

**Appendix Table 1. Estimation Results of Credit Curves for  
NCD Issuance Rates**

**A. Maturity of Less than 60 Days**

Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

	1997	1999	2002	2004	2005
Constant	-0.043	0.237***		0.044***	
Aa2	0.083				
Aa3	0.071				
A1	0.089			-0.023***	0.018***
A2	0.095	-0.195***	0.005	-0.033***	0.013***
A3	0.100	-0.173***	0.023***	-0.023***	0.033***
Baa1	0.109	-0.166***	0.045***	-0.022***	0.028***
Baa2	0.085	-0.089*	0.071***	-0.008**	0.030***
Baa3	0.179	-0.102**	0.072***	0.006	
Year-end dummy	0.298***	0.278***	-0.002	-0.000	
Fiscal year-half dummy	0.026*	-0.064***	-0.005	0.004***	
Fiscal year-end dummy	0.012	0.147***	0.088***	0.010***	0.006***
Adjusted R-squared	0.371	0.453	0.401	0.554	0.213
Number of observations	723	710	665	640	236
Aa2	52	0	0	0	0
Aa3	48	0	0	0	0
A1	79	8	0	47	133
A2	128	73	52	69	19
A3	52	71	207	193	28
Baa1	205	243	106	202	48
Baa2	56	216	155	56	8
Baa3	102	99	145	44	0
No rating	1	0	0	29	0
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively. The year 2005 covers the period up to May 9, 2005. Credit ratings are the long-term ratings of Moody's.</p>					

**Appendix Table 1 (continued). Estimation Results of Credit Curves for NCD Issuance Rates**

**B. Maturity of Less than 90 Days**

Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

	1997	1999	2002	2004	2005
Constant	-0.060	0.093**		0.045***	
Aa2	0.125				
Aa3	0.132				
A1	0.134			-0.021***	0.026***
A2	0.128	-0.079*	-0.004	-0.030***	0.031***
A3	0.131	-0.048	0.027***	-0.021***	0.043***
Baa1	0.155	-0.038	0.069***	-0.011**	0.041***
Baa2	0.161	0.056	0.079***	0.003	0.034***
Baa3	0.210*	0.059	0.088***	-0.009*	
Year-end dummy	0.129***	0.202***	-0.002	0.004*	
Fiscal year-half dummy	0.021	-0.028*	-0.001	0.006***	
Fiscal year-end dummy	-0.030**	0.246***	0.070***	0.009***	0.002
Adjusted R-squared	0.194	0.554	0.332	0.321	0.164
Number of observations	588	511	523	497	193
Aa2	52	0	0	0	0
Aa3	50	0	0	0	0
A1	74	8	0	44	126
A2	119	64	40	54	18
A3	50	70	202	177	19
Baa1	160	198	81	151	24
Baa2	31	125	122	40	6
Baa3	51	46	78	20	0
No rating	1	0	0	11	0
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively.</p> <p>The year 2005 covers the period up to May 9, 2005.</p> <p>Credit ratings are the long-term ratings of Moody's.</p>					

**Appendix Table 2. Regression Results on the Role of the  
BOJ's Monetary Policy: Part I**

**A. Maturity of Less than 60 Days**

Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

Number of Observations: 1,890 (October 5, 1998–May 9, 2005)

Variable	Coefficient	Standard Error
A1	−0.022	0.295
A1*CAB	0.001	0.009
A1*BOND	−0.134	0.378
A2	0.077*	0.042
A2*ZIRP	0.055**	0.021
A2*QMEP	−0.092***	0.020
A2*TRANS	−0.014	0.018
A2*CAB	0.001	0.001
A2*BOND	0.020	0.149
A3	0.116***	0.013
A3*ZIRP	−0.026*	0.013
A3*QMEP	−0.117***	0.013
A3*TRANS	−0.018	0.011
A3*CAB	0.001	0.001
A3*BOND	0.015	0.027
Baa1	−0.226	0.230
Baa1*CAB	0.006	0.007
Baa1*BOND	0.142	0.156
Baa2	0.125***	0.011
Baa2*ZIRP	−0.126***	0.014
Baa2*QMEP	−0.146***	0.013
Baa2*TRANS	−0.039**	0.014
Baa2*CAB	0.002***	0.001
Baa2*BOND	0.042***	0.003
Baa3	0.173***	0.015
Baa3*QMEP	−0.242***	0.017
Baa3*TRANS	0.001	0.024
Baa3*CAB	0.002*	0.001
Baa3*BOND	0.051***	0.004
Year-end dummy	0.064***	0.005
Fiscal year-half dummy	−0.004	0.005
Fiscal year-end dummy	0.028***	0.005
Adjusted R-squared	0.506	
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively. Credit ratings are the long-term ratings of Moody's.</p>		

**Appendix Table 2 (continued). Regression Results on the  
Role of the BOJ's Monetary Policy: Part I**

**B. Maturity of Less than 90 Days**

Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

Number of Observations: 1,540 (October 5, 1998–May 9, 2005)

