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The Bank of Japan is the central bank of Japan. It is a juridical person established based on the Bank of Japan Law (hereafter the Law), and is not a government agency or a private corporation (Table 1).

I. OBJECTIVES

The Law sets the Bank's objectives as follows:

Article 1 The objective of the Bank of Japan, as the central bank of Japan, is to issue banknotes and to carry out currency and monetary control.

2. In addition to what is prescribed by the preceding Paragraph, the Bank's objective is to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system.

And the Law stipulates the Bank's principle of currency and monetary control as follows:

Article 2 Currency and monetary control shall be aimed at, through the pursuit of price stability, contributing to the sound development of the national economy.

II. CAPITAL

The Bank is capitalized at 100 million yen in accordance with Article 8, Paragraph 1 of the Law. As of the

end of March 2007, 55,005,000 yen is subscribed by the government, and the rest by the private sector (Table 2).¹

The Law does not grant holders of subscription certificates the right to participate in the Bank's management, and, in the case of liquidation, only gives them the right to request distribution of remaining assets up to the sum of the paid-up capital and, if any, the special reserve (Article 60, Paragraph 2, and Supplementary Provision Article 22, Paragraph 2). Dividend payments on paid-up capital are limited to 5 percent or below in each fiscal period.²

III. BANK EXECUTIVES

Bank executives are members of the Policy Board (including the Governor and Deputy Governors), Executive Auditors, Executive Directors, and Counsellors.³ Of the above executives, the Governor, the two Deputy Governors, and six other members of the Policy Board make up the Policy Board.⁴

The Governor, the Deputy Governors, and other members of the Policy Board are appointed by the Cabinet, subject to the consent of the House of Representatives and the House of Councillors. Executive Auditors are appointed by the Cabinet. Executive Directors and Counsellors are appointed by the Minister of Finance on the recommendation of the Board.⁵

1. Article 8, Paragraph 2 of the Law states as follows: "Of the amount of capital referred to in the preceding Paragraph, that part which is subscribed to by the government shall be no less than fifty-five million yen."

2. Stipulated by Article 53, Paragraph 4.

3. Stipulated by Article 21. The number of executive posts given to the Governor, Deputy Governors, other members of the Policy Board, Executive Auditors, Executive Directors, and Counsellors are one, two, six, three or less, six or less, and a few, respectively.

4. Stipulated by Article 16, Paragraph 2.

5. Stipulated by Article 23.

The term of office is five years for the Governor, Deputy Governors, and other members of the Policy Board, four years for Executive Auditors and Executive Directors, and two years for Counsellors.⁶ Bank executives, excluding Executive Directors, are not dismissed against their will during their term of office except in the situations prescribed in the Law, such as where they receive a ruling of commencement of bankruptcy proceedings.⁷

For duties and rights of Bank executives, see Table 3.⁸

IV. ORGANIZATION

A. The Policy Board

The Policy Board is established as the Bank's highest decision-making body.⁹

The Board determines the guideline for currency and monetary control, sets the basic principles for carrying out the Bank's operations, and oversees the fulfillment of the duties of Bank executives, excluding Executive Auditors and Counsellors.¹⁰

B. The Management and Compliance Committees

The Management Committee and the Compliance Committee were established in accordance with the Organizational Rules of the Bank of Japan decided by the Policy Board.

The members of the Management Committee comprise the Deputy Governors and all Executive Directors. This committee examines and manages at the Bank-wide level issues related to the planning and implementation of the basic principles of the Bank's operations as well as those related to the appropriate functioning of the organization as a whole, thereby supporting the Governor's execution of the Bank's business.

The members of the Compliance Committee comprise the Deputy Governors, the Executive Director in charge of personnel and corporate affairs, the Director-General of the Internal Auditors' Office, and one or more legal experts from outside the Bank. This committee is responsible for ensuring that the executives and staff perform their duties fairly and in compliance with the relevant laws and regulations.

C. Staff

The number of full-time employees at the Bank as of the end of March 2007 was 4,912: 2,730 at the Head Office; 2,108 at the branches; 50 at the local offices; and 24 at the overseas representative offices (Table 4).

The annual ceiling set on the number of full-time employees was 5,080 for fiscal 2007 (see "The Bank's Management Strategy: Framework and Progress" Section II on pages 18–29).

6. Stipulated by Article 24.

7. Stipulated by Article 25.

8. Duties and rights are stipulated by Article 16, Paragraph 2 and Article 22.

9. Stipulated by Article 14.

10. Stipulated by Article 15.

The ceiling on the number of employees included both full-time and part-time employees until fiscal 2006.¹¹ Starting from fiscal 2007, however, the Bank decided that the ceiling would apply only to the number of full-time employees; this reflected the facts that the

number of part-time employees, whose working hours or days vary, increased, and that the target of the Administrative Reform Promotion Law, with regard to the slimming down of personnel, was full-time executives and staff.

