



# The Bank's Accounts:

Financial Statements  
and Other Documents  
for Fiscal 2016

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

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**II. Financial Statements**

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On May 29, 2017, the Bank of Japan released the "Financial Statements for the 132nd Fiscal Year" (partially available in English), which contains the Bank's financial statements (the inventory of property, balance sheet, and statement of income) for the 132nd fiscal year, i.e., fiscal 2016 (April 1, 2016–March 31, 2017), and the schedule for the financial statements for fiscal 2016.

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

The overview of the financial results for fiscal 2016 is as below.

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

The balance sheet of the Bank at the end of fiscal 2016 shows that total assets increased by 20.8 percent (84,441.1 billion yen) from the previous fiscal year-end to 490,089.3 billion yen, mainly due to an increase in holdings of Japanese government securities (JGSs).<sup>1</sup> Total liabilities increased by 21.0 percent (84,325.0 billion yen) from the previous fiscal year-end to 486,423.4 billion yen, mainly due to an increase in current deposits (Table 1).

Detailed developments in the Bank's balance sheet in fiscal 2016 are as follows.

Looking at assets at the fiscal year-end, with the Bank proceeding with asset purchases, holdings of JGSs increased by 19.6 percent (68,515.9 billion yen) from the previous fiscal year-end to 417,711.4 billion yen. Loans and bills discounted increased by 10,619.2 billion yen from the previous fiscal year-end to 44,664.5 billion yen, mainly due to an increase in the amount of loans provided through the Loan Support Program.<sup>2</sup> The amount outstanding of loans provided through the Loan Support Program was 45,710.2 billion yen.

Turning to liabilities, current deposits increased by 24.4 percent (67,316.0 billion yen) from the previous fiscal year-end to 342,755.5 billion yen, reflecting an increase in the amount of funds provided through JGB purchases and other measures. Meanwhile, the amount outstanding of banknotes issued (banknotes in circulation) increased by 4.4 percent (4,205.3 billion yen) from the previous fiscal year-end to 99,800.1 billion yen.

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

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

With regard to the Bank's statement of income for fiscal 2016, operating profits increased by 332.6 billion yen from the previous fiscal year to 1,095.2 billion yen, mainly due to smaller net foreign exchange-related losses (Tables 2 and 3).

Meanwhile, net special losses amounted to 387.7 billion yen, mainly due to (1) the transfer of funds to the provision for possible losses on bonds transactions to compensate for possible fluctuation in net income arising from the implementation of Quantitative and Qualitative Monetary Easing with Yield Curve Control, and (2) the transfer of funds from the provision for possible losses on foreign exchange transactions following net foreign exchange-related losses.

Net income for the term—after subtracting corporate income tax and inhabitants and enterprise taxes—increased by 95.6 billion yen from the previous fiscal year to 506.6 billion yen. After transferring 25.3 billion yen to the legal reserve (5 percent of net income for the term) and paying dividends totaling 5 million yen (5 percent of the face value of shares), the Bank paid the remainder of its net income to the government (481.3 billion yen).

The capital adequacy ratio, after the appropriation of net income, rose from its previous fiscal year-end level of 8.05 percent to 8.07 percent at the end of fiscal 2016 (Table 4).

Table 1

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

bil. yen

Item	End of fiscal 2015 (Mar. 31, 2016)	End of fiscal 2016 (Mar. 31, 2017)
<b>Total assets</b>	405,648.1 (+25.4) <+82,054.4>	490,089.3 (+20.8) <+84,441.1>
Of which:		
Japanese government securities	349,195.5 (+29.4) <+79,403.4>	417,711.4 (+19.6) <+68,515.9>
Commercial paper	1,969.9 (-0.5) <-8.9>	2,035.7 (+3.3) <+65.7>
Corporate bonds	3,170.3 (-2.2) <-72.7>	3,214.4 (+1.4) <+44.0>
Pecuniary trusts (stocks held as trust property)	1,369.2 (-0.5) <-6.5>	1,188.4 (-13.2) <-180.7>
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	7,567.6 (+68.8) <+3,083.8>	12,935.3 (+70.9) <+5,367.7>
Pecuniary trusts (Japan real estate investment trusts held as trust property)	293.6 (+42.3) <+87.2>	382.2 (+30.2) <+88.6>
Loans and bills discounted	34,045.3 (-0.2) <-52.2>	44,664.5 (+31.2) <+10,619.2>
Foreign currency assets	6,697.1 (-5.8) <-415.4>	6,608.1 (-1.3) <-89.0>
<b>Total liabilities</b>	402,098.4 (+25.8) <+82,400.1>	486,423.4 (+21.0) <+84,325.0>
Of which:		
Banknotes	95,594.7 (+6.6) <+5,921.5>	99,800.1 (+4.4) <+4,205.3>
Deposits (excluding those of the government)	282,939.6 (+37.3) <+76,867.8>	356,378.8 (+26.0) <+73,439.2>
Deposits of the government	18,779.7 (10.5 times) <+16,985.5>	21,750.7 (+15.8) <+2,971.0>
Payables under repurchase agreements	189.9 (-98.9) <-17,418.3>	3,425.2 (18.0 times) <+3,235.2>

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

[Reference to Table 1]

**Loans Provided through the Loan Support Program**

bil. yen

Item	End of fiscal 2014 (Mar. 31, 2015)	End of fiscal 2015 (Mar. 31, 2016)	End of fiscal 2016 (Mar. 31, 2017)
<b>Total amount outstanding</b>	<b>28,461.0</b>	<b>31,407.8</b>	<b>45,710.2</b>
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth	6,115.6	6,985.8	8,713.9
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	22,345.4	24,422.0	36,996.3

