



# The Bank's Accounts:

Financial Statements  
and Other Documents  
for Fiscal 2018

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**I. Assets and Liabilities, Profits and Losses, and  
Capital Adequacy Ratio**

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**II. Financial Statements**

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On May 29, 2019, the Bank of Japan released the "Financial Statements for the 134th Fiscal Year" (partially available in English), which contains the Bank's financial statements (the inventory of property, balance sheet, and statement of income) for the 134th fiscal year, i.e., fiscal 2018 (April 1, 2018–March 31, 2019), and the schedule for the financial statements for fiscal 2018.

The Bank submitted the financial statements, together with the Auditors' opinion, to the Minister of Finance, and received the Minister's approval. The schedule for the financial statements was audited by the Auditors, whose opinion was that it duly complemented the financial statements.

The overview of the financial results for fiscal 2018 is as below.

## I. ASSETS AND LIABILITIES, PROFITS AND LOSSES, AND CAPITAL ADEQUACY RATIO

The balance sheet of the Bank at the end of fiscal 2018 shows that total assets increased by 5.4 percent (28,738.6 billion yen) from the previous fiscal year-end to 557,024.3 billion yen, mainly due to an increase in holdings of Japanese government securities (JGSs).<sup>1</sup> Total liabilities increased by 5.5 percent (28,878.2 billion yen) from the previous fiscal year-end to 553,214.6 billion yen, mainly due to an increase in current deposits (Table 1).

Detailed developments in the Bank's balance sheet in fiscal 2018 are as follows.

Looking at assets at the fiscal year-end, holdings of JGSs increased by 4.8 percent (21,627.7 billion yen) from the previous fiscal year-end to 469,953.8 billion yen, with the Bank proceeding with its purchases of these assets. Loans and bills discounted increased by 1,024.2 billion yen from the previous fiscal year-end to 47,436.1 billion yen, mainly due to an increase in the amount of loans provided through the Loan Support Program.<sup>2</sup> Pecuniary trusts (index-linked exchange-traded funds held as trust property) increased by 5,850.0 billion yen from the previous fiscal year-end to 24,784.8 billion yen, with the Bank proceeding with its purchases of these assets.

Turning to liabilities, current deposits increased by 4.1 percent (15,645.7 billion yen) from the previous fiscal year-end to 393,883.6 billion yen, reflecting an increase in the amount of funds provided through JGB purchases and other measures. Meanwhile, the amount outstanding of banknotes issued (banknotes in circulation) increased by 3.4 percent (3,558.7 billion yen) from the previous fiscal year-end to 107,559.2 billion yen.

1. JGSs comprise Japanese government bonds (JGBs) and treasury discount bills (T-Bills).

2. The Bank aims through this program to support private financial institutions' efforts in strengthening the foundations for economic growth and stimulating bank lending. It was introduced as a temporary measure that would help the effects of monetary easing to permeate the entire economy, with a view to achieving price stability and thereby contributing to the sound development of the national economy.

With regard to the Bank's statement of income for fiscal 2018, operating profits increased by 772.1 billion yen from the previous fiscal year to 2,000.9 billion yen, mainly due to net foreign exchange-related gains arising from the depreciation of the yen and a rise in net gains on pecuniary trusts (index-linked exchange-traded funds held as trust property) (Tables 2 and 3).

Meanwhile, net special losses amounted to 926.1 billion yen, mainly due to (1) the transfer of funds to the provision for possible losses on bonds transactions to compensate for possible fluctuation in net income arising from the implementation of Quantitative and Qualitative Monetary Easing with Yield Curve Control, and (2) the transfer of funds to the provision for possible losses on foreign exchange transactions following net foreign exchange-related gains.

Net income for the term—after subtracting corporate income tax and inhabitants and enterprise taxes—decreased by 177.8 billion yen from the previous fiscal year to 586.9 billion yen. After transferring 29.3 billion yen to the legal reserve (5 percent of net income for the term) and paying dividends totaling 5 million yen (5 percent of the face value of shares), the Bank paid the remainder of its net income to the government (557.6 billion yen).

The capital adequacy ratio, after the appropriation of net income, rose from its previous fiscal year-end level of 8.09 percent to 8.71 percent at the end of fiscal 2018 (Table 4).

Table 1

**Principal Assets and Liabilities<sup>1</sup>**

bil. yen

Item	End of fiscal 2017 (Mar. 31, 2018)	End of fiscal 2018 (Mar. 31, 2019)
<b>Total assets</b>	528,285.6 (+7.8) <+38,196.3>	557,024.3 (+5.4) <+28,738.6>
Of which:		
Japanese government securities	448,326.1 (+7.3) <+30,614.6>	469,953.8 (+4.8) <+21,627.7>
Commercial paper	2,057.4 (+1.1) <+21.6>	2,042.0 (-0.7) <-15.4>
Corporate bonds	3,192.1 (-0.7) <-22.3>	3,206.6 (+0.5) <+14.5>
Pecuniary trusts (stocks held as trust property)	1,048.8 (-11.7) <-139.5>	897.0 (-14.5) <-151.8>
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	18,934.8 (+46.4) <+5,999.4>	24,784.8 (+30.9) <+5,850.0>
Pecuniary trusts (Japan real estate investment trusts held as trust property)	476.1 (+24.6) <+93.8>	517.8 (+8.8) <+41.7>
Loans and bills discounted	46,411.9 (+3.9) <+1,747.3>	47,436.1 (+2.2) <+1,024.2>
Foreign currency assets	6,369.5 (-3.6) <-238.5>	6,732.1 (+5.7) <+362.6>
<b>Total liabilities</b>	524,336.3 (+7.8) <+37,912.8>	553,214.6 (+5.5) <+28,878.2>
Of which:		
Banknotes	104,000.4 (+4.2) <+4,200.2>	107,559.2 (+3.4) <+3,558.7>
Deposits (excluding those of the government)	399,638.3 (+12.1) <+43,259.4>	421,378.2 (+5.4) <+21,739.9>
Deposits of the government	15,124.8 (-30.5) <-6,625.9>	17,522.8 (+15.9) <+2,398.0>
Payables under repurchase agreements	311.2 (-90.9) <-3,113.9>	190.8 (-38.7) <-120.4>

Note: 1. Figures in parentheses are the percentage changes from a year earlier except where otherwise noted; figures in angle brackets are changes in billions of yen from a year earlier.

[Reference to Table 1]

**Loans Provided through the Loan Support Program<sup>1</sup>**

bil. yen

Item	End of fiscal 2016 (Mar. 31, 2017)	End of fiscal 2017 (Mar. 31, 2018)	End of fiscal 2018 (Mar. 31, 2019)
<b>Total amount outstanding</b>	<b>45,710.2</b>	<b>48,018.3</b>	<b>48,645.2</b>
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth	8,713.9	9,354.7	8,922.6
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	36,996.3	38,663.6	39,722.6

Note: 1. Includes foreign currency-denominated loans that are not included in "loans and bills discounted."

