



Financial Results of Japan's Banks for Fiscal 2024



The total of major banks, regional banks, and *shinkin* banks covered in this *Report* is as follows (as of end-March 2025).

Major banks comprise the following 10 banks: Mizuho Bank, MUFG Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Saitama Resona Bank, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Trust and Banking Company, Sumitomo Mitsui Trust Bank, SBI Shinsei Bank, and Aozora Bank. Regional banks comprise the 61 member banks of the Regional Banks Association of Japan (Regional banks I) and the 36 member banks of the Second Association of Regional Banks (Regional banks II). *Shinkin* banks are the 247 *shinkin* banks that hold current accounts at the Bank of Japan.

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Background

The Bank of Japan issues the *Financial System Report* semiannually with the objectives of assessing the stability of Japan's financial system from a macroprudential perspective and enhancing communication with concerned parties with respect to financial stability issues. The *Report* provides a regular and comprehensive assessment of the financial system.

The *Financial System Report Annex Series* supplements the *Financial System Report* by providing more detailed analysis and insight into a selected topic. This paper covers the financial results of Japan's banks for fiscal 2024 to provide an annual analysis.

Abstract

The three main features of the financial results of Japan's banks for fiscal 2024 are as follows:

First, net income increased for major financial groups, regional banks, and *shinkin* banks. For all types of banks, pre-provision net revenue (PPNR) excluding trading income and profits/losses from investment trusts due to cancellations, which indicates core profitability, increased and credit costs declined. Net income was also boosted by a rise in realized gains on stockholdings at major banks and regional banks.

Second, PPNR excluding trading income and profits/losses from investment trusts due to cancellations increased for all types of banks. It was boosted by an increase in net interest income, mainly against a background of rising yen interest rates, and an increase in net non-interest income.

Third, the capital adequacy ratios increased for all types of banks, remaining sufficiently above the regulatory requirements.

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I. Outline of Financial Results of Japan's Banks for Fiscal 2024¹

A. Profits and Losses

At major financial groups, net income for fiscal 2024 was about 4.5 trillion yen, increasing by 33.2 percent from the previous year. Net income was boosted by an increase in net interest income following rises in yen interest rates and domestic loans outstanding. In addition, net income was pushed up by a rise in realized gains on stockholdings, reflecting progress in sales of strategic stockholdings, and an increase in net non-interest income, mainly owing to an increase in fees and commissions associated with deposits and lending and growth in income from the securities business of a group company of a financial group. Meanwhile, credit costs also boosted net income. Although some of the groups built up precautionary loan-loss provisions in response to the impact of trade policy in each jurisdiction, credit costs declined, mainly due to reversals of loan-loss provisions for some large borrowers. Under such circumstances, realized gains/losses on bondholdings deteriorated as some of the groups offset their losses on bondholdings.

At major banks (on a non-consolidated basis), net income for fiscal 2024 was about 3.3 trillion yen, increasing by 47.5 percent from the previous year, despite a marginal decrease in net non-interest income.

I-A-1: Main profit and loss items at major financial groups and banks

100 mil.yen,%

	Major Financial Groups			Major Banks (non-consolidated)		
	FY2024	y/y chg.	y/y % chg.	FY2024	y/y chg.	y/y % chg.
Net interest income	68,418	+11,161	+19.5	49,649	+9,303	+23.1
Net non-interest income	82,131	+4,544	+5.9	37,050	-700	-1.9
General and administrative expenses	-86,791	-7,310	+9.2	-43,759	-2,351	+5.7
PPNR excluding trading income	70,504	+8,632	+14.0	42,940	+6,252	+17.0
(excluding profits and losses from investment trusts due to cancellations)	(68,521)	(+8,164)	(+13.5)	(40,957)	(+5,783)	(+16.4)
Realized gains/losses on bondholdings	-12,761	-7,051	—	-12,615	-6,933	—
Realized gains/losses on stockholdings	14,205	+8,922	—	13,508	+8,347	—
Credit costs	-5,975	+4,130	—	-133	+5,193	—
(Credit cost ratio)	—	—	—	(0bps)	(-14bps)	—
Other profit and loss items	-3,895	+662	—	172	+1,358	—
Net income before income taxes	62,078	+15,296	+32.7	43,872	+14,218	+47.9
Tax-related expenses	-16,129	-4,032	+33.3	-11,125	-3,670	+49.2
Net income	45,023	+11,234	+33.2	32,747	+10,548	+47.5

Notes: 1. Regarding credit costs, negative numbers represent a rise in costs while positive numbers represent an increase in reversals.

2. For major financial groups, PPNR excluding trading income includes profits/losses on investments in affiliates. Some items for which there exist no data on a financial group basis are calculated using bank data on a non-consolidated basis.

Sources: Published accounts of each financial group; BOJ.

¹ Figures provided in Chapters I and II are calculated on a non-consolidated basis unless otherwise noted.

At regional banks, net income for fiscal 2024 was about 1.3 trillion yen, increasing by 36.8 percent from the previous year. Net income was boosted by factors such as an increase in net interest income due to rises in yen interest rates and loans outstanding, an increase in net non-interest income, mainly due to a rise in income from fees and commissions, and a rise in realized gains on stockholdings.

At *shinkin* banks, net income for fiscal 2024 was about 0.3 trillion yen, increasing by 0.3 percent from the previous year. Net income was boosted by an increase in net interest income due to a rise in loans outstanding and an improvement in interest rates on deposits, although an increase in general and administrative expenses, a deterioration in realized gains/losses on bondholdings, and a decline in realized gains on stockholdings exerted downward pressure.

I-A-2: Main profit and loss items at regional banks and *shinkin* banks

100 mil.yen,%

	Regional banks (non-consolidated)			Shinkin banks		
	FY2024	y/y chg.	y/y % chg.	FY2024	y/y chg.	y/y % chg.
Net interest income	41,422	+3,420	+9.0	16,972	+384	+2.3
Net non-interest income	6,176	+328	+5.6	684	+188	+37.8
General and administrative expenses	-28,491	-641	+2.3	-12,480	-190	+1.5
PPNR excluding trading income	19,107	+3,107	+19.4	5,177	+381	+7.9
(excluding profits and losses from investment trusts due to cancellations)	(18,614)	(+3,039)	(+19.5)	(5,076)	(+413)	(+8.9)
Realized gains/losses on bondholdings	-4,716	-30	—	-1,572	-277	—
Realized gains/losses on stockholdings	4,268	+157	—	687	-269	—
Credit costs	-1,546	+503	—	-434	+92	—
(Credit cost ratio)	(5bps)	(-2bps)	—	(5bps)	(-1bps)	—
Other profit and loss items	442	+883	—	-22	+44	—
Net income before income taxes	17,555	+4,620	+35.7	3,836	-29	-0.7
Tax-related expenses	-4,822	-1,193	+32.9	-927	+36	-3.8
Net income	12,732	+3,427	+36.8	2,908	+8	+0.3

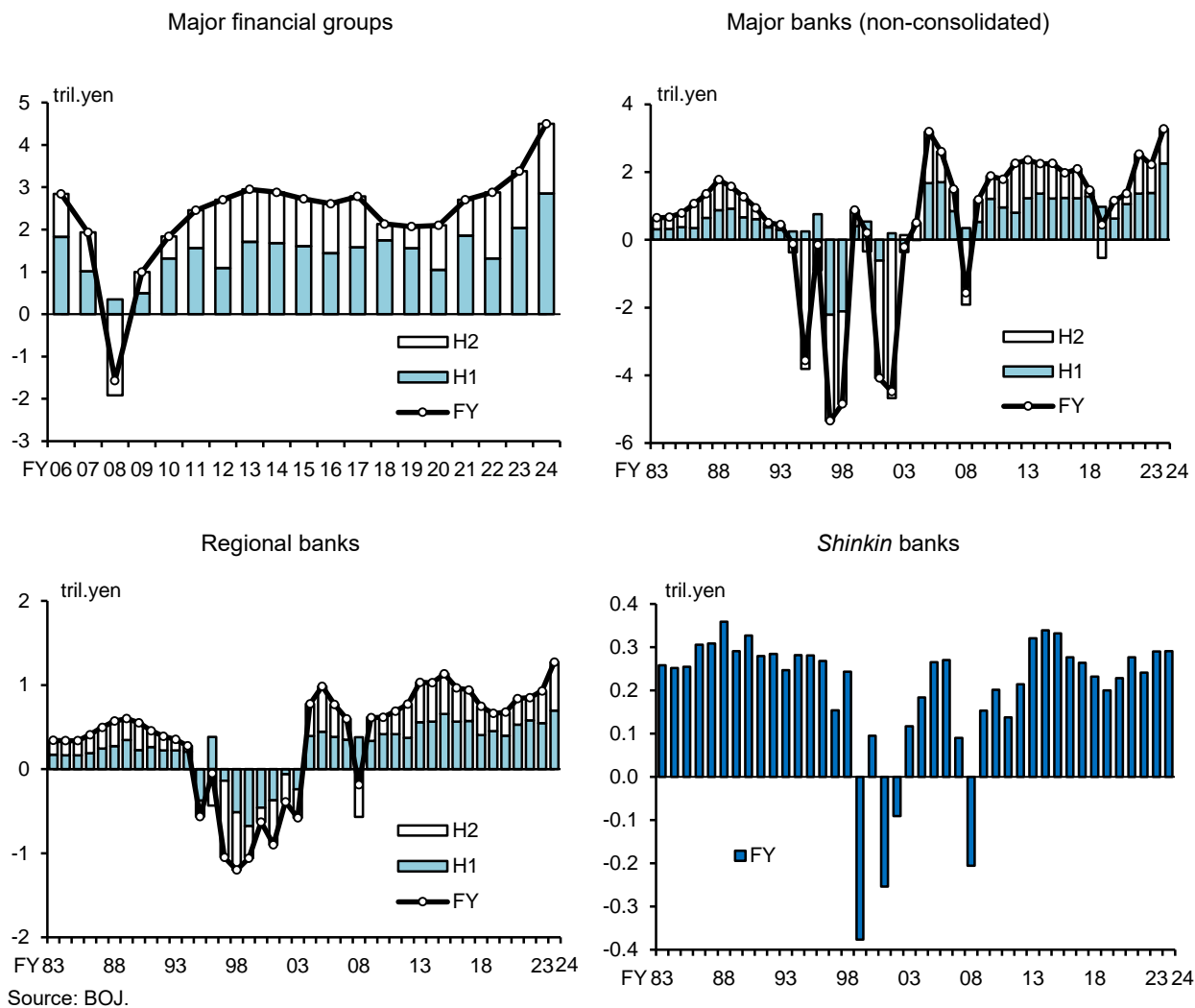
Note: Regarding credit costs, negative numbers represent a rise in costs while positive numbers represent an increase in reversals.

Source: BOJ.

B. Profit Levels from a Long-Term Perspective

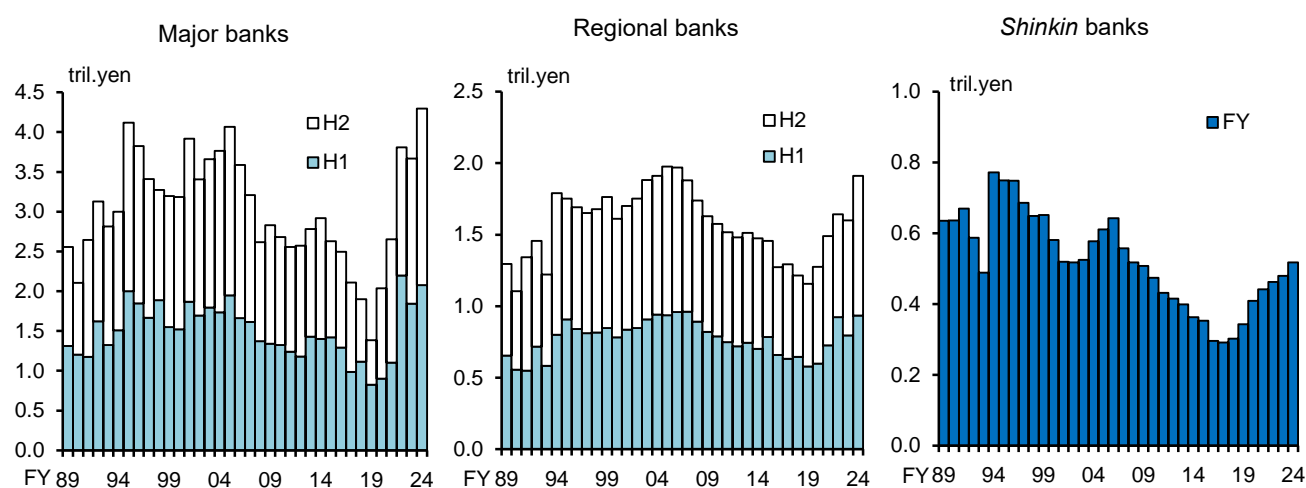
Net income for fiscal 2024 for major financial groups and regional banks increased for the fifth consecutive year and that for *shinkin* banks increased for the second consecutive year. Meanwhile, net income for major banks (on a non-consolidated basis) increased for the first time in two years.

I-B-1: Net income



With regard to core profitability, PPNR excluding trading income for fiscal 2024 for major banks and regional banks increased by 17.0 percent and 19.4 percent, respectively, from the previous year. At shinkin banks, it increased by 7.9 percent from the previous year. PPNR excluding trading income and profits/losses from investment trusts due to cancellations to remove temporary fluctuations also increased for all types of banks.

I-B-2: PPNR excluding trading income



Source: BOJ.

C. Balance Sheets

Looking at developments in balance sheets for fiscal 2024 at major banks, total assets rose by 12.7 trillion yen, reflecting an increase in loans and bills discounted in the domestic business sector, despite a decrease in stocks. On the liability side, the main increase was in deposits and NCD at home and abroad.

I-C-1: Main balance sheet items of major banks

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	End-Mar. 2025	y/y chg.	Change from end-Sep. 2024		End-Mar. 2025	y/y chg.	Change from end-Sep. 2024
Loans and bills discounted	389.4	+9.0	+9.3	Deposits and NCD	699.1	+16.7	+23.3
Domestic business sector	261.2	+10.8	+6.2	Domestic business sector	527.8	+4.8	+8.4
International business sector	128.2	-1.8	+3.1	International business sector	171.3	+12.0	+14.9
Securities	180.7	+0.8	+4.5	Loans from BOJ	40.3	-5.4	-6.6
JGBs	64.5	+2.9	+6.2	Due to trust accounts	8.6	-3.1	-0.5
Stocks	13.0	-3.2	-1.0	Other liabilities	225.5	+5.2	+18.1
Foreign securities	80.1	+3.5	-0.3	Total liabilities	973.5	+13.6	+34.3
Cash and due from banks	290.1	-2.3	+5.0	Total net assets	32.0	-0.9	-0.9
Other assets	145.3	+5.3	+14.5	Retained earnings	14.8	+0.8	+0.1
Total assets	1,005.5	+12.7	+33.3	Net valuation gains/losses on securities	4.2	-1.1	-0.6

Source: BOJ.

At regional banks, total assets rose by 0.9 trillion yen due to an increase in loans and bills discounted and Japanese government bonds (JGBs). On the liability side, deposits and NCD in particular increased.

I-C-2: Main balance sheet items of regional banks

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	End-Mar. 2025	y/y chg.	Change from end-Sep. 2024		End-Mar. 2025	y/y chg.	Change from end-Sep. 2024
Loans and bills discounted	324.5	+10.6	+7.1	Deposits and NCD	416.3	+5.0	+4.8
Securities	94.6	+1.7	-0.1	Current deposits	265.9	+1.8	+4.8
JGBs	23.3	+5.5	+2.4	Other liabilities	66.4	-2.8	-0.7
Cash and due from banks	72.5	-11.6	-4.9	Total liabilities	482.8	+2.2	+4.0
Other assets	14.4	+0.3	+0.8	Total net assets	23.2	-1.3	-1.0
Total assets	506.0	+0.9	+3.0	Net valuation gains/losses on securities	1.2	-1.9	-1.4

Source: BOJ.

With regard to *shinkin banks*, total assets decreased by 1.9 trillion yen, mainly reflecting a decrease in cash and due from banks (such as current deposits held at the Bank of Japan and deposits at the Shinkin Central Bank), despite a rise in loans and bills discounted. On the liability side, total liabilities decreased overall due to a decrease in other liabilities (such as loans from the Bank of Japan), despite an increase in deposits and NCD.

