Base Offering Circular

SUMITOMO MITSUI TRUST BANK

Sumitomo Mitsui Trust Bank, Limited

U.S.$30,000,000,000 Global Medium Term Notes Program

We are a joint stock company incorporated with limited liability under the laws of Japan. Under this U.S.$30,000,000,000 Global Medium Term Notes Program (the "Program"), we may issue from time to time notes (the "Notes") in one or more series with terms and conditions described in this base offering circular, including any applicable supplement thereto. The specific terms of each series of Notes will be set forth in a pricing term sheet. The maximum aggregate principal amount of all Notes from time to time outstanding under the Program will not exceed U.S.$30,000,000,000.

The Notes may be offered in reliance on the exemption from registration provided by Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") in the United States only to qualified institutional buyers ("QIBs") within the meaning of Rule 144A. In addition, the Notes may be offered outside the United States to persons other than U.S. persons (as such term is defined in Rule 902 under the Securities Act) pursuant to Regulation S ("Regulation S") under the Securities Act. Notes offered pursuant to Rule 144A are referred to as Rule 144A Notes, and Notes offered pursuant to Regulation S are referred to as Regulation S Notes. You should read this base offering circular, including any applicable supplement thereto and any applicable pricing term sheet, carefully before you invest in any Notes offered under the Program.

The Notes of each series will be our direct, unconditional, unsubordinated and unsecured obligations and rank pari passu and without preference among themselves and with all of our other unsecured, unsubordinated obligations (except for statutorily preferred obligations) from time to time outstanding.

We may at our option redeem any series of the Notes in whole, but not in part, upon the occurrence of certain changes in Japanese tax law with respect to such series. See "Description of the Notes—Optional Tax Redemption." Except as described in the immediately preceding two sentences or in an applicable supplement or pricing term sheet, the Notes will not be redeemable prior to maturity or be subject to any sinking fund.

Unless otherwise specified in an applicable supplement or pricing term sheet, each series of Notes will be represented by one or more global certificates deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Beneficial interests in these global certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Except as described in this base offering circular, including an applicable supplement or in an applicable pricing term sheet, notes in definitive certificated form will not be issued in exchange for global certificates.

Unless otherwise specified in an applicable supplement or pricing term sheet, application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list a particular series of Notes on the SGX-ST issued pursuant to the Program and agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle received for the listing of such Notes on the SGX-ST, admission of such Notes to the Official List of the SGX-ST and the listing and quotation of such Notes on the SGX-ST are not to be taken as an indication of our merits or the merits of the Program or any Notes issued under the Program. Unlisted Notes may be issued under the Program. The relevant supplement or pricing term sheet in respect of any series of Notes will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. There is no assurance that an application to the SGX-ST for the listing of the Notes of any series will be approved.

See "Risk Factors" beginning on page 12 for factors relevant to an investment in the Notes and any risk factors that may be described in an applicable supplement or in any documents incorporated by reference herein or therein at a future date.

The Notes have not been, and will not be, registered under the U.S. Securities Act or with any securities authority of any state of the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold by the dealers, as set forth in "Plan of Distribution," only in the United States to persons reasonably believed to be QIBs, within the meaning of, and in reliance on, Rule 144A, and/or outside the United States to persons other than U.S. persons in offshore transactions in reliance on Regulation S. The Notes are subject to certain restrictions on transfer. See "Transfer Restrictions" and "Plan of Distribution."

The Notes will be offered under the Program, subject to the reservation by us of the right to sell Notes directly on our own behalf, through one or more of the dealers named in this base offering circular or through any other dealers named in an applicable supplement or pricing term sheet, each, a dealer and collectively, the dealers. One or more dealers may purchase Notes from us for resale to investors and other purchasers at a fixed offering price set forth in the relevant supplement or at varying prices reflecting prevailing market conditions. In addition, if agreed to by us and a dealer, such dealer may utilize reasonable efforts to place the Notes with investors on an agency basis.

Co-Arrangers

Goldman Sachs & Co. LLC **J.P. Morgan**

Dealers

Goldman Sachs & Co. LLC **J.P. Morgan**

Base Offering Circular dated August 29, 2024.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF OR IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS BASE OFFERING CIRCULAR OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

This base offering circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Notes. Distribution of this base offering circular to any person other than the offeree and persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each person receiving this base offering circular acknowledges that: (i) such person has not relied on the dealers, any selling agent, the trustee, the paying agents, the transfer agents, the registrars or any of their affiliates in connection with its investigation of the accuracy of such information or its investment decision; and (ii) no person has been authorized to give any information or to make any representation concerning us or the Notes offered hereby other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the dealers, any selling agent, the trustee, the paying agents, the transfer agents, the registrars or any of their affiliates.

This base offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. No action has been, or will be, taken to permit a public offering of the Notes offered hereby in any jurisdiction where action would be required for that purpose. Accordingly, the Notes offered hereby may not be offered or sold, directly or indirectly, and this base offering circular may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither delivery of this base offering circular nor any sale made hereunder shall, under any circumstances, imply that the information herein is correct as of any date subsequent to the date hereof.

We are furnishing this base offering circular in connection with an offering not registered under the U.S. Securities Act or the relevant laws of other jurisdictions, solely for the purpose of enabling prospective investors to consider the purchase of the Notes. The information contained in this base offering circular has been provided by us and other sources identified in this base offering circular. Any reproduction or distribution of this base offering circular, in whole or in part, and any disclosure of its contents or use of any information contained in it for any purpose other than considering an investment in the Notes offered hereby is prohibited. By accepting delivery of this base offering circular, you agree to the foregoing.

No representation or warranty, express or implied, is made by the dealers, the trustee, the registrars, the transfer agents or the paying agents as to the accuracy or completeness of the information contained in this base offering circular. This base offering circular does not contain all of the information that would be included in a prospectus for the offering of the Notes if the offering were registered under the U.S. Securities Act.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States (as defined in Regulation S) or to, or for the account or benefit of, U.S. persons, except in certain transactions exemption from the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes will not be offering or sold (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the completion of the distribution of an identifiable tranche of which the Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. Each dealer will send to each other dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

Outside the United States, the Notes will be offered and sold only to non-U.S. persons in offshore transactions in reliance on Regulation S. The program agreement provides that the relevant dealers or U.S. affiliates of the relevant dealers may arrange for the sale of a portion any Notes in the United States exclusively to persons reasonably believed by them to be QIBs in reliance on the exemption from registration provided by Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the U.S. Securities if such offer is made otherwise than pursuant to Rule 144A.

This base offering circular has been prepared by the issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The issuer and the dealers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This base offering circular does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the dealers or its U.S. broker-dealer affiliate. Distribution of this base offering circular by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorized and any disclosure without the prior written consent of the issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA"), and are subject to the Special Taxation Measures Act of Japan (Act No. 26 of 1957), as amended (the "Special Taxation Measures Act"). The Notes may not be offered or sold in Japan to any person resident in Japan, or to others for reoffering or resale directly or indirectly in Japan or to a person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan (see "Plan of Distribution"). The Notes are not, as part of the distribution pursuant to the purchase agreement dated the date hereof by the dealers at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with us as described in Article 6, Paragraph (4) of the Special Taxation Measures Act (a "specially-related person of the issuer") or (ii) a Japanese financial institution, designated in Article 6, Paragraph (11) of the Special Taxation Measures Act. **By subscribing for the Notes, an investor will be deemed to have represented that it qualifies as (i) or (ii) above.**

Interest payments on the Notes will generally be subject to Japanese withholding tax unless it is established that such Notes are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer, (ii) a Japanese financial institution designated in Article 6, Paragraph (11) of the Special Taxation Measures Act, which complies with the requirement for tax exemption under that paragraph, or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator described in Article 3-3, Paragraph (6) of the Special Taxation Measures Act, which complies with the requirement for tax exemption under that paragraph.

Interest payments on the Notes to an individual resident of Japan, to a Japanese corporation (except as described in the preceding paragraph), or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer will be subject to deduction in respect of Japanese income tax at a rate of 15.315% of the amount of such interest. See "Taxation—Japanese Taxation."

Each prospective investor who places an order for the Notes consents to the disclosure by the dealers to us of the prospective investor's identity, the details of such order and the actual amount of Notes subscribed, if any.

The Notes which are subject to the offering contemplated by this base offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, may not be offered, sold or otherwise made available and will not be offered or sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor defined in Regulation (EU) 2017/1129.

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

The Notes which are the subject of the offering contemplated by this base offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, may not be offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law; or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as it forms part of domestic law.

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the for Notes.

This base offering circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

This base offering circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this base offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes may not be circulated or distributed, nor may the Notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an

institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

For a further description of restrictions on offers, sales or other transfers of the Notes, see "Transfer Restrictions" and "Plan of Distribution."

Stabilization

In connection with the offering of a series of Notes, the dealer or dealers (if any) named as the stabilization manager named in the pricing term sheet, and/or any person acting on behalf thereof may purchase and sell the Notes in the open market and engage in other transactions, subject to applicable laws and regulations. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the stabilization manager and/or any person acting on behalf thereof of a greater principal amount of Notes than they are required to purchase from us in the offering. Stabilizing transactions consist of bids or purchases by the stabilization manager and/or any person acting on behalf thereof for the purpose of preventing or retarding a decline in the market price of Notes while the offering is in progress. These transactions may also include stabilizing transactions by the stabilization manager and/or any person acting on behalf thereof for the accounts of the relevant dealers.

In addition, the stabilization manager and/or any person acting on behalf thereof may impose a penalty bid. A penalty bid is an arrangement that permits the stabilization manager and/or any person acting on behalf thereof to reclaim a selling concession from a syndicate member in connection with an offering when Notes originally sold by the syndicate member are purchased in syndicate covering transactions.

These activities may stabilize, maintain or otherwise affect the market prices of Notes. As a result, the price of Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time.

Available Information

During any period that any of the Notes offered in this offering remain outstanding and we are not subject to, and in compliance with, the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from the reporting requirement pursuant to Rule 12g3-2(b), we will furnish, upon request, to any holder of the Notes offered in this offering or any prospective purchaser designated by a holder of such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Enforceability of Civil Liabilities

We are a joint stock company incorporated with limited liability under the laws of Japan. All of our directors, executive officers and members of our audit and supervisory committee are non-residents of the United States, and a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or elsewhere outside Japan upon such corporations or persons or to enforce against such corporations or persons judgments obtained in U.S. courts or elsewhere in actions such as those predicated upon the civil liability provisions of U.S. federal or state securities laws or otherwise. We have been advised by our Japanese counsel, Nagashima Ohno & Tsunematsu, that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, of civil liabilities predicated solely upon U.S. federal or state securities laws.

Presentation of Financial and Other Information

In this base offering circular, all of our financial information is presented on a consolidated basis, unless stated otherwise. In this base offering circular, "SuMi TRUST Bank," "SuMi TRUST Bank Group," "we," "us" and "our" refer to Sumitomo Mitsui Trust Bank, Limited and, unless the context indicates otherwise, our consolidated subsidiaries. "SuMi TRUST Holdings" and "SuMi TRUST Group" refer to Sumitomo Mitsui Trust Holdings, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries. Effective October 1, 2024, the name of Sumitomo Mitsui Trust Holdings, Inc. will be changed to Sumitomo Mitsui Trust Group, Inc.

In addition to our financial information on both a consolidated and non-consolidated basis, we also include financial information of SuMi TRUST Holdings and selected SuMi TRUST Group companies in this base offering circular to provide investors with a more comprehensive view of our business as a whole as our management is influenced by, and our business strategies are integrated with those of, SuMi TRUST Holdings. We are a wholly owned subsidiary of SuMi TRUST Holdings and the core company at the center of the management and financial strategies of the SuMi TRUST Group. As of and for the three months ended June 30, 2024, our total assets and our net income, both on a non-consolidated basis, accounted for 96.6% and 95.2%, respectively, of the total assets and the net income attributable to owners of the parent of SuMi TRUST Holdings on a consolidated basis. As of and for the year ended March 31, 2024, our total assets and our net income, both on a non-consolidated basis, accounted for 96.7% and 73.0%, respectively, of the total assets and the net income attributable to owners of the parent of SuMi TRUST Holdings on a consolidated basis. For additional information about our corporate structure, see "Summary."

We have included our financial information as of and for the three months ended June 30, 2024 on a non-consolidated basis as we have not published consolidated financial information as of and for the three months ended June 30, 2024. Our non-consolidated financial information as of and for the three months ended June 30, 2024 is not required to be audited and is not necessarily indicative of our consolidated financial information as of and for the three months ended June 30, 2024. We also present certain of our financial information only on a non-consolidated basis as it is not published on a consolidated basis for any period. There would be differences between the non-consolidated information presented and the equivalent consolidated information if it was available. Our consolidated financial condition and results of operations are largely comprised of our financial condition and results of operations on a non-consolidated basis. As of March 31, 2023 and 2024, our non-consolidated total assets represented 97.2% and 97.0% of our consolidated total assets, respectively. For the years ended March 31, 2023 and 2024, our non-consolidated net income represented 95.2% and 87.9% of our consolidated net income attributable to owners of the parent, respectively.

We use the word "you" to refer to prospective investors in the Notes and the word "Noteholder" or "Noteholders" to refer to the holders of the Notes.

In this base offering circular, references to "$," "U.S.$" and "U.S. dollars" are to the lawful currency of the United States of America (the "United States" or the "U.S."), references to "yen," "¥" and "Japanese yen" are to the lawful currency of Japan and references to "euro" and "€" are to the lawful currency of the Eurozone. This base offering circular contains a translation of certain Japanese yen amounts into U.S. dollars solely for your convenience. However, these translations should not be construed as representations that the yen amounts have been, could have been or could be converted into U.S. dollars at that or any other rate or at all.

In this base offering circular, unless otherwise specified, all yen figures have been truncated to the figures shown except amounts of problem assets disclosed under the Financial Reconstruction Act of Japan (Act No. 132 of 1998, as amended) (the "Financial Reconstruction Act"), which have been rounded to the nearest tenth or hundredth, as the case may be. Percentages have also been rounded to the nearest tenth or hundredth, as the case may be. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

This base offering circular contains our audited consolidated financial statements and notes thereto as of and for the fiscal years ended March 31, 2022, 2023 and 2024. Our financial statements included elsewhere in this base offering circular are prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which differ in certain respects from accounting principles

generally accepted in other countries, including accounting principles generally accepted in the United States ("U.S. GAAP") and International Financial Reporting Standards ("IFRS"). Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and IFRS and how those differences might affect their analysis of the financial information set forth in this base offering circular.

Our management uses gross business profit (*gyomu sorieki*) and net business profit before credit costs (*jisshitsu gyomu jun-eki*) as measurements of our performance. Although gross business profit is a tool for assessing financial performance, it is not a reliable indicator of our ability to generate cash to service our debt obligations. Accordingly, gross business profit and net business profit before credit costs should not be used to assess the risk involved in investing in the Notes and such measurements should be read in conjunction with our audited financial statements included elsewhere in this base offering circular. Gross business profit, net business profit, adjusted general and administrative expenses, adjusted overhead ratio and net business profit before credit costs are non-Japanese GAAP measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Operating Results—Supplemental Financial Measures" for further discussion and reconciliation to net income prepared in accordance with Japanese GAAP.

Documents Incorporated by Reference

We may incorporate by reference in this base offering circular or in an applicable supplement hereto certain information that we make publicly available, which means that we have disclosed important information to potential investors by referring them to those documents. Any information incorporated by reference will be an important part of this base offering circular.

This base offering circular (including any applicable supplement hereto) should be read and construed in conjunction with any documents incorporated herein by reference. The documents incorporated herein by reference are comprised of documents that are published by us and are specifically designated in this base offering circular or an applicable supplement or pricing term sheet to be incorporated by reference.

Any statement made herein or in any document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this base offering circular to the extent that a statement contained in any document subsequently incorporated by reference herein modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this base offering circular.

Any documents incorporated by reference will be available on our, SuMi TRUST Holdings' or any other website at the URL to be provided in the applicable supplement hereto. Unless otherwise explicitly incorporated by reference into this base offering circular as described above, the information contained on our or SuMi TRUST Holdings' website shall not be deemed to be incorporated by reference herein.

Forward-looking Statements

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in this base offering circular. This base offering circular contains forward-looking statements regarding the intent, belief, current expectations and targets of our management with respect to our financial condition and future results of operations. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “continue,” “endeavor,” “estimate,” “expect,” “initiate,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target,” “will” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate.

Potential risks and uncertainties include, without limitation, those identified and discussed in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this base offering circular. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this base offering circular. We disclaim any obligation to update, or to announce publicly any revision to, any of the forward-looking statements contained in this base offering circular to reflect future actual events or developments.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the notes to our financial statements, included elsewhere in this base offering circular. For a discussion of certain factors that should be considered by prospective investors in the Notes offered by this base offering circular, see "Risk Factors."

We are a wholly owned subsidiary of SuMi TRUST Holdings and form the core of the SuMi TRUST Group, which celebrated its 100th anniversary in April 2024. We are one of the largest Japanese trust banks in terms of trust account assets, with ¥259.8 trillion in total assets in our trust account as of June 30, 2024. We operate together with other SuMi TRUST Group companies in areas such as asset management, real estate and stock transfer agency services to offer a wide range of products and services integrating banking and trust businesses. The SuMi TRUST Group is an independent financial group specialized in trust banking. The SuMi TRUST Group was established on April 1, 2011 through a share exchange and management integration of Chuo Mitsui Trust Holdings, Inc. ("CMTH") and The Sumitomo Trust and Banking Co., Ltd. ("STB").

As of June 30, 2024, we had non-consolidated total assets of ¥74,586.7 billion and operated via 148 domestic branches and offices and 10 overseas branches and offices. For the three months ended June 30, 2024, we had ordinary income of ¥530.2 billion and net income of ¥63.4 billion, both on a non-consolidated basis.

The SuMi TRUST Group operates, primarily through us, in six main business sections providing a comprehensive and wide range of products and services integrating banking and trust businesses. In addition to interest income from corporate and retail lending, due to our history as a trust bank, the SuMi TRUST Group has a high proportion of fee income when compared to Japan's largest commercial banking groups. We consider our diversified business model across a range of business areas as a strength and seek to position ourselves as "The Trust Bank" to further deepen our relationships with clients.

Until March 31, 2022, SuMi TRUST Holdings' and our businesses were organized in the following business segments for reporting purposes: Retail Total Solution Services, Wholesale Financial Services, Stock Transfer Agency Services, Real Estate, Fiduciary Services (including Asset Management) and Global Markets. From April 1, 2022, our businesses are organized into the following business segments for reporting purposes:

- *Retail*. We provide comprehensive services to meet the wide-ranging demands of individual clients, including asset management, inheritance and succession, administration of real estate and other property, and loans such as housing loans;
- *Corporate*, consisting of:
  - *Wholesale Total Solution Services*. We contribute to the expansion of clients' enterprise value and asset value and to their growth, by providing one-stop total solutions that only a trust bank group can offer through the integration of our various highly specialized functions, including banking, asset management and administration, and real estate, to meet the advanced and diverse needs of clients;
  - *Stock Transfer Agency Services*. We work as an "agent of record for listed companies" provided for in the Companies Act of Japan (Act No. 86 of 2005), as amended (the "Companies Act") and undertake stock-related services on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency and rationalize their administration, as well as various comprehensive consulting services;
- *Investor Services*, consisting of:
  - *Wholesale Asset Management*. We offer clients solutions unique to a trust bank for issues ranging from assets to liabilities, based on the diverse asset management and administration know-how that the SuMi TRUST Group has cultivated over the years;

- *Fiduciary Services.* SuMi TRUST Group companies provide client-oriented, high-value-added services ranging from design of pension systems and asset administration;

- *Real Estate*. We have a large number of real estate specialists, such as real estate appraisers and first-class registered architects, that provide a full line of services from brokerage to securitization and investment management in response to the real estate-related needs of a wide range of clients, including corporations, investors and individuals in Japan and overseas; and

- *Global Markets.* We have a group of experts in the management of global financial market volatility that draws on our domestic and overseas networks to provide optimal solutions for our clients.

In addition, from April 1, 2022, SuMi TRUST Holdings started to treat Asset Management as a separate business segment for reporting purposes, and we stopped including Asset Management as part our Fiduciary Services business segment for reporting purposes. In the Asset Management business segment, the SuMi TRUST Group provide clients with asset management services mainly through Sumitomo Mitsui Trust Asset Management Co., Ltd. ("Sumitomo Mitsui Trust Asset Management") and Nikko Asset Management Co., Ltd. ("Nikko AM"), each a consolidated subsidiary of SuMi TRUST Holdings. The SuMi TRUST Group as a whole has one of the largest assets under management in Asia, and will continue to fully maximize the investment functions of the SuMi TRUST Group to deliver optimal asset management solutions to our clients and help find solutions to social issues through environment, society and governance ("ESG")-focused engagement with investee companies.

In the year ended March 31, 2024, we continued to pursue a hedging strategy to reduce the price volatility risk of our strategic cross-shareholdings in addition to a gradual reduction of our strategic cross-shareholdings, in order to minimize fluctuations in our capital ratios. We intend to continue to pursue such hedging strategy as we continue to reduce our strategic cross-shareholdings going forward.

Under the Financial Services Agency (the "FSA") of Japan's fully phased in revised capital adequacy guidelines applicable from March 2019, our Common Equity Tier 1 capital ratio on a consolidated basis as of March 31, 2024 and June 30, 2024 was 10.29% and 10.19%, respectively, and SuMi TRUST Holdings' Common Equity Tier 1 capital ratio on a consolidated basis as of March 31, 2024 and June 30, 2024 was 11.35% and 11.25%, respectively. Our interpretation of these guidelines and the basis of our calculation of those measures may be different from those of other Japanese financial institutions. See "Supervision and Regulation—Japan—Capital Adequacy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Adequacy."

Our Strengths

We believe our primary competitive strength is our diversified business portfolio and operations, which allows us to leverage our synergistic business model. Our comprehensive financial services businesses, which are organized in five complementary sections, provide us with a strong operational base, allowing us to generate and retain customers by enhancing the financial products and services through the sharing of know-how across the SuMi TRUST Group and offering a variety of products and services.

Our fee income, which has been a source of stable earnings for us, is derived from two independent, yet mutually beneficial sources which are asset balance-based fee income and volume-based transactional fee income. Our asset balance-based fee income stems largely from our fiduciary business, where we have consistently maintained a leading position based on our scale of assets under management and assets under custody in Japan, and a reputable client base among stock transfer agents. This position in the fiduciary business provides us with a steady income stream and a comparatively resilient earnings structure. By applying the know-how and expertise we have built up through our institutional business, we have been able to improve the stability of our revenue base through increases of fee income in our retail-focused businesses. In addition, our volume-based

transactional fee income, which is derived from the flow of business through our sales of investment trusts and insurance products and our real estate brokerage business, allows us to capture the benefits of operating in Japan, the world's fourth largest economy in terms of nominal gross domestic product in 2023.

We believe our high proportion of fee income relative to other major banking groups in Japan positions us to maintain quality control over our assets to minimize risk. We believe our ability to make selective risk assessments when deploying our balance sheet assets is due to steady sources of fee income that allow us to be less reliant on income generated by the commercial banking business.

Our disciplined risk management has enabled us to build a portfolio of high-quality assets with:

- a ratio of non-performing loans *(kinyu-saiseiho-kaiji-saiken)* ("NPLs") to total loan balance of 0.3% as of June 30, 2024, which is lower than that of Japan's three largest banking groups, as well as limited credit costs in recent years; and
- a relatively low dependence on Japanese government bonds ("JGBs") in our securities portfolio combined with a short JGB average duration.

Our Business Strategies

In May 2023, the SuMi TRUST Group announced its medium term management plan covering the three years ending March 31, 2026. Pursuant to the plan, the SuMi TRUST Group seeks to continue creating new value with the "Power of Trust" to help its clients and society to realize a prosperous future, and contribute to the enhancement of well-being of its clients and society. The SuMi TRUST Group aspires to be a fiduciary that is trusted by stakeholders, contributes to enhancing the well-being of all people including future generations, and serves as a social infrastructure that creates a virtuous circulation of funds, assets and capital.

To realize its goals, the SuMi TRUST Group has established nine strategies organized into three themes for the period covered by the plan:

Theme 1: Achieving business growth that is unique to a trust group, and improvement of capital efficiency through creating a virtuous circulation of funds, assets and capital, and enhancing corporate value. The SuMi TRUST Group is in a position to provide solutions that contribute to enhancing corporate value, and to offer the fruits of these solutions to individuals through pensions and investment trusts, thereby creating a virtuous circulation. The SuMi TRUST Group believes that it can play a role in the social infrastructure that promotes a virtuous circulation of funds, assets and capital by putting its wide-ranging trust functions to use. The SuMi TRUST Group aims to provide investment support to help clients select assets that are suitable for them, thereby creating a "safe and secure" investment environment to address the concerns people have about the future, such as pension issues. The SuMi TRUST Group seeks to take the lead in making investments, creating new markets and encouraging clients to change their behavior (customer transformation), thereby democratizing and socializing investments so that everyone has access to valuable investment opportunities, mobilizing funds which had been stagnant, and realizing a virtuous circulation of funds, assets and capital. Focusing on the younger generation as the leaders of a virtuous circulation that opens the door to a prosperous future, the SuMi TRUST Group seeks to focus on developing a client base that includes asset formation generation and innovative companies. In addition, the SuMi TRUST Group will support corporate transitions toward the realization of a green society and aims to lead the transformation of the industrial structure. By involving more stakeholders who share its concept of a "virtuous circulation of funds," and by creating a large ecosystem that will further arouse the empathy of people in society, the SuMi TRUST Group seeks to take on the challenge of enlarging the whole of the economic and social pie, and contribute to the creation of a prosperous and bright future. The SuMi TRUST Group believes that if such a virtuous circulation is realized, it will lead to the sustainable growth of the Japanese economy, which in turn will lead to sustainable and stable growth of the SuMi TRUST Group and enhance the well-being of more stakeholders in society, including its clients. Under this first theme, the SuMi TRUST Group has established four strategies:

Strategy 1: Engaging in value-creating businesses, in particular, businesses that support and enhance the age of 100-year life, ESG/sustainable management, regional ecosystems and the global

investment chain. The SuMi TRUST Group intends to provide one-stop total consulting services (taking a total asset approach) by capturing the entire picture of individual clients' future cash flow, assets and liabilities and leveraging its expertise in pension and real estate businesses. To achieve this, the SuMi TRUST Group intends to further enhance products and services unique to a trust group to address needs in "asset formation and management," "asset administration," and "asset succession." The SuMi TRUST Group also intends to establish a hybrid consulting channel that combines "in-store," "online" and "non-face-to-face" services and develop digital tools. Moreover, in order to address issues in ESG, the SuMi TRUST Group intends to leverage its strength in providing integrated solutions to support clients' transition towards sustainable growth. In the "E" domain, the SuMi TRUST Group aims to establish itself as a highly regarded green transformation ("GX") financial institution through its collaborative decarbonization engagement and its enhanced solutions for decarbonization. In the "S" domain, the SuMi TRUST Group intends to develop impactful solutions for both corporations and their employees to strengthen their human capital management. In the "G" domain, by providing corporate governance related solutions, the SuMi TRUST Group intends to support its clients to improve their capital market valuations and to achieve sustainable growth. Additionally, the SuMi TRUST Group plans to build a network of local and global partners who share its aspiration, and through collaboration and cooperation, the SuMi TRUST Group aims to jointly create value that would be hard to achieve alone. In the "Regional" domain, the SuMi TRUST Group intends to build a sustainable ecosystem through collaboration among industry, government, academia and finance, in order to solve local issues and create fund circulation projects that benefit local communities. In the "Global" domain, the TRUST Group intends to provide high quality investment opportunities to Japanese investors, including individuals, by strengthening our collaboration with global partners while localizing private asset investments and allowing investment in smaller lots.

Strategy 2: Asset management and asset administration business strategy. The SuMi TRUST Group intends to integrate the strengths of SuMi TRUST Group companies, including Sumitomo Mitsui Trust Asset Management and Nikko AM, to provide unique solutions that combine decision-making support through policy and investment consulting, with diverse investment and management functions, thereby building long-term relationships of trust with clients. The SuMi TRUST Group also intends to search for investment management companies that contribute to improving the social and economic value of the companies it invests in. Additionally, in the business of asset administration services, the SuMi TRUST Group intends to use new technologies such as artificial intelligence ("AI") to streamline and standardize operations. In the asset management and asset administration businesses as a whole, the SuMi TRUST Group intends to extend its coverage and expand the client base and the market pie.

Strategy 3: Digital transformation strategy (Trust x DX). The SuMi TRUST Group intends to provide more appropriate and advanced services to clients by utilizing information and data, while focusing on information protection management. Through the use of digital technology, the SuMi TRUST Group intends to expand its client base, create new markets, and standardize the knowledge and expertise it has accumulated as a trust group. Moreover, the SuMi TRUST Group intends to promote the digitalization of the entire group by working with its digital strategy subsidiary Trust Base and other partners.

Strategy 4: Financial and capital strategy. The SuMi TRUST Group intends to promote a business model that is unique to a trust group, centered on asset management and asset administration and has established financial targets for metrics including return on equity, net income, assets under fiduciary (which the SuMi Trust Group defines as a balance indicating the scale of its efforts to contribute to solving social issues and creating and expanding markets, calculated as the total of items not on its own balance sheet (assets under management, custody or administration) and its balance sheet) and price-to-book ratio. The SuMi TRUST Group has announced a change in its shareholder return policy, in order to further clarify its stance of pursuing stable dividend growth through sustainable improvement of its profit.

Theme 2: Strengthening human capital to be fit for the future through creating an organization in which job satisfaction leads to well-being. Under this second theme, the SuMi TRUST Group has established one strategy:

Strategy 5: Human capital strategy. The SuMi TRUST Group intends to strengthen its human capital through promoting the well-being of its employees. The SuMi TRUST Group aims to create an environment that encourages proactive career development and motivates employees to bring out their best performance. The SuMi TRUST Group intends to develop high value-add employees who are sought after both internally and externally and to build a human resource portfolio that accelerates a virtuous circulation of diversity and expertise. The SuMi TRUST Group intends to revise its human resource policy to foster a corporate culture that acknowledges the differences among a diverse range of talent, respects the unique quality of each individual with consideration for minorities, and promotes inclusion in a fair and equitable manner ("DE&I").

Theme 3: Increasing the sophistication of our management platform to enhance our capability to support business and organizational transformation. Under this third theme, the SuMi TRUST Group has established three strategies:

Strategy 6: Fiduciary strategy. The SuMi TRUST Group aims to pursue the best interests of its clients and to foster a culture that engages in client-centric business operations. The SuMi TRUST Group intends to pursue robust business operations based on relationships of trust with clients and a thorough management system that exceeds clients' expectations. The SuMi TRUST Group intends to strengthen its autonomous management structure for new risk areas, such as international financial regulations or sustainability-related issues, and respond to these changes in a forward-looking manner.

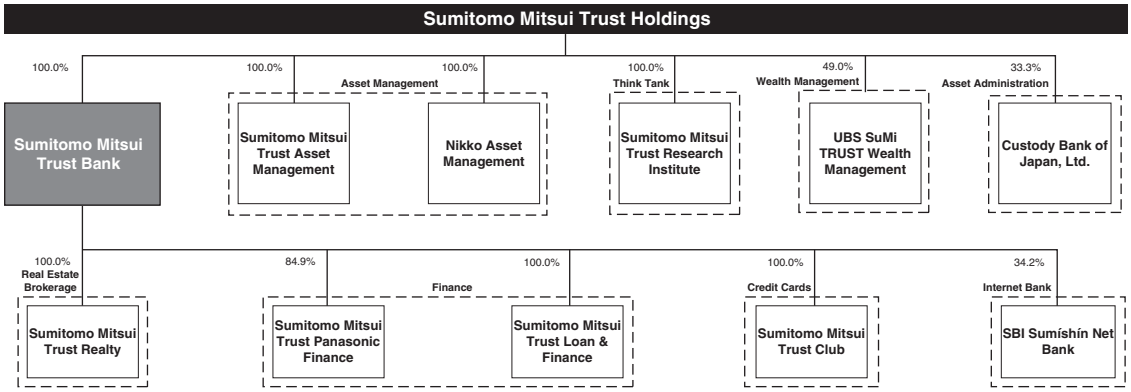
Strategy 7: Operational infrastructure & facility strategy. The SuMi TRUST Group intends to provide a fair and equitable work environment for employees coming from diverse backgrounds. The SuMi TRUST Group intends to create a safe and secure working environment that motivates employees to work. The SuMi TRUST Group also intends to improve the well-being of its employees. In addition to improving operational efficiency through the use of digital technologies, the SuMi TRUST Group intends to improve productivity by innovating its business execution system and speeding up its decision-making process. The SuMi TRUST Group intends to enhance its resilience by advancing its business continuity plan ("BCP") and strengthening security controls in anticipation of widespread disasters and cyber-attacks. To ensure resilience in the event of a contingency, the SuMi TRUST Group intends to promote the decentralization of its locations and operations.

Strategy 8: Branding strategy. As the SuMi TRUST Group passes the 100th anniversary of its founding, it intends to return to its founding principles of creating a sound and prosperous future. The SuMi TRUST Group intends to work to communicate and hold events for all stakeholders so that each and every employee can make the 100th anniversary a personal experience and feel a sense of fulfillment in their work as professionals.

Strategy 9: Multi-stakeholder capital strategy. The SuMi TRUST Group intends to make disciplined investments and distributions to each of its stakeholders, such as growth investments, shareholder return, and human capital investment, based on the principles of appropriate capital management in accordance with our CET1 ratio (on a Basel III finalized basis). Through disciplined capital management, the SuMi TRUST Group intends to enhance its ability to integrate its diverse businesses and strengthen its business portfolio.

Group Corporate Structure

The following chart summarizes the SuMi TRUST Group's corporate structure:



Note: Percentages indicate the percentage of voting rights held by SuMi TRUST Group companies based on the total number of voting rights of the outstanding shares as of March 31, 2024. SuMi TRUST Holdings' ownership of Nikko AM shown above includes shares owned indirectly through Sumitomo Mitsui Trust (Hong Kong) Limited, a wholly owned subsidiary of SuMi TRUST Bank.

For information with respect to our principal subsidiaries and affiliates, see "Principal Subsidiaries and Affiliates."

Summary Risk Factors

An investment in the Notes involves significant risks, and prospective investors are urged to carefully consider the matters discussed under "Risk Factors" prior to making an investment in our Notes. Such risks include, but are not limited to:

- deterioration in Japanese and global economic conditions and financial markets, including as a result of Russia's invasion of Ukraine or other geopolitical events;
- interest rate fluctuations and other market risks, including those resulting from monetary tightening by the Bank of Japan;
- a decline in the share prices of Japanese equity securities;
- a failure or disruption of information technology or business systems or the occurrence of a cyberattack;
- a lapse in our compliance policies or a failure to conduct our business in accordance with the expectations of our clients, including in accordance with applicable laws and regulations;
- adverse changes in the financial condition of our borrowers;
- a deterioration in certain sectors of the Japanese economy, including electronics manufacturing, finance, insurance, power utilities and real estate;
- our inability to refinance our indebtedness on favorable terms;
- a downgrade of our credit ratings or outlook;
- any inability on our or SuMi TRUST Holdings' part to maintain required regulatory ratios, including any requirements imposed on SuMi TRUST Holdings due to its status as a domestic systemically important bank ("D-SIB");
- adverse regulatory developments or changes in laws, regulations, codes of practice, or government fiscal or other policies;
- the highly competitive nature of the Japanese financial services industry in which we operate;
- our inability to successfully execute our business strategies generally;
- our exposure to new or increased risks as we expand the range of our products and services; and

- poor performance of the trust assets over which we have investment discretion or the assets managed by our asset management subsidiaries and affiliates.

Corporate Information

Our corporate headquarters are located at 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan. Our main telephone number is 81-3-3286-1111 and our corporate website is *http://www.smtb.jp*. The information on the website is not incorporated by reference into this base offering circular.

The Program

The following summarizes the terms of the Notes we may issue from time to time under the Program. The terms applicable to a particular series of Notes issued under the Program may differ from those described in the following summary, as specified in an applicable supplement or pricing term sheet. The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this base offering circular and, in relation to the terms and conditions of any particular series of Notes, an applicable supplement or pricing term sheet. For a further description of the terms and conditions of the Notes, see "Description of the Notes."

Issuer	Sumitomo Mitsui Trust Bank, Limited
Description	Global Medium Term Notes Program
Co-Arrangers	Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC
Dealers	Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC
Program size	Up to U.S.$30,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Ranking of the Notes	The Notes of each series will be our direct, unconditional, unsubordinated and unsecured obligations and rank *pari passu* and without preference among themselves and with all of our other unsecured, unsubordinated obligations (except for statutorily preferred obligations) from time to time outstanding.
Maturities	Subject to compliance with all relevant laws, regulations and directives, the Notes will have a maturity between seven days and 30 years. The maturity date for a series of Notes will be specified in the applicable supplement or pricing term sheet.
Offering price	The Notes may be issued at par or at a discount from, or premium over, par and either on a fully paid or partly paid basis. The Notes may be offered by dealers at a fixed price or at a price that varies depending on market conditions.
Use of proceeds	Unless otherwise indicated in an applicable supplement or pricing term sheet, we will use the net proceeds we receive from any offering of the Notes for general corporate purposes.
Minimum denomination	The Notes will be issued in fully registered form in denominations specified in the applicable supplement or pricing term sheet, and which are expected to be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (or the equivalent in other currencies at the date of issue).
Listing and trading	The SGX-ST or as otherwise specified in the applicable supplement or pricing term sheet. As specified in the applicable supplement or pricing term sheet, a series of Notes may be unlisted. Application will be made to the SGX-ST for permission to list a particular series of Notes on the SGX-ST issued pursuant to the Program and agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. The relevant supplement or pricing term sheet in respect of any series of Notes will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. A separate application may be made to the SGX-ST for permission to list such Notes on the SGX-ST.

	For so long as a series of Notes is listed on the SGX-ST and the rules of the SGX-ST so require, a paying agent in Singapore shall be appointed and maintained, where the Notes of such series may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Notes in definitive certificated form. In addition, in the event that a Global Note is exchanged for Notes in definitive certificated form, an announcement of such exchange shall be made by or on our behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive certificated form, including details of the paying agent in Singapore. If approval in-principle is received from the SGX-ST in relation to the Notes of any series to be listed on the SGX-ST, such Notes will be traded on the SGX-ST in a minimum board lot size of at least U.S.$200,000 (or its equivalent in foreign currencies) following listing, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Fixed Rate Notes	Each series of Fixed Rate Notes will bear interest at the rate per annum specified in the applicable supplement or pricing term sheet from the issue date specified in the applicable supplement or pricing term sheet. Interest will be payable in arrears on the interest payment dates specified in the applicable supplement or pricing term sheet (each a fixed rate interest payment date), commencing on the first such date after the issue date, to the persons in whose names the Fixed Rate Notes are registered as of the close of business on the fifteenth calendar day preceding such interest payment date (whether or not it is a Business Day) (subject as provided below). Interest on each series of Fixed Rate Notes will accrue to but excluding the relevant fixed rate interest payment date. The day count fraction for calculating interest on any series of Fixed Rate Notes will be specified in the applicable supplement or pricing term sheet, and in the case of a series of Notes denominated in U.S. dollars will be calculated on the basis of a 360-day year consisting of twelve 30-day months. See “Description of the Notes—Payments of Principal and Interest—Fixed Rate Notes.”
Floating Rate Notes.	Each series of Floating Rate Notes will bear interest at a floating rate per annum specified in the applicable supplement or pricing term sheet, from the issue date specified in the applicable supplement or pricing term sheet. The initial interest rate, interest basis and the applicable interest determination, calculation and payment dates will be set forth in the applicable supplement or pricing term sheet. Unless otherwise specified in an applicable supplement or pricing term sheet, interest will be payable in arrears on the interest payment dates specified in the applicable supplement or pricing term sheet (subject to adjustment to make such date a Business Day) commencing on the first such date after the issue date, to the persons in whose names the Floating Rate Notes are registered as of the close of business on the fifteenth calendar day preceding such floating rate interest payment date

	(whether or not a Business Day) (subject as provided below). Interest on each series of Floating Rate Notes will accrue for each interest period to but excluding the relevant floating rate interest payment date. See "Description of the Notes—Payments of Principal and Interest—Floating Rate Notes."
SOFR Floating Rate Notes	Unless otherwise specified in an applicable supplement or pricing term sheet, Floating Rate Notes referencing the Secured Overnight Financing Rate ("SOFR") will use compounded daily SOFR as benchmark interest rate with observation shift (the "SOFR Floating Rate Notes"). Each series of such SOFR Floating Rate Notes will bear interest at a rate equal to Compounded Daily SOFR (as defined below) plus a margin per annum to be specified in the applicable pricing term sheet, payable on each interest payment date specified in the applicable pricing term sheet, subject to adjustment, beginning on the first interest payment date as specified in the applicable pricing term sheet, and ending on the maturity date or, if redeemed early, the date of such redemption. In no event shall the rate of interest for the SOFR Floating Rate Notes be less than 0% for any SOFR Floating Rate Notes Interest Period (as defined below). See "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes."
Currencies	Unless otherwise specified in an applicable supplement or pricing term sheet, the Notes will be denominated in, and payments in respect of an issue of Notes will be made in, U.S. dollars.
Form of Notes	The Notes will be issued in fully registered form. Unless otherwise specified in an applicable supplement or pricing term sheet, the Notes will be issued in fully registered form, represented by one or more global certificates deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in these global certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. Except as described in this base offering circular or in an applicable supplement or pricing term sheet, notes in definitive certificated form will not be issued in exchange for global certificates.
Rating.	As of the date of this base offering circular, the Program is rated A1 (in respect of Notes with original maturities of more than one year) and P-1 (in respect of Notes with original maturities of one year or less) by Moody's Japan K.K. and A (in respect of Notes with original maturities of more than one year) and A-1 (in respect of Notes with original maturities of one year or less) by S&P Global Ratings Japan Inc. A series of Notes issued under the Program may be rated or unrated. If a series of Notes is rated, such rating may not necessarily be the same as the rating of the Program. The rating, if any, of certain series of Notes to be issued under the Program may be specified in an applicable supplement or pricing term sheet. A rating is not a recommendation to buy, sell or hold securities and may be

	subject to suspension, change or withdrawal at any time by the assigning rating agency. Neither the rating agency nor we are obligated to provide you with any notice of suspension, change or withdrawal of any rating.
Redemption	Unless otherwise specified in an applicable supplement or pricing term sheet, each series of Notes will only be redeemable at our option upon the occurrence of certain changes in tax law, as described further in "Description of the Notes—Optional Tax Redemption."
Method of distribution	We may sell the Notes (i) to dealers, whether affiliated or unaffiliated, (ii) directly to one or more purchasers, (iii) through the dealers, or (iv) through a combination of any of these methods of sale. Each pricing term sheet will explain the manner in which we intend to sell a specific issue of Notes, including the names of any underwriters, agents or dealers and details of the pricing of the issue of Notes, whether they will be offered in reliance on Rule 144A or pursuant to Regulation S. A pricing term sheet may also describe any commissions, concessions or discounts we are granting the underwriters, agents or dealers.
Transfer restrictions	The Notes have not been registered under the U.S. Securities Act or any state securities law. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. See "Transfer Restrictions" and "Plan of Distribution."
Trustee	The Bank of New York Mellon.
DTC registrar, DTC transfer agent and DTC paying agent	The Bank of New York Mellon.
ICSD paying agent	The Bank of New York Mellon, London Branch.
ICSD transfer agent and ICSD registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Legal entity identifier	5493006GGLR4BTEL8O61
Governing law	The Notes and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

RISK FACTORS

Prior to making an investment decision, you should carefully consider the risks described below as well as all the other information in this base offering circular, including our consolidated financial statements and related notes and other financial information, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Financial Data and Other Information."

Our business, financial condition and operating results could be materially adversely affected by the factors discussed below. This base offering circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this base offering circular. See "Forward-looking Statements."

Risks Relating to Our Business

Our business, financial condition and results of operations may be materially affected by deterioration in Japanese and global economic conditions and financial markets.

Our business, financial condition and results of operations are materially affected by general economic conditions and financial markets in Japan and foreign countries, which are also influenced by changes in fiscal and monetary policy, laws and regulations. In Japan, while market conditions, including stock prices, were on a general improvement trend since 2013 prior to the outbreak of the COVID-19 pandemic, the COVID-19 pandemic and related government measures resulted in significant declines in economic activity and, although the Japanese economy has showed signs of recovery in 2021, 2022 and 2023, the recovery appears to have paused in the first half of 2024. Particular concerns and uncertainties include increased volatility in energy and commodity prices which has been exacerbated by Russia's invasion of Ukraine, the negative consequences of an increasing budget deficit in Japan, the Bank of Japan's recent shift towards monetary tightening, depreciation and significant volatility of the yen against the U.S. dollar and euro, concerns regarding rising inflation, which may contribute to an environment where central banks raise or become hesitant to cut interest rates, and stagnating or decreasing consumer demand and related impact on the Japanese and global stock and real estate markets. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations—Operating Environment."

Other concerns include geopolitical instability, including in Asia, Eastern Europe, the Middle East and North Africa and material changes in regional economic or political unions or associations between countries, including, for example, Russia's invasion of Ukraine and related sanctions imposed against Russia by other countries and tensions surrounding Taiwan. The ongoing military conflict between Russia and Ukraine, trade and security tensions particularly between the United States and China, uncertainties regarding the impact of the upcoming U.S. presidential election, the potential effects of conflicts in the Middle East, including the armed conflict between Israel and Hamas, and terrorist actions in various countries, give rise to concerns about economic instability in those and other regions and could affect Japanese and global economic conditions. There is also uncertainty about the level of growth prospects of a number of emerging countries, and in particular with the ability of China to successfully sustain recovery amid a contraction in the real estate sector and subdued demand.

In addition, the long-term trends of population aging and population decline faced by Japan are expected to continue to put downward pressure on demand in the businesses in which we operate, including, in particular, our retail consulting and home loan businesses.

If economic conditions do not improve or if they deteriorate, particularly in Japan, we could experience weakness in our trust banking business, real estate-related business and asset management business, as well as deterioration in the credit quality of our loan portfolio and a related increase in our credit costs and a decline in the prices of our assets, including declines from a lack of liquidity in the market, which could adversely affect our results of operations and financial condition. Downturns, volatility and other factors impacting global markets could also affect our growth prospects to the extent we are unable to expand internationally to offset decreases in net interest margin in our domestic lending businesses.

Our trading and investment activities expose us to interest rate fluctuations and other market risks.

We undertake trading and investment activities involving financial instruments, including securities, derivatives and other instruments. Our income from these activities and the value of our assets are subject to market-related risks, including, among other things, changes in interest rates, bond credit ratings, foreign currency exchange rates and market prices for securities.

We have investments in yen-denominated debt securities, principally fixed-rate bonds. As of June 30, 2024, we had ¥3,739.2 billion of available-for-sale domestic debt securities (including unrealized losses and profits) on a non-consolidated basis. Of our total available-for-sale domestic debt securities, ¥3,016.9 billion were JGBs, equal to 4.0% of our total assets on a non-consolidated basis. An increase in market interest rates could substantially decrease the value of our fixed-income portfolio, and any unexpected change or volatility in market interest rates could adversely affect our bond and interest rate derivative positions. The average duration of our yen-denominated bond portfolio on a non-consolidated basis was 2.4 years as of June 30, 2024, as compared to 2.6 years as of March 31, 2024 and 3.0 years as of March 31, 2023. In general, the longer the average duration of our yen-denominated bond portfolio is, the greater the likelihood such portfolio will be exposed to downward price pressure in the event of future increases in interest rates.

We also face risks with respect to our holdings of foreign bonds and other available-for-sale securities. As of June 30, 2024, we had ¥2,986.4 billion of available-for-sale foreign bonds (including unrealized profits and losses) on a non-consolidated basis, primarily consisting of U.S. Treasury notes, corporate bonds and mortgage-backed securities issued by government-sponsored enterprises, including ¥45.6 billion unrealized losses on U.S. Treasury notes after adjusting for profits and losses from hedging transactions. Increases in market interest rates, adverse changes in currency exchange rates or the widening of credit spreads could substantially decrease the value of our foreign bonds. Significant declines in market prices for foreign securities could negatively affect the value of other available-for-sale securities, such as foreign investment trusts. In addition, due to limited liquidity, market prices for some securities we hold may be volatile. Furthermore, we may also enter into various hedging transactions to manage our interest rate, foreign currency or other risks in connection with our investments, including domestic and foreign bonds and other available-for-sale securities, and such hedging transactions may result in losses or the costs of entering into such hedging transactions could increase.

We engage in asset and liability management in order to control market risk and the availability of funds. However, if interest rates rise as a result of changes in monetary policy or other reasons, there may be fluctuations in the value of our assets and increased costs of funding, making it more difficult to engage in effective asset and liability management, and our business, results of operation and financial condition could be adversely affected.

Our equity investment portfolio exposes us to the risk of losses if share prices decline.

We hold substantial investments in marketable equity securities, mainly common stock of Japanese listed companies, which includes strategic cross-shareholdings with corporate clients. Declines in market prices for Japanese stocks may reduce the value of our equity securities portfolio, including with respect to our strategic cross-shareholdings in particular, and we have less flexibility to adjust our holdings due to ongoing business relationships and alliances. As of June 30, 2024, we had ¥1,186.6 billion in available-for-sale domestic equity securities (including unrealized profits and losses) on a non-consolidated basis, as compared to ¥1,209.5 billion as of March 31, 2024 and ¥1,070.0 billion as of March 31, 2023.

The market values of equity securities are inherently volatile and a significant decline in market prices for Japanese stocks generally, or significant declines in individual holdings, could cause us to recognize losses. For example, for the three months ended June 30, 2024 and the year ended March 31, 2024, on a non-consolidated basis we recorded losses on devaluation of stocks of ¥0.1 billion and ¥3.0 billion, respectively. In addition, net unrealized gains and losses on such investments are taken into account when calculating the amount of capital for purposes of the calculation of our capital adequacy ratios, and, as a result, a decline in the value of such investments would negatively affect such ratios, to the extent the impact of the decline in value is not offset to some

extent by investments we use to hedge the price fluctuations of such investments. We continue to pursue a hedging strategy to reduce the price volatility risk of our strategic cross-shareholdings in addition to a gradual reduction of our strategic cross-shareholdings, in order to minimize fluctuations in our capital ratios. However, such hedging strategy is unlikely to fully offset a decline in the value of equity securities. Further, a significant increase in market prices for Japanese stocks generally could cause us to recognize losses on hedges in connection with our cross-shareholdings. As of June 30, 2024, unrealized losses on hedging of available-for-sale securities classified as strategic shareholdings on a non-consolidated basis was ¥67.1 billion. We also intend to accelerate the pace of reduction of our strategic cross-shareholdings, and it is possible that we may incur losses or be required to sell equity securities at a less attractive price in order to meet our strategic goals. Furthermore, there is no guarantee that we will be able to reduce our strategic cross-shareholdings within a specific timeframe, in which case we would continue to be exposed to the risk of declines in the value of our strategic cross-shareholdings.

Changes in interest rates could adversely affect our financial condition and results of operations.

Our profitability is dependent to a significant extent upon net interest income, which is the difference between interest earned on loans, securities and other interest-earning assets and interest paid on deposits, borrowings and other interest-bearing liabilities. Because of the differences in maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Accordingly, changes in interest rates could have adverse effects on our profitability in addition to those described under "—Our trading and investment activities expose us to interest rate fluctuations and other market risks." For example, if interest rates change as a result of changes in Japanese or U.S. monetary policy or otherwise, unless the change generates a net positive effect on our interest-earning assets and interest-bearing liabilities, our financial condition and results of operations could be adversely affected. The implementation of a negative interest rate policy by the Bank of Japan had negative effects on our net interest income, including further compression on our domestic loan-deposit spreads and yields on JGBs in our portfolio. While the Bank of Japan has started to shift away from its monetary easing measures, resumption of such policy may depress or further lower domestic interest spreads. On December 20, 2022, the Bank of Japan, without abandoning its overall policy of monetary easing, revised the range of yield curve control for 10-year JGBs from around plus and minus 0.25 percentage points to around plus and minus 0.5 percentage points. Thereafter on July 28, 2023, the Bank of Japan announced that, while maintaining such yield curve control range, it would conduct yield curve control "with greater flexibility" regarding the upper and lower bounds of the range as references, not as rigid limits. In October 2023, the Bank of Japan announced further adjustments to its yield curve control policy, potentially allowing 10-year Japanese government bond yields to increase above 1.0%. In March 2024, the Bank of Japan announced that it would end its yield curve control and negative interest rate policy, setting a target for the uncollateralized call rate to remain at 0 to 0.1%, and in July 2024, the target was raised to around 0.25%. For further details, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Results of Operations—Operating Environment."

In addition, any increases in interest rates may lead to increases in our non-performing claims, as some of our borrowers may not be able to meet increased interest payment requirements, or to a decrease in demand for housing loans, an important element of our lending activities. Any of these situations could adversely affect our results of operations and financial condition.

A failure or disruption of information technology or business systems or the occurrence of a cyberattack could harm our relationships with our clients, expose us to administrative actions or otherwise adversely affect our operations.

The capacity and reliability of our information technology and business systems are critical to our day-to-day operations. In addition to our own internal information systems, we also provide our clients with access to our services and products through the Internet and through our telephone banking system. Our hardware and software may be subject to damage or incapacitation due to human error, natural disasters, power loss, sabotage, hacking, product defects, computer viruses, malware, phishing schemes, cyberattacks and similar threats. Cyberattacks, including ransomware, have increased in

frequency and sophistication in recent years, and we consider cybersecurity risk to be a top priority for our group. Although we are continuing to implement measures to protect our information technology systems from cyberattacks and other threats, such measures may be inadequate to prevent security breaches or other system breakdowns, which could result in disruptions of service, leakage of confidential information and destruction or compromise of data. To date, we have not experienced widespread disruption of service to clients, but there can be no assurance that we or our service providers will not encounter disruptions in the future due to substantially increased numbers of clients and transactions, cyberattacks resulting in the leakage of personal information or for other reasons. Furthermore, in response to the COVID-19 pandemic, we continue to promote telework for our employees to reduce risk of infection, and we maintain active use of telework and team rotations for our employees. The use of such telework and remote working technologies may increase our cybersecurity risk.

As is the case for many other Japan-based companies, our main information technology centers, which are located in Tokyo and Osaka, are subject to earthquake risk. Although our information technology systems are designed to incorporate redundancy at all levels, including the capability to recover data and functionality, and although we have information storage and technology backup facilities, these measures may not be sufficient to avoid a material disruption of our operations. In addition, our continuity of business plans may not address all contingencies that could arise in the event of a major disruption of services.

A lapse in our compliance policies and procedures or a failure to conduct our business in accordance with the expectations of our clients could have a negative impact on our results of operations.

We conduct business in many locations in and outside of Japan, and we are subject to various laws and regulations in our trust and banking businesses. We also provide a variety of products and services for which our clients demand a high standard of care in the way we conduct our business. Although we maintain compliance policies and procedures designed to ensure compliance with laws and regulations and to meet the expectations of our clients, such policies and procedures may not be successful in preventing all violations or lapses in the way we conduct our business, and we face the risk of litigation and regulatory proceedings in connection with our financial or business status as well as our operations.

A lapse in our compliance policies and procedures or a failure to conduct our business in accordance with the expectations of our clients could result in a violation of law or regulations, legal or regulatory proceedings, fines or other penalties, or otherwise harm our reputation, all of which could have a negative impact on our financial condition or results of operations. See also "—We are subject to significant regulation, and adverse regulatory developments or changes in laws, regulations, codes of practice or government fiscal or other policies and they could have a negative impact on our results of operations."

Credit costs related to problem loans could increase if there are adverse changes in the financial condition of our borrowers or general economic conditions, including real estate prices, or our allowances are inadequate.

In prior years, there were a number of corporate bankruptcies and increased use of business revitalization alternative dispute resolution procedures implemented by the Japanese government, in particular by companies directly affected by declines in real estate prices, low consumer demand and the lingering effects of the worldwide financial and economic crisis. In prior periods, economic difficulties in Japan have affected companies in sectors other than the financial sector, such as the real estate, construction, electronics, wholesale and retail industries. Because we have significant credit exposure to Japanese corporate and individual borrowers, any reemergence of these trends may adversely affect our credit costs. Through the fiscal year ended March 31, 2023, SuMi TRUST Bank recorded special loan loss provisions from a forward-looking perspective with respect to specific industries impacted by COVID-19 and the invasion of Ukraine. However, from the fiscal year ended March 31, 2024, SuMi TRUST Bank records such special loan loss provisions for individual corporates considering the impact of changes in environment on business performance. As of March 31, 2024, SuMi TRUST Bank had a special loan loss provision from a forward-looking perspective of

approximately ¥18.0 billion. These special loan loss provisions and reversals are based on management's judgments and expectations, including the incorporation of forward-looking information about economic performance. If the negative effects on our customers' business performance from economic conditions, rising resource prices or supply chain disruption are greater than anticipated, we may record increases in our special loan loss provision as a result.

As of June 30, 2024, our non-consolidated problem assets under the Financial Reconstruction Act totaled ¥118.9 billion out of a total loan balance of ¥34,165.6 billion.

Our problem loans and credit costs could increase if:

- current restructuring plans of borrowers are not successfully implemented;
- borrowers, particularly large borrowers, become insolvent or are forced to restructure, including as a result of a decision by us or any other lender to withdraw support from any such borrower;
- we decide to write off certain loans or extend additional credit support or other financial support to borrowers who have defaulted on loans from us;
- the Japanese government's economic stimulus measures are ineffective or are ended before the economy fully recovers;
- economic conditions in Japan, either generally or in specific industries in which large borrowers operate, deteriorate or the global economic environment deteriorates generally;
- the value of collateral we hold declines; or
- real estate prices or stock prices in Japan decline.

By industry classification, loans to borrowers in the Japanese real estate sector, manufacturing sector and the financial and insurance sector represented 13.2%, 10.5% and 10.3%, respectively, of total domestic loans in our banking account and principal guaranteed trust account on a non-consolidated basis as of June 30, 2024.

Our allowance for loan losses on claims in our banking account is based on our past experience of credit losses and assumptions and estimates about our loan portfolio, the value of collateral and guarantees, general business and economic conditions and other pertinent indicators. As of June 30, 2024, we had a coverage ratio of 73.6% in relation to our non-consolidated problem assets of ¥118.9 billion in our banking account. Our actual loan losses in our banking account could prove to be materially different from our estimates, including due to factors noted above, and could materially exceed our allowance.

Refinancing risk could negatively affect our results of operations and financial condition.

We depend on our ability to continue to attract deposits and to refinance our debt obligations at commercially acceptable rates. We may encounter difficulty obtaining financing on reasonable terms, or at all, if:

- our balance of deposits significantly decreases;
- our financial condition worsens or our results of operations decline;
- our credit ratings are downgraded;
- we suffer damage to our reputation; or
- there is a general downturn in economic conditions or a decline in liquidity, particularly in the Japanese financial markets.

Similarly, during periods of unstable market conditions, we may need to find alternative sources of financing as traditional credit sources become constrained and the prices of our investment assets may decline. Funding may not be available on acceptable terms or at all. Failure to refinance our obligations, or increased refinancing costs, could materially adversely affect our results of operations and financial condition.

A significant downgrade of our credit ratings could have a negative impact on our business.

We obtain credit ratings from the major credit rating agencies for us and certain of our subsidiaries and equity-method affiliates, including Sumitomo Mitsui Trust Bank (U.S.A.) Limited ("SuMiTBUSA"), Sumitomo Mitsui Trust Panasonic Finance Co. Ltd. ("Sumitomo Mitsui Trust Panasonic Finance") and SBI Sumishin Net Bank, Ltd. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by credit ratings of JGBs and general views regarding the Japanese financial system as a whole. In particular, in August 2022, Moody's Japan K.K. stated that an upgrade of our ratings is unlikely and that our ratings could be downgraded in case of a downgrade of Japan's sovereign rating or the tangible common equity ratio of our parent, SuMi TRUST Holdings, remaining below 9% on a sustained basis. Reduction of any of our credit ratings by one or more credit rating agencies could increase our financing costs and have a negative impact on our treasury operations, procurement of funds and other aspects of our business and could result in damage to our reputation. Any downgrade may also:

- result in us having to accept less favorable terms in transactions, including financing transactions, or prevent us from entering into certain types of transactions;
- cause existing agreements or transactions to be cancelled;
- lead clients to withdraw some or all of their funds from their accounts with us; or
- require that we provide additional collateral in connection with derivatives transactions.

The occurrence of any of the above events could adversely affect our results of operations and financial condition.

We may not be able to maintain regulatory ratios above the minimum required levels, which could result in the suspension of some or all of our operations.

We and our parent holding company, SuMi TRUST Holdings, are required to maintain capital adequacy, funding and liquidity ratios at or above the levels specified in the applicable guidelines of the FSA. These guidelines provide for minimum target ratios of capital to risk-weighted assets on a consolidated basis for Japanese banks and bank holding companies and on a non-consolidated basis for Japanese banks, as well as for minimum liquidity coverage and net stable funding ratios on a consolidated basis for Japanese banks and bank holding companies with international operations and on a non-consolidated basis for Japanese banks with international operations. The phase in of new regulations implementing Basel III has increased the stringency of certain capital requirements applicable to us, including the calculation of our capital adequacy ratios, and future regulation could further increase such standards.

In March 2012, the FSA published revisions to its capital adequacy guidelines, which generally reflect guidelines set forth in the Basel III rules text published by the Basel Committee on Banking Supervision ("BCBS") in December 2010. The FSA's implementation in Japan of the principal risk-weighted capital measures of the Basel III rule text was phased in from March 2013 to March 2019.

Under the FSA's revised capital adequacy guidelines, since March 31, 2015, we and SuMi Trust Holdings have been required to maintain, on a consolidated basis and (in our case) on a non-consolidated basis, a minimum Common Equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 6.0% and a total capital ratio of 8.0%. In addition, in November 2015, the FSA published revised capital adequacy guidelines and related ordinances to introduce Basel III capital buffer rules, which consist of a capital conservation buffer and a countercyclical buffer, and additional loss absorbency requirements for Global Systemically Important Banks ("G-SIBs") and D-SIBs. The FSA's revised guidelines requires SuMi TRUST Holdings to hold a capital conservation buffer to withstand future periods of stress, which was phased in from March 2016, and became fully effective at 2.5% in March 2019. The countercyclical buffer, which was phased in from March 2016 and became fully effective in March 2019, is intended to reduce the buildup of systemic risk in periods and locations of excessive credit growth and is calculated as the weighted average of the buffers in effect in the jurisdictions to which SuMi TRUST Holdings has credit exposure, with a maximum of 2.5%.

Furthermore, SuMi TRUST Holdings has been designated as a D-SIB by the FSA since December 2015. The additional loss absorption capacity requirement applied to SuMi TRUST Holdings was phased in from March 2016 and became fully effective at 0.50% in March 2019.

As a result, the fully phased in minimum Common Equity Tier 1 capital ratio and minimum total risk-weighted capital ratio requirements applicable to SuMi TRUST Holdings, including the capital conservation buffer and additional loss absorption capacity requirement but excluding the countercyclical buffer, were 7.50% and 11.00%, respectively, from March 2019.

In addition, in December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (the "GHOS"), endorsed the outstanding Basel III post-crisis regulatory reforms, which included changes to the calculation of risk-weighted assets by imposing an output floor on banks that use the internal ratings based ("IRB") approach to calculate credit risk. These rules, other than revisions to the capital floor, were expected to mainly come into effect in January 2022. The revisions to the capital floor were expected to be phased in from January 2022, initially with an output floor of 50% of the risk-weighted assets as calculated under the standardized approach, gradually rising to 72.5% by January 2027 when the transitional period ends. However, in March 2020, GHOS announced a deferral of the implementation date of the finalized Basel III reform by one year to increase operational capacity of banks and supervisors to respond to COVID-19. Following this announcement, the FSA announced that the finalized Basel III reform is scheduled to be implemented in Japan from March 2023. In September 2021, the FSA announced its plan to allow domestic banks which do not use internal models to calculate the amount of risk to delay the application of the finalized Basel III standards in Japan for another one year, to March 31, 2024. Furthermore, in March 2022, the FSA announced its plan to defer the implementation of finalized Basel III standards in Japan based on international developments and dialogue with stakeholders, (i) for domestic banks which use internal models to calculate the amount of risk and internationally active banks, to March 31, 2024, except for banks that have notified the FSA that they wish to apply finalized Basel III standards earlier, and (ii) for domestic banks which do not use internal models to calculate the amount of risk to March 31, 2025.

The revised capital adequacy guidelines based on the finalized Basel III reforms have been applicable to us with transitional arrangements from the end of March 2024. As of June 30, 2024, our consolidated Common Equity Tier 1 capital ratio and Tier 1 capital ratio under the FSA's current guidelines were 10.19% and 11.40%, respectively, and our consolidated total capital ratio was 12.30%. As of June 30, 2024, SuMi TRUST Holdings' consolidated Common Equity Tier 1 capital ratio and Tier 1 capital ratio under the FSA's current guidelines were 11.25% and 12.42%, respectively, and its consolidated total capital ratio was 13.30%.

Under the FSA's guidelines for liquidity coverage ratio ("LCR"), which are based on the full text of the LCR standard issued by the BCBS in January 2013, applicable to banks and bank holding companies with international operations, we must maintain LCR of at least 100% on both a consolidated basis and a non-consolidated basis and SuMi TRUST Holdings must maintain LCR of at least 100% on a consolidated basis. In addition, under the FSA's guidelines for net stable funding ratio ("NSFR"), we must maintain NSFR of at least 100% on both a consolidated basis and a non-consolidated basis and SuMi TRUST Holdings must maintain NSFR of at least 100% on a consolidated basis.

Our consolidated LCR and SuMi TRUST Holdings' consolidated LCR for the three months ended June 30, 2024 under the FSA's current guidelines were 157.5% and 158.4%, respectively. As of June 30, 2024, our consolidated NSFR and SuMi TRUST Holdings' consolidated NSFR under the FSA's current guidelines were 110.9% and 110.9%, respectively.

Our and SuMi TRUST Holdings' capital adequacy and other regulatory ratios could decline as a result of a number of factors, including:

- increases in our risk-weighted assets or those of SuMi TRUST Holdings;
- increases in our net cash outflows or required stable funding or those of SuMi TRUST Holdings;
- declines in the value of securities held by us or SuMi TRUST Holdings;
- decreases in our high-quality liquid assets or available stable funding or those of SuMi TRUST Holdings;
- changes in accounting rules;
- regulatory reforms;

- potential downgrades of borrowers under the advanced IRB approach to credit risk, potential increases in estimates of probability of borrower default and potential increases in operational risk; and
- other potential adverse developments discussed in these risk factors.

If our or SuMi TRUST Holdings' capital adequacy or other regulatory ratios fall below specified levels, the FSA could require us or SuMi TRUST Holdings, as the case may be, to implement various corrective measures, including, depending on the level of deficiency, restrictions on our or SuMi TRUST Holdings' capital distributions or suspension of all or part of our or SuMi TRUST Holdings' business operations, which may affect our and SuMi TRUST Holdings' ability to fulfill contractual obligations or may result in restrictions on our or SuMi TRUST Holdings' businesses. The calculation of our and SuMi TRUST Holdings' regulatory ratios are also subject to systems and internal controls over financial reporting and involve various estimates and judgments by our management and that of SuMi TRUST Holdings. Deficiencies in such systems, controls, estimates or judgments could lead to revisions in our regulatory ratios that we or SuMi TRUST Holdings have published or submitted to regulatory authorities, and could result in other regulatory actions, all of which could adversely affect our reputation, financial condition or results of operations. In the past, we and SuMi TRUST Holdings have announced revisions to our and SuMi TRUST Holdings' historical liquidity coverage ratio and our and SuMi TRUST Holdings' capital adequacy ratios. Such ratios may be subject to further revisions in the future, and there can be no assurance as to the magnitude of such revisions, if any.

For a discussion of our and SuMi TRUST Holdings' capital adequacy ratios and the related regulatory guidelines, see "Supervision and Regulation—Japan—Regulation Regarding Capital Adequacy and Liquidity" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Funding and Liquidity."

We are subject to significant regulation, and adverse regulatory developments or changes in laws, regulations, codes of practice or government fiscal or other policies and they could have a negative impact on our results of operations.

We are subject to significant regulation and regulatory supervision as a financial institution. We conduct our businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and judicial interpretations in Japan and the other markets in which we operate. Future changes in regulations or fiscal or other policies and their effects on us and our subsidiaries are unpredictable and beyond our control.

Changes in the regulatory environment in Japan and in foreign jurisdictions may adversely affect our business operations, financial condition and results of operations such as restricting the provision of certain products or forcing us to implement new risk control systems. In recent years the Japanese financial services industry has been the subject of a number of significant regulatory initiatives and revisions to capital adequacy guidelines, in particular in relation to quality of capital and accounting standards, which could adversely affect our capital ratios separately from what is contemplated by the implementation of Basel III. In addition, changes to current regulations or the implementation of new regulations in the future by Japanese or foreign regulatory authorities could impact our capital ratios and business operations.

The FSA and other regulatory authorities also have the authority to inspect our operations generally and our classifications of loans and receivables. The FSA may encourage us to apply stricter evaluation standards in the future, which could result in an increase in impaired loans and receivables and credit costs. The FSA may also encourage us to support individual or small- and medium-sized enterprise ("SME") borrowers and facilitate financing to those clients.

The Securities and Exchange Surveillance Committee also has the authority to inspect at any time us and our asset management subsidiaries. Any failure of ours or of our asset management subsidiaries to comply with applicable laws and regulations could result in a business improvement order or other administrative sanctions and could harm our reputation.

In Japan and other foreign jurisdictions where we operate, a major focus of the regulation of financial institutions has been aimed at preventing money laundering and terrorist financing. The FSA

and other regulatory authorities hold financial institutions such as us to a high standard to develop monitoring, detection and prevention capabilities. Failures or defects in our financial crime risk management controls may subject us to regulatory sanctions or penalties, which could have a material impact on our reputation, financial condition or results of operations.

For a discussion of regulations applicable to us, see “Supervision and Regulation.”

The financial services industry in which we operate is highly competitive.

Deregulation, consolidation among financial institutions, including the consolidation of rival trust banks into Japan’s major banking groups, diversification of financial institutions and the expanded presence of foreign financial institutions and investors have made the Japanese market for financial services highly competitive. Moreover, competition in overseas markets has intensified owing to global consolidation, convergence and alliances among financial institutions. In addition, as a result of advances in financial technology, or “FinTech,” an increasing number of companies have recently been crossing industry lines and entering the field of finance, contributing to a further intensification of the competitive environment surrounding us.

We compete with various types of financial service providers, including:

- banking groups, including Japan’s other major banking groups;
- regional banking institutions;
- Japan Post Bank Co., Ltd. (“Japan Post Bank”) and other government-controlled and government-affiliated entities;
- major investment banks;
- non-bank finance companies;
- asset management companies; and
- other financial service providers, including those utilizing FinTech.

Government actions, such as those taken to stabilize the market and to alter the regulatory framework, may affect our competitive position. In response to financial difficulties, the Japanese government has adopted, and may adopt, additional policies, including providing fiscal stimulus or extending credit support to other Japanese financial institutions, that adversely affect our competitive position. Internationally, various forms of financial support provided by foreign governments to foreign banks and other financial institutions may reduce the cost of capital to those institutions and otherwise give them competitive advantages.

We expect that competition across our business lines will continue to intensify, including as a result of additional business combinations and alliances among our competitors and deregulation. See “Japanese Banking and Trust Banking Industry.”

Moreover, competitors may seek to match our service offerings, making it more difficult for customers to differentiate between our products and services and those of our competitors, particularly in the current low interest rate environment as competitors seek to diversify away from their core deposit-taking businesses. Competition from FinTech companies also raises new challenges. Although we have been exploring FinTech opportunities as part of the SuMi TRUST Group’s digital strategy, including our minority investment in Japan Digital Asset Trust, a joint venture for digital asset custody with bitbank, inc., new entrants and new technological developments, such as developments in cloud computing, blockchain and artificial intelligence, may create additional pressure on us to adapt our services to compete, but we may not be able to match the experience, technical resources or pricing of our competitors. In addition, we may be unsuccessful in anticipating threats to our current businesses, or opportunities for new businesses, from technological innovation.

If we are unable to compete effectively in this increasingly deregulated and competitive business environment, our business, results of operations and financial condition will be adversely affected.

We may be unable to successfully execute the SuMi TRUST Group's medium term management plan or our business strategies generally.

The SuMi TRUST Group's current medium term management plan, which was announced in May 2023, covers the three years ending March 31, 2026. Under the plan, SuMi TRUST Group seeks to continue creating new value with the "Power of Trust" to help its clients and society to realize a prosperous future, and contribute to the enhancement of well-being of its clients and society. The plan has nine strategies organized around three themes: (1) achieving business growth that is unique to a trust group, and improvement of capital efficiency through creating a virtuous circulation of funds, assets and capital, and enhancing corporate value, (2) strengthening human capital to be fit for the future through creating an organization where job satisfaction leads to personal well-being and (3) increasing the sophistication of our management platform to enhance our capability to support business and organizational transformation. In connection with the plan, SuMi TRUST Group has established various goals for the year ending March 31, 2026, including price-to-book ratio, net business profit before credit costs, return on equity and Common Equity Tier 1 ratio on a Basel III finalized basis, among others. However, there can be no assurance that we, as the core member of the SuMi TRUST Group, will be able to achieve our quantitative or qualitative goals, or that we will be able to achieve other anticipated positive effects of the plan. In addition, there are various risks that could adversely impact our ability to execute our and the SuMi TRUST Group's business strategies, including the following:

- we may be unable to sell or cross-sell products and services as effectively as anticipated, and new products and services we introduce may not gain acceptance among customers;
- we may be unable to reduce costs and enhance efficiency as anticipated;
- we may have difficulty coordinating the operations of our subsidiaries and affiliates, including those that are overseas;
- expansion into new fields and integration of our services and management systems could present problems which we do not anticipate or with which we have no experience;
- changes in the business environment in which we operate, such as deterioration of economic or market conditions and increased competition, could pose new challenges;
- our business alliances and any future acquisitions may not produce the expected benefits, alliance partners may decide to terminate their arrangements with us, such alliances could give rise to conflicts of interest and unanticipated integration or transaction costs and we may have difficulty divesting our investments or terminating these relationships on favorable terms; and
- we may not fully realize the anticipated benefits of internal reorganizations of businesses within the SuMi TRUST Group.

