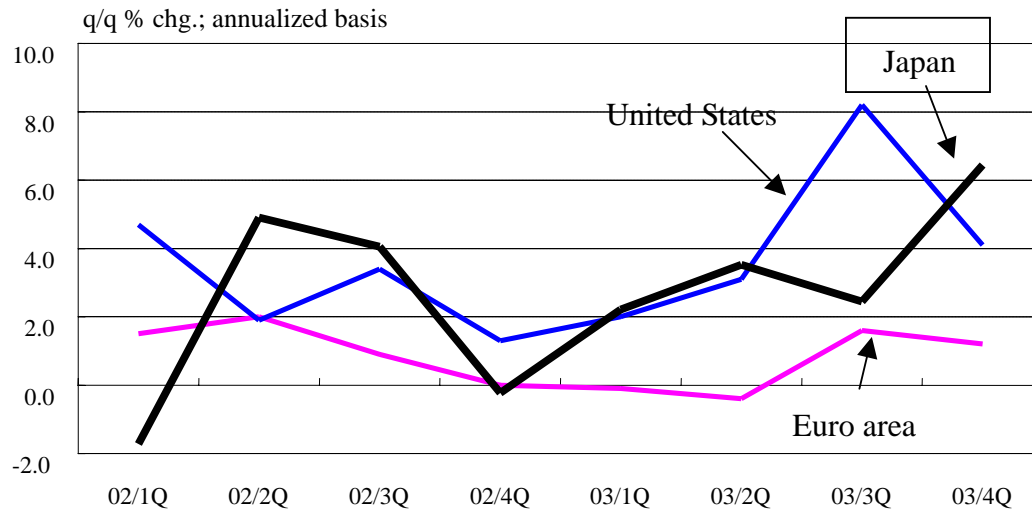
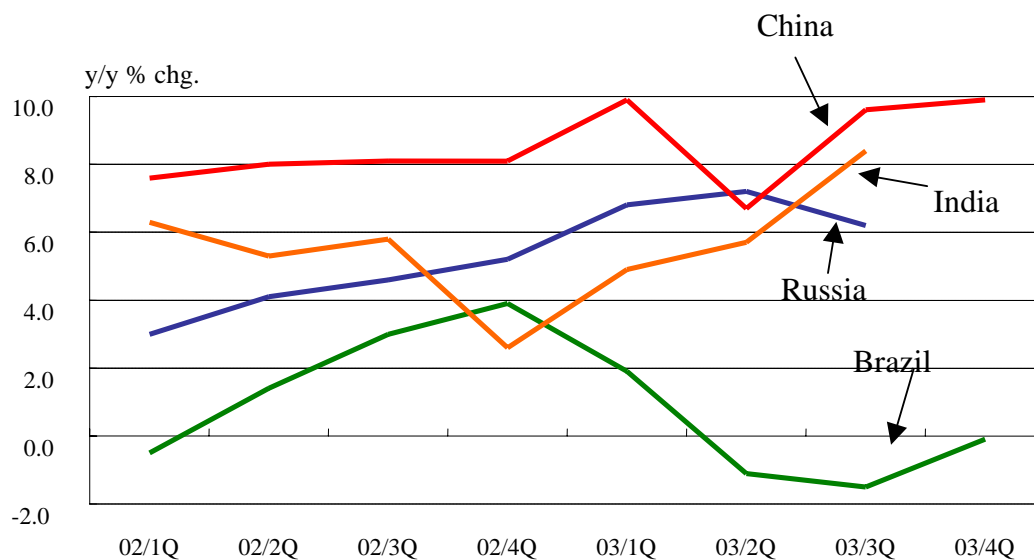


Real GDP Growth by Country/Region



BRIC Economies (Brazil, Russia, India, and China)



Note: According to projections by the Goldman Sachs Group Inc., total GDP of the BRIC economies (in U.S. dollars) will exceed that of the G-6 (United States, Japan, Germany, France, Italy, and Great Britain) in less than 40 years. All the BRIC economies are expected to rank in the top 6 GDP worldwide by 2050 (i.e., 1st China, 2nd United States, 3rd India, 4th Japan, 5th Brazil, 6th Russia).

GDP, Exports, and Imports by Country/Region (Share in World)

1. Gross Domestic Product (GDP)

%; world share

	United States	European Union	Japan	Asia (excluding Japan)	China	Total world GDP	G-7	BRICs
1990	21	22	9	12	6	100	48	18
1995	21	21	8	17	9	100	47	19
2003 (projection)	21	19	7	20	13	100	43	23
2004 (forecast)	21	19	7	21	13	100	43	24

Note: Purchasing power parity (PPP) was used in converting figures into U.S. dollar.

Source: International Monetary Fund (IMF), World Economic Outlook Database, September 2003.

2. Exports in Value

%

	United States	Germany	Japan	Asia (excluding Japan and South Korea)	Total world exports
1990	13	12	8	10	100
1995	13	10	8	15	100
2003 (projection)	12	9	5	17	100
2004 (forecast)	12	9	5	18	100

3. Imports in Value

%

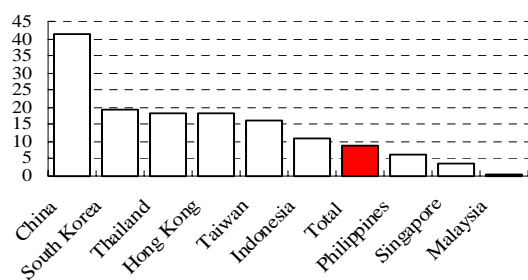
	United States	Germany	Japan	Asia (excluding Japan and South Korea)	Total world imports
1990	15	10	7	10	100
1995	15	10	7	16	100
2003 (projection)	17	8	5	16	100
2004 (forecast)	17	8	5	16	100

Source: Organization for Economic Co-operation and Development (OECD), Economic Outlook, December 2003.

