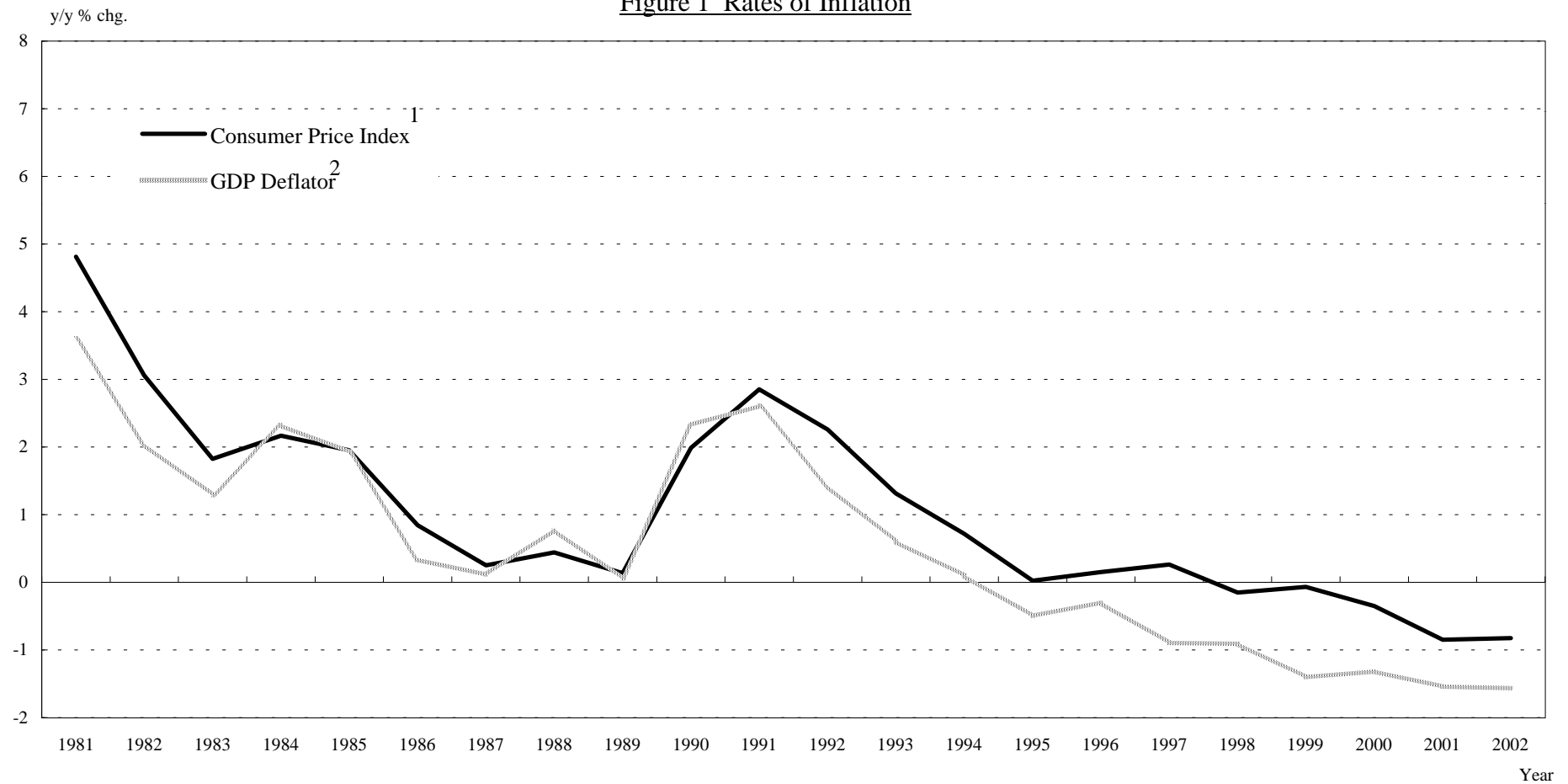


Figure 1 Rates of Inflation



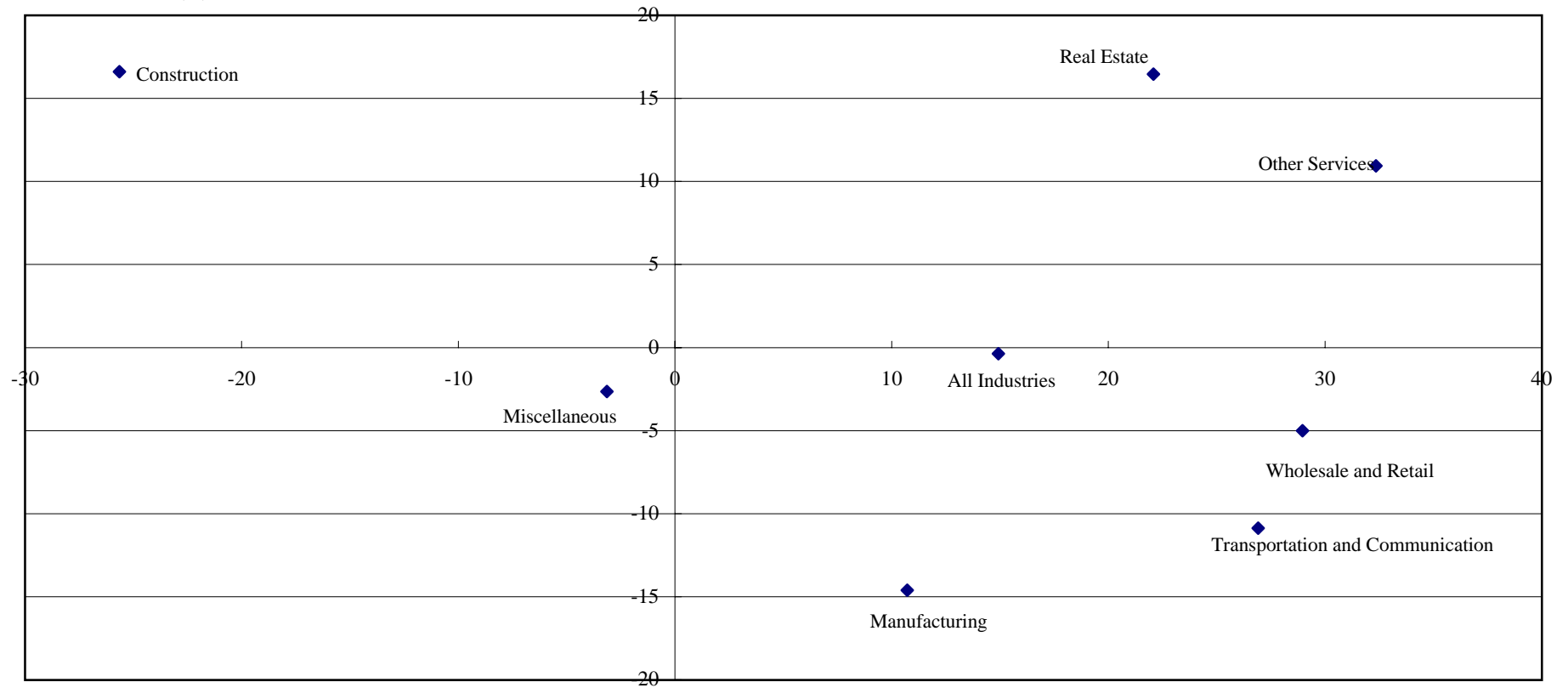
Notes: 1. Excluding fresh food. Figures are 1995 base until year 2000 and 2000 base from year 2002, and adjusted to exclude the effects of the consumption tax hike.

2. Domestic demand base. Figures are adjusted to exclude the effects of the consumption tax hike.

