

# 2023 Financial Report

Year ended March 31, 2023

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

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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 Bank, Limited:

### Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Bank, Limited ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2023, 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, 2023, 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.

We identified the following items as key audit matters in our audit of the consolidated financial statements for the current year.

- Estimates of allowance for loan losses for corporate customers
  - (1) Classification of borrowers
  - (2) Adjustment of expected credit losses considering the future forecast
- Recognition of impairment losses on software relevant to the development project for implementation of the overseas accounting system
  - (1) Judgment on an impairment indicator
  - (2) Recognition of impairment losses

For the current fiscal year, the economic environment is still undergoing significant changes as a result of exposure to various stresses such as price hikes and downward pressure on the economy from the global economic slowdown, as economic activities have been gradually normalizing after the outbreak of the coronavirus disease 2019 ("COVID-19"). The "estimates of allowance for loan losses for corporate customers" involves estimation uncertainty and subjective management judgment, and we identified this item as a key audit matter for the current fiscal year as with the previous fiscal year.

Specifically, we included (1) Classification of borrowers and (2) Adjustment of expected credit losses considering the future forecast performed by Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), as

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key audit matters for the current fiscal year. For (2) Adjustment of expected credit losses considering the future forecast, we included the adjustment of expected credit losses due to the impact of the prolonged COVID-19 pandemic on SuMi TRUST Bank and its consolidated subsidiary, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. ("Sumitomo Mitsui Trust Panasonic Finance") as a key audit matter for the previous fiscal year. However, as the quantitative and qualitative significance of the impact decreased, we determined that this matter was not subject to the key audit matter for the current fiscal year. As SuMi TRUST Bank estimated the adjustment of expected credit losses by taking into account the credit risk information in the credit management policy which was revised in light of the environmental changes such as price hikes and downward pressure on the economy from the global economic slowdown for the current fiscal year, we identified the adjustment of expected credit losses as a key audit matter. The adjustment of expected credit losses considering the future forecast of these two subsidiaries and the key audit matters are summarized as follows.

(Billions of Yen)	Adjustment of expected credit losses considering the future forecast		The key audit matter	
	2022	2023	2022	2023
Adjustment for the impact of the prolonged COVID-19 pandemic				
SuMi TRUST Bank	16.4	(*1) -	✓	-
Sumitomo Mitsui Trust Panasonic Finance	4.5	(*2) 2.9	✓	-
Adjustment based on the credit risk information in the credit management policy which is revised in light of environmental changes				
SuMi TRUST Bank	-	16.5	-	✓

(\*1) SuMi TRUST Bank determined that the magnitude of the concern had decreased over the deterioration of the future financial performance and cash flow position of its borrowers directly caused by the prolonged COVID-19 pandemic, and did not adjust the expected credit losses for the aforementioned impact.

(\*2) As with the previous fiscal year, Sumitomo Mitsui Trust Panasonic Finance estimated the amount of the adjustment for the impact of the prolonged COVID-19 pandemic, taking into account the continued impact of the deterioration of business performance on some borrowers due to the COVID-19 pandemic.

For the current fiscal year, the plan of the development project for implementation of the overseas accounting system (the "Project") has been changed. As recognition of impairment losses on software in view of the change of the plan involved subjective management judgment, we identified this item as a key audit matter.

During our audit for the current fiscal year, we communicated with the Audit and Supervisory Committee regarding the matters related to the accounting treatment for new investments in the alternative asset portfolio and accounting estimates other than the above (primarily for fair value measurement of financial instruments, retirement benefit obligations, and other impairment losses on fixed assets) and recognition of fees and commissions (real estate brokerage fees and loan fees). However, we determined that none of these matters were subject to the key audit matters, taking into account the probability of misstatements in the consolidated financial statements for the current fiscal year and the quantitative and qualitative impact on them in the event of any misstatement.

Estimates of allowance for loan losses for corporate customers	
The key audit matter	How the matter was addressed in our audit
In the consolidated financial statements of SuMi TRUST Bank allowance for loan losses of ¥129.9 billion was recognized for the current fiscal year. The allowance was provided for the total credit portfolios of ¥33,470.0 billion, most of which was	The primary procedures we performed to assess the reasonableness of the estimates of allowance for loan losses for corporate customers included the following:



comprised of loans and bills discounted of ¥31,810.9 billion, representing a significant portion of the total assets of ¥68,737.9 billion.

**(1) Classification of borrowers**

As described in the Note on “Significant Accounting Policies and Practices, 5. 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, SuMi TRUST Bank 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 based on the determined classification of each borrower.

The vast majority of allowance for loan losses in the consolidated financial statements is for corporate customers of SuMi TRUST Bank. These corporate customers are classified, taking into account qualitative factors, primarily based on the credit rating assigned by the credit risk management system using quantitative information such as financial information on the borrowers.

Specifically, the process of determining the classification of each borrower includes reviewing the borrowers' solvency based on their substantive financial condition, cash flow position and earning capacity, and overall assessment of their business sustainability and future profitability, ability to generate cash flows available for debt repayment, the reasonableness and feasibility of their business improvement plans and supports from other financial institutions, in addition to their industry/sector specific characteristics. This determination involves the subjective judgment of management.

In particular, any changes in the classification of large borrowers (i.e. borrowers for whom material amount of allowance for loan losses may be recognized if their credit risk increases) may have a significant effect on the consolidated financial statements. Accordingly, a higher level of management judgment is required to determine the classification of large borrowers for which significant change in the credit risk is expected due to changes in their business environment as a result of factors such as the recent price hikes and downward pressure on the economy from the global economic slowdown.

**(1) Internal control testing**

In order to test the design and operating effectiveness of certain internal controls of SuMi TRUST Bank related to the estimates of allowance for loan losses, we performed the following procedures with the assistance of our own specialists in credit risk and IT:

- assessment of whether the internal rules for the self-assessment and the write-offs and provisions (including the “Rules for Credit Risk Management” that stipulate the revised credit management policy) were properly maintained;
- evaluation of controls to ensure that the financial information on borrowers entered into the credit risk management system by branches is complete and accurate;
- evaluation of controls within the Risk Management Department relevant to the maintenance and operation of the credit rating determination model;
- evaluation of IT application controls relevant to determining credit ratings using quantitative information in the credit risk management system;
- 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 rules; and
- evaluation of controls in which the reasonableness of any adjustment of expected credit losses is assessed based on the current changes in the economic environment and future outlook at the meetings of top executives.

**(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 order to select large borrowers whose credit risk is expected to deteriorate due to the current changes in the economic environment, 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 the current changes in the economic environment on the future financial performance and cash flow





**(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, SuMi TRUST Bank estimated the impact of the credit risks that had not yet been reflected in the financial information and historical loan-loss ratios of its borrowers and recognized an additional allowance for loan losses of ¥16.5 billion (¥16.4 billion for the previous fiscal year) as a necessary adjustment of expected credit losses in the future, taking into account the effects of the current changes in the economic environment on the future financial performance and cash flow position of its borrowers. For the previous fiscal year, the amount of the adjustment was estimated taking into account the impact of the prolonged COVID-19 pandemic and rising prices of raw materials, whereas for the current fiscal year, it was estimated taking into account the credit risk information in the credit management policy which was revised in light of the environmental changes as a result of factors such as price hikes and downward pressure on the economy from the global economic slowdown.

In the credit management policy, “borrowers who may incur credit costs due to changes in their business environment” are selected and closely monitored. In estimating the amount of allowance for loan losses, expected credit losses in the future are estimated for the credit portfolio of the selected borrowers by using certain assumptions about the degree of future deterioration in credit risks by credit rating and the corresponding change in their credit rating.

As identifying credit portfolios subject to the adjustment of expected credit losses and estimating the impact of the current changes in the economic environment involve a high degree of estimation uncertainty and require subjective management judgment, there may be a material impact on the consolidated financial statements if the assumptions used for the estimates are not appropriate. In particular, since the current economic environment is still undergoing significant changes as described above, a higher level of management judgment was required in estimating the impact of the changes in the economic environment for the current fiscal year.

position of the borrowers and resilience to such impact.

In order to evaluate whether the classification of the corporate customers selected through the above process were appropriately determined, we mainly performed the following procedures, paying attention to the impact of the current changes in the economic environment:

- assessed whether the borrowers were classified in accordance with the internal rules for the self-assessment by inspecting the results of the analysis of financial information on the borrowers, 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 respective information we obtained independently.

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

In assessing the impact of the current changes in the economic environment on allowance for loan losses of SuMi TRUST Bank, we inspected the materials for the meeting bodies in which the additional allowance was discussed and the 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 assumptions regarding the identification of credit portfolios subject to the adjustment of expected credit losses and the extent of future deterioration in credit risks based on the information we obtained and our understanding through the audit procedures described in “(2) Classification of borrowers” above, we:

- inspected the approval documents that finally approved the borrowers requiring close monitoring based on the credit management policy;
- inquired of personnel in the relevant departments (the Credit Supervision Department, Financial Planning Department, and Risk Management Department) of SuMi TRUST Bank;
- inspected external information such as analyst reports; and
- assessed the consistency of key assumptions used in estimating the amount of allowance for



We, therefore, determined that our assessment of the reasonableness of the estimates of allowance for loan losses for corporate customers was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	loan losses with the results of the analysis and information that formed the basis for measuring credit risks within SuMi TRUST Bank's credit risk management.
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**Recognition of impairment losses on software relevant to the development project for implementation of the overseas accounting system**

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated statement of income of SuMi TRUST Bank, an impairment loss of ¥18.1 billion was recognized for the current fiscal year. As described in the Note on “Significant Accounting Estimates, 3” and “Notes to the Consolidated Statement of Income, 5” to the consolidated financial statements, ¥15.9 billion therein arose from the software of certain service lines related to the development project for implementation of a new overseas accounting system (the “Project”), which accounted for a substantial portion of the amount of software capitalized for the Project.</p> <p>In the accounting treatment for impairment losses on non-current assets, whenever there is an impairment indicator for a group of assets, the asset group is required to be tested for impairment. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the decrease in the carrying amount is recognized as an impairment loss.</p> <p>(1) Judgment on an impairment indicator</p> <p>Under the accounting standards, a group of assets with an impairment indicator is required to be identified based on the available information that can be practically obtained in the normal course of business activities. For the system development projects, an impairment indicator is identified if there is deemed to be a change that significantly reduces the recoverable amount of the group of assets due to circumstances such as a cancellation or significant postponement of the development plan, or a significant delay in the plan compared with the original plan.</p> <p>In particular, the large-scale and complex system development plan with a long-term development period is in general quantitatively significant. In addition, if development of the system equipped with the originally designed functionalities fails due to quality issues, there would be a risk that the investment in the capitalized software cannot be recovered.</p> <p>While SuMi TRUST Bank is currently working on the Project to renew the overseas accounting system, during the current fiscal year, it changed the original renewal plan that assumed the implementation of a complete package system currently under development and decided to consider the revised renewal plan that assumed the implementation of alternative systems for each service line. Accordingly, for the current fiscal year, SuMi</p>	<p>In order to assess the appropriateness of impairment losses on the software related to the Project, we performed the following procedures with the assistance of our own IT specialists:</p> <p>(1) <b>Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of SuMi TRUST Bank’s internal controls relevant to identifying an impairment indicator and recognizing impairment losses. In this assessment, we focused our testing on controls in which the identification of an impairment indicator is reviewed at management-level meetings.</p> <p>(2) <b>Judgment on an impairment indicator</b></p> <p>In order to obtain an understanding of the development status of the overseas accounting system and the information relevant to identifying an impairment indicator, we inquired of personnel in the relevant departments of SuMi TRUST Bank engaged in the Project (the IT System Planning &amp; Management Department and the Overseas Business Department) and inspected the materials for the relevant meeting bodies (Board of Directors, Executive Committee, and IT Investment Management Committee).</p> <p>Based on the information we obtained and our understanding through the above procedures, we assessed the appropriateness of the judgment on an impairment indicator for each service line. Specifically, we assessed the appropriateness of the judgment as to whether there were any changes that significantly reduced the recoverable amount during the current fiscal year for each service line.</p> <p>In this assessment, we considered the status of quality issues for each service line and the necessity and economic feasibility of the additional development to address those quality issues.</p> <p>(3) <b>Recognition of impairment losses</b></p> <p>In order to assess whether impairment losses were appropriately recognized, we:</p> <ul style="list-style-type: none"> <li>● compared the investment related to the Project with the supporting documents to confirm that the investment was appropriately aggregated by service line;</li> <li>● assessed whether the indirect costs within the investment related to the Project for multiple service lines were appropriately allocated to relevant service lines in accordance with certain</li> </ul>



TRUST Bank determined that there was an impairment indicator, taking into account the change that was deemed to significantly reduce the recoverable amount of the capitalized software related to the Project for certain service lines, where its future use was abandoned or business continuity with use of it was considered difficult, by grouping individual assets into one asset group.

Judgment on an impairment indicator involves subjective management judgment. If the judgment on an impairment indicator is not appropriately made for each service line related to the software, the consolidated financial statements might be significantly affected.

(2) Recognition of impairment losses

Of the software related to the Project, SuMi TRUST Bank measured the recoverable amount as zero for certain service lines for which an impairment indicator was identified, and recognized the decrease in the carrying amount of ¥15.9 billion as an impairment loss. Accordingly, the financial statements might be significantly affected if the carrying amount for each service line was not appropriately aggregated.

We, therefore, determined that the recognition of impairment losses on the software related to the Project was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

allocation rules; and

- assessed whether impairment losses were appropriately recognized based on the carrying amount of each service line.



### **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 and supervisory 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 and Supervisory 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 and supervisory 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 and supervisory 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.

From the matters communicated with the audit and supervisory 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, 2023 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, 2023

**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.



# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
As of and for the fiscal years ended March 31

Consolidated Statements of Banking Account	Millions of Yen				
	2023	2022	2021	2020	2019
<b>As of the Year-End</b>					
<b>Assets:</b>					
Cash and Due from Banks	¥ 21,522,753	¥ 18,142,775	¥ 18,430,787	¥ 13,087,816	¥ 16,042,864
Securities	6,804,176	7,748,019	6,882,670	6,343,103	5,692,564
Loans and Bills Discounted	31,810,926	30,876,507	30,506,968	29,703,375	29,022,792
Lease Receivables and Investment Assets	688,933	688,141	695,172	673,880	653,447
Tangible Fixed Assets	230,096	231,770	235,430	220,936	219,309
Intangible Fixed Assets	108,362	100,109	85,397	100,915	152,896
Customers' Liabilities for Acceptances and Guarantees	562,523	541,228	511,782	518,811	557,007
Others	7,140,213	6,181,543	5,930,257	5,767,259	4,700,499
Allowance for Loan Losses	(129,998)	(163,369)	(129,223)	(127,205)	(99,770)
<b>Total Assets</b>	<b>¥ 68,737,987</b>	<b>¥ 64,346,726</b>	<b>¥ 63,149,243</b>	<b>¥ 56,288,892</b>	<b>¥ 56,941,609</b>
<b>Liabilities:</b>					
Deposits and Negotiable Certificates of Deposit	¥ 42,937,929	¥ 39,963,734	¥ 40,819,028	¥ 36,706,332	¥ 38,359,319
Acceptances and Guarantees	562,523	541,228	511,782	518,811	557,007
Others	22,769,313	21,493,253	19,476,937	16,851,259	15,525,403
<b>Total Liabilities</b>	<b>¥ 66,269,765</b>	<b>¥ 61,998,216</b>	<b>¥ 60,807,748</b>	<b>¥ 54,076,402</b>	<b>¥ 54,441,730</b>
<b>Net Assets:</b>					
Shareholders' Equity	¥ 2,232,088	¥ 2,114,764	¥ 2,024,588	¥ 1,948,981	¥ 2,041,013
Accumulated Other Comprehensive Income	206,616	205,045	289,269	236,738	424,472
Non-Controlling Interests	29,517	28,699	27,637	26,769	34,393
<b>Total Net Assets</b>	<b>¥ 2,468,222</b>	<b>¥ 2,348,510</b>	<b>¥ 2,341,495</b>	<b>¥ 21,212,489</b>	<b>¥ 2,499,879</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 68,737,987</b>	<b>¥ 64,346,726</b>	<b>¥ 63,149,243</b>	<b>¥ 56,288,892</b>	<b>¥ 56,941,609</b>
<b>For the Year</b>					
<b>Income:</b>					
Trust Fees	¥ 109,721	¥ 110,539	¥ 102,883	¥ 99,816	¥ 100,301
Interest Income	659,022	370,231	362,978	491,762	511,540
Fees and Commissions	323,099	300,637	270,406	313,804	383,437
Trading Income	15,608	13,453	76	102,189	27,926
Other Ordinary Income	468,587	335,885	405,800	348,650	357,080
Other Income	124,297	119,392	151,138	93,529	71,551
<b>Total Income</b>	<b>¥ 1,700,337</b>	<b>¥ 1,250,140</b>	<b>¥ 1,293,283</b>	<b>¥ 1,449,753</b>	<b>¥ 1,451,837</b>
<b>Expenses:</b>					
Interest Expenses	¥ 551,043	¥ 107,883	¥ 137,834	¥ 362,021	¥ 372,068
Fees and Commissions Payments	93,602	92,926	86,836	90,649	109,242
Trading Expenses	5,184	—	33,300	—	—
Other Ordinary Expenses	272,606	291,353	290,111	281,279	250,699
General and Administrative Expenses	388,714	361,104	365,801	385,180	407,483
Other Expenses	138,581	195,012	206,275	115,262	76,810
<b>Total Expenses</b>	<b>¥ 1,449,732</b>	<b>¥ 1,048,281</b>	<b>¥ 1,120,161</b>	<b>¥ 1,234,394</b>	<b>¥ 1,216,303</b>
Income before Income Taxes	¥ 250,605	¥ 201,858	¥ 173,121	¥ 215,358	¥ 235,533
<b>Net Income</b>	<b>¥ 178,676</b>	<b>¥ 150,379</b>	<b>¥ 126,119</b>	<b>¥ 147,678</b>	<b>¥ 165,580</b>
<b>Per Share of Common Stock:</b>					
Net Income per Share of Common Stock	¥ 106.08	¥ 89.11	¥ 74.86	¥ 87.89	¥ 96.47
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,456.34	1,385.34	1,381.78	1,305.26	1,472.33



# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited  
As of and for the fiscal years ended March 31

Non-Consolidated Statements of Banking Account	Millions of Yen				
	2023	2022	2021	2020	2019
<b>As of the Year-End</b>					
<b>Assets:</b>					
Cash and Due from Banks	¥ 21,364,216	¥ 17,925,030	¥ 18,216,321	¥ 12,916,014	¥ 15,831,242
Securities	6,999,285	7,951,169	7,090,335	6,625,035	6,091,898
Loans and Bills Discounted	31,947,351	30,916,363	30,691,618	29,953,513	29,404,142
Tangible Fixed Assets	182,820	184,334	186,717	189,926	195,414
Intangible Fixed Assets	89,534	77,756	58,880	70,937	65,607
Customers' Liabilities for Acceptances and Guarantees	458,822	426,405	383,537	359,757	385,467
Others	5,888,514	5,185,333	4,795,801	4,579,760	3,325,210
Allowance for Loan Losses	(105,798)	(136,300)	(100,846)	(98,191)	(75,211)
<b>Total Assets</b>	<b>¥ 66,824,746</b>	<b>¥ 62,530,092</b>	<b>¥ 61,322,366</b>	<b>¥ 54,596,753</b>	<b>¥ 55,223,770</b>
<b>Liabilities:</b>					
Deposits and Negotiable Certificates of Deposit	¥ 42,658,928	¥ 39,708,369	¥ 40,618,487	¥ 36,650,458	¥ 38,290,404
Acceptances and Guarantees	458,822	426,405	383,537	359,757	385,467
Others	21,579,079	20,344,012	18,270,801	15,569,113	14,276,060
<b>Total Liabilities</b>	<b>¥ 64,696,830</b>	<b>¥ 60,478,786</b>	<b>¥ 59,272,826</b>	<b>¥ 52,579,329</b>	<b>¥ 52,951,932</b>
<b>Net Assets:</b>					
Shareholders' Equity	¥ 1,915,815	¥ 1,807,041	¥ 1,752,055	¥ 1,705,866	¥ 1,829,610
Valuation and Translation Adjustments	212,099	244,263	297,484	311,558	442,227
<b>Total Net Assets</b>	<b>¥ 2,127,915</b>	<b>¥ 2,051,305</b>	<b>¥ 2,049,539</b>	<b>¥ 2,017,424</b>	<b>¥ 2,271,838</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 66,824,746</b>	<b>¥ 62,530,092</b>	<b>¥ 61,322,366</b>	<b>¥ 54,596,753</b>	<b>¥ 55,223,770</b>
<b>For the Year</b>					
<b>Income:</b>					
Trust Fees	¥ 109,721	¥ 110,539	¥ 102,883	¥ 99,816	¥ 100,972
Interest Income	665,844	360,361	345,877	474,575	520,790
Fees and Commissions	213,074	196,351	178,519	185,849	194,143
Trading Income	15,608	13,453	76	102,189	27,926
Other Ordinary Income	203,946	56,215	116,709	94,420	114,934
Other Income	119,454	102,866	139,243	82,349	60,606
<b>Total Income</b>	<b>¥ 1,327,649</b>	<b>¥ 839,787</b>	<b>¥ 883,310</b>	<b>¥ 1,039,201</b>	<b>¥ 1,019,374</b>
<b>Expenses:</b>					
Interest Expenses	¥ 552,582	¥ 104,274	¥ 133,693	¥ 356,435	¥ 366,989
Fees and Commissions Payments	109,382	106,900	99,698	95,322	89,832
Trading Expenses	5,184	—	33,300	—	—
Other Ordinary Expenses	32,847	35,082	25,388	51,868	34,608
General and Administrative Expenses	266,335	250,023	257,905	252,579	239,668
Other Expenses	137,030	194,377	203,658	105,475	83,466
<b>Total Expenses</b>	<b>¥ 1,103,363</b>	<b>¥ 690,659</b>	<b>¥ 753,645</b>	<b>¥ 861,681</b>	<b>¥ 814,564</b>
Income before Income Taxes	¥ 224,286	¥ 149,127	¥ 129,664	¥ 177,519	¥ 204,810
<b>Net Income</b>	<b>¥ 169,135</b>	<b>¥ 113,343</b>	<b>¥ 95,941</b>	<b>¥ 124,706</b>	<b>¥ 148,661</b>
<b>Annual Dividends</b>	<b>¥ 60,383</b>	<b>¥ 49,850</b>	<b>¥ 49,867</b>	<b>¥ 201,461</b>	<b>¥ 121,320</b>
<b>Per Share of Common Stock:</b>					
Net Income per Share of Common Stock	¥ 101.00	¥ 67.68	¥ 57.29	¥ 74.47	¥ 88.77
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,270.74	1,224.99	1,223.94	1,204.76	1,356.69

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
As of and for the fiscal years ended March 31

Statements of Trust Account	Millions of Yen				
	2023	2022	2021	2020	2019
<b>As of the Year-End</b>					
<b>Assets:</b>					
Securities	¥ 846,569	¥ 859,127	¥ 857,610	¥ 1,075,184	¥ 1,253,465
Loans and Bills Discounted	2,154,605	2,131,254	1,804,393	1,543,160	1,445,195
Other	253,224,540	245,225,037	237,184,586	221,806,982	208,651,405
<b>Total Assets</b>	<b>¥ 256,225,715</b>	<b>¥ 248,215,419</b>	<b>¥ 239,846,590</b>	<b>¥ 224,425,327</b>	<b>¥ 211,350,067</b>
<b>Liabilities:</b>					
Money Trusts	¥ 38,420,310	¥ 36,216,311	¥ 34,196,939	¥ 33,415,451	¥ 32,877,994
Pension Trusts	14,043,977	14,525,120	13,107,254	13,023,778	13,113,501
Property Formation Benefit Trusts	18,439	18,820	18,954	19,060	18,865
Other Trusts	203,742,987	197,455,167	192,523,442	177,967,038	165,339,705
<b>Total Liabilities</b>	<b>¥ 256,225,715</b>	<b>¥ 248,215,419</b>	<b>¥ 239,846,590</b>	<b>¥ 224,425,327</b>	<b>¥ 211,350,067</b>

Total Employable Funds (Non-Consolidated)	Millions of Yen				
	2023	2022	2021	2020	2019
<b>As of the Year-End</b>					
Deposits	¥ 42,658,928	¥ 39,708,369	¥ 40,618,487	¥ 36,650,458	¥ 38,290,404
Money Trusts	38,420,310	36,216,311	34,196,939	33,415,451	32,877,994
Pension Trusts	14,043,977	14,525,120	13,107,254	13,023,778	13,113,501
Property Formation Benefit Trusts	18,439	18,820	18,954	19,060	18,865
<b>Total Employable Funds*</b>	<b>¥ 95,141,656</b>	<b>¥ 90,468,620</b>	<b>¥ 87,941,635</b>	<b>¥ 83,108,748</b>	<b>¥ 84,300,766</b>

\* Total Employable Funds represents the total amount of the Deposits in the Banking Account and funds included under the Money Trusts, Pension Trusts, Property Formation Benefit Trusts and Loan Trusts in the Trust Account.

# Consolidated Balance Sheet

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
As of March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Assets:</b>			
Cash and Due from Banks	¥ 21,522,753	¥ 18,142,775	\$ 161,171
Call Loans and Bills Bought	24,006	5,000	180
Receivables under Resale Agreements	110,003	150,741	824
Receivables under Securities Borrowing Transactions	436,093	652,534	3,266
Monetary Claims Bought	970,058	854,093	7,264
Trading Assets (Notes 1 and 2)	1,514,603	967,565	11,342
Money Held in Trust	1,442	1,395	11
Securities (Notes 2 and 4)	6,804,176	7,748,019	50,952
Loans and Bills Discounted (Notes 3, 4 and 5)	31,810,926	30,876,507	238,213
Foreign Exchanges	47,445	29,494	355
Lease Receivables and Investment Assets (Note 4)	688,933	688,141	5,159
Other Assets (Notes 4, 8 and 14)	3,781,008	3,302,723	28,314
Tangible Fixed Assets (Note 6)	230,096	231,770	1,723
Intangible Fixed Assets (Note 7)	108,362	100,109	811
Assets for Retirement Benefits	232,599	192,204	1,742
Deferred Tax Assets	22,951	25,791	172
Customers' Liabilities for Acceptances and Guarantees	562,523	541,228	4,212
Allowance for Loan Losses	(129,998)	(163,369)	(973)
<b>Total Assets</b>	<b>¥ 68,737,987</b>	<b>¥ 64,346,726</b>	<b>\$ 514,737</b>
<b>Liabilities:</b>			
Deposits (Notes 4 and 9)	¥ 35,417,923	¥ 33,271,789	\$ 265,223
Negotiable Certificates of Deposit	7,520,005	6,691,944	56,313
Call Money and Bills Sold	1,912,878	799,524	14,324
Payables under Repurchase Agreements (Note 4)	1,030,780	1,485,033	7,719
Trading Liabilities (Note 1)	1,472,636	906,686	11,028
Borrowed Money (Notes 4 and 10)	6,629,543	7,783,498	49,645
Foreign Exchanges	847	1,275	6
Short-Term Bonds Payable	2,332,377	2,387,553	17,466
Bonds Payable (Note 11)	1,911,760	1,446,604	14,316
Borrowed Money from Trust Account (Note 12)	4,332,472	4,298,827	32,443
Other Liabilities (Notes 13 and 14)	3,019,064	2,279,211	22,608
Provision for Bonuses	12,902	12,668	97
Provision for Directors' Bonuses	95	98	1
Provision for Stocks Payment	810	569	6
Liabilities for Retirement Benefits	11,442	11,380	86
Provision for Reward Points Program	21,282	19,965	159
Provision for Reimbursement of Deposits	3,028	3,626	23
Provision for Contingent Losses	1,344	1,649	10
Deferred Tax Liabilities	73,663	52,690	552
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,381	2,388	18
Acceptances and Guarantees	562,523	541,228	4,212
<b>Total Liabilities</b>	<b>¥ 66,269,765</b>	<b>¥ 61,998,216</b>	<b>\$ 496,254</b>
<b>Net Assets:</b>			
Total Shareholders' Equity:	¥ 2,232,088	¥ 2,114,764	\$ 16,715
Capital Stock	342,037	342,037	2,561
Capital Surplus	342,889	342,853	2,568
Retained Earnings	1,547,162	1,429,874	11,586
Total Accumulated Other Comprehensive Income:	206,616	205,045	1,547
Valuation Differences on Available-for-Sale Securities	269,861	290,154	2,021
Deferred Gains (Losses) on Hedges	(47,792)	(41,661)	(358)
Revaluation Reserve for Land (Note 6)	(4,479)	(4,456)	(34)
Foreign Currency Translation Adjustments	12,202	3,713	91
Remeasurements of Defined Benefit Plans	(23,175)	(42,703)	(174)
Non-Controlling Interests	29,517	28,699	221
<b>Total Net Assets</b>	<b>¥ 2,468,222</b>	<b>¥ 2,348,510</b>	<b>\$ 18,483</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 68,737,987</b>	<b>¥ 64,346,726</b>	<b>\$ 514,737</b>
	Yen		U.S. Dollars
<b>Net Assets per Share of Common Stock</b>	<b>¥ 1,456.34</b>	<b>¥ 1,385.34</b>	<b>\$ 10.91</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 ¥133.54 to U.S. \$1.00, the exchange rate as of March 31, 2023.

# Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Income:</b>			
Trust Fees (Note 1)	¥ 109,721	¥ 110,539	\$ 822
Interest Income:	659,022	370,231	4,935
Interest on Loans and Discounts	425,715	260,871	3,188
Interest and Dividends on Securities	137,153	92,296	1,027
Interest on Call Loans and Bills Bought	1,316	685	10
Interest on Deposits with Banks	71,061	12,199	532
Other Interest Income (Note 2)	23,775	4,179	178
Fees and Commissions (Note 1)	323,099	300,637	2,419
Trading Income (Note 3)	15,608	13,453	117
Other Ordinary Income (Note 4)	468,587	335,885	3,509
Other Income (Note 5)	124,297	119,392	931
<b>Total Income</b>	<b>¥ 1,700,337</b>	<b>¥ 1,250,140</b>	<b>\$ 12,733</b>
<b>Expenses:</b>			
Interest Expenses:	¥ 551,043	¥ 107,883	\$ 4,126
Interest on Deposits	171,880	29,848	1,287
Interest on Negotiable Certificates of Deposit	139,247	6,787	1,043
Interest on Call Money and Bills Sold	1,202	481	9
Interest on Payables under Repurchase Agreements	32,286	1,665	242
Interest on Borrowings	20,525	11,200	154
Interest on Short-Term Bonds	55,767	3,271	418
Interest on Bonds	22,514	9,971	169
Other Interest Expenses (Note 2)	107,619	44,658	806
Fees and Commissions Payments	93,602	92,926	701
Trading Expenses (Note 3)	5,184	—	39
Other Ordinary Expenses (Note 4)	272,606	291,353	2,041
General and Administrative Expenses (Note 6)	388,714	361,104	2,911
Other Expenses (Note 5)	138,581	195,012	1,038
<b>Total Expenses</b>	<b>¥ 1,449,732</b>	<b>¥ 1,048,281</b>	<b>\$ 10,856</b>
<b>Income before Income Taxes</b>	<b>¥ 250,605</b>	<b>¥ 201,858</b>	<b>\$ 1,877</b>
Income Taxes:	71,928	51,479	539
Current	45,358	48,285	340
Deferred	26,569	3,194	199
<b>Net Income</b>	<b>¥ 178,676</b>	<b>¥ 150,379</b>	<b>\$ 1,338</b>
Net Income Attributable to Non-Controlling Interests	1,027	1,155	8
<b>Net Income Attributable to Owners of the Parent</b>	<b>¥ 177,649</b>	<b>¥ 149,223</b>	<b>\$ 1,330</b>
	Yen		U.S. Dollars
	2023	2022	2023
<b>Net Income per Share of Common Stock</b>	<b>¥ 106.08</b>	<b>¥ 89.11</b>	<b>\$ 0.79</b>

See accompanying notes.

# Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Net Income</b>	<b>¥ 178,676</b>	<b>¥ 150,379</b>	<b>\$ 1,338</b>
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	(18,588)	(50,031)	(139)
Deferred Gains (Losses) on Hedges	(7,174)	1,142	(54)
Foreign Currency Translation Adjustments	6,089	3,058	46
Remeasurements of Defined Benefit Plans	19,510	(38,219)	146
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	1,998	515	15
<b>Total Other Comprehensive Income (Loss) (Note)</b>	<b>¥ 1,835</b>	<b>¥ (83,534)</b>	<b>\$ 14</b>
<b>Comprehensive Income:</b>	<b>¥ 180,512</b>	<b>¥ 66,845</b>	<b>\$ 1,352</b>
Comprehensive Income Attributable to Owners of the Parent	179,241	65,439	1,342
Comprehensive Income Attributable to Non-Controlling Interests	1,270	1,405	10

See accompanying notes.

# Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 and 2022

From April 1, 2022 to March 31, 2023

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 342,853	¥ 1,429,874	¥ 2,114,764
Changes during the Year				
Cash Dividends			(60,383)	(60,383)
Net Income Attributable to Owners of the Parent			177,649	177,649
Purchase of Shares of Consolidated Subsidiaries		36		36
Reversal of Revaluation Reserve for Land			22	22
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	36	117,287	117,324
Balance at the End of the Year	¥ 342,037	¥ 342,889	¥ 1,547,162	¥ 2,232,088

	Millions of Yen							
	Accumulated Other Comprehensive Income						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	¥ 290,154	¥ (41,661)	¥ (4,456)	¥ 3,713	¥ (42,703)	¥ 205,045	¥ 28,699	¥ 2,348,510
Changes during the Year								
Cash Dividends								(60,383)
Net Income Attributable to Owners of the Parent								177,649
Purchase of Shares of Consolidated Subsidiaries								36
Reversal of Revaluation Reserve for Land								22
Net Changes of Items Other Than Shareholders' Equity	(20,292)	(6,131)	(22)	8,488	19,527	1,570	817	2,387
Total Changes during the Year	(20,292)	(6,131)	(22)	8,488	19,527	1,570	817	119,711
Balance at the End of the Year	¥ 269,861	¥ (47,792)	¥ (4,479)	¥ 12,202	¥ (23,175)	¥ 206,616	¥ 29,517	¥ 2,468,222

See accompanying notes.



From April 1, 2021 to March 31, 2022

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 342,853	¥ 1,339,698	¥ 2,024,588
Cumulative Effects of Changes in Accounting Policies			(9,636)	(9,636)
Restated Balance	342,037	342,853	1,330,061	2,014,951
Changes during the Year				
Cash Dividends			(49,850)	(49,850)
Net Income Attributable to Owners of the Parent			149,223	149,223
Purchase of Shares of Consolidated Subsidiaries				—
Reversal of Revaluation Reserve for Land			439	439
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	—	99,812	99,812
Balance at the End of the Year	¥ 342,037	¥ 342,853	¥ 1,429,874	¥ 2,114,764

	Millions of Yen							
	Accumulated Other Comprehensive Income						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	¥ 345,053	¥ (44,836)	¥ (4,016)	¥ (2,452)	¥ (4,477)	¥ 289,269		¥ 2,341,495
Cumulative Effects of Changes in Accounting Policies							(0)	(9,636)
Restated Balance	345,053	(44,836)	(4,016)	(2,452)	(4,477)	289,269	27,636	2,331,858
Changes during the Year								
Cash Dividends								(49,850)
Net Income Attributable to Owners of the Parent								149,223
Purchase of Shares of Consolidated Subsidiaries								—
Reversal of Revaluation Reserve for Land								439
Net Changes of Items Other Than Shareholders' Equity	(54,899)	3,174	(439)	6,166	(38,225)	(84,224)	1,062	(83,161)
Total Changes during the Year	(54,899)	3,174	(439)	6,166	(38,225)	(84,224)	1,062	16,651
Balance at the End of the Year	¥ 290,154	¥ (41,661)	¥ (4,456)	¥ 3,713	¥ (42,703)	¥ 205,045	¥ 28,699	¥ 2,348,510

See accompanying notes.