Table 1

History of the Bank of Japan

1882	June	The Bank of Japan Act is promulgated; the Bank is to have capital of 10 million yen and is given a license to operate for 30 years from the start of business.
	Oct. 10	Business operation begins.
1887	Mar.	An increase in the Bank's capital is announced from 10 million yen to 20 million yen.
1895	Aug.	An increase in the Bank's capital is announced from 20 million yen to 30 million yen.
1896	Apr.	The Head Office is moved to a new building at the present location.
1910	Feb.	The Bank is given a license to operate for 30 more years from October 10, 1912, and an increase in the Bank's capital is announced from 30 million yen to 60 million yen.
1942	Feb.	The Bank of Japan Law of 1942 is promulgated; the Bank is to have capital of 100 million yen.
	May 1	The Bank is reorganized under the Bank of Japan Law of 1942.
1949	June	The Policy Board is established.
1997	June	The Bank of Japan Law of 1997 is promulgated; the Bank is to have capital of 100 million yen.
1998	Apr. 1	The Bank of Japan Law of 1997 comes into effect.

Table 2

Subscribers by Category

Subscribers	Amount of subscription (thous. yen) ¹	Percentage of the total subscription (%)
The government	55,005	55.0
The private sector	44,994	45.0
Individuals	39,373	39.4
Financial institutions	2,547	2.5
Public organizations	321	0.3
Securities companies	121	0.1
Other firms	2,630	2.6
Total	100,000	100.0

Note: 1. Rounded down to the nearest 1,000 yen. As of the end of March 2007.

¹¹ The ceiling on the number of employees for fiscal 2006 including part-time employees was 5,245.

Table 3

Duties and Rights of Bank Executives

		Duties and rights
Members of the Policy Board	Governor (Chairman)	Represents the Bank and exercises general control over the Bank's business operations in accordance with decisions made by the Policy Board. At the same time, fulfills the duties as an independent member of the Board.
	Deputy Governors	In accordance with decisions made by the Governor, represent the Bank, administer the business operations of the Bank assisting the Governor, act in place of the Governor whenever the Governor is prevented from attending to the Governor's duties, and perform the Governor's duties when such post is vacant. At the same time, fulfill the duties as independent members of the Board.
	Other members	Comprise the Board, together with the Governor and the Deputy Governors, and, in this capacity, oversee decisions on important matters concerning Bank business and the fulfillment of the duties of Bank executives, excluding Executive Auditors and Counsellors.
Executive Auditors		Inspect the business operations of the Bank. If deemed necessary based on the results of the inspection, may submit their views to the Minister of Finance, the Prime Minister (the Commissioner of the Financial Services Agency when the Prime Minister entrusts his or her powers prescribed by Article 61, Paragraph 2 of the Bank of Japan Law to the Commissioner), or the Board.
Executive Directors		In accordance with the decisions made by the Governor, administer the business operations of the Bank assisting the Governor and the Deputy Governors, act in place of the Governor when the Governor and Deputy Governors are prevented from attending to their duties, and perform the Governor's duties when the posts of the Governor and Deputy Governors are vacant.
Counsellors		To be consulted with by the Board on any important matters concerning the Bank's business operations. If deemed necessary, may express their views to the Board.