Sources: Ministry of Public Management, Home Affairs, Post and Telecommunications, "Consumer Price Index"; and Cabinet Office, "National Accounts".

Figure 2 Inflation and Real GDP Growth by Industry

Inflation: Cumulative Growth for
1990-2000 (%)¹

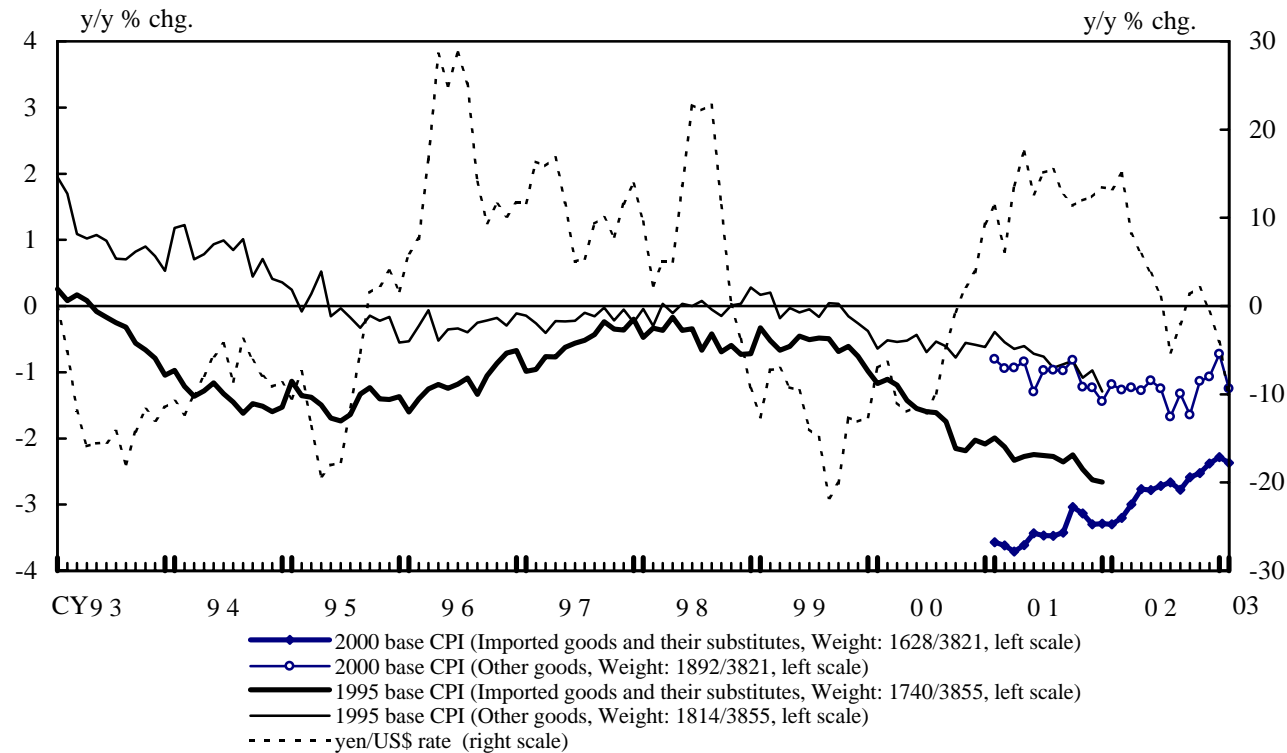


Real GDP: Cumulative Growth for 1990-2000 (%)¹

Notes: 1. Sum of annual rate of growth in each industry for the decade.

Source: Cabinet Office, "National Account".