Our results of operations and financial condition may be adversely affected if we fail to execute our and the SuMi TRUST Group's business strategies.

Failure of our acquisitions and investments in affiliates and other business alliance partners could negatively affect our financial condition and results of operations, including impairment losses on goodwill or investments.

We have made and may undertake acquisition of subsidiaries and investments in affiliates and other business alliance partners. It is uncertain whether we will receive the expected benefits from those business strategies, due to any adverse regulatory changes, worsening of economic conditions, increased competition or other factors, that may negatively affect the related business activities or there might be unrecognized contingent liabilities.

Our business alliances and any future acquisitions may not produce the expected benefits, alliance partners may decide to terminate their arrangements with us, such alliances could give rise to conflicts of interest and unanticipated integration or transaction costs, including contingent liabilities, and we may have difficulty divesting our investments or terminating these relationships on favorable terms. Adverse regulatory changes, worsening of economic conditions and increased competition may negatively affect the related business activities and cause our business alliances or acquisitions to be less successful than anticipated.

When we acquire a subsidiary, we may recognize goodwill and intangible assets. Impairment losses on goodwill or intangible assets in connection with acquisitions must be recognized when the recoverable amount of goodwill or intangible assets of the business is lower than the carrying amount at the time of impairment testing, which is performed annually or whenever there is an indication that the goodwill or intangible assets may be impaired.

We account for some of our investments in affiliates under the equity method. Therefore, net losses incurred by equity method investees may cause us to record our share of the net losses. Furthermore, we may lose the capital that we have invested in business alliances or may incur impairment losses on securities acquired in such alliances. We may also be required under contractual or other arrangements to provide financial support, including credit support and equity investments, to business alliance partners in the future, which could cause us to incur credit costs from credit exposure to such partners.

We will be exposed to new or increased risks as we expand the range of our products and services.

We offer a broad range of financial services, including banking, trust, asset management and other services. As the needs of our customers become more sophisticated and broader in scope, and as the Japanese financial industry continues to be deregulated, we have been entering into various new areas of business, including through acquisitions and business and equity alliances, which expose us to new risks. We have also expanded our overseas lending. While we have developed and intend to maintain risk management policies that we believe are appropriate to address such risks, if a risk materializes in a manner or to a degree outside of our expectations, our business, financial condition and results of operations could be materially and adversely affected.

Poor performance of the trust assets over which we have investment discretion or the assets managed by our asset management subsidiaries could materially adversely affect our businesses.

Success in our asset management business will depend in part on favorable investment performance relative to portfolio benchmarks, including the Nikkei Stock Average and the Tokyo Stock Price Index, and competing investment products. Poor investment performance relative to such benchmarks or to competing products could cause clients to withdraw assets in favor of better-performing investment products or could diminish our ability to attract new clients, adversely affecting our operating results and financial condition.

Fees and commissions representing a significant portion of our business are significantly influenced by current Japanese governmental or policy initiatives and changes to those initiatives could adversely affect our financial results.

Fees and commissions, which include fees related to sales of investment trusts, insurance products and real estate brokerage commissions, had benefited from the strength in the Japanese stock market and general recovery of business market conditions in Japan seen in recent years, which coincided with a number of governmental initiatives, including quantitative easing by the Bank of Japan and the allocation of more funds to equities, primarily domestic, by the Government Pension Investment Fund of Japan. On the other hand, the COVID-19 pandemic, together with the resulting volatility in financial markets and deterioration in the macroeconomic environment resulted in downward pressure on fee and commission income. In general, declines in the performance of Japanese equities, declines in the number of real estate transactions or market prices of real estate caused by sluggish real estate markets or changes to any of these positive governmental or policy initiatives, or diminished effectiveness of such governmental initiatives, could adversely affect our fee and commission income and, as a result, our results of operations and financial condition.

Our obligations to compensate certain customers for the loss of principal could adversely affect our financial results.

As part of our business, we guarantee the payment of the principal of some of the trusts over which we have investment discretion, including certain of our money trusts. As of June 30, 2024, the principal balance of such “guaranteed trusts” on a non-consolidated basis was ¥3,611.9 billion. Funds

in these trusts are generally invested in loans, either to third parties or to the banking account, or in securities. We have generally incurred minimal credit costs relating to such principal guaranteed trust accounts, however there is no guarantee that we will not incur material credit costs in the future. In addition, even with respect to trust products that do not feature a principal guarantee, we may be required to bear certain debts and expenses in our capacity as a trustee if we are found not to have fulfilled our fiduciary duties. If we incur material credit costs relating to our principal guaranteed trust accounts or are required to bear certain debts and expenses in our capacity as a trustee, our results of operations and financial condition could be adversely affected.

Pension plan losses or declines in returns on plan assets may negatively affect our results of operations and financial condition.

Our pension-related costs and projected benefit obligations are calculated based on assumptions regarding projected returns on pension plan assets and various actuarial assumptions relating to the plans. Our pension costs may increase as a result of revised actuarial assumptions on which the calculations of the projected pension obligations are based, revised accounting standards or other changes in our pension plans. Further, if actual results differ from our assumptions or if we revise our assumptions in the future, owing to changes in the stock markets, interest rate environment or for other reasons, then our pension-related costs and projected benefit obligations could increase. In addition, any future changes to our pension plans could also lead to increases in our pension-related costs, projected benefit obligations and give rise to previously unrecognized past service liability. Any of the above factors could adversely affect our results of operations and financial condition.

Changes in projected income may adversely affect our deferred tax assets.

We calculate and record deferred tax assets based on a reasonable estimation of future taxable income over the next five years based on our revenue projections for each of those years and in accordance with applicable accounting standards. Our financial condition, results of operations and amount of regulatory capital could be materially and adversely affected if our deferred tax assets decline due to a change in our estimation of future taxable income, a change in tax rates as a result of revisions to the Japanese tax system or other factors.

We could be required to recognize impairment losses on our intangible assets.

As of March 31, 2024, we had ¥129.4 billion of intangible fixed assets, including ¥121.0 billion of software and ¥4.5 billion of goodwill, on a consolidated basis. We are required to evaluate periodically whether such intangible fixed assets have become impaired. For example, a noticeable deterioration in the profitability of an acquired business or a reduction in the estimated useful life of software could result in the carrying amount of intangible assets exceeding the higher of the amount we could recover in a sale or their value in use. If the value of such assets is determined to be impaired, we would be required to recognize an impairment loss that would adversely affect our results of operations and financial condition. For the year ended March 31, 2023, we recorded ¥15.9 billion of impairment losses in connection with software of certain service lines related to the development project for implementation of a new overseas accounting system, because we changed our original renewal plan that assumed the implementation of a complete package system currently under development and decided to consider a revised renewal plan assuming the implementation of alternative systems for each service line.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to developing and strengthening our risk management policies and procedures and we expect to continue to do so in the future. Nevertheless, the policies and procedures that we utilize to identify, monitor and manage risks are based on past experience and historical market behavior and may not fully account for risks which materialize in the future. Such policies and procedures may not be fully effective as a result of any of the following factors, among others:

- fast-paced expansion into new areas of business may pose new risks that are not contemplated by our existing policies and procedures; and

- unanticipated changes in our business environment could reduce the effectiveness of our risk management framework.

As a result of any of the above factors, these policies and procedures may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate.

We are exposed to day-to-day operational, legal and regulatory risks throughout our organization. Management of these risks requires, among other things, policies and procedures to properly record and verify large numbers of transactions and events. Operational risk is inherent in our businesses and can manifest itself in various ways, including malfunctioning or inappropriate internal processes, human errors and employee misconduct. The policies and procedures adopted by us, our subsidiaries and our equity-method affiliates may not be effective in preventing losses related to day-to-day operational and other risks that we face in our businesses.

Our reputation and business could be harmed by negative rumors about us or the industries in which we operate.

Rumors about us, services such as trust management and asset management that we offer to retail customers or the financial industry in general have the potential to undermine the confidence of clients, regardless of whether or not they are true. Such rumors can be created or spread through the mass media, social media posting or other means. While we strive to respond to unfounded rumors or reports in a timely and appropriate manner, if we are unable to do so effectively, such rumors have the potential to negatively affect our reputation and business. In addition, as concerns regarding social issues, such as human rights violations and health hazards, have heightened in recent years, we believe that our stakeholders as well as the society at large expect us to give increasing consideration to such issues. If we are unable to meet such expectations, our reputation and our business could be harmed.

We rely extensively on third-party service providers, including with respect to our information technology systems and other important aspects of our businesses, and the failure of third-party service providers to perform as expected could adversely affect our operations.

We rely on third-party service providers for significant elements of our information technology systems, including telephone, Internet and data transport services. For example, we entrust back-office operations relating to stock transfer agency services to JSDSC, a fifty-fifty joint venture with Mizuho Trust & Banking Co., Ltd. (“Mizuho Trust”). Also, we entrust administrative services related to corporate pension plans, such as membership management and corporate pension benefit payments, to Japan Pension Operation Service, Ltd. (“JPOS”), a joint venture established with Mizuho Trust. Because Japan Stockholders Data Service and JPOS are equity-method affiliates and not majority-owned subsidiaries, we do not fully control the administration and back-office operations that we entrust to them. Any third-party technology failure or cyberattacks could adversely affect our ability to execute transactions or deliver services to our clients effectively, or could result in leakage of confidential information or compromise of sensitive data. Vulnerabilities in third-party technology systems may be exploited in ways that increase the risk that our information technology systems are exposed to cyberattacks.

Although we exercise care in selecting and monitoring our third-party service providers, any problems with or interruptions in the services they provide could expose us to lawsuits or administrative sanctions, harm our client relationships or our reputation or otherwise have an adverse effect on our results of operations and financial condition.

We must hire and retain qualified employees to succeed in implementing our business strategy.

Our success in executing our business strategy depends in part on our ability to attract and retain employees with professional experience and specialized product knowledge in many areas. We face competition in hiring highly skilled business, technical and other personnel from not only other trust banks and asset management companies but also commercial banks, investment banks, other financial service providers, tech companies and other companies more generally. We may not succeed in continuing to attract, integrate and retain appropriately qualified personnel as a result of these factors, which in turn could adversely affect our business and results of operations.

Employee or client fraud and other misconduct could subject us to regulatory sanctions, civil liability and damage to our reputation.

We are exposed to potential losses resulting from fraud, negligence and other misconduct by our employees and clients. In addition, employees may bind us to transactions that exceed authorized limits or present unacceptable risks, hide from us and our clients unauthorized or unsuccessful activities, improperly use confidential information or otherwise abuse client confidences. Employees or clients may engage in fraudulent activities, including fraudulent use of client accounts or the use of false identities to open accounts for money laundering, tax evasion or other illegal purposes. Others could use stolen or forged ATM cards or engage in credit card fraud, in which case we may be required to indemnify our clients for the resulting losses. Because of the broad range of businesses that we engage in and our large number of employees and clients, such fraud and other misconduct is difficult to completely prevent or detect, and we may not be able to establish sufficient internal control systems to prevent such activities or recover the losses caused by such activities. As a result of these risks, we could be subject to regulatory sanctions, civil liability and significant damage to our reputation.

Our business operations are exposed to risks of natural disasters, fires, blackouts, terrorism, pandemic and calamities.

Despite any preparations we take, our business operations, technology infrastructure, employees and physical assets are subject to the risks of earthquakes and typhoons or other natural disasters, fires, blackouts, terrorism, pandemics (including variants of COVID-19) and other calamities. Additionally, massive natural disasters such as the March 2011 Great East Japan Earthquake may have various adverse effects, including a deterioration in economic conditions, declines in the business performance of our corporate customers and declines in stock prices. An occurrence of these events could impair our business operations and adversely affect our operations and financial condition.

We may be subject to liability and regulatory action or experience adverse business results if we are unable to protect or adequately manage information including personal information and data we use in connection with our business management.

In recent years, there have been many cases of personal information and records in the possession of corporations and institutions being leaked or improperly accessed. Although we strive, including pursuant to the BCBS's standard number 239 which seeks to strengthen banks' risk data aggregation capabilities and internal risk reporting practices, to ensure the soundness of our information protection policies and procedures and provide extensive education on this subject to our personnel, there can be no assurance that our efforts will be fully effective. The information we manage includes personal information about our customers as well as data we use in connection with our business management. If personal information in our possession is leaked or improperly accessed, whether due to employee inattention, malfeasance or other factors, and subsequently misused, we could be subject to liability and regulatory action. In addition, if flaws in our data quality controls result in flawed decision making that reduces our corporate value or undermines our credibility, our business and results of operations may be adversely affected.

The requirements under the Act on the Protection of Personal Information of Japan (Act No. 57 of 2003), as amended (the "Act on the Protection of Personal Information"), that apply to us in our handling of the personal information of our clients are stringent. See "Supervision and Regulation—Japan—Protection of Personal Information." Any material unauthorized disclosure of personal information or other failure to protect or properly control personal information could adversely affect our businesses in a number of ways. For example, we could be subject to complaints and lawsuits for damages from clients and could become subject to administrative actions or sanctions or could incur additional expenses associated with changing our security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives. In addition, such incidents could create a negative public perception of our operations or brand, which may in turn decrease client and market confidence in us and materially and adversely affect our businesses, operating results and financial condition.

Our businesses may be adversely affected by negative developments with respect to other Japanese financial institutions, both directly and through the effects such developments may have on the overall Japanese banking environment and on our borrowers.

Some Japanese financial institutions, including banks, non-bank lending and credit institutions, affiliates of securities companies and insurance companies, experienced declining asset quality and capital adequacy and other financial problems during the period from the mid-1990s to the first half of the 2000s, resulting in the liquidation and government control of some of the affected institutions, and again during the financial crisis in the late 2000s. If Japanese financial institutions experience similar declines in asset quality or capital adequacy or encounter other financial problems in the future, this could cause severe liquidity and solvency problems and could again result in the liquidation or governmental control of some of the affected institutions. Financial difficulties of other financial institutions could adversely affect us because:

- we may have extended loans or given other credit to troubled banks and financial institutions;
- we may own shares of troubled banks and financial institutions;
- troubled banks and financial institutions may discontinue or decrease their credit support to troubled borrowers to whom we are also a lender, resulting in significant failures of those borrowers and/or a deterioration in the quality of our loan portfolio;
- we may be required to provide assistance or support to troubled banks or financial institutions;
- financial institutions may become majority owned, controlled or subsidized by the Japanese government, which could disrupt our competitive environment;
- deposit insurance premiums that we are obligated to pay to the Deposit Insurance Corporation of Japan (the "DIC") could rise if deposit insurance funds held by the DIC prove to be inadequate; and
- repeated or large-scale bankruptcies, or government support or control of financial institutions, could generally undermine depositor confidence or adversely affect the overall banking environment.

Our business is exposed to risks associated with climate change, including the physical risk of climate change and risk from the transition to a low-carbon society.

Risks associated with climate change are subject to increasing societal, regulatory and political focus in Japan and globally, including as a result of the Paris Agreement, adopted by almost all nations around the world on December 12, 2015, whose goal is to keep the increase in global average temperature to well below 2 °C above pre-industrial levels. These risks include the physical risk of climate change and risk from the transition to a low-carbon society.

Physical risks of climate change include damage to the natural environment, social infrastructure and the physical assets of our customers as a result of specific weather events, such as large-scale typhoons, and other climate-related phenomena in the mid- to long-term. Despite our preparation of operation manuals and other backup measures and procedures, a large-scale disaster due to extreme weather conditions damages our employees and branches, interfering with our business continuity. Large-scale disasters could also adversely affect the financial conditions of our customers or the value of properties pledged as collateral, resulting in an increase in our credit costs. In addition, our operating income and values of assets held may decrease due to instability in financial markets, which could also adversely affect our ability to raise financing.

There are also risks from the transition to a low-carbon society. For example, due to changes in climate change policies, tightening of environmental regulations and technological innovation to address climate change, our customers or companies whose securities we hold that operate in sectors that are deemed to contribute significantly to climate change may experience declines in the value of their assets (i.e., asset stranding). In addition, our customers' and such companies' financial condition and performance could suffer from increasing costs associated with climate change response measures, which could result in an increase in our credit costs or a decline in our investment assets.

Furthermore, financial institutions, including Japanese financial institutions, have been facing increasing pressure from investors, non-profit organizations and other interested parties to reduce their

exposure to financing of projects that are inconsistent with the goals of the Paris Agreement. SuMi TRUST Group continues to proactively address issues relating to climate change, including by stepping up its services in the areas of positive impact finance and ESG/integrated report consulting and by contributing to the spread of renewable energy through project financing for wind power generation and mega-solar power in Japan and abroad, and SuMi TRUST Bank has set targets to reduce our exposure to financing for coal-fired power generation. See "Business—Sustainability." However, continued pressure from investors, non-profit organizations or other interested parties and our future responses thereto may have potential adverse effects on our reputation or may require changes to our business, which could adversely affect our results of operation.

Our business may be adversely affected by the inaccuracy and or misuse of our models.

We rely on various financial and other models to operate our business. Our models produce outputs, including estimates, forecasts, scores and categories, by processing input data based on certain theories and assumptions. Such models are based on certain assumptions and simplifications that may produce inaccurate outputs. Furthermore, improper use of our models may result in flawed decision making. Such uncertainties associated with the use of our models may adversely impact our business, results of operations and financial condition.

Risks Relating to the Notes

The Notes are unsecured obligations.

The Notes are unsecured obligations and payments due on the Notes may be compromised if:

- we enter into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- we default in payment under our secured indebtedness or other unsecured indebtedness; or
- any of our indebtedness is accelerated.

If any of these events occurs, our assets may not be sufficient to pay amounts due on the Notes.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to persons reasonably believed to be QIBs in reliance on the exemption provided by Rule 144A, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws. In addition, subject to the conditions set forth herein and in the Indenture, the Notes may be transferred only if the principal amount of the Notes transferred is at least U.S.$200,000. For a further discussion of the transfer restrictions applicable to the Notes, see "Transfer Restrictions."

The Indenture and the Notes contain very limited restrictive covenants and provide no protection in the event of a change in control.

The Indenture and the Notes do not contain any financial covenants or other restrictions on our ability to securitize our loan assets, or sell or otherwise dispose of substantially all of our assets, pay dividends on our shares of common stock, incur indebtedness or issue new securities or repurchase our outstanding securities. In addition, there are only limited restrictions on our ability to pledge assets or to secure other indebtedness. These or other actions by us could adversely affect our ability to pay amounts due on the Notes. In addition, the Indenture and the Notes do not contain any covenants or other provisions that prevent a change in control or require us to repurchase the Notes in the event of a change in control. See "Description of the Notes."

There is no prior market for the Notes and, if a market develops, it may not be liquid.

Whether or not a series of Notes will be approved for listing on the SGX-ST or any other securities exchange, there can be no assurance that any active trading market for the Notes will ever develop or be maintained. The dealers have advised us that they currently intend to make a market in the Notes

that they distribute. However, the dealers have no obligation to make a market in the Notes and they may stop at any time. In addition, recent amendments to Rule 15c2-11 under the U.S. Exchange Act and regulatory interpretations thereof may restrict the ability of brokers and dealers to publish quotations on the Notes on any interdealer quotation system or other quotation medium after January 4, 2025. Furthermore, there can be no assurance as to the liquidity of any market that may develop for the Notes or the prices at which you will be able to sell your Notes, if at all.

Future trading prices of the Notes will depend on many factors, including:

- prevailing interest rates;
- our financial condition and results of operations;
- the then-current ratings assigned to the Notes;
- the market for similar securities; and
- general economic conditions.

Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including the time remaining to the maturity of the Notes; the outstanding amount of the Notes; and the level, direction and volatility of market interest rates generally.

In addition, in the event that our obligations in connection with maintaining any listing of one or more series of Notes on the SGX-ST or another securities exchange become unduly burdensome, we may be entitled to, and may decide to, delist such Notes from such exchange and, if required by the terms thereof, seek an alternate listing for such Notes on another securities exchange.

The ratings on the Program or a particular series of Notes issued under the Program could be lowered, suspended or withdrawn, and our credit ratings may not reflect all risks of an investment in the Notes.

The Program and Notes issued under the Program may be rated by one or more rating agencies, as indicated in an applicable supplement or pricing term sheet. Any ratings will be limited in scope, and will not address all material risks relating to the Program or an investment in the Notes, but reflect only the view of each rating agency at the time the rating is issued. However, real or anticipated changes in our credit ratings will generally affect the market value of any series of Notes. In May 2019, Moody's Japan K.K. changed its outlook for Japan's banking system to negative from stable to reflect its assessment that the overall creditworthiness of Japanese banks would deteriorate in the next 12 to 18 months. Further, in December 2019, Moody's Japan K.K. stated that its outlook for Japanese banks for 2020 was negative and in August 2022, Moody's Japan K.K. stated that an upgrade of our ratings is unlikely and that our ratings could be downgraded in case of a downgrade of Japan's sovereign rating or the tangible common equity ratio of our parent, SuMi TRUST Holdings, remaining below 9% on a sustained basis.

There is no assurance that any credit ratings on the Program or a series of Notes will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. A downgrade or potential downgrade in these ratings or the assignment of new ratings that are lower than existing ratings could reduce the number of potential investors in the Notes and adversely affect the prices and liquidity of the Notes. A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Such an event, or a similar development with respect to the ratings assigned to us, our subsidiaries or any of our respective securities could reduce the scope of potential investors in any series of Notes and adversely affect the price and liquidity of such Notes. We have no obligation to inform holders of any series of Notes of any such downgrade, suspension, reduction or withdrawal.

Risks Relating to SOFR Floating Rate Notes

The composition and characteristics of SOFR are not the same as those of U.S. dollar LIBOR, and SOFR is not expected to be a comparable replacement for U.S. dollar LIBOR.

According to the Alternative Reference Rates Committee ("ARRC") convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York ("FRBNY"),

SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, the composition and characteristics of SOFR are not the same as those of U.S. dollar LIBOR. SOFR is a broad Treasury repurchase financing rate that represents overnight secured funding transactions and is not the economic equivalent of U.S. dollar LIBOR. While SOFR is a secured rate, U.S. dollar LIBOR is an unsecured rate. And, while SOFR is an overnight rate, U.S. dollar LIBOR is a forward-looking rate that represents interbank funding for a specified term. As a result, there can be no assurance that SOFR will perform in the same way as U.S. dollar LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

SOFR has a limited history, and the future performance of SOFR cannot be predicted based on historical performance.

The publication of SOFR began in April 2018, and, therefore, it has a limited history. In addition, the future performance of SOFR cannot be predicted based on the limited historical performance. Levels of SOFR may bear little or no relation to the historical actual or historical indicative data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While some pre-publication historical data have been released by the FRBNY, such historical indicative data inherently involve assumptions, estimates and approximations. The future performance of SOFR is impossible to predict and therefore no future performance of SOFR may be inferred from any of the historical actual or historical indicative data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR. There can be no assurance that SOFR or Compounded Daily SOFR will be positive.

SOFR may be more volatile than other benchmark or market rates.

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as three-month U.S. dollar LIBOR, during corresponding periods, and SOFR may bear little or no relation to the historical actual or historical indicative data. In addition, although changes in Compounded Daily SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of the SOFR Floating Rate Notes may fluctuate more than floating rate securities that are linked to less volatile rates.

Any failure of SOFR to gain market acceptance could adversely affect the SOFR Floating Rate Notes.

As noted above, according to the ARRC, SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR a suitable replacement or successor for all of the purposes for which U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of the SOFR Floating Rate Notes and the price at which investors can sell the SOFR Floating Rate Notes in the secondary market.

The interest rate on the SOFR Floating Rate Notes is based on a compounded SOFR rate, which may be different from other floating rate notes in the marketplace in which SOFR is used.

For each SOFR Floating Rate Notes Interest Period (as defined below), the interest rate on the SOFR Floating Rate Notes is based on Compounded Daily SOFR, which is calculated using the specific formula described under “Description of the Notes—Payments of Principal and Interest—

SOFR Floating Rate Notes—Compounded Daily SOFR," not the SOFR rate published on or in respect of a particular date during such SOFR Floating Rate Notes Interest Period or an arithmetic average of SOFR rates during such period. For this and other reasons, the interest rate on the SOFR Floating Rate Notes during any SOFR Floating Rate Notes Interest Period will not be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Further, if the SOFR rate in respect of a particular date during the SOFR Observation Period for a SOFR Floating Rate Notes Interest Period is negative, its contribution to Compounded Daily SOFR will be less than one, resulting in a reduction to Compounded Daily SOFR used to calculate the interest payable on the SOFR Floating Rate Notes on the SOFR Floating Rate Notes Interest Payment Date (as defined below) for such SOFR Floating Rate Notes Interest Period.

In addition, the method for calculating an interest rate based upon SOFR varies among market precedents for securities that use SOFR. Accordingly, the specific formula for the Compounded Daily SOFR rate used in the SOFR Floating Rate Notes may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of the SOFR Floating Rate Notes. We may in the future also issue notes referencing SOFR that differ in terms of interest determination from the SOFR Floating Rate Notes described under "Description of the Notes."

Compounded Daily SOFR with respect to a particular SOFR Floating Rate Notes Interest Period will only be capable of being determined near the end of the relevant SOFR Floating Rate Notes Interest Period.

The level of Compounded Daily SOFR applicable to a particular SOFR Floating Rate Notes Interest Period and, therefore, the amount of interest payable with respect to such SOFR Floating Rate Notes Interest Period will be determined on the SOFR Floating Rate Notes Interest Determination Date (as defined below) for such SOFR Floating Rate Notes Interest Period. Because each such date is near the end of such SOFR Floating Rate Notes Interest Period, you will not know the amount of interest payable with respect to a particular SOFR Floating Rate Notes Interest Period until shortly prior to the relevant SOFR Floating Rate Notes Interest Payment Date and it may be difficult for you to reliably estimate the amount of interest that will be payable on each such SOFR Floating Rate Notes Interest Payment Date. In addition, some investors may be unwilling or unable to trade the SOFR Floating Rate Notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of the SOFR Floating Rate Notes.

The secondary trading market for securities linked to SOFR may be limited.

Since SOFR is a relatively new market rate, the SOFR Floating Rate Notes may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. If SOFR does not prove to be widely used as a benchmark in securities that are similar or comparable to the SOFR Floating Rate Notes, the trading price of the SOFR Floating Rate Notes may be lower than those of securities that are linked to rates that are more widely used. Similarly, market terms for securities that are linked to SOFR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and as a result, trading prices of the SOFR Floating Rate Notes may be lower than those of later-issued securities that are based on SOFR. Investors in the SOFR Floating Rate Notes may not be able to sell the SOFR Floating Rate Notes at all or may not be able to sell the SOFR Floating Rate Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

SOFR may be modified or discontinued and the SOFR Floating Rate Notes may bear interest by reference to a rate other than Compounded Daily SOFR, which could adversely affect the value of the SOFR Floating Rate Notes.

SOFR is a relatively new rate, and the FRBNY (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR, and we have no control over its methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the

amount of interest payable on the SOFR Floating Rate Notes, which may adversely affect the trading prices of the SOFR Floating Rate Notes. The administrator of SOFR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notice (in which case a fallback method of determining the interest rate on the SOFR Floating Rate Notes as further described under "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes—Benchmark Transition" will apply) and has no obligation to consider the interests of holders of the SOFR Floating Rate Notes in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR.

If SuMi TRUST Bank or SuMi TRUST Bank's designee determines that a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred in respect of SOFR, then the interest rate on the SOFR Floating Rate Notes will no longer be determined by reference to SOFR, but instead will be determined by reference to a different rate, which will be a different benchmark than SOFR, plus a spread adjustment, which SuMi TRUST Bank refers to as a "SOFR Floating Rate Notes Benchmark Replacement," as further described under "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes—Benchmark Transition."

If a particular SOFR Floating Rate Notes Benchmark Replacement or SOFR Floating Rate Notes Benchmark Replacement Adjustment cannot be determined, then the next-available SOFR Floating Rate Notes Benchmark Replacement or SOFR Floating Rate Notes Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected, recommended or formulated by (i) the Relevant Governmental Body (such as the ARRC), (ii) the International Swaps and Derivatives Association, Inc. ("ISDA") or (iii) in certain circumstances, SuMi TRUST Bank or SuMi TRUST Bank's designee. In addition, the terms of the SOFR Floating Rate Notes expressly authorize SuMi TRUST Bank or SuMi TRUST Bank's designee to make SOFR Floating Rate Notes Benchmark Replacement Conforming Changes with respect to, among other things, changes to the definition of "SOFR Floating Rate Notes Interest Period," the timing and frequency of determining rates and making payments of interest and other administrative matters. The determination of a SOFR Floating Rate Notes Benchmark Replacement, the calculation of the interest rate on the SOFR Floating Rate Notes by reference to a SOFR Floating Rate Notes Benchmark Replacement (including the application of a SOFR Floating Rate Notes Benchmark Replacement Adjustment), any implementation of SOFR Floating Rate Notes Benchmark Replacement Conforming Changes and any other determinations, decisions or elections that may be made under the terms of the SOFR Floating Rate Notes in connection with a SOFR Floating Rate Notes Benchmark Event, could adversely affect the value of the SOFR Floating Rate Notes, the return on the SOFR Floating Rate Notes and the price at which you can sell such SOFR Floating Rate Notes.

Any determination, decision or election described above will be made in the sole discretion of SuMi TRUST Bank or its designee. Any exercise of such discretion by SuMi TRUST Bank may present it with a conflict of interest. In addition, if SuMi TRUST Bank appoints an affiliate as its designee, any exercise of such discretion may present SuMi TRUST Bank or such affiliate with a conflict of interest.

In addition, (i) the composition and characteristics of the SOFR Floating Rate Notes Benchmark Replacement will not be the same as those of SOFR, the SOFR Floating Rate Notes Benchmark Replacement may not be the economic equivalent of SOFR, there can be no assurance that the SOFR Floating Rate Notes Benchmark Replacement will perform in the same way as SOFR would have at any time and there is no guarantee that the SOFR Floating Rate Notes Benchmark Replacement will be a comparable substitute for SOFR (each of which means that a SOFR Floating Rate Notes Benchmark Event could adversely affect the value of the SOFR Floating Rate Notes, the return on the SOFR Floating Rate Notes and the price at which you can sell the SOFR Floating Rate Notes), (ii) any failure of the SOFR Floating Rate Notes Benchmark Replacement to gain market acceptance could adversely affect the SOFR Floating Rate Notes, (iii) the SOFR Floating Rate Notes Benchmark Replacement may have a very limited history and the future performance of the SOFR Floating Rate Notes Benchmark Replacement cannot be predicted based on historical performance, (iv) the secondary trading market for SOFR Floating Rate Notes linked to the SOFR Floating Rate Notes Benchmark Replacement may be limited and (v) the administrator of the SOFR Floating Rate Notes Benchmark Replacement may make changes that could change the value of the SOFR Floating Rate Notes Benchmark Replacement or discontinue the SOFR Floating Rate Notes Benchmark Replacement and has no obligation to consider your interests in doing so.

We or our designee will make determinations with respect to the SOFR Floating Rate Notes.

We or our designee will make certain determinations with respect to the SOFR Floating Rate Notes as further described under "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes." In addition, if a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred, we or our designee will make certain determinations with respect to the SOFR Floating Rate Notes in our or our designee's sole discretion as further described under "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes—Benchmark Transition." Any of these determinations may adversely affect the value of the SOFR Floating Rate Notes, the return on the SOFR Floating Rate Notes and the price at which you can sell such SOFR Floating Rate Notes. Moreover, certain determinations may require the exercise of discretion and the making of subjective judgments, such as with respect to Compounded Daily SOFR or the occurrence or non-occurrence of a SOFR Floating Rate Notes Benchmark Event and any SOFR Floating Rate Notes Benchmark Replacement Conforming Changes. These potentially subjective determinations may adversely affect the value of the SOFR Floating Rate Notes, the return on the SOFR Floating Rate Notes and the price at which you can sell such SOFR Floating Rate Notes. For further information regarding these types of determinations, see "Description of the Notes—Payments of Principal and Interest—SOFR Floating Rate Notes."

We or our affiliates may participate in press activities or publish research that could affect the market value of the SOFR Floating Rate Notes.

We or one or more of our affiliates may, at present or in the future, participate in press activities or publish research reports with respect to movements in interest rates generally, or with respect to the LIBOR transition to alternative reference rates or SOFR specifically. Such press activities or research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the SOFR Floating Rate Notes. Any of these activities may affect the market value of the SOFR Floating Rate Notes.

USE OF PROCEEDS

Unless otherwise indicated in an applicable supplement or pricing term sheet, we will use the net proceeds we receive from any offering of the Notes for general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our consolidated capitalization and indebtedness as of March 31, 2024. This table should be read in conjunction with our audited consolidated financial statements and related notes and other financial information included elsewhere in this base offering circular. The table has not been adjusted to give effect to any issuance of any Notes.

	As of March 31, 2024 (billions of yen)
Indebtedness:	
Bonds and notes (excluding short-term bonds and subordinated debt)(1)	¥2,113.3
Subordinated debt:	
Bonds	72.9
Borrowed money	621.0
Total subordinated debt	693.9
Total indebtedness	¥2,807.3
Net assets:	
Capital stock	¥ 342.0
Common stock:	
Authorized 3,000,000,000 shares; issued 1,674,537,008 shares	
Preferred stock:	
Authorized 400,000,000 shares; issued 0 shares	
Capital surplus	342.8
Retained earnings	1,544.7
Total shareholders' equity	2,229.6
Valuation differences on available-for-sale securities	485.7
Deferred losses on hedges	(10.0)
Revaluation reserve for land	(5.7)
Foreign currency translation adjustments	20.0
Remeasurement of defined benefit plans	41.2
Total accumulated other comprehensive income	531.3
Non-controlling interests	30.4
Total net assets	2,791.4
Total capitalization and indebtedness	¥5,598.8

Note:
(1) On July 12, 2024, we issued ¥90 billion of domestic senior bonds.

Except as stated above, there has been no material change in our capitalization and indebtedness since March 31, 2024.

We regularly issue securities in different currencies and markets. We also analyze market opportunities for the issuance of other types of securities. The above table does not account for potential future securities issuances.

SELECTED FINANCIAL DATA AND OTHER INFORMATION

The tables below set forth our selected consolidated financial data as of and for the years ended March 31, 2022, 2023 and 2024, derived from our audited consolidated financial statements. The audited consolidated financial statements and their notes as of and for the fiscal years ended March 31, 2022, 2023 and 2024 are contained elsewhere in this base offering circular. We have not published consolidated financial information as of or for the three months ended June 30, 2024. For additional information as of and for the three months ended June 30, 2024, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Financial Highlights."

Some statistical information, including problem loan classifications data, is primarily reported by Japanese banks on a non-consolidated basis and is presented as such in this base offering circular. You should read the selected financial information presented below together with the information included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, including the notes thereto and other financial information, included elsewhere in this base offering circular. The information presented below is qualified in its entirety by reference to that information.

	For the year ended March 31,		
	2022	2023	2024
	(billions of yen)		
Statement of income data:			
Interest income	¥370.2	¥659.0	¥1,006.7
Interest expense	107.8	551.0	1,129.0
Net interest income (loss)	262.3	107.9	(122.3)
Trust fees	110.5	109.7	116.2
Fees and commissions	300.6	323.0	343.8
Fees and commissions payments	92.9	93.6	97.0
Net fees and commissions	207.7	229.4	246.7
Trading income	13.4	15.6	77.7
Trading expenses	—	5.1	1.8
Net trading income	13.4	10.4	75.9
Other ordinary income	335.8	468.5	655.0
Other ordinary expenses	291.3	272.6	261.6
Net other ordinary income	44.5	195.9	393.3
General and administrative expenses	361.1	388.7	428.7
Other income	119.3	124.2	150.7
Other expenses	195.0	138.5	353.1
Income before income taxes	201.8	250.6	78.9
Income taxes—current	48.2	45.3	13.9
Income taxes—deferred	3.1	26.5	(1.9)
Net income attributable to non-controlling interests	1.1	1.0	1.1
Net income attributable to owners of the parent	¥149.2	¥177.6	¥ 65.8

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Balance sheet data:			
Cash and due from banks	¥18,142.7	¥21,522.7	¥22,751.5
Loans and bills discounted	30,876.5	31,810.9	33,420.9
Securities	7,748.0	6,804.1	9,797.6
Allowance for loan losses	(163.3)	(129.9)	(117.7)
Other	7,742.7	8,730.1	9,725.8
Total assets	64,346.7	68,737.9	75,578.1
Deposits and negotiable certificates of deposit	39,963.7	42,937.9	46,710.6
Borrowed money from trust account	4,298.8	4,332.4	4,327.7
Other	17,735.6	18,999.3	21,748.2
Total liabilities	61,998.2	66,269.7	72,786.7
Non-controlling interests	28.6	29.5	30.4
Total net assets	2,348.5	2,468.2	2,791.4
Total liabilities and net assets	¥64,346.7	¥68,737.9	¥75,578.1

The following table sets forth our non-consolidated balance sheet data as of March 31, 2022, 2023 and 2024 and as of June 30, 2024:

	As of March 31,			As of June 30,
	2022	2023	2024	2024
	(billions of yen)			
Balance sheet data:				
Cash and due from banks	¥17,925.0	¥21,364.2	¥22,604.0	¥22,490.2
Loans and bills discounted	30,916.3	31,947.3	33,773.1	33,530.6
Securities	7,951.1	6,999.2	9,952.4	9,867.8
Allowance for loan losses	(136.3)	(105.7)	(95.8)	(98.4)
Other	5,873.8	6,619.6	7,104.7	8,796.5
Total assets	62,530.0	66,824.7	73,338.6	74,586.7
Deposits and negotiable certificates of deposit	39,708.3	42,658.9	46,450.3	46,761.2
Borrowed money from trust account	4,298.8	4,332.4	4,327.7	3,923.0
Other	16,471.5	17,705.4	20,195.8	21,542.7
Total liabilities	60,478.7	64,696.8	70,974.0	72,226.9
Total net assets	2,051.3	2,127.9	2,364.5	2,359.7
Total liabilities and net assets	¥62,530.0	¥66,824.7	¥73,338.6	¥74,586.7

The following tables set forth certain of our supplemental non-consolidated financial information as of and for the years ended March 31, 2022, 2023 and 2024, and as of and for the three months ended June 30, 2023 and 2024:

	As of and for the year ended March 31,			As of and for the three months ended June 30,	
	2022	2023	2024	2023	2024
	(billions of yen, except percentages)				
Problem asset information:					
Balance of NPLs	¥199.4	¥134.2	¥ 97.7	¥ 91.1	¥118.9
Bankrupt and practically bankrupt	16.7	8.5	8.8	8.6	9.1
Doubtful	117.8	86.2	44.8	44.7	55.3
Substandard	64.9	39.5	44.1	37.8	54.5
Ratio of NPLs to total loan balance	0.6%	0.4%	0.3%	0.3%	0.3%
Total credit costs	¥ 42.4	¥ 12.4	¥ 11.5	¥ 0.5	¥ 2.2
Sales volume:					
Investment trust sales	¥837.7	¥664.8	¥827.3	¥198.6	¥246.3
Fund wrap, separately managed account sales	167.8	212.3	247.6	45.1	61.7
Insurance sales	148.0	357.6	308.4	60.9	62.2

	As of and for the year ended March 31,			As of and for the three months ended June 30,	
	2022	2023	2024	2023	2024
	(billions of yen, except percentages)				
General and administrative expenses	¥250.0	¥266.3	¥295.0	¥ 70.1	¥ 73.8
Less: Amortization of net actuarial losses and retirement benefit	1.4	4.0	4.9	1.2	(0.6)
Adjusted general and administrative expenses[1]	248.5	262.2	290.1	68.9	74.4
Personnel	112.1	117.7	127.4	30.5	32.1
Non-personnel	126.6	134.6	153.6	36.0	39.1
Miscellaneous taxes	9.7	9.8	9.0	2.3	3.1
Adjusted overhead ratio[2]	50.7%	51.6%	51.3%	44.3%	50.5%
Gross business profit (gyomu sorieki)[3]	¥490.6	¥508.1	¥566.1	¥155.8	¥147.3
Net business profit before credit costs (*jisshitsu gyomu jun-eki*)[4]	242.0	245.9	275.9	86.9	72.8
Loans-to-deposits ratio[5]	77.9%	74.9%	72.7%	74.3%	71.7%
JGB holding ratio[6]	4.5	2.3	4.3	2.7	4.2

Notes:

(1) Adjusted general and administrative expenses is a non-Japanese GAAP measure calculated as general and administrative expenses under Japanese GAAP minus amortization of net actuarial losses, prior service costs and retirement benefit.

(2) Adjusted overhead ratio is a non-Japanese GAAP measure calculated as adjusted general and administrative expenses divided by gross business profit.

(3) Gross business profit is the total of trust fees, net interest income, excluding net interest income on money held in trust, net fees and commissions, net trading income and net other operating profit (loss) (net gains or losses on bonds, net gains or losses on foreign exchange transactions, net gains or losses from derivatives other than for trading or hedging and other miscellaneous items). Gross business profit is a non-Japanese GAAP measure. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Operating Results—Supplemental Financial Measures" for further discussion and reconciliation to net income prepared in accordance with Japanese GAAP.

(4) Net business profit before credit costs is net business profit plus credit costs for principal guaranteed trusts and provision of general allowance for loan losses. Net business profit is gross business profit, less adjusted general and administrative expenses and provision of general allowance for loan losses. Net business profit before credit costs and net business profit are non-Japanese GAAP measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Operating Results—Supplemental Financial Measures" for further discussion and reconciliation to net income prepared in accordance with Japanese GAAP.

(5) Loans-to-deposits ratio is equal to:

$$\left(\frac{\text{Loans and bills discounted}}{\text{Deposits + negotiable certificates of deposit}} \right) \times 100$$

(6) JGB holding ratio is equal to: (total Japanese government bonds holdings/total assets) x 100

Our domestic loan-deposit margin (measured by subtracting the average yield on our domestic deposits from the average yield on our domestic loans and bills discounted) for our banking account on a non-consolidated basis was 0.62% as of June 30, 2024, as compared to 0.60% as of March 31, 2024. Our international loan-deposit margin (measured by subtracting the average yield on our foreign deposits from the average yield on our foreign loans and bills discounted) for our banking account on a non-consolidated basis was 1.29% as of June 30, 2024, as compared to 1.16% as of March 31, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following discussion of our financial condition and results of operations together with "Additional Financial Information" and the financial statements and related notes included elsewhere in this base offering circular. This section contains forward-looking statements. Unless otherwise indicated, all financial information is presented on a consolidated basis. Certain problem loan figures and other data are presented on a non-consolidated basis.

Overview

The SuMi TRUST Group is an independent financial group specializing in trust banking established on April 1, 2011 through a share exchange between CMTH and STB. To further the SuMi TRUST Group's integration, we were created when SuMi TRUST Holdings merged its three trust bank subsidiaries on April 1, 2012. We are a wholly owned subsidiary of SuMi TRUST Holdings and form the core of the SuMi TRUST Group. We are one of the largest Japanese trust banks in terms of trust account assets, with ¥259.8 trillion in total assets in our trust account as of June 30, 2024.

SuMi TRUST Holdings operates its main businesses primarily through us, as the main operating subsidiary of the SuMi TRUST Group. Until March 31, 2022, our businesses were organized in the following business segments for reporting purposes: Retail Total Solution Services, Wholesale Financial Services, Stock Transfer Agency Services, Real Estate, Fiduciary Services and Global Markets. From April 1, 2022, our businesses are organized into the following reportable segments:

- *Retail*—former Retail Total Solution Services;
- *Corporate*—former Wholesale Total Solution Services and Stock Transfer Agency Services;
- *Investor Services*—former Wholesale Asset Management and Fiduciary Services (other than asset management)*;*
- *Real Estate; and*
- *Global Markets.*

In addition, from April 1, 2022, SuMi TRUST Holdings started to treat Asset Management as a separate business segment for reporting purposes, and we stopped including Asset Management as part our Fiduciary Services business segment for reporting purposes.

Sources of Income

Our three principal sources of operating income are net interest income, net fees and commissions and trust fees.

Net interest income, or the difference between our interest income and interest expenses, is a function of the amount of interest-earning assets and interest-bearing liabilities, the spread (the difference between the rate of the interest earned on average interest-earning assets and the rate of interest paid on average interest-bearing liabilities), the general level of interest rates and the proportion of interest-earning assets financed by non-interest-bearing liabilities and equity. Our principal interest-earning assets are loans and bills discounted and, to a lesser extent, securities. Our principal interest-bearing liabilities are deposits. Our interest expenses also include interest paid on loans from the trust account, which are recorded on the balance sheet of the banking account as borrowed money from trust account.

Net fees and commissions are the fees earned on the provision of general services. Our fees and commissions consist of items such as:

- investment trust and insurance sales fees;
- discretionary investment fees;
- real estate brokerage fees;
- stock transfer agency fees; and
- syndicated loan fees.

Factors affecting our fees and commissions are the demand for the services we provide and fees charged by competitors for similar services. The volume of services we provide also affects profitability, as some of our fee businesses, such as our stock transfer agency business, have significant economies of scale. We are seeking to grow our fees and commissions by redeploying staff from headquarters to our sales force and improving business efficiency within business segments.

Trust fees are the fees we receive for controlling and managing trust assets held under trust agreements. Trust fees are generally calculated based on the value of assets in trust and major types of fees include:

- pension trust fees;
- individually operated designated money trust fees;
- investment trust and specified money trust fees;
- asset securitization-related trust fees; and
- securitized real estate trust fees.

Trust fees received in connection with jointly operated money trusts ("JOMTs") have business attributes similar to our banking business and therefore are generally excluded from trust fee revenues and are included in net interest income and related profit.

In addition to the above, gains and losses related to our investments in bonds, principally JGBs, are reflected in net other ordinary income and may have a substantial impact on our operating results.

Recent Financial Highlights

Results of Operations for the Three Months Ended June 30, 2023 and 2024 (Non-consolidated basis)

The table below sets forth our selected non-consolidated financial data for the three months ended June 30, 2023 and 2024. Our results of operations for the three months ended June 30, 2024 are not necessarily indicative of our operating results for the year ending March 31, 2025 or for any other period.

	For the three months ended June 30,	
	2023	2024
	(billions of yen)	
Ordinary income	¥457.7	¥530.2
Trust fees	27.4	28.9
Interest income	256.2	292.6
Interest on loans and discounts	137.0	169.0
Interest and dividends on securities	78.7	83.5
Fees and commissions	48.2	56.3
Trading income	0.2	38.8
Other ordinary income	94.8	91.9
Other income	30.7	21.3
Ordinary expenses	394.9	447.7
Interest expenses	233.3	321.9
Interest on deposits	72.6	89.7
Fees and commissions payments	28.8	30.2
Trading expenses	7.4	3.9
Other ordinary expenses	1.4	5.4
General and administrative expenses	70.1	73.8
Other expenses	53.6	12.4
Ordinary profit	62.7	82.4
Extraordinary income	2.5	—
Extraordinary losses	0.4	0.3
Income before income taxes	64.8	82.0
Income taxes—current	1.7	17.1
Income taxes—deferred	3.6	1.4
Income taxes	5.3	18.6
Net income	¥ 59.5	¥ 63.4

	As of and for the three months ended June 30,	
	2023	2024
	(billions of yen, except percentages)	
Other information:		
Total credit costs	¥ (0.5)	¥ (2.2)
Investment trust sales	198.6	246.3
Insurance sales	60.9	62.2
Loans-to-deposits ratio	74.3%	71.7%

For the three months ended June 30, 2024, our non-consolidated ordinary income was ¥530.2 billion, an increase of ¥72.5 billion compared to the same period in the prior year. We recorded interest income of ¥292.6 billion, an increase of ¥36.4 billion compared to the same period in the prior year, primarily due to an increase of ¥31.9 billion in interest on loans and discounts, an increase of ¥4.8 billion in interest and dividends on securities. We also experienced an increase of ¥8.1 billion in fees and commissions compared to the same period in the prior year primarily resulting from an increase of ¥2.4 billion in net fees and commissions from asset management and asset administration and an increase of ¥1.6 billion in net fees and commissions from stock transfer agency services. We recorded trading income of ¥38.8 billion, an increase of ¥38.6 billion compared to the same period in the prior year, primarily due to an increase in income from trading related financial derivatives transactions of ¥38.5 billion. In addition, we recorded other ordinary income of ¥91.9 billion, a decrease of ¥2.8 billion compared to the same period in the prior year, primarily due to a decrease in income from trading related financial derivatives transactions of ¥4.8 billion, partially offset by an increase in income on foreign exchange trades of ¥2.3 billion.

Our non-consolidated ordinary expenses increased by ¥52.8 billion to ¥447.7 billion for the three months ended June 30, 2024 compared to the same period in the prior year. We recorded interest expenses of ¥321.9 billion, an increase of ¥88.6 billion compared to the same period in the prior year due primarily to an increase of ¥27.1 billion in interest on negotiable certificates of deposit, an increase of ¥17.0 billion in interest on deposit, an increase of ¥10.4 billion in interest on short-term corporate bond and an increase of ¥8.85 billion in interest on corporate bonds. Our trading expenses decreased by ¥3.5 billion to ¥3.9 billion compared to the same period in the prior year primarily due to a decrease of ¥7.4 billion in expenses on trading-related financial derivatives partially offset by an increase of ¥3.9 billion in expenses on securities and derivatives related to trading transactions. In addition, other ordinary expenses increased by ¥4.0 billion to ¥5.4 billion compared to the same period in the prior year, primarily due to an increase of ¥4.1 billion in net gains on bonds.

As a result of the foregoing, our non-consolidated ordinary profit was ¥82.4 billion for the three months ended June 30, 2024, an increase of ¥19.7 billion compared to ¥62.7 billion for the same period in the prior year. We recorded non-consolidated net income of ¥63.4 billion, an increase of ¥3.9 billion compared to the same period in the prior year.

Total credit costs were ¥2.2 billion, as compared to ¥0.5 billion for the same period in the prior year.

Our domestic loan-deposit margin for the banking account was 0.62% for the three months ended June 30, 2024, as compared to 0.59% for the three months ended June 30, 2023 primarily due to the average yield on loans and bills discounted exceeding the average yield on deposits.

Financial Condition as of March 31, 2024 and June 30, 2024 (Non-consolidated basis)

Our balance of NPLs was ¥118.9 billion as of June 30, 2024, compared to ¥97.7 billion as of March 31, 2024, and our ratio of NPLs to total loan balance was 0.3% as of June 30, 2024, compared to 0.3% as of March 31, 2024. Total net unrealized gains or losses on marketable available-for-sale securities in our banking account were ¥648.3 billion of net gains as of June 30, 2024, compared to ¥688.2 billion of net gains as of March 31, 2024. This decrease of net unrealized gains was mainly due to realized gains from sales of strategic shareholdings and the rise in unrealized losses on US treasury bonds.

The table below sets forth a breakdown of our credit portfolio as of March 31, 2024 and June 30, 2024:

	As of March 31, 2024	As of June 30, 2024
	(trillions of yen)[1]	
Loans to individuals	¥11.04	¥11.00
Product related (foreign currency)	4.69	5.68
Product related (yen)	3.33	3.67
Corporate loans (foreign currency)	4.07	3.33
Corporate loans (yen)	12.22	11.32
Total	¥35.36	¥35.01

Note:

(1) Amounts for loans and products denominated in foreign currencies were translated into yen at the exchange rates prevailing at March 31, 2024 and June 30, 2024, respectively.

The table below sets forth a breakdown of our loans by industry as of June 30, 2024 in our banking account and trust account on a non-consolidated basis:

	As of June 30, 2024	
	(billions of yen, except percentages)	
Domestic Branches (excluding offshore accounts)		
Manufacturing	¥ 2,840.9	8.5%
Agriculture, forestry, fisheries, mining, etc.	62.6	0.2
Construction	264.7	0.8
Electric, gas, heat supply and water	1,493.6	4.5
Information and communications	308.0	0.9
Transport and postal activities	1,062.9	3.2
Wholesale and retail trade	1,379.8	4.1
Finance and insurance	2,793.8	8.3
Real estate	3,591.9	10.7
Goods rental and leasing	1,361.4	4.1
Others	11,952.5	35.6
Overseas branches and offshore	6,425.8	19.2
Total	¥33,538.3	100.0%

See “Additional Financial Information—Loans.”

Capital Ratios as of March 31, 2024 and June 30, 2024

The table below presents our risk-weighted capital ratios, capital, and risk-weighted assets as of March 31, 2024 and June 30, 2024 on a consolidated basis, based on the Basel III rules:

	SuMi TRUST Bank	
	As of March 31, 2024	As of June 30, 2024
	(billions of yen, except percentages)	
Common Equity Tier 1 capital ratio	10.29%	10.19%
Tier 1 capital ratio	11.53	11.40
Total capital ratio	12.65	12.30
Treasury stock (directly issued)	¥ —	¥ —
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,180.0	2,242.6
Accumulated other comprehensive income	531.3	522.6
Instruments and reserves	2,711.3	2,765.3
Regulatory adjustments	335.2	359.1
Common Equity Tier 1 capital	2,376.1	2,406.1
Additional Tier 1 capital	284.4	284.8
Tier 1 capital	2,660.6	2,690.9
Tier 2 capital	260.0	211.7
Total capital	¥ 2,920.6	¥ 2,902.7
Amount of credit risk-weighted assets	¥21,023.8	¥21,383.8
Amount of market risk equivalents	990.5	1,147.2
Amount of operational risk equivalents	1,060.0	1,060.0
Total risk-weighted assets	¥23,074.3	¥23,591.0

The table below presents SuMi TRUST Holdings' risk-weighted capital ratios, capital, and risk-weighted assets as of March 31, 2024 and June 30, 2024 on a consolidated basis, based on the Basel III rules:

	SuMi TRUST Holdings	
	As of March 31, 2024	As of June 30, 2024
	(billions of yen, except percentages)	
Common Equity Tier 1 capital ratio	11.35%	11.25%
Tier 1 capital ratio	12.55	12.42
Total capital ratio	13.64	13.30
Treasury stock (directly issued)	¥ 23.6	¥
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,526.7	2,590.3
Accumulated other comprehensive income	539.9	535.9
Instruments and reserves	3,067.5	3,127.0
Regulatory adjustments	373.1	395.2
Common Equity Tier 1 capital	2,694.3	2,731.8
Additional Tier 1 capital	284.4	284.8
Tier 1 capital	2,978.8	3,016.7
Tier 2 capital	260.0	211.7
Total capital	¥ 3,238.9	¥ 3,228.4
Amount of credit risk-weighted assets	¥21,372.4	¥21,768.7
Amount of market risk equivalents	1,006.2	1,152.6
Amount of operational risk equivalents	1,352.4	1,352.4
Total risk-weighted assets	¥23,731.0	¥24,273.7

Factors Affecting Results of Operations

Operating Environment

Our results of operations and financial condition are significantly affected by developments in Japan as well as the global economy.

The Japanese economy experienced a sharp contraction in 2020 due to the impact of the COVID-19 pandemic, including the effects of the state of emergency declared by the Japanese government between April and May 2020, as well as other factors such as restrictions on international travel and the broader global economic slowdown. Although the Japanese economy has showed signs of recovery in 2021, 2022 and 2023 as the impact of COVID-19 subsided, such recovery appears to have paused in the first half of 2024. The outlook for the Japanese economy remains uncertain and is dependent on factors such as inflation, the interest rate environment, the ongoing impact of Russia's invasion of Ukraine, geopolitical developments including in the United States and China, uncertainties regarding the impact of the upcoming U.S. presidential election, the armed conflict between Israel and Hamas and recessionary pressures and consumption and capital investments.

In recent years, the yen has experienced substantial volatility against the U.S. dollar. The yen began to strengthen against the U.S. dollar beginning in January 2018, appreciating slightly against the U.S. dollar at the end of calendar year 2018 and continued to strengthen against the U.S. dollar through much of 2019 before reversing trend from the end of 2019 and through 2020. In mid-March 2020, the COVID-19 pandemic triggered a short period of significant volatility in foreign exchange markets, which caused the yen to sharply rise, and then fall, against the U.S. dollar. Since April 2020, the yen strengthened considerably against the U.S. dollar with intermittent periods of fluctuation, before experiencing an overall trend of weakening against the U.S. dollar from February 2021 onwards, then dropping sharply against the U.S. dollar in 2022 and hit a 32-year low near in October 2022. The yen then reversed course, as the Japanese government carried out interventions and the Bank of Japan revised its yield curve control policy in December 2022. Since January 2023, the yen continued to depreciate sharply and in July 2024, reached the lowest level against the U.S. dollar since 1986. The yen has since reversed course, as the Bank of Japan has started to shift away from its monetary easing measures.

Economic conditions in Japan are also significantly influenced by monetary policy measures implemented by the Bank of Japan. In February 2016, the Bank of Japan began implementing a negative interest rate policy, applying a rate of negative 0.1% to certain excess reserves that financial institutions hold at the bank. In September 2016, the Bank of Japan announced a new policy framework of quantitative and qualitative monetary easing with yield curve control, which included the introduction of an interest-rate target for 10-year JGBs. The policy framework consists of two major components: yield curve control for short-term and long-term interest rates and a commitment by the Bank of Japan to expand the monetary base until the year-on-year rate of increase in the consumer price index exceeds 2 percent and stays above it in a stable manner. In July 2018, the Bank of Japan decided to introduce forward guidance for policy rates with a view to persistently continuing with powerful monetary easing. Further, on October 31, 2019, the Bank of Japan amended its forward guidance to indicate that it expects short- and long-term interest rates to remain at or below their present levels so long as the Bank of Japan believes it is necessary to pay close attention to the possibility of a loss in momentum toward achieving its 2% price stability target. In March 2024, the Bank of Japan announced that it would end its negative interest rate policy, setting a target for the uncollateralized call rate to remain at 0 to 0.1%, and in July 2024, the target was raised to around 0.25%.

The yield on newly issued JGBs with a maturity of 10 years, which is the benchmark long-term interest rate, was positive for the fiscal year ended March 31, 2021, remained positive for the fiscal year ended March 31, 2022, with an increasing trend from the fourth quarter of the fiscal year ended March 31, 2022 that saw it rise above 0.2% for the first time since 2016, and continued to rise for the fiscal year ended March 31, 2023, exceeding 0.5% on occasion. On December 20, 2022, the Bank of Japan, without abandoning its overall policy of monetary easing, revised the range of yield curve control for 10-year JGBs from around plus and minus 0.25 percentage points to around plus and minus 0.5 percentage points, resulting in a significant rise in the yield of 10-year JGBs past the upper end of the Bank of Japan's yield curve control policy, before falling again as the Bank of Japan maintained the yield curve control range. Thereafter on July 28, 2023, the Bank of Japan announced that, while

maintaining such yield curve control range, it would conduct yield curve control "with greater flexibility" regarding the upper and lower bounds of the range as references, not as rigid limits. On October 31, 2023, the Bank of Japan announced further adjustments to its yield curve control policy, potentially allowing 10-year Japanese government bond yields to increase above 1.0%. On March 19, 2024, the Bank of Japan announced that it would end its yield curve control policy. Subsequently, on July 31, 2024, the Bank of Japan announced its plan to reduce the amount of monthly purchases of Japanese government bonds to ¥3 trillion by the first quarter of 2026.

Outside of Japan, the COVID-19 pandemic contributed to a sharp decline in global economic activity during 2020. Despite the global economy experiencing a strong recovery in 2021 as the impact of the COVID-19 pandemic lessened, Russia's invasion of Ukraine has exacerbated volatility in energy and commodity prices and there is an expectation for reduced growth in China due to a contraction in the real estate sector, subdued demand and other macroeconomic challenges. Increasing inflation also led to monetary tightening in many economies around the world, including the United States and Europe, and while there are expectations that inflation is starting to moderate, concerns about reduced economic growth and contraction remain. The International Monetary Fund in July 2024 projects that the global economy will grow by 3.2% in 2024. However, significant uncertainty surrounds this outlook, related to the future trajectory of the Chinese economy, the continued impact of Russia's invasion of Ukraine, extreme weather-related events and continued uncertainties about inflation.

Recent financial indicators include:

- The Nikkei Stock Average was 27,821.43 as of March 31, 2022 and increased by 0.79% to 28,041.48 as of March 31, 2023. It then increased to 40,369.44 as of March 29, 2024 and decreased to 38,364.27 as of August 23, 2024.
- The Tokyo Stock Exchange Real Estate Investment Trust Index, a weighted aggregate market price index for all Japanese real estate investment trusts ("J-REITs") listed on the Tokyo Stock Exchange, was 2,003.04 as of March 31, 2022 and then decreased to 1,785.77 as of March 31, 2023. It then increased to 1,818.50 as of March 29, 2024 and decreased to 1,749.45 as of August 23, 2024.
- The Japanese yen to U.S. dollar central spot exchange rate, according to the Bank of Japan, was ¥122.40 to U.S.$1.00 as of March 31, 2022 and then weakened to ¥133.48 to U.S.$1.00 as of March 31, 2023. It then weakened to ¥151.25 to U.S.$1.00 as of March 29, 2024 and strengthened to ¥146.12 to U.S. $1.00 as of August 23, 2024.

It is uncertain how these recent Bank of Japan and other governments' policy measures, market and foreign exchange trends will affect our results of operations going forward. While improved performance of Japanese equities leads to increases in the value of our assets under management and reductions in impairments in our equity portfolio along with increased gains on sales of stocks and other securities, declines in the performance of Japanese equities would reverse some of those gains.

Low interest rates resulting from the Bank of Japan's quantitative easing policies, including its negative interest rate policy and bond-buying program, negatively affected our net interest income. In principle, an increase in interest rates in the Japanese market over the longer term would create opportunities for us to increase the spread between the rates we pay on interest-bearing liabilities and those we earn on interest-bearing assets. Sharp increases in rates, however, could cause impairment losses with respect to our holdings of domestic fixed rate bonds or declines in the performance of Japanese equities, and it might take time for us to reflect in the rates we charge our borrowers.

We expect the recent shift away from the negative interest rate policy in Japan, together with the continuation of other market conditions described above to continue to affect our results of operations in the near-to-medium term.

Trust Business

Our trust bank charter enables us to accept money and other assets in trust. Trust fees, which amounted to ¥116.2 billion for the year ended March 31, 2024 on a consolidated basis, are one of our principal sources of revenue. Some of our trusts lend entrusted funds to our banking account. Entrusted funds loaned to the banking account, recorded as borrowed money from trust account on our balance sheets, amounted to ¥4,327.7 billion on a consolidated basis as of March 31, 2024.

Trust Account

Under the Trust Act of Japan (Act No. 108 of 2006), as amended (the "Trust Act"), the Act on Engagement in Trust Business Activities by Financial Institutions of Japan (Act No. 43 of 1943), as amended (the "Concurrent Operations Act"), and the Trust Business Act of Japan (Act No. 154 of 2004), as amended (the "Trust Business Act"), assets accepted in trust by a trust bank must be segregated from other assets of the trust bank. These assets are not available to depositors or other creditors of the trust bank. Accordingly, our financial statements do not reflect assets accepted in trust, which we record separately under our trust account balance sheet. The trust account balance sheet, which is not audited and which presents trust account data on a non-consolidated basis, also reflects the assets and liabilities of trusts for which we have guaranteed the principal.

Guaranteed Trusts and Problem Claims in the Trust Account

We guarantee the principal of some of the trusts over which we have investment discretion, specifically, certain of our money trusts. As of June 30, 2024, the aggregate principal amount of such guaranteed trusts on a non-consolidated basis was ¥3,611.9 billion.

We have invested a portion of the assets entrusted into our guaranteed trusts in loans to third-party borrowers. To protect against the possibility of credit losses and other losses that would impair our ability to pay the principal on our guaranteed trusts, we provide an allowance for the impairment of guaranteed trust principal in our trust account, the total amount of which was ¥0.0 billion as of June 30, 2024. We provide disclosure on problem claims in our trust account that is comparable to our disclosure of problem claims in our banking account. Unless otherwise indicated, however, data on the balance of problem claims in our trust account, including the percentage of trust account claims that are problem claims, reflects claims extended by guaranteed trusts, which represent most, but not all, of the claims in our trust account.

Deterioration in the credit quality of the loans in our banking account and in our guaranteed trust account affects our net income in our banking account and trust account differently because of differences in our allowance and write-off policies between our banking account and guaranteed trust account. One principal difference in the allowance and write-off policies is that, while we provide a general allowance for loan losses on claims classified as doubtful or better in our banking account, we neither establish an allowance nor write off such claims in our guaranteed trust account. See "—Loan Losses and Problem Loans."

Equity Securities Portfolio

We and our predecessors, like other Japanese banks, maintained large holdings of equity securities, including cross-shareholdings with corporate clients. As of March 31, 2024, on a non-consolidated basis, our marketable available-for-sale Japanese equity securities totaled ¥420.6 billion on an acquisition cost basis. Our portfolio of marketable available-for-sale securities comprises substantially all of such holdings for the SuMi TRUST Group.

Critical Accounting Policies

General

The preparation of our financial statements requires management to make estimates and judgments, which are based on various assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to the valuation of assets and liabilities.

Although actual results may differ from these estimates, we have used the best information available at the time to make our estimates. A summary of significant accounting policies is provided in Note 4 in "Significant Accounting Policies and Practices" in the notes to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2022, 2023 and 2024 included elsewhere in this base offering circular.

We believe the following are our critical accounting policies. We consider these policies critical because:

- the estimates require us to make assumptions about matters that are highly uncertain at the time the estimates are made; and
- changes in the estimates that are reasonably likely to occur from period to period would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Allowance for Loan Losses

The allowance for possible loan losses is management's estimate of the credit losses in the lending portfolio and is discussed in further detail in "—Loan Losses and Problem Loans." We establish a specific allowance and a general allowance.

A specific allowance is provided for specific claims against possible bankruptcy, virtual bankruptcy and legal bankruptcy borrowers, as classified under our self-assessment guidelines.

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 are 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 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 and other factors and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of the 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 amount of claims.

Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2024, 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.

Valuation of Financial Instruments Measured at Fair Value

We have various types of financial instruments in our trading and banking accounts. In accordance with Japanese GAAP, we record some of our financial instruments at their fair values, which are measured based on market prices or third-party quotes or, if both are unavailable, our internal valuation models.

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.

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.

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.

Derivatives and Hedging Activities

Interest-related Risk Hedge

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

Currency-related Risk Hedge

We manage 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.”

Share Price Risk Fluctuations Risk Hedge

We apply fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under available-for-sale securities, and accordingly evaluate the effectiveness of such individual hedges.

Internal Hedge Transactions and Others

Among our derivatives transactions 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.

Operating Results

Year Ended March 31, 2024 Compared with the Year Ended March 31, 2023

The following table sets forth an overview of our key operating results for the years ended March 31, 2023 and 2024:

	For the year ended March 31,	
	2023	2024
	(billions of yen)	
Interest income	¥659.0	¥1,006.7
Interest expenses[(1)]	551.0	1,129.0
Net interest income (loss)[(1)]	107.9	(122.3)
Trust fees	109.7	116.2
Fees and commissions	323.0	343.8
Fees and commissions payments	93.6	97.0
Net fees and commissions	229.4	246.7
Trading income	15.6	77.7
Trading expenses	5.1	1.8
Net trading income	10.4	75.9
Other ordinary income	468.5	655.0
Other ordinary expenses	272.6	261.6
Net other ordinary income	195.9	393.3
General and administrative expenses	388.7	428.7
Other income	124.2	150.7
Other expenses	138.5	353.1
Income before income taxes	250.6	78.9
Income taxes—current	45.3	13.9
Income taxes—deferred	26.5	(1.9)
Net income attributable to non-controlling interests	1.0	1.1
Net income attributable to owners of the parent	¥177.6	¥ 65.8

Note:
(1) Includes deduction of assumed costs of funding from money held in trust.

Net Interest Income. The following table shows our average asset balances, interest and average interest rates of the interest-earning assets and the interest-bearing liabilities for the years ended March 31, 2023 and 2024:

	For the year ended March 31, 2023			For the year ended March 31, 2024		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	(billions of yen, except percentages)					
Interest income[1]	¥60,047.6	¥659.0	1.09%	¥64,399.9	¥1,006.7	1.56%
Interest on loans and discounts	31,620.9	425.7	1.34	32,626.5	632.4	1.94
Interest and dividends on securities	7,043.6	137.1	1.94	7,638.8	206.2	2.70
Interest on call loans and bills bought	238.1	1.3	0.55	997.2	2.3	0.24
Interest on receivables under resale agreements	90.1	—	—	150.1	—	—
Interest on receivables under securities borrowing transactions	539.8	—	—	492.1	0	0.00
Interest on deposits with banks	18,518.0	71.0	0.38	20,197.8	132.2	0.65
Interest expenses[2]	59,842.4	551.0[3]	0.92	64,537.8	1,129.0[3]	1.75
Interest on deposits	34,682.8	171.8	0.49	37,180.9	347.0	0.93
Interest on negotiable certificates of deposit	7,482.4	139.2	1.86	8,233.2	307.4	3.73
Interest on call money and bills sold	665.6	1.2	0.18	522.7	0.9	0.19
Interest on payables under repurchase agreements	1,303.8	32.2	2.47	1,403.2	73.6	5.25
Interest on payables under securities lending transactions	—	—	—	—	—	—
Interest on borrowings	6,933.8	20.5	0.29	7,180.6	39.6	0.55
Net interest income (loss)		107.9			(122.3)	

Notes:

(1) Interest income also includes ¥23.7 billion and ¥33.3 billion of other interest income for the years ended March 31, 2023 and 2024, respectively.

(2) Interest expenses also includes ¥55.7 billion and ¥115.4 billion of interest on short-term corporate bonds, ¥22.5 billion and ¥53.4 billion of interest on bonds and ¥107.6 billion and ¥191.3 billion of other interest expenses including those on interest rate swaps for the years ended March 31, 2023 and 2024, respectively.

(3) Includes deduction of assumed costs of funding from money held in trust.

We recorded interest income of ¥1,006.7 billion in the year ended March 31, 2024, an increase of ¥347.7 billion, or 52.8%, compared to ¥659.0 billion in the prior year. The increase was due primarily to an increase of ¥206.7 billion in interest on loans and discounts, an increase of ¥69.0 billion in interest and dividends on securities and an increase of ¥61.2 billion in interest on deposits with banks.

Interest expenses increased by ¥578.0 billion, or 104.9%, to ¥1,129.0 billion in the year ended March 31, 2024, compared to ¥551.0 billion in the prior year. The increase was mainly due to an increase of ¥175.1 billion in interest on deposits, an increase of ¥168.2 billion in interest on negotiable certificates of deposit, an increase of ¥81.5 billion in interest expenses on interest rate swaps and an increase of ¥59.6 billion in interest on short-term corporate bonds.

As a result of the foregoing, we recorded net interest loss of ¥122.3 billion for the year ended March 31, 2024, a decrease of ¥230.2 billion, or 213.3%, from ¥107.9 billion recorded for the prior year.

The average rates on interest-earning assets and interest-bearing liabilities and net interest margin for the years ended March 31, 2023 and 2024 were as set forth in the following table:

	For the year ended March 31,	
	2023	2024
	(percentages)	
Net interest margin:		
Average rate on interest-earning assets (A)	1.09%	1.56%
Average rate on interest-bearing liabilities (B)	0.92	1.75
Net interest margin ((A) – (B))	0.17	(0.19)

Trust Fees. Trust fees increased to ¥116.2 billion for the year ended March 31, 2024, compared with ¥109.7 billion for the prior year.

Net Fees and Commissions. The table below sets forth the principal components of our net fees and commissions for the years ended March 31, 2023 and 2024.

	For the year ended March 31,	
	2023	2024
	(billions of yen)	
Fees and commissions:		
Trust-related business	¥123.0	¥123.2
Deposits and lending business	58.4	72.2
Foreign exchange	1.3	1.3
Securities-related business	23.4	24.1
Agency business	42.4	44.1
Safe custody and safety deposit box business	0.4	0.4
Guarantee business	7.3	6.2
Other	66.6	71.9
Total fees and commissions	323.0	343.8
Fees and commissions payments:		
Foreign exchange	0.8	0.8
Other	92.7	96.2
Total fees and commissions payments	93.6	97.0
Net fees and commissions	¥229.4	¥246.7

Fees and commissions increased by ¥20.7 billion, or 6.4%, to ¥343.8 billion for the year ended March 31, 2024 compared to the prior year. The increase was mainly due to an increase in income related to corporate loans in the deposits and lending business.

Fees and commissions payments increased by ¥3.4 billion, or 3.7%, to ¥97.0 billion for the year ended March 31, 2024. The increase was primarily due to an increase of ¥3.4 billion in other fees and commissions payments.

As a result of the foregoing, net fees and commissions increased by ¥17.2 billion, or 7.5%, year-on-year to ¥246.7 billion for the year ended March 31, 2024.

Net Trading Income. Our net trading income increased by ¥65.4 billion, or 628.3%, to ¥75.9 billion in the year ended March 31, 2024, compared to ¥10.4 billion in the prior year. The increase was due primarily to an increase of ¥62.1 billion in trading income and a decrease of ¥3.3 billion in trading expenses.

Net Other Ordinary Income. The table below sets forth the principal components of our net other ordinary income for the years ended March 31, 2023 and 2024:

	For the year ended March 31,	
	2023	2024
	(billions of yen)	
Other ordinary income:		
Net gains on foreign exchange transactions	¥201.2	¥350.9
Gains on sales and redemption of bonds	3.4	13.9
Net income from derivatives other than for trading or hedging	1.0	15.2
Others[(1)]	262.7	274.8
Total other ordinary income	468.5	655.0
Other ordinary expenses:		
Losses on sales and redemption of bonds	29.4	7.6
Others[(2)]	243.1	254.0
Total other ordinary expenses	272.6	261.6
Net other ordinary income	¥195.9	¥393.3

Notes:
(1) Mainly lease income recognized by our consolidated subsidiaries.
(2) Mainly lease expense recognized by our consolidated subsidiaries.

We recorded other ordinary income of ¥655.0 billion for the year ended March 31, 2024, an increase of ¥186.4 billion, or 39.8%, compared to ¥468.5 billion for the prior year. The increase was due primarily to an increase of ¥149.6 billion in net gains on foreign exchange transactions and an increase of ¥14.1 billion in net income from derivatives other than for trading or hedging.