I-C-3: Main balance sheet items of *shinkin banks*

	End-Mar. 2025	y/y chg.		End-Mar. 2025	y/y chg.
Loans and bills discounted	81.4	+1.1	Deposits and NCD	160.9	+0.4
Securities	45.2	-0.8	Current deposits	80.1	+1.1
JGBs	7.7	+0.3	Other liabilities	4.4	-1.3
Cash and due from banks	42.1	-2.9	Total liabilities	165.3	-1.0
Other assets	4.6	+0.5	Total net assets	8.0	-0.9
Total assets	173.3	-1.9	Net valuation gains/losses on securities	-1.8	-1.2

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Source: BOJ.

II. Financial Results of Japan's Major Banks and Regional Banks for Fiscal 2024

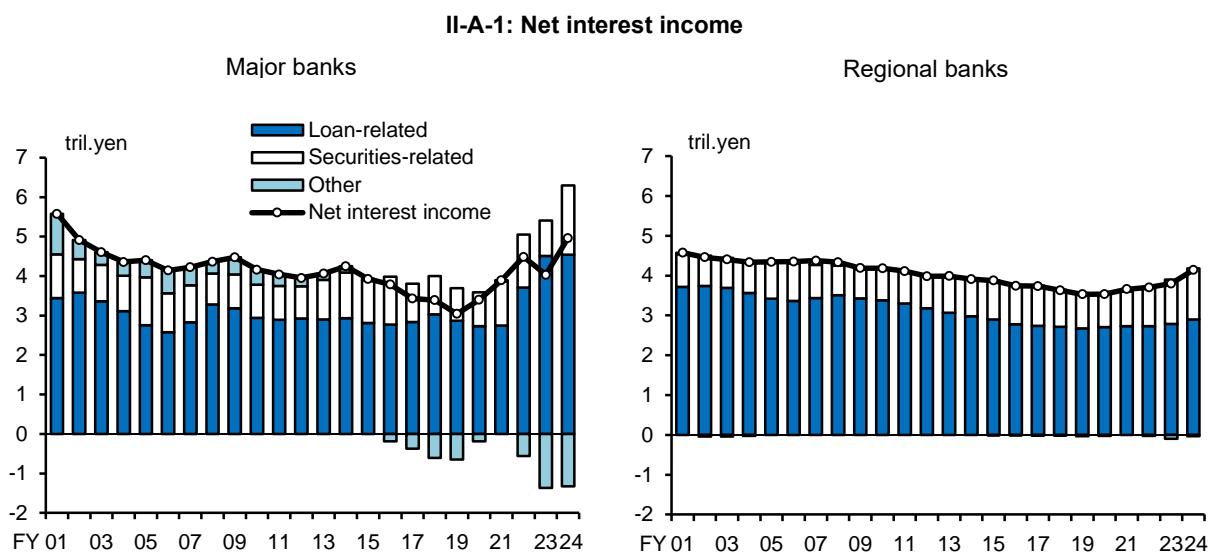
This chapter outlines banks' core profitability (net interest income, net non-interest income, and general and administrative expenses), realized and valuation gains/losses on securities holdings, credit costs and non-performing loans, as well as capital adequacy ratios, dividends, and share repurchases. The financial results of *shinkin* banks are outlined in Chapter III.

A. Core Profitability

1. Net Interest Income

At major banks, net interest income for fiscal 2024 increased by 23.1 percent from the previous year. Securities-related income increased, mainly owing to an improvement in interest rate spreads, and loan-related income remained at a high level following growth in domestic loans outstanding and an improvement in interest rate spreads.

At regional banks, net interest income for fiscal 2024 increased by 9.0 percent from the previous year. Loan-related income increased due to an increase in domestic loans outstanding and an improvement in interest rate spreads on loans. Meanwhile, securities-related income also increased.



Note: Loan-related = (average loans outstanding) * (interest rate spreads on loans).

Securities-related = (average outstanding securities holdings) * (interest rate spreads on securities).

Source: BOJ.

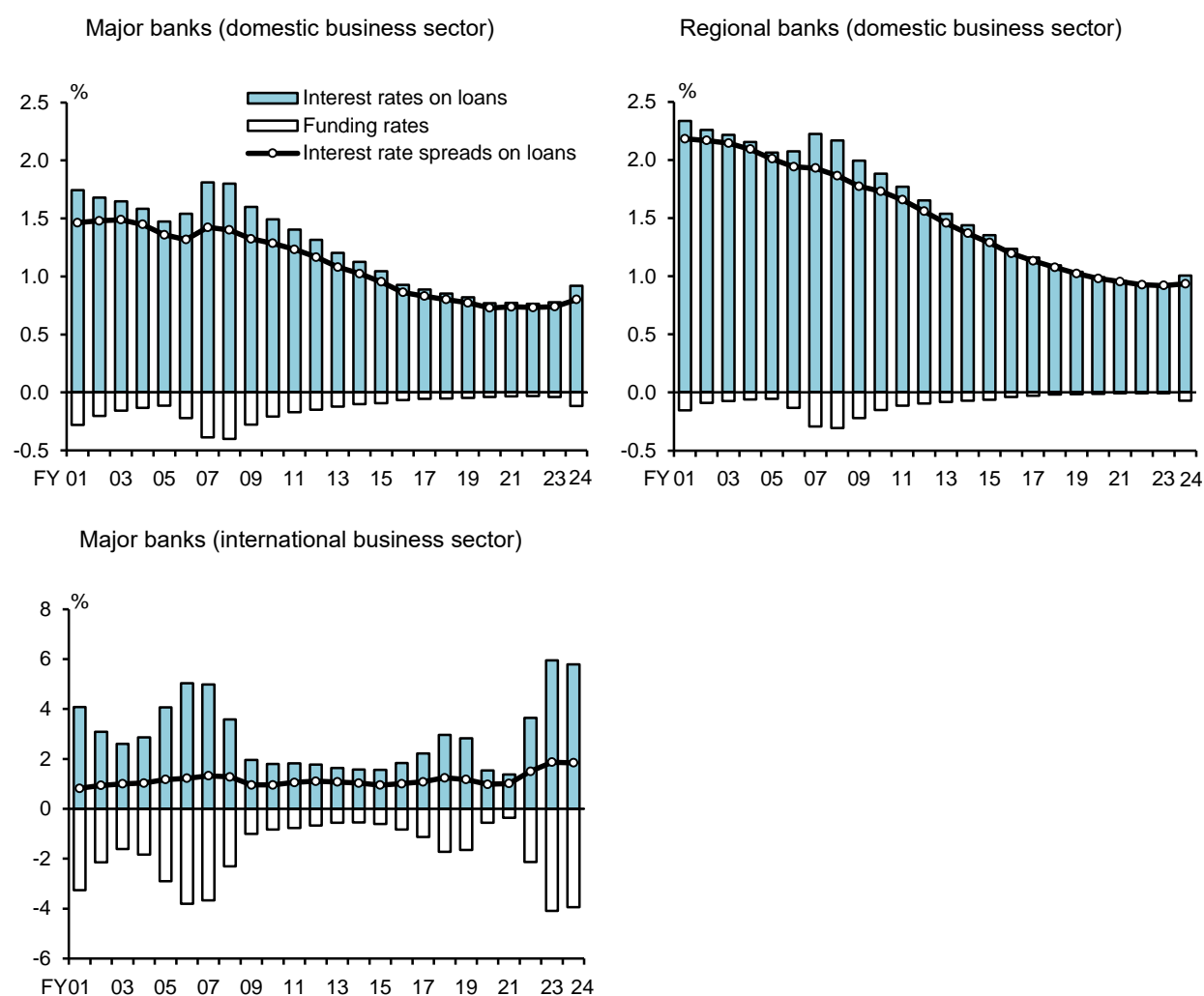
2. Interest Rate Spreads on Loans and Loans Outstanding

(1) Interest Rate Spreads on Loans

Interest rate spreads on loans in the domestic business sector widened at both major banks and regional banks as the increase in interest rates on loans due to the rise in yen interest rates exceeded the increase in funding rates.

At major banks, interest rate spreads on loans in the international business sector narrowed. This was because the decline in interest rates on loans due to the past interest rate cuts in the United States exceeded the decline in funding rates.

II-A-2: Interest rate spreads on loans



Note: Interest rates on loans = (interest income on loans + commissions on bills discounted) / average amount of loans outstanding.

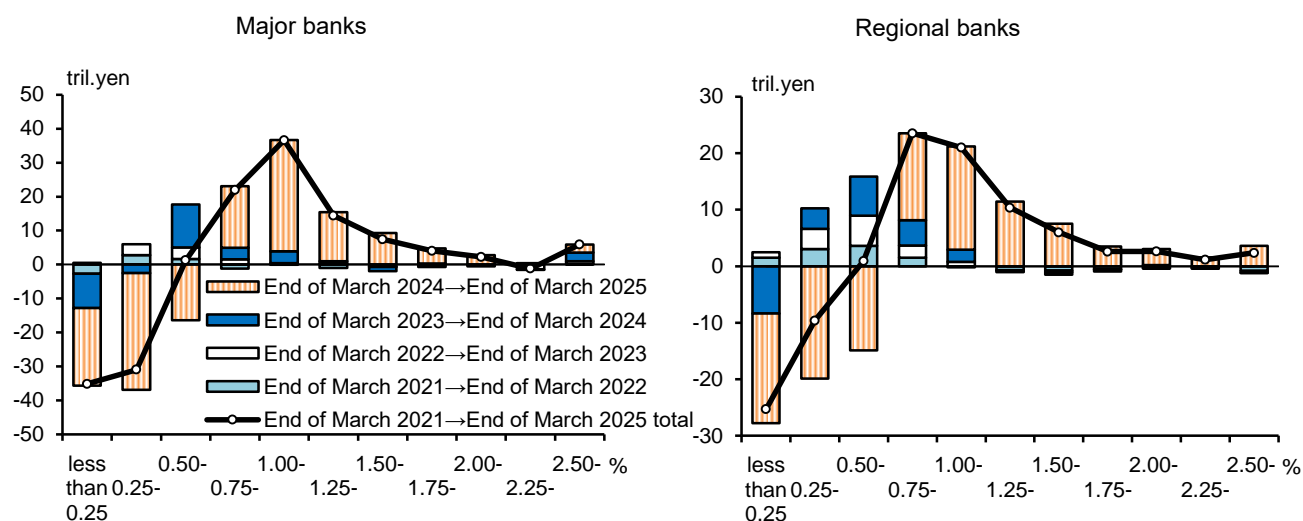
Funding rates = (funding costs - interest expenses on interest rate swaps) / average amount of funding outstanding.

Source: BOJ.

(2) Loans Outstanding by Lending Rate

Looking at developments in loans outstanding by lending rate (yen loans outstanding in the domestic business sector) at both major banks and regional banks, those with lending rates of less than 0.50 percent decreased while those with lending rates of around 0.75-2.0 percent in particular increased.

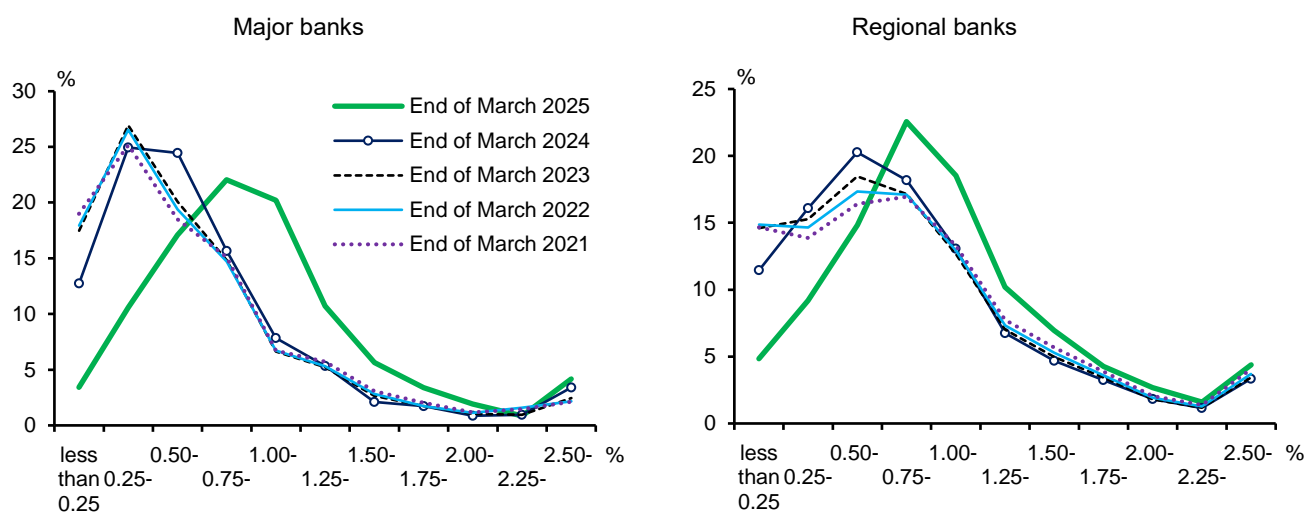
**II-A-3: Changes in loans outstanding by lending rate
(from the end of March 2021 to the end of March 2025)**



Note: The data are for yen loans outstanding in the domestic business sector (excluding loans to the financial sector) based on the amount outstanding at month-end.

Source: BOJ.

**II-A-4: Changes in proportion of loans outstanding by lending rate
(from the end of March 2021 to the end of March 2025)**



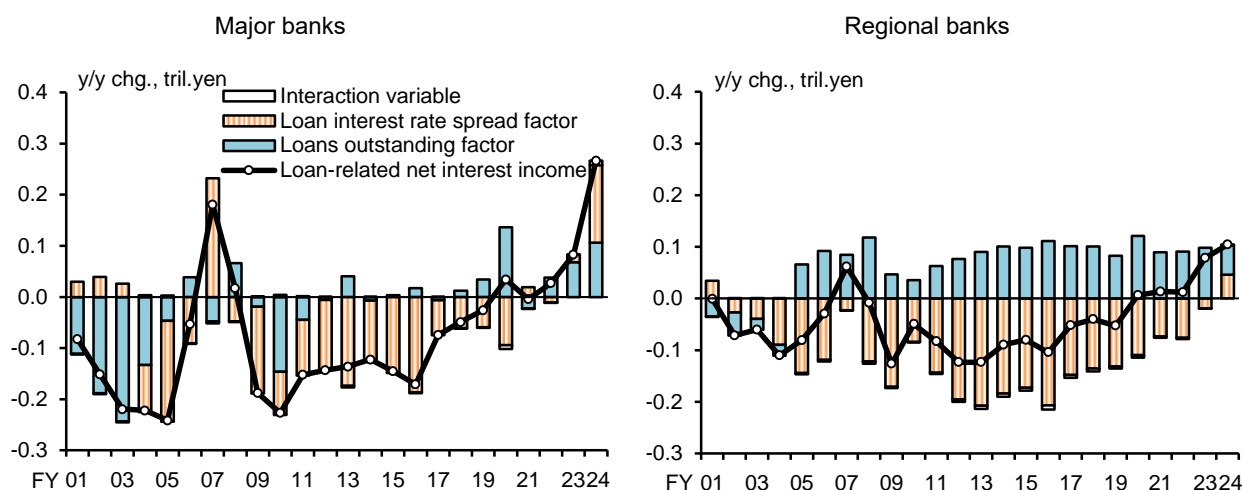
Note: The data are for yen loans outstanding in the domestic business sector (excluding loans to the financial sector) based on the amount outstanding at month-end.

Source: BOJ.

(3) Contributions of Loans Outstanding and Loan Interest Rate Spread Factors to Changes in Loan-Related Net Interest Income

Looking at the changes in net interest income from domestic lending activities by loan interest rate spread and loans outstanding factors, at major banks, loan-related net interest income was boosted by a widening in interest rate spreads on loans, reflecting the rise in yen interest rates, and an increase in loans outstanding, mainly against a background of demand for real estate-related loans and loan demand mainly associated with merger and acquisition (M&A) deals. At regional banks, such income was boosted by an increase in loans outstanding and a widening in interest rate spreads on loans.

