

# 2022 Financial Report

Year ended March 31, 2022

## Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")

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# How to Read the Financial Statements of Trust Banks (Unaudited)

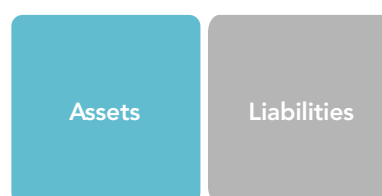
## Balance Sheets of Trust Banks

(1) The financial statements of trust banks comprise two balance sheets: one for a banking account and the other for a trust account. The balance sheet for the banking account presents capital, fund management, and finance of trust banks. The balance sheet for the trust account shows assets that trust banks manage, administer, and dispose on behalf of the beneficiaries, according to the trusts' investment objectives, when the trusts have been set up for the trustors.

**Balance sheet of banking account**



**Statement of trust account**



(2) The outcomes (gains or losses) of asset management, administration, and disposition of the trust account pertain to the beneficiaries (after deducting trust fees). In principle, they do not affect the banking account. However, loan trusts and jointly operated money trusts ("JOMTs"), which are covered by deposit insurance, are treated as exceptions due to their principal guaranteed feature. As a result, the balance sheets for loan trusts and the JOMT accounts are disclosed, and, together with the banking account, become the "three major accounts" of trust banks. It is common for trust banks to manage various financial risks at the level of these accounts.

(Note) Japanese trust banks have stopped offering new loan trusts. The loan trusts, therefore, have a limited impact on the balance sheet and financial reporting.

(3) The liabilities section in statements of trust accounts shows the balance for each trust type. The assets section shows assets, such as loans, securities, real estate, and monetary claims, held in various trusts.

Money trusts include a wide variety of trust products. They include, for example, products with discretionary management rights, such as JOMTs and individually operated designated money trusts (referred to as *Shiteitan*), and products without discretionary management rights, such as specified money trusts (referred to as *Tokkin*). Fees for these products vary. Aside from money trusts, the trust banks have discretionary management rights for loan trusts and pension trusts, but not for investment trusts or securities trusts.

## Statements of Income of Trust Banks

The trust banks disclose statements of income for banking accounts. The main components of “Net Business Profit before Credit Costs,” which is equivalent to operating profit for other companies are as follows:

- (1) Trust Fees
- (2) Net Credit Cost of loan trusts and JOMT accounts
- (3) Net Interest Income
- (4) Net Fees and Commissions
- (5) Net Trading Income
- (6) Net Other Ordinary Income (gains or losses on sales of bonds, net gain or loss on foreign exchange transactions, net income or expense on derivatives other than trading or hedging)
- (7) Gross Business Profit:  $(1)+(3)+(4)+(5)+(6)$
- (8) General and Administrative Expenses
- (9) Transfer to general allowance for loan losses
- (10) Net Business Profit:  $(7)-(8)-(9)$
- (11) Net Business Profit before Credit Costs:  $(10)+(2)+(9)$

## Fee Revenues of Trust Banks: Trust Fees and Net Fees and Commissions

In trust banks, broadly speaking, there are two types of fee revenues: “Trust Fees” and “Net Fees and Commissions.” Fees that trust banks receive on trust contracts are posted to “Trust Fees.” Fees and commissions on general service contracts are posted to “Net Fees and Commissions.” Note that fees related to the loan trusts and JOMT accounts have characteristics similar to the banking business (deposits and loans) and are generally excluded from “Trust Fees.” Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries (together, the “SuMi TRUST Group”) include these fees in “Net Interest Income and Related Profit.”

### Fee Revenues

#### Trust Fees (excluding loan trusts & JOMTs)

- Pension trust fees <sup>\*1</sup>
- Individually operated designated money trust fees <sup>\*1</sup>
- Investment trust & specified money trust fees <sup>\*2</sup>
- Asset securitization-related trust fees
- Real estate brokerage fees

#### Net Fees and Commissions

- Investment trust and insurance sales fees
- Discretionary investment fees
- Real estate brokerage fees
- Stock transfer agency fees
- Syndicated loan fees

<sup>\*1</sup> Fees related to management and administration of money trusts with discretionary management rights

<sup>\*2</sup> Fees related to administration of money trusts without discretionary management rights

# Independent Auditors' Report



## Independent Auditor's Report

To the Board of Directors of  
Sumitomo Mitsui Trust Holdings, Inc.:

### **Opinion**

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Holdings, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Due to the prolonged impact of COVID-19 and changes in economic environment resulting from the international situation surrounding Ukraine in the current fiscal year, calculating the "estimated amount of allowance for loan losses for corporate customers" involved estimation uncertainty and subjective management judgment. Accordingly, we continued to include this matter as a key audit matter for the current fiscal year, which was also a key audit matter for the previous fiscal year.

In addition, the following matters, which were key audit matters for the previous fiscal year, were excluded from the key audit matters for the current fiscal year for the reasons described below:

- Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan and the change in the method of recognizing past service costs in earnings
  - There was no amendment to the retirement benefit plan with past service costs newly incurred in the current fiscal year.
  - The previous fiscal year's method of recognizing past service costs in earnings continued to be adopted in the current fiscal year.
- Change in the method of applying impairment accounting and the recognition of impairment losses on fixed assets
  - No impairment indicator, such as significant deterioration of the business environment, was

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identified in each operating business segment including the Retail Total Solution Services Business in the current fiscal year.

- The previous fiscal year's method of applying impairment accounting continued to be adopted in the current fiscal year.

During our audit for the current fiscal year, we communicated with the Audit Committee regarding matters related to the application of new accounting standards and accounting estimates other than the estimate of allowance for loan losses for corporate customers. However, we determined that none of these matters were subject to the key audit matters.

Estimated amount of allowance for loan losses for corporate customers	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated financial statements of Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") and consolidated subsidiaries, "Allowance for Loan Losses" amounted to ¥163.3 billion, which was provided for against the total credit portfolios of ¥32,457.7 billion. "Loans and Bills Discounted" amounting to ¥30,876.5 billion represented the vast majority of the total credit portfolios and also accounted for a significant portion of the total assets of ¥64,633.2 billion.</p> <p><b>(1) Classification of borrowers</b></p> <p>As described in the Note on "Significant Accounting Policies and Practices, 4. Significant Accounting Policies, (5) Allowance for Loan Losses" and the Note on "Significant Accounting Estimates, 1. Estimates of Allowance for Loan Losses (2)" to the consolidated financial statements, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), a major consolidated subsidiary, performs the loan reviews and validates them, based on its internal criteria for self-assessment of asset quality, and records an allowance for loan losses in accordance with its policy for write-offs and provisions, according to the determined classification of each borrower.</p> <p>The vast majority of allowance for loan losses in the consolidated financial statements was for corporate customers of SuMi TRUST Bank. These corporate customers are classified primarily based on the credit rating assigned by the credit risk management system that takes into account quantitative information, such as the borrowers' financial information, as well as qualitative factors.</p> <p>Specifically, the process to determine the classification of borrowers includes examining the borrowers' solvency, based on their substantive financial condition, cash flow position, and earning capability, among others, and an overall assessment of their business sustainability and future profitability; ability to generate cash flows available</p>	<p>The primary procedures we performed to assess the reasonableness of the estimated amount of allowance for loan losses for corporate customers included the following:</p> <p><b>(1) Internal control testing</b></p> <p>In order to test the design and operating effectiveness of certain internal controls related to the estimate of allowance for loan losses, we performed the following procedures with the assistance of specialists in credit risk and those in IT within our firm:</p> <p>(SuMi TRUST Bank)</p> <ul style="list-style-type: none"> <li>● assessment of whether the internal regulations for the self-assessment and the write-offs and provisions were appropriately maintained;</li> <li>● evaluation of controls to ensure that borrowers' financial information entered into the credit risk management system by branches is complete and accurate;</li> <li>● evaluation of controls within the Risk Management Department relevant to the maintenance and operation of the credit rating determination model;</li> <li>● evaluation of IT application controls relevant to determining credit ratings using quantitative information in the credit risk management system; and</li> <li>● evaluation of controls within the Credit Supervision Department and the Risk Management Department that validate the results of the self-assessment and write-offs/provisions for compliance with the internal regulations.</li> </ul> <p>(SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.)</p> <ul style="list-style-type: none"> <li>● evaluation of controls in which the reasonableness of any adjustment to the</li> </ul>



for debt repayment; the reasonableness and feasibility of their business improvement plans; and support from other financial institutions, in addition to their industry/sector specific characteristics. This determination involves subjective management judgment.

Although SuMi TRUST Bank has no significant credit exposure to Russia and Ukraine, it was necessary to determine the classification of corporate customers whose financial performance and cash flow position have been deteriorating in the current fiscal year due to the prolonged impact of COVID-19 and the recent changes in economic environment resulting from the international situation surrounding Ukraine, taking into account future as well as current potential impacts of those events. However, their impacts are complex and have a wide variety of implications, ranging from restrictions on movement of people and goods, supply chain disruption, change in the consumer behaviors to soaring resource prices, among others, and the estimation thereof involved a high degree of uncertainty. In addition, any changes in the classification of large borrowers (i.e. borrowers for whom material amount of allowance for loan losses may be recognized when their credit risk increases) may have a significant effect on the consolidated financial statements. Therefore, a higher level of management judgment was required in determining the classification of such borrowers.

**(2) Adjustment of expected credit losses considering the future forecast**

As described in the Note on "Significant Accounting Estimates, 1. Estimates of Allowance for Loan Losses (3)" to the consolidated financial statements, considering the effects of the recent changes in economic environment on borrowers' financial performance and cash flow position, SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., which are consolidated subsidiaries, estimated the impact of the credit risks that had not yet been reflected in the borrowers' financial information and historical loan-loss ratios and recognized an additional allowance for loan losses of ¥21 billion (¥18.4 billion for the previous fiscal year) as a necessary adjustment to credit losses expected in the future. In the current fiscal year, SuMi TRUST Bank estimated the amount of the adjustment considering the impacts of the recent changes including soaring resource prices in addition to the prolonged spread of COVID-19, which was taken into account in the previous fiscal year.

allowance for loan losses is assessed based on the recent changes in economic environment and the future forecast at the meetings of top executives of each subsidiary.

**(2) Classification of borrowers**

In order to assess whether borrowers were appropriately classified, we selected certain individual corporate customers for our testing based on both quantitative and qualitative factors. Specifically, in the current fiscal year, in order to select large borrowers whose credit risk could possibly deteriorate due to the impact of the recent changes in economic environment such as soaring resource prices in addition to COVID-19, which was our main focus in the previous fiscal year, we took the following factors into account:

- quantitative factors: the possible effect on the amount of allowance for loan losses from inappropriate classification; and
- qualitative factors: the extent of the impact of recent changes in economic environment on the borrowers' financial performance and cash flow position, and their resilience to such impact.

In order to evaluate whether the corporate customers selected through the above process were classified appropriately, we performed the following procedures, among others, paying attention to the impact of the recent changes in economic environment:

- assessed whether the borrowers were classified in accordance with the internal regulations for the self-assessment by inspecting the results of an analysis on the borrowers' financial information, as well as other documents supporting the borrower classification using qualitative judgment; and
- inquired of personnel in the relevant departments (branches, the Credit Supervision Department, and the Risk Management Department) of SuMi TRUST Bank and assessed the borrowers using the relevant information we obtained independently.

**(3) Adjustment of expected credit losses considering the future forecast**

In assessing the impact of the recent changes in economic environment on allowance for loan losses of the group companies of Sumitomo Mitsui Trust Holdings (collectively, the "SuMi TRUST Group"), we inspected the materials for the meeting bodies at SuMi TRUST Group companies in which the additional allowance was discussed and the





In estimating the amount of allowance for loan losses, industries whose financial performance and cash flow position may have deteriorated were identified, and the amount of credit losses was estimated for certain credit portfolios within those industries by using certain assumptions on the extent of future deterioration in credit risks and the corresponding change in their credit rating. Moreover, in the current fiscal year, SuMi TRUST Bank adopted a new method to reflect quantitative and other information in the assumptions regarding the changes in the internal credit ratings.

As estimating the impact of changes in economic environment involved a high degree of estimation uncertainty and required subjective management judgment, there may be a material impact on the consolidated financial statements if the assumptions used for the estimate were not appropriate.

We, therefore, determined that our assessment of the reasonableness of the estimated amount of allowance for loan losses for corporate customers was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

recognition of the allowance was approved, and inquired of members of the meetings and other attendees.

In addition, in order to assess the appropriateness of key assumptions used in adjusting the expected credit losses considering the future forecast, we performed the following procedures described below, among others. In the current fiscal year, we considered the impacts of the recent changes including soaring resource prices in addition to the prolonged spread of COVID-19 in assessing the appropriateness of assumptions regarding the identification of credit portfolios subject to adjustment and the extent of future deterioration in credit risks:

- inquired of personnel in the relevant departments (the Research Department, Credit Supervision Department, Financial Planning Department, and Risk Management Department) of SuMi TRUST Bank as well as the relevant departments (the Accounting Department and the Risk Management Department) of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.;
- inspected information from external sources, such as the results of impact studies published by third-party institutions and reports issued by external economists;
- assessed the consistency of key assumptions used in estimating the amount of allowance for loan losses with the result of an analysis and other information that formed the basis for measuring credit risks within the SuMi TRUST Group's credit risk management; and
- retrospectively assessed the appropriateness of assumptions used in previous years.



### Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presentation of Financial Statements" to the consolidated financial statements.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yutaka Terasawa  
Designated Engagement Partner  
Certified Public Accountant

Tomomi Mase  
Designated Engagement Partner  
Certified Public Accountant

Yoichi Tanaka  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
June 23, 2022

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

# Management's Discussion and Analysis (Unaudited)

## Overview of Business Activities of the Company

### Economic and Financial Environment

In looking back on the financial and economic environment during the fiscal year under review, COVID-19 vaccination programs continued to be rolled out in Japan and overseas and business activity picked up again, but repeated waves of infections still weighed heavily on economic activity. Domestic production and exports turned downward from summer onwards, reflecting mainly semiconductor and other component supply shortages. Furthermore, the future outlook grew increasingly uncertain on the impact of the crisis in Ukraine with skyrocketing commodity prices fueling concerns of inflation.

In the financial markets, all eyes were on spiraling inflation and the timing of interest rate hikes in the US. The Nikkei Stock Average continued to meet upside resistance primarily because of the impact of prolonged restrictions on people's movements and temporarily fell to around 25,000 yen in reaction to the conflict in Ukraine. Yields on 10-year JGBs more or less transitioned in positive territory close to 0%, but rose to just above 0.2% in early 2022 in concert with rising US Treasury yields. The Japanese yen continued to weaken in response to a widening US-Japan interest rate differential, with the USD/JPY currency pair breaking above 120 yen at the end of March.

### Developments of Business Activities

In fiscal 2020 we settled on the following "Purpose" (reason for existence) for the SuMi TRUST Group: Creating new value with the power of trusts and let prosperous future for our clients and society bloom. Based on this "Purpose," we continue to advance our business operations. In fiscal 2021, alongside the uncertainty in the financial and economic environment, we saw heightened interest in climate change and other social issues. The SuMi TRUST Group endeavored to respond to such changes by undertaking the following initiatives in an effort to achieve sustainable and stable growth through balanced creation of both social value and economic value.

Three key topics:

1. Improve operational quality beyond client expectations
2. Shore up the Group's sustainability
3. Enhance management infrastructure to boost probability of achieving growth

#### 1. Improve operational quality beyond client expectations

The confidence our clients place in us comes from the quality of products and services that we provide, which we believe to be the foundation of the SuMi TRUST Group's competitive advantage. That is why we periodically evaluated what products and services to offer and took steps to improve our ability to accommodate client needs and enhance service quality.

For individual clients, SuMi TRUST Bank made improvements to existing products with a view to the age of 100-year life and started offering a product called 100-Year Passport Plus to help clients prepare for future uncertainties like dementia and get the most out of long-term asset management.

In responding to changing real estate needs in connection with the diversification of client lifestyles, multiple companies in the SuMi TRUST Group rolled out a plethora of services aimed at enhancing convenience for clients. For example, SuMi TRUST Bank started offering a scheme called Housing Will for mortgage loan clients to easily facilitate the home and property inheritance process in the event of the client's death, and deployed a system to enable clients to discuss and take necessary procedures for fire insurance handled by Sumitomo Mitsui Trust Life Partners at all branches of SuMi TRUST Bank nationwide. Also, Sumitomo Mitsui Trust Realty accurately gauged demand for moving house among clients and steadily increased its number of housing brokerage transactions.

SBI Sumishin Net Bank's high-tech convenience and safety-focused, high-quality services underpinned by thoroughgoing security measures have been highly praised by the public, so much so that its number of deposit accounts grew roughly 20% year on year to surpass the five million mark. In recognition, SBI Sumishin Net Bank won the Excellence Award for the second-straight year in the Best Customer Support of The Year run by the Japan Institute of Information Technology.

Sumitomo Mitsui Trust Club strengthened its support of client business activities by not only improving member services to enrich the private life of clients, but also revamping its business card service and launching a new premium business card.

For corporate clients, given the growing importance of corporate management initiatives in the areas of the SDGs and ESG, the companies in the SuMi TRUST Group worked together to expand the Group's lineup of solutions to support the enhancement of sustainable management and corporate value at client companies, including the development of governance frameworks and improvements in human capital.

In aiming to help bring about a carbon-neutral society—an undertaking that will require an enormous amount of capital—SuMi TRUST Bank developed a framework for impact equity investments to support, as an investor itself, the adoption of next-generation energy sources and other superior technologies in society. It also launched an investment fund to accelerate the development of renewable energy in Japan through a partnership with Sumitomo Mitsui Trust Investment and business entities that boast advanced technological know-how.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. issued green bonds that can only be used to fund projects that have a beneficial impact on the environment. The money raised from the issuance was used to finance facilities that contribute to greater energy efficiency and the installation of renewable energy equipment. Sumitomo Mitsui Trust Loan & Finance worked together with Group companies and harnessed its proprietary specialist screening know-how to manage loan operations with an emphasis on balancing quality with quantity.

SuMi TRUST Bank recorded growth in assets under management (AUM) for mainly investor clients such as corporate pensions, public pensions, and financial institutions by continuing to develop and offer a range of investment products, including non-traditional assets and real assets outside of stocks and bonds, as well as investment funds that target startup firms looking to reinvigorate regional communities. Moreover, SuMi TRUST Bank kept a firm grip on its leading market share of the administration of defined contribution pension plans by focusing on expanding its lineup of ESG related products and investment education with the use of videos. This helped steadily increase its number of subscribers and AUM.

In the asset management business, under a Group-wide investment strategy, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management boosted the Group's overall AUM by tapping heightening demand

for investment in ESG fields. More specifically, Sumitomo Mitsui Trust Asset Management listed on the Tokyo Stock Exchange its first-ever exchange-traded fund (ETF), the SMT ETF Carbon Efficient Index Japan Equity. Nikko Asset Management launched multiple new publicly offered investment trusts that primarily invest in corporations taking active steps to decarbonize their operations in both developed and emerging countries.

In the asset administration business, Custody Bank of Japan and SuMi TRUST Bank, among others, went about beefing up their competitive strengths by continuing to reduce costs by streamlining operations and enhancing their asset administration infrastructure with the use of IT and digital technology.

## 2. Shore up the Group's sustainability (more effective use of managerial resources)

So that we can continuously contribute to solving the medium- to long-term issues currently faced by society and our clients, we are cognizant of the fact that the Group itself must lead a sustainable existence. Guided by this thinking, we made a conscious effort to push ahead with initiatives geared towards the more effective use of managerial resources, including the concentrated injection of capital, expenses, and human resources into areas for strengthening our defensive or offensive strategies.

To be more specific, from a defensive standpoint, we heavily allocated human resources and invested in systems to strengthen our risk management and compliance frameworks. Meanwhile, from an offensive point of view, we invested in a new growth field by acquiring a 49% equity stake in UBS SuMi TRUST Wealth Management in August 2021. This joint venture fuses together the UBS Group's asset management and securities services and the SuMi TRUST Group's strengths in mainly inheritance, asset succession, and real estate. Business operations aimed at enhancing the value provided to mainly business owner clients are well underway.

Also, for the purpose of not only improving the Group's capital efficiency, but also contributing to the sound development of Japan's capital markets, we switched to a policy of holding, in principle, no strategic shares as a conventional stable shareholder. Since making this policy announcement in May of last year, SuMi TRUST Bank has continued to engage in respectful dialogue with its corporate clients.

In fiscal 2021 it reduced its strategic shareholdings at a pace considerably faster than before, selling some 53.8 billion yen in Japan-listed shares on an acquisition price basis.

In light of the fact that we are starting to see prospects for securing a level of capital sufficiency for the entire Group, with the aim of improving capital efficiency, we plan to buy back and retire treasury shares worth up to 30 billion yen.

### 3. Enhance management infrastructure to boost probability of achieving growth

In addition to the above, we pushed ahead with the following initiatives in order to further raise the probability of achieving growth.

#### (1) Digital transformation

In order to advance the Group's digital transformation (DX) with a flexible mindset not bound by conventional ways of thinking, we established a strategic subsidiary, Trust Base Co., Ltd., in April 2021. This company is making active use of specialist recruits, bolstering its systems, and expanding activities to drive DX forward. On the business front, we expanded new client platforms mainly through the development of a smartphone app known as Smart Life Designer so that clients can centrally manage their household expenses and assets, and by automating the business processes that handle data aggregation and analysis. At the same time, we continued to implement Group cost structure reforms.

#### (2) Promoting active participation of human resources

We endeavored to improve the well-being of SuMi TRUST Group employees so that every individual in our diverse and highly skilled workforce can unleash their full potential. And with the objective of stepping up efforts in the area of diversity and inclusion, we also went about expanding infrastructure that can help empower women in the workplace, support a balance between work and child-rearing/nursing care obligations, and demonstrate our respect for human rights and people in the LGBTQ community.

As a result, for the fourth year in a row through 2022 we were listed by Bloomberg in the Bloomberg Gender-Equality Index in recognition of our initiatives to further gender equality. Furthermore, SuMi TRUST Bank collected second prize in the basic corporate category of the 2022 J-Win Diversity

Award, an event organized and run by the NPO J-Win. In addition, we have drafted a new action plan to have women account for at least 30% of all management roles by October 2024 and we are currently appointing women to managerial posts based on competency.

Moreover, because we believe that bringing specialists together and allowing them to interact with each other is indispensable to creating new value, we pushed ahead with the building of a HR portfolio brimming with diversity by focusing on the hiring of experts possessing specialist knowledge in the focused areas such as ESG, decarbonization, and digitalization.

#### (3) Sustainability management

The SuMi TRUST Group seeks for the balanced creation of both social value and economic value and employs a value creation approach that blends solutions for social issues with the Group's management strategy.

In particular, in order to contribute to the creation of a society with net-zero carbon emissions to combat the increasingly serious problem of global climate change, the Group announced its Carbon Neutral Commitment with the aim of reducing greenhouse gas emissions from our own business activities and in investment and loan portfolios overall to net zero.

In terms of specific initiatives, whilst we do provide sustainable finance products and various consulting services, so that we can support, from a financial perspective, the deployment of cutting-edge technology in society, we put together a team of experts with doctoral degrees in scientific fields that has now started working on a hydrogen value chain feasibility project and the establishment of a framework for ESG regional financing.

Also, as a signatory to the Principles for Responsible Banking (PRB), we have declared our commitment to proactively participating in impact creation ourselves and we intend to expand the Group's efforts in the area of impact finance while simultaneously diversifying our methods, including positive impact finance, equity investments, real assets, and venture capital. In recognition of our initiatives, SuMi TRUST Bank was awarded the silver prize (Minister of the Environment Award) in the indirect financing category of the Ministry of the Environment's 3rd ESG Finance Awards Japan.



## Results of Business Activities

### (Consolidated Financial Results for the Fiscal Year 2022)

For the fiscal year ended March 31, 2022, "Net Business Profit" increased by ¥ 51.3 billion (U.S. \$419 million) from the previous fiscal year to ¥346.0 billion (U.S. \$2,827 million) because of an increase in substantial funds-related income (\*) primarily due to the improvement in revenue and expenditure on loans and deposits in Japan and overseas, and the decline in overseas market-based procurement interest rates, in addition to solid income from fees and commissions in the real estate brokerage business, investment management consulting business, and asset management business.

"Ordinary Profit" increased by ¥46.5 billion (U.S. \$380 million) from the previous fiscal year to ¥ 229.7 billion (U.S. \$1,877 million), mainly due to improvements in gains or losses on

stock-related derivatives and net gains on stock due to reduction of strategic shareholdings, despite increases of allowance for loan losses due to the deterioration of business conditions of some customers and increases in credit costs resulting from the revaluation of special reserves against the impact of changes in the economic environments on credit risk.

"Net Income Attributable to Owners of the Parent" increased by ¥26.8 billion (U.S. \$219 million) from the previous fiscal year to ¥169.0 billion (U.S. \$1,381 million) partly due to the loss of extraordinary gains from the recognition of the full amount of past service costs related to retirement benefits charged to profit or loss in the previous year.

(\*) Substantial funds-related income refers to funds-related income plus surplus funds in foreign currency included in foreign exchange gains or losses.

### Major KPIs (Consolidated)

Years Ended March 31	Millions of Yen				Millions of U.S. Dollars	Millions of Yen		
	2022				2022	2022		2021
	Forecast	Changes from Previous Year	Forecast	Results	Results	Changes from Previous Year	Changes from Forecast	Results
Net Business Profit Before Credit Costs (Note 1)	¥ 310,000	¥ (36,085)	¥ 330,000	¥ 346,085	\$ 2,828	¥ 51,377	¥ 16,085	¥ 294,707
Substantial Gross Business Profit (Note 1)	800,000	(8,182)	795,000	808,182	6,604	68,885	13,182	739,296
General and Administrative Expenses (Note 1)	(490,000)	(27,903)	(465,000)	(462,096)	(3,776)	(17,507)	2,903	(444,589)
Fee and Commission Income Ratio (%)				54.0%		1.1%		52.9%
Over Head Ratio (%)	61.3%	4.2%	58.5%	57.1%		(3.0)%	(1.4)%	60.1%
Return on Equity (%)				6.25%		0.84%		5.41%
Consolidated Equity Tier 1 Capital Ratio (%)				12.31%		0.19% (Note2)		12.12%

(Notes)

1) The amounts of the net business profit before credit costs, the substantial gross business profit, and general and administrative expenses are counted in accordance with the internal administration of the Company, taking into account the profits and losses of affiliated companies accounted for by the equity method.

