

## **Indicator 10.5.1**

### **Indicator Name, Target and Goal**

**Indicator 10.5.1** Financial Soundness Indicators (FSIs)

**Target 10.5** Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

**Goal 10** Reduce inequality within and among countries

## **10.5.1-5 Return on assets**

### **Definition and Rationale**

#### Definition

This indicator is calculated by dividing annualized net income after extraordinary items and taxes (as recommended in the FSI Guide) by the average of the balance of the total assets (financial and nonfinancial) at the beginning and end of the same period.

#### Concepts

The numerator is annualized net income before extraordinary items and taxes. The denominator is the average of the balance of the total assets (financial and nonfinancial) at the beginning and end of the same period.

#### Rationale and Interpretation

It is an indicator of bank profitability and is intended to measure deposit takers' efficiency in using their assets.

### **Data Sources and Collection Method**

All data are regularly reported from banks to the Financial Services Agency (FSA) (or the Bank of Japan (BOJ)) except for the net income. Net income is cited from the financial statements which have been disclosed in public. All banks' accounting data are in accordance with national accounting rules.

### **Method of Computation and Other Methodological Considerations**

#### Computation Method

This FSI is calculated by dividing annualized net income after extraordinary items and taxes (as recommended in the FSI Guide) by the average of the

balance of the total assets (financial and nonfinancial) at the beginning and end of the same period.

○ Comments and limitations

Accounting rules generally follow the J-GAAP.

The banks excluded from the sample are insignificant in terms of amounts.

## **Data Disaggregation**

N/A

## **References**

IMF FSI Compilation Guide Chapter 7. Specification of Core Financial Soundness Indicators for Deposit Takers

<https://www.imf.org/External/pa4158/fsi-guides/chapter-7.pdf>

IMF SDDS Plus Metadata

(Japan) : <https://dsbb.imf.org/sddsplus/dqaf-base/country/JPN/category/F>  
[SI05](#)

## **Custodian Ministries of Data**

Financial Services Agency

(Bank of Japan)

## **Custodian Ministries of Related Policies**

Financial Services Agency

## **International Organizations**

International Monetary Fund (IMF)