

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

This is an English translation of the full text of the Japanese original released with an English summary on August 14, 2002. Detailed time-series data on Japanese banks' financial statements, a part of which was attached to this article as an annex in previous years, are from this issue released separately from the report with extended coverage of data under the title "Financial Statements of Japanese Banks" (available from the statistics section of the Bank's Internet Web site at <http://www.boj.or.jp/en/index.htm>). For a key to the symbols and abbreviations used in this article, see page 50.

## I. Summary

In fiscal 2001 (April 2001–March 2002), Japanese banks<sup>1</sup> recorded large net loss because they disposed of nonperforming loans (NPLs) and wrote off stocks in a substantial amount (Chart 1). As a result, banks' capital account decreased considerably, and unrealized capital gains on securities fell close to zero with the decline in stock prices. In contrast, consolidated risk-based capital adequacy ratios of internationally active banks remained in the range of 10 to 11 percent.

Operating profits from core business<sup>2</sup> increased from the previous year and marked 5.5 trillion yen in fiscal 2001, which was close to the historical high of 5.6 trillion yen in fiscal 1995. This was because the increase in net interest income on international operations and the continued reduction in general and administrative expenses exceeded the slight decline in net interest income on domestic operations, which accounts for a large proportion of operating income.

Net interest income on domestic operations decreased slightly owing to the fall in the volume of lending and the narrowing of interest margins on securities. Net fees and commissions were generally level from the previous year as the increase in lending-related fees and commissions was offset by an increase in the cost of business streamlining and outsourcing. General and administrative expenses declined despite a slight increase in premises and equipment expenses, as there was a greater reduction in personnel expenses than the previous year.

The amount of NPL disposal surged to 9.7 trillion yen from 6.1 trillion yen in the previous year due to the increase in special loan-loss provisions (SLP) made for loans to large borrowers at major banks. The amount exceeded operating profits from core business for the eighth consecutive year since fiscal 1994. The amount outstanding of NPLs reached 43.2 trillion yen, exceeding the level of the previous year, as major banks adopted stricter self-assessment criteria for their loans and broadened the definition of "loans requiring special attention."

Net stock-related losses recorded a historical high due to the decline in stock prices and banks' adoption of a more conservative impairment procedure for securities.

Unrealized capital gains on securities on a net basis were almost nil due to the fall in stock prices, and earned surplus decreased due to large net loss. In contrast, the consolidated risk-based capital adequacy ratios of internationally active banks remained in the range of 10 to 11 percent. This was because of the decrease in both the denominator (risk-adjusted assets) and the numerator (capital bases, which fell due to large net loss) in calculating the ratios.

In fiscal 2001, Japanese banks considerably reduced their risks in management by pressing forward with the disposal of NPLs and write-offs of stocks.

Nevertheless, banks still face challenges. They continue to hold a significant amount of NPLs and stocks. Many major banks had used up most of their financial buffer, that is, unrealized capital gains on domestic securities and on stocks held by their foreign subsidiaries, to sustain their financial strength. An increasing number of regional banks and regional banks II were unable to generate enough profits to pay out dividends.

Under the circumstances, Japanese banks have no option but to enhance their profitability in order to maintain financial strength, while disposing of newly emerging NPLs. Possible options for banks are expansion of interest margins on lending, and reduction of general and administrative expenses taking advantage of bank consolidations.

## II. Profits<sup>3</sup>

### A. Operating Profits from Core Business

Operating profits from core business increased from the previous year and marked 5.5 trillion yen in fiscal 2001, which was close to the historical high of 5.6 trillion yen in fiscal 1995 (charts 2 and 3). This was because net interest income on international operations<sup>4</sup> of city banks, long-term credit banks, and trust banks increased reflecting (1) an increase in interest margins mainly due to the expanded spread between long- and short-term interest rates in the United States, and (2) an increase in dividends received from their overseas subsidiaries.

1. See Note 1 to Chart 1 for the definition of Japanese banks.

2. In this report, the Bank uses "operating profits from core business," which is roughly the sum of "profits/losses from interest-earning assets" and "profits/losses from fees and commissions" minus "general and administrative expenses," to show the fundamental profitability of banks.

3. See Chapter III for the amount of NPL disposal.

4. In this article, profits on international operations are defined as overall profits minus profits on yen transactions of domestic accounts.

## 1. Net interest income on domestic operations

Net interest income on interest-earning assets for domestic operations, which accounts for a large proportion of gross operating profits from core business, decreased slightly from the previous year (charts 3 and 4). This reflected the fall in the volume of lending with relatively large interest margins, and the narrowing of interest margin on securities.

The annual average balance of interest-earning assets for domestic operations rose slightly as a whole (Chart 5). This was because the increase in securities, which mainly reflected increased investment in bonds, was larger than the decrease in loans.

The decline in loans was attributable to a decrease in demand for funds reflecting the sluggish economic activity and the significant drop in credit extended to firms due to an increase in liquidation of loan assets. Lending to individuals, in contrast, was firm.

The stockholdings of banks fell to 39.7 trillion yen (book value, average amount outstanding) in fiscal 2001 from 43.5 trillion yen in fiscal 2000. This was primarily due to unwinding of long-term cross-shareholdings by city banks, long-term credit banks, and trust banks.

The overall interest margin on domestic operations in banking accounts declined to 1.446 percent in fiscal 2001 from 1.482 percent in fiscal 2000. This was attributable to the narrowing of interest margin on securities, i.e., the difference between yields on securities and interest rates on deposits, which fell to 0.902 percent in fiscal 2001 from 0.924 percent in fiscal 2000. Interest margin on lending, i.e., the difference between yields on lending and interest rates on deposits, remained more or less unchanged, recording 1.756 percent in fiscal 2001 against 1.755 percent in fiscal 2000.

Trends in the overall interest margin by type of banks were as follows (Chart 6). The overall interest margin remained around the previous year's level for city banks, long-term credit banks, and trust banks. Meanwhile, it declined slightly on average for regional banks and regional banks II, reflecting the downtrend in interest margin on securities caused by the redemption of high-yield bonds.

## 2. Net fees and commissions on domestic operations

Net fees and commissions on domestic operations<sup>5</sup> were generally level from the previous year (Chart 7). Profits increased particularly in lending-related fees and commissions for the arrangement of syndicated loans and for commitment-line lending contracts, but they were offset by a rise in expenses, for example in the cost of streamlining and outsourcing of business operations such as asset management<sup>6</sup> at some banks.

## 3. General and administrative expenses

General and administrative expenses declined despite a slight increase in premises and equipment expenses, as there was a greater reduction in personnel expenses than the previous year (charts 8 and 9).

The slight increase in premises and equipment expenses reflected a rise in deposit insurance premiums following the expansion of the coverage of deposit insurance,<sup>7</sup> which outweighed the reduction in costs particularly from consolidation of branches (Chart 10).

The annual decline in personnel expenses accelerated to 4.4 percent in fiscal 2001 from 2.6 percent in fiscal 2000. This mainly resulted from the reduction in the number of employees through the promotion of early retirement and transfers to affiliated companies, while recruitment of new graduates continued to decrease. Annual salary per employee rose, on the other hand, reflecting the increasing proportion of employees in the higher age groups (Chart 11). The level of annual salary in most age groups declined.

## B. Net Bond-Related Gains/Losses

Net bond-related gains in fiscal 2001 maintained the level of the previous year, recording 0.4 trillion yen (Chart 12). Banks sold bonds to realize capital gains, although there were no large fluctuations in long-term interest rates.

## C. Net Stock-Related Gains/Losses

Net stock-related losses recorded a historical high of 2.4 trillion yen in fiscal 2001 (Chart 13). This was because (1) gains on stock-selling operations fell sharply to 0.2 trillion yen in 2001 from 2.3 trillion yen

5. Net interest income on loan trusts and that from jointly managed money trusts with agreements to compensate for losses on principal are included in net interest income on domestic operations, and therefore excluded here.

6. Asset management includes administrative services related to (1) custody services for stocks, (2) pension funds, (3) other entrusted assets, and (4) securitization of assets.

7. From April 2001, the range of insured instruments was expanded to include deposits of public funds and bank debentures.

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in 2000, reflecting weak stock prices, and (2) banks wrote off stocks in a substantial amount, 2.5 trillion yen in 2001 against 0.7 trillion yen in fiscal 2000, following banks' adoption of a more conservative impairment procedure for securities.<sup>8</sup> It was the second time net stock-related losses were recorded, after the small loss of 0.1 trillion yen in fiscal 1992.

## D. Recurring Profits/Losses and Net Income/Loss

Large recurring losses and net loss were recorded in fiscal 2001 (Chart 14). This was attributable to net stock-related losses recorded against the background of weak stock prices, in addition to the substantial amount of disposal of NPLs by city banks, long-term credit banks, and trust banks, which exceeded operating profits from core business.

Net loss was recorded by all city banks, long-term credit banks, and trust banks, and 40 percent of regional banks and regional banks II.

## III. NPLs

### A. The Amount of NPL Disposal<sup>9</sup>

The amount of NPL disposal surged to 9.7 trillion yen from the previous year, due to a significant increase in the amount of disposal by city banks, long-term credit banks, and trust banks, bringing the cumulative total from fiscal 1991 to 2001 to 78 trillion yen (charts 15, 16, and 17).<sup>10</sup> The amount of disposal in fiscal 2001 exceeded operating profits from core business for the eighth consecutive year.

Interest margins on lending continued to be insufficient to cover the credit cost of lending (Chart 18) as calculated based on deducting expense

and realized credit cost (Chart 17) from interest margins on lending.<sup>11</sup> City banks, long-term credit banks, and trust banks recorded large losses, while regional banks and regional banks II recorded small losses close to zero.

City banks, long-term credit banks, and trust banks disposed of a substantial amount of NPLs against the background of the following two factors. First, SLP made for loans to large borrowers at major banks, or net transfers to SLP, and losses from extension of financial assistance increased after the special inspections conducted by the Financial Services Agency (FSA). Second, allowance for possible loan losses (APLL) increased as major banks broadened the definition of "loans requiring special attention" (Chart 19).

Regional banks and regional banks II also disposed of a larger amount of NPLs than the previous year. This was because they adopted stricter debtor categorization for loans amid a continued sluggishness in regional economies.

The loan-loss provision ratio<sup>12</sup> for loans to "normal" borrowers and borrowers that "need attention" rose from a year earlier, as a result of revision of the method of calculating the ratio and the debtor categories. The ratio for loans to borrowers "in danger of bankruptcy," classified as category III assets, remained slightly lower than 70 percent for city banks, long-term credit banks, and trust banks (Chart 20).

### B. The Amount Outstanding of NPLs<sup>13</sup>

The amount outstanding of NPLs (assets disclosed under the Financial Reconstruction Law; hereafter

8. Based on an exceptional arrangement, the impairment procedure was applied from fiscal 2001 to deposit-taking financial institutions that have in their securities holdings a large amount of securities whose market value has fallen by less than 50 percent but at least 30 percent. (By contrast, firms are required to adopt the procedure from fiscal 2000 for their securities whose market value has fallen by less than 50 percent but at least 30 percent, if price recovery is judged unlikely.) Both firms and banks are required to adopt the procedure since 2000 for their securities whose market value has fallen by 50 percent or more from their acquisition cost. These guidelines were based on "Practical Guidelines Concerning Accounting for Financial Instruments," released by the Japanese Institute of Certified Public Accountants (JICPA).

9. The total of net transfers to loan-loss provisions and loan write-offs recorded in fiscal 2001. This excludes transfers from loan-loss provisions before fiscal 2001, as they were recorded at the time of the transfer.

10. The cumulative total of disposal from fiscal 1991 to 2001 amounted to approximately 90 trillion yen, including data for bankrupt banks.

11. Here, expense and realized credit cost are calculated as follows:

Expense ratio = general and administrative expenses/average annual balance of interest-bearing assets.

Realized credit cost = NPL disposal/the average amount outstanding of loans.

12. The loan-loss provision ratio for loans to "normal" borrowers and borrowers that "need attention" is the ratio of APLL to the amount outstanding of loans. The ratio for loans to borrowers "in danger of bankruptcy" is the ratio of APLL to loans unsecured by prime collateral or real estate that are classified as category III.

13. By law, two sets of figures are released for the amount of NPLs held by Japanese financial institutions: (1) risk management loans disclosed under the Banking Law, and (2) assets disclosed under the Law concerning Emergency Measures for the Reconstruction of the Functions of the Financial System, generally referred to as the Financial Reconstruction Law (FRL). These two sets of data are very similar in some respects, but differ in loan categorization to some extent and in the coverage of assets (the latter covers a wider range). For details, see Box 1 of "Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2000 and Banks' Management Tasks" in the November 2001 issue of the *Bank of Japan Quarterly Bulletin*, available also on the Bank's Web site (<http://www.boj.or.jp/en/index.htm>).

the FRL) was 43.2 trillion yen at end-March 2002, an increase of almost 30 percent, or 9.6 trillion yen, from end-March 2001 (charts 21 and 22). City banks, long-term credit banks, and trust banks accounted for about 90 percent of the increase.

By asset category, risk assets, equivalent to loans to borrowers classified as “in danger of bankruptcy” under the self-assessment framework, increased from the previous year due partly to the results of special inspections conducted by the FSA. In addition, loans requiring “special attention” increased significantly as the scope of the definition of restructured loans, which account for a large proportion of loans requiring “special attention,” was broadened.

The amount outstanding of NPLs by industry shows that almost 80 percent of the total is in loans to the real estate, wholesaling and retailing, services, and construction industries, all of whose level of debts is excessive relative to their cash flow (charts 23 and 24). In these industries, risk management loans as a proportion of total loans surged during fiscal 2001, especially for city banks, long-term credit banks, and trust banks.

### C. Removal of NPLs from Balance Sheets at City

#### Banks, Long-Term Credit Banks, and Trust Banks

The amount outstanding of loans to be removed from balance sheets, i.e., loans to “bankrupt” borrowers, “effectively bankrupt” borrowers, and borrowers “in danger of bankruptcy,” increased to 15.4 trillion yen at end-March 2002 for city banks, long-term credit banks, and trust banks (Chart 25). Loans worth 5.1 trillion yen were removed from balance sheets, but new loans worth 8.9 trillion yen were classified as belonging to the above categories in fiscal 2001.

Most of the above 15.4 trillion yen was secured by collateral, guarantees, or the like, depending on the type of asset. In nonclassified loans (loans not classified in categories II–IV; see Reference 1 on page 25 for details) totaling 6.1 trillion yen, 1.7 trillion yen was secured by prime collateral or

other means and 4.4 trillion yen by SLP. In loans classified as category II, 7.0 trillion yen was secured by normal collateral and guarantees, such as real estate. The amount unsecured by collateral, or loans classified as category III, was 2.3 trillion yen.

City banks, long-term credit banks, and trust banks are required to remove loans to “bankrupt” borrowers, “effectively bankrupt” borrowers, and borrowers “in danger of bankruptcy” from their balance sheets within the next two to three years. In addition, the FSA released “Measures for Developing Stronger Financial System” in April 2002 to lay down clear guidelines for the schedule of the removal of NPLs from balance sheets (see Box 1 on pages 21–22). According to the guidelines, loans worth about 10 trillion yen need to be removed from balance sheets in fiscal 2002. Banks will have to push forward with the removal of NPLs from their balance sheets, considering that the amount of NPLs removed from balance sheets in fiscal 2001 was 5.1 trillion yen.

Among the methods of the removal of NPLs from balance sheets, the use of loan sales to markets increased recently, and this method has become the most accepted means (Chart 26).

## IV. Financial Strength

### A. Capital and Unrealized Capital Gains

The financial strength<sup>14</sup> of city banks, long-term credit banks, and trust banks weakened from a year earlier, as unrealized capital gains on securities changed to net loss, and earned surplus decreased due to large net loss (Chart 27). In addition, capital and legal reserves fell significantly as a result of accounting treatment following some bank consolidations.

The financial strength of regional banks and regional banks II also weakened from a year earlier, due to a decrease in unrealized capital gains on securities, and a decline in earned surplus as these banks disposed of a substantial amount of NPLs.

Deferred tax assets<sup>15</sup> increased from a year earlier to 8.0 trillion yen at end-March 2002 from 5.3 trillion yen at end-March 2001 for city banks, long-term credit

14. The financial strength of banks is measured by the total of capital and legal reserves (excluding public funds), earned surplus, unrealized capital gains/losses on securities, and unrealized capital gains on landholdings (for banks that revalued their landholdings). Unrealized capital gains/losses on securities are the difference between the market value and acquisition cost; those on bonds are the difference between the market value and amortized cost; and those on landholdings are the sum of the revaluation differences, deferred tax liabilities relating to the revaluation, and unrealized capital losses on landholdings after revaluation. Tax is deducted from the figures for all capital gains. When banks acquire bonds (or any assets) at a cost higher/lower than the face value, the difference between the acquisition cost and the face value is adjusted in interest income/expenses. Amortized cost is calculated by adding/subtracting such interest income/expenses to/from the acquisition cost (accumulation and amortization).

15. In tax-effect accounting, the expected value of tax reduction is recorded in “deferred tax assets.” An example of such reduction is a change in the definition of tax deductible loan-loss provisioning, i.e., an asset that was previously nondeductible becomes deductible. The

banks, and trust banks, and to 2.6 trillion yen at end-March 2002 from 1.8 trillion yen at end-March 2001 for regional banks and regional banks II. An increase in unrealized capital losses on securities and in nondeductible loan-loss provisioning contributed to the growth in deferred tax assets.

At some city banks, long-term credit banks, and trust banks, the value recorded in deferred tax assets almost reached the maximum limit allowed under the accounting rules.<sup>16</sup> As a result, a fall in stock prices or an increase in nondeductible loan-loss provisioning would have a larger impact on the risk-based capital adequacy ratio and profits available for dividends of these banks. (For further details, see Box 2 on pages 23–24.)

## B. Unrealized Capital Gains/Losses on Stocks

Unrealized capital losses on stocks at city banks, long-term credit banks, and trust banks expanded at end-September 2001 partly due to a fall in stock prices, but contracted thereafter due to a slight recovery in stock prices and an increase in stock write-offs (Chart 28). Specifically, unrealized capital losses for these banks were 0.3 trillion yen at end-March 2001, 3.5 trillion yen at end-September 2001, and 1.3 trillion yen at end-March 2002.

Unrealized capital gains on stocks at regional banks and regional banks II remained at around 1 trillion yen.

## C. Risk-Based Capital Adequacy Ratios

The average consolidated risk-based capital adequacy ratio of internationally active banks<sup>17</sup> at end-March 2002 was 10.58 percent at end-March 2002 against 11.03 percent at end-March 2001 (Chart 29). This was because the effect of two positive factors, the decrease in risk-adjusted assets such as loans and stocks and the increase in capital through issuance of preferred subscription certificates via overseas special purpose companies (SPCs), outweighed the effect of the decrease in earned surplus in Tier I capital due to large net loss.

Banks not active internationally registered a ratio of 8.97 percent at end-March 2002 against 9.58 percent at end-March 2001. The ratio declined slightly from the previous year due to a fall in earned surplus.

## D. A Breakdown of Regulatory Capital

A breakdown of regulatory capital shows that the value of Tier I capital equivalent to deferred tax assets increased while items in capital accounts, such as capital and earned surplus, declined (Chart 30). As a result, the value of capital equivalent to deferred tax assets accounted for 41.5 percent of Tier I capital and 44.6 percent of the capital account at internationally active banks on a nonconsolidated basis.<sup>18</sup>

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value is recorded in deferred tax assets, and as a result, earned surplus in the capital account increases by the same amount. The effect of tax reduction does not show immediately, because the value of the reduction is not returned as a refund. Instead, the value is subtracted from taxable income in the future, and therefore, the effect does not show when the taxable income at that time in the future is smaller than the value recorded in deferred tax assets. On this issue, the JICPA published rules for calculating and recording deferred tax assets taking into account taxable income in past years, in its report titled "Judgment on Recoverability of Deferred Tax Assets," released in November 1999. A large number of banks adopted the rules and limit the value recorded in deferred tax assets to a maximum of five years' worth of taxable income.

16. Normally, "net unrealized losses on non-trading securities available for sale, net of taxes" on the balance sheet equals "unrealized capital losses on securities" multiplied by "1 minus the statutory effective tax rate," and deferred tax assets on "unrealized capital losses on securities" equal "unrealized capital losses on securities" multiplied by the statutory effective tax rate. However, if "net unrealized losses on non-trading securities available for sale, net of taxes" on the balance sheet exceeded "unrealized capital losses on securities" multiplied by "1 minus the statutory effective tax rate," deferred tax assets on "unrealized capital losses on securities" cannot be registered to the maximum limit allowed, which is "unrealized capital losses on securities" multiplied by the statutory effective tax rate. This is because there is a limit on the registration of taxable income in the future, which is estimated based on past income.

17. At end-March 2002, 20 banks were subject to the international standard and 109 banks to the domestic standard.

18. The proportion of deferred tax assets to Tier I capital and to the capital account was 44.4 percent and 47.1 percent for city banks, long-term credit banks, and trust banks, and 25.0 percent and 21.5 percent for regional banks and regional banks II.