Table 2

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

bil. yen

Item	Fiscal 2015 (Apr. 1, 2015–Mar. 31, 2016)	Fiscal 2016 (Apr. 1, 2016–Mar. 31, 2017)
<b>Operating profits/losses</b>	762.6 (–55.5) <–951.0>	1,095.2 (+43.6) <+332.6>
Of which: "Core" operating income <sup>2</sup>	1,396.3 <+251.5>	1,273.7 <–122.5>
Net government bond-related gains/losses <sup>3</sup>	… <–0.0>	… <…>
Net foreign exchange-related gains/losses <sup>4</sup>	–408.3 <–1,168.4>	–148.1 <+260.1>
Net gains/losses on pecuniary trusts (stocks held as trust property)	51.1 <+1.3>	217.5 <+166.3>
Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)	104.8 <+45.6>	172.2 <+67.4>
Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)	10.8 <+3.0>	13.8 <+3.0>
Interest on excess reserve balances under the complementary deposit facility <sup>5</sup>	–221.6 <–70.3>	–187.3 <+34.3>
<b>Special profits/losses<sup>6</sup></b>	–245.4 <+116.8>	–387.7 <–142.3>
Of which: Net transfer to/from provision for possible losses on bonds transactions	–450.1 <–450.1>	–461.5 <–11.3>
Net transfer to/from provision for possible losses on foreign exchange transactions	204.1 <+584.2>	74.0 <–130.0>
<b>Net income before taxes</b>	517.1 (–61.7) <–834.2>	707.4 (+36.8) <+190.2>
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	106.0 <–236.3>	200.7 <+94.6>
<b>Net income<sup>7</sup></b>	411.0 (–59.3) <–597.9>	506.6 (+23.3) <+95.6>

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

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

3. Net gains/losses on sales of JGBs.

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

5. Net difference between interest payment on excess reserve balances to which a positive interest rate is applied (–211.1 billion yen) and interest income on the balances to which a negative interest rate is applied (23.8 billion yen).

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

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

Table 3

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

bil. yen

Item	Fiscal 2014 (Apr. 1, 2014– Mar. 31, 2015)	Fiscal 2015 (Apr. 1, 2015– Mar. 31, 2016)	Fiscal 2016	First half of the fiscal year	Second half of the fiscal year
				(Apr. 1, 2016– Sept. 30, 2016)	(Oct. 1, 2016– Mar. 31, 2017)
<b>1. Net government bond-related gains/losses</b>	<b>0.0</b>	...	...	...	...
Of which:					
Gains on sale of Japanese government bonds	0.0	...	...	...	...
Losses on sale of Japanese government bonds	...	...	...	...	...
<b>2. Net foreign exchange-related gains/losses<sup>2</sup></b>	<b>760.1</b>	<b>–408.3</b>	<b>–148.1</b>	<b>–697.6</b>	<b>549.4</b>
<b>3. Net gains/losses on pecuniary trusts (stocks held as trust property)</b>	<b>49.7</b>	<b>51.1</b>	<b>217.5</b>	<b>120.5</b>	<b>97.0</b>
Of which:					
Dividends and others	48.9	53.7	52.2	24.6	27.6
Losses on impairment	...	–4.4	–4.3	–0.1	–4.1
Net gains/losses on sale	0.8	1.8	169.5	96.0	73.5
<b>4. Net gains/losses on pecuniary trusts (index-linked exchange-traded funds held as trust property)</b>	<b>59.1</b>	<b>104.8</b>	<b>172.2</b>	<b>159.3</b>	<b>12.8</b>
Of which:					
Distributions and others	59.1	104.8	172.2	159.3	12.8
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	...	...	...
<b>5. Net gains/losses on pecuniary trusts (Japan real estate investment trusts held as trust property)</b>	<b>7.7</b>	<b>10.8</b>	<b>13.8</b>	<b>6.5</b>	<b>7.2</b>
Of which:					
Distributions and others	7.7	10.8	13.8	6.5	7.2
Losses on impairment	...	...	...	...	...
Net gains/losses on sale	...	...	...	...	...

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

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

bil. yen, except where otherwise noted

Item	Fiscal 2014 (Apr. 1, 2014– Mar. 31, 2015)	Fiscal 2015 (Apr. 1, 2015– Mar. 31, 2016)	Fiscal 2016	First half of the fiscal year	Second half of the fiscal year
				(Apr. 1, 2016– Sept. 30, 2016)	(Oct. 1, 2016– Mar. 31, 2017)
<b>6. "Core" operating income</b>	<b>1,144.7</b>	<b>1,396.3</b>	<b>1,273.7</b>	<b>671.2</b>	<b>602.5</b>
Yen assets	1,078.5	1,326.7	1,197.5	637.1	560.3
Of which:					
Interest on loans and discounts	28.6	34.8	9.6	8.2	1.3
Interest on receivables under resale agreements	...	–0.0	...	...	...
Interest and discounts on Japanese government securities	1,044.0	1,287.5	1,186.9	628.4	558.4
Treasury discount bills	10.8	–20.8	–123.0	–48.3	–74.6
Japanese government bonds	1,033.1	1,308.3	1,309.9	676.8	633.1
Interest on commercial paper	1.9	1.0	–0.3	–0.2	–0.0
Interest and discounts on corporate bonds	3.9	3.2	1.2	0.6	0.5
Interest on foreign currency assets	66.1	69.6	76.2	34.0	42.1
<b>7. Interest-bearing assets (average amount outstanding)</b>	<b>275,286.9</b>	<b>358,263.1</b>	<b>441,575.6</b>	<b>421,358.0</b>	<b>461,904.2</b>
Yen assets	269,635.4	351,924.6	435,036.4	414,865.4	455,318.2
Of which:					
Loans and bills discounted	28,628.0	35,164.9	35,498.7	32,853.0	38,158.9
Receivables under resale agreements	...	1.0	...	...	...
Japanese government securities	235,522.2	311,330.8	394,115.1	376,659.4	411,666.8
Treasury discount bills	49,943.7	47,554.0	50,697.0	51,920.2	49,467.0
Japanese government bonds	185,578.5	263,776.7	343,418.1	324,739.1	362,199.7
Commercial paper	2,248.2	2,224.8	2,241.3	2,188.1	2,294.9
Corporate bonds	3,236.8	3,202.9	3,181.1	3,164.8	3,197.5
Foreign currency assets	5,651.4	6,338.4	6,539.1	6,492.5	6,586.0
<b>8. Yield on interest-bearing assets (percent)</b>	<b>0.415</b>	<b>0.389</b>	<b>0.288</b>	<b>0.317</b>	<b>0.261</b>
Yen assets	0.400	0.376	0.275	0.306	0.246
Of which:					
Loans and bills discounted	0.100	0.099	0.027	0.050	0.007
Receivables under resale agreements	...	–0.120	...	...	...
Japanese government securities	0.443	0.413	0.301	0.332	0.272
Treasury discount bills	0.021	–0.043	–0.242	–0.185	–0.302
Japanese government bonds	0.556	0.495	0.381	0.415	0.350
Commercial paper	0.088	0.048	–0.013	–0.020	–0.008
Corporate bonds	0.122	0.102	0.038	0.042	0.034
Foreign currency assets	1.171	1.098	1.165	1.046	1.284

