SUMITOMO MITSUI TRUST HOLDINGS



SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

2021 INTEGRATED REPORT

—ANNUAL REPORT—

Year ended March 31, 2021

Reason for Existence ("Purpose")

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Management Principles ("Mission")

(I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.

(II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society.

(III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.

(IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model ("Vision")

—Towards "The Trust Bank"—

Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct ("Value")

In order to pursue the Management Principles of the Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented —Truthfulness and Loyalty—	**Contribution to Society** —Dedication and Development—	**Realization of Organizational Capability** —Trust and Creativity—	**Establishment of Individuality** —Self-help and Self-discipline—

Strict Compliance with Applicable Laws and Regulations | **Resolute Stance against Antisocial Forces**

Sumitomo Mitsui Trust Holdings

Integrated Report 2021

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Editorial Policy

The Sumitomo Mitsui Trust Group publishes this integrated report so that readers can better understand the Group's initiatives to achieve sustainable growth and provide value to stakeholders by creating both social and economic value. In this report, after providing an overview of the Group's medium- to long-term vision, we discuss our business strategy as a trust banking group, our environmental, social, and governance (ESG) initiatives, and the management foundation that underpins them. In applying our editorial approach, we strive to improve and expand not just financial information but also non-financial information such as business models and ESG factors, referencing the integrated reporting framework issued by the International Integrated Reporting Council (IIRC). We also disclose information appropriately, in accordance with our disclosure policy. For more detailed financial data or ESG information, please refer to the Financial Data Section, our Sustainability Report, or visit our website.

<Reporting Coverage>

Reporting Period : From April 1, 2020 to March 31, 2021 (Partially including the information after April 1, 2021)

Scope of Reporting : The Sumitomo Mitsui Trust Group; including Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, other subsidiaries and affiliated companies

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Theme 1

The reason for existence of trusts is now greater than ever before

We have hitherto applied the wide array of functions and flexibility of trusts to contribute to solving social issues.
In these ever-changing times, the problems faced by our individual and corporate clients are growing increasingly challenging and complex.
Accordingly, the fields in which we can utilize trusts to solve new social issues continue to expand.

Greatest bank vault in the Far East

The enormous bank vault door pictured here is located underneath the Nihonbashi Business Department and Tokyo Chuo Branch of SuMi TRUST Bank. Manufactured by the Mosler Safe Company of the United States, it is 2.5 meters in diameter, 55 centimeters thick, and weighs 50 tons. Known as the greatest bank vault in the Far East for its security and sophistication, it has continued to safeguard the precious assets of our clients since its installation in 1929.

Question

For what reason does the SuMi TRUST Group exist?

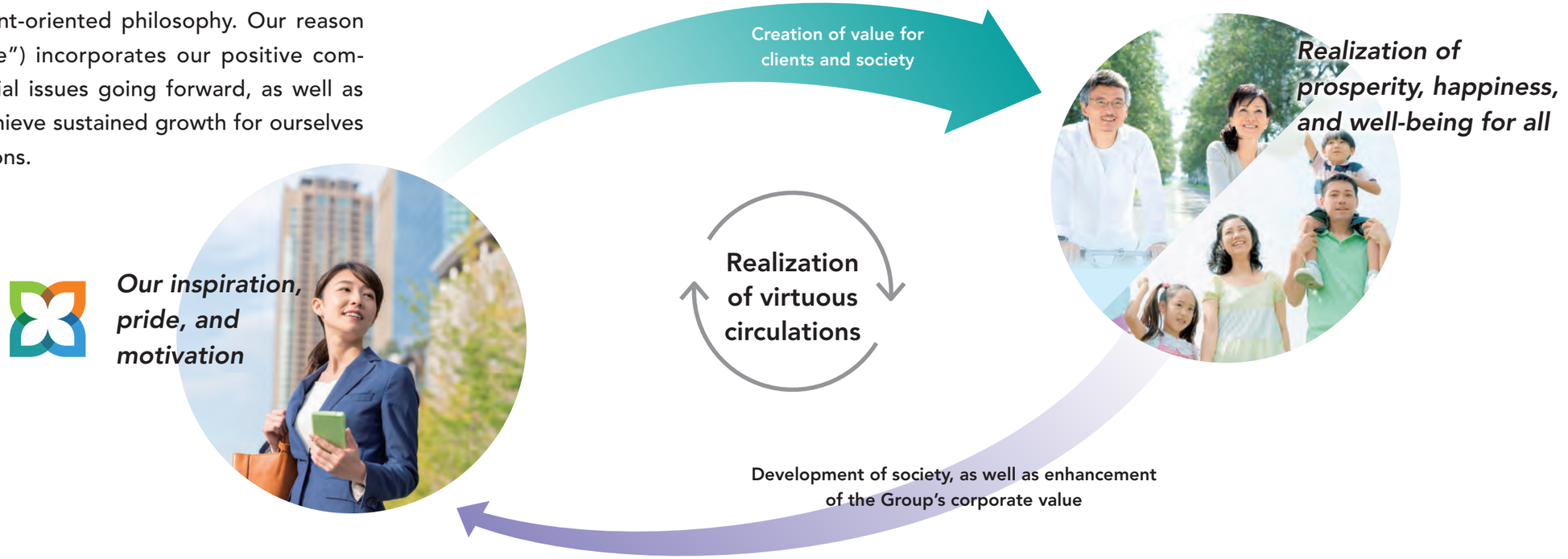
Our ideal vision

The SuMi TRUST Group's reason for existence, or "Purpose"

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Roles expected by society

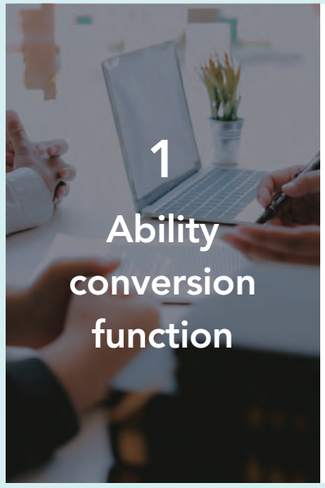
From our very founding, the SuMi TRUST Group has strived to be the "Best Partner" most trusted by our clients based on our unwavering client-oriented philosophy. Our reason for existence ("Purpose") incorporates our positive commitment to solving social issues going forward, as well as the idea that we can achieve sustained growth for ourselves through such contributions.



Power of Trusts

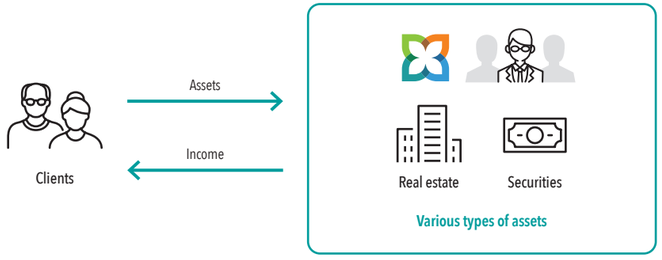
Ability to realize the intentions of clients entrusted to us = wide-ranging and flexible functions

"Trusts" offer a wide array of functions and flexibility. Flexibly exercising these diverse functions enables us to address the various issues faced by clients and society.



Leveraging our high level of expertise to manage and administer assets

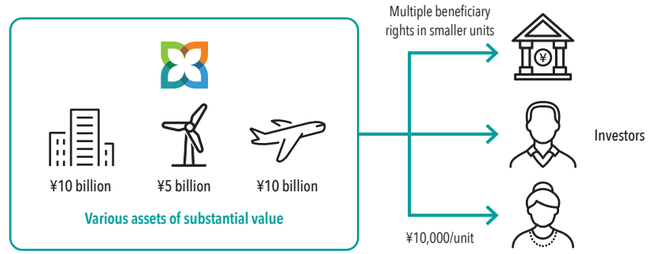
By taking advantage of our extensive expertise in managing and administering the valuable assets entrusted to us, our trusts deliver high added value to our clients.





Flexible alteration of asset composition and quantity

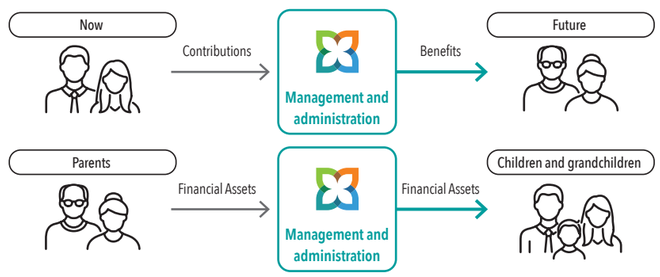
By converting assets held in trust to trust beneficiary rights, even assets that essentially are indivisible, or property of substantial value, can be divided into smaller units for circulation, thus facilitating the smooth circulations of funds, assets, and capital.





Transcending time to ensure client wishes are fulfilled in the future

In order to assist our clients to realize and enjoy a prosperous future, our trusts have a function to manage and safeguard assets for extended period of time. Under certain scenarios, trust assets and the accompanying wishes of clients can be passed on to the next generation.



Our human resources maximize the power of trusts to generate new added value

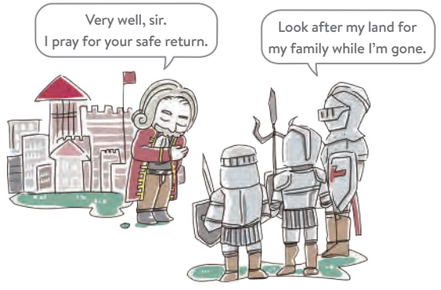
It is ultimately "people" that give shape to the power of trusts—that is, the diverse and flexible functions of trusts and the confidence placed in us by clients and society.
At the same time, our diverse employees embody the power of trusts—they share their enthusiasm for trusts and realize the intentions of clients.



P.44, P.78 FEATURE STORY 01 : Human resources

An unchanging system—entrustment for the future

It is said that the origin of trusts can be traced back to the "use" system that emerged in medieval England around the time of the crusades (11th–13th century).
A soldier heading off to battle would delegate the administration of his land and possessions to a trustworthy person to be managed on behalf of his family being left behind.
The soldier's wishes were for his precious assets to be entrusted for the future of his family—this is the origin of the trust system.



Creating New Value

A company, demanded by the times, in which people could place their "trust"

The Japanese word for "trust" (as a type of financial service) first started to be used in the latter half of the Meiji era (1868–1912). To define its legal foundation and to encourage the sound development of the system, the *Trust Act* and the *Trust Business Act* were promulgated in 1922. Our Company was established as Japan's first trust company based on the fiduciary spirit set forth in those laws.

1924~





Past

New value created from trusts

1950~





~2021

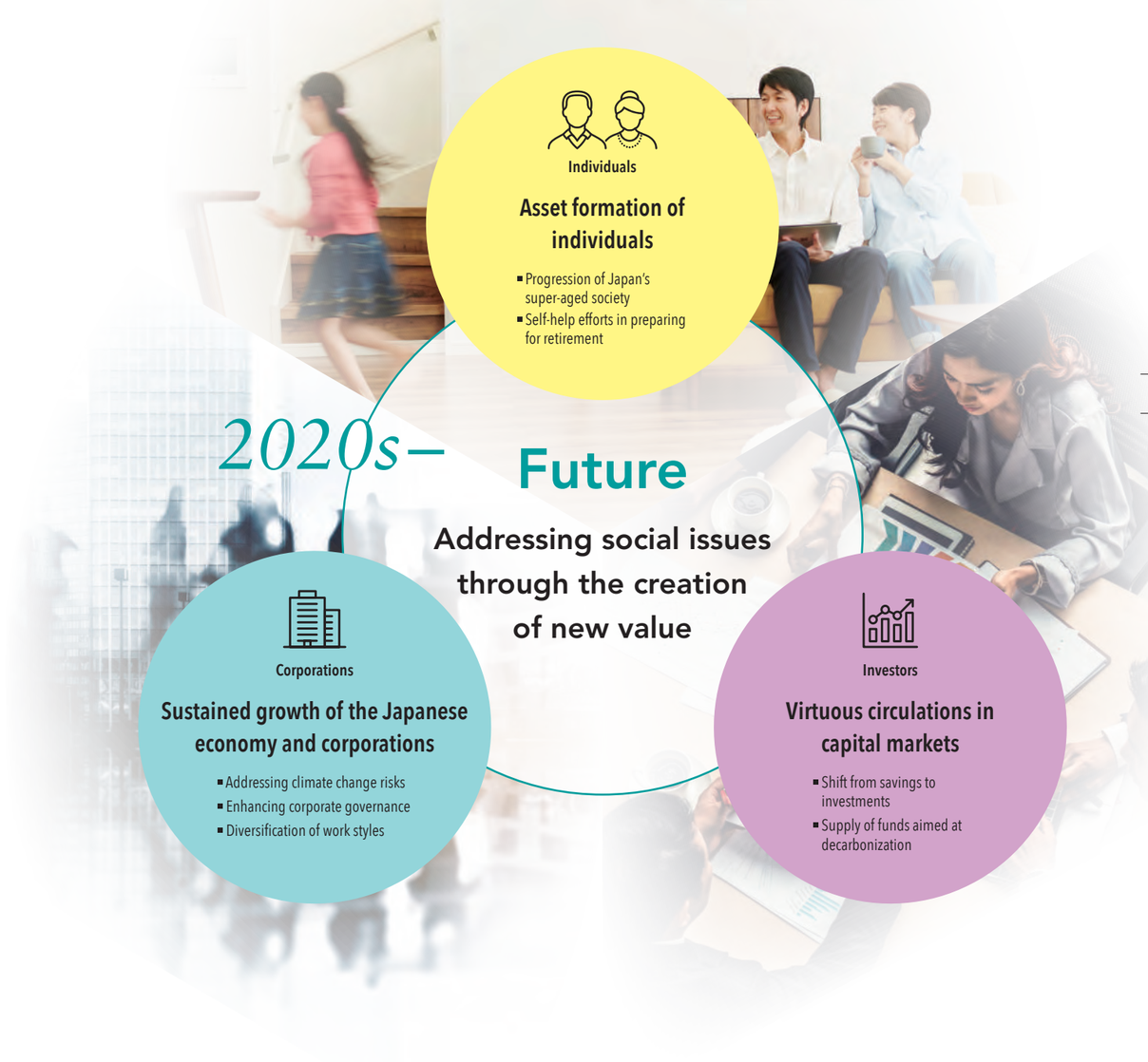
Solving numerous social issues with the functionality of trusts

The loan trusts we first introduced in 1952 supplied long-term, stable capital to Japan's mainstay industries, underpinned the country's period of high economic growth, and provided households with stable interest income. From the late 1950s onwards, we actively developed new products leveraging trust schemes, which brought forth new products such as pension trusts, asset formation trusts, and charitable trusts.

Flexible approach to creating new value in line with the changing times

Since the 2000s we have also made use of asset liquidation trusts to securitize loan claims, accounts receivable, real estate, and other assets following amendments to Japan's *Act on the Securitization of Assets*, and since 2001 and 2002, we commenced the management of defined contribution pension trusts and defined benefit corporate pension trusts, respectively. Likewise, we continue to introduce products in line with the changing times to help solve new challenges arising in society.

Considering that social issues have become increasingly challenging and complex, we believe the SuMi TRUST Group now has the perfect opportunity to harness the power of trusts to create new social and economic value.
We intend to transect and combine the Group's strengths in order to generate innovation and assist in finding solutions to social issues.



Individuals

Asset formation of individuals

- Progression of Japan's super-aged society
- Self-help efforts in preparing for retirement

2020s–

Future

Addressing social issues through the creation of new value

Corporations

Sustained growth of the Japanese economy and corporations

- Addressing climate change risks
- Enhancing corporate governance
- Diversification of work styles

Investors

Virtuous circulations in capital markets

- Shift from savings to investments
- Supply of funds aimed at decarbonization

Letting prosperous future for our clients and society bloom

The new value created by the SuMi TRUST Group not only benefits direct stakeholders, but also extends far and beyond to reach a broad range of indirect stakeholders through a multitude of channels.





The SuMi TRUST Group × Power of trusts

The SuMi TRUST Group's direct stakeholders

The SuMi TRUST Group's indirect stakeholders

Sustainable development of society

Economy (wealth)	• Virtuous circulations in the economy • Creation of employment and wealth
Society (people)	• Society that acknowledges diverse values • Realizing peace of mind and safety in a super-aged society
Environment (earth)	• Response to climate change • Sustaining natural capital

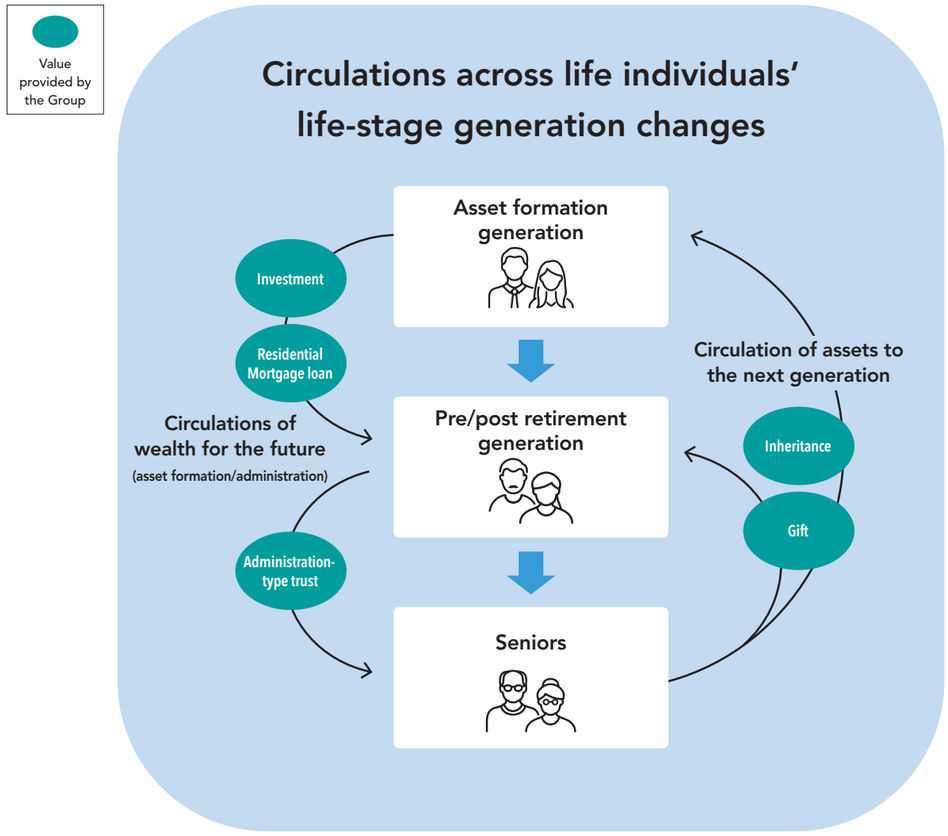
— Transcending time —

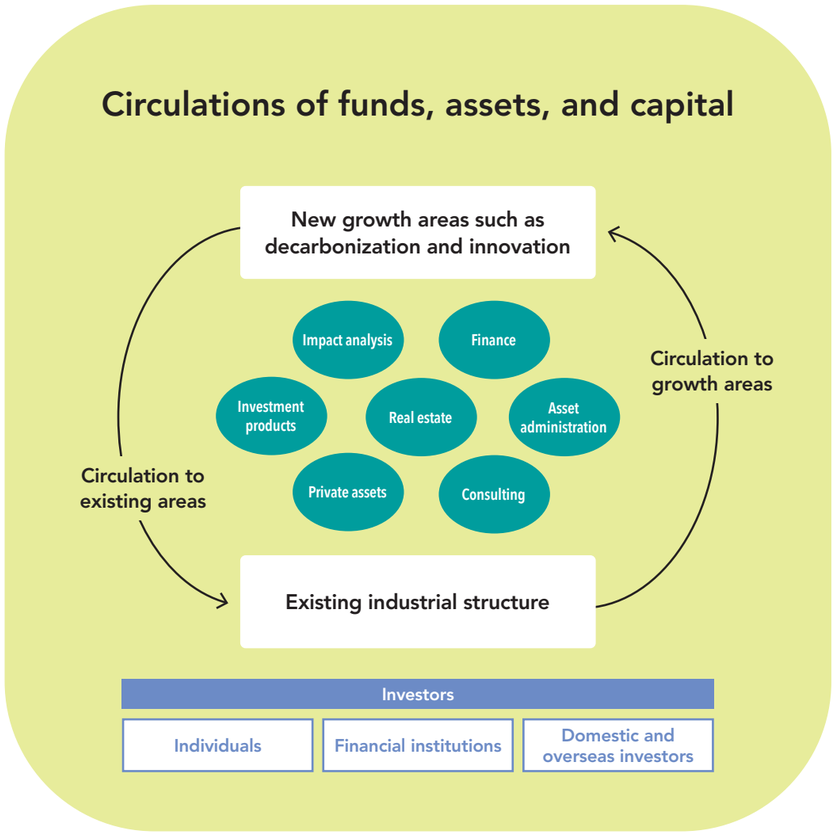
Ensuring well-being for even more stakeholders and the next generation



Business Model

The SuMi TRUST Group draws on its wide array of trust functions to deliver high value-added products and services to clients based on the keyword of "circulation." Through the provision of values, we aim to exert a positive impact on clients and society and achieve sustained and stable growth of the Group whilst contributing to the development of society.





With the arrival of an age of 100-year life, time horizons are changing because the number of years in retirement are increasing. This development is giving rise to new challenges in the area of asset formation and administration. As such, the smooth handover of financial assets held by the senior generation in the super-aged society of Japan is an important topic. It is therefore crucial that the following two major circulations are set in motion: (1) the circulation of individual wealth for the future by way of asset formation; and (2) the circulation of assets to the next generation through inheritance and succession.

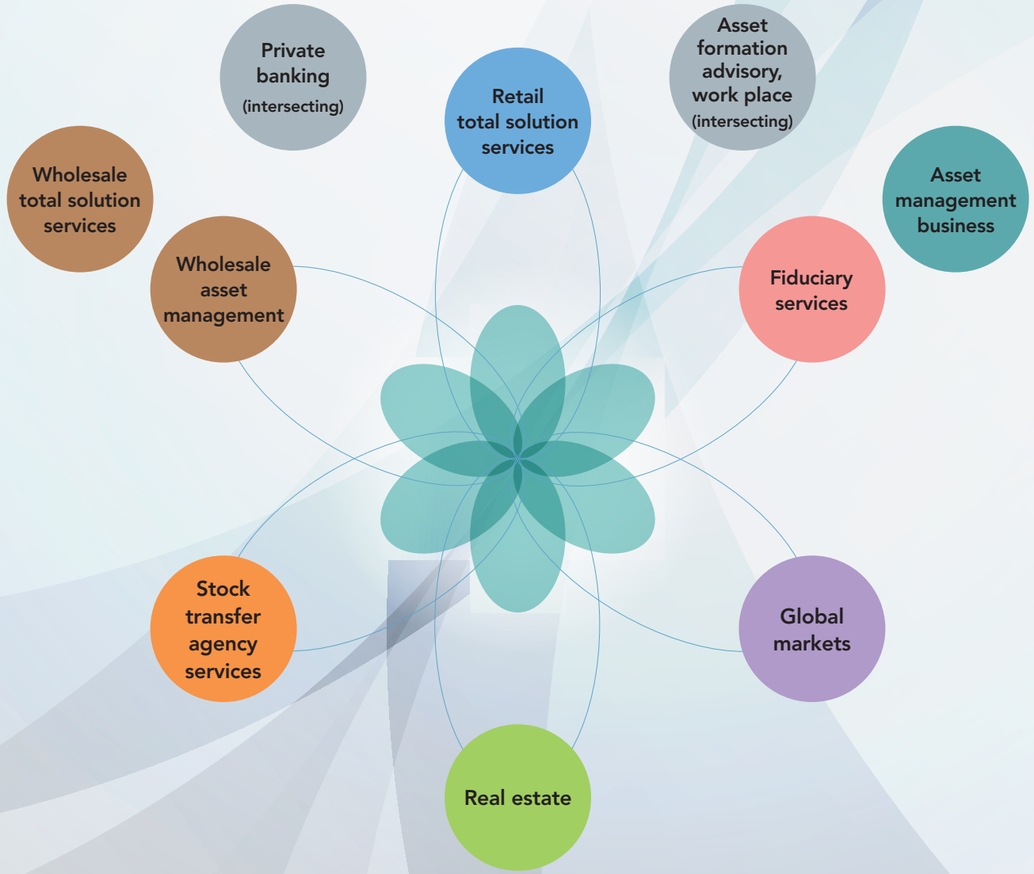
The SuMi TRUST Group will harness the power of trusts and offer its broad-ranging support to facilitate the smooth circulation of funds and assets across the life stages of individuals and between generations with the aim of realizing an affluent, super-aged society in which people can live with peace of mind.

Against the backdrop of mounting interest in the Sustainable Development Goals (SDGs) that were adopted at a United Nations summit, social and industrial structures are being significantly transformed, even in Japan, by the formulation of a green growth strategy that seeks to achieve a carbon-neutral society by the year 2050. To realize this vision and to continue solving social issues, investment in new growth areas and fields should be promoted through circulation of funds, assets and capital.

The SuMi TRUST Group will contribute to "creating a virtuous circulation from increased enterprise value leading to increase in household savings, assets, and capital," with the proactive and intersectional utilization of highly specialized trusts.

Business Domains

The SuMi TRUST Group leverages its significant expertise and comprehensive capabilities to create unique value under a business model that combines banking, asset management and administration, and real estate services.



Retail total solution services

To meet the wide-ranging needs of individual clients that differ in each stage of life, we offer high-quality, comprehensive consulting to provide various services, including asset formation and management, asset administration, and inheritance and asset succession.

Wholesale total solution services

By continuing to develop our total solutions model—which contributes to solving both visible and potential issues of clients—we aim to be the financial institution designated as the "Best Partner" among our corporate clients.

Wholesale asset management

We aspire to be our clients' "Best Partner" through the provision of total solutions that encompass both assets and liabilities by combining a wide array of the Group services, such as asset administration (real estate, stock transfer agency services, pensions, etc.) and alliance services (trust agencies, affiliate real estate agencies, etc.).

Stock transfer agency services

As a provider of shareholder registry services pursuant to the Companies Act, we support our clients with corporate stock administration and provide IPO support and comprehensive consulting services aimed at addressing management issues related to IR/SR, including corporate governance and shareholder dialogue.

Real estate

We provide one-stop, optimal real estate solutions that solve the increasingly complex and diverse business challenges of our corporate clients and help individual clients build and manage assets.

Fiduciary services

Guided by our fiduciary spirit, we provide client-oriented, high added-value services across the entire Group, from the design of pension plans right through to their management and administration.

Asset management business

With one of the largest AUMs in Asia, we fully maximize the investment functions of the Group to deliver optimal asset management solutions to our clients and assist in devising solutions to social issues mainly through ESG engagement activities with investee companies.

Global markets

In this area of business we integrate client service functions (marketing and market-making operations such as interest rate and forex transactions and investment advisory), market functions (investment operations and financial management operations), and administrative functions to leverage our significant expertise and comprehensive capabilities and provide services in a timely manner.

Private banking

Our highly experienced, dedicated staff offer various one-stop solutions to clients to meet their varied needs and issues concerning assets and liabilities, including real estate, asset management, and business succession.

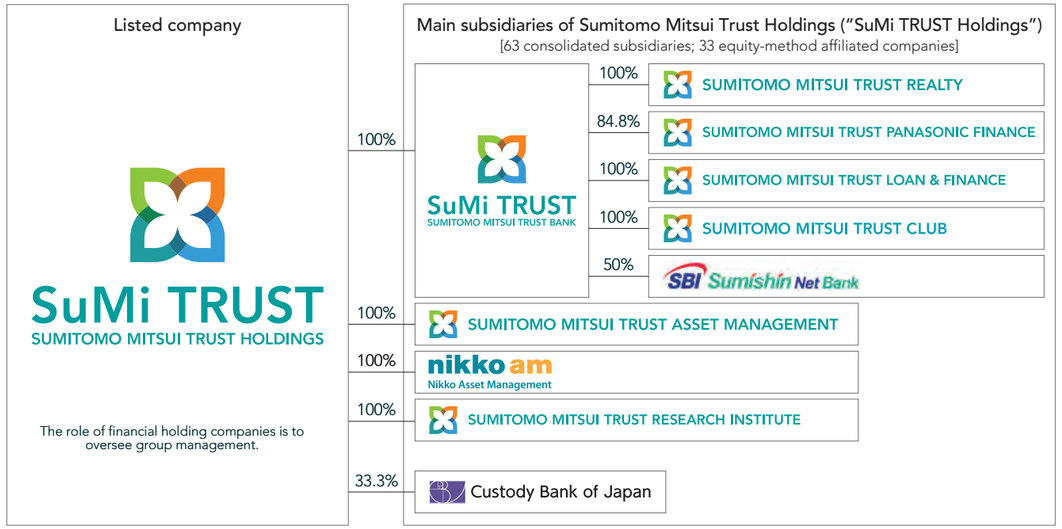
Asset formation advisory (work place)

We provide consulting to client companies and their employees concerning employee benefits in light of their HR systems, and offer products and services that contribute to the asset formation efforts of their employees.

Group Information

The SuMi TRUST Group offers its clients optimal and total solutions by leveraging its comprehensive capabilities that integrate both trust and banking functions, as well as the mutual collaboration between SuMi TRUST Bank and the many companies in the Group that specialize in banking, asset management and administration, real estate, and various other fields.

(as of March 31, 2021)

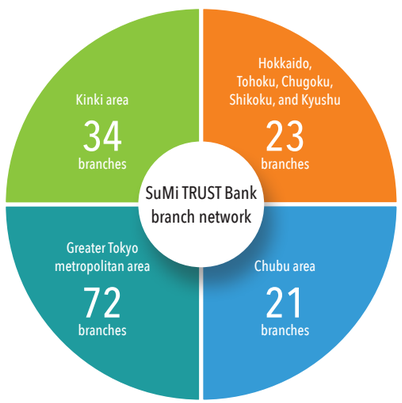


Ratio of ownership with voting rights is shown, including indirect ownership via subsidiaries.

Domestic Network

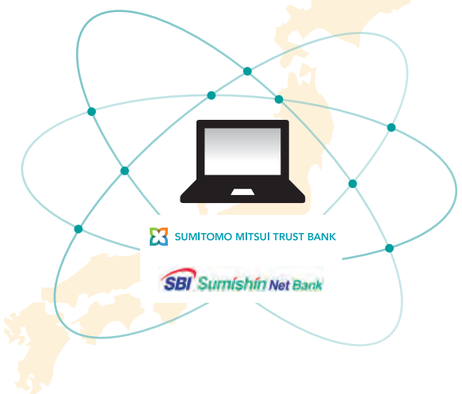
SuMi TRUST Bank has built a domestic branch network with a well-balanced footprint that is concentrated in the greater Tokyo metropolitan, Kinki, and Chubu regions. Furthermore, SuMi TRUST Bank's internet banking and SBI Sumishin Net Bank offer services nationwide over the Internet.

(as of March 31, 2021)



* The substantial number of branches is 115 when the branches at the same business site are counted on an aggregated basis.
For detail of branches, please see pages 8-11 of the Financial Data Section.

Providing online services across Japan



Status

The SuMi TRUST Group is a trust banking group and an industry leader in many fields with a core focus on trust-related fee businesses.

(as of March 31, 2021)

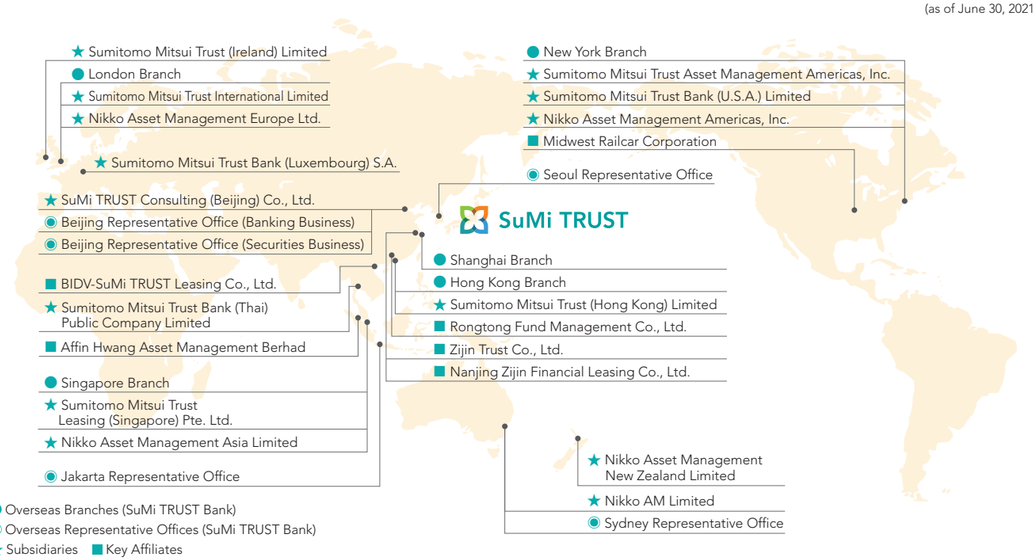
Trust (fee) businesses	Assets under management*1	¥122 trn	Domestic financial institutions	No.1
	Assets under custody*2	¥239 trn	Domestic financial institutions	No.1
	Balance of corporate pension funds	¥13 trn	Trust banks	No.1
	Lead manager for corporate pension funds	1,301 cases	Trust banks	No.1
	Entrusted balance of investment trusts	¥88 trn	Trust banks	No.1
	Number of shareholders under administration*1	29.26 mn	Trust banks	No.1
	Real estate-related revenue*1 *3	¥49.8 bn	Trust banks	No.2
	Number of client companies	¥20 trn	Trust banks	No.1
	Investment trust/discretionary investment sales volume*3	¥0.73 trn	Domestic banks	No.2
	Number of will trusts	34,238	Trust banks	No.2
Banking businesses	Balance of loans to individuals	¥10 trn	Domestic banks	No.4
	Balance of loans to corporations	¥19 trn	Domestic banks	No.5
	Total loan balance	¥30 trn	Domestic banks	No.5

Includes estimates based on our own research (as of March 31, 2021)
*1 Combined value for all Group companies
*2 Balance of trust assets (trust banks specializing in asset administration excluded due to their large amounts of re-entrusted trust assets)
*3 FY2020 result

Overseas Network

With our own bases in key markets around the world and through alliances and collaboration with local financial institutions and asset managers, we are working to expand our global presence.

(as of June 30, 2021)





Toru Takakura
Director, President
Sumitomo Mitsui Trust
Holdings, Inc.

With our "Purpose" (reason for existence) in mind, we shall strive to become the "Best Partner" favored by society and clients

It is my great privilege to be appointed as president of Sumitomo Mitsui Trust Holdings in April, 2021. I shall endeavor to realize a sustainable society and work towards sustainable and stable growth for the SuMi TRUST Group by committing to the Group's "Purpose" defined as "Creating new value with the power of trusts and let prosperous future for our clients and society bloom."

Tackling social issues head-on with the power of trusts

More than one year has passed since COVID-19 became a global pandemic. The outlook for the future remains uncertain, with no imminent end in sight to the pandemic and it is under these circumstances that society, companies, and individuals are being tested once again as to whether they can flexibly respond to the situation and cultivate changes in a forward-looking manner.

The pandemic has induced far-reaching changes to people's livelihoods and wrought extensive economic damage. On the other hand, it has given impetus to the digitalization of society as a whole and considerably changed people's working styles and the values they hold. In the SuMi TRUST Group too, we have deployed network infrastructure and a communications environment that permits various in-house procedures to be completed online, which has greatly transformed our workflow; so much so that online meetings and working from home are now considered routine. It also means that employees telecommuting in Japan can assume the work of overseas offices, while those living outside of the Greater Tokyo area can still handle operations for the head office.

Until recently, it had been normal practice in the Group's retail business to provide face-to-face consulting services to many of our elderly clients. However, major changes are afoot in the awareness of our clients and it was simply groundbreaking that we were able to achieve a smooth rollout of online-based consulting. The evolution of digital technology that eliminates the limitations of time and place is occurring with ever-gathering speed.

One more change in the external environment currently in the spotlight is decarbonization. Last year, new administrations came to power in Japan and the United States, which accelerated efforts towards decarbonization on the government policy front. To realize its stated goal of carbon neutrality by the year 2050 as announced by the Japanese Government, technological developments and enormous investment will be essential to reduce greenhouse gas emissions to net zero at company facilities and in the value chain mainly in the manufacturing industry. Accordingly, social infrastructure and industrial structures may well undergo large-scale transformations going forward.

When observing such major developments in society, and given the distortions that have emerged as a consequence of global economic growth, I have come to the realization that in this day and age, we can no longer turn our eyes away from current events.

A key topic for the business of the SuMi TRUST Group is to adapt to the changing times, create systems that are well-suited to the present day, and assist in building a new social framework. In the past, we leveraged the diverse and flexible functions of trusts to provide numerous solutions to social issues. For example, from the 1950s post-war reconstruction period through to Japan's period of high economic growth, our loan trusts played a significant role in supplying long-term capital investment funds to core industries, thereby supporting Japan's economic growth. In the 1960s, we endeavored to promote the adoption of corporate pension plans with the

use of pension trusts to assist the post-retirement livelihoods of company employees. And in various roles, we have participated in entire investment chains encompassing households, corporations, and investors by exerting positive impacts on the economy, society, and the environment.

Having such a track record is the very reason why I believe we can harness the power of trusts to help address social issues we currently face. For instance, we can contribute to the better functioning of capital markets by acting as an intermediary to steadily supply investor capital to areas that require it, such as current issues of promoting decarbonization and innovation, by utilizing our asset management and administration capabilities. To address the problem of Japan's super-aged society, we can provide a plethora of asset formation services mainly in the form of asset management, administration, and consulting. Moreover, we are making every effort to develop various trust products that cater to the needs of households to support capital transfer to the next-generation and asset inheritance.

Contributing to the realization of a sustainable society by solving social issues and delivering sustainable and stable growth for the Group is my vision for "The Trust Bank" in this new era.

Review of first year of Medium-Term Management Plan and important business initiatives

At the start of FY2020, the first year of our Medium-Term Management Plan, we harbored concerns about the impact the COVID-19 pandemic might have on our businesses. Nevertheless, we were able to demonstrate our resilience to external shocks as both consolidated net business profit before credit costs and net income exceeded our targets. This reconfirmed our conviction that the Group's strengths lie in our revenue base backed by a solid and diverse business portfolio based on the two-pronged approach of banking and fee businesses, as well as a broad-ranging client base centering on asset management and administration services.

However, it recently came to light that we had long engaged in inappropriate handling of tallying general shareholders meeting voting rights exercise forms on behalf of client companies, thus greatly undermining the trust placed in us by our clients, the capital markets, and society. Personally, I seriously take these kinds of incidents to heart.

Taking this situation into account, in FY2021 we conducted a review of the Group's management foundation and turned our attention to the following three key initiatives from the standpoint of strengthening the Group's value creation.

(1) Enhancement and sophistication of business operational quality beyond client expectations
(2) Accelerate businesses unique to the trust banking group
(3) Strengthening sustainability in management and society (including a reduction of strategic shareholdings)

(1) Enhancement and sophistication of business operational quality beyond client expectations

Owing to our inappropriate handling of operations when tallying voting rights exercise forms in our stock transfer agency services, we were duly reprimanded by not only the client companies that had entrusted such operations to us, but also by the capital markets and society at large. A trust banking group is deeply entrenched as part of Japan's social infrastructure and serves as a focal point for many different stakeholders. As such, we became painfully aware again just how far our responsibilities extend beyond the clients we normally interact with. Enhancing and sophisticating business operational quality is listed as our first important business initiative for FY2021 because we believe it to be a trust banking group's starting point as a fiduciary.

The word "fiduciary" can be traced back to 16th century England, originating from the Latin term meaning a reliable or trustworthy person. While the party (fiduciary) that accepts the trust of another party provides professional services under its own discretion, the party (settlor) extending that trust does face some element of risk by placing their complete trust in the fiduciary. Accordingly, policies and laws have continually been developed to strengthen the responsibilities of fiduciaries and now one of the "fiduciary duties" of a fiduciary is the duty of loyalty to act faithfully in the sole best interests of beneficiaries. At the same time, for us as the trust banking group and as an original fiduciary, I believe our real duty is to consciously and autonomously respond to the cordial trust placed in us as professionals entrusted to look after our clients' precious assets rather than simply upholding the heteronomous obligations, rules, and regulations imposed on our businesses.

We intend to reaffirm this spirit across the entire Group, always keep our client-oriented approach in mind, and steadily build on our efforts to improve service quality that exceeds not just our contractual obligations, but also our client expectations. In doing so, I am confident that we can forge even stronger relationships of trust with clients and society alike.

To be more specific, we will further enhance the visibility of our business processes, review from scratch what our front-offices have hitherto considered "normal" procedures, and enhance the abilities of our risk management-related departments to identify problematic processes. In other words, rather than just uncovering and improving current issues, we hope to set in motion a cycle of continuous risk management and autonomous improvement.

Also, in order to boost the effectiveness of our activities, I want our employees to maintain an even stronger feeling of being "connected." The meaning of connected here is twofold. Firstly, improving the communication channels between front-offices and risk management-related departments so that a frank exchange of views and information, as well as constructive dialogue, can take place specifically with regard to whether our service quality is surpassing client expectations. In other words, "connections" between organizations. And secondly, the "connected" feeling that employees recognize when they know that their work is contributing to clients and society, even though their direct contact with clients may be limited. I believe this sense of being connected can be a source of motivation and pride for employees and become a driving force behind our efforts to improve our client services.

(2) Accelerating businesses unique to the trust banking group

The second important business initiative is the acceleration of businesses unique to the trust banking group. The SuMi TRUST Group is inseparably connected to the investment chain of the capital markets because our asset management and administration functions are integral to its workings. I believe that by making full use of these functions, we can contribute further to the virtuous circulations in the life stages of individuals, across multiple generations, and also in capital markets. These virtuous circulations can help solve issues



faced by society by steadily supplying capital to where it is needed, such as the elderly, the next generation, or even growth fields like decarbonization. And I believe that the very contributions made to these virtuous circulations will ultimately lead to the sustainable growth of the SuMi TRUST Group.

To begin with, to complement our asset management and administration consulting services for elderly individual clients; an area in which we have long excelled, we feel there is business potential in similar services targeting clients of the working generation. This is because the COVID-19 pandemic has led to a rapid increase in opportunities for us to interact with clients online and eliminated the limits of scale and physical barriers imposed by our branch and staff resources. For example, SuMi TRUST Bank offers pension and other employee benefit services to employees of client companies by way of corporate transactions under proper information management, but it was difficult to organize meetings with those employees before the pandemic. However, online methods have been established to directly contact with individual employees recently, and we have been able to provide effective solutions that cater to the needs of every person. The funds that these employees hold will likely be allocated to medium to long-term investments, which in turn will also assist the intergenerational circulation of capital between individuals in the form of money being gifted to, or inherited by, the next generation.

For transactions with business owner clients too, we are focusing on the management of abundant risk capital and business succession by the next-generation; in other words, business needs that mark the starting point of a virtuous circulation. In January 2020, we established UBS SuMi TRUST Wealth Advisory Inc. and so far, we have worked on establishing a consulting process to mainly meet the real estate and asset management needs of business owners and high-net-worth clients. And we are still adhering to our plan of jointly establishing a securities company specializing in wealth management after the summer of 2021.

In our corporate business, through the provision of positive impact finance and other products and services that involve impact assessments, we are well ahead of our competitors in terms of supporting the circulation of capital in sectors where companies are required to solve social issues such as carbon neutrality.

In our asset management business, the Group's three asset management firms continue to draw on their respective strengths to contribute to the circulation of funds and capital. Sumitomo Mitsui Trust Asset Management is bolstering its management of long-selling products that are pivotal to medium to long-term asset formation, whilst also stepping up engagement activities with the aim of encouraging companies to address ESG issues. Nikko Asset Management is utilizing its own in-house capabilities together with a global network of overseas partners to launch industry-leading products in Japan and abroad and expand its ETF business offerings. Meanwhile, SuMi TRUST Bank is working to provide private asset investment opportunities. It is currently diversifying investment assets such as project finance for renewable energy with the aim of launching a sophisticated product in the environmental field and is taking steps to offer smaller units for private asset investment.

By leveraging the Group's diverse and flexible functions in this way, we are beginning to see more areas open up in which we can contribute to the building of virtuous circulations in society and I certainly feel that the Group's business growth is benefitting from tailwinds from the changing times. And I am even more confident now that the Group can achieve sustainable and stable growth in the future.

(3) Bolstering sustainability in management and society

The third important business initiative—strengthening sustainability in management and society—embodies two concepts. One is the building of a rock-solid, efficient management foundation by streamlining the allocation of managerial resources, while the other is the promotion of sustainability in society.

1) Streamlining the allocation of managerial resources

So that we can contribute to solving the medium to long-term issues currently faced by society and our clients, the SuMi TRUST Group itself must lead a sustainable existence. To that end, we will review our management plans, make optimum use of capital, expenses, personnel, and other managerial resources, and transition to a capital-light business model characterized by asset efficiency without compromising on service quality. Particularly with regard to capital, this fiscal year we made some major changes to our policy on strategic shareholdings. We believe a reduction in strategic shareholdings will not only improve the Group's capital efficiency, but also contribute to the development of Japan's capital markets and the virtuous circulations of funds and capital. The Group's current policy, in principle, is to divest all strategic shareholdings as a conventional stable shareholder and accelerate the pace of divestment. Top management will spearhead dialogue with clients, make known its approach to corporate governance, and continue to deliver solutions geared towards sustainably enhancing corporate value and solving issues for clients. In this way, I believe we can gain the understanding of all stakeholders to reduce our strategic shareholdings and forge stronger mutually trusting relationships with clients.

We will also continue to implement cost structure reforms, as called for in our Medium-Term Management Plan, and hasten legacy cost cutbacks, including the reduction of excess office space at branches of SuMi TRUST Bank and the head office. The resources we raise from the aforementioned measures will be reallocated to improving our internal control systems for the purpose of ensuring service quality, and we also intend to invest in growth areas centering on fee businesses with high returns on invested capital.

2) Promoting sustainability in society

Sustainable and stable growth of the SuMi TRUST Group hinges on the existence of a sustainable environment and society. As such, we are focused on value creation that integrates the relationship between society and the Group's management and we are strengthening how we communicate this information.

We have divided the Group's management materiality into three categories: (1) impact; (2) governance and management foundation; and (3) finance. Of these categories, we are strongly aware of the connections to business in the "impact" category because that is where our corporate activities have positive or negative impacts on the economy, society, and the environment. While this integrated report does touch on our views regarding issues of materiality, in January 2021, we were one of the first financial institutions to publish a Sustainability Report incorporating the common metrics for measuring stakeholder capitalism compiled by the World Economic Forum and others, and have been enhancing dialogue with markets and society. Furthermore, in December 2020, we published our first TCFD Report in light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In it, we updated our sector policy on coal-fired power generation as part of our objective in assisting to realize a sustainable society by intensifying our stance on decarbonization, and we also announced a new long-term target for sustainable finance of ¥5.0 trillion in cumulative loans for the period FY2021 through 2030.

Creating a vibrant work environment

In the second year of the Medium-Term Management Plan we intend to survey the entire SuMi TRUST Group, steadily develop business operations systems that continue to be favored by our clients, and double down on our efforts to prepare for the next stage of growth. In particular, our human resources are a topic of utmost importance because they underpin the Group's sustainable growth.

We employ a large number of people possessing expertise in asset management, pension systems, real estate, and other lines of business. The Group has always been a veritable breeding ground where specialist personnel can demonstrate their capabilities to the fullest, but we are further committed to creating a workplace environment in which ranks of specialists boasting various qualifications and skills are able to acknowledge and respect one another's differences and work with much enthusiasm so that the collective know-how of everyone can be pooled to generate even higher levels of added value.

More specifically, we will ramp up personnel placements and exchanges across the Group to support business strategies, hire more specialists to reinforce our sustainable growth, and bolster our IT and global workforce. Not only will we actively appoint female employees to managerial positions and support their career development, we will look to incorporate different sets of values into management and create new businesses by pushing ahead with the hiring of energy and chemical technology experts with the aim of deploying their technology in social settings, as well as the recruitment of IT proficient human resources through the establishment of a new strategic subsidiary.

Our employees form the basis of our managerial resources. That is why we aim to engage in health and productivity management so that every individual can fully demonstrate their potential capabilities and concentrate to work with a healthy mind and body. Added value is created when employees demonstrate their high levels of expertise, which in turn improves the well-being of our clients and society as a whole. I believe that when our employees are aware of this, their own well-being is also likely to improve.

Returns to shareholders

In line with the Group's sustainable and stable growth, we hope to keep on steadily expanding returns to all of our shareholders going forward.

We aim to boost the return of profits to shareholders via dividends in line with sustainable business growth, so in FY2021 we forecast a ¥10 increase and a dividend payment of ¥160. We are targeting a dividend payout ratio of 40% in or around FY2022, as outlined in our shareholder return policy, and in addition to profit growth, we will endeavor to further strengthen shareholder returns.

We will also consider executing share repurchases in a flexible manner from the viewpoint of striking the best balance between capital adequacy and efficiency.

In conclusion

As the business environment continues to transform at a blistering pace, we are now in an era in which it is difficult to predict what lies in store for the future because systems, rules, and other givens, as well as anticipated risks, are constantly changing. To stand up and face these uncertain times, I believe the most effective method is possess the determination to create and set in motion one's own future.

For the SuMi TRUST Group, it is now even more important that we put in place the systems with which we can flexibly respond to change and remain our clients' "Best Partner" as a reliable part of social infrastructure befitting of a sustainable future.

For the very reason that society is experiencing such troubled and uncertain times, we will ensure that every executive and employee is conscious of, and takes responsibility for, their own thoughts, decisions, and actions by keeping in mind the Group's "Purpose" (reason for existance) defined as "Creating new value with the power of trusts and let prosperous future for our clients and society bloom." In doing so, we will forge ahead with the building of the Sumitomo Mitsui Trust Group that continues to be favored by society and our clients.

We appreciate your continued understanding and cooperation.

July 2021

Director, President
Sumitomo Mitsui Trust Holdings, Inc.

Tom Takakura



Pioneering the future with the power of trusts

My most important principle for work is "to exercise my own judgment and be my own driving force when striving for what I have set out to achieve." Immediately after the Great Hanshin-Awaji Earthquake in 1995, I took command of business affairs on behalf of the Human Resources Department. During that time when there was a very real possibility that telephone conversations could be cut off at any minute, I learned the hard way that during times of crisis, making quick decisions and taking swift action was crucial and that being in two minds and delaying one's decision would only aggravate matters. For me, this experience was a major turning point in my career because it prompted me to reassess about my attitude towards work.

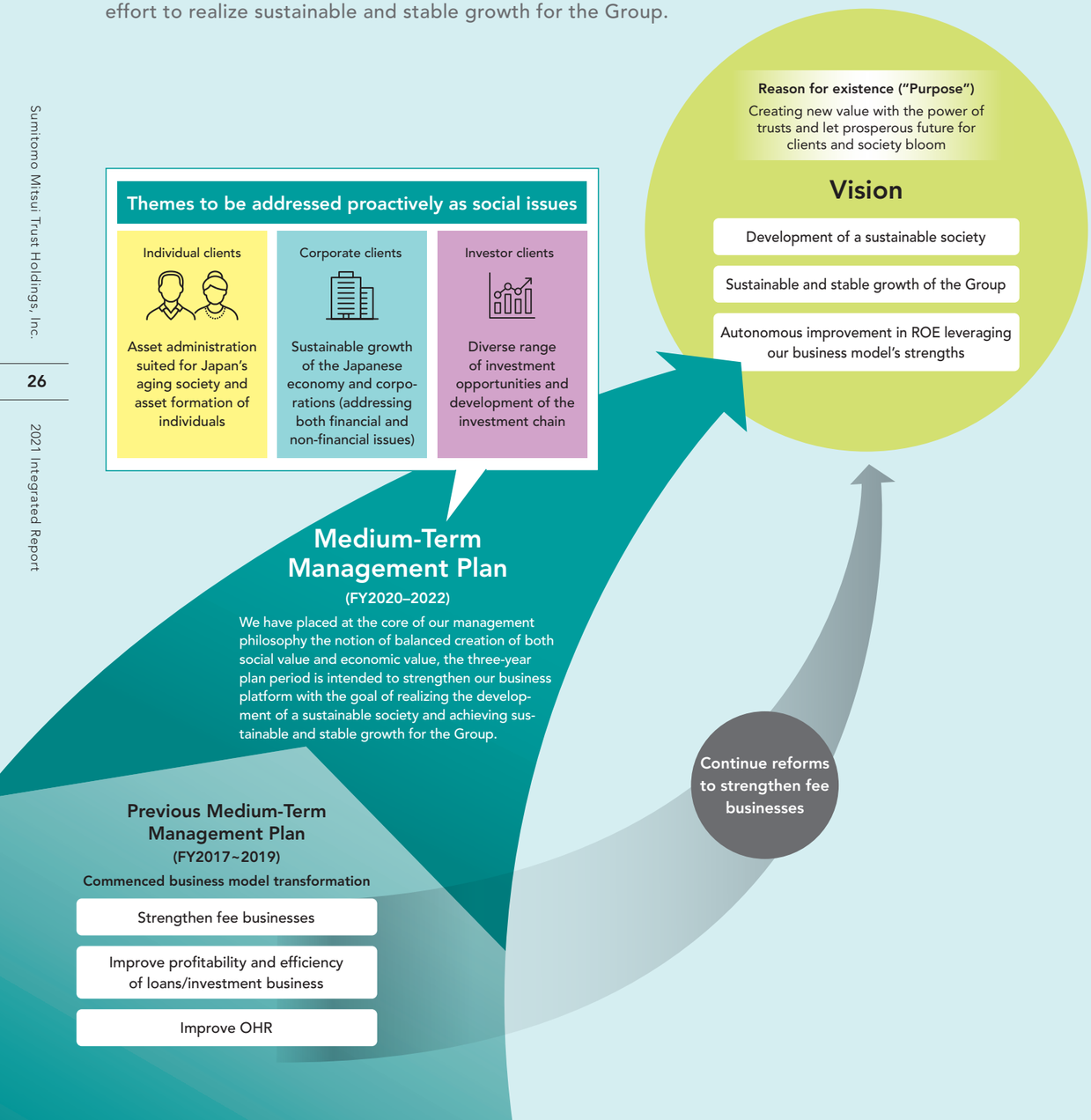
At the same time, it is important that one's own decisions are well-informed as much as possible. Therefore, habitually obtaining firsthand information from close to the source is key. Everyone has a bias to unconsciously select the most convenient information on which to base their decisions. As everyone has past experiences and accumulated knowledge, completely eliminating one's bias is not possible, but ever since I assumed a management position, I have endeavored to broadly listen to various opinions and challenged myself to view things from a neutral standpoint so that my own thoughts are impartial. One example of this approach would be the series of seminars that we hosted for small number of employees to engage in active discussion. Despite the fact that these seminars required the participants to spend a considerable amount of time and preparation over a few months to read the assigned books and submit a report before sitting down for discussion, approximately 200 employees took part over nearly seven years through to March 2020. Even though I was keen to communicate my own thoughts to the participants, I wanted to cherish the opportunity of hearing the opinions of young and mid-level employees from different backgrounds to explore what they thought and what kind of values they hold. In doing so, I unexpectedly acquired fresh perspectives previously unfamiliar to me. I always contend that the strength of an organization is borne of diversity and lending an ear to the wide-ranging opinions of others on a day-to-day basis is, I believe, an important preparatory step towards making swift, level-headed decisions.

At the time of the merger between the former Chuo Mitsui Trust and Banking Group and the former Sumitomo Trust and Banking Group, I worked as the general manager of the department tasked with facilitating the business integration. Despite the fact that both entities were trust banking groups, there were so many differences in internal rules and non-verbal corporate culture. So, with the aim of realizing a true integration, we set about formulating a mission, a vision, and values that would encourage the employees of the new company to quickly unite and set their sights on a single common objective. We also engaged in discussions on countless occasions with various members in order to build a foundation that the Group could always return to when faced with challenging times in the future. Particularly regarding the Group's values, we inherited those from the codes of conduct of the legacy banks; namely, "Trustfulness and Loyalty," from the former Sumitomo Trust and Banking, "Dedication and Development," from the former Mitsui Trust and Banking, and "Trust and Creativity," from the former Chuo Trust and Banking. We then added "Self-help and Self-discipline," to represent our existence as an independent trust banking group. While securing diversity is key to the development of our organization, the underlying assumption is that, all individuals have established their individual identity through self-help and self-discipline. To complement our mission, vision and values, we defined our "Purpose," when we unveiled our new Medium-Term Management Plan last year. Given the many unimaginable and fitful changes occurring in society today, like the COVID-19 pandemic for instance, it is even more important that we discern the essence of our purpose based on our set of principles. The entire SuMi TRUST Group shall work together to give shape to our purpose by utilizing the power of trusts in an increasing number of fields.



Medium-Term Management Plan (FY2020–2022)

We have aligned the three-year period of our Medium-Term Management Plan—which commenced in FY2020—as a time to reinforce our business platform with the aim of achieving continuous and stable growth of the SuMi TRUST Group.
We intend to take the business model transformation that we have thus far pursued to the next level, and as we bear in mind our reason for existence ("Purpose") we will squarely address the social issues faced by all of our clients, whether they be individuals, corporations, or investors, in an effort to realize sustainable and stable growth for the Group.



		FY2020 (actual)	FY2022 (targets)	Medium-Term Management Plan vision (FY2022 targets)	Longer-Term targets
Net business profit		¥294.7bn	¥290.0 bn	Acceleration of business model transformation / growth driven by crossing and merging	
Net income		¥142.1bn	¥190.0 bn	Sustainable and stable growth	
OHR (overhead ratio)		60.10%	Lower 60% range	Future investments in tandem with expense control	Upper 50% range
Common equity tier 1 capital ratio*1		9.40%	Mid-10% range	Ensuring capital sufficiency	Stably maintained above 10%
Return on equity		5.40%	Around 7%	Aiming for autonomous improvement in ROE	Around 9%
Fee income ratio		52.90%	Upper 50% range	Strengthening steady fee income	Stably maintained above 60%
Dividend payout ratio		39.50%	Around 40%	Emphasis on returning profits to shareholders via dividends in line with earnings growth / bolstering shareholder returns	
Client base ("Pre-Best Partners")	Individuals	270,000	290,000	Strengthening our base of "Pre-Best Partners," the stage needed if we are to build healthy relationships and boost our number of clients that ultimately choose the SuMi TRUST Group as their "Best Partner"*2 over the long-term or in a continuous manner	
	Corporations	620 companies	690 companies		
Responding to society following the COVID-19 pandemic (individual clients using online channels*3)		1.99 mn	2.38 mn	Responding to changes in society and methods of communication as a result of the COVID-19 pandemic in an effort to improve the level of convenience for clients and boost productivity in the Group	

*1 Based on finalized Basel III standards
*2 How our clients view the SuMi TRUST Group
*3 Clients using internet banking or the Life Guide internet portal

Basic Strategies

Under our Medium-Term Management Plan, we aim to bolster our initiatives by anchoring the management of the Group to three basic strategies.

1. Strengthening our business portfolio (reinforcing foundation for sustainable and stable growth)

• Strengthen business foundation

We aim to create more opportunities to provide new products, services, and total solutions based on long-term, inclusive trustworthy relationships with existing clients.

In addition, we will endeavor to gain new clients and increase AUM mainly in the Group's areas of expertise. Through these initiatives we hope to meet the needs of clients and society and continue to generate economic value that underpins the sustainable growth of the Group.

• Establish new areas of growth

In light of social issues expected to arise in the future and the needs of clients that are rising to the surface, we will pursue renewed growth by establishing businesses that deliver solutions to such problems right across our business portfolio. In order to harness the business creativity of intersecting and melding businesses and functions—one of our traditional strengths—we intend to reorganize SuMi TRUST Bank, the entity at the heart of the Group, to undertake extensive resource allocation and risk taking.

• Promote strategic resource mix

We will advance the optimal allocation of a diverse mix of managerial resources to areas of priority in an effort to further strengthen and streamline the Group's management structure. In addition to making effective use of capital and advancements in digital technology, we will also aim to flexibly combine management resources within the Group to build a resilient organization that balances both optimum allocation and maximized use of resources.

2. Capital strategy (balance sheet, efficient use of capital)

- Whilst maintaining sufficient capital, we aim to be more assertive in our use of strategic investments, bolster our active capital strategies, for example, by reducing strategic shareholdings and controlling risk assets, and promote capital policies that strike the right balance between financial soundness and capital efficiency.
- We intend to control risk assets mainly by accelerating asset turnover, upgrade efforts to diversify our structure on foreign currency procurement, and continuously work on improving profitability of credit portfolios for both individual and corporate clients.
- We will emphasize the return of profits to shareholders via dividends and aim to bolster shareholder returns in line with sustainable and stable profit growth.

3. Sophistication of business quality (ability to create new businesses and improve existing businesses)

- As a trust banking group, we will aim to strengthen our client-oriented and customer satisfaction initiatives as a source of differentiation, integrate the units that handle fiduciary duty and CS (customer satisfaction) operations, enhance business quality management capabilities, and endeavor to instill greater employee awareness, including risk culture, at our branches.
- We will seek to enhance Group-wide business management in the core areas of HR, finance, and risk management, taking into account changes in the operating environment, new regulatory requirements, and the growing importance of Group strategies.

Our initiatives to reduce strategic shareholdings

The SuMi TRUST Group shall endeavor to foster a virtuous circulation framework that facilitates circulation of funds, assets and capital through our asset management and asset administration services, and enhancement of our corporate clients' enterprise value by offering solution services, with the aim to develop Japanese capital markets.

To realize this objective, we intend to improve our bi-functional expertise as a trust bank Group that assumes the position of an investor as well as an advisor offering solutions to enhance enterprise value, and re-align our policy so that, in principle, we shall not hold any "strategic shareholdings as a conventional stable shareholder." During the interim policy transition period, we shall strive to fulfill our role as an advisor that "offers solutions to issues to enable sustainable increase in enterprise value through extensive dialogue with our clients."

1

Dialogue policy with our corporate clients whom the SuMi TRUST Group is a strategic shareholder

We shall take each client's business environment and stakeholders actions into account, to offer solutions suited to each client, deepening the understanding of each other to accelerate the reduction of strategic shareholdings. During the transition period, we shall continue to offer active dialogue and solutions to create positive impact and sustainable increase in enterprise value.

2

Policy regarding the exercise of voting rights regarding our strategic shareholdings

We intend to define our policy regarding client dialogue to enhance enterprise value, and we are evaluating our options to enhance the SuMi TRUST Group's exercise of voting rights for annual shareholder meetings to be held beyond June 2022. We are considering of publishing our thoughts on this issue in our interim disclosure in November 2021.

3

Pace of our strategic shareholding reduction

During the remaining 2-year period of our current Medium-Term Plan (FY2020 to FY2022), we intend to significantly accelerate the pace of reduction and aim to reduce our holdings by ¥100bn (at cost, or roughly ¥ 250bn at market value).

To ensure the implementation of this initiative, executives including top management is committed to lead the dialogue with our clients, and oversight from our board shall be strengthened to monitor its progress.

Message from Head of Finance and Treasury



Nobuaki Yamaguchi

Senior Managing Executive Officer
Head of Finance and Treasury
Sumitomo Mitsui Trust Holdings

Introduction

It is my great privilege to be appointed as Head of Finance and Treasury in April 2021.

While the COVID-19 pandemic has made it extremely difficult to make predictions about the future simply based on what has come before us, I am committed to managing the SuMi TRUST Group's financial and capital operations with a view to sustainable and stable growth by constructively addressing social issues.

Review of FY2020—the first year of our Medium-Term Management Plan

Under our Medium-Term Management Plan that commenced last fiscal year, we intend to achieve further progress on transforming our business model whilst bolstering our business platform over the duration of the plan by aggressively tackling the social issues that confront mainly individuals, corporations, and investor clients.

In reviewing earnings for FY2020, the first year of the Medium-Term Management Plan, my assessment is that we were able to demonstrate a certain level of resilience even during the coronavirus crisis.

Net business profit before credit costs deteriorated in the first half because of a downturn in income from investment management consulting and real estate brokerage services when we voluntarily suspended operations following the declaration of the first state of emergency. In the second half, however, net business profit gradually recovered mainly attributable to familiarization with online-based operating activities. Profit was also boosted by brisk recurring sources of revenue and one-off factors such as partnership investment earnings in connection with higher share prices.

(¥ bn)		FY2019 (actual)	FY2020 (actual)	YoY	FY2021 Forecast	FY2022 Plan
Profit indicators	Net business profit before credit costs	289.0	294.7	5.6	280.0	290.0
	Net income attributable to owners of the parent	163.0	142.1	-20.8	155.0	190.0
Profitability indicators	Fee income ratio	54.6%	52.9%	-1.7%	Mid-50% range	Upper 50% range
	OHR	61.1%	60.1%	-1.0%	62.2%	Lower 60% range
Financial indicators	Return on equity*1	6.25%	5.41%	-0.84%	Upper 5% range	Around 7%
	Common equity tier 1 capital ratio*2	9.7%	9.4%	-0.3%	Mid-9% range	Mid-10% range

*1 {Net income attributable to owners of the parent / (FY-start total equity + FY-end total equity) ÷ 2} x 100
*2 Based on finalized Basel III standards

In addition to booking write-downs at the extraordinary profit/loss line and below on mainly software assets in anticipation of the so-called "New Normal," net income attributable to owners of the parent decreased because we endeavored to improve our hedge position costs by partially realizing both valuation gains on strategic shareholdings and valuation losses on hedging transactions. That said, we still achieved our initial net income target of ¥140 billion.

On the whole, I believe we made steady progress in the first year of the new Medium-Term Management Plan.

Medium-Term Management Plan objectives and financial challenges

Under the new management structure adopted from April 2021, our policy going forward will be to squarely address social issues and accelerate the promotion of businesses distinctive of a trust banking group.

From a financial point of view, we are aiming to accelerate adoption of a capital-light business model and balance financial soundness with return on capital at the highest level possible.

In terms of the Group's financial health, we aim to stably maintain our common equity Tier 1 capital ratio above 10% range based on the finalized Basel III standards slated for implementation in the fiscal year ending March 2023. Estimates as of the end of March 2021 indicate that the ratio is adequate at 9.4%, but we will continue to work to further strengthen our financial footing and control risk assets.

At the same time, we will strive to improve return on capital by pursuing qualitative changes. To be more specific, this approach will hinge on three initiatives: (1) further bolstering our fee businesses; (2) improving the profitability and efficiency of loan/investment businesses; and (3) cost structure reforms.

For cost structure reforms, we have hitherto sought to mainly reduce legacy costs, but we will further implement additional measures so that we can respond to new changes in the operating environment, namely, the diversification of working styles and the use of online channels.

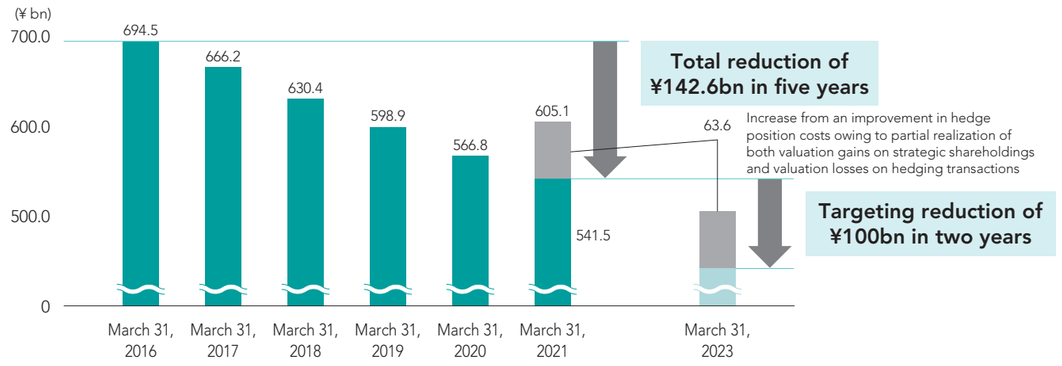
The capital and resources we raise from the aforementioned initiatives will be used to further promote a strategic resource mix by, for example, strategically investing in growth areas and making upfront investments designed to keep a lid on future overheads. In this way, we will endeavor to strengthen and pursue a business portfolio distinctive of a trust banking group.

Reduction of strategic shareholdings

Since our establishment through a management integration in 2011, the Group has held a considerably large exposure of strategic shares compared to our capital base.

In recognition of this issue, we have continuously worked to reduce our strategic shareholdings with the understanding of our clients. On an acquisition cost basis, we have so far

■Balance of strategic shareholdings (book value of Japan-listed stocks)



reduced our holdings by a total of ¥356.7 billion. And from the perspective of limiting the financial impact of fluctuations in market value while holding these shares, as of the end of March 2021 we have hedged price movement risks equivalent to roughly 80% of the market value of our strategic shareholdings. Nevertheless, our strategic shareholdings pose a financial challenge because we still hold quite a sizeable amount compared to our equity capital.

The SuMi TRUST Group has long utilized the functions of trusts to generate social and economic value by proactively helping to solve social issues.

Now, one of the objectives of our new management structure is to establish a virtuous circulation of funds, assets, and capital that delivers benefits to households through the enhancement of corporate value. Based on this philosophy, we are realigning our investment policy, so that, in principle, we shall not hold strategic shares as a conventional stable shareholder.

In light of the environment that currently envelops corporations, we will look to deepen understanding and accelerate our reduction of strategic shareholdings by engaging in constructive dialogue and providing solutions that cater to the respective circumstances of every client.

More specifically, in the remaining two years of the Medium-Term Management Plan (through FY2022), we aim to nearly double the pace of reductions executed thus far and reduce strategic shareholdings by ¥100 billion on an acquisition cost basis (or around ¥250 billion based on market value).

Capital strategy and shareholder return policy

To achieve sustainable and stable growth, as well as the steady enhancement of shareholder returns, the objective of the Group's capital strategy is to strike the best balance between capital sufficiency and efficiency with the following three measures: (1) improving return on capital through business strategies; (2) effectively utilizing capital; and (3) strengthening shareholder returns through dividends.

In aiming to achieve this best balance in FY2022, the final year of the Medium-Term Management Plan, we are targeting a common equity Tier 1 capital ratio (finalized Basel III standards) above 10% range and ROE of around 7%.

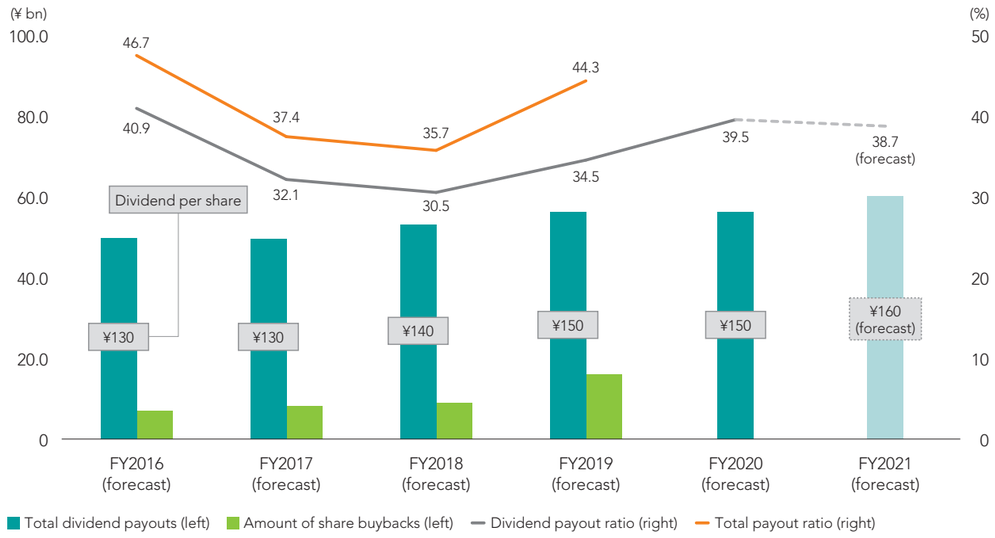
As we strive towards meeting these targets, for the first measure, we will bolster our fee businesses, improve the profitability and efficiency of loan/investment businesses, execute cost structure reforms, and reduce strategic shareholdings, all of which I mentioned earlier.

For the second measure, our policy will be to vigorously execute strategic investments designed to tap external growth opportunities and improve the efficiency of operations in each business.

For the third measure, as a means for returning profit to shareholders in line with earnings growth, we will raise consolidated dividend payout ratio to around 40% in or around FY2022.

We also have a policy of executing share buybacks in a flexible and timely manner from the viewpoint of effective use of our capital.

■Shareholder returns



In conclusion

The spread of COVID-19 has brought about a heightened state of uncertainty and accelerated the shift to digital technology, along with other structural changes in society.

The SuMi TRUST Group also swiftly responded to the situation by rapid deployment of online channels and setting up satellite offices for remote work, and we continue to further improve these infrastructure items.

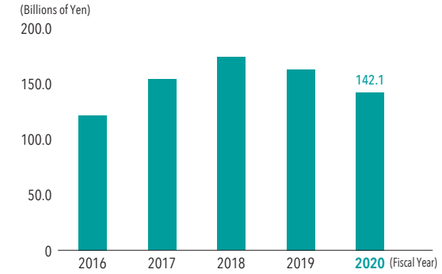
We can expect changes of this kind to occur one after the other in the future. In order to cope with such changes and achieve continuous and stable growth, our ability to take up the challenge of business innovation, and the speed at which we do so, will be called into question more than ever before.

As already mentioned in the top message, the SuMi TRUST Group has hitherto contributed to society by taking stock of the changing times, swiftly responding to social issues, and providing solutions. Going forward, we hope to utilize the various functions and spirit of trusts to make further contributions towards solving new challenges in society and building a virtuous circulation of funds, assets, and capital so that we might continue to grow and develop together with society. I hope to undertake prudent management of the Group's finances and capital to support the activities that bring these aims to fruition.



Financial Highlights

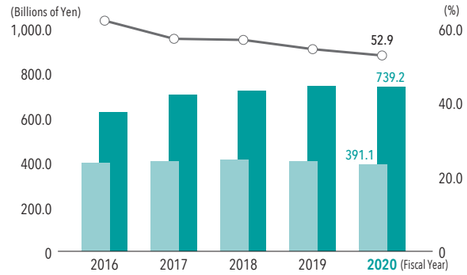
Net Income Attributable to Owners of the Parent*



* Net income attributable to owners of the parent

Despite the impact of lower fee income owing to COVID-19 and the booking of a net loss on mainly stocks, net income attributable to owners of the parent came in higher than target (¥140bn) because credit costs were well controlled.

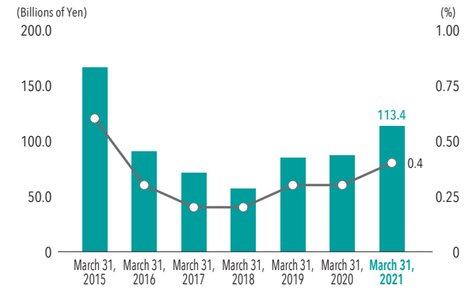
Fee Income Ratio*



* Net fees and commissions and related profit divided by gross business profit

The fee income ratio dipped but still remains elevated, because even though fee income declined, loan/investment-related income increased, including interest on loans and partnership investment earnings from higher share prices.

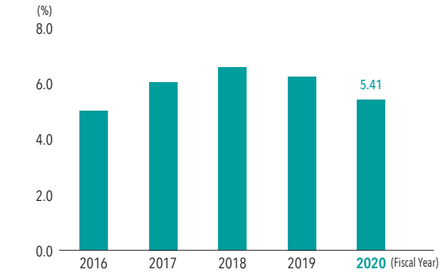
Non-Performing Loan Ratio*



* SuMi TRUST Bank (non-consolidated)

The non-performing loan ratio as of March 31, 2021 was still at a sound level of 0.4% versus total exposure of ¥31 trillion.

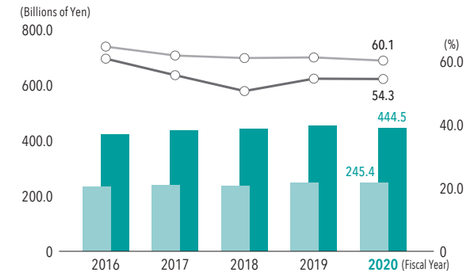
Return on Equity*



*See page 134 for calculation method

The decline in ROE owes to lower net income attributable to owners of the parent.

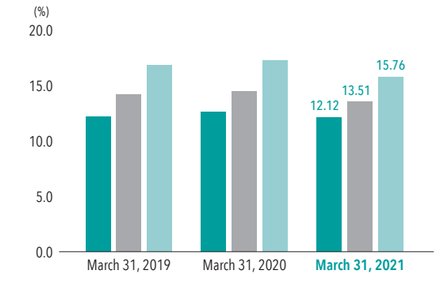
Overhead Ratio*1



*1 General and administrative expenses divided by substantial gross business profit
*2 SuMi TRUST Bank (non-consolidated)

General and administrative expenses decreased and the overhead ratio also declined mainly as a result of more efficient operations and the established online-based sales activities.

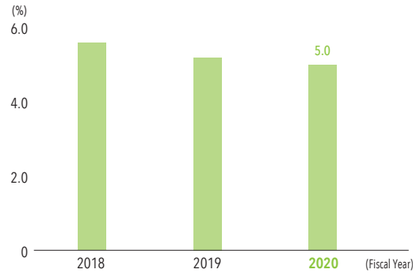
Capital Adequacy Ratios



All are sufficiently above capital adequacy requirements of banking regulations.

Non-financial Highlights

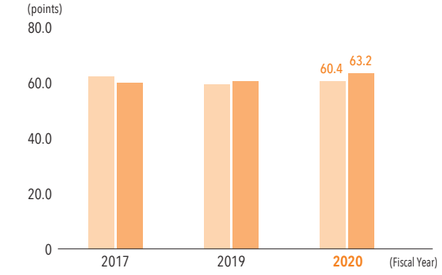
E Exposure to carbon-related assets



As of March 31, 2021, the percentage of loans exposed to carbon-related assets was 5.0%, down 0.2 ppt from March 31, 2020.

* Combined total for SuMi TRUST Bank and Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

S Employee awareness survey



* Not implemented in FY2018 due to content review

Every year SuMi TRUST Bank conducts an employee awareness survey targeting all employees so that their opinions can be communicated to management. In FY2020, positive scores (60 points) were maintained for both vitality and satisfaction—our standards for measuring employee engagement.

See page 109 for more details.

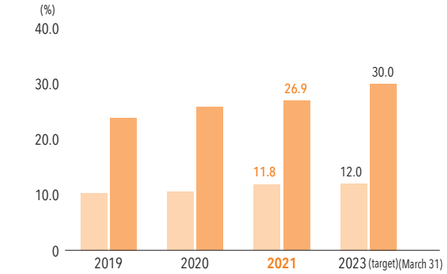
S MSCI rating

FY2020

AA

We aim to become the No. 1 financial institution for ESG management, as we reflect the perspectives of ESG investors in our management. We are acclaimed for our ESG efforts, such as receiving the top rating of a financial institution in Japan from MSCI, an influential research institution in the field. We have maintained our AA rating since 2016.

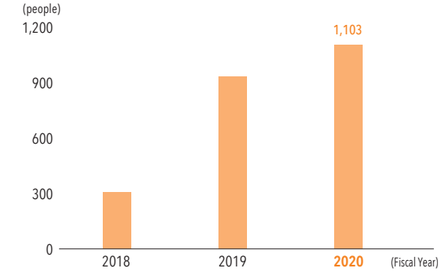
S Female employees in management positions



SuMi TRUST Bank achieved its initial target ahead of schedule and formulated a new action plan through to the end of March 2023.

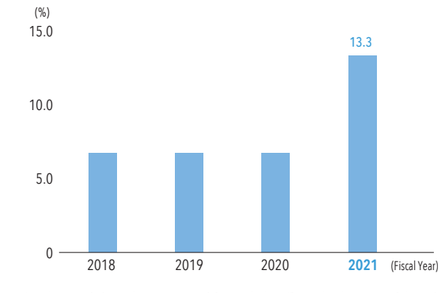
See page 109 for more details.

S "Gerontology Concierge" accreditation



With the aim of improving customer service skills and literacy so employees can better respond to clients with dementia, all section manager supervisors at SuMi TRUST Bank branches for retail clients are required to obtain "Gerontology Concierge" accreditation by passing an exam hosted by the Society for Applied Gerontology-Japan.

G Ratio of females on the Board of Directors



In determining the composition of the Board, due consideration is given to ensuring diversity and expertise among members. As part of this policy, one additional female director was added to the Board in FY2021, and we will endeavor to maintain diversity going forward.

See page 97 for more details.

Theme 2

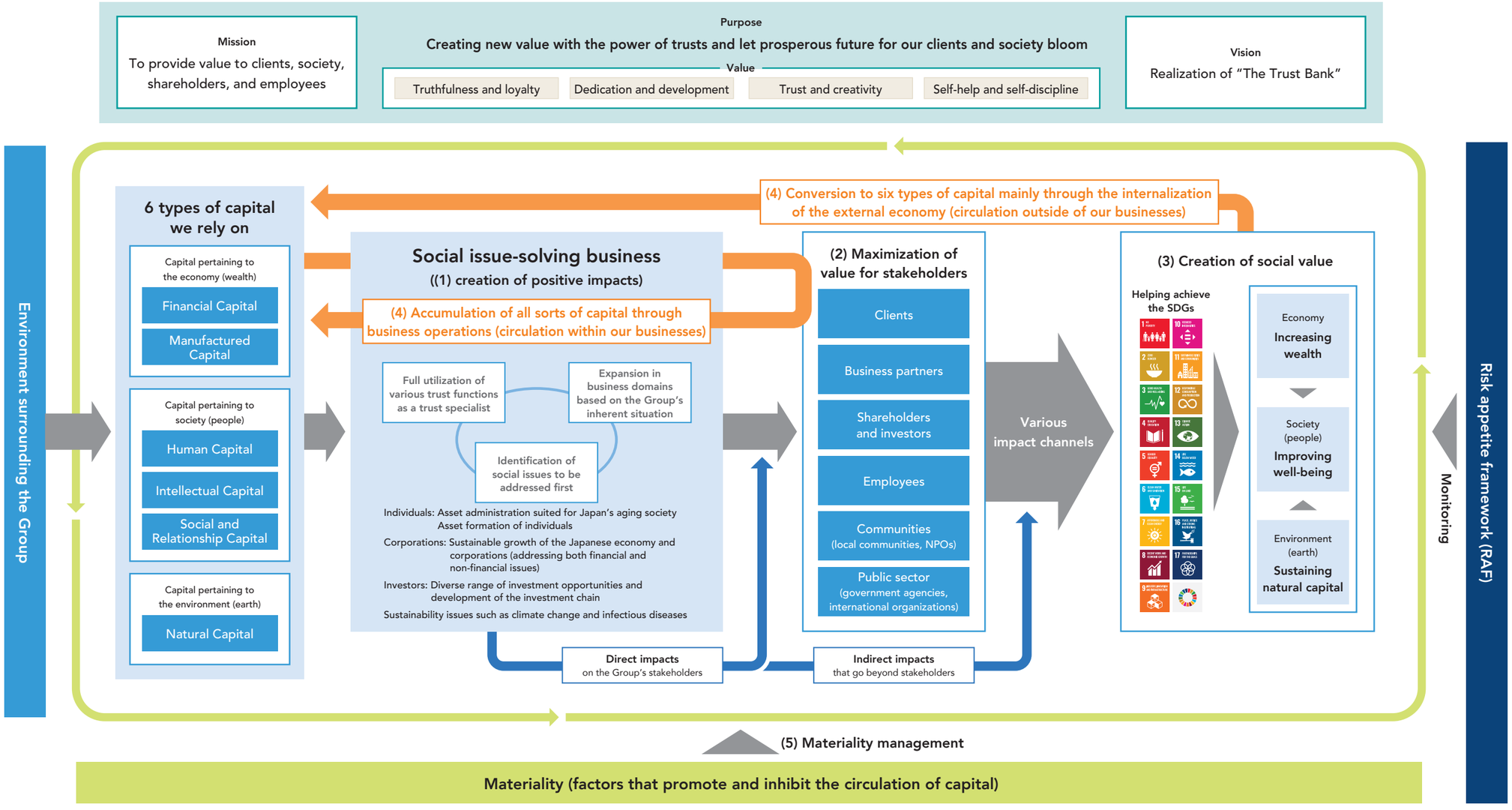
How do we create value?

With a business model comprised of banking, asset management and administration, and real estate services, the SuMi TRUST Group leverages its significant expertise and comprehensive capabilities to provide optimal and total solutions to all clients, whether they be individuals, corporations, or investors. Through our businesses that are geared towards solving social issues, we aim to balance the creation of both social and economic value by sparing no efforts to create positive impacts and limit the negative ones.

Process for the balanced creation of both social value and economic value

To achieve the balanced creation of both social value and economic value, we need to organically combine the process of creating positive impact while maximizing stakeholder value based on our reason for existence ("Purpose") with the process of sustainably strengthening our own financial and non-financial management foundation (six types of capital). Additionally, we must establish a system to appropriately manage these processes at the management level. We call this system the "value creation process."

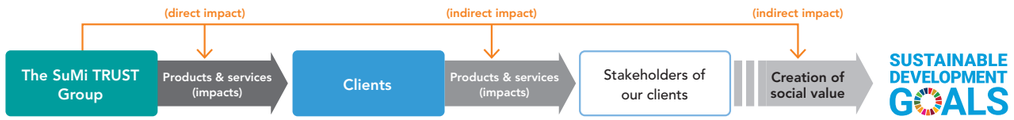
The SuMi TRUST Group has identified high-priority issues (materiality) that affect our value creation process over the medium-to-long-term, and we have classified them into three categories: (1) impact materiality—issues that are conducive to the generation of social value from social issue-solving business; (2) governance and management foundation materiality—issues that have an impact on the core elements of our value creation; and (3) financial materiality—issues that directly affect our financial performance. We implement materiality management so as to appropriately control the impacts of these issues within the constructs of a risk appetite framework (RAF). See page 43 for more details.