Other ordinary expenses decreased by ¥10.9 billion, or 4.0%, to ¥261.6 billion for the year ended March 31, 2024. The primary cause of the decrease was a decrease of ¥21.8 billion in losses on sales and redemption of bonds partially offset by an increase of ¥10.3 billion in lease cost.

As a result of the foregoing, we recorded net other ordinary income of ¥393.3 billion in the year ended March 31, 2024, a ¥197.4 billion increase compared to net other ordinary income of ¥195.9 billion in the prior year.

General and Administrative Expenses. The table below sets forth the principal components of our general and administrative expenses for the years ended March 31, 2023 and 2024:

	For the year ended March 31,	
	2023	2024
	(billions of yen)	
Taxes other than income taxes	¥ 13.3	¥ 12.8
Personnel expenses	176.6	192.4
Others	198.7	223.3
Total general and administrative expenses	¥388.7	¥428.7

General and administrative expenses increased by ¥40.0 billion, or 10.3%, to ¥428.7 billion for the year ended March 31, 2024, due primarily to an increase of ¥24.6 billion in non-personnel expenses excluding taxes other than income taxes and an increase of ¥15.8 billion in personnel expenses.

Other Income and Expenses. The following table sets forth other income and expenses for the years ended March 31, 2023 and 2024:

	For the year ended March 31,	
	2023	2024
	(billions of yen)	
Other income:		
Gains on sales of stocks and other securities	¥ 89.9	¥ 125.7
Gains on money held in trust	0.0	0.0
Recoveries of written-off claims	1.1	1.2
Equity in earnings of affiliated companies	15.7	15.7
Gains on disposal of fixed assets	0.3	0.0
Gains on sales of investments in subsidiaries and affiliated companies	4.6	0.5
Others	12.3	7.2
Total other income	124.2	150.7
Other expenses:		
Provision for allowance for loan losses	1.5	7.5
Write-off of loans	9.7	5.5
Losses on sales of stocks and other securities	83.3	311.2
Losses on impairment of stocks and other securities	0.6	2.0
Losses on disposal of fixed assets	1.2	0.7
Losses on impairment of fixed assets	18.1	7.3
Losses on investments in partnerships	9.7	10.2
Others	14.1	8.3
Total other expenses	138.5	353.1
Net other income (expenses)	¥ (14.2)	¥(202.4)

We recorded other income of ¥150.7 billion for the year ended March 31, 2024, an increase of ¥26.4 billion, or 21.3%, compared to ¥124.2 billion for the prior year. The increase was due primarily to an increase of ¥35.7 billion in gains on sales of stocks and other securities partially offset by a decrease of ¥5.1 billion in others and a decrease of ¥4.0billion in gains on sales of investments in subsidiaries and affiliated companies.

Other expenses for the year ended March 31, 2024 increased by ¥214.5 billion, or 154.8%, to ¥353.1 billion, compared to ¥138.5 billion in the prior year. The increase was due primarily to an increase of ¥227.9 billion in losses on sales of stocks and other securities partially offset by a decrease of ¥10.8 billion in losses on impairment of fixed assets.

As a result of the foregoing, we recorded net other expenses of ¥202.4 billion in the year ended March 31, 2024, an increase of ¥188.1 billion compared to net other expenses of ¥14.2 billion in the prior year.

Income before Income Taxes. As a result of the foregoing, our income before income taxes decreased by ¥171.7 billion, or 68.5%, year-on-year to ¥78.9 billion for the year ended March 31, 2024, compared to ¥250.6 billion for the year ended March 31, 2023.

Income Taxes. Income taxes for the years ended March 31, 2023 and 2024 were as follows:

	For the year ended March 31,	
	2023	2024
	(billions of yen, except percentages)	
Income taxes:		
Current	¥ 45.3	¥ 13.9
Deferred	26.5	(1.9)
Total	¥ 71.9	¥ 11.9
Effective income tax rate	28.70%	15.14%

Current income taxes decreased by ¥31.4 billion to ¥13.9 billion for the year ended March 31, 2024 compared to the prior year. Deferred income taxes decreased by ¥28.5 billion year-on-year to ¥(1.9) billion for the year ended March 31, 2024.

Net Income Attributable to Non-controlling Interests. Net income attributable to non-controlling interests was ¥1.1 billion for the year ended March 31, 2024, compared to ¥1.0 billion for the year ended March 31, 2023.

Net Income Attributable to Owners of the Parent. As a result of the foregoing, net income attributable to owners of the parent decreased by ¥111.8 billion, or 62.9%, to ¥65.8 billion for the year ended March 31, 2024, compared to ¥177.6 billion for the prior year.

Year Ended March 31, 2023 Compared with the Year Ended March 31, 2022

The following table sets forth an overview of our key operating results for the years ended March 31, 2022 and 2023:

	For the year ended March 31,	
	2022	2023
	(billions of yen)	
Interest income	¥370.2	¥659.0
Interest expenses[(1)]	107.8	551.0
Net interest income[(1)]	262.3	107.9
Trust fees	110.5	109.7
Fees and commissions	300.6	323.0
Fees and commissions payments	92.9	93.6
Net fees and commissions	207.7	229.4
Trading income	13.4	15.6
Trading expenses	—	5.1
Net trading income	13.4	10.4
Other ordinary income	335.8	468.5
Other ordinary expenses	291.3	272.6
Net other ordinary income	44.5	195.9
General and administrative expenses	361.1	388.7
Other income	119.3	124.2
Other expenses	195.0	138.5
Income before income taxes	201.8	250.6
Income taxes—current	48.2	45.3
Income taxes—deferred	3.1	26.5
Net income attributable to non-controlling interests	1.1	1.0
Net income attributable to owners of the parent	¥149.2	¥177.6

Note:
(1) Includes deduction of assumed costs of funding from money held in trust.

Net Interest Income. The following table shows our average asset balances, interest and average interest rates of the interest-earning assets and the interest-bearing liabilities for the years ended March 31, 2022 and 2023:

	For the year ended March 31, 2022			For the year ended March 31, 2023		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	(billions of yen, except percentages)					
Interest income[1]	¥57,912.6	¥370.2	0.63%	¥60,047.6	¥659.0	1.09%
Interest on loans and discounts	30,717.5	260.8	0.84	31,620.9	425.7	1.34
Interest and dividends on securities	6,866.2	92.2	1.34	7,043.6	137.1	1.94
Interest on call loans and bills bought	1,018.3	0.6	0.06	238.1	1.3	0.55
Interest on receivables under resale agreements	167.8	—	—	90.1	—	—
Interest on receivables under securities borrowing transactions	693.8	—	—	539.8	—	—
Interest on deposits with banks	16,798.8	12.1	0.07	18,518.0	71.0	0.38
Interest expenses[2]	58,070.6	107.8[3]	0.18	59,842.4	551.0[3]	0.92
Interest on deposits	33,451.7	29.8	0.08	34,682.8	171.8	0.49
Interest on negotiable certificates of deposit	7,993.0	6.7	0.08	7,482.4	139.2	1.86
Interest on call money and bills sold	151.6	0.4	0.31	665.6	1.2	0.18
Interest on payables under repurchase agreements	1,627.6	1.6	0.10	1,303.8	32.2	2.47
Interest on payables under securities lending transactions	—	—	—	—	—	—
Interest on borrowings	6,822.4	11.2	0.16	6,933.8	20.5	0.29
Net interest income		262.3			107.9	

Notes:
(1) Interest income also includes ¥4.1 billion and ¥23.7 billion of other interest income for the years ended March 31, 2022 and 2023, respectively.
(2) Interest expenses also includes ¥3.2 billion and ¥55.7 billion of interest on short-term bonds, ¥9.9 billion and ¥22.5 billion of interest on bonds and ¥44.6 billion and ¥107.6 billion of other interest expenses for the years ended March 31, 2022 and 2023, respectively.
(3) Includes deduction of assumed costs of funding from money held in trust.

We recorded interest income of ¥659.0 billion in the year ended March 31, 2023, an increase of ¥288.7 billion, or 78.0%, compared to ¥370.2 billion in the prior year. The increase was due primarily to an increase in interest on loans, an increase in interest on deposits and an increase in interest and dividends on securities.

Interest expenses increased by ¥443.1 billion, or 410.8%, to ¥551.0 billion in the year ended March 31, 2023, compared to ¥107.8 billion in the prior year. The increase was mainly due to an increase in interest on deposits, an increase in interest on negotiable certificates of deposit, an increase in interest on interest rate swaps and an increase in interest on short-term bonds.

As a result of the foregoing, we recorded net interest income of ¥107.9 billion for the year ended March 31, 2023, a decrease of ¥154.3 billion, or 58.8%, from ¥262.3 billion recorded for the prior year.

The average rates on interest-earning assets and interest-bearing liabilities and net interest margin for the years ended March 31, 2022 and 2023 were as set forth in the following table:

	For the year ended March 31,	
	2022	2023
	(percentages)	
Net interest margin:		
Average rate on interest-earning assets (A)	0.63%	1.09%
Average rate on interest-bearing liabilities (B)	0.18	0.92
Net interest margin ((A) – (B))	0.45	0.17

Trust Fees. Trust fees decreased to ¥109.7 billion for the year ended March 31, 2023, compared with ¥110.5 billion for the prior year.

Net Fees and Commissions. The table below sets forth the principal components of our net fees and commissions for the years ended March 31, 2022 and 2023.

	For the year ended March 31,	
	2022	2023
	(billions of yen)	
Fees and commissions:		
Trust-related business	¥116.7	¥123.0
Deposits and lending business	50.7	58.4
Foreign exchange	1.3	1.3
Securities-related business	27.7	23.4
Agency business	35.7	42.4
Safe custody and safety deposit box business	0.4	0.4
Guarantee business	8.0	7.3
Other	59.7	66.6
Total fees and commissions	300.6	323.0
Fees and commissions payments:		
Foreign exchange	0.7	0.8
Other	92.1	92.7
Total fees and commissions payments	92.9	93.6
Net fees and commissions	¥207.7	¥229.4

Fees and commissions increased by ¥22.4 billion, or 7.5%, to ¥323.0 billion for the year ended March 31, 2023 compared to the prior year. The change was mainly due to an increase in real estate brokerage fees received and an increase in corporate credit-related profit.

Fees and commissions payments increased by ¥0.6 billion, or 0.7%, to ¥93.6 billion for the year ended March 31, 2023. The change was primarily due to an increase in other fees and commissions payments including an increase in commissions at overseas subsidiaries due to inflation and a depreciation of the yen.

As a result of the foregoing, net fees and commissions increased by ¥21.7 billion, or 10.5%, year-on-year to ¥229.4 billion for the year ended March 31, 2023.

Net Trading Income. Our net trading income decreased by ¥3.0 billion, or 22.5%, to ¥10.4 billion in the year ended March 31, 2023, compared to ¥13.4 billion in the prior year. The decrease was due primarily to a decrease in income from trading-related financial derivatives transactions and an increase in derivative instruments expenses, partially offset by an increase in income on trading securities.

Net Other Ordinary Income. The table below sets forth the principal components of our net other ordinary income for the years ended March 31, 2022 and 2023:

	For the year ended March 31,	
	2022	2023
	(billions of yen)	
Other ordinary income:		
Net gains on foreign exchange transactions	¥ 22.4	¥201.2
Gains on sales and redemption of bonds	14.7	3.4
Net income from derivatives other than for trading or hedging	19.0	1.0
Others[(1)]	279.5	262.7
Total other ordinary income	335.8	468.5
Other ordinary expenses:		
Losses on sales and redemption of bonds	32.5	29.4
Others[(2)]	258.7	243.1
Total other ordinary expenses	291.3	272.6
Net other ordinary income	¥ 44.5	¥195.9

Notes:
(1) Mainly lease income recognized by our consolidated subsidiaries.
(2) Mainly lease expense recognized by our consolidated subsidiaries.

We recorded other ordinary income of ¥468.5 billion for the year ended March 31, 2023, an increase of ¥132.7 billion, or 39.5%, compared to ¥335.8 billion for the prior year. The increase was due primarily to an increase in income on foreign exchange trades, partially offset by a decrease in income from trading-related financial derivatives transactions and a decrease in income on sales of domestic bonds.

Other ordinary expenses decreased by ¥18.7 billion, or 6.4%, to ¥272.6 billion for the year ended March 31, 2023. The primary cause of the decrease was a decrease in lease expenses.

As a result of the foregoing, we recorded net other ordinary income of ¥195.9 billion in the year ended March 31, 2023, a ¥151.4 billion increase compared to net other ordinary income of ¥44.5 billion in the prior year.

General and Administrative Expenses. The table below sets forth the principal components of our general and administrative expenses for the years ended March 31, 2022 and 2023:

	For the year ended March 31,	
	2022	2023
	(billions of yen)	
Taxes other than income taxes	¥ 12.8	¥ 13.3
Personnel expenses	165.4	176.6
Others	182.7	198.7
Total general and administrative expenses	¥361.1	¥388.7

General and administrative expenses increased by ¥27.6 billion, or 7.6%, to ¥388.7 billion for the year ended March 31, 2023, due primarily to an increase in personnel expenses (bonus) and an increase in non-personnel expenses (general non-personnel expenses and system-related expenses).

Other Income and Expenses. The following table sets forth other income and expenses for the years ended March 31, 2022 and 2023:

	For the year ended March 31,	
	2022	2023
	(billions of yen)	
Other income:		
Gains on sales of stocks and other securities	¥ 94.9	¥ 89.9
Gains on money held in trust	0.0	0.0
Recoveries of written-off claims	1.6	1.1
Equity in earnings of affiliated companies	13.6	15.7
Gains on disposal of fixed assets	0.4	0.3
Others	8.6	17.0
Total other income	119.3	124.2
Other expenses:		
Provision for allowance for loan losses	37.6	1.5
Losses on sales of loans	0.0	—
Write-off of loans	5.4	9.7
Losses on sales of stocks and other securities	130.5	83.3
Losses on impairment of stocks and other securities	1.8	0.6
Losses on disposal of fixed assets	0.7	1.2
Losses on impairment of fixed assets	1.4	18.1
Losses on investments in partnerships	4.7	9.7
Others	12.4	14.1
Total other expenses	195.0	138.5
Net other income (expenses)	¥ (75.6)	¥ (14.2)

We recorded other income of ¥124.2 billion for the year ended March 31, 2023, an increase of ¥4.9 billion, or 4.1%, compared to ¥119.3 billion for the prior year. The increase was due primarily to an increase in other special earnings (gains on sales of stocks of affiliated companies).

Other expenses for the year ended March 31, 2023 decreased by ¥56.4 billion, or 28.9%, to ¥138.5 billion, compared to ¥195.0 billion in the prior year. The decrease was due primarily to an increase in intangible assets impairment loss relating to software and an increase in other ordinary expenses, partially offset by a decrease in losses on sales of stocks and a decrease in provisions for allowance for loan losses.

Income before Income Taxes. As a result of the foregoing, our income before income taxes increased by ¥48.7 billion, or 24.1%, year-on-year to ¥250.6 billion for the year ended March 31, 2023, compared to ¥201.8 billion for the year ended March 31, 2022.

Income Taxes. Income taxes for the years ended March 31, 2022 and 2023 were as follows:

	For the year ended March 31,	
	2022	2023
	(billions of yen, except percentages)	
Income taxes:		
Current	¥ 48.2	¥ 45.3
Deferred	3.1	26.5
Total	¥ 51.4	¥ 71.9
Effective income tax rate	25.50%	28.70%

Current income taxes decreased by ¥2.9 billion to ¥45.3 billion for the year ended March 31, 2023 compared to the prior year. Deferred income taxes increased by ¥23.3 billion year-on-year to ¥26.5 billion for the year ended March 31, 2023.

Net Income Attributable to Non-controlling Interests. Net income attributable to non-controlling interests was ¥1.0 billion for the year ended March 31, 2023, compared to ¥1.1 billion for the year ended March 31, 2022.

Net Income Attributable to Owners of the Parent. As a result of the foregoing, net income attributable to owners of the parent increased by ¥28.4 billion, or 19.0%, to ¥177.6 billion for the year ended March 31, 2023, compared to ¥149.2 billion for the prior year.

Supplemental Financial Measures

Gross Business Profit and Related Measures. In addition to the reporting items set forth in our consolidated financial statements, we also disclose gross business profit (*gyomu sorieki*) on a non-consolidated basis, as required for Japanese banks by the Banking Act of Japan (Act. No. 59 of 1981), as amended (the "Banking Act"). Furthermore, in the Japanese banking industry, net business profit before credit costs (*jisshitsu gyomu jun-eki*) has traditionally been used as a measure of the profitability of core banking operations. We review these non-Japanese GAAP performance measures on a non-consolidated basis in monitoring the results of our operations.

Gross business profit for trust banks is the sum of:

- net interest income, excluding net interest income on money held in trust;
- trust fees;
- net fees and commissions;
- net trading income; and
- net other operating profit (loss) (net gains or losses on bonds, net gains or losses on foreign exchange transactions, net gains or losses from derivatives other than for trading or hedging and other miscellaneous items).

Net business profit (*gyomu jun-eki*) is a non-Japanese GAAP measure that is calculated as gross business profit (a non-Japanese GAAP measure), less general and administrative expenses (excluding certain amortization of net actuarial losses, prior service costs and retirement benefit), which we refer to as adjusted general and administrative expenses (a non-Japanese GAAP measure, see "Selected Financial Data and Other Information"), and provision of general allowance for loan losses. Net business profit before credit costs adds back to net business profit the provision of general allowance for loan losses and credit costs for principal-guaranteed trusts.

Due to the adjustments made to certain line items, net business profit before credit costs is not readily calculable based on information presented in our financial statements. Net business profit before credit costs does not reflect certain income and expenses that are reflected in net income. Accordingly, net business profit before credit costs does not necessarily reflect changes to net earnings that affect our equity and regulatory capital.

While neither net business profit nor net business profit before credit costs should be viewed as a substitute for net income, management believes that they provide a meaningful way of comparing a number of the important components of our income and profitability from year to year.

The table below sets forth these supplemental financial data and corresponding reconciliations to net income under Japanese GAAP on a non-consolidated basis for the years ended March 31, 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024:

	For the year ended March 31,			For the three months ended June 30,	
	2022	2023	2024	2023	2024
	(billions of yen)				
Gross business profit (*gyomu sorieki*):					
Net interest income and related profit	¥ 275.2	¥ 133.4	¥ (85.4)	¥ 28.0	¥(24.9)
Net fees and commissions and related profit	180.8	193.2	211.2	41.6	50.8
Net trading income	13.4	10.4	75.9	(7.2)	34.9
Net other operating profit (loss)	21.1	171.0	364.4	93.3	86.5
Net gains (losses) on foreign exchange transactions	22.2	199.2	346.7	81.6	83.9
Net gains (losses) on bonds	(17.8)	(26.0)	6.3	(0.2)	(4.7)
Net gains (losses) from derivatives other than for trading or hedging	19.0	1.0	15.2	12.3	7.5
Total gross business profit (gyomu sorieki)	490.6	508.1	566.1	155.8	147.3
Adjusted general and administrative expenses[1]	(248.5)	(262.2)	(290.1)	(68.9)	(74.4)
Provision of general allowance for loan losses	13.4	0.9	(6.4)	—	5.0
Principal guaranteed trust account credit costs	—	—	—	—	—
Net business profit (*gyomu jun-eki*)[2]	255.5	246.8	269.5	86.9	77.8
Net non-recurring profit (loss)	(104.7)	(22.2)	(210.8)	(24.1)	4.5
Banking account credit costs	(56.9)	(14.0)	(6.1)	(4.2)	(7.3)
Reversal of allowance for loan losses, etc.	1.0	0.6	0.9	3.6	0.1
Net gains (losses) on stocks	(37.3)	5.9	(188.6)	(19.5)	14.5
Others	(11.5)	(14.8)	(17.0)	(4.0)	(2.7)
Ordinary profit	150.8	224.5	58.7	62.7	82.4
Extraordinary profit (loss)	(1.6)	(0.3)	(3.7)	2.0	(0.3)
Income before income taxes	149.1	224.2	54.9	64.8	82.0
Current income taxes	(34.7)	(31.7)	2.0	(1.7)	(17.1)
Deferred income taxes	(1.0)	(23.4)	0.9	(3.6)	(1.4)
Net income	113.3	169.1	57.8	59.5	63.4
Net business profit before credit costs (*jisshitsu gyomu jun-eki*)[3]	242.0	245.9	275.9	86.9	72.8

Notes:

(1) Excludes non-recurring expenses, which comprise amortization of net actuarial losses and prior service costs and retirement benefit. See "Selected and Historical Financial Information."

(2) Net business profit = gross business profit, less adjusted general and administrative expenses and provision of general allowance for loan losses.

(3) Net business profit before credit costs = net business profit, plus provision of general allowance for loan losses and principal guaranteed trust account credit costs.

Business Segment Information

Until March 31, 2022, our businesses were organized in the following business segments for reporting purposes: Retail Total Solution Services, Wholesale Financial Services, Stock Transfer Agency Services, Real Estate, Fiduciary Services and Global Markets. From April 1, 2022, our business are organized into the following reportable segments:

- *Retail*: Provision of services to individual customers;
- *Corporate*: Provision of services to corporate customers;
- *Investor Services*: Provision of services to investors;
- *Real Estate:* Provision of services related to the real estate business; and
- *Global Markets*: Customer services (marketing operations and market-making operations, such as interest rate and forex transactions and investment advisory), investment operations, and financial management operations.

The following table sets forth the internal breakdown of total gross business profit by reportable business segment on a non-consolidated basis for the three months ended June 30, 2023 and 2024.

	For the three months ended June 30,	
	2023	2024
	(billions of yen)	
Retail	¥ 33.7	¥ 37.0
Corporate	44.8	55.0
Investor services	28.2	36.8
Real estate	5.2	5.5
Global markets	20.6	9.1
Others[1]	23.3	3.9
Total	¥155.8	¥147.3

Note:
(1) Includes, among other things, the costs of capital funding, dividends of shares for cross-shareholdings, general and administrative expenses of headquarters.

The following table sets forth the internal breakdown of total gross business profit by reportable business segment on a non-consolidated basis for the years ended March 31, 2022, 2023 and 2024. Segment information for the years ended March 31, 2023 and 2024 is reported under our new segments as in effect from April 1, 2022, and comparable segment information for the year ended March 31, 2022 has been retrospectively reclassified:

	For the year ended March 31,		
	2022	2023	2024
		(billions of yen)	
Retail	¥131.3	¥134.1	¥142.0
Corporate[1]	140.6	153.5	180.4
Investor services[1]	93.0	76.0	82.4
Real estate[1]	39.2	44.1	38.6
Global markets	52.3	69.3	65.9
Others[1][2]	34.1	30.9	56.5
Total	¥490.6	¥508.1	¥566.1

Notes:
(1) Changed the attribution segment for gains/losses on some equity investment and other methods since the beginning of the year ended March 31, 2024.
(2) Includes, among other things, the costs of capital funding, dividends on cross-shareholdings and from group companies, general and administrative expenses of headquarters.

The following table sets forth the internal breakdown of net business profit, which is equal to gross business profit minus adjusted general and administrative expenses and provision of general allowance for loan losses, by reportable business segment on a non-consolidated basis for the three months ended June 30, 2023 and 2024.

	For the three months ended June 30,	
	2023	2024
	(billions of yen)	
Retail	¥ 4.5	¥ 5.7
Corporate	28.3	36.9
Investor services	9.8	16.9
Real estate	2.6	2.8
Global markets	16.3	4.3
Others[1]	25.2	6.0
Total	¥86.9	¥72.8

Note:
(1) Includes, among other things, the costs of capital funding, dividends of shares for cross-shareholdings, general and administrative expenses of headquarters.

The following table sets forth the internal breakdown of net business profit, which is equal to gross business profit minus adjusted general and administrative expenses and provision of general allowance for loan losses, by reportable business segment on a non-consolidated basis for the years ended March 31, 2022, 2023 and 2024. Segment information for the years ended March 31, 2023 and 2024 is reported under our new segments as in effect from April 1, 2022, and comparable segment information for the year ended March 31, 2022 has been retrospectively reclassified:

	For the year ended March 31,		
	2022	2023	2024
		(billions of yen)	
Retail	¥ 13.7	¥ 21.3	¥ 21.3
Corporate[1]	99.2	111.1	130.7
Investor services[1]	59.4	43.1	44.5
Real estate[1]	29.3	33.9	27.3
Global markets	36.5	54.1	46.3
Others[1][2]	3.7	(17.8)	5.6
Total	¥242.0	¥245.9	¥275.9

Notes:
(1) Changed the attribution segment for gains/losses on some equity investment and other methods since the beginning of the year ended March 31, 2024.
(2) Includes, among other things, the costs of capital funding, dividends on cross-shareholdings and from group companies, general and administrative expenses of headquarters.

The following table contains a reconciliation of total net business profit to income before income taxes in our consolidated statement of income for the periods shown:

	For the year ended March 31,			For the three months ended June 30,	
	2022	2023	2024	2023	2024
			(billions of yen)		
Total profit or loss for reportable segment (Net business profit)	¥ 242.0	¥ 245.9	¥ 275.9	¥86.9	¥72.8
Net business profit of consolidated subsidiaries that are excluded from the reportable segments and others[1]	60.5	50.2	37.7	¥	¥
Other income	119.3	124.2	150.7	¥	¥
Other expenses	(195.0)	(138.5)	(353.1)	¥	¥
Other adjustments	(25.1)	(31.3)	(32.4)	¥	¥
Income before income taxes	¥ 201.8	¥ 250.6	¥ 78.9	¥64.8	¥82.0

Note:
(1) Amounts include elimination of internal transactions.

Financial Condition

Total Assets and Total Liabilities

As of March 31, 2024, we had total assets of ¥75,578.1 billion, representing an increase of ¥6,840.2 billion, or 10.0%, from total assets of ¥68,737.9 billion as of March 31, 2023. The increase was due primarily to an increase of ¥2,993.4 billion in securities, an increase of ¥1,609.9 billion in loans and bills discounted and an increase of ¥1,228.8 billion in cash and due from banks.

Total liabilities as of March 31, 2024 were ¥72,786.7 billion, an increase of ¥6,516.9 billion, or 9.8%, from total liabilities of ¥66,269.7 billion as of March 31, 2023. The change was due primarily to an increase of ¥2,026.7 billion in deposits, an increase of ¥1,745.9 billion in negotiable certificates of deposit and an increase of ¥1,273.6 in borrowed money.

Monetary Claims and Securities

As of March 31, 2024, we held ¥9,797.6 billion of securities, representing an increase of ¥2,993.4 billion, or 44.0%, from ¥6,804.1 billion of securities as of March 31, 2023. The increase was due primarily to an increase of ¥1,605.7 billion in Japanese government bonds.

The following table sets forth a redemption schedule of monetary claims and securities as of March 31, 2024:

	As of March 31, 2024					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
	(billions of yen)					
Due from banks	¥22,694.3	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	25.0	—	—	—	—	—
Receivables under resale agreements	111.6	—	—	—	—	—
Receivables under securities borrowing transactions	532.2	—	—	—	—	—
Monetary claims bought	1,010.1	19.8	6.4	1.4	1.5	105.5
Securities	1,134.9	2,355.0	1,937.6	602.7	780.0	863.4
Held-to-maturity debt securities	0.0	6.4	40.0	40.0	60.7	80.6
Government bonds	0.0	—	40.0	40.0	35.0	—
Corporate bonds	—	0.5	—	—	—	10.2
Available-for-sale securities with maturity	1,134.9	2,348.5	1,897.6	562.7	719.3	782.8
Government bonds	522.5	1,769.9	654.0	—	70.0	31.0
Local government bonds	2.8	10.6	7.7	10.5	11.9	—
Corporate bonds	91.1	267.4	194.6	49.9	77.8	31.2
Loans and bills discounted	5,402.9	6,734.1	4,875.7	2,865.2	2,730.8	7,970.8
Lease receivables and investment assets	176.5	293.9	126.6	54.4	34.9	6.2
Total	¥31,087.7	¥9,402.9	¥6,946.5	¥3,523.9	¥3,547.5	¥8,946.1

As of March 31, 2024, our consolidated investment securities portfolio did not contain any individual issuer's securities exceeding 10% of our total net assets other than JGBs, U.S. government and agency bonds and Singapore government securities. As of March 31, 2024, our marketable available-for-sale JGBs on a fair value basis comprised 4.02% of our total assets, on a consolidated basis. See "Additional Financial Information—Securities Portfolio."

Loan Portfolio

As of March 31, 2024, we had ¥33,420.9 billion in loans and bills discounted on a consolidated basis, representing 44.2% of consolidated total assets and an increase of ¥1,609.9 billion, or 5.1%, compared to March 31, 2023. As of Mach 31, 2024, we had ¥10,390.2 billion of residential mortgage loans, representing 94.1% of total loans to individuals on a non-consolidated basis, a decrease of ¥71.2 billion, or 0.7%, from ¥10,461.5 billion as of March 31, 2023.

Credit Portfolio

The table below sets forth a breakdown of our credit portfolio on a non-consolidated basis as of March 31, 2022, 2023 and 2024:

	As of March 31,		
	2022	2023	2024
	(trillions of yen)[1]		
Loans to individuals	¥11.25	¥11.09	¥11.04
Product related (foreign currency)	3.14	3.82	4.69
Product related (yen)	3.26	3.12	3.33
Corporate loans (foreign currency)	3.32	3.53	4.07
Corporate loans (yen)	11.28	11.85	12.22
Total	¥32.26	¥33.44	¥35.36

Note:
(1) Amounts for loans and products denominated in foreign currencies were translated into yen at the exchange rates prevailing at March 31, 2022, 2023 and 2024, respectively.

Loan Maturity

The table below sets forth the composition of the loan portfolio in our banking account and trust account on a non-consolidated basis, classified by type of interest rate and maturity as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Banking account:			
Fixed-interest loans:			
One year or less[1]	—	—	—
Over one year to three years	¥ 2,033.7	¥ 2,185.0	¥ 2,112.5
Over three years to five years	1,513.5	1,546.5	1,598.9
Over five years to seven years	830.6	870.2	768.0
Over seven years	2,289.5	2,090.2	1,869.6
Indefinite term	0.0	0.0	0.0
Floating-interest loans:			
One year or less[1]	—	—	—
Over one year to three years	4,164.9	4,477.6	4,450.7
Over three years to five years	2,848.0	2,789.5	3,300.3
Over five years to seven years	1,703.6	1,755.7	2,063.1
Over seven years	7,901.6	8,161.6	8,578.6
Indefinite term	2,359.7	2,585.7	2,775.5
Total loans:			
One year or less	5,270.7	5,484.7	6,255.3
Over one year to three years	6,198.6	6,662.6	6,563.2
Over three years to five years	4,361.6	4,336.1	4,899.3
Over five years to seven years	2,534.2	2,626.0	2,831.2
Over seven years	10,191.2	10,251.8	10,448.3
Indefinite term	2,359.8	2,585.8	2,775.5
Total loans	¥30,916.3	¥31,947.3	¥33,773.1
Trust account:			
One year or less	658.0	616.4	662.8
Over one year to three years	375.6	467.2	503.9
Over three years to five years	235.0	212.0	226.1
Over five years to seven years	286.6	292.4	487.7
Over seven years	575.8	566.5	526.5
Total loans	¥ 2,131.2	¥ 2,154.6	¥ 2,407.3

Note:
(1) We do not categorize loans with a maturity of one year or less as fixed-interest or variable-interest loans.

Funding and Liquidity

Funding and Liquidity Management

We continuously seek to enhance the management of our liquidity to meet clients' loan requirements and deposit withdrawals and to enable us to respond to unforeseen situations, such as adverse movements in securities markets or changes in general domestic economic conditions. In accordance with regulatory reserve requirements, we maintain reserves with the Bank of Japan against a certain portion of all checking and savings accounts and time deposits. We rely primarily on deposits from individuals located in Japan for funding, which we believe is a relatively stable source of funds. We also obtain loans from the trust account, which are recorded on the balance sheet of the banking account as payables to trust account, as a supplemental source of funds. In addition, we supplement our sources of liquidity by maintaining a portfolio of securities with high credit ratings that can be quickly converted into cash.

Deposits

As of March 31, 2024, we had deposits, including negotiable certificates of deposit, of ¥46,710.6 billion, which constituted 64.2% of our total liabilities and represented an increase of ¥3,772.7 billion, or 8.8%, compared with ¥42,937.9 billion as of March 31, 2023.

As of March 31, 2024, we had deposits, excluding negotiable certificates of deposit, of ¥37,151.8 billion on a non-consolidated basis, representing an increase of ¥2,110.6 billion, or 6.0%, compared with ¥35,041.2 billion as of March 31, 2023.

The table below sets forth a breakdown of our time deposits on a non-consolidated basis by remaining maturity as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Less than three months	¥ 8,455.9	¥ 8,609.7	¥10,188.8
Three months or more, but less than six months	2,982.9	3,788.7	3,486.1
Six months or more, but less than one year	3,060.9	3,288.7	3,531.8
One year or more, but less than two years	4,144.0	3,940.0	3,963.9
Two years or more, but less than three years	1,794.4	1,560.1	1,448.3
Three years or more	2,185.2	2,035.4	2,853.9
Total	¥22,623.6	¥23,222.8	¥25,473.1

Borrowed Money from Trust Account

We obtain loans from the trust account, which are recorded on the balance sheet of the banking account as borrowed money from trust account, as a supplemental source of funds. As of March 31, 2024, we had ¥4,327.7 billion in borrowed money from trust account, which was equal to 6.0% of total liabilities. This represented a decrease of ¥4.6 billion, or 0.1%, from ¥4,332.4 billion as of March 31, 2023.

Borrowed Money

As of March 31, 2024, we had ¥7,903.1 billion in borrowed money outstanding. This represented 10.9% of our total liabilities as of that date and constituted an increase of ¥1,273.6 billion, or 19.2%, from ¥6,629.5 billion as of March 31, 2023.

Bonds Payable

We issue a variety of fixed and floating, dated and undated senior and subordinated bonds. As of March 31, 2024, we had ¥72.9 billion and ¥2,113.3 billion of subordinated bonds and other bonds payable, respectively, and ¥2,906.7 billion of short-term bonds payable outstanding.

Credit Ratings

Our borrowing costs and ability to raise funds are affected directly by the credit ratings assigned to us and by any changes thereto. Our credit ratings as of August 28, 2024 are set forth in the table below:

Rating agency	Long-term	Outlook	Short-term	Financial
S&P	A	Stable	A-1	—
Moody's	A1	Stable	P-1	—
Fitch	A-	Stable	F1	a-[1]
Japan Credit Rating Agency	AA	Stable	—	—
Rating and Investment Information, Inc.	AA-	Stable	a-1+	—

Note:
(1) Viability rating.

The credit ratings assigned to us reflect the current opinions of the ratings agencies regarding our overall financial capacity (creditworthiness) to fulfill our financial obligations. The credit ratings are subject to suspension, reduction or withdrawal at any time by the assigning ratings agencies.

Foreign Currency Assets and Liabilities

The table below sets forth our foreign currency-denominated assets and liabilities on a non-consolidated basis as of the dates indicated therein:

	As of March 31,	
	2023	2024
	(billions of U.S. dollars)[1]	
Assets:		
Loans	$ 50.4	$ 53.0
Credit securities	9.5	9.9
Net interbank deposits (including foreign currency forwards)	62.3	71.4
Bond investments	8.6	15.7
Total foreign currency assets	$131.1	$150.3
Liabilities:		
Client deposits, deposits from central banks, etc.	$ 45.1	$ 43.1
Negotiable certificates of deposit, U.S. commercial paper	46.8	57.8
Foreign currency deposits converted from Japanese yen	19.1	20.9
Repurchase agreements utilizing client assets	4.0	4.3
Senior and subordinated debt	12.2	13.8
Bond repurchases	3.6	10.1
Total foreign currency liabilities	$131.1	$150.3

Note:
(1) Figures for foreign currency funding are calculated in U.S. dollars.

Liquidity

The FSA's guidelines for LCR, which are based on the full text of the LCR standard issued by the BCBS in January 2013, applicable to banks and bank holding companies with international operations that have been applied from March 31, 2015. Under these guidelines, banks with international operations must maintain LCR of 100% on both a consolidated basis and a non-consolidated basis and bank holding companies with international operations must maintain LCR of 100% on a consolidated basis.

Our consolidated and non-consolidated LCRs for the three months ended June 30, 2024, calculated in accordance with the Japanese GAAP and the FSA's guidelines for LCR, are as set forth in the following table:

	For the three months ended June 30, 2024[1]
	(billions of yen, except percentages)
Consolidated	
Total high-quality liquid assets ("HQLA") allowed to be included in the calculation (weighted)	¥21,543.7
Net cash outflows (weighted)	13,670.3
LCR[1]	157.5%
Non-consolidated	
Total HQLA allowed to be included in the calculation (weighted)	¥21,136.2
Net cash outflows (weighted)	12,995.2
LCR[1]	162.6%

Note:
(1) Under the FSA's guidelines for LCR, LCR is set as the three-month average of the daily LCR for the previous quarter, which is calculated by dividing the balance of HQLA by the amount of total net cash outflows on a daily basis for the relevant quarter.

See "Supervision and Regulation—Japan—Regulation Regarding Capital Adequacy and Liquidity—Liquidity Requirement."

Our consolidated and non-consolidated NSFRs as of June 30, 2024, calculated in accordance with Japanese GAAP and the FSA's guidelines for NSFR, are as set forth in the following table:

	As of June 30, 2024[1]
	(billions of yen, except percentages)
Consolidated	
Total available stable funding (weighted)	¥ 38,186.4
Total required stable funding (weighted)	34,426.1
NSFR[1]	110.9%
Non-consolidated	
Total available stable funding (weighted)	¥ 37,009.4
Total required stable funding (weighted)	31,957.1
NSFR[1]	115.8%

Note:
(1) Under the FSA's guidelines for NSFR, NSFR is defined as the ratio obtained by dividing the sum of the amounts of available stable funding by the amount of required stable funding, each as defined in and calculated pursuant to such guidelines. The minimum NSFR under the FSA's guidelines for NSFR is 100% on a consolidated basis for Japanese banks and bank holding companies with international operations and on a non-consolidated basis for Japanese banks with international operations.

Capital Resources and Adequacy

Net Assets

The following table sets forth a summary of our total net assets on a consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Total Shareholders' equity	¥2,114.7	¥2,232.0	¥2,229.6
Total accumulated other comprehensive income	205.0	206.6	531.3
Non-controlling interests	28.6	29.5	30.4
Total net assets	¥2,348.5	¥2,468.2	¥2,791.4

Capital Adequacy Ratios

We are subject to regulatory capital requirements administered by the FSA in accordance with the provisions of the Banking Act, and related regulations. Failure to meet minimum capital requirements may trigger certain mandatory actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial statements, and the imposition of certain corrective measures, including suspension of all or a part of our business operations.

The FSA's bank capital adequacy guidelines are based on the risk-adjusted approach developed by the BCBS. The FSA's guidelines are similar to those issued by other central bank regulators and the differences reflect the FSA's design to suit the Japanese banking environment. The FSA's revised bank capital adequacy guidelines that were phased in from March 31, 2013 are generally designed to implement the principal risk-weighted capital measures of the Basel III rules text, with full implementation was completed in March 2022. See "Supervision and Regulation—Japan—Regulation Regarding Capital Adequacy and Liquidity."

The FSA's bank capital adequacy guidelines prescribe methods for calculating risk weighted assets for credit risk, market risk and operational risk. As an alternative to the standardized approach to risk-weighted calculations, which continues to rely on the external valuation of credit quality based on credit ratings assigned to borrowers by designated rating agencies, the rules also permit Japanese banks and bank holding companies to adopt the IRB approach. To be eligible to use the IRB approach, the Japanese bank or bank holding company must have established advanced risk measurement systems and must receive advance approval from the FSA. There are two types of IRB approaches: foundation and advanced. Under the advanced approach, banks provide more of their own estimates of the probability of default ("PD"), loss given default ("LGD") and the exposure at default, and their own calculation of effective maturity, subject to meeting minimum standards.

We have received approval from the FSA to adopt the advanced IRB approach to risk weighting. For measuring operational risk, we and SuMi TRUST Holdings had previously adopted the advanced measurement approach under the FSA's bank capital adequacy guidelines, however, from March 2024 onwards, in accordance with the FSA's revised bank capital adequacy guidelines reflecting the Basel III finalization framework, we and SuMi TRUST Holdings have adopted the standardized approach using the internal loss multiplier (ILM).

From March 31, 2015, under the FSA's capital adequacy guidelines, Japanese bank holding companies and banks that have international operations, including us, must maintain a Common Equity Tier 1 capital ratio of 4.50% or more, a Tier 1 capital ratio of 6.00% or more and a total capital ratio of 8.00% or more.

In addition, under the FSA's revised guidelines published in November 2015, SuMi TRUST Holdings is required to hold an additional reserve of Common Equity Tier 1 capital as a capital conservation buffer, which was phased in from March 2016 and became fully effective at 2.50% in March 2019. Under the revised guidelines, SuMi TRUST Holdings is also subject to a countercyclical buffer requirement, which was phased in from March 2016 and became fully effective in March 2019, with a range between 0% and a maximum of 2.5%. Furthermore, SuMi TRUST Holdings has been designated as a D-SIB by the FSA since December 2015. The additional loss absorption capacity requirement applied to SuMi TRUST Holdings was phased in from March 2016 and became fully effective at 0.50% in March 2019. As a result, the fully phased in Common Equity Tier 1 capital ratio and minimum total risk-weighted capital requirements applicable to SuMi TRUST Holdings, including the capital conservation buffer and additional loss absorption capacity requirement but excluding the countercyclical capital buffer, were 7.50% and 11.00%, respectively, from March 2019.

In March 2015, the FSA published leverage ratio guidelines, which have been in effect since March 31, 2015, requiring Japanese banks and bank holding companies with international operations to disclose leverage ratios in accordance with the methodology prescribed in FSA guidance that has been adopted to implement the relevant Basel III standard. The FSA's leverage ratio disclosure rules, which are intended to help ensure the broad and adequate capture of on- and off-balance sheet sources of leverage, are based on the text of the leverage ratio framework and disclosure requirements issued by the BCBS in January 2014.

On March 15, 2019, the FSA published its guidelines implementing minimum leverage ratio requirements applicable to banks and bank holding companies with international operations, which have been in effect from March 31, 2019. Under the FSA's guidelines for the leverage ratio, banks with international operations were required to maintain a leverage ratio of at least 3% on both a consolidated basis and a non-consolidated basis, and bank holding companies with international operations were required to maintain a leverage ratio of at least 3% on a consolidated basis, respectively, from March 31, 2019 until March 31, 2024. The minimum leverage ratio has been increased from 3% to 3.15% effective from April 1, 2024 as discussed below.

In June 2020, under concerns regarding the increasing impact of the COVID-19 pandemic, to maintain harmonization with the monetary policy implemented by the Bank of Japan and the prudent regulations for banks and other financial institutions, the FSA introduced temporary measures to exclude outstanding balance of current accounts at the Bank of Japan from the total exposure, which is the denominator, in calculating leverage ratio when a ratio, which is separately determined by the Commissioner of the FSA taking into account an exceptional macroeconomic condition, applies as minimum regulatory requirements for leverage ratio. In November 2022, the FSA published amendments to its guidelines for the leverage ratio, which provided that, effective from April 1, 2024, the minimum leverage ratio is increased from 3% to 3.15%, while the amount of deposits to the Bank of Japan will continue to be excluded from the denominator for the calculation of the leverage ratio, taking into account exceptional macroeconomic conditions and other circumstances.

For further details, see "Supervision and Regulation—Japan—Regulation Regarding Capital Adequacy and Liquidity."

Consolidated Capital Adequacy Ratios

Our and SuMi TRUST Holdings' consolidated capital adequacy ratios and leverage ratios as of June 30, 2024, calculated in accordance with Japanese GAAP and the bank capital adequacy guidelines established by the FSA, are as set forth in the following tables:

	SuMi TRUST Bank	
	As of June 30, 2024	Minimum capital requirements
	(billions of yen, except percentages)	
Common Equity Tier 1 capital ratio	10.19%	4.50%
Tier 1 capital ratio	11.40	6.00
Total capital ratio	12.30	8.00
Directly issued qualifying common share capital plus related capital surplus and retained earnings	¥ 2,242,6	
Accumulated other comprehensive income	552.6	
Instruments and reserves	2,765.3	
Regulatory adjustments	359.1	
Common Equity Tier 1 capital	2,406.1	
Additional Tier 1 capital	284.8	
Tier 1 capital	2,690.9	
Tier 2 capital	211.7	
Total capital	¥ 2,902.7	
Amount of credit risk-weighted assets (including counterparty credit risk)	¥23,591.0	
Amount of market risk equivalents	1,147.2	
Amount of operational risk equivalents	1,060.0	
Total risk-weighted assets[(1)]	¥23,591.0	
Leverage ratio	4.69%	3.15%

Note:

(1) From April 1, 2024, the minimum leverage ratio is increased from 3% to 3.15%, while the amount of deposits to the Bank of Japan will continue to be excluded from the denominator for the calculation of the leverage ratio, taking into account exceptional macroeconomic conditions and other circumstances. Including such amounts of deposits to the Bank of Japan, SuMi TRUST Bank's consolidated leverage ratio would have been 3.47% as of June 30, 2024.

	SuMi TRUST Holdings	
	As of June 30, 2024	Minimum capital requirements[1]
	(billions of yen, except percentages)	
Common Equity Tier 1 capital ratio	11.25%	4.50%
Tier 1 capital ratio	12.42	6.00
Total capital ratio	13.30	8.00
Directly issued qualifying common share capital plus related capital surplus and retained earnings	¥ 2,590.3	
Subscription rights to common shares	0.8	
Accumulated other comprehensive income	535.9	
Instruments and reserves		
Regulatory adjustments	395.2	
Common Equity Tier 1 capital	2,731.8	
Additional Tier 1 capital	284.8	
Tier 1 capital	3,016.7	
Tier 2 capital	211.7	
Total capital	¥ 3,228.4	
Amount of credit risk-weighted assets (including counterparty credit risk)	¥21,768.7	
Amount of market risk equivalents	1,152.6	
Amount of operational risk equivalents	1,352.4	
Total risk-weighted assets[2]	¥24,273.7	
Leverage ratio	5.23%	3.15%

Notes:

(1) The capital conservation buffer, which was 2.50%, additional loss absorption capacity requirement, which was 0.50% and countercyclical capital buffer, which was 0.06%, each as of June 30, 2024, are taken into account and added to the minimum regulatory requirements for each capital ratio.

(2) From April 1, 2024, the minimum leverage ratio is increased from 3% to 3.15%, while the amount of deposits to the Bank of Japan will continue to be excluded from the denominator for the calculation of the leverage ratio, taking into account exceptional macroeconomic conditions and other circumstances. Including such amounts of deposits to the Bank of Japan, SuMi TRUST Holdings' consolidated leverage ratio would have been 3.88% as of June 30, 2024.

Our Common Equity Tier 1 capital ratios on a consolidated basis, calculated based on the FSA's fully phased in revised capital adequacy guidelines applicable from March 2019, were 10.93%, 9.74% and 10.29% as of the years ended March 31, 2022, 2023 and 2024, respectively.

Loan Losses and Problem Loans

The following discussion presents certain of our financial information on a non-consolidated basis, unless otherwise specified, for the years ended March 31, 2022, 2023 and 2024.

We classify our borrowers and assess our asset quality based on our self-assessment guidelines developed in accordance with guidelines published by the FSA. The self-assessment process involves classifying borrowers based on their financial condition and then categorizing claims against borrowers in order of collection risk. Based on these classifications we establish allowances and disclose our problem loans and other claims using criteria specified in the Financial Reconstruction Act. Until the fiscal year ended March 31, 2021, we also disclosed our problem loans under a format devised initially by the Japanese Bankers Association and reflected in the Banking Act and related regulations.

Classification of Problem Loans and Allowance Policies

We take the following steps in classifying our problem loans and determining reserve amounts:

Self-assessment guidelines. Japanese banks are required to classify obligors and asset quality under self-assessment guidelines originally issued in April 1997 by the JICPA and included in the

former FSA's Financial Inspection Manual. The self-assessment guidelines stress the need for a bank to establish the amount of reserves that it considers adequate, even if all or part of the provision for reserves would not be tax-deductible under Japanese law.

We maintain a system of internal credit ratings that indicates, in a graded manner, a client's credit condition and the possibility of default/loss, which serves as the basis for the screening of individual transactions and credit portfolio management. In particular, we maintain "obligor ratings" for corporations including sovereigns and financial institutions.

Our internal credit ratings are divided into ten ranks, with one meaning the highest credibility of payment of principal and interest and ten meaning that the obligor is categorized as either a "Substantially insolvent obligor" or a "Bankrupt/insolvent obligor" in asset assessment, or that bankruptcy has occurred. Our internal credit rating ranks are based on our asset assessment, which has two parts, obligor category and asset classification.

We have five obligor categories, as follows:

Obligor category	Definition
Sound obligor (*seijou-saki*)	Obligor that is operationally and financially sound.
Sub-performing obligor (*youchui-saki*)	Obligor required attention for monitoring because of delinquency on obligations (payment of principal or interest) or operational or financial problems. Sub-performing obligors include "sub-performing obligors with delinquent and/or restructured debt" (*youkanri-saki*), who are obligors with debt past due three or more months and/or restructured debt.
Possibly insolvent obligor (*hatan kenen-saki*)	Obligor with high probability of bankruptcy in the future due to significantly weak business conditions and unfavorable progress of business restructuring plan.
Substantially insolvent obligor (*jisshitsu hatan-saki*)	Obligor, not legally or formally bankrupt, but virtually bankrupt.
Bankrupt/insolvent obligor (*hatan-saki*)	Obligor entering corporate reorganization, liquidation or other statutory procedures.

We have four asset classifications, as follows:

Asset classification	Definition
Class I (unclassified)	Assets with no risk of collection or no risk of impairment of the asset value.
Class II	Assets with higher than acceptable level of risk of collection.
Class III	Assets with high potential of impairment or loss, for whom a reasonable estimate of loss amount is difficult.
Class IV	Assets regarded as uncollectible or worthless.

Write-offs and Allowances for Loan Losses. Write-offs and allowances for loan losses signify the act of disposing losses of the appropriate amount in the quarterly settlement of accounts through timely and reasonable estimation of the amount of losses in the future by a track record of loan-loss and other miscellaneous items, based on the result of asset assessment. For the overview of our allowances for loan losses and write-off criteria, see "—Critical Accounting Policies—Allowance for Loan Losses."

Disclosure of problem loans. Based on the results of the self-assessment procedures discussed above, Japanese banks disclose their problem loans pursuant to the Financial Reconstruction Act.

Under the Financial Reconstruction Act, Japanese banks disclose their total NPLs and other non-performing claims based on the following three categories: (1) substandard claims (*youkanri saiken*), (2) doubtful claims (*kiken saiken*) and (3) claims against bankrupt and practically bankrupt obligors (*hasan kosei saiken oyobi korera ni junzuru saiken*). Claims for substandard claims consist of both loans past due for three months or more as well as restructured loans, as those terms are defined below. Doubtful claims are equivalent to claims against possible bankrupt borrowers under the self-assessment classifications. Finally, claims against bankrupt and substantially bankrupt obligors as under the Financial Reconstruction Act and as under the self-assessment classification system are equivalent. Claims that do not fall under any of those categories are disclosed pursuant to this standard as normal claims (*seijo saiken*).

Under the Banking Act, we are also required to disclose certain of our problem loans as "risk-monitored loans." The Banking Act provides for the disclosure of following categories of risk-monitored loans until the fiscal year ended March 31, 2021:

Category	Definition
Loans to borrowers in bankruptcy (*hatan-saki saiken*)	Loans to legal bankruptcy borrowers.
Non-accrual loans (*entai saiken*)	Loans to possible bankruptcy and virtual bankruptcy borrowers.
Loans past due three months or more (*sankagetsu ijyou entai saiken*)	Loans on which principal and/or interest are past due three months or more.
Restructured loans (*kashidashi jouken kanwa saiken*)	Loans with a concessionary interest rate, as well as loans with renegotiated conditions, including schedule and/or maturities.

After the amendment of the ordinance for enforcement of the Banking Act which came into effect at the end of March 2022, the scope and classification of risk-monitored loans became the same as the categories of NPLs under the Financial Reconstruction Act. Therefore, we disclose risk-monitored loans based on the same categories as those of non-performing loans under the Financial Reconstruction Act from the fiscal year ended March 31, 2022.

Under the Banking Act, non-accrual loans (*mishurisoku fukeijo kashidashikin*), on which banks have stopped accruing interest based on self-assessment, are defined to be included in "loans to borrowers in bankruptcy" or "non-accrual loans." These categories relate only to loans extended rather than to total disclosed claims, which are not limited to loans, as under the Financial Reconstruction Act.

Disclosure of Claims Classified under the Financial Reconstruction Act

The table below shows the balances of problem claims in our banking account and trust account on a non-consolidated basis as of March 31, 2022, 2023 and 2024:

	As of March 31,		
	2022	2023	2024
	(billions of yen, except percentages)		
Banking account:			
Bankrupt and practically bankrupt (A)	¥ 16.7	¥ 8.5	¥ 8.8
Doubtful (B)	117.0	86.1	44.8
Substandard (C)	64.9	39.5	44.0
Total of (A), (B) and (C)	¥ 198.6	¥ 134.1	¥ 97.7
Total balance[(1)]	31,427.8	32,512.2	34,384.9
Ratio to total balance	0.63%	0.41%	0.28%
Principal guaranteed trust account:			
Bankrupt and practically bankrupt (A)	¥ —	¥ —	¥ —
Doubtful (B)	0.7	0.0	0.0
Substandard (C)	0.0	0.0	0.0
Total of (A), (B), and (C)	¥ 0.7	¥ 0.0	¥ 0.0
Total balance	13.3	10.4	8.1
Ratio to total balance	5.74%	0.67%	0.58%

Note:

(1) Partial direct write-off amounts were ¥12.0 billion as of March 31, 2022, ¥8.9 billion as of March 31, 2023 and ¥9.5 billion as of March 31, 2024.

Coverage Ratios

As of March 31, 2024, our coverage ratios on a non-consolidated basis for problem claims in our banking and principal guaranteed trust accounts, which represent the total of collateral pledged against such claims, guarantees for such claims and allowance for loan losses, measured against total problem claims, expressed as a percentage, were 100.0% for claims against bankrupt and practically bankrupt borrowers, 83.1% for doubtful claims and 57.7% for substandard claims. For all claims so classified, the coverage ratio was 73.2%.

Allowances for possible loan losses in the trust account are not provided. Instead, we are required to establish allowances in our trust account for the impairment of guaranteed trust principal of our JOMTs with guaranteed principal based on the probability of failure to collect during the next year, which is calculated based upon historical results of failure to collect, pursuant to entrustment contracts for the JOMTs.

In the case of real estate collateral, we value the collateral mainly based on recent transactions in similar properties and government-appraised values.

The table below shows our coverage ratios for problem claims as of March 31, 2022, 2023 and 2024 on a non-consolidated basis:

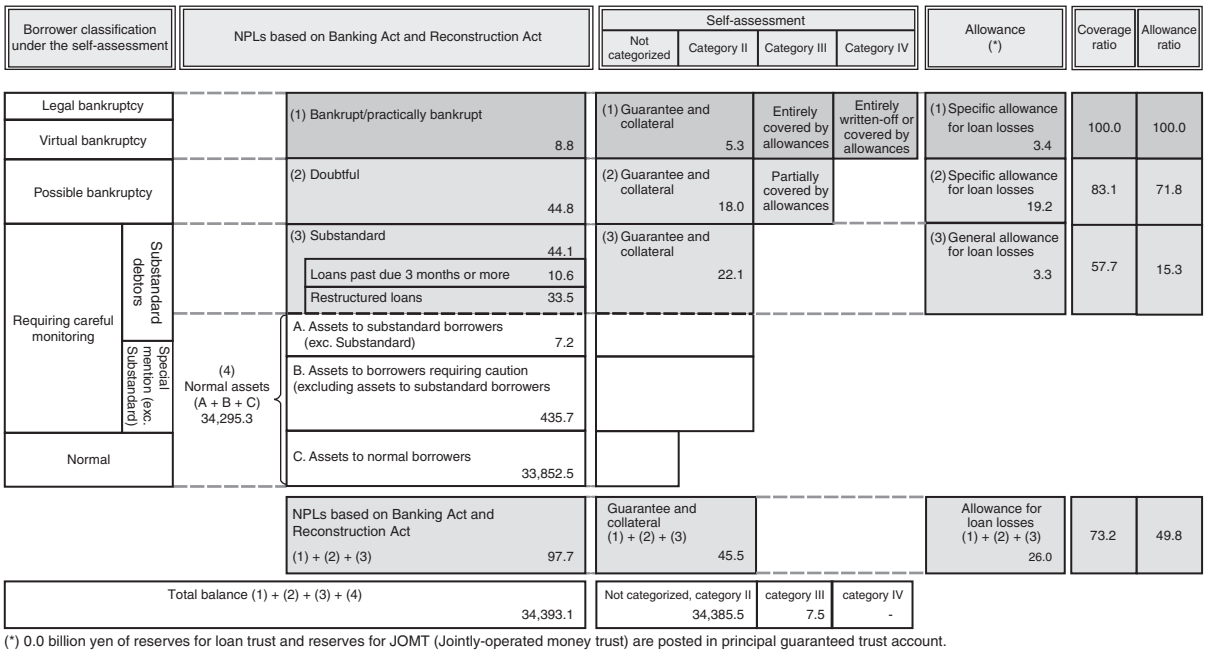
	Amount of claims (A)	Collateral and guarantees (B)	Allowance for loan losses (C)[1]	Allowance coverage ratio (C)/((A)–(B))[2]	Total allowance/ collateral and guarantees (B) + (C)	Total coverage ratio ((B) + (C))/ (A)[2]
			(billions of yen, except percentages)			
As of March 31, 2022						
Claims against bankrupt and practically bankrupt borrowers:						
Banking account	¥ 16.7	¥13.2	¥ 3.4	100.0%	¥ 16.7	100.0%
Trust account	—	—			—	—
Subtotal	16.7	13.2				
Doubtful claims:						
Banking account	117.0	23.7	66.9	71.7	90.7	77.5
Trust account	0.7	0.7			0.7	100.0
Subtotal	117.7	24.4				
Substandard claims:						
Banking account	64.9	22.1	4.6	10.3	24.0	37.0
Trust account	0.0	0.0			0.0	100.0
Subtotal	64.9	22.1				
Total problem claims:						
Banking account	198.6	56.3	75.0	52.7	131.4	66.1
Trust account	0.7	0.7			0.7	100.0
Total	¥199.4	¥57.1				
As of March 31, 2023						
Claims against bankrupt and practically bankrupt borrowers:						
Banking account	¥ 8.5	¥ 5.4	¥ 3.0	100.0%	¥ 8.5	100.0%
Trust account	—	—			—	—
Subtotal	8.5	5.4				
Doubtful claims:						
Banking account	86.1	27.2	36.8	62.6	64.1	74.4
Trust account	0.0	0.0			0.0	100.0
Subtotal	86.1	27.2				
Substandard claims:						
Banking account	39.5	13.3	5.8	22.3	19.1	48.4
Trust account	0.0	0.0			0.0	100.0
Subtotal	39.5	13.3				
Total problem claims:						
Banking account	134.1	46.0	45.7	51.9	91.8	68.4
Trust account	0.0	0.0			0.0	100.0
Total	¥134.2	¥46.1				

	Amount of claims (A)	Collateral and guarantees (B)	Allowance for loan losses (C)[1]	Allowance coverage ratio (C)/((A)–(B))[2]	Total allowance/ collateral and guarantees (B) + (C)	Total coverage ratio ((B) + (C))/ (A)[2]
	(billions of yen, except percentages)					
As of March 31, 2024						
Claims against bankrupt and practically bankrupt borrowers:						
Banking account	¥ 8.8	¥ 5.3	¥ 3.4	100.0%	¥ 8.8	100.0%
Trust account	—	—			—	—
Subtotal	8.8	5.3				
Doubtful claims:						
Banking account	44.8	17.9	19.2	71.8	37.2	83.1
Trust account	0.0	0.0			0.0	100.0
Subtotal	44.8	18.0				
Substandard claims:						
Banking account	44.0	22.0	3.3	15.3	25.4	57.7
Trust account	0.0	0.0			0.0	100.0
Subtotal	44.0	22.0				
Total problem claims:						
Banking account	97.7	45.4	26.0	49.8	71.5	73.2
Trust account	0.0	0.0			0.0	100.0
Total	¥97.7	¥45.5				

Notes:
(1) As of March 31, 2022, 2023 and 2024, we had reserves for JOMTs of ¥0.0 billion, ¥0.0 billion and ¥0.0 billion, respectively.
(2) Our coverage ratios as of March 31, 2022, 2023 and 2024 are calculated as the sum of the collateral value after considering haircuts and the allowance for loan losses, divided by the loan balance. The allowance coverage ratio is calculated as the allowance for loan losses divided by the difference of the loan balance minus the collateral value after considering haircuts.

The following chart provides an overview of our self-assessment classification and resulting categories and disclosure of claims (banking account and principal guaranteed trust account combined) on a non-consolidated basis as of March 31, 2024:

(Billions of yen, %)



(*) 0.0 billion yen of reserves for loan trust and reserves for JOMT (Jointly-operated money trust) are posted in principal guaranteed trust account.

Credit Costs

The following tables set forth a breakdown of our credit costs in our banking account and in our trust account on a non-consolidated basis for the periods indicated:

	For the year ended March 31,		
	2022	2023	2024
	(billions of yen)		
Banking account:			
Banking account credit costs:			
Write-off of loans	¥ (3.8)	¥ (8.2)	¥ (4.3)
Net provision of specific allowance for loan losses	(53.0)	(5.4)	(1.7)
Losses (gains) on sales of loans	(0.0)	(0.3)	—
Subtotal (A)	(56.9)	(14.0)	(6.1)
Trust account:			
Principal guaranteed trust account credit costs (B)	—	—	—
Provision (reversal) of general allowance for loan losses (C)	13.4	0.9	(6.4)
Reversal of allowance for loan losses (D)	—	—	—
Recoveries of written-off claims (E)	1.0	0.6	0.9
Credit costs (gains) (A + B + C + D + E)	¥(42.4)	¥(12.4)	¥(11.5)

Allowance for Loan Losses

The following table sets forth a breakdown of our total allowance for loan losses in the banking account on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen, except percentages)		
General allowance for loan losses	¥ 65.0	¥ 64.9	¥ 72.1
Specific allowance for loan losses	71.2	40.8	23.6
Total allowance for loan losses	¥ 136.3	¥ 105.7	¥ 95.8
Total loans and bills discounted in the banking account	¥30,916.3	¥31,947.3	¥33,773.1
Ratio of total allowance for loan losses to total loans and bills discounted in banking account	0.44%	0.33%	0.28%

Risk-monitored Loans

The following tables set forth information concerning our risk-monitored loans in our banking account and trust account on a consolidated basis as of the dates indicated therein:

	As of March 31,	
	2023	2024
	(billions of yen, except percentages)	
Banking account:		
Loans and bills discounted	¥31,810.9	¥33,420.9
Bankrupt and practically bankrupt loans (A)	11.3	11.3
Doubtful loans (B)	97.2	58.0
Loans past due three months or more (C)	—	10.6
Restructured loans (D)	43.3	36.4
Total risk-monitored loans (A) + (B) + (C) + (D)	¥ 151.9	¥ 116.4
Ratio to total loans and bills discounted	0.5%	0.3%

	As of March 31,	
	2022	2023
	(billions of yen, except percentages)	
Banking account:		
Loans and bills discounted	¥30,876.5	¥31,810.9
Bankrupt and practically bankrupt loans (A)	20.5	11.3
Doubtful loans (B)	130.0	97.2
Loans past due three months or more (C)	—	—
Restructured loans (D)	69.4	43.3
Total risk-monitored loans (A) + (B) + (C) + (D)	¥ 220.1	¥ 151.9
Ratio to total loans and bills discounted	0.7%	0.5%

	As of March 31,	
	2023	2024
	(billions of yen, except percentages)	
Principal-guaranteed trust account:		
Loans and bills discounted	¥ 10.4	¥ 8.1
Bankrupt and practically bankrupt loans (A)	—	—
Doubtful loans (B)	0.0	0.0
Loans past due three months or more (C)	—	—
Restructured loans (D)	0.0	0.0
Total risk-monitored loans (A) + (B) + (C) + (D)	¥ 0.0	¥ 0.0
Ratio to total loans and bills discounted	0.7%	0.6%

	As of March 31,	
	2022	2023
	(billions of yen, except percentages)	
Principal-guaranteed trust account:		
Loans and bills discounted	¥ 13.3	¥ 10.4
Bankrupt and practically bankrupt loans (A)	—	—
Doubtful loans (B)	0.7	0.0
Loans past due three months or more (C)	—	—
Restructured loans (D)	0.0	0.0
Total risk-monitored loans (A) + (B) + (C) + (D)	¥ 0.7	¥ 0.0
Ratio to total loans and bills discounted	5.7%	0.6%

The following table sets forth our domestic risk-monitored loans in our banking account and trust account as of the dates indicated therein on a non-consolidated basis by industry of borrower and as a percentage of all domestic risk-monitored loans as of the dates indicated therein:

	As of March 31,					
	2022		2023		2024	
	(billions of yen, except percentages)					
Domestic branches (excluding offshore):						
Manufacturing	¥ 96.3	61.4%	¥ 63.4	57.7%	¥ 19.6	25.9%
Agriculture, forestry, fisheries, mining, quarrying of stone and gravel gathering	0.0	0.1	0.0	0.1	0.0	0.1
Construction	—	—	—	—	—	—
Electric, gas, heat supply and water	0.0	0.0	0.0	0.0	5.1	6.8
Information and communications	0.0	0.0	0.0	0.0	0.1	0.2
Transport and postal activities	0.6	0.4	0.1	0.1	0.1	0.2
Wholesale and retail trade	6.7	4.3	1.3	1.2	5.8	7.7
Finance and insurance	1.5	1.0	0.3	0.3	0.4	0.6
Real estate	11.1	7.1	6.2	5.7	4.2	5.6
Others	40.4	25.7	38.3	34.9	40.1	52.9
Total domestic branches (A)	157.0	100.0%	109.9	100.0%	75.8	100.0%
Overseas branches and offshore (B)	42.3		24.2		21.9	
Total (A) + (B)	¥199.4		¥134.2		¥ 97.7	

Quantitative and Qualitative Disclosure about Credit, Market and Other Risks

Progress in financial deregulation and internationalization has led to growth in the diversity and complexity of banking operations, exposing financial institutions to various risks, including credit, market operations, information technology, legal, settlement and other risks. In order to implement our business strategy while maintaining our financial stability, we maintain comprehensive risk management and control measures.

We maintain basic policies for risk management established by our board of directors that are applicable to the SuMi TRUST Bank Group. The board of directors clarifies management policy and strategic goals, formulates risk management policy based on the strategic goals, supervises development of an appropriate risk management system and implements appropriate measures to raise awareness of the risk management policies throughout the SuMi TRUST Bank Group. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system. See "Business—Risk Management."

Interest Rate Risk

To supplement the above limitations of VaR methodologies, we adopt various indices to measure and monitor the sensitivity of interest rates.

Based on the standards for interest rate risk in the banking book issued by the BCBS in April 2016, the FSA revised the related regulatory guidelines pertaining to monitoring of interest rate risks in the banking book ("IRRBB") in December 2017.

IRRBB is the risk that the capital and profit/loss of banks will be damaged now or in the future due to adverse impact on the banking book positions by changes in interest rate levels. IRRBB is caused by maturity dates mismatch (gap risk), interest rate mismatch (basis risk), and optionality associated with interest rate change (option risk) in the banking account positions. We maintain and manage IRRBB management systems at the consolidated and global levels.

Under the BCBS and FSA standards, we have been required to disclose changes in economic value of equity ("ΔEVE") and changes in net interest income ("ΔNII") in the banking book as a result of interest rate shocks from March 31, 2018. The table below presents our ΔEVE and ΔNII on a consolidated basis at March 31, 2024 and 2023, respectively.

Calculation of IRRBB is dependent on a number of key assumptions, including the expected maturity dates of non-maturity deposits and core deposits, redemption ratios for term deposits, prepayment rates for loans, as well as treatment of foreign currencies.

	At March 31, 2024		At March 31, 2023	
	ΔEVE	ΔNII	ΔEVE	ΔNII
	(In millions)			
Parallel shock up	¥91,111	¥40,982	¥83,166	¥100,104
Parallel shock down	—	—	80,118	96,930
Steepener shock	46,793	61,868	/	/
Flattener shock	2,630	1,605	/	/
Short rate shock up	25,023	5,491	/	/
Short rate shock down	6,182	21,915	/	/
Maximum	91,111	61,868	80,118	96,930

BUSINESS

Introduction

We are a wholly owned subsidiary of SuMi TRUST Holdings and form the core group company of the SuMi TRUST Group, which celebrated its 100th anniversary in April 2024. We operate together with other SuMi TRUST Group companies in areas such as asset management, real estate and stock transfer agency services to offer a wide range of products and services integrating banking and trust businesses. SuMi TRUST Holdings was established on April 1, 2011 through a share exchange between CMTH and STB. Pursuant to the share exchange, STB became a wholly owned subsidiary of CMTH, which changed its name to Sumitomo Mitsui Trust Holdings, Inc.

As part of the integration of the SuMi TRUST Group, Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited, which were trust bank subsidiaries of CMTH prior to the formation of SuMi TRUST Holdings, and STB executed a merger agreement in December 2011. The merger was effected on April 1, 2012, with the resulting entity being SuMi TRUST Bank.

On October 1, 2018, for the purpose of strengthening the asset management business of the SuMi TRUST Group as a whole, we and SuMi TRUST Holdings effected a reorganization of the SuMi TRUST Group's asset management businesses whereby our former asset management function, which included asset management for institutional investor clients such as pension funds, was split off from us and integrated with the asset management business of, Sumitomo Mitsui Trust Asset Management, a wholly owned subsidiary of SuMi TRUST Holdings. The centralization of asset management functions separate from the main banking function (carried out by us) was part of an effort to strengthen and promote governance at the SuMi TRUST Group level.

In July 2019, we transferred all of the shares of Nikko AM held by us to SuMi TRUST Holdings as a dividend in kind to enable the SuMi TRUST Group to further solidify and enhance its asset management business and governance strength.

SuMi TRUST Holdings had a market capitalization of ¥2.6 trillion as of August 27, 2024 and consolidated total assets of ¥77,190.5 billion and consolidated net assets of ¥3,157.5 billion, each as of June 30, 2024. For the year ended March 31, 2024, SuMi TRUST Holdings had consolidated net income attributable to owners of parent of ¥79.1 billion and a consolidated fee income ratio, calculated by dividing substantial net fees and commissions and related profit by substantial consolidated gross business profit, of 54.7%.

Overview of Our Business

Until March 31, 2022, SuMi TRUST Holdings' and our businesses were organized in the following business segments for reporting purposes: Retail Total Solution Services, Wholesale Financial Services, Stock Transfer Agency Services, Real Estate, Fiduciary Services (including Asset Management) and Global Markets. From April 1, 2022, our businesses are organized into the following sections, which align with our business segments for reporting purposes:

- *Retail*. We provide comprehensive services to meet the wide-ranging demands of individual clients, including asset management, inheritance and succession, administration of real estate and other property, and loans such as housing loans;
- *Corporate*, consisting of:
  - *Wholesale Total Solution Services*. We contribute to the expansion of clients' enterprise value and asset value and to their growth, by providing one-stop total solutions that only a trust bank group can offer through the integration of our various highly specialized functions, including banking, asset management and administration, and real estate, to meet the advanced and diverse needs of clients;
  - *Stock Transfer Agency Services*. We work as an "agent of record for listed companies" provided for in the Companies Act and undertake stock-related services on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency and rationalize their administration, as well as various comprehensive consulting services;

- *Investor Services*, consisting of:
  - *Wholesale Asset Management*. We offer clients solutions unique to a trust bank for issues ranging from assets to liabilities, based on the diverse asset management and administration know-how that the SuMi TRUST Group has cultivated over the years;
  - *Fiduciary Services.* SuMi TRUST Group companies provide client-oriented, high-value-added services ranging from design of pension systems and asset administration;
- *Real Estate*. We have a large number of real estate specialists, such as real estate appraisers and first-class registered architects, that provide a full line of services from brokerage to securitization and investment management in response to the real estate-related needs of a wide range of clients, including corporations, investors and individuals in Japan and overseas; and
- *Global Markets.* We have a group of experts in the management of global financial market volatility that draws on our domestic and overseas networks to provide optimal solutions for our clients.

In addition, from April 1, 2022, SuMi TRUST Holdings started to treat Asset Management as a separate business segment for reporting purposes, and we stopped including Asset Management as part our Fiduciary Services business segment for reporting purposes. In the Asset Management business segment, the SuMi TRUST Group provide clients with asset management services mainly through Sumitomo Mitsui Trust Asset Management and Nikko AM, each a consolidated subsidiary of SuMi TRUST Holdings. The SuMi TRUST Group as a whole has one of the largest assets under management in Asia, and will continue to fully maximize the investment functions of the SuMi TRUST Group to deliver optimal asset management solutions to our clients and help find solutions to social issues through ESG-focused engagement with investee companies.

In the year ended March 31, 2024, we continued to pursue a hedging strategy to reduce the price volatility risk of our strategic cross-shareholdings in addition to a gradual reduction of our strategic cross-shareholdings, in order to minimize fluctuations in our capital ratios. We intend to continue to pursue such hedging strategy as we continue to reduce our strategic cross-shareholdings going forward.

Our Strengths

We believe our primary competitive strength is our diversified business portfolio and operations, which allows us to leverage our synergistic business model. Our comprehensive financial services businesses, which are organized in five complementary sections, provide us with a strong operational base, allowing us to generate and retain customers by enhancing the financial products and services through the sharing of know-how across the SuMi TRUST Group and offering a variety of products and services.