Chart 1

Selected Items from Japanese Banks' Financial Statements<sup>1</sup>

tril. yen

FY	1998	99	2000	01
Operating profits from core business <sup>2</sup>	4.8	5.0	4.7	5.5
Net bond-related gains/losses <sup>3</sup>	0.9	-0.1	0.4	0.4
Net transfers to allowance for possible loan losses (APLL)	-1.6	-0.1	-0.3	-1.2
<b>Operating profits</b>	<b>3.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>
Net stock-related gains/losses <sup>4</sup>	0.8	3.8	1.5	-2.4
Loan-loss provisions and loan write-offs <sup>5</sup>	-11.6	-5.7	-5.6	-8.4
<b>Recurring profits/losses</b>	<b>-7.2</b>	<b>2.4</b>	<b>0.5</b>	<b>-6.5</b>
<b>Net income/loss</b>	<b>-4.4</b>	<b>0.9</b>	<b>-0.1</b>	<b>-4.9</b>
<b>Disposal of nonperforming loans (NPLs)</b>	<b>-13.6</b>	<b>-6.1</b>	<b>-6.1</b>	<b>-9.7</b>
<b>Amount outstanding of NPLs<sup>6</sup></b>	<b>33.9</b>	<b>31.8</b>	<b>33.6</b>	<b>43.2</b>
<b>Capital account</b>	<b>33.6</b>	<b>35.1</b>	<b>36.5</b>	<b>29.1</b>
<b>Unrealized capital gains/losses on securities<sup>7</sup></b>	<b>5.2</b>	<b>10.8</b>	<b>2.6</b>	<b>0.3</b>
<b>Consolidated risk-based capital adequacy ratios of internationally active banks (%)</b>	<b>11.4</b>	<b>11.7</b>	<b>11.0</b>	<b>10.5</b>

Notes: 1. The number of all Japanese banks or "All Banks" was 135 at end-March 2002: seven city banks; three long-term credit banks; five trust banks (excluding foreign-owned trust banks and trust banks that started business after October 1993); 64 member banks of the Regional Banks Association of Japan (hereafter regional banks); and 56 member banks of the Second Association of Regional Banks (hereafter regional banks II). Figures for Japanese banks in this article, however, cover data for 129 banks (13 city banks, long-term credit banks, and trust banks; 64 regional banks; and 52 regional banks II) on a nonconsolidated basis and exclude data for the following six banks: Shinsei Bank (formerly Long-Term Credit Bank of Japan), Aozora Bank (formerly Nippon Credit Bank), Tokyo Star Bank (formerly Tokyo Sowa Bank), Kansai Sawayaka Bank (formerly Kofuku Bank), Chubu Bank, and Ishikawa Bank. Unless otherwise noted, figures include profits/losses of the former Tokai Bank during April 1, 2001–January 14, 2002.

2. Operating profits from core business = operating profits (profits/losses – expenses) – net bond-related gains/losses + APLL + loan write-offs in trust accounts.
3. Net bond-related gains/losses = gains on bond-selling operations + gains from redemption of bonds – losses from bond-selling operations – losses from redemption of bonds – write-offs of bonds.
4. Net stock-related gains/losses = gains on stock-selling operations – losses from stock-selling operations – stock write-offs.
5. Loan-loss provisions and loan write-offs = loan write-offs (direct write-offs) + net transfers to special loan-loss provisions (SLP) + net transfers to the APLL on special overseas loans.
6. Figures released by the Financial Services Agency (FSA). Assets disclosed under the Law concerning Emergency Measures for the Reconstruction of the Functions of the Financial System of 1998; hereafter referred to as the Financial Reconstruction Law or FRL.
7. Unrealized capital gains/losses on securities = market value – acquisition cost (amortized cost in case of debentures).

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 2  
Operating Profits from Core Business

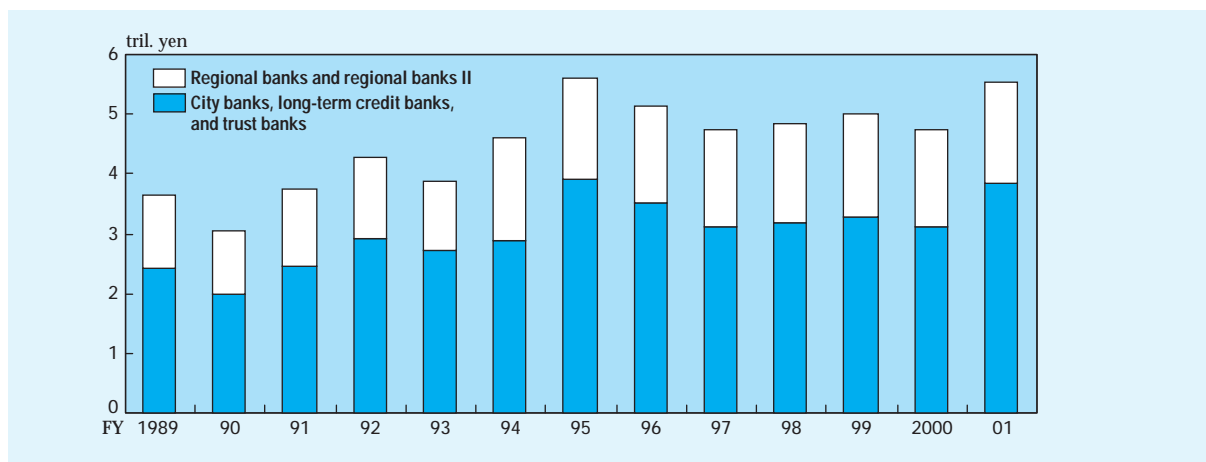


Chart 3  
Breakdown of Gross Operating Profits from Core Business<sup>1</sup>

	FY 2000	FY 2001	y/y chg.	Domestic operations		International operations	
					y/y chg.		y/y chg.
<b>Gross operating profits from core business</b>	11.7	12.4	+0.7	10.4	-0.1	2.0	+0.7
Net interest income	9.7	10.2	+0.5	9.0	-0.1	1.2	+0.6
Net fees and commissions	1.5	1.5	+0.0	1.3	-0.0	0.2	+0.0
Profits on specified transactions	0.3	0.4	+0.1	0.1	+0.0	0.3	+0.0
Other operating profits	0.2	0.3	+0.1	0.0	+0.0	0.3	+0.1
<b>General and administrative expenses</b>	7.0	6.9	-0.1	6.2	-0.1	0.7	+0.0
<b>Operating profits from core business</b>	4.7	5.5	+0.8	4.2	+0.1	1.4	+0.7

Note: 1. Gross operating profits from core business = operating profits from core business + general and administrative expenses.

Chart 4  
Breakdown of Interest-Earning Assets for Domestic Operations<sup>1</sup>

	Average amount outstanding (tril. yen)	y/y chg. (tril. yen)	Interest margin <sup>2</sup>		Contribution to net interest income (tril. yen)
			(%)	y/y chg. (%)	
<b>Interest-earning assets for domestic operations</b>	614.8	+2.3	1.446	-0.036	-0.11
Loans	433.7	-8.5	1.756	+0.001	-0.09
Securities	142.0	+2.5	0.902	-0.022	-0.02
Bonds	95.3	+6.9	0.848	-0.152	-0.02
Stocks	39.7	-3.9	1.109	+0.292	+0.00
Others	39.1	+8.3	—	—	-0.00

Notes: 1. Annual average balance of the total of banking and trust accounts.

2. In banking accounts. Domestic operations. Excludes interest expense on interest swaps.



Chart 5  
Annual Average Balance of Interest-Earning Assets for Domestic Operations

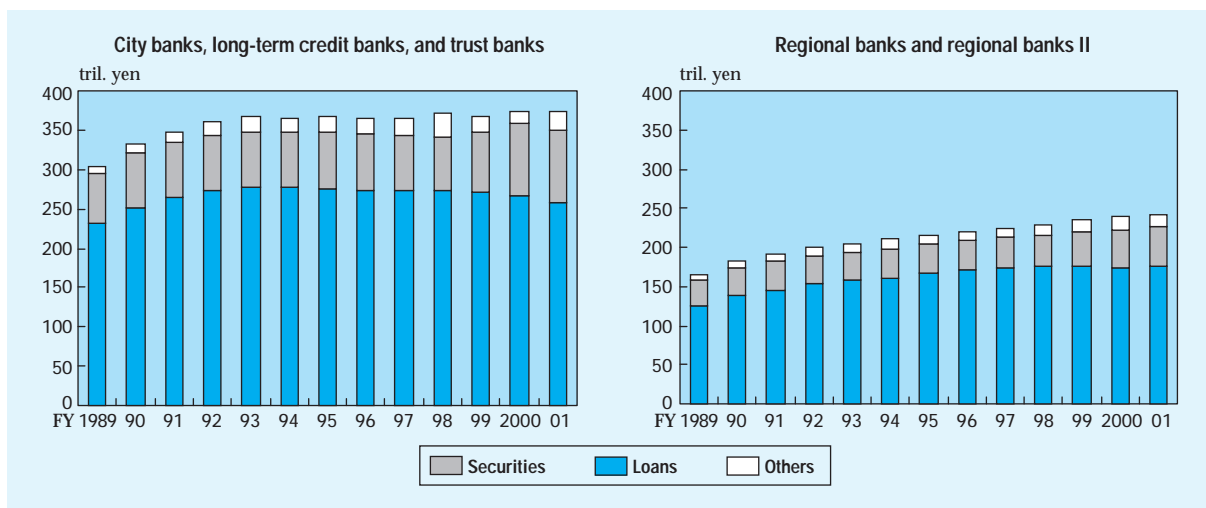


Chart 6  
Overall Interest Margin<sup>1</sup>

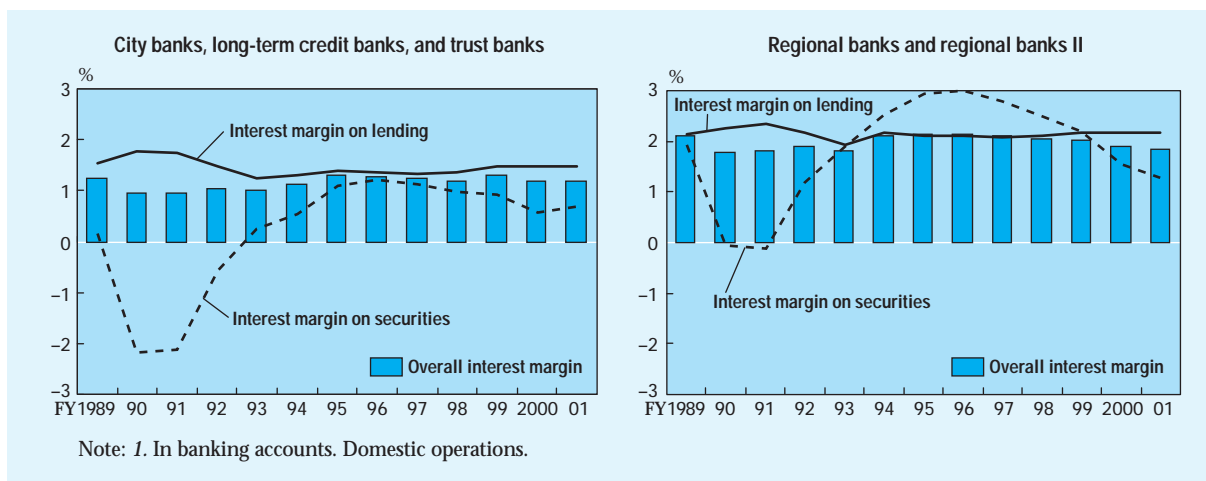


Chart 7  
Breakdown of Net Fees and Commissions  
tril. yen

	Total	y/y chg.	Domestic operations	y/y chg.	Inter-national operations	y/y chg.
	<b>Net fees and commissions</b>	1.5	+0.0	1.3	-0.0	0.2
<b>Profits</b>	2.2	+0.1	1.9	+0.1	0.3	-0.0
<b>Expenses</b>	0.7	+0.1	0.6	+0.1	0.1	-0.0

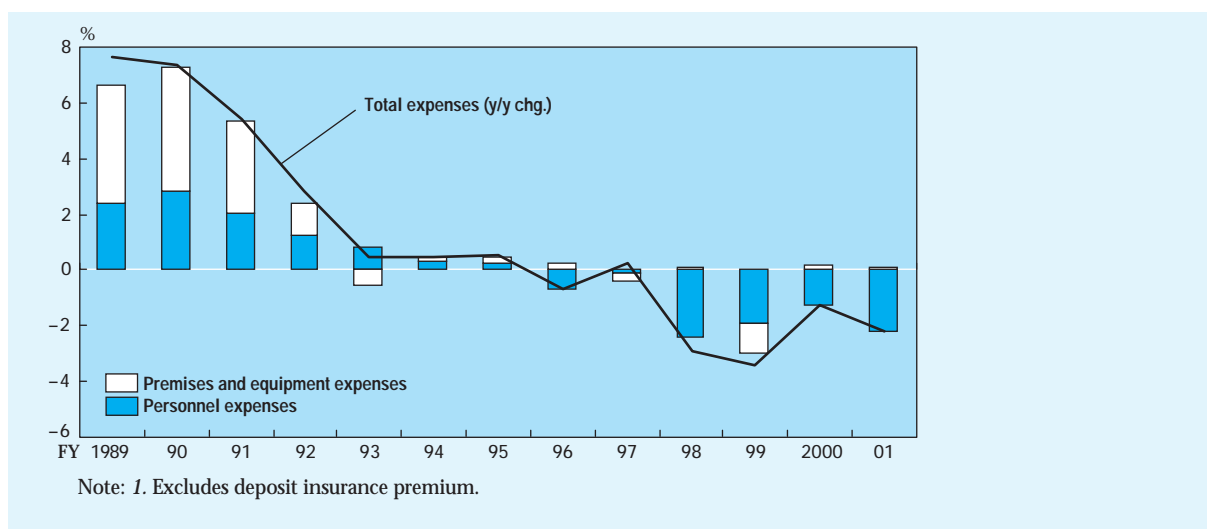
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**Chart 8**  
General and Administrative Expenses

tril. yen; figures in parentheses indicate changes from the previous year

	Total of general and administrative expenses	Personnel expenses	Premises and equipment expenses	Deposit insurance premium
<b>All Banks</b>	6.9 (-0.12)	3.1 (-0.14)	3.4 (+0.03)	0.4 (+0.03)
City banks, long-term credit banks, and trust banks	3.6 (-0.06)	1.4 (-0.08)	2.0 (+0.03)	0.2 (+0.01)
Regional banks and regional banks II	3.3 (-0.06)	1.7 (-0.06)	1.4 (+0.01)	0.2 (+0.01)

**Chart 9**  
Major Components of General and Administrative Expenses<sup>1</sup>



**Chart 10**  
Reduction in the Number of Employees and Branches

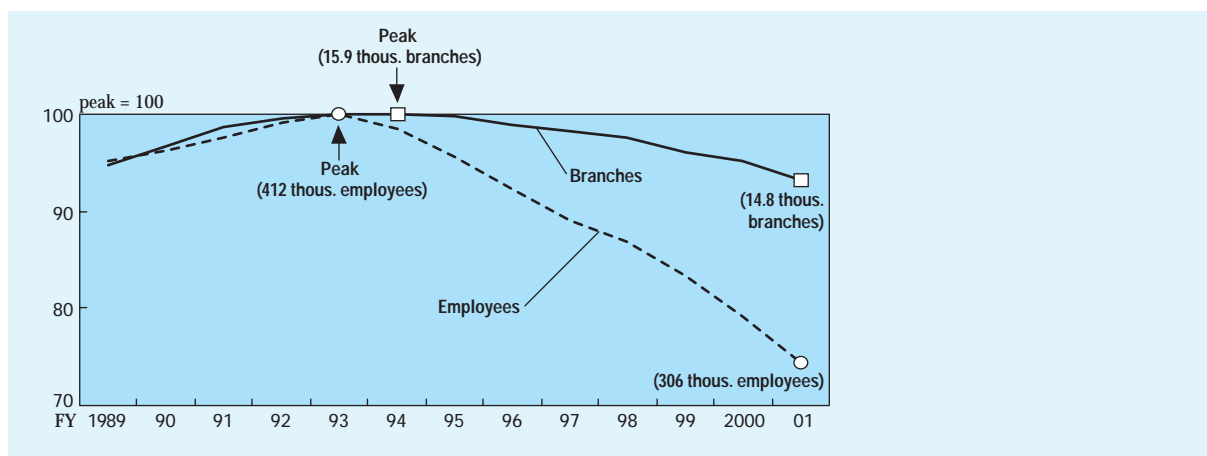
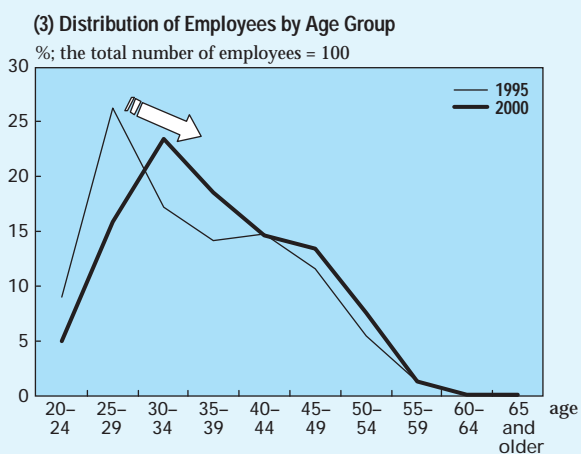
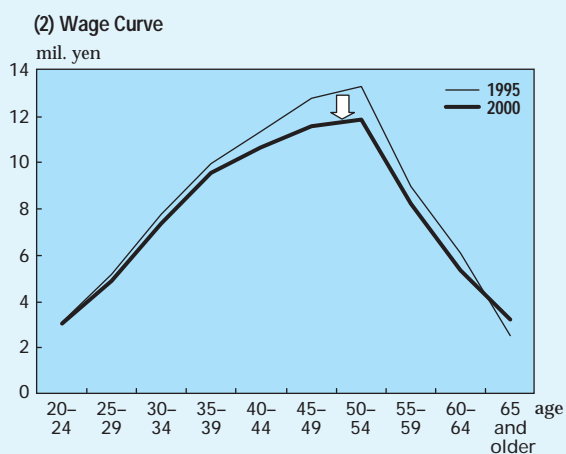
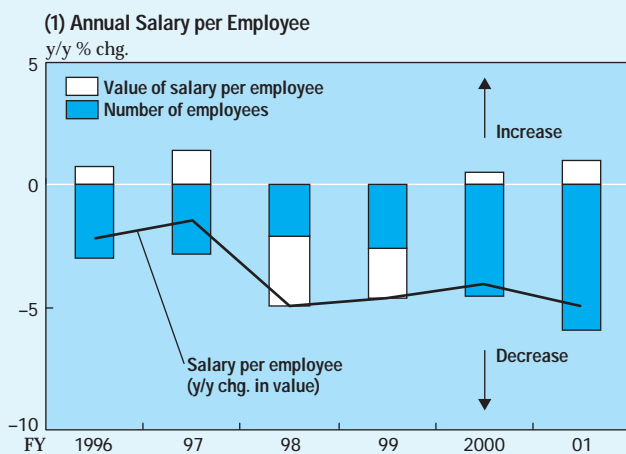


Chart 11  
Personnel Expenses<sup>1</sup>



Note: 1. Samples are salaries of male university graduates working for banks (including trust banks).  
Source: Ministry of Health, Labour and Welfare, "Basic Survey on Wage Structure."

