

Action Plan for FY2024

| Overview

In its pursuit of “Stable profits” and “Establishing an even more robust profitability base” from fiscal 2025 onward, the Bank is strengthening its financial portfolio by selling low-yielding assets and securing new investments and financing, backed by the capital enhancement measures.

| Selling low-yielding assets

In the first half of the year, the Bank sold off approximately ¥7.5 trillion worth of low-yielding assets—mainly European and US government bonds. Primarily as a result of this, the Bank recorded a net loss of ¥893.9 billion for the first half of fiscal 2024.

The Bank’s progress with asset sales were complemented by changes in the external environment, including the start of interest rate cuts by overseas central banks, that have provided a tailwind and shifted its income and expenditure onto an improving trajectory.

Furthermore, in order to ensure consistent profitability and establish a solid earnings base from fiscal 2025 onward, the Bank continues in the second half of this fiscal year to reduce holdings of low-yielding assets, to the extent that it keeps the loss attributable to owners of parent for full fiscal 2024 within the range of ¥1.5

* Non-Consolidated retained earnings of the Bank end-March 2024

trillion to its retained earnings*, with due consideration about future market conditions.

In line with this strategy, the Bank plans the sales of low-yielding assets totalling more than ¥10 trillion over the full course of fiscal 2024.

| New investments and loans

The priority during the first half of fiscal 2024 was the sales of low-yielding assets. Entering into the second half, the Bank will have more focus on new investments in a broad range of assets, supported by the enhanced capital (CET1) in September-end. In the medium-to-long-term, the Bank aims to diversify its income base more by increasing credit assets, including loans, and to have its asset portfolio a better balance between interest rate and non-interest-rate risks.

| Capital enhancement

With the understanding and cooperation of its members, the Bank has completed the redemption of ¥716.9 billion in perpetual subordinated loans (additional Tier 1 capital) and the procurement of ¥736.0 billion in lower-dividend-rate stock (Common Equity Tier 1 capital) at the end of September. The Bank is also in discussions regarding the procurement of approximately ¥600 billion in new subordinated term loans (Tier 2 capital).