Variable	Coefficient	Standard Error
A1	0.034	0.247
A1*CAB	-0.001	0.007
A1*BOND	-0.081	0.314
A2	0.146***	0.041
A2*ZIRP	-0.021	0.017
A2*QMEP	-0.124***	0.018
A2*TRANS	0.005	0.018
A2*CAB	-0.001	0.001
A2*BOND	-0.071	0.146
A3	0.142***	0.011
A3*ZIRP	-0.047***	0.011
A3*QMEP	-0.146***	0.011
A3*TRANS	-0.010	0.009
A3*CAB	0.001	0.000
A3*BOND	0.041*	0.023
Baa1	-0.271	0.236
Baa1*CAB	0.007	0.007
Baa1*BOND	0.269	0.165
Baa2	0.199***	0.013
Baa2*ZIRP	-0.226***	0.014
Baa2*QMEP	-0.218***	0.013
Baa2*TRANS	-0.023*	0.014
Baa2*CAB	0.001**	0.001
Baa2*BOND	0.059***	0.004
Baa3	0.216***	0.015
Baa3*QMEP	-0.255***	0.017
Baa3*TRANS	0.004	0.023
Baa3*CAB	0.001	0.001
Baa3*BOND	0.050***	0.004
Year-end dummy	0.040***	0.005
Fiscal year-half dummy	0.003	0.005
Fiscal year-end dummy	0.019***	0.005
Adjusted R-squared	0.615	
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively. Credit ratings are the long-term ratings of Moody's.</p>		

**Appendix Table 3. Regression Results on the Role of the  
BOJ's Monetary Policy: Part II**

**A. Less than 60 Days**

Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

Number of Observations: 1,490 (January 4, 2001–May 9, 2005)

Variable	Coefficient	Standard Error
A1	-0.154***	0.049
A1*TERM	0.025***	0.008
A1*BOND	0.126	0.165
A2	0.022	0.016
A2*TERM	-0.007***	0.003
A2*BOND	0.054	0.055
A3	0.048***	0.007
A3*TERM	-0.010***	0.002
A3*BOND	0.026**	0.011
Baa1	0.048*	0.028
Baa1*TERM	-0.008**	0.004
Baa1*BOND	-0.015	0.071
Baa2	0.041***	0.008
Baa2*TERM	-0.008***	0.002
Baa2*BOND	0.044***	0.004
Baa3	0.082***	0.010
Baa3*TERM	-0.010***	0.003
Baa3*BOND	0.007***	0.003
Year-end dummy	0.006**	0.003
Fiscal year-half dummy	0.004	0.003
Fiscal year-end dummy	0.035***	0.003
Adjusted R-squared	0.390	
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively. Credit ratings are the long-term ratings of Moody's.</p>		

**Appendix Table 3 (continued). Regression Results on the  
Role of the BOJ's Monetary Policy: Part II**

**B. Less than 90 Days**

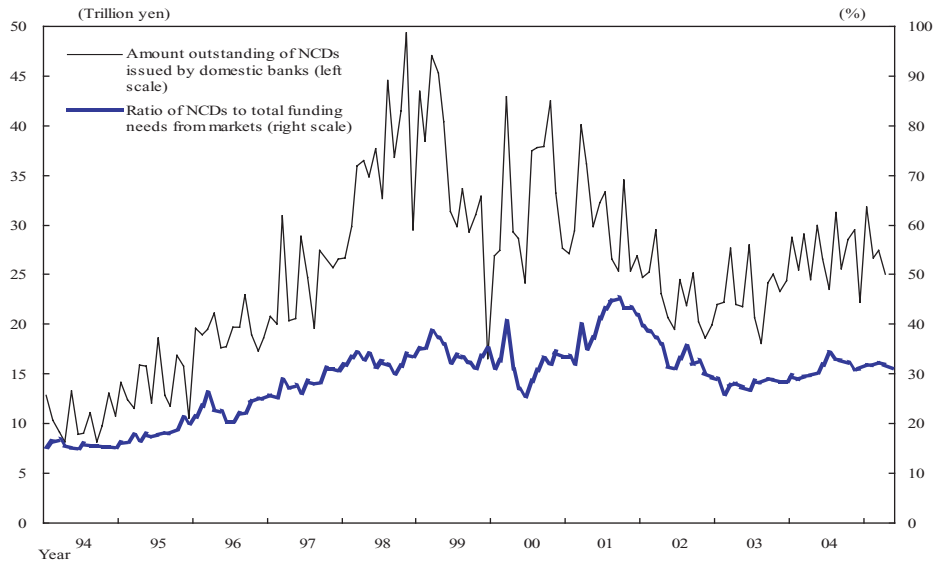
Dependent Variable: NCD Issuance Interest Rate

—Uncollateralized Overnight Call Rate

Number of Observations: 1,248 (January 4, 2001–May 9, 2005)