From April 1, 2022 to March 31, 2023

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	\$ 2,561	\$ 2,567	\$ 10,707	\$ 15,836
Changes during the Year				
Cash Dividends			(452)	(452)
Net Income Attributable to Owners of the Parent			1,330	1,330
Purchase of Shares of Consolidated Subsidiaries		0		0
Reversal of Revaluation Reserve for Land			0	0
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	0	878	879
Balance at the End of the Year	\$ 2,561	\$ 2,568	\$ 11,586	\$ 16,715

	Millions of U.S. Dollars							
	Accumulated Other Comprehensive Income						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	\$ 2,173	\$ (312)	\$ (33)	\$ 28	\$ (320)	\$ 1,535	\$ 215	\$ 17,587
Changes during the Year								
Cash Dividends								(452)
Net Income Attributable to Owners of the Parent								1,330
Purchase of Shares of Consolidated Subsidiaries								0
Reversal of Revaluation Reserve for Land								0
Net Changes of Items Other Than Shareholders' Equity	(152)	(46)	(0)	64	146	12	6	18
Total Changes during the Year	(152)	(46)	(0)	64	146	12	6	896
Balance at the End of the Year	\$ 2,021	\$ (358)	\$ (34)	\$ 91	\$ (174)	\$ 1,547	\$ 221	\$ 18,483

See accompanying notes.

# Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
For the fiscal years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Cash Flows from Operating Activities:</b>			
Income before Income Taxes	¥ 250,605	¥ 201,858	\$ 1,877
Depreciation and Amortization	30,151	29,209	226
Impairment Losses	18,187	1,468	136
Amortization of Goodwill	4,499	4,399	34
Equity in Losses (Earnings) of Affiliated Companies	(15,764)	(13,647)	(118)
Increase (Decrease) in Allowance for Loan Losses	(33,371)	34,145	(250)
Increase (Decrease) in Provision for Bonuses	233	643	2
Increase (Decrease) in Provision for Directors' Bonuses	(2)	(4)	(0)
Increase (Decrease) in Provision for Stocks Payment	240	152	2
Decrease (Increase) in Assets for Retirement Benefits	(36,615)	40,205	(274)
Increase (Decrease) in Liabilities for Retirement Benefits	59	(457)	0
Increase (Decrease) in Provision for Reward Points Program	1,317	1,019	10
Increase (Decrease) in Provision for Reimbursement of Deposits	(598)	(511)	(4)
Increase (Decrease) in Provision for Contingent Losses	(305)	15	(2)
Interest Income	(659,022)	(370,231)	(4,935)
Interest Expenses	551,043	107,883	4,126
Loss (Gain) Related to Securities	15,416	55,268	115
Loss (Gain) on Money Held in Trust	(87)	(74)	(1)
Foreign Exchange Losses (Gains)	(157,440)	(182,426)	(1,179)
Loss (Gain) on Disposal of Fixed Assets	920	336	7
Net Decrease (Increase) in Trading Assets	(547,037)	(11,844)	(4,096)
Net Increase (Decrease) in Trading Liabilities	565,949	57,088	4,238
Net Decrease (Increase) in Loans and Bills Discounted	(934,418)	(369,539)	(6,997)
Net Increase (Decrease) in Deposits	2,146,133	(222,643)	16,071
Net Increase (Decrease) in Negotiable Certificates of Deposit	828,061	(632,650)	6,201
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(1,113,954)	1,415,895	(8,342)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	59,878	(800,096)	448
Net Decrease (Increase) in Call Loans	(94,520)	51,543	(708)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	216,441	75,155	1,621
Net Increase (Decrease) in Call Money	659,101	595,441	4,936
Net Decrease (Increase) in Foreign Exchange-Assets	(17,951)	(4,098)	(134)
Net Increase (Decrease) in Foreign Exchange-Liabilities	(427)	698	(3)
Net Decrease (Increase) in Lease Receivables and Investment Assets	(791)	7,031	(6)
Net Increase (Decrease) in Short-Term Bonds Payable	(55,175)	(157,495)	(413)
Increase (Decrease) in Straight Bonds-Issuance and Redemption	521,255	552,497	3,903
Net Increase (Decrease) in Borrowed Money from Trust Account	33,645	(616,380)	252
Interest Received	623,655	369,004	4,670
Interest Paid	(505,791)	(104,607)	(3,788)
Other, Net	262,713	(261,731)	1,967
Subtotal	¥ 2,616,229	¥ (147,481)	\$ 19,591
Income Taxes (Paid) Refunded	(59,857)	(37,605)	(448)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ 2,556,372</b>	<b>¥ (185,086)</b>	<b>\$ 19,143</b>

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥ (5,121,656)	¥ (9,168,630)	\$ (38,353)
Proceeds from Sales of Securities	1,916,907	4,220,006	14,355
Proceeds from Redemption of Securities	4,202,493	4,158,323	31,470
Purchase of Tangible Fixed Assets	(8,455)	(8,447)	(63)
Proceeds from Sales of Tangible Fixed Assets	356	1,950	3
Purchase of Intangible Fixed Assets	(51,484)	(39,714)	(386)
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(1,207)	(8,606)	(9)
Proceeds from Shares of Affiliated Companies Accounted for Using the Equity Method	23,636	102	177
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ 960,590</b>	<b>¥ (845,015)</b>	<b>\$ 7,193</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from Subordinated Borrowings	¥ 20,000	¥ 25,000	\$ 150
Repayments of Subordinated Borrowings	(60,000)	(50,000)	(449)
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(56,100)	(41,500)	(420)
Proceeds from Share Issuance to Non-Controlling Shareholders	40	—	0
Cash Dividends Paid	(60,383)	(49,850)	(452)
Cash Dividends Paid to Non-Controlling Interests	(456)	(342)	(3)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (156,900)</b>	<b>¥ (116,693)</b>	<b>\$ (1,175)</b>
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ 79,794	¥ 58,686	\$ 598
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ 3,439,856</b>	<b>¥ (1,088,109)</b>	<b>\$ 25,759</b>
Cash and Cash Equivalents at the Beginning of the Year	¥ 15,653,061	¥ 16,741,171	\$ 117,216
<b>Cash and Cash Equivalents at the End of the Year (Note)</b>	<b>¥ 19,092,918</b>	<b>¥ 15,653,061</b>	<b>\$ 142,975</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 Bank, Limited ("SuMi TRUST Bank") and its consolidated subsidiaries (together, "SuMi TRUST Bank 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 Bank 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 Bank 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 ¥133.54 to U.S. \$1, the approximate rate of exchange as of March 31, 2023. 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, 2023:

38 companies

Principal Companies:

Sumitomo Mitsui Trust Loan & Finance Co., Ltd.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Sumitomo Mitsui Trust Realty Co., Ltd.

Sumitomo Mitsui Trust Club Co., Ltd.

Sumitomo Mitsui Trust and Bank (U.S.A.) Limited

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

Japan Extensive Infrastructure, Limited is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2023.

STB Finance Cayman Limited is excluded from the scope

of consolidation effective from the fiscal year ended March 31, 2023, due to liquidation.

(2) Unconsolidated Subsidiaries

Principal Companies:

Cattleya Co., Ltd.

Apollo Aligned Alternatives (C-2), 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.

Apollo Aligned Alternatives (C-2), 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 Bank's interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's 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:

19 companies

Principal Companies:

SBI Sumishin Net Bank, Ltd.

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

MFA, Inc. is included in the scope of application of the equity method effective from the fiscal year ended March 31, 2023, due to the acquisition of its shares.

Yuryo Loan Co., Ltd. and three other companies are excluded from the scope of the application of the equity method effective from the fiscal year ended March 31, 2023, as the influence of SuMi TRUST Bank has decreased.

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

Principal Companies:

Cattleya Co., Ltd.

Apollo Aligned Alternatives (C-2), L.P.

Cattleya Co., Ltd. and 10 other companies are excluded from the scope of 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.

Apollo Aligned Alternatives (C-2), 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 Bank's interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's 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:	4 companies
March 31:	26 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, 2023, 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, 2023 and 2022.

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 Bank 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 that are 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 Bank 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

SuMi TRUST Bank records 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 or three years, which is calculated based on the average historical loan-loss ratios or bankruptcy ratios during a certain period on the basis of historical loan-losses or bankrupt losses over the past one or three years, with adjustments for 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 consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan loss ratios, etc. 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 ¥18,210 million (U.S. \$136 million) and ¥23,943 million as of March 31, 2023 and 2022, 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 Bank for the estimated stock-based payments to directors under a stock-based 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**

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 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, 2023, 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:** In principle, the full amount of past service cost is charged to profit or loss in the fiscal year they occur.

**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 Bank Group's main revenues from contracts with customers are "Trust Fees" and "Fees and Commissions" such as asset 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 as follows based on the respective economic conditions. The amount of consideration for transactions is generally received within approximately six months after satisfying performance obligations and does not include significant financing components.

Trust fees and asset administration fees are recorded mainly in the "Investor Services Business," and "Retail Business." The SuMi TRUST Bank Group is obligated to perform asset administrative services in accordance with the terms of trust agreements and various contracts. The SuMi TRUST Bank 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 "Wholesale Business." The SuMi TRUST Bank Group is obligated to perform shareholder registry management services and the like in accordance with the agreement on the entrustment of management of the shareholder registry and the like. The SuMi TRUST Bank 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 Business." The SuMi TRUST Bank 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 Business." The SuMi TRUST Bank 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 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 those for 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 currency-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 currency-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 currency-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

For SuMi TRUST Bank, the balance of "Cash and Cash Equivalents" in the consolidated statement of cash flows is equivalent to the balance of cash and due from the Bank of Japan under "Cash and Due from Banks" presented in

the consolidated balance sheet. For the consolidated subsidiaries, 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.

(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 Group Tax Sharing System

SuMi TRUST Bank adopts the group tax sharing system.

(21) Adoption of Accounting Treatment and Disclosure Under Group Tax Sharing System

SuMi TRUST Bank has shifted from the consolidated taxation system to the group tax sharing system effective from the current fiscal year. In accordance with this change, the treatment of accounting and disclosure of corporate taxes, local corporate taxes, and tax effect accounting under the group tax sharing system are in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No.42, August 12, 2021, "ASBJ PITF No.42"). In accordance with Paragraph 32 (1) of ASBJ PITF No.42, the change in accounting policy resulting from the adoption of ASBJ PITF No.42 is not expected to have any effect on the consolidated financial statements.

## 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, 2023 and 2022:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Allowance for Loan Losses	¥ 129,998	¥ 163,369	\$ 973

(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 standard for allowances for loan losses for each classification is 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 or bankruptcy ratios during a certain period on the basis of historical loan losses or bankruptcy 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 ratios, etc. 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

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, etc. of the borrowers and make necessary adjustments to expected future credit losses, considering the impact of the changes in the current economic environment on the future business performance and funding of borrowers.

(Fiscal year ended March 31, 2022)

SuMi TRUST Bank identified industries that may have been affected by downturn of business performance due to the spread of COVID-19 and the international situation surrounding Ukraine, and other factors. An "additional allowance for loan losses based on the method considering

future forecast ("special allowance") has been recognized for certain credits in the industries.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., identified industries that may have been affected by the downturn of business performance due to the spread of COVID-19. Special allowance is recognized for certain credits in the industry by estimating the credit losses expected in the future, assuming that internal ratings would be downgraded to some extent depending on the degree of prospects for recovery.

(Fiscal year ended March 31, 2023)

SuMi TRUST Bank determined that concerns over worsening future business performance and funding of its borrowers directly caused by COVID-19 and the international situation surrounding Ukraine, and other factors have diminished.

On the other hand, in the current economic environment, there are signs of economic slowdown overseas, mainly in Europe and the United States, due to high inflation and monetary tightening. In Japan, rising prices are weighing on personal consumption. The financial markets are also in a phase of great change, with expanding yield volatility on 10-year government bonds and the dollar-yen exchange rate.

Against the backdrop of the significant changes in the economic environment described above, we are reconsidering our credit management policy for credit risk management. Based on this, SuMi TRUST Bank selects "borrowers that contain the possibility of incurring credit cost due to changes in the business environment," and strengthens monitoring of such borrowers.

Considering this, SuMi TRUST Bank reconsidered the credit risk applicable to the special allowance and recorded a special allowance for the credits of the above-mentioned borrowers to reflect credit risk not yet reflected in the financial information and historical loan loss ratios, etc. of the borrowers.

The specific calculation methods are as follows.

1. Predict the future transition of internal ratings based on quantitative information, etc., assuming the degree of deterioration in future credit risk for each internal rating of selected borrowers.
2. Recognize special allowance by estimating credit losses expected in the future, assuming the transition of internal rating as described above.

On the other hand, 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,

2022, since its business and borrowers have different attributes and that some of its borrowers are still suffering the effects of deteriorating business performance due to the spread of COVID-19.

The special allowance recorded based on the above is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Adjustments for the impact of the prolonged outbreak of COVID-19</b>			
SuMi TRUST Bank	¥ — (*)	¥ 16,481	\$ — (*)
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	2,963	4,541	22
<b>Adjustments based on the credit risk information in the credit management policy which is revised in light of environmental changes</b>			
SuMi TRUST Bank	16,539	—	124
<b>Total</b>	<b>¥ 19,503</b>	<b>¥ 21,022</b>	<b>\$ 146</b>

(\*)SuMi TRUST Bank has determined that concerns over deterioration of the future business performance and funding of borrowers, which are directly caused mainly by the prolonged epidemic of COVID-19, have diminished; therefore, no adjustments were made to the expected credit losses as a result of this impact.

There is a high level of uncertainty around 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, 2023 and 2022:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Retirement Benefit Obligations	¥ 379,639	¥ 421,543	\$ 2,843

The amounts of assets for retirement benefits and liabilities for retirement benefits recognized in the consolidated financial statements for the fiscal year ended March 31, 2023 were ¥232,599 million (U.S. \$1,741 million) and ¥11,442 million (U.S. \$85 million), respectively. The net amount of ¥221,156 million (U.S. \$1,656 million) was calculated by deducting plan assets of ¥600,796 million (U.S. \$4,498 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥368,196 million (U.S. \$2,757 million) and ¥11,442 million (U.S. \$85 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 1.2%	3.6%

SuMi TRUST Bank, which accounts for 94.8% of asset retirement obligations of SuMi TRUST Bank 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) above 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	¥2,100 million increase	¥27,489 million increase
0.5% increase	¥1,884 million decrease	¥24,504 million decrease
Expected long-term rate of return on plan assets:		
0.5% decrease	¥2,953 million increase	—
0.5% increase	¥2,953 million decrease	—

## 3. Impairment of Fixed Assets

(1) The Amount Recorded in the Consolidated Financial Statements During the Fiscal Year Ended March 31, 2023

SuMi TRUST Bank has been proceeding with a development project aimed at introducing a new accounting system



for overseas components (the “System”) for the purpose of maintaining and expanding overseas businesses. However, SuMi TRUST Bank has decided to change the renewal plan that assumes the introduction of the comprehensive package system currently under development, and to consider a new renewal plan that assumes the introduction of an alternative system for each service line. SuMi TRUST Bank has determined that some service lines of the System are abandoned or expected to have no use in the future because it is difficult to continue operations with the System.

SuMi TRUST Bank has considered that there are impairment loss indicators as the decision falls under (2) Identification of Impairment Indicators described below, “when there is a change in the usage for the asset group that significantly reduces the recoverable amount.”

As a result, some service lines of the System are expected to have no use in the future; therefore, the recoverable amount is zero, and an impairment loss of ¥15,904 million (U.S. \$ 119 million) was recorded for the carrying amounts of the software in the target business areas, which occupy the majority of the development of the System.

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

(Identification of Impairment Indicators)

SuMi TRUST Bank identifies an impairment indicator when an asset group falls under any of the following criteria. For assets that are not expected to be used, individual assets are subject to assessment:

- When gains and losses or cash flow from operating activities continues to be negative, or is expected to continue to be negative;
- When there is a change in the usage for the asset group that significantly reduced the recoverable amount;
- When the business environment in relation to the asset group has significantly deteriorated or is expected to deteriorate; and
- When the market price of the asset group declines significantly.

(Recognition and Measurement of Impairment Losses)

For asset groups with indications of impairment, SuMi TRUST Bank determines whether impairment losses should be recognized by comparing the total undiscounted future cash flows with the asset's carrying amount. If the total amount of the cash flows is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized.

## Changes in Accounting Policies

### Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

SuMi TRUST Bank has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No.31, June 17, 2021, hereinafter referred to as the “Guidance for Application of Fair Value Measurement”) since the beginning of the current fiscal year ended March 31, 2023. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Guidance for Application of Fair Value Measurement, SuMi TRUST Bank has applied the new accounting policy stipulated by the Guidance for Application of Fair Value Measurement prospectively. Thus, some of the investment trusts, which were previously stated at the acquisition cost on the consolidated balance sheet, are now measured at fair value based on factors, such as the net asset value.

