



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

2001

ANNUAL REPORT 2000

Government of Japan: Deposit Insurance Corporation

<https://elischolar.library.yale.edu/ypfs-documents/9411>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.

ANNUAL REPORT

2000 APRIL, 2000 - MARCH, 2001



DEPOSIT INSURANCE
CORPORATION OF JAPAN

ANNUAL REPORT

2000 April 2000 - March 2001

2000

DEPOSIT INSURANCE CORPORATION OF JAPAN

Introduction by Governor N. Matsuda

I am pleased once again to present this Annual Report on the activities of the Deposit Insurance Corporation (DIC) in fiscal 2000.

The DIC was founded in July 1971 with the purpose of managing Japan's deposit insurance system. It was funded by the Japanese government, the Bank of Japan, and the private financial institutions. With legal amendments (particularly those since 1996), the business operations, organization, and mechanisms of the DIC have expanded greatly. As a result, its activities have diversified into a wide range of complex operations. It mainly acts as a safety net for the protection of depositors, through such measures as financial assistance to enhance the resolution process of failed financial institutions. However, one may cite nowadays the following among its operations as important activities of the DIC of Japan.

- Operations as a financial administrator when resolving failures
- Work involved in making capital infusions to sound financial institutions.
- Guidance and support given to the Resolution and Collection Corporation (RCC, a DIC subsidiary) in its purchase and collection of non-performing loans
- The pursuit of liability on the part of devious debtors and the executives of failed financial institutions.

The DIC has always striven for fairness and transparency in its business operations, and has placed much emphasis on public relations and advertising to gain the support and understanding of the public. So far, we have attempted to provide accurate and timely information, as far as possible, on the deposit insurance system and the activities of the DIC. This includes the preparation and distribution of pamphlets and posters, and the launch of an Internet web site (<http://www.dic.go.jp>). The publication of this Annual Report is another example of such efforts.

In an attempt to enhance the composition and improve the content, this Report describes the work arising and processed in the course of fiscal 2000, our financial situation and capital procurement, the background to legal amendments, and the reorganization of the DIC, adding a new section on international operations.

We hope this Report will serve to increase public understanding and appreciation of our performance of the DIC's operations.

Looking to the future, fiscal 2002 will see a transition to limited coverage for deposit insurance. In preparation for this, our entire staff and organization will continue to strive under the motto "Collective Wisdom/Breakthrough with the cooperative efforts of various experts". By so doing, we feel, we will be able to fulfil our duty to protect depositors and aid the stability and recovery of our financial system in Japan.



DIC Governor Noboru Matsuda

July 2001

Noboru Matsuda

Governor

Deposit Insurance Corporation of Japan

Contents

I. OUTLINE OF OPERATIONS IN FY2000	1
1. Financial and Economic Trends.....	1
2. Failures of Financial Institutions.....	1
3. Resolution of Failures under the Financial Revitalization Law	1
4. Financial Assistance.....	6
5. Capital Infusion under the Early Strengthening Law.....	7
6. Record of Debt Recovery, Real Estate Management and Disposal, etc.....	8
7. Investigative Powers and Investigation Record	10
8. Pursuit of Liability	11
9. Funding	12
10. International Operations.....	12
II. FINANCIAL STATEMENTS.....	15
1. General Account	15
2. Special Operations Account.....	15
3. Financial Reconstruction Account	16
4. Early Strengthening Account.....	16
5. <i>Jusen</i> Account.....	17
III. OUTLINE OF AMENDMENTS TO THE DEPOSIT INSURANCE LAW AND OTHER LEGISLATION.....	18
1. Purpose of Amendments	18
2. Permanent Arrangements from April 2001 Onwards	18
3. Limited Term Arrangements.....	22
IV. OUTLINE OF ORGANIZATION	25
1. Establishment and Roles	25
2. Policy Board.....	26
3. Liability Investigation Committee	26
4. Purchase Price Examination Board.....	27
5. Operations of the Various Departments.....	27
6. Organizational Revisions	29
7. Resolution and Collection Corporation (RCC).....	29
V. APPENDICES	31
1. The Deposit Insurance System.....	31
(1) Outline	31
(2) Historical Developments of Deposit Insurance System.....	37
(3) Historical Developments of Special Arrangements Related to Contracted Bank and Company Disposing of <i>Jusen</i> Assets and Liabilities	39

(4)	The Financial Assistance Scheme (Fiscal 2000)	42
(5)	Capital Infusion Scheme Based on the Early Strengthening Law	43
(6)	System of Liability Pursuit	44
(7)	Relationship Between the DIC and the RCC Concerning Collection Operations	45
(8)	Scheme for Resolving Failures under the New Deposit Insurance Law	46
2.	Record of Operations in Fiscal 2000	47
(1)	Key Events in Fiscal 2000	47
(2)	Policy Board Meetings in Fiscal 2000	52
(3)	Cases of Financial Assistance	55
(4)	List of Capital Infusion Operations Pursuant to Early Strengthening Law, etc.	64
Table 1	List of Capital Infusion Operations Pursuant to the Early Strengthening Law	64
Table 2	List of Capital Infusion Operations Pursuant to the Financial Function Stabilization Law	66
(5)	Arrests, Accusations and Complaints	67
(6)	Pursuit of Civil Liability via Litigation and Arbitration	70
(7)	Collection Performance of the RCC	71
(8)	Outline of Funding of the DIC (Fiscal 2001)	72
Table 1	Outline of Funding for Each Account	72
Table 2	Balance of Raised Funds at End of Each Fiscal Year	74
(9)	Acceptance of Foreign Missions, etc., and Participation in International Conferences	74
3.	Financial Situation	77
Table 1	Statement of Profit and Loss for Fiscal 2000	77
Table 2	Balance Sheet and Statement of Profit and Loss	78
1)	General Account	78
2)	Special Operations Account	80
3)	Financial Reconstruction Account	83
4)	Early Strengthening Account	85
5)	<i>Jusen</i> Account	87
4.	Statistical Tables	89
Table 1.	Income and Expenditure	89
Table 2.	Insured Deposits and the Deposit Insurance Fund	90
Table 3.	Number of Insured Financial Institutions	91
Table 4.	Insured Deposits by Sector of Financial Institutions	92
5.	Organization	93
(1)	Policy Board Members and DIC Officials, etc.	93
(2)	Historical Changes in Approved DIC Staff Strength, by Position	95
(3)	Organization of Deposit Insurance Corporation of Japan	96

I. OUTLINE OF OPERATIONS IN FY2000

1. Financial and Economic Trends

The Japanese economy continued its gradual improvement in FY2000, as financial and fiscal policies started to take full effect. This brought a recovery in production and corporate earnings, with signs of an upturn in private-sector equipment investments and housing starts. Consumer spending, however, showed little change, with no notable improvement in employment and incomes. This is attributed to a broadening spread of personnel cuts and rationalization in the private sector. The slowdown in the US economy, moreover, made exports sluggish and production has been bearish from the second half of the year. The improvement in the Japanese economy has come to a pause.

On the financial side, meanwhile, as monetary easing measures by the Bank of Japan continue, the need for capital procurement in the market by the private sector is short, since cashflow levels have been boosted by the recovery in earnings. Therefore, the improvement in real economic activity still does not bring much increase in capital demand, and market interest rates remain at a low level. After abolishing its zero interest rate policy in August 2000, the Bank of Japan made successive cuts in the official discount rate in February and March 2001.

2. Failures of Financial Institutions

In FY2000, there were 14 failures of financial institutions. This was the first time in 4 years that the following year did not exceed the previous year in the number of failures (44 failures, the highest ever). In fact, the level was on a par with that of FY1997, when there were 17 failures.

According to the type of institution, 2 *shinkin* banks and 12 credit cooperatives failed in FY2000. There were no failures of banks, for the first time since FY1995.

Failures of financial institutions

(unit: cases)

	FY1991-1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000
Total	8	6	5	17	30	44	14
Banks	1 *	2	1	3	5	5	0
Shinkin banks	2	0	0	0	0	10	2
Credit cooperatives	5	4	4	14	25	29	12

* After the failure of the Toho Sogo Bank in FY1991, there were no further bank failures until FY1995.

3. Resolution of Failures under the Financial Revitalization Law

The main operations of the Deposit Insurance Corporation (DIC) under the Law concerning Emergency Measures for the Revitalization of the Financial System (“Financial Revitalization Law”) consist of the following areas: (1) management of failed financial institutions by financial administrators; (2) continuation of the business of failed financial institutions (the “public bridge banks” scheme); (3) special public management of failed or failing banks; and (4) purchase of assets from ordinary financial institutions, etc.

A summary of operations conducted in FY2000 under the Financial Revitalization Law is given below.

(1) Operations as a financial administrator

In FY2000, 26 financial institutions (all credit cooperatives) were ordered to be placed under the management of financial administrators in line with the Financial Revitalization Law. The DIC furnished opinions on the appointment of financial administrators by the Financial Reconstruction Commission (or, after January 2001, the Commissioner of the Financial Services Agency; the same applies below). The DIC was appointed as a financial administrator for 2 of these 26 institutions. Together with the other financial administrators, the DIC will manage the business of these administered financial institutions, including the execution of their operations and the management and disposal of their assets.

Of the financial institutions subject to public management orders in FY1999, the DIC was appointed as a financial administrator for 5 banks and 1 shinkin bank. In FY2000, the DIC continued to execute the operations of these administered financial institutions, the management and disposal of their assets, the selection of business transferees, the transfer of business, and other work, together with the other financial administrators.

Below is a summary of failure resolution in FY2000 involving financial institutions for which the DIC now acts as a financial administrator.

- Kokumin Bank (Order for public management dated April 11th, 1999)
Aug. 14th, 2000 Business transferred to the Yachiyo Bank

- Kofuku Bank (Order for public management dated May 22nd, 1999)
May 18th, 2000 Basic Agreement on Business Transfer signed with the US investment fund "Asia Recovery Fund"

Oct. 6th, 2000 Business Transfer Agreement signed with Kansai Sawayaka Co., Ltd., a company set up by the Fund as an acquiring institution (name later changed to the Kansai Sawayaka Bank on acquisition of banking license)

Feb. 26th, 2001 Business transferred to the Kansai Sawayaka Bank

- Tokyo Sowa Bank (Order for public management dated June 12th, 1999)
June 27th, 2000 Basic Agreement on Business Transfer signed with the Asia Recovery Fund

Nov. 30th, 2000 Basic Agreement with the Asia Recovery Fund cancelled

Jan. 25th, 2001 Business Transfer Agreement signed with the major US investment fund "Lone Star"

June 11th, 2001 Business transferred to the Tokyo Star Bank, set up by Lone Star as an acquiring financial institution

- Namihaya Bank (Order for public management dated August 7th, 1999)
May 31st, 2000 Basic Agreement on Business Transfer signed with the Daiwa and Kinki Osaka Banks

July 28th, 2000 Business Transfer Agreement signed with the two banks

Feb. 13th, 2001 Business transferred to the two banks

- Niigata Chuo Bank (Order for public management dated October 2nd, 1999)
Sept. 29th, 2000 Basic Agreement on Business Transfer signed with the Taiko, Daishi, Hachijuni and Higashi-Nippon Banks
Oct. 31st, 2000 Basic Agreement on Business Transfer signed with the Gumma and Towa Banks
Dec. 21st, 2000 Business Transfer Agreement signed with the above 6 banks (except Towa Bank, dated Dec. 22nd)
May 14th, 2001 Business transferred (except Daishi Bank, dated May 9th)
- Nichinan Shinkin Bank (Order for public management dated November 19th, 1999)
Aug. 10th, 2000 Basic Agreement on Business Transfer signed with the Nango Shinkin Bank
Oct. 20th, 2000 Business Transfer Agreement signed with the Bank
Mar. 26th, 2001 Business transferred to the Bank
- Kansai Kogin Credit Cooperative (Order for public management dated Dec. 16th, 2000)
- Chogin Tokyo Credit Cooperative (Order for public management dated Dec. 29th, 2000)

(2) Operations involving banks under special public management

DIC's operations involving banks under special public management in line with the Financial Revitalization Law include the following: (1) the work associated with DIC's acquisition of shares of banks under special public management (notifications to former shareholders, requests to the Financial Reconstruction Commission for asset evaluation, compensation payment, etc.); (2) the appointment of executives nominated by the Financial Reconstruction Commission, and other related work; (3) the provision of financial assistance in line with the Deposit Insurance Law; (4) the provision of loans needed to execute the operations of banks under special public management, and (5) compensation for losses incurred when executing the operations of banks under special public management.

After the enactment of the Financial Revitalization Law, the Long-Term Credit Bank of Japan (now the Shinsei Bank) and the Nippon Credit Bank (now the Aozora Bank) were subject to failure resolution under special public management. The operations involved are outlined below.

a) Long-Term Credit Bank of Japan (LTCB)

Date	Details
Oct. 23rd, 1998	Decision to commence special public management and purchase shares (acquisition of shares by DIC) made by the Prime Minister.
Oct. 28th, 1998	Public announcement of Prime Minister's decision to commence special public management and purchase shares (DIC purchases shares on the announcement). DIC informs former shareholders and others of its acquisition of shares (announced in five national newspapers).
Nov. 4th, 1998	New executives appointed (7 directors and 3 auditors appointed after nomination by the Prime Minister).
Nov. 8th, 1998	Prime Minister requested to evaluate assets (i.e. whether suitable as holding assets).

Date	Details
Feb. 19th, 1999	Evaluation of assets by FRC (total assets ¥24.6 trillion, suitable assets ¥19.4 trillion, unsuitable assets ¥5 trillion, recovered assets ¥0.2 trillion).
March 30th, 1999	Compensation for acquired shares decided by Stock Price Evaluation Committee (estimated value: ¥0; net liabilities of ¥2.65 trillion on the above mentioned public announcement).
March 31st, 1999	Public announcement of decision concerning compensation for acquired shares by FRC. Information on method of share compensation payment, etc., announced in Official Gazette (i.e. no method stipulated as estimated value is ¥0).
Aug. 16th, 1999	1st stage of purchase of unsuitable LTCB assets using special financial assistance (purchase commissioned to RCC at a cost of ¥493.9 billion).
Sept. 28th, 1999	Memorandum on the Transfer of the LTCB signed by DIC, New LTCB Partners and LTCB.
Dec. 24th, 1999	Basic Agreement on the Transfer of the LTCB signed by DIC, New LTCB Partners and LTCB.
Feb. 9th, 2000	Final Agreement on the Transfer of the LTCB signed by DIC, New LTCB Partners and LTCB.
Feb. 28th, 2000	Compensation for losses (¥348.9 billion) and purchase of shares held by LTCB, etc. (purchase cost ¥1,370.2 billion). 2nd stage of purchase of unsuitable LTCB assets (purchase commissioned to RCC at a cost of ¥304.8 billion) and grants (¥3,239.1 billion) using special financial assistance.
Feb. 29th, 2000	Decision to end special public management of LTCB by FRC.
March 1st, 2000	Transfer of LTCB shares (2,417,075,000 shares at a cost of ¥1 billion) and purchase of shares held by LTCB (purchase of 1st stage of share sale at a cost of ¥174.6 billion).
March 30th, 2000	Purchase of shares held by LTCB (partial purchase of 2nd stage of share sale at a cost of ¥289.4 billion, non-listed shares ¥26.3 billion).
March 31st, 2000	Capital infusion to LTCB (¥240 billion of preferred stocks).
Jan. 5th, 2001	Change to amount of grant (final amount ¥3,235 billion), change to amount of compensation for losses (final amount ¥354.9 billion) based on balance sheet on final base date.

b) Nippon Credit Bank (NCB)

Date	Details
Dec. 13th, 1998	Decision to commence special public management and purchase shares (acquisition of shares by DIC) made by the Prime Minister.
Dec. 17th, 1998	Public announcement of Prime Minister's decision to commence special public management and purchase shares (DIC purchases shares on announcement).
Dec. 18th, 1998	DIC informs former shareholders and others of its acquisition of shares (announced in five national newspapers). FRC requested to evaluate assets (i.e. whether suitable as holding assets).
Dec. 25th, 1998	New executives appointed (6 directors and 3 auditors appointed after nomination by FRC).
May 24th, 1999	Evaluation of assets by FRC (total assets ¥11.4 trillion, suitable assets ¥6.6 trillion, unsuitable assets ¥4 trillion, recovered assets ¥0.9 trillion).
June 14th, 1999	Compensation of acquired shares decided by Stock Price Evaluation Committee (estimated value: ¥0; net liabilities of ¥3.05 trillion on public announcement).

Date	Details
June 15th, 1999	Public announcement of decision on compensation of acquired shares by FRC. Information on method of share compensation payment, etc., announced in Official Gazette (i.e. no method stipulated as estimated value is ¥0).
Nov. 22nd, 1999	1st stage of purchase of unsuitable NCB assets using special financial assistance (purchase commissioned to RCC at a cost of ¥298.7 billion).
Feb. 24th, 2000	Memorandum on the Transfer of the NCB signed by DIC, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB.
June 6th, 2000	Basic Agreement on the Transfer of NCB signed by DIC, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB.
June 30th, 2000	Final Agreement on the Transfer of the NCB signed by DIC, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB.
July 26th, 2000	Decision to postpone transfer date by 1 month to Sept. 1st.
Aug. 28th, 2000	2nd stage of purchase of unsuitable NCB assets using special financial assistance (purchase commissioned to RCC at a cost of ¥82.4 billion).
Aug. 31st, 2000	Grant (¥3,149.7 billion), compensation for losses (¥93.1 billion) and purchase of shares held by NCB (purchase of 1st stage of share sale at a cost of ¥483.9 billion) via special financial assistance.
Sept. 1st, 2000	Purchase of shares held by NCB (purchase of 2nd stage of share sale at a cost of ¥165.7 billion). Decision to end special public management of NCB by FRC.
Oct. 3rd, 2000	Capital injection to NCB (¥260 billion of preferred stocks).
Feb. 7th, 2001	Change to amount of grant (final amount ¥3,141.1 billion), change to amount of compensation for losses (final amount ¥95.1 billion) based on balance sheet on final base date.

(3) Operations involving the purchase of assets from ordinary financial institutions and others under the Financial Revitalization Law

Article 53 of the Financial Revitalization Law provided for a system of emergency measures involving the purchase of assets from financial institutions, as a means of stabilizing and reviving Japan's financial functions. The system was given a limited period of efficacy until the end of March 2001. Following requests for purchases of assets from ordinary financial institutions, the DIC then made such purchases with the approval of the Financial Reconstruction Commission (or, for purchases from the 2nd half of FY2000, the Commissioner of the Financial Services Agency).

Subsequently, the system was included in an emergency economic package as a measure for resolving the non-performing loan problems of financial institutions. On this basis, following a partial amendment to the Financial Revitalization Law (promulgated and brought into effect on June 27th, 2001) the system was extended to the end of March 2004.

The record of asset purchases from ordinary financial institutions up to FY2000 is given below.

Record of Asset Purchase

(unit: ¥100 million)

	FY1999 / 1st Half			FY1999 / 2nd Half			FY1999 Total		
	No. of institutions	Principal of claims	Purchase price	No. of institutions	Principal of claims	Purchase price	No. of institutions	Principal of claims	Purchase price
City, long-term credit and trust banks	11	784	34	14	1,737	62	25	2,521	96
Regional banks	14	299	11	35	837	58	49	1,135	69
Members of 2nd Association of Regional Banks	6	150	5	17	371	17	23	521	23
Others	4	151	16	15	182	13	19	333	29
Total	35	1,384	67	81	3,126	150	116	4,510	217

	FY2000 / 1st Half			FY2000 / 2nd Half			FY2000 Total		
	No. of institutions	Principal of claims	Purchase price	No. of institutions	Principal of claims	Purchase price	No. of institutions	Principal of claims	Purchase price
City, long-term credit and trust banks	10	652	23	8	313	8	18	965	31
Regional banks	28	586	30	33	726	27	61	1,312	57
Members of 2nd Association of Regional Banks	17	196	7	17	2,453	22	34	2,649	29
Others	8	71	3	20	225	6	28	296	9
Total	63	1,505	63	78	3,717	63	141	5,222	126

	Cumulative Total		
	No. of institutions	Principal of claims	Purchase price
City, long-term credit and trust banks	43	3,486	127
Regional banks	110	2,447	126
Members of 2nd Association of Regional Banks	57	3,170	52
Others	47	629	38
Total	257	9,732	343

Notes

1. Principal of claims = loan principal + advanced payments.
2. Some totals may not tally as the individual amounts have been rounded off.

4. Financial Assistance

During FY2000, financial assistance was implemented in 20 cases (including 19 for which the financial assistance exceeded the anticipated cost of insurance payments to cover insurable contingencies affecting failed financial institutions, referred to below as the “pay-off cost”). Grants totaled ¥5,256.2 billion and asset purchases ¥850.1 billion. While the number of cases equaled the previous year’s record, grants reached the highest level ever, surpassing the previous year’s amount (¥4,636.7 billion) by around 10%. There were two main reasons for this. Firstly, financial assistance was implemented to resolve the failure of the Nippon Credit Bank (¥3,141.4 billion), placed under special public management in line with the Financial Revitalization Law. Secondly, financial assistance was concentrated in resolving failures of relatively large financial institutions subject to public

management orders (Kokumin Bank ¥183.7 billion, Namihaya Bank ¥652.6 billion, Kofuku Bank ¥494.1 billion), among others. Conversely, the purchase of assets from failed financial institutions (¥850.1 billion) was about 30% lower than in the previous year (¥1,304.4 billion), when major asset purchases were made from banks under special public management (the Long-Term Credit Bank of Japan and the Nippon Credit Bank).

In terms of the types of failure resolved by financial assistance in FY2000, 4 were banks, 10 were *shinkin* banks, and 6 were credit cooperatives. This means that, following the resolution of the Nippon Credit Bank, failure resolution for 2 banks placed under special public management in FY1998 is now complete (that of the Long-Term Credit Bank of Japan having been completed in FY1999). Resolution for 3 of the 5 banks subject to management orders in FY1999 was also completed. For *shinkin* banks, meanwhile, failure resolution has been completed for all cases of failure to date.

Trends in Performance of Financial Assistance

(unit: no. of cases, ¥100 million)

Fiscal Year	FY1991-1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000
Total	6	3	6	7	30	20	20
Banks	1	1	1	1	5	3	4
<i>Shinkin</i> banks	2	0	0	0	0	2	10
Credit cooperatives	3	2	5	6	25	15	6
Grants	1,084	6,008	13,159	1,518	26,849	46,367	52,562
Asset purchases	0	0	900	2,391	26,815	13,044 *	8,501*

* Asset purchases from the Nippon Credit Bank were divided into FY1999 (¥298.7 billion) and FY2000 (¥82.4 billion).

5. Capital Infusion under the Early Strengthening Law

The DIC is involved in the subscription of shares and other securities issued by financial institutions, etc., by commissioning the subscribing operation to the Resolution and Collection Corporation (RCC) in line with the Law concerning Emergency Measures for Early Strengthening of Financial Functions (“Early Strengthening Law”). As well as commissioning subscription to the RCC, the DIC undertakes various other operations. These include (a) lending the funds needed for the smooth execution of operations, such as funds required by 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 others by the RCC.

In FY2000, the Financial Reconstruction Commission (or, after January 2001, the Commissioner of the Financial Services Agency) approved applications for subscribing shares in 4 regional banks, jointly endorsed by the DIC and the RCC. The DIC then loaned the funds needed for subscribing the shares and others to the RCC, which in turn, based on its agreement with the DIC, subscribed shares and others amounting to a total of ¥127,025 million, as approved by the FRC.

The Financial Reconstruction Commission also approved an application for subscribing preferred stock from the Nippon Credit Bank, when special public management was terminated following the transfer of the Bank’s shares in September 2000. In October, based on this approval, the DIC loaned the funds needed for subscribing the preferred stock to the RCC, which in turn purchased preferred stock amounting to a total of ¥260,000.1 million.

As a result, preferred stock and other shares amounting to a total of ¥387,025.1 million were purchased in FY2000 (see Appendix 2 (4) Table 1: List of Capital Infusion under the Early Strengthening Law).

As well as the above, on November 21st, 2000 the DIC announced its “Tentative Guidance to deal with Proposals for Third-Party Sale of Preferred Stock Subscribed for Capital Infusion or to Repay Public Funds to Cancel the Stock”. This indicated a policy to deal with subscribed preferred stock and others appropriately, based on the principle of early settlement as required by law whenever no particular problem is found in view of (1) avoidance of public burden, (2) the stability of the financial system, and (3) the soundness of bank management.

Based on this policy, the DIC accepted the redemption of perpetual subordinated debentures (¥50 billion) of the Mitsubishi Trust and Banking Corporation that were subscribed in line with the former Law concerning Emergency Measures to Stabilize Financial Functions. It also accepted the redemption of the Bank’s perpetual subordinated debentures (¥100 billion) subscribed in line with the Early Strengthening Law. This was done in response to the proposals from the Bank and respective repayment for the redemption amounts ¥50,002 million and ¥101,807 million. The DIC also disposed of the bank’s preferred stock (¥200 billion), subscribed in line with the Early Strengthening Law, via sale to 8 companies, including Meiji Life Insurance, Tokio Marine & Fire Insurance, and Mitsubishi Corp., as arranged by the Bank (¥210.35 billion).

6. Record of Debt Recovery, Real Estate Management and Disposal, etc.

(1) Record of debt recovery, etc.

As special operations based on the Law Concerning Special Measures for Promotion of Disposal of Claims and Debts of Specific *Jusen* Companies (referred to below as “the *Jusen* Law”), the Deposit Insurance Law and the Financial Revitalization Law, the DIC provides guidance and advice needed to execute the operations of the Resolution and Collection Corporation (RCC). The aim of such operations is to support the recovery of non-performing loans transferred to the RCC from the now defunct *Jusen* companies (referred to below as “former *Jusen* Companies”), failed financial institutions, and others. The guidance and advice covers a wide range including pursuit of the civil and/or criminal liability of persons involved, as well as supporting recovery by uncovering hidden assets, making full use of the investigative powers entrusted to the DIC.

In FY2000, debts totaling ¥1,253.9 billion were recovered, including ¥317.2 billion for the Housing Loan Administration Corporation (HLAC, forerunner of the RCC) (cumulative total ¥2,297.8 billion since transfer) and ¥936.7 billion for the Resolution and Collection Bank (RCB, forerunner of the RCC) (including the commissioned recovery of Hanwa Bank debts and the purchase of assets from financial institutions under Article 53 of the Financial Revitalization Law; cumulative total ¥1,889.2 billion since transfer).

In addition, 25 accusations and complaints were initiated (cumulative total 174, including those by the DIC; see Appendix 2 (5): Accusations and Complaints, and (7) Record of Recovery by the Resolution and Collection Corporation).