**II-A-5: Changes in loan-related net interest income
(domestic business sector)**



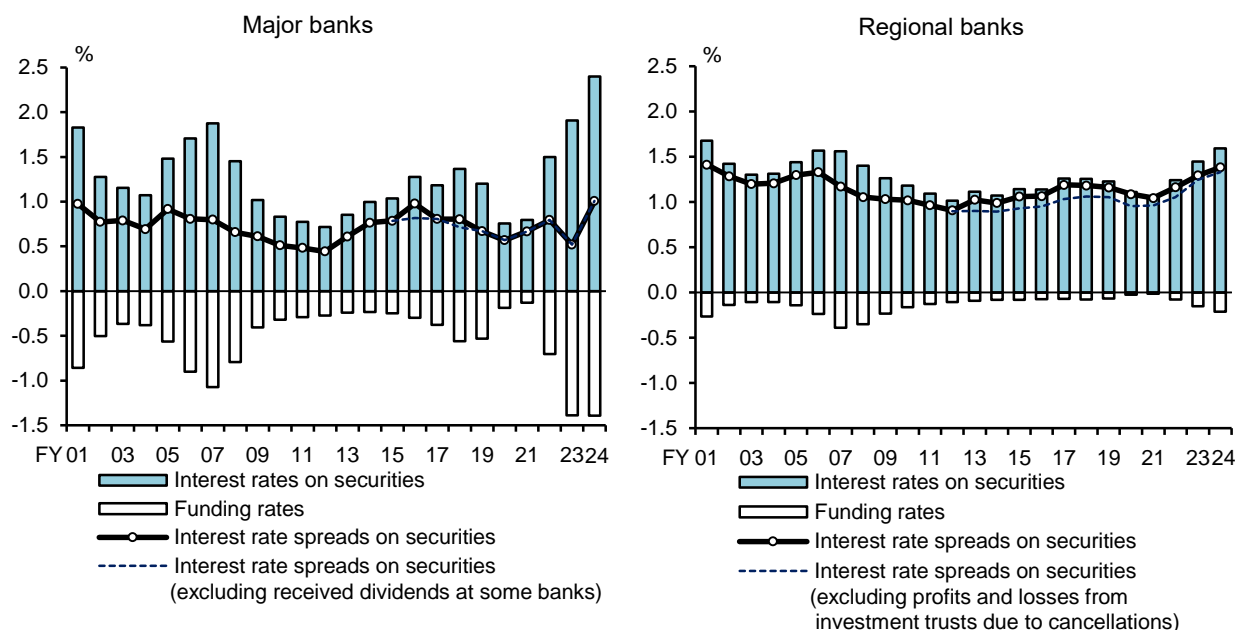
Note: Loan-related net interest income = (average amount of loans outstanding) * (interest rate spreads on loans).

Source: BOJ.

3. Interest Rate Spreads on Securities

Interest rate spreads on securities widened at both major banks and regional banks, as interest rates on securities rose, mainly reflecting sales of low-yielding foreign securities with valuation losses and reinvestment in foreign securities.

II-A-6: Interest rate spreads on securities

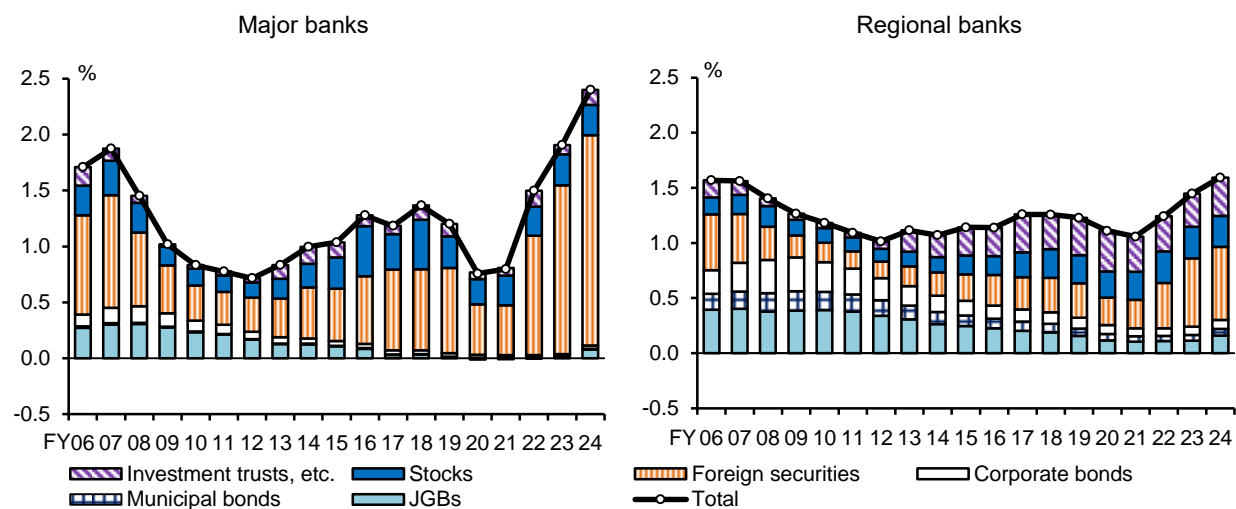


Note: Interest rates on securities = interest and dividends on securities / average amount of securities outstanding.

Funding rates = (funding costs - interest expenses on interest rate swaps) / average amount of funding outstanding.

Source: BOJ.

II-A-7: Decomposition of interest rate spreads on securities by product type

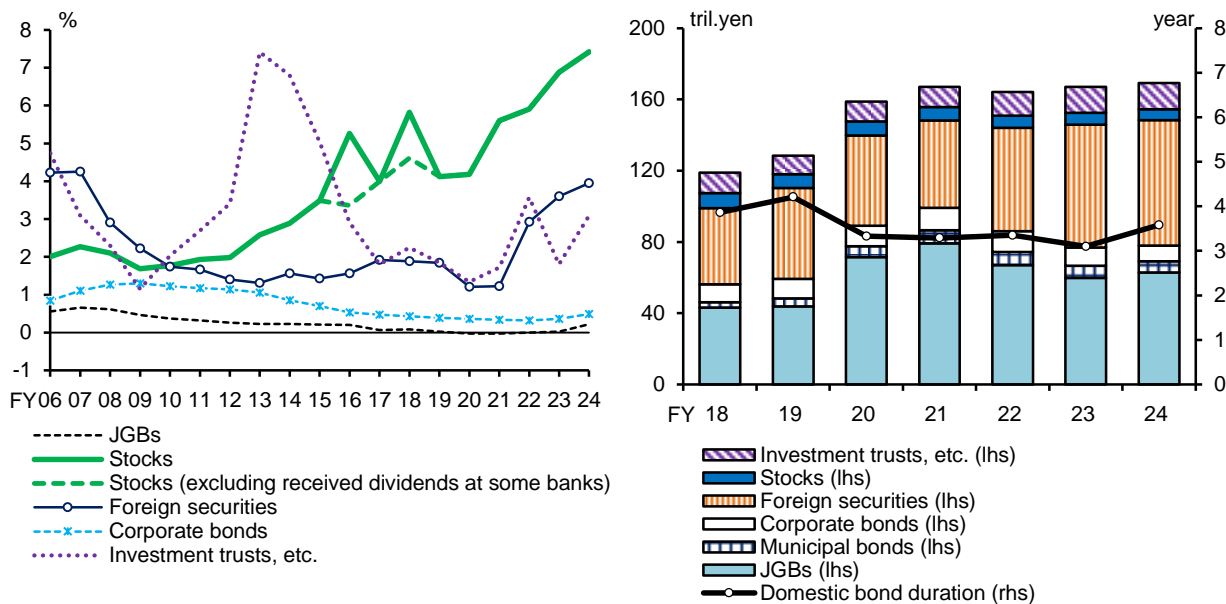


Note: For major banks, the rises in interest rate spreads on stocks in fiscal 2016 and 2018 reflect dividends received from subsidiaries at some banks.

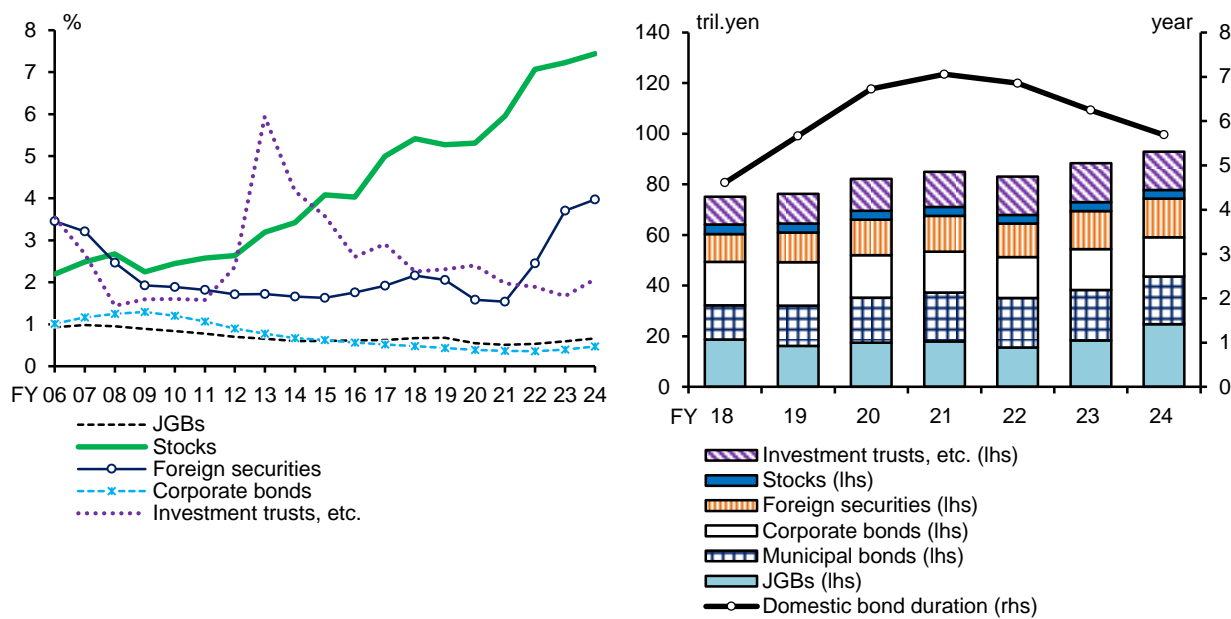
Source: BOJ.

II-A-8: Interest rates on securities holdings and amounts outstanding by product type (at fiscal year-end)

Major banks



Regional banks

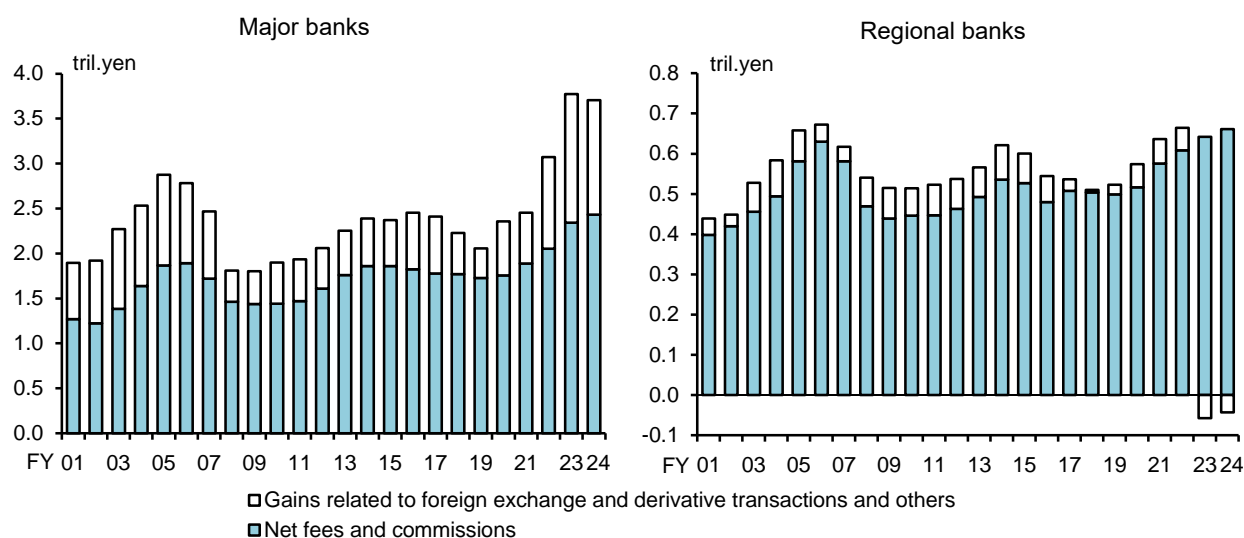


Source: BOJ.

4. Net Non-Interest Income

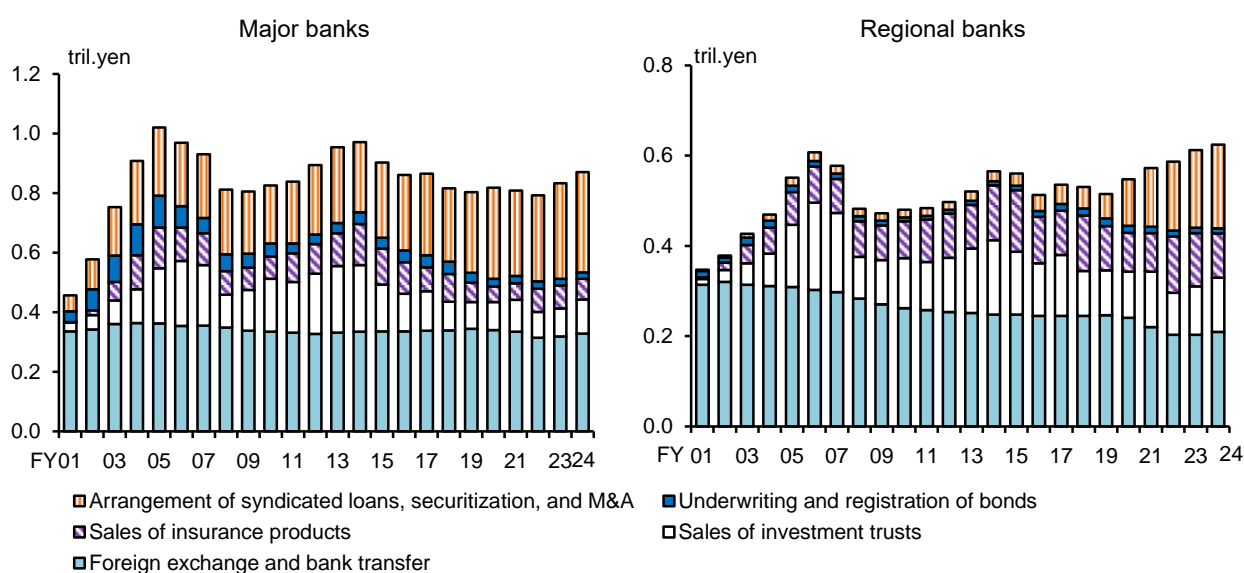
At major banks, net non-interest income decreased by 1.9 percent from the previous year, although it remained at a high level overall. Specifically, income from fees and commissions increased as deposits and loan handling fees accumulated at home and abroad, and customer transactions related to foreign exchange and derivatives were active, reflecting market volatility. At regional banks, net non-interest income increased by 5.6 percent overall from the previous year. This was because income from fees and commissions increased, led by services to corporate clients such as loans with covenants and business matching and by sales of investment trusts.

II-A-9: Net non-interest income



Source: BOJ.

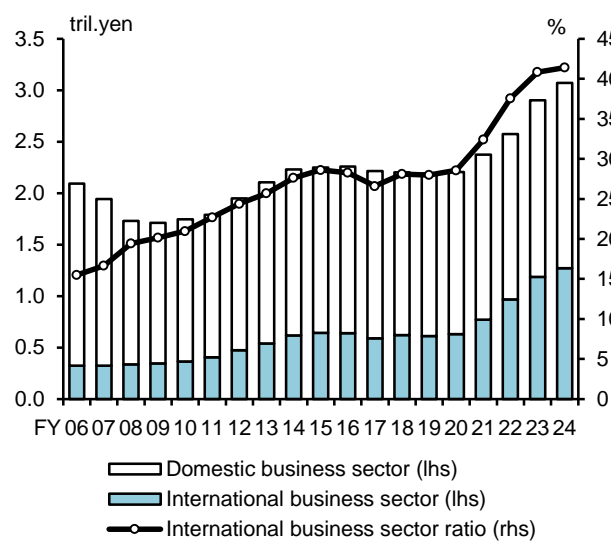
II-A-10: Income from fees and commissions (domestic business sector)



Note: Among items of income from fees and commissions, the 5 items listed above are counted. As for regional banks, "Arrangement of syndicated loans, securitization, and M&A" from fiscal 2020 onward includes income such as from structured finance and business succession.

