

2023 Financial Report

Year ended March 31, 2023

Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”)

| | |
|---|-----|
| How to Read the Financial Statements of Trust Banks (Unaudited) | 1 |
| Independent Auditors’ Report | 3 |
| Management’s Discussion and Analysis (Unaudited) | 13 |
| Five-Year Summary (Unaudited) | 23 |
| Consolidated Balance Sheet | 25 |
| Consolidated Statement of Income | 26 |
| Consolidated Statement of Comprehensive Income | 27 |
| Consolidated Statement of Changes in Net Assets | 28 |
| Consolidated Statement of Cash Flows | 31 |
| Notes to Consolidated Financial Statements | 33 |
| Non-Consolidated Balance Sheet (Unaudited) | 111 |
| Non-Consolidated Statement of Income (Unaudited) | 112 |
| Non-Consolidated Statement of Changes in Net Assets (Unaudited) | 113 |
| Statement of Trust Account (Unaudited) | 116 |
| Notes to Statement of Trust Account (Unaudited) | 117 |

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

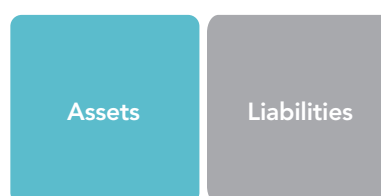
Balance Sheets of Trust Banks

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

Balance sheet of banking account



Statement of trust account



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

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

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

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

Statements of Income of Trust Banks

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

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

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

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

Fee Revenues

Trust Fees (excluding loan trusts & JOMTs)

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

Net Fees and Commissions

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

*1 Fees related to management and administration of money trusts with discretionary management rights

*2 Fees related to administration of money trusts without discretionary management rights

Independent Auditors' Report



Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Holdings, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 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 the Company's major consolidated subsidiary, Sumitomo Mitsui

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.



Trust Bank, Limited (“SuMi TRUST Bank”), as 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 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 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 Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”), 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: (1) Internal control testing |



comprised of loans and bills discounted of ¥31,810.9 billion, representing a significant portion of the total assets of ¥69,022.7 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, a major consolidated subsidiary, performs the loan reviews and validates them based on its internal criteria for self-assessment of asset quality and records an allowance for loan losses in accordance with its policy for write-offs and provisions 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

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 position of the borrowers and resilience to such impact.



on the economy from the global economic slowdown.

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

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

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

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 loan losses with the results of the analysis and information that formed the basis for measuring



| | |
|--|--|
| <p>changes in the economic environment for the current fiscal year.</p> <p>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.</p> | <p>credit risks within SuMi TRUST Bank's credit risk management.</p> |
|--|--|



Recognition of impairment losses on software relevant to the development project for implementation of the overseas accounting system

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



| | |
|---|--|
| <p>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.</p> <p>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.</p> <p>(2) Recognition of impairment losses</p> <p>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.</p> <p>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.</p> | <p>allocation rules; and</p> <ul style="list-style-type: none"> ● assessed whether impairment losses were appropriately recognized based on the carrying amount of each service line. |
|---|--|



Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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



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

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

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

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

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 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.

Management's Discussion and Analysis (Unaudited)

Overview of Business Activities of the Company

Economic and Financial Environment

In looking back on the financial and economic environment during the fiscal year under review, in overseas markets, signs of an economic slowdown grew stronger due to rising inflation and monetary tightening mainly in the West. In March 2023, rising interest rates triggered the collapse of a US regional bank, which in turn stoked broader concerns about the soundness of the financial system in Western countries. In Japan, even though business activity picked up overall, primarily in the service sector, weakness in exports emerged from around December 2022 in response to the deceleration of overseas economies and consumer spending was weighed down by rising commodity prices.

In the financial markets, fears of a global economic recession weighed on share prices and the Nikkei Stock Average maintained a weak undertone at around 27,000 yen. The yield on 10-year JGBs hovered close to 0.25%, the upper limit of the Bank of Japan's permissible trading range, but then advanced to around 0.50% when the BoJ widened the target range in December 2022. It then fell sharply back to around 0.30% in March 2023 due to growing speculation of a rate cut in the US by the end of 2023. Against the US dollar, the Japanese yen continued to weaken to around 150 yen in October 2022, reflecting the differences in the monetary policy stances of Japan and the US, but then strengthened to the 130 yen level when it became clear that inflation in the US had peaked.

Developments of Business Activities

The SuMi TRUST Group's reason for existence ("Purpose") is creating new value with the power of trusts and let prosperous future for our clients and society bloom. Based on this purpose, we continue to advance our business operations.

Alongside developments in digitalization and the acceleration of corporate management practices that are focused on the SDGs and ESG issues, signs of an economic slowdown have grown stronger due to rising inflation and monetary tightening overseas as a result of skyrocketing prices for food and energy. In this environment and with a view to achieving our aforementioned stated purpose, we tackled the following three key topics in fiscal 2022, the final year of our Medium-Term Management Plan.

1. Strengthening our business portfolio to accelerate a virtuous cycle

With the aim of encouraging and leading various stakeholders to establish a virtuous cycle of funds, assets, and capital by providing high value-added products and services and investing in the creation of new value, SuMi TRUST Bank reorganized its business structure around individual, corporate, and investor clients.

For individual clients, SuMi TRUST Bank launched a smartphone app in April 2022 so that it can better support the asset formation efforts of a wide-range of clients as we approach the age of 100-year life. The Smart Life Designer app lets users view information about their deposits, stocks, and other financial assets, as well as their assets and liabilities, such as mortgage loans and pension details, all in one place. In this way, we are helping clients make life plans and build wealth in a methodical way.

UBS SuMi TRUST Wealth Management continues to provide optimal solutions to clients with wide-ranging and complex needs by fusing together the UBS Group's asset management and securities services and the SuMi TRUST Group's various products and services in mainly inheritance, asset succession, and real estate fields.

SBI Sumishin Net Bank's smartphone app, which offers a level of convenience and security that only an online bank can provide, as well as the neobank services it delivers to partner companies for payments, deposits, lending, and other banking

functions, have been rated highly. As such, the number of SBI Sumishin Net Bank deposit accounts reached six million and total deposits exceeded eight trillion yen. In March 2023, SBI Sumishin Net Bank was listed on the Tokyo Stock Exchange's Standard Market. It will continue to collaborate with Group companies in an effort to create new financial services.

For corporate clients, given the growing importance of corporate management initiatives in the areas of ESG and sustainable management, the companies in the SuMi TRUST Group worked together to expand the Group's lineup of solutions to support such actions as the transition to decarbonization, the development of governance frameworks, and human capital management.

SuMi TRUST Bank ramped up its impact equity investment initiative to support the adoption of next-generation energy and other cutting-edge technologies in society, as well as the decarbonization and energy transition efforts of companies.

In January 2023, SuMi TRUST Bank entered into a business alliance with Energy Capital Partners (ECP), a US-based private equity manager that specializes in electric power and environmental infrastructure. Not only will SuMi TRUST Bank expand and strengthen its transition-focused solutions by harnessing ECP's knowledge and investment know-how in the fields of energy and the environment, but it has also launched an initiative aimed at providing investment opportunities to clients through the creation of markets in the decarbonization space.

For investor clients such as corporate pensions, public pension fund, and financial institutions, we expanded our offerings of real estate, unlisted shares, and other private assets by capitalizing on the Group's ability to discover investment opportunities and develop products. SuMi TRUST Bank recorded growth in assets under management by continuing to develop and expand its range of alternative investment products for managing mainly non-traditional assets and real assets outside of stocks and bonds.

In the asset management business, under a Group-wide investment strategy, Sumitomo Mitsui Trust Asset Management focused on global engagement activities concerning climate change and forest conservation with an eye on global growth in ESG investments, while Nikko Asset Management addressed the varied needs of clients in Japan and overseas by developing and expanding its lineup of

competitive investment management products.

In the asset administration business, Custody Bank of Japan and SuMi TRUST Bank spearheaded efforts to strengthen functions and improve services, starting with the needs of clients. They also worked on bolstering their competitiveness by improving operational processes with the use of digital technology and streamlining and cutting costs by standardizing backbone systems.

2. Promoting strategic investments in pursuit of sustainable growth

We stepped up strategic investments in new growth opportunities and the creation of markets with the dual aim of helping to solve the issues faced by clients and society and ensuring the Group's own sustainable growth.

We formed a business alliance with the Apollo Group, an investment management firm with a world-class track record in managing alternative assets. SuMi TRUST Bank invested a total of 1.5 billion US dollars in a private asset portfolio managed by the Apollo Group. Improved access to overseas markets and the development of new investment products with the utilization of the Apollo Group's business platform and know-how enabled SuMi TRUST Bank to start enhancing its solutions through the creation of a market for, and more opportunities for investment in, private assets in Japan.

Meanwhile, in line with our policy of holding, in principle, no strategic shares as a conventional stable shareholder, SuMi TRUST Bank achieved its two-year target of reducing its strategic shareholdings by 100 billion yen on an acquisition cost basis after engaging in respectful dialogue with corporate clients. SuMi TRUST Bank is leveraging the investment capacity generated from the reduction of strategic shareholdings and making effective use of managerial resources for sustainable growth mainly by investing in impact equity to support, as an investor itself, climate change action and decarbonization measures. Also, as we look to push ahead with digital transformation, we signed a memorandum of understanding with Bitbank, Inc. to jointly examine the possibility of launching a custody service in the field of digital assets.

3. Enhancing and improving operational quality to live up to the fiduciary from our clients

(1) Improving operational quality

We have positioned, and are currently strengthening, operational quality as a key element in the Group's competitive advantage, which serves as the source of value provided to stakeholders.

From a defensive quality-enhancement standpoint of strengthening our governance system to mitigate or prevent risks, we heavily allocated human resources to, and invested in systems in, the area of risk management and compliance frameworks.

We are also implementing measures to improve quality with an offensive strategy in order to guarantee a level of service that exceeds client expectations by boosting productivity through the consolidation and standardization of work flow and with business process reforms based on client feedback.

(2) Promoting active HR participation and investing in human capital

The highly specialized work that is characteristic of the Group is underpinned by each and every employee and we recognize that giving employees the opportunities to unleash their full potential generates the value that we deliver to clients and society.

To generate further momentum in diversity, equity, and inclusion, we worked on developing environments and personnel systems that will empower women in the workplace, help employees balance childcare and nursing care with their working life, and contribute to improvements in human rights and equal rights for LGBTQ people. As a result, for the fifth straight year since 2019 we were listed by Bloomberg in the Bloomberg Gender-Equality Index in recognition of our initiatives to further gender equality.

In fields focusing on decarbonization and digitalization, for example, with the objective of assisting, from a financial perspective, innovation to help bring about a carbon-neutral society, we set up a Technology-based Finance Team of mainly doctoral-level science and engineering experts that possess technological know-how. We also continued to

build a diverse human resources portfolio by focusing our efforts on acquiring experts with specialized knowledge.

Also, as a way of investing more in human capital for our employees so they can help clients and society and create new value, we introduced a restricted stock compensation system as an incentive plan for employees of SuMi TRUST Bank.

(3) Sustainability management

In fiscal 2022 we announced details regarding the establishment of a milestone target for 2030 in line with the frameworks of the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAMI), as well as our initiatives that aim to harness the Group's functions to help achieve carbon neutrality.

We are also ramping up our positive impact finance service to continuously support activities that have positive impacts on the environment, society, and the economy, and expanding our offerings of various advisory products and services related to impact assessments. In recognition of these activities, we were awarded the Minister of the Environment Award in the general category in fiscal 2022 as a best case example for the Principles for Financial Action for the 21st Century.

Results of Business Activities

(Consolidated Financial Results for the Fiscal Year 2023)

For the fiscal year ended March 31, 2023, "Net Business Profit" decreased by ¥21.4 billion (U.S. \$161 million) from the previous fiscal year to ¥324.6 billion (U.S. \$2,431 million) because of a decrease in substantial funds-related income (*) primarily due to the overseas market-based higher interest rates, and an increase in "General and Administrative Expenses", while income from fees and commissions in the real estate brokerage business and the corporate credit business increased steadily.

"Ordinary Profit" increased by ¥56.1 billion (U.S. \$420 million) from the previous fiscal year to ¥285.8 billion (U.S. \$2,140 million), mainly due to improvements in "Net Gains on Stocks" and a decrease in "Total Credit Costs".

"Net Income Attributable to Owners of the Parent" increased by ¥21.9 billion (U.S. \$164 million) from the previous fiscal year to ¥191.0 billion (U.S. \$1,430 million), partly due to the extraordinary losses recorded by SuMi TRUST Bank, Limited, in connection with system renewal related to overseas business.

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

Major KPIs (Consolidated)

| Years Ended March 31 | Millions of Yen | | | | Millions of U.S. Dollars | Millions of Yen | | |
|--|-----------------|----------------------------|-----------|-----------|--------------------------|----------------------------|-----------------------|-----------|
| | 2023 | | | | 2023 | 2023 | | 2022 |
| | Forecast | Changes from Previous Year | Forecast | Results | Results | Changes from Previous Year | Changes from Forecast | Results |
| Net Business Profit Before Credit Costs (Note 1) | ¥ 320,000 | ¥ (4,641) | ¥ 310,000 | ¥ 324,641 | \$ 2,431 | ¥ (21,443) | ¥ 14,641 | ¥ 346,085 |
| Substantial Gross Business Profit (Note 1) | 850,000 | 35,837 | 800,000 | 814,162 | 6,097 | 5,980 | 14,162 | 808,182 |
| General and Administrative Expenses (Note 1) | (530,000) | (40,478) | (490,000) | (489,521) | (3,666) | (27,424) | 478 | (462,096) |
| Fee and Commission Income Ratio (%) | | | | 55.1% | | 1.1% | | 54.0% |
| Over Head Ratio (%) | 62.4% | 2.3% | 61.3% | 60.1% | | 3.0% | (1.2%) | 57.1% |
| Return on Equity (%) | | | | 6.93% | | 0.68% | | 6.25% |
| Consolidated Equity Tier 1 Capital Ratio (%) | | | | 10.79% | | (1.52)% (Note2) | | 12.31% |

(Notes)

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

2) The consolidated equity Tier 1 capital ratio (calculated based on the finalization of the Basel III reforms) as of March 31, 2023 was 9.5%.

Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 10.79%, Consolidated Tier 1 capital ratio was 12.01%, and Consolidated Total capital ratio was 13.24% as of March 31, 2023, exceeding the minimum regulatory requirements of 7.53%, 9.03%, and 11.03%, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts in "Management's Discussion and Analysis" is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥133.54 to U.S. \$1, the approximate rate of exchange as of March 31, 2023.

Operating Results (Consolidated)

| Years Ended March 31 | Millions of Yen | | | Millions of U.S. Dollars |
|--|-----------------|-----------------|-----------------|--------------------------|
| | 2023 | 2022 | Changes | 2023 |
| Gross Profit (excluding Trust Account Credit Costs) | ¥ 741,814 | ¥ 748,372 | ¥ (6,558) | \$ 5,555 |
| General and Administrative Expenses (excluding non-recurring expenses) | (456,075) | (435,174) | (20,901) | (3,415) |
| Net Provision of General Allowance for Loan Losses (B) | 3,563 | 14,341 | (10,778) | 27 |
| Banking Account Credit Costs (C) | (15,164) | (57,554) | 42,389 | (114) |
| Reversal of Allowance for Loan Losses (D) | — | — | — | — |
| Recoveries of Written-Off Claims (E) | 1,123 | 1,633 | (509) | 8 |
| Net Gains (Losses) on Stocks and Other Securities | 3,080 | (38,337) | 41,417 | 23 |
| Net Income from Affiliated Companies Accounted for by the Equity Method | 18,102 | 15,531 | 2,571 | 136 |
| Impairment Loss | (18,187) | (1,468) | (16,718) | (136) |
| Others | (6,868) | (19,344) | 12,475 | (51) |
| Income Before Income Taxes | 271,387 | 227,999 | 43,388 | 2,032 |
| Net Income Attributable to Owners of the Parent | 191,000 | 169,078 | 21,921 | 1,430 |
| Total Credit Costs (A+B+C+D+E) | (10,477) | (41,579) | 31,102 | (78) |
| Net Business Profit Before Credit Costs | 324,641 | 346,085 | (21,443) | 2,431 |

(Notes)