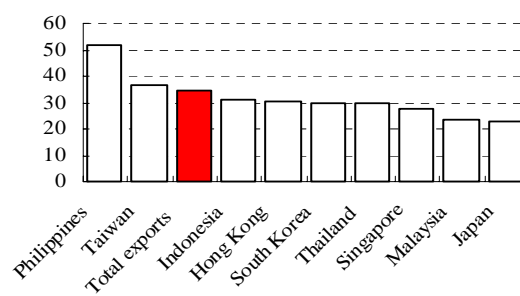
Asian Countries' Exports by Destination

Chart 3

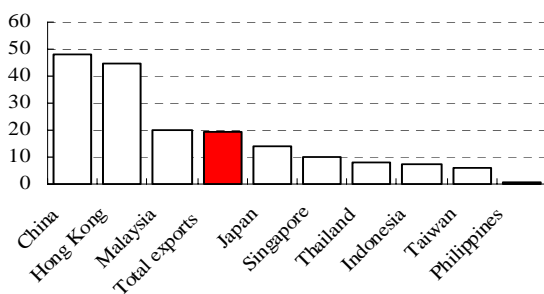
Japan



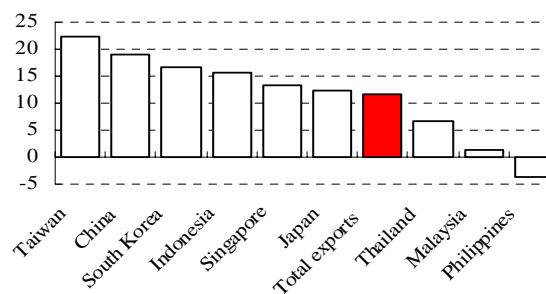
China



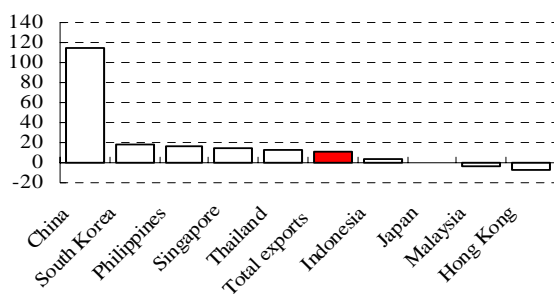
South Korea



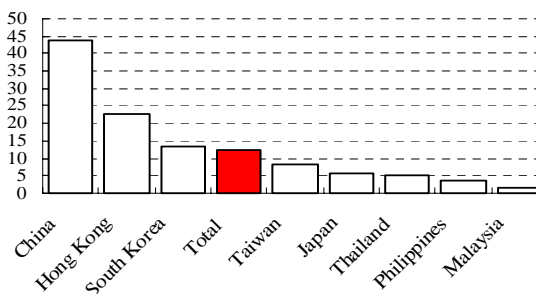
Hong Kong



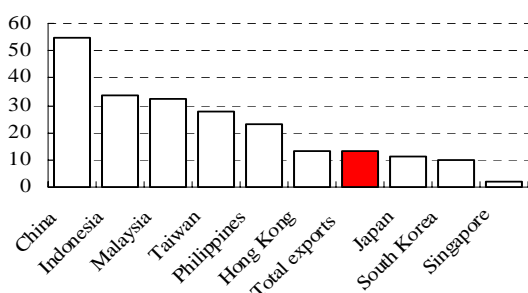
Taiwan



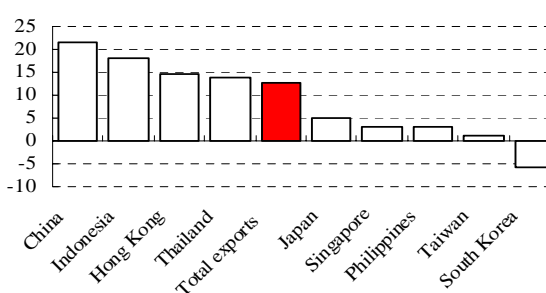
Singapore



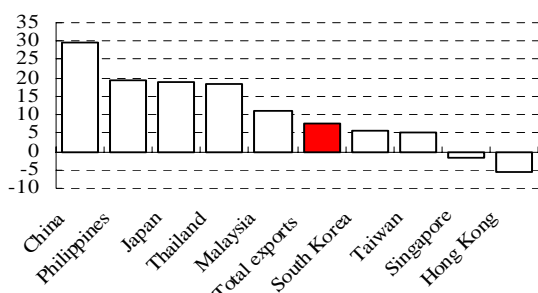
Thailand



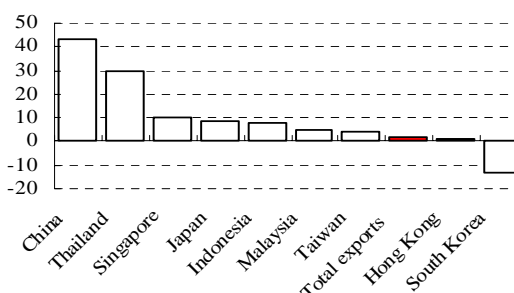
Malaysia



Indonesia

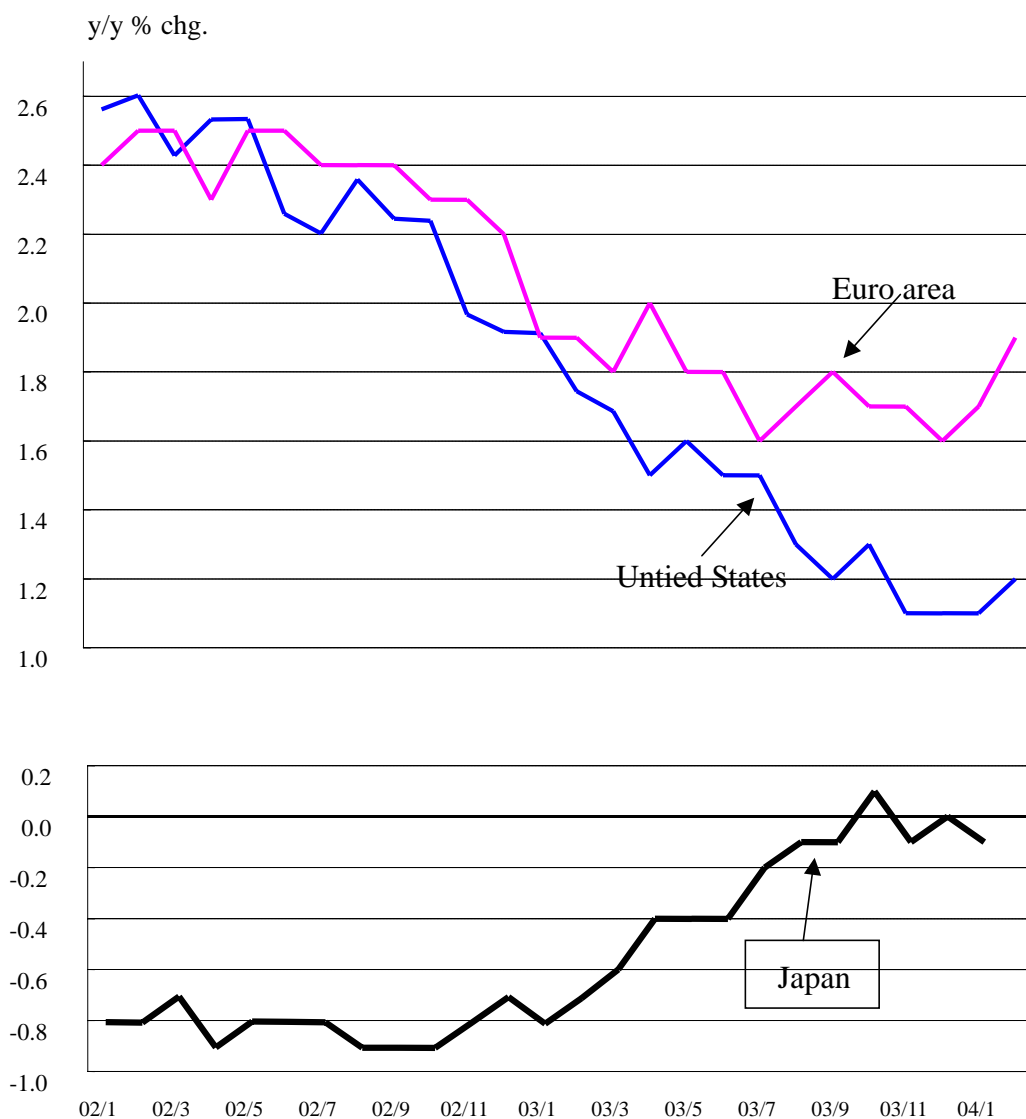


Philippines



Note: Figures are year-on-year growth rate in 2003; red bar graphs indicate growth of total exports.