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 12  
Net Bond-Related Gains/Losses

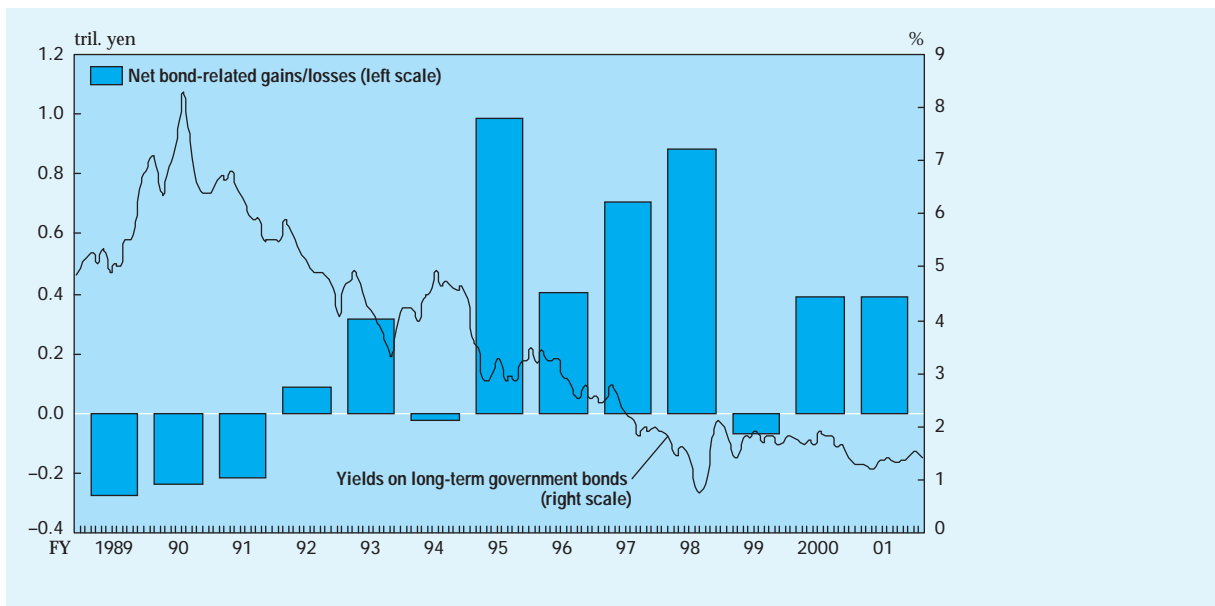


Chart 13  
Net Stock-Related Gains/Losses

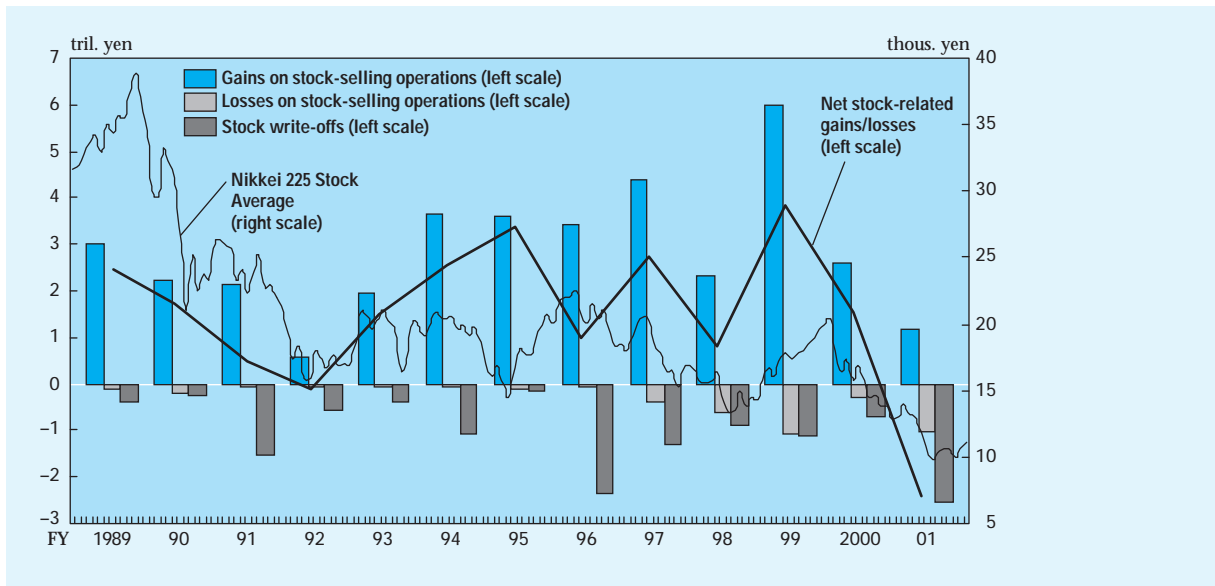


Chart 14  
Recurring Profits/Losses and Net Income/Loss  
bil. yen

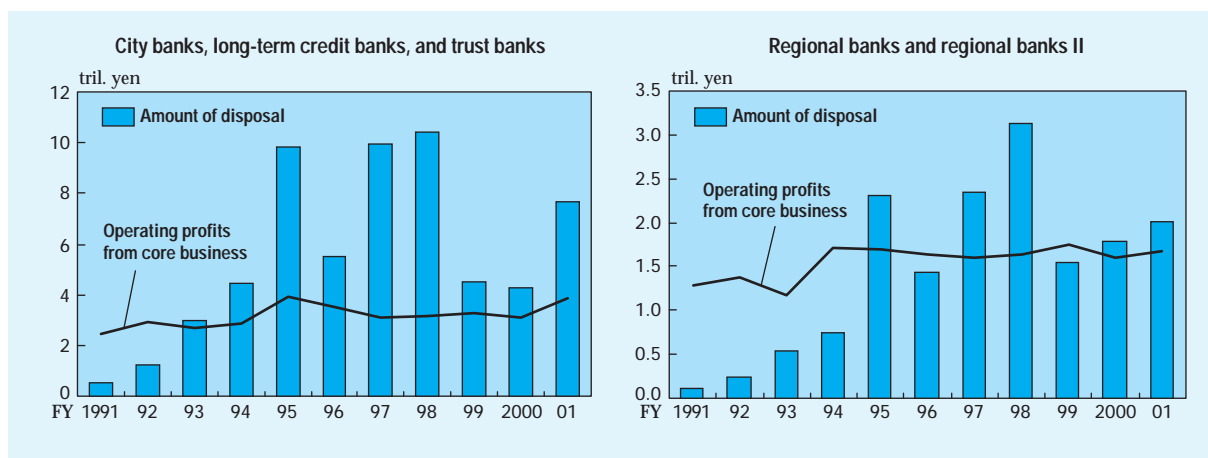
	City banks, long-term credit banks, and trust banks	FY 2000		Regional banks and regional banks II	FY 2000
Operating profits from core business	3,849	3,125	1,679	1,604	
Operating profits	3,004	3,027	1,594	1,597	
Net stock-related gains/losses	-1,743	1,419	-647	129	
Recurring profits/losses	-5,625	406	-846	73	
Net income/loss	-4,167	12	-747	-148	
Number of banks reporting net loss	13	7	44	30	
Amount of NPL disposal	7,692	4,285	2,004	1,787	

Chart 15  
Amount of NPL Disposal  
tril. yen

FY	2001			2000	Projection for 2002 <sup>1</sup>	Operating profits from core business in 2001
	2001/I	2001/II				
City banks, long-term credit banks, and trust banks	7.7	2.0	5.7	4.3	2.5	3.8
Regional banks and regional banks II	2.0	0.9	1.1	1.8	n.a.	1.7
Total (All Banks)	9.7	2.9	6.8	6.1	n.a.	5.5

Note: 1. Projection made in May 2002.

Chart 16  
NPL Disposal



# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 17  
Realized Credit Cost<sup>1</sup>

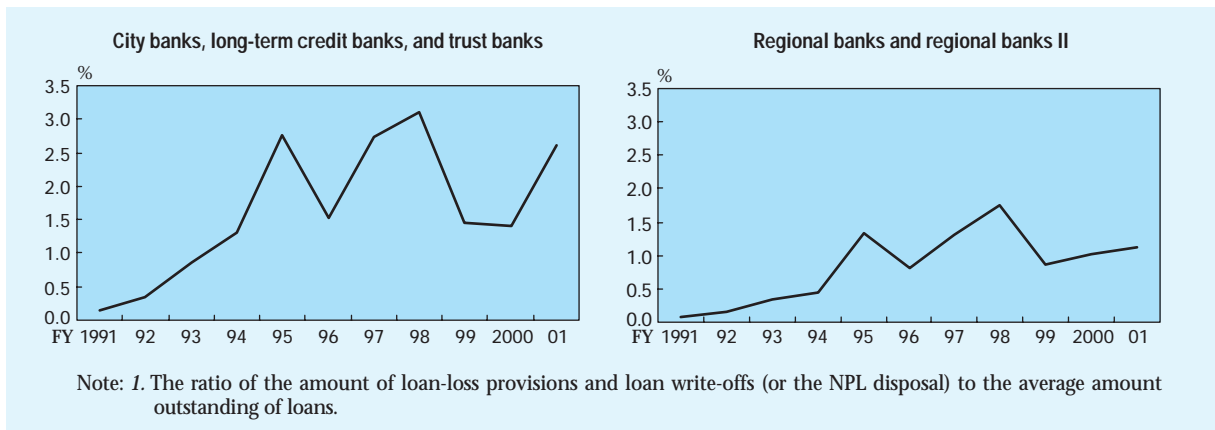


Chart 18  
Interest Margin on Lending<sup>1</sup>

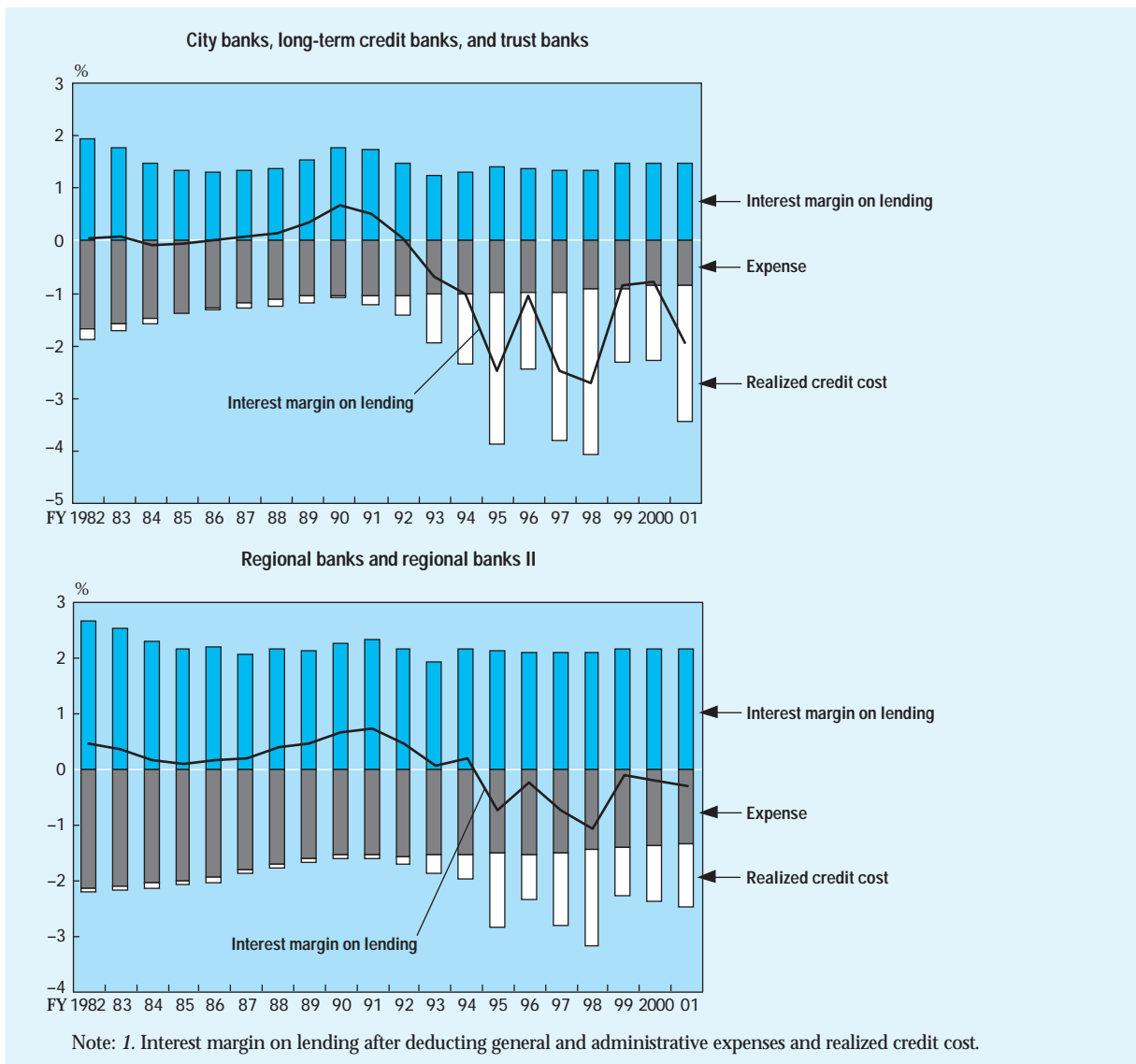




Chart 19  
NPL Disposal: Breakdown by Type of Disposal

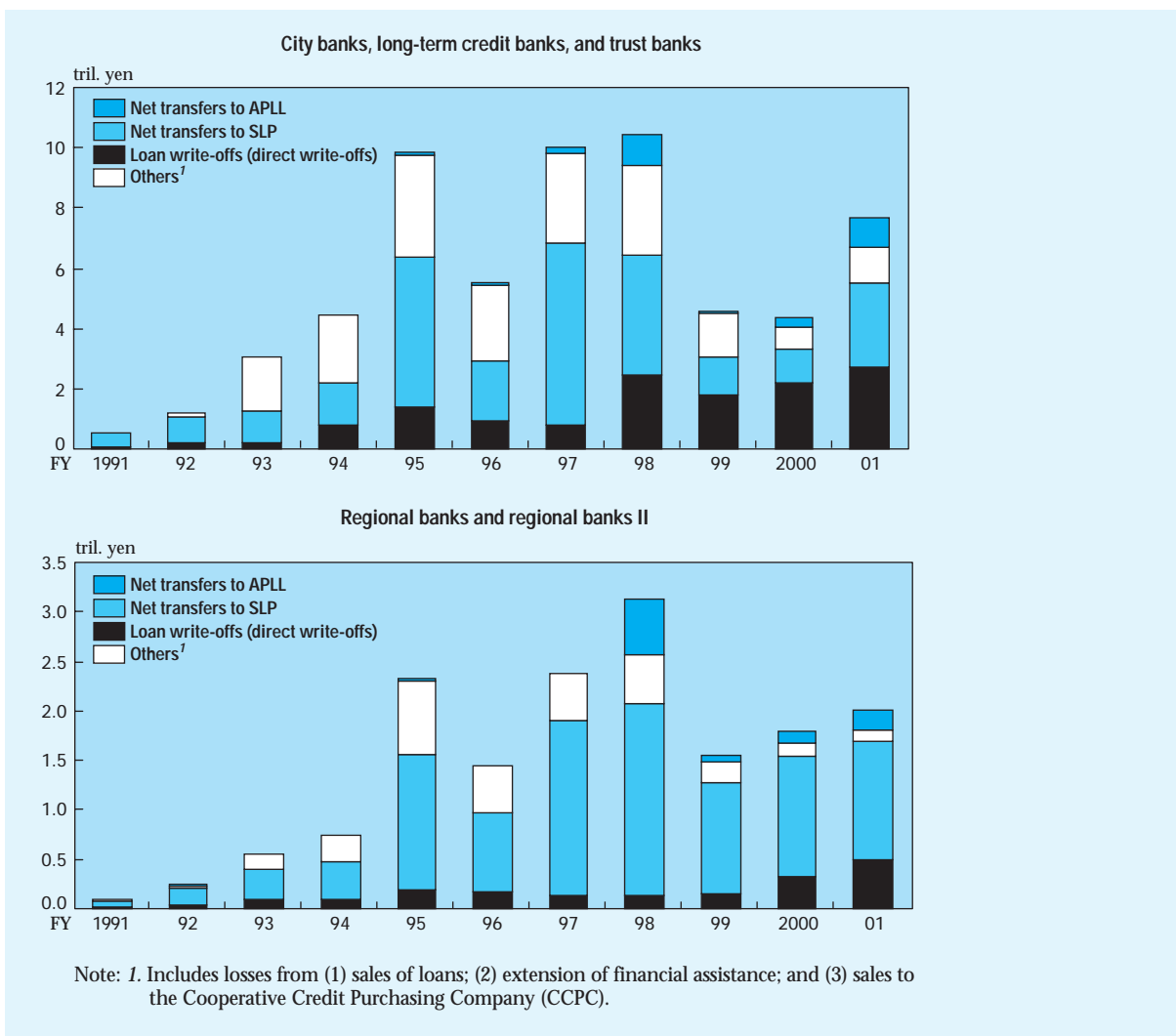


Chart 20  
Loan-Loss Provision Ratio

%; at end-March 2002; figures in parentheses are those at end-March 2001

	Assets to "normal" borrowers and borrowers that "need attention"	Assets to borrowers "in danger of bankruptcy" (assets classified as "category III")
<b>City banks, long-term credit banks, and trust banks</b>	1.2 (0.8)	66.7 (67.4)
<b>All Banks</b>	1.1 (0.8)	n.a. (n.a.)

Sources: Data released by city banks, long-term credit banks, trust banks, and the FSA.

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 21

## Assets Disclosed under the FRL

tril. yen; at end-March 2002; figures in parentheses are changes from end-March 2001

	Assets disclosed under the FRL	Unrecoverable or valueless assets	Risk assets	Loans requiring special attention
<b>City banks, long-term credit banks, and trust banks</b>	<b>28.4 (+8.4)</b>	<b>3.5 (-0.2)</b>	<b>13.0 (+3.8)</b>	<b>11.9 (+4.7)</b>
<b>Regional banks and regional banks II</b>	<b>14.8 (+1.2)</b>	<b>3.9 (-0.1)</b>	<b>6.3 (+0.5)</b>	<b>4.6 (+0.8)</b>
<b>Total (All Banks)</b>	<b>43.2 (+9.6)</b>	<b>7.4 (-0.3)</b>	<b>19.3 (+4.3)</b>	<b>16.5 (+5.6)</b>