Table 4

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

bil. yen, except where otherwise noted

Item	End of fiscal 2014 (Mar. 31, 2015)	End of fiscal 2015 (Mar. 31, 2016)	End of fiscal 2016 (Mar. 31, 2017)	Changes from a year earlier	[Reference]
					End of the first half of fiscal 2016 (Sept. 30, 2016)
<b>Capital accounts (A)</b>	<b>3,138.6</b>	<b>3,159.1</b>	<b>3,184.5</b>	<b>+25.3</b>	<b>3,159.1</b>
Capital	0.1	0.1	0.1	...	0.1
Legal reserve and others <sup>2</sup>	3,138.5	3,159.0	3,184.4	+25.3	3,159.0
<b>Provisions (B)</b>	<b>4,029.4</b>	<b>4,275.4</b>	<b>4,662.8</b>	<b>+387.4</b>	<b>4,517.2</b>
Provision for possible loan losses (excluding special provision for possible loan losses)	...	...	...	...	...
Provision for possible losses on bonds transactions	2,243.3	2,693.4	3,155.0	+461.5	2,935.3
Provision for possible losses on foreign exchange transactions	1,786.1	1,581.9	1,507.8	-74.0	1,581.9
<b>Capital base<sup>3</sup> (C) = (A) + (B)</b>	<b>7,168.0</b>	<b>7,434.6</b>	<b>7,847.4</b>	<b>+412.7</b>	<b>7,676.4</b>
<b>Annual average of banknotes issued (D)</b>	<b>87,394.1</b>	<b>92,295.7</b>	<b>97,198.8</b>	<b>+4,903.1</b>	<b>95,841.1</b>
<b>Capital adequacy ratio (C)/(D) × 100 (percent)</b>	<b>8.20</b>	<b>8.05</b>	<b>8.07</b>	<b>+0.02</b>	<b>8.00</b>

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

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

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

[Reference]

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

bil. yen

Item	End of fiscal 2015 (Mar. 31, 2016)			End of fiscal 2016 (Mar. 31, 2017)		
	Book value	Market value <sup>2</sup>	Difference	Book value	Market value <sup>2</sup>	Difference
Japanese government securities	349,195.5	364,415.5	15,220.0	417,711.4	427,342.9	9,631.5
Commercial paper	1,969.9	1,969.9	...	2,035.7	2,035.7	...
Corporate bonds	3,170.3	3,167.3	-3.0	3,214.4	3,207.5	-6.8
Pecuniary trusts <sup>3</sup> (stocks held as trust property)	1,344.5	2,577.0	1,232.5	1,165.5	2,492.3	1,326.8
Pecuniary trusts <sup>3</sup> (index-linked exchange-traded funds held as trust property)	7,567.6	8,766.0	1,198.4	13,161.1	15,930.3	2,769.2
Pecuniary trusts <sup>3</sup> (Japan real estate investment trusts held as trust property)	290.0	387.1	97.0	379.9	459.1	79.2

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

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

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



## II. FINANCIAL STATEMENTS

### 1. Inventory of property as at March 31, 2017

Item	Value in yen	Unit (except where otherwise noted)
<b>ASSETS</b>		
Gold	441,253,409,037	
Cash	203,111,546,945	
Japanese government securities	417,711,474,033,271	Face value at 408,270,035,900,000 yen
Commercial paper	2,035,734,736,594	Face value at 2,035,700,000,000 yen
Corporate bonds	3,214,428,529,244	Face value at 3,186,000,000,000 yen
Pecuniary trusts (stocks held as trust property)	1,188,484,406,613	
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	12,935,375,253,468	
Pecuniary trusts (Japan real estate investment trusts held as trust property)	382,248,139,802	
Loans and bills discounted	44,664,568,000,000	
Electronic loans	44,664,568,000,000	1,602
Foreign currency assets	6,608,110,818,466	
Foreign currency deposits	1,033,483,758,461	
Foreign currency securities	3,153,263,293,351	
Foreign currency mutual funds	56,740,771,654	
Foreign currency loans	2,364,622,995,000	
Deposits with agents	20,557,407,037	Deposits with 88 agents
Other assets	482,817,708,962	
Bills and checks in process of collection	16,335,872	4
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000	2
Capital subscription to an international financial institution	15,278,374,364	1
Withdrawn cash to be returned to the government	48,555,520,981	6
Accrued interest receivable	406,746,871,832	
Others	11,995,605,913	
Tangible fixed assets	201,053,056,570	
Buildings	93,551,705,085	611,065.63 square meters
Land	82,743,135,513	516,204.05 square meters
Lease assets	5,956,822,432	Number of lease property: 20,777
Construction in progress	7,915,861,070	
Other tangible fixed assets	10,885,532,470	Number of movable property: 10,264
Intangible fixed assets	127,888,200	
Utility rights	127,888,200	
<b>Total assets</b>	<b>490,089,344,934,209</b>	
<b>LIABILITIES</b>		
Banknotes	99,800,187,532,462	
Deposits (excluding those of the government)	356,378,851,270,284	
Current deposits	342,755,514,899,028	1,137
Other deposits	13,623,336,371,256	131
Deposits of the government	21,750,732,591,836	
Treasury deposit	150,000,364,761	
Domestic designated deposit	21,348,834,481,149	
Other government deposits	251,897,745,926	
Payables under repurchase agreements	3,425,244,243,579	18
Other liabilities	207,457,263,916	
Remittances payable	4,902,514,996	
Taxes payable	166,236,000,000	
Lease liabilities	6,259,806,975	
Others	30,058,941,945	
Provision for retirement benefits	198,087,597,561	
Provision for possible losses on bonds transactions	3,155,019,993,013	
Provision for possible losses on foreign exchange transactions	1,507,875,000,000	
<b>Total liabilities</b>	<b>486,423,455,492,651</b>	
<b>NET ASSETS</b>		
Capital	100,000,000	
Legal reserve	3,159,085,051,556	
Special reserve	13,196,452	
Net income	506,691,193,550	
<b>Total net assets</b>	<b>3,665,889,441,558</b>	
<b>Total liabilities and net assets</b>	<b>490,089,344,934,209</b>	