2) The consolidated equity Tier 1 capital ratio (calculated based on the finalization of the Basel III reforms) as of March 31, 2022 is 9.9%.

### Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 12.40%, Consolidated Tier 1 capital ratio was 13.81%, and Consolidated Total capital ratio was 15.73% as of March 31, 2022, exceeding the minimum regulatory requirements of 7.50%, 9.00%, and 11.00%, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts in "Management's Discussion and Analysis" is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥122.38 to U.S. \$1, the approximate rate of exchange as of March 31, 2022.

### Operating Results (Consolidated)

Years Ended March 31	Millions of Yen			Millions of U.S. Dollars
	2022	2021	Changes	2022
Gross Profit (excluding Trust Account Credit Costs)	¥ 748,372	¥ 680,826	¥ 67,545	\$ 6,115
Trust Account Credit Costs (A)	—	—	—	—
General and Administrative Expenses (excluding non-recurring expenses)	(435,174)	(419,525)	(15,648)	(3,556)
Net Provision of General Allowance for Loan Losses (B)	14,341	4,996	9,345	117
Banking Account Credit Costs (C)	(57,554)	(13,614)	(43,939)	(470)
Reversal of Allowance for Loan Losses (D)	—	—	—	—
Recoveries of Written-Off Claims (E)	1,633	809	823	13
Net Gains (Losses) on Stocks and Other Securities	(38,337)	(43,527)	5,190	(313)
Net Income from Affiliated Companies Accounted for by the Equity Method	15,531	11,677	3,853	127
Impairment Loss	(1,468)	(20,173)	18,705	(12)
Others	(19,344)	(1,464)	(17,879)	(158)
Income Before Income Taxes	227,999	200,003	27,996	1,863
<b>Net Income Attributable to Owners of the Parent</b>	<b>169,078</b>	<b>142,196</b>	<b>26,882</b>	<b>1,382</b>
<b>Total Credit Costs (A+B+C+D+E)</b>	<b>(41,579)</b>	<b>(7,808)</b>	<b>(33,770)</b>	<b>(340)</b>
<b>Net Business Profit Before Credit Costs</b>	<b>346,085</b>	<b>294,707</b>	<b>51,377</b>	<b>2,828</b>

(Notes)

1) Gross Operating Profit = Trust Fees + (Interest Income – Interest Expenses) + (Fees and Commissions – Fees and Commissions Payments) + (Trading Income – Trading Expenses) + (Other Ordinary Income – Other Ordinary Expenses)

2) Net Business Profit Before Credit Costs is Substantial Gross Business Profit, less General Administrative Expenses. (The amounts of Substantial Gross Business Profit and General Administrative Expenses are calculated for internal control purposes, taking into account of share of profit

and losses of affiliated companies accounted for by the equity method.) Note that the differences between the amounts of Substantial Gross Business Profit and Gross Profit, and Total General Administrative Expenses and General Administrative Expenses are primarily the amount of Ordinary Profits (adjusted for non-recurring effects) from Affiliated Companies Accounted for by the Equity Method multiplied by the Ratio of Equity Holdings.

3) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

## Analysis on Operating Results (Consolidated)

Years Ended March 31	Millions of Yen			Millions of U.S. Dollars
	2022	2021	Changes	2022
Net Business Profit Before Credit Costs (Note 1)	¥ 346,085	¥ 294,707	¥ 51,377	\$ 2,828
Substantial Gross Business Profit (Note 1)	808,182	739,296	68,885	6,604
Substantial Interest Income (Note 2)	320,210	289,432	30,777	2,617
Interest Income	304,838	260,248	44,590	2,491
Profits Earned from Market Deployment of Surplus Foreign Currency Fund	15,371	29,183	(13,812)	126
Fees and Commissions Related Income	436,956	391,190	45,765	3,570
Other Income (excluding Profits Earned From Market Deployment of Surplus Foreign Currency Fund)	51,015	58,673	(7,658)	417
General and Administrative Expenses (Note 1)	(462,096)	(444,589)	(17,507)	(3,776)
Total Credit Costs	(41,579)	(7,808)	(33,770)	(340)
Net Gain (Loss) on Stocks and Other Securities	(38,337)	(43,527)	5,190	(313)
Other Non-recurring profits (Losses)	(36,464)	(60,215)	23,751	(298)
Ordinary Profit	229,704	183,155	46,548	1,877
Extraordinary Profits (Losses)	(1,704)	16,847	(18,552)	(14)
Income before Income Taxes	227,999	200,003	27,996	1,863
Total Income Taxes	(57,763)	(56,064)	(1,698)	(472)
Net Income Attributable to Non-Controlling Interests	(1,157)	(1,742)	584	(9)
Net Income Attributable to Owners of the Parent	169,078	142,196	26,882	1,382
Return on Shareholders' Equity (%)	6.85	5.98	0.87	
Dividends per Share of Common Stock (DPS)	170	150	20	
Earnings per Share of Common Stock (EPS)	451	379	72	
Total Number of Shares Outstanding (Million of Shares) (Note 3)	374.5	374.5	0.0	

## (Notes)

1) The amounts of the net business profit before credit costs, the substantial gross business profit, and general and administrative expenses are counted in accordance with the internal administration of the company, taking into account the profits and losses of affiliated companies accounted for by the equity method.

2) The amount of the substantial interest income is the sum of "Interest Income" and profits earned from market deployment of surplus foreign currency fund included in "Profits (Losses) on Sales of Foreign Exchanges."

3) The total number of shares outstanding is the average number of common stock (excluding treasury stock) outstanding.

## Major Profit and Losses (Consolidated)

Years Ended March 31	Millions of Yen			Millions of U.S. Dollars
	2022	2021	Changes	2022
Interest Income	¥ 304,838	¥ 260,248	¥ 44,590	\$ 2,491
Other Profits	66,386	87,857	(21,470)	542
Profits Earned from Market Deployment of Surplus Foreign Currency Fund	15,371	29,183	(13,812)	126
Profits other than Profits Earned from Market Deployment of Surplus Foreign Currency Fund	51,015	58,673	(7,658)	417

Interest income increased by ¥44.5 billion (U.S. \$364 million) from the previous fiscal year to ¥304.8 billion (U.S. \$2,491 million), due to improvements in domestic and overseas earnings related to deposits and loans and positive effect of market conditions. The substantial interest income, which includes profits earned from market deployment of surplus foreign currency fund increased by ¥30.7 billion (U.S. \$251 million) from the previous fiscal year to ¥320.2 billion (U.S. \$2,616 million).

While “Fees and Commissions Related Income” increased by ¥45.7 billion (U.S. \$373 million) from the previous fiscal year to ¥436.9 billion (U.S. \$3,570 million), due to the strong performance in customers’ businesses such as real estate brokerage business and investment management consulting business, and in asset management business supported by steady market conditions.

On the other hand, “General and Administrative Expenses” increased by ¥17.5 billion (U.S. \$143 million) from the previous fiscal year to ¥462.0 billion (U.S. \$3,775 million) due to an increase in expenses linked to gross profit in consolidated subsidiaries.

As a result, “Net Business Profit Before Credit Costs,” which represents the actual profit level calculated by making necessary adjustments to the above results, increased by ¥51.3 billion (U.S. \$419 million) from the previous fiscal year to ¥346.0 billion (U.S. \$2,827 million).

### Credit Costs (Consolidated)

“Total Credit Costs” increased by ¥33.7 billion (U.S. \$275 million) from the previous fiscal year to ¥41.5 billion (U.S. \$339 million) of losses, mainly because of an increase in allowance for loan losses based on deterioration of borrowers’ classification for some customers.

### Net Gains (Losses) on Stocks and Other Securities (Consolidated)

“Net Gains (Losses) on Stock and Other Securities” increased by ¥5.1 billion (U.S. \$42 million) from the previous fiscal year to ¥38.3 billion (U.S. \$313 million) of losses. This was because of the recognition of gains on sale of strategic shareholdings of approximately ¥87.2 billion (U.S. \$713 million) and exceeding realized losses on hedging transactions of approximately ¥126.7 billion (U.S. \$1,035 million) resulted from steady progress in reduction of strategic shareholdings.

### Extraordinary Gain and Losses (Consolidated)

“Extraordinary Gains and Losses” decreased by ¥18.5 billion (U.S. \$151 million) from the previous fiscal year to ¥1.7 billion (U.S. \$14 million) of losses, mainly because of the recognition of approximately ¥37.7 billion (U.S. \$308 million) of profit resulted from charging retirement benefits to profit or loss and approximately ¥19.3 billion (U.S. \$158 million) of impairment losses on software in previous fiscal year.

### Financial Condition

#### Assets and Liabilities

As of March 31, 2022, consolidated “Total Assets” were ¥64,633.2 billion (U.S. \$528 billion), an increase of ¥1,264.6 billion (U.S. \$10 billion), and consolidated “Total Net Assets” were ¥2,745.2 billion (U.S. \$22 billion), an increase of ¥22.7 billion (U.S. \$0.2 billion), compared with those as of the end of the previous fiscal year, respectively.

In particular, “Cash and Due from Banks” decreased by ¥265.3 billion (U.S. \$2 billion) to ¥18,223.3 billion (U.S. \$149 billion), “Loans and Bills Discounted” increased by ¥369.5 billion (U.S. \$3 billion) to ¥30,876.5 billion (U.S. \$252 billion), “Securities” increased by ¥895.7 billion (U.S. \$7 billion) to

¥7,879.2 billion (U.S. \$64 billion), and “Deposits” decreased by ¥237.5 billion (U.S. \$2 billion) to ¥33,230.1 billion (U.S. \$272 billion), compared with those as of the end of the previous fiscal year.

In the consolidated financial statements of the SuMi TRUST Group, Cash and Due from Banks, credits on Loans and Bills Discounted and Securities, and reception of Deposits are mainly in Japanese yen. However, the SuMi TRUST Group's policy is to balance the operations and financing in all currencies and to diversify and stabilize the funding base in foreign currencies through yen-based investment transactions by utilizing customer-related deposits and swap markets and issuance of bonds.

“Total Assets of Trust Accounts” were ¥248,215.4 billion

(U.S. \$2,028 billion) as of March 31, 2022, an increase of ¥8,368.8 billion (U.S. \$68 billion), compared with the amount as of the end of the previous fiscal year.

#### Problem Assets under the Financial Reconstruction Act

As of March 31, 2022, the total balance of Bankrupt and Practically Bankrupt Loans, Doubtful Loans, and Substandard Loans of the Banking Account and the Principal Guaranteed Trust Accounts with a disclosure requirement under the Financial Reconstruction Act, increased by ¥86.0 billion (U.S. \$1 billion) from the end of the previous fiscal year to ¥199.4 billion (U.S. \$2 billion). The ratio of “Problem Assets under the Financial Reconstruction Act” to Total Balance increased by 0.2% to 0.6% since the previous fiscal year.

#### Problem Assets under the Financial Reconstruction Act

(SuMi TRUST Bank (non-consolidated basis) after partial direct write-offs)

#### Banking Account and Principal Guaranteed Trust Account (Combined)

As of March 31	Billions of Yen			Billions of U.S. Dollars
	2022	2021	Changes	2022
Problem Assets under the Financial Reconstruction Act	¥ 199.4	¥ 113.4	¥ 86.0	\$ 2
Total Balance	31,441.2	31,187.7	253.5	257
Ratio to Total Balance	0.6%	0.4%	0.2%	0.6%

#### Banking Account

Classification	Billions of Yen, Except for Percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
As of March 31	2022	2021	2022	2021	2022		2022	2021
Bankrupt and Practically Bankrupt Loans (A)	¥ 16.7	¥ 21.5	100%	100%	Specific Allowance Provided	¥ 3.4	100%	100%
					Covered by Collateral/Guarantee	13.2	—	—
Doubtful Loans (B)	117.0	44.4	77%	90%	Uncovered	26.3	71%	81%
					Specific Allowance Provided	66.9		
					Covered by Collateral/Guarantee	23.7	—	—
Substandard Loans (C)	64.9	47.4	37%	50%	Uncovered	40.9	10%	11%
					General Allowance Provided	4.6		
					Covered by Collateral/Guarantee	19.3	—	—
Total of (A), (B), and (C)	198.6	113.2						
Total Balance	31,427.9	31,171.7						
Ratio to Total Balance	0.6%	0.4%						



### Principal Guaranteed Trust Account

Classification	Billions of Yen, Except for Percentages					
	Balance		Coverage Ratio		Collateral/Allowance	
As of March 31	2022	2021	2022	2021	2022	
Bankrupt and Practically Bankrupt Loans (A)	¥ —	¥ 0.0	—	100%	Covered by Collateral/Guarantee	¥ —
Doubtful Loans (B)	0.8	0.1	100%	100%	Covered by Collateral/Guarantee	0.8
Substandard Loans (C)	0.0	0.0	100%	100%	Covered by Collateral/Guarantee	0.0
Total of (A), (B), and (C)	0.8	0.2			Allowance for Jointly Operated Money Trusts	0.0
Total Balance	13.3	16.0				
Ratio to Total Balance	5.8%	1.0%				

### Net Interest Spread (Domestic Banking Account and Principal Guaranteed Trust Account)

Years Ended March 31	Percentage Points		
	2022	2021	Changes
Average Yield on Interest-Earning Assets (a)	0.46%	0.48%	(0.02)%
Loans and Bills Discounted (A)	0.63	0.64	(0.01)
Securities	1.15	1.09	0.06
Average Yield on Interest-Bearing Liabilities (b)	0.08	0.08	(0.00)
Deposits (B)	0.05	0.06	(0.01)
Gross Margin (a)–(b)	0.38	0.40	(0.02)
Loan-Deposit Margin (A)–(B)	0.58	0.58	(0.00)

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
As of and for the fiscal years ended March 31

Millions of Yen					
Consolidated Statements of Banking Account	2022	2021	2020	2019	2018
<b>As of the Year-End</b>					
<b>Assets:</b>					
Cash and Due from Banks	¥ 18,223,364	¥ 18,488,763	¥ 13,141,192	¥ 16,045,864	¥ 28,841,328
Call Loans and Bills Bought	5,000	8,766	71,236	50,124	152,951
Securities	7,879,235	6,983,483	6,437,599	5,759,504	5,537,643
Loans and Bills Discounted	30,876,507	30,506,968	29,703,375	29,025,720	28,190,553
Foreign Exchanges	29,494	25,396	36,952	36,936	25,554
Customers' Liabilities for Acceptances and Guarantees	541,228	511,782	518,811	557,007	508,930
Others	7,078,389	6,843,412	6,591,384	5,553,956	5,099,836
<b>Total Assets</b>	<b>¥ 64,633,220</b>	<b>¥ 63,368,573</b>	<b>¥ 56,500,552</b>	<b>¥ 57,029,113</b>	<b>¥ 68,356,798</b>
<b>Liabilities:</b>					
Deposits and Negotiable Certificates of Deposit	¥ 39,818,106	¥ 40,628,273	¥ 36,549,212	¥ 38,232,195	¥ 43,915,175
Call Money and Bills Sold	799,524	60,675	142,974	72,793	146,931
Borrowed Money	7,153,498	5,782,602	5,856,384	4,023,801	4,370,083
Foreign Exchanges	1,275	577	3,213	457	1,984
Acceptances and Guarantees	541,228	511,782	518,811	557,007	508,930
Others	13,574,298	13,662,105	10,839,049	11,412,500	16,541,366
<b>Total Liabilities</b>	<b>¥ 61,887,931</b>	<b>¥ 60,646,016</b>	<b>¥ 53,909,645</b>	<b>¥ 54,298,756</b>	<b>¥ 65,484,472</b>
<b>Net Assets:</b>					
Shareholders' Equity	¥ 2,517,528	¥ 2,416,003	¥ 2,334,377	¥ 2,242,982	¥ 2,127,816
Accumulated Other Comprehensive Income	198,028	277,756	220,889	410,478	496,851
Subscription Rights to Shares	1,006	1,024	1,057	1,062	799
Non-Controlling Interests	28,725	27,772	34,583	75,832	246,858
<b>Total Net Assets</b>	<b>¥ 2,745,288</b>	<b>¥ 2,722,556</b>	<b>¥ 2,590,907</b>	<b>¥ 2,730,356</b>	<b>¥ 2,872,325</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 64,633,220</b>	<b>¥ 63,368,573</b>	<b>¥ 56,500,552</b>	<b>¥ 57,029,113</b>	<b>¥ 68,356,798</b>
<b>For the Year</b>					
<b>Income:</b>					
Trust Fees	¥ 110,539	¥ 102,883	¥ 99,816	¥ 103,911	¥ 100,591
Interest Income	375,659	363,749	489,366	507,007	426,129
Fees and Commissions	444,655	390,877	401,723	402,867	397,881
Trading Income	13,453	76	102,189	27,093	10,035
Other Ordinary Income	336,597	402,394	349,778	356,927	306,725
Other Income	120,731	158,185	95,680	71,626	125,142
<b>Total Income</b>	<b>¥ 1,401,637</b>	<b>¥ 1,418,166</b>	<b>¥ 1,538,556</b>	<b>¥ 1,469,434</b>	<b>¥ 1,366,505</b>
<b>Expenses:</b>					
Interest Expenses	¥ 107,883	¥ 137,471	¥ 361,890	¥ 371,845	¥ 246,071
Fees and Commissions Payments	133,161	118,031	109,666	97,755	87,974
Trading Expenses	—	33,300	—	—	—
Other Ordinary Expenses	291,487	290,350	280,488	249,652	230,442
General and Administrative Expenses	435,567	431,422	433,455	431,151	444,057
Other Expenses	205,536	207,586	112,333	77,688	119,136
<b>Total Expenses</b>	<b>¥ 1,173,637</b>	<b>¥ 1,218,163</b>	<b>¥ 1,297,834</b>	<b>¥ 1,228,093</b>	<b>¥ 1,127,683</b>
Income before Income Taxes	227,999	200,003	240,721	241,340	238,822
<b>Net Income</b>	<b>¥ 170,236</b>	<b>¥ 143,938</b>	<b>¥ 165,094</b>	<b>¥ 180,741</b>	<b>¥ 165,746</b>
<b>Yen</b>					
<b>Per Share of Common Stock:</b>					
Net Income per Share of Common Stock	¥ 451.40	¥ 379.65	¥ 434.31	¥ 458.91	¥ 403.91
Diluted Net Income per Share of Common Stock	451.12	379.42	434.03	458.64	403.75
Net Assets per Share of Common Stock	7,249.70	7,192.07	6,822.48	7,008.67	6,897.36

Millions of Yen					
Statements of Trust Account	2022	2021	2020	2019	2018
<b>Trust Assets</b>	<b>¥248,215,419</b>	<b>¥ 239,846,590</b>	<b>¥ 224,425,327</b>	<b>¥ 211,350,067</b>	<b>¥ 201,698,118</b>

- SuMi TRUST Holdings has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "the Standard for Revenue Recognition") and "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, "the Standard for Fair value Measurement") from the beginning of the current fiscal year ended March 31, 2022. The effect of applying new accounting policies on Net Assets and Net Assets per Share of Common Stock is described in "Notes to Consolidated Financial Statements, Changes in Accounting Policies."
- For the purpose of accurately presenting credit risks with and without collateral for derivative transactions, financial assets and liabilities for derivative transactions measured at fair value are now presented on a gross basis based on the general rule from the current fiscal year ended March 31, 2022. To reflect this change in presentation, reclassifications have been made in the consolidated financial statements for the fiscal year ended March 31, 2021 and the effect of this change is described in "Notes to Consolidated Financial Statements, Changes in Presentation."
- Trust assets are the amounts of trust assets held by consolidated subsidiaries that engage in the trust business in accordance with the Act on Engagement in Trust Business Activities by Financial Institutions. The consolidated subsidiary that engages in trust business activities is SuMi Trust Bank.

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.  
As of and for the fiscal years ended March 31

Non-Consolidated Statements	Millions of Yen				
	2022	2021	2020	2019	2018
<b>As of the Year-End</b>					
<b>Assets:</b>					
Current Assets:	¥ 137,483	¥ 173,123	¥ 175,470	¥ 133,676	¥ 71,542
Cash and Due from Banks	18,978	2,541	2,349	2,110	1,775
Securities	104,000	164,000	129,000	100,000	53,000
Non-Current Assets	2,086,028	2,030,327	2,049,283	2,069,816	2,004,970
Investments and Other Assets	2,086,028	2,030,325	2,049,281	2,069,815	2,004,969
<b>Total Assets</b>	<b>¥ 2,223,512</b>	<b>¥ 2,203,450</b>	<b>¥ 2,224,754</b>	<b>¥ 2,203,492</b>	<b>¥ 2,076,512</b>
<b>Liabilities:</b>					
Current Liabilities	¥ 8,183	¥ 12,799	¥ 4,616	¥ 3,161	¥ 3,119
Non-Current Liabilities	645,303	620,209	650,093	651,610	594,310
Bonds Payable	630,000	610,000	640,000	641,600	584,300
<b>Total Liabilities</b>	<b>¥ 653,486</b>	<b>¥ 633,009</b>	<b>¥ 654,709</b>	<b>¥ 654,771</b>	<b>¥ 597,429</b>
<b>Net Assets:</b>					
Shareholders' Equity	¥ 1,569,019	¥ 1,569,417	¥ 1,568,986	¥ 1,547,658	¥ 1,478,282
Subscription Rights to Shares	1,006	1,024	1,057	1,062	799
<b>Total Net Assets</b>	<b>¥ 1,570,025</b>	<b>¥ 1,570,441</b>	<b>¥ 1,570,044</b>	<b>¥ 1,548,721</b>	<b>¥ 1,479,082</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 2,223,512</b>	<b>¥ 2,203,450</b>	<b>¥ 2,224,754</b>	<b>¥ 2,203,492</b>	<b>¥ 2,076,512</b>
<b>For the Year</b>					
Operating Income:	¥ 63,319	¥ 60,855	¥ 97,597	¥ 123,149	¥ 57,301
Dividends Received from Subsidiaries	58,154	56,256	95,851	121,832	55,512
Operating Expenses:	5,525	3,984	3,709	3,341	3,071
General and Administrative Expenses	5,525	3,984	3,709	3,341	3,071
<b>Operating Profit</b>	<b>¥ 57,793</b>	<b>¥ 56,870</b>	<b>¥ 93,888</b>	<b>¥ 119,808</b>	<b>¥ 54,230</b>
Non-Operating Income	¥ 6,715	¥ 7,891	¥ 8,183	¥ 7,709	¥ 6,785
Non-Operating Expenses	6,928	8,861	9,430	11,327	11,678
Income before Income Taxes	¥ 57,580	¥ 56,799	¥ 92,640	¥ 116,190	¥ 49,337
<b>Net Income</b>	<b>¥ 57,620</b>	<b>¥ 56,637</b>	<b>¥ 93,858</b>	<b>¥ 127,717</b>	<b>¥ 49,333</b>
<b>Per Share of Common Stock:</b>					
Net Income per Share of Common Stock	¥ 153.83	¥ 151.21	¥ 250.04	¥ 337.06	¥ 129.40
Diluted Net Income per Share of Common Stock	153.74	151.12	249.87	336.86	129.35
Net Assets per Share of Common Stock	4,188.80	4,190.18	4,189.14	4,087.87	3,884.77

# Consolidated Balance Sheet

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
As of March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Assets:</b>			
Cash and Due from Banks	¥ 18,223,364	¥ 18,488,763	\$ 148,908
Call Loans and Bills Bought	5,000	8,766	41
Receivables under Resale Agreements	150,741	160,268	1,232
Receivables under Securities Borrowing Transactions	652,534	727,689	5,332
Monetary Claims Bought	854,093	892,309	6,979
Trading Assets (Notes 1, 2, and 4)	967,565	962,849	7,906
Money Held in Trust	16,308	12,223	133
Securities (Notes 2 and 4)	7,879,235	6,983,483	64,383
Loans and Bills Discounted (Notes 3, 4 and 5)	30,876,507	30,506,968	252,300
Foreign Exchanges	29,494	25,396	241
Lease Receivables and Investment Assets (Note 4)	688,141	695,172	5,623
Other Assets (Notes 4, 8 and 14)	3,354,333	2,936,013	27,409
Tangible Fixed Assets (Note 6)	224,535	228,180	1,835
Intangible Fixed Assets (Note 7)	125,667	112,303	1,027
Assets for Retirement Benefits	192,223	231,165	1,571
Deferred Tax Assets	15,613	14,459	128
Customers' Liabilities for Acceptances and Guarantees	541,228	511,782	4,423
Allowance for Loan Losses	(163,369)	(129,223)	(1,335)
<b>Total Assets</b>	<b>¥ 64,633,220</b>	<b>¥ 63,368,573</b>	<b>\$ 528,135</b>
<b>Liabilities:</b>			
Deposits (Notes 4 and 9)	¥ 33,230,162	¥ 33,467,678	\$ 271,533
Negotiable Certificates of Deposit	6,587,944	7,160,594	53,832
Call Money and Bills Sold	799,524	60,675	6,533
Payables under Repurchase Agreements (Note 4)	1,485,033	1,628,440	12,135
Trading Liabilities (Note 1)	906,686	850,660	7,409
Borrowed Money (Notes 4 and 10)	7,153,498	5,782,602	58,453
Foreign Exchanges	1,275	577	10
Short-Term Bonds Payable	2,387,553	2,545,049	19,509
Bonds Payable (Note 11)	2,076,604	1,545,605	16,968
Borrowed Money from Trust Account (Note 12)	4,298,827	4,915,208	35,127
Other Liabilities (Notes 13 and 14)	2,312,326	2,035,474	18,895
Provision for Bonuses	21,087	18,460	172
Provision for Directors' Bonuses	181	219	1
Provision for Stocks Payment	732	532	6
Liabilities for Retirement Benefits	13,553	13,752	111
Provision for Reward Points Program	19,965	18,945	163
Provision for Reimbursement of Deposits	3,626	4,138	30
Provision for Contingent Losses	1,649	1,633	13
Deferred Tax Liabilities	44,081	81,594	360
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,388	2,388	20
Acceptances and Guarantees	541,228	511,782	4,423
<b>Total Liabilities</b>	<b>¥ 61,887,931</b>	<b>¥ 60,646,016</b>	<b>\$ 505,703</b>
<b>Net Assets:</b>			
Total Shareholders' Equity:	¥ 2,517,528	¥ 2,416,003	\$ 20,571
Capital Stock	261,608	261,608	2,138
Capital Surplus	576,114	576,114	4,708
Retained Earnings	1,682,519	1,581,096	13,748
Treasury Stock	(2,714)	(2,815)	(22)
Total Accumulated Other Comprehensive Income:	198,028	277,756	1,618
Valuation Differences on Available-for-Sale Securities	277,617	329,429	2,268
Deferred Gains (Losses) on Hedges	(42,759)	(44,926)	(349)
Revaluation Reserve for Land (Note 6)	(6,839)	(6,739)	(56)
Foreign Currency Translation Adjustments	12,719	4,000	104
Remeasurements of Defined Benefit Plans	(42,708)	(4,007)	(349)
Subscription Rights to Shares	1,006	1,024	8
Non-Controlling Interests	28,725	27,772	235
<b>Total Net Assets</b>	<b>¥ 2,745,288</b>	<b>¥ 2,722,556</b>	<b>\$ 22,432</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 64,633,220</b>	<b>¥ 63,368,573</b>	<b>\$ 528,135</b>
	Yen		U.S. Dollars
<b>Net Assets per Share of Common Stock</b>	<b>¥ 7,249.70</b>	<b>¥ 7,192.07</b>	<b>\$ 59.24</b>

See accompanying notes.

