2004

ANNUAL REPORT 2004

Government of Japan: Deposit Insurance Corporation

ANNUAL REPORT 2004

April 2004 - March 2005

DEPOSIT INSURANCE CORPORATION OF JAPAN

This Annual Report was produced based on the English translation of the original Annual Report in Japanese. The original Annual Report in Japanese shall govern for all purposes and prevail in case of any discrepancy with this Annual Report.

This Annual Report covers DICJ's activities from April 2004 to March 2005.

Message from the Governor

This Annual Report presents an operational overview of Deposit Insurance Corporation of Japan (DICJ) for FY2004 and goes on to cover the removal of the blanket guarantee (re-introduction of the limited coverage) with effect from April 1, 2005 and some subsequent months.

At first, I would like to review the key operations of the DICJ. In order to ensure circumstances which would facilitate the removal of the blanket guarantee, the DICJ accepted the actual sets of data submitted by financial institutions to verify their performance; specifically how financial institutions manage and maintain depositor's name-based aggregation databases and systems, and the DICJ dispatched officers to financial institutions to conduct on-site inspections. Meanwhile, the DICJ has been active in promoting public awareness, disclosing information and explaining the main points changed with the deposit insurance system after the removal of the blanket guarantee by distributing leaflets and holding educational meetings.

With regard to the resolution of failed financial institutions, there was no case of new failure in FY 2004; consequently, no financial assistance was extended to facilitate resolution, which enabled the DICJ to concentrate on the past failure resolution cases. The DICJ also has been making continued efforts to collect non-performing loans purchased from failed financial institutions through the Resolution and Collection Corporation, which is a DICJ subsidiary, while the DICJ itself has actively exploited corporate revitalization techniques and implemented the liquidation and securitization of non-performing loans. In the course of such activities, the DICJ conducted asset investigations to reveal hidden assets of debtors and further pursued civil liability of the executive management of failed financial institutions.

Concerning capital injections into financial institutions, the Financial Function Strengthening Law came into effect to introduce a new capital injection system in August 2004; while the repayment of capital which had been injected under the Early Strengthening Law has been fostered.

In the area of international cooperation activities, the DICJ provided Asian countries with the technical assistance mainly for the establishment of a deposit insurance system, and organized "DICJ Open House" for the better international exchange of experiences and knowledge. In addition, the DICJ launched the journal "Deposit Insurance Research" to share the results of research and study the DICJ had conducted.

Regarding financial affairs, the cumulative deficit of general accounts fell in this year; however, the situation remains still difficult. In July 2004, the DICJ carried out the organizational reform to establish a Treasury Department, in order to further strengthen the financial management.

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

On the occasion of publication of this Annual Report, I would like to convey my sincere hope that this report would be helpful for you to further understand the DICJ's mandates and operations and for us to gain your support for the activities of the DICJ.

Shunichi Nagata

Shunichi Nagata
Governor

Deposit Insurance Corporation of Japan
ANNUAL REPORT 2004

CONTENTS

DICJ AT A GLANCE i

Profile i
(1) Objective i
(2) History i
(3) Membership ii
(4) Governance ii
(5) The DICJ Group ii

Operations of DICJ iii
(1) Collection of Insurance Premiums iii
(2) Reimbursement of Insured Deposits and Other Money iv
(3) Financial Assistance iv
(4) Purchase of Deposits and Other Claims iv
(5) Tasks of Financial Administrators v
(6) The Operations of Bridge Banks v
(7) Response to Financial Crisis v
(8) On-Site Inspections of Financial Institutions v
(9) Subscription of Shares, etc. of Financial Institutions vi
(10) Guidance and Advice to the RCC vi
(11) Investigation and Accusations in Pursuit of Managerial Liability vi

Activities Summary of FY2004 vi
(1) Dealing with the Removal of the Blanket Guarantee vi
(2) Proper and Steady Disposal of the Past Failure Resolutions vii
(3) Proper Execution of Capital Injection and Asset Purchase Operations from Sound Financial Institutions viii
(4) Asset Investigations and Pursuit of Liability viii
(5) Financial Affairs viii
(6) Activity Involving Placing Past Experience to Good Use in Future (International Cooperation and Research & Study) viii

Tables & Figures ix
(1) Outline of Deposit Insurance System ix
(2) Historical Development of Deposit Insurance System x
(3) Development of Special Measures for Contracted Banks, Specified Contracted Banks and Claim Resolution Companies xii
(4) Failure Resolution Scheme under the Limited Coverage xv
(5) Scheme of Financial Assistance xvi
(6) Capital Injection Schemes for Financial Institutions based on the Financial Function Strengthening Law xvii
(7) System of Liability Pursuit xx
(8) Relationship between the DICJ and the RCC Concerning Collection Operations xxi
(9) Major Events for the DICJ after Year 1996 xxii

(10) Policy Board Members and DICJ Officials, etc. (as of October 1, 2005) xxviii
(11) DICJ Organization Chart (as of July 1, 2005) xxix

I. OPERATIONAL HIGHLIGHTS IN FY2004 1

1. Dealing with the Removal of the Blanket Guarantee 1
(1) Promotion of Preparation for the Depositors' Name-based Aggregation Database and System 1
(2) On-Site Inspections 1
(3) To Ensure Good Public Awareness of the Removal of the Blanket Guarantee 2
(4) Failure Resolution System under Limited Coverage 4

2. Proper and Steady Disposal of Past Failure Resolutions 5
(1) Management and Recovery of Assets Purchased from the Failed Financial Institutions 5
(2) Operations Related to Banks under the Special Public Management 7
(3) Operations Related to Banks under the Special Crisis Management 7

3. Proper Execution of Capital Injection and Asset Purchase Operations from Sound Financial Institutions 8
(1) Management and Disposal of Shares Subscribed through Capital Injection 8
(2) Purchase of Assets from Sound Financial Institutions, etc. and Management and Disposal 9

4. Asset Investigations and the Pursuit of Liability 10
(1) Asset Investigations 10
(2) Pursuit of Criminal Liability 10
(3) Pursuit of Civil Liability 11

5. Financial Affairs 11
(1) Financial Conditions 11
(2) Funding 12
(3) Setting the Insurance Premium Rate 14

6. Activity Involving Placing Past Experience to Good Use in Future 14
(1) International Cooperation 14
(2) Strengthening Research & Study 16

II. FINANCIAL RESULTS 17

1. General Account 17
2. Crisis Management Account 17
3. Financial Reconstruction Account 17
4. Early Strengthening Account 17
5. *Jusen* Account 18
6. Financial Institutions' Management Base Strengthening Account 18
7. Industrial Revitalization Account 18
8. Financial Function Strengthening Account 18

III. ABOUT THE DICJ 19

1. Establishment & Roles 19
2. Policy Board 19
3. Liability Investigation Committee 20
4. Purchase Price Examination Board 20
5. Divestment Price Examination Board 20
6. Performance Appraisal Committee 20
7. Operations of Departments 20
8. Organizational Changes 21
9. Resolution and Collection Corporation (RCC) 21
10. The Second Bridge Bank of Japan (the 2nd BBJ) 22
11. Industrial Revitalization Corporation of Japan (IRCJ) 22

IV. DEPOSIT INSURANCE SYSTEM 24

1. Insured Financial Institutions 24
2. Insured Deposits, etc. 24
3. Scope of Deposit Protection 24
4. Protection of Settling Obligations 24
5. Insurance Premiums 25
6. Resolution of Failed Financial Institutions 25

APPENDICES 28

1. Operational Results 28
   - (1) Financial Assistance, etc. 28
   - (2) Capital Injection Operations to Financial Institutions 30
     - Table 1. List of Capital Injection Operations Pursuant to the Financial Function Stabilization Law 30
     - Table 2. List of Capital Injection Operations Pursuant to the Early Strengthening Law 31
     - Table 3. List of Capital Injection Operations Pursuant to the Special Measures Law for Promotion of Organizational Restructuring 33
     - Table 4. List of Capital Injection Operations Pursuant to the Deposit Insurance Law (Response to Financial Crisis) 33
   - (3) Asset Purchases, etc. under Article 53 of the Financial Revitalization Law 34
   - (4) Arrests, Accusations and Complaints 35
   - (5) Pursuit of Civil Liability via Litigation and Conciliation 36
   - (6) Collection Performance of the RCC 36
   - (7) Condition of Corporate Revitalization Cases of the RCC 37
   - (8) Number of On-Site Inspections Implemented 38

(9) Outline of Funding of the DICJ (FY2005) 39
Table 1. Outline of Funding Program by Account 39
Table 2. Outstanding Balance of Funds Raised in Each Fiscal Year 40
(10) Reception in Overseas Investigative Groups, etc. / Participation in International Conferences and Visits to Related Institutions / Technical Assistance to Overseas Countries 40

2. Financial Statement (Balance Sheet / Profit & Loss Statement) 42
(1) General Account 42
(2) Crisis Management Account 45
(3) Financial Reconstruction Account 47
(4) Early Strengthening Account 49
(5) *Jusen* Account 51
(6) Financial Institutions' Management Base Strengthening Account 53
(7) Industrial Revitalization Account 55
(8) Financial Function Strengthening Account 57

3. Statistical Tables 58
Table 1. Income and Expenditure (General Account) 58
Table 2. Insured Deposits and Deposit Insurance Fund 59
Table 3. Insured Deposits by Sector of Financial Institutions 60
Table 4. Number of Insured Financial Institutions 61

(Annex 1) DICJ Open House – Program and Participants 62
(Annex 2) International Association of Deposit Insurers (IADI) List of Participants 64

Abbreviation

[Laws]

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

[Accounts]

- Financial Institutions' Management Base Strengthening Account (*Management Base Strengthening Account*)

[Organizations]

- Deposit Insurance Corporation of Japan (*DICJ*)
- Resolution and Collection Corporation (*RCC*)
- Housing Loan Administration Corporation (*HLAC*)
- Resolution and Collection Bank (*RCB*)
- Industrial Revitalization Corporation of Japan (*IRCJ*)
- Seven Specific *Jusen* Companies stipulated in the *Jusen* Law (*seven former Jusen companies*)

DICJ AT A GLANCE

Profile

(1) Objective

The objective of Deposit Insurance Corporation of Japan (DICJ), as defined in Article 1 thereof, is to protect depositors and other parties, secure the intermediary functions of failed financial institutions in the payment and settlement system, and maintain an orderly financial system, 1) by providing for the payment of deposit insurance claims and the purchase of deposits and other claims in the event that repayment of said deposits, etc., is suspended by a financial institution, 2) regarding the resolution of failed financial institutions, by providing appropriate financial assistance to facilitate mergers or other resolutions of failed financial institutions, providing for financial administrators for failed financial institutions, providing for the succession of business of failed financial institutions, and establishing a system for appropriate measures in response to financial crisis.

(2) History

The DICJ was established in July 1st, 1971, as an operating agency of Japan's deposit insurance system under the Deposit Insurance Law (Law No.34 of April 1, 1971), following the recommendation of July 1970 by the Financial System Research Committee, an advisory board to the Minister of Finance, which stressed to create a system to protect depositors. The DICJ was originally capitalized at ¥450 million (with funding of ¥150 million each from the government, the Bank of Japan, and private financial institutions).

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

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

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

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

As seen above, the scope of the role and operation of the DICJ has been enlarged. The DICJ is now one of the key entities to stabilize the financial system, handling mainly the resolution process of failed financial institution [See Tables (2) for historical development of deposit insurance system and (9) for major events of the DICJ after 1996].

(3) Membership

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

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

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

(4) Governance

Supervising Authorities

Supervising authorities of the DICJ are Ministry of Finance and Financial Services Agency. The two authorities jointly look over the activities of the DICJ.

Governing Body

The Policy Board is the supreme governing body of the DICJ under the Law with members not more than thirteen (currently "thirteen"). The Board is composed of executive officers of the DICJ and the outside members with expertise in finance appointed by the Governor with the approval of the Prime Minister and the Minister of Finance. The Policy Board considers the following matters for approval: 1) Amendments of articles of incorporation, 2) Preparing operational guidelines and approving their amendment, 3) Annual budget and financing program, 4) Settlement of Accounts, 5) Insurance premium rate and its change, 6) Payment of deposit insurance, provisional payment of it, 7) Financial assistance, and 8) Purchase of deposit claims and other claims.

Management of DICJ

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

Organization

The DICJ has the following seven departments under the management headed by the Governor: 1) Planning and Coordination Department, 2) Treasury Department, 3) Financial Reconstruction Department, 4) Deposit Insurance Department, 5) Special Investigation Department, 6) Inspection Department, and 7) Osaka Operation Department [See III. 7. Operations of Departments].

(5) The DICJ Group

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

The Resolution and Collection Corporation (RCC)

The RCC was established as a 100% subsidiary (limited company) of the DICJ through a merger between the Housing Loan Administration Corporation (HLAC)* and the Resolution and Collection Bank (RCB)** on April 1st, 1999, following amendments to the Deposit Insurance Law and the *Jusen* Law*** in October 1998. The purpose of the RCC is: 1) Recovery of loans transferred from former *Jusen* Companies; 2) Purchase and collection of non-performing loans from failed financial institutions; 3) Purchase and collection of non-performing loans from sound financial institutions;

4) Subscribing shares to enhance capital adequacy of financial institutions; 5) Pursuit of civil and criminal liabilities of former executives and debtors of failed financial institutions; and 6) Acting as a servicer under the license of the Minister of Justice.

The DICJ has made significant efforts in collection of non-performing loans, providing the RCC with guidance and advice concerning resolution and recovery of non-performing loans and supporting pursuit of criminal and civil liability and uncovering hidden assets of debtors with use of the investigative power.

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

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

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

The Second Bridge Bank of Japan, Ltd.

The DICJ, based on Article 92 of the Deposit Insurance Law, established the Second Bridge Bank of Japan, Ltd. (the 2nd BBJ) as a 100% subsidiary of the DICJ, and with full capitalization (¥2.12 billion) on March 1, 2004. The 2nd BBJ obtained licenses of banking business and mortgage debentures trust business on March 8, 2004.

The 2nd BBJ is intended mainly to take over business activities of failed financial institutions, and through transfer of insured deposits or through mergers, to succeed the operation of the failed financial institution, to maintain and continue its business activities, preserving assets of depositors and maintaining the order of the financial system.

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

The Industrial Revitalization Corporation of Japan

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

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

Operations of DICJ

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

(1) Collection of Insurance Premiums

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

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

(2) Reimbursement of Insured Deposits and Other Money

The DICJ can make insurance payment when an insurable contingency, such as suspension of the repayment of deposits, has occurred. The maximum amount of deposits protected by deposit insurance is ¥10 million in principal plus interest per depositor per financial institution. When a business transfer, etc. from a failed financial institution to an assuming financial institution is conducted, depositors may receive repayment of insured deposits in the same way as ordinary deposit transactions, as long as a payment counter function has been arranged in the assuming financial institution after the DICJ has determined the insured deposit amounts for each depositor through aggregation of deposits held by the same depositor.

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

(3) Financial Assistance

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

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

In case of partial transfer of business from failed financial institutions, the DICJ can provide financial assistance to the failed financial institutions to enable them to ensure equality among the creditors. Additional financial assistance can be provided, if necessary, in response to the applications from them. When assuming financial institutions and/or bank holding companies ask the DICJ to subscribe their preferred shares and others, they need to submit a business plan to ensure the financial soundness of the institutions. As of March 31, 2005, the financial assistance has been implemented in 180 cases, grants totaled ¥18.7 trillion and asset purchases ¥6.3 trillion.

(4) Purchase of Deposits and Other Claims

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

Estimated proceeds payment (amount paid to depositors)	=	Amount of principal exceeding ¥10 million, plus interest, etc.	×	Estimated proceeds payment rate

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

Settlement payment (additional amount paid to depositors)	=	Amount recovered by the DICJ	−	Costs needed for purchase, etc.	−	Estimated proceeds payment

(5) Tasks of Financial Administrators

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

Management of financial institutions by financial administrators is to end within one year of the management order, through transfer of the institution's business or other means. Extension by a further year is possible, however, subject to approval by the Commissioner of the Financial Services Agency [See Figure (4) Failure Resolution Scheme under the Limited Coverage]

(6) The Operations of Bridge Banks

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

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

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

(7) Response to Financial Crisis

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

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

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

(8) On-Site Inspections of Financial Institutions

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

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

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

(10) Guidance and Advice to the RCC

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

(11) Investigation and Accusations in Pursuit of Managerial Liability

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

Activities Summary of FY2004

(Introduction)
During FY2004, the Japanese economy showed signs of recovery, such as improved corporate profitability and increased business equipment investment. The financial situation saw the policy of quantitative monetary expansion continue, with both long- and short-term interest rates held at a low level. Consequently, there was no financial institution failure and a general fall in the proportion of non-performing loans to outstanding credit. In the financial circles of Japan, considerable attempts to deal with various stabilization-related problems are apparent, with each financial institution currently shifting its policy from taking urgent measures to cope with financial crisis to a forward-looking agenda, to construct a desirable financial system in future.
Along with the background to the aforementioned economic and financial trends, this part presents an overview of the operations of Deposit Insurance Corporation of Japan; focusing on FY2004 until the removal of the blanket guarantee came into effect in April 2005 and during the subsequent period of several months. This section, "Activities Summary of FY2004", represents the gist of this annual report.

(1) Dealing with the Removal of the Blanket Guarantee

(i) Promoting Preparation for a Depositors' Name-based Aggregation Database and System
Following the removal of the blanket guarantee, it is important that the so-called "depositors' name-based aggregation", involving the calculation of the amount of deposit and protected by collating two or more accounts of a single depositor together, be implemented at the earliest opportunity.
For this reason, the Deposit Insurance Law obligates financial institutions to provide their depositor data on magnetic tapes without delay when financial institutions have failed, and moreover, requires each financial institution to maintain its depositor name-based aggregation system and database on a routine basis. Furthermore, in order to ensure that funds in payment and settlement deposits are smoothly reimbursed in the event of failure, the said law requires each financial institution to set up a system to reflect the depositors' name-based aggregation data which have been transmitted by the DICJ on their own operation system.
In compliance with the provision, the DICJ also has verified the depositors' name-based aggregation data using the

DICJ in-house system since October 2003. The verification of the database of all insured financial institutions was almost completed by March 2005. At present, DICJ continues to verify the database in order to ensure the accuracy of the depositors' name-based aggregation database and system is both maintained and improved.

(ii) On-Site Inspections

In order to ensure and improve the accuracy of depositor data following the removal of the blanket guarantee the DICJ began inspecting depositor name databases in August 2001 under the Deposit Insurance Law and is rigorously undertaking on-site inspections in collaboration with the Financial Services Agency. Inspections for all insured financial institutions had almost been completed by March 2005.

The DICJ implemented the inspections in 113 financial institutions during the inspection year 2004 (July 2004 to June 2005). Consequently the number of financial institutions in which the DICJ had conducted an inspection since August 2001 had reached a cumulative total of 318 as of June 30, 2005.

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

(iii) To Ensure Good Public Awareness of the Removal of the Blanket Guarantee

Placing great importance on accurate public awareness of the deposit insurance system, including depositors, the DICJ has traditionally devoted significant attention to public relations activities. In particular, in FY2004, the DICJ implemented positive public relation activities through the distribution of brochures, etc. to aid the removal of the blanket guarantee which would come into effect on April 1, 2005.

(iv) Failure Resolution System under Limited Coverage

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

The DICJ is deliberating the failure resolution scheme with limited coverage and is preparing a manual for the handling of failure resolutions, in the event that the DICJ is appointed financial administrator.

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

In order to smoothly resolve failures of financial institutions, the DICJ has extended financial assistance to 180 failure cases (monetary grants: ¥18,615.6 billion, assets purchase: ¥6,366.3 billion, and others) to date. Non-performing loans purchased of ¥6,307.0 billion were also recovered as of the end of March 2005. The great majority of recovery activities are entrusted to the Resolution and Collection Corporation (RCC), which is a DICJ subsidiary. In order to support such execution of recovery activities, the DICJ provides the RCC with the guidance and advice necessary to execute its recovery activities; such as uncovering hidden assets by exercising the right to inspect properties. In the process of grappling with the problem of recovering non-performing loans purchased, the RCC has attempted diversification of recovery methods such as recovery using techniques of corporate revitalization, liquidation or securitization of claims, as well as conventional debt collection methods. The RCC had executed 347 cases of corporate revitalizations in the period from November 2001, during which the Corporate Revitalization Headquarters was established, up to the end of FY2004. Furthermore, the liquidation and securitization of claims, including individual sales, bulk sales and securitization, were carried out with a total book value of ¥3,624.1 billion by the end of FY2004.

Concerning banks which are placed under special public management (formerly the Long-term, Credit Bank of Japan and the Nippon Credit Bank), in addition to the aforementioned purchase of assets, the DICJ took over debt of ¥1,221.4 billion under the warranty for latent defect provision of the share sales agreement from Shinsei and Aozora Banks by the end of FY2004. Furthermore, under the said agreement, the DICJ purchased shares of ¥2,939.4 billion as held by the said banks.

In addition, the DICJ purchased assets of ¥61.5 billion (¥5.1 billion in August 2004, and ¥56.4 billion in March 2004 respectively) under Article 129 of the Deposit Insurance Law from Ashikaga Bank which is placed under special crisis management.

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

(i) Capital Injection Related Operations

In connection with capital injections into financial institutions, the DICJ had subscribed a cumulative total of ¥10.4 trillion of preferred shares by the end of FY2002; in accordance with the former Financial Function Stabilization Law and the Early Strengthening Law. The outstanding balance following the deduction of repayments, etc. stood at ¥6.9 trillion as of the end of March 2005. In addition, capital injections of ¥1.9 trillion and ¥6.0 billion were executed in FY2003, based on Article 102 of the Deposit Insurance Law and the Organizational Restructuring Law, respectively. In August 2004, the Financial Function Strengthening Law came into effect as a new means of capital injection.

(ii) Asset Purchase Operations from Sound Financial Institutions

In FY2004, the DICJ purchased assets from 60 sound financial institutions with a value of ¥176.7 billion in the principal under the Financial Revitalization Law.

(4) Asset Investigations and Pursuit of Liability

In FY2004, in connection with asset investigation of debtors, the DICJ investigated 282 cases and uncovered about ¥39.4 billion in hidden assets of debtors. Concerning the pursuit of civil liability against the executive management of failed financial institutions and so forth, the DICJ brought suits against 9 persons in 4 cases (demanding a total of ¥0.57 billion) during FY2004.

(5) Financial Affairs

In FY2004, the DICJ had following eight accounts for its operation according to the related laws; 1) the General Account, 2) the Crisis Management Account, 3) the Financial Reconstruction Account, 4) the Early Strengthening Account, 5) the *Jusen* Account, 6) the Financial Institutions' Management Base Strengthening Account, 7) the Industrial Revitalization Account and 8) Financial Function Strengthening Account. Current profit for the term reached to ¥516.7 billion for the General Account and, as a result, the cumulative loss had decreased from ¥3,493.8 billion at the end of FY2003 to ¥2,977.0 billion at the end of FY2004.

(6) Activity Involving Placing Past Experience to Good Use in Future (International Cooperation and Research & Study)

(i) International Exchanges

The DICJ held workshops concerning deposit insurance in Jakarta in July 2004 at the request of the Japanese Ministry of Finance and in Beijing in December 2004 at the request of the People's Bank of China, respectively. Moreover, in March 2005, the DICJ held "DICJ Open House" in Tokyo inviting 45 participants from 23 overseas deposit insurance related institutions.

(ii) Strengthening Research and Study

In FY2004 the DICJ newly established an Office for Research and Intelligence to strengthen research and study activities, and continued to issue the journal "Deposit Insurance Research". The first issue was published in FY2003, serving as a forum for the public release of ongoing research and study results.

Tables & Figures

(1) Outline of Deposit Insurance System

(i) Schedule for Transition to Limited Coverage

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

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

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

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

(ii) Insurance Premium Rates

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

*Applied from FY1996 to FY2001 (Deposit Insurance Law, Supplementary Provisions, Article 19 paragraph 1)

(2) Historical Development of Deposit Insurance System

	Initial Provisions in 1971	Jul. 1986	Jun. 1996	Amendments or Additions since May 2000
1. Insured Financial Institutions (by Law)	Banks, Sogo banks Shinkin banks, Credit cooperatives →	(Jul. 1986) Labor banks added →	→	(Jun. 2000) Shinkin Central Bank, The Shinkumi Federation Bank, Rokinren Bank added →
2. Capitalization (by approval)	¥450million: Government: ¥150million BOJ: ¥150million Private Financial Institutions: ¥150million →	(Jul. 1986) ¥455million → Capital subscription by Labor banks (¥5million) added	(Jul. 1996) ¥5,455million Capital subscription by the Government [*Jusen* Account] (¥5,000million) added	→
3. Governor, deputy Governors, Auditor <by appointment of Prime Minister (Oct. 1998)> (by law)	Governor (Senior Deputy Governor of the BOJ) Deputy Governor (1) Auditor (1) →	→ → →	(Appointed by Minister of Finance) (Jun. 1996) (Appointed by PM, approved by both Houses of the Diet) (Oct. 1998) Max.3(Jun. 1996) → Max.4 (Oct. 1998) →	→ → →
4. Insurance Premiums General premium rate (by approval) Special premium rate (by cabinet order)	0.006% →	(FY 1982) 0.008% → (FY 1986) 0.012% →	(FY 1996) 0.048% → Introduced 0.036% →	(FY 2001) Specific deposit 0.048% (FY 2002) 0.094% (FY2003) Payment and settlement deposit 0.090% → (FY 2005) 0.115% Other deposits, etc. 0.048% 0.080% Regular deposit 0.080% → 0.083% Until end of fiscal 2001
5. Payment Date of Insurance Premiun	Within 3 months after beginning of business year	→	Within 3 months after beginning of business year. However, half may be paid within 3 months after beginning of second half of business year	→
6. Maximum Insurance Payments (per depositor) (by cabinet order)	Principal ¥1 million →	(Jul. 1974) ¥3million → (Jul. 1986) ¥10million	→	(Apr. 2001) Principal ¥10million +interest, etc. → (Apr. 2003) Payment and settlement deposit: full coverage Regular deposit: Principal ¥10million + interest, etc. →
7. Special Arrangement for the Blanket Guarantee of Deposit Insurance (by law)			Introduced →	Until end of FY 2001
8. Insurance Payment by Setting and Transferring Insurer's Deposit to each Insured Depositor (by law)			Introduced →	→
9. Partial Payment (by law) and Maximum Amount of Partial Payment (per ordinary deposit account) (by cabinet order)		(Jul. 1986) Introduced ¥200,000 →	→	(Apr. 2001) ¥600,000 →
10. Purchase of Deposits etc. (by law)			Introduced (Apr. 1997) →	→
11. Representation of Depositors in Court Procedures (by law)			Introduced (Apr. 1997) →	→
12. Financial Assistance (by law)		(Jul. 1986) Introduced →	→	→
13. Purchase of Assets of Financial Institutions (by law)		Purchase of assets from assuming financial institutions (Jul. 1986) →	Purchase of assets from failed financial institutions (Jun. 1996) → Purchase of assets from banks under special public management, etc. (Oct. 1998)	→ Purchase of assets from banks under special crisis management, etc
14. Borrowing of Funds (General Account) (1) Maximum Borrowings (by cabinet order) (2) Borrowing from financial Institutions for Repayment of the BOJ Borrowings (by law)	¥50billion	¥500billion (Jul.1986) Introduced : borrowing from insured financial institutions (Jul.1986) →	→ ¥1 trillion (Jun. 1996) → ¥2 trillion (Apr. 1999) → ¥4 trillion (Apr. 2000) → Added: other financial institutions (Oct. 1998)	¥6trillion (Apr. 2001) → ¥13trillion (Apr. 2002) → ¥19trillion (Apr. 2003) → ¥20.14 trillion (Apr. 2004) → ¥20.6 trillion (Apr. 2005) →

Principal Special Operations Introduced in the Jun. 1996 Amendment of the Law	Main Points in the Amendment of Dec. 1997	Main Points in the Amendment of Feb. 1998
• Special financial assistance • Special purchase of deposits and other claims • Collection of special insurance premiums (Arrangement for the blanket gurantee of deposit insurances, etc. (until end of fiscal 2000)) • 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	• Adding of consolidation to the types of merger, etc. , for which an application for financial assistance can be made • Financial assistance for specified merger (temporary measure)	• Integration of the Special Account for Non-Credit Cooperatives Financial Institutions and the Special Account for Credit Cooperatives into the Special Operations Account • Expansion of Contracted Bank's functions to act as an assuming bank for non-credit cooperatives financial institutions • Issues of DICJ bonds • Extension of penal investigative power to include recovery of loans made by failed financial institutions • Introduction of the Special Operations Fund (up to a limit of ¥7 trillion worth of government granted bonds)

Main Points in the Financial Revitalization Related Laws enacted in Oct. 1998	Main Points in the Amendment of May 2000
• Introduction of financial administrator operations • Introduction of establishment and operations concerning business management of bridge banks • Introduction of special public management operations • Introduction of relevant operations to increase equity capital of financial institutions, etc. • Enlargement of target area for asset acquisition by adding banks under special public management, bridge banks, financial institutions, etc. • Introduction of the Financial Reconstruction Account which deals with loans, etc. to banks under special public management and bridge banks • Introduction of the Early Strengthening Account which deals with loans, compensation for losses by the contracted bank which subscribes shares of financial institutions, etc.	• Extension of the Special Arrangement for the blanket guarantee of deposit insurance, etc. (until end of fiscal 2001) • Obligation for financial institutions to prepare data for aggregating deposits held by the same depositor, and to make necessary adjustments to computer systems, etc. • Introduction of procedural arrangement for provisional resolutions for business transfers, etc., and court authorization procedures (subrogation) to substitute for special resolutions • Introduction of system to indemnify creditors on and 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 injection and loss and profit share scheme for assuming financial institutions • Introduction of operations for loans to help failed financial institutions repay insured deposits and prevent deterioration of asset value • Introduction of operations against financial crisis (creation of Crisis Management Account) • Increased provision of government bonds to Special Operations Account (from ¥7 trillion to ¥13 trillion)

Main Points in the Amendment of Dec. 2002	Main Points in the Special Measures Law for Promotion of Organizational Restructuring enacted in Dec. 2002
- Addition of securing of payment and settlements for failed financial institutions to the purposes of the Deposit Insurance Law - Full protection for payment and settlement deposits (as a permanent measure) - Guarantee for the completion of ongoing settlements - Addition of requirement that financial institutions implement systems for ensuring the smooth payment of insurance payouts for payment and settlement deposits	- Simplification for merger procedures - Capital reinforcement through the subscription of preferred shares - Lift of the upper limit of deposit insurance coverage (New limit for first year after merger: ¥10 million × number of financial institutions involved in the merger)

Main Points in the Financial Function Strengthening Law enacted in June 2004
• Capital injection through the subscription of shares by the financial institutions, etc.