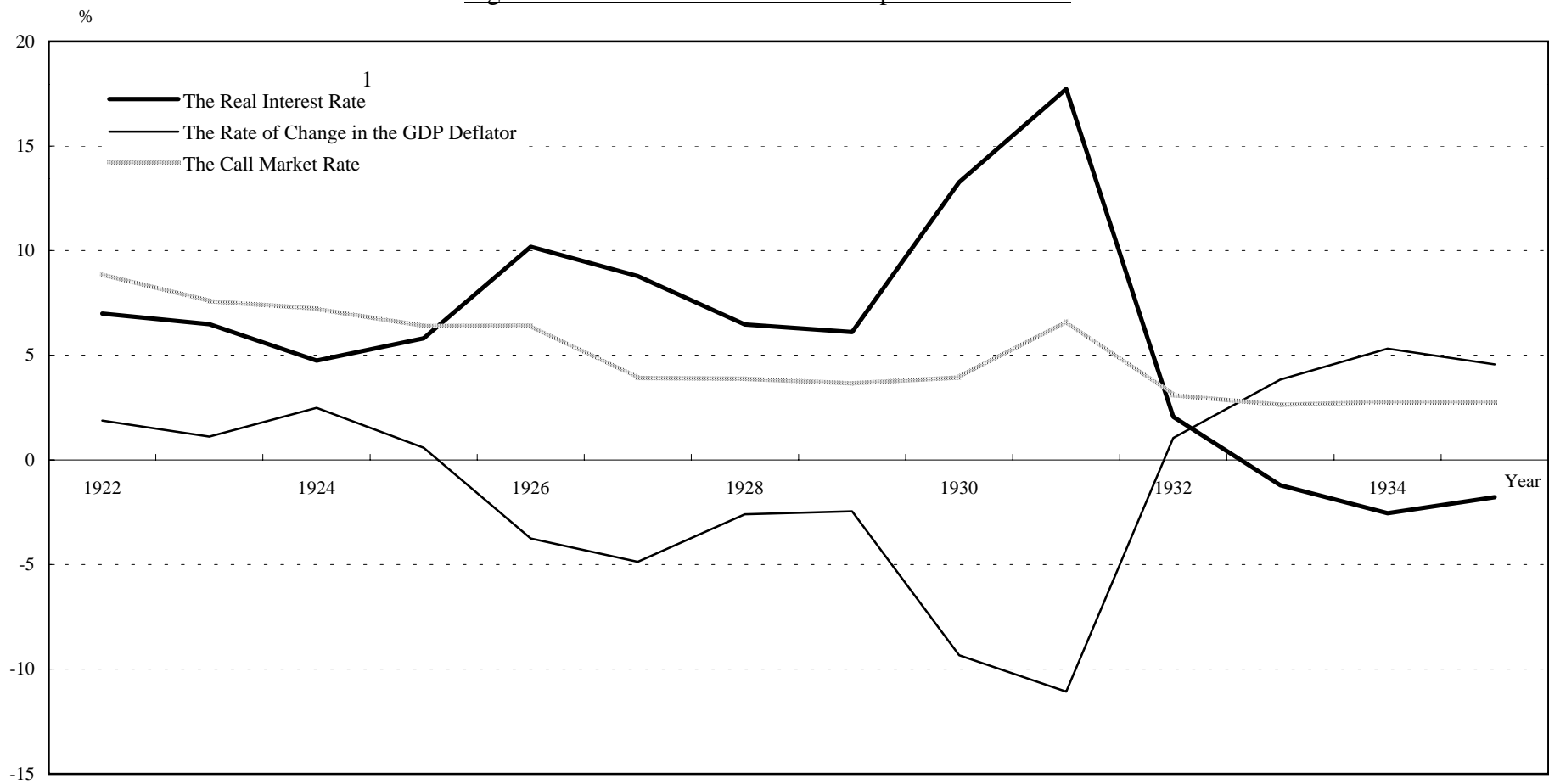
Figure 3 Comparison of Imported Goods and Other Goods in Terms of CPI



- Notes:
1. Goods covered here exclude petroleum products and agricultural & aquatic products.
 2. Imported goods consist of items common to both the Import Price Index and the Consumer Price Index, and their substitutes consist of items considered to be substitutable for import products but not covered by the Import Price Index.
 3. Adjusted to exclude the effects of the special tobacco tax introduced in December 1998, and biscuits, prices of which were heavily affected by changes in monitored brands. Weights are obtained as respective shares in Goods (excluding agricultural & aquatic products).
 4. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index"; Ministry of Economy, Trade and Industry, "Indices of Industrial Domestic Shipments and Imports"; Ministry of Finance, "The Summary Report on Trade of Japan"; and Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes."