Legal proceedings (including requests for arbitration) in exercise of the right to claim for damages were initiated in 22 cases, with total claims of ¥33.9 billion (cumulative total 55 cases and ¥85 billion, including those by the DIC).

Meanwhile, the DIC uncovered hidden assets worth ¥46.9 billion (cumulative total ¥408.1 billion since June 1996; see Appendix 2 (6): Pursuit of Civil Liability via Litigation and Arbitration).

(2) Record of real estate management and disposal, etc.

Ensuring the proper, efficient management and disposal of real estate purchased from failed financial institutions is extremely important in order to achieve the swift disposal of non-performing assets that RCC purchased. On this understanding, the DIC, together with the HLAC and the RCB, forerunners of the RCC, established the Tripartite Council of Real Estate Assets in October 1996. It was later renamed the Council of Real Estate Assets following the merger of the HLAC and the RCB in April 1999.

The DIC, in tandem with the RCC, is now pursuing correct disposal in accordance with fair and transparent rules, based on the findings of the Council. This includes providing guidance and advice on registration with the Real Estate Information Network System (REINS, the network system for the exchange of real estate information administered by the Organization for Real Estate Transactions, which is designated by the Minister for Land, Infrastructure and Transport) and listings of real estate sales information on Internet web sites. The DIC and the RCC are also promoting the sale of land for official or public use, and are strengthening links with the Urban Development Corporation and the Organization for Promoting Urban Development.

In FY2000, the RCC made 266 sales of real estate holdings worth a total of ¥26.1 billion (including assets previously owned by the Hanwa Bank and entrusted to the RCC). This brings the cumulative total to ¥146.4 billion for 1,433 sales to date (including those transferred to the HLAC and the RCB). In some cases, the DIC and the RCC apply a method of management and disposal whereby collective management of multiple assets is entrusted to trust banks, but the individual assets are sold off separately. The purpose in doing is to increase management efficiency while maximizing the amounts recovered.

In FY2000, the RCC sold 38 real estate holdings and mortgages worth a total of ¥7.4 billion as land for official or public use. This included 2 cases totaling ¥800 million sold to the Urban Development Corporation and the Organization for Promoting Urban Development. This brought the cumulative total of assets sold as land for official or public use, including those transferred to the HLAC and the RCB, to 166 cases worth a total of ¥50.1 billion.

Meanwhile, under the provisions of the Deposit Insurance Law and other legislation, the RCC also pursues the business liability of debtors concerning non-performing loans, as well as purchasing and recovering such loans from failed financial institutions. For this, it adopts the principle of directly recovering non-performing loans from the debtors themselves (including the disposal of mortgaged real estate). This differs from the method adopted by private-sector financial institutions when resolving non-performing loans, whose purpose is to sell such loans to the market and increase their earnings. Nevertheless, since one effective means of resolving non-performing loans is the selling of their portfolio, the RCC also uses the method of loan transfer when this is thought appropriate with a view to maximizing debt recovery. Studies on securitizing non-performing assets are still under way.

7. Investigative Powers and Investigation Record

The DIC makes strenuous efforts to uncover the hidden assets of debtors, by exercising the investigative powers entrusted in it by the Deposit Insurance Law and the Financial Revitalization Law. In FY2000, the DIC investigated 262 cases and uncovered hidden assets worth ¥46.9 billion in the process (taking the cumulative total since June 1996 to ¥408.1 billion).

The DIC's powers of investigation include penal provisions, and mainly cover investigations of financial institutions, on-site inspection of debtors and related premises, and questioning of debtors and related parties.

The tricks deployed to conceal assets are growing increasingly deliberate and sophisticated. Actual cases of concealment so far include (1) more than ¥120 billion in cash withdrawn from a financial institution just before its failure, concealed by transferring it to accounts in dummy companies' accounts and repeatedly changing them; (2) ¥1 billion in cash hidden in a safe deposit box under the name of one of the parties concerned after withdrawal of the cash from a bank account; (3) more than ¥4 billion invested in constructing a golf course; (4) nearly ¥15 billion worth of real estate and other assets placed in an overseas subsidiary; (5) the concealment of paintings and other art works worth nearly ¥3 billion; (6) a separate company created under the nominal presidency of a former employee, acting as a front for the hotel business that was the debtor's principal source of revenue; (7) surplus assets converted into dozens of deposit checks (¥800 million) and concealed in order to evade seizure; and (8) luxury condominiums and others purchased with capital concealed by drawing up false contracts when disposing of real estate. More recently, debtors have tried to camouflage funds by laundering them through several accounts held in the name of related companies, and to conceal assets by pretending that their real estate holdings had been acquired by third parties using these funds.

The DIC, through minute and rigorous investigation using the powers entrusted to it, exposes such increasingly sophisticated attempts by devious debtors to conceal their assets. This in turn provides powerful support for the recovery of non-performing loans by the RCC. In particular, attempts to recover non-collateral assets, considered especially difficult, depend largely on the DIC's investigations.

Results of Investigations (FY2000)

All investigations	On-site Inspections	(Hidden) assets confirmed
262	36	46.9 billion

Note: The DIC has three Special Task Forces for Investigation in each of the Special Operations Departments in Tokyo and Osaka. The system of asset investigation was further enhanced by the establishment of the Sapporo Branch Office on April 1st, 1999.

These Special Task Forces for Investigation 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 national tax administration and financial institutions but also including the police, health and welfare, labor and customs.

8. Pursuit of Liability

(1) Pursuit of criminal liability

In their pursuit of criminal liability, the DIC and RCC brought 29 accusations and complaints against 64 defendants in FY2000, taking the cumulative total since June 1996 to 174 (345 defendants).

In the pursuit of managerial liability for failed financial institutions, the DIC, as a financial administrator under the Financial Revitalization Law, brought an accusation of untrue entry in the original of an officially authenticated electromagnetic record against 6 former executives of the Tokyo Sowa Bank (May 2000), a complaint of breach of trust against 3 former executives of the Nichinan Shinkin Bank (Jan. 2001), and a complaint of special breach of trust against 2 former executives of the Niigata Chuo Bank (Feb. 2001). It also brought an accusation of breach of trust against 7 former executives of the Shonan Credit Cooperative, in cooperation with the RCC (June 2000).

The pursuit of criminal liability of debtors resulted in a number of accusations including (1) 11 cases of obstruction of an auction, (2) 6 cases of obstruction of execution, and (3) 5 cases of fraud. More specifically, in (1) there were particularly notable cases in which the fairness of official auctions was hindered by making false declarations to court executors; in (2), the concealment and deceptive transfer of assets in cases of obstruction of compulsory recovery; and in (3), the cancellation of a mortgage by making a fraudulent declaration to the mortgagee that the mortgaged asset is worth less than the actual sale price at the time of voluntary sale (known as “*nakanuki*” hollowed-out fraud). In one unique case, a firm that owed massive debts to a former *Jusen* company tried to conceal its assets by transferring some ¥6.5 billion of its deposits to a bogus bank account in an attempt to avoid loan recovery, and made about ¥500 million of illegal profits through *nakanuki* fraud.

(2) Pursuit of civil liability

The DIC’s pursuit of civil liability 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 DIC in its capacity as a financial administrator.

The record for pursuit of civil liability in FY2000 is as follows. Firstly, in the pursuit of managerial liability of former executives of failed financial institutions by the RCC, 17 cases of litigation were initiated for damage claims totaling ¥11.6 billion. These mainly involved breach of the duty of *bona fide* care or loyalty in managing loans. Apart from these, some cases were resolved by out-of-court settlement. The RCC pursued the liability of executives of credit cooperatives by negotiating out-of-court settlements, and reached settlements with 13 executives from 5 credit cooperatives (total amount of settlements: ¥210.28 million).

Acting as a financial administrator, the DIC also pursues the liability of former executives of financial institutions under public management. It initiated litigation for damages claims of ¥800 million against the former Fukutoku Bank of which the business was transferred to the Namihaya Bank, ¥200 million against the former Naniwa Bank (part of the Namihaya Bank), ¥2.1 billion against the Niigata Chuo Bank, and ¥300 million against the Nichinan Shinkin Bank, on the grounds that their directors committed a breach of duty of *bona fide* care and/or the duty of loyalty. It also initiated a claim for execution of liability for underwritten collateral with a claim of ¥18.9 billion against former directors of the Tokyo Sowa Bank.

These cases of litigation and arbitration brought the cumulative total of cases pursued by the DIC and the RCC to 55, with total claims of ¥85 billion.

9. Funding

For funding, the DIC is authorized to raise funds in the form of borrowing and/or bond issues up to the amount stipulated by government ordinances for the General Account, Crisis Management Account (set up in FY2001), Special Operations Account, Financial Reconstruction Account and Early Strengthening Account (*1). Since government guarantees can be legally given for all five of the above accounts, budgetary measures for government guarantees have been implemented for all of these accounts in FY2001.

As of the end of March 2001, funding totalled approximately ¥19.2 trillion (an increase of around ¥2.3 trillion from one year earlier). Borrowings accounted for approximately ¥17.4 trillion of this total (around ¥0.4 trillion from the Bank of Japan and ¥17 trillion from private financial institutions). From October 1999, ¥100 billion worth of DIC bonds (maturity: 4 years, government guaranteed) were issued every month in the Early Strengthening Account, taking the balance of issues at the end of March 2001 to ¥1.8 trillion (*2).

*1 The DIC is also authorized to borrow funds (including loan renewal) for the *Jusen* Account, up to the amount of capital subscription by the government.

*2 From FY2001, the DIC will be issuing 2-year bonds as well as 4-year bonds.

10. International Operations

(1) International trends in deposit insurance systems

Today, progress can be seen in the development of deposit insurance systems worldwide. This has partly been spurred by the occurrence of bank failures and financial instability due to the worldwide advance of financial deregulation and globalization. Another contributory factor is that Central and Eastern European and former Soviet states have been moving towards financial deregulation and privatization as part of their transition to market economies since the 1990's. A deposit insurance system was introduced in Japan in 1971. At the time, such systems only existed in a dozen or so countries around the world. Then they were adopted by about 20 countries in the 1980's and about 30 more in the 1990's. Now, deposit insurance systems are in place in nearly 80 countries.

In the Asia-Pacific region, the Asian currency crisis in 1997 triggered concern for the stability of financial systems and the protection of depositors, as well as an increasing awareness of deposit insurance systems. So far, some 8 countries in the region already have such systems. This is by no means a high diffusion rate compared to other regions. However, studies are now underway for introduction in Hong Kong, Indonesia, Thailand, Mongolia and other countries, and a rapid spread is anticipated in future (see Appendix 2 (9)-1) Deposit Insurance Organizations in Asia).

(2) Promoting international cooperation

1) Acceptance of missions from other countries, etc.

Reflecting this situation, there is now increasing interest (mainly from Asian countries) in Japan's deposit insurance system, resolution of failed financial institutions, and debt recovery. In FY2000, Japan received

missions from China, South Korea, Thailand, Russia, and elsewhere. The DIC, for its part, explained the actual situation of deposit insurance in Japan and efforts aimed at the stability of financial systems (see Appendix 2 (9)-2) Acceptance of Foreign Missions).



Mission from the People's Republic of China (April 3rd, 2001)

Furthermore, the resolution of bank failures and the problem of non-performing loans have become matters of great urgency in the Asia-Pacific region following the Asian currency crisis. In this respect, the DIC took part in the International Conference on Non-Performing Loans and the International Conference on Deposit Insurance Systems, both held in South Korea in November 2000. There, the DIC explained Japan's efforts over the past few years to the delegates from other countries, as well as exchanging information (see Appendix 2 (9)-3) Participation in International Conferences).

Pledges of mutual cooperation were also exchanged with the host organization, the Korea Asset Management Corporation. The main issues included were information exchanges on the resolution of bank failures and non-performing loans.

2) Promoting human exchanges with related organizations in other countries

The DIC is taking steps to promote human exchanges with foreign organizations, with a view to amassing knowhow on the appropriate operation of deposit insurance systems and the resolution of bank failures. In February and March 2001, trainees from the US Department of the Treasury were accepted for the first time, and took part in exchanges of information.

(3) Activities of the Working Group on Deposit Insurance of the Financial Stability Forum

In February 1999, the G7 countries launched a "Financial Stability Forum". Its aim was to stabilize international financial markets in the wake of the international monetary crises of 1997-98. Citing systems of deposit insurance as important elements in stabilizing financial systems, the Forum created a Working Group on Deposit Insurance in the spring of 2000. The Working Group consists of members from 12 countries (including the chair nation Canada, the USA, Japan, France, Germany, and Italy), as well as the IMF, the World Bank, and other organizations. It has set up 16 Subgroups (*) which meet frequently with the aim of drawing up international guidance on deposit insurance systems by the autumn of 2001 (see Appendix 2 (9)-4) List of Organizations Taking Part in the Financial Stability Forum Working Group on Deposit Insurance).

* The 16 Subgroups are: 1. Options for Addressing Moral Hazard, 2. Public-policy Objectives for Deposit Insurance Schemes, 3. Situational Analysis, Conditions and Implementation Considerations, 4. Special Considerations when Transitioning from Blanket Deposit Guarantees to Effective Limited-Coverage Deposit Insurance Systems, 5. Powers, 6. Structure and Organization, 7. Interrelationships among Safety-Net Players, 8. Membership, 9. Coverage Issues, 10. Funding, 11. Public Awareness, 12. Cross Border and Regional Issues, 13. Resolution of Failed Institutions, 14. Re-imbursing Depositors, 15. Claims and Recoveries, 16. Depositor Priority and Rights of Set-Off (Netting).

The guidance proposes a general method for the benefit of countries considering the adoption or the reform of an explicit, limited-coverage deposit insurance system. The DIC attends their meetings to contribute to the creation of these guidelines, following a request from the Financial Services Agency.

The DIC also attended the Asia Deposit Insurance Policy Seminar (a seminar for Asian countries, held to make full use of the venue of Working Group meetings) in Malaysia in January 2001. There, it outlined the deposit insurance system and explained new initiatives together with other Asian countries such as South Korea, Hong Kong, India, and Thailand, in an attempt to enhance the deposit insurance system in Asia.

II. FINANCIAL STATEMENTS

1. General Account

The General Account mainly handles financial assistance within the pay-off cost.

The Account's total income in FY2000 was ¥276.5 billion, including ¥275.9 billion in insurance premiums, ¥0.4 billion in contributions by financial institutions under management, etc., and ¥0.1 billion in refunded grants.

Total expenses, meanwhile, amounted to ¥1,427.1 billion, including ¥23.8 billion for general financial assistance (grants), ¥1,394.8 billion transferred to the Special Operations Account to cover the pay-off cost part of special financial assistance, and ¥4.6 billion as interest on borrowings.

As a result, the General Account recorded a loss of ¥1,150.5 billion in the current term. The deficit carried forward to the next fiscal year is ¥2,464.8 billion, including the deficit of ¥1,314.2 billion carried forward from the previous fiscal year.

At the end of FY2000, the balance of borrowing stood at ¥2,464.2 billion, of which ¥394.2 billion was from the Bank of Japan and ¥2,070 billion from private financial institutions, etc. (see Appendix 3: Financial Situation; the same applies to the other accounts below).

2. Special Operations Account

The Special Operations Account mainly handles special financial assistance exceeding the pay-off cost.

The Account's total income in FY2000 was ¥5,323.2 billion, including ¥206.9 billion in special insurance premiums, ¥2.5 billion from financial assistance operations, including interest on assets purchased from the former Hanwa Bank, ¥1,394.8 billion transferred from the General Account for special financial assistance, ¥3,640.6 billion received from the Special Operations Fund created through grants of government bonds, ¥17 billion in refunded grants, and ¥7 billion in loan interest from the Resolution and Collection Corporation (RCC).

Total expenses amounted to ¥5,421.4 billion, including ¥5,267.9 billion for special financial assistance, ¥82 billion to compensate for losses by special asset assignees, etc., ¥15.7 billion for transfers of refunded grants and others to the Special Operations Fund, ¥44.6 billion transferred to bad debt reserves, and ¥9.3 billion as interest on borrowings.

As a result, the Account recorded a loss of ¥98.2 billion in the current term. The deficit carried forward to the next fiscal year is ¥680.7 billion, including the deficit of ¥582.5 billion carried forward from the previous fiscal year.

At the end of FY2000, total borrowing stood at ¥3,491.5 billion, all of which was from private financial institutions, etc.

3. Financial Reconstruction Account

The Financial Reconstruction Account mainly handles the compensation for losses made by banks under special public management and the purchase of assets from ordinary financial institutions. The Account has also inherited assets and liabilities related to capital injections under the Law Concerning Emergency Measures for the Stabilization of the Functions of the Financial System (abolished on Oct. 23rd, 1998).

The Account's total income in FY2000 was ¥32.8 billion, consisting of ¥25.1 billion in revenues from shares and others acquired from the Long-Term Credit Bank of Japan and the Nippon Credit Bank, ¥1.5 billion from the Resolution and Collection Corporation (RCC) as income on assets acquired from ordinary financial institutions, and ¥4.9 billion as interest on loans to RCC for capital infusion.

Total expenses amounted to ¥219.3 billion, including ¥5.5 billion as the cost of asset purchases (such as the cost of commissioning the sale of acquired shares and the purchase of assets to RCC), ¥101.1 billion to compensate for losses incurred by the Long-Term Credit Bank of Japan and the Nippon Credit Bank, ¥44.5 billion to compensate RCC for losses incurred in FY1999 through capital infusion, ¥53.2 billion transferred to bad debt reserves, and ¥14.4 billion as interest on borrowings.

As a result, the Account recorded a loss of ¥186.5 billion in the current term. The deficit carried forward to the next fiscal year is ¥638.7 billion, including the deficit of ¥452.2 million carried forward from the previous fiscal year.

At the end of FY2000, the balance of borrowing stood at ¥5,118.3 billion, all from private financial institutions, etc.

4. Early Strengthening Account

The Early Strengthening Account mainly handles loans to the contracted bank (RCC) for such capital infusions in financial institutions as subscribing their shares.

The Account's total income in FY2000 was ¥58.9 billion, including ¥26 billion from the contracted bank as earnings from capital infusions in FY1999 and ¥32.8 billion as loan interest from the contracted bank.

Total expenses amounted to ¥34.4 billion, including ¥34.2 billion as interest on borrowings to fund loans to the contracted bank and interest on bonds.

As a result, the Account made a profit of ¥24.4 billion in the current term. The surplus carried forward to the next fiscal year is ¥24.3 billion, including the deficit of ¥100 million carried forward from the previous fiscal year.

At the end of FY2000, funding stood at ¥8,104.6 billion. This consisted of borrowings of ¥6,304.6 billion from private financial institutions, etc., and bond issues of ¥1,800 billion.

5. *Jusen* Account

The *Jusen* Account mainly handles subsidies, debt guarantees for borrowing, and the receipt of payments from the claim resolution company which manages, recovers and disposes of the loans and other assets transferred from former *Jusen* companies.

The DIC had decided to grant the sum of ¥44.2 billion as an operational subsidy to the claim resolution company (RCC). This is half of the secondary loss of ¥85.3 billion incurred in FY1999 by the company.

While the said subsidy is supposed to be covered by operating revenue from the investment of the Financial Stabilization Fund, the operating revenue in FY2000 was only ¥10.8 billion, and the same sum was thus granted as a subsidy.

The sum of ¥0.4 billion was paid by the RCC as profits from loan recovery, exceeding half of the loss over its original estimation at the asset transfer, and the DIC paid the same amount to the Treasury.

As a result, the Account recorded a loss of ¥33.4 billion in the current term. The deficit carried forward to the next fiscal year is ¥56.5 billion, including the deficit of ¥23 billion carried forward from the previous fiscal year.

III. OUTLINE OF AMENDMENTS TO THE DEPOSIT INSURANCE LAW AND OTHER LEGISLATION

1. Purpose of Amendments

To promote greater stability in Japan's financial system and the proper resolution of failed financial institutions in response to recent changes in the financial environment, the government sent a Bill to the Diet for partial amendment of the Deposit Insurance Law and other legislation. The Bill was based on a report by the Financial System Council dated December 21st, 1999 and an agreement by governing parties policymakers for a one-year extension to the special arrangement for the blanket guarantee of deposits, etc., on December 29th, 1999. Following its passage through the Diet, the Amendment was enacted on May 31st, 2000. Its main objective was to expand the scope of application of financial assistance to mergers and others involving failed financial institutions, and to create systems for management by financial administrators, business transfer of failed financial institutions, and arrangements to deal with financial crises.

This Amendment established necessary provisions for the deposit insurance system and the system for resolving failures of financial institutions from April 2001 onwards. Other arrangements included an increase in government bond issues and a one-year extension to the special arrangement for the blanket guarantee of deposits, etc. Meanwhile, subscribing of preferred stocks was to be approved, the aim being to consolidate the managerial basis of cooperative financial institutions as part of the groundwork for the end of the special arrangement. Finally, the Amendment also included a one-year extension to capital injections under the Early Strengthening Law.

2. Permanent Arrangements from April 2001 Onwards

(1) Partial Amendment to the Deposit Insurance Law

1) Expedition of Failure Resolution

(i) Preparation

Financial institutions are now obliged to prepare data on depositors needed for aggregating deposits held by the same person, as well as to establish a system for swift relay of the data to the DIC. They are also now obliged to submit materials with which the DIC may reach a swift determination of the amounts of deposits, etc., in the form of magnetic tape or the like, whenever the submission of such materials is requested by the DIC.

Moreover, the DIC may now conduct on-site inspections whenever the Commissioner of the Financial Services Agency deems this necessary in order to confirm, among others, action towards the preparation of databases and information systems by financial institutions.

(ii) Expedition and simplification of business transfer procedures

A system for provisional resolutions concerning business transfers, etc., as a special stipulation of the Commercial Code and the like as well as a court authorization system for subrogation to substitute for special resolutions have been introduced. A special arrangement concerning the procedures for convening general meetings of *shinkin* banks (and others) has also been introduced.

(iii) Special arrangements concerning procedures for creditor protection in cases of business transfer, etc.

A system for carrying out creditor protection procedures *ex post facto* in cases of business transfer, etc., has been introduced, together with special arrangements for change of trustee procedures when inheriting trust business. In cases of business transfer from financial institutions under public

management, special arrangements enabling such transfers have been introduced, together with secured claims without settlement of maximal hypothecation.

2) Diversification of Failure Resolution

(i) Financial administrators

A system of public administrators (financial administrators) has been introduced as a permanent measure to assume the operating rights of failed financial institutions. Specifically, the Commissioner of the Financial Services Agency may now issue orders for the management of business and assets by a financial administrator when 1) liabilities are deemed to exceed assets, 2) it is deemed possible that the repayment of deposits and others may be stopped, 3) the repayment of deposits and others have actually been stopped, or 4) it is deemed possible that liabilities may exceed assets, based on notification from a financial institution.

In fact, financial institutions are now obliged to give notification when 1) liabilities exceed assets or 2) it is possible that the repayment of deposits may be stopped.

Financial administrators, meanwhile, are required to take the necessary civil and criminal measures to clarify the extent to which executives or former executives of financial institutions under management are liable for the failure of those institutions.

Management by financial administrators is to end within one year of the management order (although extension by a further year is possible).

(ii) The bridge bank system

The bridge bank system has been introduced to deal with cases where no assuming financial institution is immediately forthcoming. The DIC is able to establish a bridge bank as its own subsidiary and to compensate for losses resulting from the operations of the bank, as well as lending the funds required for the smooth implementation of such operations and guaranteeing debts. Moreover, financial assistance from the bridge bank to an assuming financial institution is now also possible.

The term of existence of bridge banks is up to two years from the date of the order for public management to the first among the financial institutions under management, whose operations were assumed by the bank (although extension by a further year is possible).

(iii) Enlarging the scope of financial assistance

The scope of financial assistance has been broadened to include partial business transfer (including the transfer of insured deposits) in addition to transfer of the entire business. It now also includes additional financial assistance after business transfer or merger, as well as financial assistance to enable failed financial institutions to balance claims among creditors.

It is now also possible to subscribe preferred stocks or subordinated bonds/loans and make compensation for losses (loss sharing) to assuming financial institutions. Conversely, the DIC may now require such institutions to remit part of their profits if the operation has been profitable (profit sharing). Furthermore, business transfer from failed financial institutions to companies other than banks

or bank holding companies is now included in the scope of financial assistance to enhance the resolution process.

3) Financial Crisis Management

- (i) When an extremely serious threat is posed to the maintenance of the credit system in Japan or a region where financial institutions are conducting operations, it is now possible to set up a Council for Financial Crisis (chaired by the Prime Minister and consisting of the Chief Cabinet Secretary, the Minister of State for Finance, the Commissioner of the Financial Services Agency, the Minister of Finance, and the Governor of the Bank of Japan) within the Cabinet Office. Based on the Council's discussions, the Prime Minister is to make an official finding of the need to implement special arrangements in accordance with various categories of financial institution, as listed below.

The Prime Minister may also have the relevant Ministers and other heads of relevant bodies attend the Council for Financial Crisis on a temporary basis as members (limiting agenda items to be raised) when this is considered necessary.

Category of Financial Institution	Measures
a) All financial institutions except those in b)	Subscribing of shares, etc., by the DIC (capital injection) [Type 1 Measures]
An application for subscribing of shares, etc., by the DIC can only be made by financial institutions with official finding of the necessity to make this arrangement. Upon application, the financial institution submits a business improvement plan, and the Commissioner of the Financial Services Agency decides to make a capital injection. The Commissioner of the Financial Services Agency also requests progress reports on the execution of the plan, and makes these publicly known.	
b) Failed financial institutions or financial institutions with liabilities exceeding assets	Financial assistance exceeding the pay-off cost [Type 2 Measures]
An order for public management of a failed financial institution by a financial administrator is to be issued immediately after official finding of the necessity to make this arrangement.	
c) Failed banks, etc. with liabilities exceeding assets.	Acquisition of entire stock by the DIC (banks under special crisis management) [Type 3 Measures]
Upon official findings of the necessity to make this arrangement, the DIC decides to acquire the shares of the failed bank and then acquires those shares via announcement in the Official Gazette. The new directors and other officers of a bank under special crisis management, while managing the bank's operations, may now proceed with the necessary civil and criminal procedures to clarify the managerial liability of its former executives. Financial assistance exceeding the pay-off cost may be implemented for an assuming financial institution.	
This arrangement should be ended as soon as possible by transferring the business to an assuming financial institution, etc.	
(Note) Official finding of the necessity to make c) can only be made when a crisis situation cannot be avoided by measure b).	

- (ii) A Crisis Management Account has been set up to handle the work involved in managing financial crises. The government may also now provide guarantees for borrowing or bond issues needed for this work by the DIC.