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

(i) Measures Related to the Deposit Insurance Law

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

(ii) Measures Related to the Financial Function Reconstruction Law

Original Financial Function Reconstruction Law (Enforced from October 23, 1998)	Amendment of May 2000 (Enforced from April 1, 2001)	Amendment of June 2001 (Enforced from June 27, 2001)	Amendment of December 2001 (Enforced from January 11, 2002)	Amendment of April 2003 (Enforced from April 10, 2003)
- Asset purchase from financial institutions and entrustment of such operation to the specified contracted bank	- No change	- Extension of the period in which sound financial institutions, etc. can apply to the DICJ to purchase assets (until Mar. 31, 2004)	- Asset purchase price to be at market value - Asset purchase by participating in bidding - Specified in provision to work for giving flexibility to dispositon methods, speeding up the process, and encouraging the revitalization of debtors.	- Extension of the period in which sound financial institutions, etc. can apply to the DICJ to purchase assets (until Mar. 31, 2005) - Added provision for delegating asset purchases to the Industrial Revitalization Corporation
- Resolution and collection of purchased asset	- No change	- No change	- No change	- No change
- Lending to the specified contracted bank - Guarantee of borrowing by the specified contracted bank	- No change	- No change	- No change	- No change
- Receipt of money paid in by the specified contracted bank	- No change	- No change	- No change	- No change
- Compensation for losses incurred by the specified contracted bank	- No change	- No change	- No change	- No change
- Approval of the implementation / financial plans from the specified contracted bank	- No change	- No change	- No change	- No change
- Guidance and advice to the contracted bank	- No change	- No change	- No change	- No change
- Investigation into the assets of debtors (backed up by penal provisions) and collection of claims related to assets transferred to the specified contracted bank	- No change	- No change	- No change	- No change
- Enquiries and request for cooperation to government agencies, public organizations and others	- No change	- No change	- No change	- No change
- Approval of entrusting collection to company disposing of *Jusen* assets and liabilities	- Provision deleted			

(iii) Measures Related to the Early Strengthening Law

Early Strengthening Law enacted October 1998	Amendment of May 2000 (Enforced from June 30, 2000)
- Subscribing of shares, etc., entrusted to the contracted bank	- Applications for subscribing of shares, etc., in specified cooperative financial institutions, etc. to be submitted by March 31, 2002
- Compensation for losses incurred by the contracted bank	- No change
- Loan to the contracted bank	- No change
- Guarantee of borrowing by the contracted bank	- No change
- Receipt of monies remitted by the contracted bank	- No change
- Guidance and advice to the contracted bank which has share-issuing banks as its subsidiaries	- No change

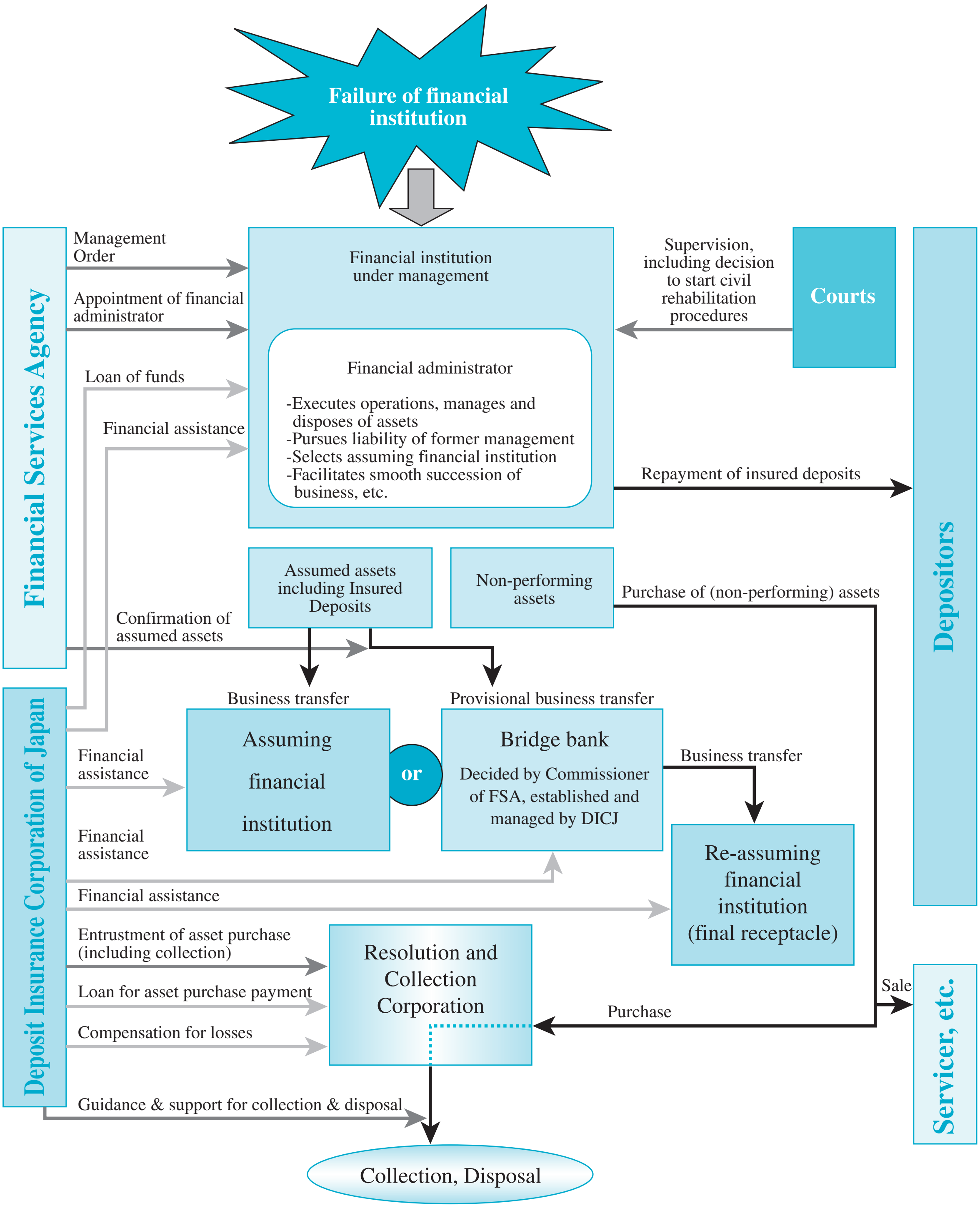
(iv) Measures Related to the Special Measures Law for Strengthening Financial Functions

June 2004 Special Measures Law for Strengthening Financial Functions
- Entrustment of subscription of shares to the contracted bank and purchase of beneficial interest in trust from the coorperative central financial institutions
- Compensation for losses incurred by the contracted bank
- Loan to the contracted bank
- Guarantee of borrowing the contracted bank
- Receipt of monies remitted by the contracted bank

(v) Measures Related to the *Jusen* Law

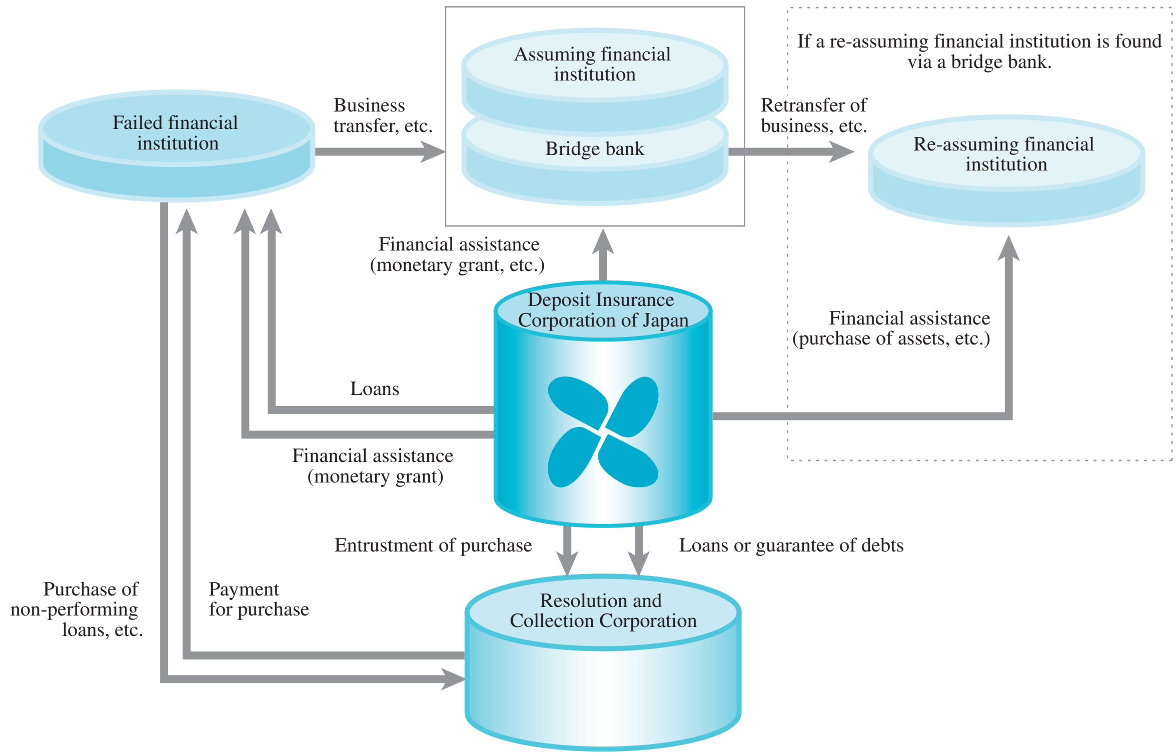
Original *Jusen* Law June 1996 (Enforced from June 21, 1996)	Amendment of April 1998 (Enforced from April 10, 1998)	Amendment of October 1998 (Enforced from October 23, 1998)	Amendment of May 2000 (Enforced from April 1, 2001)
- Capital subscription in, provision of subsidies for, loan guarantee and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

(4) Failure Resolution Scheme under the Limited Coverage

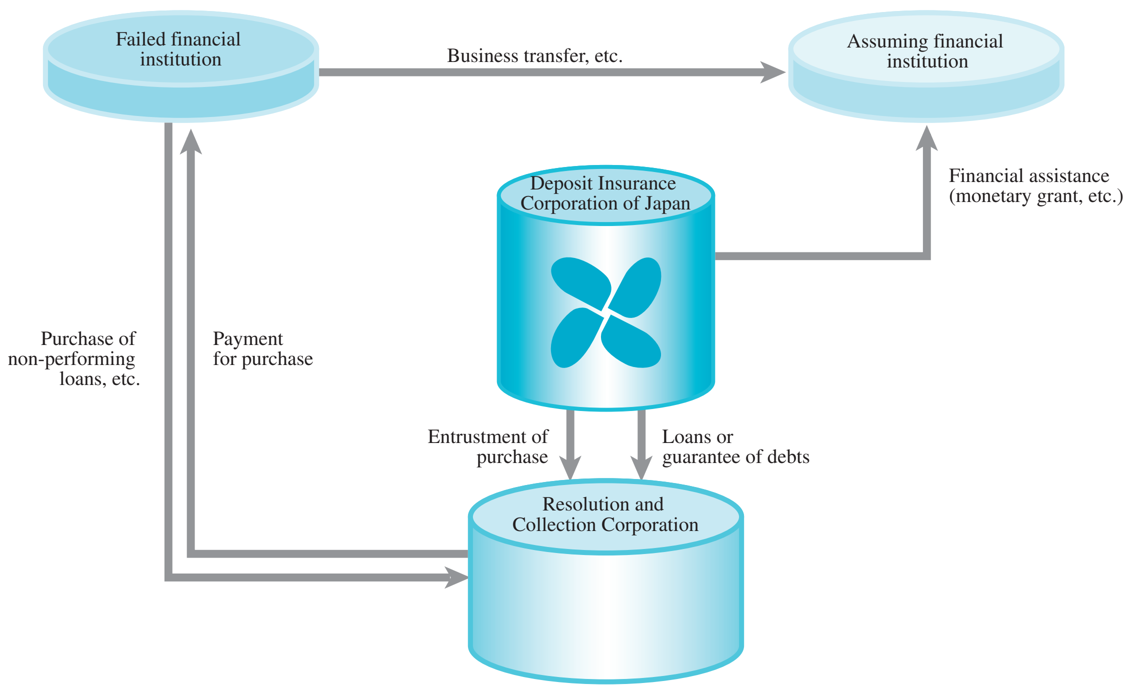


(5) Scheme of Financial Assistance

(i) Ordinary Financial Assistance

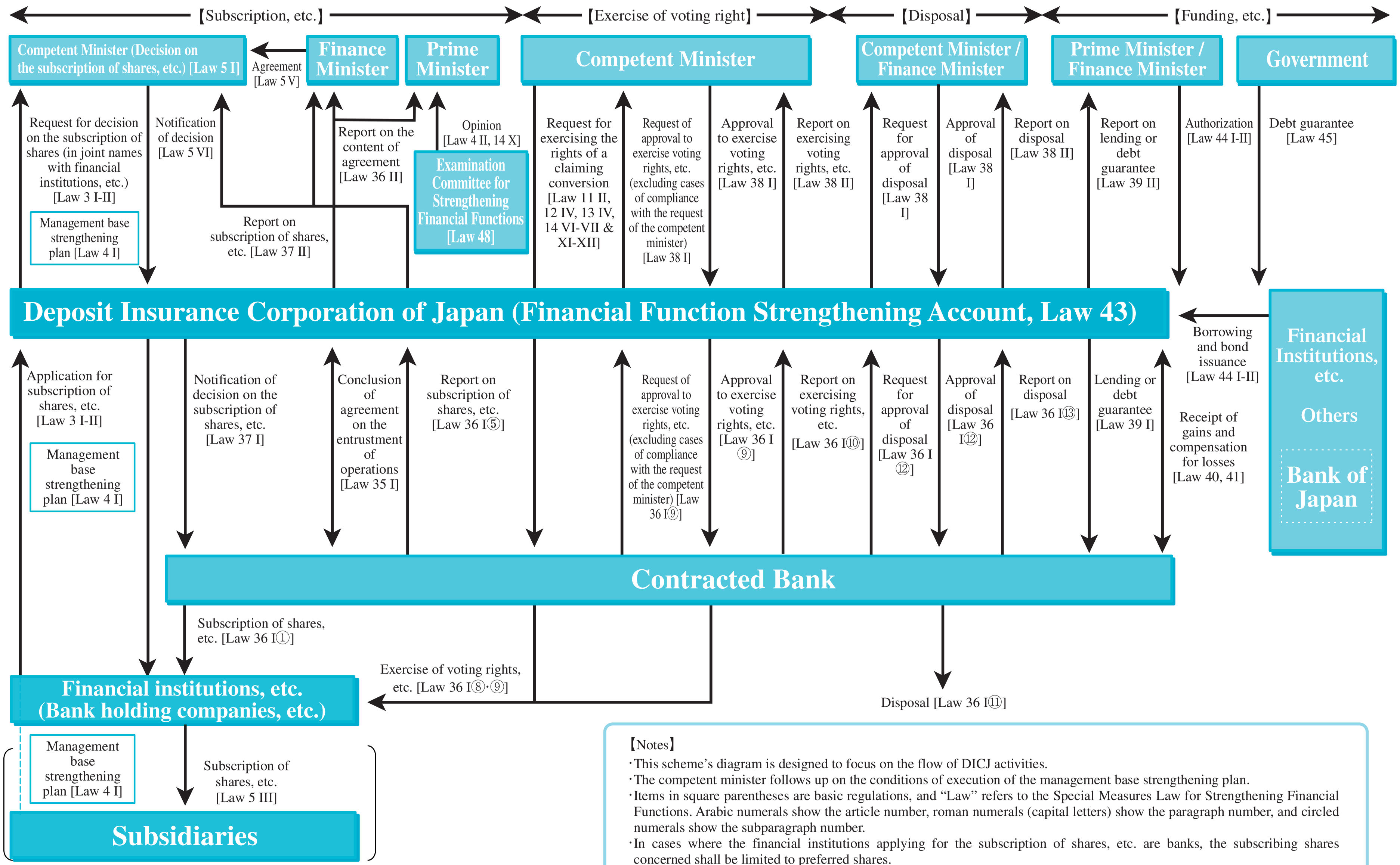


(ii)Financial Assistance when Facing a Financial Crisis (Example of measures under subparagraph 2)



(6) Capital Injection Schemes for Financial Institutions based on the Financial Function Strengthening Law

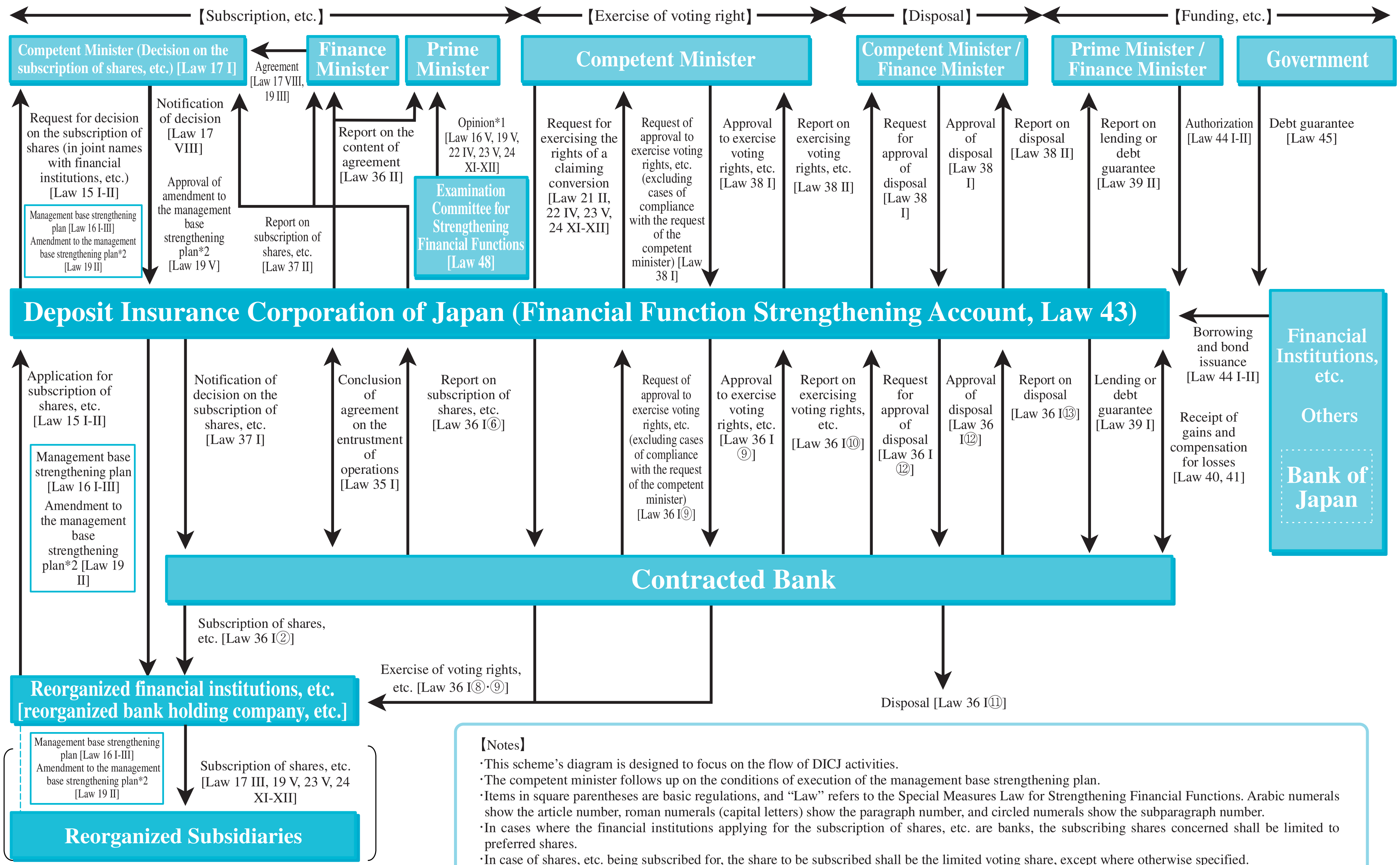
(i) Outline of the share subscription scheme



【Notes】

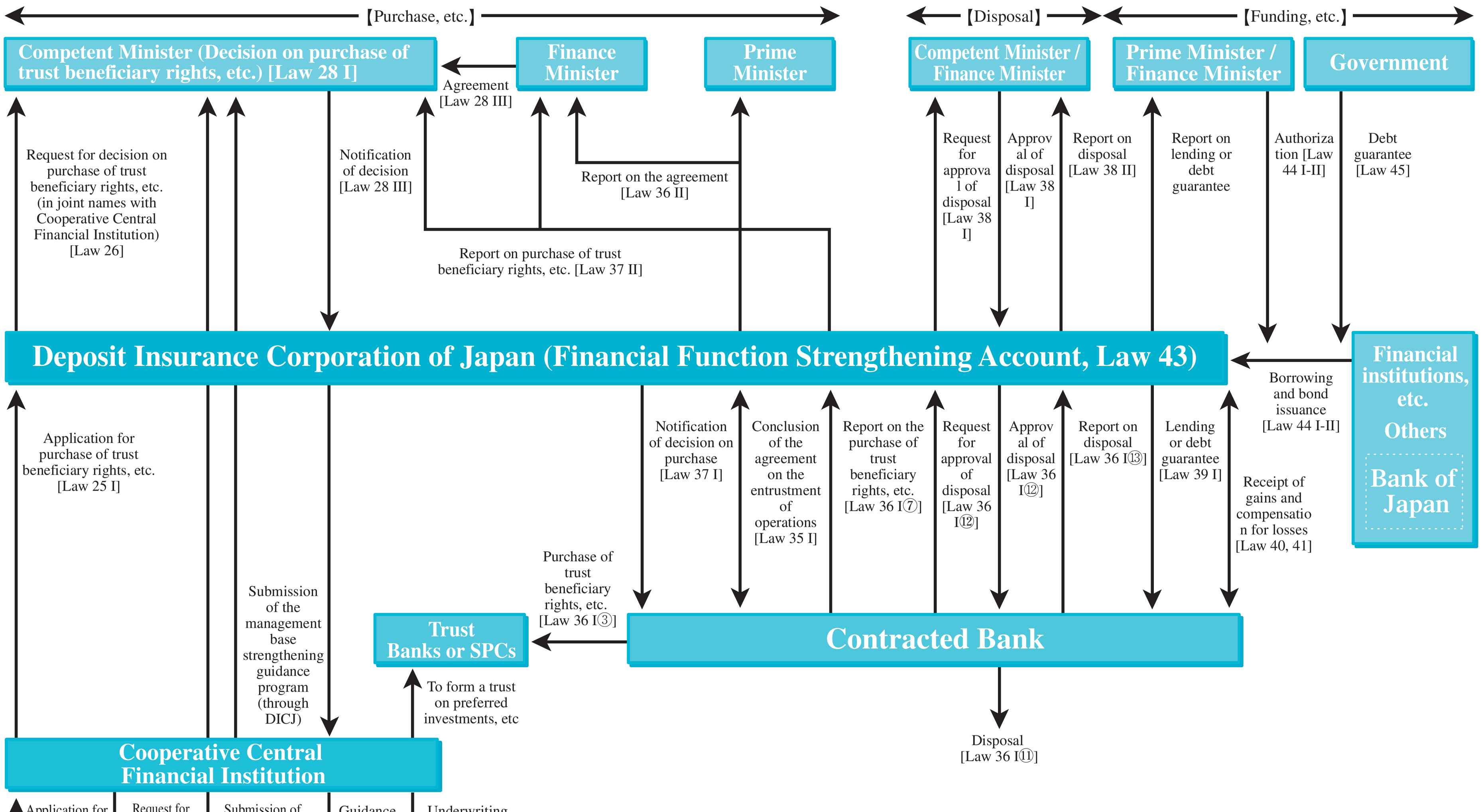
- This scheme's diagram is designed to focus on the flow of DICJ activities.
- The competent minister follows up on the conditions of execution of the management base strengthening plan.
- Items in square parentheses are basic regulations, and "Law" refers to the Special Measures Law for Strengthening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

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



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

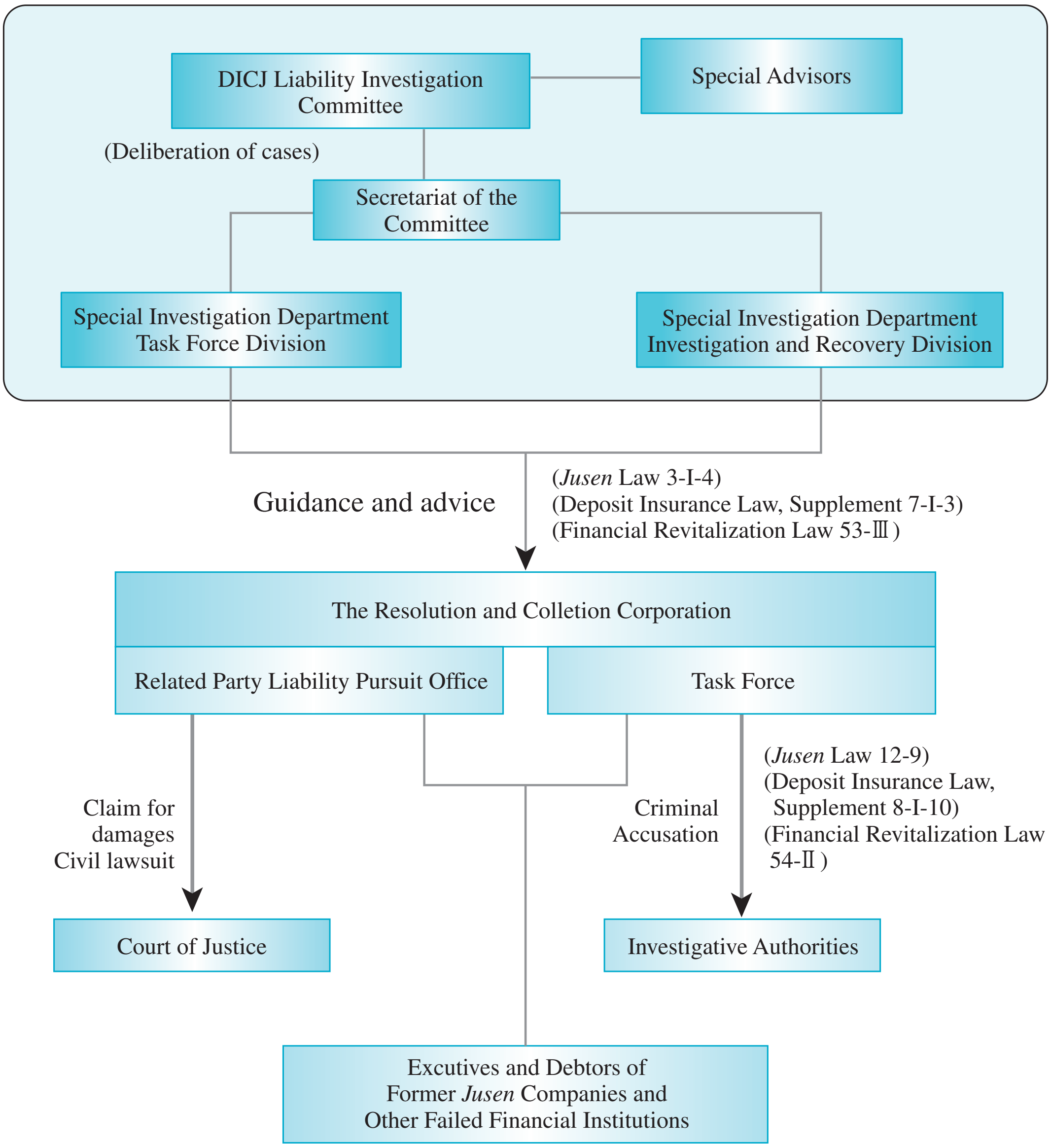
(iii) Outline of the purchase scheme of trust beneficiary rights, etc.(Cooperative Central Financial Institution Intermediate-type)



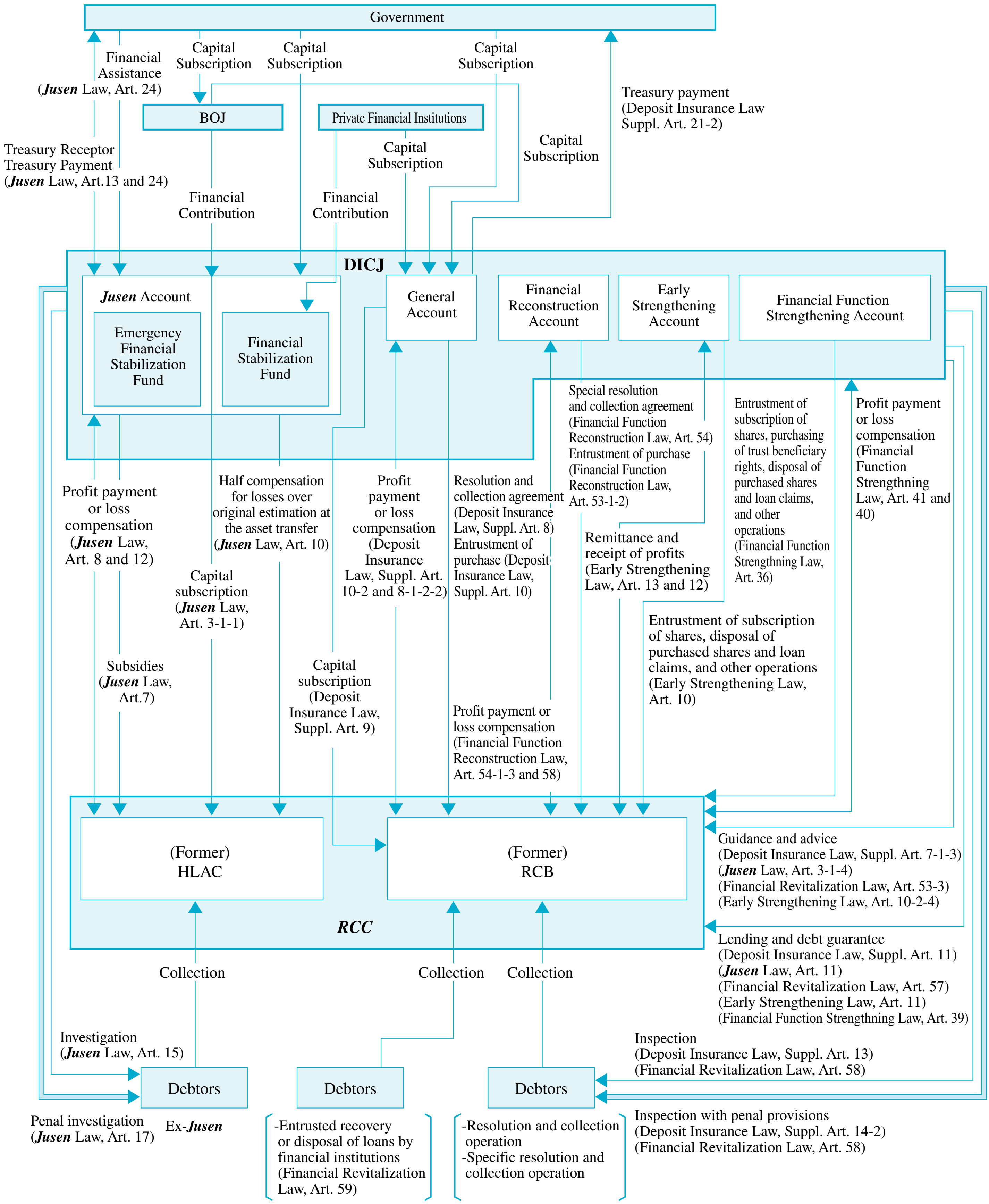
【Notes】
- This scheme's diagram is designed to focus on the flow of DICJ activities.
- The competent minister follows up on the conditions of execution of the management base strengthening plan and its guidance program.
- Items in square parentheses are basic regulations, and "Law" refers to the Special Measures Law for Strengthening Financial Functions. Arabic numerals show the article number, roman numerals (capital letters) show the paragraph number, and circled numerals show the subparagraph number.