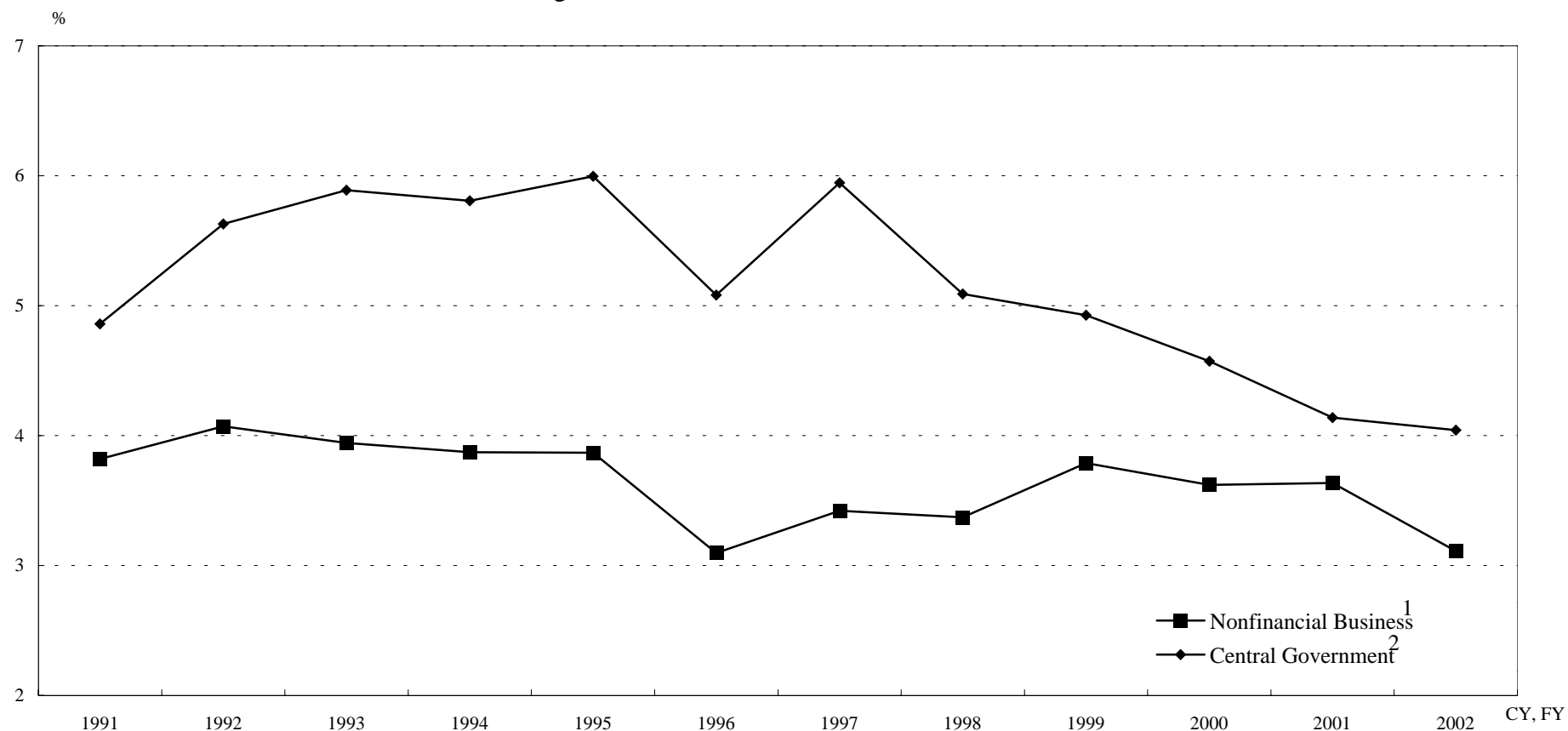
Figure 4 The Real Interest Rates in Japan in 1922-1935



Note: 1. The Call Market Rate - The Rate of Change in the GDP Deflator.

Sources: Bank of Japan, "A Hundred -Year History of the Bank of Japan"; and
Okawa K., et.al, "Estimates of Long-Term Economic Statistics of Japan".