**2. Balance sheet as at March 31, 2017**

yen

<b>ASSETS</b>	
Gold	441,253,409,037
Cash	203,111,546,945
Japanese government securities	417,711,474,033,271
Commercial paper	2,035,734,736,594
Corporate bonds	3,214,428,529,244
Pecuniary trusts (stocks held as trust property)	1,188,484,406,613
Pecuniary trusts (index-linked exchange-traded funds held as trust property)	12,935,375,253,468
Pecuniary trusts (Japan real estate investment trusts held as trust property)	382,248,139,802
Loans and bills discounted	44,664,568,000,000
Electronic loans	44,664,568,000,000
Foreign currency assets	6,608,110,818,466
Foreign currency deposits	1,033,483,758,461
Foreign currency securities	3,153,263,293,351
Foreign currency mutual funds	56,740,771,654
Foreign currency loans	2,364,622,995,000
Deposits with agents	20,557,407,037
Other assets	482,817,708,962
Bills and checks in process of collection	16,335,872
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000
Capital subscription to an international financial institution	15,278,374,364
Withdrawn cash to be returned to the government	48,555,520,981
Accrued interest receivable	406,746,871,832
Others	11,995,605,913
Tangible fixed assets	201,053,056,570
Buildings	93,551,705,085
Land	82,743,135,513
Lease assets	5,956,822,432
Construction in progress	7,915,861,070
Other tangible fixed assets	10,885,532,470
Intangible fixed assets	127,888,200
Utility rights	127,888,200
<b>Total assets</b>	<b>490,089,344,934,209</b>
<b>LIABILITIES</b>	
Banknotes	99,800,187,532,462
Deposits (excluding those of the government)	356,378,851,270,284
Current deposits	342,755,514,899,028
Other deposits	13,623,336,371,256
Deposits of the government	21,750,732,591,836
Treasury deposit	150,000,364,761
Domestic designated deposit	21,348,834,481,149
Other government deposits	251,897,745,926
Payables under repurchase agreements	3,425,244,243,579
Other liabilities	207,457,263,916
Remittances payable	4,902,514,996
Taxes payable	166,236,000,000
Lease liabilities	6,259,806,975
Others	30,058,941,945
Provision for retirement benefits	198,087,597,561
Provision for possible losses on bonds transactions	3,155,019,993,013
Provision for possible losses on foreign exchange transactions	1,507,875,000,000
<b>Total liabilities</b>	<b>486,423,455,492,651</b>
<b>NET ASSETS</b>	
Capital	100,000,000
Legal reserve	3,159,085,051,556
Special reserve	13,196,452
Net income	506,691,193,550
Total net assets	3,665,889,441,558
<b>Total liabilities and net assets</b>	<b>490,089,344,934,209</b>

### 3. Statement of income for fiscal 2016 (April 1, 2016–March 31, 2017)

yen

<b>Operating income</b>	<b>1,644,342,949,730</b>
<b>Interest on loans and discounts</b>	<b>9,640,667,851</b>
Interest on loans	9,640,667,851
<b>Interest and discounts on Japanese government securities</b>	<b>1,186,942,970,687</b>
<b>Interest on commercial paper</b>	<b>−313,124,481</b>
<b>Interest and discounts on corporate bonds</b>	<b>1,230,251,183</b>
<b>Gains on foreign currency assets</b>	<b>19,477,594,599</b>
Interest on foreign currency deposits and loans	19,477,594,599
<b>Other operating income</b>	<b>427,364,589,891</b>
Gains on pecuniary trusts (stocks held as trust property)	217,539,086,791
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	172,262,726,839
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	13,822,123,269
Dividends	529,589,555
Fees and commissions	9,535,893,168
Other income	13,675,170,269
<b>Operating expenses</b>	<b>549,083,370,145</b>
<b>Interest on payables under repurchase agreements</b>	<b>−494,834,763</b>
<b>Losses on foreign currency assets</b>	<b>155,361,446,180</b>
Foreign exchange losses	148,149,557,871
Losses on foreign currency securities	5,236,389,654
Losses on foreign currency mutual funds	1,975,498,655
<b>General and administrative expenses and costs</b>	<b>191,325,280,381</b>
Cost of production of banknotes	51,805,774,000
Administrative expenses for treasury business and Japanese government securities	17,048,127,253
Personnel expenses	51,239,050,034
Expenses for transportation and communications	4,190,874,778
Expenses for maintenance and repairs	2,438,456,899
Other general and administrative expenses and costs	46,476,041,727
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	3,828,149,765
Depreciation and amortization	14,298,805,925
<b>Other general and administrative expenses</b>	<b>202,891,478,347</b>
Interest on excess reserve balances under the complementary deposit facility	187,325,813,296
Fees and commissions paid	99,213,371
Other expenses	15,466,451,680
<b>Operating profits</b>	<b>1,095,259,579,585</b>
<b>Special profits</b>	<b>74,074,000,000</b>
Transfer from provision for possible losses on foreign exchange transactions	74,074,000,000
<b>Special losses</b>	<b>461,869,642,676</b>
<b>Losses on disposal of fixed assets</b>	<b>338,642,676</b>
Transfer to provision for possible losses on bonds transactions	461,531,000,000
<b>Net income before taxes</b>	<b>707,463,936,909</b>
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	<b>200,772,743,359</b>
<b>Net income</b>	<b>506,691,193,550</b>

#### 4. Summary of significant accounting policies

##### a. Securities

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

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

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

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

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

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

Depreciation is computed as follows:

###### (1) Buildings

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

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

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

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

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

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

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

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

4. Includes bonds issued by real estate investment corporations.

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

(5) Others

Depreciation is computed in accordance with the Corporation Tax Act.

**c. Foreign currency transactions**

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

**d. Transfers to/from provisions**

(1) Provision for possible loan losses

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

(2) Provision for retirement benefits

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

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

(3) Provision for possible losses on bonds transactions

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

(4) Provision for possible losses on foreign exchange transactions

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

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

- (5) Provisions for unrealized losses on stockholdings, index-linked exchange-traded fund holdings, and Japan real estate investment trust holdings

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

**e. Significant changes in the accounting standard**

In accordance with the amendment of the Corporation Tax Act, the Bank has changed its depreciation method for accessory equipment in the Bank's buildings and other assets on the Bank's premises acquired on or after April 1, 2016, beginning with the financial statements for fiscal 2016. This change had little impact on the financial statements for the fiscal year.