(7) System of Liability Pursuit

Deposit Insurance Corporation of Japan



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



(9) Major Events for the DICJ after Year 1996

Year 1996

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

Year 1997

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

Year 1998

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

Year 1999

Mar. 30	・Subscription of preferred shares, etc issued by financial institutions under the Early Strengthening Law (15 banks, including 8 city banks, 1 long-term credit bank, 5 trust banks and 1 regional bank with ¥7,459 billion)
Apr. 1	・Establishment of the RCC through merger between the HLAC and the RCB ・Establishment of Sapporo Office of Special Investigation Department
Apr. 11	・Appointed as a financial administrator for Kokumin Bank
May 22	・Appointed as a financial administrator for Kofuku Bank
June 9	・Establishment of Purchase Price Examination Board
June 12	・Appointed as a financial administrator for Tokyo Sowa Bank
Aug. 7	・Appointed as a financial administrator for Namihaya Bank
Sep. 28	・Memorandum on the Transfer of the LTCB signed by DICJ, New LTCB Partners and LTCB
Sep. 29	・Asset purchases from sound financial institutions ・Capital injections under the Early Strengthening Law (¥230 billion to the Ashikaga Bank and other three banks)
Oct. 2	・Appointed as a financial administrator for Niigata Chuo Bank
Nov. 19	・Appointed as a financial administrator for Nichinan Shinkin Bank
Nov. 29	・Capital injections under the Early Strengthening Law (¥30 billion to Ashikaga Bank)

Year 2000

Jan. 11	・Basic Agreement on Business Transfer of Kokumin Bank signed by Yachiyo Bank and Kokumin Bank
Feb. 9	・Final Agreement on the Transfer of the LTCB signed by DICJ, New LTCB Partners and LTCB
Feb. 28	・Repayment of perpetual subordinate debentures (¥100 billion) underwritten from the Tokyo Mitsubishi Bank ・Asset Purchases from sound financial institutions
Feb. 29	・Capital injections under the Early Strengthening Law (¥30 billion to the Kumamoto Family Bank)
Mar. 1	・Transfer of LTCB shares to New LTCB Partners
Mar. 7	・Business Transfer Agreement of Komukin Bank signed by Yachiyo Bank and Kokumin Bank
Mar. 30	・Asset purchase from sound financial institutions
Mar. 31	・Capital injection under the Early Strengthening Law (¥285 billion to the LTCB and another bank)
May 18	・Basic Agreement on Business Transfer of Kofuku Bank signed with the US investment fund “Asia Recovery Fund” and Kofuku Bank
May 31	・Basic Agreement on Business Transfer of Namihaya Bank signed by the Daiwa and Kinki Osaka Bank, and Namihaya Bank
June 6	・Basic Agreement on the Transfer of NCB signed by DICJ, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB
June 27	・Basic Agreement on Business Transfer of Tokyo Sowa Bank signed by Asia Recovery Fund and Tokyo Sowa Bank
June 30	・Final Agreement on the transfer of the NCB signed by DICJ, the consortium of Softbank, Orix and Tokio Marine and Fire Insurance, and NCB

July 28	・Business Transfer Agreement of Namihaya Bank signed by Daiwa, Kinki Osaka Bank and Namihaya Bank
Sep. 1	・Transfer of the NCB's shares to the consortium of Softbank, Orix and Tokio Marine and Fire Insurance
Sep. 26	・Asset purchases from sound financial institutions
Sep. 29	・Basic Agreement on Business Transfer of Niigata Chuo Bank signed with Taiko, Daishi, Hachijuni, and Higashi Nihon Bank and Niigata Chuo Bank ・Capital injections under the Early Strengthening Law (¥60 billion to Chiba Kogyo Bank and ¥35 billion to Yachiyo Bank)
Oct. 3	・Capital injection under the Early Strengthening Law (¥260 billion to NCB)
Oct. 6	・Business Transfer Agreement of Kofuku Bank signed with Kansai Sawayaka Co., Ltd., a company set up by the Fund as an acquiring institution (name later changed to the Kansai Sawakaya Bank on acquisition of banking license)
Oct. 20	・Business Transfer Agreement of Nichinan Shinkin Bank signed with Nango Shinkin Bank and Nichinan Shinkin Bank
Oct. 31	・Basic Agreement on Business Transfer of Niigata Chuo Bank signed with Gumma, Towa Bank and Niigata Chuo Bank
Nov. 30	・Basic Agreement of Tokyo Sowa Bank by the Asia Recovery Fund and Tokyo Sowa Bank cancelled
Dec. 16	・Appointed as a financial administrator for Kansai Kogin Credit Cooperative
Dec. 20	・Special purchase of assets from Shinkumi Federation Bank, and compensation for losses incurred thereby (Special purchase: ¥15.9 billion, Compensation for losses: ¥82 billion)
Dec. 21	・Business Transfer Agreement of Niigata Chuo Bank signed with the Taiko, Daishi, Hachijuni, Higashi-Nippon, Gunma Bank and Niigata Chuo Bank
Dec. 22	・Business Transfer Agreement of Niigata Chuo Bank signed with Towa Bank and Niigata Chuo Bank
Dec. 22	・Repayment of perpetual subordinated bonds (¥150 billion) underwritten from Mitsubishi Trust & Banking
Dec. 28	・Disposal of preferred shares worth ¥200 billion subscribed from Mitsubishi Trust & Banking
Dec. 29	・Appointed as a financial administrator for Chogin Tokyo Credit Cooperative

Year 2001

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

Year 2002

Mar. 8	・Appointed as a financial administrator for Chubu Bank
Mar. 11	・Establishment of Bridge Bank of Japan(BBJ) as a 100% subsidiary (¥2.05 billion capital subscription)
Mar. 19	・The BBJ got licenses of banking and mortgage debentures trust business

Mar. 28	・Business Transfer Agreement of Ishikawa Bank and Chubu Bank signed by the BBJ and Ishikawa Bank, and the BBJ and Chubu Bank respectively
Mar. 29	・Set up insurance premium rate for FY 2002 as 0.094% for Specific deposits and 0.08% for Other deposits, etc.
Nov. 1	・Basic Agreement for the business transfer of the Chubu Bank signed among the Chubu Bank, the BBJ and three assuming institutions: the Shimizu Bank, the Shizuoka Chuo Bank and the Tokyo Star Bank.
Nov. 15	・Basic Agreement for the business transfer of the Ishikawa Bank signed among the Ishikawa Bank, the BBJ and five assuming institutions: the Hokuriku Bank, the Hokkoku Bank, the First Bank of Toyama, the Kanazawa Shinkin Bank and the Noto Shinkin Bank.
Dec. 6	・Business Transfer Agreement of the Chubu Bank signed among the Chubu Bank, the BBJ and three assuming institutions: the Shimizu Bank, the Shizuoka Chuo Bank and the Tokyo Star Bank.
Dec. 11	・The bill to amend the Deposit Insurance Law was enacted. The blanket guarantee for current deposits, ordinary deposits and specified deposits was extended to March 2005
Dec. 17	・Business Transfer Agreement of Chogin Tokyo Credit Cooperative signed with Hana Credit Cooperative and the RCC
Dec. 27	・Business Transfer Agreement of the Ishikawa Bank signed among the Ishikawa Bank, the BBJ and five assuming institutions: the Hokuriku bank, the Hokkoku Bank, the First Bank of Toyama, the Kanazawa Shinkin Bank and the Noto Shinkin Bank

Year 2003

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

Year 2004

Jan. 7	・Approval for disposal of preferred shares (¥100 billion) and subordinated bonds (¥100 billion) of the Sumitomo Trust & Banking by resale to third parties and cancellation by purchase to third parties. (Completed on January 13-14, 2004.)
Feb. 26	・At a Policy Board meeting, the investment of ¥2.12 billion to establish The Second Bridge Bank of Japan, Ltd. was approved (Established on March 1.)
Mar. 18-19	・The International Seminar on Deposit Insurance held at Kyoto.
Mar. 23	・Approval was granted for advanced repayment and discretionary reimbursement of 6 subordinated bonds (¥605 billion) and 2 subordinated loans (¥60 billion) from Mizuho Financial Group, the Ashikaga Bank, Mitsui Trust Holdings and the Bank of Yokohama. (Completed on March 30-31, 2004.)
Mar. 26	・Purchases of assets from sound financial institutions (with a book value of ¥179.4 billion from 62 financial institutions).
Apr. 9	・Approval for discretionary reimbursement of dated subordinated loan (¥50 billion) from the Bank of Yokohama (completed on May 11, 2004).
Apr. 22	・Establishment of Performance Appraisal Committee
Apr. 27	・Purchase of assets from sound financial institutions (with a book value of ¥1.2 billion from one financial institution).
Jun. 1	・In cases of transfer or disposal of preferred shares which were underwritten for capital injection through public funds, for the purpose of pricing reasonably from the perspectives of fairness and impartiality, a "Divestment Price Examination Board", which is composed of external experts, was established within DICJ, and the first meeting was held.
Jun. 23	・Mr. Matsuda resigned from his office of Governor.
Jun. 24	・Mr. Nagata was appointed as Governor.
Jun. 28	・Approval of the transfer of preferred shares (¥30 billion) from the Bank of Yokohama (completed on July 2, 2004). ・Purchase of assets from sound financial institutions (with a book value of ¥12.7 billion from 13 financial institutions)
Jul. 1	・Establishment of the Treasury Department
Jul. 8	・The notification "Immediate Guideline for Disposal of Preferred Shares Acquired for Capital Injection to the Third Parties or for Offer of Repaying the Public Funds (dated November 21, 2000)" was revised and made public.
Jul. 26	・Approval of conversion of the preferred shares into ordinary shares and selling them from the Bank of Yokohama (¥55 billion out of ¥70 billion) (completed on July 30, 2004).
Jul. 28	・Receiving a proposal of purchase of assets, as stipulated in Article 129 paragraph 1 of the Deposit Insurance Law, from the Ashikaga Bank which is under special crisis management, the Policy Board met on July 28, 2004 and the purchase of the asset concerned at the price of ¥5.1 billion (with a book value of ¥36 billion) was decided (the date of purchase to be August 23, 2004).
Aug. 27	・Approval of transfer of preferred shares (¥15 billion out of ¥70 billion) from the Bank of Yokohama (completed on August 31, 2004). ・The Governor announced the statement of activity: Approval of the transfer of two preferred shares (¥232.75 billion in total) from Mizuho Financial Group (completed on August 31, 2004).

Sep. 24	・Approval of the advanced repayment and discretionary reimbursement of permanent subordinated bonds (¥200 billion) from Mizuho Holdings, of permanent subordinated bonds (the remaining ¥25 billion) from Mizuho Trust & Banking and of dated subordinated loans (¥40 billion out of the remaining ¥140 billion) from Mitsui Trust Holdings (completed on September 30, 2004).
Sep. 28	・Purchase of assets from sound financial institutions (with a book value of ¥54.5 billion from 36 financial institutions)
Sep. 30	・Approval of conversion of two preferred shares (¥201 billion in total) into ordinary shares from the Sumitomo-Mitsui Financial Group and selling them by ToSTNeT-2 (sold on November 2, 2004).
Dec. 28	・Purchase of assets from sound financial institutions (with a book value of ¥27.9 billion from 13 financial institutions).

Year 2005

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

(10) Policy Board Members and DICJ Officials, etc. (as of October 1, 2005)

< Policy Board >

Chairman	Shunichi Nagata	(Governor of the DICJ)
Members (in alphabetical order)		
	Ryotaro Ajiro	(Chairman, Community Bank Shinyo Kumiai)
	Norifusa Kagami	(Chairman, The Second Association of Regional Banks)
	Terunobu Maeda	(Chairman, Japanese Bankers Association)
	Yukihiko Nagano	(Chairman, National Association of Shinkin Banks)
	Masamichi Narita	(Adviser, Japan Tobacco, Inc.)
	Toshio Seya	(Chairman, Regional Banks Association of Japan)
	Takeshi Yoshii	(Exective Adviser, Nippon Steel Corporation)
	Naoyuki Yoshino	(Professor of Economics, Keio University)
	Hakaru Hirose	(Deputy Governor of the DICJ)
	Yutaka Nagashima	(Deputy Governor of the DICJ)
	Mutsuo Hatano	(Deputy Governor of the DICJ)
	Masanori Tanabe	(Deputy Governor of the DICJ)

< Officials of the DICJ >

- Governor : Shunichi Nagata
- Deputy Governors : Hakaru Hirose
  Yutaka Nagashima
  Mutsuo Hatano
  Masanori Tanabe

Auditor (Part-Time) : Hitomi Takahashi

< Department Heads of the DICJ >

- Planning and Coordination Department: Fujiki Hayashi
- Treasury Department: Kazumi Akiyama
- Financial Reconstruction Department: Motoyasu Yoshikawa
- Deposit Insurance Department: Michio Masukawa
- Special Investigation Department: Shigekuni Ono
- Inspection Department: Ken Nakazawa
- Osaka Operation Department : Shoichi Kano

< Special Advisors for Liability Investigation Committee >

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

< Members of Purchase Price Examination Board >

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

< Members of Divestment Price Exemination Board>

Chairman:	Atsushi Kato (Certified Public Accountant)
Deputy Chairman:	Yasuyuki Kuratsu (Financial Practitioner)
Member:	Akira Usui (Academic Expert)

< Members of Performance Appraisal Committee>

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

(11) DICJ Organization Chart (as of July 1, 2005)

Number of authorized DICJ officials/staff as of FY2005: 391

- Policy Board
- Deposit Insurance Corporation of Japan
  - Governor
    - Liability Investigation Committee
    - Purchase Price Examination Board
    - Divestment Price Examination Board
    - Auditor
    - Deputy Governor
    - Deputy Governor
    - Deputy Governor
    - Deputy Governor
      - Planning and Coordination Department
        - Administration Division
        - Personnel Division
        - Public Relations and Information Management Office
        - Subsidiary Administration Division
        - Planning and Coordination Division
        - Office for International Affairs
        - Office for Research and Intelligence
      - Treasury Department
        - Financial Planning and Coordination Division
        - Budget and Accounting Division Ⅰ
        - Budget and Accounting Division Ⅱ
        - Budget and Accounting Division Ⅲ
        - Finance Division Ⅰ
        - Finance Division Ⅱ
      - Financial Reconstruction Department
        - Planning and Coordination Division
        - Capital Operation Division
        - Financial Reorganization Division
      - Deposit Insurance Department
        - Planning Division
        - Financial Assistance Division
        - Advisory Service Division
        - Information System Division
      - Special Investigation Department
        - Policy Planning and Coordination Division
        - Investigation and Recovery Division
        - Task Force Division
        - Special Investigation Division Ⅰ
        - Special Investigation Division Ⅱ
        - Special Investigation Division Ⅲ
      - Inspection Department
        - Inspection Planning Division
        - Evaluation Division
        - Inspection Division Ⅰ
        - Inspection Division Ⅱ
      - Osaka Operation Department
        - Administration, Policy Planning and Coordination Division
        - Financial Reorganization Office
        - Financial Assistance Division
        - Investigation and Recovery Division
        - Task Force Division
        - Special Investigation Division Ⅰ
        - Special Investigation Division Ⅱ
        - Special Investigation Division Ⅲ

I. OPERATIONAL HIGHLIGHTS IN FY2004

1. Dealing with the Removal of the Blanket Guarantee

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

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

Concerning the depositors' name-based aggregation database and system set up by financial institutions, in FY2004, the DICJ proceeded as mentioned below to confirm the accuracy of the depositors' name-based aggregation database; namely aspects such as whether the name-based aggregation data previously prepared were properly maintained and accompanied by the subsequent acceptance of new deposits and amendments to the deposit operation system.

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

Since October 2003, to facilitate name identification, each financial institution was requested to submit their depositor data in accordance with Article 37 of the Deposit Insurance Law. These data were subsequently verified by DICJ's system as to whether they conform to the specified format. The data verification of the insured financial institutions was almost completed by March 2005. Furthermore, from the perspective of maintaining the accuracy of the depositors' name-based aggregation database, the DICJ will also continue such verification in FY2005.

(ii) Training and advice

In order to facilitate preparation for the depositors' name-based aggregation database and system, in July 2004 the DICJ established an Advisory Service Division to provide financial institutions with training and advice; which has also actively responded to requests to dispatch lecturers to collective training hosted by the associations, etc. and for providing advice from individual financial institutions. In FY2004, the DICJ provided individual financial institutions with 16 collective training sessions and 91 training and advice sessions.

(iii) Points to note upon preparation

Based on problems clarified when the DICJ conducted the on-site inspection or verified the depositors' name-based aggregation database and system, from the perspective of promoting the maintenance of the depositor data and its system, the DICJ notifies each financial institution in writing of any important maintenance-related points. For example, the DICJ sent instructions to financial institutions on how the data for "Depositors whose data it is impossible to prepare" should be set in order or those showing "Examples of financial institutions prone to falling into error upon preparing the data (the group deposit related)."

(2) On-Site Inspections

(i) On-Site Inspections

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

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

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

In addition to the inspection on depositor name databases, the DICJ expanded its inspections to include insurance premiums confirmation (inspection under

subparagraph 1) in January 2003. As the adequate payment of insurance premiums is indispensable for the stable operation of deposit insurance system, the DICJ is striving, through its inspections, to ensure that premium payments are being properly made and that fairness is maintained among financial institutions, the system's clients. It is also necessary, as regards the calculation of "estimated proceeds payment rate" (inspection under subparagraph 3), for the DICJ to prepare ahead of time measures that will make it possible to estimate the liquidating dividend rapidly and accurately in the event a financial institution fails.
To enhance the quality of these inspections, the DICJ established its Inspection Department in July 2003 and is taking other measures to create a system under which inspections can be properly and effectively performed.
For the 2004 inspection year (July 2004 to June 2005), the DICJ implemented on-site inspections in 113 financial institutions, which makes an accumulated total of 318 institutions after August 2001. [See Appendix 1. (8) Number of On-Site Inspections Implemented].

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

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

(3) To Ensure Good Public Awareness of the Removal of the Blanket Guarantee

Placing great importance on good public awareness of the deposit insurance system, including depositors, the DICJ has devoted significant attention to public relation activities. In particular, in FY2004, the DICJ actively promoted public relation activities in cooperation with the Financial Services Agency and the Bank of Japan, and endeavored to disclose information concerning the significance of the removal of the blanket guarantee, the scope of deposits to be protected and so on, towards the removal of the blanket guarantee which would come into effect on April 1, 2005.
The following is an overview of those activities.

(i) Issue of brochures and similar

The DICJ has independently prepared to issue brochures explaining the deposit insurance system. Accompanied by the removal of the blanket guarantee, which came into effect on April 1, 2005, the DICJ prepared to issue a brochure entitled "A Guide To The Deposit Insurance System from April 1, 2005 onward –Outline of the System and Q&A–" to which necessary amendments were made. It was then distributed to financial institutions, mass media and other persons concerned. Furthermore, through its web pages, the DICJ endeavored to disclose information regarding the schemes and functions of the insurance deposit system to the public.
The DICJ cooperated with the Financial Services Agency and the Central Council for Financial Services Information in preparing posters and leaflets, respectively.
Furthermore, the DICJ obtained cooperation from the Central Council for Financial Services Information to prepare videotapes explaining the deposit insurance system; to facilitate public understanding of the areas of change and the significance of the deposit insurance system. This was distributed chiefly to financial institutions.

(ii) Dispatching lecturers to educational meetings

The DICJ supported the "National Caravan Finance Course"; hosted by the Central Council for Financial Services Information at 22 locations nationwide, to dispatch officials and department heads, including the Governor. They gave presentations explaining the removal of the blanket guarantee at 8 of the 18 courses and disclosed information concerning the significance of the removal of the blanket guarantee, change of the scope of deposits protected and so on to the public.
Furthermore, the Governor gave a lecture on the removal of the blanket guarantee at educational meetings hosted by various associations. The DICJ dispatched staff to training meetings hosted by financial institutions and associations and explained the deposit insurance system, which is significantly related to the removal of the blanket guarantee.

(iii) Written contribution to specialist magazines

With the removal of the blanket guarantee imminent, officials/staff of the DICJ contributed to specialist finance and information magazines of local public entities, explaining the significance of the removal of the blanket guarantee, the system related to deposits protected and the practices involved in the preparation of depositors' name-based aggregation databases and systems. In addition, they tried to disclose information relating to the deposit insurance system to the public.
Furthermore, the DICJ cooperated willingly with reporters of newspaper offices, TV stations and the media in providing information, and tried to disclose information concerning the removal of the blanket guarantee to the public through mass media.

(iv) Explanation on the system in response to telephone inquiries

The DICJ appointed contact persons answering inquiries concerning the deposit insurance system from the public on dedicated lines, helping the latter gain a correct understanding of the deposit insurance system, and answered a wide range of questions and inquiries from the public; including depositors.

The number of inquiries recorded was 8,201 in FY2004; representing a significant increase of 172 % in comparison with the previous year. This is considered to be due to the fact that with the removal of the blanket guarantee imminent, the pay-off related news is getting around through newspapers and TV. [See (Reference 1) Number of Inquiries Recorded about General Matters]

Meanwhile, in comparison with FY2001, in which a partial removal of the blanket guarantee came into effect in April 2002, the number of cases of inquiries in FY2004 was restricted to just under 40 % of the figure in FY2001. This is considered to be due to the fact that there was no new failure of financial institutions in FY2004 and that the financial environment showed signs of improvement, such as the steady progress towards the target of halving the proportion of non-performing loans at major banks under the “Finance Revitalization Program”.

In FY2004, inquiries concerning financial products covered by the deposit insurance system, focusing on the payment and settlement deposits and settlement funds in process as fully protected since the removal of the blanket guarantee, accounted for more than 20 % of the total number of inquiries recorded. Other noticeable inquiries included those concerning the limit of insurance pay-out, at around 15 %, and those concerning whether an individual financial institution handling deposit with high interest rates came under financial institutions covered by deposit insurance, accounting for around 13 %. [See (Reference 2) Number of Inquiries Recorded by Item in FY2004]

(Reference 1) Number of Inquiries Recorded about General Matters

(Unit: Number of cases)

Fiscal year	2000	2001	2002	2003	2004
Total number	5,769	22,268	9,815	4,772	8,201
Individual	3,360	12,267	6,590	2,960	5,167
Corporation	2,409	10,001	3,225	1,812	3,034

(Reference 2) Number of Inquiries Recorded by Item in FY2004

(Unit: Number of cases, %)

Category		Number of cases	Composition ratio (%)
1. Inquiries about the outline of the system		851	5.4
	System in general	507	3.2
	Organization of DICJ	174	1.1
	Deposit Insurance Fund, Premium rate	170	1.1
2. Payment of insurance money, Purchase		11,785	75.1
	Insured financial institution	2,053	13.1
	Insured financial product	3,287	20.9
	Insured depositor	1,055	6.7
	Limit of payment of insurance money	2,367	15.1
	Purchase system, Estimated proceeds payment	212	1.4
	Interest	354	2.3
	Name-based aggregation	1,196	7.6
	Settlement function	638	4.1
	Time of reimbursement	361	2.3
	Procedures for claiming payment of insurance money	111	0.7
	Partial payments	151	1.0
3. Financial assistance		93	0.6
4. Set-off of deposits against borrowings		692	4.4
5. Requesting materials, Other		2,271	14.5
	Requesting materials, About website	605	3.9
	Others	1,666	10.6
	Total by item	15,692 (Note 1)	100.0 (Note 2)

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

(Note 2) Because the composition ratio of each item is rounded off, the total composition ratio does not match the composition ratio of each item.

(4) Failure Resolution System under Limited Coverage

There are two methods for resolving the failure of a financial institution, namely a method of paying insurance money directly to each depositor, etc. (straight deposit pay-out) and a method of transferring, in whole or in part, the operation (business) of the failed financial institution to assuming financial institutions and providing financial assistance to such institutions (the financial assistance method). However, in the Financial System Council report of December 1999, the basic policy for resolution of failed institutions was specified as follows: "If a financial institution fails, it is necessary to select the resolution method which has the prospect of having the lowest cost required for resolving the failure, as well as to make every effort to minimize the confusion accompanying the failure. As a method for treating the failure of a financial institution, the choice of the financial assistance method is favorable and insurance payout should be avoided as much as possible."

Following the transition to limited coverage of time deposits, etc. beginning in FY2002, no financial institution has failed (except for one case where full deposits, etc. were protected as a result of measures in response to a financial crisis). Even under the limited coverage scheme, the financial assistance method, just as in the case of full protection, is superior to that of straight deposit pay-out. However, in the case of deposits, etc. other than those protected by the deposit insurance when a financial institution has failed (hereinafter referred to as "the insured deposit") and obligations in general, reimbursement depends on the state of assets of the failed financial institution. Therefore, in order to maintain fairness to depositors and creditors and prevent an outflow of assets, certain restrictions on the business of the financial institution must be introduced and its assets preserved. For that reason, failure resolution under the limited coverage scheme is to be conducted subject to the Bankruptcy Laws under court supervision.

The DICJ is in the process of deliberating the failure resolution schemes under limited coverage and its operations as a financial administrator as follows and is preparing a manual for dealing with office work. [See Figure (4) Failure Resolution Scheme under the Limited Coverage]

∗ Assumed operations of a financial administrator

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

(i) Since there have been multiple instances of financial institution failure in the latter part of the week, failure is assumed likely to occur on a Friday. When a financial institution has failed, the Prime Minister (granting authorization to the Commissioner of the FSA) issues a decision to render such institution subject to a management order and the DICJ is then appointed as a financial administrator.