- (iii) As a financial resource for special measures, financial institutions must now pay contributions on an *ex post facto* basis. When an extremely serious threat is posed to the maintenance of the credit system in Japan with contributions by financial institutions alone, the government may introduce fiscal measures.

(Note) Contributions from financial institutions are calculated from the balance of the entire debt at the end of the fiscal year in which the contributions are to be made.

4) Amendments to the Scope of Coverage by Deposit Insurance, etc.

- (i) Bank debentures (only when the rights holder can be confirmed by safe deposit agreement), government deposits, semigovernmental corporation deposits, and interest on deposits have been added to the scope of coverage (government deposits and semigovernmental corporation deposits are subject to Cabinet Orders to be issued).

(Note) The sum insured for each depositor is the principal up to the limit of insurance coverage plus interest on the principal. The insurance coverage remains at the same level as before (¥10 million, subject to Cabinet Order).

- (ii) The Federations of Cooperative Financial Institutions have been added to coverage by deposit insurance (since June 30th, 2000).
- (iii) It is now possible to purchase deposits and other claims not only for insurance reimbursement but also in cases of financial assistance.
- (iv) The basis for calculating insurance premiums has been changed from the balance of deposits insured at the end of the previous fiscal year to the average balance in the previous fiscal year (to be applied from FY2002).

(Note) It is now possible to introduce insurance premium rates which reflect the soundness of the respective financial institution.

5) Others

- (i) The DIC is now able to loan funds needed by failed financial institutions to enable them to repay deposits up to the sum insured and provide their own loans to prevent deterioration of asset value.
- (ii) New provisions covering report requests and on-site inspections have been introduced to ensure among others the smooth resolution of failed financial institutions.
- (iii) The system whereby the DIC entrusts the RCC with the functions of an assuming institution and asset purchases from failed financial institutions, previously a limited term arrangement, has been decided to continue for the duration.

(2) Partial Amendments to Other Laws

1) Partial Amendment to the Law concerning Special Procedures for Reorganizing Financial Institutions

- (i) Provisions have been established for special exceptions to the Civil Reconstruction Law (notification of the start of reconstruction procedures by the Financial Supervision Agency, the DIC's authority to act on behalf of depositors in reconstruction procedures, etc.).

- (ii) It is now possible to refund deposits, etc., up to the limit of insurance coverage after the start of reorganization or civil reconstruction proceedings.

2) Partial Amendment to the Trust Business Law

To protect the beneficiaries of assets held in trust, provisions on requirements for setting up against third parties have been established for registered corporate bonds and registered government bonds owned as trust assets by trust companies.

3) Partial Amendment to the *Shinkin* Bank Law, etc.

To diversify methods of resolving failures by cooperative financial institutions, it is now possible to apply reorganization proceedings under the Commercial Code to such institutions.

3. Limited Term Arrangements

(1) Partial Amendment to the Deposit Insurance Law

1) Extension of Special Arrangement to Protect the Entire Amount of Deposits, etc.

- (i) The applicable period of the special arrangement for financial assistance exceeding the pay-off cost and the special arrangement for the purchase of deposits and other claims, previously limited term arrangements, has been extended by one year to the end of March 2002.

- (Note)
- The period for special insurance premiums assessment has also been extended by one year, while the closure of the Special Operations Account has been postponed by one year to the end of March 2003.
 - To receive protection for the entire amount of deposits, etc., applications for financial assistance and other procedures must be completed by the end of March 2002.

- (ii) Deposits used for exchange transactions (“liquid deposits”) have been insured to cover the total of principal plus interest, limited only to insurable contingencies arising between April 1st, 2001 and March 31st, 2003 (excluding those to which special arrangements for financial assistance and special arrangements for the purchase of deposits and other claims are applicable).

- (iii) As a result, the scope of protected deposits, etc., is now as follows (see the following Table, “Schedule for Transition to Limited-Coverage Deposits Insurance”).

- a) Until the end of March 2002
Entire amount of deposits, etc., protected
- b) From April 2002 to the end of March 2003
 - i. Deposits, etc., within the scope of protection
 - Liquid deposits (current deposits, ordinary savings, miscellaneous deposits)
Entire amount protected
 - Other deposits, etc. (time deposits, installment savings, loan trusts, some bank debentures, etc.)

The scope of protection is up to a maximum principal of ¥10 million plus interest. For principal exceeding ¥10 million plus interest, insurance is payable in accordance with the asset situation of the failed financial institution in the procedure for liquidation of the said institution.

- ii Deposits, etc., outside the scope of protection (foreign currency deposits, negotiable certificates of deposit, money in trust under no guarantee of principal, deposits under another person's name, deposits under a fictitious name, etc.)

These are payable in accordance with the asset situation of the failed financial institution.

- c) From April 2003 onwards

Reverting to the principle, for deposits under b) i) above, the total of all insured deposits up to a maximum sum of ¥10 million of principal plus interest will be protected by insurance. Deposit principal exceeding ¥10 million plus interest under b) i), as well as that for deposits under b) ii), will be payable in accordance with the asset situation of the failed financial institution in the procedure for liquidation of the said institution.

Schedule for Transition to Limited-Coverage Deposits

		Until the end of March 2002 (*1)	April 2002 – end of March 2003	April 2003 onwards
Deposits, etc., within the scope of protection	Current deposits Ordinary savings Miscellaneous deposits	Entire amount protected	Total up to a maximum principal of ¥10 million plus interest (*2)	
	Other deposits, etc. (time deposits, installment savings, money in trust under the guarantee of principal (*3), bank debentures (*4))			
Deposits, etc., outside the scope of protection (foreign currency deposits, negotiable certificates of deposit, money in trust under no guarantee of principal (*3), bank debentures (other than of safe deposit instruments), etc.)			Insurance payable in accordance with asset situation of failed financial institution (may be subject to deductions)	

*1 By law, the special arrangement to protect the entire amount of deposits, etc., requires that an application for financial assistance to the DIC and other procedures be carried out by the end of March 2002.

*2 Deposit principal exceeding ¥10 million plus interest is payable as liquidated claims in accordance with the asset situation of the failed financial institution, and may therefore be subject to deductions.

*3 “Money in trust” is money that has been received through a trust agreement pertaining to money in trust (including loan trusts).

*4 Those for which the rights holder can be confirmed by safe deposit agreement

2) Increased issue of government bonds

Government bonds provided to the DIC were increased by ¥6 trillion, in addition to the ¥7 trillion previously provided.

3) DIC Purchase of Non-Performing Loans Owned by the Association of Credit Cooperatives and Others

The DIC may now purchase assets transferred to the Association of Credit Cooperatives and others associated with the resolution of failures prior to the enforcement of the deposit insurance system with blanket guarantees (under the special financial assistance scheme) in 1996.

The DIC may, by the end of March 2001, purchase the non-performing loans of failed credit cooperatives from the Association of Credit Cooperatives and others that acquired these loans in line with the financial assistance system before the Amendment to the Deposit Insurance Law in June 1996. The DIC may entrust the purchase of assets to the RCC. Additionally, the DIC may also compensate for the losses of the Association of Credit Cooperatives and others, within the limit of losses incurred by the sale of these loans.

(2) Partial Amendment to the Early Strengthening Law

The conditions for application of the Early Strengthening Law to cooperative financial institutions and others included within the scope of capital injection in line with the Law are to be reviewed. The applicable period is also to be extended by one year to the end of March 2002. Meanwhile, following a partial amendment to the Law Concerning Preferred Subscription to Cooperative Financial Institutions (Permanent Arrangement), individual credit cooperatives, *shinkin* banks, labor cooperatives, and other cooperative financial institutions may now issue preferred contributions, in addition to federations whose area of operation covers the whole of Japan.

IV. OUTLINE OF ORGANIZATION

1. Establishment and Roles

(1) Establishment

The DIC is a special juridical entity that was established in 1971 with the purpose of operating Japan's deposit insurance system, in line with the Deposit Insurance Law.

As the background to the DIC's establishment, in July 1970 the idea of a deposit insurance system was raised in a Financial System Council 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 this end. Based on this, the Deposit Insurance Law was enacted in March 1971 (coming into effect on April 1st of the same year). The DIC was then established on July 1st, 1971, with funding from the government, the Bank of Japan, and private financial institutions.

The DIC was originally capitalized at ¥450 million (with funding of ¥150 million each from the government, the Bank of Japan, and private financial institutions). However, the additional participation of labor cooperatives 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

The purpose of the Deposit Insurance Law is defined in Article 1 as "To protect depositors, among others, by reimbursing insured depositors and purchasing deposits and other claims as necessary when a financial institution has suspended repayments of deposits, etc., and moreover, concerning the resolution of failures of financial institutions, to establish a system of arrangements for appropriate financial assistance in mergers and other transactions involving failed financial institutions, public management by financial administrators, transfer of the business of failed financial institutions, and measures for management of financial crises, etc., thereby contributing to the maintenance of the credit system."

The DIC undertakes the following operations, among others, to achieve the objectives of this law: (1) Reimbursement of insured deposits and other monies; (2) Financial assistance in mergers and other transactions involving failed financial institutions; (3) Purchase of deposits and other claims; (4) Public management by Financial administrators or deputy financial administrators to manage the operations of failed financial institutions; (5) The work of managing the operations of bridge banks; (6) Subscription of shares, etc., financial assistance exceeding the pay-off cost, and other operations based on Type 1 measures concerning financial crisis management; (7) Loans to failed financial institutions of funds needed to repay deposits, etc., and to prevent a reduction in asset value, and purchase of assets owned by banks under special crisis management; (8) On-site inspections of financial institutions ordered by the Commissioner of the Financial Services Agency to confirm the proper payment of insurance premiums; (9) Asset investigation of debtors who may be hiding assets, as well as investigation and accusations in pursuit of managerial liability; (10) Guidance and advice to the Resolution and Collection Corporation (RCC) concerning resolution and recovery of non-performing loans.

2. Policy Board

The Policy Board functions as a decision-making body that passes resolutions on important matters regarding the management of the DIC. It consists of a maximum of 8 Board Members plus the Governor and Deputy Governors of the DIC. Board Members are appointed by the Governor of the DIC from persons with expert knowledge and experience in financial matters, with the approval of the Commissioner of the Financial Services Agency (mandated by the Prime Minister) and the Minister of Finance. At present, the Policy Board includes 5 representatives of the financial community (each Chairman of the Japanese Bankers' Association, the Regional Banks Association of Japan, the Trust Companies Association of Japan, the National Association of *Shinkin* Banks, and the National Association of Labor Banks) and 3 members from non-financial circles (Masamichi Narita, Auditor, Japan Tobacco, Inc., and former Chief Commentator of the NHK; Toshikatsu Fukuma, Vice-President, Mitsui & Co., Ltd.; and Naoyuki Yoshino, Professor of Economics, Keio University) (see Appendix 5. (1): Policy Board Members and DIC Officials, etc.).

According to the Articles of Incorporation, a resolution of the Policy Board is required, among others, for (1) amendments to the Articles of Incorporation, (2) preparation of and amendments to the Operational Guidelines, (3) budget and funding plans, (4) closing accounts, (5) decisions on and changes to insurance premium rates, (6) decisions on the reimbursement of deposit insurance and partial payments there of, (7) decisions on financial assistance, and (8) decisions on the purchase of deposits and other claims. In FY2000, the Board met on 17 occasions in all (see Appendix 2. (2): Policy Board Meetings in FY2000).



The Policy Board in session

3. Liability Investigation Committee

Under the Amendment to the Deposit Insurance Law in February 1998, the Governor of the DIC 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, a Liability Investigation Committee, chaired by the Governor of the DIC and with DIC officials as its members, was established in February of the same year. It is in charge of clarifying the civil and criminal liability of executives of failed financial institutions, former *Jusen* companies and others, debtors, etc., with a view to properly implementing criminal accusations, compensation claims, and other requisite measures. During FY2000, the Liability Investigation Committee met on 22 occasions and discussed important issues concerning the pursuit of liability.

The Liability Investigation Committee includes four special advisers, who furnish opinions on the above measures. The original advisers were Hisao Kamiya (former Prosecutor-General), Saburo Abe (former President of the Japan Federation of Bar Associations), Kozo Fujita (former Chief Justice of the Hiroshima High Court) and Koji Kunimatsu (former Commissioner-General of the National Police Agency). Following the resignation of Mr. Kunimatsu, Kenji Maeda (former Superintendent-General) took the position of special adviser in November 1999. Similarly, Shigeru Kobori (previously President of the Japan Federation of Bar Associations) was appointed as a special adviser in October 2000 following the resignation of Mr. Abe.

4. Purchase Price Examination Board

Under Article 53 of the Financial Revitalization Law, a system for the purchase of assets from financial institutions was introduced. The purchase price for such assets must be decided through appropriate procedures, taking account of the risk that these assets could become unrecoverable, the administrative cost required for the purchase and recovery of the assets, and other expenses. 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 DIC (Chairman: Yoshinori Fujimura; Deputy Chairman: Nobuo Nagaba; Member: Somitsu Takehara). Its purpose is to ensure the correct operation of the system for purchasing assets from ordinary financial institutions.

The Purchase Price Examination Board met on five occasions in FY1999 and twice in FY2000.

5. Operations of the Various Departments

(1) General Affairs Department

The General Affairs Department is in charge of overall coordination of the DIC's administrative work, convening Policy Board and other meetings, public relations, personnel affairs, organization, recruitment, budgets, closing accounts, accounting, international affairs, guidance and advice to the RCC, liaison with the RCC, and other administrative work not handled by other departments.

The Department consists of 4 divisions and 2 offices, namely the Personnel Management and Cooperative Services Division, the Planning Division, the 1st Budget and Accounting Division, the 2nd Budget and Accounting Division, the Public Relations Office, and the Legal Affairs Office.

(Note) As of 1st April, 2001, the Public Relations Office was reorganized as the PR and Information Disclosure Office and the Legal Affairs Office as the Office of Operations Management and Compliance.

(2) Financial Reconstruction Department

The Financial Reconstruction Department is in charge of work related to financial administrators, transfer of business of failed financial institutions, special public management of banks, asset purchases from and capital infusion to financial institutions, and other work.

The Department consists of 5 divisions, namely the Planning and Management Division, the Strengthening Operations Division, the Reconstruction Operations Division, the 1st Financial Reorganization Division, and the 2nd Financial Reorganization Division.

(3) Deposit Insurance Department

The Deposit Insurance Department is in charge of work related to the receipt of insurance premiums, reimbursement of deposit insurance and other payments, implementation of grants, asset purchases, and other financial assistance, purchase of deposits and other claims, funding for the various deposit insurance accounts, development and operation of information systems, on-site inspections, preparation of lists of depositors in line with the Law Concerning Exceptions to Reorganization and Bankruptcy Procedure for Financial Institutions (the “Special Corporate Reorganization Law”), and other work.

The Department consists of 6 divisions, namely the Planning and Research Division, the 1st Planning Division, the 2nd Planning Division, the Fund Planning Division, the Fund Operation Division and the Information Systems Division.

(Note) As of April 1st, 2001, the Inspection Division was added to the above.

(4) 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 regarding claims transferred to the RCC, collection commissioned by the RCC, the management, recovery and disposal of purchased assets, and other work.

The Department has 6 divisions and 1 branch office, namely the Policy Planning and Coordination Division, the Investigation and Recovery Division, the Special Task Force Division, the 1st Special Task Force for Investigation, the 2nd Special Task Force for Investigation, the 3rd Special Task Force for Investigation and the Sapporo Branch Office.

(5) Osaka Deposit Insurance Department

The Osaka Deposit Insurance Department is in charge of its own general affairs and accounting as well as those of the Osaka Special Investigation Department (together referred to as the “Osaka Headquarters”), and overall coordination of administrative work at the Osaka Headquarters. It also takes care of work related to the reimbursement of deposit insurance and other payments, financial assistance and the purchase of deposits and other claims, guidance and advice on the main operations of the RCC, overall coordination concerning the management, collection and disposal of purchased assets, and work related to financial administrators, when such work pertains to the Kansai region and further west.

The Office has 3 divisions and 2 offices, namely the Personnel Management and Cooperative Services Division, the Policy Planning and Coordination Office, the Financial Reorganization Office, the 1st Planning Division, and the 2nd Planning Division.

(Note) As of 1st April, 2001, the Personnel Management and Cooperative Services Division and the Policy Planning and Coordination Office were combined and reorganized as the Division of Cooperative Services, Policy Planning and Coordination.

(6) Osaka Special Investigation Department

The Osaka Special Investigation Department is in charge of investigating cases in pursuit of criminal and civil liability, guidance and advice to the RCC, investigating debtors regarding claims transferred to the RCC, collection commissioned by the RCC, the management, recovery and disposal of purchased assets, and other work (except when handled by the Policy Planning and Coordination Office of the Osaka Deposit Insurance Department), when such work pertains to the Kansai region and further west.

The Office consists of 5 divisions, namely the Investigation and Recovery Division, the Special Task Force Division, the 1st Special Task Force for Investigation, the 2nd Special Task Force for Investigation, and the 3rd Special Task Force for Investigation.

6. Organizational Revisions

Under present circumstances, there is an urgent need to prepare effective arrangements to achieve more expeditious and deliberate proceedings in the planning and coordinating of financial administrators, the daily management and control thereof, and in finding assuming institutions.

To this end, the Financial Reorganization Division of the Financial Reconstruction Department was renamed the 1st Financial Reorganization Division and a second Financial Reorganization Division was set up (divided off) as of April 1st, 2000.

Meanwhile, since the special public management of the Long-Term Credit Bank of Japan and Nippon Credit Bank ended in 2000, the 3rd Planning Division of the Deposit Insurance Department, which had been in charge of related operations, was closed down at the end of December 2000.

7. Resolution and Collection Corporation (RCC)

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

As of April 2001, the RCC had 33 officers (29 directors plus 4 auditors) and 2,406 employees. Its organization consists of a Head Office, 27 Branches, and 16 Offices. Its collection operations are handled by 8 Business Divisions as well as Special Collection Divisions in Tokyo and Osaka.

The main business of the RCC includes (1) recovery of loans transferred from 7 former *Jusen* companies, (2) purchase and collection of non-performing loans from failed financial institutions, (3) purchase and collection of non-performing loans from ordinary financial institutions and others in line with Article 53 of the Financial Revitalization Law, and (4) subscribing shares to fund capital injections under the Early Strengthening Law. As well as these, the RCC acquired a servicing license in June 1999 and now also acts as a servicer. On March 30th, 2001, meanwhile, following an Amendment to the Agricultural & Fishery Cooperative Savings Insurance Law, it

entered an Agreement on Collection Operations with the Agricultural & Fishery Co-operative Savings Insurance Corporation and became a Contracted Claim Collection Corporation on April 1st (see Appendix 1. (7): Relationship Between the DIC and the RCC Concerning Collection Operations, and 2. (7): Collection Performance of the RCC).

V. APPENDICES

1. The Deposit Insurance System

(1) Outline

1) Membership and Premiums

(i) Insured Financial Institutions

Financial institutions covered by the Deposit Insurance System include the following types of financial institutions with headquarters in Japan (*1). An insurance relationship between the DIC, a financial institution and its depositors, etc., automatically arises when the institution accepts the insured deposits and other listed in 2) below.

Banks as defined in the Banking Law

Long-term credit banks as defined in the Long-Term Credit Bank Law

Shinkin banks

Credit cooperatives

Labour banks

Shinkin Central Bank

The Shinkumi Federation Bank

The Rokinren Bank

*1 Overseas branches of the above financial institutions, government-related financial institutions, and Japanese branches of foreign banks are not covered by this system.

*2 The Norinchukin Bank, agricultural cooperatives, fishermen's cooperatives, seafood processing cooperatives, and others are members of the Savings Insurance System for the Agricultural and Fisheries Cooperative Sector.

ii) Insured Deposits, etc.

The scope of deposits and others insured under the Deposit Insurance System is as follows:

Deposits

Installment savings

Money in trusts with guarantee of principal (including loan trusts)

Bank debentures (only when the right holder can be confirmed by safe deposit agreement; covered from FY2001)

Accumulating or asset-forming instruments using the deposits, etc., in –

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

Foreign currency deposits

Negotiable certificates of deposit

Deposits in special international financial transaction accounts (Japan off-shore market accounts)

Deposits and others from the Bank of Japan (except treasury funds) and financial institutions covered the Deposit Insurance System

Deposits and others from the DIC

Deposits under another party's name (including those under a fictitious name)

iii) Insurance Premiums

Insurance premiums (ordinary insurance premiums) are used to finance operations such as reimbursing insured depositors and financial assistance not exceeding the pay-off cost (ordinary operations).

The insurance premium rate, subject to a resolution by the DIC's Policy Board, is decided with the approval of the Commissioner of the Financial Services Agency and the Minister of Finance. Insurance premiums are calculated by multiplying the average balance of deposits in the previous fiscal year (or, until FY2001, the balance insured at the end of the previous fiscal year) by the premium rate.

Moreover, for FY2001 and FY2002 only, deposits and others subject to insurance premium calculation are divided into "Specific deposits" (current deposits, ordinary savings, miscellaneous deposits) and "Other deposits, etc." (insured deposits other than "Specific deposits"). The balance of each type is multiplied by the insurance premium rate (0.048% for each in FY2001).

Financial institutions covered by the system are obliged to pay special insurance premiums up to FY2001 to fund the Special Operations Account, set up to implement special financial assistance and other special operations. The special insurance premium rate is prescribed by Cabinet Order (0.036%).

Therefore, the insurance premium payable by financial institutions covered by the system is a combination of the ordinary premium mentioned above and the special premium.

Financial institutions covered by the system must pay premiums to the DIC within 3 months after the beginning of each business year. However, they may alternatively pay half of the annual premium within 3 months after the beginning of the business year, and the remaining half within 3 months after the lapse of the first 6 months of the business year.

2) Permanent Arrangements

i) Payment of Deposit Insurance

Insurable contingencies resulting in insurance payments by the DIC are divided into the following two types. Payments are made against claims filed by depositors of the financial institution subject to the insurable contingency.

Category One Insurable Contingency:

Suspension of repayment of deposits, etc., by a financial institution

In such cases, the DIC decides whether or not to make insurance payments within 1 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 institution

In such cases, insurance payments are made without requiring any decision by the DIC.

The amount of insured deposits to be reimbursed to each depositor is the total principal of insured deposits deposited by the said depositor in the financial institution subject to the insurable contingency, plus interest, etc. (interest has been added to insurance coverage from FY2001). The principal should not exceed the sum of ¥10 million per depositor, as prescribed by Cabinet Order (however, insurance payments on deposits pledged as security may be deferred until the lapse of the right of pledge).

When insurance monies are payable, the DIC is required to notify depositors of the period, place, method, and times of payment, and the procedure for filing claims. This is to be done by placing public notices in the Official Gazette and daily newspapers, as well as posting notices in the branches of the financial institution subject to the insurable contingency, and financial institutions commissioned to handle insurance payments.

ii) Partial Payments

Partial payments are made to cover the immediate living expenses of depositors in a financial institution when an insurable contingency has arisen and it is anticipated that insurance payments will not begin for a considerable length of time. The DIC is required to decide whether or not to make advance payments within one week of the date of 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 from FY2001 (¥200,000 per account up to FY2000) is paid against the balance of ordinary deposits (principal only) held by depositors. If insurance monies are subsequently paid, the amount of partial payment is deducted from the insurance payments to the depositor in question.

The DIC is required to follow the same procedure for partial payments as for payments of insurance monies.

iii) Financial Assistance

a. Outline

When a financial institution suspends repayment of deposits, or appears about to do so, and an assuming institution or assuming bank holding company wishes to merge with the failing financial institution, acquire its shares or transfer its business, the DIC may extend financial assistance to the assuming financial institution or assuming bank holding company to facilitate the merger or other action mentioned above. Financial assistance may take forms such as monetary grants, loans or deposits of funds, purchases of assets, guarantees or assuming of debts, subscribing of preferred stock, or loss sharing. The latter two are additional measures applicable from FY2001 onwards.

Meanwhile, in addition to transfer of the entire business, from FY2001 the DIC may also provide financial assistance for partial business transfer (including the transfer of insured deposits), additional financial assistance after business transfer or merger, etc., and financial assistance to failed financial institutions in order to balance claims among creditors.

Moreover, when institutions that are administrated on a mutual assistance system (i.e. the Shinkin Central Bank, The Shinkumi Federation Bank, and Rokinren Bank) lend or deposit funds to assuming financial institutions to assist this kind of merger, etc., the DIC may now provide financial assistance in the form of lending or depositing funds or guaranteeing debts to these administrating institutions.

b. Procedure for Financial Assistance

An assuming financial institution or assuming bank holding company may apply to the DIC for financial assistance pending approval of the eligibility of the merger, or mediation in the merger,

by the Commissioner of the Financial Services Agency (*1). Upon receipt of the application, the DIC 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 position of the DIC, the estimated amount of financial assistance required, the pay-off cost and the efficient utilization of DIC assets. After making this decision, the DIC enters a financial assistance agreement with the assuming financial institution or assuming bank holding company and provides financial assistance (*2).

- *1 Approval of eligibility may only be given when all of the following three conditions are met.
- (i) The implementation of the merger will contribute to the protection of depositors and other creditors.
 - (ii) The financial assistance of the DIC is indispensable to the merger.
 - (iii) The absence of such a merger and the total suspension of operations or dissolution of the failed financial institution subject to the merger 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 The subscribing of preferred stock, etc., is conditional upon requirements such as the prior approval of the Commissioner of the Financial Services Agency and the Minister of Finance, following a resolution by the Policy Board.

iv) Purchase of Deposits and Other Claims

The purchase of deposits and other claims is a system whereby the DIC purchases deposits and other claims of financial institutions subject to an insurable contingency, in response to a request from depositors. The claims to be covered by the system are basically the same as the deposits and other claims covered by the deposit insurance. They include foreign currency deposits and interest accrued to such deposits after the contingency in addition to the coverage of the deposit insurance, but exclude principal and interest of hypothecated deposits. The purchase price is to be equivalent to the amount calculated by multiplying the balance of the claims on the date of the insurable contingency and the rate determined to consider the estimated liquidating dividend of the failed financial institutions (the estimated proceeds payment rate), among others.

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

When the DIC purchases deposits and other claims, it must first obtain the approval of the Commissioner of the Financial Services Agency 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.

v) Procedures Based on the Special Corporate Reorganization Law

Under the Special Corporate Reorganization Law, the DIC is empowered to perform various functions designed to promote the smooth reorganization reconstruction, and bankruptcy procedures of failed financial institutions. This includes acting on behalf of depositors in filing claims for reorganization reconstruction, and bankruptcy procedures (i.e. by submitting a list of depositors to the court) and in voting rights on proposed reorganization or reconstruction plans.

