



BANK OF JAPAN

ANNUAL REVIEW 2026





BANK OF JAPAN

ANNUAL REVIEW 2026

Year Ended March 31, 2026

OUR POLICY AND OPERATIONS





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FOREWORD BY THE GOVERNOR



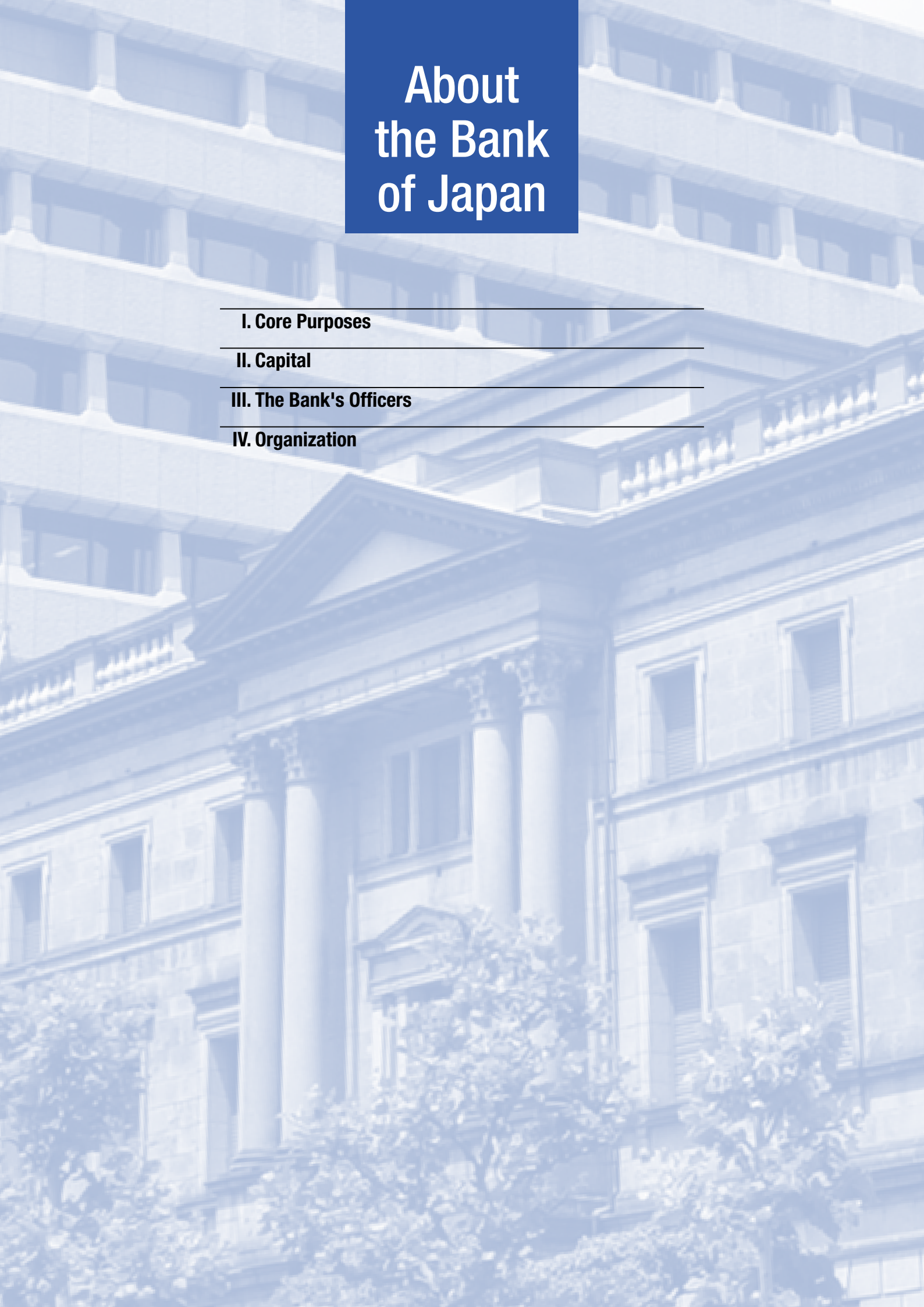
The Bank of Japan has two missions, to achieve price stability and ensure the stability of the financial system. Regarding the former, the Bank will conduct monetary policy as appropriate from the perspective of sustainable and stable achievement of the price stability target, that is, a target of 2 percent in terms of the year-on-year rate of change in the consumer price index, in response to developments in economic activity and prices as well as financial conditions. The Bank works to fulfill the two missions by conducting, besides monetary and prudential policy, business operations in a wide range of areas such as payment and settlement systems, market infrastructures, international initiatives, banknotes, treasury funds and Japanese government securities services, and public communication. The Bank pursues its various policies through the appropriate execution of these central banking operations.

The *Annual Review* provides excerpts from the Japanese original *Gyōmu Gaikō Shō* (Outline of Business Operations), which is prepared pursuant to Article 55 of the Bank of Japan Act. The *Gyōmu Gaikō Shō* for fiscal 2025 and the *Annual Review 2026* have been drawn up and released to explain to readers the implementation of the Bank's business operations during fiscal 2025. During the fiscal year, the Bank, in accordance with the *Medium-Term Strategic Plan (Fiscal 2024–2028)*, continued to address various issues and move forward with a number of measures, while ensuring that its business operations and organizational management were conducted in an appropriate and timely manner in view of changes in its external environment, including those stemming from regional natural disasters. The Bank will continue with its efforts as the country's central bank to achieve the sustainable growth and development of Japan's economy. I hope this year's *Annual Review* will help readers to gain an overview of the Bank's activities toward these ends.

A handwritten signature in black ink, which appears to read 'Kazuo Ueda'.

UEDA Kazuo

Governor of the Bank of Japan



About the Bank of Japan

I. Core Purposes

II. Capital

III. The Bank's Officers

IV. Organization

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

Table 1

History of the Bank of Japan

1882	June	The Bank of Japan Act of 1882 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 Act 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 Act of 1942.
1949	June	The Policy Board is established.
1997	June	The Bank of Japan Act of 1997 is promulgated; the Bank is to have capital of 100 million yen.
1998	Apr. 1	The Bank of Japan Act of 1997 comes into effect.

I. CORE PURPOSES

The Act determines the Bank's core purposes as follows:

Article 1

- (1) The purpose of the Bank of Japan, or the central bank of Japan, is to issue banknotes and to carry out currency and monetary control.
- (2) In addition to what is prescribed in the preceding paragraph, the Bank of Japan's purpose is to ensure smooth settlement of funds among banks and other financial institutions, thereby

contributing to the maintenance of stability of the financial system.

The Act also stipulates the principle governing the Bank's currency and monetary control as follows:

Article 2

The Bank of Japan conducts currency and monetary control, aiming at achieving price stability, thereby 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 Act. As of the end of March 2026, 55,008,000 yen is subscribed by the government, and the rest by the private sector (Table 2).¹

The Act 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 residual assets up to the sum of the paid-up capital and, if any, the special reserve fund.² Dividend payments as a proportion of paid-up capital are limited to 5 percent or below in each fiscal year.³

Table 2

Subscribers by Category

Subscribers	Amount of subscription (thous. yen) ¹	Percentage of the total subscription (%)
The government	55,008	55.0
The private sector	44,991	45.0
Individuals	39,205	39.2
Public organizations	1,743	1.7
Financial institutions	1,719	1.7
Securities companies	116	0.1
Other firms	2,205	2.2
Total	100,000	100.0

Note: 1. Rounded down to the nearest 1,000 yen. As of the end of March 2026.

1. Article 8, paragraph 2 of the Act states as follows: "Of the amount of stated capital set forth in the preceding paragraph, the amount of contribution by the government must not fall below fifty-five million yen."

2. Stipulated by Article 60, paragraph 2, and Supplementary Provisions Article 22, paragraph 2.

3. Stipulated by Article 53, paragraph 4.

III. THE BANK'S OFFICERS

The Bank's officers are the Governor, Deputy Governors, Members of the Policy Board, Auditors, Executive Directors, and Counsellors.⁴ Of the above, the Governor, Deputy Governors, and Members of the Policy Board make up the Policy Board.⁵

The Governor, Deputy Governors, and Members of the Policy Board are appointed by the Cabinet, subject to the consent of the House of Representatives and the House of Councillors. Auditors are appointed by the Cabinet. Executive Directors and Counsellors are appointed by the Minister of Finance based on the Policy Board's recommendation.⁶

The terms of office are five years for the Governor, Deputy Governors, and Members of the Policy Board; four years for Auditors and Executive Directors; and two years for Counsellors.⁷ The Bank's officers, excluding Executive Directors, are not dismissed against their will during their terms of office, except in the cases prescribed in the Act, such as the formal commencement of bankruptcy proceedings against them.⁸

For duties and powers of the Bank's officers, see Table 3.⁹

Table 3

Duties and Powers of the Bank's Officers

	Duties and powers
Policy Board members	Decide the guideline for currency and monetary control and other important matters concerning the Bank's operations, and supervise the officers (excluding Auditors and Counsellors) in the fulfillment of their duties.
Governor	Represents the Bank and exercises general control over the Bank's business in accordance with decisions made by the Policy Board. At the same time, fulfills the duties of an independent Policy Board member.
Deputy Governors	In accordance with decisions made by the Governor, represent the Bank, administer the business of the Bank assisting the Governor, act for the Governor if the Governor is prevented from attending to their duties, and perform the Governor's duties during a vacancy in the office of the Governor. At the same time, fulfill the duties of independent Policy Board members.
Members of the Policy Board	Comprise the Policy Board, together with the Governor and Deputy Governors.
Auditors	Audit the business of the Bank. If they find it necessary based on the audit results, they may submit their opinions to the Minister of Finance, the Prime Minister (the Commissioner of the Financial Services Agency when the Prime Minister delegates such authority under Article 61-2 of the Act), or the Policy Board.
Executive Directors	In accordance with decisions made by the Governor, administer the business of the Bank assisting the Governor and Deputy Governors, act for the Governor if the Governor and Deputy Governors are prevented from attending to their duties, and perform the Governor's duties during vacancies in the offices of the Governor and Deputy Governors.
Counsellors	May state their opinions to the Policy Board on any important matters concerning the Bank's business operations, upon consultation by the Policy Board or if they find it necessary.

4. Stipulated by Article 21. The officers of the Bank consist of the Governor, two Deputy Governors, six Members of the Policy Board, three or fewer Auditors, six or fewer Executive Directors, and several Counsellors.

5. Stipulated by Article 16, paragraph 2.

6. Stipulated by Article 23.

7. Stipulated by Article 24.

8. Stipulated by Article 25.

9. Duties and powers are stipulated by Article 16, paragraph 2, and Article 22.

Policy Board Members^{1,2}



UEDA Kazuo
Governor
Chairman of the Policy Board

Date of Birth
September 20, 1951

Education
The University of Tokyo
(1974, B.S. in Mathematics)
Massachusetts Institute of Technology
(1976, entered the Ph.D. program; and
1980, Ph.D. in Economics)

1980 Assistant Professor, University of British Columbia
1982 Associate Professor, Osaka University
1989 Associate Professor, The University of Tokyo
1993 Professor, The University of Tokyo
1998 Member of the Policy Board, Bank of Japan
2005 Professor, The University of Tokyo
2017 Professor, Kyoritsu Women's University
2023 Present position



UCHIDA Shinichi
Deputy Governor

Date of Birth
August 22, 1962

Education
The University of Tokyo
(1986, B.A. in Law)
Harvard Law School
(1991, LL.M.)

1986 Joined the Bank of Japan
2007 Associate Director-General, Monetary Affairs
Department
2008 Associate Director-General, Personnel and Corporate
Affairs Department
2010 General Manager, Niigata Branch
2012 Director-General, Monetary Affairs Department
2017 General Manager, Nagoya Branch
2018 Executive Director
2023 Present position



HIMINO Ryoza
Deputy Governor

Date of Birth
April 25, 1960

Education
The University of Tokyo
(1983, B.A. in Law)
Harvard Business School
(1987, MBA)

1983 Joined the Ministry of Finance
2003 Secretary General, Basel Committee on Banking
Supervision
2006 Director, Securities Business Division, Supervisory
Bureau, Financial Services Agency of Japan (JFSA)
2007 Director, Banking Business Division I, Supervisory
Bureau, JFSA
2009 Director, Planning and Management Division,
Supervisory Bureau, JFSA
2010 Deputy Director-General, Planning and Coordination
Bureau, JFSA
2016 Vice Minister for International Affairs, JFSA
2020 Commissioner, JFSA
2021 Visiting Professor, Graduate School of Public Policy,
The University of Tokyo
2022 Executive Research Fellow, Policy Research
Department, NLI Research Institute
2023 Present position

Notes: 1. Members are as of August 3, 2026.

2. The texts of speeches by Policy Board members are available on the Bank's website (https://www.boj.or.jp/en/about/press/koen_speaker/index.htm).



TAKATA Hajime

Date of Birth

August 2, 1958

Education

The University of Tokyo
(1982, B.A. in Economics)
University of Oxford
(1986, M.Sc. in Economics for
Development)

1982 Joined The Industrial Bank of Japan, Ltd. (IBJ)
1999 General Manager of Fixed Income Research
Department, Fixed Income Group, IBJ Securities Co.,
Ltd.
2000 General Manager of Fixed Income Research
Department, Fixed Income Group, Mizuho Securities
Co., Ltd. (MHSC)
2011 Executive Officer Joint Head of Global Research
Division, MHSC
Managing Executive Officer and Chief Economist,
Mizuho Research Institute Ltd. (MHRI)
2017 Senior Managing Executive Officer and Chief
Economist, MHRI
2019 Vice-chairman and Executive Economist, MHRI
2020 Chairman of Global Research Center and Executive
Economist, Okasan Securities Co., Ltd.
2022 Present position



TAMURA Naoki

Date of Birth

July 9, 1961

Education

Kyoto University
(1984, B.A. in Law)

1984 Joined The Sumitomo Bank, Ltd.
2012 Executive Officer and General Manager, Credit &
Investment Planning Department, Sumitomo Mitsui
Banking Corporation (SMBC), and General Manager,
Corporate Risk Management Department, Sumitomo
Mitsui Financial Group, Inc. (SMFG)
2015 Managing Executive Officer (Special Mission), SMBC
Managing Executive Officer, Public Relations
Department, Corporate Planning Department, and
Subsidiaries & Affiliates Department, SMBC
2017 Managing Executive Officer, Deputy Head of Retail
Banking Unit, SMBC, and Managing Executive Officer,
Deputy Head of Retail Business Unit, SMFG
2018 Senior Managing Executive Officer, Head of Retail
Banking Unit, SMBC, and Senior Managing Executive
Officer, Head of Retail Business Unit, SMFG
2021 Advisor, SMBC, and Advisor, SMFG
2022 Present position



KOEDA Junko

Date of Birth

February 13, 1976

Education

The University of Tokyo
(1999, B.A. in Economics)
University of California, Los Angeles
(2005, Ph.D. in Economics)

2005 International Monetary Fund
2009 Project Assistant Professor, The University of Tokyo
2014 Associate Professor, Waseda University
2019 Chief Economist, Research and Administration
Department, Policy Research Institute, Ministry of
Finance, Japan
2021 Associate Professor, Waseda University
2022 Professor, Waseda University
2025 Present position



MASU Kazuyuki

Date of Birth

February 19, 1959

Education

The University of Tokyo
(1982, B.A. in Law)

1982 Joined Mitsubishi Corporation
2004 Group Controller, Energy Business Group, Mitsubishi Corporation
2008 General Manager, BPI and Internal Control Department, Mitsubishi Corporation
2010 General Manager, Administration Department of Corporate Section, Mitsubishi Corporation
2011 General Manager, Living Essentials Group Administration Department, Mitsubishi Corporation
2013 Senior Vice President, General Manager, Corporate Accounting Department, Mitsubishi Corporation
2016 Member of the Board, Executive Vice President, CFO, Mitsubishi Corporation
2022 Council Member, The Japanese Institute of Certified Public Accountants
2024 Auditor, Tokyo University of the Arts
2025 Present position



ASADA Toichiro

Date of Birth

May 15, 1954

Education

Waseda University
(1977, B.A. in Economics)
Hitotsubashi University
(1979, M.A. in Economics; and 1982, withdrew from doctoral program in Economics after completion of course requirements except for dissertation)
Chuo University
(1998, Ph.D. in Economics)

1982 Research Associate, Hitotsubashi University
1983 Assistant Professor, Komazawa University
1985 Part-time Director, Okada Kogyo Co., Ltd.
Part-time Director, Asada Sen'i Kogyo Co., Ltd.
1987 Associate Professor, Komazawa University
1993 Associate Professor, Chuo University
1994 Professor, Chuo University
2025 Professor Emeritus, Chuo University
Visiting Research Fellow, Institute of Economic Research, Chuo University
2026 Present position



SATO Ayano

Date of Birth

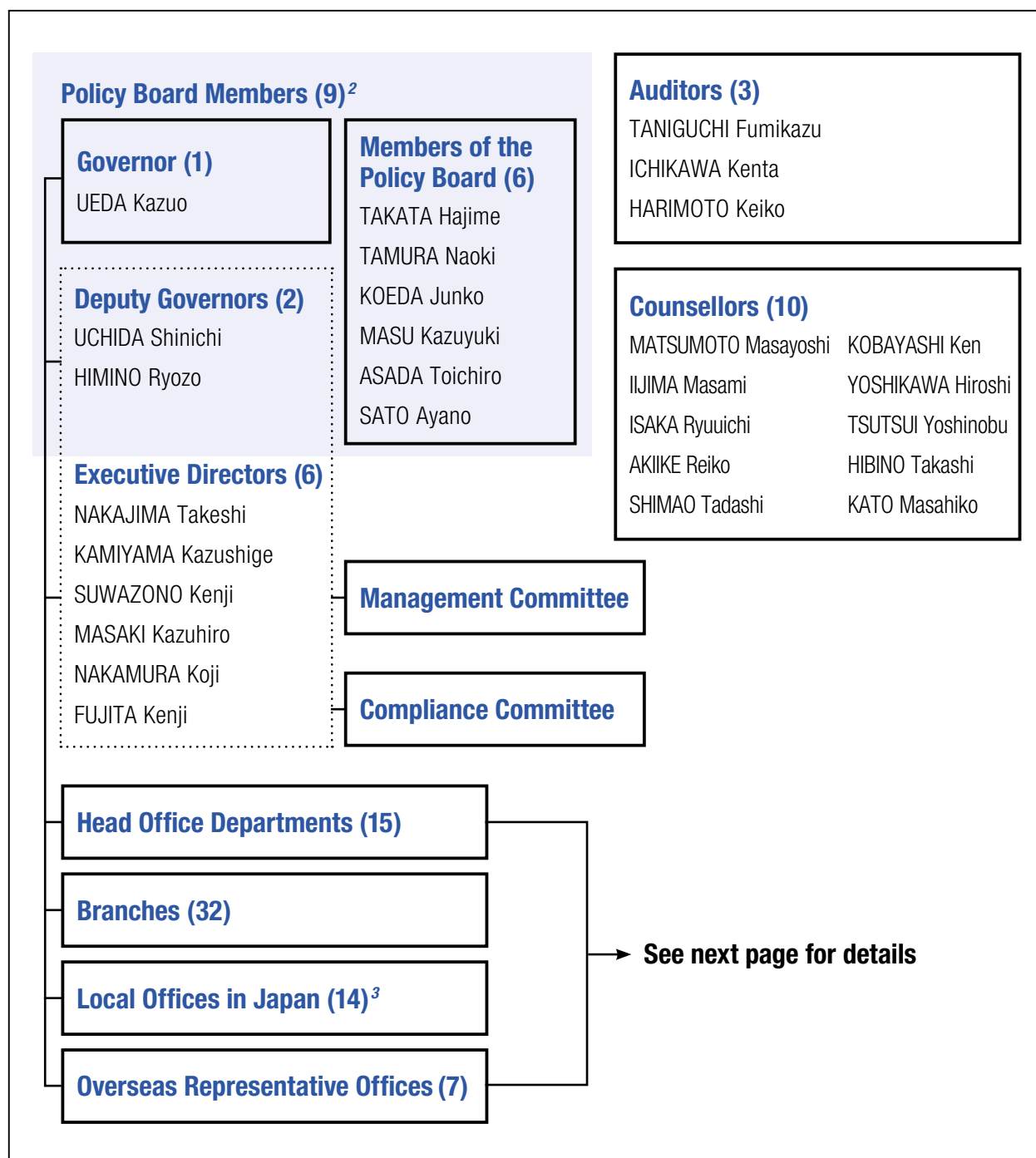
September 19, 1968

Education

Japan Women's University
(1992, B.A. in Human Sciences and Design)
Waseda University
(1999, B.A. in Economics; 2001, M.A. in Economics; 2005, withdrew from doctoral program in Economics after completion of course requirements except for dissertation; and 2016, Ph.D. in Economics)

1992 Joined QUICK Corp.
2005 Lecturer, Niigata Sangyo University
2008 Lecturer, Takasaki City University of Economics
2009 Associate Professor, Takasaki City University of Economics
2017 Professor, Takasaki City University of Economics
2022 Professor, Aoyama Gakuin University
2026 Present position

IV. ORGANIZATION

Organization Chart of the Bank¹

Notes: 1. As of August 3, 2026.

2. As stipulated by Article 16, paragraph 2 of the Act, the Policy Board consists of the Governor, two Deputy Governors, and six Members of the Policy Board.

3. 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	FUKUDA Eiji (Director-General) NINOMIYA Takuto (Director-General, Principal Secretary to the Governor) UEDA Risa (Director-General for Parliamentary Affairs and Business Associations Relations) SHIGEMOTO Hiroshi (Director-General for Management Strategy, Budget and Accounting)
Internal Auditors' Office	KAMIJO Toshiaki (Director-General)
Monetary Affairs Department	OKUNO Akio (Director-General)
Financial System and Bank Examination Department	SUZUKI Koichiro (Director-General)
Payment and Settlement Systems Department	USUI Tomohiro (Director-General)
Financial Markets Department	MINEGISHI Makoto (Director-General) KASHIMA Mikari (Director-General for International Financial Markets)
Research and Statistics Department	KAWAMOTO Takuji (Director-General)
International Department	KASAI Makoto (Director-General)
Currency Issue Department	KURAMOTO Katsuya (Director-General)
Operations Department	KOMAKI Yoshihiro (Director-General)
Information System Services Department	MIKI Toru (Director-General)
Public Relations Department	MURAKUNI Satoshi (Director-General)
Personnel and Corporate Affairs Department	IJIMA Kota (Director-General) HATTORI Ryota (Director-General for Personnel Management)
Administration Department	TAKADA Hideki (Director-General)
Institute for Monetary and Economic Studies	WATANABE Shingo (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, 22nd Floor, New York, NY 10005, U.S.A.	+1-212-269-6566	YAMAMOTO Itaru (General Manager for the Americas and Chief Representative in New York)
Washington, D.C.	Bank of Japan Representative Office in Washington, D.C. 1801 Pennsylvania Ave., N.W., Suite 800, Washington, D.C. 20006, U.S.A.	+1-202-466-2228	KUREBAYASHI Takaaki (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	MUTO Ichiro (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	MORISHIMA Chihiro (Chief Representative in Paris)
Frankfurt	Bank of Japan Representative Office in Frankfurt Neue Mainzer Straße 66-68, 60311 Frankfurt am Main, Germany	+49-69-9714310	YAMADA Keishi (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	KOIKE Kazunori (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	FUJIWARA Yuichi (Chief Representative in Beijing)

Functions of Committees/Departments/Offices

COMMITTEES AND HEAD OFFICE DEPARTMENTS

Management Committee

Examines and manages Bank-wide issues regarding the Bank's operations. The committee comprises the Deputy Governors and all Executive Directors.

Compliance Committee

Ensures that the officers and employees perform their duties fairly and in compliance with the relevant laws and regulations. The committee comprises members appointed from among the Deputy Governors and Executive Directors by the Governor, the Director-General of the Internal Auditors' Office, and one or more legal experts from outside the Bank.