Creation of Impacts

(1) Creation of Positive Impacts

The balanced creation of both social value and economic value has been placed at the very core of our management philosophy in our Medium-Term Management Plan. In some cases, social value is created by our Group's corporate activities, but in many cases, it is created through the chain of effects from one stakeholder to the next. Our Group's social issue-solving business consists of activities that contribute to the realization of SDGs and ultimately create positive impacts and minimize negative impacts on the economy (Prosperity), society (People), and the environment (Planet).



	Examples of positive impact (To promote)	Examples of negative impact (To avoid)
Direct impact	Investments and loans to renewable energy projects	Sales of property funds with high investment weightings in buildings that are not environmentally friendly
Indirect impact	Consulting on information disclosure that clearly demonstrates processes for achieving the SDGs	Investments and loans to projects that contribute to increased greenhouse gas emissions in the long run

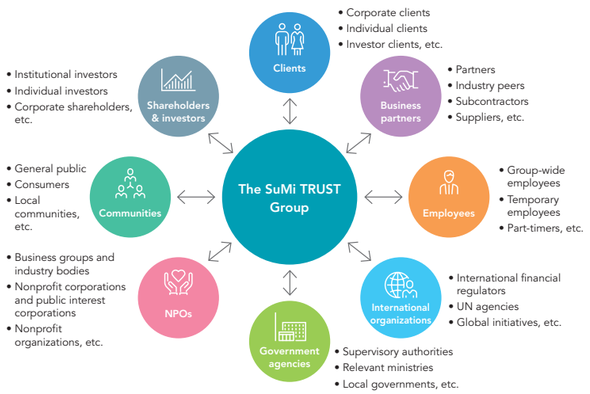
In our Medium-Term Management Plan, we identified three priority issues to be addressed in our social issue-solving business. In addition to issues such as climate change and the super-aged society, which we have traditionally focused on, we also plan to address new sustainability issues such as COVID-19 as a business.

On the other hand, there is a growing concern about previously unanticipated ESG risks, such as COVID-19 and climate change issues. As such, it is important not only to pursue business opportunities, but also to strengthen our resilience to these new risks.

Prioritizing three social issues			Key sustainability issues		
<Individuals> Asset administration suited for Japan's aging society and asset formation of individuals	<Corporations> Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)	<Investors> Diverse range of investment opportunities and development of the investment chain	Problems of climate change	Natural capital	Financial inclusion
			Problems in a super-aged society		COVID-19 issues

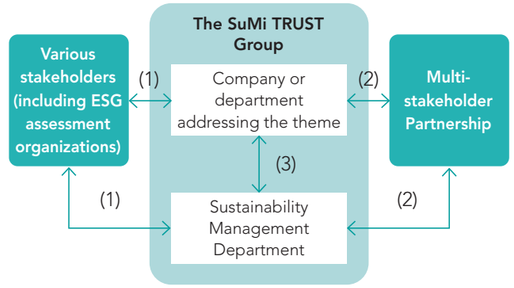
(2) Stakeholders of the Group

The SuMi TRUST Group lists clients, shareholders, employees, and society as stakeholders in its Management Principles ("Mission"), and clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities, and international institutions as major stakeholders in its basic policy on social responsibility ("Sustainability Policy"), and has declared that it will respect dialogue and play an active role in building a sustainable society. By identifying its stakeholders in this way, the Group is able to clearly understand how the Group relies on and impacts each stakeholder, providing a strategic foundation for the creation of social value.



Three Approaches to Stakeholder Engagement

The Group's stakeholder engagement is divided into three approaches: (1) direct engagement by relevant affiliates/relevant departments (in the case of SuMi TRUST Bank) according to the theme, (2) direct participation in multi-stakeholder partnerships by relevant affiliates/relevant departments, and (3) internal engagement by the Sustainability Management Department with relevant affiliates/relevant departments based on its own dialogue with stakeholders and information gathered from ESG assessment organizations. These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.

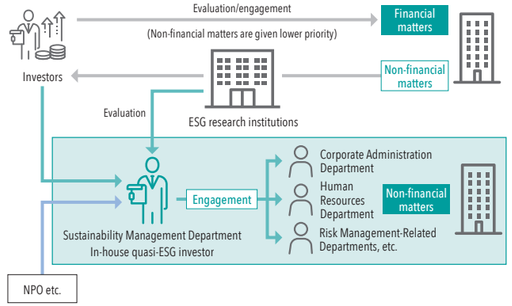


Internal Engagement

Our Sustainability Management Department engages in investor-like dialogue with relevant departments with respect to non-financial materiality items in the finance sector that ESG investors are most interested in and for which the Group's initiatives may face challenges in order to improve our approaches and enhance information disclosure.

We refer to this initiative as internal engagement, and its importance as a check and balance function based on an external perspective on day-to-day operations, different from the supervisory function of the Board of Directors from a management perspective, has been increasing over the years. The annual plan for internal engagement, results of initiatives, and progress of improvements are reported to the Board of Directors.

■ Internal Engagement



■ FY2020 Initiatives

Theme	Departments covered	Engagement points
Corporate governance	Human Resources Department, Corporate Secretariat	Emphasis on current issues pointed out by ESG assessment organizations
Human capital	Human Resources Department	The relationship between human capital and corporate value
Data security	Business Process Planning Department	Emphasis on current disclosure standards pointed out by ESG assessment organizations
Compliance	Compliance Department	Same as above
Risk management	Risk Management Department	Same as above
Climate change	Wholesale Business Planning Department	Current issues surrounding fossil fuels and policies to address them

(3) Positive Impacts Designed to Create Social Value

The Sustainable Development Goals (SDGs) are a collection of 17 goals intended to be achieved by the year 2030. In developing the SDGs, the United Nations identified the most pressing social issues the international community faces in terms of economy, society, and the environment. The creation of social value is one initiative contributing to the achievement of many of the SDGs, whilst setting off a chain reaction of positive impacts among multiple stakeholders.

It also enhances value for the economy (increase in wealth), society (improvement in people's well-being*), and the environment (sustaining the earth's natural capital). We think social value generated is the sum total of the increases in these three types of value.

* The World Health Organization (WHO) defines health as a state of complete physical, mental and social well-being.

(4) Circulation of Capital

The capital needed to execute business operations usually consists of cash, equipment, and other tangible assets that appear on financial statements, as well as intangible assets that do not convert so easily into money, like human resources, know-how, and networks. We must inject both financial and non-financial capital into our businesses and establish a mechanism through which our launching pad for growth is enhanced in a sustained manner by the (1) circulation of capital within our businesses, for example, the generation of profits and development of human resources through business execution, as well as client base expansion, and the (2) circulation of capital outside of our businesses whereby benefits that extend beyond the Group recirculates to the Group in the long term due to the internalization of the external economy. The framework demonstrated by the SuMi TRUST Group to circulate capital through social issue-solving businesses is part of our unique value creation process. It is a platform for incorporating so-called integrated thinking* into corporate management.

* The consideration of management from a medium- to long-term perspective utilizing all financial and non-financial capitals that depend on, and are affected by, the business model of the company

Capital		Three areas of value	The SuMi TRUST Group definitions and metrics (March 31, 2021 or FY2020 results)
Financial	Financial	Economy (wealth)	Capital: 9.4% common equity Tier 1 capital ratio (finalized Basel III standards) Total assets: ¥62trn
	Manufactured		Network: 150 offices in Japan, 10 offices overseas (optimally placed network)* SBI Sumishin Net Bank accounts: 4.51mn IT system expenses: ¥47.2bn*
Non-financial	Human	Society (people)	Consolidated employees: 22,139 Diversity & Inclusion: 11.8% weighting of women in section manager or higher positions* (target of at least 12% by March 31, 2023) Employee satisfaction survey: vitality level of 60.4, satisfaction level of 63.2* Employees with certifications: 7,356 registered real estate transaction agents, 44 fellows of the Institute of Actuaries of Japan, 271 financial consultants*
	Intellectual		Total training hours: 4,690; training costs: ¥342mn* Future creation activities (employee-driven ideas on new businesses): 188 applications from 368 applicants
	Social and relationship		High-quality business platform: assets under management of ¥122trn, assets under custody of ¥239trn (No. 1 for both among domestic financial institutions), total loan balance of ¥30trn (No. 5 among domestic banks), entrusted balance of securitized real estate of ¥20trn (No. 1 among trust banks), 1,648 client companies in stock transfer agency services business and 29.26mn shareholders under administration (No. 1 for both among trust banks) Potential "best partners": 270,000 individual clients and 620 corporate clients* (see page 27) Corporate brand: backed by Mitsui and Sumitomo's combined 400-year history of contributions to society and relationships of trust with clients Sustainability rating: MSCI ESG Rating of AA (No. 1 among domestic banks), FTSE ESG Rating of 3.6 (No. 2)*
	Natural	Environment (earth)	Common social capital is shared by all kinds of people and organizations and forms the basis for the existence of the Group itself and its stakeholders. The definition of natural capital according to the International Integrated Reporting Framework is "air, water, land, minerals and forests, biodiversity, and eco-system health."

* Asterisk denotes SuMi TRUST Bank only (non-consolidated)

To Deepen Integrated Thinking

Since adopting the value creation process of the International Integrated Reporting Council (IIRC) in FY2016, every year we have continued to deepen its content by incorporating our own original elements. In FY2017 and 2018 we introduced the concepts of capital circulation and impact considerations, respectively, to clarify the relationship between materiality and capital.

In FY2019 we clearly stated our reason for existence ("Purpose") and summarized the notion of social value by examining the chain of impacts (impact considerations). Now, with the aim of enhancing materiality management, we are defining capital and visualizing the relationship between impacts created and the generation of social value. And in light of the relationship between business circulation and materiality, we are endeavoring to establish a management methodology that includes the setting of KPIs. Specifically, our approach adheres to the following steps.

	Topic	Description
Step1	Definition and assessment of capital	Defining and assessing the capital in businesses that create impacts
Step2	Views on impacts and links to social value Circulation of capital	Visualizing what kind of processes create social value
Step3	Enhancement of materiality management	Managing the framework that encourages the social value creation process

At present, we are working on a way to connect the value creation process with our business portfolio analyses. By factoring non-financial capital perspectives into business portfolio analysis, we should be able to realize integrated thinking in the true sense.

(5) Materiality Management

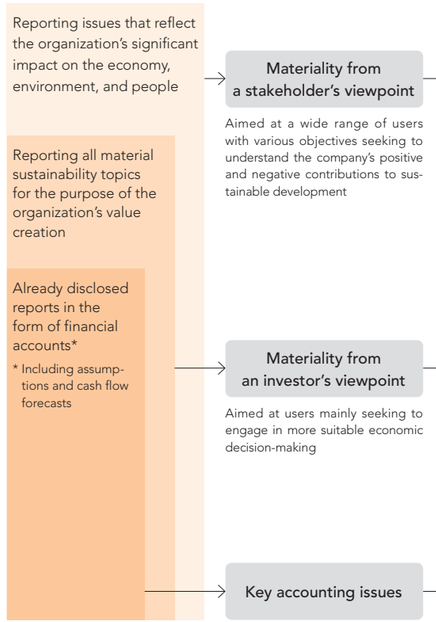
Materiality Identification Process

We consider materiality to be an event that has a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital and to be comprised of factors that either inhibit (bad cholesterol) or promote (good cholesterol) the circulation of capital.

The Company identified materiality in FY2015 and conducted a materiality review in FY2019. In the FY2015 identification process, the Executive Committee confirmed 14 items which had been selected from a list of 28 items that were considered highly important to a banking group after interviewing external directors, external experts, and relevant internal departments about their medium- to long-term impact on the Group's enterprise value and the Group's impact on stakeholders. In FY2019, we placed seven top risks selected as financial risk events that have a significant impact on management alongside the original 14 issues of materiality and sorted out those that overlapped or were very similar. We changed the names of some as required and then added five new ones, including climate change and financial inclusion. That gave us a total of 17 issues, as shown in the table below. All issues were discussed by the Executive Committee, advisory committees, and the management team before being approved by the Board of Directors.

Three Materiality Categories

Discussions about how to approach materiality are gaining momentum worldwide. Considering this trend, in FY2020 we incorporated the unified concept of materiality outlined in some of the leading international standards (GRI, SASB, IIRC, CDP, CDSB) for information disclosure and classified our materiality into three categories. To be more precise, we categorized the SuMi TRUST Group's materiality as either "impact materiality" (the positive or negative impacts our corporate activities have on the economy, society, and the environment), "governance and management foundation materiality" (the issues that impact the core elements of our value creation), or "financial materiality" (the issues that directly affect financial performance). We have also identified which kind of capital each materiality issue is mostly connected to in terms of the circulation of capital, and in addition to understanding the significance of, and managing, materiality as part of the value creation process, we make use of internal engagement (see page 41) and other methods to ensure we manage materiality appropriately.



Type	Materiality	Risk	Opportunity	Main relevant capital
Impact Materiality	Pursuing sustainability-themed business opportunities		●	Intellectual capital
	Considering impacts on society and the business environment of companies to whom we extend investments and loans	●		Social and Relationship capital
	Financial inclusion		●	Social and Relationship capital
	Population decline and super-aged society issues	●	●	Social and Relationship capital
	Climate change	●	●	Natural capital
	Technological (digital) innovation	●	●	Intellectual capital
Management Foundation Materiality	Corporate governance	●	●	All capital
	Risk management and resilience	●		Financial capital
	Systems maintenance and combatting cyber attacks	●		Manufactured capital
	Bolstering human resources and developing workplace environments	●	●	Human capital
	Protecting personal information and client data	●		Intellectual capital
	Safety of financial instruments	●		Intellectual capital
	Compliance	●		Social and Relationship capital
	Client-orientated approach / fiduciary duty	●	●	Social and Relationship capital
	Stability of financial system	●		Financial capital
Financial Materiality	Preserving financial capital	●		Financial capital
	Acquiring sustained earnings	●		Financial capital

Initiatives for the development and active participation of highly specialized personnel (specialists)







Futoshi Itani　Senior Managing Executive Officer Head of Human Resources, SuMi TRUST Holdings



Aiming to be the No.1 financial group for HR development and HR participation

The SuMi TRUST Group has a broad range of business domains and the specialists who possess extensive knowledge and experience in each business are committed to solving issues for clients and society, whilst creating new value. The development and active participation of human resources is the cornerstone of the Group's value creation and the source of our competitiveness.

Environment awareness

In this age of VUCA* where various types of technology are evolving on a seemingly daily basis and changes are occurring at a dizzying pace, the financial industry as a whole, including the SuMi TRUST Group, will have no option but to instigate major changes of its own.

Ever since our establishment, the SuMi TRUST Group has provided a number of products and services dedicated to solving the issues of clients and society.

Last fiscal year when our new Medium-Term Management Plan was launched, we explicitly defined that the our reason for existence ("Purpose"), of the SuMi TRUST Group is "to create new value with the power of trusts and let prosperous future for our clients and society bloom." Employee diversity, significant expertise, and wealth of experience are indispensable to achieving this "Purpose." With the advent of a so-called "age of 100-year life," it is necessary that each and every employee can continue to work enthusiastically for a longer period of time so that the SuMi TRUST Group can always create value. With this in mind, we are implementing various initiatives with the primary focus of strengthening human capital so that we can lay claim to being the No.1 financial group for both HR development and HR participation.

Through such initiatives, we seek to bring happiness to our clients and society by enhancing the well-being of all employees and providing added value whilst identifying with the Company's "Purpose." In this way, by aiming to contribute to the well-being of society at large, we can ultimately improve the well-being of the Group's employees (also members of society), which in turn plays a part in the formation of a virtuous circulation that generates value creation.

* Volatility, uncertainty, complexity, and ambiguity

Aiming to be No.1 for HR development

The expertise of every single employee is what underpins the SuMi TRUST Group's "power of trusts." And it is vital that employees not just equip themselves with this expertise, but share it with their fellow colleagues to stimulate one another. We believe the chemical reaction caused by this activity presents opportunities to generate new value. As a forum to facilitate such activities, we have established the SuMiTRUST University within the SuMi TRUST Group so that employees can come together and further their learning in the age of 100-year life. A wide range of learning opportunities are provided mainly through the original curriculum from which employees can freely and at any time learn the special knowledge they would like to acquire and lectures on such subjects as business skills, digital technology, and the liberal arts. More recently, we have focused on providing more content with the use of videos and online conferencing tools so that employees have more opportunities to engage in online learning at any time and from any location. Also, we are organizing seminars for employees with similar interests to discuss topics of research with people they would otherwise not usually meet in the course of their work duties and we are pushing ahead with the building of a social network that allows fellow employees freely exchange information about learning. There is no doubt that the SuMiTRUST University continues to evolve into a learning platform on which employees can meet people and encounter new knowledge. We have already seen some employees take the initiative to set up their own English study group and it is these kinds of activities that we hope to actively support going forward.

In addition to learning opportunities, with the aim of having employees start to shape their own careers while they are still relatively young, SuMi TRUST Bank runs a training and development program for young employees so that new recruits can experience working in multiple businesses within their first five years. This program enables employees to gain a solid understanding of their own strengths and challenges from multiple angles when they are still young and helps them begin their journey as professionals at an early stage. Furthermore, to assist the efforts of our employees to carve out a career on their own accord, since FY2017 we have held in-house business briefings for each of our businesses. These briefings more or less resemble an in-house job fair where employees can hear directly from other employees about the type of work they do, what motivates them, and advice on forging a career. Around 400 mainly younger employees usually attend these briefings. These initiatives lead to more employees actively applying for new positions and challenges under our internal job posting system.

Aiming to be No.1 for HR participation

In addition to being No.1 for human resource development, we are endeavoring, on a daily basis, to strengthen our initiatives with the aim of becoming No.1 for human resource participation so that everyone in our diverse workforce can play an active role.

Key to achieving this goal of becoming No.1 for human resource participation is being able to strike the right balance between expertise and diversity and having the fields in which employees can excel. We have introduced a number of schemes and support services so that all employees, regardless of age, gender, or lifestyle, are offered the opportunity to play various roles at the Group.

For instance, SuMi TRUST Bank provides study assistance to new recruits before they are assigned a position if they wish to acquire a highly specialized qualification, such as pension actuary or real estate appraiser. Also, around 20 new employees every year take up the challenge of taking part in the "work challenge system," which can limit the duties assigned to a new recruit to, for example, the Fiduciary Services Business or Global Markets Business. Furthermore, in an effort to strengthen leadership, for more than 19 years the Bank has continued to run a program to develop next-generation executive candidates in cooperation with Hitotsubashi University Graduate School. Candidates receive instructions on the values, culture, and MBA elements required for management and complete the program by presenting a proposal to senior executives.

For quite some time now, the SuMi TRUST Group has actively promoted the recruitment of mid-career hires in order to realize a better balance of expertise and diversity. Since the management integration in 2012, SuMi TRUST Bank has recruited a total of approximately 600 mid-career hires and as of April 2021 they make up roughly 20% of all career-course employees.

Further, the Group's older employees that possess significant expertise and skills are certified as "Fellows." One of their roles is to pass on their expertise and skills and guide and nurture the next-generation. With the aim of further expanding their opportunities in the age of 100-year life and bringing to bear the specialist knowledge they have accumulated thus far, SuMi TRUST Bank extended the mandatory retirement age to 65 (previously 60) in April 2021. In terms of compensation for employees eligible for the extended retirement age, we incorporated a job concept into our compensation system, which means an employee's role and compensation will differ depending on skills and experience.

Thoughts on HR development and participation

The employees of the SuMi TRUST Group are the most important "capital" that we cannot do without if we are to leverage the power of trusts to continuously create new value for our clients and society. And for every individual employee to continue to shine, we believe the development and participation of human resources is crucial. Developing places of learning to increase specialist knowledge centering on the SuMiTRUST University and creating workplace environments in which a diverse workforce can continue to thrive in various places are the very actions that will assist all of our employees lead more fulfilling lives in the era of 100-year life. By extension, we believe this will improve the Group's capacity to create value and ultimately help solve social issues.



Driving the virtuous circulation process by achieving well-being



Miyo Yajima

Executive Officer,
SuMi TRUST Holdings

In aiming to realize the well-being of the SuMi TRUST Group's employees, and also to contribute to the well-being of our clients and society, we seek to establish personnel systems and workplace environments that are well-suited to diverse working styles and values. We are also working to raise awareness about the Group's "Purpose," improve employee engagement, and encourage diversity and inclusion. The message about "letting prosperous future for our clients and society bloom," as stated in the Group's "Purpose," also conveys the hope that our clients and society will achieve a state of well-being. Achieving it will give birth to a sense of reward, joy, accomplishment, and fulfilment, which will also fuel a state of well-being among the Group's employees (also members of society). And when our employees feel physically, mentally, and socially healthy and enjoy a sense of well-being, they can provide even higher added value to clients. We will pursue activities that generate this virtuous circulation process.

Purpose of the Worksites that Supports the "Power of Trusts"

The Group's reason for existence ("Purpose"), that is "to create new value with the power of trusts and let prosperous future for our clients and society bloom," is practiced at each workplace.

* Affiliated departments are as of the time of the interviews

Interview | **01** | **Toshiharu Ueki**

Fellow Supervisor Financial Consultant,
Nihombashi Business Department, SuMi TRUST Bank



Listen to the voice of our clients

SuMi TRUST Bank has approximately 270 certified financial consultants working actively throughout Japan. Financial consultants stand close beside their individual clients for many years, assuming a role in proposing professional solutions for complex issues related to the investment, management, and succession of assets. As a financial consultant, I provide support to other financial consultants and give lectures at training and seminars while offering advice to clients at branch offices.

Since I also hold a private qualification as an industrial counselor, my style is focused on attentive hearing. Attentive hearing involves listening, not to superficial words, but to the deeper inner voices of clients. Or, in other words, picking up the true needs that lie at their subconscious level. But, unlike counselors, consultants have value only in their ability to offer precise solutions as specialists. We are able to respond to any inquiry by making use of the broad problem-solving functions of a trust bank and the support from lawyers and tax accountants.

It could be that clients are expecting a sense of security rather than solutions from us. Recently, I received a visit from a couple who attended one of the inheritance-related seminars I gave two years ago. They owned many real estate properties throughout Japan, but the husband was given three months to live and came to me to set up a will trust. After listening to their situation, my advice was they "need not make a testament document." Their family was amicable, and I determined that our Bank's inheritance settlement services was sufficient without having to prepare a testament document which would require one to two months. "I promise to take responsibility and execute the inheritance procedures smoothly. Please use the remainder of your valuable time to create memories with your family, not to prepare a testament," I told them. They looked surprised for a moment, but soon showed an expression of relief. The husband smiled and said, "I want to go to an onsen (hot spring spa) with my family," which left a strong impression on me. Then, merely two weeks later, the husband died peacefully surrounded by his family. I heard that despite the short time left before his passing, he spent a tranquil, memorable time with his family. Currently, the inheritance procedures for this client is going smoothly. The true expectation of this client was not for us to draft his testament, but to ensure that his beloved family would live happily after his death. I think I was able to offer the right solution to realize his true wishes.

I wish to continue honing my skills to offer solutions that are in line with the intentions of clients and contribute to the happiness of clients as we cry and laugh together.

Interview | **02** | **Miwa Karakida**

Sumitomo Mitsui Trust Future Assets Institute, SuMi TRUST Bank



Aiming to enhance financial literacy for the future

When I was first stationed to a branch office as a new hire, I was astonished to find out how many clients did not notice us until they receive their retirement benefits, despite the fact that trust banks have diverse functionalities to build their future living upon. At the same time, I felt the need for people to understand the importance of financial literacy and act accordingly, not after they retire, but while they are still actively working, because in Japan, we have little opportunity in school or at work to learn about finance. And I became even more motivated to contribute to the future of people by promoting such understanding. In an age when it will be normal for people to live beyond 100 years old, we must look further ahead when we plan our lives.

That is why, after being assigned to the Life Plan Advisory Business Department, I proposed the launch of the Future Assets Institute where we can offer individual clients information on asset formation from a neutral and objective perspective. The proposal was adopted, so now my job at the Future Assets Institute includes conducting research, writing reports, and holding seminars.

The Future Assets Institute tries to focus on providing out of the ordinary, original information, and conducts a questionnaire survey every year of roughly 10,000 respondents to analyze the latest trends from various aspects. We also utilize our strength as a trust bank in providing solutions for both the asset side and the liability side, and aim to offer unique information on both assets and liabilities.

For example, we release the results on people's attitudes, actions, and choices they make towards home loans and asset formation, analyzing them from various aspects such as by generation, family structure, and income level.

Such analysis will reflect information that is more realistic and based on more personally identifiable terms, not just some common figures that are mere average of generally known data. Through the dissemination of such information, we wish to provide an opportunity to think more seriously about issues like your future living, balance between household assets and liabilities. I hope that the activities of the Future Assets Institute will be of some help to improve the financial literacy of many people, and contribute to the realization of their prosperous future.

Interview | **03** | **Hiroshi Kunimitsu**

Head Office Sales Center, Sumitomo Mitsui Trust Realty

Real estate brokerage that live up to the expectation of our clients

I have been with Sumitomo Mitsui Trust Realty for almost 16 years, engaged in real estate brokerage for individual clients. We receive inquiries on revenue-generating properties for leasing purposes, but most of our clients contact us to sell and purchase their own homes. Clients contact us through various channels, for example, over the internet, or by introduction from past clients or regional banks and brokerage companies.



But the majority of our clients are referred to us by the staff at the counters and financial consultants of SuMi TRUST Bank, so I feel that their trust in our Group and the sense of security are our great strengths.

Particularly, in recent years, due to an aging society, there are many inquiries related to inheritance. When someone close passes away and you are worried about how to handle the various personal assets that you inherit, you can seek the advice of SuMi TRUST Bank for financial assets and Sumitomo Mitsui Trust Realty for real estate assets. In other words, we can offer a one-stop service of professional, comprehensive support within our Group.

Real estate properties to individual clients are just like any other asset in a sense that they must consider their future asset formation and life plans from various angles before making decisions on how to dispose them. Meanwhile, real estate is a special asset because the price is higher than other assets and individual clients have limited opportunities in life to deal with them. That is why people are much more emotionally attached to and obsessed about real estate compared to other assets. I think that our added value is our ability to offer convincing proposals that are based on our effort to understand such feelings and to give full attention to clients.

Interview | **04** | **Saori Tamano**

Real Estate Trust and Advisory Department, SuMi TRUST Bank



Support real estate development projects of clients by leveraging our diverse real estate functions

As a new hire I was stationed to the sales division for individual clients, but I was granted a transfer to the real estate business using the job posting system, which was my first choice because I majored in architecture in university. Currently I am in charge of managing projects to implement real estate development of corporate clients. The Bank implements such projects as effective utilization of decrepit buildings and underutilized real estate and redevelopment of old factory sites on behalf of our clients. We conduct detailed analysis and evaluation of the target property in advance, studying the attributes to identify the most appropriate usage and determining how much revenue could be generated by leasing through marketing research. Our scope of business is to execute the entire project, including such validation as well as providing support for negotiation and coordination with design firms, general contractors, and administrative bodies and support for cost optimization, soliciting tenants, and providing management and operation support after completion.

While being a bank, the Bank has many employees holding professional qualifications such as first class architects and real estate appraisers, and is equipped with a full line of functionalities necessary to develop real estate properties from development, architectural design, facility management, brokerage, appraisal, and financing. These functions must be integrated in order to provide one-stop support of the entire process over a very long project period of real estate development, from the conceptual phase through completion and operation, and that is the role of the development promotion team that I belong to.

We work to gain a deep understanding on the clients' real estate holding and operation policies and on the positioning of projects within their business strategies, and aligned with the clients' intentions, carefully consider the market conditions and applicable legal risks from the perspective of real estate professionals to implement the optimal proposals. Our proposals also emphasize the importance of improving the performance of buildings themselves, including earthquake resistance and environmental performances that are receiving increased attention.

A development project would normally take several years from the conceptual phase through completion and operation. Large-scale development projects involving the surrounding areas could impact the entire city. I hope to continue making proposals and implementing projects that make our clients happy when the buildings are completed, change the flow of people around those buildings, and invigorate the surrounding community.

→ Continued on Page 78.

FEATURE STORY
— 02 —
Quality

Initiatives to Enhance and Sophisticate Operational Quality

Last year, it became evident that SuMi TRUST Bank has been handling the operations for the tallying of the voting rights exercise forms for the general meeting of shareholders of client companies in an inappropriate manner for many years. There was also a case of misconduct in which a former employee of SuMi TRUST Bank embezzled client funds. These incidents undermine the expectations and trust of clients and society towards our Group, and we have taken the issues very seriously.

We acknowledge anew that maintaining high operational quality is the source of strength of our trust banking Group and the foundation that earns the trust of our clients and society. We will strive to enhance and sophisticate our operational quality in order to respond to and exceed the expectations of stakeholders.

1 Process of Remedial Actions

(1) Identify structural issues

We identified the structural issues inherent to the Group through interviews with each business and business management department.

(See 2. Structural Issues of the Group for details)

(2) Strengthen organizational functions

We strengthened the functions of the organization, including defining the roles of the organization in the action towards resolving the structural issues identified in (1).

(See 3. Specific Actions for details)

(3) Develop an operational structure to improve operational quality autonomously

We are undertaking step-by-step actions to ensure the effectiveness of organizational functions, embed risk culture in the organization, and develop a robust operational structure that can improve operation quality continuously and autonomously.

(Initiatives for FY2021 and beyond)

2 Structural Issues of the Group

Supervision across the Group

To date, the Group has had control functions within the Holdings company to supervise the Group companies. However, in light of the incidents that occurred last year, we acknowledged the need to improve our management and planning functions that can drive the strategies of other Group companies and optimize the allocation of resources in a manner that suits the operational features that are unique to a trust bank group.

Risk management system that suits the trust business

Trust business requires significant expertise. Therefore, the Group acknowledge the need to strengthen the Three Lines of Defense*, in which each business that is well-versed in its operation will serve as the first line of defense (hereinafter, "First Line") to first undertake autonomous PDCA as the main actor to identify, evaluate, and control risks; then, the risk management departments as the second line of defense ("Second Line") will plan the necessary framework for such PDCA and oversee the Group to manage the risks; and lastly, the Internal Audit Department, or the third line of defense ("Third Line") will provide comprehensive assurance over the entire framework from an objective standpoint.

* See page 117 for details.

Sophistication of operational processes

Enhancing and sophisticating operational quality should not be temporary initiatives—continuous efforts are crucial. We acknowledge the need to develop a function to monitor the status of the processes as well as the associated risks and resources on an ongoing basis and to oversee them in their entirety.

3 Specific Actions

In view of the Group's structural issues, we will aim to build a framework that can enhance and sophisticate autonomous and continuous operational processes.

(1) Restructure the risk management structure

1) Strengthening of supervisory functions over Group companies

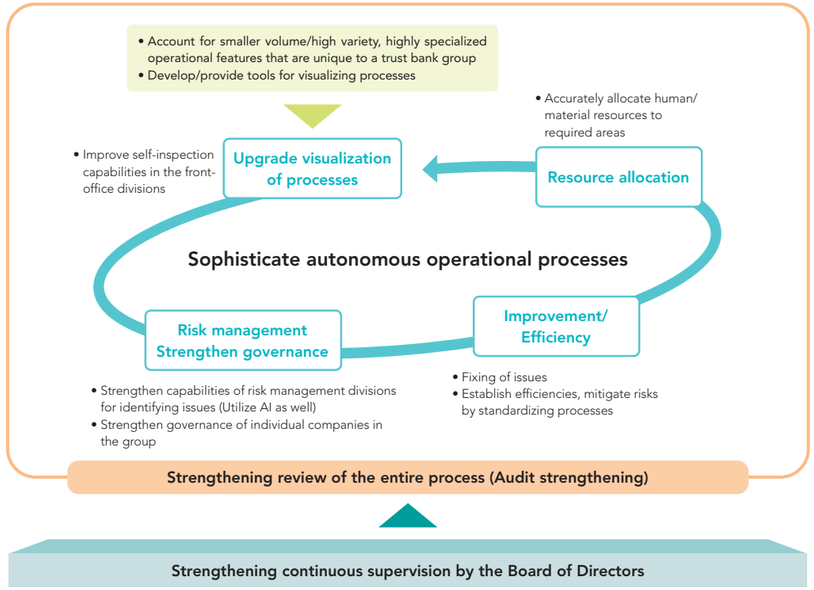
In an aim to drive the strategies of other Group companies and optimize the allocation of resources, we established an Affiliates Management Department to consolidate and strengthen the supervisory functions over Group companies within the Corporate Planning Department including the Asset Management Business Planning Department.

2) Strengthening of supervisory functions over the operational processes

We added the functions to manage operational quality and operational risks within the Business Process Management Department of SuMi TRUST Bank. In addition, we clarified that the Business Process Management Department of Sumitomo Mitsui Trust Holding is responsible for management and supervision of all the operation quality and quality verification functions across the entire Group, working to evaluate and sophisticate each business process based on a unified standard.

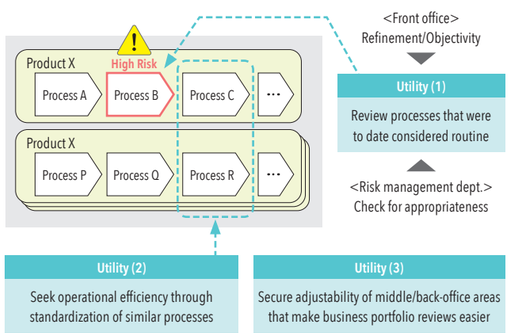
(2) Enhance visualization of the processes

In order to make the Three Lines of Defense model work effectively, we must better visualize the processes and continually monitor and optimize the value chain of the entire Group. With better visualization of the processes, we can redevelop from scratch any process that were to date considered routine and eliminate potential risks at the First Line.



By conducting objective reviews of the visualized processes, the Second Line can strengthen its capability to detect problems within the process, and the Third Line can improve the effectiveness of the audits. By clearly defining the roles of the First, Second, and Third Lines of Defense as such and establishing common ground for risk awareness, we can promote mutual understanding, which will lead to preventing the occurrence of potential risks and fostering risk culture.

The visualization of processes can also help us identify similar operations that were handled by different departments within the Group. We will seek to increase efficiency and reduce costs by standardizing the similar operations that are identified. In addition, obtaining and managing quantitative information on resources that are necessary to execute the operational processes will facilitate business portfolio reviews and enable us to enact faster and more flexible decision-making that meets the needs of clients and society.



(3) Strengthening supervision by the Board of Directors

The Board of Directors receives regular reports on the status of these initiatives from the Internal Audit Department and Audit Committee, exercises supervision on an ongoing basis, and provides appropriate advice and recommendations depending on the status of the initiatives. In particular, we will focus our supervision on the following points to further strengthen the internal controls over the entire Group: (1) status of initiatives to enhance/sophisticate operational quality; (2) status of instilling sound corporate culture; (3) status of the effects of internal control functions based on communication and containment of information; and (4) status of the effects of the Board of Directors' check and balance function over management.

Report on the Inappropriate Tallying of Voting Rights Exercise Forms by the Group

Recognition of Inappropriate Handling in Certain Parts of the Operation for the Tallying of Voting Rights Exercise Forms

Sumitomo Mitsui Trust Bank announced in September 2020 that there has been some inappropriate handling in the operations for the tallying of voting rights exercise forms ("Voting Rights Exercise Forms") for the general meetings of shareholders (hereinafter, "Tallying Operations"), entrusted by our client companies (hereinafter, "Entrusting Companies") to the Bank and its consolidated subsidiaries, Tokyo Securities Transfer Agent, and Japan Securities Agents.

The Group entrusts its Tallying Operations to Japan Stockholders Data Service Company (hereinafter, "JaSt"). JaSt has been coordinating with the post office in order to secure time to conduct the tallying of large volumes of Voting Rights Exercise Forms during the busy months of March, May, and June each year, when there is a concentration of AGMs. JaSt has been receiving and tallying the posted Voting Rights Exercise Forms on the day prior to the delivery date on which the prescribed postal office tasks relating to said items were to be completed. The post office had been issuing a Certificate of Delivery that bore the date on which the Voting Rights Exercise Forms should have been delivered to JaSt. As a result, the Voting Rights Exercise Forms were deemed to have been received on the date on the Certificate of Delivery, and JaSt had been conducting the Tallying Operations based on the date on the Certificate of Delivery (the series of processing described above is referred to as "forward processing").

Forward processing had been a long-standing practice, but in response to a request for investigation on the Tallying Operations from one of the Entrusting Companies, in September 2020 we set up a Stock Transfer Agency Services & Process Verification PT (hereinafter, "the PT") as a cross-sectoral organization between the Company and SuMi TRUST Bank including outside legal counsel to conduct a review. As a result, we came to recognize that certain parts of the Tallying Operations were handled inappropriately.

The PT was initially led by the officer in charge of the Compliance Department, and then by the President of SuMi TRUST Bank as the PT Manager from October 2020. In order to ensure a high level of independence, neutrality, and transparency, the PT consisted mainly of outside counsel and employees of various risk management departments who are responsible for monitoring and supervising the stock transfer agency services business from an independent standpoint. Based on the results of internal investigation conducted by the PT, SuMi TRUST Bank undertook cause analysis of the incident, formulated measures to prevent recurrence including the implementation of a new tallying system, and on December 17, 2020, announced the measures together with a statement on the clarification of responsibility of the incident.

We acknowledge that the major causes of the incident included the following:

(1) Insufficient verification upon implementation of forward processing

We believe that the direct cause of the incident was that verification, at the time of implementing forward processing and upon revising the working-level rules thereafter, was not sufficiently conducted.

(2) Framework for legal compliance

Focus was placed on following the predetermined working-level rules, lacking efforts to verify legality or appropriateness of the rules themselves.

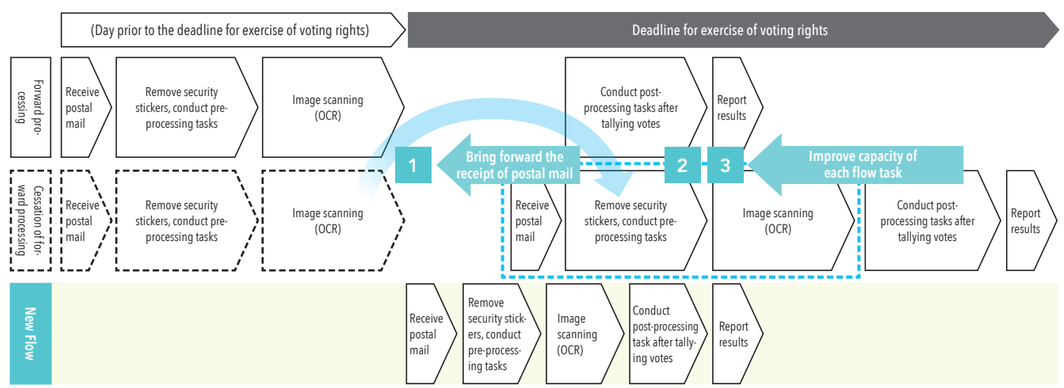
(3) Entrenched posting of staff

We placed emphasis on the specialized nature of the operation and restricted staff rotation, reducing opportunities to reexamine the operation from a new perspective.

Implementation of a New Tallying Flow and Improvement of Capacity for Tallying Tasks

We ceased forward processing immediately after the discovery of the incident in September 2020. We changed the method of receiving Voting Rights Exercise Forms after confirming, through a review by outside legal counsel, the appropriate and legality of a new tallying method. Instead of receiving the Voting Rights Exercise Forms by delivery from the post office, we have established a post office box where we collect the Voting Rights Exercise Forms. The new method has been implemented for the Tallying Operations for AGMs of Entrusted Companies convened in March 2021, the first busy month since the occurrence of the incident. In addition, we have increased staffing and system devices, and improved capacity for tallying tasks by improving system functionalities so that we can complete the Tallying Operations based on the actual dates the Voting Rights Exercise Forms are received from the post office even during the busy months. Currently, the Tallying Operation is being conducted in a strict and smooth manner under the newly implemented tallying method.

Revisions to the Tallying Operation Flow	
1	Bring forward the receipt of postal mail (by use of a post office box at the Shin-Tokyo Post Office)
2	Increase equipment and improve system functionalities
3	Increase staffing for Tallying Operations



Measures to Prevent Recurrence in Response to the Incident

Giving due consideration to the lessons learned and cause analysis of the incident, the Group will endeavor to prevent recurrence through the following initiatives.

Framework for legal compliance, etc.	• Further strengthen the involvement of the Legal and Compliance divisions in reviewing the legality of rules regarding operations entrusted to Group companies and external business operators
Outsourcing management	• Conduct detailed management of the status of business operations of companies that are entrusted with important operation depending on the degree of legal and other risks involved in the entrusted operations and the degree of impact on stakeholders
Internal audit structure	• Place greater emphasis on the effectiveness of our legal compliance system and enhance the effectiveness of audits, including audits of Group companies
Fiduciary duties	• Expand and strengthen the education and guidance for employees, including Group company employees, in order to foster thorough awareness of the fiduciary duties to clients, shareholders of clients, and other stakeholders in the value chain of the services that we provide

In addition to the above, the Group will implement the following initiatives for the stock transfer agency services business to prevent recurrence.

Strengthen our organizational structure and management system	• Strengthen the compliance/risk management functions and secure the independence of the organization • Improve the monitoring function, including legal compliance, overseeing the Group companies
Develop human resources and increase awareness of compliance	• Strengthen in-house training • Identify job site issues from bottom up • Rotate human resources in a planned manner to avoid entrenched posting and to develop talents

Efforts to Promote the Electronic Exercise of Voting Rights

Part of the background to the incident was the fact that a large number of voting rights are exercised in writing in the busy months when the dates of AGMs are concentrated, which results in a massive expansion of the Tallying Operations during these periods. In an aim to achieve a more accurate and speedy operations for the tallying of exercised voting rights and to promote a highly convenient electronic voting scheme for shareholders of Entrusting Companies, our Group will undertake initiatives for the promotion of electronic voting from two directions: expanding the user base of Entrusting Companies that employ electronic voting; and encouraging the use of electronic voting among individual shareholders who account for the majority of voting rights exercised.

Initiatives toward expanding the user base of Entrusting Companies that employ electronic voting

- After March 2021, we promoted the use of electronic voting by reducing the costs of adopting electronic voting incurred by Entrusting Companies. As a result, 919 client companies entrusting services to SuMi TRUST Bank have employed electronic voting (an increase of 281 companies from the previous fiscal year; 66.3% adoption rate) as of June 2021.
- Through the expansion of user base of companies employing electronic voting, 94.1% of the shareholders of companies that convened their AGMs in June 2021 were offered the option to vote electronically.

Promoting the use of electronic voting by individual shareholders which accounts for the majority of voting rights exercised

- We launched a present campaign*1 to raise recognition and promote the use of voting by smartphone (hereinafter, "Smart Exercise") which offers a highly convenient voting method using QR codes. As a result, 435 Entrusting Companies that held their AGMs in May–June 2021 participated in the campaign.
- Of the Entrusting Companies that participated in the present campaign*2, the percentage of voting rights exercised on or before the date of the AGMs increased significantly to 44.4% (up 8.4% year on year).
- Of the total voting rights exercised, the percentage of Smart Exercise votes came to 52.5%, indicating the effects of our promotion of electronic voting.

1	Promotion of exercising voting electronically (exercise of voting rights using PCs and smartphones)
2	Initiatives towards expanding the use of electronic voting platforms
3	Measures to support virtual shareholder meetings and digitalization of AGMs

In addition, we are also undertaking initiatives to promote the highly convenient electronic voting among institutional investors. To encourage the use of electronic voting platforms*3 to be used by institutional investors to exercise their voting rights, we are actively encouraging issuing companies to participate. Furthermore, we have held discussions between relevant parties and made some progress in simplifying/eliminating the process of obtaining individual consent of each asset owner, which is a requirement in using the platforms through an asset administration bank.

The Group recognizes anew its responsibility as a trust bank group to serve as the backbone of corporate governance and to meet social expectations for steady and robust execution of operations, and we will endeavor to contribute to the sound development of capital markets.

*1 A campaign in which shareholders who used Smart Exercise to exercise their voting rights and responded to a questionnaire after using Smart Exercise were offered a chance to win QUO prepaid card

*2 Counts for 153 companies that concluded their AGMs between May 1 and June 23, 2021

*3 A service offered by ICJ, Inc.

External Director Interview



The Audit Committee utilizes the Group's internal control system to conduct audits in an organized and efficient manner. We interviewed Mr. Shinichi Saito, External Director and Chairperson of the Audit Committee, about the Audit Committee's response to the misconducts that occurred in the Group last year, including the issue of improper tallying operations of voting rights exercise forms, as well as the Committee's approach to governance.

Q How do you view the issue that came to light in the past year with regard to inappropriate handling of the SuMi TRUST Group's tallying of voting rights exercise forms?

A This case is directly related to a fundamental issue of governance, which is the exercise of voting rights by shareholders. It is also a serious incident that could undermine the expectations and trust of all stakeholders in the Group. As the Group, we recognize that we need to do everything in our power to live up to the confidence placed in us by clients and society.

Q How did the Audit Committee handle the situation?

A As soon as the incident came to light, we received reports from the business execution department, and in our role as the Audit Committee, we verified the ability of the business execution department to ascertain the facts. Specifically, we verified whether the independence, neutrality, and expertise of fact-finding arrangements were sufficient. Thereafter, the full-time Audit Committee members received successive reports on the status of the investigations from the execution department, which were then verified by the Audit Committee. In conducting audits, we emphasize independence, neutrality, and transparency. We investigated and confirmed what happened from the perspectives of appropriate fact-finding, clarification of the root causes, effective measures to prevent recurrence, allocation of sufficient management resources, and making sure the information disclosure was appropriate in terms of timing and content.

Q What do you see as the underlying cause that led to this incident?

A I believe the reason why the inappropriate processing had continued over such a long period of time was the deterioration of our awareness of the importance of the work entrusted to us and its inherent risks. As a result of this weakening, the daily business processes became less visible. We also recognize that there was insufficient control over the quality of the work.

In addition, once potential risks that have been inherent for a long time become apparent, an appropriate initial response is critical. To achieve this, it is important to have a risk culture and a risk management system in which risk information is promptly and accurately shared with relevant departments and management. Going forward, I hope that instilling our "Purpose" throughout the Group will foster this kind of corporate culture and risk culture and strengthen our operational quality systems.

Q Given what happened, what are your thoughts on the effectiveness of auditing?

A Since the transition to an Audit Committee, we have expressed many audit opinions and audit findings regarding the governance and internal control of the Group as a whole. Looking to the future, we recognize the need to improve the effectiveness of auditing and contribute to the improvement of the supervisory function of the Board of Directors.

Specifically, we will further enhance organizational auditing by strengthening collaboration with Group-wide audit units and corporate management departments such as the Internal Audit Department. At the same time, our policy is to ensure the effectiveness of audits by continuously following up to make sure our audit findings are understood and acted on through dialogue with management and business execution departments, and by sharing these findings with the Board of Directors as appropriate.

Q What are your expectations for the Group in the future?

A The Group offers highly specialized financial products and services to a diverse range of clients.

I believe that the acceleration of ESG and SDGs represents an excellent growth opportunity for the Group to leverage its unique business characteristics. In order to achieve sustainable growth, it is important that both growth investment ("offense") and internal control system ("defense") work properly. Risk awareness and rapid sharing of risk information are key for systems and rules to function well. Indeed, I have high hopes that instilling our "Purpose" will be an important corporate culture reform in terms of both "offense" and "defense."

In addition, President Takakura is leading the effort to drastically improve and upgrade the quality of our operations to meet the expectations of our clients.

As members of the Audit Committee, which is an institution of the Board of Directors, we want to actively express our opinions on management issues and contribute to their achievement.



Creating a virtuous circulation from our "Purpose" as the point of origin

People wish to believe in the future and entrust things of value to their destiny. The purpose of trusts, and our Company, is to turn that aspiration into reality.

Trusts have a wide variety of functions, but I would like to highlight their "time conversion" function. By this I mean the ability to take our clients' desires and aspirations for the future and realize them. In this sense, trust has the ability to open the gate for the future.

Today, the global COVID-19 pandemic is highlighting the challenges and contradictions in society and accelerating the changes of our era. In addition, the movement in response to the risk of global climate change has become a major trend that has the potential to fundamentally alter our current social infrastructure and industrial establishment.

In this era of unpredictability, we need to deliver appropriate solutions that open a path to the future for our clients, we need to present a new value paradigm. Creating new value requires innovation. Innovation can be accomplished by developing novel technologies, creating something out of the void, but also by combining disparate things that already exist.

Our strength has traditionally been our ability to integrate a wide variety of businesses. Going forward, we will continue to develop new businesses by assembling a diverse workforce with expertise, creativity, and comprehensive capabilities, and by demonstrating teamwork, with the common understanding of the Group's "Purpose," which shall not waver through the changing times.

Today, the current tide of the times is clearly in our favor.

Looking back, since our founding, we have always evolved to fulfill the demands of the era. We have boldly ventured into new businesses while contributing to the development of our country by solving social issues and creating new value based on the relationship of trust with our clients.

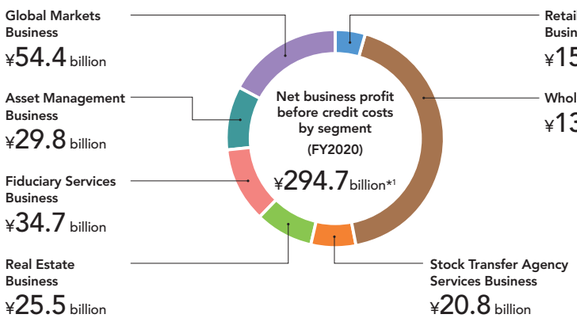
Times of uncertainty and unpredictability are precisely when we should reiterate our principles and functions of a trust bank and justly address financial and social issues facing our country. Through this process, ten years into the future, we would become the company of choice leading the virtuous circulations of funds in society. This is the evolution of "The Trust Bank" that I envision.

In the process of this evolution, we will combine our capabilities across more businesses than ever before to create and nurture new value and meet the needs of our clients and society. By doing so, we will create a virtuous circulation that will allow us to flourish as our clients' most trusted "Best Partner," thereby letting prosperous future for our clients, society, and ourselves bloom.

July 2021

President
Sumitomo Mitsui Trust Bank, Limited



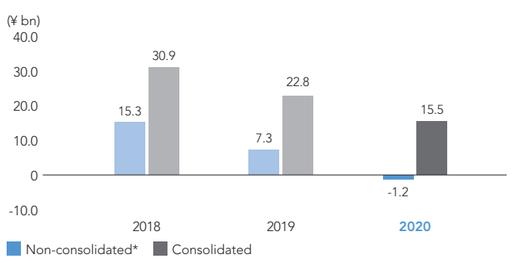


*1 This figure also includes corporate management department costs not categorized into any reportable segment, in addition to net business profit before credit costs for each segment
*2 Wholesale Total Solution Services Business and Wholesale Asset Management Business

■ Net business profit before credit costs

Retail Total Solution Services Business

Individual Corporate Investor



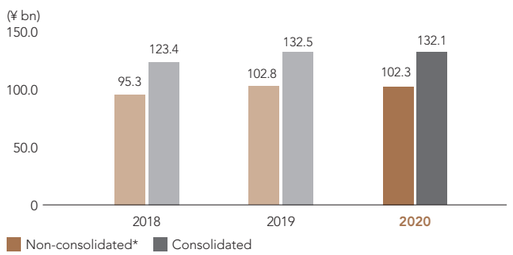
Net business profit before credit costs decreased ¥8.5 billion year on year to a loss of ¥1.2 billion on a non-consolidated basis and decreased ¥7.3 billion to ¥15.5 billion on a consolidated basis. This was due to a steady performance of mortgage loan-related revenue but a decrease in both investment trust and insurance sales fees and administration fees in investment management consulting services.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Club
- Sumitomo Mitsui Trust Life Partners
- SBI Sumishin Net Bank
- Sumitomo Mitsui Trust Wealth Partners

Wholesale Total Solution Services Business

Individual Corporate Investor



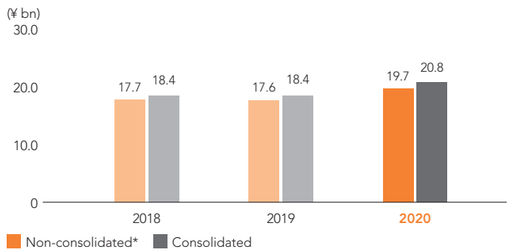
Net business profit before credit costs roughly remained flat year on year at ¥102.3 billion on a non-consolidated basis and ¥132.1 billion on a consolidated basis. This was due to a decrease in client related revenue such as derivatives and structured deposits, which offset an increase in revenue backed by commitment lines and syndicated loans for COVID-19-related fund needs.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Panasonic Finance
- Sumitomo Mitsui Trust Loan & Finance
- Sumitomo Mitsui Trust Bank (Thai)
- Zijin Trust

Stock Transfer Agency Services Business

Individual Corporate Investor



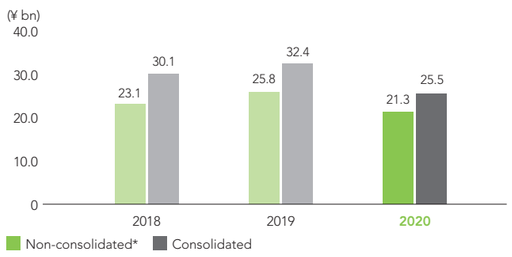
Net business profit before credit costs increased ¥2.0 billion year on year to ¥19.7 billion on a non-consolidated basis and increased ¥2.3 billion to ¥20.8 billion on a consolidated basis. This was owing to an increase in fees sensitive to market conditions such as stock transfer business advisory fees backed by an increasing number of shareholders, and to a steady revenue from various consulting services.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Tokyo Securities Transfer Agent
- Japan Securities Agents
- Sumitomo Mitsui Trust TA Solution
- Japan Stockholders Data Service Company

Real Estate Business

Individual Corporate Investor



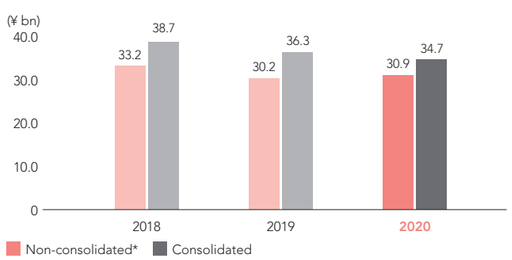
In the second half, brokerage transactions for corporate clients capturing corporations' needs to realize unrealized value of real estate for financial closing and also real estate brokerage services to individual clients remained robust. On the other hand, owing to a significant impact of the decreased earnings in the first half caused by constraints on sales activities, net business profit before credit costs decreased ¥4.4 billion year on year to ¥21.3 billion on a non-consolidated basis and decreased ¥6.8 billion to ¥25.5 billion on a consolidated basis.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Realty
- Sumitomo Mitsui Trust Research Institute

Fiduciary Services Business

Individual Corporate Investor



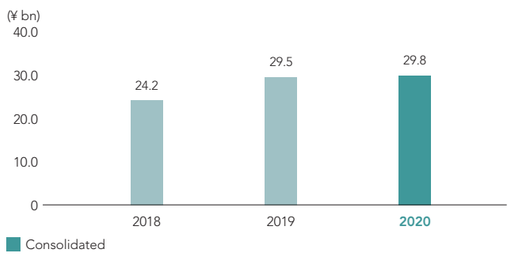
Market value remained robust throughout the year, with both assets under management and assets under custody remaining stable. On the other hand, investment profit of surplus funds of Sumitomo Mitsui Trust Bank (U.S.A.) decreased owing to lower U.S. interest rates. As a result, net business profit before credit costs increased ¥0.6 billion year on year to ¥30.9 billion on a non-consolidated basis and decreased ¥1.6 billion to ¥34.7 billion on a consolidated basis.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Custody Bank of Japan
- Sumitomo Mitsui Trust (Ireland)
- Japan Pension Operation Service
- Sumitomo Mitsui Trust Bank (U.S.A.)

Asset Management Business

Individual Corporate Investor



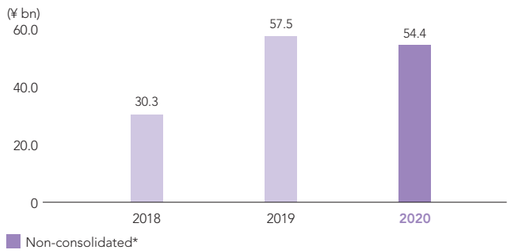
Net business profit before credit costs increased ¥0.2 billion year on year to ¥29.8 billion owing to an increase in assets under management of core asset management subsidiaries, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, following the recovery of market value and cash inflows.

Major subsidiaries and affiliated companies

- Sumitomo Mitsui Trust Asset Management
- Nikko Asset Management
- Sky Ocean Asset Management
- JP Asset Management

Global Markets Business

Individual Corporate Investor



*SuMi TRUST Bank

Initiatives for Individual Clients



Sincerely addressing the life of clients, we will provide security and peace of mind through proper and sophisticated solutions catering to their life plans that exceeds client expectations. Moreover, we aim to become the "Best Partner" in an age of 100-year life by contributing to solving clients' issues such as asset management and formation, asset administration, and asset succession in line with an increase in longevity.

Social issues to actively address

Asset administration suited for Japan's super-aging society and asset formation of individuals

Supporting the asset formation generation for the working generation, particularly people still in the wealth accumulation stage of life

There is a growing need of managing and building assets through self-help efforts towards a peaceful old age. To provide consulting services and propositions catering to the needs of each and every client in consideration of their diversified work styles and lifestyles, we will spearhead the industry to establish and provide online consultation and paperwork that are easy to use for the working generation. Furthermore, by fostering long-term relationship with more clients, we aim to grow in tandem with clients through expanding assets under management.

Providing asset administration and succession support that help find solutions to issues like dementia

As we approach an era in which more people will live to be 100 years old, there is growing interest among our clients about leading long and fulfilling lives. At the same time, worries and concerns about the administration and succession of assets during old age are emerging as social issues. Our Group makes efforts to solve each client' issues, making the most of the significant expertise and various products and services of a trust bank group. We strive to understand clients' intentions and support their secure and peaceful lives through asset administration for future concerns about dementia and health conditions and smooth asset succession to the next generation.

Business environment awareness

Environment awareness and issues

- The spread of COVID-19 pandemic, prolonged negative interest rates, lower fees on financial instruments
- Reform of operational processes and branches to address medium- to long-term population decline and digitalization

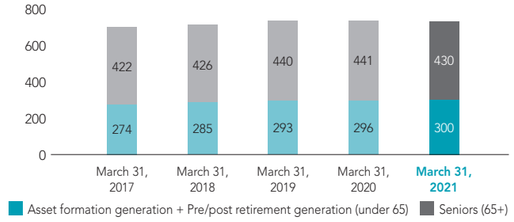
Opportunities and strengths

- Strategic deployment centering on client-oriented total consulting
- Broad client base, from people in the asset formation generation to seniors
- Heightened need for asset formation and property management in Japan's super-aging society and the Group's diverse lineup of products and services

Key measures 1 — Initiatives in consulting services by generation

While enriching fine-tuned products and services to the asset formation generation, pre/post retirement generation, and seniors, we will strive to enhance our consulting skills and accumulate our know-how, thereby honing our life-plan and financial-planning consultation services considering life events by each generation. In addition, while extending the scope holidays and after-hours openings and also online consultation services to enhance the convenience for clients, we aim to expand consulting opportunities through a touchpoint with wide variety of clients.

Clients that hold a managed financial product

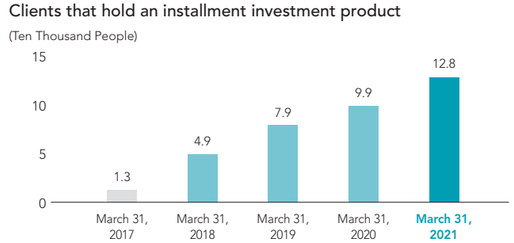


* Clients of SuMi TRUST Bank that hold a managed financial product
* Managed financial products: investment trust, discretionary investment management product, life insurance, foreign currency deposits

Key measures 2 — Initiatives related to asset formation of the working generation

As we approach an era in which more people will live to be 100 years old, there is a growing concern about the funds necessary after retirement and also a growing interest in financial planning. What is more, we see increasing needs for asset management and formation through self-help efforts. We will help clients design life plans through appropriate consulting while making efforts to enrich product lineups of installment investment and level premium insurance, which allow for small initial capital outlay as an installment-type product. We also strive to establish a user-friendly environment for clients of the working generation, such as holding online seminars and providing consultation opportunities.

Clients that hold an installment investment product

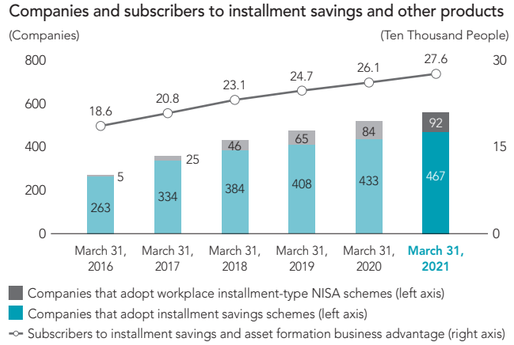


* Clients of SuMi TRUST Bank that have an installment investment contract (automatic purchase plan of an investment trust)

Key measures 3 — Life plan support program for work place

We have made efforts to provide asset formation products tailored for HR system of each individual company to our business partners and their employees for many years. While interest in prolonged second life and asset formation is growing in this age of 100-year life, we not only deliver useful information through fruitful online seminars, but also provide life plan consulting services, which take advantage of our strength as a trust bank group, to the employees of our business partners considering the retirement benefits and corporate pension plans of each company.

Companies and subscribers to installment savings and other products

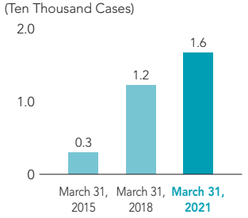


Key measures 4

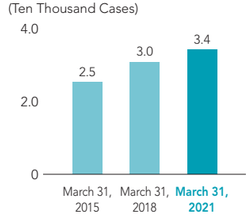
Initiatives in seniors' needs for asset administration and succession

As an aging society is advancing, we provide consulting services catering to every client to address future concerns about dementia and their health as well as various issues arising in inheritance and succession to the next generation. In an age of 100-year life, we will bolster and enrich our products and services, including "100-Year Life Solution Trust (100-Year Passport)" that unites the functions of "saving," "spending," "handing over" funds, so that the clients in their senior years can utilize our financial and property administration services securely and peacefully.

Number of asset administration-type products* offered



Number of will trusts



* Guardianship System Support Trust, Anshin Support Trust, 100-Year Life Solution Trust, and others

Key measures 5

Initiatives to promote high-net-worth client businesses

UBS Group—which offers the world's leading asset management and securities services—and SuMi TRUST Bank—which offers a wide variety of products and services such as inheritance, asset succession, and real estate services—provide one-stop total wealth management services by our dedicated staff with significant expertise through combination of strength and brand value of both groups. Especially in our asset management solution, we will fulfill clients' expectations by offering unique propositions taking advantage of UBS Group's global strength.*

* After the summer of 2021, the Wealth Management Business of UBS Securities Japan Co., Ltd. is planned to be split to establish a new securities company, in which SuMi TRUST Holdings will acquire a 49% stake.

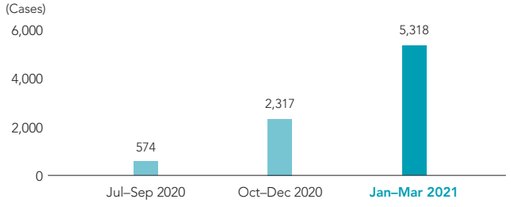


Key measures 6

Channel reform

There is a growing consultation need using web conference tools following the penetration of digitalization and also changing behavior patterns due to the spread of COVID-19. Accordingly, in the first half of FY2021, we established an online consulting plaza aiming to provide high-quality consulting services equivalent to the ones at branches, in the online environment, removing time, location, and personnel constraints. As for branches, by introduction of online consultation services infrastructure, we will bolster them as the place for face-to-face consultation through introduction of next generation branches and function-oriented consultation branches.

Number of online consultations



* Number of online consultations offered in SuMi TRUST Bank (including the cases where family members also attended the meeting online)

Initiatives in social issue-solving businesses

With the arrival of an age of 100-year life, Japan has seen the most significant increase in longevity in the world. Therefore, Japan is not only forced to review its social systems supporting the lives of its people, such as pensions and social security, but also needs to address and prepare in advance, to tackle various issues so that individuals can spend a secure and fruitful life after their retirement. Our Group utilizes the functions of trust services to provide high added-value solutions to issues surrounding individuals in Japan's super-aging society, thereby contributing to safeguarding personal assets, securing sound living arrangements, and offering a peace of mind to the persons concerned and their family members in preparation for a deterioration in discretion caused by dementia and other mental disorders.

In 2019, SuMi TRUST Bank established the 100-Year Life Solution Department to provide proper solutions for various issues that could arise to individual clients in an age of 100-year life. To offer peace of mind, security, and joy, the 100-Year Life Solution Department bolsters and accelerates its initiatives to develop products and provide solutions utilizing its many years of accumulated know-how.

Impacts on SDGs



Development of products and services

While new behavior patterns are required due to the spread of COVID-19, people are showing mounting interest in corporate initiatives to consider the environment and society. Accordingly, SuMi TRUST Bank supports the initiatives in environmental and social issues from the aspect of finance.

Initiative example: **Green Deposit**

Green Deposit is a foreign currency time deposit which proceeds are used solely to fund projects that will contribute to improvement of environmental issues, such as renewable energy, including solar power and wind power generation, as well as environmentally friendly property. We consider it part of our social responsibilities as a financial institution to connect individual clients—who are highly interested in environmentally- and socially-friendly corporate initiatives—and domestic/overseas companies and investors engaged in environmental, social, and governance (ESG) investing, and will contribute to achieving a sustainable society through these initiatives.



In an age of 100-year life, we create social value through providing peace of mind and joy to clients. At the same time, we will proactively engage in developing financial products and services based on the Creating Shared Value (CSV) concept that creates its economic value.

Initiative example: **Housing Will**

We have launched a "housing will" service to safekeep clients' will regarding their residential property as a contingency for the worst case during the repayment period of mortgage loans. Thus, we provide peace of mind to clients with this first service in Japan, which allows for easy preparation of a will to prevent their precious family members from taking pains in the procedures of dividing the estate. (We safekeep a will free of charge.)



Promoting financial inclusion

To broaden access to finance for everyone, the Group has engaged in various initiatives leveraging its diverse functions and network as a trust bank. The initiatives include products and services related to inheritance and gift, asset administration, and housing, and also joint research and dissemination of information towards the achievement of "productive aging," where elderly people continue to participate in society proactively.

In particular, while a community-based comprehensive care system has become more important, financial institutions that engage in asset administration of elderly clients are also expected to play a significant role. Accordingly, our nationwide branches are proactively involved in building regional comprehensive care systems through collaboration with community-based comprehensive support centers and participation in case study groups hosted by health professionals. (For details, see page 89.)

Research and delivery of life plans

We are committed to develop and update related knowledge to create a new social model for an age of 100-year life.

Initiative example:
Trust Future Assets Institute

In a society where living for 100 years is taken for granted, life options and possibilities are boundless. Sumitomo Mitsui Trust Future Assets Institute surveys, researches and publishes on ways to accumulate and utilize assets for everyone to live peacefully and cheerfully in the future.

ミライ研
三井住友トラスト・資産のミライ研究所

Initiative example:
Housing options—Towards "Aging in Place"—

With a focus on housing, which plays a key role for elderly people to maintain quality of life and peaceful lives, we have utilized various Group functions to greatly enrich the content of the digest report for seniors "Consideration of Senior-Generation Housing."
(For details, see page 91.)



Sharing and empathy with clients

We are expanding the ways to share information with clients and obtain their empathy effectively. More specifically, we hold online seminars on end-of-life procedures and inheritance measures, or deliver video contents that help clients understand the agenda of an age of 100-year life regardless of time or place.

Initiative example: **Reality of an age of 100-year life**

Influencers with different lifestyles and ages talk about their issues in honesty.



29歳のリアル　もりすけ編　32歳のリアル　青柳文子編　52歳のリアル　柴田亜美編　58歳のリアル　佐々木俊尚編



Initiatives for Corporate Clients

While the business environment surrounding companies has been drastically changing and become complicated, corporate clients are faced with issues that cannot be solved by products and services offered separately. Therefore, we aim to become the "Best Partner" financial institution for clients by further bolstering our versatility and expertise as a trust bank group.

Social issues to actively address

Sustainable growth of Japan's economy and corporations (both financial and non-financial issues to be considered)

Support corporate clients' initiatives to strengthen governance and engage in sustainability while meeting various financial needs

The business environment surrounding companies has been rapidly changing and growing more complicated by the day, including innovative IT technologies, industrial materials, the advent of industrial technologies, and global changes in politics and economy.

The SuMi TRUST Group has provided various highly-specialized functions expected of a trust bank to corporate clients, such as loans, real estate brokerage, and stock transfer agency services, and has also helped to solve both visible and intangible issues, thereby leading to the enhancement of corporate value and solving of social issues.

Moreover, we have made efforts to achieve optimal asset management mainly for financial corporation and non-profit organization clients, leveraging our diverse and accumulated know-how in asset management and administration ranging from securities, real estate, and private equity to other projects.

While net-zero carbon emissions and climate change measures have been accelerating as a solid trend, we have focused on ESG themes—one of the top priority issues for every client—since its early stage. In the sustainable finance field, we lead the positive impact finance solutions to support fund flows to the areas required in society. This finance solution is to commit to achieving the set goals by comprehensively analyzing and evaluating the impacts of corporate activities on the economy, society, and the environment. We also offer other distinctive services such as governance-related consulting in the stock transfer agency services field and CASBEE certification* in the real estate field.

Moving forward, we will further bolster the solutions that utilize non-financial information such as ESG/SDGs, and thus contribute to expanding clients' businesses and solving social issues.

* For details, see page 69.

Business environment awareness

Environmental awareness and issues

- Heightened uncertainty due to pandemic and other factors
- Further expansion of net-zero carbon emissions and climate change measures
- Financial business model transformation driven by digitalization

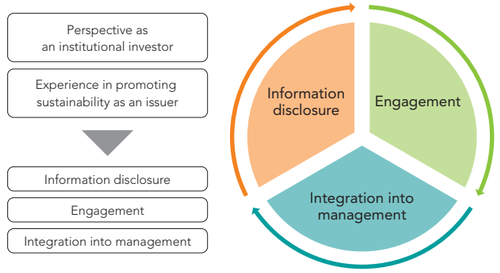
Opportunities and strengths

- Specialists that allow for providing high value-added services to clients
- To offer diverse and highly-specialized comprehensive solutions through obtaining and analyzing non-financial information

Key measures 1 Stepping up ESG-oriented total solutions

Taking advantage of touchpoints with diverse stakeholders through our banking operations and trust services in addition to a wide variety of product lineups, our Group connects clients with stakeholders and offers total solutions that lead to the enhancement of corporate value. As clients are especially interested in ESG themes, we will fulfill clients' needs through the newly established ESG Strategy and Solution Department.

We will contribute to the development of the whole society through solving ESG and other issues.

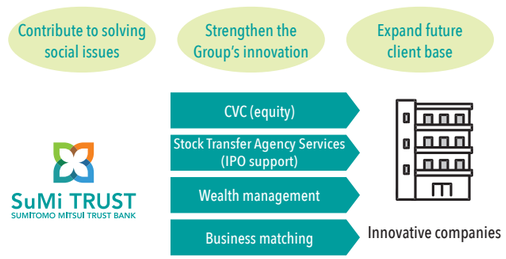


Key measures 2 Promoting transactions with innovative companies

As part of initiatives to bolster our support to startup firms (innovative companies) that create new industries or value, SuMi TRUST Bank established a dedicated unit (Innovative Corporate Promotion Department) in April 2020, and launched the CVC* fund "SuMi TRUST Innovation Fund" in September 2020. By achieving a virtuous circulation from supporting businesses through equity investment to reinvesting the return, we will contribute to solving social issues, leading to the expansion of the future client base and the strengthening of the Group's innovation.

* Corporate Venture Capital

Initiatives to support innovative companies

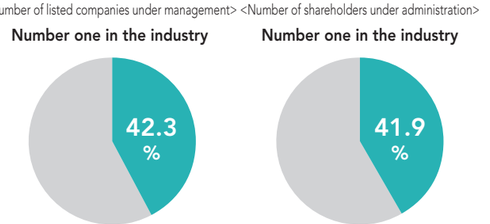


Key measures 3 Initiatives to help clients strengthen their governance

We seamlessly support shareholder-related practices mainly for general meetings of shareholders and also support the IR/SR, governance, and executive compensation areas, utilizing the precious data, information, and case studies gained from our client base, which is number one in the industry in terms of both the number of listed companies under management and the number of shareholders under administration. We will support clients' growth as their "Best Partner" by continuously providing secure and robust social infrastructure functions, strengthening our solutions related to governance and offering sophisticated dialogue with investors.

Market share of the Stock Transfer Agency Services Business in the industry* (as of March 31, 2021)

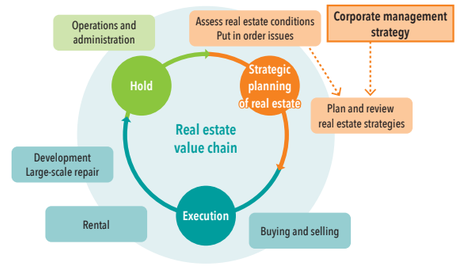
<Number of listed companies under management> <Number of shareholders under administration>



* The total number of SuMi TRUST Bank, Tokyo Securities Transfer Agent Co., Ltd., and JAPAN SECURITIES AGENTS, LTD.

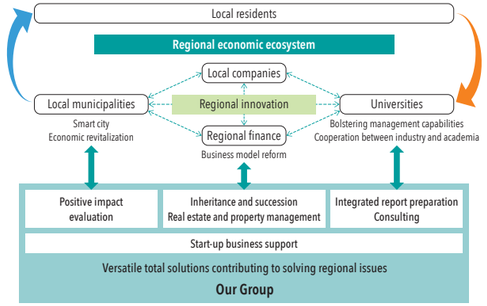
Key measures 4 Enhancement of real estate value for clients

We contribute to enhancing corporate and asset value of corporate clients and solving managerial issues by providing versatile functions to each requirement of real estate value chains ranging from strategy planning, acquisition, administration and operations, to divestment and portfolio rebalancing related to real estate. By providing these functions, we aim to become the "Real Estate Best Partner" that clients trust and seek advice from the very beginning.



Key measures 5 Contribution to regional economic ecosystem

While changes to social structures progress, such as an aging society and population decline, innovation-driven and resident-oriented regional economic ecosystems that utilize regional characteristics are becoming increasingly important. Through platform offering-type businesses entailing various expertise such as inheritance and succession, real estate, and asset management, our Group contributes to the local communities by networking local municipalities, universities, and local companies, centered on the regional financial institutions that carry the burden for the local economy.



Key measures 6 Global Market Business that supports smooth circulations

We satisfy clients' needs by providing the total solutions expected of our Global Markets Business embedded with the DNA as a trust bank: "to overlay our issues with the issues of the client and work to solve them together." Leveraging our many years of techniques and investment know-how in having managed market risks entailed in the balance sheet of SuMi TRUST Bank, we bolster our market-based total solutions for clients through structuring of products and services.



Initiatives in social issue-solving businesses

Total solutions towards solving ESG/SDGs challenges

Our Group has stated "sustainable growth of Japan's economy and corporations (both financial and non-financial issues to be addressed)" as the social issues that the Wholesale Total Solution Services Business should address in the Medium-Term Management Plan. In addition, an increasing number of companies are strengthening their ESG/SDG measures as growth strategies in the post-COVID-19 world, including climate change-related measures towards the achievement of carbon-free societies. Our Group also supports the enhancement of clients' corporate value leveraging our sustainability-related know-how and networks accumulated through the engagement with stakeholders.

Impacts on SDGs



Linked to all 17 goals of the SDGs

Positive impact finance (PIF)

The conditions of offering PIF are as follows: comprehensively analyze and assess the impacts of corporate activities on the economy, society, and the environment (positive and negative impacts); set goals to alleviate negative impacts and expand positive impacts; and commit to realizing these goals. As recognition of this product concept, SuMi TRUST Bank was awarded the LCA Japan Forum Chairman's Award at the 17th LCA Japan Forum in February 2021, following a Gold Award in Loan at the 1st "ESG Finance Awards Japan" in February 2020. Starting from the first in March 2019, we have won 17 awards as of March 31, 2021.

PIF × SuMi Trust

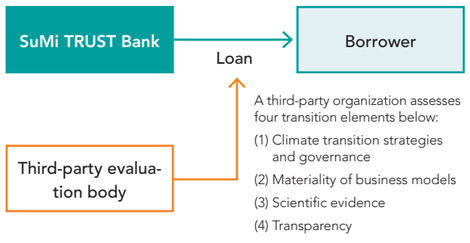
Renewable energy finance projects

In addition to promoting the deployment of large-scale projects such as wind and solar power generations through project finances, SuMi TRUST Bank originates and manages renewable energy funds that invest money solely on renewable energy-type large-scale power generation businesses. Particularly in Japan, the deployment and expansion of offshore wind power generation is gaining attention. More specifically, biddings for offshore power generation in the open seas have started, in addition to the current biddings for solar and onshore wind power generation, towards the achievement of a carbon-neutral society in 2050. In total, the electricity generation capacity of projects in which SuMi TRUST Bank has been involved amounts to 15,549 MW, generating 41,390 GWh annually. Accordingly, its annual impact of reducing CO_2 is 17.79 million tons of CO_2. The total electricity generation capacity to which our Company contributes per ratio is 2,981 MW, generating 6,105 GWh annually. Its annual impact of reducing CO_2 is 2.74 million tons of CO_2.

Transition finance (transition loan)

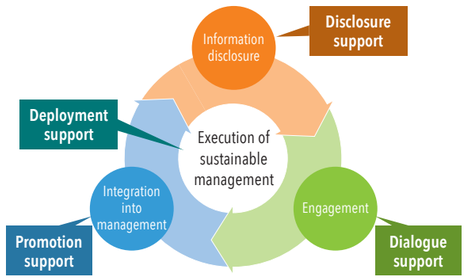
Transition loans are offered to support CO_2 reduction efforts in line with long-term corporate strategies to effectively address climate change-related risks towards a transition to a low-carbon society. In February 2021, SuMi TRUST Bank entered into the first transition loan agreement in Japan. The fund is used to acquire next-generation environment-type LNG fuel vessels for transporting automobiles.

Financial schemes



Consulting that supports sustainability management

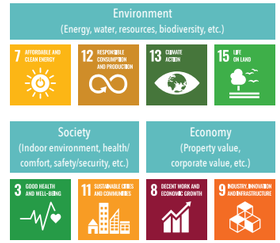
Combining the perspective as an institutional investor that has engaged in asset management business for many years and the sustainability perspective and experience as an issuer, SuMi TRUST Bank contributes to achieving a sustainable society by comprehensively supporting the critical elements of "integration into management," "information disclosure," and "engagement" for promoting sustainable management.



Environmentally friendly property initiatives

The amount of CO_2 emitted from the construction and management of buildings is said to account for approximately 40% of all CO_2 emissions in Japan, including indirect emissions. In addition, given that humans spend a lot of time indoors, indoor environments naturally affect the health and productivity of occupants. As real estate has a significant impact on the environment, society, and the economy, integrated initiatives for achieving the SDGs are considered to be highly beneficial in improving the sustainability of these three aspects. Therefore, the Group aims to further promote energy-efficient and resource-efficient cities and buildings, as well as the wide adoption of environmentally friendly properties that contribute to improving production efficiency. In particular, as the number one company regarding the entrusted balance of securitized real estate in the industry, we will continue to advance initiatives that contribute to enhancing property value mainly through high levels of environmental performance, which boosts revenue and reduces risks.

Links between environmentally friendly property and the SDGs



CASBEE certification support consulting

Under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism, CASBEE (Comprehensive Assessment System for Built Environment Efficiency) was developed as a method to evaluate and rank the environmental performance of buildings. SuMi TRUST Bank played a leading role in the development of CASBEE for Real Estate and related economic impact surveys. We also have focused on developing Japan's environmentally friendly property market based on CASBEE, including expansion of certification support consulting (see our lineups below).

Environmental considerations in buildings	Environmental considerations in urban development	Specializing in health and comfort of office workers
CASBEE for Real Estate	CASBEE for Urban Development	CASBEE-WO (Wellness Office)

Construction and operation-phase support for environmental considerations

SuMi TRUST Bank commercialized Japan's first land trust product in the 1980s and is involved in developing and operating many building and condominium projects. Our construction consulting services leverage this extensive experience. In this construction consulting service, we offer advice on factoring in environmental considerations in line with client requests, such as installing energy-saving systems in buildings, taking into account landscapes and ecosystems, extending building lifespans, and adopting recycling systems.

* For more information, refer to our 2020/2021 ESG Report—Environmentally Friendly Property.



Hiroshima Orizuru Tower (Hiroshima Prefecture)

Initiatives in real estate governance

Facility management

Facility management refers to management activities in which companies, organizations, and others comprehensively plan, manage, and utilize facilities and their environment for organizational activities. The facility management operations of SuMi TRUST Bank not only controls real estate-related costs and streamlines operations, but also proposes proper solutions including the review of back-office operations (e.g., general affairs, administration of property) from the perspectives of total optimization, thereby supporting clients' initiatives to strengthen real estate-related governance.

Facility management services menu





Initiatives for Investor Clients

While asset management business is expected to expand in the long term, there is intensifying competition and higher uncertainty driven by tightening regulations. As a result, new products and services are required to match the new era such as the revision of the pension system in line with an extension of the retirement age. In our business to investor clients, we will offer group-wide solutions with significant expertise and know-how in each area, including asset administration, pension consulting with systems and management integration.

Social issues to actively address

Diverse asset management opportunities, development of investment chains

Strengthening investment products by leveraging our Group's characteristics in addition to traditional assets

In a series of investment chains where investee companies' growth and increasing invested assets deliver returns to investors and thus lead to the growth of the society as a whole, our Group utilizes our multiple distinctive asset management companies to proactively play a role, thereby contributing to creating a virtuous circulation.

Our Group's asset management companies offer full lines of asset management services to various clients in Japan and overseas. With a focus on private assets such as unlisted shares (private equity) and tangible assets (e.g., aircraft, real estate), SuMi TRUST Bank contributes to achieving clients' optimal asset management through providing a complete package, from propositions to product development and follow-up services.

Providing efficient and high value-added services in various investment processes

We provide client-oriented and high value-added services to institutional investor clients as a group based on fiduciary spirit. Leveraging expertise and know-how unique to asset management companies, we help clients concentrate on streamlining operations and concentrate in competitive fields through providing securities administration operations backed by outsourcing of back- and middle-office operations.

Catering to expanding alternative products other than traditional assets, we combine our expertise and know-how accumulated in securities administration with the administration businesses for real estate, monetary claims, and other assets, thereby promoting sophisticated asset administration services.

Business environment awareness

Environment awareness and issues

- Expanding global asset management markets
- Downward pressure on fees due to increasing passive management, intensifying competitions, and stricter regulations
- Expanding investment needs on private assets

Opportunities and strengths

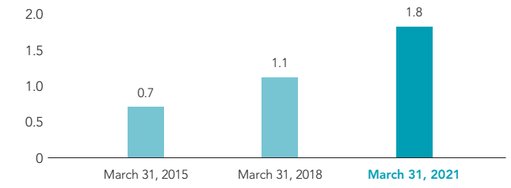
- The largest balance of assets under management in Asia
- Diverse sales channels in the domestic investment trust market
- Complete package of services in every area of investment chains

Key measures 1 — Offering long-term seller products that serve as the core of asset formation

Sumitomo Mitsui Trust Asset Management has one of the largest assets under management in Asia. We aim to further expand in the growth area of the domestic retail market in addition to bolstering our accumulated presence among domestic institutional investors.

While offering optimal asset management solutions to clients, the company expands product lineups in the defined contribution pension plan market leveraging our robust client base and also bolster its support system. We will contribute to solving social issues mainly through ESG engagement with investee companies.

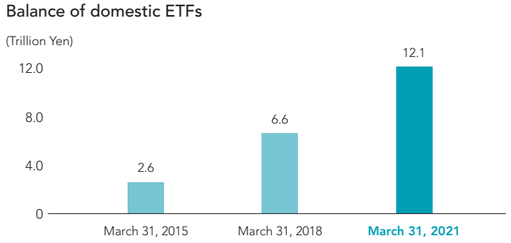
DC investment trusts



Key measures 2 — Providing innovative cutting-edge products

Nikko Asset Management (Nikko AM) will continue to draw on its strengths to provide innovative products and services to its clients. Those strengths include a network of offices (including JVs) spanning 11 countries, unique product development capabilities that take active advantage of this global network, and distributor support services. We shall also bolster overseas distribution capabilities and expand investment areas including illiquid assets to achieve a sustainable growth. Moreover, Nikko AM will lead the ETF business with one of the largest volumes in Japan by promoting global ETF businesses mainly in the Asian markets.

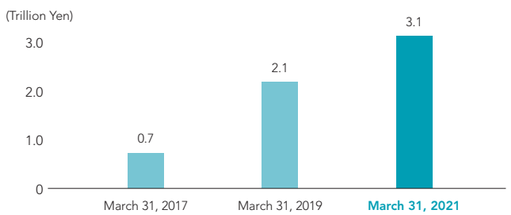
Balance of domestic ETFs



Key measures 3 — Providing investment opportunities for diverse private assets

As low interest rates remain firmly in the world, investors have been showing higher interest in private assets that target unlisted stocks and tangible assets such as real estate and renewable energy power generation projects. Leveraging our consulting capabilities as a trust bank, affluent insights in investments and loans, and product development capabilities that utilize trust functions, we will provide investment opportunities for diverse private assets through expansion of product lineups and providing information and other investment support.