The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥122.38 to U.S. \$1.00, the exchange rate as of March 31, 2022.

# Consolidated Statement of Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Income:</b>			
Trust Fees (Note 1)	¥ 110,539	¥ 102,883	\$ 903
Interest Income:	375,659	363,749	3,070
Interest on Loans and Discounts	260,871	271,246	2,132
Interest and Dividends on Securities	97,683	75,898	798
Interest on Call Loans and Bills Bought	685	550	6
Interest on Receivables under Resale Agreements	—	20	—
Interest on Receivables under Securities Borrowing Transactions	—	0	—
Interest on Deposits with Banks	12,239	11,038	100
Other Interest Income (Note 2)	4,179	4,994	34
Fees and Commissions (Note 1)	444,655	390,877	3,633
Trading Income (Note 3)	13,453	76	110
Other Ordinary Income (Note 4)	336,597	402,394	2,750
Other Income (Note 5)	120,731	158,185	987
<b>Total Income</b>	<b>¥ 1,401,637</b>	<b>¥ 1,418,166</b>	<b>\$ 11,453</b>
<b>Expenses:</b>			
Interest Expenses:	¥ 107,883	¥ 137,471	\$ 882
Interest on Deposits	29,848	45,221	244
Interest on Negotiable Certificates of Deposit	6,787	14,198	55
Interest on Call Money and Bills Sold	481	371	4
Interest on Payables under Repurchase Agreements	1,665	3,576	14
Interest on Borrowings	4,635	6,911	38
Interest on Short-Term Bonds	3,271	5,763	27
Interest on Bonds	16,535	12,858	135
Other Interest Expenses (Note 2)	44,658	48,570	365
Fees and Commissions Payments	133,161	118,031	1,088
Trading Expenses (Note 3)	—	33,300	—
Other Ordinary Expenses (Note 4)	291,487	290,350	2,382
General and Administrative Expenses (Note 6)	435,567	431,422	3,559
Other Expenses (Note 5)	205,536	207,586	1,679
<b>Total Expenses</b>	<b>¥ 1,173,637</b>	<b>¥ 1,218,163</b>	<b>\$ 9,590</b>
<b>Income before Income Taxes</b>	<b>¥ 227,999</b>	<b>¥ 200,003</b>	<b>\$ 1,863</b>
Income Taxes:	57,763	56,064	472
Current	57,342	50,991	469
Deferred	420	5,073	3
<b>Net Income</b>	<b>¥ 170,236</b>	<b>¥ 143,938</b>	<b>\$ 1,391</b>
Net Income Attributable to Non-Controlling Interests	1,157	1,742	9
<b>Net Income Attributable to Owners of the Parent</b>	<b>¥ 169,078</b>	<b>¥ 142,196</b>	<b>\$ 1,382</b>
	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 451.40	¥ 379.65	\$ 3.69
Diluted Net Income per Share of Common Stock	¥ 451.12	¥ 379.41	\$ 3.69

See accompanying notes.



# Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Net Income</b>	<b>¥ 170,236</b>	<b>¥ 143,938</b>	<b>\$ 1,391</b>
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	(46,938)	(20,301)	(384)
Deferred Gains (Losses) on Hedges	135	9,944	1
Foreign Currency Translation Adjustments	4,045	1,982	33
Remeasurements of Defined Benefit Plans	(38,671)	64,492	(316)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	2,052	1,080	17
<b>Total Other Comprehensive Income (Loss) (Note)</b>	<b>¥ (79,377)</b>	<b>¥ 57,199</b>	<b>\$ (649)</b>
<b>Comprehensive Income:</b>	<b>¥ 90,859</b>	<b>¥ 201,137</b>	<b>\$ 742</b>
Comprehensive Income Attributable to Owners of the Parent	89,451	199,178	731
Comprehensive Income Attributable to Non-Controlling Interests	1,407	1,958	12

See accompanying notes.

# Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2022 and 2021

From April 1, 2021 to March 31, 2022

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 261,608	¥ 576,114	¥ 1,581,096	¥ (2,815)	¥ 2,416,003
Cumulative Effects of Changes in Accounting Policies			(9,636)		(9,636)
Restated Balance	261,608	576,114	1,571,460	(2,815)	2,406,367
Changes during the Year					
Cash Dividends			(58,119)		(58,119)
Net Income Attributable to Owners of the Parent			169,078		169,078
Purchase of Treasury Stock				(21)	(21)
Disposal of Treasury Stock		0		122	122
Purchase of Shares of Consolidated Subsidiaries					—
Reversal of Revaluation Reserve for Land			100		100
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	0	111,059	101	111,160
Balance at the End of the Year	¥ 261,608	¥ 576,114	¥ 1,682,519	¥ (2,714)	¥ 2,517,528

	Millions of Yen								
	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	¥ 329,429	¥ (44,926)	¥ (6,739)	¥ 4,000	¥ (4,007)	¥ 277,756	¥ 1,024	¥ 27,772	¥ 2,722,556
Cumulative Effects of Changes in Accounting Policies								(0)	(9,636)
Restated Balance	329,429	(44,926)	(6,739)	4,000	(4,007)	277,756	1,024	27,772	2,712,920
Changes during the Year									
Cash Dividends									(58,119)
Net Income Attributable to Owners of the Parent									169,078
Purchase of Treasury Stock									(21)
Disposal of Treasury Stock									122
Purchase of Shares of Consolidated Subsidiaries									—
Reversal of Revaluation Reserve for Land									100
Net Changes of Items Other Than Shareholders' Equity	(51,812)	2,166	(100)	8,719	(38,701)	(79,727)	(18)	953	(78,792)
Total Changes during the Year	(51,812)	2,166	(100)	8,719	(38,701)	(79,727)	(18)	953	32,368
Balance at the End of the Year	¥ 277,617	¥ (42,759)	¥ (6,839)	¥ 12,719	¥ (42,708)	¥ 198,028	¥ 1,006	¥ 28,725	¥ 2,745,288

See accompanying notes.

From April 1, 2020 to March 31, 2021

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 261,608	¥ 580,595	¥ 1,495,029	¥ (2,855)	¥ 2,334,377
Changes during the Year					
Cash Dividends			(56,244)		(56,244)
Net Income Attributable to Owners of the Parent			142,196		142,196
Purchase of Treasury Stock				(19)	(19)
Disposal of Treasury Stock		(2)		60	57
Purchase of Shares of Consolidated Subsidiaries		(4,478)			(4,478)
Reversal of Revaluation Reserve for Land			115		115
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(4,480)	86,067	40	81,626
Balance at the End of the Year	¥ 261,608	¥ 576,114	¥ 1,581,096	¥ (2,815)	¥ 2,416,003

	Millions of Yen								
	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	¥ 351,459	¥ (56,765)	¥ (6,623)	¥ 1,332	¥ (68,513)	¥ 220,889	¥ 1,057	¥ 34,583	¥ 2,590,907
Changes during the Year									
Cash Dividends									(56,244)
Net Income Attributable to Owners of the Parent									142,196
Purchase of Treasury Stock									(19)
Disposal of Treasury Stock									57
Purchase of Shares of Consolidated Subsidiaries									(4,478)
Reversal of Revaluation Reserve for Land									115
Net Changes of Items Other Than Shareholders' Equity	(22,030)	11,839	(115)	2,667	64,506	56,866	(33)	(6,811)	50,022
Total Changes during the Year	(22,030)	11,839	(115)	2,667	64,506	56,866	(33)	(6,811)	131,649
Balance at the End of the Year	¥ 329,429	¥ (44,926)	¥ (6,739)	¥ 4,000	¥ (4,007)	¥ 277,756	¥ 1,024	¥ 27,772	¥ 2,722,556

See accompanying notes.

From April 1, 2021 to March 31, 2022

	Millions of U.S. Dollars				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	\$ 2,138	\$ 4,708	\$ 12,920	\$ (23)	\$ 19,742
Cumulative Effects of Changes in Accounting Policies			(79)		(79)
Restated Balance	2,138	4,708	12,841	(23)	19,663
Changes during the Year					
Cash Dividends			(475)		(475)
Net Income Attributable to Owners of the Parent			1,382		1,382
Purchase of Treasury Stock				(0)	(0)
Disposal of Treasury Stock		0		1	1
Purchase of Shares of Consolidated Subsidiaries					—
Reversal of Revaluation Reserve for Land			1		1
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	0	907	1	908
Balance at the End of the Year	\$ 2,138	\$ 4,708	\$ 13,748	\$ (22)	\$ 20,571

	Millions of U.S. Dollars								
	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	\$ 2,692	\$ (367)	\$ (55)	\$ 33	\$ (33)	\$ 2,270	\$ 8	\$ 227	\$ 22,247
Cumulative Effects of Changes in Accounting Policies								(0)	(79)
Restated Balance	2,692	(367)	(55)	33	(33)	2,270	8	227	22,168
Changes during the Year									
Cash Dividends									(475)
Net Income Attributable to Owners of the Parent									1,382
Purchase of Treasury Stock									(0)
Disposal of Treasury Stock									1
Purchase of Shares of Consolidated Subsidiaries									—
Reversal of Revaluation Reserve for Land									1
Net Changes of Items Other Than Shareholders' Equity	(423)	18	(1)	71	(316)	(651)	(0)	8	(644)
Total Changes during the Year	(423)	18	(1)	71	(316)	(651)	(0)	8	264
Balance at the End of the Year	\$ 2,268	\$ (349)	\$ (56)	\$ 104	\$ (349)	\$ 1,618	\$ 8	\$ 235	\$ 22,432

See accompanying notes.

# Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Cash Flows from Operating Activities:</b>			
Income before Income Taxes	¥ 227,999	¥ 200,003	\$ 1,863
Depreciation and Amortization	30,841	34,552	252
Impairment Losses	1,468	20,173	12
Amortization of Goodwill	7,882	7,875	64
Equity in Losses (Earnings) of Affiliated Companies	(15,531)	(11,677)	(127)
Increase (Decrease) in Allowance for Loan Losses	34,145	2,018	279
Increase (Decrease) in Provision for Bonuses	2,627	(159)	21
Increase (Decrease) in Provision for Directors' Bonuses	(38)	47	(0)
Increase (Decrease) in Provision for Stocks Payment	200	252	2
Decrease (Increase) in Assets for Retirement Benefits	39,540	(132,340)	323
Increase (Decrease) in Liabilities for Retirement Benefits	(338)	(441)	(3)
Increase (Decrease) in Provision for Reward Points Program	1,019	2,056	8
Increase (Decrease) in Provision for Reimbursement of Deposits	(511)	(728)	(4)
Increase (Decrease) in Provision for Contingent Losses	15	193	0
Interest Income	(375,659)	(363,749)	(3,070)
Interest Expenses	107,883	137,471	882
Loss (Gain) Related to Securities	55,500	50,309	454
Loss (Gain) on Money Held in Trust	257	(3,071)	2
Foreign Exchange Losses (Gains)	(184,288)	(56,942)	(1,506)
Loss (Gain) on Disposal of Fixed Assets	235	558	2
Net Decrease (Increase) in Trading Assets	(11,844)	375,744	(97)
Net Increase (Decrease) in Trading Liabilities	57,088	(352,237)	466
Net Decrease (Increase) in Loans and Bills Discounted	(369,539)	(803,592)	(3,020)
Net Increase (Decrease) in Deposits	(237,516)	2,778,758	(1,941)
Net Increase (Decrease) in Negotiable Certificates of Deposit	(572,650)	1,300,302	(4,679)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	1,415,895	(73,782)	11,570
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	(800,096)	491,550	(6,538)
Net Decrease (Increase) in Call Loans	51,543	1,230,261	421
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	75,155	12,968	614
Net Increase (Decrease) in Call Money	595,441	(12,776)	4,866
Net Decrease (Increase) in Foreign Exchange-Assets	(4,098)	11,556	(33)
Net Increase (Decrease) in Foreign Exchange-Liabilities	698	(2,636)	6
Net Decrease (Increase) in Lease Receivables and Investment Assets	7,031	(21,292)	57
Net Increase (Decrease) in Short-Term Bonds Payable	(157,495)	837,951	(1,287)
Increase (Decrease) in Straight Bonds-Issuance and Redemption	552,497	570,236	4,515
Net Increase (Decrease) in Borrowed Money from Trust Account	(616,380)	164,918	(5,037)
Interest Received	377,391	383,204	3,084
Interest Paid	(104,641)	(162,409)	(855)
Other, Net	(256,062)	(25,174)	(2,092)
Subtotal	¥ (64,331)	¥ 6,589,955	\$ (526)
Income Taxes (Paid) Refunded	(55,931)	(36,865)	(457)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ (120,263)</b>	<b>¥ 6,553,089</b>	<b>\$ (983)</b>

(Continued)



	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥ (9,173,484)	¥ (7,135,053)	\$ (74,959)
Proceeds from Sales of Securities	4,226,468	3,071,193	34,536
Proceeds from Redemption of Securities	4,163,963	3,651,551	34,025
Increase in Money Held in Trust	(4,400)	(2,000)	(36)
Purchase of Tangible Fixed Assets	(8,882)	(27,800)	(73)
Proceeds from Sales of Tangible Fixed Assets	1,950	751	16
Purchase of Intangible Fixed Assets	(42,934)	(34,086)	(351)
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(41,987)	(49)	(343)
Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method	102	—	1
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ (879,205)</b>	<b>¥ (475,494)</b>	<b>\$ (7,184)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from Subordinated Borrowings	5,000	—	41
Repayments of Subordinated Borrowings	(50,000)	—	(409)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	19,898	39,784	163
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(41,500)	(190,000)	(339)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	—	(12,655)	—
Cash Dividends Paid	(58,115)	(56,241)	(475)
Cash Dividends Paid to Non-Controlling Interests	(342)	(593)	(3)
Purchase of Treasury Stock	(21)	(19)	(0)
Proceeds from Sales of Treasury Stock	0	1	0
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (125,079)</b>	<b>¥ (219,723)</b>	<b>\$ (1,022)</b>
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ 59,053	¥ (18,749)	\$ 483
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ (1,065,495)</b>	<b>¥ 5,839,121</b>	<b>\$ (8,706)</b>
Cash and Cash Equivalents at the Beginning of the Year	¥ 16,799,146	¥ 10,960,024	\$ 137,270
<b>Cash and Cash Equivalents at the End of the Year (Note)</b>	<b>¥ 15,733,650</b>	<b>¥ 16,799,146</b>	<b>\$ 128,564</b>

See accompanying notes.

# Notes to Consolidated Financial Statements

## Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") and its consolidated subsidiaries (together, "SuMi TRUST Group") in accordance with the accounting principles generally accepted in Japan and certain accounting and disclosure rules under the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, the consolidated financial statements of SuMi TRUST Holdings issued in Japan have been reclassified and rearranged in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Holdings is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥122.38 to U.S. \$1, the approximate rate of exchange as of March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, total balances may not be equal to the sum of individual amounts.

## Significant Accounting Policies and Practices

### 1. Scope of Consolidation

(1) Consolidated Subsidiaries as of March 31, 2022:

59 companies

Principal Companies:

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Nikko Asset Management Co., Ltd.

Sumitomo Mitsui Trust Loan & Finance Co., Ltd.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Changes in the consolidated subsidiaries during the current fiscal year are as follows:

Trust Base Co., Ltd. is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2022.

Arcadia Funding LLC and four other companies are

excluded from the scope of consolidation effective from the fiscal year ended March 31, 2022, due to liquidation and other factors.

(2) Unconsolidated Subsidiaries

Principal Companies:

Cattleya Co., Ltd.

ASIA GATEWAY I, L.P.

Cattleya Co., Ltd. and 10 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries are excluded from the scope of consolidation because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and other financial data.

### 2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:  
None

(2) Affiliated Companies Accounted for by the Equity Method:

33 companies

Principal Companies:

Custody Bank of Japan, Ltd.

SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the current fiscal year are as follows:

UBS SuMi TRUST Wealth Management Co., Ltd. and one other company are included in the scope of application of the equity method effective from the fiscal year ended March 31, 2022, due to the acquisition of its shares and other factors.

SBI Card Co., Ltd. and one other company are excluded from the scope of the application of the equity method effective from the fiscal year ended March 31, 2022, due to liquidation and other factors.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are Not Accounted for by the Equity Method:

Principal Companies:

Cattleya Co., Ltd.

ASIA GATEWAY I, L.P.

Cattleya Co., Ltd. and 10 other companies are excluded from the scope of the application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements for the current fiscal year. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and other financial data.

### 3. Balance Sheet Dates of the Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

April 30:	2 companies
August 31:	1 company
September 30:	4 companies
November 30:	1 company
December 31:	7 companies
March 31:	44 companies

(2) Subsidiaries are consolidated using the financial statements as of the following dates:

- Consolidated subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31
- A consolidated subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31

- A consolidated subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2022, and the above balance sheet dates of consolidated subsidiaries have been reflected in the consolidated financial statements.

### 4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or inter-market differences (for trading purposes). The fluctuations in such items are presented as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheet on a trade-date basis, and gains and losses from such transactions are presented as "Trading Income" or "Trading Expenses" in the consolidated statement of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair values as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2022 and 2021.

Regarding valuation of specific market risks and credit risks for derivative transactions, fair value is measured in groups of financial assets and financial liabilities with the basis of the net asset or liability after offsetting financial assets and financial liabilities.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Holdings is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories

("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. "Available-for-Sale Securities" are valued at the market price (cost of securities sold is calculated using primarily the moving-average method). Equity securities with no market prices are carried at cost using the moving-average method.

Valuation differences on "Available-for-Sale Securities" are recorded as a separate component of net assets and reported in the consolidated balance sheet.

(b) Securities in money held in trust are classified and accounted for in the same manner as those described in 4. (1) and 4. (2) (a) above.

### (3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

Regarding valuation of specific market risks and credit risks, fair value is measured in groups of financial assets and financial liabilities with the basis of the net asset or liability after offsetting financial assets and financial liabilities.

### (4) Depreciation and Amortization Methods

#### (a) Tangible fixed assets other than lease assets

Tangible fixed assets are depreciated using primarily the straight-line method.

Useful lives of major asset categories:

Buildings:	3 to 60 years
Others:	2 to 20 years

#### (b) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Holdings or the consolidated subsidiaries, generally five years.

#### (c) Lease assets

The lease assets under "Tangible Fixed Assets" that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

### (5) Allowance for Loan Losses

The major domestic consolidated subsidiaries record allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special

liquidation proceedings or other bankruptcy proceedings ("bankrupt borrowers") and against borrowers that are in substantially similar adverse condition ("virtually bankrupt borrowers"), the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("possibly bankrupt borrowers"), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possibly bankrupt borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").

For claims that are classified as other than those above, the allowance is provided based on the estimated loan losses over the next one to three years, which are calculated based on the average historical loan-loss ratios during a certain period on the basis of historical loan losses over the past one to three years, then adjusted based on future forecast.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against bankrupt borrowers or virtually bankrupt borrowers with collateral or guarantees, claims against borrowers in legal or virtually bankrupt borrowers, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥23,943 million (U.S. \$196 million) and ¥24,592 million as of March 31, 2022 and 2021, respectively.

## (6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

## (7) Provision for Directors' Bonuses

A provision for directors' bonuses is provided for the estimated directors' bonuses attributable to the current fiscal year.

## (8) Provision for Stocks Payment

A provision for stocks payment is provided at SuMi TRUST Holdings and some of the consolidated subsidiaries for the estimated stock-based payments to directors under a stock compensation system attributable to the current fiscal year.

## (9) Provision for Reward Points Program

A provision for reward points program is provided for the use of points granted to holders of Diners Club Card and other credit cards in the amount deemed necessary based on the reasonable estimates of the points to be used in the future.

## (10) Provision for Reimbursement of Deposits in Dormant Accounts

At SuMi TRUST Bank, a provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

## (11) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with off-balance sheet transactions or trust transactions in the amount deemed necessary based on the estimated possible future losses.

## (12) Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2022, are attributed based on the plan's benefit formula.

Past service cost and actuarial gains or losses are expensed using the following methods:

**Past service cost:** The full amount of past service cost is charged to profit or loss in the fiscal year they occur, in principle.

**Actuarial gains or losses:** Actuarial differences are expensed using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the simplified method in calculating liabilities for retirement benefits and retirement benefit expenses for lump-sum retirement benefit plans, recording liabilities at amounts that would be required for voluntary termination at the year-end.

## (13) Basis for Recognition of Significant Revenues and Expenses

The SuMi TRUST Group's main revenues from contracts with customers are "Trust Fees" and "Fees and Commissions" such as asset management and administration fees, stock transfer agency fees, real estate brokerage fees, and investment trust and insurance sales fees.

The timing of satisfying performance obligation in each transaction is determined based on the respective economic conditions as follows. The amount of consideration for transactions is generally received within approximately six months after the satisfaction of performance obligations and does not include significant financing components.

Trust fees and asset management and administration fees are recorded mainly in the "Fiduciary Services," "Asset Management Business," and "Retail Total Solutions Services." The SuMi TRUST Group is obligated to perform asset management and administrative services in accordance with the terms of trust agreements and various contracts. The SuMi TRUST Group recognizes revenues from these performance obligations over a period of time since the benefits are expensed by the customer as the daily services are provided.

Stock transfer agency fees are mainly recorded in the "Stock Transfer Agency Services." The SuMi TRUST Group is obligated to perform shareholder registry management services in accordance with agreement on entrustment of management of shareholder registry. The SuMi TRUST Group recognizes revenues from this performance obligation over a period of time since the benefits are expensed by the customer as the daily services are provided.

Real estate brokerage fees are recorded mainly in the "Real Estate." The SuMi TRUST Group is obligated to perform real estate brokerage services based on real estate brokerage contracts. Revenues are recognized when the performance obligation is satisfied at the time when the real estate sales contract is executed or when the property is delivered. The timing of satisfying performance obligation is determined based on the significance of the duties after the execution of the real estate sales contract.

Fees on sales of investment trusts and insurance are mainly recorded in the "Retail Total Solutions Services." The SuMi TRUST Group is obligated to provide product explanations and sales administrative services based on the terms and

conditions of transactions and consignment agreements. Revenues are recognized when the performance obligation is satisfied at the time of product sale.

#### (14) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing as of the consolidated balance sheet date, except for shares of stocks in affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates.

Assets and liabilities of other consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

#### (15) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of sales when lease payments are collected.

#### (16) Hedge Accounting

##### (a) Interest-related risk hedge

SuMi TRUST Bank manages interest rate risk arising from various assets and liabilities by using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidance No. 24 of March 17, 2022, "Guidance No. 24"). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest rate volatility factors for the hedged items and the hedging instruments.

##### (b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical

Guidance No. 25 of October 8, 2020, "Guidance No. 25"). The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that foreign currency payables of spot and forward foreign exchange contracts exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The foreign exchange risk associated with investment in the shares of stocks in foreign subsidiaries and affiliated companies is individually hedged using forward exchange contracts denominated in the same currency, and foreign currency translation adjustments arising from the hedging instruments are included in "Foreign Currency Translation Adjustments."

##### (c) Internal hedge transactions and others

Among derivatives transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or that are made internally between designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management on hedges pursuant to Guidance No. 24 and Guidance No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges or exceptional treatment for interest rate swaps.

#### (17) Amortization of Goodwill

Goodwill is amortized over a period within 20 years that is reasonably determined for each case. Goodwill deemed immaterial, however, is expensed as incurred.



(18) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

The balance of “Cash and Cash Equivalents” in the consolidated statement of cash flows is equivalent to the balance of “Cash and Due from Banks” presented in the consolidated balance sheet (cash and due from the Bank of Japan for SuMi TRUST Bank).

(19) Nondeductible Consumption Taxes Associated with Assets

Nondeductible consumption taxes and local consumption taxes associated with assets are recorded as expenses in the current fiscal year.

(20) Adoption of Consolidated Taxation System

SuMi TRUST Holdings adopts the consolidated taxation system.

(21) Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

Sumi Trust Holdings and some of its consolidated subsidiaries in Japan will transfer from the consolidated taxation system to the group tax sharing system from the fiscal year ending March 31, 2023. However, we did not adopt Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) in accordance with Paragraph 3 of “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No.39, March 31, 2020) and account for deferred tax assets and deferred tax liabilities based on the tax regulations before the revision. Such treatment is adopted on items transitioned to group tax sharing system established under “The Law Revising a Portion of Income Tax Law” (Act No.8, 2020) and single taxation system items revised in conjunction with the transition to the group tax sharing system.

“Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, August 12, 2021), which specifies the treatment of accounting and disclosure of corporation taxes, local corporation taxes, and tax effect accounting under the group tax sharing system, will be adopted from the beginning of the fiscal year ended March 31, 2023.

## Significant Accounting Estimates

### 1. Estimates of Allowance for Loan Losses

(1) The Amounts Recorded in the Consolidated Financial Statements during the Fiscal Year Ended March 31, 2022 and 2021:

The amounts recognized during the fiscal year ended March 31, 2022 and 2021 were ¥163,369 million (U.S. \$1,335 million) and ¥129,223 million, respectively.