Figure 5 Estimates of Real Interest Rates

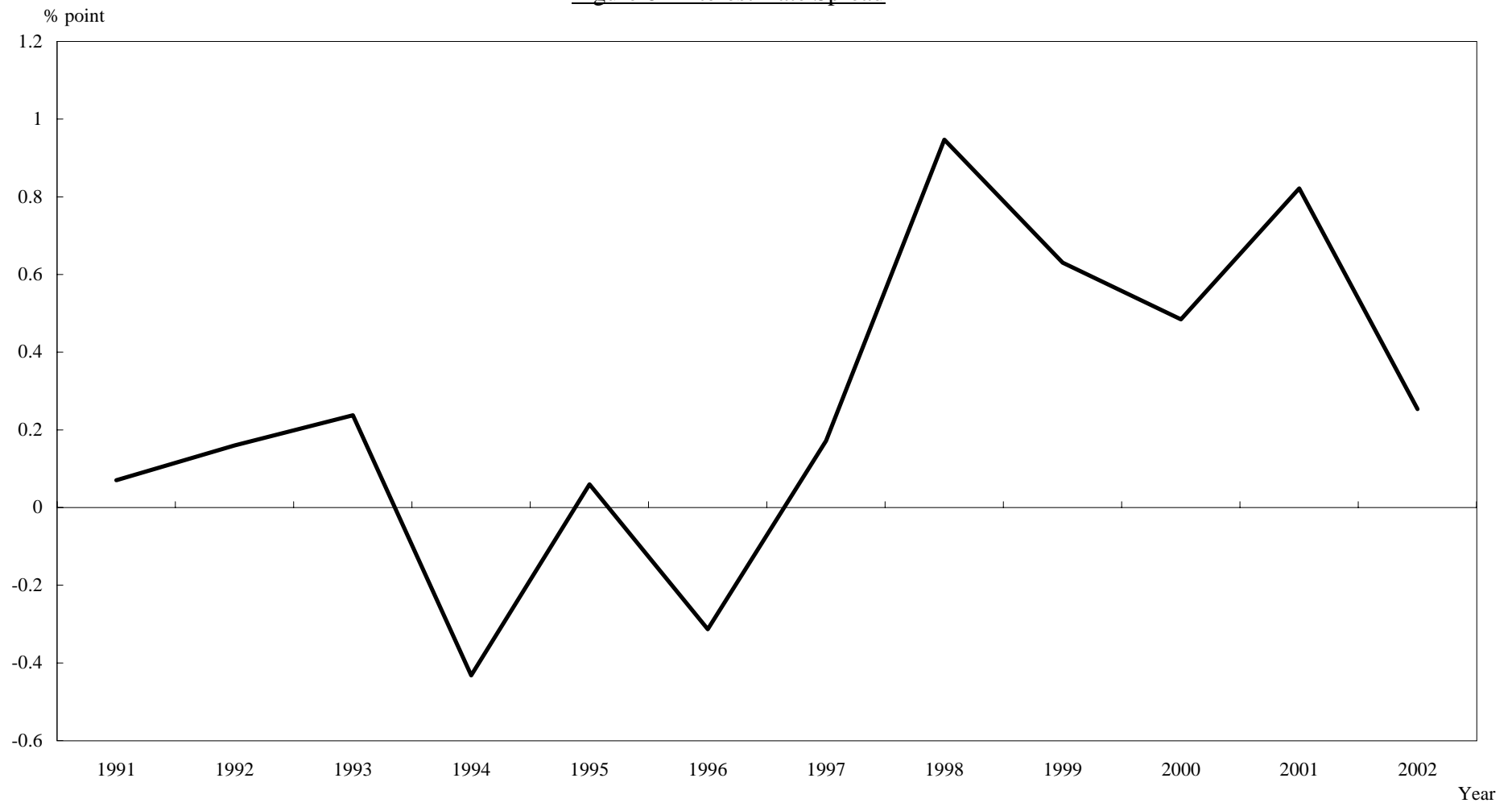


Notes: 1. Interest payment/Financial debt outstanding (annual average). CY2002 figure is that up to the third quarter. All figures are deflated by GDP deflator (domestic demand base and adjusted to exclude the effects of the consumption tax hike).

2. Interest payment (government budget)/JGB outstanding (annual average). All figures are deflated by GDP Deflator (domestic demand base and adjusted to exclude the effects of the consumption tax hike).

Sources: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly", "Government Bond Statistics".

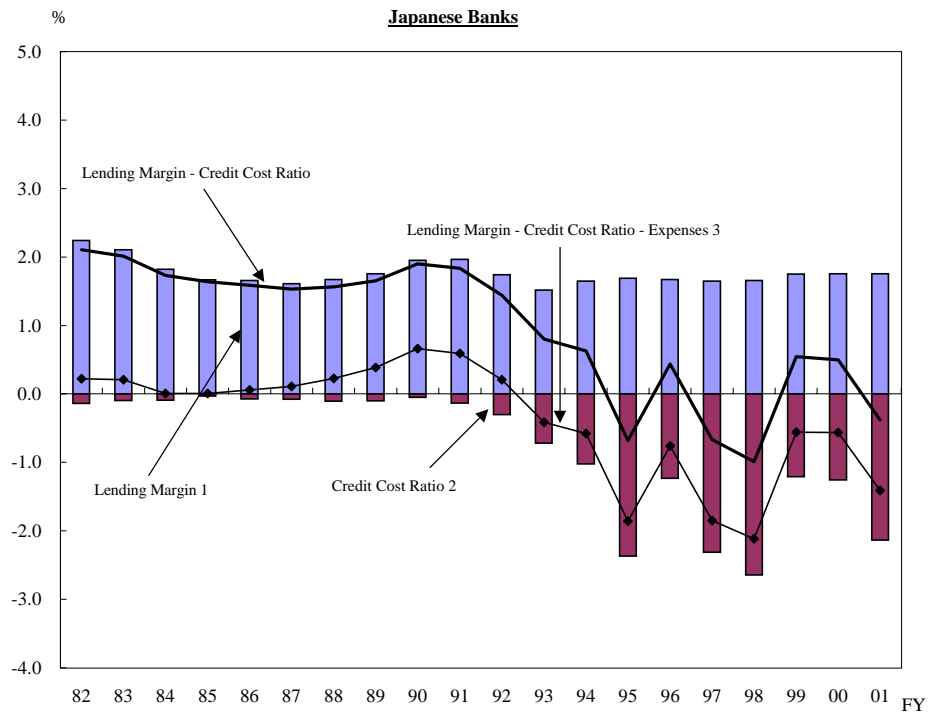
Figure 6 Interest Rate Spread¹



Note: 1. Interest rate paid by non-financial businesses -10-year government bond rate (annual average).

Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly", "Government Bond Statistics".

Figure 7 Trends in Lending Margins



- Notes: 1. Yields on domestic loans minus yields on average interest-bearing domestic liabilities after adjustments for swap expenses.
 2. The ratio of non-performing loans disposed of (by write-offs and provisions) to total loans outstanding. Therefore, they are different from "credit cost" which is equal to expected losses.
 3. General and administrative expenses. Based on overall domestic operations because data for operations by sector are not available.