Secretariat of the Policy Board

(1) Arranges proceedings for Policy Board meetings, (2) liaises with the Diet and the media, (3) reviews the content and wording of important documents, and offers a legal perspective on them, (4) plans and formulates measures relating to the Bank's business operations and organizational management, (5) handles the Bank's budget, settlement, and accounting, (6) provides administrative services for the Bank's officers, and (7) supports Auditors in auditing.

Internal Auditors' Office

Audits the Bank's business operations.

Monetary Affairs Department

Plans and formulates monetary policy measures.

Financial System 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, and (4) determines the specifics of credit extension and discounting of bills by the Bank.

Payment and Settlement Systems Department

Plans and formulates measures in the following areas: (1) policy issues relating to payment and settlement systems; (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) conducts foreign exchange interventions, (3) works toward improving the functioning of Japanese financial markets, including the foreign exchange market, and (4) monitors and analyzes developments in financial markets in Japan as well as overseas, including foreign exchange markets.

Research and Statistics Department

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

International Department

(1) Liaises and coordinates with overseas central banks and international organizations, (2) makes arrangements for investment in yen assets by overseas central banks, and conducts operations aimed at providing international financial support, (3) manages foreign currency assets held by the Bank, (4) conducts research on global economic and financial conditions, and (5) compiles Japan's balance of payments and other such statistics.

Currency Issue Department

(1) Conducts planning and operations relating to banknotes, and (2) conducts payment/receipt of coins, and examines and takes custody of them.

Operations Department

Conducts banking operations including the following: (1) discounting of bills; (2) credit extension; (3) purchasing/selling of bills, Japanese government securities, and other securities; (4) borrowing/lending of securities with cash collateral; (5) accepting of deposits; (6) domestic funds transfers; (7) handling of treasury funds; and (8) operations relating to stocks purchased by the Bank.

Information System Services Department

Manages the development and operation of the Bank's computer systems.

Public Relations Department

(1) Conducts public relations activities, (2) provides support for the promotion of financial and economic education, and (3) administers the Bank's library.

Personnel and Corporate Affairs Department

Handles business in corporate affairs, personnel policy issues relating to recruitment, assessment of job performance, career planning and training, wages and salaries, and the Bank's code of ethics.

Administration Department

Conducts administrative operations relating to the Bank's facilities, supplies, security, and transportation.

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 with academics.

BRANCHES AND OFFICES

Branches

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

Local Offices in Japan

The Computer Center in Fuchu City, Tokyo, 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,
Local Offices, and Museums



Overseas Representative Offices¹



Note: 1. For details, see page 17.

The Bank's Business Operations

I. Monetary Policy

II. Financial System Policy

**III. Enhancement of Payment and Settlement Systems and
Market Infrastructures**

IV. International Operations

V. Issuance, Circulation, and Maintenance of Banknotes

VI. Services Relating to the Government

VII. Communication with the Public

I. MONETARY POLICY

The Bank of Japan decides and implements monetary policy under the price stability target of 2 percent in terms of the year-on-year rate of change in the consumer price index (CPI), with the aim of achieving price stability and thereby contributing to the sound development of the national economy, as stipulated in Article 2 of the Bank of Japan Act (hereafter the Act). Monetary policy is decided by the Policy Board at Monetary Policy Meetings (MPMs), and money market operations (the Bank's day-to-day provision and absorption of funds in the market) are carried out based on the guideline decided at each MPM. The Bank held eight MPMs in fiscal 2025.

The Bank releases each quarter the *Outlook for Economic Activity and Prices* (hereafter the Outlook Report) after the Policy Board has decided the text of "The Bank's View" section at MPMs held, in principle, in January, April, July, and October. In the Outlook Report, the Bank presents its outlook for developments in economic activity and prices, assesses upside and downside risks, and outlines its views on the future conduct of monetary policy. For MPMs other than the above, the Policy Board members' assessment of the economic and financial situation is expressed in the statement on monetary policy released after each MPM.

In order to make appropriate policy decisions, the

Bank conducts research and analysis on economic and financial developments at home and abroad. Major findings are reflected in the Bank's releases including the Outlook Report and the *Regional Economic Report*. The Bank also conducts fundamental studies on economic and financial issues; it publishes the major findings in the *Bank of Japan Working Paper Series*, the *Bank of Japan Research Laboratory Series*, and in research papers released by the Institute for Monetary and Economic Studies (IMES), specifically in the *Monetary and Economic Studies* and the *IMES Discussion Paper Series*.¹

The Bank, pursuant to Article 54, paragraph 1 of the Act, prepares the *Semiannual Report on Currency and Monetary Control* approximately every six months, covering matters related to the conduct of monetary policy (those listed in the items of Article 15, paragraph 1 of the Act) and business operations that the Bank has conducted based thereon, and submits it to the Diet through the Minister of Finance. In the most recent two issues of this report, the Bank explains in detail economic and financial developments as well as the Bank's conduct of monetary policy and money market operations during fiscal 2025.²

1. Papers and statistics as well as lists of the Bank's publications in English are available on the Bank's website (<https://www.boj.or.jp/en/index.htm>) and on the IMES website (https://www.imes.boj.or.jp/en_index.html); for the list of the Bank's major publications and reports, see page 115.

2. The summaries of these two issues are available in English on the Bank's website; for excerpts from these summaries, see pages 33–38.

II. FINANCIAL SYSTEM POLICY

One of the core purposes of the Bank, as stipulated in Article 1, paragraph 2 of the Act, is to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of financial system stability. To this end, the Bank provides safe and convenient settlement assets in the form of deposits in current accounts that financial institutions hold at the Bank, and takes measures to enhance the safety and efficiency of payment and settlement systems. In order to ensure financial system stability, the Bank also takes various measures to make sure that a financial institution's inability to complete settlement of a transaction does not result in a chain of settlement failures at other institutions and thus disrupt the overall functioning of the financial system.

Specifically, the Bank may provide financial institutions suffering a shortage of liquidity with the following: (1) loans against collateral in the form of securities, pursuant to Article 33; and/or (2) other forms of liquidity, in its role as the lender of last resort, pursuant to Articles 37 and 38 of the Act.

In order to be ready to act effectively as the lender of last resort, the Bank strives to gain an accurate grasp of business conditions at financial institutions and to encourage the maintenance of sound financial conditions, offering guidance and advice as necessary, through the conduct of on-site examinations (examinations that the Bank carries out by visiting the premises of financial institutions pursuant to Article 44 of the Act) as well as off-site monitoring (monitoring that is conducted through meetings with executives and staff of financial institutions, as well as through analysis

of various documents submitted by these institutions) (Tables 1 and 2). In addition, through activities such as seminars and workshops, the Bank encourages financial institutions' efforts to raise the sophistication of their business and risk management as well as of their business operations.

The Bank conducts research and analysis assessing risks in the financial system as a whole, i.e., taking a macroprudential perspective, by making use of insights obtained through its on-site examinations and off-site monitoring and paying due attention to the interconnectedness of the real economy, financial markets, and the behavior of financial institutions. The findings of this research and analysis are published in various forms, for example, the *Financial System Report*, and the Bank draws on these when taking part in initiatives with relevant parties to ensure the stability of the financial system. These findings are also made use of in developing and implementing policy. The Bank has also been participating in international initiatives to maintain the stability of the global financial system. These include discussions held by the Basel Committee on Banking Supervision, which comprises central banks and supervisory authorities from major economies.

The Bank, as and when necessary, conducts business requisite to maintaining financial system stability, including the provision of loans, pursuant to Article 38 of the Act (hereafter the term "special loans" covers all such business). The Bank decides on the extension of special loans based on the following four principles, taking into account the nature and purpose of the lender-of-last-resort function:

Principle 1

There must be a strong likelihood that systemic risk will materialize.

Principle 2

There must be no alternative to the provision of central bank money.

Principle 3

All relevant parties are required to take clear responsibility to avoid moral hazard.

Principle 4

The financial soundness of the Bank of Japan itself must not be impaired.

Table 1
Number of Financial Institutions That Conduct Transactions with the Bank as of the End of Fiscal 2025¹

	Financial institutions that hold current accounts at the Bank	Of which: Financial institutions that have concluded on-site examination contracts with the Bank	Financial institutions that have concluded agreements for bilateral electronic lending with the Bank	Financial institutions that have concluded loans-on-bills agreements with the Bank	Financial institutions that have concluded intraday-overdraft agreements with the Bank
City and regional banks	120 (121)	120 (121)	120 (121)	120 (121)	120 (121)
Trust banks	11 (11)	11 (11)	8 (8)	8 (8)	11 (11)
Foreign banks	48 (47)	48 (47)	36 (35)	39 (38)	37 (36)
<i>Shinkin</i> banks	247 (247)	247 (247)	115 (114)	137 (136)	195 (195)
Financial instruments business operators	35 (36)	35 (36)	29 (29)	34 (35)	34 (34)
Bankers associations	1 (1)	0 (0)	0 (0)	0 (0)	0 (0)
Other institutions	19 (18)	9 (9)	9 (9)	9 (9)	11 (11)
Total	481 (481)	470 (471)	317 (316)	347 (347)	408 (408)

Note: 1. Figures in parentheses indicate the number of institutions as of the end of fiscal 2024.

Table 2
Number of Financial Institutions Examined

	Fiscal 2023	Fiscal 2024	Fiscal 2025
Domestically licensed banks ¹	20	20	21
<i>Shinkin</i> banks	42	41	41
Other institutions ²	5	7	4
Total	67	68	66

Notes: 1. Established and licensed under Japanese legislation, excluding the Bank and government-related organizations.

2. Including financial instruments business operators and Japanese branches of foreign banks.

III. ENHANCEMENT OF PAYMENT AND SETTLEMENT SYSTEMS AND MARKET INFRASTRUCTURES

The Bank provides safe and convenient settlement assets in the form of banknotes and deposits in current accounts that financial institutions hold at the Bank. In addition, the Bank conducts settlement for Japanese government securities (JGSs) in its role as the book-entry transfer institution in the Japanese government bond (JGB) Book-Entry System. To ensure the safety and efficiency of these services, the Bank operates a computer network system for the settlement of funds and JGSs, the Bank of Japan Financial Network System (BOJ-NET).

The Bank conducts oversight of payment and settlement systems, monitoring their safety and efficiency and inducing improvements where necessary. Moreover, the Bank participates with other central banks in various international discussions and initiatives related to payment and settlement systems, including those of the Committee on Payments and Market Infrastructures (CPMI) at the Bank for International Settlements (BIS).

In addition, in order to strengthen and improve the efficiency of the functioning of markets as well as to support more robust risk management and innovation in financial services and market transactions, the Bank, with an eye on international developments, takes initiatives to reinforce financial and capital market infrastructures.

Specifically, it exchanges views with market participants, supports the formulation of additional rules on and revisions of market practices, and compiles and releases statistics on market transactions. As part of its initiatives, the Bank has continued to enhance its business continuity arrangements in preparation for natural disasters or other emergencies, and has provided active support to market participants in developing effective business continuity planning (BCP) in financial markets, payment and settlement systems, and the financial system.

In order to effectively implement measures to enhance payment and settlement systems and market infrastructures, the Bank conducts research and analysis on the safety and efficiency of payment and settlement systems as well as on the financial system and financial markets, in addition to fundamental research on related issues. With regard to Central Bank Digital Currency (CBDC), a new form of digital central bank money that is different from the deposits in current accounts that financial institutions hold at the Bank, although the Bank currently has no plan to issue a CBDC, it has been conducting the explorations necessary to be able to respond appropriately to changes in circumstances, from the viewpoint of ensuring the stability and efficiency of the overall payment and settlement systems.

IV. INTERNATIONAL OPERATIONS

The Bank conducts operations such as the management of its foreign currency assets, foreign exchange transactions, and business operations related to assisting other central banks and international organizations in their investment in yen. The Bank also handles government affairs, such as the compilation and dissemination of Japan's balance of payments (BOP) statistics and foreign exchange market interventions.

In addition, the Bank takes part in international discussions on the state of the world economy, measures to ensure the stability and improve the structure of financial markets, and responses to climate change. The Bank participates in various forums, such as meetings of the Group of Twenty (G20), the Group of Seven (G7), the International Monetary Fund (IMF), the BIS, the Financial Stability Board (FSB), and the

Network of Central Banks and Supervisors for Greening the Financial System (NGFS), as well as other meetings of monetary authorities including central banks in Asia.

With regard to Asia, the Bank facilitates cooperation, mainly through participation in the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) and the Association of Southeast Asian Nations Plus Three (ASEAN Plus Three). It also has been strengthening technical cooperation and training for staff at other Asian central banks and monetary authorities in support of efforts to ensure economic and financial stability in the region. Through these activities, the Bank contributes to the development of financial safety nets within the Asian region and promotes further stabilization of the region's currency and financial system.

V. ISSUANCE, CIRCULATION, AND MAINTENANCE OF BANKNOTES

The Bank, as the country's sole issuer of banknotes (Bank of Japan notes), ensures the stability of banknote supply and maintains public confidence in banknotes through the conduct of the following operations at its Head Office and branches in Japan. First, the Bank receives banknotes from and pays banknotes to financial institutions that hold current accounts at the Bank (BOJ account holders). Second, the Bank counts the banknotes it receives from BOJ account holders, examines them to verify their authenticity, and checks their fitness for recirculation. As for coins, they are delivered to the Bank by the government, which is the

authorized issuer of coins, and then put into circulation.

As part of its measures to secure confidence in banknotes and coins, the Bank works to maintain the cleanliness of banknotes in circulation by preventing damaged or worn banknotes from being returned to circulation. In addition, the Bank remains active in advancing research and promoting public understanding regarding counterfeit deterrence and the smooth circulation of currency, in cooperation with relevant institutions at home and abroad, including other central banks.

VI. SERVICES RELATING TO THE GOVERNMENT

The Bank provides various services relating to the government, such as treasury funds and JGS services. Specifically, these are (1) receipt, disbursement, and accounting of treasury funds (the Bank classifies receipts and disbursements of treasury funds by the specific government account as well as by the individual government agency); (2) management of the deposits of the Japanese government; (3) custody of securities acquired by or submitted to the government; (4) issuance of, and principal and interest payment on,

JGSs; and (5) operations relating to its role as the book-entry transfer institution in the JGB Book-Entry System. For the convenience of the public, the Bank designates certain branches and offices of financial institutions throughout the country as its agents and entrusts them with some of the services relating to treasury funds and JGSs.

Besides the above operations, the Bank engages in various transactions with the government, such as purchasing and selling of JGSs.

VII. COMMUNICATION WITH THE PUBLIC

With a view to satisfying the requirements of public accountability, the Bank releases in a timely manner a summary of the opinions presented at each MPM (Summary of Opinions), the minutes of MPMs, and public statements on most of the Policy Board decisions. The Bank actively provides information through a variety of channels including the following: reporting to and attendance at the Diet; press conferences held and speeches delivered by the Bank's officers; and the Bank's website. Transcripts of MPMs held more than 10 years previously are also released.

To promote a better understanding of the policies and business operations of the Bank, not only in the eyes of financial professionals but also of the wider public, the

Bank endeavors to tailor its publications and releases to the diverse needs and interests of their users. Also, to promote financial literacy among the public, the Bank provides support for the promotion of financial and economic education.

The Bank, as a central bank, ensures the steady compilation and publication of various statistics, including the updating of base years where necessary. It also takes steps to refine its statistics to improve their user-friendliness.

Meanwhile, the Bank discloses information in accordance with the Act on Access to Information Held by Incorporated Administrative Agencies.

The Bank's Review of Fiscal 2025

I. Introduction

II. Review of Economic and Financial Developments and Monetary Policy Meetings

- A. First Half of Fiscal 2025 (April–September 2025)
- B. Second Half of Fiscal 2025 (October 2025–March 2026)

III. Performance Reviews of Measures Taken under the *Medium-Term Strategic Plan*

- A. Plan and Formulate Monetary Policy Measures That Facilitate Policy Conduct
- B. Ensure the Stability and Improve the Functioning of the Financial System
- C. Enhance Payment and Settlement Services and Reinforce Market Infrastructures
- D. Conduct Stable and Efficient Central Banking Operations
- E. Engage in International Initiatives in Response to a Changing Global Situation
- F. Contribute to Regional Economic and Financial Environments
- G. Strengthen External Communication

I. INTRODUCTION

In March 2024, the Bank of Japan formulated and released the *Medium-Term Strategic Plan (Fiscal 2024–2028)*.¹ The plan's content remains, in principle, fixed during the five-year period, with a view to clarifying the Bank's objectives over the medium term and ensuring proper assessment of its performance from an organizational perspective. The Bank conducts and makes public performance reviews of measures taken under the plan every fiscal year.

This section provides a brief review of economic and financial developments as well as decisions made at Monetary Policy Meetings (MPMs) in fiscal 2025, followed by performance reviews of measures taken under the plan. Each performance review is divided into

two parts: a description of progress in implementing specific measures during fiscal 2025 for each of the strategic objectives for its business operations laid out in the plan, and the Bank's evaluation of that progress. The Bank's performance with regard to the strategic objectives for its organizational management is described in "The Bank's Organizational Management in Fiscal 2025" (see pages 55–58).

The Bank will conduct an interim review of the plan in or around fiscal 2026, in order to enable the Bank to address any changes in its external environment. It will revise the plan, flexibly and appropriately, in response to any significant changes.

1. For the text of the *Medium-Term Strategic Plan (Fiscal 2024–2028)*, see Appendix 2 on pages 100–105.

II. REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS AND MONETARY POLICY MEETINGS²

A. First Half of Fiscal 2025 (April–September 2025)

1. Economic developments

- a. During the period from April through September 2025, Japan's economy had recovered moderately, although some weakness had been seen in part.

Exports and industrial production had continued to be more or less flat as a trend, although there had been some front-loading and a subsequent reactionary decline, due to the increase in U.S. tariffs. Corporate profits had remained at high levels on the whole, although downward effects due to tariffs had been seen in manufacturing, and business sentiment had stayed at a favorable level. In this situation, business fixed investment had followed a moderate increasing trend. Private consumption had been resilient against the background of an improvement in the employment and income situation, despite weakness in consumer sentiment due to the impact of price rises and other factors. On the other hand, housing investment had declined. Meanwhile, public investment had continued to be more or less flat.

- b. Regarding price developments, the year-on-year rate of increase in the consumer price index (CPI, all items less fresh food) had been at around 3.5 percent in the first half of the April–September period, with moves to pass on wage increases to selling prices continuing and due to the effects of the rise in food prices, such as rice prices, and other factors, and then declined to around 3 percent in the second half of the April–September

period. Inflation expectations had continued to rise moderately.

2. Developments in financial markets and conditions

- a. In global financial markets, market sentiment had become significantly cautious at the beginning of April, reflecting heightened uncertainties regarding the course of trade and other policies in each jurisdiction and the impact of these policies. Thereafter, despite continued attention to such uncertainties over the global economy, market sentiment had improved, on the back of factors such as progress in trade policy negotiations between jurisdictions.
- b. In the money market, the uncollateralized overnight call rate had been at around 0.5 percent.

With regard to developments in the bond market, 10-year Japanese government bond (JGB) yields had increased over the April–September period; they had declined significantly at the beginning of April, due mainly to the rise in investors' risk aversion, reflecting heightened uncertainties regarding trade policy in each jurisdiction; subsequently, yields had increased, mainly reflecting a rise in interest rates in the United States and Europe due to the improvement in market sentiment, as well as market views on the Bank's future monetary policy reflecting the agreement in tariff negotiations between Japan and the United States and other factors.

The Nikkei 225 Stock Average had increased significantly over the April–September period; it had fallen substantially at the beginning of April, with a deterioration in market sentiment; thereafter, it had moved in tandem with the rise in U.S. stock

2. The review provided here comprises excerpts from the summaries of the latest two issues of the *Semiannual Report on Currency and Monetary Control* submitted to the Diet in December 2025 and June 2026. The full texts of both issues in Japanese and summaries in English are available on the Bank's website.

prices and had increased significantly, mainly reflecting the agreement in tariff negotiations between Japan and the United States in late July. It was in the range of 44,000–45,000 yen at the end of September.

In the foreign exchange market, the yen had been more or less unchanged against the dollar over the April–September period; while the yen had appreciated against the U.S. dollar in April, it then depreciated moderately. The U.S. dollar was in the range of 148–149 yen at the end of September. The yen had depreciated against the euro.

- c. With regard to corporate financing, firms' funding costs had increased. Demand for funds had continued to increase moderately on the back of, for example, a recovery in economic activity as well as mergers and acquisitions of firms. In terms of supply of funds, financial institutions' lending attitudes as perceived by firms had remained accommodative. In this situation, the year-on-year rate of increase in the amount outstanding of private bank lending had been in the range of around 2.5–4.5 percent. The year-on-year rate of increase in the aggregate amount outstanding of CP and corporate bonds had been in the range of around 3.5–8.0 percent, partly due to large-scale issuances.
- d. The year-on-year rate of decline in the monetary base (currency in circulation plus current account balances at the Bank) had accelerated, with a decline in the purchase amount of JGBs and in loan disbursements under the Fund-Provisioning Measure to Stimulate Bank Lending. The year-on-year rate of change in the money stock (M2) had been in the range of around 0.5–1.5 percent.

3. MPMs³

- a. Four MPMs were held in the first half of fiscal 2025.

The Policy Board made the following judgment on economic and financial developments at all the MPMs held during the period: "Japan's economy has recovered moderately, although some weakness has been seen in part."

- b. In the conduct of monetary policy, the Policy Board decided at all the MPMs held in the first half of fiscal 2025 to maintain the following guideline for money market operations.

The Bank will encourage the uncollateralized overnight call rate to remain at around 0.5 percent.

At the June MPM, regarding the reduction of the purchase amount of JGBs, the Policy Board decided on the following plan to reduce the amount of the Bank's monthly outright purchases of JGBs so that it would be about 2 trillion yen in January–March 2027. The amount would be cut down, in principle, by about 400 billion yen each calendar quarter until January–March 2026, and by about 200 billion yen each calendar quarter from April–June 2026.

- (1) The Bank will reduce the planned amount of its monthly purchases of JGBs so that it will be about 2 trillion yen in January–March 2027. The amount will be cut down, in principle, by about 400 billion yen each calendar quarter until January–March 2026, and by about 200 billion yen each calendar quarter from April–June 2026.
- (2) At the June 2026 MPM, the Bank will conduct an interim assessment of the plan for the reduction of its purchase amount of JGBs. In principle, the Bank intends to

3. Information related to MPMs is available on the Bank's website (https://www.boj.or.jp/en/mopo/mpmsche_minu/index.htm).

maintain the plan for the reduction after the assessment, while it may modify the plan as appropriate, if deemed necessary after reviewing the developments in and functioning of the JGB markets. At the meeting, it will also discuss a guideline for its JGB purchases from April 2027 and announce the results.

- (3) In the case of a rapid rise in long-term interest rates, it will make nimble responses by, for example, increasing the amount of JGB purchases and conducting fixed-rate purchase operations of JGBs—both of which can be done regardless of the monthly schedule of JGB purchases—and the Funds-Supplying Operations against Pooled Collateral.
- (4) The Bank is prepared to amend the plan for the reduction of its purchase amount of JGBs at the MPMs, if deemed necessary.

At the September MPM, with regard to exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) the Bank holds, the Policy Board decided to sell these assets to the market for the time being, as described below, in accordance with the fundamental principles for their disposal, which include the principle to avoid inducing destabilizing effects on the financial markets. The scale of the sales would generally be equivalent to that for the "stocks purchased from financial institutions."

- (1) The Bank will sell ETFs to the market at a pace of about 330 billion yen (book value basis) per year, based on the prices formed in the exchange market.
- (2) The Bank will sell J-REITs to the market at a pace of about 5 billion yen (book value basis) per year, based on the prices formed in the exchange market.