As a result, Securities, Valuation Differences on Available-for-Sale Securities, and Deferred Tax Liabilities as of March 31, 2023, increased by ¥7,590 million, ¥5,266 million, and ¥2,324 million, respectively. The effect of this change on per share information for the current fiscal year ended March 31, 2023, is immaterial.

Information on investment trusts for the fiscal year ended March 31, 2022, is not presented in “Fair Values of Financial Instruments and Breakdown by Input Level” in the note for “Financial Instruments” in accordance with the measures specified in Paragraph 27-3 of the Guidance for Application of Fair Value Measurement.

### New Accounting Standards and Interpretations Not Yet Adopted

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

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overviews

The above standards and guidance provide the treatments for classification of income taxes when taxed on other comprehensive income and the tax effect on sales of shares of subsidiaries, etc. when the Group tax sharing system is applied.

## (2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2025.

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

SuMi TRUST Bank is currently in the process of determining the effects of these new standards and guidance on the consolidated financial statements.

## Notes to the Consolidated Balance Sheet

### 1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Securities in Trading Account	¥ 2,904	¥ 5,018	\$ 22
Derivatives of Trading Securities	14	47	0
Derivatives of Securities Related to Trading Transactions	880	25	7
Trading-Related Financial Derivatives	1,447,810	954,675	10,842
Other Trading Assets	62,992	7,799	472
<b>Total</b>	<b>¥ 1,514,603</b>	<b>¥ 967,565</b>	<b>\$11,342</b>

(2) Trading liabilities as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Derivatives of Securities Related to Trading Transactions	¥ 20	¥ 617	\$ 0
Trading-Related Financial Derivatives	1,472,616	906,069	11,028
<b>Total</b>	<b>¥ 1,472,636</b>	<b>¥ 906,686</b>	<b>\$11,028</b>

### 2. Securities

Securities held as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Government Bonds	¥ 1,549,273	¥ 2,839,688	\$ 11,602
Local Government Bonds	38,117	33,919	285
Corporate Bonds	722,507	730,020	5,410
Stocks	1,259,099	1,411,918	9,429
Other Securities	3,235,177	2,732,472	24,226
<b>Total</b>	<b>¥ 6,804,176</b>	<b>¥ 7,748,019</b>	<b>\$ 50,952</b>

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Stocks	¥ 116,836	¥ 133,672	\$ 875
Equity Investments	215,635	25,839	1,615

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Securities that are Further Collateralized	¥ 111,102	¥ 149,251	\$ 832
Securities that are Further Loaned	750,675	1,069,208	5,621
Securities Held without Selling or Repledging as of the End of the Fiscal Year	—	662	—

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 ¥64,346 million (U.S. \$481 million) and ¥65,058 million as of March 31, 2023 and 2022, respectively.

### 3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Bills Discounted	¥ 504	¥ 451	\$ 4
Loans on Bills	183,976	170,626	1,378
Loans on Deeds	30,005,242	29,142,560	224,691
Overdrafts	1,621,203	1,562,868	12,140
<b>Total</b>	<b>¥ 31,810,926</b>	<b>¥ 30,876,507</b>	<b>\$ 238,213</b>

Bills discounted are treated as financial transactions in accordance with Guidance No. 24. SuMi TRUST Bank has a right to freely sell or (re)pledge such commercial bills. The total face value of these bills amounted to ¥504 million (U.S. \$4 million) and ¥451 million as of March 31, 2023 and 2022, respectively.

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
	2023	2022	2023
Bankrupt and Practically Bankrupt Loans	¥ 11,383	¥ 20,585	\$ 85
Doubtful Loans	97,246	130,069	728
Loans Past Due Three Months or More	—	—	—
Restructured Loans	43,335	69,474	325
<b>Total</b>	<b>¥ 151,965</b>	<b>¥ 220,130</b>	<b>\$ 1,138</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.

#### 4. Assets Pledged

Assets pledged as collateral as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Assets Pledged as Collateral:</b>			
Securities	¥ 2,070,297	¥ 3,365,225	\$ 15,503
Loans and Bills Discounted	4,698,263	4,728,724	35,182
Lease Receivables and Investment Assets	46,602	54,956	349
Other Assets	34,323	60,425	257
<b>Total</b>	<b>¥ 6,849,487</b>	<b>¥ 8,209,331</b>	<b>\$ 51,292</b>
<b>Corresponding Liabilities to Assets Pledged as Collateral:</b>			
Deposits	¥ 16,561	¥ 21,788	\$ 124
Payables under Repurchase Agreements	485,939	527,313	3,639
Borrowed Money	4,521,315	5,739,492	33,857

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
	2023	2022	2023
Securities	¥ 382,875	¥ 499,469	\$ 2,867

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Initial Margins of Futures Markets	¥ 58,868	¥ 71,040	\$ 441
Security Deposits	22,729	26,767	170
Cash Collateral Pledged for Financial Instruments-Assets	967,493	1,025,240	7,245

## 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 ¥13,541,015 million (U.S. \$101,400 million) and ¥12,762,371 million, of which ¥8,791,731 million (U.S. \$65,835 million) and ¥8,563,906 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2023 and 2022, respectively.

The balance of unused credit will not necessarily affect the future cash flows of SuMi TRUST Bank and its consolidated

subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing SuMi TRUST Bank and its consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changes in 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 Bank 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, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Land	¥ 138,786	¥ 139,303	\$ 1,039
Buildings	70,397	72,062	527
Lease Assets	4,665	4,772	35
Construction in Progress	525	110	4
Other	15,721	15,520	118
<b>Total</b>	<b>¥ 230,096</b>	<b>¥ 231,770</b>	<b>\$ 1,723</b>

Accumulated depreciation amounted to ¥186,677 million (U.S. \$1,398 million) and ¥179,823 million, and advance depreciation amounted to ¥27,780 million (U.S. \$208 million) and ¥27,780 million as of March 31, 2023 and 2022, 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, 1998 and 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, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Software	¥ 96,554	¥ 83,911	\$ 723
Goodwill	8,079	12,478	61
Other	3,729	3,719	28
<b>Total</b>	<b>¥108,362</b>	<b>¥ 100,109</b>	<b>\$ 811</b>

## 8. Other Assets

Other assets as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Domestic Exchange Settlement Account, Debit	¥ 862	¥ 1,029	\$ 6
Prepaid Expenses	7,587	6,535	57
Accrued Income	155,945	122,573	1,168
Initial Margins of Futures Markets	58,868	71,040	441
Variation Margins of Futures Markets	4,090	—	31
Financial Derivatives Other Than Trading Assets	1,739,276	1,500,702	13,024
Receivables for Securities Transactions	213,860	85,353	1,601
Cash Collateral Pledged for Financial Instruments-Assets	967,493	1,025,240	7,245
Other	633,023	490,248	4,740
<b>Total</b>	<b>¥ 3,781,008</b>	<b>¥ 3,302,723</b>	<b>\$ 28,314</b>

## 9. Deposits

Deposits as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	¥ 10,813,306	¥ 9,517,128	\$ 80,974
Time Deposits	23,612,454	22,959,755	176,819
Other	992,162	794,906	7,430
<b>Total</b>	<b>¥ 35,417,923</b>	<b>¥ 33,271,789</b>	<b>\$ 265,223</b>

(Unaudited information) In the event of receivership, winding up proceedings or equivalent proceedings of the bank, Japanese law does not require our bank to confer lower priority to depositors of the foreign offices of our bank, vis-à-vis our home country depositors in the repayment of deposits.

## 10. Borrowed Money

Borrowed money as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Subordinated Borrowings	¥ 605,000	¥ 645,000	\$ 4,530
Other Borrowed Money	6,024,543	7,138,498	45,114
<b>Total</b>	<b>¥ 6,629,543</b>	<b>¥ 7,783,498</b>	<b>\$ 49,645</b>

Weighted average interest rates on borrowed money were 0.48% and 0.18% for the fiscal years ended March 31, 2023 and 2022, respectively.

Annual maturities of borrowed money as of March 31, 2023, for the next five years are as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
2024	¥ 1,370,513	\$ 10,263
2025	2,510,428	18,799
2026	1,340,939	10,041
2027	104,322	781
2028	194,526	1,457
<b>Total</b>	<b>¥ 5,520,729</b>	<b>\$ 41,341</b>

## 11. Bonds Payable

Bonds payable as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Perpetual Subordinated Bonds	¥ —	¥ 16,100	\$ —
Subordinated Bonds	72,997	112,996	547
Other Bonds Payable	1,838,763	1,317,508	13,769
<b>Total</b>	<b>¥ 1,911,760</b>	<b>¥ 1,446,604</b>	<b>\$ 14,316</b>



Annual maturities of bonds payable as of March 31, 2023, for the next five years are as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
2024	¥ 2,833,248	\$ 21,216
2025	292,080	2,187
2026	480,620	3,599
2027	334,925	2,508
2028	292,740	2,192
<b>Total</b>	<b>¥ 4,233,613</b>	<b>\$ 31,703</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, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Domestic Exchange Settlement Account, Credit	¥ 723	¥ 841	\$ 5
Income Taxes Payable	11,914	10,268	89
Accrued Expenses	111,812	63,724	837
Unearned Income	88,444	90,857	662
Variation Margins of Futures Markets	1,875	7,414	14
Financial Derivatives Other Than Trading Liabilities	1,932,401	1,571,382	14,471
Lease Obligations	12,930	12,606	97
Asset Retirement Obligations	3,678	3,727	28
Payables for Securities Transactions	209,650	65,626	1,570
Provision for Loss on Interest Repayment	38	39	0
Cash Collateral Accepted for Financial Instruments-Liabilities	450,879	240,455	3,376
Other	194,715	212,267	1,458
<b>Total</b>	<b>¥ 3,019,064</b>	<b>¥ 2,279,211</b>	<b>\$ 22,608</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 Fiscal Year Ended March 31, 2023 and 2022."

### 2. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Interest on Monetary Claims Bought	¥ 2,495	¥ 2,438	\$ 19
Others	21,279	1,741	159
<b>Total</b>	<b>¥ 23,775</b>	<b>¥ 4,179</b>	<b>\$ 178</b>

(2) Other interest expenses for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Interest on Interest Rate Swaps	¥ 85,031	¥ 22,553	\$ 637
Others	22,587	22,105	169
<b>Total</b>	<b>¥ 107,619</b>	<b>¥ 44,658</b>	<b>\$ 806</b>

### 3. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net Income from Trading Securities and Derivatives	¥ —	¥ 268	\$ —
Net Income from Trading Transactions	15,548	812	116
Net Income from Trading-Related Financial Derivatives Transactions	—	12,315	—
Other Trading Income	60	57	0
<b>Total</b>	<b>¥ 15,608</b>	<b>¥ 13,453</b>	<b>\$ 117</b>

(2) Trading expenses for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net Expenses on Trading Securities and Derivatives	¥ 149	¥ —	\$ 1
Net Expenses on Trading-Related Financial Derivatives Transactions	5,035	—	38
<b>Total</b>	<b>¥ 5,184</b>	<b>¥ —</b>	<b>\$ 39</b>

#### 4. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net Gains on Foreign Exchange Transactions	¥ 201,285	¥ 22,476	\$ 1,507
Gains on Sales and Redemption of Bonds	3,495	14,757	26
Net Income from Derivatives Other Than for Trading or Hedging	1,053	19,091	8
Others	262,754	279,559	1,968
<b>Total</b>	<b>¥ 468,587</b>	<b>¥ 335,885</b>	<b>\$ 3,509</b>

(2) Other ordinary expenses for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Losses on Sales and Redemption of Bonds	¥ 29,499	¥ 32,574	\$ 221
Others	243,107	258,779	1,820
<b>Total</b>	<b>¥ 272,606</b>	<b>¥ 291,353</b>	<b>\$ 2,041</b>

#### 5. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Gains on Sales of Stocks and Other Securities	¥ 89,955	¥ 94,956	\$ 674
Gains on Money Held in Trust	87	74	1
Recoveries of Written-Off Claims	1,123	1,633	8
Equity in Earnings of Affiliated Companies	15,764	13,647	118
Gains on Disposal of Fixed Assets	312	444	2
Others	17,053	8,635	128
<b>Total</b>	<b>¥ 124,297</b>	<b>¥ 119,392</b>	<b>\$ 931</b>

(Note) In the fiscal year ended March 31, 2023, "Others" include gains on sales of investments in subsidiaries and affiliated companies (stocks) of ¥4,667 million (U.S. \$35 million).

(2) Other expenses for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Provision for Allowance for Loan Losses	¥ 1,547	¥ 37,688	\$ 12
Losses on Sales of Loans	—	5	—
Write-Off of Loans	9,742	5,461	73
Losses on Sales of Stocks and Other Securities	83,337	130,580	624
Losses on Impairment of Stocks and Other Securities	696	1,827	5
Losses on Disposal of Fixed Assets	1,232	780	9
Losses on Impairment of Fixed Assets	18,187	1,468	136
Losses on Investment in Partnerships	9,731	4,770	73
Others	14,106	12,429	106
<b>Total</b>	<b>¥ 138,581</b>	<b>¥ 195,012</b>	<b>\$ 1,038</b>

(Note) For the purpose of maintaining and expanding overseas business, SuMi TRUST Bank has been proceeding with a development project aimed at introducing a new accounting system for overseas components (the "System"). However, SuMi TRUST Bank has decided to change the renewal plan that assumes the introduction of the comprehensive package system currently under development, and to consider a new renewal plan that assumes the introduction of an alternative system for each business area.

Regarding the System developed so far, impairment losses are recorded for the business areas in which the use of the system has been abandoned or deemed difficult to continue operations through its use, as the investment amount is not expected to be recovered.

The impairment losses recognized as a result of the above were ¥15,904 million (U.S. \$119 million) for software, and the entire impairment losses including those were ¥18,187 million (U.S. \$136 million), which include impairment losses of tangible fixed assets of ¥222 million (U.S. \$2 million) and those of software of ¥17,964 million (U.S. \$135 million).

The recoverable amounts of the software described above are measured at zero as it is not expected to be used in the future. For assets that are not expected to be used, individual assets are considered as one group.

## 6. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Taxes Other Than Income Taxes	¥ 13,397	¥ 12,852	\$ 100
Personnel Expenses	176,616	165,469	1,323
Others	198,700	182,782	1,488
<b>Total</b>	<b>¥ 388,714</b>	<b>¥ 361,104</b>	<b>\$ 2,911</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, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (47,389)	¥ (126,145)	\$ (355)
Reclassification Adjustments	20,632	56,774	155
Before Tax Effects	(26,756)	(69,371)	(200)
Tax Effects	8,168	19,340	61
Valuation Difference on Available-for-Sale Securities	(18,588)	(50,031)	(139)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(36,318)	(20,914)	(272)
Reclassification Adjustments	25,960	22,553	194
Before Tax Effects	(10,358)	1,639	(78)
Tax Effects	3,183	(496)	24
Deferred Gains (Losses) on Hedges	(7,174)	1,142	(54)
Foreign Currency Translation Adjustments:			
Changes during the Period	6,089	3,224	46
Reclassification Adjustments	(0)	(165)	(0)
Before Tax Effects	6,089	3,058	46
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	6,089	3,058	46
Remeasurements of Defined Benefit Plans:			
Changes during the Period	24,302	(55,834)	182
Reclassification Adjustments	3,823	1,077	29
Before Tax Effects	28,126	(54,757)	211
Tax Effects	(8,615)	16,537	(65)
Remeasurements of Defined Benefit Plans	19,510	(38,219)	146
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	(444)	542	(3)
Reclassification Adjustments	2,443	(27)	18
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	1,998	515	15
Total Other Comprehensive Income (Loss)	¥ 1,835	¥ (83,534)	\$ 14

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

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

Classes and the number of issued shares of common stock for the fiscal years ended March 31, 2023 and 2022, 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, 2023					
Number of Issued Shares:					
Common Share	3,000,000	1,674,537	—	—	1,674,537

	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	3,000,000	1,674,537	—	—	1,674,537

### 2. Subscription Rights to Shares

There were no subscription rights to shares for the fiscal years ended March 31, 2023 and 2022.

### 3. Dividends

Dividends paid for the fiscal years ended March 31, 2023 and 2022, consisted of the following:

As for the fiscal year ended March 31, 2023:

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	¥ 23,594 (\$177)	Retained Earnings	¥ 14.09 (\$0.11)	March 31, 2022	June 24, 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)		
November 11, 2022						
Board of Directors' Meeting	Common Share	¥ 36,789 (\$275)	Retained Earnings	¥ 21.97 (\$0.16)	September 30, 2022	December 1, 2022

Dividends with a record date during the fiscal year ended March 31, 2023, but whose effective date is after March 31, 2023, 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, 2023						
Ordinary General Meeting of Shareholders	Common Share	¥ 31,330 (\$235)	Retained Earnings	¥ 18.71 (\$0.14)	March 31, 2023	June 26, 2023



As for the fiscal year ended March 31, 2022:

Resolution	Type of Shares	Cash Dividends Declared Millions of Yen	Dividend Resources	Cash Dividends per Share Yen	Record Date	Effective Date
June 23, 2021						
Ordinary General Meeting of Shareholders	Common Share	¥ 19,843 (\$149)	Retained Earnings	¥ 11.85 (\$0.09)	March 31, 2021	June 24, 2021

Resolution	Type of Shares	Cash Dividends Declared Millions of Yen	Dividend Resources	Cash Dividends per Share Yen	Record Date	Effective Date
November 11, 2021						
Board of Directors' Meeting	Common Share	¥ 30,007 (\$225)	Retained Earnings	¥ 17.92 (\$0.13)	September 30, 2021	December 1, 2021

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 Millions of Yen	Dividend Resources	Cash Dividends per Share Yen	Record Date	Effective Date
June 23, 2022						
Ordinary General Meeting of Shareholders	Common Share	¥ 23,594 (\$177)	Retained Earnings	¥ 14.09 (\$0.11)	March 31, 2022	June 24, 2022

## 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, 2023 and 2022.

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Cash and Due from Banks	¥ 21,522,753	¥ 18,142,775	\$ 161,171
Due from Banks (Excluding Due from the Bank of Japan)	(2,429,835)	(2,489,713)	(18,196)
<b>Cash and Cash Equivalents</b>	<b>¥ 19,092,918</b>	<b>¥ 15,653,061</b>	<b>\$ 142,975</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

Tangible fixed assets

Mainly branch buildings and office equipment

#### 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, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Due in One Year or Less	¥ 2,142	¥ 2,608	\$ 16
Due in More Than One Year	10,748	9,618	80
<b>Total</b>	<b>¥ 12,890</b>	<b>¥ 12,226</b>	<b>\$ 97</b>

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Due in One Year or Less	¥ 8,625	¥ 4,612	\$ 65
Due in More Than One Year	38,960	31,904	292
<b>Total</b>	<b>¥ 47,586</b>	<b>¥ 36,517</b>	<b>\$ 356</b>

## Financial Instruments

### 1. Circumstances of Financial Instruments

#### (1) Policy on Financial Instruments

SuMi TRUST Bank 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 Bank 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 Bank 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 Bank 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 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank Group, SuMi TRUST Bank 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 Bank 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 Bank 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, 2023, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥9.1 billion (U.S. \$68 million).