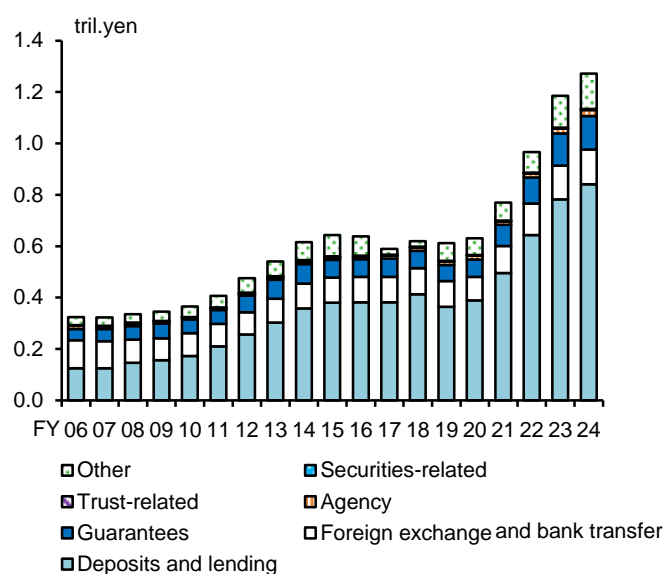
Source: BOJ.

II-A-11: Income from fees and commissions at major banks (breakdown according to domestic and international business sectors)



Source: BOJ.

II-A-12: Income from fees and commissions in the international business sector at major banks



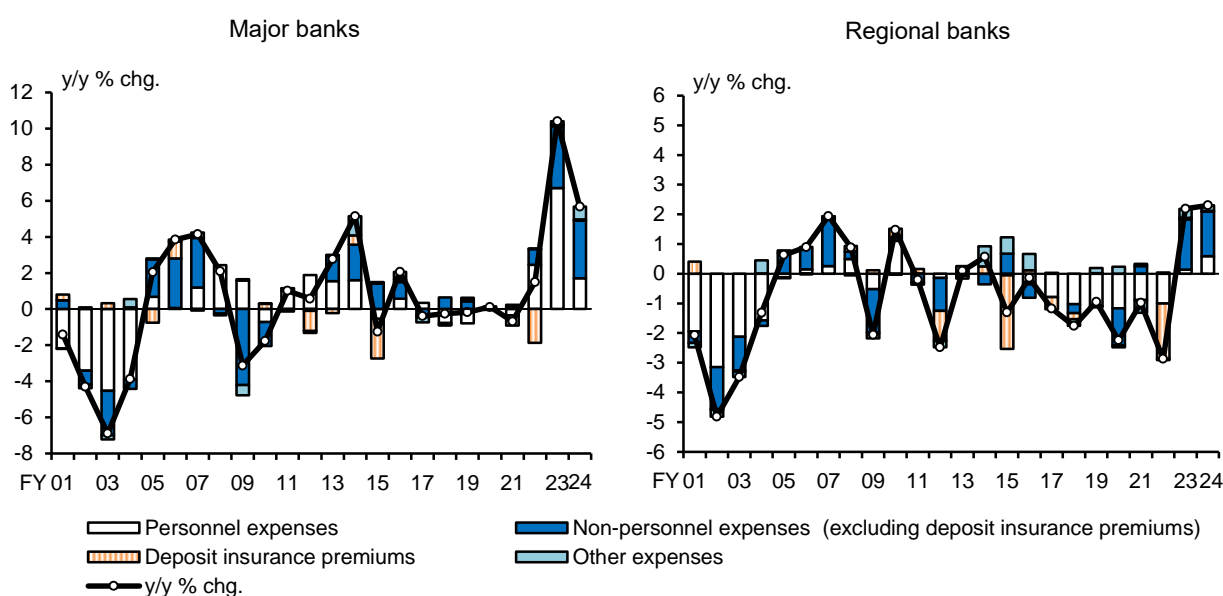
Note: The figures are categorized based on each bank's internal definition. Thus, there are variations on such categorization. "Deposits and lending" includes income from fees and commissions related to the arrangement of syndicated loans, commitment lines, securitization, and M&A transactions.

Source: BOJ.

5. General and Administrative Expenses

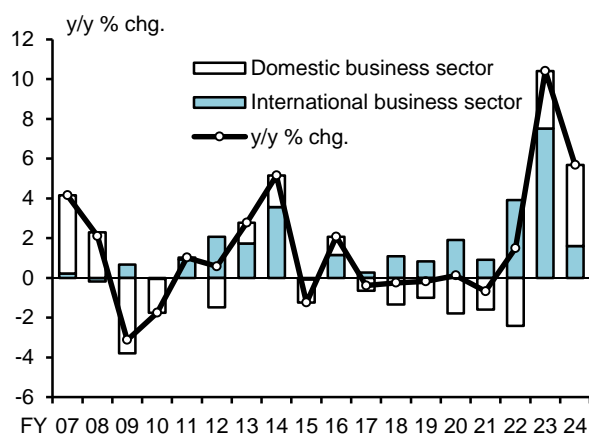
At major and regional banks, general and administrative expenses increased by 5.7 percent and 2.3 percent, respectively, from the previous year due to an increase in both non-personnel and personnel expenses. The adjusted overhead ratios (OHRs) (= overhead costs / gross operating profits from core business [hereinafter referred to as "core gross operating profits"], excluding profits and losses from investment trusts due to cancellations) declined both at major banks and regional banks, mainly due to an increase in core gross operating profits.

II-A-13: Decomposition of general and administrative expenses



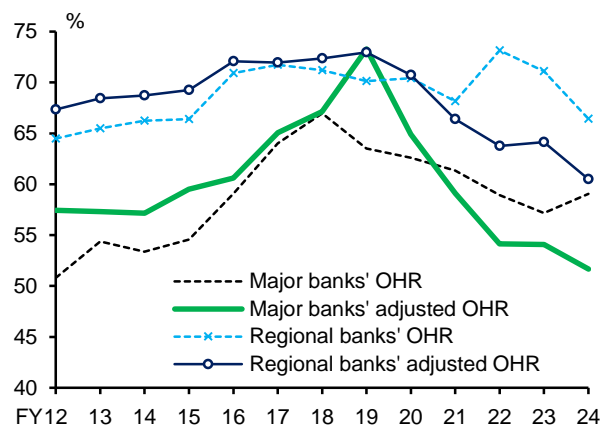
Source: BOJ.

II-A-14: Decomposition of general and administrative expenses according to domestic and international business sectors at major banks



Source: BOJ.

II-A-15: OHRs



Note: OHR = overhead costs / gross operating profits. Adjusted OHR = overhead costs / core gross operating profits (excluding profits and losses from investment trusts due to cancellations).

Source: BOJ.

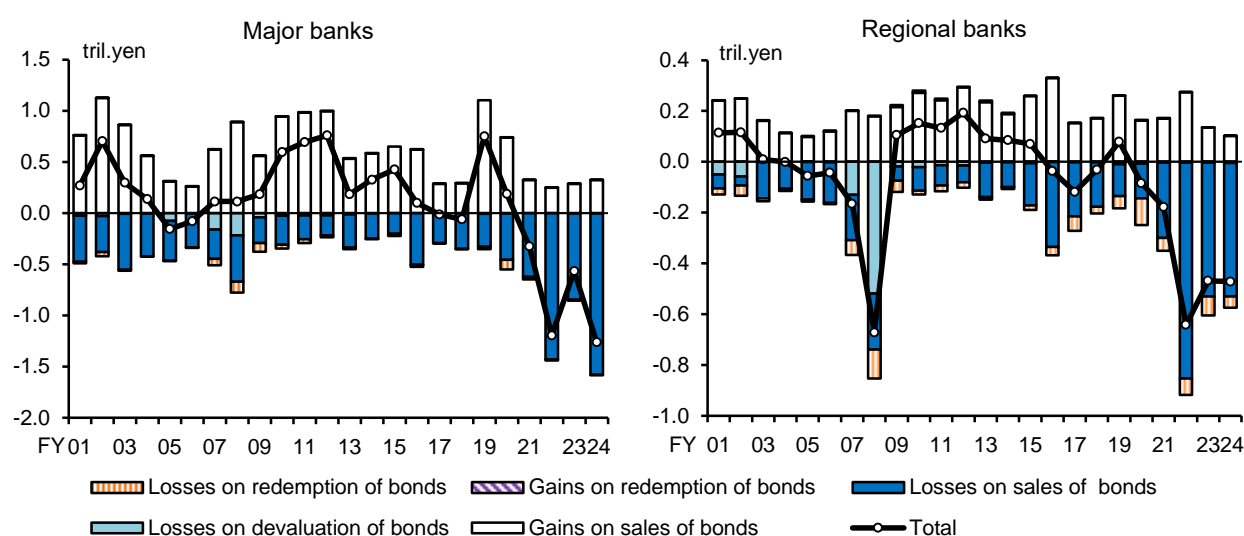
B. Realized and Valuation Gains/Losses on Securities Holdings

1. Realized Gains/Losses on Securities Holdings

With regard to realized gains/losses on bondholdings, realized losses increased at major banks because losses on sales of bonds were recorded as some of the major banks offset their losses on bondholdings. Realized losses were more or less unchanged at regional banks.

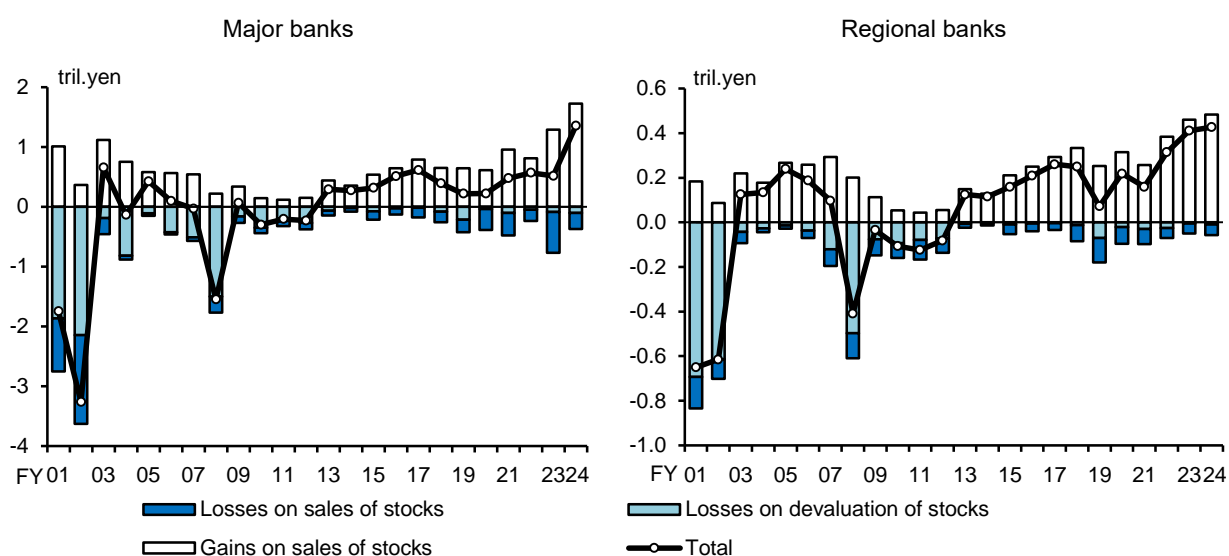
As for realized gains/losses on stockholdings, realized gains increased at major banks owing to progress in sales of strategic stockholdings and the adoption of flexible trading strategies that captured market fluctuations, while such gains expanded at regional banks due to an increase in gains on sales.

II-B-1: Realized gains/losses on bondholdings



Source: BOJ.

II-B-2: Realized gains/losses on stockholdings

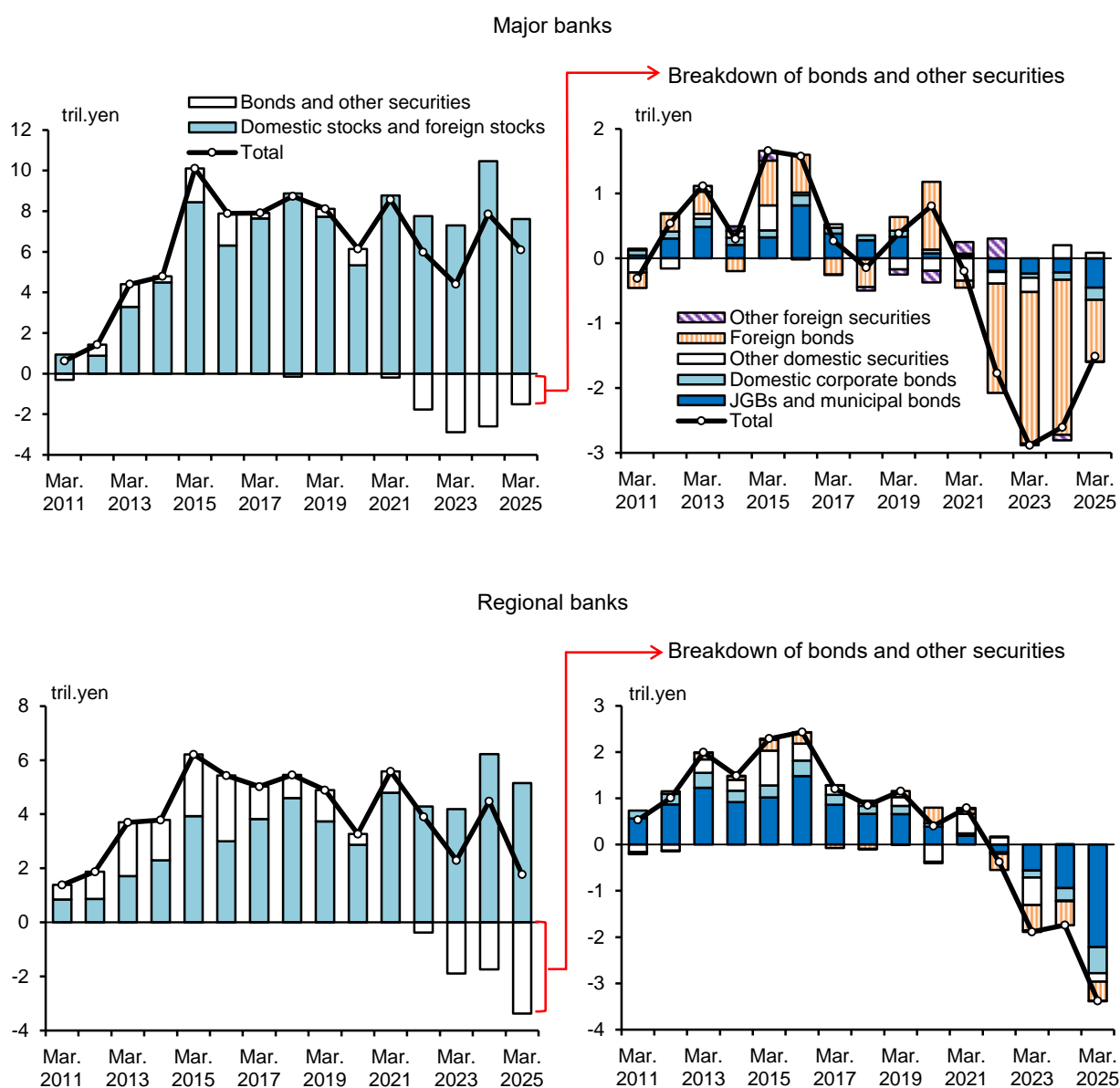


Source: BOJ.