- (3) Under the pace of sales described above, the Bank will sell each ETF and J-REIT in amounts approximately proportionate to the share of each asset in its holdings, with consideration to spreading out the timing of the sales.

With regard to the future conduct of monetary policy, the Policy Board confirmed the following at the April MPM: "Given that real interest rates are at significantly low levels, if the aforementioned outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. In this regard, considering the extremely high uncertainties regarding the future course of trade and other policies in each jurisdiction and the impact of these policies, it is important for the Bank to carefully examine factors such as developments in economic activity and prices as well as in financial markets at home and abroad, and judge whether the outlook will be realized, without any preconceptions. With the price stability target of 2 percent, the Bank will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target." At the July MPM, the Policy Board confirmed the following: "Given that real interest rates are at significantly low levels, if the aforementioned outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. In this regard, considering that high uncertainties remain regarding the future course of trade and

other policies in each jurisdiction and the impact of these policies, it is important for the Bank to carefully examine factors such as developments in economic activity and prices as well as in financial markets at home and abroad, and judge whether the outlook will be realized, without any preconceptions. With the price stability target of 2 percent, the Bank will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target."

B. Second Half of Fiscal 2025 (October 2025–March 2026)

1. Economic developments

- a. During the period from October 2025 through March 2026, Japan's economy had recovered moderately, although some weakness had been seen in part.

Exports and industrial production had continued to be more or less flat as a trend, while they had been affected by the increase in U.S. tariffs. Corporate profits had remained at high levels on the whole, although downward effects due to tariffs had been seen in manufacturing. Business sentiment had been at a favorable level, while it had been affected by the situation in the Middle East at the end of the October–March period. Under these circumstances, business fixed investment had followed a moderate increasing trend. Private consumption had been resilient against the background of an improvement in the employment and income situation, although it had been affected by price rises. On the other hand, housing investment had followed a declining trend. Public investment had continued to be more or less flat. Meanwhile, labor market conditions had remained tight.

- b. Regarding price developments, the year-on-year rate of increase in the CPI (all items less fresh food) had been in the range of around 2.5–3.0 percent, with moves to pass on wage increases to selling prices continuing and due to the effects of the rise in food prices, such as rice prices, and other factors; the rate of increase then declined to a level below 2 percent in the second half of the October–March period due to factors such as the effects of the government's measures to reduce the household burden of higher energy prices. Inflation expectations had continued to rise moderately.

2. Developments in financial markets and conditions

- a. In global financial markets, market sentiment had remained at an improved level through February, reflecting reduced uncertainties over the outlook for the global economy. Thereafter, however, market sentiment had become significantly cautious, reflecting increased tension over the situation in the Middle East.
- b. In the money market, the uncollateralized overnight call rate had been at around 0.5 percent up until the December 2025 MPM. Following the change in the guideline for money market operations at the December MPM, the rate had been at around 0.75 percent.

With regard to developments in the bond market, 10-year JGB yields had risen significantly through mid-January, reflecting factors such as market views on future developments in Japan's economic activity and prices. Since then, while yields had declined through late February as investors bought back JGBs, they rose again in March with attention being drawn to heightened inflationary pressure reflecting the rise in crude oil prices amid increased tension over the situation in the Middle East.

The Nikkei 225 Stock Average had increased

significantly over the October–March period; it had increased significantly through February on the back of solid business performance and expectations for the government's economic measures; after the start of March, it had declined due to the rise in investors' risk aversion in the wake of increased tension over the situation in the Middle East. It was in the range of 51,000–52,000 yen at the end of March.

In the foreign exchange market, the yen had depreciated against the U.S. dollar, and was in the range of 159–160 at the end of March. The yen had also depreciated against the euro.

- c. With regard to corporate financing, firms' funding costs had increased. Demand for funds had increased on the back of, for example, a recovery in economic activity as well as mergers and acquisitions of firms. In terms of supply of funds, financial institutions' lending attitudes as perceived by firms had remained accommodative. In this situation, the year-on-year rate of increase in the amount outstanding of private bank lending had been in the range of around 4.5–5.5 percent. The year-on-year rate of increase in the aggregate amount outstanding of CP and corporate bonds had been in the range of around 7.0–7.5 percent, pushed up in part by past large-scale issuances.
- d. The year-on-year rate of decline in the monetary base had accelerated, with a decline in the purchase amount of JGBs and in loan disbursements under the Fund-Provisioning Measure to Stimulate Bank Lending. The year-on-year rate of change in the M2 had been in the range of around 1.5–2.0 percent.

3. MPMs

- a. Four MPMs were held in the second half of fiscal 2025.

The Policy Board made the following judgment on economic and financial developments at all the

MPMs held during the period: "Japan's economy has recovered moderately, although some weakness has been seen in part."

- b. In the conduct of monetary policy, the Policy Board decided at the October MPM to maintain the following guideline for money market operations.

The Bank will encourage the uncollateralized overnight call rate to remain at around 0.5 percent.

At the December MPM, the Policy Board judged it appropriate to adjust the degree of monetary accommodation and decided to set the following guideline for money market operations for the intermeeting period.

The Bank will encourage the uncollateralized overnight call rate to remain at around 0.75 percent.

In addition, in accordance with the above change in the guideline for money market operations, the Policy Board decided to change the interest rates applied to the Bank's measures.

- (1) Interest rate applied to the complementary deposit facility

The interest rate applied to the complementary deposit facility (the interest rate applied to current account balances held by financial institutions at the Bank, excluding required reserve balances) will be 0.75 percent.

- (2) Basic loan rate

The basic loan rate applicable under the complementary lending facility will be 1.0 percent.

At the January and March MPMs, the Policy Board decided to maintain the above guideline for money market operations.

With regard to the future conduct of monetary policy, the Policy Board confirmed the following at the October MPM: "Given that real interest

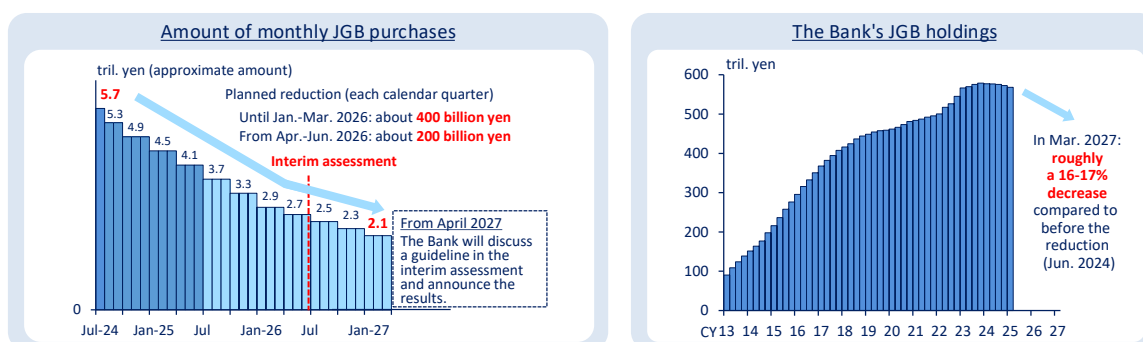
rates are at significantly low levels, if the aforementioned outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. In this regard, considering that high uncertainties still remain regarding the impact of trade and other policies in each jurisdiction, it is important for the Bank to carefully examine factors such as developments in economic activity and prices as well as in financial markets at home and abroad, and judge whether the outlook will be realized, without any preconceptions. With the price stability target of 2 percent, the Bank will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target." At the December MPM, the Policy Board confirmed the following: "Given that real interest rates are at significantly low levels, if the outlook for economic activity and prices presented in the October *Outlook for Economic Activity and Prices* (Outlook Report) will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, in response to developments in

economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target." At the January MPM, the Policy Board confirmed the following: "Given that real interest rates are at significantly low levels, if the aforementioned outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target." At the March MPM, the Policy Board confirmed the following: "Given that real interest rates are at significantly low levels, if the outlook for economic activity and prices presented in the January Outlook Report will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target."

PLAN FOR THE REDUCTION OF THE PURCHASE AMOUNT OF JGBs

In principle, long-term interest rates are to be formed in financial markets, and it is appropriate for the Bank to reduce its purchase amount of JGBs in a predictable manner, while allowing enough flexibility to support stability in the JGB markets. Taking this into account, the Bank decided at the June 2025 MPM on the following plan to reduce the amount of its monthly outright purchases of JGBs.¹

- (1) The Bank will reduce the planned amount of its monthly purchases of JGBs so that it will be about 2 trillion yen in January–March 2027. The amount will be cut down, in principle, by about 400 billion yen each calendar quarter until January–March 2026, and by about 200 billion yen each calendar quarter from April–June 2026.
- (2) At the June 2026 MPM, the Bank will conduct an interim assessment of the plan for the reduction of its purchase amount of JGBs. In principle, the Bank intends to maintain the plan for the reduction after the assessment, while it may modify the plan as appropriate, if deemed necessary after reviewing the developments in and functioning of the JGB markets. At the meeting, it will also discuss a guideline for its JGB purchases from April 2027 and announce the results.



- (3) In the case of a rapid rise in long-term interest rates, it will make nimble responses by, for example, increasing the amount of JGB purchases and conducting fixed-rate purchase operations of JGBs—both of which can be done regardless of the monthly schedule of JGB purchases—and the Funds-Supplying Operations against Pooled Collateral.
- (4) The Bank is prepared to amend the plan for the reduction of its purchase amount of JGBs at the MPMs, if deemed necessary.

1. For details, refer to "Statement on Monetary Policy" released on June 17, 2025 (https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2025/k250617a.pdf).

DISPOSAL OF ETFs AND J-REITs

At the MPM held in March 2024, the Policy Board of the Bank changed the monetary policy framework, judging that it was within sight that the price stability target of 2 percent would be achieved in a sustainable and stable manner. As part of the change, the Bank decided to discontinue purchases of ETFs and J-REITs. Thereafter, the Bank has considered the details of the disposal of these assets.

The "Principal Terms and Conditions for Purchases of ETFs and J-REITs" lays out fundamental principles for the disposal of ETFs and J-REITs as follows: the Bank should (1) dispose of these assets for adequate prices, taking into account the situation such as the condition of the ETF or J-REIT market, (2) avoid incurring losses as much as possible, and (3) avoid inducing destabilizing effects on the financial markets as much as possible.

Based on these fundamental principles and its experience of the smooth conduct of sales of the stocks purchased from financial institutions, the Bank decided at the September 2025 MPM to sell its holdings of ETFs and J-REITs for the time being at a scale generally equivalent to that of the sales of the stocks purchased from financial institutions (the sales amounts of ETFs and J-REITs will account for about 0.05 percent of the trading values in the markets) as described below.¹

- (1) The Bank will sell ETFs to the market at a pace of about 330 billion yen per year, based on the prices formed in the exchange market.
- (2) The Bank will sell J-REITs to the market at a pace of about 5 billion yen per year, based on the prices formed in the exchange market.

		Stocks (completed)	ETFs	J-REITs
Pace of sales (amount per year)	Book value (Market value)	About 150 billion yen (About 620 billion yen)	About 330 billion yen (About 620 billion yen)	About 5 billion yen (About 5.5 billion yen)
Proportion to the trading value		About 0.05%	About 0.05%	About 0.05%

- (3) Under the pace of sales described above, the Bank will sell each ETF and J-REIT in amounts approximately proportionate to the share of each asset in its holdings, with consideration to spreading out the timing of the sales.

The pace of sales may be modified at future MPMs after the start of the disposal of ETFs and J-REITs, based on the fundamental principles and the experience from the sales to be conducted.

1. For details, refer to "Statement on Monetary Policy" released on September 19, 2025 (https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2025/k250919a.pdf).

III. PERFORMANCE REVIEWS OF MEASURES TAKEN UNDER THE *MEDIUM-TERM STRATEGIC PLAN*

A. Plan and Formulate Monetary Policy Measures That Facilitate Policy Conduct

1. Progress in implementing specific measures

(1) With a view to contributing to monetary policy conduct, the Bank conducted research and analysis from multiple perspectives on economic and financial conditions at home and abroad, including the impact of U.S. tariff policy, the formation mechanisms of wages and prices, and developments in the natural rate of interest and underlying inflation. The results of these analyses were released, for example, in the quarterly Outlook Report, the *Bank of Japan Working Paper Series*, and the *Bank of Japan Review Series*. In light of its findings, the Bank planned and formulated the following policy responses.

(a) Planning and formulation for decisions on the guideline for money market operations. At the December 2025 MPM, deciding on a change in the guideline to encourage the uncollateralized overnight call rate to remain at around 0.75 percent, and accordingly adjusting the interest rate applied to the complementary deposit facility and the basic loan rate applicable under the complementary lending facility.

(b) Regarding JGB purchases, (1) conduct of an interim assessment of the plan for the reduction of the amount of the Bank's JGB purchases that was decided in July 2024, and (2) formulation of a reduction plan to cover the period until March 2027, based on the view that it was appropriate for the Bank to reduce the amount of JGBs it purchases in a predictable manner while allowing enough flexibility to support stability in the JGB markets (June 2025).

(c) Formulation of a plan for sales, to their respective markets, of the Bank's holdings of ETFs and J-REITs in accordance with the fundamental

principles for their disposal, including the avoidance of inducing destabilizing effects on financial markets, and at a scale generally equivalent to that of the sales of the stocks that the Bank had previously purchased from financial institutions (September 2025).

(2) The Bank maintained dialogue with market participants mainly via in-person meetings by, for example, actively exchanging opinions on such occasions as the Meeting on Market Operations and the Bond Market Group Meeting, each held twice in fiscal 2025.

(3) Progress was made in fundamental research on the following: monetary policy; the macroeconomy; financial markets; legal and accounting systems, as well as information security, in finance-related fields; digital transformation; and monetary history. The Bank communicated its research findings to the public through the release of research papers and presentations at academic conferences at home and abroad.

2. Evaluation of progress

With a view to contributing to monetary policy conduct, the Bank conducted research and analysis from multiple perspectives on economic and financial conditions at home and abroad; it also carried out multi-perspective analyses on the efficacy and impacts of monetary policy. In light of its findings, the Bank planned and formulated policy measures in an apposite and timely manner. In addition, it maintained dialogue with market participants through, for example, the Meeting on Market Operations and the Bond Market Group Meeting, and made steady adjustments to its operational arrangements to ensure that monetary policy continued to be conducted appropriately.

Based on the above, the Bank considers that, in fiscal 2025, it achieved its intended objectives

in implementing measures and provided a firm underpinning for monetary policy conduct. In fiscal 2026, the Bank will continue (1) to conduct research and analysis appropriately reflecting various changes in economic and financial conditions, (2) to plan policy measures in an apposite and timely manner, and (3) to put the necessary operational arrangements in place so that market operations are conducted properly.

B. Ensure the Stability and Improve the Functioning of the Financial System

1. Progress in implementing specific measures

(1) The Bank conducted on-site examinations, covering 66 financial institutions mainly through hybrid-type examinations that combined visits to financial institutions' premises and remote methods. The conduct of the examination varied with the extent of an institution's systemic influence, financial soundness, and risk profile. The Bank thereby gained an appropriate grasp of, for example, business operations and asset quality, profitability, and resilience against risks at individual institutions, as well as the business conditions of financial groups as a whole.

(2) With regard to off-site monitoring of financial institutions, the Bank closely monitored developments in, for example, business operations, risk management, and profitability, while taking into account the various changes in financial and economic conditions that financial institutions face. It also gained a thorough grasp particularly of the following factors: (1) the effects stemming from the Bank's policy interest rate hikes and reductions in the amount of JGB purchases, (2) the impact of trade policies in each jurisdiction, (3) progress in climate change initiatives, and (4) developments in the application of generative AI and other digital technologies to their business. In addition, the Bank conducted off-site monitoring of financial

institutions of globally systemic importance given developments such as changes in business models and risk profiles. The Bank exchanged views with regional financial institutions on initiatives and challenges related to strengthening their business foundations and supporting regional economies.

(3) As for research and analysis, the Bank, amid changes in financial and economic conditions at home and abroad, assessed the stability of Japan's financial system and deepened its analysis particularly on risks associated with credit costs, securities investment, and domestic and foreign currency liquidity. In addition, it examined new issues related to financial system stability, particularly those connected to developments in domestic and foreign non-bank financial intermediary (NBFI) sectors. The results and findings of these analyses were compiled in the two issues of the 2025 *Financial System Report*, released in April and October. They were also covered in three issues of the *Financial System Report Annex Series* in fiscal 2025, which provided more detailed analyses of and insights on specific topics, as well as in a total of six papers published the same year, mainly in the *Bank of Japan Review Series* and the *Bank of Japan Working Paper Series*.

(4) The Financial Services Agency (FSA) and the Bank continued to deepen the sharing of their awareness of challenges and risks at all levels, for example, by holding meetings of the Council for Cooperation on Financial Stability. In addition, with a view to implementing higher-quality monitoring and reducing the operational burden on financial institutions, the FSA and the Bank intensified efforts to strengthen cooperation through the Financial Monitoring Council and the Joint Group for Coordinating FSA's Inspections and BOJ's On-Site Examinations. They conducted joint surveys of major financial institutions regarding supervisory simultaneous stress testing, foreign currency liquidity risk

management, cybersecurity, and climate scenario analysis, coordinated the planning of the FSA's inspections and the Bank's on-site examinations, and shared their findings. Furthermore, they made steps toward data integration and, by collecting granular data under a more effective and efficient framework for data collection and management (the common data platform), improved performance in monitoring and analysis. In August 2025, they jointly released the "Commencement of Full-Scale Data Collection Using the Common Data Platform," outlining these initiatives.

- (5) In July 2025, the Bank completed the disposal of the stocks that it had purchased from financial institutions in line with the basic principles for their disposal, including minimizing the impact on the stock markets and avoiding, as much as possible, the incurring of losses.
- (6) The Bank stably executed its business operations for the Special Deposit Facility to Enhance the Resilience of the Regional Financial System and the Loan Support Program.

2. Evaluation of progress

The Bank thoroughly assessed and facilitated necessary improvements in, particularly, the business operations and risk management at financial institutions by, for example, presenting its assessment in the *Financial System Report* of challenges and risks faced in maintaining and improving the stability and functioning of the financial system and through its conduct of on-site examinations and strengthening of off-site monitoring in light of that assessment. As part of this process, the Bank also worked to enhance the integration of on-site examinations and off-site monitoring. In addition, it deepened dialogue with regional financial institutions through its on-site examinations and off-site monitoring and encouraged initiatives to strengthen their business foundations.

The Bank carried out, in an appropriate and efficient

manner, the selection of financial institutions with which to conduct transactions as well as business operations relating to the provision of loans. It also steadily pushed forward with its cooperation with the FSA in various fields, thereby further strengthening coordination on the prudential front and enhancing effectiveness and efficiency in each field.

During fiscal 2025, there were no circumstances that required the Bank to provide loans pursuant to Articles 37 and 38 of the Bank of Japan Act.

Based on the above, the Bank considers that it achieved its intended objectives in implementing measures toward ensuring the stability and improving the functioning of the financial system. In fiscal 2026, while taking into account various changes in financial institutions' business environments, the Bank will thoroughly assess, in particular, the business operations and risk management at financial institutions and maintain appropriate communication with them by continuing to enhance the integration of on-site examinations and off-site monitoring and proceed with initiatives to further strengthen coordination with the FSA. In addition, it will conduct analysis on various risks that may affect the financial system, including developments in NBFIs and climate-related financial risks. The Bank will also share its knowledge and thoughts with regional financial institutions on issues such as sustainable business models and human capital, and provide support as they make necessary improvements.

C. Enhance Payment and Settlement Services and Reinforce Market Infrastructures

1. Progress in implementing specific measures

- (1) With regard to Central Bank Digital Currency (CBDC), the Bank, in accordance with "The Bank of Japan's Approach to Central Bank Digital Currency," advanced steadily in cooperating with stakeholders at home and abroad, mainly by conducting a

pilot program and exploring requisite institutional arrangements, as detailed below.

- (a) Regarding the pilot program, the Bank worked on the development of a system for the program and relevant experimentation. At the meetings of the CBDC Forum, the Bank continued to discuss and explore various topics with a wide range of private businesses; it also reorganized the CBDC Forum with a view to considering the future of payments from a broader perspective. The Bank held meetings of the Liaison and Coordination Committee on Central Bank Digital Currency in June 2025 and February 2026. It shared details and exchanged views with private businesses and the government regarding, for example, updates on the pilot program.
 - (b) The Bank, as a member of the group of major central banks examining developments related to payment systems with the Bank for International Settlements (BIS), participated in various deliberations and contributed to compiling the resultant report entitled "Wholesale central bank money in the context of technological innovation," released in September 2025.
 - (c) The Bank participated in the Relevant Ministries and the Bank of Japan Liaison Meeting on CBDC and in its subcommittee, the Working Level Meeting of the Liaison Meeting.
- (2) Bearing in mind future use cases, the Bank commenced an experimental project for the tokenization of central bank money (current account deposits that financial institutions hold at the Bank). This project, one of the items on the discussion agenda for the CBDC Forum, involved technical experimentation in a sandbox environment.
 - (3) The Bank participated in Project Agorá, an experimental project led by the BIS, and made steady progress in discussing and exploring the potential for a new type of payment infrastructure, which involved placing tokenized forms of commercial bank deposits and wholesale central bank money on the same distributed ledger technology platform, and using these to conduct safe and efficient cross-border payments. The Bank also participated in user testing of the Agorá platform, which it had previously established with other central banks and private financial institutions.
 - (4) The Bank joined the Study Group on the Future Vision of the Payment System, established by the Japanese Banks' Payment Clearing Network (Zengin-Net); it provided support for detailed discussions on the future vision of Japan's payment system and for deliberations on the specifics of new payment system development.
 - (5) The Bank contributed to discussions on standardization in financial services and worked to raise recognition of the activities of the national standards body for the International Organization for Standardization (ISO) Technical Committee on Financial Services (ISO/TC 68), mainly by hosting the ISO Panel meeting in March 2026.
 - (6) With a view to improving the efficiency of communication in finance-related fields, the Bank, to advance international standardization of inter-firm remittance messages, smoothly upgraded to the new version of the ISO 20022 standard for payment messages used by the Bank of Japan Financial Network System (BOJ-NET); it also participated in international discussions, such as those organized by the Committee on Payments and Market Infrastructures (CPMI) at the BIS.
 - (7) As part of efforts led by the Group of Twenty (G20) to enhance cross-border payments, the Bank participated in international discussions and analyses organized by the Financial Stability Board (FSB) and the CPMI at the BIS. It also disseminated its findings to and exchanged views with stakeholders at home mainly by hosting a meeting of the Cross-

Border Payments Subcommittee of the Future of Payments Forum.

- (8) The Bank decided in October 2025 to begin providing current account services to Wise Payments Japan K.K., a payment service provider.
- (9) With regard to oversight of financial market infrastructures, the Bank pushed forward with initiatives contributing to securing and strengthening safety and efficiency. For example, the Bank monitored progress in system renewal aimed at enhancing services, including the development of the 8th Generation Zengin System scheduled to begin operation in 2028; in cooperation with the FSA, it also maintained a grasp of the current state of cybersecurity management frameworks in major financial market infrastructures and encouraged the reinforcement of those frameworks.
- (10) The Bank compiled and released the results of the *Market Functioning Survey concerning Climate Change* in June 2025 (English version released in July 2025). The Bank identified progress made in the improvement of market functioning as well as future challenges in this regard, and disseminated the findings. It held a meeting for market participants to explain these survey findings in September 2025 and exchanged views on climate finance.
- (11) The Bank, through the network of practitioners on interest rate benchmarks, for which it serves as the secretariat, continued to share information related to such benchmarks and support market initiatives.
- (12) The Bank released a renewed "Statement of Commitment to the FX Global Code" in May 2025, taking into consideration updates to the code. It also pushed forward with initiatives to encourage adherence to the code in Japan and to further extend compliance among market participants.

