

**Table1****Stock portfolios and capital in the banking sector**

(\1 trillion )

	Market value of shares <b>A</b>	Book value of shares <b>B</b>	Capital account <b>C</b>	Capital account+45% of Unrealized profits <b>C+(A-B)×0.45</b>	Nikkei Stock Price Index
Mar-86	46.90	11.90	12.30	28.05	15860
Mar-87	63.70	13.40	13.80	36.44	21567
Mar-88	77.60	17.60	17.20	44.20	26260
Mar-89	97.10	23.20	22.50	55.76	32839
Mar-90	88.60	29.70	28.60	55.11	29980
Mar-91	77.70	33.10	30.20	50.27	26292
Mar-92	56.40	34.50	31.30	41.16	19346
Mar-93	56.40	34.50	31.80	41.66	18591
Mar-94	61.90	36.50	32.30	43.73	19112
Mar-95	52.00	39.80	32.30	37.79	15140
Mar-96	64.30	43.00	27.90	37.49	21407
Mar-97	54.10	42.90	28.50	33.54	18003
Mar-98	50.81	45.65	24.50	26.82	16527

Source of data: Federation of Bankers Associations of Japan,"Analysis of Bank Financial Statements," various issues; securities reports for individual banks.Note that both market and book values represent listed shares only.

Note: Tables represent amounts on the banking accounts of all banks in Japan.

The market value of stock portfolios was not published prior to March 1990, so we have estimated backwards using the Niikkei 225 share price index and tables somewhat from the end of March 1991. However, the tables

for 1985-1986 should be discounted, because bank stock portfolios have been gradually increasing, so that values estimated from the end of fiscal 1990 will have an upwards bias the father back one goes.

**Table2****Lending shares by size of company**

Banking accounts of all banks	1980	1985	1990	1994
Large companies	33.30	30.00	21.70	23.00
Medium companies	27.00	25.24	12.50	11.90
Small companies	39.70	44.74	65.80	65.10
Total	100.00	99.98	100.00	100.00

Note: Tables indicate the year-end balance on the banking accounts of domestic branch offices. Tables for the end of 1994 include current account overdrafts. Large companies are defined as having capitalization of more than \ 1.0 billion, small as having less than 100 million yen, and medium as everything in between.

Table3

## Balance sheet structures (ratios to total asset shown as percents)

## Large manufacturing companies

Assets	1980	84	89	94	Liabilities and capital	1980	84	89	94
Assets	100.0	100.0	100.0	100.0	Liabilities	77.9	71.9	62.7	59.7
Deposits	10.7	11.5	15.8	10.8	Liquid liabilities	55.3	52.3	40.9	36.8
Short-term securities	4.8	5.4	5.2	6.1	Bills payable etc.	22.1	21.1	17.1	14.4
Of which stocks	1.1	1.4	2.7	3.0	Short-term borrowings	17.7	16.6	10.4	10.3
Of which bonds	3.6	3.7	1.7	1.9	Liquid reserves	2.5	1.2	0.9	0.9
Of which other	0.1	0.3	0.7	1.3	Other	12.9	13.5	12.4	11.2
Investment securities	6.6	7.5	10.1	13.0	Fixed liabilities	21.7	19.7	21.8	22.9
Of which stocks	5.6	6.3	8.8	11.9	Long-term borrowings	14.2	10.2	5.4	7.8
Of which bonds	1.3	1.4	1.1	1.7	Bonds	3.1	4.8	11.5	10.3
Of which other	0.2	0.3	0.6	0.2	Fixed reserves	3.8	3.9	3.8	3.8
Bills receivable etc.	23.6	24.0	23.3	20.5	Other	0.6	0.7	1.1	1.0
Other financial assets	8.9	8.8	8.5	8.7	Special reserves	0.9	0.0	0.0	0.0
Intangible fixed assets	0.2	0.2	0.2	0.2					
Deferred assets	0.1	0.1	0.1	0.1	Capital	22.1	28.1	37.3	40.3
Inventory assets	20.0	17.1	12.2	11.2	Stated capital	6.6	6.9	9.4	9.8
Tangible fixed assets	25.1	25.4	24.7	29.2	Capital reserves	3.6	5.8	9.2	9.3
Of which land	4.0	4.2	4.9	6.4	Profit reserves	0.9	1.0	1.0	1.2
Of which buildings etc.	21.1	21.2	19.8	22.8	Other Surpluses	10.9	14.4	17.7	19.9
Total asset(\ 1 trillion)	105	134	191	223	Total asset(\ 1 trillion)	105	134	191	223