### Explanatory Notes to Lease Transactions

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**1. Finance lease transactions**

Finance lease transactions that do not transfer ownership

a. Details of lease assets

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

b. Methods used in calculating the depreciation of lease assets

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

**2. Operating lease transactions**

Future minimum lease payments for non-cancelable operating lease transactions

a. Lessee

	mil. yen
Within one year	148
More than one year	357
<hr/>	
Total	505

b. Lessor

	mil. yen
Within one year	1
More than one year	37
<hr/>	
Total	39

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

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

	yen
Projected benefit obligation at the beginning of fiscal 2016	239,344,503,000
Service cost	6,023,646,000
Interest cost	957,156,000
Actuarial differences	2,879,154,470
Retirement benefits paid	-9,713,365,470
Prior service cost	...
Projected benefit obligation at the end of fiscal 2016	239,491,094,000

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

	yen
Projected benefit obligation	239,491,094,000
Fair value of plan assets	...
Unfunded projected benefit obligation	239,491,094,000
Unrecognized actuarial differences	-50,089,646,189
Unrecognized prior service cost	8,686,149,750
Net amount recorded on the balance sheet	198,087,597,561
Prepaid pension cost	...
Provision for retirement benefits	198,087,597,561

#### 3. Retirement benefit cost

	yen
Service cost	6,023,646,000
Interest cost	957,156,000
Expected return on plan assets	...
Amortization of actuarial differences	5,656,428,685
Amortization of prior service cost	-1,158,153,300
Retirement benefit cost	11,479,077,385

#### 4. Assumptions

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

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



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

May 9, 2017

### Auditors' Opinion on the Bank of Japan's Financial Statements for Fiscal 2016

Pursuant to Article 52, paragraph 1 of the Bank of Japan Act (Act No. 89, 1997), we have audited the financial statements of the Bank of Japan for fiscal 2016 indicated below. In our opinion, the financial statements present fairly the state of property and the results of operations for fiscal 2016.

The financial statements comprise the following:  
Inventory of property as at March 31, 2017;  
Balance sheet as at March 31, 2017; and  
Statement of income for fiscal 2016.

Ryuichi Shogan  
Toshihiko Fujita  
Ryota Yanagihara

Auditors, Bank of Japan

## 6. Appropriation of net income for fiscal 2016

yen

<b>Net income</b>	<b>506,691,193,550</b>
Appropriations:	
Transfer to legal reserve	25,334,559,678
Dividends, 5 percent of share face value	5,000,000
Payment to the government	481,351,633,872
<b>Total</b>	<b>506,691,193,550</b>

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

### III. SCHEDULE FOR THE FINANCIAL STATEMENTS

#### 1. Details of assets

yen

Item	Balance at the beginning of fiscal 2016	Balance at the end of fiscal 2016	Changes during fiscal 2016
<b>1. Gold</b>	<b>441,253,409,037</b>	<b>441,253,409,037</b>	<b>0</b>
<b>2. Cash<sup>1</sup></b>	<b>209,992,488,626</b>	<b>203,111,546,945</b>	<b>-6,880,941,681</b>
<b>3. Japanese government securities</b>	<b>349,195,560,460,671</b>	<b>417,711,474,033,271</b>	<b>68,515,913,572,600</b>
Treasury discount bills	47,296,949,251,071	40,567,311,358,895	-6,729,637,892,176
Japanese government bonds	301,898,611,209,600	377,144,162,674,376	75,245,551,464,776
2-year Japanese government bonds	33,771,254,828,998	34,835,958,204,187	1,064,703,375,189
5-year Japanese government bonds	79,542,539,079,004	102,622,057,920,578	23,079,518,841,574
10-year Japanese government bonds	109,535,333,695,981	136,733,565,138,672	27,198,231,442,691
20-year Japanese government bonds	52,272,863,109,257	66,681,399,273,463	14,408,536,164,206
30-year Japanese government bonds	16,675,074,754,875	24,535,529,425,847	7,860,454,670,972
40-year Japanese government bonds	3,481,732,974,331	5,030,473,713,629	1,548,740,739,298
Floating-rate Japanese government bonds	5,277,949,629,767	5,220,977,784,649	-56,971,845,118
Inflation-indexed bonds	1,341,863,137,387	1,484,201,213,351	142,338,075,964
<b>4. Commercial paper<sup>2</sup></b>	<b>1,969,983,763,984</b>	<b>2,035,734,736,594</b>	<b>65,750,972,610</b>
Dematerialized commercial paper	1,969,983,763,984	2,035,734,736,594	65,750,972,610
<b>5. Corporate bonds<sup>3</sup></b>	<b>3,170,336,995,982</b>	<b>3,214,428,529,244</b>	<b>44,091,533,262</b>
<b>6. Pecuniary trusts (stocks held as trust property)<sup>4</sup></b>	<b>1,369,210,615,327</b>	<b>1,188,484,406,613</b>	<b>-180,726,208,714</b>
Stocks	1,344,585,836,527	1,165,545,787,573	-179,040,048,954
Dividends receivable and others	24,624,778,800	22,938,619,040	-1,686,159,760
<b>7. Pecuniary trusts (index-linked exchange-traded funds held as trust property)<sup>5</sup></b>	<b>7,567,622,629,487</b>	<b>12,935,375,253,468</b>	<b>5,367,752,623,981</b>
Index-linked exchange-traded funds	7,567,622,629,487	12,935,375,253,468	5,367,752,623,981
<b>8. Pecuniary trusts (Japan real estate investment trusts held as trust property)<sup>6</sup></b>	<b>293,641,665,779</b>	<b>382,248,139,802</b>	<b>88,606,474,023</b>
Japan real estate investment trusts	290,090,281,351	377,538,733,008	87,448,451,657
Distributions receivable	3,551,384,428	4,709,406,794	1,158,022,366
<b>9. Loans and bills discounted</b>	<b>34,045,336,000,000</b>	<b>44,664,568,000,000</b>	<b>10,619,232,000,000</b>
Electronic loans	34,045,336,000,000	44,664,568,000,000	10,619,232,000,000
Loans by Funds-Supplying Operations against Pooled Collateral <sup>7</sup>	34,045,336,000,000	44,664,568,000,000	10,619,232,000,000
<b>10. Foreign currency assets</b>	<b>6,697,119,789,156</b>	<b>6,608,110,818,466</b>	<b>-89,008,970,690</b>
Foreign currency deposits <sup>8</sup>	906,895,567,653	1,033,483,758,461	126,588,190,808
Foreign currency securities <sup>9,10</sup>	4,369,137,103,905	3,153,263,293,351	-1,215,873,810,554
Foreign currency mutual funds	58,807,470,098	56,740,771,654	-2,066,698,444
Foreign currency loans <sup>11</sup>	1,362,279,647,500	2,364,622,995,000	1,002,343,347,500
<b>11. Deposits with agents<sup>12</sup></b>	<b>32,689,178,523</b>	<b>20,557,407,037</b>	<b>-12,131,771,486</b>

Notes: 1. Coins reserved for circulation.