Table 2

**Principal Profits and Losses<sup>1</sup>**

bil. yen

Item	Fiscal 2017 (Apr. 1, 2017–Mar. 31, 2018)	Fiscal 2018 (Apr. 1, 2018–Mar. 31, 2019)
<b>Operating profits/losses</b>	1,228.7 (+12.2) <+133.5>	2,000.9 (+62.8) <+772.1>
Of which: "Core" operating income <sup>2</sup>	1,310.4 <+36.7>	1,409.0 <+98.5>
Net government bond-related gains/losses <sup>3</sup>	...	...
Net foreign exchange-related gains/losses <sup>4</sup>	-211.9 <-63.7>	225.7 <+437.6>
Net gains/losses on pecuniary trusts (stocks held as trust property)	251.2 <+33.7>	251.0 <-0.2>
Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)	278.9 <+106.6>	441.6 <+162.7>
Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)	18.1 <+4.3>	21.1 <+2.9>
Interest on excess reserve balances under the complementary deposit facility <sup>5</sup>	-183.6 <-3.6>	-186.5 <-2.9>
<b>Special profits/losses<sup>6</sup></b>	-338.8 <+48.9>	-926.1 <-587.2>
Of which:		
Net transfer to/from provision for possible losses on bonds transactions	-445.1 <+16.4>	-815.4 <-370.3>
Net transfer to/from provision for possible losses on foreign exchange transactions	105.9 <+31.8>	-112.8 <-218.8>
<b>Net income before taxes</b>	889.9 (+25.8) <+182.4>	1,074.8 (+20.8) <+184.8>
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	125.1 <-75.6>	487.8 <+362.6>
<b>Net income<sup>7</sup></b>	764.7 (+50.9) <+258.1>	586.9 (-23.3) <-177.8>

Notes: 1. Figures in parentheses are the percentage changes from the previous fiscal year except where otherwise noted; figures in angle brackets are changes in billions of yen from the previous fiscal year. "..." indicates that figures are not applicable.

2. The total of interest on loans and discounts, interest and discounts on JGSs, interest on commercial paper (CP), interest and discounts on corporate bonds, interest and discounts on foreign currency securities, lending fees on foreign currency securities, and interest on foreign currency deposits and loans.

3. Net gains/losses on sales of JGBs.

4. Net gains/losses on foreign currency assets resulting from revaluation following fluctuations in foreign exchange rates.

5. Net difference between interest payment on excess reserve balances to which a positive interest rate is applied (-209.0 billion yen) and interest income on the balances to which a negative interest rate is applied (22.4 billion yen).

6. A minus sign shows net transfer to the relevant provisions (negative figures reduce net income).

7. The Bank, the sole issuer of banknotes in Japan, obtains most of its profits from banknote issuance. It is obliged to pay the government all of its net income after providing for the amount transferred to the legal reserve and for dividends. This payment to the government is treated as deductible losses for income tax purposes, and is excluded from taxable income when corporate income tax and enterprise taxes are calculated.

Table 3

**Changes in Profits and Losses<sup>1</sup>**

bil. yen

Item	Fiscal 2016 (Apr. 1, 2016– Mar. 31, 2017)	Fiscal 2017 (Apr. 1, 2017– Mar. 31, 2018)	Fiscal 2018	First half of the fiscal year (Apr. 1, 2018– Sept. 30, 2018)	Second half of the fiscal year (Oct. 1, 2018– Mar. 31, 2019)
<b>1. Net government bond-related gains/losses</b>	...	...	...	...	...
Of which:					
Gains on sale of Japanese government bonds	...	...	...	...	...
Losses on sale of Japanese government bonds	...	...	...	...	...
<b>2. Net foreign exchange-related gains/losses<sup>2</sup></b>	<b>-148.1</b>	<b>-211.9</b>	<b>225.7</b>	<b>409.6</b>	<b>-183.9</b>
<b>3. Net gains/losses on pecuniary trusts (stocks held as trust property)</b>	<b>217.5</b>	<b>251.2</b>	<b>251.0</b>	<b>139.2</b>	<b>111.8</b>
Of which:					
Dividends and others	52.2	55.4	58.0	30.6	27.4
Losses on impairment	-4.3	...	-4.2	...	-4.2
Net gains/losses on sale	169.5	195.8	197.2	108.6	88.6
<b>4. Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)</b>	<b>172.2</b>	<b>278.9</b>	<b>441.6</b>	<b>406.2</b>	<b>35.3</b>
Of which:					
Distributions and others	172.2	278.9	441.6	406.2	35.3
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	...	...	...
<b>5. Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)</b>	<b>13.8</b>	<b>18.1</b>	<b>21.1</b>	<b>10.2</b>	<b>10.8</b>
Of which:					
Distributions and others	13.8	18.1	21.1	10.2	10.8
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	...	...	...

Notes: 1. "..." indicates that figures are not applicable.

2. Net gains/losses on foreign currency assets resulting from revaluation following fluctuations in foreign exchange rates.

bil. yen, except where otherwise noted

Item	Fiscal 2016 (Apr. 1, 2016– Mar. 31, 2017)	Fiscal 2017 (Apr. 1, 2017– Mar. 31, 2018)	Fiscal 2018	First half of the fiscal year	Second half of the fiscal year
				(Apr. 1, 2018– Sept. 30, 2018)	(Oct. 1, 2018– Mar. 31, 2019)
<b>6. "Core" operating income</b>	<b>1,273.7</b>	<b>1,310.4</b>	<b>1,409.0</b>	<b>704.6</b>	<b>704.3</b>
Yen assets	1,197.5	1,220.0	1,282.8	645.5	637.2
Of which:					
Interest on loans and discounts	9.6	0.0	0.0	0.0	0.0
Interest and discounts on Japanese government securities	1,186.9	1,221.1	1,283.9	646.1	637.8
Treasury discount bills	-123.0	-69.8	-22.7	-13.2	-9.4
Japanese government bonds	1,309.9	1,290.9	1,306.6	659.3	647.2
Interest on commercial paper	-0.3	-0.1	-0.0	-0.0	-0.0
Interest and discounts on corporate bonds	1.2	-0.9	-1.0	-0.5	-0.5
Interest on foreign currency assets	76.2	90.3	126.2	59.1	67.0
<b>7. Interest-bearing assets (average amount outstanding)</b>	<b>441,575.6</b>	<b>494,983.4</b>	<b>523,563.0</b>	<b>518,364.4</b>	<b>528,790.1</b>
Yen assets	435,036.4	488,322.0	516,853.3	511,683.8	522,051.1
Of which:					
Loans and bills discounted	35,498.7	46,204.9	46,480.6	46,524.3	46,436.5
Japanese government securities	394,115.1	436,665.2	464,907.5	459,723.3	470,120.1
Treasury discount bills	50,697.0	29,831.7	15,429.6	19,153.9	11,684.8
Japanese government bonds	343,418.1	406,833.5	449,477.8	440,569.3	458,435.3
Commercial paper	2,241.3	2,252.8	2,264.8	2,252.0	2,277.7
Corporate bonds	3,181.1	3,199.0	3,200.2	3,184.0	3,216.6
Foreign currency assets	6,539.1	6,661.4	6,709.7	6,680.6	6,738.9
<b>8. Yield on interest-bearing assets (percent)</b>	<b>0.288</b>	<b>0.264</b>	<b>0.269</b>	<b>0.271</b>	<b>0.267</b>
Yen assets	0.275	0.249	0.248	0.251	0.244
Of which:					
Loans and bills discounted	0.027	0.000	0.000	0.000	0.000
Japanese government securities	0.301	0.279	0.276	0.280	0.272
Treasury discount bills	-0.242	-0.234	-0.147	-0.138	-0.162
Japanese government bonds	0.381	0.317	0.290	0.298	0.283
Commercial paper	-0.013	-0.004	-0.002	-0.003	-0.001
Corporate bonds	0.038	-0.030	-0.033	-0.035	-0.031
Foreign currency assets	1.165	1.356	1.881	1.766	1.995