Core Consumer Price Index in Euro Area, Japan, and the United States

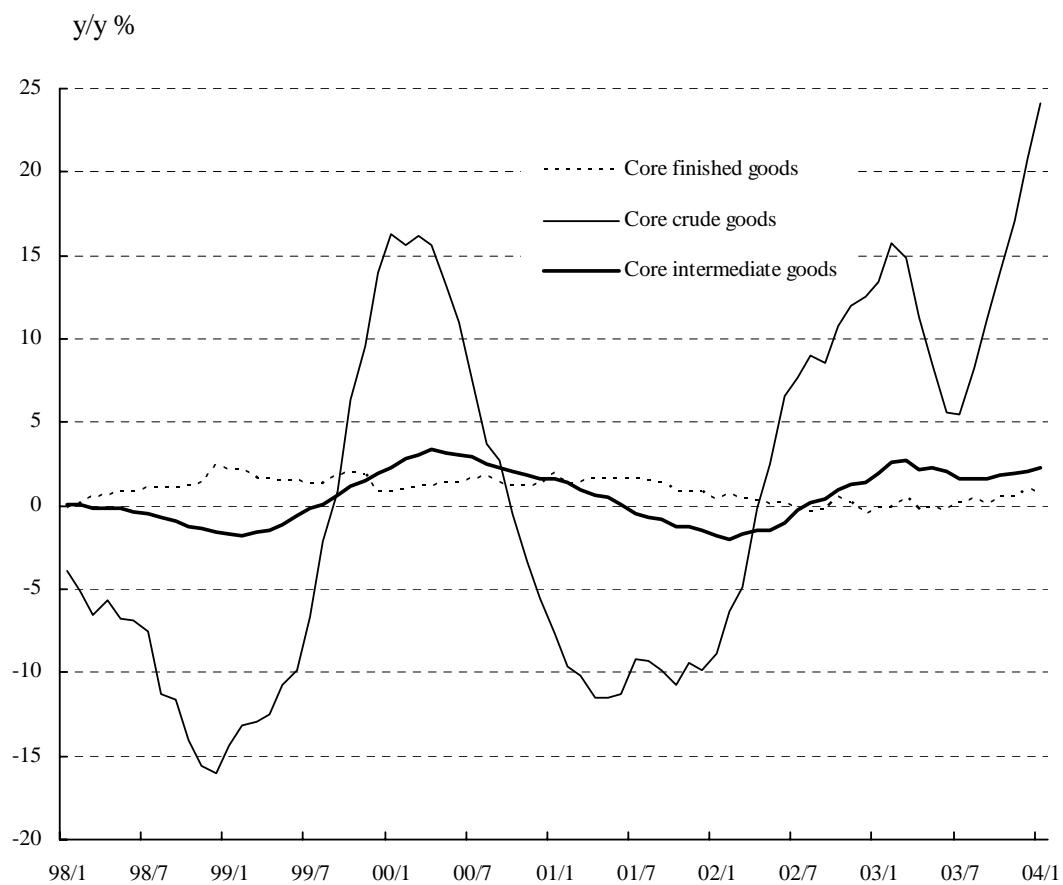


Note: Euro area: Harmonised Index of Consumer Prices (excluding food, electricity, gas and other fuels, alcoholic beverages, and tobacco).

United States: Consumer Price Index (excluding food and energy).

Japan: Consumer Price Index (excluding fresh food, on a nationwide basis).

Producer Price Index in the United States



Source: U.S. Department of Labor, Bureau of Labor Statistics.

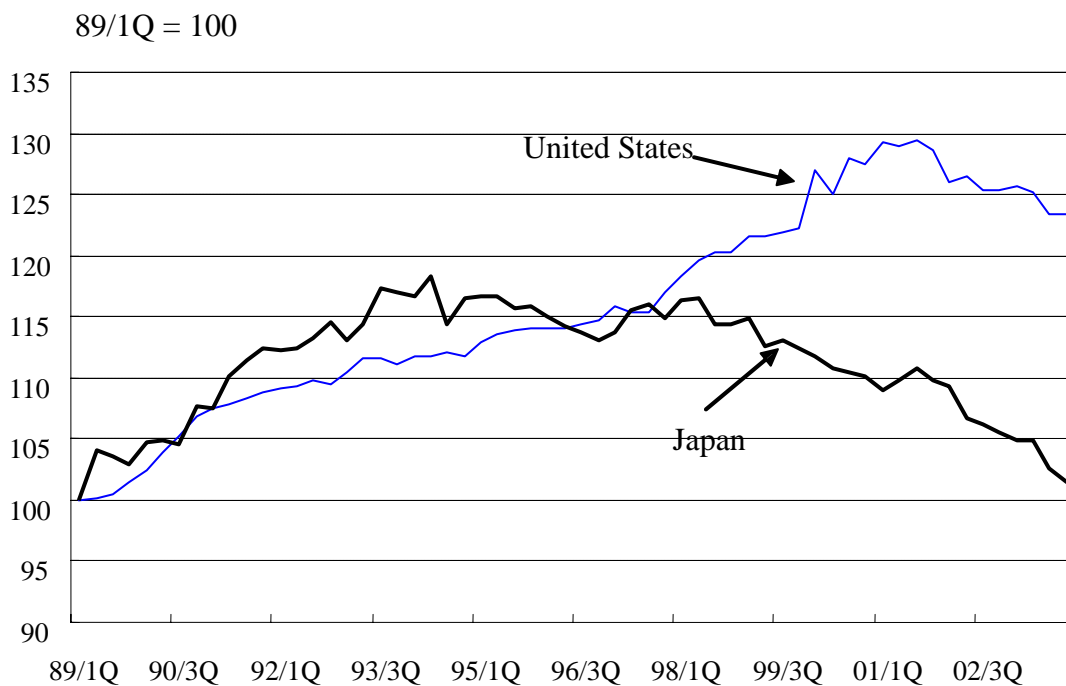
Unit Labor Cost by Country/Region

y/y % chg.

	Japan	United States	Euro area	OECD total
1982–1991 average	0.2	2.8	4.0	5.0
1992–2001 average	-0.9	1.8	1.2	2.9
2002	-3.1	-1.7	1.8	0.6
2003	-2.3	-0.6	1.9	1.0
2004 (forecast)	-1.1	0.3	0.7	0.7

Source: Organization for Economic Co-operation and Development (OECD), Economic Outlook, December 2003.

Unit Labor Cost in the United States and Japan



Note: United States; Unit Labor Cost = total labor compensation/real output.

Japan; Unit Labor Cost = nominal compensation of employees/real GDP.

Sources: U.S. Department of Labor, Bureau of Labor Statistics.

Cabinet Office, Economic and Social Research Institute.

International Commodity Prices (CRB Index)



Shipping Charges (Baltic Dry Index)

January 4, 1985 = 1,000



Note: The Baltic Dry Index (BDI) is an index of the cost of transporting dry cargo around the world, cargo such as coal, iron ore, grain, sugar, steel, fertilizer, timber, and cement. The index is issued daily by the London-based Baltic Exchange, the oldest international organization established to facilitate exchange of trade information. It is built up from specifically defined international bulk routes for the particular trades and ship sizes, and is compiled using market data collected from a number of major broking houses located across the globe.

Business Results

1. By Industry

y/y % change

	Sales	Current profits	Net profits
All industries (1601 firms)			
Fiscal 2002	1.2	72.0	n.a.
Fiscal 2003 (forecast)	1.1	21.1	78.4
Manufacturing industry (956 firms)			
Fiscal 2002	2.8	104.0	4,108.3
Fiscal 2003 (forecast)	2.3	25.1	66.4
Nonmanufacturing industry (645 firms)			
Fiscal 2002	-0.7	39.2	n.a.
Fiscal 2003 (forecast)	-0.2	15.0	103.8

Note: Figures are those of listed firms whose fiscal year ends in March. They exclude those of firms in the emerging markets or in finance, firms who recently changed their book-closing date, and subsidiaries whose parent firms are also listed. Nonconsolidated figures were used for firms with separate financial statements.