Table 4

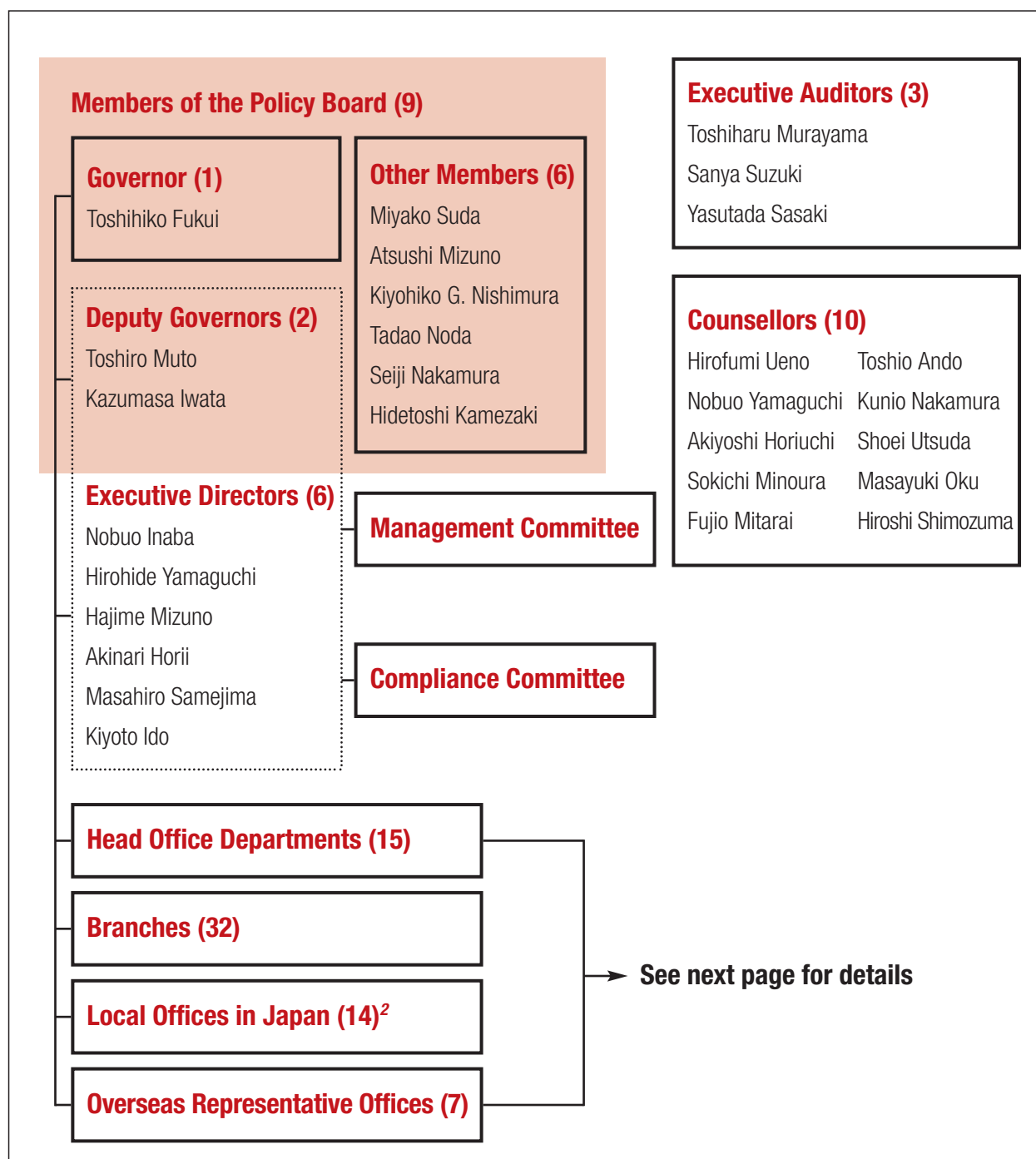
Number of Full-Time Employees as of the End of March 2007

people; figures in parentheses are the number as of the end of March 2006

Total	4,912 (4,962)
Head Office ¹	2,730 (2,776)
Branches	2,108 (2,114)
Local offices ¹	50 (49)
Overseas representative offices	24 (23)

Note: 1. Full-time employees of the computer center and the banknote operations center, two of the 14 local offices, are included in the number of full-time employees at the Head Office.

Organization Chart of the Bank¹



Notes: 1. As of August 20, 2007.

2. Includes the computer center, represented by the Director-General of the Information System Services Department; and the banknote operations center, represented by the Director-General of the Currency Issue Department.

Head office departments	Officials
Secretariat of the Policy Board	Kazuhiro Osugi (Director-General) Shigeki Kushida (Director-General, Senior Secretary to the Governor) Tomohisa Takeda (Director-General for Management Strategy, Budget, and Accounting) Yuji Iino (Director-General for Parliamentary Affairs and Public Relations)
Internal Auditors' Office	Toru Hara (Director-General)
Monetary Affairs Department	Masayoshi Amamiya (Director-General)
Financial Systems and Bank Examination Department	Kenzo Yamamoto (Director-General)
Payment and Settlement Systems Department	Taku Oizumi (Director-General)
Financial Markets Department	Hiroshi Nakaso (Director-General)
Research and Statistics Department	Kazuo Momma (Director-General)
International Department	Toshio Idesawa (Director-General)
Currency Issue Department	Eikichi Saito (Director-General)
Operations Department	Toshihiko Sasaki (Director-General)
Information System Services Department	Hirohisa Hokari (Director-General)
Public Relations Department	Hideo Etani (Director-General)
Personnel and Corporate Affairs Department	Junichi Maeda (Director-General)
Administration Department	Ryutaro Tanimura (Director-General)
Institute for Monetary and Economic Studies	Wataru Takahashi (Director-General)