2. Evaluation of progress

With regard to CBDC, the Bank, in accordance with "The Bank of Japan's Approach to Central Bank Digital

Currency," advanced steadily in cooperating with stakeholders at home and abroad, mainly by conducting the pilot program and exploring requisite institutional arrangements. In addition, it actively contributed to discussions and projects at home and abroad regarding the new possibilities and challenges for payment and settlement services presented by advances in information technology. The Bank also made steady progress in working toward the enhancement of payment and settlement services in Japan, mainly by communicating with the public regarding the future of payment systems.

As for the reinforcement of financial and capital market infrastructures, the Bank contributed to market initiatives on climate finance by conducting the *Market Functioning Survey concerning Climate Change* and exchanging views with market participants on the survey findings. Moreover, the Bank continued to encourage market participants' adherence to the FX Global Code.

Based on the above, the Bank considers that, in fiscal 2025, it achieved its intended objectives in implementing measures, and made notable contributions to enhancing payment and settlement services and reinforcing financial and capital market infrastructures in Japan. In fiscal 2026, with respect to payment and settlement services, the Bank will continue to work toward and conduct deliberations regarding the enhancement of payment and settlement services in Japan by, for example, steadily promoting the CBDC pilot program, exploring requisite institutional arrangements, and contributing to related discussions and initiatives at home and abroad. Furthermore, with regard to the reinforcement of financial and capital market infrastructures in Japan, the Bank will reinforce necessary market infrastructures to facilitate proper market functioning in a changing external environment by taking advantage of opportunities to conduct various surveys and to exchange views with market participants.

D. Conduct Stable and Efficient Central Banking Operations

1. Progress in implementing specific measures

- (1) The Bank smoothly conducted the receipt and payment of banknotes, while taking into account (1) financial institutions' and firms' progress in updating their banknote equipment to handle the new series of Bank of Japan notes, issued since July 2024, (2) the circulation of the new banknotes, and (3) the stocks of the new banknotes held at its Head Office and branches. Moreover, the Bank maintained the cleanliness of banknotes in circulation by examining the banknotes it received and supplying clean banknotes at its Head Office and branches.
- (2) The Bank worked to maintain a current grasp of the use of cash, mainly by gathering information from relevant parties. It also sought to raise the efficiency of cash handling at both the Bank and financial institutions.
- (3) The Bank continued, on a daily basis, to settle financial transactions involving current account deposits that financial institutions hold at the Bank in an accurate and stable manner.
- (4) The Bank conducted market operations appropriately in accordance with the decisions made at MPMs, including those on guidelines for money market operations. In line with the decision made at the June 2025 MPM on the plan for the reduction of the amount of its JGB purchases, the Bank appropriately allocated the amount of the reduction among different segments of JGBs, according to residual maturity and type. The allocation was decided mainly based on the size of the Bank's purchases as a proportion of the total issuance and on developments in supply and demand in the market. In addition, the Bank, from the viewpoint of improving liquidity in the JGB market, implemented measures regarding the Securities

Lending Facility, including an expansion of the issues of JGBs applicable to the relaxed conditions for the reduction in the Bank's repurchase amount; it then appropriately implemented the reduction in the amount of repurchases under the Securities Lending Facility, based on these measures.

- (5) The Bank, while responding positively to the needs of financial institutions looking to improve the efficiency of their business processes, carried out a wide range of treasury funds and Japanese government securities (JGS) services with precision. It also streamlined and digitalized business operations by, for example, reducing the number of agents and promoting further use of cashless payments of treasury funds through the provision of support to relevant parties.
- (6) The Bank proceeded with revising and rebasing its statistics to accommodate changes in the economic environment; it also implemented measures to improve their user-friendliness.
 - (a) The Bank launched an application programming interface (API) service for the BOJ Time-Series Data Search in February 2026.
 - (b) With regard to the *Tankan* (*Short-Term Economic Survey of Enterprises in Japan*), the Bank published a paper in September 2025 that explained planned revisions, including the introduction of a survey on wage developments (available only in Japanese); furthermore, it carried out a regular revision of the *Tankan* sample enterprises in March 2026, including a change to the population base.
 - (c) In July 2025, the Bank appropriately updated the base year of the Final Demand-Intermediate Demand price indexes (FD-ID price indexes) to 2020; in November 2025, it also released historical data going back to 2000.
- (7) The Bank conducted its daily business operations in support of the above initiatives in an appropriate

manner, including the operation of crucial central bank systems such as the BOJ-NET.

- (8) In terms of business continuity, the Bank carried out a variety of appropriate drills and training sessions and continued to enhance its emergency response capabilities while taking into account changes in the domestic and overseas environment as well as the government's reappraisal of potential damage scenarios.

2. Evaluation of progress

As for business operations relating to cash, the Bank carried out the receipt and payment of banknotes and coins in a stable and efficient manner. In addition, the Bank worked to secure confidence in banknotes by, for example, maintaining the cleanliness of banknotes in circulation. It also sought to raise the efficiency of cash handling at both the Bank and financial institutions.

With regard to banking operations, the Bank continued to settle financial transactions involving current account deposits that financial institutions hold at the Bank in an accurate and stable manner, and conducted operations appropriately; these included money market operations that were conducted in accordance with the guidelines decided at MPMs.

The Bank, on a daily basis, carried out treasury funds and JGS services in a stable manner; it also digitalized business operations and reviewed its business processes in response to changes in its operational environment.

The Bank proceeded with revising and rebasing its statistics to accommodate changes in the economic environment; it also implemented measures to improve their user-friendliness.

The Bank conducted its daily business operations in support of the aforementioned initiatives in an appropriate manner and, taking account also of the government's initiatives, continued to strengthen its business continuity arrangements for coping with events such as natural disasters and outbreaks of infectious diseases.

Based on the above, the Bank considers that, in fiscal

2025, it conducted daily central banking operations in an overall stable manner, while ensuring that appropriate operational arrangements were in place; it also advanced steadily with the reviewing of its business processes in response to changes in its operational environment. In fiscal 2026, the Bank will conduct central banking operations in a stable and efficient manner. It will also continuously assess the appropriateness of its operational and other frameworks, taking into account such factors as changes in workloads, advances in digital technology, and developments in the business environments of its counterparties. Furthermore, the Bank will maintain and continue to enhance its emergency response capabilities.

E. Engage in International Initiatives in Response to a Changing Global Situation

1. Progress in implementing specific measures

- (1) The Bank, as the central bank of Japan, actively participated in face-to-face and online meetings such as those related to the Association of Southeast Asian Nations Plus Three (ASEAN Plus Three), the BIS, the Basel Committee on Banking Supervision (BCBS), the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP), the FSB, the Group of Seven (G7), the G20, the International Monetary Fund (IMF), the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), and the Organisation for Economic Co-operation and Development (OECD).
- (a) The Bank contributed to discussions at global forums on fostering economic growth and strengthening the robustness of the financial system based on its analysis of overseas economic and financial developments, while also promoting understanding of its conduct of monetary policy.
- (b) The Bank played a leadership role in some BCBS- and FSB-related committees, working groups, and programs for assessing regulatory

consistency, for example, by moderating discussions as the chair. It also participated in the Irving Fisher Committee on Central Bank Statistics (IFC), with an official serving as a member of the IFC Executive, and contributed to international discussions on refining and improving financial and economic statistics.

- (c) In relation to the NGFS, the Bank participated in and contributed to discussions on various topics, including climate scenario analysis.
- (d) In relation to the EMEAP, the Bank played a leadership role, for example, by moderating discussions as the chair of the Monetary and Financial Stability Committee (MFSC). It also played a key role in discussions on economic and financial conditions in the region as well as in the management of the Asian Bond Fund (ABF). Furthermore, the Bank took the lead in discussions on future directions for the EMEAP and the formulation of new organizational management policies, both of which were initiated during the 30th EMEAP Governors' Meeting.
- (e) With regard to financial regulation and supervision, the Bank contributed to discussions at various international meetings on topics such as the modernization and streamlining of international financial regulations and supervision, the digitalization of finance including stablecoins, provision of public liquidity at times of crisis, NBFIs, and cybersecurity. In addition, the Bank participated in the FSB's G20 Implementation Monitoring Review, a review of the FSB's work in monitoring the implementation of the G20 financial regulatory reforms. Given changes in the external environment surrounding the financial system, including failures of U.S. and European financial institutions, it also actively participated in, for example, work

to strengthen supervisory effectiveness as well as analytical work on liquidity risk and interest rate risk in the banking book. Through its participation in such initiatives, the Bank contributed appropriately to policy-making processes for ensuring the stability of the international financial system. Furthermore, the Bank hosted and gave presentations at financial regulation and supervision-related international meetings and at joint seminars with academics.

- (f) The Bank played a leadership role, for example, by moderating discussions as the chair of the OECD Committee on Financial Markets. It also participated in an affiliated working group, the Working Party on Sustainable Finance.
 - (g) The Bank participated in and contributed to discussions in fields including global financial markets, financial market infrastructures, interest rate benchmark reform, the FX Global Code, and statistics.
 - (h) The Bank actively participated in and contributed to international discussions on new payment and settlement instruments in today's digital society, including stablecoins and tokenized deposits.
- (2) The Bank actively exchanged information with overseas authorities on business conditions at financial institutions of globally systemic importance, mainly through its involvement in supervisory colleges.
 - (3) The Bank obtained timely access to a wide range of information, for example, on economic and financial conditions, the financial system, and central banking operations, by continuing to exchange opinions bilaterally and to strengthen relationships with major central banks, monetary authorities, and other relevant parties.
 - (4) With regard to international monetary cooperation, in the area of currency swaps for the purpose of financial system stability, the Bank extended bilateral local currency swap agreements with the Monetary Authority

of Singapore, allowing for the exchange of Singapore dollars and yen, and with the Bank of Thailand, allowing for the exchange of Thai Baht and yen, in November 2025 and March 2026, respectively.

- (5) The Bank provided technical assistance, held seminars, and exchanged personnel, mainly with other central banks in Asia (there were a total of 26 such occasions in fiscal 2025). It thus contributed to the stability and development of financial and capital markets in Asia, and established and strengthened medium- to long-term relationships with overseas authorities.
- (6) In ASEAN Plus Three, the Bank cooperated with the Ministry of Finance (MOF) and played a key role in discussions regarding the establishment of the Rapid Financing Facility under the Chiang Mai Initiative Multilateralisation (CMIM) and in various arrangements to enhance the practicability of the facility.

2. Evaluation of progress

The Bank, as the central bank of Japan, contributed to international discussions toward ensuring the stability of the international currency and financial system through its participation in various meetings, including G7 and G20 meetings as well as those related to the BIS and the IMF. It actively participated and played a leadership role in meetings, for example at the BCBS and the FSB, on topics including financial regulation, financial markets, and financial market infrastructures. It also participated in and contributed to international discussions such as those regarding responses to climate change. The Bank provided technical assistance, most of which was provided within the Asian region. Furthermore, it maintained and strengthened cooperation with overseas authorities, especially central banks, and obtained timely access to a wide range of information, for example, on economic and financial conditions, the financial system, and central banking operations.

Based on the above, the Bank considers that, by participating in international discussions on a broad range of topics, it made steady progress in fiscal 2025

in terms of measures taken to contribute, as the central bank of Japan, toward ensuring the stability of the international currency and financial system and toward securing the stability and development of financial and capital markets in Asia. In fiscal 2026, the Bank will play the leadership role proper to the central bank in international discussions while working in close cooperation with relevant parties. It will also make use of the findings and insights gained through such efforts in conducting its policies and business operations.

F. Contribute to Regional Economic and Financial Environments

1. Progress in implementing specific measures

- (1) The Bank, at its Head Office and branches, stably conducted central banking operations such as business operations relating to banknote issuance as well as services relating to treasury funds and JGSs, cooperating as needed with financial institutions that hold current accounts at the Bank as well as ministries and government agencies.
- (2) The Bank, at its Head Office and branches in disaster-stricken regions, cooperated with local finance bureaus and requested that financial institutions take measures in response to successive disasters including earthquakes, instances of heavy rain, and typhoons. In addition, the Bank worked to maintain a detailed grasp of economic and financial conditions in disaster-stricken regions.
- (3) The Bank maintained a detailed grasp of regional economic and financial conditions via its Head Office, branches, and local offices by means such as actively conducting interviews with, for example, local businesses and financial institutions and holding meetings with economic organizations to exchange opinions, making use of online communication tools as needed. The Bank utilized its findings in conducting monetary policy as well as in ensuring the stability and improving the

functioning of the financial system.

- (4) The Bank disseminated the results of its research and analysis on regional economic developments as well as the thinking behind its conduct of policies and business operations to each region by, for example, organizing speeches and undertaking other public relations activities, making use of online and other communication tools. The Bank's findings from research and analysis on regional economic developments were compiled and released each quarter in the *Regional Economic Report*. The Bank also released two issues of the annex series to the *Regional Economic Report*, in May and December 2025, respectively, on (1) local businesses' investment and business strategies amid intensified labor shortages and (2) trends, as well as recent changes, in local businesses' fixed investment (both available only in Japanese). In addition, the Bank compiled a quarterly report on regional economic conditions based on reports and discussions at the meetings of general managers of its branches (available only in Japanese).
- (5) With the aim of facilitating efforts toward strengthening the business foundations of regional financial institutions, the Bank's Support Unit for Regional Finance (SURF) hosted 12 seminars and workshops on a wide range of themes that included: regional revitalization; support for firms' business reconstruction; finance for achieving the Sustainable Development Goals (SDGs) and finance integrating environment, social, and governance (ESG) criteria; and risk management.

2. Evaluation of progress

The Bank, across the network of its Head Office and branches, conducted central banking operations in a stable manner. It also maintained a detailed grasp of

economic and financial conditions specific to each region through active research efforts; it disseminated its findings to each region and utilized them in conducting monetary policy as well as in ensuring the stability and improving the functioning of the financial system.

Based on the above, the Bank considers that it made steady progress in fiscal 2025 in terms of initiatives taken to contribute to regional economic and financial environments, making due use of the functions performed as the country's central bank by its Head Office, branches, and local offices. In fiscal 2026, the Bank will continue to contribute to regional economic and financial environments from its standpoint as the central bank, making effective use of its Head Office, branches, and local offices to secure a base for business operations in each region of the country. It will do so through the stable conduct of its business operations, the steady grasp of regional economic and financial conditions, and effective communication with the public.

G. Strengthen External Communication

1. Progress in implementing specific measures

- (1) In accordance with the Bank of Japan Act, the Bank kept the public fully informed regarding its conduct of policies and business operations via the following.
- (a) Releasing the minutes and transcripts of MPMs.
 - (b) Submitting the *Semiannual Report on Currency and Monetary Control* to the Diet in June and December 2025, and releasing the full texts of the two issues in Japanese as well as the summaries in English on the Bank's website.⁴
 - (c) Publishing the *Gyomu Gaikyo Sho* (Outline of Business Operations) for fiscal 2024 in May 2025.
- (2) The Bank made use of a variety of channels, including

4. Excerpts from the summaries of the two issues of the report dealing with developments in fiscal 2025, namely, the issues released in December 2025 and June 2026, can be found on pages 33–38.

English-language channels, to communicate its conduct of policies and business operations to the public.

- (a) Public statements on the Bank's monetary policy decisions, such as the Statement on Monetary Policy; the Outlook Report released in April, July, and October 2025, and in January 2026; the summary of opinions presented at each MPM (Summary of Opinions); and press conferences, speeches, and articles by the Governor, Deputy Governors, and Members of the Policy Board.
- (b) Live streams and video archives of the Governor's regular press conferences, and video archives of the 2025 BOJ-IMES Conference, hosted by the Bank's Institute for Monetary and Economic Studies (IMES). Releases of the *Highlights of the Outlook Report*, which presents the key messages of the Outlook Report in infographics and thereby aims to enhance the comprehensibility of information provided to the public.
- (3) The Bank continued to schedule, at even intervals over the year, speeches by Policy Board members at meetings with local and business leaders, publicizing the schedule for these events as early as possible. It also worked to provide clear and thorough communication via occasions such as reports to the Diet, press conferences, speeches, and interviews.
- (4) The Bank engaged in public relations activities aimed at a wide range of target audiences, making use of digital content and online communication tools.
 - (a) In addition to making the Bank's releases available on its websites, the Bank made use of social networking sites, thereby disseminating information to a wider audience. The number of page views on the Bank's website was around 866 million, of which around 350 million were made to its English-language pages. The number of page views on its branches' websites was around 4.7 million in total. Followers of the Bank's X and

Facebook accounts totaled around 258,000 and 7,200, respectively. Subscribers to the Bank's YouTube channel totaled around 15,700.

- (b) The Bank produced and released a new introductory video explaining the Bank's policies and business operations, mainly tailored for junior high school children (available only in Japanese).
- (c) The Bank enhanced the content of *Nichigin*, its public relations magazine (available only in Japanese), for example, by including articles that provided accessible descriptions of its conduct of policies and business operations.
- (d) With regard to in-house tours, the Bank enhanced public relations materials and conducted tours for people with disabilities. It also provided online learning courses, which combined a 3-D/virtual reality (VR) tour of its Head Office, "BOJ from Home," and lectures on the Bank's conduct of policies and business operations. The total number of tour participants at the Head Office was around 16,000 and that of branches and local offices was around 20,000.
- (e) By hosting various public relations events and giving lectures to young people on its functions and operations, the Bank provided opportunities for members of the public to deepen their understanding of its conduct of policies and business operations. For example, the Bank hosted at its Head Office special in-house tours for families visiting with primary and junior high school children. It also hosted the "BOJ Grand-Prix," an essay and presentation contest primarily for college students, for which there were 133 entries. In addition, the Bank gave a total of 11 lectures to college students.
- (5) The Bank worked to gain a better grasp of public opinion and public needs regarding its conduct of policies and business operations.
 - (a) Holding face-to-face or online meetings and

dialogues with financial institutions, firms, economic organizations, academics, and other parties concerned in the Bank's business operations.

- (b) Provision of pertinent responses to around 2,700 inquiries and comments received at the Head Office via phone calls or e-mails (excluding those for sales purposes or those that were incorrectly addressed).
- (6) The Bank appropriately operated the Currency Museum and the Bank of Japan Otaru Museum. Visitor numbers to each museum during fiscal 2025 were around 115,000 and 88,000, respectively. Meanwhile, the Bank's Currency Museum put on a special exhibition commemorating the 40th anniversary of its opening and the 10th anniversary of its renovation, in addition to another exhibition celebrating 140 years since the first issuance of Bank of Japan notes and tracing the path toward a unified banknote system. In addition, the Bank of Japan Otaru Museum hosted events including a special exhibition displaying, for example, Olympic commemorative currencies and sports-themed banknotes and coins from around the world. In February 2026, visitor numbers to the Otaru Museum reached the 2 million mark (cumulative total since the museum's opening in May 2003).
- (7) The Bank responsibly managed the activities of its Archives, which have the status of "the National Archives of Japan, etc." as stipulated in the Public Records and Archives Management Act and in the order for enforcement of this Act. A total of 3,361 historical official documents were added to the Archives, and 158 requests for access were made. In addition, the Bank renewed the Archives' website to improve its user-friendliness.
- (8) The Bank publicized the findings of its research and analysis on economic and financial developments in the *Bank of Japan Review Series*, the *Bank of Japan*

Working Paper Series, the *IMES Discussion Paper Series*, research papers, and the *Bank of Japan Research Laboratory Series*.

- (9) The Bank held international conferences, including the 2025 BOJ-IMES Conference entitled "New Challenges for Monetary Policy" in May and the International Conference on Real Estate Statistics 2026 in February. It also co-hosted a conference with the University of Tokyo in November 2025 entitled "Transition toward a Supply-Constrained Economy: Implications and Challenges." Through these conferences, the Bank engaged in wide-ranging discussions with outside experts.
- (10) The Bank supported the promotion of financial and economic education by providing personnel and financial resources to and appropriately cooperating with the Japan Financial Literacy and Education Corporation (J-FLEC), which promotes financial and economic education from a neutral and fair standpoint. The Bank also engaged in related educational activities through, for example, events and seminars hosted by its branches and local offices, which serve as the secretariats for prefectural financial publicity committees. Through these activities, the Bank contributed to the promotion of financial literacy among the public.

2. Evaluation of progress

The Bank employed a variety of channels to communicate its conduct of policies and business operations to various audiences at home and abroad, working to promote a deeper understanding of its policies and business operations. In disseminating information, it continued to enhance digital content, while carrying out communication both face to face and online. The Bank also worked to gain a better grasp of public opinion and public needs by, for example, holding dialogues with financial institutions and firms, and by providing pertinent responses to inquiries and comments received at the Bank.

Regarding financial information-related activities,

the Bank contributed to the promotion of financial and economic education by appropriately cooperating with J-FLEC and other stakeholders, to ensure that such education continues to be provided from a neutral and fair standpoint.

Based on the above, the Bank considers that, through various efforts in fiscal 2025, it made progress in strengthening overall external communication. In fiscal 2026, the Bank will continue (1) to carry out multilateral and effective communication at home and abroad, and (2) to work to provide clear and thorough explanations regarding its conduct of policies and business operations

by making use of diverse communication platforms and opportunities. Furthermore, the Bank will work to improve its grasp of public opinion and public needs by maintaining and strengthening its diverse network of relationships. It will also appropriately cooperate with J-FLEC and other stakeholders, to ensure that financial and economic education continues to be provided from a neutral and fair standpoint. Regarding implementation of certain public relations activities, the Bank will continue with its initiatives to incorporate advances in digitalization and online technologies.



The Bank's Organizational Management in Fiscal 2025

I. Statement of Accounts and Budget for Expenses

II. IT Investment

III. Human Resources

IV. Organizational Management Measures

V. Internal Audits

I. STATEMENT OF ACCOUNTS AND BUDGET FOR EXPENSES

As for the Bank of Japan's expenses for fiscal 2025, the Bank duly made, in line with the budget, the disbursements necessary to cover the *Medium-Term Strategic Plan (Fiscal 2024–2028)*. With regard to the Bank's statement of accounts for fiscal 2025, the total amount of actual expenses increased from the previous fiscal year by 7.0

percent (15.0 billion yen) to 228.3 billion yen. Regarding the Bank's budget for expenses for fiscal 2026, the Bank carefully examined overall expenditure in compiling a suitable budget for the year while securing the necessary budget to perform its role as the country's central bank.

II. IT INVESTMENT

The Bank steadily carried out the system development projects necessary to achieve the goals set out in the plan, while working to raise the efficiency and streamline the development of such projects. The scale

of system development for fiscal 2025 was 15,882 person-months¹ (including 12,396 person-months that were outsourced).

III. HUMAN RESOURCES

The Bank maintained the number of employees necessary to achieve the goals set out in the plan without breaking the ceiling on the number of full-time employees for fiscal 2025, which was set at 4,900. Following the Bank's efforts to further increase the efficiency of its overall business operations while securing sufficient employee numbers to achieve these goals, the number of full-time employees stood at 4,571 at the end of March 2026, down 30 from the previous fiscal year (Table 1).

Regarding remuneration, in fiscal 2025, the Bank raised the annual remuneration for its officers by

between 4.8 percent and 6.9 percent from the previous fiscal year through an increase in their base salary and bonuses.

As for its employees, for those who are not in managerial or equivalent positions,² the Bank raised the base levels of salaries for fiscal 2025 by 3.2 percent from the previous fiscal year and paid semiannual bonuses in May and November, each amounting to 2.403 months of salary, on a basis excluding the base salary increase; for those in managerial or equivalent positions, it paid 3.168 months of salary per semiannual bonus.

1. In system development, one person-month is the workload equivalent of one person working for one month.

2. Employees in managerial equivalent positions are those who have retired from managerial roles and no longer play a part in organizational management within their sections but who still have responsibility for other managerial-level duties.

Table 1

Number of Full-Time Employees as of the End of March 2026

number of people; figures in parentheses are as of the end of March 2025

Total	4,571	(4,601)
Head Office ¹	2,795	(2,793)
Branches	1,709	(1,736)
Local offices ¹	43	(48)
Overseas representative offices	24	(24)

Note: 1. Full-time employees of the Computer Center and the Banknote Operations Center are included in the number of full-time employees at the Head Office.