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

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

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

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

Analysis on Operating Results (Consolidated)

| Years Ended March 31 | Millions of Yen | | | Millions of U.S. Dollars |
|---|-----------------|-----------|-----------|--------------------------|
| | 2023 | 2022 | Changes | 2023 |
| Net Business Profit Before Credit Costs (Note 1) | ¥ 324,641 | ¥ 346,085 | ¥(21,443) | \$ 2,431 |
| Substantial Gross Business Profit (Note 1) | 814,162 | 808,182 | 5,980 | 6,097 |
| Substantial Interest Income (Note 2) | 300,628 | 320,210 | (19,582) | 2,251 |
| Interest Income | 148,113 | 304,838 | (156,725) | 1,109 |
| Profits Earned from Market Deployment of Surplus Foreign Currency Fund | 152,515 | 15,371 | 137,143 | 1,142 |
| Fees and Commissions Related Income | 449,361 | 436,956 | 12,405 | 3,365 |
| Other Income (excluding Profits Earned From Market Deployment of Surplus Foreign Currency Fund) | 64,172 | 51,015 | 13,157 | 481 |
| General and Administrative Expenses (Note 1) | (489,521) | (462,096) | (27,424) | (3,666) |
| Total Credit Costs | (10,477) | (41,579) | 31,102 | (78) |
| Net Gain (Loss) on Stocks and Other Securities | 3,080 | (38,337) | 41,417 | 23 |
| Other Non-recurring profits (Losses) | (31,403) | (36,464) | 5,061 | (235) |
| Ordinary Profit | 285,840 | 229,704 | 56,136 | 2,140 |
| Extraordinary Profits (Losses) | (14,453) | (1,704) | (12,748) | (108) |
| Income before Income Taxes | 271,387 | 227,999 | 43,388 | 2,032 |
| Total Income Taxes | (79,357) | (57,763) | (21,594) | (594) |
| Net Income Attributable to Non-Controlling Interests | (1,029) | (1,157) | 127 | (8) |
| Net Income Attributable to Owners of the Parent | 191,000 | 169,078 | 21,921 | 1,430 |
| Return on Equity (%) | 6.93 | 6.25 | 0.68 | |
| Dividends per Share of Common Stock (DPS) | 210 | 170 | 40 | |
| Earnings per Share of Common Stock (EPS) | 517 | 451 | 65 | |
| Total Number of Shares Outstanding (Million of Shares) (Note 3) | 369.3 | 374.5 | (5.2) | |

(Notes)

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

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

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

Major Profit and Losses (Consolidated)

| Years Ended March 31 | Millions of Yen | | | Millions of U.S. Dollars |
|---|-----------------|-----------|-------------|--------------------------|
| | 2023 | 2022 | Changes | 2023 |
| Interest Income | ¥ 148,113 | ¥ 304,838 | ¥ (156,725) | \$ 1,109 |
| Other Profits | 216,687 | 66,386 | 150,301 | 1,623 |
| Profits Earned from Market Deployment of Surplus Foreign Currency Fund | 152,515 | 15,371 | 137,143 | 1,142 |
| Profits other than Profits Earned from Market Deployment of Surplus Foreign Currency Fund | 64,172 | 51,015 | 13,157 | 481 |

Interest income decreased by ¥156.7 billion (U.S. \$1,174 million) from the previous fiscal year to ¥148.1 billion (U.S. \$1,109 million), mainly due to the decline of positive effect of market conditions in the previous fiscal year. The substantial interest income, which includes profits earned from market deployment of surplus foreign currency fund decreased by ¥19.5 billion (U.S. \$147 million) from the previous fiscal year to ¥300.6 billion (U.S. \$ 2,251 million).

"Fees and Commissions Related Income" increased by ¥12.4 billion (U.S. \$93 million) from the previous fiscal year to ¥449.3 billion (U.S. \$3,365 million), due to a steady increase in fees and commissions in the real estate brokerage business and the corporate credit related business, while profits in the asset management business decreased due to factors such as declines in market prices.

"General and Administrative Expenses" increased by ¥27.4 billion (U.S. \$205 million) from the previous fiscal year to ¥489.5 billion (U.S. \$3,666 million), mainly due to an increase in investment in human capital and system related expenses, well as expenses linked to gross profit.

As a result, "Net Business Profit Before Credit Costs," which represents the actual profit level calculated by making necessary adjustments to the above results, decreased by ¥21.4 billion (U.S. \$161 million) from the previous fiscal year to ¥324.6 billion (U.S. \$2,431 million).

Credit Costs (Consolidated)

"Total Credit Costs" decreased by ¥31.1 billion (U.S. \$233 million) from the previous fiscal year to ¥10.4 billion (U.S. \$78 million) of losses, mainly because of a decrease in provision of allowance for loan losses.

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

"Net Gains (Losses) on Stock and Other Securities" arrived at ¥3.0 billion (U.S. \$22 million) of gain because of the recognition of gains on sale of strategic shareholdings of ¥83.8 billion (U.S. \$628 million) along with steady progress in reduction of strategic shareholdings, despite the realized losses of ¥79.3 billion (U.S. \$594 million), resulted from the reduction of hedge investment trusts for the purpose of reducing risks to the periodic profit or loss.

Extraordinary Gain and Losses (Consolidated)

"Extraordinary Gains and Losses" arrived at ¥14.4 billion (U.S. \$108 million) of losses, mainly because of the extraordinary losses of ¥15.9 billion (U.S. \$119 million) recorded by SuMi TRUST Bank, Limited, in connection with system renewal related to overseas business.

Financial Condition**Assets and Liabilities**

As of March 31, 2023, consolidated "Total Assets" were ¥69,022.7 billion (U.S. \$517 billion), an increase of ¥4,389.5 billion (U.S. \$329 billion), and consolidated "Total Net Assets" were ¥2,822.5 billion (U.S. \$21 billion), an increase of ¥77.2 billion (U.S. \$0.6 billion), compared with those as of the end of the previous fiscal year, respectively.

In particular, "Cash and Due from Banks" increased by ¥3,379.1 billion (U.S. \$25 billion) to ¥21,602.4 billion (U.S. \$162 billion), "Loans and Bills Discounted" increased by ¥934.4 billion (U.S. \$7 billion) to ¥31,810.9 billion (U.S. \$238 billion), "Securities" decreased by ¥946.1 billion (U.S. \$7 billion) to ¥6,933.0 billion (U.S. \$52 billion), and "Deposits" increased by ¥2,157.1 billion (U.S. \$16 billion) to ¥35,387.2 billion (U.S.

\$265 billion), compared with those as of the end of the previous fiscal year.

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

"Total Assets of Trust Accounts" were ¥256,225.7 billion (U.S. \$1,919 billion) as of March 31, 2023, an increase of

¥8,010.2 billion (U.S. \$60 billion), compared with the amount as of the end of the previous fiscal year.

Problem Assets under the Financial Reconstruction Act

As of March 31, 2023, the total balance of Bankrupt and Practically Bankrupt Loans, Doubtful Loans, and Substandard Loans of the Banking Account and the Principal Guaranteed Trust Accounts with a disclosure requirement under the Financial Reconstruction Act, decreased by ¥65.2 billion (U.S. \$0.5 billion) from the end of the previous fiscal year to ¥134.2 billion (U.S. \$1 billion). The ratio of "Problem Assets under the Financial Reconstruction Act" to Total Balance decreased by 0.2% to 0.4% since the previous fiscal year.

Problem Assets under the Financial Reconstruction Act

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

Banking Account and Principal Guaranteed Trust Account (Combined)

| As of March 31 | Billions of Yen | | | Billions of U.S. Dollars |
|---|-----------------|----------|----------|--------------------------|
| | 2023 | 2022 | Changes | 2023 |
| Problem Assets under the Financial Reconstruction Act | ¥ 134.2 | ¥ 199.4 | ¥ (65.2) | \$ 1 |
| Total Balance | 32,522.7 | 31,441.2 | 1,081.5 | 244 |
| Ratio to Total Balance | 0.4% | 0.6% | (0.2)% | 0.4% |

Banking Account

| Classification | Billions of Yen, Except for Percentages | | | | | | | |
|---|---|----------|----------------|------|---------------------------------|-------|-----------------|------|
| | Balance | | Coverage Ratio | | Collateral/Allowance | | Allowance Ratio | |
| As of March 31 | 2023 | 2022 | 2023 | 2022 | 2023 | 2023 | 2022 | |
| Bankrupt and Practically Bankrupt Loans (A) | ¥ 8.5 | ¥ 16.7 | 100% | 100% | Specific Allowance Provided | ¥ 3.0 | 100% | 100% |
| | | | | | Covered by Collateral/Guarantee | 5.4 | — | — |
| Doubtful Loans (B) | 86.1 | 117.0 | 74% | 77% | Uncovered | 21.9 | 62% | 71% |
| | | | | | Specific Allowance Provided | 36.8 | — | — |
| Substandard Loans (C) | 39.5 | 64.9 | 48% | 37% | Covered by Collateral/Guarantee | 27.2 | — | — |
| | | | | | Uncovered | 20.3 | 22% | 10% |
| | | | | | General Allowance Provided | 5.8 | | |
| | | | | | Covered by Collateral/Guarantee | 13.3 | — | — |
| Total of (A), (B), and (C) | 134.1 | 198.6 | | | | | | |
| Total Balance | 32,512.2 | 31,427.9 | | | | | | |
| Ratio to Total Balance | 0.4% | 0.6% | | | | | | |

Principal Guaranteed Trust Account

| Classification | Balance | | Coverage Ratio | | Collateral/Allowance | |
|---|---------|------|----------------|------|---|-----|
| | 2023 | 2022 | 2023 | 2022 | 2023 | |
| As of March 31 | | | | | | |
| Bankrupt and Practically Bankrupt Loans (A) | ¥ — | ¥ — | | — | Covered by Collateral/Guarantee | ¥ — |
| Doubtful Loans (B) | 0.1 | 0.8 | 100% | 100% | Covered by Collateral/Guarantee | 0.1 |
| Substandard Loans (C) | 0.0 | 0.0 | 100% | 100% | Covered by Collateral/Guarantee | 0.0 |
| Total of (A), (B), and (C) | 0.1 | 0.8 | | | Allowance for Jointly Operated Money Trusts | 0.0 |
| Total Balance | 10.5 | 13.3 | | | | |
| Ratio to Total Balance | 0.7% | 5.8% | | | | |

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

| Years Ended March 31 | Percentage Points | | |
|---|-------------------|-------|---------|
| | 2023 | 2022 | Changes |
| Average Yield on Interest-Earning Assets (a) | 0.53% | 0.46% | 0.07% |
| Loans and Bills Discounted (A) | 0.63 | 0.63 | (0.00) |
| Securities | 1.91 | 1.15 | 0.76 |
| Average Yield on Interest-Bearing Liabilities (b) | 0.08 | 0.08 | 0.00 |
| Deposits (B) | 0.04 | 0.05 | (0.01) |
| Gross Margin (a)–(b) | 0.45 | 0.38 | 0.07 |
| Loan-Deposit Margin (A)–(B) | 0.59 | 0.58 | 0.01 |

Five-Year Summary (Unaudited)

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

| Consolidated Statements of Banking Account | Millions of Yen | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| As of the Year-End | | | | | |
| Assets: | | | | | |
| Cash and Due from Banks | ¥ 21,602,473 | ¥ 18,223,364 | ¥ 18,488,763 | ¥ 13,141,192 | ¥ 16,045,864 |
| Call Loans and Bills Bought | 24,006 | 5,000 | 8,766 | 71,236 | 50,124 |
| Securities | 6,933,067 | 7,879,235 | 6,983,483 | 6,437,599 | 5,759,504 |
| Loans and Bills Discounted | 31,810,926 | 30,876,507 | 30,506,968 | 29,703,375 | 29,025,720 |
| Foreign Exchanges | 47,445 | 29,494 | 25,396 | 36,952 | 36,936 |
| Customers' Liabilities for Acceptances and Guarantees | 562,523 | 541,228 | 511,782 | 518,811 | 557,007 |
| Others | 8,042,303 | 7,078,389 | 6,843,412 | 6,591,384 | 5,553,956 |
| Total Assets | ¥ 69,022,746 | ¥ 64,633,220 | ¥ 63,368,573 | ¥ 56,500,552 | ¥ 57,029,113 |
| Liabilities: | | | | | |
| Deposits and Negotiable Certificates of Deposit | ¥ 42,848,293 | ¥ 39,818,106 | ¥ 40,628,273 | ¥ 36,549,212 | ¥ 38,232,195 |
| Call Money and Bills Sold | 1,912,878 | 799,524 | 60,675 | 142,974 | 72,793 |
| Borrowed Money | 6,039,543 | 7,153,498 | 5,782,602 | 5,856,384 | 4,023,801 |
| Foreign Exchanges | 847 | 1,275 | 577 | 3,213 | 457 |
| Acceptances and Guarantees | 562,523 | 541,228 | 511,782 | 518,811 | 557,007 |
| Others | 14,836,086 | 13,574,298 | 13,662,105 | 10,839,049 | 11,412,500 |
| Total Liabilities | ¥ 66,200,172 | ¥ 61,887,931 | ¥ 60,646,016 | ¥ 53,909,645 | ¥ 54,298,756 |
| Net Assets: | | | | | |
| Shareholders' Equity | ¥ 2,587,824 | ¥ 2,517,528 | ¥ 2,416,003 | ¥ 2,334,377 | ¥ 2,242,982 |
| Accumulated Other Comprehensive Income | 204,259 | 198,028 | 277,756 | 220,889 | 410,478 |
| Subscription Rights to Shares | 945 | 1,006 | 1,024 | 1,057 | 1,062 |
| Non-Controlling Interests | 29,545 | 28,725 | 27,772 | 34,583 | 75,832 |
| Total Net Assets | ¥ 2,822,574 | ¥ 2,745,288 | ¥ 2,722,556 | ¥ 2,590,907 | ¥ 2,730,356 |
| Total Liabilities and Net Assets | ¥ 69,022,746 | ¥ 64,633,220 | ¥ 63,368,573 | ¥ 56,500,552 | ¥ 57,029,113 |
| For the Year | | | | | |
| Income: | | | | | |
| Trust Fees | ¥ 109,721 | ¥ 110,539 | ¥ 102,883 | ¥ 99,816 | ¥ 103,911 |
| Interest Income | 660,308 | 375,659 | 363,749 | 489,366 | 507,007 |
| Fees and Commissions | 440,331 | 444,655 | 390,877 | 401,723 | 402,867 |
| Trading Income | 15,608 | 13,453 | 76 | 102,189 | 27,093 |
| Other Ordinary Income | 468,302 | 336,597 | 402,394 | 349,778 | 356,927 |
| Other Income | 129,767 | 120,731 | 158,185 | 95,680 | 71,626 |
| Total Income | ¥ 1,824,040 | ¥ 1,401,637 | ¥ 1,418,166 | ¥ 1,538,556 | ¥ 1,469,434 |
| Expenses: | | | | | |
| Interest Expenses | ¥ 551,456 | ¥ 107,883 | ¥ 137,471 | ¥ 361,890 | ¥ 371,845 |
| Fees and Commissions Payments | 122,839 | 133,161 | 118,031 | 109,666 | 97,755 |
| Trading Expenses | 5,184 | — | 33,300 | — | — |
| Other Ordinary Expenses | 272,978 | 291,487 | 290,350 | 280,488 | 249,652 |
| General and Administrative Expenses | 460,336 | 435,567 | 431,422 | 433,455 | 431,151 |
| Other Expenses | 139,857 | 205,536 | 207,586 | 112,333 | 77,688 |
| Total Expenses | ¥ 1,552,653 | ¥ 1,173,637 | ¥ 1,218,163 | ¥ 1,297,834 | ¥ 1,228,093 |
| Income before Income Taxes | 271,387 | 227,999 | 200,003 | 240,721 | 241,340 |
| Net Income | ¥ 192,029 | ¥ 170,236 | ¥ 143,938 | ¥ 165,094 | ¥ 180,741 |
| Yen | | | | | |
| Per Share of Common Stock: | | | | | |
| Net Income per Share of Common Stock | ¥ 517.14 | ¥ 451.40 | ¥ 379.65 | ¥ 434.31 | ¥ 458.91 |
| Diluted Net Income per Share of Common Stock | 516.83 | 451.12 | 379.42 | 434.03 | 458.64 |
| Net Assets per Share of Common Stock | 7,686.52 | 7,249.70 | 7,192.07 | 6,822.48 | 7,008.67 |

| Statements of Trust Account | Millions of Yen | | | | |
|-----------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Trust Assets | ¥256,225,715 | ¥ 248,215,419 | ¥ 239,846,590 | ¥ 224,425,327 | ¥ 211,350,067 |

- SuMi Trust Holdings has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021, "Guidance for Application of Fair Value Measurement") from the beginning of the current fiscal year ended March 31, 2023. The effect of applying "Guidance for Application of Fair Value Measurement" on Net Assets and Net Assets per Share of Common Stock is described in "Notes to Consolidated Financial Statements, Changes in Accounting Policies."
- SuMi Trust Holdings has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) from the beginning of the fiscal year ended March 31, 2022. The amounts in "Five-Year Summary" have reflected those accounting standards after the fiscal year ended March 31, 2022.
- For the purpose of accurately presenting credit risks with and without collateral for derivative transactions, financial assets and liabilities for derivative transactions measured at fair value are now presented on a gross basis based on the general rule from fiscal year ended March 31, 2022. To reflect this change in presentation, reclassifications have been made in the consolidated financial statements for the fiscal year ended March 31, 2021.
- Trust assets are the amounts of trust assets held by consolidated subsidiaries that engage in the trust business in accordance with the Act on Engagement in Trust Business Activities by Financial Institutions. The consolidated subsidiary that engages in trust business activities is SuMi Trust Bank.

Sumitomo Mitsui Trust Holdings, Inc.