Our fee income, which has been a source of stable earnings for us, is derived from two independent, yet mutually beneficial sources which are asset balance-based fee income and volume-based transactional fee income. Our asset balance-based fee income stems largely from our fiduciary business, where we have consistently maintained a leading position based on our scale of assets under management and assets under custody in Japan, and a reputable client base among stock transfer agents. This position in the fiduciary business provides us with a steady income stream and a comparatively resilient earnings structure. By applying the know-how and expertise we have built up through our institutional business, we have been able to improve the stability of our revenue base through increases of fee income in our retail-focused businesses. In addition, our volume-based transactional fee income, which is derived from the flow of business through our sales of investment trusts and insurance products and our real estate brokerage business, allows us to capture the benefits of operating in Japan, the world's fourth largest economy in terms of nominal gross domestic product in 2023.

We believe our high proportion of fee income relative to other major banking groups in Japan positions us to maintain quality control over our assets to minimize risk. We believe our ability to make selective risk assessments when deploying our balance sheet assets is due to steady sources of fee income that allow us to be less reliant on income generated by the commercial banking business.

Our disciplined risk management has enabled us to build a portfolio of high-quality assets with:

- a ratio of NPLs *(kinyu-saiseiho-kaiji-saiken)* to total loan balance of 0.3% as of June 30, 2024, which is lower than that of Japan's three largest banking groups, as well as limited credit costs in recent years; and
- a relatively low dependence on JGBs in our securities portfolio combined with a short JGB average duration.

Our Business Strategies

In May 2023, the SuMi TRUST Group announced its medium term management plan covering the three years ending March 31, 2026. Pursuant to the plan, the SuMi TRUST Group seeks to continue creating new value with the "Power of Trust" to help its clients and society to realize a prosperous future, and contribute to the enhancement of well-being of its clients and society. The SuMi TRUST Group aspires to be a fiduciary that is trusted by stakeholders, contributes to enhancing the well-being of all people including future generations, and serves as a social infrastructure that creates a virtuous circulation of funds, assets and capital.

To realize its goals, the SuMi TRUST Group has established nine strategies organized into three themes for the period covered by the plan:

Theme 1: Achieving business growth that is unique to a trust group, and improvement of capital efficiency through creating a virtuous circulation of funds, assets and capital, and enhancing corporate value. The SuMi TRUST Group is in a position to provide solutions that contribute to enhancing corporate value, and to offer the fruits of these solutions to individuals through pensions and investment trusts, thereby creating a virtuous circulation. The SuMi TRUST Group believes that it can play a role in the social infrastructure that promotes a virtuous circulation of funds, assets and capital by putting its wide-ranging trust functions to use. The SuMi TRUST Group aims to provide investment support to help clients select assets that are suitable for them, thereby creating a "safe and secure" investment environment to address the concerns people have about the future, such as pension issues. The SuMi TRUST Group seeks to take the lead in making investments, creating new markets and encouraging clients to change their behavior (customer transformation), thereby democratizing and socializing investments so that everyone has access to valuable investment opportunities, mobilizing funds which had been stagnant, and realizing a virtuous circulation of funds, assets and capital. Focusing on the younger generation as the leaders of a virtuous circulation that opens the door to a prosperous future, the SuMi TRUST Group seeks to focus on developing a client base that includes asset formation generation and innovative companies. In addition, the SuMi TRUST Group will support corporate transitions toward the realization of a green society and aims to lead the transformation of the industrial structure. By involving more stakeholders who share its concept of a "virtuous circulation of funds," and by creating a large ecosystem that will further arouse the empathy of people in society, the SuMi TRUST Group seeks to take on the challenge of enlarging the whole of the economic and social pie, and contribute to the creation of a prosperous and bright future. The SuMi TRUST Group believes that if such a virtuous circulation is realized, it will lead to the sustainable growth of the Japanese economy, which in turn will lead to sustainable and stable growth of the SuMi TRUST Group and enhance the well-being of more stakeholders in society, including its clients. Under this first theme, the SuMi TRUST Group has established four strategies:

Strategy 1: Engaging in value-creating businesses, in particular, businesses that support and enhance the age of 100-year life, ESG/sustainable management, regional ecosystems and the global investment chain. The SuMi TRUST Group intends to provide one-stop total consulting services (taking a total asset approach) by capturing the entire picture of individual clients' future cash flow, assets and liabilities and leveraging its expertise in pension and real estate businesses. To achieve this, the SuMi TRUST Group intends to further enhance products and services unique to a trust group to address needs in "asset formation and management," "asset administration," and "asset succession." The SuMi TRUST Group also intends to establish a hybrid consulting channel that combines "in-store," "online" and "non-face-to-face" services and develop digital tools. Moreover, in order to address issues in ESG, the SuMi TRUST Group intends to leverage its strength in providing integrated solutions to support clients' transition towards sustainable growth. In the "E" domain, the SuMi TRUST Group aims to establish itself as a highly regarded GX financial institution through its collaborative decarbonization engagement and its enhanced solutions for decarbonization. In the "S" domain, the SuMi TRUST

Group intends to develop impactful solutions for both corporations and their employees to strengthen their human capital management. In the “G” domain, by providing corporate governance related solutions, the SuMi TRUST Group intends to support its clients to improve their capital market valuations and to achieve sustainable growth. Additionally, the SuMi TRUST Group plans to build a network of local and global partners who share its aspiration, and through collaboration and cooperation, the SuMi TRUST Group aims to jointly create value that would be hard to achieve alone. In the “Regional” domain, the SuMi TRUST Group intends to build a sustainable ecosystem through collaboration among industry, government, academia and finance, in order to solve local issues and create fund circulation projects that benefit local communities. In the “Global” domain, the SuMi TRUST Group intends to provide high quality investment opportunities to Japanese investors, including individuals, by strengthening our collaboration with global partners while localizing private asset investments and allowing investment in smaller lots.

Strategy 2: Asset management and asset administration business strategy. The SuMi TRUST Group intends to integrate the strengths of SuMi TRUST Group companies, including Sumitomo Mitsui Trust Asset Management and Nikko AM, to provide unique solutions that combine decision-making support through policy and investment consulting, with diverse investment and management functions, thereby building long-term relationships of trust with clients. The SuMi TRUST Group also intends to search for investment management companies that contribute to improving the social and economic value of the companies it invests in. Additionally, in the business of asset administration services, the SuMi TRUST Group intends to use new technologies such as AI to streamline and standardize operations. In the asset management and asset administration businesses as a whole, the SuMi TRUST Group intends to extend its coverage and expand the client base and the market pie.

Strategy 3: Digital transformation strategy (Trust x DX). The SuMi TRUST Group intends to provide more appropriate and advanced services to clients by utilizing information and data, while focusing on information protection management. Through the use of digital technology, the SuMi TRUST Group intends to expand its client base, create new markets, and standardize the knowledge and expertise it has accumulated as a trust group. Moreover, the SuMi TRUST Group intends to promote the digitalization of the entire group by working with its digital strategy subsidiary Trust Base and other partners.

Strategy 4: Financial and capital strategy. The SuMi TRUST Group intends to promote a business model that is unique to a trust group, centered on asset management and asset administration and has established financial targets for metrics including return on equity, net income, assets under fiduciary (which the SuMi Trust Group defines as a balance indicating the scale of its efforts to contribute to solving social issues and creating and expanding markets, calculated as the total of items not on its own balance sheet (assets under management, custody or administration) and its balance sheet) and price-to-book ratio. The SuMi TRUST Group has announced a change in its shareholder return policy, in order to further clarify its stance of pursuing stable dividend growth through sustainable improvement of its profit.

Theme 2: Strengthening human capital to be fit for the future through creating an organization in which job satisfaction leads to well-being. Under this second theme, the SuMi TRUST Group has established one strategy:

Strategy 5: Human capital strategy. The SuMi TRUST Group intends to strengthen its human capital through promoting the well-being of its employees. The SuMi TRUST Group aims to create an environment that encourages proactive career development and motivates employees to bring out their best performance. The SuMi TRUST Group intends to develop high value-add employees who are sought after both internally and externally and to build a human resource portfolio that accelerates a virtuous circulation of diversity and expertise. The SuMi TRUST Group intends to revise its human resource policy to foster a corporate culture that acknowledges DE&I.

Theme 3: Increasing the sophistication of our management platform to enhance our capability to support business and organizational transformation. Under this third theme, the SuMi TRUST Group has established three strategies:

Strategy 6: Fiduciary strategy. The SuMi TRUST Group aims to pursue the best interests of its clients and to foster a culture that engages in client-centric business operations. The SuMi TRUST

Group intends to pursue robust business operations based on relationships of trust with clients and a thorough management system that exceeds clients' expectations. The SuMi TRUST Group intends to strengthen its autonomous management structure for new risk areas, such as international financial regulations or sustainability-related issues, and respond to these changes in a forward-looking manner.

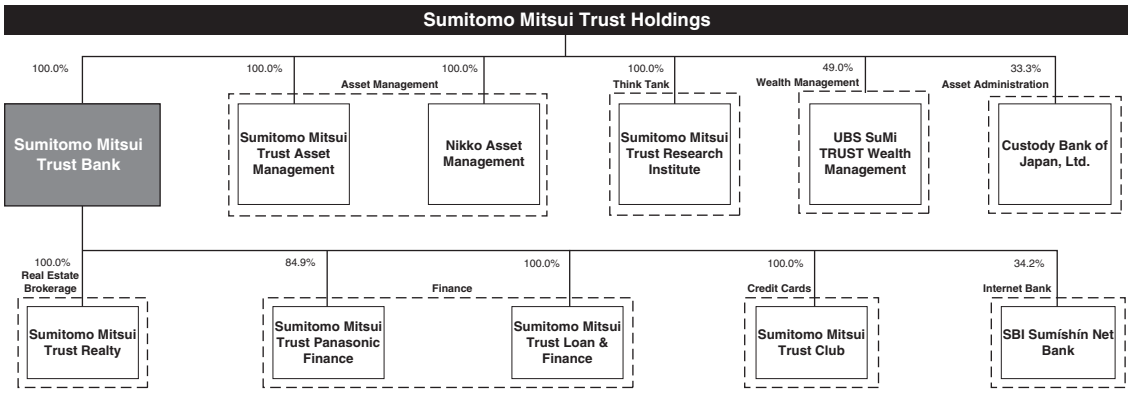
Strategy 7: Operational infrastructure & facility strategy. The SuMi TRUST Group intends to provide a fair and equitable work environment for employees coming from diverse backgrounds. The SuMi TRUST Group intends to create a safe and secure working environment that motivates employees to work. The SuMi TRUST Group also intends to improve the well-being of its employees. In addition to improving operational efficiency through the use of digital technologies, the SuMi TRUST Group intends to improve productivity by innovating its business execution system and speeding up its decision-making process. The SuMi TRUST Group intends to enhance its resilience by advancing its BCP and strengthening security controls in anticipation of widespread disasters and cyber-attacks. To ensure resilience in the event of a contingency, the SuMi TRUST Group intends to promote the decentralization of its locations and operations.

Strategy 8: Branding strategy. As the SuMi TRUST Group passes the 100th anniversary of its founding, it intends to return to its founding principles of creating a sound and prosperous future. The SuMi TRUST Group intends to work to communicate and hold events for all stakeholders so that each and every employee can make the 100th anniversary a personal experience and feel a sense of fulfillment in their work as professionals.

Strategy 9: Multi-stakeholder capital strategy. The SuMi TRUST Group intends to make disciplined investments and distributions to each of its stakeholders, such as growth investments, shareholder return, and human capital investment, based on the principles of appropriate capital management in accordance with our CET1 ratio (on a Basel III finalized basis). Through disciplined capital management, the SuMi TRUST Group intends to enhance its ability to integrate its diverse businesses and strengthen its business portfolio.

Group Corporate Structure

The following chart summarizes the SuMi TRUST Group's corporate structure:



Note: Percentages indicate the percentage of voting rights held by SuMi TRUST Group companies based on the total number of voting rights of the outstanding shares as of March 31, 2024. SuMi TRUST Holdings' ownership of Nikko AM shown above includes shares owned indirectly through Sumitomo Mitsui Trust (Hong Kong) Limited, a wholly owned subsidiary of SuMi TRUST Bank.

For information with respect to our principal subsidiaries and affiliates, see "Principal Subsidiaries and Affiliates."

Retail

The Retail Business provides comprehensive services to meet a wide range of client needs pertaining to asset management, inheritance and succession, administration of real estate and other property, mortgage and other loans, and insurance and installment-type products. These services are provided through our nationwide network of branches, as well as through Sumitomo Mitsui Trust Direct (telephone and Internet banking) and other service bases.

We actively offer new products and services tailored to meet increasingly diverse client needs amid the trend toward the maturing of Japanese society and the advance of economic globalization.

Through our staff, who possess significant expertise and include financial consultants, we can provide comprehensive solutions customized to the needs of individual clients.

In the sales operations for investment trusts, insurance and other products, we offer a wide range of products, from investment trusts and discretionary investment management products to insurance and foreign currency deposits, to meet the diverse asset management needs of our clients. We also provide consulting services.

We provide housing loans to individuals for a wide range of purposes, including purchases of new and existing homes and costs associated with these purchases. Other than housing loans, our product lineup caters to the wide range of needs of our customers, such as credit card loans to finance future life plans, reverse mortgages and apartment loans for construction or renovation.

As of June 30, 2024, our balance of non-consolidated loans to individuals totaled ¥11.0 trillion and our total balance of investment trusts, fund wrap, separately managed accounts and insurance was over ¥8.8 trillion. As of March 31, 2024, our PD and LGD for residential mortgages on a non-consolidated basis, used to calculate capital adequacy ratios, remained lower than those of our peer banks in Japan. A substantial majority of our loans to individuals are residential mortgage loans. We believe that our portfolio of residential mortgage loans and business loans to individuals remains strong despite current economic conditions because of our focus on metropolitan areas, including the Tokyo metropolitan area, the Osaka metropolitan area and the district of Nagoya.

Regarding asset administration and asset inheritance services, there is a growing need to promote the smooth asset succession from one generation to the next and for asset preservation in the wake of Japan's declining birthrate and aging society as well as recent tax reforms. We provide extensive products and a wide range of know-how to address these trends and developments. Additionally, we also provide proactive support to our business owner clients for their corporate transactions and business succession, both from the standpoint of business administration and personal assets, through leveraging our banking, trust and real estate functions.

Products and Services

Deposits

We provide distinctive deposit instruments that include time deposits that we refer to as "Good Select," which if held to maturity without cancellation can be offered at a favorable interest rate, and our "Foreign Currency Time Deposit" (also referred to as "Foreign Currency Revolution"), which offers a selection of five different foreign currencies for deposits. To support clients' asset management efforts, we also provide our "Asset Management Support Plan," which combines investment trusts with special interest rate time yen deposits. For clients who have entered retirement, we offer a time deposit plan to support their post-retirement plans.

Investment Trusts

We provide a diverse lineup of investment trust products aimed at retail customers, including through NISAs (a Japanese version of a tax-advantaged individual savings account). The investment trusts we offer are managed by SuMi TRUST Group's asset management companies: Sumitomo Mitsui Trust Asset Management and Nikko AM. With this diverse product offering and asset management expertise, the SuMi TRUST Group helps clients' asset building by offering investment proposals referred to as "Core & Satellite," which combines core investment products that focus on stable returns through long-term portfolio diversification, and satellite products targeting extra returns by capturing market trends.

As an independent asset management company in the SuMi TRUST Group, Nikko AM engages in asset management operations featuring strengths in product development capabilities, asset management expertise and marketing support capabilities. Nikko AM had ¥36.8 trillion in assets under management as of June 30, 2024.

Additionally, the SuMi TRUST Group has been pursuing various initiatives involving Junior NISAs (a Japanese version of the individual savings accounts for minors) introduced in 2016 in addition to NISAs, including the expansion of "Sumitomo Mitsui Trust Junior NISA Selection," a group of products suited to the characteristics of these accounts, and the development of a "Wampaku Anshin (Little Rascals Promenade Serenity) Package," under which customers receive consolatory payments for hospitalization due to injuries they suffer if certain conditions are met.

Discretionary Investment Management Products

Discretionary investment management products represent services in which we make investment decisions and undertake transactions on behalf of clients. We rely on the sophisticated asset management skills and know-how of the SuMi TRUST Group's asset management companies, Sumitomo Mitsui Trust Asset Management and Nikko AM, in the provision of asset management services for corporate pension funds and other assets. We offer two discretionary investment management products: our "Sumitomo Mitsui Trust Fund Wrap," for efficient investment plans tailored to meet each client's risk tolerance, and our "Sumitomo Mitsui Trust SMA," for building custom-tailored portfolios.

To accompany these products, we offer our "Jinsei Anshin (Lifelong Serenity) Package," which provides coverage for health risks such as cancer, nursing care and injuries and offers preferential basic fees for will trust services (with execution services) to provide peace of mind all through our clients' life stages.

Life Insurance Products

We offer a versatile product lineup to provide peace of mind to clients at the various stages of their lives. Our "Single Premium Annuity Insurance" and "Level Premium Annuity Insurance" can be used as asset management instruments to cover shortfalls in public pension benefits and prepare for a comfortable post-retirement life. Our "Single Premium Whole Life Insurance" and "Level Premium Whole Life Insurance" allow clients to safely transfer their assets to family members. Our "Medical and Cancer Insurance" supports expenses in cases of illness and injury.

Furthermore, we also offer three "Wrap Insurance" products, which combine wrap investment and insurance functions.

Loans

We provide housing loans that meet various lifestyles and needs. Our "One-writing Mixed Loan" simplifies application procedures even when combining two types of interest rates and our "Housing Loans Tailored for Women" offer preferential interest rates after childbirth.

We also provide other loans, such as our "Real Estate Backed Loans (Reverse Mortgage)," which is a loan that uses a house as collateral when borrowing funds for a more comfortable lifestyle, our "Housing Card Loan" home equity loan, our "Apartment Loans" for the construction or renovation of apartments, and our "Sectional-ownership Condominium Loans" for the purchase of condominiums for rent, as second houses or for other purposes.

For the fiscal year ended March 31, 2024, 72.0% of residential loans guaranteed by Sumitomo Mitsui Trust Guarantee Co., Ltd. or Sumishin Guaranty Co., Ltd. had a debt to income ratio of less than 30%, based on the cumulative number of originations for the last five years. The rate of residential loans guaranteed by Sumitomo Mitsui Trust Guarantee Co., Ltd. or Sumishin Guaranty Co., Ltd. in delinquency for over 180 days was 0.003% as of March 31, 2024.

Asset Administration

With our "Tuition Fund Endowment Trust" (also referred to as "Devotion for Grandchildren"), we manage educational funds granted as gifts to grandchildren. With our "Marriage and Child-rearing Support Trust" (also referred to as "A Link between Generations"), we manage funds to help children of clients get married and raise children. Our "Annual Donation Support Trust" assists in the process of providing gifts to family members. In addition, our "Family Consideration Trust" (lump-sum type/annuity type) supports family living expenses in the event of an inheritance.

We also provide our “Anshin Support Trust” (money trust type), which enables custom-tailored payouts of funds and other functions for clients who want their assets to be preserved and administered over the medium to long term.

We also provide functions to support social contributions through trusts. These include guardianship system support trusts, special donation trusts, social contribution donation trusts and charitable trusts.

Asset Inheritance

In addition to “Will Trust Services” (with execution services), in which we provide consultations on will writing through storage and execution, we provide “Comprehensive Services for Inheritance Procedures” (“Makasete Anshin,” “Leave it to SuMi TRUST Bank for peace of mind”), which provide pertinent advice and inheritance procedures on asset succession, and “Estate Planning,” which offers asset succession analysis and support for specific asset succession planning to address a wide range of asset succession needs of clients.

Private Banking

For our business proprietor clients, we offer a wide range of products and services including custom-tailored asset-management products, asset administration products, and inheritance and business succession consulting. Through comprehensive corporate banking transactions, real estate brokerage services and consulting on effective land utilization, we offer comprehensive proposals and solutions that leverage our banking, trust and real estate functions from the standpoint of both corporate and personal assets.

Corporate

In the Corporate Business, we provide one-stop total solutions that only a trust bank group can offer through the integration of our various highly specialized functions including banking, asset management and administration, and real estate, to meet the advanced and diverse needs of clients. We divide the Corporate Business into the Wholesale Total Solution Services Business and the Stock Transfer Agency Services Business.

The Wholesale Total Solution Services Business serves as a general point of contact for all transactions with corporate clients, in addition to the services under its supervision, such as loans and arrangement of various financing schemes, corporate consultations, and M&A advisory services.

In our corporate credit-related operations, we offer higher-value-added and diverse products and services that accurately meet our clients’ financing needs, and combine banking, investment trust and real estate business functions, employing various financing techniques that include syndicated loans, project finance, asset finance, M&A finance, real estate finance, asset securitization arrangements and “Densai” lump-sum factoring (lump-sum purchases of electronically recorded monetary claims of a designated payer company held by a supplier company).

In our international operations, there is a growing demand for financing among Japanese companies pursuing international expansion and relocating their production bases to overseas locations. Accordingly, we provide financial support for clients’ overseas expansion, leveraging the SuMi TRUST Group’s own office network as well as the broad overseas network, which utilizes partnerships with leading overseas financial institutions to accurately respond to clients’ financing needs in the foreign countries where they are operating. We are simultaneously enhancing and increasing loans to non-Japanese companies.

In addition, as a strategic partner to our clients, we are stepping up consulting services by providing M&A brokerage services, business succession support and a Japanese version of an employee stock ownership plan (“ESOP”).

The Stock Transfer Agency Services Business works as an “agent of record for listed companies” provided for in the Companies Act and undertakes stock-related services on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency

and rationalize their administration and comprehensive wide ranging consulting, including areas such as legal affairs related to shares practices, investor relations (“IR”) and shareholder relations (“SR”), corporate governance and initial public offerings (“IPOs”).

The professional services we provide through our specialized staff have helped enhance the reputation of the Stock Transfer Agency Services Business. We primarily provide legal support concerning stock-related matters for clients, offer the timely provision of information on stock-related matters, hold regular seminars and publish practical guides on stock-related matters. We also take advantage of vast amounts of information from our extensive client base, as well as our domestic and overseas networks, to provide fine-tuned support for corporate clients’ IR and SR operations. Our specialized staff provides legal consulting services to clients pursuing IPOs from the IPO preparation stage, conducting practical IPO support services based on the SuMi TRUST Group’s vantage point, which differs from those of securities companies and auditing firms. As the issues concerning stock-related matters that customers are facing are becoming increasingly complicated, the ability to provide consulting and information as well as significant expertise and efficient operational capabilities are more important than ever. These include issues such as responses to revisions in relevant laws, such as the Companies Act and the FIEA, compliance with the Japanese Corporate Governance Code, stock-related matters pertaining to M&A and means for ascertaining the shareholdings of foreign institutional investors and individual shareholders. We recognize this and provide consulting services related to compliance with the Japanese Corporate Governance Code and providing related trust-based products and services, such as board benefit trusts for executive officers, directors and audit & supervisory board members.

We continue to enhance consulting functions in areas such as legal affairs related to shares practices, IR and SR, corporate governance and IPOs in our Stock Transfer Agency Services Business, while working with other businesses such as the Wholesale Total Solution Services Business, and offer our clients solutions in response to management issues in investor and capital strategies from a cross-business perspective and seek to become a strategic partner to support the improvement of our clients’ enterprise value.

Products and Services

Wholesale Total Solution Services

Syndicated Loans

A syndicated loan is a fundraising scheme in which an “arranger” (a lead financial institution) forms a syndicate of lenders to provide loans on the same terms and conditions under a single contract to satisfy the funding needs of clients. The SuMi TRUST Group uses syndicated loans not only for conventional corporate loans but also for real estate finance, ship finance, buyout finance and other structured finance transactions.

Real Estate Finance

In real estate finance, we provide non-recourse loans to our clients based on either current and/or future cash flows of the collateral properties using the knowledge and expertise we have developed through our long history in this business in Japan, as well as loans to J-REITs.

We also serve our clients by providing equity money to support their investment and securitization business.

A real estate non-recourse loan is a form of financing for purchasing real estate in which real estate securitization is carried out and the assets are transferred to a special purpose company (“SPC”). The loan itself is repaid exclusively from the cash flow originating from the real estate or the proceeds on its sale. The Corporate Business coordinates with the Real Estate Business and overseas offices to actively capture high-quality real estate finance projects both in Japan and overseas.

As of March 31, 2024, we had ¥3,355 billion of real estate-related loans, consisting of ¥859 billion of real estate non-recourse loans including specified bonds and ¥1,198 billion of loans to J-REITs.

Project Finance

Project finance, which employs the cash flow generated from a specific project as the repayment source and limits its collateral to the relevant project's assets, is used to raise funds for infrastructure projects, such as the building of power plants, railroads, roads and ports, as well as oil refineries, petrochemical plants and natural resource exploration. We respond to domestic and overseas capital needs in a wide range of areas, including wind power and other renewable energy projects, as well as private finance initiative and public private partnership projects.

As of March 31, 2024, foreign project finance loans were approximately 21% of our total foreign currency product exposure.

Asset Finance

Asset finance is a financing technique in which the cash flow generated by assets belonging to a corporation or other entity is used to repay loans.

Ship finance is a global financing method for the building or purchase of ships, which is backed by various types of set collateral and the cash flow generated by the ships (mainly charter fees).

Aircraft finance is a financing method used to provide funds for the acquisition of aircraft while appropriately managing the creditworthiness of the airline and the value (and structure) of the aircraft. A specialized team set up in 2012 is now doing business with airlines and aircraft leasing companies worldwide. Against a backdrop of strong aircraft demand, we and Novus Aviation Capital jointly established Ortus Aircraft Leasing Fund in June 2016 to provide Japanese investors with alternative investment opportunities.

As of March 31, 2024, aircraft finance loans which were approximately 8% of our total foreign currency product exposure.

M&A Finance

M&A finance consists of finance for the purpose of providing acquisition capital when companies or private equity funds acquire a company, or when a company's management seeks to buy out its own company or a single business unit in the company.

We provide solutions to various management issues, such as recapitalization and business succession for owner-managed listed companies, in addition to solutions to the increasing need for Japanese companies to acquire overseas companies and the need of companies to sell their non-core businesses. We arrange a wide range of financings related to these acquisitions.

Consulting for Corporate Clients

As the core member of a trust bank group that covers banking, trust and real estate functions, we provide consulting services to corporate clients on financial matters, business restructuring concerns, and anti-takeover measures, as well as consulting services on business succession for business owners, and similar matters.

Asset Securitization

Asset securitization arrangements are operations that involve splitting off specific assets such as monetary claims (loans and bills discounted, accounts receivable and other miscellaneous items) and real estate from their owners and creating financial instruments based upon the revenue (cash flow) generated by these assets to raise funds.

Asset securitization methods include (1) the trust method (a method of entrusting assets and allowing investors to obtain beneficiary rights) and (2) the SPC method (a method by which assets are transferred to an SPC and securities are issued that treat these assets as collateral). We were an early pioneer of asset securitization arrangements. We believe we have currently secured a strong position in the asset securitization field among domestic financial institutions in terms of both quality and quantity. We have also developed new products and provided various solutions to clients by making active use of our trust function.

As of March 31, 2024, all of our holdings of collateralized loan obligations were rated AAA and were approximately 12% of our total foreign currency product exposure.

Electronic Monetary Claim Services

In addition to "Densai Net" services, a new settlement infrastructure for monetary claims, the SuMi TRUST Group offers "Densai lump-sum factoring," which was made possible through the SuMi TRUST Group's proprietary system development. With Densai lump-sum factoring, we make lump-sum purchases of the electronically recorded monetary claims of a designated payer company held by a supplier company, thereby providing such benefits as facilitating fundraising for the supplier company on the creditworthiness of the payer company, and reducing bills and enhancing the efficiency of payment operations for the payer company.

M&A Advisory

We have positioned M&A and capital alliance advisory activities as an effective means of enhancing enterprise value and are actively engaging in these advisory activities related to business acquisitions, the sale of non-core businesses, and management buyouts and similar matters.

Services Related to ESOP Trusts and Other Corporate Welfare Programs

As solutions to the various welfare-related issues of corporate clients, we are actively offering new programs and schemes, such as a Japanese version of ESOPs, which contribute to revitalizing ESOP associations and promoting a sense of employee participation in management, and board benefit trusts for executive officers, directors and audit & supervisory board members as a perk in our human resources management system, as well as installment saving programs, employees' saving programs and housing loans, which enable the reduction of the asset management burden on companies, while at the same time helping employees' asset building efforts.

Stock Transfer Agency Services

Management of Shareholder Lists

As an "agent of record for listed companies" provided for in the Companies Act, we ensure swift and accurate execution of a multifaceted array of corporate actions, assumed on behalf of stock-issuing clients and all done in accordance with applicable legal and taxation rules. These services encompass annual tasks, namely, maintaining shareholder lists, sending out voting notices and invitations to shareholders' general meetings, and calculating and distributing dividends, in addition to corporate events including mergers, share exchanges, and the transfer of shares.

Legal Consulting Services for Stock-related Matters

We provide fine-tuned consulting services for a variety of stock-related matters, including the handling of shareholders' meetings, reorganization strategies, capital policies and introduction of anti-takeover measures. We employ experienced legal affairs consultants at our three major operating bases in Tokyo, Osaka and Nagoya. These consultants hold seminars for business owners on chairing shareholders' meetings as well as various seminars and study sessions on an individual basis on themes such as the handling of the general shareholders' meetings, the Companies Act and the Japanese Corporate Governance Code.

IR and SR Support Services

We have a dedicated IR/SR team to provide IR and SR support in the Stock Transfer Agency Business Advisory Department, taking maximum advantage of the stock transfer agency's proprietary know-how and distinctive features to allow clients to realize efficient and effective IR and SR activities.

IR Support Services. We provide support for the entire range of our clients' IR activities aimed at domestic and overseas institutional investors and individual investors. Specifically, we utilize "FOCUS CLUB," our membership-based information services that use our domestic and overseas institutional investor networks, to conduct beneficial shareholder surveys to identify domestic and overseas

institutional investors not listed in shareholders' registries. Additionally, we offer "engagement and support-type IR consulting" to encourage dialogue between a company and its shareholders in order to facilitate understanding of company proposals for proxy votes and enhance the rate of approval votes at shareholders' meetings. We also provide individual shareholder analysis reports as an IR strategy tool for individual investors and various reports focusing on analyses of shareholders' registries, as well as making arrangements for IR on the themes of ESG on an individual basis for domestic and overseas institutional investors. We thus offer wide-ranging services, making maximum use of stock transfer agency functions to support clients' IR and SR activities.

SR Support Services. Taking advantage of a wealth of information based on a wide-ranging client base and know-how on stock-related matters, we support clients in their planning and implementation of shareholder strategies aimed at increasing the number of individual shareholders and creating a stable shareholder base. Specifically, we undertake handling questionnaires for individual shareholders and facilitating their visits to manufacturing plants. We also support the introduction of measures to deflect hostile takeovers and the handling of special situations, such as proxy fights.

Consulting Related to Corporate Governance

Consulting on Reponses to the Corporate Governance Code. Based on the Japanese Corporate Governance Code, we support our clients' initiatives and activities for improving corporate governance. Specifically, we offer consulting on the adoption of audit and supervisory committee-based governance structures, assessment of effectiveness of the Board of Directors, establishment of nomination and compensation committee and training programs for directors.

Support for the Introduction of Incentive Plans for Officers and Employees. We are also focused on providing incentive plans for officers and employees, such as the Benefit Trusts for Officers and Employees, a Japanese version of ESOPs, along with consulting on the introduction of restricted stock awards and consulting on the introduction of stock options, that are designed to facilitate the alignment of interests between management (officers) and shareholders for enhanced corporate value, as well as to reactivate employees' shareholding associations and promote a sense of employee participation in management.

IPO Support Services

Our specialized staff cooperates with IPO service partners, which include auditing firms as well as securities companies that serve as IPO lead managers, to provide procedural support for client corporations planning an IPO. Stock-related consulting services include preparation of shareholders' registries and such company rules as articles of incorporation and capital policies.

Consulting on Investor and Capital Strategies

Responding to management issues of our clients in investor and capital strategies, such as the improvement of enterprise value on the stock market, responses to change in shareholder structure associated with increased individual shareholders, we offer solutions by fully utilizing the significant expertise and comprehensive capabilities, as well as consulting in areas such as legal affairs related to shares practices, IR and SR, corporate governance and IPOs.

Investor Services

The SuMi Trust Group's Investor Services businesses are divided into two areas: the Wholesale Asset Management Business and the Fiduciary Services Business.

In the Wholesale Asset Management Business, we offer clients solutions unique to a trust bank for issues ranging from assets to liabilities, based on the diverse asset management and administration know-how that the SuMi TRUST Group has cultivated over the years. Regarding asset management product sales operations, a dedicated department in the Wholesale Asset Management Business works in collaboration with the Global Markets Business, the Fiduciary Services Business and the Real Estate Business in response to the asset management needs of our clients, utilizing the trust function and other features of a financial group specialized in trust banking. Utilizing these strengths, we develop and provide asset management products and services that match clients' businesses, corporate characteristics and needs.

In the Fiduciary Services Business, the SuMi TRUST Group provides comprehensive, high-value-added fiduciary services, ranging from pension plan design to asset administration, with an emphasis on growth potential, profitability and industry share. We and our Fiduciary Services subsidiaries, which focus on the pension-related business, work together with other SuMi TRUST Group companies, particularly in the asset management business and asset administration business, to seamlessly deploy high-level expertise and know-how.

In the pension-related business, the SuMi TRUST Group proposes optimal, tailor-made system designs for corporate clients wishing to introduce or alter corporate pension plans. In the area of defined contribution pension plans, we are working to improve the quality of service by responding to the diversifying needs of clients through initiatives such as enhanced convenience of online services and asset management seminars.

In the asset administration business, the SuMi TRUST Group provides corporate clients, including domestic and overseas institutional investors, with a wide range of services, including securities custody and settlement services, and securities lending operations. Overseas, the SuMi TRUST Group is engaged in the administrative operations of foreign securities and foreign-domiciled funds, and is developing a comprehensive asset administration business both in Japan and overseas.

Products and Services

Wholesale Asset Management

Sales of Asset Management Products

In addition to offering asset management products through beneficiary rights and corporate bonds issued against trust assets in our asset securitization operations, we use our experience in investment and loan operations, acquired through our banking and pension investment consulting businesses, to develop and arrange alternative asset management products for institutional investors, as well as various asset management products that target a wider range of investors. We provide investment opportunities for pension investors, financial institutions and other clients by developing a variety of asset management opportunities that harness our proprietary account investment techniques and management know-how to meet the asset management needs of their clients.

Fiduciary Services

Consulting for Pension System Planning. As pension systems professionals, we provide system planning consulting in the form of optimized, tailor-made plans that reflect a comprehensive assessment that encompasses management strategy as well as the personnel and financial situations of individual corporate clients to help them introduce corporate pension systems or to modify existing systems. We handle both defined-benefit and defined-contribution pension plans. Moreover, in order to realize our clients' goals, we offer practical support concerning system introduction and management, including labor-management consultations and negotiations with government and regulatory authorities.

Pension Investment Consulting. The business model of the Fiduciary Services business for asset management represents the "provision of consulting & multiple plans/multiple products," beginning with consulting, in which we discuss with clients their objectives and the most appropriate course for asset management. In product selection, we propose optimized combinations of a rich product offering, drawing on both in-house developed products and those of other financial institutions.

Asset Administration Business

Both in Japan and overseas, SuMi TRUST Group provides a wide range of securities processing services, including the administration and settlement of securities in which clients have invested, the preparation of reports for clients regarding the status of asset management and custody and securities lending operations. The SuMi TRUST Group's asset administration business in Japan is provided through Custody Bank of Japan, Ltd. ("Custody Bank of Japan"). The Custody Bank of Japan was formed pursuant to the merger of Japan Trustee Services Bank, Ltd., Trust & Custody Services Bank, Ltd and JTC Holdings, Ltd. into Custody Bank of Japan on July 27, 2020. SuMi TRUST Holdings is the largest shareholder of Custody Bank of Japan.

The SuMi TRUST Group's balance of assets under custody on a consolidated basis stood at approximately ¥257 trillion as of March 31, 2024.

Utilizing the trust assets that have been entrusted by SuMi TRUST Bank, Mizuho Trust, and Resona Bank, Limited, the Custody Bank of Japan provides securities administration services for corporate pension trusts, securities investment trusts and other trusts, and performs trust operations and banking operations related to asset administration. Furthermore, it provides various custody services, including administration of securities held by life insurance companies.

Overseas, SuMi TRUST Group subsidiaries in the United States, the United Kingdom and Luxembourg provide global custody services to administer securities custody services in foreign markets, while a subsidiary in Ireland conducts foreign-domiciled fund administration operations. In this way, the SuMi TRUST Group is developing a comprehensive asset administration business both in Japan and overseas.

Overseas Asset Administration Business. Through our subsidiaries in the United States, the United Kingdom and Luxembourg, we provide global custody services, which are custody services for securities in foreign markets held by domestic and overseas investors. In addition, a subsidiary in Ireland provides foreign-domiciled fund administration operations such as fund administration.

Real Estate

The Real Estate Business employs a large number of real estate specialists, such as real estate appraisers and registered architects, providing a full line of services from brokerage to securitization and investment management in response to the real estate-related transaction needs of a wide range of clients, including large corporations, domestic and foreign investors, and individuals.

We provide real estate transaction services covering real estate brokerage, consulting and real estate securitization arrangements, through consulting based on wide information networks and significant expertise. In our real estate management and administration covering management of J-REITs and private real estate funds, we draw on our real estate information gathering capabilities and critical appraisal skills to provide investors with information and propose products. In our real estate infrastructure services, which include real estate appraisal services and real estate trusts, we have been streamlining our operations to improve the operational structure and provide high-quality services. Through the flexible coordination of these services, we can meet diverse client needs.

We are actively working to develop a business centered on environmentally friendly properties, which is expected to grow in tandem with the tightening of environmental regulations pertaining to real estate. Additionally, we are making every effort to globalize our Real Estate Business in order to meet the needs of overseas investors seeking to invest in Japanese real estate and the needs of domestic clients seeking to expand overseas.

Furthermore, we deploy highly skilled personnel with expertise in real estate in the major offices of the Retail Business and the Wholesale Total Solution Services Business, and encourage these units to work in collaboration with the Real Estate Business.

Products and Services

Real Estate Transaction Services

Real Estate Brokerage. We take advantage of our experience and an extensive network to implement various procedures, ranging from structural surveys to price negotiations and the transfer of ownership for a wide range of properties, including office and condominium sites, factories and commercial facilities. Sumitomo Mitsui Trust Realty Co., Ltd., under our umbrella, takes the leadership in real estate brokerage for housing for individuals and small commercial properties.

In addition, we provide broad-based support for intermediation for leasing as well as the buying and selling of real estate, including negotiations for leasing conditions, simulation of relocation costs and the introduction of independently sourced information on tenants and properties.

Consulting on Effective Use of Real Estate and in Construction. We take maximum advantage of know-how accumulated in overall real estate operations to provide various real estate consulting services to help clients effectively utilize their land and buildings.

In our Corporate Real Estate consulting service, we review real estate property holdings and utilization strategies that are consistent with clients' corporate strategies, and analyze client-owned properties to propose strategies for making the most efficient real estate investments in order to enhance corporate value.

We also seek to provide comprehensive construction consulting services, ranging from the proposal stage of project planning to post-construction building management, as well as consulting services on environmentally friendly building construction that cover energy conservation, landscape considerations, ways for extending the life of a building and the incorporation of recycling systems.

Overseas Real Estate Business. Capitalizing on our overseas network, our Overseas Real Estate Business arranges for property investment in Japan by overseas customers, intermediation of property investments as well as business properties overseas for Japanese clients and intermediation support to clients in need of renting business premises overseas.

Furthermore, we actively engage in our Asset Management Business, which involves real estate investments by overseas customers, by utilizing asset management capabilities unique to a trust bank.

Real Estate Securitization Arrangement. Real estate securitization is widely used as part of a company's financial strategy. As a pioneer that has been actively involved in real estate securitization since the initial securitization phase, we provide one-stop real estate securitization services covering the identification of client needs; the evaluation of real estate properties; arrangement (coordinating related parties and building a structure for securitization); fundraising for equity-tranche; fundraising for debt-tranche; and real estate management and operation after securitization.

Real Estate Management and Administration

Real Estate Investment Advisory Services. We are developing a business related to real estate investment advisory services, including providing investment information services for investors, as well as determining the composition of and offering real estate investment products.

We provide investors with comprehensive management services combining various real estate-related functions, and with information and investment advice utilizing our analytical capabilities regarding investment market trends, and the investment values and risks of structured real estate finance products.

Regarding J-REITs, we provide advice on the acquisition and management of assets for investment, and support stable growth of J-REIT investment companies. We not only undertake general administrative services and asset custody procedures on behalf of the client, but also provide various support services based on past achievements and our know-how based on developing REIT products while serving as the sponsor.

Real Estate Infrastructure Services

Real Estate Trusts. In order to meet the need for trust services in the real estate securitization market, we are promoting the rationalization of operations using a real estate total management system and enhancing our business structure.

Real Estate Appraisal and Assessment. We believe there is an ever growing need for real estate appraisal and assessment services to assist clients considering real estate property holding and utilization strategies. The SuMi TRUST Group has earned high marks as an authoritative real estate appraisal agency, with a large number of well-experienced real estate appraisers who have assisted private sector companies and public organizations.

Global Markets

As experts in the management of market volatility, we meet our clients' needs for asset management and risk management regarding such matters as interest rate derivatives and foreign exchange-related transactions by providing solutions through the structuring and marketing of market-based financial products. Our global markets business functions are broadly divided into market functions, client functions and administrative functions. Market functions are comprised of financial management operations and investment operations. Client functions, providing services to both individual and corporate clients, include market-making operations and marketing operations.

Products and Services

Market Functions

Financial Management Operations. Financial management operations are intended to control market risks, in order to secure stable earnings from a company-wide perspective. We analyze market environments, measure the market risks we have faced, and plan and execute the necessary hedging operations (transactions to avoid or reduce risk).

Investment Operations. Through our proprietary trading operations, we invest in a wide variety of financial instruments such as bonds, stocks, credits, real estate and commodities. To disperse risk and maximize profit, we categorize the investment business into the three dimensions of strategy, capability and investment period, and allocate them as intelligently as possible.

Client Functions

Market-making Operations. Our market-making operations are intermediary services to clients for various market-based transactions, including foreign exchange-related transactions and interest rate derivatives. We also work to supply high-quality, low-priced, market-based financial products by making full use of our financial technology.

Marketing Operations. In close cooperation with the Client Business Division (the Retail Business, the Corporate Business, the Wholesale Asset Management Business and the Real Estate Business), we offer market-based financial products and financial consulting services that match client needs in a timely manner at an appropriate price.

Administrative Functions

We administer and settle market-based transactions, providing high-quality administrative services to correctly process complex and large-volume administration and settlement transactions.

Asset Management

The SuMi TRUST Group's Asset Management Business provides clients with asset management services mainly through Sumitomo Mitsui Trust Asset Management and Nikko AM, each a consolidated subsidiary of SuMi TRUST Holdings. As of April 1, 2022, we stopped including Asset Management as a port of our Fiduciary Services business segment for reporting purposes.

The SuMi TRUST Group as a whole has one of the largest assets under management in Asia, and will continue to fully maximize the investment functions of the SuMi TRUST Group to deliver optimal asset management solutions to our clients and help find solutions to social issues through ESG-focused engagement with investee companies.

The SuMi TRUST Group's balance of assets under management on a consolidated basis stood at approximately ¥141 trillion as of June 30, 2024, meaning that the SuMi TRUST Group maintained its leading position in this metric among Japan's financial institutions.

On October 1, 2018, for the purpose of strengthening the asset management business of the SuMi TRUST Group as a whole, we and SuMi TRUST Holdings effected a reorganization of the Group's asset management businesses whereby our former asset management function, which included asset management for institutional investor clients such as pension funds, was split off from us and integrated with the asset management business of, Sumitomo Mitsui Trust Asset Management, a wholly owned subsidiary of SuMi TRUST Holdings. The centralization of asset management functions separate from the main banking function (carried out by us) was part of an effort to strengthen and promote governance at the SuMi TRUST Group level.

In July 2019, we transferred all of the shares of Nikko AM held by us to SuMi TRUST Holdings as a dividend in kind to enable the SuMi TRUST Group to further solidify and enhance its asset management business and governance strength.

Furthermore, on June 7, 2019, SuMi TRUST Group announced a capital and business alliance with UBS Securities Japan Co., Ltd. and UBS AG Tokyo branch for cooperation in the wealth management business in Japan for all wealth management needs of high-net-worth and ultra-

high-net-worth individuals. SuMi TRUST Group seeks to leverage the strengths of both SuMi TRUST Group and UBS Group to realize "Total Wealth Management" services that provide a unique and optimal "one-stop shop" solution for all wealth management needs, by combining UBS Group's wealth management and securities services and SuMi TRUST Group's unique consultation capabilities, products and services including asset transfer and real estate. As part of the alliance with UBS Group, UBS SuMi TRUST Wealth Management Co., Ltd. which launched its business operations on August 10, 2021, was established as an entity owned 49% by SuMi TRUST Group and 51% by UBS Group. In April 2024, it was announced that UBS SuMi TRUST Wealth Management Co., Ltd. will acquire the wealth management business of Credit Suisse Securities (Japan) Limited following the merger of UBS AG and Credit Suisse AG.

More recently, on July 7, 2022, SuMi TRUST Group announced a business alliance with Apollo Global Management, Inc. ("Apollo") and GreensLedge Capital Markets LLC in which SuMi TRUST Bank has committed U.S.$1.5 billion to invest side-by-side with Apollo and Athene Holding Ltd. in a proprietary portfolio of diversified alternative assets.

On June 28, 2024, SuMi TRUST Group announced that Nikko AM has finalized a strategic partnership in Asia with French asset management firm Tikehau Capital. Nikko AM and Tikehau Capital will establish a joint venture and Nikko AM is in the process of acquiring an equity stake in Tikehau Capital to further strengthen the partnership between both groups.

Properties

We own or lease the office space for our branches and other facilities. The following table shows the net carrying amount of our tangible fixed assets on a consolidated basis as of March 31, 2024:

	As of March 31, 2024
	(billions of yen)
Land	¥138.6
Buildings	69.7
Lease assets	4.3
Construction in progress	3.9
Other	17.6
Total	¥234.3

Sustainability

SuMi TRUST Group seeks to create new value with the power of trusts—referring to the numerous functions of its trust schemes, significant expertise and comprehensive capabilities and even the basic principle of fiduciary duty. SuMi TRUST Group has identified three strategic areas for value creation to encourage a virtuous cycle: (1) an age of more centenarians, (2) carbon neutrality and (3) regional ecosystems and global investment chains. Through these efforts, SuMi TRUST Groups seeks to create a more prosperous future across environmental, social and economic considerations.

To contribute to achieving a sustainable society SuMi TRUST Group engages in activities in various areas including forestry trusts, green bond and sustainable finance, positive impact finance, responses to a super-aged society, environmental consulting for commercial buildings and support for value-added urban development.

In October 2021, SuMi TRUST Bank announced its carbon neutral commitment, with the aim of reducing greenhouse gas emissions worldwide and solving other climate change-related issues in society. In order to steadily promote this commitment, SuMi TRUST Holdings has also joined the Net Zero Banking Alliance (NZBA). Under our carbon neutral commitment, we seek to (1) contribute to achieving a carbon neutral society by leveraging the wide-range and flexible functions of a trust banking group, (2) target net-zero greenhouse gas emissions (Scope 3) in investment and loan portfolios by 2050 and (3) achieve net-zero greenhouse gas emissions (Scope 1 and Scope 2) in SuMi TRUST Group by 2030.

SuMi TRUST Bank has contributed to the spread of renewable energy through project financing for wind power generation and mega-solar power in Japan and abroad. With climate change being such an important issue for the international community, SuMi TRUST Bank has continued to carefully

consider its own actions by setting internal standards on power generation efficiency and environmental load for coal-fired power generation projects that emit relatively large amounts of CO_2. Given that initiatives aimed at realizing low-carbon societies in developed countries are key management issues for financial institutions, SuMi TRUST Bank's basic policy going forward is not to participate in any new coal-fired power generation projects being considered for construction. However, we may make exceptions by carefully and comprehensively considering the background, attributes, and other factors of each individual project if it meets strict environmental standards, such as OECD guidelines and power generation efficiency performance. Moreover, SuMi TRUST Bank set a policy to aim to reduce the balance of project finance loans for coal-fired power generation to zero by 2040, in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), which we endorsed in 2018.

In addition, as part of our initiatives to achieve a net-zero society, we have set a cumulative long-term target for sustainable finance, which includes (1) green finance for businesses that adapt to, or mitigate, climate change, (2) social finance for employment creation, poverty reduction, nurturing of startup firms, regional revitalization, basic infrastructure and water supply, and essential services such as hospitals and schools, (3) finance based on ESG or sustainable development goals such as positive impact finance and sustainability-linked loans, (4) transition finance for businesses that help society transition to net-zero carbon emissions or that help society adapt to a rapidly aging populations, (5) impact equity investment for businesses that help solve environmental problems and social issues and (6) other financing for businesses that help solve environmental problems and social issues.

The above disclosure includes various forward-looking statements that are aspirational in nature and which may change, and there is no guarantee or promise that they will be met. Such statements are also based on various assumptions and beliefs, including but not limited to the assumptions set forth above as well as the non-occurrence of the various risks set forth in "Risk Factors." Many of such assumptions and beliefs relate to matters that are outside of our control, including factors affecting our business and economic environment. In addition, there can be no assurances as to our ability to implement our various strategic initiatives. These and other unanticipated events and circumstances could affect our ability to achieve the goals set forth above. As a result, we cannot and do not make any representation or assurances as to the achievability of such goals or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements.

Legal Proceedings

We are not involved in any litigation or other legal proceedings that would individually, or in the aggregate, be expected to have a material adverse effect on our results of operations or financial condition.

Competition

Our major competitors in Japan include:

- Japan's largest banking groups: Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Financial Group.
- Other banking institutions: These include city banks, other trust banks, regional banks, shinkin banks (or credit associations), credit cooperatives, agricultural cooperatives, foreign banks and retail-oriented online banks.
- Securities companies and investment banks: These include both domestic securities companies and the Japanese affiliates of global investment banks.
- Asset management companies: A range of domestic and foreign asset managers, including independent firms and those affiliated with major financial groups.
- Government financial institutions: These include Japan Finance Corporation, Japan Post Bank, Development Bank of Japan and Japan Bank for International Cooperation.
- Non-bank finance companies: These include credit card issuers, installment shopping credit companies and other non-bank finance companies.
- Other financial services providers: We also compete with private equity funds and other types of investors and financial service providers that utilize FinTech.

In global markets, we face competition with other commercial banks and other financial institutions, particularly major global banks and the leading local banks in those financial markets outside Japan in which we conduct business.

Risk Management

(1) Basic Policies on Risk Management and Risk Categories

In accordance with the Risk Management Policy formulated by SuMi TRUST Holdings, along with our management policy and our basic policy on internal control, our Board of Directors has established Risk Management Rules, which set out our basic rules for risk management, including the types of risk requiring attention, the techniques applied to hedge risk and the structure and authority for risk control. Based on these rules, we define the content of specific standards for risk management by each type of risk.

The types of risks defined by us for the above purpose include credit risk, market risk, funding liquidity risk and operational risk.

Credit risk is the risk of reduction or impairment of the value of assets (including off-balance sheet assets), owing to reasons such as deterioration in the financial condition of an obligor, that causes us to incur loss.

Market risk is the risk of loss caused by the changes in the value of assets or liabilities held by us (including those on an off-balance basis) and/or the proceeds therefrom, due to fluctuations of various risk factors such as interest rates, foreign exchange rates and stock prices.

Funding liquidity risk is the risk of loss resulting from a cash-flow crisis due to an inability to finance any necessary funds or a tight funding environment that imposes an interest rate significantly higher than normal.

Operational risk refers to the risk of losses arising from inappropriate business processes, activities of executives or employees, computer systems as well as external incidents.

Risk Category	Definition
Credit Risk	Risk that the SuMi TRUST Bank Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, “country risk” in particular means risk that the SuMi TRUST Bank Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor.
Market Risk	Risk that the SuMi TRUST Bank Group incurs losses due to fluctuations in the value of assets/ liabilities (including off-balance sheet assets/ liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, “market liquidity risk” in particular means risk that SuMi TRUST Bank Group incurs losses caused by a situation in which it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly more disadvantageous than usual due to market turmoil.

Risk Category	Definition
Funding Liquidity Risk	Risk that the SuMi TRUST Bank Group incurs losses in a situation in which it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk	Risk that the SuMi TRUST Bank Group incurs losses resulting from inadequate or failed internal processes, people and systems or from external events.
(Below are "risk sub-categories" within Operational Risk)	
Business Processing Risk	Risk that the SuMi TRUST Bank Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
Information Security Risk	Risk that the SuMi TRUST Bank Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information and an inability to use the information systems or the misuse of information.
System Risk	Risk that the SuMi TRUST Bank Group incurs losses due to such reasons as computer system failure, malfunction and defects, as well as the risk that the SuMi TRUST Bank Group incurs losses due to unauthorized use of a computer.
Legal and Compliance Risk	Risk that the SuMi TRUST Bank Group incurs losses due to uncertain legal aspects of transactions, or due to insufficient compliance with laws, regulations or other rules.
Conduct Risk	Risk that the SuMi TRUST Bank Group, clients, markets, financial infrastructure, society, or the work environment may be adversely affected due to the actions of the SuMi TRUST Bank Group companies, executives, or employees that are unprofessional or do not meet the expectations and trust of stakeholders.
Human Resource Risk	Risk that the SuMi TRUST Bank Group incurs losses due to personnel and labor management issues, such as unequal or unfair management of personnel and harassment.
Event Risk	Risk that the SuMi TRUST Bank Group incurs losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, the spread of infectious diseases and the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the SuMi TRUST Bank Group incurs losses as a result of deterioration in reputation for SuMi TRUST Holdings or its subsidiaries, including us, owing to such reasons as mass media reports, rumors or speculation.

(2) Risk Management Structure

In accordance with the Risk Management Policy formulated by SuMi TRUST Holdings, we set down the roles and responsibilities of operational organizations and departments related to risk management as follows:

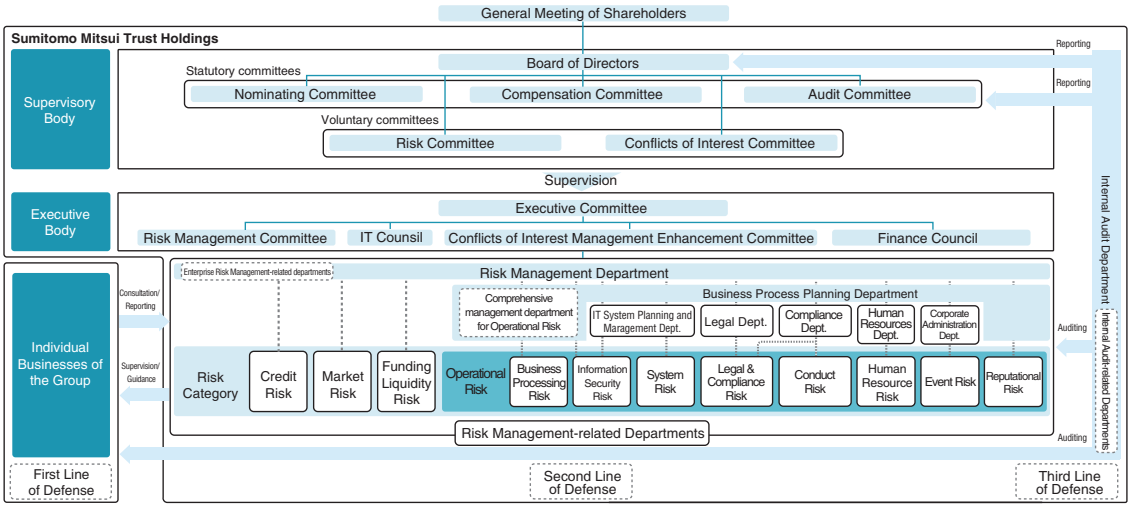
Board of Directors: formulates policies for the identification, assessment, monitoring, control and reduction of risks. It also formulates management plans, including the risk capital allocation plan and the risk management plan, and disseminates the plans throughout the company. It also establishes a reporting structure and vests authority in relevant organizations.

Executive Committee: sets rules and provisions regarding the identification, assessment, monitoring, control and mitigation of risks in line with the policies set out by the Board of Directors and develops frameworks to put them into practice.

Front Office Departments: engage in operational administration aimed at ensuring the effectiveness of risk management, such as implementing appropriate controls that reflect the scale and characteristics of risks based on the accurate recognition of risks, subject to, among other things, Risk Management Rules and relevant risk management regulations.

Risk Management-related Departments: are responsible for developing and running the risk management process for identification, assessment, monitoring control and reduction of risks they are supposed to manage. Furthermore, in order to fulfill their check-and-balance functions over the front office departments, these departments engage in the planning and promotion of the risk management system, including reporting to senior management on a regular basis or as appropriate, based on the monitoring of risk status and risk management activities at front office departments.

The following chart illustrates the group-wide risk governance system of SuMi TRUST Group.



(3) Comprehensive Risk Management and Integrated Risk Management

Comprehensive Risk Management. We comprehensively measure the risks we face after assessments thereof by risk category. We manage risks by comparing them with our financial strength.

Integrated Risk Management. In addition, among the risks subject to Comprehensive Risk Management, we aggregate risks which are quantifiable with unified criteria such as the integrated VaR and manage these risks by comparing them with our financial strength, as indicated by our capital buffer.

Information Security Risk and Cybersecurity

SuMi TRUST Group considers information assets to be one of the most important managerial resources, and has set the protection of personal information and customer data as one of its key management issues. It has assigned an officer in charge and established a control department to properly manage customer information and implement cybersecurity measures.

Matters related to information security risk are deliberated by the Business Risk Management Committee at SuMi TRUST Holdings and by the Operational Risk Management Committee at SuMi TRUST Bank, covering a series of processes such as the development of a management framework, formulation of plans, and the identification, evaluation, monitoring and control of risks. In addition, policies and plans are decided by the Board of Directors after deliberation by the Executive Committee. Processes are executed by the Business Process Management Department, the IT System Planning and Management Department, and other control departments responsible for information security risk management. The officer in charge of the Business Process Management Department and the officer in charge of the IT System Planning and Management Department are responsible for overall information security risk management.

SuMi TRUST Group has formulated the "Cybersecurity Management Declaration" to plan and promote cybersecurity measures under the leadership of our management team. SuMi TRUST Group has established SuMiTRUST Cyber Security Incident Response Team (SuMiTRUST-CSIRT) as a specialized organization for cybersecurity measures, and have built a management framework that collects and analyzes threat and vulnerability information from within and outside SuMi TRUST Group, plans and implements security measures and reports to management. We are also promoting the advancement of security measures through security review meetings and our IT Committee, as well as by utilizing outside expertise.

SuMi TRUST Group has also established the IT Committee, composed of officers and general managers in charge of each business management department, including the IT System Planning and Management Department, as well as external members, which examines and discusses important system investments and system technology from a multifaceted perspective. In terms of risk management, the IT Committee shares and discusses risks arising from system development, cybersecurity and system risks, and as an advisory body to the Board of Directors, actively utilizes the knowledge of external committee members, who are experts from outside the company, to enhance discussions and improve management.

Compliance

1. Basic Initiative Policy

Compliance means conforming to social norms. Achieving compliance is naturally a basic principle for the SuMi TRUST Group, and executives and each individual employee must solidly practice compliance in our daily operations. The SuMi TRUST Group has established specific compliance standards in its compliance rules ("Compliance Rules"). A checking system and promotion system has also been developed, so we comply with these and carry out sincere and fair company activities.

2. Group Compliance System

The SuMi TRUST Group positions supervision of the entire group's compliance system as one of its most important functions. SuMi TRUST Holdings' Compliance Rules establish standards which executives and employees must follow. For specific practice plans in various measures on compliance, a compliance program is made each fiscal year, and progress status is periodically assessed.

3. Initiatives to Foster Compliance Awareness

In order to foster compliance awareness throughout the SuMi TRUST Group, a compliance manual is created for SuMi TRUST Holdings and each SuMi TRUST Group company, and employees are thoroughly informed about the laws, regulations, various rules and items which must be followed. The SuMi TRUST Group is also enhancing training courses, including a course for the rules to strictly comply with the insider trading regulations, and each company's compliance department has the primary responsibility for providing training as to company-wide compliance themes.

4. Hotline System

In order to promptly and appropriately cope with any legal violation, the SuMi TRUST Group has established a compliance hotline system through which all executives and employees can directly

report violations to the Compliance Department and an external attorney's office, without having to go through regular reporting channels. This hotline system enforces rigorous control of information and protection of privacy to ensure protection of whistleblowers and forbids their adverse treatment.

5. Response to Anti-social Forces

The SuMi TRUST Group has declared, both internally and externally, its resolute stance against anti-social forces in its Codes of Conduct and various other codes. It has established a system for conducting checks in all types of transactions in order to prevent transactions by anti-social forces. It has also incorporated a clause to exclude organized crime in the provision of loan and deposit contracts. This clause deters anti-social forces from initiating transactions with us. The measure gives us the legal grounds to dissolve contracts, once the presence of anti-social forces is detected, after the commencement of transactions. If the counterparty in a transaction is shown to be an anti-social force after the commencement of a transaction, a framework has been developed that allows us to take measures in close coordination with police and other external expert organizations for the eventual cancellation of such a transaction.

6. Prevention of Money Laundering

In order to prevent money laundering, the SuMi TRUST Group conducts checks on personal identification items, such as name and address, as well as customer management items, such as transaction purpose and occupation, when starting continuous business relationships, when conducting large lot cash transactions, or when conducting transactions with persons who reside or stay in specified countries. In addition, when they come across transactions suspected to be related to money obtained illegally or terrorist financing, employees immediately report to the person in charge, who notifies the relevant authorities. Moreover, we have adopted an anti-money laundering system, which verifies whether any illicit transfers between accounts have taken place. We require our employees at relevant branches and departments to periodically receive training concerning prevention of money laundering.

7. Other Initiatives

The SuMi TRUST Group prevents insider trading and other wrongdoing by strictly managing insider information that may be obtained during the execution of job duties. Specifically, its "Rules on Insider Information Management" obligates employees to immediately report to their supervisors when they have obtained information that may constitute insider information. In addition, our head office departments gather information on legal revisions and report them to the Compliance Department. The Compliance Department centrally manages information on the revisions, and instructs and manages related departments to respond to them in an appropriate manner. Furthermore, the SuMi TRUST Group has set forth rules to be followed by officers and employees for the prevention of bribery in the Compliance Rules.

ADDITIONAL FINANCIAL INFORMATION

Set forth below is certain additional financial information concerning our deposits, loans, investments and derivatives.

Deposits

The following table sets forth the mix of our corporate, individual and other deposits on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Corporations	¥ 7,503.1	¥ 8,111.3	¥ 8,640.4
Individuals	16,664.3	16,785.1	16,803.2
Other	3,419.7	4,443.2	5,600.8
Total[(1)]	¥27,587.2	¥29,339.7	¥31,044.5

Note:
(1) Excludes negotiable certificates of deposit, overseas branch accounts and Japan offshore market accounts.

The following table sets forth a breakdown of our deposits (including negotiable certificates of deposit) on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Time deposits	¥22,623.6	¥23,222.8	¥25,473.1
Liquid deposits[(1)]	9,480.0	10,826.0	10,506.5
Other	795.0	992.3	1,172.1
Total deposits	32,898.7	35,041.2	37,151.8
Negotiable certificates of deposit	6,809.6	7,617.7	9,298.4
Total deposits and negotiable certificates of deposit	¥39,708.3	¥42,658.9	¥46,450.3

Note:
(1) Includes current deposits, ordinary deposits, savings deposits and deposits at notice.

The following tables set forth our average balance of certain deposit categories (including negotiable certificates of deposit) on a non-consolidated basis for the years ended March 31, 2022, 2023 and 2024:

	For the year ended March 31,		
	2022	2023	2024
	(billions of yen)		
Time deposits	¥22,759.0	¥23,218.6	¥25,007.4
Liquid deposits[(1)]	9,302.0	10,013.7	10,464.8
Other	1,046.6	1,064.9	1,376.3
Total deposits	33,107.7	34,297.3	36,848.7
Negotiable certificates of deposit	8,111.7	7,591.1	8,295.8
Total deposits and negotiable certificates of deposit	¥41,219.4	¥41,888.5	¥45,144.5

Note:
(1) Includes current deposits, ordinary deposits, savings deposits and deposits at notice.

Loans

The following table sets forth loans in our banking account and in our trust account, each on a non-consolidated basis, as of the dates indicated therein:

	As of March 31,					
	2022		2023		2024	
	(billions of yen, except percentages)					
Banking account:						
Domestic offices (excluding Japan offshore market accounts):						
Manufacturing	¥ 2,812.1	10.6%	¥ 2,907.9	10.8%	¥ 2,910.7	10.6%
Agriculture and forestry	4.1	0.0	5.7	0.0	10.1	0.0
Mining, quarrying of stone and gravel gathering	66.5	0.2	72.0	0.3	43.3	0.2
Construction	189.7	0.7	232.3	0.9	292.0	1.1
Electric, gas, heat supply and water	1,301.3	4.9	1,438.4	5.3	1,484.7	5.4
Information and communications	286.6	1.1	252.1	0.9	289.6	1.0
Transportation and postal activities	1,206.3	4.5	1,119.4	4.2	1,106.6	4.0
Wholesale and retail trade	1,381.6	5.2	1,296.0	4.8	1,352.1	4.9
Finance and insurance	2,283.5	8.6	2,392.1	8.9	2,852.4	10.4
Real estate	3,590.7	13.5	3,455.9	12.8	3,587.9	13.0
Goods rental and leasing	1,180.0	4.4	1,310.3	4.9	1,432.0	5.2
Local government	22.2	0.1	18.9	0.1	15.1	0.0
Others	12,311.0	46.2	12,413.0	46.1	12,163.1	44.2
Total domestic (A)	¥26,636.1	100.0%	¥26,914.6	100.0%	¥27,540.2	100.0%
Overseas branches and offshore (including Japan offshore market accounts):						
Governments	¥ 0.9	0.0%	¥ 0.5	0.0%	¥ 0.1	0.0%
Financial institutions	19.3	0.5	4.6	0.1	—	—
Others	4,259.9	99.5	5,027.4	99.9	6,232.7	100.0
Total overseas (B)	4,280.2	100.0%	5,032.6	100.0%	6,232.7	100.0%
Total (A + B)	¥30,916.3		¥31,947.3		¥33,773.1	
Trust account:						
Manufacturing	¥ 59.0	2.8%	¥ 74.5	3.5%	¥ 109.8	4.6%
Electric, gas, heat supply and water	15.5	0.7	12.6	0.6	2.0	0.1
Information and communications	58.9	2.8	88.7	4.1	122.4	5.1
Transportation and postal activities	0.4	0.0	0.4	0.0	—	—
Wholesale and retail trade	11.9	0.6	12.6	0.6	11.2	0.5
Finance and insurance	1,777.7	83.4	1,787.4	83.0	1,876.5	77.9
Real estate	19.3	0.9	18.4	0.8	20.1	0.8
Goods rental and leasing	53.8	2.5	23.6	1.1	70.9	2.9
Others	134.4	6.3	136.0	6.3	194.2	8.1
Total	¥ 2,131.2	100.0%	¥ 2,154.6	100.0%	¥ 2,407.3	100.0%

The following table sets forth the composition of the loans outstanding (including loans and bills discounted) in our banking account and trust account on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Banking account:			
Funds for capital investment	¥16,805.5	¥17,017.5	¥17,714.2
Funds for working capital	14,110.8	14,929.7	16,058.8
Total	¥30,916.3	¥31,947.3	¥33,773.1

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Trust account:			
Funds for capital investment	¥ 12.8	¥ 10.0	¥ 8.1
Funds for working capital	2,118.3	2,144.5	2,399.1
Total	¥2,131.2	¥2,154.6	¥2,407.3

The following table sets forth the secured and unsecured loans outstanding (including bills discounted) in our banking account and trust account on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Banking account:			
Securities	¥ 653.6	¥ 699.4	¥ 730.4
Commercial claims	170.1	187.4	210.2
Real estate	2,671.8	2,724.6	2,818.3
Factories	186.6	264.8	457.0
Foundations	161.0	145.6	144.6
Shipping	1,109.0	1,144.8	1,225.8
Others	2,051.9	2,338.4	2,923.5
Total secured loans and bills discounted	7,004.3	7,505.4	8,509.9
Guaranteed loans and bills discounted	10,872.9	10,797.5	10,974.2
Unsecured loans and bills discounted	13,039.0	13,644.3	14,288.8
Total loans and bills discounted	¥30,916.3	¥31,947.3	¥33,773.1
Trust account:			
Commercial claims	¥ —	¥ —	¥ —
Real estate	1.0	0.2	0.0
Others	10.4	7.0	—
Total secured loans and bills discounted	11.5	7.3	0.0
Guaranteed loans and bills discounted	10.3	8.6	7.1
Unsecured loans and bills discounted	2,109.3	2,138.6	2,400.0
Total loans and bills discounted	¥ 2,131.2	¥ 2,154.6	¥ 2,407.3

Securities Portfolio

The following table sets forth the composition of the portfolio of securities in our banking account on a consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Banking account:			
Government bonds	¥2,839.6	¥1,549.2	¥3,155.0
Local Government bonds	33.9	38.1	43.1
Corporate bonds	730.0	722.5	721.9
Stocks	1,411.9	1,259.0	1,417.4
Other securities	2,732.4	3,235.1	4,460.0
Total	¥7,748.0	¥6,804.1	¥9,797.6

The following tables set forth the acquisition cost for, book value of, and unrealized gains and losses on, marketable available-for-sale securities in our banking account on a consolidated basis as of the dates indicated therein:

	As of March 31, 2023				
	Acquisition cost	Book value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
			(billions of yen)		
Banking account:					
Government bonds	¥1,433.5	¥1,431.9	¥ (1.5)	¥ 0.1	¥ 1.6
Local Government bonds	38.5	38.1	(0.4)	0.0	0.4
Corporate bonds	706.5	708.1	1.6	3.1	1.5
Stocks	472.6	1,072.6	599.9	606.9	6.9
Other securities	2,977.9	2,768.4	(209.5)	24.5	234.0
Total	¥5,629.2	¥6,019.2	¥ 390.0	¥634.7	¥244.7

	As of March 31, 2024				
	Acquisition cost	Book value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
			(billions of yen)		
Banking account:					
Government bonds	¥3,047.9	¥3,038.1	¥ (9.8)	¥ 0.0	¥ 9.8
Local Government bonds	43.6	43.1	(0.5)	0.0	0.6
Corporate bonds	712.2	711.2	(0.9)	1.7	2.7
Stocks	421.7	1,213.3	791.6	802.0	10.3
Other securities	3,988.4	3,902.4	(85.9)	42.6	128.6
Total	¥8,214.0	¥8,908.3	¥694.3	¥846.4	¥152.1

Trust Account Information

Statement of Trust Account

The following table sets forth the trust account data of our trust business on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
		(billions of yen)	
Assets:			
Loans and bills discounted	¥ 2,131.2	¥ 2,154.6	¥ 2,407.3
Securities	859.1	846.5	830.4
Beneficiary rights	182,799.7	188,494.8	186,461.0
Securities held in custody accounts	22.5	20.6	20.6
Monetary claims	25,361.9	26,147.4	23,637.2
Tangible fixed assets	21,118.3	23,154.6	26,154.9
Intangible fixed assets	200.4	229.6	237.6
Other claims	10,789.3	9,856.7	12,471.6
Loans to banking account	4,298.8	4,332.4	4,327.7
Cash and due from banks	633.8	988.0	917.9
Total assets	¥248,215.4	¥256,225.7	¥257,466.8
Liabilities:			
Money trusts	¥ 36,216.3	¥ 38,420.3	¥ 37,154.6
Pension trusts	14,525.1	14,043.9	14,523.4
Property formation benefit trusts	18.8	18.4	18.7
Securities investment trusts	80,405.8	80,945.5	80,474.3
Money entrusted, other than money trusts	39,748.0	40,257.7	41,076.5
Securities in trust	22,159.5	23,513.4	24,072.5
Money claims trusts	25,588.8	26,400.8	23,837.1
Land and fixture trusts	0.8	0.8	0.8
Composite trusts	29,551.9	32,624.5	36,308.5
Total liabilities	¥248,215.4	¥256,225.7	¥257,466.8

The following table sets forth the loan portfolio (including bills discounted) attributable to our money trusts on a non-consolidated basis as of the dates indicated therein, classified by contractual maturity:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
One year or less	¥ 658.0	¥ 616.4	¥ 662.8
Over one year to three years	375.6	467.2	503.9
Over three years to five years	235.0	212.0	226.1
Over five years to seven years	286.6	292.4	487.7
Over seven years	575.8	566.5	526.5
Total	¥2,131.2	¥2,154.6	¥2,407.3

Guaranteed Trusts

Money Trusts

We guarantee the principal of certain money trusts. The following table sets forth the assets and liabilities of such guaranteed money trusts on a non-consolidated basis as of the dates indicated therein:

	As of March 31,		
	2022	2023	2024
	(billions of yen)		
Assets:			
Loans and bills discounted	¥ 13.3	¥ 10.4	¥ 8.1
Other	4,039.4	4,093.3	3,990.2
Total	¥4,052.7	¥4,103.8	¥3,998.3
Liabilities:			
Principal	¥4,052.4	¥4,103.4	¥3,998.0
Allowance for impairment of guaranteed trust principal	0.0	0.0	0.0
Other	0.3	0.3	0.3
Total	¥4,052.7	¥4,103.8	¥3,998.3

Information on Derivative Transactions

For information on our derivative transactions, including the notional amount of, fair value of and valuation difference of derivatives not qualifying for hedge accounting and derivatives qualifying for hedge accounting, see Notes 1 and 2 in “Derivatives” in the notes to consolidated financial statements included elsewhere in this base offering circular.