2. Valuation Gains/Losses on Securities Holdings

Valuation gains/losses on available-for-sale securities holdings as of the end of March 2025 at major banks and regional banks stood at gains of about 6 trillion yen and about 2 trillion yen, respectively, maintaining a high level; however, such gains decreased from their levels as of the end of March 2024. Looking at the breakdown, valuation gains on stockholdings decreased at both major banks and regional banks, reflecting a decrease in the outstanding amount of strategic stockholdings and a fall in stock prices. Valuation losses on holdings of bonds and other securities decreased at major banks as losses on foreign bondholdings were offset, while they increased at regional banks, mainly due to an increase in valuation losses on domestic bonds, reflecting rising yen interest rates.

II-B-3: Valuation gains/losses on available-for-sale securities holdings



Notes: 1. The breakdown of bonds and other securities at both major and regional banks is shown on the right.

"Other domestic securities" and "Other foreign securities" include investment trusts and funds.

2. The data are as of month-end.

Source: BOJ.

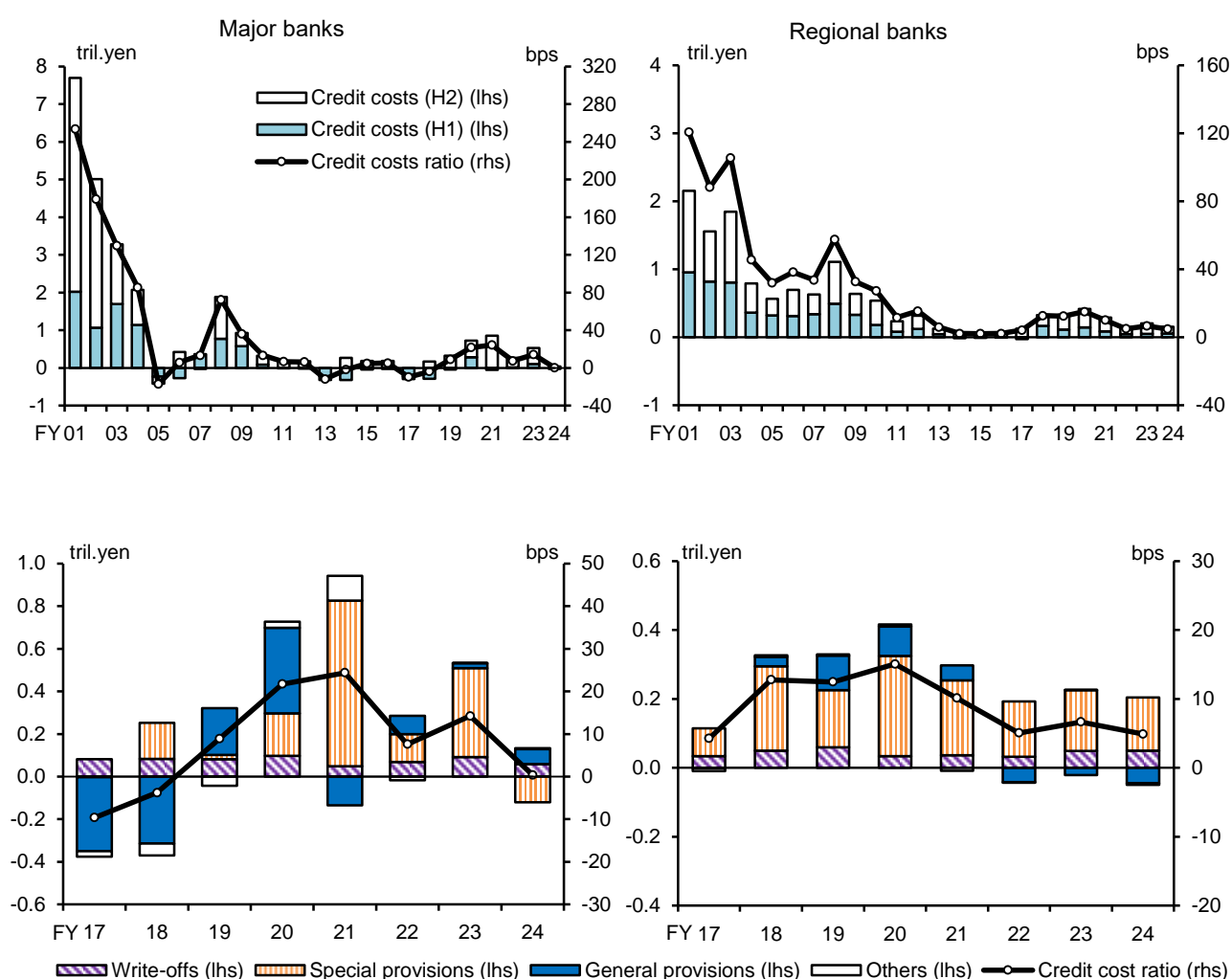
C. Credit Costs and Non-Performing Loans

1. Credit Costs

Credit costs decreased at major banks, mainly due to reversals of loan-loss provisions for some large borrowers, although precautionary loan-loss provisions were recorded in response to the potential impact of trade policy in each jurisdiction. As for regional banks, such costs decreased to some extent.

The credit cost ratio (= credit costs / total loans outstanding) was 0 basis points (a decrease of 14 basis points from the previous year) at major banks and 5 basis points (a decrease of 2 basis points from the previous year) at regional banks.

II-C-1: Credit costs and credit cost ratios

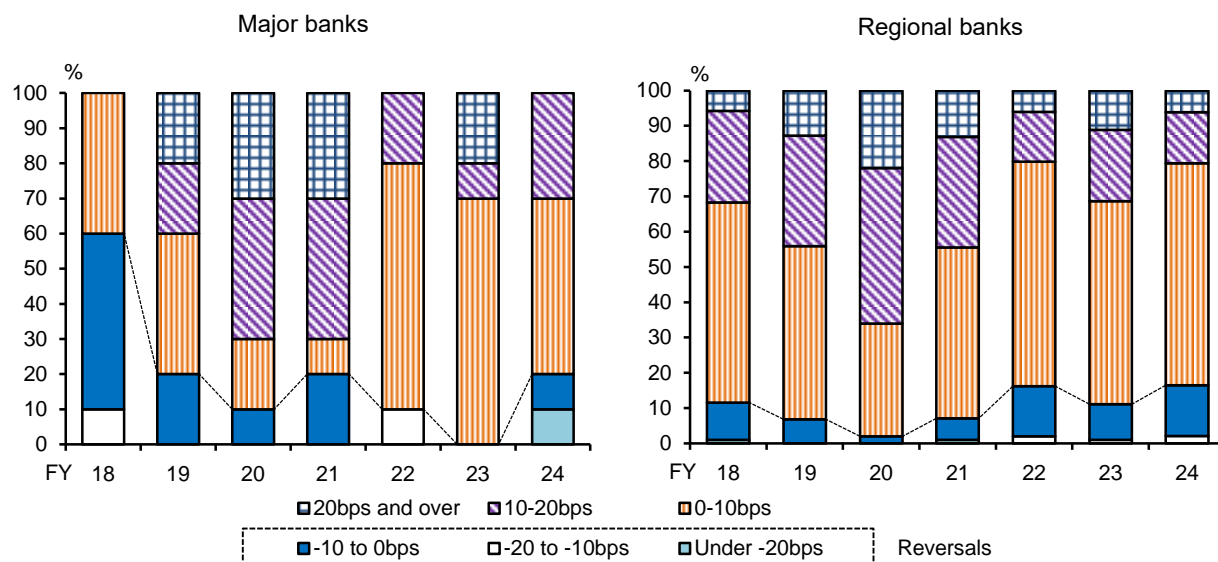


Note: The lower charts show the breakdown of credit costs at major banks and regional banks, respectively.

Source: BOJ.

The distribution of credit cost ratios among banks shows that, at both major banks and regional banks, the share of those with credit costs of 20 basis points or greater decreased, while the overall share of banks incurring credit costs also decreased.

II-C-2: Credit cost ratio distribution



Note: Proportion of the number of banks by credit cost ratio.

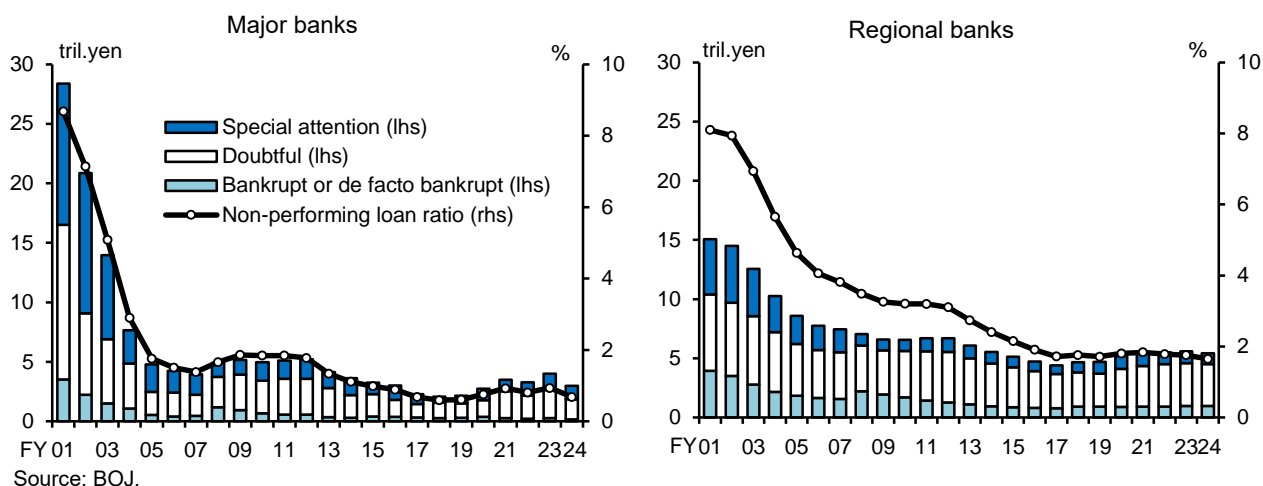
Source: BOJ.

2. Non-Performing Loans

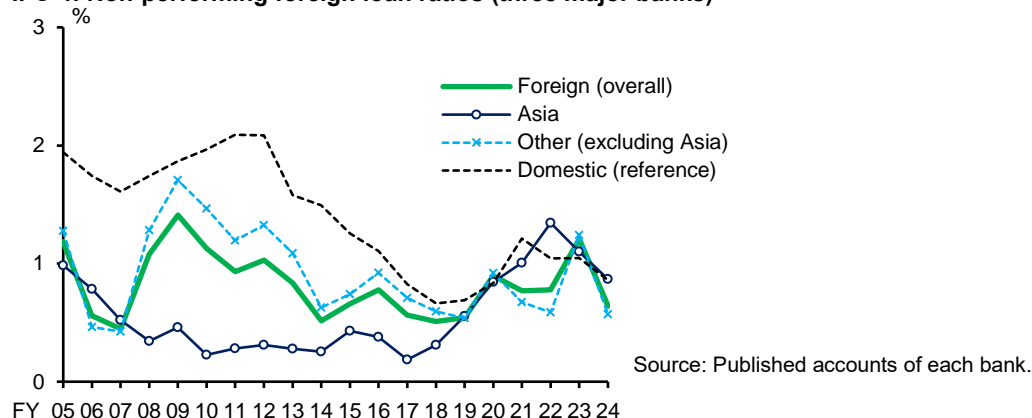
Non-performing loan (NPL) ratios at both major banks and regional banks were more or less unchanged, remaining at low levels. The NPL ratios for foreign loans declined at the three major banks, mainly due to the sales of NPLs of some large borrowers in the United States.

Looking at the proportion of loans outstanding by borrower classification, the ratio of "normal" loans remained high, exceeding 95 percent at major banks and standing at 90 percent at regional banks.

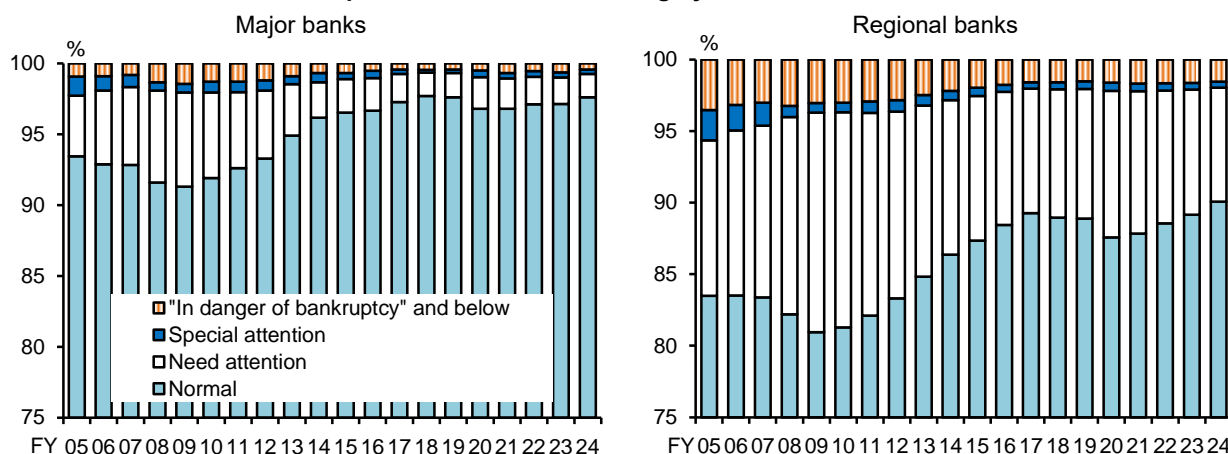
II-C-3: Non-performing loans outstanding and non-performing loan ratios



II-C-4: Non-performing foreign loan ratios (three major banks)



II-C-5: Proportion of loans outstanding by borrower classification



Notes: 1. The data are calculated on a write-off basis.

2. "Need attention" indicates "Need attention excluding special attention."

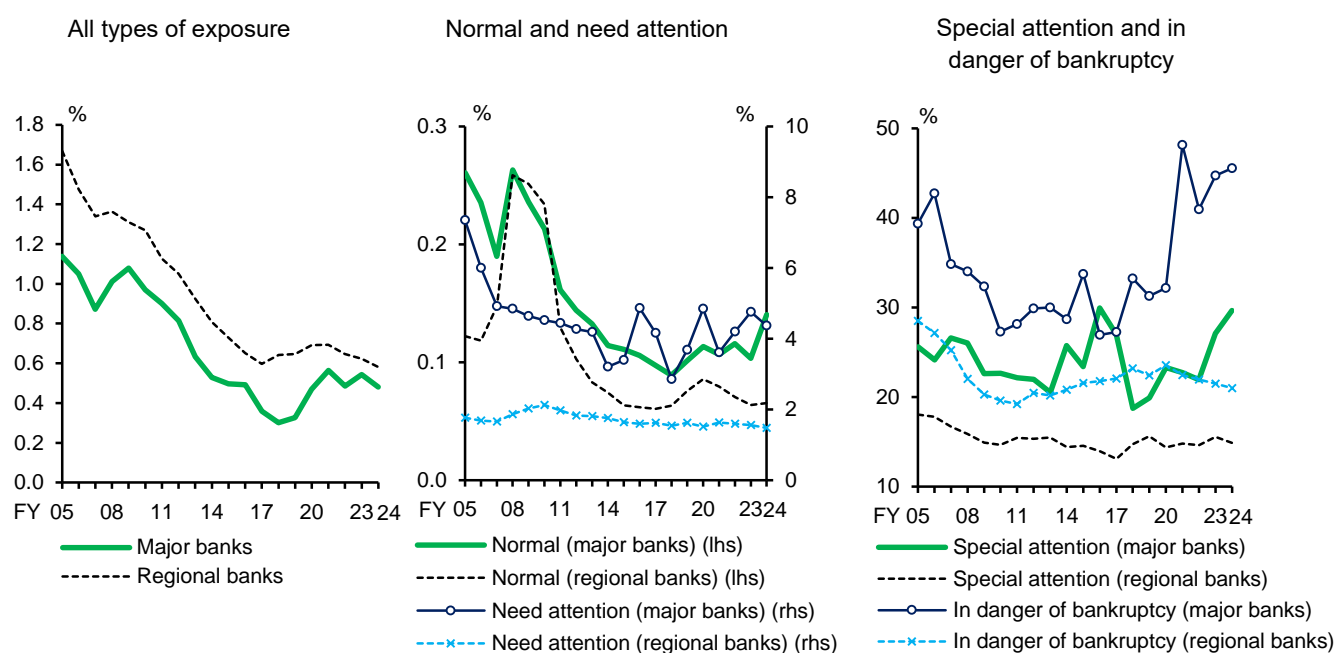
Source: BOJ.