IV. ORGANIZATIONAL MANAGEMENT MEASURES

With a view to addressing the strategic objectives for its business operations stated in the plan, the Bank implemented various organizational management measures in order to reform its business processes, to create a work environment where diverse talents flourish, and to manage its operational risks appropriately.

Specifically, the Bank continued to conduct efficient and stable business operations, improve its capabilities in research and analysis, and enhance its emergency response capabilities, particularly through a radical review of its business processes, putting into place necessary operational arrangements to promote digital transformation cohesively and effectively. Moreover, in order to secure and foster the human resources needed to properly perform its role as the central bank, the Bank facilitated career development, further promoted organizational diversity, and promoted employee engagement via the following.

(1) The Bank enhanced various staff education and training programs, including through the use

of online communication tools, and promoted personnel exchanges with institutions inside and outside Japan.

- (2) The Bank, as part of the third phase of action plans launched in fiscal 2024 pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life, undertook initiatives to ensure that its female staff could fully realize their potential at work, and strived to cultivate a work environment conducive to the well-being of all its staff.
- (3) With regard to staff recruitment for fiscal 2026, the Bank proactively recruited women; they accounted for over 40 percent of the new recruits who will be future candidates for positions of Director, Chief Manager, and above.³
- (4) The Bank continued to implement measures conducive to enhanced employee engagement, including measures to facilitate communication between its officers and employees.

3. Employees in the positions of Director, Chief Manager, and above oversee the execution of business operations assigned to them, and are responsible for organizational management within their sections.

V. INTERNAL AUDITS

The Internal Auditors' Office at the Bank conducts internal audits of the Bank's business operations at its Head Office, branches, local offices, and overseas representative offices to examine the appropriateness of its business operations and the adequacy of its operational risk management as well as the fairness with which its business operations are executed. The results of audits are reported to the Policy Board.

In fiscal 2025, the Internal Auditors' Office audited 4

departments at the Bank's Head Office (the Secretariat of the Policy Board, the Financial Markets Department, the Research and Statistics Department, and the Administration Department), 3 overseas representative offices (London, Paris, and Frankfurt), 10 branches (Niigata, Kanazawa, Nagoya, Kyoto, Kobe, Hiroshima, Shimonoseki, Takamatsu, Matsuyama, and Nagasaki), and 4 local offices (Mito, Toyama, Fukui, and Tokushima).

Climate Change Initiatives:

Disclosure
Based on TCFD
Recommendations

I. Governance

II. Strategy

III. Risk Management

IV. Metrics and Targets

This document is a reprint of *Climate Change Initiatives: Disclosure Based on TCFD Recommendations* released on May 27, 2026.

INTRODUCTION

The Bank outlined its basic stance on and comprehensive approach to climate change in *The Bank of Japan's Strategy on Climate Change* (hereafter the Strategy), released in July 2021, and is moving forward with various measures on this basis. Among these measures, in terms of external communication, the Bank announced that it will make disclosures that take into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The TCFD recommends that each entity disclose climate change efforts in four thematic areas: governance, strategy, risk management, and metrics and targets (Table 1). The Bank's initiatives regarding climate change are summarized below in line with the recommendations, consistent with the nature of the Bank's policies and business operations aimed at achieving price stability and ensuring the stability of the financial system.

Table 1

TCFD Recommended Disclosures¹

Theme	Recommended disclosures
Governance	Disclose the organization's governance around climate-related risks and opportunities.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.
Risk management	Disclose how the organization identifies, assesses, and manages climate-related risks.
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Source: *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*.

Note: 1. The TCFD disbanded in 2023 and the monitoring of the progress of corporate climate-related disclosures was taken over by the International Financial Reporting Standards (IFRS) Foundation. Disclosures based on TCFD recommendations remain in effect.

I. GOVERNANCE

The Strategy—namely, *The Bank of Japan's Strategy on Climate Change*—was decided at the Policy Board meeting held on July 16, 2021.

The Strategy outlines measures across a range of areas: monetary policy, the financial system, research, international finance, and business operations and external communication. Under these measures, the Bank will take important actions based on the decisions of the Policy Board, with various departments of the Bank and officers in charge promoting a specific response in each area. To support this process, the Bank set up the Climate Coordination Hub (CCH), an internal network, and put in place a collaborative framework led by the Head of the CCH to promote information sharing

and coordination on various measures. At present, the CCH consists of members from the Secretariat of the Policy Board, the Monetary Affairs Department, the Financial System and Bank Examination Department, the Payment and Settlement Systems Department, the Financial Markets Department, the Research and Statistics Department, and the Institute for Monetary and Economic Studies (IMES). The International Department serves as the secretariat for the CCH, and meetings are held regularly. Every fiscal year, the Bank conducts performance reviews of related initiatives taken by each department as part of measures under the *Medium-Term Strategic Plan*.

II. STRATEGY

A. The Bank's Missions and the Impact and Risks of Climate Change

To address climate change, various entities within society and the economy need to actively play their roles, in tandem with governments and legislative bodies that formulate relevant policies. As various stakeholders across jurisdictions, including governments and firms, advance their efforts concerning climate change, the Bank, as the central bank of Japan, is furthering its efforts on climate change consistent with its missions of achieving price stability and ensuring the stability of the financial system.

To this end, the Bank has categorized the impact and risks of climate change for economic activity, prices, and the financial system as follows.

When individual firms and households engage in economic activity without due consideration of the impact of greenhouse gas emissions on climate change, this results in an excessive amount of greenhouse gas emissions in society and the economy as a whole. If this

situation were to continue, it would result in significant negative social and economic costs. The impact of excessive greenhouse gas emissions is not limited to one country but spreads to other countries, and such emissions have far-reaching future effects. Climate change has already had a sizable impact on daily life and social activities in recent years, including the global rise in temperatures and the increasing severity and frequency of large-scale natural disasters.

In terms of the specific impact on economic activity, there has been an increase in constraints on activity, such as supply chain disruptions caused by natural disasters in recent years. In the medium to long run, energy price fluctuations and a decrease in investment and employment in industries with significant greenhouse gas emissions may also exert downward pressure on economic activity. On the other hand, new opportunities may arise, such as an increase in investment related to renewable energy. The future impact on economic activity is thus highly uncertain. Prices and wages could

be affected by both natural disasters and the various measures introduced for the transition to a carbon-neutral society.

Climate change, through the channels of "physical risk" and "transition risk," can also impact the financial system. Physical risk refers to the risk that physical phenomena triggered by climate change, such as large-scale disasters and rising sea levels, will have a negative impact on firms and households. Transition risk refers to the risk of an economic impact on firms and households due to changes in policies, technologies, or consumer preferences associated with the transition to

a carbon-neutral society. Depending on the response, both risks could adversely affect the financial system by changing the investment or lending behavior of financial institutions, both qualitatively and quantitatively.

B. The Bank's Strategy on Climate Change

In light of the potential impact of climate change on economic activity, prices, and the financial system, the Bank in its Strategy is pursuing measures in five areas: monetary policy, the financial system, research, international finance, and business operations and external communication (Table 2).

Table 2

Key Points of the Bank's Strategy on Climate Change

Monetary policy

- Implement a new fund-provisioning measure to support various efforts in the private sector to address climate change.

Financial system

- Stability of the financial system: identify and manage climate-related financial risks.
- Smooth functioning of financial intermediation: support financial institutions with respect to their corporate customers' decarbonization.

Research

- Deepen the analysis on climate change impact. Improve data and analytical tools.
- Examine the functioning of financial markets and infrastructure, and consider issues relevant to payment and settlement systems and market infrastructures.

International finance

- Contribute to developing responses to climate change and climate-related financial risks.
- Promote investment in climate-related financial products as part of international financial cooperation in Asia.
- Purchase green bonds issued by foreign governments based on the Bank's management principles.

Business operations and external communication

- Undertake operations by paying due consideration to climate change (e.g., reduction in greenhouse gas emissions).
- Make TCFD-consistent disclosures and enhance the Bank's communication on climate-related conduct.

III. RISK MANAGEMENT

Various entities, including governments and firms, have been working to address climate change. In light of the risk that climate change will exert an extremely large impact on economic activity, prices, and the financial system from a medium- to long-term perspective, the Bank will further its efforts on climate change in respective areas from a central bank standpoint, consistent with its missions of achieving price stability and ensuring the stability of the financial system. Specifically, it has made progress in the following five areas set out in the Strategy and will continue to pursue initiatives.

A. Monetary Policy

As part of its efforts through its conduct of monetary policy, the Bank introduced the Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Response Financing Operations) so that financial institutions can receive funds from the Bank against their investment or loans that contribute to Japan's actions to address climate change. Through the operations, the Bank provided funds nine times from December 2021 to January 2026, with the number of eligible counterparties being 91 and the outstanding balance of loans amounting to about 21.1 trillion yen. It plans to continue to offer loans biannually in principle while accepting additional counterparties for the operations.

With a view to ensuring the proper conduct of the Climate Response Financing Operations, the Bank designed them as follows.

The Bank requires counterparties to disclose a certain level of information, including that based on TCFD recommendations or the Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (SSBJ). In this way, the Bank selects counterparties that organizationally

engage in investment or loans to address climate change under appropriate governance.

In order to avoid direct involvement in micro-level resource allocation as much as possible, the Bank, while indicating a list of broad types of investment and loans against which it will provide funds, leaves concrete decisions to counterparties. In doing so, the Bank requires them to disclose criteria with which they determine which investment or loans can be used for the operations so as to ensure that discipline will be exercised.

Moreover, since it will take a long time to address climate change, counterparties will be able to receive funds until the end of fiscal 2030 through the operations. Given that efforts to address climate change will advance over time, the counterparties can make rollovers while determining yearly which investment or loans can be used for the Bank's fund-provisioning.

B. Financial System

Climate change, through the aforementioned channels of physical risk and transition risk, could significantly affect the businesses of financial institutions, and consequently the stability of the financial system. In addition, the proper functioning of financial intermediation is vital for decarbonizing society and the economy. The Bank will actively support financial institutions in identifying and managing their climate-related financial risks, with a view to maintaining the stability of the financial system and the smooth functioning of financial intermediation.

Based on this thinking, through its on-site examinations and off-site monitoring, the Bank has been having discussions with financial institutions on their efforts to address climate-related financial risks and on their engagement with corporate customers

in pursuit of decarbonization. These points have also been spelled out in the *On-Site Examination Policy*.

In these discussions, quantitative assessment of climate-related financial risks is important. In recognition of the usefulness of scenario analysis in measuring such risks, the Bank, in cooperation with the Financial Services Agency (FSA), carried out such analysis based on common scenarios, targeting some major financial institutions. The two entities then released *The Second Scenario Analysis on Climate-Related Risks (Banking Sector)* in June 2025. Taking into account such initiatives as well as international discussions on regulations, supervision, and risk management relevant to climate-related financial risks, the Bank will continue to encourage financial institutions to develop their climate scenario analyses in line with their size and characteristics.

The Bank is also encouraging financial institutions to enhance their disclosures, both qualitatively and quantitatively, based on the TCFD framework. In addition, the Bank is taking steps to support financial institutions' initiatives, such as by holding a workshop for them on their client firms' decarbonization efforts.

C. Research

The Bank has been deepening its analysis of how climate change would affect the macroeconomy—including economic activity and prices—financial markets, and the financial system, as well as working to collect climate-related data and refine its analytical tools to better conduct surveillance and identify risks. It also conducts the *Market Functioning Survey concerning Climate Change*, covering a broad set of market participants, in order to assess the functioning of Japanese financial markets in relation to climate change and to identify challenges for future developments.

In addition to releasing its findings through various research papers and reports on its website (Table 3), the Bank has been sharing and discussing such findings with stakeholders at home and abroad. Specifically, the Bank held a Meeting on the Fourth Market Functioning Survey concerning Climate Change in September 2025. In addition, it is actively conducting interviews and hearings with individual stakeholders.

The Bank will continue to conduct research and analysis on climate change from multiple perspectives and release its findings.

Table 3

Research Papers and Reports related to Climate Change (Released in Fiscal 2025)

Title
Results of the Fourth Market Functioning Survey concerning Climate Change: Progress in the Improvement of Market Functioning and Challenges for the Future
The Second Scenario Analysis on Climate-Related Risks (Banking Sector)
Meeting on the Fourth Market Functioning Survey concerning Climate Change

D. International Finance

The Bank has been making contributions in terms of developing measures against climate change by learning from other jurisdictions' experiences at various international forums and meetings with other central banks, sharing the experiences gained through its measures, and taking part in multilateral discussions. The Bank has contributed to international discussions on climate change responses, participating in deliberations on topics such as promoting sustainable finance and transition finance, with a view to taking into account circumstances unique to each region, such as Asia. By taking part in such discussions and other activities on climate change, the Bank will continue to make contributions in terms of developing measures to address climate change globally.

On the financial system front, the Bank, in close collaboration with the FSA, has been actively involved in gauging the impact of climate-related financial risks, particularly physical risk, and in research that aims to develop a scenario analysis at international forums such as the Basel Committee on Banking Supervision, the Financial Stability Board (FSB), and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). The Bank has contributed in terms of sharing best knowledge and practice in managing climate-related financial risks. In addition, regarding data gaps, the Bank is working with financial institutions and relevant authorities to contribute to international initiatives for improving the availability of data necessary for assessing climate-related financial risks. With respect to payment and settlement systems, the Bank has participated in discussions on climate-related risks from the perspective of managing risks to financial

market infrastructures, which were organized by the Committee on Payments and Market Infrastructures (CPMI) at the Bank for International Settlements (BIS).

Meanwhile, with the aim of helping to catalyze further deepening of the local currency-denominated green bond markets in Asia, the Bank, with other central banks and stakeholders of the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP), has been investing in green bonds through the Asian Bond Fund. Regarding the Bank's foreign currency assets, it continues to purchase foreign currency-denominated green bonds issued by governments and other foreign institutions based on its existing management principles.

E. The Bank's Business Operations and External Communication

The Bank has been undertaking its business operations by paying due consideration to climate change, in accordance with its existing principle of conducting proper and efficient central bank business operations. In this regard, the Bank to date has been making efforts to reduce greenhouse gas emissions and promote energy saving in its management of the Head Office and branch facilities, in order to achieve the targets set by the central and local governments. At the same time, from the standpoint of the stable conduct of central banking operations, the Bank continues to steadily strengthen its business continuity plan to cope with an increasing flood risk.

Furthermore, the Bank provides external communication on climate change and is working to enhance the content of the "climate change" page on its website. It also updates its disclosure based on TCFD recommendations yearly as part of its efforts to provide appropriate external communication.

The impacts of climate change on economic activity, prices, and the financial system are highly uncertain and could vary greatly over time. The risk management efforts outlined in sections A. to D. above constitute a process whereby the Bank, after having conducted sufficient research and analysis on the impact and risks of climate change on economic activity and the financial system, will pursue, from a long-term perspective, initiatives that contribute to stabilizing

the macroeconomy and measures to maintain the stability of the financial system. Through its ongoing pursuit of these initiatives, the Bank will help to shape an appropriate response in society and the economy as a whole to the impact and risks of climate change. Additionally, through the efforts outlined in section E. above, the Bank will continue to address climate change in its business operations and adequately communicate its climate-related conduct to the public.

IV. METRICS AND TARGETS

With regard to business operations and external communication mentioned in Chapter III. E., the Bank measures and discloses carbon dioxide (CO₂) emissions arising from its own business operations every fiscal year (Table 4). Specifically, it discloses direct emissions (Scope 1), indirect emissions (Scope 2), and emissions for air business travel categorized under other indirect emissions (Scope 3). The Bank's CO₂ emissions in recent years have been reduced due to the initiatives it

has taken to date.

In addition, the Bank is expected to reduce energy consumption intensity by an annual average of 1 percent or more over the medium to long term, under the Act on Rationalization of Energy Use and Shift to Non-fossil Energy (Energy Saving Act) enacted by the Japanese government. The Bank has been working to achieve this non-binding target (Table 5).

Table 4

CO₂ Emissions from the Bank's Business Operations^{1,2,3}

			t-CO ₂			
Item		FY2018	FY2021	FY2022	FY2023	FY2024
Scope 1 (Direct CO ₂ emissions)	City gas	2,642	3,123	3,215	2,950	3,244
	Heavy oil	331	344	306	124	91
	Kerosene	600	515	518	526	746
	Light oil	251	235	240	267	249
	Gasoline	169	116	107	112	115
	Subtotal	3,993	4,334	4,386	3,979	4,444
Scope 2 (Indirect CO ₂ emissions)	Electricity	35,604	26,683	30,279	28,640	33,030
	Hot water	400	440	361	295	299
	Cold water	500	452	442	520	498
	Subtotal	36,504	27,576	31,083	29,455	33,827
Total of Scopes 1 and 2		40,497	31,910	35,469	33,434	38,271
Scope 3 (Other indirect CO ₂ emissions)	Air business travel	—	238	771	987	929
Total of Scopes 1, 2, and 3		—	32,148	36,240	34,421	39,200

Notes: 1. Figures are those for the Head Office, branches, and local offices in Japan.

2. As for Scopes 1 and 2, CO₂ emissions are calculated according to the method based on the Act on Promotion of Global Warming Countermeasures. CO₂ emissions of electricity are calculated based on the basic emissions factors of individual electricity companies.

3. Scope 3 CO₂ emissions are calculated according to the method based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain formulated by the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment (MOE). A dash indicates that no data was aggregated.

Table 5

The Bank's Energy Consumption^{1,2,3}

	FY2020	FY2021	FY2022	FY2023	FY2024
Energy consumption (kl)	18,718	18,528	19,131	17,188 (19,147)	16,743
Energy consumption intensity (kl/m ²)	0.0397	0.0393	0.0390	0.0348 (0.0388)	0.0337
Annual average change over 5 years (%)	-1.3	-1.7	-1.4	-0.9	-1.4

Notes: 1. Figures are those for the Head Office, branches, and local offices in Japan.

2. Data for energy consumption cover city gas, heavy oil, kerosene, electricity, hot water, and cold water.

3. Figures for energy consumption are converted into crude oil equivalent by using the energy conversion factors based on the Energy Saving Act. Energy consumption intensity is energy consumption per unit of the floor area of the Bank's buildings. Figures for fiscal 2023 onward are calculated using a method revised in accordance with an amendment to the Energy Saving Act. Figures in parentheses for fiscal 2023 indicate calculation results using the former method.

The Bank's Accounts:

Financial Statements
and Other Documents
for Fiscal 2025

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

II. Financial Statements

III. Schedule for the Financial Statements

IV. Expenses

On May 27, 2026, the Bank of Japan released the "Financial Statements for the 141st 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 141st fiscal year, i.e., fiscal 2025 (April 1, 2025–March 31, 2026), and the schedule for the financial statements for fiscal 2025.

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 2025 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 2025 shows that total assets decreased by 9.1 percent (66,741.8 billion yen) from the previous fiscal year-end to 663,025.0 billion yen, mainly due to decreases in holdings of Japanese government securities (JGSs)¹ and in loans and bills discounted. Total liabilities decreased by 9.2 percent (66,517.1 billion yen) from the previous fiscal year-end to 657,322.6 billion yen, mainly due to a decrease in current deposits (Table 1).

Detailed developments in the Bank's balance sheet in fiscal 2025 are as follows.

Looking at assets at the fiscal year-end, holdings of Japanese government bonds (JGBs) decreased by 43,357.9 billion yen from the previous fiscal year-end to 530,869.5 billion yen, due to a reduction in the amount of the Bank's JGB purchases. Loans and bills discounted decreased by 19,091.7 billion yen from the previous fiscal year-end to 77,720.9 billion yen, mainly due to a decrease in the amount of loans provided through the Loan Support Program.²

Turning to liabilities, current deposits decreased by 70,689.3 billion yen from the previous fiscal year-end to 459,743.2 billion yen, reflecting the reduction in the amount of the Bank's JGB purchases and the decrease in funds provision mainly through loan disbursement under the Loan Support Program. Meanwhile, the amount outstanding of banknotes issued (banknotes in circulation) decreased by 2,352.9 billion yen from the previous fiscal year-end to 116,315.6 billion yen.

With regard to the Bank's statement of income for fiscal 2025, operating profits decreased by 450.1 billion yen from the previous fiscal year to 2,342.1 billion yen, mainly due to an increase in interest payment on excess reserve balances under the complementary deposit facility (Tables 2 and 3).

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

2. The Loan Support Program was introduced as a temporary measure, with the aim of supporting private financial institutions' efforts to strengthen the foundations for economic growth and stimulate bank lending.

Meanwhile, net special losses amounted to 369.1 billion yen. This was mainly due to the transfer of funds to the provision for possible losses on foreign exchange transactions.

Net income for the term, after subtracting corporate income tax and inhabitants and enterprise taxes, decreased by 337.8 billion yen from the previous fiscal year to 1,926.3 billion yen. After transferring 96.3 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 (1,830.0 billion yen).

The capital adequacy ratio, after the appropriation of net income, rose from its previous fiscal year-end level of 11.78 percent to 12.45 percent at the end of fiscal 2025 (Table 4).

Table 1

Principal Assets and Liabilities¹

bil. yen

Item	End of fiscal 2024 (Mar. 31, 2025)	End of fiscal 2025 (Mar. 31, 2026)
Total assets	729,766.9 (-3.5) <-26,656.2>	663,025.0 (-9.1) <-66,741.8>
Of which: Japanese government securities	575,930.8 (-2.3) <-13,732.5>	530,869.5 (-7.8) <-45,061.3>
Commercial paper	1,040.2 (-52.9) <-1,170.6>	... (...) <-1,040.2>
Corporate bonds	4,853.7 (-20.1) <-1,219.0>	2,193.2 (-54.8) <-2,660.5>
Pecuniary trusts (stocks held as trust property)	36.9 (-78.4) <-133.8>	... (...) <-36.9>
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	37,186.1 (-0.0) <-0.0>	37,121.4 (-0.2) <-64.7>
Pecuniary trusts (Japan real estate investment trusts held as trust property)	665.7 (-0.0) <-0.1>	664.9 (-0.1) <-0.8>
Loans and bills discounted	96,812.6 (-10.3) <-11,095.3>	77,720.9 (-19.7) <-19,091.7>
Foreign currency assets	11,183.5 (+4.2) <+447.3>	12,333.4 (+10.3) <+1,149.8>
Total liabilities	723,839.8 (-3.6) <-26,747.6>	657,322.6 (-9.2) <-66,517.1>
Of which: Banknotes	118,668.5 (-1.8) <-2,211.2>	116,315.6 (-2.0) <-2,352.9>
Deposits (excluding those of the government)	577,450.0 (-3.6) <-21,575.2>	509,454.1 (-11.8) <-67,995.9>
Deposits of the government	3,938.0 (-74.9) <-11,772.2>	2,154.8 (-45.3) <-1,783.1>
Payables under repurchase agreements	12,833.1 (3.0 times) <+8,574.5>	17,987.1 (+40.2) <+5,154.0>

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. "..." indicates that figures are not applicable.