(ii) Immediately after the failure, the failed financial institution and the bridge bank [See III. 10. "The Second Bridge Bank of Japan"] conclude a basic agreement concerning the transfer of business whereby within a target date of six months later, the insured deposits, settlement operations and sound lending assets shall be transferred to the bridge bank. This bridge bank is a financial institution acting as a provisional assuming institution and is presumed that within the target date of six months later and after taking over the business, such bridge bank shall re-transfer the business to the final assuming financial institution.

(iii) The failed financial institution applies to commence civil recovery proceedings.

(iv) On Saturday and Sunday, preparations are made towards to reopen the business on Monday, including:
- Sealing off of all outside channels (Note), and identification of insured deposits through aggregating deposits held by the same depositor, preparations for the payment of insured deposits, extraction of transactions excluded from settlement obligations, and preparations for new operations such as offsetting by contracting depositors.
- Briefing for employees of the failed financial institution concerning the future operational system, etc.

(v) Payment of insured deposits, settlement operations and loan operations are resumed on Monday, to prevent any confusion at the bank counter.

(vi) Categorization of assets such as loans, etc.

(vii) Transfer of insured deposits and sound lending assets to the bridge bank with a target date of six months later, and the disposal of non-performing assets by selling them to servicers or entrusting their purchase to the RCC.

(viii) Approximately one year later, the remaining assets of the failed financial institution are to be reimbursed based on the recovery plan.

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

2. Proper and Steady Disposal of Past Failure Resolutions

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

(i) Debt recovery and related activities

In order to facilitate the failure resolution of failed financial institutions, the DICJ has given financial assistance to 180 financial institutions (monetary grants: ¥18,615.6 billion, purchase of assets: ¥6,366.3 billion, lending of funds: ¥8.0 billion, debt assumption: ¥4.0 billion). Of these, ¥6,307.0 billion of debts purchased from failed financial institutions was recovered by debt collection and selling assets (as of the end of March 2005). Upon actually carrying out operations (purchase of assets, management and disposal), the majority of operations is entrusted to the Resolution and Collection Corporation (RCC), which is a DICJ subsidiary.

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

The operations of the RCC cover a wide range including the recovery of non-performing loans purchased, civil recovery proceedings, the legal process and other transactions related to real estate, recovery by uncovering hidden assets as well as the pursuit of civil and/or criminal liability of directors or other persons concerned of failed financial institutions by fully exploiting the investigative powers entrusted to the DICJ.

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

Purchase of Assets from Failed Financial Institutions (as of the end of March 2005)

(Unit: ¥ billion)

Categorization	Amount of purchase	Cumulative amount of recoveries
Purchase of assets from failed financial institutions (Article 64 of the Deposit Insurance Law)	5,186.5	4,716.1
Purchase of assets from banks which are placed under special public management (formerly the Long-Term Credit Bank of Japan and the Nippon Creit Bank) (Article 72 of the Financial Revitalization Law)	1,179.8	1,590.9
Total	6,366.3	6,307.0

(Note) In addition to the purchase of assets as financial assistance as mentioned above, the DICJ purchases assets from banks which are placed under special crisis management under Article 129 of the Deposit Insurance Law and from sound banks under Article 53 of the Financial Revitalization Law. Likewise, the DICJ entrusts the RCC with operations involved in management and disposal.

(ii) Debt recovery activities by the RCC

1) Collection performance of the RCC

In FY2004, debts totaling ¥823.3 billion were recovered. This included ¥117.7 billion for the Housing Loan Administration Corporation, ¥542.2 billion transferred from failed financial institutions out of the amount for the RCC (including the commissioned recovery of Hanwa Bank debts) and ¥163.5 billion purchased from sound financial institutions [See Appendix 1.(6) "Collection Performance of the RCC"].

2) Corporate revitalization

a. Promotion of corporate revitalization activities

In response to "the Structural Reform in the Japanese Basic Policy for Fiscal and Economic Management and for Economic and Social Structural Reform" (the so-called Honebuto Policies) decided by the Cabinet on June 26, 2001 and the amendments to the Financial Revitalization Law, in November of that same year, the RCC launched its "Headquarters for Corporate Revival", with the RCC president serving as director, and a corporate revival department in charge of performing these activities was established. In January 2002, in order to judge expertly and objectively whether or not revitalization was possible, the "Corporate Revitalization Study Committee" was established as an advisory body of the Headquarters for Corporate Revival managers. Moreover, an organizational structure was arranged to incorporate the corporate revival, and since that time its functions have been strengthened and its organization enhanced based on various policies decided by the government (Note).

In recent years, a "Study Meeting for Regional Corporate Revitalization" has been held periodically, and based on the RCC's track record and experience in corporate revitalization, discussion for the revitalization of the regional economy was made in coordination with regional financial institutions.

Moreover, in the "Program for Further Financial Reform" publicized by the Financial Services Agency in December 2004, "Review of the RCC's Corporate Revival Function aimed at the Intensive Revival of Small-and Medium-sized Enterprises" was specified. In response to this, in view of the current status whereby the private sector corporate revitalization business is growing, the RCC is planning to deal with corporate revitalization as a public institution and to efficiently realize intensive revitalization of small and medium-sized enterprises.

(Note) "Amendments to the Financial Revitalization Law" (December 2001), "Prompt Countermeasures to Deflation" (February 2002), "General Countermeasures for Accelerated Reform" and "Program for Financial Revival" (October 2002), "Action Program concerning enhancement of Relationship Banking Function" (March 2003), "Program for Further Financial Reform" (December 2004).

b. Corporate revitalization performance, etc.

Since the establishment of the Headquarters for Corporate Revival in November 2001, and up to March 2005, the RCC has been involved with 347 cases in the process of formulating revitalization plans (247 cases of private revitalization, 63 cases of legal revitalization and 37 cases with trusts and funds), and there are 122 cases of proposed candidates for revitalization.

3) Trust operations

The RCC obtained a license to engage in the trust business on August 31, 2001, established the "Trust Business Department" and commenced to subscribe to non-performing loans using the trust method. In addition, the RCC utilizes trust functions in grappling with the securitization of non-performing loans and setting up the corporate revitalization fund using private funds. The RCC was entrusted with debts with a book value of ¥2,007.3 billion (including RCC contributions) by the end of FY2004, and contributed to promoting the smooth disposal of the non-performing loans of failed financial institutions.

4) Liquidation and securitization of loans

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

In accordance with the aforementioned policy, the RCC introduced a method for bulk sales of multiple claims through bidding in the end of FY2002. In FY2004, bulk sales of properties were carried out with a total book value of ¥1,322.7 billion owed by 10,684 debtors (cumulative total: ¥1,948.3 billion). In addition, individual sales of properties were carried out with a total book value of ¥327.4 billion owed by 153 debtors (cumulative total: ¥1,136.4 billion, and securitization using trust functions (RCC trust series which combines non-performing debts of the RCC with those of financial institutions to securitize them) resulted in ¥56.4 billion worth of non-performing debts (cumulative total: ¥539.4 billion).

As a result, liquidation and securitization, including individual sales, bulk sales and securitization, were carried out with a total book value of ¥3,624.1 billion (including the commissioned recovery of Hanwa Bank debts and the purchase of assets under Article 53 of the Financial Revitalization Law) by the end of FY2004.

5) Real estate management and disposal, etc.

The DICJ works to properly manage real estates purchased by the RCC from the seven former *Jusen* companies and failed financial institutions, and endeavors to efficiently dispose of these properties according to fair and transparent rules. More specifically, this includes registrations with REINS (the Real Estate Information Network System administered by the Organization for Real Estate Transactions under the authorization of the Ministry of Land, Infrastructure and Transport), listings of real estate sales information on the Internet web site, the application of competitive bidding, and the promotion of land sales for official or public use through col-

Claim Sales (original book value of debts)

(Unit: ¥billion)

Fiscal year	1999	2000	2001	2002	2003	2004	Accumulated Total
Individual Sales	0.3	95.2	133.9	220.4	359.2	327.4	1,136.4
Securitization	–	–	32.3	109.6	341.2	56.4	539.4
Bulk Sales	–	–	–	263.8	361.8	1,322.7	1,948.3
Total	0.3	95.2	166.2	593.8	1,062.2	1,706.4	3,624.1

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

laboration with local public entities.

The RCC attempted to promote sales by positively introducing the bulk sales method (set sales) to sell properties owned by the RCC. In FY2004, the RCC sold 515 properties (including real estate that was previously owned by the former Hanwa Bank and administered by the RCC) for a total of ¥19 billion. As a result, cumulative sales reached 3,772 properties (including those transferred to the HLAC and the RCB) worth a total of ¥289.4 billion to date.

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

(i) Management and disposal of non-performing loans

As described in “2. (1) Management and Recovery of Assets Purchased from Failed Financial Institutions”, the DICJ purchased non-performing loans of ¥1,179.8 billion from banks under special public management (the former Long-term Credit Bank of Japan and the former Nippon Credit Bank) under Article 72 of the Financial Revitalization Law, and has recovered ¥1,590.9 billion to date.

In addition to the above, the DICJ took over non-performing loans subject to the warranty for latent defect provision, as stipulated in the share sales agreement on the transfer of the former Long-term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank of Japan (Aozora Bank), and the amounts of payment reached ¥892.8 billion for Shinsei Bank and ¥328.6 billion for Aozora Bank respectively by the end of FY2004. The DICJ had recovered ¥351.8 billion on non-performing loans purchased from Shinsei Bank and ¥103.6 billion on those from Aozora Bank by the end of FY2004.

(ii) Management and disposal of shares

Out of shares held by the former Long-term Credit Bank of Japan (Shinsei Bank) and the former Nippon Credit Bank (Aozora Bank) when the special public management of both banks terminated in 2000, the DICJ purchased shares needed by both banks to carry on business (¥2,939.4 billion by the end of FY2004) under the share sales agreement as mentioned above, and entrusted them to Shinsei Trust & Banking and Aozora Trust & Banking, respectively. During the five year trust period, both banks may buy back the shares concerned under the aforementioned share sales agreement, but in the event of any loss at the time of sales, the DICJ may reject selling them back.

Among these shares, those of Shinsei Trust & Banking (on an acquisition book value basis: ¥120.5 billion), excluding those for which the trust period was extended for one year, were transferred to the DICJ on March 2, 2005 when the initial trust period expired. Subsequently, the shares not bought back by both banks are scheduled to be transferred to the DICJ gradually by the end of August 2006. The Shares transferred to the DICJ are entrusted to Japan Trusty Service Trust & Banking.

After developing a basic policy conforming to the principles of “Minimizing the public cost” and “Minimizing the effect on the market”, the shares concerned are to be disposed of properly and smoothly within a target of approximately one decade.

Outline of Shares Purchased (as of the end of March 2005)

(Unit: ¥billion)

Categorization	Shares for Shinsei Bank	Shares for Aozora Bank	Total
Cumulative total of purchase	2,269.2	670.1	2,939.4
Amount of trust (on an acquisition book value basis)	1,748.1	622.5	2,370.6

(Note) The difference in a total amount is due to rounding of fractions.

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

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

The DICJ also appointed directors and auditors in accordance with nomination by the Prime Minister (granting authorization to the Commissioner of the FSA) on December 16 and 25 of the same year.

In FY2004, the DICJ received an offer for the purchase of assets from the Ashikaga Bank, Ltd. under Article 129 of the Deposit Insurance Law, and twice made such purchases (The relevant procedures were entrusted to the RCC). The amount purchased was ¥5.1 billion (a book value of purchased assets: ¥36 billion) for the first purchase made on August 23, 2004, and ¥56.4 billion (a book value of purchase assets: ¥397.8 billion) for the second purchase made on March 22, 2005, respectively.

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

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

Under the laws mentioned below, the DICJ is authorized to inject capital into financial institutions. The DICJ commissions such capital injection operations to a contracted bank (the RCC) and provides loans needed for the operations concerned, and in addition, may provide debt guarantees. Furthermore, the DICJ collects profits earned from the operations of the contracted bank and has approval authority regarding the exercise of voting and other rights held by the contracted bank as a shareholder or financier and the disposal of shares, etc.

(Note) The DICJ entrusts a contracted bank with operations set forth in (i) and (ii) below, while it directly conducts operations set forth in (iii).

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

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

Up to March 31, 2005, the DICJ received applications for transfers and other disposal from various financial institutions through the contracted bank. Applications were submitted for preferred shares (total value: ¥99.0 billion), subordinated bonds (total value: ¥1,180.0 billion) and subordinated loans (total value: ¥94.6 billion) out of the preferred shares, etc. subscribed under the former Financial Function Stabilization Law, as well as preferred shares (total value: ¥992.6 billion), subordinated bonds (total value: ¥854 billion) and subordinated loans (total value: ¥250 billion) out of shares, etc. subscribed under the Early Strengthening Law. The DICJ granted approval for such requests by the contracted banks.

Consequently, as of March 31, 2005, the net outstanding balance of subscription after reducing the repayments made to that point was ¥442.0 billion under the former Financial Function Stabilization Law and ¥6,508.7 billion under the Early Strengthening Law. [See Appendix 1. (2), Table 1. "List of Capital Injection Operations Pursuant to the Financial Function Stabilization Law and Table 2. "List of Capital Injection Operations Pursuant to the Early Strengthening Law]

(ii) The Organizational Restructuring and Financial Function Strengthening Laws

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

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

(iii) The Deposit Insurance Law

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

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

Meanwhile, the purpose of a capital injection into an assuming institution is to provide appropriate financial assistance for a merger or other operations undertaken as attempts to resolve a failed financial institution and, hereby, contribute to the stability of the financial system. An assuming financial institution will face a lower capital adequacy ratio once it merges with a failed institution, but a capital injection will help to restore the ratio. To date, no capital injections of this type have been per-

formed. [See Appendix 1. (2), Table 4. "List of Capital Injection Operations Pursuant to the Deposit Insurance Law (Response to Financial Crisis)"]
In cases where a financial institution to which capital injection was provided based on (i) to (iii) as aforementioned submitted an application for sales disposal of preferred shares to third parties (including sales disposal on the market) or repayment, the DICJ examines the application in view of (1) the avoidance of public cost, (2) maintenance of the financial system stability, and (3) soundness of bank management, which are specified in "Immediate Guideline for Disposal of Preferred Shares Acquired for Capital Injection to the Third Parties of for Offer of Repaying the Public Funds" as announced by the DICJ on July 8, 2004. Unless there are specific problems, the DICJ is to properly deal with the application according to the principle of earlier disposal.

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

(i) Outline of the system

Article 53 of the Financial Revitalization Law provides details of a system of emergency measures involving the purchase of assets from financial institutions, as a means of stabilizing and reviving Japan's financial functions. Following requests for the purchase of assets from sound financial institutions, the DICJ then makes such purchases after consulting with the Purchase Price Examination Board, which is established in the DICJ, and with the approval of the Prime Minister (or the Financial Reconstruction Commission until its abolition in January 2001).
When the Financial Revitalization Law was first enacted, the deadline of requests for asset purchase was set at the end of March 2001. However, as one of the measures for resolving the non-performing loan problem and other problems of financial institutions incorporated in the "Emergency Economic Package" due to the amendments to the said law of June 2001, this deadline was extended to the end of March 2004 for sound financial institutions. Furthermore, the said law was amended in January 2002 in line with the government's "Advanced Reform Program" (October 26, 2001), etc., so that in order to further accelerate the processing of non-performing loans of financial institutions, etc., the price calculation methods was made flexible to purchase non-performing loans at the market value, and purchasing methods were diversified through enabling participation in bidding. In addition, regulations relating to the handling of purchased non-performing loans were reformulated in the agreement between the DICJ and RCC. (concretely, (i) the disposal methods were diversified, (ii) a goal of three years was set for collection and disposal, (iii) the decision as to whether it would be possible for debtors to revitalize should be determined speedily and efforts to ensure their quick revitalization should be made.)
In addition, as a result of the amendments to related laws in connection with the enforcement of the Industrial Revitalization Corporation Law in April 2003, purchasing from the Industrial Revitalization Corporation of Japan became possible, and the deadline for asset purchases from sound financial institutions, etc. was extended to the end of March 2005. After the deadline for application for purchasing assets from sound financial institutions, etc. has passed, the purchase of assets is made based on an application from the Industrial Revitalization Corporation of Japan.

(ii) Track record of purchase

In FY2004, the DICJ purchased assets from 60 sound financial institutions with a book value of ¥176.7 billion at a price of ¥23.3 billion, and the total number of financial institutions reached 192 by the end of FY2004; a book value of obligations of ¥3,974.1 billion and overall purchase prices of ¥348.1 billion, respectively.
The figures as aforementioned do not include those involved in applications made at the end of March, 2005 the date on which receipt of applications closed (Purchase was made in June 2005), namely, 16 financial institutions, a book value of obligations of ¥29.9 billion and purchase prices of ¥5.2 billion. If these figures were included, the number of financial institutions would reach 192, a book value of obligations of ¥4,004.1 billion and purchase prices of ¥353.3 billion, respectively.
Financial institutions, chiefly major banks, have facilitated the processing of non-performing loans and the private secondary market in such loans has grown. With this in mind, the number of cases of utilizing this system peaked in FY2002, and has subsequently tended to decline.

(iii) Management and disposal after purchase

The DICJ provides the funds necessary for asset purchase operations to the specified contracted bank (the Resolution

Purchase of Assets from Sound Financial Institutions, etc.

(Unit: Number of Cases, ¥billion)

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

[See Appendix 1. (3) Asset Purchases, etc. under Article 53 of the Financial Revitalization Law] and Collection Corporation) to which the DICJ entrusts the said operations. In addition, the DICJ the collects profits earned from the said operations of the specified contracted bank. Furthermore, the DICJ provides guidance and advice with respect to operations as stipulated in the agreement with the specified contracted bank.

In compliance with the amendments to the Financial Revitalization Law of January 2002, the specified contracted bank is endeavoring to collect non-performing loans and dispose of assets purchased or revitalize its business within the three year target as far as possible.

4. Asset Investigations and the Pursuit of Liability

(1) Asset Investigations

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

In FY2004, the DICJ investigated 282 cases of which 22 were on-site examinations, and uncovered the hidden assets worth ¥39.4 billion. The cumulative total of uncovered hidden assets since June 1996, when asset investigative powers were granted to the DICJ, is ¥598.3 billion.

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

Recently, tricks used to conceal assets are becoming increasingly devious or ingenious. As an example, there are cases where debtors transfer property to a company which they substantially manage (however, directors are registered in the name of third parties) or family members. Considerable numbers of such cases have been discovered by DICJ investigators. More specifically, (i) a debtor establishes a separate company with the same trade name or a dummy company existing only in name, and makes customers remit his operating receipts to the bank account of the dummy company; (ii) a guarantor draws out a large sum of money from his securities company, and after first having kept them in custody in his bedroom at home, remits them to the bank account in the name of his advisory attorney; (iii) a guarantor remits a large sum of money, such as the retirement allowance paid to him by a debtor, to the bank accounts using names of his family member or acquaintance; (iv) a debtor acquires a real property next door to land to which the RCC had collateral rights, and then extends the area of newly acquired land area by changing the borders, encroaching on land to which the RCC had collateral rights; (v) concerning the land owned by a debtor on which the RCC established a second mortgage, despite the fact that a debtor has already repaid his debts in a first mortgage and received the documents necessary to make an obliterated entry in the register of the first mortage, a debtor intentionally fails to do so and makes false declarations as if it were impossible to recover; (vi) concerning the real estate owned by a guarantor, after first having registered it in the name of the guarantor's relative, a guarantor then changes the registration to the name of his son.

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

Results of Asset Investigations

Category	FY2004	Accumulated total from June 1996
All investigations	282 cases	2,076 cases
of which, on-site examinations	22 cases	339 cases
(Hidden) assets confirmed	¥39.4 billion	¥ 598.3 billion

Note: The DICJ has three Special Investigation Divisions in each of the Special Investigation Department (Tokyo) and Osaka Operation Department to enhance the system of asset investigations.
These Special Investigation Divisions are unique groups of experts specializing in asset investigation. They are staffed by personnel with diverse backgrounds in both public and private sectors, mainly from National Tax Agency and financial institutions but also including the Public Prosecutors Office, National Police Agency, Japan Customs, and the Ministry of Health, Labor and Welfare.

(2) Pursuit of Criminal Liability

The DICJ and the RCC brought 18 charges against 36 persons (the accused) with law enforcement authorities during FY2004. This brings the total number of charges brought by the DICJ since June in 1996 to 277 (against 570 persons). [See Appendix 1.(4) "Arrests, Accusations and Complaints"]

Although no charges were brought against the officials of failed financial institutions, charges against debtors in pursuit of criminal liability have been filed concerning (1) seven cases of auction interference, (2) six cases of fraud, (3) four cases of obstruction of compulsory seizure. More specifically, (1) the fairness of official auctions being impaired through false declarations made to court executors; (2) in fraud cases relating to the release of mortgaged property, debtors conceal the actual sales price and make false declarations to mortgagees on the value of mortgaged assets to settle the mortgage at a lower price (This is known a "Nakanuki Fraud" or Fraudulent Arbitrage); (3) assets are deliberately concealed or deceptively transferred in order to avoid compulsory execution of recovery. For example, there was a case that after becoming aware of the threat of compulsory execution based on the fact that the deposits in the name of the company and placed at a bank were temporarily attached, a company officer, who was also a debtor, interfered with the compulsory execution by drawing substantial amount of money out of deposits placed at another bank or the leader of a "Boryokudan" forced his group to prevent acquisition of an item purchased at auction, intimidating the successful bidder by strongly emphasizing possession of the item by the group.

(3) Pursuit of Civil Liability

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

The types of actions taken by the DICJ and the RCC can be generally classified as follows: (1) Suits by the DICJ as plaintiff; (2) Suits originally brought by *Jusen* companies or failed financial institutions (the DICJ is or is not involved as a financial administrator) and taken over by the RCC; and (3) Suits by the RCC as plaintiff (including cases brought by the RCB and the HLAC).

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

As of March 31, 2005, the DICJ and the RCC brought 124 suits against 484 defendants (including legal entities and 446 executives), demanding a total of approximately ¥125.3 billion in damages [See Appendix 1. (5) Pursuit of Civil Liability via Litigation and Conciliation].

During FY2004, damages suits newly brought by the RCC numbered four. These suits were brought against 9 defendants (including 9 executives) and claimed a total of approximately ¥0.57 billion.

In addition, concerning the Ashikaga Bank, Ltd. which failed in November 2003 and was placed under special crisis management, the DICJ, as an observer, participated in the internal investigation committee established within said bank to pursue the legal liability of the former directors, and cooperated with it in investigating. As a result, the said bank instituted a suit claiming compensation for damage against 13 directors of the former management as defendants. One case concerned an illegal payment of dividends in the closing of the term ending at the end of March 2001 and two cases concerned illegal loans.

5. Financial Affairs

(1) Financial Conditions

The accounts of the DICJ are divided; based on the operations to be accounted for. In FY2004, the DICJ used eight accounts for its operation; 1) the General Account, 2) the Crisis Management Account, 3) the Financial Reconstruction Account, 4) the Early Strengthening Account, 5) the *Jusen* Account, 6) the Financial Institutions' Management Base Strengthening Account, 7) the Industrial Revitalization Account, 8) the Financial Function Strengthening Account.

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

The Deposit Insurance Fund had been reserved each year up to FY1994, but since FY1995, had turned negative given the rising trend in the number of failure resolution cases. The deficiency is carried forward to the next fiscal year in the form of a loss after FY1996.

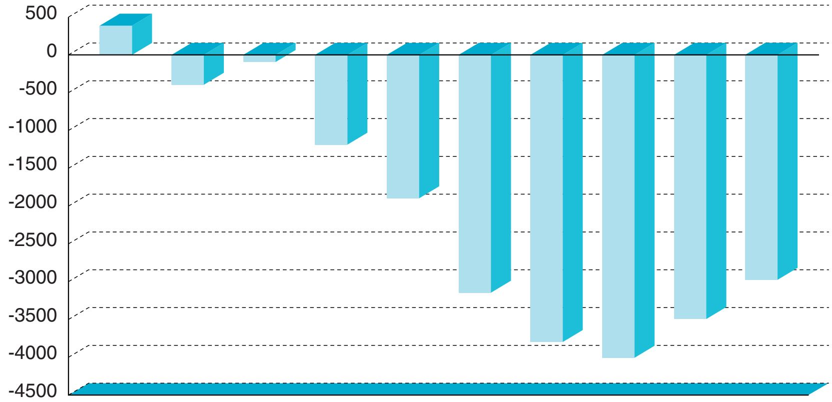
The amount of deficit had increased to reach ¥4,006.5 billion at the end of FY2002. Subsequently, the amount of deficit tends to decrease, because there are no expenditures for failure resolution (as of the end of FY2004, ¥2,977.0 billion).

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

Pay-out cost = Estimated payment of insurance proceeds + Estimated expenses incurred in paying insurance proceeds - Estimated amount of liquidating dividend

Balance of Deposit Insurance Fund

(Unit: ¥billion)



FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
386.5	(395.1)	(94.0)	(1,187.6)	(1,896.7)	(3,145.5)	(3,798.2)	(4,006.5)	(3,493.8)	(2,977.0)

(¥billion)

Other accounts as of the end of FY2004 are summarized as follows. [See "II. Financial Results"]

(Unit: ¥billion)

Classification	Balance of assets	Profit or loss for the current term	Surplus or deficit
General Account	1,592.6	516.7	(2,977.0)
Crisis Management Account	1,961.3	6.5	5.8
Financial Reconstruction Account	3,272.4	136.5	(849.6)
Early Strengthening Account	6,673.3	(22.7)	147.1
Jusen Account	3,288.4	(59.9)	(224.5)
Management Base Strengthening Account (Note)	6.0	0.09	0.05
Industrial Revitalization Account	49.7	(0.004)	(0.009)
Financial Function Strengthening Account	-	-	-

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

(2) Funding

For deficits arising from operations performed, the DICJ is authorized to raise funds for each account in the form of borrowing and/or bond issues up to the amount separately stipulated by the Cabinet Order (while for the *Jusen* account, only borrowing is allowed). Government guarantees can be given on funding for seven accounts other than the *Jusen* Account under the ordinances concerning borrowing or bond issues (total limit of the government guarantee being as stipulated in the general provisions of the budget, FY2004: ¥59.15 trillion, FY2005: ¥58.15 trillion). [See Appendix 1. (9) "Outline of Funding of the DICJ (FY2005)" Table 1.]

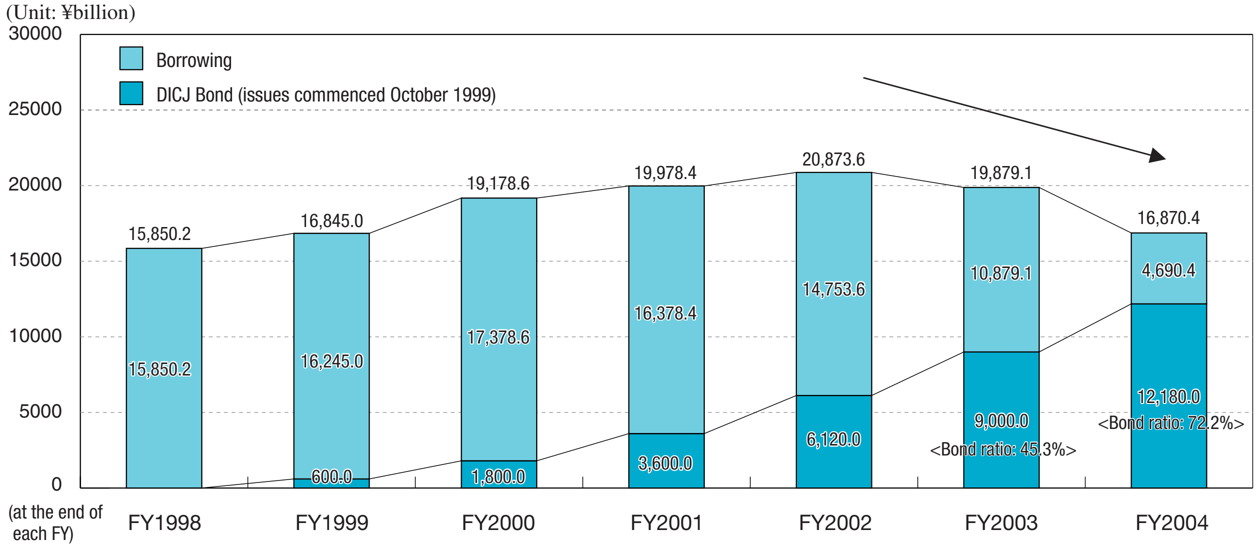
After the balance of funding of the DICJ, as of the end of the FY, peaked in FY2002, it has subsequently tended to decrease, and in FY2004 was around ¥17 trillion [See Appendix 1. (9) "Outline of Funding of the DICJ (FY2005)" Table 2.]. With a consideration of stable funding and addressing fluctuations in future interest rates, the DICJ has been switching medium- and long-term funding from borrowing to bond issues. Of the balance of funding of ¥17 trillion as of the end of FY2004, funding by bond issues accounted for around ¥12 trillion (share: a little over 70 %).