3. Loan-Loss Provisions

(1) Loan-Loss Provision Ratios

The average loan-loss provision ratio for all types of exposure at major banks decreased from the previous year as the loan-loss provision ratio for "need attention excluding special attention" loans declined. At regional banks, the average loan-loss provision ratio for all types of exposure decreased slightly.

II-C-6: Loan-loss provision ratios



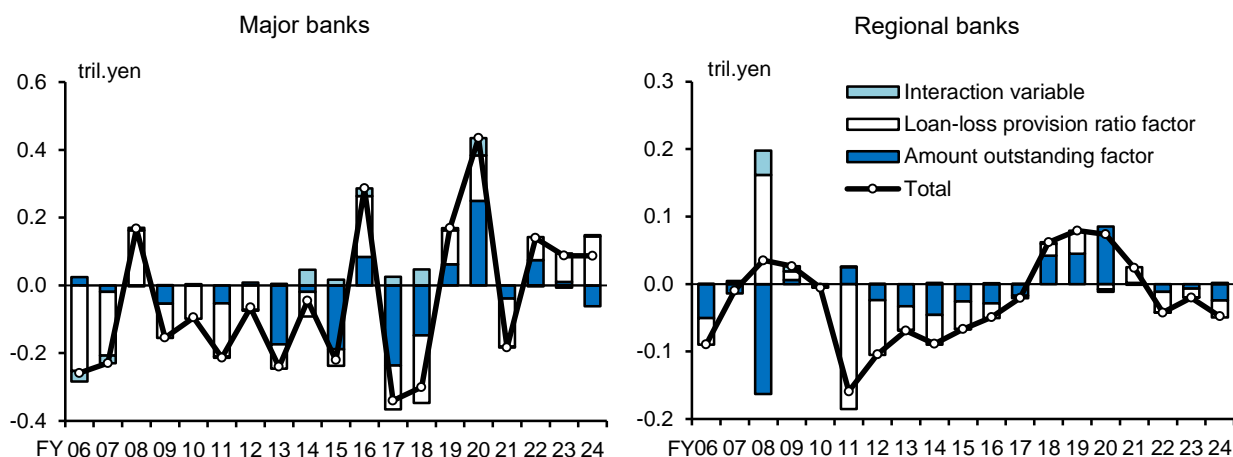
- Notes: 1. The data include loans to which the discounted cash flow method is applied.
 2. The loan-loss provision ratio is calculated as loan-loss provisions divided by the total amount of claims (not the uncovered amount of claims).
 3. "Need attention" indicates "Need attention excluding special attention."

Source: BOJ.

(2) Outstanding Amount of Loan-Loss Provisions

Looking at the outstanding amount of loan-loss provisions at major banks, while general provisions increased due mainly to a rise in loan-loss provision ratios as precautionary loan-loss provisions were built up in response to the potential impact of trade policy in each jurisdiction, special provisions decreased, reflecting reversals of loan-loss provisions for some large borrowers. At regional banks, general provisions declined, mainly reflecting decreases in loan-loss provision ratios and the outstanding amount of loans, while special provisions decreased slightly.

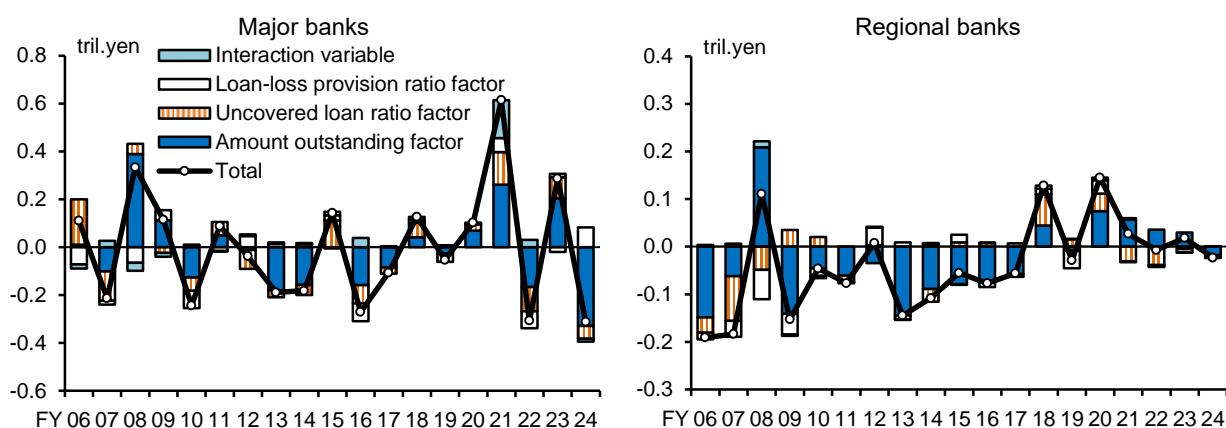
II-C-7: Factors of change in general loan-loss provisions



Note: Each factor represents the sum of the amount calculated by borrower classification.

Source: BOJ.

II-C-8: Factors of change in special loan-loss provisions



Note: Each factor represents the sum of the amount calculated by borrower classification.

Source: BOJ.

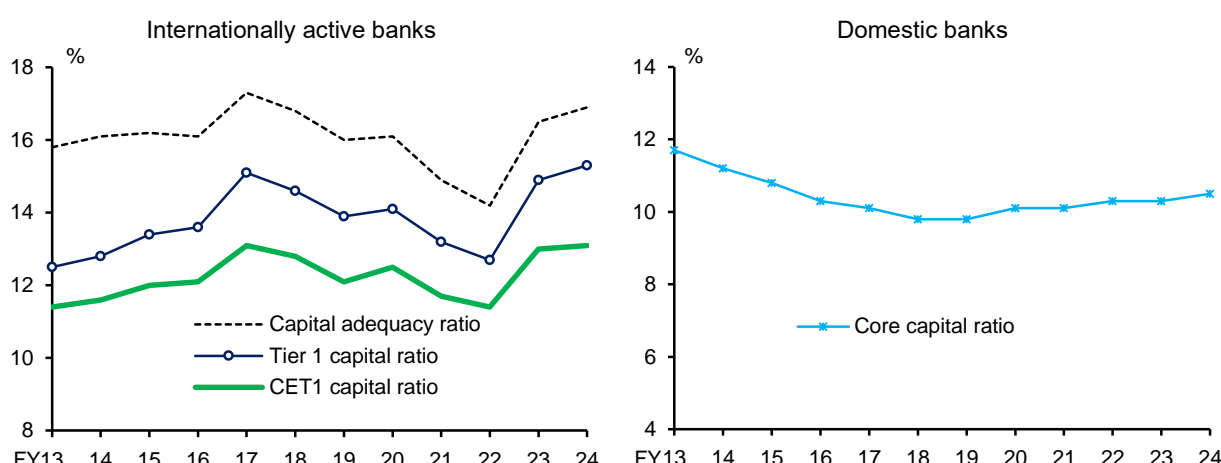
D. Capital Adequacy Ratios, Dividends, and Share Repurchases

1. Capital Adequacy Ratios

Both the common equity Tier 1 capital ratio (CET1 capital ratio) and the capital adequacy ratio of internationally active banks on a consolidated bank basis rose. This was mainly because risk-weighted assets decreased, partly against the background of the decline in the outstanding amount of strategic stockholdings.

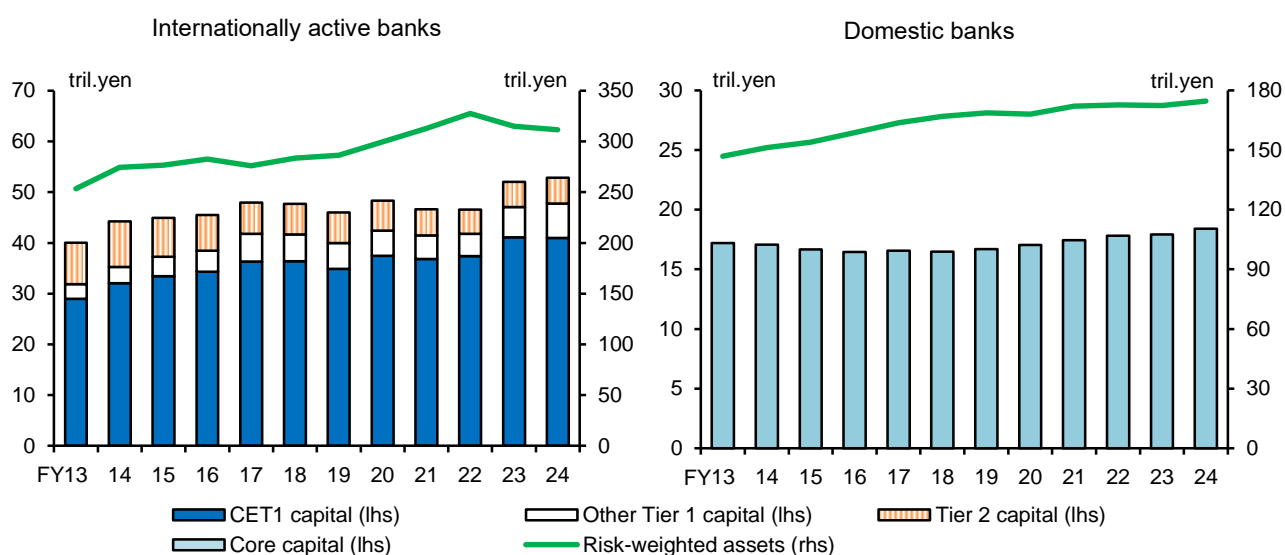
The capital adequacy ratio of domestic banks rose due to the increase in capital.

II-D-1: Capital adequacy ratios



Source: BOJ.

II-D-2: Capital components and risk-weighted assets



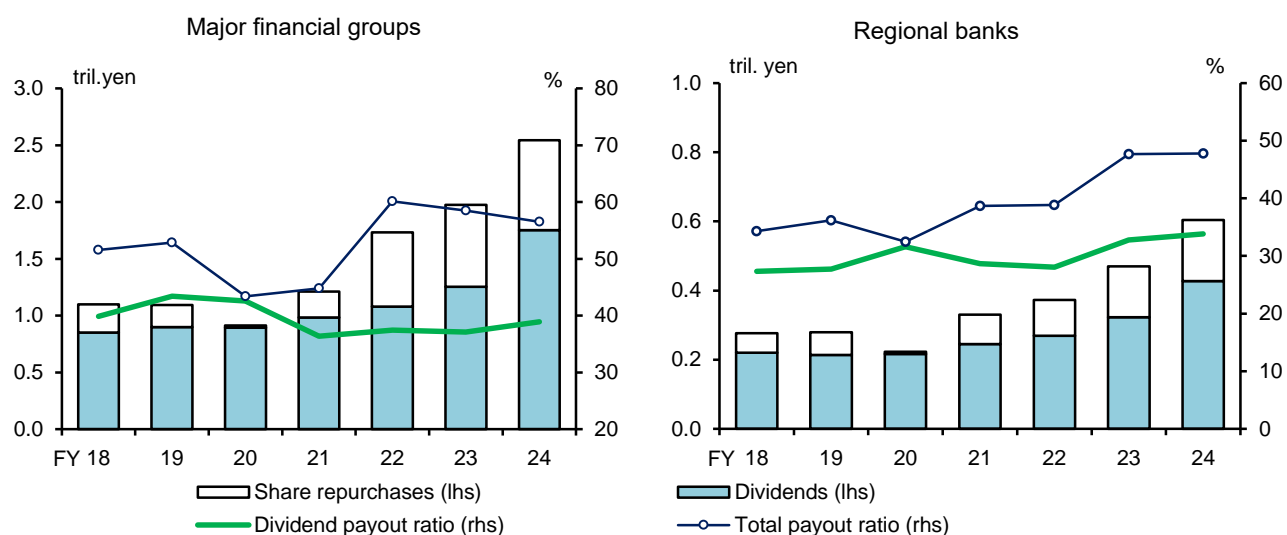
Note: The numerator of the capital adequacy ratio at domestic banks has been referred to as "Core capital" in order to distinguish the definition of "capital" in the current Financial Services Agency public notice from that in the former public notice (the same applies to Charts III-D-1 and III-D-2).

Source: BOJ.

2. Dividends and Share Repurchases

Looking at payouts to shareholders by major banks and regional banks, the amount of both dividends and share repurchases increased.

II-D-3: Banks' payouts to shareholders



Notes: 1. The figures are on a financial group basis (those for some regional banks are on a consolidated bank basis).

2. Regional banks' share repurchases exclude preferred equities.

Source: Published accounts of each financial group and bank.

Box: Banks' profit projections for fiscal 2025

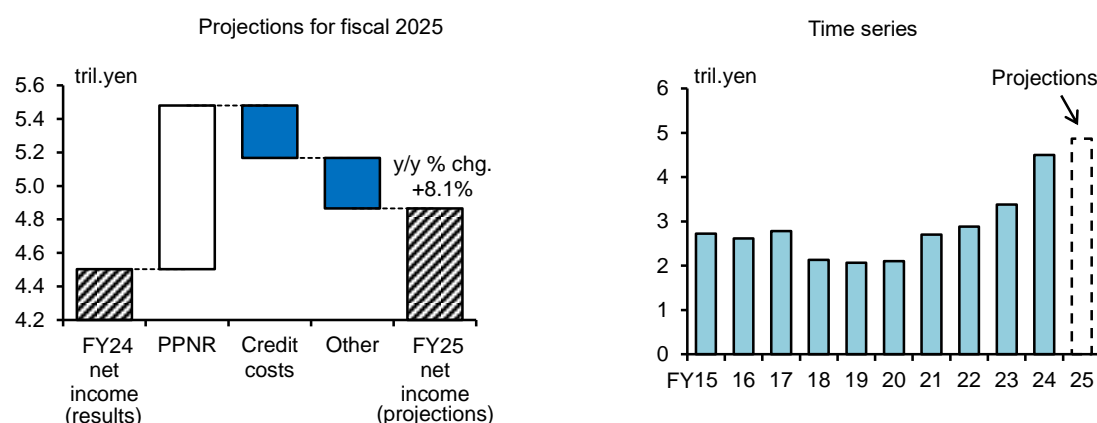
Net income for fiscal 2025 is projected to increase at both major financial groups and regional banks (on a non-consolidated basis).

Looking at factors behind changes in the net income of major financial groups from the previous year, PPNR is projected to increase, mainly reflecting a decline in losses on sales of bonds recorded in fiscal 2024 and an expansion in loan and deposit income due to the past rises in yen interest rates. On the other hand, credit costs are expected to increase as reversals of loan-loss provisions for some large borrowers in fiscal 2024 dissipate and some groups factor in the impact of trade policy. In addition, as for "other," realized gains on stockholdings are expected to decline. In light of such factors, the net income of major financial groups is projected to increase by about 8.1 percent from fiscal 2024.

At regional banks as a whole, net income is projected to increase by about 12 percent from fiscal 2024 as net interest income is expected to increase, reflecting an improvement in lending-deposit interest margins and an uptrend in loans outstanding.

However, developments in economic activity and prices at home and abroad, which underlie the above profit projections, as well as developments in financial and foreign exchange markets, for example, are extremely uncertain. In particular, how trade policy in each jurisdiction will evolve and its impact should be noted.

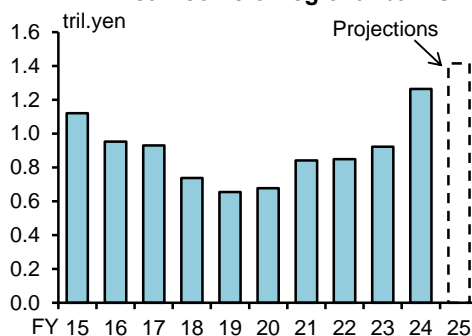
B-1: Net income of major financial groups



Note: For financial groups that have not published their projections for fiscal 2025, the missing figures are complemented by using available figures, such as actual figures for the most recent fiscal year.

Sources: Published accounts of each major financial group; BOJ.

B-2: Net income of regional banks



Note: On a non-consolidated basis. Covers only banks that have announced their net income projections for fiscal 2025.