Asset under management of private assets

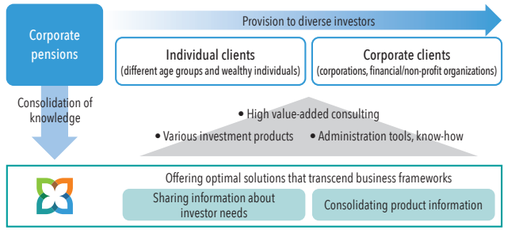


Key measures 4

Combination and expansion of investment management know-how as an institutional investor

By combining asset management know-how of our Group to meet clients' various needs, we promote the sophistication of each consulting service and the strengthen our offering of high-quality products within and outside our Group. Towards the achievement of a sustainable society, we also create economic value and social value through expanding ESG-related investment products and visualization of social returns.

Solution products

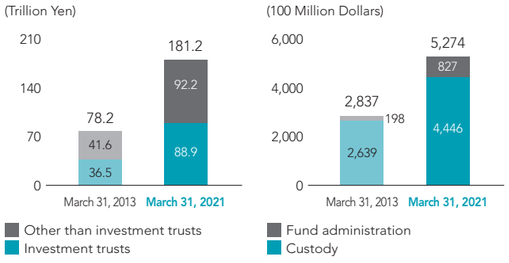


Key measures 5

Asset administration operations that underpin investment chains

We promote the group-wide sophistication of our services both in Japan and overseas to meet various needs of asset management companies and investors. We combine our expertise and know-how accumulated in securities administration with the administration business on real estate, monetary claims, and other assets, thereby pursuing higher quality of asset administration services and enhancement of added value.

Assets under custody of the Group

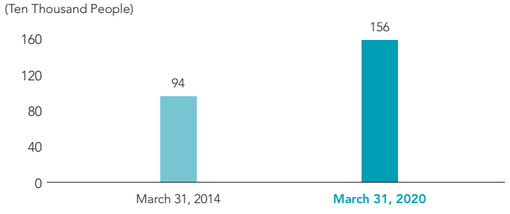


Key measures 6

Supporting clients' well-being

We proactively support the enhancement of clients' well-being through provision of corporate pension plans and the whole welfare services to clients' employees, who are essential to realize a sustainable improvement of corporate value. While interest in human capital management is increasing against the backdrop of a global trend of SDGs and ESG, an extension of the retirement age, and the revision to CGC, we provide life plan management services unique to our Group by supporting one-stop asset formation activities for employees of corporate clients, in addition to offering system consulting on defined benefit pensions (DB) and DC in which we administer the number one client base in the industry.

DC plan members

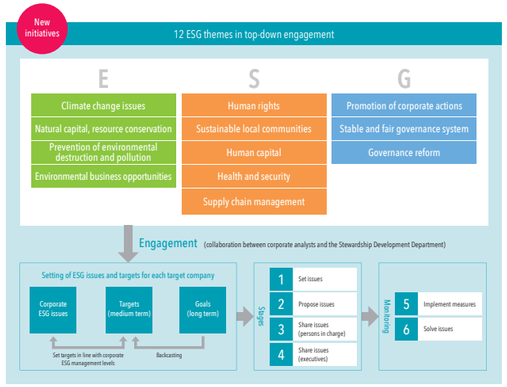


Initiatives in social issue-solving businesses

We will make efforts to solve social issues and enhance corporate value through engagement activities with various investee companies in Japan and overseas.

Top-down engagement activities of Sumitomo Mitsui Trust Asset Management

In September 2019, Sumitomo Mitsui Trust Asset Management established ESG investment policy and specified ESG materiality. The company set 12 ESG themes based on this policy, and has been promoting sophisticated top-down engagement activities.



* For more information, refer to our STEWARDSHIP REPORT 2020/2021.
https://www.sumitrust-am.com/file/02/ss_report.pdf

After selecting target companies for each ESG theme among investee companies, the company sets goals (long-term goals) and backcasting-based targets (intermediate goals) in line with ESG issues and ESG management levels, thereby promoting engagement activities. It also manages engagement status in four stages for each ESG theme and monitors subsequent execution of the measures until those issues are resolved.

Combining these top-down engagement activities with bottom-up engagement activities that focus on business perspectives, Sumitomo Mitsui Trust Asset Management organizes constructive engagement activities unique to the company, which encourage investee companies to achieve medium- to long-term sustainable growth that balances corporate and environmental value.

ESG investment approach of Nikko Asset Management



As an asset management company, Nikko Asset Management stipulates the Fiduciary and ESG Principles as its most essential guidelines. To make its group-wide commitment clear, Nikko AM set out a Code of Conduct for Fiduciary and ESG principles and established its ESG Global Steering Committee in 2016.

The ESG Global Steering Committee oversees the fulfillment of ESG commitments and is chaired by the Global Head of Investment, who is also a member of the Global Executive Committee (GEC). The ESG Global Steering Committee is mandated by the GEC and reports to the Board of Directors at least once every quarter.

The ESG Global Steering Committee comprises of leaders from Nikko AM's investment teams worldwide, who are in charge of ESG implementation in their individual investment processes. The steering committee is responsible for evaluating the effectiveness of this implementation and improving our approach to ESG. It also drives the implementation of the six principles of the United Nations-supported Principles for Responsible Investment (PRI).

At its Japan operations, both governance systems of the stewardship and exercising voting rights complement ESG frameworks. These consist of the Stewardship and Proxy Voting Committee (Voting Committee) and the Stewardship and Voting Rights Policy Oversight Committee (Oversight Committee). The Voting Committee is responsible for creating the guidance necessary for implementing stewardship activities, including formulating its stewardship policy, as well as amendments to the proxy voting instruction guidelines.

* For more information, refer to our Sustainability Report 2020.
https://en.nikkoam.com/files/pdf/esg/sustainability2020-en.pdf

Sumitomo Mitsui Trust Asset Management

SUMITOMO MITSUI TRUST ASSET MANAGEMENT



Yoshio Hishida
Representative Director
and President
Sumitomo Mitsui Trust Asset
Management Co., Ltd.

Sumitomo Mitsui Trust Asset Management (SMTAM) has its origins in the management of pension funds, which are the foundation supporting its clients' livelihoods. Since the early 1960s, SMTAM has refined its investment techniques in a wide range of asset classes, including both Japan-listed and overseas equities and bonds, and has provided numerous products to clients in Japan and overseas.

Its role in the capital markets is to contribute to the healthy growth of the economy as a whole, as part of an investment chain that promotes the sustainable growth of investee companies and delivers the fruits of that growth to investors. As an asset management company, SMTAM plays an active role in creating value for investee companies through constructive dialogue in order to enhance the investment chain and achieve growth together.

As a concrete initiative, SMTAM has organized key sustainability issues into 12 "ESG materialities" intended to help achieve the 17 SDGs (Sustainable Development Goals). In the active management of stocks and bonds, SMTAM evaluates investment target companies from the perspective of ESG materiality and performs "ESG integration" to incorporate that into investment decisions. In addition, it works to solve ESG challenges from a global perspective through constructive dialogue with investee companies and collaboration in various areas with international ESG advocacy organizations. SMTAM delivers the results of these efforts to its clients through a diverse lineup that includes index-type products, ESG-aware products (which use non-financial information as an important basis for investment decisions), ESG-focused products, and impact investment products. SMTAM is also working daily to develop new investment methods and improve the quality of its investment products, with a focus on data science initiatives that use technologies such as machine learning and rely on alternative data different from traditional financial information.

As a member of a trust banking group, SMTAM will continue to provide solutions from a long-term perspective in order to open up future possibilities and foster a truly prosperous society. At the same time, as an independent asset management company that is indispensable to its clients, SMTAM will do its utmost to increase the value of the assets entrusted to the company over the medium to long-term.

Nikko Asset Management

nikko am
Nikko Asset Management



Junichi Sayato
Chairman, President & CEO
Nikko Asset Management
Co., Ltd.

Nikko Asset Management Co., Ltd. (Nikko AM) is a global asset management company headquartered in Japan, with operations in 11 countries and regions around the world and a global management and sales structure. In addition to its investment management capabilities, Nikko AM provides innovative products and services by leveraging the strengths such as unique product development and sales support capabilities, which consistently receive high marks from our marketing agents.

Nikko AM strives to fulfill its fiduciary responsibility with the primary mission of contributing to the asset formation of clients. Guided by the belief that reflecting ESG (environmental, social, and governance) in investment practices enhances the long-term value of investee companies and contributes to sustainable economic growth, Nikko AM is committed to the appropriate integration of ESG into all investment decision-making processes and to constructive engagement with companies.

In addition to creating innovative and unique investment solutions, Nikko AM is focused on providing clients with reliable investment results. In the midst of a drastic change in the social and economic environment, including the COVID-19 pandemic, several funds of Nikko AM have been receiving positive feedback from clients. These include a group of funds focused on solid long-term growth themes such as robotics, FinTech, and genomics that we developed in succession in recent years; various balanced funds that have achieved reliable investment results even in the turbulent market associated with the COVID-19 pandemic; and in-house investment funds which have a long-standing track record of solid performance. Going forward, Nikko AM will continue to strive to provide products that capture major structural changes in society and products that contribute to the asset formation of clients over the long-term.

Furthermore, in its ETF business, which is one of the largest in Japan, Nikko AM is working to enhance the operations globally, focusing on product development in Asian markets such as Singapore and Hong Kong and expanding the investor base beyond Japan.

Nikko AM will continue to fulfill its fiduciary responsibility as an asset management company and do its utmost to contribute to the long-term asset formation of clients and the development of society.

Response to the Spread of COVID-19 Pandemic

Our Group has focused on supporting various stakeholders as measures to respond to the COVID-19 pandemic linger for an extended period of time. In order to continuously provide services as a trust bank group under such unprecedented conditions, we will continue to accommodate measures against the COVID-19 pandemic based on three basic stances: to ensure business continuity as a key piece of social infrastructure, to ensure the health and safety of employees and their families, and to prevent the spread of infection in society (including activities to create a society that is less prone to the spread of infections).

We will continue to maintain businesses in a stable manner as a financial institution responsible for social infrastructure by giving the highest priority to the safety, security and health of our clients and employees.





Response policy (1): To ensure business continuity as a key piece of social infrastructure (responses to clients)

Considering the safety of our clients, each of the Group's sales branches is taking steps to prevent the spread of infection by holding online seminars and erecting transparent acrylic boards to minimize transmission from respiratory droplets.

We also strive to enhance convenience for our clients by processing various procedures and consultations with websites and online tools or by telephone, and developing new products that respond to COVID-19.

Banking business

- Establish procedures for accepting deposits and investment trusts using the Internet, procedures for address change by postal mail, etc.
- Encourage clients to make appointments before visiting a branch and open business on holidays in order to avoid the Three Cs (crowded places, closed spaces and close-contact settings) for visitors
- Flexibly respond to consultations on personal and corporate loans
- Establish a consultation counter for interest-free and unsecured loans
- Expand coverage contents of "housing loans with special clauses of guarantees against the eight major diseases," and newly introduce loan repayment guarantee coverage during unemployment period

Trust-related business

(Pension) Continue clerical, administrative, and reporting duties for reliable pension and lump-sum benefits
(Stock transfer agency services) Support for preparation and operation of General Meeting of Shareholders
(Asset management) Continue operations to prevent the suspension of capital market flow
(Asset administration) Continue settlement of securities and funds to ensure smooth capital market operation
(Real estate) Continue accounting, settlement, and reporting operations at real estate securitization trusts and J-REITs

Enhancement of client support through online face-to-face channels

- Opening of next generation branches

In November 2020, SuMi TRUST Bank opened its first next generation branch in the Chukyo area that offers online consultations to enhance the convenience for clients living in a world with COVID-19.




Even clients who have difficulty visiting a branch can receive consultation services from home with an advisor who provides face-to-face conversation by showing brochures on the screen. Our online consultation services have become easier and safer than before because of the enhanced convenience of online procedures.
Moreover, consultation can be accessed from multiple locations simultaneously, which allows families living in different places to join the same consulting session.

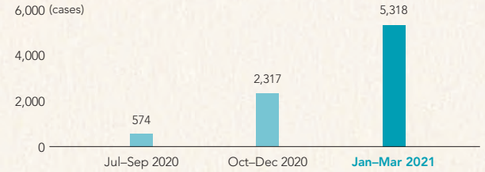
- Online consulting on personal business

The number of services offered has increased because of growing familiarity.

- Opening of Online Consultation Plaza

The Online Consultation Plaza was newly opened in the first half of FY2021. Going forward, we will appoint experts, such as financial consultants and real estate representatives, to meet a wide range of needs.

Number of online consultations



* Number of online consultations offered in SuMi TRUST Bank (including the cases where family members also attended the meeting online)

Response policy (2): To ensure the health and safety of employees and their families

Each Group company is making efforts to avoid the Three Cs at workplaces, and promote diverse workstyles for employees.

SuMi TRUST Bank has strived to take various preventive measures such as the addition of partitions in office spaces, distribution of masks and portable disinfectant sprays to all employees. It also distributes homecare kits (daily necessities such as food, daily supplies, etc.) to COVID-19 patients and their close contacts in case of emergency. We have also established a total of 30 satellite offices (as of June 2021) by utilizing branch offices in the Tokyo metropolitan area, Chukyo area and Kansai area, that allow employees to temporarily work at a branch close to their home. We also distributed devices for teleworking to establish a system allowing head office employees, etc. to work from home. In addition, Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Research Institute are making group-wide efforts to promote teleworking through various initiatives such as distributing devices for teleworking to all employees.

* Status of head office employees (excluding administrative and sales) in April 2021

Distribution of satellite offices

Tokyo metropolitan area	17 locations
Chukyo area	5 locations
Kansai area	8 locations
Total	30 locations

Response policy (3): To prevent the spread of infection in society (including activities to create a society that is less prone to the spread of infections)

Our Group cooperates with a workplace vaccination campaign in response to the government's policy of initiating the COVID-19 vaccination at workplaces. We aim to contribute to reducing the burden of local communities and accelerating vaccinations by encouraging workplace vaccination.

SuMi TRUST Bank also conducted the following activities with the understanding and cooperation of clients and society:

- Donated ¥100 million to the Japanese Red Cross Society to assist their efforts in treating COVID-19 patients and to support their activities for preventing the spread of the virus. Thereafter, we received the "Japanese Red Cross Society Golden Order of Merit Medal," which is awarded to companies that made a large donation to the said Society.
- Donated 100,000 medical masks to several medical institutions
- In order to support 14 universities/research institutes engaged in the development of vaccines and therapeutics for infectious diseases, the Group has opened an account to accept donations from individual clients and other parties. The Group has also donated ¥10 million to each university. (A total of ¥260 million was donated. This account ended on August 31, 2020.)
- We have launched the "Medical Support Donation Trust" to assist universities that conduct medical research. Furthermore, in addition to the previous testamentary gifts/donations, we have released the "Testamentary Donation Trust" (also known as "Donation to the Future") to respond to the request of those who simply wish to donate a portion of their assets in case of passing, taking into account the needs of diversifying donation methods.
- Through the Stay-Home Campaign of "JPY Saving Account with Preferential Interest Rate" by Direct Internet Banking, ¥25 per deposit was collected to make donations to organizations engaged in the development and research of vaccines and therapeutics to fight the COVID-19 pandemic (this campaign ended on August 31, 2020.)

Employee Interview

Purpose of the Worksites that Supports the “Power of Trusts”

Interview | 05 | Juichiro Fujisawa

Wholesale Asset Management Business Planning Department,
SuMi TRUST Bank



We aspire to be a partner capable of resolving social issues through asset management business

My responsibility includes planning of products, planning of marketing, and promoting sales of private investment trusts, mostly for financial institutions and corporate clients. Today, with the continued difficulty in finding appropriate investment opportunities, the Bank has been providing various proposals to our clients, including globalizing the investment regions, utilizing derivatives, and expanding product selections such as private assets. SuMi TRUST Bank offers a variety of products utilizing the Group’s asset managers as well as outside asset management companies.

The strength of our Group is that we can offer professional solutions from the entire Group as a one-stop service to meet the wide-ranging needs related to the diverse assets of our clients. In providing products, we have a policy to conduct extensive discussions on the issues and needs of clients and create investment strategies in consultation with clients. In particular, the Group is a leader in investments prioritizing in ESG and SDGs, and hopes to continue promoting initiatives towards resolving social issues through asset management.

I think that supporting financial institutions and corporations that sustain the economy by leveraging the Group’s unique strengths is an initiative toward realizing a “blooming future of our clients and society,” which is stated in the Group’s Purpose. That is why I do not want to be selling products to clients; rather, I want to stand close beside them and become a long-term partner to work together to materialize products that can provide solutions to their challenges.

Interview | 06 | Tadashi Chiba

Nikko Asset Management Americas Inc.
Product Development Department



Create the future through funds

I am in charge of developing thematic funds and other investment trust products for Japanese individual investors and financial institutions at Nikko Asset Management Americas Inc. Some people say that themed investment trusts are a transient fad, but when developing the products, we do not embrace a market-in approach, but rather try to focus on a product-out strategy and design products that we truly want to create. Specifically, we ask ourselves: Is the theme worth investing on a long-term basis? Does it represent a huge growth opportunity over the next 10-20 years or perhaps even longer? Does it accurately anticipate the profound social and structural changes? We ask ourselves these questions, value these perspectives, and incorporate them in the product composition. To do so, it is crucial that we conduct bottom-up research, including contacting and talking to specialists in person, or actually using innovative services as a user. The precious money of our clients will be invested in the target companies that constitute the funds we design, enabling those companies to grow and enrich society, where values are created and eventually returned to clients. I hope to continue developing products that can create such dynamic flow of funds.

Interview | 07 | Jiang Hong Chen

Pension Investment Department, SuMi TRUST Bank



Promote the dissemination of investments that can contribute to the realization of a sustainable society

I returned to work after taking maternity and childcare leaves. Now I am with the Pension Investment Department where I am in charge of planning products for the pension fund as well as planning and operating asset management seminars. Trusts are originally built on the premise of social contribution, so the Bank has been covering topics on ESG in seminars from a relatively early period. In a recent seminar, we discussed the topic of impact investing, where assets are allocated to companies that bring about positive environmental impact while pursuing economic return at the same time. We had more reactions from clients than we envisioned, and I think that there will be major changes to the flow of funds with ESG/impact as the third pillar of asset management in addition to the two pillars, risk and return. I hope to continue offering sound support to this tide, not only from the standpoint of managing pension funds for post-retirement, but also to contribute to achieving a sustainable society.

Interview | 08 | Kyoko Hara

Stewardship Development Department,
Sumitomo Mitsui Trust Asset Management



Enhance enterprise value through diversity

I joined Sumitomo Mitsui Trust Asset Management as mid-career hire, and now engaged in stewardship activities building upon my 20 years of experience in dealing with companies as asset management analyst. Since I was an analyst, I noticed that diversity-oriented companies that make use of diverse human resources and adopt various ideas have the energy to create innovation.

Our Company places emphasis on dialogue with companies and works earnestly regarding the exercise of voting rights and ESG analysis. While dealing with climate change and other environmental issues in the area of ESG, we also focus on diversity issues and participated in the launch of 30% Club Japan, an investors’ group aiming to increase the proportion of women in executive positions in TOPIX100 companies to 30% or more by 2030. Currently, I am working to increase such diversity-minded companies through dialogue. That, I think, will lead to a dynamic and sophisticated society, where diversity is taken for granted.

Initiatives on Key Sustainability Issues

Sustainability Promotion System

In our Medium-Term Management Plan, we have incorporated a basic strategy for generating positive impacts geared towards solving social issues and have placed sustainability at the core of the Group's management. Each SuMi TRUST Bank business and its affiliated companies will independently select the social issues that must be addressed first, and we will strengthen efforts on these issues as our core business. Meanwhile, for climate change and other key sustainability issues in Japan and overseas, our Sustainability Promotion Committee functions as a command center for the entire Group and formulates strategies to swiftly implement initiatives whilst collaborating with international organizations.

Board of Directors

- Establishes the Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group (Sustainability Policy).
- Stipulates (in the Basic Policy on Corporate Governance) that one of its main roles is to address the problems of climate change and other environmental and social issues linked to sustainability and determines the policy direction of the Group.
- Hears the findings of the Risk Committee and engages in exhaustive discussions to decide on the issues (materiality) that have a serious impact on balanced creation of both social value and economic value, as well as operational frameworks.

↓ Supervision

Executive Committee

- Hears the findings of the Business Risk Management Committee and engages in exhaustive discussions to establish policies regarding items of materiality for submission to the Board of Directors.
- Engages in exhaustive discussions to decide on all initiatives for Group companies, taking the perspective of balanced creation of both social value and economic value into account.
- For initiatives on key sustainability issues, the Committee establishes medium-term policies in line with the Medium-Term Management Plan, as well as policies for each fiscal year, and manages operations that reflect the PDCA cycle (convenes meetings as the Sustainability Promotion Committee).

Group companies
(advances social problem-solving business)

Close collaboration

Chief Sustainability Officer
Sustainability Management Department
(addresses key sustainability issues)

SuMi TRUST Holdings has a system under which the Sustainability Promotion Committee (secretariat: Sustainability Management Department), which is the forum for sustainability discussions on the executive side, is convened as part of the Executive Committee and supervised by the Board of Directors.

Policies related to sustainability

Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group (Sustainability Policy)

- Environmental Policy
  - Action Guidelines for Mitigating Climate Change
  - Action Guidelines for Preserving Biodiversity
- Human Rights Policy

Please refer to the SuMi TRUST Holdings website for further details about the above policies.

	Policy
1	Contribute to solving social and environmental problems through business
2	Serve clients with sincerity
3	Earn the trust of society
4	Address environmental issues
5	Respect the individual
6	Participate in, and contribute to, the community

Sustainability Promotion Committee

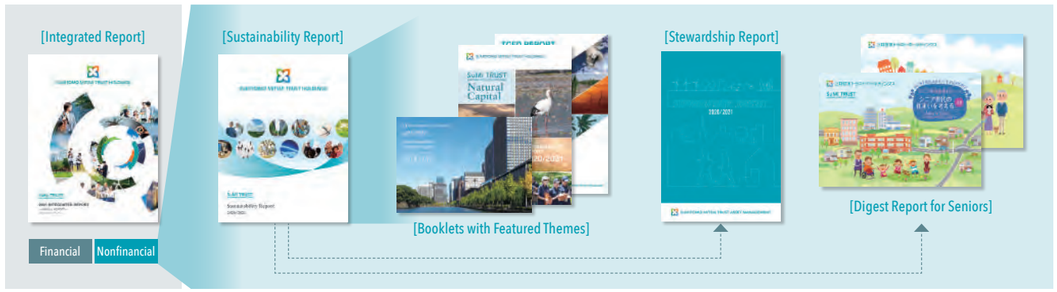
The Sustainability Promotion Committee is tasked with the following roles. Starting in FY2021, in order to integrate sustainability themes into our management plan, we have increased the frequency of meetings of the Sustainability Promotion Committee, and we are also using meetings of business executives and similar forums to advance social issue-solving business. The aim of these efforts is to achieve our goal of "balanced creation of both social value and economic value."

Management	• Promoting materiality management • Devising and promoting plans for sustainability work (manages the progress of social problem-solving businesses at Group companies) • Tackling climate change issues • Conducting strategic information disclosure by issuing ESG Reports and other publications • Earning the trust of investors and other stakeholders and working to improve their assessment of the Group
Business development	• Developing innovative financial products and services that help solve key sustainability issues • Strategically providing value to the community through "With You" activities*
Employee education	• Ensure employees understand strategies by distributing the Group's employee integrated report to all directors, officers, and employees • Facilitate the swift acquisition of practical knowledge by promoting in-house activities, such as participation in the challenge of helping achieve the SDGs, the SDG declarations formulated by each branch, and the "With You" activities*
Dialogue	• Encouraging dialogue with, and ascertaining the needs of, various stakeholders, including shareholders, investors, NPOs and NGOs in Japan and overseas, international organizations, government agencies, and universities • Utilizing internal engagement to absorb the needs of stakeholders into the Group and improve initiatives

SuMi TRUST With You®

* This is the name for the community-based sustainability activities developed by the branch offices of SuMi TRUST Bank in order to forge strong relationships of trust with local communities.

Enhanced Information Disclosure



Since 2017, the Group has published an integrated report with investors as the primary readers, as well as a sustainability report that provides comprehensive information disclosure to investors and non-investor stakeholders seeking more detailed ESG information. The FY2020 Sustainability Report was prepared based on the Common Metrics presented in the white paper "Measuring Stakeholder Capitalism - Toward Common Metrics and Consistent Reporting of Sustainable Value Creation," which was compiled by the four major global accounting firms based on recommendations from the World Economic Forum's International Business Council. We also publish booklets with featured themes, such as the TCFD Report, a revision of our existing climate change report, the Natural Capital Report, which focuses on biodiversity, and the Environmentally Friendly Property Report. Our Digest Report for Seniors, which addresses the issue of a super-aging society, has been well received for its easy-to-understand information on dementia and housing for the elderly.

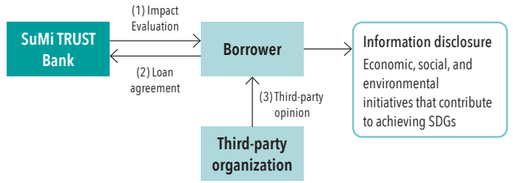
Group companies also publish a wide range of ESG-related reports, including stewardship reports from Sumitomo Mitsui Trust Asset Management and sustainability reports from Nikko Asset Management. For more information, please visit: https://www.smth.jp/english/sustainability/report

Solving Social Issues through Business

In its Medium-Term Management Plan, the Group has identified "sustainable growth of Japan's economy and corporations" as a social issue to be addressed by businesses that serve corporate clients. Recently we observe an increasing number of companies strengthening their response to ESG/SDGs as a growth strategy. We intend to harness the sustainability know-how and networks honed thus far to support our clients in their efforts.

Positive Impact Finance

In March 2019, SuMi TRUST Bank developed the world's first Positive Impact Finance (PIF with unspecified use of funds) solution, which adapts the Principles for Positive Impact Finance of the United Nations Environment Programme Finance Initiative (UNEP FI) for lending to operating companies. PIF is a product that comprehensively analyzes and evaluates the impact of a company's supply chain on the environment, society, and the economy, sets specific KPIs for increasing positive impact and mitigating negative impact, and asks clients to commit to these KPIs, which are then incorporated into the loan agreement. Then, through subsequent monitoring and disclosure of results, we encourage our clients to contribute to achieving SDGs and support their efforts to improve competitiveness (including their businesses, products, and services) from a global perspective.



Awarded the 17th LCA Japan Forum Chairman's Award

SuMi TRUST Bank's PIF received the "LCA Japan Forum Chairman's Award" at the 17th LCA Japan Forum Awards held by the LCA Japan Forum. The purpose of the LCA Japan Forum Awards is to widely disseminate and establish the LCA methodology, pursue technological innovation through improved environmental efficiency, and contribute to the development of Japanese industry. This is the first time that a financial institution has received this award, which is now in its 17th year. When analyzing the impact of products and services, LCA analyzes the impact across the entire life cycle, from raw material extraction to processing, manufacturing, distribution, use, and disposal. In awarding the "LCA Japan Forum Chairman's Award" to Sumi TRUST Bank's PIF, the LCA Japan Forum was recognizing our use of impact evaluations in loan decision-making utilizing LCA's life cycle-based approach and methodology as a meaningful contribution to the financial industry.

Results of PIF Initiatives

After signing the world's first loan agreement for PIF (unspecified use of funds) with Fuji Oil Group in March 2019, SuMi TRUST Bank has moved forward and successfully concluded 17 agreements as of the end of March 2021. As for the monitoring status of the positive impact expansion/negative impact reduction KPI targets set with our clients, we have opened a dedicated disclosure page on SuMi TRUST Bank website.

For more information, please visit: https://www.smtb.jp/business/pif/index.html

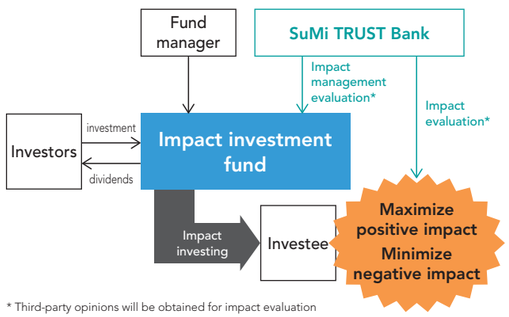
Expanding our Impact Evaluations

Building on the track record established in PIF, SuMi TRUST Bank has initiated support for impact evaluations of impact investment funds. Impact investing is an investment approach that aims to balance social and economic value by adding a third axis, "social value (impact)," to the two traditional axes of investment decision-making, "risk" and "return," in order to understand the impact of the investee on the environment, society, and the economy.

SuMi TRUST Bank has decided to support impact evaluations of the respective impact investment funds formed by Anchor Ship Partners Co., Ltd. ("ASP") and Real Tech Holdings Co., Ltd. ("Real Tech").

ASP will make investments in ships, one of the 14 areas of the Japanese government's Green Growth Strategy, based on the global trend toward decarbonization. We will measure the impact of ASP's investments on the economy, society, and the environment and take appropriate management actions.

■Example of an impact investment fund scheme



* Third-party opinions will be obtained for impact evaluation

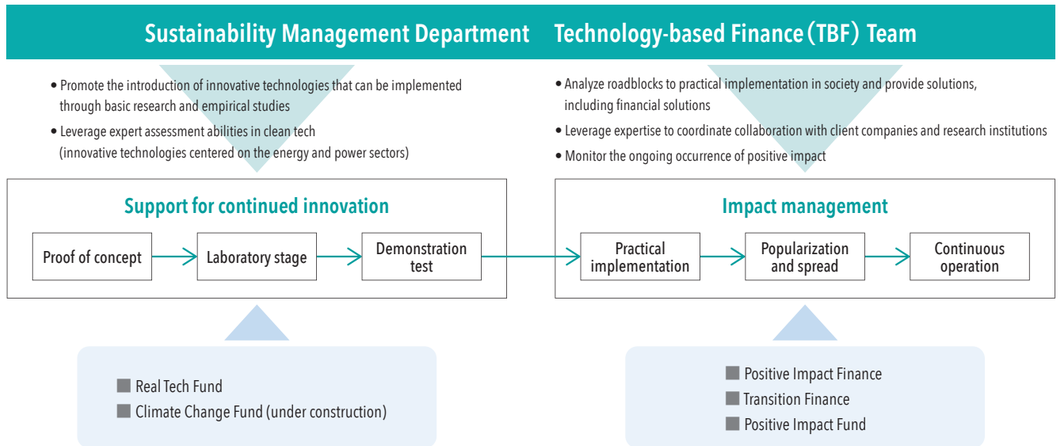
By implementing impact evaluation and monitoring, SuMi TRUST Bank will support the fund's efforts to decarbonize the shipping industry. Meanwhile, Real Tech is investing in and nurturing startups with state-of-the-art science and technology and R&D-based technologies ("Deep Tech") to solve the problems of the planet and humanity. SuMi TRUST Bank has entered into an advisory agreement with RealTech on impact evaluation, marking the first time a Japanese Deep Tech start-up investment fund has decided to adopt impact evaluation. SuMi TRUST Bank will work together with the fund to monitor its impact and aim for its practical implementation appropriate for the Deep Tech field.

Technology-based Finance (TBF)

Countries around the world have made decarbonization declarations, and Japan has also declared its intention to become carbon neutral by 2050. In order to achieve carbon neutrality, it is essential to not only fully mobilize conventional technologies but also introduce innovative technologies and combine them in various ways.

Furthermore, an enormous investment will be needed to achieve carbon neutrality. As a result, expectations for financial institutions are extremely high, which is the backdrop in the expansion of the ESG market. On the other hand, financial institutions have become more knowledgeable about technology than before, and play a role in accelerating the flow of technology-based finance by proactively identifying risks and opportunities. We therefore decided that we needed to form an in-house organization with scientific expertise that could take charge of active initiatives in the area of technology-based finance, with the idea that such an organization could help us to understand the latest technologies, deepen our dialogue with clients, and actively contribute to carbon neutrality through financing using the Bank's trust function.

SuMi TRUST Bank has therefore established a Technology-based Finance (TBF) team within the Sustainability Management Department with the aim of supporting, from a financial perspective, the research and development of advanced technologies to solve environmental and social issues such as decarbonization and resource recycling, as well as the practical implementation of these technologies in society. Assembling a team of researchers and experts with doctoral degrees in science and engineering will enable us to exchange informed opinions with the R&D and technology development departments of companies and universities. Building a recycling society, a decarbonized society, and a society in harmony with nature first and foremost requires expertise in the energy and chemical fields, so we recruited a team of engineers with patents in hydrogen, storage batteries, and organic and inorganic chemistry. Together with other members of the Sustainability Management Department and its network, we have created a strong group of engineers capable of covering 14 areas of the Japanese government's Green Growth Strategy. TBF is a new challenge for us and for the financial community, but we believe that by applying existing technologies, developing new technologies, and combining them, we can build a social system to solve environmental and social problems. Our goal is to advance the practical implementation of these solutions in society by making full use of our various networks and coordinating with policy makers, investors, and other financial institutions.



For more information on our initiatives to comply with TCFD (Task Force on Climate-related Financial Disclosures) recommendations, please see our 2020/2021 TCFD Report.
URL: https://www.smth.jp/english/-/media/th/english/sustainability/report/2020/TCFD-E-all.pdf



Addressing Climate Change Issues

As the problem of climate change becomes more serious, the global movement toward carbon neutrality in 2050 is accelerating. SuMi TRUST Holdings recognizes that climate change is the biggest factor affecting financial markets in terms of risks and opportunities and is accordingly stepping up its initiatives based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Since our endorsement of the TCFD recommendations in August 2018, our banking and asset management divisions have documented their respective initiatives in the form of TCFD reports.

(1) Governance

Numerous climate change measures are intricately linked to the promotion of sustainability and risk management practices, which is why we have adopted a structure under which the Risk Committee performs monitoring and the Board of Directors exercises supervision after executive deliberations are made at the Business Risk Management Committee and Executive Committee in accordance with how these measures are promoted or managed. We are also continuing the activities of the TCFD Project Team, which was launched in October 2019 to strengthen risk management and information disclosure related to climate change.

■Main initiatives in FY2020

Meeting body	Description	
Board of Directors	Reports on the progress of the TCFD Project Team and hears the opinions of directors, including external directors	Supervision
Risk Committee	Reports on the progress of the TCFD Project Team and hears the opinions of Risk Committee members, including external advisors	(Advisory body to the Board of Directors)
Executive Committee	Reports on the progress of the TCFD Project Team in addressing TCFD matters and reports on the contents to be disclosed in the TCFD report	Execution
Business Risk Management Committee	Reports on the progress of the TCFD Project Team and the contents to be disclosed in the TCFD report, and hears the opinions of the Business Risk Management Committee members	(Advisory body to the Board of Directors)
Steering committee for TCFD Project Team	Committee meetings for discussing TCFD matters are held regularly and attended by the officers responsible for corporate planning, financial planning, risk management, and asset management business planning Decides on approaches and information disclosure policies, and reports on the results of transition risk and physical risk scenario analyses, among other matters	Execution

(2) Strategy

In the area of climate change, financial institutions are responsible not only for direct impacts arising from their own business activities but also for indirect repercussions arising from investee and borrower companies and projects, and the responsibility for the latter are more significant.

For example, medium- to long-term climate change could potentially have a negative impact on the Group's earnings and financial situation owing to greater risk of physical damage to, for example, the natural environment, social infrastructure, and client assets (physical risks), as well as the risk of a rapid transition to a low-carbon society owing mainly to policy changes, changes in social norms, financial market preferences regarding climate change, and technological innovation (transition risks). More specifically, there is the (physical) risk of natural disasters impairing the credit standing of obligors and the value of their pledged assets, thereby negatively impacting the Group's credit portfolio, and the (transition) risk of securities issued by companies that emit large amounts of CO_2 and loans extended to such companies dragging down the value of assets held by the Group due to a rapid transition to a low-carbon society. Meanwhile, an important element for financial institutions in their corporate growth strategies is factoring in the transition to a net-zero emission society into their business models.

Climate Change Scenario Analysis

The percentage of loans exposed to carbon-related assets*, an indicator of credit exposure to carbon-related assets in the Group's business portfolio, is 5.0% (as of March 31, 2021, down 0.2 points from March 31, 2020). Despite an increase in the overall loan balance, the decrease in exposure to carbon-related assets owed to an increase in project finance for renewable energy projects, which are subtracted from total exposure to carbon-related assets.

* Loans to the "energy" and "utilities" sectors (based on the Global Industry Classification Standard, excluding water utilities and independent renewable energy power producers) are defined as "exposure to carbon-related assets" in the TCFD recommendations. Calculation range based on the combined total for SuMi TRUST Bank and Sumitomo Mitsui Trust Bank (Thai).

We summarized the transition risks, physical risks, and business opportunities in the sectors belonging to the four non-financial groups in the TCFD recommendations most likely to be potentially impacted by climate change and a transition to a low-carbon economy (see figure below).

■Heat Map

Sector	Transition risk	Physical risk	Opportunity	Exposure
Petroleum, gas, and coal	High	Medium	Medium	Medium
Electric power	High	Medium	Medium	High
Marine transportation	Medium	Medium	Medium	High
Railway transportation	Low	Low	Low	Medium
Automotive and parts	Medium	Medium	Medium	Medium
Property management and development*	Low	High	Medium	High
Chemicals	Medium	Medium	Medium	Medium
Paper and forest products	Medium	High	Medium	Low
Personal mortgage loans	Low	High	Medium	High

* Personal mortgage loans not included

Taking the results of the qualitative assessment and SuMi TRUST Bank's exposure into account, we conducted a transition risk scenario analysis for the electric utilities sector and a physical risk scenario analysis for individual residential mortgages in FY2019. In FY2020, we conducted a transition risk scenario analysis for the shipping sector. Going forward, we will seek more effective ways to implement measures such as reducing GHG (greenhouse gas) emissions in our loan portfolio and introducing stress tests, while also gathering information on global trends in those areas.

• Scenario Analysis of the Shipping Sector

SuMi TRUST Bank is a global player that has provided ship financing consistently for over 50 years. We took on the challenge of transition risk scenario analysis because the shipping sector is a very important industry for us. For example, we were the first financial institution from an Asian country to sign the Poseidon Principles.

In our analysis, which was based on the individual ocean shipping sector scenarios in the Fourth IMO (International Maritime Organization) GHG Study and the future forecast scenario for shipping capacity by Clarksons Research (a UK-based shipping sector research company), we attempted to examine the possibility of changes in the credit risk of companies which receive ship financing and its impact on our ship financing portfolio. However, we concluded that more time is needed to organize the results of the analysis based on multiple economic scenarios and energy demand projections and to incorporate the concept of a carbon tax. As members of each department gathered for repeated discussions on these matters, their awareness of the risks of climate change deepened, which we see as a beneficial side effect of the analysis project. Going forward, we plan to utilize the results of our analysis when engaging in dialogue with business partners, based on the assumption that such engagement will help us obtain information for predictive modeling and scenario development, which is useful data when analyzing credit risk.

• Climate-Related Portfolio Analysis by Group Asset Managers

Sumitomo Mitsui Trust Asset Management ("SMTAM") assesses climate change risks in its portfolio for each asset class. It uses two assessment methods: (1) a fixed point analysis based on information disclosure and performance of the companies comprising the portfolio; and (2) a transition path analysis based on future climate change scenarios. The fixed point analysis attempts to understand the status of greenhouse gas emissions at a certain point in time based on the information disclosed by investee companies. The transition path analysis assesses how climate change risks in the portfolio will change under future climate change scenarios We publish summaries of the analysis results for domestic and foreign stocks managed by SMTAM. For more information, refer to the SMTAM Stewardship Report 2020/2021 pages 39-44.
https://www.sumitrust-am.com/file/02/ss_report.pdf

Nikko Asset Management has introduced a portfolio carbon analysis tool developed by a third party to evaluate companies using indicators such as carbon dioxide emissions per unit of output, carbon risk management, and exposure to stranded assets. In addition, Nikko Asset Management is constantly considering the introduction of scenario analysis tools that will add value to its analysis, both at the individual company level and at the portfolio level. The field is developing rapidly, with tools to address a variety of climate risks, including transition risks and physical risks. Scenario analysis tools offered by various service providers were discussed at the ESG Global Steering Committee meeting. Nikko Asset Management is continuing to examine the applicability of existing and new climate scenario analysis tools to the management of portfolios with different characteristics. For details, refer to the Nikko Asset Management TCFD Report.
https://en.nikkoam.com/files/pdf/esg/tcfd_eng.pdf

Using the results from these portfolio analyses as a guide, we actively engage with our investee companies to encourage them to reduce greenhouse gas emissions, promote the use of renewable energy and energy conservation, work toward the realization of a decarbonized society through the development of alternatives to fossil fuel-derived products, and enhance their information disclosure on climate change issues.

(3) Risk Management

We identify climate change to be a priority issue that has implications for both the Group's corporate value and the building of a sustainable society. It is therefore a key point of focus for our risk management Within the framework of Group-wide risk management resolved by the Board of Directors, every quarter we exhaustively bring to light risks and identify and evaluate those considered to be significant. From among the significant risks identified, the officer in charge of risk selects the top risks and emerging risks and monitors and manages them within our existing risk appetite framework (RAF) by submitting a risk management status report to the Board of Directors on a quarterly basis.

At the end of March 2020, we added "climate change-related risk" to our list of emerging risks because it poses a considerable risk over the medium to long-term, and we began monitoring "exposure to carbon-related assets" as a reference indicator in our RAF. We are currently preparing for the assessment and utilization of climate change risks with the goal of implementation in the second half of FY2021. As for future directions, we plan to proceed with review and discussions with relevant departments, including the TCFD Project Team, on how to revise our rules and regulations to incorporate frameworks and practical operations that comport with the risk governance framework delineated in European Central Bank guidelines.

Climate Change Risk Management for Loans

The Group has also established its "Environmental Policy" to reduce the environmental burden arising from its business activities. Furthermore, it has established the "Action Guidelines for Mitigating Climate Change" and the "Action Guidelines for Preserving Biodiversity" to promote initiatives to address these two globally important environmental issues, and has been making efforts to engage in dialogue and cooperation with various stakeholders.

In FY2020, we revised our policy on environmental and social considerations in loans and clarified our stance that "we will not, in principle, engage in new projects for the construction of coal-fired power plants." We will continue to conduct regular reviews, revising policies and enhancing operations as necessary.

Moreover, SuMi TRUST Bank has forged internal operating rules that stipulate procedures for evaluating environmental and social impacts based on the Equator Principles framework, and implements evaluations of environmental and social impacts relating to individual projects. Similarly, as a signatory to the Poseidon Principles, we contribute to addressing climate change risks in the shipping industry by disclosing the level of climate change alignment in our ship financing portfolio (see page 87 for details).

Climate Change Risk Management for Portfolio Investments

Each of the Group's asset management companies has its own ESG engagement policy (see page 88 for details) and actively engages with its investee companies. We also participate in international initiatives such as "Climate Action 100+" (CA100+), a program of collaborative engagement with companies believed to have major impacts on global warming. SMTAM has been a steering committee member of the CA100+ on behalf of Asia since April 2020, as well as the lead manager for nine companies in the region to interact directly with. In addition to CA100+, both of the Group's asset management companies participate in numerous global initiatives and enact stewardship activities through engagement and the exercise of voting rights, thereby encouraging investee companies to disclose climate change information and urging them to take concrete steps towards addressing climate change issues in order to improve their own sustainability and the sustainability of the market as a whole.

(4) Metrics and Goals

SuMi TRUST Bank has set a new long-term target for sustainable finance in the banking sector (loans to corporate clients): ¥5.0 trillion in cumulative loans over the 10-year period from FY2021 through 2030, including ¥3.0 trillion in environment-related fields.

The Bank will aim to solve climate change and other environmental and social issues and help realize a sustainable society together with clients by actively supplying funds to environmental and social fields.

Long-Term Target for Sustainable Finance
Cumulative Balance of Loans Executed in FY2021 -2030: ¥5.0 Trillion
(Incl. ¥3.0 Trillion in Environmental Fields)

Examples of sustainable finance
- Positive impact finance
- Renewable energy finance
- Financing for green buildings

We also intend to focus on transition finance to support the shift towards a carbon-free society.

As for our medium- and long-term targets, not only will SuMi TRUST Bank aim to achieve the global common goal of zero emissions by FY2050, but we have also set our sights on a 50% reduction in emissions by the milestone year of FY2030 (compared to FY2019). In setting this goal, we reference the Science Based Targets initiative—the global standard of reduction targets for working towards the goal of the Paris Agreement—which calls for companies to reduce their emissions by at least 4.2% per year in order to limit global warming to 1.5°C.

Targeting 50% reduction in CO_2 emissions at SuMi TRUST Bank by FY2030 and zero emissions by FY2050

Policies for Specific Sectors

(1) Prohibited Transactions
- Transactions that are considered immoral
- Transactions that involve anti-social forces
- Transactions where the use of funds is speculative
- Transactions that involve cluster munitions manufacturers as well as credit transactions with companies that have material involvement in the manufacturing process through lending and other activities with cluster munitions manufacturers.

(2) Transactions Warranting Special Attention
- Coal-fired power generation
  SuMi TRUST Bank, in principle, will not engage in new projects for the construction of coal-fired power plants.
- Weapons manufacturing
  SuMi TRUST Bank will avoid lending and other activities where funds will be used for manufacturing weapons of mass destruction such as nuclear weapons, chemical weapons, biological weapons, or for manufacturing inhumane weapons such as antipersonnel landmines.
- Forestry
  The rapidly developing global deforestation is creating various problems such as reduction in biodiversity, decline in the stability of ecosystems, lower watershed protection, lower fixation of carbon dioxide and other items. SuMi TRUST Bank engages with timber manufacturers and manufacturers using timbers as raw materials only after careful consideration such as checking their international forest certification status*1 as well as fully taking whether or not there are existing problems with original inhabitants and local communities into consideration.

  *1 FMC (Forest Management Certification) issued by FSC (the Forest Stewardship Council) for forestry management and forestry business operations; CoC (Chain of Custody Certification) for processing and distribution management of certified forest products, and others.

- Palm oil
  Palm oil is derived from "oil palms" grown on plantations. While palm oil demand is rapidly growing owing to its convenience and rising preference for wholesome foods, environmentally destructive plantation developments are the main causes for the devastation of tropical rainforests and the decline in biodiversity. SuMi TRUST Bank engages with producers of palm oil and manufacturers using palm oil as a raw material only after careful consideration such as checking their international/local sustainable palm oil certification status*2 as well as fully taking whether or not there are existing problems with original inhabitants and local communities into consideration.

  *2 RSPO (Roundtable on Sustainable Palm Oil) and others that aim to observe NDPE (No-deforestation, No-peat and No-exploitation) and the preservation of HCS (High Carbon Stock) forests

(3) Review of Sector Policies
SuMi TRUST Bank regularly reviews the suitability of established sector policies and the status of how transactions are being addressed at Sustainability Promotion Committee in our Executive Committee, etc., to reconsider the policies as well as make improvements to our operations as necessary.

* See page 46 in our 2020/2021 Sustainability Report for more information.

Initiatives based on the Equator Principles

SuMi TRUST Bank is a signatory to the Equator Principles, global guidelines that call on private financial institutions to fully consider the impacts on the natural environment and local communities when extending project finance and other loans to entities undertaking projects. When making the decision to extend loans, SuMi TRUST Bank conducts a comprehensive risk assessment involving a review of the environmental and social impacts based on the project's environmental and social risks, project location, and type of business.

* See pages 47-48 in our 2020/2021 Sustainability Report for more information.

Signatory to the Poseidon Principles

SuMi TRUST Bank became the first financial institution in Asia to sign on to the Poseidon Principles, an initiative launched by financial institutions to address climate change risks in the marine transportation industry. A signatory to the Principles will, on an annual basis, measure the carbon intensity and assess climate alignment—carbon intensity relative to established decarbonization pathways—of its shipping portfolio using the methodology established by the Principles. SuMi TRUST Bank will also publish the overall climate alignment of its shipping portfolio starting from FY2021.

* See page 49 in our 2020/2021 Sustainability Report for more information.

Initiatives at Sumitomo Mitsui Trust Asset Management

Approach to ESG

ESG issues reside in non-financial domains and do not manifest themselves in financial reporting, but they can have a considerable impact on corporate value over time. Based on this thinking, SMTAM considers the actions taken to address such issues to be integral to stewardship activities, alongside engagement and the exercise of voting rights. Through these activities, SMTAM aims to maximize returns for its clients and contribute to the achievement of the SDGs by actively fulfilling its role as an asset manager in the investment chain.

ESG Guidelines

As a signatory asset manager to the PRI and with a core focus on the United Nations Global Compact and the values expressed in the SDGs, SMTAM engages with investee companies to help solve their ESG issues and contribute to medium- to long-term corporate value, all the while engaging in ESG-oriented investment activity. SMTAM has established 12 items of materiality in an effort to organize the categories used when evaluating an investee company.

Moreover, for self-managed active products and fixed income passive products, as well as separately established passive products, SMTAM's policy is to cease purchase of new or additional securities issued by any company involved in the manufacture of the following inhumane weapons, and depending on the results of engagement, will divest its current holdings of such securities.

Inhumane weapons: Cluster munitions, anti-personnel landmines, biological weapons, and chemical weapons

ESG Engagement Policy

SMTAM sees engagement as an opportunity to seek best practices from companies and communicates its own views so as to contribute to the enhancement of corporate value over the medium to long-term by solving the ESG issues of investee companies. In addition to top-down activities based on our 12 established materialities, including climate change and encouraging governance reform, SMTAM also conducts bottom-up activities linked to the corporate strategies of individual companies.

In addition to its own engagement activities, SMTAM also conducts activities through collaborative engagements by participating in global initiatives that aim to address numerous agenda items, such as greenhouse gas emissions, palm oil, forest conservation, access to medical care, and diversity (appointment of women to management positions).

Initiatives at Nikko Asset Management

Approach to ESG

As an asset management company, Nikko AM's mission is to always act in the best interests of its clients. For that reason, it places utmost importance on fiduciary and ESG principles in its corporate philosophy and corporate activities. Guided by the belief that reflecting ESG in investment practices enhances the long-term value of corporations and contributes to sustainable economic growth, Nikko AM strives to incorporate ESG principles into numerous investment decision-making processes so that it can fulfill its fiduciary duties.

ESG Guidelines

Principle 1: Nikko Asset Management (Nikko AM) incorporates ESG issues in investment analysis and decision-making.
Principle 2: Nikko AM is an active owner and incorporates ESG issues into its ownership policies and practices.
Principle 3: Nikko AM seeks appropriate disclosure on ESG issues by the entities in which it invests.
Principle 4: Nikko AM promotes the acceptance and implementation of the Principles for Responsible Investment within the investment industry.
Principle 5: Nikko AM collaborates to enhance effectiveness in implementing the Principles for Responsible Investment.
Principle 6: Nikko AM reports its activities and progress towards implementing the Principles for Responsible Investment.

ESG Engagement Policy

Engagement activities at Nikko AM involve the exchange of opinions in line with an investee company's growth phase from a long-term perspective with regard to not only earnings and financial strategies, but also the management policies, business strategies, shareholder return policies, and ESG issues mentioned in non-financial information already disclosed. Nikko AM engages with a broad range of parties, from the management teams of investee companies, through to their finance departments, business planning departments, and even officers in charge of business operations. Particularly with regard to companies that are reluctant to disclose information, Nikko AM endeavors to reinforce the benefits of engagement by proposing meetings with management.

Nikko AM seeks to realize closer engagements with investee companies with the goal of sharing accurate information about their situation and supporting the creation of medium- to long-term corporate value.

Financial inclusion

Initiatives related to financial inclusion were previously implemented at various Group companies. From November 2019, however, the Sustainability Management Department assumed control of these activities across the entire Group and took steps to develop an implementation strategy and expand the scope of initiatives. Its specific policies are outlined below.

1. Improving accessibility through expansion of online transactions
2. Providing charitable trust schemes to facilitate social contributions
3. Financial inclusion initiatives for various types of loans
4. Initiatives based on the G20 Fukuoka Policy Priorities on Aging and Financial Inclusion
5. Flexible approach to modification of repayment terms on loan transactions (initiatives for financial facilitation)

Improving accessibility mainly through expansion of online transactions

Expanding online transaction platforms in order to improve accessibility to financing is one way to address financial inclusion, and SuMi TRUST Bank is endeavoring to enhance the convenience of client transactions online (internet banking) and over the phone (telephone banking). Starting last year, we opened a next generation branch that allows online consultation. The service enables clients who are unable to visit the branch to consult online from their homes, while reviewing the brochure and seeing the staff onscreen, facilitating comfortable and safe consulation.

Using charitable trusts to provide finance schemes

SuMi TRUST Bank utilizes charitable trusts to provide finance to people with little financial leeway. As part of this initiative, we provide charitable trusts to benefactor clients with the goal of offering low-interest or no-interest scholarships to students who do not have the financial means to further their education. In April of this year, we also launched a medical support donation trust to support universities that conduct medical research.

Initiatives based on the G20 Fukuoka Policy Priorities on Aging and Financial Inclusion

The world's population continues to rapidly age and there are fresh concerns that conventional financial services will be unable to meet their needs. Through much discussion about the topics of aging and financial inclusion, the Global Partnership for Financial Inclusion (GPFI*) and the OECD jointly prepared and adopted the G20 Fukuoka Policy Priorities on Aging and Financial Inclusion at the G20 plenary meeting of finance ministers and central bank governors in June 2019. The document sets out eight key priorities to help the international community address the challenges of aging populations. SuMi TRUST Bank fully supports the priorities and therefore defined and announced concrete initiatives to address each of the eight items.

* The GPFI is an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion, including implementation of the G20 Financial Inclusion Action Plan.
* See pages 142-148 in our 2020/2021 Sustainability Report for more information about financial inclusion.

Establishment of a research unit on financial inclusion at the Chuo University Research and Development Initiative

Name	The Research Unit for Blueprinting the Best Utilization Scheme of "TRUSTS" in the Super-Aged Society
Research period	April 1, 2021 - March 31, 2026

On April 1, 2021, SuMi TRUST Bank signed an agreement with the Chuo University Research and Development Initiative to establish a research unit entitled "The Research Unit for Blueprinting the Best Utilization Scheme of "TRUSTS" in the Super-Aged Society."

The Group has defined its reason for existence ("Purpose") as "To create new value with the power of trusts and let prosperous future for our clients and society bloom." In this spirit, we established this research unit to help realize a prosperous aging society in which all Japanese senior citizens can feel at ease and lead a happy life based on their own free will. The goal is to research new applications of the trust system, such as new trust products and services, in order to achieve financial inclusion, and to feedback the research results to society. Through these efforts, SuMi TRUST Bank will continue to make efforts to contribute to society with solutions that actively utilize the trust system.



* For more information, please refer to the press release dated April 22, 2021, published at https://www.smtb.jp/corporate/release/, titled "Establishment of research unit on Grand Design for the Utilization of Trusts in an Aging Society at Chuo University Research and Development Initiative" (in Japanese).

Delivering Value to Communities

Delivering value to communities is a means for the SuMi TRUST Group to have a positive impact on stakeholders in a more direct manner. Some initiatives are Group-wide, while others are being implemented independently by Group companies, like the "With You" activities.

We will look to ascertain the social value that these activities generate so that we might implement more beneficial initiatives in the future.

* See pages 149-178 in our 2020/2021 Sustainability Report for more information.

UWC ISAK

Supporting a school that unearths and nurtures "changemakers" from disadvantaged backgrounds



2019 summer school

Initiative	Value generated (particular SDGs emphasized)	KPI
Every year since 2013, the Group has paid for the travel expenses and tuition fees of one scholarship student attending the summer school program of United World College ISAK Japan (Lin Kobayashi, School Founder and Chair of the Board), a school that incorporates the idea of nurturing "changemakers" into its educational philosophy. As of 2020, UWC ISAK Japan has accepted seven participants into the summer school program, most of them being scholarship students from Shanti Bhavan, a school for lower-caste children in India. The summer school was suspended in 2020 due to the COVID-19 pandemic, but plans to resume in 2021.	• Unearth talented students from disadvantaged backgrounds so they might become "changemakers" and help change the world • Have graduates now active in society address poverty issues in the regions they hail from	The career of students after graduating (where possible, trace the career paths of scholarship students that received assistance)

Supporting national trusts

Supporting national trust activities mainly to protect local ecosystems

Initiative	Value generated (particular SDGs emphasized)	KPI
Since 2005 the Group has teamed up with the Association of National Trusts in Japan and the Ecosystem Conservation Society-Japan (which has a close relationship with the former) to engage in various activities. For example, setting up a donation program to help purchase trust land, hosting panel exhibitions at our branches, cooperating on a joint display at the EcoPro exhibition, and holding online workshops as awareness-raising activities for employees. More recently, most of our activities have focused on supporting regional revitalization.	• Supporting the preservation of Japan's unique environment and ecosystems through land conservation • Supporting regional revitalization initiatives by harnessing the environment as a local resource	• Number of ongoing support programs • Area of trust land purchased through donation programs • Number of natural capital posters produced and number of lobby displays in branch offices • Number of in-house awareness-raising workshops held and number of participants

Promoting the spread and awareness of "natural capital"

In December 2020, the Group published a sustainability report on the theme "Natural Capital" to disclose information regarding its natural capital initiatives. At our branch offices too, we are actively pursuing a number of initiatives to deepen knowledge about natural capital and disseminate information to all local stakeholders, including clients in the Retail Total Solution Services Business. About 450 employees participated in an online in-house workshop held in June 2021. The workshop was led by staff members of the Association of National Trusts in Japan and our employees, and covered such topics as the concept of natural capital, the principles behind the Group's initiatives, concrete examples of initiatives, and what we can do as a trust bank. In addition, original posters created based on this report were displayed at our branch offices across Japan to promote the Group's initiatives to clients visiting the branches.



Lobby display



From the workshop materials



Please also see our sustainability report on the theme "Natural Capital."
URL: https://www.smth.jp/english/-/media/th/english/sustainability/report/2020/NC-E-all.pdf

ESD project

Innovative SDG-focused education program that sparks awareness of sustainability in the next-generation

Initiative	Value generated (particular SDGs emphasized)	KPI
The Group collaborates with sustainability and communication company TREE (Masahiro Mizuno, Representative Director) to run a progressive ESD (education for sustainable development) project at mainly schools throughout Japan with the use of visual aids and ICT. Since 2012, 13 sessions of the program have been held at a pace of two per year. In recent years in particular, collaboration with local boards of education across Japan has focused on the education of teachers. Starting in FY2020, we have taken up the challenge of online classes and other cutting-edge initiatives.	• Archive of class "making-of" videos • Using themes to create awareness of local SDG issues • Development of innovative ESD methods using mainly ICT	Accumulation of social value generated by each program (recorded video supplied to schools, new method trials, etc.)

Promoting ESD projects online

Since 2012, SuMi TRUST Bank has been working with TREE Co., Ltd., which operates the SDGs educational media site SDGs TV, on an ESD (Education for Sustainable Development) project for children, who will lead the next generation. In March 2021, our 16th ESD Project provided a special interactive class for third-year students of Ryukoku Junior High School in Saga to learn in depth about the targets of the SDGs they are interested in and care about. This provided students with the opportunity to speak directly with specialists who are active in their respective fields, with the aim of becoming "specialists who can think for themselves."

Due to the COVID-19 pandemic, the event and its planning were carried out completely remotely, from the preliminary preparations to the class itself. The project was the first online dialogue we have produced to connect students in the classroom with instructors in various locations across Japan. The students engaged in a lively question-and-answer session and exchange of opinions with the experts on the social issues of "hunger," "malaria," "pollution," and "gender equality," which they had spent a long time studying. After the event, the students shared their impressions with comments such as "I saw how the 17 goals of the SDGs are intricately intertwined and connected to each other," and "There are so many initiatives, from technical ones to actions you can take today, but I want to start with what's around me."

Dialogue themes of the four groups (SDGs goals and targets)

- Group 1 Goal 2 Target 2-1
  End hunger and ensure access to sufficient food
- Group 2 Goal 3 Target 3-3
  Eradicate epidemics and combat infectious diseases
- Group 3 Goal 3 Target 3-9
  Substantially reduce the number of deaths and illnesses from water and soil pollution
- Group 4 Goal 5 Target 5-c
  Promote gender equality



Online teacher-student dialogue

Disseminating high-quality information to seniors

The Group publishes two digest reports for seniors (on housing and dementia) for clients in the Retail Total Solution Services Business. The updated edition of our digest report for seniors, "Considering Senior-Generation Housing—V3.0," published in April 2021, is a booklet that helps our clients of the senior generation choose the best housing option for themselves. It has been revised to incorporate the latest research findings of the experts we have assembled at the Trust Future Forum.

The report introduces a variety of ideas, information, and case studies for achieving "Aging in Place." Aging in Place refers to the ability of the elderly to continue living while maintaining and improving their quality of life (QOL) regardless of age and physical or mental weakness issues. Aging in Place can be achieved in different ways; for example, by remodeling the current home and continuing to live there, or relocating to a more comfortable home or a home for the elderly.

In order to help clients achieve their Aging in Place goals, each branch office offers a variety of services to support the housing needs of senior citizens, including home renovation loans to finance accessibility renovations and other needs, reverse mortgages to finance retirement using the home as collateral, and advice on housing and taxes. We also proactively disseminate the information in the report to clients who visit our branches through lobby displays and original posters.

Please also see our digest reports for seniors "Considering Senior-Generation Housing—V3.0" and "Considering the Problems of Dementia—V2.0."



Original poster



Considering Senior-Generation Housing—V3.0
https://www.smth.jp/csr/report/2020/all5.pdf



Considering the Problems of Dementia—V2.0
https://www.smth.jp/csr/report/2019/all5.pdf

Multi-stakeholder Partnerships

Goal 17 of the SDGs is about advancing different types of partnerships for the purpose of achieving the goals. In recognizing that finance plays a key role in the formation of a sustainable society, the Group collaborates with various stakeholders, including other financial institutions, places much emphasis on actions that attempt to solve challenging issues, and actively participates in initiatives in Japan and overseas.

Major initiatives SuMi Trust Holdings is a signatory to or participates in

UNEP FI (United Nations Environment Programme Finance Initiative)

United Nations Global Compact (UN Global Compact)

Principles for Responsible Banking (PRB)

Principles for Responsible Investment (PRI)

Principles for Financial Action for the 21st Century

Leadership Declaration under Business and Biodiversity Initiative "Biodiversity in Good Company"

TCFD (Task Force on Climate-related Financial Disclosures)

CDP

Natural Capital Finance Alliance (formerly: the Natural Capital Declaration)

Major initiatives SuMi TRUST Bank is a signatory to or participates in

The Equator Principles

The Poseidon Principles

COLTEM

Well-being Initiative

Major initiatives Sumitomo Mitsui Trust Asset Management and Nikko Asset Management are signatories to or participate in (excluding the initiatives SuMi Trust Holdings is a signatory to)

International Corporate Governance Network

Climate Action 100+

AIGCC

Thirty Percent Coalition member
30% Club UK / 30% Club Japan Investor Group member

Access to Medicine

Ceres

FAIRR

Investor Agenda

* See pages 23-25 in our 2020/2021 Sustainability Report for more information.

Multi-stakeholder Partnerships

Principles for Responsible Banking (PRB)

In September 2019, the Group became an inaugural signatory to the Principles for Responsible Banking, through which the banking industry collaborates globally to promote sustainability. The Principles for Responsible Banking commit signatories to align their business strategies and practices with the Sustainable Development Goals (SDGs) and the Paris Agreement goals. By focusing on the areas in which our core business could assert great impact, setting goals for specific initiatives, and taking action, we hope to make significant contributions towards achieving the targets of the SDGs on both a global and local level.

To commemorate the first anniversary of the establishment of the Principles for Responsible Banking, UNEP FI, the secretariat of the Principles for Responsible Banking, has released 10 videos of interviews on specific initiatives by the signatories, including commentary from SuMi TRUST Bank on the significance of the PRB from the perspective of the banking business. Having signed on to the PRB, we are obligated to disclose information about our initiatives every year. Our first such disclosure appeared in the Sustainability Report 2020/2021.

Principles for Responsible Investment (PRI)

The PRI, which were formulated by the United Nations Global Compact and the United Nations Environment Programme Finance Initiative (UNEP FI) as a joint secretariat, were signed by Sumitomo Mtsui Trust Asset Management (SMTAM, then known as Sumitomo Trust & Banking) in May 2006, and by Nikko Asset Management in October 2007. The Principles call on institutional investors such as pension funds and asset managers to consider ESG (Environmental, Social, Governance) when making investment decisions. In 2019, SuMi TRUST Bank also re-signed, which means three Group companies are now signatories: SuMi TRUST Bank, SMTAM, and Nikko AM. In addition, SMTAM is participating in the Water Risk Working Group, and both SMTAM and Nikko AM are participating in the Palm Oil Working Group and other groups to practice engagement with relevant companies.

Climate Action 100+

CA100+ brings together more than 500 investment institutions from around the world to collaborative with more than 160 of the world's largest greenhouse gas emitters.

SMTAM has been a steering committee member of the CA100+ on behalf of Asia since April 2020, as well as the lead manager for nine companies in the region to interact directly with.

CA100+ operates based on regional partnerships. Management control, such as the development of engagement policies for each region, government-level engagement plans, and information dissemination, is carried out mainly by the steering committee, consisting of 10 companies representing each region of the world (as of the end of June 2021). As a member of this group, SMTAM is honored to represent the Asian region in the world's largest collaborative engagement, but also feels a sense of great responsibility to push the world and Asia towards climate action.

Business and Biodiversity Initiative and TNFD

SuMi TRUST Holdings signed a leadership declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company" at the ninth meeting of the Conference of the Parties (COP9) to the Convention on Biological Diversity held in May 2008 in Germany. As a founding member of the initiative, which is led by the German government, we have been an early advocate of the importance of biodiversity in the economy. Especially recently, the importance of nature is becoming more recognized by the financial sector. When the Action Guidelines for the Conservation of Biodiversity were formulated in 2011, SuMi TRUST Holdings was one of the first financial institutions in Japan to incorporate biodiversity into its business activities. Since then, we have continued to work tirelessly to develop products and services that help conserve biodiversity and business activities that are linked to the Sustainable Development Goals (SDGs).

In addition, SMTAM has joined the working group of the TNFD (Taskforce on Nature-related Financial Disclosure), which was launched in June 2021, and has started contributing to the joint effort to organize COP15, which will be held this year.

Theme 3

How do we support value creation?

To meet the expectations of diverse stakeholders and to ensure that our own value creation process is a sustainable and stable one, the SuMi TRUST Group maintains a high level of corporate governance in line with its business model. This also involves the management of appropriate risk controls and the strengthening of compliance practices so that we might enjoy the unwavering trust of society. We nurture human resources that help enhance our corporate value, adopt a client-oriented approach to business, and focus on sound communication with shareholders and investors alike.



As a trust bank group, the SuMi TRUST Group is taking steps to strengthen its corporate governance system in line with its business model. As a "company with Three Committees," in addition to the requirement under the Companies Act for the establishment of statutory committees, we also have a Risk Committee and Conflicts of Interest Committee in place, both of which function as advisory bodies to the Board of Directors. We also strive to further enhance management transparency by appointing an external director as chairman of the Board of Directors.

1. Basic Initiative Policy

In order to adhere to the principles of sound management, based on a high degree of self-discipline with the background of fiduciary spirit, and to establish strong credibility with society, SuMi TRUST Holdings commits itself to enhancing its corporate governance system in line with the following basic philosophy, with the objective of supporting sustainable growth and medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group. In addition, the Board of Directors sets out and discloses the SuMi TRUST Group's Reason for Existence ("Purpose"), Management Principles ("Mission"), Ideal Model ("Vision"), and Codes of Conduct ("Value") as the anchor for all of our activities, which is shared by all of the directors, officers, and employees of the SuMi TRUST Group.

Basic Philosophy

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure the effective equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders, including shareholders, clients, employees, business partners, and local communities, and to establish a corporate culture and climate in which it conducts sound business operations based on a high degree of self-discipline.
- In order to establish a basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately articulate its Disclosure Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.
- As the financial holding company that assumes the corporate management function of the SuMi TRUST Group, SuMi TRUST Holdings adopted the institutional design of a "company with Three Committees," and, by separating the execution and supervision of business, shall endeavor to ensure the Board of Directors' role of effective supervision.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth, as well as the medium- to long-term enhancement of the enterprise value of SuMi TRUST Holdings.

2. Our Views on Corporate Governance

SuMi TRUST Holdings is a financial holding company with many subsidiaries under its Group umbrella, including SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management. Guided by our fiduciary spirit, we aim to leverage our significant expertise and creativity to combine our banking, asset management and asset administration, and real estate businesses to deliver total solutions to our clients as their "Best Partner." In order to fulfill our principles and live up to the expectations of our stakeholders, we shall strive to ensure the soundness and reliability of the Group's business model, as well as management transparency, and continually strive to enhance the Group's corporate governance.

3. Board of Directors

(1) Roles of the Board of Directors

The Board of Directors ensures the fairness and transparency of the SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of the SuMi TRUST Group and supervising the overall management of the Group. Thus, with the exception of matters that are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers, and supervises the execution of business officers and other officers. Meanwhile, the Board of Directors provides and improves an environment in which external directors may properly supervise the execution of duties by the Board of Directors and the top management, as well as any conflicts of interest that may arise between SuMi TRUST Holdings and the management team from the standpoint of stakeholders, in order to support sustainable growth and the medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group.

In light of the importance of environmental and social issues related to sustainability, the Board of Directors prescribes a basic policy regarding social responsibility that is to be implemented by each Group company (the "Sustainability Policy"). Under this Sustainability Policy, the Board of Directors enhances awareness among its officers and employees, and promotes positive efforts to resolve these issues while taking its stakeholders into consideration, with the aim of supporting the sustainable growth of society and increasing the enterprise value of the SuMi TRUST Group.

Furthermore, the Board of Directors establishes policies regarding the provision of products and services suitable for the true benefit of our clients (the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group"), acts to ensure client comfort and satisfaction by sharing our "client-orientation" policy within the SuMi TRUST Group, and promotes the practice of fiduciary duties in the SuMi TRUST Group by supervising each Group company's commitment to its fiduciary duties.

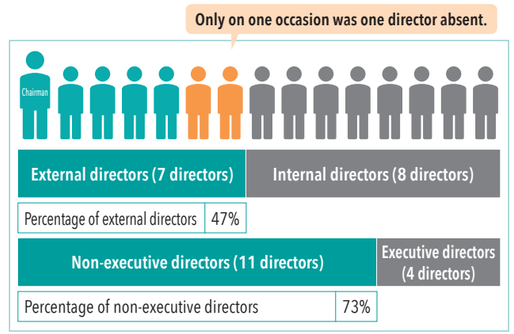
(2) Composition of the Board of Directors

The Board of Directors at SuMi TRUST Holdings has appointed sufficient number of directors considered necessary and appropriate for the Board to demonstrate an effective supervisory function as required of a financial holding company tasked with the management of the Group. In determining the number of directors, due consideration is also given to ensuring diversity and expertise among directors.

In light of the importance of the functions of external directors in corporate governance, as a general rule, at least one-third of the directors on the Board of Directors are independent external directors. The Board of Directors establishes and discloses Independence Standards of Independent Directors.

Furthermore, in deciding the candidates for directors, SuMi TRUST Holdings looks for individuals who are able to formulate strategies that demonstrate the Group's strengths and who are able to participate in discussions about management administration, while striving to ensure a balance and diversity of knowledge, experience and capabilities that is appropriate to properly oversee our wide range of business areas as a trust bank group.

■Composition of the Board of Directors



- All seven external directors have been registered as independent officers with the relevant securities exchange.
- Breakdown of 15 directors: 13 men, 2 women
- 18 Board of Directors meetings were convened during the period July 1, 2020 through June 30, 2021.

(3) Chairman of the Board of Directors (External Director)

While a "company with Three Committees" is, in principle, able to delegate important business execution decisions to executive officers, the Board of Directors is required to exercise a greater supervisory function. In light of the role expected of the Board of Directors, SuMi TRUST Holdings has appointed Mr. Isao Matsushita, an external director, as chairman of the Board of Directors.

In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization that assists the chairman in fulfilling his duties, thereby providing information for use in the selection of agendas for Board of Directors meetings, and offering assistance regarding matters such as the clarification of points related to the agendas of Board of Directors meetings.

External Directors' Meeting

To further improve the effectiveness of corporate governance, external directors' meetings, which are attended exclusively by external directors, are held regularly.

These meetings, at which external directors engage in active and unrestrained discussions and share information and awareness from independent and objective positions, help foster a relationship of trust among the external directors and strengthen the supervisory function of the Board of Directors.

At the external directors' meetings held in FY2020, taking the results of the Evaluation of the Board of Directors and other factors into account, the external directors discussed, among other matters, operational improvements and topics for future discussion at the Board of Directors meeting, and then offered recommendations to the executive.

4. Deliberations by the Board of Directors

The Board of Directors is subject to rigorous management based on its annual schedule, which is formulated as part of the PDCA cycle for the Evaluation of the Board of Directors conducted every year, and deliberations are conducted in response to changes in the environment inside and outside the company.

FY2020 marked the transition from the formulation phase of the Medium-Term Management Plan to the phase of monitoring its progress, and as a result the relative amount of deliberation time spent on "Management strategies and monitoring" decreased compared to FY2019. On the other hand, the relative amount of deliberation time spent on "Governance" and "Risk management" increased in FY2020 after the occurrence of serious incidents, which stimulated deeper deliberations on topics such as improving our business operational quality (which is the source of the SuMi Trust Group's strengths), the new policy on strategic shareholdings, and the policy on dialogue with corporate clients. The point of these deliberations was to strengthen the relationship of trust with clients and society.



■Topics deliberated on by the Board of Directors in FY2020

Subject	Topics	
Management strategies and monitoring	• Monitoring progress of Medium-Term Management Plan • Topics relevant to development of annual management plan (coping with the new normal, the Group's vision under the new management, etc.)	• Materiality management and Sustainability Policy
Governance	• Selection of President based on succession plan • Enhancement of compensation system for directors and executive officers	• Results of Evaluation of the Board of Directors, etc. • New policy on strategic shareholdings
Risk management	• Improvement and upgrading of our business operational quality in light of serious incidents • Conduct risk management framework	• Upgrading of cybersecurity • Impact of, and response to, COVID-19
Finance	• Changes to shareholder return policy	• Issues surrounding IFRS adoption and how to address them
Relationships with stakeholders	• Climate change response and disclosure (TCFD, etc.) • Dialogue with investors, shareholder measures	• Strategies to promote fiduciary duties and customer satisfaction • Increasing employees' awareness of Purpose and strengthening their engagement

5. Results of the FY2020 Evaluation of the Board of Directors

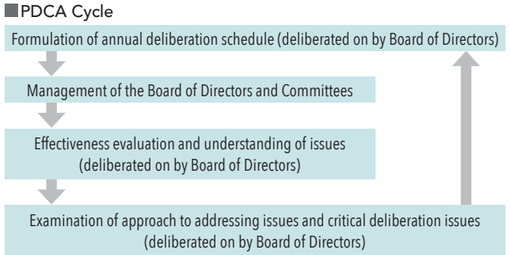
SuMi TRUST Holdings conducts an annual evaluation of the effectiveness of the Board of Directors as a whole (the "Evaluation of the Board of Directors"), and reviews and implements remedial measures for the challenges it recognizes, thereby ensuring a PDCA cycle to improve the effectiveness of the Board of Directors' oversight.

In the Evaluation of the Board of Directors for FY2020, we confirmed that certain improvements have been implemented with respect to the issues that were raised in FY2019. We also confirmed that the content of the deliberations has been enhanced and the supervisory function has been strengthened as a result of the Board of Directors and each committee being operated with an awareness of its objectives, and that a certain level of effectiveness had been ensured.

On the other hand, through the Evaluation of the Board of Directors, SuMi TRUST Holdings identified the following three challenges as requiring improvement and enhancement by the Board of Directors and each committee, and is working continuously to address these issues.

(1) Improving discussions concerning important themes and medium- to long-term management issues and strategies set out in the Medium-Term Management Plan.
(2) Further improvement and validation of the effectiveness of the internal control system and governance on a Group-wide basis
(3) Enhancement of dialogue with executives regarding the Board of Directors' recognition of issues and acceleration of responses to the issues

■PDCA Cycle



For more information, see the link below.
URL: https://www.smth.jp/english/-/media/th/english/about_us/management/governance/evaluation_E200629.pdf

6. Exercise of Supervisory Functions Related to Strategic Shareholdings

(1) Status of Deliberations at the Board of Directors

The SuMi TRUST Group's Board of Directors has long recognized the reduction of strategic shareholdings as a material management issue and has strengthened its monitoring of the issue. The Board receives regular reports from the business execution departments on the status of the Group's reduction of strategic shareholdings and incorporates perspectives from outside the Company while deliberating on the issue.

In FY2020, the Board of Directors and the business execution departments continued to deliberate on the issues listed in the table below based on a reciprocal examination process involving mutual discussions and two-way dialogue.

Outside of the Board of Directors meetings, preparatory briefings* were utilized to drive the discussions forward.

* Meetings for the purpose of briefing mainly external directors about draft agenda items for Board of Directors meetings.

Date	Topic of Deliberation
May 2020	• Status of strategic shareholdings
November 2020	• Status of strategic shareholdings • Changes in the environment surrounding strategic shareholdings
January 2021	• Direction of policy to reduce strategic shareholdings • Hedging policy against risk of market value fluctuations of strategic shareholdings
February 2021	• Direction of policy to reduce strategic shareholdings
March 2021	• Policy to reduce strategic shareholdings
April 2021	• Disclosure of policy to reduce strategic shareholdings
May 2021	• Status of handling of strategic shareholdings • Enhancements to the system for the exercise of voting rights
June 2021	• Status of handling of strategic shareholdings • Amending Basic Policy on Corporate Governance in relation to policy on strategic shareholdings

(2) Main Points of Discussion at the Board of Directors

As a trust bank group with a diverse range of stakeholders, the SuMi TRUST Group is committed to creating a virtuous circulation from increased enterprise value leading to an increase in household savings, assets and capital. In this context, the Board of Directors has redoubled its commitment to deepening its deliberations with respect to the Group's strategic shareholdings, and on the following issues in particular.

1) Recognition of the current situation in light of changes in the environment surrounding strategic shareholdings

With respect to strategic shareholdings, the Group has been aware of the issue of the size of its exposure in comparison to its shareholders' equity and the risk of market value fluctuations, and has been taking measures to address these issues. However, as a result of deliberations on the current situation of the Group in light of changes in the external environment, including the impact of financial regulations such as Basel III and trends at other companies that provide advice on the exercise of voting rights, the Board of Directors came to the conclusion that non-routine measures were necessary.

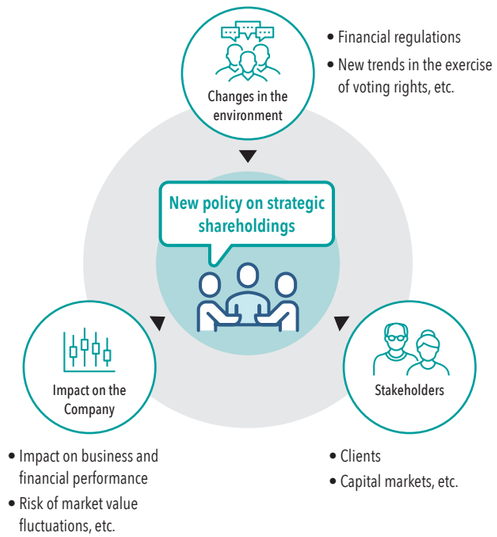
2) New policy on strategic shareholdings

Based on this recognition, the Board of Directors deliberated on a new policy on strategic shareholdings aimed at contributing to the further development of capital markets and the virtuous circles of funds, assets, and capital. The new policy incorporates a variety of considerations from different perspectives, including how to hold shares in a manner consistent with our social responsibility as Japan's largest trust bank group providing asset management and asset administration services, how to respond to the needs of corporate clients of whom the SuMi TRUST Group is a strategic shareholder, how to manage the impact of the reduction in holdings on the Group's business and financial results, and how to manage the risk of market value fluctuations associated with the strategic shareholdings.

As a result of these deliberations, the Board of Directors resolved to change its existing policy on strategic shareholdings to the policy that, in principle, the Group shall not hold any "strategic shareholdings as a conventional stable shareholder," and to clearly state this policy in the Group's Basic Policy on Corporate Governance.

Going forward, in accordance with the Basic Policy, the Board of Directors will closely supervise the Group's progress on the reduction of strategic shareholdings as well as its ability to offer solutions that sustainably increase enterprise value and solve problems through extensive dialogue with our clients.

■Deliberations at the Board of Directors



7. Committees

To ensure the effectiveness of corporate governance and further enhance the soundness and reliability of the Group's business model, as well as the transparency of management, we have established the Risk Committee and the Conflicts of Interest Committee as advisory bodies to the Board of Directors to complement the three committees required under the Companies Act, namely, the Nominating Committee, the Compensation Committee, and the Audit Committee. As a financial group specialized in trust banking, the Conflicts of Interest Committee possesses supervisory functions unlike at any other financial group.

(1) Nominating Committee

The Nominating Committee determines the content of proposals regarding the election and dismissal of directors to be submitted to the General Meeting of Shareholders, receives requests for consultation regarding the election and dismissal of executive officers including the President, as well as the succession plan for the management team from the Board of Directors, and deliberates and reports on these matters. It also receives requests for consultation regarding the election and dismissal of directors from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, and deliberates and reports regarding these matters.

(2) Compensation Committee

The Compensation Committee prescribes policy regarding decisions on the content of compensation for individual executive officers and directors, and determines the content of compensation for individual executive officers and directors, in accordance with this policy. It receives requests for consultation regarding policies on decisions on the content of compensation for individual directors, etc. from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, and deliberates and reports on these matters.

(3) Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors, and prepares audit reports. It determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusals to reappoint a financial auditor that are submitted to the General Meeting of Shareholders. In order to fulfill its role and responsibilities, the Audit Committee appropriately exercises its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It appropriately utilizes the internal control system of the SuMi TRUST Group, and systematically and efficiently conducts audits by receiving reports from executive officers, directors, and a financial auditor, and through communications with these individuals.

(4) Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding the SuMi TRUST Group, top risks, and materiality, and (ii) matters concerning the operation of its risk appetite framework, risk management, and monitoring of the effectiveness of the internal control system related to compliance management of the SuMi TRUST Group, and reviews and reports on their appropriateness.

(5) Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on (i) matters concerning the validity of the conflict of interest management framework of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of the SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of the SuMi TRUST Group and the action plans of each Group company, (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and reviews and reports on their appropriateness.

Meetings of Board of Directors and Committees (July 2020 through June 2021)

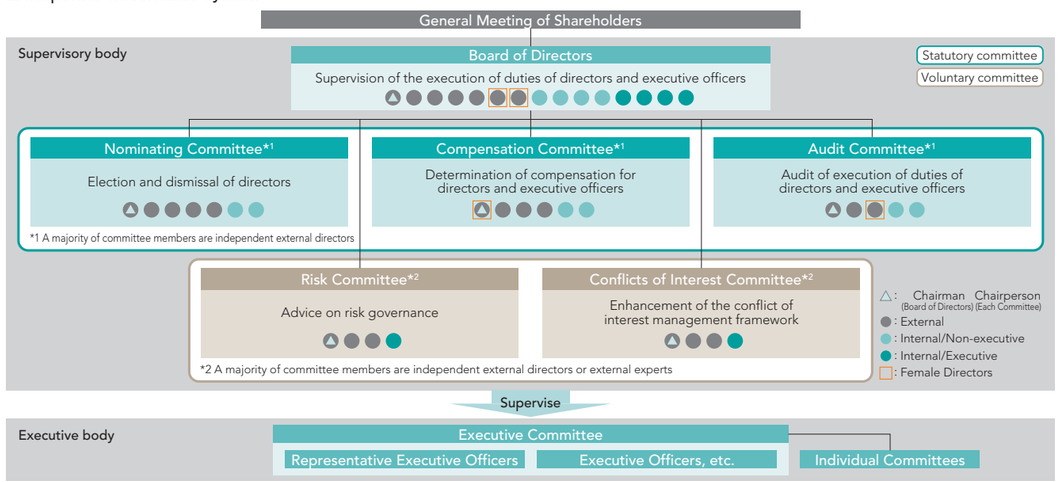
	July 2020	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2021	Feb.	Mar.	Apr.	May	June
Board of Directors	●	●	●	●	●●	●●	●●	●	●●	●	●●	●●
Nominating Committee	●	●	●●	●●	●	●●●	●●●	●●●	●	●	●●	●●
Compensation Committee	●			●		●		●●	●	●	●●	●●
Audit Committee	●	●	●	●	●●	●	●	●	●●	●	●●	●●●
Risk Committee	●		●			●	●		●		●	
Conflicts of Interest Committee	●	●	●		●		●					●

● One meeting ●● Two meetings ●●● Three meetings

Committee self-evaluations

- Every year each committee conducts a self-evaluation in an effort to improve its autonomous management by considering and adopting measures aimed at improving issues identified in the evaluation.
- The results of each committee's self-evaluation are reported to the Board of Directors for deliberation (in April).

Corporate Governance System



	Main matters for deliberation in FY2020*1	Matters for consultation posed by the Board of Directors in FY2021*2*3
Nominating Committee	• Proposed candidates for directors of the Company and its major subsidiaries • Selection of President based on succession plan	Further refinement of succession plan and processes
Compensation Committee	• Compensation for directors and executive officers • Executive compensation systems at the Company and major subsidiaries, such as partial revision of the stock compensation system for executives	Verification and continuous review of the effectiveness of the compensation system
Audit Committee	Key audit items including the progress of the Medium-Term Management Plan and the status of the establishment and operation of a group-wide risk management system based on three lines of defense.	• Monitoring of the progress of the Medium-Term Management Plan • Status of efforts to enhance Group governance
Risk Committee	• Status of assumptions about the surrounding business environment and top risks • Risk appetite framework • Fostering a culture awareness to risk and measures to disseminate it	• Enterprise risk management based on materiality • Extent of uptake and spread of a risk culture • Risk management based on the characteristics of a trust bank group
Conflicts of Interest Committee	• Status of implementation of client-oriented business operations, including focus on consulting • Improvement of service quality management • Improvement of risk management related to the trust business	• Pursuit of the clients' best interests • System for managing conflicts of interest related to the expansion of the Group and its businesses

*1 July 2020 through June 2021 *2 July 2021 through June 2022 *3 For the Audit Committee, audit instructions from the Board of Directors

Members of Committees

(△: Chairperson, ●: Member (external), ●: Member (internal/non-executive), ●: Member (internal/executive), □: Female Directors (internal/executive))

			Nominating	Compensation	Audit	Risk	Conflicts of Interest
External	Directors	Isao Matsushita	△	●			
		Shinichi Saito	●		△		
		Hiroko Kawamoto	●	□			
		Mitsuhiro Aso			●		
		Nobuaki Katoh	●	●			
		Masanori Yanagi	●	●			
		Kaoru Kashima			□		
	Experts	Hideki Kanda*					△
		Kenji Fujii				△	
		Takeshi Suzuki					●
		Mikio Araki				●	
		Haruyuki Toyama				●	
		Akiko Hosokawa					●
Internal	Directors	Tetsuo Ohkubo	●	●			
		Masaru Hashimoto	●	●			
		Kuniyuki Shudo			●		
		Kouji Tanaka			●		
	Executive Officer	Yasuyuki Suzuki				●	●

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank.