Chart 22

## Assets Disclosed under the FRL<sup>1</sup>

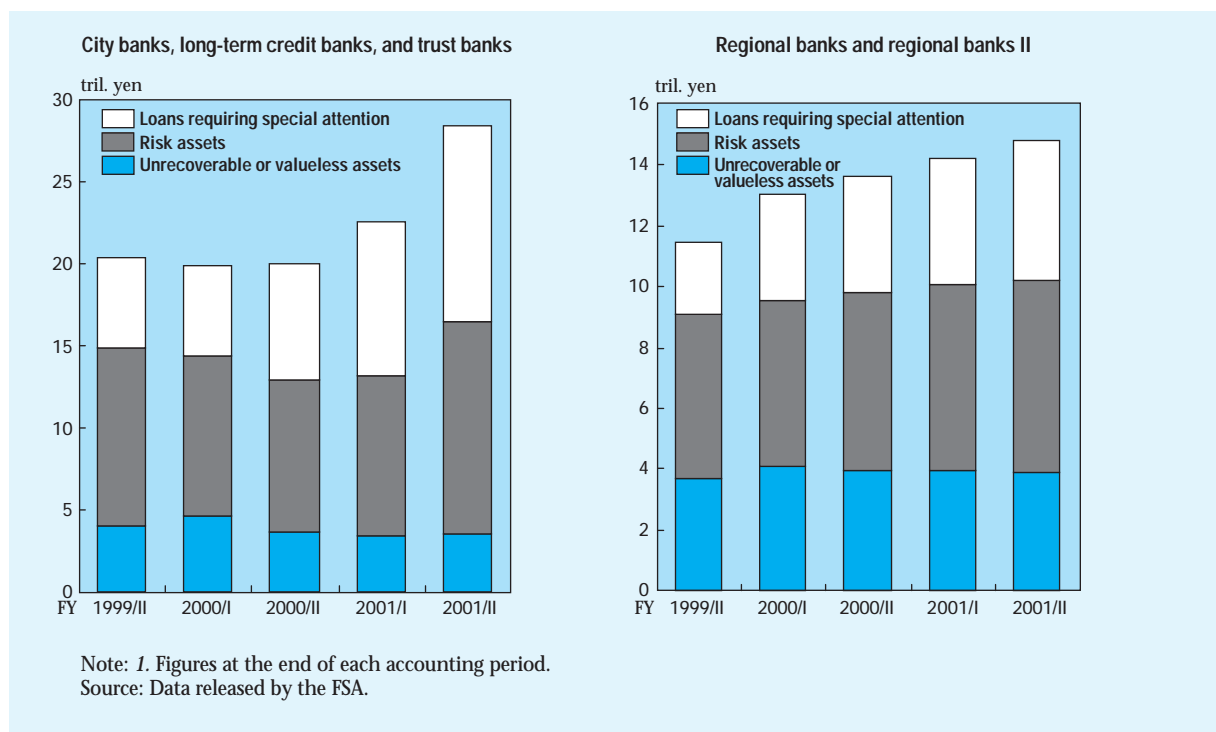
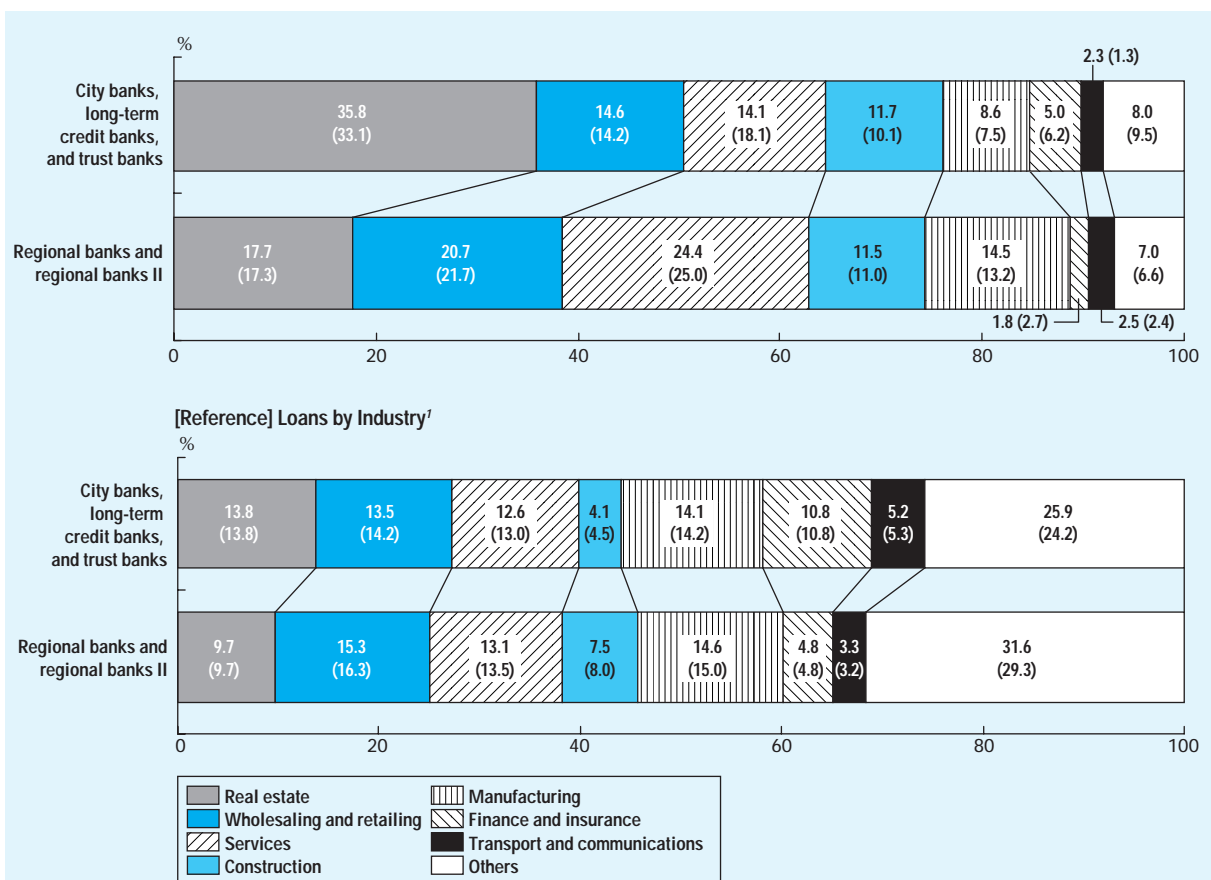
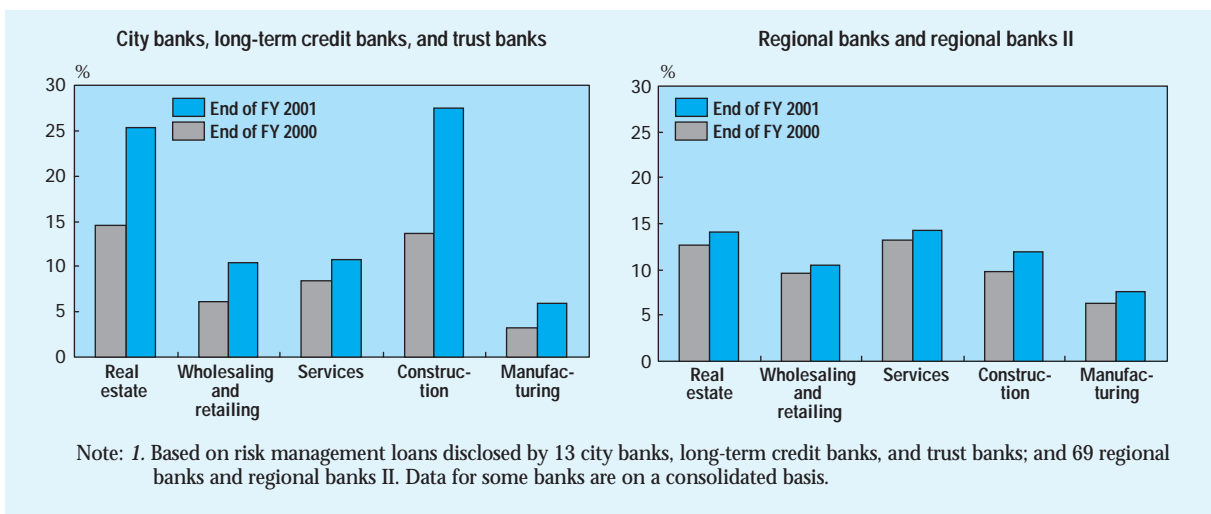


Chart 23  
Risk Management Loans by Industry<sup>1</sup>



Note: 1. Figures at the end of fiscal 2002. Figures in parentheses are those at the end of fiscal 2001.

Chart 24  
Risk Management Loans to the Five Largest Borrower Industries as a Proportion of Total Loans<sup>1</sup>



Note: 1. Based on risk management loans disclosed by 13 city banks, long-term credit banks, and trust banks; and 69 regional banks and regional banks II. Data for some banks are on a consolidated basis.

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 25  
Removal of NPLs from Balance Sheets and How They Were Secured<sup>1</sup>

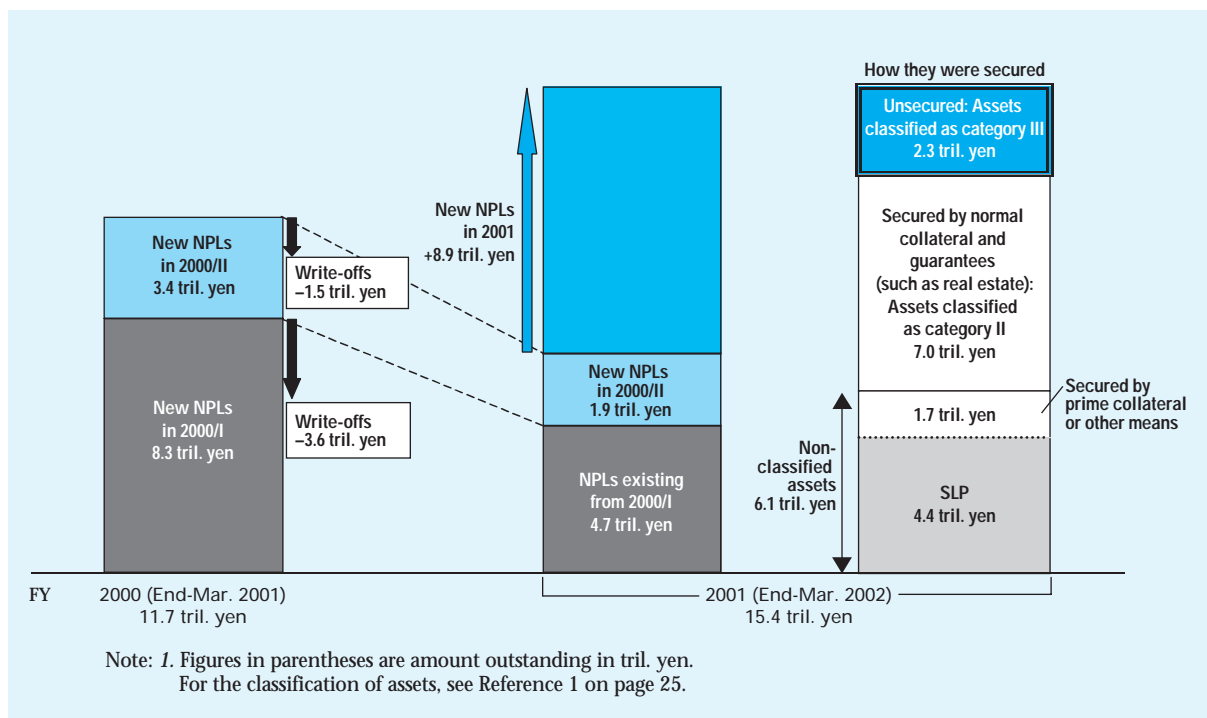


Chart 26  
Removal of NPLs from Balance Sheets by Method<sup>1</sup>

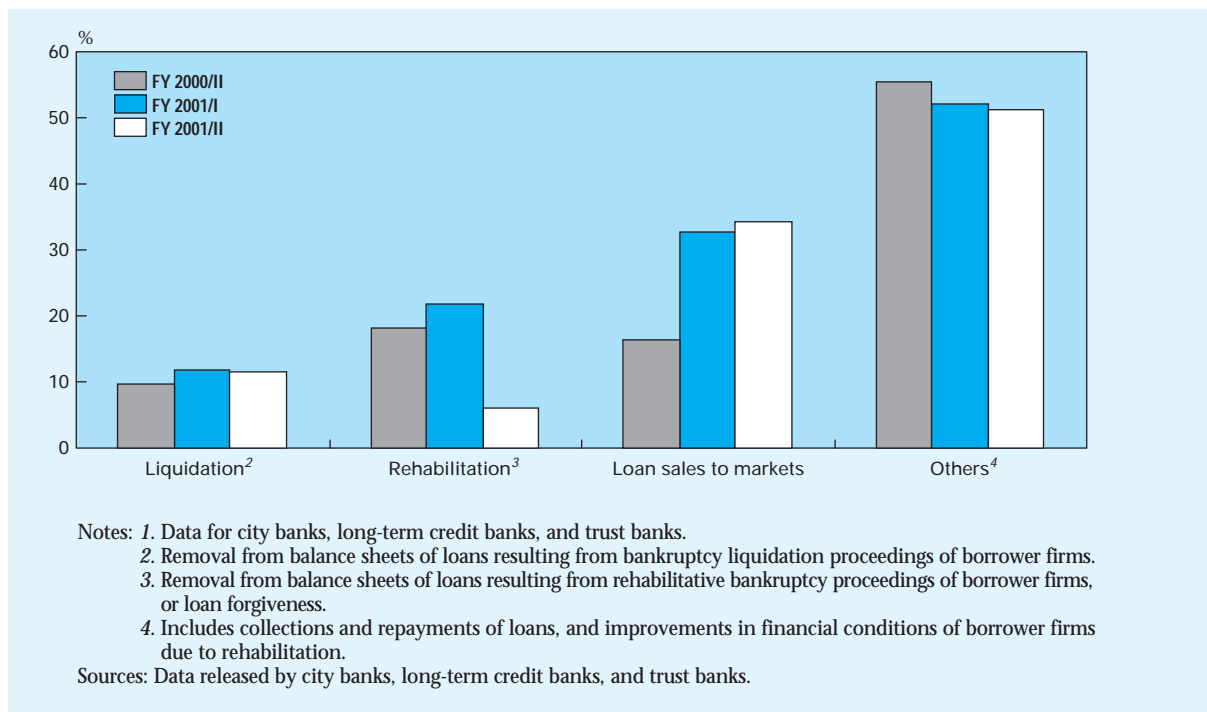


Chart 27  
Financial Strength<sup>1</sup>

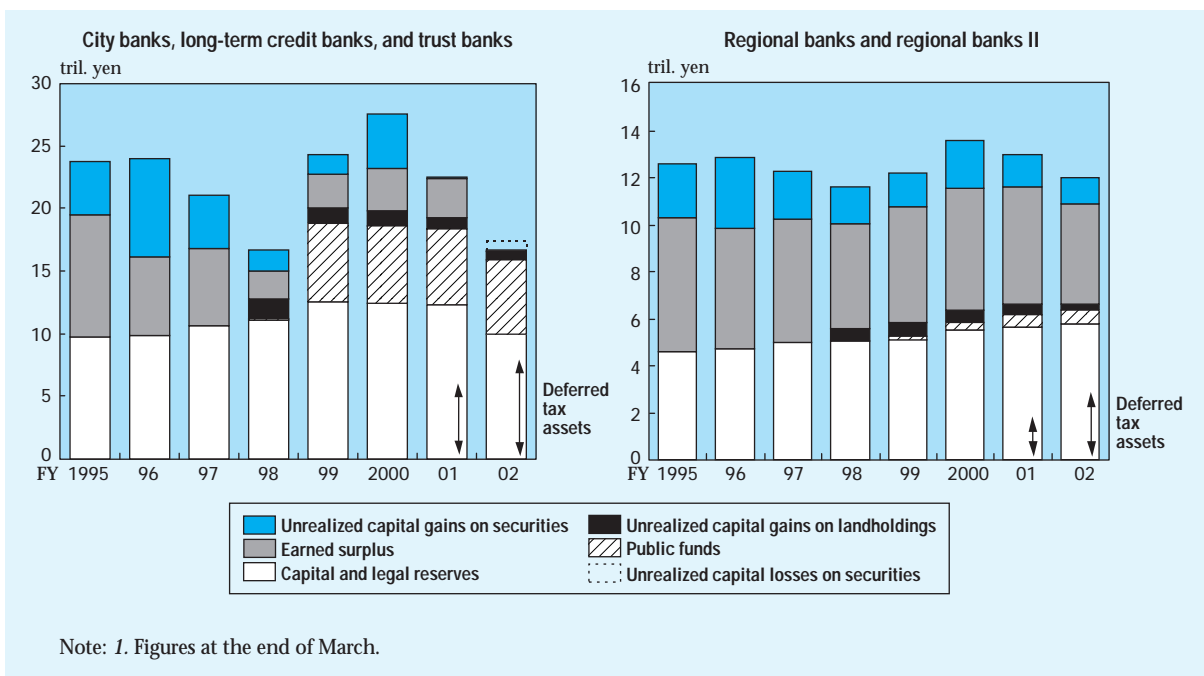
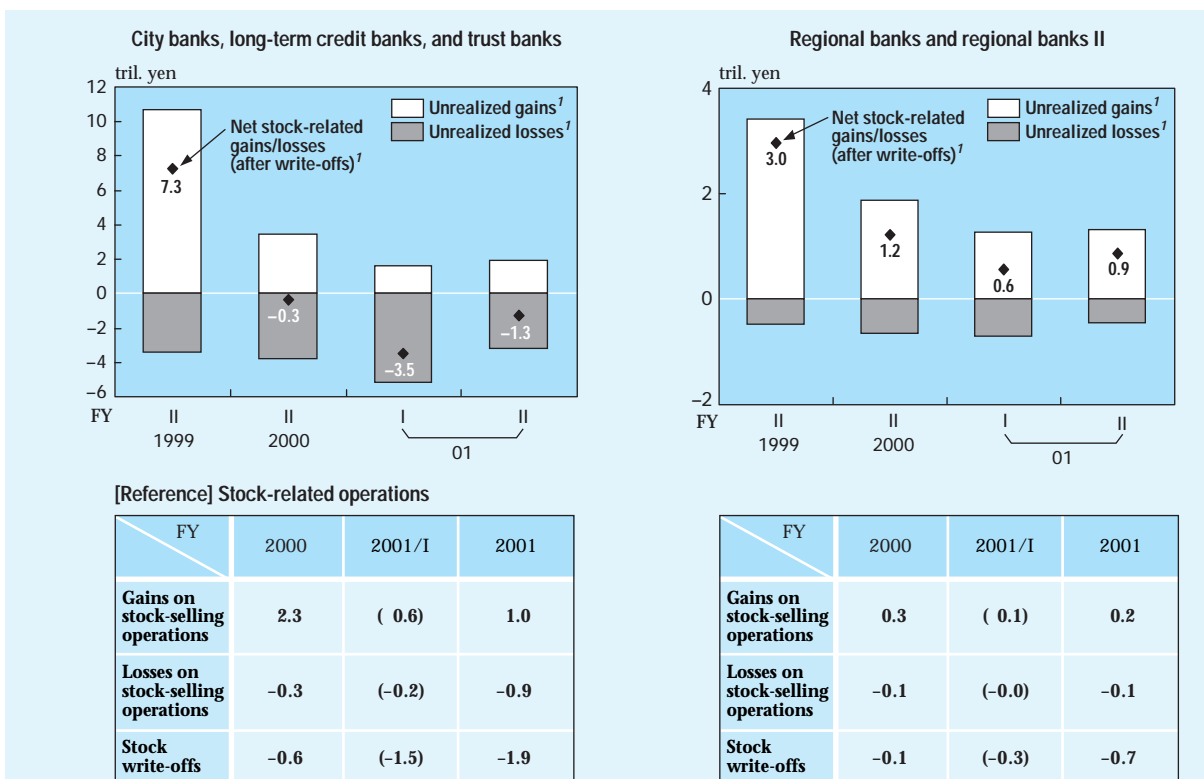


Chart 28  
Unrealized Capital Gains/Losses on Stocks



# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Chart 29  
Risk-Based Capital Adequacy Ratios<sup>1</sup>

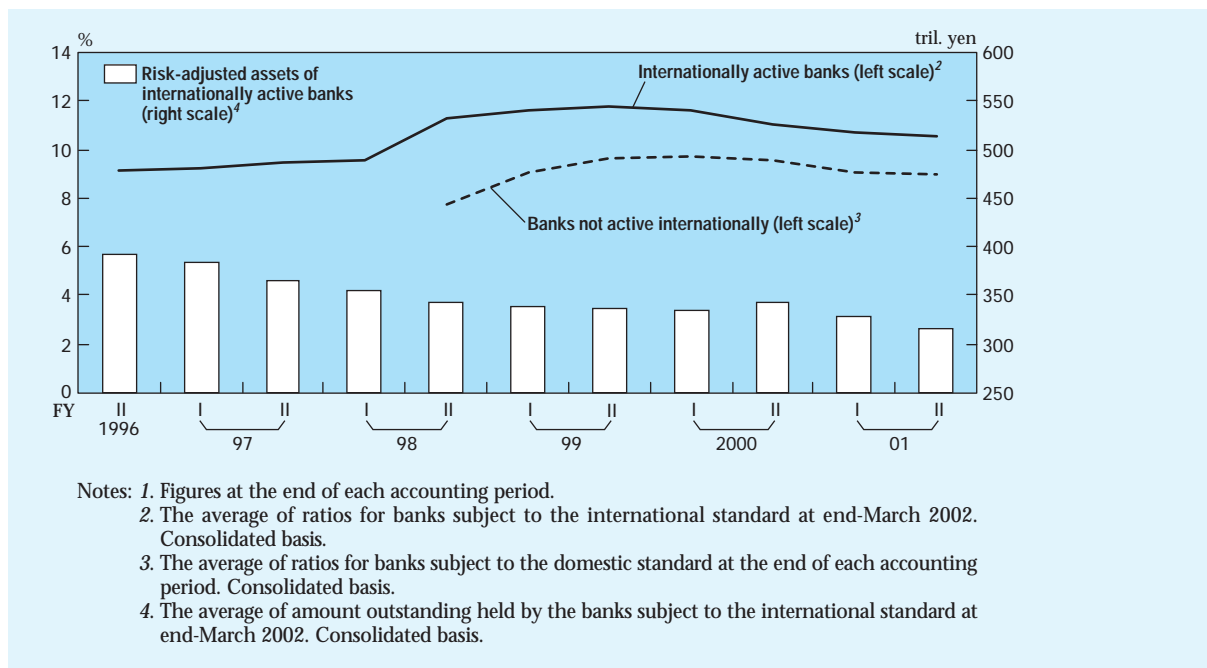
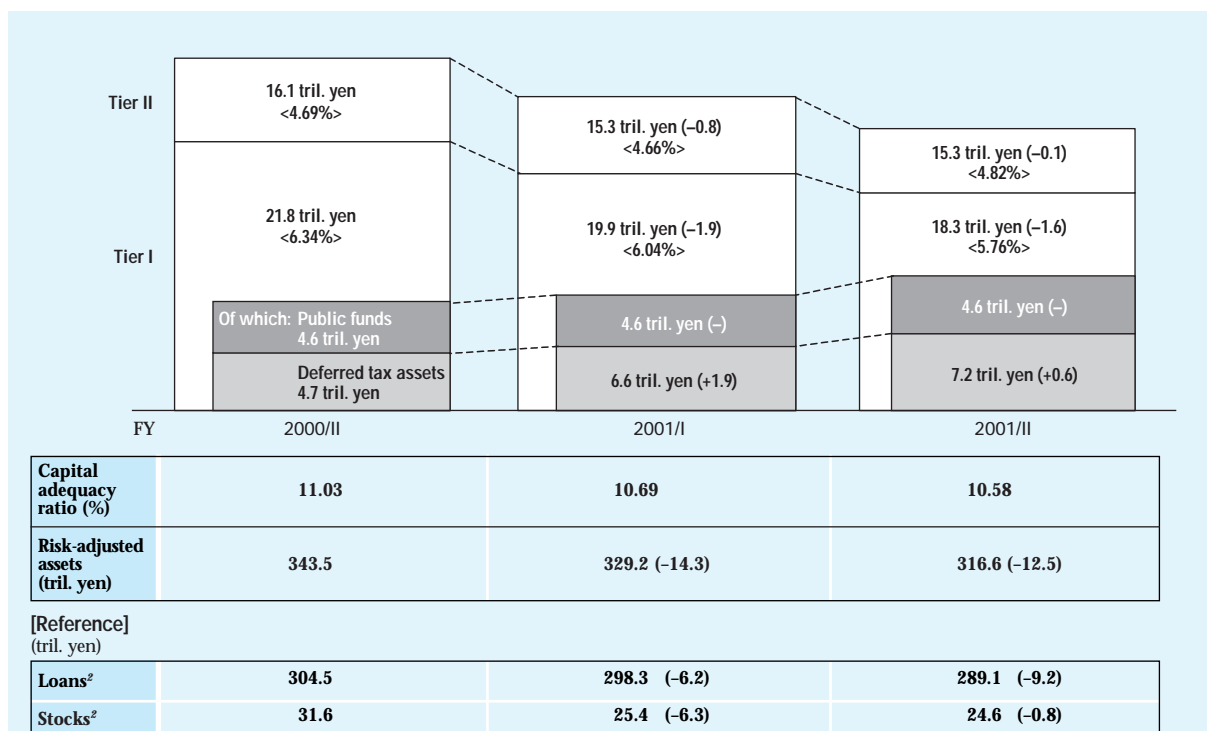


Chart 30  
Regulatory Capital of Internationally Active Banks<sup>1</sup>





**Box 1** The Government's Guidelines on Removal of NPLs from Banks' Balance Sheets

The Government released the following guidelines for the removal of NPLs from major banks' balance sheets (Chart 1 for Box 1). The guideline included in the "Emergency Economic Package" released in April 2001 required major banks to complete the removal of loans to "bankrupt" borrowers, "effectively bankrupt" borrowers, and borrowers "in danger of bankruptcy" from their balance sheets within three fiscal years of their being classified as such. An additional guideline that specified the schedule of the removal was laid down in "Measures for Developing Stronger Financial System," released by the FSA in April 2002. The guideline required major banks to remove, in principle, 50 percent of loans in the above three categories from their balance sheets within a year, and around 80 percent within two years (Chart 2 for Box 1).