[Reference to Table 1]

Loans Provided through the Loan Support Program¹

bil. yen

Item	End of fiscal 2023 (Mar. 31, 2024)	End of fiscal 2024 (Mar. 31, 2025)	End of fiscal 2025 (Mar. 31, 2026)
Total amount outstanding	83,646.1	76,047.0	49,167.0
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth	5,348.2	3,028.0	633.9
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	78,297.9	73,019.0	48,533.1

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

Table 2

Principal Profits and Losses¹

bil. yen

Item	Fiscal 2024 (Apr. 1, 2024–Mar. 31, 2025)	Fiscal 2025 (Apr. 1, 2025–Mar. 31, 2026)
Operating profits/losses²	2,792.2 (–39.8) <–1,847.7>	2,342.1 (–16.1) <–450.1>
Of which: "Core" operating income ³	2,558.3 <+449.4>	3,112.4 <+554.0>
Net government bond-related gains/losses ⁴	–71.8 <–70.7>	–105.2 <–33.4>
Net foreign exchange-related gains/losses ⁵	–90.8 <–1,392.9>	746.1 <+836.9>
Net gains/losses on pecuniary trusts (stocks held as trust property)	467.0 <+78.8>	113.2 <–353.7>
Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)	1,382.6 <+146.9>	1,740.9 <+358.3>
Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)	32.7 <+1.5>	35.6 <+2.8>
Interest on excess reserve balances under the complementary deposit facility	–1,251.7 <–1,062.9>	–2,710.4 <–1,458.7>
Special profits/losses⁶	–470.9 <+1,098.9>	–369.1 <+101.8>
Of which: Net transfer to/from provision for possible losses on bonds transactions	–472.7 <+449.9>	... <+472.7>
Net transfer to/from provision for possible losses on foreign exchange transactions	... <+651.0>	–373.0 <–373.0>
Net income before taxes	2,321.3 (–24.4) <–748.7>	1,973.0 (–15.0) <–348.3>
Provision for corporate income tax, inhabitants taxes, and enterprise taxes	57.0 <–725.8>	46.6 <–10.4>
Net income⁷	2,264.2 (–1.0) <–22.9>	1,926.3 (–14.9) <–337.8>

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. Includes interest payment on excess reserve balances under the Special Deposit Facility to Enhance the Resilience of the Regional Financial System (hereafter the Special Deposit Facility) (–12.2 billion yen).

3. The total of interest on loans and discounts, interest on receivables under resale agreements, interest and discounts on JGSs, interest on commercial paper (CP), interest and discounts on corporate bonds, interest and discounts on foreign currency securities, and interest on foreign currency deposits and loans.

4. Net gains/losses on sales of JGBs.

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

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 Losses¹

bil. yen

Item	Fiscal 2023 (Apr. 1, 2023– Mar. 31, 2024)	Fiscal 2024 (Apr. 1, 2024– Mar. 31, 2025)	Fiscal 2025	First half of the fiscal year (Apr. 1, 2025– Sept. 30, 2025)	Second half of the fiscal year (Oct. 1, 2025– Mar. 31, 2026)
1. Net government bond-related gains/losses	–1.0	–71.8	–105.2	–40.6	–64.6
Of which:					
Gains on sale of Japanese government bonds	...	...	...	...	...
Losses on sale of Japanese government bonds	–1.0	–71.8	–105.2	–40.6	–64.6
2. Net foreign exchange-related gains/losses²	1,302.1	–90.8	746.1	–57.4	803.6
3. Net gains/losses on pecuniary trusts (stocks held as trust property)	388.1	467.0	113.2	113.2	...
Of which:					
Dividends and others	17.7	7.8	0.0	0.0	...
Losses on impairment	–0.3	–0.0	...	...	...
Net gains/losses on sale	370.7	459.1	113.1	113.1	...
4. Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)	1,235.6	1,382.6	1,740.9	1,500.0	240.9
Of which:					
Distributions and others	1,235.6	1,382.6	1,633.6	1,500.0	133.5
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	107.3	...	107.3
5. Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)	31.2	32.7	35.6	17.5	18.0
Of which:					
Distributions and others	31.2	32.7	35.2	17.4	17.7
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	0.3	0.0	0.2

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 2023 (Apr. 1, 2023– Mar. 31, 2024)	Fiscal 2024 (Apr. 1, 2024– Mar. 31, 2025)	Fiscal 2025	First half of the fiscal year (Apr. 1, 2025– Sept. 30, 2025)	Second half of the fiscal year (Oct. 1, 2025– Mar. 31, 2026)
6. "Core" operating income	2,108.8	2,558.3	3,112.4	1,470.5	1,641.8
Yen assets	1,729.5	2,150.3	2,716.5	1,280.1	1,436.3
Of which:					
Interest on loans and discounts	9.3	57.8	186.9	91.2	95.6
Interest on receivables under resale agreements	−0.1	0.0	...	...	...
Interest and discounts on Japanese government securities	1,712.4	2,077.4	2,518.2	1,182.0	1,336.1
Treasury discount bills	−3.4	2.7	4.8	3.3	1.5
Japanese government bonds	1,715.8	2,074.6	2,513.3	1,178.7	1,334.6
Interest on commercial paper	0.6	3.9	1.6	1.3	0.2
Interest and discounts on corporate bonds	7.1	11.1	9.7	5.4	4.3
Interest on foreign currency assets	379.3	408.0	395.9	190.4	205.4
7. Interest-bearing assets (average amount outstanding)	707,331.5	714,214.7	664,986.2	683,337.8	646,533.7
Yen assets	697,769.5	703,677.0	653,860.0	672,470.8	635,147.0
Of which:					
Loans and bills discounted	96,553.3	106,741.5	88,668.1	95,264.2	82,035.7
Receivables under resale agreements	174.5	0.0	...	...	...
Japanese government securities	591,770.9	589,625.9	561,261.0	572,308.0	550,153.2
Treasury discount bills	3,579.0	2,746.8	1,236.6	1,703.3	767.4
Japanese government bonds	588,191.9	586,879.1	560,024.3	570,604.6	549,385.8
Commercial paper	2,453.2	1,826.9	417.5	730.5	102.7
Corporate bonds	6,817.4	5,482.6	3,513.4	4,167.9	2,855.2
Foreign currency assets	9,562.0	10,537.6	11,126.1	10,867.0	11,386.7
8. Yield on interest-bearing assets (percent)	0.298	0.358	0.468	0.429	0.509
Yen assets	0.247	0.305	0.415	0.379	0.453
Of which:					
Loans and bills discounted	0.009	0.054	0.210	0.191	0.233
Receivables under resale agreements	−0.094	0.060	...	...	...
Japanese government securities	0.289	0.352	0.448	0.411	0.487
Treasury discount bills	−0.096	0.101	0.393	0.391	0.396
Japanese government bonds	0.291	0.353	0.448	0.412	0.487
Commercial paper	0.028	0.217	0.387	0.382	0.429
Corporate bonds	0.105	0.203	0.278	0.259	0.305
Foreign currency assets	3.967	3.871	3.558	3.495	3.619

Table 4

The Bank's Capital Base and Capital Adequacy Ratio¹

bil. yen, except where otherwise noted

Item	End of fiscal 2023 (Mar. 31, 2024)	End of fiscal 2024 (Mar. 31, 2025)	End of fiscal 2025 (Mar. 31, 2026)	Changes from a year earlier	[Reference] End of the first half of fiscal 2025 (Sept. 30, 2025)
Capital accounts (A)	3,662.8	3,776.0	3,872.3	+96.3	3,776.0
Capital	0.1	0.1	0.1	...	0.1
Legal reserve and others ²	3,662.7	3,775.9	3,872.2	+96.3	3,775.9
Provisions (B)	9,902.9	10,375.7	10,748.8	+373.0	10,211.7
Provision for possible loan losses (excluding special provision for possible loan losses)	...	...	...	...	...
Provision for possible losses on bonds transactions	6,984.9	7,457.7	7,457.7	...	7,322.4
Provision for possible losses on foreign exchange transactions	2,918.0	2,918.0	3,291.1	+373.0	2,889.3
Capital base³ (C) = (A) + (B)	13,565.8	14,151.8	14,621.2	+469.3	13,987.7
Annual average of banknotes issued (D)	121,444.7	120,103.0	117,428.9	-2,674.0	117,440.6
Capital adequacy ratio (C)/(D) × 100 (percent)	11.17	11.78	12.45	+0.67	11.91

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 Holdings¹

bil. yen

Item	End of fiscal 2024 (Mar. 31, 2025)			End of fiscal 2025 (Mar. 31, 2026)		
	Book value	Market value ²	Difference	Book value	Market value ²	Difference
Japanese government securities	575,930.8	547,306.2	-28,624.6	530,869.5	485,428.0	-45,441.4
Commercial paper	1,040.2	1,040.2	...	...	...	...
Corporate bonds	4,853.7	4,817.1	-36.5	2,193.2	2,180.2	-12.9
Pecuniary trusts ³ (stocks held as trust property)	35.2	145.4	110.2	...	...	...
Pecuniary trusts ³ (index-linked exchange-traded funds held as trust property)	37,186.1	70,057.4	32,871.2	37,121.4	94,187.1	57,065.7
Pecuniary trusts ³ (Japan real estate investment trusts held as trust property)	655.4	708.6	53.2	653.7	779.0	125.2

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, 2026

Item	Value in yen	Unit (except where otherwise noted)
ASSETS		
Gold	441,253,409,037	
Cash	428,936,147,011	
Japanese government securities	530,869,568,347,572	Face value at 527,680,510,850,000 yen
Corporate bonds	2,193,212,925,042	Face value at 2,193,100,000,000 yen
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	37,121,457,665,663	
Pecuniary trusts (Japan real estate investment trusts held as trust property)	664,907,145,333	
Loans and bills discounted	77,720,900,000,000	
Electronic loans	77,720,900,000,000	926
Foreign currency assets	12,333,426,574,318	
Foreign currency deposits	3,441,366,397,493	
Foreign currency securities	8,413,187,737,100	
Foreign currency mutual funds	100,483,959,725	
Foreign currency loans	378,388,480,000	
Deposits with agents	7,399,685,593	Deposits with 66 agents
Other assets	992,048,454,631	
Bills and checks in process of collection	50,021,368	1
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000	2
Capital subscription to the Japan Financial Literacy and Education Corporation	25,000,000	1
Capital subscription to an international financial institution	15,278,374,364	1
Withdrawn cash to be returned to the government	18,622,715,379	6
Refund on accrued tax	227,182,801,428	
Accrued interest receivable	705,415,583,133	
Others	25,248,958,959	
Tangible fixed assets	251,555,578,316	
Buildings	129,431,980,017	616,417.63 square meters
Land	84,316,800,872	468,243.92 square meters
Lease assets	6,000,854,200	Number of lease property: 21,170
Construction in progress	18,955,345,000	
Other tangible fixed assets	12,850,598,227	Number of movable property: 9,889
Intangible fixed assets	392,936,547	
Utility rights	392,936,547	
Total assets	663,025,058,869,063	
LIABILITIES		
Banknotes	116,315,603,173,028	
Deposits (excluding those of the government)	509,454,129,781,887	
Current deposits	459,743,282,930,178	1,071
Other deposits	49,710,846,851,709	144
Deposits of the government	2,154,858,276,173	
Treasury deposit	150,000,000,000	
Domestic designated deposit	1,557,035,050,287	
Other government deposits	447,823,225,886	
Payables under repurchase agreements	17,987,122,151,368	13
Other liabilities	454,301,889,026	
Remittances payable	22,097,788,697	
Taxes payable	17,951,000,000	
Lease liabilities	6,398,456,530	
Others	407,854,643,799	
Provision for retirement benefits	207,769,395,913	
Provision for possible losses on bonds transactions	7,457,731,993,013	
Provision for possible losses on foreign exchange transactions	3,291,132,000,000	
Total liabilities	657,322,648,660,408	
NET ASSETS		
Capital	100,000,000	
Legal reserve	3,775,910,803,463	
Special reserve	13,196,452	
Net income	1,926,386,208,740	
Total net assets	5,702,410,208,655	
Total liabilities and net assets	663,025,058,869,063	

2. Balance sheet as at March 31, 2026

yen

ASSETS	
Gold	441,253,409,037
Cash	428,936,147,011
Japanese government securities	530,869,568,347,572
Corporate bonds	2,193,212,925,042
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	37,121,457,665,663
Pecuniary trusts (Japan real estate investment trusts held as trust property)	664,907,145,333
Loans and bills discounted	77,720,900,000,000
Electronic loans	77,720,900,000,000
Foreign currency assets	12,333,426,574,318
Foreign currency deposits	3,441,366,397,493
Foreign currency securities	8,413,187,737,100
Foreign currency mutual funds	100,483,959,725
Foreign currency loans	378,388,480,000
Deposits with agents	7,399,685,593
Other assets	992,048,454,631
Bills and checks in process of collection	50,021,368
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000
Capital subscription to the Japan Financial Literacy and Education Corporation	25,000,000
Capital subscription to an international financial institution	15,278,374,364
Withdrawn cash to be returned to the government	18,622,715,379
Refund on accrued tax	227,182,801,428
Accrued interest receivable	705,415,583,133
Others	25,248,958,959
Tangible fixed assets	251,555,578,316
Buildings	129,431,980,017
Land	84,316,800,872
Lease assets	6,000,854,200
Construction in progress	18,955,345,000
Other tangible fixed assets	12,850,598,227
Intangible fixed assets	392,936,547
Utility rights	392,936,547
Total assets	663,025,058,869,063
LIABILITIES	
Banknotes	116,315,603,173,028
Deposits (excluding those of the government)	509,454,129,781,887
Current deposits	459,743,282,930,178
Other deposits	49,710,846,851,709
Deposits of the government	2,154,858,276,173
Treasury deposit	150,000,000,000
Domestic designated deposit	1,557,035,050,287
Other government deposits	447,823,225,886
Payables under repurchase agreements	17,987,122,151,368
Other liabilities	454,301,889,026
Remittances payable	22,097,788,697
Taxes payable	17,951,000,000
Lease liabilities	6,398,456,530
Others	407,854,643,799
Provision for retirement benefits	207,769,395,913
Provision for possible losses on bonds transactions	7,457,731,993,013
Provision for possible losses on foreign exchange transactions	3,291,132,000,000
Total liabilities	657,322,648,660,408
NET ASSETS	
Capital	100,000,000
Legal reserve	3,775,910,803,463
Special reserve	13,196,452
Net income	1,926,386,208,740
Total net assets	5,702,410,208,655
Total liabilities and net assets	663,025,058,869,063

3. Statement of income for fiscal 2025 (April 1, 2025–March 31, 2026)

yen

Operating income	5,771,385,740,386
Interest on loans and discounts	186,917,048,982
Interest on loans	186,917,048,982
Interest and discounts on Japanese government securities	2,518,222,114,531
Interest on commercial paper	1,619,204,437
Interest and discounts on corporate bonds	9,768,633,122
Gains on foreign currency assets	1,139,889,683,333
Foreign exchange gains	746,155,621,967
Gains on foreign currency securities	252,425,642,619
Gains on foreign currency mutual funds	5,360,500,782
Interest on foreign currency deposits and loans	135,947,917,965
Other operating income	1,914,969,055,981
Gains on pecuniary trusts (stocks held as trust property)	113,257,158,691
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	1,740,989,724,199
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	35,629,987,018
Dividends	1,299,633,888
Fees and commissions	10,071,117,752
Other income	13,721,434,433
Operating expenses	3,429,265,142,535
Interest on payables under repurchase agreements	112,345,757,705
Losses on sale of Japanese government securities	105,298,500,432
General and administrative expenses and costs	225,996,090,851
Cost of production of banknotes	58,133,891,836
Administrative expenses for treasury business and Japanese government securities	19,466,021,500
Personnel expenses	54,927,941,637
Expenses for transportation and communications	3,654,158,886
Expenses for maintenance and repairs	2,024,279,590
Other general and administrative expenses and costs	53,983,098,554
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	16,517,309,707
Depreciation and amortization	17,289,389,141
Other general and administrative expenses	2,985,624,793,547
Interest on excess reserve balances under the complementary deposit facility	2,710,482,638,906
Fees and commissions paid	137,037,499
Other expenses	275,005,117,142
Operating profits	2,342,120,597,851
Special profits	4,296,329,620
Gains on disposal of fixed assets	4,192,151,918
Other special profits	104,177,702
Special losses	373,410,433,799
Losses on disposal of fixed assets	333,433,799
Transfer to provision for possible losses on foreign exchange transactions	373,077,000,000
Net income before taxes	1,973,006,493,672
Provision for corporate income tax, inhabitants taxes, and enterprise taxes	46,620,284,932
Net income	1,926,386,208,740

4. Summary of significant accounting policies

a. Securities

Yen-denominated bonds and CP³ 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,⁴ 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 trusts⁵ 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.

(5) Others

Depreciation is computed in accordance with the Corporation Tax Act.

3. 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.

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

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	273
More than one year	792
Total	1,066

b. Lessor

	mil. yen
Within one year	1
More than one year	18
Total	20

Explanatory Notes to Accounting for Retirement Benefits¹

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

yen

Projected benefit obligation at the beginning of fiscal 2025	166,216,567,000
Service cost	3,505,416,000
Interest cost	3,821,291,000
Actuarial differences	-20,746,156,200
Retirement benefits paid	-9,562,756,800
Prior service cost	...

Projected benefit obligation at the end of fiscal 2025	143,234,361,000
--	-----------------

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

yen

Projected benefit obligation	143,234,361,000
Fair value of plan assets	...

Unfunded projected benefit obligation	143,234,361,000
Unrecognized actuarial differences	64,742,888,213
Unrecognized prior service cost	-207,853,300

Net amount recorded on the balance sheet	207,769,395,913
Prepaid pension cost	...

Provision for retirement benefits	207,769,395,913
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3. Retirement benefit cost

yen

Service cost	3,505,416,000
Interest cost	3,821,291,000
Expected return on plan assets	...
Amortization of actuarial differences	-467,958,577
Amortization of prior service cost	-182,445,800

Retirement benefit cost	6,676,302,623
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4. Assumptions

Discount rate	3.3%
Long-term expected rate of return on plan assets	...

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

5. Auditors' opinion⁶

May 8, 2026

Auditors' Opinion on the Bank of Japan's Financial Statements for Fiscal 2025

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 2025 indicated below. In our opinion, the financial statements present fairly the state of property and the results of operations for fiscal 2025.

The financial statements comprise the following:
Inventory of property as at March 31, 2026;
Balance sheet as at March 31, 2026; and
Statement of income for fiscal 2025.

TANIGUCHI Fumikazu
ICHIKAWA Kenta
HARIMOTO Keiko

Auditors, Bank of Japan

6. Appropriation of net income for fiscal 2025

yen

Net income	1,926,386,208,740
Appropriations:	
Transfer to legal reserve	96,319,310,437
Dividends, 5 percent of share face value	5,000,000
Payment to the government	1,830,061,898,303
Total	1,926,386,208,740

6. 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 2025	Balance at the end of fiscal 2025	Changes during fiscal 2025
1. Gold	441,253,409,037	441,253,409,037	0
2. Cash¹	478,338,619,927	428,936,147,011	-49,402,472,916
3. Japanese government securities	575,930,882,821,164	530,869,568,347,572	-45,061,314,473,592
Treasury discount bills	1,703,327,085,859	0	-1,703,327,085,859
Japanese government bonds	574,227,555,735,305	530,869,568,347,572	-43,357,987,387,733
2-year bonds	24,799,491,085,807	17,096,528,420,379	-7,702,962,665,428
5-year bonds	96,673,339,984,057	83,495,273,305,602	-13,178,066,678,455
10-year bonds	255,834,498,927,641	231,856,663,408,376	-23,977,835,519,265
20-year bonds	130,912,175,310,503	129,396,722,333,312	-1,515,452,977,191
30-year bonds	49,804,947,447,624	51,992,983,673,310	2,188,036,225,686
40-year bonds	10,069,480,544,373	10,729,595,304,835	660,114,760,462
Inflation-indexed bonds	4,969,255,969,348	4,952,820,601,095	-16,435,368,253
Others	1,164,366,465,952	1,348,981,300,663	184,614,834,711
4. Commercial paper²	1,040,280,795,563	0	-1,040,280,795,563
Dematerialized commercial paper	1,040,280,795,563	0	-1,040,280,795,563
5. Corporate bonds³	4,853,716,610,326	2,193,212,925,042	-2,660,503,685,284
6. Pecuniary trusts (stocks held as trust property)⁴	36,965,689,659	0	-36,965,689,659
Stocks	35,209,472,804	0	-35,209,472,804
Dividends receivable and others	1,756,216,855	0	-1,756,216,855
7. Pecuniary trusts (index-linked exchange-traded funds held as trust property)⁵	37,186,178,430,232	37,121,457,665,663	-64,720,764,569
Index-linked exchange-traded funds	37,186,178,276,529	37,121,457,665,663	-64,720,610,866
Accrued income receivable from lending transactions	153,703	0	-153,703
8. Pecuniary trusts (Japan real estate investment trusts held as trust property)⁶	665,784,496,064	664,907,145,333	-877,350,731
Japan real estate investment trusts	655,400,324,178	653,782,273,012	-1,618,051,166
Distributions receivable	10,384,171,886	11,124,872,321	740,700,435
9. Loans and bills discounted	96,812,600,000,000	77,720,900,000,000	-19,091,700,000,000
Electronic loans	96,812,600,000,000	77,720,900,000,000	-19,091,700,000,000
Loans by Funds-Supplying Operations against Pooled Collateral ⁷	96,812,600,000,000	77,720,900,000,000	-19,091,700,000,000
10. Foreign currency assets	11,183,540,135,090	12,333,426,574,318	1,149,886,439,228
Foreign currency deposits ⁸	3,285,063,598,009	3,441,366,397,493	156,302,799,484
Foreign currency securities ⁹	6,509,474,606,197	8,413,187,737,100	1,903,713,130,903
Foreign currency mutual funds	91,697,970,884	100,483,959,725	8,785,988,841
Foreign currency loans ¹⁰	1,297,303,960,000	378,388,480,000	-918,915,480,000
11. Deposits with agents¹¹	12,841,286,245	7,399,685,593	-5,441,600,652

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 (1) beneficiary interests in index-linked exchange-traded funds purchased through a trust bank, (2) distributions receivable, (3) money trust received as collateral in transactions involving the lending of beneficiary interests in index-linked exchange-traded funds, (4) accrued income receivable from lending transactions, (5) accrued expenses payable from lending transactions (liabilities), and (6) payables under lending transactions (liabilities) for money trust received as collateral.

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 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); (2) loans made under the Fund-Provisioning Measure to Stimulate Bank Lending conducted through the Loan Support Program; (3) loans made through the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas; and (4) loans made through the Funds-Supplying Operations to Support Financing for Climate Change Responses.

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 is 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 2025	Balance at the end of fiscal 2025	Changes during fiscal 2025
12. Other assets	881,917,379,927	992,048,454,631	110,131,074,704
Bills and checks in process of collection ¹²	49,229,324	50,021,368	792,044
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 the Japan Financial Literacy and Education Corporation ¹³	25,000,000	25,000,000	0
Capital subscription to an international financial institution ¹⁴	15,278,374,364	15,278,374,364	0
Withdrawn cash to be returned to the government ¹⁵	15,820,776,040	18,622,715,379	2,801,939,339
Refund on accrued tax	183,660,023,051	227,182,801,428	43,522,778,377
Accrued interest receivable	641,302,168,129	705,415,583,133	64,113,415,004
Others	25,556,809,019	25,248,958,959	-307,850,060

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

13. In addition to its capital subscription, the Bank provides subsidies to the Japan Financial Literacy and Education Corporation (J-FLEC) each fiscal year. The amount provided in fiscal 2025 was 449,710,911 yen.

14. A subscription to the BIS.

15. 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 2025	Increase during fiscal 2025	Decrease during fiscal 2025	Of which: Depreciation	Balance at the end of fiscal 2025	Cumulative total of depreciation
13. Tangible fixed assets¹⁶	242,192,511,474	28,742,222,603	19,379,155,761	15,351,404,760	251,555,578,316	409,105,560,536
Buildings ^{17,18}	137,119,768,690 (620,022.34)	2,626,993,099 (3,217.45)	10,314,781,772 (6,822.16)	9,882,535,907 (...)	129,431,980,017 (616,417.63)	378,811,165,666 (...)
Land ¹⁷	84,116,099,069 (471,892.46)	200,717,000 (1,141.83)	15,197 (4,790.37)	...	84,316,800,872 (468,243.92)	...
Lease assets ^{19,20}	6,770,509,193 (20,458)	2,482,134,184 (2,564)	3,251,789,177 (1,852)	3,229,747,868 (...)	6,000,854,200 (21,170)	9,298,234,765 (...)
Construction in progress ²¹	4,235,948,840	18,175,390,639	3,455,994,479	...	18,955,345,000	...
Other tangible fixed assets ^{22,23}	9,950,185,682 (10,178)	5,256,987,681 (289)	2,356,575,136 (578)	2,239,120,985 (...)	12,850,598,227 (9,889)	20,996,160,105 (...)