Five-Year Summary (Unaudited)

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

| Non-Consolidated Statements | Millions of Yen | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| As of the Year-End | | | | | |
| Assets: | | | | | |
| Current Assets: | ¥ 81,652 | ¥ 137,483 | ¥ 173,123 | ¥ 175,470 | ¥ 133,676 |
| Cash and Due from Banks | 5,632 | 18,978 | 2,541 | 2,349 | 2,110 |
| Securities | 59,000 | 104,000 | 164,000 | 129,000 | 100,000 |
| Non-Current Assets | 2,046,987 | 2,086,028 | 2,030,327 | 2,049,283 | 2,069,816 |
| Investments and Other Assets | 2,046,981 | 2,086,028 | 2,030,325 | 2,049,281 | 2,069,815 |
| Total Assets | ¥ 2,128,640 | ¥ 2,223,512 | ¥ 2,203,450 | ¥ 2,224,754 | ¥ 2,203,492 |
| Liabilities: | | | | | |
| Current Liabilities | ¥ 2,723 | ¥ 8,183 | ¥ 12,799 | ¥ 4,616 | ¥ 3,161 |
| Non-Current Liabilities | 605,450 | 645,303 | 620,209 | 650,093 | 651,610 |
| Bonds Payable | 590,000 | 630,000 | 610,000 | 640,000 | 641,600 |
| Total Liabilities | ¥ 608,173 | ¥ 653,486 | ¥ 633,009 | ¥ 654,709 | ¥ 654,771 |
| Net Assets: | | | | | |
| Shareholders' Equity | ¥ 1,519,521 | ¥ 1,569,019 | ¥ 1,569,417 | ¥ 1,568,986 | ¥ 1,547,658 |
| Subscription Rights to Shares | 945 | 1,006 | 1,024 | 1,057 | 1,062 |
| Total Net Assets | ¥ 1,520,466 | ¥ 1,570,025 | ¥ 1,570,441 | ¥ 1,570,044 | ¥ 1,548,721 |
| Total Liabilities and Net Assets | ¥ 2,128,640 | ¥ 2,223,512 | ¥ 2,203,450 | ¥ 2,224,754 | ¥ 2,203,492 |
| For the Year | | | | | |
| Operating Income: | ¥ 78,111 | ¥ 63,319 | ¥ 60,855 | ¥ 97,597 | ¥ 123,149 |
| Dividends Received from Subsidiaries | 71,279 | 58,154 | 56,256 | 95,851 | 121,832 |
| Operating Expenses: | 6,395 | 5,525 | 3,984 | 3,709 | 3,341 |
| General and Administrative Expenses | 6,395 | 5,525 | 3,984 | 3,709 | 3,341 |
| Operating Profit | ¥ 71,716 | ¥ 57,793 | ¥ 56,870 | ¥ 93,888 | ¥ 119,808 |
| Non-Operating Income | ¥ 6,746 | ¥ 6,715 | ¥ 7,891 | ¥ 8,183 | ¥ 7,709 |
| Non-Operating Expenses | 7,035 | 6,928 | 8,861 | 9,430 | 11,327 |
| Income before Income Taxes | ¥ 71,426 | ¥ 57,580 | ¥ 56,799 | ¥ 92,640 | ¥ 116,190 |
| Net Income | ¥ 71,257 | ¥ 57,620 | ¥ 56,637 | ¥ 93,858 | ¥ 127,717 |
| Yen | | | | | |
| Per Share of Common Stock: | | | | | |
| Net Income per Share of Common Stock | ¥ 192.93 | ¥ 153.83 | ¥ 151.21 | ¥ 250.04 | ¥ 337.06 |
| Diluted Net Income per Share of Common Stock | 192.81 | 153.74 | 151.12 | 249.87 | 336.86 |
| Net Assets per Share of Common Stock | 4,183.19 | 4,188.80 | 4,190.18 | 4,189.14 | 4,087.87 |

Consolidated Balance Sheet

Sumitomo Mitsui Trust Holdings, Inc. 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 | ¥ 21,602,473 | ¥ 18,223,364 | \$ 161,768 |
| 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 | 16,136 | 16,308 | 121 |
| Securities (Notes 2 and 4) | 6,933,067 | 7,879,235 | 51,918 |
| 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) | 3,839,561 | 3,354,333 | 28,752 |
| Tangible Fixed Assets (Note 6) | 222,588 | 224,535 | 1,667 |
| Intangible Fixed Assets (Note 7) | 130,969 | 125,667 | 981 |
| Assets for Retirement Benefits | 232,625 | 192,223 | 1,742 |
| Deferred Tax Assets | 10,729 | 15,613 | 80 |
| Customers' Liabilities for Acceptances and Guarantees | 562,523 | 541,228 | 4,212 |
| Allowance for Loan Losses | (129,998) | (163,369) | (973) |
| Total Assets | ¥ 69,022,746 | ¥ 64,633,220 | \$ 516,869 |
| Liabilities: | | | |
| Deposits (Notes 4 and 9) | ¥ 35,387,287 | ¥ 33,230,162 | \$ 264,994 |
| Negotiable Certificates of Deposit | 7,461,005 | 6,587,944 | 55,871 |
| 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) | 6,039,543 | 7,153,498 | 45,226 |
| Foreign Exchanges | 847 | 1,275 | 6 |
| Short-Term Bonds Payable | 2,332,377 | 2,387,553 | 17,466 |
| Bonds Payable (Note 11) | 2,501,760 | 2,076,604 | 18,734 |
| Borrowed Money from Trust Account (Note 12) | 4,332,472 | 4,298,827 | 32,443 |
| Other Liabilities (Notes 13 and 14) | 3,038,112 | 2,312,326 | 22,751 |
| Provision for Bonuses | 19,136 | 21,087 | 143 |
| Provision for Directors' Bonuses | 402 | 181 | 3 |
| Provision for Stocks Payment | 1,064 | 732 | 8 |
| Liabilities for Retirement Benefits | 13,720 | 13,553 | 103 |
| 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 | 65,585 | 44,081 | 491 |
| Deferred Tax Liabilities for Land Revaluation (Note 6) | 2,381 | 2,388 | 18 |
| Acceptances and Guarantees | 562,523 | 541,228 | 4,212 |
| Total Liabilities | ¥ 66,200,172 | ¥ 61,887,931 | \$ 495,733 |
| Net Assets: | | | |
| Total Shareholders' Equity: | ¥ 2,587,824 | ¥ 2,517,528 | 19,379 |
| Capital Stock | 261,608 | 261,608 | 1,959 |
| Capital Surplus | 546,146 | 576,114 | 4,090 |
| Retained Earnings | 1,803,002 | 1,682,519 | 13,502 |
| Treasury Stock | (22,933) | (2,714) | (172) |
| Total Accumulated Other Comprehensive Income: | 204,259 | 198,028 | 1,530 |
| Valuation Differences on Available-for-Sale Securities | 258,240 | 277,617 | 1,934 |
| Deferred Gains (Losses) on Hedges | (48,470) | (42,759) | (363) |
| Revaluation Reserve for Land (Note 6) | (6,855) | (6,839) | (51) |
| Foreign Currency Translation Adjustments | 24,531 | 12,719 | 184 |
| Remeasurements of Defined Benefit Plans | (23,187) | (42,708) | (174) |
| Subscription Rights to Shares | 945 | 1,006 | 7 |
| Non-Controlling Interests | 29,545 | 28,725 | 221 |
| Total Net Assets | ¥ 2,822,574 | ¥ 2,745,288 | 21,137 |
| Total Liabilities and Net Assets | ¥ 69,022,746 | ¥ 64,633,220 | \$ 516,869 |

| | Yen | | U.S. Dollars |
|---|-------------------|-------------------|-----------------|
| Net Assets per Share of Common Stock | ¥ 7,686.52 | ¥ 7,249.70 | \$ 57.56 |

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 Holdings, Inc. 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: | 660,308 | 375,659 | 4,945 |
| Interest on Loans and Discounts | 425,715 | 260,871 | 3,188 |
| Interest and Dividends on Securities | 137,748 | 97,683 | 1,032 |
| Interest on Call Loans and Bills Bought | 1,316 | 685 | 10 |
| Interest on Deposits with Banks | 71,752 | 12,239 | 537 |
| Other Interest Income (Note 2) | 23,775 | 4,179 | 178 |
| Fees and Commissions (Note 1) | 440,331 | 444,655 | 3,297 |
| Trading Income (Note 3) | 15,608 | 13,453 | 117 |
| Other Ordinary Income (Note 4) | 468,302 | 336,597 | 3,507 |
| Other Income (Note 5) | 129,767 | 120,731 | 972 |
| Total Income | ¥ 1,824,040 | ¥ 1,401,637 | \$ 13,659 |
| Expenses: | | | |
| Interest Expenses: | ¥ 551,456 | ¥ 107,883 | \$ 4,130 |
| 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 | 13,968 | 4,635 | 105 |
| Interest on Short-Term Bonds | 55,767 | 3,271 | 418 |
| Interest on Bonds | 29,070 | 16,535 | 218 |
| Other Interest Expenses (Note 2) | 108,032 | 44,658 | 809 |
| Fees and Commissions Payments | 122,839 | 133,161 | 920 |
| Trading Expenses (Note 3) | 5,184 | — | 39 |
| Other Ordinary Expenses (Note 4) | 272,978 | 291,487 | 2,044 |
| General and Administrative Expenses (Note 6) | 460,336 | 435,567 | 3,447 |
| Other Expenses (Note 5) | 139,857 | 205,536 | 1,047 |
| Total Expenses | ¥ 1,552,653 | ¥ 1,173,637 | \$ 11,627 |
| Income before Income Taxes | ¥ 271,387 | ¥ 227,999 | \$ 2,032 |
| Income Taxes: | 79,357 | 57,763 | 594 |
| Current | 50,760 | 57,342 | 380 |
| Deferred | 28,597 | 420 | 214 |
| Net Income | ¥ 192,029 | ¥ 170,236 | \$ 1,438 |
| Net Income Attributable to Non-Controlling Interests | 1,029 | 1,157 | 8 |
| Net Income Attributable to Owners of the Parent | ¥ 191,000 | ¥ 169,078 | \$ 1,430 |
| | | Yen | U.S. Dollars |
| Net Income per Share of Common Stock | ¥ 517.14 | ¥ 451.40 | \$ 3.87 |
| Diluted Net Income per Share of Common Stock | ¥ 516.83 | ¥ 451.12 | \$ 3.87 |

See accompanying notes.

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. 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 | ¥ 192,029 | ¥ 170,236 | \$ 1,438 |
| Other Comprehensive Income (Loss): | | | |
| Valuation Differences on Available-for-Sale Securities | (17,672) | (46,938) | (132) |
| Deferred Gains (Losses) on Hedges | (6,753) | 135 | (51) |
| Foreign Currency Translation Adjustments | 8,584 | 4,045 | 64 |
| Remeasurements of Defined Benefit Plans | 19,517 | (38,671) | 146 |
| Share of Other Comprehensive Income of Equity-Method Affiliated Companies | 2,814 | 2,052 | 21 |
| Total Other Comprehensive Income (Loss) (Note) | ¥ 6,489 | ¥ (79,377) | \$ 49 |
| Comprehensive Income: | ¥ 198,519 | ¥ 90,859 | \$ 1,487 |
| Comprehensive Income Attributable to Owners of the Parent | ¥ 197,246 | ¥ 89,451 | \$ 1,477 |
| Comprehensive Income Attributable to Non-Controlling Interests | 1,272 | 1,407 | 10 |

See accompanying notes.

Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

From April 1, 2022 to March 31, 2023

| | Millions of Yen | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 576,114 | ¥ 1,682,519 | ¥ (2,714) | ¥ 2,517,528 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (70,533) | | (70,533) |
| Net Income Attributable to Owners of the Parent | | | 191,000 | | 191,000 |
| Purchase of Treasury Stock | | | | (50,364) | (50,364) |
| Disposal of Treasury Stock | | (0) | | 142 | 141 |
| Retirement of Treasury Stock | | (30,003) | | 30,003 | — |
| Purchase of Shares of Consolidated Subsidiaries | | 36 | | | 36 |
| Reversal of Revaluation Reserve for Land | | | 15 | | 15 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | (29,968) | 120,482 | (20,218) | 70,296 |
| Balance at the End of the Year | ¥ 261,608 | ¥ 546,146 | ¥ 1,803,002 | ¥ (22,933) | ¥ 2,587,824 |

| | Millions of Yen | | | | | | | | |
|--|--|-----------------------------------|------------------------------|--|---|--|-------------------------------|---------------------------|------------------|
| | Accumulated Other Comprehensive Income | | | | | | Subscription Rights to Shares | Non-Controlling Interests | Total Net Assets |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | | |
| Balance at the Beginning of the Year | ¥ 277,617 | ¥ (42,759) | ¥ (6,839) | ¥ 12,719 | ¥ (42,708) | ¥ 198,028 | ¥ 1,006 | ¥ 28,725 | ¥ 2,745,288 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | | | | (70,533) |
| Net Income Attributable to Owners of the Parent | | | | | | | | | 191,000 |
| Purchase of Treasury Stock | | | | | | | | | (50,364) |
| Disposal of Treasury Stock | | | | | | | | | 141 |
| Retirement of Treasury Stock | | | | | | | | | — |
| Purchase of Shares of Consolidated Subsidiaries | | | | | | | | | 36 |
| Reversal of Revaluation Reserve for Land | | | | | | | | | 15 |
| Net Changes of Items Other Than Shareholders' Equity | (19,376) | (5,710) | (15) | 11,811 | 19,521 | 6,230 | (61) | 819 | 6,989 |
| Total Changes during the Year | (19,376) | (5,710) | (15) | 11,811 | 19,521 | 6,230 | (61) | 819 | 77,285 |
| Balance at the End of the Year | ¥ 258,240 | ¥ (48,470) | ¥ (6,855) | ¥ 24,531 | ¥ (23,187) | ¥ 204,259 | ¥ 945 | ¥ 29,545 | ¥ 2,822,574 |

See accompanying notes.

From April 1, 2021 to March 31, 2022

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

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

See accompanying notes.

From April 1, 2022 to March 31, 2023

| | Millions of U.S. Dollars | | | | |
|--|--------------------------|-----------------|-------------------|----------------|----------------------------|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | \$ 1,959 | \$ 4,314 | \$ 12,599 | \$ (20) | \$ 18,852 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (528) | | (528) |
| Net Income Attributable to Owners of the Parent | | | 1,430 | | 1,430 |
| Purchase of Treasury Stock | | | | (377) | (377) |
| Disposal of Treasury Stock | | (0) | | 1 | 1 |
| Retirement of Treasury Stock | | (225) | | 225 | — |
| 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 | — | (224) | 902 | (151) | 526 |
| Balance at the End of the Year | \$ 1,959 | \$ 4,090 | \$ 13,502 | \$ (172) | \$ 19,379 |

| | Millions of U.S. Dollars | | | | | | | | |
|--|--|-----------------------------------|------------------------------|--|---|--|-------------------------------|---------------------------|------------------|
| | Accumulated Other Comprehensive Income | | | | | | Subscription Rights to Shares | Non-Controlling Interests | Total Net Assets |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | | |
| Balance at the Beginning of the Year | \$ 2,079 | \$ (320) | \$ (51) | \$ 95 | \$ (320) | \$ 1,483 | \$ 8 | \$ 215 | \$ 20,558 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | | | | (528) |
| Net Income Attributable to Owners of the Parent | | | | | | | | | 1,430 |
| Purchase of Treasury Stock | | | | | | | | | (377) |
| Disposal of Treasury Stock | | | | | | | | | 1 |
| Retirement of Treasury Stock | | | | | | | | | — |
| Purchase of Shares of Consolidated Subsidiaries | | | | | | | | | 0 |
| Reversal of Revaluation Reserve for Land | | | | | | | | | 0 |
| Net Changes of Items Other Than Shareholders' Equity | (145) | (43) | (0) | 88 | 146 | 47 | (0) | 6 | 52 |
| Total Changes during the Year | (145) | (43) | (0) | 88 | 146 | 47 | (0) | 6 | 579 |
| Balance at the End of the Year | \$ 1,934 | \$ (363) | \$ (51) | \$ 184 | \$ (174) | \$ 1,530 | \$ 7 | \$ 221 | \$ 21,137 |

See accompanying notes.