Overseas representative offices		Telephone numbers	General managers/ chief representatives
New York	Bank of Japan Chief Representative Office for the Americas Bank of Japan Representative Office in New York 140 Broadway, 18th Floor, New York, NY 10005, U.S.A.	+1-212-269-6566	Tadashi Nunami (General Manager for the Americas and Chief Representative in New York)
Washington, D.C.	Bank of Japan Representative Office in Washington, D.C. 2100 Pennsylvania Ave., N.W., Suite 505, Washington, D.C. 20037, U.S.A.	+1-202-466-2228	Naruki Mori (Chief Representative in Washington, D.C.)
London	Bank of Japan Chief Representative Office for Europe Bank of Japan Representative Office in London Basildon House, 7-11 Moorgate, London EC2R 6AF, U.K.	+44-20-7606-2454	Toshikazu Takei (General Manager for Europe and Chief Representative in London)
Paris	Bank of Japan Representative Office in Paris 17 Avenue George V, 75008 Paris, France	+33-1-4720-7295	Satoru Hagino (Chief Representative in Paris)
Frankfurt	Bank of Japan Representative Office in Frankfurt Taunusanlage 21, 60325 Frankfurt am Main, Germany	+49-69-9714310	Atsushi Takeuchi (Chief Representative in Frankfurt)
Hong Kong	Bank of Japan Representative Office in Hong Kong Suite 1012, One Pacific Place, 88 Queensway, Central, Hong Kong	+852-2525-8325	Akira Yasui (Chief Representative in Hong Kong)
Beijing	Bank of Japan Representative Office in Beijing 19th Floor, Unit 12C, China World Tower 2, No. 1 Jian Guo Men Wai Avenue, Beijing 100004, China	+86-10-6505-9601	Kiyoyuki Seguchi (Chief Representative in Beijing)

Members of the Policy Board¹



From left: Hidetoshi Kamezaki, Tadao Noda, Kiyohiko G. Nishimura, Kazumasa Iwata, Toshihiko Fukui, Atsushi Mizuno, Toshiro Muto, Miyako Suda, and Seiji Nakamura

Toshihiko Fukui

Governor (the 29th) and Chairman of the Policy Board

Date of Birth

September 7, 1935

Education

The University of Tokyo
(1958, B.A. in Law)

1958 Joined the Bank of Japan

1970 Representative in Paris

1977 Director, Head of Planning Division, Coordination and Planning Department

1980 General Manager, Takamatsu Branch

1985 Director-General, Research and Statistics Department

1986 Director-General, Banking Department

1989 Director-General, Policy Planning Department

Executive Director

1994 Deputy Governor

1998 Chairman, Fujitsu Research Institute

2001 Vice Chairperson, Keizai Doyukai (Japan Association of Corporate Executives)

2003 Present position

Note: 1. Members are as of August 20, 2007.

Toshiro Muto*Deputy Governor*

Date of Birth	Education
July 2, 1943	The University of Tokyo (1966, B.A. in Law)
1966	Joined the Ministry of Finance
1988	Director, Small Banks Division, Banking Bureau
1990	Director, Secretarial Division, Minister's Secretariat
1995	Deputy Vice Minister for Policy Coordination
1997	Deputy Vice Minister
1998	Deputy Vice Minister for Policy Coordination
1999	Director-General, Budget Bureau
2000	Administrative Vice Minister of Finance
2003	Special Adviser to the Minister of Finance
	Present position

Miyako Suda

Date of Birth	Education
May 15, 1948	The University of Tokyo (1971, B.A. in Arts and Sciences and 1979, Completed a Ph.D. Program in Economics)
1982	Assistant Professor, Senshu University
1988	Professor, Senshu University
1990	Professor, Gakushuin University
2001	Present position

Kiyohiko G. Nishimura

Date of Birth	Education
March 30, 1953	The University of Tokyo (1975, B.A. in Economics and 1977, M.A. in Economics) Yale University (1982, Ph.D. in Economics)
1981	Arthur M. Okun Memorial Research Fellow, Economic Studies Program, The Brookings Institution
1983	Associate Professor, The University of Tokyo
1994	Professor, The University of Tokyo
2003	Executive Research Fellow, Economic and Social Research Institute, Cabinet Office, and Professor, Graduate School of Economics, The University of Tokyo
2005	Present position

Seiji Nakamura

Date of Birth	Education
April 28, 1942	Keio University (1965, B.A. in Economics)
1965	Joined Mitsui O.S.K. Lines, Ltd.
1992	General Manager of Finance Division, Mitsui O.S.K. Lines, Ltd.
1994	Director and General Manager of Finance and Accounting Division, Mitsui O.S.K. Lines, Ltd.
1995	Director and General Manager of Corporate Planning Division, Mitsui O.S.K. Lines, Ltd.
1996	Managing Director, Mitsui O.S.K. Lines, Ltd.
1998	Senior Managing Director, Mitsui O.S.K. Lines, Ltd.
2000	Deputy President, Mitsui O.S.K. Lines, Ltd.
2003	President, MOL Ferry Co., Ltd.
2007	Present position

