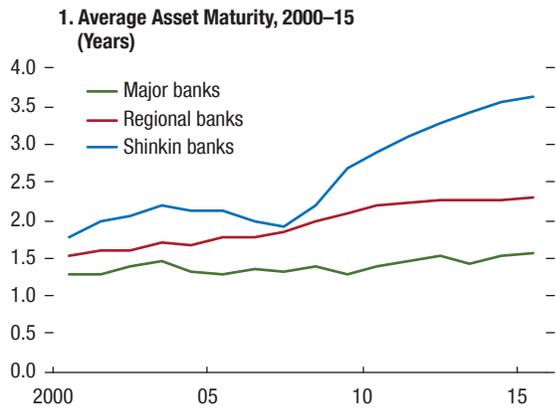
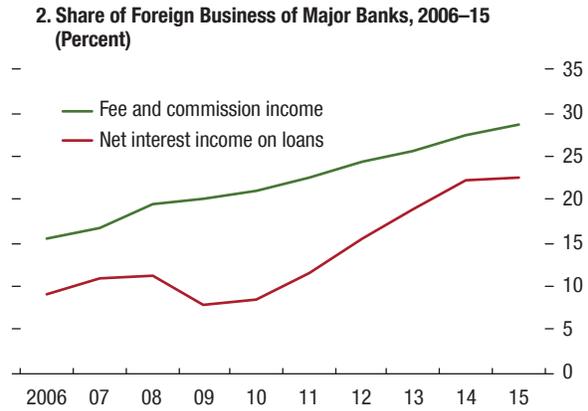


Figure 2.5. Japan: Banks' Adaptation to the Deposit Rate Lower Bound Period

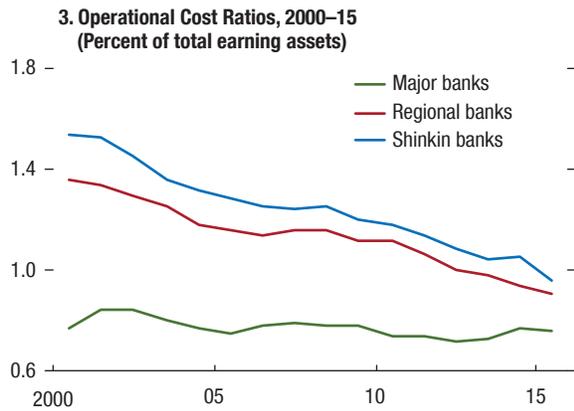
Smaller banks have taken more interest rate risk.



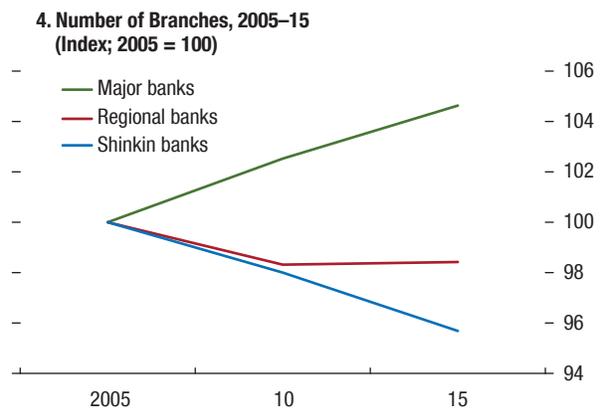
Large banks have expanded abroad.



Smaller banks have also cut costs ...



... in part, by closing branches.



Sources: Bank of Japan; Fitch Connect; Japanese Bankers' Association; and IMF staff calculations.