Source: Nihon Keizai Shimbun, Inc.

2. By Size

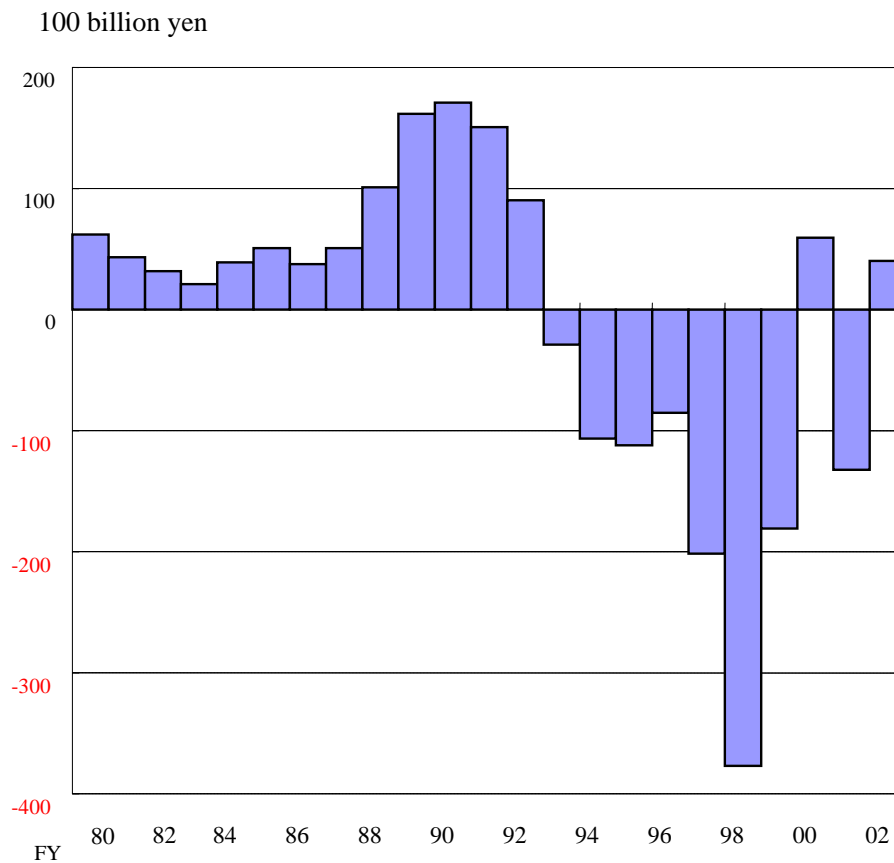
y/y % change

	Sales	Current profits
All firms (19,093 firms)		
Fiscal 2002	-0.9	9.8
Fiscal 2003 (April-December)	2.6	13.6
Large firms (5,313 firms)		
Fiscal 2002	-2.3	19.7
Fiscal 2003 (April-December)	1.0	10.2
Small firms (13,780 firms)		
Fiscal 2002	0.4	5.0
Fiscal 2003 (April-December)	3.7	18.2

Note: Figures are those for commercial firms, excluding firms in finance or in insurance, and were chosen randomly by the Ministry of Finance. The number of firms is as of the period of survey, between October and December 2003. Large firms refer to those with capital stock of 1 billion yen or more. Small and medium-sized firms refer to those with capital stock of 10 million yen or more and less than 1 billion yen.

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

Retained Earnings

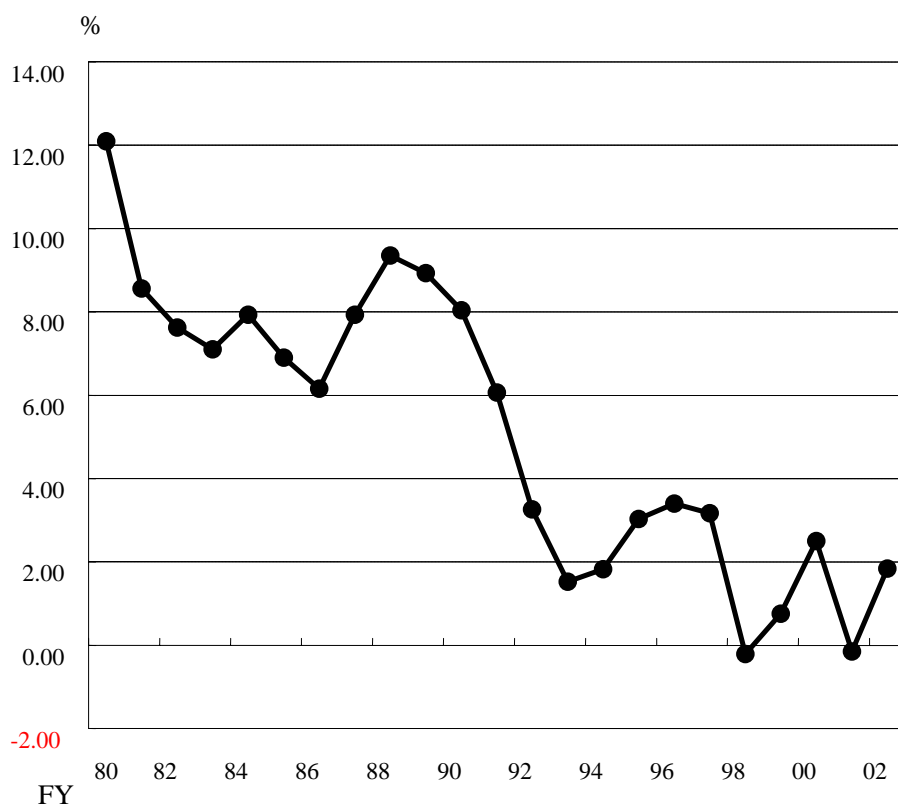


Note: Total of all firm sizes in all industries.

Capital = capital stock + capital reserve + retained reserve + voluntary reserve + retained earnings. "Impairment of capital" is when losses exceed the total of capital reserve, retained reserve, voluntary reserve, and retained earnings. "Excess of liabilities over assets" is when losses exceed the total capital.

Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Annually."

Return On Equity (ROE)