SuMi TRUST Bank 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, 2023, resulted in zero instances where actual losses were in excess of VaR; therefore, SuMi TRUST Bank 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 Bank 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, 2023, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥750.2 billion (U.S. \$5,618 million).

SuMi TRUST Bank 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 Bank 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 Bank Group when the Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

(a) Funding liquidity risks management policy

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

(Note) The above ALM Committee has been changed to the Finance Committee due to organizational changes effective April 1, 2023.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Calculation of financial instruments 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 sheet and fair values of financial instruments as of March 31, 2023 and 2022, as well as the differences between these values and fair values by input level are presented below.

The amounts shown in the following table do not include equity securities with no market prices and investments in partnerships (See 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 at the lowest priority level of fair value measurement in which each input belongs.

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

	Millions of Yen				Millions of U.S. Dollars			
	Mar. 31, 2023				Mar. 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	¥ —	¥ 129,295	¥ —	¥ 129,295	\$ —	\$ 968	\$ —	\$ 968
Trading Assets								
Trading Securities	2,799	63,097	—	65,897	21	473	—	493
Money Held in Trust	1,342	—	—	1,342	10	—	—	10
Securities								
Available-for-Sale Securities	3,178,308	2,710,358	1,292	5,889,959	23,800	20,296	10	44,106
Stocks	1,072,628	—	—	1,072,628	8,032	—	—	8,032
Bonds	1,431,999	744,932	1,292	2,178,224	10,723	5,578	10	16,311
Government Bonds	1,431,999	—	—	1,431,999	10,723	—	—	10,723
Local Government Bonds	—	38,117	—	38,117	—	285	—	285
Short-Term Bonds Payable	—	—	—	—	—	—	—	—
Corporate Bonds	—	706,815	1,292	708,107	—	5,293	10	5,303
Other Securities	673,680	1,965,425	—	2,639,105	5,045	14,718	—	19,763
Foreign Stocks	4,171	—	—	4,171	31	—	—	31
Foreign Bonds	655,198	1,163,873	—	1,819,071	4,906	8,716	—	13,622
Others	14,310	801,552	—	815,862	107	6,002	—	6,109
Total Assets	¥ 3,182,450	¥ 2,902,751	¥ 1,292	¥ 6,086,494	\$ 23,831	\$ 21,737	\$ 10	\$ 45,578
Derivative Transactions (*1)(*2)(*3)								
Interest Rate Related								
Transactions	¥ 1,838	¥ (106,856)	¥ 2,768	¥ (102,249)	\$ 14	\$ (800)	\$ 21	\$ (766)
Currency Related Transactions	—	(110,134)	—	(110,134)	—	(825)	—	(825)
Stock Related Transactions	(87)	—	—	(87)	(1)	—	—	(1)
Bond Related Transactions	(3,975)	(270)	—	(4,246)	(30)	(2)	—	(32)
Credit and								
Derivative Transactions	—	(338)	—	(338)	—	(3)	—	(3)
Total Derivative Transactions	¥ (2,223)	¥ (217,600)	¥ 2,768	¥ (217,055)	\$ (17)	\$ (1,629)	\$ 21	\$ (1,625)

(\*1) Derivatives transactions recorded in "Trading Assets" and "Trading Liabilities" or in "Other Assets" and "Other Liabilities" are presented collectively. Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(\*2) As for derivative transactions applying hedge accounting, ¥(165,728) million (U.S. \$(1,421) million) is recorded on the consolidated balance sheets as of March 31, 2023.

(\*3) 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, 2022			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	¥ —	¥ 128,794	¥ —	¥ 128,794
Trading Assets				
Trading Securities	4,908	7,909	—	12,817
Money Held in Trust	1,295	—	—	1,295
Securities				
Available-for-Sale Securities	4,493,704	1,789,540	2,130	6,285,375
Stocks	1,209,310	—	—	1,209,310
Bonds	2,722,035	747,409	2,130	3,471,575
Government Bonds	2,722,035	—	—	2,722,035
Local Government Bonds	—	33,919	—	33,919
Short-Term Bonds Payable	—	—	—	—
Corporate Bonds	—	713,489	2,130	715,620
Other Securities	562,358	1,042,130	—	1,604,489
Foreign Stocks	4,793	—	—	4,793
Foreign Bonds	556,467	1,042,130	—	1,598,598
Others	1,097	—	—	1,097
Total Assets	¥ 4,499,908	¥ 1,926,244	¥ 2,130	¥ 6,428,283
Derivative Transactions (*2)(*3)(*4)				
Interest Rate Related				
Transactions	¥ 828	¥ (83,990)	¥ 1,173	¥ (81,988)
Currency Related Transactions	—	56,484	—	56,484
Stock Related Transactions	(1,098)	—	—	(1,098)
Bond Related Transactions	6,256	47	—	6,303
Credit and				
Derivative Transactions	—	(2,319)	—	(2,319)
Total Derivative Transactions	¥ 5,985	¥ (29,778)	¥ 1,173	¥ (22,619)

(\*1) The amounts of investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31, July 4, 2019) are not included in the table above. The amount of such investment trusts on the consolidated balance sheets includes financial assets of ¥855,840 million as of March 31, 2022.

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

(\*3) As for derivative transactions applying hedge accounting, ¥(173,870) 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.

## (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, 2023						
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Difference	
Monetary Claims Bought (*)	¥ —	¥ 40,281	¥ 800,687	¥ 840,969	¥ 840,501	¥ 467	
Securities							
Held-to-Maturity Securities	128,041	140,893	—	268,935	259,213	9,721	
Government Bonds	128,041	—	—	128,041	117,274	10,767	
Local Government Bonds	—	—	—	—	—	—	
Short-Term Bonds Payable	—	—	—	—	—	—	
Corporate Bonds	—	14,526	—	14,526	14,400	126	
Other Securities	—	126,366	—	126,366	127,539	(1,172)	
Foreign Bonds	—	126,366	—	126,366	127,539	(1,172)	
Others	—	—	—	—	—	—	
Loans and Bills Discounted					31,810,926		
Allowance for Loan Losses (*)					(115,952)		
	—	—	31,888,015	31,888,015	31,694,973	193,041	
Lease Receivables and Investment Assets (*)	—	—	692,032	692,032	683,446	8,585	
Total Assets	¥ 128,041	¥ 181,175	¥ 33,380,734	¥ 33,689,951	¥ 33,478,135	¥ 211,816	
Deposits	¥ —	¥ 35,433,130	¥ —	¥ 35,433,130	¥ 35,417,923	¥ 15,206	
Negotiable Certificates of Deposit	—	7,520,005	—	7,520,005	7,520,005	—	
Borrowed Money	—	6,568,204	—	6,568,204	6,629,543	(61,338)	
Bonds Payable	—	1,864,552	—	1,864,552	1,911,760	(47,207)	
Total Liabilities	¥ —	¥ 51,385,893	¥ —	¥ 51,385,893	¥ 51,479,233	¥ (93,339)	

(\*) 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, 2022						
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Difference	
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	¥ —	¥ 33,286,909	¥ —	¥ 33,286,909	¥ 33,271,789	¥ 15,119	
Negotiable Certificates of Deposit	—	6,691,944	—	6,691,944	6,691,944	—	
Borrowed Money	—	7,763,328	—	7,763,328	7,783,498	(20,169)	
Bonds Payable	—	1,412,698	—	1,412,698	1,446,604	(33,905)	
Total Liabilities	¥ —	¥ 49,154,881	¥ —	¥ 49,154,881	¥ 49,193,836	¥ (38,955)	

(\*) 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, 2023					
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Difference
Monetary Claims Bought (*)	\$ —	\$ 302	\$ 5,996	\$ 6,298	\$ 6,294	\$ 3
Securities						
Held-to-Maturity Securities	959	1,055	—	2,014	1,941	73
Government Bonds	959	—	—	959	878	81
Local Government Bonds	—	—	—	—	—	—
Short-Term Bonds Payable	—	—	—	—	—	—
Corporate Bonds	—	109	—	109	108	1
Other Securities	—	946	—	946	955	(9)
Foreign Bonds	—	946	—	946	955	(9)
Others	—	—	—	—	—	—
Loans and Bills Discounted					238,213	
Allowance for Loan Losses (*)					(868)	
	—	—	238,790	238,790	237,344	1,446
Lease Receivables and Investment Assets (*)	—	—	5,182	5,182	5,118	64
Total Assets	\$ 959	\$ 1,357	\$ 249,968	\$ 252,284	\$ 250,697	\$ 1,586
Deposits	\$ —	\$ 265,337	\$ —	\$ 265,337	\$ 265,223	\$ 114
Negotiable Certificates of Deposit	—	56,313	—	56,313	56,313	—
Borrowed Money	—	49,185	—	49,185	49,645	(459)
Bonds Payable	—	13,963	—	13,963	14,316	(354)
Total Liabilities	\$ —	\$ 384,798	\$ —	\$ 384,798	\$ 385,497	\$ (699)

(\*) 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 mainly classified into Level 1 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.

Fair values of listed investment trusts and funds are stated at quoted market prices and primarily classified into Level 1 based on the level of market activity. Investment trusts and funds for which no market transaction prices are available, including privately placed investment trusts, are stated at fair value based on factors, such as the net asset value, if there are no significant restrictions on the cancellation or repurchase request that would require market participants to pay for the risk, and are primarily classified into 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 bankrupt borrowers, virtually bankrupt borrowers, and possibly bankrupt borrowers, 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 interest rate adjusted for the residual term and credit risk. 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 interest rate adjusted for the residual term and credit risk. 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 Bank. 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) 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

		Mar. 31, 2023	
	Valuation technique	Significant unobservable inputs	Range
Securities			
Corporate Bonds	Discounted present value method	Discount Rate	1.1%
Derivative Transactions			
Interest Rate Related Transactions	Option valuation model	Correlation between interest rate and foreign exchange rate	(40.0)% - (3.5)%
		Correlation between interest rates	6.5%



Mar. 31, 2022			
	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, 2023, are as follows:

Millions of Yen								
Mar. 31, 2023								
	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	¥ 2,130	¥ —	¥ 262	¥ (1,100)	¥ —	¥ —	¥ 1,292	¥ —
Derivative Transactions (Interest Rate Related Transactions) (*4)	1,173	1,595	—	—	—	—	2,768	1,595

(\*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.

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

(\*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 current 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.

	Millions of U.S. Dollars							
	Mar. 31, 2023							
	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	\$ 16	\$ —	\$ 2	\$ (8)	\$ —	\$ —	\$ 10	\$ —
Derivative Transactions (Interest Rate Related Transactions) (*4)	9	12	—	—	—	—	21	12

(\*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 Bank 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 Yen	Millions of U.S. Dollars
	Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2023
Equity Securities with No Market Prices, etc. (*1)(*3)	¥ 81,203	¥ 79,506	\$ 608
Investments in Partnership, etc. (*2)(*3)	241,425	174,373	1,808

(\*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 24-16 of the "Guidance for Application of Fair Value Measurement".

(\*3) Impairment losses of ¥489 million (U.S. \$4 million) and ¥334 million were recognized against Unlisted Stocks and others as of March 31, 2023 and 2022, respectively, and those of ¥0 million (U.S. \$0 million) were recognized against Investments in Partnership, etc. as of March 31, 2023.

(Note4) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2023 and 2022

	Millions of Yen					
March 31, 2023	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	¥ 21,455,307	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	24,006	—	—	—	—	—
Receivables under Resale Agreements	110,003	—	—	—	—	—
Receivables under Securities Borrowing Transactions	436,093	—	—	—	—	—
Monetary Claims Bought (*1)	829,379	19,440	3,398	1,419	1,386	114,972
Money Held in Trust	1,342	100	—	—	—	—
Securities	1,041,103	1,249,918	1,041,077	426,041	497,354	682,598
Held-to-Maturity Debt Securities	—	5,410	20,000	40,000	67,018	124,570
Government Bonds	—	60	20,000	40,000	55,000	—
Corporate Bonds	—	—	—	—	—	14,400
Available-for-Sale Securities with Maturity	1,041,103	1,244,508	1,021,077	386,041	430,335	558,028
Government Bonds	350,628	605,477	460,000	—	—	15,000
Local Government Bonds	1,675	8,008	9,296	4,954	14,639	—
Corporate Bonds	55,754	259,901	208,777	65,601	87,390	29,078
Loans and Bills Discounted (*2)	4,772,709	6,825,891	4,373,913	2,638,392	2,417,897	8,091,073
Lease Receivables and Investment Assets (*3)	167,691	272,176	128,213	45,186	43,147	8,846
<b>Total</b>	<b>¥ 28,837,637</b>	<b>¥ 8,367,527</b>	<b>¥ 5,546,602</b>	<b>¥ 3,111,041</b>	<b>¥ 2,959,784</b>	<b>¥ 8,897,491</b>

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	¥ 18,066,966	¥ —	¥ —	¥ —	¥ —	¥ —
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	—	1,395	—	—	—	—
Securities	2,456,707	1,088,284	907,993	351,704	403,077	796,255
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	2,456,707	1,088,224	902,505	311,704	335,734	719,739
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>¥ 26,875,275</b>	<b>¥ 7,665,352</b>	<b>¥ 5,428,609</b>	<b>¥ 2,977,614</b>	<b>¥ 2,824,011</b>	<b>¥ 9,000,615</b>

March 31, 2023	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	\$ 160,666	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	180	—	—	—	—	—
Receivables under Resale Agreements	824	—	—	—	—	—
Receivables under Securities Borrowing Transactions	3,266	—	—	—	—	—
Monetary Claims Bought (*1)	6,211	146	25	11	10	861
Money Held in Trust	10	1	—	—	—	—
Securities	7,796	9,360	7,796	3,190	3,724	5,112
Held-to-Maturity Debt Securities	—	41	150	300	502	933
Government Bonds	—	0	150	300	412	—
Corporate Bonds	—	—	—	—	—	108
Available-for-Sale Securities with Maturity	7,796	9,319	7,646	2,891	3,223	4,179
Government Bonds	2,626	4,534	3,445	—	—	112
Local Government Bonds	13	60	70	37	110	—
Corporate Bonds	418	1,946	1,563	491	654	218
Loans and Bills Discounted (*2)	35,740	51,115	32,754	19,757	18,106	60,589
Lease Receivables and Investment Assets (*3)	1,256	2,038	960	338	323	66
<b>Total</b>	<b>\$ 215,948</b>	<b>\$ 62,659</b>	<b>\$ 41,535</b>	<b>\$ 23,297</b>	<b>\$ 22,164</b>	<b>\$ 66,628</b>

(\*1) The balances exclude Monetary Claims Bought for bankrupt borrowers, virtually bankrupt borrowers, and possibly bankrupt borrowers that are not expected to be collected, amounting to ¥23 million (U.S. \$0.2 million) and ¥24 million as of March 31, 2023 and 2022, respectively.

(\*2) The balances exclude Loans and Bills Discounted for bankrupt borrowers, virtually bankrupt borrowers, and possibly bankrupt borrowers that are not expected to be collected, amounting to ¥101,179 million (U.S. \$758 million) and ¥142,058 million, and those without maturity, amounting to ¥2,589,868 million (U.S. \$19,394 million) and ¥2,362,662 million as of March 31, 2023 and 2022, respectively.

(\*3) The balances exclude Lease Receivables and Investment Assets for bankrupt borrowers, virtually bankrupt borrowers, and possibly bankrupt borrowers that are not expected to be collected, amounting to ¥725 million (U.S. \$5 million) and ¥678 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥22,946 million (U.S. \$172 million) and ¥22,065 million as of March 31, 2023 and 2022, respectively.