When wishing to exercise these voting rights, the DIC, is required to inform depositors in advance, through notifications and public notices, of the proposed reconstruction or reorganization plans to which it intends to agree.

vi) Deposit Insurance Fund, Borrowing and Bond Issues

The DIC handles accountancy for general operations via its General Account. This Account's Deposit Insurance Fund is used to finance the reimbursement of insured deposits and financial assistance. If the revenue in any business year exceeds the expenditure, the difference is carried forward to the following year. Conversely, if revenue falls short of expenditure, the difference is deducted from the Fund.

The General Account may borrow funds (including debt refunding) from financial institutions or other lenders except the Bank of Japan up to a limit stipulated by Cabinet Order (¥6 trillion since April 2001). It may also issue bonds (including issues for bond refunding), and is authorized to make loans from the Bank of Japan when necessary for short-term liquidity management (including debt refunding).

Meanwhile, the government may guarantee liabilities pertaining to borrowings from the Bank of Japan, financial institutions, and others, as well as bonds, within a range approved by the National Diet.

3) Special Arrangements

i) Special Financial Assistance

As a limited term arrangement up to the end of FY2001, the DIC may provide financial assistance exceeding the pay-off cost ("special financial assistance") to assuming financial institutions when the Director-General of the Financial Services Agency and the Minister of Finance recognize that a merger or other operation relating to an application for financial assistance is necessary for the maintenance of the credit system (*).

* For special financial assistance, the law requires that the assuming institution applies for financial assistance to the DIC and completes other procedures by the end of FY2001.

ii) Special Purchases of Deposits and other claims

In connection with the estimated proceeds payment for purchases of deposits and other claims (as mentioned above), the DIC may, as a limited term arrangement up to the end of FY2001, purchase deposits and other claims based on a special payment rate (special purchase), when the Commissioner of the Financial Services Agency and the Minister of Finance have stipulated an estimated proceeds payment rate (special refund rate) considered necessary with a view to maintaining the credit system.

iii) Special Arrangement Concerning the Resolution and Collection Corporation (RCC)

The Amendment to the Deposit Insurance Law in June 1996 provided for a special arrangement to promote the smooth resolution of failed credit cooperatives. Under this arrangement, the DIC was empowered to enter an agreement with and make capital subscriptions to the Resolution and Collection Bank (RCB), whose main aims are resolution and recovery for business transferred from failed credit cooperatives. The DIC was also able to guarantee the RCB's borrowing, compensate for losses arising from resolution and recovery operations, and provide guidance and advice.

Furthermore, the DIC may now investigate the assets of debtors if clarification of such assets is deemed particularly necessary in relation to loans transferred or purchased by the RCB from failed credit cooperatives. It may also conduct debt recovery operations which require particularly specialized knowledge, under commission from the RCB.

Under the Amendment of February 1998, the objectives of resolution and recovery operations by the RCB were expanded to include asset purchases not only from credit cooperatives but also from other financial institutions, and the function of an assuming bank for failed financial institutions. Furthermore, DIC employees were given powers of asset investigation including penal provisions, in connection with receivables transferred to the RCB and assets purchased by the DIC under special financial assistance.

The Amendment of October 1998 included provisions dealing with the policy of amalgamating the RCB with the HLAC to create the Resolution and Collection Corporation (merger effected on April 1st, 1999).

Under the Amendment of May 2000, the Resolution and Collection Corporation (RCC) may also, as a limited term arrangement up to March 31st, 2001, purchase non-performing loans and others from financial institutions to which such loans have been transferred as payment in substitute from failed credit cooperatives, when the latter are subject to recovery operations by the Association of Credit Cooperatives in line with the resolution of failed credit cooperatives before the Amendment to the Deposit Insurance Law in 1996.

iv) Fiscal Measures Accompanying Special Arrangements

The DIC handles accountancy for special operations in its Special Operations Account. The Deposit Insurance Fund in this Account is used to furnish special financial assistance, special purchases of deposits and other claims, compensation for losses by the RCC, and other outlays.

The Special Operations Account may borrow funds (including debt refunding) from the Bank of Japan, financial institutions, and others, or issue DIC bonds (including issues for refunding), up to a limit stipulated by Cabinet Order (¥10 trillion since December 1997).

Meanwhile, the government may guarantee debts connected with borrowings from the Bank of Japan, financial institutions, and others, as well as bond issues, within a range approved by the National Diet.

In addition, a Special Operations Fund has also been set up to ensure the soundness of the Special Operations Account and the smooth implementation of special operations. Furnished by a grant of government bonds to the tune of ¥13 trillion (*), the Fund may be used by category of operations (e.g. special financial assistance). It may also be used if there is an accumulated deficit in the Special Operations Account on the date of completion of operations (scheduled for the end of FY2002).

The Special Operations Account is to be closed down at the end of FY2002, whereupon its assets and liabilities will revert to the General Account.

* The amount of government bonds needed to finance the Special Operations Fund was increased by ¥6 trillion to a total of ¥13 trillion from June 30th, 2000.

(2) Historical Development of Deposit Insurance System

	Initial Provisions in 1971	July 1986	June 1996
1. Insured Financial Institutions [by law]	Banks, <i>Sogo</i> banks* <i>Shinkin</i> banks, Credit cooperatives	<July 1986> Labor banks added	
2. Capitalization [by approval]	¥450 million : Government: ¥150 million Bank of Japan: ¥150 million Private Financial Institutions: ¥150 million	<July 1986> ¥455 million Capital subscription by Labor banks (¥5 million)	<July 1996> ¥5,455 million Jusen Account ¥5 billion (from the government)
3. Governor, Deputy Governors, Auditor [by appointment of Prime Minister (October 1998)]	Governor (Senior Deputy Governor of the Bank of Japan) Deputy Governor (1) Auditor (1)		(appointed by Minister of Finance) (June 1996) (appointed by PM, approved by both Houses of the Diet) (Oct. 1998) Max. 3 (June 1996) Max. 4 (Oct. 1998)
4. Insurance Premiums General premium rate [by approval] Special premium rate [by cabinet order]	0.006%	<Fiscal 1982> 0.008% → <Fiscal 1986> 0.012%	<Fiscal 1996> 0.048% Introduced 0.036%
5. Payment Date of Insurance Premium [by law]	Within 3 months of beginning of business year		Within 3 months after beginning of business year. However, half may be paid within 3 months after first 6 months of business year.
6. Maximum Insurance Payments (per depositor) [by cabinet order]	Principal ¥1 million	<June 1974> ¥3 million → <July 1986> ¥10 million	
7. Special Arrangement for the Blanket Guarantee of Deposit Insurance, etc. (by law)			Introduced
8. Insurance payments by Setting and Transferring Insurer's Deposit to each Insured Depositor (by law)			Introduced
9. Partial Payment [by law Maximum Amount of Partial Payment (per ordinary deposit account) [by cabinet order]		(July 1986) Introduced ¥200,000	
10. Purchase of Deposits etc. [by law]			Introduced (April 1997)
11. Representation of Depositors in Court Procedures [by law]**			Introduced (April 1997)
12. Financial Assistance [by law]		(July 1986) Introduced	
13. Purchase of Assets of Financial Institutions [by law]		Purchase of assets from assuming financial institutions (July 1986)	Purchase of assets of failed financial institutions (June 1996) → Purchase of assets of banks under special public management, etc. (Oct. 1998)
14. Borrowing of Funds (General Account) (1) Maximum Borrowing from the Bank of Japan [by cabinet order] (2) Borrowing from Financial Institutions for Repayment of the Bank of Japan Borrowings [by law]	¥ 50 billion	→ ¥500 billion (July 1986) Introduced (July 1986)	→ ¥1 trillion (June 1996) → ¥2 trillion (April 1999) → ¥4 trillion (April 2000) → Financial institutions, others (Oct. 1998)

* From February 1989, *Sogo* banks were gradually converted to ordinary banks (abolition of the Law of *Sogo* Banks on April 1st 1993)

** Special Reorganization Law

Amendments or Additions since May 2000	Principal Special Operations Introduced in the June 1996 Amendment of the Law
<p><June 2000></p> <p>→ Shinkin Central Bank, The Shinkumi Federation Bank, Rokinren Bank added</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 style="text-align: right; margin-right: 20px;">} Arrangement for the blanket guarantee of deposit insurances, etc. (until end of fiscal 2000)</p>
<p>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	
<p><Fiscal 2001></p> <p>→ Specific deposits 0.048%</p> <p>→ Other deposits, etc. 0.048%</p>	Main Points in the Amendment of December 1997
<p>→</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 consolidation - Raising of the borrowing limit from the Bank of Japan, etc. relating to special operations
<p>→</p>	
<p><April 2001></p> <p>→ Principal ¥10 million + interest, etc.</p>	Main Points in the Amendment of February 1998
<p>→</p>	<ul style="list-style-type: none"> - Integration of the Special Account for Non-Credit Cooperative Financial Institutions and the Special Account for Credit Cooperatives into the Special Operations Account - Appreciation of ¥10 trillion for government guarantee of the DIC's borrowings and bond issues relating to the Special Operations Account - Expansion of Contracted Bank's functions to act as an assuming bank for non-credit cooperative financial institutions - Issue of DIC 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>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	Main Points in the Financial Reconstruction Related Laws enacted in October 1998
<p>→ (April 2001) ¥600,000</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 underwrites shares of financial institutions, etc.
<p>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	Main Points in the Amendment of May 2000
<p>→</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) - Financial institutions obliged 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 system to indemnify creditors on an ex post facto basis in cases of business transfer, etc. - 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 infusion 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>→</p>	
<p>→</p>	
<p>→</p>	
<p>→</p>	

(3) Historical Developments of Special Arrangements Related to Contracted Bank and Company Disposing of *Jusen* Assets and Liabilities

1) Contracted Bank (Related to the Law)

Amendment of June 1996	Amendment of February 1998	Amendment of October 1998	Amendment to the Deposit Insurance Law, May 2000	
			Enforced from June 30th, 2000	Enforced from April 1st, 2001
				- Resolution and collection operations changed to permanent 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 Treaty"	- 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 contracted bank	- No change	- No change	- Restriction on the transfer of profit from contracted bank to the DIC abolished - Allowance for loan loss 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 disposal company of <i>Jusen's</i> assets and liabilities	- 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
		- Action necessary for merger between the contracted bank and the company disposing of <i>Jusen</i> assets and liabilities	- No change	- No change

2) **The Contracted Bank (Related to the Financial Function Reconstruction Law)**

Original Financial Function Reconstruction Law October 1998	Amendment of May 2000 (as enforced from April 1st, 2001)
<ul style="list-style-type: none"> - Entrustment of asset purchase of financial institutions to the specified contracted bank - Compensation for losses incurred by the specified contracted bank - Lending to the specified contracted bank - Guarantee of borrowing by the specified contracted bank - Receipt of money paid in by the specified contracted bank - 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
<ul style="list-style-type: none"> - Approval of entrusting collection to company disposing of Jusen assets and liabilities 	- Provision deleted
<ul style="list-style-type: none"> - Enquiries and request for cooperation to government agencies, public organizations and others - Guidance and advice to the contracted bank 	- No change

3) **Related to the Early Strengthening Law**

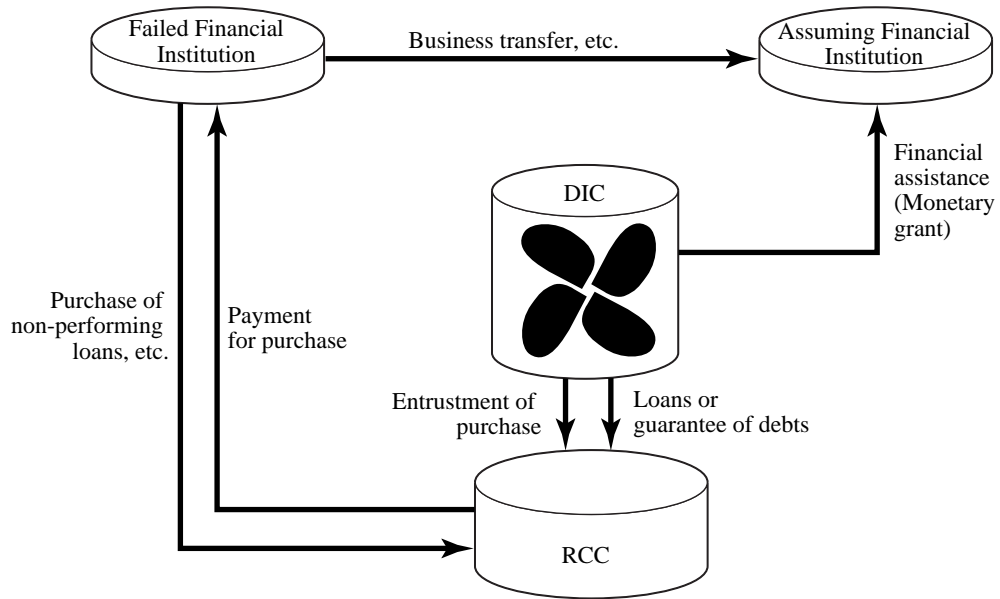
Early Strengthening Law enacted October 1998	Amendment of May 2000 (as enforced from June 30th, 2000)
<ul style="list-style-type: none"> - Subscribing of shares, etc., confided to the contracted bank 	<ul style="list-style-type: none"> - Applications for subscribing of shares, etc., in "specified cooperative financial institutions, etc." to be submitted by March 31st, 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

4) Company Disposing of Jusen Assets and Liabilities (Related to the *Jusen Law*)

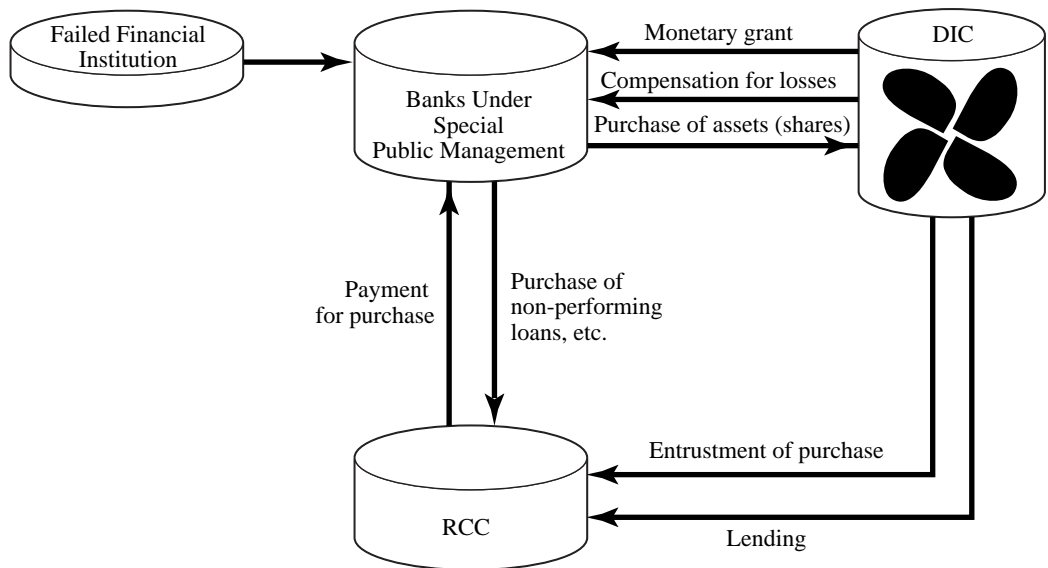
The Original <i>Jusen Law</i> June 1996	The Amendment of April 1998	The Amendment of October 1998
- Capital subscription in, provision of subsidies for, loan guarantee and guidance/advice for company disposing of Jusen assets and liabilities	- No change	- No change
- Investigation (backed up by penal provisions) into the assets of debtors and collection of claims related to loans transferred to company disposing of Jusen assets and liabilities	- Penal investigation extended to real estate assets pledged (as security) by third parties	- No change
	- Approval of entrusting collection to the contracted bank	- No change
- Enquiries and requests for cooperation to government agencies, public organizations and others	- 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
- 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 profit in each business year is paid to the government. In the case of a deficit, a government subsidy is provided.)	- No change
- Establishment of a coordinating council by the government	- No change	- No change
		- Arrangements necessary for merger between company disposing of Jusen assets and liabilities and contracted bank

(4) The Financial Assistance Scheme (Fiscal 2000)

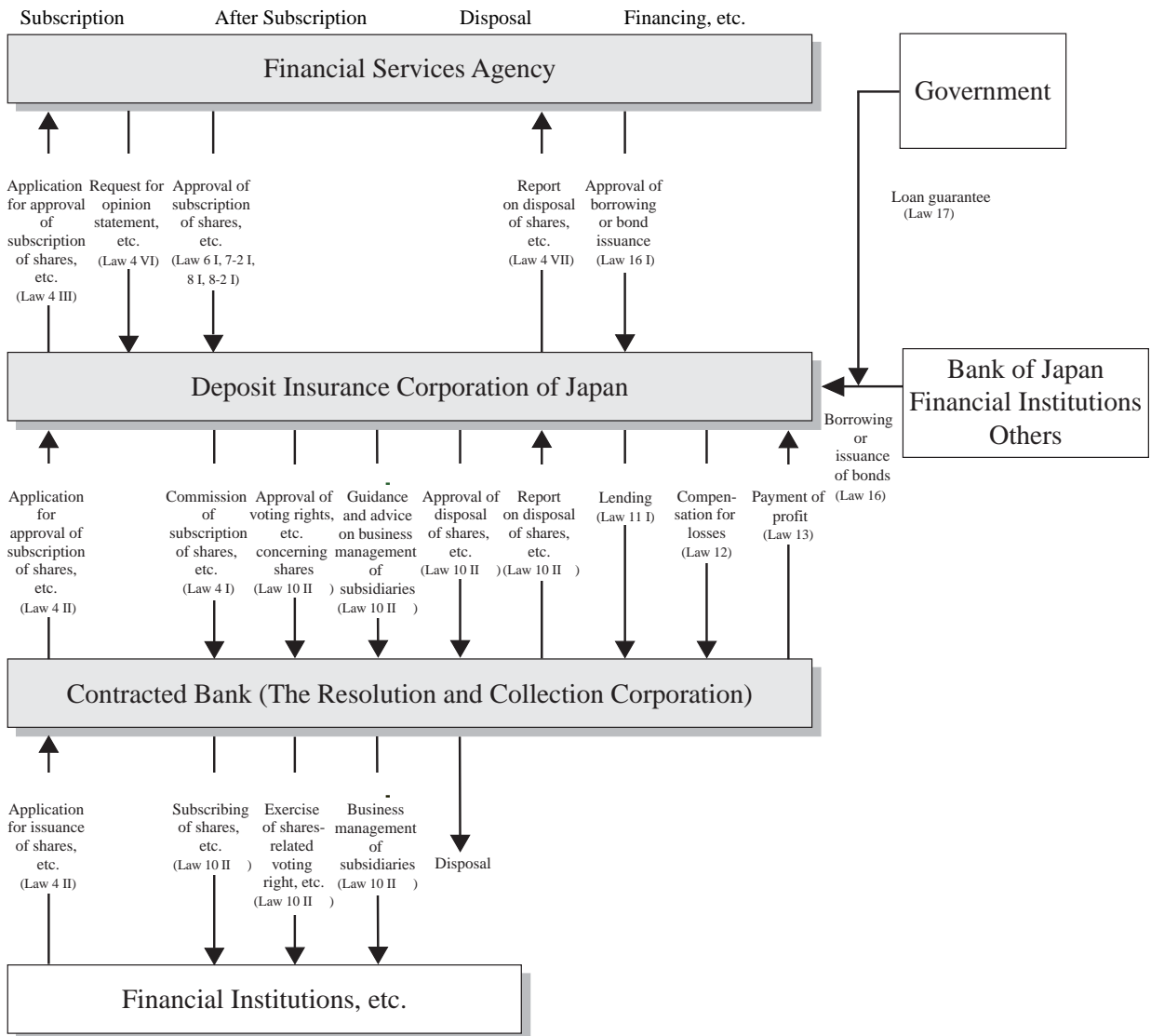
1) Ordinary Financial Assistance



2) Financial Assistance for Banks Under Special Public Management



(5) Capital Infusion Scheme Based on the Early Strengthening Law

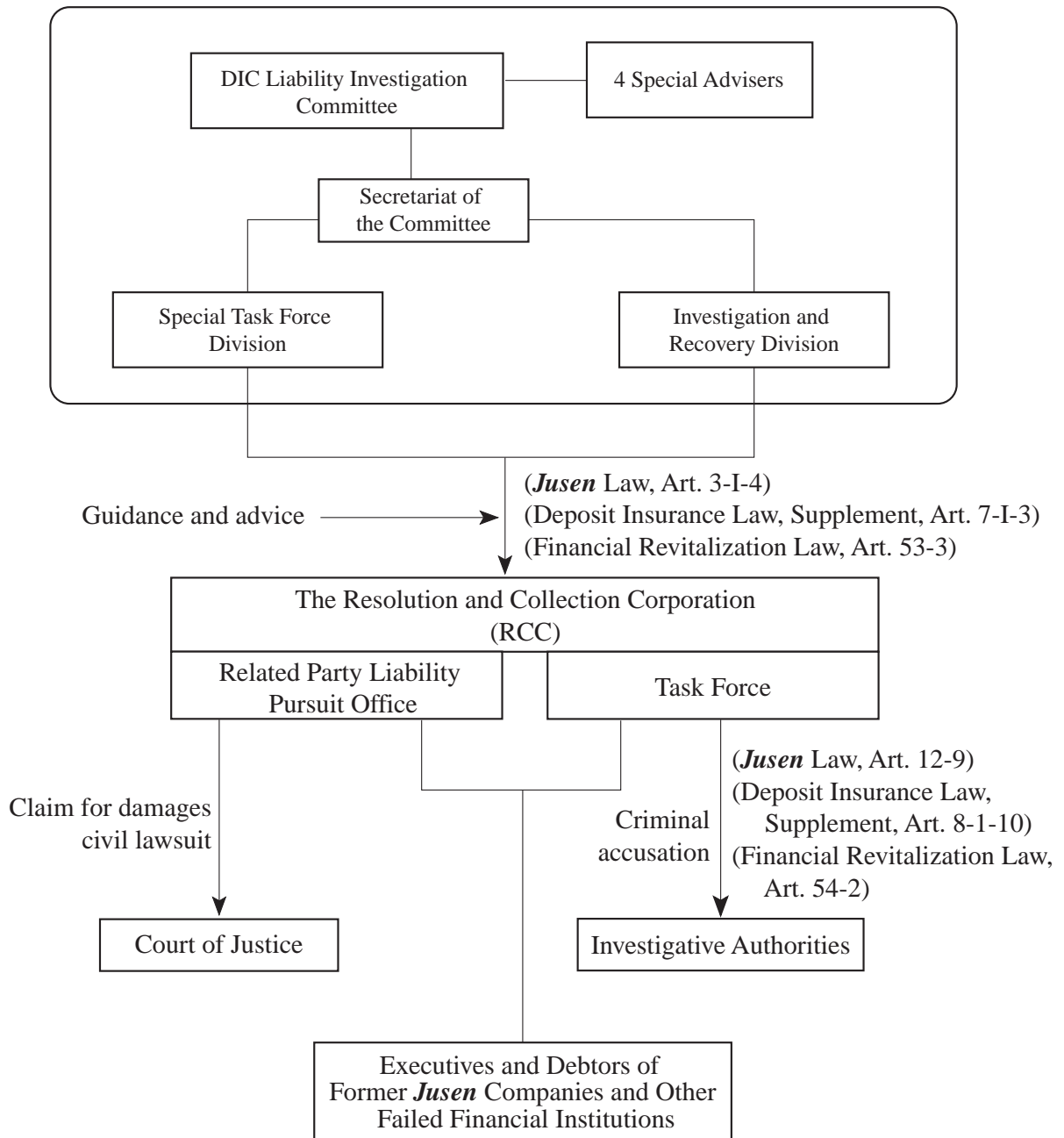


Notes:

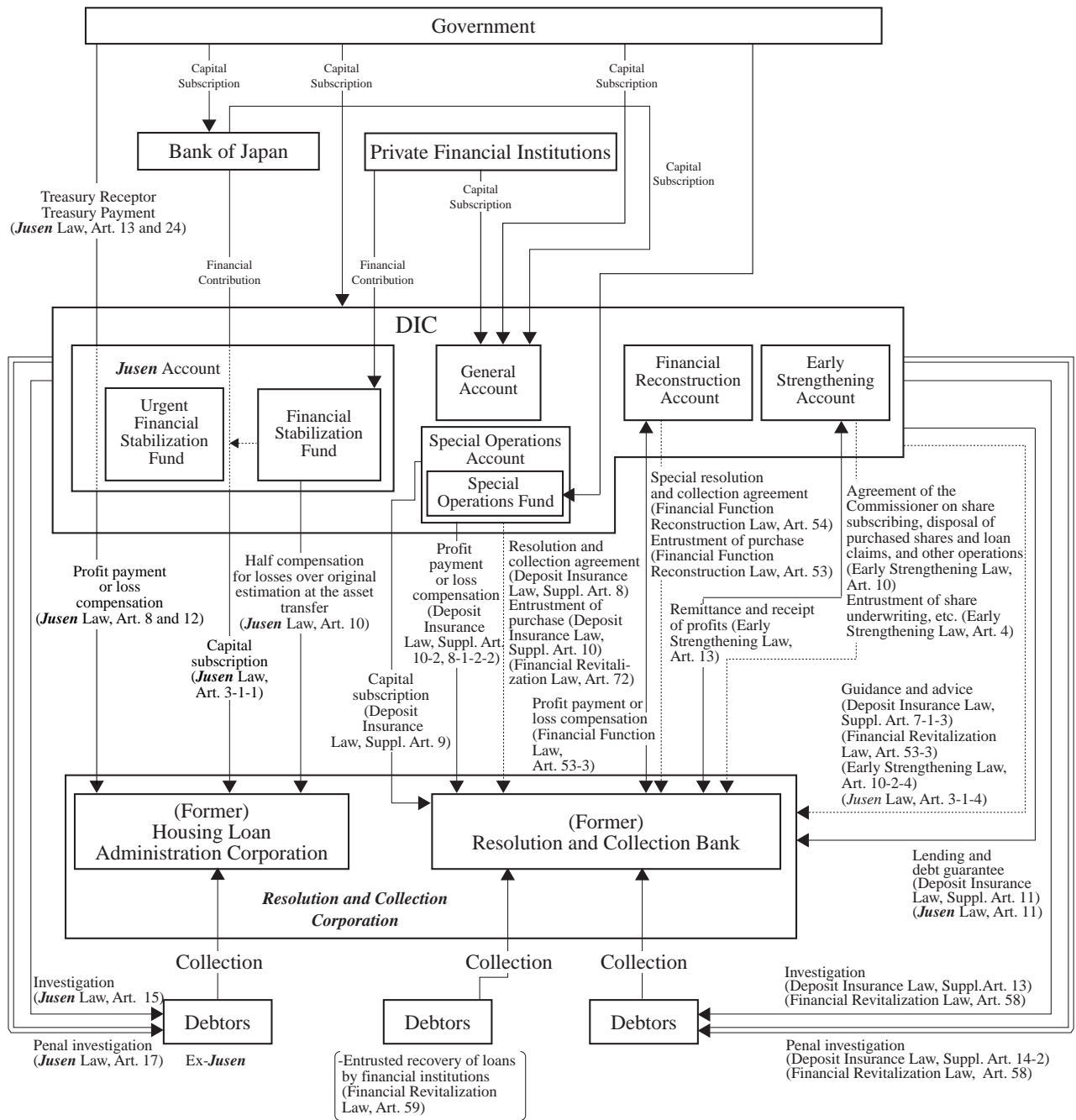
- This illustration describes the flow of operations carried out by the DIC.
- The Financial Services Agency screens and approves applications for subscribing shares, etc., and monitors the implementation of strengthening plans.
- The DIC can lend money to the contracted bank as well as providing loan guarantees for borrowing by the contracted bank.
- Provisions constituting legal grounds are shown in parentheses. "Law" stands for the Early Strengthening Law. (Arabic figures represent Articles, Roman figures Paragraphs and circled figures Sub-paragraphs.)