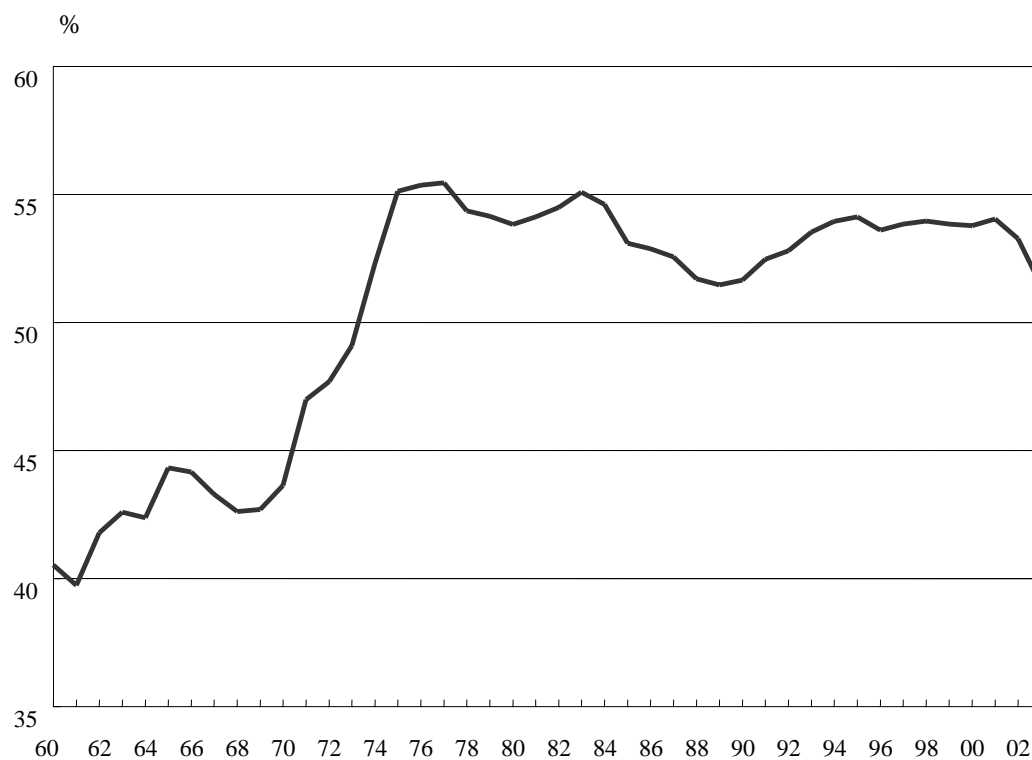


Note: Total of all firm sizes in all industries.

Return on equity (ROE) = net profits/capital

Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Annually."

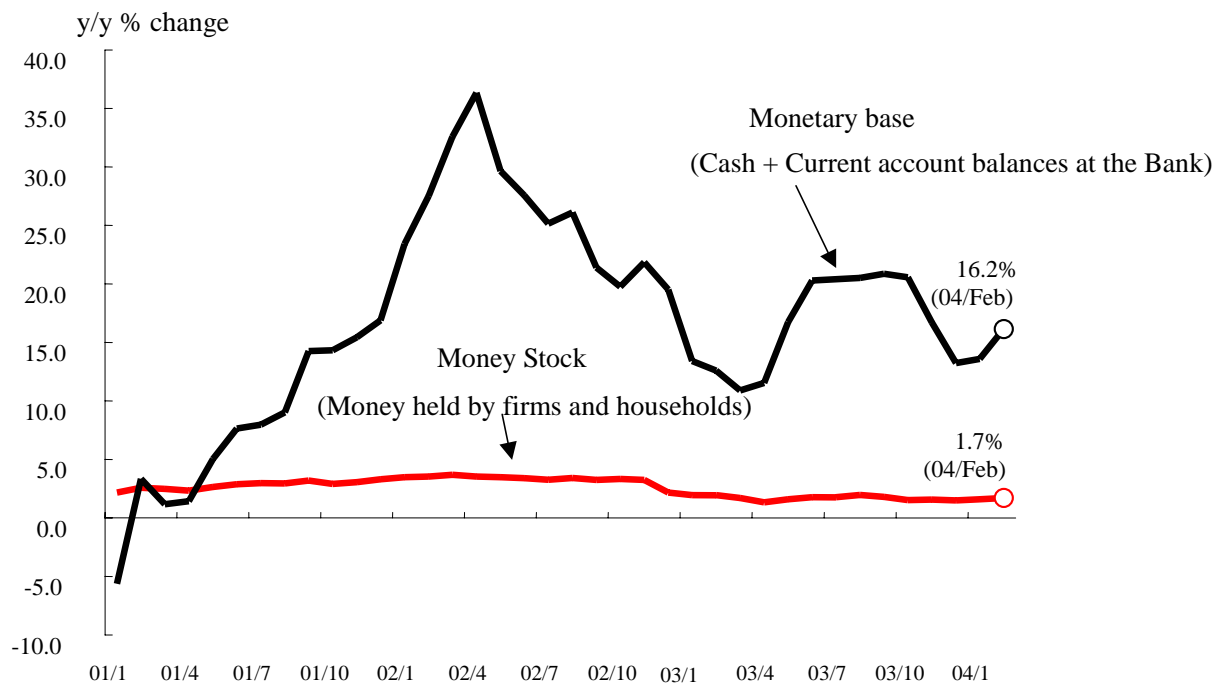
Labor's Share of Income



Note: Labor's share of income = nominal compensation of employees/nominal gross domestic expenditure

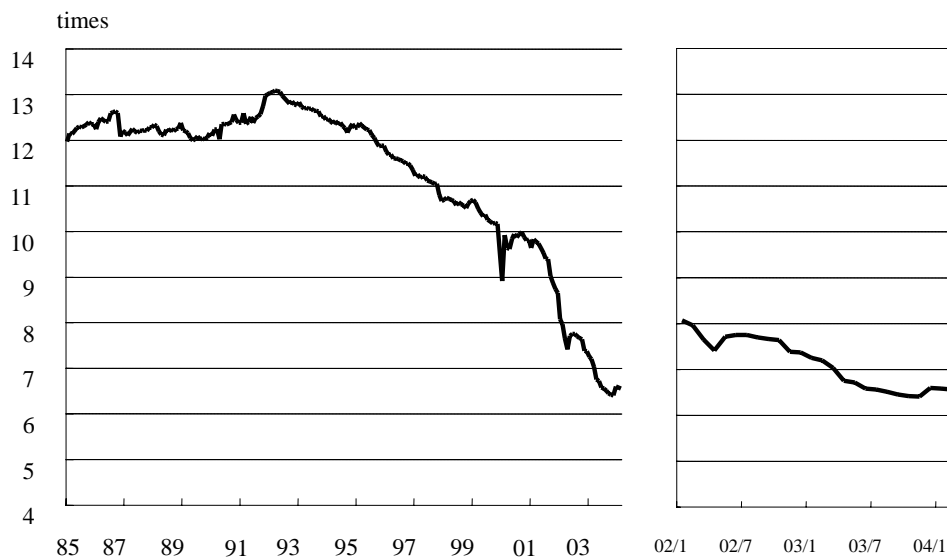
Source: *System of National Accounts* (SNA) (1979 and prior, 1968 SNA; and from 1980 onward, 1993 SNA.)