Based on the above guidelines, major banks are required to remove loans to the three categories from their balance sheets according to the following schedule: (1) 12.7 trillion yen of NPLs that emerged

in or before the first half of fiscal 2000 by end-March 2003; (2) 3.4 trillion yen that emerged in the second half of fiscal 2000 by end-March 2004; and (3) 8.9 trillion yen that emerged in fiscal 2001 by end-March 2005. Major banks are also required to remove 50 percent of the loans in (2) and (3) above from their balance sheets by the end of fiscal 2003, and around 80 percent of loans in (3) and 100 percent of loans in (2) by the end of fiscal 2004, respectively.

Major banks removed NPLs from their balance sheets on schedule in accordance with the above up to the end of fiscal 2001, but in fiscal 2002, they are required to remove loans worth 10 trillion yen from their balance sheets, almost twice the amount in fiscal 2001. This is because (1) a large amount of new NPLs was recorded in fiscal 2001 and (2) NPLs amounting to 5 trillion yen that emerged in or before the first half of fiscal 2000 remained on the balance sheet.

**Chart 1 for Box 1** The Government's Measures on the Removal of NPLs from Balance Sheets<sup>1</sup>

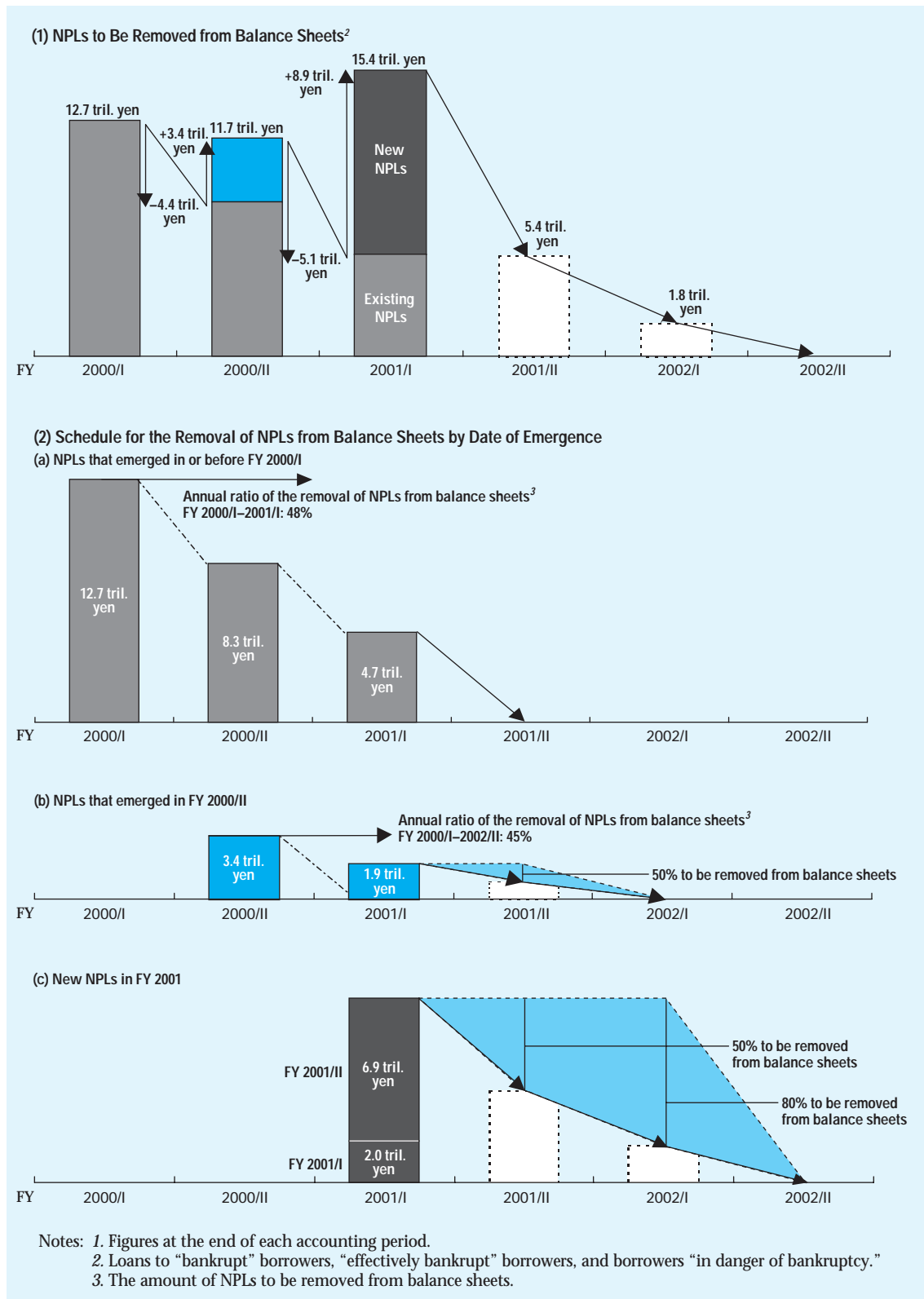
Measures (date of release)	Outline
<b>"Emergency Economic Package"</b> (April 6, 2001)	Introduction of guidelines for major banks on the removal of NPLs from their balance sheets. <ul style="list-style-type: none"> <li>• NPLs that emerged in or before fiscal 2000: to be removed from balance sheets within two fiscal years.</li> <li>• NPLs that emerge after fiscal 2001: to be removed from balance sheets within three fiscal years after their emergence.</li> </ul>
<b>"Measures for Developing Stronger Financial System"</b> (April 12, 2002)	Introduction of a new standard regarding the schedule of the removal of NPLs from balance sheets in addition to the above guidelines. <ul style="list-style-type: none"> <li>• NPLs: 50 percent of the assets are to be removed from balance sheets within a year, and about 80 percent within two years.</li> </ul>

Note: 1. Loans to "bankrupt" borrowers, "effectively bankrupt" borrowers, and borrowers "in danger of bankruptcy."

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Box 1 (continued)

Chart 2 for Box 1 Schedule for the Removal of NPLs from Balance Sheets<sup>1</sup>



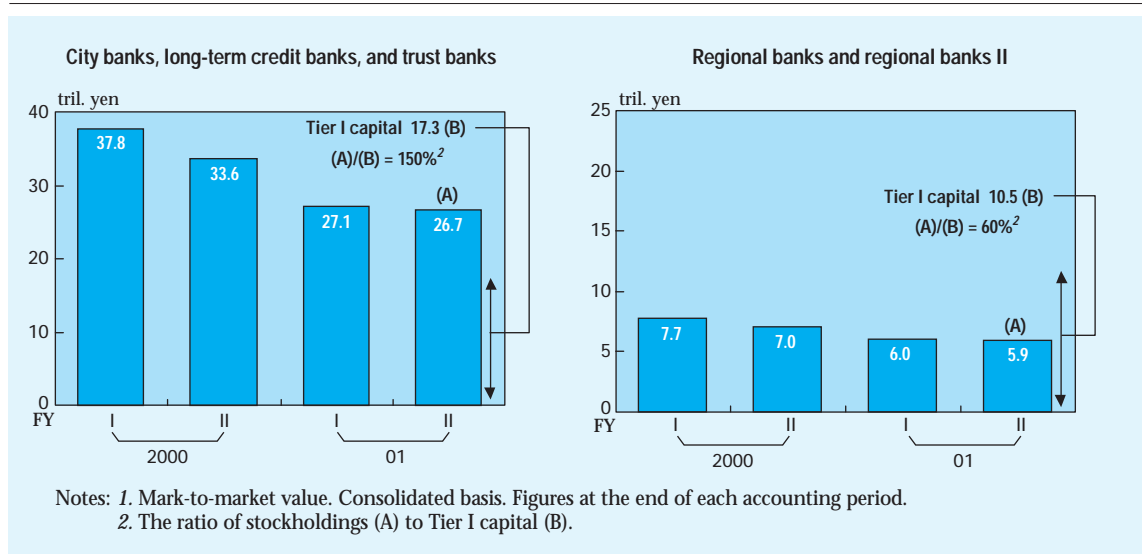
**Box 2 Risks Involved in Holding Stocks**

City banks, long-term credit banks, and trust banks remain exposed to a high level of stock price volatility risk. The amount of stockholdings declined reflecting sales of long-term cross-shareholdings in fiscal 2001, but the ratio of stockholdings to Tier I capital continued to be as high as about 150 percent due to a decrease in Tier I capital. Also, at some banks, where registration

of deferred tax assets is at the maximum limit allowed under the accounting rules, the risk-based capital adequacy ratio has become more vulnerable to a fall in stock prices.<sup>1</sup>

To reduce these risks, banks are required by law to reduce their stockholdings to less than their Tier I capital by end-September 2004.<sup>2</sup>

**Chart 1 for Box 2 Banks' Stockholdings<sup>1</sup>**



1. The increase in unrealized capital losses exceeding the limit is deducted from Tier I capital.
2. The law regulating banks' acquisition of shares, effective from January 2002, requires banks (including banking accounts of trust banks) and bank holding companies to (1) limit the amount of stockholdings (mark-to-market value, consolidated basis, deducting any revaluation gains) to the amount of Tier I capital; and (2) sell the amount of stockholdings exceeding Tier I capital by the end of September 2004 (the deadline may be extended by a maximum of two years, depending on the amount outstanding of stockholdings at March 2001).

Holdings of treasury stocks, shares of subsidiaries and affiliated companies, unlisted shares, and shares acquired through debt-equity-swaps (DES) are not subject to the law.

## Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

Box 2 (continued)

Chart 2 for Box 2 The Impact of a 10 Percent Fall in Stock Prices on the Risk-Based Capital Adequacy Ratios<sup>1</sup>

	Change in the ratio of stockholdings (A) to Tier I capital (B) (% points)		
	(A) = (B)	(A)/(B) = 130%	(A)/(B) = 150%
$\beta = 0.6$	-0.39 (-0.25)	-0.54 (-0.33)	-0.64 (-0.39)
$\beta = 0.8$	-0.56 (-0.34)	-0.77 (-0.46)	-0.91 (-0.55)
$\beta = 1.0$	-0.73 (-0.44)	-1.01 (-0.60)	-1.20 (-0.71)

Note: 1. Figures for city banks, long-term credit banks, and trust banks. Consolidated basis.

Calculated on the assumption that deferred tax assets are at the maximum limit allowed under the accounting rules. In this case, the full amount of increase in unrealized capital losses is deducted from Tier I capital. Figures in parentheses are estimates calculated on the assumption that there were no limits on the amount of registration of deferred tax assets. In this case, about 60 percent of the increase in unrealized capital losses is deducted from Tier I capital.

Figures for  $\beta$  show the relationship between stock price indicators (including the Nikkei 225 Stock Average and TOPIX) and portfolio of stocks held by banks. For example, if  $\beta = 0.6$ , it means that a 10 percent decline in stock price indicators leads to a 6 percent decline in the stock portfolio.

REFERENCE 1: AMOUNT OF LOAN WRITE-OFFS AND LOAN-LOSS PROVISIONS BY DEBTOR CATEGORY UNDER THE SELF-ASSESSMENT FRAMEWORK<sup>1</sup>

Self-assessment framework <sup>2</sup>					[Reference]	Loan-loss provisions and loan-loss provision ratio
Classified assets Debtor category	Nonclassified	Category II	Category III	Category IV		
"Bankrupt" and "effectively bankrupt" borrowers	Loan-loss provisions, secured by prime collateral and guarantees	Secured by normal collateral and guarantees, such as real estate	Loan-loss provisions for the full amount of assets <small>Loan-loss provisions recorded under non-classified assets</small>	Loan write-offs and loan-loss provisions for the full amount of assets <small>Loan-loss provisions recorded under non-classified assets</small>	Unrecoverable or valueless assets	ATIS 100%
7.4 (3.2)	2.9 (0.8)	4.5 (2.4)	0.0 (0.0)	0.0 (0.0)	7.4 (3.2)	
Borrowers "in danger of bankruptcy"	Loan-loss provisions, secured by prime collateral and guarantees	Secured by normal collateral and guarantees, such as real estate	Loan-loss provisions for assets if necessary <small>Loan-loss provisions recorded under non-classified assets</small>		Risk assets	7.9 (4.4) Approx. 70%
19.3 (12.2)	8.9 (5.3)	7.2 (4.6)	3.3 (2.3)		19.3 (12.2)	
Of which: Borrowers that "need special attention"					Loans requiring special attention	APLL Approx. 15%
Borrowers that "need attention"					16.5 (11.3)	
"Normal" borrowers						5.4 (3.5) Loan-loss provisions for loans to borrowers that "need attention" and "normal" borrowers Loan-loss provisions for all borrowers that "need attention" and "normal" borrowers
[Reference] Assets held by All Banks (tril. yen)	Total for non-classified assets	Total for Category II	Total for Category III	Total for Category IV	Total for classified assets	
	440.5	67.8	3.3	0.0	71.1	

Notes: 1. For All Banks. Figures at end-March 2002. Figures in parentheses are those for 13 banks (city banks, long-term credit banks, and trust banks).

2. The total for classified assets in the shaded areas does not match the total for classified assets outside the shaded areas (All Banks), as the latter includes other assets that do not come under debtor category, such as project finance and a part of loans to individuals.

The SLP (portion) is exempt from assets under categories III and IV for "bankrupt" borrowers, "effectively bankrupt" borrowers, and borrowers "in danger of bankruptcy." On the other hand, the APLL (portion) is not exempt from assets under category II for borrowers that "need attention."

Sources: Data released by the FSA and All Banks.

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## REFERENCE 2: FINANCIAL STATEMENTS OF JAPANESE BANKS

The following are detailed time-series data on Japanese banks' financial statements, which were released on August 14, 2002 with the summary of "Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001." In previous years, a part of the data was attached to this article as an annex, but

from this issue it is released separately with extended coverage of data under the title "Financial Statements of Japanese Banks." It is also available from the statistics section of the Bank's Internet Web site at <http://www.boj.or.jp/en/index.htm>.

### 1. All Banks<sup>1</sup>

bil.yen; fiscal year/end of fiscal year

#### Statement of Income

	Item	1989	90	91	92
1	<b>Recurring income</b>	52,111	61,550	57,946	45,659
2	<b>Operating income</b>	48,704	58,962	55,440	44,766
3	<b>Interest income</b>	44,597	54,748	51,995	41,045
4	Interest on loans and discounts	26,473	36,104	35,683	27,310
5	Interest and dividends on securities	6,213	6,223	5,725	5,139
6	Interest on call loans	1,698	1,472	967	635
7	Interest on receivables under resale agreements				
8	Interest on bills bought	71	93	61	14
9	Interest on deposits with banks	8,164	7,761	5,535	3,198
10	Interest on interest swaps	363	1,447	2,341	3,238
11	<b>Fees and commissions</b>	2,321	2,199	2,025	2,077
12	Fees and commissions on domestic and foreign exchanges	617	604	623	625
13	Commissions on trust account	745	647	585	684
14	<b>Trading income</b>				
15	<b>Other operating income</b>	1,787	2,015	1,420	1,644
16	Gains on foreign exchange transactions	627	750	467	378
17	Gains on sales of bonds	884	933	652	953
18	Gains on redemption of bonds	148	129	105	95
19	<b>Temporary income</b>	3,407	2,588	2,505	893
20	Gains on sales of stocks and other securities	3,021	2,210	2,124	561
21	Gains on money held in trust	259	243	190	176
22	<b>Recurring expenses</b>	48,198	58,408	55,305	43,523
23	<b>Operating expenses</b>	45,756	56,594	52,282	40,647
24	<b>Interest expenses<sup>2</sup></b>	37,619	48,097	43,768	31,970
25	(Expenses for money trust management)	276	394	325	223
26	Interest on deposits	27,467	35,489	30,996	20,153
27	Interest on negotiable certificates of deposit	2,460	2,522	1,874	1,041
28	Interest on call money	3,250	3,628	2,969	2,060
29	Interest on payables under repurchase agreements				
30	Interest on bills sold	1,133	1,193	1,002	568
31	Interest on commercial paper				
32	Interest on borrowings and rediscounts	511	667	928	920
33	Amortization on deferred bond/security discounts	1,061	1,306	1,506	1,504
34	Interest on convertible bonds	29	29	29	30
35	Interest on interest swaps	81	1,141	2,078	3,374
36	<b>Fees and commissions</b>	521	558	565	564
37	Fees and commissions on domestic and foreign exchanges	188	177	170	162
38	<b>Expenses on specified transactions</b>				
39	<b>Other operating expenses</b>	1,337	1,303	982	968
40	Losses on foreign exchange transactions	9	1	1	1
41	Losses on sales of bonds	826	1,017	664	704
42	Losses on redemption of bonds	204	206	293	244
43	Losses on devaluation of bonds	277	75	16	14
44	Debenture expenses <sup>3</sup>				
45	Transfer to allowance for possible loan losses	140	57	39	23
46	Debenture expenses <sup>3</sup>	38	26	21	18
47	General and administrative expenses	6,100	6,552	6,908	7,104
48	<b>Temporary expenses</b>	2,442	1,814	3,023	2,875
49	Net transfers to special loan-loss provisions	93	162	523	1,019
50	Net transfers to allowance for possible losses on special overseas loans	119	-12	3	-21
51	Written-off claims	66	26	62	222
52	Losses on sales of stocks and other securities	117	205	60	75
53	Losses on devaluation of stocks and other securities	404	260	1,528	580
54	Losses on money held in trust	189	225	148	55