(6) System of Liability Pursuit

Deposit Insurance Corporation of Japan

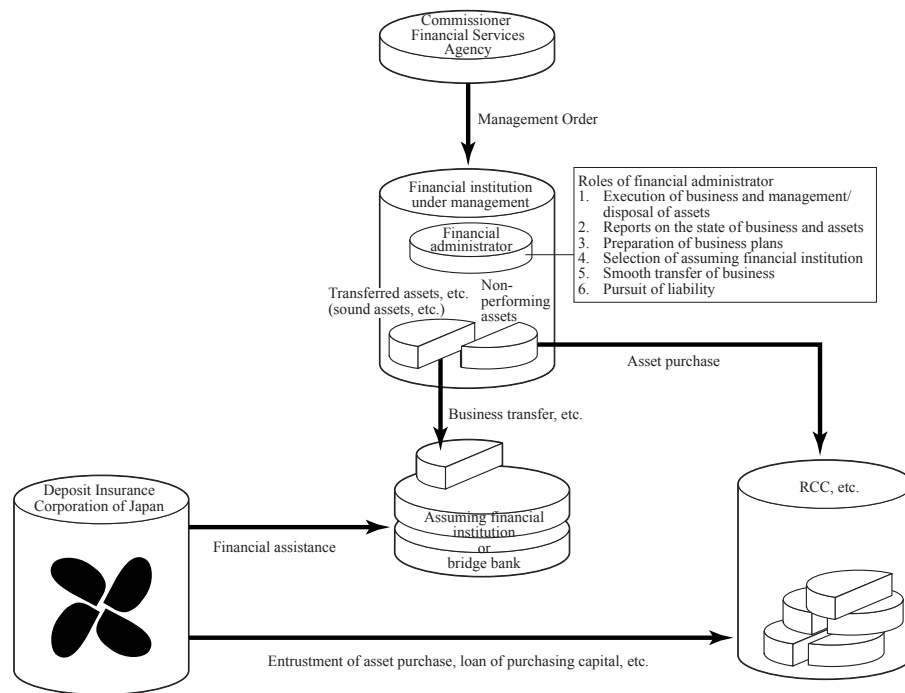


(7) Relationship Between the DIC and the RCC Concerning Collection Operations

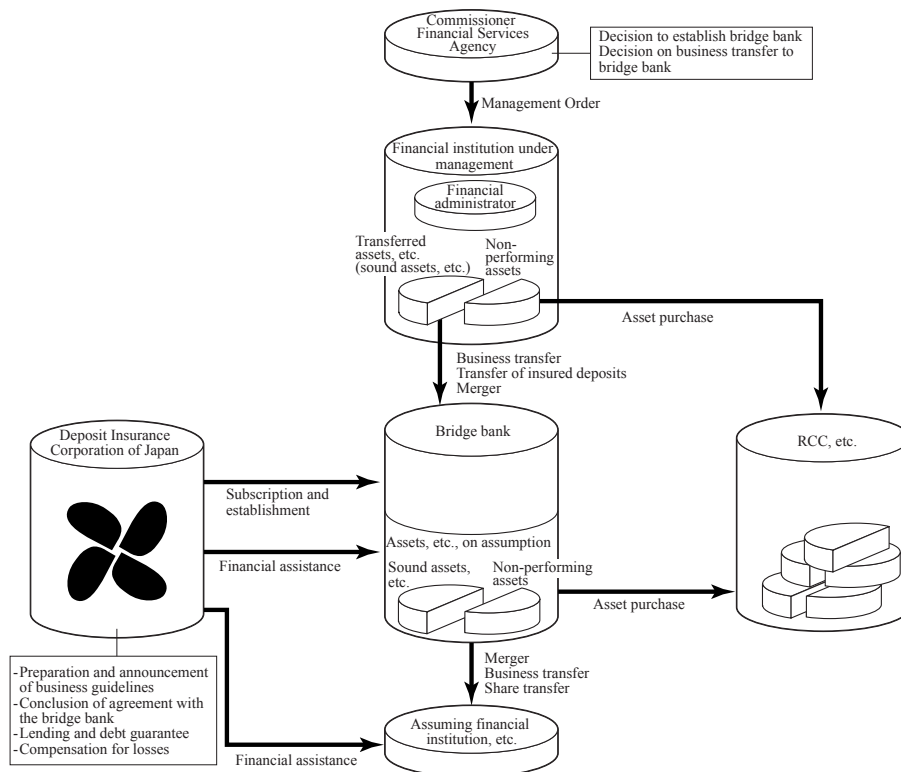


(8) Scheme for Resolving Failures under the New Deposit Insurance Law

1) Financial Administrator Related Operations



2) Operations Related to the Establishment of Bridge Banks



2. Record of Operations in Fiscal 2000

(1) Key Events in Fiscal 2000

	Failure Resolution, etc.	Resolution and Recovery, etc	Financial Reconstruction, Early Strengthening of Financial Functions, etc.
2000			
April 1st			Preferred stock, etc., for subscription with public funds taken over by Chuo Mitsui Trust & Banking following merger of Chuo Trust & Banking and Mitsui Trust & Banking
April 19th (131st Policy Board Meeting)	Decision to extend financial assistance for merger between Mito Shinkin Bank and Ryugasaki Shinkin Bank (implemented May 8th) Decision to extend financial assistance for transfer of business from Adachi Sogo Credit Cooperative to Tomin Credit Cooperative (implemented May 22nd)		
May 17th (132nd Policy Board Meeting)	Decision to extend financial assistance for merger between Kosan Shinkin Bank and Kanda Shinkin Bank (implemented June 5th) Decision to extend financial assistance for transfer of business from Tokyo-to Kyoiku Credit Cooperative to Tokyo-to Shokuin Credit Cooperative (implemented June 12th)		
May 18th			Basic Agreement on Business Transfer signed by Asia Recovery Fund and Kofuku Bank
May 24th		Regular Meeting of DIC and RCC Executives	
May 31st			Basic Agreement on Business Transfer signed by Daiwa Bank, Kinki Osaka Bank, and Namihaya Bank
June 6th			Basic Agreement on the Transfer of NCB signed by DIC, the tripartite consortium of Softbank, Orix and Tokio Marine and Fire Insurance and NCB
June 8th (133rd Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Toyama Shogin Credit Cooperative to Fukui Shogin Credit Cooperative (implemented June 26th)		
June 20th		Regular Meeting of DIC and RCC Executives	
June 21st (134th Policy Board Meeting)	Accounts settlement for fiscal 1999		
June 27th			Basic Agreement on Business Transfer signed by Asia Recovery Fund and Tokyo Sowa Bank
June 30th			Final Agreement on the Transfer of the NCB signed by DIC, the tripartite consortium of Softbank, Orix and Tokio Marine and Fire Insurance and NCB

	Failure Resolution, etc.	Resolution and Recovery, etc	Financial Reconstruction, Early Strengthening of Financial Functions, etc.
July 26th (135th Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Nippon Shinpan Credit Cooperative to Oji Shinkin Bank (implemented Aug. 7th) Decision to extend financial assistance for transfer of business from Kokumin Bank to Yachiyo Bank (implemented Aug. 14th)		Decision to postpone business transfer between the tripartite consortium of Softbank, Orix and Tokio Marine and Fire Insurance and NCB by 1 month to Sept. 1st
July 27th		Regular Meeting of DIC and RCC Executives	
July 28th (136th Policy Board Meeting)	Change to budget and funding plan for fiscal 2000 concerning Financial Reconstruction Account		Business Transfer Agreement signed by Daiwa Bank, Kinki Osaka Bank, and Namihaya Bank
Aug. 10th			Basic Agreement on Business Transfer signed by Nango Shinkin Bank and Nichinan Shinkin Bank
Aug. 14th			Business of Kokumin Bank transferred to Yachiyo Bank
Aug. 25th (137th Policy Board Meeting)	Change to budget and capital plan for fiscal 2000 concerning Financial Reconstruction Account Implementation of special financial assistance to Nippon Credit Bank		
Aug. 28th			2nd stage of purchase of unsuitable NCB assets via special financial assistance
Aug. 31st			Monetary grant and compensation for losses to NCB, and purchase of shares held by NCB
Sept. 1st			Purchase of shares held by NCB and decision to end special public management of NCB by Financial Reconstruction Commission
Sept. 20th		Regular Meeting of DIC and RCC Executives	
Sept. 26th			Purchase of assets from ordinary financial institutions (¥150.5 billion of principal as receivables from 63 institutions)
Sept. 29th			Basic Agreement on Business Transfer signed by Taiko, Daishi, Hachijuni and Higashi-Nippon Banks with Niigata Chuo Bank Capital infusion to financial institutions in line with the Early Strengthening Law (¥60 billion to Chiba Kogyo Bank and ¥35 billion to Yachiyo Bank) Convertible subordinated bonds of Hokkaido Bank and Ryukyu Bank converted to preferred stock Preferred stock of Dai-Ichi Kangyo Bank, Fuji Bank, and Industrial Bank of Japan transferred to Mizuho Holdings, a holding company established with stock transfers of the three banks
Oct. 3rd			Capital infusion to a financial institution in line with the Early Strengthening Law (¥260 billion to Nippon Credit Bank)

	Failure Resolution, etc.	Resolution and Recovery, etc	Financial Reconstruction, Early Strengthening of Financial Functions, etc.
Oct. 6th			Business Transfer Agreement signed by Kansai Sawayaka Co., Ltd., and Kofuku Bank
Oct. 20th			Business Transfer Agreement signed by Nango Shinkin Bank and Nichinan Shinkin Bank
Oct. 23rd		Regular Meeting of DIC and RCC Executives	
Oct. 31st			Basic Agreement on Business Transfer signed by Gumma and Towa Banks with Niigata Chuo Bank
Nov. 1st (138th Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Seiso Shinkin Bank to Sagami Shinkin Bank (implemented Nov. 13th) Decision to extend financial assistance for transfer of business from Matsuzawa Shinkin Bank to Showa Shinkin Bank (implemented Dec. 4th)		
Nov. 20th			Subordinated loans of 3 banks under Mizuho Holdings transferred to holding company
Nov. 21st			Announcement of “Policies for the Present on the Disposal to Third Parties of Preferred Stock and Others Subscribed for Capital Infusion, and Claims for Repayment of Public Funds”
Nov. 22nd		Regular Meeting of DIC and RCC Executives	
Nov. 30th			Basic Agreement on Business Transfer between Asia Recovery Fund and Tokyo Sowa Bank cancelled
Dec. 4th (139th Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Kita Hyogo Credit Cooperative to Minato Bank (implemented Dec. 11th) Decision to extend financial assistance for transfer of business from Kyoto Miyako Shinkin Bank to Kyoto Chuo Shinkin Bank (implemented Jan. 4th) Decision to extend financial assistance for transfer of business from Minami Kyoto Shinkin Bank to Kyoto Chuo Shinkin Bank (implemented Dec. 18th – Jan. 4th)		
Dec. 15th			Approval for repayment concerning perpetual subordinated bonds (¥150 billion) from Mitsubishi Trust & Banking (implemented Dec. 22nd)
Dec. 16th			Management Order issued for Kansai Kogin Credit Cooperative

	Failure Resolution, etc.	Resolution and Recovery, etc	Financial Reconstruction, Early Strengthening of Financial Functions, etc.
Dec. 20th (140th Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Ogawa Shinkin Bank to Saitama Prefecture Shinkin Bank (implemented Jan. 9th) Change to budget and funding plan for fiscal 2000 concerning Special Operations Account and Financial Reconstruction Account		
Dec. 21st – 22nd		Regular Meeting of DIC and RCC Executives	Business Transfer Agreement signed by Taiko, Daishi, Hachijuni, Higashi-Nippon, Gumma and Towa Banks with Niigata Chuo Bank
Dec. 28th			Approval for disposal concerning preferred stock worth ¥200 billion from Mitsubishi Trust & Banking (implemented Jan. 24th, 2001)
Dec. 29th			Management Order issued for Chogin Tokyo Credit Cooperative
2001			
Jan. 5th (141st Policy Board Meeting)	Change to budget and funding plan for fiscal 2000 concerning Financial Reconstruction Account Change to amount of grant and compensation for losses paid to Long-Term Credit Bank of Japan, based on final balance sheet		
Jan. 22nd (142nd Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Okayama Shimin Shinkin Bank to Okayama Shinkin Bank (implemented Jan. 29th – Feb. 5th)		
Jan. 24th		Regular Meeting of DIC and RCC Executives	
Jan. 25th			Business Transfer Agreement signed by Lone Star and Tokyo Sowa Bank
Feb. 1st (143rd Policy Board Meeting)	Decision to extend financial assistance for transfer of business from Namihaya Bank to Daiwa Bank and Kinki Osaka Bank (implemented Feb. 13th) Change to budget and capital plan for fiscal 2000 concerning Special Operations Account and Financial Reconstruction Account		
Feb. 7th (144th Policy Board Meeting)	Change to budget and funding plan for fiscal 2000 concerning Financial Reconstruction Account Change to amount of grant and compensation for losses paid to Nippon Credit Bank, based on final balance sheet		
Feb. 13th			Transfer of business from Namihaya Bank to Daiwa Bank and Kinki Osaka Bank

	Failure Resolution, etc.	Resolution and Recovery, etc	Financial Reconstruction, Early Strengthening of Financial Functions, etc.
Feb. 21st (145th Policy Board Meeting)	<p>Decision to extend financial assistance for transfer of business from Kofuku Bank to Kansai Sawayaka Bank (implemented Feb. 26th)</p> <p>Decision to extend financial assistance for transfer of business from Wakaba Shinkin Bank to Taiyo Shinkin Bank (implemented Feb. 26th)</p> <p>Change to budget and funding plan for fiscal 2000 concerning General Account and Special Operations Account</p>		
Feb. 22nd		Regular Meeting of DIC and RCC Executives	
Feb. 26th			Transfer of business from Kofuku Bank to Kansai Sawayaka Bank
Feb. 28th			Convertible subordinated bonds of Yachiyo Bank converted to preferred stock
March 7th (146th Policy Board Meeting)	<p>Decision to extend financial assistance for transfer of business from Shikoku Savings Credit Cooperative to Hyakujushi Bank (implemented March 19th)</p> <p>Decision to extend financial assistance for transfer of business from Nichinan Shinkin Bank to Nango Shinkin Bank (implemented March 26th)</p> <p>Change to budget and funding plan for fiscal 2000 concerning General Account, Special Operations Account, and Financial Reconstruction Account</p>		
March 26th			Transfer of business from Nichinan Shinkin Bank to Nango Shinkin Bank
March 27th		Regular Meeting of DIC and RCC Executives	
March 28th (147th Policy Board Meeting)	<p>Decision to extend financial assistance for transfer of business from Ishikawa Shogin Credit Cooperative to Hokuriku Shogin Credit Cooperative (implemented April 23rd)</p> <p>Decision on budget and funding plan for fiscal 2001</p>		Purchase of assets from ordinary financial institutions (¥371.7 billion of principal as receivables from 78 institutions)
March 30th			Capital injections to financial institutions in line with the Early Strengthening Law (¥12 billion to Kansai Sawayaka Bank and ¥20 billion to Higashi-Nippon Bank)

(2) Policy Board Meetings in Fiscal 2000

	Date	Main Agenda
131st Policy Board Meeting	April 19th	<p>Decision to extend financial assistance for merger between Mito Shinkin Bank and Ryugasaki Shinkin Bank</p> <p>Failed institution: Ryugasaki Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥18.7 billion • Asset purchase: ¥12.4 billion <p>Decision to extend financial assistance for transfer of business from Adachi Sogo Credit Cooperative to Tomin Credit Cooperative</p> <p>Failed institution: Adachi Sogo Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥4.3 billion • Asset purchase: ¥1.1 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p>
132nd Policy Board Meeting	May 17th	<p>Decision to extend financial assistance for merger between Kosan Shinkin Bank and Kanda Shinkin Bank</p> <p>Failed institution: Kanda Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥46.9 billion • Asset purchase: ¥16.6 billion <p>Decision to extend financial assistance for transfer of business from Tokyo-to Kyoiku Credit Cooperative to Tokyo-to Shokuin Credit Cooperative</p> <p>Failed institution: Tokyo-to Kyoiku Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥11.6 billion • Asset purchase: ¥8.2 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p>
133rd Policy Board Meeting	June 8th	<p>Decision to extend financial assistance for transfer of business from Toyama Shogin Credit Cooperative to Fukui Shogin Credit Cooperative</p> <p>Failed institution: Toyama Shogin Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥2.6 billion • Asset purchase: ¥0.7 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Amendment to Articles of Incorporation and Operational Guidelines</p>
134th Policy Board Meeting	June 21st	Accounts settlement for fiscal 1999
135th Policy Board Meeting	July 26th	<p>Decision to extend financial assistance for transfer of business from Kokumin Bank to Yachiyo Bank</p> <p>Failed institution: Kokumin Bank</p> <ul style="list-style-type: none"> • Grant: ¥183.7 billion • Asset purchase: ¥34.3 billion <p>Decision to extend financial assistance for transfer of business from Nippon Shinpan Credit Cooperative to Oji Shinkin Bank</p> <p>Failed institution: Nippon Shinpan Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥53.9 billion • Asset purchase: ¥18.6 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p>
136th Policy Board Meeting	July 28th	Change to budget and funding plan for fiscal 2000

	Date	Main Agenda
137th Policy Board Meeting	Aug. 25th	<p>Decision to extend special financial assistance to Nippon Credit Bank (2nd time)</p> <ul style="list-style-type: none"> • Grant: ¥3,149.7 billion • Asset purchase: ¥82.4 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Change to budget and funding plan for fiscal 2000</p>
138th Policy Board Meeting	Nov. 1st	<p>Decision to extend financial assistance for transfer of business from Seiso Shinkin Bank to Sagami Shinkin Bank</p> <p>Failed institution: Seiso Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥15.4 billion • Asset purchase: ¥9.1 billion <p>Decision to extend financial assistance for transfer of business from Matsuzawa Shinkin Bank to Showa Shinkin Bank</p> <p>Failed institution: Matsuzawa Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥19.3 billion • Asset purchase: ¥6.3 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p>
139th Policy Board Meeting	Dec. 4th	<p>Decision to extend financial assistance for transfer of business from Kyoto Miyako Shinkin Bank to Kyoto Chuo Shinkin Bank</p> <p>Failed institution: Kyoto Miyako Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥248.6 billion • Asset purchase: ¥108.3 billion <p>Decision to extend financial assistance for transfer of business from Minami Kyoto Shinkin Bank to Kyoto Chuo Shinkin Bank</p> <p>Failed institution: Minami Kyoto Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥144.7 billion • Asset purchase: ¥50.1 billion <p>Decision to extend financial assistance for transfer of business from Kita Hyogo Credit Cooperative to Minato Bank</p> <p>Failed institution: Kita Hyogo Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥10.0 billion • Asset purchase: ¥3.3 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Amendment to Articles of Incorporation and Operational Guidelines</p>
140th Policy Board Meeting	Dec. 20th	<p>Special purchase of assets from Shinkumi Federation Bank, and compensation for losses incurred thereby</p> <ul style="list-style-type: none"> • Special asset purchase amount: ¥15.9 billion • Compensation for losses: ¥82.0 billion <p>Decision to extend financial assistance for transfer of business from Ogawa Shinkin Bank to Saitama Prefecture Shinkin Bank</p> <p>Failed institution: Ogawa Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥156.0 billion • Asset purchase: ¥100.6 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Change to budget and funding plan for fiscal 2000</p>
141st Policy Board Meeting	Jan. 5th	<p>Reduction in amount of grant to Shinsei Bank (the Long-Term Credit Bank of Japan)</p> <p>Change to budget and funding plan for fiscal 2000</p>

	Date	Main Agenda
142nd Policy Board Meeting	Jan. 22nd	<p>Decision to extend financial assistance for transfer of business from Okayama Shimin Shinkin Bank to Okayama Shinkin Bank</p> <p>Failed institution: Okayama Shimin Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥23.9 billion • Asset purchase: ¥10.8 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p>
143rd Policy Board Meeting	Feb. 1st	<p>Decision to extend financial assistance for transfer of business from Namihaya Bank to Daiwa Bank and Kinki Osaka Bank</p> <p>Failed institution: Namihaya Bank</p> <ul style="list-style-type: none"> • Grant: ¥652.6 billion • Asset purchase: ¥190.5 billion <p>Change of debt guarantee limit offered by DIC to RCC</p> <p>Change to budget and funding plan for fiscal 2000</p>
144th Policy Board Meeting	Feb. 7th	<p>Reduction in amount of grant to Aozora Bank (the Nippon Credit Bank)</p> <p>Change to budget and funding plan for fiscal 2000</p>
145th Policy Board Meeting	Feb. 21st	<p>Decision to extend financial assistance for transfer of business from Kofuku Bank to Kansai Sawayaka Bank</p> <p>Failed institution: Kofuku Bank</p> <ul style="list-style-type: none"> • Grant: ¥494.1 billion • Asset purchase: ¥170.6 billion <p>Decision to extend financial assistance for transfer of business from Wakaba Shinkin Bank to Taiyo Shinkin Bank</p> <p>Failed institution: Wakaba Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥23.6 billion • Asset purchase: ¥18.8 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Change to budget and funding plan for fiscal 2000</p>
146th Policy Board Meeting	March 7th	<p>Decision to extend financial assistance for transfer of business from Nichinan Shinkin Bank to Nango Shinkin Bank</p> <p>Failed institution: Nichinan Shinkin Bank</p> <ul style="list-style-type: none"> • Grant: ¥5.1 billion • Asset purchase: ¥1.0 billion <p>Decision to extend financial assistance for transfer of business from Shikoku Savings Credit Cooperative to Hyakujushi Bank</p> <p>Failed institution: Shikoku Savings Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥6.6 billion • Asset purchase: ¥6.2 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Change to budget and funding plan for fiscal 2000</p>
147th Policy Board Meeting	March 28th	<p>Decision to extend financial assistance for transfer of business from Ishikawa Shogin Credit Cooperative to Hokuriku Shogin Credit Cooperative</p> <p>Failed institution: Ishikawa Shogin Credit Cooperative</p> <ul style="list-style-type: none"> • Grant: ¥1.1 billion • Asset purchase: ¥0.5 billion <p>Change of limit for loan guarantee offered by DIC to RCC</p> <p>Amendment to Articles of Incorporation and operational guidelines</p> <p>Decision on insurance premium rate for fiscal 2001</p> <p>Decision on budget and funding plan for fiscal 2001</p>

(3) Cases of Financial Assistance

1) Outline by Fiscal Year

(as of June 20th, 2001)

(Unit: ¥ billion)

Fiscal Year	Number of Cases of Financial Assistance			
		Grants	Asset Purchases	Others
1992	2	20.0	-	8.0
1993	2	45.9	-	-
1994	2	42.5	-	-
1995	3	600.8	-	-
1996	6	1,315.9	90.0	-
1997	7	151.8	239.1	4.0
1998	30	2,684.9	2,681.5	-
1999	20	4,636.7	1,304.4	-
2000	20	5,256.2	850.1	-
2001	6	1,325.9	256.5	-
Total	98	16,080.6	5,421.5	12.0

Note: Grant amounts are figures based on actual payments, while those of Asset Purchases and Others (loans and debt underwriting) are based on decisions by the Policy Board. In the case of the Midori Bank (asset purchases in fiscal 1998 and a grant in fiscal 1999), however, only cases for fiscal 1998 are counted.