Sources: Published accounts of each bank; BOJ.

III. Financial Results of Japan's *Shinkin* Banks for Fiscal 2024

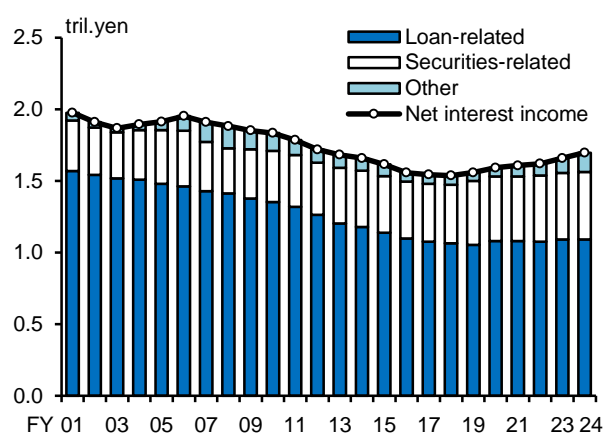
This chapter outlines *shinkin* banks' core profitability (net interest income, net non-interest income, and general and administrative expenses), realized and valuation gains/losses on securities holdings, credit costs and non-performing loans, as well as capital adequacy ratios.

A. Core Profitability

1. Net Interest Income

Net interest income increased by 2.3 percent from the previous year. While interest rate spreads on loans were more or less unchanged, loans outstanding increased, reflecting increased demand driven by the recovery in economic activity. Meanwhile, interest rates on deposits rose.

III-A-1: Net interest income



Notes: 1. "Other" includes interest income on deposits at the Shinkin Central Bank and at the Bank of Japan.

2. Loan-related = (average loans outstanding) * (interest rate spreads on loans).

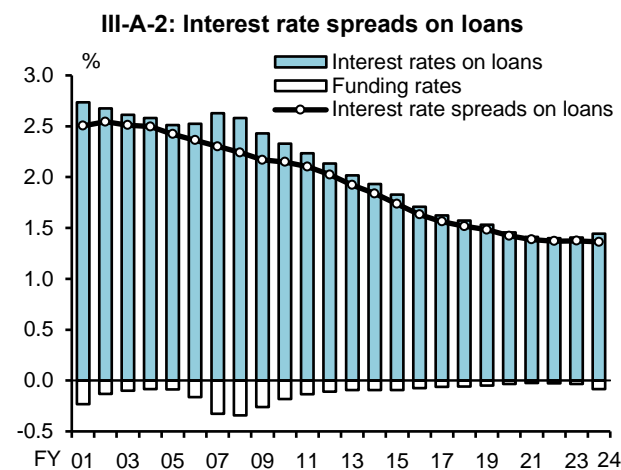
Securities-related = (average outstanding securities holdings) * (interest rate spreads on securities).

Source: BOJ.

2. Interest Rate Spreads on Loans and Loans Outstanding

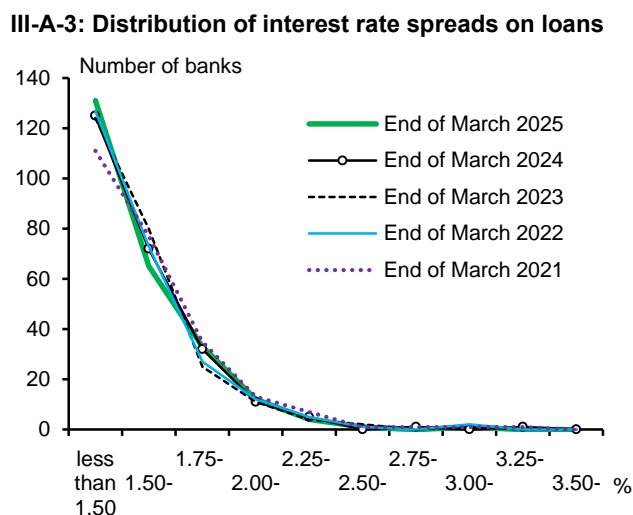
(1) Interest Rate Spreads on Loans

Interest rate spreads on loans were more or less flat as both interest rates on loans and funding rates rose. The distribution of interest rate spreads for *shinkin* banks was almost unchanged from the previous year.



Note: Interest rates on loans = (interest income on loans + commissions on bills discounted) / average amount of loans outstanding. Funding rates = (funding costs - interest expenses on interest rate swaps) / average amount of funding outstanding. The same applies to Chart III-A-3.

Source: BOJ.

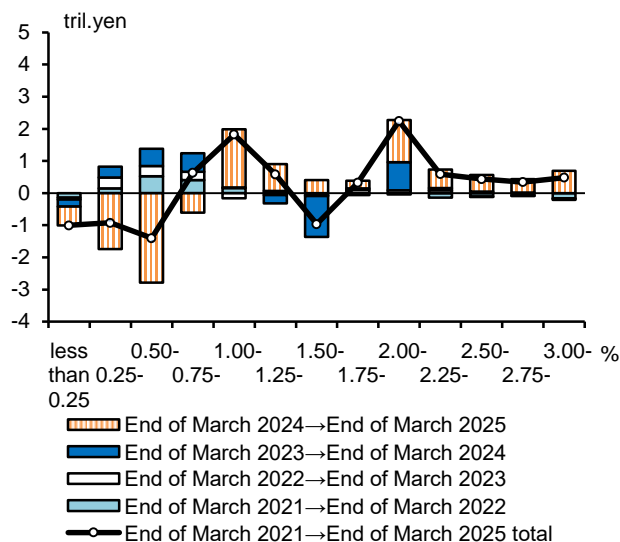


Source: BOJ.

(2) Loans Outstanding by Lending Rate

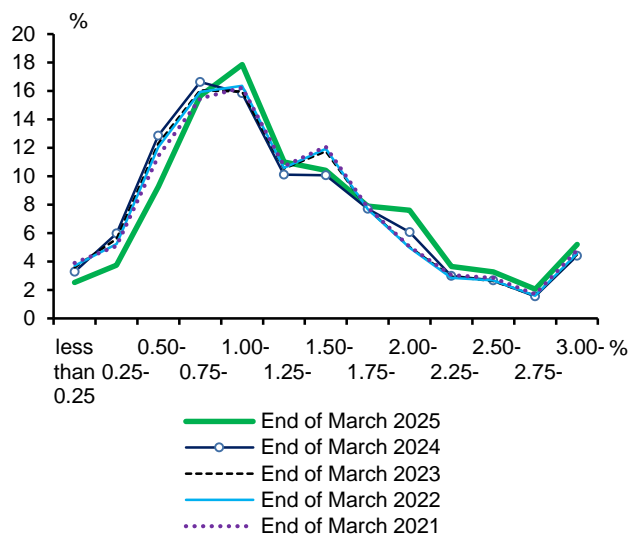
Looking at developments in loans outstanding by lending rate, while the outstanding amount of loans with lending rates of less than 1.0 percent decreased, that with lending rates in the range of 1.0 percent or above increased.

III-A-4: Changes in loans outstanding by lending rate (from the end of March 2021 to the end of March 2025)



Source: BOJ.

III-A-5: Changes in proportion of loans outstanding by lending rate (from the end of March 2021 to the end of March 2025)

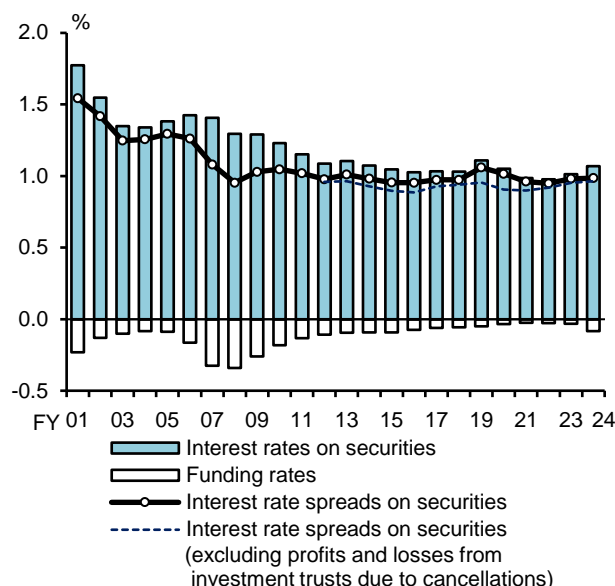


Source: BOJ.

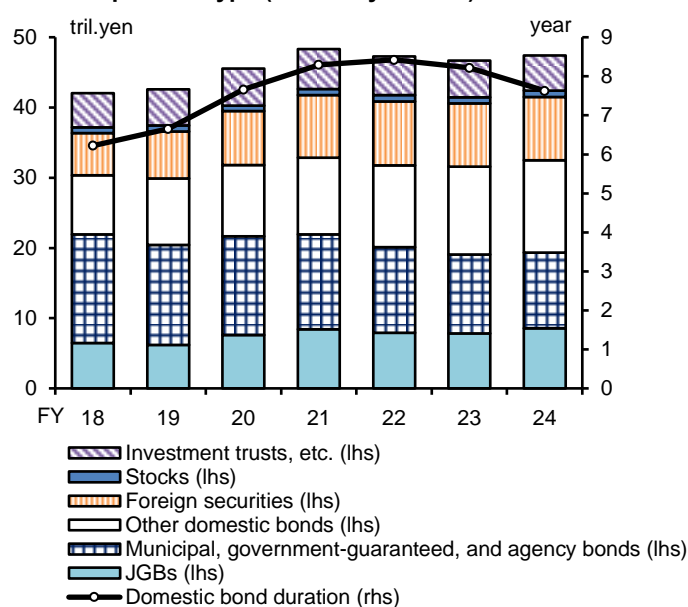
3. Interest Rate Spreads on Securities

Interest rate spreads on securities were generally flat. The outstanding amount of securities, particularly domestic bonds, increased to some extent.

III-A-6: Interest rate spreads on securities



III-A-7: Outstanding amounts of securities by product type (at fiscal year-end)



Note: Interest rates on securities = interest and dividends on securities / average amount of securities outstanding.
Funding rates = (funding costs - interest expenses on interest rate swaps) / average amount of funding outstanding.

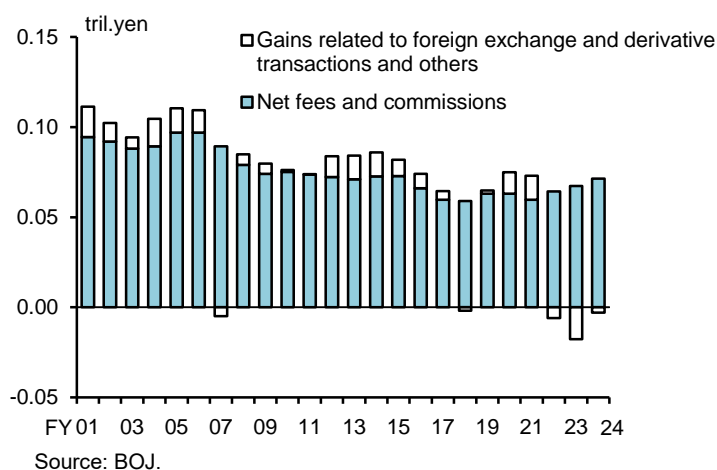
Source: BOJ.

Source: BOJ.

4. Net Non-Interest Income

Net non-interest income increased by 37.8 percent from the previous year as income from fees and commissions increased, mainly reflecting growing sales of assets under custody, and gains related to foreign exchange and derivative transactions and others improved.

III-A-8: Net non-interest income

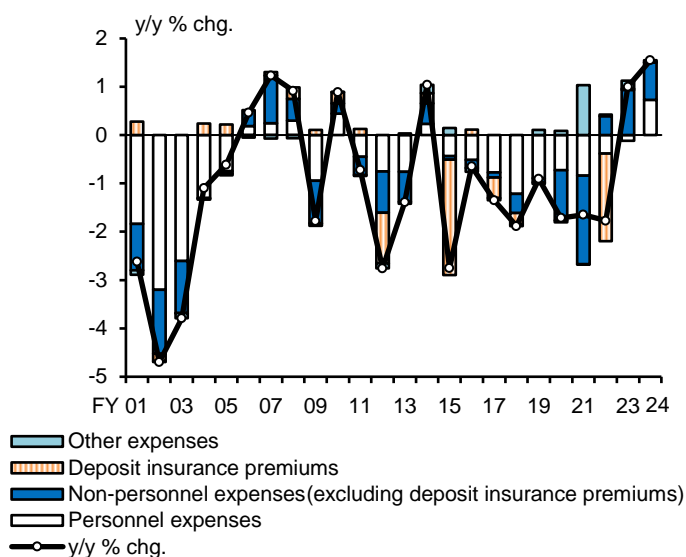


Source: BOJ.

5. General and Administrative Expenses

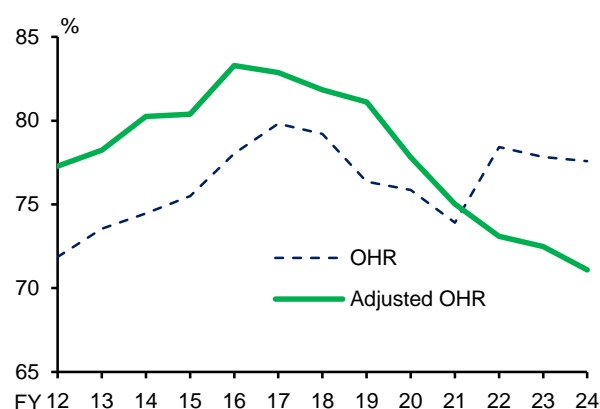
General and administrative expenses increased by 1.5 percent from the previous year due to an increase in both personnel and non-personnel expenses. The adjusted OHR (= overhead costs / core gross operating profits, excluding profits and losses from investment trusts due to cancellations) decreased as core gross operating profits increased.

III-A-9: Decomposition of general and administrative expenses



Source: BOJ.

III-A-10: OHRs



Note: OHR = overhead costs / gross operating profits.
Adjusted OHR = overhead costs / core gross operating profits (excluding profits and losses from investment trusts due to cancellations).

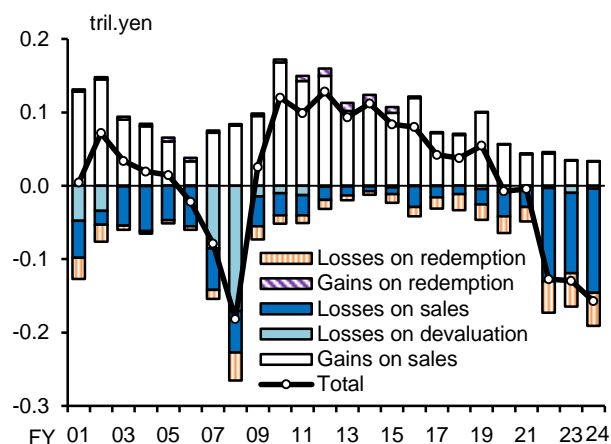
Source: BOJ.

B. Realized and Valuation Gains/Losses on Securities Holdings

1. Realized Gains/Losses on Securities Holdings

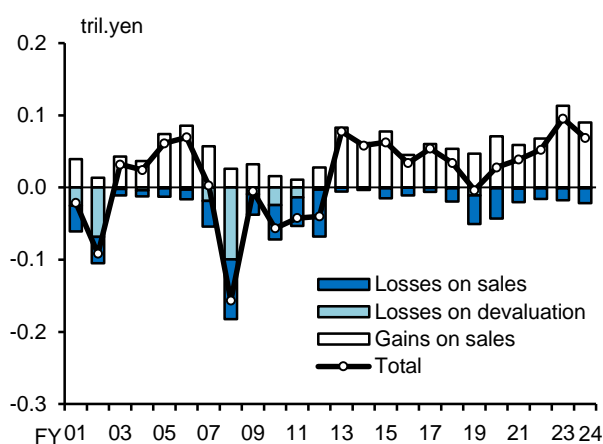
Realized losses on bondholdings increased, mainly due to losses on sales of domestic bonds. Meanwhile, realized gains on stockholdings decreased.

III-B-1: Realized gains/losses on bondholdings



Source: BOJ.