Monetary Base and Money Stock



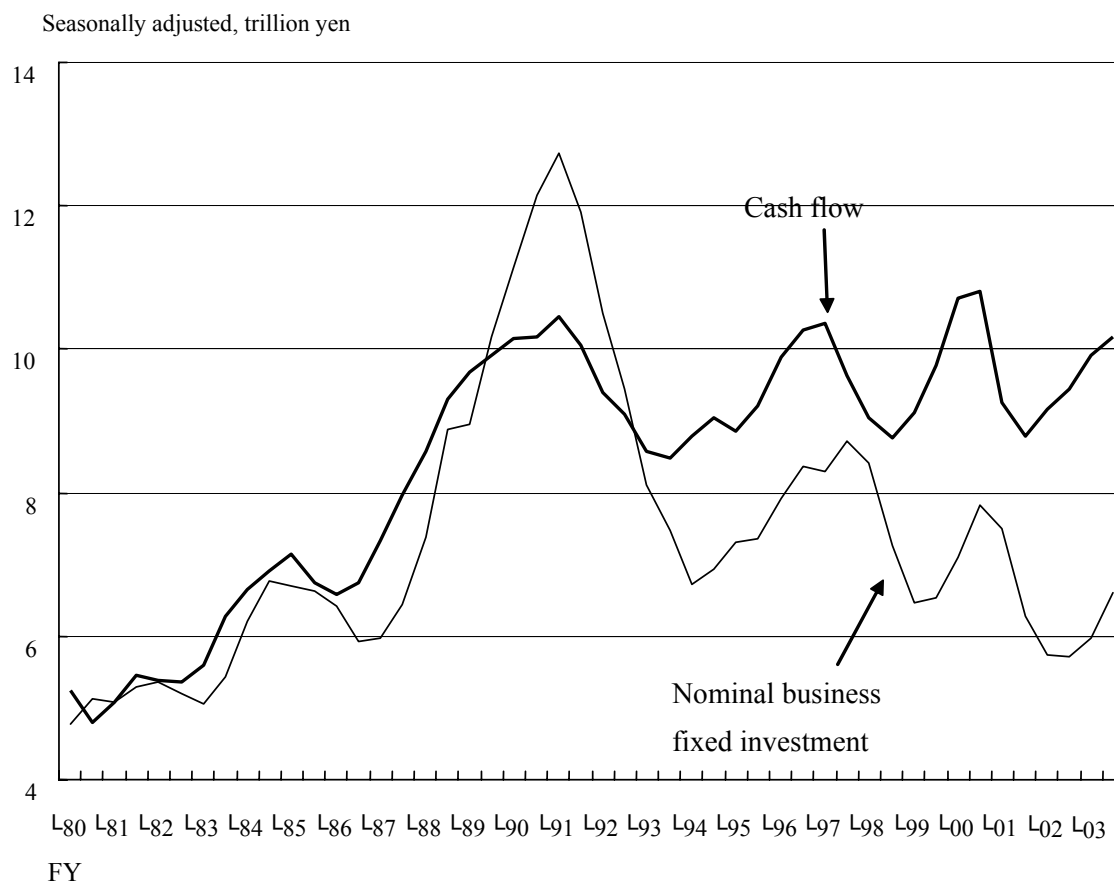
Source: Bank of Japan

Money Multiplier



Note: Money multiplier = $M_2 + \text{CDs} / \text{monetary base}$

Cash Flow and Business Fixed Investment of Manufacturing Firms

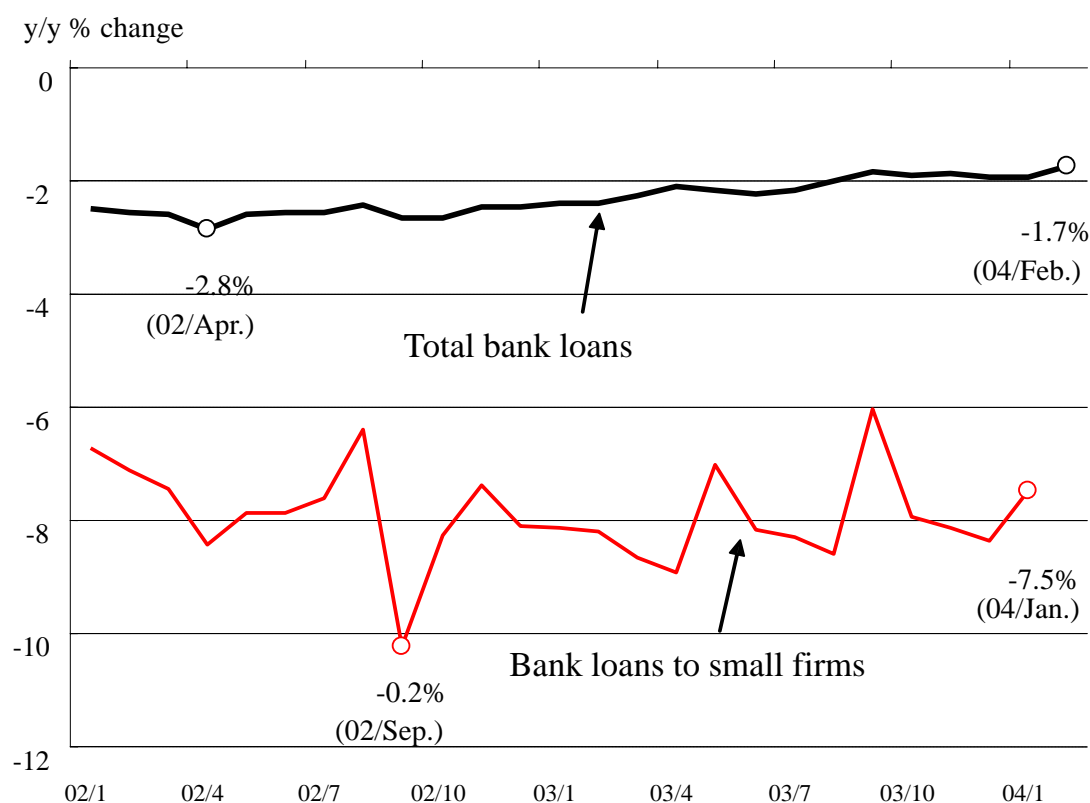


Note: Figures are adjusted for sample change, and seasonally adjusted by X-11.

Cash flow = current profits/2 + depreciation expenses.

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

Bank Loans



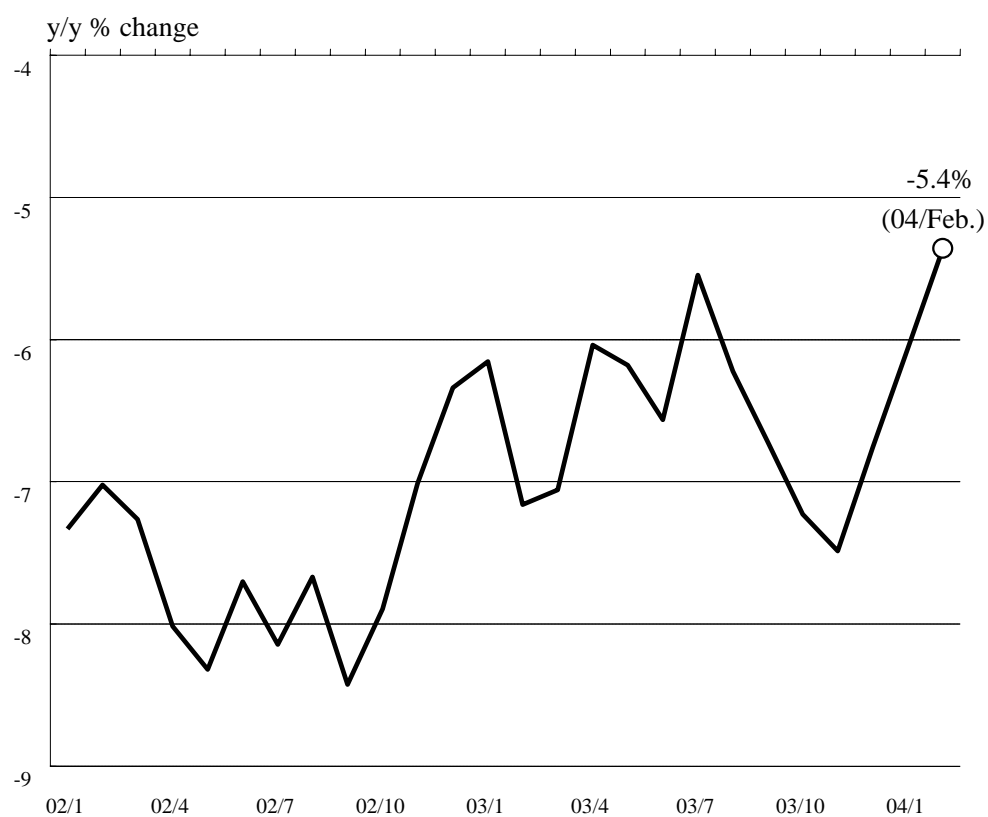
Note: Total bank loans is the total amount of loans made by city banks, long-term credit banks, trust banks, regional banks, and regional banks II. The figures are adjusted for special items, average amount outstanding. Special items refer to (a) fluctuations due to the liquidation of loans, (b) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates, (c) fluctuations due to loan write-offs, (d) the transfer of loans to the former Japan National Railways Settlement Corporation to the General Account, and (e) the transfer of loans to the former Housing Loan Administration Corporation to the Resolution and Collection Corporation.