(2) Other Information that Assists Users of the Consolidated Financial Statements in Understanding the Nature of the Estimates

SuMi TRUST Bank assigns each borrower a “classification” in accordance with the borrower’s solvency based on their financial conditions, funding stability, profitability, and others whenever there is disclosure of financial results or an event with an impact on the borrower’s creditworthiness. SuMi TRUST Bank measures allowance for loan losses based on the “classification” assigned and transaction conditions of collateral and other factors. When deriving the “classification,” quantitative as well as qualitative factors are taken into consideration.

Definition of each classification is as follows:

Classification	Definitions
Normal borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers requiring caution	Close monitoring is required due to sluggish/unstable business, financial problems, or problems with meeting loan terms and conditions such as reduction of interest rate and suspended payments
Substandard borrowers	Obligors with loans that are more than three months past due or with restructured loans within the “Borrowers Requiring Caution” category
Possibly bankrupt borrowers	Experiencing business difficulties, making insufficient progress in restructuring and highly likely to go bankrupt
Virtually bankrupt borrowers	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely
Bankrupt borrowers	Legally or formally bankrupt



The standards for allowances for loan losses for each classification are as follows:

Classification	Standards for allowances for loan losses
Normal borrowers	The allowance for loan losses is provided based on the estimated loan loss ratio, which is calculated based on the average historical loan-loss ratios during a certain period on the basis of historical loan losses over the past one year.
Borrowers requiring caution and Substandard borrowers	The allowance for loan losses is provided based on the estimated loan loss ratio, which is calculated based on the average historical loan-loss ratios during a certain period on the basis of historical loan losses over the past three years. For some borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").
Possibly bankrupt borrowers	The allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims. For some borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").
Virtually bankrupt borrowers and Bankrupt borrowers	The allowance is provided based on the amount of claims, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, the amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims.

For normal borrowers, borrowers requiring caution and substandard borrowers, changes in the loan loss ratio have an impact on the allowance for loan losses. For possibly

bankrupt borrowers, virtually bankrupt borrowers, and bankrupt borrowers, changes in the amount expected to be collected through the disposal of collateral or execution of guarantees have a significant impact on the allowance for loan losses.

### (3) Adjustments of Expected Credit Losses Considering the Future Forecast

The economic environment is undergoing significant changes due to the repetitive spread and lull of COVID-19 and the international situation surrounding Ukraine, which triggered a rise in resource prices and disruption in the global supply chain. The impact of these changes in the economic environment on the credit risk is reflected in the individual borrowers' classification and internal ratings to the extent that reasonable estimates can be made. However, there is a high level of uncertainty in the estimates because the impact is complex and diverse.

SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. estimate the impact on credit risks that have not yet been reflected in the financial information and historical loan-loss ratios of the borrowers and make necessary adjustments to expected future credit losses, considering the impact of the changes in the economic environment described above on the business performance and funding of borrowers.

In the fiscal year ended March 31, 2021, SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. identified industries that may have been affected by downturn of business performance due to the spread of COVID-19 and assessed the degree of prospects for recovery after the end of pandemic, assuming that the spread and the lull of COVID-19 will continue to alternate, and it will take time to settle down. Additional allowance for loan losses ("special allowance") of ¥18,432 million is recognized for some credit in industries described above by estimating the credit losses expected in the future, assuming that internal ratings of certain credits of the industries would be downgraded to some extent depending on the degree of prospects for recovery after the end of pandemic.

In the fiscal year ended March 31, 2022, SuMi TRUST Bank re-evaluated special allowance based on the method considering future forecast on the impact of not only COVID-19, but also the changes in the economic environment described above on credit losses. The specific methods of reevaluation are as follows:

(a) Re-evaluate the degree of prospects for the recovery in the future and the degree of impact on industries which may have been affected by downturn of business

performance and funding due to the repetitive spread and lull of COVID-19 and the international situation surrounding Ukraine, which triggered a rise in resource prices and disruption in the global supply chain.

(b) Predict the transition of internal ratings based on quantitative information, assuming the degree of deterioration in future credit risk for each industry and internal rating based on the degree of impact on certain credits of the industries which may have been affected by downturn of business performance and funding.

(c) Recognize special allowance by estimating credit losses expected in the future, assuming the transition of internal rating as described above.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. re-evaluated the special allowance based on the same method as of the fiscal year ended March 31, 2021. In the fiscal year ended March 31, 2022, SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. recognized a special allowance of ¥21,022 million (U.S. \$172 million).

There is a high level of uncertainty about the assumptions used to recognize a special allowance, and the consolidated financial statements can be significantly affected if there is a change in the impact on the business performance and funding of borrowers due to the change in economic environment.

## 2. Estimates of Retirement Benefit Obligations

(1) The Amounts Recorded in the Consolidated Financial Statements during the Fiscal Year Ended March 31, 2022 and 2021:

The amounts recognized during the fiscal year ended March 31, 2022 and 2021 were ¥423,883 million (U.S. \$3,464 million) and ¥431,223 million, respectively.

The amounts of assets for retirement benefits and liabilities for retirement benefits recorded in the consolidated financial statements for the fiscal year ended March 31, 2022 were ¥192,223 million (U.S. \$1,571 million) and ¥13,553 million (U.S. \$111 million), respectively. The net amount of ¥178,669 million (U.S. \$1,460 million) was calculated by deducting plan assets of ¥602,553 million (U.S. \$4,924 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥410,330 million (U.S. \$3,353 million) and ¥13,553 million (U.S. \$111 million), respectively.

(2) Other Information that Assists Users of the Consolidated Financial Statements in Understanding the Nature of the Estimates

Retirement benefit obligations, plan assets, and retirement benefit expenses are calculated based on assumptions

used in actuarial calculation. These assumptions include discount rate, expected long-term rate of return on plan assets, employee turnover rate, and mortality rate.

Major assumptions used in actuarial calculation are as follows:

Discount rate	Expected long-term rate of return on plan assets
Mainly 0.5%	3.5%

SuMi TRUST Bank, which accounts for 94.8% of asset retirement obligations of the SuMi TRUST Group, has set a discount rate based on the interest rates of high-quality domestic corporate bonds whose maturities are equal to the expected period up to the payment of salaries in the future.

The expected long-term rate of return on plan assets is determined by evaluating the historical results of operation and the expected interest rate in the future. The expected long-term rate of return on plan assets is the weighted average rate of expected long-term rates of return on plan assets by groups of investment assets such as stocks and bonds.

(3) Impact of Changes in Assumptions on the Consolidated Financial Statements

The assumptions described in (2) will have a significant impact on retirement benefit obligations and retirement benefit expenses. The impacts on the consolidated financial statements when each of the discount rate and the expected long-term rate of return on plan assets of SuMi TRUST Bank changes by 0.5% are as follows:

	Impact on retirement benefit expenses	Impact on retirement benefit obligations
Discount rate:		
0.5% decrease	¥2,536 million increase	¥33,056 million increase
0.5% increase	¥2,266 million decrease	¥29,304 million decrease
Expected long-term rate of return on plan assets		
0.5% decrease	¥2,960 million increase	—
0.5% increase	¥2,960 million decrease	—

## Changes in Accounting Policies

### Application of Accounting Standard for Revenue Recognition etc.

SuMi Trust Holdings has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "the Standard for Revenue Recognition") etc. from the beginning of the current fiscal year ended March 31, 2022. Once control of a promised good or service is transferred to the customer, SuMi Trust Holdings recognizes revenue at the amount that SuMi Trust Holdings expects to receive in exchange for the good or service.

Application of the Standard for Revenue Recognition etc. is in accordance with the transitional treatments specified in the proviso in Paragraph 84 of the Standard for Revenue Recognition. The cumulative effect of applying the new accounting policy retrospectively prior to the current fiscal year ended March 31, 2022, is added to or deducted from retained earnings as of the beginning of the current fiscal year, and the new accounting policy is applied to the balance at the beginning of the current fiscal year.

The effects of this change in the accounting policy on the consolidated financial statements are immaterial.

The notes to "Information Related to Revenue Recognition" for the fiscal year ended March 31, 2021, is not presented in accordance with the transitional treatments specified in Section 3 of Paragraph 89 of the Standard for Revenue Recognition.

### Application of Accounting Standard for Fair Value Measurement etc.

SuMi Trust Holdings has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, "the Standard for Fair Value Measurement") etc. from the beginning of the current fiscal year ended March 31, 2022. In accordance with Paragraph 8 of the Standard for Fair Value Measurement, the fair value adjustment method for the calculation of the fair value of derivative transactions has been revised to a method that maximizes the use of observable inputs estimated from derivatives traded in the market. Such revision is a result of the application of the Standard for Fair Value Measurement, etc. and the cumulative effect of applying the new accounting policy retrospectively prior to the current fiscal year ended March 31, 2022, is reflected to the balance of retained earnings at the beginning of the current fiscal year, in accordance with the transitional treatments specified in Paragraph 20 of the Standard for Fair Value Measurement.

As a result, trading assets decreased by ¥7,127 million (U.S. \$58 million), other assets decreased by ¥8,105 million (U.S. \$66 million), deferred tax assets increased by ¥3,948 million (U.S. \$32 million), trading liabilities decreased by ¥1,061 million (U.S. \$9 million), other liabilities decreased by ¥1,277 million (U.S. \$10 million), retained earnings decreased by ¥8,945 million (U.S. \$73 million), and net assets per share of common stock decreased by ¥23.88 (U.S. \$0.20) as of the beginning of the current fiscal year ended March 31, 2022.

In addition, in the notes to "Financial Instruments," the SuMi Trust Group has disclosed the notes related to the breakdown of fair values of financial instruments by input level. However, in accordance with the transitional treatments prescribed in Section 7-4 in "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), the notes for the previous fiscal year ended March 31, 2021, are not included.

## New Accounting Standards and Interpretations Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

### (1) Overview

The above guidance provides the treatments on measurement and notes of fair values of investment trusts and notes of fair values of investments in partnerships recognized at net amount corresponding to equity holdings on the balance sheet.

### (2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2023.

### (3) Effects of the application of the standards

SuMi TRUST Holdings is currently in the process of determining the effects of the new guidance on the consolidated financial statements.

## Changes in Presentation

### Presentation of Financial Assets and Liabilities for Derivative Transactions based on Fair Value

Previously, derivative transactions included in "Trading Assets," "Trading Liabilities," "Other Assets," and "Other

Liabilities” were presented on a net basis for transactions that met the requirements under the practical guidance for accounting for financial instruments. However, for the purpose of accurately presenting credit risks with and without collateral for derivative transactions, financial assets and liabilities for derivative transactions measured at fair value are now presented on a gross basis based on a principle from the current fiscal year ended March 31, 2022. To reflect this change in presentation, reclassifications have been made in the consolidated financial statements for the fiscal year ended March 31, 2021.

As a result, “Trading Assets” of ¥433,766 million, “Other Assets” of ¥2,260,399 million, “Trading Liabilities” of ¥321,576 million, and “Other Liabilities” of ¥1,359,860 million, presented in the consolidated balance sheets for the fiscal year ended March 31, 2021, changed to ¥962,849 million, ¥2,936,013 million, ¥850,660 million, and ¥2,035,474 million, respectively.

Additionally, “Net Decrease (Increase) in Trading Assets” of ¥73,880 million and “Net Increase (Decrease) in Trading Liabilities” of ¥(50,373) million, presented in the consolidated statements of cash flows for the previous fiscal year ended March 31, 2021, changed to ¥375,744 million and ¥(352,237) million, respectively.

## Additional Information

### Share Delivery Trust for the Directors

#### 1. Overview

A Performance-Based Stock Compensation System (the “System”) was introduced that utilizes a trust, and applies to SuMi Trust Holdings’ directors (excluding directors who are Audit Committee members and external directors) and executive officers (as defined in the Companies Act and as defined in SuMi Trust Holdings’ internal policies), and the directors (excluding directors who are Audit and Supervisory Committee members and external directors) and executive officers (as defined in the internal policies) of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management Co., Ltd. (“SuMi TRUST AM”), which are core companies of the SuMi TRUST Group. The above-mentioned directors and executive officers of SuMi TRUST Holdings, SuMi TRUST Bank, and SuMi TRUST AM are collectively referred to as the “Directors.”

Under the System, a portion of the remuneration of the Directors is linked to performance targets set out in SuMi TRUST Holdings’ current Midterm Management Plan. By paying part of the remuneration for Directors in shares, the

linkage between the remuneration of the Directors and the performance of the SuMi TRUST Group becomes clearer, and the Directors share the same benefits and risks of share price fluctuations with the shareholders. Through these initiatives, the System is designed to heighten the Director’s attention to enhancement of medium- and long-term business performance and the corporate value of the SuMi TRUST Group.

SuMi TRUST Holdings contributes money to a trust set up under the System, and the trust acquires shares of SuMi TRUST Holdings. The Directors are awarded points based on the Shares Delivery Rules established individually by SuMi TRUST Holdings, SuMi TRUST Bank, and SuMi TRUST AM, and the number of shares of SuMi TRUST Holdings corresponding to the points granted are issued to the Directors through the trust.

#### 2. Remaining Number of Shares of SuMi TRUST Holdings Held by the Trust

The carrying amount and the number of shares of SuMi TRUST Holdings held by the Trust as of March 31, 2022 and 2021, were ¥1,344 million (U.S. \$11 million) and 392 thousand shares, and ¥1,446 million and 422 thousand shares, respectively. The shares are recorded as treasury stock in the net assets section of the consolidated balance sheet as of March 31, 2022.

## Notes to the Consolidated Balance Sheet

### 1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Securities in Trading Account	¥ 5,018	¥ 39,520	\$ 41
Derivatives of Trading Securities	47	—	0
Derivatives of Securities Related to Trading Transactions	25	29	0
Trading-Related Financial Derivatives	954,675	918,298	7,801
Other Trading Assets	7,799	5,000	64
<b>Total</b>	<b>¥ 967,565</b>	<b>¥ 962,849</b>	<b>\$ 7,906</b>

(2) Trading liabilities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Derivatives of Trading Securities	¥ —	¥ 8	\$ —
Derivatives of Securities Related to Trading Transactions	617	983	5
Trading-Related Financial Derivatives	906,069	849,668	7,404
<b>Total</b>	<b>¥ 906,686</b>	<b>¥ 850,660</b>	<b>\$ 7,409</b>

### 2. Securities

Securities held as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Government Bonds	¥ 2,839,688	¥ 1,760,490	\$ 23,204
Local Government Bonds	33,919	23,686	277
Corporate Bonds	730,020	699,775	5,965
Stocks	1,511,056	1,655,699	12,347
Other Securities	2,764,551	2,843,830	22,590
<b>Total</b>	<b>¥ 7,879,235</b>	<b>¥ 6,983,483</b>	<b>\$ 64,383</b>

“Securities” include stocks and equity investments in unconsolidated subsidiaries and affiliated companies as follows.

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Stocks	¥ 220,307	¥ 163,676	\$ 1,800
Equity Investments	25,839	27,031	211

Securities borrowed under unsecured loan agreements and securities purchased under resale agreements or borrowed with cash collateral that SuMi TRUST Holdings has a right to freely sell or repledge, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Securities that are Further Collateralized	¥ 149,251	¥ 154,547	\$ 1,220
Securities that are Further Loaned	1,069,208	1,034,192	8,737
Securities Held without Selling or Repledging as of the End of the Fiscal Year	662	5,221	5

The bonds presented under "Securities" included guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) amounting to ¥65,058 million (U.S. \$532 million) and ¥76,840 million as of March 31, 2022 and 2021, respectively.

### 3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Bills Discounted	¥ 451	¥ 763	\$ 4
Loans on Bills	170,626	146,219	1,394
Loans on Deeds	29,142,560	28,752,736	238,132
Overdrafts	1,562,868	1,607,249	12,771
<b>Total</b>	<b>¥ 30,876,507</b>	<b>¥ 30,506,968</b>	<b>\$ 252,300</b>

Bills discounted are treated as financial transactions in accordance with Guidance No. 24. SuMi TRUST Holdings has a right to freely sell or (re-)pledge such commercial bills.

Loans in accordance with the Banking Act and the Act on Emergency Measures for Revitalization of the Financial Functions are presented below. Loans include corporate bonds in "securities" (limited to those issued in private placement of securities prescribed in Section 3 of Paragraph 2 in the Financial Instruments and Exchange Act, and those with wholly or partially guaranteed redemption

of the principal and payment of the interest), loans and bills discounted, foreign exchanges, interest receivables, suspense payments, and customers' liabilities for acceptances and guarantees in "other assets" presented in the consolidated balance sheet, and securities loaned (limited to those under a loan for use or lease contract) provided in the notes, etc.

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Bankrupt and Practically Bankrupt Loans	¥ 20,585	¥ 26,223	\$ 168
Doubtful Loans	130,069	58,172	1,063
Loans Past Due Three Months or More	—	3,042	—
Restructured Loans	69,474	49,176	568
<b>Total</b>	<b>¥ 220,130</b>	<b>¥ 136,614</b>	<b>\$ 1,799</b>

Bankrupt and practically bankrupt loans are those loans that have fallen into bankruptcy due to certain reasons,

including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to

start rehabilitation proceedings and quasi-loans.

Doubtful loans are those loans with a strong likelihood that loan principals cannot be recovered and interest cannot be received according to the contract because of difficulties in the financial conditions and business performance of debtors who are not yet legally bankrupt, excluding those loans classified as bankrupt and practically bankrupt loans.

Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as bankrupt and practically bankrupt loans and doubtful loans.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with

the borrower's business restructuring or to otherwise provide support, excluding those loans classified as bankrupt and practically bankrupt loans, doubtful loans or loans past due three months or more.

The above loans are presented at the amounts prior to deduction of allowances for loan losses.

#### Change in Presentation

The classification of risk management loans and others based on the Banking Act are aligned with the classification of claims subject to disclosure in accordance with the Act on Emergence Measures for Revitalization of Financial Functions due to enforcement of the "Cabinet Office Ordinance of the Act of Partial Revision made in Ordinance for Enforcement of the Banking Act (Cabinet Office Ordinance No.3, January 24, 2020)," effective from March 31, 2022.

#### 4. Assets Pledged

Assets pledged as collateral as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Assets Pledged as Collateral:			
Trading Assets	¥ —	¥ 29,978	\$ —
Securities	3,365,225	2,325,240	27,498
Loans and Bills Discounted	4,728,724	5,012,590	38,640
Lease Receivables and Investment Assets	54,956	50,491	449
Other Assets	60,425	109,610	494
<b>Total</b>	<b>¥ 8,209,331</b>	<b>¥ 7,527,910</b>	<b>\$ 67,081</b>
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 21,788	¥ 19,273	\$ 178
Payables under Repurchase Agreements	527,313	709,711	4,309
Borrowed Money	5,739,492	4,398,213	46,899

In addition to the foregoing, the following assets have been pledged as collateral for settlement of exchange and others, or as a substitution of margin of futures and others.

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Securities	¥ 499,469	¥ 399,318	\$ 4,081



“Other Assets” include initial margins of futures, security deposits, cash collateral pledged for financial instruments, and cash collateral pledged for repurchase agreement transactions. Such amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Initial Margins of Futures Markets	¥ 73,569	¥ 54,685	\$ 601
Security Deposits	27,062	25,978	221
Cash Collateral Pledged for Financial Instruments-Assets	1,025,240	785,742	8,378
Cash Collateral Pledged for Repurchase Agreement Transactions	—	3,198	—

## 5. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and commitment lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amounts of unused credit under such agreements were ¥12,757,371 million (U.S. \$104,244 million) and ¥14,037,261 million, of which ¥8,558,906 million (U.S. \$69,937 million) and ¥8,771,924 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2022 and 2021, respectively.

The balance of unused credit will not necessarily affect the future cash flows of the consolidated subsidiaries because

most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing the consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SuMi TRUST Holdings has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

## 6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Land	¥ 130,367	¥ 130,586	\$ 1,065
Buildings	72,726	73,966	594
Lease Assets	4,798	5,061	39
Construction in Progress	110	108	1
Other	16,532	18,458	135
<b>Total</b>	<b>¥ 224,535</b>	<b>¥ 228,180</b>	<b>\$ 1,835</b>

Accumulated depreciation amounted to ¥183,619 million (U.S. \$1,500 million) and ¥181,392 million, and advance depreciation amounted to ¥25,882 million (U.S. \$211 million) and ¥25,882 million as of March 31, 2022 and 2021, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent

to the taxes on the resulting valuation difference was recorded as a “Deferred Tax Liabilities for Land Revaluation” in liabilities, and the amount net of such difference was recorded as a “Revaluation Reserve for Land” in net assets.

Revaluation date: March 31, 1999

Revaluation method prescribed by Paragraph 3 of Article 3 of the Act:

The revaluation was calculated by reasonably adjusting the value of land based on the posted prices for benchmark properties as prescribed by Item 1 of Article 2 of the “Order

for Enforcement of the Act on Revaluation of Land” (Cabinet Order No. 119, promulgated on March 31, 1998) and the land assessments under Item 4 of Article 2 of the same Order.

## 7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Software	¥ 91,133	¥ 69,946	\$ 745
Goodwill	29,510	37,292	241
Other	5,024	5,065	41
<b>Total</b>	<b>¥ 125,667</b>	<b>¥ 112,303</b>	<b>\$ 1,027</b>

## 8. Other Assets

Other assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Domestic Exchange Settlement Account, Debit	¥ 1,029	¥ 1,177	\$ 8
Prepaid Expenses	8,257	7,367	67
Accrued Income	159,422	146,459	1,303
Initial Margins of Futures Markets	73,569	54,685	601
Variation Margins of Futures Markets	1,440	2,568	12
Financial Derivatives Other Than Trading Assets	1,500,703	1,296,876	12,263
Receivables for Securities Transactions	85,353	143,708	697
Cash Collateral Pledged for Financial Instruments-Assets	1,025,240	785,742	8,378
Other	499,316	497,426	4,080
<b>Total</b>	<b>¥ 3,354,333</b>	<b>¥ 2,936,013</b>	<b>\$ 27,409</b>

## 9. Deposits

Deposits as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	¥ 9,482,500	¥ 9,437,974	\$ 77,484
Time Deposits	22,952,755	23,064,332	187,553
Other	794,906	965,371	6,495
<b>Total</b>	<b>¥ 33,230,162</b>	<b>¥ 33,467,678</b>	<b>\$ 271,533</b>

## 10. Borrowed Money

Borrowed money as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Subordinated Borrowings	¥ 15,000	¥ 60,000	\$ 123
Other Borrowed Money	7,138,498	5,722,602	58,331
<b>Total</b>	<b>¥ 7,153,498</b>	<b>¥ 5,782,602</b>	<b>\$ 58,453</b>

Weighted average interest rates on borrowed money were 0.10% and 0.11% for the fiscal years ended March 31, 2022 and 2021, respectively.

Annual maturities of borrowed money as of March 31, 2022, for the next five years are as follows:

Fiscal Years Ending March 31	Millions of Yen	Millions of U.S. Dollars
	2022	2022
2023	¥ 1,872,544	\$ 15,301
2024	865,222	7,070
2025	2,436,476	19,909
2026	1,192,434	9,744
2027	46,143	377
<b>Total</b>	<b>¥ 6,412,822</b>	<b>\$ 52,401</b>

## 11. Bonds Payable

Bonds payable as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Perpetual Subordinated Bonds	¥ 286,100	¥ 286,100	\$ 2,338
Subordinated Bonds	472,996	494,495	3,865
Other Bonds Payable	1,317,508	765,010	10,766
<b>Total</b>	<b>¥ 2,076,604</b>	<b>¥ 1,545,605</b>	<b>\$ 16,968</b>

Annual maturities of bonds payable as of March 31, 2022, for the next five years are as follows:

Fiscal Years Ending March 31	Millions of Yen	Millions of U.S. Dollars
	2022	2022
2023	¥ 2,458,495	\$ 20,089
2024	467,735	3,822
2025	289,760	2,368
2026	257,380	2,103
2027	355,975	2,909
<b>Total</b>	<b>¥ 3,829,345</b>	<b>\$ 31,291</b>

## 12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized.

### 13. Other Liabilities

Other liabilities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Domestic Exchange Settlement Account, Credit	¥ 841	¥ 963	\$ 7
Income Taxes Payable	19,617	17,367	160
Accrued Expenses	64,726	61,185	529
Unearned Income	90,859	84,647	742
Variation Margins of Futures Markets	7,414	2,111	61
Financial Derivatives Other Than Trading Liabilities	1,574,196	1,340,950	12,863
Lease Obligations	12,632	12,265	103
Asset Retirement Obligations	3,881	4,193	32
Payables for Securities Transactions	65,626	144,357	536
Provision for Loss on Interest Repayment	39	39	0
Cash Collateral Accepted for Financial Instruments-Liabilities	240,455	155,739	1,965
Other	232,036	211,653	1,896
<b>Total</b>	<b>¥ 2,312,326</b>	<b>¥ 2,035,474</b>	<b>\$ 18,895</b>

### 14. Other Assets and Liabilities Related to Revenue Recognition

The amounts of receivables from contracts with customers and the amounts of contract liabilities recognized in other assets and other liabilities, respectively, are presented in "Revenue Recognition, 2. Information Related to Contract Balance."

## Notes to the Consolidated Statement of Income

### 1. Revenue from Contracts with Customers

Income is not classified into revenues from contracts with customers and other revenue. The amount of revenues from contracts with customers is presented in "Revenue Recognition, 1. Information Related to Disaggregation of Revenue from Contracts with Customers for the Current Fiscal Year Ended March 31, 2022."

