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Financial Markets Department
Bank of Japan

Explanation of the “(Reference) Current Account Balances Subject to the Complementary Deposit Facility” in the "BOJ Current Account Balances by Sector"

(applicable from the May 2016 reserve maintenance period onwards)

Step 1: Assume the following financial institutions A, B, C, and D in sector X:

Institution	Benchmark Balances[a]	Required Reserves[b]	Loan Support Program, etc. (end of 2016/3)[c]	Loan Support Program, etc.[d]	Benchmark Ratio	Benchmark Balances * Benchmark Ratio	Current Account Balances[e]
A	40	2	15	10	7.5%	40×0.075 = 3	100
B	80	2	10	10	7.5%	80×0.075 = 6	90
C	120	2	10	10	7.5%	120×0.075 = 9	30
D	120	2	5	10	7.5%	120×0.075 = 9	30

[a] Average current account balances during the reserve maintenance period from 2015/1-12.
[b] Required reserve per day during the reserve maintenance period of month T on year Y.
[c] Amount of the sum of yen-denominated loans under the “Loan Support Program” and the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas” at the end of March 2016.
[d] Average amount of the sum of yen-denominated loans under the “Loan Support Program,” the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas” and the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the Kumamoto Earthquake” during the reserve maintenance period of month T on year Y.
[e] Average current account balances during the reserve maintenance period of month T on year Y.

Step 2: The balances to which different interest rates are applied are as follows:

Institution	Balances to which a positive interest rate is applied		Balances to which a zero interest rate is applied		Balances to which negative interest rate is applied
	Upper bound	Actual amount	Upper bound	Actual amount	
A	40 − 2 = 38	100 − 2 = 98 > 38 ⇒ 38	2[b] + 10[d] + 0* + 3** = 15	100 − 38 = 62 > 15 ⇒ 15	100 − 38 − 15 = 47
B	80 − 2 = 78	90 − 2 = 88 > 78 ⇒ 78	2 + 10 + 0 + 6 = 18	90 − 78 = 12 < 18 ⇒ 12	90 − 78 − 12 = 0
C	120 − 2 = 118	30 − 2 = 28 < 118 ⇒ 28	2 + 10 + 0 + 9 = 21	30 − 28 = 2 < 21 ⇒ 2	30 − 28 − 2 = 0
D	120 − 2 = 118	30 − 2 = 28 < 118 ⇒ 28	2 + 10 + 5 + 9 = 26	30 − 28 = 2 < 26 ⇒ 2	30 − 28 − 2 = 0
Total of sector X	(i) 352	(ii) 172	(iii) 80	(iv) 31	(v) 47

Note: In the “Upper bound” of the “Balances to which a zero interest rate is applied” on the table above, [b] and [d] correspond to [b] and [d] on the table in the Step 1. * is the part of [d] which exceeds [c] and ** corresponds to the column “Benchmark Balances * Benchmark Ratio” on the table in the Step 1.

Step 3: The balances are released in the following formats:

	Sector X			
	Current Account Balances	To which: a positive interest rate is applied	To which: a zero interest rate is applied	To which: a negative interest rate is applied
Year Y Month T	250	(i) (352) (ii) 172	(iii) (80) (iv) 31	(v) 47

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