Table 4

**The Bank's Capital Base and Capital Adequacy Ratio<sup>1</sup>**

bil. yen, except where otherwise noted

Item	End of fiscal 2016 (Mar. 31, 2017)	End of fiscal 2017 (Mar. 31, 2018)	End of fiscal 2018 (Mar. 31, 2019)	Changes from a year earlier	[Reference] End of the first half of fiscal 2018 (Sept. 30, 2018)
<b>Capital accounts (A)</b>	<b>3,184.5</b>	<b>3,222.7</b>	<b>3,252.1</b>	<b>+29.3</b>	<b>3,222.7</b>
Capital	0.1	0.1	0.1	...	0.1
Legal reserve and others <sup>2</sup>	3,184.4	3,222.6	3,252.0	+29.3	3,222.6
<b>Provisions (B)</b>	<b>4,662.8</b>	<b>5,002.0</b>	<b>5,930.3</b>	<b>+928.3</b>	<b>5,429.7</b>
Provision for possible loan losses (excluding special provision for possible loan losses)	...	...	...	...	...
Provision for possible losses on bonds transactions	3,155.0	3,600.1	4,415.5	+815.4	3,823.0
Provision for possible losses on foreign exchange transactions	1,507.8	1,401.9	1,514.7	+112.8	1,606.7
<b>Capital base<sup>3</sup> (C) = (A) + (B)</b>	<b>7,847.4</b>	<b>8,224.8</b>	<b>9,182.4</b>	<b>+957.6</b>	<b>8,652.5</b>
<b>Annual average of banknotes issued (D)</b>	<b>97,198.8</b>	<b>101,588.7</b>	<b>105,391.6</b>	<b>+3,802.8</b>	<b>104,237.2</b>
<b>Capital adequacy ratio (C)/(D) × 100 (percent)</b>	<b>8.07</b>	<b>8.09</b>	<b>8.71</b>	<b>+0.62</b>	<b>8.30</b>

Notes: 1. "..." indicates that figures are not applicable.

2. Includes the special reserve (13 million yen).

3. Calculated in yen and then rounded down to the nearest 0.1 billion yen; thus, figures are not necessarily equal to the total of relevant items listed in the above table.

[Reference]

**Market Value of the Bank's Securities Holdings<sup>1</sup>**

bil. yen

Item	End of fiscal 2017 (Mar. 31, 2018)			End of fiscal 2018 (Mar. 31, 2019)		
	Book value	Market value <sup>2</sup>	Difference	Book value	Market value <sup>2</sup>	Difference
Japanese government securities	448,326.1	459,028.1	10,702.0	469,953.8	485,989.8	16,035.9
Commercial paper	2,057.4	2,057.4	...	2,042.0	2,042.0	...
Corporate bonds	3,192.1	3,185.7	-6.3	3,206.6	3,201.6	-5.0
Pecuniary trusts <sup>3</sup> (stocks held as trust property)	1,023.8	2,485.5	1,461.7	873.5	1,989.5	1,115.9
Pecuniary trusts <sup>3</sup> (index-linked exchange-traded funds held as trust property)	19,338.4	24,484.5	5,146.0	25,001.1	28,913.6	3,912.4
Pecuniary trusts <sup>3</sup> (Japan real estate investment trusts held as trust property)	470.0	514.2	44.1	512.1	625.6	113.4

Notes: 1. "..." indicates that figures are not applicable.

2. Based on market prices and other factors at the end of the fiscal year.

3. Comprises trust property on a contract basis; thus, book values are not necessarily equal to balance sheet amounts.

## II. FINANCIAL STATEMENTS

### 1. Inventory of property as at March 31, 2019

Item	Value in yen	Unit (except where otherwise noted)
<b>ASSETS</b>		
Gold	441,253,409,037	
Cash	250,063,536,128	
Japanese government securities	469,953,880,200,679	Face value at 459,059,470,800,000 yen
Commercial paper	2,042,002,809,933	Face value at 2,042,000,000,000 yen
Corporate bonds	3,206,693,501,619	Face value at 3,190,400,000,000 yen
Pecuniary trusts (stocks held as trust property)	897,012,559,903	
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	24,784,899,771,164	
Pecuniary trusts (Japan real estate investment trusts held as trust property)	517,885,796,932	
Loans and bills discounted	47,436,189,000,000	
Electronic loans	47,436,189,000,000	1,494
Foreign currency assets	6,732,159,607,734	
Foreign currency deposits	1,922,441,830,375	
Foreign currency securities	2,177,907,682,695	
Foreign currency mutual funds	61,415,209,664	
Foreign currency loans	2,570,394,885,000	
Deposits with agents	21,987,164,750	Deposits with 83 agents
Other assets	531,588,955,702	
Bills and checks in process of collection	1,341,621,828	7
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000	2
Capital subscription to an international financial institution	15,278,374,364	1
Withdrawn cash to be returned to the government	36,433,723,639	6
Accrued interest receivable	467,793,273,194	
Others	10,516,962,677	
Tangible fixed assets	208,622,157,154	
Buildings	97,256,758,274	609,974.05 square meters
Land	82,741,715,280	509,113.35 square meters
Lease assets	7,582,942,520	Number of lease property: 19,299
Construction in progress	9,042,036,220	
Other tangible fixed assets	11,998,704,860	Number of movable property: 9,977
Intangible fixed assets	124,266,331	
Utility rights	124,266,331	
<b>Total assets</b>	<b>557,024,362,737,066</b>	
<b>LIABILITIES</b>		
Banknotes	107,559,268,874,054	
Deposits (excluding those of the government)	421,378,299,007,776	
Current deposits	393,883,659,070,999	1,118
Other deposits	27,494,639,936,777	142
Deposits of the government	17,522,811,115,194	
Treasury deposit	150,001,205,418	
Domestic designated deposit	17,084,756,686,053	
Other government deposits	288,053,223,723	
Payables under repurchase agreements	190,837,226,720	10
Other liabilities	431,210,162,105	
Remittances payable	14,665,492,128	
Taxes payable	376,703,000,000	
Lease liabilities	7,917,799,589	
Others	31,923,870,388	
Provision for retirement benefits	201,859,044,951	
Provision for possible losses on bonds transactions	4,415,577,993,013	
Provision for possible losses on foreign exchange transactions	1,514,766,000,000	
<b>Total liabilities</b>	<b>553,214,629,423,813</b>	
<b>NET ASSETS</b>		
Capital	100,000,000	
Legal reserve	3,222,659,600,266	
Special reserve	13,196,452	
Net income	586,960,516,535	
<b>Total net assets</b>	<b>3,809,733,313,253</b>	
<b>Total liabilities and net assets</b>	<b>557,024,362,737,066</b>	