**Table4****Interlocking share-holding ratios**

Unit: %

F Y	Overall market		Financial-institution stocks	
	Stable shareholder ratio	Interlocking share-holding ratio	Stable shareholder ratio	Interlocking share-holding ratio
1987	41.53	21.20	56.46	32.99
1988	41.64	20.72	56.01	32.38
1989	40.27	20.37	52.19	29.06
1990	41.07	21.19	54.88	31.41
1991	41.08	21.15	54.53	30.66
1992	41.30	21.14	55.16	30.14
1993	40.58	20.79	54.82	31.66
1994	40.51	20.82	54.04	30.81
1995	39.03	20.61	51.10	30.40
1996	37.67	19.64	51.22	29.08
1997	35.69	18.18	48.21	26.51

F Y	Industrial companies			
	Stable shareholder ratio	Interlocking share-holding ratio	Bank share-holding ratio	Life insurance company share-holding ratio
1987	26.20	15.47	10.24	9.81
1988	26.07	15.47	10.16	9.82
1989	25.57	15.98	10.20	8.98
1990	26.15	16.39	10.49	9.12
1991	26.68	16.52	10.65	9.40
1992	26.78	16.51	10.70	9.52
1993	26.21	16.36	10.48	9.21
1994	26.19	16.54	10.43	9.09
1995	24.43	15.80	9.91	8.12
1996	23.97	15.80	10.05	7.68
1997	22.60	14.87	9.70	7.17

Source: NLI Research Institute, "Survey on Interlocking Share-holding Relationships (1997 FY Edition)," October 1998.

Note: Tables were estimated by NLI Research Institute from major shareholders and detailed securities statements in disclosure materials, and from data on major shareholders provided by the Toyo Keizai Shimposha Company.

"Financial institutions" are defined as banks(excluding trust banks and Daiwa Bank) and

life insurance companies.

"Industrial companies" are defined as domestic companies that are not financial institutions, casualty insurance companies, securities companies, or other financial companies.

"Interlocking share-holding ratio" refers to the percentage of shares for which it can be confined that two companies hold each other's shares.

"Stable shareholder ratio" refers to the percentage of shares held by banks and life insurance companies, plus the percentage of bank and life insurance company shares held by industrial companies plus interlocking shares.

Both ratios are evaluated at market values.

## Table 5

### Potential for selling shares for interlocking share-holding relationships: publicly-traded companies

	(Percent)
When the other company sells our shares, we might sell theirs.	68.4
We might sell regardless	18.3
We will not sell	13.3

Source: Fuji Research Institute[1993],p.125.

Note: Percentage of respondents choosing responses to the question

"Do you think you will sell shares you hold from interlocking share-holding relationships?"

Valid responses: 573 publicly-traded companies.

**Table6****Distribution of shares of listed companies**(Percent  
)

F Y	Financial institutions							Foreign ers	
	Central/lo cal governme nts	(excluding in vestment trusts,and pension funds)	City,long-term- credit and regional banks	Investme nt trusts	Pensio n funds	Securities companie s	Industria l companie s		Persona l investor s
1949	2.80	9.90				12.60	5.60	69.10	
1955	0.40	19.50		4.10		7.90	13.20	53.10	1.80
1960	0.20	23.10		7.50		3.70	17.80	46.30	1.40
1965	0.20	23.40		5.60		5.80	18.40	44.80	1.80
1970	0.30	30.90		1.40		1.20	23.10	39.90	3.20
1975	0.20	34.50		1.60		1.40	26.30	33.50	2.60
1980	0.20	36.90		1.50	0.40	1.70	26.00	29.20	4.00
1985	0.80	40.20		1.30	0.70	2.00	24.10	25.20	5.70
1990	0.60	40.70		3.60	0.90	1.70	25.20	23.10	4.20
1992	0.60	40.20	16.20	3.20	1.10	1.20	24.40	23.90	5.60
1994	0.70	39.30	15.90	2.60	1.60	1.10	23.80	23.50	7.40
1995	0.60	41.40	15.40	2.10	1.80	1.40	23.60	23.60	9.40
1996	0.50	41.30	15.10	2.00	2.30	1.10	23.80	23.60	9.80

Source: Tokyo Stock Exchange, *TSE Handbook*, 1996, P.76, p.124 as updated with the data the TSE's web site.

Note: Reported in unit-number terms after 1985."Personal investors" includes unincorporated organizations.

"Financial institutions"

includes pension funds prior to 1978.