Variable	Coefficient	Standard Error
A1	−0.193***	0.053
A1*TERM	0.033***	0.009
A1*BOND	0.095	0.179
A2	0.055***	0.021
A2*TERM	−0.013***	0.003
A2*BOND	−0.028	0.066
A3	0.056***	0.007
A3*TERM	−0.011***	0.002
A3*BOND	0.025**	0.011
Baa1	0.055	0.038
Baa1*TERM	−0.011*	0.006
Baa1*BOND	0.029	0.095
Baa2	0.032***	0.010
Baa2*TERM	−0.006***	0.002
Baa2*BOND	0.059***	0.005
Baa3	0.082***	0.011
Baa3*TERM	−0.011***	0.003
Baa3*BOND	0.014***	0.003
Year-end dummy	0.012***	0.003
Fiscal year-half dummy	0.008**	0.003
Fiscal year-end dummy	0.048***	0.003
Adjusted R-squared	0.448	
<p><b>Notes:</b> Estimation is by OLS. ***, **, and * denote the 1, 5, and 10 percent significance level, respectively. Credit ratings are the long-term ratings of Moody's.</p>		

**Appendix Figure 1. Size of the NCD Market**

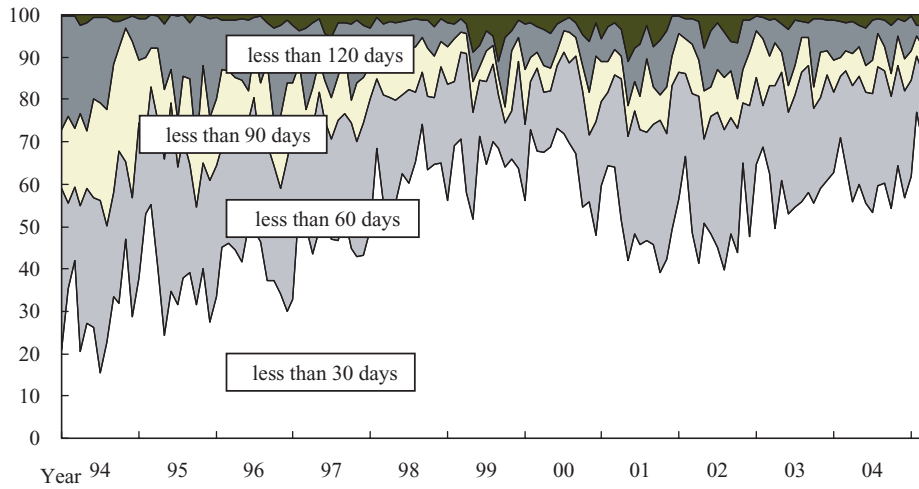


**Notes:** The amount outstanding is based on the banking account of domestically licensed banks and the ratio of NCDs to total funding needs from markets is based on city and trust banks.

Total funding needs from markets is defined as the sum of NCDs, CP, call money, bank bonds (including bank debentures), and repurchase agreements.

**Source:** Bank of Japan.

**Appendix Figure 2. NCD Issuance by Maturity**

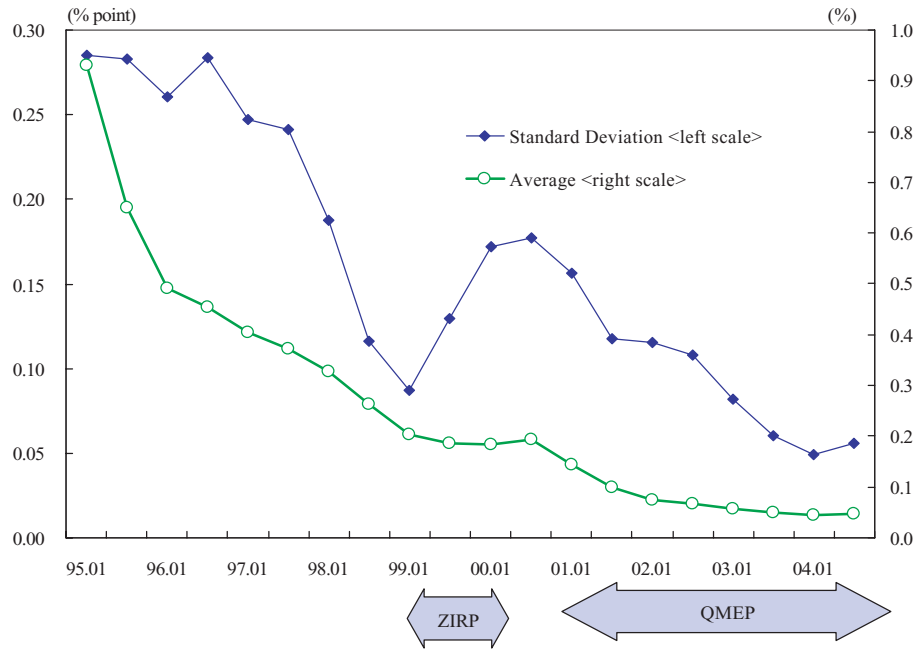


**Notes:** Calculation is based on city and trust banks.  
The maturity of less than 60 days denotes the maturity of 60 days to 89 days, and the maturity of less than 90 days denotes the maturity of 60 days to 179 days, respectively.

**Source:** Bank of Japan.



**Appendix Figure 3. Standard Deviation of Fund-Raising Costs via Deposits Among Banks**



**Note:** Sample banks include city banks, regional banks, and regional banks II.

**Source:** Financial statements released by each bank.