Notes: 16. "..." indicates that figures are not applicable.

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

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

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

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

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

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

23. 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 2025	Increase during fiscal 2025	Decrease during fiscal 2025	Of which: Depreciation	Balance at the end of fiscal 2025	Cumulative total of depreciation
14. Intangible fixed assets	417,468,452	0	24,531,905	24,531,905	392,936,547	613,780,480
Utility rights	417,468,452	0	24,531,905	24,531,905	392,936,547	613,780,480

Appendix: Details of loans provided through the Loan Support Program

yen

Item	Balance at the beginning of fiscal 2025	Balance at the end of fiscal 2025	Changes during fiscal 2025
Total amount outstanding	76,047,003,960,000	49,167,088,480,000	-26,879,915,480,000
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth ¹	3,028,003,960,000	633,988,480,000	-2,394,015,480,000
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	73,019,000,000,000	48,533,100,000,000	-24,485,900,000,000

Note: 1. The amount outstanding of loans made under the Growth-Supporting Funding Facility conducted through the Loan Support Program (including loans disbursed pursuant to the special rules for the U.S. dollar lending arrangement).

2. Details of liabilities and net assets

yen

Item	Balance at the beginning of fiscal 2025	Balance at the end of fiscal 2025	Changes during fiscal 2025
1. Banknotes	118,668,594,519,846	116,315,603,173,028	-2,352,991,346,818
10,000 yen notes	109,957,165,035,000	107,598,180,270,000	-2,358,984,765,000
5,000 yen notes	3,827,562,565,000	3,864,315,010,000	36,752,445,000
2,000 yen notes	189,314,606,000	186,886,864,000	-2,427,742,000
1,000 yen notes	4,558,272,955,000	4,531,587,376,500	-26,685,578,500
Other banknotes ¹	136,279,358,846	134,633,652,528	-1,645,706,318
2. Deposits (excluding those of the government)	577,450,072,775,196	509,454,129,781,887	-67,995,942,993,309
Current deposits	530,432,637,121,543	459,743,282,930,178	-70,689,354,191,365
Other deposits ²	47,017,435,653,653	49,710,846,851,709	2,693,411,198,056
3. Deposits of the government	3,938,057,093,293	2,154,858,276,173	-1,783,198,817,120
Treasury deposit	150,000,000,000	150,000,000,000	0
Domestic designated deposit ³	3,293,634,125,874	1,557,035,050,287	-1,736,599,075,587
Other government deposits ⁴	494,422,967,419	447,823,225,886	-46,599,741,533
4. Payables under repurchase agreements⁵	12,833,111,704,956	17,987,122,151,368	5,154,010,446,412
Sales of Japanese government bonds under repurchase agreements to the government	11,978,966,146,677	17,586,596,813,237	5,607,630,666,560
Securities lending as a secondary source of Japanese government securities	854,145,558,279	400,525,338,131	-453,620,220,148
5. Other liabilities	363,537,184,314	454,301,889,026	90,764,704,712
Remittances payable	20,237,615,184	22,097,788,697	1,860,173,513
Taxes payable	21,956,000,000	17,951,000,000	-4,005,000,000
Lease liabilities	7,164,546,657	6,398,456,530	-766,090,127
Others ⁶	314,179,022,473	407,854,643,799	93,675,621,326

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 are 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. The amount outstanding at the fiscal-year end includes interest accrued on excess reserve balances of 390,895,344,492 yen under the complementary deposit facility and 1,377,448,591 yen under the Special Deposit Facility.

yen

Item	Balance at the beginning of fiscal 2025	Increase during fiscal 2025	Decrease during fiscal 2025	Balance at the end of fiscal 2025
6. Provisions⁷	10,586,442,843,103	379,753,302,623	9,562,756,800	10,956,633,388,926
Provision for retirement benefits	210,655,850,090	6,676,302,623	9,562,756,800	207,769,395,913
Provision for possible losses on bonds transactions	7,457,731,993,013	0	0	7,457,731,993,013
Provision for possible losses on foreign exchange transactions	2,918,055,000,000	373,077,000,000	0	3,291,132,000,000
7. Net assets	3,662,809,813,991	113,214,185,924	0	3,776,023,999,915
Capital	100,000,000	0	0	100,000,000
Legal reserve ⁸	3,662,696,617,539	113,214,185,924	0	3,775,910,803,463
Special reserve ⁹	13,196,452	0	0	13,196,452

Notes: 7. Appropriated in accordance with the Bank's significant accounting policies.

8. A reserve maintained to cover possible losses and to pay dividends under Article 53, paragraphs 1 and 2 of the Bank of Japan Act.

9. To ease the reconstruction of financial institutions after World War II, the Bank, along with private financial institutions, suspended the 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 Amendment of the Bank of Japan Act (Act No. 46 of 1947).

3. Details of revenues and expenses for fiscal 2025

a. Operating income

Interest on loans and discounts	
Interest on loans	186,917,048,982 yen from electronic loans.
Interest and discounts on Japanese government securities	2,518,222,114,531 yen from interest income on Japanese government securities after adjustment.
Interest on commercial paper	1,619,204,437 yen from interest income on commercial paper after adjustment.
Interest and discounts on corporate bonds	9,768,633,122 yen from interest income on corporate bonds after adjustment.
Gains on foreign currency assets	
Foreign exchange gains	746,155,621,967 yen from gains on foreign currency assets resulting from revaluation following fluctuations in foreign exchange rates.
Gains on foreign currency securities	Total of 259,989,434,474 yen from interest and discounts on foreign currency securities and 7,563,791,855 yen of losses arising from the sale, redemption, and revaluation at end-March 2026 of foreign currency securities.
Gains on foreign currency mutual funds	5,360,500,782 yen
Interest on foreign currency deposits and loans	135,947,917,965 yen
Other operating income	
Gains on pecuniary trusts (stocks held as trust property)	113,257,158,691 yen mainly from gains on sales.
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	1,740,989,724,199 yen mainly from distributions.
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	35,629,987,018 yen mainly from distributions.
Dividends	1,299,633,888 yen for dividends from shares of the Bank for International Settlements held by the Bank.
Fees and commissions	10,071,117,752 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	13,721,434,433 yen from transfer from provision for retirement benefits and other income.

b. Operating expenses

Interest on payables under repurchase agreements	112,345,757,705 yen for interest payment on sales of Japanese government securities under repurchase agreements.
Losses on sale of Japanese government securities	105,298,500,432 yen from losses on sales of Japanese government bonds.
General and administrative expenses and costs	
Cost of production of banknotes	58,133,891,836 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	19,466,021,500 yen from fees and commissions paid to agents of the Bank for administration of treasury business and Japanese government securities.
Personnel expenses	460,084,200 yen for remuneration of the officers; 44,866,690,637 yen for remuneration of the employees; and 9,601,166,800 yen for retirement allowances.
Expenses for transportation and communications	1,723,425,588 yen for expenses for transportation and 1,930,733,298 yen for expenses for communications.
Expenses for maintenance and repairs	2,024,279,590 yen on offices and other premises.
Other general and administrative expenses and costs	805,286,338 yen for the cost of expendable supplies; 1,847,939,160 yen for expenses for electricity and water supply; 5,451,972,254 yen for leasing fees for buildings and equipment; 9,549,787,447 yen for expenses for maintenance of buildings and equipment; and 36,328,113,355 yen for miscellaneous expenses.
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	16,517,309,707 yen for taxes and public charges (including fixed-asset tax and urban development tax).
Depreciation and amortization	17,289,389,141 yen on buildings and lease assets.
Other general and administrative expenses	
Interest on excess reserve balances under the complementary deposit facility	2,710,482,638,906 yen
Fees and commissions paid	137,037,499 yen
Other expenses	275,005,117,142 yen, including 12,216,541,282 yen of interest payment on excess reserve balances under the Special Deposit Facility to Enhance the Resilience of the Regional Financial System.

c. Special profits

Gains on disposal of fixed assets	4,192,151,918 yen for gains on the sale of land formerly used for one of the Bank's offices.
Other special profits	104,177,702 yen for gains from refunds received on interest payments on excess reserve balances under the Special Deposit Facility to Enhance the Resilience of the Regional Financial System.

d. Special losses

Losses on disposal of fixed assets	333,433,799 yen for losses on disposals of automatic banknote examination machines and other losses.
Transfer to provision for possible losses on foreign exchange transactions	373,077,000,000 yen

e. Net income

Net income before taxes	1,973,006,493,672 yen
Provision for corporate income tax, inhabitants taxes, and enterprise taxes	46,620,284,932 yen
Net income	1,926,386,208,740 yen

IV. EXPENSES

With regard to the Bank's statement of accounts for fiscal 2025 (the 141st fiscal year), the total amount of actual expenses increased by 7.0 percent (15.0 billion yen) to 228.3 billion yen compared to the previous fiscal year. This was chiefly due to increases in the following items: "cost of fixed-asset purchases," mainly owing to a rise in expenses related to construction work on the Bank's premises, and to the update of automatic banknote examination machines; "personnel expenses"; and "other general and administrative expenses and costs."

1. Statement of accounts for fiscal 2025

yen

Item	Initial budget	Adjusted budget ¹	Actual	Surpluses	Changes from the previous year (actual)
Cost of production of banknotes	63,947,300,000	63,947,300,000	63,947,281,000	19,000	1,300,585,000
Administrative expenses for treasury business and Japanese government securities	21,755,823,000	21,755,823,000	21,226,967,560	528,855,440	255,815,247
Personnel expenses	56,682,837,000	56,682,837,000	54,998,127,060	1,684,709,940	2,623,779,728
Remuneration of the officers	437,324,000	460,324,000	460,084,200	239,800	17,804,000
Remuneration of the employees	46,243,871,000	46,220,871,000	44,936,876,060	1,283,994,940	1,381,058,384
Retirement allowances	10,001,642,000	10,001,642,000	9,601,166,800	400,475,200	1,224,917,344
Expenses for transportation and communications	4,641,072,000	4,641,072,000	3,891,457,079	749,614,921	-39,547,621
Expenses for transportation	2,440,132,000	2,440,132,000	1,818,100,022	622,031,978	-49,999,983
Expenses for communications	2,200,940,000	2,200,940,000	2,073,357,057	127,582,943	10,452,362
Expenses for maintenance and repairs	2,426,487,000	2,426,487,000	2,226,707,541	199,779,459	-940,204,507
Other general and administrative expenses and costs	62,819,767,000	62,819,767,000	58,395,691,371	4,424,075,629	1,448,849,820
Cost of expendable supplies	1,143,403,000	1,143,403,000	885,471,709	257,931,291	-96,869,053
Expenses for electricity and water supply	2,510,593,000	2,510,593,000	2,032,438,078	478,154,922	-380,094,018
Leasing fees for buildings and equipment	5,969,779,000	6,119,779,000	5,972,816,282	146,962,718	-609,013,886
Expenses for maintenance of buildings and equipment	11,223,531,000	11,223,531,000	10,501,735,750	721,795,250	-1,042,300,766
Miscellaneous expenses	41,972,461,000	41,822,461,000	39,003,229,552	2,819,231,448	3,577,127,543
Subtotal	212,273,286,000	212,273,286,000	204,686,231,611	7,587,054,389	4,649,277,667
Cost of fixed-asset purchases	23,950,254,000	23,950,254,000	23,599,229,167	351,024,833	10,358,315,108
Of which: Subject to the approval of the Minister of Finance ²	6,949,226,000	6,949,226,000	6,886,075,897	63,150,103	4,915,479,122
Contingency funds	1,000,000,000	1,000,000,000	0	1,000,000,000	0
Total	237,223,540,000	237,223,540,000	228,285,460,778	8,938,079,222	15,007,592,775
Of which: Subject to the approval of the Minister of Finance ²	220,222,512,000	220,222,512,000	211,572,307,508	8,650,204,492	9,564,756,789

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 2025¹

mil. yen

Area of business operation	Expenses	Changes from a year earlier	Share of total (percent)
Issuance of banknotes	97,868	+2,319	43.3
Monetary policy	27,793	+2,439	12.3
Financial system policy	21,783	+2,132	9.6
Payment and settlement systems	29,347	-5,366	13.0
Services relating to the government ²	49,205	+2,892	21.8
Total	225,996	+4,416	100.0

Notes: 1. Calculated based on "general and administrative expenses and costs" (226.0 billion yen) in the statement of income for fiscal 2025 (the 141st fiscal year). Figures are rounded to the nearest million yen.

Expenses for the Bank's various business and organizational divisions (international operations, 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.

Appendixes

■ **Appendix 1: Overview of Audits of the Bank of Japan**

■ **Appendix 2: Medium-Term Strategic Plan
(Fiscal 2024–2028)**

APPENDIX 1: OVERVIEW OF AUDITS OF THE BANK OF JAPAN

Pursuant to the provisions of the Bank of Japan Act and in accordance with the Bank's internal rules, the following audits were conducted by the Auditors of the Bank in fiscal 2025 and at the beginning of fiscal 2026.

I. Audits of the Bank's Financial Statements and Other Documents¹**A. Financial Statements and Other Documents for Fiscal 2024**

From April through to early May 2025, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, the statement of accounts, the appropriation of net income, and the schedule for the financial statements for fiscal 2024 (the 140th fiscal year) as well as the statement of income for the second half of fiscal 2024.

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property, the results of operations, and the expenses for fiscal 2024 as well as the results of operations for the second half of fiscal 2024.

B. Financial Statements and Other Documents for the First Half of Fiscal 2025

From October through to mid-November 2025, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, and the

schedule for the financial statements for the first half of fiscal 2025 (the 141st fiscal year).

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property and the results of operations for the first half of fiscal 2025.

C. Financial Statements and Other Documents for Fiscal 2025

From April through to early May 2026, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, the statement of accounts, the appropriation of net income, and the schedule for the financial statements for fiscal 2025 as well as the statement of income for the second half of fiscal 2025.

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property, the results of operations, and the expenses for fiscal 2025 as well as the results of operations for the second half of fiscal 2025.

II. Audits of Cash, Securities, and Books

In fiscal 2025, the Auditors conducted a total of 56 audits on 8 Head Office departments and 32 branches of the Bank, examining cash and securities in their custody as well as their books.

1. The first half of the fiscal year runs from April 1 through September 30, and the second half from October 1 through March 31.

III. Audits of the Bank's Business Operations and Expenses

In fiscal 2025, the Auditors conducted audits on 3 Head Office departments, 32 branches, 12 of the Bank's local offices in Japan, and 2 overseas representative offices to assess business operations and expenses. They also conducted a total of 170 meetings with Head

Office departments to review the execution of business operations and expenses, receiving explanatory overviews of business operations at each department as well as reports concerning high-priority issues from relevant departments. In addition, they conducted 263 examinations of key documents and 3 special on-site visits to the Bank's premises.

APPENDIX 2: MEDIUM-TERM STRATEGIC PLAN (FISCAL 2024–2028)^{1,2}**I. Introduction**

The Bank of Japan's *Medium-Term Strategic Plan (Fiscal 2024–2028)* sets the basic direction for the Bank's business operations and organizational management during the designated five-year period.

The plan's content will remain, in principle, fixed during fiscal 2024–2028, with a view to clarifying the Bank's objectives over the medium term and to ensuring proper assessment of its performance from an organizational perspective.

The Bank will conduct an interim review of the plan in or around fiscal 2026, in order to enable the Bank to address any changes in its external environment. It will flexibly revise the plan as appropriate in response to any significant changes.

II. The Bank's Organizational Core Principles

The Bank's organizational core principles constitute the set of fundamental values to be respected by the Bank, as the central bank of Japan. Those at the Bank must respect these core principles at all times in the conduct of business operations. The Bank will secure public confidence through the appropriate conduct of its policies and business operations in accordance with the organizational core principles listed below.

Public Interest

The Bank shall promote the public interest by fulfilling the core purposes stipulated in the Bank of Japan Act.³

Transparency

The Bank shall demonstrate proper accountability in its policies and business operations via its various external relationships.

Excellence

The Bank shall pursue excellence in the provision of central banking services, responding appropriately to changes in its external environment.

Integrity

Every person at the Bank shall ensure integrity in the execution of their duties and adherence to high moral standards.

Effectiveness and Efficiency

The Bank shall make effective and efficient use of management resources in its conduct of business operations and organizational management.

III. Notable Environmental Changes and Organizational Principles

Advancing digitalization and a further increase in awareness of environmental, social, and governance (ESG) issues and the Sustainable Development Goals (SDGs), including climate change, have been evident since before the COVID-19 pandemic. The period since the pandemic has been notable in that globalization has plateaued and geopolitical risks have heightened. Meanwhile, the global economy has transitioned away from a low-inflation, low-interest rate environment. In Japan, structural social changes such as the declining and aging population have continued to substantially influence economic and financial activities. The effects of severe natural disasters have also been significant.

1. Decided by the Policy Board on March 22, 2024.

2. With the designated period for the *Medium-Term Strategic Plan (Fiscal 2019–2023)* coming to an end in March 2024, the Bank formulated the present document for the five-year period starting April 2024.

3. The Bank of Japan Act determines the Bank's core purposes as follows: Article 1 stipulates that the Bank is required to issue banknotes, carry out currency and monetary control, and maintain the stability of the financial system, and Article 2 stipulates that the Bank conducts currency and monetary control, aiming at achieving price stability, thereby contributing to the sound development of the national economy.

With greater uncertainties and accelerated changes in its external environment, the Bank has faced broader and more complex challenges to its policies and business operations.

Based on the above understanding and in order to properly fulfill its missions, the Bank has set the following four organizational principles underpinning the plan.

Enhanced organizational capabilities to fulfill its missions

To fulfill its missions of achieving price stability and ensuring the stability of the financial system, the Bank will enhance its capabilities in policy making, research and analysis, central banking operations, and the underpinning organizational management.

Enhanced analytical capabilities for monitoring changes and clear and thorough communication

To conduct its policies and business operations appropriately, the Bank will improve its analytical capabilities to maintain an accurate grasp of changes in its external environment. It will also work to provide clear and thorough communication, as its policies and business operations affect a wide range of economic entities at home and abroad.

**Stable and sophisticated central banking services suited to digital society
(promote digital transformation)**

The Bank will provide stable and sophisticated central banking services that are appropriate to today's digital society, while making effective use of digital technology to enhance its capabilities in central banking operations and its organizational management toward this end.

Fully mobilizing individual expertise by creating a work environment where all can be empowered in their work as central bank staff

The Bank will create a work environment where its staff can perform their duties with a sense of pride and motivation while retaining awareness of their responsibility to promote the public interest through the conduct of its policies and business operations. Such an

environment will enable the Bank to fully mobilize the individual expertise of its staff.

IV. Strategic Objectives for Business Operations

The Bank will focus on the following strategic objectives for its business operations.

A. Plan and Formulate Policy Measures That Facilitate Monetary Policy Conduct

To achieve sustainable economic growth with price stability, the Bank will continue with a firm underpinning for the conduct of monetary policy while maintaining an accurate grasp of changes in its external environment, which are exhibiting greater uncertainties.

In this regard, the Bank will carry out apposite and timely research and analysis on economic and financial conditions at home and abroad and on market developments, by actively working to refine its analytical tools—for example, by incorporating digital technology—make use of statistical data, and accumulate and utilize qualitative information. It will also steadily pursue fundamental research so as to contribute to the appropriate conduct of monetary policy from a long-term perspective.

Furthermore, the Bank will plan and formulate monetary policy measures in an apposite and timely manner by continuously examining the efficacy and impact of its policies, while also taking into account the findings of the *Review of Monetary Policy from a Broad Perspective*. It will also put the necessary operational arrangements in place so that market operations are conducted properly.

B. Ensure the Stability and Improve the Functioning of the Financial System

To ensure the stability of the financial system, the Bank will maintain appropriate communication with financial institutions. To this end, it will enhance its data management and analysis capabilities in consideration of changes in its external environment,

such as heightened uncertainties regarding economic and financial conditions and advances in digital technology. Furthermore, the Bank, through on-site examinations and off-site monitoring, will thoroughly assess business conditions and managerial issues at financial institutions that envisage increasingly complex business and operational arrangements and risk profiles. Moreover, with a view to the smooth functioning of financial intermediation, the Bank will share its knowledge and thoughts on managerial issues with financial institutions and provide support as they make necessary improvements.

In light of the effects of the above changes in its external environment on the financial system and the businesses of financial institutions, the Bank will continue to place importance on taking a macroprudential perspective in planning and formulating financial system policy measures. It will also appropriately plan, formulate, and execute business operations, such as determining financial institutions' eligibility to hold current accounts at the Bank and managing its lending facilities.

To ensure financial system stability, the Bank will stand ready to act effectively as the lender of last resort for individual financial institutions and financial markets, if necessary.

In addressing these objectives, the Bank will further strengthen cooperation with relevant parties at home and abroad. Moreover, taking into account information gained during this process, reports on financial system developments will be made appropriately at the Monetary Policy Meetings where the *Outlook for Economic Activity and Prices* is decided.

C. Enhance Payment and Settlement Services and Reinforce Market Infrastructures

To secure and strengthen the safety and efficiency of the overall payment and settlement systems in Japan, the Bank will conduct appropriate oversight of financial market infrastructures. In addition, the Bank, as the operator of the Bank of Japan Financial Network

System (BOJ-NET), the core payment and settlement system, will make effective use of the BOJ-NET and take necessary actions toward international standardization of inter-firm remittance messages to realize smooth payment and settlement for cross-border transactions.

The Bank will continue to explore issues surrounding the technical feasibility and institutional implementation of Central Bank Digital Currency (CBDC), laying the groundwork for a public decision regarding its issuance in Japan. To this end, it will steadily promote its pilot program and cooperate as appropriate with stakeholders at home and abroad. The Bank will also contribute to international discussions on the topic of CBDC.

The Bank will conduct research and planning on and reinforcement of financial market infrastructures in close cooperation with market participants at home and abroad to facilitate proper market functioning amid a changing external environment.

In addressing these objectives, the Bank will maintain an accurate grasp of changes in its external environment and of trends in discussions and initiatives at home and abroad regarding factors such as digital technology that affect financial transactions, payment and settlement, and financial market infrastructures. Making use of the insights gained through such efforts, the Bank will play its due part as a central bank in contributing to the enhancement of payment and settlement systems in Japan, including the BOJ-NET, and to the reinforcement of market infrastructures.

D. Conduct Stable and Efficient Central Banking Operations

With respect to business operations relating to cash, the Bank will smoothly conduct the scheduled launch of a new series of Bank of Japan notes in 2024. It will also conduct business operations such as the receipt and payment of cash and the examination of banknotes and coins in a precise and stable manner, including the handling of returning banknotes after the new series is issued. In addition, the Bank will maintain an accurate

grasp of trends in cash circulation and the private sector's cash handling, reflecting the increased use of cashless payments. Making use of the information gathered, the Bank will maintain and improve the stability and efficiency of the cash supply chain.

With regard to banking operations, the Bank will continue to implement daily operations accurately and stably, settling financial transactions involving current account deposits that financial institutions hold at the Bank, as well as conducting market operations. It will also appropriately conduct operations such as the management of its foreign currency assets, foreign exchange transactions, and business operations related to assisting other central banks and international organizations in their investment in yen.

The Bank will carry out a wide range of services relating to the government with precision, such as treasury funds and Japanese government securities (JGS) services and foreign exchange market interventions. At the same time, it will respond appropriately to the government's requests regarding the practical execution of such services.

The Bank will ensure the steady compilation of various statistics, including the updating of base years where necessary. It will also actively contribute to discussions at home and abroad regarding the development of statistics.