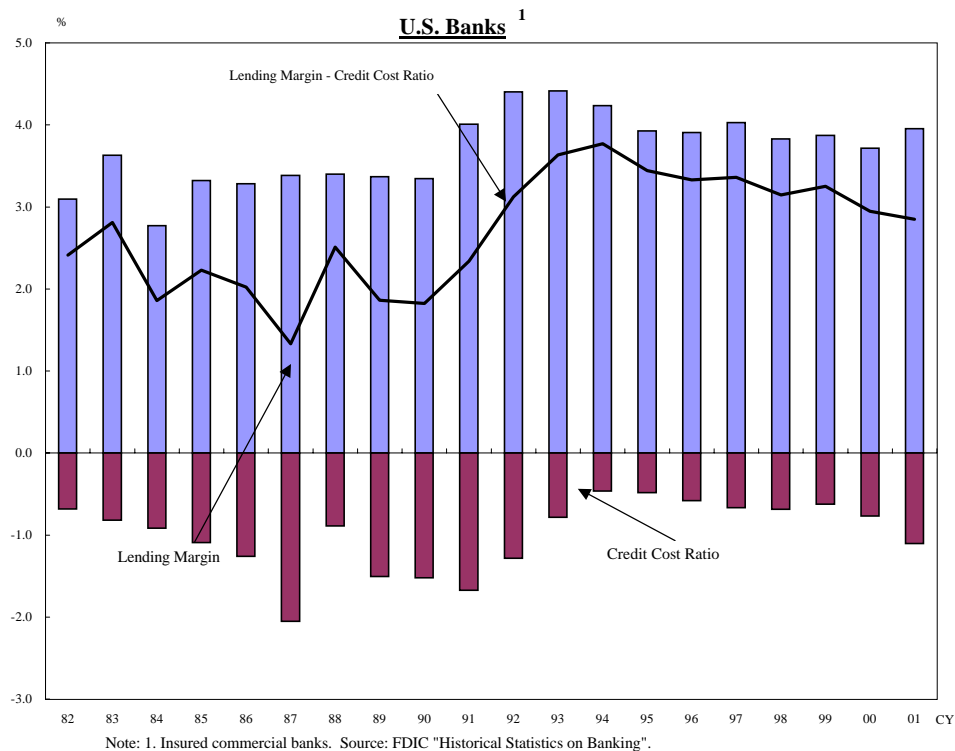
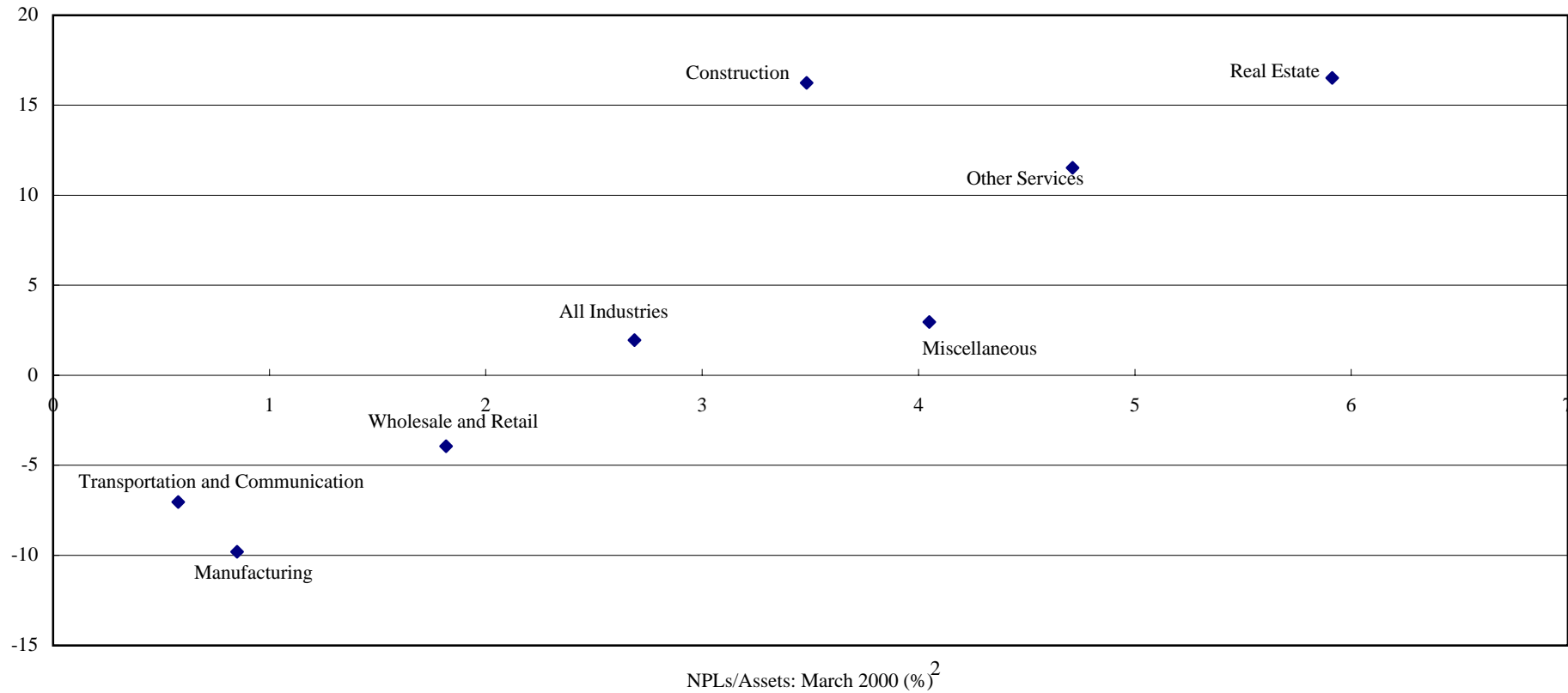


Figure 8 Deflation and the NPL Problem by Industry

Inflation: Cumulative Growth for 1990-1999 (%)



Notes: 1. Sum of annual rate of growth in each industry for 1990 to 1999.

