



Furthering Sophisticated Market Management

The market has remained extremely unstable due to the sharp rise in interest rates, mainly in Europe and the U.S., in response to the progression of global inflation, the resulting depreciation of the yen, and the increase in geopolitical risks. In response to these conditions, we sold all foreign currency-denominated bonds that were in reversal at the end of the previous fiscal year, and also disposed of investment trusts whose book value is expected to take time to recover.

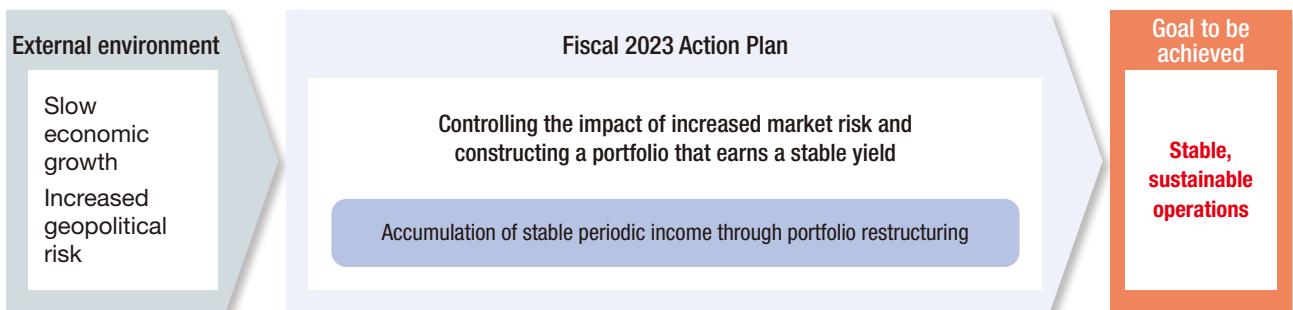
In FY2023, European and U.S. markets continue to be unstable due to the risk of rising interest rates and concerns of falling stock prices accompanying economic recession, while changes in monetary policy are also being discussed in Japan. Under the uncertain market environment both in Japan and overseas, the Bank will work to restructure its portfolio to minimize the risk of incurring losses when prices of bonds and stocks fall, while at the same time enjoying stable fund profits when domestic long-term interest rates rise.

One notable feature of the Bank's market management is the outsourcing of investment management to leading external asset management firms. This arrangement offers two major advantages: First, it facilitates improvement of the Market Operations Department's skills by ascertaining these firms' operations knowhow; and, second, it gives us the ability to gather real-time information concerning indicators of changes in global markets. We seek to employ these advantages to improve our risk management techniques and the returns from our own investment management operations as we strive to enhance the overall sophistication of the Bank's Market Operations Department.



Executive in Charge of Market Operations Department
Director, Managing Executive Officer **Ryuchiro Funaki**

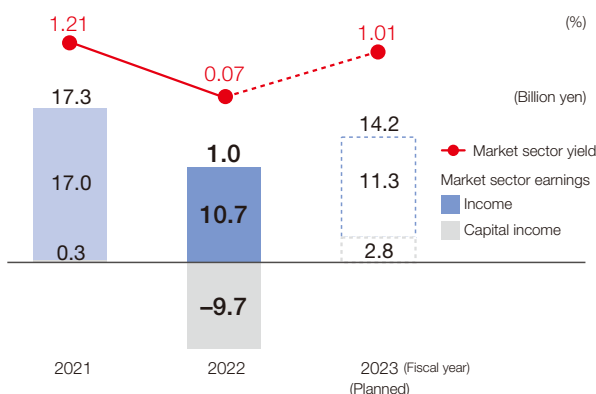
Fiscal 2023 Action Plan



Accumulation of stable periodic income through portfolio restructuring

- Securing stable income
- Accumulating capital gains through flexible trading
- Employing hedging techniques to minimize the risk of rising interest rates and falling stock prices

Market sector earnings



Investment balance (unpaid balance basis)