The Bank will do its utmost to ensure the stable conduct of its daily business operations in support of the aforementioned objectives, including the smooth functioning of crucial central bank systems such as the BOJ-NET.

In executing these business operations, the Bank will continuously assess the appropriateness of its operational and other frameworks, while taking due account of such factors as changes in workloads, advances in digital technology, and developments in the business environment of its counterparties.

In terms of business continuity, the Bank will

maintain and enhance its emergency response capabilities through the effective use of its managerial and operational resources. To this end, it will take into account lessons learned from natural disasters to date and the government's reappraisal of potential damage scenarios for such events as earthquakes. It will also give consideration to the increasing severity of natural disasters, as well as to cyberattacks and the impact of infectious diseases.

E. Engage in International Initiatives in Response to a Changing Global Situation

The Bank's coordination and cooperation with overseas authorities have evolved to become increasingly sophisticated and complex across a wide range of fields in which central banks operate, including monetary and prudential policy, payment and settlement systems, and research and studies in these areas, as well as banking operations. Moreover, new international initiatives and discussions have had a greater impact on the conduct of central bank policies and operations.

As is appropriate in such a situation, the Bank, as the central bank of Japan, will play a leadership role at international discussions while working in close cooperation with relevant parties and market participants in Japan. It will also make use of the findings and insights gained through such efforts in conducting its own policies and business operations.

Furthermore, the Bank will play its due part in ensuring the stability of the international currency and financial system. It will promote further stabilization of the Asian region's currency and financial system by contributing to the development of financial safety nets within the region while facilitating stronger cooperation.

In implementing these initiatives, the Bank will effectively enhance cooperation with overseas authorities and international organizations.

F. Contribute to Regional Economic and Financial Environments

Making effective use of its Head Office, branches, and

local offices to provide footholds for business operations in each region of the country, the Bank will contribute to regional economic and financial environments from its standpoint as the central bank. It will do so through the stable conduct of its business operations, maintaining a grasp of regional economic and financial conditions, and effective communication with the public.

Specifically, the Bank will ensure smooth cash circulation and provide services related to payment and settlement, as well as treasury funds and JGSs, appropriately. It will do its utmost to secure business continuity for these operations at times of natural disasters.

In addition, the Bank, by strengthening relationships with various entities, will gather information on the business conditions of local firms and financial institutions and maintain an accurate grasp of qualitative information as well as regional economic and financial conditions. It will make use of the information gathered in conducting its policies and business operations. At the same time, the Bank will provide each region with clear and thorough explanations of its policies and business operations at each point in time, along with their backgrounds.

G. Strengthen External Communication

To ensure broad public confidence, the Bank will strengthen communication with the public.

In this regard, the Bank, by maintaining and expanding its networks, will closely communicate with a wide range of entities, including financial institutions, market participants, relevant domestic and foreign authorities, as well as academics, firms, and economic organizations.

Furthermore, the Bank will work to achieve multilevel communication, by improving information accessibility through effective use of various communication platforms such as its website and social networking sites. It will also enhance its services pertaining to in-house tours of its Head Office, branches, and other related facilities.

Through these efforts, the Bank will work to provide clear and thorough communication, explaining its conduct of policies and business operations appropriately.

In terms of efforts to promote financial literacy among the public, the Bank will smoothly transfer the functions of the Central Council for Financial Services Information to a new public organization for promoting financial and economic education; namely, the Japan Financial Literacy and Education Corporation (J-FLEC). It will also continue to contribute to the promotion of financial literacy via activities at its Head Office, branches, and local offices by appropriately cooperating with J-FLEC.

V. Strategic Objectives for Organizational Management

A. Organizational Management

The Bank will focus on the following strategic objectives for its organizational management, with all sections of its Head Office, branches, and local and overseas offices closely coordinating efforts to achieve them.

1. Reform business processes

The Bank will reform its business processes and continuously review and revise its business operations, in order to swiftly and flexibly respond to developments affecting the external environment for central bank policies and operations, as well as to changes in the demographics and working styles of its staff.

To this end, the Bank will raise the sophistication of its business operations, which include conducting efficient and stable business operations, improving its capabilities in research and analysis, and enhancing its emergency response capabilities. It will do so through a radical review of its business processes and more active use of data while incorporating outside expertise and making effective use of digital technology.

The Bank will make necessary operational arrangements to promote the above initiatives cohesively and effectively.

2. Create a work environment where diverse talents flourish

The Bank will aim to secure and foster the human resources needed to properly perform its role as the central bank, taking account of such factors as changing trends in the economy and society and in people's working styles.

The Bank will foster a work environment where its staff can execute their duties with a sense of motivation and autonomy, by promoting the initiatives needed to facilitate career development and improve work-life balance. In addition, it will undertake strategic initiatives to secure and foster human resources with a high degree of expertise in various fields including research and information technology, as well as those with the capability to excel in international arenas. It will also work cohesively to further improve digital literacy among its staff.

Moreover, the Bank will further promote organizational diversity to ensure that every member of its staff is respected as an individual and able to realize their full potential. Specifically, it will expand the opportunities available to them, including female and elderly employees, and will actively hire people with disabilities.

In addressing these objectives, the Bank will place importance on increasing employee engagement and implement appropriate measures to this end.

3. Manage operational risks appropriately

In order to maintain public confidence, it is important for the Bank to continue to conduct all business operations with precision and deliberation, and to ensure that those at the Bank execute their duties with integrity.

To this end, the Bank will work cohesively to manage operational risks effectively, giving due consideration to changes in the demographics and working styles of its staff. It will also reduce operational risks and improve

the efficiency of risk management through the active use and appropriate maintenance and management of digital technology, as well as through business process reforms.

Furthermore, the Bank will continue to ensure strict compliance with accepted social and ethical standards and to promote the appropriate management of information security, including cyber risk management.

B. Management Resources

1. Number of employees

In order to steadily carry out the strategic objectives stated in the plan, the Bank will work to secure the necessary employee numbers and to increase the efficiency of its overall business operations. The ceiling on the number of full-time employees for each fiscal year will be decided and made public based on this basic understanding.

2. Expense budget

In order to steadily carry out the strategic objectives stated in the plan, the Bank will work to secure the necessary budget and achieve more streamlined overall spending. The budget for each fiscal year will be decided and made public based on this basic understanding.

VI. Performance Reviews of the Plan

With a view to steadily carrying out the strategic objectives for business operations and organizational management stated in the plan and to reviewing and revising the allocation of management resources in an apposite and timely manner, the Bank will conduct and make public performance reviews of measures taken under the plan every fiscal year. In addition, it will take into consideration, among other factors, its overall performance over the entire period of the current plan when deliberating on the formulation of the next medium-term strategic plan.

THE BANK OF JAPAN'S BUDGET FOR EXPENSES FOR FISCAL 2026^{1,2}

The Bank of Japan's budget for expenses for fiscal 2026 (the 142nd fiscal year) is as follows (Table 1). While securing the necessary budget to perform its role as the central bank of Japan, the Bank has also thoroughly examined each item of expenditure to achieve more streamlined overall spending.

The budget for expenses for fiscal 2026 marks an increase from the previous year. The overall increase is mainly due to changes in the following items. Other general and administrative expenses and costs have increased mainly owing to a rise in computerization expenses. The cost of production of banknotes has increased due to a rise in manufacturing costs. On the other hand, the cost of fixed-asset purchases has decreased mainly owing to a decline in expenses related to construction work on the Bank's premises.

1. The Bank prepares a budget for expenses every fiscal year. Its budget, excluding the cost of purchasing fixed assets used for the Bank's business operations, is subject to the approval of the Minister of Finance under Article 51, paragraph 1 of the Bank of Japan Act before the beginning of each fiscal year. After obtaining authorization from the Minister of Finance, the Bank implements the budget from the start of the fiscal year.
2. Decided by the Policy Board on March 17, 2026.

Table 1

Budget for Expenses for Fiscal 2026 (The 142nd Fiscal Year)

thous. yen

Item	Initial budget	Changes from the previous year
Cost of production of banknotes	65,774,104	1,826,804
Administrative expenses for treasury business and Japanese government securities	22,074,800	318,977
Personnel expenses	57,105,280	422,443
Remuneration of the officers	497,530	60,206
Remuneration of the employees	48,164,673	1,920,802
Retirement allowances	8,443,077	-1,558,565
Expenses for transportation and communications	4,877,778	236,706
Expenses for transportation	2,502,551	62,419
Expenses for communications	2,375,227	174,287
Expenses for maintenance and repairs	3,318,669	892,182
Other general and administrative expenses and costs	70,964,704	8,144,937
Cost of expendable supplies	1,235,667	92,264
Expenses for electricity and water supply	2,194,318	-316,275
Leasing fees for buildings and equipment	6,878,045	908,266
Expenses for maintenance of buildings and equipment	13,557,143	2,333,612
Miscellaneous expenses	47,099,531	5,127,070
Subtotal	224,115,335	11,842,049
Cost of fixed-asset purchases	13,389,382	-10,560,872
Of which: Subject to the approval of the Minister of Finance ¹	6,581,942	-367,284
Contingency funds	1,000,000	0
Total²	238,504,717	1,281,177
Of which: Subject to the approval of the Minister of Finance ¹	231,697,277	11,474,765

Notes: 1. Excludes the cost of purchasing fixed assets used for the Bank's business operations.

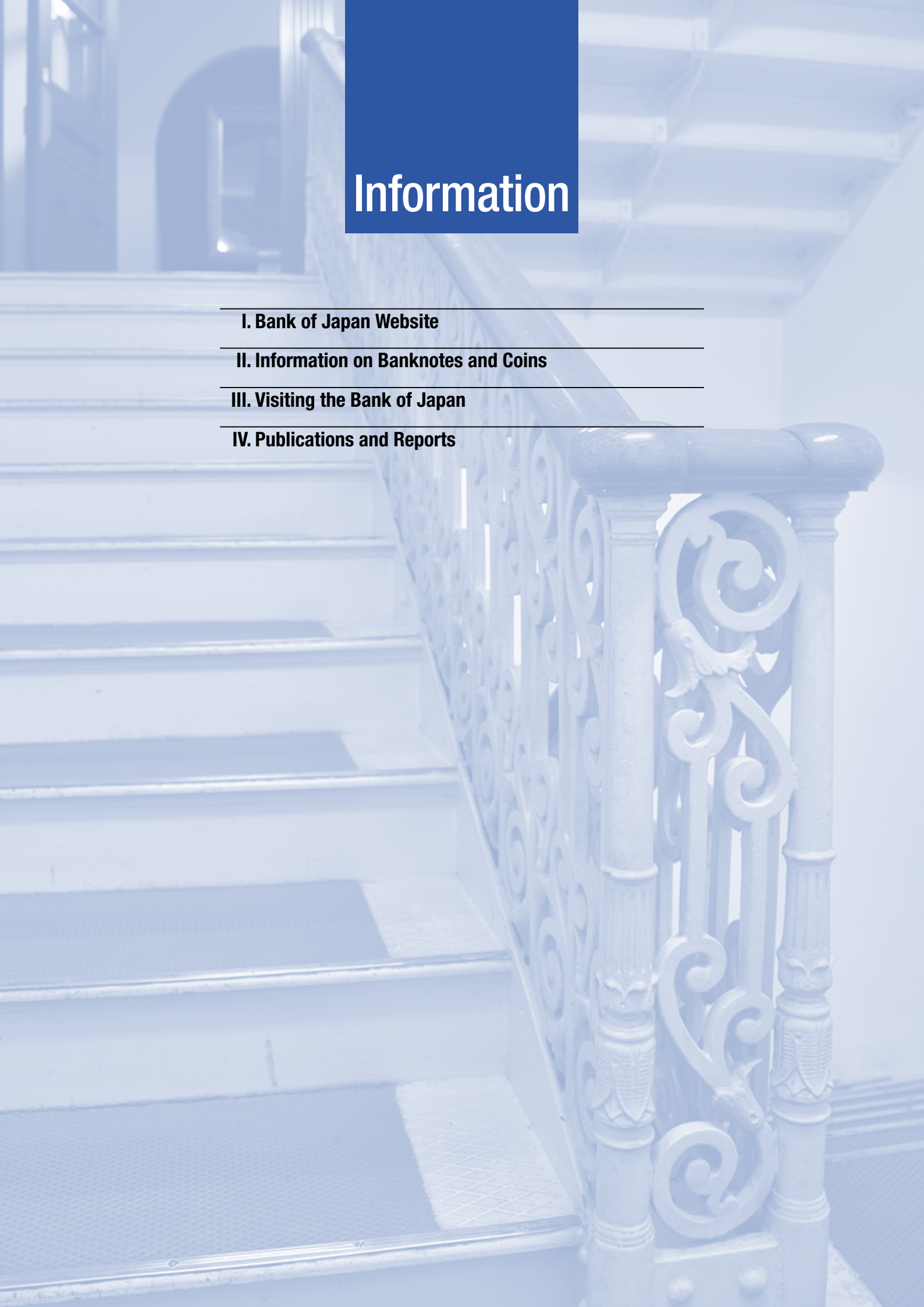
2. Of the budget for expenses, those related to computerization amount to 41,396,928 thousand yen and are included in expenses for communications, leasing fees for buildings and equipment, expenses for maintenance of buildings and equipment, and miscellaneous expenses.

Budget estimates of computerization expenses assume required outsourcing of approximately 14,002 person-months (one person-month is the workload equivalent of one person working for one month in system development), and a total of approximately 17,633 person-months when the workload of the Bank's employees is included.

**THE CEILING ON THE NUMBER OF FULL-TIME EMPLOYEES
OF THE BANK OF JAPAN FOR FISCAL 2026¹**

The Bank has set the ceiling on the number of full-time employees for fiscal 2026 at 4,900.

1. Decided by the Policy Board on March 27, 2026.



Information

I. Bank of Japan Website

II. Information on Banknotes and Coins

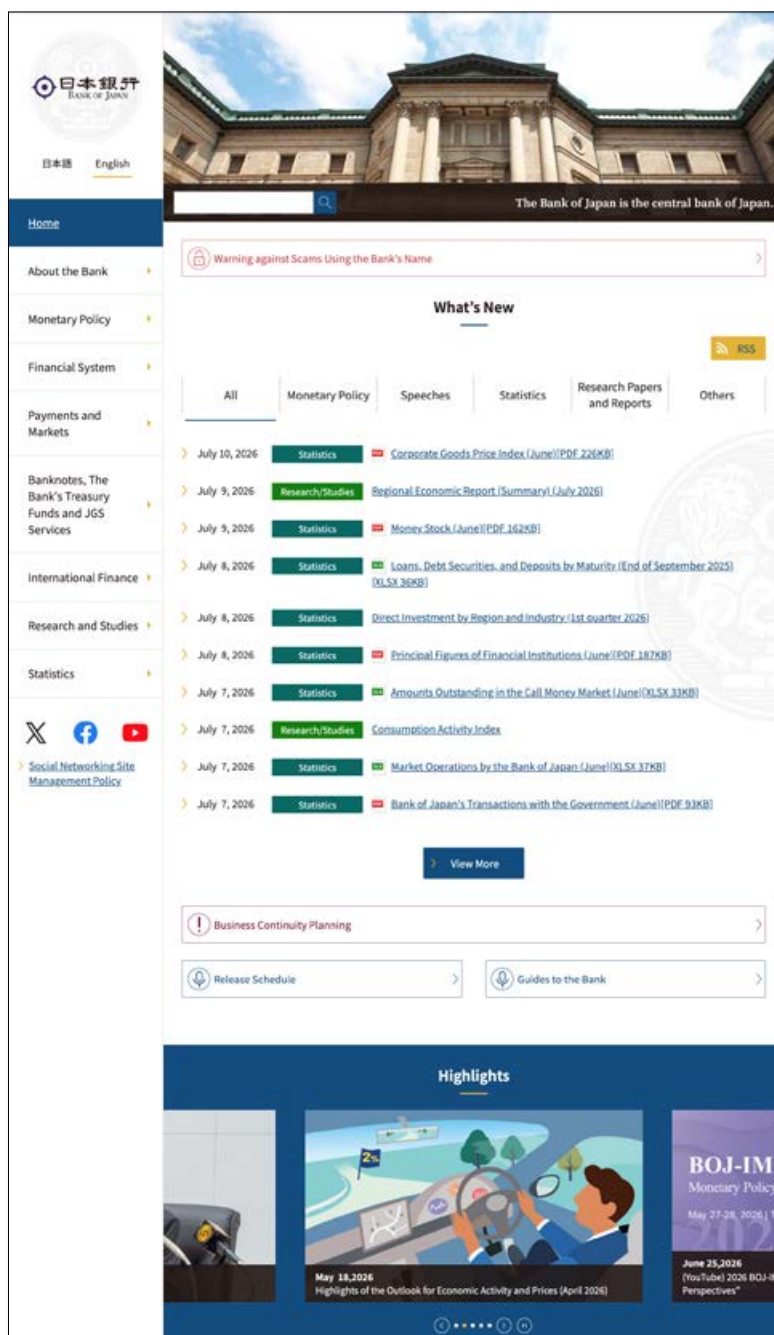
III. Visiting the Bank of Japan

IV. Publications and Reports

I. BANK OF JAPAN WEBSITE

<https://www.boj.or.jp/en/index.htm>

Provides various kinds of information, including monetary policy releases, speeches and statements, reports and research papers, financial and economic statistics, as well as general facts about the Bank.



■ Bank of Japan FAQs

<https://www.boj.or.jp/en/about/education/oshiete/index.htm>

Provides helpful answers to frequently asked questions on the Bank's functions and business operations as well as related topics. Continually updated to reflect changes.

■ BOJ from Home

<https://www.boj.or.jp/en/about/education/ouchi.htm>

Offers online opportunities to explore the tour route of the Main Building at the Bank's Head Office—the oldest of its buildings and designated an Important Cultural Property—through content including a video showing the tour's "must-sees" and an interactive 3-D/virtual reality (VR) map.



■ Virtual Tour

<https://www.boj.or.jp/en/z/tour/b/index.htm>

Introduces the Bank's business operations and history with photographs and explanatory notes.



■ Introductory Video "What Does the Bank of Japan Do?"

<https://www.boj.or.jp/en/about/education/thisisboj.htm>

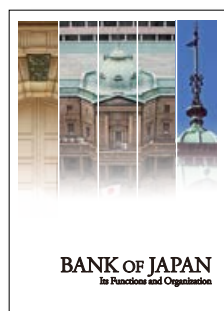
Introduces the importance of maintaining people's confidence in the currency and the Bank's policies and operations toward this end.



■ PR Brochure "Bank of Japan: Its Functions and Organization"

https://www.boj.or.jp/en/about/education/boj_pamphlet.htm

Provides a concise and easy-to-follow overview of the Bank's functions and operations, as well as of its history and organizational structure.



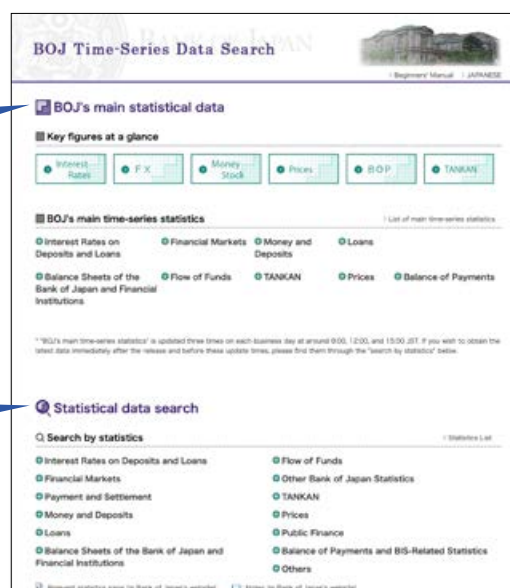
■ BOJ Time-Series Data Search

https://www.stat-search.boj.or.jp/index_en.html

Provides time-series statistical data released by the Bank for searching, downloading, and the drawing of graphs.

Time-series data for the Bank's main statistics

Detailed explanations on statistics and data search



Find Us on Social Media

The Bank maintains an active presence on the social networking sites, X and Facebook. The Bank's accounts below provide updates concerning releases on the Bank's website. They may also be used by the Bank as extra channels for communication, for example, in cases of emergency.

► X Account: [@Bank_of_Japan_e](#)

► Facebook Account: [@BankofJapan.en](#)

For the Bank's social networking site management policy, see <https://www.boj.or.jp/en/snspolicy.htm>

II. INFORMATION ON BANKNOTES AND COINS

General Information on Banknotes and Coins

Information on banknotes and coins currently in use, including the new series of Bank of Japan notes first issued on July 3, 2024, is available on the Bank's website.

https://www.boj.or.jp/en/note_tfjgs/note/index.htm

New Series of Bank of Japan Notes



For more details on the new series, see

https://www.boj.or.jp/en/note_tfjgs/note/n_note/index.htm

Please note that existing series of Bank of Japan notes, including those below, remain valid after the issuance of the new series.

Previous Series of Bank of Japan Notes (First Issued in November 2004)



The Bank exchanges Bank of Japan notes that are not suitable for use due to contamination, damage, or other reasons. Those planning to bring in such notes for exchange should make an appointment online or by contacting the Bank in advance.

<https://www.boj.or.jp/en/about/services/bn/index.htm>

Please beware of false information claiming that previously-issued series are no longer or will no longer be valid or of related fraudulent activities.

III. VISITING THE BANK OF JAPAN

■ Bank of Japan (Head Office)

2-1-1 Nihonbashi-Hongokuchō, Chūō-ku, Tokyo 103-0021, Japan
Tel: +81-3-3279-1111

A guide map for the Head Office is available on the Bank's website:

<https://www.boj.or.jp/en/about/outline/location/index.htm>



Tours of the Bank's Head Office

The Bank offers guided tours to help visitors learn more about the Bank's role and business operations.

For details, visit the Bank's website:

<https://www.boj.or.jp/en/about/services/kengaku.htm>

Online Tour Reservation:

<https://bojtour.rsvsys.jp>

■ Bank of Japan Currency Museum

1-3-1 Nihonbashi-Hongokuchō, Chūō-ku, Tokyo 103-0021, Japan
Tel: +81-3-3277-3037

<https://www.imes.boj.or.jp/cm/english/index.html>

Looks to provide visitors with opportunities to think about the history and role of currency and its relation to culture and society through the Museum's collection of coins and notes, as well as related materials and research findings.



■ Bank of Japan Otaru Museum

1-11-16 Ironai, Otaru, Hokkaido 047-0031, Japan

<https://www3.boj.or.jp/otaru-m/en/index.html>

Opened in May 2003, in what was previously the Otaru Branch building. Provides displays on the Bank's history, operations, and the development of Otaru City. Visitors can listen to an English audio guide on their smartphone or tablet device.



IV. PUBLICATIONS AND REPORTS

About the Bank

Title	URL	Frequency
Annual Review	https://www.boj.or.jp/en/about/activities/act/index.htm	Annual
Functions and Operations of the Bank of Japan	https://www.boj.or.jp/en/about/outline/foboj.htm	—

About Monetary Policy

Title	URL	Frequency
Outlook for Economic Activity and Prices	https://www.boj.or.jp/en/mopo/outlook/index.htm	Quarterly
Semiannual Report on Currency and Monetary Control (Summary)	https://www.boj.or.jp/en/mopo/diet/d_report/index.htm	Semiannual

Reports & Research Papers

Title	URL	Frequency
Financial System Report	https://www.boj.or.jp/en/research/brp/fsr/index.htm	Semiannual
Payment and Settlement Systems Report	https://www.boj.or.jp/en/research/brp/psr/index.htm	Ad hoc basis
Regional Economic Report	https://www.boj.or.jp/en/research/brp/rer/index.htm	Quarterly
Monetary and Economic Studies	https://www.boj.or.jp/en/research/imes/mes/index.htm	Annual

Data Compiled in Statistical Publications

Title	URL	Frequency
<i>Tankan</i> (Short-Term Economic Survey of Enterprises in Japan)	https://www.boj.or.jp/en/statistics/tk/index.htm	Quarterly

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