8. Compensation System for Directors and Executive Officers / Succession Plan

(1) Policy Regarding Decisions on the Content of Compensation

- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and enhancement of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, we are building a compensation system with a balance of near-term incentives and medium- to long-term incentives, with rewards based on a comprehensive evaluation framework that reflects earnings contributions over the medium to long-term.
- We accurately assess the roles that directors and executive officers of SuMi TRUST Holdings must perform in corporate management, as well as the results of their efforts, in order for them to adequately discharge their supervisory duties over the Group companies, and determine individual compensation based on highly transparent, fair, and objective evaluations.
- The Compensation Committee forges deeper collaborations with committees in order to build a compensation system that is accountable, and engages in deliberations with the aim of operating a fair and balanced compensation system.
- Neither internal nor external committee members participate in decisions regarding their own compensation.

(2) Overview of the Compensation System

In principle, compensation is paid with a combination of monthly compensation (comprising fixed compensation and individual performance compensation), bonuses for directors and executive officers (performance-linked bonuses), and stock compensation (share delivery trust).

Fixed compensation (roughly 40%) / Variable compensation (roughly 60%)

President*	Fixed compensation as a percentage of monthly compensation 40%	Individual performance compensation as a percentage of monthly compensation 25%	Bonus 20%	Stock compensation 15%	Total 100%

* For executives other than the President, the fixed compensation as a percentage of monthly compensation is about 45%, the individual performance compensation as a percentage of monthly compensation is about 25%, the bonus is about 20%, and the stock compensation is about 10%.

(3) Indicators (KPIs) Concerning Performance-Linked Compensation

A system has been introduced to derive total bonus (performance-linked) and stock based remuneration (share delivery trust) for directors and officers by calculating achievement rates for the items listed below with reference to KPIs and then multiplying the rates against a predetermined base.

Near-term/ medium-term	Indicators (KPIs) concerning performance-linked compensation	Target*1	Actual*1	KPI selection reason	Calculation method
Bonuses for directors and officers (performance-linked)					
Linked to near-term earnings	(1) Consolidated net business profit	260 bn yen	294.7 bn yen	Considered the KPIs at left to be appropriate indicators of the company's business results and capabilities in the fiscal year under review	Calculated based on a weighted average with a 2:1 weighting on the achievement rates for (1) and (2), respectively
	(2) Consolidated net profit attributable to owners of the parent	140 bn yen	142.1 bn yen		
Stock compensation (share delivery trust)*2					
Linked to near-term earnings	(1) Consolidated net business profit	260 bn yen	294.7 bn yen	Considered the KPIs at left to be appropriate indicators of the company's business results and capabilities in the fiscal year under review	Calculated based on a weighted average with a 2:1 weighting on the achievement rates for (1) and (2), respectively
	(2) Consolidated net profit attributable to owners of the parent	140 bn yen	142.1 bn yen		
Linked to medium-term earnings	(3) Consolidated shareholders' equity and ROE	Around 7%	5.41%	• Considered them as appropriate KPIs for they are key financial indicators and non-financial items in the company's Medium-Term Management Plan and key topics in management strategy • To clarify commitment to management of directors, officers, and executive officers	• Final achievement rate calculated by qualitatively assessing the achievement and progress of (3), (4), and (5), as well as the activities for (6) and (7) and adding the scores to the achievements rates calculated with (1) and (2) above. • Achievement rate is capped at 130% (lower limit of 0%) so as to provide an appropriate incentive scheme
	(4) Consolidated common equity tier 1 capital ratio	Mid-10% range	9.4%		
	(5) Consolidated overhead ratio (OHR)	Lower 60% range	60.1%		
	(6) ESG-related activities and rating agency score, etc.	–	–		
	(7) Fiduciary duty and customer satisfaction activities	–	–		

*1 (1) and (2) are the results for 2020 against the forecast announced in 2020 (reviewed in November). (3) or (5) is the actual result for 2020 against the target for 2020 set in the Medium-Term Management Plan.
*2 Compensation with the use of a trust scheme. Points are awarded every fiscal year based on the achievement rates for the KPIs above and delivered in the form of shares upon retirement. Malus (reduction/forfeiture prior to share delivery) and clawback (return after share delivery) provisions apply.

(4) Succession Plan

In order to realize the sustainable growth of the Group and enhance its enterprise value, the Group has created succession plans for the top management of SuMi TRUST Holdings and its major subsidiaries, SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management. We have also created management personnel development plans for the personnel who will be responsible for the management of each business and corporate management.

These plans define the ideals and requirements of directors and executive officers, and assist the management and development of a pool of candidates that meet these ideals and requirements.

The status of the progress of succession plans and management personnel development plans is reported regularly to the Nominating Committee, which reports to the Board of Directors.

Message from the Chairman of the Board of Directors and the Chairman of the Nominating Committee



Isao Matsushita
External Director
Chairman of the Board of Directors and
Chairman of the Nominating Committee

Performance Status of the Functions of the Board of Directors

Four years have elapsed since SuMi TRUST Holdings became a "company with Three Committees," and during this period, the Board of Directors has made steady progress in accordance with the PDCA cycle of annual evaluation of the Board of Directors. Seeking to further enhance its supervisory function, the Board of Directors itself has continued to reflect seriously about what its role should be. I believe that we have been able to build a frank relationship with the executive side that includes critical discussions.

At last year's Board of Directors meeting, in response to the occurrence of serious incidents, we challenged the executive side with sustained questioning from an outsider's perspective. These exchanges made us realize the need to accelerate our efforts to improve the quality of our operations, which is the starting point of a trust bank group, and to strengthen the relationship of trust with our clients and society.

In addition, as a result of further transfer of authority to the executive side under the "monitoring board" model, which separates execution from supervision, I feel the need to further deepen the dialogue by taking additional steps to follow up on the status of discussions on the executive side, and at times, demanding speedier responses. This was presented as one of the issues to be addressed in the evaluation of the Board of Directors in FY2020.

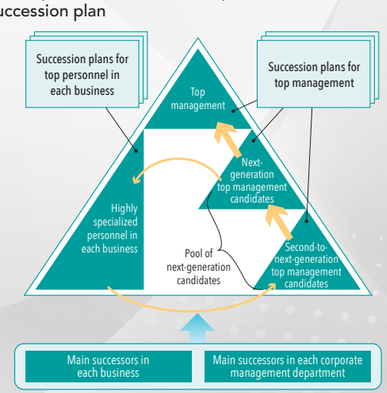
Going forward, in my role as chairman of the Board of Directors, I intend to continue to address these issues and to enrich our discussions aimed at achieving sustainability, both in society and in terms of stable growth in the Group, so that we can live up to the expectations of our stakeholders.

Process and Key Points for Selecting the President

I was appointed as an external director in 2017, the same year of the transition to a "company with Three Committees," and today I serve as chairman of the Board of Directors and chairman of the Nominating Committee. Of the seven members of the Nominating Committee, five, including myself, are external directors, which I believe constitutes a highly independent structure. This selection of President was the first since the transition to a company with Three Committees. However, the Nominating Committee had been continuously discussing the selection in accordance with the succession plan, which had been undergoing revision since 2017.

Specifically, when selecting the President, the committee members, each of whom brings a broad range of experiences, knowledge, and perspectives, considered and discussed each of several candidates based on their achievements, reputation, leadership, and similar qualities in light of the Group's business environment, business strategy, and the qualities required of top management. Following candidate deliberations, including interviews, the Nominating Committee compiled a draft report at its January 2021 meeting and submitted it to the Board of Directors. Overall, I believe that the selection of the President was conducted with a high degree of objectivity and transparency.

■ Development of management personnel based on succession plan



Our Board of Directors and Executive Officers

(As of July 1, 2021)

Directors (internal)

	Director, President (Representative Executive Officer) Toru Takakura	Toru Takakura has served as a senior managing executive officer in charge of overseeing corporate management departments of SuMi TRUST Holdings, and assumed office as President, Executive Officer in April 2021. He has experience of being in charge of corporate management departments of Sumitomo Mitsui Trust Bank, Limited and has served as an officer in charge of Fiduciary Services Business. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.
	Director, Deputy President (Representative Executive Officer) Jiro Araumi	Jiro Araumi was in charge of the corporate management department as Senior Managing Executive Officer from April 2017, and Director, Senior Managing Executive Officer from June 2017 to March 2021. He has assumed office as Director, Deputy President since April 2021. He has also served as an officer in charge of Fiduciary Services Business of Sumitomo Mitsui Trust Bank, Limited until March 2021. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.
	Director, Senior Managing Executive Officer Nobuaki Yamaguchi	Nobuaki Yamaguchi has extensive sales experience in the Wholesale Total Solution Services Business and Real Estate Business since he took office as executive officer of Sumitomo Mitsui Trust Bank, Limited in April 2017. He also has been in charge of corporate management departments as Senior Managing Executive Officer of SuMi TRUST Holdings since April 2021.
	Director, Executive Officer Kazuya Oyama	Kazuya Oyama has been responsible for the planning and promotion of the Group's management strategy since he took office as Managing Executive Officer, General Manager of Corporate Planning Department of SuMi TRUST Holdings in April 2017. He assumed office as President of Sumitomo Mitsui Trust Bank, Limited in April 2021, and has been responsible for overall management of the company.
	Chairman Tetsuo Ohkubo	Tetsuo Ohkubo has experience in positions for supporting part of corporate management, being in charge of corporate management departments of SuMi TRUST Holdings, and supervised overall group management as Director, President from June 2017 to March 2021. He has assumed office as Chairman since April 2021.
	Director Masaru Hashimoto	Masaru Hashimoto has been in charge of corporate management departments of SuMi TRUST Holdings. From October 2016 to March 2017, he served as Deputy President Executive Officer. Since June 2017, he has served as Director, Executive Officer, in a position of assisting the Group's overall management. At Sumitomo Mitsui Trust Bank, Limited, he was responsible for overall management from April 2017 to March 2021 as President. He has served as Chairman since April 2021.
	Director Kuniyuki Shudo	Kuniyuki Shudo has served as general manager of the Fiduciary Services Business and overseas units, Regional Executive for the Americas, and General Manager of New York Branch. He then served as Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, Executive Officer of SuMi TRUST Holdings, in charge of the Global Business Management Office and the Americas Business Management Office. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.
	Director Kouji Tanaka	Kouji Tanaka has served as general manager of the Real Estate Business and general manager of domestic branches. He then served as Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, in charge of the Internal Audit Department. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.

Directors (external)

			Area of expertise			
			Corporate management	Financial accounting	Law	Banking
	Directors (external) Isao Matsushita*1	Mr. Isao Matsushita has extensive experience in the general management of companies, as a former Representative Director and President of JX Holdings, Inc. (currently ENEOS Holdings, Inc.), which is a integrated energy, resources, and material enterprise group that represents Japan. (He has served as an external director, chairman of the Board of Directors, and chairman of the Nominating Committee at SuMi TRUST Holdings since June 2017.)	●	●	—	—
	Directors (external) Shinichi Saito*1	Mr. Shinichi Saito has extensive knowledge and experience in financial accounting as the former General Manager of the Finance Department of Marubeni Corporation. In addition to engaging in management at an investment company, he also has acquired deep insight as a company executive.(He served as an external auditor at SuMi TRUST Holdings for four years since June 2013, and as an external director at SuMi TRUST Holdings since June 2017.)	●	●	—	●
	Directors (external) Hiroko Kawamoto*1	Ms. Hiroko Kawamoto served as Executive Vice President of All Nippon Airways Co., Ltd. from April 2013, and as Executive Vice President and Member of the Board from April 2016. She was responsible for the overall management of the company and promotion of women's activities. Therefore, she has extensive knowledge and experience regarding corporate management and diversity. (She served as an external director at SuMi TRUST Bank for one year from June 2016, and as an external director at SuMi TRUST Holdings since June 2017.)	●	—	—	—
	Directors (external) Mitsuhiro Aso*1	Mr. Mitsuhiro Aso has served as Superintending Prosecutor of Fukuoka High Public Prosecutors Office and Interlocking Professor at Hosei University Law School. Therefore, he is a legal expert with experience in organization management. (He served as an external auditor at Sumitomo Mitsui Trust Bank, Limited. for three years from June 2016, and as an external director at SuMi TRUST Holdings since June 2019.)	—	—	●	—
	Directors (external) Nobuaki Katoh*1	Mr. Nobuaki Katoh has extensive experience in the general management of companies as a former President & CEO of DENSO CORPORATION, global auto parts manufacturer. He also has experience in the overseas general management of companies as a former President & CEO of DENSO INTERNATIONAL EUROPE B.V.	●	—	—	—
	Directors (external) Masanori Yanagi*1	Mr. Masanori Yanagi has extensive experience regarding overall bank management and policy-based finance, etc. as a former President of Development Bank of Japan Inc., and has extensive knowledge regarding domestic and foreign financial and economic circumstances as Chairman of the Board of Directors of the Japan Economic Research Institute (JERI).	●	—	—	●
	Directors (external) Kaoru Kashima*1	Ms. Kaoru Kashima had been a member of a major audit firm for many years, and has extensive knowledge and experience in financial accounting as a certified public accountant in charge of operating companies. She has also been engaged in management, human resources, corporate culture, public relations and promoting active participation of women as a managing director of an audit firm and a corporate manager. (She served as an external director of SuMi TRUST Bank for two years from June 2019.)	●	●	—	—

*1 External director as prescribed in Article 2, item 15 of the Companies Act. The overall balance, including areas of expertise above, is taken into consideration when external directors are selected.

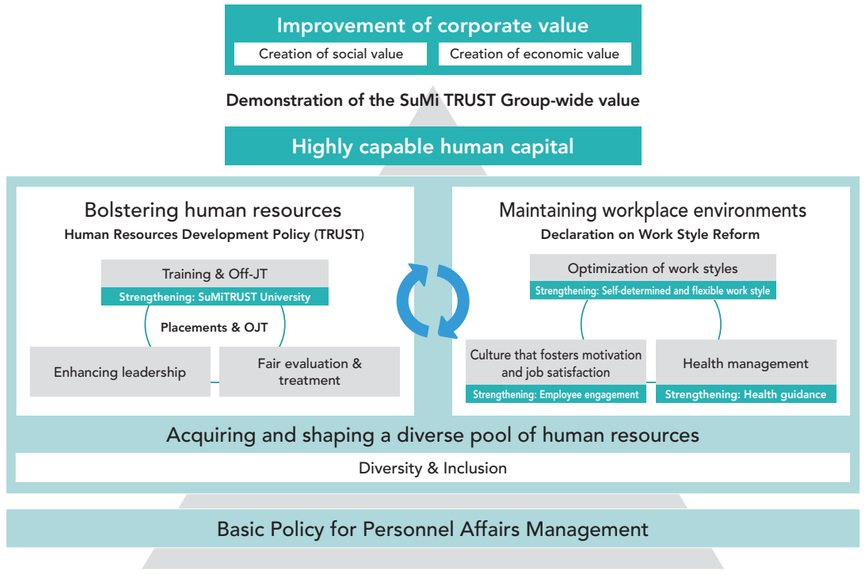
Executive Officers *2 ( ) indicates the business in charge at SuMi TRUST Bank.

Senior Managing Executive Officer Hitoshi Sato	Managing Executive Officer Yasuyuki Suzuki	Executive Officer Shigenori Ikemura	Executive Officer (Fiduciary Services Business)*2 Kengo Noguchi	Executive Officer Yoshio Hishida
Senior Managing Executive Officer Futoshi Itani	Managing Executive Officer, Executive Officer (Private Banking Business)*2 Toshiaki Nakano	Executive Officer (Real Estate Business)*2 Atsushi Kaibara	Executive Officer (Wholesale Total Solution Services Business)*2 Shigeki Tanaka	Executive Officer Toshio Masui
Managing Executive Officer Junya Ueda	Managing Executive Officer Manatomo Yoneyama	Executive Officer (Retail Total Solution Services Business)*2 Seiji Iwakuma	Executive Officer (Stock Transfer Agency Services Business)*2 Toshiya Shimobeppu	Executive Officer Kenji Kaiya

Executive Officer (Global Markets Business)*2 Yoshinori Momose	Executive Officer Satoshi Kitai	Executive Officer Miyo Yajima	Executive Officer Atsushi Matsumoto	Executive Officer Akira Ojima
Executive Officer (Wholesale Asset Management Business)*2 Takashi Kameda	Executive Officer Nobuhisa Takahashi	Executive Officer Atsushi Ueda	Executive Officer Shinichi Nonomura	
Executive Officer (Asset Formation Advisory, Work Place, Business)*2 Daisuke Maeda	Executive Officer Yuki Takada	Executive Officer Takuji Marui	Executive Officer Riro Sato	

Human Resources Strategy

We consider employees to be one of the key capitals (human capital) at the source of value creation for the SuMi TRUST Group. Under the Group's Basic Policy for Personnel Affairs Management, we will form a diverse workforce in line with our philosophy of diversity and inclusion and promote the advancement of our human capital by working to bolster our human resources and improve our workplace environment. In addition to developing talent across the entities within the Group, we aim to widen the scope of employees' activities to create both social value and economic value across the entire Group and increase its corporate value.



Status of the Group of Personnel that Provides Comprehensive Solutions

Number of financial consultants (number of female consultants shown in parentheses)	Fellows of the Institute of Actuaries of Japan	Securities analysts	Appraisers	Number of registered real estate transaction agents
271 (22)	44*	1,032*	215*	7,356*

Bolster Human Resources

Number of hours of training held		Number of applicants for voluntary training		Status of positions of female employees (March 31, 2021)		
FY2019:	FY2020:	FY2019:	FY2020:	Executives:	General manager level postings:	Section manager level postings:
5,705 hours	4,690 hours	1,338	523	4	16	150

Maintaining Workplace Environments

Number of leave days used		Supporting work-life balance				Workplace reassignments including spouse (within Japan)	
FY2019:	FY2020:	Childcare leave:	Nursing care leave:	Childcare leave for male employees:	Cancer treatment leave:	As of March 31, 2020:	As of March 31, 2021:
14.6 days	15.4 days	393 (March 31, 2021)	180 (cumulative total for FY2020)	168 (cumulative total for FY2020)	95 (cumulative total for FY2020)	150	201

(All figures are actual results of SuMi TRUST Bank except those marked * which are actual results of SuMi TRUST Holdings)

1. Bolstering Human Resources

Having set the goal of being the "No.1 financial group for human resource development," the Group established its Human Resources Development Policy (TRUST) in April 2018. We will also strive to be the "No.1 financial group for human resource participation," where diverse human resources can play active roles based on this Human Resources Development Policy.



The SuMi TRUST Group Human Resources Development Policy

The SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a career development spirit consisting of "TRUST," for the growth and career development of the employees who will create our future.

Talent .....Talent (individuality) can blossom
Respect .....Respect each individual
Uniqueness .....Develop true professionals
Support .....Make mutual teaching and support our motto
Try .....Praise small, daily challenges

Based on the "fiduciary spirit of TRUST," the SuMi TRUST Group aims to contribute to our clients and the continuous development of society through the growth of our employees, thereby maximizing the creation of shared value and becoming the corporate group that is chosen by society.

(1) Strengthening Recruitment in Preparation for the Future

Recruiting a diverse workforce is essential for creating new value. We are hiring new graduates with an emphasis on acquiring people who share our desire to develop their professional expertise to the highest level and then utilize this expertise to expand the possibilities of the trust business.

For example, SuMi TRUST Bank actively sponsors lectures at universities*1 and arranges business-based internships*2 dedicated to specific areas. In this way we are able to inform students about our career development and future creation activities (employee-driven ideas on new businesses) that are unique to SuMi TRUST Bank. We are also striving to expand matching opportunities with highly motivated and talented students from all over Japan by moving job interviews online when possible.

Currently, in order to strengthen the group's talent pool, we are promoting stronger collaboration by holding joint recruitment events among the companies in the Group.

*1 We deploy employees with rich business experience to lecture on topics such as economics, trust law, and SDGs.
*2 We arrange internships that enable students with skills in finance, accounting, programming, data analysis, etc. to put their skills to practical use.

In addition, in order to maintain the broad and deep business fields required of a trust banking group while also establishing new growth areas, we believe it is also essential to continuously secure a group of more experienced individuals with diverse skills who have cultivated expertise in their respective fields. SuMi TRUST Bank is therefore also committed to recruiting career professionals who are actively engaged in business areas such as digital, technology, and legal affairs, and recruits about 100 such professionals each year.

(2) Strategic Human Resource Assignment and OJT*

The SuMi TRUST Group views OJT as the foundation for human resource development. We also focus on assigning employees to roles that awaken their passion for growth and allow them to realize their full potential. In FY2018, SuMi TRUST Bank introduced a program that enables younger employees to experience multiple work domains within a fixed period after joining the Company. We are also advancing initiatives such as a trust internship program aimed at developing human resources who possess a "high degree of expert knowledge in trust operations" and a "deep understanding of the fiduciary spirit."

In addition, we have been able to reduce the volume of work at our branches by expanding the functionality of our internal systems and consolidating operations. Building on this, we are promoting the integrated operation of multiple branches in each area and working to drive business efficiencies, develop and rotate human resources, and strengthen operational readiness.

* OJT: On-the-Job Training. OJT is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via their daily tasks.

(3) Enhancing Training and Other Off-JT* Programs

The SuMi TRUST Group has established the SuMiTRUST University to offer group training with the objective of improving employee business skills and management abilities. In addition, many opportunities in the self-development programs encourage employees to continue improving their skills. The company's executive officer in charge of Human Resources serves as dean of SuMiTRUST University, while an external expert, who is an advisor to the Human Resources Department, serves as vice dean. University professors and other advisors also provide management advice. The SuMiTRUST University program is available across the entire SuMi TRUST Group. Since FY2020, SuMiTRUST University has evolved into a platform through which employees can discover their own appetite for learning, connect with others around them, and learn from each other, and we are working to expand its content, including the use of online content. In FY2021, we will develop a new system infrastructure with communication functions to strengthen opportunities for interaction both within and outside the company and work to inspire employees to learn on their own initiative.

* Off-JT: Off-the-Job Training. Workshops, training, and other methods are utilized to provide employees with the knowledge and skills that cannot be acquired through OJT.

(4) Initiatives to Develop Expertise

In order to earnestly promote the Group's business model, SuMi TRUST Bank certifies employees with a high level of expertise and skills as Fellows and provides an environment in which they can contribute to the Company for a longer period of time. Certified Fellows not only play an active role in the company by applying their expertise and skills, but also play a role in passing on their experiences to younger employees and providing them with guidance and development. Specifically, we hold seminars, small-group seminar activities, and original lectures delivered as on-demand video.

In addition to the training organized by the Human Resources Department, we are also promoting individual initiatives in each business. For example, in the Real Estate Business, we select young and mid-career employees and give them training to deepen their understanding of our highly specialized solutions in the real estate business, including overviews of our real estate brokerage service, real estate securitization service, and real estate-related ESG initiatives and funds, as well as how these solutions relate to one another. We also guide them to examine what new value we can provide as a real estate business, how we can help our clients solve their real estate issues, and how we can approach social issues.

(5) Enhancing Leadership

SuMi TRUST Bank offers a program to develop next-generation executive candidates in cooperation with Hitotsubashi University's Graduate Programs. Candidates receive instruction on the values, general liberal arts knowledge, and MBA elements they need for management, and through sessions and courses, they complete the program by presenting a proposal to senior executives. The Bank also provides a leadership development program for female employees to step up to management through various rank-based training. After the employees complete their training, operations are conducted such as providing them with opportunities to practice what they have learned during training in a variety of environments, primarily through promotion and job rotation.

(6) Fair Evaluations and Treatment

Fair and just evaluations and treatment in accordance with abilities, roles, and results form the basis of SuMi TRUST Bank's performance evaluation system. The system used is based on a participatory model, in which employees communicate closely with their supervisors on a daily basis to establish and review specific goals. The process focuses not only issues related to the performance of duties, but formulates and provides feedback on future career development. Also, as a means of obtaining a multifaceted view of personnel, we have introduced an anonymous survey through which subordinates and others can rate the day-to-day management actions of line managers (general managers, deputy general managers, section managers, etc.). By conducting this survey, we can encourage management action reform and foster a culture of interactive communication.

2. Upholding Positive Workplace Environments

Declaration on Work Style Reform

The SuMi TRUST Group hereby declares it a top management commitment to offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions. The Group as a whole will work towards the following goals.

1. **Achieving diverse work styles and work-life balance**
2. **Supporting health improvement through measures such as boosting health awareness and appropriately managing work hours**
3. **Providing opportunities for all employees to grow while participating actively with motivation**

Through the enthusiastic work of each individual employee, we will continue to be a corporate group that contributes to the benefit of clients and is useful to society.

In terms of maintaining workplace environments, we have set up the Work Style Reform Headquarters headed by the presidents of both SuMi TRUST Holdings and SuMi TRUST Bank, and have also formulated a Declaration on Work Style Reform to which the company's management team is committed to achieving. The initiatives we have implemented under this declaration have been rated favorably by numerous organizations (see page 110).

(1) Optimizing Work Styles

With the aim of achieving diverse work styles and work-life balance, SuMi TRUST Holdings actively develops workplace environments in which employees can work at ease and maintain a good balance between work and personal life. In addition to offering staggered work hours, telecommuting, and a satellite office work system, we monitor work hours and enforce breaks between work shifts in an effort to curb long working hours, and provide training for managers on labor management in a remote work environment.

In April 2021, SuMi TRUST Bank extended its retirement age from 60 to 65 years as part of the effort to create a working environment that allows employees to work actively in line with the increase in average life expectancy and healthy life expectancy. We believe this will enable us to offer consulting on asset administration and asset inheritance services that better meet the needs of our aging clients.

(2) Health Management

The SuMi TRUST Group's active initiatives to promote better physical and mental health of all Group employees have been recognized for the fourth year running with our selection in the White 500 as an organization having outstanding health and productivity management. With regard to physical health, we provide health examinations every year and make re-examinations mandatory. The Human Resources Department and others follow up on every individual to ensure that everyone who requires treatment at a healthcare institution receives it. Going forward, we plan to focus our efforts on health guidance and with the establishment of health promotion centers and other pieces of infrastructure, we will endeavor to engage in a style of health and productivity management befitting of the age of 100-year life. With regard to mental health, we provide line management-based care and conduct stress checks once a year. Group results are provided to the employees' union, and we discuss improvements in workplace environments and make efforts to further improve them.

Specific initiatives

- Establish and adhere to rules for taking breaks between work shifts
- Thoroughly implement attendance management and prevent overwork among all Group employees
- Prohibit smoking in all buildings
- Lower the target age for breast and cervical cancer screening at company check-ups

(3) A Culture that Fosters Motivation and Job Satisfaction

We work to build culture that supports challenges and learning and activates bi-directional dialogue toward "providing opportunities for all employees to grow while participating actively with motivation." The SuMi TRUST Group has always encouraged activities that create opportunities for learning, such as circles formed by groups both in-house and outside, and has regularly held lectures by outside instructors. SuMi TRUST Bank encourages employees to independently and voluntarily shape their own careers through changes in job position or through an internal job-posting system. In FY2018, we launched activities for employees to shape their own futures, which solicit ideas from employees for the creation of new businesses and services. In FY2020 we received a total of 188 ideas from 368 employees group-wide. In addition, as a mechanism to convey the opinions of employees to management, we conduct an employee awareness survey covering all Group employees. We measure employees' vitality level (a measure of engagement) and satisfaction level, with positive scores (60 points) on each metric set as Company benchmarks. We also use the survey as a practical communication tool between employees and management, for example by incorporating the most frequently voiced opinions from the survey into our policies. Employees' opinions are also discussed as agenda items at meetings between the employees' union and management (in FY2020, the employees' union and management held 34 meetings).

■ FY2020 Employee Awareness Survey

Vitality level	60.4 points
Satisfaction level	63.2 points

* Target: course employees

3. Diversity & Inclusion

The SuMi TRUST Group holds the concept of Diversity & Inclusion (D&I), in the sense of "utilizing the diversity and creativity of its employees in management," as its management principles ("Mission"). We also hold fully utilizing individuals' diversity and creativity as value added to the organization as our Basic Policy for Personnel Affairs Management. SuMi TRUST Holdings and SuMi TRUST Bank have each established a Diversity & Inclusion Office ("D&I Office") within the Human Resources Department. SuMi TRUST Bank's D&I Office is comprised of dedicated staff members from the Human Resources Department and members of business supervision departments. In addition to promoting diversified work styles for individual employees, the D&I Office implements measures according to the situation of each business that will lead to enhancement of corporate value. The D&I Office also hosts the quarterly meetings of the D&I Promotion Committee.

	Total	Women	Men
Number of employees (as of March 31, 2021)	13,740	7,752	5,988
Number of new graduates hired (as of March 31, 2021)	394	248	146

* SuMi TRUST Bank

(1) Initiatives for Active Participation and Advancement of Women

Guided by its general business owner action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace ("action plan"), and by its goal of increasing the number of women in decision-making positions, SuMi TRUST Bank formulated a new action plan effective April 2020 that calls for more than 12% of female employees appointed to section manager or higher and more than 30% in charge of management operations by the end of March 2023. Pipeline models have been formulated to facilitate the planned nurturing of employees in each business, while measures are being implemented to bolster their systematic development with a view to future appointments and support career planning. Such measures include rank-based training for women in leadership positions, career design workshops to assist self-determined career planning, and seminars for female employees in which executive officers deliver lectures. In addition, we are working to instigate a change in mindset among the management team, for example by providing senior executives with practical training on how to manage subordinates who work limited hours.

Meanwhile, at branch offices and departments, a bottom-up approach to D&I was adopted by providing opportunities to female employees to design their own careers by interacting with female employees from other companies.

■Female executives and managers at SuMi TRUST Bank

	March 31, 2020	March 31, 2021
(1) Executives	4 (5.7%)	4 (5.7%)
(2) Women in general manager level positions	12 (4.8%)	16 (6.5%)
(3) Women in section manager level positions	135 (11.7%)	150 (12.9%)
(4) Women in section manager or higher decision-making positions ((2)+(3))	147 (10.5%)	166 (11.8%)
(5) Women in charge of management operations	1,570 (25.8%)	1,683 (26.9%)

* Ratio of women shown in parentheses. Executive officers included in (1). Women in assistant manager or higher positions shown in (5), which also includes (4). As of July 2021, SuMi TRUST Holdings has zero directors who are foreign nationals and two female external directors.

(2) Initiatives on Supporting Work-Life Balance

SuMi TRUST Bank has introduced two new leave systems: (1) workplace reassignments for employees whose spouse has been relocated; and (2) leave for employees when their spouse has been transferred overseas. The use of either system will help employees continue their careers without being disrupted by major life events. Alongside the periodic provision of information to employees on maternity or childcare leave, we are working to create an environment in which employees can actively balance both child-rearing and work by organizing seminars aimed at facilitating their smooth return to work and supporting career development thereafter.

As for balancing work with nursing care, we have distributed a handbook about this subject and hosted a seminar together with the employees' union. Also, in the action plan that kicked off from April 2020, we set a goal of achieving at least 60 evaluation points (considered a positive assessment) in an annual awareness survey on nursing care schemes and corporate culture. We also have in place a framework that supports diverse work styles; for example, we lend our support to employees requiring cancer and infertility treatments so they can balance their medical visits with work duties, and we encourage male employees to take childcare leave (105.6%* of eligible male employees took childcare leave in FY2020).

* The number of male workers who took childcare leave divided by the number of male workers whose spouses gave birth. (Cumulative total for one year)

(3) Promoting Active Participation by Diverse Human Resources

• Promoting active participation by disabled persons

The Group aims to be a place where employees can work with motivation and display their talents to the fullest as members of the workplace, regardless of their disability. At SuMi TRUST Bank, employees with disabilities work alongside their colleagues at branch offices where they have contact with clients or perform back-office tasks at head office. The Bank also makes efforts to interview employees after they start work to respond to concerns or requests that arise after starting work, and uses the points brought up in the interviews to create an easier working environment from physical and mental perspectives.

Disabled person employment ratio (as of March 31, 2021)	2.31%

(SuMi TRUST Holdings)

• Promoting active participation of global employees

SuMi TRUST Bank offers training every year to locally hired employees working at its overseas branches and overseas subsidiaries to deepen their understanding of the Group and its operations and to also strengthen networks among participants and respective business lines. In order to facilitate smoother communication with employees of other nationalities, the Bank also organizes a Japanese language course with lessons to assist the learning of Japanese and holds intercultural communication training for supervisors of foreign national employees. With the aim of encouraging the active participation and promotion to management of employees hired at overseas offices, the Bank organizes transfers to offices in different countries or long-term postings to Japan.

Employees also have the opportunity at the end of this training to put into practice what they have learned primarily through promotion and job rotation.

Selected for inclusion in Bloomberg Gender-Equality Index for third year running

Selected as Nadeshiko Brand by Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) in March 2020

Selected for inclusion in the White 500 for the fourth year running as an organization having outstanding health and productivity management

Awarded the highest rating of "Gold" in Pride Index for LGBTQ initiatives

Obtained "Platinum Kurumin" certification as a company that supports balancing work and childcare based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Obtained "Eruboshi" and "Platinum Eruboshi" certification as a company that promotes the advancement of women

* External evaluation as of June 30, 2021

4. Human Rights

(1) Human Rights Management

• Basic philosophy

The SuMi TRUST Group's human rights management is based on the "Guiding Principles for Business and Human Rights," which was adopted by the United Nations Human Rights Council in June 2011. We have established the Human Rights Policy along with the Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy) to respect the human rights of all stakeholders.

Human Rights Policy:
https://www.smth.jp/en/csr/management/human_rights_policy/index.html

• Human rights management system based on the guiding principles for business and human rights

The SuMi TRUST Group works to improve the quality of its human rights management in a PDCA cycle, in order to foster a corporate culture and workplace environment that respects the basic human rights of all stakeholders, by respecting individual human rights and diverse values, while eliminating discrimination.

Commitment	Establishment of the Human Rights Policy.
Implementation of human rights due diligence*1	Once a year, the Human Rights Due Diligence Self-check List*2 is distributed to all branches, departments, and affiliates both at home and abroad as a tool to check the status of respect for human rights at each unit.
Access to redress	The Personnel Consultation Desk in the Human Resources Department serves as a contact point.

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impacts on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

• Human Rights Due Diligence Liaison Committee

The Human Rights Due Diligence Liaison Committee, chaired by the head of the Sustainability Management Department of the Corporate Planning Department, was established as a joint organization by SuMi TRUST Holdings and SuMi TRUST Bank. The committee investigates how human rights are being addressed at all Group companies, including overseas entities, identifies issues and risks that need to be addressed, and discusses and implements measures for improvement. Based on discussions by the committee, the Sustainability Management Department formulates objectives and plans for the development and reinforcement of the framework of initiatives, and the Human Rights Education Committee chaired by the Head of Human Resources engages in the formulation and implementation of various training programs and education activities concerning human rights issues at all Group companies, branches, and departments. Note that no cases of human rights violations have been reported in the Group in the past three years.

* See pages 109-110 in our 2020/2021 Sustainability Report for more information on human rights due diligence.

Training aimed at raising awareness about human rights was conducted by SuMi TRUST bank in the e-learning format in FY2020, reaching 25,438 participants Group-wide. In addition, SuMi TRUST bank delivered a total of 10 hours of lectures during rank-based training sessions, reaching a total of 1,492 participants.

(2) Protecting Various Human Rights

• Initiatives to address Dowa and foreign residents issues

The SuMi TRUST Group regards tackling discrimination against the Dowa caste as a particularly important theme in the promotion of human rights education, and has worked to completely eliminate prejudiced or discriminatory views against the Dowa caste. With regard to foreign residents issues, we make all employees aware of giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting individual identity.

• Prevention of sexual harassment and power harassment

Actions such as sexual harassment and power harassment are prohibited at the SuMi TRUST Group. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk (LGBTQ Consultation Desk) within the Human Resources Department. Stringent corrective measures or punishment are implemented against the perpetrators. The Personnel Consultation Desk (LGBTQ Consultation Desk) responds to various consultations related to encroachment on personal rights and, in cases where a negative impact on a person's rights is evident, cooperates with the related departments to promptly take measures as needed. In FY2020, the Personnel Consultation Desk received 73 consultations, of which 30 were situations involving concerns about encroachment on a person's rights, including harassment. Eight of these situations remain unresolved, and we are working with the related departments to settle these cases.

• Initiatives to prevent discrimination against LGBTQ people

We strive to ensure thorough prevention of discrimination against sexual minorities such as LGBTQ in hiring or performing their work. Our Personnel Consultation Desk (LGBTQ Consultation Desk) addresses this issue as an ally (supporter).

• Investments and loans related to cluster bombs

The SuMi TRUST Group refuses to provide loans to foreign or domestic companies that produce cluster bombs, which are recognized as a weapon raising strong humanitarian concerns.

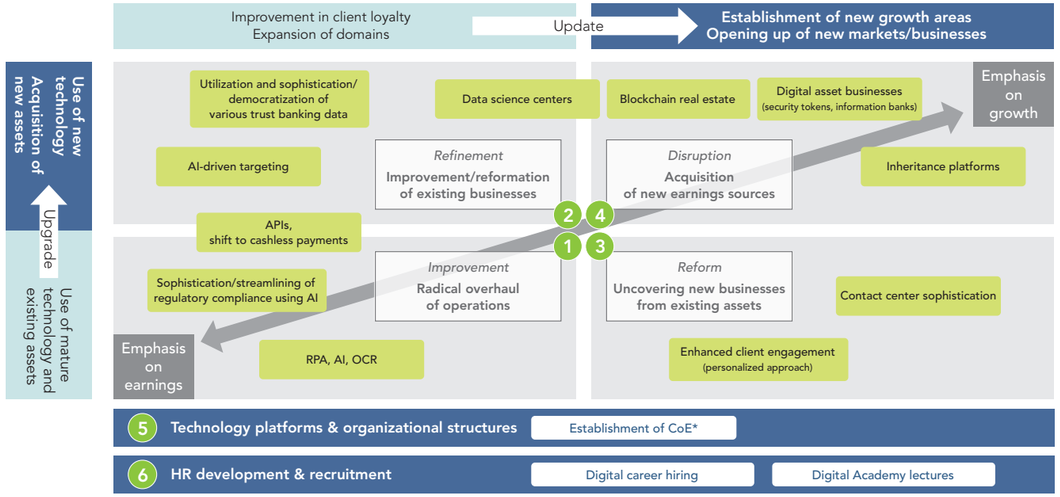
1. Digital Strategy — six strategic areas

In our Medium-Term Management Plan commencing in FY2020, we have identified six strategic areas in which we will advance our digital strategy.

The following four areas will be promoted concurrently: (1) improvement—utilize mature technology and existing assets to pursue mainly a radical overhaul of operations; (2) refinement— brush up existing businesses by utilizing new technology and acquiring new assets; (3) reform—redeploy existing strengths and assets to open up new markets and businesses; and (4) disruption—look to establish new growth areas by utilizing new technology.

In order to speedily drive forward each project in these four areas, we will also need to continue reinforcing our systems. For this reason, we have positioned (5) technology platforms and organizational structures, and (6) HR development and recruitment, as key strategic areas to be addressed over the medium to long-term.

Six strategic areas



* Center of Excellence

In areas such as asset administration, inheritance, and real estate, which are social and public in nature and where we have strengths as a trust banking group, we will focus on areas that are poised for full-fledged digital transformation (DX) in the future. In addition, we will continue to utilize a wide variety of data, including data from banking operations unique to us as a trust bank group, as the driving force behind the creation of social value that helps solve social issues and the creation of economic value that contributes to the growth of the Group.

2. Efforts to Improve Efficiency Through the Use of RPA and AI-OCR

SuMi TRUST Bank has achieved savings of approximately 300,000 person-hours of labor in one year since the full-scale introduction of Robotic Process Automation (RPA) in FY2018 to automate operations that were previously performed by humans. By integrating the development and operations of our internal user and IT departments, we made it possible to monitor operations after RPA deployment and make continuous improvements such as adding new functions and changing settings as necessary, thereby improving operational efficiency and quality.

In addition, starting in FY2020, we introduced the AI-Optical Character Reader (AI-OCR), which can convert paper documents containing handwritten characters into text data, into four business operations, achieving an efficiency improvement equivalent to approximately 20,000 person-hours of labor. Although the transition to paperless operations through digitization is underway, there are still some paper-based operations. By leveraging AI-OCR and further linking it with RPA, we are expanding the scope of work to be automated and driving further gains in efficiency.

3. Data Utilization Initiatives

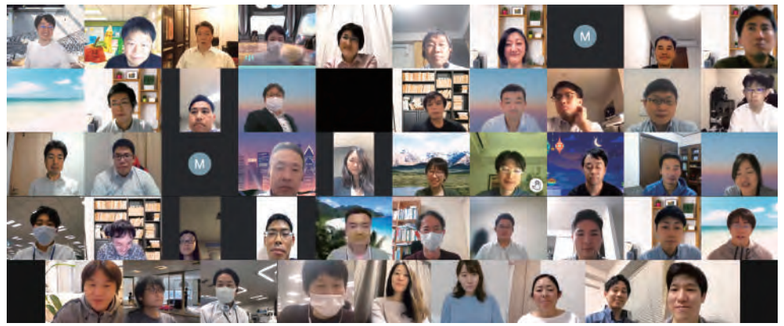
Transactions between the Group and its clients cover a wide range of areas, including fund transactions, provision of financial instruments, and financial management transactions. We are working on leveraging the diverse data obtained through these transactions, which is unique to us as a trust bank group, to enhance our services, for example by identifying emerging client needs that are not yet obvious in order to offer more valuable solutions. For example, in our businesses that deal with individual clients, we analyze information on our investment trust and insurance transactions and use it to predict the best products and services to offer the client next. We are also actively promoting the utilization of AI and data in our businesses that deal with corporate clients. For example, to uncover hidden real estate needs and create new sales opportunities, we are analyzing interactions between clients and sales representatives from text data such as daily log entries.

4. Developing Digital Human Resources

When it comes to the development of digital human resources, we are committed to not only the development of specialized professionals with advanced knowledge and skills, but also raising the level of digital literacy across the entire Group.

With respect to developing specialized professionals who will drive DX, we have been sending employees to universities, including Georgetown University in the U.S. (starting in FY2019), which has a reputation for cutting-edge research on blockchain technology, and the Keio University Quantum Computing Center (starting in FY2020), and conducting joint research with participating companies.

With respect to raising the literacy level of the Group, we hold workshops that attract active participation from Group employees, including a hands-on workshop led by a Google Cloud AI specialist on using Google AI to discover ways to improve operational efficiency and create new services.



Scene from a training session led by a Google Cloud AI specialist

TOPICS

Establishment of Digital Strategy Company

On April 1, 2021, SuMi TRUST Holdings established a company to take charge of the Group's digital strategy. The new company will take over the DX strategy across the Group's companies and SuMi TRUST Bank's businesses and accelerate the process of digitization. The new company has built its own system development environment and simplified set of business rules in order to operate with a lighter footprint and survive the intense competition in the fast-changing digital landscape.

The CEO, an employee in his 30s, was recruited through the internal job posting system. The staff will be assembled from individuals with diverse career paths and personalities from within and outside the company, and collaboration with external companies will be actively encouraged. While inheriting the Group's Purpose, the new company will bring new vigor to the Group with flexible ideas that are not bound by conventional wisdom.



Chief Executive Officer
Satoshi Tanaka

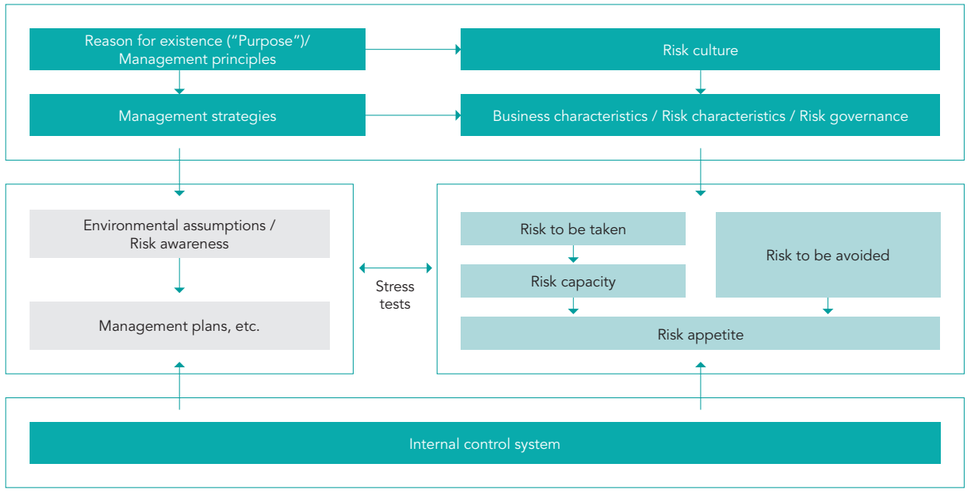
Risk Appetite Framework

1. Outline of the Risk Appetite Framework

The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process for determining risk appetite (the type and amount of risk to be willingly taken to achieve the management plan) within the Group's risk capacity, in order to achieve management strategies formulated based on the Group's reason for existence ("Purpose") and management principles, together with an internal control system that monitors the process and ensures its appropriateness and sufficiency.

To improve profitability and enhance risk management, the Group's RAF establishes communication processes through the setting, propagation, and oversight of risk appetite and promotes the improvement of transparency in the decision-making process, the optimization of management resource allocation, and the strengthening of the monitoring system for the whole of risk-taking.

■Outline of the Risk Appetite Framework



2. Risk Appetite Controlling Process

(1) Determining Risk Appetite Target

The Group classifies risks into two categories: (1) risk to be taken (that occurs in relation to activities that generate returns) and (2) risk to be avoided (such as conduct risk that cannot be tolerated by the Group).

Under RAF, the Board of Directors establishes a risk-taking policy, which is an overriding management policy based on its management principles, and takes into account the results of stress tests to set risk appetite indicators. In addition, the Executive Committee sets more detail risk-taking policy and risk appetite indicators for each business within the scope of policy set by the Board of Directors.

The risk-taking policy and risk appetite indicators are determined in accordance with the management plan, and are reviewed at least once a year or when necessary.

(2) Monitoring of Risk Appetite Tolerance

In order to verify that risk taking is conducted appropriately based on its business model, the Group sets separate risk appetite indicators from the three perspectives of return, risk, and cost, and monitors them regularly. If the indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or reconsiders the levels of risk taking.

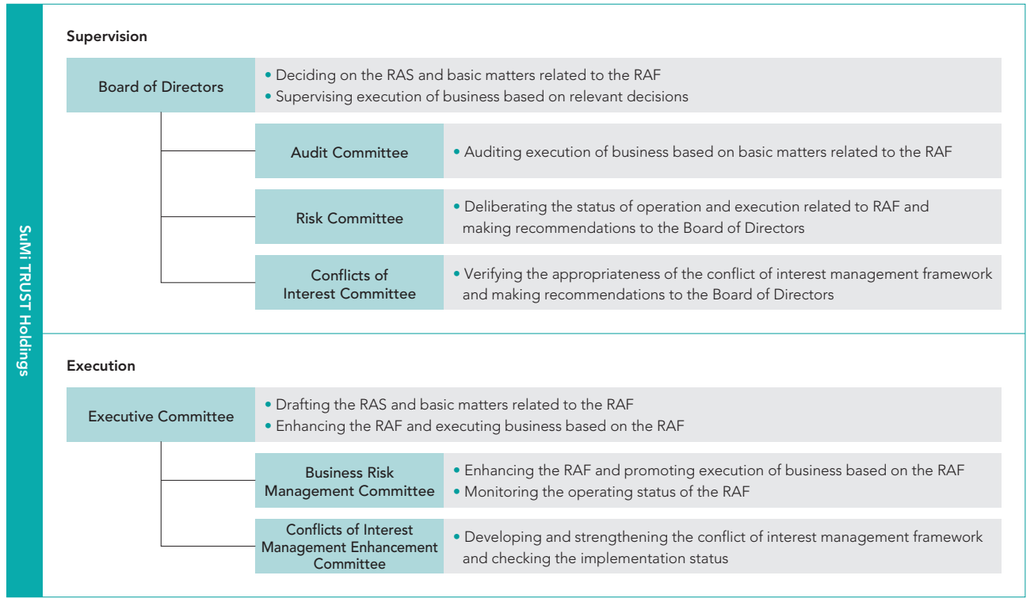
(3) Risk Governance

Risk governance, which forms a part of corporate governance, is a framework for identifying, measuring, managing, and controlling risks, as well as ensuring appropriate risk taking, by defining and monitoring risk appetite.

The Group promotes the enhancement of risk governance, with the aim of achieving the sustainable and solid development of the Group.

The Group is working on enhancing the operation of risk appetite through discussions at the Risk Committee and the Conflicts of Interest Committee, etc. as part of its initiatives to enhance corporate governance.

■Risk Appetite Framework Management System



3. Developing Positive Risk Culture

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group, as well as its directors, officers and employees, that flexibly excute risk taking, risk management, and risk control based on an appropriate assessment of risks, guided by a high degree of self-discipline based on the fiduciary spirit.

In order to foster a risk culture so that it will take root across the Group, we define risk-taking policies for each business when formulating its management plan, and encourage appropriate risk-taking by all officers and employees. In this way, the Group aims to build sustainable business models that contribute to increasing corporate and stakeholder value. In addition, we have formulated a Risk Appetite Statement (RAS) clearly stating our RAF, which is used as a common language in lively discussions concerning risk appetite within the Group.

Risk Management

1. Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Group follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, validation for advancement, and review, based on the Group's management policy and basic policy on the internal control system.

The Group's risk management framework encompasses the Risk Appetite Framework, and integrates it to function organically within the Group.

2. The Group's Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust banking group, strives to create distinct value through a total solution business model that combines its banking, asset management and administration, real estate businesses and others.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the Group's businesses. In this context, as a basis for improving management of risks related to trust business operations, we have established Group-wide Trust Business Guidelines to provide information about basic matters that warrant caution. SuMi TRUST Bank primarily manages these risks in the operational risk category, particularly in terms of its duty of due care as a prudent manager, duty of loyalty, and duty to segregate property as a trustee.

Reporting is regularly performed regarding whether the overall risk of the Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

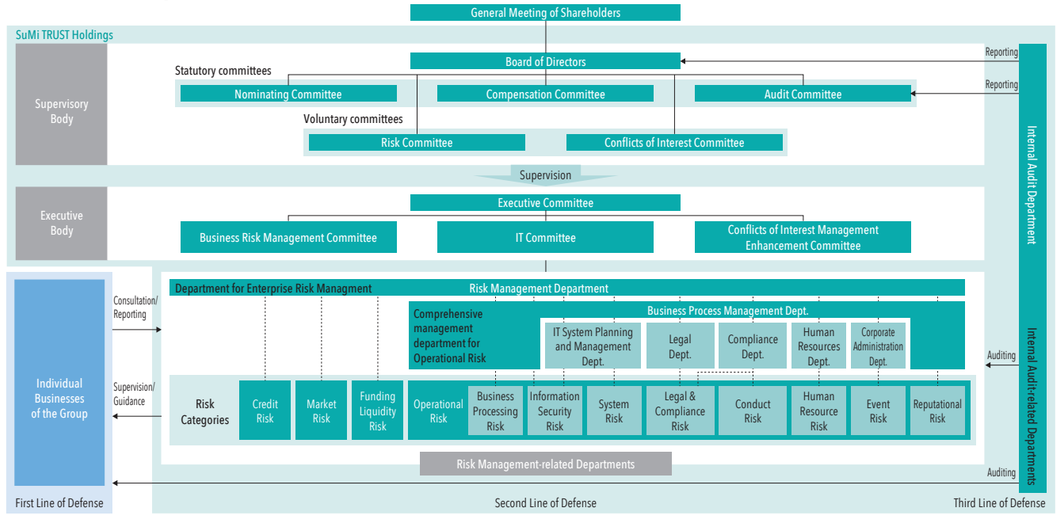
■Risk Definition

Risk Category		Definition
Credit Risk		Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, "country risk" in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the countries where our clients operate.
Market Risk		Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, "market liquidity risk" in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk		Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are "risk sub-categories" within Operational Risk)		Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to inadequate or failed business processes, the activities of executives or employees, computer systems, or due to external events.
	Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
	System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
	Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
	Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
	Conduct Risk	Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to the actions of Group companies, executives, or employees that are unprofessional or do not meet the expectations and trust of stakeholders. *Appropriate service level set by the Group based on an understanding of reasonable expectations
	Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
	Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
	Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

3. Risk Governance System

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system consisting of risk management by individual businesses (first line of defense), risk management by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

■Risk Governance System



(1) First Line of Defense

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business.

Each business takes risks within the scope of its risk appetite in accordance with its risk-taking policy, evaluates risks, and swiftly implements risk control at the on-site level when risks materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

(2) Second Line of Defense

The Risk Management Department and risk management-related departments act as control departments responsible for the management of each risk category. In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, the Risk Management Department and risk management-related departments act as a check-and-balance function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system from an independent standpoint.

The Risk Management Department, as an Enterprise Risk Management Department, performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize. Furthermore, it shares information with risk management-related departments appropriately, monitors the overall status of risks and risk management in an integrated manner, and reports the status to the Executive Committee and the Board of Directors.

(3) Third Line of Defense

The Internal Audit Department verifies the effectiveness and appropriateness of the Group-wide risk governance system and processes from a standpoint independent of the first and second lines of defense.

(4) Executive Committee

The Executive Committee is composed of representative executive officers and executive officers designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

(5) Board of Directors

The Board of Directors is composed of all of the directors. It decides on the Group's management policy and strategic goals for risk taking, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the Group.

• Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

• Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the Group's fiduciary duties and conflict of interest management, which are the foundation on which the Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

4. Risk Management Process

In the Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

(1) Risk Identification

The risks faced by the Group are comprehensively identified, while ensuring the comprehensiveness of the Group's operations, and the risks to be managed are identified based on the scale and characteristics of the identified risks. Of note, risks that are particularly important are managed as material risks.

(2) Risk Evaluation

The risks identified as requiring management undergo analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles. We periodically evaluate material risks in terms of frequency of occurrence, degree of impact, and severity to determine whether they can be classified as "top risks" (risks that require management attention due to their potential to have a material impact on the Group's business capabilities and earnings targets within one year) or "emerging risks" (risks that could have a material impact in the medium to long term; i.e., after one year).

(3) Risk Monitoring

Risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.). Recommendations, guidance, and advice are given to each of the Group's businesses based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.

Risk predictor management for top risks, etc.

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the Group's business model and risk characteristics, and these management indicators are monitored. Regarding risks resulting from external factors, the top risks are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for both types of risks.

The top risks at present include "the global COVID-19 pandemic" and other risks. Along with countermeasures, these risks are reported to the Board of Directors and the Executive Committee. Emerging risks at present include "climate change" and other risks, and we are analyzing these risks and considering necessary countermeasures.

The Group's main top risks and emerging risks are listed in the table below.

■ Main top risks and emerging risks

Top risks	Risks related to the global COVID-19 pandemic
	Risks related to falling prices for strategic shareholdings and similar assets
	Risk of concentration of credit in major obligors in the credit portfolio
	Risks related to cyberattacks
Emerging risks	Risks related to climate change*
	Risks related to innovation
	Risks related to Japan's declining birthrate and aging population

* The Group is taking steps to enhance the sophistication of its management of climate change-related risks, for example by identifying major climate-related risks in its portfolio and conducting scenario analyses.
For more information, please refer to our TCFD Report published in December 2020.

(4) Risk Control and Mitigation

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented according to the severity of the risk.

5. Enterprise Risk Management

(1) Enterprise Risk Management System

We manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when the need arises due to changes in the business environment or other circumstances, we will consider revisions to our risk category system, risk management system, and other policies.

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR*, and compare the combined value against our corporate strength (capital position), thereby managing risks (integrated risk management).

* VaR = Value at Risk

(2) Capital Allocation Operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of risk capital and its risk appetite. The Risk Management Department measures the risk amount on a monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

(3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

6. Cyber Security and Systems Maintenance

Based on the selection of cyberattacks as a top risk, The Group has formulated its Cyber Security Management Declaration against cyberattacks, and is working to strengthen security measures led by management. Specifically, SuMi TRUST Holdings has established SuMiTRUST-CSIRT*1 as an internal management system that collects and analyzes threat and vulnerability information from both inside and outside the group, develops necessary security measures, deploys them, and reports them to top management on a regular basis. We share and utilize the latest cyberattack techniques and vulnerability information using CSIRT as well also other information sharing organizations such as Financial ISAC*2 and FS-ISAC*3, and conduct cyber security exercises on a regular basis to strengthen our ability to respond to cyberattacks. In addition, we are working to strengthen and standardize security measures Group-wide by deploying common security measures such as a common Internet infrastructure and SOC*4 monitoring, as well as by promoting Group-wide standardization of security assessments using international assessment tools such as FFIEC-CAT*5. With respect to systems maintenance, in order to minimize the impact of large-scale failures and disasters on our information systems and prepare for early recovery and business continuity, we are working to strengthen our resilience by specifying the Group's communication and response systems in detail, developing workarounds and recovery procedures, and conducting education and training in operations.

*1 CSIRT (Computer Security Incident Response Team): In-house organization that collects, analyzes, and responds to early warning information about attacks
*2 Financial ISAC (Information Sharing and Analysis Center): Information sharing organization for Japanese financial institutions
*3 FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States
*4 SOC (Security Operation Center): An office that monitors the network and performs cyberattack detection and analysis
*5 CAT (Cybersecurity Assessment Tool): A cybersecurity risk assessment tool published by FFIEC (Federal Financial Institutions Examination Council) for financial institutions

7. Crisis Management

The Group has developed systems to swiftly and appropriately implement emergency and crisis response measures in the event of natural disasters, computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution, and strives to disseminate information regarding these systems throughout the organization.

Specifically, we have developed BCPs (business continuity plans) for continuing business in the event of a crisis, after securing the safety of our clients, directors, officers, employees, and their families. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In addition, we have created a response system in which, in the event of a crisis, an emergency response headquarters is created, which is headed by the President.

For large-scale natural disasters such as earthquakes, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems.

To address risks related to business continuity amid the COVID-19 pandemic, we established an emergency task force and set our basic stance of "ensuring the health and safety of our employees and their families," "maintaining business continuity as a key piece of social infrastructure," and "preventing the spread of infection in population (including activities that make the population less vulnerable)." In accordance to our stance, we have flexibly implemented measures while taking into account the COVID-19 infection situation in Japan and overseas, government requests, client trends, etc. In addition, we have implemented various business continuity measures as stipulated in our BCP and actively utilize teleworking in order to balance the maintenance of services with safety considerations.

Compliance

1. Basic Initiative Policy

The Group has positioned compliance as one of its most important management issues necessary for the realization of "The Trust Bank," its management principles and ideal model, and set out "strict compliance with applicable laws and regulations" in the Codes of Conduct ("Value").

The Compliance Rules formulated by the Board of Directors define the Group's overall basic policy, the standards that directors, officers and employees must follow, and the Group's organization structure for realizing compliance, creating a compliance system befitting "The Trust Bank."

The Group's stakeholders are becoming more demanding every day, and their expectations are rising. Under these circumstances, we aim to meet their expectations and win their trust by not only complying with laws, regulations, and rules, but also by implementing better and best practices.

Compliance-related risks fall under the category of legal & compliance risk, which is a sub-category of operational risk.

2. The Group Compliance Framework

The Group formulates the Compliance Program, which consists of specific practice plans for implementing compliance within the Group each fiscal year, with the approval of the Board of Directors, and the Board of Directors periodically receives reports on the progress and evaluation of the Compliance Program.

SuMi TRUST Holdings manages the compliance framework for the entire Group in order to create an appropriate framework in line with the characteristics of operations of each Group company. This is done by formulating the companies' Compliance Programs and providing guidance and oversight on the progress and achievement status of these programs.

3. Initiatives to Foster Compliance Awareness

The Group has created a Compliance Manual containing explanation of laws and regulations that must be followed and actions to be taken in the event of the discovery of compliance infractions, with the approval of the Board of Directors, and employees across the Group are thoroughly informed regarding its contents.

We are also improving compliance education to promote the fostering of compliance awareness throughout the entire Group. Specifically, we provide training resources such as e-learning materials and discussion-based workshops. In addition to the above, to foster compliance awareness among employees, each Group company implements training and workshops in accordance with the characteristics of their operations and products as well as e-learning on specific themes.

Furthermore, in order to accurately grasp the status of the penetration of compliance awareness, the Group conducts awareness surveys on compliance at major subsidiaries and elsewhere.

4. Hotline System

The SuMi TRUST Group and Group companies such as SuMi Trust Bank have established a compliance hotline system through which all directors, officers, and employees can report violations directly to the Compliance Department and an external attorney's office. This hotline system enforces the rigorous control of information and protection of privacy to ensure the protection of whistleblowers, and strictly prohibits their adverse treatment. Simple reporting functions have also been put in place, including by telephone (the external attorney's office) and through a Web-based system (in-house point of contact (SuMi TRUST Bank)) that allows reporting 24 hours a day. An accounting hotline system has also been established for the reporting of inappropriate accounting.

The compliance hotline system operated by SuMi TRUST Holdings is registered under the Whistleblowing Compliance Management System (Self-Adaptation Declaration Registration System)*.

* The Whistleblowing Compliance Management System (Self-Adaptation Declaration Registration System) is a system in which businesses evaluate their own whistleblowing system and then submit an application to the designated registration body of the Consumer Affairs Agency. If certain certification criteria are met, the business is registered with the Agency and granted authorization to use the designated WCMS mark.

Whistleblowing Compliance Management System

5. Prevention of Money Laundering*1

The Group has released its "Anti-Money Laundering Compliance Policy" with the approval of the Board of Directors, and made clear its resoluteness in standing up to money laundering.

We oversee the status of the anti-money laundering framework's development and provide guidance on improving the framework at each Group company through periodic risk assessment on the framework. This effort is to prevent abuse of financial services within the entire Group including overseas bases. For risks that are identified, each Group company implements risk control measures according to risks. For instance, SuMi TRUST Bank carries out additional confirmation according to the transactions' content, and it verifies, using an AML system*2, whether any illicit transfers between accounts have taken place, and has a system in place for employees, when coming across transactions suspected to be related to illegally obtained money or used to finance terrorism, to immediately report to the person in charge, who notifies the relevant authorities. We also work continuously to improve the system, for example by enacting special provisions in response to the Financial Services Agency's publication of its Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.

In addition, we support internal training programs by each Group company and employees' acquisition of specialized certifications on anti-money laundering. Internal training programs on anti-money laundering are provided periodically.

*1 Money Laundering is the act of hiding a source of money obtained illegally (for example, through the sale of illegal drugs) by routing it through multiple bank accounts or financial instruments. Terrorists and perpetrators of remittance scams are examples of people who may abuse the accounts of financial institutions. It is the responsibility of financial institutions to prevent the misuse of financial services. Such efforts are referred to as "money laundering prevention countermeasures."

*2 AML (Anti-Money Laundering) system: A system for monitoring fraudulent and suspicious transactions

6. Initiatives to Prevent Bribery and Corruption*

The Group, with the approval of the Board of Directors, has published its "Anti-Bribery and Corruption Compliance Policy," and under the supervision of the management team, implements anti-bribery and anticorruption programs. We review and strengthen the programs through regular assessment of risks related to bribery and corruption, and endeavor to improve the framework for prevention of bribery and corruption. We do this by taking such measures as fostering a close-knit collaboration between our overseas bases and local legal counsel to allow for swift and proper responses at overseas bases, where such risk is high.

In addition, the Group provides directors, officers and employees with regular training each fiscal year. Also provided is additional specialized training for employees at departments with a high potential risk of facing bribery, and written pledges for compliance are obtained from the employees.

* The Group defines bribery and corruption as the act of offering, promising, or providing entertainment, gifts of money or goods, or other benefits with the intent to improperly influence the counterparty, and the act of receiving or requesting goods or services with the intent to improperly benefit the provider.

7. Response to Antisocial Forces

The Group has declared its resolute stance against antisocial forces in its Value ("Codes of Conduct") and takes initiatives to prevent transactions by antisocial forces. The aim is to realize "The Trust Bank," the Group's management principles, and ideal model. Specifically, we have incorporated a clause to exclude organized crime from transactions in various products, services, etc., and established a framework to prevent transactions with antisocial forces by checking with a database operated by the National Police Agency, via the Deposit Insurance Corporation of Japan, before providing new personal loans, etc. In cases in which the counterparty in a transaction is found to be an antisocial force after the commencement of a transaction, we take measures in close coordination with the police and other external expert organizations for the eventual cancellation of the transaction.

In addition, we provide directors, officers and employees with training for the prevention of transactions with antisocial forces each fiscal year to strengthen awareness of preventing such transactions.

8. Initiatives to Prevent Insider Trading

Through its "Rules on Insider Information Management," the Group strictly regulates the handling of information that may be obtained during the execution of working duties.

In addition, we have established a framework for regular training on prevention of insider trading, and we obtain written pledges for compliance with internal rules from directors, officers, and employees.

Compliance with International Financial Regulations

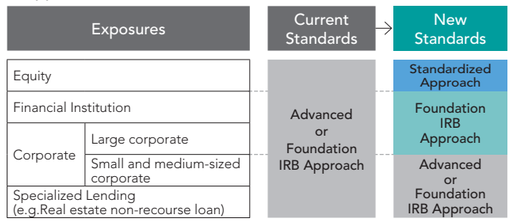
1. Compliance with Finalized Basel III Reforms

Triggered by the financial crises in 2008, the Basel Committee on Banking Supervision (BCBS) made the agreement to implement new regulations, called "Basel III." Basel III includes the implementation of higher capital requirements, leverage ratio and liquidity requirements. In Japan, Basel III has been implemented in phased manner from the end of March 2013.

Subsequently, in December 2017, an international agreement was reached on "Finalized Basel III," which aims to constrain the use of internally modelled approaches by banks and to introduce a new capital floor based on the standardized approaches to the risk-weighted assets measurement approach in the calculation of the capital adequacy ratio.

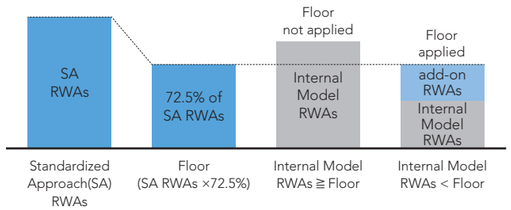
"Finalized Basel III" is required to be implemented from 2023. The Group will work to secure the target level through the future accumulation of capital and other means, and promote appropriate profitability and portfolio management to establish a framework for introducing tighter capital requirements.

■Conceptual Diagram of Risk-weighted Assets Measurement Approach for Credit Risk



Standardized Approach: Supervisory risk weight according to external credit ratings
Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

■Capital Floor Structure



- In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.

* As for the applicable multiplier of the floor, starting at 50% in 2023, it will be raised by 5% each year to 72.5% in 2028.

2. Strengthening of Regulations on Non-financial Risk Areas

Regarding financial risks, BCBS finalized the agreement on Basel III as described above, and major frameworks for various liquidity risk regulations and Single Counterparty Credit Limit (SCCL) are close to being determined. Although minor modifications of details are still needed, the hardest part is over. With this background, international organizations and the financial authorities of each country are focusing on tightening and enhancing regulations on non-financial risk areas. Examples of such areas that have been attracting interest recently include:

■Operational resilience
■Incorporation of climate change issues into financial supervision

<Operational resilience>

- Operational resilience refers to the ability of banks to continue "critical operations" in the event of a terrorist attack, cyberattack, pandemic, or natural disaster. The concept was proposed by the Bank of England in 2018 as a comprehensive framework encompassing BCP, cybersecurity, outsourcing management, and similar areas. In 2020, proposals and guidelines related to operational resilience were also issued by the European Commission, the Monetary Authority of Singapore (MAS), the International Organization of Securities Commissions (IOSCO), and the Federal Reserve Board (FRB). The Basel Committee incorporated these approaches into its March 2021 publication "Principles of Operational Resilience."
- As a trust bank entrusted with the investment and management of the assets of our clients, the Group has been paying attention to these trends from early on and is working on developing a compliance framework.

<Incorporation of climate change issues into financial supervision>

- Financial regulators and central banks from many countries are discussing the integration of climate change risks into the oversight of the soundness of the financial system health from the perspective of financial stabilization. In the U.K., the PRA (Prudential Regulation Authority) in 2019 requested that boards of directors of financial institutions develop business strategies that take into account long-term climate change risks. The PRA is planning to conduct stress tests to examine the soundness of the financial institutions when climate change factors are considered. In the U.S., the NYDFS (New York State Department of Financial Services) in 2020 called on financial institutions to integrate climate change issues into their business strategies.
- The SuMi TRUST Group is committed to working proactively to address ESG issues. For example, in December 2020, we published our "TCFD Report 2020/2021," in which we disclosed the results of our risk scenario analyses in line with TCFD's recommendations.

Internal Auditing

1. Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business execution system and the internal management system, SuMi TRUST Holdings and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

2. Internal Auditing Implementation System

(1) SuMi TRUST Holdings

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

2) Functions and Roles

The Internal Audit Department formulates an internal audit plan, taking into account the basic policy on internal audits, which dictates the direction to be taken in the development of the SuMi TRUST Group's internal auditing system, as well as significant group-wide risks. After receiving the consent of the Audit Committee, the plan is approved by the Board of Directors. The Internal Audit Department reports the results of the internal audit, without delay to the President and the Audit Committee, while also analyzing the internal audit results, including those for Group companies, and reporting regularly to the Board of Directors.

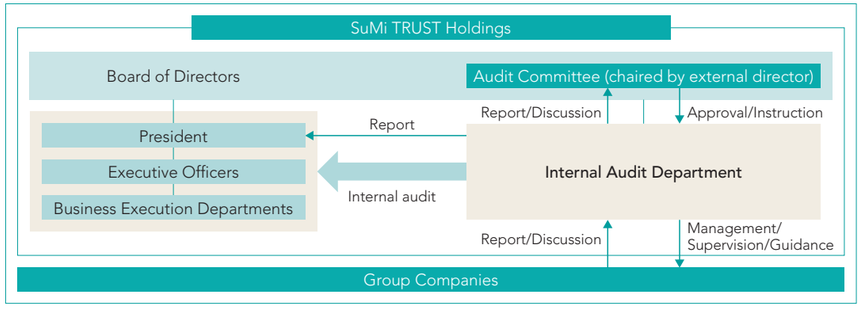
In addition, the Internal Audit Department, as the department supervising the Group's internal auditing, receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy on internal audits. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits. Each Group company formulates an internal audit plan in line with the basic policy on internal audits set by the holding company, which is approved by the Board of Directors after consultation with the Company.

Results of internal audits are reported without delay to the president, the Company and others, and are also reported regularly to the Board of Directors.

■The SuMi TRUST Group



Development of New Products and Services Supporting Total Solutions and New Product Examination/Management Systems

(1) Basic Stance on the Development of New Products and Services

In its Medium-Term Management Plan for FY2020-2022, the Group defined its reason for existence ("Purpose") as "To create new value with the power of trusts and let prosperous future for our clients and society bloom." Trusts have a long history of developing and offering trust products to solve the problems of the times. With our Purpose in mind, we will continue to focus on developing products that contribute to our clients and society.

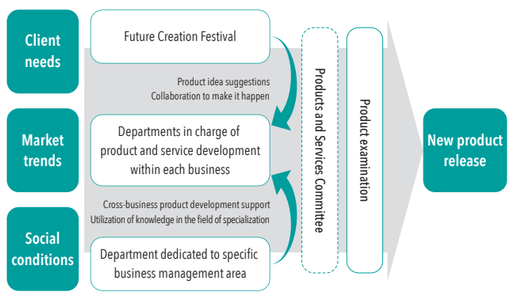
(2) System for the Development of New Products and Services

The Group pursues the development of new products and services that take advantage of its expertise and comprehensive capabilities as a trust banking group. SuMi TRUST Bank has the ability to develop new products and services within its businesses, and applies its business-specific expertise to the development of new products and services based on client needs and market trends.

We have established departments dedicated to specific areas of business management, including a Business Research and Development Department, Regional Revitalization Planning and Promotion Department, Digital Transformation Department, and Sustainability Management Department, and assigned them responsibility for research and development in their respective areas, namely trust and related areas, regional co-creation, digital transformation, and sustainability. We have also built a system to develop and support new products and services across businesses.

In addition, we have established a Products and Services Committee as a meeting body where executives and others can discuss the development of new products and services. These meetings are held on a regular basis to share issues where breakthroughs are required in the development process and to share measures to be taken to drive development forward from the perspective of medium- to long-term management strategies that go beyond the practical working level.

■System for Development of New Products and Services



(3) "Future Creation Festival" Where Employees Propose New Products and Services

Since FY2018, the Group has held its Future Creation Festival ("Future Festival").

The Future Festival is an in-house business plan contest that aims to create the future of the Group with ideas originating from employees. All Group employees are eligible to enter. The goal is to discover a variety of new and unexpected ideas, regardless of the area of the business plan. In the final round, applicants are given the opportunity to present their proposals directly to the judges, who are executives and external experts. Applicants selected in the final selection are given the green light to try to commercialize the product or service they proposed.

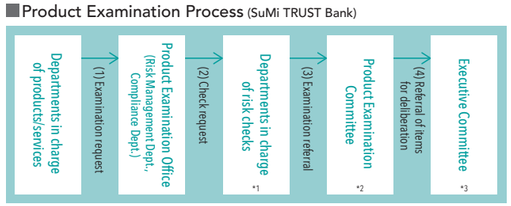
The third Future Festival will be held in FY2020. The festival has become a major event, with a total of 670 entries submitted in the previous two years. Among these was our "solitary trust" product, released in December 2019 as the first product originating from the Future Festival.

(4) New Product and Service Examination System and Post-Introduction Management System

When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system. In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

For products and services that have been examined by the Product Examination Committee, after they are introduced, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective. Regular monitoring is also carried out from the viewpoint of providing clients with appropriate explanations for products and services that are expected to be affected due to changes in the environment and so on, regardless of whether or not they have been deliberated by the Product Examination Committee. The results of these verifications are reported to the Product Examination Committee, and in the event that a situation arises that differs from the assumptions at the time of review, we discuss how to address and report the details to the officers in charge of the Risk Management Department and the Compliance Department.

■Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.
*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.
*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.

Client-Oriented Initiatives

1. Providing Value to Clients

In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing. The SuMi TRUST Group aims to be the "Best Partner," providing the greatest value to individual and corporate clients by accurately understanding their needs and providing total solutions that include a wide range of highly specialized products and services as the best way to address those needs. To this end, as the only independent trust banking group in Japan, which allows us to make effective use of the comprehensive capabilities that combine banking and trust functions, as well as various trust functions within the Group. In our endeavor to be completely client-oriented, we have established a stringent conflict of interest management framework.

By constantly striving to improve customer satisfaction, be completely client-oriented, and help solve problems in society, we aim to gain the trust of clients and society and continue to grow alongside each other. To this end, the Group is pursuing initiatives based on the Voluntary Declaration of Consumer-Orientation. In September 2020 we published "Results of Initiatives Based on Voluntary Declaration of Consumer-Orientation," which documents our results and improvements.

About the Voluntary Declaration of Consumer-Orientation

The Voluntary Declaration of Consumer-Orientation is the Group's declaration for the approach toward consumer-oriented management (a business activity respecting general consumers' viewpoints and gaining consumer trust as the providers of a sound market, while being aware of its social responsibilities, and working toward the creation of a sustainable and desirable society) as promoted by the Consumer Affairs Agency and others.

2. Implementing a Client-Oriented Approach

In our effort to provide our clients with the products and services best suited to meet their genuine interests as their "Best Partner," and to instill a client-oriented approach across all our business operations, in September 2016, we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group ("Policies") and since then we have continued to further strengthen our initiatives by revising them whenever necessary. The SuMi TRUST Group has established an extensive organizational structure from the management level to the working level, and strives constantly to enhance its initiatives in this area (please see page 128 for enhancement of the conflict of interest management framework).

In order to clearly communicate to our clients regarding the results of these initiatives, we periodically publish a report entitled KPIs for Initiatives Aimed at Becoming Our Clients' "Best Partner." (see page 126). These KPIs include those commonly used by financial institutions regarding sales of investment trusts.

■Promoting/Supervising Structure of the Group

	Organization		Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	• Supervise Conflict of Interest management for the group, monitor FD* progress
SuMi TRUST Bank	Executive Committee	Conflict of Interest Management Enhancement Committee	• Discuss important cases • Guide improvement to relevant departments
	Department in charge	Fiduciary Duties & Customer Satisfaction Planning Promotion Dept.	• Promote FD* within organization
		Compliance Dept.	• Enhance Conflict of Interest management
Group Companies	Group-wide	Fiduciary Duties Discussion Panel	• Consult with external experts, Implement within company

* FD: Fiduciary duties

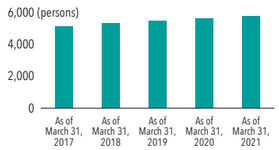
3. Status of Initiatives Aimed at Becoming Our Clients' "Best Partner," and Key Performance Indicators (KPIs)

The SuMi TRUST Group regularly discloses public indicators that allow confirmation of the status of initiatives aimed at becoming our clients' "Best Partner." These indicators are revised periodically as we promote and enhance these activities.

Client-Oriented Initiatives as a Source of Advantage [Our Own Actions]

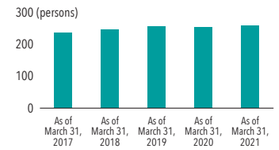
We strive to develop employees with high levels of expertise so that our clients can trust and consult with us with confidence.

Asset Formation Assistance [Number of Holders of FP-Related Certifications]



* Shows the number of course employees of SuMi TRUST Bank who hold FP Specialist (Level 1, Level 2), CFP, AFP, or Kinzai Financial Skills Examination (Level 1, Level 2) certifications.

Assistance regarding Inheritance, Wills, Estate Planning [Number of Financial Consultants]

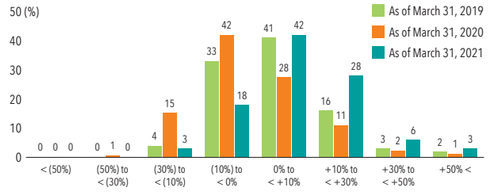


* SuMi TRUST Bank has financial consultants who are in-house experts in inheritance, wills, estate planning, etc. at all of its branches.

Client Comfort and Satisfaction, Contribution to Society and Economy [Evaluation by Clients and Society]

Improving Investment Returns for Clients

Distribution of Clients with Investment Trust Gains/losses, Including Realized Profit and Loss

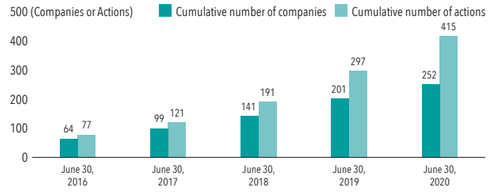


Client satisfaction rate March 2019: 62% March 2020: 42% March 2021: 79%

When proposing investment products to our clients, SuMi TRUST Bank emphasizes the importance of carefully following up on their intentions in light of major life events and changes in the market environment. In this way, we make every effort to improve returns and realized profits/losses for our clients.

Enhancing Asset Management

Number of Companies and Number of Cases Where Corporate Action was Taken



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management pursues engagement and stewardship activities, including the exercise of voting rights, aimed at medium- to long-term growth in corporate value. Through these activities, we are working to increase our clients' medium- to long-term investment returns. The number of corporate actions refers to engagement activities that have been accepted.

SuMi TRUST Bank has earned an R&I Customer-oriented Investment Trust Sales Company Rating of "S+"

The rating is based on R&I's neutral third-party evaluation of banks, securities companies, and other financial enterprises engaged in the sale of investment trusts. The rating assesses their "customer-oriented business operations" and their policies and initiatives in this area. The SuMi TRUST Group will continue to pursue client-oriented initiatives and promote their adherence as we strive to be a "Best Partner," whom our clients entrust with their business for many years to come.

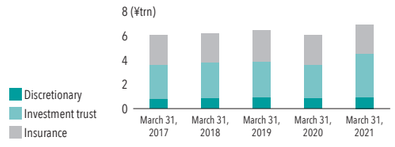
* The "R&I Customer-oriented Investment Trust Sales Company Rating" ("the rating") is not a statement of fact. Rather, it represents R&I's opinions regarding the "customer-oriented business operation" initiatives of companies engaged in the trust investment sales business. Though R&I uses information that it deems to be reliable when carrying out the rating, it does not independently verify the accuracy of this information. Furthermore, R&I does not guarantee the accuracy or integrity of this information, nor does it endorse the purchase, sale or holding of any specific product nor guarantee the future performance of any such product. All intellectual property rights (copyrights, etc.) and any other rights pertaining to the rating belong to R&I, and any reproduction or republication without permission is prohibited.

Sustainable and Stable Growth of the Group [Objective Parameters]

Offering a Wide Range of Products and Services that Meet the Diverse Needs of Clients

To meet the diverse needs of our clients, SuMi TRUST Bank offers a wide range of high-quality products and services, including investment trusts, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Comprehensive Offerings Drive Growth in Balances of Investment Trusts, Discretionary Investment Management Products, and Insurance



4. Shaping Corporate Culture to Become Our Clients' "Best Partner."

SuMi TRUST Bank has established FD & CS Committees at its branch offices and departments and each and every employee strives to improve customer satisfaction and deliver client-oriented services by engaging in improvement activities based on the opinions of clients, improvement activities to address issues identified in client questionnaires, and by taking part in various training sessions and discussions.

Establishment of FD & CS Committees

For the purpose of enhancing FD in each branch office and department and improving CS, we have revised the activities of the CS Committees undertaken thus far and launched a new set of activities under a new FD & CS Committee system. The FD & CS Committees are actively undertaking a whole host of activities according to the characteristics of each branch office or department.

Example of FD & CS Committee System

- Discussions on client-oriented initiatives and improving CS
- Improvement activities based on client opinions
- Sharing of successful examples and improvement activities based on issues identified in cases subject to review

FD & CS Supervisor = General Manager

↕

FD & CS Leader = Person in charge of FD & CS at each branch or department

↓

FD & CS Committee = General Manager, FD & CS Leader, and at least one employee from each section
Discusses and decides on issues to address

↓

All branch and department employees undertake FD & CS activities (address issues)

↑

Business supervision department monitors and evaluates activities

* Example of FD & CS Committee in the Retail Total Solution Services Business

Use of Client Questionnaires

We survey both corporate and individual clients with a questionnaire so that we can better manage and improve the quality of our services. We utilize the questionnaire results to identify issues that need to be addressed by SuMi TRUST Bank and subsequently implement initiatives that reflect measures to improve those issues.

Example of Utilizing CS Questionnaire at Each Business

Business Supervision Department conducts questionnaire survey

↓

Business Supervision Department analyzes results

↓

Business Supervision Department performs factor analysis of business issues identified in questionnaire results and examines items requiring improvement

Each branch office performs macro-analysis of branch environment

↓

Each branch office performs factor analysis of issues based on branch environment and examines items requiring improvement

↓

Each branch office formulates action plans

↓

The FD & CS Committee in each branch or department and the business supervising departments monitor progress

↓

Results of improvement are confirmed with the next questionnaire

5. Initiatives to Link "Voice of Clients" to Enhance Customer Satisfaction

1) SuMi TRUST Bank receives hundreds of thousands of valuable opinions and requests annually from clients and many requests via branch offices throughout Japan and through diverse channels such as telephone centers and the Group's website. 2) To analyze this client feedback, we use the "CS Voice of Clients Portal" system, the purpose of which is to better meet our clients' needs by making client feedback more visible, so that we can better recognize such needs. 3) Furthermore, regarding opinions and requests received from clients, branches and the head office cooperate to investigate and analyze the causes and identify problems. Based on the results, we search for improvement measures, and strive to provide better products and services.



6. Conflict of Interest Management*

With the approval of the Board of Directors, the Group announced the Management Policy Concerning Conflicts of Interest (Outline), in order to protect the interests of our clients from undue harm caused by provision of various services by Group companies and their related parties. The Group identifies and classifies transactions that have possible conflicts of interest in advance and manages such transactions appropriately.

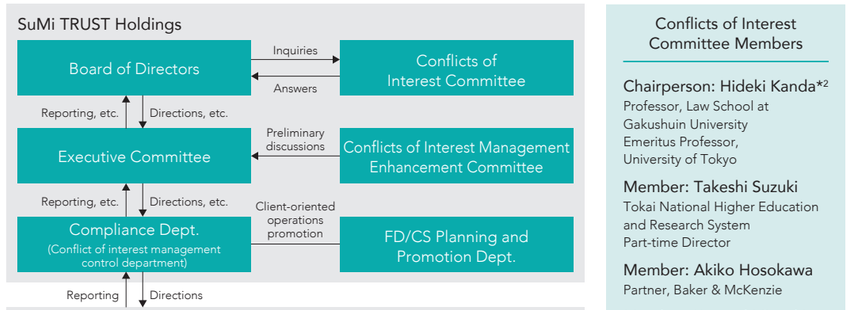
Furthermore, we have established a system in which the Compliance Department, which is the department that oversees conflict of interest management independently of sales divisions, regularly verifies the effectiveness of conflict of interest management across the Group. The results are regularly reported to the Board of Directors and other relevant parties and we have a framework to continuously implement necessary improvements and guidance.

