

# Frequently Asked Questions



Below are FAQs in and after the financial briefing of FY2016 on May 22th, 2017.

<b>Q1</b>	<b>The Bank made a drastic change in securities investment in FY2016, including realization of losses on foreign bonds. What is the policy on securities investment in the future?</b>
<b>A1</b>	<ul style="list-style-type: none"><li>• The Bank incurred unrealized losses on foreign bonds in FY2016 because U.S. long-term interest rates rose more rapidly than expected after the U.S. presidential election.</li><li>• If the Bank had kept holding foreign bonds, the bonds would mature without causing losses in the Bank. Yet, the Bank wrote off the losses on the bonds while selling some stocks whose prices were rising, because of the Bank's tradition of maintaining soundness, and because selling the bonds was forecasted to be more difficult in the future under the condition where U.S. interest rates are expected to further go up.</li><li>• While the Bank expects to invest mainly in investment trust, it intends to adjust the position according to the investment environment during the 13<sup>th</sup> Medium-term Business Plan (from FY2017 to FY 2019), including investment in foreign bonds based on the trend of overseas interest rates.</li><li>• As for securities investment, the Bank makes a decision by considering the balance between income gain and capital gain, and thinks that the current amount of securities is insufficient in terms of income gain. The Bank is planning to restructure its securities portfolio in the future while watching the investment environment.</li></ul>
<b>Q2</b>	<b>Among the three business fields (core business (region-based), Tokyo metropolitan area, nationwide market), what kind of position does the Bank assume in the nationwide market?</b>
<b>A2</b>	<ul style="list-style-type: none"><li>• Even though the Bank plans to develop business in the three business fields under the 13<sup>th</sup> Medium-term Business Plan (from FY2017 to FY 2019), the Bank will mainly focus on core business (region-based) as a regional financial institution.</li><li>• Still, the Bank cannot avoid certain level of costs and risks for business development in core business (region-based). In order to continuously meet the mission to support regional economy as a regional financial institution, the Bank aims at generating profit in Tokyo metropolitan area and the nationwide market.</li></ul>
<b>Q3</b>	<b>What is the Bank's policy for shareholder return?</b>
<b>A3</b>	<ul style="list-style-type: none"><li>• The Bank actively engages in shareholder return.</li><li>• As for shareholder dividend, the Bank plans to distribute JPY 20 per share in FY2016 as the Bank did in FY2015.</li><li>• In addition, the Bank completed share buyback of 10 million shares in November, 2016.</li><li>• As a result, shareholder return ratio in FY2016 will be 84.60%, and the average of the ratio during three years under the 12<sup>th</sup> Medium-term Business plan will be 55.10%.</li></ul>

SHIZU-GIN

# Frequently Asked Questions

Q4	<p><b>The Bank describes the importance of dissolving cross-shareholding in its Corporate Governance Code. What does the Bank plan as for sales of strategically-held shares?</b></p>
A4	<ul style="list-style-type: none"><li>• The Bank has advanced dissolving cross-holding of strategically-held shares until now. The Bank thinks that selling shares of financial institutions which are subject to double gearing* under the Basel regulation because it can allocate the risk asset to others. The Bank plans to continuously sell those shares in the future as well.</li></ul> <p>*"Double gearing" refers to securities which are issued by financial institutions and which other banks hold. Under the Basel regulation, banks are obliged to deduct its capital by certain ratio of the amount of double gearing.</p>

SHIZU-GIN