**Table7****Corporate awareness of potential for main bank support in times of crisis**

	(Percent)				
	Total	First Section listed	Second Section listed	OTC registered	Non-public
Will obviously help.	49.40	63.00	52.90	39.40	41.90
May not help depending on our situation, but we hope they will.	39.15	30.10	37.40	50.50	42.90
We used to think they would but do not any more.	5.45	5.35	7.10	6.40	4.94
We have never expected them to.	6.00	1.56	2.60	3.70	10.24
<b>Total</b>	<b>100.00</b>	<b>100.01</b>	<b>100.00</b>	<b>100.00</b>	<b>99.98</b>

Source: Fuji Research Institute[1993],  
p.74

Note: Percentage of respondents choosing responses to the question, "Do you think your main bank will provide financial support and loans if you are in crisis?"  
Valid responses: First Section 315, Second Section 115, OTC 109, non-public 508, total 1088.  
(In the original, non-public companies were left out to give a total of 508 companies, but this differs greatly from the number of other responding companies, so we assume that the Tables above are correct.)

**Table8****How costs are paid to main banks**

(Percent)

	Total	First Section listed	Second Section listed	OTC registered	Non-public
Cooperation deposits	23.3	27.9	22.2	21.8	21
Concentration payments and employee transactions	16.7	21.3	15.8	13.6	14.9
Added to effective interest rates	6.3	8.8	4.4	1.8	6.4
Buying of bank shares	6.1	7.5	5.1	5.5	5.6
Borrowing more than needed	3.6	2.8	4.4	2.7	4.1
Payment of high bond underwriting fees	3.5	8.8	1.9	0.9	1.4
Acceptance of personal	2.9	5.6	3.8	0.9	1.4
Other	0.5	0.3	1.3	0	0.4

Source: Fuji Research Institute[1993], p.85

Note: Percentage of respondents choosing responses to the question, "If you pay costs for this, by what method(s) do you pay? Circle all appropriate."

Valid responses: First Section 319, Second Section 158, OTC 110, non-public

618,

total 1105.

**Table9****Reasons for changing main bank**

(percent)

	Total	First Section listed	Second Section listed	OTC registered	Non-public
Main bank unable to lend because of BIS rules.	34.6	37.5	29.00	31.10	35.30
Main bank's financial health deteriorates and rating declines to the point that it loses social credibility.	34	39.1	30.30	31.10	32.60
Main bank reduces or eliminates interlocking share-holding relationship	30.3	55.7	42.10	43.70	7.80
Ownership of trust or securities subsidiaries expands the gaps between banking groups in the services they are able to provide.	12.1	11.7	9.00	14.60	12.80
Internationalization of our business activities.	1.7	1.6	2.10	2.90	1.40
A banking subsidiary of a securities company enters the banking sector and develops into a new bank that is strong in securities services.	1.3	0.7	2.10	1.90	1.20
Other	2.6	1.3	0.70	1.00	4.30
No reason in particular.	41.2	31.6	42.8	35.9	47.8

Source: Fuji Research Institute[1993], p.89.

Note: Percentage of respondents choosing responses to the question, "What would be the biggest factor that might cause you to change your main bank? Circle up to three."

Valid responses: First Section 307, Second Section 145, OTC 103, non-public 485, Total 1040.

**Table1**  
**1**

**Outstanding balances held by stock  
investment trusts**

(\1trillion)