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Holdings, Inc. 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 | ¥ 271,387 | ¥ 227,999 | \$ 2,032 |
| Depreciation and Amortization | 32,841 | 30,841 | 246 |
| Impairment Losses | 18,187 | 1,468 | 136 |
| Amortization of Goodwill | 8,001 | 7,882 | 60 |
| Equity in Losses (Earnings) of Affiliated Companies | (18,102) | (15,531) | (136) |
| Increase (Decrease) in Allowance for Loan Losses | (33,371) | 34,145 | (250) |
| Increase (Decrease) in Provision for Bonuses | (1,951) | 2,627 | (15) |
| Increase (Decrease) in Provision for Directors' Bonuses | 221 | (38) | 2 |
| Increase (Decrease) in Provision for Stocks Payment | 332 | 200 | 2 |
| Decrease (Increase) in Assets for Retirement Benefits | (36,622) | 39,540 | (274) |
| Increase (Decrease) in Liabilities for Retirement Benefits | 163 | (338) | 1 |
| 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 | (660,308) | (375,659) | (4,945) |
| Interest Expenses | 551,456 | 107,883 | 4,130 |
| Loss (Gain) Related to Securities | 17,340 | 55,500 | 130 |
| Loss (Gain) on Money Held in Trust | 71 | 257 | 1 |
| Foreign Exchange Losses (Gains) | (158,496) | (184,288) | (1,187) |
| Loss (Gain) on Disposal of Fixed Assets | 933 | 235 | 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 | 2,157,125 | (237,516) | 16,153 |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | 873,061 | (572,650) | 6,538 |
| 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 | 624,975 | 377,391 | 4,680 |
| Interest Paid | (506,204) | (104,641) | (3,791) |
| Other, Net | 259,976 | (256,062) | 1,947 |
| Subtotal | ¥ 2,693,425 | ¥ (64,331) | \$ 20,169 |
| Income Taxes (Paid) Refunded | (77,212) | (55,931) | (578) |
| Net Cash Provided by (Used in) Operating Activities | ¥ 2,616,213 | ¥ (120,263) | \$ 19,591 |

(Continued)

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---------------------|----------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Cash Flows from Investing Activities: | | | |
| Purchase of Securities | ¥ (5,134,228) | ¥ (9,173,484) | \$ (38,447) |
| Proceeds from Sales of Securities | 1,931,779 | 4,226,468 | 14,466 |
| Proceeds from Redemption of Securities | 4,203,070 | 4,163,963 | 31,474 |
| Increase in Money Held in Trust | — | (4,400) | — |
| Purchase of Tangible Fixed Assets | (8,658) | (8,882) | (65) |
| Proceeds from Sales of Tangible Fixed Assets | 356 | 1,950 | 3 |
| Purchase of Intangible Fixed Assets | (54,239) | (42,934) | (406) |
| Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method | (1,441) | (41,987) | (11) |
| Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method | 23,636 | 102 | 177 |
| Net Cash Provided by (Used in) Investing Activities | ¥ 960,275 | ¥ (879,205) | \$ 7,191 |
| Cash Flows from Financing Activities: | | | |
| Proceeds from Subordinated Borrowings | — | 5,000 | — |
| Repayments of Subordinated Borrowings | — | (50,000) | — |
| Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares | 19,888 | 19,898 | 149 |
| Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares | (116,100) | (41,500) | (869) |
| Proceeds from Share Issuance to Non-Controlling Shareholders | 40 | — | 0 |
| Cash Dividends Paid | (70,518) | (58,115) | (528) |
| Cash Dividends Paid to Non-Controlling Interests | (456) | (342) | (3) |
| Purchase of Treasury Stock | (50,364) | (21) | (377) |
| Proceeds from Sales of Treasury Stock | 1 | 0 | 0 |
| Net Cash Provided by (Used in) Financing Activities | ¥ (217,509) | ¥ (125,079) | \$ (1,629) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | ¥ 80,007 | ¥ 59,053 | \$ 599 |
| Net Increase (Decrease) in Cash and Cash Equivalents | ¥ 3,438,987 | ¥ (1,065,495) | \$ 25,752 |
| Cash and Cash Equivalents at the Beginning of the Year | ¥ 15,733,650 | ¥ 16,799,146 | \$ 117,820 |
| Cash and Cash Equivalents at the End of the Year (Note) | ¥ 19,172,638 | ¥ 15,733,650 | \$ 143,572 |

See accompanying notes.

Notes to Consolidated Financial Statements

Basis of Presentation of Financial Statements

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Holdings is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥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:

58 companies

Principal Company:

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

Nikko Asset Management Co., Ltd.

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Sumitomo Mitsui Trust Loan & Finance Co., Ltd.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

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

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 and one other company are

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 Holdings' interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and other financial data.

2. Application of the Equity Method

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

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

30 companies

Principal Companies:

Custody Bank of Japan, Ltd.

SBI Sumishin Net Bank, Ltd.

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

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 Holdings and its subsidiaries 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 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 Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and other financial data.

3. Balance Sheet Dates of the Consolidated Subsidiaries

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

| | |
|---------------|--------------|
| April 30: | 2 companies |
| August 31: | 1 company |
| September 30: | 4 companies |
| November 30: | 1 company |
| December 31: | 6 companies |
| March 31: | 44 companies |

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

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

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

Material transactions arising between the consolidated balance sheet date, March 31, 2023, and the above balance sheet dates of consolidated subsidiaries have been reflected in the consolidated financial statements.

4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

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

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

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2023 and 2022.

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

(2) Securities

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

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

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

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

(3) Financial Derivatives

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

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

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

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

Useful lives of major asset categories:

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

(b) Intangible fixed assets

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

(c) Lease assets

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

(5) Allowance for Loan Losses

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

For claims against borrowers that have initiated special

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

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

For claims that are classified as other than those above, the allowance is provided based on the estimated loan losses over the next one 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, then adjusted based on future forecast.

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

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan loss ratios, 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 Holdings and some of the consolidated subsidiaries for the estimated stock-based payments to directors under a stock compensation system attributable to the current fiscal year.

(9) Provision for Reward Points Program

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

(10) Provision for Reimbursement of Deposits in Dormant Accounts

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

(11) Provision for Contingent Losses

A provision for contingent losses is provided for 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 Group's main revenues from contracts with customers are "Trust Fees" and "Fees and Commissions" such as asset management and administration fees, stock transfer agency fees, real estate brokerage fees, and investment trust and insurance sales fees.

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

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

Stock transfer agency fees are mainly recorded in the "Wholesale Business." The SuMi TRUST 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. The SuMi TRUST Group recognizes revenues from this performance obligation over a period of time since the benefits are expensed by the customer as the daily services are provided.

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

Fees on sales of investment trusts and insurance are mainly recorded in the "Retail Business." The SuMi TRUST Group is obligated to provide product explanations and sales administrative services based on the terms and conditions of transactions and consignment agreements. Revenues are

recognized when the performance obligation is satisfied at the time of product sale.

(14) Foreign Currency Translation

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

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

(15) Accounting for Leases

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

(16) Hedge Accounting

(a) Interest-related risk hedge

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

(b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidance No. 25 of October 8, 2020, "Guidance No. 25").

The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign 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

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

(19) Nondeductible Consumption Taxes Associated with Assets

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

(20) Adoption of Group Tax Sharing System

SuMi TRUST Holdings adopts the group tax sharing system.

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

SuMi TRUST Holdings and some of its consolidated subsidiaries in Japan have 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.24 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 downturn of business performance due to the spread of COVID-19. Special allowance is recognized for certain credit in the industries 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 has determined that concerns over worsening future business performance and funding of borrowers caused directly 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 significant change with expanding yields volatility on 10-year government bonds and dollar-yen exchange rate.

Against the backdrop of the significant changes in the economic environment described above, SuMi TRUST Bank is reconsidering 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," 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 credit 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 about the assumptions used to recognize a special allowance, and the consolidated financial statements can be significantly affected if there is a change in the impact on the business performance and funding of borrowers due to the change in economic environment.

2. Estimates of Retirement Benefit Obligations

(1) The Amounts Recorded in the Consolidated Financial Statements during the Fiscal Year Ended March 31, 2023 and 2022:

| | Millions of Yen | | Millions of U.S. Dollars |
|--------------------------------|-----------------|-----------|--------------------------|
| | 2023 | 2022 | 2023 |
| Retirement Benefit Obligations | ¥ 382,087 | ¥ 423,883 | \$ 2,861 |

The amounts of assets for retirement benefits and liabilities for retirement benefits recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 were ¥232,625 million (U.S. \$1,742 million) and ¥13,720 million (U.S. \$103 million), respectively. The net amount of ¥218,904 million (U.S. \$1,639 million) was calculated by deducting plan assets of ¥600,992 million (U.S. \$4,500 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥368,367 million (U.S. \$2,758 million) and ¥13,720 million (U.S. \$103 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 94.2% of asset retirement obligations of the SuMi TRUST Group, has set a discount rate based on the interest rates of high-quality domestic corporate bonds whose maturities are equal to the expected period up to the payment of salaries in the future.

The expected long-term rate of return on plan assets is determined by evaluating the historical results of operation and the expected interest rate in the future. The expected

long-term rate of return on plan assets is the weighted average rate of expected long-term rates of return on plan assets by groups of investment assets such as stocks and bonds.

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

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

| | Impact on retirement benefit expenses | Impact on retirement benefit obligations |
|---|---------------------------------------|--|
| Discount rate: | | |
| 0.5% decrease | ¥2,100 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 during the Fiscal Year Ended March 31, 2023

SuMi TRUST Bank has been proceeding with a development project aimed at introducing a new accounting system for overseas components (the "System") for the purpose of maintaining and expanding overseas business. 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 business 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 Sumitomo Mitsui Trust Holdings, Inc.

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 Holdings 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 decreased 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 Holdings 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 specified in Paragraph 27-2 of the Guidance for Application of Fair Value Measurement, SuMi TRUST Holdings has applied the new accounting policy stipulated by the Guidance on the Standard for 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) Overview

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 standards

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

Additional Information

Share Delivery Trust for the Directors

1. Overview

A Performance-Based Stock Compensation System (the “System”) was introduced that utilizes a trust, and applies to SuMi Trust Holdings’ directors (excluding

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

Under the System, a portion of the remuneration of the Directors is linked to performance targets set out in SuMi TRUST Holdings’ current Midterm Management Plan. By paying part of the remuneration for Directors in shares, the linkage between the remuneration of the Directors and the performance of the SuMi TRUST Group becomes clearer, and the Directors share the same benefits and risks of share price fluctuations with the shareholders. Through these initiatives, the System is designed to heighten the Director’s attention to enhancement of medium- and long-term business performance and the corporate value of the SuMi TRUST Group.

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

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

The carrying amount and the number of shares of SuMi TRUST Holdings held by the Trust as of March 31, 2023 and 2022, were ¥1,272 million (U.S. \$10 million) and 371 thousand shares, and ¥1,344 million and 392 thousand shares, respectively. The shares are recorded as treasury stock in the net assets section of the consolidated balance sheet as of March 31, 2023.

RS Trust for Employees

1. Overview

SuMi TRUST Holdings introduced RS Trust (a system to deliver Restricted Stocks (“RS”) using the framework of a share delivery trust, the “System”) as an incentive plan for the employees of SuMi TRUST Bank.

The purpose of the System is that SuMi TRUST Holdings boosts investment in human capital, which plays an essential role in creating social and economic value and enhances the corporate value of SuMi TRUST group through contribution to our clients and society and creation of new value.

SuMi TRUST Holdings contributes money to a trust set up under the System, and the trust acquires shares of SuMi TRUST Holdings. Employees are awarded points based on the Shares Delivery Rules established individually by SuMi TRUST Bank and the number of shares of SuMi TRUST Holdings corresponding to the points granted are issued to Employees through the trust. However, such shares shall be subject to restrictions on transfers to each employee until their retirement.

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

The carrying amount and the number of shares of SuMi TRUST Holdings held by the Trust as of March 31, 2023, were ¥1,386 million (U.S. \$10 million) and 324 thousand shares. The shares are recorded as treasury stock in the net assets section of the consolidated balance sheet as of March 31, 2023.

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 | 1,358,476 | 1,511,056 | 10,173 |
| Other Securities | 3,264,691 | 2,764,551 | 24,447 |
| Total | ¥ 6,933,067 | ¥ 7,879,235 | \$ 51,918 |

“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 | ¥ 203,838 | ¥ 220,307 | \$ 1,526 |
| 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 Holdings 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. \$482 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 Holdings 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 | ¥ 62,410 | ¥ 73,569 | \$ 467 |
| Security Deposits | 22,979 | 27,062 | 172 |
| 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 ¥13,536,015 million (U.S. \$101,363 million) and ¥12,757,371 million, of which ¥8,786,731 million (U.S. \$65,798 million) and ¥8,558,906 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 the consolidated subsidiaries because

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

6. Tangible Fixed Assets

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

| | Millions of Yen | | Millions of U.S. Dollars |
|--------------------------|------------------|------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Land | ¥ 129,849 | ¥ 130,367 | \$ 972 |
| Buildings | 71,015 | 72,726 | 532 |
| Lease Assets | 4,665 | 4,798 | 35 |
| Construction in Progress | 525 | 110 | 4 |
| Other | 16,532 | 16,532 | 124 |
| Total | ¥ 222,588 | ¥ 224,535 | \$ 1,667 |

Accumulated depreciation amounted to ¥190,895 million (U.S. \$1,429 million) and ¥183,619 million, and advance depreciation amounted to ¥25,882 million (U.S. \$194 million) and ¥25,882 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, 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 | ¥ 104,247 | ¥ 91,133 | \$ 781 |
| Goodwill | 21,726 | 29,510 | 163 |
| Other | 4,995 | 5,024 | 37 |
| Total | ¥ 130,969 | ¥ 125,667 | \$ 981 |

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 | 9,623 | 8,257 | 72 |
| Accrued Income | 188,090 | 159,422 | 1,408 |
| Initial Margins of Futures Markets | 62,410 | 73,569 | 467 |
| Variation Margins of Futures Markets | 4,090 | 1,440 | 31 |
| Financial Derivatives Other Than Trading Assets | 1,739,326 | 1,500,703 | 13,025 |
| 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 | 653,802 | 499,316 | 4,896 |
| Total | ¥ 3,839,561 | ¥ 3,354,333 | \$ 28,752 |

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 | ¥ 10,789,670 | ¥ 9,482,500 | \$ 80,797 |
| Time Deposits | 23,605,454 | 22,952,755 | 176,767 |
| Other | 992,162 | 794,906 | 7,430 |
| Total | ¥ 35,387,287 | ¥ 33,230,162 | \$ 264,994 |

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 | ¥ 15,000 | ¥ 15,000 | \$ 112 |
| Other Borrowed Money | 6,024,543 | 7,138,498 | 45,114 |
| Total | ¥ 6,039,543 | ¥ 7,153,498 | \$ 45,226 |

Weighted average interest rates on borrowed money were 0.42% and 0.10% for the fiscal years ended March 31, 2023 and 2022, respectively.

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

| Fiscal Years Ending March 31 | Millions of Yen | Millions of U.S. Dollars |
|------------------------------|--------------------|--------------------------|
| | 2023 | 2023 |
| 2024 | ¥ 1,370,513 | \$ 10,263 |
| 2025 | 2,480,428 | 18,574 |
| 2026 | 1,280,939 | 9,592 |
| 2027 | 64,322 | 482 |
| 2028 | 174,526 | 1,307 |
| Total | ¥ 5,370,729 | \$ 40,218 |

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 | ¥ 270,000 | ¥ 286,100 | \$ 2,022 |
| Subordinated Bonds | 392,997 | 472,996 | 2,943 |
| Other Bonds Payable | 1,838,763 | 1,317,508 | 13,769 |
| Total | ¥ 2,501,760 | ¥ 2,076,604 | \$ 18,734 |

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

| Fiscal Years Ending March 31 | Millions of Yen | Millions of U.S. Dollars |
|------------------------------|--------------------|--------------------------|
| | 2023 | 2023 |
| 2024 | ¥ 2,833,248 | \$ 21,216 |
| 2025 | 322,080 | 2,412 |
| 2026 | 540,620 | 4,048 |
| 2027 | 374,925 | 2,808 |
| 2028 | 312,740 | 2,342 |
| Total | ¥ 4,383,613 | \$ 32,826 |

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 | 13,347 | 19,617 | 100 |
| Accrued Expenses | 111,781 | 64,726 | 837 |
| Unearned Income | 88,445 | 90,859 | 662 |
| Variation Margins of Futures Markets | 1,923 | 7,414 | 14 |
| Financial Derivatives Other Than Trading Liabilities | 1,933,195 | 1,574,196 | 14,477 |
| Lease Obligations | 12,930 | 12,632 | 97 |
| Asset Retirement Obligations | 3,832 | 3,881 | 29 |
| 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 | 211,363 | 232,036 | 1,583 |
| Total | ¥ 3,038,112 | ¥ 2,312,326 | \$ 22,751 |

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 the 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 | 23,001 | 22,105 | 172 |
| Total | ¥ 108,032 | ¥ 44,658 | \$ 809 |

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 | ¥ 199,670 | ¥ 23,642 | \$ 1,495 |
| Gains on Sales and Redemption of Bonds | 4,783 | 15,544 | 36 |
| Net Income from Derivatives Other Than for Trading or Hedging | 1,093 | 17,850 | 8 |
| Others | 262,754 | 279,559 | 1,968 |
| Total | ¥ 468,302 | ¥ 336,597 | \$ 3,507 |

(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 | ¥ 29,871 | ¥ 32,707 | \$ 224 |
| Others | 243,107 | 258,779 | 1,820 |
| Total | ¥ 272,978 | ¥ 291,487 | \$ 2,044 |

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 | ¥ 88,161 | ¥ 94,042 | \$ 660 |
| Gains on Money Held in Trust | 87 | 132 | 1 |
| Recoveries of Written-Off Claims | 1,123 | 1,633 | 8 |
| Equity in Earnings of Affiliated Companies | 18,102 | 15,531 | 136 |
| Gains on Disposal of Fixed Assets | 313 | 545 | 2 |
| Others (Note) | 21,978 | 8,847 | 165 |
| Total | ¥ 129,767 | ¥ 120,731 | \$ 972 |