2) Record of Financial Assistance

(as of June 20th, 2001)

< Up to Fiscal 1995 >

	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 <i>Sogo</i> Bank	Loan (for 5 years)	8.0
2	01/10/92	01/06/92	Sanwa Bank	Toyo <i>Shinkin</i> Bank	Monetary Grant	20.0
3	01/10/93	24/06/93	Bank of Iwate	Kamaishi <i>Shinkin</i> 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 1996 >

	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	1,315.9 90.0

< Fiscal 1997 >

	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 (80.6)* 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	151.8 239.1 4.0

< Fiscal 1998 >

	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 (81.7) 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 (262.6) 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 (43.8)* 58.1

	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥ billion)
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 (1,773.2)* 1,616.6
32	24/11/98	09/11/98 (26/05/99)	Sendai Bank	Tokuyo City Bank	Monetary Grant (after reduction) Asset Purchase	123.8 (119.4) 169.5
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 <i>Shinkin</i> Bank	Kanagawa-shoko Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	12.8 (12.4) 9.9

	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥ billion)
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 (26.3) 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	2,684.9 2,681.5

< Fiscal 1999 >

	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 (771.1)*
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 (173.8)* 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 (34.6)* 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

	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥ billion)
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 (178.9)* 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	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)	Senwa 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)	Senwa 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 (13.9) 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 (31.1) 9.9
72	21/03/00	01/03/00 (01/11/00)	Kyakugo Bank	Mie-Prefecture Credit Cooperative	Monetary Grant (after reduction) Asset Purchase	11.4 (10.6) 9.6
Total				20 cases	Monetary Grant Asset Purchase	4,636.7 1,304.4

< Fiscal 2000 >

	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 (2.4) 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	Yachiyo Bank	Kokumin Bank	Monetary Grant Asset Purchase	183.7 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	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	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	Minato Bank	Kita Hyogo Credit Cooperative	Monetary Grant Asset Purchase	10.0 3.3
84	04/01/01 18/12/00	04/12/00	Kyoto Chuo Shinkin Bank	Kyoto Miyako Shinkin Bank	Monetary Grant Asset Purchase	248.6 108.3
85	04/01/01 18/12/00	04/12/00	Kyoto Chuo Shinkin Bank	Minami Kyoto Shinkin Bank	Monetary Grant Asset Purchase	144.7 50.1
86	09/01/01	20/12/00	Saitama Prefecture Shinkin Bank	Ogawa Shinkin Bank	Monetary Grant Asset Purchase	156.0 100.6
87	05/02/01 29/01/01	22/01/01	Okayama Shinkin Bank	Okayama Shimin Shinkin Bank	Monetary Grant Asset Purchase	23.9 10.8
88	13/02/01	01/02/01	Daiwa Bank and Kinki Osaka Bank	Namihaya Bank	Monetary Grant Asset Purchase	652.6 190.5
89	26/02/01	21/02/21	Kansai Sawayaka Bank	Kofuku Bank	Monetary Grant Asset Purchase	494.1 170.6
90	26/02/01	21/02/01	Taiyo Shinkin Bank ⁽⁹⁾	Wakaba Shinkin Bank	Monetary Grant Asset Purchase	23.6 18.8
91	19/03/01	07/03/01	Hyakujushi Bank	Shikoku Savings Credit Cooperative	Monetary Grant Asset Purchase	6.6 6.2

	Date of Execution	Date of Decision by Policy Board	Assuming Financial Institution	Failed Financial Institution	Type of Assistance	Amount (¥ billion)
92	26/03/01	07/03/01	Nango Shinkin Bank	Nichinan Shinkin Bank	Monetary Grant Asset Purchase	5.1 1.0
Total				20 cases	Monetary Grant Asset Purchase	5,256.2 850.1

< Fiscal 2001 >

	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	Hokuriku Shogin Credit Cooperative	Ishikawa Shogin Credit Cooperative	Monetary Grant Asset Purchase	1.1 0.5
94	14/05/01	25/04/01	Taiko Bank + 5 others ⁽¹⁰⁾	Niigata Chuo Bank	Monetary Grant Asset Purchase	381.7 102.1
95	14/05/01	25/04/01	Dai-Tokyo Credit Cooperative	Shinko Credit Cooperative	Monetary Grant Asset Purchase	14.0 5.6
96	28/05/01	16/05/01	Kyoto City Credit Cooperative	Osaka Shogin Credit Cooperative	Monetary Grant Asset Purchase	160.5 22.6
97	11/06/01	28/05/01	Tokyo Star Bank	Tokyo Sowa Bank	Monetary Grant Asset Purchase	762.6 124.2
98	09/07/01	20/06/01	Sorachi Shoko Credit Cooperative	Do-o Credit Cooperative	Monetary Grant Asset Purchase	5.8 1.4
Total				6 cases	Monetary Grant Asset Purchase	1,325.9 256.5

- 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. 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, and 88-98 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)

3) Failed Financial Institutions Officially Announced (as of July 10th, 2001)

Date of Failure	Date of Start of Management	Financial Institution under Management	Address of Main Branch
15/05/98	09/06/00	Fukuoka Shogin Credit Cooperative	2-2-12 Hakata Eki Minami, Hakata-ku, Fukuoka City
28/04/99	30/03/00	Kochi Shogin Credit Cooperative	3-10-48 Kitahon-machi, Kochi City
14/05/99	16/12/00	Chogin Aomori Credit Cooperative	2-21-4 Furukawa, Aomori City
Ditto	Ditto	Chogin Miyagi Credit Cooperative	1-5-1 Itsutsuhashi, Aoba-ku, Sendai City
Ditto	Ditto	Chogin Hiroshima Credit Cooperative	1-38 Nishi Kojin-machi, Minami-ku, Hiroshima City
Ditto	Ditto	Chogin Yamaguchi Credit Cooperative	3-7-21 Takezaki-cho, Shimonoseki City
Ditto	Ditto	Chogin Shimane Credit Cooperative	1-13-1 Enya-Arihara-cho, Izumo City
Ditto	Ditto	Chogin Fukuoka Credit Cooperative	2-8 Shimogofuku-machi, Hakata-ku, Fukuoka City
Ditto	Ditto	Chogin Nagasaki Credit Cooperative	2-15 Goto-machi, Nagasaki City
Ditto	29/12/00	Chogin Fukui Credit Cooperative	2-10-15 Hinode, Fukui City
Ditto	Ditto	Chogin Aichi Credit Cooperative	4-16-31 Meieki, Nakamura-ku, Nagoya City
21/05/99	Ditto	Chogin Tokyo Credit Cooperative	5-29-10 Sendagaya, Shibuya-ku, Tokyo
Ditto	Ditto	Chogin Chiba Credit Cooperative	4-14 Sakae-cho, Chuo-ku, Chiba City
Ditto	Ditto	Chogin Niigata Credit Cooperative	2-1-10 Hanazono, Niigata City
Ditto	Ditto	Chogin Nagano Credit Cooperative	1-8-1 Agata, Matsumoto City
10/02/00	10/02/00	Nagasaki Dai-Ichi Credit Cooperative	1-9 Yorozuya-machi, Nagasaki City
19/05/00	19/05/00	Mie Shogin Credit Cooperative	2-56 Chuo-cho, Kuwana City
25/08/00	25/08/00	Niigata Shogin Credit Cooperative	3-2-28 Benten, Niigata City
06/10/00	06/10/00	Fudo Credit Cooperative	1-17 Musashi-machi, Kanazawa City
01/12/00	01/12/00	Do-o Credit Cooperative	2-3-21 Sakae-machi, Takigawa City
08/12/00	08/12/00	Mizunami Shoko Credit Cooperative	1105-6 Terakawado-cho, Mizunami City
15/12/00	15/12/00	Wajima Credit Cooperative	1-123 Kawai-machi, Wajima City
16/12/00	16/12/00	Kansai Kogin Credit Cooperative	2-8 Fudegasaki-cho, Tennoji-ku, Osaka City
Ditto	Ditto	Tokyo Shogin Credit Cooperative	2-32-9 Kabuki-cho, Shinjuku-ku, Tokyo
29/12/00	29/12/00	Chogin Kinki Credit Cooperative	1-3-2 Matsuno-dori, Nagata-ku, Kobe City
16/02/01	16/02/01	Ibaraki Shogin Credit Cooperative	344-2 Aoyagi-cho, Mito City
16/03/01	16/03/01	Kanagawa Ken Seika Credit Cooperative	1-1 Torihama-cho, Kanazawa-ku, Yokohama City
06/04/01	06/04/01	Daishin Credit Cooperative	36-1 Minami-cho, Daijoshi, Kaga City
Ditto	Ditto	Kaga Credit Cooperative	36-5 Katayamazu Onsen Otsu, Kaga City
20/04/01	20/04/01	Kyoto Shogin Credit Cooperative	520 Karatsuya-cho, Horikawa Nishi-iru, Shijo-dori, Shimogyo-ku, Kyoto City
11/05/01	11/05/01	Chiba Prefecture Shoko Credit Cooperative	2-13-12 Innai, Chuo-ku, Chiba City
25/05/01	25/05/01	Harue Credit Cooperative	3-7 Tamekuni Naka-ku, Harue-cho, Sakai-gun, Fukui Prefecture
08/06/01	08/06/01	Tokyo Chuo Credit Cooperative	3-3-5 Uchikanda, Chiyoda-ku, Tokyo
Ditto	Ditto	Seika Credit Cooperative	4-4 Kanda Sakuma-cho, Chiyoda-ku, Tokyo
15/06/01	15/06/01	Tokyo Credit Cooperative	3-17 Kanda Nishiki-cho, Chiyoda-ku, Tokyo
22/06/01	22/06/01	Asahikawa Shoko Credit Cooperative	7-423-3 Sanjo-Dori, Asahikawa City
06/07/01	06/07/01	Otaru Shoko Credit Cooperative	2-15-20 Inaho, Otaru City

(Note) "Financial Institution Under Public Management" refers to financial institutions subject to management by a financial administrator in line with Article 74 of the Deposit Insurance Law or Article 8 of the Financial Revitalization Law.

(4) List of Capital Infusion Operations Pursuant to Early Strengthening Law, etc.

Table 1 List of Capital Infusion Operations Pursuant to the Early Strengthening Law

(figures as of March 31st, 2001) (¥billion, %)

Name of Financial Institution	Month/Year of Injection	Preferred Stock				Subordinated Bonds / Loans					
		Type	Amount (¥billion)	Rate Approved	Beginning of Transfer	Type	Amount (¥billion)	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Mizuho (Dai-Ichi Kangyo Bank)	March 1999	Convertible (1)	200.0	0.41	After 5 years and 4 months	Terminable subordinated loan	100.0	L+0.75	From 6 years later	L+1.25	10 years
		Convertible (2)	200.0	0.70	After 6 y. and 4 m.	Terminable subordinated loan	100.0	L+0.75	From 7 y. later	L+1.25	11 y.
		Debenture	300.0	2.38	—	—	—	—	—	—	—
Mizuho (Fuji Bank)	March 1999	Debenture	300.0	2.10	—	Perpetual subordinated bond	200.0	L+0.65	From 6 y. later	L+1.35	Perpetual
		Convertible (1)	250.0	0.55	After 7 y. and 6 m.				From 11 y. later	L+2.15	
		Convertible (2)	250.0	0.40	After 5 y. and 6 m.	—	—	—	—	—	
Mizuho (Industrial Bank of Japan)	March 1999	Convertible (1)	175.0	1.40	After 4 y. and 5 m.	Perpetual subordinated bond	250.0	L+0.98	From 6 y. later	L+1.48	Perpetual
		Convertible (2)	175.0	0.43	After 4 y. and 3 m.						
Sakura Bank	March 1999	Convertible	800.0	1.37	After 3 y. and 6 m.	—	—	—	—	—	
Sumitomo Bank	March 1999	Convertible (1)	201.0	0.35	After 3 y. and 1 m.	—	—	—	—	—	
		Convertible (2)	300.0	0.95	After 6 y. and 4 m.	—	—	—	—	—	
Sanwa Bank	March 1999	Convertible	600.0	0.53	After 2 y. and 3 m.	Perpetual subordinated bond	100.0	L+0.34	From 5 y. and 7 m. later	L+1.34	Perpetual
Tokai Bank	March 1999	Convertible (1)	300.0	0.93	After 3 y. and 3 m.	—	—	—	—	—	
		Convertible (2)	300.0	0.97	After 4 y. and 3 m.	—	—	—	—	—	
Toyo Trust & Banking	March 1999	Convertible	200.0	1.15	After 3 m.	—	—	—	—	—	
Daiwa Bank	March 1999	Convertible	408.0	1.06	After 3 m.	—	—	—	—	—	
Asahi Bank	March 1999	Convertible (1)	300.0	1.15	After 3 y. and 3 m.	Perpetual subordinated loan	100.0	L+1.04	From 11 y. later	L+2.54	Perpetual
		Convertible (2)	100.0	1.48	After 4 y. and 3 m.						
Mitsubishi Trust & Banking	March 1999	Convertible	200.0	0.81	After 4 y. and 4 m.	Perpetual subordinated bond	100.0	L+1.75	From 6 y. later	L+2.25	Perpetual
Sumitomo Trust & Banking	March 1999	Convertible	100.0	0.76	After 2 y.	Terminable subordinated bond	100.0	L+1.53	From 8 y. later	L+2.03	12 y.
Chuo Mitsui Trust & Banking (formerly Mitsui Trust & Banking)	March 1999	Convertible	250.2	1.25	After 3 m.	Terminable subordinated loan	150.0	L+1.49	From 6 y. later	L+1.99	10 y.
Chuo Mitsui Trust & Banking (formerly Chuo Trust & Banking)	March 1999	Convertible	150.0	0.90	After 3 m.	—	—	—	—	—	

Name of Financial Institution	Month/Year of Injection	Preferred Stock				Subordinated Bonds / Loans					
		Type	Amount (¥billion)	Rate Approved	Beginning of Transfer	Type	Amount (¥billion)	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Bank of Yokohama	March 1999	Convertible (1)	70.0	1.13	After 2 y. and 4 m.	Perpetual subordinated loan	50.0	L+1.65	From 6 y. later	L+2.15	Perpetual
		Convertible (2)	30.0	1.89	After 5 y. and 4 m.	Terminable subordinated loan	50.0	L+1.07	From 6 y. later	L+1.57	10 y. and 2 m.
Ashikaga Bank	September 1999	Convertible	75.0	0.94	After 1 y.	-	-	-	-	-	-
	November 1999	Convertible	30.0	0.94	After 1 y.	-	-	-	-	-	-
Hokuriku Bank	September 1999	Convertible	75.0	1.54	After 1 y. and 5 m.	-	-	-	-	-	-
Bank of Ryukyu	September 1999	-	-	-	-	Perpetual subordinated bond	40.0	1.50	-	-	Perpetual
Hiroshima-Sogo Bank	September 1999	Convertible	20.0	1.41	After 5 y.	Perpetual subordinated loan	20.0	L+2.80	From 6 y. later	L+4.14	Perpetual
Kumamoto Family Bank	February 2000	Convertible	30.0	1.33	After 2 y. and 6 m.	-	-	-	-	-	-
Hokkaido Bank	March 2000	-	-	-	-	Perpetual subordinated bond	45.0	1.16	-	-	Perpetual
Shinsei Bank	March 2000	Convertible	240.0	1.21	After 5 y. and 5 m.	-	-	-	-	-	-
Chiba Kogyo Bank	September 2000	Convertible	60.0	1.33	After 2 y.	-	-	-	-	-	-
Yachiyo Bank	September 2000	-	-	-	-	Perpetual subordinated bond	35.0	1.13	-	-	Perpetual
Aozora Bank	October 2000	Convertible	260.0	1.24	After 5 y.	-	-	-	-	-	-
Kansai Sawayaka Bank	March 2001	Convertible	8.0	1.08	After 1y. and 6 m.	Terminable subordinated loan	4.0	L+1.87	From 6 y. later	L+2.37	10 y.
Higashi-Nippon Bank	March 2001	Convertible	20.0	1.10	After 2 y.	-	-	-	-	-	-
Total			6,977.3				1,444.0				
Ground Total	8,421.3										

Note 1: L stands for LIBOR of yen

2: Perpetual subordinated bonds issued by the Ryukyu Bank and the Hokkaido Bank were converted to preferred stock on Sept. 29th, 2000, and those of the Yachiyo Bank on Feb. 28th, 2001.

3: Perpetual subordinated bonds issued by Mitsubishi Trust & Banking were repaid by the Bank (cancellation by purchase) on Dec. 22nd, 2000 (payment amount ¥101,807 million). The Bank's preferred stock (proceeds from sale ¥210.35 billion) was also re-sold on Jan. 24th, 2001.

4: Apart from the above, capital injections to the following financial institutions were approved in March 2001 and implemented in April 2001.

- Kinki Osaka Bank Preferred stock ¥60 billion (convertible, approved rate 1.36%, convertible from 9 months after injection)
- Gifu Bank Preferred stock ¥12 billion (convertible, approved rate 1.21%, convertible from 11 months after injection)

Table 2 List of Capital Infusion Operations Pursuant to the Financial Function Stabilization Law (¥ billion, %)

Name of Financial Institution	Month/Year of Injection	Preferred Shares				Subordinated Bonds/Loans				
		Type	Amount (¥billion)	Rate Approved	Beginning of Transfer	Type	Amount (¥billion)	Rate Approved (L for LIBOR of yen)		Period
								0 - 5th Year	5th Year Onwards	
Mizuho (Dai-Ichi Kangyo Bank)	March 1998	Convertible	99.0	0.75%	After 4 months	-	-	-	-	-
Mizuho (Fuji Bank)	March 1998	-	-	-	-	PSB	100.0	L + 1.10%	L + 2.60%	Perpetual
Mizuho (Industrial Bank of Japan)	March 1998	-	-	-	-	TSB	100.0	L + 0.55%	L + 1.25%	10 years
Sakura Bank	March 1998	-	-	-	-	PSB	100.0	L + 1.20%	L + 2.70%	Perpetual
Sumitomo Bank	March 1998	-	-	-	-	PSB	100.0	L + 0.90%	L + 2.40%	Perpetual
Tokyo Mitsubishi Bank	March 1998	-	-	-	-	PSB *	100.0	L + 0.90%	L + 2.40%	Perpetual
Mitsubishi Trust & Banking	March 1998	-	-	-	-	PSB	50.0	L + 1.10%	L + 2.60%	Perpetual
Sanwa Bank	March 1998	-	-	-	-	TSB	100.0	L + 0.55%	L + 1.25%	10 years
Tokai Bank	March 1998	-	-	-	-	PSL	100.0	L + 0.90%	L + 2.40%	Perpetual
Toyo Trust & Banking	March 1998	-	-	-	-	PSB	50.0	L + 1.10%	L + 2.60%	Perpetual
Asahi Bank	March 1998	-	-	-	-	PSL	100.0	L + 1.00%	L + 2.50%	Perpetual
Daiwa Bank	March 1998	-	-	-	-	PSL ***	100.0	L + 2.70%	L + 2.70%	Perpetual
Sumitomo Trust & Banking	March 1998	-	-	-	-	PSB	100.0	L + 1.10%	L + 2.60%	Perpetual
Chuo Mitsui Trust & Banking (formerly Mitsui Trust & Banking)	March 1998	-	-	-	-	PSB	100.0	L + 1.45%	L + 2.95%	Perpetual
Chuo Mitsui Trust & Banking (formerly Chuo Trust & Banking)	March 1998	Convertible	32.0	2.50%	After 4 months	PSL	28.0	L + 2.45%	L + 3.95%	Perpetual
Yasuda Trust & Banking	March 1998	-	-	-	-	PBS	150.0	L + 2.45%	L + 3.95%	Perpetual
Bank of Yokohama	March 1998	-	-	-	-	PSL	20.0	L + 1.10%	L + 2.60%	Perpetual
Hokuriku Bank	March 1998	-	-	-	-	PSL	20.0	L + 2.45%	L + 3.95%	Perpetual
Ashikaga Bank	March 1998	-	-	-	-	PSB	30.0	L + 2.95%	L + 4.45%	Perpetual
Shinsei Bank	March 1998	Convertible**	130.0	1.00%	After 7 months	PSL	46.6	L + 2.45%	L + 3.95%	Perpetual
Aozora Bank	March 1998	Convertible**	60.0	3.00%	After 7 months	-	-	-	-	-
Total			321.0				1,494.6			

Grand Total	1,815.6
--------------------	----------------

Notes

PSB = perpetual subordinated bond; TSB = terminable subordinated bond; PSL = perpetual subordinated loan

* Perpetual subordinated bonds issued by the Tokyo Mitsubishi Bank were repaid (cancellation by purchase) by the bank on February 28th, 2000 (amount of payment: ¥100.56 billion).

* Perpetual subordinated bonds issued by Mitsubishi Trust & Banking were repaid by the Bank (cancellation by purchase) on Dec. 22nd, 2000 (amount of payment ¥50,002 million).

** The DIC acquired the preferred stock of the Shinsei Bank (formerly the Long-Term Credit Bank of Japan) on Oct. 28th, 1998, through the decision to start special public management. Similarly, the DIC acquired the preferred stock of the Aozora Bank (formerly the Nippon Credit Bank) on Dec. 17th, 1998, through the decision to start special public management. The preferred stock of the Shinsei Bank was reduced by 25,472,000 shares (of 100,000,000 shares) on March 31st, 2000. The preferred stock of the Aozora Bank was reduced by 71,856,000 shares (of 120,000,000 shares) on Oct. 3rd, 2000, and its dividend rate cut from 3% to 1%.

*** The approved added rate for perpetual subordinated loans of the Daiwa Bank will be 3.95% after 11 years and 4 months.

(5) Arrests, Accusations and Complaints

1) Number of Cases

(Unit: Cases)

	DIC	RCC	HLAC	RCB	Total
Arrests	11 (30)	63 (128)	76 (149)	22 (34)	172 (341)
Accusations and complaints	-	-	-	1 (3)	1 (3)
Others *	-	-	1 (1)	-	1 (1)
Total	11 (30)	63 (128)	77 (149)	23 (37)	174 (345)

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

* Completion of the period of prescription

2) Breakdown of Charges and Accusations

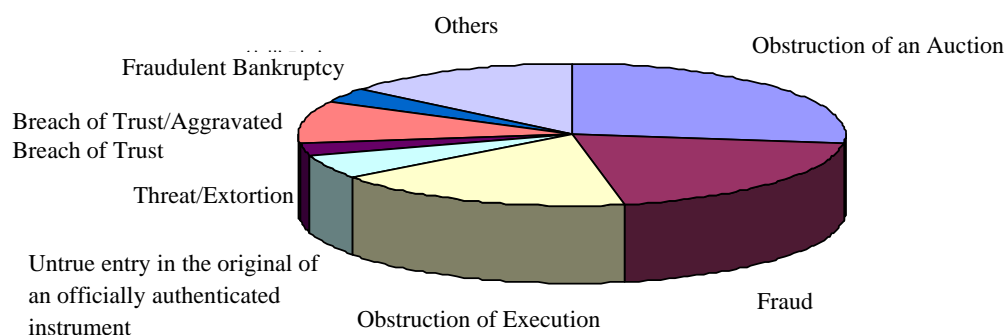
(Unit: Cases, %)

Category		DIC	RCC	HLAC	RCB	Total	%
Cases Related to Borrowers	Sub-Total	1 (2)	58 (109)	77 (150)	14 (19)	150 (280)	86.2
	Obstruction of an Auction	-	20 (39)	27 (49)	3 (7)	50 (95)	28.7
	Fraud	-	14 (28)	18 (44)	2 (2)	34 (74)	19.5
	Obstruction of Execution	1 (2)	12 (22)	15 (36)	4 (5)	32 (65)	18.4
	Untrue entry in the original of an officially authenticated instrument	-	5 (10)	4 (7)	-	9 (17)	5.2
	Threat/Extortion	-	1 (1)	3 (3)	-	4 (4)	2.3
	Fraudulent Bankruptcy*	-	3 (6)	1 (1)	1 (1)	5 (8)	2.9
	Others	-	3 (3)	9 (10)	4 (4)	16 (17)	9.2
Cases Related to Lenders	Sub-Total	10 (28)	5 (19)	-	9 (18)	24 (65)	13.8
	Breach of Trust/ Aggravated Breach of Trust	9 (22)	5 (19)	-	4 (11)	18 (52)	10.3
	Others	1 (6)	-	-	5 (7)	6 (13)	3.4
Total		11 (30)	63 (128)	77 (150)	23 (37)	174 (345)	100.0

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

* Stipulated in the Bankruptcy Law (Article 374)

From the establishment of the Special Operations Department (June 26th, 1996) to March 31st, 2001



3) List of Arrests Related to Accusations (Fiscal 2000)

No	Accuser	Date of Accusation	Date of Arrest	Lodging Office for Accusation	Defendant	Offense	Details
1	DIC	10/05/00	11/05/00	Tokyo District Prosecutor's Office Metropolitan Police Department	President of a Bank, others	Untrue entry in the original of an officially authenticated electromagnetic record, and provision of the same	Fabricated a new share subscriber for private placement of new shares, fabricated the payment for the shares, and made a false registration to the effect that the total number of issued shares had increased
2	RCC	24/05/00	24/05/00	Shizuoka Prefectural Police Department	Debtor in purchase under Article 53 of the Financial Revitalization Law	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
3	RCC	30/05/00	10/05/00	Osaka District Prosecutor's Office	<i>Jusen</i> debtor	Fraud (<i>nakanuki</i>)	Falsified real estate purchase price, cancelled mortgage through low repayments, and thus made illegal profit
4	RCC	30/05/00	16/05/00	Osaka Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
5	RCC	16/06/00	30/05/00	Hyogo Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit / force)	Prepared false rights transfer contract when debtor's condominium was to be put up for auction, entered new sublease agreement with the tenant, threatened officials who came to make a Status Survey, and thereby obstructed the auction
6	RCC	20/06/00	10/05/00	Osaka District Prosecutor's Office	<i>Jusen</i> debtor	Fraud (<i>nakanuki</i>)	Falsified real estate purchase price, cancelled mortgage through low repayments, and thus made illegal profit
7	RCC	29/06/00	29/06/00	Kanagawa Prefectural Police Department	President of Credit Cooperative, others	Breach of trust	Knowing that loan funds would be irrecoverable, evaded pursuit of liability, continued to make loans with the aim of making profits for an affiliated company, and thus caused losses to the Cooperative
8	RCC	06/07/00	22/06/00	Osaka District Prosecutor's Office	<i>Jusen</i> debtor	Obstruction of enforced execution (concealment)	Concealed assets by transferring deposit claims and rents to another account when they were likely to be confiscated, thereby obstructing enforced execution
9	RCC	07/09/00	07/11/00	Metropolitan Police Department	Debtor of failed financial institution	Obstruction of enforced execution (fabricated debts)	After awarding a bid to an affiliated company for the company building that was subject to auction, established a fixed mortgage based on fabricated debts, and in these and other ways obstructed enforced execution
10	RCC	13/09/00	21/09/00	Aichi Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit) Untrue entry in the original of an officially authenticated instrument, and use of the same	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
11	RCC	25/09/00	06/09/00	Osaka Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
12	RCC	28/09/00	21/09/00	Hiroshima Prefectural Police Department	<i>Jusen</i> debtor	Fraud (<i>nakanuki</i>)	Falsified real estate purchase price, cancelled mortgage through low repayments, and thus made illegal profit
13	RCC	02/10/00	03/09/00	Hokkaido Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit) Forgery of private document with signature or seal, and use of the same	Altered the repayment term in the repayment agreement when a purchaser arrived for real estate put up for auction, then claimed to the court clerk that the benefit of time had not been lost, deferred the decision on permission for sale, and thus obstructed the auction