Kazumasa Iwata*Deputy Governor*

Date of Birth	Education
October 17, 1946	The University of Tokyo (1970, B.A. in Arts and Sciences)
1970	Joined the Economic Planning Agency
1985	Senior Economist, Economic Research Institute
1986	Associate Professor, College of Arts and Sciences, The University of Tokyo
1991	Professor, College of Arts and Sciences, The University of Tokyo
1996	Professor, Graduate School of Arts and Sciences, The University of Tokyo
2001	Professor, Graduate School of Arts and Sciences, The University of Tokyo, and Director General for Economic Assessment and Policy Analysis, Cabinet Office
2003	Present position

Atsushi Mizuno

Date of Birth	Education
August 18, 1959	Waseda University (1984, B.A. in Economics) The City University of New York (1989, Ph.D. in Economics)
1986	Predoctoral Visiting Scholar, National Bureau of Economic Research
1989	Senior Economist, Nomura Securities Co., Ltd., Tokyo
1996	Chief Strategist, Nomura Securities Co., Ltd., Tokyo
1997	Managing Director, Chief Fixed-Income Strategist & Chief Economist, Deutsche Morgan Grenfell Capital Markets Ltd., Tokyo Branch (the present Deutsche Securities Ltd., Tokyo Branch)
2002	Council Member, Council for Establishing of Japan Post (Japan Services Public Corporation)
2004	Vice Chairman, Global Markets Japan, Deutsche Securities Ltd., Tokyo Branch Co-Head of Research Division, Chief Fixed Income Strategist, Credit Suisse First Boston Securities (Japan) Ltd. Present position

Tadao Noda

Date of Birth	Education
January 31, 1947	Kyoto University (1969, B.A. in Law)
1969	Joined The Dai-Ichi Bank, Ltd.
1997	Director and General Manager, Corporate Operation Planning and Coordination Office, The Dai-Ichi Kangyo Bank, Ltd. (DKB) ²
1998	Managing Director, DKB
2001	Managing Executive Officer and Head of Strategic Planning Group (Chief Strategy Officer), Mizuho Holdings, Inc. ³
2003	Deputy President, Mizuho Financial Group, Inc. (MHFG) (upon establishment of MHFG)
2005	Chairman, Chuo Real Estate Co., Ltd.
2006	Present position

Hidetoshi Kamezaki

Date of Birth	Education
April 1, 1943	Yokohama National University (1966, B.A. in Economics) Harvard Business School (1990, Completed the Advanced Management Program)
1966	Joined Mitsubishi Corporation
1998	Executive Vice President, Director, Mitsubishi International Corporation (New York)
2000	President, Mitsubishi Corporation (Taiwan) Ltd.
2001	Senior Vice President, Mitsubishi Corporation
2002	Member of the Board, Executive Vice President, Chief Regional Officer, Mitsubishi Corporation
2005	Member of the Board, Senior Executive Vice President, Corporate Planning, Chief Regional Officer, Mitsubishi Corporation
2007	Present position

Notes: 2. Established in 1971 through merger of The Dai-Ichi Bank, Ltd. and The Nippon Kangyo Bank, Ltd.

3. Established in 2000 through merger of DKB, The Fuji Bank, Ltd., and The Industrial Bank of Japan, Ltd.

Functions of Committees/Departments/Offices

COMMITTEES/DEPARTMENTS/OFFICES

Management Committee¹

Examines and manages Bank-wide issues regarding the Bank's operations.

Compliance Committee²

Ensures that the executives and staff perform their duties fairly and in compliance with the relevant laws and regulations.

Secretariat of the Policy Board

(1) Arranges proceedings for Policy Board meetings; (2) liaises with the Diet, the media, and industry associations; (3) reviews the content and wording of draft proposals for decisions at Policy Board meetings, and offers a legal perspective on other important documents; (4) handles legal matters relating to the Bank of Japan Law and other laws and ordinances; (5) plans and formulates measures relating to the Bank's business operations and organizational management; (6) handles administrative matters relating to the Management Committee; (7) handles the Bank's budget, settlement, and accounting; (8) handles particular matters as directed by executives; (9) supports the Executive Auditors in auditing; (10) provides administrative services for executives; and (11) is responsible for the safekeeping of the official stamps of the Bank and its executives.

Internal Auditors' Office

Deals with issues relating to auditing of the Bank's business operations.

Monetary Affairs Department

Plans and formulates monetary policy measures and related matters.

Financial Systems and Bank Examination Department

(1) Plans and formulates measures that contribute to the maintenance of an orderly financial system; (2) conducts on-site examinations and off-site monitoring of financial

institutions that hold current accounts at the Bank; (3) judges financial institutions' eligibility to hold current accounts at the Bank and to have access to its lending facilities; (4) selects parties involved in the Bank's purchases of stocks; (5) determines the specifics of credit extension and discounting of bills by the Bank; and (6) liaises with financial industry associations.

Payment and Settlement Systems Department

Plans and formulates measures in the following areas: (1) policy issues relating to the payment and settlement system; (2) financial institutions' access to payment and settlement services provided by the Bank; and (3) the Bank's business continuity planning.