	93	94	95	96	97	98	99	2000	01
	41,293	40,390	42,153	38,471	34,809	30,317	30,207	23,024	20,327
	39,035	36,481	38,214	34,745	30,129	27,684	23,717	19,732	18,549
	34,728	32,649	33,084	29,411	25,103	21,789	18,748	15,975	14,473
	21,971	19,439	16,944	14,589	14,234	12,910	11,210	11,257	9,894
	4,775	4,523	4,387	3,991	3,755	3,306	2,933	2,898	3,015
	432	428	409	273	315	254	143	174	90
								25	34
	5	9	6	1	7	13	1	6	0
	2,143	2,514	2,671	1,839	1,776	956	562	1,081	690
	4,118	4,106	6,520	6,898	3,945	3,345	3,099	39	406
	2,185	2,268	2,373	3,143	2,562	2,307	2,160	2,291	2,334
	638	661	692	709	722	707	720	746	753
	718	766	772	1,492	860	647	452	451	384
					225	234	193	351	371
	2,121	1,563	2,757	2,191	2,239	3,353	2,616	1,115	1,369
	300	310	190	202	209	240	257	238	282
	1,564	1,083	2,418	1,845	1,892	2,993	2,258	750	992
	99	69	68	86	111	83	69	4	2
	2,258	3,910	3,939	3,726	4,679	2,633	6,489	3,292	1,778
	1,969	3,663	3,593	3,404	4,408	2,305	6,014	2,588	1,184
	152	111	133	86	90	68	156	39	17
	39,841	39,416	44,603	37,962	39,469	37,478	27,816	22,545	26,797
	35,116	32,426	32,147	28,960	25,133	23,956	19,184	15,126	13,958
	26,044	23,446	22,770	19,289	15,583	12,216	9,024	6,613	4,549
	191	176	145	117	83	63	35	17	8
	14,735	12,620	10,682	7,635	7,194	4,821	2,905	3,567	2,119
	802	696	672	652	762	444	119	177	83
	1,470	1,226	881	626	674	559	274	416	117
								60	193
	233	168	86	49	39	19	4	8	4
						11	6	12	3
	811	843	780	773	769	719	674	668	543
	1,401	1,221	925	608	488	407	358	344	321
	28	23	14	17	15	14	12	12	11
	4,483	4,503	6,422	6,970	4,364	3,686	3,569	484	281
	575	573	578	585	599	613	594	611	679
	157	160	166	161	164	158	152	155	154
					28	8	20	49	18
	1,353	1,186	1,525	1,554	1,336	2,243	2,418	558	672
	0	3	17	8	19	10	6	38	8
	1,025	893	1,211	1,267	1,035	1,880	2,146	312	497
	298	255	274	237	246	267	240	35	38
	25	25	14	26	15	45	7	17	70
								13	11
	-6	39	58	69	107	1,601	70	326	1,188
	16	12	9	12	9	7	13		
	7,134	7,169	7,207	7,451	7,469	7,268	7,045	6,968	6,852
	4,725	6,990	12,456	9,003	14,336	13,522	8,631	7,419	12,839
	1,360	1,754	6,347	2,823	7,853	5,916	2,410	2,399	4,017
	-242	-230	-44	-27	-47	136	-31	-8	-1
	297	764	1,431	585	714	2,295	1,651	2,392	3,069
	78	44	91	69	383	637	1,086	315	1,025
	384	1,057	147	2,338	1,313	870	1,100	725	2,548
	31	83	40	45	34	50	44	78	47

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 1. All Banks<sup>1</sup>

bil.yen; fiscal year/end of fiscal year

### Statement of Income (continued)

	Item	1989	90	91	92
55	Recurring profits/losses	3,913	3,142	2,640	2,137
56	Operating profits	3,224	2,762	3,483	4,342
57	Gross profits on operations	9,502	9,397	10,451	11,487
58	Net interest income	7,253	7,045	8,552	9,299
59	Net fees and commissions	1,799	1,640	1,460	1,513
60	Profits on specified transactions				
61	Other operating profits	450	712	438	676
62	Extraordinary profits	377	227	341	227
63	Gains on dispositions of premises and real estate	132	148	224	184
64	Recoveries of written-off claims	2	2	1	2
65	Extraordinary losses	396	235	319	266
66	Losses on dispositions of premises and real estate	144	163	203	160
67	Income/loss before income taxes and others	3,893	3,135	2,662	2,098
68	Provision for income taxes and others <sup>4</sup>	1,875	1,454	1,390	1,229
69	Deferred income taxes				
70	Net income/loss	2,018	1,680	1,272	868

### Assets

	Item	1989	90	91	92
71	Loans and bills discounted	450,042	473,257	486,800	492,713
72	Loans	422,838	446,216	462,544	470,983
73	Loans to other financial institutions	738	793	679	661
74	Bills discounted	27,204	27,041	24,256	21,730
75	Trading account securities	2,699	2,942	2,593	3,364
76	Money held in trust	6,339	5,144	4,400	4,491
77	Investment securities	119,623	120,131	115,558	112,574
78	Government bonds	28,847	27,999	24,483	24,198
79	Local government bonds	6,532	6,602	6,667	7,054
80	Corporate bonds	21,643	22,732	24,236	24,392
81	Stocks	27,921	31,503	33,020	33,120
82	Securities loaned	1,655	931	551	466
83	Call loans	25,717	17,979	17,040	16,003
84	Receivables under resale agreements				
85	Bills bought	1,540	1,116	487	310
86	Monetary claims bought	3,132	1,041	813	759
87	Due from accounts with interest	109,581	79,995	70,557	59,958
88	Negotiable certificates of deposit	3,645	3,132	2,418	2,203
89	Foreign exchanges	11,814	9,212	7,913	6,659
90	Total interest-earning assets	727,797	708,827	704,189	694,552
91	Trading assets				
92	Cash	30,664	31,742	24,761	18,893
93	Checks and bills due	28,145	29,127	21,741	16,015
94	Due from accounts without interest	4,631	5,309	3,605	3,123
95	Premises and real estate	4,764	5,403	5,993	6,333
96	Other assets	35,679	37,319	40,461	12,786
97	Accrued income	7,110	7,701	7,029	6,381
98	Securities deposited				2,968
99	Derivatives other than for trading				
100	Deferred losses on hedging instruments				
101	Deferred tax assets				
102	Deferred tax assets on land revaluation				
103	Customers' liabilities for acceptances and guarantees	57,431	57,522	53,132	44,111
104	Reserve for possible loan losses <sup>5</sup>				
105	Total assets	867,306	850,758	836,542	784,290

	93	94	95	96	97	98	99	2000	01
	1,451	974	-2,450	508	-4,660	-7,161	2,391	480	-6,471
	4,109	4,231	6,212	5,902	5,080	3,790	4,573	4,624	4,598
	11,253	11,451	13,485	13,434	12,665	12,666	11,696	11,919	12,637
	8,875	9,379	10,459	10,239	9,603	9,635	9,759	9,380	9,932
	1,610	1,696	1,794	2,558	1,963	1,694	1,566	1,680	1,655
					196	226	173	301	354
	768	376	1,232	637	902	1,110	198	557	697
	193	162	487	345	1,275	775	536	717	355
	144	131	380	173	761	640	36	29	36
	3	2	2	4	4	6	62	112	149
	224	337	611	344	364	747	549	1,068	689
	119	117	88	133	90	69	111	156	173
	1,420	799	-2,573	509	-3,750	-7,133	2,377	128	-6,805
	669	624	1,109	230	545	616	748	463	259
						-3,328	695	-198	-2,149
	751	175	-3,683	279	-4,294	-4,420	935	-137	-4,914

	93	94	95	96	97	98	99	2000	01
	489,803	489,770	508,611	518,497	505,839	486,918	475,405	473,579	455,683
	470,699	471,373	489,901	502,482	491,045	475,785	464,734	462,260	446,541
	530	479	631	1,312	1,906	2,126	3,298	3,330	3,555
	19,104	18,397	18,710	16,015	14,794	11,134	10,670	11,319	9,142
	3,364	2,929	1,605	1,520	1,366	1,362	4,668	5,608	2,484
	4,614	5,030	5,112	5,298	4,496	3,242	2,552	2,045	1,404
	112,637	116,399	119,162	121,169	123,410	121,486	136,244	176,021	156,588
	24,238	25,405	24,739	25,435	30,827	31,339	43,188	70,742	63,327
	7,508	8,499	9,395	9,587	9,268	9,534	10,178	10,126	9,982
	23,960	22,182	20,721	18,201	16,893	17,665	17,801	18,992	19,165
	34,770	38,070	41,276	42,048	42,928	42,662	44,476	44,306	34,345
	446	326	303	69	69	156	173	2	
	12,975	13,171	10,531	9,488	13,151	10,689	8,818	10,679	9,008
								4,295	1,118
	119	362	1,127	1,746	6,214	4,981	2,913	2,905	
	1,035	1,323	943	1,106	1,005	1,790	1,510	1,618	1,714
	64,999	59,546	50,460	40,818	29,620	14,419	17,602	24,036	14,944
	2,615	2,260	2,658	3,418	1,793	1,645	1,341	1,531	683
	5,874	5,425	5,585	5,722	5,303	4,016	3,336	3,355	3,483
	693,427	691,192	700,689	704,916	688,669	647,875	648,572	700,827	645,727
					15,530	14,695	15,100	20,018	16,696
	18,299	15,293	13,426	12,419	10,687	9,896	9,564	8,995	9,440
	15,269	12,370	10,701	8,881	7,091	6,156	5,558	5,085	4,351
	2,975	3,643	3,270	3,298	5,303	5,270	10,014	4,416	23,504
	6,330	6,255	6,294	6,228	10,167	9,702	9,448	9,184	8,828
	12,119	12,353	13,004	18,104	21,330	19,799	14,565	26,112	21,974
	6,116	6,543	7,596	7,870	6,568	4,726	4,504	2,496	1,777
	2,675	2,075	2,519	4,628	8,412	7,328	3,946	7,874	2,624
								5,886	4,615
								1,418	1,200
						8,888	8,225	7,240	10,660
									6
	38,387	36,079	38,265	41,893	40,750	36,014	31,482	33,854	29,124
							-11,996	-10,517	-12,654
	776,151	769,846	780,061	792,157	796,932	755,381	737,265	802,058	754,572

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 1. All Banks<sup>1</sup>

bil.yen; fiscal year/end of fiscal year

### Liabilities and Stockholders' Equity

	Item	1989	90	91	92
106	Deposits	587,464	573,015	551,316	522,930
107	Current deposits	27,108	27,674	26,534	24,840
108	Ordinary deposits	61,368	61,018	61,793	62,762
109	Savings deposits				681
110	Deposits at notice	41,773	36,791	32,924	28,874
111	Time deposits	363,336	363,565	359,709	346,058
112	Installment savings	4,081	3,569	3,528	3,597
113	Negotiable certificates of deposit	32,794	31,961	25,661	25,465
114	Debentures	22,461	24,975	27,026	27,273
115	Call money	49,281	39,845	44,569	44,516
116	Payables under repurchase agreements				
117	Bills sold	16,339	13,374	13,942	11,638
118	Commercial paper				
119	Borrowed money	7,770	12,434	14,506	19,300
120	Foreign exchanges	3,729	1,750	1,725	1,336
121	Straight bonds				
122	Convertible bonds	2,160	2,017	1,768	1,367
123	Due to trust accounts	16,331	17,923	23,052	30,196
124	Total interest-bearing liabilities	732,926	713,531	700,488	681,355
125	(Money held in trusts)	6,339	5,143	4,400	4,491
126	Trading liabilities				
127	Other liabilities	39,891	42,901	45,002	19,403
128	Unearned revenue	1,766	1,987	1,780	1,387
129	Derivatives other than for trading				
130	Deferred gains on hedging instruments				
131	Reserve for possible loan losses <sup>5</sup>	3,101	3,124	3,540	4,393
132	Reserve for retirement benefits <sup>6</sup>	988	982	981	978
133	Other reserves <sup>7</sup>	2			0
134	Reserve under special laws	286	286	247	279
135	Reserve for financial futures transaction liabilities		0	0	0
136	Reserve for securities transaction liabilities	0	0	0	0
137	Deferred tax liabilities				
138	Deferred tax liabilities on land revaluation				
139	Acceptances and guarantees	57,431	57,522	53,132	44,111
140	Land revaluation differential (liabilities) <sup>8</sup>				
141	Total liabilities	840,964	822,995	807,791	755,010
142	Common stock	6,690	6,973	7,022	7,046
143	New stock subscription	413	6	15	26
144	Capital surplus reserve	4,546	4,827	4,879	4,909
145	Earned surplus reserve	1,328	1,462	1,596	1,723
146	Land revaluation differential (capital) <sup>8</sup>				
147	Voluntary reserves	11,173	12,603	13,748	14,511
148	Unappropriated profits at the end of the term	2,191	1,906	1,492	1,066
149	Other earned surplus				
150	Net unrealized gains/losses on non-trading securities available for sale, net of taxes				
151	Treasury stock <sup>9</sup>				
152	Total stockholders' equity <sup>10</sup>	26,341	27,776	28,751	29,280
153	Total liabilities and stockholders' equity	867,306	850,758	836,542	784,290

	93	94	95	96	97	98	99	2000	01
	522,633	524,974	519,149	522,877	508,812	488,221	494,232	510,838	522,638
	24,045	21,432	24,310	21,595	19,786	20,534	22,504	26,026	28,149
	66,185	67,587	75,941	81,767	88,679	98,211	116,342	125,940	189,017
	1,047	3,309	8,365	11,068	13,675	14,456	14,137	13,393	11,875
	29,376	28,796	28,891	30,002	25,299	17,929	19,092	20,403	13,224
	342,343	352,033	325,930	325,477	316,490	301,901	292,655	295,869	253,240
	3,657	3,633	3,538	3,402	3,218	3,025	2,839	2,609	2,246
	23,679	24,323	36,411	42,167	43,673	43,149	41,158	48,040	33,167
	27,242	26,652	27,652	27,998	26,141	24,894	24,480	21,812	18,081
	42,798	40,097	40,161	39,063	31,809	27,363	22,034	27,973	19,578
								9,362	7,521
	7,116	5,096	7,679	4,307	4,106	801	1,653	7,491	15,114
						1,809	2,153	4,748	2,754
	21,519	21,836	21,936	24,569	27,555	22,115	21,260	19,759	17,372
	1,155	951	1,189	1,671	1,186	1,333	1,335	1,150	1,748
					993	1,528	2,856	5,148	7,258
	1,191	761	699	648	879	662	845	663	607
	34,174	34,779	32,107	27,195	22,356	17,334	17,882	15,444	10,636
	678,625	675,802	683,322	687,741	666,927	629,573	630,382	676,998	660,290
	4,614	5,030	5,112	5,298	4,496	3,242	2,552	2,043	1,404
					8,042	7,314	5,404	8,969	7,830
	18,286	15,517	14,153	17,725	31,556	26,989	28,232	40,007	23,392
	1,110	1,054	608	824	557	511	491	391	333
								5,067	4,109
								749	758
	5,182	6,293	11,895	10,586	16,130	14,639			
	980	986	984	982	971	956	994	1,074	936
		1	30	585	1,105	1,498	1,678	1,115	1,189
	308	313	321	332	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
								200	73
						1,508	1,418	1,332	1,169
	38,387	36,079	38,265	41,893	40,750	36,014	31,482	33,854	29,124
					4,035	16			
	746,381	740,022	754,083	765,142	774,014	721,749	702,144	765,592	725,514
	7,083	7,269	7,395	7,866	8,126	12,116	12,467	12,393	11,206
	100	14	14	74			25	6	2
	4,941	5,123	5,118	5,552	5,947	9,674	9,744	9,809	9,182
	1,830	1,932	2,025	2,104	2,191	2,196	2,198	2,294	1,905
						2,097	2,113	2,027	1,757
	14,874	15,136	14,932	11,080	10,778	6,383	7,244	7,700	7,035
	942	351	-3,507	338	-4,123	1,166	1,329	349	-2,895
									953
								1,888	-68
									18
	29,770	29,825	25,978	27,014	22,918	33,632	35,121	36,466	29,059
	776,151	769,846	780,061	792,157	796,932	755,381	737,265	802,058	754,572

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 1. All Banks<sup>1</sup>

bil.yen; fiscal year/end of fiscal year

### Risk-Based Capital Adequacy Ratio

	Item	1989	90	91	92
154	Nonconsolidated risk-based capital adequacy ratio of internationally active banks <sup>11</sup>				
155	Regulatory capital				
156	Tier I capital				
157	Risk-adjusted assets				
158	Nonconsolidated risk-based capital adequacy ratio of banks not active internationally				
159	Regulatory capital				
160	Tier I capital				
161	Risk-adjusted assets				

### Unrealized Gains/Losses Arising from Revaluation of Securities

	Item	1989	90	91	92
162	Unrealized gains/losses arising from revaluation of investment securities <sup>12</sup>	49,096	38,865	20,204	21,365
163	Unrealized gains arising from revaluation of investment securities				
164	Unrealized losses arising from revaluation of investment securities				
165	Unrealized gains/losses arising from revaluation of non-trading securities	49,096	38,865	20,204	21,365
166	Unrealized gains arising from revaluation of non-trading securities				
167	Government bonds				
168	Stocks				
169	Other securities				
170	Unrealized losses arising from revaluation of non-trading securities				
171	Government bonds				
172	Stocks				
173	Other securities				

	93	94	95	96	97	98	99	2000	01
						11.88	12.20	11.67	11.02
						46,265	42,070	40,024	32,905
						26,743	24,231	23,516	18,496
						389,591	344,960	343,015	298,582
						7.80	9.71	9.68	9.01
						8,403	14,058	14,423	14,411
						6,364	10,188	10,489	9,912
						107,708	144,736	148,997	159,859

	93	94	95	96	97	98	99	2000	01
	24,875	12,991	21,654	12,677	6,137	5,224	10,767	2,593	311
					10,215	9,424	15,308	7,725	4,996
					4,077	4,200	4,541	5,132	4,686
	24,875	12,991	21,654	12,677	6,137	5,224	10,767	2,397	55
					10,215	9,424	15,308	7,342	4,497
					1,767	1,354	829	1,648	1,023
					7,397	7,494	14,110	5,343	3,227
					1,050	576	368	350	247
					4,077	4,200	4,541	4,944	4,442
					57	371	384	39	131
					3,541	3,513	3,887	4,449	3,653
					479	315	269	456	657

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 2. City Banks, Long-Term Credit Banks, and Trust Banks

bil.yen; fiscal year/end of fiscal year

### Statement of Income

	Item	1989	90	91	92
1	Recurring income	39,786	45,423	41,503	32,161
2	Operating income	37,002	43,481	39,441	31,462
3	Interest income	33,579	39,954	36,690	28,525
4	Interest on loans and discounts	18,627	24,958	24,003	17,809
5	Interest and dividends on securities	3,924	3,799	3,272	2,906
6	Interest on call loans	1,386	1,042	587	350
7	Interest on receivables under resale agreements				
8	Interest on bills bought	18	10	1	1
9	Interest on deposits with banks	7,819	7,293	5,107	2,922
10	Interest on interest swaps	329	1,372	2,267	3,169
11	Fees and commissions	1,973	1,830	1,619	1,642
12	Fees and commissions on domestic and foreign exchanges	403	385	389	380
13	Commissions on trust account	740	642	581	679
14	Trading income				
15	Other operating income	1,450	1,697	1,132	1,295
16	Gains on foreign exchange transactions	560	711	423	347
17	Gains on sales of bonds	693	750	484	704
18	Gains on redemption of bonds	102	84	74	64
19	Temporary income	2,784	1,943	2,062	699
20	Gains on sales of stocks and other securities	2,526	1,692	1,815	468
21	Gains on money held in trust	169	158	132	128
22	Recurring expenses	36,903	43,293	39,730	30,956
23	Operating expenses	35,077	41,976	37,409	28,668
24	Interest expenses <sup>2</sup>	30,192	36,880	32,412	23,673
25	(Expenses for money trust management)	181	270	233	169
26	Interest on deposits	21,028	25,526	20,844	12,656
27	Interest on negotiable certificates of deposit	2,227	2,207	1,662	948
28	Interest on call money	2,712	3,023	2,486	1,789
29	Interest on payables under repurchase agreements				
30	Interest on bills sold	1,020	1,050	896	512
31	Interest on commercial paper				
32	Interest on borrowings and rediscounts	470	583	767	770
33	Amortization on deferred bond/security discounts	1,061	1,306	1,506	1,504
34	Interest on convertible bonds	23	24	24	27
35	Interest on interest swaps	67	1,095	2,001	3,234
36	Fees and commissions	359	376	371	357
37	Fees and commissions on domestic and foreign exchanges	145	131	122	112
38	Expenses on specified transactions				
39	Other operating expenses	994	999	725	695
40	Losses on foreign exchange transactions				
41	Losses on sales of bonds	641	790	485	545
42	Losses on redemption of bonds	139	137	218	134
43	Losses on devaluation of bonds	200	69	16	14
44	Debenture expenses <sup>3</sup>				
45	Transfer to allowance for possible loan losses	115	45	26	13
46	Debenture expenses <sup>3</sup>	38	26	21	18
47	General and administrative expenses	3,380	3,651	3,853	3,912
48	Temporary expenses	1,826	1,316	2,320	2,288
49	Net transfers to special loan-loss provisions	61	121	455	836
50	Net transfers to allowance for possible losses on special overseas loans	111	-16	-15	-15
51	Written-off claims	47	12	51	189
52	Losses on sales of stocks and other securities	48	113	30	52
53	Losses on devaluation of stocks and other securities	226	170	1,160	455
54	Losses on money held in trust	112	161	103	33
55	Recurring profits/losses	2,883	2,131	1,773	1,205
56	Operating profits	2,106	1,775	2,265	2,963
57	Gross profits on operations	5,638	5,497	6,166	6,906
58	Net interest income	3,568	3,344	4,511	5,021
59	Net fees and commissions	1,614	1,455	1,248	1,286
60	Profits on specified transactions				
61	Other operating profits	456	698	407	600
62	Extraordinary profits	330	187	255	154
63	Gains on dispositions of premises and real estate	106	124	163	129
64	Recoveries of written-off claims	1	1	0	1
65	Extraordinary losses	354	194	250	184
66	Losses on dispositions of premises and real estate	117	137	156	128
67	Income/loss before income taxes and others	2,858	2,123	1,778	1,175
68	Provision for income taxes and others <sup>4</sup>	1,402	966	946	716
69	Deferred income taxes				
70	Net income/loss	1,456	1,157	832	459