Derivative Transactions Qualifying for Hedge Accounting

Our interest rate-related and currency-related transactions qualifying for hedge accounting on a consolidated basis as of March 31, 2024 consisted of the following:

	As of March 31, 2024			
		Notional amount		
	Major hedged items	Total	Over one year	Fair value
		(billions of yen)		
Interest-related transactions[1][2]				
Deferral method	Interest-earning/ bearing financial assets/ liabilities such as loans and bills discounted, available-for-sale securities (bonds), deposits, and bonds payable			
Interest rate swaps:				
Fix rcv-flt pay		¥ 1,857.2	¥ 1,645.9	¥ (66.3)
Flt rcv-fix pay		1,952.4	1,742.2	17.1
Exceptional treatment for interest rate swaps				
Interest rate swaps:				
Fix rcv-flt pay	Borrowed money	—	—	— [3]
Flt rcv-fix pay		—	—	— [3]
Total				¥ (49.2)

Notes:
(1) Generally treated as deferred hedges.
(2) Fair values are calculated mainly using the net present value method or option-pricing models.
(3) Interest rate swaps to which exceptional treatment is applied are accounted for as part of the borrowings being hedged; therefore, their fair values are included in the fair value of "Borrowed money" presented under "Financial Instruments."

	As of March 31, 2024			
		Notional amount		
	Major hedged items	Total	Over one year	Fair value
		(billions of yen)		
Currency-related transactions[1][2]				
Currency swaps	Loans and bills discounted and securities denominated in foreign currencies	¥ 6,246.1	¥ 3,313.9	¥ (376.7)
Forward exchange contracts:				
Sold		2.2	—	0.0
Purchased		251.9	—	16.7
Others:				
Sold		—	—	—
Purchased		—	—	—
Method of including foreign currency translation adjustments arising from the hedging instruments in "Foreign currency translation adjustments"				
Forward exchange contracts:	Investment in the shares of subsidiaries and affiliated companies			
Sold		115.5	—	(1.2)
Purchased		—	—	—
Total				¥ (361.1)

Notes:
(1) Generally treated as deferred hedges.
(2) Fair values are calculated mainly using the net present value method.

See Notes 1 and 2 in "Derivatives" in the notes to our audited consolidated financial statements as of March 31, 2024 and for the years ended March 31, 2023 and 2024 included elsewhere in this base offering circular.

MANAGEMENT

Sumitomo Mitsui Trust Bank, Limited

Directors and Audit and Supervisory Committee Members

The following table provides information regarding our directors as of the date of this base offering circular:

Name	Title	Held position since
Masaru Hashimoto	Chairman	April 2021
Kazuya Oyama	President	April 2021
Shigeki Tanaka	Deputy President	April 2021
Nobuaki Yamaguchi	Deputy President	April 2023
Yasuyuki Suzuki	Deputy President	April 2024
Futoshi Itani	Director, Senior Managing Executive Officer	April 2021
Manatomo Yoneyama	Director, Managing Executive Officer	April 2021
Atsushi Matsumoto	Director, Managing Executive Officer	April 2022
Masakatsu Sato	Director, Managing Executive Officer	April 2023
Riro Sato	Director, Managing Executive Officer	April 2023
Yuki Takada	Director, Managing Executive Officer	April 2024
Tetsuo Ohkubo	Director	April 2017
Toru Takakura	Director	April 2021
Hideki Kanda(1)	Director	June 2017
Kazumi Torii(1)	Director	June 2022
Naoaki Mashita(1)	Director	June 2023
Shigenori Ikemura	Director (Audit and Supervisory Committee Member)	June 2023
Makito Oono	Director (Audit and Supervisory Committee Member)	June 2024
Junko Sasaki(1)	Director (Audit and Supervisory Committee Member)	June 2019
Michiko Achilles(1)	Director (Audit and Supervisory Committee Member)	June 2024
Hidefumi Date(1)	Director (Audit and Supervisory Committee Member)	June 2023

Note:
(1) Satisfies the requirements for an external director as defined in Article 2, Item 15 of the Companies Act.

A number of our directors, as well as our executive officers, simultaneously hold positions as directors and executive officers of SuMi TRUST Holdings. In addition, certain of our directors simultaneously hold positions outside of the SuMi TRUST Group.

As of March 31, 2024, none of our directors is the owner of more than 1% of the common stock of our parent company, SuMi TRUST Holdings, and none of our directors has voting rights with respect to SuMi TRUST Holdings common stock that are different from any other holder of SuMi TRUST Holdings common stock.

Our articles of incorporation provide that we may enter into agreements with directors (excluding executive directors, etc.) to limit the liabilities of such directors. We have entered into such agreements with six directors to limit their liabilities to the extent permitted by the Companies Act if such director acts in good faith and without gross negligence in performing its duties.

Compensation

Annual Compensation and Stock Options

For the year ended March 31, 2024, the aggregate compensation we paid to our directors (excluding external directors and Audit and Supervisory Committee members) was ¥562 million and the aggregate compensation we paid to our Audit and Supervisory Committee members (excluding external directors) was ¥58 million and the aggregate compensation we paid to our external directors (excluding Audit and Supervisory Committee members) was ¥49 million and the aggregate compensation we paid to our external directors who were Audit and Supervisory Committee members was ¥45 million.

Performance-based Stock Compensation System

The compensation for our directors (as used in the remainder of this section, excluding (i) directors who are Audit and Supervisory Committee members and (ii) external directors) and executive officers previously consisted of "monthly compensation," "officers' bonuses," and "stock compensation-type stock options." We ceased to grant "stock compensation-type stock options" and a performance-based stock compensation system (the "Stock Compensation System") for our directors and executive officers was adopted by the compensation committee of SuMi TRUST Holdings on August 29, 2019. The Stock Compensation System is a stock compensation system whereby a trust (established by SuMi TRUST Holdings through contribution of money) acquires shares of SuMi TRUST Holdings, and the number of SuMi TRUST Holdings' shares corresponding to the number of points granted to our directors and executive officers will be delivered to them via the trust, and was originally adopted for the four fiscal years from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2023, and could be extended for three fiscal years for each extension. Pursuant to resolutions of our Compensation Committee on February 26, 2024 and May 27, 2024, shares of SuMi TRUST Holdings will be delivered to our directors, executive officers and executive managers in office during the extended period of three fiscal years from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026 (the "Extended Stock Compensation System").

During such three-year period, SuMi TRUST Holdings, Sumitomo Mitsui Trust Asset Management and we can contribute an increased maximum of ¥3.2 billion as aggregate compensation for the directors, executive officers and executive managers of SuMi TRUST Holdings and us and the directors and executive officers of Sumitomo Mitsui Trust Asset Management to fund acquisition of the shares of SuMi TRUST Holdings to be delivered to them under the Extended Stock Compensation System.

Under the Extended Stock Compensation System, we will grant points, with maximum of 1,067,000 points per fiscal year, to each of our directors, executive officers and executive managers. Points will be granted to directors and executive officers according to several factors, including their job ranks and the degree of attainment of performance targets, while points will be granted to executive managers according to job rank and individual evaluation, based on share delivery rules established upon introduction of the Extended Stock Compensation System. One point shall generally correspond to one share of SuMi TRUST Holdings to be granted, and the delivery of such shares will be made from the trust during the term of office of our executive managers. The voting rights associated with the shares of SuMi TRUST Holdings held in the trust will not be exercised, and the dividends on the shares of SuMi TRUST Holdings will be held in trust and applied to, among other things, payments for acquisition of the shares of SuMi TRUST Holdings and trust fees to the trustee. With respect to assets remaining in the trust upon termination of the trust, the shares of SuMi TRUST Holdings will be acquired by SuMi TRUST Holdings without any consideration and cancelled by resolution of SuMi TRUST Holdings' board of directors; and a certain monetary amount will be donated to a special public-interest promotion corporation with which the directors and officers have no relationship of interest.

Board Practices

In June 2019, in order to further enhance its governance system, we amended our articles of incorporation to change from being a company with board of company auditors to a company with Audit and Supervisory Committee. Pursuant to the Companies Act, we are required to have, among others, a board of directors, which shall consist of directors who are Audit and Supervisory Committee members and directors who are not such members, and an Audit and Supervisory Committee, which shall consist of three or more directors, a majority of which shall be outside directors (as defined in the Companies Act).

Our articles of incorporation provides that it shall have not more than 20 directors and not more than five directors who are Audit and Supervisory Committee members. We currently have seventeen directors who are not Audit and Supervisory Committee members and five directors who are such members. Directors who are not Audit and Supervisory Committee members and directors who are such members are separately elected by our shareholders at a general meeting of shareholders. The term of office for directors who are not Audit and Supervisory Committee members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within one year after their appointment, and the term of office for directors who are such members expires at

the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within two years after their appointment, but any directors may serve any number of consecutive terms.

The board of directors has the ultimate responsibility for the administration of our affairs. The board of directors must appoint one or more representative directors from its members who are not Audit and Supervisory Committee members. Each of the representative directors has the authority to represent us in the conduct of our affairs. The board of directors must also appoint by its resolution, from the representative directors, a president. In addition, the board of directors may also appoint by its resolution, from its members who are not Audit and Supervisory Committee members, if necessary, chairmen and deputy chairmen, deputy presidents, senior managing directors and managing directors. Further, the board of directors, upon its resolution, may delegate to a director all or part of its authority to make a decision on important business and affairs except for certain matters prescribed in the Companies Act.

Our Audit and Supervisory Committee, which consists of five outside directors, has the responsibility to (i) audit the performance of duties by directors and prepare audit reports, (ii) determine a proposal concerning the appointment and dismissal of independent auditors and the refusal of reappointment of independent auditors to be submitted to general meetings of shareholders, (iii) decide opinions on appointment or dismissal or resignation of directors who are not Audit and Supervisory Committee members, in which case the Audit and Supervisory Committee may express its opinion at the general meeting of shareholders, and (iv) decide opinions on compensation of directors who are not Audit and Supervisory Committee members, in which case the Audit and Supervisory Committee may express its opinion at the general meeting of shareholders.

We must appoint an independent certified public accountant or an audit corporation as an independent auditor at a general meeting of shareholders, who has the statutory duties to examine the financial statements proposed by a representative director to be submitted to the general meeting of shareholders, and to report his or her opinion thereon to certain Audit and Supervisory Committee member designated by the Audit and Supervisory Committee to receive such report (if such Audit and Supervisory Committee members are not designated, any Audit and Supervisory Committee member) and the directors designated to receive such report (if such directors are not designated, the directors who prepared the financial statements).

Employees

On a consolidated basis, including locally hired overseas staff but excluding contract employees and temporary staff, we had 20,972 full-time employees as of March 31, 2024.

Most of our full-time non-management employees in Japan are members of a labor union. Outside Japan, some of our employees are members of local unions. We consider our labor relations with employees to be good.

Related Party Transactions

We and certain of our affiliated companies had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although for the year ended March 31, 2024, such transactions included, but were not limited to, call money, loans, deposits, guarantees and foreign exchange transactions, those transactions were immaterial and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavorable features. In addition, for the year ended March 31, 2024, SuMi TRUST Holdings executed an intercompany loan to us with the principal amount of ¥621 billion and interest rate reasonably determined taking into account market interest rates.

During the year ended March 31, 2024, none of our directors or executive officers, and none of the close members of their respective families, had any transactions that were material or any transactions that were unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party, and there were no such transactions proposed as of March 31, 2024.

During the year ended March 31, 2024, no loans were made to our directors or executive officers other than loans in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and involving no more than the normal risk of collectability or presenting other unfavorable features.

PRINCIPAL SUBSIDIARIES AND AFFILIATES

The following table sets forth information with respect to our main principal consolidated subsidiaries and affiliates as of March 31, 2024:

Name	Country of organization	Main business	Percentage of voting rights of SuMi TRUST Bank (%)	Percentage of voting rights of SuMi TRUST Group companies (%)
Domestic:				
Sumitomo Mitsui Trust Loan and Finance Co., Ltd.	Japan	Money Lending Business	100.0	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	Japan	Loan Guaranty Business	100.0	—
Sumitomo Mitsui Trust Realty Co., Ltd.	Japan	Real Estate Brokerage Business	100.0	95.0
Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Japan	Investment Advisory and Investment Management	100.0	—
Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	Japan	Consulting Business	100.00	—
Sumitomo Mitsui Trust Club Co., Ltd.	Japan	Credit Card Business	100.00	—
Sumitomo Mitsui Trust Card Co., Ltd.	Japan	Credit Card Business	100.00	50.00
Sumitomo Mitsui Trust General Service Co., Ltd.	Japan	Property Leasing and Management Business	100.00	—
Sumitomo Mitsui Trust Investment Co., Ltd.	Japan	Equity Investment Business	100.000	60.0
Sumitomo Mitsui Trust Life Partners Co., Ltd.	Japan	Non-Life Insurance Subscription Business, Life Insurance Subscription Business	100.00	—
Tokyo Securities Transfer Agent Co., Ltd.	Japan	Stock Transfer Agency Services	100.00	—
J-Eurus IR Co., Ltd.	Japan	Consulting Business	100.00	—
Japan Securities Agents, Ltd.	Japan	Stock Transfer Agency Services	85.10	—
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Japan	General Leasing, Installment Purchase Services, Credit Card Business	84.89	—

Name	Country of organization	Main business	Percentage of voting rights of SuMi TRUST Bank (%)	Percentage of voting rights of SuMi TRUST Group companies (%)
Overseas:				
Sumitomo Mitsui Trust (Ireland) Limited	Ireland	Trust Business	100.00	—
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	United States	Banking and Trust Business	100.00	—
Sumitomo Mitsui Trust (Hong Kong) Limited	Hong Kong	Securities Business	100.00	—
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	Luxembourg	Banking, Securities, Trust Businesses	100.00	—
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	Thailand	Banking Business	99.99	0.00
Equity-method affiliates:				
SBI Sumishin Net Bank, Ltd.	Japan	Banking Business	34.18	—
Cardif Assurance Vie Japan	Japan	Life Insurance Business	20.00	—
Zijin Trust Co., Ltd.	China	Trust Business	20.00	—
Nanjing Zijin Financing Lease Co., Ltd.	China	Leasing Business	20.00	5.00
Midwest Railcar Corporation	United States	Leasing Business	—	100.00

JAPANESE BANKING AND TRUST BANKING INDUSTRY

The Japanese Banking System

The Japanese banking system is broadly divided into three groups: a central bank, public financial institutions and private-sector banking institutions. The Bank of Japan is the Japanese central bank and has responsibility for the regulation of currency, the control and facilitation of credit and finance and the maintenance and development of the credit system. There are a number of public financial institutions, such as the Development Bank of Japan and the Japan Bank for International Cooperation, which have been organized in order to provide funding for specific matters and to supplement the activities of the private-sector banking institutions. Their funds are provided mainly from government sources.

Private-sector banking institutions in Japan are normally classified into three categories (the following numbers are based on information published by the FSA, available as of May 1, 2024):

- ordinary banks;
- trust banks; and
- other banks.

According to FSA classifications, there are 104 ordinary banks (not including foreign commercial banks with banking operations in Japan), 13 trust banks (including Japanese subsidiaries of foreign financial institutions) and 17 other banks.

Ordinary banks are classified as city banks, regional banks and other banks. There are four city banks, 99 regional banks (including member banks of the second association of regional banks that were originally mutual loan and savings (*sogo*) banks) and one other regional bank.

In general, the operations of ordinary banks correspond to commercial banking operations in the United States and Europe. The main sources of funds for ordinary banks are deposits from the public. City banks are distinguished from regional banks on the basis of head office location as well as the size and scope of their operations. City banks are generally much larger in terms of total assets than regional banks and city banks generally maintain nationwide operations. Unlike regional banks, city banks have strong links with large corporate clients, including major industrial companies in Japan. However, in light of deregulation and other competitive factors, many of Japan's city banks have placed increasing emphasis on other markets, including providing services to SMEs, retail banking, international operations and, more recently, investment banking and related services. In recent years, almost all of the city banks have consolidated or merged with other city banks and also, in some cases, with trust banks or long-term credit banks. Integration among these banks was achieved, in some cases, through the use of bank holding companies.

The regional banks tend to be much smaller in terms of total assets than the city banks. Generally, each of the regional banks is based in one of the prefectures of Japan and may extend its operations to neighboring prefectures. Their clients are mostly regional enterprises and local public utilities, although the regional banks also lend to large corporations. The Japanese government currently promotes mergers between regional banks to ensure the stable availability of financial services in regional areas and in May 2020, enacted special legislation to exempt such mergers from the application of certain anti-trust restrictions for 10 years.

As of August 26, 2024, there are 4 foreign banks operating banking businesses in Japan. These banks are subject to a statutory framework similar to the regulations applicable to Japanese domestic banks. Their principal sources of funds come from their overseas head offices or other branches.

Other banks includes Internet banks such as PayPay Bank Corporation, Sony Bank, Inc. and Seven Bank, Ltd., which generally do not operate stand-alone branches but which place their ATMs in convenience stores and supermarkets or enter into agreements with city banks and regional banks to grant their account holders access to established ATM networks.

Trust banks, such as us, provide various trust products, including money trusts, pension trusts and investment trusts, and offer services, including real estate services, stock transfer agency services and testamentary services, as well as retail and commercial banking services.

Certain other private-sector financial institutions in Japan, including agricultural and fisheries cooperative financial institutions, credit associations and credit unions, are mainly engaged in making loans to small businesses and individuals.

A number of government financial institutions, organized in order to supplement the activities of the private banking institutions, have been in the process of business and organizational restructuring in recent years. In October 2008, some of the government financial institutions were consolidated to form Japan Finance Corporation, which mainly provides financing for SMEs and those engaged in agriculture, forestry and fishery, and also provides export financing for Japanese corporations. In October 2008, the Development Bank of Japan, which mainly engages in corporate financing, and Shoko Chukin Bank, which mainly engages in financing for SMEs, were transformed into joint stock companies. Japan Housing Finance Agency supports housing loans of private institutions through the securitization of such loans. In April 2012, Japan Bank for International Cooperation, which provides policy-based finance with a mission to contribute to the sound development of Japan and the international economy and society, was spun off from Japan Finance Corporation and was established as a joint stock company wholly owned by the Japanese government.

The role of the postal savings system is another distinctive element of the Japanese banking system. Postal savings deposits are gathered through the network of post offices throughout Japan. In April 2003, Japan Post took over postal services, including postal savings. The postal savings system has offered a variety of types of deposits, at interest rates set by Japan Post in accordance with the policy of determination of interest rates set by Japan Post. The funds are used to finance various government activities and investments in the public sector. Japan Post Corporation was established on January 23, 2006, and on October 1, 2007 was reorganized into a holding company, Japan Post Holdings for four operating subsidiaries including Japan Post Bank, which took over the postal savings services from Japan Post. As of March 31, 2024, the balance of deposits of Japan Post Bank was over ¥192 trillion. Privatization of the banking and insurance subsidiaries, which was originally planned for completion by the end of September 2017, was suspended in December 2009. In December 2014, under the Postal Privatization Act, Japan Post Holdings, a joint stock corporation that holds shares of operating companies, published a plan for the listing of Japan Post Holdings, Japan Post Bank and JAPAN POST INSURANCE Co., Ltd. (“Japan Post Insurance”) and the gradual disposition of its shares of Japan Post Bank and Japan Post Insurance down to approximately 50% ownership. In November 2015, each of Japan Post Holdings, Japan Post Bank and Japan Post Insurance publicly offered approximately 11% of their outstanding shares, respectively, and they were listed on the Tokyo Stock Exchange. Japan Post Bank is required to receive prior approval of the Government of Japan to expand its business until Japan Post Holdings disposes of at least half of the shares of Japan Post Bank.

On September 3, 2012, Japan Post Bank announced that it had applied for approval from the FSA and Ministry of Internal Affairs and Communications to enter into the business of extending loans to individuals, including housing loans.

The present banking system evolved from measures adopted as part of the reconstruction of the Japanese economy after World War II. Such reconstruction, as it applied to financial markets, was initially guided by such principles as the separation of short-term financing from long-term financing, the separation of trust business from other types of banking, and the separation of the banking business from the securities business. The passage of the Financial System Reform Act of Japan (Act No. 87 of 1992) (the “Financial System Reform Act”) in 1992 removed many of the legal barriers between various segments of the financial services industry. As a result of this legislation and subsequent modifications to other banking laws and regulations (including those which enabled city banks themselves to engage in the trust business, effective February 2002), ordinary banks, trust banks and other banks, directly or through subsidiaries, may now engage in securities activities, and ordinary banks may engage in certain trust banking activities without restrictions. Also, the amendment to the former Securities and Exchange Act enacted in 2004 lifted the ban on banks engaging in securities intermediation. Due to the amendment made in 2004 and subsequent amendments, banks have been allowed to solicit customers for securities trades and act as intermediaries with respect to

the resulting trades for securities companies. In turn, securities companies may engage in a full range of banking and certain trust banking activities through subsidiaries. In addition, the prohibition on bank holding companies was lifted in March 1998, and the prohibition on corporate bond issuances by ordinary banks was completely lifted in October 1999.

Starting in December 1998, the barriers between the banking industry and the insurance industry have also been gradually lifted, and now banks and insurance companies can engage in insurance and banking activities, respectively, through their respective subsidiaries. Also, since December 22, 2007, banks themselves have been permitted to sell a full range of insurance products.

The Trust Banking Industry

The trust banking industry in Japan is principally regulated by the Trust Act, the Concurrent Operations Act and the Trust Business Act, which is applied to banks through the Concurrent Operations Act. Predecessors of the current Trust Act and Trust Business Act were first enacted in 1922 to facilitate the development of a sound trust system in Japan at a time when Japan's trust industry was unregulated and the trust companies were poorly organized. These laws imposed regulations on the trust industry, defined the activities in which trust companies (later, trust banks) could engage, and limited the conduct of trust activities to chartered trust companies having a sound financial base and meeting certain other regulatory requirements. As part of an effort to mobilize national savings during World War II, the Concurrent Operations Act was passed, authorizing banks to engage in trust activities, in addition to their banking activities, through the acquisition of, or merger with, existing trust companies. As a result, by the end of the war, most of Japan's trust companies had been merged into commercial banks and only seven trust companies remained.

The former Securities and Exchange Act, enacted in 1948, prohibited trust companies from underwriting and brokering securities, which activities had been important businesses for trust companies. Partially to lessen the negative impact of these new prohibitions on the profits of the trust companies, all remaining trust companies were subsequently chartered as banks under the Banking Act and were authorized to engage in trust activities pursuant to the Concurrent Operations Act. As a result, trust activities in Japan had been conducted only by trust banks, which were allowed under the Concurrent Operations Act to engage in trust banking activities as well as banking activities.

To support post-war reconstruction, Japan developed a system of specialized financial institutions. Following the introduction of loan trusts pursuant to the Loan Trust Act of Japan (Act No. 195 of 1952), as amended, trust banks developed into specialized institutions whose primary function was to use loan trusts and other consumer savings vehicles as sources of long-term financing for industrial concerns. As part of the government's policy of specialization of financial institutions, those banks not engaged primarily in trust banking activities were required to terminate their trust activities. Consequently, regional banks closed their trust departments and some of the city banks transferred their trust operations to newly established trust banks and, with the exception of one city bank, trust banks became the only entities engaged in trust activities.

Trust banks continued to function as part of Japan's system of specialized financial institutions until the early 1990s. Between the immediate post-war period and the 1990s, however, Japan's trust banks gradually broadened the scope of their business activities, spreading into new businesses such as stock transfer agency services, tax-qualified pension trusts, employee pension fund trusts, property formation trusts and public trusts.

As a result of the Financial System Reform Act, which came into effect in April 1993, trust banks are permitted to engage in certain securities activities through their subsidiaries and other financial institutions are permitted to engage in trust banking activities, either directly or through their subsidiaries.

Financial institutions, such as banks and securities firms, are permitted to engage in certain trust banking activities through the following methods:

- *Establishment of a trust bank subsidiary*. A subsidiary established by a financial institution is permitted to engage in trust banking activities. To establish a trust bank subsidiary, a financial institution must obtain authorization from the Commissioner of the FSA (a) to establish a bank subsidiary under the Banking Act and (b) to permit the newly established bank subsidiary to engage in trust banking activities under the Concurrent Operations Act.

- *Direct engagement in the trust banking business by the financial institution itself*. Since February 2002, city banks and the Norinchukin Bank (the central bank for agricultural, forestry and fishery cooperatives) have been permitted to engage directly in trust banking activities, subject to prior authorization by the Commissioner of the FSA under the Concurrent Operations Act.
- *Agency business*. Financial institutions may engage in certain trust banking activities as agents of trust banks. Prior to an amendment to the Trust Business Act that became effective on December 30, 2004, trust banks could not appoint agents to undertake trust banking activities without first obtaining authorization from the Commissioner of the FSA. Following the amendment to the Trust Business Act, subject to a requirement that agent financial institutions register with the Commissioner of the FSA, financial institutions may execute, on behalf of trust banks, intermediate trust agreements and may sell or act as selling agents for, or may execute intermediate sales of, beneficiary interests in trusts on behalf of trust banks.

Continuing deregulation of the trust banking industry has gradually broadened the scope of the trust banking activities that financial institutions are permitted to undertake through the methods described above. The trust banking activities that are only permitted to be undertaken by trust banks, and not other financial institutions, are now considerably more limited and include:

- real estate brokerage;
- certain real estate trusts for the purpose of disposing of such real estate;
- testamentary trusts; and
- testamentary processing services.

On November 26, 2004, the Trust Business Act was substantially amended to further develop and facilitate new entries into the trust banking business and this amendment became effective on December 30, 2004. The effects of the amendment include, among others:

- abolition of the limitation on the kinds of assets that may be entrusted; and
- relaxation of the requirements for entities authorized to engage in certain trust activities.

As a result of the abolition of the limitation on the types of assets that may be entrusted, various kinds of assets, including intellectual property rights, may be entrusted as trust assets, which leads to new business opportunities in the trust banking industry in Japan. The amendment's relaxation of the requirements for entities authorized to engage in certain trust activities may lead to entities other than financial institutions entering into the trust business. The amendment also eased certain regulations on the trust agency business so that only registration with the Commissioner of the FSA is required by any entity, including a financial institution, in order to commence trust agency business activities. As the result of a related amendment to the Concurrent Operations Act, authorization from the Commissioner of the FSA is no longer required in order to establish or abolish a trust agency.

On September 30, 2007, the Trust Act and amendments to the Trust Business Act came into effect. The Trust Act contained amendments which included, among others, the introduction of new types of trusts, such as business trusts, security trusts, declaration of trusts and limited liability trusts, and a realignment of provisions regarding the liability of trustees and the rights of beneficiaries. These amendments were generally designed to allow more flexible arrangements and to enhance the availability and usage of trust arrangements. The related amendments to the Trust Business Act were enacted principally to effect the introduction of such new types of trusts.

Trust bank subsidiaries of foreign banks have been doing business in Japan since 1985. There are no legal restrictions to prevent these entities from engaging in the same activities as other trust banks.

SUPERVISION AND REGULATION

Japan

Pursuant to the Banking Act, the FSA has the authority in Japan to supervise banks, bank holding companies and banks' principal shareholders (defined as shareholders of a bank having 20% (or 15% in certain cases) or more of the voting rights of a bank). In addition, the Bank of Japan has supervisory authority over banks in Japan based primarily on its contractual agreements and transactions with Japanese banks. Only companies licensed by the Prime Minister are defined as banks under the Banking Act, and a license may only be granted to a joint-stock company, with paid-up capital of ¥2 billion or more. Approval by the Prime Minister is required to become or establish a bank holding company, and a bank holding company must be a joint-stock company.

The FSA also has the authority to supervise banks with respect to their trust business under the Concurrent Operations Act. Approval from the FSA is required under the Concurrent Operations Act for a bank to engage in the trust business.

Banks which are authorized to engage in certain limited categories of financial instruments business are required to be registered with the FSA under the FIEA. Those banks are subject to supervision by the FSA with respect to the authorized financial instruments business.

The Financial Services Agency

The Prime Minister has supervisory authority over banks in Japan, which is generally delegated to the FSA, except for matters prescribed by cabinet order. The Minister for Financial Services has the power to direct the FSA and to support the Prime Minister.

The FSA's authority over banks and bank holding companies under the Banking Act includes approving: becoming a principal shareholder of a bank; reductions in bank capital; changes of corporate name; the establishment or closure of overseas offices of a bank; establishing or acquiring certain subsidiaries; a merger, corporate split or business transfer; and dissolution or discontinuation of business by an existing bank.

The FSA may request the submission of reports or other materials from a bank or its bank holding company, and make inquiries to, or inspect books and documents or other objects of, the bank or the bank holding company, if necessary in order to secure the sound and appropriate operation of the business of a bank.

The FSA may order a bank or bank holding company to suspend all or part of the bank's business operations or to remove its directors if the bank or bank holding company violates acts or regulations or its articles of incorporation or commits acts contrary to public policy and, in the case of a bank in financial difficulty, may direct the bank to hold certain property in Japan for the protection of depositors and issue other orders as it may deem necessary.

Under the prompt corrective action system (the "PCA system"), the FSA may take corrective actions if necessary to ensure the sound and appropriate management of the business of a bank. These actions include (1) requiring a bank or bank holding company to formulate and implement business improvement plans, (2) requiring it to decrease its assets or take other specific actions, and (3) issuing an order suspending all or part of the bank's business operations (in the case of a bank) or disposing of shares of a bank subsidiary (in the case of a bank holding company). In addition to the PCA system, in November 2015, the FSA published revised capital adequacy guidelines and related ordinances, under which the FSA's capital buffer rules were phased in from March 2016 and became fully effective in March 2019. See "—Regulation Regarding Capital Adequacy and Liquidity."

A prompt warning system was introduced in 2002 to enable the FSA to take precautionary measures to maintain and promote the sound operations of a troubled bank even before that bank becomes subject to the PCA system. These measures require a bank that becomes subject to the system to reform profitability, credit risk management, stability and cash flow management.

Under the Concurrent Operations Act, the FSA may order a bank engaged in the trust business to suspend all or part of a bank's trust business or the Prime Minister may revoke an approval if such bank violates acts and regulations or commits acts contrary to public policy. The FSA may also take corrective actions, including issuing an order to suspend all or part of a bank's trust business, if necessary to ensure the sound and appropriate management of a trust business.

Under the FIEA, the FSA may order a registered financial institution to suspend its authorized financial instruments business or incidental business or may revoke a registration in certain prescribed cases, including cases where a registered financial institution violates acts and regulations or where it commits a wrongful or unjust act and the circumstances are especially serious. If any director of the institution is involved in such cases, the FSA may order the registered financial institution to remove such director. The FSA also has the power to order a registered financial institution to take corrective measures if necessary and appropriate for reasons of public policy and investor protection in connection with management of the institution's business.

The Bank of Japan

The Bank of Japan is the central bank of Japan and serves as the principal instrument for the execution of Japan's monetary policy. The Bank of Japan implements monetary policy mainly by adjusting its basic discount rate and basic loan rate, conducting open market operations and imposing deposit reserve requirements. All banks in Japan maintain deposits with the Bank of Japan and rely substantially upon obtaining borrowings from, and rediscounting bills with, the Bank of Japan. Moreover, most banks in Japan maintain current accounts under agreements with the Bank of Japan pursuant to which the Bank of Japan is entitled to supervise, examine and audit the banks. The Bank of Japan's supervisory functions facilitate the execution of monetary policy, while the FSA's supervisory practices aim to maintain the sound operations of banks in Japan and promote the security of depositors.

Inspection of Banks

The Banking Act authorizes the FSA to inspect banks and bank holding companies in Japan at any time with any frequency. Inspections are conducted by officials from the FSA. The FSA monitors the financial soundness of banks and the status and performance of their control systems for business activities by evaluating banks' systems of self-assessment, auditing their accounts and reviewing their compliance with acts and regulations. Bank inspection had been performed pursuant to the FSA's Financial Inspection Manual, which emphasized the need for bank self-assessment rather than assessment based on the advice of the government authority and risk management by each bank instead of a mere assessment of assets. In December 2017, the FSA published a report on its supervisory approaches and transformation, which was revised on June 2018. Based on the report, the FSA introduced its new supervisory approaches, which include expanding the scope of its supervisory approaches from a backward-looking, element-by-element compliance check to substantive, forward-looking and holistic analysis and judgment. In December 2019, the FSA announced that the FSA's Financial Inspection Manual was repealed.

The Securities and Exchanges Surveillance Committee examines banks' business activities in connection with their financial instruments, in accordance with the FIEA.

The Bank of Japan also conducts examinations of banks. Bank of Japan examinations are normally conducted once every few years, and involve such matters as examining asset quality, risk management and reliability of operations. Through these examinations, the Bank of Japan seeks to identify problems at an early stage and give corrective guidance where necessary.

In addition, the Ministry of Finance conducts examinations of banks in relation to foreign exchange transactions under the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949). Such examinations generally are conducted once every few years.

Regulation Regarding Capital Adequacy and Liquidity

The FSA's capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the FSA, including us and SuMi TRUST Holdings, closely

follow the BCBS risk-adjusted approach and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-adjusted capital framework of the FSA's capital adequacy guidelines, balance sheet assets and off-balance sheet exposures are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk in relation to the category of transactions.

In 2004, the BCBS announced the Basel II amended rules with respect to minimum capital requirements, including amended risk weight calculations, the inclusion of operational risk and the introduction of internal credit rating systems, supervisory review and market discipline through effective disclosure. These rules took effect in Japan in 2007, except for the introduction of the advanced IRB approach and the advanced measurement approach, which took effect in 2008.

In July 2009, the BCBS approved a package of measures to strengthen the rules governing trading book capital and to enhance certain elements of the Basel II framework, commonly referred to as Basel 2.5. With certain adjustments made in June 2010, the new rules took effect, and the FSA's capital adequacy guidelines, which reflect such framework, have been applied in Japan from December 2011.

In December 2009, the BCBS announced a package of proposals to strengthen global capital and liquidity regulations with the goal of promoting a more resilient banking sector. The proposals cover the following key areas:

- raising the quality, consistency and transparency of the capital base through methods such as raising the quality of the Tier 1 capital base and harmonizing other elements of the capital structure;
- strengthening the risk coverage of the capital framework;
- introducing a leverage ratio as a supplementary measure to the Basel II risk-based framework with a view to migrating to a Pillar 1 (minimum capital requirement) treatment based on appropriate review and calibration (for further information, see "—Leverage Ratio");
- introducing a series of measures to promote the build-up of capital buffers in good times that can be drawn upon in periods of stress; and
- introducing global minimum liquidity standards for internationally active banks that includes a 30-day LCR requirement underpinned by a longer-term structural liquidity ratio (for further information, see "—Liquidity Requirement").

In December 2010, the BCBS issued the Basel III rules text (later revised in June 2011), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision and endorsed by the G-20 Leaders at the Seoul summit in November 2010. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards, as summarized below.

Tier 1 capital consists of Common Equity Tier 1 and Additional Tier 1 capital. The minimum requirement for Common Equity Tier 1 capital has been raised to 4.5% of risk weighted assets when it became fully effective in January 2015. Thereafter, a capital conservation buffer, which must be met with Common Equity Tier 1 capital was phased in beginning in January 2016 at 0.625% and became fully effective in January 2019 at 2.5%. Thus the Common Equity Tier 1 requirement, including capital conservation buffer, has been 7.0% since January 2019. In addition, subject to national discretion by the respective regulatory authorities, a countercyclical buffer ranging from 0% to 2.5%, consisting of Common Equity Tier 1 or other fully loss absorbing capital, would also be imposed on banking organizations through an extension of the capital conservation buffer when the relevant national authority judges a period of excess credit growth to be leading to the build-up of system-wide risk. The countercyclical buffer for internationally active banks is calculated based on a weighted average of the buffers deployed across all the jurisdictions to which it has credit exposures.

In March 2012, the FSA published revisions to its capital adequacy guidelines that have been applied from March 31, 2013, which generally reflect rules in the Basel III rules text that have been applied from January 1, 2013. From March 31, 2016, under the FSA's new capital adequacy

guidelines, Japanese bank holding companies and banks with international operations, including us and SuMi TRUST Holdings, must maintain a Common Equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 6.0% and a total capital ratio of 8.0%. Under the revised capital guidelines, capital instruments must meet the new requirements to be included in regulatory capital.

In November 2011, the Financial Stability Board (the "FSB") released its list of 29 banks which it considers G-SIBs to which additional loss absorbency requirements above the requirement of Common Equity Tier 1 as defined by the Basel III framework would be applied. The requirements, which were determined by the FSB in accordance with the methodology issued by the BCBS in November 2011, consist of buckets from 1% to 2.5% Common Equity Tier 1 depending on a bank's systemic importance with an empty bucket of 3.5% Common Equity Tier 1 as a means to discourage banks from becoming even more systemically important. These requirements were phased in starting from January 2016 with full implementation from January 2019. The list of G-SIBs is revised and updated by the FSB on an annual basis. The FSB released in November 2023 an updated list of 29 G-SIBs, which showed their allocations to buckets corresponding to their required level of additional loss absorbency. SuMi TRUST Holdings has never been included in any of the lists of G-SIBs released from 2011 to 2023.

In October 2012, FSB announced its framework for dealing with D-SIBs and developed a set of principles on the assessment methodology and the higher loss absorbency requirement for D-SIBs. FSB considers that it would be appropriate if banks identified as D-SIBs by their national authorities are required by those authorities to comply with the principles in line with the phase-in arrangements for the G-SIBs framework, from January 2016.

In November 2015, the FSA published revised capital adequacy guidelines and related ordinances to introduce Basel III capital buffer rules for Japanese banks and bank holding companies with international operations, consisting of a capital conservation buffer and a countercyclical buffer, and additional loss absorbency requirements for G-SIBs and D-SIBs. The FSA's capital buffer rules were phased in from March 2016 and became fully effective in March 2019.

In December 2015, the FSA designated SuMi TRUST Holdings as a D-SIB, and an additional loss absorption capacity requirement has been applied to SuMi TRUST Holdings, which was phased in starting in March 2016 at 0.125% and became fully effective at 0.5% in March 2019.

If a Japanese bank, bank holding company or other financial institution fails to maintain the capital adequacy ratios, under the PCA system, the FSA may, depending upon the extent of capital deterioration of an institution, take corrective action, including requiring the institution to formulate and implement reform measures, decrease assets or take other specific actions or suspend all or part of its business operations. In addition to the PCA system, under the capital distribution constraints system, which was phased in from March 2016 with full effectiveness in March 2019 based on the Basel III rules, banks and bank holding companies, excluding those who have parent banks or bank holding companies, will be required to submit and carry out a capital distribution constraints plan if they fail to satisfy the Basel III capital buffer and additional loss absorbency requirements.

In November 2015, the FSB published the final total loss-absorbing capacity ("TLAC") standard, under which G-SIBs are required to meet a minimum TLAC requirement of at least 16% of the resolution group's risk-weighted assets starting in January 2019 and at least 18% starting in January 2022. Minimum TLAC requirement must also be at least 6% of the Basel III leverage ratio denominator starting in January 2019 and at least 6.75% starting in January 2022.

In March 2019, the FSA published its public ministerial announcements, regulatory guidelines and related documents for the implementation of the TLAC standards in Japan, following the FSA's explanatory paper entitled "The FSA's Approach to Introduce the TLAC Framework," which was published in April 2016 and revised in April 2018. The Japanese TLAC standards apply to Covered SIBs, which includes (i) Japanese G-SIBs which are designated as G-SIBs by the FSA in accordance with the designation by the FSB, and (ii) any Japanese D-SIB that has been deemed by the FSA to be in particular need for a cross-border resolution arrangement and as having particular systemic significance to the Japanese financial system if it fails. The Japanese TLAC standards have applied to Japanese G-SIBs and one Japanese D-SIB from March 31, 2019 and from March 31, 2021, respectively. Neither we nor SuMi TRUST Holdings has been designated as a Covered SIB by the FSA.

In December 2017, the GHOS endorsed the outstanding Basel III regulatory reforms. The endorsed reforms include the following elements:

- a revised standardized approach for credit risk;
- revisions to the IRB approach for credit risk, where the use of the most advanced internally modeled approaches for low-default portfolios will be limited;
- revisions to the credit valuation adjustment framework, including the removal of the internally modeled approach and the introduction of a revised standardized approach;
- a revised standardized approach for operational risk, which will replace the existing standardized approaches and the advanced measurement approach;
- revisions to the measurement of the leverage ratio and a leverage ratio buffer for G-SIBs; and
- revisions to the capital floor, under which banks' risk-weighted assets must be no lower than 72.5% of total risk-weighted assets as calculated using only the standardized approaches under the revised Basel III framework, and a requirement that banks disclose their risk-weighted assets based on such standardized approaches.

On March 27, 2020, the GHOS endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of COVID-19 on the global banking system. According to the measures, the implementation timeline of the outstanding Basel III standards has been deferred by one year. The revised framework, other than revisions to the capital floor, were mainly scheduled to take effect from January 2023. The revisions to the capital floor were scheduled to be phased in from January 2023, with an initial capital floor of 50%, and will reach 72.5% by January 2028.

On March 30, 2020, in light of the above changes, the FSA announced its plan to defer the implementation of the finalized Basel III standards in Japan by one year, to March 31, 2023. The FSA issued policy proposals for implementation of the finalized Basel III standards in Japan on December 24, 2020 and the draft amendments to the regulatory notices regarding operational risk under the Basel III finalization framework on March 31, 2021. On September 28, 2021, the FSA announced its plan to allow domestic banks which do not use internal models to calculate the amount of risk to delay the application of the finalized Basel III standards in Japan for another one year, to March 31, 2024. Furthermore, on March 25, 2022, the FSA announced its plan to defer the implementation of finalized Basel III standards in Japan based on international developments and dialogue with stakeholders, (i) for domestic banks which use internal models to calculate the amount of risk and internationally active banks, including us and SuMi TRUST Holdings, to March 31, 2024 and (ii) for domestic banks which do not use internal models to calculate the amount of risk to March 31, 2025 (in both cases, excluding banks that have notified the FSA that they wish to apply Basel III standards earlier). On April 28, 2022, November 30, 2022 and December 27, 2023, the FSA published amendments to the regulatory notices and relevant guidelines applicable to banks and bank holding companies with respect to operational risk, credit risk, market risk and CVA risk under the Basel III finalization framework.

Leverage Ratio

In March 2015, the FSA published its leverage ratio guidelines, which have been in effect since March 31, 2015, requiring Japanese banks and bank holding companies with international operations to disclose leverage ratios in accordance with the methodology prescribed in FSA guidance that has been adopted to implement the relevant Basel III standard. The FSA's leverage ratio disclosure rules, which are intended to help ensure the broad and adequate capture of on- and off-balance sheet sources of leverage, are based on the text of the leverage ratio framework and disclosure requirements issued by the BCBS in January 2014. In January 2016, the GHOS agreed that the leverage ratio should be based on a Tier 1 definition of capital and should comprise a minimum level of 3%, and the GHOS discussed additional requirements for G-SIBs.

In December 2017, the definition and requirements of the leverage ratio were finalized as part of the finalized Basel III reforms, under which the leverage ratio is based on a Tier 1 definition of capital and the minimum leverage is 3%. Under the finalized Basel III reforms, in addition to meeting the minimum leverage ratio, G-SIBs are required to meet a leverage ratio buffer, which takes the form of a

Tier 1 capital buffer set at 50% of the applicable G-SIB capital surcharge, and various refinements made to the definition of the leverage ratio exposure measure based on the text of the leverage ratio framework issued by the BCBS in January 2014.

On March 15, 2019, the FSA published its guidelines implementing minimum leverage ratio requirements applicable to banks and bank holding companies with international operations, which have been in effect from March 31, 2019. Under the FSA's guidelines for the leverage ratio, banks with international operations were required to maintain a leverage ratio of at least 3% on both a consolidated basis and a non-consolidated basis, and bank holding companies with international operations were required to maintain a leverage ratio of at least 3% on a consolidated basis, respectively, from March 31, 2019 until March 31, 2024. The minimum leverage ratio has been increased from 3% to 3.15% effective from April 1, 2024 as discussed below.

In March 2020, the implementation date for the G-SIB leverage ratio buffer requirement was deferred by one year to January 1, 2023 in light of the COVID-19 pandemic. The FSA published the amendments to the regulatory notices applicable to banks and bank holding companies regarding leverage ratio requirements under the Basel III finalization framework on July 15, 2022. According to the amendments, the leverage ratio buffer requirement for G-SIBs in Japan took effect from March 31, 2023, while the finalized definition of the leverage ratio exposure measure took effect (i) for domestic banks which use internal models to calculate the amount of risk and internationally active banks, including us and SuMi TRUST Holdings, from March 31, 2024, except for banks that have notified the FSA that they wish to apply finalized Basel III standards earlier, and (ii) for domestic banks which do not use internal models to calculate the amount of risk, from March 31, 2025. In addition to that, from March 31, 2023, G-SIBs in Japan will be required to submit and carry out a capital distribution constraints plan if they fail to satisfy the leverage ratio buffer requirement.

In June 2020, under concerns regarding the increasing impact of the COVID-19 pandemic, to maintain harmonization with the monetary policy implemented by the Bank of Japan and the prudent regulations for banks and other financial institutions, the FSA introduced temporary measures to exclude outstanding balance of current accounts at the Bank of Japan from the total exposure, which is the denominator, in calculating leverage ratio when a ratio, which is separately determined by the Commissioner of the FSA taking into account an exceptional macroeconomic condition, applies as minimum regulatory requirements for leverage ratio. The temporary measures were at first implemented as effective until March 31, 2021, but were later extended to be effective until March 31, 2022 and further extended to be effective until March 31, 2024. Furthermore, on November 11, 2022, the FSA published the amendments to the regulatory notices regarding leverage ratio which provide that from April 2024 onward, the minimum leverage ratio is increased from 3% to 3.15% while the amounts of deposits to the Bank of Japan will continue to be excluded from the denominator for the calculation of the leverage ratio, taking into account exceptional macroeconomic conditions and other circumstances.

For further information on leverage ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Adequacy."

Liquidity Requirement

In October 2014, the FSA published its guidelines for the LCR applicable to banks and bank holding companies with international operations that have been applied from March 31, 2015. These guidelines are based on the full text of the LCR standard issued by the BCBS in January 2013. The LCR is intended to promote resilience to potential liquidity disruptions over a thirty-day horizon and help ensure that global banks have sufficient, unencumbered, high-quality liquid assets to offset the net cash outflows they could encounter under an acute short-term stress scenario. Under the FSA's LCR guidelines, banks with international operations must maintain LCR of at least 100% on both a consolidated basis and a non-consolidated basis and bank holding companies with international operations must maintain an LCR of at least 100% on a consolidated basis. The minimum LCR requirements were phased in from March 31, 2015 with an increase of 10% in each year starting from 60%, and reached 100% on March 31, 2019.

In January 2014, the BCBS issued final requirements for LCR-related disclosures, and the LCR disclosure guidelines of the FSA, which reflect such requirements, have been applied to banks and

bank holding companies with international operations from June 30, 2015. The LCR disclosure guidelines require such banks and bank holding companies to disclose their LCR in common templates starting from information as of June 30, 2015.

In October 2014, the BCBS issued final standard for the NSFR which requires a minimum amount of stable sources of funding at a bank relative to the liquidity profiles of the assets, as well as the potential for contingent liquidity needs arising from off-balance sheet commitments, over a one-year horizon. On March 31, 2021, the FSA published the amendments to the regulatory notices and guidelines pertaining to liquidity ratio requirements under which the NSFR was introduced in Japan with effect from September 30, 2021. Under the FSA's guidelines for the NSFR, the NSFR is defined as the ratio obtained by dividing the sum of the amounts of available stable funding by the amount of required stable funding, each as defined in and calculated pursuant to such guidelines. The minimum NSFR under the FSA's guidelines for an NSFR is 100% on a consolidated basis for Japanese banks and bank holding companies with international operations and non-consolidated basis for Japanese banks with international operations.

In June 2015, the BCBS issued final requirements for the NSFR-related disclosures, and the NSFR disclosure guidelines of the FSA, which reflect such requirements, was applied to banks and bank holding companies with international operations from September 30, 2021. The NSFR disclosure guidelines require such banks and bank holding companies to disclose their NSFR in common templates starting from September 30, 2021.

Margin Requirements for Non-centrally Cleared Derivatives

In September 2013, the BCBS and the International Organization of Securities Commissions ("IOSCO") released the final framework for margin requirements for non-centrally cleared derivatives. This framework requires high-quality liquid assets to be posted as margin on non-centrally cleared derivative transactions, which could adversely affect our liquidity position. The requirements have been phased in from September 2016. In March 2016, the FSA published the final margin requirements for non-centrally cleared derivatives, which were phased in from September 1, 2016.

On April 3, 2020, the BCBS and the IOSCO announced that, due to the impact of COVID-19, they have agreed to extend the deadline for completing the final two implementation phases of the initial margin ("IM") requirements for non-centrally cleared derivatives, by one year. Following the announcement, the FSA deferred the final two implementation phases of the IM requirements in Japan to September 1, 2021 and September 1, 2022, respectively.

Disclosure

The Financial Reconstruction Act requires banks to disclose loans and "other problem assets." Assets are classified into four categories—claims against bankrupt and practically bankrupt obligors, doubtful claims, substandard claims, and normal claims—the first three of which constitute NPLs. Generally, claims against bankrupt and practically bankrupt obligors correspond to the total of loans to borrowers in bankruptcy and the lower tier of non-accrual loans, to borrowers which are virtually bankrupt, under the Banking Act disclosure. Doubtful claims generally correspond to the higher tier portion of the non-accrual loans, to borrowers which are possibly bankrupt. Substandard claims under close observation generally correspond to the total of restructured loans and loans past due three months or more. Claims against bankrupt and practically bankrupt obligors under bankruptcy and virtual bankruptcy and doubtful claims also include non-loan assets, for example securities lending, foreign exchange, accrued interest, advanced payments and customers' liabilities for acceptances and guarantees.

Under the Banking Act, banks and bank holding companies are also required to disclose their non-performing and underperforming claims both on consolidated and non-consolidated basis as risk-monitored claims. Before the amendment of the ordinance for enforcement of the Banking Act which came into effect at the end of March 2022, risk-monitored claims were limited to loans and classified into four categories: loans to borrowers in bankruptcy, non-accrual loans, loans past due three months or more, and restructured loans. After the amendment of the ordinance for enforcement of the Banking Act, the scope and classification of risk-monitored loans became the same as the categories of NPLs under the Financial Reconstruction Act.

Banks and bank holding companies are required to prepare disclosure documents about their business and properties that include the amount of risk-monitored claims and keep them at business offices of the bank and make them available for public inspection. Banks and bank holding companies must disclose their financial statements on an annual basis. The financial statements consist of a balance sheet and income statement and explanatory documents regarding business and asset conditions, each prepared under the Banking Act, both on a non-consolidated and consolidated basis.

Certain Legal and Accounting Restrictions Applicable to Trust Banks

Under the Concurrent Operations Act, banks and other financial institutions, as permitted by the Prime Minister, are able to conduct trust businesses.

The concurrent conduct of two separate types of business, the banking business and the trust business, regulated by two separate sets of acts—the Banking Act on one hand and the Trust Act, the Trust Business Act and the Concurrent Operations Act on the other hand—has certain legal and accounting consequences. These consequences include the following:

- under the Trust Act, assets accepted in trust by a trust bank must be segregated in the accounts of such trust bank from its other assets. Accordingly, trust banks maintain two sets of records, the "banking account," which gives details of its banking business, and the "trust account," which gives details of its trust business;
- a trust bank's published audited financial statements reflect its banking account only; and
- trust account assets are not available to depositors or other creditors of a trust bank, including long-term lenders. Trust banks may guarantee the principal of loan trusts and certain types of money trusts. The resulting contingent liability in relation to such guarantee is disclosed in the notes to the financial statements of the trust bank relating to its banking account.

Self-assessment and Reserves

The PCA system requires financial institutions to establish self-assessment programs. Financial institutions, including us, are required to analyze their assets giving due consideration to accounting principles and other applicable rules, and to classify their assets into various categories, taking into account the likelihood of repayment and the risk of impairment. These classifications will determine whether an addition to or reduction in allowances or charge-offs is necessary.

The Japan Institute of Certified Public Accountants issued guidelines for accounting practices for Japanese banks in 1997. Pursuant to these guidelines, based on the outcome of each financial institution's self-assessment, substantially all of a bank's loans and other claims on customers are to be analyzed by classifying obligors into five categories:

- normal borrowers;
- caution borrowers;
- possible bankruptcy borrowers;
- virtual bankruptcy borrowers; and
- legal bankruptcy borrowers.

The allowances for possible loan losses are then calculated based on these obligor categories. In connection with the implementation of the PCA system, the Ministry of Finance issued guidelines for its examination of bank assets. These guidelines require banks to classify their assets not only by the five categories of obligor described above but also by four categories of asset quality. We have adopted our own internal guidelines for self-assessment which conform to such guidelines currently in effect and comply with the requirements of the PCA system.

Based on the Accounting Standards for Banks issued by the Japanese Bankers Association, banks, for statutory purposes, establish three categories of reserves: a general reserve; a specific reserve; and a reserve for specific overseas loan losses.

The self-assessment rule for the credit quality of the assets of financial institutions, as well as the PCA system, permit us to establish reserves for our loan portfolio based on our assessment of the probability of loss.

The FSA's Financial Inspection Manual provided guidelines for the inspection of financial institutions, including credit-risk management and the standards for charge-offs and reserves. The Financial Inspection Manual was repealed in December 2019, but FSA may exercise its authority under the Banking Act to suspend or terminate a bank's banking business based on an inspection.

The FSA issues nonbinding guidelines to clarify its interpretation and enforcement policies of the Banking Act and related regulations. It also discloses the results of its investigations of banks and other financial companies.

Single Customer Credit Limit

The Banking Act restricts the aggregate amount of loans, guarantees and capital investments to any single customer in order to avoid excessive concentration of credit risks and promote the fair and extensive use of bank credit. To align with international standards, in accordance with the "Supervisory framework for measuring and controlling large exposures" issued by BCBS in April 2014, the ordinance for enforcement of the Banking Act and related guidelines were amended in October 2019 and those amendments became effective on April 1, 2020. As a result of the amendments, the credit limit of bank holding companies, banks or bank groups with international operations for any single customer, including certain of the customer's affiliates, was lowered from 25% of the total qualifying capital to 25% of Tier 1 capital of the bank holding company, bank or bank group, with certain adjustments.

Deposit Insurance System

The Deposit Insurance Act of Japan (Act No. 34 of 1971), as amended (the "Deposit Insurance Act"), was enacted to protect depositors when deposit-taking financial institutions fail to meet their obligations. The DIC implements the act and is supervised by the Prime Minister and the Minister of Finance. Subject to limited exceptions, the Prime Minister's authority is delegated to the FSA Commissioner.

The rate of insurance premiums which the DIC receives from member deposit-taking financial institutions changes annually. From April 2022, the DIC received annual insurance premiums from member deposit-taking financial institutions, amounting to 0.021% of the amount of deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment, and 0.014% of the amount of deposits for other deposits. Premiums held by the DIC may be either deposited at deposit-taking financial institutions or used to purchase marketable securities. The insurance money may be paid out to depositors in case of a suspension of repayments of deposits, banking license revocation, dissolution or bankruptcy of a bank. Payouts are generally limited to a maximum of ¥10 million of principal amount together with any interest accrued with respect to each depositor. Only non-interest-bearing deposits that are redeemable upon demand and used by depositors primarily for payment and settlement functions are protected in full.

City banks, regional banks (including member banks of the second association of regional banks), trust banks, credit associations, credit cooperatives and labor banks participate in the deposit insurance system on a compulsory basis.

Resolution of Failed Financial Institutions

The Deposit Insurance Act also provides a permanent system for resolving failed deposit-taking financial institutions.

General Framework of Resolution Procedure

The basic method of resolution for a failed deposit-taking financial institution under the Deposit Insurance Act is cessation of the business by paying insurance money to the depositors up to the principal amount of ¥10 million plus accrued interest per depositor—the so-called "pay-off"—or transfer of the business to another deposit-taking financial institution with financial aid provided within the cost of "pay-off." Under the Deposit Insurance Act, transfer of the business is regarded as the primary method. In order to effect a prompt transfer of the business, the following framework has been established:

- A Financial Reorganization Administrator will be appointed by the FSA Commissioner and will take control of the management and assets of the failed deposit-taking financial institution. An

administrator is expected to efficiently search for a deposit-taking financial institution that will succeed the business of such failed institution.

- In the case where no successor deposit-taking financial institution can be immediately found, a "bridge bank" will be established by the DIC for the purpose of temporarily maintaining the operations of the failed deposit-taking financial institution, and the bridge bank will seek to transfer the failed deposit-taking financial institution's assets to another financial institution or dissolve the failed financial institution; and
- In order to facilitate or encourage a deposit-taking financial institution to succeed a failed business, the DIC may provide financial aid to enhance the successor financial institution's capital after succession or to indemnify any loss incurred by such succession.

Addressing Potential Financial Crises

Where it is anticipated that the failure of a deposit-taking financial institution operating in Japan may cause an extremely grave problem in maintaining financial order in Japan or in another region where such deposit-taking financial institution is operating, the following exceptional measures may be taken after consultation with the Conference for Financial Crisis Countermeasures:

- The DIC may subscribe to the shares or other instruments issued by the relevant deposit-taking financial institution or the holding company thereof and require such institution to submit to the DIC a plan to regain sound management (Item 1 measures) (*dai ichigo sochi*);
- If such financial institution fails, financial aid exceeding the cost for pay-off may be available to such institution (Item 2 measures) (*dai nigo sochi*); and
- In the case where the failed institution is a bank and the problem above cannot be avoided by the measure mentioned in the second bullet above, the DIC may acquire all of the shares of such bank (Item 3 measures) (*dai sango sochi*).
- In order to fund the above-mentioned activities, the DIC may borrow from financial institutions or issue bonds which may be guaranteed by the government.

Establishment of Orderly Resolution Regime for Financial Institutions

New effective resolution regimes for financial institutions have been discussed internationally and an agreement was reached on this issue at the G-20 Summit held in November 2011. Reflecting this global trend, on June 2013, a bill to revise the Deposit Insurance Act, which includes establishment of a new orderly resolution regime of financial institutions, was enacted and became effective on March 6, 2014. Financial institutions including banks, securities companies and insurance companies and their holding companies will be subject to a new resolution regime that includes, among others, the following features.

Under the new resolution regime, where the Prime Minister recognizes that the failure of a financial institution which falls into either of (a) or (b) below may cause significant disruption in the financial markets or other financial systems in Japan if measures described in (a) (specified Item 1 measures) (*tokutei dai ichigo sochi*) or measures described in (b) (specified Item 2 measures) (*tokutei dai nigo sochi*) are not taken, the Prime Minister may confirm that any of the following measures need to be applied to the financial institution after consulting with the Conference for Financial Crisis Countermeasures:

(a) if the financial institution is not a financial institution which is unable to fully perform its obligations with its assets, the DIC shall supervise the operation of business and management and disposal of assets of that financial institution, and may provide it with loans or guarantees necessary to avoid the risk of significant disruption in the financial systems in Japan, or subscribe for shares or subordinated bonds of, or lend subordinated loans to, the financial institution, taking into consideration the financial condition of the financial institution;

(b) if the financial institution is or is likely to be unable to fully perform its obligations with its assets or has suspended or is likely to suspend repayment of its obligations, the DIC shall supervise the operation of business and management and disposal of assets of that financial institution, and may

provide financial aid necessary to assist a merger, business transfer, corporate split or other reorganization in respect to such failed financial institution; and

if a measure set out in (b) above is determined to be taken with respect to a financial institution, the Prime Minister may order that the financial institution's operations of business and management and disposal of assets be placed under the control of the DIC. The business or liabilities of the financial institution subject to the supervision by the DIC as set forth above may also be transferred to a "bridge bank" established by the DIC for the purpose of the temporary maintenance and continuation of operations of, or repayment of the liabilities of, such financial institution, and the bridge bank will seek to transfer the financial institution's business or liabilities to another financial institution or dissolve the financial institution.

The expenses for implementation of the measures under this regime will be borne by the financial industry, with an exception under which it may be partially borne by the government of Japan.

Restriction on Aggregate Shareholdings by a Bank

The Act Concerning Restriction on Shareholdings by Banks of Japan (Act No. 131 of 2001) requires Japanese banks and their qualified subsidiaries to limit the aggregate market value (excluding any unrealized gains) of their holdings of equity securities issued by listed companies to an amount equal to 100% of their consolidated Tier 1 capital, with adjustments, in order to reduce exposure to stock price fluctuations.

For the purposes of the above requirement, a bank's "holdings of equity securities" is defined as the sum of:

- the amount of equity securities owned by the bank and its consolidated subsidiaries; and
- the product of the amount of equity securities owned by the bank's non-consolidated subsidiaries, multiplied by the bank's minority interests in the non-consolidated subsidiaries' profits and losses calculated according to the equity method, divided by the total amount of those profits and losses.

Special Measures Act Concerning Facilitation of Reorganization by Financial Institutions, Etc.

Under the Special Measures Act Concerning Facilitation of Reorganization by Financial Institutions, Etc. of Japan (Act No. 190 of 2002):

- for one year after the merger or transfer of the entire business of a financial institution, the maximum amount to be covered by deposit insurance will be ¥10 million multiplied by the number of parties to the merger or business transfer; and
- a financial institution will be entitled to enjoy the benefit of certain simplified procedures for the forms of reorganization.

The Financial Instruments and Exchange Act

The FIEA regulates the securities industry and most aspects of securities transactions in Japan, including public offerings, private placements and secondary trading of securities, ongoing disclosure by securities issuers, tender offers for securities, organization and operation of securities exchanges and self-regulatory organizations and registration of securities companies. The Prime Minister has the authority to regulate the securities industry and securities companies, which authority is generally delegated to the FSA Commissioner under the FIEA. The Securities and Exchange Surveillance Commission, an external agency of the FSA, is independent from the Agency's other bureaus and is vested with authority to conduct day-to-day monitoring of the securities markets and to investigate irregular activities that hinder fair trading of securities, including inspection of securities companies as well as banks in connection with their securities business. Furthermore, the FSA Commissioner delegates certain authority to the Director General of the Local Finance Bureau to inspect local securities companies and their branches. A violation of applicable acts and regulations may result in various administrative sanctions, including revocation of registration or authorization, suspension of business or an order to discharge any director or executive officer who has failed to comply with applicable acts and regulations. Securities companies are also subject to the rules and regulations of the Japanese stock exchanges and the Japan Securities Dealers Association, a self-regulatory organization of securities companies.

Deregulation of the Securities Business by a Bank

Article 65 of the former Securities and Exchange Act, before the deregulation described below, was intended to clearly separate the commercial banking business from the securities business in Japan, which was defined to include dealing, brokerage, underwriting and distribution of securities. Under this act, banks could not engage in any securities business except for approved activities. Due to gradual deregulation, the banks are currently permitted to:

- underwrite and deal in JGBs, Japanese local government bonds, Japanese government guaranteed bonds, commercial paper and certain bonds issued by SPCs;
- sell beneficiary certificates of investment trusts and securities issued by an investment company; and
- engage in listed or OTC securities derivatives transactions, as well as in the securities intermediary business, each subject to registration with the FSA.

Protection of Personal Information

The Act on the Protection of Personal Information became fully effective in 2005. The act and related rules, regulations and guidelines impose various requirements on businesses that use databases containing personal information, such as appropriate custody of such information and restrictions on sharing of such information with third parties. The Personal Information Protection Commission may advise or order an institution to take proper action if it violates certain provisions of the act. Noncompliance with an order issued by the Personal Information Protection Commission to take necessary measures to comply with the act subjects an institution to criminal and/or administrative sanctions.

Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto

Owing to deregulatory measures in the banking and finance industry, more financial products, including highly structured and complicated products, may now be marketed to various customers. The Act on Sales, Etc. of Financial Products of Japan (Act No. 101 of 2000) was enacted to better protect customers from incurring unexpected losses as a result of purchasing these financial products. Under this act, sellers of financial products have a duty to their potential customers to explain the nature and magnitude of risk involved and other important matters regarding the financial products that they sell. If a seller fails to comply with the duty, the loss in value of the purchased investment product is refutably presumed to be the amount of the customer's loss. An amendment to this act, together with other related acts, that became effective in 2007 enlarged the scope of duty of financial services providers to inform customers of important matters related to the financial products that they offer.

On June 12, 2020, certain amendments to the Act on Sales, Etc. of Financial Products were promulgated, and became effective on November 1, 2021. Per these amendments, the name of the Act changed to "the Act on Provision of Financial Services." The amendments introduced a registration as a financial services intermediary business, registrants are able to provide intermediary services for each of banking, securities and insurance. The amendments to the Act do not require any provider of financial services intermediary business to belong to a specific financial institution, but impose certain regulations to protect customers, including limitations on the type of services that they may provide and prohibitions on the acceptance of assets of customers and lodging a security deposit.

In November 2023, the Act was amended. A part of the amendment took effect on February 1, 2024 and the Act was renamed as "Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto".

Act Preventing Transfer of Profits Generated from Crime

Under the Act Preventing Transfer of Profits Generated from Crime of Japan (Act No. 22 of 2007), which addresses money laundering and terrorism concerns, financial institutions and some other entities, such as credit card companies, are required to undertake customer identification, submit suspicious transaction reports and keep records of their transactions.

Acts Concerning Protection of Depositors and Relief for Victims of Certain Types of Fraud

The Act Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards of Japan (Act No. 94 of 2005) became effective in 2006. This act requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits made using forged or stolen bank cards. The act also requires financial institutions to compensate depositors for any amount illegally withdrawn using forged or stolen bank cards, subject to conditions.

The Act Concerning Payment of Dividends for Relief of Damages from Funds in Account Used in Connection with Crimes of Japan (Act No. 74 of 2007) became effective in 2008. This act requires that financial institutions take appropriate measures against various crimes, including the closing of accounts used in connection with fraud and other crimes. The act also requires financial institutions to make, in accordance with specified procedures, payments from funds collected from the closed accounts to victims of certain crimes.

Economic Security Promotion Act

On May 18, 2022, the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (the "Economic Security Promotion Act") (*Keizai Shisaku wo Ittaiteki ni Kozuru koto ni yoru Anzen Hosho no Kakuho no Suishin ni kansuru Houritsu*) (Act No. 43 of 2022, as amended) was promulgated, and became fully effective in May 2024. One of the purposes of this law is to ensure the stable provision of Essential Infrastructure Services (electricity, gas, water, financial services, etc.) (*tokutei shakai kiban ekimu*). For such purpose, Specified Essential Infrastructure Service Providers (*tokutei shakai kiban jigyo sha*) are subject to prior filing and screening by the authorities when intending to introduce Specified Critical Facilities (*tokutei juyo setsubi*) or to entrust another enterprise to conduct critical maintenance, management and control of Specified Critical Facilities. The authorities may issue recommendations and orders based on the outcomes of such filings and screenings. On November 16, 2023, we were designated as Specified Essential Infrastructure Service Provider.

Capital Injection

In 2008, in response to the financial turmoil, amendments to the Act on Special Measures for Strengthening Financial Functions of Japan (Act No. 128 of 2004) and the Special Measures Act Concerning Facilitation of Reorganization by Financial Institutions, Etc. and other related legislation were enacted by the Diet in order to authorize capital contributions to financial institutions by the Japanese government. The amendments extended to March 31, 2012 the deadline for financial institutions to apply to the government for capital contributions, which had expired on March 31, 2008, and included other revisions of the government requirements associated with capital contributions intended to facilitate the financing of SMEs and amendments which permit the government to make capital contributions to credit cooperatives, credit unions and other types of cooperative financial institutions. In June 2011, in response to the March 2011 Great East Japan Earthquake, amendments to the Act on Special Measures for Strengthening Financial Functions were enacted and the deadline described above was extended to March 31, 2017. The amendments also include special exceptions for financial institutions affected by the March 2011 Great East Japan Earthquake that need capital enhancement to facilitate extension of loans in their main business area. In 2016, in response to changes in the financial and capital markets, further amendments to the Act on Special Measures for Strengthening Financial Functions were enacted and the deadline described above was extended to March 31, 2022. Furthermore, in order to strengthen business bases of financial institutions by addressing the effects resulting from COVID-19 preventive measures against the coronavirus pandemic, the Act was amended in June 2020 to establish special exceptions for financial institutions that need to improve their capital adequacy due to the adverse effects of COVID-19 and to extend the period for application to March 31, 2026.

Banks' Shareholdings Purchase Corporation

In March 2009, in order to facilitate the disposition of shares of listed stocks held by banks while preventing adverse effects caused by sales of large amounts of shares in a short period of time, legislation restarting share purchases by the Banks' Shareholdings Purchase Corporation of listed shares from banks and certain other financial institutions under certain conditions was enacted and became effective.

Base Erosion and Profit Shifting ("BEPS")

In July 2013, the Organization for Economic Co-operation and Development (the "OECD") published the Action Plan on Base Erosion and Profit Shifting ("BEPS") in order to prevent exploiting of gaps and mismatches in tax rules and artificial shifting of profits to low or no-tax locations. In October 2015, the OECD published the final package of measures for a comprehensive, coherent and coordinated reform of the international tax rules for 15 key areas. These measures are to be implemented either in domestic laws or in the network of bilateral tax treaties. Some of the deliverables published by the OECD have been partially reflected to Japanese tax regulations by the tax reforms adopted for the last several years and to certain several bilateral tax treaties to which Japan is a party by means such as the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in Japan.

In October 2021, 136 countries have agreed OECD/G20 Inclusive Framework on BEPS ("IF") that stipulates two-pillar solution. Pillar 2 is to ensure minimum level of taxation of at least 15% (global minimum taxation). In accordance with IF, the Income Inclusion Rule ("IIR") of Pillar 2 was introduced as part of Japan's tax reforms. The IIR stipulates that a constituent entity ("CE") of a multinational enterprise group ("MNE Group") that meets the consolidated revenue threshold is subject to an additional tax if the effective tax rate in the low-tax jurisdiction for any CE of the MNE Group is below the minimum tax rate of 15%.

United States

Our United States operations subject us to extensive federal and state banking and securities supervision, regulation and enforcement authority by various regulators in the United States. We engage in U.S. banking activities directly through an uninsured branch in New York and have a representative office in New York. We also control a U.S. bank subsidiary, SuMiTBUSA, and a U.S. investment adviser, Nikko Asset Management Americas Inc. ("NAMA").

United States Supervision

We and SuMi TRUST Holdings are qualifying "foreign banking organizations" under the U.S. International Banking Act of 1978, as amended (the "International Banking Act") and are "bank holding companies" under the U.S. Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"). As a result, we, SuMi TRUST Holdings and our U.S. operations (including SuMiTBUSA and our New York branch) are subject to oversight by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has overall responsibility for supervision of foreign banking organizations in the United States. The Federal Reserve Board has broad powers to conduct examinations of our U.S. operations and coordinates examinations among U.S. banking supervisors.

SuMiTBUSA, our wholly owned U.S. bank subsidiary, is a New Jersey state-chartered bank, and its deposits are insured by the Federal Deposit Insurance Corporation (the "FDIC"). As a "qualified bank" having trust powers within the meaning of New Jersey state law, SuMiTBUSA offers custodial and securities lending services (including repurchase transactions) primarily for Japanese institutional investors and their overseas branches and affiliates. SuMiTBUSA is subject to supervision and examination by the New Jersey Department of Banking and Insurance and the FDIC.

Our New York branch is licensed by the New York Department of Financial Services (the "NYDFS") and is supervised by the NYDFS and the Federal Reserve Board. Our New York representative office is supervised by the NYDFS and the Federal Reserve Board.

In the United States, NAMA is registered as an investment adviser with the SEC and is also registered as a commodity trading adviser with the Commodity Futures Trading Commission (the "CFTC"). NAMA is also a member of the National Futures Association. NAMA provides discretionary and nondiscretionary investment advice to clients located primarily outside of the United States, but also to some clients located in the United States. NAMA's investment advisory services are largely related to advising non-U.S. clients with respect to U.S. and foreign securities.

United States Regulation

As described below, federal and state banking laws and regulations restrict our ability to engage, directly or indirectly through subsidiaries, in certain activities in the United States and impose other limitations intended to promote safety and soundness and financial stability, safeguard the deposit insurance fund and protect consumers.

Powers. We and SuMi TRUST Holdings are required to obtain the prior approval of the Federal Reserve Board before directly or indirectly acquiring the ownership or control of 5% or more of any class of voting shares of any U.S. bank, other depository institution, or bank or depository institution holding company. In addition, the activities of our and SuMi TRUST Holdings' non-bank subsidiaries are generally limited to those activities that the Federal Reserve Board has determined to be a proper incident to banking or managing and controlling banks, and the Bank Holding Company Act generally prohibits us and SuMi TRUST Holdings from acquiring, directly or indirectly, ownership or control of 5% or more of any class of voting shares of any company engaged in the United States in activities other than banking or activities deemed a proper incident to banking or managing and controlling banks. Federal Reserve Board approval is generally required for us and SuMi TRUST Holdings to acquire 5% or more of any class of voting shares of a U.S. company engaged in permissible non-banking activities. The Bank Holding Company Act also generally prohibits SuMiTBUSA and our U.S. branch from engaging in certain tying arrangements that would condition the availability or price of one product on a requirement that the customer also obtain another product from the bank or branch or any affiliate thereof.

The powers of state-chartered banks and branches generally are determined by the laws of their home states. In addition, under U.S. federal banking laws, state-chartered banks (such as SuMiTBUSA) and state-licensed branches of foreign banks (such as our New York branch) may not, as a general matter, engage as a principal in any type of activity not permissible for their federally chartered or licensed counterparts, unless (i) in the case of state-chartered banks (such as SuMiTBUSA), the FDIC determines that the additional activity would pose no significant risk to the FDIC's Deposit Insurance Fund and is consistent with sound banking practices and (ii) in the case of state-licensed branches and agencies of foreign banks (such as our New York branch), the Federal Reserve Board determines that the additional activity is consistent with sound banking practices.

Bank Capital Requirements. Our U.S. bank subsidiary, SuMiTBUSA, is subject to applicable risk-based and leverage capital guidelines of the FDIC.

United States bank holding companies and banks, including SuMiTBUSA, are subject to the rule implementing the capital standards of Basel III in the United States and addressing various other requirements (the "Capital Adequacy Rule"). The Capital Adequacy Rule sets out minimum regulatory capital requirements that apply to SuMiTBUSA as follows:

- *Common Equity Tier 1 Capital Ratio*—a common equity Tier 1 ("CET1") capital to risk-weighted assets ratio of 4.5%.
- *Tier 1 Capital Ratio (CET1 capital + Additional Tier 1 capital)*—a Tier 1 capital to risk-weighted assets ratio of 6.0%.
- *Total Capital Ratio (Tier 1 capital + Tier 2 capital)*—a total capital to risk-weighted assets ratio of 8.0%.
- Under the Capital Adequacy Rule, all banks also are subject to a CET1 leverage ratio of 4.0%.