In addition, the Group has established the Conflicts of Interest Committee in an effort to enhance the effectiveness of the Group's conflict of interest management framework. The majority on the Committee consists of external members. It serves as an advisory body to the Board of Directors and receives verification of the appropriateness of the Group's conflict of interest management. The summary of agendas of the Committee has continuously been made available for public review.

With respect to our conflict of interest management system for stewardship activities, the Conflicts of Interest Committee has established a Stewardship Services Working Group composed of third-party members from the external committees of the Group's asset management companies. The aim is to strengthen information coordination and oversight functions on the Group-level stewardship activities.

* A conflict of interest refers to a situation where there are conflicting interests between the Group and its clients, or between clients of the Group.

■Conflict of Interest Management System*1



Conflicts of Interest Committee Members

Chairperson: Hideki Kanda*2
Professor, Law School at Gakushuin University
Emeritus Professor, University of Tokyo

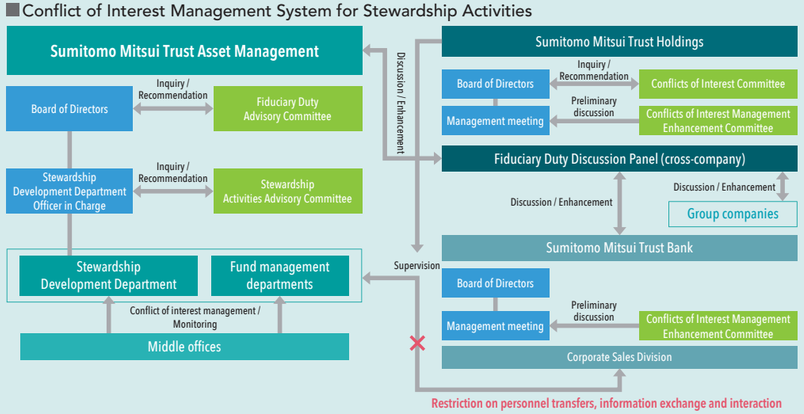
Member: Takeshi Suzuki
Tokai National Higher Education and Research System
Part-time Director

Member: Akiko Hosokawa
Partner, Baker & McKenzie

Member: Yasuyuki Suzuki
SuMi TRUST Holdings
Managing Executive Officer

*1 For roles and responsibilities of each management structure and main departments, please see page 125.
*2 External Director, SuMi TRUST Bank

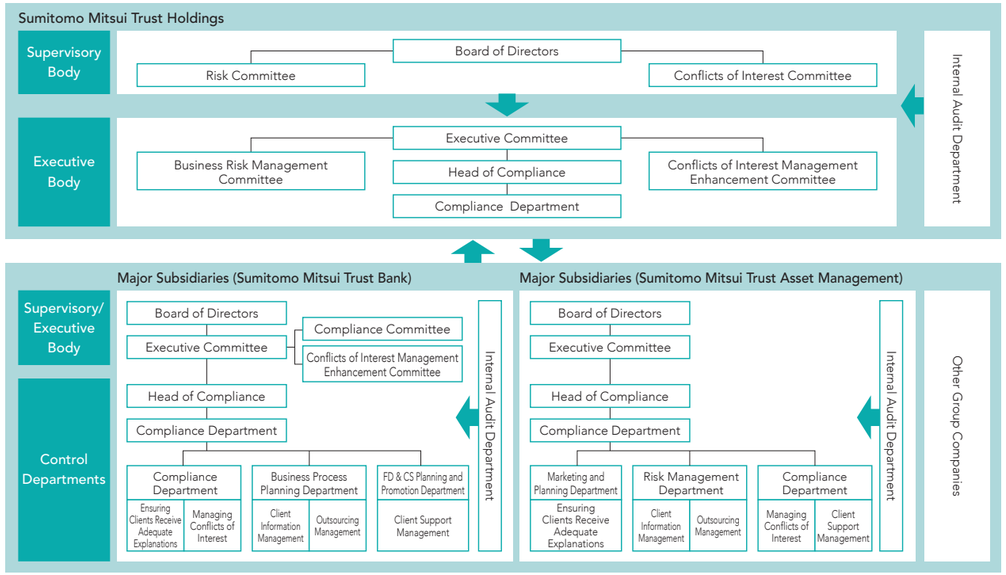
■Conflict of Interest Management System for Stewardship Activities



7. Client Protection Management

(1) Basic Initiative Policy

The Group regards client protection as one of its most important management issues. SuMi TRUST Holdings has established a basic policy in its Action Guidelines for the Best Interest of Clients designed to enhance the Group's client protection and convenience, to enable the Group companies to develop appropriate client protection management systems in accordance with the characteristics of their own operations. Based on the basic policy, each Group company has established the control departments for client protection management and supervisory departments according to functions. The control departments oversee client protection management as a whole, through the preparation of internal company rules and regular reporting to the Board of Directors and others. Supervisory departments develop frameworks for each function, and ensure appropriateness and sufficiency of each function through guidance for related departments, enhanced training and improvement.



(2) Ensuring Clients Receive Adequate Explanations

When providing financial products and services, the SuMi TRUST Group offers appropriate and sufficient explanations and easy-to-understand information so that our clients understand and are assured about the offered products and services. Specifically, we have created a client protection management framework, such as thoroughly enforcing the suitability rule* and duty of honesty and fairness, creating a client explanation manual that stipulates appropriate provision of information to clients and expanding and improving training, based on the solicitation policy regarding provision of financial products and services and the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group.

In particular, we monitor whether appropriate explanations are provided to our clients to ensure their understanding in transactions involving financial products that may pose risk, including investment trusts and life insurance. We revise our solicitation rules, as necessary, to ensure that solicitation and sales activities for financial products are conducted appropriately from the perspective of the clients.

* Rules that prohibit inappropriate solicitation in view of clients' knowledge, experience, financial position, and purpose of transactions

(3) Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy to securely protect the personal information of its clients for establishing a framework for appropriately managing client information. When accessing client information jointly within the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations, so as to ensure the appropriate use of such information. The SuMi TRUST Group requires all employees to submit a written affirmation of their duty of confidentiality, so that they clearly recognize the duty they have to keep important information, including personal data they come across while working, confidential.

Communication with Shareholders and Investors

1. Basic Philosophy

SuMi TRUST Holdings aims for highly transparent corporate management by striving for timely and appropriate disclosure of corporate information, as well as through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas. Specifically, our top management endeavors to present our shareholders and investors a deeper understanding of SuMi TRUST Holdings' performance, business conditions, and business strategies directly by actively holding information meetings, in addition to disclosing corporate information in a timely, fair, and accurate manner.

2. Record of Activities

(1) Activities for Individual Investors

We strive to provide information that will allow individual shareholders and investors to better understand the Group through measures such as organizing information meetings, setting up a dedicated website for individual investors, and distributing a newsletter for shareholders ("The Trust Newsletter– Business Report").

In FY2020, in-person information meetings were suspended in order to prevent the spread of COVID-19, but we participated in an online information meeting organized by a securities firm in December and distributed the video of the meeting on our website.



For details, please see our website (Japanese only).
https://www.smth.jp/investors/individual_meeting/index.html

(2) Activities for Institutional Investors

Investor meetings on financial results aimed mainly at analysts and institutional investors are held twice a year, for the full-year and interim results. We also conduct briefings on our management strategy and financial position by participating in conferences organized by securities companies and the like and by holding one-on-one investor meetings in Japan and overseas. The opinions of analysts and institutional investors obtained through these opportunities are fed back to the management team in a timely and appropriate manner, and IR activities are reported to the Board of Directors on a regular basis.

We are also working to enhance constructive dialogue with shareholders. We are increasing opportunities for dialogue to explain the governance and management policies of the Group to those responsible for exercising voting rights. We will also focus more on dialogue on ESG (Environmental, Social and Governance) themes in the future.

Although the COVID-19 pandemic has not receded and domestic and overseas travel has been difficult, in FY2020 we continued to dialogue with investors by actively utilizing conference calls, video conferencing, and other means.

■IR Activities Carried Out in FY2020

Investor meetings on financial results for analysts and institutional investors	2 times
Overseas IR events	6 times (all held online due to travel restrictions)
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 266 (including 112 overseas investors)
Information meetings for individual investors	4 times (held online)

3. General Meeting of Shareholders

Well before the General Meeting of Shareholders held in June of each year, the convocation notice is sent, and one week before that, the English-language version of the notice is posted on our website and other channels at the same time as the Japanese version. Voting rights may be exercised electronically over the Internet, for example by smartphone. SuMi TRUST Bank is working to promote the electronic exercise of voting rights by participating in a platform for the exercise of voting rights by institutional investors and by participating in the "Smart Exercise" campaign, which encourages shareholder registry administrators to allow electronic exercise of voting rights, including by smartphone.

In order to ensure shareholders are provided with sufficient information, the 2021 General Meeting of Shareholders was held early on June 23rd to avoid overlap with other shareholder meetings held in the same busy period. In addition to implementing a system that allows shareholders to ask questions about agenda items via the Internet in advance of the General Meeting of Shareholders, we conducted a live webcast of the meeting to allow shareholders who were unable to attend to view the proceedings via the Internet.

Notices of resolutions and voting results are posted on our website immediately after the conclusion of the General Meeting of Shareholders along with video footage of the day's events.

Initiatives for Financial Facilitation

● Initiatives for Financial Facilitation

The SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking mortgage loans as one of its most important social missions.

SuMi TRUST Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and mortgage loan clients for various consultations, and restructuring of loan repayment conditions and other issues.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters and a system at the head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a dedicated telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the SuMi TRUST Group continues to provide appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to provide mortgage loan clients with financial security. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, the SuMi TRUST Group endeavors to respond in a flexible and appropriate manner, taking each client's circumstances into account.

In addition, SuMi TRUST Bank has a system under which it respects and abides by the "Guidelines for Management Guarantee," which were adopted in February 2014, and the "Special Provisions on Guidelines for Management Guarantee" (adopted in April 2020), and discloses the utilization status of the guidelines (including the Special Provisions) on its website. The Bank also respects the "Guidelines on Arrangement for Victims of Natural Disaster," which were adopted in April 2016, and the "Special Provisions for the Application of the Guidelines to COVID-19" (adopted December 2020), and we are prepared to respond appropriately to consultations from clients directly or indirectly affected by natural disasters such as the Great East Japan Earthquake and Kumamoto Earthquake as well as the COVID-19 pandemic.

● Status of Initiatives to Improve SME Business Operations and to Revitalize Regions

(1) Policy on Management Support Measures for SMEs

SuMi TRUST Bank assists SMEs with efforts to improve and revitalize their business operations by considering their conditions and providing business consultations, management guidance and support for formulating business reconstruction strategies, and other support services.

(2) Framework of Management Support for SMEs

In order to conduct management support for SMEs, SuMi TRUST Bank has established "Financing Facilitation Promotion Offices" in the Wholesale Business Planning Department and in the Personal Loan Business Promotion Department, to prepare a framework to deal appropriately and satisfactorily with various consultations and requests from clients.

In terms of specific measures related to management support for SMEs, branch offices and the head office are engaged in efforts such as support for formulating business reconstruction plans tailored to individual circumstances, and assistance aimed at making progress with business reconstruction plans, taking the industry conditions and the business dealings of individual SMEs into account. Furthermore, SuMi TRUST Bank prepares to support clients in overseas expansion and business succession as well as in electronically recorded monetary claims.

1) Initiatives related to support for overseas expansion

SuMi TRUST Bank has a six-site network that includes New York, London, Singapore, Hong Kong, Shanghai and Thailand. These branches offer financial services such as loans, deposits, foreign exchange, and derivatives to Japanese client companies who are expanding overseas.

In addition to developing our own offices, we are making efforts to address the growing need for financial services denominated in local currencies through partnerships with leading banks in Asian countries. In Vietnam, we are working to strengthen financial services such as sales finance for Japanese companies that are expanding into the market through the Bank for Investment and Development of Vietnam (hereinafter "BIDV"), with which SuMi TRUST Bank has a partnership, as well as our leasing joint venture company with BIDV (BIDV-SuMi TRUST Leasing Company, Ltd.).

2) Initiatives related to support for business succession

SuMi TRUST Bank provides detailed proposals and prompt information to meet the diverse asset inheritance and business succession needs of both its corporate and individual clients. Tailor-made services for the needs of company-owner and high net-worth clients are provided in collaboration with an affiliate company, Sumitomo Mitsui Trust Wealth Partners, and various specialists such as lawyers and tax accountants.

Financial consultants have been assigned to branches nationwide as immediate counseling service counter so that company-owner clients may consult on any inheritance or business succession concerns or issues they may have. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with clients on matters concerning inheritance, asset inheritance and business succession as well as asset management and administration.

Furthermore, we cooperate with our tax accountant corporate partners to hold seminars for business owners on the inheritance and business succession tax system and business succession measures that utilize trusts. These events serve as opportunities to make SuMi TRUST Bank's consulting function more broadly known among people who have never had dealings with a trust bank.

3) Initiatives related to "Densai" (electronically recorded monetary claims)

In order to facilitate fundraising for SMEs, SuMi TRUST Bank has offered "Densai Services" since February 2012. The service is based on the Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members. We also provide "Densai lump-sum factoring services."

Due to the impact of the COVID-19 pandemic, we have been asked by the Zengin Electronic Monetary Claims Recording Network, "densai.net Co., Ltd.," to endeavor to apply the same kinds of financial measures (e.g., deferment of insolvency proceedings) that are applicable under the Disaster Relief Act. We will endeavor to respond to our clients' consultation about the payment of monetary claims already issued in a flexible and appropriate manner, taking each client's circumstances into account.

(3) Status of Management Support Initiatives for SMEs and of Regional Revitalization Initiatives

SuMi TRUST Bank has branches throughout the country. Although it is not engaged in initiatives for the revitalization of specific regions, the Bank carries out initiatives focused on support to improve the business operations of clients at each branch according to their individual circumstances and business dealings.

Examples of Specific Initiatives

- Introduced prospective buyers of idle real estate (buildings for rent and other properties) of clients and brokered the sale of such assets. Contributed to reducing interest-bearing debt of the clients.
- Executed sales mediation services (real estate surveys) for clients to other clients, and contributed to increasing their sales.

10-Year Data

Billions of Yen (Unless specified otherwise)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net Business Profit before Credit Costs	342.2	284.6	285.8	316.7	318.3	232.3	270.5	282.2	289.0	294.7
Total Credit Costs	(8.9)	6.1	9.1	19.3	(25.9)	(28.5)	2.9	(2.9)	(43.8)	(7.8)
Net Gains on Stocks	(33.9)	(4.2)	(3.7)	(2.1)	29.6	36.4	6.3	13.7	40.1	(43.5)
Of which Amortization of Shares, etc.	(30.3)	(7.7)	(2.3)	(0.3)	(6.3)	(3.8)	(0.0)	(3.4)	(12.4)	(0.8)
Other Net Non-Recurring Profit	(27.2)	(31.4)	(33.2)	(41.4)	(43.9)	(43.9)	(47.2)	(36.5)	(27.6)	(60.2)
Ordinary Profit	**272.1**	**255.0**	**258.0**	**292.4**	**278.0**	**196.3**	**232.6**	**256.4**	**257.6**	**183.1**
Extraordinary Profit	22.8	(26.7)	(11.3)	(59.9)	(4.9)	(5.2)	6.1	(15.0)	(16.9)	16.8
Total Income Taxes	(109.3)	(75.1)	(91.6)	(60.1)	(93.9)	(56.9)	(73.0)	(60.5)	(75.6)	(56.0)
Net Income	**185.6**	**153.1**	**154.9**	**172.4**	**179.1**	**134.2**	**165.7**	**180.7**	**165.0**	**143.9**
Net Profit Attributable to Non-Controlling Interests	(20.9)	(19.4)	(17.2)	(12.7)	(12.2)	(12.7)	(11.7)	(6.8)	(2.0)	(1.7)
Net Income Attributable to Owners of the Parent	**164.6**	**133.7**	**137.6**	**159.6**	**166.9**	**121.4**	**153.9**	**173.8**	**163.0**	**142.1**
Total Assets	**34,376.3**	**37,704.0**	**41,889.4**	**46,235.9**	**58,229.9**	**65,453.7**	**68,356.7**	**57,029.1**	**56,500.5**	**62,163.8**
Loans and Bills Discounted	20,636.4	22,391.6	23,824.0	25,550.0	27,525.8	28,040.4	28,190.5	29,025.7	29,703.3	30,506.9
Securities	6,795.7	6,346.0	5,764.4	4,813.3	4,926.2	5,127.7	5,537.6	5,759.5	6,437.5	6,983.4
Total Liabilities	**32,039.2**	**35,373.5**	**39,448.3**	**43,518.9**	**55,525.4**	**62,662.0**	**65,484.4**	**54,298.7**	**53,909.6**	**59,441.3**
Deposits	22,077.8	23,023.8	24,123.3	25,079.7	26,701.9	36,000.8	37,351.8	31,903.5	30,688.9	33,467.6
Negotiable Certificates of Deposit	3,252.8	4,103.5	5,100.1	6,570.5	7,130.6	7,326.6	6,563.3	6,328.6	5,860.2	7,160.5
Total Net Assets	**2,337.0**	**2,330.4**	**2,441.0**	**2,716.9**	**2,704.5**	**2,791.6**	**2,872.3**	**2,730.3**	**2,590.9**	**2,722.5**
Treasury Stock	1,817.8	1,711.5	1,901.7	1,860.1	1,966.8	2,031.6	2,127.8	2,242.9	2,334.3	2,416.0
Of which Retained Earnings	696.8	790.1	886.4	970.3	1,087.1	1,159.0	1,263.4	1,387.5	1,495.0	1,581.0
Accumulated Other Comprehensive Income	9.0	134.4	203.5	529.6	410.1	430.9	496.8	410.4	220.8	277.7
Non-Controlling Interests	510.1	484.4	335.6	326.9	327.1	328.4	246.8	75.8	34.5	27.7
Consolidated Common Equity Tier 1 Capital Ratio	—	8.30%	9.32%	10.28%	11.36%	11.04%	11.33%	12.18%	12.62%	12.12%
Consolidated Tier 1 Capital Ratio	—	9.95%	10.83%	11.45%	13.36%	13.54%	13.74%	14.18%	14.47%	13.51%
Consolidated Total Capital Ratio	—	14.10%	14.78%	15.57%	16.75%	16.42%	16.31%	16.77%	17.23%	15.76%
Dividend Per Common Share (Yen)*	85	90	100	120	130	130	130	140	150	150
Dividend Payout Ratio	30.3%	27.2%	29.3%	29.6%	30.0%	40.9%	32.1%	30.5%	34.5%	39.5%
Net Assets Per Common Share (Yen)*	4,131.11	4,707.16	5,110.21	6,186.38	6,181.19	6,437.57	6,897.36	7,008.67	6,822.48	7,192.07
Net Income Per Common Share (Yen)*	385.40	312.76	344.88	403.84	433.30	317.24	403.91	458.91	434.31	379.65
ROE	9.58%	7.48%	7.13%	7.17%	7.00%	5.01%	6.05%	6.58%	6.25%	5.41%

* Value shown assumes that the reverse stock split on October 1st 2016 (1 share per 10 shares of common stock) was carried out last fiscal year.

Financial Review

Terms with an asterisk are explained in "Glossary" on page 135, 136.

In the consolidated financial results for FY2020, net business profit before credit costs increased by ¥5.6 billion year on year to ¥294.7 billion, which far exceeded our published forecasts. The rise was mainly due to an increase in effective net interest income and related profit in SuMi TRUST Bank, despite a decrease in net fees and commissions and related profits due to the effects of self-restraint on business activities with the spread of COVID-19.

In the meantime, net income attributable to owners of the parent decreased by ¥20.8 billion year on year to ¥142.1 billion. This was because of impairments of software assets, etc. with an eye on "new normal" state of the economy in the future, partial realization of both unrealized gains on strategic-shareholdings and unrealized losses on hedge transactions, and improvement of mark-to-market value of hedging positions in net nonrecurring profits line and below. In the first year of the newly launched Medium-Term Management Plan, the plan mostly progressed as envisaged , achieving the initial plan of ¥140 billion.

Overview of the Financial Results in FY2020

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2019 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	294.7	289.0	5.6	2.0%
Ordinary Profit	183.1	257.6	(74.5)	(28.9%)
Net Income Attributable to Owners of the Parent	142.1	163.0	(20.8)	(12.8%)
Total Credit Costs*	(7.8)	(43.8)	36.0	—
Return on shareholders' equity*	5.41%	6.25%	(0.84%)	—
Net Income per Common Shares (EPS) (Yen)	379	434	(54)	(12.6%)
Net Assets per Common Shares (BPS) (Yen)	7,192.07	6,822.48	369	5.4%

* [Net Income Attributable to Owners of the Parent / (FY-start total shareholders' equity (equity) + FY-end total shareholders' equity (equity)) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2019 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	206.5	206.8	(0.2)	(0.1%)
Net Interest Income and Related Profit*	229.9	134.1	95.7	71.4%
Net Fees and Commissions and Related Profit*	163.9	174.3	(10.3)	(5.9%)
Net Trading Profit	(33.2)	102.1	(135.4)	(132.5%)
Net Other Operating Profit	91.3	42.5	48.7	114.6%
General and Administrative Expenses	(245.4)	(246.4)	0.9	(0.4%)
Total Credit Costs*	(6.3)	(34.7)	28.4	—
Net Non-recurring Profit, etc.	(86.2)	4.4	(90.6)	—
Ordinary Profit	114.0	176.4	(62.4)	(35.4%)
Extraordinary Profit	15.6	1.0	14.5	—
Net Income	95.9	124.7	(28.7)	(23.1%)

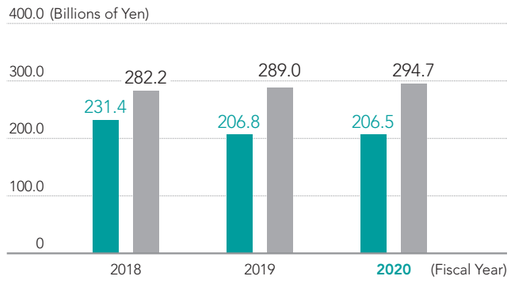
(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

	FY2020 (A)	FY2019 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	150.00	150.00	±0.00

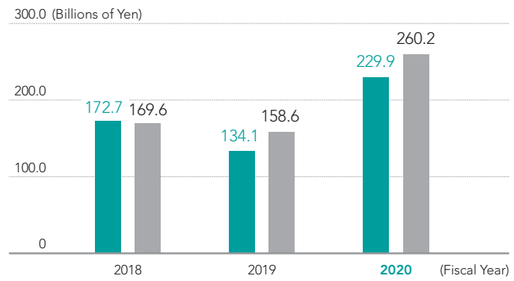
Status of Profit and Loss

Net Business Profit before Credit Costs*



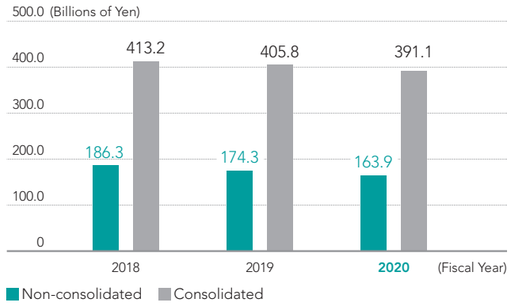
Net fees and commissions and related profit decreased, despite steady recurring revenue, mainly due to decrease in nonrecurring fee revenue. On the other hand, effective loan/investment related profit increased mainly owing to the improvement in domestic deposit-loan margin and the effect of a temporary boost in revenue from investments in partnerships, bringing the total profit to ¥294.7 billion, which is an increase of ¥5.6 billion from the previous fiscal year.

Net Interest Income and Related Profit*



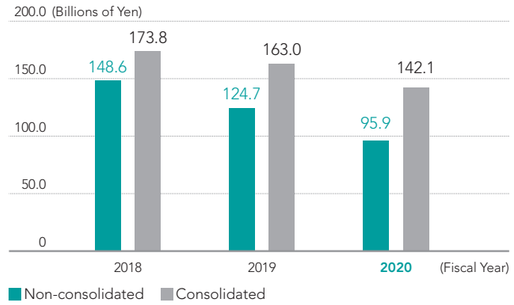
Nominal net interest income and related profit increased by ¥101.5 billion compared to the previous fiscal year. Effective profit increased by ¥18.0 billion, including profit attributable to deployment of foreign currency surplus funds, which is included in other operating income. The contribution factors include the effect of a temporary boost in revenue from investments in partnerships, as well as the improvement in domestic deposit-loan margin.

Net Fees and Commissions and Related Profit*



While recurring revenue related to asset management and administration remained strong, revenue related to investment management consulting services and nonrecurring revenue related to real estate brokerage services decreased due to self-restraint on business activities with the spread of COVID-19. This resulted in a decline of ¥14.6 billion from the previous fiscal year to ¥391.1 billion.

Net Income Attributable to Owners of the Parent



Although there was an increase in net business profit before credit costs, we recognized impairments of software assets, etc. with an eye on "new normal," partial realization of both unrealized gains on strategic-shareholdings and unrealized losses on hedge transactions, and improvement of mark-to-market value of hedging positions in net nonrecurring profits line and below. This resulted in a decline of ¥20.8 billion from the previous fiscal year to ¥142.1 billion.

Glossary

Net Business Profit before Credit Costs
Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

Total Credit Costs
Costs incurred in posting allowances for losses on loans and writing off loans.

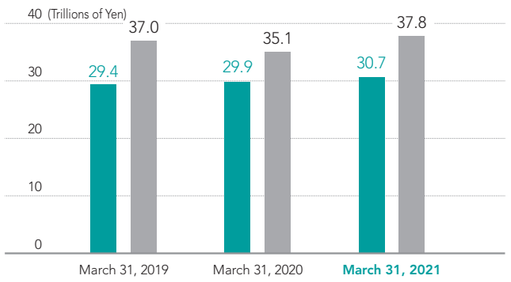
Net Interest Income and Related Profit
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

Net Fees and Commissions and Related Profit
Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Financial Status

Terms with an asterisk are explained in "Glossary" on page 136.

Loans and Deposits (Non-consolidated)

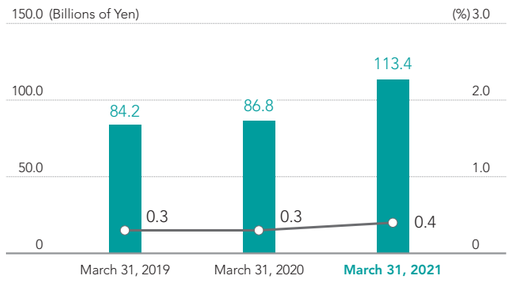


Both loans and deposits increased

Loans and bills discounted increased by ¥0.7 trillion from the end of the previous fiscal year to ¥30.7 trillion, due to increases in both mortgage loans and loans to corporations. Deposits, increased by ¥2.6 trillion to ¥37.8 trillion, mainly due to an increase in time deposits from corporate clients.

* Deposits include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

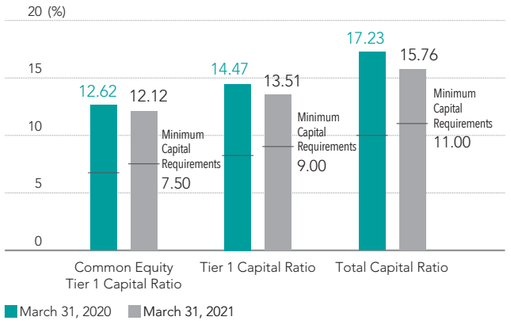
Problem Assets Based on the Financial Reconstruction Act* (Non-consolidated)



Ratio to total loan balance remains low at 0.4%

The total balance of problem assets based on the Financial Reconstruction Act increased by ¥26.6 billion compared to the end of the previous fiscal year to ¥113.4 billion, with the ratio to total loan balance remaining at a low level of 0.4%, after an increase by 0.1%. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the ratio was 90% for doubtful loans and 50% for substandard loans, both of which are deemed sufficiently high.

Capital Adequacy Ratio, etc.* (Consolidated)



Coverage levels remain well above regulatory standards

Common Equity Tier 1 capital ratio decreased by 0.50 percentage points from the end of the previous fiscal year to 12.12%. The decrease was mainly due to an increase in corporate loans due to the COVID19 pandemic and an increase in bear investment trust (additional hedging) as a result of the rise in stock prices. Total capital ratio also decreased by 1.47 percentage points from the end of the previous fiscal year to 15.76%. Common Equity Tier 1 capital ratio as well as the total capital ratio remain well above the corresponding regulatory required levels of 7.5% and 11.00%, respectively.

Basel Ⅲ:
Basel Ⅲ is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel Ⅲ, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013 in a phased manner. Basel Ⅲ newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.

Glossary

Problem Assets Based on the Financial Reconstruction Act
Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

Bankrupt and Practically Bankrupt
Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

Doubtful
Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

Substandard
Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

Capital Adequacy Ratio, etc.
Basel Ⅲ defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

Common Equity Tier 1 Capital
Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

Tier 1 Capital
Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

Total Capital
Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

Corporate Information (as of March 31, 2021)

Registered Trade Name:	Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location:	1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment:	February 1, 2002 (Change of trade name: April 1, 2011)
Main Business:	With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (8) as its key functions: (1) Supervising management strategies (2) Supervising financial management (3) Supervising human resource management (4) Supervising general affairs management (5) Supervising business process management (6) Supervising risk management (7) Supervising compliance management (8) Managing internal auditing
Capital:	261,608,725,000 Yen
Stock Exchange Listings:	Tokyo, Nagoya Stock Exchanges Tokyo (1st Section), Nagoya (1st Section)
Securities Code:	8309

Rating Information (as of June 30, 2021)

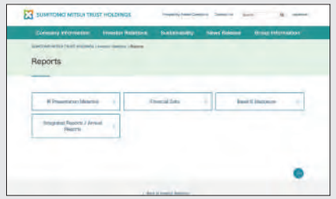
		Long-term	Outlook	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—
	R&I	A	Stable	—
Sumitomo Mitsui Trust Bank	S&P	A	Stable	A-1
	Moody's	A1	Stable	P-1
	Fitch	A-	Stable	F1
	JCR	AA-	Stable	—
	R&I	A+	Stable	a-1

Website

Please go to our website for specifics on our Group.



About The Sumitomo Mitsui Trust Group
https://www.smth.jp/english/about_us



Reports
https://www.smth.jp/english/investors/report



Sustainability in The Sumitomo Mitsui Trust Group
https://www.smth.jp/english/sustainability

Contact:
IR Department
Telephone: +81 (3) 3286-8354
Facsimile: +81 (3) 3286-4654
e-mail: ir@smth.jp
URL: https://www.smth.jp/en/ir/index.html

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS



SUMITOMO MITSUI TRUST HOLDINGS





This integrated report was printed in Japan on FSC paper with vegetable oil ink.

SUMITOMO MITSUI TRUST HOLDINGS

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

ANNUAL REPORT

—FINANCIAL DATA SECTION—

2021

SuMi TRUST



Symbol Mark

The symbol mark features "Future Bloom" representing the vision of the Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."

Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

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Board of Directors and Executive Officers (As of July 1, 2021)

Director, President (Representative Executive Officer)
Toru Takakura

Director, Deputy President (Representative Executive Officer)
Jiro Araumi

Director, Senior Managing Executive Officer
Nobuaki Yamaguchi

Director, Executive Officer
Kazuya Oyama

Chairman
Tetsuo Ohkubo

Director
Masaru Hashimoto

Director
Kuniyuki Shudo

Director
Kouji Tanaka

Director (External)
Isao Matsushita*1

Director (External)
Shinichi Saito*1

Director (External)
Hiroko Kawamoto*1

Director (External)
Mitsuhiro Aso*1

Director (External)
Nobuaki Katoh*1

Director (External)
Masanori Yanagi*1

Director (External)
Kaoru Kashima*1

Senior Managing Executive Officer
Hitoshi Sato

Senior Managing Executive Officer
Futoshi Itani

Managing Executive Officer
Junya Ueda

Managing Executive Officer
Yasuyuki Suzuki

Managing Executive Officer, Executive Officer*2
Toshiaki Nakano

Managing Executive Officer
Manatomo Yoneyama

Executive Officer, Executive Officer*2
Shigenori Ikemura

Executive Officer*2
Atsushi Kaibara

Executive Officer*2
Seiji Iwakuma

Executive Officer*2
Kengo Noguchi

Executive Officer*2
Shigeki Tanaka

Executive Officer*2
Toshiya Shimobeppu

Executive Officer*2
Yoshio Hishida

Executive Officer*2
Toshio Masui

Executive Officer*2
Kenji Kaiya

Executive Officer*2
Yoshinori Momose

Executive Officer*2
Takashi Kameda

Executive Officer*2
Daisuke Maeda

Executive Officer*2
Satoshi Kitai

Executive Officer*2
Nobuhisa Takahashi

Executive Officer*2
Yuki Takada

Executive Officer*2
Miyo Yajima

Executive Officer*2
Atsushi Ueda

Executive Officer*2
Takuji Marui

Executive Officer*2
Atsushi Matsumoto

Executive Officer*2
Shinichi Nonomura

Executive Officer*2
Riro Sato

Executive Officer*2
Akira Ojima

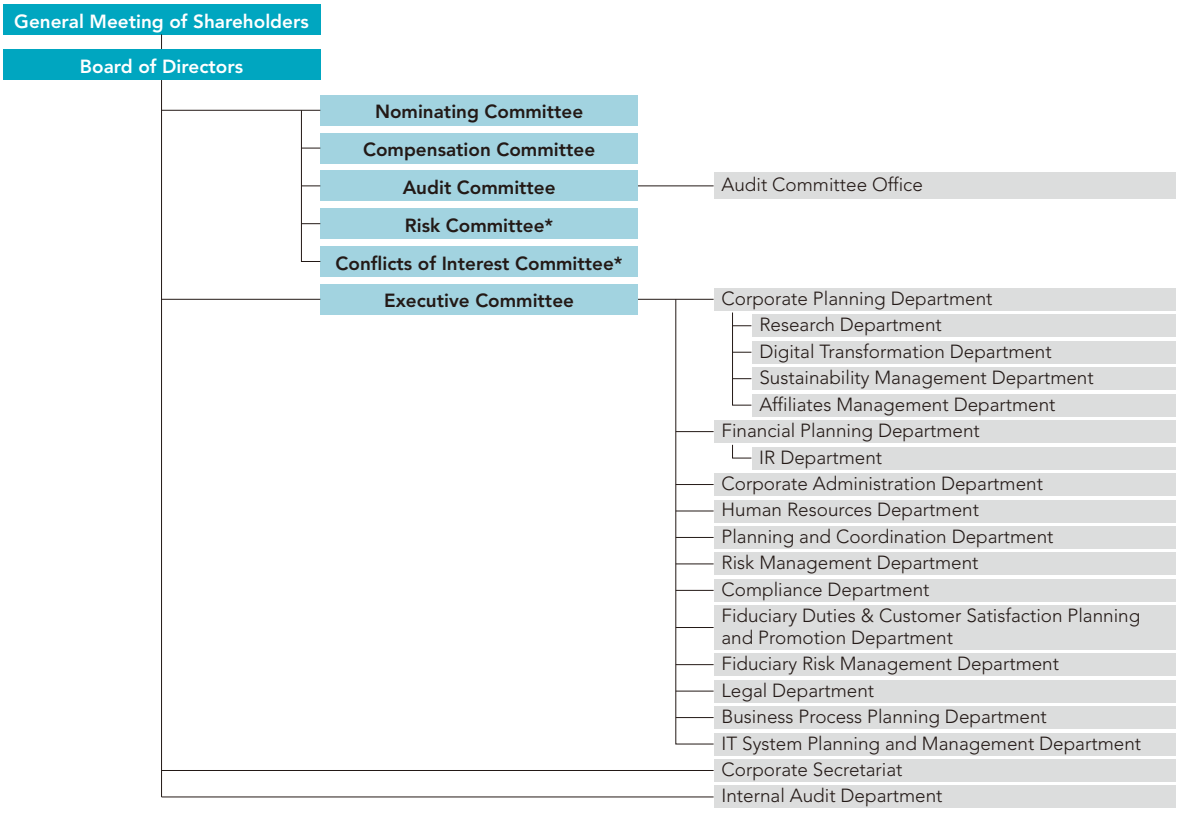
*1 External Directors as provided for in Article 2, Item 15 of the Companies Act.
*2 Executive Officers as defined in our internal policy; unless otherwise annotated, Executive Officers are defined in the Companies Act.

Employees (As of March 31, 2021)

Category	March 31, 2021	March 31, 2020
Number of Employees	184	169
Average Age	51 years, 5 months	51 years, 4 months
Average Length of Employment	23 years, 8 months	23 years, 1 month
Average Annual Salary	¥12,617 thousand	¥12,013 thousand

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Employees include those seconded from SuMi TRUST Bank and the average length of employment includes years of employment at their own companies.
3. Average annual salary includes bonus and extra payment.

Organizational Chart (As of June 30, 2021)



* Risk Committee and Conflicts of Interest Committee are Voluntary committees.

Subsidiaries and Affiliated Companies (As of June 30, 2021)

Japan

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Holdings (%)	Ownership by subsidiaries (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	July 28, 1925	¥ 342,037	Trust and Banking Business	100.0	—
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	November 1, 1986	¥ 2,000	Investment Management Business, Investment Advisory and Agency Business	100.0	—
Sumitomo Mitsui Trust Research Institute Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	July 1, 1988	¥ 300	Survey, Research, Consulting, Investment Advisory Business	100.0	—
Trust Base Co., Ltd.*	6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	April 1, 2021	¥ 100	Survey, Research, Consulting	100.0	
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	December 1, 1959	¥ 17,363	Investment Management Business, Investment Advisory and Agency Business	99.0	0.9
Mutual Fund & Insurance Research Institute	33-1, Shiba 3-chome, Minato-ku, Tokyo	December 1, 2017	¥ 150	Survey, Research, Consulting	88.0	—
UBS SuMi TRUST Wealth Advisory, Ltd.	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	September 25, 2019	¥ 5	Concurrent sales agency services, Financial instruments intermediary services, Banking agency services	50.0	—
Custody Bank of Japan, Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo	June 20, 2000	¥ 51,000	Trust and Banking Business	33.3	—

* Trust Garage Co., Ltd changed its name to Trust Base Co., Ltd as of September 1, 2021.
Note: For details concerning subsidiaries and affiliated companies of SuMi TRUST Bank, please refer to page 13.

Board of Directors and Executive Officers (As of July 1, 2021)

Chairman
Masaru Hashimoto

President (Representative Director)
Kazuya Oyama

Deputy President (Representative Director)
Atsushi Kaibara

Deputy President (Representative Director)
Seiji Iwakuma

Deputy President (Representative Director)
Kengo Noguchi

Director, Senior Managing Executive Officer
Shigeki Tanaka

Director, Senior Managing Executive Officer
Hitoshi Sato

Director, Senior Managing Executive Officer
Futoshi Itani

Director, Senior Managing Executive Officer
Nobuaki Yamaguchi

Director, Managing Executive Officer
Yasuyuki Suzuki

Director, Managing Executive Officer
Manatomo Yoneyama

Director
Tetsuo Ohkubo

Director
Toru Takakura

Director (External)
Hideki Kanda*

Director (External)
Michiko Achilles*

Director
(Audit and Supervisory Committee member)
Kazuhisa Koashi

Director
(Audit and Supervisory Committee member)
Tsutomu Kurai

Director
(Audit and Supervisory Committee member)
(External)
Hiroshi Mitsunaga*

Director
(Audit and Supervisory Committee member)
(External)
Hiroya Nakakubo*

Director
(Audit and Supervisory Committee member)
(External)
Junko Sasaki*

Senior Managing Executive Officer
Naohiro Tanaka

Senior Managing Executive Officer
Akira Yokota

Senior Managing Executive Officer
Toshiya Shimobeppu

Managing Executive Officer
Toshio Masui

Managing Executive Officer
Kouji Koyanagi

Managing Executive Officer
Kenji Kaiya

Managing Executive Officer
Keiichi Hamano

Managing Executive Officer
Yoshinori Momose

Managing Executive Officer
Hideshi Sano

Managing Executive Officer
Yasunaga Matsumoto

Managing Executive Officer
Ryouji Nishimoto

Managing Executive Officer
Masahiko Kitajima

Managing Executive Officer
Takashi Kameda

Managing Executive Officer
Daisuke Maeda

Managing Executive Officer
Junya Ueda

Managing Executive Officer
Toshiaki Nakano

Managing Executive Officer
Satoshi Kitai

Managing Executive Officer
Masaya Noda

Managing Executive Officer
Tetsuya Hiwatashi

Managing Executive Officer
Takumi Fujisawa

Managing Executive Officer
Nobuhisa Takahashi

Executive Officer
Shigeki Moriki

Executive Officer
Teruki Ido

Executive Officer
Yuki Takada

Executive Officer
Miyo Yajima

Executive Officer
Yasuo Hanashita

Executive Officer
Atsushi Ueda

Executive Officer
Takuji Marui

Executive Officer
Hitoshi Kotaka

Executive Officer
Atsushi Matsumoto

Executive Officer
Shinichi Nonomura

Executive Officer
Kazuhiko Kasuya

Executive Officer
Takehiko Iwahara

Executive Officer
Takafumi Arimura

Executive Officer
Kouichi Kato

Executive Officer
Shinichi Tao

Executive Officer
Masakatsu Sato

Executive Officer
Takehiko Sakaue

Executive Officer
Kazuteru Wakao

Executive Officer
Makito Oono

Executive Officer
Katsuji Oka

Executive Officer
Toru Nakagawa

Executive Officer
Iwao Nakamura

Executive Officer
Masatoshi Yoshikawa

Executive Officer
Hidehiro Miyahara

Executive Officer
Junichiro Usui

Executive Officer
Riro Sato

Executive Officer
Kenji Amihama

Executive Officer
Akira Ojima

Executive Officer
Toru Masuda

Executive Officer
Yuuko Nishigaya

Executive Officer
Natsuki Kitaguchi

Executive Officer
Hiroshi Matsumoto

Executive Officer
Michihiro Ooishi

Executive Officer
Shigeyuki Oouchi

Executive Officer
Kouichi Hashiguchi

Executive Officer
Kouichi Taguchi

Executive Officer
Makoto Takamura

Executive Officer
Masayuki Okamoto

Executive Officer
Nobuo Murakami

Executive Officer
Hisato Nakano

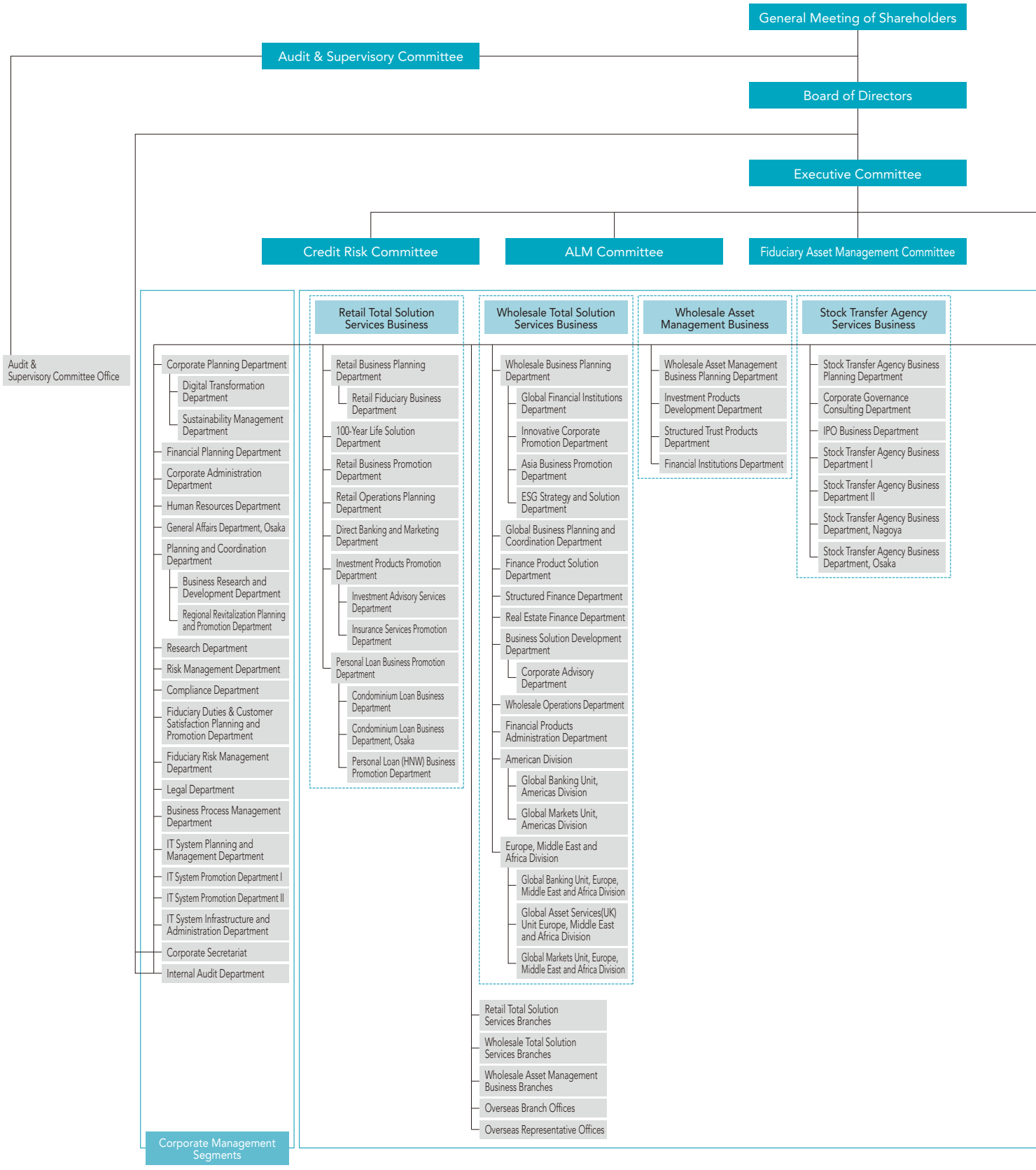
* External Directors as provided for in Article 2, Item 15 of the Companies Act.
Executive Officers as defined in our internal policy.

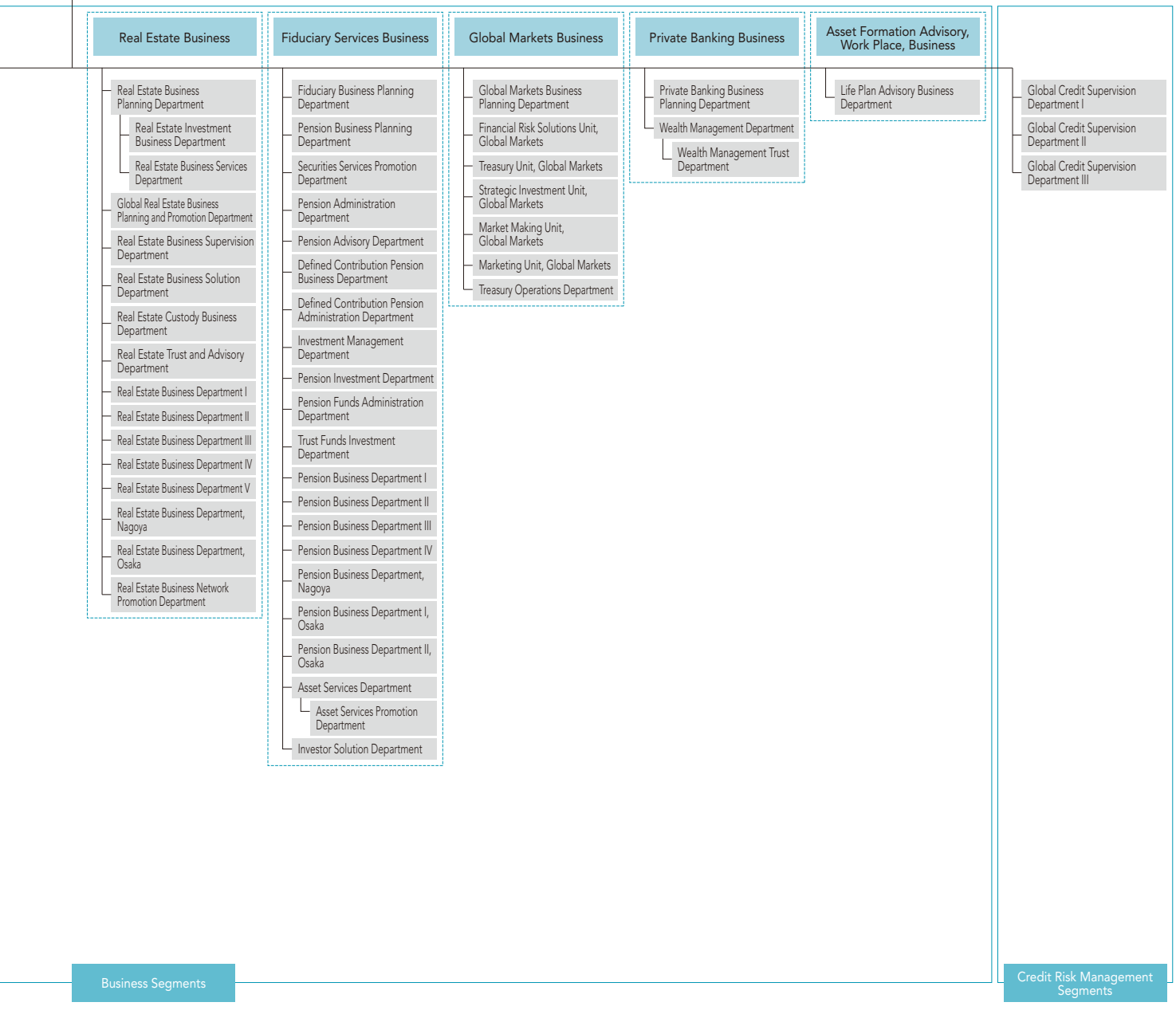
Employees (As of March 31, 2021)

Category	March 31, 2021	March 31, 2020
Number of Employees	13,740	13,527
Average Age	41 years, 6 months	41 years, 5 months
Average Length of Employment	14 years, 0 month	14 years, 1 month
Average Annual Salary	¥7,064 thousand	¥7,349 thousand

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Average annual salary includes bonus and extra payment.

Organizational Chart (As of June 30, 2021)




Real Estate Business
Real Estate Business Planning Department
Real Estate Investment Business Department
Real Estate Business Services Department
Global Real Estate Business Planning and Promotion Department
Real Estate Business Supervision Department
Real Estate Business Solution Department
Real Estate Custody Business Department
Real Estate Trust and Advisory Department
Real Estate Business Department I
Real Estate Business Department II
Real Estate Business Department III
Real Estate Business Department IV
Real Estate Business Department V
Real Estate Business Department, Nagoya
Real Estate Business Department, Osaka
Real Estate Business Network Promotion Department
Fiduciary Services Business
Fiduciary Business Planning Department
Pension Business Planning Department
Securities Services Promotion Department
Pension Administration Department
Pension Advisory Department
Defined Contribution Pension Business Department
Defined Contribution Pension Administration Department
Investment Management Department
Pension Investment Department
Pension Funds Administration Department
Trust Funds Investment Department
Pension Business Department I
Pension Business Department II
Pension Business Department III
Pension Business Department IV
Pension Business Department, Nagoya
Pension Business Department I, Osaka
Pension Business Department II, Osaka
Asset Services Department
Asset Services Promotion Department
Investor Solution Department
Global Markets Business
Global Markets Business Planning Department
Financial Risk Solutions Unit, Global Markets
Treasury Unit, Global Markets
Strategic Investment Unit, Global Markets
Market Making Unit, Global Markets
Marketing Unit, Global Markets
Treasury Operations Department
Private Banking Business
Private Banking Business Planning Department
Wealth Management Department
Wealth Management Trust Department
Asset Formation Advisory, Work Place, Business
Life Plan Advisory Business Department
Global Credit Supervision Department I
Global Credit Supervision Department II
Global Credit Supervision Department III
Business Segments
Credit Risk Management Segments

Branches (As of June 30, 2021)

[ ] ··· These branches house two sales outlets under one roof, a "branch-in-a-branch" method.

Hokkaido, Tohoku

Sapporo Branch
Sapporo-Chuo Branch
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

Sendai Branch
Sendai-Aoba Branch
1-7, Chuo 2-chome, Aoba-ku, Sendai, Miyagi 980-0021, Japan

Tokyo

Tokyo Business Department
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Nihonbashi Business Department
Tokyo-Chuo Branch
1-1, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan

Consulting Plaza Shimbashi
(Shimbashi Sub-Branch, Tokyo Business Department)
20-1, Shimbashi 2-chome, Minato-ku, Tokyo 105-0004, Japan

Toranomon Consulting Office
(Toranomon Sub-Branch, Tokyo Business Department)
7-1, Nishi Shimbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan

Shiba Business Department
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Shinjuku-Nishiguchi Branch
1-4, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-0023, Japan

Shinjuku Branch
26-11, Shinjuku 3-chome, Shinjuku-ku, Tokyo 160-0022, Japan

Ueno Branch
Ueno-Chuo Branch
19-10, Ueno 1-chome, Taito-ku, Tokyo 110-0005, Japan

Meguro Branch
25-5, Kamiosaki 2-chome, Shinagawa-ku, Tokyo 141-0021, Japan

Omori Branch
1-1, Sanno 2-chome, Ota-ku, Tokyo 143-0023, Japan

Sangenjaya Branch
1-1, Taishido 4-chome, Setagaya-ku, Tokyo 154-0004, Japan

Futako-Tamagawa Branch
22-12, Tamagawa 2-chome, Setagaya-ku, Tokyo 158-0094, Japan

Consulting Plaza Seijo
(Seijo Sub-Branch, Shinjuku-Nishiguchi Branch)
5-34, Seijo 6-chome, Setagaya-ku, Tokyo 157-0066, Japan

Consulting Plaza Chofu
(Chofu Sub-Branch, Shinjuku-Nishiguchi Branch)
48-26, Kojima-cho 2-chome, Chofu, Tokyo 182-0026, Japan

Shibuya Branch
Shibuya-Chuo Branch
2-3, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043, Japan

Shibuya Square A Building Sub-branch of Shibuya Branch
Shibuya Square A Building Sub-branch of Shibuya Central Branch
9-5, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043, Japan

Jiyugaoka Branch
10-20, Jiyugaoka 2-chome, Meguro-ku, Tokyo 152-0035, Japan

Nakano Branch
62-5, Nakano 5-chome, Nakano-ku, Tokyo 164-0001, Japan

Ogikubo Branch
18-10, Kamiogi 1-chome, Suginami-ku, Tokyo 167-0043, Japan

Ikebukuro Branch
Ikebukuro-Higashiguchi Branch
41-7, Higashi Ikebukuro 1-chome, Toshima-ku, Tokyo 170-0013, Japan

Shakujii Branch
14-1, Shakujii-cho 2-chome, Nerima-ku, Tokyo 177-0041, Japan

Kichijoji Branch
Kichijoji-Chuo Branch
2-15, Kichijoji Hon-cho 2-chome, Musashino, Tokyo 180-0004, Japan

Koganei Branch
10-1, Hon-cho 5-chome, Koganei, Tokyo 184-0004, Japan

Tachikawa Branch
Tachikawa-Kitaguchi Branch
6-1, Akebono-cho 2-chome, Tachikawa, Tokyo 190-0012, Japan

Hachioji Branch
Hachioji-Ekimae Branch
9-1, Asahi-cho, Hachioji, Tokyo 192-0083, Japan

Machida Branch
3-4, Haramachida 6-chome, Machida, Tokyo 194-0013, Japan

Tama-Sakuragaoka Branch
1-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

Consulting Plaza Seiseki
(Seiseki-Sakuragaoka Sub-Branch, Tama-Sakuragaoka Branch)
7-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

Consulting Plaza Tama-Center
(Tama-Center Sub-Branch, Tama-Sakuragaoka Branch)
44, Ochiai 1-chome, Tama, Tokyo 206-0033, Japan

Kanto

Urawa Branch
12-1, Takasago 1-chome, Urawa-ku,
Saitama 330-0063, Japan

Omiya Branch
Omiya-Ekimae Branch
32, Daimon-cho 1-chome, Omiya-ku,
Saitama 330-8511, Japan

Tokorozawa Branch
Tokorozawa-Ekimae Branch
3-5, Hiyoshi-cho, Tokorozawa,
Saitama 359-8691, Japan

Koshigaya Branch
14-22, Yayoi-cho, Koshigaya,
Saitama 343-0816, Japan

Sugito Branch
13-12, Sugito 2-chome, Sugito-machi, Kitakatsushika-gun,
Saitama 345-0036, Japan

Chiba Branch
Chiba-Ekimae Branch
1-16, Fujimi 1-chome, Chuo-ku,
Chiba 260-0015, Japan

Ichikawa Branch
7-13, Ichikawa 1-chome, Ichikawa,
Chiba 272-0034, Japan

Funabashi Branch
3-1, Hon-cho 1-chome, Funabashi,
Chiba 273-0005, Japan

Tsudanuma Branch
14-5, Maebara Nishi 2-chome, Funabashi,
Chiba 274-0825, Japan

Matsudo Branch
2-1, Hon-cho, Matsudo,
Chiba 271-0091, Japan

Kashiwa Branch
2-1, Kashiwa 4-chome, Kashiwa,
Chiba 277-0005, Japan

Yachiyo Branch
3-1, Yachiyodai Minami 1-chome, Yachiyo,
Chiba 276-0033, Japan

Yokohamaeki-Nishiguchi Branch
Yokohama Branch
6-31, Minami Saiwai 1-chome, Nishi-ku, Yokohama,
Kanagawa 220-0005, Japan

Yokohama Housing Loan Center Sub-Branch,
Yokohamaeki-Nishiguchi Branch
6-1, Kita Saiwai 1-chome, Nishi-ku, Yokohama,
Kanagawa 220-0004, Japan

Futamatagawa Branch
3-2, Futamatagawa 1-chome, Asahi-ku, Yokohama,
Kanagawa 241-0821, Japan

Tama-Plaza Branch
15-8, Utsukushigaoka 2-chome, Aoba-ku, Yokohama,
Kanagawa 225-0002, Japan

Aobadai Branch
9-2, Aobadai 2-chome, Aoba-ku, Yokohama,
Kanagawa 227-0062, Japan

Consulting Plaza Kohoku
(Kohoku Sub-Branch, Tama-Plaza Branch)
1-3, Nakagawa Chuo 1-chome, Tsuzuki-ku, Yokohama,
Kanagawa 224-0003, Japan

Konandai Branch
15-2-102, Konandai 3-chome, Konan-ku, Yokohama,
Kanagawa 234-0054, Japan

Kamiooka Branch
18-5, Kamiooka Nishi 1-chome, Konan-ku, Yokohama,
Kanagawa 233-0002, Japan

Consulting Plaza Totsuka
(Totsuka Sub-Branch,
Yokohamaeki-Nishiguchi Branch)
16-1, Totsuka-cho, Totsuka-ku, Yokohama,
Kanagawa 244-0003, Japan

Kawasaki Branch
3-1, Ekimae Hon-cho, Kawasaki-ku, Kawasaki,
Kanagawa 210-0007, Japan

Shin-Yurigaoka Branch
5-3, Kamiasao 1-chome, Asao-ku, Kawasaki,
Kanagawa 215-0021, Japan

Yokosuka Branch
3, Odaki-cho 2-chome, Yokosuka,
Kanagawa 238-0008, Japan

Fujisawa Branch
Fujisawa-Chuo Branch
21-1-101, Minami Fujisawa, Fujisawa,
Kanagawa 251-0055, Japan

Sagami-Ono Branch
13-7, Sagamiono 3-chome, Minami-ku, Sagamihara,
Kanagawa 252-0303, Japan

Atsugi Branch
5-14, Naka-cho 3-chome, Atsugi,
Kanagawa 243-0018, Japan

Odawara Branch
2-12, Sakae-cho 1-chome, Odawara,
Kanagawa 250-0011, Japan

Utsunomiya Branch
4-12, Hon-cho, Utsunomiya,
Tochigi 320-0033, Japan

Maebashi Branch
2-12, Hon-machi 2-chome, Maebashi,
Gunma 371-0023, Japan

Koshinetsu, Hokuriku

Kofu Branch
17-14, Marunouchi 1-chome, Kofu,
Yamanashi 400-0031, Japan

Niigata Branch
Niigata-Chuo Branch
1178-1, Kamiokawa-maedori Rokuban-cho, Chuo-ku,
Niigata 951-8068, Japan

Toyama Branch
1-36, Sakura-machi 1-chome, Toyama 930-0003, Japan

Kanazawa Branch
Kanazawa-Chuo Branch
1-18, Kami Tsutsumi-cho, Kanazawa,
Ishikawa 920-0869, Japan

Fukui Branch
7-1, Chuo 1-chome,
Fukui 910-0006, Japan

Tokai

Nagoya Business Department
Nagoya-Sakae Branch
15-33, Sakae 3-chome, Naka-ku, Nagoya,
Aichi 460-0008, Japan

Kanayamabashi Branch
15-10, Kanayama 1-chome, Naka-ku, Nagoya,
Aichi 460-0022, Japan

Nagoya-Ekimae Branch
Meieki-Minami Branch
26-8, Meieki 3-chome, Nakamura-ku, Nagoya,
Aichi 450-0002, Japan

Hoshigaoka Branch
106, Inoue-cho, Chikusa-ku, Nagoya,
Aichi 464-0026, Japan

Ichinomiya Branch
7-15, Sakae 3-chome, Ichinomiya,
Aichi 491-0858, Japan

Okazaki Branch
16, Koseidori-Nishi 3-chome, Okazaki,
Aichi 444-0059, Japan

Toyohashi Branch
135, Ekimaeoodori 1-chome, Toyohashi,
Aichi 440-0888, Japan

Shizuoka Branch
Shizuoka-Chuo Branch
3-10, Koya-machi, Aoi-ku,
Shizuoka 420-0852, Japan

Numazu Branch
4-2, Ote-machi 5-chome, Numazu,
Shizuoka 410-0801, Japan

Gifu Branch
3, Nagazumi-cho 2-chome,
Gifu 500-8175, Japan

Yokkaichi Branch
5-4, Suwa-cho, Yokkaichi,
Mie 510-8650, Japan

Kinki

Osaka Business Department
Osaka-Chuo Branch
5-33, Kitahama 4-chome, Chuo-ku,
Osaka 540-8639, Japan

Umeda Branch
Hankyu-Umeda Branch
8-47, Kakuda-cho, Kita-ku,
Osaka 530-0017, Japan

Namba Branch
Namba-Chuo Branch
1-60, Namba 5-chome, Chuo-ku,
Osaka 542-0076, Japan

Namba Housing Loan Center Sub-Branch,
Namba Branch
10-70, Namba-naka 2-chome, Naniwa-ku,
Osaka 556-0011, Japan

Abenobashi Branch
Abeno Branch
6-1, Abenosuji 1-chome, Abeno-ku,
Osaka 545-0052, Japan

Sakai Branch
59-2, Mikunigaoka Miyuki-dori, Sakai-ku, Sakai,
Osaka 590-0028, Japan

Consulting Plaza Izumigaoka
(Senboku Sub-Branch, Sakai Branch)
2-1, Chayamadai 1-chome, Minami-ku, Sakai,
Osaka 590-0115, Japan

Yao Branch
6-8, Higashi Hon-machi 3-chome, Yao,
Osaka 581-0004, Japan

Hirakata Branch
Keihan-Hirakata Branch
13-20, Oka Higashi-cho, Hirakata,
Osaka 573-0032, Japan

Takatsuki Branch
5-20, Konya-machi, Takatsuki,
Osaka 569-0804, Japan

Ibaraki Branch
2-30, Futaba-cho, Ibaraki,
Osaka 567-0829, Japan

Toyonaka Branch
1-1, Hon-machi 1-chome, Toyonaka,
Osaka 560-0021, Japan

Senri-Chuo Branch
1-3, Shinsenri Higashi-machi 1-chome, Toyonaka,
Osaka 560-0082, Japan

Ikeda Branch
1-1-134, Kureha-cho, Ikeda,
Osaka 563-0048, Japan

Kobe Branch
Kobe-Sannomiya Branch
1-6, Goko-dori 8-chome, Chuo-ku, Kobe,
Hyogo 651-0087, Japan

Consulting Plaza Seishin-Chuo
(Seishin-Chuo Sub-Branch, Kobe Branch)
9-4, Kojidai 5-chome, Nishi-ku, Kobe,
Hyogo 651-2273, Japan

Tsukaguchi Branch
15-1, Tsukaguchi-cho 1-chome, Amagasaki,
Hyogo 661-0002, Japan

Nishinomiya Branch
5-39, Takamatsu-cho, Nishinomiya,
Hyogo 663-8204, Japan

Ashiya Branch
5-2, Funado-cho, Ashiya,
Hyogo 659-0093, Japan

Kawanishi Branch
7-18, Chuo-cho, Kawanishi,
Hyogo 666-0016, Japan

Akashi Branch
5-28, Higashinakano-machi, Akashi,
Hyogo 673-0886, Japan

Himeji Branch
252, Ekimae-cho, Himeji,
Hyogo 670-0927, Japan

Kyoto Branch
Kyoto-Shijo Branch
612, Karasuma-dori Shijo-sagaru Suiginya-cho, Shimogyo-ku,
Kyoto 600-8411, Japan

Otsu Branch
3-10, Umebayashi 1-chome, Otsu,
Shiga 520-0051, Japan

Nara-Saidaiji Branch
1-50, Saidaiji Higashi-machi 2-chome,
Nara 631-0821, Japan

Consulting Plaza Gakuenmae
(Gakuenmae Sub-Branch,
Nara-Saidaiji Branch)
8-11, Gakuen Kita 1-chome,
Nara 631-0036, Japan

Wakayama Branch
3-17, Higashi Kuramae-cho,
Wakayama 640-8203, Japan

Chugoku, Shikoku

Tottori Branch
103, Ima-machi 1-chome,
Tottori 680-0822, Japan

Okayama Branch
Okayama-Chuo Branch
1-5, Ekimoto-machi, Kita-ku,
Okayama 700-0024, Japan

Okayama-Ekimae Sub-Branch,
Okayama Branch
Okayama-Ekimae Sub-Branch,
Okayama-Chuo Branch
1-6, Ekimoto-machi, Kita-ku,
Okayama 700-0024, Japan

Hiroshima Branch
Hiroshima-Chuo Branch
2-22, Kamiya-cho 1-chome, Naka-ku,
Hiroshima 730-0031, Japan

Fukuyama Branch
15-1, Moto-machi, Fukuyama,
Hiroshima 720-0063, Japan

Yamaguchi-Hofu Branch
4-24, Ebisu-machi 1-chome, Hofu,
Yamaguchi 747-0036, Japan

Takamatsu Branch
9-4, Konya-machi, Takamatsu,
Kagawa 760-0027, Japan

Matsuyama Branch
11-1, Sanban-cho 4-chome, Matsuyama,
Ehime 790-0003, Japan

Kyushu

Fukuoka Branch
Fukuoka-Tenjin Branch
12-1, Tenjin 2-chome, Chuo-ku,
Fukuoka 810-0001, Japan

Kita-Kyushu Branch
1-5, Kaji-machi 1-chome, Kokurakita-ku, Kita-Kyushu,
Fukuoka 802-0004, Japan

Saga Branch
3-2, Matsubara 1-chome,
Saga 840-0831, Japan

Kumamoto Branch
Kumamoto-Chuo Branch
2-5, Tetori Hon-cho, Chuo-ku,
Kumamoto 860-0808, Japan

Oita Branch
3-23, Chuo-machi 1-chome,
Oita 870-0035, Japan

Kagoshima Branch
7-8-101, Kinsei-cho,
Kagoshima 892-0828, Japan

Overseas Network

Branch

New York Branch
1251 Avenue of the Americas, New York,
NY 10020, U.S.A.

London Branch
155 Bishopsgate, London EC2M 3XU, U.K.

Singapore Branch
One Raffles Quay, #24-01 North Tower,
Singapore 048583

Shanghai Branch
50F Jin Mao Tower, 88 Shiji Dadao Pudong New Area,
Shanghai 200121, People's Republic of China

Hong Kong Branch
25/F, AIA Central, 1 Connaught Road, Central,
Hong Kong

Representative Office

Beijing Representative Office
(Banking business)
Room 2008, Building No. 2,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

Beijing Representative Office
(Securities business)
Room 5011, 5th Floor, Chang Fu Gong Office Building,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

Jakarta Representative Office
20th Floor, Summitmas I,
Jl. Jend. Sudirman, Kaveling 61-62,
Jakarta 12190, Indonesia

Seoul Representative Office
20th Floor, Booyoung Taepyoung Building, 55,
Sejong-daero, Jung-gu, Seoul 04513, Korea

Sydney Representative Office
Suite 3, Level 39, 259 George Street,
Sydney NSW 2000, Australia

Number of Contracted Trust Agencies* (As of March 31, 2021)

* Trust Agency is a collective term that refers to trust contract agencies under the Trust Business Act as well as agencies concurrently engaged in trust business under Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions.

Type		Number of Agencies				
			Agencies Engaged in Concurrent Business			
		Trust Contract Agencies	Stock Transfer Agency Service	Service Related to Wills	Solicitation for National Pension Fund	Discretionary Investment Business
Banks, Shinkin Banks, etc.	113	67	44	76	55	1
Regional Banks	45	39	31	33	19	1
Second Regional Banks	18	13	7	13	11	—
Shinkin Central Bank, Shinkin Banks	38	13	3	21	25	—
Credit Union	8	—	—	8	—	—
Shoko Chukin Bank	1	1	—	—	—	—
City Banks, etc.	3	1	3	1	—	—
Securities Firms	8	1	4	7	—	—
Life Insurers and Business Enterprises	13	1	1	12	1	—
Total	134	69	49	95	56	1

Bank Service Agency (As of March 31, 2021)

Trade Name of Bank Service Agency	Business Offices, etc. Operating Bank Agency Service
SBI Sumishin Net Bank, Ltd.	Head Office, East Japan Customer Service Department Center, Ichigo Branch, Budou Branch, Mikan Branch, Lemon Branch, Ringo Branch, Banana Branch, Melon Branch, Kiwi Branch (10 Branches)
UBS SuMi TRUST Wealth Advisory Co., Ltd.	Head Office (1 Branch)
UBS AG (Bank) Tokyo Branch	Marunouchi Sub-branch, Osaka Sub-branch, Nagoya Sub-branch (3 Branches)
Sumitomo Mitsui Trust Life Partners Co., Ltd.	Consulting Plaza for Peaceful 100-Year life Shinjuku office (1 Branch)

Subsidiaries and Affiliated Companies (As of June 30, 2021)

Japan

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Bank (%)	Ownership by subsidiaries (%)
Tokyo Securities Transfer Agent Co., Ltd.	11, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	November 1, 1962	¥ 50	Stock Transfer Agency Services	100.0	—
Sumitomo Mitsui Trust Club Co., Ltd.	8-10, Harumi 1-chome, Chuo-ku, Tokyo	April 2, 1977	¥ 100	Credit Card Business	100.0	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	July 10, 1978	¥ 301	Housing Loan Guaranty Business	100.0	—
Sumitomo Mitsui Trust General Service Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	April 2, 1988	¥ 100	Property Leasing and Management Business	100.0	—
Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	November 6, 1989	¥ 155	Consulting Business	100.0	—
Sumitomo Mitsui Trust Business Service Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	May 24, 1990	¥ 100	Back Office Services, Temporary Staffing Business, Outplacement Agency	100.0	—
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	20-1, Shimbashi 2-chome, Minato-ku, Tokyo	January 22, 1992	¥ 6,000	Money Lending Business	100.0	—
Sumitomo Mitsui Trust TA Solution Co., Ltd.	8-4, Izumi 2-chome, Suginami-ku, Tokyo	July 1, 1998	¥ 2,005	IT, Calculation Outsourcing Business	100.0	—
J-Eurus IR Co., Ltd.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	December 27, 2000	¥ 10	Consulting Business	100.0	—
Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	November 7, 2005	¥ 300	Investment Management, Investment Advisory	100.0	—
Sumitomo Mitsui Trust Career Partners Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	April 3, 2006	¥ 100	Training Programs, Personnel-related Services	100.0	—
Sumitomo Mitsui Trust Life Partners Co.,Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	January 28, 2019	¥ 100	Insurance Agency Business, Banking Agency Services	100.0	—
Japan Securities Agents, Ltd.	2-4, Nihonbashi-kayabacho 1-chome, Chuo-ku, Tokyo	September 13, 1950	¥ 500	Stock Transfer Agency Services	85.1	—
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	2-3, Shibaura 1-chome, Minato-ku, Tokyo	February 27, 1967	¥ 25,584	General Leasing, Installment Purchase Services, Credit Card Business	84.8	—
Sumishin Guaranty Company Limited	33-1, Shiba 3-chome, Minato-ku, Tokyo	August 25, 1977	¥ 300	Loan Guarantee Business	—	100.0
Sumitomo Mitsui Trust Card Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	June 24, 1983	¥ 100	Credit Card Business	50.0	50.0
Sumitomo Mitsui Trust Systems & Services Co., Ltd.	1-10, Nikko-cho, Fuchu, Tokyo	February 12, 1973	¥ 100	System Development and Operation Management Services	44.4	55.5
Sumitomo Mitsui Trust Investment Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	March 22, 2000	¥ 100	Equity Investment Business	40.0	60.0
Sumitomo Mitsui Trust Realty Co., Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	January 24, 1986	¥ 300	Real Estate Brokerage Business	4.6	95.3
SBI Sumishin Net Bank, Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	June 3, 1986	¥ 31,000	Banking Business	50.0	—
Japan Pension Operation Service, Ltd.	24-1, Nihonbashi-hakozakicho, Chuo-ku, Tokyo	December 21, 2004	¥ 100	Calculation of Pension Payments, etc., Clerical Outsourcing Business	50.0	—
Japan Stockholders Data Service Company, Limited	8-4, Izumi 2-chome, Suginami-ku, Tokyo	April 1, 2008	¥ 2,000	Stock Transfer Outsourcing Business	50.0	—
Trust Capital Mezzanine LLC	5-1, Nihonbashi-muromachi 4-chome, Chuo-ku, Tokyo	January 21, 2020	¥ 60	Equity Investment Business	45.0	—
Sumishin Life Card Company, Limited.	31-19, Shiba 2-chome, Minato-ku, Tokyo	October 27, 2004	¥ 255	Credit Card Business	40.0	—
HR One Corporation	5-12, Tsukiji 5-chome, Chuo-ku, Tokyo	May 20, 2002	¥ 603	HR-related Services Business	33.4	—
JP Asset Management Co., Ltd.	5-11, Nihonbashi-honcho 1-chome, Chuo-ku, Tokyo	August 18, 2015	¥ 500	Investment Management	30.0	—
Japan Management Succession Support Co. Ltd.	2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	April 16, 2015	¥ 489	M&A Consulting, Intermediary and Advisory Services	23.8	—
Enex Asset Management Co., Ltd.	2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	August 19, 2013	¥ 50	Investment Corporation, Asset Management Business	22.4	—
Sky Ocean Asset Management Co., Ltd.	1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa	November 25, 2014	¥ 300	Investment Management	21.0	—
Mitsui & Co., Logistics Partners Ltd.	2-1, Nishi-kanda 3-chome, Chiyoda-ku, Tokyo	July 13, 2004	¥ 150	Investment Corporation, Asset Management Business	20.0	—
Cardif Assurance Vie (Japan)	20-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	July 3, 2017	¥ 20,600	Life Insurance Business	20.0	—

Overseas

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Bank (%)	Ownership by subsidiaries (%)
Sumitomo Mitsui Trust (Hong Kong) Limited	25/F, AIA Central, 1 Connaught Road, Central, Hong Kong	July 4, 1978	$ 45	Securities Business	100.0	—
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	2, rue Peternelchen, L-2370, Howald, Grand Duchy of Luxembourg	April 22, 1985	$ 30	Trust, Banking, Securities Businesses	100.0	—
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	111 River Street, Hoboken, NJ 07030, U.S.A.	May 20, 2002	$ 56	Banking, Trust Businesses	100.0	—
Sumitomo Mitsui Trust (Ireland) Limited	Block 5, Harcourt Centre, Harcourt Road, Dublin 2, Ireland	June 1, 2004	€ 75.87	Trust Business	100.0	—
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	32nd Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand	July 7, 2014	THB 20,000	Banking Business	99.9	0.0
BIDV-SuMi TRUST Leasing Co., Ltd.	20th Floor, Vincom Tower A, 191 Ba Trieu, Hai Ba Trung district, Ha Noi, Vietnam	September 4, 1998	VND 895,600	Leasing Business in Vietnam (including sales finance lease)	49.0	—
Zijin Trust Co., Ltd.	30th Floor, Zifeng Tower, 2 Zhongshan Road(N), Gulou District, Nanjing, Jiangsu Province, 210008, People's Republic of China	September 25, 1992	RMB 2,400	Trust Business	19.9	—
Nanjing Zijin Financial Leasing Co., Ltd.	9th Floor, 309, Hanzhongmendajie, Gulou District, Nanjing, Jiangsu Province, 210036, People's Republic of China	May 20, 2016	RMB 300	Leasing Business	15.0	5.0
Midwest Railcar Corporation	855 South Arbor Vitae Edwardsville, IL 62025, U.S.A.	December 31, 1998	$ 0.47	Freight Railcar Operating Leasing Business in North America	—	100.0*
SuMi TRUST Consulting (Beijing) Co., Ltd	Room 7009, Building No. 2, No. 26, Jianguomenwai Dajie, Chaoyang District, Beijing 100022, People's Republic of China	February 1, 2021	RMB 4	Consulting Business	100.0	—

* The ownership by subsidiaries is the ownership ratio held by the U.S.-based company in which the SuMi TRUST Group, such as SuMi TRUST Bank and SuMi TRUST Bank's subsidiaries, has a 50.0% stake.

Financial Data:

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

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

Balance Sheets of Trust Banks

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

Balance sheet of banking account



Statement of trust account



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

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

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

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

Statements of Income of Trust Banks

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

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

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

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

Fee Revenues

Trust Fees (excluding loan trusts & JOMTs)

- Pension trust fees *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

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, domestic and overseas economies bore the brunt of the negative impacts of the global spread of the COVID-19 pandemic. At the beginning of spring 2020, governments overseas took steps to contain the spread of infection by enforcing city-wide lockdowns, among other measures, whilst in Japan, people refrained from going out for non-essential reasons and some branches were requested to cease operations under a declared state of emergency. As a result, the level of economic activity in many countries declined sharply. Even though domestic and overseas economies headed towards a recovery thereafter as economic activity picked up again, economic activity is still being weighed down by the impact of repeated fresh waves of infections and restrictions imposed on people's movements.

In the financial markets, however, stock prices trended higher worldwide, buoyed mainly by expectations for a return to economic normalcy owing to the announcement of large-scale financial and economic stimulus packages and the rollout of vaccination programs in multiple countries. The Nikkei Stock Average climbed from below 18,000 yen at the start of April 2020 to hit the 30,000 yen level by February 2021. The Japanese yen gradually appreciated against the US dollar, but then weakened in response to a widening US-Japan interest rate differential. Yields on 10-year Japanese Government Bonds remained close to 0% on the whole but rose slightly from February 2021 onwards in sympathy with higher UST yields.

Developments of Business Activities

The SuMi TRUST Group kicked off a new three-year Medium-Term Management Plan running from fiscal 2020 through fiscal 2022. Guided by the core management philosophy of balancing the creation of both social value and economic value, the concept of creating new value with the power of trust and let prosperous future for our clients and society bloom was defined in the new plan as the Group's reason for existence (purpose). This purpose represents the Group's determination as the "best partner" most trusted by our clients to take responsibility for the next generation and contribute to the building and passing of a society that is even more capable of coping with change.

Despite the considerable impacts of COVID-19 in fiscal 2020—the first year of the new Medium-Term Management Plan—we still pushed ahead with the following initiatives whilst prioritizing the safety and health of clients and Group employees alike and the stable functioning of all Group operations.

1. Strengthening our business portfolio

We pushed forward with efforts to enhance our abilities to meet the increasingly diverse and sophisticated needs of our clients by building more robust business platforms and establishing new growth fields.

For the purpose of tackling social issues in an era during which many people will likely live to the age of 100, we started offering to individual clients the Anshin Support Trust (fund wrap-type), an asset administration product suitable for clients preparing for dementia. We also endeavored to enhance client convenience, chiefly with the use of quasi-face-to-face online sales in branches and the digitalization of mortgage loan applications. Also, as one of our many social contribution activities, we extended our support to medical research by setting up an account to accept donations to fund the development of a COVID-19 vaccine and related therapeutic drugs.

Sumitomo Mitsui Trust Club took steps to improve services across the entire Group, including the provision of special benefits to clients in collaboration with SuMi TRUST Bank. By working more closely with SuMi TRUST Bank, Sumitomo Mitsui Trust Realty endeavored to maintain housing brokerage revenue predominately with a strategy of opening branch offices in core focus areas. As face-to-face sales activities continued to face constraints due to the pandemic, UBS SuMi TRUST Wealth Advisory started offering real estate solutions and investment products in earnest and strove to establish a consulting process for business owners and wealthy individual clients.

For our corporate clients, all Group companies worked hand in hand to provide a broad range of solutions mainly in the area of corporate governance consulting to address the issues that significantly impact corporate management from the perspectives of the SDGs and ESG. And in catering to the particular characteristics of our clients' employee benefit schemes and pension payment systems, we focused

on delivering comprehensive consulting services that contribute to optimal asset formation and asset management for employees of client firms. Moreover, we stepped up our initiatives for positive impact finance, which targets activities that have positive impacts on the environment, society, and the economy, as well as initiatives aimed at extending Japan's first-ever "transition loans" to facilitate the shift towards a low-carbon society and to support CO_2 emission reduction efforts. We also beefed up our support of innovative companies capable of generating new industries and value.

Sumitomo Mitsui Trust Panasonic Finance focused on the medium- to long-term strengthening of its finance business for ship-related assets as a potential new growth domain. Sumitomo Mitsui Trust Loan & Finance continued to manage loan operations with an emphasis on balancing quality with quantity and successfully maintained its loan balance by controlling credit costs in a tough business environment for such a finely-tuned consulting-based sales model.

SuMi TRUST Bank steadily increased assets under management for mainly corporate pension, public pension, and financial institution clients by continuing to provide high value-added information that caters to the needs of clients and by developing products incorporating non-traditional assets. SuMi TRUST Bank maintained its leading market share in the administration of defined contribution pension plans by focusing its resources on improving the quality of administration services for operational management institutions even as the industry continues to mature.

Under a Group-wide investment strategy, Sumitomo Mitsui Trust Asset Management brushed up its human capital resources, products, and solutions offerings, and bolstered its engagement activity in light of expanding ESG investment. Nikko Asset Management leveraged its global network to develop innovative new products and garnered strong support from a broad-ranging client base, highlighted by its selection for a Japan equity investment management mandate by one of the world's largest institutional investors.

In the asset administration business, operations came online in July 2020 at Custody Bank of Japan, an entity in which shares are held directly by SuMi TRUST Holdings. Boasting the most assets under custody in Japan, this bank has also taken steps to enhance its framework for supporting domestic securities settlement infrastructure and broadly meeting the needs of clients.

2. Capital strategy and risk control practices

The outlook for the future has grown increasingly uncertain in recent times due to various megatrends like changes in the competitive environment owing to the increased pace of digitalization and changes in social structures stemming from an aging population. And the impact of the COVID-19 pandemic has clouded this outlook even more.

In this environment, we heavily allocated human resources to, and invested in systems for, new growth fields and domains that contribute to the strengthening of our risk management and compliance frameworks so that the Group may realize sustained and stable growth. Furthermore, we appropriately responded to demand for capital from both individual and corporate clients in light of the impact of COVID-19 whilst also making sure we held enough capital to satisfy regulatory requirements. And following on from last fiscal year, we booked special provisions in preparation for a deterioration in the economic environment caused by the pandemic. Moreover, as a result of systematically reducing our balance of strategic shareholdings for the purpose of minimizing financial risks, the balance (on an acquisition cost basis) of Japan-listed shares held by SuMi TRUST Holdings and consolidated subsidiaries in fiscal 2020 decreased 24.9 billion yen.

3. Improving service quality

In addition to the above, the Group also pushed ahead with the following initiatives in order to meet the expectations of society and clients alike.

(1) Fiduciary duties and client-oriented initiatives

With the finance sector growing increasingly homogenized, we continued to periodically keep an eye on our initiatives geared towards providing products and services that deliver profits to clients and undertook activities aimed at improving those initiatives so that we might reinforce our client-oriented and client satisfaction-focused business operations as the source of competitiveness. In addition, SuMi TRUST Bank clarified its processes for evaluating initiatives that help improve fiduciary duty practices and client satisfaction and put in place a performance evaluation mechanism that emphasizes not just sales results, but the processes that yield them.

(2) Promoting HR development and active participation

To further accelerate the Group's diversity and inclusion initiatives, we strived to develop suitable working environments and cultivate human resources with various personnel systems and infrastructure that helps empower women in the workplace. We also stepped up initiatives concerning the mental and physical well-being of employees. As a result, for the second year running we were listed by Bloomberg in the 2021 Bloomberg Gender-Equality Index in recognition of our initiatives to further gender equality, and for the fourth year in a row we were selected in METI's White 500 as an organization having outstanding health and productivity management.

Also, given the ongoing diversification of working styles and values among our employees, SuMi TRUST Bank extended the retirement age so that motivated senior personnel can smoothly pass on their specialist knowledge and experience to others and demonstrate their capabilities for as long as possible. The Bank also took action to develop infrastructure supportive of flexible working styles centering mainly on satellite office-based work and telecommuting.

(3) Promoting sustainability management

Based on the thinking that sustained and stable growth hinges on the existence of a sustainable environment and society, we employed a value creation approach that blends solutions for social issues with the Group's management strategy.

More specifically, we set a new long-term target for sustainable finance: 5.0 trillion yen in cumulative loans for the period 2021 through 2030. And as a result of endeavoring to improve upon the information we disclose to all stakeholders in an effort to better their understanding of the Group's activities, we won an excellence award in the 2020 Nikkei Annual Report Awards in recognition of our social impact and value creation process. Furthermore, in December 2020 we published the Group's first TCFD Report in light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and in January 2021 we issued a Sustainability Report incorporating the common metrics for measuring stakeholder capitalism compiled by the big four global accounting firms.