### 2. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Interest on Monetary Claims Bought	¥ 2,438	¥ 2,778	\$ 20
Others	1,741	2,216	14
<b>Total</b>	<b>¥ 4,179</b>	<b>¥ 4,994</b>	<b>\$ 34</b>

(2) Other interest expenses for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Interest on Interest Rate Swaps	¥ 22,553	¥ 27,641	\$ 184
Others	22,105	20,928	181
<b>Total</b>	<b>¥ 44,658</b>	<b>¥ 48,570</b>	<b>\$ 365</b>

### 3. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net Income from Trading Securities and Derivatives	¥ 268	¥ —	\$ 2
Net Income from Trading Transactions	812	—	7
Net Income from Trading-Related Financial Derivatives Transactions	12,315	—	101
Other Trading Income	57	76	0
<b>Total</b>	<b>¥ 13,453</b>	<b>¥ 76</b>	<b>\$ 110</b>

(2) Trading expenses for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net Expenses on Trading Securities and Derivatives	¥ —	¥ 391	\$ —
Net Expenses on Trading Transactions	—	2,097	—
Net Expenses on Trading-Related Financial Derivatives Transactions	—	30,812	—
<b>Total</b>	<b>¥ —</b>	<b>¥ 33,300</b>	<b>\$ —</b>

### 4. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net Gains on Foreign Exchange Transactions	¥ 23,642	¥ 79,280	\$ 193
Gains on Sales and Redemption of Bonds	15,544	16,135	127
Net Income from Derivatives Other Than for Trading or Hedging	17,850	17,819	146
Others	279,559	289,158	2,284
<b>Total</b>	<b>¥ 336,597</b>	<b>¥ 402,394</b>	<b>\$ 2,750</b>

(2) Other ordinary expenses for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Losses on Sales and Redemption of Bonds	¥ 32,707	¥ 22,917	\$ 267
Others	258,779	267,432	2,115
<b>Total</b>	<b>¥ 291,487</b>	<b>¥ 290,350</b>	<b>\$ 2,382</b>

## 5. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Gains on Sales of Stocks and Other Securities	¥ 94,042	¥ 99,814	\$ 768
Gains on Money Held in Trust	132	3,071	1
Recoveries of Written-Off Claims	1,633	809	13
Equity in Earnings of Affiliated Companies	15,531	11,677	127
Gains on Disposal of Fixed Assets	545	151	4
Others (Note)	8,847	42,662	72
<b>Total</b>	<b>¥ 120,731</b>	<b>¥ 158,185</b>	<b>\$ 987</b>

(Note) In the fiscal year ended March 31, 2021, other extraordinary income was recognized as SuMi TRUST Bank charged the full amount of past service costs for retirement benefits to profit or loss in the fiscal year they occur.

(2) Other expenses for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Provision for Allowance for Loan Losses	¥ 37,688	¥ 3,277	\$ 308
Losses on Sales of Loans	5	—	0
Write-Off of Loans	5,461	4,272	45
Losses on Sales of Stocks and Other Securities	131,436	142,526	1,074
Losses on Impairment of Stocks and Other Securities	943	815	8
Losses on Money Held in Trust	390	—	3
Losses on Disposal of Fixed Assets (Note)	780	710	6
Losses on Impairment of Fixed Assets	1,468	20,173	12
Losses on Investment in Partnerships	4,770	3,853	39
Others	22,592	31,956	185
<b>Total</b>	<b>¥ 205,536</b>	<b>¥ 207,586</b>	<b>\$ 1,679</b>

(Note)

The SuMi TRUST Group has revised the cost restructure reform and the strategies at branches considering the new normal as a result of the change in business environment due to the spread of the novel coronavirus disease. In addition, the SuMi TRUST Group has continuously implemented initiatives to enhance management accounting. The application method of asset impairment accounting for fixed assets has been revised to apply these initiatives. In particular, SuMi TRUST Bank, a major consolidated subsidiary, switched the asset group under the asset impairment accounting from a branch or other asset groups to six operating segments. In addition, SuMi TRUST Bank now allocates corporate assets to each operating segment based on a reasonable method such as the number of personnel in each segment.

As a result of these revisions, impairment losses were

recognized as a portion of the investment of business assets for the Retail Total Solution Services was determined to be unrecoverable.

The impairment losses recognized due to the revision of the application method of asset impairment accounting described above were ¥19,364 million, which include impairment losses of tangible fixed assets of ¥1,655 million and those of software of ¥17,708 million. The entire impairment losses including those due to the revision were ¥20,173 million, which include impairment losses of tangible fixed assets of ¥1,893 million and those of software of ¥18,280 million.

The recoverable amounts of the asset groups described above are measured by value in use, which is calculated by discounting future cash flows measured in the business plan and others by the discount rate of 6.9%.

## 6. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Taxes Other Than Income Taxes	¥ 13,768	¥ 16,888	\$ 113
Personnel Expenses	199,902	201,807	1,633
Others	221,896	212,727	1,813
<b>Total</b>	<b>¥ 435,567</b>	<b>¥ 431,422</b>	<b>\$ 3,559</b>

## Note to the Consolidated Statement of Comprehensive Income

### Reclassification Adjustments and the Related Tax Effects Concerning Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (124,092)	¥ (80,460)	\$ (1,014)
Reclassification Adjustments	59,221	50,427	484
Before Tax Effects	(64,871)	(30,032)	(530)
Tax Effects	17,932	9,731	147
Valuation Difference on Available-for-Sale Securities	(46,938)	(20,301)	(384)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(22,365)	(10,714)	(183)
Reclassification Adjustments	22,552	27,625	184
Before Tax Effects	186	16,910	2
Tax Effects	(51)	(6,966)	(0)
Deferred Gains (Losses) on Hedges	135	9,944	1
Foreign Currency Translation Adjustments:			
Changes during the Period	4,210	1,982	34
Reclassification Adjustments	(165)	—	(1)
Before Tax Effects	4,045	1,982	33
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	4,045	1,982	33
Remeasurements of Defined Benefit Plans:			
Changes during the Period	(55,822)	81,233	(456)
Reclassification Adjustments	414	11,679	3
Before Tax Effects	(55,407)	92,912	(453)
Tax Effects	16,736	(28,420)	137
Remeasurements of Defined Benefit Plans	(38,671)	64,492	(316)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	2,079	857	17
Reclassification Adjustments	(27)	222	(0)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	2,052	1,080	17
<b>Total Other Comprehensive Income (Loss)</b>	<b>¥ (79,377)</b>	<b>¥ 57,199</b>	<b>\$ (649)</b>



## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Class and the Number of Issued Shares of Common Stock and Treasury Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2022					
Number of Issued Shares:					
Common Share	850,000	375,291	—	—	375,291
Treasury Stock:					
Common Share		745	5	34	716

(Notes)

1) The number of shares of common stock held as treasury stock increased by 5 thousand shares due to the purchase of odd lot or less than one thousand shares.

2) The number of shares of common stock held as treasury stock decreased by 0 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders, 4 thousand shares due to transfer of shares upon exercise of stock option rights, and 29 thousand shares due to the

sales under the share delivery trust for the Directors system.

3) The number of shares of common stock held as treasury stock at the end of the fiscal year include 392 thousand shares of SuMi TRUST Holdings held by share delivery trust for the Directors. The decrease in the number of shares of common stock with regard to share delivery trust for the Directors is 29 thousand shares as of March 31, 2022.

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2021					
Number of Issued Shares:					
Common Share	850,000	375,291	—	—	375,291
Treasury Stock:					
Common Share		755	6	15	745

(Notes)

1) The number of shares of common stock held as treasury stock increased by 6 thousand shares due to the purchase of odd lot or less than one thousand shares.

2) The number of shares of common stock held as treasury stock decreased by 0 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders, 8 thousand shares due to transfer of shares upon exercise of stock option rights, and 6 thousand shares due to the sales under the share delivery trust for the Directors system.

3) The number of shares of common stock held as treasury stock at the end of the fiscal year include 422 thousand shares of SuMi TRUST Holdings held by share delivery trust for the Directors. The decrease in the number of shares of common stock with regard to share delivery trust for the Directors is 6 thousand shares as of March 31, 2021.

## 2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2022	2021	2022
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	¥ 1,006	¥ 1,024	\$ 8

## 3. Dividends

Dividends paid for the fiscal years ended March 31, 2022 and 2021, consisted of the following:

As for the fiscal year ended March 31, 2022:

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Millions of U.S. Dollars)		Yen (U.S. Dollars)		
June 23, 2021						
Ordinary General Meeting of Shareholders	Common Share	¥ 28,122 (\$230)	Retained Earnings	¥ 75.00 (\$0.61)	March 31, 2021	June 24, 2021

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Millions of U.S. Dollars)		Yen (U.S. Dollars)		
November 11, 2021						
Board of Directors' Meeting	Common Share	¥ 29,997 (\$245)	Retained Earnings	¥ 80.00 (\$0.65)	September 30, 2021	December 2, 2021

(Notes)

1) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 23, 2021 include ¥31 million (U.S. \$0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

2) Cash dividends declared at the Board of Directors' Meeting held on November 11, 2021 include ¥31 million (U.S. \$0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

Dividends with a record date during the current fiscal year ended March 31, 2022, but whose effective date is after March 31, 2022, are as follows:

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Millions of U.S. Dollars)		Yen (U.S. Dollars)		
June 23, 2022						
Ordinary General Meeting of Shareholders	Common Share	¥ 33,747 (\$276)	Retained Earnings	¥ 90.00 (\$0.74)	March 31, 2022	June 24, 2022

(Note) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 23, 2022 include ¥35 million (U.S. \$0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

As for the fiscal year ended March 31, 2021:

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
June 26, 2020						
Ordinary General Meeting of Shareholders	Common Share	¥ 28,122	Retained Earnings	¥ 75.00	March 31, 2020	June 29, 2020

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
November 12, 2020						
Board of Directors' Meeting	Common Share	¥ 28,122	Retained Earnings	¥ 75.00	September 30, 2020	December 2, 2020

(Notes)

1) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 26, 2020 include ¥32 million of dividends for treasury stock held by the share delivery trust for the Directors.

2) Cash dividends declared at the Board of Directors' Meeting held on November 12, 2020 include ¥31 million of dividends for treasury stock held by the share delivery trust for the Directors.

Dividends with a record date during the fiscal year ended March 31, 2021, but whose effective date is after March 31, 2021, are as follows:

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
June 23, 2021						
Ordinary General Meeting of Shareholders	Common Share	¥ 28,122	Retained Earnings	¥ 75.00	March 31, 2021	June 24, 2021

(Note) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 23, 2021 include ¥31 million of dividends for treasury stock held by the share delivery trust for the Directors.

## Note to the Consolidated Statement of Cash Flows

### Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet as of March 31, 2022 and 2021.

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Cash and Due from Banks	¥ 18,223,364	¥ 18,488,763	\$ 148,908
Due from Banks Held by SuMi TRUST Bank (Excluding Due from the Bank of Japan)	(2,489,713)	(1,689,616)	(20,344)
<b>Cash and Cash Equivalents</b>	<b>¥ 15,733,650</b>	<b>¥ 16,799,146</b>	<b>\$ 128,564</b>

## Leases

### 1. Finance Leases

As a lessee:

Finance leases that do not transfer ownership of the lease assets to lessees

#### 1) Description of lease assets

##### i) Tangible fixed assets

Mainly branch buildings and office equipment

##### ii) Intangible fixed assets

Software

#### 2) Method for amortizing lease assets

Refer to “(4) Depreciation and Amortization Methods” of “4. Significant Accounting Policies” in the Significant Accounting Policies and Practices.

### 2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Due in One Year or Less	¥ 3,998	¥ 3,922	\$ 33
Due in More Than One Year	14,988	18,162	122
<b>Total</b>	<b>¥ 18,987</b>	<b>¥ 22,084</b>	<b>\$ 155</b>

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Due in One Year or Less	¥ 4,612	¥ 6,492	\$ 38
Due in More Than One Year	31,904	49,946	261
<b>Total</b>	<b>¥ 36,517</b>	<b>¥ 56,439</b>	<b>\$ 298</b>

## Financial Instruments

### 1. Circumstances of Financial Instruments

#### (1) Policy on Financial Instruments

SuMi TRUST Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies as well as measures for investing and funding financial assets and financial liabilities under its annual plan.

SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SuMi TRUST Bank conducts derivatives transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3 of the Ordinance for Enforcement of the Banking Act. Some consolidated subsidiaries are also engaged in trading securities.

#### (2) Description and Risks of Financial Instruments

##### 1) Trading accounts

SuMi TRUST Group deals with over-the-counter (OTC) and listed derivatives transactions related to interest rates, exchange rates, bonds, credits, and commodities, as well as trading securities. These derivatives transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, prices, credit risks, and other risks.

##### 2) Banking accounts

Financial assets of SuMi TRUST Group are primarily loans to corporations and individuals in Japan and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers' credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks as becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Group comprehensively manages various financial assets and liabilities, such as loans and bills discounted and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction.

To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices."

### (3) Risk Management for Financial Instruments

SuMi TRUST Group considers that the basis of group-wide risk management is to ensure the effectiveness of PDCA (Plan, Do, Check, Action) cycles for each risk category according to the "Risk Management Policy" established by the board of directors.

The risk management framework of each risk category is as follows:

#### 1) Credit risk management

Credit risk is the risk of financial loss of SuMi TRUST Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risk related to a credit creating function. SuMi TRUST Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

#### (a) Risk management policy on credit risk

The basic policy of SuMi TRUST Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Group manages credit exposures of each customer based on its limited credit amount, and periodically reviews impacts of identified risks to large customers and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Group manages individual credits through processes, such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of customers and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Group continuously evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

#### (b) Risk management framework for credit risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and economic capital allocation plans, and approves the "Self-Assessment Rules" based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit risks by implementing internal credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis from a neutral standpoint. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of controlling and managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Risk Management Department.

#### 2) Market risk management

Market risk is the risk of financial loss of SuMi TRUST Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

#### (a) Risk management policy on market risk

In managing market risk, SuMi TRUST Group ensures the soundness of its business by appropriately controlling risks, and strives to secure reasonable profits which correspond to strategic goals, the scale and nature of its operations, and risk profiles through an advanced risk management framework.

## (b) Risk management framework for market risk

With regard to market risk, SuMi TRUST Group maintains a basic policy for setting and controlling various risk limits and segregation of organizations related to market risk under its Rules for Risk Management. The practical application of the basic policy is stated in the Rules for Market Risk Management. Divisions that execute transactions (the front office) are clearly segregated from divisions that process transactions (the back office) for independent check purposes, and the Risk Management Department, which is independent from both of the front and back offices, centrally manages market risk. This department identifies and analyzes group-wide risk, tracks adherence to risk limits, and reports to respective directors in charge on a daily basis and to the board of directors periodically.

In SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets and liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits or losses and monitoring the status of market risk managed under ALM basic plans and the status of compliance with risk limits. The department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee as well as the board of directors periodically.

## (c) Market risk management approach

SuMi TRUST Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Group, SuMi TRUST Group manages market risks by measuring VaR, calculating various risk management indicators, and carrying out various simulations.

VaR based on the internally developed model is calculated basically using the historical simulation method. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to

its characteristics. SuMi TRUST Group calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

## (d) Quantitative information related to market risk

## (i) Trading accounts

SuMi TRUST Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivatives transactions held in the Trading Accounts. The VaR model used is primarily based on the historical simulation method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 1,300 business days).

As of March 31, 2022, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥8.6 billion (U.S. \$70 million).

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profits or losses. The back testing for the fiscal year ended March 31, 2022, resulted in zero instances where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

## (ii) Banking accounts

SuMi TRUST Group uses VaR for managing risks associated with financial assets and liabilities held in the Banking Accounts. The historical simulation method is the primary measurement method (with a holding period of a maximum of one year according to a position, confidence interval of 99%, and observation period of 1,300 business days).

As of March 31, 2022, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥739.8 billion (U.S. \$6,045 million).

SuMi TRUST Group performs back testing on certain positions held in the Banking Accounts that compares the results of VaR calculations based on its internal model with actual profits or losses regarding financial assets and liabilities subject to measurement. SuMi TRUST Group considers that the



measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture those risks under extreme market movements.

### 3) Funding liquidity risk management

Funding liquidity risk is the risk of financial loss to SuMi TRUST Group when the Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

#### (a) Funding liquidity risk management policy

With regard to funding liquidity risks, SuMi TRUST Group designs and implements a policy to build up a risk management framework for funding liquidity risks, recognizing that financial difficulties due to exposure to such risks could possibly lead SuMi TRUST Group directly to bankruptcy under certain circumstances.

#### (b) Funding liquidity risk management framework and methods

Funding liquidity risk management departments determine the extent of SuMi TRUST Group's cash crunch appropriately in cooperation with the liquidity management departments, while gathering and analyzing information related to both the internal environment, such as the Group's risk profiles, and external environment, such as economic circumstances or market conditions based on the risk management plan approved by the board of directors semiannually.

To reduce funding liquidity risks, the liquidity management departments manage cash flow within the predetermined appropriate limits, and the liquidity management departments monitor its compliance.

### (4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

## 2. Fair Values of Financial Instruments and Breakdown by Input Level

The carrying amounts on the consolidated balance sheets, fair values of financial instruments as well as the differences between the carrying amounts on the consolidated balance sheets and fair values, and fair values by input level are presented below.

The amounts shown in the following table do not include investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019, "Guidance for Application of Fair Value Measurement"), equity securities with no market prices, and investments in partnerships for which transitional treatments are applied in accordance with Paragraph 27 of Guidance for Application of Fair Value Measurement (See (1)(\*1) and Note 3).

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset or liability

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified to the lowest priority level of fair value measurement in which each input belongs to.

## (1) Financial assets and liabilities at fair value on the consolidated balance sheets

	Millions of Yen				Millions of U.S. Dollars			
	Mar. 31, 2022				Mar. 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	¥ —	¥ 128,794	¥ —	¥ 128,794	\$ —	\$ 1,052	\$ —	\$ 1,052
Trading Assets								
Trading Securities	4,908	7,909	—	12,817	40	65	—	105
Money Held in Trust	1,295	196	—	1,492	11	2	—	12
Securities								
Available-for-Sale Securities	4,493,704	1,789,540	2,130	6,285,375	36,719	14,623	17	51,359
Stocks	1,209,310	—	—	1,209,310	9,882	—	—	9,882
Bonds	2,722,035	747,409	2,130	3,471,575	22,242	6,107	17	28,367
Government Bonds	2,722,035	—	—	2,722,035	22,242	—	—	22,242
Local Government Bonds	—	33,919	—	33,919	—	277	—	277
Short-Term Bonds Payable	—	—	—	—	—	—	—	—
Corporate Bonds	—	713,489	2,130	715,620	—	5,830	17	5,848
Other Securities	562,358	1,042,130	—	1,604,489	4,595	8,516	—	13,111
Foreign Stocks	4,793	—	—	4,793	39	—	—	39
Foreign Bonds	556,467	1,042,130	—	1,598,598	4,547	8,516	—	13,063
Others	1,097	—	—	1,097	9	—	—	9
Total Assets	¥ 4,499,908	¥ 1,926,441	¥ 2,130	¥ 6,428,479	\$ 36,770	\$ 15,741	\$ 17	\$ 52,529
Derivative Transactions (*2)(*3)(*4)								
Interest Rate Related Transactions	¥ 828	¥ (83,990)	¥ 1,173	¥ (81,988)	\$ 7	\$ (686)	\$ 10	\$ (670)
Currency Related Transactions	—	55,268	—	55,268	—	452	—	452
Stock Related Transactions	(2,695)	—	—	(2,695)	(22)	—	—	(22)
Bond-Related Transactions	6,256	47	—	6,303	51	0	—	52
Credit and Derivative Transactions	—	(2,319)	—	(2,319)	—	(19)	—	(19)
Total Derivative Transactions	¥ 4,389	¥ (30,994)	¥ 1,173	¥ (25,431)	\$ 36	\$ (253)	\$ 10	\$ (208)

(\*1) The amounts of investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of the Guidance for Application of Fair Value Measurement are not included in the table above. The amount of such investment trusts on the consolidated balance sheets includes financial assets of ¥902,171 million (U.S. \$7,372 million) as of March 31, 2022.

(\*2) Derivative transactions recorded in "Trading Assets" and "Trading Liabilities" or in "Other Assets" and "Other Liabilities" are presented collectively. Receivables and payables arising from derivative transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(\*3) As for derivative transactions applying hedge accounting, ¥(174,794) million (U.S. \$(1,428) million) is recorded on the consolidated balance sheets as of March 31, 2022.

(\*4) Derivative transactions qualifying for hedge accounting include interest rate swaps designated as hedging instruments to fix cash flows of hedged items such as loans and bills discounted, and deferred hedges have been adopted, in principle. In addition, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022) has been adopted to these hedge transactions.

	Millions of Yen
	Mar. 31, 2021
	Consolidated Balance Sheet Amount
Monetary Claims Bought	¥ 115,222
Trading Assets	
Trading Securities	44,521
Money Held in Trust	1,816
Securities	
Available-for-Sale Securities	5,345,645
Total Assets	¥ 5,507,206
Derivative Transactions (*2)(*3)(*4)	
Interest Rate Related Transactions	(53,835)
Currency Related Transactions	78,672
Stock Related Transactions	(412)
Bond-Related Transactions	(359)
Credit and Derivative Transactions	(469)
Total Derivative Transactions	¥ 23,594

(\*1) The amounts of investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of the Guidance for Application of Fair Value Measurement are not included in the table above. The amount of such investment trusts on the consolidated balance sheets includes financial assets of ¥981,733 million as of March 31, 2021.

(\*2) Derivative transactions recorded in "Trading Assets" and "Trading Liabilities" or in "Other Assets" and "Other Liabilities" are presented collectively. Receivables and payables arising from derivative transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(\*3) As for derivative transactions applying hedge accounting, ¥(126,664) million is recorded on the consolidated balance sheets as of March 31, 2021.

(\*4) Derivative transactions qualifying for hedge accounting include interest rate swaps designated as hedging instruments to fix cash flows of hedged items such as loans and bills discounted, and deferred hedges have been adopted, in principle. In addition, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022) has been adopted to these hedge transactions.

## (2) Financial assets and liabilities which are not stated at fair value on the consolidated balance sheets

Cash and Due from Banks, Call Loans and Bills Bought, Receivables under Resale Agreements and Receivables under Securities Borrowing Transactions, Foreign Exchanges, Call Money and Bills Sold, Payables under Repurchase Agreements, Short-Term Bonds Payables, and Borrowed Money from Trust Account are not included in the following tables because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

	Millions of Yen						
	Mar. 31, 2022						
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Differences	
Monetary Claims Bought (*)	¥ —	¥ 46,091	¥ 679,295	¥ 725,386	¥ 724,950	¥ 436	
Securities							
Held-to-Maturity Securities	130,800	74,210	—	205,011	191,999	13,012	
Government Bonds	130,800	—	—	130,800	117,652	13,148	
Local Government Bonds	—	—	—	—	—	—	
Short-Term Bonds Payable	—	—	—	—	—	—	
Corporate Bonds	—	14,674	—	14,674	14,400	274	
Other Securities	—	59,536	—	59,536	59,947	(410)	
Foreign Bonds	—	59,536	—	59,536	59,947	(410)	
Others	—	—	—	—	—	—	
Loans and Bills Discounted					30,876,507		
Allowance for Loan Losses (*)					(147,884)		
	—	—	30,940,603	30,940,603	30,728,623	211,980	
Lease Receivables and Investment Assets (*)	—	—	696,544	696,544	681,554	14,990	
Total Assets	¥ 130,800	¥ 120,302	¥ 32,316,443	¥ 32,567,547	¥ 32,327,128	¥ 240,419	
Deposits	¥ —	¥ 33,245,281	¥ —	¥ 33,245,281	¥ 33,230,162	¥ 15,119	
Negotiable Certificates of Deposit	—	6,587,944	—	6,587,944	6,587,944	—	
Borrowed Money	—	7,125,970	—	7,125,970	7,153,498	(27,527)	
Bonds Payable	—	2,050,985	—	2,050,985	2,076,604	(25,619)	
Total Liabilities	¥ —	¥ 49,010,181	¥ —	¥ 49,010,181	¥ 49,048,209	¥ (38,027)	

(\*) General allowances and specific allowances for loan losses are deducted from Loans and Bills Discounted. The allowance for credit losses on Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets, because the balance of the allowance is immaterial.

	Millions of Yen			
	Mar. 31, 2021			
	Consolidated Balance Sheet Amount	Fair Value	Difference	
Monetary Claims Bought(*)	¥ 776,439	¥ 777,239	¥ 800	
Securities				
Held-to-Maturity Securities	275,820	292,071	16,250	
Loans and Bills Discounted	30,506,968			
Allowance for Loan Losses (*)	(115,198)			
	30,391,769	30,702,437	310,668	
Lease Receivables and Investment Assets (*)	689,262	699,669	10,406	
Total Assets	¥ 32,133,292	¥ 32,471,417	¥ 338,125	
Deposits	33,467,678	33,486,483	18,804	
Negotiable Certificates of Deposit	7,160,594	7,160,594	—	
Borrowed Money	5,782,602	5,782,030	(571)	
Bonds Payable	1,545,605	1,564,144	18,538	
Total Liabilities	¥ 47,956,481	¥ 47,993,252	¥ 36,771	

(\*) General allowances and specific allowances for loan losses are deducted from Loans and Bills Discounted. The allowance for credit losses on Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets, because the balance of the allowance is immaterial.

	Millions of U.S. Dollars					
	Mar. 31, 2022					
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Differences
Monetary Claims Bought (*)	\$ —	\$ 377	\$ 5,551	\$ 5,927	\$ 5,924	\$ 4
Securities						
Held-to-Maturity Securities	1,069	606	—	1,675	1,569	106
Government Bonds	1,069	—	—	1,069	961	107
Local Government Bonds	—	—	—	—	—	—
Short-Term Bonds Payable	—	—	—	—	—	—
Corporate Bonds	—	120	—	120	118	2
Other Securities	—	486	—	486	490	(3)
Foreign Bonds	—	486	—	486	490	(3)
Others	—	—	—	—	—	—
Loans and Bills Discounted					252,300	
Allowance for Loan Losses (*)					(1,208)	
	—	—	252,824	252,824	251,092	1,732
Lease Receivables and Investment Assets (*)	—	—	5,692	5,692	5,569	122
Total Assets	\$ 1,069	\$ 983	\$ 264,066	\$ 266,118	\$ 264,154	\$ 1,965
Deposits	\$ —	\$ 271,656	\$ —	\$ 271,656	\$ 271,533	\$ 124
Negotiable Certificates of Deposit	—	53,832	—	53,832	53,832	—
Borrowed Money	—	58,228	—	58,228	58,453	(225)
Bonds Payable	—	16,759	—	16,759	16,968	(209)
Total Liabilities	\$ —	\$ 400,475	\$ —	\$ 400,475	\$ 400,786	\$ (311)

(\*) General allowances and specific allowances for loan losses are deducted from Loans and Bills Discounted. The allowance for credit losses on Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets, because the balance of the allowance is immaterial.