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

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

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

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

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

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

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

9. Includes securities issued by foreign governments.

10. 106,409,712,830 yen of the amount outstanding of the foreign currency securities at the fiscal year-end comprises loans due to lending/borrowing of securities.

11. The amount outstanding comprises that of loans disbursed pursuant to the special rules for the U.S. dollar lending arrangement to enhance the Growth-Supporting Funding Facility conducted through the Loan Support Program and that of loans arising from the U.S. Dollar Funds-Supplying Operations against Pooled Collateral.

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

yen

Item	Balance at the beginning of fiscal 2016	Balance at the end of fiscal 2016	Changes during fiscal 2016
<b>12. Other assets</b>	<b>458,560,658,145</b>	<b>482,817,708,962</b>	<b>24,257,050,817</b>
Bills and checks in process of collection <sup>13</sup>	26,804,275	16,335,872	-10,468,403
Capital subscription to the Deposit Insurance Corporation, and the Agricultural and Fishery Cooperative Savings Insurance Corporation	225,000,000	225,000,000	0
Capital subscription to an international financial institution <sup>14</sup>	15,278,374,364	15,278,374,364	0
Withdrawn cash to be returned to the government <sup>15</sup>	45,620,130,059	48,555,520,981	2,935,390,922
Accrued interest receivable	376,373,731,942	406,746,871,832	30,373,139,890
Others	21,036,617,505	11,995,605,913	-9,041,011,592

Notes: 13. Checks and bills received as cash and in process of collection.

14. A subscription to the BIS.

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

yen

Item	Balance at the beginning of fiscal 2016	Increase during fiscal 2016	Decrease during fiscal 2016	Of which:	Balance at the end of fiscal 2016	Cumulative total of depreciation
				Depreciation		
<b>13. Tangible fixed assets<sup>16</sup></b>	<b>196,723,411,774</b>	<b>24,885,319,052</b>	<b>20,555,674,256</b>	<b>13,604,929,988</b>	<b>201,053,056,570</b>	<b>353,879,120,448</b>
Buildings <sup>17,18</sup>	95,456,571,654 (613,271.63)	6,290,218,844 (0.00)	8,195,085,413 (2,206.00)	8,110,094,835 (...)	93,551,705,085 (611,065.63)	322,490,300,092 (...)
Land <sup>17</sup>	82,710,077,233 (515,271.60)	33,058,280 (932.45)	0 (0.00)	... (...)	82,743,135,513 (516,204.05)	... (...)
Lease assets <sup>19,20</sup>	4,989,333,914 (17,615)	3,832,948,490 (6,271)	2,865,459,972 (3,109)	2,862,701,288 (...)	5,956,822,432 (20,777)	6,897,700,937 (...)
Construction in progress <sup>21</sup>	2,280,865,248	12,403,900,483	6,768,904,661	...	7,915,861,070	...
Other tangible fixed assets <sup>22,23</sup>	11,286,563,725 (10,312)	2,325,192,955 (252)	2,726,224,210 (300)	2,632,133,865 (...)	10,885,532,470 (10,264)	24,491,119,419 (...)

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

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

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

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

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

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

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

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

yen

Item	Balance at the beginning of fiscal 2016	Increase during fiscal 2016	Decrease during fiscal 2016	Of which:	Balance at the end of fiscal 2016	Cumulative total of depreciation
				Depreciation		
<b>14. Intangible fixed assets</b>	<b>114,045,309</b>	<b>22,760,041</b>	<b>8,917,150</b>	<b>8,917,150</b>	<b>127,888,200</b>	<b>852,880,561</b>
Utility rights	114,045,309	22,760,041	8,917,150	8,917,150	127,888,200	852,880,561

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

yen

Item	Balance at the beginning of fiscal 2016	Balance at the end of fiscal 2016	Changes during fiscal 2016
<b>Total amount outstanding</b>	<b>31,407,857,197,500</b>	<b>45,710,227,995,000</b>	<b>14,302,370,797,500</b>
Loans made under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth <sup>7</sup>	6,985,857,197,500	8,713,927,995,000	1,728,070,797,500
Loans made under the Fund-Provisioning Measure to Stimulate Bank Lending	24,422,000,000,000	36,996,300,000,000	12,574,300,000,000

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

## 2. Details of liabilities and net assets

yen

Item	Balance at the beginning of fiscal 2016	Balance at the end of fiscal 2016	Changes during fiscal 2016
<b>1. Banknotes</b>	<b>95,594,792,658,757</b>	<b>99,800,187,532,462</b>	<b>4,205,394,873,705</b>
10,000 yen notes	88,233,737,125,000	92,369,495,850,000	4,135,758,725,000
5,000 yen notes	3,068,570,347,500	3,074,336,285,000	5,765,937,500
2,000 yen notes	196,156,526,000	196,658,161,000	501,635,000
1,000 yen notes	3,947,851,283,500	4,012,481,897,500	64,630,614,000
Other banknotes <sup>1</sup>	148,477,376,757	147,215,338,962	-1,262,037,795
<b>2. Deposits (excluding those of the government)</b>	<b>282,939,643,326,998</b>	<b>356,378,851,270,284</b>	<b>73,439,207,943,286</b>
Current deposits	275,439,481,605,158	342,755,514,899,028	67,316,033,293,870
Other deposits <sup>2</sup>	7,500,161,721,840	13,623,336,371,256	6,123,174,649,416
<b>3. Deposits of the government</b>	<b>18,779,729,516,481</b>	<b>21,750,732,591,836</b>	<b>2,971,003,075,355</b>
Treasury deposit	150,001,779,067	150,000,364,761	-1,414,306
Domestic designated deposit <sup>3</sup>	18,373,874,162,409	21,348,834,481,149	2,974,960,318,740
Other government deposits <sup>4</sup>	255,853,575,005	251,897,745,926	-3,955,829,079
<b>4. Payables under repurchase agreements<sup>5</sup></b>	<b>189,967,046,736</b>	<b>3,425,244,243,579</b>	<b>3,235,277,196,843</b>
Other sales of Japanese government securities under repurchase agreements <sup>6</sup>	189,967,046,736	3,425,244,243,579	3,235,277,196,843
Of which:			
Under the Securities Lending Facility	189,967,046,736	2,423,668,097,407	2,233,701,050,671
<b>5. Other liabilities</b>	<b>122,531,470,022</b>	<b>207,457,263,916</b>	<b>84,925,793,894</b>
Remittances payable	4,778,880,521	4,902,514,996	123,634,475
Taxes payable	82,945,000,000	166,236,000,000	83,291,000,000
Lease liabilities	5,300,718,320	6,259,806,975	959,088,655
Others <sup>7</sup>	29,506,871,181	30,058,941,945	552,070,764