Outstanding Balance of Funds Raised (as of the end of FY2004)

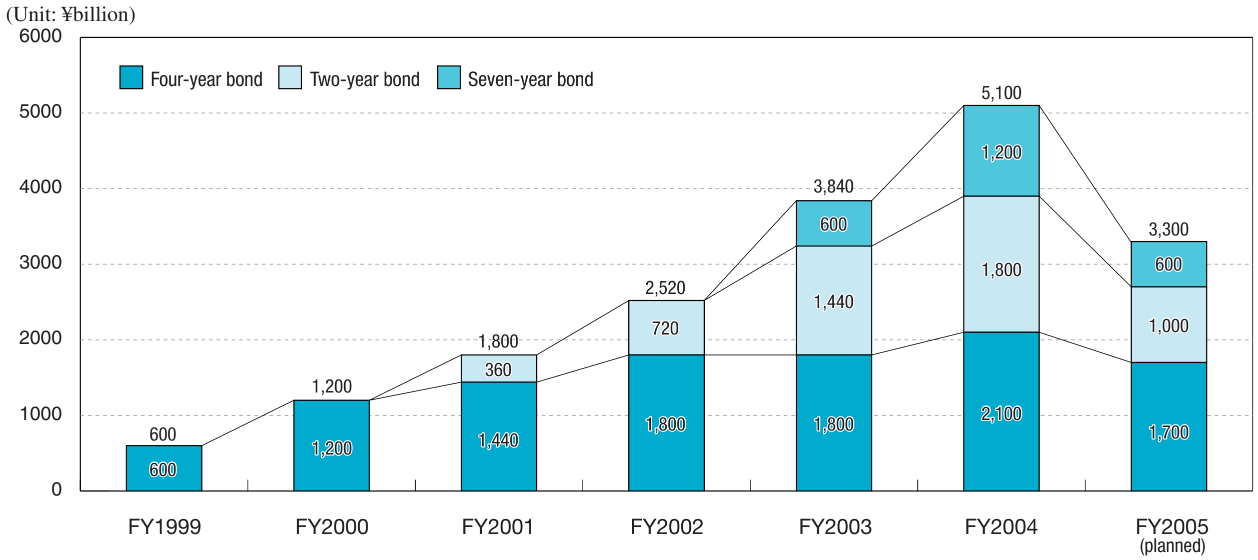
(Unit: ¥billion, %)

	Outstanding Balance of Funds Raised	Borrowing	Bond
Total	16,870.4 (100.0%)	4,690.4 (27.8%)	12,180.0 (72.2%)
General Account	4,267.5	2,127.5	2,140.0
Crisis Management Account	1,953.4	353.4	1,600.0
Financial Reconstruction Account	4,119.6	1,219.6	2,900.0
Early Strengthening Account	6,523.9	983.9	5,540.0
Management Base Strengthening Account	6.0	6.0	–
Financial Function Strengthening Account	–	–	–
Industrial Revitalization Account	–	–	–
Jusen Account	–	–	–

Outstanding Balance of Funding



Annual Issuance Volume of DICJ Bond



The DICJ adopted a bid system called the "Yield-Dutch Style" auction (Note) as an issuer of government guaranteed bonds for the first time in FY2004, and has used the unsecured call loans as a temporary means of funding since March 2004. As such, the DICJ has endeavored to improve funding efficiency. In addition, in order to avoid the risk of fluctuations in the interest rate, the DICJ has used interest rate swap transactions since FY2004.

(Note) The Yield-Dutch Style auction refers to a method of accepting a bid in order of lower yielding until reaching the expected issuance volume (the highest accepted bid yielding) and issuing bonds subject to the terms of the highest accepted bid yielding.

Outline of Funding Operations

(Unit: ¥billion)

October 1999	• Commenced the issue of bonds for the Early Strengthening Account (four-year bond)
June 2001	• Commenced the issue of two-year bonds for the Early Strengthening Account (from four-year bond to two- or four-year bonds)
March 2002	• The Bank of Japan accepted the government guaranteed loan on deeds to the DICJ as an eligible security (assessment rate of eligible security: 80 % of the outstanding principal)
December 2002	• The Bank of Japan raised the assessment rate of the eligible security on deeds of which the initial loan period is less than one year (from 80% to 96% of the outstanding principal)
April 2003	• Commenced the issue of seven-year bonds for the Early Strengthening Account (from two or four-year bonds to two-, four- or seven-year bonds) • Commenced the issue of two and four-year bonds for the General Account and the Financial Revitalization Account.
March 2004	• Commenced the unsecured call loan
April 2004	• Commenced the issue of four- and seven-year bonds for the Crisis Management Account • Commenced interest rate swap transaction • Changed the method of bond auction (from the total amount subscription method to the Yield-Dutch Style auction)
July 2004	• The time for announcing the results of bidding for borrowings was brought forward by half a day (from 4:00 p.m. to 9:30 a.m. of the business day following the date of bidding).

Interest Rate on Funding (Note)

	Borrowing (guaranteed by the government)	Bond (guaranteed by the government)			Unsecured call loan
		2-year bond	4-year bond	7-year bond	
Average	0.021%	0.152%	0.484%	1.082%	0.000%
Peak	0.036%	0.254%	0.751%	1.485%	0.002%
Bottom	0.001%	0.069%	0.345%	0.850%	- 0.005%

(Note) Calculated by the weighted average of the amount. A year covering average, peak and bottom is FY2004.

(3) Setting the Insurance Premium Rate

The insurance premium rate for "payment and settlement deposit", applicable in FY2005, was settled at 0.115% and that for "regular deposit, etc." 0.083% by the Policy Board meeting held on March 23, 2005, and after obtaining the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Ministry of Finance on March 31 of the same year, was announced publicly as of April 1, 2005 [See IV. "5. Insurance Premiums"].

This insurance premium rate was decided comprehensively taking into account the circumstances as mentioned below, including the fact that the removal of the blanket guarantee came into effect on April 1, 2005 and the framework of deposit protection was changed.

(i) The financial condition of the DICJ shows huge losses (an estimated deficit for FY2004 of approximately ¥3 trillion) and because the burden of premium by the insured financial institutions is at a considerably high level, it is considered appropriate to maintain an effective premium rate of 0.084 % for FY2004 (an estimated annual premium income of approximately ¥500 billion).

(ii) Because the scope of deposit protection differs between "the payment and settlement deposits" and regular deposits, namely, the former is fully protected but the latter is subject to limited coverage, it is necessary to establish a disparity in the premium rate in view of the response from the Financial System Council.

(iii) The difference in premium rate between "the payment and settlement deposit" and "regular deposits, etc." should be set in line with a policy of ensuring equivalence of the premium burden per insured deposit between both premiums.

6. Activity Involving Placing Past Experience to Good Use in Future

(1) International Cooperation

(i) Technical assistance

a) Support for the introduction of the deposit insurance system in Indonesia

Among financial authorities of countries participating in Asia-Europe Meeting (ASEM), in particular, Indonesia is showing increased interest in stabilizing the financial system in view of the recent financial crisis, and they wish to collect practical information and acquire expertise in introducing and equipping the deposit insurance system.

In response to the request of the Ministry of Finance, Japan, the DICJ dispatched lecturers to the 1st ASEM Bali Initiative Workshop on Deposit Insurance System and Valuation held at Jakarta in January 2004. Subsequently, in response to increasing interest in the deposit insurance

system from officers of financial authorities in each country, the DICJ had held a second workshop over three days in Jakarta, in July 2004, focusing on the themes of failure resolution, financial assistance, capital injection and the pursuit of liability. The said workshop was jointly hosted by the government of Indonesia, desiring to positively acquire further expertise to introduce the deposit insurance system and by the Ministry of Finance, Japan which has accumulated expertise after handling large numbers of failure resolution cases. In addition to Indonesia, a total of 43 officials participated in the workshop from Korea, China, Thailand, the Philippines and Vietnam.
After the workshop, in Indonesia, legislation on deposit insurance was passed by the assembly in September 2004 and has come into effect in September 2005.

b) Support for the introduction of the deposit insurance system in China

The People's Bank of China, which is studying the introduction of the deposit insurance system as part of equipping and strengthening the financial safety net, had requested to the DICJ that they would like to learn about Japan's deposit insurance system. Recognizing the mid- and long-term stabilization of the financial system of China as also essential to the financial community of Japan, the DICJ cooperated in the reform of Chinese financial systems, and held a workshop over two days in Beijing in December 2004 to specifically explain Japan's experience focusing on the method of establishing a deposit insurance system and operations of financial assistance and failure resolution. Around 60 officials of financial authorities participated in the meeting; namely from the People's Bank of China, the State Council, the Ministry of Finance, the National Development Planning Committee, Banking Supervision and Management Committee, and so on, and lively discussion took place over varied topics, including the method of failure resolution in the case of full or limited coverage respectively, the scope of financial assistance, the legal basis of DICJ operations, funding, the management of assets and debts, procedures for the pursuit of liability, structuring bridge banks and so on.
After the workshop, the People's Bank of China prepared a plan for introduction of a deposit insurance system and firstly plans to establish a deposit insurance fund.

(ii) DICJ Open House

The DICJ had invited representatives engaged in deposit insurance operations overseas and held an Open House over four days in Tokyo in March 2005. 45 participants, including officials or managers, participated in the Open House from 23 institutions of mainly Asian countries.
Unlike the deposit insurance institutions of other major countries, the DICJ has experience in handling many failure resolution cases and has carried out financial assistance operations over the past decade. The Open House was held to report on the practicable problems faced by the DICJ faced upon carrying out such operations to representatives engaged in deposit insurance operations in various countries and to deepen mutual understanding.
The Open House comprised 11 sessions, in which officers of the DICJ, FSA and the Bank of Japan served as lecturers. The DICJ explained the history of financial environment in Japan, the changes in DICJ roles, operations on a routine basis and dealing with financial crisis, failure resolution and financial assistance in cases of full and limited coverage respectively, funding, recovery of non-performing loans and the pursuit of liability. The FSA explained details of the finance supervisory administration and reform programs in Japan, and the Bank of Japan explained its role and relationship with the DICJ. Subsequently, opinions were actively exchanged between participants and organizers. The institutions which participated in the Open House are those which actually manage their own deposit insurance system respectively. With this in mind, the occasion of Open House was highly appreciated by the participants; who said that it had given them the opportunity to compare and study their experiences and tasks given by the Open House and that the views exchanged were very informative for future operations. Furthermore, participants from China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand, all of which are studying the introduction of the deposit insurance system, expressed their view that the Open House was held in a timely manner. [See (Annex 1) for the program and participants/institutions]

(iii) International exchanges

a) International Association of Deposit Insurers (IADI)

In May 2002, the International Association of Deposit Insurers (IADI) was established by deposit insurance institutions and related offices, etc. around the world aiming to contribute to the stabilization of the financial system through expanding mutual cooperation among deposit insurance organizations operating in each country. In order to achieve this purpose, its major activities include (i) a deeper understanding of common interests and problems related to the deposit insurance system, (ii) enhanced

guidance to increase the effectiveness of the deposit insurance system, (iii) exchanging and sharing, etc. of expertise and information concerning various problems relating to deposit insurance, (iv) implementing research and investigation activities concerning the deposit insurance system, etc. [See (Annex 2) for the current members of IADI]
The DICJ participates in IADI as a founding member and within its Executive Council, which is the highest decision-making body of the association, and chairs its Asia Regional Committee comprising deposit insurance institutions, etc. in the Asia region.
Likewise, in FY2004 also, the DICJ got actively involved in activities related to IADI and sent delegates to each IADI meeting. At the third IADI Annual Conference, held in Brunnen, Switzerland, there were around 150 participants in attendance from 50 countries. There was lively discussion about the recent trends and tasks of deposit insurance, the failure of financial institutions and the role of deposit insurance, dealing with failure of banks, guidance on failure resolution of banks, the international aspects of deposit insurance, and so on.
In addition, the Asian Regional Committee started up the study meeting, and is performing activities of investigation and research, on themes including "shifting to limited coverage" and "funding". The fourth IADI Annual Conference is scheduled to be held in Taipei in September 2005.

b) Receiving visiting research missions from overseas

As a result of the financial crisis that some Asian countries underwent in the 1990's, interests in financial stability and the protection of depositors are growing around the world, and the movement to introduce and equip deposit insurance systems is on the rise in the Asian region.
Based on these circumstances, many countries are showing significant interest in Japan's deposit insurance system, its resolution of failed financial institutions and debt recovery and so on. In FY2004, the DICJ received a total of 15 visits by research missions from China, Korea, Thailand, Central Asia and other countries.
Furthermore, the DICJ cooperated positively with the government of Japan and relevant institutions (ex. Japan International Cooperation Agency) in providing technical services through the holding of international seminars or through the dispatch of lecturers. [See Appendix 1. (10) for receiving visits of research missions from overseas]

c) Participation in international conferences and visits to related organizations, etc.

In FY2004, the DICJ actively participated in international conferences besides IADI related meetings. In September, the DICJ participated in a seminar "Planning the Transition from Blanket Guarantee to Limited Coverage" held in Taipei and in November, a workshop on "Investigation Methods on Failed Financial Institutions and Employees of Default Companies" held in Seoul, respectively, gave lectures and exchanged views and information with the relevant institutions.
The DICJ is also continuously exchanging information with related organizations in other countries and conducting a research into overseas circumstances. In FY2004, the Governor visited the Federal Deposit Insurance Corporaion (FDIC) in the US, the Canada Deposit Insurance Corporation (CDIC), Hong Kong Monetary Authority, and the Deposit Insurance of Vietnam to exchange views with top level officials about strengthening the friendly relationship through technical cooperations. In addition, researches relating to the deposit insurance system of Asian countries were conducted. [See Appendix 1. (10) for the international meeting in which the DICJ participated and the relevant institutions which the DICJ visited]

(2) Strengthening Research & Study

(i) Enhancing and strengthening the functions of research and study

In order to study more deeply the role of the deposit insurance system in the protection of depositors and financial safety net, in FY2004, the DICJ newly established the Office for Research and Intelligence and enhanced the functions of studying and researching on the deposit insurance system, both within and outside Japan.
In FY2004, in addition to investigating the examples of privatization of the postal services and the preparation of financial data of the IADI member financial institutions, the DICJ commenced the preparation of data relating to previous incidences of failure of financial institutions.

(ii) Launching the journal "Deposit Insurance Research"

In March 2004, the DICJ launched the journal "Deposit Insurance Research", which serves a forum for the public release of the results of ongoing investigation and research. In FY2004, the DICJ published the second issue in September 2004 and the third issue in March 2005 based on its varied experiences and accomplishments. (The journal is provided only in Japanese)

II. FINANCIAL RESULTS

1. General Account

The General Account mainly concerns the measures of insurance payment and financial assistance, etc. within the pay-out cost during the failure of financial institutions. The assets and liabilities relating to the Special Operations Account, which was abolished at the end of FY2002, were transferred to this Account.

The account's total income in FY2004 was ¥656.5 billion, including ¥529.3 billion from insurance premiums, ¥74.8 billion from transferred incomes and profits arose from assets purchased by the contracted bank (the RCC), ¥1.4 billion of earned interest from loans to the contracted banks, and ¥1.2 billion in the reimbursement of grants from financial institutions, etc.

Total expenses amounted to ¥139.7 billion, including ¥75.4 billion of transfer to national revenue such as the receipts of profit earned from collection of assets exceeding the book value from the contracted banks and ¥6.8 billion of interest payments on funding (borrowings and bond issues) to finance the contracted bank.

As a result, the General Account recorded a profit of ¥516.7 billion in the current term. The deficit carried forward to the next fiscal year was reduced to ¥2,977.0 billion; compared to the deficit of ¥3,493.8 billion brought forward from the previous fiscal year.

At the end of FY2004, the outstanding balance of funding was ¥4,267.5 billion, including ¥2,127.5 billion borrowings from private financial institutions and ¥2,140.0 billion arose from bond issuing.

[See Appendix "2. Financial Statement"; hereinafter the same in the following accounts]

2. Crisis Management Account

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

In FY2004, a profit of ¥8.3 billion arose from sales of ordinary shares of Resona Holdings acquired in FY2003. As a result, the revenue of this account was ¥8.5 billion in total.

Total expenses amounted to ¥1.9 billion, including interest payments on funding (borrowing and bond issues) to acquire shares of Resona Holdings.

As a result, the Crisis Management Account recorded a profit of ¥6.5 billion in the current term. The deficit of ¥0.7 billion carried over from the previous year became zero when set off against the profit, and the amount of reserves stood at ¥5.8 billion.

The outstanding balance of funding at the end of FY2004 was ¥1,953.4 billion, including ¥353.4 billion of borrowings and ¥1,600.0 billion from bond issuing.

(Note) As of the end of FY2004, the outstanding balance of capital injection to Resona Holdings was ¥3,125.3 billion in total, consisting of ¥1,957.3 billion for the Crisis Management Account, ¥200.0 billion for the Financial Reconstruction Account, and ¥968.0 billion for the Early Strengthening Account.

3. Financial Reconstruction Account

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

The total income of this account in FY2004 was ¥474.3 billion, consisting of ¥96.2 billion from profits earned from shares acquired from the former Long-term Credit Bank of Japan and the former Nippon Credit Bank, ¥31.8 billion from the transfer of income on assets acquired from sound financial institutions by the specified contracted bank (the RCC), and ¥18.7 billion from interest on loans to the contracted bank (the RCC) through its capital injection measures, and ¥327.1 billion of reversal from loan loss reserves.

Total expenses amounted to ¥337.7 billion, consisting of ¥44.6 billion including the cost to write off purchased assets and commission to the RCC for the sales of acquired assets, ¥285.0 billion for the transfer of loan loss reserves, and ¥7.1 billion for interest on funding (borrowings and bond issues) to finance the RCC.

As a result, the account recorded a profit of ¥136.5 billion in the current term. The deficit carried forward to the next fiscal year decreased to ¥849.6 billion, from the deficit of ¥986.2 billion brought from the previous fiscal year.

At the end of FY2004, the total outstanding balance of funding was ¥4,119.6 billion; consisting of ¥1,219.6 billion borrowings from private institutions and ¥2,900.0 billion arose from bond issuing.

4. Early Strengthening Account

The Early Strengthening Account mainly concerns loans to the contracted bank for capital injection under the Early Strengthening Law.

The account's total income in FY2004 was ¥29.3 billion, including interest earned from loans to the RCC.
Total expenses amounted to ¥52.0 billion, including ¥22.4 billion of compensation for loss to the contracted bank and ¥29.5 billion of interest payments on funding (borrowings and bond issues) to the contracted bank.
As a result, the account recorded a loss of ¥22.7 billion in the current term. The amount of reserves was ¥147.1 billion after reducing the loss from the reserves of ¥169.9 billion brought forward from the previous fiscal year.
At the end of FY2004, the outstanding balance of funding was ¥6,523.9 billion, consisting of ¥983.9 billion of borrowings from private financial institutions and ¥5,540.0 billion by thebond issuing.

5. *Jusen* Account

The *Jusen* Account mainly concerns subsidies, debt guarantees for borrowings, and the receipt of payments related to a claim resolution company (the RCC) which manages, recovers and disposes of loans and other assets transferred from the former seven *Jusen* companies.
The account's total income in FY2004 was ¥33.8 billion, including ¥15.7 billion transferred from investing the Financial Stabilization Fund (Note).
Total expenses amounted to ¥93.7 billion, including ¥75.6 billion of an operational subsidy which represented one-half of the secondary losses incurred to the RCC in FY2003.
As a result, the account recorded a loss of ¥59.9 billion in the current term. The deficit carried forward to the next fiscal year amounted to ¥224.5 billion, together with that of ¥164.6 billion brought forward from the previous fiscal year. As the subsidy is supposed to be financed with profits made from investing the Financial Stabilization Fund and this investment profit in FY2004 was only ¥15.7 billion, the DICJ provided the same amount of subsidy to the RCC.

(Note) The Financial Stabilization Fund is the fund (¥1,007.0 billion) which was set up in the DICJ following the decision by the Cabinet meeting of January 30, 1996 ("Specific Measures for Resolution of *Jusen*"), and the DICJ provides the RCC with interest and other income earned from its operation under Article 10 of the *Jusen* Law.

The DICJ has invested ¥907.0 billion excluding capital subscription (¥100.0 billion) in the former Housing Loan Administration Corporation (the present RCC), focusing on the factors of "safeness", "profitability" and "liquidity" in accordance with ordinances. In particular, the DICJ has invested funds in government bond, government guaranteed bonds, local bonds, secured debentures, etc. in which the DICJ is allowed to invest by the Ordinances. In FY2004, its operational profit was around ¥15.7 billion and the yield on investment was 1.728%.

6. Financial Institutions' Management Base Strengthening Account

The Financial Institutions' Management Base Strengthening Account mainly concerns loans to the contract bank (the RCC) for capital injection under the Organizational Restructuring Law. At the end of FY2004, this account was abolished under the Financial Function Strengthening Law, and its assets and liabilities were transferred to the Financial Reconstruction Account.
The account's total income in FY2004 was ¥121.0 million, including ¥118.0 million of profits transferred from the contracted bank (the RCC).
Meanwhile, the account's total expenses in FY2004 were ¥23.0 million, including ¥2.0 million of interest payment for borrowing to finance the contracted bank (the RCC), and ¥20.0 million of operational expenses.
As a result, the account recorded a profit of ¥98.0 million for the current term. As the deficit of ¥42.0 million carried forward from the previous fiscal year became zero when set off against this profit, the balance of reserves was ¥55.0 million.
At the end of FY2004, the outstanding balance of borrowing stood at ¥6.0 billion.

7. Industrial Revitalization Account

The Industrial Revitalization Account concerns capital subscription to the Industrial Revitalization Corporation of Japan, and financing its operational expenses.
In FY2004, the account disbursed an operational cost of ¥4.0 million and the same amount of loss was recorded in the current term. As a result, the account recorded a loss of ¥9.0 million, together with the deficit of ¥4.0 million brought forward from the previous fiscal year.

8. Financial Function Strengthening Account

The Financial Function Strengthening Account concerns loans to the contracted bank (the RCC) for capital injection under the Financial Function Strengthening Law. The account was set up by budgeting in accordance with the Financial Function Strengthening Law which came into effect on August 1, 2004, but in FY2004 there was no track record of operations.

III. ABOUT THE DICJ

1. Establishment & Roles

(1) Establishment

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

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

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

(2) Roles and Functions

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

The DICJ undertakes the following operations, among others, to achieve these objectives. (1) Collection of insurance premiums; (2) Reimbursement of insured deposits and other claims; (3) Financial assistance to facilitate mergers or other resolutions of failed financial institutions; (4) Purchase of deposits and other claims; (5) Operations related to financial administrators; (6) Operations related to the business management of bridge banks; (7) Operations in response to financial crises; (8) On-site inspections of financial institutions; (9) Purchase of assets from sound financial institutions; (10) Subscription of shares from financial institutions, etc., and other operations (capital injection operations); (11) Guidance and advice to the RCC concerning its resolution and collection operations; (12) Asset investigation of debtors of the RCC; and (13) Pursuit of civil and/or criminal liability on the part of executives, etc., of failed financial institutions.

2. Policy Board

The Policy Board functions as a decision-making body that passes resolutions on important matters regarding the management of the DICJ. It consists of a maximum of eight Board Members together with the Governor and Deputy Governors of the DICJ. Board Members are appointed by the Governor of the DICJ from persons with experience and expert knowledge in finance. All appointments must be approved by the Prime Minister (a task legally delegated to the Commissioner of the Financial Services Agency) and the Minister of Finance. At present, the Policy Board consists of eight people, five representatives of the financial community and three members from outside the financial community. [See Tables & Figures "(10) Policy Board Members and DICJ 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) settlement of accounts, (5) decisions on and changes to insurance premium rates, (6) decisions on the reimbursement of deposit insurance and partial payments thereof, (7) decisions on financial assistance, and (8) decisions on the purchase of deposits and other claims. In FY2004, the Board met on six times.

3. Liability Investigation Committee

Under the amendment to the Deposit Insurance Law in February 1998, the Governor of the DICJ was required to arrange a system for efficiently conducting operations based on the Agreement on Resolution and Collection. This served to intensify legal demands for the pursuit of liability. In response to this, Liability Investigation Committee, chaired by the Governor of the DICJ and with DICJ officials as its members, was established in February of the same year. It is in charge of clarifying the civil and criminal liability of debtors, executives, etc., of failed financial institutions, former *Jusen* companies and others with a view to properly implementing criminal accusations, compensation claims, and other requisite measures. During FY2004, the Committee met on two times and discussed cases involving the pursuit of liability.

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

4. Purchase Price Examination Board

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

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

After the implementation of the amended law, the DICJ makes the scheduled one-to-one purchases four times a year, as compared with twice in previous years, and it was also permitted to participate in bidding. Consequently, the Purchase Price Examination Board was held six times in FY2004.

5. Divestment Price Examination Board

The Divestment Price Examination Board was established in June 2004 for the purpose of deciding appropriate prices through the fair and neutral procedures when disposal is made of preferred shares and other instruments which have been received to carry out capital injections by public funds. As an advisory body to the Governor, it was established with three outside professionals: a certified public accountant, a financial practitioner and an academic expert. During FY2004, the Committee met on eight times.

6. Performance Appraisal Committee

The Performance Appraisal Committee was established in April 2004 to decide the rate of contribution to the DICJ performance for the purpose of making fair and reasonable payment of retirement allowance to the DICJ officials. The Performance Appraisal Committee is composed of three members of the Policy Board (excluding a member from financial industries) and one part-time auditor. During FY2004, the Committee met twice.

7. Operations of Departments

(1) Planning & Coordination Department

The Planning & Coordination Department is in charge of overall coordination of DICJ's administrative work, convening the Policy Board and other meetings, public relations, information disclosure, protection of personal information, personnel affairs, organization, recruitment, guidance and advice to or liaison with the RCC, administrative work related to investments to the IRCJ, international affairs, research activities at home and abroad, and other administrative work not handled by other departments.

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

(2) Treasury Department

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

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

(3) Financial Reconstruction Department

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

(4) Deposit Insurance Department

The Deposit Insurance Department is in charge of work related to execution of claims and other payments, financial assistance (including responses to financial crises), purchase of deposits and other claims, development and operation of information systems, training and advices to financial institutions on enhancement of the depositors name-based aggregation/system and database, and preparation of lists of depositors in line with the Law Concerning Exceptions to Reorganization and Bankruptcy Procedure for Financial Institutions.
The Department consists of four divisions, the Planning Division, the Financial Assistance Division, the Advisory Service Division and the Information System Division.

(5) Special Investigation Department

The Special Investigation Department is in charge of investigating cases in pursuit of criminal and civil liability, investigatory guidance and advice to the RCC, investigating debtors and others regarding claims transferred to the RCC, collection commissioned by the RCC, the management, collection and disposal of purchased assets, and other work.
The Department has six divisions, the Policy Planning and Coordination Division, the Investigation and Recovery Division, the Task Force Division, the 1st Special Investigation Division, the 2nd Special Investigation Division and the 3rd Special Investigation Division.

(6) Inspection Department

The Inspection Department is in charge of inspections and verifications to examine the propriety of insurance premium payments, management of depositor name databases and data processing systems, and to estimate the liquidating dividend of a failed financial institution to caluculate “estimated proceeds payment rate”.
The Department has four divisions, the Inspection Planning Division, the Evaluation Division, 1st Inspection Division and 2nd Inspection Division.

(7) Osaka Operation Department

The Osaka Operation Department is in charge of work related to financial administrators, such as the reimbursement of deposit insurance and other payments, the financial assistance, the purchase of deposits and other claims, as well as investigating cases in pursuit of criminal and civil liability, guidance and advice to the RCC, investigating debtors and others regarding claims transferred to the RCC, collection commissioned by the RCC, the management, recovery and disposal of purchased assets, and other work, mainly when such work pertains to the Kansai region and further west.
The Department has seven divisions and one office, the Administration, Policy Planning and Coordination Division, the Financial Reorganization Office, the Financial Assistance Division, the Investigation and Recovery Division, the Task Force Division, the 1st Special Investigation Division, the 2nd Special Investigation Division and the 3rd Special Investigation Division.

8. Organizational Changes

Concerning the organizational reforms in FY2005, in consideration of changes in the financial environment involving deposit protection being fully switched over to limited coverage following the removal of the blanket guarantee, which came into effect in April 2005, and the virtual solving of the bad loan problem, resulting in changes in workload, a thorough review of the organization was conducted to meet the necessities of the functions and resources in accordance with the basic policy of promoting to downsize the organization. Concretely, the DICJ reduced one division by consolidating the Financial Reorganization Divisions I and II of the Financial Reconstruction Department in charge of the operations of financial administrators. In addition, the DICJ attempted to reduce the overall workforce, and consequently the number of authorized staff as of FY2005 stands at 386 persons, eleven fewer than in the previous fiscal year.

9. Resolution and Collection Corporation (RCC)

Following amendments to the Deposit Insurance Law and the *Jusen* Law in October 1998, the RCC was established as a 100% subsidiary (limited company) of the

DICJ (capitalization ¥212 billion) through a merger between the HLAC and the RCB on April 1, 1999. Its purpose was to achieve quick and efficient collection of non-performing loans using fair and transparent means, and to minimize the injection of public funds.
As of April 2005, the RCC had 11 officers (eight directors and three auditors) and 1,674 employees. Its organization consists of a head office, 27 branches, and eight offices. Its collection operations are handled by five Business Divisions, a Branch Affairs and Loan Operation Department and Special Collection Divisions in Tokyo and Osaka.
The main business of the RCC includes (1) recovery of loans transferred from seven former *Jusen* companies, (2) purchase and collection of non-performing loans, etc., from failed financial institutions, (3) purchase and collection of NPLs from sound financial institutions and others in line with Article 53 of the Financial Revitalization Law, and (4) subscription of shares, etc., as capital injections under the Financial Function Strengthening Law. In addition, the RCC started servicer operations based on a servicer license acquired in June 1999. In April 2001, meanwhile, following an amendment to the Agricultural & Fishery Cooperative Savings Insurance Law, it entered an agreement on collection operations with the Agricultural & Fishery Cooperative Savings Insurance Corporation and became a contracted claim collection company. Moreover, as of August 2001, the RCC became authorized to conduct trust business and currently, it is pushing forward with the subscription of non-performing loans via the trust method, securitization of non-performing loans through trusts, and the creation of corporate revitalization funds that make use of private-sector funding. [See Tables & Figures (8) Relationship between the DICJ and the RCC Concerning Collection Operations]

10. The Second Bridge Bank of Japan

The Second Bridge Bank of Japan was established as a 100 % subsidiary of the DICJ (capital subscription: ¥2.12 billion) obtaining founding approval by the Commissioner of the FSA on February 26, 2004, and having acquired a license for banking and secured bond trust businesses on March 8, 2004.
The Second Bridge Bank of Japan aims at continuing temporarily operations by taking over insured deposits and sound assets from a failed financial institution which was placed under management by financial administrators in case no assuming financial institution is found at the time of failure, and when seeking for an assuming financial institution of such operations (re-assuming financial institution) to attempt to protect depositors and maintain the financial system.
As of the end of March of 2005, there was no failure resolution case in which this bank was utilized.