(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 | 83,439 | 131,436 | 625 |
| Losses on Impairment of Stocks and Other Securities | 1,642 | 943 | 12 |
| Losses on Money Held in Trust | 158 | 390 | 1 |
| Losses on Disposal of Fixed Assets | 1,246 | 780 | 9 |
| Losses on Impairment of Fixed Assets (Note) | 18,187 | 1,468 | 136 |
| Losses on Investment in Partnerships | 9,731 | 4,770 | 73 |
| Others | 14,162 | 22,592 | 106 |
| Total | ¥ 139,857 | ¥ 205,536 | \$ 1,047 |

(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 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 | ¥ 14,340 | ¥ 13,768 | \$ 107 |
| Personnel Expenses | 210,685 | 199,902 | 1,578 |
| Others | 235,310 | 221,896 | 1,762 |
| Total | ¥ 460,336 | ¥ 435,567 | \$ 3,447 |

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 | ¥ (46,896) | ¥ (124,092) | \$ (351) |
| Reclassification Adjustments | 21,399 | 59,221 | 160 |
| Before Tax Effects | (25,497) | (64,871) | (191) |
| Tax Effects | 7,824 | 17,932 | 59 |
| Valuation Difference on Available-for-Sale Securities | (17,672) | (46,938) | (132) |
| Deferred Gains (Losses) on Hedges: | | | |
| Changes during the Period | (37,042) | (22,365) | (277) |
| Reclassification Adjustments | 27,291 | 22,552 | 204 |
| Before Tax Effects | (9,751) | 186 | (73) |
| Tax Effects | 2,998 | (51) | 22 |
| Deferred Gains (Losses) on Hedges | (6,753) | 135 | (51) |
| Foreign Currency Translation Adjustments: | | | |
| Changes during the Period | 8,584 | 4,210 | 64 |
| Reclassification Adjustments | (0) | (165) | (0) |
| Before Tax Effects | 8,584 | 4,045 | 64 |
| Tax Effects | — | — | — |
| Foreign Currency Translation Adjustments | 8,584 | 4,045 | 64 |
| Remeasurements of Defined Benefit Plans: | | | |
| Changes during the Period | 24,312 | (55,822) | 182 |
| Reclassification Adjustments | 3,822 | 414 | 29 |
| Before Tax Effects | 28,135 | (55,407) | 211 |
| Tax Effects | (8,618) | 16,736 | (65) |
| Remeasurements of Defined Benefit Plans | 19,517 | (38,671) | 146 |
| Share of Other Comprehensive Income of Equity-Method Affiliated Companies: | | | |
| Changes during the Period | 371 | 2,079 | 3 |
| Reclassification Adjustments | 2,443 | (27) | 18 |
| Share of Other Comprehensive Income of Equity-Method Affiliated Companies | 2,814 | 2,052 | 21 |
| Total Other Comprehensive Income (Loss) | ¥ 6,489 | ¥ (79,377) | \$ 49 |

Notes to the Consolidated Statement of Changes in Net Assets

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

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 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 | 850,000 | 375,291 | — | 7,119 | 368,172 |
| Treasury Stock: | | | | | |
| Common Share | | 716 | 11,368 | 7,156 | 4,928 |

(Notes)

1) The number of shares of common stock decreased by 7,119 thousand shares due to the retirement.

2) The breakdown of the number of shares of common stock held as treasury stock increased by 11,368 thousand shares is as follows.

- Increased by 5 thousand shares due to the purchase of odd-lot or less than one hundred shares.
- Increased by 7,119 thousand shares due to the purchase of treasury stock which is resolved at Board of Directors' Meeting held on February 24, 2022 and July 28, 2022.
- Increased by 3,919 thousand shares due to the purchase of treasury stock which is resolved at Board of Directors' Meeting held on February 27, 2023.
- Increased by 324 thousand shares due to the purchase under RS Trust system for employees.

3) The breakdown of the number of shares of common stock held as treasury stock decreased by 7,156 thousand shares

is as follows.

- Decreased by 0 thousand shares due to purchase requests of odd-lot or less than one hundred shares.
- Decreased by 16 thousand shares due to the transfer of shares upon exercise of stock option rights.
- Decreased by 20 thousand shares due to the sales under the share delivery trust for the Directors system.
- Decreased by 7,119 thousand shares due to the retirement.

4) The number of shares of common stock held as treasury stock at the end of the fiscal year include 695 thousand shares of SuMi TRUST Holdings held by share delivery trust for the Directors and RS Trust for employee. The decrease in the number of shares of common stock with regard to share delivery trust for the Directors is 20 thousand shares, and the increase in that of common stock with regard to RS Trust for employees is 324 thousand shares as of March 31, 2023.

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

(Notes)

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

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

the share delivery trust for the Directors system.

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

2. Subscription Rights to Shares

Subscription rights to shares 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 |
| SuMi TRUST Holdings | Subscription Rights to Shares as Stock Options | ¥ 945 | ¥ 1,006 | \$ 7 |

3. Dividends

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

As for the fiscal year ended March 31, 2023:

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|--|----------------|---|--------------------|--------------------------|----------------|----------------|
| | | Millions of Yen (Millions of U.S. Dollars) | | Yen (U.S. Dollars) | | |
| June 23, 2022 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 33,747 (\$253) | Retained Earnings | ¥ 90.00 (\$0.67) | March 31, 2022 | June 24, 2022 |

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|-----------------------------|----------------|---|--------------------|--------------------------|--------------------|------------------|
| | | Millions of Yen (Millions of U.S. Dollars) | | Yen (U.S. Dollars) | | |
| November 11, 2022 | | | | | | |
| Board of Directors' Meeting | Common Share | ¥ 36,785 (\$275) | Retained Earnings | ¥100.00 (\$0.75) | September 30, 2022 | December 2, 2022 |

(Notes)

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

2) Cash dividends declared at the Board of Directors' Meeting held on November 11, 2022 include ¥37 million (U.S. \$0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

Dividends with a record date during the current fiscal year ended March 31, 2023, but whose effective date is after March 31, 2023, are as follows:

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|--|----------------|---|--------------------|--------------------------|----------------|----------------|
| | | Millions of Yen (Millions of U.S. Dollars) | | Yen (U.S. Dollars) | | |
| June 23, 2023 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 40,033 (\$300) | Retained Earnings | ¥110.00 (\$0.82) | March 31, 2023 | June 26, 2023 |

(Note) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 23, 2023 include ¥76 million (U.S. \$0.6 million) of dividends for treasury stock held by the share delivery trust for the Directors and RS Trust for employee.

As for the fiscal year ended March 31, 2022:

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

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

(Notes)

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

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

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

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|--|----------------|-------------------------|--------------------|--------------------------|----------------|----------------|
| | | Millions of Yen | | Yen | | |
| June 23, 2022 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 33,747 | Retained Earnings | ¥ 90.00 | March 31, 2022 | June 24, 2022 |

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

Note to the Consolidated Statement of Cash Flows

Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet as of March 31, 2023 and 2022.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---------------------|---------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Cash and Due from Banks | ¥ 21,602,473 | ¥ 18,223,364 | \$ 161,768 |
| Due from Banks Held by SuMi TRUST Bank (Excluding Due from the Bank of Japan) | (2,429,835) | (2,489,713) | (18,196) |
| Cash and Cash Equivalents | ¥ 19,172,638 | ¥ 15,733,650 | \$ 143,572 |

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 | ¥ 3,390 | ¥ 3,998 | \$ 25 |
| Due in More Than One Year | 14,864 | 14,988 | 111 |
| Total | ¥ 18,254 | ¥ 18,987 | \$ 137 |

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

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

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

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

(2) Description and Risks of Financial Instruments

1) Trading accounts

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

2) Banking accounts

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

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

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

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

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

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

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

(3) Risk Management for Financial Instruments

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

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

1) Credit risk management

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

(a) Risk management policy on credit risk

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

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

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

(b) Risk management framework for credit risk

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

2) Market risk management

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

(a) Risk management policy on market risk

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

(b) Risk management framework for market risk

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

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

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

(c) Market risk management approach

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

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

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

(d) Quantitative information related to market risk

(i) Trading accounts

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

As of March 31, 2023, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥9.1 billion (U.S. \$68 million).

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profits or losses. The back testing for the fiscal year ended March 31, 2023, resulted in zero instances where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

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

As of March 31, 2023, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥753.6 billion (U.S. \$5,643 million).

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

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

3) Funding liquidity risk management

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

(a) Funding liquidity risk management policy

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

(b) Funding liquidity risk management framework and methods

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

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

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

The amounts shown in the following table do not include 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 to.

(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 | 2,372 | 13,663 | — | 16,036 | 18 | 102 | — | 120 |
| Securities | | | | | | | | |
| Available-for-Sale Securities | 3,184,546 | 2,732,909 | 1,292 | 5,918,748 | 23,847 | 20,465 | 10 | 44,322 |
| 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 | 679,918 | 1,987,976 | — | 2,667,895 | 5,091 | 14,887 | — | 19,978 |
| 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 | 20,548 | 824,102 | — | 844,651 | 154 | 6,171 | — | 6,325 |
| Total Assets | ¥ 3,189,718 | ¥ 2,938,966 | ¥ 1,292 | ¥ 6,129,977 | \$ 23,886 | \$ 22,008 | \$ 10 | \$ 45,904 |
| Derivative Transactions (*1)(*2)(*3) | | | | | | | | |
| Interest Rate Related Transactions | ¥ 1,838 | ¥ (106,856) | ¥ 2,768 | ¥ (102,249) | \$ 14 | \$ (800) | \$ 21 | \$ (766) |
| Currency Related Transactions | — | (110,621) | — | (110,621) | — | (828) | — | (828) |
| Stock Related Transactions | (344) | — | — | (344) | (3) | — | — | (3) |
| Bond Related Transactions | (3,975) | (270) | — | (4,246) | (30) | (2) | — | (32) |
| Credit and Derivative Transactions | — | (338) | — | (338) | — | (3) | — | (3) |
| Total Derivative Transactions | ¥ (2,480) | ¥ (218,087) | ¥ 2,768 | ¥ (217,799) | \$ (19) | \$ (1,633) | \$ 21 | \$ (1,631) |

(*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, ¥(166,193) million (U.S. \$(1,245) 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 | 196 | — | 1,492 |
| 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 | ¥ 1,926,441 | ¥ 2,130 | ¥ 6,428,479 |
| Derivative Transactions (*2)(*3)(*4) | | | | |
| Interest Rate Related | | | | |
| Transactions | ¥ 828 | ¥ (83,990) | ¥ 1,173 | ¥ (81,988) |
| Currency Related Transactions | — | 55,268 | — | 55,268 |
| Stock Related Transactions | (2,695) | — | — | (2,695) |
| Bond Related Transactions | 6,256 | 47 | — | 6,303 |
| Credit and | | | | |
| Derivative Transactions | — | (2,319) | — | (2,319) |
| Total Derivative Transactions | ¥ 4,389 | ¥ (30,994) | ¥ 1,173 | ¥ (25,431) |

(*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" (ASBJ Guidance No.31, July 4, 2019, "Guidance for Application of Fair Value Measurement") are not included in the table above. The amount of such investment trusts on the consolidated balance sheets includes financial assets of ¥902,171 million as of March 31, 2022.

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

(*3) As for derivative transactions applying hedge accounting, ¥(174,794) million 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 | Differences | |
| 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 | — | — | — | — | — | — | |
| Bonds Payable | — | 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 | ¥ — | ¥ 35,402,494 | ¥ — | ¥ 35,402,494 | ¥ 35,387,287 | ¥ 15,206 | |
| Negotiable Certificates of Deposit | — | 7,461,005 | — | 7,461,005 | 7,461,005 | — | |
| Borrowed Money | — | 5,984,928 | — | 5,984,928 | 6,039,543 | (54,614) | |
| Bonds Payable | — | 2,448,305 | — | 2,448,305 | 2,501,760 | (53,455) | |
| Total Liabilities | ¥ — | ¥ 51,296,734 | ¥ — | ¥ 51,296,734 | ¥ 51,389,597 | ¥ (92,862) | |

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

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

| | Millions of U.S. Dollars | | | | | |
|--|--------------------------|------------|------------|------------|---|-------------|
| | Mar. 31, 2023 | | | | | |
| | Level 1 | Level 2 | Level 3 | Total | Consolidated balance sheet amount | Differences |
| 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 | \$ — | \$ 265,108 | \$ — | \$ 265,108 | \$ 264,994 | \$ 114 |
| Negotiable Certificates of Deposit | — | 55,871 | — | 55,871 | 55,871 | — |
| Borrowed Money | — | 44,817 | — | 44,817 | 45,226 | (409) |
| Bonds Payable | — | 18,334 | — | 18,334 | 18,734 | (400) |
| Total Liabilities | \$ — | \$ 384,130 | \$ — | \$ 384,130 | \$ 384,825 | \$ (695) |

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

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

Monetary Claims Bought

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

Trading Assets

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

Money Held in Trust

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

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 Holdings. The valuation models applied in certain transactions utilize unobservable inputs in markets, such as correlations in the past. Over-the-counter derivative transactions are classified into Level 2 if observable inputs are used or the impact of unobservable inputs to the fair values is not significant. If the impact of unobservable inputs to the fair values is significant, they are classified into Level 3.

(Note 2) 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 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 Group, the middle division creates policies and procedures for the calculation of fair values and procedures for the use of fair value valuation models, and based on them, the front and middle divisions collaboratively establish the fair value valuation model. In addition, the middle and other divisions verify the reasonableness of the valuation methods and the inputs used, and the appropriateness of the classification of the fair value level.

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

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

Discount Rate

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

Correlation

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

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

| | Millions of Yen | | Millions of U.S. Dollars |
|--|-----------------|---------------|--------------------------|
| | Mar. 31, 2023 | Mar. 31, 2022 | Mar. 31, 2023 |
| Equity Securities with No Market Prices, etc. (*1)(*3) | ¥ 93,578 | ¥ 92,009 | \$ 701 |
| Investments in Partnership, etc. (*2)(*3) | 242,150 | 174,836 | 1,813 |

(*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 ¥235 million were recognized against Unlisted Stocks and others as of March 31, 2023 and 2022, respectively, and those of ¥0 million (U.S. \$0 million) were recognized against Investments in Partnership, etc. as of March 31, 2023.

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

| 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 |
| Due from Banks | ¥ 21,535,026 | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |
| 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 | 16,036 | 100 | — | — | — | — |
| Securities | 1,041,108 | 1,250,034 | 1,041,754 | 427,973 | 502,088 | 683,648 |
| 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 | 1,041,108 | 1,244,624 | 1,021,754 | 387,973 | 435,069 | 559,078 |
| 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 | ¥ 28,932,055 | ¥ 8,367,642 | ¥ 5,547,279 | ¥ 3,112,973 | ¥ 2,964,518 | ¥ 8,898,541 |

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

| 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 | \$ 161,263 | \$ — | \$ — | \$ — | \$ — | \$ — |
| 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 | 120 | 1 | — | — | — | — |
| Securities | 7,796 | 9,361 | 7,801 | 3,205 | 3,760 | 5,119 |
| 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 | 9,320 | 7,651 | 2,905 | 3,258 | 4,187 |
| 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 | \$ 216,655 | \$ 62,660 | \$ 41,540 | \$ 23,311 | \$ 22,199 | \$ 66,636 |

(*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 ¥2,589,868million (U.S. \$19,394 million) and ¥2,362,662 million as of March 31, 2023 and 2022, respectively.