No	Accuser	Date of Accusation	Date of Arrest	Lodging Office for Accusation	Defendant	Offense	Details
14	RCC	07/10/00	07/10/00	Mie Prefectural Police Department	<i>Jusen</i> debtor	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
15	RCC	12/10/00	21/09/00	Aichi Prefectural Police Department	Debtor of failed financial institution	Untrue entry in the original of an officially authenticated instrument, and use of the same	Fearing an auction order, caused a false authenticated document to be prepared to the effect that a lease agreement had been concluded on mortgaged property
16	RCC	17/10/00	18/10/00	Hokkaido Prefectural Police Department	Debtor of failed financial institution	Obstruction of enforced execution (concealment)	Concealed assets by transferring deposit claims and rents to another account when they were likely to be confiscated, thereby obstructing enforced execution
17	RCC	18/10/00	02/10/00	Hokkaido Prefectural Police Department	<i>Jusen</i> debtor	Obstruction of enforced execution (fabricated transfer) Untrue entry in the original of an officially authenticated electromagnetic record, and provision of the same	Pretended to have sold real estate holdings to an affiliated company, and registered the same, thus obstructing enforced execution
18	RCC	20/10/00	23/10/00	Kanagawa Prefectural Police Department	<i>Jusen</i> debtor	Obstruction of enforced execution (concealment)	After receiving an order for seizure of rent claims from the court, colluded with the leaseholder to declare a false lower rent to the court and concealed the difference, thereby obstructing enforced execution
19	RCC	01/11/00	18/10/00	Hyogo Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by force / deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and had members of a criminal organization occupy the premises, thereby obstructing the auction
20	RCC	08/11/00	21/09/00	Aichi Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
21	RCC	13/11/00	24/10/00	Osaka Prefectural Police Department	<i>Jusen</i> debtor	Obstruction of auction (by deceit)	Submitted false lease contract to the executor, had the same recorded in the Status Survey Report, and thereby obstructed the auction
22	RCC	15/12/00	11/01/01	Yamagata Prefectural Police Department	<i>Jusen</i> debtor	Obstruction of enforced execution (concealment)	Even after receiving an order for seizure of rent claims from the court, concealed them by deceiving the leaseholder and having the rent transferred to debtor's own bank account, thereby obstructing enforced execution
23	RCC	18/12/00	28/11/00	Hokkaido Prefectural Police Department	Debtor of failed financial institution	Breach of trust	Broke the obligation not to undertake transfer or other acts without the consent of the Hokkaido Takushoku Bank that had lent construction capital for a condominium block, sold the condominiums and had the purchasers make ownership registration
24	RCC	25/12/00	26/01/01	Metropolitan Police Department	<i>Jusen</i> debtor	Fraud (<i>nakanuki</i>)	For land on which RCC and a <i>shinkin</i> bank had established a mortgage right, kept the mortgage right of the bank in the company register even though the bank's mortgage had been cancelled, and paid RCC the voluntary sale price minus the repayment amount to the bank, thus canceling the mortgage right
25	DIC	23/01/01	23/01/01	Miyazaki District Prosecutor's Office Miyazaki Prefectural Police Department	President of <i>Shinkin</i> Bank, others	Breach of trust	Made loans in full knowledge that the recipient company was in a state of failure and that the loan might therefore be difficult to recover, thus causing losses to the Bank

No	Accuser	Date of Accusation	Date of Arrest	Lodging Office for Accusation	Defendant	Offense	Details
26	DIC	07/02/01	07/02/01	Niigata District Prosecutor's Office Niigata Prefectural Police Department	Chairman of a Bank, others	Aggravated breach of trust	Made loans in full knowledge that the recipient company could not repay its debts, that the collateral was insufficient and that the loan might therefore be difficult to recover, thus causing losses to the Bank
27	RCC	09/02/01	15/02/01	Shizuoka Prefectural Police Department	<i>Jusen</i> debtor	Fraud (<i>nakanuki</i>)	Falsified real estate purchase price, cancelled mortgage through low repayments, and thus made illegal profit
28	DIC	21/02/01	21/02/01	Miyazaki District Prosecutor's Office Miyazaki Prefectural Police Department	President of <i>Shinkin</i> Bank, others	Breach of trust	Made loans in full knowledge that the recipient company was in a state of failure and that the loan might therefore be difficult to recover, thus causing losses to the Bank
29	RCC	23/03/01	02/03/01	Osaka Prefectural Police Department	Debtor of failed financial institution	Obstruction of auction (by force)	Members of a criminal organization threatened the successful bidder for a property auctioned by RCC and demanded that the bidder withdraw from the auction, thereby obstructing the auction

(6) Pursuit of Civil Liability via Litigation and Arbitration

Reason for Claim	Claimant		DIC		RCC		HLAC		RCB		Total	
	Cases	Amount Claimed (¥ million)	Cases	Amount Claimed (¥ million)	Cases	Amount Claimed (¥ million)	Cases	Amount Claimed (¥ million)	Cases	Amount Claimed (¥ million)	Cases	Amount Claimed (¥ million)
Management Liability ¹⁾	9	30,154.51 ²⁾	25	16,005.40	1	3,595.0	15	30,281.78	50	80,036.69		
Intermediary Liability	-	-	3	³⁾	2	5,010.0 ⁴⁾	-	-	5	5,010.0		
Total	9	30,154.51	28	16,005.40	3	8,605.0	15	30,281.78	55	85,046.69		

From the establishment of the Housing Loan Administration Corporation and the Resolution and Collection Bank to March 31st, 2001

Notes

- 1) Including cases where borrowers were accused together with executives on grounds of joint illegal acts.
- 2) Including 6 cases in which the DIC initiated litigation as a financial administrator.
- 3) No claimed amount is shown here because all three cases involved an application for civil arbitration. One case was settled at ¥1,012 million on November 17th, 1999 while the other two cases were also settled at ¥1 billion and ¥500 million respectively on March 22nd, 2000.
- 4) Cases of litigation on grounds of intermediary liability were settled at ¥3 billion on February 1st, 1999.

(7) Collection Performance of the RCC

Former HLAC

Book price of claims when transferred 4,655.8 billion.....(A)

(Unit : ¥ billion)

	Amount Collected	Cumulative Total Collected (B)	Collection Ratio (B/A)
Fiscal 1996	275.6	275.6	5.9%
Fiscal 1997	640.5	916.1	19.7%
Fiscal 1998	634.0	1,550.1	33.3%
Fiscal 1999	430.5	1,980.6	42.5%
Fiscal 2000	317.2	2,297.8	49.4%

Former RCB

(Unit: ¥ billion)

	Total of Book Price of Credits when Transferred (A)	Amount Collected	Cumulative Total of Amount Collected (B)	Collection Ratio (B/A)
Fiscal 1996	384.1	34.3	34.3	8.9%
Fiscal 1997	596.6	51.4	85.7	14.4%
Fiscal 1998	2,012.1	261.8	347.5	17.3%
Fiscal 1999	3,132.9	605.0	952.5	30.4%
Fiscal 2000	3,927.6	936.7	1,889.2	48.1%
More than one year after transfer	3,132.9	920.1	1,872.6	59.8%
Less than one year after transfer	794.7	16.6	16.6	2.1%

* Performance figures for fiscal 1996 are the sum of totals in fiscal 1995 and fiscal 1996.

* Trust schemes are excluded from claims transferred from Hokkaido Takushoku Bank.

* Includes claims transferred from the Hanwa Bank (as entrusted by the DIC) and those purchased under Article 53 of the Financial Revitalization Law.

(8) Outline of Funding of the DIC (Fiscal 2001)

Table 1 Outline of Funding for Each Account

	General Account	Crisis Management Account	Special Operations Account	Financial Reconstruction Account	Early Strengthening Account
Borrowing / bond issues					
Base law	Deposit Insurance Law, Art. 42-1 and -2	Deposit Insurance Law, Art. 126-1	Deposit Insurance Law, Supplements, Art. 20-1	Financial Function Reconstruction Law, Art. 65-1	Early Strengthening Law, Art. 16-1
Ceiling	¥6 trillion (Deposit Insurance Law, Cabinet Order Art. 2)	¥15 trillion (Deposit Insurance Law, Cabinet Order Art. 29)	¥10 trillion (Deposit Insurance Law, Supplements, Cabinet Order Art.4)	¥10 trillion (Financial Function Reconstruction Law, Cabinet Order, Art. 13)	¥16 trillion (Early Strengthening Law, Cabinet Order, Art. 5)
Method (Source)	(1) borrowing: ① financial institutions and others ② Bank of Japan (BOJ) (2) bond issues	(1) borrowing: (BOJ, financial institutions and others) (2) bond issues	(1) borrowing: (BOJ, financial institutions and others) (2) bond issues	(1) borrowing: (BOJ, financial institutions and others) (2) bond issues	(1) borrowing: (BOJ, financial institutions and others) (2) bond issues
Spent on	① payment of insurance claims ② financial assistance ③ purchase of deposits, etc. ④ Shares to establish bridge banks ⑤ loans, etc., to bridge banks ⑥ loans to failed financial institutions etc.	① share subscription, etc., by DIC ② financial assistance to financial institutions under public management ③ financial assistance to banks under special crisis management etc.	① special financial assistance ② special purchase of deposits ③ compensation for losses by contracted bank ④ lending to contracted bank etc.	① asset purchase from financial institutions, etc. ② lending of funds needed by contracted bank for underwriting shares, etc., in line with former Financial Function Stabilization Law etc.	① lending of funds needed by contracted bank for underwriting shares, etc. ② loss compensation for contracted bank etc.
Government guarantee					
Base law	Deposit Insurance Law, Art. 42 (2)	Deposit Insurance Law, Art. 126-2	Deposit Insurance Law, Supplements, Art. 20-2	Financial Function Reconstruction Law, Art. 66	Early Strengthening Law, Art. 17
Appropriation in general provisions of budget in fiscal 2001	Within the limit approved by the Diet (¥6 trillion in the original budget for fiscal 2001)	Within the limit approved by the Diet (¥15 trillion in original budget for fiscal 2001)	Within the limit approved by the Diet (¥10 trillion in original budget of fiscal 2001)	Within the limit approved by the Diet (¥10 trillion in original budget of fiscal 2001)	Within the limit approved by the Diet (¥14.2 trillion in original budget of fiscal 2001) (Note)
Other fiscal operations					
Operation			Government bonds: ¥13 trillion (Note) (allotted for special operations fund)		
Base law			Deposit Insurance Law, Supplements, Art. 19 (4) ii, iii (and 19 (2))		

	General Account	Crisis Management Account	Special Operations Account	Financial Reconstruction Account	Early Strengthening Account
Spent on			① special financial assistance ② special purchase of deposits ③ compensation for accumulated deficit of special operations account as of the end of the fiscal year etc.		
Substantial amount of financial operations	¥6 trillion	¥15 trillion	¥23 trillion	¥10 trillion	¥16 trillion

(Note) The figure for government guarantees in the Early Strengthening Account is calculated as ¥16 trillion minus previously issued DIC bonds (¥1.8 trillion) which already have government guarantees and are not due to be converted in fiscal 2001.

Table 2 Balance of Raised Funds at End of Each Fiscal Year

(Unit: ¥ billion)

Account Title	Fiscal Year	End of Fiscal 1998	End of Fiscal 1999	End of Fiscal 2000
General Account		760.5 (633.8)	1,312.9 (71.1)	2,464.2 (394.2)
Special Operations Account		2,807.4 (1,856.4)	3,567.6 (-)	3,491.5 (-)
<i>Jusen</i> Account		-	-	-
Financial Reconstruction Account		4,819.8 (3,000.0)	3,924.3 (-)	5,118.3 (-)
Early Strengthening Account		7,462.5 (1,162.5)	8,040.2 (197.8)	8,104.6 (-)
	Raised by Issue of Bonds	-	600.0	1,800.0
Total		15,850.2 (6,652.7)	16,845.0 (268.9)	19,178.6 (394.2)
	Raised by Issue of Bonds	-	600.0	1,800.0

- Notes: 1. The parenthesized values are borrowings from the Bank of Japan within the amount raised.
2. On February 18th, 1998, the Common Financial Institutions Special Account and the Credit Cooperatives Special Account were integrated into the Special Operations Account.
3. The Financial Function Stabilization Law was abolished after the Financial Function Reconstruction Law was enforced on October 23rd, 1998. As a result, the Financial Crisis Management Account based on the former law was discontinued and the assets and liabilities of this account came to be charged to the Financial Reconstruction Account.
4. Since October 1999, bonds have been issued under the Early Strengthening Account.

(9) Acceptance of Foreign Missions, etc., and Participation in International Conferences**1) Deposit Insurance Organizations in Asia**

Area	Name & Address of Organization
Bangladesh	Bangladesh Bank Head Office Dhaka 1000 Tel: 88029550262 Fax: 88029566212
India	Deposit Insurance and Credit Guarantee Corporation Third floor, Marshall Building Annex, Shoorji Vallabhas Varg Ballard Estate Mumbai 400038 Tel: 91222618361 Fax: 91222613995
Japan	Deposit Insurance Corporation of Japan
Philippines	Philippine Deposit Insurance Corporation 2228 Chino Roces Avenue, Makati City 1231 Tel: 6328104901 Fax: 6328173566
South Korea	Korea Deposit Insurance Corporation Da-dong, 33, Chung-gu Seoul 100-180 Tel: 8227580209 Fax: 8227580220

Area	Name & Address of Organization
Sri Lanka	Central Bank of Sri Lanka Bank Supervision Department Janadhipathi Mawatha, P.O. Box 590 Colombo 01 Tel: 941423918 Fax: 941325824
Taiwan	Central Deposit Insurance Corporation 11Fl., No.3, Nan-Hai Road, Taipei Tel: 886223971611 Fax: 886223944068
Vietnam	Deposit Insurance of Vietnam 47-49 Ly Thai To Street, Hanoi Tel: 8448252946 Fax: 8448246300

2) Acceptance of Foreign Missions

Date	Name of Organization	Remarks
May 12th, 2000	Federal Deposit Insurance Corporation (FDIC)	Former Chairman
July 4th, 2000	Korea Asset Management Corporation (KAMCO)	Governor, Director of Business Support Headquarters, 2 others
Oct. 10th, 2000	Korea Deposit Insurance Corporation (KDIC)	Senior Researcher, 1 other
Nov. 13th, 2000	Instituto para la Proteccion al Ahorro Bancario (IPAB), Mexico	Deputy Governor, 1 other
Nov. 15th, 2000	China Cinda Asset Management Corporation	Governor, 4 others
Nov. 27th, 2000	Central Bank of China, Economic Research Institute	Researcher, 4 others
Nov. 30th, 2000	Agency for Restructuring Credit Organizations (ARCO), Russia	Governor, Deputy Governor (Director-General of Restructuring Finance Bureau)
Feb. 8th, 2001	IMF Article IV Mission	Director-General of Asia-Pacific Division, 3 others
Feb. 15th, 2001	Korea Deposit Insurance Corporation (KDIC)	Assistant Manager of Special Study Department, 2 others
March 29th, 2001	Ministry of Finance, Thailand	Councilor for Fiscal Policy, 1 other
April 3rd, 2001	People's Bank of China	Deputy-Governor, 6 others
April 9th, 2001	IMF International Capital Markets Mission	Director of Research Division, 5 others
April 17th, 2001	Ministry of Finance, Thailand	Director-General of Fiscal Policy Bureau, 1 other

3) Participation in International Conferences

Date	Purpose	Remarks
Nov. 8th, 2000	International Conference on Deposit Insurance Systems	Hosted by ROK
Nov. 9th-10th, 2000	International Conference on Non-Performing Loans	Hosted by ROK
Nov. 2000 – June 2001	Financial Stability Forum Working Group on Deposit Insurance	

4) **List of Organizations Taking Part in the Financial Stability Forum Working Group on Deposit Insurance**

Country	Name of Organization	Remarks
Argentina	Seguro de Depositos Sociedad Anonima	
Canada	Canada Deposit Insurance Corporation	
Chile	Banco Central de Chile	
France	Secretariat General de la Commission Bancaire	
Germany	Federal Ministry of Finance	
Hungary	National Deposit Insurance Fund of Hungary	
Italy	Banca d'Italia	
Jamaica	Jamaica Deposit Insurance Corporation	
Japan	Financial Services Agency, DIC	
Mexico	Instituto para la Proteccion al Ahorro Bancario	
Philippines	Philippine Deposit Insurance Corporation	
USA	Federal Deposit Insurance Corporation	
	Financial Stability Forum Secretariat	International organization
	International Bank for Reconstruction and Development	International organization
	IMF (International Monetary Fund)	International organization

3. Financial Situation

Table 1 Statement of Profit and Loss for Fiscal 2000

(Unit: ¥ million)

Item	General Account	Special Operations Account	Total	Excluding
				Inter-Account Transfers
Insurance Premiums	275,907	206,930	482,837	482,837
Income from Financial Assistance Related Business	-	2,522	2,522	2,522
Income from Contracted Bank	-	7,041	7,041	7,041
Income from Investment	-	1	1	1
Transfer from General Account	-	1,394,801	1,394,801	-
Income from Contributions by Banks Under Public Management, etc.	480	-	480	480
Transfer from Special Operations Fund (Redemption of Government Bonds)	-	3,640,683	3,640,683	3,640,683
Refunded Grants	161	17,029	17,190	17,190
Write-backs on Allowance for Loan Loss	-	48,445	48,445	48,445
Non-Operating Revenue	3	5,774	5,778	5,778
Total	276,552	5,323,231	5,599,784	4,204,983
Financial Assistance	23,873	5,267,994	5,291,868	5,291,868
Compensation for Losses by Transferees of Special Assets, etc.	-	82,015	82,015	82,015
General Administrative Expenses	3,824	1,662	5,486	5,486
Transfer to Other Accounts	1,394,801	-	1,394,801	-
Transfer to Special Operations Fund	-	15,798	15,798	15,798
Transfer to Allowance for Loan Loss	-	44,663	44,663	44,663
Non-Operating Expenses	4,639	9,320	13,960	13,960
Total	1,427,138	5,421,455	6,848,593	5,453,792
Net Surplus/Deficit	Δ1,150,585	Δ98,223	Δ1,248,809	Δ1,248,809
Outstanding Balance of Deposit Insurance Fund (End of Fiscal 1999)	Δ1,314,224	Δ582,530	Δ1,896,755	
Outstanding Balance of Deposit Insurance Fund (End of Fiscal 2000)	Δ2,464,810	Δ680,754	Δ3,145,565	

Note: Figures are rounded down to the nearest ¥ million.

Table 2 Balance Sheet and Statement of Profit and Loss

1) **General Account**

Balance Sheet (as of 31st March, 2001)

(Unit: ¥ million)

Assets	
Item	Amount
< Current Assets >	2,196
- Cash and Deposits	152
- Securities	1,279
- Prepaid Expenses	526
- Accrued Income	0
- Accounts Receivable	237
< Fixed Assets >	468
- Financial Assistance Related Assets	
Purchased Assets	180
- Tangible Fixed Assets	168
Buildings	107
Tools/Equipment/Fixtures	60
- Intangible Fixed Assets	1
- Investment and Other Assets	
Guarantee Money and Other Security Deposits	118
Total	2,665
Liabilities and Capital Accounts	
< Current Liabilities >	2,466,980
- Short-Term Loans	2,464,200
- Accounts Payable	49
- Accrued Expenses Payable	2,702
- Money on Deposit	28
< Fixed Liabilities >	40
- Reserves for Retirement Allowance	40
<<Liabilities Total>>	2,467,020
< Capital >	455
- Government Capital	150
- Bank of Japan Capital	150
- Private Capital	155
< Deficit >	Δ2,464,810
- Deficit Carried Forward	Δ1,314,224
- Current Deficit	Δ1,150,585
<<Capital Total>>	Δ2,464,355
Total	2,665

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

Profit and Loss (1st April, 2000 to 31st March, 2001)

(Unit: ¥ million)

Revenue	
Item	Amount
< Current Revenue >	276,552
- Income from Deposit Insurance Insurance Premiums	275,907
- Income from Contributions by Banks Under Public Management, etc.	480
- Refunded Grants	161
- Non-Operating Income	3
< Current Deficit >	1,150,585
Total	1,427,138
Expenses	
Item	Amount
< Current Expenses >	1,427,138
- Financial Assistance Grants	23,873
- General Administrative Expenses	3,824
- Transfer to Other Accounts Transfer to Special Operations Account	1,394,801
- Non-Operating Expenses Interest on Borrowing	4,639
Total	1,427,138

- Notes: 1. Current deficit of ¥1,150,585 million carried forward to the next fiscal year pursuant to the provision of Article 15, Paragraph 4, of the Deposit Insurance Law Enforcement Regulations.
2. All figures are rounded down to the nearest ¥ million.

Important Accounting Principles and Other Relevant Matters

1. Evaluation Criteria/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 of tangible fixed assets is ¥54 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 the appropriation of reserves in preparation for payment of the retirement allowance for employees.
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

2) Special Operations Account

Balance Sheet (as of 31st March, 2001)

(Unit: ¥ million)

Assets	
Item	Amount
< Current Assets >	8,878
- Cash and Deposits	83
- Money Deposited	899
- Securities	2,569
- Suspense Payments	638
- Prepaid Expenses	91
- Accrued Income	4,596
- Allowance for Loan Loss	Δ1
< Fixed Assets >	7,801,133
- Financial Assistance Related Assets	91,291
Purchased Assets	135,477
Compensation Claims	476
Allowance for Loan Loss	Δ44,662
- Assets Related to Contracted Bank	2,716,900
Contracted Bank Shares	12,000
Loans for Contracted Bank	2,704,900
- Tangible Fixed Assets	150
Buildings	103
Tools/Equipment/Fixtures	46
- Intangible Fixed Assets	1
- Investments and Other Assets	4,992,789
Assets of Special Operation Fund	4,585,016
Guarantee Money and Other Security Deposits	116
per contra on Loan Guarantee for Contracted Bank	407,600
Other Assets	56
Total	7,810,011
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	3,198,111
- Short-Term Loans	3,191,500
- Accounts Payable	14
- Accrued Expenses Payable	6,226
- Money on Deposit	0
- Advance Payments Received	3
- Suspense Receipts	366
< Fixed Liabilities >	707,637
- Long-Term Borrowing	300,000
- Reserves for Retirement Allowance	37
- Loan Guarantees	
Loan Guarantee for Contracted Bank	407,600
< Statutory Reserves >	4,585,016
- Special Operations Fund	4,585,016
per contra for Special Operations Fund Assets	4,585,016
per contra for Operating Revenue	0
<< Liabilities Total >>	8,490,765
< Deficit >	Δ680,754
- Deficit Carried Forward	Δ582,530
- Current Deficit	Δ98,223
<< Capital Total >>	Δ680,754
Total	7,810,011

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

Profit and Loss (1st April, 2000 to 31st March, 2001)

(Unit: ¥ million)

Revenue	
Item	Amount
< Current Revenue >	5,323,231
- Income from Deposit Insurance Special Insurance Premiums	206,930
- Revenue from Financial Assistance-Related Business Return from Purchased Assets Profit on Purchased Assets Sold Income from Guarantee Fees	2,522 1,834 688 0
- Revenue from Contracted Bank-Related Business Interest on Loans to Contracted Bank	7,041
- Operating Income	1
- Transfer from General Account	1,394,801
- Transfer from Special Operations Fund	3,640,683
- Refunded Grants	17,029
- Write-backs on Allowance for Loan Loss	48,445
- Non-Operating Revenue	5,774
< Current Deficit >	98,223
Total	5,421,455
Expenses	
Item	Amount
< Current Expenses >	5,421,455
- Financial Assistance Expenses Grants Loss from Purchased Assets Administrative Expenses for Purchased Assets Cost of Commissioning Management and Collection Businesses Cost of Commissioning Asset Purchase Business Special Compensation for Commissioning Asset Purchase Business	5,267,994 5,240,950 228 62 1,636 21,700 3,416
- Compensation for Losses by Transferees of Special Assets, etc.	82,015
- General Administrative Expenses	1,662
- Transfer to Special Operations Fund	15,798
- Transfer to Allowance for Loan Loss	44,663
- Non-Operating Expenses Interest Payment on Borrowing	9,320
Total	5,421,455

- Notes: 1. Current deficit of ¥98,223 million is carried forward to the next fiscal year pursuant to the provisions of Article 15, Paragraph 4, of the Deposit Insurance Law Enforcement Regulations.
2. All figures are rounded down to the nearest ¥ million.

