

## The Gap between Major Banks' Self-Assessment and the Result of FSA's Inspections

The Financial Services Agency (and the Financial Supervisory Agency, predecessor to the Financial Services Agency before June 2000) has been implementing inspections based on inspection manual since 2000, and is now running the third round of such inspections for major banks. Following tables show the amount of classified loans and the sum of write-offs and provisions (loan loss reserves) on an aggregated basis, resulting from three rounds of inspections.

### 1. Ratio of the gap for the amount of classified loans (billion yen, %)

	Number of inspected banks	Self-assessment (a)	FSA's inspection (b)	Gap (c)=(b)-(a)	Ratio of the gap to self-assessment (c)/(a) and its distribution			
					And above 50%	25~50 %	Below 25%	
1st round	15	34,611.1	47,019.7	12,408.6	35.9	5	7	3
2nd round	12	39,715.9	43,727.9	4,012.0	10.1	0	2	10
3rd round	4	9,344.3	9,902.9	558.6	6.0	-		

### 2. Ratio of the gap for the sum of write-offs and provisions (billion yen, %)

	Number of inspected banks	Self-assessment (a)	FSA's inspection (b)	Gap (c)=(b)-(a)	Ratio of the gap to self-assessment (c)/(a) and its distribution			
					And above 50%	25~50 %	Below 25%	
1st round	15	10,394.7	15,287.0	4,892.3	47.1	5	6	4
2nd round	12	12,876.9	14,709.6	1,832.7	14.2	2	0	10
3rd round	4	2,349.7	2,553.3	203.6	8.7	-		

note)

1. Each round of inspections comprises an inspection per major bank, which checked figures as of one of the several business terms shown below :

The first round : either end-March 2000, end-September 2000, end-March 2001, or end-September 2001.

The second round : either end-September 2001, end-March 2002, end-September 2002, or end-March 2003.

The third round : either end-September 2002 or end-March 2003.

2. The amount of classified loans indicates the sum of loan assets classified under category II (assets deemed to bear a higher-than-normal repayment risk), category III (assets with serious doubts about collection or value), and category IV (assets deemed to be uncollectible or without value). The sum of write-offs and provisions indicates the sum of direct write-offs which took place during the business term of inspection and the amount of provisions for loan losses at the end of the term, both calculated on the basis of total credit.
3. The second round of inspections covered five out of 12 major banks at the time of announcement last November. Following tables show the comparison between the figures aggregated for all 12 major banks and those announced last year for 5 banks.

(1) Ratio of the gap for the amount of classified loans

(billion yen, %)

	Self-assessment (a)	FSA's inspection (b)	Gap (c)=(b)-(a)	Ratio of the gap to self-assessment (c) / (a)
Announced last year (5 banks)	11,979.5	13,721.9	1,742.4	14.5
All 12 major banks	39,715.9	43,727.9	4,012.0	10.1

(2) Ratio of the gap for the sum of write-offs and provisions

(billion yen, %)

	Self-assessment (a)	FSA's inspection (b)	Gap (c)=(b)-(a)	Ratio of the gap to self-assessment (c) / (a)
Announced last year (5 banks)	3,401.1	4,207.4	806.3	23.7
All 12 major banks	12,876.9	14,709.6	1,832.7	14.2

---

Investors Alert

---

Contact us

---

FinTech Support Desk

---

Financial Market Entry  
Consultation Desk

---

English Guidebook for Foreign  
Asset Managers to Establish a  
Business Base in Japan

---

Financial Policies Monitor

---

Speeches of JFSA Officials

---

FSA Weekly Review

---

Other Links



PDF  
In order to access to a PDF file. You need Adobe  
Acrobat Reader

Site Map

---