Most banking organizations are expected to maintain capital levels well above the minimum capital ratios. The Capital Adequacy Rule includes a "capital conservation buffer" for all banks, and noncompliance will result in limitations on capital distributions and certain discretionary bonus payments. The capital conservation buffer, which applies to all three risk-based capital measures, is 2.5%, and therefore SuMiTBUSA must hold a minimum of 7% CET1 capital against total risk-weighted assets, for example, to avoid being subject to limitations on its ability to make capital distributions and certain discretionary bonus payments (taking into account the 4.5% CET1 capital ratio plus the 2.5% capital conservation buffer).

The Capital Adequacy Rule also updated the "prompt corrective action" framework applicable to insured depository institutions. SuMiTBUSA is deemed (i) "well capitalized" if it has a total risk-based capital ratio of 10.0% or more, a Tier 1 risk-based capital ratio of 8.0% or more, a CET1 risk-based

capital ratio of 6.5% or more, and a Tier 1 leverage capital ratio of 5.0% or more and is not subject to specified requirements to meet and maintain a specific capital level for any capital measure, (ii) "adequately capitalized" if it has a total risk-based capital ratio of 8.0% or more, a Tier 1 risk-based capital ratio of 6.0% or more, a CET1 risk-based capital ratio of 4.5% or more, and a Tier 1 leverage capital ratio of 4.0% or more and does not meet the definition of "well capitalized," (iii) "undercapitalized" if it has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a CET1 risk-based capital ratio of less than 4.5%, or a Tier 1 leverage capital ratio of less than 4.0%, (iv) "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a CET1 risk-based capital ratio of less than 3.0%, or a Tier 1 leverage capital ratio of less than 3.0%, and (v) "critically undercapitalized" if it has tangible equity of 2% or less of total assets.

As of June 30, 2024, SuMiTBUSA exceeded all of the capital ratio standards for a well-capitalized bank with a CET1 risk-based capital ratio of 35.47%, a Tier 1 risk-based capital ratio of 35.47%, a total risk-based capital ratio of 35.47% and a Tier 1 leverage capital ratio of 13.89%.

Limitations on Dividends and Source of Strength. The payment of dividends by SuMiTBUSA is subject to various regulatory requirements. Under New Jersey Banking Law, for example, a New Jersey-chartered stock bank generally may declare and pay dividends out of its net profits, unless there is an impairment of capital. The amount of dividends SuMiTBUSA may pay also may be limited by the principles of prudent bank management. We and SuMi TRUST Holdings are required by federal statute to serve as a source of financial strength to SuMiTBUSA and be able to provide financial assistance to the bank in the event of its financial distress.

Other Prudential Regulations. Our New York branch and SuMiTBUSA are subject to other prudential requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be made and the interest that may be charged thereon. New York State also has an asset pledge requirement for branches equal to 1% of third-party liabilities, provided that an institution designated as a "well-rated foreign banking corporation" is permitted to maintain a reduced asset pledge with a cap of U.S.$100 million. The NYDFS may require higher amounts for supervisory reasons.

Federal law establishes certain quantitative limits and other prudential requirements on loans, purchases of assets and certain other "covered transactions" between SuMiTBUSA and its affiliates, including us. Covered transactions must be on market terms that would ordinarily be offered by SuMiTBUSA to unaffiliated entities. Credit transactions with affiliates also must be secured with eligible collateral as specified by regulation. In addition, covered transactions are subject to quantitative limitations for each transaction and for all such transactions. Credit exposure arising from derivative transactions, securities borrowing and lending transactions, and repurchase/reverse repurchase agreements are also subject to these collateral and quantitative limitations.

SuMiTBUSA and our New York branch are both subject to limits on loans and extensions of credit to a single borrower. In general, outstanding loans and credit exposure to a single counterparty are limited to 15% of SuMiTBUSA's unimpaired capital and surplus, plus up to an additional 10% if the exposure is secured by readily marketable collateral. Credit exposure to derivative transactions also must be included for purposes of this lending limit. Our New York branch is subject to similar limits, measured on the basis of our capital.

Various consumer laws and regulations also affect the operations of SuMiTBUSA, and to a limited extent, our New York branch. The Gramm-Leach-Bliley Act, for example, requires SuMiTBUSA and our New York branch to take appropriate measures to safeguard customer information, to disclose their respective privacy policies to U.S. consumers and to offer them the ability to opt out of having certain of their nonpublic information disclosed to third parties. In addition, individual states have adopted more restrictive privacy protections through legislation or regulation.

Anti-money Laundering and Economic Sanctions. A major focus of U.S. governmental policy relating to financial institutions has been aimed at preventing money laundering and terrorist financing. The Bank Secrecy Act (the "BSA"), as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act") and the Anti-Money Laundering Act of 2020, contains measures to prevent and detect

the financing of terrorism and international money laundering by, among other things, imposing significant compliance and due diligence obligations on U.S. financial institutions, and establishing civil and criminal penalties for violations of U.S. anti-money laundering laws and regulations. Under the BSA, a U.S. financial institution, including a United States branch or subsidiary of a foreign bank, is required to have systems in place to detect and report transactions of a certain size and nature. For example, financial institutions subject to the BSA are generally required, among other things, to report to the U.S. Treasury any cash transactions involving more than U.S.$10,000 and to file suspicious activity reports for transactions that involve more than U.S.$5,000 and which the financial institution knows, suspects or has reason to suspect involve funds derived from illegal activities, are designed to evade the requirements of the BSA or have no lawful purpose, among other things. As required by the USA PATRIOT Act and its regulations, financial institutions, such as SuMiTBUSA, have policies and procedures with respect to, among other things, anti-money laundering compliance, suspicious activity reporting, currency transaction reporting, customer identity verification and customer risk analysis.

The United States has imposed economic sanctions against certain foreign countries, territories, governments, individuals, corporations and other entities that pose threats to the U.S. national security, foreign policy, or economy. Economic sanctions are administered primarily by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). They are intended to deny, in whole or part, the benefit of the U.S. economy to the sanctions target, by denying access to the U.S. financial system, capital markets, and import and export markets for goods, services or technology. Generally, they contain one or more of the following elements: (1) restrictions on U.S. persons' trade, financial transactions or services in, with, or for the benefit of, a sanctions target, including direct or indirect dealings in goods or services originating with, owned by, or intended for a sanctions target, including with respect to trade, investments, loans, or other financial activity; and (2) the blocking of any property or property interests (tangible or intangible) subject to U.S. jurisdiction, including property in the possession or control of a U.S. person, in which a specified government or specially designated national has any interest. Blocked assets (for example, property and bank deposits) cannot be paid out, exported, withdrawn, set off or transferred or otherwise dealt with in any manner unless a transaction is exempt from regulation or has been licensed by OFAC. In addition, non-U.S. persons can be liable for "causing" a sanctions violation by a U.S. person or can violate U.S. sanctions by exporting services from the United States to a sanctions target, for example by engaging in transactions denominated in U.S. dollars that clear through U.S. financial institutions with targets of U.S. sanctions.

While OFAC is responsible for promulgating and administering the sanctions, all of the U.S. bank regulatory agencies cooperate in ensuring that financial institutions comply with the sanctions. Violations of OFAC sanctions may result in civil penalties imposed by OFAC or bank regulatory agencies. Willful violations also carry criminal penalties, which are enforced by the U.S. Department of Justice.

The U.S. government has also implemented a number of sanctions targeting non-U.S. persons, particularly non-U.S. financial institutions, that engage in certain activities undertaken outside the United States and that do not involve any U.S. persons ("secondary sanctions") that involve Iran, North Korea, Russia, Syria, designated terrorists or terrorist organizations, or certain other sanctioned persons. If a non-U.S. financial institution were determined to have engaged in activities targeted by certain U.S. sanctions, it could lose its ability to open or maintain correspondent or payable-through accounts with U.S. financial institutions, among other potential consequences.

Failure of a financial institution to maintain and implement adequate policies, procedures and controls to prevent money laundering, terrorist financing, or economic sanctions violations could result in serious legal, reputational, and financial consequences for the institution, including increased expenses to enhance relevant compliance programs, limitations on the scope of operations, civil fines and, in the most severe cases, termination of U.S. banking licenses and criminal penalties.

U.S. Financial Reform. Both the scope of the U.S. financial laws and regulations and the intensity of supervision have increased in recent years, including most recently in response to the banking failures in March 2023. In imposing heightened prudential standards on foreign banking organizations such as us, the Federal Reserve Board is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the foreign bank holding company is subject to comparable home country standards.

The Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA"), among other things and as discussed below, revised the thresholds for total consolidated assets at which certain enhanced prudential standards apply to bank holding companies. The Biden administration has sought to implement a more stringent regulatory agenda that is focused on climate change and fair lending issues. This agenda has included a heightened focus on the regulation of loan portfolios and credit concentrations to borrowers impacted by climate change, heightened scrutiny of BSA and anti-money laundering requirements, topics related to social equity and executive compensation, and increased capital and liquidity requirements, as well as limits on share buybacks and dividends. Changes in the U.S. presidential administration or Congress may result in changes to the financial legal and regulatory framework. The impact that such U.S. administration's policy goals or any new or proposed legislation could have on the regulatory requirements currently applicable to SuMi TRUST Holdings and us remains uncertain.

Large foreign banking organizations, including us, are subject to the Federal Reserve Board's enhanced prudential standards ("EPS Rules"). The EPS Rules require certain foreign banking organizations, including us and SuMi TRUST Holdings, to certify that they are subject to home country capital standards that are broadly consistent with the Basel capital framework, including Basel III; report the results of internal liquidity stress tests that meet the BCBS's principles for liquidity risk management and incorporate multiple stress test horizons; conduct home country capital stress tests that are comparable to U.S. standards; and maintain a U.S. risk committee that oversees the risk management of its U.S. operations. The EPS Rules also require foreign banking organizations with combined U.S. assets (excluding assets held by its U.S. branches and agencies) of $50 billion or more to establish a separately capitalized top-tier U.S. intermediate holding company, but we and SuMi TRUST Holdings do not meet or exceed this threshold. The Federal Reserve Board finalized amendments to the EPS Rules in 2019 implementing EGRRCPA's revisions to the thresholds for total consolidated assets at which the enhanced prudential standards apply ("Tailoring Amendments"), but the Tailoring Amendments did not change the requirements under the EPS Rules that were already applicable to us and SuMi TRUST Holdings.

As part of the implementation of the EPS Rules, the Federal Reserve Board published a final rule, which was subsequently amended by the Tailoring Amendments, implementing single counterparty credit limits applicable to the U.S. operations of certain foreign banking organizations, such as us. The final rule in general imposes percentage limitations on net credit exposures to individual counterparties (aggregated based on affiliation), generally as a percentage of Tier 1 capital. Unless otherwise notified by the Federal Reserve Board, we may comply with the final rule by certifying to the Federal Reserve Board that we comply with a home country regime on a consolidated basis that is comparable to the Large Exposures Framework published by the BCBS. In addition, although a proposed rule has been released, a final rule for an early remediation framework applicable to foreign banking organizations has yet to be promulgated.

The Federal Reserve Board, the SEC, the OCC, the FDIC, and the CFTC (the "Volcker Rule agencies") have adopted final rules implementing Section 13 of the Bank Holding Company Act, known as the "Volcker Rule." The final rules, as amended, restrict the ability of banks, bank holding companies, and their affiliates (called "banking entities") to engage as principal in proprietary trading activities or sponsor, invest in, or retain investments in certain private equity, hedge or similar funds, but a number of exclusions and exemptions limit the final rules' extraterritorial reach. We, SuMi TRUST Holdings and both of our affiliates, as banking entities, have programs in place to comply with the Volcker Rule and its regulations.

FDIC-insured institutions, such as SuMiTBUSA, are subject to the FDIC deposit insurance assessment framework (the amounts paid into the Deposit Insurance Fund of the FDIC), with assessment amounts based on an FDIC-insured institution's total assets less tangible equity, rather than U.S. domestic deposits.

Furthermore, the compensation practices of our U.S. operations are subject to oversight by the Federal Reserve Board and other financial regulators. The scope and content of compensation regulation in the U.S. financial industry are continuing to develop, and we expect that these regulations and resulting market practices will continue to evolve.

U.S. Enforcement

Federal and state banking regulators have broad powers with respect to SuMiTBUSA and our New York branch to enforce compliance with their laws, including powers to commence formal and informal enforcement actions that may involve removal of directors or officers, involuntary termination of insurance, imposition of civil money penalties, criminal penalties or revocation of licenses to do business, in the most severe cases.

Under the International Banking Act, the Federal Reserve Board may terminate the activities of any U.S. office of a foreign bank if it determines (i) that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country (unless the home country is making demonstrable progress toward establishing such supervision), (ii) that there is reasonable cause to believe that such foreign bank or its affiliate has violated the law or engaged in an unsafe or unsound banking practice in the United States and, as a result of such violation or practice, the continued operation of the U.S. office would be inconsistent with the public interest or with the purposes of federal banking laws, or (iii) for a foreign bank that presents a risk to the stability of the United States financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk.

Other Jurisdictions

Our operations elsewhere in the world are subject to regulation and control by local supervisory authorities, including local central banks.

DESCRIPTION OF THE NOTES

The general terms and conditions in this base offering circular will apply to each series of Notes offered under the Global Medium Term Notes Program as described herein, unless otherwise specified in an applicable supplement or pricing term sheet. In the event (and to the extent) that the terms and conditions described in this base offering circular conflict with the terms and conditions described in an applicable supplement or pricing term sheet, the terms and conditions of the supplement or pricing term sheet shall control. The following summaries of certain provisions of the Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Notes and the Indenture, including the definitions contained therein of certain terms.

General

We may offer from time to time Notes in one or more series with terms and conditions described in this base offering circular, including an applicable supplement hereto. The specific terms of each series of Notes will be set forth in a supplement or pricing term sheet. The maximum aggregate principal amount of all Notes from time to time outstanding under the Program will not exceed U.S.$30,000,000,000 (or its equivalent if any Notes denominated in a currency other than U.S. dollars are issued under the Program). We may increase the amount of the program limit in accordance with the terms of the program agreement.

We may offer Notes (A) outside the United States to persons other than U.S. persons (as such term is defined in Rule 904 under the Securities Act, each a non-U.S. person) in offshore transactions pursuant to Regulation S and/or (B) to qualified institutional buyers within the meaning of Rule 144A in reliance on the exemption from registration provided by Rule 144A.

Notes offered pursuant to Rule 144A are referred to as "Rule 144A Notes." Notes offered pursuant to Regulation S are referred to as "Regulation S Notes."

The Notes will be issued pursuant to an Indenture dated as of March 3, 2021, between us, The Bank of New York Mellon, as trustee, DTC paying agent, DTC transfer agent and DTC registrar, The Bank of New York Mellon, London Branch, as ICSD paying agent and The Bank of New York Mellon SA/NV, Luxembourg Branch, as ICSD transfer agent and ICSD registrar as may be amended or supplemented prior to the issue of a series of Notes (the "Indenture"). The Indenture is not required to be, and have not been, qualified under the Trust Indenture Act of 1939, as amended.

The Notes will be issued in fully registered form in denominations specified in the applicable supplement or pricing term sheet, and which in the case of a series of Notes denominated in U.S. dollars are expected to be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof, and in the case of a series of Notes denominated in euro are expected to be €100,000 and integral multiples of €1,000 in excess thereof.

The term "Business Day" means (A) (i) in the case of a payment in U.S. dollars, a day in New York, London and Tokyo that is not a day on which banking institutions are authorized by law or regulation to close, (ii) in the case of a payment in euro, a day in London and Tokyo that is not a day on which banking institutions are authorized by law or regulation to close and on which the TARGET2 System is operating or (iii) in the case of any other payments, a day that in London and Tokyo that is not a day on which banking institutions are authorized by law or regulation to close and on which foreign exchange transactions may be carried on in the relevant currency in the principal financial center of the country of such currency and (B) such other days as are specified in the applicable supplement or term sheet.

Ranking of the Notes

Each series of Notes will constitute our direct, unconditional, unsubordinated and (subject to the provisions described in "—Negative Pledge") unsecured obligations and rank *pari passu* and without preference among themselves and with all of our other unsecured, unsubordinated obligations (except for statutorily preferred obligations) from time to time outstanding.

Maturity

Notes to be issued under this Program may have any maturity between seven days and 30 years. The maturity date for a series of Notes will be specified in the applicable supplement or pricing term sheet.

Issue Price

Notes to be issued under this Program may be issued at par or at a discount from, or premium over, par and either on a fully paid or a partly paid basis. The Notes may be offered by dealers at a fixed price or at a price that varies depending on market conditions.

A Note may be an original issue discount note. A Note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount note may be a zero-coupon note.

Interest on the Notes

Unless otherwise specified in the applicable supplement or pricing term sheet, each series of Notes will bear interest from the issue date of the relevant series of Notes at either:

- a fixed rate of interest described in the applicable supplement or pricing term sheet (such Notes, the "Fixed Rate Notes"); or
- a floating rate per annum plus a spread, each as specified in the applicable supplement or pricing term sheet (such Notes, the "Floating Rate Notes").

Listing of Notes

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for the quotation of, any Notes issued pursuant to the Program and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Any application for the listing of Notes on the SGX-ST will be made separately with respect to each such issue of Notes. For so long as any series of Notes is listed on the SGX-ST and the rules of the SGX-ST so require, such series of Notes will be traded on SGX-ST a minimum board lot size of at least U.S.$200,000 (or its equivalent in foreign currencies).

The relevant supplement or pricing term sheet in respect of any series of Notes will specify whether the Notes will be listed and, if so, on which stock exchange the Notes are to be listed. If specified in an applicable supplement or pricing term sheet, a series of Notes may be unlisted.

Information in the Relevant Supplement or Pricing Term Sheet

The applicable supplement or pricing term sheet will describe one or more of the following terms of a series of Notes:

- the currency in which the Notes are denominated;
- the aggregate principal amount of the Notes;
- the denomination (and any integral multiples of a smaller denomination thereof) of the Notes;
- the issue date and the stated maturity date of the Notes;
- if the Notes are a series of Fixed Rate Notes, the rate at which the Notes will bear interest, the interest payment dates, and the applicable day count fraction;
- if the Notes are a series of Floating Rate Notes, the initial interest rate, interest rate basis, the applicable interest determination, calculation and payment dates, and the applicable day count fraction and business day convention;
- if the Notes are a series of original issue discount notes, the yield to maturity;
- if applicable, any additional circumstances under which the Notes may be redeemed at our option before the stated maturity date, including any redemption commencement date, redemption price(s) and redemption period(s), other than as described herein;

- if applicable, the circumstances under which a holder of the Notes may demand repayment of the Notes before the stated maturity date, including any repayment commencement date, repayment price(s) and repayment period(s);
- any other terms of the Notes, which are different from those described in this base offering circular;
- the use of proceeds, if materially different than those discussed in this base offering circular;
- the applicable Common Codes, ISINs and CUSIPs;
- the price at which we originally issue the series of Notes, expressed as a percentage of the principal amount;
- the name(s) of the dealer(s) or syndicate of the dealers that are to offer and sell the Notes; and
- the name of any stabilization manager(s).

Payments of Principal and Interest

Fixed Rate Notes

Each series of Fixed Rate Notes will bear interest at the rate per annum specified in the applicable supplement or pricing term sheet from the issue date specified in the applicable supplement or pricing term sheet. Interest will be payable in arrears on the interest payment dates specified in the applicable supplement or pricing term sheet (each, a "fixed rate interest payment date"), commencing on the first such date after the issue date, to the persons in whose names the Fixed Rate Notes are registered as of the close of business on the fifteenth calendar day preceding such interest payment date (whether or not it is a Business Day) (subject as provided in the following paragraph).

Notwithstanding the above, all payments in respect of Notes represented by a Global Note and held by a common depositary on behalf of Euroclear and Clearstream will be made to, or to the order of, the person whose name is entered on the register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

Interest on each series of Fixed Rate Notes will accrue to but excluding the relevant fixed rate interest payment date.

Unless otherwise specified in the applicable supplement or pricing term sheet, the amount of interest payable in respect of any Fixed Rate Note for less than or more than a full interest period shall be equal to the product of the rate of interest per annum specified in the applicable supplement or pricing term sheet, the denomination (or common integral multiple) of the Fixed Rate Notes (or, in respect of Fixed Rate Notes represented by a Global Note, the aggregate principal amount of the series of Notes), and the day count fraction for such period of interest.

The day count fraction for calculating interest on any series of Fixed Rate Notes will be specified in the applicable supplement or pricing term sheet. In the case of a series of Fixed Rate Notes denominated in U.S. dollars, interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Unless otherwise specified in the applicable supplement or pricing term sheet, in the case of a series of Fixed Rate Notes denominated in any other currency, interest will be calculated on the basis of the actual number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the interest period in which the period falls.

If any payment of principal or interest on any series of Fixed Rate Notes is due on a day, including the maturity date, that is not a Business Day, such payment will be made on the date that is the next succeeding Business Day. Payments postponed to the next succeeding Business Day in this situation will be treated under the Indenture as if they were made on the original due date. Postponement of this kind will not result in a default under the Fixed Rate Notes or the Indenture, and no interest will accrue on the postponed amount from the original due date to the next succeeding Business Day.

All payments in respect of each series of Fixed Rate Notes will be subject in all cases to any applicable fiscal laws or other laws and regulations, and, except as provided in "—Payment of Additional Amounts" below, no additional amounts will be payable as a result of the withholding or deduction of any taxes or duties of whatever nature imposed or levied as a result of such laws or regulations.

Floating Rate Notes

Except as specified under "—SOFR Floating Rate Notes" with respect to any series of SOFR Floating Rate Notes:

Each series of Floating Rate Notes will bear interest at a floating rate per annum specified in the applicable supplement or pricing term sheet, from the issue date specified in the applicable supplement or pricing term sheet. The initial interest rate, interest rate basis, the applicable interest determination, calculation and payment dates, and the applicable day count fraction and business day convention will be set forth in the applicable supplement or pricing term sheet.

Unless otherwise specified in an applicable supplement or pricing term sheet:

Interest will be payable in arrears on the interest payment dates specified in the applicable supplement or pricing term sheet (subject to adjustment to make such date a Business Day, as described below, each, a "floating rate interest payment date" and, together with the fixed interest payment dates, the "interest payment dates") commencing on the first such date after the issue date, to the persons in whose names the Floating Rate Notes are registered as of the close of business on the fifteenth calendar day preceding such floating rate interest payment date (whether or not a Business Day) (subject as provided in the following paragraph).

Notwithstanding the above, all payments in respect of Notes represented by a Global Note and held by a common depositary on behalf of Euroclear and Clearstream will be made to, or to the order of, the person whose name is entered on the register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment.

Unless otherwise specified in the applicable supplement or pricing term sheet, the amount of interest payable in respect of any Floating Rate Note for an interest period shall be equal to the product of the rate of interest per annum specified in the applicable supplement or pricing term sheet, the denomination (or common integral multiple) of the Notes (or, in respect of Notes represented by a Global Note, the aggregate principal amount of the series of Notes), and the day count fraction for such period of interest.

Unless otherwise specified in the applicable supplement or pricing term sheet, the day count fraction for calculating interest on any series of Floating Rate Notes for each interest period will be the actual number of days in an interest period and a 360-day year.

Interest on each series of Floating Rate Notes will accrue for each interest period to but excluding the relevant floating rate interest payment date.

An "interest period" is the period from and including the immediately preceding floating rate interest payment date (as adjusted to make such date a Business Day, as described below) to but excluding the relevant floating rate interest payment date (as adjusted to make such date a Business Day, as described below). The first interest period in respect of any series of Floating Rate Notes will begin on and include the issue date and will end on but exclude the first floating rate interest payment date. The interest rate applicable to the first interest period will be determined by the relevant calculation agent on the date specified in the applicable supplement or pricing term sheet.

If any floating rate interest payment date (other than the maturity date) in respect of any series of Floating Rate Notes would fall on a day that is not a Business Day, that floating rate interest payment date will (unless an alternative business day convention is specified in the applicable supplement or pricing term sheet) be adjusted to the day that is the next succeeding Business Day, unless such Business Day is in the next succeeding month, in which case such interest payment date will be the immediately preceding Business Day.

The maturity date for Floating Rate Notes will be the maturity date specified in the applicable supplement or pricing term sheet. In the event the date so specified is not a Business Day, the payment of interest and principal in respect of Floating Rate Notes of such series will be made on the next succeeding day that is a Business Day, and no interest on such payment shall accrue for the period from and after the date so specified.

All payments in respect of Floating Rate Notes will be subject in all cases to any applicable fiscal laws or other laws and regulations, and, except as provided in "—Payment of Additional Amounts" below, no additional amounts will be payable as a result of the withholding or deduction of any taxes or duties of whatever nature imposed or levied as a result of such laws or regulations.

Determination of Floating Interest Rate

Except as specified under "—SOFR Floating Rate Notes" with respect to any series of SOFR Floating Rate Notes":

So long as any Floating Rate Notes remain outstanding, we will maintain a calculation agent for calculating the interest rates on each series of the Floating Rate Notes. The calculation agent for the applicable series of notes will be specified in an applicable supplement or pricing term sheet.

The method of determining the applicable floating interest rate and interest payable on Floating Rate Notes of any series in any interest period shall be specified in more detail in an applicable supplement or pricing term sheet.

SOFR Floating Rate Notes

Unless otherwise specified in an applicable supplement or pricing term sheet:

Each series of SOFR Floating Rate Notes will mature on the maturity date specified in the applicable pricing term sheet (the "SOFR Floating Rate Notes Maturity Date"). Each series of SOFR Floating Rate Notes will bear interest at a rate equal to Compounded Daily SOFR (as defined herein) plus a margin (the "SOFR Floating Rate Notes Margin") per annum to be specified in the applicable pricing term sheet, payable on each interest payment date specified in the applicable pricing term sheet, subject to adjustment as explained below (each, a "SOFR Floating Rate Notes Interest Payment Date"), beginning on the first interest payment date as specified in the applicable pricing term sheet, and ending on the SOFR Floating Rate Notes Maturity Date or, if redeemed early, the date of such redemption. In no event shall the rate of interest for the SOFR Floating Rate Notes be less than 0% for any SOFR Floating Rate Notes Interest Period (as defined below).

Interest on the SOFR Floating Rate Notes will accrue from (and including) the issue date specified in the applicable pricing term sheet to (but excluding) the SOFR Floating Rate Notes Maturity Date or, if redeemed early, the date of such redemption. If any SOFR Floating Rate Notes Interest Payment Date (other than the SOFR Floating Rate Notes Maturity Date or any redemption date under "—Optional Tax Redemption") falls on a day that is not a Business Day, such SOFR Floating Rate Notes Interest Payment Date will be adjusted in accordance with the Modified Following Business Day Convention. The term "Modified Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day (and interest will continue to accrue to, but excluding, such succeeding Business Day), unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day (and interest will accrue to, but excluding, such preceding Business Day). If the SOFR Floating Rate Notes Maturity Date or redemption date under "—Optional Tax Redemption," would fall on a day that is not a Business Day, then any interest, principal or additional amounts, if any, as the case may be, will be paid on the next succeeding Business Day, and no interest shall accrue from and after the SOFR Floating Rate Notes Maturity Date or such redemption date.

The term "Business Day" as used with respect to the SOFR Floating Rate Notes means a day that is a U.S. Government Securities Business Day (as defined below) and that in New York, London and Tokyo, is not a day on which banking institutions are authorized by law or regulation to close.

We will pay interest to the person who is registered as the owner of a SOFR Floating Rate Note at the close of business on the fifteenth calendar day (whether or not a Business Day) preceding the related SOFR Floating Rate Notes Interest Payment Date.

As further described herein, on each SOFR Floating Rate Notes Interest Determination Date, the SOFR Floating Rate Notes Calculation Agent (as defined below) will calculate the amount of accrued interest payable on the applicable series of SOFR Floating Rate Notes on the related SOFR Floating Rate Notes Interest Payment Date by multiplying (i) the outstanding principal amount of the SOFR Floating Rate Notes by (ii) the product of (a) the interest rate for the relevant SOFR Floating Rate Notes Interest Period multiplied by (b) the quotient of the actual number of calendar days in the corresponding SOFR Observation Period divided by 360. We will make principal and interest payments on the SOFR Floating Rate Notes in U.S. dollars.

Secured Overnight Financing Rate

The Secured Overnight Financing Rate is published by the Federal Reserve Bank of New York and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities.

The Federal Reserve Bank of New York notes on its publication page for the Secured Overnight Financing Rate that use of the Secured Overnight Financing Rate is subject to important limitations, indemnification obligations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of the Secured Overnight Financing Rate at any time without notice.

Compounded Daily SOFR

The term "**Compounded Daily SOFR**" means, in respect of each SOFR Floating Rate Notes Interest Period, the rate of return on a daily compounded interest investment during the relevant SOFR Observation Period (with the daily SOFR reference rate as the reference rate for the calculation of interest) and will be determined by the SOFR Floating Rate Notes Calculation Agent on the relevant SOFR Floating Rate Notes Interest Determination Date in accordance with the following formula:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day "i" in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day "i";

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to d_o, representing each U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each, a "**U.S. Government Securities Business Day "i"**");

"**n_i**", for any U.S. Government Securities Business Day "i", means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day;

"**SOFR**" means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the SOFR Floating Rate Notes Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day at the SOFR Determination Time on the SOFR Administrator's Website; or

(ii) if the reference rate specified in (i) above does not appear, unless both a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date (each as defined below) have occurred, the Secured Overnight Financing Rate published on the SOFR Administrator's Website for the most recent preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR Determination Time**" means 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day;

"**SOFR Floating Rate Notes Interest Determination Date**" means the date that is five Business Days before the related SOFR Floating Rate Notes Interest Payment Date;

"**SOFR Floating Rate Notes Interest Period**" means each period beginning from (and including) the issue date specified in the applicable pricing term sheet to (but excluding) the first SOFR Floating Rate Notes Interest Payment Date, or from (and including) any SOFR Floating Rate Notes Interest Payment Date to (but excluding) the next SOFR Floating Rate Notes Interest Payment Date; *provided*, however, that, in the case of any SOFR Floating Rate Notes Interest Period during which any SOFR Floating Rate Notes become due and payable on a date other than a SOFR Floating Rate Notes Interest Payment Date, in respect of such SOFR Floating Rate Notes that become due and payable only, such SOFR Floating Rate Notes Interest Period will end on (but exclude) such date on which such SOFR Floating Rate Notes have become due and payable;

"**SOFR Observation Period**" means (i) in respect of each SOFR Floating Rate Notes Interest Period, the period from, and including, the date five Business Days preceding the first date in such SOFR Floating Rate Notes Interest Period to, but excluding, the date five Business Days preceding the SOFR Floating Rate Notes Interest Payment Date for such SOFR Floating Rate Notes Interest Period, and (ii) in respect of the payment of any interest in connection with any redemption of any SOFR Floating Rate Notes, the period from, and including, the date that is five Business Days preceding the first date in the SOFR Floating Rate Notes Interest Period in which such redemption occurs to, but excluding, the date that is five Business Days before such redemption date; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Notwithstanding anything to the contrary in the documentation relating to the SOFR Floating Rate Notes, if we or our designee determines on or prior to the relevant SOFR Floating Rate Notes Reference Time (as defined below) that a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred with respect to determining Compounded Daily SOFR or the then-current SOFR Floating Rate Notes Benchmark, then the benchmark replacement provisions set forth below under "—Benchmark Transition" will thereafter apply to all determinations of the rate of interest payable on each applicable series of SOFR Floating Rate Notes.

For the avoidance of doubt, in accordance with the benchmark replacement provisions, after a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred, the interest payable for each SOFR Floating Rate Notes Interest Period on each applicable series of SOFR Floating Rate Notes will be an annual rate equal to the sum of the SOFR Floating Rate Notes Benchmark Replacement (as defined below) and the applicable SOFR Floating Rate Notes Margin.

Unless otherwise specified in an applicable supplement or pricing term sheet, The Bank of New York Mellon will serve as the "**SOFR Floating Rate Notes Calculation Agent**" for each series of SOFR Floating Rate Notes. In the absence of gross negligence or willful default, the SOFR Floating Rate Notes Calculation Agent's determination of Compounded Daily SOFR and its calculation of the

applicable interest rate for each SOFR Floating Rate Notes Interest Period will be final and binding. The SOFR Floating Rate Notes Calculation Agent will, upon the request or direction by the Issuer, make available the interest rates for current and preceding SOFR Floating Rate Notes Interest Periods by delivery of such notice through such medium as is available to participants in DTC, Euroclear and Clearstream, or any successor thereof, and in accordance with such applicable rules and procedures as long as the SOFR Floating Rate Notes are held in global form. We have the right to replace the SOFR Floating Rate Notes Calculation Agent with respect to any series of SOFR Floating Rate Notes with another leading commercial bank or investment bank in New York or London. If the appointed office of the SOFR Floating Rate Notes Calculation Agent is unable or unwilling to continue to act as the SOFR Floating Rate Notes Calculation Agent or fails to determine the interest rate for any SOFR Floating Rate Notes Interest Period, we have a duty to appoint such other leading commercial bank or investment bank in New York or London.

Benchmark Transition

Notwithstanding anything to the contrary in the documentation relating to the SOFR Floating Rate Notes, if we or our designee determines on or prior to the relevant SOFR Floating Rate Notes Reference Time that a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred with respect to the-then current SOFR Floating Rate Notes Benchmark, the SOFR Floating Rate Notes Benchmark Replacement will replace the then-current SOFR Floating Rate Notes Benchmark for all purposes relating to each applicable series of SOFR Floating Rate Notes in respect of all determinations on such date and for all determinations on all subsequent dates. We or our designee will provide written notice to the Trustee and the SOFR Floating Rate Notes Calculation Agent of a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date.

In connection with the implementation of a SOFR Floating Rate Notes Benchmark Replacement, we or our designee will have the right to make SOFR Floating Rate Notes Benchmark Replacement Conforming Changes (as defined below) from time to time.

Any determination, decision or election that may be made by us or our designee pursuant to these SOFR Floating Rate Notes Benchmark Transition provisions, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) if made by us, will be made in our sole discretion, (iii) if made by our designee, will be made after consultation with us, and the designee will not make any such determination, decision or election to which we object and (iv) notwithstanding anything to the contrary in the documentation relating to the SOFR Floating Rate Notes, shall become effective without consent from the holders of each applicable series of SOFR Floating Rate Notes or any other party.

Any determination, decision or election pursuant to these SOFR Floating Rate Notes Benchmark Transition provisions not made by our designee will be made by us on the basis as described above. The designee shall have no liability for not making any such determination, decision or election. In addition, we may designate an entity (which may be its affiliate) to make any determination, decision or election that we have the right to make in connection with the SOFR Floating Rate Notes Benchmark Transition provisions set forth in this offering circular supplement.

For purposes of these SOFR Floating Rate Notes Benchmark Transition provisions:

"**Corresponding Tenor**" with respect to a SOFR Floating Rate Notes Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding Business Day adjustment) as the applicable tenor for the then-current SOFR Floating Rate Notes Benchmark;

"**designee**" means a designee as selected and separately appointed by us in writing;

"**ISDA Definitions**" means the 2021 ISDA Interest Rate Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the SOFR Floating Rate Notes Benchmark for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

"**SOFR Floating Rate Notes Benchmark**" means, initially, Compounded Daily SOFR; provided that if we or our designee determines on or prior to the SOFR Floating Rate Notes Reference Time that a SOFR Floating Rate Notes Benchmark Event and its related SOFR Floating Rate Notes Benchmark Replacement Date have occurred with respect to Compounded Daily SOFR (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**SOFR Floating Rate Notes Benchmark**" means the applicable SOFR Floating Rate Notes Benchmark Replacement;

"**SOFR Floating Rate Notes Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the SOFR Floating Rate Notes Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the SOFR Floating Rate Notes Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Floating Rate Notes Benchmark (or such component);

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Floating Rate Notes Benchmark (or such component), the central bank for the currency of the SOFR Floating Rate Notes Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the SOFR Floating Rate Notes Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the SOFR Floating Rate Notes Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the SOFR Floating Rate Notes Benchmark (or such component) has ceased or will cease to provide the SOFR Floating Rate Notes Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Floating Rate Notes Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Floating Rate Notes Benchmark announcing that the SOFR Floating Rate Notes Benchmark is no longer representative;

"SOFR Floating Rate Notes Benchmark Replacement" means the first alternative set forth in the order below that can be determined by us or our designee as of the SOFR Floating Rate Notes Benchmark Replacement Date:

(i) the sum of:

(a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof) for the Corresponding Tenor; and

(b) the SOFR Floating Rate Notes Benchmark Replacement Adjustment;

(ii) the sum of:

(a) the ISDA Fallback Rate; and

(b) the SOFR Floating Rate Notes Benchmark Replacement Adjustment; or

(iii) the sum of:

(a) the alternate reference rate that has been selected by us or our designee as the replacement for the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof) for the applicable Corresponding Tenor giving due consideration to any industry-accepted reference rate as a replacement for the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated floating rate notes at such time; and

(b) the SOFR Floating Rate Notes Benchmark Replacement Adjustment;

"**SOFR Floating Rate Notes Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by us or our designee as of the SOFR Floating Rate Notes Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Floating Rate Notes Benchmark Replacement;

(ii) if the applicable Unadjusted SOFR Floating Rate Notes Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by us or our designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted SOFR Floating Rate Notes Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**SOFR Floating Rate Notes Benchmark Replacement Conforming Changes**" means, with respect to any SOFR Floating Rate Notes Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of "SOFR Floating Rate Notes Interest Period," changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) we or our designee decides may be appropriate to reflect the adoption of such SOFR Floating Rate Notes Benchmark Replacement in a manner substantially consistent with market practice (or, if we or our designee decides that adoption of any portion of such market practice is not administratively feasible or if we or our designee determine that no market practice for use of the SOFR Floating Rate Notes Benchmark Replacement exists, in such other manner as we or our designee determines is reasonably practicable);

"**SOFR Floating Rate Notes Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current SOFR Floating Rate Notes Benchmark (including any daily published component used in the calculation thereof):

(i) in the case of sub-paragraph (i) or (ii) of the definition of "SOFR Floating Rate Notes Benchmark Event", the later of:

(a) the date of the public statement or publication of information referenced therein; and

(b) the date on which the administrator of the SOFR Floating Rate Notes Benchmark permanently or indefinitely ceases to provide the SOFR Floating Rate Notes Benchmark (or such component); or

(ii) in the case of sub-paragraph (iii) of the definition of "SOFR Floating Rate Notes Benchmark Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the SOFR Floating Rate Notes Benchmark Replacement Date occurs on the same day as, but earlier than, the SOFR Floating Rate Notes

Reference Time in respect of any determination, the SOFR Floating Rate Notes Benchmark Replacement Date will be deemed to have occurred prior to the SOFR Floating Rate Notes Reference Time for such determination.

"**SOFR Floating Rate Notes Reference Time**" with respect to any determination of the SOFR Floating Rate Notes Benchmark means (1) if the SOFR Floating Rate Notes Benchmark is the Compounded Daily SOFR, the SOFR Determination Time, or (2) if the SOFR Floating Rate Notes Benchmark is not the Compounded Daily SOFR, the time determined by us or our designee after giving effect to the SOFR Floating Rate Notes Benchmark Replacement Conforming Changes; and

"**Unadjusted SOFR Floating Rate Notes Benchmark Replacement**" means the SOFR Floating Rate Notes Benchmark Replacement excluding the SOFR Floating Rate Notes Benchmark Replacement Adjustment.

Further Issuances

We reserve the right, from time to time, without the consent of the holders of the Notes of a series, to issue additional Notes on terms and conditions identical to those of the Notes of a series (except as to issue date, issue price and, if applicable, the date from which interest shall accrue and the date on which interest shall be first paid), which additional Notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the Notes of such series; provided, however, that where the outstanding Notes of a series were, or the additional Notes of that series are, issued in whole or in part pursuant to Rule 144A, we shall not issue the additional Notes with the same CUSIP, ISIN or other identifying number as the Notes of that series unless such additional Notes will be treated as fungible with the outstanding Notes of such series for U.S. federal income tax purposes. We may also issue other debt securities under the Indenture as part of a separate series that have different terms from the Notes.

Scheduled Maturity Redemption

Each series of Notes will be repaid at maturity at a price of 100% of the principal amount thereof, unless otherwise specified in the applicable supplement or pricing term sheet.

Payment of Additional Amounts

Unless otherwise specified in an applicable supplement or pricing term sheet:

All payments of principal, interest and premium, if any, in respect of a series of Notes shall be made by wire transfer in the applicable currency of immediately available funds without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority therein or thereof having power to tax ("Japanese taxes"), unless such withholding or deduction is required by law. In that event, we shall pay to a holder of such Notes such additional amounts (all such amounts being referred to herein as "additional amounts") as may be necessary so that the net amounts received by it after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of such Note in the absence of such withholding or deduction.

However, no such additional amounts shall be payable in relation to any such withholding or deduction in respect of any payment on a Note under any of the following circumstances:

(i) the holder or beneficial owner of the Note is an individual non-resident of Japan or a non-Japanese corporation and is liable for such Japanese taxes in respect of such Note by reason of its (a) having some connection with Japan other than the mere holding of such Note, or (b) being a specially-related person of the issuer (as defined in "Taxation—Japanese Taxation");

(ii) (a) the holder or beneficial owner of the Note would otherwise be exempt from any such withholding or deduction but fails to comply with any applicable requirement to provide certification, information, documents or other evidence concerning its nationality, residence, identity or connection with Japan, including any requirement to provide interest recipient information (as defined below) or to submit a written application for tax exemption (as defined below) to us or the relevant paying agent, as appropriate, or (b) interest recipient

information pertaining to the holder or beneficial owner is not duly communicated through the participant (as defined below) and the relevant international clearing organization to the relevant paying agent;

(iii) the holder or beneficial owner of the Note is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (A) a designated financial institution (as defined below) that complies with the requirement to provide interest recipient information or to submit a written application for tax exemption and (B) an individual resident of Japan or a Japanese corporation that duly notifies (directly or through the participant or otherwise) the relevant paying agent of its status as not being subject to Japanese taxes to be withheld or deducted by us, by reason of such individual resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it);

(iv) the holder presents the Note for payment (where presentation is required) more than 30 days after the relevant date (as defined below), except to the extent that such holder would have been entitled to such additional amounts on presenting the same for payment on any date during such 30-day period;

(v) the holder is a fiduciary or partnership or is not the sole beneficial owner of the payment of the principal of, or any interest on, the Note, and Japanese law requires the payment of the principal of, or any interest on the Notes to be included for tax purposes in the income of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner, in each case, that would not have been entitled to such additional amounts had it been the holder; or

(vi) in any case that is a combination of any of (i) through (v) above.

Notwithstanding any other provision of the Indenture, any amounts to be paid on a series of Notes by or on behalf of us will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "FATCA Withholding"). Neither we nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

Where a series of Notes is held through a participant of a clearing organization or an international financial intermediary (each, a "participant"), in order to receive payments free of withholding or deduction by us for, or on account of, Japanese taxes, if the relevant beneficial owner of a Note of such series is (i) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of the issuer) or (ii) a Japanese financial institution (a "designated financial institution") falling under certain categories prescribed by Article 6, Paragraph (11) of the Special Taxation Measures Act and the Cabinet Order No. 43 of 1957, as amended (the "Cabinet Order") (collectively, the "Law"), all in accordance with the Law, such beneficial owner of the Notes must, at the time of entrusting a participant with the custody of the relevant Notes, provide certain information prescribed by the Law to enable the participant to establish that such beneficial owner of the Notes is exempted from the requirement for withholding or deduction of such taxes (the "interest recipient information") and advise the participant if such beneficial owner of the Notes ceases to be so exempted including the case where the relevant beneficial owner of the Notes who is an individual non-resident of Japan or a non-Japanese corporation becomes a specially-related person of the issuer.

Where a series of Notes is not held by a participant, in order to receive payments free of withholding or deduction by us for, or on account of, Japanese taxes, if the relevant beneficial owner of a Note of such series is (i) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of the issuer) or (ii) a designated financial institution, all in accordance with the Law, such beneficial owner of the Notes must, prior to each time at which it receives interest, submit to us or the relevant paying agent, as appropriate, a written application for tax exemption (*hikazei tekiyo shinkokusho*) (a "written application for tax exemption") in the form obtainable from the relevant paying agent stating, among other things, the name and address (and if applicable, the Japanese individual or corporate ID number) of such beneficial owner of the Notes, the title of the

Notes, the relevant interest payment date, the amount of interest payable and the fact that such beneficial owner of the Notes is qualified to submit the written application for tax exemption, together with documentary evidence regarding its identity and residence.

As used in this section, the "relevant date" means the date on which any payment in respect of a Note first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant paying agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of Notes of such series in accordance with the Indenture.

By subscribing for the Notes of any series, an investor will be deemed to have represented that it is a beneficial owner that is, (i) for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer or (ii) a Japanese financial institution, designated in Article 6, Paragraph (11) of the Special Taxation Measures Act. See "Taxation—Japanese Taxation."

The obligation to pay additional amounts shall not apply to (i) any estate, inheritance, sales, gift, excise, transfer, personal property or any similar tax, duty, assessment, fee or other governmental charge or (ii) any tax, duty, assessment, fee or other governmental charge that is payable otherwise than by deduction or withholding from payments of principal of or interest on the Notes; provided that, except as otherwise set forth in the Notes of the relevant series and the Indenture, we shall pay all stamp and other duties, if any, which may be imposed by Japan, the United States or any respective political sub-division or any taxing authority thereof or therein, with respect to execution and enforcement of the Indenture or as a consequence of the issuance of such series of Notes.

References to principal or interest in respect of a series of Notes shall be deemed to include any additional amounts due in respect of Japanese taxes which may be payable as set forth in such Notes and the Indenture.

Optional Tax Redemption

Unless otherwise specified in an applicable supplement or pricing term sheet, each series of Notes may be redeemed at any time, at our option, in whole but not in part, upon not less than 30 nor more than 60 days' prior notice to the Noteholders and the trustee, at a redemption price equal to 100% of the principal amount of the Notes of such series then outstanding (together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any "additional amounts" (as described below)), if we determine and certify to the trustee prior to our giving of notice of redemption that, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Japan (or any political subdivision or taxing authority of Japan) affecting taxation, or any change in the official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment, or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after the original issuance date of the relevant series of Notes, we are, or on the next interest payment date would be, required to pay any additional amounts in respect of such series of Notes in respect of Japanese taxes which cannot be avoided by measures reasonably available to us; provided that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which we would be obligated to make such payment of additional amounts in respect of such series of Notes if a payment in respect of the Notes of such series was then due. Prior to the mailing of any notice of redemption of a series of Notes pursuant to the foregoing, the Indenture requires that we deliver to the trustee an opinion of an independent tax counsel or tax consultant of recognized standing, to the effect that the circumstances referred to above exist. The trustee shall conclusively rely on and accept such opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the holders of such series of Notes.

Additional amounts are payable by us under the circumstances described under "— Payment of Additional Amounts."

Certain Covenants

Negative Pledge

So long as any series of Notes remains outstanding we will not create or permit to subsist any mortgage, security transfer, charge, pledge or other security interest for the benefit of holders of external indebtedness (as defined below) upon the whole or any part of our property, assets or revenues, present or future, to secure (i) payment of any sum due in respect of any external indebtedness issued by us or in respect of any guarantee by us of any external indebtedness issued by any person or (ii) any payment under any indemnity or like obligations relating to any external indebtedness or guarantee unless, in each case at the same time, each series of Notes outstanding are equally and ratably secured so as to rank *pari passu* with such indebtedness or guarantee or indemnity or like obligations thereof.

Notwithstanding the foregoing, (i) in the event that there is an establishment of new law or regulations or an amendment to existing laws or regulations in Japan specifically permitting or providing for the issue of covered bonds (such law or regulation, the "Covered Bond Regulation"), any arrangement relating to the segregation, including but not limited to segregation by way of a self-settled trust (*jiko shintaku*), required by or permitted under the Covered Bond Regulation of any part of our property, assets or revenues or the creation of any security interest required by the Covered Bond Regulation in respect thereof for the purpose of issuing such covered bonds shall be permitted and shall not require the creation of an equivalent security in respect of the series of Notes, provided that such arrangement is entered into in compliance with, and only to the extent required by or permitted under, the Covered Bond Regulation and such segregated property, assets or revenues qualify as collateral for, or are to be applied in priority in meeting claims of, issues of covered bonds under the Covered Bond Regulation, and (ii) any arrangement relating to the segregation, including but not limited to segregation by way of a self-settled trust (*jiko shintaku*), of any part of our property, assets or revenues for the purpose of issuing securities that are effectively similar to covered bonds shall be permitted and shall not require the creation of equivalent security in respect of the series of Notes.

"External indebtedness" means any indebtedness in the form of or represented by bonds, notes, debentures or other securities which (i) (A) are by their terms payable, or may be required to be paid in, or by reference to, any currency other than Japanese yen and (B) more than 50% of the aggregate principal amount thereof is initially distributed outside Japan by or with the authorization of the relevant issuer, (ii) are not repayable (otherwise than at the option of or due to the default of the relevant issuer) within three years from the date of their creation and (iii) are quoted, listed or ordinarily traded on any stock exchange or OTC market or other similar securities market outside Japan.

Consolidation, Merger, Sale or Conveyance

The Indenture contains provisions permitting us, without the consent of the holders of any series of Notes, to merge or consolidate with or merge into, or sell, assign, transfer, lease or convey all or substantially all of our properties or assets to any person or persons, provided that (a) we are the surviving party of such consolidation, merger, sale, assignment, transfer, lease or conveyance, or (b) the entity formed by such consolidation or into which we are merged, or the entity that acquires by conveyance or transfer our properties and assets substantially as an entirety is a joint stock company (*kabushiki kaisha*) incorporated with limited liability under the laws of Japan and expressly assumes our obligations under the Indenture and on all series of Notes or other securities issued thereunder and certain other conditions are met, including that, immediately after giving effect to such transaction, no event of default under the Indenture has occurred and is continuing. Before the consummation of the proposed consolidation, merger, sale, assignment, transfer, lease or conveyance, we shall deliver an officer's certificate, and an opinion of counsel, to the effect that the conditions set forth above and in the Indenture have been met. The trustee shall be entitled to rely conclusively upon such officer's certificate and opinion of counsel.

Events of Default

An event of default with respect to each series of Notes is defined under the Indenture as any one or more of the following events, subject to modification in a supplemental indenture, each of which we refer to in this base offering circular as an event of default, having occurred and be continuing:

(i) default by us in the payment when due of the interest, principal or premium in respect of any of the Notes of such series and the continuance of any such default for a period of 30 days after the date when due, unless we shall have cured such default by payment within such period; or

(ii) we shall fail duly to perform or observe any other term, covenant or agreement contained in the Notes of such series or in the Indenture for a period of 30 days after the date on which written notice of such failure, requiring us to remedy the same, shall have been given first to us (and to the trustee in the case of notice by holders referred to in "—Acceleration of Notes Upon an Event of Default") by the trustee or holders of at least 25% in principal amount of the then-outstanding Notes of such series (such notification must specify the event of default, demand that it be remedied and state that the notification is a "notice of default" hereunder); or

(iii) the maturity of any indebtedness for borrowed money, having in any case an aggregate principal amount for the time being outstanding of at least U.S.$50,000,000 (or the equivalent thereof) issued by us, shall have been accelerated by or on behalf of the holder of such indebtedness in accordance with the terms thereof or any agreement relating thereto, or any such indebtedness shall not have been paid when due and such failure shall not have been cured within the grace period, if any; or

(iv) we shall cease to carry on the whole or substantially the whole of our business or shall dispose of the whole or a substantial part of our assets (in either case, other than for the purpose of a consolidation, amalgamation, merger or reconstruction, provided that the continuing or successor corporation has expressly and effectively assumed our obligations under the Notes and the Indenture); or

(v) a decree or order by any court having jurisdiction shall have been issued adjudging us bankrupt or insolvent or approving a petition seeking reorganization under the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended; the "Bankruptcy Act"), the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended; the "Civil Rehabilitation Act"), the Corporate Reorganization Act of Japan (Act No. 154 of 2002, as amended; the "Reorganization Act"), the Companies Act or any other similar applicable law of Japan, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in our bankruptcy or insolvency, or of all or substantially all of our property or for the winding-up or liquidation of our affairs, shall have been issued, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or

(vi) we shall institute proceedings seeking adjudication of bankruptcy or seeking reorganization under the Bankruptcy Act, the Civil Rehabilitation Act, the Reorganization Act, the Companies Act or any other similar applicable law of Japan, or shall consent to the institution of any such proceedings or shall consent to the appointment of a receiver or liquidator or trustee or assignee in our bankruptcy or insolvency or of all or substantially all of our property, or shall make a general assignment for the benefit of creditors or shall admit in writing our inability to pay our debts generally as they become due or corporate action shall be taken by us in furtherance of any of the aforesaid purposes.

Provision and Withholding of Notice of Default

Pursuant to the Indenture, the trustee shall give notice to the holders of Notes of each series of all defaults known to the trustee which have occurred with respect to such series. The trustee shall transmit the notice within 90 days after the occurrence of an event of default, unless the defaults have been cured before the transmission of such notice.

The trustee need not do anything to ascertain whether any default or event of default has occurred or is continuing and will not be responsible to holders or any other person for any loss arising from any

failure by it to do so, and the trustee may assume that no default or event of default has occurred and that we are performing our obligations under the Indenture and the Notes unless a Responsible Officer of the trustee has received written notice of the occurrence of such default or event of default or facts establishing that we are not performing our obligations under the Indenture or the Notes, or a default or an event of default has occurred.

"Responsible Officer" means, when used with respect to the trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Specified Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of the Indenture.

"Specified Corporate Trust Office" means The Bank of New York Mellon, Singapore Branch located at One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192; Attention: Corporate Trust—Sumitomo Mitsui Trust Bank; Facsimile: +65 6883 0338.

Acceleration of Notes Upon an Event of Default

The Indenture provides that, unless otherwise set forth in a supplemental indenture, if any event of default occurs and is continuing with respect to a series of Notes, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Notes of such series, by notice in writing to us (and to the trustee if given by the holders of such series of Notes) may, and the trustee at the request of the holders of such series of Notes shall, subject to receiving indemnity and/or security to its satisfaction, declare the principal of, accrued interest and premium, if any, on the Notes of such series to be due and payable immediately.

Annulment of Acceleration and Waiver of Defaults

In some circumstances, if any or all of the events of default with respect to a series of Notes under the Indenture, other than the non-payment of the principal of the Notes of such series that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in aggregate principal amount of the Notes of such series may (if certain conditions are satisfied) annul past declarations of acceleration or waive past defaults of the Notes of such series.

Paying Agent, Transfer Agent and Registrar

Whenever we appoint a paying agent to make payments required under the Indenture and a series of Notes, such paying agent will hold all sums received by it as such agent for the payment of the principal, interest and premium, if any, (including any additional amounts) on the Notes for the benefit of the holders of the Notes or of the trustee and will make payments to such holders as provided for in the Indenture and such series of Notes.

Unless otherwise specified in an applicable supplement or pricing term sheet, The Bank of New York Mellon at 240 Greenwich Street, New York, NY 10286, United States of America, will act as DTC paying agent, DTC transfer agent and DTC registrar (collectively, the "DTC agents") for any series of Notes issued under the Program and cleared through DTC. The Bank of New York Mellon, London Branch at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom, will act as ICSD paying agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453, Luxembourg will act as ICSD transfer agent and ICSD registrar (collectively, the "ICSD agents," together with the DTC agents, the "agents") for any series of Notes issued under the Program and cleared through Euroclear and Clearstream. We may change the paying agent, transfer agent or registrar without prior notice to the holders of the Notes, and we or any of our subsidiaries may act as paying agent, transfer agent or registrar.

For so long as a series of Notes is listed on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where the Notes of such series may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Notes in definitive certificated form. In addition, in the event that a Global Note is exchanged for Notes

in definitive certificated form, an announcement of such exchange shall be made by or on our behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive certificated form, including details of the paying agent in Singapore.

Indemnification of Judgment Currency

Unless otherwise specified in an applicable supplement or pricing term sheet, we will pay to each holder of a Note and the trustee to the full extent permitted by applicable law the amount of any loss incurred by such holder and the trustee as a result of any judgment or order being given or made for any amount due under such Note and such judgment or order being expressed and paid in a judgment currency other than the currency of such series of Notes and as a result of any variation as between the rate of exchange at which the currency of such series of Notes is converted into the judgment currency for the purpose of such judgment or order and the spot rate of exchange at which the trustee on one day after which final unappealable judgment is entered is able to purchase the currency of such series of Notes with the amount of the judgment currency actually received by the holder, or, as the case may be, the trustee. This obligation will continue notwithstanding any such judgment.

Discharge, Defeasance and Covenant Defeasance

Unless otherwise set forth in a supplemental indenture, we have the ability to eliminate most or all of our obligations on any series of Notes issued under the Indenture prior to the scheduled maturity of such series of Notes if we comply with the following provisions:

Satisfaction and Discharge

We may discharge all of our obligations on any or all series of Notes issued under the Indenture, other than as to transfers and exchanges, after we have:

(i) paid or caused to be paid the principal of and interest on all of the outstanding Notes of such series (other than Notes of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture) in accordance with their terms;

(ii) delivered to the relevant registrar for cancellation all of the outstanding Notes of such series (other than Notes of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture); or

(iii) irrevocably deposited with the trustee (or its agent) cash or government obligations in trust for the benefit of the holders of such series of Notes issued under the Indenture that have either become due and payable, or are by their terms due and payable, or are scheduled for redemption, within one year, in an amount certified to be sufficient to pay on each date that they become due and payable, the principal of and interest on, and any mandatory sinking fund payments for, those Notes. The deposit of cash or government obligations for the benefit of holders of a series of Notes that are due and payable, or are scheduled for redemption, within one year will discharge obligations under the Indenture relating only to that series of Notes.

Defeasance of the Notes

We may also discharge all of our obligations, other than as to transfers and exchanges, under the Notes of any series at any time, which is referred to in this base offering circular as defeasance. Alternatively, we may be released with respect to the outstanding Notes of any series from the obligations imposed by the covenants described above limiting the creation of security interests on assets, consolidations, mergers, asset sales and leases, and elect not to comply with those sections without creating an event of default; discharge under those procedures is called covenant defeasance.

Unless otherwise specified in an applicable supplement or pricing term sheet, defeasance or covenant defeasance may be effected with respect to the Notes of any series only if, among other things:

(i) we irrevocably deposit with the trustee (or its agent) cash or government obligations (or a combination thereof) as trust funds in an amount certified to be sufficient to pay on each date that they become due and payable, the principal of and interest on the outstanding Notes of such series;

(ii) no default with respect to the outstanding Notes of such series has occurred and is continuing at the time of such deposit after giving effect to the deposit;

(iii) such deposit will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which we are bound;

(iv) we deliver to the trustee an opinion of counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the series of Notes being defeased will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance and that the beneficial owners of the series of Notes being defeased will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred;

(v) we deliver to the trustee an officer's certificate and an opinion of counsel to the effect that all conditions precedent provided for relating to the defeasance have been complied with; and

(vi) in relation to any series of Notes issued under the Program and cleared through Euroclear and Clearstream, we deliver to the trustee an opinion of counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law.

In the case of defeasance, the opinion described in clause (iv) immediately above must be based on a ruling of the U.S. Internal Revenue Service ("IRS") addressed to us or the trustee or a change in U.S. federal income tax law occurring after the date of the Indenture, since that result would not occur under current tax law.

Modification

Modification without Consent of Holders

We and the trustee may enter into supplemental indentures or amend or modify the Indenture or the Notes of any series without the consent of any holder of the Notes of such series to:

(i) secure Notes of any series issued under the Indenture; or

(ii) evidence the assumption by a successor corporation of our obligations under the Indenture; or

(iii) add covenants for the protection of the holders of the Notes; or

(iv) cure any ambiguity or correct any inconsistency; or

(v) add to, change or eliminate any of the provisions of the Indenture, provided, however, that any such addition, change or elimination shall become effective only when there is no Notes outstanding of any series issued under the Indenture created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(vi) establish the forms or terms of additional Notes of any series; or

(vii) evidence and provide for the acceptance of appointment by a successor trustee.

Modification with Consent of Holders

We and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of all affected series of outstanding Notes issued under the Indenture (voting together as a single class) may add any provisions to, or change in any manner or eliminate any of the provisions of, the Indenture or modify in any manner the rights of the holders of the Notes of any series issued pursuant to the Indenture. However, we and the trustee may not make any of the following changes to any outstanding Notes of any series issued under the Indenture without the consent of each holder that would be affected by the change:

(i) extend the final maturity of any such Notes of any series or of any installment of principal of any such Notes; or

(ii) reduce the principal amount or redemption price thereof; or

(iii) reduce the rate or extend the time of payment of interest thereon; or

(iv) reduce any amount payable on redemption thereof; or

(v) make the principal thereof (including any amount in respect of original issue discount), interest thereon, or premium, if any, payable in any coin or currency other than that provided in the Notes or in accordance with the terms thereof; or

(vi) modify or amend any provisions for converting any currency into any other currency as provided in the Notes or in accordance with the terms of such Notes; or

(vii) change our obligations to pay additional amounts; or

(viii) reduce the amount of the principal of an original issue discount note that would be due and payable upon an acceleration of the maturity of such Note or the amount provable in bankruptcy, or impair or affect the right of any holders of the Notes to institute suit for the payment thereof or, if the Notes provide therefor, impair or affect any right of repayment at the option of the holders of the Notes; or

(ix) modify or amend any provisions relating to the conversion or exchange of any of the Notes for other of our securities or for securities of other entities or for other property (or the cash value thereof) including the determination of the amount of securities or other property (or cash) into which such Notes shall be converted or exchanged, other than as provided in the antidilution provisions or other similar adjustment provisions of such Notes or otherwise in accordance with the terms of such Notes; or

(x) reduce the aforesaid percentage of any of the Notes of any particular series, the consent of the holders of such series being required for any such supplemental indenture.

Repurchases of Securities

We or any of our subsidiaries may at any time purchase any or all of a series of Notes in the open market or otherwise at any price. Subject to applicable law, neither we nor any such subsidiary shall have any obligation to offer to purchase any Notes of a series held by any holder as a result of our purchase or offer to purchase Notes held by any other holder in the open market or otherwise.

The Trustee

The trustee is organized under the laws of the State of New York with offices located at 240 Greenwich Street, New York, NY 10286, United States of America. The Indenture provides that during the existence of an event of default, the trustee will exercise the rights and powers vested in it by the Indenture, using the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. In the absence of an event of default, the trustee need only perform the duties specifically set forth in the Indenture.

The trustee will be under no obligation to exercise any rights, trusts or powers conferred under the Indenture or any of the Notes for the benefit of the holders unless the requisite number of holders have instructed the trustee in writing and offered to the trustee indemnity or security reasonably satisfactory to the trustee against any loss, cost, liability or expense.

The Indenture does not contain limitations on the rights of the trustee thereunder, should it be or become a creditor of ours, to obtain payment of claims. The trustee is not precluded from engaging in other transactions with us and our affiliates and can profit therefrom without being obliged to account for such profit and, if it has or acquires any conflicting interest (as defined in Section 310(b) of the Trust Indenture Act), it is not required to eliminate such conflict or resign.

The Indenture provides that we will indemnify the trustee and each predecessor trustee and their respective agents, delegates, employees, officers and directors for, and hold each such party harmless against, any loss, liability or expense arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder and the performance of each such party's duties thereunder, including reasonable and properly incurred costs and expenses of defending against or investigating any claim of liability, except to the extent such loss, liability or expense is due to the negligence or willful misconduct of the trustee, such predecessor trustee or their respective agents, delegates, employees, officers or directors.

The trustee currently acts as trustee for other securities issued by us and may in the future act as trustee for other securities issued by us or by our affiliates.

Successor Trustee

The Indenture provides that the trustee may resign or be removed by us, effective upon the acceptance by a successor trustee of its appointment. The Indenture provides that any successor trustee shall be a corporation with a combined capital and surplus of not less than $50,000,000.

Repayment of Funds

All monies paid by us to the trustee or a paying agent for payment of principal of or interest on any Note of any series which remain unclaimed at the end of two years after such payment shall have become due and payable will be repaid to us and all liability of the trustee and the agents with respect thereto will cease, and to the extent permitted by law, the holder of such Notes shall thereafter look only to us for any payment which such holder may be entitled to collect.

New York Law to Govern

The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

Consent to Service of Process and Submission to Jurisdiction

Under the Indenture, we will irrevocably designate Sumitomo Mitsui Trust Bank, Limited, New York Branch as our authorized agent for service of process in any legal action or proceeding arising out of or relating to the Indenture or the Notes brought in any federal or state court in the County of New York, and we irrevocably submit to the jurisdiction of those courts.

Limitation on Suits by Individual Noteholders

The Indenture provides that no individual Noteholder may institute any action against us under the Indenture, except actions for payment of overdue principal, interest and premium, if any, unless the following actions have occurred:

(i) such holder has previously given written notice to the trustee of the continuing default;

(ii) the holders of not less than 25% in aggregate principal amount of the outstanding Notes of each affected series issued under the Indenture (each such series treated as a single class), must have:

  (a) made written request to the trustee to institute that action; and

  (b) offered the trustee such indemnity and/or security satisfactory to the trustee as it may require against the costs, expenses and liabilities to be incurred therein or thereby;

(iii) the trustee must have failed to institute that action within 60 days after receipt of the written request and offer of indemnity and/or security satisfactory to it referred to above; and

(iv) the holders of a majority in aggregate principal amount of the outstanding Notes of each affected series issued under the Indenture, voting as one class, must not have given written directions to the trustee inconsistent with those of the holders referred to above.

However, the right of any holder of Notes of a series to institute suit for the enforcement of any such payment of overdue principal, interest and premium, if any, on or after the respective due dates shall not be affected or impaired.

Undertaking for Costs

The Indenture provides that we and the trustee agree, and each holder of a Note of any series by his acceptance thereof shall be deemed to have agreed, that in any suit for the enforcement of any right or remedy under the Indenture or against the trustee for action taken, suffered or omitted by it as trustee (other than a suit instituted by the trustee, a holder or group of holders holding more than 10%

in aggregate principal amount of the Notes of such series, or any holder for the enforcement of the payment of the principal of or interest on any Note of such series on or after the due date thereof), a court may in its discretion require the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defences made by such party litigant.

Form, Book-Entry and Transfer

Unless otherwise specified in an applicable supplement or pricing term sheet:

The Notes will be issued in fully registered form, without coupons. No service charge will be made for any registration of transfer or exchange of the Notes, but we may require payment of a sum sufficient to cover any tax or government charge payable in connection therewith.

We will cause to be maintained offices or agencies where the Notes may be presented for registration of transfer or for exchange, each, a transfer agent. Unless otherwise specified in an applicable supplement or pricing term sheet, The Bank of New York Mellon will be the DTC transfer agent for any series of Notes issued under the Program and cleared through DTC, and The Bank of New York Mellon SA/NV, Luxembourg Branch will be the ICSD transfer agent for any series of Notes issued under the Program and cleared through Euroclear and Clearstream.

We will cause to be kept, for each series of Notes, a register in which, subject to such reasonable regulations as we may prescribe, we will provide for the registration of such Notes and registration of transfers of such Notes.

We, the trustee and any agent of ours or the trustee may treat the person in whose name any Note is registered as the absolute owner of such Note for all purposes and none of them shall be affected by any notice to the contrary. At the option of the registered holder of a Note, subject to the restrictions contained in the Notes and in the Indenture, such Note may be transferred or exchanged for a like aggregate principal amount of Notes of the same series of different authorized denominations, upon surrender for exchange or registration of transfer, at the trustee's office. Any Note surrendered for exchange or presented for registration of transfer shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to us and the trustee, duly executed by the holder thereof or its attorney duly authorized in writing. Notes issued upon any such transfer will be executed by us and authenticated by or on behalf of the trustee or the ICSD registrar, registered in the name of the designated transferee or transferees and delivered at the trustee's office or mailed, at the request, risk and expense of, and to the address requested by, the designated transferee or transferees.

We may vary or terminate the appointment of any transfer agent, or appoint additional or other transfer agents or approve any change in the office through which any transfer agent acts. We will cause notice of any resignation, termination or appointment of the trustee or any transfer agent, and of any change in the office through which any transfer agent will act, to be provided to holders of the Notes.

Global Notes

The Rule 144A Notes will be initially represented by one or more global certificates in fully registered form without interest coupons (collectively, the "Rule 144A Global Notes"). The Regulation S Notes will be initially represented by one or more global certificates in fully registered form without interest coupons (collectively, the "Regulation S Global Notes," and together with the Rule 144A Global Notes, the "Global Notes").

Global Notes may be (i) registered in the name of Cede & Co. as nominee for DTC (or any other nominee of DTC) and deposited on or about the issue date with a custodian for DTC or (ii) deposited upon issuance with, and registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream and/or any other relevant clearing system. Each of DTC, Euroclear and Clearstream is referred to as a depositary.

Any Notes issued in exchange for Rule 144A Global Notes or beneficial interests therein will be subject to certain restrictions on transfer set forth therein and in the Indenture and will bear the legend regarding such restrictions set forth under "Transfer Restrictions."

Beneficial interests in Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by the depositaries and their participants, which in the case of DTC includes Euroclear and Clearstream. Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of the depositary with which it is held, or to a successor or nominee thereof. Accordingly, the sole holder of the Notes represented by the Global Notes will at all times be the relevant depositary or its nominee (or a successor of the relevant depositary or its nominee), and voting and other consensual rights of holders of the Notes will be exercisable by beneficial owners of the Notes only indirectly through the rules and procedures of the relevant depositary from time to time in effect.

Transfers between DTC participants will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Beneficial interests in the Global Notes may not be exchanged for definitive notes except in the limited circumstances described below under "—Exchanges of Global Notes for Definitive Notes." In addition, beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes of the same series or vice versa except in accordance with the transfer and certification requirements described below under "—Exchanges between the Rule 144A Global Notes and the Regulation S Global Notes."

Exchanges between the Rule 144A Global Notes and the Regulation S Global Notes

On or prior to the fortieth day after the later of the commencement of the offering or the date the series of Notes were originally issued, a beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest as evidenced by a Rule 144A Global Note of the same series only upon receipt by or on behalf of the relevant transfer agent of a written certification from the transferor (in the form set out in the Indenture), to the effect that (i) such transfer is being made to a person whom the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account (or for the account of one or more qualified institutional buyers over which account it exercises sole investment discretion) in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (ii) the transferor has notified the transferee of the restrictions on transfer set forth under "Transfer Restrictions."

Beneficial interests in the Rule 144A Global Notes may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note of the same series, only upon receipt by the trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or, if available, Rule 144.

Transfers involving an exchange of a beneficial interest in the Notes evidenced by the Regulation S Global Notes for a beneficial interest in the Notes evidenced by the Rule 144A Global Notes or vice versa will be effected in accordance with the applicable procedures of DTC, Euroclear and Clearstream, as applicable.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note of the same series will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest. In connection with any such exchange, appropriate adjustments will be made in the records of the Notes register to reflect the relevant increase and decrease in the principal amounts of the affected Global Notes.

Exchanges of Global Notes for Definitive Notes

A beneficial interest in a Global Note may not be exchanged for a definitive note unless:

(i) If such Global Note registered in the name of Cede & Co. as nominee for DTC (or any other nominee of DTC) and deposited with a custodian for DTC, DTC notifies us that it is unwilling

or unable to continue as depository for such Global Note or has ceased to be a clearing agency registered under the U.S. Exchange Act, and a successor depositary is not appointed within ninety days. Upon the occurrence of such event, DTC shall instruct us to transfer the Notes to such persons as notified to it by the applicable depositary or any successor clearance and settlement system as the holders of beneficial interests therein; or

(ii) If such Global Note is deposited with, and registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (ii) if principal in respect of such series Notes is not paid when due, and provided that, in the case of the first transfer of part of a holding, the holder of the Notes has given the relevant transfer agent not less than 30 days' written notice at its specified office of the holder's intention to effect such transfer.

In all cases, definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in approved denominations, requested by or on behalf of the applicable depositary (in accordance with its customary procedures).

Depositary Procedures

As long as DTC, Euroclear and/or Clearstream or their respective nominees is the registered holder of relevant Global Note issued in respect of a series, DTC, Euroclear and/or Clearstream (or the respective nominee), as the case may be, will be considered the sole owner and holder of the Notes represented by such Global Notes for all purposes under the Indenture and the Notes, and, accordingly, our obligations under the Notes represented by such Global Notes are to DTC, Euroclear and/or Clearstream (or the respective nominee), as the case may be, as the registered holder of such Notes, and not to the holders of beneficial interests in such Notes.

Transfer of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of the applicable depositaries and their respective direct or indirect participants, which may change from time to time.

DTC

DTC is a limited-purpose trust company created to hold securities for its participating organizations, collectively, DTC participants, and to facilitate the clearance and settlement of transactions in those securities between DTC participants through electronic book-entry changes in accounts. DTC participants include the dealers and other securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly, collectively, indirect DTC participants.

Persons who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect DTC participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of DTC are recorded on the records of DTC participants and indirect DTC participants. DTC has also advised that, pursuant to its established procedures, upon deposit of the Global Notes, DTC will credit the accounts of DTC participants designated by the dealers with portions of the principal amount of such Global Notes and ownership of such interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to DTC participants) or by DTC participants and indirect DTC participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Notes may hold their interests therein directly through DTC if they are participants in such system, or indirectly through DTC participants. All interests in a Global Note may be subject to the procedures and requirements of DTC. The laws of some states require that certain persons take physical delivery in certificated form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can

act only on behalf of DTC participants, which in turn act on behalf of indirect DTC participants and certain banks, the ability of a person having beneficial interests in Global Notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described above under "—Global Notes—Exchanges of Global Notes for Definitive Notes," owners of interests in Global Notes will not have Notes registered in their name, will not receive physical delivery of Notes and will not be considered the registered owners or holders thereof for any purpose.