## (Note 5) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2023 and 2022

March 31, 2023	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)	¥ 27,918,138	¥ 5,548,181	¥ 1,948,251	¥ 2,225	¥ 1,126	¥ —
Negotiable Certificates of Deposit	7,415,005	105,000	—	—	—	—
Call Money and Bills Sold	1,912,878	—	—	—	—	—
Payables under Repurchase Agreements	1,030,780	—	—	—	—	—
Borrowed Money (*2)	1,370,513	3,851,367	298,848	260,623	182,310	395,879
Short-Term Bonds Payable	2,339,243	—	—	—	—	—
Bonds Payable (*3)	494,005	772,700	627,665	10,000	8,000	—
Borrowed Money from Trust Account	4,332,472	—	—	—	—	—
<b>Total</b>	<b>¥ 46,813,037</b>	<b>¥ 10,277,249</b>	<b>¥ 2,874,765</b>	<b>¥ 272,848</b>	<b>¥ 191,437</b>	<b>¥ 395,879</b>

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)	¥ 25,394,331	¥ 5,699,782	¥ 2,175,496	¥ 2,128	¥ 50	¥ —
Negotiable Certificates of Deposit	6,636,944	55,000	—	—	—	—
Call Money and Bills Sold	799,524	—	—	—	—	—
Payables under Repurchase Agreements	1,485,033	—	—	—	—	—
Borrowed Money (*2)	1,872,544	3,331,699	1,338,578	412,356	185,253	373,065
Short-Term Bonds Payable	2,388,495	—	—	—	—	—
Bonds Payable (*3)	70,000	727,495	513,355	120,000	—	—
Borrowed Money from Trust Account	4,298,827	—	—	—	—	—
<b>Total</b>	<b>¥ 42,945,701</b>	<b>¥ 9,813,976</b>	<b>¥ 4,027,430</b>	<b>¥ 534,484</b>	<b>¥ 185,304</b>	<b>¥ 373,065</b>

March 31, 2023	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)	\$ 209,062	\$ 41,547	\$ 14,589	\$ 17	\$ 8	\$ —
Negotiable Certificates of Deposit	55,526	786	—	—	—	—
Call Money and Bills Sold	14,324	—	—	—	—	—
Payables under Repurchase Agreements	7,719	—	—	—	—	—
Borrowed Money (*2)	10,263	28,841	2,238	1,952	1,365	2,964
Short-Term Bonds Payable	17,517	—	—	—	—	—
Bonds Payable (*3)	3,699	5,786	4,700	75	60	—
Borrowed Money from Trust Account	32,443	—	—	—	—	—
<b>Total</b>	<b>\$ 350,554</b>	<b>\$ 76,960</b>	<b>\$ 21,527</b>	<b>\$ 2,043</b>	<b>\$ 1,434</b>	<b>\$ 2,964</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 debts without maturity, amounting to ¥270,000 million (U.S. \$2,022 million) and ¥270,000 million as of March 31, 2023 and 2022, respectively.

(\*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥16,100 million as of March 31, 2022.

## 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
	2023	2022	2023
Trading Securities	¥ (16)	¥ (33)	\$ (0)

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

March 31, 2023	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 117,274	¥ 128,041	¥ 10,767
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	14,400	14,526	126
Other Bonds	62,716	63,033	317
Foreign Bonds	22,710	22,751	41
Others	40,005	40,281	276
Subtotal	194,390	205,602	11,211
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	104,828	103,614	(1,213)
Foreign Bonds	104,828	103,614	(1,213)
Others	—	—	—
Subtotal	104,828	103,614	(1,213)
<b>Total</b>	<b>¥ 299,219</b>	<b>¥ 309,217</b>	<b>¥ 9,997</b>

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, 2023	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	\$ 878	\$ 959	\$ 81
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	108	109	1
Other Bonds	470	472	2
Foreign Bonds	170	170	0
Others	300	302	2
Subtotal	1,456	1,540	84
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	\$ —	\$ —	\$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	785	776	(9)
Foreign Bonds	785	776	(9)
Others	—	—	—
Subtotal	785	776	(9)
<b>Total</b>	<b>\$ 2,241</b>	<b>\$ 2,316</b>	<b>\$ 75</b>



### 3. Available-for-Sale Securities

March 31, 2023	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,029,290	¥ 422,361	¥ 606,928
Bonds	1,058,025	1,054,667	3,358
Government Bonds	569,703	569,548	154
Local Government Bonds	5,113	5,095	18
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	483,208	480,023	3,185
Other Securities	568,582	544,071	24,511
Foreign Stocks	4,171	365	3,806
Foreign Bonds	270,713	267,397	3,315
Others	293,698	276,308	17,389
Subtotal	2,655,898	2,021,100	634,798
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 43,338	¥ 50,336	¥ (6,997)
Bonds	1,120,199	1,123,921	(3,722)
Government Bonds	862,296	863,965	(1,668)
Local Government Bonds	33,003	33,477	(473)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	224,899	226,479	(1,580)
Other Securities	2,199,818	2,433,878	(234,060)
Foreign Stocks	—	—	—
Foreign Bonds	1,548,358	1,582,560	(34,201)
Others	651,459	851,317	(199,858)
Subtotal	3,363,356	3,608,136	(244,780)
<b>Total</b>	<b>¥ 6,019,254</b>	<b>¥ 5,629,236</b>	<b>¥ 390,017</b>

March 31, 2022	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,147,241	¥ 448,916	¥ 698,324
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	599,341	582,649	16,692
Foreign Stocks	3,971	211	3,760
Foreign Bonds	426,787	422,930	3,857
Others	168,582	159,507	9,074
Subtotal	3,329,605	2,611,884	717,720
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 62,069	¥ 74,530	¥ (12,461)
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	1,937,534	2,206,591	(269,056)
Foreign Stocks	821	1,472	(650)
Foreign Bonds	1,171,810	1,194,570	(22,759)
Others	764,902	1,010,548	(245,646)
Subtotal	3,888,157	4,185,798	(297,640)
<b>Total</b>	<b>¥ 7,217,762</b>	<b>¥ 6,797,682</b>	<b>¥ 420,079</b>

March 31, 2023	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	\$ 7,708	\$ 3,163	\$ 4,545
Bonds	7,923	7,898	25
Government Bonds	4,266	4,265	1
Local Government Bonds	38	38	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,618	3,595	24
Other Securities	4,258	4,074	184
Foreign Stocks	31	3	29
Foreign Bonds	2,027	2,002	25
Others	2,199	2,069	130
Subtotal	19,888	15,135	4,754
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	\$ 325	\$ 377	\$ (52)
Bonds	8,388	8,416	(28)
Government Bonds	6,457	6,470	(12)
Local Government Bonds	247	251	(4)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,684	1,696	(12)
Other Securities	16,473	18,226	(1,753)
Foreign Stocks	—	—	—
Foreign Bonds	11,595	11,851	(256)
Others	4,878	6,375	(1,497)
Subtotal	25,186	27,019	(1,833)
<b>Total</b>	<b>\$ 45,075</b>	<b>\$ 42,154</b>	<b>\$ 2,921</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, 2023 and 2022.

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

Year Ended March 31, 2023	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 138,300	¥ 87,647	¥ 945
Bonds	692,606	1,233	6,930
Government Bonds	686,723	1,221	6,925
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	5,883	11	4
Other Securities	1,265,362	4,569	105,730
Foreign Stocks	1,998	—	1,102
Foreign Bonds	856,979	2,262	23,339
Others	406,384	2,307	81,288
<b>Total</b>	<b>¥ 2,096,270</b>	<b>¥ 93,450</b>	<b>¥ 113,607</b>

Year Ended March 31, 2022	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 142,168	¥ 92,105	¥ 2,388
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	3,013,050	16,205	159,156
Foreign Stocks	675	19	67
Foreign Bonds	2,595,705	13,353	30,964
Others	416,669	2,831	128,125
<b>Total</b>	<b>¥ 4,160,660</b>	<b>¥ 109,708</b>	<b>¥ 163,154</b>

Year Ended March 31, 2023	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	\$ 1,036	\$ 656	\$ 7
Bonds	5,187	9	52
Government Bonds	5,142	9	52
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	44	0	0
Other Securities	9,476	34	792
Foreign Stocks	15	—	8
Foreign Bonds	6,417	17	175
Others	3,043	17	609
<b>Total</b>	<b>\$ 15,698</b>	<b>\$ 700</b>	<b>\$ 851</b>

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

## 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, 2023 and 2022.

## 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, 2023 and 2022, were ¥131 million

(U.S. \$1 million) and ¥1,232 million, respectively. Impairment losses on Others recognized during the fiscal year ended March 31, 2023 and 2022, were ¥75 million (U.S. \$1 million) and ¥260 million, respectively.

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

There was no money held in trust for trading purposes for the fiscal years ended March 31, 2023 and 2022.

### 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, 2023 and 2022.

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

March 31, 2023	Millions of Yen				
	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,442	¥ 993	¥ 449	¥ 449	¥ —

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, 2023	Millions of U.S. Dollars				
	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	\$ 11	\$ 7	\$ 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
	2023	2022	2023
Valuation Differences			
Available-for-Sale Securities	¥ 396,409	¥ 423,182	\$ 2,968
Other Money Held in Trust	449	406	3
Total Valuation Differences	396,859	423,588	2,972
Amount Equivalent to Deferred Tax Assets (Liabilities)	(122,176)	(130,316)	(915)
Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	274,683	293,271	2,057
Non-Controlling Interests	(336)	(244)	(3)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	(4,484)	(2,872)	(34)
Valuation Differences on Available-for-Sale Securities	¥ 269,861	¥ 290,154	\$ 2,021

(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 difference of ¥6,416 million (U.S. \$48 million) and ¥3,086 million on available-for-sale securities composing assets held by associated companies as of March 31, 2023 and 2022, respectively, is 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, 2023 and 2022, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 9,003,059	¥ 794,563	¥ (3,783)	¥ (3,783)	\$ 67,418	\$ 5,950	\$ (28)	\$ (28)
Purchased	8,874,767	813,150	5,678	5,678	66,458	6,089	43	43
Interest Options								
Sold	577,110	—	(245)	4	4,322	—	(2)	0
Purchased	388,859	—	189	(6)	2,912	—	1	(0)
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	54,749,386	46,204,255	(1,763,800)	(1,763,800)	409,985	345,996	(13,208)	(13,208)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	48,862,617	41,954,510	1,740,379	1,740,379	365,902	314,172	13,033	13,033
Floating Interest Rate Receivable/ Floating Interest Rate Payable	12,976,843	10,842,019	(4,321)	(4,321)	97,176	81,189	(32)	(32)
Interest Options								
Sold	9,569,663	9,531,770	(32,155)	(28,435)	71,661	71,378	(241)	(213)
Purchased	7,268,885	7,268,785	35,787	33,349	54,432	54,432	268	250
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (22,271)	¥ (20,935)			\$ (167)	\$ (157)



	Millions of Yen			
	2022		Fair Value	Valuation Difference
	Notional Amount			
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 17,325,091	¥ 8,676,986	¥ 74,776	¥ 74,776
Purchased	16,430,494	8,676,986	(73,948)	(73,948)
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)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	40,152,154	35,263,350	241,623	241,623
Floating Interest Rate Receivable/ Floating Interest Rate Payable	33,764,109	13,413,149	(6,670)	(6,670)
Interest Options				
Sold	9,558,634	9,548,395	(42,455)	(35,522)
Purchased	7,006,095	6,965,830	33,369	30,634
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (47,364)	¥ (43,167)

(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, 2023 and 2022, consist of the following:

	Millions of Yen								Millions of U.S. Dollars							
	2023								2023							
	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	¥	8,489,696	¥	7,659,241	¥	83,534	¥	83,534	\$	63,574	\$	57,355	\$	626	\$	626
Forward Exchange Contracts																
Sold	19,971,382	1,793,292	(134,745)	(134,745)	149,554	13,429	(1,009)	(1,009)								
Purchased	23,164,311	381,042	34,617	34,617	173,463	2,853	259	259								
Currency Options																
Sold	1,569,541	917,749	(88,701)	(2,757)	11,753	6,872	(664)	(21)								
Purchased	1,344,166	777,391	80,911	9,643	10,066	5,821	606	72								
Others																
Sold	—	—	—	—	—	—	—	—								
Purchased	—	—	—	—	—	—	—	—								
Total	¥ (24,382)				¥ (9,706)				\$ (183)				\$ (73)			

	Millions of Yen			
	2022			
	Notional Amount		Fair Value	Valuation Difference
	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
Forward Exchange Contracts				
Sold	15,666,803	1,617,487	(575,926)	(575,926)
Purchased	18,844,572	283,636	690,736	690,736
Currency Options				
Sold	1,412,814	718,432	(75,527)	(7,637)
Purchased	1,027,966	558,220	66,483	14,041
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>			¥ 195,739	¥ 211,187

(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, 2023 and 2022, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	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	¥ 1,824	¥ —	¥ (93)	¥ (93)	\$ 14	\$ —	\$ (1)	\$ (1)
Purchased	53	—	2	2	0	—	0	0
Stock Index Options								
Sold	—	—	—	—	—	—	—	—
Purchased	14,266	—	4	(10)	107	—	0	(0)
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			¥ (87)	¥ (102)			\$ (1)	\$ (1)

	Millions of Yen			
	2022			Valuation Difference
	Notional Amount		Fair Value	
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 53,183	¥ —	¥ (3,054)	¥ (3,054)
Purchased	45,631	—	1,918	1,918
Stock Index Options				
Sold	14,474	—	(130)	29
Purchased	18,081	—	166	(225)
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			¥ (1,098)	¥ (1,331)

(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, 2023 and 2022, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 925,638	¥ —	¥ (24,016)	¥ (24,016)	\$ 6,932	\$ —	\$ (180)	\$ (180)
Purchased	837,670	—	20,037	20,037	6,273	—	150	150
Bond Future Options								
Sold	40,503	—	(175)	87	303	—	(1)	1
Purchased	54,767	—	179	(123)	410	—	1	(1)
OTC								
Bond Forward Contracts								
Sold	¥ 12,819	¥ —	¥ (282)	¥ (282)	\$ 96	\$ —	\$ (2)	\$ (2)
Purchased	—	—	—	—	—	—	—	—
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	994	994	11	(19)	7	7	0	(0)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (4,246)	¥ (4,317)			\$ (32)	\$ (32)

	Millions of Yen			
	2022			Valuation Difference
	Notional Amount		Fair Value	
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 1,058,961	¥ —	¥ 18,999	¥ 18,999
Purchased	902,988	—	(12,922)	(12,922)
Bond Future Options				
Sold	23,507	—	(159)	(42)
Purchased	26,654	—	339	154
OTC				
Bond Forward Contracts				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Bond Options				
Sold	—	—	—	—
Purchased	994	994	47	15
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 6,303	¥ 6,204

(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, 2023 and 2022.

## (6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	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	¥ 22,600	¥ 19,100	¥ 460	¥ 460	\$ 169	\$ 143	\$ 3	\$ 3
Purchased	68,654	65,154	(798)	(798)	514	488	(6)	(6)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>			¥ (338)	¥ (338)			\$ (3)	\$ (3)

	Millions of Yen			
	2022			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 29,000	¥ 18,000	¥ 611	¥ 611
Purchased	66,392	55,392	(2,930)	(2,930)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>			¥(2,319)	¥(2,319)

(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, 2023 and 2022, consist of the following:

		Millions of Yen			Millions of U.S. Dollars		
		2023			2023		
		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		¥ 1,583,341	¥ 1,139,336	¥ (85,848)	\$ 11,857	\$ 8,532	\$ (643)
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	1,352,306	950,933	5,871	10,127	7,121	44
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		¥ (79,977)			\$ (599)		

		Millions of Yen		
		2022		Fair Value
		Notional Amount		
	Major Hedged Item	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)
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
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)

(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, 2023 and 2022, consist of the following:

Major Hedged Item		Millions of Yen			Millions of U.S. Dollars		
		2023			2023		
		Notional Amount		Fair Value	Notional Amount		Fair Value
		Total	Over One Year		Total	Over One Year	
Deferral Method							
Currency Swaps		¥ 3,909,750	¥ 2,017,931	¥ (94,221)	\$ 29,278	\$ 15,111	\$ (706)
Forward Exchange Contracts							
Sold	Loans and Bills Discounted	1,801	—	26	13	—	0
Purchased	and Securities Denominated	493,929	—	9,120	3,699	—	68
Others	in Foreign Currencies						
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	¥ 105,988	¥ —	¥ (677)	\$ 794	\$ —	\$ (5)
Purchased	Affiliated Companies	—	—	—	—	—	—
Total		¥ (85,751)			\$ (642)		

Major Hedged Item		Millions of Yen		
		2022		
		Notional Amount		Fair Value
		Total	Over One Year	
Deferral Method				
Currency Swaps		¥ 2,212,027	¥ 896,828	¥ (135,622)
Forward Exchange Contracts				
Sold	Loans and Bills Discounted	1,560	—	(3)
Purchased	and Securities Denominated	90,437	—	1,259
	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	¥ 98,890	¥ —	¥ (4,879)
Purchased	Affiliated Companies	—	—	—
Total		¥ (139,245)		

(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, 2023 and 2022.

## (4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2023 and 2022.

**Retirement and Pension Plans****1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Bank**

SuMi TRUST Bank 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.