- Notes: 1. The total of banknotes of denominations that are no longer issued new but are still legal tender (i.e., notes of 500 yen, 100 yen, 50 yen, 10 yen, 5 yen, and 1 yen).  
2. Deposits held by foreign central banks and others.  
3. A deposit to which the surplus funds from management of the treasury is transferred from the "treasury deposit."  
4. Includes the special deposit, which balances "cash" (coins reserved for circulation) and "withdrawn cash to be returned to the government" (coins withdrawn from circulation) in the asset account.  
5. Monetary obligations arising from sales of JGSs under repurchase agreements.  
6. Monetary obligations other than those arising from sales under repurchase agreements of JGBs to the government and of T-Bills to foreign central banks and other foreign entities.  
7. 26,729,626,959 yen of the amount outstanding of "others" at the fiscal year-end comprises accrued interest on excess reserve balances under the complementary deposit facility.

yen

Item	Balance at the beginning of fiscal 2016	Increase during fiscal 2016	Decrease during fiscal 2016	Balance at the end of fiscal 2016
<b>6. Provisions<sup>8</sup></b>	<b>4,471,759,878,659</b>	<b>473,010,077,385</b>	<b>83,787,365,470</b>	<b>4,860,982,590,574</b>
Provision for retirement benefits	196,321,885,646	11,479,077,385	9,713,365,470	198,087,597,561
Provision for possible losses on bonds transactions	2,693,488,993,013	461,531,000,000	0	3,155,019,993,013
Provision for possible losses on foreign exchange transactions	1,581,949,000,000	0	74,074,000,000	1,507,875,000,000
<b>7. Net assets</b>	<b>3,138,644,407,684</b>	<b>20,553,840,324</b>	<b>0</b>	<b>3,159,198,248,008</b>
Capital	100,000,000	0	0	100,000,000
Legal reserve <sup>9</sup>	3,138,531,211,232	20,553,840,324	0	3,159,085,051,556
Special reserve <sup>10</sup>	13,196,452	0	0	13,196,452

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

### 3. Details of revenues and expenses for fiscal 2016

#### a. Operating income

<b>Interest on loans and discounts</b>	
Interest on loans	9,640,667,851 yen from electronic loans.
<b>Interest and discounts on Japanese government securities</b>	1,186,942,970,687 yen from interest income on Japanese government securities after adjustment.
<b>Interest on commercial paper</b>	-313,124,481 yen from interest income on commercial paper after adjustment.
<b>Interest and discounts on corporate bonds</b>	1,230,251,183 yen from interest income on corporate bonds after adjustment.
<b>Gains on foreign currency assets</b>	
Interest on foreign currency deposits and loans	19,477,594,599 yen
<b>Other operating income</b>	
Gains on pecuniary trusts (stocks held as trust property)	217,539,086,791 yen mainly from gains on sales.
Gains on pecuniary trusts (index-linked exchange-traded funds held as trust property)	172,262,726,839 yen mainly from distributions.
Gains on pecuniary trusts (Japan real estate investment trusts held as trust property)	13,822,123,269 yen mainly from distributions.
Dividends	529,589,555 yen for dividends from shares of the Bank for International Settlements held by the Bank.
Fees and commissions	9,535,893,168 yen for fees and commissions for operations regarding Japanese government securities, the Bank of Japan Financial Network System (BOJ-NET), foreign exchange transactions, and other operations.
Other income	13,675,170,269 yen from transfer from provision for retirement benefits and other miscellaneous income.

## b. Operating expenses

<b>Interest on payables under repurchase agreements</b>	494,834,763 yen from interest income on sales of Japanese government securities under repurchase agreements.
<b>Losses on foreign currency assets</b>	
Foreign exchange losses	148,149,557,871 yen from losses on foreign currency assets resulting from revaluation following fluctuations in foreign exchange rates.
Losses on foreign currency securities	Total of 56,723,843,841 yen from interest and discounts on foreign currency securities and 44,232,555 yen from related lending fees; and 62,004,466,050 yen of losses arising from the sale, redemption, and revaluation at end-March 2017 of foreign currency securities.
Losses on foreign currency mutual funds	1,975,498,655 yen
<b>General and administrative expenses and costs</b>	
Cost of production of banknotes	51,805,774,000 yen from payments to the National Printing Bureau, an incorporated administrative agency, for the cost of production of banknotes.
Administrative expenses for treasury business and Japanese government securities	17,048,127,253 yen from fees and commissions paid to agents of the Bank for administration of treasury business and Japanese government securities.
Personnel expenses	428,774,500 yen for remuneration of the officers; 41,046,196,064 yen for remuneration of the employees; and 9,764,079,470 yen for retirement allowances.
Expenses for transportation and communications	1,920,492,451 yen for expenses for transportation and 2,270,382,327 yen for expenses for communications.
Expenses for maintenance and repairs	2,438,456,899 yen on offices and other premises.
Other general and administrative expenses and costs	1,299,792,378 yen for the cost of expendable supplies; 1,649,549,558 yen for expenses for electricity and water supply; 7,546,444,387 yen for leasing fees for buildings and equipment; 8,241,857,396 yen for expenses for maintenance of buildings and equipment; and 27,738,398,008 yen for miscellaneous expenses.
Taxes excluding corporate income tax, inhabitants taxes, and enterprise taxes	3,828,149,765 yen for taxes and public charges (including fixed-asset tax and urban development tax).
Depreciation and amortization	14,298,805,925 yen on buildings and lease assets.
<b>Other general and administrative expenses</b>	
Interest on excess reserve balances under the complementary deposit facility	187,325,813,296 yen (net difference between interest payment of 211,129,673,874 yen on excess reserve balances to which a positive interest rate is applied and interest income of 23,803,860,578 yen on the balances to which a negative interest rate is applied).
Fees and commissions paid	99,213,371 yen
Other expenses	15,466,451,680 yen for transfer to provision for retirement benefits and other expenses.