	93	94	95	96	97	98	99	2000	01
	29,558	29,521	31,521	29,437	25,894	22,166	22,574	16,003	13,771
	27,604	25,936	28,481	26,244	21,910	20,024	16,800	13,193	12,337
	24,165	22,856	24,399	21,937	18,049	15,355	12,781	10,284	9,211
	14,098	12,419	10,992	9,556	9,414	8,275	6,750	6,914	5,772
	2,688	2,477	2,388	2,140	2,055	1,893	1,637	1,784	2,042
	202	213	260	167	218	168	95	100	40
								25	34
	0	4	3	0	4	7	1	5	0
	1,942	2,301	2,509	1,712	1,640	863	507	1,006	642
	4,054	4,041	6,431	6,807	3,877	3,303	3,072	36	403
	1,711	1,765	1,841	2,597	2,006	1,739	1,560	1,671	1,682
	379	389	406	413	423	407	411	429	429
	711	758	764	1,486	854	643	447	447	382
					221	229	191	347	366
	1,728	1,315	2,240	1,709	1,634	2,701	2,268	890	1,077
	270	281	162	176	186	219	234	212	254
	1,262	908	1,968	1,421	1,339	2,383	1,954	563	753
	65	40	42	62	87	66	50	1	0
	1,954	3,584	3,040	3,193	3,983	2,141	5,774	2,810	1,434
	1,766	3,409	2,801	2,963	3,806	1,935	5,434	2,265	1,001
	105	93	96	62	64	51	114	29	11
	28,830	29,332	34,362	29,268	30,144	28,156	20,660	15,596	19,396
	24,866	23,485	24,264	22,205	18,708	17,529	13,846	10,180	9,339
	19,553	18,321	18,759	16,549	13,230	10,441	7,776	5,483	3,795
	151	147	124	103	73	55	31	15	6
	8,881	8,210	7,532	5,770	5,650	3,671	2,145	2,872	1,698
	748	655	640	621	733	427	115	173	80
	1,272	1,016	683	443	499	441	207	335	69
								60	193
	213	158	82	45	36	17	4	7	4
						11	6	12	3
	690	726	692	688	688	641	608	609	498
	1,401	1,221	925	608	488	406	357	334	308
	24	20	12	15	13	13	10	9	8
	4,306	4,333	6,175	6,681	4,106	3,461	3,352	350	167
	357	356	357	361	376	388	360	371	425
	107	109	109	105	108	102	95	97	94
					28	7	20	49	18
	1,064	895	1,227	1,226	930	1,773	2,003	424	533
		1	13	5	15	4		30	3
	884	725	1,050	1,062	778	1,567	1,886	256	444
	154	143	147	124	106	127	97	12	15
	24	23	12	24	11	36	3	9	23
								12	11
	-9	32	50	69	129	1,035	2	218	989
	16	12	9	12	9	7	13		
	3,885	3,869	3,862	3,988	4,006	3,878	3,672	3,636	3,580
	3,964	5,847	10,098	7,063	11,436	10,627	6,814	5,416	10,057
	1,073	1,386	4,967	2,020	6,076	3,969	1,292	1,172	2,820
	-222	-219	-34	-24	-45	131	-30	-8	-1
	194	662	1,243	418	585	2,166	1,502	2,073	2,584
	59	34	80	59	334	454	980	258	886
	338	855	120	1,854	920	666	935	587	1,858
	28	44	36	28	25	41	38	52	34
	729	188	-2,841	169	-4,250	-5,990	1,914	406	-5,625
	2,889	2,598	4,341	4,143	3,275	2,551	2,985	3,027	3,004
	6,781	6,512	8,261	8,211	7,418	7,471	6,672	6,881	7,573
	4,763	4,682	5,764	5,492	4,891	4,970	5,036	4,816	5,423
	1,354	1,410	1,484	2,236	1,630	1,351	1,200	1,301	1,257
					193	222	171	297	349
	664	420	1,013	483	704	928	265	466	544
	97	120	382	234	1,028	694	487	334	293
	96	107	285	92	651	563	15	14	24
	1	1	1	2	1	4	54	89	122
	110	277	326	215	235	560	413	476	516
	76	92	67	108	66	45	87	129	137
	716	31	-2,785	188	-3,457	-5,857	1,988	263	-5,848
	311	190	432	75	158	191	345	127	34
						-2,455	880	124	-1,715
	405	-159	-3,217	113	-3,615	-3,593	763	12	-4,167

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 2. City Banks, Long-Term Credit Banks, and Trust Banks

bil.yen; fiscal year/end of fiscal year

### Assets

	Item	1989	90	91	92
71	Loans and bills discounted	302,404	317,162	324,156	325,177
72	Loans	287,809	303,151	311,685	314,217
73	Loans to other financial institutions	558	748	665	631
74	Bills discounted	14,596	14,010	12,471	10,960
75	Trading account securities	1,585	1,895	1,504	2,632
76	Money held in trust	3,928	3,389	2,935	3,231
77	Investment securities	78,065	75,487	72,641	70,718
78	Government bonds	16,025	14,060	12,079	12,044
79	Local government bonds	2,850	2,855	3,045	3,575
80	Corporate bonds	10,675	10,739	12,181	12,057
81	Stocks	23,312	26,351	27,723	27,774
82	Securities loaned	1,140	691	352	377
83	Call loans	15,523	9,121	7,236	6,180
84	Receivables under resale agreements				
85	Bills bought	364	25	32	19
86	Monetary claims bought	1,966	662	571	473
87	Due from accounts with interest	101,096	74,478	64,558	52,795
88	Negotiable certificates of deposit	2,408	2,345	1,530	1,431
89	Foreign exchanges	11,369	8,762	7,503	6,291
90	Total interest-earning assets	514,781	489,958	479,741	465,723
91	Trading assets				
92	Cash	23,986	24,986	18,657	13,513
93	Checks and bills due	23,102	24,112	17,705	12,600
94	Due from accounts without interest	3,341	4,138	2,246	1,911
95	Premises and real estate	2,663	3,072	3,370	3,548
96	Other assets	27,073	28,046	29,744	11,264
97	Accrued income	6,035	6,530	6,004	5,473
98	Securities deposited				2,846
99	Derivatives other than for trading				
100	Deferred losses on hedging instruments				
101	Deferred tax assets				
102	Deferred tax assets on land revaluation				
103	Customers' liabilities for acceptances and guarantees	52,048	51,857	47,217	38,053
104	Reserve for possible loan losses <sup>5</sup>				
105	Total assets	627,820	605,446	583,911	537,242

	93	94	95	96	97	98	99	2000	01
	319,960	317,031	329,715	338,579	324,351	303,670	296,656	294,376	276,838
	310,599	308,176	320,751	331,059	317,530	298,868	291,958	289,409	272,965
	501	449	626	1,309	1,887	2,095	3,259	3,290	3,506
	9,361	8,855	8,963	7,520	6,820	4,802	4,698	4,967	3,873
	2,665	2,252	1,210	1,050	1,154	1,030	4,391	5,153	2,046
	3,337	3,743	3,651	3,795	3,137	2,172	1,716	1,236	663
	70,705	73,932	74,955	75,806	81,035	78,064	87,104	120,209	99,394
	12,430	13,426	12,825	13,033	18,616	17,938	26,545	51,357	41,654
	3,306	3,732	3,953	3,707	3,429	2,725	2,650	2,639	2,444
	11,467	9,946	8,831	6,877	5,808	5,916	5,558	5,662	5,940
	29,209	32,322	34,875	35,653	36,633	36,544	38,327	36,937	28,379
	372	299	283	51	38	105	89		
	4,042	4,379	3,920	3,526	6,264	3,765	2,636	3,180	3,885
								4,285	1,107
	1	183	680	1,186	4,169	3,618	1,817	1,617	
	672	910	499	460	472	799	508	719	845
	55,757	50,366	41,916	34,987	25,633	11,245	14,548	20,310	13,493
	1,688	1,379	1,797	2,519	1,029	996	731	1,084	529
	5,554	5,140	5,282	5,386	5,034	3,805	3,134	3,156	3,274
	461,052	455,577	459,980	464,931	450,089	407,512	408,299	451,222	401,346
					15,195	14,182	14,657	19,399	16,086
	13,245	10,644	9,545	8,262	6,748	6,255	6,017	5,645	5,411
	12,241	9,645	8,631	7,136	5,581	4,987	4,533	4,128	3,401
	1,866	2,728	2,339	2,041	4,017	3,451	5,821	2,174	15,874
	3,506	3,416	3,412	3,342	6,179	5,615	5,376	5,158	4,888
	10,698	10,826	11,603	16,714	20,005	18,430	13,268	24,138	20,352
	5,298	5,711	6,787	7,163	5,936	4,178	4,022	1,979	1,329
	2,553	1,952	2,383	4,578	8,333	7,187	3,850	7,610	2,521
								5,858	4,589
								1,197	1,031
						6,648	5,731	5,270	7,969
									6
	32,093	29,687	32,113	35,523	34,466	30,025	26,077	28,730	24,574
							-7,471	-6,017	-8,054
	525,798	516,622	522,642	534,608	539,837	494,290	479,237	536,844	488,990

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 2. City Banks, Long-Term Credit Banks, and Trust Banks

bil.yen; fiscal year/end of fiscal year

### Liabilities and Stockholders' Equity

	Item	1989	90	91	92
106	Deposits	388,617	369,972	342,049	311,295
107	Current deposits	17,279	17,657	18,198	16,586
108	Ordinary deposits	30,725	30,453	30,372	30,599
109	Savings deposits				374
110	Deposits at notice	35,772	31,865	28,621	24,816
111	Time deposits	240,109	232,026	219,386	201,208
112	Installment savings	31	27	25	8
113	Negotiable certificates of deposit	28,823	28,595	23,146	23,466
114	Debentures	22,461	24,975	27,026	27,273
115	Call money	42,967	33,768	39,458	39,531
116	Payables under repurchase agreements				
117	Bills sold	14,568	12,131	12,873	10,472
118	Commercial paper				
119	Borrowed money	7,005	10,460	12,432	16,596
120	Foreign exchanges	3,694	1,729	1,695	1,312
121	Straight bonds				
122	Convertible bonds	1,770	1,683	1,513	1,143
123	Due to trust accounts	16,284	17,876	22,953	30,000
124	Total interest-bearing liabilities	522,993	499,018	481,328	459,496
125	(Money held in trusts)	3,928	3,389	2,935	3,231
126	Trading liabilities				
127	Other liabilities	28,088	29,494	29,861	13,021
128	Unearned revenue	1,233	1,340	1,146	892
129	Derivatives other than for trading				
130	Deferred gains on hedging instruments				
131	Reserve for possible loan losses <sup>5</sup>	2,254	2,275	2,634	3,321
132	Reserve for retirement benefits <sup>6</sup>	520	509	498	484
133	Other reserves <sup>7</sup>	2			
134	Reserve under special laws	168	164	136	165
135	Reserve for financial futures transaction liabilities		0	0	0
136	Reserve for securities transaction liabilities	0	0	0	0
137	Deferred tax liabilities				
138	Deferred tax liabilities on land revaluation				
139	Acceptances and guarantees	52,048	51,857	47,217	38,053
140	Land revaluation differential (liabilities) <sup>8</sup>				
141	Total liabilities	610,002	586,706	564,610	517,771
142	Common stock	4,708	4,892	4,902	4,902
143	New stock subscription	315			
144	Capital surplus reserve	3,378	3,562	3,571	3,572
145	Earned surplus reserve	599	655	712	770
146	Land revaluation differential (capital) <sup>8</sup>				
147	Voluntary reserves	7,235	8,300	9,117	9,628
148	Unappropriated profits at the end of the term	1,583	1,331	997	600
149	Other earned surplus				
150	Net unrealized gains/losses on non-trading securities available for sale, net of taxes				
151	Treasury stock <sup>9</sup>				
152	Total stockholders' equity <sup>10</sup>	17,818	18,741	19,300	19,472
153	Total liabilities and stockholders' equity	627,820	605,446	583,911	537,242

	93	94	95	96	97	98	99	2000	01
	307,281	304,288	298,165	300,189	287,505	262,475	264,357	277,622	286,832
	16,005	13,810	15,888	14,135	12,797	13,535	15,329	17,380	19,210
	32,007	32,936	37,563	40,449	44,622	49,767	62,509	65,945	106,858
	512	1,344	3,594	5,242	7,159	7,733	7,491	6,937	5,885
	25,661	25,414	25,938	27,209	22,442	14,999	16,099	17,949	11,301
	195,603	200,002	177,843	177,396	169,515	152,652	143,426	149,661	125,013
	5	2	1	1	0	0	0	0	0
	22,097	22,724	33,615	39,128	41,702	41,030	39,390	44,401	30,381
	27,242	26,652	27,652	27,998	26,141	24,894	24,480	21,812	18,081
	37,236	35,726	34,111	34,121	28,463	25,072	20,482	26,422	18,208
								9,362	7,517
	6,779	4,853	6,522	3,647	3,061	661	1,469	7,144	14,153
						1,794	2,153	4,748	2,754
	18,765	18,915	18,862	21,619	24,392	19,100	18,585	17,479	15,250
	1,135	931	1,169	1,651	1,171	1,320	1,326	1,141	1,739
					963	1,498	2,693	4,677	6,716
	1,056	643	612	534	726	529	437	373	238
	33,926	34,500	31,867	27,035	22,247	17,238	17,782	15,353	10,556
	453,617	446,575	450,014	454,197	435,629	395,563	393,718	435,237	415,712
	3,337	3,743	3,651	3,795	3,137	2,172	1,716	1,235	663
					8,028	7,296	5,390	8,949	7,803
	12,446	11,684	10,987	15,157	28,568	24,422	26,138	37,509	21,427
	718	671	416	591	331	294	280	237	195
								4,806	3,892
								747	758
	3,914	4,753	9,015	7,962	12,170	9,258			
	478	473	464	452	437	420	435	335	166
		1	22	538	993	1,287	1,423	896	996
	187	196	202	210	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
						1,010	914	833	682
	32,093	29,687	32,113	35,523	34,466	30,025	26,077	28,730	24,574
					2,930				
	506,072	497,113	506,468	517,834	526,359	471,452	455,811	513,724	472,082
	4,921	5,085	5,169	5,538	5,757	9,626	9,610	9,376	8,029
	100								
	3,591	3,754	3,719	4,088	4,446	8,065	7,874	7,728	7,066
	828	885	936	987	1,039	1,069	1,126	1,201	816
						1,399	1,404	1,327	1,072
	9,748	9,819	9,448	6,026	5,718	2,041	2,441	2,713	2,203
	539	-34	-3,099	135	-3,482	639	970	346	-2,326
									953
								429	-900
									5
	19,727	19,509	16,174	16,774	13,478	22,837	23,426	23,120	16,908
	525,798	516,622	522,642	534,608	539,837	494,290	479,237	536,844	488,990

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 2. City Banks, Long-Term Credit Banks, and Trust Banks

bil.yen; fiscal year/end of fiscal year

### Risk-Based Capital Adequacy Ratio

	Item	1989	90	91	92
154	Nonconsolidated risk-based capital adequacy ratio of internationally active banks <sup>11</sup>				
155	Regulatory capital				
156	Tier I capital				
157	Risk-adjusted assets				
158	Nonconsolidated risk-based capital adequacy ratio of banks not active internationally				
159	Regulatory capital				
160	Tier I capital				
161	Risk-adjusted assets				

### Unrealized Gains/Losses Arising from Revaluation of Securities

	Item	1989	90	91	92
162	Unrealized gains/losses arising from revaluation of investment securities <sup>12</sup>	<b>39,691</b>	<b>31,088</b>	<b>15,319</b>	<b>15,748</b>
163	Unrealized gains arising from revaluation of investment securities				
164	Unrealized losses arising from revaluation of investment securities				
165	Unrealized gains/losses arising from revaluation of non-trading securities	<b>39,691</b>	<b>31,088</b>	<b>15,319</b>	<b>15,748</b>
166	Unrealized gains arising from revaluation of non-trading securities				
167	Government bonds				
168	Stocks				
169	Other securities				
170	Unrealized losses arising from revaluation of non-trading securities				
171	Government bonds				
172	Stocks				
173	Other securities				

	93	94	95	96	97	98	99	2000	01
						12.06	12.28	11.72	11.03
						40,944	37,464	35,440	29,029
						22,930	20,979	20,227	15,645
						339,612	305,026	302,487	263,085
						8.18	12.04	11.46	9.42
						79	3,925	4,273	4,324
						73	2,503	2,663	2,291
						960	32,596	37,276	45,921

	93	94	95	96	97	98	99	2000	01
	18,411	8,384	15,527	8,589	3,135	2,709	7,282	226	-1,157
					6,599	6,247	11,179	4,492	2,761
					3,464	3,538	3,897	4,266	3,918
	18,411	8,384	15,527	8,589	3,135	2,709	7,282	84	-1,390
					6,599	6,247	11,179	4,185	2,308
					511	331	166	457	221
					5,135	5,415	10,684	3,460	1,902
					952	501	329	267	185
					3,464	3,538	3,897	4,101	3,698
					9	208	296	30	74
					3,126	3,110	3,415	3,785	3,189
					329	219	185	285	435

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 3. Regional Banks and Regional Banks II

bil.yen; fiscal year/end of fiscal year

### Statement of Income

	Item	1989	90	91	92
1	<b>Recurring income</b>	<b>12,325</b>	<b>16,127</b>	<b>16,443</b>	<b>13,499</b>
2	<b>Operating income</b>	<b>11,703</b>	<b>15,481</b>	<b>15,999</b>	<b>13,304</b>
3	<b>Interest income</b>	<b>11,018</b>	<b>14,794</b>	<b>15,305</b>	<b>12,521</b>
4	Interest on loans and discounts	7,845	11,147	11,679	9,501
5	Interest and dividends on securities	2,289	2,424	2,454	2,234
6	Interest on call loans	313	430	380	285
7	Interest on receivables under resale agreements				
8	Interest on bills bought	53	83	60	13
9	Interest on deposits with banks	345	468	428	276
10	Interest on interest swaps	34	76	74	69
11	<b>Fees and commissions</b>	<b>348</b>	<b>368</b>	<b>406</b>	<b>434</b>
12	Fees and commissions on domestic and foreign exchanges	214	219	234	244
13	Commissions on trust account	6	5	5	5
14	<b>Trading income</b>				
15	<b>Other operating income</b>	<b>337</b>	<b>319</b>	<b>288</b>	<b>349</b>
16	Gains on foreign exchange transactions	67	39	43	32
17	Gains on sales of bonds	191	183	168	250
18	Gains on redemption of bonds	45	45	31	30
19	<b>Temporary income</b>	<b>623</b>	<b>645</b>	<b>443</b>	<b>194</b>
20	Gains on sales of stocks and other securities	495	518	309	92
21	Gains on money held in trust	90	84	58	48
22	<b>Recurring expenses</b>	<b>11,295</b>	<b>15,115</b>	<b>15,576</b>	<b>12,567</b>
23	<b>Operating expenses</b>	<b>10,679</b>	<b>14,617</b>	<b>14,873</b>	<b>11,980</b>
24	<b>Interest expenses<sup>2</sup></b>	<b>7,427</b>	<b>11,217</b>	<b>11,355</b>	<b>8,297</b>
25	(Expenses for money trust management)	95	124	91	54
26	Interest on deposits	6,440	9,962	10,152	7,497
27	Interest on negotiable certificates of deposit	233	315	212	93
28	Interest on call money	539	605	482	271
29	Interest on payables under repurchase agreements				
30	Interest on bills sold	113	144	106	55
31	Interest on commercial paper				
32	Interest on borrowings and rediscounts	41	84	161	150
33	Amortization on deferred bond/security discounts				
34	Interest on convertible bonds	6	5	4	4
35	Interest on interest swaps	14	46	77	139
36	<b>Fees and commissions</b>	<b>163</b>	<b>183</b>	<b>194</b>	<b>208</b>
37	Fees and commissions on domestic and foreign exchanges	43	47	48	49
38	<b>Expenses on specified transactions</b>				
39	<b>Other operating expenses</b>	<b>343</b>	<b>305</b>	<b>256</b>	<b>273</b>
40	Losses on foreign exchange transactions	9	1	1	1
41	Losses on sales of bonds	184	227	179	159
42	Losses on redemption of bonds	64	68	75	110
43	Losses on devaluation of bonds	77	5	1	1
44	Debenture expenses <sup>3</sup>				
45	Transfer to allowance for possible loan losses	25	12	13	10
46	Debenture expenses <sup>3</sup>				
47	<b>General and administrative expenses</b>	<b>2,721</b>	<b>2,901</b>	<b>3,054</b>	<b>3,192</b>
48	<b>Temporary expenses</b>	<b>616</b>	<b>497</b>	<b>702</b>	<b>587</b>
49	Net transfers to special loan-loss provisions	32	42	68	183
50	Net transfers to allowance for possible losses on special overseas loans	7	4	18	-6
51	Written-off claims	19	14	11	32
52	Losses on sales of stocks and other securities	69	92	30	23
53	Losses on devaluation of stocks and other securities	178	90	368	126
54	Losses on money held in trust	77	64	44	22
55	<b>Recurring profits/losses</b>	<b>1,030</b>	<b>1,012</b>	<b>867</b>	<b>932</b>
56	<b>Operating profits</b>	<b>1,118</b>	<b>987</b>	<b>1,217</b>	<b>1,379</b>
57	<b>Gross profits on operations</b>	<b>3,864</b>	<b>3,900</b>	<b>4,285</b>	<b>4,581</b>
58	Net interest income	3,685	3,701	4,041	4,277
59	Net fees and commissions	185	185	212	227
60	Profits on specified transactions				
61	<b>Other operating profits</b>	<b>-6</b>	<b>14</b>	<b>31</b>	<b>76</b>
62	<b>Extraordinary profits</b>	<b>47</b>	<b>41</b>	<b>86</b>	<b>74</b>
63	Gains on dispositions of premises and real estate	26	23	61	56
64	Recoveries of written-off claims	2	1	1	1
65	<b>Extraordinary losses</b>	<b>42</b>	<b>41</b>	<b>69</b>	<b>83</b>
66	Losses on dispositions of premises and real estate	27	27	47	32
67	<b>Income/loss before income taxes and others</b>	<b>1,035</b>	<b>1,011</b>	<b>884</b>	<b>923</b>
68	<b>Provision for income taxes and others<sup>4</sup></b>	<b>473</b>	<b>489</b>	<b>444</b>	<b>513</b>
69	<b>Deferred income taxes</b>				
70	<b>Net income/loss</b>	<b>562</b>	<b>523</b>	<b>440</b>	<b>410</b>