Also, as one initiative for supporting the community, SuMi TRUST Bank launched Japan's first commercial forestry trust to support stable forest management and revitalize the forestry industry.

Whilst we have continued to improve the quality of our services, in fiscal 2020 it was revealed that we had long engaged in inappropriate handling when aggregating general shareholder meeting voting forms on behalf of client companies.

We have taken steps to rectify this inappropriate handling mainly by reviewing how we collect voting forms, but to give this issue more context, the use of online platforms for the exercise of voting rights in Japan has yet to gain traction, which is why we also strengthened our efforts to encourage our client firms to utilize online voting.

Along with the above-mentioned incident, a scandal came to light in which a former employee of SuMi TRUST Bank had been embezzling money from clients. The Group took these two incidents very seriously and not only did we implement a coordinated response to strengthen operational risk management, but we also utilized various opportunities to raise awareness about compliance among all employees.

We will make every effort to prevent such incidents from happening again and in order to regain the lost trust and confidence of our clients as their "best partner," all directors, executive officers, and employees will steadily knuckle down to deliver honest and high-quality services worthy of our clients' support.

Results of Business Activities

(Consolidated Financial Results for the Fiscal Year 2021)

For the fiscal year ended March 31, 2021, "Net Business Profit" increased by ¥5.6 billion (U.S. $51 million) from the previous fiscal year to ¥294.7 billion (U.S. $2,663 million), due to an increase in substantial funds-related income (*) primarily due to the improvement in net income and expenses on loans and deposits in Japan, while income from fees and commissions in investment management consulting business and real estate brokerage business of group companies decreased due to the effects of limitation of operating activities due to the spread of COVID-19.

"Ordinary Profit" decreased by ¥74.5 billion (U.S. $673 million) from the previous fiscal year to ¥183.1 billion (U.S. $1,655 million). The decrease primarily reflects a decrease in net gains on stocks as a result of partial recognition of valuation gains on strategic shareholdings and valuation losses on hedging transactions.

"Net Income Attributable to Owners of the Parent" decreased by ¥20.8 billion (U.S. $188 million) from the previous fiscal year to ¥142.1 billion (U.S. $1,285 million) as a result of recording impairments of software and other assets as extraordinary losses, considering adoption of the new normal, while the full amount of past service costs for retirement benefits was charged to profit or loss in the fiscal year they occur as extraordinary income.

(*) 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		
	2021				2021	2021		2020
	Forecast	Changes from Previous Year	Forecast	Results	Results	Changes from Previous Year	Changes from Forecast	Results
Net Business Profit Before Credit Costs (Note 1)	¥ 280,000	¥ (14,707)	¥ 260,000	¥ 294,707	$ 2,663	¥ 5,696	¥ 34,707	¥ 289,011
Substantial Gross Business Profit (Note 1)	740,000	703	710,000	739,296	6,681	(3,365)	29,296	742,661
General and Administrative Expenses (Note 1)	(460,000)	(15,410)	(450,000)	(444,589)	(4,018)	9,061	5,410	(453,650)
Fee and Commission Income Ratio (%)				52.9%		(1.7)%		54.6%
Over Head Ratio (%)	62.2%	2.1%	63.4%	60.1%		(1.0)%	(3.3)%	61.1%
Return on Shareholders' Equity (%)				5.98%		(1.14)%		7.12%
Consolidated Equity Tier 1 Capital Ratio (%)				12.12%		(0.5)% (Note 2)		12.62%

(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, 2021 is 9.4%.

Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 12.12%, Consolidated Tier 1 capital ratio was 13.51%, and Consolidated Total capital ratio was 15.76% as of March 31, 2021, exceeding the minimum regulatory requirements of 7.50%, 9.00%, and 11.00%, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥110.65 to U.S. $1, the approximate rate of exchange as of March 31, 2021.

Operating Results (Consolidated)

Years Ended March 31	Millions of Yen 2021	Millions of Yen 2020	Millions of Yen Changes	Millions of U.S. Dollars 2021
Gross Profit (excluding Trust Account Credit Costs)	¥ 680,826	¥ 690,832	¥ (10,005)	$ 6,153
Trust Account Credit Costs (A)	—	(2)	2	—
General and Administrative Expenses (excluding non-recurring expenses)	(419,525)	(430,858)	11,332	(3,791)
Net Provision of General Allowance for Loan Losses (B)	4,996	(38,865)	43,861	45
Banking Account Credit Costs (C)	(13,614)	(6,120)	(7,494)	(123)
Reversal of Allowance for Loan Losses (D)	—	—	—	—
Recoveries of Written-Off Claims (E)	809	1,149	(339)	7
Net Gains (Losses) on Stocks and Other Securities	(43,527)	40,167	(83,695)	(393)
Net Income from Affiliated Companies Accounted for by the Equity Method	11,677	9,929	1,748	106
Impairment Loss	(20,173)	(19,360)	(813)	(182)
Others	(1,464)	(6,149)	4,684	(13)
Income Before Income Taxes	200,003	240,721	(40,718)	1,808
Net Income Attributable to Owners of the Parent	142,196	163,028	(20,832)	1,285
Total Credit Costs (A+B+C+D+E)	(7,808)	(43,838)	36,029	(71)
Net Business Profit Before Credit Costs	294,707	289,011	5,696	2,663

(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 2021	2020	Changes	Millions of U.S. Dollars 2021
Net Business Profit Before Credit Costs (Note 1)	¥ 294,707	¥ 289,011	¥ 5,696	$ 2,663
Substantial Gross Business Profit (Note 1)	739,296	742,661	(3,365)	6,681
Substantial Interest Income (Note 2)	289,432	271,393	18,038	2,616
Interest Income	260,248	158,661	101,586	2,352
Profits Earned from Market Deployment of Surplus Foreign Currency Fund	29,183	112,731	(83,548)	264
Fees and Commissions Related Income	391,190	405,872	(14,681)	3,535
Other Income (excluding Profits Earned From Market Deployment of Surplus Foreign Currency Fund)	58,673	65,395	(6,721)	530
General and Administrative Expenses (Note 1)	(444,589)	(453,650)	9,061	(4,018)
Total Credit Costs	(7,808)	(43,838)	36,029	(71)
Net Gain (Loss) on Stocks and Other Securities	(43,527)	40,167	(83,695)	(393)
Other Non-recurring profits (Losses)	(60,215)	(27,681)	(32,534)	(544)
Ordinary Profit	183,155	257,658	(74,502)	1,655
Extraordinary Profits (Losses)	16,847	(16,936)	33,784	152
Income before Income Taxes	200,003	240,721	(40,718)	1,808
Total Income Taxes	(56,064)	(75,627)	19,563	(507)
Net Income Attributable to Non-Controlling Interests	(1,742)	(2,065)	323	(16)
Net Income Attributable to Owners of the Parent	142,196	163,028	(20,832)	1,285
Return on Shareholders' Equity (%)	5.98	7.95	(1.97)	
Dividends per Share of Common Stock (DPS)	150	140	10	
Earnings per Share of Common Stock (EPS)	379	458	(79)	
Total Number of Shares Outstanding (Million of Shares) (Note 3)	374.5	378.9	(4.4)	

(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)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2021	2020	Changes	2021
Interest Income	¥ 260,248	¥ 158,661	¥ 101,586	$ 2,352
Other Profits	87,857	178,127	(90,270)	794
Profits Earned from Market Deployment of Surplus Foreign Currency Fund	29,183	112,731	(83,548)	264
Profits other than Profits Earned from Market Deployment of Surplus Foreign Currency Fund	58,673	65,395	(6,721)	530

Interest income increased by ¥101.5 billion (U.S. $918 million) from the previous fiscal year to ¥260.2 billion (U.S. $2,352 million), due to improvements in domestic earnings related to deposits and loans and one-off factors such as profit from limited partnerships. The substantial interest income, which includes profits earned from market deployment of surplus foreign currency fund increased by ¥18.0 billion (U.S. $163 million) from the previous fiscal year to ¥289.4 billion (U.S. $2,615 million).

While "Fees and Commissions Related Income" in investment management consulting business and real estate brokerage business remained sluggish due to the limitation of operating activities, it increased by ¥14.6 billion (U.S. $132 million) from the previous fiscal year to ¥391.1 billion (U.S. $3,535 million) as a result of recovery in the second half of the fiscal year.

On the other hand, "General and Administrative Expenses" decreased by ¥9.0 billion (U.S. $81 million) from the previous fiscal year to ¥444.5 billion (U.S. $4,017 million) due to reduction from implementation of online operating activities and a decrease in expenses linked to gross profit in group companies.

As a result, "Net Business Profit Before Credit Costs," which represents the actual profit level calculated by making necessary adjustments to the above results, increased by ¥5.6 billion (U.S. $51 million) from the previous fiscal year to ¥294.7 billion (U.S. $2,663 million).

Credit Costs (Consolidated)

"Total Credit Costs" decreased by ¥36.0 billion (U.S. $326 million) from the previous fiscal year to ¥7.8 billion (U.S. $71 million), mainly because of a decrease in net provision for general allowance for loan losses due to the reversal of special allowance amounting to approximately ¥12.0 billion (U.S. $108 million) prepared for economic slowdown associated with the spread of the novel coronavirus disease during the fiscal year ended March 31, 2020.

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

"Net Gains (Losses) on Stock and Other Securities" decreased by ¥83.6 billion (U.S. $756 million) from the previous fiscal year to ¥43.5 billion (U.S. $393 million) of losses. This was because of the recognition of losses on sale of bear funds of approximately ¥135.0 billion (U.S. $1,220 million) and gains on sale of strategic shareholdings of approximately ¥93.0 billion (U.S. $840 million) as a result of partial recognition of valuation gains on strategic shareholdings and valuation losses on hedging transactions loss on valuation of hedge transactions due to increases in stock prices and the improvement in the prices of hedging positions.

Extraordinary Gain and Losses (Consolidated)

"Extraordinary Gains and Losses" increased by ¥33.7 billion (U.S. $305 million) from the previous fiscal year to ¥16.8 billion (U.S. $152 million) of gains, mainly because of the following:

- the recognition of approximately ¥37.7 billion (U.S. $341 million) of profit resulted from charging the full amount of past service costs for retirement benefits to profit or loss due to changes in the system including the extension of the retirement age
- the recognition of approximately ¥20.0 billion (U.S. $1,808 million) of impairment losses on software based on the earning forecasts for the "Retail Total Solution Services"

Financial Condition

Assets and Liabilities

As of March 31, 2021, consolidated "Total Assets" were ¥62,163.8 billion (U.S. $562 billion), an increase of ¥5,663.3 billion (U.S. $51 billion), and consolidated "Total Net Assets" were ¥2,722.5 billion (U.S. $25 billion), an increase of ¥131.6 billion (U.S. $1 billion), compared with those as of the end of the previous fiscal year, respectively.

In particular, "Cash and Due from Banks" increased by ¥5,347.5 billion (U.S. $48 billion) to ¥18,488.7 billion (U.S. $167 billion), "Loans and Bills Discounted" increased by ¥803.5 billion (U.S. $7 billion) to ¥30,506.9 billion (U.S. $276 billion), "Securities" increased by ¥545.8 billion (U.S.$5 billion) to ¥6,983.4 billion (U.S. $63 billion), and "Deposits" increased by ¥2,778.7 billion (U.S. $25 billion) to ¥33,467.6 billion (U.S. $302 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 ¥239,846.5 billion (U.S. $2,168 billion) as of March 31, 2021, an increase of ¥15,421.2 billion (U.S. $139 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, 2021, the total balance of Bankrupt and Practically Bankrupt Loans, Doubtful Loans, and Substandard Loans of the Banking Account and the Principal Guaranteed Trust Accounts with a disclosure requirement under the Financial Reconstruction Act, increased by ¥26.6 billion (U.S. $0.2 billion) from the end of the previous fiscal year to ¥113.4 billion (U.S. $1.0 billion). The ratio of "Problem Assets under the Financial Reconstruction Act" to Total Balance increased by 0.1% 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)

	Billions of Yen			Billions of U.S. Dollars
As of March 31	2021	2020	Changes	2021
Problem Assets under the Financial Reconstruction Act	¥ 113.4	¥ 86.8	¥ 26.6	$ 1
Total Balance	31,187.7	30,457.0	730.7	282
Ratio to Total Balance	0.4%	0.3%	0.1%	0.4%

Banking Account

Classification	Billions of Yen, Except for Percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
As of March 31	2021	2020	2021	2020	2021		2021	2020
Bankrupt and Practically Bankrupt Loans (A)	¥ 21.5	¥ 9.5	100%	100%	Specific Allowance Provided	¥ 3.8	100%	100%
					Covered by Collateral/Guarantee	17.6	—	—
Doubtful Loans (B)	44.4	38.6	90%	94%	Uncovered	4.3	81%	85%
					Specific Allowance Provided	18.5		
					Covered by Collateral/Guarantee	21.4	—	—
Substandard Loans (C)	47.4	38.0	50%	41%	Uncovered	23.4	0%	12%
					General Allowance Provided	2.9		
					Covered by Collateral/Guarantee	21.0	—	—
Total of (A), (B), and (C)	113.2	86.1						
Total Balance	31,171.7	30,430.3						
Ratio to Total Balance	0.4%	0.3%						

Principal Guaranteed Trust Account

Classification	Billions of Yen, Except for Percentages					
	Balance		Coverage Ratio		Collateral/Allowance	
As of March 31	2021	2020	2021	2020	2021	
Bankrupt and Practically Bankrupt Loans (A)	¥ 0.0	¥ 0.0	100%	100%	Covered by Collateral/Guarantee	¥ 0.0
Doubtful Loans (B)	0.1	0.7	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)	0.2	0.7			Allowance for Jointly Operated Money Trusts	0.0
Total Balance	16.0	26.7				
Ratio to Total Balance	1.0%	2.7%				

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

	Percentage Points		
Years Ended March 31	2021	2020	Changes
Average Yield on Interest-Earning Assets (a)	0.48%	0.53%	(0.05)%
Loans and Bills Discounted (A)	0.64	0.66	(0.02)
Securities	1.09	1.51	(0.42)
Average Yield on Interest-Bearing Liabilities (b)	0.08	0.10	(0.02)
Deposits (B)	0.06	0.07	(0.01)
Gross Margin (a)−(b)	0.40	0.43	(0.03)
Loan-Deposit Margin (A)−(B)	0.58	0.59	(0.01)

Financial Summary:

Five-Year Summary (Unaudited)

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

	Millions of Yen				
Consolidated Statements of Banking Account	2021	2020	2019	2018	2017
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 18,488,763	¥ 13,141,192	¥ 16,045,864	¥ 28,841,328	¥ 26,944,478
Call Loans and Bills Bought	8,766	71,236	50,124	152,951	124,706
Securities	6,983,483	6,437,599	5,759,504	5,537,643	5,127,717
Loans and Bills Discounted	30,506,968	29,703,375	29,025,720	28,190,553	28,040,446
Foreign Exchanges	25,396	36,952	36,936	25,554	16,189
Customers' Liabilities for Acceptances and Guarantees	511,782	518,811	557,007	508,930	458,010
Others	5,638,715	6,591,384	5,553,956	5,099,836	4,742,176
Total Assets	¥ 62,163,876	¥ 56,500,552	¥ 57,029,113	¥ 68,356,798	¥ 65,453,725
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 40,628,273	¥ 36,549,212	¥ 38,232,195	¥ 43,915,175	¥ 43,327,431
Call Money and Bills Sold	60,675	142,974	72,793	146,931	54,089
Borrowed Money	5,782,602	5,856,384	4,023,801	4,370,083	3,463,105
Foreign Exchanges	577	3,213	457	1,984	236
Acceptances and Guarantees	511,782	518,811	557,007	508,930	458,010
Others	12,457,408	10,839,049	11,412,500	16,541,366	15,359,168
Total Liabilities	¥ 59,441,319	¥ 53,909,645	¥ 54,298,756	¥ 65,484,472	¥ 62,662,042
Net Assets:					
Shareholders' Equity	¥ 2,416,003	¥ 2,334,377	¥ 2,242,982	¥ 2,127,816	¥ 2,031,623
Accumulated Other Comprehensive Income	277,756	220,889	410,478	496,851	430,992
Subscription Rights to Shares	1,024	1,057	1,062	799	577
Non-Controlling Interests	27,772	34,583	75,832	246,858	328,488
Total Net Assets	¥ 2,722,556	¥ 2,590,907	¥ 2,730,356	¥ 2,872,325	¥ 2,791,682
Total Liabilities and Net Assets	¥ 62,163,876	¥ 56,500,552	¥ 57,029,113	¥ 68,356,798	¥ 65,453,725
For the Year					
Income:					
Trust Fees	¥ 102,883	¥ 99,816	¥ 103,911	¥ 100,591	¥ 99,870
Interest Income	363,749	489,366	507,007	426,129	384,354
Fees and Commissions	390,877	401,723	402,867	397,881	397,531
Trading Income	76	102,189	27,093	10,035	18,338
Other Ordinary Income	402,394	349,778	356,927	306,725	296,261
Other Income	120,453	95,680	71,626	125,142	66,531
Total Income	¥ 1,380,434	¥ 1,538,556	¥ 1,469,434	¥ 1,366,505	¥ 1,262,887
Expenses:					
Interest Expenses	¥ 137,471	¥ 361,890	¥ 371,845	¥ 246,071	¥ 165,271
Fees and Commissions Payments	118,031	109,666	97,755	87,974	85,319
Trading Expenses	33,300	—	—	—	1,297
Other Ordinary Expenses	290,350	280,488	249,652	230,442	318,885
General and Administrative Expenses	431,422	433,455	431,151	444,057	435,335
Other Expenses	186,702	112,333	77,688	119,136	65,642
Total Expenses	¥ 1,197,279	¥ 1,297,834	¥ 1,228,093	¥ 1,127,683	¥ 1,071,752
Income before Income Taxes	200,003	240,721	241,340	238,822	191,135
Net Income	¥ 143,938	¥ 165,094	¥ 180,741	¥ 165,746	¥ 134,206

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 379.65	¥ 434.31	¥ 458.91	¥ 403.91	¥ 317.24
Diluted Net Income per Share of Common Stock	379.42	434.03	458.64	403.75	317.15
Net Assets per Share of Common Stock	7,192.07	6,822.48	7,008.67	6,897.36	6,437.57

	Millions of Yen				
Statements of Trust Account	2021	2020	2019	2018	2017
Total Assets	¥ —	¥ —	¥ —	¥ 285,008,064	¥ 261,127,280
Trust Assets	239,846,590	224,425,327	211,350,067	201,698,118	188,467,733

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.
Total assets are the sum 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, excluding any entrust amounts between consolidated subsidiaries for asset management purposes. The consolidated subsidiaries that engage in the trust business are SuMi Trust Bank and Japan Trustee Services Bank, Ltd.
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.

Financial Summary:

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				
	2021	2020	2019	2018	2017
As of the Year-End					
Assets:					
Current Assets:	¥ 173,123	¥ 175,470	¥ 133,676	¥ 71,542	¥ 76,718
Cash and Due from Banks	2,541	2,349	2,110	1,775	1,747
Securities	164,000	129,000	100,000	53,000	62,000
Non-Current Assets	2,030,327	2,049,283	2,069,816	2,004,970	1,891,389
Investments and Other Assets	2,030,325	2,049,281	2,069,815	2,004,969	1,891,388
Total Assets	¥ 2,203,450	¥ 2,224,754	¥ 2,203,492	¥ 2,076,512	¥ 1,968,108
Liabilities:					
Current Liabilities	¥ 12,799	¥ 4,616	¥ 3,161	¥ 3,119	¥ 2,783
Non-Current Liabilities	620,209	650,093	651,610	594,310	478,036
Bonds Payable	610,000	640,000	641,600	584,300	468,000
Total Liabilities	¥ 633,009	¥ 654,709	¥ 654,771	¥ 597,429	¥ 480,820
Net Assets:					
Shareholders' Equity	¥ 1,569,417	¥ 1,568,986	¥ 1,547,658	¥ 1,478,282	¥ 1,486,710
Subscription Rights to Shares	1,024	1,057	1,062	799	577
Total Net Assets	¥ 1,570,441	¥ 1,570,044	¥ 1,548,721	¥ 1,479,082	¥ 1,487,288
Total Liabilities and Net Assets	¥ 2,203,450	¥ 2,224,754	¥ 2,203,492	¥ 2,076,512	¥ 1,968,108
For the Year					
Operating Income:	¥ 60,855	¥ 97,597	¥ 123,149	¥ 57,301	¥ 58,218
Dividends Received from Subsidiaries	56,256	95,851	121,832	55,512	54,700
Operating Expenses:	3,984	3,709	3,341	3,071	2,035
General and Administrative Expenses	3,984	3,709	3,341	3,071	2,035
Operating Profit	¥ 56,870	¥ 93,888	¥ 119,808	¥ 54,230	¥ 56,183
Non-Operating Income	¥ 7,891	¥ 8,183	¥ 7,709	¥ 6,785	¥ 5,165
Non-Operating Expenses	8,861	9,430	11,327	11,678	10,971
Income before Income Taxes	¥ 56,799	¥ 92,640	¥ 116,190	¥ 49,337	¥ 50,378
Net Income	¥ 56,637	¥ 93,858	¥ 127,717	¥ 49,333	¥ 50,376

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 151.21	¥ 250.04	¥ 337.06	¥ 129.40	¥ 131.59
Diluted Net Income per Share of Common Stock	151.12	249.87	336.86	129.35	131.55
Net Assets per Share of Common Stock	4,190.18	4,189.14	4,087.87	3,884.77	3,886.44

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

Financial Data:

Consolidated Balance Sheet

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets:			
Cash and Due from Banks	¥ 18,488,763	¥ 13,141,192	$ 167,092
Call Loans and Bills Bought	8,766	71,236	79
Receivables under Resale Agreements	160,268	1,220,761	1,448
Receivables under Securities Borrowing Transactions	727,689	740,658	6,577
Monetary Claims Bought	892,309	999,705	8,064
Trading Assets (Notes 1, 2 and 4)	433,766	507,646	3,920
Money Held in Trust	12,223	7,230	110
Securities (Notes 2 and 4)	6,983,483	6,437,599	63,113
Loans and Bills Discounted (Notes 3, 4, and 5)	30,506,968	29,703,375	275,707
Foreign Exchanges	25,396	36,952	230
Lease Receivables and Investment Assets (Note 4)	695,172	673,880	6,283
Other Assets (Notes 4 and 8)	2,260,399	2,124,043	20,428
Tangible Fixed Assets (Note 6)	228,180	213,547	2,062
Intangible Fixed Assets (Note 7)	112,303	129,455	1,015
Assets for Retirement Benefits	231,165	87,096	2,089
Deferred Tax Assets	14,459	14,564	131
Customers' Liabilities for Acceptances and Guarantees	511,782	518,811	4,625
Allowance for Loan Losses	(129,223)	(127,205)	(1,168)
Total Assets	¥ 62,163,876	¥ 56,500,552	$ 561,806
Liabilities:			
Deposits (Notes 4 and 9)	¥ 33,467,678	¥ 30,688,920	$ 302,464
Negotiable Certificates of Deposit	7,160,594	5,860,292	64,714
Call Money and Bills Sold (Note 4)	60,675	142,974	548
Payables under Repurchase Agreements (Note 4)	1,628,440	1,558,919	14,717
Trading Liabilities (Note 1)	321,576	371,950	2,906
Borrowed Money (Notes 4 and 10)	5,782,602	5,856,384	52,260
Foreign Exchanges	577	3,213	5
Short-Term Bonds Payable	2,545,049	1,707,097	23,001
Bonds Payable (Note 11)	1,545,605	1,125,731	13,968
Borrowed Money from Trust Account (Note 12)	4,915,208	4,750,289	44,421
Other Liabilities (Note 13)	1,359,860	1,215,433	12,290
Provision for Bonuses	18,460	18,619	167
Provision for Directors' Bonuses	219	172	2
Provision for Stocks Payment	532	279	5
Liabilities for Retirement Benefits	13,752	14,044	124
Provision for Reward Points Program	18,945	16,889	171
Provision for Reimbursement of Deposits	4,138	4,867	37
Provision for Contingent Losses	1,633	1,440	15
Deferred Tax Liabilities	81,594	50,875	737
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,388	2,439	22
Acceptances and Guarantees	511,782	518,811	4,625
Total Liabilities	¥ 59,441,319	¥ 53,909,645	$ 537,201
Net Assets:			
Total Shareholders' Equity:	¥ 2,416,003	¥ 2,334,377	$ 21,835
Capital Stock	261,608	261,608	2,364
Capital Surplus	576,114	580,595	5,207
Retained Earnings	1,581,096	1,495,029	14,289
Treasury Stock	(2,815)	(2,855)	(25)
Total Accumulated Other Comprehensive Income:	277,756	220,889	2,510
Valuation Differences on Available-for-Sale Securities	329,429	351,459	2,977
Deferred Gains (Losses) on Hedges	(44,926)	(56,765)	(406)
Revaluation Reserve for Land (Note 6)	(6,739)	(6,623)	(61)
Foreign Currency Translation Adjustments	4,000	1,332	36
Remeasurements of Defined Benefit Plans	(4,007)	(68,513)	(36)
Subscription Rights to Shares	1,024	1,057	9
Non-Controlling Interests	27,772	34,583	251
Total Net Assets	¥ 2,722,556	¥ 2,590,907	$ 24,605
Total Liabilities and Net Assets	¥ 62,163,876	¥ 56,500,552	$ 561,806

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 7,192.07	¥ 6,822.48	$ 65.00

See accompanying notes.
The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥110.65 to U.S. $1.00, the exchange rate as of March 31, 2021.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income:			
Trust Fees	¥ 102,883	¥ 99,816	$ 930
Interest Income:	363,749	489,366	3,287
Interest on Loans and Discounts	271,246	346,886	2,451
Interest and Dividends on Securities	75,898	94,005	686
Interest on Call Loans and Bills Bought	550	1,431	5
Interest on Receivables under Resale Agreements	20	571	0
Interest on Receivables under Securities Borrowing Transactions	0	0	0
Interest on Deposits with Banks	11,038	36,831	100
Other Interest Income (Note 1)	4,994	9,640	45
Fees and Commissions	390,877	401,723	3,533
Trading Income (Note 2)	76	102,189	1
Other Ordinary Income (Note 3)	402,394	349,778	3,637
Other Income (Note 4)	158,185	95,680	1,430
Total Income	¥ 1,418,166	¥ 1,538,556	$ 12,817
Expenses:			
Interest Expenses:	¥ 137,471	¥ 361,890	$ 1,242
Interest on Deposits	45,221	125,997	409
Interest on Negotiable Certificates of Deposit	14,198	81,014	128
Interest on Call Money and Bills Sold	371	1,264	3
Interest on Payables under Repurchase Agreements	3,576	31,712	32
Interest on Payables under Securities Lending Transactions	—	2,302	—
Interest on Borrowings	6,911	13,238	62
Interest on Short-Term Bonds	5,763	29,049	52
Interest on Bonds	12,858	16,147	116
Other Interest Expenses (Note 1)	48,570	61,163	439
Fees and Commissions Payments	118,031	109,666	1,067
Trading Expenses (Note 2)	33,300	—	301
Other Ordinary Expenses (Note 3)	290,350	280,488	2,624
General and Administrative Expenses (Note 5)	431,422	433,455	3,899
Other Expenses (Note 4)	207,586	112,333	1,876
Total Expenses	¥ 1,218,163	¥ 1,297,834	$ 11,009
Income before Income Taxes	¥ 200,003	¥ 240,721	$ 1,808
Income Taxes:	56,064	75,627	507
Current	50,991	69,585	461
Deferred	5,073	6,042	46
Net Income	¥ 143,938	¥ 165,094	$ 1,301
Net Income Attributable to Non-Controlling Interests	1,742	2,065	16
Net Income Attributable to Owners of the Parent	¥ 142,196	¥ 163,028	$ 1,285

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 379.65	¥ 434.31	$ 3.43
Diluted Net Income per Share of Common Stock	¥ 379.41	¥ 434.03	$ 3.43

See accompanying notes.

Financial Data:

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Income	**¥ 143,938**	¥ 165,094	**$ 1,301**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**(20,301)**	(116,924)	**(183)**
Deferred Gains (Losses) on Hedges	**9,944**	(18,946)	**90**
Foreign Currency Translation Adjustments	**1,982**	(2,387)	**18**
Remeasurements of Defined Benefit Plans	**64,492**	(49,287)	**583**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**1,080**	(1,523)	**10**
Total Other Comprehensive Income (Loss) (Note)	**¥ 57,199**	¥ (189,068)	**$ 517**
Comprehensive Income:	**¥ 201,137**	¥ (23,974)	**$ 1,818**
Comprehensive Income Attributable to Owners of the Parent	**199,178**	(25,635)	**1,800**
Comprehensive Income Attributable to Non-Controlling Interests	**1,958**	1,660	**18**

See accompanying notes.

Financial Data:

Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

From April 1, 2020 to March 31, 2021

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

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

See accompanying notes.

From April 1, 2019 to March 31, 2020

	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	¥ 645,003	¥ 1,387,592	¥ (51,222)	¥ 2,242,982
Changes during the Year					
Cash Dividends			(56,517)		(56,517)
Net Income Attributable to Owners of the Parent			163,028		163,028
Purchase of Treasury Stock				(17,494)	(17,494)
Disposal of Treasury Stock		(354)		1,835	1,481
Retirement of Treasury Stock		(64,024)		64,024	—
Purchase of Shares of Consolidated Subsidiaries		(29)			(29)
Reversal of Revaluation Reserve for Land			925		925
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(64,408)	107,437	48,366	91,395
Balance at the End of the Year	¥ 261,608	¥ 580,595	¥ 1,495,029	¥ (2,855)	¥ 2,334,377

	Millions of Yen								
	Accumulated Other Comprehensive Income								
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 467,448	¥ (36,764)	¥ (5,698)	¥ 4,702	¥ (19,209)	¥ 410,478	¥ 1,062	¥ 75,832	¥ 2,730,356
Changes during the Year									
Cash Dividends									(56,517)
Net Income Attributable to Owners of the Parent									163,028
Purchase of Treasury Stock									(17,494)
Disposal of Treasury Stock									1,481
Retirement of Treasury Stock									—
Purchase of Shares of Consolidated Subsidiaries									(29)
Reversal of Revaluation Reserve for Land									925
Net Changes of Items Other Than Shareholders' Equity	(115,989)	(20,001)	(925)	(3,369)	(49,303)	(189,589)	(5)	(41,249)	(230,843)
Total Changes during the Year	(115,989)	(20,001)	(925)	(3,369)	(49,303)	(189,589)	(5)	(41,249)	(139,448)
Balance at the End of the Year	¥ 351,459	¥ (56,765)	¥ (6,623)	¥ 1,332	¥ (68,513)	¥ 220,889	¥ 1,057	¥ 34,583	¥ 2,590,907

See accompanying notes.

From April 1, 2020 to March 31, 2021

	Millions of U.S. Dollars				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 2,364	$ 5,247	$ 13,511	$ (26)	$ 21,097
Changes during the Year					
Cash Dividends			(508)		(508)
Net Income Attributable to Owners of the Parent			1,285		1,285
Purchase of Treasury Stock				(0)	(0)
Disposal of Treasury Stock		(0)		1	1
Retirement of Treasury Stock					
Purchase of Shares of Consolidated Subsidiaries		(40)			(40)
Reversal of Revaluation Reserve for Land			1		1
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(40)	778	0	738
Balance at the End of the Year	$ 2,364	$ 5,207	$ 14,289	$ (25)	$ 21,835

	Millions of U.S. Dollars								
	Accumulated Other Comprehensive Income								
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	$ 3,176	$ (513)	$ (60)	$ 12	$ (619)	$ 1,996	$ 10	$ 313	$ 23,415
Changes during the Year									
Cash Dividends									(508)
Net Income Attributable to Owners of the Parent									1,285
Purchase of Treasury Stock									(0)
Disposal of Treasury Stock									1
Retirement of Treasury Stock									
Purchase of Shares of Consolidated Subsidiaries									(40)
Reversal of Revaluation Reserve for Land									1
Net Changes of Items Other Than Shareholders' Equity	(199)	107	(1)	24	583	514	(0)	(62)	452
Total Changes during the Year	(199)	107	(1)	24	583	514	(0)	(62)	1,190
Balance at the End of the Year	$ 2,977	$ (406)	$ (61)	$ 36	$ (36)	$ 2,510	$ 9	$ 251	$ 24,605

See accompanying notes.

Financial Data:

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 200,003	¥ 240,721	$ 1,808
Depreciation and Amortization	34,552	35,242	312
Impairment Losses	20,173	19,360	182
Amortization of Goodwill	7,875	9,422	71
Equity in Losses (Earnings) of Affiliated Companies	(11,677)	(9,929)	(106)
Increase (Decrease) in Allowance for Loan Losses	2,018	27,435	18
Increase (Decrease) in Provision for Bonuses	(159)	1,031	(1)
Increase (Decrease) in Provision for Directors' Bonuses	47	(171)	0
Increase (Decrease) in Provision for Stocks Payment	252	279	2
Decrease (Increase) in Assets for Retirement Benefits	(132,340)	53,840	(1,196)
Increase (Decrease) in Liabilities for Retirement Benefits	(441)	(150)	(4)
Increase (Decrease) in Provision for Reward Points Program	2,056	(1,393)	19
Increase (Decrease) in Provision for Reimbursement of Deposits	(728)	(383)	(7)
Increase (Decrease) in Provision for Contingent Losses	193	(2,025)	2
Interest Income	(363,749)	(489,366)	(3,287)
Interest Expenses	137,471	361,890	1,242
Loss (Gain) Related to Securities	50,309	(75,071)	455
Loss (Gain) on Money Held in Trust	(3,071)	1,030	(28)
Foreign Exchange Losses (Gains)	(56,942)	45,979	(515)
Loss (Gain) on Disposal of Fixed Assets	558	(2,423)	5
Net Decrease (Increase) in Trading Assets	73,880	(52,668)	668
Net Increase (Decrease) in Trading Liabilities	(50,373)	113,178	(455)
Net Decrease (Increase) in Loans and Bills Discounted	(803,592)	(680,583)	(7,262)
Net Increase (Decrease) in Deposits	2,778,758	(1,214,652)	25,113
Net Increase (Decrease) in Negotiable Certificates of Deposit	1,300,302	(468,330)	11,751
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(73,782)	1,832,583	(667)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	491,550	(215,071)	4,442
Net Decrease (Increase) in Call Loans	1,230,261	(1,000,163)	11,118
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	12,968	19,153	117
Net Increase (Decrease) in Call Money	(12,776)	25,908	(115)
Net Increase (Decrease) in Payables under Securities Lending Transactions	—	(104,767)	—
Net Decrease (Increase) in Foreign Exchange-Assets	11,556	(16)	104
Net Increase (Decrease) in Foreign Exchange-Liabilities	(2,636)	2,755	(24)
Net Decrease (Increase) in Lease Receivables and Investment Assets	(21,292)	(20,432)	(192)
Net Increase (Decrease) in Short-Term Bonds Payable	837,951	234,311	7,573
Increase (Decrease) in Straight Bonds-Issuance and Redemption	570,236	(282,466)	5,154
Net Increase (Decrease) in Borrowed Money from Trust Account	164,918	(657,720)	1,490
Interest Received	383,204	512,084	3,463
Interest Paid	(162,409)	(376,605)	(1,468)
Other, Net	(25,174)	(215,869)	(228)
Subtotal	¥ 6,589,955	¥ (2,334,053)	$ 59,557
Income Taxes (Paid) Refunded	(36,865)	(61,252)	(333)
Net Cash Provided by (Used in) Operating Activities	¥ 6,553,089	¥ (2,395,306)	$ 59,224

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (7,135,053)	¥ (6,064,069)	$ (64,483)
Proceeds from Sales of Securities	3,071,193	3,748,916	27,756
Proceeds from Redemption of Securities	3,651,551	1,732,611	33,001
Increase in Money Held in Trust	(2,000)	(6,900)	(18)
Purchase of Tangible Fixed Assets	(27,800)	(16,756)	(251)
Proceeds from Sales of Tangible Fixed Assets	751	7,380	7
Purchase of Intangible Fixed Assets	(34,086)	(31,497)	(308)
Purchase of Shares of Subsidiaries Resulting in Change in the Scope of Consolidation	—	(1,089)	—
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(49)	(54)	(0)
Net Cash Provided by (Used in) Investing Activities	¥ (475,494)	¥ (631,459)	$ (4,297)
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	39,784	39,785	360
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(190,000)	(10,000)	(1,717)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(12,655)	(71)	(114)
Repayments to Non-Controlling Interests	—	(41,000)	—
Cash Dividends Paid	(56,241)	(56,511)	(508)
Cash Dividends Paid to Non-Controlling Interests	(593)	(1,512)	(5)
Purchase of Treasury Stock	(19)	(17,494)	(0)
Proceeds from Sales of Treasury Stock	1	1,481	0
Net Cash Provided by (Used in) Financing Activities	¥ (219,723)	¥ (85,323)	$ (1,986)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (18,749)	¥ (7,654)	$ (169)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 5,839,121	¥ (3,119,743)	$ 52,771
Cash and Cash Equivalents at the Beginning of the Year	¥ 10,960,024	¥ 14,079,768	$ 99,051
Cash and Cash Equivalents at the End of the Year (Note)	¥ 16,799,146	¥ 10,960,024	$ 151,822

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 ¥110.65 to U.S. $1, the approximate rate of exchange as of March 31, 2021. 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, 2021:

63 companies

Principal Company:

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

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

SuMi TRUST Consulting (Beijing) Co., Ltd is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2021.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

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

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

2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:

None

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

33 companies

Principal Companies:

Custody Bank of Japan, Ltd.

SBI Sumishin Net Bank, Ltd.

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

Yuryo Loan Co., Ltd is newly included in the scope of application of the equity method due to the acquisition of its shares from the fiscal year ended March 31, 2021.

Since JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd. were dissolved as a result of the absorption-type merger with Japan Trustee Services Bank, Ltd. as the surviving company, both companies have been excluded from the scope of application of the equity method effective from the fiscal year ended March 31, 2021. Japan Trustee Services Bank, Ltd. has changed the corporate name to Custody Bank of Japan, Ltd.

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

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

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

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

3. Balance Sheet Dates of the Consolidated Subsidiaries

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

April 30:	2 companies
May 31:	1 company
August 31:	1 company
September 30:	5 companies
November 30:	1 company
December 31:	7 companies
March 31:	46 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 May 31: Provisionally prepared financial statements as of February 28
- 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, 2021, 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, 2021 and 2020.

(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, in principle, valued at the market price at the balance sheet date (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" for which their fair values are extremely difficult to be determined 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.

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

(5) Allowance for Loan Losses

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

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

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

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

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

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

For claims against bankrupt borrowers or virtually bankrupt borrowers with collateral or guarantees, claims against borrowers in legal or virtually bankrupt borrowers, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥24,592 million (U.S. $222 million) and ¥22,391 million as of March 31, 2021 and 2020, respectively.

(6) Provision for Bonuses

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

(7) Provision for Directors' Bonuses

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

(8) Provision for Stocks Payment

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

(9) Provision for Reward Points Program

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

(10) Provision for Reimbursement of Deposits in Dormant Accounts

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

(11) Provision for Contingent Losses

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

(12) Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2021, are attributed based on the plan's benefit formula.

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

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

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

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

(13) 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 at 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.

(14) 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.

(15) 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 Implementation Guidance No. 24 of October 8, 2020, "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.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheet as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" of each hedging transaction.

Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥17 million (U.S. $0.2 million) and ¥35 million as of March 31, 2021 and 2020, respectively, before tax effect.

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

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

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

(c) Internal hedge transactions and others

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

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

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

(16) 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.

(17) 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).

(18) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Holdings and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

(19) Adoption of Consolidated Tax Return System

SuMi TRUST Holdings adopts the consolidated tax return system.

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

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

Significant Accounting Estimates

1. Estimates of Allowance for Loan Losses

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:
¥129,223 million (U.S. $1,168 million)

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

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

Definition of each classification is as follows:

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

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

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

For normal borrowers, borrowers requiring caution, and substandard borrowers, changes in the loan loss ratio have an impact on the allowance for loan losses. For possibly bankrupt borrowers, virtually bankrupt borrowers, and bankrupt borrowers, changes in the amount expected to be collected through the disposal of collateral or execution of guarantees have a significant impact on the allowance for loan losses.

(3) Responding to Uncertainties Caused by COVID-19

(Adjustments of Expected Credit Losses)

The impact of the spread of COVID-19 on borrowers is reflected in the decision of the classification of individual borrowers to the extent that reasonable estimates can be made. However, there is a high level of uncertainty in the estimates because the impact is complex and diverse.

Some consolidated subsidiaries estimate the impact on credit risks that have not yet been reflected in the financial information of the borrowers and make necessary adjustments to expected future credit losses, considering the impact of the spread of COVID-19 on the business and profit or loss of borrowers (corporate borrowers).

In the fiscal year ended March 31, 2020, some of the consolidated subsidiaries identified industries and products (collectively, the "industries") that may have been affected by downturn of business performance due to the spread of COVID-19, and recorded an additional allowance ("special allowance") of ¥24,635 million for loan losses for estimated credit losses in the future assuming that internal rating of certain credits of the industries would be downgraded to some extent.

In the fiscal year ended March 31, 2021, some of the consolidated subsidiaries changed the assumptions and now believe that the spread and the lull of COVID-19 will continue to alternate and it will take time to settle down (in the fiscal year ended March 31, 2020, they assumed that the effects of COVID-19 would settle down in a certain period of time.).

Considering the changes in the economic environment and internal ratings in the fiscal year ended March 31, 2021, some of the consolidated subsidiaries made assumptions about the extent of deterioration of the future credit risk for each industry, re-estimated credit losses expected in the future for some credits in the industry, and recognized a special allowance of ¥18,432 million (U.S. $167 million), depending on the degree of impact on business performance caused by the spread of COVID-19 and the degree of prospects for recovery after the end of the pandemic.

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 and profit or loss of borrowers due to the spread of COVID-19.

2. Estimates of Retirement Benefit Obligations

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:

¥431,223 million (U.S. $3,897 million)

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, 2021 were ¥231,165 million (U.S. $2,089 million) and ¥13,752 million (U.S. $124 million), respectively. The net amount of ¥217,412 million (U.S. $1,965 million) was calculated by deducting plan assets of ¥648,636 million (U.S. $5,862 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥417,978 million (U.S. $3,777 million) and ¥13,245 million (U.S. $120 million), respectively.

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

Retirement benefit obligations, plan assets, and retirement benefit expenses are calculated based on assumptions used in actuarial calculation. These assumptions include discount rate, expected long-term rate of return on plan assets, employee turnover rate, and mortality rate.

Major assumptions used in actuarial calculation are as follows:

Discount rate	Expected long-term rate of return on plan assets
Mainly 0.5%	4.6%

SuMi TRUST Bank, which accounts for 93.5% 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	¥2,600 million increase	¥33,491 million increase
0.5% increase	¥2,324 million decrease	¥29,676 million decrease
Expected long-term rate of return on plan assets:		
0.5% decrease	¥3,164 million increase	—
0.5% increase	¥3,164 million decrease	—

3. Impairment of Fixed Assets (Including Goodwill)

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:

In the Retail Total Solution Services of SuMi TRUST Bank, the business environment has significantly changed due to the spread of COVID-19. Therefore, the SuMi TRUST Group has evaluated this change as a significant deterioration of business environment and considered the need to record impairment losses, judging from the indication that assets may be impaired.

As a result of the consideration, the carrying amount of operating assets in the Retail Total Solution Services of SuMi TRUST Bank before the impairment was ¥86,475 million (U.S. $ 782 million) and exceeded the recoverable amount. Therefore, impairment losses of ¥19,364 million (U.S. $ 175 million), which include impairment losses of tangible fixed assets of ¥1,655 million (U.S. $ 15 million) and those of software of ¥17,708 million (U.S. $ 160 million), were recognized.

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

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. SuMi TRUST Bank, a major consolidated subsidiary, considers six operating segments as the smallest grouping units ("asset groups") to identify an indication of impairment, decide to recognize impairment losses, and measure those losses. Corporate assets are allocated to each operating segment based on a reasonable allocation method, such as the number of personnel in each operating segment by leveraging the management accounting framework.

Identification of indication that assets may be impaired

An indication of impairment is identified if the asset group falls under any of the following conditions:

- profit (loss) or cash flows from operating activities has been continuously negative, or is expected to continue to be negative
- the business environment for the relevant asset group has been significantly deteriorated, or is expected to be deteriorated
- the fair value of the asset or asset group has significantly decreased
- there was a change in the use of the assets in the asset group, which caused a significant decrease in the recoverable amount

Decision on recognition of an impairment and measurement

For asset groups with an indication of impairment, the total amount of undiscounted future cash flows associated with the asset group is compared with the carrying amount of assets in the asset group, and an impairment loss is recognized if the carrying amount exceeds the total amount of undiscounted future cash flows. Branches which the SuMi TRUST Group decides to close are excluded from the asset groups described above, and the recoverable amounts are measured by the net selling prices of individual branches. The net selling prices are calculated by deducting expected costs of disposal from a real estate appraisal value.

An impairment loss is the difference between the value in use or the net selling price of an asset and its carrying amount.

Value in use is calculated by the present value of the undiscounted future cash flows with the discount rate based on capital costs, which is calculated on the basis of risk-free rates, stock betas, market risk premiums, and other factors.

Undiscounted future cash flows are measured in accordance with the business plan, considering markets and economic conditions in the future. They can change due to unforeseeable events and changes in assumptions used in the business plan in the future.

The future cash flows used to measure the value in use of the Retail Total Solution Services in SuMi Trust Bank, which recognized impairment losses in the fiscal year ended March 31, 2021, are estimated based on the business plan of the SuMi TRUST Group, and take into account major assumptions such as the expected amount of credit transactions and sales plans for insurance and investment trusts.

Changes in Accounting Policies

Change in Accounting Treatment of Past Service Cost

SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, announced the amendment in relevant policies due to the partial revision of defined benefit corporate pension plans in January 2021 and put the amendment into practice on April 1, 2021. The revision was implemented as SuMi TRUST Bank extended the retirement age and revised their remuneration system to provide more extensive treatment for their employees depending on their roles in order to create a working environment that allows employees to work vigorously as the average life expectancy and healthy life expectancy increased. Accounting procedures under the revised pension plans are in accordance with "Accounting for Transfers between Retirement Benefit Plans" (Accounting Standards Board of Japan (ASBJ) Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Practical Issues Task Force (PITF) No. 2, February 7, 2007). The past service cost, which is a decrease in retirement benefit obligations of ¥37,734 million (U.S. $341 million) was incurred as a result of the revision.

Although past service costs were previously recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence, past service costs are primarily charged fully to profit or loss in the fiscal year they occur from the fiscal year ended March 31, 2021. This is because past service costs incurred from amendments in pension plans will not affect the financial statements in the future, while accounting treatment under the previous accounting method will. In addition, the SuMi TRUST Group considers that charging the full amount of past service costs to profit or loss in the fiscal year they occur clarifies the relationship between income and expenses of the SuMi TRUST Group, including the increased personnel expenses as a result of the extension of the retirement age and the revision of the renumeration system, and more appropriately presents financial position and results of operations.

The change in the accounting method to account for past service costs is not applied retrospectively because the amount of unrecognized past service cost is insignificant as of March 31, 2020, and the unrecognized past service cost in addition to the past service cost incurred during the fiscal year ended March 31, 2021 is recognized as extraordinary income in the fiscal year ended March 31, 2021. As a result, compared to the case where the previous accounting method was applied, ordinary profit decreased by ¥859 million (U.S. $8 million) and income before income taxes increased by ¥36,721 million (U.S. $332 million) in the fiscal year ended March 31, 2021.

New Accounting Standards and Interpretations Not Yet Adopted

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

1. Accounting Standard for Revenue Recognition

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

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

2. Accounting Standard for Fair Value Measurement

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

"Accounting Standards for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" ("the standard and guidance for fair value measurement") are developed in order to enhance comparability with international accounting standards and, provide guidance for methods of fair value measurement. The standard and guidance for fair value measurement are adopted to fair value measurement of the following item:

- Financial instruments defined in "Accounting Standard for Financial Instruments"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised and specified what to disclose in the notes, such as the breakdown by the levels of the fair value hierarchy of financial instruments.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

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

Changes in Presentation

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been adopted to the consolidated financial statements from the fiscal year ended March 31, 2021, and notes to significant accounting estimates are presented in the consolidated financial statements. However, the notes do not include information for the fiscal year ended March 31, 2020 in accordance with the transitional treatment provided in the conditional clause in Paragraph 11 in this accounting standard.

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, 2021 and 2020, were ¥1,446 million (U.S. $13 million) and 422 thousand shares, and ¥1,469 million and 429 thousand shares, respectively. The shares are recorded as treasury stock in the net assets section of the consolidated balance sheet as of March 31, 2021.

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Securities in Trading Account	¥ 39,520	¥ 6,096	$ 357
Derivatives of Trading Securities	—	13	—
Derivatives of Securities Related to Trading Transactions	29	498	0
Trading-Related Financial Derivatives	389,215	450,031	3,518
Other Trading Assets	5,000	51,006	45
Total	¥ 433,766	¥ 507,646	$ 3,920

(2) Trading liabilities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Derivatives of Trading Securities	¥ 8	¥ —	$ 0
Derivatives of Securities Related to Trading Transactions	983	—	9
Trading-Related Financial Derivatives	320,585	371,950	2,897
Total	¥ 321,576	¥ 371,950	$ 2,906

2. Securities

Securities held as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Government Bonds	¥ 1,760,490	¥ 1,480,969	$ 15,910
Local Government Bonds	23,686	14,785	214
Corporate Bonds	699,775	671,856	6,324
Stocks	1,655,699	1,333,637	14,963
Other Securities	2,843,830	2,936,350	25,701
Total	¥ 6,983,483	¥ 6,437,599	$ 63,113

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Stocks	¥ 163,676	¥ 153,657	$ 1,479
Equity Investments	27,031	33,528	244

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
	2021	2020	2021
Securities that are Further Collateralized	¥ 154,547	¥ 1,197,832	$ 1,397
Securities that are Further Loaned	1,034,192	1,139,619	9,347
Securities Held without Selling or Repledging as of the End of the Fiscal Year	5,221	—	47

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 ¥76,840 million (U.S. $694 million) and ¥91,755 million as of March 31, 2021 and 2020, respectively.

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Bills Discounted	¥ 763	¥ 1,123	$ 7
Loans on Bills	146,219	217,701	1,321
Loans on Deeds	28,752,736	27,801,810	259,853
Overdrafts	1,607,249	1,682,740	14,526
Total	¥ 30,506,968	¥ 29,703,375	$ 275,707

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

Loans and bills discounted as of March 31, 2021 and 2020, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans in Bankruptcy Proceedings	¥ 2,253	¥ 4,998	$ 20
Delinquent Loans	74,255	53,112	671
Loans Past Due Three Months or More	3,042	3,341	27
Restructured Loans	49,176	38,964	444
Total	¥ 128,729	¥ 100,416	$1,163

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), and that meet the conditions as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

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 loans in bankruptcy proceedings or delinquent 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 loans in bankruptcy proceedings, delinquent loans, or loans past due three months or more.

4. Assets Pledged

Assets pledged as collateral as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets Pledged as Collateral:			
Trading Assets	¥ 29,978	¥ 3,000	$ 271
Securities	2,325,240	2,039,182	21,014
Loans and Bills Discounted	5,012,590	5,333,699	45,301
Lease Receivables and Investment Assets	50,491	57,605	456
Other Assets	109,610	99,232	991
Total	¥ 7,527,910	¥ 7,532,720	$ 68,034
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 19,273	¥ 22,045	$ 174
Call Money and Bills Sold	—	54,345	—
Payables under Repurchase Agreements	709,711	582,927	6,414
Borrowed Money	4,398,213	3,723,322	39,749

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
	2021	2020	2021
Securities	¥ 399,318	¥ 329,749	$ 3,609

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Initial Margins of Futures Markets	¥ 54,685	¥ 8,204	$ 494
Security Deposits	25,978	23,654	235
Cash Collateral Pledged for Financial Instruments-Assets	785,742	801,997	7,101
Cash Collateral Pledged for Repurchase Agreement Transactions	3,198	8,759	29

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 ¥14,037,261 million (U.S. $126,862 million) and ¥12,416,801 million, of which ¥8,771,924 million (U.S. $79,276 million) and ¥8,133,494 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2021 and 2020, 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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Land	¥ 130,586	¥ 114,713	$ 1,180
Buildings	73,966	73,926	668
Lease Assets	5,061	5,178	46
Construction in Progress	108	370	1
Other	18,458	19,358	167
Total	¥ 228,180	¥ 213,547	$ 2,062

Accumulated depreciation amounted to ¥181,392 million (U.S. $1,639 million) and ¥167,302 million, and advance depreciation amounted to ¥25,882 million (U.S. $234 million) and ¥26,175 million as of March 31, 2021 and 2020, 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.

The difference between the fair value and the revalued carrying amount of the land for commercial use subject to Article 10 of the Act as of March 31, 2021 is not presented because the fair value of the land exceeded its carrying amount. The difference between the fair value and the revalued carrying amount of the land was ¥710 million as of March 31, 2020.

7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Software	¥ 69,946	¥ 79,211	$ 632
Goodwill	37,292	45,087	337
Lease Assets	—	0	—
Other	5,065	5,156	46
Total	¥ 112,303	¥ 129,455	$ 1,015

8. Other Assets

Other assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Domestic Exchange Settlement Account, Debit	¥ 1,177	¥ 1,057	$ 11
Prepaid Expenses	7,367	7,640	67
Accrued Income	146,459	147,844	1,324
Initial Margins of Futures Markets	54,685	8,204	494
Variation Margins of Futures Markets	2,568	1,994	23
Financial Derivatives Other Than Trading Assets	621,262	429,705	5,615
Receivables for Securities Transactions	143,708	192,369	1,299
Cash Collateral Pledged for Financial Instruments-Assets	785,742	801,997	7,101
Other	497,426	533,230	4,495
Total	¥ 2,260,399	¥ 2,124,043	$ 20,428

9. Deposits

Deposits as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	¥ 9,437,974	¥ 8,527,615	$ 85,296
Time Deposits	23,064,332	20,767,636	208,444
Other	965,371	1,393,668	8,725
Total	¥ 33,467,678	¥ 30,688,920	$ 302,464

10. Borrowed Money

Borrowed money as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Subordinated Borrowings	¥ 60,000	¥ 60,000	$ 542
Other Borrowed Money	5,722,602	5,796,384	51,718
Total	¥ 5,782,602	¥ 5,856,384	$ 52,260

Weighted average interest rates on borrowed money were 0.11% and 0.24% for the fiscal years ended March 31, 2021 and 2020, respectively.

Annual maturities of borrowed money as of March 31, 2021, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2021	2021
2022	¥ 1,669,700	$ 15,090
2023	200,281	1,810
2024	813,327	7,350
2025	2,357,735	21,308
2026	97,506	881
Total	¥ 5,138,551	$ 46,440

11. Bonds Payable

Bonds payable as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Perpetual Subordinated Bonds	¥ 286,100	¥ 340,000	$ 2,586
Subordinated Bonds	494,495	590,958	4,469
Other Bonds Payable	765,010	194,773	6,914
Total	¥ 1,545,605	¥ 1,125,731	$ 13,968

Annual maturities of bonds payable as of March 31, 2021, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2021	2021
2022	¥ 2,595,546	$ 23,457
2023	60,000	542
2024	419,612	3,792
2025	46,500	420
2026	250,650	2,265
Total	¥ 3,372,308	$ 30,477

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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Domestic Exchange Settlement Account, Credit	¥ 963	¥ 1,123	$ 9
Income Taxes Payable	17,367	20,131	157
Accrued Expenses	61,185	88,342	553
Unearned Income	84,647	80,246	765
Variation Margins of Futures Markets	2,111	977	19
Financial Derivatives Other Than Trading Liabilities	665,336	539,042	6,013
Lease Obligations	12,265	9,854	111
Asset Retirement Obligations	4,193	4,133	38
Payables for Securities Transactions	144,357	102,882	1,305
Provision for Loss on Interest Repayment	39	41	0
Cash Collateral Accepted for Financial Instruments-Liabilities	155,739	134,626	1,407
Other	211,653	234,031	1,913
Total	¥ 1,359,860	¥ 1,215,433	$ 12,290

Notes to the Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Interest on Monetary Claims Bought	¥ 2,778	¥ 5,217	$ 25
Others	2,216	4,422	20
Total	¥ 4,994	¥ 9,640	$ 45

(2) Other interest expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Interest on Interest Rate Swaps	¥ 27,641	¥ 42,586	$ 250
Others	20,928	18,577	189
Total	¥ 48,570	¥ 61,163	$ 439

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Income from Trading Securities and Derivatives	¥ —	¥ 787	$ —
Net Income from Trading Transactions	—	1,034	—
Net Income from Trading-Related Financial Derivatives Transactions	—	100,309	—
Other Trading Income	76	57	1
Total	¥ 76	¥ 102,189	$ 1

(2) Trading expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Expenses on Trading Securities and Derivatives	¥ 391	¥ —	$ 4
Net Expenses on Trading Transactions	2,097	—	19
Net Expenses on Trading-Related Financial Derivatives Transactions	30,812	—	278
Total	¥ 33,300	¥ —	$ 301

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Gains on Foreign Exchange Transactions	¥ 79,280	¥ 50,064	$ 716
Gains on Sales and Redemption of Bonds	16,135	46,682	146
Net Income from Derivatives Other Than for Trading or Hedging	17,819	—	161
Others	289,158	253,031	2,613
Total	¥ 402,394	¥ 349,778	$ 3,637

(2) Other ordinary expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Losses on Sales and Redemption of Bonds	¥ 22,917	¥ 11,338	$ 207
Others	267,432	269,150	2,417
Total	¥ 290,350	¥ 280,488	$ 2,624

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Gains on Sales of Stocks and Other Securities	¥ 99,814	¥ 65,336	$ 902
Gains on Money Held in Trust	3,071	45	28
Recoveries of Written-Off Claims	809	1,149	7
Equity in Earnings of Affiliated Companies	11,677	9,929	106
Gains on Disposal of Fixed Assets	151	3,154	1
Others (Note)	42,662	16,066	386
Total	¥ 158,185	¥ 95,680	$1,430

(Note) "Others" include extraordinary income of ¥37,580 million (U.S. $340 million) which was recognized as SuMi TRUST Bank charged the full amount of past service costs for retirement benefits to profit or loss in the fiscal year they occur as described in "Changes in Accounting Policies."

(2) Other expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Provision for Allowance for Loan Losses	¥ 3,277	¥ 39,972	$ 30
Losses on Sales of Loans	—	972	—
Write-Off of Loans	4,272	3,475	39
Losses on Sales of Stocks and Other Securities	142,526	12,672	1,288
Losses on Impairment of Stocks and Other Securities	815	12,495	7
Losses on Money Held in Trust	—	1,076	—
Losses on Disposal of Fixed Assets	710	731	6
Losses on Impairment of Fixed Assets (Note)	20,173	19,360	182
Losses on Investment in Partnerships	3,853	2,397	35
Others	31,956	19,180	289
Total	¥ 207,586	¥ 112,333	$ 1,876

(Note) The SuMi TRUST Group has revised the cost restructure reform and the strategies at branches considering the new normal as a result of the change in business environment due to the spread of COVID-19. In addition, the SuMi TRUST Group has continuously implemented initiatives to enhance management accounting. The application method of asset impairment accounting for fixed assets has been revised to apply these initiatives. In particular, SuMi TRUST Bank, a major consolidated subsidiary, switched the asset group under the asset impairment accounting from a branch or other asset groups to six operating segments. In addition, SuMi TRUST Bank now allocates corporate assets to each operating segment based on a reasonable method such as the number of personnel in each segment.

As a result of these revisions, impairment losses were recognized as the investment of operating assets for the Retail Total Solution Services were deemed unrecoverable.

The impairment losses recognized due to the revision of the application method of asset impairment accounting described above were ¥19,364 million (U.S. $175 million), which include impairment losses of tangible fixed assets of ¥1,655 million (U.S. $15 million) and those of software of ¥17,708 million (U.S. $160 million). The entire impairment losses including those due to the revision were ¥20,173 million (U.S. $182 million), which include impairment losses of tangible fixed assets of ¥1,893 million (U.S. $17 million) and those of software of ¥18,280 million (U.S. $165 million).

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

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Taxes other than Income Taxes	¥ 16,888	¥ 17,796	$ 153
Personnel Expenses	201,807	192,824	1,824
Others	212,727	222,834	1,923
Total	¥ 431,422	¥ 433,455	$ 3,899

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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (80,460)	¥ (94,298)	$ (727)
Reclassification Adjustments	50,427	(73,243)	456
Before Tax Effects	(30,032)	(167,541)	(271)
Tax Effects	9,731	50,617	88
Valuation Difference on Available-for-Sale Securities	(20,301)	(116,924)	(183)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(10,714)	(72,505)	(97)
Reclassification Adjustments	27,625	42,592	250
Before Tax Effects	16,910	(29,912)	153
Tax Effects	(6,966)	10,965	(63)
Deferred Gains (Losses) on Hedges	9,944	(18,946)	90
Foreign Currency Translation Adjustments:			
Changes during the Period	1,982	(2,387)	18
Reclassification Adjustments	—	—	—
Before Tax Effects	1,982	(2,387)	18
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	1,982	(2,387)	18
Remeasurements of Defined Benefit Plans			
Changes during the Period	81,233	(73,035)	734
Reclassification Adjustments	11,679	2,021	106
Before Tax Effects	92,912	(71,014)	840
Tax Effects	(28,420)	21,727	(257)
Remeasurements of Defined Benefit Plans	64,492	(49,287)	583
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	857	(1,242)	8
Reclassification Adjustments	222	(280)	2
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	1,080	(1,523)	10
Total Other Comprehensive Income (Loss)	¥ 57,199	¥ (189,068)	$ 517

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, 2021 and 2020, 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, 2021					
Number of Issued Shares:					
Common Share	850,000	375,291	—	—	375,291
Treasury Stock:					
Common Share		755	6	15	745

(Notes)

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

2) The number of shares of common stock held as treasury stock decreased by 15 thousand shares and its breakdown is as follows.

- Decreased by 0 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders.
- Decreased by 8 thousand shares due to transfer of shares upon exercise of stock option rights.
- Decreased by 6 thousand shares due to the sales under the share delivery trust for the Directors system.

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

	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, 2020					
Number of Issued Shares:					
Common Share	850,000	390,348	—	15,057	375,291
Treasury Stock:					
Common Share		11,751	4,492	15,488	755

(Notes)

1) The number of shares of common stock decreased by 15,057 thousand shares due to cancellation.

2) The number of shares of common stock held as treasury stock increased by 4,492 thousand shares and its breakdown is as follows.

- Increased by 6 thousand shares due to the purchase of odd-lot or less than one thousand shares.
- Increased by 4,057 thousand shares due to the acquisition of treasury stock which was resolved at the meeting of the board of directors held on May 15, 2019.
- Increased by 429 thousand shares due to the acquisition under share delivery trust for the Directors system.

3) The number of shares of common stock held as treasury stock decreased by 15,488 thousand shares and its breakdown is as follows.

- Decreased by 0 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders.
- Decreased by 2 thousand shares due to transfer of shares upon exercise of stock option rights.
- Decreased by 429 thousand shares due to the sales under the share delivery trust for the Directors system.
- Decrease by 15,057 thousand shares due to cancellation.

4) The number of shares of common stock held as treasury stock at the end of the fiscal year include 429 thousand shares of SuMi TRUST Holdings held by share delivery trust for the Directors. The increase in the number of shares of common stock with regard to share delivery trust for the Directors is 429 thousand shares as of March 31, 2020.

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2021	2020	**2021**
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	**¥ 1,024**	¥ 1,057	**$ 9**

3. Dividends

Dividends paid for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

As for the fiscal year ended March 31, 2021:

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
June 26, 2020						
Ordinary General Meeting of Shareholders	Common Share	**¥ 28,122 ($254)**	Retained Earnings	**¥ 75.00 ($0.68)**	March 31, 2020	June 29, 2020

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
November 12, 2020						
Board of Directors' Meeting	Common Share	**¥ 28,122 ($254)**	Retained Earnings	**¥ 75.00 ($0.68)**	September 30, 2020	December 2, 2020

(Notes)

1) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 26, 2020 include ¥32 million (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 12, 2020 include ¥31 million (U.S. $0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

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

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen (Millions of U.S. Dollars))	Dividend Resources	Cash Dividends per Share (Yen (U.S. Dollars))	Record Date	Effective Date
June 23, 2021						
Ordinary General Meeting of Shareholders	Common Share	**¥ 28,122 ($254)**	Retained Earnings	**¥ 75.00 ($0.68)**	March 31, 2021	June 24, 2021

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

As for the fiscal year ended March 31, 2020:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 27, 2019						
Ordinary General Meeting of Shareholders	Common Share	¥ 28,394	Retained Earnings	¥ 75.00	March 31, 2019	June 28, 2019

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
November 13, 2019						
Board of Directors' Meeting	Common Share	¥ 28,122	Retained Earnings	¥ 75.00	September 30, 2019	December 3, 2019

(Note) Cash dividends declared at the Board of Directors' Meeting held on November 13, 2019 include ¥32 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 fiscal year ended March 31, 2020, but whose effective date is after March 31, 2020, are as follows:

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

(Note) Cash dividends declared in Ordinary General Meeting of Shareholders held on June 26, 2020 include ¥32 million (U.S. $0.3 million) of dividends for treasury stock held by the share delivery trust for the Directors.

Notes 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, 2021 and 2020.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash and Due from Banks	¥ 18,488,763	¥ 13,141,192	$ 167,092
Due from Banks Held by SuMi TRUST Bank (Excluding Due from the Bank of Japan)	(1,689,616)	(2,181,167)	(15,270)
Cash and Cash Equivalents	¥ 16,799,146	¥ 10,960,024	$ 151,822

Leases

1. Finance Leases

As a lessee:

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

1) Description of lease assets

i) Tangible fixed assets

Mainly branch buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

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

2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Due in One Year or Less	¥ 3,922	¥ 3,827	$ 35
Due in More Than One Year	18,162	20,390	164
Total	¥ 22,084	¥ 24,218	$ 200

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Due in One Year or Less	¥ 6,492	¥ 5,364	$ 59
Due in More Than One Year	49,946	24,470	451
Total	¥ 56,439	¥ 29,835	$ 510

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, 2021, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥9.3 billion (U.S. $84 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, 2021, resulted in zero instance 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, 2021, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥860.9 billion (U.S. $7,780 million).

SuMi TRUST Group performs back testing on certain positions held in the Banking Accounts that compares the results of VaR calculations based on its internal model with actual profits or losses regarding financial assets and liabilities subject to measurement. SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture those risks under extreme market movements.

3) Funding liquidity risk management

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

(a) Funding liquidity risk management policy

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

(b) Funding liquidity risk management framework and methods

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

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

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

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

2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheet and fair values of financial instruments as of March 31, 2021 and 2020, as well as the differences between these values are presented below. The fair values of unlisted stocks are excluded from the following table, because such fair values are extremely difficult to be determined (See Note 2).

	Millions of Yen			Millions of U.S. Dollars		
	2021			2021		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 18,488,598	¥ 18,488,598	¥ —	$ 167,091	$ 167,091	$ —
(2) Call Loans and Bills Bought	8,766	8,766	—	79	79	—
(3) Receivables under Resale Agreements	160,268	160,268	—	1,448	1,448	—
(4) Receivables under Securities Borrowing Transactions	727,689	727,689	—	6,577	6,577	—
(5) Monetary Claims Bought (*1)	885,496	886,296	800	8,003	8,010	7
(6) Trading Assets						
Trading Securities	44,521	44,521	—	402	402	—
(7) Money Held in Trust	12,123	12,123	—	110	110	—
(8) Securities						
Held-to-Maturity Debt Securities	275,820	292,071	16,250	2,493	2,640	147
Available-for-Sale Securities	6,277,330	6,277,330	—	56,731	56,731	—
(9) Loans and Bills Discounted	30,506,968			275,707		
Allowance for Loan Losses (*2)	(115,198)			(1,041)		
	30,391,769	30,702,437	310,668	274,666	277,473	2,808
(10) Foreign Exchanges	25,396	25,396	—	230	230	—
(11) Lease Receivables and Investment Assets (*1)	689,262	699,669	10,406	6,229	6,323	94
Total Assets	¥ 57,987,043	¥ 58,325,169	¥ 338,125	$ 524,058	$ 527,114	$ 3,056
(1) Deposits	¥ 33,467,678	¥ 33,486,483	¥ 18,804	$ 302,464	$ 302,634	$ 170
(2) Negotiable Certificates of Deposit	7,160,594	7,160,594	—	64,714	64,714	—
(3) Call Money and Bills Sold	60,675	60,675	—	548	548	—
(4) Payables under Repurchase Agreements	1,628,440	1,628,440	—	14,717	14,717	—
(5) Borrowed Money	5,782,602	5,782,030	(571)	52,260	52,255	(5)
(6) Foreign Exchanges	577	577	—	5	5	—
(7) Short-Term Bonds Payable	2,545,049	2,545,049	—	23,001	23,001	—
(8) Bonds Payable	1,545,605	1,564,144	18,538	13,968	14,136	168
(9) Borrowed Money from Trust Account	4,915,208	4,915,208	—	44,421	44,421	—
Total Liabilities	¥ 57,106,433	¥ 57,143,204	¥ 36,771	$ 516,100	$ 516,432	$ 332
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 150,258	¥ 150,258	¥ —	$ 1,358	$ 1,358	$ —
Derivatives Transactions Qualifying for Hedge Accounting (*4)	(126,664)	(126,664)	—	(1,145)	(1,145)	—
Total Derivatives Transactions	¥ 23,594	¥ 23,594	¥ —	$ 213	$ 213	$ —

	Millions of Yen		
	2020		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 13,141,128	¥ 13,141,128	¥ —
(2) Call Loans and Bills Bought	71,236	71,236	—
(3) Receivables under Resale Agreements	1,220,761	1,220,761	—
(4) Receivables under Securities Borrowing Transactions	740,658	740,658	—
(5) Monetary Claims Bought (*1)	987,691	988,352	660
(6) Trading Assets			
Trading Securities	57,102	57,102	—
(7) Money Held in Trust	7,130	7,130	—
(8) Securities			
Held-to-Maturity Debt Securities	265,044	275,316	10,272
Available-for-Sale Securities	5,777,030	5,777,030	—
(9) Loans and Bills Discounted	29,703,375		
Allowance for Loan Losses (*2)	(112,691)		
	29,590,684	29,885,145	294,461
(10) Foreign Exchanges	36,952	36,952	—
(11) Lease Receivables and Investment Assets (*1)	667,370	682,846	15,475
Total Assets	¥ 52,562,791	¥ 52,883,661	¥ 320,869
(1) Deposits	¥ 30,688,920	¥ 30,709,549	¥ 20,628
(2) Negotiable Certificates of Deposit	5,860,292	5,860,292	—
(3) Call Money and Bills Sold	142,974	142,974	—
(4) Payables under Repurchase Agreements	1,558,919	1,558,919	—
(5) Borrowed Money	5,856,384	5,852,389	(3,995)
(6) Foreign Exchanges	3,213	3,213	—
(7) Short-Term Bonds Payable	1,707,097	1,707,097	—
(8) Bonds Payable	1,125,731	1,142,712	16,980
(9) Borrowed Money from Trust Account	4,750,289	4,750,289	—
Total Liabilities	¥ 51,693,823	¥ 51,727,436	¥ 33,613
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ (17,750)	¥ (17,750)	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	(12,992)	(12,992)	—
Total Derivatives Transactions	¥ (30,742)	¥ (30,742)	¥ —

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheet, because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(*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, September 29, 2020) has been adopted to these hedge transactions.

(Note 1) Method for Calculating Fair Values of Financial Instruments

Assets

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Fair values of monetary claims bought for which counterparties' quoted prices or dealer/broker-quoted prices are available are stated at such prices. Fair values for all other claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) 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. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices.

Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) 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 assumed interest rate for similar new loans. However, floating-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheet 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 fair value because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

Liabilities

(1) Deposits and (2) 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).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (6) Foreign Exchanges, (7) Short-Term Bonds Payable, and (9) Borrowed Money from Trust Account

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts, because most of the obligations have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(5) Borrowed Money

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

(8) Bonds Payable

Bonds issued by SuMi TRUST Holdings and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

Derivatives Transactions

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheet whose fair values are extremely difficult to be determined are as stated below, and such amounts are not included in the fair value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" sections.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	¥ 6,165	¥ 11,227	$ 56
Securities	239,624	208,340	2,166
(1) Unlisted Stocks (*3)	76,368	73,478	690
(2) Investments in Associations	123,514	103,219	1,116
(3) Others (*3)	39,741	31,642	359
Total	¥ 245,790	¥ 219,567	$ 2,221

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks of subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2021, impairment losses of ¥520 million (U.S. $5 million) were recognized against Unlisted Stocks.

During the fiscal year ended March 31, 2020, impairment losses of ¥1,735 million and ¥440 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2021 and 2020

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

	Millions of Yen					
March 31, 2020	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	¥ 13,058,474	¥ 1,740	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	71,236	—	—	—	—	—
Receivables under Resale Agreements	1,220,761	—	—	—	—	—
Receivables under Securities Borrowing Transactions	740,658	—	—	—	—	—
Monetary Claims Bought (*1)	793,015	104,699	33,434	19,275	14,964	33,464
Money Held in Trust	5,823	—	1,406	—	—	—
Securities	1,214,795	1,084,099	939,586	538,654	279,545	769,389
Held-to-Maturity Debt Securities	2,632	—	60	4,020	60,000	195,048
Government Bonds	—	—	60	—	60,000	55,000
Corporate Bonds	—	—	—	—	—	33,200
Available-for-Sale Securities with Maturity	1,212,162	1,084,099	939,526	534,633	219,545	574,341
Government Bonds	838,106	260,315	225,000	—	25,000	10,000
Local Government Bonds	1,228	—	4,546	2,924	6,090	—
Corporate Bonds	21,110	186,052	133,053	196,684	43,275	56,529
Loans and Bills Discounted (*2)	4,179,611	5,463,825	4,520,997	2,848,790	2,473,254	7,592,971
Lease Receivables and Investment Assets (*3)	163,446	239,007	127,633	65,418	50,939	10,717
Total	¥ 21,447,824	¥ 6,893,372	¥ 5,623,058	¥ 3,472,138	¥ 2,818,702	¥ 8,406,542

	Millions of U.S. Dollars					
March 31, 2021	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	$ 166,424	$ 6	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	79	—	—	—	—	—
Receivables under Resale Agreements	1,448	—	—	—	—	—
Receivables under Securities Borrowing Transactions	6,577	—	—	—	—	—
Monetary Claims Bought (*1)	6,483	619	137	35	17	767
Money Held in Trust	98	11	1	—	—	—
Securities	12,625	8,596	9,077	4,956	2,697	7,665
Held-to-Maturity Debt Securities	—	—	46	181	542	1,697
Government Bonds	—	—	—	181	542	316
Corporate Bonds	—	—	—	—	—	211
Available-for-Sale Securities with Maturity	12,625	8,596	9,032	4,775	2,155	5,968
Government Bonds	8,380	1,808	3,434	—	—	1,220
Local Government Bonds	—	15	72	32	95	—
Corporate Bonds	286	1,973	1,977	999	276	579
Loans and Bills Discounted (*2)	41,899	52,550	42,183	23,620	22,459	70,600
Lease Receivables and Investment Assets (*3)	1,477	2,204	1,394	495	429	101
Total	$ 237,110	$ 63,987	$ 52,793	$ 29,106	$ 25,602	$ 79,132

(*1) The balances exclude Monetary Claims Bought for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥58 million (U.S. $1 million) and ¥105 million as of March 31, 2021 and 2020, respectively.

(*2) The balances exclude Loans and Bills Discounted for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥76,509 million (U.S. $691 million) and ¥58,110 million, and those without maturity, amounting to ¥2,401,629 million (U.S. $21,705 million) and ¥2,565,814 million as of March 31, 2021 and 2020, respectively.

(*3) The balances exclude Lease Receivables and Investment Assets for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥549 million (U.S. $5 million) and ¥665 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥19,691 million (U.S. $178 million) and ¥16,051 million as of March 31, 2021 and 2020, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2021 and 2020

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

	Millions of Yen					
March 31, 2020	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)	¥ 23,560,192	¥ 4,537,687	¥ 2,589,537	¥ 1,183	¥ 320	¥ —
Negotiable Certificates of Deposit	5,815,292	45,000	—	—	—	—
Call Money and Bills Sold	142,974	—	—	—	—	—
Payables under Repurchase Agreements	1,471,967	86,952	—	—	—	—
Borrowed Money	2,980,182	1,468,489	781,385	131,702	74,522	420,102
Short-Term Bonds Payable	1,708,473	—	—	—	—	—
Bonds Payable (*2)	229,700	110,000	76,500	163,000	190,000	—
Borrowed Money from Trust Account	4,750,289	—	—	—	—	—
Total	¥ 40,659,070	¥ 6,248,128	¥ 3,447,423	¥ 295,885	¥ 264,842	¥ 420,102

	Millions of U.S. Dollars					
March 31, 2021	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)	$ 228,382	$ 48,810	$ 25,261	$ 8	$ 2	$ —
Negotiable Certificates of Deposit	63,675	1,039	—	—	—	—
Call Money and Bills Sold	548	—	—	—	—	—
Payables under Repurchase Agreements	14,717	—	—	—	—	—
Borrowed Money	15,090	9,160	22,189	1,646	702	3,472
Short-Term Bonds Payable	23,005	—	—	—	—	—
Bonds Payable (*2)	452	4,335	2,685	2,648	1,265	—
Borrowed Money from Trust Account	44,421	—	—	—	—	—
Total	$ 390,291	$ 63,345	$ 50,136	$ 4,303	$ 1,969	$ 3,472

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

(*2) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥286,100 million (U.S. $2,586 million) and ¥356,100 million as of March 31, 2021 and 2020, 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
	2021	2020	2021
Trading Securities	¥ (326)	¥ (129)	$ (3)

2. Held-to-Maturity Securities with Fair Value

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

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 118,407	¥ 136,239	¥ 17,831
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	33,200	33,652	452
Other Bonds	65,817	65,943	126
Foreign Bonds	845	849	4
Others	64,972	65,093	121
Subtotal	217,425	235,835	18,410
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	112,591	104,574	(8,016)
Foreign Bonds	112,591	104,574	(8,016)
Others	—	—	—
Subtotal	112,591	104,574	(8,016)
Total	¥ 330,016	¥ 340,410	¥ 10,394

March 31, 2021	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,067	$ 1,209	$ 142
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	211	215	4
Other Bonds	1,394	1,397	2
Foreign Bonds	921	922	1
Others	474	475	1
Subtotal	2,672	2,820	148
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	294	294	(0)
Foreign Bonds	294	294	(0)
Others	—	—	—
Subtotal	294	294	(0)
Total	$ 2,966	$ 3,114	$ 148

3. Available-for-Sale Securities

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

March 31, 2020	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 996,484	¥ 415,197	¥ 581,286
Bonds	1,461,837	1,458,337	3,500
Government Bonds	1,053,929	1,053,492	437
Local Government Bonds	4,906	4,874	32
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	403,001	399,970	3,030
Other Securities	1,394,260	1,326,811	67,449
Foreign Stocks	2,613	190	2,422
Foreign Bonds	827,306	800,431	26,874
Others	564,340	526,188	38,151
Subtotal	3,852,582	3,200,346	652,235
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 114,128	¥ 151,609	¥ (37,481)
Bonds	554,166	555,804	(1,638)
Government Bonds	308,631	309,155	(523)
Local Government Bonds	9,879	9,914	(34)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	235,655	236,735	(1,079)
Other Securities	1,287,738	1,403,255	(115,516)
Foreign Stocks	874	1,320	(446)
Foreign Bonds	529,513	557,258	(27,745)
Others	757,351	844,675	(87,324)
Subtotal	1,956,033	2,110,669	(154,635)
Total	¥ 5,808,615	¥ 5,311,015	¥ 497,599

March 31, 2021	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 12,333	$ 4,824	$ 7,509
Bonds	16,172	16,135	38
Government Bonds	11,767	11,759	8
Local Government Bonds	58	58	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	4,347	4,318	29
Other Securities	8,865	8,596	269
Foreign Stocks	30	2	28
Foreign Bonds	6,787	6,669	119
Others	2,048	1,926	122
Subtotal	37,370	29,555	7,815
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 513	$ 646	$ (133)
Bonds	4,998	5,029	(31)
Government Bonds	3,076	3,101	(24)
Local Government Bonds	156	157	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,766	1,772	(6)
Other Securities	14,848	18,278	(3,429)
Foreign Stocks	8	12	(4)
Foreign Bonds	7,433	7,466	(33)
Others	7,407	10,799	(3,392)
Subtotal	20,359	23,952	(3,593)
Total	$ 57,729	$ 53,507	$ 4,222

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, 2021 and 2020.

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

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

Year Ended March 31, 2020	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 61,197	¥ 40,713	¥ 1,026
Bonds	372,898	2,542	2,930
Government Bonds	330,708	2,362	2,812
Local Government Bonds	2,518	11	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	39,671	168	117
Other Securities	3,099,134	68,445	20,034
Foreign Stocks	2,565	345	233
Foreign Bonds	2,573,278	42,816	7,757
Others	523,290	25,283	12,043
Total	¥ 3,533,230	¥ 111,701	¥ 23,991

Year Ended March 31, 2021	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	$ 1,165	$ 852	$ 10
Bonds	5,905	2	14
Government Bonds	5,828	2	14
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	77	0	—
Other Securities	20,228	192	1,471
Foreign Stocks	18	0	1
Foreign Bonds	15,461	131	188
Others	4,749	61	1,282
Total	$ 27,298	$ 1,047	$ 1,495

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

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, 2021 and 2020.

7. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, 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, 2021 and 2020, were ¥289 million (U.S. $3 million) and ¥10,738 million, respectively. Impairment losses on Others recognized during the fiscal year ended March 31, 2021 and 2020 were ¥5 million (U.S. $0.05 million) and ¥21 million.

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

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

Money Held in Trust

1. Money Held in Trust for Trading Purposes

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

	Millions of Yen	
Year Ended March 31, 2020	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Money Held in Trust for Trading Purposes	¥ 5,823	¥ (1,076)

	Millions of U.S. Dollars	
Year Ended March 31, 2021	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Money Held in Trust for Trading Purposes	$ 98	$ 27

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, 2021 and 2020.

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

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

	Millions of Yen				
March 31, 2020	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,406	¥ 1,018	¥ 388	¥ 388	¥ —

	Millions of U.S. Dollars				
March 31, 2021	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	$ 12	$ 9	$ 3	$ 3	$ —

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

Valuation Differences on Available-for-Sale Securities

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

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Valuation Differences			
Available-for-Sale Securities	¥ 469,518	¥ 499,573	$ 4,243
Other Money Held in Trust	380	388	3
Total Valuation Differences	469,898	499,961	4,247
Amount Equivalent to Deferred Tax Assets (Liabilities)	(142,109)	(151,869)	(1,284)
Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	327,788	348,092	2,962
Non-Controlling Interests	(159)	(74)	(1)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	1,800	3,442	16
Valuation Differences on Available-for-Sale Securities	¥ 329,429	¥ 351,459	$ 2,977

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to be determined, are included in the "Available-for-Sale Securities" under "Valuation Differences."

2) The valuation difference of ¥2,288 million (U.S. $21 million) and ¥2,132 million on available-for-sale securities composing assets held by associated companies as of March 31, 2021 and 2020, respectively, is included in "Available-for-Sale Securities" under "Valuation Differences."

3) The unamortized portion of valuation difference as of March 31, 2020 arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Differences."