(Note 1) Description of the Valuation techniques and inputs used to measure fair values

### Monetary Claims Bought

Among monetary claims bought, securitized products are stated at reasonably calculated prices, which are equivalent to market prices, such as counterparties' quoted prices or dealer/broker-quoted prices, and are classified into Level 3 if those prices are comprised of significant unobservable inputs, and classified into Level 2 otherwise. Fair values for all other monetary claims bought are principally calculated in the same manner as Loans and Bills Discounted and mainly classified into Level 3.

### Trading Assets

Bonds and other securities held for trading purposes whose fair values are stated at dealer association prices or counterparties' quoted prices are classified into Level 1 or Level 2 depending on the level of market activity. Others whose fair values are calculated by discounting future cash flows to their present values using observable inputs, are classified into Level 2.

### Money Held in Trust

Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at quoted market prices or dealer/broker-quoted prices and classified into Level 1 or Level 2 depending on the level of the components.

Notes regarding money held in trust by holding purpose are presented under the "Money Held in Trust" section.

### Securities

Listed stocks are stated at quoted market prices and mainly classified into Level 1 depending on the level of market activity.

Bonds are stated at quoted market prices announced in exchange traded transactions, over-the-counter transactions, and others, and classified into Level 1 if they are traded in an active market. If the market is not active, even though bonds are stated at quoted market prices, they are classified into Level 2. Bonds stated at prices obtained from a third party, such as pricing services and dealers/brokers, are

classified into Level 3 if those prices are comprised of significant unobservable inputs, and classified into Level 2 otherwise. Fair values of certain bonds are calculated by classifying them according to their internal ratings and maturities, and discounting the aggregate principal and interest by the discount rate which takes into account risk factors, including credit risks. If the discount rate is a significant unobservable input, the fair values of the bonds are classified into Level 3, otherwise Level 2.

### Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities; and discounting the aggregate principal and interest by the discount rate which takes into account risk factors, including credit risks. However, floating-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts. For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheets at the consolidated balance sheet date, because such deducted amounts approximate fair value. Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate the fair value because of the expected repayment periods and the interest terms. These fair values are classified into Level 3.

### Lease Receivables and Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to the types of receivables, internal ratings, maturities, and others, and discounting the aggregate principal and interest by the discount rate which takes into account risk factors, including credit risks. These fair values are classified into Level 3.



### Deposits and Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Time deposits with a fixed rate are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be newly used on the same type of deposits. Floating-rate time deposits and fixed-rate time deposits with short maturities (one year or less) are stated at their carrying amounts because the carrying amounts approximate the fair value. These fair values are classified into Level 2.

### Borrowed Money

Borrowed money at floating rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money. Fair values of borrowed money at fixed rates are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value. These fair values are classified into Level 2.

### Bonds Payable

Bonds issued by SuMi TRUST Holdings and its consolidated subsidiaries are stated at market prices, if such prices

are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds. These fair values are classified into Level 2.

### Derivative transactions

The fair values of listed derivatives, including interest rates, bonds, currencies, and stocks, are classified into Level 1 as these amounts are measured using the liquidation price quoted by exchanges, given that the liquidation price represents the latest transaction price, and the unadjusted quoted price in an active market can be used.

The fair values of over-the-counter derivative transactions, including embedded derivatives separated from the host contract and accounted for as a derivative, in other words, derivatives other than listed derivatives, are, in principle, measured by a valuation method, including the following: the present value of the estimated future cash flows and the option valuation model, which use inputs such as observable interest rate and exchange rate. The fair values of these transactions take into account credit risks of the counterparties and SuMi TRUST Holdings. The valuation models applied in certain transactions utilize unobservable inputs in markets, such as correlations in the past. Over-the-counter derivative transactions are classified into Level 2 if observable inputs are used or the impact of unobservable inputs to the fair values is not significant. If the impact of unobservable inputs to the fair values is significant, they are classified into Level 3.

(Note 2) Quantitative information about financial assets and liabilities measured and stated on the consolidated balance sheets at fair value and classified into Level 3

(1) Quantitative information on significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Range
Securities			
Corporate Bonds	Discounted present value method	Discount Rate	1.2%
Derivative Transactions			
Interest Rate Related Transactions	Option valuation model	Correlation between interest rate and foreign exchange rate	(47.4)% - (9.3)%
		Correlation between interest rates	10.3%

(2) Reconciliation between the beginning and ending balances, and net unrealized gains (losses) recognized in the profit or loss in the year

Reconciliation between the beginning and ending balances, and net unrealized gains (losses) recognized in the profit or loss in the fiscal year ended March 31, 2022, are as follows:

	Millions of Yen							
	Mar. 31, 2022							
	Beginning balance	Profit or losses for the period (*1)	Other comprehensive income (*2)	Net amount of purchase, issuance, sale, and settlement	Transfer to Level 3 (*3)	Transfer from Level 3 (*3)	Ending balance	Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date recognized in profit or losses of the period (*1)
Securities	¥ 813	¥ —	¥ (12)	¥ (52)	¥ 1,381	¥ —	¥ 2,130	¥ —
Derivative Transactions (Interest Rate Related Transactions) (*4)	(273)	1,449	—	(1)	—	—	1,173	1,249

	Millions of U.S. Dollars							
	Mar. 31, 2022							
	Beginning balance	Profit or losses for the period (*1)	Other comprehensive income (*2)	Net amount of purchase, issuance, sale, and settlement	Transfer to Level 3 (*3)	Transfer from Level 3 (*3)	Ending balance	Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date recognized in profit or losses of the period (*1)
Securities	\$ 7	\$ —	\$ (0)	\$ (0)	\$ 11	\$ —	\$ 17	\$ —
Derivative Transactions (Interest Rate Related Transactions) (*4)	(2)	12	—	(0)	—	—	10	10

(\*1) The amounts shown in the table above are included in "Trading Income" in the consolidated statements of income.

(\*2) The amounts shown in the table above are included in "Valuation Differences on Available-for-Sale Securities" under "Other Comprehensive Income Loss" in the consolidated statements of comprehensive income.

(\*3) The amounts of transfer from or to Level 3 are relevant to the changes in the observability of the inputs. The transfer was made at the end of the fiscal year.

(\*4) Derivative transactions recorded in "Trading Assets" and "Trading Liabilities" or in "Other Assets" and "Other Liabilities" are presented collectively. Receivables and payables arising from derivative transactions are presented on a net basis. Negative figures represent a liability balance after netting.

### (3) Description of the fair value valuation process

At the SuMi TRUST Group, the middle division creates policies and procedures for the calculation of fair values and procedures for the use of fair value valuation models, and based on them, the front and middle divisions collaboratively establish the fair value valuation model. In addition, the middle and other divisions verify the reasonableness of the valuation methods and the inputs used, and the appropriateness of the classification of the fair value level.

For the calculation of the fair value, the valuation model, which represents the nature, characteristics, and risks of each asset in the most appropriate manner, is utilized. Moreover, if quoted prices obtained from third parties are used, those prices are verified using an appropriate method, such as the review of the valuation method and the inputs used and comparison with the fair values of similar financial instruments.

(4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

#### Discount Rate

The discount rate is determined for each financial asset and calculated based on the risk-free rate that incorporates other risk factors such as credit risk. A significant increase (decrease) in the discount rate would generally result in a significant decrease (increase) in the fair value.

#### Correlation

Correlation is an indicator of the relation of changes between variables such as interest rate and exchange rate. Correlation is used in the valuation technique of complex derivatives, and estimated based on historical results. A significant change in correlation would generally result in a significant increase or decrease in a fair value according to the nature and contractual terms and conditions of the financial instrument.

(Note 3) Consolidated balance sheet amounts of equity securities with no market prices, etc. and investments in partnership, etc. are as follows. These amounts are not included in "Securities" stated on the tables disclosed in "Fair Values of Financial Instruments and Breakdown by Input Level."

	Millions of Yen		Millions of U.S. Dollars
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022
Equity Securities with No Market Prices, etc. (*1)(*3)	¥ 92,009	¥ 76,368	\$ 752
Investments in Partnership, etc. (*2)	174,836	123,514	1,429

(\*1) Unlisted stocks are included in "Equity securities with no market prices, etc." and their fair values are not disclosed in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).

(\*2) "Investments in partnership, etc." mainly include silent partnerships and investment partnerships. These fair values are not disclosed in accordance with Paragraph 27 of Guidance for Application of Fair Value Measurement.

(\*3) Impairment losses of ¥235 million (U.S. \$2 million) and ¥520 million were recognized against Unlisted Stocks and others as of March 31, 2022 and 2021, respectively.

#### (Note4) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2022 and 2021

March 31, 2022	Millions of Yen					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 18,147,555	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	5,000	—	—	—	—	—
Receivables under Resale Agreements	150,741	—	—	—	—	—
Receivables under Securities Borrowing Transactions	652,534	—	—	—	—	—
Monetary Claims Bought (*1)	708,547	29,605	6,268	1,668	1,439	106,099
Money Held in Trust	14,913	1,395	—	—	—	—
Securities	2,456,879	1,088,304	908,426	355,941	409,427	796,275
Held-to-Maturity Debt Securities	—	60	5,488	40,000	67,342	76,516
Government Bonds	—	60	—	40,000	60,000	15,000
Corporate Bonds	—	—	—	—	—	14,400
Available-for-Sale Securities with Maturity	2,456,879	1,088,244	902,938	315,941	342,084	719,759
Government Bonds	1,724,226	326,810	470,000	—	—	215,000
Local Government Bonds	1,200	4,546	10,630	1,136	16,619	—
Corporate Bonds	82,432	169,628	266,125	101,575	50,954	43,485
Loans and Bills Discounted (*2)	4,668,279	6,302,563	4,367,845	2,571,144	2,374,408	8,087,545
Lease Receivables and Investment Assets (*3)	166,497	243,502	146,501	53,097	45,085	10,713
<b>Total</b>	<b>¥ 26,970,949</b>	<b>¥ 7,665,372</b>	<b>¥ 5,429,041</b>	<b>¥ 2,981,851</b>	<b>¥ 2,830,361</b>	<b>¥ 9,000,635</b>

March 31, 2021	Millions of Yen					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 18,414,782	¥ 650	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	8,766	—	—	—	—	—
Receivables under Resale Agreements	160,268	—	—	—	—	—
Receivables under Securities Borrowing Transactions	727,689	—	—	—	—	—
Monetary Claims Bought (*1)	717,328	68,538	15,193	3,921	1,867	84,853
Money Held in Trust	10,857	1,265	100	—	—	—
Securities	1,396,910	951,185	1,004,417	548,405	298,412	848,078
Held-to-Maturity Debt Securities	—	—	5,051	20,000	60,000	187,738
Government Bonds	—	—	—	20,000	60,000	35,000
Corporate Bonds	—	—	—	—	—	23,400
Available-for-Sale Securities with Maturity	1,396,910	951,185	999,365	528,405	238,412	660,339
Government Bonds	927,273	200,000	380,000	—	—	135,000
Local Government Bonds	—	1,675	8,008	3,496	10,521	—
Corporate Bonds	31,639	218,289	218,724	110,577	30,485	64,084
Loans and Bills Discounted (*2)	4,636,130	5,814,658	4,667,574	2,613,581	2,485,048	7,811,836
Lease Receivables and Investment Assets (*3)	163,457	243,838	154,218	54,721	47,522	11,172
<b>Total</b>	<b>¥ 26,236,192</b>	<b>¥ 7,080,137</b>	<b>¥ 5,841,505</b>	<b>¥ 3,220,628</b>	<b>¥ 2,832,850</b>	<b>¥ 8,755,940</b>

March 31, 2022	Millions of U.S. Dollars					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	\$ 148,289	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	41	—	—	—	—	—
Receivables under Resale Agreements	1,232	—	—	—	—	—
Receivables under Securities Borrowing Transactions	5,332	—	—	—	—	—
Monetary Claims Bought (*1)	5,790	242	51	14	12	867
Money Held in Trust	122	11	—	—	—	—
Securities	20,076	8,893	7,423	2,908	3,346	6,507
Held-to-Maturity Debt Securities	—	0	45	327	550	625
Government Bonds	—	0	—	327	490	123
Corporate Bonds	—	—	—	—	—	118
Available-for-Sale Securities with Maturity	20,076	8,892	7,378	2,582	2,795	5,881
Government Bonds	14,089	2,670	3,840	—	—	1,757
Local Government Bonds	10	37	87	9	136	—
Corporate Bonds	674	1,386	2,175	830	416	355
Loans and Bills Discounted (*2)	38,146	51,500	35,691	21,010	19,402	66,086
Lease Receivables and Investment Assets (*3)	1,360	1,990	1,197	434	368	88
<b>Total</b>	<b>\$ 220,387</b>	<b>\$ 62,636</b>	<b>\$ 44,362</b>	<b>\$ 24,366</b>	<b>\$ 23,128</b>	<b>\$ 73,547</b>

(\*1) The balances exclude Monetary Claims Bought for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥24 million (U.S. \$0.2 million) and ¥58 million as of March 31, 2022 and 2021, respectively.

(\*2) The balances exclude Loans and Bills Discounted for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥142,058 million (U.S. \$ 1,161 million) and ¥76,509 million, and those without maturity, amounting to ¥2,362,662 million (U.S. \$19,306 million) and ¥2,401,629 million as of March 31, 2022 and 2021, respectively.

(\*3) The balances exclude Lease Receivables and Investment Assets for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥678 million (U.S. \$6 million) and ¥549 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥22,065 million (U.S. \$180 million) and ¥19,691 million as of March 31, 2022 and 2021, respectively.

## (Note 5) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2022 and 2021

March 31, 2022	Millions of Yen					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 25,352,703	¥ 5,699,782	¥ 2,175,496	¥ 2,128	¥ 50	¥ —
Negotiable Certificates of Deposit	6,532,944	55,000	—	—	—	—
Call Money and Bills Sold	799,524	—	—	—	—	—
Payables under Repurchase Agreements	1,485,033	—	—	—	—	—
Borrowed Money	1,872,544	3,301,699	1,238,578	282,356	80,253	378,065
Short-Term Bonds Payable	2,388,495	—	—	—	—	—
Bonds Payable (*2)	70,000	757,495	613,355	250,000	100,000	—
Borrowed Money from Trust Account	4,298,827	—	—	—	—	—
<b>Total</b>	<b>¥ 42,800,073</b>	<b>¥ 9,813,976</b>	<b>¥ 4,027,430</b>	<b>¥ 534,484</b>	<b>¥ 180,304</b>	<b>¥ 378,065</b>

March 31, 2021	Millions of Yen					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 25,270,516	¥ 5,400,861	¥ 2,795,112	¥ 921	¥ 266	¥ —
Negotiable Certificates of Deposit	7,045,594	115,000	—	—	—	—
Call Money and Bills Sold	60,675	—	—	—	—	—
Payables under Repurchase Agreements	1,628,440	—	—	—	—	—
Borrowed Money	1,669,700	1,013,609	2,455,241	182,169	77,652	384,228
Short-Term Bonds Payable	2,545,546	—	—	—	—	—
Bonds Payable (*2)	50,000	479,612	297,150	293,000	140,000	—
Borrowed Money from Trust Account	4,915,208	—	—	—	—	—
<b>Total</b>	<b>¥ 43,185,683</b>	<b>¥ 7,009,083</b>	<b>¥ 5,547,504</b>	<b>¥ 476,091</b>	<b>¥ 217,918</b>	<b>¥ 384,228</b>

March 31, 2022	Millions of U.S. Dollars					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	\$ 207,164	\$ 46,574	\$ 17,777	\$ 17	\$ 0	\$ —
Negotiable Certificates of Deposit	53,382	449	—	—	—	—
Call Money and Bills Sold	6,533	—	—	—	—	—
Payables under Repurchase Agreements	12,135	—	—	—	—	—
Borrowed Money	15,301	26,979	10,121	2,307	656	3,089
Short-Term Bonds Payable	19,517	—	—	—	—	—
Bonds Payable (*2)	572	6,190	5,012	2,043	817	—
Borrowed Money from Trust Account	35,127	—	—	—	—	—
<b>Total</b>	<b>\$ 349,731</b>	<b>\$ 80,193</b>	<b>\$ 32,909</b>	<b>\$ 4,367</b>	<b>\$ 1,473</b>	<b>\$ 3,089</b>

(\*1) The balance of demand deposits is included in "Within 1 Year." Deposits include balances of current accounts.

(\*2) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥286,100 million (U.S. \$2,338 million) and ¥286,100 million as of March 31, 2022 and 2021, respectively.

## Securities

In addition to the “Securities” presented in the consolidated balance sheet, the following information includes securities in trading account and short-term corporate bonds under “Trading Assets” and loan-backed trust deeds reported under “Monetary Claims Bought.”

### 1. Trading Securities

	Valuation Difference Reflected in the Statements of Income		
	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Trading Securities	¥ (33)	¥ (326)	\$ (0)

### 2. Held-to-Maturity Securities with Fair Value

March 31, 2022	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 117,652	¥ 130,800	¥ 13,148
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	14,400	14,674	274
Other Bonds	51,464	51,586	122
Foreign Bonds	5,488	5,495	7
Others	45,976	46,091	114
Subtotal	183,517	197,061	13,544
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	54,459	54,041	(417)
Foreign Bonds	54,459	54,041	(417)
Others	—	—	—
Subtotal	54,459	54,041	(417)
<b>Total</b>	<b>¥ 237,976</b>	<b>¥ 251,103</b>	<b>¥ 13,127</b>

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 118,030	¥ 133,748	¥ 15,717
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	23,400	23,788	388
Other Bonds	154,267	154,528	261
Foreign Bonds	101,870	102,016	146
Others	52,396	52,511	115
Subtotal	295,697	312,064	16,367
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	32,520	32,518	(1)
Foreign Bonds	32,520	32,518	(1)
Others	—	—	—
Subtotal	32,520	32,518	(1)
<b>Total</b>	<b>¥ 328,217</b>	<b>¥ 344,582</b>	<b>¥ 16,365</b>

March 31, 2022	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	\$ 961	\$ 1,069	\$ 107
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	118	120	2
Other Bonds	421	422	1
Foreign Bonds	45	45	0
Others	376	377	1
Subtotal	1,500	1,610	111
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	\$ —	\$ —	\$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	445	442	(3)
Foreign Bonds	445	442	(3)
Others	—	—	—
Subtotal	445	442	(3)
<b>Total</b>	<b>\$ 1,945</b>	<b>\$ 2,052</b>	<b>\$ 107</b>

### 3. Available-for-Sale Securities

March 31, 2022	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,143,030	¥ 466,273	¥ 676,756
Bonds	1,583,022	1,580,317	2,704
Government Bonds	1,091,138	1,090,948	190
Local Government Bonds	3,141	3,126	15
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	488,741	486,243	2,498
Other Securities	631,562	607,706	23,856
Foreign Stocks	3,971	211	3,760
Foreign Bonds	426,787	422,930	3,857
Others	200,802	184,564	16,238
Subtotal	3,357,614	2,654,298	703,316
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 66,280	¥ 82,631	¥ (16,350)
Bonds	1,888,553	1,904,676	(16,123)
Government Bonds	1,630,897	1,645,706	(14,809)
Local Government Bonds	30,777	31,005	(227)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	226,878	227,964	(1,086)
Other Securities	1,936,929	2,206,046	(269,117)
Foreign Stocks	821	1,472	(650)
Foreign Bonds	1,171,810	1,194,570	(22,759)
Others	764,296	1,010,003	(245,706)
Subtotal	3,891,762	4,193,354	(301,591)
<b>Total</b>	<b>¥ 7,249,377</b>	<b>¥ 6,847,652</b>	<b>¥ 401,725</b>



March 31, 2021	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,364,595	¥ 533,726	¥ 830,868
Bonds	1,789,475	1,785,319	4,156
Government Bonds	1,302,059	1,301,155	904
Local Government Bonds	6,410	6,379	31
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	481,004	477,784	3,220
Other Securities	980,917	951,162	29,754
Foreign Stocks	3,305	191	3,114
Foreign Bonds	751,018	737,897	13,120
Others	226,594	213,074	13,519
Subtotal	4,134,988	3,270,208	864,779
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 56,718	¥ 71,472	¥ (14,753)
Bonds	553,048	556,444	(3,396)
Government Bonds	340,400	343,106	(2,705)
Local Government Bonds	17,276	17,321	(44)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	195,370	196,016	(645)
Other Securities	1,642,980	2,022,418	(379,438)
Foreign Stocks	899	1,340	(440)
Foreign Bonds	822,472	826,123	(3,651)
Others	819,608	1,194,955	(375,346)
Subtotal	2,252,746	2,650,335	(397,588)
<b>Total</b>	<b>¥ 6,387,735</b>	<b>¥ 5,920,543</b>	<b>¥ 467,191</b>

March 31, 2022	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	\$ 9,340	\$ 3,810	\$ 5,530
Bonds	12,935	12,913	22
Government Bonds	8,916	8,914	2
Local Government Bonds	26	26	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,994	3,973	20
Other Securities	5,161	4,966	195
Foreign Stocks	32	2	31
Foreign Bonds	3,487	3,456	32
Others	1,641	1,508	133
Subtotal	27,436	21,689	5,747
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	\$ 542	\$ 675	\$ (134)
Bonds	15,432	15,564	(132)
Government Bonds	13,327	13,448	(121)
Local Government Bonds	251	253	(2)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,854	1,863	(9)
Other Securities	15,827	18,026	(2,199)
Foreign Stocks	7	12	(5)
Foreign Bonds	9,575	9,761	(186)
Others	6,245	8,253	(2,008)
Subtotal	31,801	34,265	(2,464)
<b>Total</b>	<b>\$ 59,237</b>	<b>\$ 55,954</b>	<b>\$ 3,283</b>

#### 4. Held-to-Maturity Securities Sold during the Fiscal Year

There were no held-to-maturity securities sold for the fiscal years ended March 31, 2022 and 2021.

#### 5. Available-for-Sale Securities Sold during the Fiscal Year

Year Ended March 31, 2022	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 142,168	¥ 91,190	¥ 3,243
Bonds	1,005,440	1,397	1,609
Government Bonds	979,797	1,282	1,541
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	25,643	115	67
Other Securities	3,019,509	16,772	159,290
Foreign Stocks	675	19	67
Foreign Bonds	2,595,705	13,353	30,964
Others	423,128	3,398	128,259
<b>Total</b>	<b>¥ 4,167,119</b>	<b>¥ 109,361</b>	<b>¥ 164,143</b>

Year Ended March 31, 2021	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 128,882	¥ 94,308	¥ 1,075
Bonds	653,415	275	1,593
Government Bonds	644,846	221	1,593
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	8,568	53	—
Other Securities	2,238,237	21,286	162,774
Foreign Stocks	2,003	7	88
Foreign Bonds	1,710,775	14,542	20,794
Others	525,458	6,736	141,891
<b>Total</b>	<b>¥ 3,020,536</b>	<b>¥ 115,869</b>	<b>¥ 165,443</b>

Year Ended March 31, 2022	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	\$ 1,162	\$ 745	\$ 27
Bonds	8,216	11	13
Government Bonds	8,006	10	13
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	210	1	1
Other Securities	24,673	137	1,302
Foreign Stocks	6	0	1
Foreign Bonds	21,210	109	253
Others	3,457	28	1,048
<b>Total</b>	<b>\$ 34,051</b>	<b>\$ 894</b>	<b>\$ 1,341</b>

(Note) The above figures include equity securities with no market prices and investments in partnerships.

## 6. Securities Reclassified due to the Change of the Holding Purpose

There were no securities reclassified due to the change of the holding purpose during the fiscal years ended March 31, 2022 and 2021.

## 7. Impairment of Securities

Securities other than equity securities with no market prices, etc. and investments in partnerships, etc., or those deemed to be trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheet. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

Impairment losses on Stocks recognized during the fiscal

years ended March 31, 2022 and 2021, were ¥446 million (U.S. \$4 million) and ¥289 million, respectively. Impairment losses on Others recognized during the fiscal year ended March 31, 2022 and 2021 were ¥260 million (U.S. \$2 million) and ¥5 million.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30% but less than 50% from acquisition cost and the fair values have continued to decline over a certain period.

## Money Held in Trust

### 1. Money Held in Trust for Trading Purposes

	Millions of Yen	
	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Year Ended March 31, 2022		
Money Held in Trust for Trading Purposes	¥ 14,913	¥ (332)

	Millions of Yen	
	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Year Ended March 31, 2021		
Money Held in Trust for Trading Purposes	¥ 10,857	¥ 3,038

	Millions of U.S. Dollars	
	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Year Ended March 31, 2022		
Money Held in Trust for Trading Purposes	\$122	\$ (3)

### 2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2022 and 2021.

### 3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

March 31, 2022	Millions of Yen				
	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,395	¥ 989	¥ 406	¥ 406	¥ —

March 31, 2021	Millions of Yen				
	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,365	¥ 985	¥ 380	¥ 380	¥ —

March 31, 2022	Millions of U.S. Dollars				
	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	\$ 11	\$ 8	\$ 3	\$ 3	\$ —

(Note) The amount of "Difference" is net of "Positive Difference" and "Negative Difference."

### Valuation Differences on Available-for-Sale Securities

The following table shows components of "Valuation Differences on Available-for-Sale Securities" in the consolidated balance sheet.

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Valuation Differences			
Available-for-Sale Securities	¥ 405,138	¥ 469,518	\$ 3,310
Other Money Held in Trust	406	380	3
Total Valuation Differences	405,545	469,898	3,314
Amount Equivalent to Deferred Tax Assets (Liabilities)	(124,695)	(142,109)	(1,019)
Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	280,849	327,788	2,295
Non-Controlling Interests	(244)	(159)	(2)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	(2,987)	1,800	(24)
Valuation Differences on Available-for-Sale Securities	¥ 277,617	¥ 329,429	\$ 2,268

(Notes)

1) Foreign currency translation adjustments on equity securities with no market prices, etc. denominated in foreign currencies are included in the "Available-for-Sale Securities" under "Valuation Differences."

2) The valuation differences of ¥3,086 million (U.S. \$25 million) and ¥2,288 million on available-for-sale securities composing assets held by associated companies as of March 31, 2022 and 2021, respectively, are included in "Available-for-Sale Securities" under "Valuation Differences."