	93	94	95	96	97	98	99	2000	01
	11,734	10,870	10,632	9,034	8,915	8,151	7,633	7,022	6,555
	11,431	10,544	9,733	8,501	8,219	7,660	6,917	6,539	6,212
	10,564	9,793	8,684	7,474	7,055	6,434	5,967	5,691	5,263
	7,873	7,020	5,951	5,033	4,820	4,636	4,460	4,343	4,122
	2,088	2,045	1,999	1,851	1,700	1,413	1,296	1,113	973
	230	215	148	106	98	85	48	74	50
								0	0
	5	5	3	1	4	6	0	1	0
	201	213	162	127	136	92	55	76	48
	65	66	89	91	68	41	28	3	3
	474	503	532	545	556	569	600	620	652
	259	272	285	295	299	300	309	317	325
	7	8	8	6	5	4	5	4	2
					4	5	2	4	5
	393	248	517	481	604	652	348	225	292
	30	29	28	26	22	21	23	25	27
	301	175	450	424	553	610	304	187	239
	34	28	26	24	24	17	18	3	1
	303	325	898	533	696	492	716	482	343
	203	254	793	441	602	370	580	323	183
	47	18	37	24	25	17	41	10	6
	11,012	10,084	10,241	8,695	9,325	9,322	7,156	6,948	7,401
	10,250	8,941	7,883	6,755	6,425	6,428	5,338	4,945	4,620
	6,491	5,125	4,010	2,740	2,353	1,775	1,249	1,130	755
	39	29	21	14	10	7	4	3	2
	5,854	4,410	3,150	1,866	1,544	1,149	760	695	421
	54	41	32	31	29	17	5	4	4
	198	210	198	183	175	117	67	81	48
	20	10	5	3	3	2	0	1	0
						0	0		
	121	117	88	85	81	78	66	59	45
					0	1	2	10	12
	3	2	2	2	1	1	2	3	2
	176	169	247	289	258	225	217	133	114
	218	217	221	223	224	225	234	240	254
	50	51	57	56	56	56	57	58	59
					1	1	1	0	0
	288	291	298	328	406	470	415	134	140
	0	2	4	2	4	6	6	9	4
	141	168	161	205	257	314	260	56	53
	144	112	126	113	140	140	143	23	23
	2	2	2	2	4	9	3	8	48
								1	1
	3	7	8	0	-22	566	68	108	199
	3,249	3,300	3,345	3,463	3,464	3,390	3,373	3,332	3,271
	762	1,143	2,358	1,940	2,900	2,894	1,817	2,003	2,782
	287	368	1,380	802	1,778	1,947	1,118	1,227	1,197
	-20	-12	-10	-3	-2	5	-0	-0	0
	103	102	188	167	129	128	148	319	485
	18	10	11	10	49	184	106	57	140
	46	202	27	484	393	204	165	137	690
	4	38	4	16	9	9	6	27	12
	723	786	391	339	-410	-1,171	477	73	-846
	1,220	1,632	1,871	1,759	1,805	1,239	1,588	1,597	1,594
	4,472	4,940	5,224	5,223	5,247	5,195	5,024	5,038	5,064
	4,111	4,697	4,695	4,748	4,712	4,666	4,723	4,563	4,509
	256	286	311	322	332	343	367	380	398
					4	4	1	4	5
	105	-43	219	153	198	183	-67	91	153
	96	42	105	111	247	82	48	383	62
	48	23	95	81	110	77	20	15	13
	2	1	1	2	2	2	7	23	26
	114	60	285	129	129	187	136	592	173
	43	25	21	25	24	24	24	28	36
	704	768	212	320	-292	-1,276	389	-135	-957
	358	434	677	154	387	425	403	335	225
						-874	-186	-322	-435
	347	334	-466	166	-679	-828	172	-148	-747

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 3. Regional Banks and Regional Banks II

bil.yen; fiscal year/end of fiscal year

### Assets

	Item	1989	90	91	92
71	Loans and bills discounted	147,638	156,095	162,644	167,536
72	Loans	135,030	143,064	150,859	156,767
73	Loans to other financial institutions	180	45	14	30
74	Bills discounted	12,608	13,031	11,785	10,770
75	Trading account securities	1,114	1,047	1,089	732
76	Money held in trust	2,410	1,755	1,465	1,261
77	Investment securities	41,559	44,644	42,917	41,856
78	Government bonds	12,822	13,939	12,404	12,154
79	Local government bonds	3,681	3,747	3,623	3,478
80	Corporate bonds	10,969	11,993	12,055	12,334
81	Stocks	4,609	5,152	5,296	5,347
82	Securities loaned	515	240	199	89
83	Call loans	10,195	8,858	9,804	9,823
84	Receivables under resale agreements				
85	Bills bought	1,176	1,091	455	291
86	Monetary claims bought	1,166	379	242	286
87	Due from accounts with interest	8,485	5,517	5,999	7,163
88	Negotiable certificates of deposit	1,237	787	887	772
89	Foreign exchanges	445	450	411	368
90	Total interest-earning assets	213,016	218,868	224,447	228,829
91	Trading assets				
92	Cash	6,678	6,755	6,104	5,381
93	Checks and bills due	5,043	5,015	4,036	3,415
94	Due from accounts without interest	1,290	1,172	1,359	1,212
95	Premises and real estate	2,101	2,331	2,624	2,785
96	Other assets	8,607	9,273	10,717	1,522
97	Accrued income	1,075	1,171	1,025	909
98	Securities deposited				122
99	Derivatives other than for trading				
100	Deferred losses on hedging instruments				
101	Deferred tax assets				
102	Deferred tax assets on land revaluation				
103	Customers' liabilities for acceptances and guarantees	5,383	5,665	5,915	6,057
104	Reserve for possible loan losses <sup>5</sup>				
105	Total assets	239,486	245,312	252,631	247,048

	93	94	95	96	97	98	99	2000	01
	169,842	172,740	178,896	179,918	181,488	183,248	178,748	179,204	178,845
	160,100	163,197	169,150	171,423	173,514	176,917	172,776	172,852	173,576
	29	30	5	2	18	31	39	40	49
	9,743	9,543	9,746	8,495	7,973	6,331	5,972	6,352	5,269
	699	678	395	470	211	332	277	455	438
	1,276	1,287	1,461	1,502	1,359	1,070	837	808	740
	41,931	42,467	44,207	45,363	42,374	43,422	49,139	55,812	57,194
	11,808	11,979	11,914	12,402	12,211	13,401	16,643	19,385	21,673
	4,202	4,768	5,442	5,880	5,839	6,810	7,528	7,488	7,537
	12,493	12,235	11,890	11,323	11,085	11,749	12,242	13,330	13,225
	5,561	5,748	6,400	6,396	6,295	6,118	6,149	7,370	5,966
	74	27	20	19	31	51	84	2	
	8,933	8,792	6,611	5,962	6,887	6,925	6,182	7,499	5,123
								10	11
	118	178	447	559	2,045	1,362	1,096	1,288	
	363	413	444	647	533	991	1,003	899	869
	9,242	9,180	8,545	5,831	3,987	3,173	3,054	3,726	1,451
	927	881	861	899	764	649	610	446	154
	320	285	304	336	269	211	202	199	210
	232,375	235,615	240,709	239,985	238,580	240,363	240,273	249,605	244,380
					335	513	443	619	609
	5,054	4,649	3,881	4,158	3,939	3,640	3,547	3,350	4,028
	3,028	2,725	2,070	1,745	1,510	1,169	1,025	957	950
	1,108	915	932	1,257	1,286	1,819	4,194	2,243	7,630
	2,824	2,839	2,882	2,887	3,987	4,087	4,072	4,026	3,940
	1,421	1,527	1,402	1,390	1,325	1,369	1,297	1,974	1,621
	819	832	809	707	632	548	482	518	448
	122	123	136	50	79	141	96	263	103
								27	25
								221	170
						2,240	2,494	1,970	2,691
	6,293	6,392	6,152	6,370	6,284	5,989	5,405	5,123	4,550
							-4,526	-4,499	-4,601
	250,353	253,224	257,419	257,549	257,095	261,091	258,028	265,214	265,582

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 3. Regional Banks and Regional Banks II

bil.yen; fiscal year/end of fiscal year

### Liabilities and Stockholders' Equity

	Item	1989	90	91	92
106	Deposits	198,846	203,043	209,267	211,635
107	Current deposits	9,829	10,017	8,337	8,254
108	Ordinary deposits	30,644	30,565	31,421	32,163
109	Savings deposits				308
110	Deposits at notice	6,001	4,927	4,303	4,057
111	Time deposits	123,227	131,539	140,323	144,850
112	Installment savings	4,051	3,543	3,504	3,588
113	Negotiable certificates of deposit	3,971	3,365	2,515	1,999
114	Debentures				
115	Call money	6,314	6,077	5,111	4,985
116	Payables under repurchase agreements				
117	Bills sold	1,772	1,243	1,069	1,166
118	Commercial paper				
119	Borrowed money	766	1,974	2,074	2,704
120	Foreign exchanges	36	21	30	24
121	Straight bonds				
122	Convertible bonds	390	334	255	224
123	Due to trust accounts	47	48	100	197
124	Total interest-bearing liabilities	209,933	214,513	219,160	221,859
125	(Money held in trusts)	2,410	1,755	1,465	1,261
126	Trading liabilities				
127	Other liabilities	11,802	13,407	15,140	6,382
128	Unearned revenue	533	646	634	495
129	Derivatives other than for trading				
130	Deferred gains on hedging instruments				
131	Reserve for possible loan losses <sup>5</sup>	847	849	906	1,072
132	Reserve for retirement benefits <sup>6</sup>	468	473	482	493
133	Other reserves <sup>7</sup>	0			0
134	Reserve under special laws	117	122	111	114
135	Reserve for financial futures transaction liabilities				
136	Reserve for securities transaction liabilities			0	0
137	Deferred tax liabilities				
138	Deferred tax liabilities on land revaluation				
139	Acceptances and guarantees	5,383	5,665	5,915	6,057
140	Land revaluation differential (liabilities) <sup>8</sup>				
141	Total liabilities	230,962	236,289	243,180	237,239
142	Common stock	1,982	2,080	2,120	2,144
143	New stock subscription	98	6	15	26
144	Capital surplus reserve	1,169	1,265	1,307	1,337
145	Earned surplus reserve	729	807	883	953
146	Land revaluation differential (capital) <sup>8</sup>				
147	Voluntary reserves	3,939	4,303	4,631	4,883
148	Unappropriated profits at the end of the term	608	574	495	466
149	Other earned surplus				
150	Net unrealized gains/losses on non-trading securities available for sale, net of taxes				
151	Treasury stock <sup>9</sup>				
152	Total stockholders' equity <sup>10</sup>	8,524	9,036	9,451	9,809
153	Total liabilities and stockholders' equity	239,486	245,312	252,631	247,048

	93	94	95	96	97	98	99	2000	01
	215,352	220,686	220,985	222,689	221,306	225,745	229,875	233,216	235,806
	8,040	7,621	8,422	7,460	6,988	7,000	7,176	8,646	8,939
	34,177	34,651	38,378	41,317	44,057	48,443	53,833	59,995	82,159
	534	1,966	4,770	5,826	6,515	6,723	6,647	6,456	5,990
	3,715	3,382	2,953	2,793	2,857	2,930	2,993	2,454	1,923
	146,740	152,031	148,087	148,082	146,975	149,249	149,229	146,208	128,228
	3,653	3,631	3,537	3,401	3,218	3,025	2,839	2,609	2,246
	1,582	1,599	2,797	3,039	1,971	2,119	1,769	3,639	2,786
	5,562	4,371	6,050	4,942	3,347	2,291	1,551	1,551	1,370
									4
	338	242	1,157	660	1,045	141	184	347	961
						15			
	2,754	2,922	3,074	2,950	3,163	3,015	2,675	2,280	2,123
	20	20	19	20	15	13	9	8	9
					30	30	163	471	541
	136	118	87	114	153	133	408	289	368
	248	279	240	160	110	96	100	91	80
	225,008	229,227	233,309	233,545	231,298	234,011	236,664	241,761	244,578
	1,276	1,287	1,461	1,502	1,359	1,070	837	808	740
					14	18	14	20	27
	5,840	3,833	3,165	2,568	2,989	2,567	2,094	2,498	1,965
	393	384	191	234	226	218	211	154	138
								260	217
								2	1
	1,268	1,540	2,880	2,625	3,960	5,381			
	502	513	520	529	534	536	559	739	770
		0	8	48	112	210	255	219	193
	121	117	119	121	0	0	0		
			0	0	0	0	0		
	0	0	0	0	0				
								200	73
						498	504	498	488
	6,293	6,392	6,152	6,370	6,284	5,989	5,405	5,123	4,550
					1,105	16			
	240,309	242,909	247,615	247,308	247,655	250,297	246,333	251,868	253,431
	2,162	2,184	2,226	2,328	2,369	2,490	2,857	3,017	3,177
		14	14	74			25	6	2
	1,351	1,369	1,399	1,464	1,501	1,609	1,871	2,081	2,116
	1,002	1,047	1,089	1,117	1,152	1,128	1,072	1,093	1,090
						698	709	700	685
	5,126	5,317	5,484	5,054	5,059	4,342	4,803	4,987	4,833
	403	385	-408	203	-641	527	359	3	-570
								1,459	832
									13
	10,043	10,315	9,804	10,240	9,440	10,794	11,696	13,346	12,151
	250,353	253,224	257,419	257,549	257,095	261,091	258,028	265,214	265,582

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

## 3. Regional Banks and Regional Banks II

bil.yen; fiscal year/end of fiscal year

### Risk-Based Capital Adequacy Ratio

	Item	1989	90	91	92
154	Nonconsolidated risk-based capital adequacy ratio of internationally active banks <sup>11</sup>				
155	Regulatory capital				
156	Tier I capital				
157	Risk-adjusted assets				
158	Nonconsolidated risk-based capital adequacy ratio of banks not active internationally				
159	Regulatory capital				
160	Tier I capital				
161	Risk-adjusted assets				

### Unrealized Gains/Losses Arising from Revaluation of Securities

	Item	1989	90	91	92
162	Unrealized gains/losses arising from revaluation of investment securities <sup>12</sup>	9,404	7,777	4,885	5,617
163	Unrealized gains arising from revaluation of investment securities				
164	Unrealized losses arising from revaluation of investment securities				
165	Unrealized gains/losses arising from revaluation of non-trading securities	9,404	7,777	4,885	5,617
166	Unrealized gains arising from revaluation of non-trading securities				
167	Government bonds				
168	Stocks				
169	Other securities				
170	Unrealized losses arising from revaluation of non-trading securities				
171	Government bonds				
172	Stocks				
173	Other securities				

	93	94	95	96	97	98	99	2000	01
						10.65	11.54	11.31	10.92
						5,321	4,606	4,584	3,877
						3,813	3,251	3,289	2,852
						49,980	39,934	40,529	35,497
						7.80	9.04	9.09	8.85
						8,324	10,133	10,150	10,087
						6,292	7,685	7,827	7,621
						106,748	112,140	111,720	113,938

	93	94	95	96	97	98	99	2000	01
	6,463	4,607	6,127	4,088	3,002	2,515	3,485	2,367	1,467
					3,616	3,177	4,129	3,233	2,235
					614	663	644	866	768
	6,463	4,607	6,127	4,088	3,002	2,515	3,485	2,313	1,445
					3,616	3,177	4,129	3,157	2,189
					1,255	1,023	663	1,191	802
					2,262	2,079	3,426	1,883	1,325
					98	75	39	83	61
					614	663	644	844	744
					48	163	88	9	57
					415	403	471	664	464
					151	96	84	171	222

# Developments in Profits and Balance Sheets of Japanese Banks in Fiscal 2001

- Notes: 1. The number of "All Banks" was 135 at end-March 2002: seven city banks; three long-term credit banks; five trust banks (excluding foreign-owned trust banks and trust banks that started business after October 1993); 64 member banks of the Regional Banks Association of Japan (hereafter regional banks); and 56 member banks of the Second Association of Regional Banks (hereafter regional banks II). Figures for Japanese banks in this article, however, cover data for 129 banks (13 city banks, long-term credit banks, and trust banks; 64 regional banks; and 52 regional banks II) and exclude data for the following six banks: Shinsei Bank (formerly Long-Term Credit Bank of Japan), Aozora Bank (formerly Nippon Credit Bank), Tokyo Star Bank (formerly Tokyo Sowa Bank), Kansai Sawayaka Bank (formerly Kofuku Bank), Chubu Bank, and Ishikawa Bank. Figures for banks taken over before the end of fiscal 1999 have been included in data for banks taken over from fiscal 1989. Figures are for banking accounts on a nonconsolidated basis.
- Unless otherwise noted, figures include profits/losses of the former Tokai Bank during April 1, 2001–January 14, 2002.
2. Includes "expenses for money trust management (25)."
  3. Transferred from "operating expenses" to "other operating expenses (39)" in fiscal 2000.
  4. Figures before fiscal 1998 do not include enterprise taxes as they were recorded as "temporary expenses (48)."
  5. Transferred from "liabilities" to "assets" in fiscal 1999.
  6. Before fiscal 2000, "reserve for retirement benefits (132)" was recorded as "reserve for retirement allowances."
  7. Includes reserve for possible losses on sales of loans, such as sales of loans to the Cooperative Credit Purchasing Company (CCPC) and allowance for assistance to special borrowers.
  8. Established in fiscal 1997. From fiscal 1998, the land revaluation differential was included in the capital account after adjustment for the tax effect. As a result, the new items "deferred tax assets on land revaluation (102)" and "deferred tax liabilities on land revaluation (138)" were created, and the "land revaluation differential (capital) (146)" started to be recorded in the capital account (banks that did not account for the effect of income taxes continued to record the land revaluation differential as a liability). "Land revaluation differential (liabilities) (140)" was discontinued from fiscal 1999, since all the banks were obliged to adopt tax-effect accounting.
  9. Transferred from "investment securities (77)" under "assets" to "capital" from fiscal 2001.
  10. Figures for stockholders' equity are before appropriation of profits.
  11. Figures for internationally active banks and for banks not active internationally for each fiscal year.
  12. "Unrealized gains/losses arising from revaluation of investment securities (162)" and "unrealized gains/losses arising from revaluation of non-trading securities (165)" were recorded together as "unrealized gains/losses arising from revaluation of non-trading securities (165)" for simplicity before the introduction of mark-to-market accounting, which was adopted by some banks in fiscal 2000 ahead of the statutory schedule of fiscal 2001. Figures for fiscal 2000 are those of all financial institutions regardless of their adoption of mark-to-market accounting. "Unrealized gains/losses arising from revaluation of investment securities (162)" include unrealized gains/losses arising from revaluation of "trading account securities (75)."

## Symbols and Abbreviations Used in This Article

CY	Calendar year	n.a.	Not applicable
FY	Fiscal year	1999/I	April–September 1999
%	Percent	1999/II	October 1999–March 2000
thous.	Thousands	2000/I	April–September 2000
bil.	Billions	2000/II	October 2000–March 2001
tril.	Trillions	2001/I	April–September 2001
% chg.	Percentage changes	2001/II	October 2001–March 2002
y/y % chg.	Percentage changes from the previous year	2002/I	April–September 2002
avg.	Average	2002/II	October 2002–March 2003