III-B-2: Realized gains/losses on stockholdings

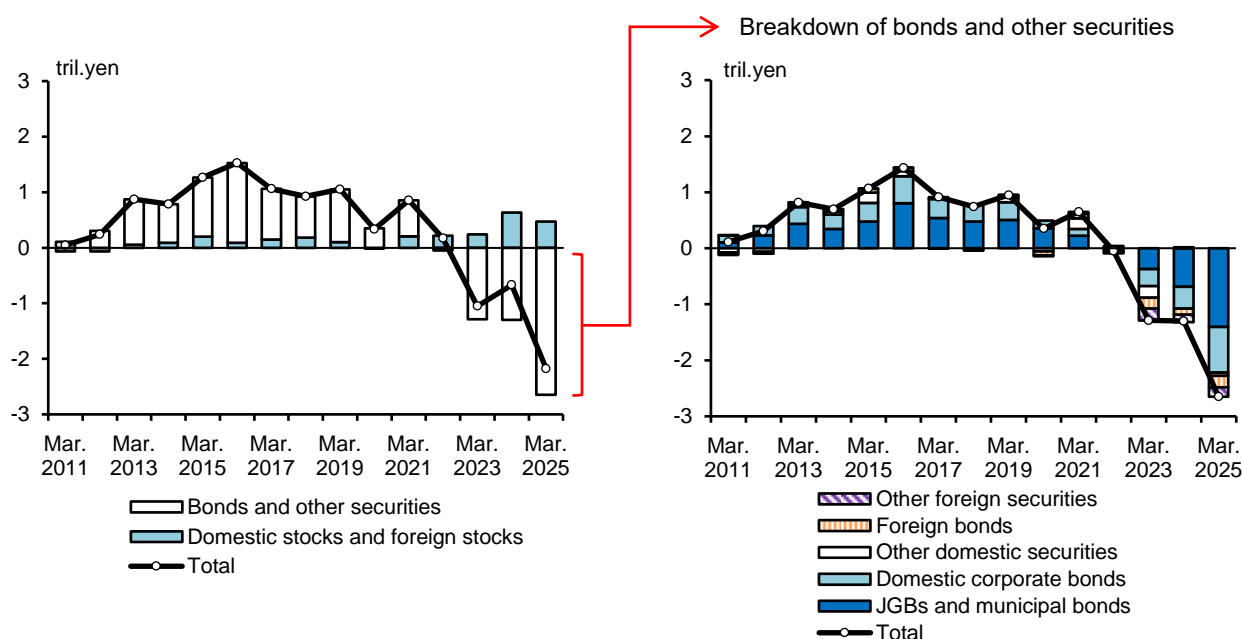


Source: BOJ.

2. Valuation Gains/Losses on Securities Holdings

Valuation losses on available-for-sale securities holdings as of the end of March 2025 increased compared to a year earlier following a rise in valuation losses on bonds and other securities. Meanwhile, valuation losses on bonds and other securities increased, particularly those on domestic bonds, reflecting rising yen interest rates.

III-B-3: Valuation gains/losses on available-for-sale securities holdings



Notes: 1. "Other domestic securities" and "Other foreign securities" include investment trusts and funds.

2. The data are as of month-end.

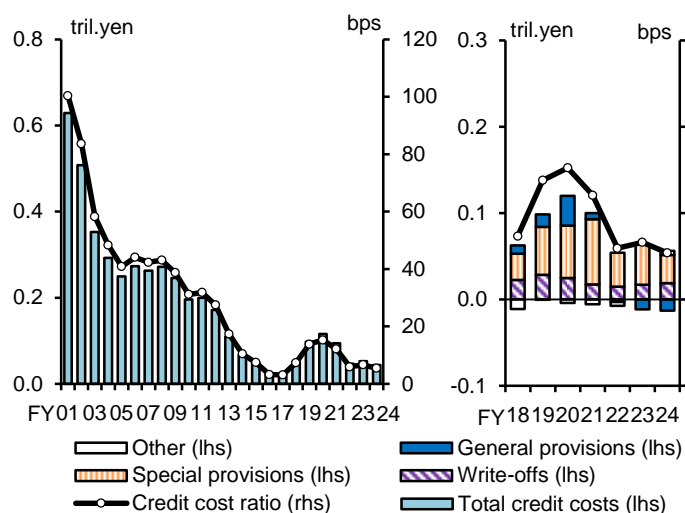
Source: BOJ.

C. Credit Costs and Non-Performing Loans

1. Credit Costs

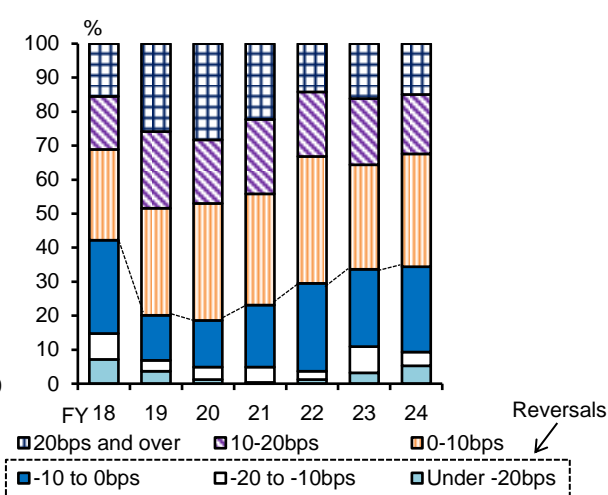
Credit costs remained at a low level while special loan-loss provisions decreased. As a result, the credit cost ratio was 5 basis points (a decrease of 1 basis point from the previous year).

III-C-1: Credit costs and credit cost ratio



Source: BOJ.

III-C-2: Distribution of credit cost ratios

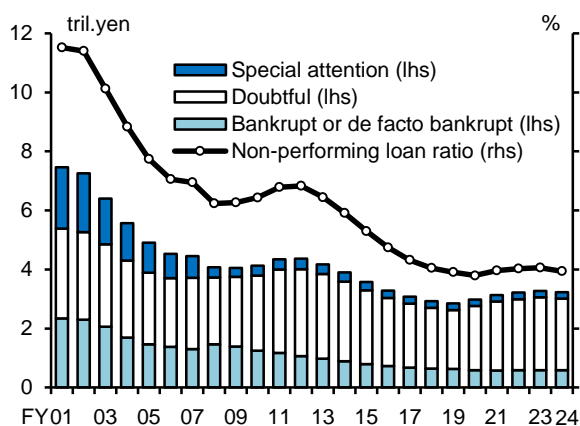


Source: BOJ.

2. Non-Performing Loans

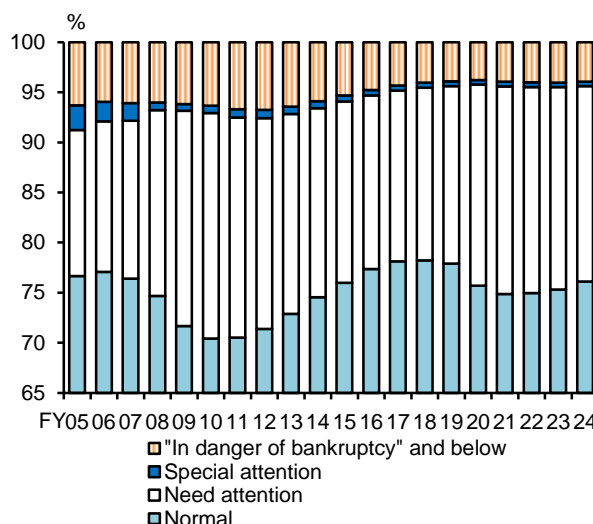
The NPL ratio remained at a low level. While the proportion of outstanding for "need attention excluding special attention" loans declined to some extent, the proportion of outstanding for "normal" loans increased slightly.

III-C-3: Non-performing loans outstanding and non-performing loan ratio



Source: BOJ.

III-C-4: Proportion of loans outstanding by borrower classification



Notes: 1. The data are calculated on a write-off basis.

2. "Need attention" indicates "Need attention excluding special attention."

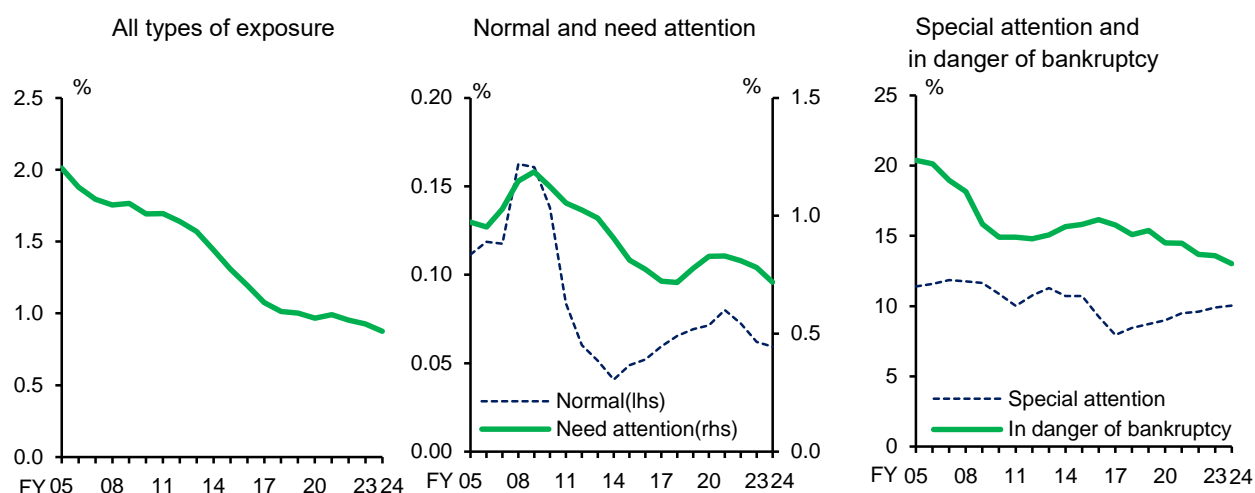
Source: BOJ.

3. Loan-Loss Provisions

(1) Loan-Loss Provision Ratios

The average loan-loss provision ratios for all types of exposure declined to some extent.

III-C-5: Loan-loss provision ratios



Notes: 1. The data include loans to which the discounted cash flow method is applied.

2. The loan-loss provision ratio is calculated by dividing loan-loss provisions by the total amount of claims (not the uncovered amount of claims).

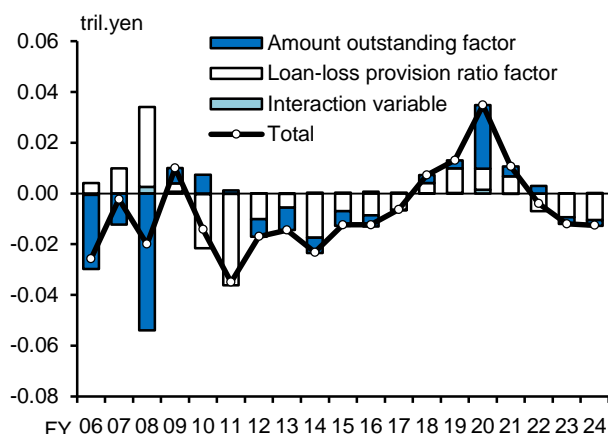
3. "Need attention" indicates "Need attention excluding special attention."

Source: BOJ.

(2) Outstanding Amount of Loan-Loss Provisions

As for the outstanding amount of loan-loss provisions, general provisions decreased due to the decline in loan-loss provision ratios. Meanwhile, special provisions decreased, reflecting the rise in the coverage ratio (i.e., negative contribution of "uncovered loan ratio factor").

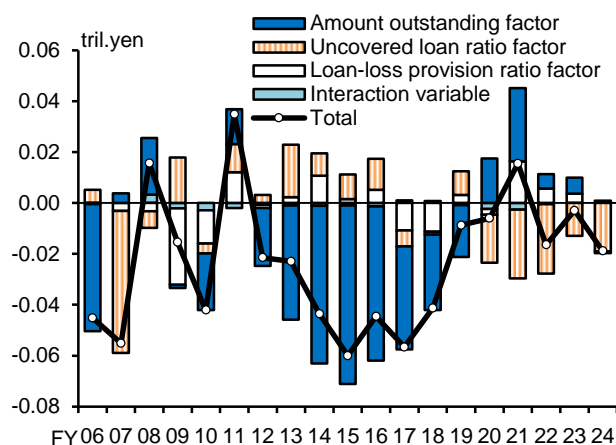
III-C-6: Factors of change in general loan-loss provisions



Note: Each factor represents the sum of the amount calculated by borrower classification.

Source: BOJ.

III-C-7: Factors of change in special loan-loss provisions



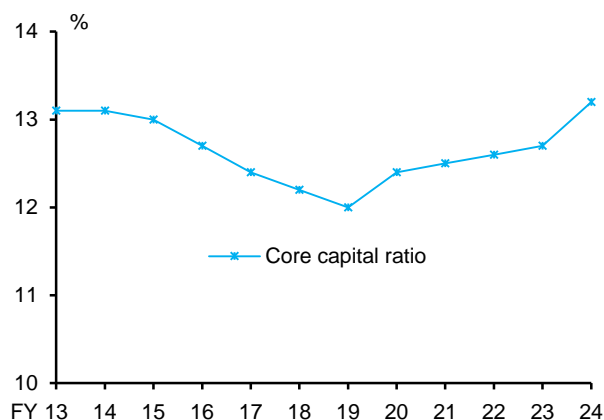
Note: Each factor represents the sum of the amount calculated by borrower classification.

Source: BOJ.

D. Capital Adequacy Ratios

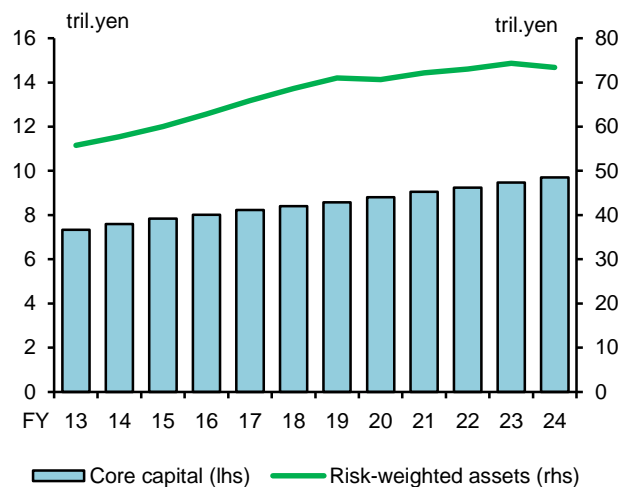
The capital adequacy ratio increased as risk-weighted assets decreased, affected in part by the Basel III finalization, and as retained earnings were accumulated.

III-D-1: Capital adequacy ratios



Source: BOJ.

III-D-2: Capital and risk-weighted assets



Source: BOJ.

Glossary

Financial statements of financial institutions

Net income = operating profits from core business + realized gains/losses on stockholdings + realized gains/losses on bondholdings – credit costs ± others (such as extraordinary gains/losses)

Gross operating profits from core business = core gross operating profits = net interest income + net non-interest income

Operating profits from core business = pre-provision net revenue (PPNR) excluding trading income = net interest income + net non-interest income – general and administrative expenses

Net interest income = interest income – interest expenses

Net non-interest income = net fees and commissions + profits on specified transactions + other operating profits – realized gains/losses on bondholdings

Realized gains/losses on stockholdings = gains on sales of stocks – losses on sales of stocks – losses on devaluation of stocks

Realized gains/losses on bondholdings = gains on sales of bonds + gains on redemption of bonds – losses on sales of bonds – losses on redemption of bonds – losses on devaluation of bonds

Credit costs = loan-loss provisions + write-offs + losses on credit sales – recoveries of write-offs

Credit cost ratio = credit costs / total loans outstanding

Capital adequacy ratios of internationally active banks

Common equity Tier 1 (CET1) capital ratio = CET1 capital / risk-weighted assets

CET1 capital includes common equities and retained earnings.

Tier 1 capital ratio = Tier 1 capital / risk-weighted assets

Tier 1 capital includes CET1 capital and preferred equities that meet certain conditions.

Total capital adequacy ratio = Total capital / risk-weighted assets

Total capital includes Tier 1 capital and subordinated bonds that meet certain conditions.

Capital adequacy ratios of domestic banks

Core capital ratio = core capital / risk-weighted assets

Core capital includes common equities and retained earnings as well as preferred equities that meet certain conditions.