**2. Balance sheet as at March 31, 2019**

yen

<b>ASSETS</b>	
Gold	441,253,409,037
Cash	250,063,536,128
Japanese government securities	469,953,880,200,679
Commercial paper	2,042,002,809,933
Corporate bonds	3,206,693,501,619
Pecuniary trusts (stocks held as trust property)	897,012,559,903
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	24,784,899,771,164
Pecuniary trusts (Japan real estate investment trusts held as trust property)	517,885,796,932
Loans and bills discounted	47,436,189,000,000
Electronic loans	47,436,189,000,000
Foreign currency assets	6,732,159,607,734
Foreign currency deposits	1,922,441,830,375
Foreign currency securities	2,177,907,682,695
Foreign currency mutual funds	61,415,209,664
Foreign currency loans	2,570,394,885,000
Deposits with agents	21,987,164,750
Other assets	531,588,955,702
Bills and checks in process of collection	1,341,621,828
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000
Capital subscription to an international financial institution	15,278,374,364
Withdrawn cash to be returned to the government	36,433,723,639
Accrued interest receivable	467,793,273,194
Others	10,516,962,677
Tangible fixed assets	208,622,157,154
Buildings	97,256,758,274
Land	82,741,715,280
Lease assets	7,582,942,520
Construction in progress	9,042,036,220
Other tangible fixed assets	11,998,704,860
Intangible fixed assets	124,266,331
Utility rights	124,266,331
<b>Total assets</b>	<b>557,024,362,737,066</b>
<b>LIABILITIES</b>	
Banknotes	107,559,268,874,054
Deposits (excluding those of the government)	421,378,299,007,776
Current deposits	393,883,659,070,999
Other deposits	27,494,639,936,777
Deposits of the government	17,522,811,115,194
Treasury deposit	150,001,205,418
Domestic designated deposit	17,084,756,686,053
Other government deposits	288,053,223,723
Payables under repurchase agreements	190,837,226,720
Other liabilities	431,210,162,105
Remittances payable	14,665,492,128
Taxes payable	376,703,000,000
Lease liabilities	7,917,799,589
Others	31,923,870,388
Provision for retirement benefits	201,859,044,951
Provision for possible losses on bonds transactions	4,415,577,993,013
Provision for possible losses on foreign exchange transactions	1,514,766,000,000
<b>Total liabilities</b>	<b>553,214,629,423,813</b>
<b>NET ASSETS</b>	
Capital	100,000,000
Legal reserve	3,222,659,600,266
Special reserve	13,196,452
Net income	586,960,516,535
<b>Total net assets</b>	<b>3,809,733,313,253</b>
<b>Total liabilities and net assets</b>	<b>557,024,362,737,066</b>

### 3. Statement of income for fiscal 2018 (April 1, 2018–March 31, 2019)

yen

<b>Operating income</b>	<b>2,393,399,936,971</b>
<b>Interest on loans and discounts</b>	<b>138,386</b>
Interest on loans	138,386
<b>Interest and discounts on Japanese government securities</b>	<b>1,283,946,626,091</b>
<b>Interest on commercial paper</b>	<b>-64,408,973</b>
<b>Interest and discounts on corporate bonds</b>	<b>-1,070,645,346</b>
<b>Gains on foreign currency assets</b>	<b>372,278,516,914</b>
Foreign exchange gains	225,708,273,528
Gains on foreign currency securities	56,656,796,808
Gains on foreign currency mutual funds	1,388,927,595
Interest on foreign currency deposits and loans	88,524,518,983
<b>Other operating income</b>	<b>738,309,709,899</b>
Gains on pecuniary trusts (stocks held as trust property)	251,068,330,537
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	441,641,225,209
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	21,176,514,831
Dividends	627,535,498
Fees and commissions	9,229,787,124
Other income	14,566,316,700
<b>Operating expenses</b>	<b>392,485,502,245</b>
<b>Interest on payables under repurchase agreements</b>	<b>-695,488,201</b>
<b>General and administrative expenses and costs</b>	<b>198,064,674,901</b>
Cost of production of banknotes	51,985,762,000
Administrative expenses for treasury business and Japanese government securities	16,954,414,802
Personnel expenses	51,615,264,476
Expenses for transportation and communications	4,093,253,744
Expenses for maintenance and repairs	2,831,114,809
Other general and administrative expenses and costs	51,313,363,116
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	3,938,952,287
Depreciation and amortization	15,332,549,667
<b>Other general and administrative expenses</b>	<b>195,116,315,545</b>
Interest on excess reserve balances under the complementary deposit facility	186,597,746,821
Fees and commissions paid	112,403,018
Other expenses	8,406,165,706
<b>Operating profits</b>	<b>2,000,914,434,726</b>
<b>Special profits</b>	<b>2,471,649,310</b>
<b>Gains on disposal of fixed assets</b>	<b>2,471,649,310</b>
<b>Special losses</b>	<b>928,583,747,966</b>
<b>Losses on disposal of fixed assets</b>	<b>279,747,966</b>
<b>Transfer to provision for possible losses on bonds transactions</b>	<b>815,450,000,000</b>
<b>Transfer to provision for possible losses on foreign exchange transactions</b>	<b>112,854,000,000</b>
<b>Net income before taxes</b>	<b>1,074,802,336,070</b>
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	<b>487,841,819,535</b>
<b>Net income</b>	<b>586,960,516,535</b>

#### 4. Summary of significant accounting policies

##### a. Securities

Yen-denominated bonds and CP<sup>3</sup> are valued at amortized cost determined by the moving-average method.

Foreign currency-denominated bonds and foreign currency-denominated mutual funds are valued at market value.

Stocks, beneficiary interests in index-linked exchange-traded funds, and investment equities issued by real estate investment corporations are valued at cost determined by the moving-average method.

Impairment procedures will be applied for CP, corporate bonds,<sup>4</sup> stocks, beneficiary interests in index-linked exchange-traded funds, and investment equities issued by real estate investment corporations whose market values have fallen considerably.

Securities held as trust property in pecuniary trusts<sup>5</sup> are valued in accordance with the procedures prescribed above according to the type of securities.

##### b. Tangible and intangible fixed assets

Depreciation is computed as follows:

###### (1) Buildings

Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998, at a rate based on the Corporation Tax Act.

###### (2) Accessory equipment in the Bank's buildings and movable property

Depreciation is computed by the declining-balance method at a rate based on the Corporation Tax Act. However, depreciation for accessory equipment acquired on or after April 1, 2016 is computed using the straight-line method at a rate based on the Corporation Tax Act.

###### (3) Lease assets arising from finance lease transactions that transfer ownership

Depreciation is computed based on the same depreciation method as is applied to fixed assets owned by the Bank.

###### (4) Lease assets arising from finance lease transactions that do not transfer ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

3. CP here comprises the following types, in dematerialized or physical form: (1) CP issued by domestic corporations; (2) CP issued by foreign corporations with guarantees (dematerialized only); (3) asset-backed CP; and (4) CP issued by real estate investment corporations.

4. Includes bonds issued by real estate investment corporations.

5. Includes (1) "money trusts," where the beneficiaries entrust money to be held as trust property, and at the end of the term receive money, and (2) "pecuniary trusts other than money trusts," where the beneficiaries entrust money to be held as trust property, and at the end of the term receive securities or other forms of property in which the money has been invested.

(5) Others

Depreciation is computed in accordance with the Corporation Tax Act.

**c. Foreign currency transactions**

Assets and liabilities denominated in foreign currencies are translated into yen at the foreign exchange rate prevailing at the balance-sheet date. However, the amount of capital subscription to an international financial institution is translated into yen at the foreign exchange rate prevailing at the time of subscription. Assets and liabilities deriving from the Bank's U.S. Dollar Funds-Supplying Operations against Pooled Collateral are translated into yen at the foreign exchange rates used in swap transactions with the Federal Reserve Bank of New York.

**d. Transfers to/from provisions**

(1) Provision for possible loan losses

The general provision for possible loan losses is maintained based on the past experience of the ratio of actual loan losses to total loans (the loan-loss ratio). However, a special provision for possible losses on specific loans will be recorded separately, should the Bank's Policy Board deem it necessary.

(2) Provision for retirement benefits

The provision for retirement benefits is appropriated based on the estimated amount of retirement benefit obligations at the fiscal year-end.

The method of attributing projected benefits to periods up to the fiscal year-end is based on the straight-line method. Prior service cost is amortized using the straight-line method, which fixes the amount of the amortization and applies it over a certain number of years—within the average remaining service period of employees at the time (the amortization is applied over 10 years). Unrecognized actuarial differences are amortized from the fiscal year following the one in which the difference arises; this is also done using the straight-line method.