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

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

| March 31, 2023 | Millions of Yen | | | | | |
|--------------------------------------|---------------------|---------------------|--------------------|------------------|------------------|--------------------|
| | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | ¥ 27,887,502 | ¥ 5,548,181 | ¥ 1,948,251 | ¥ 2,225 | ¥ 1,126 | ¥ — |
| Negotiable Certificates of Deposit | 7,356,005 | 105,000 | — | — | — | — |
| Call Money and Bills Sold | 1,912,878 | — | — | — | — | — |
| Payables under Repurchase Agreements | 1,030,780 | — | — | — | — | — |
| Borrowed Money | 1,370,513 | 3,761,367 | 238,848 | 170,623 | 102,310 | 395,879 |
| Short-Term Bonds Payable | 2,339,243 | — | — | — | — | — |
| Bonds Payable (*2) | 494,005 | 862,700 | 687,665 | 100,000 | 88,000 | — |
| Borrowed Money from Trust Account | 4,332,472 | — | — | — | — | — |
| Total | ¥ 46,723,401 | ¥ 10,277,249 | ¥ 2,874,765 | ¥ 272,848 | ¥ 191,437 | ¥ 395,879 |

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

| 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) | \$ 208,833 | \$ 41,547 | \$ 14,589 | \$ 17 | \$ 8 | \$ — |
| Negotiable Certificates of Deposit | 55,085 | 786 | — | — | — | — |
| Call Money and Bills Sold | 14,324 | — | — | — | — | — |
| Payables under Repurchase Agreements | 7,719 | — | — | — | — | — |
| Borrowed Money | 10,263 | 28,167 | 1,789 | 1,278 | 766 | 2,964 |
| Short-Term Bonds Payable | 17,517 | — | — | — | — | — |
| Bonds Payable (*2) | 3,699 | 6,460 | 5,150 | 749 | 659 | — |
| Borrowed Money from Trust Account | 32,443 | — | — | — | — | — |
| Total | \$ 349,883 | \$ 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 bonds without maturity, amounting to ¥270,000 million (U.S. \$2,022 million) and ¥286,100 million as of March 31, 2023 and 2022, 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 |
| | 2023 | 2022 | 2022 |
| 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 | ¥ 1,022,233 | ¥ 436,517 | ¥ 585,715 |
| 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 | 591,814 | 562,591 | 29,222 |
| Foreign Stocks | 4,171 | 365 | 3,806 |
| Foreign Bonds | 270,713 | 267,397 | 3,315 |
| Others | 316,929 | 294,829 | 22,100 |
| Subtotal | 2,672,072 | 2,053,775 | 618,296 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | ¥ 50,395 | ¥ 58,906 | ¥ (8,510) |
| 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 | 2,205,375 | 2,438,750 | (233,374) |
| Foreign Stocks | — | — | — |
| Foreign Bonds | 1,548,358 | 1,582,560 | (34,201) |
| Others | 657,017 | 856,189 | (199,172) |
| Subtotal | 3,375,970 | 3,621,577 | (245,607) |
| Total | ¥ 6,048,043 | ¥ 5,675,353 | ¥ 372,689 |

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

| March 31, 2023 | Millions of U.S. Dollars | | |
|--|--------------------------|------------------|-----------------|
| | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | \$ 7,655 | \$ 3,269 | \$ 4,386 |
| 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 | 4,432 | 4,213 | 219 |
| Foreign Stocks | 31 | 3 | 29 |
| Foreign Bonds | 2,027 | 2,002 | 25 |
| Others | 2,373 | 2,208 | 165 |
| Subtotal | 20,010 | 15,379 | 4,630 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | \$ 377 | \$ 441 | \$ (64) |
| 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 | 16,515 | 18,262 | (1,748) |
| Foreign Stocks | — | — | — |
| Foreign Bonds | 11,595 | 11,851 | (256) |
| Others | 4,920 | 6,411 | (1,491) |
| Subtotal | 25,281 | 27,120 | (1,839) |
| Total | \$ 45,290 | \$ 42,499 | \$ 2,791 |

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 | ¥ 85,854 | ¥ 1,047 |
| 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 | 1,280,233 | 5,736 | 106,095 |
| Foreign Stocks | 1,998 | — | 1,102 |
| Foreign Bonds | 856,979 | 2,262 | 23,339 |
| Others | 421,255 | 3,474 | 81,653 |
| Total | ¥ 2,111,141 | ¥ 92,823 | ¥ 114,074 |

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

| Year Ended March 31, 2023 | Millions of U.S. Dollars | | |
|----------------------------|--------------------------|---------------|---------------|
| | Amount Sold | Gain | Loss |
| Stocks | \$ 1,036 | \$ 643 | \$ 8 |
| 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 | 9,587 | 43 | 794 |
| Foreign Stocks | 15 | — | 8 |
| Foreign Bonds | 6,417 | 17 | 175 |
| Others | 3,155 | 26 | 611 |
| Total | \$ 15,809 | \$ 695 | \$ 854 |

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

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

There were no securities reclassified due to the change of the holding purpose during the fiscal years ended March 31, 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 ¥1,076 million (U.S. \$8 million) and ¥446 million, respectively. Impairment losses on Others recognized during the fiscal year ended March 31, 2023 and 2022 were ¥75 million (U.S. \$0.5 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

| Year Ended March 31, 2023 | Millions of Yen | |
|--|-----------------|---|
| | Carrying Amount | Valuation Difference Reflected in the Statement of Income |
| Money Held in Trust for Trading Purposes | ¥ 14,693 | ¥ (158) |

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

| Year Ended March 31, 2023 | Millions of U.S. Dollars | |
|--|--------------------------|---|
| | Carrying Amount | Valuation Difference Reflected in the Statement of Income |
| Money Held in Trust for Trading Purposes | \$110 | \$ (1) |

2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2023 and 2022.

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

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

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

| March 31, 2023 | Millions of U.S. Dollars | | | | |
|---------------------------|--------------------------|------------------|------------|---------------------|---------------------|
| | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | \$ 11 | \$ 7 | \$ 3 | \$ 3 | \$ — |

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

Valuation Differences on Available-for-Sale Securities

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

| March 31 | Millions of Yen | | Millions of U.S. Dollars |
|--|-----------------|-----------|--------------------------|
| | 2023 | 2022 | 2023 |
| Valuation Differences | | | |
| Available-for-Sale Securities | ¥ 379,595 | ¥ 405,138 | \$ 2,843 |
| Other Money Held in Trust | 449 | 406 | 3 |
| Total Valuation Differences | 380,045 | 405,545 | 2,846 |
| Amount Equivalent to Deferred Tax Assets (Liabilities) | (116,868) | (124,695) | (875) |
| Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies) | 263,176 | 280,849 | 1,971 |
| Non-Controlling Interests | (336) | (244) | (3) |
| Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies | (4,599) | (2,987) | (34) |
| Valuation Differences on Available-for-Sale Securities | ¥ 258,240 | ¥ 277,617 | \$ 1,934 |

(Notes)

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

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 Difference.”

Derivatives

1. Derivatives Transactions Not Qualifying for Hedge Accounting

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

(1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

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

| | Millions of Yen | | | |
|--|-----------------|-------------|------------|----------------------|
| | 2022 | | Fair Value | Valuation Difference |
| | Notional Amount | | | |
| Total | Over One Year | | | |
| Listed | | | | |
| Interest Futures | | | | |
| Sold | ¥ 17,325,091 | ¥ 8,676,986 | ¥ 74,776 | ¥ 74,776 |
| Purchased | 16,430,494 | 8,676,986 | (73,948) | (73,948) |
| Interest Options | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| OTC | | | | |
| Forward Rate Agreements | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | 46,565,435 | 40,034,339 | (274,059) | (274,059) |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 40,152,154 | 35,263,350 | 241,623 | 241,623 |
| Floating Interest Rate Receivable/ Floating Interest Rate Payable | 33,764,109 | 13,413,149 | (6,670) | (6,670) |
| Interest Options | | | | |
| Sold | 9,558,634 | 9,548,395 | (42,455) | (35,522) |
| Purchased | 7,006,095 | 6,965,830 | 33,369 | 30,634 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ (47,364) | ¥ (43,167) |

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

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | | | | | | | | | |
|----------------------------|-----------------|------------|------------|----------------------|--------------------------|-----------|------------|----------------------|----|---------|----|--------|-------|---------|----|---------|
| | 2023 | | | | 2023 | | | | | | | | | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference | | | | | | | | |
| Total | Over One Year | Total | | | Over One Year | | | | | | | | | | | |
| Listed | | | | | | | | | | | | | | | | |
| Currency Futures | | | | | | | | | | | | | | | | |
| Sold | ¥ | — | ¥ | — | ¥ | — | ¥ | — | \$ | — | \$ | — | \$ | — | \$ | — |
| Purchased | | — | | — | | — | | — | | — | | — | | — | | — |
| Currency Options | | | | | | | | | | | | | | | | |
| Sold | | — | | — | | — | | — | | — | | — | | — | | — |
| Purchased | | — | | — | | — | | — | | — | | — | | — | | — |
| OTC | | | | | | | | | | | | | | | | |
| Currency Swaps | ¥ | 8,489,696 | ¥ | 7,659,241 | ¥ | 83,534 | ¥ | 83,534 | \$ | 63,574 | \$ | 57,355 | \$ | 626 | \$ | 626 |
| Forward Exchange Contracts | | | | | | | | | | | | | | | | |
| Sold | | 19,974,757 | | 1,793,292 | | (134,767) | | (134,767) | | 149,579 | | 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 | | | | ¥ | (24,404) | | ¥ | (9,729) | | | | \$ | (183) | | \$ | (73) |

| | Millions of Yen | | | |
|----------------------------|-----------------|-------------|------------|----------------------|
| | 2022 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| Total | Over One Year | | | |
| Listed | | | | |
| Currency Futures | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| Currency Options | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| OTC | | | | |
| Currency Swaps | ¥ 7,163,682 | ¥ 6,540,039 | ¥ 89,974 | ¥ 89,974 |
| Forward Exchange Contracts | | | | |
| Sold | 15,672,045 | 1,617,487 | (576,219) | (576,219) |
| 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 | | | ¥ 195,447 | ¥ 210,895 |

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

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|--|-----------------|-------|------------|----------------------|--------------------------|------|------------|----------------------|
| | 2023 | | | | 2023 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| Total | Over One Year | Total | | | Over One Year | | | |
| Listed | | | | | | | | |
| Stock Index Futures | | | | | | | | |
| Sold | ¥ 25,203 | ¥ — | ¥ (350) | ¥ (350) | \$ 189 | \$ — | \$ (3) | \$ (3) |
| 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 | | | ¥ (344) | ¥ (359) | | | \$ (3) | \$ (3) |

| | Millions of Yen | | | | |
|--|-----------------|-----|------------|----------------------|--|
| | 2022 | | | | |
| | Notional Amount | | Fair Value | Valuation Difference | |
| Total | Over One Year | | | | |
| Listed | | | | | |
| Stock Index Futures | | | | | |
| Sold | ¥ 74,021 | ¥ — | ¥ (4,650) | ¥ (4,650) | |
| 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 | | | ¥ (2,695) | ¥ (2,927) | |

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

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

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

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

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

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2023 and 2022.

(6) Credit Derivatives Transactions

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

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|----------------------|-----------------|----------|------------|----------------------|--------------------------|--------|------------|----------------------|
| | 2023 | | | | 2023 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| Total | Over One Year | Total | | | Over One Year | | | |
| OTC | | | | | | | | |
| Credit Default Swaps | | | | | | | | |
| Sold | ¥ 22,600 | ¥ 19,100 | ¥ 460 | ¥ 460 | \$ 169 | \$ 143 | \$ 3 | \$ 3 |
| Purchased | 68,654 | 65,154 | (798) | (798) | 514 | 488 | (6) | (6) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ (338) | ¥ (338) | | | \$ (3) | \$ (3) |

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

| Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---------------|------------|--------------------------|---------------|------------|
| | 2023 | | | 2023 | | |
| | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | Total | Over One Year | | Total | Over One Year | |
| Deferral Method | | | | | | |
| Interest Rate Swaps | | | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | ¥ 1,583,341 | ¥ 1,139,336 | ¥ (85,848) | \$ 11,857 | \$ 8,532 | \$ (643) |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 1,352,306 | 950,933 | 5,871 | 10,127 | 7,121 | 44 |
| Interest Futures | Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | | | | | |
| 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 | | Fair Value |
| Major Hedged Item | Total | Over One Year | | |
| Deferral Method | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | | ¥ 1,150,748 | ¥ 1,118,912 | ¥ (53,298) |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | 1,779,306 | 1,351,050 | 18,674 |
| Interest Futures | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Interest Options | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Others | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Exceptional Treatment for Interest Rate Swaps | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | — | ¥ — | ¥ — | — |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | — | — | — |
| Total | | | | ¥ (34,624) |

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

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2023 and 2022, consist of the following:

| Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | | |
|---|---|-------------|------------|--------------------------|-----------|------------|--------|
| | 2023 | | | 2023 | | | |
| | Notional Amount | | Fair Value | Notional Amount | | Fair Value | |
| Total | Over One Year | Total | | Over One Year | | | |
| Deferral Method | | | | | | | |
| Currency Swaps | ¥ 3,909,750 | ¥ 2,017,931 | ¥ (94,221) | \$ 29,278 | \$ 15,111 | \$ (706) | |
| Forward Exchange Contracts | | | | | | | |
| Sold | Loans and Bills Discounted | 24,356 | — | (418) | 182 | — | (3) |
| Purchased | and Securities Denominated in Foreign Currencies | 495,253 | — | 9,140 | 3,709 | — | 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 of Subsidiaries and Affiliated Companies | ¥ 110,525 | ¥ — | ¥ (716) | \$ 828 | \$ — | \$ (5) |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Total | | | ¥ (86,216) | | | \$ (646) | |

| Major Hedged Item | Millions of Yen | | | |
|---|---|-----------|-------------|-----------|
| | 2022 | | | |
| | Notional Amount | | Fair Value | |
| Total | Over One Year | | | |
| Deferral Method | | | | |
| Currency Swaps | ¥ 2,212,027 | ¥ 896,828 | ¥ (135,622) | |
| Forward Exchange Contracts | | | | |
| Sold | Loans and Bills Discounted | 25,661 | — | (849) |
| Purchased | and Securities Denominated in Foreign Currencies | 91,480 | — | 1,293 |
| Others | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments" | | | | |
| Forward Exchange Contracts | Investment in the Shares of Subsidiaries and Affiliated Companies | ¥ 102,904 | ¥ — | ¥ (4,990) |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Total | | | ¥ (140,169) | |

(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 Holdings**

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

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

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

2. Defined Benefit Plans**(1) Reconciliation of Retirement Benefit Obligations**

| | Millions of Yen | | Millions of U.S. Dollars |
|--|-----------------|-----------|--------------------------|
| | 2023 | 2022 | 2023 |
| Retirement Benefit Obligations (opening balance) | ¥ 423,883 | ¥ 431,223 | \$ 3,174 |
| Service Cost-Benefits Earned during the Fiscal Year | 10,162 | 10,880 | 76 |
| Interest Cost on Projected Benefit Obligations | 2,276 | 2,307 | 17 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | (37,086) | 3,522 | (278) |
| Retirement Benefits Paid | (17,149) | (18,365) | (128) |
| Past Service Cost that Arose during the Fiscal Year | — | — | — |
| Other (Note) | — | (5,685) | — |
| Retirement Benefit Obligations (closing balance) | ¥ 382,087 | ¥ 423,883 | \$ 2,861 |

(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) | ¥ 602,553 | ¥ 648,636 | \$ 4,512 |
| Expected Return on Plan Assets | 21,820 | 22,608 | 163 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | (12,773) | (52,299) | (96) |
| Contributions by the Employer | 4,755 | 4,936 | 36 |
| Retirement Benefits Paid | (15,364) | (16,020) | (115) |
| Other (Note) | — | (5,307) | — |
| Plan Assets (closing balance) | ¥ 600,992 | ¥ 602,553 | \$ 4,500 |

(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 | ¥ 368,367 | ¥ 410,330 | \$ 2,758 |
| Plan Assets | (600,992) | (602,553) | (4,500) |
| | (232,625) | (192,223) | (1,742) |
| Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets | 13,720 | 13,553 | 103 |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (218,904) | ¥ (178,669) | \$ (1,639) |

| | Millions of Yen | | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Liabilities for Retirement Benefits | ¥ 13,720 | ¥ 13,553 | \$ 103 |
| Assets for Retirement Benefits | (232,625) | (192,223) | (1,742) |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (218,904) | ¥ (178,669) | \$ (1,639) |

(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 | ¥ 10,162 | ¥ 10,880 | \$ 76 |
| Interest Cost on Projected Benefit Obligations | 2,276 | 2,307 | 17 |
| Expected Return on Plan Assets | (21,820) | (22,608) | (163) |
| Amortization of Actuarial Differences | 3,841 | 479 | 29 |
| Amortization of Past Service Cost | (18) | (65) | (0) |
| Other | 424 | 378 | 3 |
| Retirement Benefit Expenses for Defined Benefit Obligations | ¥ (5,133) | ¥ (8,627) | \$ (38) |

(5) Remeasurements of Defined Benefit Plans

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

| | Millions of Yen | | Millions of U.S. Dollars |
|-----------------------|-----------------|-------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Past Service Cost | ¥ (18) | ¥ (65) | \$ (0) |
| Actuarial Differences | 28,154 | (55,342) | 211 |
| Total | ¥ 28,135 | ¥ (55,407) | \$ 211 |

(6) Accumulated Remeasurements of Defined Benefit Plans

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

| | Millions of Yen | | Millions of U.S. Dollars |
|------------------------------------|-----------------|-----------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Unrecognized Past Service Cost | ¥ (84) | ¥ (102) | \$ (1) |
| Unrecognized Actuarial Differences | 33,414 | 61,569 | 250 |
| Total | ¥ 33,330 | ¥ 61,466 | \$ 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 Holdings considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

(8) Assumptions Used

Major assumptions used in actuarial calculation for the fiscal years ended March 31, 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 Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥2,311 million (U.S. \$17 million) and ¥2,379 million for the years ended March 31, 2023 and 2022, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2023 and 2022

(1) SuMi TRUST Holdings

There were no relevant items.

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

There were no relevant items.

2. Description of Stock Options

(1) SuMi TRUST Holdings

The following tables show stock options effective as of March 31, 2023. The number of stock options represents the number of shares after converting into equivalent shares, taking into account the consolidation of shares at a ratio of ten existing shares into one share effected on October 1, 2016.