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
	2023	2022	2023
Retirement Benefit Obligations (opening balance)	¥ 421,543	¥ 429,015	\$ 3,157
Service Cost-Benefits Earned during the Fiscal Year	9,883	10,466	74
Interest Cost on Projected Benefit Obligations	2,269	2,301	17
Actuarial Gains and Losses that Arose during the Fiscal Year	(37,075)	3,534	(278)
Retirement Benefits Paid	(16,980)	(18,089)	(127)
Past Service Cost that Arose during the Fiscal Year	—	—	—
Other (Note)	—	(5,685)	—
Retirement Benefit Obligations (closing balance)	¥ 379,639	¥ 421,543	\$ 2,843

(Note) "Other" recognized in the previous fiscal year was 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
	2023	2022	2023
Plan Assets (opening balance)	¥ 602,366	¥ 648,464	\$ 4,511
Expected Return on Plan Assets	21,822	22,606	163
Actuarial Gains and Losses that Arose during the Fiscal Year	(12,773)	(52,299)	(96)
Contributions by the Employer	4,740	4,922	36
Retirement Benefits Paid	(15,360)	(16,019)	(115)
Other (Note)	—	(5,307)	—
Plan Assets (closing balance)	¥ 600,796	¥ 602,366	\$ 4,499

(Note) "Other" recognized in the previous fiscal year was 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
	2023	2022	2023
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 368,196	¥ 410,162	\$ 2,757
Plan Assets	(600,796)	(602,366)	(4,499)
	(232,599)	(192,204)	(1,742)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	11,442	11,380	86
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (221,156)	¥ (180,823)	\$ (1,656)

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Liabilities for Retirement Benefits	¥ 11,442	¥ 11,380	\$ 86
Assets for Retirement Benefits	(232,599)	(192,204)	(1,742)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (221,156)	¥ (180,823)	\$ (1,656)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Service Cost-Benefits Earned during the Fiscal Year	¥ 9,883	¥ 10,466	\$ 74
Interest Cost on Projected Benefit Obligations	2,269	2,301	17
Expected Return on Plan Assets	(21,822)	(22,606)	(163)
Amortization of Actuarial Differences	3,842	1,142	29
Amortization of Past Service Cost	(18)	(65)	(0)
Other	162	217	1
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (5,683)	¥ (8,544)	\$ (43)

(5) Remeasurements of Defined Benefit Plans

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Past Service Cost	¥ (18)	¥ (65)	\$ (0)
Actuarial Differences	28,145	(54,691)	211
<b>Total</b>	<b>¥ 28,126</b>	<b>¥ (54,757)</b>	<b>\$ 211</b>

## (6) Accumulated Remeasurements of Defined Benefit Plans

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Unrecognized Past Service Cost	¥ (84)	¥ (102)	\$ (1)
Unrecognized Actuarial Differences	33,467	61,612	251
<b>Total</b>	<b>¥ 33,383</b>	<b>¥ 61,509</b>	<b>\$ 250</b>

## (7) Plan Assets

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

	Proportion (%)	
	2023	2022
Debt Securities	25	25
Equity Securities	61	59
Cash and Due from Banks	3	4
Other	11	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 56% and 55% of the total plan asset for the fiscal years ended March 31, 2023 and 2022, 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 Bank 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, 2023 and 2022, are as follows:

	2023	2022
Discount Rate	Mainly 1.2%	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	3.6%	3.5%

## 3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥1,783 million (U.S. \$13 million) and ¥1,890 million for the years ended March 31, 2023 and 2022, respectively.

## 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
	2023	2022	2023
<b>Deferred Tax Assets:</b>			
Impairment of Securities	¥ 17,029	¥ 17,976	\$ 128
Allowance for Loan Losses (Including Direct Write-Offs of Loans with Guarantees or Collateral)	34,555	55,080	259
Deferred Gains (Losses) on Hedges	21,096	17,885	158
Remeasurements of Defined Benefit Plans	10,261	18,945	77
Other	64,427	64,273	482
Subtotal	147,371	174,160	1,104
Valuation Allowance	(13,153)	(13,869)	(98)
<b>Deferred Tax Assets</b>	<b>¥ 134,217</b>	<b>¥ 160,291</b>	<b>\$ 1,005</b>
<b>Deferred Tax Liabilities:</b>			
Retirement Benefits	¥ (51,853)	¥ (46,424)	\$ (388)
Valuation Differences on Available-for-Sale Securities	(121,804)	(129,915)	(912)
Other	(11,272)	(10,849)	(84)
<b>Deferred Tax Liabilities</b>	<b>¥ (184,930)</b>	<b>¥ (187,190)</b>	<b>\$ (1,385)</b>
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>¥ (50,712)</b>	<b>¥ (26,898)</b>	<b>\$ (380)</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	2023	2022
Effective Statutory Tax Rate	30.62%	30.62%
Adjustments:		
Changes in Valuation Allowance	(0.29)	(1.25)
Amortization of Goodwill	0.55	0.67
Share of Profit of Equity-Method Affiliated Companies	(1.92)	(2.07)
Permanent Differences (e.g., Cash Dividends Received)	(0.88)	(0.97)
Others	0.62	(1.50)
<b>Effective Income Tax Rate</b>	<b>28.70%</b>	<b>25.50%</b>

### 3. Accounting for Corporation Tax and Local Corporation Tax and Tax Effect Accounting

SuMi TRUST Bank and some of its consolidated subsidiaries in Japan have adopted the group tax sharing system effective from the current fiscal year. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No.42, August 12, 2021, "ASBJ PITF No.42").

## Revenue Recognition

### 1. Information Related to Disaggregation of Revenue from Contracts with Customers for the Fiscal Year Ended March 31, 2023 and 2022

The SuMi TRUST Bank Group has changed its reportable segments effective from the current fiscal year in line with the reorganization of SuMi TRUST Bank effective April 1, 2022, and segment information for the previous fiscal year is based on the new reportable segment classifications. The details of the change are described in "Notes to the Consolidated Financial Statements, Segment Information."

Year Ended March 31, 2023	Millions of Yen									
	SuMi Trust Bank						Subsidiaries	Total	Income other than those disaggregated revenue	Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others				
Trust Fees	¥ 6,796	¥ 13,349	¥ 85,769	¥ 3,807	¥ —	¥ —	¥ —	¥ 109,721	¥ —	¥ 109,721
Fees and Commissions	61,723	40,775	14,802	40,343	467	—	82,861	240,973	82,125	323,099
Income from Contracts with Customers	¥ 68,519	¥ 54,124	¥ 100,571	¥ 44,151	¥ 467	¥ —	¥ 82,861	¥ 350,695		

Year Ended March 31, 2022	Millions of Yen									
	SuMi Trust Bank						Subsidiaries	Total	Income other than those disaggregated revenue	Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others				
Trust Fees	¥ 6,738	¥ 12,396	¥ 87,889	¥ 3,513	¥ —	¥ —	¥ —	¥ 110,539	¥ —	¥ 110,539
Fees and Commissions	57,881	35,545	17,082	35,760	343	—	78,493	225,106	75,530	300,637
Income from Contracts with Customers	¥ 64,620	¥ 47,941	¥ 104,972	¥ 39,274	¥ 343	¥ —	¥ 78,493	¥ 335,646		

Year Ended March 31, 2023	Millions of U.S. Dollars									
	SuMi Trust Bank						Subsidiaries	Subtotal	Ordinary Income Other than Those Disaggregated Revenue	Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others				
Trust Fees	\$ 51	\$ 100	\$ 642	\$ 29	\$ —	\$ —	\$ —	\$ 822	\$ —	\$ 822
Fees and Commissions	462	305	111	302	4	—	620	1,805	615	2,419
Income from Contracts with Customers	\$ 513	\$ 405	\$ 753	\$ 331	\$ 4	\$ —	\$ 620	\$ 2,626		

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



## 2. Information Related to Contract Balance

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Receivables from Contracts with Customers	¥ 68,869	¥ 67,676	\$ 516
Contract Liabilities	2,512	1,767	19

	Millions of Yen	
	2022	2021
Receivables from Contracts with Customers	¥ 67,676	¥ 62,108
Contract Liabilities	1,767	1,443

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 and the previous fiscal year are mainly recognized

as revenue for the current fiscal years ended March 31, 2023 and 2022.

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

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

For the fiscal years ended March 31, 2023 and 2022, the amount of revenue expected to be recognized from existing contracts after the fiscal years is immaterial. Contracts with an initial expected period of less than one year and revenue recognized by the amount that The SuMi TRUST Bank Group is entitled to claim are not included in the notes.

## Segment Information

### 1. Reportable Segment Information

The SuMi TRUST Bank Group's reportable segments are defined as operating segments for which discrete financial information is available. The Board of Directors and the Executive Committee of SuMi TRUST Bank 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 reportable segments of SuMi TRUST Bank Group are determined based on services offered by SuMi TRUST Bank.

The main activities of the reportable segment are presented below:

#### Retail Business:

Provision of services to individual customers

#### Wholesale Business:

Provision of services to corporate customers

#### Investor Services Business:

Provision of services to investors

#### Real Estate Business:

Provision of services related to the real estate business

#### Global Markets Business:

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

#### Change in Reportable Segments

The 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 the SuMi TRUST Bank Group were previously divided into "Retail Total Solution Services Business," "Wholesale Financial Services Business (Wholesale Total Solution Services Business and Wholesale Asset Management Business)," "Stock Transfer Agency Services Business," "Real Estate Business," "Fiduciary Services Business," and "Global Markets Business." Starting from the fiscal year ended March 31, 2023, the SuMi TRUST Bank Group has reclassified them into the following segments: "Retail Business (former Retail Total Solution Services)," "Wholesale Business (former Wholesale Total Solution Services Business and former

Stock Transfer Agency Services Business), "Investor Services Business (former Wholesale Asset Management Business and former Fiduciary Services Business)," "Real Estate Business," and "Global Markets Business."

Segment information for the fiscal year ended March 31, 2022, has been prepared based on the reportable segments after the change.

## 2. Method for Calculating 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.

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. The assets owned by SuMi TRUST Bank are allocated to each segment.

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

Year Ended March 31, 2023	Millions of Yen						
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Total
Gross Business Profit	¥ 134,111	¥ 153,593	¥ 76,042	¥ 44,150	¥ 69,310	¥ 30,988	¥ 508,198
General and Administrative Expenses	(112,760)	(42,406)	(32,911)	(10,202)	(15,148)	(48,862)	(262,293)
Net Business Profit	¥ 21,351	¥ 111,186	¥ 43,131	¥ 33,947	¥ 54,162	¥ (17,874)	¥ 245,905
Fixed Assets	¥ 75,388	¥ 55,763	¥ 22,251	¥ 9,270	¥ 25,148	¥ 84,532	¥ 272,354

Year Ended March 31, 2022	Millions of Yen						
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Total
Gross Business Profit	¥ 131,317	¥ 140,620	¥ 93,005	¥ 39,274	¥ 52,303	¥ 34,141	¥ 490,663
General and Administrative Expenses	(117,612)	(41,403)	(33,549)	(9,924)	(15,704)	(30,377)	(248,572)
Net Business Profit	¥ 13,705	¥ 99,216	¥ 59,455	¥ 29,349	¥ 36,599	¥ 3,764	¥ 242,090
Fixed Assets	¥ 71,016	¥ 43,306	¥ 21,070	¥ 9,318	¥ 19,165	¥ 98,212	¥ 262,090

Year Ended March 31, 2023	Millions of U.S. Dollars						
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Total
Gross Business Profit	\$ 1,004	\$ 1,150	\$ 569	\$ 331	\$ 519	\$ 232	\$ 3,806
General and Administrative Expenses	(844)	(318)	(246)	(76)	(113)	(366)	(1,964)
Net Business Profit	\$ 160	\$ 833	\$ 323	\$ 254	\$ 406	\$ (134)	\$ 1,841
Fixed Assets	\$ 565	\$ 418	\$ 167	\$ 69	\$ 188	\$ 633	\$ 2,040

(Notes)

- 1) The figures represent "Gross Business Profit" in substitution for net sales to be presented by companies in other industries.
- 2) The amounts of "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, and general and administrative expenses of headquarters.

5) "Others" within "Fixed Assets" include corporate assets not allocated to any segment. 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 Amount for Reportable Segments and the Carrying Amounts in the Consolidated Financial Statement

(1) 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
	2023	2022	2023
Total Profit or Loss for Reportable Segments (Net Business Profit)	¥ 245,905	¥ 242,090	\$ 1,841
Net Business Profit of Consolidated Subsidiaries that are Excluded from the Reportable Segments (Note)	50,289	60,566	377
Other Income	124,297	119,392	931
Other Expenses	(138,581)	(195,012)	(1,038)
Other Adjustments	(31,306)	(25,177)	(234)
Income before Income Taxes	¥ 250,605	¥ 201,858	\$ 1,877

(Note) The amounts include elimination of internal transactions.

(2) Total Fixed Assets for Reportable Segments and Fixed Assets in the Consolidated Balance Sheet

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Total Fixed Assets for Reportable Segments	¥ 272,354	¥ 262,090	\$ 2,040
Fixed Assets of Consolidated Subsidiaries that are Excluded from the Reportable Segments	63,654	67,194	477
Consolidated Adjustments	2,450	2,594	18
Fixed Assets	¥ 338,459	¥ 331,879	\$ 2,535

#### 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, 2023 and 2022, consists of the following:

Year Ended March 31, 2023	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,211,917	¥ 219,529	¥ 141,823	¥ 127,066	¥ 1,700,337

Year Ended March 31, 2022	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,092,463	¥ 66,702	¥ 41,446	¥ 49,527	¥ 1,250,140

Year Ended March 31, 2023	Millions of U.S. Dollars				
	Japan	Americas	Europe	Asia and Oceania	Total
	\$ 9,075	\$ 1,644	\$ 1,062	\$ 952	\$ 12,733

(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 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 Bank Group's tangible fixed assets on the consolidated balance sheet as of March 31, 2023 and 2022, 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 Bank Group and a significantly large number of SuMi TRUST Bank 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 recognized during the fiscal year ended March 31, 2023 and 2022 were as follows:

Year Ended March 31, 2023	Millions of Yen						Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	
Losses on Impairment of Fixed Assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 16,660	¥ 16,660

Year Ended March 31, 2022	Millions of Yen						Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	
Losses on Impairment of Fixed Assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,409	¥ 1,409

Year Ended March 31, 2023	Millions of U.S. Dollars						Total
	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	
Losses on Impairment of Fixed Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 125	\$ 125

(Note 1) Losses on impairment of fixed assets not allocated to the reportable segments during the fiscal years ended March 31, 2023, and 2022, were ¥1,527 million (U.S. \$11 million) and ¥59 million, respectively, and these were impairment losses recognized by consolidated subsidiaries.

(Note 2) The details of impairment losses are described in "Notes to the Consolidated Statement of Income, 5. Other Income and Expenses, (2)."

## 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, 2023, and 2022, were ¥4,499 million (U.S. \$34 million) and ¥4,399 million, respectively. Unamortized balance of goodwill as of March 31, 2023, and 2022, were ¥8,079 million (U.S. \$60 million) and ¥12,478 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, 2023 and 2022.

## Related-Party Information

### 1. Related-Party Transactions

Transactions of the SuMi TRUST Bank with its parent company for the fiscal years ended March 31, 2023 and 2022, are as follows:

#### Year Ended March 31, 2023

Type	Company Name	Company Location	Capital	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts	Accounts	Ending Balances
			Millions of Yen (Millions of U.S. Dollars)					Millions of Yen (Millions of U.S. Dollars)		Millions of Yen (Millions of U.S. Dollars)
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608 (\$ 1,959)	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds <sup>(Note)</sup>	¥ 20,000 (\$ 150)	Bonds payable <sup>(Note)</sup>	¥ 605,000 (\$ 4,530)
							Repayment of funds	¥ 60,000 (\$ 449)		
							Payment of interest <sup>(Note)</sup>	¥ 6,659 (\$ 50)	Accrued Expenses	¥ 1,898 (\$ 14)

#### Year Ended March 31, 2022

Type	Company Name	Company Location	Capital	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts	Accounts	Ending Balances
			Millions of Yen (Millions of U.S. Dollars)					Millions of Yen (Millions of U.S. Dollars)		Millions of Yen (Millions of U.S. Dollars)
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608 (\$ 1,959)	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds <sup>(Note)</sup>	¥ 25,000 (\$ 187)	Bonds payable <sup>(Note)</sup>	¥ 645,000 (\$ 4,830)
							Payment of interest <sup>(Note)</sup>	¥ 6,641 (\$ 50)		
									Accrued Expenses	¥ 1,923 (\$ 14)

Terms and conditions of transactions and policies applied in deciding the terms and conditions

(Note) Loans are all subordinated borrowings with a debt relief clause at the contractual point of non-variability. The interest rates of the loans are determined reasonably based on the market interest rates and other rates.

### 2. Notes on the Parent Company or Significant Affiliated Companies

#### (1) Parent Company

Sumitomo Mitsui Trust Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

#### (2) Condensed Financial Information of Significant Affiliated Companies

There was no condensed financial information of significant affiliated companies for the fiscal year ended March 31, 2023.

### Per Share of Common Stock Information

	Yen		U.S. Dollars
	2023	2022	2023
Net Assets per Share of Common Stock	¥ 1,456.34	¥ 1,385.34	\$ 10.91
Net Income per Share of Common Stock	106.08	89.11	0.79

(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, 2023	As of March 31, 2022	As of March 31, 2023
Net Assets as Reported	¥ 2,468,222	¥ 2,348,510	\$ 18,483
Less:	29,517	28,699	221
Non-Controlling Interests	29,517	28,699	221
Net Assets Attributable to Common Shareholders	2,438,705	2,319,810	18,262
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

(2) 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, 2023	Year Ended March 31, 2022	Year Ended March 31, 2023
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 177,649	¥ 149,223	\$ 1,330
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	177,649	149,223	1,330
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

(3) Diluted net income per share of common stock and basis for calculation.

Diluted net income per share of common stock for the fiscal years ended March 31, 2023 and 2022 is not presented because there were no potential shares.

### Significant Subsequent Event

There were no significant subsequent events that need to be disclosed for the fiscal years ended March 31, 2023 and 2022.