(3) Provision for possible losses on bonds transactions

The provision for possible losses on bonds transactions is maintained pursuant to the following rules and regulations: Article 15 of the Order for Enforcement of the Bank of Japan Act and Article 1-2 of the Supplementary Provisions of this order; Articles 9, 10, and 11 of the Ordinance for Enforcement of the Bank of Japan Act and Article 3 of the Supplementary Provisions of this ordinance; and Article 18 of the Bank's Accounting Rules and the Supplementary Provisions of these rules.

(4) Provision for possible losses on foreign exchange transactions

The provision for possible losses on foreign exchange transactions is maintained pursuant to the following rules and regulations: Article 15 of the Order for

Enforcement of the Bank of Japan Act; Articles 9, 10, and 11 of the Ordinance for Enforcement of the Bank of Japan Act; and Article 18 of the Bank's Accounting Rules.

- (5) Provisions for unrealized losses on stockholdings, index-linked exchange-traded fund holdings, and Japan real estate investment trust holdings  
Provisions for unrealized losses on stockholdings, index-linked exchange-traded fund holdings, and Japan real estate investment trust holdings will be registered for the difference between the market value and the book value for each in cases where the market value is less than the book value.



### Explanatory Notes to Lease Transactions

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**1. Finance lease transactions**

Finance lease transactions that do not transfer ownership

a. Details of lease assets

Tangible fixed assets, mainly electronic data processing systems such as the Bank's host computers.

b. Methods used in calculating the depreciation of lease assets

Depreciation is computed in accordance with the Bank's significant accounting policies on methods used in calculating the depreciation of tangible and intangible fixed assets.

**2. Operating lease transactions**

Future minimum lease payments for non-cancelable operating lease transactions

a. Lessee

	mil. yen
Within one year	225
More than one year	658
Total	883

b. Lessor

	mil. yen
Within one year	1
More than one year	30
Total	31

### Explanatory Notes to Accounting for Retirement Benefits<sup>1</sup>

#### 1. Reconciliation of beginning and ending balances of the projected benefit obligation

	yen
Projected benefit obligation at the beginning of fiscal 2018	239,216,005,000
Service cost	6,107,743,000
Interest cost	956,477,000
Actuarial differences	499,450,478
Retirement benefits paid	-10,025,172,478
Prior service cost	-3,292,553,000
<hr/>	
Projected benefit obligation at the end of fiscal 2018	233,461,950,000

#### 2. Reconciliation of the projected benefit obligation and the provision for retirement benefits

	yen
Projected benefit obligation	233,461,950,000
Fair value of plan assets	...
<hr/>	
Unfunded projected benefit obligation	233,461,950,000
Unrecognized actuarial differences	-41,182,987,374
Unrecognized prior service cost	9,580,082,325
<hr/>	
Net amount recorded on the balance sheet	201,859,044,951
Prepaid pension cost	...
<hr/>	
Provision for retirement benefits	201,859,044,951

#### 3. Retirement benefit cost

	yen
Service cost	6,107,743,000
Interest cost	956,477,000
Expected return on plan assets	...
Amortization of actuarial differences	6,302,763,578
Amortization of prior service cost	-1,240,467,125
<hr/>	
Retirement benefit cost	12,126,516,453

#### 4. Assumptions

Discount rate	0.4%
Long-term expected rate of return on plan assets	...

Note: 1. "..." indicates that figures are not applicable.

## 5. Auditors' opinion<sup>6</sup>

May 15, 2019

### Auditors' Opinion on the Bank of Japan's Financial Statements for Fiscal 2018

Pursuant to Article 52, paragraph 1 of the Bank of Japan Act (Act No. 89, 1997), we have audited the financial statements of the Bank of Japan for fiscal 2018 indicated below. In our opinion, the financial statements present fairly the state of property and the results of operations for fiscal 2018.

The financial statements comprise the following:  
Inventory of property as at March 31, 2019;  
Balance sheet as at March 31, 2019; and  
Statement of income for fiscal 2018.

Ryuichi Shogan  
Toshihiko Fujita  
Ryota Yanagihara

Auditors, Bank of Japan

## 6. Appropriation of net income for fiscal 2018

yen

<b>Net income</b>	<b>586,960,516,535</b>
Appropriations:	
Transfer to legal reserve	29,348,025,827
Dividends, 5 percent of share face value	5,000,000
Payment to the government	557,607,490,708
<b>Total</b>	<b>586,960,516,535</b>

<sup>6</sup> This presents a translation, for convenience only, of the original report issued in Japanese.

### III. SCHEDULE FOR THE FINANCIAL STATEMENTS

#### 1. Details of assets

yen

Item	Balance at the beginning of fiscal 2018	Balance at the end of fiscal 2018	Changes during fiscal 2018
<b>1. Gold</b>	<b>441,253,409,037</b>	<b>441,253,409,037</b>	<b>0</b>
<b>2. Cash<sup>1</sup></b>	<b>274,310,402,218</b>	<b>250,063,536,128</b>	<b>-24,246,866,090</b>
<b>3. Japanese government securities</b>	<b>448,326,107,324,120</b>	<b>469,953,880,200,679</b>	<b>21,627,772,876,559</b>
Treasury discount bills	21,758,701,344,755	10,367,582,107,230	-11,391,119,237,525
Japanese government bonds	426,567,405,979,365	459,586,298,093,449	33,018,892,114,084
2-year Japanese government bonds	29,237,164,234,560	26,878,929,114,918	-2,358,235,119,642
5-year Japanese government bonds	111,153,738,875,305	108,217,728,922,239	-2,936,009,953,066
10-year Japanese government bonds	162,707,526,065,010	184,399,876,132,912	21,692,350,067,902
20-year Japanese government bonds	80,879,933,788,712	93,246,910,678,444	12,366,976,889,732
30-year Japanese government bonds	30,112,756,738,081	33,530,742,477,809	3,417,985,739,728
40-year Japanese government bonds	6,092,084,940,416	7,244,552,088,144	1,152,467,147,728
Floating-rate Japanese government bonds	4,778,452,860,903	4,019,832,866,412	-758,619,994,491
Inflation-indexed bonds	1,605,748,476,378	2,047,725,812,571	441,977,336,193
<b>4. Commercial paper<sup>2</sup></b>	<b>2,057,433,361,381</b>	<b>2,042,002,809,933</b>	<b>-15,430,551,448</b>
Dematerialized commercial paper	2,057,433,361,381	2,042,002,809,933	-15,430,551,448
<b>5. Corporate bonds<sup>3</sup></b>	<b>3,192,117,557,051</b>	<b>3,206,693,501,619</b>	<b>14,575,944,568</b>
<b>6. Pecuniary trusts (stocks held as trust property)<sup>4</sup></b>	<b>1,048,895,987,596</b>	<b>897,012,559,903</b>	<b>-151,883,427,693</b>
Stocks	1,023,874,328,856	873,575,065,453	-150,299,263,403
Dividends receivable and others	25,021,658,740	23,437,494,450	-1,584,164,290
<b>7. Pecuniary trusts (index-linked exchange-traded funds held as trust property)<sup>5</sup></b>	<b>18,934,845,109,326</b>	<b>24,784,899,771,164</b>	<b>5,850,054,661,838</b>
Index-linked exchange-traded funds	18,934,845,109,326	24,784,899,771,164	5,850,054,661,838
<b>8. Pecuniary trusts (Japan real estate investment trusts held as trust property)<sup>6</sup></b>	<b>476,123,314,723</b>	<b>517,885,796,932</b>	<b>41,762,482,209</b>
Japan real estate investment trusts	470,062,302,945	511,016,088,965	40,953,786,020
Distributions receivable	6,061,011,778	6,869,707,967	808,696,189
<b>9. Loans and bills discounted</b>	<b>46,411,919,000,000</b>	<b>47,436,189,000,000</b>	<b>1,024,270,000,000</b>
Electronic loans	46,411,919,000,000	47,436,189,000,000	1,024,270,000,000
Loans by Funds-Supplying Operations against Pooled Collateral <sup>7</sup>	46,411,919,000,000	47,436,189,000,000	1,024,270,000,000
<b>10. Foreign currency assets</b>	<b>6,369,516,422,097</b>	<b>6,732,159,607,734</b>	<b>362,643,185,637</b>
Foreign currency deposits <sup>8</sup>	1,128,294,451,167	1,922,441,830,375	794,147,379,208
Foreign currency securities <sup>9</sup>	2,716,237,615,380	2,177,907,682,695	-538,329,932,685
Foreign currency mutual funds	58,235,330,550	61,415,209,664	3,179,879,114
Foreign currency loans <sup>10</sup>	2,466,749,025,000	2,570,394,885,000	103,645,860,000
<b>11. Deposits with agents<sup>11</sup></b>	<b>24,045,314,835</b>	<b>21,987,164,750</b>	<b>-2,058,150,085</b>