“Bank loans to small firms” is the total amount of loans made by city banks, regional banks, and regional banks II to small firms, average amount outstanding.

Source: Bank of Japan, “Principal Figures of Financial Institutions.”

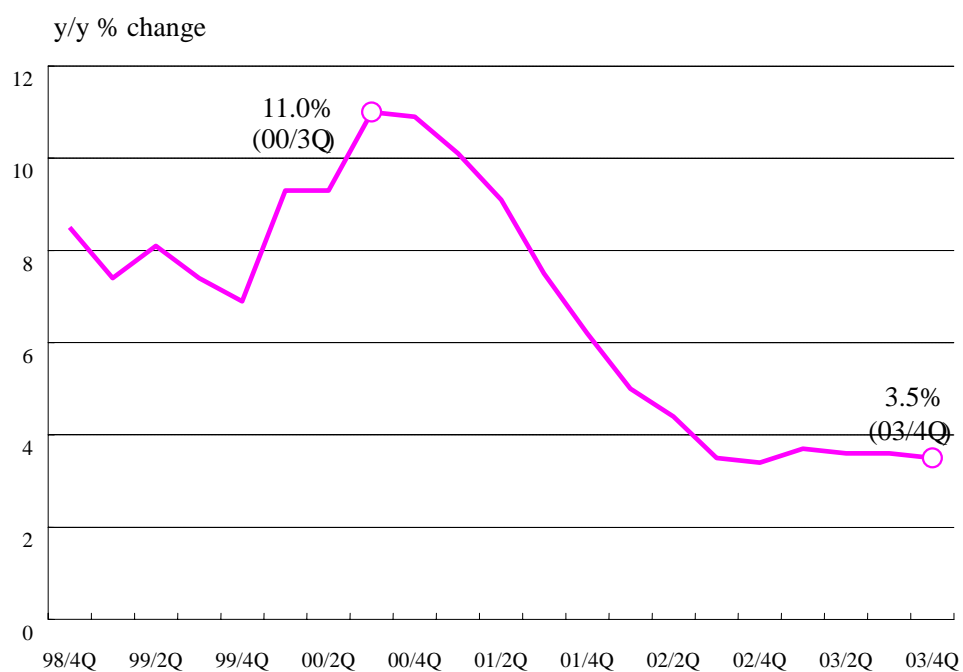
“Loans and Discounts Outstanding by Sector.”

Commercial and Industrial Loans in the United States



Source: Federal Reserve Board

Commercial Loans in the Euro Area



Source: European Central Bank

Quantitative Easing Policy

Date of Introduction	March 19, 2001
Aim	<p>(Excerpt from “New Procedures for Money Market Operations and Monetary Easing,” released on March 19, 2001.)</p> <p>“The Bank of Japan has decided to implement these policy measures with firm determination with a view to preventing prices from declining continuously as well as preparing a basis for sustainable economic growth.”</p>
Specifics	<p>The main operating target for money market operations is the outstanding balance of the current accounts at the Bank of Japan (the former target was the uncollateralized overnight call rate).</p> <p>The target balance of current accounts held at the Bank is currently “around 30 to 35 trillion yen” (raised from “around 27 to 32 trillion yen” in January 2004).</p>
Term	<p>The new procedures for money market operations will continue to be in place until the consumer price index (excluding perishables, on a nationwide statistics) registers <u>stably</u> a zero percent or an increase year on year.</p> <p>The Bank gave a more detailed description of the commitment to maintaining the quantitative easing policy in October 2003.</p> <ol style="list-style-type: none"> (1) The core CPI should register a zero percent or above, and such tendency should be confirmed over a few months. (2) Many Policy Board members need to make the forecasts that the core CPI will register above a zero percent during the forecasting period. (3) The above conditions are the necessary condition. There may be cases, however, that the Bank will judge it appropriate to continue with quantitative easing even if these two conditions are fulfilled.

Forecasts of the Majority of Policy Board Members (October 2003)

			y/y % change
	RealGDP	Domestic CGPI	CPI (excluding fresh food)
Fiscal 2003	+2.3 to +2.6 [+2.4]	-0.9 to -0.5 [-0.7]	-0.3 to -0.1 [-0.2]
Forecasts made in April 2003	+0.8 to +1.1 [+1.0]	-1.0 to -0.9 [-1.0]	-0.5 to -0.4 [-0.4]
Fiscal 2004	+2.3 to +2.6 [+2.5]	-0.8 to -0.4 [-0.6]	-0.5 to -0.2 [-0.3]

Note: Brackets indicate median of the forecasts.

The forecasts of Policy Board members are based on the assumption that there will be no change in monetary policy.

Forecasts of the majority of Policy Board members are shown as a range, with the highest and lowest figures excluded.

Amounts Outstanding in the Money Market

	Call market			Bond repo market	Financing bills market	Treasury bills market	Certificates of deposit ¹	Commercial paper market ²	Japan offshore market ³	Total
		Uncollateralized	Collateralized							
Recent amount outstanding (% change from the end of 1998)	- 42%	- 76%	+42%	+23%	2.3 times	2.6 times	- 20%	n.a.	- 53%	n.a.
Recent amount outstanding (% change from the end of 2001)	+14%	- 18%	+36%	2.4 times	+75%	+28%	- 30%	- 4%	- 19%	+18%
Recent amount outstanding ⁴ (hundred million yen)	196,438	56,929	139,509	142,115	745,177	399,179	314,256	159,441	396,405	2,353,011
(share)	(8%)	(2%)	(6%)	(6%)	(32%)	(17%)	(13%)	(7%)	(17%)	(100%)

Notes: 1. Figures under “Certificates of deposit” refer to those issued by banks that hold current accounts at the Bank of Japan, and are booked on a domestic account.

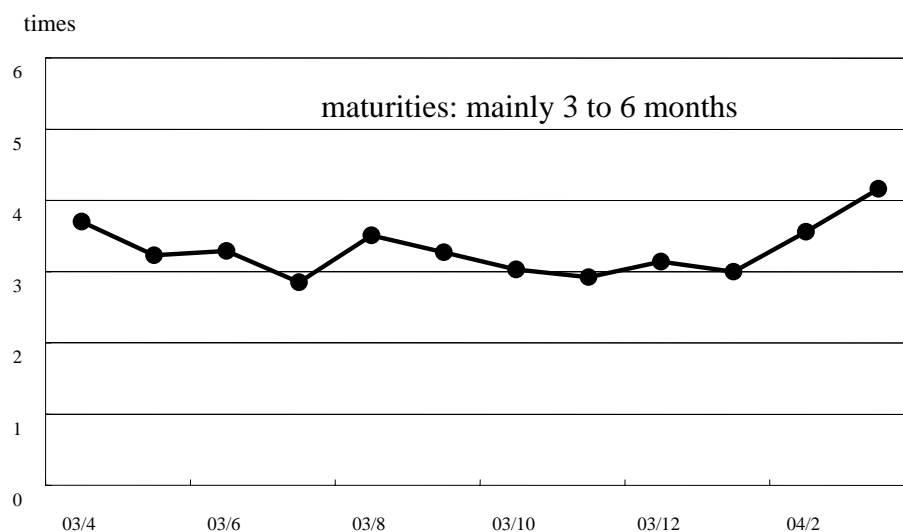
2. Figures under “Commercial paper market” refer to the total amounts outstanding of CP (including ABCP) underwritten/issued by banks.