# Non-Consolidated Balance Sheet (Unaudited)

Sumitomo Mitsui Trust Bank, Limited  
As of March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Assets:</b>			
Cash and Due from Banks:	¥ 21,364,216	¥ 17,925,030	\$ 159,984
Cash	67,427	75,795	505
Due from Banks	21,296,788	17,849,235	159,479
Call Loans	24,006	5,000	180
Receivables under Resale Agreements	110,003	150,741	824
Receivables under Securities Borrowing Transactions	436,093	652,534	3,266
Monetary Claims Bought	124,649	123,567	933
Trading Assets:	1,609,798	1,048,258	12,055
Trading Account Securities	2,904	5,018	22
Derivatives of Trading Securities	14	47	0
Derivatives of Securities Related to Trading Transactions	880	25	7
Trading-Related Financial Derivatives	1,447,810	954,675	10,842
Other Trading Assets	158,187	88,492	1,185
Money Held in Trust	99	99	1
Securities:	6,999,285	7,951,169	52,413
Government Bonds	1,549,213	2,839,628	11,601
Local Government Bonds	38,117	33,919	285
Corporate Bonds	722,507	730,020	5,410
Stocks	1,374,077	1,516,253	10,290
Other Securities	3,315,368	2,831,348	24,827
Loans and Bills Discounted:	31,947,351	30,916,363	239,234
Bills Discounted	504	451	4
Loans on Bills	200,541	190,138	1,502
Loans on Deeds	29,237,658	28,443,342	218,943
Overdrafts	2,508,647	2,282,430	18,786
Foreign Exchanges:	47,445	29,494	355
Due from Foreign Banks	47,445	29,494	355
Other Assets:	3,271,413	2,922,768	24,498
Domestic Exchange Settlement Account, Debit	862	1,029	6
Prepaid Expenses	3,056	2,285	23
Accrued Income	142,159	111,101	1,065
Initial Margins of Futures Markets	58,868	71,040	441
Variation Margin of Futures Markets	4,090	—	31
Derivatives Other Than for Trading	1,735,754	1,499,100	12,998
Cash Collateral Pledged for Financial Instruments	967,493	1,025,240	7,245
Receivables for Securities Transactions	213,860	85,353	1,601
Other Assets	145,267	127,617	1,088
Tangible Fixed Assets:	182,820	184,334	1,369
Buildings	60,977	62,426	457
Land	103,812	104,329	777
Lease Assets	3,533	3,843	26
Construction in Progress	497	110	4
Other	13,999	13,623	105
Intangible Fixed Assets:	89,534	77,756	670
Software	85,933	74,152	644
Other	3,600	3,603	27
Prepaid Pension Expenses	265,005	252,869	1,984
Customers' Liabilities for Acceptances and Guarantees	458,822	426,405	3,436
Allowance for Loan Losses	(105,798)	(136,300)	(792)
<b>Total Assets</b>	<b>¥ 66,824,746</b>	<b>¥ 62,530,092</b>	<b>\$ 500,410</b>

The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥133.54 to U.S. \$1.00, the exchange rate as of March 31, 2023.

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Liabilities:</b>			
Deposits:	¥ 35,041,223	¥ 32,898,724	\$ 262,402
Current Deposits	1,915,209	1,639,928	14,342
Ordinary Deposits	8,832,263	7,749,739	66,139
Saving Deposits	1,747	1,885	13
Deposits at Notice	76,808	88,529	575
Time Deposits	23,222,892	22,623,620	173,902
Other Deposits	992,300	795,020	7,431
Negotiable Certificates of Deposit	7,617,705	6,809,644	57,044
Call Money	2,086,480	932,640	15,624
Payables under Repurchase Agreements	1,030,780	1,485,033	7,719
Trading Liabilities:	1,472,636	906,686	11,028
Derivatives of Securities Related to Trading Transactions	20	617	0
Trading-Related Financial Derivatives	1,472,616	906,069	11,028
Borrowed Money:	6,185,153	7,335,261	46,317
Borrowing from Other Banks	6,185,153	7,335,261	46,317
Foreign Exchanges:	8,568	15,362	64
Due to Foreign Banks	8,066	15,082	60
Foreign Bills Payable	501	280	4
Short-Term Bonds Payable	1,697,150	1,845,782	12,709
Bonds Payable	1,847,560	1,371,604	13,835
Borrowed Money from Trust Account	4,332,472	4,298,827	32,443
Other Liabilities:	2,823,095	2,066,310	21,140
Domestic Exchange Settlement Account, Credit	723	841	5
Income Taxes Payable	5,426	4,981	41
Accrued Expenses	105,913	58,719	793
Unearned Revenue	38,343	34,547	287
Variation Margin of Futures Markets	1,875	7,414	14
Trading Account Securities Borrowed	—	662	—
Derivatives Other Than for Trading	1,931,427	1,570,467	14,463
Cash Collateral Accepted For Financial Instruments	450,879	240,455	3,376
Lease Obligations	5,483	5,772	41
Asset Retirement Obligations	3,023	3,127	23
Payables for Securities Transactions	209,650	65,626	1,570
Other	70,349	73,694	527
Provision for Bonuses	9,602	9,599	72
Provision for Directors' Bonuses	95	98	1
Provision for Stocks Payment	810	569	6
Provision for Retirement Benefits	1,018	940	8
Provision for Reimbursement of Deposits	3,028	3,626	23
Provision for Contingent Losses	1,344	1,649	10
Deferred Tax Liabilities	76,900	67,628	576
Deferred Tax Liabilities for Land Revaluation	2,381	2,388	18
Acceptances and Guarantees	458,822	426,405	3,436
<b>Total Liabilities</b>	<b>¥ 64,696,830</b>	<b>¥ 60,478,786</b>	<b>\$ 484,475</b>
<b>Net Assets:</b>			
Total Shareholders' Equity:	¥ 1,915,815	¥ 1,807,041	\$ 14,346
Capital Stock	342,037	342,037	2,561
Capital Surplus:	343,066	343,066	2,569
Legal Capital Surplus	273,016	273,016	2,044
Other Capital Surplus	70,049	70,049	525
Retained Earnings:	1,230,712	1,121,938	9,216
Legal Retained Earnings	69,020	69,020	517
Other Retained Earnings:	1,161,691	1,052,917	8,699
Other Voluntary Reserves	371,870	371,870	2,785
Retained Earnings Brought Forward	789,821	681,047	5,914
Total Valuation and Translation Adjustments:	212,099	244,263	1,588
Valuation Difference on Available-for-Sale Securities	272,426	291,152	2,040
Deferred Gains (Losses) on Hedges	(55,847)	(42,431)	(418)
Revaluation Reserve for Land	(4,479)	(4,456)	(34)
<b>Total Net Assets</b>	<b>¥ 2,127,915</b>	<b>¥ 2,051,305</b>	<b>\$ 15,935</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 66,824,746</b>	<b>¥ 62,530,092</b>	<b>\$ 500,410</b>



# Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Bank, Limited  
For the fiscal years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Income:</b>			
Trust Fees	¥ 109,721	¥ 110,539	\$ 822
Interest Income:	665,844	360,361	4,986
Interest on Loans and Discounts	402,565	241,182	3,015
Interest and Dividends on Securities	166,568	106,126	1,247
Interest on Call Loans and Bills Bought	670	423	5
Interest on Due from Banks	74,945	11,551	561
Other Interest Income	21,093	1,077	158
Fees and Commissions:	213,074	196,351	1,596
Fees and Commissions on Domestic and Foreign Exchanges	1,337	1,345	10
Other Fees and Commissions	211,736	195,005	1,586
Trading Income:	15,608	13,453	117
Gains on Trading Account Securities Transactions	—	268	—
Income from Securities and Derivatives Related to Trading Transactions	15,548	812	116
Income from Trading-Related Financial Derivatives Transactions	—	12,315	—
Other Trading Income	60	57	0
Other Ordinary Income:	203,946	56,215	1,527
Gain on Foreign Exchange Transactions	199,248	22,227	1,492
Gains on Sales of Bonds	3,495	14,751	26
Gains on Redemption of Bonds	—	5	—
Gains on Derivatives Other Than for Trading-Assets	1,053	19,091	8
Other	149	139	1
Other Income:	119,454	102,866	895
Recoveries of Written-Off Claims	674	1,052	5
Gains on Sales of Stocks and Other Securities	89,952	95,015	674
Other	28,827	6,797	216
<b>Total Income</b>	<b>¥ 1,327,649</b>	<b>¥ 839,787</b>	<b>\$ 9,942</b>

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Expenses:</b>			
Interest Expenses:	¥ 552,582	¥ 104,274	\$ 4,138
Interest on Deposits	169,377	28,750	1,268
Interest on Negotiable Certificates of Deposit	139,247	6,787	1,043
Interest on Call Money and Bills Sold	5,769	839	43
Interest on Payables under Repurchase Agreements	32,286	1,665	242
Interest on Borrowings and Rediscounts	18,668	9,282	140
Interest on Short-Term Bonds	55,497	2,992	416
Interest on Bonds	22,369	9,836	168
Interest on Interest Swaps	84,935	22,439	636
Other Interest Expenses	24,432	21,681	183
Fees and Commissions Payments:	109,382	106,900	819
Fees and Commissions on Domestic and Foreign Exchanges	825	779	6
Other Fees and Commissions	108,556	106,120	813
Trading Expenses:	5,184	—	39
Expenses on Trading Securities and Derivatives	149	—	1
Expenses on Trading-Related Financial Derivatives Transactions	5,035	—	38
Other Ordinary Expenses:	32,847	35,082	246
Loss on Sale of Bonds	29,499	32,574	221
Losses on Redemption of Bonds	0	—	0
Other Ordinary Expenses	3,346	2,508	25
General and Administrative Expenses	266,335	250,023	1,994
Other Expenses:	137,030	194,377	1,026
Provision of Allowance for Loan Losses	4,511	39,600	34
Written-Off Loans	8,267	3,803	62
Losses on Sales of Stocks and Other Securities	83,337	130,568	624
Losses on Devaluation of Stocks and Other Securities	646	1,811	5
Impairment Loss	16,660	1,409	125
Other	23,608	17,184	177
<b>Total Expenses</b>	<b>¥ 1,103,363</b>	<b>¥ 690,659</b>	<b>\$ 8,262</b>
<b>Income before Income Taxes</b>	<b>¥ 224,286</b>	<b>¥ 149,127</b>	<b>\$ 1,680</b>
Income Taxes:	55,150	35,784	413
Current	31,701	34,729	237
Deferred	23,449	1,054	176
<b>Net Income</b>	<b>¥ 169,135</b>	<b>¥ 113,343</b>	<b>\$ 1,267</b>

	Yen	U.S. Dollars
<b>Net Income per Share of Common Stock</b>	<b>¥ 101.00</b>	<b>\$ 0.76</b>

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

Sumitomo Mitsui Trust Bank, Limited  
For the fiscal years ended March 31, 2023 and 2022

From April 1, 2022 to March 31, 2023

	Millions of Yen							
	Shareholders' Equity							Total Shareholders' Equity
	Capital Stock	Capital Surplus			Retained Earnings			
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 1,052,917	¥ 1,121,938	¥ 1,807,041
Changes during the Year								
Cash Dividends						(60,383)	(60,383)	(60,383)
Net Income						169,135	169,135	169,135
Reversal of Revaluation Reserve for Land						22	22	22
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year						108,773	108,773	108,773
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 1,161,691	¥ 1,230,712	¥ 1,915,815

	Millions of Yen				
	Valuation and Translation Adjustments				Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	
Balance at the Beginning of the Year	¥ 291,152	¥ (42,431)	¥ (4,456)	¥ 244,263	¥ 2,051,305
Changes during the Year					
Cash Dividends					(60,383)
Net Income					169,135
Reversal of Revaluation Reserve for Land					22
Net Changes of Items Other Than Shareholders' Equity	(18,725)	(13,416)	(22)	(32,163)	(32,163)
Total Changes during the Year	(18,725)	(13,416)	(22)	(32,163)	76,610
Balance at the End of the Year	¥ 272,426	¥ (55,847)	¥ (4,479)	¥ 212,099	¥ 2,127,915

From April 1, 2021 to March 31, 2022

	Millions of Yen							
	Shareholders' Equity							
	Capital Stock	Capital Surplus			Retained Earnings			Total Shareholders' Equity
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 997,931	¥ 1,066,952	¥ 1,752,055
Cumulative Effects of Changes in Accounting Policies						(8,945)	(8,945)	(8,945)
Restated Balance	342,037	273,016	70,049	343,066	69,020	988,985	1,058,006	1,743,109
Changes during the Year								
Cash Dividends						(49,850)	(49,850)	(49,850)
Net Income						113,343	113,343	113,343
Reversal of Revaluation Reserve for Land						439	439	439
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	—	—	—	63,932	63,932	63,932
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 1,052,917	¥ 1,121,938	¥ 1,807,041

	Millions of Yen				
	Valuation and Translation Adjustments				Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	
Balance at the Beginning of the Year	¥ 340,796	¥ (39,295)	¥ (4,016)	¥ 297,484	¥ 2,049,539
Cumulative Effects of Changes in Accounting Policies					(8,945)
Restated Balance	340,796	(39,295)	(4,016)	297,484	2,040,593
Changes during the Year					
Cash Dividends					(49,850)
Net Income					113,343
Reversal of Revaluation Reserve for Land					439
Net Changes of Items Other Than Shareholders' Equity	(49,644)	(3,136)	(439)	(53,220)	(53,220)
Total Changes during the Year	(49,644)	(3,136)	(439)	(53,220)	10,711
Balance at the End of the Year	¥ 291,152	¥ (42,431)	¥ (4,456)	¥ 244,263	¥ 2,051,305

From April 1, 2022 to March 31, 2023

	Millions of U.S. Dollars							
	Shareholders' Equity							
	Capital Stock	Capital Surplus			Retained Earnings			Total Shareholders' Equity
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	
Balance at the Beginning of the Year	\$ 2,561	\$ 2,044	\$ 525	\$ 2,569	\$ 517	\$ 7,885	\$ 8,402	\$ 13,532
Cumulative Effects of Changes in Accounting Policies								
Restated Balance								
Changes during the Year								
Cash Dividends						(452)	(452)	(452)
Net Income						1,267	1,267	1,267
Reversal of Revaluation Reserve for Land						0	0	0
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year						815	815	815
Balance at the End of the Year	\$ 2,561	\$ 2,044	\$ 525	\$ 2,569	\$ 517	\$ 8,699	\$ 9,216	\$ 14,346

	Millions of U.S. Dollars				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	\$ 2,180	\$ (318)	\$ (33)	\$ 1,829	\$ 15,361
Cumulative Effects of Changes in Accounting Policies					
Restated Balance					
Changes during the Year					
Cash Dividends				(452)	
Net Income				1,267	
Reversal of Revaluation Reserve for Land				0	
Net Changes of Items Other Than Shareholders' Equity	(140)	(100)	(0)	(241)	(241)
Total Changes during the Year	(140)	(100)	(0)	(241)	574
Balance at the End of the Year	\$ 2,040	\$ (418)	\$ (34)	\$ 1,588	\$ 15,935

# Statement of Trust Account (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries  
Fiscal year ended March 31, 2023 and 2022

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
<b>Assets:</b>			
Loans and Bills Discounted (Note 2)	¥ 2,154,605	¥ 2,131,254	\$ 16,135
Securities (Note 3)	846,569	859,127	6,339
Beneficiary Rights	188,494,811	182,799,711	1,411,523
Securities Held in Custody Accounts	20,674	22,534	155
Monetary Claims	26,147,491	25,361,961	195,803
Tangible Fixed Assets	23,154,632	21,118,391	173,391
Intangible Fixed Assets	229,624	200,412	1,720
Other Claims	9,856,778	10,789,374	73,811
Loans to Banking Account	4,332,472	4,298,827	32,443
Cash and Due from Banks	988,055	633,823	7,399
<b>Total Assets</b>	<b>¥ 256,225,715</b>	<b>¥ 248,215,419</b>	<b>\$ 1,918,719</b>
<b>Liabilities:</b>			
Money Trusts (Note 4)	¥ 38,420,310	¥ 36,216,311	\$ 287,706
Pension Trusts	14,043,977	14,525,120	105,167
Property Formation Benefit Trusts	18,439	18,820	138
Securities Investment Trusts	80,945,517	80,405,840	606,152
Money in Trust Other Than Money Trusts	40,257,727	39,748,080	301,466
Securities in Trust	23,513,485	22,159,577	176,078
Money Claims in Trust	26,400,850	25,588,821	197,700
Real Estate in Trust	825	876	6
Composite Trusts	32,624,581	29,551,969	244,306
<b>Total Liabilities</b>	<b>¥ 256,225,715</b>	<b>¥ 248,215,419</b>	<b>\$ 1,918,719</b>

See Notes to Statements of Trust Account.

# Notes to Statement 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, 2023 and 2022, were ¥4,103,478 million (U.S. \$30,728 million) and ¥4,052,452 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 ¥133.54 to U.S. \$1, the approximate rate of exchange as of March 31, 2023. 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, 2023 and 2022, are for trust accounts in SuMi TRUST Bank.

## 2. Loans and Bills Discounted

Loans as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Loans on Deeds	¥ 1,709,285	¥ 1,685,034	\$ 12,800
Loans on Bills	445,320	446,220	3,335
<b>Total</b>	<b>¥ 2,154,605</b>	<b>¥ 2,131,254</b>	<b>\$ 16,135</b>

The balances of guaranteed trust account loans as of March 31, 2023 and 2022, stood at ¥10,461 million (U.S. \$78 million) and ¥13,316 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, 2023 and 2022, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Doubtful Loans	¥ 59	¥ 752	\$ 0
Restructured Loans	10	13	0
<b>Total</b>	<b>¥ 70</b>	<b>¥ 765</b>	<b>\$ 1</b>

### 3. Securities

Securities held as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Government Bonds	¥ 425,484	¥ 401,621	\$ 3,186
Local Government Bonds	30	30	0
Corporate Bonds	35,361	40,758	265
Stocks	6,270	6,444	47
Other Securities	379,423	410,272	2,841
<b>Total</b>	<b>¥ 846,569</b>	<b>¥ 859,127</b>	<b>\$ 6,339</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
	2023	2022	2023
<b>Assets:</b>			
Loans and Bills Discounted	¥ 10,461	¥ 13,316	\$ 78
Other	4,093,352	4,039,461	30,653
<b>Total</b>	<b>¥ 4,103,814</b>	<b>¥ 4,052,778</b>	<b>\$ 30,731</b>
<b>Liabilities:</b>			
Principal	¥ 4,103,478	¥ 4,052,452	\$ 30,728
Allowance for Impairment of Guaranteed Trust Principal	11	12	0
Other	324	313	2
<b>Total</b>	<b>¥ 4,103,814</b>	<b>¥ 4,052,778</b>	<b>\$ 30,731</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.