1) Description of Stock Options

| Year Ended March 31, 2023 | SuMi TRUST Holdings Series 2 Subscription Rights to Shares | SuMi TRUST Holdings Series 3 Subscription Rights to Shares |
|---|--|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 44 Total: 66 | Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60 |
| Number of Stock Options Granted by Class of Share | Common stock: 26,000 shares | Common stock: 39,800 shares |
| Grant Date | July 18, 2012 | July 19, 2013 |
| Vesting Conditions | 1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. | Same as on the left |
| Eligible Service Period | From July 18, 2012, to July 17, 2014 | From July 19, 2013, to July 18, 2015 |
| Exercise Period | From July 18, 2014, to July 17, 2022 | From July 19, 2015, to July 18, 2023 |

| Year Ended March 31, 2023 | SuMi TRUST Holdings Series 4 Subscription Rights to Shares | SuMi TRUST Holdings Series 5 Subscription Rights to Shares |
|---|---|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63 | Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63 |
| Number of Stock Options Granted by Class of Share | Common stock: 40,400 shares | Common stock: 32,700 shares |
| Grant Date | August 1, 2014 | July 31, 2015 |
| Vesting Conditions | 1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. | Same as on the left |
| Eligible Service Period | Not specified | Same as on the left |
| Exercise Period | From August 31, 2014, to July 31, 2044 | From August 31, 2015, to July 30, 2045 |

| Year Ended March 31, 2023 | SuMi TRUST Holdings Series 6 Subscription Rights to Shares | SuMi TRUST Holdings Series 7 Subscription Rights to Shares |
|---|---|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 21 Directors and officers of SuMi TRUST Bank: 42 Total: 63 | Directors and officers of SuMi TRUST Holdings: 26 Directors and officers of SuMi TRUST Bank: 41 Total: 67 |
| Number of Stock Options Granted by Class of Share | Common stock: 51,000 shares | Common stock: 61,300 shares |
| Grant Date | July 29, 2016 | July 28, 2017 |
| Vesting Conditions | 1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. | Same as on the left |
| Eligible Service Period | Not specified | Same as on the left |
| Exercise Period | From August 31, 2016, to July 28, 2046 | From August 21, 2017, to July 27, 2047 |

| Year Ended March 31, 2023 | SuMi TRUST Holdings Series 8 Subscription Rights to Shares |
|---|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 30 Directors and officers of SuMi TRUST Bank: 40 Total: 70 |
| Number of Stock Options Granted by Class of Share | Common stock: 69,000 shares |
| Grant Date | September 3, 2018 |
| Vesting Conditions | 1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. |
| Eligible Service Period | Not specified |
| Exercise Period | From September 30, 2018, to September 2, 2048 |

2) Volume and Changes in Stock Options

i) Number of stock options

| Year Ended March 31, 2023 | Shares | | | |
|-------------------------------------|---|---|---|---|
| | SuMi TRUST Holdings Series 2 Subscription Rights to Shares | SuMi TRUST Holdings Series 3 Subscription Rights to Shares | SuMi TRUST Holdings Series 4 Subscription Rights to Shares | SuMi TRUST Holdings Series 5 Subscription Rights to Shares |
| Unvested Stock Options | | | | |
| At the Beginning of the Fiscal Year | — | — | — | — |
| Granted | — | — | — | — |
| Forfeited | — | — | — | — |
| Vested | — | — | — | — |
| At the End of the Fiscal Year | — | — | — | — |
| Vested Stock Options | | | | |
| At the Beginning of Fiscal Year | 18,900 | 39,300 | 30,200 | 28,100 |
| Vested | — | — | — | — |
| Exercised | 6,100 | — | 2,000 | 1,300 |
| Forfeited | 12,800 | — | — | — |
| At the End of the Fiscal Year | — | 39,300 | 28,200 | 26,800 |

| Year Ended March 31, 2023 | Shares | | |
|-------------------------------------|---|---|---|
| | SuMi TRUST Holdings Series 6 Subscription Rights to Shares | SuMi TRUST Holdings Series 7 Subscription Rights to Shares | SuMi TRUST Holdings Series 8 Subscription Rights to Shares |
| Unvested Stock Options | | | |
| At the Beginning of the Fiscal Year | — | — | — |
| Granted | — | — | — |
| Forfeited | — | — | — |
| Vested | — | — | — |
| At the End of the Fiscal Year | — | — | — |
| Vested Stock Options | | | |
| At the Beginning of Fiscal Year | 45,800 | 57,600 | 66,300 |
| Vested | — | — | — |
| Exercised | 2,800 | 3,500 | 1,000 |
| Forfeited | — | — | — |
| At the End of the Fiscal Year | 43,000 | 54,100 | 65,300 |

ii) Unit price information

| Year Ended March 31, 2023 | SuMi TRUST Holdings | SuMi TRUST Holdings | SuMi TRUST Holdings | SuMi TRUST Holdings |
|--|--|--|--|--|
| | Series 2 Subscription Rights to Shares | Series 3 Subscription Rights to Shares | Series 4 Subscription Rights to Shares | Series 5 Subscription Rights to Shares |
| Exercise Price (yen) | 4,000 | 5,190 | 1 | 1 |
| Average Stock Price when Exercised (yen) | 4,198 | — | 4,258 | 4,292 |
| Fair Unit Value on the Grant Date (yen) | 340 | 1,460 | 4,240 | 5,447 |

| Year Ended March 31, 2023 | SuMi TRUST Holdings | SuMi TRUST Holdings | SuMi TRUST Holdings |
|--|--|--|--|
| | Series 6 Subscription Rights to Shares | Series 7 Subscription Rights to Shares | Series 8 Subscription Rights to Shares |
| Exercise Price (yen) | 1 | 1 | 1 |
| Average Stock Price when Exercised (yen) | 4,470 | 4,379 | 4,336 |
| Fair Unit Value on the Grant Date (yen) | 3,246 | 3,870 | 4,183 |

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

The following tables show stock options effective as of March 31, 2023. The number of stock options represents the number of shares after converting into equivalent shares.

1) Description of Stock Options

| Year Ended March 31, 2023 | Resolution during the Fiscal Year 2016 | Resolution during the Fiscal Year 2016 |
|---|--|---|
| Number of Eligible Persons and their Position | Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 16 | Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31 |
| Number of Stock Options Granted by Class of Share | Common stock: 4,437,000 shares | Common stock: 4,409,000 shares |
| Grant Date | July 15, 2016 | April 27, 2017 |
| Vesting Conditions | The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of July 15, 2018 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. | The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2019 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. |
| Eligible Service Period | From the grant date until two full years have passed since the First Exercisable Date | From the grant date until two full years have passed since the First Exercisable Date |
| Exercise Period | From July 15, 2018 to July 31, 2026 | From April 27, 2019 to April 30, 2027 |

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

2) Volume and Changes in Stock Options

i) Number of stock options

| Year Ended March 31, 2023 | Shares | |
|-------------------------------------|------------------------------------|------------------------------------|
| | Resolution during Fiscal Year 2016 | Resolution during Fiscal Year 2016 |
| Grant Date | July 15, 2016 | April 27, 2017 |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 88,000 | 816,000 |
| Granted | — | — |
| Forfeited | 88,000 | 599,000 |
| Vested | — | — |
| At the End of the Fiscal Year | — | 217,000 |
| Vested Stock Options | | |
| At the Beginning of the Fiscal Year | — | — |
| Vested | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| At the End of the Fiscal Year | — | — |

| Grant Date | Shares | |
|-------------------------------------|------------------------------------|--|
| | Resolution during Fiscal Year 2017 | |
| | April 27, 2018 | |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 1,536,000 | |
| Granted | — | |
| Forfeited | 784,000 | |
| Vested | — | |
| At the End of the Fiscal Year | 752,000 | |
| Vested Stock Options | | |
| At the Beginning of the Fiscal Year | — | |
| Vested | — | |
| Exercised | — | |
| Forfeited | — | |
| At the End of the Fiscal Year | — | |

ii) Unit price information

| Year Ended March 31, 2023 | Resolution during Fiscal Year 2016 | Resolution during Fiscal Year 2016 |
|---------------------------------------|------------------------------------|------------------------------------|
| Grant Date | July 15, 2016 | April 27, 2017 |
| Exercise Price | ¥ 558 | ¥ 553 |
| Fair Price on the Grant Date (Note 1) | 0 | 0 |

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

(Notes)

- 1) In lieu of fair value per share, the fair price refers to an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transaction price method and the exercise price).
- 2) The total amount of intrinsic value of the options was ¥344 million (U.S. \$3 million) as of March 31, 2023.

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

There were no subscription rights granted in the fiscal year ended March 31, 2023.

4. Method for Estimating the Number of Vested Stock Options

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

Income Taxes

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

| Year Ended March 31 | Millions of Yen | | Millions of U.S. Dollars |
|---|--------------------|--------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Deferred Tax Assets: | | | |
| Impairment of Securities | ¥ 17,147 | ¥ 18,094 | \$ 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 | 21,391 | 18,366 | 160 |
| Remeasurements of Defined Benefit Plans | 10,263 | 18,945 | 77 |
| Valuation Difference Due to Share Exchange | 4,572 | 4,432 | 34 |
| Other | 69,510 | 72,892 | 521 |
| Subtotal | 157,441 | 187,810 | 1,179 |
| Valuation Allowance | (19,993) | (20,900) | (150) |
| Deferred Tax Assets | ¥ 137,448 | ¥ 166,909 | \$ 1,029 |
| Deferred Tax Liabilities: | | | |
| Retirement Benefits | ¥ (51,861) | ¥ (46,430) | \$ (388) |
| Valuation Difference on Available-for-Sale Securities | (122,854) | (131,370) | (920) |
| Valuation Difference Due to Share Exchange | (5,718) | (5,752) | (43) |
| Other | (11,869) | (11,823) | (89) |
| Deferred Tax Liabilities | ¥ (192,304) | ¥ (195,377) | \$ (1,440) |
| Net Deferred Tax Assets (Liabilities) | ¥ (54,856) | ¥ (28,467) | \$ (411) |

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% |
| Adjustments: | | |
| Changes in Valuation Allowance | — | (1.20) |
| Amortization of Goodwill | — | 1.06 |
| Share of Profit of Equity-Method Affiliated Companies | — | (2.09) |
| Permanent Differences (e.g., Cash Dividends Received) | — | (0.75) |
| Others | — | (2.31) |
| Effective Income Tax Rate | —% | 25.33% |

(Note) Disclosure on reconciliation between the effective statutory tax rate and the effective income tax rate is omitted since the difference was 5% or less of the effective statutory tax rate for the fiscal year ended March 31, 2023.

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

SuMi TRUST Holdings 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).

Revenue Recognition

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

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

| Year Ended March 31, 2023 | Millions of Yen | | | | | | | | | Total |
|--------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|------------|-----------|---|-----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Subtotal | Income Other than Those Disaggregated Revenue | |
| Trust Fees | ¥ 6,796 | ¥ 13,349 | ¥ 85,769 | ¥ 3,807 | ¥ — | ¥ — | ¥ — | ¥ 109,721 | ¥ — | ¥ 109,721 |
| Fees and Commissions | 89,016 | 57,138 | 46,269 | 66,872 | 467 | 144,472 | (46,031) | 358,206 | 82,125 | 440,331 |
| Income from Contracts with Customers | ¥ 95,812 | ¥ 70,487 | ¥ 132,039 | ¥ 70,679 | ¥ 467 | ¥ 144,472 | ¥ (46,031) | ¥ 467,928 | | |

| Year Ended March 31, 2022 | Millions of Yen | | | | | | | | | Total |
|--------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|------------|-----------|---|-----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Subtotal | Income Other than Those Disaggregated Revenue | |
| Trust Fees | ¥ 6,738 | ¥ 12,396 | ¥ 87,889 | ¥ 3,513 | ¥ — | ¥ — | ¥ — | ¥ 110,539 | ¥ — | ¥ 110,539 |
| Fees and Commissions | 81,401 | 50,228 | 46,443 | 60,159 | 343 | 172,384 | (41,834) | 369,124 | 75,530 | 444,655 |
| Income from Contracts with Customers | ¥ 88,140 | ¥ 62,624 | ¥ 134,333 | ¥ 63,672 | ¥ 343 | ¥ 172,384 | ¥ (41,834) | ¥ 479,664 | | |

| Year Ended March 31, 2023 | Millions of U.S. Dollars | | | | | | | | | Total |
|--------------------------------------|--------------------------|-----------|-------------------|-------------|----------------|------------------|----------|----------|---|--------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Subtotal | Income Other than Those Disaggregated Revenue | |
| Trust Fees | \$ 51 | \$ 100 | \$ 642 | \$ 29 | \$ — | \$ — | \$ — | \$ 822 | \$ — | \$ 822 |
| Fees and Commissions | 667 | 428 | 346 | 501 | 4 | 1,082 | (345) | 2,682 | 615 | 3,297 |
| Income from Contracts with Customers | \$ 717 | \$ 528 | \$ 989 | \$ 529 | \$ 4 | \$ 1,082 | \$ (345) | \$ 3,504 | | |

(Note) “Others” 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 | ¥ 104,016 | ¥ 107,494 | \$ 779 |
| Contract Liabilities | 2,518 | 1,772 | 19 |

| | Millions of Yen | |
|---|-----------------|-----------|
| | 2022 | 2021 |
| Receivables from Contracts with Customers | ¥ 107,494 | ¥ 100,863 |
| Contract Liabilities | 1,772 | 1,446 |

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 fiscal years ended March 31, 2023 and 2022, respectively.

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

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

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 their initial expected period of less than one year and with revenue recognized in the amount that The SuMi TRUST Group is entitled to claim are not included in the notes.

Segment Information

1. Reportable Segment Information

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

The main activities of the reportable segment are presented below:

Retail 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

Asset Management Business:

Asset management service 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 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," "Asset Management Business," and "Global

Markets Business.” Starting from the current consolidated fiscal year the SuMi TRUST Group has reclassified them into the following segments: “Retail Business (former Retail Total Solution Services Business),” “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,” “Global Markets Business,” and “Asset Management 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 Substantial Gross Business Profit and Net Business Profit by Each Reportable Segment

Segment information is prepared based on internal management reports and the accounting policies used for the reportable segments are generally the same as those presented under “Significant Accounting Policies and Practices”;

however, the reportable segments are accounted for in accordance with the rules for the internal management.

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

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

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

3. Profit or Loss and Fixed Assets by Reportable Segment

| Year Ended March 31, 2023 | Millions of Yen | | | | | | | |
|-------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|------------|-----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Total |
| Substantial Gross Business Profit | ¥ 202,874 | ¥ 229,393 | ¥ 127,382 | ¥ 69,745 | ¥ 69,310 | ¥ 84,724 | ¥ 30,731 | ¥ 814,162 |
| General and Administrative Expenses | (161,366) | (88,583) | (69,678) | (27,607) | (15,148) | (62,485) | (64,651) | (489,521) |
| Net Business Profit | ¥ 41,507 | ¥ 140,809 | ¥ 57,703 | ¥ 42,138 | ¥ 54,162 | ¥ 22,239 | ¥ (33,919) | ¥ 324,641 |
| Fixed Assets | ¥ 75,388 | ¥ 55,763 | ¥ 22,251 | ¥ 9,270 | ¥ 25,148 | ¥ — | ¥ 165,735 | ¥ 353,557 |

| Year Ended March 31, 2022 | Millions of Yen | | | | | | | |
|-------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|-----------|-----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Total |
| Substantial Gross Business Profit | ¥ 190,844 | ¥ 212,075 | ¥ 137,854 | ¥ 62,792 | ¥ 52,303 | ¥ 101,967 | ¥ 50,344 | ¥ 808,182 |
| General and Administrative Expenses | (158,631) | (84,635) | (67,099) | (25,892) | (15,704) | (61,444) | (48,689) | (462,096) |
| Net Business Profit | ¥ 32,212 | ¥ 127,440 | ¥ 70,754 | ¥ 36,900 | ¥ 36,599 | ¥ 40,523 | ¥ 1,654 | ¥ 346,085 |
| Fixed Assets | ¥ 71,016 | ¥ 43,306 | ¥ 21,070 | ¥ 9,318 | ¥ 19,165 | ¥ — | ¥ 186,325 | ¥ 350,202 |

| Year Ended March 31, 2023 | Millions of U.S. Dollars | | | | | | | |
|-------------------------------------|--------------------------|-----------|-------------------|-------------|----------------|------------------|----------|----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | Total |
| Substantial Gross Business Profit | \$ 1,519 | \$ 1,718 | \$ 954 | \$ 522 | \$ 519 | \$ 634 | \$ 230 | \$ 6,097 |
| General and Administrative Expenses | (1,208) | (663) | (522) | (207) | (113) | (468) | (484) | (3,666) |
| Net Business Profit | \$ 311 | \$ 1,054 | \$ 432 | \$ 316 | \$ 406 | \$ 167 | \$ (254) | \$ 2,431 |
| Fixed Assets | \$ 565 | \$ 418 | \$ 167 | \$ 69 | \$ 188 | \$ — | \$ 1,241 | \$ 2,648 |

(Notes)

- 1) The figures represent “Substantial Gross Business Profit” in substitution for net sales to be presented by companies in other industries.
- 2) The amounts of “Substantial Gross Business Profit” include net trust fees, net interest income, net fees and commissions, net trading income, and net other ordinary income and expenses.
- 3) “General and Administrative Expenses” include personnel expenses and non-personnel expenses.
- 4) “Others” include costs of capital funding, dividends for shares for cross-shareholdings, general and administrative

expenses of headquarters, and elimination of internal transactions.