## c. Special profits

<b>Transfer from provision for possible losses on foreign exchange transactions</b>	74,074,000,000 yen
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## d. Special losses

<b>Losses on disposal of fixed assets</b>	338,642,676 yen for losses on demolition of the Bank's premises, as well as on disposals of automatic banknote examination machines and other properties.
<b>Transfer to provision for possible losses on bonds transactions</b>	461,531,000,000 yen

## e. Net income

<b>Net income before taxes</b>	707,463,936,909 yen
<b>Provision for corporate income tax, inhabitants taxes, and enterprise taxes</b>	200,772,743,359 yen
<b>Net income</b>	506,691,193,550 yen

#### **IV. EXPENSES**

With regard to the Bank's statement of accounts for fiscal 2016 (the 132nd fiscal year), the total amount of actual expenses increased by 1.8 percent (3.3 billion yen) to 188.2 billion yen compared to the previous fiscal year. This was due, among other factors, to the increase in the "cost of fixed-asset purchases," mainly reflecting the need to update automatic banknote examination machines and aging equipment.



## 1. Statement of accounts for fiscal 2016

yen

Item	Initial budget	Adjusted budget <sup>1</sup>	Actual	Surpluses	Changes from the previous year (actual)
<b>Cost of production of banknotes</b>	<b>51,805,792,000</b>	<b>51,805,792,000</b>	<b>51,805,774,000</b>	<b>18,000</b>	<b>119,978,000</b>
<b>Administrative expenses for treasury business and Japanese government securities</b>	<b>18,129,258,000</b>	<b>18,129,258,000</b>	<b>17,048,127,253</b>	<b>1,081,130,747</b>	<b>-645,562,840</b>
<b>Personnel expenses</b>	<b>52,454,946,000</b>	<b>52,454,946,000</b>	<b>51,239,050,034</b>	<b>1,215,895,966</b>	<b>492,094,079</b>
Remuneration of the officers	426,751,000	429,751,000	428,774,500	976,500	6,907,100
Remuneration of the employees	42,197,364,000	42,197,364,000	41,046,196,064	1,151,167,936	356,699,009
Retirement allowances	9,830,831,000	9,827,831,000	9,764,079,470	63,751,530	128,487,970
<b>Expenses for transportation and communications</b>	<b>4,741,518,000</b>	<b>4,741,518,000</b>	<b>4,190,874,778</b>	<b>550,643,222</b>	<b>-207,223,853</b>
Expenses for transportation	2,027,469,000	2,027,469,000	1,920,492,451	106,976,549	54,436,933
Expenses for communications	2,714,049,000	2,714,049,000	2,270,382,327	443,666,673	-261,660,786
<b>Expenses for maintenance and repairs</b>	<b>2,440,463,000</b>	<b>2,440,463,000</b>	<b>2,438,456,899</b>	<b>2,006,101</b>	<b>109,498,174</b>
<b>Other general and administrative expenses and costs</b>	<b>51,177,538,000</b>	<b>51,177,538,000</b>	<b>46,476,041,727</b>	<b>4,701,496,273</b>	<b>-1,462,691,638</b>
Cost of expendable supplies	1,422,388,000	1,422,388,000	1,299,792,378	122,595,622	136,598,685
Expenses for electricity and water supply	2,349,669,000	2,349,669,000	1,649,549,558	700,119,442	-441,794,967
Leasing fees for buildings and equipment	7,808,394,000	7,808,394,000	7,546,444,387	261,949,613	-1,002,476,901
Expenses for maintenance of buildings and equipment	8,754,942,000	8,754,942,000	8,241,857,396	513,084,604	-2,263,234,026
Miscellaneous expenses	30,842,145,000	30,842,145,000	27,738,398,008	3,103,746,992	2,108,215,571
<b>Subtotal</b>	<b>180,749,515,000</b>	<b>180,749,515,000</b>	<b>173,198,324,691</b>	<b>7,551,190,309</b>	<b>-1,593,908,078</b>
<b>Cost of fixed-asset purchases</b>	<b>15,285,687,000</b>	<b>15,285,687,000</b>	<b>14,975,439,257</b>	<b>310,247,743</b>	<b>4,890,035,843</b>
Of which:					
Subject to the approval of the Minister of Finance <sup>2</sup>	5,926,335,000	5,926,335,000	5,737,751,959	188,583,041	2,236,166,431
<b>Contingency funds</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>0</b>	<b>1,000,000,000</b>	<b>0</b>
<b>Total</b>	<b>197,035,202,000</b>	<b>197,035,202,000</b>	<b>188,173,763,948</b>	<b>8,861,438,052</b>	<b>3,296,127,765</b>
Of which:					
Subject to the approval of the Minister of Finance <sup>2</sup>	187,675,850,000	187,675,850,000	178,936,076,650	8,739,773,350	642,258,353

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

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

## 2. Expenses by area of business operation for fiscal 2016<sup>1</sup>

mil. yen

Area of business operation	Expenses	Changes from a year earlier	Share of total (percent)
Issuance of banknotes	82,165	-419	42.9
Monetary policy	22,796	+50	11.9
Financial system policy	17,399	+109	9.1
Payment and settlement systems	30,609	-1,367	16.0
Services relating to the government <sup>2</sup>	38,356	-628	20.0
<b>Total</b>	<b>191,325</b>	<b>-2,255</b>	<b>100.0</b>

Notes: 1. Calculated based on "general and administrative expenses and costs" (191.3 billion yen) in the statement of income for fiscal 2016 (the 132nd fiscal year). Figures are rounded to the nearest million yen.

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

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