11. Industrial Revitalization Corporation of Japan (IRCJ)

The Industrial Revitalization Corporation of Japan (IRCJ) was established with the April 9, 2003 implementation of the Industrial Revitalization Law (Law No. 27 of 2003). The purpose of the IRCJ is to undertake support for the revitalization of companies that have valuable management assets but also excessive debt. It is to do this by purchasing loans financial institutions have made to these companies. The overriding goal set out for the IRCJ is to revitalize Japan's industry, while considering the need for employment stability, and to maintain the stability and integrity of the financial system by promoting the disposition of non-performing loans. Approval by the Prime Minister, the Minister of Finance and the Minster of Economy, Trade and Industry was received on April 14, 2003 and two days later, the IRCJ was established with all of its capital (¥49.48 billion) provided by the DICJ. On May 20, the IRCJ received additional capital from the DICJ and the Norinchukin Bank. Its total capital balance now stands at ¥50.57 billion (¥49.757 billion from the DICJ and ¥750 million from the Norinchukin Bank).
The IRCJ performs following works under Article 19 of the Industrial Revitalization Corporation Law:

1) The IRCJ may purchase loans made to targeted business by financial institutions. These purchases may be of loans themselves or loan trusts (both forms of purchase are referred to below as “loan purchases”).
2) To debtors for loans acquired through loan purchases, the IRCJ may:
   a. Loan funds
   b. Act as the guarantor for loans from financial institutions
   c. Provide capital
3) The IRCJ may manage or transfer loans, transfer equity ownership related to its own capital investments and dispose of other assets.
4) The IRCJ may provide advice to targeted business, engage in negotiations or coordination activities related to the work mentioned above, and perform incidental tasks.

Concerning industrial revitalization, the DICJ deliberates cases on which it received an offer from an enterprise or a main bank in accordance with the assistance standard and procedures prescribed by the Ordinances. However, finally, the Industrial Revitalization Committee decides whether the financial assistance should be given and the purchase of assets should be made after obtaining the opinion of the competent Minister.

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

IV. DEPOSIT INSURANCE SYSTEM

1. Insured Financial Institutions

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

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

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

• The Norinchukin Bank, agricultural cooperatives, fishermen's cooperatives, and others are members of the savings insurance system for the Agricultural and Fisheries Cooperative Sector.

• Japan Post's Postal Savings accounts are guaranteed by the Government of Japan. Investment securities firms are members of the Investor Protection Fund. Life insurers are members of the Life Insurance Policyholders Protection Corporation of Japan and non-life insurers are members of the Non-Life Insurance Policyholders Protection Corporation of Japan.

2. Insured Deposits, etc.

The scope of deposits and others insured under the deposit insurance system is as follows:

(1) Deposits
(2) Installment savings
(3) Installment contributions
(4) Money in trusts with guarantee of principal (including loan trusts)
(5) Bank debentures (custody products)
(6) Accumulating or asset-forming instruments using the deposit, etc., in (1) to (4) above
(7) Deposits related to investments in fixed-contribution pension reserves

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

(1) Foreign currency deposits
(2) Negotiable certificates of deposit (NCD)
(3) Deposits in special international financial transaction accounts (Japan off-shore market accounts)
(4) Deposits and others from the Bank of Japan (except treasury funds)
(5) Deposits and others from insured financial institutions (except those related to the investment of fixed contribution pension reserves)
(6) Deposits and others from the DICJ
(7) Anonymous bank accounts
(8) Deposits under another party's name (including those under a fictitious name)
(9) Deposits to be relent to a third party
(10) Money in trusts with no guarantee of principal
(11) Bank debentures (other than custody products)

3. Scope of Deposit Protection

With the December 2002 passage of the Amended Deposit Insurance Law, limits on insurance protection for deposits at failed financial institutions were established. These limits were effective for the two-year period beginning in April 2003 and were as follows. For current, ordinary, and specified deposits, protection was the same as in FY2002. In other words, principal and interest were protected in full, while time and other deposits were protected up to a maximum of ¥10 million in principal, plus related interest, per depositor, per financial institution.
Beginning in April 2005, deposits for payment and settlement purposes (non-interest-bearing, deposit redeemable on demand, normally required payment and settlement services) will gain full protection (permanent measures). Other deposits will be protected up to a maximum of ¥10 million in principal, plus related interest, per depositor, per financial institution.
For amounts in excess of ¥10 million in principal for insured deposits other than payment and settlement accounts and uninsured deposit principal and interest, payout will be made according to the condition of the failed financial institution's assets, so it is possible that pay-out will be less than the full amounts of principal and interest.

4. Protection of Settling Obligations

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

The settling obligations are protected in full.

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

5. Insurance Premiums

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

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

The insurance premium rate, subject to a resolution by the Policy Board, is decided with the approval of the Prime Minister (granting authorization to the Commissioner of the FSA) and the Minister of Finance.

Premiums are determined by multiplying the insurance premium rate by the balance of insured deposits for the previous fiscal year (since FY2002, the balance figure has changed to the average balance for business days during the previous fiscal year from the balance at the end of the previous fiscal year.) Insured financial institutions must pay their premiums to the DICJ within the first three months of each business year (semiannual installments are also possible).

In FY2002, the scope of protection of deposits will become different for each type. "Specific deposits (current, ordinary and specified deposits)" will continue to be protected in full, while "Other deposits (time deposits, etc.)" will shift to limited coverage (protection for a maximum principal of ¥10 million, plus interest). In line with the abolition of special insurance premiums, the gist of the Deposit Insurance Law and the report by the Financial System Council in December 1999, the premium rate for "Specific deposits" has been set at 0.094% and that for "Other deposits" at 0.080%.

The insurance premium rate for FY2003 onwards will be determined according to the provisions of the Deposit Insurance Law as amended in the previous fiscal year. However, for FY2003 and FY2004, what have been termed "specific deposits" will be treated as "payment and settlement deposits" and will continue to receive full protection. "Other deposits" will become "regular deposits" and be subject to limited coverage. Such changes mean that protection will be essentially the same as what applied in FY2002. Therefore, consistent with the idea that it is appropriate to employ a weighted average of the rate that would result in the same insurance premium burden for each yen of insured deposits and the rate that would result if the rates for both were set at a uniform 0.084%, and considering both the tenor of the reports of the Financial System Council meetings of December 1999 and September 2002 and the need to maintain continuity in the difference between the rates for payment and settlement deposits and regular deposits, the premium rate for payment and settlement deposits has been set at 0.090% and that for regular deposits at 0.080%. Furthermore, concerning FY2004, other than the financial condition of the DICJ, no major changes in the condition of other factors is foreseen, so it has not changed from the present.

Taking into account the fact that the removal of the blanket guarantee came into effect in April 2005 and that the framework of deposit protection was changed, the insurance premium rate applicable to FY2005 was set at 0.115 % for "payment and settlement deposits" and 0.083 % for "regular deposits" in accordance with the basic policy of maintaining the overall effective rate at the current level of 0.084 % and of ensuring a uniform premium burden per insured deposit. [See I. 5. "(3) Setting the Insurance Premium Rate"]

6. Resolution of Failed Financial Institutions

(1) Financial Assistance

a. Outline

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

Under the system of full protection of deposits, etc., financial assistance for business transfers was limited to transfer of the entire business. With the transition to limited coverage from FY2001 onwards, however, financial assistance now remains, in principle, within the scope of the pay-out cost, and mainly concerns cases of partial business transfer. This includes transfer of the deposits of a failed financial institution that are protected by deposit insurance (insured deposits), sound assets, and others to the assuming financial institution, etc. In cases of partial transfer of business, the DICJ can provide financial assistance to failed financial institutions (limited to monetary grants) to enable them to equally treat creditors. This has the aim of securing a liquidating dividend for creditors who were not covered by the business transfer.

b. Procedure for Financial Assistance

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

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

(i) The implementation of the merger, etc., will contribute to the protection of depositors and other creditors.

(ii) The financial assistance of the DICJ is indispensable to the merger, etc.

(iii) The absence of such a merger, etc., and the total suspension of operations or dissolution of the failed financial institution subject to the merger, etc., could greatly obstruct the smooth flow of funds in the area or sector in which the failed financial institution operates, as well as hindering the convenience of its users.

(2) Reimbursement of Insured Deposits

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

Category One Insurable Contingency:

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

Category Two Insurable Contingency:

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

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

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

(3) Partial Payments

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

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

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

(4) Purchase of Deposits and Other Claims

For the portion of principal in excess of ¥10 million per depositor, plus interest thereon in the case of insured deposits other than deposits for settlement and payment purposes, or for uninsured foreign currency deposits and their interest, DICJ may, when its Policy Board has decided to implement estimated proceeds payment, make such payments in the form of purchasing these claims, based on requests by depositors. In such cases, the purchase price is calculated by multiplying the claims by a rate determined in consideration of the estimated dividend (the estimated proceeds payment rate), etc. This does not, however, apply to deposits pledged as collateral. This system makes it possible for depositors to actually recover part of their claims at an early date without waiting for tenders or dividend payments. These estimated proceeds payments may be made when either of the failure resolution methods, namely the financial assistance method, or the insurance pay-out method is adopted.

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

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

Conceptual diagram of treatment of deposits at a failure of a financial institution (after April 2005)

(Space within the bold lines indicates deposit insurance protection)

<table>
<tr><th colspan="2"></th><th>Up to ￥10 million</th><th colspan="3">Over ￥10 million</th></tr>
<tr><td rowspan="2">Insured Deposit</td><td>Payment and settlement deposits (Current deposits, Non-interest-bearing ordinary deposits, etc.)</td><td colspan="4">Full Protection
Full protection for principal and interest (Permanent measures)</td></tr>
<tr><td>Deposits other than payment and settlement deposits (Interest-bearing ordinary deposits, Time deposits, Installment Savings, Money trust under the guarantee of principle, Bank debentures, etc.)</td><td>Limited Protection
Protection of principal up to ￥10 million and interest</td><td rowspan="2">Estimated Proceeds Payments
Principal in excess of ￥10 million and foreign currency deposits and interest × Estimated Proceeds Payment Rate</td><td rowspan="2">Liquidation Payment</td><td rowspan="3">Possibility that less than full amount of principal and interest will be paid</td></tr>
<tr><td rowspan="2">Uninsured Deposit</td><td>Foreign Currency Deposit</td><td></td></tr>
<tr><td>Negotiable certificates of deposit, Money trust under no guarantee of principle, etc.</td><td colspan="3">Payments depending the on the condition of the failed financial institution's assets</td></tr>
</table>

(5) Procedures Based on the Special Corporate Reorganization Law

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

APPENDICES

1. Operational Results

(1) Financial Assistance, etc.

(i) Financial assistance and recoveries, etc. by items (as of the end of March 2005)

(Unit: ¥ billion)

Financial assistance items	The extent to which financial assistance has been implemented	The cumulative amount of recoveries, etc. (Note 1)
(1) Grants	18,615.6	- (Note 2)
Of the above, monetary grants to a bank which is under special public management	6,376.4	-
(2) Purchase of assets	9,733.7	7,399.4
Purchase of assets from failed financial institutions	6,366.3	6,307.0
Of the above, the purchase of bad assets from banks which are under special public management	1,179.8	1,590.9
Purchase of normal assets (shares held) from banks which are under special public management	2,939.4	685.8
Purchase of non-performing loans (loan receivables, etc.) from banks which are under special public management	2.4	7.7
Purchase of assets from a bank which is under special crisis control	61.5	0.4
Purchase of assets from the National Federation of Credit Cooperatives	15.9	20.4
Purchase of assets from sound financial institutions	348.1	378.1
(3) Capital injection	12,386.9	3,655.2 (Note 3)
Capital injection under the former Financial Function Stabilization Law	1,815.6	1,334.7
Capital injection under the Early Strengthening Law	8,605.3	2,309.5
Capital injection under the Insurance Deposit Law	1,960.0	11.1
Capital injection under the Organizational Restructuring Law	6.0	0.0
(4) Others	5,965.4	4,667.2
Lending of funds to a bank which is under special public management	4,200.0	4,200.0
Taking delivery of assets under the warranty for latent defect provisions	1,221.4	455.4
Compensation for losses	532.1	-
Compensation for losses to banks which are under special public management	450.0	-
Compensation for losses to the National Federation of Credit Cooperatives	82.0	-
Lending (lending to assuming financial institutions)	8.0	8.0
Debt assumption (debt assumption to assuming financial institutions)	4.0	3.8

Rounding off a fraction falling short of a unit

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

* The amount of purchase price adjustment: A certain period is required from the base date of evaluation; based on which the purchase price of assets is decided until the Resolution and Collection Corporation (RCC) takes over actual assets from failed financial institutions. The changes in asset price arising from the progress of collection during this period are to be settled (adjustment of purchase price) following close examination and agreement between the RCC and the liquidated corporation (the failed financial institution) after the takeover. Upon settlement, the amount equivalent to the increase or decrease of the purchase price concerned following adjustment shall be the amount of purchase price adjustment. The amount of purchase price adjustment was ¥1,151 billion as of March 2005.

(Note 2) ¥10,432.6 billion out of monetary grants is financed by the redemption (use) of grant bonds (¥13,000 billion). (Tax payers bear the burden at the present stage) The remaining amount is to be financed from the deposit insurance premium. The deposit insurance premium which the DICJ had collected from financial institutions by March 31, 2005 had reached an aggregate of ¥5,179.1 billion.

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

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

(Note 3) Of the cumulative amount of recoveries, etc. involved in capital injection, ¥3,655.2 billion, ¥3,472.9 billion was involved in capital injection.

(Note 4) All of the compensation for losses (¥158.2 billion) involved in capital injection (formerly the Long-term Credit Bank of Japan and formerly the Nippon Credit Bank) under the former Financial Function Stabilization Law, the one (¥22.4 billion) involved in capital injection (Ashigin FG) under the Early Strengthening Law and the amount of special compensation for losses (¥78.5 billion) arising from the entrustment of asset purchase operations represent compensation for losses granted to the RCC by the DICJ, and so these amounts are not included in the aforementioned table.

(ii) Financial assistance on a fiscal year basis

(as of June 17, 2004)
(Unit: ¥ billion)

Fiscal Year	Number of Cases	Grants	Asset Purchases	Lending	Debt assumption
1992	2	20.0	-	8.0	-
1993	2	45.9	-	-	-
1994	2	42.5	-	-	-
1995	3	600.8	-	-	-
1996	6	1,316.0	90.0	-	-
1997	7	152.4	239.1	-	4.0
1998	30	2,684.3	2,681.5	-	-
1999	20	4,637.1	1,304.4	-	-
2000	20	5,156.4	850.1	-	-
2001	37	1,642.2	406.4	-	-
2002	51	2,318.0	794.9	-	-
2003	0	-	-	-	-
2004	0	-	-	-	-
Total	**180**	**18,615.6**	**6,366.3**	**8.0**	**4.0**

Note: 1. Figures of each fiscal year are calculated based on the date of implementation of financial assistance (the date of transfer of business). The amount of monetary grants is a figure following amendment to the amount as of the date of initial implementation; taking into account the subsequent reduction in amount.
2. Talking about the number of cases, the purchase of assets from the Long-term Credit Bank of Japan and the Nippon Credit Bank was twice implemented. In the case of Midori Bank (asset purchases in FY1998 and monetary grants in FY1999), however, only cases for FY1998 are counted.
3. The amount of assets purchased from failed financial institutions is ¥6,427.8 billion; calculated by adding ¥61.5 billion of asset purchases under Article 129 of the Insurance Deposit Law to the amount of financial assistance as mentioned above.
4. Because fractions falling short of ¥0.1 billion are rounded off, the total amount does not match that calculated by when individual amounts are totaled.

(iii) Financial assistance by category of financial institutions

(Unit: ¥ billion)

Category of financial institutions	Number of Financial Assistance Cases	Monetary grant		Purchase of assets		Lending		Debt assumption	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total	180	176	18,615.6	167	6,366.3	1	8.0	1	4.0
Before the full amount protection	11	10	826.7	0	-	1	8.0	0	-
After the full amount protection	169	166	17,788.9	167	6,366.3	0	-	1	4.0
Banks	20	16	12,326.8	17	4,575.8	1	8.0	1	4.0
Before the full amount protection	3	2	590.0	0	-	1	8.0	0	-
After the full amount protection	17	14	11,736.8	17	4,575.8	0	-	1	4.0
Shinkin banks	27	27	973.3	25	550.0	0	-	0	-
Before the full amount protection	2	2	46.0	0	-	0	-	0	-
After the full amount protection	25	25	927.3	25	550.0	0	-	0	-
Credit cooperatives	133	133	5,315.4	125	1,240.6	0	-	0	-
Before the full amount protection	6	6	190.7	0	-	0	-	0	-
After the full amount protection	127	127	5,124.7	125	1,240.6	0	-	0	-

(2) Capital Injection Operations to Financial Institutions

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

(as of March 31, 2005) (¥billion, %)

Name of Financial Institution	Month/Year of Injection	Preferred Shares				Subordinated Bonds/Loans				
		Type	Amount	Rate Approved	Beginning of Conversion	Type	Amount	Rate Approved (L for 6 month LIBOR of yen)		Period
								0 - 5th Year	5th Year Onwards	
Mizuho FG (formerly Dai-Ichi Kangyo Bank)	March 1998	Convertible	99.0	0.75%	July 1, 1998	-	-	-	-	-
Mizuho FG (formerly Fuji Bank)	March 1998	-	-	-	-	PSB	100.0	L + 1.10	L + 2.60	Perpetual
Mizuho FG (formerly Industrial Bank of Japan)	March 1998	-	-	-	-	SB	100.0	L + 0.55	L + 1.25	10 years
Mizuho FG (formerly Yasuda Trust & Banking)	March 1998	-	-	-	-	PSB	150.0	L + 2.45	L + 3.95	Perpetual
Sumitomo Mitsui FG (formerly Sakura Bank)	March 1998	-	-	-	-	PSB	100.0	L + 1.20	L + 2.70	Perpetual
Sumitomo Mitsui FG (formerly Sumitomo Bank)	March 1998	-	-	-	-	PSB	100.0	L + 0.90	L + 2.40	Perpetual
Mitsubishi Tokyo FG (Tokyo Mitsubishi Bank)	March 1998	-	-	-	-	PSB	100.0	L + 0.90	L + 2.40	Perpetual
Mitsubishi Tokyo FG (Mitsubishi Trust & Banking)	March 1998	-	-	-	-	PSB	50.0	L+1.10	L + 2.60	Perpetual
UFJ HD (formerly Sanwa Bank)	March 1998	-	-	-	-	SB	100.0	L + 0.55	L + 1.25	10 years
UFJ HD (formerly Tokai Bank)	March 1998	-	-	-	-	PSB	100.0	L + 0.90	L + 2.40	Perpetual
UFJ HD (formerly Toyo Trust & Banking)	March 1998	-	-	-	-	PSB	50.0	L + 1.10	L + 2.60	Perpetual
Resona HD (formerly Asahi Bank)	March 1998	-	-	-	-	PSL	100.0	L + 1.00	L + 2.50	Perpetual
Resona HD (formerly 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
Mitsui Trust HD (formerly Mitsui Trust & Banking)	March 1998	-	-	-	-	PSB	100.0	L + 1.45	L + 2.95	Perpetual
Mitsui Trust HD (formerly Chuo Trust & Banking)	March 1998	Convertible	32.0	2.50%	July 1, 1998	PSL	28.0	L + 2.45	L + 3.95	Perpetual
Bank of Yokohama	March 1998	-	-	-	-	PSL	20.0	L + 1.10	L + 2.60	Perpetual
Hokuhoku FG (Hokuriku Bank)	March 1998	-	-	-	-	PSL	20.0	L + 2.45	L + 3.95	Perpetual
Ashigin FG (formerly Ashikaga Bank)	March 1998	-	-	-	-	PSB	30.0	L + 2.95	L + 4.45	Perpetual
Shinsei Bank	March 1998	Convertible	130.0	1.00%	Oct. 1, 1998	PSL	46.6	L + 2.45	L + 3.95	Perpetual
Aozora Bank	March 1998	Convertible	60.0	1.00%	Oct. 1, 1998	-	-	-	-	-

・Repayments have been shown in shadow.

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

Injection Total	1,815.6
Repayment, etc	1,373.6
Outstanding Balance	442.0

Notes

1. The DICJ acquired the preferred shares of the Shinsei Bank (formerly the Long-Term Credit Bank of Japan) and the Aozora Bank (formerly the Nippon Credit Bank) on Oct. 28, 1998 and Dec. 17, 1998, respectively through the decision to start special public management. The preferred shares (originally ¥130.0 billion) of the Shinsei Bank were reduced by 25,472,000 shares (of 100,000,000 shares) on Mar. 31, 2000. The preferred shares of the Aozora Bank (originally ¥60.0 billion) were reduced by 71,856,000 shares (of 120,000,000 shares) on Oct. 3, 2000, and its dividend rate cut from 3% to 1%.
2. The 3-month LIBOR of yen was used as the approved rate for Resona HD (formerly Daiwa Bank) perpetual subordinated loans only. Step-up was also different from others, in that it will be set at 3.95% from Jul. 1, 2008. However, voluntaly prepayment calls were scheduled for each interest payment date after Mar. 30, 2003.
3. Perpetual subordinated loans to UFJ HD (formerly Tokai Bank) were converted to perpetual subordinated bonds on May 21, 2001.
4. Perpetual subordinated bonds injected into Mitsubishi Tokyo FG (Tokyo Mitsubishi Bank) were repaid (cancellation by purchase) on Feb. 28, 2000 (repayment amount ¥100.56 billion). Perpetual subordinated bonds injected into Mitsubishi Tokyo FG (Mitsubishi Trust & Banking) were repaid (cancellation by purchase) on Dec. 22, 2000 (repayment amount ¥50.002 billion).
5. On Mar. 31, 2003, 6 financial institutions (Mitsui Sumitomo FG, UFJ HD, Sumitomo Trust Bank, Shinsei Bank, Mitsui Trust HD (formerly Chuo Trust & Banking) and Mizuho FG (formerly Yasuda Trust & Banking) prepaid a total of ¥674.6 billion of subordinated bonds/loans in accordance with call provisions provided.
6. On May 9, 2003, Bank of Yokohama repaid a total of ¥20.0 billion of subordinated loans in accordance with call provision provided.
7. On Sep. 30, 2003, in accordance with the call provision provided, Mizuho FG exercised its rights to carry out a prepayment, prepaying ¥50.0 billion of remaining ¥100.0 billion of the former Yasuda Trust & Banking's subordinated bonds. (See Note 5 above)
8. On Mar. 30, 2004, in accordance with the call provisions provided, the rights of financial institutions were exercised to carry out a prepayment of subordinated bonds, with ¥30.0 billion prepaid for Ashikaga Bank, ¥100.0 billion each paid for Mizuho FG's former Fuji Bank and former Industrial Bank of Japan, and ¥25.0 billion of the remaining ¥50.0 billion paid for the former Yasuda Trust and Banking (see Note 7 above), for a total prepayment of ¥255.0 billion.
9. The preferred stocks issued by Mizuho FG (¥99.0 billion) were repaid (cancellation by purchase; repayment amount ¥59.49 billion) by the same bank on August 31, 2004.
10. On September 30, 2004, in accordance with the call provisions provided, Mizuho Trust & Banking exercised its rights to carry out a prepayment, and the remaining ¥25.0 billion of subordinated bonds issued by the former Yasuda Trust & Banking of Mizuho FG (See Note 8) was repaid.
11. On March 31, 2005, in accordance with the call provisions provided, Mitsui Trust HD exercised its rights to carry out a prepayment, and ¥100.0 billion of subordinated bonds issued by the former Mitsui Trust & Banking was repaid.

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

(as of March 31, 2005) (¥billion, %)

Name of Financial Institution	Month/Year of Injection	Preferred Stock				Subordinated Bonds / Loans					
		Type	Amount	Rate Approved	Beginning of Conversion	Type	Amount	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Mizuho FG (formerly Dai-Ichi Kangyo Bank)	March 1999	Convertible (1)	200.0	0.41	Aug. 1, 2004	Subordinated bond	100.0	L+0.75	Apr. 1, 2004	L+1.25	10 years
		Convertible (2)	200.0	0.70	Aug. 1, 2005	Subordinated bond	100.0	L+0.75	Apr. 1, 2005	L+1.25	11 years
		Debenture	300.0	2.38	-	-	-	-	-	-	-
Mizuho FG (formerly Fuji Bank)	March 1999	Debenture	300.0	2.10	-	Perpetual subordinated bond	200.0	L+0.65	Apr. 1, 2004	L+1.35	Perpetual
		Convertible (1)	250.0	0.55	Oct. 1, 2006				Apr. 1, 2009	L+2.15	
		Convertible (2)	250.0	0.40	Oct. 1, 2004	-	-	-	-	-	-
Mizuho FG (formerly Industrial Bank of Japan)	March 1999	Convertible (1)	175.0	1.40	Sep. 1, 2003	Perpetual subordinated bond	250.0	L+0.98	Apr. 1, 2004	L+1.48	Perpetual
		Convertible (2)	175.0	0.43	July 1, 2003						
Sumitomo Mitsui FG (formerly Sakura Bank)	March 1999	Convertible	800.0	1.37	Oct. 1, 2002	-	-	-	-	-	-
Sumitomo Mitsui FG (formerly Sumitomo Bank)	March 1999	Convertible (1)	201.0	0.35	May 1, 2002	-	-	-	-	-	-
		Convertible (2)	300.0	0.95	Aug. 1, 2005						
UFJ HD (formerly Sanwa Bank)	March 1999	Convertible	600.0	0.53	July 1, 2001	Perpetual subordinated bond	100.0	L+0.34	Oct. 1, 2004	L+1.34	Perpetual
UFJ HD (formerly Tokai Bank)	March 1999	Convertible (1)	300.0	0.93	July 1, 2002	-	-	-	-	-	-
		Convertible (2)	300.0	0.97	July 1, 2003						
UFJ HD (formerly Toyo Trust & Banking)	March 1999	Convertible	200.0	1.15	July 1, 1999	-	-	-	-	-	-
Resona HD (formerly Daiwa Bank)	March 1999	Convertible	408.0	1.06	June 30, 1999-	-	-	-	-	-	-
Resona HD (formerly Asahi Bank)	March 1999	Convertible (1)	300.0	1.15	July 1, 2002	Perpetual subordinated loan	100.0	L+1.04	Apr. 1, 2009	L+2.54	Perpetual
		Convertible (2)	100.0	1.48	July 1, 2003						
Mitsubishi Tokyo FG (Mitsubishi Trust & Banking)	March 1999	Convertible	200.0	0.81	July 31, 2003	Perpetual subordinated bond	100.0	L+1.75	Apr. 1, 2004	L+2.25	Perpetual
Sumitomo Trust & Banking	March 1999	Convertible	100.0	0.76	Apr. 1, 2001	Subordinated bond	100.0	L+1.53	Apr. 1, 2006	L+2.03	12 years
Mitsui Trust HD (formerly Mitsui Trust & Banking)	March 1999	Convertible	250.3	1.25	July 1, 1999	Subordinated loan	150.0	L+1.49	Mar. 31, 2004	L+1.99	10 years
Mitsui Trust HD (formerly Chuo Trust & Banking)	March 1999	Convertible	150.0	0.90	July 1, 1999	-	-	-	-	-	-