Notes: 1. Coins reserved for circulation.

2. Comprises the following types in dematerialized or physical form: (1) CP issued by domestic corporations; (2) CP issued by foreign corporations with guarantees (dematerialized only); (3) asset-backed CP; and (4) CP issued by real estate investment corporations.

3. Includes corporate bonds issued by real estate investment corporations.

4. Comprises stocks purchased from financial institutions through a trust bank, and dividends receivable and others.

5. Comprises beneficiary interests in index-linked exchange-traded funds purchased through a trust bank and distributions receivable.

6. Comprises investment equities issued by real estate investment corporations purchased through a trust bank and distributions receivable.

7. Includes the amounts outstanding of: (1) loans made through the Fixed-Rate Funds-Supplying Operation against Pooled Collateral; (2) loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth (hereafter the Growth-Supporting Funding Facility) conducted through the Loan Support Program (excluding loans disbursed pursuant to the special rules for the U.S. dollar lending arrangement); (3) loans made under the Fund-Provisioning Measure to Stimulate Bank Lending conducted through the Loan Support Program; (4) loans made through the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas; and (5) loans made through the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake.

8. Deposits held at foreign central banks and the Bank for International Settlements (BIS).

9. Includes securities issued by foreign governments.

10. The amount outstanding comprises that of loans disbursed pursuant to the special rules for the U.S. dollar lending arrangement to enhance the Growth-Supporting Funding Facility conducted through the Loan Support Program.

11. Deposits held at agents that conduct operations relating to treasury funds and JGSs on behalf of the Bank. These deposits are reserved for such operations.

yen

Item	Balance at the beginning of fiscal 2018	Balance at the end of fiscal 2018	Changes during fiscal 2018
<b>12. Other assets</b>	<b>521,137,257,715</b>	<b>531,588,955,702</b>	<b>10,451,697,987</b>
Bills and checks in process of collection <sup>12</sup>	56,588,173	1,341,621,828	1,285,033,655
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000	225,000,000	0
Capital subscription to an international financial institution <sup>13</sup>	15,278,374,364	15,278,374,364	0
Withdrawn cash to be returned to the government <sup>14</sup>	42,819,080,560	36,433,723,639	-6,385,356,921
Refund on accrued tax	4,302,872,300	0	-4,302,872,300
Accrued interest receivable	444,217,878,187	467,793,273,194	23,575,395,007
Others	14,237,464,131	10,516,962,677	-3,720,501,454

Notes: 12. Checks and bills received as cash and in process of collection.

13. A subscription to the BIS.

14. Includes coins that became unfit for circulation through damage and received as treasury funds by the Bank.

yen

Item	Balance at the beginning of fiscal 2018	Increase during fiscal 2018	Decrease during fiscal 2018	Of which:	Balance at the end of fiscal 2018	Cumulative total of depreciation
				Depreciation		
<b>13. Tangible fixed assets<sup>15</sup></b>	<b>207,853,084,417</b>	<b>24,370,421,141</b>	<b>23,601,348,404</b>	<b>14,346,430,214</b>	<b>208,622,157,154</b>	<b>363,022,616,737</b>
Buildings <sup>16,17</sup>	97,529,908,898 (611,036.68)	7,500,341,251 (2,232.92)	7,773,491,875 (3,295.55)	7,587,179,441 (...)	97,256,758,274 (609,974.05)	335,984,248,066 (...)
Land <sup>16</sup>	82,743,135,513 (516,363.89)	0 (22.10)	1,420,233 (7,272.64)	... (...)	82,741,715,280 (509,113.35)	... (...)
Lease assets <sup>18,19</sup>	8,210,619,191 (18,356)	2,458,278,840 (3,552)	3,085,955,511 (2,609)	3,048,172,396 (...)	7,582,942,520 (19,299)	5,698,844,768 (...)
Construction in progress <sup>20</sup>	6,604,809,352	11,435,781,354	8,998,554,486	...	9,042,036,220	...
Other tangible fixed assets <sup>21,22</sup>	12,764,611,463 (10,072)	2,976,019,696 (228)	3,741,926,299 (323)	3,711,078,377 (...)	11,998,704,860 (9,977)	21,339,523,903 (...)

Notes: 15. "..." indicates that figures are not applicable.

16. Figures in parentheses for "buildings" and "land" indicate area in square meters.

17. The increase in "buildings" was mainly due to the renovation of and repairs to buildings for the Bank's business operations.

18. Figures in parentheses for "lease assets" describe the number of items of lease property.

19. The increase in "lease assets" was mainly due to new lease contracts on electronic data processing systems.

20. The increase in "construction in progress" was mainly due to repairs to buildings for the Bank's business operations.

21. Figures in parentheses for "other tangible fixed assets" describe the number of items of movable property.

22. The increase in "other tangible fixed assets" was mainly due to purchase of new automatic banknote examination machines.

yen

Item	Balance at the beginning of fiscal 2018	Increase during fiscal 2018	Decrease during fiscal 2018	Of which:	Balance at the end of fiscal 2018	Cumulative total of depreciation
				Depreciation		
<b>14. Intangible fixed assets</b>	<b>122,309,624</b>	<b>9,069,522</b>	<b>7,112,815</b>	<b>7,112,815</b>	<b>124,266,331</b>	<b>867,187,818</b>
Utility rights	122,309,624	9,069,522	7,112,815	7,112,815	124,266,331	867,187,818

**Appendix: Details of loans provided through the Loan Support Program**

yen

Item	Balance at the beginning of fiscal 2018	Balance at the end of fiscal 2018	Changes during fiscal 2018
<b>Total amount outstanding</b>	<b>48,018,368,025,000</b>	<b>48,645,283,885,000</b>	<b>626,915,860,000</b>
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth <sup>7</sup>	9,354,768,025,000	8,922,683,885,000	-432,084,140,000
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	38,663,600,000,000	39,722,600,000,000	1,059,000,000,000

Note: 1. Comprises the loans disbursed pursuant to the following: (1) main rules; (2) special rules for equity investments and asset-based lending; (3) special rules for small-lot investments and loans; and (4) special rules for the U.S. dollar lending arrangement. Figures for loans in categories (1) through (3) are included in "loans and bills discounted" under assets. As for loans in category (4), the relevant figure is included in "foreign currency assets" under assets.