Financial Markets Department

(1) Determines the specifics of daily market operations; (2) deals with issues relating to improving the functioning of Japanese financial markets, including the foreign exchange market; (3) intervenes in the foreign exchange markets for the purpose of stabilizing exchange rates of the yen as the agent of the Minister of Finance and/or on behalf of other countries' monetary authorities; (4) conducts purchases/sales of foreign currencies on behalf of overseas central banks and international organizations for the purpose of assisting investment of their assets; and (5) monitors and analyzes developments in financial markets in Japan as well as overseas, including foreign exchange markets, and the activities of participants in these markets.

Research and Statistics Department

(1) Conducts research on the domestic economy and fiscal situation; and (2) compiles and publishes statistics.

International Department

(1) Manages external assets held by the Bank; (2) makes arrangements for investment in yen assets by overseas central banks and international organizations; (3) conducts

Notes: 1. The members of this committee comprise the Deputy Governors and all Executive Directors.

2. The members of this committee comprise the Deputy Governors, the Executive Director in charge of personnel and corporate affairs, the Director-General of the Internal Auditors' Office, and one or more legal experts from outside the Bank.

operations for international financial support; (4) liaises with overseas central banks and international organizations; (5) conducts research on global economic and financial conditions; and (6) conducts business entrusted to it by the Ministry of Finance including business related to the Foreign Exchange and Foreign Trade Law as well as business related to the special account for foreign exchange funds under the law governing special accounts.

Currency Issue Department

(1) Conducts planning and operations relating to banknotes; (2) conducts payment/receipt of coins, and examines and takes custody of them; (3) exchanges banknotes and coins unfit for further circulation; (4) conducts business related to clearing of bills and checks; and (5) manages securities and other items entrusted to the Bank for safekeeping.

Operations Department

Conducts banking operations including the following: (1) discounting of bills; (2) credit extension; (3) purchasing/selling of bills (including those drawn by the Bank) and securities; (4) borrowing/lending of securities with cash collateral; (5) accepting deposits; (6) domestic funds transfer; (7) taking custody of marketable securities and certificates that represent property rights; (8) purchasing/selling of gold and silver bullion; (9) bidding on and underwriting of Japanese government securities; (10) operations relating to treasury funds; (11) handling of government affairs related to currency and finance; (12) executing policy measures to maintain an orderly financial system; (13) operations relating to stocks purchased by the Bank; and (14) conducting other banking business of the Bank not listed above and operations relating to the Bank's agents.

Information System Services Department

(1) Manages the design and development of the Bank's computer systems as required in order to automate the Bank's business procedures; and (2) operates the Bank's computer systems.

Public Relations Department

(1) Is responsible for public relations; (2) disseminates information on financial services; and (3) administers the Bank's library.

Personnel and Corporate Affairs Department

Handles business in the following areas: (1) corporate affairs; (2) Compliance Committee; (3) personnel policy issues relating to recruitment, assessment of job performance, career planning and training, wages and salaries, and the Bank's ethical discipline code; and (4) other aspects of personnel administration.

Administration Department

Conducts administrative operations relating to the following: (1) real estate holdings; (2) supplies; (3) staff welfare; (4) security; (5) transportation; (6) payment of expenses; (7) subscription certificates of the Bank's capital; (8) mailing; and (9) safekeeping of slips.

Institute for Monetary and Economic Studies

(1) Studies theoretical, institutional, technological, and historical aspects of monetary and economic issues; (2) collects, preserves, and exhibits historical materials and documents related to monetary and economic issues; and (3) exchanges views on monetary and economic issues with academics.

OTHER OFFICES

Branches

The 32 branches mainly conduct operations relating to currency issue and banking operations, and research on the economic and financial situation in each area.