Derivatives

1. Derivatives Transactions Not Qualifying for Hedge Accounting

Derivatives transactions not qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values 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, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 16,259,100	¥ 8,204,867	¥ (12,132)	¥ (12,132)	$ 146,942	$ 74,152	$ (110)	$ (110)
Purchased	16,382,636	8,740,344	9,956	9,956	148,058	78,991	90	90
Interest Options								
Sold	760,290	—	(85)	(26)	6,871	—	(1)	(0)
Purchased	680,474	—	108	29	6,150	—	1	0
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	45,212,322	35,442,523	1,042,944	1,042,944	408,607	320,312	9,426	9,426
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	37,529,904	30,758,857	(1,072,591)	(1,072,591)	339,177	277,983	(9,694)	(9,694)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	23,205,620	19,522,140	474	474	209,721	176,431	4	4
Interest Options								
Sold	9,282,788	9,266,363	18,087	27,782	83,893	83,745	163	251
Purchased	6,255,661	6,239,584	(3,461)	(7,879)	56,536	56,390	(31)	(71)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (16,697)	¥ (11,442)			$ (151)	$ (103)

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 20,873,613	¥ 7,936,931	¥ (48,309)	¥ (48,309)
Purchased	21,329,778	7,616,507	46,361	46,361
Interest Options				
Sold	2,942,641	—	(1,175)	(715)
Purchased	2,937,903	—	1,144	508
OTC				
Forward Rate Agreements				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	50,872,014	39,266,116	2,208,234	2,208,234
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	43,837,712	34,523,749	(2,159,973)	(2,159,973)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	22,336,839	17,809,579	3,096	3,096
Interest Options				
Sold	9,925,297	9,906,302	(33,630)	(22,767)
Purchased	6,642,159	6,608,026	18,834	14,371
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 34,583	¥ 40,805

(Notes)

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

2) The fair values of listed derivatives transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of OTC derivatives transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Currency Futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
OTC								
Currency Swaps	¥ 7,182,667	¥ 5,771,209	¥ 53,639	¥ 53,639	$ 64,913	$ 52,157	$ 485	$ 485
Forward Exchange Contracts								
Sold	15,332,172	993,767	(297,505)	(297,505)	138,565	8,981	(2,689)	(2,689)
Purchased	20,910,556	364,335	422,703	422,703	188,979	3,293	3,820	3,820
Currency Options								
Sold	1,128,393	676,694	(50,297)	6,515	10,198	6,116	(455)	59
Purchased	794,918	473,197	39,658	(5,507)	7,184	4,277	358	(50)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 168,199	¥ 179,845			$1,520	$1,625

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Currency Futures				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options				
Sold	—	—	—	—
Purchased	—	—	—	—
OTC				
Currency Swaps	¥ 5,208,369	¥ 4,495,735	¥ (4,770)	¥ (4,770)
Forward Exchange Contracts				
Sold	12,324,261	832,222	(78,921)	(78,921)
Purchased	16,353,498	227,010	30,111	30,111
Currency Options				
Sold	1,170,658	606,930	(43,375)	8,257
Purchased	892,363	443,075	44,170	(2,909)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (52,784)	¥ (48,231)

(Notes)

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

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 182,001	¥ —	¥ (1,850)	¥ (1,850)	$ 1,645	$ —	$ (17)	$ (17)
Purchased	123,854	—	1,903	1,903	1,119	—	17	17
Stock Index Options								
Sold	67,159	—	(806)	(87)	607	—	(7)	(1)
Purchased	108,307	—	339	(284)	979	—	3	(3)
OTC								
OTC Stock Options								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
OTC Stock Swaps								
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	—	—	—	—	—	—	—	—
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (412)	¥ (318)			$ (4)	$ (3)

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 69,802	¥ —	¥ (1,245)	¥ (1,245)
Purchased	36,429	—	2,339	2,339
Stock Index Options				
Sold	26,674	—	(868)	(347)
Purchased	5,100	—	4	(35)
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			¥ 230	¥ 710

(Notes)

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

2) The fair values of listed derivatives transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,710,794	¥ —	¥ 25,127	¥ 25,127	$ 15,461	$ —	$ 227	$ 227
Purchased	1,668,659	—	(23,317)	(23,317)	15,081	—	(211)	(211)
Bond Future Options								
Sold	711,176	—	(3,295)	75	6,427	—	(30)	1
Purchased	347,961	—	1,072	(198)	3,145	—	10	(2)
OTC								
Bond Forward Contracts								
Sold	¥ 44,260	¥ —	¥ 230	¥ 230	$ 400	$ —	$ 2	$ 2
Purchased	55,657	—	(177)	(177)	503	—	(2)	(2)
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (359)	¥ 1,738			$ (3)	$ 16

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 2,314,032	¥ —	¥ (55,526)	¥ (55,526)
Purchased	2,407,161	—	55,375	55,375
Bond Future Options				
Sold	66,991	—	(325)	99
Purchased	47,986	—	169	(42)
OTC				
Bond Forward Contracts				
Sold	¥ 20,332	¥ —	¥ (252)	¥ (252)
Purchased	33,816	—	649	649
Bond Options				
Sold	—	—	—	—
Purchased	—	—	—	—
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 89	¥ 303

(Notes)

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

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 40,500	¥ 29,000	¥ 903	¥ 903	$ 366	$ 262	$ 8	$ 8
Purchased	46,032	34,532	(1,373)	(1,373)	416	312	(12)	(12)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (469)	¥ (469)			$ (4)	$ (4)

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 59,034	¥ 45,934	¥ (59)	¥ (59)
Purchased	65,540	52,440	190	190
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 131	¥ 131

(Notes)

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

2) The fair values are calculated using the net present value method.

3) "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, as well as the methods for determining such fair values 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, 2021 and 2020, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2021			2021		
		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	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 712,507	¥ 652,507	¥ (2,402)	$ 6,439	$ 5,897	$ (22)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,566,967	1,414,632	(34,735)	14,161	12,785	(314)
Interest Futures							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Interest Options							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Exceptional Treatment for Interest Rate Swaps							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ —	¥ —		$ —	$ —	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		—	—		—	—	
Total				¥ (37,137)			$ (336)

	Major Hedged Item	Millions of Yen		
		2020		
		Notional Amount		Fair Value
		Total	Over One Year	
Deferral Method				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Interest-Earning/ Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 795,889	¥ 132,000	¥ 1,525
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,513,915	1,359,935	(52,136)
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				¥ (50,610)

(Notes)

1) In principle, deferred hedge accounting stipulated in Guidance No. 24 and Report No. 24 is applied during the fiscal years ended March 31, 2021 and 2020, respectively.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Major Hedged Item	Millions of Yen 2021 Notional Amount Total	Millions of Yen 2021 Notional Amount Over One Year	Millions of Yen 2021 Fair Value	Millions of U.S. Dollars 2021 Notional Amount Total	Millions of U.S. Dollars 2021 Notional Amount Over One Year	Millions of U.S. Dollars 2021 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,489,799	¥ 1,109,499	¥ (89,194)	$ 22,502	$ 10,027	$ (806)
Forward Exchange Contracts							
Sold		19,071	—	(695)	172	—	(6)
Purchased		87,050	—	2,816	787	—	25
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"							
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies						
Sold		¥ 96,624	¥ —	¥ (2,452)	$ 873	$ —	$ (22)
Purchased		—	—	—	—	—	—
Total				¥ (89,526)			$ (809)

	Major Hedged Item	Millions of Yen 2020 Notional Amount Total	Millions of Yen 2020 Notional Amount Over One Year	Millions of Yen 2020 Fair Value
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,301,582	¥ 1,214,987	¥ 31,261
Forward Exchange Contracts				
Sold		13,146	—	21
Purchased		4,793	—	3,889
Others				
Sold		—	—	—
Purchased		—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"				
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies			
Sold		¥ 91,176	¥ —	¥ 2,446
Purchased		—	—	—
Total				¥ 37,618

(Notes)

1) In principle, deferred hedge accounting stipulated in Guidance No. 25 and Report No. 25 is applied during the fiscal years ended March 31, 2021 and 2020, respectively.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2021 and 2020.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2021 and 2020.

Retirement and Pension Plans

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

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

SuMi TRUST Bank partially revised defined benefit corporate pension plans in April 2021 as described in Changes in Accounting Policies.

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
	2021	2020	2021
Retirement Benefit Obligations (opening balance)	¥ 462,975	¥ 465,033	$ 4,184
Service Cost-Benefits Earned during the Fiscal Year	12,813	13,895	116
Interest Cost on Projected Benefit Obligations	2,278	2,340	21
Actuarial Gains and Losses that Arose during the Fiscal Year	8,992	122	81
Retirement Benefits Paid	(18,102)	(18,513)	(164)
Past Service Cost that Arose during the Fiscal Year	(37,734)	—	(341)
Other	—	97	—
Retirement Benefit Obligations (closing balance)	¥ 431,223	¥ 462,975	$ 3,897

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Plan Assets (opening balance)	¥ 536,026	¥ 589,955	$ 4,844
Expected Return on Plan Assets	24,766	24,496	224
Actuarial Gains and Losses that Arose during the Fiscal Year	90,226	(72,913)	815
Contributions by the Employer	13,797	10,904	125
Retirement Benefits Paid	(16,181)	(16,416)	(146)
Plan Assets (closing balance)	¥ 648,636	¥ 536,026	$ 5,862

(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
	2021	2020	2021
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 417,978	¥ 450,214	$ 3,777
Plan Assets	(648,636)	(536,026)	(5,862)
	(230,657)	(85,812)	(2,085)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	13,245	12,761	120
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (217,412)	¥ (73,051)	$ (1,965)

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Liabilities for Retirement Benefits	¥ 13,752	¥ 14,044	$ 124
Assets for Retirement Benefits	(231,165)	(87,096)	(2,089)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (217,412)	¥ (73,051)	$ (1,965)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Service Cost-Benefits Earned during the Fiscal Year	¥ 12,813	¥ 13,895	$ 116
Interest Cost on Projected Benefit Obligations	2,278	2,340	21
Expected Return on Plan Assets	(24,766)	(24,496)	(224)
Amortization of Actuarial Differences	11,577	1,993	105
Amortization of Past Service Cost (Note)	(37,632)	28	(340)
Other	455	671	4
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (35,273)	¥ (5,568)	$ (319)

(Note) ¥37,580 million (U.S. $340 million) of amortization of past service cost is recognized as extraordinary income for the fiscal year ended March 31, 2021.

(5) Remeasurements of Defined Benefit Plans

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Past Service Cost	¥ 101	¥ 28	$ 1
Actuarial Differences	92,811	(71,042)	839
Total	¥ 92,912	¥ (71,014)	$ 840

(6) Accumulated Remeasurements of Defined Benefit Plans

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	**2021**
Unrecognized Past Service Cost	**¥ (295)**	¥ (193)	**$ (3)**
Unrecognized Actuarial Differences	**6,065**	98,876	**55**
Total	**¥ 5,770**	¥ 98,683	**$ 52**

(7) Plan Assets

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

	Proportion (%)	
	2021	2020
Debt Securities	**24**	32
Equity Securities	**61**	53
Cash and Due from Banks	**3**	2
Other	**12**	13
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 59% and 52% of the total plan asset for the fiscal years ended March 31, 2021 and 2020, 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, 2021 and 2020, are as follows:

	2021	2020
Discount Rate	**Mainly 0.5%**	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	**4.6%**	4.1%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥2,242 million (U.S. $20 million) and ¥2,155 million for the years ended March 31, 2021 and 2020, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2021 and 2020

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

Year Ended March 31, 2021	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60	Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 39,800 shares	Common stock: 40,400 shares
Grant Date	July 19, 2013	August 1, 2014
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	From July 19, 2013, to July 18, 2015	Not specified
Exercise Period	From July 19, 2015, to July 18, 2023	From August 31, 2014, to July 31, 2044

Year Ended March 31, 2021	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63	Directors and officers of SuMi TRUST Holdings: 21 Directors and officers of SuMi TRUST Bank: 42 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 32,700 shares	Common stock: 51,000 shares
Grant Date	July 31, 2015	July 29, 2016
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	From August 31, 2015, to July 30, 2045	From August 31, 2016, to July 28, 2046

Year Ended March 31, 2021	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 26 Directors and officers of SuMi TRUST Bank: 41 Total: 67	Directors and officers of SuMi TRUST Holdings: 30 Directors and officers of SuMi TRUST Bank: 40 Total: 70
Number of Stock Options Granted by Class of Share	Common stock: 61,300 shares	Common stock: 69,000 shares
Grant Date	July 28, 2017	September 3, 2018
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	From August 21, 2017, to July 27, 2047	From September 30, 2018, to September 2, 2048

2) Volume and Changes in Stock Options

i) Number of stock options

	Shares			
Year Ended March 31, 2021	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of the Fiscal Year	20,000	19,300	39,300	32,600
Vested	—	—	—	—
Exercised	—	—	—	400
Forfeited	—	—	—	—
At the End of the Fiscal Year	20,000	19,300	39,300	32,200

	Shares			
Year Ended March 31, 2021	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of the Fiscal Year	30,000	48,100	61,300	68,400
Vested	—	—	—	—
Exercised	1,000	1,700	3,000	2,100
Forfeited	—	—	—	—
At the End of the Fiscal Year	29,000	46,400	58,300	66,300

ii) Unit price information

Year Ended March 31, 2021	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Exercise Price (yen)	4,000	4,000	5,190	1
Average Stock Price when Exercised (yen)	—	—	—	2,885
Fair Unit Value on the Grant Date (yen)	620	340	1,460	4,240

Year Ended March 31, 2021	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Exercise Price (yen)	1	1	1	1
Average Stock Price when Exercised (yen)	3,004	3,105	3,095	3,142
Fair Unit Value on the Grant Date (yen)	5,447	3,246	3,870	4,183

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

The following tables show stock options effective as of March 31, 2021. The number of stock options represents the number of shares after converting into equivalent shares.

1) Description of Stock Options

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

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

2) Volume and Changes in Stock Options

i) Number of stock options

Year Ended March 31, 2021	Shares	
	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,184,700	1,346,000
Granted	—	—
Forfeited	752,400	330,000
Vested	—	—
At the End of the Fiscal Year	432,300	1,016,000
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares	
	Resolution during Fiscal Year 2016	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Unvested Stock Options		
At the Beginning of the Fiscal Year	2,394,000	2,939,000
Granted	—	—
Forfeited	622,000	332,000
Vested	—	—
At the End of the Fiscal Year	1,772,000	2,607,000
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, 2021	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Exercise Price	¥ 737 (Note3)	¥ 558
Fair Price on the Grant Date (Note 1)	0	0

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

(Notes)

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

2) The total amount of intrinsic value of the options was ¥1,738 million (U.S. $16 million) as of March 31, 2021.

3) If the IPO price is set as any amount exceeding ¥737 (U.S. $7), the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

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

There were no subscription rights granted in the fiscal year ended March 31, 2021.

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. Deferred Tax Assets and Liabilities

Year Ended March 31	Millions of Yen 2021	Millions of Yen 2020	Millions of U.S. Dollars 2021
Deferred Tax Assets:			
Impairment of Securities	¥ 19,095	¥ 19,196	$ 173
Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral)	46,756	48,197	423
Deferred Gains (Losses) on Hedges	18,469	25,682	167
Remeasurements of Defined Benefit Plans	2,196	30,674	20
Valuation Difference Due to Share Exchange	4,416	4,715	40
Other	71,042	60,077	642
Subtotal	161,975	188,543	1,464
Valuation Allowance	(23,639)	(24,343)	(214)
Deferred Tax Assets	¥ 138,336	¥ 164,199	$ 1,250
Deferred Tax Liabilities:			
Retirement Benefits	¥ (39,229)	¥ (23,040)	$ (355)
Valuation Difference on Available-for-Sale Securities	(150,201)	(159,820)	(1,357)
Valuation Difference Due to Share Exchange	(5,752)	(5,804)	(52)
Other	(10,287)	(11,845)	(93)
Deferred Tax Liabilities	¥ (205,471)	¥ (200,511)	$ (1,857)
Net Deferred Tax Assets (Liabilities)	¥ (67,134)	¥ (36,311)	$ (607)

2. Effective Income Tax Rate

Year Ended March 31	2021	2020
Effective Statutory Tax Rate	30.62%	—%
Adjustments:		
Changes in Valuation Allowance	(0.35)	—
Amortization of Goodwill	1.19	—
Share of Profit of Equity-Method Affiliated Companies	(1.79)	—
Permanent Differences (e.g., Cash Dividends Received)	(0.83)	—
Others	(0.81)	—
Effective Income Tax Rate	28.03%	—%

(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 years ended March 31, 2020.

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 Total Solution Services:
Provision of services to individual customers

Wholesale Financial Services:
Provision of services to corporate customers

Stock Transfer Agency Services:
Undertaking of stock-related services on behalf of customers

Real Estate:
Provision of services related to the real estate business

Fiduciary Services:
Operation of the pension business, the asset management business, and the asset administration business

Global Markets:
Marketing operations, market-making operations, investment operations, and financial management operations

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

	Millions of Yen								
					Fiduciary Services				
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate		Asset Management Business	Global Markets	Others	Total
Substantial Gross Business Profit	¥ 177,602	¥ 207,742	¥ 40,300	¥ 49,891	¥ 175,772	¥ 86,935	¥ 69,761	¥ 18,227	¥ 739,296
General and Administrative Expenses	(162,077)	(75,620)	(19,440)	(24,309)	(111,231)	(57,121)	(15,350)	(36,558)	(444,589)
Net Business Profit	¥ 15,524	¥ 132,122	¥ 20,859	¥ 25,581	¥ 64,540	¥ 29,813	¥ 54,410	¥ (18,331)	¥ 294,707
Fixed Assets	¥ 67,111	¥ 33,172	¥ 2,157	¥ 8,855	¥ 16,699	¥ —	¥ 19,618	¥ 192,869	¥ 340,484

Year Ended March 31, 2020	Millions of Yen								
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services		Global Markets	Others	Total
						Asset Management Business			
Substantial Gross Business Profit	¥ 192,763	¥ 206,166	¥ 37,443	¥ 56,927	¥ 171,793	¥ 81,936	¥ 72,590	¥ 4,976	¥ 742,661
General and Administrative Expenses	(169,882)	(73,663)	(18,973)	(24,524)	(105,909)	(52,380)	(15,049)	(45,647)	(453,650)
Net Business Profit	¥ 22,880	¥ 132,502	¥ 18,469	¥ 32,403	¥ 65,883	¥ 29,555	¥ 57,541	¥ (40,670)	¥ 289,011

Year Ended March 31, 2021	Millions of U.S. Dollars								
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services		Global Markets	Others	Total
						Asset Management Business			
Substantial Gross Business Profit	$ 1,605	$ 1,877	$ 364	$ 451	$ 1,589	$ 786	$ 630	$ 165	$ 6,681
General and Administrative Expenses	(1,465)	(683)	(176)	(220)	(1,005)	(516)	(139)	(330)	(4,018)
Net Business Profit	$ 140	$ 1,194	$ 189	$ 231	$ 583	$ 269	$ 492	$ (166)	$ 2,663
Fixed Assets	$ 607	$ 300	$ 20	$ 80	$ 151	$ —	$ 177	$ 1,743	$ 3,077

(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 interest income, net trust fees, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) "General and Administrative Expenses" include personnel expenses and rent expenses.

4) Figures for the "Asset Management Business" are combined total of SuMi TRUST AM (consolidated), Nikko Asset Management Co., Ltd (consolidated)., and two affiliated companies accounted for using the equity method which are involved in asset management operations.

5) "Others" include costs of capital funding, dividends for shares for cross-shareholdings, general and administrative expenses of headquarters, and elimination of internal transactions.

6) "Fixed Assets" are allocated to each segment from the fiscal year ended March 31, 2021 in response to enhancement of management accounting.

7) 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
	2021	2020	2021
Net Business Profit	¥ 294,707	¥ 289,011	$ 2,663
Other Income	158,185	95,680	1,430
Other Expenses	(207,586)	(112,333)	(1,876)
Other Adjustments	(45,303)	(31,636)	(409)
Income before Income Taxes	¥ 200,003	¥ 240,721	$ 1,808

Related Information

1. Information by Services

Disclosure of information by services is omitted as similar disclosure is included in the "3. Profit or Loss by Reportable Segment" in the "Segment Information" section.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2021 and 2020, consists of the following:

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

	Millions of Yen				
Year Ended March 31, 2020	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,173,962	¥ 160,931	¥ 91,734	¥ 111,927	¥ 1,538,556

	Millions of U.S. Dollars				
Year Ended March 31, 2021	Japan	Americas	Europe	Asia and Oceania	Total
	$ 11,293	**$ 641**	**$ 388**	**$ 495**	**$ 12,817**

(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 oversea branches), and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by oversea 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, 2021 and 2020, 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 recognized during the fiscal year ended March 31, 2021 are as follows:

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

	Millions of U.S. Dollars								
					Fiduciary Services				
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate		Asset Management Business	Global Markets	Others	Total
Losses on Impairment of Fixed Assets	$ 175	$ —	$ —	$ —	$ —	$ —	$ —	$ 7	$ 182

Losses on impairment of fixed assets are not allocated to the reportable segments for the fiscal year ended March 31, 2020.

Losses on impairment of fixed assets recognized during the fiscal year ended March 31, 2020 were ¥19,360 million.

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, 2021, and 2020, were ¥7,875 million (U.S. $71 million) and ¥9,422 million, respectively. Unamortized balance of goodwill as of March 31, 2021, and 2020, were ¥37,292 million (U.S. $337 million) and ¥45,087 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, 2021 or 2020.

Related-Party Transactions

1. Related-Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2021 or 2020.

2. Notes to the Parent Company or Significant Affiliated Companies

(1) Parent Company

Not applicable

(2) Condensed Financial Information of Significant Affiliated Companies

Custody Bank of Japan, Ltd. is a significant affiliated company for the fiscal year ended March 31, 2021, and its condensed financial information (mainly the items in the balance sheet and the statement of income) is as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2021	2020	2021
Total Assets	¥ 17,277,835	¥ —	$ 156,149
Total Liabilities	17,158,453	—	155,070
Total Net Assets	119,382	—	1,079

	Millions of Yen		Millions of U.S. Dollars
Year Ended March 31	2021	2020	2021
Ordinary Income	¥ 49,297	¥ —	$ 446
Income Before Income Taxes	988	—	9
Net Income	680	—	6

(Note) Custody Bank of Japan, Ltd. became a significant affiliated company from the fiscal year ended March 31, 2021 due to the increase in materiality.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2021	2020	2021
Net Assets per Share of Common Stock	¥ 7,192.07	¥ 6,822.48	$ 65.00
Net Income per Share of Common Stock	379.65	434.31	3.43
Diluted Net Income per Share of Common Stock	379.41	434.03	3.43

(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, 2021	As of March 31, 2020	As of March 31, 2021
Net Assets as Reported	¥ 2,722,556	¥ 2,590,907	$ 24,605
Less:	28,796	35,641	260
Subscription Rights to Shares	1,024	1,057	9
Non-Controlling Interests	27,772	34,583	251
Net Assets Attributable to Common Shareholders	2,693,760	2,555,266	24,345
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	374,545	374,536	374,545

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, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 142,196	¥ 163,028	$ 1,285
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	142,196	163,028	1,285
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	374,542	375,373	374,542
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)	235	240	235
Subscription Rights to Shares (Thousands of Shares)	235	240	235
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	SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 20,000 shares Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 19,300 shares Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock 5,827,300 shares	SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 20,000 shares Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 19,300 shares Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock 7,863,700 shares	SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 20,000 shares Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 19,300 shares Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock 5,827,300 shares

3) For the calculation of net income per share, the remaining number of shares of SuMi TRUST Holdings held by the share delivery trust for the directors, recorded as treasury stocks in the shareholders' equity, is included in the number of shares of treasury stocks deducted for the calculation of the average number of shares outstanding. For the calculation of net asset per share, it is also included in the number of shares of treasury stocks deducted from the total number of shares outstanding at the end of the fiscal year ended March 31, 2021.

For the calculation of net income per share, the average number of shares of treasury stock outstanding is 424 thousand shares for the fiscal year ended March 31, 2021 (229 thousand shares for the fiscal year ended March 31, 2020). For the calculation of net asset per share, the total number of shares of treasury stock outstanding is 422 thousand shares (429 thousand shares for the fiscal year ended March 31, 2020).

Significant Subsequent Event

Not Applicable

Independent Auditors' Report

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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, 2021, 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, 2021, 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.

Estimated amount 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") and consolidated subsidiaries, "Allowance for Loan Losses" amounted to ¥129.2 billion, which was provided for the total credit portfolios of ¥32,076.5 billion. "Loans and Bills Discounted" amounting to ¥30,506.9 billion represented the vast majority of the total credit portfolios and also accounted for a significant portion of the total assets of ¥62,163.8 billion. (1) Classification of borrowers As described in Note 4, "Significant Accounting Policies, (5) Allowance for Loan Losses" and the Note, "Significant Accounting Estimates, 1.Estimates of Allowance for Loan Losses (2)" to the consolidated financial statements, Sumitomo	The primary procedures we performed to assess the reasonableness of the estimated amount of allowance for loan losses for corporate customers included the following: (1) **Internal control testing** In order to test the design and operating effectiveness of certain internal controls related to the estimate of allowance for loan losses, we performed the following procedures with the assistance of specialists in credit risk and those in IT within our firm: (SuMi TRUST Bank) ● assessment of whether the internal regulations for the self-assessment and the write-offs and provisions were appropriately maintained;

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Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), a major consolidated subsidiary, performs the loan reviews and validates them, based on its internal criteria for self-assessment of asset quality, and records an allowance for loan losses in accordance with its policy for write-offs and provisions, according to the determined classification of each borrower.

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

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

Especially in determining the classification of corporate customers whose financial performance has been deteriorating due to the spread of COVID-19, it was necessary to consider the impact of the spread of COVID-19 on their classification. However, its impacts are complicated and have a wide variety of implications, such as deterioration of the real economy and corporate cash flow position arising from restrictions on movement of people and goods, reduced production activities, change in the consumer behaviors, among others, and the estimation thereof involved a high degree of uncertainty. Therefore, a higher level of management judgment was required in determining the classification of borrowers.

(2) Estimated amount of allowance for loan losses considering the impact of the spread of COVID-19

As described in Note, "Significant Accounting Estimates, 1. Estimates of Allowance for Loan Losses (3)" to the consolidated financial statements, considering the effects of the spread of COVID-19 on borrowers' (corporate customers') operations and financial performance, certain consolidated subsidiaries of SuMi TRUST Holdings estimated the

- evaluation of controls to ensure that borrowers' financial information entered into the credit risk management system by branches is complete and accurate;
- evaluation of controls at 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; and
- evaluation of controls at the Credit Supervision Department and the Risk Management Department that validate the results of the self-assessment and write-offs/provisions for compliance with the internal regulations.

(Certain consolidated subsidiaries including SuMi TRUST Bank)

- evaluation of controls in which the reasonableness of any adjustment to the allowance for loan losses is assessed based on the current situation and future outlook at the meetings of top executives of each subsidiary.

(2) Classification of borrowers

In order to assess whether borrowers were appropriately classified, we selected certain individual corporate customers for our testing based on both quantitative and qualitative factors. Specifically, in order to select important borrowers whose credit risk could possibly change significantly due to changes in internal or external economic environments including the impact of COVID-19 (i.e. borrowers for whom a significant amount of allowance for loan losses may be recognized due to deterioration in credit risks), 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: extent of adverse impact of the spread of COVID-19 on the financial performance and resilience to such impact.

In order to evaluate whether the corporate customers selected through the above process were classified appropriately, we:

- assessed whether the borrowers were classified in accordance with the internal regulations for the self-assessment by inspecting the results of an analysis on the borrowers' financial

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impact of the credit risks that had not yet been reflected in the borrowers' financial information and recognized an additional allowance for loan losses of ¥18.4 billion (¥24.6 billion for the previous fiscal year) as a necessary adjustment to credit losses expected in the future. In estimating the amount of allowance for loan losses, industries where the adverse impact on the financial performance was considered more severe than others were identified, and the amount of credit losses was estimated for certain credit portfolios within those industries assuming that their credit rating assigned by the credit risk management system had been downgraded to a certain extent. Specifically, assumptions regarding future deterioration in credit risks, that reflected the extent to which the spread of COVID-19 impacted the financial performance and an expected level of recovery after the pandemic ceases, were developed for each industry, considering the changes in economic environment and the internal credit ratings during the current fiscal year. As estimating the impact of the spread of COVID-19 involved a high degree of estimation uncertainty and required subjective management judgment, there may be a material impact on the consolidated financial statements if the assumptions used for the estimate were not reasonable. We, therefore, determined that our assessment of the reasonableness of the estimated amount of allowance for loan losses for corporate customers was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	information, as well as other documents supporting the borrower classification using qualitative judgment; and ● inquired of personnel in the relevant departments (branches, the Credit Supervision Department, and the Risk Management Department) of SuMi TRUST Bank and assessed the borrowers using the respective information we obtained independently. **(3) Estimated amount of allowance for loan losses considering the impact of the spread of COVID-19** In assessing the impact of the spread of COVID-19 on allowance for loan losses of Sumitomo Mitsui Trust Group ("SuMi TRUST Group") companies, we inspected the materials for the meetings at SuMi TRUST Group companies 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 reasonableness of key assumptions used in estimating the amount of allowance for loan losses considering the impact of the spread of COVID-19, we: ● inquired of personnel in the relevant departments (the Research Department, Credit Supervision Department, Financial Planning Department, and Risk Management Department) of SuMi TRUST Bank as well as the relevant departments of other consolidated subsidiaries; ● inspected information from external sources, such as the results of impact studies published by third-party institutions and reports issued by external economists; and ● assessed the consistency of key assumptions used in estimating the amount of allowance for loan losses with the result of an analysis and information for the measurement of credit risks within the SuMi TRUST Group's credit risk management.

Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan and the change in the method of recognizing past service costs in earnings	
The key audit matter	**How the matter was addressed in our audit**
As described in the Note, "Changes in Accounting Policies" to the consolidated financial statements, SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings announced in January 2021 revisions to the provisions and terms of retirement	The primary procedures we performed to assess the appropriateness of the estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan as well as management judgment that the change in the method of recognizing

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benefits to give effect to a partial amendment to its defined benefit corporate pension plan, and the amendment took effect on April 1, 2021. As a result, a negative past service cost of ¥37.7 billion (i.e. decrease in retirement benefit obligations) was incurred for the current fiscal year and is reported as other income in the consolidated statement of income.

(1) Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan

As described in the Note, "Significant Accounting Estimates, 2. Estimates of Retirement Benefit Obligations" to the consolidated financial statements, the measurement of retirement benefit obligations requires a high level of actuarial expertise. In addition, determining the calculation basis (i.e. key assumptions) used in the actuarial calculations requires management judgment.

Especially for the current year, it was necessary to measure retirement benefit obligations before and after the plan amendment to quantify the difference, if any, to be accounted for as a past service cost, which had a material impact on the consolidated financial statements. Accordingly, there might be a material impact on the consolidated financial statements if the plan amendment had not been properly reflected in the determination of key assumptions and in the actuarial calculations.

(2) Change in the method of recognizing past service costs in earnings

As described in the Note, "Changes in Accounting Policies" to the consolidated financial statements, the method of recognizing past service costs in earnings was changed in the current fiscal year. Under the new method, past service costs are primarily recognized fully in earnings in the year when they are incurred.

While management concluded that this change in accounting policy was made on justifiable grounds, management judgment had a material impact on the consolidated financial statements for the current and subsequent fiscal years. A change in accounting policy is made on justifiable grounds only if:

- the change in accounting policy is made in response to any change in the entity's business or any change in internal/external management environment; and
- the new accounting policy after the change depicts accounting events and other matters more faithfully in the financial statements.

past service costs in earnings was made on justifiable grounds included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of SuMi TRUST Bank's internal controls relevant to estimating retirement benefit obligations. In this assessment, we focused our testing on controls designed to ensure the reasonableness of the determination of key assumptions and the appropriateness of the actuarial calculations.

(2) Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan

In order to assess whether the plan amendment was properly reflected in the determination of key assumptions and in the actuarial calculations when retirement benefit obligations after the plan amendment were estimated, we performed the following procedures with the assistance of actuarial specialists within our firm:

- assessed whether key assumptions were properly determined based on the substance of retirement benefit provisions before and after the plan amendment by inquiring of personnel in the Human Resources Department of SuMi TRUST Bank, which was responsible for determining key assumptions, about the rationale for those assumptions and examining the reasonableness thereof. In addition, we traced key assumptions to the supporting documents that provided the basis for the determination; and
- compared the amount of retirement benefit obligations we calculated independently with the amount of retirement benefit obligations included in the actuarial valuation report prepared by the Pension Administration Department of SuMi TRUST Bank, and assessed whether the difference between these two amounts was within the acceptable range we had established.

(3) Change in the method of recognizing past service costs in earnings

In order to understand the reason why the method of recognizing past service costs in earnings was changed, we inspected the approval document and supporting materials. Then, we assessed the reasonableness of the reason for the change by performing the following procedures:

- compared the circumstances leading to a past service cost incurred in the past with the circumstance in the current fiscal year to confirm that these situations were significantly different; and

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We, therefore, determined that our assessment of the appropriateness of the estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan and the change in the method of recognizing past service costs in earnings was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	• assessed the reasonableness of management's conclusion that with the change in accounting policy, the plan amendment would be reflected more appropriately in the consolidated financial statements. In evaluating the reasonableness of management judgment, we considered the relationship of an increase in labor costs (i.e. considerations for employees' services) due to the postponement of retirement age and the past service cost incurred due to the plan amendment to revenues to be generated from those employees' services.

Change in the method of applying impairment accounting and the recognition of impairment losses on fixed assets

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of income of SuMi TRUST Holdings, impairment losses of ¥20.1 billion were reported. As described in the Note, "Significant Accounting Estimates, 3. Impairment of Fixed Assets (Including Goodwill)" and Note 4, "Other Income and Expenses (2)" to the consolidated financial statements, ¥19.3 billion of this amount (consisting of ¥1.6 billion for tangible fixed assets and ¥17.7 billion for software) was recognized on operating assets used in the business units belonging to the Retail Total Solution Services Business ("Retail TS Services Business"). In applying impairment accounting for fixed assets, an entity is allowed to allocate corporate assets to asset groups using a reasonable allocation basis. Asset groups to which corporate assets are allocated are tested for impairment whenever there is an impairment indicator. An impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the respective asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount (e.g. a value in use calculated by using a discount rate), and the resulting decrease in the carrying amount is recognized as an impairment loss for the current year. (1) Grouping of assets and allocation of corporate assets In the current fiscal year, the grouping of assets and the treatment of corporate assets for the purpose of the impairment testing were changed in order to enhance the application of impairment accounting, in response to cost structure reforms and revisions to the branch strategy in light of changes in business	The primary procedures we performed to assess the appropriateness of the method of applying impairment accounting and the amount of the impairment losses recognized on fixed assets included the following: **(1) Internal control testing** We assessed the design and operating effectiveness of certain internal controls related to determining the method of allocating corporate assets to each operating segment and the judgment on whether an impairment loss should be recognized, as well as the measurement of the impairment loss. In this assessment, we focused our testing on controls relevant to the determination of allocation bases for corporate assets and the estimate of future cash flows used in the judgment on whether an impairment loss should be recognized. **(2) Grouping of assets and allocation of corporate assets** (Changes in the method of application) We evaluated the reasonableness of management's conclusion that with the changes in the method of grouping assets and allocating corporate assets for the impairment testing, the carrying amount of and impairment losses on fixed assets would be reflected more appropriately in the consolidated financial statements In assessing the reasonableness of management judgment, we considered that under the new method, the identification of impairment indicators, the judgment on whether an impairment loss should be recognized, and the measurement of an impairment loss on corporate assets are all made based on the profitability of each operating segment, rather than the entity-wide profitability used in the past, which

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environment due to the spread of COVID-19 from the perspective of continuous improvements in management reporting.

Specifically, SuMi TRUST Bank changed to a new method under which it identified its six operating segments as the smallest groups of assets and allocated the corporate assets to the respective segments using allocation bases that were deemed reasonable (e.g. the number of employees for each operating segment).

There may be a material impact on the consolidated financial statements if the change itself or the application of the new method were not reasonable.

(2) Recognition of impairment losses

SuMi TRUST Bank tested the Retail TS Services Business for impairment, because it determined that management environment had significantly deteriorated due to the spread of COVID-19 and thus identified an impairment indicator in the current fiscal year.

The future cash flows used in the impairment testing were estimated based on its business plan developed by the Retail Business Planning Department of SuMi TRUST Bank. In developing the business plan, key assumptions regarding the expected amount of credit transactions to be executed and the sales plan of insurance and investment trust products were used considering future market and economic conditions. Therefore, these estimates involved a high degree of uncertainty and subjective management judgment.

In addition, in measuring the recoverable amount after it was determined that an impairment loss should be recognized, a high level of valuation expertise was required to select an appropriate valuation model and input data to estimate a discount rate.

We, therefore, determined that our assessment of the appropriateness of the change in the method of applying impairment accounting and the recognition of impairment losses on fixed assets was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

enables the recognition of more granular impairment losses compared to the previous method.

In addition, to assess whether the change was made in response to changes in business environment from the perspective of improving management reporting, we:

- inspected relevant Executive Committee meeting materials and other supporting documents regarding cost structure reforms and revisions to the branch strategy in response to changes in business environment due to the spread of COVID-19; and
- inquired of personnel in the Financial Planning Department of SuMi TRUST Bank, which is responsible for management reporting, regarding the status of improving management reporting, and inspected relevant Executive Committee meeting materials and other supporting documents.

(Allocation bases for corporate assets)

In order to assess whether allocation bases for corporate assets were determined appropriately, we:

- inquired of personnel in the Financial Planning Department of SuMi TRUST Bank, which was responsible for determining allocation bases, and inspected relevant Executive Committee meeting materials and other supporting documents; and
- assessed whether allocation bases for corporate assets were related to the future cash flows generated from each operating segment.

(3) Recognition of impairment losses

In order to assess the reasonableness of the estimated future cash flows of the Retail TS Services Business, we:

- assessed the reasonableness of key assumptions used in the business plan, which formed the basis for estimating future cash flows, by inspecting materials supporting the business plan and inquiring of personnel in the Retail Business Planning Department and those in the Personal Loan Business Promotion Department of SuMi TRUST Bank, which are responsible for developing the plans;
- assessed whether the market environment and competitive environment as a background of developing key assumptions were consistent with our understanding based on information available from SuMi TRUST Bank and external sources; and
- assessed the feasibility of achieving the business plan based on actual results of achievement of

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	the past business plans. In addition, we performed the following procedures by involving enterprise valuation specialists within our network firms who assisted our evaluation of the discount rate used in calculating the value in use: ● evaluation of whether the discount rate used in calculating the value in use complied with the requirements of the accounting standards; and ● evaluation of the reasonableness of input parameters (risk-free rate, beta, and the market risk premium).

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

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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.

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Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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.

Toshiya Mori
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, 2021

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.

Financial Data:

Non-Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets:			
Current Assets:			
Cash and Due from Banks	¥ 2,541	¥ 2,349	$ 23
Securities	164,000	129,000	1,482
Prepaid Expenses	199	201	2
Income Tax Refunds Receivable	—	15,588	—
Other Current Assets	6,382	28,330	58
Total Current Assets	173,123	175,470	1,565
Non-Current Assets:			
Tangible Fixed Assets:	0	0	0
Tools, Furniture, and Fixtures	0	0	0
Intangible Fixed Assets:	1	1	0
Software	1	1	0
Investments and Other Assets:	2,030,325	2,049,281	18,349
Investment Securities	652	652	6
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,409,231	1,398,398	12,736
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	620,000	650,000	5,603
Deferred Tax Assets	347	136	3
Other Investments	94	94	1
Total Non-Current Assets	2,030,327	2,049,283	18,349
Total Assets	¥ 2,203,450	¥ 2,224,754	$ 19,914
Liabilities:			
Current Liabilities:			
Accrued Expenses	¥ 1,936	¥ 2,457	$ 17
Income Taxes Payable	8,231	969	74
Provision for Bonuses	217	187	2
Provision for Directors' Bonuses	61	42	1
Other Current Liabilities	2,352	959	21
Total Current Liabilities	12,799	4,616	116
Non-Current Liabilities:			
Bonds Payable	610,000	640,000	5,513
Long-Term Loans Payable	10,000	10,000	90
Provision for share-based remuneration	107	52	1
Other Non-Current Liabilities	102	40	1
Total Non-Current Liabilities	620,209	650,093	5,605
Total Liabilities	¥ 633,009	¥ 654,709	$ 5,721
Net Assets:			
Total Shareholders' Equity:	¥ 1,569,417	¥ 1,568,986	$ 14,184
Capital Stock	261,608	261,608	2,364
Capital Surplus:	977,092	977,094	8,830
Legal Capital Surplus	702,933	702,933	6,353
Other Capital Surplus	274,158	274,160	2,478
Retained Earnings:	333,531	333,139	3,014
Other Retained Earnings:			
Retained Earnings Brought Forward	333,531	333,139	3,014
Treasury Stock-At Cost	(2,815)	(2,855)	(25)
Subscription Rights to Shares	1,024	1,057	9
Total Net Assets	¥ 1,570,441	¥ 1,570,044	$ 14,193
Total Liabilities and Net Assets	¥ 2,203,450	¥ 2,224,754	$ 19,914

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 4,190.18	¥ 4,189.14	$ 37.87

The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥110.65 to U.S. $1.00, the exchange rate as of March 31, 2021.

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Operating Income:			
Dividends Received from Subsidiaries	¥ 56,256	¥ 95,851	$ 508
Fees and Commissions Received from Subsidiaries	4,598	1,745	42
Total Operating Income	60,855	97,597	550
Operating Expenses:			
General and Administrative Expenses	3,984	3,709	36
Total Operating Expenses	3,984	3,709	36
Operating Profit	56,870	93,888	514
Non-Operating Income:	8,789	8,183	79
Interest Income	7,706	8,128	70
Interest on Securities	14	1	0
Commission Fee	0	0	0
Other Non-Operating Income	1,068	53	10
Non-Operating Expenses:	8,861	9,430	80
Interest Expenses	76	77	1
Interest on Bonds Payable	7,628	8,766	69
Other Non-Operating Expenses	1,155	586	10
Income before Income Taxes	56,799	92,640	513
Income Taxes:	161	(1,217)	1
Current	371	(12,611)	3
Deferred	(210)	11,393	(2)
Net Income	¥ 56,637	¥ 93,858	$ 512

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 151.21	¥ 250.04	$ 1.37

Financial Data:

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

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2021 and 2020

From April 1, 2020 to March 31, 2021

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

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

From April 1, 2019 to March 31, 2020

	Millions of Yen					
	Shareholders' Equity					
		Capital Surplus			Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings: Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	¥ 261,608	¥ 702,933	¥ 338,540	¥ 1,041,473	¥ 295,798	¥ 295,798
Changes during the Year						
Cash Dividends					(56,517)	(56,517)
Net Income					93,858	93,858
Purchase of Treasury Stock						
Disposal of Treasury Stock			(354)	(354)		
Retirement of Treasury Stock			(64,024)	(64,024)		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	(64,379)	(64,379)	37,341	37,341
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 274,160	¥ 977,094	¥ 333,139	¥ 333,139

	Millions of Yen			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	¥ (51,222)	¥ 1,547,658	¥ 1,062	¥ 1,548,721
Changes during the Year				
Cash Dividends		(56,517)		(56,517)
Net Income		93,858		93,858
Purchase of Treasury Stock	(17,494)	(17,494)		(17,494)
Disposal of Treasury Stock	1,835	1,481		1,481
Retirement of Treasury Stock	64,024	—		—
Net Changes of Items Other Than Shareholders' Equity			(5)	(5)
Total Changes during the Year	48,366	21,328	(5)	21,322
Balance at the End of the Year	¥ (2,855)	¥ 1,568,986	¥ 1,057	¥ 1,570,044

From April 1, 2020 to March 31, 2021

	Millions of U.S. Dollars					
	Shareholders' Equity					
		Capital Surplus			Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	$ 2,364	$ 6,353	$ 2,478	$ 8,830	$ 3,011	$ 3,011
Changes during the Year						
Cash Dividends					(508)	(508)
Net Income					512	512
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)	4	4
Balance at the End of the Year	$ 2,364	$ 6,353	$ 2,478	$ 8,830	$ 3,014	$ 3,014

	Millions of U.S. Dollars			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	$ (26)	$ 14,180	$ 10	$ 14,189
Changes during the Year				
Cash Dividends		(508)		(508)
Net Income		512		512
Purchase of Treasury Stock	(0)	(0)		(0)
Disposal of Treasury Stock	1	1		1
Retirement of Treasury Stock				
Net Changes of Items Other Than Shareholders' Equity			(0)	(0)
Total Changes during the Year	0	4	(0)	4
Balance at the End of the Year	$ (25)	$ 14,184	$ 9	$ 14,193

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings. Inc. and its Consolidated Subsidiaries
As of March 31, 2021 and 2020

As of March 31	Millions of Yen 2021	Millions of Yen 2020	Millions of U.S. Dollars 2021
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,804,393	¥ 1,543,160	$ 16,307
Securities (Note 3)	857,610	1,075,184	7,751
Beneficiary Rights	180,845,290	172,441,244	1,634,390
Securities Held in Custody Accounts	22,579	22,849	204
Monetary Claims	22,805,910	19,271,003	206,109
Tangible Fixed Assets	19,183,820	17,315,570	173,374
Intangible Fixed Assets	192,521	194,224	1,740
Other Claims	8,661,666	7,273,403	78,280
Loans to Banking Account	4,915,208	4,750,289	44,421
Cash and Due from Banks	557,590	538,396	5,039
Total Assets	¥ 239,846,590	¥ 224,425,327	$ 2,167,615
Liabilities:			
Money Trusts (Note 4)	¥ 34,196,939	¥ 33,415,451	$ 309,055
Pension Trusts	13,107,254	13,023,778	118,457
Property Formation Benefit Trusts	18,954	19,060	171
Securities Investment Trusts	81,009,958	79,777,245	732,128
Money in Trust Other Than Money Trusts	38,906,807	32,458,304	351,620
Securities in Trust	22,175,725	20,975,736	200,413
Money Claims in Trust	22,893,231	19,383,820	206,898
Real Estate in Trust	875	78,450	8
Composite Trusts	27,536,844	25,293,482	248,864
Total Liabilities	¥ 239,846,590	¥ 224,425,327	$ 2,167,615

See Notes to Statements of Trust Account (Unaudited).

Notes to Statements of Trust Account (Unaudited)

1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Holdings. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Holdings do not reflect SuMi TRUST Holdings' 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, 2021 and 2020, were ¥4,634,580 million (U.S. $41,885 million) and ¥4,602,967 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 ¥110.65 to U.S. $1, the approximate rate of exchange as of March 31, 2021. 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.

2. Loans and Bills Discounted

Loans as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans on Deeds	¥ 1,428,073	¥ 1,160,640	$ 12,906
Loans on Bills	376,320	382,520	3,401
Total	¥ 1,804,393	¥ 1,543,160	$ 16,307

The balances of guaranteed trust account loans as of March 31, 2021 and 2020 stood at ¥15,959 million (U.S. $144 million) and ¥26,710 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, 2021 and 2020, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Other Delinquent Loans	¥ 134	¥ 680	$ 1
Restructured Loans	30	34	0
Total	¥ 164	¥ 714	$ 1

3. Securities

Securities held as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Government Bonds	¥ 457,214	¥ 599,390	$ 4,132
Local Government Bonds	30	30	0
Corporate Bonds	66,718	113,807	603
Stocks	7,910	8,164	71
Other Securities	325,736	353,792	2,944
Total	¥ 857,610	¥ 1,075,184	$ 7,751

(Note) The balances as of March 31, 2021 and 2020 are for SuMi TRUST Bank only.

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
	2021	2020	2021
Assets:			
Loans and Bills Discounted	¥ 15,959	¥ 26,710	$ 144
Other	4,618,947	4,576,633	41,744
Total	¥ 4,634,907	¥ 4,603,344	$ 41,888
Liabilities:			
Principal	¥ 4,634,580	¥ 4,602,967	$ 41,885
Allowance for Impairment of Guaranteed Trust Principal	19	70	0
Other	307	306	3
Total	¥ 4,634,907	¥ 4,603,344	$ 41,888

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.

Financial Data:

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

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Financial Summary:

Five-Year Summary (Unaudited)

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

	Millions of Yen				
Consolidated Statements of Banking Account	2021	2020	2019	2018	2017
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 18,430,787	¥ 13,087,816	¥ 16,042,864	¥ 15,661,926	¥ 14,269,687
Securities	6,882,670	6,343,103	5,692,564	5,523,148	5,068,155
Loans and Bills Discounted	30,506,968	29,703,375	29,022,792	28,000,640	27,982,411
Lease Receivables and Investment Assets	695,172	673,880	653,447	677,238	667,808
Tangible Fixed Assets	235,430	220,936	219,309	221,961	231,288
Intangible Fixed Assets	85,397	100,915	152,896	178,131	195,981
Customers' Liabilities for Acceptances and Guarantees	511,782	518,811	557,007	508,930	458,010
Others	4,725,560	5,767,259	4,700,499	4,141,731	3,782,999
Allowance for Loan Losses	(129,223)	(127,205)	(99,770)	(102,903)	(115,794)
Total Assets	¥ 61,944,546	¥ 56,288,892	¥ 56,941,609	¥ 54,810,805	¥ 52,540,547
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 40,819,028	¥ 36,706,332	¥ 38,359,319	¥ 36,153,471	¥ 36,604,051
Acceptances and Guarantees	511,782	518,811	557,007	508,930	458,010
Others	18,272,240	16,851,259	15,525,403	15,430,814	12,845,480
Total Liabilities	¥ 59,603,051	¥ 54,076,402	¥ 54,441,730	¥ 52,093,216	¥ 49,907,542
Net Assets:					
Shareholders' Equity	¥ 2,024,588	¥ 1,948,981	¥ 2,041,013	¥ 2,064,444	¥ 1,999,635
Accumulated Other Comprehensive Income	289,269	236,738	424,472	509,704	441,390
Non-Controlling Interests	27,637	26,769	34,393	143,439	191,979
Total Net Assets	¥ 2,341,495	¥ 21,212,489	¥ 2,499,879	¥ 2,717,588	¥ 2,633,005
Total Liabilities and Net Assets	¥ 61,944,546	¥ 56,288,892	¥ 56,941,609	¥ 54,810,805	¥ 52,540,547
For the Year					
Income:					
Trust Fees	¥ 102,883	¥ 99,816	¥ 100,301	¥ 94,624	¥ 94,289
Interest Income	362,978	491,762	511,540	431,598	389,888
Fees and Commissions	270,406	313,804	383,437	380,132	378,510
Trading Income	76	102,189	27,926	10,035	18,338
Other Ordinary Income	405,800	348,650	357,080	306,724	296,260
Other Income	113,407	93,529	71,551	127,725	68,986
Total Income	¥ 1,255,551	¥ 1,449,753	¥ 1,451,837	¥ 1,350,842	¥ 1,246,274
Expenses:					
Interest Expenses	¥ 137,834	¥ 362,021	¥ 372,068	¥ 246,248	¥ 165,813
Fees and Commissions Payments	86,836	90,649	109,242	104,778	100,677
Trading Expenses	33,300	—	—	—	1,297
Other Ordinary Expenses	290,111	281,279	250,699	230,440	318,885
General and Administrative Expenses	365,801	385,180	407,483	419,102	420,929
Other Expenses	184,780	115,262	76,810	115,504	66,243
Total Expenses	¥ 1,098,666	¥ 1,234,394	¥ 1,216,303	¥ 1,116,703	¥ 1,073,846
Income before Income Taxes	¥ 173,121	¥ 215,358	¥ 235,533	¥ 234,768	¥ 172,427
Net Income	¥ 126,119	¥ 147,678	¥ 165,580	¥ 163,437	¥ 121,062

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 74.86	¥ 87.89	¥ 96.47	¥ 93.08	¥ 67.56
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,381.78	1,305.26	1,472.33	1,537.23	1,457.73

Financial Summary:

Five-Year Summary (Unaudited)

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

Non-Consolidated Statements of Banking Account	Millions of Yen				
	2021	2020	2019	2018	2017
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 18,216,321	¥ 12,916,014	¥ 15,831,242	¥ 15,408,170	¥ 13,963,744
Securities	7,090,335	6,625,035	6,091,898	5,972,337	5,518,947
Loans and Bills Discounted	30,691,618	29,953,513	29,404,142	28,259,093	28,158,969
Tangible Fixed Assets	186,717	189,926	195,414	198,328	200,957
Intangible Fixed Assets	58,880	70,937	65,607	66,969	91,265
Customers' Liabilities for Acceptances and Guarantees	383,537	359,757	385,467	398,773	391,434
Others	3,591,103	4,579,760	3,325,210	2,934,934	2,733,960
Allowance for Loan Losses	(100,846)	(98,191)	(75,211)	(77,169)	(90,030)
Total Assets	¥ 60,117,669	¥ 54,596,753	¥ 55,223,770	¥ 53,161,437	¥ 50,969,247
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 40,618,487	¥ 36,650,458	¥ 38,290,404	¥ 36,151,191	¥ 36,542,541
Acceptances and Guarantees	383,537	359,757	385,467	398,773	391,434
Others	17,066,104	15,569,113	14,276,060	14,239,205	11,725,547
Total Liabilities	¥ 58,068,129	¥ 52,579,329	¥ 52,951,932	¥ 50,789,170	¥ 48,659,522
Net Assets:					
Shareholders' Equity	¥ 1,752,055	¥ 1,705,866	¥ 1,829,610	¥ 1,865,959	¥ 1,839,012
Valuation and Translation Adjustments	297,484	311,558	442,227	506,307	470,711
Total Net Assets	¥ 2,049,539	¥ 2,017,424	¥ 2,271,838	¥ 2,372,266	¥ 2,309,724
Total Liabilities and Net Assets	¥ 60,117,669	¥ 54,596,753	¥ 55,223,770	¥ 53,161,437	¥ 50,969,247
For the Year					
Income:					
Trust Fees	¥ 102,883	¥ 99,816	¥ 100,972	¥ 94,870	¥ 94,289
Interest Income	345,877	474,575	520,790	409,528	370,630
Fees and Commissions	178,519	185,849	194,143	195,171	200,728
Trading Income	76	102,189	27,926	10,421	18,338
Other Ordinary Income	116,709	94,420	114,934	79,056	72,114
Other Income	101,521	82,349	60,606	100,469	54,090
Total Income	¥ 845,587	¥ 1,039,201	¥ 1,019,374	¥ 889,518	¥ 810,192
Expenses:					
Interest Expenses	¥ 133,693	¥ 356,435	¥ 366,989	¥ 246,207	¥ 167,378
Fees and Commissions Payments	99,698	95,322	89,832	86,499	84,593
Trading Expenses	33,300	—	—	—	1,297
Other Ordinary Expenses	25,388	51,868	34,608	29,490	119,483
General and Administrative Expenses	257,905	252,579	239,668	254,234	262,466
Other Expenses	181,596	105,475	83,466	108,431	63,647
Total Expenses	¥ 731,584	¥ 861,681	¥ 814,564	¥ 724,862	¥ 698,866
Income before Income Taxes	¥ 129,664	¥ 177,519	¥ 204,810	¥ 164,655	¥ 111,325
Net Income	¥ 95,941	¥ 124,706	¥ 148,661	¥ 117,980	¥ 77,663
Annual Dividends	¥ 49,867	¥ 201,461	¥ 121,320	¥ 55,360	¥ 54,556

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 57.29	¥ 74.47	¥ 88.77	¥ 70.45	¥ 46.37
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,223.94	1,204.76	1,356.69	1,416.67	1,379.32

Financial Summary:

Five-Year Summary (Unaudited)

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

	Millions of Yen				
Statements of Trust Account	**2021**	2020	2019	2018	2017
As of the Year-End					
Assets:					
Securities	¥ **857,610**	¥ 1,075,184	¥ 1,253,465	¥ 1,834,427	¥ 3,077,763
Loans and Bills Discounted	**1,804,393**	1,543,160	1,445,195	1,306,319	1,410,062
Other	**237,184,586**	221,806,982	208,651,405	198,557,372	183,979,907
Total Assets	**¥239,846,590**	¥ 224,425,327	¥ 211,350,067	¥ 201,698,118	¥ 188,467,733
Liabilities:					
Money Trusts	¥ **34,196,939**	¥ 33,415,451	¥ 32,877,994	¥ 31,416,663	¥ 30,217,814
Pension Trusts	**13,107,254**	13,023,778	13,113,501	13,720,536	14,828,508
Property Formation Benefit Trusts	**18,954**	19,060	18,865	17,930	17,575
Loan Trusts	**—**	—	—	—	10,683
Other Trusts	**192,523,442**	177,967,038	165,339,705	156,542,988	143,393,150
Total Liabilities	**¥239,846,590**	¥ 224,425,327	¥ 211,350,067	¥ 201,698,118	¥ 188,467,733

	Millions of Yen				
Total Employable Funds (Non-Consolidated)	**2021**	2020	2019	2018	2017
As of the Year-End					
Deposits	¥ **40,618,487**	¥ 36,650,458	¥ 38,290,404	¥ 36,151,191	¥ 36,542,541
Money Trusts	**34,196,939**	33,415,451	32,877,994	31,416,663	30,217,814
Pension Trusts	**13,107,254**	13,023,778	13,113,501	13,720,536	14,828,508
Property Formation Benefit Trusts	**18,954**	19,060	18,865	17,930	17,575
Loan Trusts	**—**	—	—	—	10,683
Total Employable Funds*	¥ **87,941,635**	¥ 83,108,748	¥ 84,300,766	¥ 81,306,322	¥ 81,617,123

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

Financial Data:

Consolidated Balance Sheet

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets:			
Cash and Due from Banks	¥ 18,430,787	¥ 13,087,816	$ 166,568
Call Loans and Bills Bought	8,766	71,236	79
Receivables under Resale Agreements	160,268	1,220,761	1,448
Receivables under Securities Borrowing Transactions	727,689	740,658	6,577
Monetary Claims Bought	892,309	999,705	8,064
Trading Assets (Notes 1, 2, and 4)	433,766	507,646	3,920
Money Held in Trust	1,365	1,406	12
Securities (Notes 2 and 4)	6,882,670	6,343,103	62,202
Loans and Bills Discounted (Notes 3, 4, and 5)	30,506,968	29,703,375	275,707
Foreign Exchanges	25,396	36,952	230
Lease Receivables and Investment Assets (Note 4)	695,172	673,880	6,283
Other Assets (Notes 4 and 8)	2,217,308	2,072,673	20,039
Tangible Fixed Assets (Note 6)	235,430	220,936	2,128
Intangible Fixed Assets (Note 7)	85,397	100,915	772
Assets for Retirement Benefits	231,145	87,075	2,089
Deferred Tax Assets	27,544	29,142	249
Customers' Liabilities for Acceptances and Guarantees	511,782	518,811	4,625
Allowance for Loan Losses	(129,223)	(127,205)	(1,168)
Total Assets	¥ 61,944,546	¥ 56,288,892	$ 559,824
Liabilities:			
Deposits (Notes 4 and 9)	¥ 33,494,433	¥ 30,717,040	$ 302,706
Negotiable Certificates of Deposit	7,324,594	5,989,292	66,196
Call Money and Bills Sold (Note 4)	60,675	142,974	548
Payables under Repurchase Agreements (Note 4)	1,628,440	1,558,919	14,717
Trading Liabilities (Note 1)	321,576	371,950	2,906
Borrowed Money (Notes 4 and 10)	6,392,602	6,496,384	57,773
Foreign Exchanges	577	3,213	5
Short-Term Bonds Payable	2,545,049	1,707,097	23,001
Bonds Payable (Note 11)	935,605	485,368	8,456
Borrowed Money from Trust Account (Note 12)	4,915,208	4,750,289	44,421
Other Liabilities (Note 13)	1,329,910	1,221,403	12,019
Provision for Bonuses	12,025	12,881	109
Provision for Directors' Bonuses	103	74	1
Provision for Stocks Payment	417	219	4
Liabilities for Retirement Benefits	11,696	12,079	106
Provision for Reward Points Program	18,945	16,889	171
Provision for Reimbursement of Deposits	4,138	4,867	37
Provision for Contingent Losses	1,633	1,440	15
Deferred Tax Liabilities	91,243	62,767	825
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,388	2,439	22
Acceptances and Guarantees	511,782	518,811	4,625
Total Liabilities	¥ 59,603,051	¥ 54,076,402	$ 538,663
Net Assets:			
Total Shareholders' Equity:	¥ 2,024,588	¥ 1,948,981	$ 18,297
Capital Stock	342,037	342,037	3,091
Capital Surplus	342,853	342,853	3,099
Retained Earnings	1,339,698	1,264,091	12,108
Total Accumulated Other Comprehensive Income:	289,269	236,738	2,614
Valuation Differences on Available-for-Sale Securities	345,053	369,924	3,118
Deferred Gains (Losses) on Hedges	(44,836)	(57,389)	(405)
Revaluation Reserve for Land (Note 6)	(4,016)	(3,901)	(36)
Foreign Currency Translation Adjustments	(2,452)	(2,493)	(22)
Remeasurements of Defined Benefit Plans	(4,477)	(69,401)	(40)
Non-Controlling Interests	27,637	26,769	250
Total Net Assets	¥ 2,341,495	¥ 2,212,489	$ 21,161
Total Liabilities and Net Assets	¥ 61,944,546	¥ 56,288,892	$ 559,824

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 1,381.79	¥ 1,305.26	$ 12.49

See accompanying notes.
The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥110.65 to U.S. $1.00, the exchange rate as of March 31, 2021.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income:			
Trust Fees	¥ 102,883	¥ 99,816	$ 930
Interest Income:	362,978	491,762	3,280
Interest on Loans and Discounts	271,246	349,813	2,451
Interest and Dividends on Securities	75,202	93,712	680
Interest on Call Loans and Bills Bought	550	1,431	5
Interest on Receivables under Resale Agreements	20	571	0
Interest on Receivables under Securities Borrowing Transactions	0	0	0
Interest on Deposits with Banks	10,963	36,592	99
Other Interest Income (Note 1)	4,994	9,640	45
Fees and Commissions	270,406	313,804	2,444
Trading Income (Note 2)	76	102,189	1
Other Ordinary Income (Note 3)	405,800	348,650	3,667
Other Income (Note 4)	151,138	93,529	1,366
Total Income	¥ 1,293,283	¥ 1,449,753	$ 11,688
Expenses:			
Interest Expenses:	¥ 137,834	¥ 362,021	$ 1,246
Interest on Deposits	45,221	125,997	409
Interest on Negotiable Certificates of Deposit	14,198	81,014	128
Interest on Call Money and Bills Sold	371	1,264	3
Interest on Payables under Repurchase Agreements	3,576	31,712	32
Interest on Payables under Securities Lending Transactions	—	2,302	—
Interest on Borrowings	14,540	21,289	131
Interest on Short-Term Bonds	5,763	29,049	52
Interest on Bonds	5,593	8,226	51
Other Interest Expenses (Note 1)	48,570	61,164	439
Fees and Commissions Payments	86,836	90,649	785
Trading Expenses (Note 2)	33,300	—	301
Other Ordinary Expenses (Note 3)	290,111	281,279	2,622
General and Administrative Expenses (Note 5)	365,801	385,180	3,306
Other Expenses (Note 4)	206,275	115,262	1,864
Total Expenses	¥ 1,120,161	¥ 1,234,394	$ 10,123
Income before Income Taxes	¥ 173,121	¥ 215,358	$ 1,565
Income Taxes:	47,001	67,679	425
Current	41,955	74,626	379
Deferred	5,046	(6,947)	46
Net Income	¥ 126,119	¥ 147,678	$ 1,140
Net Income Attributable to Non-Controlling Interests	760	487	7
Net Income Attributable to Owners of the Parent	¥ 125,358	¥ 147,190	$ 1,133

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 74.86	¥ 87.89	$ 0.68

See accompanying notes.

Financial Data:

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Income	**¥ 126,119**	¥ 147,678	**$ 1,140**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**(23,241)**	(112,186)	**(210)**
Deferred Gains (Losses) on Hedges	**10,655**	(19,201)	**96**
Foreign Currency Translation Adjustments	**(46)**	(1,680)	**(0)**
Remeasurements of Defined Benefit Plans	**64,957**	(46,755)	**587**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**457**	(1,344)	**4**
Total Other Comprehensive Income (Loss) (Note)	**¥ 52,783**	¥ (181,169)	**$ 477**
Comprehensive Income:	**¥ 178,902**	¥ (33,490)	**$ 1,617**
Comprehensive Income Attributable to Owners of the Parent	**178,005**	(33,687)	**1,609**
Comprehensive Income Attributable to Non-Controlling Interests	**897**	197	**8**

See accompanying notes.

Financial Data:

Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

From April 1, 2020 to March 31, 2021

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 342,853	¥ 1,264,091	¥ 1,948,981
Changes during the Year				
Cash Dividends			(49,867)	(49,867)
Net Income Attributable to Owners of the Parent			125,358	125,358
Changes in the Scope of Consolidation				—
Reversal of Revaluation Reserve for Land			115	115
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	—	75,606	75,606
Balance at the End of the Year	¥ 342,037	¥ 342,853	¥ 1,339,698	¥ 2,024,588

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 369,924	¥ (57,389)	¥ (3,901)	¥ (2,493)	¥ (69,401)	¥ 236,738	¥ 26,769	¥ 2,212,489
Changes during the Year								
Cash Dividends								(49,867)
Net Income Attributable to Owners of the Parent								125,358
Changes in the Scope of Consolidation								—
Reversal of Revaluation Reserve for Land								115
Net Changes of Items Other Than Shareholders' Equity	(24,870)	12,553	(115)	40	64,923	52,531	867	53,398
Total Changes during the Year	(24,870)	12,553	(115)	40	64,923	52,531	867	129,005
Balance at the End of the Year	¥ 345,053	¥ (44,836)	¥ (4,016)	¥ (2,452)	¥ (4,477)	¥ 289,269	¥ 27,637	¥ 2,341,495

See accompanying notes.

From April 1, 2019 to March 31, 2020

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 391,397	¥ 1,307,578	¥ 2,041,013
Changes during the Year				
Cash Dividends		(48,544)	(201,461)	(250,006)
Net Income Attributable to Owners of the Parent			147,190	147,190
Changes in the Scope of Consolidation			9,228	9,228
Reversal of Revaluation Reserve for Land			1,555	1,555
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(48,544)	(43,486)	(92,031)
Balance at the End of the Year	¥ 342,037	¥ 342,853	¥ 1,264,091	¥ 1,948,981

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 481,923	¥ (36,833)	¥ (2,345)	¥ 4,394	¥ (22,665)	¥ 424,472	¥ 34,393	¥ 2,499,879
Changes during the Year								
Cash Dividends								(250,006)
Net Income Attributable to Owners of the Parent								147,190
Changes in the Scope of Consolidation								9,228
Reversal of Revaluation Reserve for Land								1,555
Net Changes of Items Other Than Shareholders' Equity	(111,998)	(20,556)	(1,555)	(6,887)	(46,735)	(187,734)	(7,624)	(195,358)
Total Changes during the Year	(111,998)	(20,556)	(1,555)	(6,887)	(46,735)	(187,734)	(7,624)	(287,389)
Balance at the End of the Year	¥ 369,924	¥ (57,389)	¥ (3,901)	¥ (2,493)	¥ (69,401)	¥ 236,738	¥ 26,769	¥ 2,212,489

See accompanying notes.

From April 1, 2020 to March 31, 2021

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 3,091	$ 3,099	$ 11,424	$ 17,614
Changes during the Year				
Cash Dividends			(451)	(451)
Net Income Attributable to Owners of the Parent			1,133	1,133
Changes in the Scope of Consolidation				—
Reversal of Revaluation Reserve for Land			1	1
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	—	683	683
Balance at the End of the Year	$ 3,091	$ 3,099	$ 12,108	$ 18,297

	Millions of U.S. Dollars							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	$ 3,343	$ (519)	$ (35)	$ (23)	$ (627)	$ 2,140	$ 242	$ 19,995
Changes during the Year								
Cash Dividends								(451)
Net Income Attributable to Owners of the Parent								1,133
Changes in the Scope of Consolidation								—
Reversal of Revaluation Reserve for Land								1
Net Changes of Items Other Than Shareholders' Equity	(225)	113	(1)	0	587	475	8	483
Total Changes during the Year	(225)	113	(1)	0	587	475	8	1,166
Balance at the End of the Year	$ 3,118	$ (405)	$ (36)	$ (22)	$ (40)	$ 2,614	$ 250	$ 21,161

See accompanying notes.

Financial Data:

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 173,121	¥ 215,358	$ 1,565
Depreciation and Amortization	33,333	34,574	301
Impairment Losses	20,786	19,360	188
Amortization of Goodwill	4,399	6,939	40
Equity in Losses (Earnings) of Affiliated Companies	(8,735)	(8,612)	(79)
Increase (Decrease) in Allowance for Loan Losses	2,018	27,435	18
Increase (Decrease) in Provision for Bonuses	(856)	(3,096)	(8)
Increase (Decrease) in Provision for Directors' Bonuses	28	(205)	0
Increase (Decrease) in Provision for Stocks Payment	197	219	2
Decrease (Increase) in Assets for Retirement Benefits	(131,674)	57,525	(1,190)
Increase (Decrease) in Liabilities for Retirement Benefits	(536)	(139)	(5)
Increase (Decrease) in Provision for Reward Points Program	2,056	(1,393)	19
Increase (Decrease) in Provision for Reimbursement of Deposits	(728)	(383)	(7)
Increase (Decrease) in Provision for Contingent Losses	193	(2,025)	2
Interest Income	(362,978)	(491,762)	(3,280)
Interest Expenses	137,834	362,021	1,246
Loss (Gain) Related to Securities	51,218	(69,206)	463
Loss (Gain) on Money Held in Trust	(69)	(70)	(1)
Foreign Exchange Losses (Gains)	(55,933)	45,606	(505)
Loss (Gain) on Disposal of Fixed Assets	558	(2,450)	5
Net Decrease (Increase) in Trading Assets	73,880	(52,668)	668
Net Increase (Decrease) in Trading Liabilities	(50,373)	113,178	(455)
Net Decrease (Increase) in Loans and Bills Discounted	(803,592)	(680,583)	(7,262)
Net Increase (Decrease) in Deposits	2,777,393	(1,214,659)	25,101
Net Increase (Decrease) in Negotiable Certificates of Deposit	1,335,302	(439,330)	12,068
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(73,782)	1,832,583	(667)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	491,550	(215,071)	4,442
Net Decrease (Increase) in Call Loans	1,230,261	(1,000,163)	11,118
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	12,968	19,153	117
Net Increase (Decrease) in Call Money	(12,776)	25,908	(115)
Net Increase (Decrease) in Payables under Securities Lending Transactions	—	(104,767)	—
Net Decrease (Increase) in Foreign Exchange-Assets	11,556	(16)	104
Net Increase (Decrease) in Foreign Exchange-Liabilities	(2,636)	2,755	(24)
Net Decrease (Increase) in Lease Receivables and Investment Assets	(21,292)	(20,432)	(192)
Net Increase (Decrease) in Short-Term Bonds Payable	837,951	234,311	7,573
Increase (Decrease) in Straight Bonds-Issuance and Redemption	570,236	(282,466)	5,154
Net Increase (Decrease) in Borrowed Money from Trust Account	164,918	(657,720)	1,490
Interest Received	382,388	511,156	3,456
Interest Paid	(162,436)	(376,201)	(1,468)
Other, Net	(28,824)	(215,876)	(261)
Subtotal	¥ 6,596,930	¥ (2,331,216)	$ 59,620
Income Taxes (Paid) Refunded	(71,054)	(57,128)	(642)
Net Cash Provided by (Used in) Operating Activities	¥ 6,525,876	¥ (2,388,345)	$ 58,978

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (7,128,175)	¥ (6,059,706)	$ (64,421)
Proceeds from Sales of Securities	3,063,294	3,744,234	27,685
Proceeds from Redemption of Securities	3,650,794	1,730,260	32,994
Purchase of Tangible Fixed Assets	(27,223)	(16,425)	(246)
Proceeds from Sales of Tangible Fixed Assets	750	7,380	7
Purchase of Intangible Fixed Assets	(32,213)	(29,599)	(291)
Purchase of Shares of Subsidiaries Resulting in Change in the Scope of Consolidation	—	(1,089)	—
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(49)	(49)	(0)
Net Cash Provided by (Used in) Investing Activities	¥ (472,822)	¥ (624,994)	$ (4,273)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	¥ 40,000	¥ 40,000	$ 362
Repayments of Subordinated Borrowings	(70,000)	—	(633)
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(120,000)	(10,000)	(1,085)
Cash Dividends Paid	(49,867)	(142,084)	(451)
Cash Dividends Paid to Non-Controlling Interests	(29)	(391)	(0)
Net Cash Provided by (Used in) Financing Activities	¥ (199,897)	¥ (112,475)	$ (1,807)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (18,633)	¥ (7,705)	$ (168)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 5,834,522	¥ (3,133,520)	$ 52,730
Cash and Cash Equivalents at the Beginning of the Year	¥ 10,906,648	¥ 14,076,767	$ 98,569
Net Increase (Decrease) in Cash and Cash Equivalents with Change in the Scope of Consolidation	¥ —	¥ (36,598)	$ —
Cash and Cash Equivalents at the End of the Year (Note)	¥ 16,741,171	¥ 10,906,648	$ 151,298

See accompanying notes.

Notes to Consolidated Financial Statements

Basis of Presentation of Financial Statements

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥110.65 to U.S. $1, the approximate rate of exchange as of March 31, 2021. 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, 2021:
40 companies
Principal Companies:
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
Sumitomo Mitsui Trust Realty Co., Ltd.
Sumitomo Mitsui Trust Club Co., Ltd.
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
Sumitomo Mitsui Trust and Bank (U.S.A.) Limited

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

Sumi TRUST Consulting (Beijing) Co., Ltd. is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2021.

(2) Unconsolidated Subsidiaries
Principal Companies:
Hummingbird Co., Ltd.
ASIA GATEWAY I, L.P.

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

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

2. Application of the Equity Method

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

(2) Affiliated Companies Accounted for by the Equity Method:
24 companies
Principal Companies:
SBI Sumishin Net Bank, Ltd.

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

Yuryo Loan Co., Ltd. is newly included in the scope of application of the equity method due to the acquisition of its shares from the fiscal year ended March 31, 2021.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are Not Accounted for by the Equity Method:
Principal Companies:
Hummingbird Co., Ltd.
ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd., and 10 other companies are excluded from the scope of application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through

silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

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

3. Balance Sheet Dates of the Consolidated Subsidiaries

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

April 30:	2 companies
May 31:	1 company
August 31:	1 company
September 30:	5 companies
November 30:	1 company
December 31:	5 companies
March 31:	25 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 May 31: Provisionally prepared financial statements as of February 28
- 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, 2021, 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, 2021 and 2020.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Bank is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories ("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. "Available-for-Sale Securities" are, in principle, valued at the market price at the balance sheet date (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" for which their fair values are extremely difficult to be determined 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.

(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 other than lease assets

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

(c) Lease assets

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

(5) Allowance for Loan Losses

SuMi TRUST Bank records allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

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

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

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

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

As for the consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and 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 ¥24,592 million (U.S. $222 million) and ¥22,391 million as of March 31, 2021 and 2020, respectively.

(6) Provision for Bonuses

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

(7) Provision for Directors' Bonuses

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

(8) Provision for Stocks Payment

A provision for stocks payment is provided at SuMi TRUST Bank for the estimated stock-based payments to directors

under a stock compensation system attributable to the current fiscal year.

(9) Provision for Reward Points Program

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

(10) Provision for Reimbursement of Deposits in Dormant Accounts

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

(11) Provision for Contingent Losses

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

(12) Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2021, 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) Foreign Currency Translation

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

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

(14) 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.

(15) 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 Implementation Guidance No. 24 of October 8, 2020, "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.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheet as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" of each hedging transaction.

Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥17 million (U.S. $0.2 million) and ¥35 million as of March 31, 2021 and 2020, respectively, before tax effect.

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

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

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

(c) Internal hedge transactions and others

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

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

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

(16) 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.

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

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

(18) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Bank and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

(19) Adoption of Consolidated Tax Return System

SuMi TRUST Bank adopts the consolidated tax return system.

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

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

Significant Accounting Estimates

1. Estimates of Allowance for Loan Losses

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:
¥129,223 million (U.S. $1,168 million)

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

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

Definition of each classification is as follows:

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

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

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

For normal borrowers, borrowers requiring caution, and substandard borrowers, changes in the loan loss ratio have an impact on the allowance for loan losses. For possibly bankrupt borrowers, virtually bankrupt borrowers, and bankrupt borrowers, changes in the amount expected to be collected through the disposal of collateral or execution of guarantees have a significant impact on the allowance for loan losses.

(3) Responding to Uncertainties Caused by COVID-19

(Adjustments of Expected Credit Losses)

The impact of the spread of COVID-19 on borrowers is reflected in the decision of the classification of individual borrowers to the extent that reasonable estimates can be made. However, there is a high level of uncertainty in the estimates because the impact is complex and diverse.

SuMi TRUST Bank and some consolidated subsidiaries estimate the impact on credit risks that have not yet been reflected in the financial information of the borrowers and make necessary adjustments to expected future credit losses, considering the impact of the spread of COVID-19 on the business and profit or loss of borrowers (corporate borrowers).

In the fiscal year ended March 31, 2020, SuMi TRUST Bank and some of consolidated subsidiaries identified industries and products (collectively, the "industries") that may have been affected by downturn of business performance due to the spread of COVID-19, and recorded an additional allowance ("special allowance") of ¥24,635 million for loan losses for estimated credit losses in the future assuming that internal rating of certain credits of the industries would be downgraded to some extent.

In the fiscal year ended March 31, 2021, SuMi TRUST Bank and some of consolidated subsidiaries have changed the assumptions and now assume that the spread and the lull of COVID-19 will continue to alternate and it will take time to settle down (in the fiscal year ended March 31, 2020, SuMi TRUST Bank and some of consolidated subsidiaries assumed that the effects of COVID-19 would settle down in a certain period of time).

Considering the changes in the economic environment and internal ratings in the fiscal year ended March 31, 2021, SuMi TRUST Bank and some of consolidated subsidiaries made assumptions about the extent of deterioration of the future credit risk for each industry, re-estimated the credit losses expected in the future for some credit in the industry, and recognized a special allowance of ¥18,432 million (U.S. $167 million), depending on the degree of impact on business performance caused by the spread of COVID-19 and the degree of prospects for recovery after the end of the pandemic.

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 and profit or loss of borrowers due to the spread of COVID-19.

2. Estimates of Retirement Benefit Obligations

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:

¥429,015 million (U.S. $3,877 million)

The amounts of assets for retirement benefits and liabilities for retirement benefits recognized in the consolidated financial statements for the fiscal year ended March 31, 2021 were ¥231,145 million (U.S. $2,089 million) and ¥11,696 million (U.S. $106 million), respectively. The net amount of ¥219,449 million (U.S. $1,983 million) was calculated by deducting plan assets of ¥648,464 million (U.S. $5,860 million) from retirement benefit obligations of retirement benefit plans with and without plan assets of ¥417,826 million (U.S. $3,776 million) and ¥11,188 million (U.S. $101 million), respectively.

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

Retirement benefit obligations, plan assets, and retirement benefit expenses are calculated based on assumptions used in actuarial calculation. These assumptions include discount rate, expected long-term rate of return on plan assets, employee turnover rate, and mortality rate.

Major assumptions used in actuarial calculation are as follows:

Discount rate	Expected long-term rate of return on plan assets
Mainly 0.5%	4.6%

SuMi TRUST Bank, which accounts for 94.0% of asset retirement obligations of SuMi TRUST Bank Group, has set a discount rate based on the interest rates of high-quality domestic corporate bonds whose maturities are equal to the expected period up to the payment of salaries in the future.

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

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

The assumptions described in (2) 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	¥2,600 million increase	¥33,491 million increase
0.5% increase	¥2,324 million decrease	¥29,676 million decrease
Expected long-term rate of return on plan assets:		
0.5% decrease	¥3,164 million increase	—
0.5% increase	¥3,164 million decrease	—

3. Impairment of Fixed Assets (Including Goodwill)

(1) The Amount Recognized during the Fiscal Year Ended March 31, 2021:

In the Retail Total Solution Services of SuMi TRUST Bank, the business environment has significantly changed due to the spread of COVID-19. Therefore, SuMi TRUST Bank Group has evaluated this change as a significant deterioration of business environment and considered the need to record impairment losses, judging from the indication that assets may be impaired.

As a result of the consideration, the carrying amount of operating assets in the Retail Total Solution Services of SuMi TRUST Bank before the impairment was ¥87,087 million (U.S. $787 million) and exceeded the recoverable amount. Therefore, impairment losses of ¥19,976 million (U.S. $181 million), which include impairment losses of tangible fixed assets of ¥1,655 million (U.S. $15 million) and those of software of ¥18,320 million (U.S. $166 million), were recognized.

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

SuMi TRUST Bank Group's reportable segments are defined as operating segments for which discrete financial information is available. The Board of Directors and the Executive Committee of SuMi TRUST Bank periodically receive reporting on the operating results and other relevant information of the reportable segments to make decisions about the allocation of management resources and to assess performance. SuMi TRUST Bank considers six operating segments as the smallest grouping units ("asset groups") to identify an indication of impairment, decide to recognize impairment losses, and measure those losses. Corporate assets are allocated to each operating segment based on a reasonable allocation method, such as the number of personnel in each operating segment, by leveraging the management accounting framework.

Identification of indication that assets may be impaired

An indication of impairment is identified if the asset group falls under any of the following conditions:

- profit (loss) or cash flows from operating activities has been continuously negative, or is expected to continue to be negative
- the business environment for the relevant asset group has been significantly deteriorated, or is expected to be deteriorated
- the fair value of the asset or asset group has significantly decreased
- there was a change in the use of the assets in the asset group, which caused a significant decrease in the recoverable amount

Decision on recognition of an impairment and measurement

For the asset groups with an indication of impairment, the total amount of undiscounted future cash flows associated with the asset group is compared with the carrying amount of assets in the asset group, and an impairment loss is recognized if the carrying amount exceeds the total amount of undiscounted future cash flows. Branches which SuMi TRUST Bank Group decides to close are excluded from the asset groups described above, and the recoverable amounts are measured by the net selling prices of individual branches. The net selling prices are calculated by deducting expected costs of disposal from a real estate appraisal value.

An impairment loss is the difference between the value in use or the net selling price of an asset and its carrying amount.

Value in use is calculated by the present value of the undiscounted future cash flows with the discount rate based on capital costs, which is calculated on the basis of risk-free rates, stock betas, market risk premiums, and other factors.

Undiscounted future cash flows are measured in accordance with the business plan, considering markets and economic conditions in the future. They can change due to unforeseeable events and changes in assumptions used in the business plan in the future.

The future cash flows used to measure the value in use of the Retail Total Solution Services in SuMi Trust Bank, which recognized impairment losses in the fiscal year ended March 31, 2021, are estimated based on the business plan of SuMi TRUST Bank, and take into account major assumptions such as the expected amount of credit transactions and sales plans for insurance and investment trusts.

Changes in Accounting Policies

Change in Accounting Treatment of Past Service Cost

SuMi TRUST Bank announced the amendment in relevant policies due to the partial revision of defined benefit corporate pension plans in January 2021 and put the amendment into practice on April 1, 2021. The revision was implemented as SuMi TRUST Bank extended the retirement age and revised their remuneration system to provide more extensive treatment for their employees depending on their roles in order to create a working environment that allows employees to work vigorously as the average life expectancy and healthy life expectancy increased. Accounting procedures under the revised pension plans are in accordance with "Accounting for Transfers between Retirement Benefit Plans" (Accounting Standards Board of Japan (ASBJ) Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Practical Issues Task Force (PITF) No. 2, February 7, 2007). The past service cost, which is a decrease in retirement benefit obligations, of ¥37,734 million (U.S. $341 million) was incurred as a result of the revision.

Although past service costs were previously recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence, past service costs are primarily charged fully to profit or loss in the fiscal year they occur from the fiscal year ended March 31, 2021. This is because past service costs incurred from amendments in pension plans will not affect the financial statements in the future, while accounting treatment under the previous accounting method will. In addition, SuMi TRUST Bank Group considers that charging the full amount of past service costs to profit or loss in the fiscal year they occur clarifies the relationship between income and expenses of SuMi TRUST Bank Group, including the increased personnel expenses as a result of the extension of the retirement age and the revision of the renumeration system, and more appropriately presents financial position and results of operations.

The change in the accounting method to account for past service costs is not applied retrospectively because the amount of unrecognized past service cost is insignificant as of March 31, 2020, and the unrecognized past service cost in addition to the past service cost incurred during the fiscal year ended March 31, 2021 is recognized as extraordinary income in the fiscal year ended March 31, 2021. As a result, compared to the case where the previous accounting method was applied, ordinary profit decreased by ¥859 million (U.S. $8 million) and income before income taxes increased by ¥36,721 million (U.S. $332 million) in the fiscal year ended March 31, 2021.

New Accounting Standards and Interpretations Not Yet Adopted

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

1. Accounting Standard for Revenue Recognition

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

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

2. Accounting Standard for Fair Value Measurement

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

"Accounting Standards for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" ("the standard and guidance for fair value measurement") are developed in order to enhance comparability with international accounting standards and, provide guidance for methods of fair value measurement. The standard and guidance for fair value measurement are adopted to fair value measurement of the following item:

- Financial instruments defined in "Accounting Standard for Financial Instruments"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised and specified what to disclose in the notes, such as the breakdown by the levels of the fair value hierarchy of financial instruments.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

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

Changes in Presentation

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been adopted to the consolidated financial statements from the fiscal year ended March 31, 2021, and notes to significant accounting estimates are presented in the consolidated financial statements. However, the notes do not include information for the fiscal year ended March 31, 2020 in accordance with the transitional treatment provided in the conditional clause in Paragraph 11 in this accounting standard.

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Securities in Trading Account	¥ 39,520	¥ 6,096	$ 357
Derivatives of Trading Securities	—	13	—
Derivatives of Securities Related to Trading Transactions	29	498	0
Trading-Related Financial Derivatives	389,215	450,031	3,518
Other Trading Assets	5,000	51,006	45
Total	¥ 433,766	¥ 507,646	$ 3,920

(2) Trading liabilities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Derivatives of Trading Securities	¥ 8	¥ —	$ 0
Derivatives of Securities Related to Trading Transactions	983	—	9
Trading-Related Financial Derivatives	320,585	371,950	2,897
Total	¥ 321,576	¥ 371,950	$ 2,906

2. Securities

Securities held as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Government Bonds	¥ 1,760,490	¥ 1,480,969	$ 15,910
Local Government Bonds	23,686	14,785	214
Corporate Bonds	699,775	671,856	6,324
Stocks	1,591,961	1,270,178	14,387
Other Securities	2,806,755	2,905,313	25,366
Total	¥ 6,882,670	¥ 6,343,103	$ 62,202

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Stocks	¥ 112,069	¥ 104,059	$ 1,013
Equity Investments	27,031	33,528	244

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Securities that are Further Collateralized	¥ 154,547	¥ 1,197,832	$ 1,397
Securities that are Further Loaned	1,034,192	1,139,619	9,347
Securities Held without Selling or Repledging as of the End of the Fiscal Year	5,221	—	47

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 ¥76,840 million (U.S. $694 million) and ¥91,755 million as of March 31, 2021 and 2020, respectively.

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Bills Discounted	¥ 763	¥ 1,123	$ 7
Loans on Bills	146,219	217,701	1,321
Loans on Deeds	28,752,736	27,801,810	259,853
Overdrafts	1,607,249	1,682,740	14,526
Total	¥ 30,506,968	¥ 29,703,375	$ 275,707

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

Loans and bills discounted as of March 31, 2021 and 2020, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans in Bankruptcy Proceedings	¥ 2,253	¥ 4,998	$ 20
Delinquent Loans	74,255	53,112	671
Loans Past Due Three Months or More	3,042	3,341	27
Restructured Loans	49,176	38,964	444
Total	¥ 128,729	¥ 100,416	$ 1,163

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), and that meet the conditions as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

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 loans in bankruptcy proceedings or delinquent 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 loans in bankruptcy proceedings, delinquent loans, or loans past due three months or more.