Important Accounting Principles and Other Relevant Matters

- Evaluation Method for Securities
Cost method based on the periodic average method.
- 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	: ¥94 million
Tangible fixed assets	: ¥53 million
Investment and other assets	: ¥17 million

3. Appropriation Criteria for Allowance and Reserves
 - (1) Allowance for Loan Loss

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 judgement of the payment capability of the debtor, is accounted for vis-à-vis the remaining amount after the above reduction. For claims other than those described above, the amount for Allowance for Loan Loss 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.
 - (3) Special Operations Fund

To ensure the soundness of the Special Operations Account and implement special operations smoothly, the balance of bonds provided by the government is aggregated in line with Article 19-4 (2) and (3) of the Supplementary Provisions to the Deposit Insurance Law (Law No. 34 of 1971).
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

3) Financial Reconstruction Account

Balance Sheet (as of 31st March, 2001)

(Unit: ¥ million)

Assets	
Item	Amount
< Current Assets >	4,408
- Cash and Deposits	62
- Deposits Received	198
- Securities	949
- Suspense Payments	0
- Prepaid Expenses	70
- Accounts Receivable	3,126
< Fixed Assets >	4,483,210
- Assets from Assets Purchase Business	2,978,888
Purchased Assets	3,032,089
Allowance for Loan Loss	Δ53,200
- Tangible Fixed Assets	19
Buildings	9
Tools/Equipment/Fixtures	10
- Intangible Fixed Assets	0
- Investment and Other Assets	1,504,302
Loans to Designated Contracted Bank	24,800
Loans to Contracted Bank	1,479,500
Guarantee Money and Other Security Deposits	2
Total	4,487,618
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	5,126,351
- Short-Term Loans	5,118,300
- Accounts Payable	61
- Accrued Expenses Payable	7,722
- Suspense Receipts	267
< Fixed Liabilities >	4
- Reserves for Retirement Allowance	4
<<Liabilities Total>>	5,126,355
< Deficit >	Δ638,737
- Deficit Carried Forward	Δ452,231
- Current Deficit	Δ186,505
<<Capital Total>>	Δ638,737
Total	4,487,618

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

Profit and Loss (1st April, 2000 to 31st March, 2001)

(Unit: ¥ million)

Revenue	
Item	Amount
< Current Revenue >	32,845
- Income from Asset Purchase Business	25,131
Income from Purchased Assets	17,747
Profits from Purchased Assets	7,384
- Remittance Income from the Specified Contracted Bank	1,566
- Interest on Loans to Specified Contracted Bank	56
- Interest on Loans to Contracted Bank	4,983
- Income from Sale of Shares of Banks Under Special Public Management	1,000
- Non-Operating Income	106
< Current Deficit >	186,505
Total	219,351
Expenses	
Item	Amount
< Current Expenses >	219,351
- Expenses for Asset Purchase Business	5,523
Loss on Purchased Assets	3,248
Administrative Expenses for Purchased Assets	985
Cost of Commissioning Management and Recovery	68
Cost of Commissioning Asset Purchase Business	1,221
- Compensation for Losses by Banks Under Special Public Management	101,144
- Compensations or Losses by Contracted Bank	44,585
- General Administrative Expenses	465
- Transferred to Allowance for Loan Loss	53,200
- Non-Operating Expenses	
Interest Paid	14,432
Total	219,351

Notes: 1. Current deficit of ¥186,505 million is charged against the accumulated fund and the remaining deficit is carried forward to the next fiscal year pursuant to the provisions of Article 25, Paragraph 2 of the Financial Revitalization 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: ¥3 million
3. Appropriation Criteria for Reserves
 - (1) Allowance for loan loss: 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 allowance for loan loss. 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 criteria for revenue and expenses: accrual method

4) Early Strengthening Account

Balance Sheet (as of 31st March, 2001)

(Unit: ¥ million)

Assets	
Item	Amount
< Current Assets >	13,293
- Cash and Deposits	84
- Securities	499
- Accrued Income	12,709
< Fixed Assets >	8,124,462
- Tangible Fixed Assets	6
Buildings	4
Tools/Equipment/Fixtures	1
- Intangible Fixed Assets	0
- Investment and Other Assets	8,124,456
Loans to Contracted Bank	8,124,455
Guarantee Money and Other Security Deposits	1
< Deferred Charge >	4,495
Cost of Issuing Bonds	3,731
Discount on Bonds	764
Total	8,142,252
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	6,317,424
- Short-Term Loans	6,304,600
- Accounts Payable	1
- Accrued Expenses Payable	12,575
- Advance Payments Received	247
< Fixed Liabilities >	1,800,521
- DIC Bonds	1,800,000
- Long-Term Advance Payment Received	520
- Reserves for Retirement Allowance	1
<<Liabilities Total>>	8,117,946
<Surplus>	24,305
- Deficit Carried Forward	△175
- Current Profit	24,481
<<Capital Total>>	24,305
Total	8,142,252

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

Profit and Loss (1st April, 2000 to 31st March, 2001)

(Unit: ¥ million)

Revenue	
Item	Amount
< Current Revenue >	58,911
- Remittance Income from the Contracted Bank	26,027
- Interest on Loans to Contracted Bank	32,854
- Non-Operating Income	28
Total	58,911
Expenses	
Item	Amount
< Current Expenses >	34,430
- Compensation for Loss by Contracted Bank	151
- Non-Operating Expenses	34,278
Interest on Borrowing Paid	22,166
Interest on Bonds Paid	9,549
Administrative Expenses for Bonds	20
Depreciation of Bond Issuing Cost	2,392
Amortization of Discount on Bonds	150
< Current Profit >	24,481
Total	58,911

- Notes: 1. The profit of ¥24,481 million for fiscal 2000 is added to the accumulated fund after subtracting the deficit carried forward from the previous fiscal year, pursuant to the provisions of Article 8, Paragraph 1 of the Early Strengthening Law Enforcement Regulations (Provision No. 3 of the Financial Reconstruction Commission, 1998).
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: ¥1 million
3. Accounting Criteria for Allowances
Retirement Allowance
The required amount of payment at the end of the fiscal year is used as the criterion to prepare for the payment of retirement allowances for officials and staff members.
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 (four years)
 - 3) Accounting Criteria for Revenue and Expenses: accrual method

5) *Jusen Account*

Balance Sheet (as of 31st March, 2001)

(Unit: ¥ million)

Assets	
Item	Amount
< Current Assets >	5,095
- Cash and Deposits	83
- Securities	4,994
- Accrued Income	17
< Fixed Assets >	4,299,298
- Tangible Fixed Assets	114
Buildings	70
Tools/Equipment/Fixtures	43
- Intangible Fixed Assets	1
- Investment and Other Assets	4,299,182
Assets Relating to Financial Stabilization Fund	908,695
Shares of Affiliated Companies	200,000
Guarantee Money and Other Security Deposits	110
per contra on Loan Guarantees	3,190,377
Total	4,304,393
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	56,573
- Accounts Payable	56,533
- Advance Payments Received	40
< Fixed Liabilities >	3,290,631
- Reserves for Retirement Allowance	28
- Repayable Payments Received from Bank of Japan	100,000
- Charges against Assets Allotted in Operation	225
- Loan Guarantees	3,190,377
< Statutory Reserves >	1,008,695
- Financial Stabilization Fund	1,008,695
Counterpart of Private-Sector Contributions	1,007,000
Counterpart of Operating Income	1,695
<<Liabilities Total>>	4,355,900
< Capital >	5,000
- Government Capital	5,000
< Deficit >	Δ56,506
- Deficit Carried Forward	Δ23,067
- Current Deficit	Δ33,438
<<Capital Total>>	Δ51,506
Total	4,304,393

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

Profit and Loss (1st April, 2000 to 31st March, 2001)

(Unit: ¥ million)

Revenue	
Item	Amount
< Current Revenue >	22,760
- Payment from Claims Disposal Companies	
Payment of Collection Profits of Transferred Claims, etc.	462
- Income from Investment	
Income from Investment of Financial Stabilization Fund	10,462
- Revenue from Special Operations Contributions	930
- Write-backs on Financial Stabilization Fund	10,828
- Non-Operating Income	63
- Write-backs on Charge Against Assets Allotted in Operation	13
< Current Deficit >	33,438
Total	56,199
Expenses	
Item	Amount
< Current Expenses >	56,199
- Grant for Claims Disposal Companies	
Operation Promotion Grant	44,277
- Payments to Government	
Payment of Collection Profits of Transferred Claims, etc.	462
- General Administrative Expenses	997
- Transfer to Financial Stabilization Fund	10,462
Total	56,199

- Notes: 1. Current deficit of ¥33,438 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: ¥48 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 allowance 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 claims disposal companies 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

4. Statistical Tables

Table 1. Income and Expenditure
(General Account and Special Operations Account)

(Unit: ¥ million)

Fiscal Year	Income			Expenditure	Net Earnings	Deposit Insurance Fund (Ending on March 31st)
	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	34,651	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	145	74,187	513,608
1990	60,381	-	87,944	156	87,788	601,396
1991	63,202	-	95,154	165	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	Δ489,452	386,578
1996	461,993	-	532,744	1,314,429	Δ781,685	Δ395,107
1997	462,956	-	464,318	163,229	301,089	Δ94,018
1998	465,004	1,199,232	1,675,820	2,769,430	Δ1,093,610	Δ1,187,628
1999	480,736	3,645,679	4,216,932	4,926,059	Δ709,127	Δ1,896,755
2000	482,837	3,640,683	4,204,983	5,453,792	Δ1,248,809	Δ3,145,565

Notes: 1. Figures from fiscal 1996 exclude inter-account transfers.

2. Any fractional sum of less than one million yen is disregarded.

Table 2. Insured Deposits and the Deposit Insurance Fund

(Unit: ¥ billion, %)

Fiscal Year (ending on March 31st)	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	81,195	72,253	89.0	3	0.004
1972	102,833	90,864	88.4	8	0.009
1973	116,313	104,187	89.6	14	0.014
1974	129,839	116,632	89.8	22	0.019
1975	150,630	136,198	90.4	31	0.023
1976	169,410	153,636	90.7	41	0.027
1977	189,873	172,002	90.6	54	0.031
1978	213,417	192,942	90.4	68	0.035
1979	235,571	209,822	89.1	84	0.040
1980	255,141	227,185	89.0	102	0.045
1981	285,301	251,346	88.1	122	0.049
1982	305,115	270,301	88.6	150	0.056
1983	331,491	290,403	87.6	182	0.062
1984	362,385	315,928	87.2	216	0.068
1985	407,760	339,109	83.2	255	0.075
1986	453,846	366,709	80.8	310	0.084
1987	515,952	404,749	78.4	372	0.092
1988	594,627	446,397	75.1	439	0.098
1989	685,242	501,598	73.2	514	0.102
1990	703,459	526,686	74.9	601	0.114
1991	694,901	526,243	75.7	696	0.132
1992	695,014	531,607	76.5	771	0.145
1993	704,975	541,445	76.8	821	0.152
1994	710,350	555,711	78.2	876	0.158
1995	717,604	550,601	76.7	387	0.070
1996	713,480	551,271	77.3	Δ395	—
1997	705,772	556,394	78.8	Δ94	—
1998	703,260	572,730	81.4	Δ1,188	—
1999	698,382	575,717	82.4	Δ1,897	—
2000	728,864	611,513	83.9	Δ3,146	—

* Includes installment savings, money in trust, foreign currency deposits, and negotiable certificates of deposit.

** Excludes deposits, etc., under Article 3 of the Deposit Insurance Law Enforcement Regulations.

*** Deposit Insurance Fund, etc., for fiscal 2000 = Deficits brought forward (General Account 2,464.8 + Special Operations Account 680.7)

Table 3. Number of Insured Financial Institutions

Fiscal Year (ending: 31st March)	Total	All Banks						<i>Shinkin</i> Banks	Credit Coopera- tives	Labor Banks
		Total (including others)	City Banks	Regional Banks	Regional Banks II*	Trust Banks	Long- Term Credit Banks			
1971	1,163	156	14	61	71	7	3	483	524	—
1972	1,151	159	14	63	72	7	3	484	508	—
1973	1,140	158	13	63	72	7	3	484	498	—
1974	1,126	158	13	63	72	7	3	476	492	—
1975	1,118	158	13	63	72	7	3	471	489	—
1976	1,114	157	13	63	71	7	3	469	488	—
1977	1,115	157	13	63	71	7	3	468	490	—
1978	1,109	157	13	63	71	7	3	466	486	—
1979	1,103	157	13	63	71	7	3	462	484	—
1980	1,094	157	13	63	71	7	3	461	476	—
1981	1,087	157	13	63	71	7	3	456	474	—
1982	1,082	157	13	63	71	7	3	456	469	—
1983	1,082	157	13	63	71	7	3	456	469	—
1984	1,074	156	13	64	69	7	3	456	462	—
1985	1,065	160	13	64	69	11	3	456	449	—
1986	1,113	164	13	64	68	16	3	455	447	47
1987	1,106	164	13	64	68	16	3	455	440	47
1988	1,085	164	13	64	68	16	3	455	419	47
1989	1,080	164	13	64	68	16	3	454	415	47
1990	1,069	163	12	64	68	16	3	451	408	47
1991	1,047	162	11	64	68	16	3	440	398	47
1992	1,036	160	11	64	66	16	3	435	394	47
1993	1,023	164	11	64	65	21	3	428	384	47
1994	1,009	167	11	64	65	23	3	421	374	47
1995	1,007	174	11	64	65	30	3	416	370	47
1996	997	176	10	64	65	33	3	410	364	47
1997	976	176	10	64	64	33	3	401	352	47
1998	933	173	9	64	61	34	3	396	323	41
1999	890	171	9	64	60	33	3	386	292	41
2000	861	167	9	64	57	31	3	372	282	40

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

Table 4. Insured Deposits by Sector of Financial Institutions

(Unit: ¥ billion)

Fiscal Year (ending: March 31st)	Total	All Banks						Shinkin Banks	Credit Coopera- tives	Labor Banks
		Total (including others)	City Banks	Regional Banks	Regional Banks II*	Trust Banks	Long- Term Credit Banks			
1971	72,253	60,775	29,189	15,582	7,229	7,512	1,264	9,161	2,317	—
1972	90,864	76,405	36,165	19,788	9,246	9,489	1,716	11,603	2,856	—
1973	104,187	86,505	39,038	23,497	11,281	10,761	1,929	14,196	3,486	—
1974	116,632	96,133	42,210	26,537	13,019	12,312	2,055	16,347	4,151	—
1975	136,198	112,260	49,228	30,984	15,089	14,466	2,494	19,008	4,930	—
1976	153,636	126,426	54,968	34,936	16,882	16,887	2,754	21,639	5,570	—
1977	172,002	141,872	61,698	39,221	18,945	19,158	2,850	23,944	6,186	—
1978	192,942	158,927	68,035	44,717	21,615	21,616	2,944	27,084	6,932	—
1979	209,822	171,728	71,685	49,556	23,852	23,545	3,091	30,372	7,722	—
1980	227,185	185,573	77,550	53,474	25,762	25,498	3,288	33,163	8,449	—
1981	251,346	205,435	85,877	59,498	28,471	28,085	3,504	36,604	9,307	—
1982	270,301	220,683	90,963	64,099	30,573	31,418	3,631	39,491	10,127	—
1983	290,403	237,449	98,093	68,333	32,445	34,762	3,816	42,075	10,878	—
1984	315,928	258,664	107,585	76,233	33,195	37,523	4,128	45,607	11,657	—
1985	339,109	273,540	117,049	79,948	34,461	37,964	4,120	48,412	12,372	4,784
1986	366,709	296,483	128,829	86,622	37,045	39,814	4,173	51,909	13,188	5,129
1987	404,749	327,984	145,975	95,996	40,019	41,304	4,690	56,738	14,551	5,475
1988	446,397	361,564	158,960	107,207	44,179	46,064	5,154	62,575	16,349	5,909
1989	501,598	405,036	180,209	120,168	47,904	50,384	6,369	70,973	19,172	6,417
1990	526,686	421,730	184,900	125,264	50,723	55,185	5,658	76,735	21,307	6,914
1991	526,243	417,523	175,188	129,149	51,682	57,126	4,378	79,876	21,474	7,370
1992	531,607	418,975	169,169	133,250	52,708	59,379	4,469	82,933	21,854	7,844
1993	541,449	424,776	169,657	137,051	53,880	59,842	4,347	85,735	22,589	8,345
1994	555,711	434,071	172,414	142,631	55,795	58,629	4,540	89,632	23,158	8,849
1995	550,601	428,676	170,717	144,615	55,864	52,825	4,548	91,224	21,513	9,187
1996	551,271	428,207	168,766	147,132	55,818	51,924	4,567	92,552	20,976	9,535
1997	556,394	432,488	172,244	150,615	55,549	49,483	4,588	93,726	20,099	10,081
1998	572,730	446,812	178,508	154,772	58,991	49,445	5,090	96,119	19,267	10,532
1999	575,717	448,927	181,490	160,422	53,933	48,496	4,583	97,372	18,440	10,978
2000	611,513	479,229	193,101	174,360	55,918	48,794	7,017	102,448	18,021	11,815

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

5. Organization

(1) Policy Board Members and DIC Officials, etc.

(As of May 31st, 2001)

< Policy Board >

- Chairman : Noboru Matsuda (Governor of Deposit Insurance Corporation of Japan)
- Members : Toshikatsu Fukuma (Executive Vice President, Mitsui & Co., Ltd.)
Eisuke Hamamoto (Chairman, National Association of Labour Banks)
Sadaaki Hirasawa (Chairman, Regional Banks Association of Japan)
Yukihiko Nagano (Chairman, National Association of Shinkin Banks)
Masamichi Narita (Auditor, Japan Tobacco, Inc.)
Akio Utsumi (Chairman, Trust Companies Association of Japan)
Yoshiro Yamamoto (Chairman, Japanese Bankers' Association)
Naoyuki Yoshino (Professor, Faculty of Economics, Keio Gijuku University)
- Deputy Governors : Akio Hanano
Masahiro Yoshida
Keiji Matsuda
Hajime Shinohara

< Officials of the DIC >

- Governor : Noboru Matsuda
- Deputy Governors : Akio Hanano
Masahiro Yoshida
Keiji Matsuda
Hajime Shinohara
- Auditor (Part-Time) : Zen-ichiro Takahashi (former President, The Japanese Institute of Certified Public Accountants)

< Department Heads of the DIC >

- General Affairs Department
Executive Director : Masaru Honma
- Financial Reconstruction Department
Executive Director : Kenjiro Suzuki
- Deposit Insurance Department
Executive Director : Hiroshi Nakagawa
- Special Investigation Department
Executive Director : Yoshiaki Iwahashi

- Osaka Office of Deposit Insurance Department
Executive Director : Takao Yumoto
- Osaka Office of Special Investigation Department
Executive Director : Hiroaki Nishiura

(For Reference)

< Special Advisors for Liability Investigation Committee >

Hisao Kamiya (former Prosecutor-General)
Shigeru Kobori (former President of Japan Federation of Bar Associations)
Kozo Fujita (former Chief Justice of Hiroshima High Court)
Kenji Maeda (former Superintendent-General)

< Members of Purchase Price Examination Board >

Chairman : Yoshinori Fujimura (Lawyer)
Deputy Chairman : Nobuo Nagaba (Real Estate Appraiser)
Member : Somitsu Takehara (Certified Public Accountant)

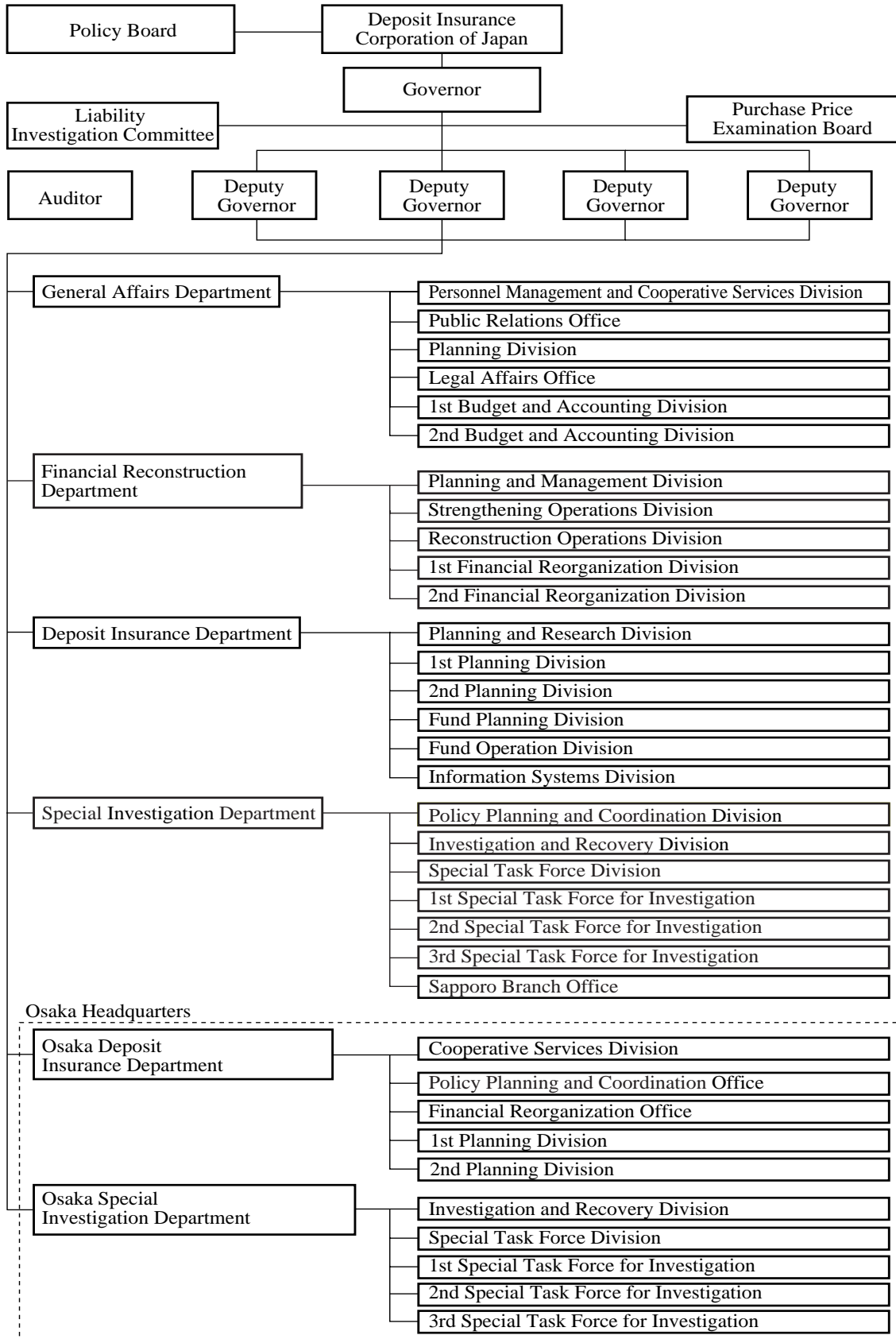
(2) Historical Changes in Approved DIC Staff Strength, by Position

Fiscal Year	Officials				Staff Members						Year-on-Year Change	Remarks
	Governor	Deputy Governors	Auditor	Total	Secretary General	Executive Directors	Assistant Directors	Division Managers	Others	Total		
July, 1971 (Founded)	(1)	1	(1)	1	1	0	0	0	10	11	-	
1975	(1)	1	(1)	1	1	0	2	0	7	10	-1	
1976	(1)	1	(1)	1	1	0	2	0	7	10	-	
1977	(1)	1	(1)	1	1	0	4	0	7	12	+2	
1978	(1)	1	(1)	1	1	0	4	0	7	12	-	
1979	(1)	1	(1)	1	1	0	4	0	7	12	-	
1980	(1)	1	(1)	1	1	0	4	0	7	12	-	
1981	(1)	1	(1)	1	1	0	4	0	7	12	-	
1982	(1)	1	(1)	1	1	0	4	0	7	12	-	
1983	(1)	1	(1)	1	1	0	4	0	7	12	-	
1984	(1)	1	(1)	1	1	0	4	0	7	12	-	
1985	(1)	1	(1)	1	1	0	4	0	8	13	+1	
1986	(1)	1	(1)	1	1	0	4	0	8	13	-	
1987	(1)	1	(1)	1	1	0	4	0	9	14	+1	
1988	(1)	1	(1)	1	1	0	4	0	9	14	-	
1989	(1)	1	(1)	1	1	0	4	0	9	14	-	
1990	(1)	1	(1)	1	1	0	4	0	9	14	-	
1991	(1)	1	(1)	1	1	0	4	0	9	14	-	
1992	(1)	1	(1)	1	1	0	4	0	10	15	+1	
1993	(1)	1	(1)	1	1	0	4	0	10	15	-	
1994	(1)	1	(1)	1	1	0	4	0	9	14	-1	
1995	(1)	1	(1)	1	1	0	4	0	10	15	+1	
1996	1	3	(1)	4	0	4	11	10	94	119	+107	
1997	1	3	(1)	4	-	7	11	14	155	187	+68	
1998 (Original)	1	3	(1)	4	-	8	14	27	239	288	+101	
(After Reorganization)	1	4	(1)	5	-	10	16	29	278	333	+147	
1999	1	4	(1)	5	-	11	16	31	275	333	+1, -1	Increased by 1; reduced by 1
2000	1	4	(1)	5	-	11	16	34	292	353	+21, -1	Increased by 21; reduced by 1
2001	1	4	(1)	5	-	11	16	34	320	381	+32, -4	Increased by 32; reduced by 4

Notes: 1. Posts in parenthesis are part-time.

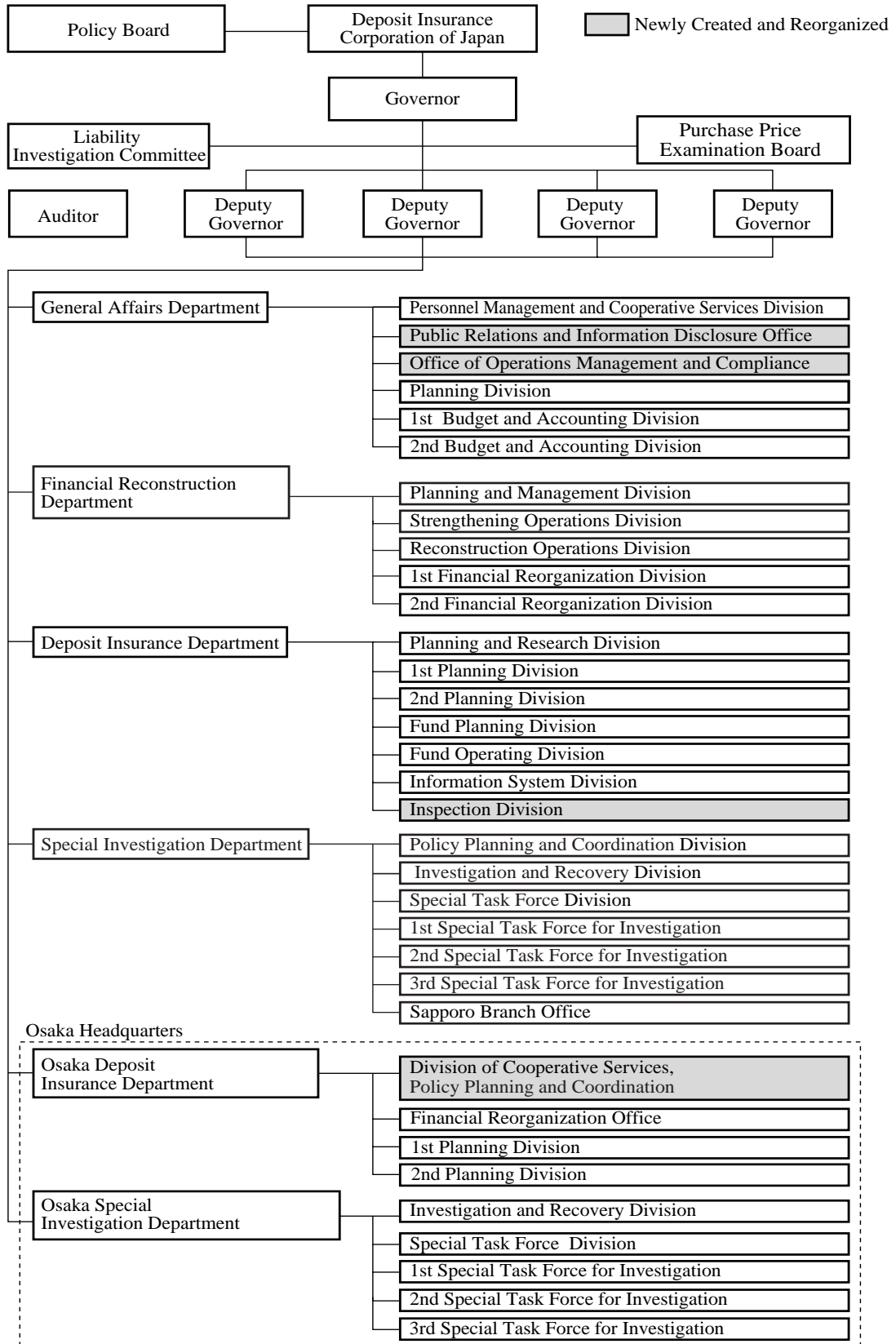
(3) Organization of Deposit Insurance Corporation of Japan (as of March 31st, 2001)

(Approved Staff Strength for Fiscal 2000: 358)



Organization of Deposit Insurance Corporation of Japan (as of April 1st, 2001)

(Approved Staff Strength for Fiscal 2001: 386)



Symbol Mark of the DIC

This symbol mark of the DIC, adopted in April 1998, consists of four blue propellers with the letters “DIC” across them. These four propellers represent the DIC’s four business areas, i.e. “resolution of failed financial institutions”, “recovery of non-performing loans”, “investigation into the liability of senior executives of failed financial institutions” and “financial reconstruction and financial function strengthening operations”. This symbol mark incorporates the desire of the DIC Group to be a driving force in the speedy stabilization of Japan’s financial system for the benefit of the Japanese people.