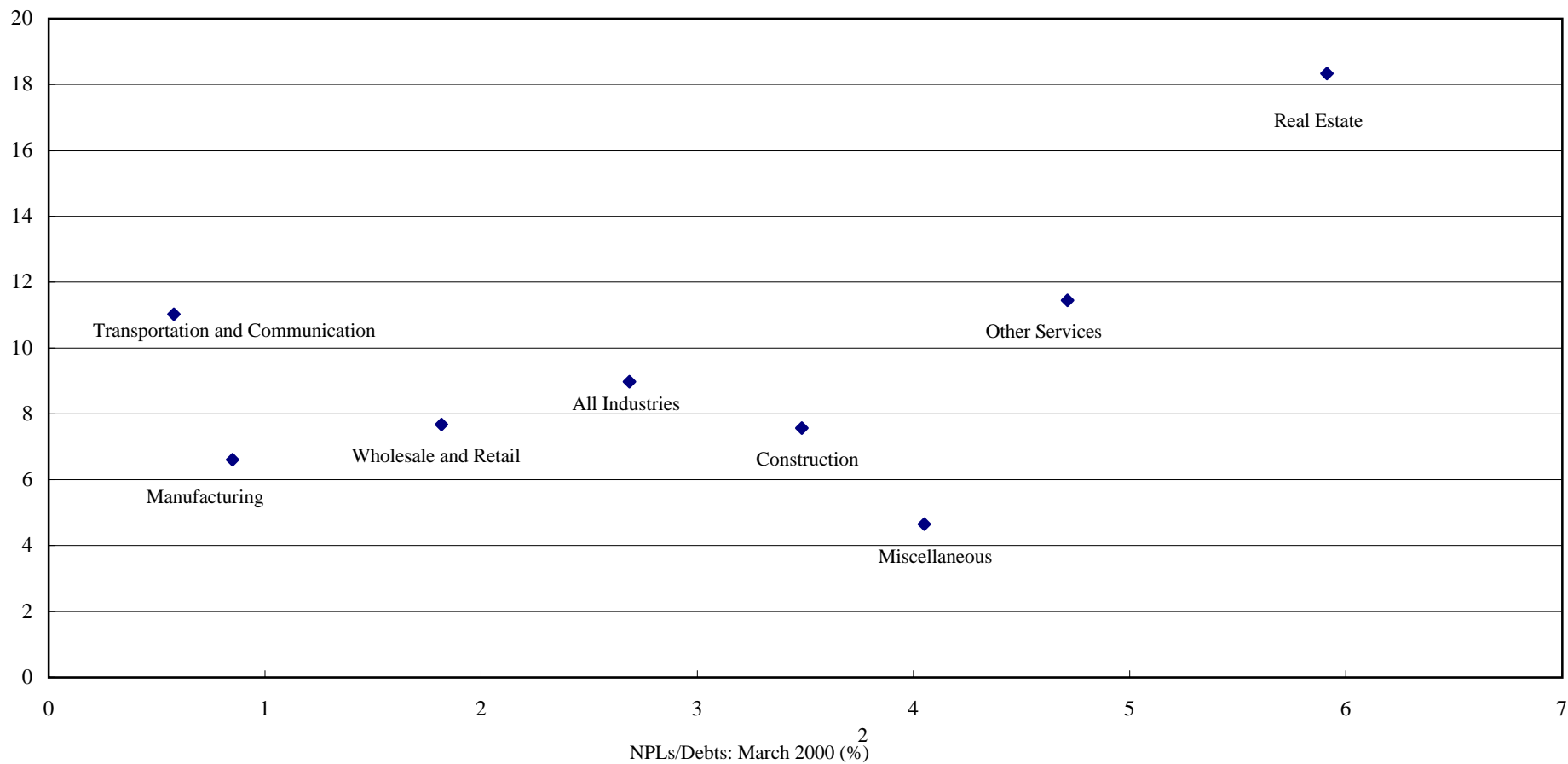
2. Risk management loans to each industry extended by major banks in Japan/total assets of the industry as of March 2000.

Sources: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Annually";

Cabinet Office, "National Account"; and figures released by major banks in Japan.

1
Land/Assets: March 1990 (%)

Figure 9 Land Holding and the NPL Problem by Industry



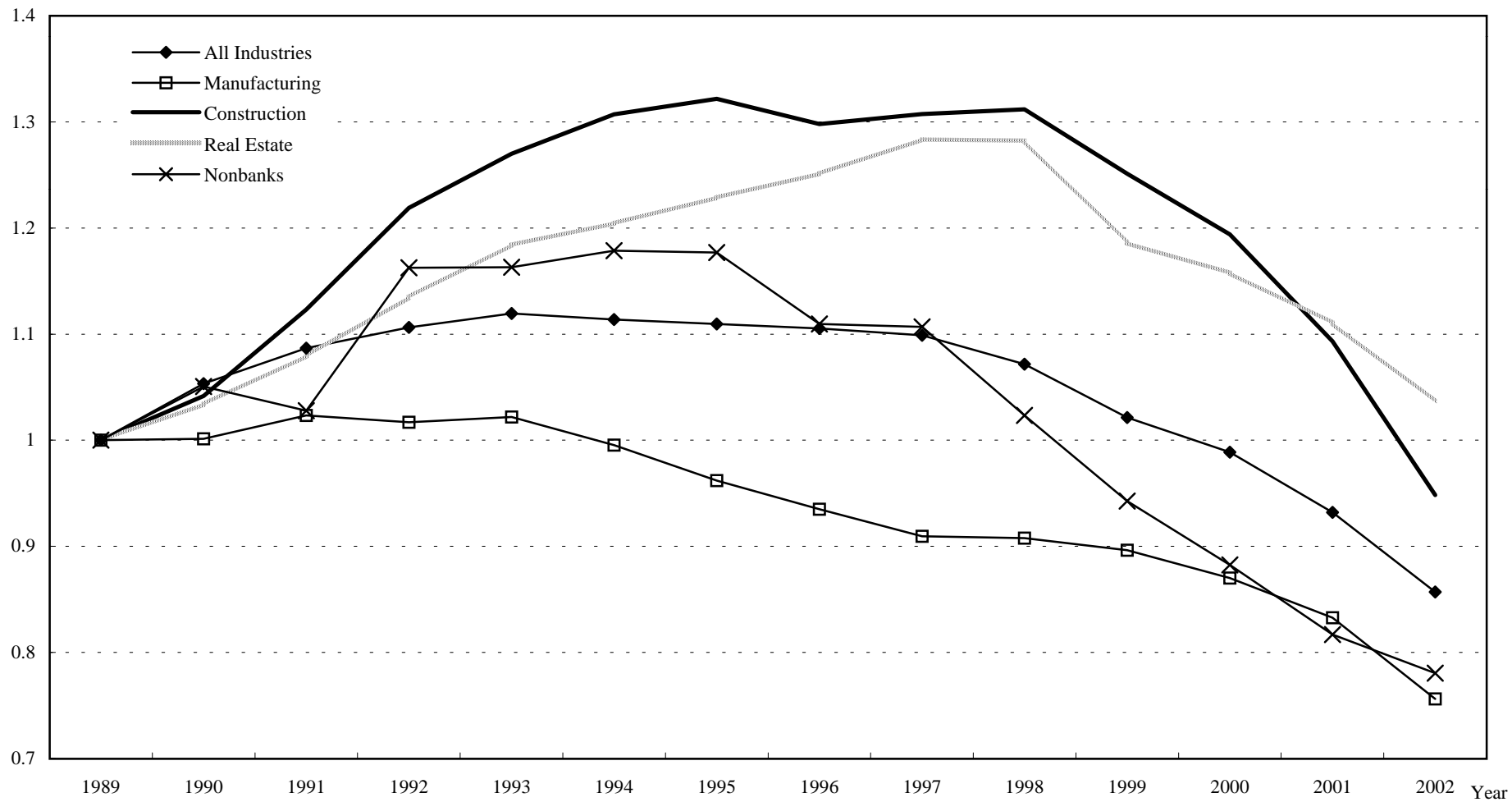
Notes: 1. Amount outstanding of land holding by each industry/total assets of the industry as of March 1990.