## 2. Details of liabilities and net assets

yen

Item	Balance at the beginning of fiscal 2018	Balance at the end of fiscal 2018	Changes during fiscal 2018
<b>1. Banknotes</b>	<b>104,000,474,891,160</b>	<b>107,559,268,874,054</b>	<b>3,558,793,982,894</b>
10,000 yen notes	96,340,556,910,000	99,696,944,615,000	3,356,387,705,000
5,000 yen notes	3,204,580,957,500	3,317,638,460,000	113,057,502,500
2,000 yen notes	197,570,173,000	196,261,745,000	-1,308,428,000
1,000 yen notes	4,111,787,317,500	4,203,718,526,500	91,931,209,000
Other banknotes <sup>1</sup>	145,979,533,160	144,705,527,554	-1,274,005,606
<b>2. Deposits (excluding those of the government)</b>	<b>399,638,338,405,152</b>	<b>421,378,299,007,776</b>	<b>21,739,960,602,624</b>
Current deposits	378,237,940,665,775	393,883,659,070,999	15,645,718,405,224
Other deposits <sup>2</sup>	21,400,397,739,377	27,494,639,936,777	6,094,242,197,400
<b>3. Deposits of the government</b>	<b>15,124,804,613,741</b>	<b>17,522,811,115,194</b>	<b>2,398,006,501,453</b>
Treasury deposit	150,000,141,286	150,001,205,418	1,064,132
Domestic designated deposit <sup>3</sup>	14,657,400,509,376	17,084,756,686,053	2,427,356,176,677
Other government deposits <sup>4</sup>	317,403,963,079	288,053,223,723	-29,350,739,356
<b>4. Payables under repurchase agreements<sup>5</sup></b>	<b>311,294,637,524</b>	<b>190,837,226,720</b>	<b>-120,457,410,804</b>
Other sales of Japanese government securities under repurchase agreements <sup>6</sup>	311,294,637,524	190,837,226,720	-120,457,410,804
Of which:			
Under the Securities Lending Facility	311,294,637,524	190,837,226,720	-120,457,410,804
<b>5. Other liabilities</b>	<b>59,637,024,252</b>	<b>431,210,162,105</b>	<b>371,573,137,853</b>
Remittances payable	12,700,369,266	14,665,492,128	1,965,122,862
Taxes payable	7,584,000,000	376,703,000,000	369,119,000,000
Lease liabilities	8,558,825,733	7,917,799,589	-641,026,144
Others <sup>7</sup>	30,793,829,253	31,923,870,388	1,130,041,135

- Notes: 1. The total of banknotes of denominations that are no longer issued new but are still legal tender (i.e., notes of 500 yen, 100 yen, 50 yen, 10 yen, 5 yen, and 1 yen).  
2. Deposits held by foreign central banks and others.  
3. A deposit to which the surplus funds from management of the treasury is transferred from the "treasury deposit."  
4. Includes the special deposit, which balances "cash" (coins reserved for circulation) and "withdrawn cash to be returned to the government" (coins withdrawn from circulation) in the asset account.  
5. Monetary obligations arising from sales of JGSs under repurchase agreements.  
6. Monetary obligations other than those arising from sales under repurchase agreements of JGBs to the government.  
7. 28,412,895,491 yen of the amount outstanding of "others" at the fiscal year-end comprises accrued interest on excess reserve balances under the complementary deposit facility.

yen

Item	Balance at the beginning of fiscal 2018	Increase during fiscal 2018	Decrease during fiscal 2018	Balance at the end of fiscal 2018
<b>6. Provisions<sup>8</sup></b>	<b>5,201,797,693,989</b>	<b>940,430,516,453</b>	<b>10,025,172,478</b>	<b>6,132,203,037,964</b>
Provision for retirement benefits	199,757,700,976	12,126,516,453	10,025,172,478	201,859,044,951
Provision for possible losses on bonds transactions	3,600,127,993,013	815,450,000,000	0	4,415,577,993,013
Provision for possible losses on foreign exchange transactions	1,401,912,000,000	112,854,000,000	0	1,514,766,000,000
<b>7. Net assets</b>	<b>3,184,532,807,686</b>	<b>38,239,989,032</b>	<b>0</b>	<b>3,222,772,796,718</b>
Capital	100,000,000	0	0	100,000,000
Legal reserve <sup>9</sup>	3,184,419,611,234	38,239,989,032	0	3,222,659,600,266
Special reserve <sup>10</sup>	13,196,452	0	0	13,196,452

- Notes: 8. Appropriated in accordance with the Bank's significant accounting policies.  
9. A reserve maintained to cover possible losses and to pay dividends under Article 53, paragraphs 1 and 2 of the Bank of Japan Act.  
10. To ease the reconstruction of financial institutions after World War II, the Bank, along with private financial institutions, suspended payment of dividends from the first half of fiscal 1945 to the first half of fiscal 1949, in accordance with an order from the Minister of Finance. The unpaid dividends were set aside as a special reserve pursuant to the Supplementary Provisions of the Act for Partial Revision of the Bank of Japan Act (Act No. 46 of 1947).

### 3. Details of revenues and expenses for fiscal 2018

#### a. Operating income

<b>Interest on loans and discounts</b>	
Interest on loans	138,386 yen from electronic loans.
<b>Interest and discounts on Japanese government securities</b>	1,283,946,626,091 yen from interest income on Japanese government securities after adjustment.
<b>Interest on commercial paper</b>	-64,408,973 yen from interest income on commercial paper after adjustment.
<b>Interest and discounts on corporate bonds</b>	-1,070,645,346 yen from interest income on corporate bonds after adjustment.
<b>Gains on foreign currency assets</b>	
Foreign exchange gains	225,708,273,528 yen from gains on foreign currency assets resulting from revaluation following fluctuations in foreign exchange rates.
Gains on foreign currency securities	Total of 37,668,038,532 yen from interest and discounts on foreign currency securities and 23,098,446 yen from lending fees on them; and 18,965,659,830 yen of gains arising from sale, redemption, and revaluation at end-March 2019 of foreign currency securities.
Gains on foreign currency mutual funds	1,388,927,595 yen
Interest on foreign currency deposits and loans	88,524,518,983 yen
<b>Other operating income</b>	
Gains on pecuniary trusts (stocks held as trust property)	251,068,330,537 yen mainly from gains on sales.
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	441,641,225,209 yen mainly from distributions.
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	21,176,514,831 yen mainly from distributions.
Dividends	627,535,498 yen for dividends from shares of the Bank for International Settlements held by the Bank.
Fees and commissions	9,229,787,124 yen for fees and commissions for operations regarding Japanese government securities, the Bank of Japan Financial Network System (BOJ-NET), foreign exchange transactions, and other operations.
Other income	14,566,316,700 yen from transfer from provision for retirement benefits and other miscellaneous income.