Payments in respect of Global Notes registered in the name of DTC or its nominee will be payable by the DTC paying agent to DTC or to the order of its nominee as the registered owner of the Global Notes. We, the trustee and the agents will treat the persons in whose names the Global Notes are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we, the trustee, the agents nor any agent of ours has or will have any responsibility or liability for any aspect of DTC's records or any DTC participant's or indirect DTC participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any DTC participant's or indirect DTC participant's records relating to the beneficial ownership interests in the Global Notes or any other matter relating to the actions and practices of DTC or any of DTC participants or indirect DTC participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes, is to credit the accounts of the relevant DTC participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Payments by the DTC participants and the indirect DTC participants to the beneficial owners of Notes will be governed by standing instructions and customary practices, will be the responsibility of the DTC participants or the indirect DTC participants and will not be the responsibility of DTC or us. We, the trustee and the agents may conclusively rely upon and will be protected in relying upon instructions from DTC or its nominee for all purposes.

Interests in the Global Notes will trade in DTC's Settlement System, and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and DTC participants. Transfers between DTC participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

DTC has advised that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more DTC participants to whose account with DTC interests in the Global Notes are credited. However, DTC reserves the right to exchange the Global Notes for legended definitive notes and to distribute such legended Notes to DTC participants.

The information in this section concerning DTC and its book-entry systems has been obtained from sources that we believe to be reliable, but we, the trustee and the agents take no responsibility for the accuracy thereof. Although DTC has agreed to the foregoing procedures to facilitate transfers of interest in the Global Notes among DTC participants, it is under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we, the trustee nor the agents will have any responsibility for the performance by DTC, DTC participants or indirect DTC participants of their respective obligations under the rules and procedures governing their operations.

Euroclear

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV, under contract with Euroclear Clearance Systems, S.C., a Belgian cooperative corporation. All operations are conducted by Euroclear Bank, and all Euroclear

securities clearance accounts and Euroclear cash accounts are accounts with Euroclear Bank, not with Euroclear Clearance Systems. Euroclear Clearance Systems establishes policies for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the dealers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is licensed, regulated and examined by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with Euroclear are governed by the terms and conditions governing use of, and the related operating procedures of, Euroclear and applicable Belgian law, which are referred to collectively as the terms and conditions. The terms and conditions govern transfers of securities and cash within Euroclear, and withdrawals of securities and cash from Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under the terms and conditions only on behalf of Euroclear participants and has no record of, or relationship with, persons holding through Euroclear participants.

Clearstream

Clearstream is incorporated as a bank under Luxembourg law. Clearstream holds securities for its participants and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thus eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in a number of countries. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for Supervision of the Financial Sector. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers. Clearstream participants may include the dealers. Other institutions that maintain a custodial relationship with a Clearstream participant may obtain indirect access to Clearstream.

Transfers among DTC, Euroclear and Clearstream

In the case of Global Notes, registered in the name of Cede & Co. as nominee for DTC (or any other nominee of DTC) and deposited on or about the issue date with a custodian for DTC, cross-market transfers between persons holding, directly or indirectly through DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant European depositary; however, those cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the relevant European depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the European depositaries. Because of time zone differences, credits of securities received in Euroclear or Clearstream as a result of a transaction with a person that does not hold Global Notes through Euroclear or Clearstream will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Those credits or any transactions in those securities settled during that processing will be reported to the relevant Euroclear or Clearstream participants on that business day. Cash received in Euroclear or Clearstream as a result of sales of securities by or through a Euroclear participant or a Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Limitation on Responsibilities

Although the foregoing sets out the procedures of the depositaries established in order to facilitate the transfer of interests in the Global Notes among their participants, none of the depositaries is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

DTC, Euroclear and Clearstream have no knowledge of the actual beneficial owners of interests in a Global Note. DTC's records reflect only the identity of the DTC participants to whose accounts those Global Notes are credited, which may or may not be the beneficial owners of interests in a Global Note. Similarly, the records of Euroclear and Clearstream reflect only the identity of the Euroclear or Clearstream participants to whose accounts Global Notes are credited, which also may or may not be the beneficial owners of interests in a Global Note. DTC, Euroclear and Clearstream participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Neither we nor the dealers, the trustee, the agents nor any of our or their respective agents will have any responsibility for the performance by any depositary or their respective participants of their respective obligations under the rules and procedures governing their operations.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States except pursuant to an effective registration statement or in a transaction not subject to the registration requirements under the U.S. Securities Act or in accordance with an applicable exemption from the registration requirements thereof.

Notes Offered in Reliance on Rule 144A

Each purchaser of the Notes offered and sold pursuant to Rule 144A under the U.S. Securities Act will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

(i) It is acquiring such Notes for its own account or an account or accounts with respect to which it exercises sole investment discretion and that it or each such account is a QIB and is aware that the sale to it is being made in reliance on Rule 144A.

(ii) It understands and agrees that such Notes are being offered only in a transaction not involving any public offering within the meaning of the U.S. Securities Act, and that any resale, pledge or transfer of such Notes on which the legend set forth below appears, may be made only (i) to us, (ii) to a person who the seller and any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act, or (iv) pursuant to another exemption from registration under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(iii) It understands and agrees that the dealers will, and each subsequent Noteholder is required to, notify any purchaser of such Notes from it of the resale restrictions referred to in paragraph (ii) above if then applicable.

(iv) It understands and agrees that such Notes are initially being offered to QIBs in reliance on Rule 144A. It will not, directly or indirectly, engage in any hedging transaction with regard to such Notes except as permitted by the U.S. Securities Act. It will not resell, pledge or otherwise transfer any such Notes except (i) to a person it reasonably believes is a QIB that is purchasing for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, all in compliance with Rule 144A (if available), or (ii) in a transaction in compliance with Regulation S of the U.S. Securities Act.

(v) It understands that the Notes will bear a legend to the following effect unless we otherwise agree:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) AGREES FOR THE BENEFIT OF SUMITOMO MITSUI TRUST BANK, LIMITED (THE "ISSUER") THAT THIS SECURITY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) TO THE ISSUER OF THIS SECURITY, (2) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) PURSUANT TO ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE ISSUER OR THE TRANSFER AGENT MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS,

INCLUDING AN OPINION OF COUNSEL, THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THIS LEGEND WILL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

(vi) It acknowledges that we, the relevant transfer agent, the dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of Notes are no longer accurate, it will promptly notify us, the relevant transfer agent and the dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of the transfer certificates) under the Indenture to effect exchanges or transfers of interests in Global Notes, see "Description of the Notes—Form, Book-Entry and Transfer."

Notes Offered in Reliance on Regulation S

Terms used in this section have the same meaning as defined in Regulation S under the U.S. Securities Act.

Each purchaser of the Notes offered and sold in reliance on Regulation S outside the United States will be deemed to have represented and agreed as follows:

(i) The purchaser is not a U.S. person and is acquiring such Notes in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act.

(ii) The purchaser understands that such Notes have not been and will not be registered under the U.S. Securities Act and, until 40 days after the closing of the offering, may not be reoffered, resold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions pursuant to an exemption from registration under the U.S. Securities Act.

(iii) It understands that such Notes will bear a legend to the following effect unless we otherwise agreed:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITIES OF ANY JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. SUMITOMO MITSUI TRUST BANK, LIMITED HAS AGREED THAT THIS LEGEND SHALL BE DEEMED TO HAVE BEEN REMOVED ON THE 41ST DAY FOLLOWING THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE FINAL DELIVERY DATE WITH RESPECT THERETO.

(iv) It acknowledges that we, the relevant transfer agent, the dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of Notes are no longer accurate, it will promptly notify us, the relevant transfer agent and the dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of the transfer certificates) under the Indenture to effect exchanges or transfers of interests in Global Notes, see "Description of the Notes— Form, Book-Entry and Transfer."

CERTAIN BENEFIT PLAN INVESTOR CONSIDERATIONS

Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Internal Revenue Code, (c) entities whose underlying assets include "plan assets" of any such plan, account or arrangement described in clause (a) or (b) by reason of any such plan's, account's, or arrangement's investment therein (we refer to the foregoing described in clauses (a), (b) and (c), collectively, as "Plans") and (d) persons who are fiduciaries with respect to any such Plans.

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, i.e., "parties in interest" as defined in ERISA or "disqualified persons" as defined in Section 4975 of the Internal Revenue Code (we refer to the foregoing, collectively, as "parties in interest") unless exemptive relief is available under a statutory or administrative exemption. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Internal Revenue Code. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between a party in interest and an investing Plan which would be prohibited unless exemptive relief were available under an applicable exemption. Because of our businesses, such parties in interest may include, without limitation, us, any dealer and any of the current and future affiliates of us and any dealer.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes, should consider the exemptive relief available under the following prohibited transaction class exemptions ("PTCEs"): (a) the in-house asset manager exemption (PTCE 96-23), (b) the insurance company general account exemption (PTCE 95-60), (c) the bank collective investment fund exemption (PTCE 91-38), (d) the insurance company pooled separate account exemption (PTCE 90-1) and (e) the qualified professional asset manager exemption (PTCE 84-14). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code may provide a limited exemption for the purchase, holding and subsequent transfer or disposition of the Notes and related lending transactions, provided that neither the party in interest nor its affiliates has or exercises any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes. Any Plan fiduciary that proposes to cause a Plan to purchase, hold or subsequently transfer or dispose the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code to such an investment and to confirm that such purchase, holding or subsequent transfer or disposition of the Notes will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or Section 4975 of the Code.

While U.S. governmental plans, certain church plan and non-U.S. plans (which we refer to collectively as "Non-ERISA Arrangements") are not subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA and Section 4975 of the Internal Revenue Code, such Non-ERISA Arrangements may be subject to other laws or regulations that are substantially similar to such provisions of ERISA or the Internal Revenue Code (each referred to herein as a "Similar Law"). Fiduciaries of any Non-ERISA Arrangement should consult with their counsel before purchasing, holding or subsequently transferring or disposing the Notes to determine whether such purchase, holding or subsequent transfer or disposition would satisfy any legally required fiduciary duties and to determine the need for, and the availability of, if necessary, any exemptive or other relief under any Similar Law.

For the reasons described above, each purchaser, holder and subsequent transferee of a Note, and each fiduciary who causes any entity to purchase, hold or transfer a Note, shall be deemed to

have represented and warranted, on each day such purchaser, holder or subsequent transferee holds such Note, that either (a) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing, holding or transferring such Note on behalf of or with the assets of any Plan or Non-ERISA Arrangement or (b) its purchase, holding and subsequent transfer or disposition of such Note shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or violate any provision of any applicable Similar Law.

If the purchaser or transferee of any Note or beneficial interest therein is, or is acting on behalf of, a Plan, it shall be deemed to have represented and warranted that (i) none of the issuer, the dealers or co-arrangers or their respective affiliates (collectively the "Transaction Parties") has provided or will provide any investment recommendation or investment advice within the meaning of Section 3(21) of ERISA to the Plan, or to any fiduciary or other person investing the assets of the Plan ("Plan Fiduciary"), in connection with its decision to invest in the Notes pursuant to this offering, and that none of the Transaction Parties is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with such decision.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan or Non-ERISA Arrangement, consult with their counsel regarding the potential applicability of Title I of ERISA, Section 4975 of the Internal Revenue Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding, and any subsequent transfer or disposition, of the Notes.

Each purchaser and holder of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent transfer or disposition of any Note does not violate the fiduciary or prohibited transaction rules of ERISA or the Internal Revenue Code or the provisions of any applicable Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

Neither this discussion nor anything in this base offering circular is or is intended to be investment advice directed at any potential purchaser that is a Plan or Non-ERISA Arrangement, or at such purchasers generally, and such purchasers should consult and rely on their counsel and advisors as to whether an investment in the Notes is suitable and consistent with ERISA, the Code and any Similar Laws, as applicable.

TAXATION

The following summaries are not intended as a complete analysis of the tax consequences under Japanese or United States law as a result of the acquisition, ownership and sale of the Notes by investors. Potential investors should consult with their own tax advisors on the tax consequences of acquisition, ownership, sale, and other relevant circumstances concerning the Notes, including specifically the applicable tax consequences under Japanese or United States laws, the law of the jurisdiction of their country of residence (if relevant) and any tax treaty between Japan and their country of residence.

Japanese Taxation

The following is a general description of certain Japanese tax aspects of the Notes and does not purport to be a comprehensive description of the tax aspects of the Notes. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive. Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisors in order to ascertain their particular circumstances regarding taxation.

The statements below are based on current tax laws and regulations in Japan and current income tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this base offering circular are to be regarded as advice on the tax position of any beneficial owner of the Notes or any person purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the purchase, sale or other dealings in respect of the Notes.

The Notes

The Notes do not fall under the concept of so-called "taxable linked notes" as described in Article 6, Paragraph (4) of the Special Taxation Measures Act, i.e., notes for which the amount of interest is to be calculated by reference to certain indexes (as prescribed by the Cabinet Order under the Special Taxation Measures Act) relating to us or a specially-related person of the issuer.

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance and Gift Taxes

Gains derived from the sale of Notes outside Japan by an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by Noteholders in connection with the issue of the Notes, nor will such taxes be payable by Noteholders in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Notes from another individual as legatee, heir or donee.

Representation by Investor upon Distribution of Notes

BY SUBSCRIBING FOR THE NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED IT IS a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer (as defined below) or (ii) a Designated Financial Institution (as defined below). The Notes are not, as part of the distribution pursuant to the purchase agreement dated the date hereof, to be directly or indirectly offered or sold by the dealers at any time to, or for the benefit of, any person other than a person that is described in (i) or (ii) above.

Payments of Interest on Notes and Redemption Gain

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Notes and the redemption gain, meaning any positive difference between the

acquisition price of the interest-bearing Notes of the Holder and the amount which the holder receives upon redemption of such interest-bearing Notes (the "Redemption Gain"), where such Notes are issued by us outside Japan and payable outside Japan. In addition, the following description assumes that only Global Notes are issued for the Notes, and no definitive Notes and coupons that are independently traded are issued, in which case different tax consequences may apply. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisors as to their exact tax position.

1. Non-resident Investors

If the recipient of interest on the Notes or of the Redemption Gain with respect to interest-bearing Notes is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes, as described below, the Japanese tax consequences on such individual non-resident of Japan or non-Japanese corporation are significantly different depending upon whether such individual non-resident of Japan or non-Japanese corporation is a specially-related person of the issuer. Most importantly, if such individual non-resident of Japan or non-Japanese corporation is a specially-related person of the issuer, income tax at the rate of 15.315% of the amount will be withheld by us from interest payments under Japanese tax law.

1.1 Interest

(1) If the recipient of interest on the Notes is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Notes is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if such recipient complies with certain requirements, inter alia:

(i) if the relevant Notes are held through a certain participant in an international clearing organization such as DTC or certain financial intermediaries prescribed by the Special Taxation Measures Act and the Cabinet Order (together with the Special Taxation Measures Act and the ministerial ordinance and other regulations thereunder, the "Law") (each such participant or financial intermediary, a "Participant"), the requirement that such recipient provide, at the time of entrusting a Participant with the custody of the relevant Notes, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the "Interest Recipient Information"), and to advise the Participant if such individual non-resident of Japan or non-Japanese corporation ceases to be so exempted (including the case where it became a specially-related person of the issuer), and that we prepare and file a certain confirmation prescribed by the Law (the "Interest Recipient Confirmation"), in a timely manner based upon the Interest Recipient Information communicated through the Participant; and

(ii) if the relevant Notes are not held by a Participant, the requirement that such recipient submit to the relevant paying agent a written application for tax exemption (*hikazei tekiyo shinkokusho*) (the "Written Application for Tax Exemption"), together with certain documentary evidence, and that we file the Written Application for Tax Exemption so received with the competent local tax office in a timely manner.

Failure to comply with such requirements described above (including the case where the Interest Recipient Information is not duly communicated as required under the Law) will result in the withholding by us of income tax at the rate of 15.315% of the amount of such interest.

(2) If the recipient of interest on the Notes is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of interest is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to a 15.315% withholding tax by us, if the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out in paragraph 1.1(1) above are complied with.

Failure to do so will result in the withholding by us of income tax at the rate of 15.315% of the amount of such interest. The amount of such interest will be subject to regular income tax or corporate tax, as appropriate.

(3) Notwithstanding paragraphs 1.1(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a person who has a special relationship with us (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is under direct or indirect common control with, us) within the meaning prescribed by the Cabinet Order under Article 6, Paragraph (4) of the Special Taxation Measures Act (such person is referred to as a "specially-related person of the issuer") as of the beginning of our fiscal year in which the relevant interest payment date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15.315% of the amount of such interest will be withheld by us. If such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan, regular income tax or corporate tax, as appropriate, collected otherwise than by way of withholding, could apply to such interest under Japanese tax law.

(4) If an individual non-resident of Japan or a non-Japanese corporation (regardless of whether it is a specially-related person of the issuer) is subject to Japanese withholding tax with respect to interest on the Notes under Japanese tax law, a reduced rate of withholding tax or exemption from such withholding tax may be available under the relevant income tax treaty between Japan and the country of tax residence of such individual non-resident of Japan or non-Japanese corporation. As of the date of this base offering circular, Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, generally to 10% with, inter alia, Australia, Canada, Finland, France, Hong Kong, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal and Singapore. Under the tax treaties between Japan and the United States, the United Kingdom, Denmark, Germany, Austria, Belgium, Spain, Sweden or Switzerland, interest paid to qualified United States, United Kingdom, Danish, German, Austrian, Belgian, Spanish, Swedish or Swiss residents is generally exempt from Japanese withholding tax (for Belgium, only for a Belgian enterprise). Under the current income tax treaties between Japan and France, Australia, the Netherlands or New Zealand, certain limited categories of qualified French, Australian, Dutch or New Zealand residents receiving interest on the Notes may, subject to compliance with certain procedural requirements under Japanese law, be fully exempt from Japanese withholding tax on payments of interest on the Notes (provided that no exemption will apply to pension funds in the case of Australia and New Zealand). In order to enjoy such reduced rate of, or exemption from, Japanese withholding tax under any applicable income tax treaty, individual non-residents of Japan or non-Japanese corporations which are entitled, under any applicable income tax treaty, to a reduced rate of, or exemption from, Japanese withholding tax on payment of interest by us are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Interest (as well as any other required forms and documents) in advance through us to the relevant tax authority before payment of interest.

(5) Under the Law, (a) if an individual non-resident of Japan or a non-Japanese corporation that is a beneficial owner of the Notes becomes a specially-related person of the issuer, or an individual non-resident of Japan or a non-Japanese corporation that is a specially-related person of the issuer becomes a beneficial owner of the Notes, and (b) if such Notes are held through a Participant, then such individual non-resident of Japan or non-Japanese corporation should notify the Participant of such change in status by the immediately following interest payment date of the Notes. As described in paragraph 1.1(3) above, as the status of such individual non-resident of Japan or non-Japanese corporation as a specially-related person of the issuer for Japanese withholding tax purposes is determined based on the status as of the beginning of our fiscal year in which the relevant interest payment date falls, such individual non-resident of Japan or non-Japanese corporation should, by such notification, identify and advise the Participant of the specific interest payment date on which Japanese withholding tax starts to apply with respect to such individual non-resident of Japan or non-Japanese corporation as being a specially-related person of the issuer.

1.2 Redemption Gain

(1) If the recipient of the Redemption Gain is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of such Redemption Gain is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, no income tax or corporate tax is payable by way of withholding or otherwise with respect to such Redemption Gain.

(2) If the recipient of the Redemption Gain is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of such Redemption Gain is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such Redemption Gain will not be subject to any withholding tax but will be subject to regular income tax or corporate tax, as appropriate.

(3) Notwithstanding paragraphs 1.2(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a specially-related person of the issuer as of the beginning of our fiscal year in which such individual non-resident of Japan or non-Japanese corporation acquired such Notes, the Redemption Gain will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan; provided that an exemption may be available under the relevant income tax treaty.

2. Resident Investors

If the recipient of interest on the Notes is an individual resident of Japan or a Japanese corporation for Japanese tax purposes, as described below, regardless of whether such recipient is a specially-related person of the issuer, in addition to any applicable local tax, income tax will be withheld at the rate of 15.315% of the amount of such interest, if such interest is paid to an individual resident of Japan or a Japanese corporation (except for (i) a Designated Financial Institution (as defined below) which complies with the requirement for tax exemption under Article 6, Paragraph (11) of the Special Taxation Measures Act or (ii) a Public Corporation (as defined below) or a Specified Financial Institution (as defined below) to which such interest is paid through the Japanese Custodian (as defined below) in compliance with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Special Taxation Measures Act). In addition to the withholding tax consequences upon resident investors as explained in this section 2, resident investors should consult their own tax advisors regarding income tax or corporate tax consequences otherwise than by way of withholding, bearing in mind, especially for individual residents of Japan, the change to the taxation regime of bonds which took effect on January 1, 2016.

2.1 Interest

(1) If an individual resident of Japan or a Japanese corporation (other than a Specified Financial Institution (as defined below) or a Public Corporation (as defined below), who complies with the requirement as referred to in paragraph 2.1(2) below) receives payments of interest on the Notes through certain Japanese payment handling agents as defined in Article 2-2, Paragraph (2) of the Cabinet Order (each a "Japanese Payment Handling Agent"), income tax at the rate of 15.315% of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than by us. As we are not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform us through a relevant paying agent of its status in a timely manner. Failure to so inform may result in double withholding.

(2) If the recipient of interest on the Notes is a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law (a "Public Corporation") or a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 3-3, Paragraph (6) of the Special Taxation Measures Act (each, a "Specified Financial Institution") that keeps its Notes deposited with,

and receives the interest through, a Japanese Payment Handling Agent with custody of the Notes (the "Japanese Custodian") and such recipient submits through such Japanese Custodian to the competent tax authority the report prescribed by the Law, no withholding tax is levied on such interest. However, since we are not in a position to know in advance the recipient's such tax exemption status, the recipient of interest falling within this category should inform us through a relevant paying agent of its status in a timely manner. Failure to so notify us may result in the withholding by us of a 15.315% income tax.

(3) If an individual resident of Japan or a Japanese corporation (except for a Designated Financial Institution which complies with the requirements described in paragraph 2.1(4) below) receives interest on the Notes not through a Japanese Payment Handling Agent, income tax at the rate of 15.315% of the amount of such interest will be withheld by us.

(4) If a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the Cabinet Order under Article 6, Paragraph (11) of the Special Taxation Measures Act (each, a "Designated Financial Institution") receives interest on the Notes not through a Japanese Payment Handling Agent and the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as referred to in paragraph 1.1(1) above are complied with, no withholding tax will be imposed.

2.2 Redemption Gain

If the recipient of the Redemption Gain is an individual resident of Japan or a Japanese corporation, such Redemption Gain will not be subject to any withholding tax.

3. Special Additional Tax for Reconstruction from the March 2011 Great East Japan Earthquake

Due to the imposition of a special additional withholding tax of 0.315% (or 2.1% of 15%) to secure funds for reconstruction from the March 2011 Great East Japan Earthquake, the withholding tax rate has been effectively increased to 15.315% during the period beginning on January 1, 2013 and ending on December 31, 2037. On or after January 1, 2038, all references to the tax rate of 15.315% in the foregoing descriptions will read 15%. There is also certain special additional tax imposed upon regular income tax due otherwise than by way of withholding, for individual non-residents of Japan who are subject to regular income tax, as referred to in the foregoing descriptions, for the period mentioned above.

Certain U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax consequences of owning and disposing of Notes. This discussion applies to you only if you are one of the U.S. Holders described below and you purchase Notes in their initial offering at their "issue price," which is the first price at which a substantial amount of the Notes is sold to the public, and you hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including the possible effect of any special tax accounting rules under Section 451 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any alternative minimum tax and Medicare contribution tax consequences, and differing tax consequences that may be applicable to you if you are, for instance:

- a financial institution;
- an insurance company;
- a regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- holding Notes as part of a "straddle" or integrated transaction;

- a person whose functional currency is not the U.S. dollar;
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States;
- holding Notes in connection with a trade or business conducted outside the United States;
- a partnership for U.S. federal income tax purposes;
- a tax-exempt entity; or
- an individual retirement account or any other tax-deferred account.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities. If you are a partnership or a partner in a partnership, you should consult your tax adviser as to your particular U.S. federal income tax consequences of owning and disposing of the Notes.

This summary is based on the Code, administrative pronouncements, judicial decisions, Treasury regulations and the U.S.-Japan income tax treaty (the "Treaty"), all as of the date hereof, and changes to any of which subsequent to the date of this document may affect the tax consequences described herein. This summary does not address any state, local or non-U.S. tax considerations or any U.S. federal tax consequences (including estate or gift taxes) other than U.S. federal income tax consequences.

If you are considering the purchase of Notes, you should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This summary applies only to Notes that are treated as debt for U.S. federal income tax purposes. An applicable supplement or pricing term sheet may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. You should review the applicable supplement or pricing term sheet in addition to the discussion below before making an investment decision.

You are a U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of a Note and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Stated Interest

Stated interest paid on a Note will be taxable to you as ordinary income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts, if any, withheld in respect of Japanese taxes and, without duplication, any additional amounts paid with respect thereto as described under "Description of the Notes—Payment of Additional Amounts." See "—Japanese Taxation—Payments of Interest on Notes and Redemption Gain—Non-resident Investors" for a discussion of the requirements for obtaining an exemption from Japanese withholding tax.

Special rules governing the treatment of interest paid with respect to Notes issued at a discount, short-term Notes, Floating Rate Notes and Notes denominated in a currency other than U.S. dollars are described under "—Discount Notes," "—Short-Term Notes," "—Floating Rate Notes" and "—Foreign Currency Notes" below.

Interest will constitute foreign-source income for U.S. federal income tax purposes. Subject to applicable limitations, some of which vary depending upon your particular circumstances, any Japanese income taxes withheld from interest payments on a Note may be creditable against your

U.S. federal income tax liability. However, any Japanese withholding taxes on interest payments generally will not be creditable to the extent that the Japanese tax could have been reduced or eliminated by timely providing the Interest Recipient Information or the Written Application for Tax Exemption, each as described in "—Japanese Taxation" above. In addition, any Japanese withholding taxes on interest payments generally will not be creditable to the extent the tax can be reduced or eliminated under the Treaty. Because interest income is generally exempt from Japanese tax under the Treaty, if you are eligible for Treaty benefits, you generally will not be entitled to a foreign tax credit for any Japanese tax withheld from interest payments on the Notes. Furthermore, Treasury regulations impose additional requirements for non-U.S. taxes to be eligible for credit in the absence of an election to apply the benefits of an applicable income tax treaty, and we have not determined whether these requirements have been met with respect to Japanese withholding taxes, if any. The U.S. Internal Revenue Service (the "IRS") released notices that provide relief from certain of the provisions of the Treasury regulations described in the preceding sentence for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). The rules governing foreign tax credits are complex and you should consult your tax adviser regarding the availability of foreign tax credits in your particular circumstances. Instead of claiming a credit, subject to applicable limitations, you may elect to deduct certain foreign taxes in computing your taxable income. An election to deduct non-U.S. taxes instead of claiming foreign tax credits must apply to all creditable non-U.S. taxes paid or accrued in the taxable year.

Discount Notes

If a Note's "issue price" (as described above) is less than its "stated redemption price at maturity," the Note will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to herein as a "Discount Note") unless the Note satisfies a de minimis threshold, as described below. For purposes of this discussion "Discount Notes" do not include certain short-term Notes, the treatment of which is described in "—Short-Term Notes" below. A Note's stated redemption price at maturity will equal the sum of all payments under the Note, other than payments of "qualified stated interest." Generally, qualified stated interest is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a fixed rate. Unless otherwise provided in an applicable supplement or pricing term sheet, it is expected, and this discussion assumes, that interest on the Notes will be qualified stated interest and a Note's stated redemption price at maturity will equal its principal amount. See "—Floating Rate Notes" below for a discussion regarding the treatment of interest paid at a variable rate as qualified stated interest.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed de minimis amount (generally 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity), the Note will not be considered to have original issue discount and will therefore not be a "Discount Note." If you own a Discount Note, you will be required to include any qualified stated interest in income in accordance with your method of accounting for U.S. federal income tax purposes, as described in "—Stated Interest" above. In addition, you will be required to include in income the sum of the daily portions of the original issue discount for each day on which you held the Discount Note. You will be required to include such original issue discount as it accrues, in accordance with a constant-yield method based on a compounding of interest, regardless of whether you received cash attributable to this discount. Notice will be given in the applicable supplement or pricing term sheet if we issue a Discount Note.

You may make an election to include in income all interest that accrues on a Note (including stated interest, original issue discount and de minimis original issue discount, as adjusted by any amortizable bond premium), in accordance with a constant-yield method based on the compounding of interest.

Notes Subject to Early Redemption

Notes subject to one or more "call options" (i.e. the issuer's unconditional option to redeem the Note prior to its stated maturity date) or one or more "put options" (i.e. a holder's unconditional option to require redemption prior to maturity) may be subject to rules that differ from the general original issue discount rules for purposes of determining the yield and maturity of the Note. Under applicable Treasury regulations, an unconditional call option will be presumed to be exercised if the exercise of the option will lower the yield on the Note. Conversely, an unconditional put option will be presumed to be exercised if the exercise of the option will increase the yield on the Note. In either case, if contrary

to such presumption an option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued on the presumed exercise date for an amount equal to the Note's "adjusted issue price." Generally, the adjusted issue price of a Note is the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount.

Short-Term Notes

A Note that matures (after taking into account the last possible date that the Note could be outstanding under its terms) one year or less from its date of issuance will be referred to herein as a "short-term Note." A short-term Note will be treated as being issued at a discount, the amount of which will be equal to the excess of the sum of all payments on the short-term Note over its issue price. If you are a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes (a "cash-method U.S. Holder"), you will not be required to include the discount in income as it accrues for U.S. federal income tax purposes unless you elect to do so. If you are a cash-method U.S. Holder that does not make such election, you should include the stated interest payments on the short-term Notes, if any, as ordinary income upon receipt. If you are a U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes (an "accrual-method U.S. Holder") or a cash-method U.S. Holder that so elects, you will be required to include the discount in income as it accrues on a straight-line basis, unless you make an election to accrue the discount according to a constant-yield method based on daily compounding.

If you are a cash-method U.S. Holder that does not make the election to include the discount in income on an accrual basis, you will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the short-term Notes until the discount on the Notes is included in income. If you are such a cash-method U.S. Holder, you should consult your tax adviser regarding these deferral rules. Upon a sale, exchange, redemption or retirement of a short-term Note, you generally should recognize any gain as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding), to the extent not previously included in income. Any loss recognized will be treated as a short-term capital loss.

Floating Rate Notes

Unless otherwise provided in an applicable supplement or pricing term sheet, it is expected, and the discussion below assumes, that a floating rate Note will be issued with a single variable rate that is a "qualified floating rate" as defined in applicable Treasury regulations. The remainder of this discussion assumes that a floating rate Note should be treated as a "variable rate debt instrument" for U.S. federal income tax purposes. If, however, a floating rate Note does not qualify as a "variable rate debt instrument," then the floating rate Note will generally be treated as a "contingent payment debt instrument" and the applicable supplement or pricing term sheet will describe certain U.S. federal income tax consequences to you of owning and disposing of such Notes.

Stated interest on a floating rate Note will generally constitute qualified stated interest (as described under "—Discount Notes" above). Thus, such a floating rate Note will generally not be treated as issued with original issue discount and interest on a floating rate Note will generally be taxable to you as described in "—Stated Interest" above, unless the floating rate Note is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or in excess of the specified de minimis amount described in "—Discount Notes." If a floating rate Note is issued with original issue discount, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a floating rate Note will be determined under the rules discussed in "—Discount Notes" above by assuming that the variable rate is a fixed rate equal to the value, as of the issue date, of the floating rate. The qualified stated interest allocable to an accrual period will be increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Amortizable Bond Premium

Generally, if you purchase a Note for an amount that is greater than its principal amount, you will be considered to have purchased the Note with amortizable bond premium. In general, the amount of

amortizable bond premium will be equal to the excess of the purchase price over the principal amount and you may elect to amortize this premium, using a constant-yield method, over the term of the Note. Special rules may limit the amount of bond premium that can be amortized during certain accrual periods in the case of Notes that are subject to optional redemption. You may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in your income with respect to the Note in that accrual period. If you elect to amortize bond premium, you must reduce your tax basis in the Note by the amount of the amortized premium. An election to amortize bond premium applies to all taxable debt obligations owned by you at the beginning of the first taxable year to which the election applies and any taxable debt obligations thereafter acquired by you and may be revoked only with the consent of the IRS. If you make a constant-yield election (as described in "—Discount Notes" above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium.

Substitution of the Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the issuer under the Notes may be assumed by another entity. Depending on the facts at the time of the assumption, the assumption may be treated for U.S. federal income tax purposes as a deemed disposition of the Notes in exchange for new notes issued by the new obligor. As a result of this deemed disposition, you may be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the "new" notes (as determined for U.S. federal income tax purposes), and your tax basis in the existing Notes. Any "new" Note deemed to be reissued by a new obligor may have original issue discount, depending on its issue price. If the new obligor determines the issue price of any "new" Note for U.S. federal income tax purposes and makes that determination available to holders in any commercially reasonable fashion (including by way of electronic publication), then that determination generally will be binding on you unless you disclose on your tax returns for the relevant taxable year that you are taking an inconsistent position. You should consult your tax adviser concerning the U.S. federal income tax consequences to you in the event that the Notes are assumed by a new obligor.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note, you will recognize gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your tax basis in the Note. Your tax basis in a Note will generally equal the amount you paid for such Note, increased by any original issue discount (or discount in the case of a short-term Note) included in income and decreased by any amounts paid on the Notes that were not qualified stated interest and amortized bond premium. Gain or loss, if any, will generally be U.S.-source income for purposes of computing your foreign tax credit limitation. For these purposes, the amount realized on a sale or other taxable disposition of a Note generally does not include any amount attributable to accrued interest, which is treated as described under "—Stated Interest" above. Gain or loss realized on the sale or other taxable disposition of a Note will generally be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale or other taxable disposition the Note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are taxed at rates lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations. Different consequences may apply in the case of short-term Notes held by U.S. Holders that are not required, and have not elected, to include in income accrued discount, as described in " —Short-Term Notes" above). Different consequences apply in the case of certain Foreign Currency Notes. See "—Foreign Currency Notes" below.

Foreign Currency Notes

The rules applicable to Notes denominated in, or the payments on which are determined by reference to, non-U.S. currency (referred to in this section as "**Foreign Currency Notes**") could require some or all of the gain or loss on the sale, exchange or retirement of such Notes to be characterized as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and their application may depend on your particular U.S. federal income tax situation. For example, certain elections are available under these rules, and whether you should make any of these elections will depend on your particular circumstances. You should consult your tax adviser regarding the U.S. federal income tax consequences of the ownership and disposition of Foreign Currency Notes. The

following summary assumes that any Foreign Currency Note will be denominated in a single currency other than the U.S. dollar and will not provide for any contingent payments. An applicable prospectus supplement or pricing term sheet will describe the U.S. federal income tax consequences of Foreign Currency Notes that provide for contingent payments.

If you are a cash-method U.S. Holder who receives a payment of qualified stated interest (or receives proceeds from a sale, exchange or retirement attributable to accrued qualified stated interest) with respect to a Foreign Currency Note, you will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and this U.S. dollar value will be your tax basis in the foreign currency received. To the extent that you are required to accrue original issue discount on a Foreign Currency Note, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

If you are an accrual-method U.S. Holder, you will be required to include in income the U.S. dollar value of the interest income (including original issue discount, reduced by any amortizable bond premium) that has accrued with respect to a Foreign Currency Note during an accrual period. Absent a contrary election, the U.S. dollar value of the accrued interest income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, you may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. If you make this election, you must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. In addition to the interest income accrued as described above, you will recognize foreign currency gain or loss as ordinary income or loss (which will not be treated as interest income or expense) with respect to the accrued interest income on the date that the interest payment or proceeds from the sale, exchange or retirement attributable to accrued interest is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on the spot rate on the date of receipt) and the U.S. dollar value of the interest income accrued by you for the accrual period (as determined above). This exchange gain or loss will be U.S.-source.

Original issue discount and amortizable bond premium on a Foreign Currency Note will be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates will be realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as it would have been treated if it were principal received on the sale, exchange or retirement of the Foreign Currency Note, as described below. Any exchange gain or loss will be treated as U.S.-source ordinary income or loss.

Your tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to your tax basis (including adjustments for original issue discount included as income and any bond premium previously amortized or principal payments received), will generally be the U.S. dollar value of the foreign currency amount paid for such Foreign Currency Note, as discussed below, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. The amount realized on a sale, exchange or retirement of a Foreign Currency Note will generally be the U.S. dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a Foreign Currency Note is traded on an “established securities market” and you are a cash-method taxpayer or an electing accrual-method taxpayer, the U.S. dollar value of the foreign currency amount paid for such Note and the amount realized on the disposition of such Note will be determined based on the spot rate on the settlement date of the purchase or disposition. If you are an accrual-method U.S. Holder that makes the election described in the preceding sentence, you must apply the election consistently to all debt instruments denominated in foreign currency that are traded on “established securities markets” and cannot change it without the consent of the IRS.

Gain or loss realized upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be U.S.-source ordinary income or loss. This

exchange gain or loss will equal the difference between the U.S. dollar values of the Foreign Currency Note's purchase price (excluding any amortizable bond premium previously accrued) determined on (i) the date the payment is received or the Foreign Currency Note is disposed of and (ii) the date you acquired the Foreign Currency Note. Payments attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes, as described above. The exchange gain or loss will be recognized only to the extent of the total gain or loss realized by you on the sale, exchange or retirement of the Foreign Currency Note. Any gain or loss realized by you in excess of the exchange gain or loss will be capital gain or loss (except, in the case of a Short-Term Note, to the extent of any discount not previously included in your income). Any gain or loss realized by you on a sale or other disposition of foreign currency will be ordinary income or loss.

You may be required to file a reportable transaction disclosure statement with your U.S. federal income tax return if you realize a foreign currency loss on a sale or exchange of a Foreign Currency Note or foreign currency and the loss is greater than applicable threshold amounts, which differ depending on your status. If you claim a foreign currency loss with respect to a Foreign Currency Note, you should consult your tax adviser regarding the need to file a reportable transaction disclosure statement.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments on the Notes and proceeds received from a sale or other disposition of the Notes unless you are an exempt recipient. You may also be subject to backup withholding on these payments in respect of your Notes unless you provide your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules or, if required, you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to the Notes or non-U.S. accounts through which they may be held. You should consult your tax adviser regarding your reporting obligations with respect to the Notes.

PLAN OF DISTRIBUTION

The Notes will be offered under the Program through one or more of the dealers named in this base offering circular or through any other dealers named in an applicable supplement or pricing term sheet (each, a "dealer" and collectively, the "dealers"). One or more dealers may purchase Notes from us for resale to investors and other purchasers at a fixed offering price set forth in the relevant supplement or at varying prices reflecting prevailing market conditions. We will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. We have reserved the right to sell Notes through one or more other dealers in addition to the dealers and directly to investors on our behalf in those jurisdictions where it is authorized to do so. Each dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. No commission will be payable by us to any of the dealers on account of sales of Notes made through such other dealers or directly by us.

In addition, the dealers may offer the Notes they have purchased as principal to other dealers. The dealers may sell Notes to any dealer at a discount and, unless otherwise specified in an applicable supplement or pricing term sheet, such discount allowed to any dealer will not be in excess of the discount to be received by such dealer from us. Unless otherwise indicated in an applicable supplement or pricing term sheet, any Note sold to a dealer as principal will be purchased by such dealer at a price equal to the offering price (expressed as a percentage of the principal amount) less a percentage equal to the commission, and may be resold by the dealer to investors and other purchasers as described above. After the initial offering of Notes to be resold to investors and other purchasers, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and discount may be changed.

We may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part. Each dealer shall have the right, in its discretion reasonably exercised, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

We have agreed to indemnify the dealers and their affiliates against specified liabilities, including liabilities under the U.S. Securities Act, in connection with the offer and sale of the Notes, and will contribute to payments the dealers and their affiliates may be required to make in respect of those liabilities.

The dealers may from time to time purchase and sell Notes in the secondary market as principal or agent, but they are not obligated to do so. In addition, recent amendments to Rule 15c2-11 under the U.S. Exchange Act and regulatory interpretations thereof may restrict the ability of brokers and dealers to publish quotations on the Notes on any interdealer quotation system or other quotation medium after January 4, 2025. Accordingly, there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the dealers may make a market for the Notes. In addition, such purchases and sales by our affiliates in the Rule 144A Notes could affect the determination of the holding periods for eligibility to rely on the exemption from registration provided in Rule 144 under the U.S. Securities Act. Accordingly, no representation is given as to the availability of the Rule 144 exemption. See "Transfer Restrictions—Notes Offered in Reliance on Rule 144A."

The Regulation S Notes will be offered outside the United States in offshore transactions to persons other than U.S. persons as defined in, and in accordance with, Regulation S under the U.S. Securities Act. The Rule 144A Notes will be offered only to persons reasonably believed to be QIBs in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A.

Price Stabilization

In connection with the offering of a series of Notes, the dealer or dealers (if any) named as the stabilization manager in the pricing term sheet, and/or any person acting on behalf thereof may purchase and sell Notes in the open market and engage in other transactions, subject to applicable laws and regulations. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the stabilization

manager and/or any person acting on behalf thereof of a greater principal amount of Notes than they are required to purchase from us in the offering. Stabilizing transactions consist of bids or purchases by the stabilization manager and/or any person acting on behalf thereof for the purpose of preventing or retarding a decline in market prices of Notes while the offering is in progress. These transactions may also include stabilizing transactions by the stabilization manager and/or any person acting on behalf thereof for the accounts of the relevant dealers.

In addition, the stabilization manager and/or any person acting on behalf thereof may impose a penalty bid. A penalty bid is an arrangement that permits the stabilization manager and/or any person acting on behalf thereof to reclaim a selling concession from a syndicate member in connection with an offering when Notes originally sold by the syndicate member are purchased in syndicate covering transactions.

These activities may stabilize, maintain or otherwise affect the market prices of Notes. As a result, the prices of Notes may be higher than the prices that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time.

Selling Restrictions

General

No action has been or will be taken by us that would permit a public offering of the Notes, or possession or distribution of this base offering circular, any amendment or supplement thereto, or any other offering or publicity material relating to the Notes in any country or jurisdiction where, or in any circumstances in which, action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this base offering circular nor any other offering or publicity material relating to the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with applicable laws and regulations.

United States

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States (as defined in Regulation S) or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes will not be offered or sold (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the completion of the distribution of an identifiable tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. Each dealer will send to each other dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

Outside the United States, the Notes will be offered and sold only to non-U.S. persons in offshore transactions in reliance on Regulation S. The program agreement provides that the relevant dealers or U.S. affiliates of the relevant dealers may arrange for the sale of a portion of any Notes in the United States exclusively to persons reasonably believed by them to be QIBs in reliance on the exemption from registration provided by Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the U.S. Securities Act if such offer is made otherwise than pursuant to Rule 144A.

This Base Offering Circular has been prepared by the issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The issuer and the dealers reserve the right to reject any offer to purchase Notes, in whole or in part,

for any reason. This Base Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the dealers or its U.S. broker-dealer affiliate. Distribution of this Base Offering Circular by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorized and any disclosure without the prior written consent of the issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

Japan

The Notes have not been and will not be registered under the FIEA, and are subject to the Special Taxation Measures Act. Each Dealer has represented, warranted, and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell the Notes in Japan or to any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not as part of its distribution at any time, directly or indirectly, offer or sell the Notes to, or for the benefit of, any person other than a beneficial owner that is, (a) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer, or (b) a Japanese financial institution, designated in Article 6, Paragraph (11) of the Special Taxation Measures Act.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Prohibition of Sales to EEA Retail Investors

The Notes which are the subject of the offering contemplated by this base offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, may not be offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID; or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129.

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the for Notes.

Prohibition of Sales to UK Retail Investors

The Notes which are the subject of the offering contemplated by this base offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, may not be offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as it forms part of domestic law.

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the for Notes.

United Kingdom

Each dealer has represented and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

This base offering circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This base offering circular has not been registered as a prospectus with the MAS. Accordingly, this base offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes may not be circulated or distributed, nor may the Notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether

directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Stamp Taxes and Other Charges

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase and in addition to the issue price on in an applicable supplement or pricing term sheet.

Other Relationships

The dealers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the dealers and their respective affiliates have, from time to time, performed, and expect in the future to perform, various transactional, commercial lending, financial advisory and investment banking services for us and our subsidiaries and affiliates in the ordinary course of business, for which they received or may receive customary fees and expenses.

In the ordinary course of their various business activities, the dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities), financial instruments (including bank loans), currencies and commodities for their own account and for the accounts of their customers, and such investment and securities activities may involve securities, instruments or assets of ours, any of our affiliates or related to our business. If any of the dealers or their affiliates have a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those dealers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The dealers and their respective affiliates may also make investment recommendations and may publish or express independent research views in respect of such securities or instruments or in respect of assets, currencies or commodities that may be related to our business, and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities, instruments, currencies or commodities.

LEGAL MATTERS

The validity of Notes issued under the Program and certain U.S. legal matters will be passed upon for us by Davis Polk & Wardwell LLP, and for the dealers by Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters. Certain Japanese legal matters will be passed upon for us by Nagashima Ohno &Tsunematsu, our Japanese counsel.

INDEPENDENT AUDITORS

The consolidated financial statements of Sumitomo Mitsui Trust Bank, Limited as of March 31, 2022, 2023 and 2024, and for each of the years in the three-year period ended March 31, 2024, included in this base offering circular, have been audited by KPMG AZSA LLC, independent auditors, as stated in their reports appearing herein.

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Independent Auditor's Report

To the Board of Directors of

Sumitomo Mitsui Trust Bank, Limited:

Report on the Audit of the Consolidated Financial Statements

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, 2024, 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, 2024, 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 "Estimates of allowance for loan losses for corporate customers" as a key audit matter in our audit of the consolidated financial statements for the current fiscal year. Specifically, the factors include (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").

In the previous fiscal year, we identified "Recognition of impairment losses on software relevant to the development project for implementation of the overseas accounting system" at SuMi TRUST Bank as a key audit matter. In the current fiscal year, however, we determined that it was no longer a key audit matter since we considered that the level of estimation uncertainty and materiality related to the valuation of the software is relatively low compared to the prior year.

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 investments in the alternative asset portfolio, the valuation of equity investments including the alternative asset portfolio and accounting estimates other than the above (primarily for fair value measurement of financial instruments, retirement benefit obligations, and 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 likelihood of misstatements in the consolidated financial statements for the current fiscal year and the quantitative and qualitative impact in the event of any misstatement.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 ¥117.7 billion was recognized for the current fiscal year. The allowance was provided for the total credit portfolios of ¥35,159.5 billion, most of which was comprised of loans and bills discounted of ¥33,420.9 billion, representing a significant portion of the total assets of ¥75,578.1 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 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, based primarily 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 future cash flows available for debt repayment, the reasonableness and feasibility of their business improvement plans and support from other financial institutions and sponsors (such as equity investors or operators), in addition to their industry specific characteristics and market conditions. This determination involves the subjective judgment of management, and in particular, any changes in the classification of large borrowers (i.e. borrowers for whom a material amount of allowance for loan losses may be recognized if their credit risk increases)	The primary procedures we performed to assess the reasonableness of the estimates of allowance for loan losses for corporate customers included the following: **(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 assessment 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 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 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 internal rules; and ● evaluation of controls in which the reasonableness of any adjustment for expected credit losses is assessed based on the current economic environment at management meetings. **(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 uncertain future economic environment, we took the following factors into account:

may have a significant effect on the consolidated financial statements.

Based on these factors, a higher level of management judgment is required to determine the classification of large borrowers for which a significant change in the credit risk is expected under the circumstances where the future economic environment remains uncertain due to inflation and corresponding tightening monetary policies, as well as the possibility that risks inherent in certain borrowers may materialize.

(2) Adjustment for expected credit losses considering 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 ¥15.1 billion (¥16.5 billion for the prior fiscal year) as a necessary adjustment for expected credit losses in the future, taking into account the effects of the uncertain future economic environment on the future financial performance and cash flow position of its borrowers.

The amount of adjustment of allowance for loan losses was estimated by using credit risk information in the credit management policy of SuMi TRUST Bank. In the credit management policy, "borrowers who may incur credit costs due to changes in their business environment" are selected and closely monitored, and selected borrowers are reviewed periodically. Expected credit losses in the future are estimated for the credit portfolio of 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 adjustment for expected credit losses and estimating the impact of the current economic environment on allowance for loan losses 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 future economic environment remains highly uncertain as described above, a higher level of

- 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 economic environment on the future financial performance and cash flow position of the borrowers, resilience to such impact, current performance of each borrower, potential intrinsic risks in individual credit facilities and their structures, and the intentions of other financial institutions and sponsors towards providing support.

In order to evaluate whether the classification of the corporate customers selected based on the above factors was appropriately determined, we primarily performed the following procedures, paying attention to the impact of the uncertain future economic environment:

- inspection of documents supporting the borrower classification, including the results of the analysis of borrowers' financial information, the valuation of underlying assets future performance plans, and qualitative judgment such as the consideration of nature of transaction schemes or projects and the intention of other financial institutions and sponsors towards providing support, as well as the assessment of the reasonableness of borrower classification;
- assessment of whether the borrowers were classified in accordance with the internal rules for self-assessment; and
- inquiries of personnel in the relevant departments (branches, the Credit Supervision Department, and the Risk Management Department) of SuMi TRUST Bank and the assessment of appropriateness of the classification of borrowers using their recently released information that we obtained independently.

(3) Adjustment for expected credit losses considering future forecasts

In assessing the impact of the uncertain future economic environment on allowance for loan losses of SuMi TRUST Bank, we inspected the materials for the meetings and approvals in which the recognition of an additional allowance was discussed, and inquired of members of the meetings and other attendees.

In addition, we assessed the appropriateness of assumptions regarding the identification of credit portfolios subject to adjustment for expected credit

management judgment is required in estimating such impact for the current fiscal year. We, therefore, determined that our assessment of the reasonableness of the estimates of allowance for loan losses for corporate customers was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	losses, the extent of future deterioration in credit risks and changes in credit rating. Specifically, we analyzed the latest downgrading of credit rating and assessed whether the credit management policy and its designated customers requiring close monitoring reasonably captured and discriminated ex-ante those borrowers to downgrade. In addition, based on the information we obtained and our understanding through the audit procedures described in "(2) Classification of borrowers" above, we: ● evaluated the consistency of the assumptions with the credit risk management framework of SuMi TRUST Bank; ● inspected the final approval documents of 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 and inspected supporting documents; ● examined whether borrowers, who may incur credit costs, were indeed selected as borrowers requiring close monitoring based on industrial sectoral reports published by external organizations; and ● assessed the consistency of the assumptions with the information that formed the basis for measuring credit risks. Additionally, we assessed the appropriateness of the calculation methods of the adjustment for expected credit losses reflecting the risk profile of the portfolio and individual borrowers.

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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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its consolidated subsidiaries for the current year are 679 million yen and 327 million yen, respectively.

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Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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.

/S/ Yutaka Terasawa
Designated Engagement Partner
Certified Public Accountant

/S/ Tomomi Mase
Designated Engagement Partner
Certified Public Accountant

/S/ Yoichi Tanaka
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 20, 2024

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.

Consolidated Balance Sheet

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Assets:			
Cash and Due from Banks	**¥ 22,751,571**	¥ 21,522,753	**$ 150,255**
Call Loans and Bills Bought	**25,000**	24,006	**165**
Receivables under Resale Agreements	**111,600**	110,003	**737**
Receivables under Securities Borrowing Transactions	**532,200**	436,093	**3,515**
Monetary Claims Bought	**1,144,441**	970,058	**7,558**
Trading Assets (Notes 1 and 2)	**2,015,752**	1,514,603	**13,312**
Money Held in Trust	**100**	1,442	**1**
Securities (Notes 2 and 4)	**9,797,616**	6,804,176	**64,705**
Loans and Bills Discounted (Notes 3, 4 and 5)	**33,420,919**	31,810,926	**220,717**
Foreign Exchanges	**45,394**	47,445	**300**
Lease Receivables and Investment Assets (Note 4)	**718,968**	688,933	**4,748**
Other Assets (Notes 4, 8 and 14)	**3,812,088**	3,781,008	**25,176**
Tangible Fixed Assets (Note 6)	**234,328**	230,096	**1,548**
Intangible Fixed Assets (Note 7)	**129,410**	108,362	**855**
Assets for Retirement Benefits	**338,701**	232,599	**2,237**
Deferred Tax Assets	**22,411**	22,951	**148**
Customers' Liabilities for Acceptances and Guarantees	**595,482**	562,523	**3,933**
Allowance for Loan Losses	**(117,798)**	(129,998)	**(778)**
Total Assets	**¥ 75,578,189**	¥ 68,737,987	**$ 499,130**
Liabilities:			
Deposits (Notes 4 and 9)	**¥ 37,444,663**	¥ 35,417,923	**$ 247,290**
Negotiable Certificates of Deposit	**9,265,997**	7,520,005	**61,194**
Call Money and Bills Sold	**360,394**	1,912,878	**2,380**
Payables under Repurchase Agreements (Note 4)	**2,700,532**	1,030,780	**17,835**
Trading Liabilities (Note 1)	**1,767,322**	1,472,636	**11,672**
Borrowed Money (Notes 4 and 10)	**7,903,158**	6,629,543	**52,194**
Foreign Exchanges	**281**	847	**2**
Short-Term Bonds Payable	**2,906,725**	2,332,377	**19,196**
Bonds Payable (Note 11)	**2,186,367**	1,911,760	**14,439**
Borrowed Money from Trust Account (Note 12)	**4,327,798**	4,332,472	**28,581**
Other Liabilities (Notes 13 and 14)	**3,060,826**	3,019,064	**20,214**
Provision for Bonuses	**14,168**	12,902	**94**
Provision for Directors' Bonuses	**97**	95	**1**
Provision for Stocks Payment	**968**	810	**6**
Liabilities for Retirement Benefits	**11,564**	11,442	**76**
Provision for Reward Points Program	**22,255**	21,282	**147**
Provision for Reimbursement of Deposits	**2,573**	3,028	**17**
Provision for Contingent Losses	**1,639**	1,344	**11**
Deferred Tax Liabilities	**211,523**	73,663	**1,397**
Deferred Tax Liabilities for Land Revaluation (Note 6)	**2,381**	2,381	**16**
Acceptances and Guarantees	**595,482**	562,523	**3,933**
Total Liabilities	**¥ 72,786,722**	¥ 66,269,765	**$ 480,694**
Net Assets:			
Total Shareholders' Equity:	**¥ 2,229,672**	¥ 2,232,088	**$ 14,725**
Capital Stock	**342,037**	342,037	**2,259**
Capital Surplus	**342,889**	342,889	**2,264**
Retained Earnings	**1,544,745**	1,547,162	**10,202**
Total Accumulated Other Comprehensive Income:	**531,323**	206,616	**3,509**
Valuation Differences on Available-for-Sale Securities	**485,795**	269,861	**3,208**
Deferred Gains (Losses) on Hedges	**(10,037)**	(47,792)	**(66)**
Revaluation Reserve for Land (Note 6)	**(5,767)**	(4,479)	**(38)**
Foreign Currency Translation Adjustments	**20,060**	12,202	**132**
Remeasurements of Defined Benefit Plans	**41,273**	(23,175)	**273**
Non-Controlling Interests	**30,470**	29,517	**201**
Total Net Assets	**¥ 2,791,467**	¥ 2,468,222	**$ 18,435**
Total Liabilities and Net Assets	**¥ 75,578,189**	¥ 68,737,987	**$ 499,130**

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	**¥ 1,648.81**	¥ 1,456.34	**$ 10.89**

See accompanying notes.

The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥151.42 to U.S. $1.00, the exchange rate as of March 29, 2024.

Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Income:			
Trust Fees (Note 1)	**¥ 116,269**	¥ 109,721	**$ 768**
Interest Income:	**1,006,740**	659,022	**6,649**
Interest on Loans and Discounts	**632,494**	425,715	**4,177**
Interest and Dividends on Securities	**206,228**	137,153	**1,362**
Interest on Call Loans and Bills Bought	**2,350**	1,316	**16**
Interest on Receivables under Securities Borrowing Transactions	**0**	—	**0**
Interest on Deposits with Banks	**132,277**	71,061	**874**
Other Interest Income (Note 2)	**33,388**	23,775	**221**
Fees and Commissions (Note 1)	**343,876**	323,099	**2,271**
Trading Income (Note 3)	**77,765**	15,608	**514**
Other Ordinary Income (Note 4)	**655,069**	468,587	**4,326**
Other Income (Note 5)	**150,734**	124,297	**995**
Total Income	**¥ 2,350,456**	¥ 1,700,337	**$ 15,523**
Expenses:			
Interest Expenses:	**¥ 1,129,046**	¥ 551,043	**$ 7,456**
Interest on Deposits	**347,053**	171,880	**2,292**
Interest on Negotiable Certificates of Deposit	**307,492**	139,247	**2,031**
Interest on Call Money and Bills Sold	**975**	1,202	**6**
Interest on Payables under Repurchase Agreements	**73,652**	32,286	**486**
Interest on Borrowings	**39,650**	20,525	**262**
Interest on Short-Term Bonds	**115,430**	55,767	**762**
Interest on Bonds	**53,416**	22,514	**353**
Other Interest Expenses (Note 2)	**191,375**	107,619	**1,264**
Fees and Commissions Payments	**97,098**	93,602	**641**
Trading Expenses (Note 3)	**1,848**	5,184	**12**
Other Ordinary Expenses (Note 4)	**261,679**	272,606	**1,728**
General and Administrative Expenses (Note 6)	**428,734**	388,714	**2,831**
Other Expenses (Note 5)	**353,144**	138,581	**2,332**
Total Expenses	**¥ 2,271,551**	¥ 1,449,732	**$ 15,002**
Income before Income Taxes	**¥ 78,904**	¥ 250,605	**$ 521**
Income Taxes:	**11,946**	71,928	**79**
Current	**13,902**	45,358	**92**
Deferred	**(1,955)**	26,569	**(13)**
Net Income	**¥ 66,958**	¥ 178,676	**$ 442**
Net Income Attributable to Non-Controlling Interests	**1,136**	1,027	**8**
Net Income Attributable to Owners of the Parent	**¥ 65,821**	¥ 177,649	**$ 435**
	Yen		U.S. Dollars
Net Income per Share of Common Stock	**¥ 39.30**	¥ 106.08	**$ 0.26**

See accompanying notes.

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Net Income	**¥ 66,958**	¥ 178,676	**$ 442**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**217,209**	(18,588)	**1,434**
Deferred Gains (Losses) on Hedges	**37,594**	(7,174)	**248**
Foreign Currency Translation Adjustments	**4,865**	6,089	**32**
Remeasurements of Defined Benefit Plans	**64,476**	19,510	**426**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**2,101**	1,998	**14**
Total Other Comprehensive Income (Loss) (Note)	**¥ 326,246**	¥ 1,835	**$ 2,155**
Comprehensive Income:	**¥ 393,204**	¥ 180,512	**$ 2,597**
Comprehensive Income Attributable to Owners of the Parent	**391,818**	179,241	**2,588**
Comprehensive Income Attributable to Non-Controlling Interests	**1,386**	1,270	**9**

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, 2024 and 2023

From April 1, 2023 to March 31, 2024

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 342,889	¥ 1,547,162	¥ 2,232,088
Changes during the Year				
Cash Dividends			(69,526)	(69,526)
Net Income Attributable to Owners of the Parent			65,821	65,821
Purchase of Shares of Consolidated Subsidiaries				—
Reversal of Revaluation Reserve for Land			1,288	1,288
Net Changes of Items Other Than Shareholders' Equity				—
Total Changes during the Year	—	—	(2,416)	(2,416)
Balance at the End of the Year	¥ 342,037	¥ 342,889	¥ 1,544,745	¥ 2,229,672

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	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	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 269,861	¥ (47,792)	¥ (4,479)	¥ 12,202	¥(23,175)	¥ 206,616	¥ 29,517	¥ 2,468,222
Changes during the Year								
Cash Dividends								(69,526)
Net Income Attributable to Owners of the Parent								65,821
Purchase of Shares of Consolidated Subsidiaries								—
Reversal of Revaluation Reserve for Land								1,288
Net Changes of Items Other Than Shareholders' Equity	215,933	37,754	(1,288)	7,858	64,449	324,707	953	325,661
Total Changes during the Year	215,933	37,754	(1,288)	7,858	64,449	324,707	953	325,661
Balance at the End of the Year	¥ 485,795	¥ (10,037)	¥ (5,767)	¥ 20,060	¥ 41,273	¥ 531,323	¥ 30,470	¥ 2,791,467

See accompanying notes.

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							
	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	Non-Controlling Interests	Total Net Assets
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, 2023 to March 31, 2024

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	**$ 2,259**	**$ 2,264**	**$ 10,218**	**$ 14,741**
Changes during the Year				
Cash Dividends			**(459)**	**(459)**
Net Income Attributable to Owners of the Parent			**435**	**435**
Purchase of Shares of Consolidated Subsidiaries				**—**
Reversal of Revaluation Reserve for Land			**9**	**9**
Net Changes of Items Other Than Shareholders' Equity				**—**
Total Changes during the Year	**—**	**—**	**(16)**	**(16)**
Balance at the End of the Year	**$ 2,259**	**$ 2,264**	**$ 10,202**	**$ 14,725**

	Millions of U.S. Dollars							
	Accumulated Other Comprehensive Income							
	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	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	**$ 1,782**	**$ (316)**	**$ (30)**	**$ 81**	**$ (153)**	**$ 1,365**	**$ 195**	**$ 16,301**
Changes during the Year								
Cash Dividends								**(459)**
Net Income Attributable to Owners of the Parent								**435**
Purchase of Shares of Consolidated Subsidiaries								**—**
Reversal of Revaluation Reserve for Land								**9**
Net Changes of Items Other Than Shareholders' Equity	**1,426**	**249**	**(9)**	**52**	**426**	**2,144**	**6**	**2,151**
Total Changes during the Year	**1,426**	**249**	**(9)**	**52**	**426**	**2,144**	**6**	**2,135**
Balance at the End of the Year	**$ 3,208**	**$ (66)**	**$ (38)**	**$132**	**$ 273**	**$ 3,509**	**$ 201**	**$ 18,435**

See accompanying notes.

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Cash Flows from Operating Activities:			
Income before Income Taxes	**¥ 78,904**	¥ 250,605	**$ 521**
Depreciation and Amortization	**34,740**	30,151	**229**
Impairment Losses	**7,356**	18,187	**49**
Amortization of Goodwill	**3,509**	4,499	**23**
Equity in Losses (Earnings) of Affiliated Companies	**(15,774)**	(15,764)	**(104)**
Increase (Decrease) in Allowance for Loan Losses	**(12,199)**	(33,371)	**(81)**
Increase (Decrease) in Provision for Bonuses	**1,266**	233	**8**
Increase (Decrease) in Provision for Directors' Bonuses	**2**	(2)	**0**
Increase (Decrease) in Provision for Stocks Payment	**158**	240	**1**
Decrease (Increase) in Assets for Retirement Benefits	**(101,362)**	(36,615)	**(669)**
Increase (Decrease) in Liabilities for Retirement Benefits	**123**	59	**1**
Increase (Decrease) in Provision for Reward Points Program	**972**	1,317	**6**
Increase (Decrease) in Provision for Reimbursement of Deposits	**(454)**	(598)	**(3)**
Increase (Decrease) in Provision for Contingent Losses	**295**	(305)	**2**
Interest Income	**(1,006,740)**	(659,022)	**(6,649)**
Interest Expenses	**1,129,046**	551,043	**7,456**
Loss (Gain) Related to Securities	**180,573**	15,416	**1,193**
Loss (Gain) on Money Held in Trust	**(36)**	(87)	**(0)**
Foreign Exchange Losses (Gains)	**(314,285)**	(157,440)	**(2,076)**
Loss (Gain) on Disposal of Fixed Assets	**626**	920	**4**
Net Decrease (Increase) in Trading Assets	**(501,149)**	(547,037)	**(3,310)**
Net Increase (Decrease) in Trading Liabilities	**294,686**	565,949	**1,946**
Net Decrease (Increase) in Loans and Bills Discounted	**(1,609,993)**	(934,418)	**(10,633)**
Net Increase (Decrease) in Deposits	**2,026,739**	2,146,133	**13,385**
Net Increase (Decrease) in Negotiable Certificates of Deposit	**1,745,991**	828,061	**11,531**
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	**1,190,415**	(1,113,954)	**7,862**
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	**436,033**	59,878	**2,880**
Net Decrease (Increase) in Call Loans	**(177,107)**	(94,520)	**(1,170)**
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	**(96,107)**	216,441	**(635)**
Net Increase (Decrease) in Call Money	**117,267**	659,101	**774**
Net Decrease (Increase) in Foreign Exchange-Assets	**2,051**	(17,951)	**14**
Net Increase (Decrease) in Foreign Exchange-Liabilities	**(566)**	(427)	**(4)**
Net Decrease (Increase) in Lease Receivables and Investment Assets	**(30,035)**	(791)	**(198)**
Net Increase (Decrease) in Short-Term Bonds Payable	**574,347**	(55,175)	**3,793**
Increase (Decrease) in Straight Bonds-Issuance and Redemption	**274,605**	521,255	**1,814**
Net Increase (Decrease) in Borrowed Money from Trust Account	**(4,674)**	33,645	**(31)**
Interest Received	**913,540**	623,655	**6,033**
Interest Paid	**(1,046,779)**	(505,791)	**(6,913)**
Other, Net	**203,312**	262,713	**1,343**
Subtotal	**¥ 4,299,304**	¥ 2,616,229	**$ 28,393**
Income Taxes (Paid) Refunded	**(43,134)**	(59,857)	**(285)**
Net Cash Provided by (Used in) Operating Activities	**¥ 4,256,169**	¥ 2,556,372	**$ 28,108**

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Cash Flows from Investing Activities:			
Purchase of Securities	**¥ (9,269,466)**	¥ (5,121,656)	**$ (61,217)**
Proceeds from Sales of Securities	**4,145,562**	1,916,907	**27,378**
Proceeds from Redemption of Securities	**2,636,578**	4,202,493	**17,412**
Decrease in Money Held in Trust	**1,455**	—	**10**
Purchase of Tangible Fixed Assets	**(17,451)**	(8,455)	**(115)**
Proceeds from Sales of Tangible Fixed Assets	**399**	356	**3**
Purchase of Intangible Fixed Assets	**(56,518)**	(51,484)	**(373)**
Purchase of Shares of Subsidiaries Resulting in Change in the Scope of Consolidation	**(20,335)**	—	**(134)**
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	**(1,289)**	(1,207)	**(9)**
Proceeds from Shares of Affiliated Companies Accounted for Using the Equity Method	**3,549**	23,636	**23**
Net Cash Provided by (Used in) Investing Activities	**¥ (2,577,514)**	¥ 960,590	**$ (17,022)**
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	**¥ 46,000**	¥ 20,000	**$ 304**
Repayments of Subordinated Borrowings	**(30,000)**	(60,000)	**(198)**
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	**—**	(56,100)	**—**
Proceeds from Share Issuance to Non-Controlling Shareholders	**—**	40	**—**
Cash Dividends Paid	**(69,526)**	(60,383)	**(459)**
Cash Dividends Paid to Non-Controlling Interests	**(432)**	(456)	**(3)**
Net Cash Provided by (Used in) Financing Activities	**¥ (53,959)**	¥ (156,900)	**$ (356)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**¥ 40,155**	¥ 79,794	**$ 265**
Net Increase (Decrease) in Cash and Cash Equivalents	**¥ 1,664,851**	¥ 3,439,856	**$ 10,995**
Cash and Cash Equivalents at the Beginning of the Year	**¥ 19,092,918**	¥ 15,653,061	**$ 126,092**
Cash and Cash Equivalents at the End of the Year (Note)	**¥ 20,757,770**	¥ 19,092,918	**$ 137,087**

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 ¥151.42 to U.S. $1, the approximate rate of exchange as of March 29, 2024. 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, 2024:

39 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

A change in the consolidated subsidiaries during the current fiscal year is as follows:

Spade House Limited Liability Company is included in the scope of the consolidation from the fiscal year ended March 31, 2024, due to the acquisition of equity interests.

(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:

20 companies

Principal Companies:

SBI Sumishin Net Bank, Ltd.

A change in the affiliated companies accounted for by the equity method during the current fiscal year is as follows:

Board Advisors Japan, Inc. is included in the scope of application of the equity method from the fiscal year ended March 31, 2024, due to the acquisition of its shares.

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

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:	5 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 29
- 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 29
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2024, 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, 2024 and 2023.

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 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 a 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 bankruptcy 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 the 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 amount of claims. The deducted amount was ¥19,689 million (U.S. $130 million) and ¥18,210 million as of March 31, 2024 and 2023, 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 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 contingent losses is provided for 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, 2024, 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

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

Trust fees and asset administration fees are recorded mainly in the "Investor Services Business," and "Retail Business." SuMi TRUST Bank Group is obligated to perform asset administrative services in accordance with the terms of trust agreements and various contracts. 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 "Corporate Business." SuMi TRUST Bank Group is obligated to perform shareholder registry management services and the like in accordance with agreement on entrustment of management of shareholder registry and the like. 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." 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." 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 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) Share price fluctuations risk hedge

SuMi TRUST Bank applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under available-for-sale securities, and accordingly evaluates the effectiveness of such individual hedges.

(d) 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.

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, 2024 and 2023:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Allowance for Loan Losses	**¥ 117,798**	¥ 129,998	**$ 778**

(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 after direct write-offs, net of the expected amount of recoveries from collateral and guarantees. For collateralized or guaranteed claims against bankrupt borrowers and virtually bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the 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 of the borrowers that have not yet been reflected in the financial information and historical loan-loss ratios, etc. and make necessary adjustments to expected future credit losses, which are then recorded as "additional allowance for loan losses based on the method considering future forecast" ("special allowance"), considering the impact of the changes in the uncertain economic environment on the future business performance and funding of borrowers, and the potential risks inherent to some borrowers to materialize.

(Fiscal year ended March 31,2023)

Against the backdrop of the significant changes in the economic environment such as inflation and corresponding monetary tightening, volatile financial market trend, etc., SuMi TRUST Bank reconsidered

its 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," strengthens monitoring of such borrowers, and records a special allowance for credit of the above-mentioned borrowers.

(Fiscal year ended March 31, 2024)

Against the backdrop of the uncertain economic environment due to continuing inflation and the corresponding monetary tightening, as well as the potential risks inherent to some borrowers, SuMi TRUST Bank periodically reviews "borrowers that contain the possibility of incurring credit cost due to changes in the business environment," and records a special allowance for those borrowers' credits using the same method as the previous fiscal year.

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, since Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. has different attributes of business and borrowers from SuMi TRUST Bank, considering the continuing uncertain situation in the economic environment where, e.g., amortization of loans related to COVID-19 has been being started, it re-evaluates industries with possible deterioration of future business performance and funding, reviews the list of borrowers subject to special allowance in the applicable industry, and records the special allowance.

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

	Millions of Yen			Millions of U.S. Dollars
	2024	2023	**Increase/Decrease**	**2024**
Total	**¥17,446**	¥19,503	**¥(2,056)**	**$115**
SuMi TRUST Bank	**¥15,188**	¥16,539	**¥(1,351)**	**$100**
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	**2,258**	2,963	**(705)**	**15**

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 are changes in the impact on the business performance and funding of borrowers and condition of inherent risks 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, 2024 and 2023:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Retirement Benefit Obligations	**¥ 375,687**	¥ 379,639	**$ 2,481**

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, 2024 were ¥338,701 million (U.S. $2,237 million) and ¥11,564 million (U.S. $76 million), respectively. The net amount of ¥327,136 million (U.S. $2,160 million) was calculated by deducting plan assets of ¥702,824 million (U.S. $4,642 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥364,122 million (U.S. $2,405 million) and ¥11,564 million (U.S. $76 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%	3.5%

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

	Impact on retirement benefit expenses	Impact on retirement benefit obligations
Discount rate:		
0.5% decrease	¥2,041 million increase	¥26,949 million increase
0.5% increase	¥1,831 million decrease	¥24,038 million decrease
Expected long-term rate of return on plan assets:		
0.5% decrease	¥3,460 million increase	—
0.5% increase	¥3,460 million decrease	—

Changes in Accounting Estimates

With regard to the fair value adjustment method in the calculation of the fair values of derivative transactions, based on the fact that a certain period of time has passed since its introduction and the results of the verification of the reasonably calculated fair values, SuMi TRUST Holdings reviewed the previous inputs used for the adjustments of credit risks and changed the method to the one using inputs that are more appropriate for the substance of each of SuMi TRUST Holdings' portfolios from the six months ended September 30, 2023. As a result of the change, compared with the previous method, Trading Assets increased by ¥2,178 million (U.S. $14 million), Other Assets increased by ¥2,717 million (U.S. $18 million), Trading Liabilities decreased by ¥723 million (U.S. $5 million), and Other Liabilities increased by ¥85 million (U.S. $1 million) as of March 31, 2024. Ordinary Profit and Income before Income Taxes increased by ¥5,533 million (U.S. $37 million) during the fiscal year ended March 31, 2024.

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Securities in Trading Account	**¥ 1,693**	¥ 2,904	**$ 11**
Derivatives of Trading Securities	**27**	14	**0**
Derivatives of Securities Related to Trading Transactions	**—**	880	**—**
Trading-Related Financial Derivatives	**1,887,723**	1,447,810	**12,467**
Other Trading Assets	**126,307**	62,992	**834**
Total	**¥ 2,015,752**	¥ 1,514,603	**$ 13,312**

(2) Trading liabilities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Derivatives of Securities Related to Trading Transactions	**478**	¥ 20	**3**
Trading-Related Financial Derivatives	**1,766,844**	1,472,616	**11,669**
Total	**¥ 1,767,322**	¥ 1,472,636	**$ 11,672**

2. Securities

Securities held as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Government Bonds	**¥ 3,155,044**	¥ 1,549,273	**$ 20,836**
Local Government Bonds	**43,110**	38,117	**285**
Corporate Bonds	**721,944**	722,507	**4,768**
Stocks	**1,417,463**	1,259,099	**9,361**
Other Securities	**4,460,053**	3,235,177	**29,455**
Total	**¥ 9,797,616**	¥ 6,804,176	**$ 64,705**

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Stocks	**¥ 130,333**	¥ 116,836	**$ 861**
Equity Investments	**265,749**	215,635	**1,755**

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
	2024	2023	**2024**
Securities that are Further Collateralized	**¥ 109,921**	¥ 111,102	**$ 726**
Securities that are Further Loaned	**1,093,519**	750,675	**7,222**
Securities Held without Selling or Repledging as of the End of the Fiscal Year	**1,529**	—	**10**

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 ¥59,825 million (U.S. $395 million) and ¥64,346 million as of March 31, 2024 and 2023, respectively.