2. Risk management loans to each industry extended by major banks in Japan/total debts of the industry as of March 2000.

Sources: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Annually"; and figures released by major banks in Japan.

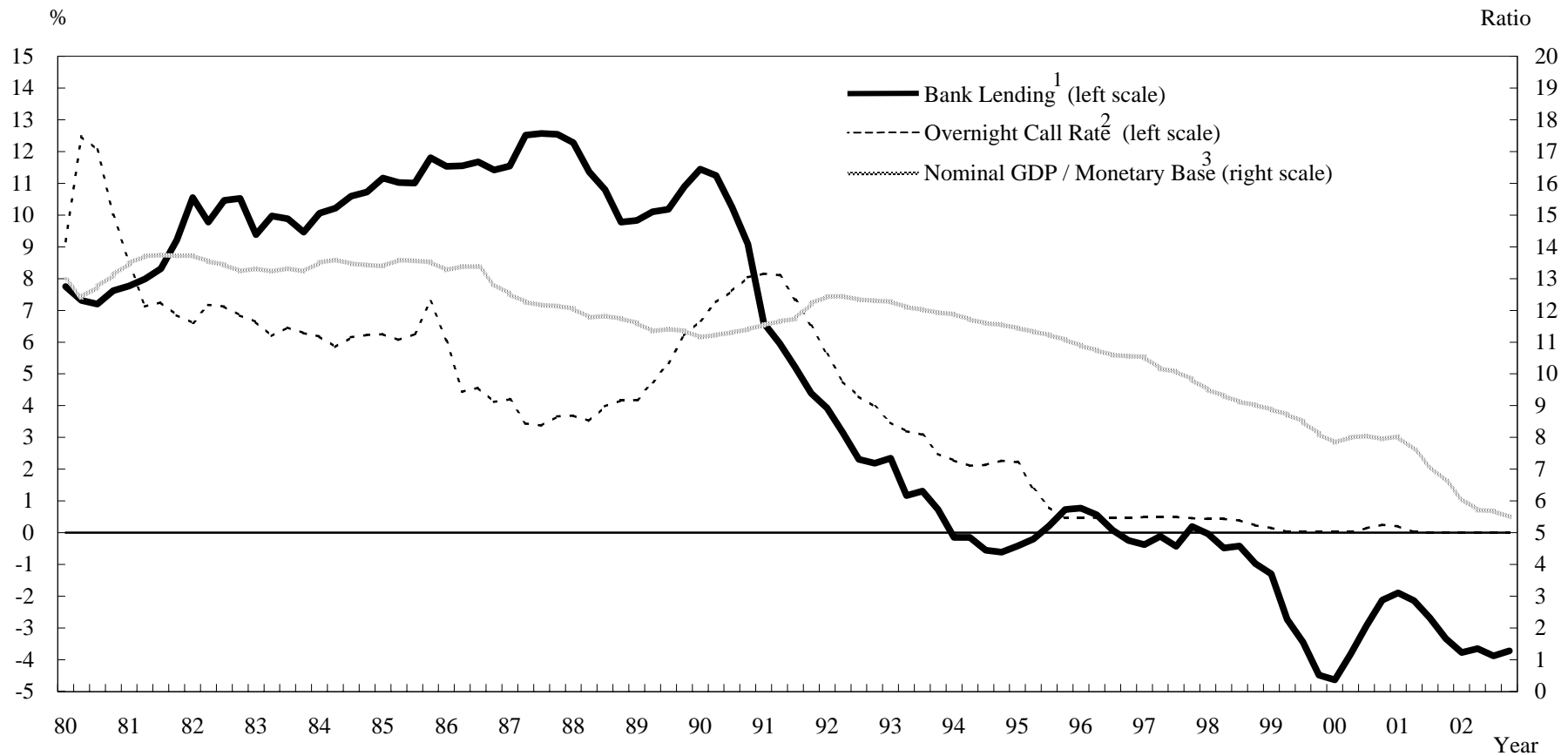
Figure 10 Bank Lending by Industry

Amount Outstanding, 1989=1



Source: Bank of Japan, "Bank Loan Statistics by Industry (Domestically Licensed Bank Base)".

Figure 11 Bank Lending, Overnight Call Rate, and Nominal GDP/Monetary Base



Notes: 1. Amount outstanding of lending extended by domestically licensed banks (year-on-year percentage change).

2. Quarterly average of the collateralized overnight call rate until the fourth quarter of 1986 and that of the uncollateralized call rate from the first quarter of 1987.

3. Both seasonally adjusted. The monetary base has been adjusted for the Y2K effect.

Sources: Bank of Japan, "Monetary Base"; and Cabinet Office, "National Account".