3. Figures under “Japan offshore market” refer to total amount of yen-denominated and foreign currency-denominated assets.

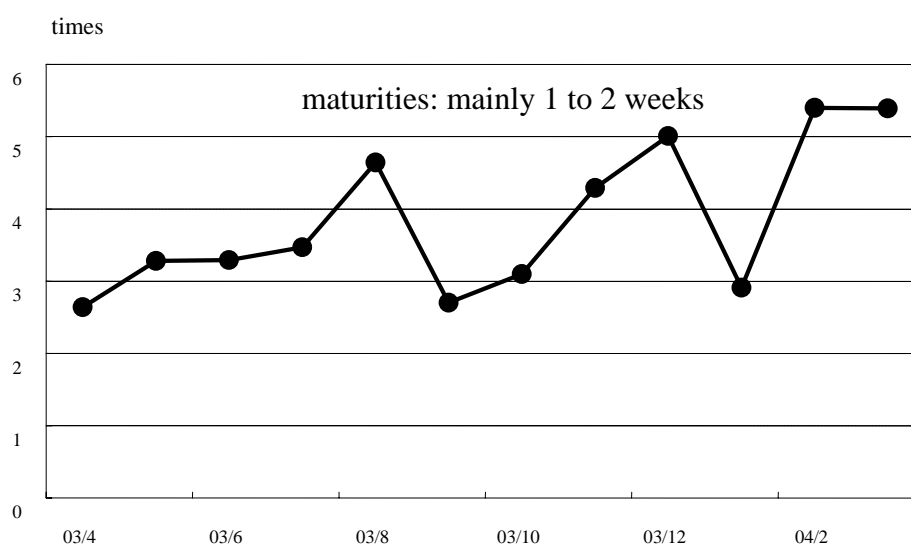
4. Figures under “Bond repo market,” “Certificates of deposit,” and “Japan offshore market” are those at the end of January 2004. All other figures are those at the end of February 2004.

Source: Bank of Japan, *Financial and Economic Statistics Monthly*

Bid-to-Cover Ratio in the Bank's Bill Purchasing Operations (Funds-Supplying Operations)



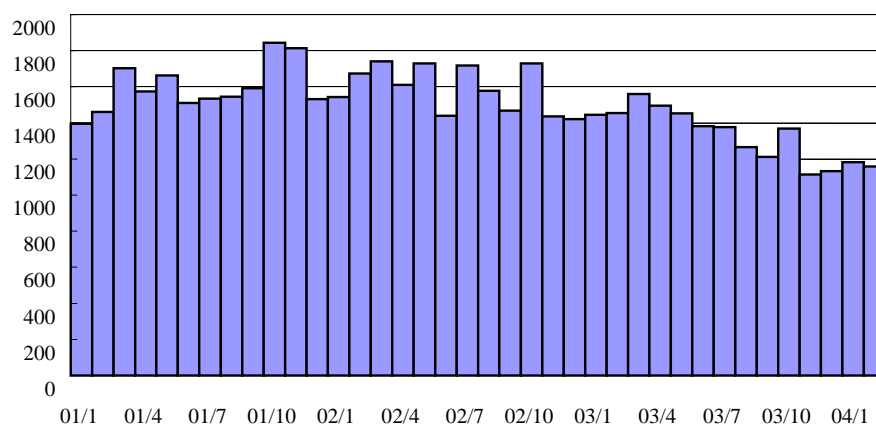
Bid-to-Cover Ratio in the Bank's Bill Selling Operations (Funds-Absorbing Operations)



Note: Bid-to-cover ratios were calculated using the total amount the Bank offered, and the total amount of bids for each month.

Source: Bank of Japan

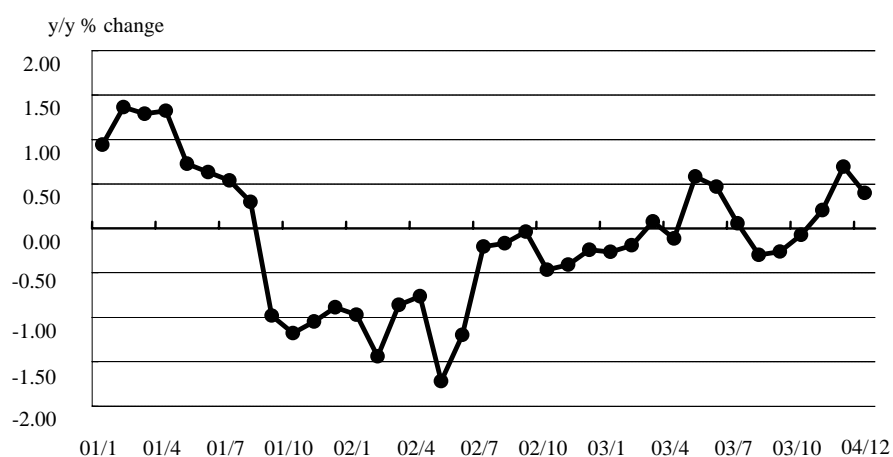
Corporate Bankruptcies



Note: Figures include those for firms with liabilities of 10 million yen or more.

Source: Tokyo Shoko Research, Ltd.

Number of Employees



Source: Ministry of Public Management, Home Affairs,

Posts and Telecommunications, Labor Force Survey

Nikkei 225 Stock Average



Key Business Areas for Banks

		To large firms	To households, small and medium-sized firms
Corporate Finance	Commercial banking		
	Domestic business	n.a.	↑
	International business	↑	↑
	Investment banking		
	Project finance, PFI, venture capital	↑	n.a.
	Arrangement of syndicated loans	↑	n.a.
	Brokerage of mergers and acquisitions (including revitalization of firms/industries)	↑	↑
	Underwriting business (corporate bonds, private offering bonds, CPs, and stocks)	↑	↑
	Securitization of assets (market-based financing)	↑	↑
	Trading business		
	Derivative transactions (CDS, interest rate swaps, currency swaps) Trading transactions (stocks, domestic and external bonds, loans)	↑	n.a.
	Fee businesses		
	Cash management services, remittance, currency exchange, ATM, custody	↑	↑

Future Corporate Strategic Targets

I. Involvement with Growing Regions and Industries

A. Growing Regions

Prominent regions for exports of heavy/high-tech industry products: China, other East Asian economies, Russia, India, and Brazil.

B. Growing Industries

1. The government's four priority areas: IT¹, biotechnology, environment, and nanotechnology
2. Industries expected to grow as a result of regulatory reforms
 - a. Distribution: better products for cheaper prices
 - b. Mind: brands, services, information, education, religion, spiritual world
 - c. Body: health, medical services, nursing, beauty, biotechnology
 - d. Nature: tourism, environment, food, agriculture
3. Insourcing of businesses as a complement to outsourcing

II. BPR (Business Process Engineering)²

- A. Complete restructuring of operations
- B. Full use of IT
- C. Cost structure reforms

III. Globalization

- A. Importation of high-quality, low-cost resources³ from overseas making use of IT:
Cost structure reforms
 1. Globalization of resource procurement
 2. Shifting of production to overseas sites
 3. Overseas outsourcing of banks' call centers, software development, analysts, and designing using CAD/CAM software
- B. Expansion of sales markets to growing regions⁴

¹ Includes ubiquitous computing and digitalization.

² Rationalization of operations.

³ Materials, land, and labor.

⁴ China, other East Asian economies, Russia, India, and Brazil.