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Bills Discounted	**¥ 357**	¥ 504	**$ 2**
Loans on Bills	**211,608**	183,976	**1,397**
Loans on Deeds	**31,436,661**	30,005,242	**207,612**
Overdrafts	**1,772,293**	1,621,203	**11,704**
Total	**¥ 33,420,919**	¥ 31,810,926	**$ 220,717**

Bills discounted are treated as financial transactions in accordance with Guidance No. 24. SuMi TRUST Bank has a right to freely sell or pledge such commercial bills. The total face value of these bills amounted to ¥357 million (U.S. $2 million) and ¥504 million as of March 31, 2024 and 2023, 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
	2024	2023	**2024**
Bankrupt and Practically Bankrupt Loans	**¥ 11,316**	¥ 11,383	**$ 75**
Doubtful Loans	**58,089**	97,246	**384**
Loans Past Due Three Months or More	**10,612**	—	**70**
Restructured Loans	**36,402**	43,335	**240**
Total	**¥ 116,421**	¥ 151,965	**$ 769**

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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Assets Pledged as Collateral:			
Securities	**¥ 4,702,747**	¥ 2,070,297	**$ 31,058**
Loans and Bills Discounted	**5,188,146**	4,698,263	**34,263**
Lease Receivables and Investment Assets	**22,434**	46,602	**148**
Other Assets	**132,795**	34,323	**877**
Total	**¥ 10,046,124**	¥ 6,849,487	**$ 66,346**
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	**¥ 4,892**	¥ 16,561	**$ 32**
Payables under Repurchase Agreements	**2,038,415**	485,939	**13,462**
Borrowed Money	**5,459,961**	4,521,315	**36,058**

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
	2024	2023	**2024**
Securities	**¥ 461,983**	¥ 382,875	**$ 3,051**

"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
	2024	2023	**2024**
Initial Margins of Futures Markets	**¥ 14,326**	¥ 58,868	**$ 95**
Security Deposits	**24,890**	22,729	**164**
Cash Collateral Pledged for Financial Instruments-Assets	**1,286,335**	967,493	**8,495**

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 ¥13,824,625 million (U.S. $91,300 million) and ¥13,541,015 million, of which ¥8,787,679 million (U.S. $58,035 million) and ¥8,791,731 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2024 and 2023, 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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Land	**¥ 138,685**	¥ 138,786	**$ 916**
Buildings	**69,709**	70,397	**460**
Lease Assets	**4,324**	4,665	**29**
Construction in Progress	**3,952**	525	**26**
Other	**17,657**	15,721	**117**
Total	**¥ 234,328**	¥ 230,096	**$ 1,548**

Accumulated depreciation amounted to ¥191,196 million (U.S. $1,263 million) and ¥186,677 million, and advance depreciation amounted to ¥27,750 million (U.S. $183 million) and ¥27,780 million as of March 31, 2024 and 2023, 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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Software	**¥ 121,024**	¥ 96,554	**$ 799**
Goodwill	**4,569**	8,079	**30**
Other	**3,816**	3,729	**25**
Total	**¥ 129,410**	¥ 108,362	**$ 855**

8. Other Assets

Other assets as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Domestic Exchange Settlement Account, Debit	**¥ 1,898**	¥ 862	**$ 13**
Prepaid Expenses	**9,616**	7,587	**64**
Accrued Income	**239,956**	155,945	**1,585**
Initial Margins of Futures Markets	**14,326**	58,868	**95**
Variation Margins of Futures Markets	**—**	4,090	**—**
Financial Derivatives Other Than Trading Assets	**1,331,859**	1,739,276	**8,796**
Receivables for Securities Transactions	**23,197**	213,860	**153**
Cash Collateral Pledged for Financial Instruments-Assets	**1,286,335**	967,493	**8,495**
Other	**904,898**	633,023	**5,976**
Total	**¥ 3,812,088**	¥ 3,781,008	**$ 25,176**

9. Deposits

Deposits as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	**¥ 10,509,947**	¥ 10,813,306	**$ 69,409**
Time Deposits	**25,764,129**	23,612,454	**170,150**
Other	**1,170,585**	992,162	**7,731**
Total	**¥ 37,444,663**	¥ 35,417,923	**$ 247,290**

(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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Subordinated Borrowings	**¥ 621,000**	¥ 605,000	**$ 4,101**
Other Borrowed Money	**¥ 7,282,158**	6,024,543	**48,092**
Total	**¥ 7,903,158**	¥ 6,629,543	**$ 52,194**

Weighted average interest rates on borrowed money were 0.55% and 0.48% for the fiscal years ended March 31, 2024 and 2023, respectively.

Annual maturities of borrowed money as of March 31, 2024, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Year Ending March 31	**2024**	**2024**
2025	**¥ 3,257,320**	**$ 21,512**
2026	**1,455,450**	**9,612**
2027	**181,716**	**1,200**
2028	**1,376,451**	**9,090**
2029	**529,238**	**3,495**
Total	**¥ 6,800,176**	**$ 44,909**

11. Bonds Payable

Bonds payable as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Subordinated Bonds	**¥ 72,997**	¥ 72,997	**$ 482**
Other Bonds Payable	**2,113,369**	1,838,763	**13,957**
Total	**¥ 2,186,367**	¥ 1,911,760	**$ 14,439**

Annual maturities of bonds payable as of March 31, 2024, for the next five years are as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
	2024	**2024**
2025	**¥ 3,250,331**	**$ 21,466**
2026	**534,260**	**3,528**
2027	**660,115**	**4,359**
2028	**310,620**	**2,051**
2029	**255,675**	**1,689**
Total	**¥ 5,011,001**	**$ 33,093**

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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Domestic Exchange Settlement Account, Credit	**¥ 641**	¥ 723	**$ 4**
Income Taxes Payable	**7,151**	11,914	**47**
Accrued Expenses	**195,004**	111,812	**1,288**
Unearned Income	**86,366**	88,444	**570**
Variation Margins of Futures Markets	**2,055**	1,875	**14**
Financial Derivatives Other Than Trading Liabilities	**1,716,814**	1,932,401	**11,338**
Lease Obligations	**11,542**	12,930	**76**
Asset Retirement Obligations	**3,677**	3,678	**24**
Payables for Securities Transactions	**40,422**	209,650	**267**
Provision for Loss on Interest Repayment	**2**	38	**0**
Cash Collateral Accepted for Financial Instruments-Liabilities	**728,480**	450,879	**4,811**
Other	**268,665**	194,715	**1,774**
Total	**¥ 3,060,826**	¥ 3,019,064	**$ 20,214**

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 Years Ended March 31, 2024 and 2023.”

2. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Interest on Monetary Claims Bought	**¥ 3,211**	¥ 2,495	**$ 21**
Others	**30,177**	21,279	**199**
Total	**¥ 33,388**	¥ 23,775	**$ 221**

(2) Other interest expenses for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Interest on Interest Rate Swaps	**¥ 166,623**	¥ 85,031	**$ 1,100**
Others	**24,751**	22,587	**163**
Total	**¥ 191,375**	¥ 107,619	**$ 1,264**

3. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Net Income from Trading Securities and Derivatives	**¥ 134**	¥ —	**$ 1**
Net Income from Trading Transactions	**—**	15,548	**—**
Net Income from Trading-Related Financial Derivatives Transactions	**77,535**	—	**512**
Other Trading Income	**95**	60	**1**
Total	**¥ 77,765**	¥ 15,608	**$ 514**

(2) Trading expenses for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Net Expenses on Trading Securities and Derivatives	**¥ —**	¥ 149	**$ —**
Net Expenses on Trading Transactions	**1,848**	—	**12**
Net Expenses on Trading-Related Financial Derivatives Transactions	**—**	5,035	**—**
Total	**¥ 1,848**	¥ 5,184	**$ 12**

4. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Net Gains on Foreign Exchange Transactions	**¥ 350,980**	¥ 201,285	**$ 2,318**
Gains on Sales and Redemption of Bonds	**13,990**	3,495	**92**
Net Income from Derivatives Other Than for Trading or Hedging	**15,235**	1,053	**101**
Others	**274,863**	262,754	**1,815**
Total	**¥ 655,069**	¥ 468,587	**$ 4,326**

(2) Other ordinary expenses for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Losses on Sales and Redemption of Bonds	**¥ 7,633**	¥ 29,499	**$ 50**
Others	**254,046**	243,107	**1,678**
Total	**¥ 261,679**	¥ 272,606	**$ 1,728**

5. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Gains on Sales of Stocks and Other Securities	**¥ 125,755**	¥ 89,955	**$ 831**
Gains on Money Held in Trust	**36**	87	**0**
Recoveries of Written-Off Claims	**1,240**	1,123	**8**
Equity in Earnings of Affiliated Companies	**15,774**	15,764	**104**
Gains on Disposal of Fixed Assets	**73**	312	**0**
Gains on Sales of Investments in Subsidiaries and Affiliated Companies	**592**	4,667	**4**
Others	**7,261**	12,386	**48**
Total	**¥ 150,734**	¥ 124,297	**$ 995**

(2) Other expenses for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Provision for Allowance for Loan Losses	**¥ 7,547**	¥ 1,547	**$ 50**
Write-Off of Loans	**5,571**	9,742	**37**
Losses on Sales of Stocks and Other Securities	**311,250**	83,337	**2,056**
Losses on Impairment of Stocks and Other Securities	**2,028**	696	**13**
Losses on Disposal of Fixed Assets	**700**	1,232	**5**
Losses on Impairment of Fixed Assets (Note)	**7,356**	18,187	**49**
Losses on Investment in Partnerships	**10,296**	9,731	**68**
Others	**8,393**	14,106	**55**
Total	**¥ 353,144**	¥ 138,581	**$ 2,332**

(Note) As for the fiscal year ended March 31, 2023

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

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

The impairment losses recognized as a result of the above were ¥15,904 million for software, and the entire impairment losses including those were ¥18,187 million, which include impairment losses of tangible fixed assets of ¥222 million and those of software of ¥17,964 million.

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

6. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Taxes Other Than Income Taxes	**¥ 12,868**	¥ 13,397	**$ 85**
Personnel Expenses	**192,491**	176,616	**1,271**
Others	**223,374**	198,700	**1,475**
Total	**¥ 428,734**	¥ 388,714	**$ 2,831**

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, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	**¥ 130,241**	¥ (47,389)	**$ 860**
Reclassification Adjustments	**182,729**	20,632	**1,207**
Before Tax Effects	**312,971**	(26,756)	**2,067**
Tax Effects	**(95,762)**	8,168	**(632)**
Valuation Difference on Available-for-Sale Securities	**217,209**	(18,588)	**1,434**
Deferred Gains (Losses) on Hedges:			
Changes during the Period	**(112,414)**	(36,318)	**(742)**
Reclassification Adjustments	**166,623**	25,960	**1,100**
Before Tax Effects	**54,209**	(10,358)	**358**
Tax Effects	**(16,614)**	3,183	**(110)**
Deferred Gains (Losses) on Hedges	**37,594**	(7,174)	**248**
Foreign Currency Translation Adjustments:			
Changes during the Period	**4,865**	6,089	**32**
Reclassification Adjustments	**—**	(0)	**—**
Before Tax Effects	**4,865**	6,089	**32**
Tax Effects	**—**	—	**—**
Foreign Currency Translation Adjustments	**4,865**	6,089	**32**
Remeasurements of Defined Benefit Plans:			
Changes during the Period	**88,121**	24,302	**582**
Reclassification Adjustments	**4,822**	3,823	**32**
Before Tax Effects	**92,943**	28,126	**614**
Tax Effects	**(28,466)**	(8,615)	**(188)**
Remeasurements of Defined Benefit Plans	**64,476**	19,510	**426**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	**2,228**	(444)	**15**
Reclassification Adjustments	**(126)**	2,443	**(1)**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:	**2,101**	1,998	**14**
Total Other Comprehensive Income (Loss)	**¥ 326,246**	¥ 1,835	**$2,155**

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, 2024 and 2023, 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, 2024					
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, 2023					
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, 2024 and 2023.

3. Dividends

Dividends paid for the fiscal years ended March 31, 2024 and 2023, consisted of the following: As for the fiscal year ended March 31, 2024:

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	Record Date	Effective Date
June 23, 2023 Ordinary General Meeting of Shareholders	Common Share	**¥ 31,330 ($207)**	Retained Earnings	**¥ 18.71 ($0.12)**	March 31, 2023	June 26, 2023

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	Record Date	Effective Date
November 14, 2023 Board of Directors' Meeting	Common Share	**¥ 38,196 ($252)**	Retained Earnings	**¥ 22.81 ($0.15)**	September 30, 2023	December 1, 2023

Dividends with a record date during the fiscal year ended March 31, 2024, but whose effective date is after March 31, 2024, are as follows:

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	Record Date	Effective Date
May 28, 2024 Extraordinary General Meeting of Shareholders	Common Share	**¥ 49,599 ($328)**	Retained Earnings	**¥ 29.62 ($0.20)**	March 31, 2024	May 29, 2024

As for the fiscal year ended March 31, 2023:

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	Retained Earnings	¥ 14.09	March 31, 2022	June 24, 2022

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen	Dividend Resources	Cash Dividends per Share: Yen	Record Date	Effective Date
November 11, 2022 Board of Directors' Meeting	Common Share	¥ 36,789	Retained Earnings	¥ 21.97	September 30, 2022	December 1, 2022

Dividends with a record date during the current 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: Millions of Yen	Dividend Resources	Cash Dividends per Share: Yen	Record Date	Effective Date
June 23, 2023 Ordinary General Meeting of Shareholders	Common Share	¥ 31,330	Retained Earnings	¥ 18.71	March 31, 2023	June 26, 2023

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, 2024 and 2023.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Cash and Due from Banks	**¥ 22,751,571**	¥ 21,522,753	**$ 150,255**
Due from Banks (Excluding Due from the Bank of Japan)	**(1,993,801)**	(2,429,835)	**(13,167)**
Cash and Cash Equivalents	**¥ 20,757,770**	¥ 19,092,918	**$ 137,087**

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, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Due in One Year or Less	**¥ 1,830**	¥ 2,142	**$ 12**
Due in More Than One Year	**9,973**	10,748	**66**
Total	**¥ 11,803**	¥ 12,890	**$ 78**

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Due in One Year or Less	**¥ 13,990**	¥ 8,625	**$ 92**
Due in More Than One Year	**88,876**	38,960	**587**
Total	**¥ 102,867**	¥ 47,586	**$ 679**

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.

The Finance Committee resolves ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets and liabilities. These plans are reported to appropriate committees such as the Executive Committee and the Board of Directors as specified in the policy.

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 Finance Committee on a daily basis, and to the Finance 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 a 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 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, 2024, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥11.3 billion (U.S. $75 million).

SuMi TRUST Bank Group performs back testing using the actual value to verify the accuracy of the VaR measurement model. 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, 2024, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥738.3 billion (U.S. $4,876 million).

SuMi TRUST Bank Group performs back testing on certain positions held in the "Banking Accounts" that compares the results of the 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.

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

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Calculation of fair value 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 sheets and fair values of financial instruments as of March 31, 2024 and 2023, 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 to 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, 2024				Mar. 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	¥ —	¥ 127,457	¥ —	¥ 127,457	$ —	$ 842	$ —	$ 842
Trading Assets								
Trading Securities	1,590	126,410	—	128,001	11	835	—	845
Money Held in Trust	—	—	—	—	—	—	—	—
Securities								
Available-for-Sale Securities	6,067,114	2,713,402	412	8,780,930	40,068	17,920	3	57,991
Stocks	1,213,390	—	—	1,213,390	8,013	—	—	8,013
Bonds	3,038,147	753,941	412	3,792,502	20,064	4,979	3	25,046
Government Bonds	3,038,147	—	—	3,038,147	20,064	—	—	20,064
Local Government Bonds	—	43,110	—	43,110	—	285	—	285
Short-Term Bonds Payable	—	—	—	—	—	—	—	—
Corporate Bonds	—	710,831	412	711,244	—	4,694	3	4,697
Other Securities	1,815,576	1,959,460	—	3,775,037	11,990	12,941	—	24,931
Foreign Stocks	5,457	—	—	5,457	36	—	—	36
Foreign Bonds	1,795,480	1,412,796	—	3,208,277	11,858	9,330	—	21,188
Others	14,638	546,664	—	561,302	97	3,610	—	3,707
Total Assets	¥6,068,705	¥2,967,270	¥ 412	¥9,036,389	$40,079	$19,596	$ 3	$59,678
Derivative Transactions (*1)(*2)(*3)								
Interest Rate Related Transactions	¥ 1,479	¥ (19,092)	¥3,078	¥ (14,534)	$ 10	$ (126)	$ 20	$ (96)
Currency Related Transactions	—	(251,717)	—	(251,717)	—	(1,662)	—	(1,662)
Stock Related Transactions	(85)	903	—	817	(1)	6	—	5
Bond Related Transactions	977	86	—	1,063	6	1	—	7
Credit Derivative Transactions	—	(154)	—	(154)	—	(1)	—	(1)
Total Derivative Transactions	¥ 2,370	¥ (269,975)	¥3,078	¥ (264,526)	$ 16	$ (1,783)	$ 20	$ (1,747)

(*1) 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.

(*2) As for derivative transactions applying hedge accounting, ¥(409,466) million (U.S. $(2,704) million) is recorded on the consolidated balance sheets as of March 31, 2024

(*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, 2023			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	¥ —	¥ 129,295	¥ —	¥ 129,295
Trading Assets				
Trading Securities	2,799	63,097	—	65,897
Money Held in Trust	1,342	—	—	1,342
Securities				
Available-for-Sale Securities	3,178,308	2,710,358	1,292	5,889,959
Stocks	1,072,628	—	—	1,072,628
Bonds	1,431,999	744,932	1,292	2,178,224
Government Bonds	1,431,999	—	—	1,431,999
Local Government Bonds	—	38,117	—	38,117
Short-Term Bonds Payable	—	—	—	—
Corporate Bonds	—	706,815	1,292	708,107
Other Securities	673,680	1,965,425	—	2,639,105
Foreign Stocks	4,171	—	—	4,171
Foreign Bonds	655,198	1,163,873	—	1,819,071
Others	14,310	801,552	—	815,862
Total Assets	¥ 3,182,450	¥ 2,902,751	¥ 1,292	¥ 6,086,494
Derivative Transactions (*1)(*2)(*3)				
Interest Rate Related Transactions	¥ 1,838	¥ (106,856)	¥ 2,768	¥ (102,249)
Currency Related Transactions	—	(110,134)	—	(110,134)
Stock Related Transactions	(87)	—	—	(87)
Bond Related Transactions	(3,975)	(270)	—	(4,246)
Credit Derivative Transactions	—	(338)	—	(338)
Total Derivative Transactions	¥ (2,223)	¥ (217,600)	¥ 2,768	¥ (217,055)

(*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 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.

(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, 2024					
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Difference
Monetary Claims Bought (*)	**¥ —**	**¥ 34,193**	**¥ 983,405**	**¥ 1,017,599**	**¥ 1,016,820**	**¥ 778**
Securities						
Held-to-Maturity Securities	**124,742**	**112,984**	**—**	**237,726**	**229,654**	**8,072**
Government Bonds	**124,742**	**—**	**—**	**124,742**	**116,896**	**7,845**
Local Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate Bonds	**—**	**10,774**	**—**	**10,774**	**10,700**	**74**
Other Securities	**—**	**102,209**	**—**	**102,209**	**102,057**	**152**
Foreign Bonds	**—**	**102,209**	**—**	**102,209**	**102,057**	**152**
Others	**—**	**—**	**—**	**—**	**—**	**—**
Loans and Bills Discounted					**33,420,919**	
Allowance for Loan Losses (*)					**(65,455)**	
	—	**—**	**33,521,179**	**33,521,179**	**33,355,464**	**165,715**
Lease Receivables and Investment Assets (*)	**—**	**—**	**723,059**	**723,059**	**714,021**	**9,037**
Total Assets	**¥ 124,742**	**¥ 147,177**	**¥ 35,227,645**	**¥ 35,499,565**	**¥ 35,315,960**	**¥ 183,604**
Deposits	**¥ —**	**¥ 37,443,415**	**¥ —**	**¥ 37,443,415**	**¥ 37,444,663**	**¥ (1,247)**
Negotiable Certificates of Deposit	**—**	**9,265,997**	**—**	**9,265,997**	**9,265,997**	**—**
Borrowed Money	**—**	**7,825,329**	**—**	**7,825,329**	**7,903,158**	**(77,828)**
Bonds Payable	**—**	**2,163,422**	**—**	**2,163,422**	**2,186,367**	**(22,944)**
Total Liabilities	**¥ —**	**¥ 56,698,165**	**¥ —**	**¥ 56,698,165**	**¥ 56,800,186**	**¥ (102,021)**

(*) 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 sheet because the balance of the allowance is immaterial.

	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	—	—	—	—	—	—
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 sheet because the balance of the allowance is immaterial.

	Millions of U.S. Dollars					
	Mar. 31, 2024					
	Level 1	Level 2	Level 3	Total	Consolidated balance sheet amount	Difference
Monetary Claims Bought (*)	**$ —**	**$ 226**	**$ 6,495**	**$ 6,720**	**$ 6,715**	**$ 5**
Securities						
Held-to-Maturity Securities	**824**	**746**	**—**	**1,570**	**1,517**	**53**
Government Bonds	**824**	**—**	**—**	**824**	**772**	**52**
Local Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate Bonds	**—**	**71**	**—**	**71**	**71**	**0**
Other Securities	**—**	**675**	**—**	**675**	**674**	**1**
Foreign Bonds	**—**	**675**	**—**	**675**	**674**	**1**
Others	**—**	**—**	**—**	**—**	**—**	**—**
Loans and Bills Discounted				**—**	**220,717**	
Allowance for Loan Losses (*)				**—**	**(432)**	
	—	**—**	**221,379**	**221,379**	**220,284**	**1,094**
Lease Receivables and Investment Assets (*)	**—**	**—**	**4,775**	**4,775**	**4,716**	**60**
Total Assets	**$ 824**	**$ 972**	**$ 232,649**	**$ 234,444**	**$ 233,232**	**$ 1,213**
Deposits	**$ —**	**$ 247,282**	**$ —**	**$ 247,282**	**$ 247,290**	**$ (8)**
Negotiable Certificates of Deposit	**—**	**61,194**	**—**	**61,194**	**61,194**	**—**
Borrowed Money	**—**	**51,680**	**—**	**51,680**	**52,194**	**(514)**
Bonds Payable	**—**	**14,288**	**—**	**14,288**	**14,439**	**(152)**
Total Liabilities	**$ —**	**$ 374,443**	**$ —**	**$ 374,443**	**$ 375,117**	**$ (674)**

(*) 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 sheet 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 Bank 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, 2024		
	Valuation technique	Significant unobservable inputs	Range
Securities			
Corporate Bonds	Discounted present value method	Discount Rate	1.3%
Derivative Transactions			
Interest Rate Related Transactions	Option valuation model	Correlation between interest rate and foreign exchange rate	(41.4)% - 0.2%
		Correlation between interest rates	6.8%

	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%

(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, 2024 and 2023, are as follows:

	Millions of Yen							
	Mar. 31, 2024							
	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	**¥ 1,292**	**¥ —**	**¥ 7**	**¥ (1,299)**	**¥ 412**	**¥ —**	**¥ 412**	**¥ —**
Derivative Transactions (Interest Rate Related Transactions) (*4)	**2,768**	**310**	**—**	**—**	**—**	**—**	**3,078**	**310**

(*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, 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 U.S. Dollars							
	Mar. 31, 2024							
	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	**$ 9**	**$ —**	**$ 0**	**$ (9)**	**$ 3**	**$ —**	**$ 3**	**$ —**
Derivative Transactions (Interest Rate Related Transactions) (*4)	**18**	**2**	**—**	**—**	**—**	**—**	**20**	**2**

(*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, 2024	Mar. 31, 2023	**Mar. 31, 2024**
Equity Securities with No Market Prices, etc. (*1)(*3)	**¥ 94,710**	¥ 81,203	**$ 625**
Investments in Partnership, etc. (*2)(*3)	**296,336**	241,425	**1,957**

(*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 ¥1,978 million (U.S. $13 million) and ¥489 million were recognized against Unlisted Stocks and others as of March 31, 2024 and 2023, respectively, and those of ¥0 million were recognized against Investments in Partnership, etc. as of March 31, 2023.

(Note 4) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2024 and 2023

	Millions of Yen					
March 31, 2024	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	**¥ 22,694,392**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call Loans and Bills Bought	**25,000**	**—**	**—**	**—**	**—**	**—**
Receivables under Resale Agreements	**111,600**	**—**	**—**	**—**	**—**	**—**
Receivables under Securities Borrowing Transactions	**532,200**	**—**	**—**	**—**	**—**	**—**
Monetary Claims Bought (*1)	**1,010,142**	**19,826**	**6,449**	**1,467**	**1,574**	**105,580**
Securities	**1,134,971**	**2,355,003**	**1,937,696**	**602,787**	**780,058**	**863,492**
Held-to-Maturity Debt Securities	**60**	**6,405**	**40,000**	**40,000**	**60,741**	**80,610**
Government Bonds	**60**	**—**	**40,000**	**40,000**	**35,000**	**—**
Corporate Bonds	**—**	**500**	**—**	**—**	**—**	**10,200**
Available-for-Sale Securities with Maturity	**1,134,911**	**2,348,598**	**1,897,696**	**562,787**	**719,317**	**782,882**
Government Bonds	**522,579**	**1,769,909**	**654,000**		**70,000**	**31,000**
Local Government Bonds	**2,871**	**10,630**	**7,726**	**10,521**	**11,950**	**—**
Corporate Bonds	**91,135**	**267,424**	**194,617**	**49,911**	**77,854**	**31,214**
Loans and Bills Discounted (*2)	**5,402,943**	**6,734,153**	**4,875,703**	**2,865,277**	**2,730,875**	**7,970,802**
Lease Receivables and Investment Assets (*3)	**176,544**	**293,940**	**126,650**	**54,450**	**34,998**	**6,263**
Total	**¥ 31,087,794**	**¥ 9,402,924**	**¥ 6,946,500**	**¥ 3,523,982**	**¥ 3,547,507**	**¥ 8,946,138**

	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
Total	¥ 28,837,637	¥ 8,367,527	¥ 5,546,602	¥ 3,111,041	¥ 2,959,784	¥ 8,897,491

March 31, 2024	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	$ 149,877	$ —	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	165	—	—	—	—	—
Receivables under Resale Agreements	737	—	—	—	—	—
Receivables under Securities Borrowing Transactions	3,515	—	—	—	—	—
Monetary Claims Bought (*1)	6,671	131	43	10	10	697
Securities	7,496	15,553	12,797	3,981	5,152	5,703
Held-to-Maturity Debt Securities	0	42	264	264	401	532
Government Bonds	0	—	264	264	231	—
Corporate Bonds	—	3	—	—	—	67
Available-for-Sale Securities with Maturity	7,495	15,510	12,533	3,717	4,750	5,170
Government Bonds	3,451	11,689	4,319		462	205
Local Government Bonds	19	70	51	69	79	—
Corporate Bonds	602	1,766	1,285	330	514	206
Loans and Bills Discounted (*2)	35,682	44,473	32,200	18,923	18,035	52,640
Lease Receivables and Investment Assets (*3)	1,166	1,941	836	360	231	41
Total	$ 205,308	$ 62,098	$ 45,876	$ 23,273	$ 23,428	$ 59,082

(*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 ¥23 million as of March 31, 2024 and 2023, 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 ¥611,64 million (U.S. $404 million) and ¥101,179 million, and those without maturity, amounting to ¥2,779,999 million (U.S. $18,360 million) and ¥2,589,868 million as of March 31, 2024 and 2023, 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 ¥942 million (U.S. $6 million) and ¥725 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥25,177 million (U.S. $166 million) and ¥22,946 million as of March 31, 2024 and 2023, respectively.

(Note 5) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2024 and 2023

March 31, 2024	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)	¥ 29,515,985	¥ 5,076,593	¥ 2,842,113	¥ 9,696	¥ 273	¥ —
Negotiable Certificates of Deposit	9,210,997	55,000	—	—	—	—
Call Money and Bills Sold	360,394	—	—	—	—	—
Payables under Repurchase Agreements	2,700,532	—	—	—	—	—
Borrowed Money (*2)	3,257,320	1,637,166	1,905,689	150,627	301,460	380,894
Short-Term Bonds Payable	2,922,491	—	—	—	—	—
Bonds Payable	327,840	1,194,375	566,295	5,000	93,710	—
Borrowed Money from Trust Account	4,327,798	—	—	—	—	—
Total	¥ 52,623,359	¥ 7,963,135	¥ 5,314,097	¥ 165,324	¥ 395,444	¥ 380,894

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	494,005	772,700	627,665	10,000	8,000	—
Borrowed Money from Trust Account	4,332,472	—	—	—	—	—
Total	¥ 46,813,037	¥ 10,277,249	¥ 2,874,765	¥ 272,848	¥ 191,437	¥ 395,879

March 31, 2024	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)	**$ 194,928**	**$ 33,527**	**$ 18,770**	**$ 64**	**$ 2**	**$ —**
Negotiable Certificates of Deposit	**60,831**	**363**	**—**	**—**	**—**	**—**
Call Money and Bills Sold	**2,380**	**—**	**—**	**—**	**—**	**—**
Payables under Repurchase Agreements	**17,835**	**—**	**—**	**—**	**—**	**—**
Borrowed Money (*2)	**21,512**	**10,812**	**12,585**	**995**	**1,991**	**2,515**
Short-Term Bonds Payable	**19,301**	**—**	**—**	**—**	**—**	**—**
Bonds Payable	**2,165**	**7,888**	**3,740**	**33**	**619**	**—**
Borrowed Money from Trust Account	**28,581**	**—**	**—**	**—**	**—**	**—**
Total	**$ 347,532**	**$ 52,590**	**$ 35,095**	**$ 1,092**	**$ 2,612**	**$ 2,515**

(*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. $1,783 million) and ¥270,000 million as of March 31, 2024 and 2023, respectively.

Securities

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

1. Trading Securities

	Valuation Difference Reflected in the Statements of Income		
	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Trading Securities	**¥ (40)**	¥ (16)	**$ (0)**

2. Held-to-Maturity Securities with Fair Value

March 31, 2024	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	**¥ 116,896**	**¥ 124,742**	**¥ 7,845**
Local Government Bonds	**—**	**—**	**—**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**10,700**	**10,774**	**74**
Other Bonds	**120,996**	**121,266**	**270**
Foreign Bonds	**86,915**	**87,073**	**157**
Others	**34,081**	**34,193**	**112**
Subtotal	**248,593**	**256,783**	**8,189**
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	**¥ —**	**¥ —**	**¥ —**
Local Government Bonds	**—**	**—**	**—**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**—**	**—**	**—**
Other Bonds	**15,142**	**15,136**	**(5)**
Foreign Bonds	**15,142**	**15,136**	**(5)**
Others	**—**	**—**	**—**
Subtotal	**15,142**	**15,136**	**(5)**
Total	**¥ 263,735**	**¥ 271,920**	**¥ 8,184**

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)
Total	¥ 299,219	¥ 309,217	¥ 9,997

March 31, 2024	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 772	$ 824	$ 52
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	71	71	0
Other Bonds	799	801	2
Foreign Bonds	574	575	1
Others	225	226	1
Subtotal	1,642	1,696	54
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	100	100	(0)
Foreign Bonds	100	100	(0)
Others	—	—	—
Subtotal	100	100	(0)
Total	$ 1,742	$ 1,796	$ 54

3. Available-for-Sale Securities

March 31, 2024	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,164,362	¥ 362,356	¥ 802,005
Bonds	680,906	679,070	1,836
Government Bonds	214,624	214,578	45
Local Government Bonds	2,833	2,821	12
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	463,449	461,670	1,778
Other Securities	1,222,408	1,179,756	42,652
Foreign Stocks	5,457	261	5,196
Foreign Bonds	889,092	883,099	5,993
Others	327,858	296,395	31,462
Subtotal	3,067,678	2,221,183	846,494
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 49,028	¥ 59,344	¥ (10,315)
Bonds	3,111,595	3,124,850	(13,254)
Government Bonds	2,823,523	2,833,417	(9,894)
Local Government Bonds	40,276	40,877	(600)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	247,795	250,555	(2,759)
Other Securities	2,680,085	2,808,686	(128,601)
Foreign Stocks	—	—	—
Foreign Bonds	2,319,184	2,377,381	(58,196)
Others	360,900	431,305	(70,404)
Subtotal	5,840,709	5,992,881	(152,171)
Total	¥ 8,908,387	¥ 8,214,064	¥ 694,323

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)
Total	¥ 6,019,254	¥ 5,629,236	¥ 390,017

March 31, 2024	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	**$ 7,690**	**$ 2,393**	**$ 5,297**
Bonds	**4,497**	**4,485**	**12**
Government Bonds	**1,417**	**1,417**	**0**
Local Government Bonds	**19**	**19**	**0**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**3,061**	**3,049**	**12**
Other Securities	**8,073**	**7,791**	**282**
Foreign Stocks	**36**	**2**	**34**
Foreign Bonds	**5,872**	**5,832**	**40**
Others	**2,165**	**1,957**	**208**
Subtotal	**20,259**	**14,669**	**5,590**
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	**$ 324**	**$ 392**	**$ (68)**
Bonds	**20,549**	**20,637**	**(88)**
Government Bonds	**18,647**	**18,712**	**(65)**
Local Government Bonds	**266**	**270**	**(4)**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**1,636**	**1,655**	**(18)**
Other Securities	**17,700**	**18,549**	**(849)**
Foreign Stocks	**—**	**—**	**—**
Foreign Bonds	**15,316**	**15,701**	**(384)**
Others	**2,383**	**2,848**	**(465)**
Subtotal	**38,573**	**39,578**	**(1,005)**
Total	**$ 58,832**	**$ 54,247**	**$ 4,585**

(Note) Difference on available-for-sale securities shown above includes expense of ¥1,072 million (U.S. $7 million) for the fiscal year ended March 31, 2024 that were recognized in the profit and loss by applying fair value hedge accounting.

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, 2024 and 2023.

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

Year Ended March 31, 2024	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	**¥ 227,586**	**¥ 113,106**	**¥ 1,827**
Bonds	**1,469,388**	**4,117**	**2,863**
Government Bonds	**1,461,388**	**4,117**	**2,863**
Local Government Bonds	**—**	**—**	**—**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**8,000**	**—**	**—**
Other Securities	**2,255,477**	**22,521**	**314,132**
Foreign Stocks	**1,392**	**1,065**	**0**
Foreign Bonds	**1,664,812**	**9,872**	**4,772**
Others	**589,273**	**11,583**	**309,359**
Total	**¥ 3,952,452**	**¥ 139,745**	**¥ 318,824**

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
Total	¥ 2,096,270	¥ 93,450	¥ 113,607

Year Ended March 31, 2024	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	**$ 1,503**	**$ 747**	**$ 12**
Bonds	**9,704**	**27**	**19**
Government Bonds	**9,651**	**27**	**19**
Local Government Bonds	**—**	**—**	**—**
Short-Term Corporate Bonds	**—**	**—**	**—**
Corporate Bonds	**53**	**—**	**—**
Other Securities	**14,896**	**149**	**2,075**
Foreign Stocks	**9**	**7**	**0**
Foreign Bonds	**10,995**	**65**	**32**
Others	**3,892**	**76**	**2,043**
Total	**$ 26,103**	**$ 923**	**$ 2,106**

(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 significant securities reclassified due to the change of the holding purpose during the fiscal years ended March 31, 2024 and 2023.

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, 2024 and 2023, were ¥50 million (U.S. $0.3 million) and ¥131 million, respectively. Impairment loss on Others recognized during the fiscal year ended March 31, 2023 was ¥75 million.

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

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost.

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, 2024 and 2023.

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, 2024 and 2023.

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

	Millions of Yen				
March 31, 2024	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	**¥ 100**	**¥ 100**	**¥ —**	**¥ —**	**¥ —**

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

	Millions of U.S. Dollars				
March 31, 2024	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	**$ 1**	**$ 1**	**$ —**	**$ —**	**$ —**

(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.

	Millions of Yen		Millions of U.S. Dollars
March 31	**2024**	2023	**2024**
Valuation Differences			
Available-for-Sale Securities	**¥ 709,916**	¥ 396,409	**$ 4,688**
Other Money Held in Trust	**—**	449	**—**
Total Valuation Differences	**709,916**	396,859	**4,688**
Amount Equivalent to Deferred Tax Assets (Liabilities)	**(218,024)**	(122,176)	**(1,440)**
Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	**491,892**	274,683	**3,249**
Non-Controlling Interests	**(360)**	(336)	**(2)**
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	**(5,735)**	(4,484)	**(38)**
Valuation Differences on Available-for-Sale Securities	**¥ 485,795**	¥ 269,861	**$ 3,208**

(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 ¥13,910 million (U.S. $92 million) and ¥6,416 million on available-for-sale securities composing assets held by associated companies as of March 31, 2024 and 2023, respectively, is included in “Available-for-Sale Securities” under “Valuation Differences.”

3) The expense amount reflected in profit and loss due to the application of the fair value hedge accounting of ¥1,072 million (U.S. $7 million) is excluded from the “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, 2024 and 2023, consisted of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional Amount				Notional Amount			
Listed	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
Interest Futures								
Sold	**¥10,436,656**	**¥ 793,808**	**¥ 8,172**	**¥ 8,172**	**$ 68,925**	**$ 5,242**	**$ 54**	**$ 54**
Purchased	**10,642,485**	**793,808**	**(6,741)**	**(6,741)**	**70,285**	**5,242**	**(45)**	**(45)**
Interest Options								
Sold	**1,038,064**	**—**	**(126)**	**174**	**6,856**	**—**	**(1)**	**1**
Purchased	**916,227**	**—**	**174**	**(126)**	**6,051**	**—**	**1**	**(1)**
OTC								
Forward Rate Agreements								
Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**	**$ —**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Interest Rate Swaps								
Fixed Interest Rate Receivable/Floating Interest Rate Payable	**59,907,612**	**45,164,718**	**(1,179,236)**	**(1,179,236)**	**395,639**	**298,274**	**(7,788)**	**(7,788)**
Floating Interest Rate Receivable/Fixed Interest Rate Payable	**48,886,458**	**40,593,713**	**1,215,799**	**1,215,799**	**322,853**	**268,087**	**8,029**	**8,029**
Floating Interest Rate Receivable/Floating Interest Rate Payable	**10,915,253**	**8,017,029**	**(4,877)**	**(4,877)**	**72,086**	**52,946**	**(32)**	**(32)**
Interest Options								
Sold	**10,452,406**	**10,371,699**	**(33,140)**	**(31,116)**	**69,029**	**68,496**	**(219)**	**(205)**
Purchased	**7,939,986**	**7,696,589**	**34,648**	**31,617**	**52,437**	**50,829**	**229**	**209**
Others								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**¥ 34,672**	**¥ 33,664**	**/**	**/**	**$ 229**	**$ 222**

	Millions of Yen			
	2023			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
Listed				
Interest Futures				
Sold	¥ 9,003,059	¥ 794,563	¥ (3,783)	¥ (3,783)
Purchased	8,874,767	813,150	5,678	5,678
Interest Options				
Sold	577,110	—	(245)	4
Purchased	388,859	—	189	(6)
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)
Floating Interest Rate Receivable/Fixed Interest Rate Payable	48,862,617	41,954,510	1,740,379	1,740,379
Floating Interest Rate Receivable/Floating Interest Rate Payable	12,976,843	10,842,019	(4,321)	(4,321)
Interest Options				
Sold	9,569,663	9,531,770	(32,155)	(28,435)
Purchased	7,268,885	7,268,785	35,787	33,349
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	/	/	¥ (22,271)	¥ (20,935)

(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, 2024 and 2023, consisted of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2024				**2024**			
	Notional Amount				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
Listed								
Currency Futures								
Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**	**$ —**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Currency Options								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
OTC								
Currency Swaps	**¥10,255,373**	**¥8,812,463**	**¥ 197,268**	**¥ 197,268**	**$ 67,728**	**$58,199**	**$ 1,303**	**$ 1,303**
Forward Exchange Contracts								
Sold	**24,081,230**	**1,997,857**	**(666,353)**	**(666,353)**	**159,036**	**13,194**	**(4,401)**	**(4,401)**
Purchased	**34,120,761**	**308,261**	**589,154**	**589,154**	**225,339**	**2,036**	**3,891**	**3,891**
Currency Options								
Sold	**1,806,846**	**1,090,240**	**(123,638)**	**(27,053)**	**11,933**	**7,200**	**(817)**	**(179)**
Purchased	**1,556,626**	**948,341**	**113,013**	**32,380**	**10,280**	**6,263**	**746**	**214**
Others								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**¥ 109,444**	**¥ 125,396**	**/**	**/**	**$ 723**	**$ 828**

	Millions of Yen			
	2023			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
Listed				
Currency Futures				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options				
Sold	—	—	—	—
Purchased	—	—	—	—
OTC				
Currency Swaps	¥ 8,489,696	¥7,659,241	¥ 83,534	¥ 83,534
Forward Exchange Contracts				
Sold	19,971,382	1,793,292	(134,745)	(134,745)
Purchased	23,164,311	381,042	34,617	34,617
Currency Options				
Sold	1,569,541	917,749	(88,701)	(2,757)
Purchased	1,344,166	777,391	80,911	9,643
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	/	/	¥ (24,382)	¥ (9,706)

(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, 2024 and 2023, consisted of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2024				**2024**			
	Notional Amount				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
Listed								
Stock Index Futures								
Sold	**¥14,606**	**¥ —**	**¥(269)**	**¥(269)**	**$ 96**	**$ —**	**$ (2)**	**$ (2)**
Purchased	**18,391**	**—**	**223**	**223**	**121**	**—**	**1**	**1**
Stock Index Options								
Sold	**7,924**	**—**	**(39)**	**51**	**52**	**—**	**(0)**	**0**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
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	**/**	**/**	**¥ (85)**	**¥ 4**	**/**	**/**	**$ (1)**	**$ 0**

	Millions of Yen			
	2023			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
Listed				
Stock Index Futures				
Sold	¥ 1,824	¥ —	¥(93)	¥ (93)
Purchased	53	—	2	2
Stock Index Options				
Sold	—	—	—	—
Purchased	14,266	—	4	(10)
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)

(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, 2024 and 2023, consisted of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2024				**2024**			
	Notional Amount				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
Listed								
Bond Futures								
Sold	**¥ 2,906,012**	**¥ —**	**¥(3,451)**	**¥ (3,451)**	**$ 19,192**	**$ —**	**$ (23)**	**$ (23)**
Purchased	**2,752,001**	**—**	**4,439**	**4,439**	**18,175**	**—**	**29**	**29**
Bond Future Options								
Sold	**40,589**	**—**	**(99)**	**47**	**268**	**—**	**(1)**	**0**
Purchased	**48,878**	**—**	**89**	**(43)**	**323**	**—**	**1**	**(0)**
OTC								
Bond Forward Contracts								
Sold	**¥ 20,441**	**¥ —**	**¥ 5**	**¥ 5**	**$ 135**	**$ —**	**$ 0**	**$ 0**
Purchased	**20,441**	**—**	**53**	**53**	**135**	**—**	**0**	**0**
Bond Options								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**3,021**	**3,021**	**27**	**(20)**	**20**	**20**	**0**	**(0)**
Others								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**¥ 1,063**	**¥ 1,030**	**/**	**/**	**$ 7**	**$ 7**

	Millions of Yen			
	2023			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
Listed				
Bond Futures				
Sold	¥ 925,638	¥ —	¥ (24,016)	¥ (24,016)
Purchased	837,670	—	20,037	20,037
Bond Future Options				
Sold	40,503	—	(175)	87
Purchased	54,767	—	179	(123)
OTC				
Bond Forward Contracts				
Sold	¥ 12,819	¥ —	¥ (282)	¥ (282)
Purchased	—	—	—	—
Bond Options				
Sold	—	—	—	—
Purchased	994	994	11	(19)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	/	/	¥ (4,246)	¥ (4,317)

(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, 2024 and 2023.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2024				**2024**			
	Notional Amount				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
OTC								
Credit Default Swaps								
Sold	**¥ 19,600**	**¥ 19,600**	**¥ 524**	**¥ 524**	**$ 129**	**$ 129**	**$ 3**	**$ 3**
Purchased	**26,622**	**26,622**	**(679)**	**(679)**	**176**	**176**	**(4)**	**(4)**
Others								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**¥ (154)**	**¥ (154)**	**/**	**/**	**$ (1)**	**$ (1)**

	Millions of Yen			
	2023			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
OTC				
Credit Default Swaps				
Sold	¥ 22,600	¥ 19,100	¥ 460	¥ 460
Purchased	68,654	65,154	(798)	(798)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	/	/	¥(338)	¥(338)

(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, 2024 and 2023, consisted of the following:

		Millions of Yen			Millions of U.S. Dollars		
		2024			**2024**		
		Notional Amount			Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value	Total	Over One Year	Fair Value
Deferral Method							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	**¥ 1,857,267**	**¥ 1,645,992**	**¥ (66,314)**	**$ 12,266**	**$ 10,870**	**$ (438)**
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		**1,952,417**	**1,742,273**	**17,106**	**12,894**	**11,506**	**113**
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		**/**	**/**	**¥ (49,207)**	**/**	**/**	**$ (325)**

		Millions of Yen		
		2023		
		Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value
Deferral Method				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ 1,583,341	¥ 1,139,336	¥ (85,848)
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
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)

(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, 2024 and 2023, consisted of the following:

		Millions of Yen			Millions of U.S. Dollars		
		2024			**2024**		
		Notional Amount			Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value	Total	Over One Year	Fair Value
Deferral Method							
Currency Swaps		**¥ 6,246,170**	**¥ 3,313,908**	**¥ (376,707)**	**$ 41,251**	**$ 21,886**	**$ (2,488)**
Forward Exchange Contracts	Loans and Bills Discounted and Securities						
Sold	Denominated in Foreign	**2,230**	**—**	**29**	**15**	**—**	**0**
Purchased	Currencies	**251,983**	**—**	**16,732**	**1,664**	**—**	**111**
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						
Sold	of Subsidiaries and	**¥ 115,536**	**¥ —**	**¥ (1,217)**	**$ 763**	**$ —**	**$ (8)**
Purchased	Affiliated Companies	**—**	**—**	**—**	**—**	**—**	**—**
Total		**/**	**/**	**¥ (361,162)**	**/**	**/**	**$ (2,385)**

		Millions of Yen		
		2023		
		Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value
Deferral Method				
Currency Swaps		¥ 3,909,750	¥ 2,017,931	¥ (94,221)
Forward Exchange Contracts	Loans and Bills			
Sold	Discounted	1,801	—	26
Purchased	and Securities	493,929	—	9,120
Others	Denominated			
Sold	in Foreign Currencies	—	—	—
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			
Sold	of Subsidiaries and	¥ 105,988	¥ —	¥ (677)
Purchased	Affiliated Companies	—	—	—
Total		/	/	¥ (85,751)

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

(3) Stock-Related Transactions

Stock-related transactions qualifying for hedge accounting as of March 31, 2024 and 2023, consisted of the following:

		Millions of Yen			Millions of U.S. Dollars		
		2024			**2024**		
		Notional Amount			Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value	Total	Over One Year	Fair Value
Fair Value Method							
OTC Stock Swaps							
Volatility of Stock Price and Other Receivable/Short-Term Floating Interest Rate Payable	Available-for-Sale	—	—	—	—	—	—
Short-Term Floating Interest Rate Receivable/Volatility of Stock Price and Other Payable	Securities (Stocks)	**15,598**	**15,598**	**903**	**103**	**103**	**6**
		/	**/**	**¥ 903**	**/**	**/**	**$ 6**

		Millions of Yen		
		2023		
		Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value
Fair Value Method				
OTC Stock Swaps				
Volatility of Stock Price and Other Receivable/Short-Term Floating Interest Rate Payable	Available-for-Sale	—	—	—
Short-Term Floating Interest Rate Receivable/Volatility of Stock Price and Other Payable	Securities (Stocks)	—	—	—
		/	/	¥ —

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2024 and 2023.

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
	2024	2023	**2024**
Retirement Benefit Obligations (opening balance)	**¥ 379,639**	¥ 421,543	**$ 2,507**
Service Cost-Benefits Earned during the Fiscal Year	**8,385**	9,883	**55**
Interest Cost on Projected Benefit Obligations	**4,432**	2,269	**29**
Actuarial Gains and Losses that Arose during the Fiscal Year	**182**	(37,075)	**1**
Retirement Benefits Paid	**(16,952)**	(16,980)	**(112)**
Past Service Cost that Arose during the Fiscal Year	**—**	—	**—**
Other (Note)	**—**	—	**—**
Retirement Benefit Obligations (closing balance)	**¥ 375,687**	¥ 379,639	**$ 2,481**

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Plan Assets (opening balance)	**¥ 600,796**	¥ 602,366	**$ 3,968**
Expected Return on Plan Assets	**21,393**	21,822	**141**
Actuarial Gains and Losses that Arose during the Fiscal Year	**88,304**	(12,773)	**583**
Contributions by the Employer	**7,418**	4,740	**49**
Retirement Benefits Paid	**(15,088)**	(15,360)	**(100)**
Other (Note)	**—**	—	**—**
Plan Assets (closing balance)	**¥ 702,824**	¥ 600,796	**$ 4,642**

(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
	2024	2023	**2024**
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	**¥ 364,122**	¥ 368,196	**$ 2,405**
Plan Assets	**(702,824)**	(600,796)	**(4,642)**
	(338,701)	(232,599)	**(2,237)**
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	**11,564**	11,442	**76**
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	**¥ (327,136)**	¥ (221,156)	**$ (2,160)**

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Liabilities for Retirement Benefits	**¥ 11,564**	¥ 11,442	**$ 76**
Assets for Retirement Benefits	**(338,701)**	(232,599)	**(2,237)**
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	**¥ (327,136)**	¥ (221,156)	**$ (2,160)**

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Service Cost-Benefits Earned during the Fiscal Year	**¥ 8,385**	¥ 9,883	**$ 55**
Interest Cost on Projected Benefit Obligations	**4,432**	2,269	**29**
Expected Return on Plan Assets	**(21,393)**	(21,822)	**(141)**
Amortization of Actuarial Differences	**4,834**	3,842	**32**
Amortization of Past Service Cost	**(12)**	(18)	**(0)**
Other	**136**	162	**1**
Retirement Benefit Expenses for Defined Benefit Obligations	**¥ (3,616)**	¥ (5,683)	**$ (24)**

(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
	2024	2023	**2024**
Past Service Cost	**¥ (12)**	¥ (18)	**$ (0)**
Actuarial Differences	**92,955**	28,145	**614**
Total	**¥ 92,943**	¥ 28,126	**$ 614**

(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
	2024	2023	**2024**
Unrecognized Past Service Cost	**¥ (71)**	¥ (84)	**$ (0)**
Unrecognized Actuarial Differences	**(59,488)**	33,467	**(393)**
Total	**¥ (59,560)**	¥ 33,383	**$ (393)**

(7) Plan Assets

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

	Proportion (%)	
	2024	2023
Debt Securities	**22**	25
Equity Securities	**65**	61
Cash and Due from Banks	**3**	3
Other	**10**	11
Total	**100**	100

(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 60% and 56% of the total plan asset for the fiscal years ended March 31, 2024 and 2023, 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, 2024 and 2023, are as follows:

	2024	2023
Discount Rate	**Mainly 1.2%**	Mainly 1.2%
Expected Long-Term Rate of Return on Plan Assets	**3.5%**	3.6%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥2,112 million (U.S. $14 million) and ¥1,783 million for the years ended March 31, 2024 and 2023, respectively.

Income Taxes

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

	Millions of Yen		Millions of U.S. Dollars
Year Ended March 31	**2024**	2023	**2024**
Deferred Tax Assets:			
Impairment of Securities	**¥ 15,856**	¥ 17,029	**$ 105**
Allowance for Loan Losses (Including Direct Write-Offs of Loans with Guarantees or Collateral)	**33,130**	34,555	**219**
Deferred Gains (Losses) on Hedges	**4,473**	21,096	**30**
Remeasurements of Defined Benefit Plans	**—**	10,261	**—**
Other	**70,709**	64,427	**467**
Subtotal	**124,169**	147,371	**820**
Valuation Allowance	**(10,864)**	(13,153)	**(72)**
Deferred Tax Assets	**¥ 113,305**	¥ 134,217	**$ 748**
Deferred Tax Liabilities:			
Retirement Benefits	**¥ (56,407)**	¥ (51,853)	**$ (373)**
Valuation Differences on Available-for-Sale Securities	**(217,544)**	(121,804)	**(1,437)**
Remeasurements of Defined Benefit Plans	**(18,173)**	—	**(120)**
Other	**(10,292)**	(11,272)	**(68)**
Deferred Tax Liabilities	**¥ (302,417)**	¥ (184,930)	**$ (1,997)**
Net Deferred Tax Assets (Liabilities)	**¥ (189,111)**	¥ (50,712)	**$ (1,249)**

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	**2024**	2023
Effective Statutory Tax Rate	**30.62%**	30.62%
Adjustments:		
Changes in Valuation Allowance	**(2.90)**	(0.29)
Amortization of Goodwill	**1.36**	0.55
Share of Profit of Equity-Method Affiliated Companies	**(6.12)**	(1.92)
Permanent Differences (e.g., Cash Dividends Received)	**(2.91)**	(0.88)
Others	**(4.91)**	0.62
Effective Income Tax Rate	**15.14%**	28.70%

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. 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 Years Ended March 31, 2024 and 2023

	Millions of Yen									
	SuMi Trust Bank									
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Subtotal	Ordinary Income Other than Those Disaggregated Revenue	Total
Trust Fees	**¥ 6,967**	**¥ 14,188**	**¥ 90,728**	**¥ 4,386**	**¥ —**	**¥ —**	**¥ —**	**¥ 116,269**	**¥ —**	**¥ 116,269**
Fees and Commissions	**64,146**	**51,731**	**17,124**	**34,157**	**489**	**—**	**82,157**	**249,805**	**94,070**	**343,876**
Income from Contracts with Customers	**¥ 71,113**	**¥ 65,919**	**¥ 107,852**	**¥ 38,543**	**¥ 489**	**¥ —**	**¥ 82,157**	**¥ 366,075**		

	Millions of Yen									
	SuMi Trust Bank									
Year Ended March 31, 2023	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Subtotal	Ordinary Income Other than Those Disaggregated Revenue	Total
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		

	Millions of U.S. Dollars									
	SuMi Trust Bank									
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Subtotal	Ordinary Income Other than Those Disaggregated Revenue	Total
Trust Fees	**$ 46**	**$ 94**	**$ 599**	**$ 29**	**$ —**	**$ —**	**$ —**	**$ 768**	**$ —**	**$ 768**
Fees and Commissions	**424**	**342**	**113**	**226**	**3**	**—**	**543**	**1,650**	**621**	**2,271**
Income from Contracts with Customers	**$ 470**	**$ 435**	**$ 712**	**$ 255**	**$ 3**	**$ —**	**$ 543**	**$ 2,418**		

(Note) “Subsidiaries” includes elimination of internal transactions.

2. Information Related to Contract Balance

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	**2024**
Receivables from Contracts with Customers	**¥ 78,993**	¥ 68,869	**$ 522**
Contract Liabilities	**2,783**	2,512	**18**

	Millions of Yen	
	2023	2022
Receivables from Contracts with Customers	**¥ 68,869**	¥ 67,676
Contract Liabilities	**2,512**	1,767

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, 2024 and 2023, respectively.

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, 2024 and 2023, 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

Corporate 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

2. Method for Calculating Gross Business Profit and Net Business Profit by 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

	Millions of Yen						
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Total
Gross Business Profit	**¥ 142,035**	**¥ 180,468**	**¥ 82,429**	**¥ 38,686**	**¥ 65,975**	**¥ 56,508**	**¥ 566,104**
General and Administrative Expenses	**(120,668)**	**(49,720)**	**(37,847)**	**(11,378)**	**(19,640)**	**(50,867)**	**(290,122)**
Net Business Profit	**¥ 21,367**	**¥ 130,748**	**¥ 44,582**	**¥ 27,308**	**¥ 46,334**	**¥ 5,640**	**¥ 275,982**
Fixed Assets	**¥ 84,923**	**¥ 35,243**	**¥ 24,185**	**¥ 9,307**	**¥ 33,838**	**¥108,904**	**¥ 296,403**

	Millions of Yen						
Year Ended March 31, 2023	Retail	Corporate	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	¥ 76,377	¥ 36,301	¥ 23,136	¥ 9,360	¥ 26,537	¥100,641	¥ 272,354

	Millions of U.S. Dollars						
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Total
Gross Business Profit	**$ 938**	**$ 1,192**	**$ 544**	**$ 255**	**$ 436**	**$ 373**	**$ 3,739**
General and Administrative Expenses	**(797)**	**(328)**	**(250)**	**(75)**	**(130)**	**(336)**	**(1,916)**
Net Business Profit	**$ 141**	**$ 863**	**$ 294**	**$ 180**	**$ 306**	**$ 37**	**$ 1,823**
Fixed Assets	**$ 561**	**$ 233**	**$ 160**	**$ 61**	**$ 223**	**$ 719**	**$ 1,957**

(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
	2024	2023	**2024**
Total Profit or Loss for Reportable Segments (Net Business Profit)	**¥ 275,982**	¥ 245,905	**$ 1,823**
Net Business Profit of Consolidated Subsidiaries that are Excluded from the Reportable Segments (Note)	**37,756**	50,289	**249**
Other Income	**150,734**	124,297	**995**
Other Expenses	**(353,144)**	(138,581)	**(2,332)**
Other Adjustments	**(32,423)**	(31,306)	**(214)**
Income before Income Taxes	**¥ 78,904**	¥ 250,605	**$ 521**

(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
	2024	2023	**2024**
Total Fixed Assets for Reportable Segments	**¥ 296,403**	¥ 272,354	**$ 1,957**
Fixed Assets of Consolidated Subsidiaries that are Excluded from the Reportable Segments	**69,092**	63,654	**456**
Consolidated Adjustments	**(1,756)**	2,450	**(12)**
Fixed Assets	**¥ 363,739**	¥ 338,459	**$ 2,402**

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, 2024 and 2023, consisted of the following:

	Millions of Yen				
Year Ended March 31, 2024	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,458,198	**¥ 401,012**	**¥ 287,909**	**¥ 203,335**	**¥ 2,350,456**

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

	Millions of U.S. Dollars				
Year Ended March 31, 2024	Japan	Americas	Europe	Asia and Oceania	Total
	$ 9,630	**$ 2,648**	**$ 1,901**	**$ 1,343**	**$ 15,523**

(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, 2024 and 2023, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

3. Information by Major Customer

The information by major customer has been omitted as ordinary income from any particular customer was less than 10% of ordinary income in the consolidated statement of income.

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

Losses on impairment of fixed assets allocated to reportable segments during the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen						
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Total
Losses on Impairment of Fixed Assets	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 7,065**	**¥ 7,065**

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

	Millions of U.S. Dollars						
Year Ended March 31, 2024	Retail	Corporate	Investor Services	Real Estate	Global Markets	Others	Total
Losses on Impairment of Fixed Assets	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 47**	**$ 47**

(Note 1) Losses on impairment of fixed assets not allocated to the reportable segments during the fiscal years ended March 31, 2024, and 2023, were ¥291 million (U.S. $2 million) and ¥1,527 million, respectively, and these were impairment losses recognized by consolidated subsidiaries.

(Note 2) The details of impairment losses for the fiscal year ended March 31, 2023, 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, 2024, and 2023, was ¥3,509 million (U.S. $23 million) and ¥4,499 million, respectively. Unamortized balance of goodwill as of March 31, 2024, and 2023, was ¥4,569 million (U.S. $30 million) and ¥8,079 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, 2024 and 2023.

Related-Party Information

1. Related-Party Transactions

Transactions of the SuMi TRUST Bank with its parent company for the fiscal years ended March 31, 2024 and 2023, are as follows:

Year Ended March 31, 2024

Type	Company Name	Company Location	Capital: Millions of Yen (Millions of U.S. Dollars)	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts: Millions of Yen (Millions of U.S. Dollars)	Accounts	Ending Balances: Millions of Yen (Millions of U.S. Dollars)
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	**¥ 261,608 ($1,728)**	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds (Note)	**¥ 46,000 ($304)**	Bonds payable (Note)	**¥ 621,000**
							Repayment of funds	**¥ 30,000 ($198)**		**($4,101)**
							Payment of interest (Note)	**¥ 6,843 ($45)**	Accrued Expenses	**¥ 1,915 ($13)**

Year Ended March 31, 2023

Type	Company Name	Company Location	Capital: Millions of Yen	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts: Millions of Yen	Accounts	Ending Balances: Millions of Yen
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds (Note)	¥ 20,000	Bonds payable (Note)	¥ 605,000
							Repayment of funds	¥ 60,000		
							Payment of interest (Note)	¥ 6,659	Accrued Expenses	¥ 1,898

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, 2024.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2024	2023	**2024**
Net Assets per Share of Common Stock	**¥ 1,648.81**	¥ 1,456.34	**$ 10.89**
Net Income per Share of Common Stock	**39.30**	106.08	**0.26**

(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, 2024	As of March 31, 2023	**As of March 31, 2024**
Net Assets as Reported	**¥ 2,791,467**	¥ 2,468,222	**$ 18,435**
Less:	**30,470**	29,517	**201**
Non-Controlling Interests	**30,470**	29,517	**201**
Net Assets Attributable to Common Shareholders	**2,760,996**	2,438,705	**18,234**
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, 2024	Year Ended March 31, 2023	**Year Ended March 31, 2024**
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	**¥ 65,821**	¥ 177,649	**$ 435**
Net Income Not Attributable to Common Shareholders	**—**	—	**—**
Net Income Related to Common Stock that is Attributable to Owners of the Parent	**65,821**	177,649	**435**
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, 2024 and 2023 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, 2024 and 2023.

KPMG

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 digree 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.

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**
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. 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. (1) Judgment on an impairment indicator 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. 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. 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	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: **(1) Internal control testing** 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. **(2) Judgment on an impairment indicator** 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 & 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). 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. 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. **(3) Recognition of impairment losses** In order to assess whether impairment losses were appropriately recognized, we: ● compared the investment related to the Project with the supporting documents to confirm that the investment was appropriately aggregated by service line; ● 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

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.

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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.

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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.

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**
Assets:			
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)**
Total Assets	**¥ 68,737,987**	¥ 64,346,726	**$ 514,737**
Liabilities:			
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**
Total Liabilities	**¥ 66,269,765**	¥ 61,998,216	**$ 496,254**
Net Assets:			
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**
Total Net Assets	**¥ 2,468,222**	¥ 2,348,510	**$ 18,483**
Total Liabilities and Net Assets	**¥ 68,737,987**	¥ 64,346,726	**$ 514,737**

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	**¥ 1,456.34**	¥ 1,385.34	**$ 10.91**

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**
Income:			
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**
Total Income	**¥ 1,700,337**	¥ 1,250,140	**$ 12,733**
Expenses:			
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**
Total Expenses	**¥ 1,449,732**	¥ 1,048,281	**$ 10,856**
Income before Income Taxes	**¥ 250,605**	¥ 201,858	**$ 1,877**
Income Taxes:	**71,928**	51,479	**539**
Current	**45,358**	48,285	**340**
Deferred	**26,569**	3,194	**199**
Net Income	**¥ 178,676**	¥ 150,379	**$ 1,338**
Net Income Attributable to Non-Controlling Interests	**1,027**	1,155	**8**
Net Income Attributable to Owners of the Parent	**¥ 177,649**	¥ 149,223	**$ 1,330**
	Yen		U.S. Dollars
Net Income per Share of Common Stock	**¥ 106.08**	¥ 89.11	**$ 0.79**

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**
Net Income	**¥ 178,676**	¥ 150,379	**$ 1,338**
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**
Total Other Comprehensive Income (Loss) (Note)	**¥ 1,835**	¥ (83,534)	**$ 14**
Comprehensive Income:	**¥ 180,512**	¥ 66,845	**$ 1,352**
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							
	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	Non-Controlling Interests	Total Net Assets
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							
	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	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 345,053	¥ (44,836)	¥ (4,016)	¥ (2,452)	¥ (4,477)	¥ 289,269	¥ 27,637	¥ 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							
	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	Non-Controlling Interests	Total Net Assets
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**
Cash Flows from Operating Activities:			
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)**
Net Cash Provided by (Used in) Operating Activities	**¥ 2,556,372**	¥ (185,086)	**$ 19,143**

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	**2023**
Cash Flows from Investing Activities:			
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**
Net Cash Provided by (Used in) Investing Activities	**¥ 960,590**	¥ (845,015)	**$ 7,193**
Cash Flows from Financing Activities:			
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)**
Net Cash Provided by (Used in) Financing Activities	**¥ (156,900)**	¥ (116,693)	**$ (1,175)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**¥ 79,794**	¥ 58,686	**$ 598**
Net Increase (Decrease) in Cash and Cash Equivalents	**¥ 3,439,856**	¥ (1,088,109)	**$ 25,759**
Cash and Cash Equivalents at the Beginning of the Year	**¥ 15,653,061**	¥ 16,741,171	**$ 117,216**
Cash and Cash Equivalents at the End of the Year (Note)	**¥ 19,092,918**	¥ 15,653,061	**$ 142,975**

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

(*) 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 develop- 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**
Total	**¥ 1,514,603**	¥ 967,565	**$ 11,342**

(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**
Total	**¥ 1,472,636**	¥ 906,686	**$ 11,028**

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**
Total	**¥ 6,804,176**	¥ 7,748,019	**$ 50,952**

"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**
Total	**¥ 31,810,926**	¥ 30,876,507	**$ 238,213**

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**
Total	**¥ 151,965**	¥ 220,130	**$ 1,138**

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**
Assets Pledged as Collateral:			
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**
Total	**¥ 6,849,487**	¥ 8,209,331	**$ 51,292**
Corresponding Liabilities to Assets Pledged as Collateral:			
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**
Total	**¥ 230,096**	¥ 231,770	**$ 1,723**

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**
Total	**¥ 108,362**	¥100,109	**$ 811**

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**
Total	**¥ 3,781,008**	¥ 3,302,723	**$ 28,314**

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**
Total	**¥ 35,417,923**	¥ 33,271,789	**$ 265,223**

(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**
Total	**¥ 6,629,543**	¥ 7,783,498	**$ 49,645**

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:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Year Ending March 31	**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**
Total	**¥ 5,520,729**	**$ 41,341**

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**
Total	**¥ 1,911,760**	¥ 1,446,604	**$ 14,316**

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

	Millions of Yen	Millions of U.S. Dollars
Fiscal Year Ending March 31	**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**
Total	**¥ 4,233,613**	**$ 31,703**

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**
Total	**¥ 3,019,064**	¥ 2,279,211	**$ 22,608**

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**
Total	**¥ 23,775**	¥ 4,179	**$ 178**

(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**
Total	**¥ 107,619**	¥ 44,658	**$ 806**

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**
Total	**¥ 15,608**	¥ 13,453	**$ 117**

(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**
Total	**¥ 5,184**	¥ —	**$ 39**

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**
Total	**¥ 468,587**	¥ 335,885	**$ 3,509**

(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**
Total	**¥ 272,606**	¥ 291,353	**$ 2,041**

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**
Total	**¥ 124,297**	¥ 119,392	**$ 931**

(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**
Total	**¥ 138,581**	¥ 195,012	**$ 1,038**

(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**
Total	**¥ 388,714**	¥ 361,104	**$ 2,911**

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:

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	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

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	Record Date	Effective Date
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:

		Cash Dividends Declared		Cash Dividends per Share		
Resolution	Type of Shares	Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Yen (U.S. Dollars)	Record Date	Effective Date
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)**
Cash and Cash Equivalents	**¥ 19,092,918**	¥ 15,653,061	**$ 142,975**

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**
Total	**¥ 12,890**	¥ 12,226	**$ 97**

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**
Total	**¥ 47,586**	¥ 36,517	**$ 356**

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.

(Note 4) 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**
Total	**¥ 28,837,637**	**¥ 8,367,527**	**¥ 5,546,602**	**¥ 3,111,041**	**¥ 2,959,784**	**¥ 8,897,491**

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
Total	¥ 26,875,275	¥ 7,665,352	¥ 5,428,609	¥ 2,977,614	¥ 2,824,011	¥ 9,000,615

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**
Total	**$ 215,948**	**$ 62,659**	**$ 41,535**	**$ 23,297**	**$ 22,164**	**$ 66,628**

(*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

	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
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**	**—**	**—**	**—**	**—**	**—**
Total	**¥ 46,813,037**	**¥ 10,277,249**	**¥ 2,874,765**	**¥ 272,848**	**¥ 191,437**	**¥ 395,879**

	Millions of Yen					
March 31, 2022	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	—	—	—	—	—
Total	¥ 42,945,701	¥ 9,813,976	¥ 4,027,430	¥ 534,484	¥ 185,304	¥ 373,065

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**	**—**	**—**	**—**	**—**	**—**
Total	**$ 350,554**	**$ 76,960**	**$ 21,527**	**$ 2,043**	**$ 1,434**	**$ 2,964**

(*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)**
Total	**¥ 299,219**	**¥ 309,217**	**¥ 9,997**

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)
Total	¥ 237,976	¥ 251,103	¥ 13,127

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)
Total	$ 2,241	$ 2,316	$ 75

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)
Total	¥ 6,019,254	¥ 5,629,236	¥ 390,017

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)
Total	¥ 7,217,762	¥ 6,797,682	¥ 420,079

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)
Total	$ 45,075	$ 42,154	$ 2,921

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
Total	¥ 2,096,270	¥ 93,450	¥ 113,607

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
Total	¥4,160,660	¥109,708	¥163,154

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**
Total	**$ 15,698**	**$ 700**	**$ 851**

(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)

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

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

	Millions of U.S. Dollars				
March 31, 2023	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.

	Millions of Yen		Millions of U.S. Dollars
March 31	**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				Notional Amount			
Listed	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
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			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
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				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
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			
	Total	Over One Year	Fair Value	Valuation Difference
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	—	—	—	—
Total	/	/	¥ 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				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
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			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
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				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
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			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
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				Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference	Total	Over One Year	Fair Value	Valuation Difference
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	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**¥ (338)**	**¥ (338)**	**/**	**/**	**$ (3)**	**$ (3)**

	Millions of Yen			
	2022			
	Notional Amount			
	Total	Over One Year	Fair Value	Valuation Difference
OTC				
Credit Default Swaps				
Sold	¥ 29,000	¥ 18,000	¥ 611	¥ 611
Purchased	66,392	55,392	(2,930)	(2,930)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	/	/	¥(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			Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value	Total	Over One Year	Fair Value
Deferral Method							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	**¥ 1,583,341**	**¥ 1,139,336**	**¥ (85,848)**	**$ 11,857**	**$ 8,532**	**$ (643)**
Floating Interest Rate Receivable/ Fixed Interest Rate 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		
		Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value
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:

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

		Millions of Yen		
		2022		
		Notional Amount		
	Major Hedged Item	Total	Over One Year	Fair Value
Deferral Method				
Currency Swaps		¥ 2,212,027	¥ 896,828	¥ (135,622)
Forward Exchange Contracts	Loans and Bills			
Sold	Discounted	1,560	—	(3)
Purchased	and Securities	90,437	—	1,259
Others	Denominated			
Sold	in Foreign Currencies	—	—	—
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			
Sold	of 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**
Total	**¥ 28,126**	¥ (54,757)	**$ 211**

(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**
Total	**¥ 33,383**	¥ 61,509	**$ 250**

(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
Total	**100**	100

(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

	Millions of Yen		Millions of U.S. Dollars
Year Ended March 31	**2023**	2022	**2023**
Deferred Tax Assets:			
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)**
Deferred Tax Assets	**¥ 134,217**	¥ 160,291	**$ 1,005**
Deferred Tax Liabilities:			
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)**
Deferred Tax Liabilities	**¥ (184,930)**	¥ (187,190)	**$ (1,385)**
Net Deferred Tax Assets (Liabilities)	**¥ (50,712)**	¥ (26,898)	**$ (380)**

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)
Effective Income Tax Rate	**28.70%**	25.50%

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.”

	Millions of Yen									
	SuMi Trust Bank									
Year Ended March 31, 2023	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Total	Income other than those disaggregated revenue	Total
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**		

	Millions of Yen									
	SuMi Trust Bank									
Year Ended March 31, 2022	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Total	Income other than those disaggregated revenue	Total
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		

	Millions of U.S. Dollars									
	SuMi Trust Bank									
Year Ended March 31, 2023	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Subsidiaries	Subtotal	Ordinary income other than those disaggregated revenue	Total
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

	Millions of Yen						
Year Ended March 31, 2023	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**

	Millions of Yen						
Year Ended March 31, 2022	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

	Millions of U.S. Dollars						
Year Ended March 31, 2023	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 of 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:

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

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

	Millions of U.S. Dollars				
Year Ended March 31, 2023	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 oversea 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:

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

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

	Millions of U.S. Dollars						
Year Ended March 31, 2023	Retail	Wholesale	Investor Services	Real Estate	Global Markets	Others	Total
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 (Note)	**¥ 20,000 ($150)**	Bonds payable (Note)	**¥ 605,000**
							Repayment of funds	**¥ 60,000 ($449)**		**($4,530)**
							Payment of interest (Note)	**¥ 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 (Note)	¥ 25,000 ($187)	Bonds payable (Note)	¥ 645,000 ($4,830)
							Payment of interest (Note)	¥ 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.

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Sumitomo Mitsui Trust Bank, Limited

U.S.$30,000,000,000
Global Medium Term Notes Program

SUMITOMO MITSUI TRUST BANK

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J.P. Morgan

Dealers

Goldman Sachs & Co. LLC
J.P. Morgan