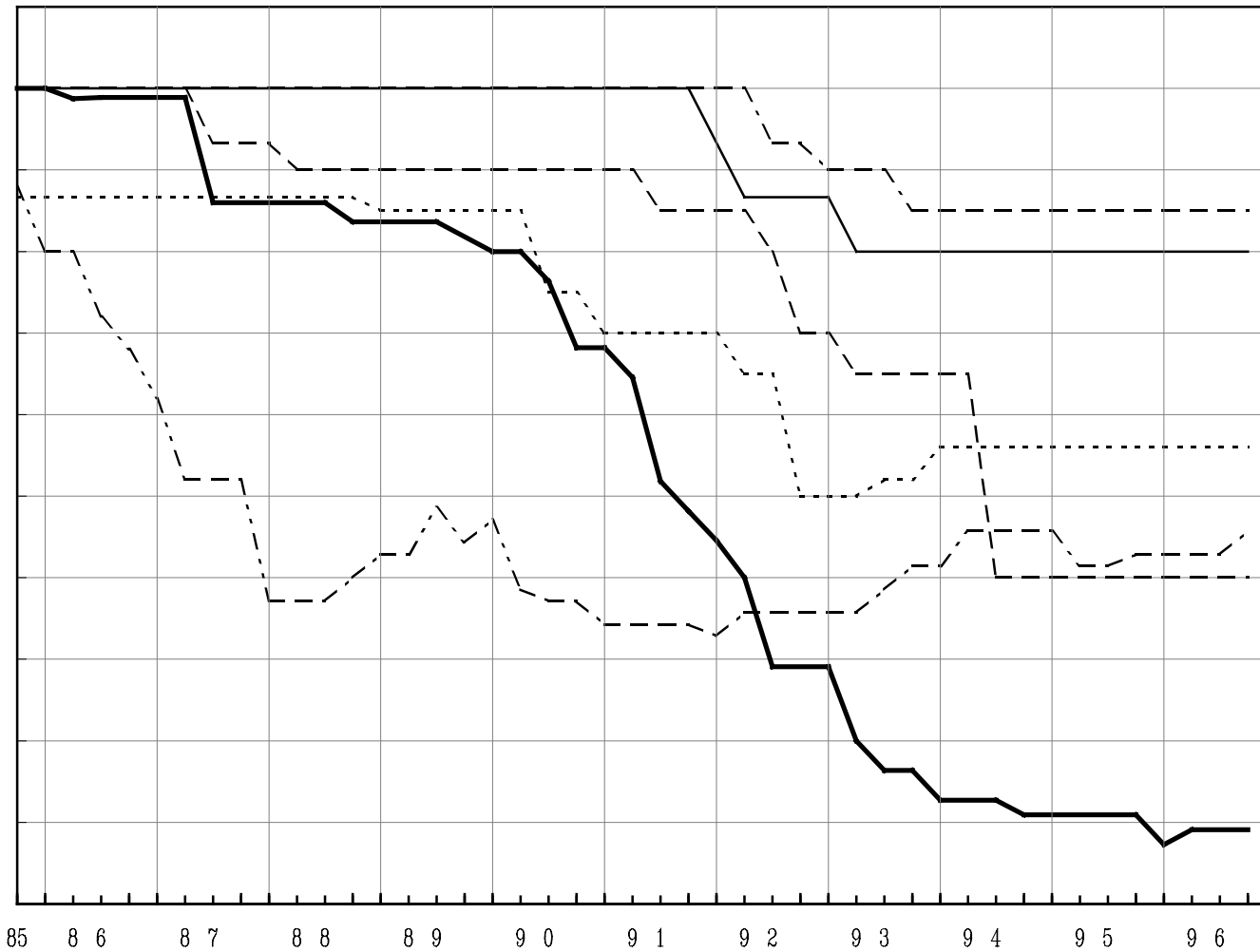
Year end	Unit	Open	Total
1986	16.79	2.32	19.11
1987	28.13	2.48	30.61
1988	35.41	3.85	39.26
1989	37.06	8.49	45.55
1990	25.95	9.12	35.07
1991	18.89	9.68	28.57
1992	12.07	9.03	21.10
1993	8.97	10.58	19.55
1994	6.29	11.16	17.45
1995	4.30	10.38	14.68
1996	2.51	10.37	12.88
1997	1.22	8.76	9.98

Source of data: Tokyo Stock Exchange, *TSE Handbook*, 1996.

Note: Year-end balances.

**Figure 1**

**Ratings on Financial Institutions**



Notes: 1. Figures calculated as non-weighted averages of following major financial institutions (based on Moody's investors service).  
Japan•Sanwa Bank,Ltd•Dai-ichi Kangyo Bank,Ltd• Fuji Bank,Ltd• Sumitomo Bank,Ltd• Sakura Bank,Limited• Bank ofTokyo-Mitsubishi Bank,Ltd•

Tokai Bank, Ltd• Industrial Bank of Japan Ltd• Long-Term Credit Bk. of Japan Ltd• Mitsubishi Trust & Banking Corp• Norinchukin Bank  
•••U.S. •Citibank, N.A. • Bank of America NT and SA • Chemical Bank • Nations Bank N.A.(Carolinas) • Morgan Gty.Trust Co.of NY • Bankers Trust Company • Bank One, Columbus  
N.A.  
•••Germany •Deutsche Bank AG • Dresdner Bank AG • Westdeutsche Landesbank GZ • Commerzbank A.G.  
•••U.K. •Midland Bank plc • National Westminster Bank plc • Barclays Bank plc • Abbey national plc • Lloyds Bank plc  
•••France •Caisse Nat'l de Credit Agricole • Credit Lyonnais S.A. • Societe Generale • Banque Nationale de Paris  
•••Switzerland •Credit Suisse • Union Bank of Switzerland • Swiss Bank Corporation

2.Prior to 96/1Q, rating on Bank of Tokyo-Mitsubishi Bank, Ltd is the average rating of Bank of Tokyo, Ltd and Mitsubishi Bank, Ltd. Prior to 96/2Q,  
rating on Chemical Bank is the average rating of Chemical Bank and Chase Manhattan Bank N.A.