Name of Financial Institution	Month/Year of Injection	Preferred Stock				Subordinated Bonds / Loans					
		Type	Amount	Rate Approved	Beginning of Conversion	Type	Amount	Rate Approved	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Bank of Yokohama	March 1999	Convertible (1)	70.0	1.13	Aug. 1, 2001	Perpetual subordinated loan	50.0	L+1.65	Apr. 1, 2004	L+2.15	Perpetual
		Convertible (2)	30.0	1.89	Aug. 1, 2004	Subordinated loan	50.0	L+1.07	Apr. 1, 2004	L+1.57	10 years and 2 months
Ashigin FG (Ashikaga Bank)	September 1999	Convertible	75.0	0.94	Sep. 29, 2000	-	-	-	-	-	-
	November 1999	Convertible	30.0	0.94	Nov. 30, 2000						
Hokuhoku FG (Hokuriku Bank)	September 1999	Convertible	75.0	1.54	Mar. 1, 2001	-	-	-	-	-	-
Hokuhoku FG (Hokkaido Bank)	March 2000	Convertible	45.0	1.16	Aug. 1, 2001	-	-	-	-	-	-
Bank of the Ryukyus	September 1999	Convertible	40.0	1.50	Dec. 29, 2000	-	-	-	-	-	-
Momiji HD (formerly Hiroshima-Sogo Bank)	September 1999	Convertible	20.0	1.41	Sep. 30, 2004	Perpetual subordinated loan	20.0	L+2.80	Oct. 1, 2004	L+4.14	Perpetual
Kumamoto Family Bank	February 2000	Convertible	30.0	1.33	Sep. 2, 2002	-	-	-	-	-	-
Shinsei Bank	March 2000	Convertible	240.0	1.21	Aug. 1, 2005	-	-	-	-	-	-
Chiba Kogyo Bank	September 2000	Convertible	60.0	1.29	Sep. 30, 2002	-	-	-	-	-	-
Yachiyo Bank	September 2000	Convertible	35.0	1.13	Sep. 30, 2002	-	-	-	-	-	-
Aozora Bank	October 2000	Convertible	260.0	1.24	Oct. 3, 2005	-	-	-	-	-	-
Kansai Sawayaka Bank	March 2001	Convertible	8.0	1.08	Aug. 1, 2002	Subordinated bond	4.0	L+1.87	Apr. 1, 2006	L+2.37	10 years
Higashi-Nippon Bank	March 2001	Convertible	20.0	1.10	Mar. 31, 2003	-	-	-	-	-	-
Resona HD (Kinki Osaka Bank)	April 2001	Convertible	60.0	1.36	Jan. 1, 2002	-	-	-	-	-	-
Gifu Bank	April 2001	Convertible	12.0	1.21	Mar. 1, 2002	-	-	-	-	-	-
Fukuoka City Bank	January 2002	Convertible	70.0	1.20	Jan. 31, 2007	-	-	-	-	-	-
Wakayama Bank	January 2002	Convertible	12.0	1.34	May 1, 2003	-	-	-	-	-	-
Kyushu Shinwa HD (Kyushu Bank)	March 2002	Convertible	30.0	1.25	Mar. 1, 2006	-	-	-	-	-	-

・Repayments have been shown in shadow.
・L stands for 6 month LIBOR of yen

Injection Total	8,605.3
Repayment, etc	2,096.6
Outstanding Balance	6,508.7

Note
1: Perpetual subordinated bonds issued by Bank of the Ryukyus and the Hokkaido Bank were converted to preferred stock on Sept. 29, 2000, those of the Yachiyo Bank on Feb. 28, 2001, and those of the Fukuoka City Bank, the Wakayama Bank, the Kyushu Shinwa FG (Kyushu Bank) on Sep. 30, 2002.
2. Subordinated loans to Mizuho FG (formerly Dai-Ichi Kangyo Bank) were converted to subordinated bonds on Nov. 22, 2000.
3: Perpetual subordinated bonds issued by Mitsubishi Tokyo FG (Mitsubishi Trust & Banking) were repaid by the Bank (cancellation by purchase) on Dec. 22, 2000 (payment amount ¥101,807 million). The Bank's preferred stock (proceeds from sale ¥210.35 billion) was also re-sold on Jan. 24, 2001.
4. Preferred stocks issued by Kansai Sawayaka Bank were repaid (cancellation by purchase; repayment amount: ¥10,584 million) by the same bank on Oct. 3, 2003. Dated subordinated bonds issued by the same bank were also repaid (cancellation by purchase; repayment amount: ¥4,012 million) by the bank on Jan. 8, 2004.
5. Preferred stocks issued by Sumitomo Trust Bank were resold on Jan. 13, 2004 (proceeds from sale: ¥138,080 million). On Jan. 14, 2004, the same bank also repaid dated subordinated bonds (cancellation by purchase; repayment amount: ¥102,366 million) issued by it.
6. In accordance with the call provisions provided, the rights of financial institutions were exercised to carry out a prepayment (subordinated bonds) and voluntary prepayment (subordinated loans) on Mar. 31, 2004, with a total of ¥410 billion being repaid by Mizuho FG (formerly Dai-ichi Kangyo Bank and Japan Industrial Bank), Yokohama Bank, and including ¥10 billion out of ¥150 billion by Mitsui Trust HD (formerly Mitsui Trust Bank).
7. On May 11, 2004, in accordance with the call provisions provided, Yokohama Bank exercised its rights to carry out a voluntary prepayment (dated subordinated loan), repaying ¥50 billion.
8. Preferred stocks issued by Yokohama Bank (¥30 billion) were repaid (cancellation by purchase; repayment amount: ¥34,842 million) by the same bank on Jul. 2, 2004.
9. Preferred stocks issued by the Bank of Yokohama (¥55.0 billion out of ¥70.0 billion) were converted into ordinary stocks, and then resold on July 30, 2004 (The sale amount ¥81,415 million).
10. Preferred stocks issued by the Bank of Yokohama (¥15.0 billion out of ¥70.0 billion; See Note 9) were repaid by the same bank (acquisition of treasury stocks; repayment amount ¥17,259 million) on August 31, 2004.
11. Preferred stocks issued by Mizuho FG (¥133.75 billion out of ¥175.0 billion with the approved rate 1.40) were repaid by the same bank (cancellation by purchase; repayment amount ¥180,482 million) on August 31, 2004.
12. On September 30, 2004, in accordance with the call provisions provided, the rights of financial institutions were exercised to carry out a prepayment (subordinated bonds) and voluntary prepayment (subordinated loans), and a total of ¥240.0 billion, that is, ¥200.0 billion by the former Fuji Bank of Mizuho FG and ¥40.0 billion out of the remaining ¥140.0 billion by the former Mitsui Trust & Banking of Mitsui Trust HD, was repaid. (See Note 6)
13. Preferred stocks issued by Sumitomo-Mitsui FG (¥105.0 billion out of ¥800.0 billion by the former Sakura Bank and ¥96.0 billion out of ¥201.0 billion by the former Sumitomo Bank) were converted into ordinary stocks (acquisition price, ¥201.0 billion) by offer of the same bank on September 30, 2004 and were sold by ToSTNeT-2 (the date of selling November 2, the date of delivery November 8, and the sale amount ¥268,339 million).
14. Preferred stocks issued by Mizuho FG (¥77.2 billion out of ¥200.0 billion with the approved rate 0.41 by the former Daiichi-Kangyo Bank, ¥131.4 billion out of ¥250.0 billion with the approved rate 0.40 by the former Fuji Bank and ¥41.25 billion out of ¥175.0 billion with the approved rate 1.40 (See Note 11) by the former Industrial Bank of Japan) were repaid (cancellation by purchase; repayment amount ¥259.96 billion) by offer of the same bank on March 7, 2005.
15. On March 31, 2005, in accordance with the call provisions provided, the rights of financial institutions were exercised to carry out a prepayment (subordinated bonds) and voluntary prepayment (subordinated loans), and a total of ¥200.0 billion, that is, ¥100.0 billion by the former Daiichi-Kangyo Bank of Mizuho FG (repayment period of 11 years) and the remaining ¥100.0 billion by former Mitsui Trust & Banking of Mitsui Trust HD (See Note 12), was repaid.

Table 3. List of Capital Injection Operations Pursuant to the Special Measures Law for Promotion of Organizational Restructuring

(as of March 31, 2005) (¥billion, %)

Name of Financial Institution	Month/Year of Injection	Preferred Shares				Subordinated Bonds/Loans					
		Type	Amount	Rate of Dividend	Beginning of Conversion	Type	Amount	Rate*	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Kanto Tsukuba Bank	September 2003	-	-	-	-	Subordinated loan	6.0	L+3.76**	October 1, 2008	L+4.76	10 years

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

Injection Total	6.0
Repayment, etc	0
Outstanding Balance	6.0

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

(as of March 31, 2005) (¥billion, %)

Name of Financial Institution	Month/Year of Injection	Ordinary/Preferred Shares				Subordinated Bonds/Loans					
		Type	Amount	Rate of Dividend*	Beginning of Conversion	Type	Amount	Rate	Beginning of Step-Up	Rate after Beginning of Step-Up	Period
Resona HD (Resona Bank, Ltd)	June 2003	Ordinary Shares	296.4	-	-	-	-	-	-	-	-
		Preferred Shares (Convertible)	550.0	L+0.5	July 1, 2006	-	-	-	-	-	-
		Preferred Shares (Convertible)	563.6	L+0.5	July 1, 2008	-	-	-	-	-	-
		Preferred Shares (Convertible)	550.0	L+0.5	July 1, 2010	-	-	-	-	-	-

Injection Total	1960.0
Repayment, etc	2.7
Outstanding Balance	1957.3

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

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

(i) Asset Purchanses from Sound Financial Institutions

○ Number of Financial Institutions (Unit: No. of Cases)

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

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

○ Number of Claims (Unit: No. of Cases)

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

○ Original Book Value of Claims (Unit: ¥ billion)

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

○ Purchase price (Unit: ¥ billion)

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

(ii) Debt Recovery by the Specified Contracted Bank

(Unit: ¥ billion)

FY	1999	2000	2001	2002	2003	2004	June 2005	Total
Original book value of debts	493.0	522.2	330.2	2,088.5	405.4	176.7	29.9	4,046.0
Purchase price	24.1	12.6	20.6	205.7	64.1	23.3	5.2	355.7
Amount of debts recovered	4.2	21.7	30.4	39.4	126.0	163.5	NA	385.1

Note) Including the purchase performance including assets other than stocks (with a book value of ¥41.9 billion and purchase price of ¥2.4 billion) which were purchased under Article 53 of the Financial Revitalization Law from banks which are under special public management, and the collection performance.

(4) Arrests, Accusations and Complaints

(i) Number of Cases (as of March 31, 2005)

(Unit: No. of Cases)

	DICJ	RCC	HLAC	RCB	Total
Arrested	21 (59)	156 (324)	76 (149)	23 (37)	276 (569)
Under investigation	-	-	-	-	-
Others *	-	-	1 (1)	-	1 (1)
Total	21 (59)	156 (324)	77 (150)	23 (37)	277 (570)

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

* Statute of limitation expired

(ii) Breakdown of Cases

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

(Unit: No. of Cases)

Category		DICJ	HLAC	RCB	Total
Cases Related to Borrowers	Sub-Total	-	77 (150)	14 (19)	91 (169)
	Auction Interference	-	27 (49)	3 (7)	30 (56)
	Fraud	-	18 (44)	2 (2)	20 (46)
	Obstruction of Law Enforcement	-	15 (36)	4 (5)	19 (41)
	False entry on notarial documents	-	4 (7)	-	4 (7)
	Threat/Extortion	-	3 (3)	-	3 (3)
	Fraudulent Bankruptcy*	-	1 (1)	1 (1)	2 (2)
	Others	-	9 (10)	4 (4)	13 (14)
Cases Related to Lenders	Sub-Total	-	-	9 (18)	9 (18)
	Breach of Trust / Aggravated Breach of Trust	-	-	4 (11)	4 (11)
	Others	-	-	5 (7)	5 (7)
Total		-	77 (150)	23 (37)	100 (187)

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

* Stipulated in the Bankruptcy Law (Article 374)

○ From the establishment of the RCC (April 1, 1999) to March 31, 2005.

(Unit: No. of Cases)

Category		DICJ	RCC			Total
			HLAC	RCB*2	Article 53*3	
Cases Related to Borrowers	Sub-Total	3 (7)	41 (78)	93 (182)	12 (29)	149 (296)
	Auction Interference	1 (1)	7 (9)	30 (61)	10 (22)	48 (93)
	Fraud	-	13 (27)	23 (46)	-	36 (73)
	Obstruction of Law Enforcement	2 (6)	15 (31)	18 (36)	2 (7)	37 (80)
	False entry on notarial documents	-	3 (7)	6 (16)	-	9 (23)
	Threat/Extortion	-	-	4 (7)	-	4 (7)
	Fraudulent Bankruptcy*1	-	-	6 (10)	-	6 (10)
	Others	-	3 (4)	6 (6)	-	9 (10)
Cases Related to Lenders	Sub-Total	18 (52)	-	10 (35)	-	28 (87)
	Breach of Trust / Aggravated Breach of Trust	13 (37)	-	10 (35)	-	23 (72)
	Others	5 (15)	-	-	-	5 (15)
Total		21 (59)	41 (78)	103 (217)	12 (29)	177 (383)

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

*1 Stipulated in the Bankruptcy Law (Article 374)
*2 RCB receivables are credits bought from failed financial institutions.
*3 Article 53: Assets purchased from sound financial institutions under Article 53 of the Financial Revitalization Law

(5) Pursuit of Civil Liability via Litigation and Conciliation

(as of March 31, 2005)

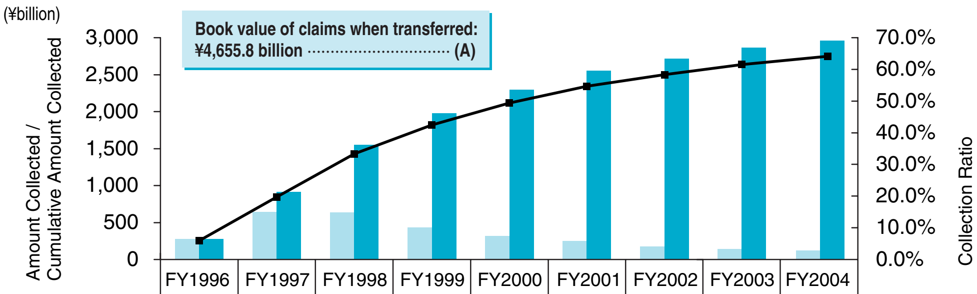
Claimant / Reason for Claim		DICJ 3)		RCC: RCB 4)		RCC: HLAC 5)		RCC: RCC 6)		Total	
		No. of Cases	Amount Claimed (¥million)	No. of Cases	Amount Claimed (¥million)	No. of Cases	Amount Claimed (¥million)	No. of Cases	Amount Claimed (¥million)	No. of Cases	Amount Claimed (¥million)
Management Liability 1)	Failed financial institution	17	38,132.3	15	30,238.35	-	-	86	47,463.09	118	115,833.74
	Jusen	-	-	-	-	1	3,595.0	3	900	4	4,495.00
Mediators Liability 2)		-	-	-	-	2	5,014.46	-	-	2	5,014.46
Total		17	38,132.3	15	30,238.35	3	8,609.46	89	48,363.09	124	125,343.20

No. of cases means number of filed lawsuits.

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

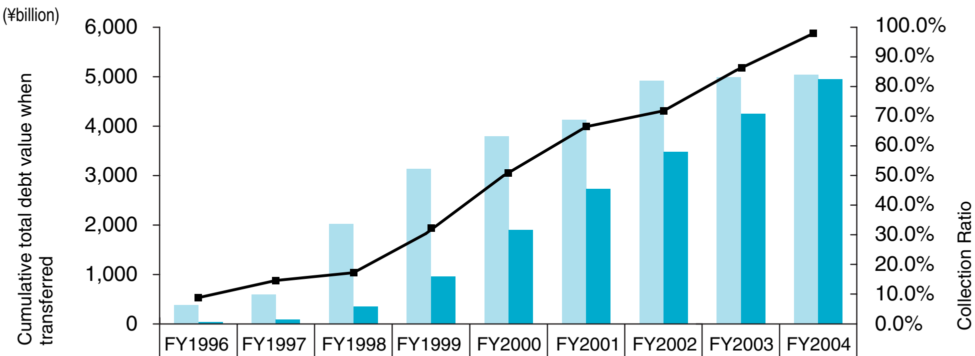
(6) Collection Performance of the RCC

○ Former Housing Loan Administration Corporation (HLAC) (established on July 26, 1996)



	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Amount Collected	275.6	640.5	634.0	430.5	317.2	250.8	170.0	139.4	117.7
Cumulative Amount Collected (B)	275.6	916.1	1,550.1	1,980.6	2,297.8	2,548.6	2,718.6	2,858.0	2,975.7
Collection Ratio (B/A)	5.9%	19.7%	33.3%	42.5%	49.4%	54.7%	58.4%	61.4%	63.9%

○ Former Resolution and Collection Bank (RCB) (Reorganized on September 2, 1996)



	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Cumulative total book value when transferred (A)	384.1	596.6	2,016.7	3,140.1	3,794.8	4,127.9	4,918.2	4,982.4	5,067.0
Cumulative amount collected (B)	34.3	85.7	347.5	953.2	1,893.4	2,729.1	3,483.4	4,255.9	4,961.6
Collection Ratio (B/A)	8.9%	14.4%	17.2%	30.4%	49.9%	66.1%	70.8%	85.4%	97.9%

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

○ The Cumulative Amount of Payments from RCC to DICJ (as of the end of FY2004) (Unit: ¥ billion)

Payments involved in assets transferred from the former *Jusen* companies (Article 12, Subparagraph 10 of the *Jusen* Law)	3.5
Payments involved in assets purchased from failed financial institutions (Article 8-2, Subparagraph 2 of Supplementary Provisions of the Deposit Insurance Law)	472.6
Payments involved in assets purchased from sound financial institutions (Article 54, Paragraph 1, Subparagraph 3 of the Financial Revitalization Law)	139.0

* Including those reckoned up in the statement of accounts of RCC for the term ending on March 31, 2005 (DICJ will reckon up them in FY2005).
* In addition to the above, there is the amount of payments involved in capital injection, ¥446.6 billion.

(7) Condition of Corporate Revitalization Cases of the RCC

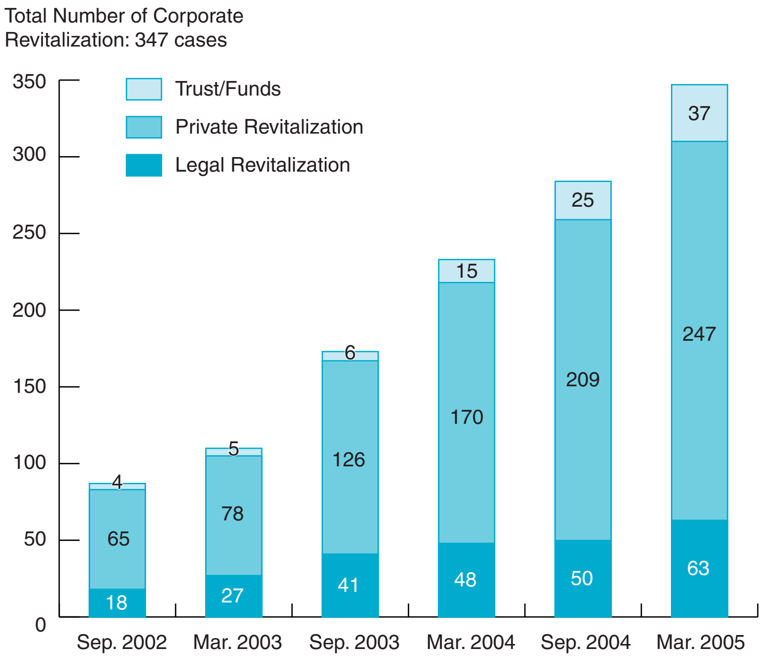
(From the establishment of the Headquarters for Corporate Revival in November 2001 to the end of March 2005)

1. Cases of Corporate Revitalization	
Classification	Number of Cases (Debtors)
(1) Legal Revitalization	63
(2) Private Revitalization	247
(3) Privately Funded Revitalization Utilizing Loans in Trust, Funds, etc.	37
Subtotal	347

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

2. Conditions for Corporate Revitalization Candidates	
Classification	Number of Cases (Debtors)
(1) Debts held by the RCC, etc.	110
(2) Debts of trust, funds, etc.	12
Subtotal	122
Total	469

Number of Cases; Corporate Revitalization (Accumulated total)



(Accumulated total, No. of Cases)

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

(8) Number of On-Site Inspections Implemented

(Unit: number of financial institutions)

Inspection Year	Financial institutions where inspections have been implemented.			
		Banks	Shinkin Banks	Credit Cooperatives
2001	39	2	14	23
2002	66	1	31	34
2003	100	10	56	34
2004	113	17	66	30
Total	318	30	167	121

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

(9) Outline of Funding of the DICJ (FY2005)

Table 1. Outline of Funding Program by Account

	General Account Account	Crisis Management Account	Financial Reconstruction Account	Early Strengthening Account	Industrial Revitalization Account	Financial Function Strengthening Account
Borrowing / bond issues						
Legal Base	Deposit Insurance Law, Art. 42, Para.1 and 2	Deposit Insurance Law, Art. 126, Para.1	Financial Revitalization Law, Art. 65, Para.1	Early Strengthening Law, Art. 16, Para.1	Industrial Revitalization Corporation Law, Art. 49, Para.1 and 2	Financial Function Strengthening Law, Art. 44, Para.1
Ceiling	¥20.6 trillion (Deposit Insurance Law, Cabinet Order Art. 2)	¥18.6 trillion (Deposit Insurance Law, Cabinet Order Art. 29)	¥16.3 trillion (Financial Revitalization Law, Cabinet Order, Art. 13)	¥9.8 trillion (Early Strengthening Law, Cabinet Order Art. 5)	¥0.15 trillion (Industrial Revitalization Corporation Law, Cabinet Order, Art. 4)	¥2.00 trillion (Financial Function Strengthening Law, Cabinet Order, Art. 33)
Method (Source)	(1) borrowing: (• Financial institution and others • Bank of Japan (BOJ) (2) bond issues	(1) borrowing: (• Financial institution and others • BOJ) (2) bond issues	(1) borrowing: (• Financial institution and others • BOJ) (2) bond issues	(1) borrowing: (• Financial institutions and others • BOJ) (2) bond issues	(1) borrowing: (• Financial institutions and others • BOJ) (2) bond issues	(1) borrowing: (• Financial institutions and others • BOJ) (2) bond issues
Spent on	• payment of insurance claims • financial assistance • purchase of deposits, etc. • subscribe the capital to establish bridge banks • loans, etc., to bridge banks • loans to failed financial institutions etc.	• share subscription, etc., by the DICJ • financial assistance to financial institutions under public management • financial assistance to banks under special crisis management etc.	• asset purchase from financial institutions, etc. • loans to contracted banks for subscribing shares, etc., under former Financial Function Stabilization Law etc.	• loans to contracted banks for subscribing shares, etc. • loss compensation for contracted banks etc.	• subscription of equity of the Industrial Revitalization Corp. etc.	• loans to contracted banks for subscribing shares, etc. and for purchasing trust beneficiary rights etc., under former Organizational Restructuring Law. • loss compensation for contracted banks
Government guarantee						
Legal Base	Deposit Insurance Law, Art. 42-2	Deposit Insurance Law, Art. 126, Para. 2	Financial Revitalization Law, Art. 66	Early Strengthening Law, Art. 17	Industrial Revitalization Corporation Law, Art. 50	Financial Function Strengthening Law, Art. 45
Appropriation in general provisions of budget in FY 2005	Within the limit approved by the Diet (¥19.00 trillion in the budget for FY 2005)	Within the limit approved by the Diet (¥17.00 trillion in the budget for FY 2005)	Within the limit approved by the Diet (¥14.00 trillion in the budget for FY 2005)	Within the limit approved by the Diet (¥6.00 trillion in the budget for FY 2005)	Within the limit approved by the Diet (¥0.15 trillion in the budget for FY 2005)	Within the limit approved by the Diet (¥2.00 trillion in the budget for FY 2005)

Table 2. Outstanding Balance of Funds Raised in Each Fiscal Year (Unit: ¥billion)

Account Title \ Fiscal Year		End of FY 2002	End of FY 2003	End of FY 2004
General Account		3,926.4	5,314.6	4,267.5
	Raised by Issue of Bonds	-	1,140.0	2,140.0
Special Operations Account		3,087.3	-	-
Crisis Management Account		-	1,960.4	1,953.4
	Raised by Issue of Bonds	-	-	1,600.0
Financial Reconstruction Account		5,655.8	4,664.9	4,119.6
	Raised by Issue of Bonds	-	1,200.0	2,900.0
Early Strengthening Account		8,204.1	7,933.1	6,523.9
	Raised by Issue of Bonds	6,120.0	6,660.0	5,540.0
Management Base Strengthening Account		-	6.1	6.0
Total		20,873.6	19,879.1	16,870.4
	Raised by Issue of Bonds	6,120.0	9,000.0	12,180.0

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

(10) Reception in Overseas Investigative Groups, etc. / Participation in International Conferences and Visits to Related Institutions / Technical Assistance to Overseas Countries

(i) Reception in Investigative Groups, etc.

Date	Individuals / Organizations that sent missions	Remarks
May 10, 2004	The United Kingdom Loughborough University Professor	Investigation of financial reform
May 11, 2004	IMF	Article IV Consultation
May 25, 2004	China Great Wall Asset Management Corp.	
June 10, 2004	Korea Deposit Insurance Corporation (Vice President and others)	
July 21, 2004	The People's Bank of China (Financial Stabilization Bureau)	
August 11, 2004	Officers of the Republic of Uzbekistan Government	"Uzbekistan Banking and Finance Academy Summer Seminar" hosted by the Ministry of Finance
September 14-16, 2004	Korea Deposit Insurance Corporation (Investigation Department)	
September 16, 2004	Putnam Investments Management	
September 29, 2004	Officers of the governments and central banks in Central Asian and Caucasian Countries	" Development Finance for Central Asian and Caucasian Countries Seminar" hosted by JICA
November 12, 2004	Taiwan Financial Supervisory Commission (Bureau of Affairs Director General)	
January 25, 2005	Bank of Mongolia	
February 9, 2005	Officers of the governments and central banks in ASEAN countries	"Seminar on Financial System" hosted by JICA
February 24, 2005	Ministry of Finance of Thailand	"Thailand Financial Supervision System Reform Assistance Training Course" hosted by Ministry of Finance/JICA

February 25, 2005	Officers of central banks of Central Asian Countries	"Joint Financial Seminar for Central Bankers from Asian Countries in Transition" hosted by BOJ/JICA
March 8, 2005	People's Bank of China (Deputy President and others)	
March 10, 2005	IMF (Director, Monetary and Financial System Dept.)	

(ii) Participation in International Conferences and Visits to Related Institutions, etc.

Date	Purpose	Location
April 26-30, 2004	International Association of Deposit Insurers (IADI) 6th Executive Council Meeting	Switzerland (Basel)
August 5-6, 2004	IADI 7th Executive Council Meeting	France (Paris)
September 6-15, 2004	Visits to Federal Reserve Bank of New York, Federal Deposit Insurance Corporation, Canada Deposit Insurance Corporation and others	United States (New York, Washington DC), Canada (Ottawa)
September 23, 2004	Seminar hosted by Taiwan Central Deposit Insurance Corporation (Dispatch of lecturers)	Taiwan (Taipei)
October 23-29, 2004	IADI 3rd Annual Conference 8th & 9th Executive Council Meetings	Switzerland (Brunnen)
November 18-19, 2004	The study meeting hosted by the Korea Deposit Insurance Corporation (Dispatch of lecturers)	Korea (Seoul)
January 12-14, 2005	International Association of Deposit Insurers (IADI) Governance Committee	Switzerland (Basel)
January 12-14, 2005	Visits to Hong Kong Monetary Authority and Deposit Insurance of Vietnam	Hong Kong, Vietnam (Hanoi)
February 16-21, 2005	Visits to Bank of Tailand, Deposit Insurance and Credit Guarantee Corporation of India, and Taiwan Central Deposit Insurance Corporation	Thailand (Bangkok), India (Mumbai), Taiwan (Taipei)
February 23-25, 2005	Investigation of Deposit Insurance Systems	Singapore, Indonesia (Jakarta)

(iii) Technical Assistance to Overseas Countries

Date	Counterpart	Content
July 14-16, 2004	Indonesia Ministry of Finance, Bank Indonesia and others	Deposit insurance system in Japan
December 2-3, 2004	The People's Bank of China, the State Council, Ministry of Finance and others	Deposit insurance system in Japan

2. Financial Statement

1) General Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	**Amount**
< Current Assets >	9,707
Cash and Deposits	1,019
Money Deposited	1,271
Securities	6,639
Suspense Payments	397
Prepaid Expenses	245
Accrued Income	132
Accounts Receivable	2
Loan Loss Reserves	(1)
< Fixed Assets >	1,580,886
Financial Assistance Related Assets	34,844
Purchased Assets	76,817
Compensation Claims	150
Loan Loss Reserves	(42,123)
Assets Related to Contracted Bridge Bank	
Subsidiary Stock	4,170
Assets Related to Contracted Bank	1,541,300
Contracted Bank Shares	12,000
Loans for Contracted Bank	1,229,300
per contra on Loan Guarantee for Contracted Bank	300,000
Tangible Fixed Assets	298
Buildings	267
Tools/Equipment/Fixtures	31
Intangible Fixed Assets	2
Investment and Other Assets	
Guarantee Money and Other Security Deposits	270
< Deferred Charge >	2,015
Cost of Issuing Bonds	1,256
Discount on Bonds	759
Total	1,592,609
Liabilities and Capital Accounts	
Item	**Amount**
< Current Liabilities >	2,668,816
Short-Term Loans	2,127,500
DICJ Bonds (due for redemption within 1 year)	540,000
Accounts Payable	351
Accrued Expenses Payable	397
Money on Deposit	19
Advance Payments Received	214
Suspense Receipts	332
< Fixed Liabilities >	1,900,386
DICJ Bonds	1,600,000
Long-Term Advance Payment Received	258
Reserves for Retirement Allowance	128
Loan Guarantees	
Loan Guarantee for Contracted Bank	300,000
<<Liabilities Total>>	4,569,202
< Capital >	455
Government Capital	150
Bank of Japan Capital	150
Private Capital	155
< Deficit >	(2,977,048)
Deficit Brought Forward	(3,493,847)
Current Profit	516,798
<<Capital Total>>	(2,976,593)
Total	1,592,609

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	Amount
< Current Revenue >	656,581
Income from Deposit Insurance	
Insurance Premiums	529,386
Income from Financial Assistance-Related Business	995
Income from Purchased Assets	391
Profit on Sales of Purchased Assets	603
Income from Contracted Bank Business	76,269
Interest on Loans to Contracted Bank	1,441
Income from Payment by Contracted Bank	74,827
Income from Contributions by Contracted Bridge Bank	35
Refunded Grants	1,216
Reversal from Loan Loss Reserves	48,650
Non-Operating Revenue	27
Total	656,581

Expenses	
Item	Amount
< Current Expenses >	139,773
Financial Assistance Expenses	8,990
Grants	625
Loss on Sales of Purchased Assets	7,656
Administrative Expenses for Purchased Assets	24
Cost of Commissioning Management and Collection Businesses	684
Refunds of Insurance Premiums for Prior Periods	175
Payments to Government	75,416
General Administrative Expenses	6,209
Transfer to Loan Loss Reserves	42,124
Non-Operating Expenses	6,858
Interest on Borrowings	966
Interest on Bonds	4,546
Administrative Expenses for Bonds	10
Amortization of Bond Issuing Cost	1,047
Amortization of Discount on Bonds	287
< Extraordinary Expenses >	
Loss from Retirement of Fixed Assets	9
< Current Profit >	516,798
Total	656,581

Notes:

1. Current profit of ¥516,798 million for this fiscal year is used to decrease loss brought forward from the previous fiscal year, pursuant to the provision of Article 15, Paragraph 1 of the Deposit Insurance Law Reinforcement Regulations.