Local Offices in Japan

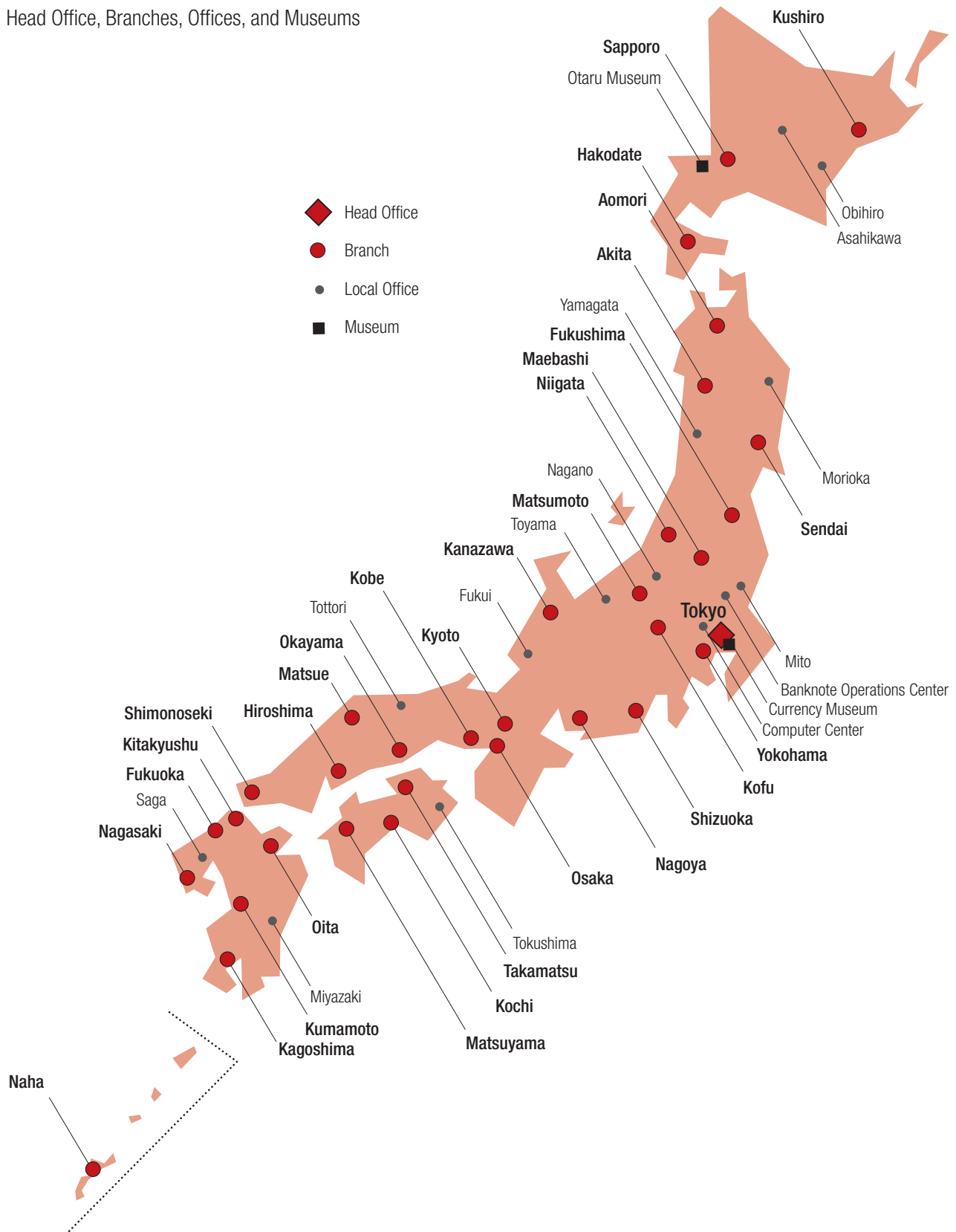
The computer center operates the Bank's systems. The banknote operations center in Toda City, Saitama Prefecture, receives, pays, and stores banknotes. The other 12 local offices handle some of the operations of the Head Office or branches.