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

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

| | Millions of Yen | | Millions of U.S. Dollars |
|----------------------------|-----------------|-----------|--------------------------|
| | 2023 | 2022 | 2023 |
| Net Business Profit | ¥ 324,641 | ¥ 346,085 | \$ 2,431 |
| Other Income | 129,767 | 120,731 | 972 |
| Other Expenses | (139,857) | (205,536) | (1,047) |
| Other Adjustments | (43,163) | (33,280) | (323) |
| Income before Income Taxes | ¥ 271,387 | ¥ 227,999 | \$ 2,032 |

Related Information

1. Information by Services

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

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2023 and 2022, consists of the following:

| Year Ended March 31, 2023 | Millions of Yen | | | | |
|---------------------------|-----------------|-----------|-----------|------------------|-------------|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | ¥ 1,317,365 | ¥ 220,877 | ¥ 150,908 | ¥ 134,888 | ¥ 1,824,040 |

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

| Year Ended March 31, 2023 | Millions of U.S. Dollars | | | | |
|---------------------------|--------------------------|----------|----------|------------------|-----------|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | \$ 9,865 | \$ 1,654 | \$ 1,130 | \$ 1,010 | \$ 13,659 |

(Notes)

1) The figures represent income in substitution for net sales to be presented by companies in other industries.
2) Income related to transactions by SuMi TRUST Holdings, SuMi TRUST Bank (excluding overseas branches), and other domestic consolidated subsidiaries are presented under

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

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Group’s tangible fixed assets on the consolidated balance sheet as of March 31, 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 Group and a significantly large number of SuMi TRUST Group’s customers, transactions are not classified by major counterparty; accordingly, information by major customer is not presented.

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

Losses on impairment of fixed assets allocated to reportable segments during the fiscal year ended March 31, 2023 and 2022 were as follows:

| Year Ended March 31, 2023 | Millions of Yen | | | | | | | Total |
|--------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|----------|----------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | |
| Losses on Impairment of Fixed Assets | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 18,187 | ¥ 18,187 |

| Year Ended March 31, 2022 | Millions of Yen | | | | | | | Total |
|--------------------------------------|-----------------|-----------|-------------------|-------------|----------------|------------------|---------|---------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | |
| Losses on Impairment of Fixed Assets | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1,468 | ¥ 1,468 |

| Year Ended March 31, 2023 | Millions of U.S. Dollars | | | | | | | Total |
|--------------------------------------|--------------------------|-----------|-------------------|-------------|----------------|------------------|--------|--------|
| | Retail | Wholesale | Investor Services | Real Estate | Global Markets | Asset Management | Others | |
| Losses on Impairment of Fixed Assets | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 136 | \$ 136 |

(Note) 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 ¥8,001 million (U.S. \$60 million) and ¥7,882 million, respectively. Unamortized balance of goodwill as of March 31, 2023, and 2022, were ¥21,726 million (U.S. \$163 million) and ¥29,510 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

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

2. Notes to the Significant Affiliated Companies

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

Per Share of Common Stock Information

| | Yen | | U.S. Dollars |
|--|------------|------------|--------------|
| | 2023 | 2022 | 2023 |
| Net Assets per Share of Common Stock | ¥ 7,686.52 | ¥ 7,249.70 | \$ 57.56 |
| Net Income per Share of Common Stock | 517.14 | 451.40 | 3.87 |
| Diluted Net Income per Share of Common Stock | 516.83 | 451.12 | 3.87 |

(Notes)

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

| | Millions of Yen | | Millions of U.S. Dollars |
|--|----------------------|----------------------|--------------------------|
| | As of March 31, 2023 | As of March 31, 2022 | As of March 31, 2023 |
| Net Assets as Reported | ¥ 2,822,574 | ¥ 2,745,288 | \$ 21,137 |
| Less: | 30,490 | 29,732 | 228 |
| Subscription Rights to Shares | 945 | 1,006 | 7 |
| Non-Controlling Interests | 29,545 | 28,725 | 221 |
| Net Assets Attributable to Common Shareholders | 2,792,083 | 2,715,556 | 20,908 |
| The Number of Shares of Common Stock Outstanding (Thousands of Shares) | 363,243 | 374,574 | 363,243 |

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

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | Year Ended March 31, 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 | ¥ 191,000 | ¥ 169,078 | \$ 1,430 |
| Net Income Not Attributable to Common Shareholders | — | — | — |
| Net Income Related to Common Stock that is Attributable to Owners of the Parent | 191,000 | 169,078 | 1,430 |
| Average Number of Shares of Common Stock Outstanding (Thousands of Shares) | 369,334 | 374,562 | 369,334 |
| Fully Diluted Net Income per Share of Common Stock | | | |
| Adjustments to Net Income Attributable to Owners of the Parent | — | — | — |
| Effect of Dilutive Securities (Thousands of Shares) | 221 | 230 | 221 |
| Subscription Rights to Shares (Thousands of Shares) | 221 | 230 | 221 |
| Summary of the potential shares that were excluded from calculation of diluted net income per share of common stock because they have no dilute effects | Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares | Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 18,900 shares | Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares |
| | | Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares | |
| | Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 969,000 shares | Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 2,440,000 shares | Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 969,000 shares |

3) For the calculation of net income per share, the remaining number of shares of SuMi TRUST Holdings held by the share delivery trust for the directors and RS Trust (a system to deliver Restricted Stocks ("RS") using the framework of a share delivery trust) for the employee recorded as treasury stocks in the shareholders' equity, is included in the number of shares of treasury stocks deducted for the calculation of the average number of shares outstanding. For the calculation of net asset per share, it is also included in the number of shares of treasury stocks deducted from the total number of shares outstanding at the end of the fiscal year ended March 31, 2023.

For the calculation of net income per share, the average number of shares of treasury stock outstanding is 529 thousand shares for the fiscal year ended March 31, 2023 (404 thousand shares for the fiscal year ended March 31, 2022). For the calculation of net asset per share, the total number of shares of treasury stock outstanding is 695 thousand shares (392 thousand shares for the fiscal year ended March 31, 2022).

Significant Subsequent Event

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

Non-Consolidated Balance Sheet (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of March 31, 2023 and 2022

| | Millions of Yen | | Millions of U.S. Dollars |
|---|--------------------|--------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Assets: | | | |
| Current Assets: | | | |
| Cash and Due from Banks | ¥ 5,632 | ¥ 18,978 | \$ 42 |
| Securities | 59,000 | 104,000 | 442 |
| Prepaid Expenses | 465 | 234 | 3 |
| Income Tax Refunds Receivable | 14,378 | 12 | 108 |
| Other Current Assets | 2,176 | 14,258 | 16 |
| Total Current Assets | 81,652 | 137,483 | 611 |
| Non-Current Assets: | | | |
| Tangible Fixed Assets: | 0 | 0 | 0 |
| Tools, Furniture, and Fixtures | 0 | 0 | 0 |
| Intangible Fixed Assets: | 5 | 0 | 0 |
| Software | 0 | 0 | 0 |
| Other Intangible Fixed Assets | 5 | — | 0 |
| Investments and Other Assets: | 2,046,981 | 2,086,028 | 15,329 |
| Investment Securities | 720 | 652 | 5 |
| Investments in Subsidiaries and Affiliated Companies (Stocks) | 1,440,888 | 1,440,056 | 10,790 |
| Long-Term Loans Receivable from Subsidiaries and Affiliated Companies | 605,000 | 645,000 | 4,530 |
| Deferred Tax Assets | 277 | 224 | 2 |
| Other Investments | 94 | 94 | 1 |
| Total Non-Current Assets | 2,046,987 | 2,086,028 | 15,329 |
| Total Assets | ¥ 2,128,640 | ¥ 2,223,512 | \$ 15,940 |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accrued Expenses | ¥ 1,980 | ¥ 2,032 | \$ 15 |
| Income Taxes Payable | 71 | 5,338 | 1 |
| Provision for Bonuses | 317 | 259 | 2 |
| Provision for Directors' Bonuses | 88 | 77 | 1 |
| Other Current Liabilities | 265 | 475 | 2 |
| Total Current Liabilities | 2,723 | 8,183 | 20 |
| Non-Current Liabilities: | | | |
| Bonds Payable | 590,000 | 630,000 | 4,418 |
| Long-Term Loans Payable | 15,000 | 15,000 | 112 |
| Provision for Share-Based Remuneration | 227 | 150 | 2 |
| Other Non-Current Liabilities | 223 | 153 | 2 |
| Total Non-Current Liabilities | 605,450 | 645,303 | 4,534 |
| Total Liabilities | ¥ 608,173 | ¥ 653,486 | \$ 4,554 |
| Net Assets: | | | |
| Total Shareholders' Equity: | ¥ 1,519,521 | ¥ 1,569,019 | \$ 11,379 |
| Capital Stock | 261,608 | 261,608 | 1,959 |
| Capital Surplus: | 947,088 | 977,092 | 7,092 |
| Legal Capital Surplus | 702,933 | 702,933 | 5,264 |
| Other Capital Surplus | 244,154 | 274,158 | 1,828 |
| Retained Earnings: | 333,757 | 333,032 | 2,499 |
| Other Retained Earnings: | | | |
| Retained Earnings Brought Forward | 333,757 | 333,032 | 2,499 |
| Treasury Stock-At Cost | (22,933) | (2,714) | (172) |
| Subscription Rights to Shares | 945 | 1,006 | 7 |
| Total Net Assets | ¥ 1,520,466 | ¥ 1,570,025 | \$ 11,386 |
| Total Liabilities and Net Assets | ¥ 2,128,640 | ¥ 2,223,512 | \$ 15,940 |
| | | Yen | U.S. Dollars |
| Net Assets per Share of Common Stock | ¥ 4,183.19 | ¥ 4,188.80 | \$ 31.33 |

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.

Non-Consolidated Statement of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2023 and 2022

| | Millions of Yen | | Millions of U.S. Dollars |
|---|-----------------|-----------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Operating Income: | | | |
| Dividends Received from Subsidiaries | ¥ 71,279 | ¥ 58,154 | \$ 534 |
| Fees and Commissions Received from Subsidiaries | 6,832 | 5,164 | 51 |
| Total Operating Income | 78,111 | 63,319 | 585 |
| Operating Expenses: | | | |
| General and Administrative Expenses | 6,395 | 5,525 | 48 |
| Total Operating Expenses | 6,395 | 5,525 | 48 |
| Operating Profit | 71,716 | 57,793 | 537 |
| Non-Operating Income: | 6,746 | 6,715 | 51 |
| Interest Income | 6,659 | 6,641 | 50 |
| Interest on Securities | 4 | 8 | 0 |
| Commission Fee | 0 | 0 | 0 |
| Other Non-Operating Income | 81 | 65 | 1 |
| Non-Operating Expenses: | 7,035 | 6,928 | 53 |
| Interest Expenses | 103 | 76 | 1 |
| Interest on Bonds Payable | 6,556 | 6,564 | 49 |
| Other Non-Operating Expenses | 375 | 286 | 3 |
| Income before Income Taxes | 71,426 | 57,580 | 535 |
| Income Taxes: | 169 | (40) | 1 |
| Current | 222 | (162) | 2 |
| Deferred | (52) | 122 | (0) |
| Net Income | ¥ 71,257 | ¥ 57,620 | \$ 534 |

| | Yen | U.S. Dollars |
|---|-----------------|----------------|
| Net Income per Share of Common Stock | ¥ 192.93 | \$ 1.44 |

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

Sumitomo Mitsui Trust Holdings, Inc.
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 | |
| | | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Other Retained Earnings Retained Earnings Brought Forward | Total Retained Earnings |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 274,158 | ¥ 977,092 | ¥ 333,032 | ¥ 333,032 |
| Changes during the Year | | | | | | |
| Cash Dividends | | | | | (70,533) | (70,533) |
| Net Income | | | | | 71,257 | 71,257 |
| Purchase of Treasury Stock | | | | | | |
| Disposal of Treasury Stock | | | (0) | (0) | | |
| Retirement of Treasury Stock | | | (30,003) | (30,003) | | |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | |
| Total Changes during the Year | — | — | (30,004) | (30,004) | 724 | 724 |
| Balance at the End of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 244,154 | ¥ 947,088 | ¥ 333,757 | ¥ 333,757 |

| | Millions of Yen | | | |
|--|----------------------|----------------------------|-------------------------------|------------------|
| | Shareholders' Equity | | | Total Net Assets |
| | Treasury Stock | Total Shareholders' Equity | Subscription Rights to Shares | |
| Balance at the Beginning of the Year | ¥ (2,714) | ¥ 1,569,019 | ¥ 1,006 | ¥ 1,570,025 |
| Changes during the Year | | | | |
| Cash Dividends | | (70,533) | | (70,533) |
| Net Income | | 71,257 | | 71,257 |
| Purchase of Treasury Stock | (50,364) | (50,364) | | (50,364) |
| Disposal of Treasury Stock | 142 | 141 | | 141 |
| Retirement of Treasury Stock | 30,003 | — | | — |
| Net Changes of Items Other Than Shareholders' Equity | | | (61) | (61) |
| Total Changes during the Year | (20,218) | (49,498) | (61) | (49,559) |
| Balance at the End of the Year | ¥ (22,933) | ¥ 1,519,521 | ¥ 945 | ¥ 1,520,466 |

From April 1, 2021 to March 31, 2022

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

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

From April 1, 2022 to March 31, 2023

| | Millions of U.S. Dollars | | | | | |
|--|--------------------------|-----------------------|-----------------------|-----------------------|---|-------------------------|
| | Shareholders' Equity | | | | | |
| | Capital Stock | Capital Surplus | | | Retained Earnings | |
| | | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Other Retained Earnings Retained Earnings Brought Forward | Total Retained Earnings |
| Balance at the Beginning of the Year | \$ 1,959 | \$ 5,264 | \$ 2,053 | \$ 7,317 | \$ 2,494 | \$ 2,494 |
| Changes during the Year | | | | — | | — |
| Cash Dividends | | | | | (528) | (528) |
| Net Income | | | | | 534 | 534 |
| Purchase of Treasury Stock | | | | | — | — |
| Disposal of Treasury Stock | — | — | (0) | (0) | — | — |
| Retirement of Treasury Stock | 1,959 | 5,264 | (225) | (225) | | |
| Net Changes of Items Other Than Shareholders' Equity | 1,959 | 5,264 | 1,828 | 7,092 | | |
| Total Changes during the Year | | | (225) | (225) | 5 | 5 |
| Balance at the End of the Year | \$ 1,959 | \$ 5,264 | \$ 1,828 | \$ 7,092 | \$ 2,499 | \$ 2,499 |

| | Millions of U.S. Dollars | | | |
|--|--------------------------|----------------------------|-------------------------------|------------------|
| | Shareholders' Equity | | | Total Net Assets |
| | Treasury Stock | Total Shareholders' Equity | Subscription Rights to Shares | |
| Balance at the Beginning of the Year | \$ (20) | \$ 11,749 | \$ 8 | \$ 11,757 |
| Changes during the Year | | | | |
| Cash Dividends | | (528) | | (528) |
| Net Income | | 534 | | 534 |
| Purchase of Treasury Stock | (377) | (377) | | (377) |
| Disposal of Treasury Stock | 1 | 1 | | 1 |
| Retirement of Treasury Stock | 225 | — | | — |
| Net Changes of Items Other Than Shareholders' Equity | | | (0) | (0) |
| Total Changes during the Year | (151) | (371) | (0) | (371) |
| Balance at the End of the Year | \$ (172) | \$ 11,379 | \$ 7 | \$ 11,386 |

Statement of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2023 and 2022

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

See Notes to Statements of Trust Account

Notes to Statement of Trust Account (Unaudited)

1. Trust Accounts

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

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2023 and 2022, were ¥4,103,478 million (U.S. \$30,728 million) and ¥4,052,452 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥133.54 to U.S. \$1, the approximate rate of exchange as of March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, the total may not be equal to sum of individual amounts. The amounts presented in the statements of trust account as of March 31, 2023 and 2022, are for trust accounts in SuMi TRUST Bank.

2. Loans and Bills Discounted

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

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

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

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2023 and 2022, included the following:

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

3. Securities

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

| | Millions of Yen | | Millions of U.S. Dollars |
|------------------------|------------------|------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Government Bonds | ¥ 425,484 | ¥ 401,621 | \$ 3,186 |
| Local Government Bonds | 30 | 30 | 0 |
| Corporate Bonds | 35,361 | 40,758 | 265 |
| Stocks | 6,270 | 6,444 | 47 |
| Other Securities | 379,423 | 410,272 | 2,841 |
| Total | ¥ 846,569 | ¥ 859,127 | \$ 6,339 |

4. Balance of Money Trusts

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

| | Millions of Yen | | Millions of U.S. Dollars |
|--|--------------------|--------------------|--------------------------|
| | 2023 | 2022 | 2023 |
| Assets: | | | |
| Loans and Bills Discounted | ¥ 10,461 | ¥ 13,316 | \$ 78 |
| Other | 4,093,352 | 4,039,461 | 30,653 |
| Total | ¥ 4,103,814 | ¥ 4,052,778 | \$ 30,731 |
| Liabilities: | | | |
| Principal | ¥ 4,103,478 | ¥ 4,052,452 | \$ 30,728 |
| Allowance for Impairment of Guaranteed Trust Principal | 11 | 12 | 0 |
| Other | 324 | 313 | 2 |
| Total | ¥ 4,103,814 | ¥ 4,052,778 | \$ 30,731 |

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