## b. Operating expenses

<b>Interest on payables under repurchase agreements</b>	695,488,201 yen from interest income on sales of Japanese government securities under repurchase agreements.
<b>General and administrative expenses and costs</b>	
Cost of production of banknotes	51,985,762,000 yen from payments to the National Printing Bureau, an incorporated administrative agency, for the cost of production of banknotes.
Administrative expenses for treasury business and Japanese government securities	16,954,414,802 yen from fees and commissions paid to agents of the Bank for administration of treasury business and Japanese government securities.
Personnel expenses	430,007,000 yen for remuneration of the officers; 41,101,846,998 yen for remuneration of the employees; and 10,083,410,478 yen for retirement allowances.
Expenses for transportation and communications	1,986,529,888 yen for expenses for transportation and 2,106,723,856 yen for expenses for communications.
Expenses for maintenance and repairs	2,831,114,809 yen on offices and other premises.
Other general and administrative expenses and costs	1,119,354,289 yen for the cost of expendable supplies; 1,739,501,533 yen for expenses for electricity and water supply; 7,991,850,713 yen for leasing fees for buildings and equipment; 9,721,191,928 yen for expenses for maintenance of buildings and equipment; and 30,741,464,653 yen for miscellaneous expenses.
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	3,938,952,287 yen for taxes and public charges (including fixed-asset tax and urban development tax).
Depreciation and amortization	15,332,549,667 yen on buildings and lease assets.
<b>Other general and administrative expenses</b>	
Interest on excess reserve balances under the complementary deposit facility	186,597,746,821 yen (net difference between interest payment of 209,034,464,471 yen on excess reserve balances to which a positive interest rate is applied and interest income of 22,436,717,650 yen on the balances to which a negative interest rate is applied).
Fees and commissions paid	112,403,018 yen
Other expenses	8,406,165,706 yen for transfer to provision for retirement benefits and other expenses.

## c. Special profits

<b>Gains on disposal of fixed assets</b>	2,471,649,310 yen for gains on sales of land for the Bank's premises.
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## d. Special losses

<b>Losses on disposal of fixed assets</b>	279,747,966 yen for losses on disposals of offices and other properties.
<b>Transfer to provision for possible losses on bonds transactions</b>	815,450,000,000 yen
<b>Transfer to provision for possible losses on foreign exchange transactions</b>	112,854,000,000 yen

## e. Net income

<b>Net income before taxes</b>	1,074,802,336,070 yen
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	487,841,819,535 yen
<b>Net income</b>	586,960,516,535 yen

#### IV. EXPENSES

With regard to the Bank's statement of accounts for fiscal 2018 (the 134th fiscal year), the total amount of actual expenses decreased by 0.2 percent (0.4 billion yen) to 192.6 billion yen compared to the previous fiscal year. This was mainly due to a decrease in the "cost of fixed-asset purchases," reflecting a decline in expenses related to improvements to the Bank's premises, while "other general and administrative expenses and costs," particularly computerization expenses, increased.

## 1. Statement of accounts for fiscal 2018

yen

Item	Initial budget	Adjusted budget <sup>1</sup>	Actual	Surpluses	Changes from the previous year (actual)
<b>Cost of production of banknotes</b>	<b>51,985,763,000</b>	<b>51,985,763,000</b>	<b>51,985,762,000</b>	<b>1,000</b>	<b>79,996,000</b>
<b>Administrative expenses for treasury business and Japanese government securities</b>	<b>17,283,548,000</b>	<b>17,283,548,000</b>	<b>16,954,414,802</b>	<b>329,133,198</b>	<b>-84,824,232</b>
<b>Personnel expenses</b>	<b>52,651,174,000</b>	<b>52,651,174,000</b>	<b>51,615,264,476</b>	<b>1,035,909,524</b>	<b>-166,409,597</b>
Remuneration of the officers	430,729,000	430,729,000	430,007,000	722,000	2,370,000
Remuneration of the employees	41,918,480,000	41,918,480,000	41,101,846,998	816,633,002	101,962,355
Retirement allowances	10,301,965,000	10,301,965,000	10,083,410,478	218,554,522	-270,741,952
<b>Expenses for transportation and communications</b>	<b>4,376,782,000</b>	<b>4,376,782,000</b>	<b>4,093,253,744</b>	<b>283,528,256</b>	<b>-93,824,914</b>
Expenses for transportation	2,135,496,000	2,135,496,000	1,986,529,888	148,966,112	68,264,022
Expenses for communications	2,241,286,000	2,241,286,000	2,106,723,856	134,562,144	-162,088,936
<b>Expenses for maintenance and repairs</b>	<b>2,847,923,000</b>	<b>2,847,923,000</b>	<b>2,831,114,809</b>	<b>16,808,191</b>	<b>-27,359,588</b>
<b>Other general and administrative expenses and costs</b>	<b>53,019,316,000</b>	<b>53,019,316,000</b>	<b>51,313,363,116</b>	<b>1,705,952,884</b>	<b>2,651,270,400</b>
Cost of expendable supplies	1,282,491,000	1,282,491,000	1,119,354,289	163,136,711	-47,744,467
Expenses for electricity and water supply	1,975,814,000	1,975,814,000	1,739,501,533	236,312,467	104,579,941
Leasing fees for buildings and equipment	7,921,846,000	8,056,846,000	7,991,850,713	64,995,287	-140,950,569
Expenses for maintenance of buildings and equipment	10,212,711,000	10,077,711,000	9,721,191,928	356,519,072	1,108,227,085
Miscellaneous expenses	31,626,454,000	31,626,454,000	30,741,464,653	884,989,347	1,627,158,410
<b>Subtotal</b>	<b>182,164,506,000</b>	<b>182,164,506,000</b>	<b>178,793,172,947</b>	<b>3,371,333,053</b>	<b>2,358,848,069</b>
<b>Cost of fixed-asset purchases</b>	<b>14,210,765,000</b>	<b>14,210,765,000</b>	<b>13,767,904,248</b>	<b>442,860,752</b>	<b>-2,745,098,421</b>
Of which:					
Subject to the approval of the Minister of Finance <sup>2</sup>	4,349,154,000	4,349,154,000	4,254,043,009	95,110,991	-136,107,685
<b>Contingency funds</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>0</b>	<b>1,000,000,000</b>	<b>0</b>
<b>Total</b>	<b>197,375,271,000</b>	<b>197,375,271,000</b>	<b>192,561,077,195</b>	<b>4,814,193,805</b>	<b>-386,250,352</b>
Of which:					
Subject to the approval of the Minister of Finance <sup>2</sup>	187,513,660,000	187,513,660,000	183,047,215,956	4,466,444,044	2,222,740,384

Notes: 1. "Initial budget" plus/minus "use of contingency funds" and "diversion of funds."

2. Excludes the cost of purchasing fixed assets used for the Bank's business operations. The statement of accounts for each fiscal year is compiled and submitted, together with the Auditors' opinion, to the Minister of Finance. The cost of purchasing fixed assets used for the Bank's business operations is not subject to the Minister's authorization, but it was also audited by the Auditors, who approved it as fairly presenting the expenses for such purchases.

## 2. Expenses by area of business operation for fiscal 2018<sup>1</sup>

mil. yen

Area of business operation	Expenses	Changes from a year earlier	Share of total (percent)
Issuance of banknotes	84,111	+1,514	42.5
Monetary policy	23,734	+199	12.0
Financial system policy	18,270	+417	9.2
Payment and settlement systems	30,515	-216	15.4
Services relating to the government <sup>2</sup>	41,435	+1,212	20.9
<b>Total</b>	<b>198,065</b>	<b>+3,126</b>	<b>100.0</b>

Notes: 1. Calculated based on "general and administrative expenses and costs" (198.1 billion yen) in the statement of income for fiscal 2018 (the 134th fiscal year). Figures are rounded to the nearest million yen.

Expenses for the Bank's various business and organizational divisions (international finance, research and statistics, external relations activities, and organizational management), which contribute jointly to each of the above areas of business operation, are amortized equally and included in the relevant sections of the above table.

2. Services provided by the Bank, specifically those relating to treasury funds, JGSs, and others.