Overseas Representative Offices

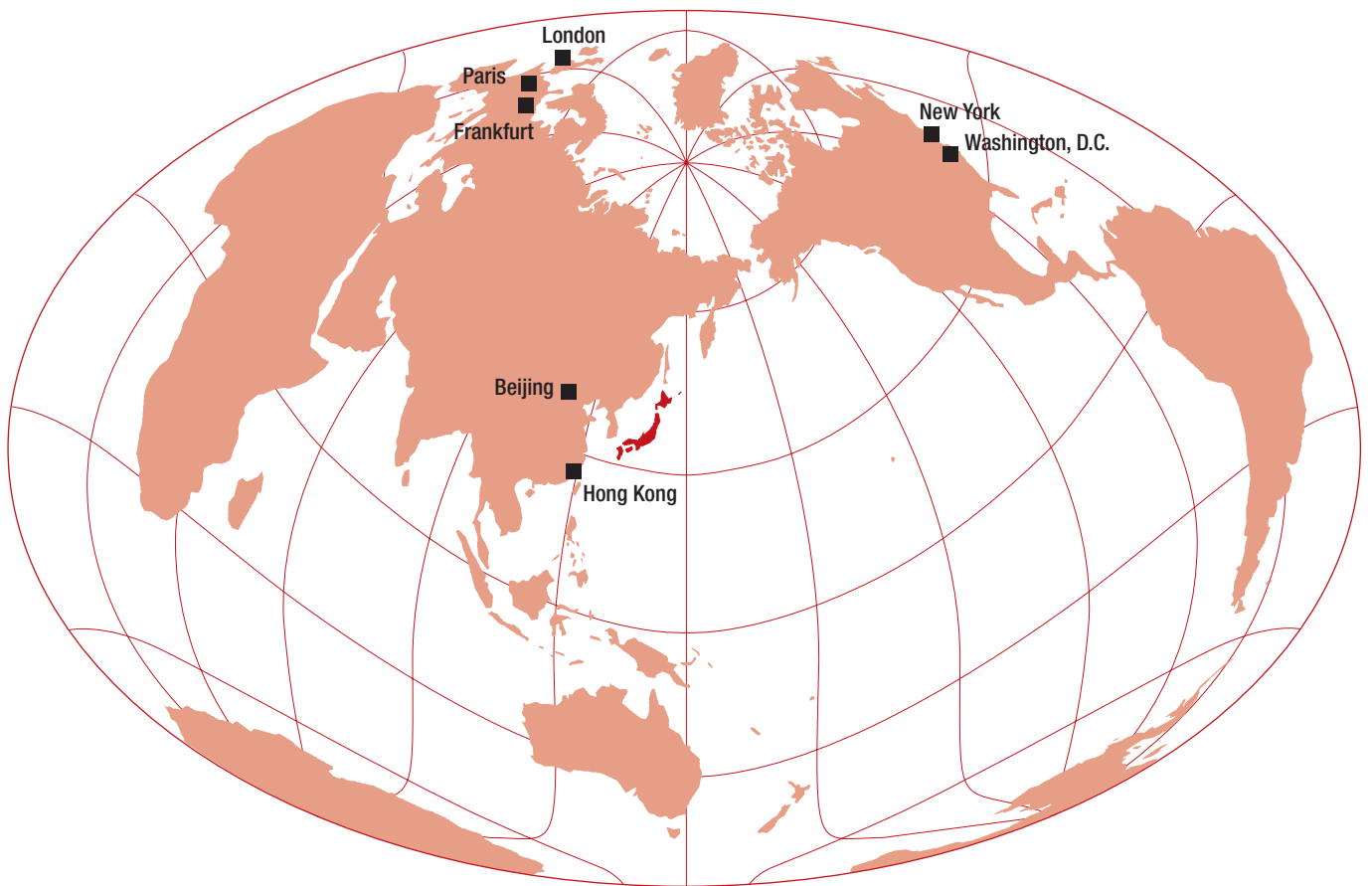
The seven overseas representative offices perform a liaison function, gather information, and conduct research.

The Bank's Offices

Head Office, Branches, Offices, and Museums



Overseas Representative Offices¹



Note: 1. For details, see page 91.

V. ORGANIZATIONAL MANAGEMENT IN FISCAL 2006

The Bank implemented various measures related to organizational management in fiscal 2006, in view of the Bank of Japan Law stipulating that "the Bank of Japan shall endeavor to conduct its business in a proper and efficient manner" (Article 5, Paragraph 1).

The Bank retained the number of employees appropriate for carrying out the "Medium-Term Strategic Framework for Fiscal 2005–2009" (MTSF) while continuing to make further efforts to raise the efficiency of existing business operations. Consequently, the number of full-time employees was 4,912 at the end of March 2007.

In line with the ongoing review of salaries of government officials, the Bank reduced the salaries of its executives for fiscal 2006 by 1.7 percent from their level in fiscal 2005. As for its non-executive staff, the Bank kept the levels of salaries unchanged in fiscal 2006 for the eleventh consecutive year, while increasing the bonuses for May and November 2006 by 4.2 percent from the previous fiscal year.

Through examination and coordination of issues under the Management Committee, the Bank (1) implemented the MTSF and Action Plans for fiscal 2006, in which major issues and action plans were laid out in line with the eight strategic goals specified in the MTSF; (2) monitored its progress toward its published strategic goals; and (3) assessed its achievements. In formulating the "Action Plans for Fiscal 2007," the Bank

conducted an interim assessment of the MTSF by reviewing the progress made in fiscal 2005 and 2006 toward achieving the goals specified in the MTSF (see "The Bank's Management Strategy: Framework and Progress" Section I on pages 10–17 and Section II on pages 18–29).

The Bank completed the reorganization at all departments and offices at its Head Office, effective as of July 14, 2006, by abolishing the division system in the Currency Issue Department, the Operations Department, and the Administration Department (the last three departments that still had divisions) and introducing the more flexible section system.

The Bank proceeded with the disposal of its property such as real estate that was not in use in accordance with the basic principle decided in January 1999.

The Bank stepped up Bank-wide efforts to identify risks through measures such as the assessment of business processes, as well as to encourage the adoption of preemptive risk reduction measures, so as to enhance the stability of its business operations. Meanwhile, the Bank established internal rules governing financial transactions and asset holdings of its executives and staff, with the aim of ensuring the appropriate handling of classified information and the fair performance of their duties. Deliberations within the Compliance Committee covered a wide range of topics such as establishing the internal rules governing financial transactions and asset holdings of Bank executives and staff and ensuring information security.