



Our financial management is built on balancing stable returns, soundness and profitability.

KITABAYASHI Taro

Representative Director and
Managing Executive Officer
Member of the Board of Directors
Chief Financial Officer

The Bank's Financial Management

Because the Bank exists as a financial institution for cooperative organizations designed to facilitate smooth financial intermediation, we engage in initiatives toward building a sustainable financial base to stably return profits to our members and continue to offer our value to a diverse range of stakeholders. To achieve that, we introduced the risk appetite framework and continue to advance our governance, financial management and risk management.

For our financial management, it is important to ensure three elements: continuing “stable returns” to members,

maintaining “soundness” as a financial institution and maximizing profitability to the extent the first two elements are achieved. We conduct financial management in consideration of the balance of these three elements.

We are currently working to enhance our portfolio with a view to augmenting our profitability over the longer term while maintaining our financial management with keeping prudential soundness at top priority. We are in proceeding with our members regarding capital enhancement in order to bring these efforts to fruition.

Financial and Economic Circumstances

Global economy made solid growth in fiscal 2023, particularly in the United States, which led to major central banks continuing their tightened monetary policies. Whilst the tightened monetary policies led inflation to ease, concerns about high inflation becoming entrenched amid buoyant private sector demand and employment conditions persisted.

Turning to the financial markets, the equity markets both in Japan and overseas performed strongly under the solid economic growth. In the bond markets, both short- and

long-term interest rates rose amid ongoing monetary tightening in Japan and overseas. Japan saw a notable shift in its long-lasting monetary policy stance, with the Bank of Japan progressively abandoning yield curve control and ending its negative interest rate policy. In the foreign currency markets, the yen weakened as a result of difference of interest rate conditions and the anticipated speed of monetary policy changes between Japan and abroad.

Financial Results and Capital Adequacy in Fiscal 2023

In fiscal 2023, interest and dividend income increased as a result of yen depreciation and interest rate rise, particularly in the United States and Europe, but foreign currency funding costs also increased. As a result, the Bank recorded consolidated ordinary profit of 134.2 billion yen

and profit attributable to owners of parent of 63.6 billion yen. The Bank's capital adequacy ratios on a consolidated basis were maintained at a sufficiently sound level, with a common equity Tier 1 capital ratio of 16.43%, a Tier 1 capital ratio of 21.18% and a total capital ratio of 21.23%.

Summary of Earnings

(Billions of Yen)

	FY2021	FY2022	FY2023
Ordinary Profit	238.5	40.4	134.2
Profit Attributable to Owners of Parent	184.6	50.9	63.6
Net Assets	7,294.6	5,673.5	4,440.3
Common Equity Tier 1 Capital Ratio	17.87%	17.82%	16.43%
Tier 1 Capital Ratio	21.22%	21.98%	21.18%
Total Capital Ratio	21.23%	22.03%	21.23%

Efforts to Enhance Tax Compliance

The appropriate fulfillment of tax obligations is one of the critical social responsibilities of a company. With the business model of globally diversified investments, the Bank exercises its tax obligations not only in Japan but also with awareness of foreign tax laws and regulations concerning overseas lending and investing activities from Japan and business operations at its overseas locations, as well as international initiatives such as the BEPS Actions agreed by major jurisdictions at the OECD and

implemented in Japan.

The Bank also conducts efforts to enhance tax compliance within the organization with the aim of increasing its medium- to long-term corporate value through sustainable growth. Specifically, the Bank provides its officers and employees with seminars designed to increase their tax literacy and will make continued efforts to increase awareness of tax compliance and reinforce tax governance.

Amount of Tax Payment by Jurisdictions (As of March 31, 2023)

(Millions of Yen)