## Derivatives

### 1. Derivatives Transactions Not Qualifying for Hedge Accounting

Derivatives transactions not qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

#### (1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2022				2022			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 17,325,091	¥ 8,676,986	¥ 74,776	¥ 74,776	\$ 141,568	\$ 70,902	\$ 611	\$ 611
Purchased	16,430,494	8,676,986	(73,948)	(73,948)	134,258	70,902	(604)	(604)
Interest Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	46,565,435	40,034,339	(274,059)	(274,059)	380,499	327,131	(2,239)	(2,239)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	40,152,154	35,263,350	241,623	241,623	328,094	288,146	1,974	1,974
Floating Interest Rate Receivable/ Floating Interest Rate Payable	33,764,109	13,413,149	(6,670)	(6,670)	275,896	109,602	(55)	(55)
Interest Options								
Sold	9,558,634	9,548,395	(42,455)	(35,522)	78,106	78,023	(347)	(290)
Purchased	7,006,095	6,965,830	33,369	30,634	57,249	56,920	273	250
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (47,364)	¥ (43,167)			\$ (387)	\$ (353)

	Millions of Yen							
	2021							
	Notional Amount				Fair Value	Valuation Difference		
	Total		Over One Year					
Listed								
Interest Futures								
Sold	¥	16,259,100	¥	8,204,867	¥	(12,132)	¥	(12,132)
Purchased		16,382,636		8,740,344		9,956		9,956
Interest Options								
Sold		760,290		—		(85)		(26)
Purchased		680,474		—		108		29
OTC								
Forward Rate Agreements								
Sold	¥	—	¥	—	¥	—	¥	—
Purchased		—		—		—		—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		45,212,322		35,442,523		1,042,944		1,042,944
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		37,529,904		30,758,857		(1,072,591)		(1,072,591)
Floating Interest Rate Receivable/ Floating Interest Rate Payable		23,205,620		19,522,140		474		474
Interest Options								
Sold		9,282,788		9,266,363		18,087		27,782
Purchased		6,255,661		6,239,584		(3,461)		(7,879)
Others								
Sold		—		—		—		—
Purchased		—		—		—		—
Total						¥ (16,697)		¥ (11,442)

(Note) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

## (2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Millions of Yen								Millions of U.S. Dollars							
	2022								2022							
	Notional Amount				Fair Value	Valuation Difference	Notional Amount				Fair Value	Valuation Difference				
	Total	Over One Year					Total	Over One Year								
Listed																
Currency Futures																
Sold	¥	—	¥	—	¥	—	¥	—	\$	—	\$	—	\$	—	\$	—
Purchased	—		—		—		—		—		—		—		—	
Currency Options																
Sold	—		—		—		—		—		—		—		—	
Purchased	—		—		—		—		—		—		—		—	
OTC																
Currency Swaps	¥	7,163,682	¥	6,540,039	¥	89,974	¥	89,974	\$	58,536	\$	53,440	\$	735	\$	735
Forward Exchange Contracts																
Sold	15,672,045	1,617,487	(576,219)	(576,219)	128,061	13,217	(4,708)	(4,708)								
Purchased	18,844,572	283,636	690,736	690,736	153,984	2,318	5,644	5,644								
Currency Options																
Sold	1,412,814	718,432	(75,527)	(7,637)	11,544	5,871	(617)	(62)								
Purchased	1,027,966	558,220	66,483	14,041	8,400	4,561	543	115								
Others																
Sold	—		—		—		—		—		—		—		—	
Purchased	—		—		—		—		—		—		—		—	
Total					¥ 195,447	¥ 210,895					\$ 1,597	\$ 1,723				



	Millions of Yen							
	2021		Fair Value	Valuation Difference				
	Notional Amount							
	Total	Over One Year						
Listed								
Currency Futures								
Sold	¥	—	¥	—				
Purchased		—		—				
Currency Options								
Sold		—		—				
Purchased		—		—				
OTC								
Currency Swaps	¥	7,182,667	¥	5,771,209				
			¥	53,639				
				¥	53,639			
Forward Exchange Contracts								
Sold		15,332,172		993,767	(297,505)	(297,505)		
Purchased		20,910,556		364,335	422,703	422,703		
Currency Options								
Sold		1,128,393		676,694	(50,297)	6,515		
Purchased		794,918		473,197	39,658	(5,507)		
Others								
Sold		—		—	—	—		
Purchased		—		—	—	—		
Total					¥	168,199	¥	179,845

(Note) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

## (3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2022				2022			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Stock Index Futures								
Sold	¥ 74,021	¥ —	¥ (4,650)	¥ (4,650)	\$ 605	\$ —	\$ (38)	\$ (38)
Purchased	45,631	—	1,918	1,918	373	—	16	16
Stock Index Options								
Sold	14,474	—	(130)	29	118	—	(1)	0
Purchased	18,081	—	166	(225)	148	—	1	(2)
OTC								
OTC Stock Options								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
OTC Stock Swaps								
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	—	—	—	—	—	—	—	—
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (2,695)	¥ (2,927)			\$ (22)	\$ (24)

	Millions of Yen			
	2021			Valuation Difference
	Notional Amount		Fair Value	
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 182,001	¥ —	¥ (1,850)	¥ (1,850)
Purchased	123,854	—	1,903	1,903
Stock Index Options				
Sold	67,159	—	(806)	(87)
Purchased	108,307	—	339	(284)
OTC				
OTC Stock Options				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
OTC Stock Swaps				
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	—	—	—	—
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	—	—	—	—
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (412)	¥ (318)

(Note) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

## (4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2022				2022			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,058,961	¥ —	¥ 18,999	¥ 18,999	\$ 8,653	\$ —	\$ 155	\$ 155
Purchased	902,988	—	(12,922)	(12,922)	7,379	—	(106)	(106)
Bond Future Options								
Sold	23,507	—	(159)	(42)	192	—	(1)	(0)
Purchased	26,654	—	339	154	218	—	3	1
OTC								
Bond Forward Contracts								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	994	994	47	15	8	8	0	0
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 6,303	¥ 6,204			\$ 52	\$ 51

	Millions of Yen			
	2021			Valuation Difference
	Notional Amount		Fair Value	
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 1,710,794	¥ —	¥ 25,127	¥ 25,127
Purchased	1,668,659	—	(23,317)	(23,317)
Bond Future Options				
Sold	711,176	—	(3,295)	75
Purchased	347,961	—	1,072	(198)
OTC				
Bond Forward Contracts				
Sold	¥ 44,260	¥ —	¥ 230	¥ 230
Purchased	55,657	—	(177)	(177)
Bond Options				
Sold	—	—	—	—
Purchased	—	—	—	—
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (359)	¥ 1,738

(Note) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

## (5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2022 and 2021.

## (6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2022				2022			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
OTC								
Credit Default Swaps								
Sold	¥ 29,000	¥ 18,000	¥ 611	¥ 611	\$ 237	\$ 147	\$ 5	\$ 5
Purchased	66,392	55,392	(2,930)	(2,930)	543	453	(24)	(24)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥(2,319)	¥(2,319)			\$ (19)	\$ (19)

	Millions of Yen			
	2021			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 40,500	¥ 29,000	¥ 903	¥ 903
Purchased	46,032	34,532	(1,373)	(1,373)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (469)	¥ (469)

## (Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) "Sold" represents transactions under which the credit risk has been assumed, and "Purchased" represents transactions under which the credit risk has been transferred to another party.

## 2. Derivatives Transactions Qualifying for Hedge Accounting

Derivatives transactions qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts) and the fair values as of the consolidated balance sheet date are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

## (1) Interest-Related Transactions

Interest-related transactions qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2022			2022		
		Notional Amount		Fair Value	Notional Amount		Fair Value
		Total	Over One Year		Total	Over One Year	
Deferral Method							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ 1,150,748	¥ 1,118,912	¥ (53,298)	\$ 9,403	\$ 9,143	\$ (436)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	1,779,306	1,351,050	18,674	14,539	11,040	153
Interest Futures							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Interest Options							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Exceptional Treatment for Interest Rate Swaps							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ —	¥ —		\$ —	\$ —	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		—	—		—	—	
Total		¥ (34,624)		\$ (283)			



		Millions of Yen		
		2021		Fair Value
		Notional Amount		
	Major Hedged Item	Total	Over One Year	
Deferral Method				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ 712,507	¥ 652,507	¥ (2,402)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	1,566,967	1,414,632	(34,735)
Interest Futures				
Sold		—	—	—
Purchased		—	—	—
Interest Options				
Sold		—	—	—
Purchased		—	—	—
Others				
Sold		—	—	—
Purchased		—	—	—
Exceptional Treatment for Interest Rate Swaps				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ —	¥ —	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		—	—	
Total				¥ (37,137)

(Note) Deferred hedge accounting stipulated in Guidance No.24 is applied, in principle.

## (2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2022 and 2021, consist of the following:

Major Hedged Item		Millions of Yen			Millions of U.S. Dollars		
		2022			2022		
		Notional Amount		Fair Value	Notional Amount		Fair Value
		Total	Over One Year		Total	Over One Year	
Deferral Method							
Currency Swaps		¥ 2,212,027	¥ 896,828	¥ (135,622)	\$ 18,075	\$ 7,328	\$ (1,108)
Forward Exchange Contracts							
Sold	Loans and Bills Discounted	25,661	—	(849)	210	—	(7)
Purchased	and Securities Denominated in Foreign Currencies	91,480	—	1,293	748	—	11
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in “Foreign Currency Translation Adjustments”							
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies	¥ 102,904	¥ —	¥ (4,990)	\$ 841	\$ —	\$ (41)
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Total		¥ (140,169)			\$ (1,145)		

Major Hedged Item		Millions of Yen		
		2021		
		Notional Amount		Fair Value
		Total	Over One Year	
Deferral Method				
Currency Swaps		¥ 2,489,799	¥ 1,109,499	¥ (89,194)
Forward Exchange Contracts				
Sold	Loans and Bills Discounted	19,071	—	(695)
Purchased	and Securities Denominated	87,050	—	2,816
	in Foreign Currencies			
Others				
Sold		—	—	—
Purchased		—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in “Foreign Currency Translation Adjustments”				
Forward Exchange Contracts	Investment in the Shares of			
Sold	Subsidiaries and	¥ 96,624	¥ —	¥ (2,452)
Purchased	Affiliated Companies	—	—	—
Total		¥ (89,526)		

(Note) Deferred hedge accounting stipulated in Guidance No.25 is applied, in principle.

## (3) Stock-Related Transactions

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2022 and 2021.

## (4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2022 and 2021.

## Retirement and Pension Plans

## 1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Holdings

SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, has defined benefit plans (a corporate pension fund plan and a lump-sum retirement benefit plan). Additionally, a lump-sum retirement benefit plan is offered to contract employees according to internal rules. SuMi TRUST Bank also has a defined contribution pension plan and may provide extra retirement payments to retiring employees in some cases. SuMi TRUST Bank sets up employee retirement benefit trusts as part of its pension plan assets.

SuMi TRUST Bank partially revised defined benefit corporate pension plans in April 2021.

Other consolidated subsidiaries have lump-sum retirement benefit plans, defined benefit corporate pension plans and defined contribution pension plans. Some consolidated subsidiaries also participate in multiple employer pension plan.

Some consolidated subsidiaries adopt the computational shortcut method in calculating liabilities for retirement benefits and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

## 2. Defined Benefit Plans

## (1) Reconciliation of Retirement Benefit Obligations

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Retirement Benefit Obligations (opening balance)	¥ 431,223	¥ 462,975	\$ 3,524
Service Cost-Benefits Earned during the Fiscal Year	10,880	12,813	89
Interest Cost on Projected Benefit Obligations	2,307	2,278	19
Actuarial Gains and Losses that Arose during the Fiscal Year	3,522	8,992	29
Retirement Benefits Paid	(18,365)	(18,102)	(150)
Past Service Cost that Arose during the Fiscal Year	—	(37,734)	—
Other (Note)	(5,685)	—	(46)
Retirement Benefit Obligations (closing balance)	¥ 423,883	¥ 431,223	\$ 3,464

(Note) "Other" recognized in the current fiscal year is the reversal due to the termination of the defined benefit plans for one of the consolidated subsidiaries.

## (2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Plan Assets (opening balance)	¥ 648,636	¥ 536,026	\$ 5,300
Expected Return on Plan Assets	22,608	24,766	185
Actuarial Gains and Losses that Arose during the Fiscal Year	(52,299)	90,226	(427)
Contributions by the Employer	4,936	13,797	40
Retirement Benefits Paid	(16,020)	(16,181)	(131)
Other (Note)	(5,307)	—	(43)
Plan Assets (closing balance)	¥ 602,553	¥ 648,636	\$ 4,924

(Note) "Other" recognized in the current fiscal year is the reversal due to the termination of the defined benefit plans for one of the consolidated subsidiaries.

## (3) Reconciliation between Closing Balances of Retirement Benefit Obligations and Plan Assets, and Liabilities and Assets for Retirement Benefits Recorded in the Consolidated Balance Sheet

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 410,330	¥ 417,978	\$ 3,353
Plan Assets	(602,553)	(648,636)	(4,924)
	(192,223)	(230,657)	(1,571)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	13,553	13,245	111
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (178,669)	¥ (217,412)	\$ (1,460)

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Liabilities for Retirement Benefits	¥ 13,553	¥ 13,752	\$ 111
Assets for Retirement Benefits	(192,223)	(231,165)	(1,571)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (178,669)	¥ (217,412)	\$ (1,460)

## (4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Service Cost-Benefits Earned during the Fiscal Year	¥ 10,880	¥ 12,813	\$ 89
Interest Cost on Projected Benefit Obligations	2,307	2,278	19
Expected Return on Plan Assets	(22,608)	(24,766)	(185)
Amortization of Actuarial Differences	479	11,577	4
Amortization of Past Service Cost (Note)	(65)	(37,632)	(1)
Other	378	455	3
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (8,627)	¥ (35,273)	\$ (71)

(Note) ¥37,580 million of amortization of past service cost is recognized as extraordinary income for the fiscal year ended March 31, 2021.

## (5) Remeasurements of Defined Benefit Plans

The breakdown of remeasurements of defined benefit plans (before tax effects) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Past Service Cost	¥ (65)	¥ 101	\$ (1)
Actuarial Differences	(55,342)	92,811	(452)
<b>Total</b>	<b>¥ (55,407)</b>	<b>¥ 92,912</b>	<b>\$ (453)</b>

## (6) Accumulated Remeasurements of Defined Benefit Plans

The breakdown of accumulated remeasurements of defined benefit plans (before tax effects) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Unrecognized Past Service Cost	¥ (102)	¥ (295)	\$ (1)
Unrecognized Actuarial Differences	61,569	6,065	503
<b>Total</b>	<b>¥ 61,466</b>	<b>¥ 5,770</b>	<b>\$ 502</b>

## (7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

	Proportion (%)	
	2022	2021
Debt Securities	25	24
Equity Securities	59	61
Cash and Due from Banks	4	3
Other	12	12
<b>Total</b>	<b>100</b>	<b>100</b>

(Note) The total plan asset includes the retirement benefit trusts set up for a corporate pension plan and a lump-sum retirement benefit plan. They account for 55% and 59% of the total plan asset for the fiscal years ended March 31, 2022 and 2021, respectively.

## 2) Expected long-term rate of return on plan assets

In order to determine the expected long-term rate of return on plan assets, SuMi TRUST Holdings considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

## (8) Assumptions Used

Major assumptions used in actuarial calculation for the fiscal years ended March 31, 2022 and 2021, are as follows:

	2022	2021
Discount Rate	Mainly 0.5%	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	3.5%	4.6%

## 3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥2,379 million (U.S. \$19 million) and ¥2,242 million for the years ended March 31, 2022 and 2021, respectively.

## Stock Option Plans

### 1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2022 and 2021

#### (1) SuMi TRUST Holdings

There were no relevant items.

#### (2) Nikko Asset Management Co., Ltd. (consolidated subsidiary)

There were no relevant items.

## 2. Description of Stock Options

#### (1) SuMi TRUST Holdings

The following tables show stock options effective as of March 31, 2022. The number of stock options represents the number of shares after converting into equivalent shares, taking into account the consolidation of shares at a ratio of ten existing shares into one share effected on October 1, 2016.

#### 1) Description of Stock Options

Year Ended March 31, 2022	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of The Chuo Mitsui Trust and Banking Company, Limited: 19 Directors and officers of The Chuo Mitsui Asset Trust and Banking Company, Limited: 7 Directors and officers of The Sumitomo Trust and Banking Co., Ltd.: 24 Total: 72	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 44 Total: 66
Number of Stock Options Granted by Class of Share	Common stock: 28,600 shares	Common stock: 26,000 shares
Grant Date	July 26, 2011	July 18, 2012
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	From July 26, 2011, to July 25, 2013	From July 18, 2012, to July 17, 2014
Exercise Period	From July 26, 2013, to July 25, 2021	From July 18, 2014, to July 17, 2022

Year Ended March 31, 2022	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60	Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 39,800 shares	Common stock: 40,400 shares
Grant Date	July 19, 2013	August 1, 2014
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	From July 19, 2013, to July 18, 2015	Not specified
Exercise Period	From July 19, 2015, to July 18, 2023	From August 31, 2014, to July 31, 2044

Year Ended March 31, 2022	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63	Directors and officers of SuMi TRUST Holdings: 21 Directors and officers of SuMi TRUST Bank: 42 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 32,700 shares	Common stock: 51,000 shares
Grant Date	July 31, 2015	July 29, 2016
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	From August 31, 2015, to July 30, 2045	From August 31, 2016, to July 28, 2046

Year Ended March 31, 2022	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 26 Directors and officers of SuMi TRUST Bank: 41 Total: 67	Directors and officers of SuMi TRUST Holdings: 30 Directors and officers of SuMi TRUST Bank: 40 Total: 70
Number of Stock Options Granted by Class of Share	Common stock: 61,300 shares	Common stock: 69,000 shares
Grant Date	July 28, 2017	September 3, 2018
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	From August 21, 2017, to July 27, 2047	From September 30, 2018, to September 2, 2048

## 2) Volume and Changes in Stock Options

## i) Number of stock options

Year Ended March 31, 2022	Shares			
	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of Fiscal Year	20,000	19,300	39,300	32,200
Vested	—	—	—	—
Exercised	—	400	—	2,000
Forfeited	20,000	—	—	—
At the End of the Fiscal Year	—	18,900	39,300	30,200

Year Ended March 31, 2022	Shares			
	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of Fiscal Year	29,000	46,400	58,300	66,300
Vested	—	—	—	—
Exercised	900	600	700	—
Forfeited	—	—	—	—
At the End of the Fiscal Year	28,100	45,800	57,600	66,300

## ii) Unit price information

Year Ended March 31, 2022	SuMi TRUST Holdings			
	Series 1 Subscription Rights to Shares	Series 2 Subscription Rights to Shares	Series 3 Subscription Rights to Shares	Series 4 Subscription Rights to Shares
Exercise Price (yen)	4,000	4,000	5,190	1
Average Stock Price when Exercised (yen)	—	3,963	—	3,917
Fair Unit Value on the Grant Date (yen)	620	340	1,460	4,240

Year Ended March 31, 2022	SuMi TRUST Holdings			
	Series 5 Subscription Rights to Shares	Series 6 Subscription Rights to Shares	Series 7 Subscription Rights to Shares	Series 8 Subscription Rights to Shares
Exercise Price (yen)	1	1	1	1
Average Stock Price when Exercised (yen)	3,654	3,641	4,312	—
Fair Unit Value on the Grant Date (yen)	5,447	3,246	3,870	4,183



## (2) Nikko Asset Management Co., Ltd. (consolidated subsidiary)

The following tables show stock options effective as of March 31, 2022. The number of stock options represents the number of shares after converting into equivalent shares.

## 1) Description of Stock Options

Year Ended March 31, 2022	Resolution during the Fiscal Year 2011	Resolution during the Fiscal Year 2016
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 186	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 16
Number of Stock Options Granted by Class of Share	Common stock: 6,101,700 shares	Common stock: 4,437,000 shares
Grant Date	October 7, 2011	July 15, 2016
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of October 7, 2013 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of July 15, 2018 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From October 7, 2013 to October 6, 2021	From July 15, 2018 to July 31, 2026

	Resolution during the Fiscal Year 2016	Resolution during the Fiscal Year 2017
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 36
Number of Stock Options Granted by Class of Share	Common stock: 4,409,000 shares	Common stock: 4,422,000 shares
Grant Date	April 27, 2017	April 27, 2018
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2019 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2020 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From April 27, 2019 to April 30, 2027	From April 27, 2020 to April 30, 2028

## 2) Volume and Changes in Stock Options

## i) Number of stock options

Year Ended March 31, 2022	Shares	
	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Unvested Stock Options		
At the Beginning of the Fiscal Year	432,300	1,016,000
Granted	—	—
Forfeited	432,300	928,000
Vested	—	—
At the End of the Fiscal Year	—	88,000
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares	
	Resolution during Fiscal Year 2016	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,772,000	2,607,000
Granted	—	—
Forfeited	956,000	1,071,000
Vested	—	—
At the End of the Fiscal Year	816,000	1,536,000
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

## ii) Unit price information

Year Ended March 31, 2022	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Exercise Price	¥ 737 (Note3)	¥ 558
Fair Price on the Grant Date (Note 1)	0	0

	Resolution during Fiscal Year 2016	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Exercise Price	¥ 553	¥ 694
Fair Price on the Grant Date (Note 1)	0	0

(Notes)

1) In lieu of fair value per share, the fair price refers to an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transaction price method and the exercise price).

2) The total amount of intrinsic value of the options was ¥1,222 million (U.S. \$10 million) as of March 31, 2022.

3) If the IPO price is set as any amount exceeding ¥737 (U.S. \$6), the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

**3. Method for Estimating a Fair Unit Price for Stock Options**

There were no subscription rights granted in the fiscal year ended March 31, 2022.

**4. Method for Estimating the Number of Vested Stock Options**

SuMi TRUST Holdings has adopted a method to reflect only the number of stock options that have been actually forfeited, because it is difficult to reasonably estimate the number that will be forfeited in the future.

## Income Taxes

### 1. Breakdown of Major Factors Giving Rise to Deferred Tax Assets and Liabilities

Year Ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Deferred Tax Assets:</b>			
Impairment of Securities	¥ 18,094	¥ 19,095	\$ 148
Allowance for Loan Losses (Including Direct Write-Offs of Loans with Guarantees or Collateral)	55,080	46,756	450
Deferred Gains (Losses) on Hedges	18,366	18,469	150
Remeasurements of Defined Benefit Plans	18,945	2,196	155
Valuation Difference Due to Share Exchange	4,432	4,416	36
Other	72,892	71,042	596
Subtotal	187,810	161,975	1,535
Valuation Allowance	(20,900)	(23,639)	(171)
<b>Deferred Tax Assets</b>	<b>¥ 166,909</b>	<b>¥ 138,336</b>	<b>\$ 1,364</b>
<b>Deferred Tax Liabilities:</b>			
Retirement Benefits	¥ (46,430)	¥ (39,229)	\$ (379)
Valuation Difference on Available-for-Sale Securities	(131,370)	(150,201)	(1,073)
Valuation Difference Due to Share Exchange	(5,752)	(5,752)	(47)
Other	(11,823)	(10,287)	(97)
<b>Deferred Tax Liabilities</b>	<b>¥ (195,377)</b>	<b>¥ (205,471)</b>	<b>\$ (1,596)</b>
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>¥ (28,467)</b>	<b>¥ (67,134)</b>	<b>\$ (233)</b>

### 2. Breakdown of Major Causes of Significant Differences Arising Between the Statutory Tax Rate and the Effective Tax Rate after Application of Tax Effect Accounting for Companies Submitting the Consolidated Financial Statements

Year Ended March 31	2022	2021
Effective Statutory Tax Rate	30.62%	30.62%
Adjustments:		
Changes in Valuation Allowance	(1.20)	(0.35)
Amortization of Goodwill	1.06	1.19
Share of Profit of Equity-Method Affiliated Companies	(2.09)	(1.79)
Permanent Differences (e.g., Cash Dividends Received)	(0.75)	(0.83)
Others	(2.31)	(0.81)
<b>Effective Income Tax Rate</b>	<b>25.33%</b>	<b>28.03%</b>

## Revenue Recognition

### 1. Information Related to Disaggregation of Revenue from Contracts with Customers for the Current Fiscal Year Ended March 31, 2022

Year Ended March 31, 2022	Millions of Yen										
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Others	Total	Income other than those disaggregated revenue	Total
Trust Fees	¥ 6,738	¥ 16,960	¥ —	¥ 3,513	¥ 83,326	¥ —	¥ —	¥ —	¥ 110,539	¥ —	¥ 110,539
Fees and Commissions	81,401	11,016	48,896	60,159	36,758	172,384	343	(41,834)	369,124	75,530	444,655
Income from Contracts with Customers	¥ 88,140	¥ 27,977	¥ 48,896	¥ 63,672	¥ 120,084	¥ 172,384	¥ 343	¥ (41,834)	¥ 479,664		

Year Ended March 31, 2022	Millions of U.S. Dollars										
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Others	Total	Income other than those disaggregated revenue	Total
Trust Fees	\$ 55	\$ 139	\$ —	\$ 29	\$ 681	\$ —	\$ —	\$ —	\$ 903	\$ —	\$ 903
Fees and Commissions	665	90	400	492	300	1,409	3	(342)	3,016	617	3,633
Income from Contracts with Customers	\$ 720	\$ 229	\$ 400	\$ 520	\$ 981	\$ 1,409	\$ 3	\$ (342)	\$ 3,919		

(Note) "Others" includes elimination of internal transactions.

### 2. Information Related to Contract Balance

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	April 1, 2021	March 31, 2022
Receivables from Contracts with Customers	¥ 107,494	¥ 100,863	\$ 878
Contract Liabilities	1,772	1,446	14

Receivables from contracts with customers and contract liabilities are included in "Other Assets" and "Other Liabilities," respectively, in the consolidated balance sheets. Contract liabilities retained at the beginning of the current fiscal year are mainly recognized as revenue for the current

fiscal year ended March 31, 2022.

The amount of revenue from performance obligation satisfied or partially satisfied in the past year and recognized in the current fiscal year is immaterial.