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

Important Accounting Principles and Other Relevant Matters:

1. Evaluation Method for Securities
   Cost method based on the periodic average method.
2. Depreciation Method for Fixed Assets
   Fixed installment method using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
   Financial assistance operation assets :¥111 million
   Tangible fixed assets :¥279 million

3. Appropriation Criteria for Reserves
   (1) Loan Loss Reserves
   For claims related to debtors for whom statutory facts of business failure (e.g. bankruptcy or composition) have occurred, or debtors in an equivalent position, the estimated disposable collateral and estimated recoverable amount through guarantees are subtracted from the amount of the claim, and the remainder is aggregated.
   For debtors who are not in a state of bankruptcy at present but are likely to face bankruptcy in the future, the estimated disposal amount as well as the estimated collectable amount through guarantee are deducted from the amount of claims and the amount which is considered necessary, based on the general 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 Loan Loss Reserves is based on the actual loan loss ratio calculated from actual cases of loan loss which occurred in a specific period of time in the past.
   (2) Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.

4. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting Method for Deferred Assets
   1) Bond Issuing Cost: equal depreciation over three years
   2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption
   (3) Accounting criteria for revenue and expenses: accrual method

2) Crisis Management Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	**Amount**
< Current Assets >	582
Cash and Deposits	113
Accrued Income	468
Accounts Receivable	0
< Fixed Assets >	
Acquired Stocks	1,957,270
< Deferred Charge >	3,497
Cost of Issuing Bonds	2,821
Discount on Bonds	675
Total	1,961,349
Liabilities and Capital Accounts	
Item	**Amount**
< Current Liabilities >	354,185
Short-Term Loans	353,400
Accounts Payable	2
Accrued Expenses Payable	455
Advance Payments Received	326
< Fixed Liabilities >	1,601,335
DICJ Bonds	1,600,000
Long-Term Advance Payment Received	1,335
Reserves for Retirement Allowance	0
<<Liabilities Total>>	1,955,520
< Surplus >	5,828
Deficit Brought Forward	(748)
Current Profit	6,576
<<Capital Total>>	5,828
Total	1,961,349

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	Amount
< Current Revenue >	8,526
Income from Operations such as the Acquisition of Shares	
Gains on Sale of Purchased Shares, etc.	8,347
Non-Operating Revenue	179
Total	8,526

Expenses	
Item	Amount
< Current Expenses >	1,949
Expenses Incurred in Acquiring Shares, etc.	
Administrative Expenses for the Disposal of Purchased Shares	0
General Administrative Expenses	21
Non-Operating Expenses	1,927
Interest on Borrowings	450
Administrative Expenses for Bonds	13
Amortization of Bond Issuing Cost	1,410
Amortization of Discount on Bonds	52
< Current Profit >	6,576
Total	8,526

Notes:
1. Current profit of ¥6,576 million is added to the accumulated fund for the next fiscal year, pursuant to the provision of Article 3 of the Deposit Insurance Law Reinforcement Regulations.
2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters:
1. Appropriation Criteria for Reserves
   Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
2. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting Method for Deferred Assets
      1) Bond Issuing Cost: equal depreciation over three years
      2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption
   (3) Accounting criteria for revenue and expenses: accrual method

3) Financial Reconstruction Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	**Amount**
< Current Assets >	284,411
Cash and Deposits	79
Money Deposited	6,503
Securities	269,895
Suspense Payments	1,076
Prepaid Expenses	30
Accrued Income	678
Accounts Receivable	6,151
Loan Loss Reserves	(3)
< Fixed Assets >	2,985,966
Financial Assistance Related Assets	2,549,494
Purchased Assets	2,834,519
Loan Loss Reserves	(285,025)
Tangible Fixed Assets	16
Buildings	12
Tools/Equipment/Fixtures	3
Intangible Fixed Assets	0
Investment and Other Assets	436,455
Loans for Specified Contracted Bank	132,600
Loans for Contracted Bank	303,852
Guarantee Money and Other Security Deposits	3
< Deferred Charge >	2,071
Cost of Issuing Bonds	1,327
Discount on Bonds	744
Total	3,272,449
Liabilities and Capital Accounts	
Item	**Amount**
< Current Liabilities >	1,821,874
Short-Term Loans	1,219,600
DICJ Bonds (due for redemption within 1 year)	600,000
Accounts Payable	14
Accrued Expenses Payable	286
Money on Deposit	2
Advance Payments Received	367
Suspense Receipts	1,602
< Fixed Liabilities >	2,300,262
DICJ Bonds	2,300,000
Long-Term Advance Payment Received	244
Reserves for Retirement Allowance	18
<<Liabilities Total>>	4,122,136
< Deficit >	(849,687)
Deficit Brought Forward	(986,266)
Current Profit	136,579
<<Capital Total>>	(849,687)
Total	3,272,449

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	**Amount**
< Current Revenue >	474,322
Income from Financial Assistance-Related Business	96,270
Income from Purchased Assets	25,088
Profit on Sales of Purchased Assets	71,182
Income from Payment by Specified Contracted Bank	31,888
Income from Payment by Contracted Bank	18,723
Interest on Loans to Specified Contracted Bank	118
Interest on Loans to Contracted Bank	153
Reversal from Loan Loss Reserves	327,165
Non-Operating Revenue	2
Total	474,322

Expenses	
Item	**Amount**
< Current Expenses >	337,742
Financial Assistance Expenses	44,678
Loss on Sales of Purchased Assets	43,154
Administrative Expenses for Purchased Assets	996
Cost of Commissioning Management and Collection Businesses	526
General Administrative Expenses	844
Transfer to Loan Loss Reserves	285,028
Non-Operating Expenses	7,190
Interest on Borrowings	779
Interest on Bonds	5,006
Administrative Expenses for Bonds	11
Amortization of Bond Issuing Cost	1,204
Amortization of Discount on Bonds	189
< Extraordinary Expenses >	
Loss from Retirement of Fixed Assets	0
< Current Profit >	136,579
Total	474,322

Notes:

1. Current profit of ¥136,579 million is used to decrease loss brought forward from the previous fiscal year, pursuant to the provision of Article 24, Paragraph 2 of the Financial Revitalization Law Reinforcement Regulations.
2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters:

1. Evaluation Method for Securities
   Cost method based on the periodic average method.
2. Depreciation Method for Fixed Assets
   Fixed installment method using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
   Tangible fixed assets :¥15 million
3. Appropriation Criteria for Reserves
   (1) Loan Loss Reserves
   For debtors who have succumbed to business failure or effective business failure, and those who face or are highly likely to face serious problems in the repayment of debts although not yet in a state of business failure, the estimated amount recovered through collateral, etc., and the estimated amount recovered in light of the debtors' financial status and business performance are reduced from the amount of the claim, the remainder being aggregated as loan loss reserves. Claims other than the above are aggregated on the basis of a bad debt ratio deemed reasonable.
   (2) Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
4. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting Method for Deferred Assets
   1) Bond Issuing Cost: equal depreciation over three years
   2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption
   (3) Accounting criteria for revenue and expenses: accrual method

4) Early Strengthening Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	Amount
< Current Assets >	229,212
Cash and Deposits	213
Securities	228,095
Suspense Payments	63
Accrued Income	840
Accounts Receivable	0
< Fixed Assets >	6,440,565
Tangible Fixed Assets	4
Buildings	3
Tools/Equipment/Fixtures	0
Intangible Fixed Assets	0
Investment and Other Assets	6,440,561
Loans for Contracted Bank	6,440,560
Guarantee Money and Other Security Deposits	1
< Deferred Charge >	3,620
Cost of Issuing Bonds	2,473
Discount on Bonds	1,147
Total	6,673,398
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	2,725,083
Short-Term Loans	983,900
DICJ Bonds (due for redemption within 1 year)	1,740,000
Accounts Payable	1
Accrued Expenses Payable	652
Advance Payments Received	529
< Fixed Liabilities >	3,801,126
DICJ Bonds	3,800,000
Long-Term Advance Payment Received	1,124
Reserves for Retirement Allowance	1
<<Liabilities Total>>	6,526,209
< Surplus >	147,189
Accumulated Fund	169,905
Current Profit	(22,716)
<<Capital Total>>	147,189
Total	6,673,398

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	Amount
< Current Revenue >	29,305
Interest on Loans to Contracted Bank	29,302
Non-Operating Revenue	3
< Current Deficit >	22,716
Total	52,021
Expenses	
Item	Amount
< Current Expenses >	52,021
Compensation for Losses to Contracted Bank	22,412
General Administrative Expenses	79
Non-Operating Expenses	29,530
Interest on Borrowings	357
Interest on Bonds	24,097
Administrative Expenses for Bonds	1,342
Amortization of Bond Issuing Cost	3,098
Amortization of Discount on Bonds	633
< Extraordinary Expenses >	
Loss from Retirement of Fixed Assets	0
Total	52,021

Notes:

1. Current deficit of ¥22,716 million is charged against the accumulated fund brought from the previous fiscal year, pursuant to the provisions of Article 8, Paragraph 2 of the Early Strengthening Law Enforcement Regulations.
2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters:

1. Evaluation Method for Securities
   Cost method based on the periodic average method.
2. Depreciation Method for Fixed Assets
   Fixed installment method using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
   Tangible fixed assets :¥4 million
3. Appropriation Criteria for Reserves
   Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
4. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting Method for Deferred Assets
      1) Bond Issuing Cost: equal depreciation over three years
      2) Difference in Bond Issue: equal depreciation over the period up to the term of bond redemption
   (3) Accounting criteria for revenue and expenses: accrual method

5) *Jusen* Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	Amount
< Current Assets >	5,101
Cash and Deposits	95
Securities	4,994
Accrued Income	11
Accounts Receivable	0
< Fixed Assets >	3,283,306
Tangible Fixed Assets	58
Buildings	54
Tools/Equipment/Fixtures	3
Intangible Fixed Assets	1
Investment and Other Assets	3,283,246
Assets Relating to Financial Stabilization Fund	909,027
Shares of Affiliated Companies	200,000
Guarantee Money and Other Security Deposits	113
per contra on Loan Guarantees	2,174,106
Total	3,288,407
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	224,627
Accounts Payable	224,580
Advance Payments Received	46
< Fixed Liabilities >	2,274,291
Reserves for Retirement Allowance	13
Repayable Payments Received from Bank of Japan	100,000
Charges against Assets Allotted in Opeation	172
Loan Guarantees	2,174,106
< Statutory Reserves >	
Financial Stabilization Fund	1,009,027
Counterpart of Private-Sector Contributions	1,007,000
Counterpart of Operating Income	2,027
<<Liabilities Total>>	3,507,946
< Capital >	
Government Capital	5,000
< Deficit >	(224,539)
Deficit Brought Forward	(164,614)
Current Deficit	(59,924)
<<Capital Total>>	(219,539)
Total	3,288,407

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	Amount
< Current Revenue >	33,857
Payments from Claim Resolution Company	
Payments of Gains from the Collection of Claims Transferred, etc.	1,943
Income from Investment	
Income from Investment of Financial Stabilization Fund	15,712
Income from Special Operations Contributions	344
Reversal from Financial Stabilization Fund	15,746
Non-Operating Income	89
Reversal from Charge Against Assets Allotted in Operation	22
< Current Deficit >	59,924
Total	93,782

Expenses	
Item	Amount
< Current Expenses >	93,779
Grant for Claim Resolution Company	
Operation Promotion Grant	75,671
Payments to Government	
Payments of Gains on the Collection of Claims Transferred	1,943
General Administrative Expenses	453
Transfer to Financial Stabilization Fund	15,712
< Extraordinary Expenses >	
Loss from Retirement of Fixed Assets	2
Total	93,782

Notes:

1. Current deficit of ¥59,924 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 :¥107 million
3. Appropriation Criteria for Reserves
   (1) Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
   (2) Financial Stabilization Fund
   Contributions made by financial institutions which were investors or creditors of *Jusen* companies and interest income, etc., accrued by the operation of such contributions are accounted for pursuant to the provisions of Article 9, Paragraph 1, and Article 9, Paragraph 2, of the *Jusen* Law, respectively, for investment in the claim resolution company and for the provision of grants for such companies for the smooth implementation of their business.
4. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting criteria for revenue and expenses: accrual method

6) Financial Institutions' Management Base Strengthening Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Assets	
Item	**Amount**
< Current Assets >	56
Cash and Deposits	56
Accrued Income	0
Accounts Receivable	0
< Fixed Assets >	6,000
Tangible Fixed Assets	0
Buildings	0
Tools/Equipment/Fixtures	0
Investment and Other Assets	6,000
Loans for Contracted Bank	6,000
Guarantee Money and Other Security Deposits	0
Total	6,057

Liabilities and Capital Accounts	
Item	**Amount**
< Current Liabilities >	6,000
Short-Term Loans	6,000
Accounts Payable	0
Accrued Expenses Payable	0
< Fixed Liabilities >	
Reserves for Retirement Allowance	0
<<Liabilities Total>>	6,001
< Surplus >	55
Deficit Brought Forward	(42)
Current Profit	98
<<Capital Total>>	55
Total	6,057

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	**Amount**
< Current Revenue >	121
Income from Payment by Contracted Bank	118
Interest on Loans to Contracted Bank	2
Non-Operating Revenue	0
Total	121

Expenses	
Item	**Amount**
< Current Expenses >	23
General Administrative Expenses	20
Non-Operating Expenses	
Interest on Borrowings	2
< Current Profit >	98
Total	121

Notes:

1. Current profit of ¥98 million for this fiscal year is added to the accumulated fund, pursuant to Article 4, paragraph 1 of the decision which specifies DICJ's operations for strengthning of financial institutions' managerial base.
2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters:

1. Depreciation Method for Fixed Assets
   Fixed installment method using the criteria under the Corporation Tax Law. The aggregate depreciation amount is as follows:
   Tangible fixed assets :¥0 million
2. Appropriation Criteria for Reserves
   Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
3. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting criteria for revenue and expenses: accrual method

7) Industrial Revitalization Account

Balance Sheet (as of March 31, 2005)

(Unit: ¥million)

Item	Amount
Assets	
< Current Assets >	20
Cash and Deposits	20
Accounts Receivable	0
< Fixed Assets >	
Shares of the Industrial Revitalization Corporation of Japan	49,757
Total	49,777
Liabilities and Capital Accounts	
Item	Amount
< Current Liabilities >	
Accounts Payable	0
< Fixed Liabilities >	49,787
Payments Received from Financial Institutions	49,787
Reserves for Retirement Allowance	0
<<Liabilities Total>>	49,787
< Deficit >	(9)
Deficit Brought Forward	(4)
Current Deficit	(4)
<<Capital Total>>	(9)
Total	49,777

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

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

(Unit: ¥million)

Revenue	
Item	**Amount**
< Current Revenue >	
Non-Operating Income	0
< Current Deficit >	4
Total	4

Expenses	
Item	**Amount**
< Current Expenses >	
General Administrative Expenses	4
Total	4

Notes:

1. Current deficit of ¥4 million is carried forward to the next fiscal year, pursuant to Article 3, Paragraph 2 of the directive concerning the exceptional provisions on DICJ's operations, specified in the Chapter 8 of the Industrial Revitalization Corporation Law.
2. All figures are rounded down to the nearest ¥million.

Important Accounting Principles and Other Relevant Matters:

1. Appropriation Criteria for Reserves
   Reserves for Retirement Allowance
   The required remuneration at the end of the fiscal year is used as the criterion for appropriating reserves in preparation for payment of retirement allowances for employees.
2. Other Important Matters Relating to Preparation of Financial Statements
   (1) Accounting method for consumption tax: tax inclusive method
   (2) Accounting criteria for revenue and expenses: accrual method

8) Financial Function Strengthening Account

Balance Sheet (as of March 31, 2005)

Assets	
Item	Amount
not applicable	
Total	
Liabilities and Capital Accounts	
Item	Amount
not applicable	
Total	

Profit and Loss Statement (April 1, 2004 to March 31, 2005)

Revenue	
Item	Amount
not applicable	
Total	
Expenses	
Item	Amount
not applicable	
Total	

3. Statistical Tables

Table 1. Income and Expenditure

(General Account)

(Unit: ¥million)

Fiscal Year	Income			Expenditure	Net Earnings	Deposit Insurance Fund (Ending on March 31)
	Insurance Premiums	Paid into Special Operations Fund	Total (including others)			
1971	2,800	-	3,090	23	3,066	3,066
1972	4,560	-	5,030	43	4,987	8,053
1973	5,638	-	6,369	40	6,328	14,381
1974	6,364	-	7,563	57	7,505	21,887
1975	7,214	-	8,958	61	8,896	30,784
1976	8,402	-	10,739	69	10,670	41,454
1977	9,401	-	12,252	78	12,174	53,629
1978	10,571	-	14,024	105	13,919	67,548
1979	11,818	-	16,084	95	15,988	83,536
1980	12,767	-	18,392	104	18,288	101,825
1981	13,631	-	20,314	127	20,187	122,012
1982	20,107	-	28,209	119	28,090	150,103
1983	21,624	-	31,519	123	31,396	181,500
1984	23,232	-	34,769	118	34,650	216,151
1985	25,274	-	38,569	134	38,435	254,586
1986	40,739	-	55,236	140	55,096	309,683
1987	44,195	-	62,015	155	61,860	371,543
1988	48,759	-	68,021	143	67,878	439,421
1989	53,757	-	74,333	146	74,187	513,608
1990	60,381	-	87,944	156	87,788	601,396
1991	63,202	-	95,154	166	94,987	696,384
1992	63,149	-	94,411	20,169	74,241	770,626
1993	63,792	-	96,081	46,137	49,944	820,570
1994	64,972	-	98,140	42,680	55,459	876,030
1995	66,643	-	111,581	601,033	(489,452)	386,578
1996	461,992	-	532,743	1,314,428	(781,684)	(395,106)
1997	462,956	-	464,317	163,228	301,089	(94,017)
1998	465,003	1,199,232	1,675,820	2,769,430	(1,093,610)	(1,187,627)
1999	480,736	3,645,679	4,216,932	4,926,059	(709,127)	(1,896,755)
2000	482,837	3,640,683	4,204,983	5,453,792	(1,248,809)	(3,145,565)
2001	511,087	667,547	1,288,209	1,940,875	(652,666)	(3,798,231)
2002	509,944	1,589,874	2,502,074	2,710,347	(208,273)	(4,006,504)
2003	522,106	-	742,728	230,070	512,657	(3,493,847)
2004	529,386	-	656,581	139,782	516,798	(2,977,048)

Notes: 1. Figures for FY1996, except for inter-account transfers, are the total for the general account, the special account for general financial institutions and the special account for credit cooperatives.
2. Figures for FY1997 to FY2002, except for inter-account transfers, are the total for the general account and the special operations account.
3. All figures are rounded down to the nearest ¥million.

Table 2. Insured Deposits and Deposit Insurance Fund

(Unit: ¥billion, %)

Fiscal Year (ending on March 31)	Deposits of Insured Financial Institutions			Deposit Insurance Fund	
	Total (A)	Insured (B)	Percentage of Insured Deposits (B/A)	Amount	Ratio of Deposit Insurance Fund to Insured Deposits
1971	81,194.7	72,253.0	89.0	3.0	0.004
1972	102,833.3	90,863.5	88.4	8.0	0.009
1973	116,312.7	104,186.7	89.6	14.3	0.014
1974	129,839.0	116,631.5	89.8	21.8	0.019
1975	150,629.5	136,197.8	90.4	30.7	0.023
1976	169,410.4	153,636.2	90.7	41.4	0.027
1977	189,872.9	172,002.1	90.6	53.6	0.031
1978	213,416.8	192,942.1	90.4	67.5	0.035
1979	235,571.3	209,822.2	89.1	83.5	0.040
1980	255,141.1	227,184.8	89.0	101.8	0.045
1981	285,301.3	251,345.8	88.1	122.0	0.049
1982	305,115.2	270,301.4	88.6	150.1	0.056
1983	331,490.5	290,402.5	87.6	181.5	0.062
1984	362,385.1	315,927.8	87.2	216.1	0.068
1985	407,760.2	339,108.6	83.2	254.5	0.075
1986	453,845.5	366,709.3	80.8	309.6	0.084
1987	515,952.1	404,748.5	78.4	371.5	0.092
1988	594,626.7	446,396.8	75.1	439.4	0.098
1989	685,242.0	501,597.7	73.2	513.6	0.102
1990	703,458.9	526,686.0	74.9	601.3	0.114
1991	694,900.5	526,242.7	75.7	696.3	0.132
1992	695,013.6	531,607.0	76.5	770.6	0.145
1993	704,975.2	541,444.8	76.8	820.5	0.152
1994	710,349.8	555,711.2	78.2	876.0	0.158
1995	717,604.3	550,600.5	76.7	386.5	0.070
1996	713,479.8	551,270.8	77.3	(395.1)	-
1997	705,772.0	556,393.5	78.8	(94.0)	-
1998	703,259.9	572,729.9	81.4	(1,187.6)	-
1999	698,382.0	575,717.4	82.4	(1,896.7)	-
2000	728,863.8	611,512.7	83.9	(3,145.5)	-
2001	718,543.4	609,374.8	84.8	(3,798.2)	-
2002	708,597.2	622,556.3	87.9	(4,006.5)	-
2003	709,811.2	627,257.9	88.4	(3,493.8)	-
2004	720,145.2	634,504.6	88.1	(2,977.0)	-

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

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

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

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

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

Table 3. Insured Deposits by Sector of Financial Institutions

(Unit: ¥billion)

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

* Regional Banks II are Memeber 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 and from 2000, the Shinkin Central Bank and others were added.

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

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

Table 4. Number of Insured Financial Institutions

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

* 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.

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

(Annex 1) DICJ Open House–Program and Participants

1. Program

■ March 14 (Monday), 2005

09:30-10:30	Opening Ceremony & Orientation Opening address by Shunichi Nagata, Governor of DICJ
10:30-12:00	"Evolution of Financial System in Japan and Role of DICJ" Hideaki Suzuki, Executive Director, Plannning and Cordination Dept. Nobusuke Tamaki, Senior Advisor, Treasury Dept.
13:00-14:30	"DICJ Operation under Normal Condition" Nobusuke Tamaki, Senior Advisor, Treasury Dept. Hideharu Suzuki, Senior Inspector, Inspection Dept.
14:45-17:15	"Evolution of Response to Systemic Crisis" Yutaka Nishigaki, Director, Planning and Coordination Dept. Toshihisa Kobori, Deputy Executive Director, Financial Reconstruction Dept.

■ March 15 (Tuesday), 2005

10:00-12:00	"Bank Resolution under Blanket Guarantee" Koichi Tanaka, President, The Second Bridge Bank of Japan, Limited
13:00-14:30	"Bank Resolution under Limited Coverage" Yutaka Nishigaki, Director, Planning and Coordination Dept. Kazuyuki Suyama, Senior Advisor, Financial Reconstruction Dept
14:45-16:45	"Financial Assistance to Resolve Failed Banks" Kazuya Nishihata, Deputy Executive Director, Deposit Insurance Dept.

■ March 16 (Wednesday), 2005

10:00-11:30	"Funding Operation" Nobusuke Tamaki, Senior Advisor, Treasury Dept.
11:30-12:00	Site tour in the DICJ
13:00-14:30	"Financial Supervision in Japan" Masaki Sakamoto, Director, International Affairs Division, Financial Services Agency
15:00-17:00	"BOJ's Role & Function and Relationship with DICJ" Hidehiko Sogano, Deputy Director-General, International Dept., Bank of Japan Takashi Oyama, Advisor to the Governor, Financial Systems Dept., Bank of Japan

■ March 17 (Thursday), 2005

09:30-11:00	"Collection of Non-performing Loans" Keisuke Shimoide, Deputy Executive Director, Planning and Coordination Dept.
11:15-12:45	"Pursuit of Legal Liabilties" Tsuyoshi Kishi, Specialist for Investigation, Special Investigation Dept.
12:45-14:00	Wrap-up and Summary Session
18:00-18:30	Closing Ceremony Closing address by Shunichi Nagata, Governor of DICJ

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

- Bank of Algeria
  (Mr.) Choaib El-Hassar, Vice Governor
- Fundo Garantidor de Creditos-FGC (Brazil)
  (Mr.) Antonio Carlos Bueno, Chief Executive Officer
- Canada Deposit Insurance Corporation
  (Mr.) David Walker, Director, Policy and International Affairs
- The People's Bank of China
  (Mr.) Hai Bo Yan, Deputy Director, Financial Stability Bureau
- Hong Kong Monetary Authority
  (Ms.) Fonia L.S. Lam, Acting Manager, Banking Development Department
- National Deposit Insurance Fund of Hungary
  (Mr.) Andras Fekete-Gyor, Deputy Managing Director
- Reserve Bank of India
  (Mr.) Rabindra Kumar Acharya, Deputy General Manager, Deposit Insurance and Credit Guarantee Corporation
- Ministry of Finance (Indonesia)
  (Mr.) Indomen Saragih, Director, Directorate General of Financial Institutions, and three other participants
- Jordan Deposit Insurance Corporation
  (Mr.) Mohammed Al-Jafari, General Director
- Kazakhstan Deposit Insurance Fund
  (Ms.) Saule Shenol, Deputy Director General
- Korea Deposit Insurance Corporation
  (Mr.) Sang Keun Jin, Director, Mutual Savings Bank Risk Management Department, and two other participants
- Bank Negara Malaysia
  (Mr.) Besah Yahaya, Director, Deposit Insurance Task Force, and three other participants
- Instituto para la Proteccion al Ahorro Bancario (Mexico)
  (Mr.) Leon Barri Colin, General Director, Assistant Secretariat of Bank Savings Protection, and two other participants
- Nigeria Deposit Insurance Corporation
  (Mr.) Peter Umoh, Executive Director, Operations Division, and one other participant
- Banko Sentral ng Pilipinas
  (Mr.) Alberto Reyes, Deputy Governor, Office of the Deputy Governor, Supervision and Examination Sector
- Bank Guarantee Fund (Poland)
  (Mr.) Marek Pyla, Member of the Fund Mgmt Board, and one other participant
- State Corporation "Deposit Insurance Agency" (Russia)
  (Mr.) Alexey Abramov, Director, Deposit Insurance Organisation Department, and one other participant
- Monetary Authority of Singapore
  (Mr.) Siang Boon Goy, Senior Policy Analyst, Prudential Policy Department
- Central Deposit Insurance Corporation
  (Mr.) Jiunn-Jian Chen, Director, Business Department
- Bank of Thailand
  (Ms.) Swangchit Chaiyanwat, Assistant Governor, Fund Management & Corporate Debt Restructuring Group, and two other participants
- Savings Deposit Insurance Fund of Turkey
  (Mr.) Sakir Ercan Gul, Vice Chairman, and six other participants
- Federal Deposit Insurance Corporation (U.S.A.)
  (Mr.) Arthur J. Murton, Director, Division of Insurance, and one other participant
- Deposit Insurance of Vietnam
  (Mr.) Mai Minh De, Member of the Board of Directors, Supervisory Committee

(Total of 23 organizations / 45 participants)

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

(As of September 30, 2005)

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

II. Associates (Entities that are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net: 7 entities from 7 countries)	
Asia	1) Philippines: Bangko Sentral ng Pilipinas 2) Bangladesh: Bangladesh Bank 3) Mongolia: Bank of Mongolia 4) Thailand: Bank of Thailand 5) Singapore: Monetary Authority of Singapore
Europe and Africa	6) Algeria: Bank of Algeria 7) South Africa: The National Treasury

III. Observers (Interested parties such as professional firms: 4 entities from 3 countries)	
North America	1) BaringPoint LLC. (United States) 2) Deloitte & Touche (Canada) 3) Goodmans LLP (Canada) 4) KPMG (Australia)

IV. Partners (International organizations etc. : 6 organizations)
(1) Asian Development Bank (2) European Bank for Reconstruction and Development (3) European Forum of Deposit Insurers (4) International Monetary Fund (5) The SEACEN Centre (6) The Toronto International Leadership Centre for Financial Sector Supervision

Number of IADI participants

Category	Number of countries/regions	Number of entities
Member	40	41
Associate	7	7
Observer	3	4
Partner	–	6
Total	47	59

(Reference: Standing and Regional Committees)

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

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

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

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

Printed in Japan
Not for Sale