegovina: Deposit Insurance Agency of Bosnia and Herzegovina 32) Czech: Deposit Insurance Fund Czech Republic 33) France: Fonds de Garantie des Dépôts 34) Hungary: National Deposit Insurance Fund of Hungary 35) Sweden: Swedish Deposit Guarantee Board 36) Ukraine: The Deposit Insurance Fund
Middle East and Africa	37) Morocco: Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts 38) Sudan: Bank Deposit Security Fund 39) Tanzania: Deposit Insurance Board of Tanzania 40) Zimbabwe: Deposit Protection Board 41) Kenya: Deposit Protection Fund Board 42) Lebanon: Institut National de Garantie des Dépôts 43) Jordan: Jordan Deposit Insurance Corporation 44) Nigeria: Nigeria Deposit Insurance Corporation 45) Turkey: Savings Deposit Insurance Fund

II. Associates (Entities that are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net: 6 entities from 6 countries)	
Asia	1) Philippines: Bangko Sentral ng Pilipinas 2) Mongolia: Bank of Mongolia 3) Thailand: Bank of Thailand 4) Singapore: Monetary Authority of Singapore
Europe and Africa	5) Algeria: Bank of Algeria 6) South Africa: The National Treasury
III. Observers (Interested parties such as professional firms: 4 entities from 3 countries)	
North America	1) BaringPoint LLC. (United States) 2) Deloitte & Touche (Canada) 3) Goodmans LLP (Canada) 4) KPMG (Australia)
IV. Partners (International organizations etc. : 7 organizations)	
(1) Asian Development Bank (2) European Bank for Reconstruction and Development (3) European Forum of Deposit Insurers (4) International Monetary Fund (5) The SEACEN Centre (6) The Toronto International Leadership Centre for Financial Sector Supervision (7) CEMLA (Centro de Estudios Migratorios Latinoamericanos)	

Number of IADI participants

Category	Number of countries/regions	Number of entities
Member	44	45
Associate	6	6
Observer	3	4
Partner	-	7
Total	*49	62

(*) Some of 49 are overlapped members with a mismatch in total.

(Reference: Standing and Regional Committees)

Standing Committees	Governance Committee Training and Conference Committee Research and Guidance Committee Membership and Communications Committee Finance and Planning Committee Audit Committee
Regional Committees	Asia Regional Committee Africa Regional Committee Caribbean Regional Committee Middle East / North Africa Regional Committee Eurasia Regional Committee Europe Regional Committee Balkan Regional Committee Latin America Regional Committee

For further information, comments or feedback on this publication,
please contact Office for International Affairs,
Deposit Insurance Corporation of Japan

Shin-Yurakucho Building, 9F
1-12-1 Yurakucho, Chiyoda-ku, Tokyo, 100-0006, Japan
TEL: +81-3-3212-6030, FAX: +81-3-3212-6085
E-mail: inter-info@dic.go.jp

For Annual Reports, press releases and the latest information,
Please visit <http://www.dic.go.jp/english/>

Printed in Japan
Not for Sale