### 3. Information Related to Transaction Prices Allocated to Residual Performance Obligations

The amount of revenue expected to be recognized from existing contracts after the fiscal year ended March 31, 2022 is immaterial. Contracts with their initial expected period of less than one year and with revenue recognized in the amount that The SuMi TRUST Group is entitled to claim are not included in the notes.

## Segment Information

### 1. Reportable Segment Information

The SuMi TRUST Group's reportable segments are defined as operating segments for which discrete financial information is available. The Board of Directors and the Executive Committee periodically receive reporting on the operating results and other relevant information of the reportable segments to make decisions about the allocation of management resources and to assess performance.

The main activities of the reportable segment are presented below:

Retail Total Solution Services:

Provision of services to individual customers

Wholesale Financial Services (Wholesale Total Solution Services Business and Wholesale Asset Management Business):

Provision of services to corporate customers

Stock Transfer Agency Services:

Undertaking of stock-related services on behalf of customers

Real Estate:

Provision of services related to the real estate business

Fiduciary Services:

Provision of services related to the pension business and the asset administration business

Asset Management Business:

Asset management service operations

Global Markets:

Marketing operations, market-making operations, investment operations, and financial management operations

The SuMi Trust Group used to disclose the "Asset Management Business" as a component of the "Fiduciary Services" until the consolidated fiscal year ended March 31,

2021. However, the "Asset Management Business" has been separated from the "Fiduciary Services" and disclosed as a separate segment effective from the fiscal year ended March 31, 2022.

Segment information for the previous fiscal year is based on the new reportable segment classifications.

### 2. Method for Calculating Substantial Gross Business Profit and Net Business Profit by Each Reportable Segment

Segment information is prepared based on internal management reports and the accounting policies used for the reportable segments are generally the same as those presented under "Significant Accounting Policies and Practices"; however, the reportable segments are accounted for in accordance with the rules for the internal management.

"Net Business Profit" represents "Substantial Gross Business Profit," less "G&A Expenses." "Substantial Gross Business Profit" and "G&A Expenses" are financial figures generated on the basis of internal management reporting, and they represent "Gross Profit" and "General and Administrative Expenses (excluding any non-recurring expenses)" of SuMi TRUST Holdings and its consolidated subsidiaries, reflecting profits or losses of equity-method affiliated companies (proportionate share of profits or losses, excluding any non-recurring items).

Additionally, income earned from inter-segment and cross-segment transactions is calculated by applying the criteria (market prices) specified in the rules for internal management.

"Fixed Assets" disclosed in the assets by reportable segments are the total amount of tangible fixed assets and intangible fixed asset. These assets are owned by SuMi TRUST Bank and allocated to each segment.

### 3. Profit or Loss and Fixed Assets by Reportable Segment

	Millions of Yen								
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Others	Total
Year Ended March 31, 2022									
Substantial Gross Business Profit	¥ 190,844	¥ 212,528	¥ 40,861	¥ 62,792	¥ 96,539	¥ 101,967	¥ 52,303	¥ 50,344	¥ 808,182
General and Administrative Expenses	(158,631)	(77,600)	(19,850)	(25,892)	(54,284)	(61,444)	(15,704)	(48,689)	(462,096)
Net Business Profit	¥ 32,212	¥ 134,928	¥ 21,011	¥ 36,900	¥ 42,255	¥ 40,523	¥ 36,599	¥ 1,654	¥ 346,085
Fixed Assets	¥ 71,016	¥ 45,530	¥ 1,976	¥ 9,318	¥ 16,870	¥ —	¥ 19,165	¥ 186,325	¥ 350,202

	Millions of Yen								
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Others	Total
Year Ended March 31, 2021									
Substantial Gross Business Profit	¥ 177,602	¥ 207,742	¥ 40,300	¥ 49,891	¥ 88,836	¥ 86,935	¥ 69,761	¥ 18,227	¥ 739,296
General and Administrative Expenses	(162,077)	(75,620)	(19,440)	(24,309)	(54,109)	(57,121)	(15,350)	(36,558)	(444,589)
Net Business Profit	¥ 15,524	¥ 132,122	¥ 20,859	¥ 25,581	¥ 34,726	¥ 29,813	¥ 54,410	¥ (18,331)	¥ 294,707
Fixed Assets	¥ 67,111	¥ 33,172	¥ 2,157	¥ 8,855	¥ 16,699	¥ —	¥ 19,618	¥ 192,869	¥ 340,484

	Millions of U.S. Dollars								
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Others	Total
Year Ended March 31, 2022									
Substantial Gross Business Profit	\$ 1,559	\$ 1,737	\$ 334	\$ 513	\$ 789	\$ 833	\$ 427	\$ 411	\$ 6,604
General and Administrative Expenses	(1,296)	(634)	(162)	(212)	(444)	(502)	(128)	(398)	(3,776)
Net Business Profit	\$ 263	\$ 1,103	\$ 172	\$ 302	\$ 345	\$ 331	\$ 299	\$ 14	\$ 2,828
Fixed Assets	\$ 580	\$ 372	\$ 16	\$ 76	\$ 138	\$ —	\$ 157	\$ 1,523	\$ 2,862

(Notes)

1) The figures represent “Substantial Gross Business Profit” in substitution for net sales to be presented by companies in other industries.

2) The amounts of “Substantial Gross Business Profit” include net trust fees, net interest income, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) “General and Administrative Expenses” include personnel expenses and non-personnel expenses.

4) “Others” include costs of capital funding, dividends for shares for cross-shareholdings, general and administrative

expenses of headquarters, and elimination of internal transactions.

5) The amount of “Fixed Assets” for each segment represents the amount of fixed assets owned by SuMi TRUST Bank. “Others” within “Fixed Assets” include corporate assets not allocated to any segment, fixed assets owned by consolidated subsidiaries outside the scope of allocation of resources, and adjustments for consolidation. For fixed assets not allocated to each segment, some of related expenses are allocated to each segment based on a reasonable allocation method.

#### 4. Reconciliation Between Total Profit or Loss for Reportable Segments and Income before Income Taxes in the Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net Business Profit	¥ 346,085	¥ 294,707	\$ 2,828
Other Income	120,731	158,185	987
Other Expenses	(205,536)	(207,586)	(1,679)
Other Adjustments	(33,280)	(45,303)	(272)
Income before Income Taxes	¥ 227,999	¥ 200,003	\$ 1,863

#### Related Information

##### 1. Information by Services

Disclosure of information by services is omitted as similar disclosure is included in the “3. Profit or Loss and Fixed Assets by Reportable Segment” in the “Segment Information” section.

##### 2. Geographic Information

###### (1) Income

Income by geographical area for the fiscal years ended March 31, 2022 and 2021, consists of the following:

Year Ended March 31, 2022	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,216,885	¥ 72,283	¥ 55,428	¥ 57,040	¥ 1,401,637

Year Ended March 31, 2021	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,249,557	¥ 70,908	¥ 42,935	¥ 54,764	¥ 1,418,166

Year Ended March 31, 2022	Millions of U.S. Dollars				
	Japan	Americas	Europe	Asia and Oceania	Total
	\$ 9,943	\$ 591	\$ 453	\$ 466	\$ 11,453

###### (Notes)

1) The figures represent income in substitution for net sales to be presented by companies in other industries.

2) Income related to transactions by SuMi TRUST Holdings, SuMi TRUST Bank (excluding overseas branches), and other domestic consolidated subsidiaries are presented under

“Japan.” Income related to transactions by overseas branches of SuMi TRUST Bank and foreign consolidated subsidiaries are presented under “Americas,” “Europe,” or “Asia and Oceania” based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

###### (2) Tangible Fixed Assets

More than 90% of SuMi TRUST Group’s tangible fixed assets on the consolidated balance sheet as of March 31, 2022 and 2021, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

##### 3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Group and a significantly large number of SuMi TRUST Group’s customers, transactions are not classified by major counterparty; accordingly, information by major customer is not presented.



### Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

Losses on impairment of fixed assets allocated to reportable segments during the fiscal year ended March 31, 2022 and 2021 were as follows:

	Millions of Yen								Total
	Retail Total Solutions Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Other	
Year Ended March 31, 2022									
Losses on Impairment of Fixed Assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,468	¥ 1,468

	Millions of Yen								Total
	Retail Total Solutions Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Other	
Year Ended March 31, 2021									
Losses on Impairment of Fixed Assets	¥ 19,364	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 809	¥ 20,173

	Millions of U.S. Dollars								Total
	Retail Total Solutions Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Asset Management Business	Global Markets	Other	
Year Ended March 31, 2022									
Losses on Impairment of Fixed Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12	\$ 12

### Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Amortization of goodwill and unamortized balance of goodwill are not allocated to the reportable segments. Amortization of goodwill recognized during the fiscal years ended March 31, 2022 and 2021, were ¥7,882 million (U.S. \$64 million) and ¥7,875 million, respectively. Unamortized balance of goodwill as of March 31, 2022 and 2021, were ¥29,510 million (U.S. \$241 million) and ¥37,292 million, respectively.

### Information Related to Gain on Negative Goodwill by Reportable Segment

There were no gains on negative goodwill by reportable segment during the fiscal years ended March 31, 2022 and 2021.

## Related-Party Information

### 1. Related-Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2022 and 2021.

### 2. Notes to the Significant Affiliated Companies

There were no significant affiliated companies that need to be disclosed for the fiscal year ended March 31, 2022.

## Per Share of Common Stock Information

	Yen		U.S. Dollars
	2022	2021	2022
Net Assets per Share of Common Stock	¥ 7,249.70	¥ 7,192.07	\$ 59.24
Net Income per Share of Common Stock	451.40	379.65	3.69
Diluted Net Income per Share of Common Stock	451.12	379.41	3.69

(Notes)

1) Net assets per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Net Assets as Reported	¥ 2,745,288	¥ 2,722,556	\$ 22,432
Less:	29,732	28,796	243
Subscription Rights to Shares	1,006	1,024	8
Non-Controlling Interests	28,725	27,772	235
Net Assets Attributable to Common Shareholders	2,715,556	2,693,760	22,190
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	374,574	374,545	374,574

(Note) The effect of the application of the Standard for Revenue Recognition etc. and the Standard for Fair Value Measurement etc. on the total amount of net assets and net assets per share is described in "Changes in Accounting Policies."

2) Net income per share of common stock and diluted net income per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2022
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 169,078	¥ 142,196	\$ 1,382
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	169,078	142,196	1,382
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	374,562	374,542	374,562
Fully Diluted Net Income per Share of Common Stock			
Adjustments to Net Income Attributable to Owners of the Parent	—	—	—
Effect of Dilutive Securities (Thousands of Shares)	230	235	230
Subscription Rights to Shares (Thousands of Shares)	230	235	230
Summary of the potential shares that were excluded from calculation of diluted net income per share of common stock because they have no dilute effects	Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 18,900 shares	SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 20,000 shares	Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 18,900 shares
	Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares	Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 19,300 shares	Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares
	Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 2,440,000 shares	Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares	Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 2,440,000 shares
		Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 5,827,300 shares	

3) For the calculation of net income per share, the remaining number of shares of SuMi TRUST Holdings held by the share delivery trust for the directors, recorded as treasury stocks in the shareholders' equity, is included in the number of shares of treasury stocks deducted for the calculation of the average number of shares outstanding. For the calculation of net asset per share, it is also included in the number of shares of treasury stocks deducted from the total number of shares outstanding at the end of the fiscal year ended March 31, 2022.

For the calculation of net income per share, the average number of shares of treasury stock outstanding is 404 thousand shares for the fiscal year ended March 31, 2022 (424 thousand shares for the fiscal year ended March 31, 2021). For the calculation of net asset per share, the total number of shares of treasury stock outstanding is 392 thousand shares (422 thousand shares for the fiscal year ended March 31, 2021).

### Significant Subsequent Event

#### Change in Reportable Segment

SuMi TRUST Group aims to promote and lead a virtuous circle of funds, assets, and capital by various stakeholders through provision of high value-added products and services and investments to create new values. Effective as of April 1, 2022, reorganization of SuMi TRUST Bank, Limited has been implemented.

Reportable segments of SuMi TRUST Group were previously divided into "Retail Total Solution Services," "Wholesale Financial Services (Wholesale Total Solution Services Business and Wholesale Asset Management Business)," "Stock Transfer Agency Services," "Real Estate,"

"Fiduciary Services," "Asset Management Business," and "Global Markets." As a result of the above, from the consolidated fiscal year ending March 31, 2023, the Group will reclassify them into the following segments: "Retail (former Retail Total Solution Services)," "Wholesale (former Wholesale Total Solution Services Business and former Stock Transfer Agency Services)," "Investor Services (former Wholesale Asset Management Business and former Fiduciary Services)," "Real Estate," "Global Markets," and "Asset Management Business."

Information regarding the amount of Substantial Gross Business Profit, General and Administrative Expenses, and Net Business Profit by reportable segment for the fiscal year ended March 31, 2022, based on the new reportable segment classifications is as follows:

	Millions of Yen							
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Asset Management Business	Others	Total
Substantial Gross Business Profit	¥ 190,844	¥ 212,075	¥ 137,854	¥ 62,792	¥ 52,303	¥ 101,967	¥ 50,344	¥ 808,182
General and Administrative Expenses	(158,631)	(84,635)	(67,099)	(25,892)	(15,704)	(61,444)	(48,689)	(462,096)
Net Business Profits	¥ 32,212	¥ 127,440	¥ 70,754	¥ 36,900	¥ 36,599	¥ 40,523	¥ 1,654	¥ 346,085

	Millions of U.S. Dollars							
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Asset Management Business	Others	Total
Substantial Gross Business Profit	\$ 1,559	\$ 1,733	\$ 1,126	\$ 513	\$ 427	\$ 833	\$ 411	\$ 6,604
General and Administrative Expenses	(1,296)	(692)	(548)	(212)	(128)	(502)	(398)	(3,776)
Net Business Profits	\$ 263	\$ 1,041	\$ 578	\$ 302	\$ 299	\$ 331	\$ 14	\$ 2,828

(Notes)

1) The figures represent “Substantial Gross Business Profit” in substitution for net sales to be presented by companies in other industries.

2) The amounts of “Substantial Gross Business Profit” include net trust fees, net interest income, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) “General and Administrative Expenses” include personnel expenses and non-personnel expenses.

4) “Others” include costs of capital funding, dividends for shares for strategic shareholdings, general and administrative expenses of headquarters, and internal transactions to be eliminated.

5) Information regarding “Fixed Assets” by reportable segment after the change is currently being calculated.

The information related to disaggregation of revenue from contracts with customers based on the new reportable segment classification in the fiscal year ended March 31, 2022 is currently being calculated.

# Non-Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.  
As of March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Due from Banks	¥ 18,978	¥ 2,541	\$ 155
Securities	104,000	164,000	850
Prepaid Expenses	234	199	2
Income Tax Refunds Receivable	12	—	0
Other Current Assets	14,258	6,382	117
Total Current Assets	137,483	173,123	1,123
<b>Non-Current Assets:</b>			
Tangible Fixed Assets:	0	0	0
Tools, Furniture, and Fixtures	0	0	0
Intangible Fixed Assets:	0	1	0
Software	0	1	0
Investments and Other Assets:	2,086,028	2,030,325	17,045
Investment Securities	652	652	5
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,440,056	1,409,231	11,767
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	645,000	620,000	5,270
Deferred Tax Assets	224	347	2
Other Investments	94	94	1
Total Non-Current Assets	2,086,028	2,030,327	17,046
<b>Total Assets</b>	<b>¥ 2,223,512</b>	<b>¥ 2,203,450</b>	<b>\$ 18,169</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accrued Expenses	¥ 2,032	¥ 1,936	\$ 17
Income Taxes Payable	5,338	8,231	44
Provision for Bonuses	259	217	2
Provision for Directors' Bonuses	77	61	1
Other Current Liabilities	475	2,352	4
Total Current Liabilities	8,183	12,799	67
<b>Non-Current Liabilities:</b>			
Bonds Payable	630,000	610,000	5,148
Long-Term Loans Payable	15,000	10,000	123
Provision for Share-Based Remuneration	150	107	1
Other Non-Current Liabilities	153	102	1
Total Non-Current Liabilities	645,303	620,209	5,273
<b>Total Liabilities</b>	<b>¥ 653,486</b>	<b>¥ 633,009</b>	<b>\$ 5,340</b>
<b>Net Assets:</b>			
Total Shareholders' Equity:	¥ 1,569,019	¥ 1,569,417	\$ 12,821
Capital Stock	261,608	261,608	2,138
Capital Surplus:	977,092	977,092	7,984
Legal Capital Surplus	702,933	702,933	5,744
Other Capital Surplus	274,158	274,158	2,240
Retained Earnings:	333,032	333,531	2,721
Other Retained Earnings:			
Retained Earnings Brought Forward	333,032	333,531	2,721
Treasury Stock-At Cost	(2,714)	(2,815)	(22)
Subscription Rights to Shares	1,006	1,024	8
<b>Total Net Assets</b>	<b>¥ 1,570,025</b>	<b>¥ 1,570,441</b>	<b>\$ 12,829</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 2,223,512</b>	<b>¥ 2,203,450</b>	<b>\$ 18,169</b>
<b>Net Assets per Share of Common Stock</b>			
	¥ 4,188.80	¥ 4,190.18	\$ 34.23

The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥122.38 to U.S. \$1.00, the exchange rate as of March 31, 2022.

# Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.  
For the fiscal years ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Operating Income:</b>			
Dividends Received from Subsidiaries	¥ 58,154	¥ 56,256	\$ 475
Fees and Commissions Received from Subsidiaries	5,164	4,598	42
<b>Total Operating Income</b>	<b>63,319</b>	<b>60,855</b>	<b>517</b>
<b>Operating Expenses:</b>			
General and Administrative Expenses	5,525	3,984	45
<b>Total Operating Expenses</b>	<b>5,525</b>	<b>3,984</b>	<b>45</b>
<b>Operating Profit</b>	<b>57,793</b>	<b>56,870</b>	<b>472</b>
<b>Non-Operating Income:</b>	<b>6,715</b>	<b>8,789</b>	<b>55</b>
Interest Income	6,641	7,706	54
Interest on Securities	8	14	0
Commission Fee	0	0	0
Other Non-Operating Income	65	1,068	1
<b>Non-Operating Expenses:</b>	<b>6,928</b>	<b>8,861</b>	<b>57</b>
Interest Expenses	76	76	1
Interest on Bonds Payable	6,564	7,628	54
Other Non-Operating Expenses	286	1,155	2
<b>Income before Income Taxes</b>	<b>57,580</b>	<b>56,799</b>	<b>471</b>
<b>Income Taxes:</b>	<b>(40)</b>	<b>161</b>	<b>(0)</b>
Current	(162)	371	(1)
Deferred	122	(210)	1
<b>Net Income</b>	<b>¥ 57,620</b>	<b>¥ 56,637</b>	<b>\$ 471</b>

	Yen	U.S. Dollars
<b>Net Income per Share of Common Stock</b>	<b>¥ 153.83</b>	<b>\$ 1.26</b>

# Non-Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.  
For the fiscal years ended March 31, 2022 and 2021

From April 1, 2021 to March 31, 2022

	Millions of Yen					
	Shareholders' Equity					
	Capital Surplus				Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	¥ 261,608	¥ 702,933	¥ 274,158	¥ 977,092	¥ 333,531	¥ 333,531
Changes during the Year						
Cash Dividends					(58,119)	(58,119)
Net Income					57,620	57,620
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	0	0	(499)	(499)
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 274,158	¥ 977,092	¥ 333,032	¥ 333,032

	Millions of Yen			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	¥ (2,815)	¥ 1,569,417	¥ 1,024	¥ 1,570,441
Changes during the Year				
Cash Dividends		(58,119)		(58,119)
Net Income		57,620		57,620
Purchase of Treasury Stock	(21)	(21)		(21)
Disposal of Treasury Stock	122	122		122
Net Changes of Items Other Than Shareholders' Equity			(18)	(18)
Total Changes during the Year	101	(397)	(18)	(415)
Balance at the End of the Year	¥ (2,714)	¥ 1,569,019	¥ 1,006	¥ 1,570,025



From April 1, 2020 to March 31, 2021

	Millions of Yen					
	Shareholders' Equity					
	Capital Surplus				Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	¥ 261,608	¥ 702,933	¥ 274,160	¥ 977,094	¥ 333,139	¥ 333,139
Changes during the Year						
Cash Dividends					(56,244)	(56,244)
Net Income					56,637	56,637
Purchase of Treasury Stock						
Disposal of Treasury Stock			(2)	(2)		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	(2)	(2)	392	392
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 274,158	¥ 977,092	¥ 333,531	¥ 333,531

	Millions of Yen			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	¥ (2,855)	¥ 1,568,986	¥ 1,057	¥ 1,570,044
Changes during the Year				
Cash Dividends		(56,244)		(56,244)
Net Income		56,637		56,637
Purchase of Treasury Stock	(19)	(19)		(19)
Disposal of Treasury Stock	60	57		57
Net Changes of Items Other Than Shareholders' Equity			(33)	(33)
Total Changes during the Year	40	430	(33)	397
Balance at the End of the Year	¥ (2,815)	¥ 1,569,417	¥ 1,024	¥ 1,570,441

From April 1, 2021 to March 31, 2022

	Millions of U.S. Dollars					
	Shareholders' Equity					
	Capital Surplus				Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	\$ 2,138	\$ 5,744	\$ 2,240	\$ 7,984	\$ 2,725	\$ 2,725
Changes during the Year						
Cash Dividends					(475)	(475)
Net Income					471	471
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	0	0	(4)	(4)
Balance at the End of the Year	\$ 2,138	\$ 5,744	\$ 2,240	\$ 7,984	\$ 2,721	\$ 2,721

	Millions of U.S. Dollars			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	\$ (23)	\$ 12,824	\$ 8	\$ 12,833
Changes during the Year				
Cash Dividends		(475)		(475)
Net Income		471		471
Purchase of Treasury Stock	(0)	(0)		(0)
Disposal of Treasury Stock	1	1		1
Net Changes of Items Other Than Shareholders' Equity			(0)	(0)
Total Changes during the Year	1	(3)	(0)	(3)
Balance at the End of the Year	\$ (22)	\$ 12,821	\$ 8	\$ 12,829

# Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries  
As of March 31, 2022 and 2021

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Assets:</b>			
Loans and Bills Discounted (Note 2)	¥ 2,131,254	¥ 1,804,393	\$ 17,415
Securities (Note 3)	859,127	857,610	7,020
Beneficiary Rights	182,799,711	180,845,290	1,493,706
Securities Held in Custody Accounts	22,534	22,579	184
Monetary Claims	25,361,961	22,805,910	207,239
Tangible Fixed Assets	21,118,391	19,183,820	172,564
Intangible Fixed Assets	200,412	192,521	1,638
Other Claims	10,789,374	8,661,666	88,163
Loans to Banking Account	4,298,827	4,915,208	35,127
Cash and Due from Banks	633,823	557,590	5,179
<b>Total Assets</b>	<b>¥ 248,215,419</b>	<b>¥ 239,846,590</b>	<b>\$ 2,028,235</b>
<b>Liabilities:</b>			
Money Trusts (Note 4)	¥ 36,216,311	¥ 34,196,939	\$ 295,933
Pension Trusts	14,525,120	13,107,254	118,689
Property Formation Benefit Trusts	18,820	18,954	154
Securities Investment Trusts	80,405,840	81,009,958	657,018
Money in Trust Other Than Money Trusts	39,748,080	38,906,807	324,792
Securities in Trust	22,159,577	22,175,725	181,072
Money Claims in Trust	25,588,821	22,893,231	209,093
Real Estate in Trust	876	875	7
Composite Trusts	29,551,969	27,536,844	241,477
<b>Total Liabilities</b>	<b>¥ 248,215,419</b>	<b>¥ 239,846,590</b>	<b>\$ 2,028,235</b>

See Notes to Statements of Trust Account (Unaudited).

# Notes to Statements of Trust Account (Unaudited)

## 1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Bank. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Bank do not reflect SuMi TRUST Bank's records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2022 and 2021, was ¥4,052,452 million (U.S. \$33,114 million) and ¥4,634,580 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥122.38 to U.S. \$1, the approximate rate of exchange as of March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, the total may not be equal to sum of individual amounts. The amounts presented in the statements of trust account as of March 31, 2022 and 2021, are for trust accounts in SuMi TRUST Bank.

## 2. Loans and Bills Discounted

Loans as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Loans on Deeds	¥ 1,685,034	¥ 1,428,073	\$ 13,769
Loans on Bills	446,220	376,320	3,646
<b>Total</b>	<b>¥ 2,131,254</b>	<b>¥ 1,804,393</b>	<b>\$ 17,415</b>

The balances of guaranteed trust account loans as of March 31, 2022 and 2021 stood at ¥13,316 million (U.S. \$109 million) and ¥15,959 million, respectively, which included the following:

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2022 and 2021, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Doubtful Loans	¥ 752	¥ 134	\$ 6
Restructured Loans	13	30	0
<b>Total</b>	<b>¥ 765</b>	<b>¥ 164</b>	<b>\$ 6</b>

### 3. Securities

Securities held as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Government Bonds	¥ 401,621	¥ 457,214	\$ 3,282
Local Government Bonds	30	30	0
Corporate Bonds	40,758	66,718	333
Stocks	6,444	7,910	53
Other Securities	410,272	325,736	3,352
<b>Total</b>	<b>¥ 859,127</b>	<b>¥ 857,610</b>	<b>\$ 7,020</b>

### 4. Balance of Money Trusts

The principal amount of certain money trusts is guaranteed, and the balance of these accounts is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
<b>Assets:</b>			
Loans and Bills Discounted	¥ 13,316	¥ 15,959	\$ 109
Other	4,039,461	4,618,947	33,008
<b>Total</b>	<b>¥ 4,052,778</b>	<b>¥ 4,634,907</b>	<b>\$ 33,116</b>
<b>Liabilities:</b>			
Principal	¥ 4,052,452	¥ 4,634,580	\$ 33,114
Allowance for Impairment of Guaranteed Trust Principal	12	19	0
Other	313	307	3
<b>Total</b>	<b>¥ 4,052,778</b>	<b>¥ 4,634,907</b>	<b>\$ 33,116</b>

In the case of certain money trusts, the principal amount is guaranteed, and as the above table indicates, an allowance for the impairment of guaranteed trust principal is set aside by SuMi TRUST Bank. The figures in the table include funds entrusted from other trusts managed by SuMi TRUST Bank.