4. Assets Pledged

Assets pledged as collateral as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets Pledged as Collateral:			
Trading Assets	¥ 29,978	¥ 3,000	$ 271
Securities	2,325,240	2,039,182	21,014
Loans and Bills Discounted	5,012,590	5,333,699	45,301
Lease Receivables and Investment Assets	50,491	57,605	456
Other Assets	109,610	99,232	991
Total	¥ 7,527,910	¥ 7,532,720	$ 68,034
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 19,273	¥ 22,045	$ 174
Call Money and Bills Sold	—	54,345	—
Payables under Repurchase Agreements	709,711	582,927	6,414
Borrowed Money	4,398,213	3,723,322	39,749

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
	2021	2020	2021
Securities	¥ 399,318	¥ 329,749	$ 3,609

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Initial Margins of Futures Markets	¥ 53,270	¥ 5,937	$ 481
Security Deposits	25,660	23,274	232
Cash Collateral Pledged for Financial Instruments-Assets	785,742	801,997	7,101
Cash Collateral Pledged for Repurchase Agreement Transactions	3,198	8,759	29

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 ¥14,042,261 million (U.S. $126,907 million) and ¥12,416,801 million, of which ¥8,776,924 million (U.S. $79,322 million) and ¥8,133,494 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2021 and 2020, respectively.

The balance of unused credit will not necessarily affect the future cash flows of SuMi TRUST Bank and its consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing SuMi TRUST Bank and its consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to 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 Bank has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Land	¥ 139,523	¥ 123,612	$ 1,261
Buildings	73,283	73,316	662
Lease Assets	5,015	5,178	45
Construction in Progress	108	370	1
Other	17,500	18,458	158
Total	¥ 235,430	¥ 220,936	$ 2,128

Accumulated depreciation amounted to ¥177,540 million (U.S. $1,605 million) and ¥172,832 million, and advance depreciation amounted to ¥27,792 million (U.S. $251 million) and ¥28,085 million as of March 31, 2021 and 2020, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a "Deferred Tax Liabilities for Land Revaluation" in liabilities, and the amount net of such difference was recorded as a "Revaluation Reserve for Land" in net assets.

Revaluation date: March 31, 1998 and March 31, 1999

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

The revaluation was calculated by reasonably adjusting the value of land based on the following prices: 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); the standard prices for benchmark properties as prescribed by Item 2 of Article 2, the registered prices in tax lists for such land for commercial use as prescribed by Item 3 of Article 2; 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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Software	¥ 64,813	¥ 75,892	$ 586
Goodwill	16,877	21,276	153
Lease Assets	—	0	—
Other	3,706	3,746	33
Total	¥ 85,397	¥ 100,915	$ 772

8. Other Assets

Other assets as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Domestic Exchange Settlement Account, Debit	¥ 1,177	¥ 1,057	$ 11
Prepaid Expenses	5,566	6,127	50
Accrued Income	110,652	121,132	1,000
Initial Margins of Futures Markets	53,270	5,937	481
Variation Margins of Futures Markets	2,150	1,994	19
Financial Derivatives Other Than Trading Assets	621,260	429,482	5,615
Receivables for Securities Transactions	143,708	192,369	1,299
Cash Collateral Pledged for Financial Instruments-Assets	785,742	801,997	7,101
Other	493,778	512,576	4,463
Total	¥ 2,217,308	¥ 2,072,673	$ 20,039

9. Deposits

Deposits as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	¥ 9,457,729	¥ 8,548,735	$ 85,474
Time Deposits	23,071,332	20,774,636	208,507
Other	965,371	1,393,668	8,725
Total	¥ 33,494,433	¥ 30,717,040	$ 302,706

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

10. Borrowed Money

Borrowed money as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Subordinated Borrowings	¥ 670,000	¥ 700,000	$ 6,055
Other Borrowed Money	5,722,602	5,796,384	51,718
Total	¥ 6,392,602	¥ 6,496,384	$ 57,773

Weighted average interest rates on borrowed money were 0.20% and 0.33% for the fiscal years ended March 31, 2021 and 2020, respectively.

Annual maturities of borrowed money as of March 31, 2021, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2021	2021
2022	¥ 1,669,700	$ 15,090
2023	200,281	1,810
2024	813,327	7,350
2025	2,387,735	21,579
2026	157,506	1,423
Total	¥ 5,228,551	$ 47,253

11. Bonds Payable

Bonds payable as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Perpetual Subordinated Bonds	¥ 16,100	¥ 16,100	$ 146
Subordinated Bonds	154,495	274,494	1,396
Other Bonds Payable	765,010	194,773	6,914
Total	¥ 935,605	¥ 485,368	$ 8,456

Annual maturities of bonds payable as of March 31, 2021, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2021	2021
2022	¥ 2,595,546	$ 23,457
2023	60,000	542
2024	419,612	3,792
2025	16,500	149
2026	190,650	1,723
Total	¥ 3,282,308	$ 29,664

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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Domestic Exchange Settlement Account, Credit	¥ 963	¥ 1,123	$ 9
Income Taxes Payable	7,024	16,567	63
Accrued Expenses	60,164	88,538	544
Unearned Income	84,646	80,245	765
Variation Margins of Futures Markets	2,111	977	19
Financial Derivatives Other Than Trading Liabilities	664,262	538,853	6,003
Lease Obligations	12,218	9,854	110
Asset Retirement Obligations	4,059	4,001	37
Payables for Securities Transactions	144,357	102,882	1,305
Provision for Loss on Interest Repayment	39	41	0
Cash Collateral Accepted for Financial Instruments-Liabilities	155,739	134,626	1,407
Other	194,322	243,691	1,756
Total	¥ 1,329,910	¥ 1,221,403	$ 12,019

Notes to Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Interest on Monetary Claims Bought	¥ 2,778	¥ 5,217	$ 25
Others	2,216	4,422	20
Total	¥ 4,994	¥ 9,640	$ 45

(2) Other interest expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Interest on Interest Rate Swaps	¥ 27,641	¥ 42,586	$ 250
Others	20,928	18,578	189
Total	¥ 48,570	¥ 61,164	$ 439

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Income from Trading Securities and Derivatives	¥ —	¥ 787	$ —
Net Income from Trading Transactions	—	1,034	—
Net Income from Trading-Related Financial Derivatives Transactions	—	100,309	—
Other Trading Income	76	57	1
Total	¥ 76	¥ 102,189	$ 1

(2) Trading expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Expenses on Trading Securities and Derivatives	¥ 391	¥ —	$ 4
Net Expenses on Trading Transactions	2,097	—	19
Net Expenses on Trading-Related Financial Derivatives Transactions	30,812	—	278
Total	¥ 33,300	¥ —	$ 301

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Gains on Foreign Exchange Transactions	¥ 79,401	¥ 49,901	$ 718
Gains on Sales and Redemption of Bonds	14,833	45,717	134
Net Income from Derivatives Other Than for Trading or Hedging	22,407	—	203
Others	289,158	253,031	2,613
Total	¥ 405,800	¥ 348,650	$ 3,667

(2) Other ordinary expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following::

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Losses on Sales and Redemption of Bonds	¥ 22,678	¥ 11,295	$ 205
Others	267,432	269,984	2,417
Total	¥ 290,111	¥ 281,279	$ 2,622

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Gains on Sales of Stocks and Other Securities	¥ 99,114	¥ 64,993	$ 896
Gains on Money Held in Trust	69	70	1
Recoveries of Written-Off Claims	809	1,149	7
Equity in Earnings of Affiliated Companies	8,735	8,612	79
Gains on Disposal of Fixed Assets	150	3,154	1
Others (Note)	42,260	15,549	382
Total	¥ 151,138	¥ 93,529	$ 1,366

(Note) "Others" include extraordinary income of ¥37,580 million (U.S. $340 million) which was recognized as SuMi TRUST Bank charged the full amount of past service costs for retirement benefits to profit or loss in the fiscal year they occur as described in "Changes in Accounting Policies."

(2) Other expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Provision for Allowance for Loan Losses	¥ 3,277	¥ 39,972	$ 30
Losses on Sales of Loans	—	972	—
Write-Off of Loans	4,272	3,475	39
Losses on Sales of Stocks and Other Securities	141,995	13,036	1,283
Losses on Impairment of Stocks and Other Securities	491	16,731	4
Losses on Disposal of Fixed Assets	708	704	6
Losses on Impairment of Fixed Assets (Note)	20,786	19,360	188
Losses on Investment in Partnerships	3,853	2,397	35
Others	30,889	18,613	279
Total	¥ 206,275	¥ 115,262	$ 1,864

(Note) SuMi TRUST Bank Group has revised the cost restructure reform and the strategies at branches considering the new normal as a result of the change in business environment due to the spread of COVID-19. In addition, SuMi TRUST Bank Group has continuously implemented initiatives to enhance management accounting. The application method of asset impairment accounting for fixed assets has been revised to apply these initiatives. In particular, SuMi TRUST Bank switched the asset group under the asset impairment accounting from a branch or other asset groups to six operating segments. In addition, SuMi TRUST Bank now allocates corporate assets to each operating segment based on a reasonable method such as the number of personnel in each segment.

As a result of these revisions, impairment losses were recognized as the investment of operating assets for the Retail Total Solution Services were deemed unrecoverable.

The impairment losses recognized due to the revision of the application method of asset impairment accounting described above were ¥19,976 million (U.S. $181 million), which include impairment losses of tangible fixed assets of ¥1,655 million (U.S. $15 million) and those of software of ¥18,320 million (U.S. $166 million). The entire impairment losses including those due to the revision were ¥20,786 million (U.S. $188 million), which include impairment losses of tangible fixed assets of ¥1,893 million (U.S. $17 million) and those of software of ¥18,892 million (U.S. $171 million).

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

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Taxes Other Than Income Taxes	¥ 15,906	¥ 17,001	$ 144
Personnel Expenses	170,750	171,906	1,543
Others	179,144	196,272	1,619
Total	¥ 365,801	¥ 385,180	$ 3,306

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, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (85,688)	¥ (93,039)	$ (774)
Reclassification Adjustments	51,441	(67,885)	465
Before Tax Effects	(34,246)	(160,925)	(310)
Tax Effects	11,005	48,739	99
Valuation Difference on Available-for-Sale Securities	(23,241)	(112,186)	(210)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(9,705)	(73,012)	(88)
Reclassification Adjustments	27,641	42,586	250
Before Tax Effects	17,936	(30,426)	162
Tax Effects	(7,280)	11,225	(66)
Deferred Gains (Losses) on Hedges	10,655	(19,201)	96
Foreign Currency Translation Adjustments:			
Changes during the Period	(46)	(1,680)	(0)
Reclassification Adjustments	—	—	—
Before Tax Effects	(46)	(1,680)	(0)
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	(46)	(1,680)	(0)
Remeasurements of Defined Benefit Plans			
Changes during the Period	81,240	(73,067)	734
Reclassification Adjustments	12,342	5,702	112
Before Tax Effects	93,583	(67,365)	846
Tax Effects	(28,625)	20,609	(259)
Remeasurements of Defined Benefit Plans	64,957	(46,755)	587
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	234	(1,064)	2
Reclassification Adjustments	222	(280)	2
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	457	(1,344)	4
Total Other Comprehensive Income (Loss)	¥ 52,783	¥ (181,169)	$ 477

Notes to the Consolidated Statement of Changes in Net Assets

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

Classes and the number of issued shares of common stock for the fiscal years ended March 31, 2021 and 2020, 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, 2021					
Number of Issued Shares:					
Common Share	**3,000,000**	**1,674,537**	**—**	**—**	**1,674,537**

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2020					
Number of Issued Shares:					
Common Share	3,000,000	1,674,537	—	—	1,674,537

2. Subscription Rights to Shares

There were no subscription rights to shares for the fiscal years ended March 31, 2021 or 2020.

3. Dividends

Dividends paid for the fiscal years ended March 31, 2021 and 2020, consisted of the following:

As for the fiscal year ended March 31, 2021:

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
June 26, 2020						
Ordinary General Meeting of Shareholders	Common Share	¥ 21,735 ($196)	Retained Earnings	¥ 12.98 ($0.12)	March 31, 2020	June 29, 2020

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
November 12, 2020						
Board of Directors' Meeting	Common Share	¥ 28,132 ($254)	Retained Earnings	¥ 16.80 ($0.15)	September 30, 2020	December 1, 2020

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

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
June 23, 2021						
Ordinary General Meeting of Shareholders	Common Share	¥ 19,843 ($179)	Retained Earnings	¥ 11.85 ($0.11)	March 31, 2021	June 24, 2021

As for the fiscal year ended March 31, 2020:

(1) Cash dividends paid

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 27, 2019						
Ordinary General Meeting of Shareholders	Common Share	¥ 36,270	Retained Earnings	¥ 21.66	March 31, 2019	June 28, 2019
		¥ 48,544	Capital Surplus	¥ 28.99	March 31, 2019	June 28, 2019

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
November 13, 2019						
Board of Directors' Meeting	Common Share	¥ 57,269	Retained Earnings	¥ 34.20	September 30, 2019	December 2, 2019

(2) Dividends-in-kind distributed

Resolution	Type of Shares	Type of Dividend Property	Carrying Amount of the Dividend Property (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Note) (Yen)	Record Date	Effective Date
June 27, 2019							
Ordinary General Meeting of Shareholders	Common Share	Securities	¥ 107,921	Retained Earnings	¥ —	March 31, 2019	July 1, 2019

(Note) Amounts available for dividends will be allocated in full to the sole owner of the common stock, SuMi TRUST Holdings, and therefore, the amount of cash dividends per share is not determined.

Dividends with a record date during the fiscal year ended March 31, 2020, but whose effective date is after March 31, 2020 are as follows:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 26, 2020						
Ordinary General Meeting of Shareholders	Common Share	¥ 21,735	Retained Earnings	¥ 12.98	March 31, 2020	June 29, 2020

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, 2021 and 2020.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash and Due from Banks	¥ 18,430,787	¥ 13,087,816	$ 166,568
Due from Banks (Excluding Due from the Bank of Japan)	(1,689,616)	(2,181,167)	(15,270)
Cash and Cash Equivalents	¥ 16,741,171	¥ 10,906,648	$ 151,298

Leases

1. Finance Leases

As a lessee:

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

1) Description of lease assets

i) Tangible fixed assets

Mainly branch buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

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

2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Due in One Year or Less	¥ 2,574	¥ 2,564	$ 23
Due in More Than One Year	11,551	12,970	104
Total	¥ 14,125	¥ 15,534	$ 128

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Due in One Year or Less	¥ 6,492	¥ 5,364	$ 59
Due in More Than One Year	49,946	24,470	451
Total	¥ 56,439	¥ 29,835	$ 510

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

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

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

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

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

(2) Description and Risks of Financial Instruments

1) Trading accounts

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

2) Banking accounts

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

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

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

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

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

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

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

(3) Risk Management for Financial Instruments

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

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

1) Credit risk management

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

(a) Risk management policy on credit risk

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

For the former, SuMi TRUST Bank Group manages credit exposures of each customer based on its limited credit

amount, and periodically reviews impacts of identified risks to large customers and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Bank Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

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

(b) Risk management framework for credit risk

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

2) Market risk management

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

(a) Risk management policy on market risk

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

(b) Risk management framework for market risk

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

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

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

(c) Market risk management approach

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

VaR based on the internally developed model is calculated basically using the historical simulation method. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to its characteristics. SuMi TRUST Bank calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

(d) Quantitative information related to market risk

(i) Trading accounts

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

As of March 31, 2021, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥9.3 billion (U.S. $84 million).

SuMi TRUST Bank Group performs back testing that compares the results of VaR calculations based on its internal model with actual profits or losses. The back testing for the fiscal year ended March 31, 2021, resulted in zero instances where actual losses were in excess of VaR; therefore, SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

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

As of March 31, 2021, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥857.0 billion (U.S. $7,745 million).

SuMi TRUST Bank Group performs back testing on certain positions held in the "Banking Accounts" that compares the results of VaR calculations based on its internal model with actual profits or losses regarding financial assets and liabilities subject to measurement. SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture those risks under extreme market movements.

3) Funding liquidity risk management

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

(a) Funding liquidity risks management policy

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

(b) Funding liquidity risk management framework and methods

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

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

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

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

2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheet and fair values of financial instruments as of March 31, 2021 and 2020, as well as the differences between these values are presented below. The fair values of unlisted stocks are excluded from the following table because such fair values are extremely difficult to be determined (see Note 2).

	Millions of Yen			Millions of U.S. Dollars		
	2021			2021		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 18,430,622	¥ 18,430,622	¥ —	$ 166,567	$ 166,567	$ —
(2) Call Loans and Bills Bought	8,766	8,766	—	79	79	—
(3) Receivables under Resale Agreements	160,268	160,268	—	1,448	1,448	—
(4) Receivables under Securities Borrowing Transactions	727,689	727,689	—	6,577	6,577	—
(5) Monetary Claims Bought (*1)	885,496	886,296	800	8,003	8,010	7
(6) Trading Assets						
Trading Securities	44,521	44,521	—	402	402	—
(7) Money Held in Trust	1,265	1,265	—	11	11	—
(8) Securities						
Held-to-Maturity Debt Securities	275,820	292,071	16,250	2,493	2,640	147
Available-for-Sale Securities	6,240,255	6,240,255	—	56,396	56,396	—
(9) Loans and Bills Discounted	30,506,968			275,707		
Allowance for Loan Losses (*2)	(115,198)			(1,041)		
	30,391,769	30,702,437	310,668	274,666	277,473	2,808
(10) Foreign Exchanges	25,396	25,396	—	230	230	—
(11) Lease Receivables and Investment Assets (*1)	689,262	699,669	10,406	6,229	6,323	94
Total Assets	¥ 57,881,135	¥ 58,219,260	¥ 338,125	$ 523,101	$ 526,157	$ 3,056
(1) Deposits	¥ 33,494,433	¥ 33,513,238	¥ 18,804	$ 302,706	$ 302,876	$ 170
(2) Negotiable Certificates of Deposit	7,324,594	7,324,594	—	66,196	66,196	—
(3) Call Money and Bills Sold	60,675	60,675	—	548	548	—
(4) Payables under Repurchase Agreements	1,628,440	1,628,440	—	14,717	14,717	—
(5) Borrowed Money	6,392,602	6,401,948	9,346	57,773	57,858	84
(6) Foreign Exchanges	577	577	—	5	5	—
(7) Short-Term Bonds Payable	2,545,049	2,545,049	—	23,001	23,001	—
(8) Bonds Payable	935,605	943,894	8,288	8,456	8,530	75
(9) Borrowed Money from Trust Account	4,915,208	4,915,208	—	44,421	44,421	—
Total Liabilities	¥ 57,297,188	¥ 57,333,627	¥ 36,439	$ 517,824	$ 518,153	$ 329
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 150,760	¥ 150,760	¥ —	$ 1,363	$ 1,363	$ —
Derivatives Transactions Qualifying for Hedge Accounting (*4)	(126,094)	(126,094)	—	(1,140)	(1,140)	—
Total Derivatives Transactions	¥ 24,666	¥ 24,666	¥ —	$ 223	$ 223	$ —

	Millions of Yen		
	2020		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 13,087,752	¥ 13,087,752	¥ —
(2) Call Loans and Bills Bought	71,236	71,236	—
(3) Receivables under Resale Agreements	1,220,761	1,220,761	—
(4) Receivables under Securities Borrowing Transactions	740,658	740,658	—
(5) Monetary Claims Bought (*1)	987,691	988,352	660
(6) Trading Assets			
Trading Securities	57,102	57,102	—
(7) Money Held in Trust	1,306	1,306	—
(8) Securities			
Held-to-Maturity Debt Securities	265,044	275,316	10,272
Available-for-Sale Securities	5,746,404	5,746,404	—
(9) Loans and Bills Discounted	29,703,375		
Allowance for Loan Losses (*2)	(112,691)		
	29,590,684	29,885,145	294,461
(10) Foreign Exchanges	36,952	36,952	—
(11) Lease Receivables and Investment Assets (*1)	667,370	682,846	15,475
Total Assets	¥ 52,472,965	¥ 52,793,835	¥ 320,869
(1) Deposits	¥ 30,717,040	¥ 30,737,668	¥ 20,628
(2) Negotiable Certificates of Deposit	5,989,292	5,989,292	—
(3) Call Money and Bills Sold	142,974	142,974	—
(4) Payables under Repurchase Agreements	1,558,919	1,558,919	—
(5) Borrowed Money	6,496,384	6,501,545	5,160
(6) Foreign Exchanges	3,213	3,213	—
(7) Short-Term Bonds Payable	1,707,097	1,707,097	—
(8) Bonds Payable	485,368	495,616	10,247
(9) Borrowed Money from Trust Account	4,750,289	4,750,289	—
Total Liabilities	¥ 51,850,579	¥ 51,886,615	¥ 36,036
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ (17,764)	¥ (17,764)	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	(13,013)	(13,013)	—
Total Derivatives Transactions	¥ (30,777)	¥ (30,777)	¥ —

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheet because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(*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 September 29, 2020) has been adopted to these hedge transactions.

(Note 1) Method for Calculating Fair Values of Financial Instruments

Assets

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Fair values of monetary claims bought for which counterparties' quoted prices or dealer/broker-quoted prices are available are stated at such prices. Fair values for all other claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) 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. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices. Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) 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 assumed interest rate for similar new loans. However, floating-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheet 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 values because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

Liabilities

(1) Deposits and (2) 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).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (6) Foreign Exchanges, (7) Short-Term Bonds Payable, and (9) Borrowed Money from Trust Account

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts because most of obligations have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(5) Borrowed Money

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

(8) Bonds Payable

Bonds issued by SuMi TRUST Bank and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

Derivatives Transactions

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheet whose fair values are extremely difficult to be determined are as stated below, and such amounts are not included in the fair value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" section.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	¥ 6,165	¥ 11,227	$ 56
Securities	227,493	194,071	2,056
(1) Unlisted Stocks (*3)	64,237	59,209	581
(2) Investments in Associations	123,514	103,219	1,116
(3) Others (*3)	39,741	31,642	359
Total	¥ 233,659	¥ 205,299	$ 2,112

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks of subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2021, impairment losses of ¥352 million (U.S. $3 million) were recognized against Unlisted Stocks.

During the fiscal year ended March 31, 2020, impairment losses of ¥1,735 million and ¥440 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2021 and 2020

	Millions of Yen					
March 31, 2021	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	¥ 18,356,807	¥ 650	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	8,766	—	—	—	—	—
Receivables under Resale Agreements	160,268	—	—	—	—	—
Receivables under Securities Borrowing Transactions	727,689	—	—	—	—	—
Monetary Claims Bought (*1)	717,328	68,538	15,193	3,921	1,867	84,853
Money Held in Trust	—	1,265	100	—	—	—
Securities	1,396,910	951,154	1,003,626	541,985	288,731	848,057
Held-to-Maturity Debt Securities	—	—	5,051	20,000	60,000	187,738
Government Bonds	—	—	—	20,000	60,000	35,000
Corporate Bonds	—	—	—	—	—	23,400
Available-for-Sale Securities with Maturity	1,396,910	951,154	998,574	521,985	228,731	660,318
Government Bonds	927,273	200,000	380,000	—	—	135,000
Local Government Bonds	—	1,675	8,008	3,496	10,521	—
Corporate Bonds	31,639	218,289	218,724	110,577	30,485	64,084
Loans and Bills Discounted (*2)	4,636,130	5,814,658	4,667,574	2,613,581	2,485,048	7,811,836
Lease Receivables and Investment Assets (*3)	163,457	243,838	154,218	54,721	47,522	11,172
Total	¥ 26,167,359	¥ 7,080,106	¥ 5,840,713	¥ 3,214,208	¥ 2,823,169	¥ 8,755,919

	Millions of Yen					
March 31, 2020	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	¥ 13,005,100	¥ 1,740	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	71,236	—	—	—	—	—
Receivables under Resale Agreements	1,220,761	—	—	—	—	—
Receivables under Securities Borrowing Transactions	740,658	—	—	—	—	—
Monetary Claims Bought (*1)	793,015	104,699	33,434	19,275	14,964	33,464
Money Held in Trust	—	—	1,406	—	—	—
Securities	1,214,775	1,084,044	939,481	537,892	265,992	769,360
Held-to-Maturity Debt Securities	2,632	—	60	4,020	60,000	195,048
Government Bonds	—	—	60	—	60,000	55,000
Corporate Bonds	—	—	—	—	—	33,200
Available-for-Sale Securities with Maturity	1,212,142	1,084,044	939,421	533,871	205,992	574,312
Government Bonds	838,106	260,315	225,000	—	25,000	10,000
Local Government Bonds	1,228	—	4,546	2,924	6,090	—
Corporate Bonds	21,110	186,052	133,053	196,684	43,275	56,529
Loans and Bills Discounted (*2)	4,179,611	5,463,825	4,520,997	2,848,790	2,473,254	7,592,971
Lease Receivables and Investment Assets (*3)	163,446	239,007	127,633	65,418	50,939	10,717
Total	¥ 21,388,606	¥ 6,893,316	¥ 5,622,953	¥ 3,471,376	¥ 2,805,150	¥ 8,406,513

March 31, 2021	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	$ 165,900	$ 6	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	79	—	—	—	—	—
Receivables under Resale Agreements	1,448	—	—	—	—	—
Receivables under Securities Borrowing Transactions	6,577	—	—	—	—	—
Monetary Claims Bought (*1)	6,483	619	137	35	17	767
Money Held in Trust	—	11	1	—	—	—
Securities	12,625	8,596	9,070	4,898	2,609	7,664
Held-to-Maturity Debt Securities	—	—	46	181	542	1,697
Government Bonds	—	—	—	181	542	316
Corporate Bonds	—	—	—	—	—	211
Available-for-Sale Securities with Maturity	12,625	8,596	9,025	4,717	2,067	5,968
Government Bonds	8,380	1,808	3,434	—	—	1,220
Local Government Bonds	—	15	72	32	95	—
Corporate Bonds	286	1,973	1,977	999	276	579
Loans and Bills Discounted (*2)	41,899	52,550	42,183	23,620	22,459	70,600
Lease Receivables and Investment Assets (*3)	1,477	2,204	1,394	495	429	101
Total	$ 236,488	$ 63,987	$ 52,785	$ 29,048	$ 25,514	$ 79,132

(*1) The balances exclude Monetary Claims Bought for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥58 million (U.S. $1 million) and ¥105 million as of March 31, 2021 and 2020, respectively.

(*2) The balances exclude Loans and Bills Discounted for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥76,509 million (U.S. $691 million) and ¥58,110 million, and those without maturity, amounting to ¥2,401,629 million (U.S. $21,705 million) and ¥2,565,814 million as of March 31, 2021 and 2020, respectively.

(*3) The balances exclude Lease Receivables and Investment Assets for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥549 million (U.S. $5 million) and ¥665 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥19,691 million (U.S. $178 million) and ¥16,051 million as of March 31, 2021 and 2020, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2021 and 2020

	Millions of Yen					
March 31, 2021	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)	¥ 25,297,271	¥ 5,400,861	¥ 2,795,112	¥ 921	¥ 266	¥ —
Negotiable Certificates of Deposit	7,209,594	115,000	—	—	—	—
Call Money and Bills Sold	60,675	—	—	—	—	—
Payables under Repurchase Agreements	1,628,440	—	—	—	—	—
Borrowed Money (*2)	1,669,700	1,013,609	2,545,241	302,169	207,652	384,228
Short-Term Bonds Payable	2,545,546	—	—	—	—	—
Bonds Payable (*3)	50,000	479,612	207,150	173,000	10,000	—
Borrowed Money from Trust Account	4,915,208	—	—	—	—	—
Total	¥ 43,376,438	¥ 7,009,083	¥ 5,547,504	¥ 476,091	¥ 217,918	¥ 384,228

	Millions of Yen					
March 31, 2020	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)	¥ 23,588,311	¥ 4,537,687	¥ 2,589,537	¥ 1,183	¥ 320	¥ —
Negotiable Certificates of Deposit	5,944,292	45,000	—	—	—	—
Call Money and Bills Sold	142,974	—	—	—	—	—
Payables under Repurchase Agreements	1,471,967	86,952	—	—	—	—
Borrowed Money (*2)	2,980,182	1,468,489	811,385	231,702	244,522	420,102
Short-Term Bonds Payable	1,708,473	—	—	—	—	—
Bonds Payable (*3)	229,700	110,000	46,500	63,000	20,000	—
Borrowed Money from Trust Account	4,750,289	—	—	—	—	—
Total	¥ 40,816,190	¥ 6,248,128	¥ 3,447,423	¥ 295,885	¥ 264,842	¥ 420,102

	Millions of U.S. Dollars					
March 31, 2021	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)	$ 228,624	$ 48,810	$ 25,261	$ 8	$ 2	$ —
Negotiable Certificates of Deposit	65,157	1,039	—	—	—	—
Call Money and Bills Sold	548	—	—	—	—	—
Payables under Repurchase Agreements	14,717	—	—	—	—	—
Borrowed Money (*2)	15,090	9,160	23,003	2,731	1,877	3,472
Short-Term Bonds Payable	23,005	—	—	—	—	—
Bonds Payable (*3)	452	4,335	1,872	1,563	90	—
Borrowed Money from Trust Account	44,421	—	—	—	—	—
Total	$ 392,015	$ 63,345	$ 50,136	$ 4,303	$ 1,969	$ 3,472

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

(*2) The balances exclude perpetual subordinated debts without maturity, amounting to ¥270,000 million (U.S. $2,440 million) and ¥340,000 million as of March 31, 2021 and 2020, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥16,100 million (U.S. $146 million) and ¥16,100 million as of March 31, 2021 and 2020, respectively.

Securities

In addition to the "Securities" presented in the consolidated balance sheet, the following information includes securities in trading account and loan-backed trust deeds reported under "Monetary Claims Bought."

1. Trading Securities

	Valuation Difference Reflected in the Statement of Income		
	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Trading Securities	¥ (326)	¥ (129)	$ (3)

2. Held-to-Maturity Securities with Fair Value

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

March 31, 2020	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 118,407	¥ 136,239	¥ 17,831
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	33,200	33,652	452
Other Bonds	65,817	65,943	126
Foreign Bonds	845	849	4
Others	64,972	65,093	121
Subtotal	217,425	235,835	18,410
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	112,591	104,574	(8,016)
Foreign Bonds	112,591	104,574	(8,016)
Others	—	—	—
Subtotal	112,591	104,574	(8,016)
Total	¥ 330,016	¥ 340,410	¥ 10,394

March 31, 2021	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,067	$ 1,209	$ 142
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	211	215	4
Other Bonds	1,394	1,397	2
Foreign Bonds	921	922	1
Others	474	475	1
Subtotal	2,672	2,820	148
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	294	294	(0)
Foreign Bonds	294	294	(0)
Others	—	—	—
Subtotal	294	294	(0)
Total	$ 2,966	$ 3,114	$ 148

3. Available-for-Sale Securities

March 31, 2021	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,372,949	¥ 515,578	¥ 857,371
Bonds	1,789,475	1,785,319	4,156
Government Bonds	1,302,059	1,301,155	904
Local Government Bonds	6,410	6,379	31
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	481,004	477,784	3,220
Other Securities	945,061	921,143	23,917
Foreign Stocks	3,305	191	3,114
Foreign Bonds	751,018	737,897	13,120
Others	190,737	183,055	7,682
Subtotal	4,107,486	3,222,040	885,445
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 48,364	¥ 61,062	¥ (12,698)
Bonds	553,048	556,444	(3,396)
Government Bonds	340,400	343,106	(2,705)
Local Government Bonds	17,276	17,321	(44)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	195,370	196,016	(645)
Other Securities	1,641,761	2,021,443	(379,681)
Foreign Stocks	899	1,340	(440)
Foreign Bonds	822,472	826,123	(3,651)
Others	818,390	1,193,980	(375,589)
Subtotal	2,243,174	2,638,950	(395,776)
Total	¥ 6,350,660	¥ 5,860,991	¥ 489,669

	Millions of Yen		
March 31, 2020	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,016,948	¥ 417,757	¥ 599,190
Bonds	1,461,837	1,458,337	3,500
Government Bonds	1,053,929	1,053,492	437
Local Government Bonds	4,906	4,874	32
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	403,001	399,970	3,030
Other Securities	1,384,110	1,320,023	64,086
Foreign Stocks	2,613	190	2,422
Foreign Bonds	827,306	800,431	26,874
Others	554,190	519,401	34,789
Subtotal	3,862,896	3,196,118	666,777
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 93,664	¥ 120,510	¥ (26,846)
Bonds	554,166	555,804	(1,638)
Government Bonds	308,631	309,155	(523)
Local Government Bonds	9,879	9,914	(34)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	235,655	236,735	(1,079)
Other Securities	1,267,263	1,381,288	(114,024)
Foreign Stocks	874	1,320	(446)
Foreign Bonds	529,513	557,258	(27,745)
Others	736,875	822,708	(85,833)
Subtotal	1,915,093	2,057,603	(142,509)
Total	¥ 5,777,990	¥ 5,253,722	¥ 524,268

March 31, 2021	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 12,408	$ 4,660	$ 7,748
Bonds	16,172	16,135	38
Government Bonds	11,767	11,759	8
Local Government Bonds	58	58	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	4,347	4,318	29
Other Securities	8,541	8,325	216
Foreign Stocks	30	2	28
Foreign Bonds	6,787	6,669	119
Others	1,724	1,654	69
Subtotal	37,121	29,119	8,002
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 437	$ 552	$ (115)
Bonds	4,998	5,029	(31)
Government Bonds	3,076	3,101	(24)
Local Government Bonds	156	157	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,766	1,772	(6)
Other Securities	14,837	18,269	(3,431)
Foreign Stocks	8	12	(4)
Foreign Bonds	7,433	7,466	(33)
Others	7,396	10,791	(3,394)
Subtotal	20,273	23,850	(3,577)
Total	$ 57,394	$ 52,969	$ 4,425

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, 2021 and 2020.

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

Year Ended March 31, 2021	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 128,882	¥ 93,608	¥ 544
Bonds	653,415	275	1,593
Government Bonds	644,846	221	1,593
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	8,568	53	—
Other Securities	2,231,003	20,052	162,535
Foreign Stocks	2,003	7	88
Foreign Bonds	1,710,775	14,542	20,794
Others	518,224	5,502	141,652
Total	¥ 3,013,301	¥ 113,936	¥ 164,674

Year Ended March 31, 2020	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 61,272	¥ 40,370	¥ 1,389
Bonds	372,898	2,542	2,930
Government Bonds	330,708	2,362	2,812
Local Government Bonds	2,518	11	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	39,671	168	117
Other Securities	3,094,393	67,796	20,011
Foreign Stocks	2,565	345	233
Foreign Bonds	2,573,278	42,816	7,757
Others	518,549	24,634	12,020
Total	¥ 3,528,563	¥ 110,710	¥ 24,331

Year Ended March 31, 2021	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	$ 1,165	$ 846	$ 5
Bonds	5,905	2	14
Government Bonds	5,828	2	14
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	77	0	—
Other Securities	20,163	181	1,469
Foreign Stocks	18	0	1
Foreign Bonds	15,461	131	188
Others	4,683	50	1,280
Total	$ 27,233	$ 1,030	$ 1,488

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

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, 2021 and 2020.

7. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, 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, 2021 and 2020, were ¥139 million (U.S. $1.3million) and ¥14,995 million, respectively.

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

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

Money Held in Trust

1. Money Held in Trust for Trading Purposes

There was no money held in trust for trading purposes for the fiscal years ended March 31, 2021 and 2020.

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, 2021 and 2020.

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

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

	Millions of Yen				
March 31, 2020	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,406	¥ 981	¥ 424	¥ 424	¥ —

	Millions of U.S. Dollars				
March 31, 2021	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	$ 12	$ 9	$ 3	$ 3	$ —

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

Valuation Differences on Available-for-Sale Securities

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

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Valuation Differences			
Available-for-Sale Securities	¥ 492,061	¥ 526,335	$ 4,447
Other Money Held in Trust	380	424	3
Total Valuation Differences	492,441	526,760	4,450
Amount Equivalent to Deferred Tax Assets (Liabilities)	(149,138)	(160,215)	(1,348)
Total (Before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	343,303	366,544	3,103
Non-Controlling Interests	(159)	(74)	(1)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	1,910	3,454	17
Valuation Differences on Available-for-Sale Securities	¥ 345,053	¥ 369,924	$ 3,118

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to be determined, are included in the "Available-for-Sale Securities" under "Valuation Differences."

2) The valuation difference of ¥2,288 million (U.S. $21 million) and ¥2,132 million on available-for-sale securities composing assets held by associated companies as of March 31, 2021 and 2020, respectively, is included in "Available-for-Sale Securities" under "Valuation Differences."

3) The unamortized portion of valuation difference as of March 31, 2020 arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Differences."

Derivatives

1. Derivatives Transactions Not Qualifying for Hedge Accounting

Derivatives transactions not qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values 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, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 16,259,100	¥ 8,204,867	¥ (12,132)	¥ (12,132)	$ 146,942	$ 74,152	$ (110)	$ (110)
Purchased	16,382,636	8,740,344	9,956	9,956	148,058	78,991	90	90
Interest Options								
Sold	760,290	—	(85)	(26)	6,871	—	(1)	(0)
Purchased	680,474	—	108	29	6,150	—	1	0
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	45,212,322	35,442,523	1,042,944	1,042,944	408,607	320,312	9,426	9,426
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	37,529,904	30,758,857	(1,072,591)	(1,072,591)	339,177	277,983	(9,694)	(9,694)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	23,205,620	19,522,140	474	474	209,721	176,431	4	4
Interest Options								
Sold	9,282,788	9,266,363	18,087	27,782	83,893	83,745	163	251
Purchased	6,255,661	6,239,584	(3,461)	(7,879)	56,536	56,390	(31)	(71)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (16,697)	¥ (11,442)			$ (151)	$ (103)

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 20,873,613	¥ 7,936,931	¥ (48,309)	¥ (48,309)
Purchased	21,329,778	7,616,507	46,361	46,361
Interest Options				
Sold	2,942,641	—	(1,175)	(715)
Purchased	2,937,903	—	1,144	508
OTC				
Forward Rate Agreements				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	50,872,014	39,266,116	2,208,234	2,208,234
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	43,837,712	34,523,749	(2,159,973)	(2,159,973)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	22,336,839	17,809,579	3,096	3,096
Interest Options				
Sold	9,925,297	9,906,302	(33,630)	(22,767)
Purchased	6,642,159	6,608,026	18,834	14,371
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 34,583	¥ 40,805

(Notes)

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

2) The fair values of listed derivatives transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of OTC derivatives transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Currency Futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
OTC								
Currency Swaps	¥ 7,182,667	¥ 5,771,209	¥ 53,639	¥ 53,639	$ 64,913	$ 52,157	$ 485	$ 485
Forward Exchange Contracts								
Sold	15,330,082	993,767	(297,395)	(297,395)	138,546	8,981	(2,688)	(2,688)
Purchased	20,910,556	364,335	422,703	422,703	188,979	3,293	3,820	3,820
Currency Options								
Sold	1,128,393	676,694	(50,297)	6,515	10,198	6,116	(455)	59
Purchased	794,918	473,197	39,658	(5,507)	7,184	4,277	358	(50)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 168,309	¥ 179,956			$ 1,521	$ 1,626

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Currency Futures				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options				
Sold	—	—	—	—
Purchased	—	—	—	—
OTC				
Currency Swaps	¥ 5,208,369	¥ 4,495,735	¥ (4,770)	¥ (4,770)
Forward Exchange Contracts				
Sold	12,322,468	832,222	(78,937)	(78,937)
Purchased	16,353,498	227,010	30,111	30,111
Currency Options				
Sold	1,170,658	606,930	(43,375)	8,257
Purchased	892,363	443,075	44,170	(2,909)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (52,800)	¥ (48,247)

(Notes)

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

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥165,306	¥ —	¥ (1,458)	¥ (1,458)	$ 1,494	$ —	$ (13)	$ (13)
Purchased	123,854	—	1,903	1,903	1,119	—	17	17
Stock Index Options								
Sold	67,159	—	(806)	(87)	607	—	(7)	(1)
Purchased	108,307	—	339	(284)	979	—	3	(3)
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			¥ (20)	¥ 73			$ (0)	$ 1

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 59,844	¥ —	¥ (1,243)	¥ (1,243)
Purchased	36,429	—	2,339	2,339
Stock Index Options				
Sold	26,674	—	(868)	(347)
Purchased	5,100	—	4	(35)
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			¥ 231	¥ 711

(Notes)

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

2) The fair values of listed derivatives transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,710,794	¥ —	¥ 25,127	¥ 25,127	$ 15,461	$ —	$ 227	$ 227
Purchased	1,668,659	—	(23,317)	(23,317)	15,081	—	(211)	(211)
Bond Future Options								
Sold	711,176	—	(3,295)	75	6,427	—	(30)	1
Purchased	347,961	—	1,072	(198)	3,145	—	10	(2)
OTC								
Bond Forward Contracts								
Sold	¥ 44,260	¥ —	¥ 230	¥ 230	$ 400	$ —	$ 2	$ 2
Purchased	55,657	—	(177)	(177)	503	—	(2)	(2)
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (359)	¥ 1,738			$ (3)	$ 16

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 2,314,032	¥ —	¥ (55,526)	¥ (55,526)
Purchased	2,407,161	—	55,375	55,375
Bond Future Options				
Sold	66,991	—	(325)	99
Purchased	47,986	—	169	(42)
OTC				
Bond Forward Contracts				
Sold	¥ 20,332	¥ —	¥ (252)	¥ (252)
Purchased	33,816	—	649	649
Bond Options				
Sold	—	—	—	—
Purchased	—	—	—	—
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 89	¥ 303

(Notes)

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

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2021 and 2020.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 40,500	¥ 29,000	¥ 903	¥ 903	$ 366	$ 262	$ 8	$ 8
Purchased	46,032	34,532	(1,373)	(1,373)	416	312	(12)	(12)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (469)	¥ (469)			$ (4)	$ (4)

	Millions of Yen			
	2020			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 59,034	¥ 45,934	¥ (59)	¥ (59)
Purchased	65,540	52,440	190	190
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 131	¥ 131

(Notes)

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

2) The fair values are calculated using the net present value method.

3) "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, as well as the methods for determining such fair values 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, 2021 and 2020, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2021			2021		
		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	Financial Assets/ Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 712,507	¥ 652,507	¥ (2,402)	$ 6,439	$ 5,897	$ (22)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,566,967	1,414,632	(34,735)	14,161	12,785	(314)
Interest Futures							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Interest Options							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Exceptional Treatment for Interest Rate Swaps							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	—	—	—		—	—	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		—	—		—	—	
Total				¥ (37,137)			$ (336)

	Major Hedged Item	Millions of Yen		
		2020		
		Notional Amount		Fair Value
		Total	Over One Year	
Deferral Method				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Interest-Earning/ Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 795,889	¥ 132,000	¥ 1,525
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,513,915	1,359,935	(52,136)
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				¥ (50,610)

(Notes)

1) In principle, deferred hedge accounting stipulated in Guidance No. 24 and Report No. 24 is applied during the fiscal years ended March 31, 2021 and 2020, respectively.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2021 and 2020, consist of the following:

	Major Hedged Item	Millions of Yen 2021 Notional Amount Total	Millions of Yen 2021 Notional Amount Over One Year	Millions of Yen 2021 Fair Value	Millions of U.S. Dollars 2021 Notional Amount Total	Millions of U.S. Dollars 2021 Notional Amount Over One Year	Millions of U.S. Dollars 2021 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,489,799	¥ 1,109,499	¥ (89,194)	$ 22,502	$ 10,027	$ (806)
Forward Exchange Contracts							
Sold		1,231	—	0	11	—	0
Purchased		83,706	—	2,678	757	—	24
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"							
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies						
Sold		¥ 92,950	¥ —	¥ (2,441)	$ 840	$ —	$ (22)
Purchased		—	—	—	—	—	—
Total				¥ (88,957)			$ (804)

	Major Hedged Item	Millions of Yen 2020 Notional Amount Total	Millions of Yen 2020 Notional Amount Over One Year	Millions of Yen 2020 Fair Value
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,301,582	¥1,214,987	¥ 31,261
Forward Exchange Contracts				
Sold		—	—	—
Purchased		3,890	—	3,890
Others				
Sold		—	—	—
Purchased		—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"				
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies			
Sold		¥ 88,516	¥ —	¥ 2,446
Purchased		—	—	—
Total				¥ 37,597

(Notes)

1) In principle, deferred hedge accounting stipulated in Guidance No. 25 and Report No. 25 is applied during the fiscal years ended March 31, 2021 and 2020, respectively.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2021 or 2020.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2021 or 2020.

Retirement and Pension Plans

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

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

SuMi TRUST Bank partially revised defined benefit corporate pension plans in April 2021 as described in Changes in Accounting Policies.

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
	2021	2020	2021
Retirement Benefit Obligations (opening balance)	¥ 460,872	¥ 464,353	$ 4,165
Service Cost-Benefits Earned during the Fiscal Year	12,559	13,697	114
Interest Cost on Projected Benefit Obligations	2,276	2,339	21
Actuarial Gains and Losses that Arose during the Fiscal Year	8,985	154	81
Retirement Benefits Paid	(17,945)	(18,326)	(162)
Past Service Cost that Arose during the Fiscal Year	(37,734)	—	(341)
Other	—	(1,344)	—
Retirement Benefit Obligations (closing balance)	¥ 429,015	¥ 460,872	$ 3,877

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Plan Assets (opening balance)	¥ 535,869	¥ 589,793	$ 4,843
Expected Return on Plan Assets	24,765	24,495	224
Actuarial Gains and Losses that Arose during the Fiscal Year	90,226	(72,913)	815
Contributions by the Employer	13,783	10,892	125
Retirement Benefits Paid	(16,180)	(16,398)	(146)
Plan Assets (closing balance)	¥ 648,464	¥ 535,869	$ 5,860

(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
	2021	2020	2021
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 417,826	¥ 450,076	$ 3,776
Plan Assets	(648,464)	(535,869)	(5,860)
	(230,637)	(85,792)	(2,084)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	11,188	10,796	101
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (219,449)	¥ (74,996)	$ (1,983)

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Liabilities for Retirement Benefits	¥ 11,696	¥ 12,079	$ 106
Assets for Retirement Benefits	(231,145)	(87,075)	(2,089)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (219,449)	¥ (74,996)	$ (1,983)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Service Cost-Benefits Earned during the Fiscal Year	¥ 12,559	¥ 13,697	$ 114
Interest Cost on Projected Benefit Obligations	2,276	2,339	21
Expected Return on Plan Assets	(24,765)	(24,495)	(224)
Amortization of Actuarial Differences	12,241	5,674	111
Amortization of Past Service Cost (Note)	(37,632)	28	(340)
Other	292	592	3
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (35,028)	¥ (2,164)	$ (317)

(Note) ¥37,580 million (U.S. $340 million) of amortization of past service cost is recognized as extraordinary income for the fiscal year ended March 31, 2021.

(5) Remeasurements of Defined Benefit Plans

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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Past Service Cost	¥ 101	¥ 28	$ 1
Actuarial Differences	93,481	(67,393)	845
Total	¥ 93,583	¥ (67,365)	$ 846

(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
	2021	2020	2021
Unrecognized Past Service Cost	¥ (295)	¥ (193)	$ (3)
Unrecognized Actuarial Differences	6,759	100,240	61
Total	¥ 6,463	¥ 100,046	$ 58

(7) Plan Assets

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

	Proportion (%)	
	2021	2020
Debt Securities	24	32
Equity Securities	62	53
Cash and Due from Banks	3	2
Other	11	13
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 59% and 52% of the total plan asset for the fiscal years ended March 31, 2021 and 2020, respectively.

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

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

(8) Assumptions Used

Major assumptions used in actuarial calculation for the fiscal years ended March 31, 2021 and 2020, are as follows:

	2021	2020
Discount Rate	Mainly 0.5%	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	4.6%	4.1%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥1,784 million (U.S. $16 million) and ¥1,882 million for the years ended March 31, 2021 and 2020, respectively.

Income Taxes

1. Deferred Tax Assets and Liabilities

Year Ended March 31	Millions of Yen 2021	Millions of Yen 2020	Millions of U.S. Dollars 2021
Deferred Tax Assets:			
Impairment of Securities	¥ 18,982	¥ 18,891	$ 172
Allowance for Loan Losses (Including Direct Write-Offs of Loans with Guarantees or Collateral)	46,756	48,197	423
Deferred Gains (Losses) on Hedges	18,381	25,662	166
Remeasurements of Defined Benefit Plans	2,196	30,674	20
Other	64,617	53,922	584
Subtotal	150,933	177,347	1,364
Valuation Allowance	(16,384)	(16,839)	(148)
Deferred Tax Assets	¥ 134,549	¥ 160,508	$ 1,216
Deferred Tax Liabilities:			
Retirement Benefits	¥ (39,223)	¥ (23,034)	$ (354)
Valuation Differences on Available-for-Sale Securities	(149,206)	(159,820)	(1,348)
Other	(9,818)	(11,278)	(89)
Deferred Tax Liabilities	¥ (198,249)	¥ (194,133)	$ (1,792)
Net Deferred Tax Assets (Liabilities)	¥ (63,699)	¥ (33,625)	$ (576)

2. Effective Income Tax Rate

Year Ended March 31	2021	2020
Effective Statutory Tax Rate	30.62%	—%
Adjustments:		
Changes in Valuation Allowance	(0.26)	—
Amortization of Goodwill	0.78	—
Share of Profit of Equity-Method Affiliated Companies	(1.55)	—
Permanent Differences (e.g., Cash Dividends Received)	(1.06)	—
Others	(1.38)	—
Effective Income Tax Rate	27.15%	—%

(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 years ended March 31, 2020.

Segment Information

1. Reportable Segment Information

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

The reportable segments of SuMi TRUST Bank Group are determined based on services offered by SuMi TRUST Bank.

The main activities of the reportable segment are presented below:

Retail Total Solution Services:
Provision of services to individual customers

Wholesale Financial Services:
Provision of services to corporate customers

Stock Transfer Agency Services:
Undertaking of stock-related services on behalf of customers

Real Estate:
Provision of services related to the real estate business

Fiduciary Services:

Operation of the pension business, the asset management business, and the asset administration business

Global Markets:

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

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.

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

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

3. Profit or Loss and Fixed Assets by Reportable Segment

	Millions of Yen							
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	¥ 122,773	¥ 148,846	¥ 23,542	¥ 31,199	¥ 54,870	¥ 69,761	¥ 992	¥ 451,985
General and Administrative Expenses	(123,994)	(46,453)	(3,800)	(9,825)	(23,948)	(15,350)	(22,077)	(245,451)
Net Business Profit	¥ (1,221)	¥ 102,392	¥ 19,741	¥ 21,374	¥ 30,921	¥ 54,410	¥ (21,085)	¥ 206,534
Fixed Assets	¥ 67,111	¥ 33,172	¥ 2,157	¥ 8,855	¥ 16,699	¥ 19,618	¥ 173,212	¥ 320,827

	Millions of Yen							
Year Ended March 31, 2020	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	¥ 130,483	¥ 147,088	¥ 21,386	¥ 35,454	¥ 52,355	¥ 72,590	¥ (6,130)	¥ 453,227
General and Administrative Expenses	(123,114)	(44,228)	(3,742)	(9,595)	(22,057)	(15,049)	(28,630)	(246,417)
Net Business Profit	¥ 7,368	¥ 102,859	¥ 17,643	¥ 25,859	¥ 30,297	¥ 57,541	¥ (34,761)	¥ 206,809

	Millions of U.S. Dollars							
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	$ 1,110	$ 1,345	$ 213	$ 282	$ 496	$ 630	$ 9	$ 4,085
General and Administrative Expenses	(1,121)	(420)	(34)	(89)	(216)	(139)	(200)	(2,218)
Net Business Profit	$ (11)	$ 925	$ 178	$ 193	$ 279	$ 492	$ (191)	$ 1,867
Fixed Assets	$ 607	$ 300	$ 20	$ 80	$ 151	$ 177	$ 1,565	$ 2,899

(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 "Gross Business Profit" include net interest income, net trust fees, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) "General and Administrative Expenses" include personnel expenses and rent expenses.
4) "Others" include costs of capital funding, dividends for shares for cross-shareholdings, and general and administrative expenses of headquarters.
5) "Fixed Assets" are allocated to each segment from the fiscal year ended March 31, 2021 in response to enhancement of management accounting.
6) 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
	2021	2020	2021
Total Profit or Loss for Reportable Segments (Net Business Profit)	¥ 206,534	¥ 206,809	$ 1,867
Net Business Profit of Consolidated Subsidiaries that are Excluded from the Reportable Segments (Note)	55,891	60,067	505
Other Income	151,138	93,529	1,366
Other Expenses	(206,275)	(115,262)	(1,864)
Other Adjustments	(34,166)	(29,785)	(309)
Income before Income Taxes	¥ 173,121	¥ 215,358	$ 1,565

(Note) The amounts include elimination of internal transactions.

Related Information

1. Information by Services

Disclosure of information by services is omitted as similar disclosure is included in the "3. Profit or Loss by Reportable Segment" in the "Segment Information" section.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2021 and 2020, consists of the following:

	Millions of Yen				
Year Ended March 31, 2021	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,144,306	¥ 70,189	¥ 34,235	¥ 44,552	¥ 1,293,283

	Millions of Yen				
Year Ended March 31, 2020	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,095,455	¥ 160,783	¥ 87,244	¥ 106,270	¥ 1,449,753

	Millions of U.S. Dollars				
Year Ended March 31, 2021	Japan	Americas	Europe	Asia and Oceania	Total
	$ 10,342	$ 634	$ 309	$ 403	$ 11,688

(Notes)
1) The figures represent Income in substitution for net sales to be presented by companies in other industries.
2) Income related to transactions by SuMi TRUST Bank (excluding oversea branches) and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by overseas branches of SuMi TRUST Bank and foreign consolidated subsidiaries are presented under "Americas," "Europe," or "Asia and Oceania" based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Bank Group's tangible fixed assets on the consolidated balance sheet as of March 31, 2021 and 2020, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

3. Information by Major Customer

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

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

Losses on impairment of fixed assets recognized during the fiscal year ended March 31, 2021 are as follows:

	Millions of Yen							
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Losses on Impairment of Fixed Assets	¥ 19,976	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 809	¥ 20,786

	Millions of U.S. Dollars							
Year Ended March 31, 2021	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Losses on Impairment of Fixed Assets	$ 181	$ —	$ —	$ —	$ —	$ —	$ 7	$ 188

Losses on impairment of fixed assets are not allocated to the reportable segments for the fiscal year ended March 31, 2020.

Losses on impairment of fixed assets recognized during the fiscal year ended March 31, 2020 were ¥19,360 million.

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, 2021, and 2020, were ¥4,399 million (U.S. $40 million) and ¥6,939 million, respectively. Unamortized balance of goodwill as of March 31, 2021, and 2020, were ¥16,877 million (U.S. $153 million) and ¥21,276 million, respectively.

Information Related to Gain on Negative Goodwill by Reportable Segment

There was no gain on negative goodwill by reportable segment during the fiscal years ended March 31, 2021 and 2020.

Related Party Transactions

1. Related Party Transactions

Transactions of the SuMi TRUST Bank with its parent company for the fiscal year ended March 31, 2021 and 2020, are as follows:

Year Ended March 31, 2021

Type	Company Name	Company Location	Capital	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts	Accounts	Ending Balances
			Millions of Yen (Millions of U.S. Dollars)					Millions of Yen (Millions of U.S. Dollars)		Millions of Yen (Millions of U.S. Dollars)
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608 ($2,364)	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds (Note)	¥ 40,000 ($362)	Borrowed Money (Note)	¥ 620,000 ($5,603)
							Repayment of funds (Note)	¥ 70,000 ($633)		
							Payment of interest (Note)	¥ 7,705 ($70)	Accrued Expenses	¥ 1,901 ($17)

Year Ended March 31, 2020

Type	Company Name	Company Location	Capital	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts	Accounts	Ending Balances
			Millions of Yen					Millions of Yen		Millions of Yen
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds (Note)	¥ 40,000	Borrowed Money (Note)	¥ 650,000
							Payment of interest (Note)	¥ 8,128	Accrued Expenses	¥ 2,452

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

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

2. Notes on the Parent Company or Significant Affiliated Companies

(1) Parent Company

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

(2) Condensed Financial Information of Significant Affiliated Companies

There was no significant condensed financial information of significant affiliated companies for the fiscal year ended March 31, 2021 to be disclosed.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2021	2020	2021
Net Assets per Share of Common Stock	¥ 1,381.78	¥ 1,305.26	$ 12.49
Net Income per Share of Common Stock	74.86	87.89	0.68

(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, 2021	As of March 31, 2020	As of March 31, 2021
Net Assets as Reported	¥ 2,341,495	¥ 2,212,489	$ 21,161
Less:	27,637	26,769	250
Non-Controlling Interests	27,637	26,769	250
Net Assets Attributable to Common Shareholders	2,313,858	2,185,720	20,912
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

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

	Millions of Yen		Millions of U.S. Dollars
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 125,358	¥ 147,190	$ 1,133
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	125,358	147,190	1,133
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

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

Diluted net income per share of common stock for the fiscal years ended March 31, 2021 and 2020 is not presented because there were no dilutive potential shares.

The potential shares that were excluded from the calculation of diluted net income per share of common stock because they have no dilutive effect are as follows:

Fiscal year ended March 31, 2021:

There were no relevant items.

Fiscal year ended March 31, 2020:

Consolidated subsidiary (Nikko Asset Management Co., Ltd.)

Subscription rights to shares (stock options): 7,863,000 shares of common stock

Nikko Asset Management Co., Ltd. has been excluded from the scope of consolidation effective for the fiscal year ended March 31, 2020. Thus, there is no applicable information as of March 31, 2020.

Significant Subsequent Event

Not applicable

Independent Auditors' Report

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Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Trust Bank, Limited:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Bank, Limited ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2021, 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, 2021, 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.

Estimated amount 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 Bank, Limited ("SuMi TRUST Bank") and consolidated subsidiaries, "Allowance for Loan Losses" amounted to ¥129.2 billion, which was provided for the total credit portfolios of ¥32,076.5 billion. "Loans and Bills Discounted" amounting to ¥30,506.9 billion represented the vast majority of the total credit portfolios and also accounted for a significant portion of the total assets of ¥61,944.5 billion. (1) Classification of borrowers As described in Note 4, "Significant Accounting Policies, (5) Allowance for Loan Losses" and the Note, "Significant Accounting Estimates, 1. Estimates of Allowance for Loan Losses (2)" to the consolidated financial statements, SuMi TRUST	The primary procedures we performed to assess the reasonableness of the estimated amount of allowance for loan losses for corporate customers included the following: (1) **Internal control testing** In order to test the design and operating effectiveness of certain internal controls related to the estimate of allowance for loan losses, we performed the following procedures with the assistance of specialists in credit risk and those in IT within our firm: (SuMi TRUST Bank) ● assessment of whether the internal regulations for the self-assessment and the write-offs and provisions were appropriately maintained;

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Bank performs the loan reviews and validates them, based on its internal criteria for self-assessment of asset quality, and records an allowance for loan losses in accordance with its policy for write-offs and provisions, according to the determined classification of each borrower.

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

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

Especially in determining the classification of corporate customers whose financial performance has been deteriorating due to the spread of COVID-19, it was necessary to consider the impact of the spread of COVID-19 on their classification. However, its impacts are complicated and have a wide variety of implications, such as deterioration of the real economy and corporate cash flow position arising from restrictions on movement of people and goods, reduced production activities, change in the consumer behaviors, among others, and the estimation thereof involved a high degree of uncertainty. Therefore, a higher level of management judgment was required in determining the classification of borrowers.

(2) Estimated amount of allowance for loan losses considering the impact of the spread of COVID-19

As described in the Note, "Significant Accounting Estimates, 1. Estimates of Allowance for Loan Losses (3)" to the consolidated financial statements, considering the impact of the spread of COVID-19 on borrowers' (corporate customers') operations and financial performance, SuMi TRUST Bank and certain consolidated subsidiaries estimated the impact of the credit risks that had not yet been reflected in the borrowers' financial information and

- evaluation of controls to ensure that borrowers' financial information entered into the credit risk management system by branches is complete and accurate;
- evaluation of controls at 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; and
- evaluation of controls at the Credit Supervision Department and the Risk Management Department that validate the results of the self-assessment and write-offs/provisions for compliance with the internal regulations.

(SuMi TRUST Bank and certain consolidated subsidiaries)

- evaluation of controls in which the reasonableness of any adjustment to the allowance for loan losses is assessed based on the current situation and future outlook at the meetings of top executives of each subsidiary.

(2) Classification of borrowers

In order to assess whether borrowers were appropriately classified, we selected certain individual corporate customers for our testing based on both quantitative and qualitative factors. Specifically, in order to select important borrowers whose credit risk could possibly change significantly due to changes in internal or external economic environments including the impact of COVID-19 (i.e. borrowers for whom a significant amount of allowance for loan losses may be recognized due to deterioration in credit risks), 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: extent of adverse impact of the spread of COVID-19 on the financial performance and resilience to such impact.

In order to evaluate whether the corporate customers selected through the above process were classified appropriately, we:

- assessed whether the borrowers were classified in accordance with the internal regulations for the self-assessment by inspecting the results of an analysis on the borrowers' financial

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recognized an additional allowance for loan losses of ¥18.4 billion (¥24.6 billion for the previous fiscal year) as a necessary adjustment to credit losses expected in the future.

In estimating the amount of allowance for loan losses, industries where the adverse impact on the financial performance was considered more severe than others were identified, and the amount of credit losses was estimated for certain credit portfolios within those industries assuming that their credit rating assigned by the credit risk management system had been downgraded to a certain extent. Specifically, assumptions regarding future deterioration in credit risks, that reflected the extent to which the spread of COVID-19 impacted the financial performance and an expected level of recovery after the pandemic ceases, were developed for each industry, considering the changes in economic environment and the internal credit ratings during the current fiscal year.

As estimating the impact of the spread of COVID-19 involved a high degree of estimation uncertainty and required subjective management judgment, there may be a material impact on the consolidated financial statements if the assumptions used for the estimate were not reasonable.

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

information, as well as other documents supporting the borrower classification using qualitative judgment; and

- inquired of personnel in the relevant departments (branches, the Credit Supervision Department, and the Risk Management Department) of SuMi TRUST Bank and assessed the borrowers using the respective information we obtained independently.

(3) Estimated amount of allowance for loan losses considering the impact of the spread of COVID-19

In assessing the impact of the spread of COVID-19 on allowance for loan losses of SuMi TRUST Bank and its consolidated subsidiaries, we inspected the materials for the meetings at Sumitomo Mitsui Trust Bank Group companies 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 reasonableness of key assumptions used in estimating the amount of allowance for loan losses considering the impact of the spread of COVID-19, we:

- inquired of personnel in the relevant departments (the Research Department, Credit Supervision Department, Financial Planning Department, and Risk Management Department) of SuMi TRUST Bank as well as the relevant departments of certain consolidated subsidiaries;
- inspected information from external sources, such as the results of impact studies published by third-party institutions and reports issued by external economists; and
- assessed the consistency of key assumptions used in estimating the amount of allowance for loan losses with the result of an analysis and information for the measurement of credit risks within the Sumitomo Mitsui Trust Group's credit risk management.

Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan and the change in the method of recognizing past service costs in earnings	
The key audit matter	**How the matter was addressed in our audit**
As described in the Note, "Changes in Accounting Policies" to the consolidated financial statements, SuMi TRUST Bank announced in January 2021 revisions to the provisions and terms of retirement benefits to give effect to a partial amendment to its	The primary procedures we performed to assess the appropriateness of the estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan as well as management judgment that the change in the method of

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defined benefit corporate pension plan, and the amendment took effect on April 1, 2021. As a result, a negative past service cost of ¥37.7 billion (i.e. decrease in retirement benefit obligations) was incurred for the current fiscal year and is reported as other income in the consolidated statement of income.

(1) Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan

As described in the Note, "Significant Accounting Estimates, 2. Estimates of Retirement Benefit Obligations" to the consolidated financial statements, the measurement of retirement benefit obligations requires a high level of actuarial expertise. In addition, determining the calculation basis (i.e. key assumptions) used in the actuarial calculations requires management judgment.

Especially for the current year, it was necessary to measure retirement benefit obligations before and after the plan amendment to quantify the difference, if any, to be accounted for as a past service cost, which had a material impact on the consolidated financial statements. Accordingly, there might be a material impact on the consolidated financial statements if the plan amendment had not been properly reflected in the determination of key assumptions and in the actuarial calculations.

(2) Change in the method of recognizing past service costs in earnings

As described in the Note, "Changes in Accounting Policies" to the consolidated financial statements, the method of recognizing past service costs in earnings was changed in the current fiscal year. Under the new method, past service costs are primarily recognized fully in earnings in the year when they are incurred.

While management concluded that this change in accounting policy was made on justifiable grounds, management judgment had a material impact on the consolidated financial statements for the current and subsequent fiscal years. A change in accounting policy is made on justifiable grounds only if:

- the change in accounting policy is made in response to any change in the entity's business or any change in internal/external management environment; and
- the new accounting policy after the change depicts accounting events and other matters more faithfully in the financial statements.

We, therefore, determined that our assessment of the appropriateness of the estimate of retirement benefit recognizing past service costs in earnings was made on justifiable grounds included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of SuMi TRUST Bank's internal controls relevant to estimating retirement benefit obligations. In this assessment, we focused our testing on controls designed to ensure the reasonableness of the determination of key assumptions and the appropriateness of the actuarial calculations.

(2) Estimate of retirement benefit obligations considering the partial amendment to the retirement benefit plan

In order to assess whether the plan amendment was properly reflected in the determination of key assumptions and in the actuarial calculations when retirement benefit obligations after the plan amendment were estimated, we performed the following procedures with the assistance of actuarial specialists within our firm:

- assessed whether key assumptions were properly determined based on the substance of retirement benefit provisions before and after the plan amendment by inquiring of personnel in the Human Resources Department of SuMi TRUST Bank, which was responsible for determining key assumptions, about the rationale for those assumptions and examining the reasonableness thereof. In addition, we traced key assumptions to the supporting documents that provided the basis for the determination; and
- compared the amount of retirement benefit obligations we calculated independently with the amount of retirement benefit obligations included in the actuarial valuation report prepared by the Pension Administration Department of SuMi TRUST Bank, and assessed whether the difference between these two amounts was within the acceptable range we had established.

(3) Change in the method of recognizing past service costs in earnings

In order to understand the reason why the method of recognizing past service costs in earnings was changed, we inspected the approval document and supporting materials. Then, we assessed the reasonableness of the reason for the change by performing the following procedures:

- compared the circumstances leading to a past service cost incurred in the past with the circumstance in the current fiscal year to

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obligations considering the partial amendment to the retirement benefit plan and the change in the method of recognizing past service costs in earnings was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	confirm that these situations were significantly different; and ● assessed the reasonableness of management's conclusion that with the change in accounting policy, the plan amendment would be reflected more appropriately in the consolidated financial statements. In evaluating the reasonableness of management judgment, we considered the relationship of an increase in labor costs (i.e. considerations for employees' services) due to the postponement of retirement age and the past service cost incurred due to the plan amendment to revenues to be generated from those employees' services.

Change in the method of applying impairment accounting and the recognition of impairment losses on fixed assets

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of income of SuMi TRUST Bank, impairment losses of ¥20.7 billion were reported. As described in the Note, "Significant Accounting Estimates, 3. Impairment of Fixed Assets (Including Goodwill)" and Note 4, "Other Income and Expenses (2)" to the consolidated financial statements, ¥19.9 billion of this amount (consisting of ¥1.6 billion for tangible fixed assets and ¥18.3 billion for software) was recognized on operating assets used in the business units belonging to the Retail Total Solution Services Business ("Retail TS Services Business"). In applying impairment accounting for fixed assets, an entity is allowed to allocate corporate assets to asset groups using a reasonable allocation basis. Asset groups to which corporate assets are allocated are tested for impairment whenever there is an impairment indicator. An impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the respective asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount (e.g. a value in use calculated by using a discount rate), and the resulting decrease in the carrying amount is recognized as an impairment loss for the current year. (1) Grouping of assets and allocation of corporate assets In the current fiscal year, the grouping of assets and the treatment of corporate assets for the purpose of the impairment testing were changed in order to enhance the application of impairment accounting,	The primary procedures we performed to assess the appropriateness of the method of applying impairment accounting and the amount of the impairment losses recognized on fixed assets included the following: **(1) Internal control testing** We assessed the design and operating effectiveness of certain internal controls related to determining the method of allocating corporate assets to each operating segment and the judgment on whether an impairment loss should be recognized, as well as the measurement of the impairment loss. In this assessment, we focused our testing on controls relevant to the determination of allocation bases for corporate assets and the estimate of future cash flows used in the judgment on whether an impairment loss should be recognized. **(2) Grouping of assets and allocation of corporate assets** (Changes in the method of application) We evaluated the reasonableness of management's conclusion that with the changes in the method of grouping assets and allocating corporate assets for the impairment testing, the carrying amount of and impairment losses on fixed assets would be reflected more appropriately in the consolidated financial statements In assessing the reasonableness of management judgment, we considered that under the new method, the identification of impairment indicators, the judgment on whether an impairment loss should be recognized, and the measurement of an impairment

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in response to cost structure reforms and revisions to the branch strategy in light of changes in business environment due to the spread of COVID-19 from the perspective of continuous improvements in management reporting.

Specifically, SuMi TRUST Bank changed to a new method under which it identified its six operating segments as the smallest groups of assets and allocated the corporate assets to the respective segments using allocation bases that were deemed reasonable (e.g. the number of employees for each operating segment).

There may be a material impact on the consolidated financial statements if the change itself or the application of the new method were not reasonable.

(2) Recognition of impairment losses

SuMi TRUST Bank tested the Retail TS Services Business for impairment, because it determined that management environment had significantly deteriorated due to the spread of COVID-19 and thus identified an impairment indicator in the current fiscal year.

The future cash flows used in the impairment testing were estimated based on its business plan developed by the Retail Business Planning Department of SuMi TRUST Bank. In developing the business plan, key assumptions regarding the expected amount of credit transactions to be executed and the sales plan of insurance and investment trust products were used considering future market and economic conditions. Therefore, these estimates involved a high degree of uncertainty and subjective management judgment.

In addition, in measuring the recoverable amount after it was determined that an impairment loss should be recognized, a high level of valuation expertise was required to select an appropriate valuation model and input data to estimate a discount rate.

We, therefore, determined that our assessment of the appropriateness of the change in the method of applying impairment accounting and the recognition of impairment losses on fixed assets was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

loss on corporate assets are all made based on the profitability of each operating segment, rather than the entity-wide profitability used in the past, which enables the recognition of more granular impairment losses compared to the previous method.

In addition, to assess whether the change was made in response to changes in business environment from the perspective of improving management reporting, we:

- inspected relevant Executive Committee meeting materials and other supporting documents regarding cost structure reforms and revisions to the branch strategy in response to changes in business environment due to the spread of COVID-19; and
- inquired of personnel in the Financial Planning Department of SuMi TRUST Bank, which is responsible for management reporting, regarding the status of improving management reporting, and inspected relevant Executive Committee meeting materials and other supporting documents.

(Allocation bases for corporate assets)

In order to assess whether allocation bases for corporate assets were determined appropriately, we:

- inquired of personnel in the Financial Planning Department of SuMi TRUST Bank, which was responsible for determining allocation bases, and inspected relevant Executive Committee meeting materials and other supporting documents; and
- assessed whether allocation bases for corporate assets were related to the future cash flows generated from each operating segment.

(3) Recognition of impairment losses

In order to assess the reasonableness of the estimated future cash flows of the Retail TS Services Business, we:

- assessed the reasonableness of key assumptions used in the business plan, which formed the basis for estimating future cash flows, by inspecting materials supporting the business plan and inquiring of personnel in the Retail Business Planning Department and those in the Personal Loan Business Promotion Department of SuMi TRUST Bank, which are responsible for developing the plans;
- assessed whether the market environment and competitive environment as a background of developing key assumptions were consistent with our understanding based on information

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	available from SuMi TRUST Bank and external sources; and ● assessed the feasibility of achieving the business plan based on actual results of achievement of the past business plans. In addition, we performed the following procedures by involving enterprise valuation specialists within our network firms who assisted our evaluation of the discount rate used in calculating the value in use: ● evaluation of whether the discount rate used in calculating the value in use complied with the requirements of the accounting standards; and ● evaluation of the reasonableness of input parameters (risk-free rate, beta, and the market risk premium).

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

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

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

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

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

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

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

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

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

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

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

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Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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.

Toshiya Mori
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, 2021

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.

Financial Data:

Non-Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets:			
Cash and Due from Banks:	¥ 18,216,321	¥ 12,916,014	$ 164,630
Cash	73,315	80,966	663
Due from Banks	18,143,006	12,835,048	163,968
Call Loans	8,766	71,236	79
Receivables under Resale Agreements	160,268	1,220,761	1,448
Receivables under Securities Borrowing Transactions	727,689	740,658	6,577
Monetary Claims Bought	105,830	64,146	956
Trading Assets:	513,273	609,158	4,639
Trading Account Securities	39,520	6,096	357
Derivatives of Trading Securities	—	13	—
Derivatives of Securities Related to Trading Transactions	29	498	0
Trading-Related Financial Derivatives	389,215	450,031	3,518
Other Trading Assets	84,508	152,518	764
Money Held in Trust	99	99	1
Securities:	7,090,335	6,625,035	64,079
Government Bonds	1,760,430	1,480,909	15,910
Local Government Bonds	23,686	14,785	214
Corporate Bonds	699,775	729,623	6,324
Stocks	1,717,801	1,405,587	15,525
Other Securities	2,888,640	2,994,129	26,106
Loans and Bills Discounted:	30,691,618	29,953,513	277,376
Bills Discounted	763	1,123	7
Loans on Bills	181,012	367,094	1,636
Loans on Deeds	28,190,037	27,130,353	254,768
Overdrafts	2,319,805	2,454,941	20,965
Foreign Exchanges:	25,396	36,952	230
Due from Foreign Banks	25,396	36,952	230
Other Assets:	1,812,587	1,650,474	16,381
Domestic Exchange Settlement Account, Debit	1,177	1,057	11
Prepaid Expenses	2,116	2,225	19
Accrued Income	99,986	109,444	904
Initial Margins of Futures Markets	53,270	5,937	481
Variation Margin of Futures Markets	2,150	1,994	19
Derivatives Other Than for Trading	618,433	425,477	5,589
Cash Collateral Pledged for Financial Instruments	785,742	801,997	7,101
Receivables for Securities Transactions	143,708	192,369	1,299
Other Assets	106,000	109,971	958
Tangible Fixed Assets:	186,717	189,926	1,687
Buildings	63,319	65,089	572
Land	104,535	104,535	945
Lease Assets	3,675	4,280	33
Construction in Progress	63	363	1
Other	15,123	15,658	137
Intangible Fixed Assets:	58,880	70,937	532
Software	55,278	67,335	500
Other	3,601	3,602	33
Prepaid Pension Expenses	237,191	186,272	2,144
Customers' Liabilities for Acceptances and Guarantees	383,537	359,757	3,466
Allowance for Loan Losses	(100,846)	(98,191)	(911)
Total Assets	¥ 60,117,669	¥ 54,596,753	$ 543,314

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Liabilities:			
Deposits:	¥ 33,174,292	¥ 30,537,466	$ 299,813
Current Deposits	2,006,030	1,164,341	18,130
Ordinary Deposits	7,353,317	7,371,011	66,456
Saving Deposits	1,828	1,863	17
Deposits at Notice	77,690	41,015	702
Time Deposits	22,769,916	20,565,418	205,783
Other Deposits	965,509	1,393,816	8,726
Negotiable Certificates of Deposit	7,444,194	6,112,992	67,277
Call Money	180,886	201,249	1,635
Payables under Repurchase Agreements	1,628,440	1,558,919	14,717
Trading Liabilities:	321,576	371,950	2,906
Derivatives of Trading Securities	8	—	0
Derivatives of Securities Related to Trading Transactions	983	—	9
Trading-Related Financial Derivatives	320,585	371,950	2,897
Borrowed Money:	5,883,091	5,973,015	53,168
Borrowing from Other Banks	5,883,091	5,973,015	53,168
Foreign Exchanges:	16,631	23,724	150
Due to Foreign Banks	16,425	20,691	148
Foreign Bills Sold	—	1	—
Foreign Bills Payable	206	3,030	2
Short-Term Bonds Payable	2,013,793	1,136,819	18,200
Bonds Payable	865,605	415,368	7,823
Borrowed Money from Trust Account	4,915,208	4,750,289	44,421
Other Liabilities:	1,131,052	1,026,229	10,222
Domestic Exchange Settlement Account, Credit	963	1,123	9
Income Taxes Payable	2,661	11,164	24
Accrued Expenses	55,272	80,115	500
Unearned Revenue	26,629	18,828	241
Variation Margin of Futures Markets	2,111	977	19
Trading Account Securities Borrowed	5,211	10,087	47
Derivatives Other Than for Trading	662,495	536,831	5,987
Cash Collateral Accepted For Financial Instruments	155,739	134,626	1,407
Lease Obligations	5,526	5,720	50
Asset Retirement Obligations	3,329	3,277	30
Payables for Securities Transactions	144,357	101,223	1,305
Other	66,753	122,253	603
Provision for Bonuses	9,009	9,909	81
Provision for Directors' Bonuses	103	74	1
Provision for Stocks Payment	417	219	4
Provision for Retirement Benefits	783	736	7
Provision for Reimbursement of Deposits	4,138	4,867	37
Provision for Contingent Losses	1,633	1,440	15
Deferred Tax Liabilities	91,342	91,860	826
Deferred Tax Liabilities for Land Revaluation	2,388	2,439	22
Acceptances and Guarantees	383,537	359,757	3,466
Total Liabilities	¥ 58,068,129	¥ 52,579,329	$ 524,791
Net Assets:			
Total Shareholders' Equity:	¥ 1,752,055	¥ 1,705,866	$ 15,834
Capital Stock	342,037	342,037	3,091
Capital Surplus:	343,066	343,066	3,100
Legal Capital Surplus	273,016	273,016	2,467
Other Capital Surplus	70,049	70,049	633
Retained Earnings:	1,066,952	1,020,763	9,643
Legal Retained Earnings	69,020	69,020	624
Other Retained Earnings:	997,931	951,742	9,019
Other Voluntary Reserves	371,870	371,870	3,361
Retained Earnings Brought Forward	626,061	579,872	5,658
Total Valuation and Translation Adjustments:	297,484	311,558	2,689
Valuation Difference on Available-for-Sale Securities	340,796	363,461	3,080
Deferred Gains (Losses) on Hedges	(39,295)	(48,002)	(355)
Revaluation Reserve for Land	(4,016)	(3,901)	(36)
Total Net Assets	¥ 2,049,539	¥ 2,017,424	$ 18,523
Total Liabilities and Net Assets	¥ 60,117,669	¥ 54,596,753	$ 543,314

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income:			
Trust Fees	¥ 102,883	¥ 99,816	$ 930
Interest Income:	345,877	474,575	3,126
Interest on Loans and Discounts	251,337	331,371	2,271
Interest and Dividends on Securities	83,278	104,306	753
Interest on Call Loans and Bills Bought	334	950	3
Interest on Receivables under Resale Agreements	20	571	0
Interest on Receivables under Securities Borrowing Transactions	0	0	0
Interest on Due from Banks	9,825	34,196	89
Other Interest Income	1,080	3,179	10
Fees and Commissions:	178,519	185,849	1,613
Fees and Commissions on Domestic and Foreign Exchanges	1,630	1,475	15
Other Fees and Commissions	176,888	184,373	1,599
Trading Income:	76	102,189	1
Gains on Trading Account Securities Transactions	—	787	—
Income from Securities and Derivatives Related to Trading Transactions	—	1,034	—
Income from Trading-Related Financial Derivatives Transactions	—	100,309	—
Other Trading Income	76	57	1
Other Ordinary Income:	116,709	94,420	1,055
Gain on Foreign Exchange Transactions	79,158	48,614	715
Gains on Sales of Bonds	14,822	45,716	134
Gains on Redemption of Bonds	10	—	0
Gains on Derivatives Other Than for Trading-Assets	22,407	—	203
Other	311	88	3
Other Income:	139,243	82,349	1,258
Recoveries of Written-Off Claims	398	615	4
Gains on Sales of Stocks and Other Securities	98,279	64,976	888
Other	40,565	16,757	367
Total Income	¥ 883,310	¥ 1,039,201	$ 7,983

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Expenses:			
Interest Expenses:	¥ 133,693	¥ 356,435	$ 1,208
Interest on Deposits	43,624	121,989	394
Interest on Negotiable Certificates of Deposit	14,198	81,014	128
Interest on Call Money and Bills Sold	858	2,587	8
Interest on Payables under Repurchase Agreements	3,576	31,712	32
Interest on Payables under Securities Lending Transactions	—	2,302	—
Interest on Borrowings and Rediscounts	12,468	19,051	113
Interest on Short-Term Bonds	5,472	28,928	49
Interest on Bonds	5,397	8,044	49
Interest on Interest Swaps	27,525	42,448	249
Other Interest Expenses	20,572	18,356	186
Fees and Commissions Payments:	99,698	95,322	901
Fees and Commissions on Domestic and Foreign Exchanges	740	721	7
Other Fees and Commissions	98,958	94,601	894
Trading Expenses:	33,300	—	301
Expenses on Trading Securities and Derivatives	391	—	4
Expenses on Securities and Derivatives Related to Trading Transactions	2,097	—	19
Expenses on Trading-Related Financial Derivatives Transactions	30,812	—	278
Other Ordinary Expenses:	25,388	51,868	229
Loss on Sale of Bonds	22,678	11,295	205
Losses on Redemption of Bonds	—	440	—
Expenses on Derivatives Other Than for Trading or Hedging	—	40,059	—
Other Ordinary Expenses	2,709	72	24
General and Administrative Expenses	257,905	252,579	2,331
Other Expenses:	203,658	105,475	1,841
Provision of Allowance for Loan Losses	3,168	33,472	29
Written-Off Loans	2,465	1,360	22
Losses on Sales of Stocks and Other Securities	141,995	13,036	1,283
Losses on Devaluation of Stocks and Other Securities	486	35,249	4
Impairment Loss	21,412	1,482	194
Other	34,129	20,872	308
Total Expenses	¥ 753,645	¥ 861,681	$ 6,811
Income before Income Taxes	¥ 129,664	¥ 177,519	$ 1,172
Income Taxes:	33,723	52,813	305
Current	29,985	59,180	271
Deferred	3,738	(6,367)	34
Net Income	¥ 95,941	¥ 124,706	$ 867

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 57.29	¥ 74.47	$ 0.52

Financial Data:

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

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2021 and 2020

From April 1, 2020 to March 31, 2021

	Millions of Yen							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 951,742	¥ 1,020,763	¥ 1,705,866
Changes during the Year								
Cash Dividends						(49,867)	(49,867)	(49,867)
Net Income						95,941	95,941	95,941
Reversal of Revaluation Reserve for Land						115	115	115
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	—	—	—	46,188	46,188	46,188
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 997,931	¥ 1,066,952	¥ 1,752,055

	Millions of Yen				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	¥ 363,461	¥(48,002)	¥ (3,901)	¥ 311,558	¥ 2,017,424
Changes during the Year					
Cash Dividends					(49,867)
Net Income					95,941
Reversal of Revaluation Reserve for Land					115
Net Changes of Items Other Than Shareholders' Equity	(22,665)	8,707	(115)	(14,073)	(14,073)
Total Changes during the Year	(22,665)	8,707	(115)	(14,073)	32,115
Balance at the End of the Year	¥ 340,796	¥(39,295)	¥ (4,016)	¥ 297,484	¥ 2,049,539

From April 1, 2019 to March 31, 2020

	Millions of Yen							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 118,594	¥ 391,610	¥ 69,020	¥ 1,026,941	¥ 1,095,962	¥ 1,829,610
Changes during the Year								
Cash Dividends			(48,544)	(48,544)		(201,461)	(201,461)	(250,006)
Net Income						124,706	124,706	124,706
Reversal of Revaluation Reserve for Land						1,555	1,555	1,555
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	(48,544)	(48,544)	—	(75,199)	(75,199)	(123,744)
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 70,049	¥ 343,066	¥ 69,020	¥ 951,742	¥ 1,020,763	¥ 1,705,866

	Millions of Yen				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	¥ 475,633	¥ (31,061)	¥ (2,345)	¥ 442,227	¥ 2,271,838
Changes during the Year					
Cash Dividends					(250,006)
Net Income					124,706
Reversal of Revaluation Reserve for Land					1,555
Net Changes of Items Other Than Shareholders' Equity	(112,171)	(16,941)	(1,555)	(130,669)	(130,669)
Total Changes during the Year	(112,171)	(16,941)	(1,555)	(130,669)	(254,413)
Balance at the End of the Year	¥ 363,461	¥ (48,002)	¥ (3,901)	¥ 311,558	¥ 2,017,424

From April 1, 2020 to March 31, 2021

	Millions of U.S. Dollars							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 3,091	$ 2,467	$ 633	$ 3,100	$ 624	$ 8,601	$ 9,225	$ 15,417
Changes during the Year								
Cash Dividends						(451)	(451)	(451)
Net Income						867	867	867
Reversal of Revaluation Reserve for Land						1	1	1
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	—	—	—	417	417	417
Balance at the End of the Year	$ 3,091	$ 2,467	$ 633	$ 3,100	$ 624	$ 9,019	$ 9,643	$ 15,834

	Millions of U.S. Dollars				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	$ 3,285	$ (434)	$ (35)	$ 2,816	$ 18,232
Changes during the Year					
Cash Dividends					(451)
Net Income					867
Reversal of Revaluation Reserve for Land					1
Net Changes of Items Other Than Shareholders' Equity	(205)	79	(1)	(127)	(127)
Total Changes during the Year	(205)	79	(1)	(127)	290
Balance at the End of the Year	$ 3,080	$ (355)	$ (36)	$ 2,689	$ 18,523

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
Fiscal year ended March 31, 2021 and 2020

As of March 31	Millions of Yen 2021	Millions of Yen 2020	Millions of U.S. Dollars 2021
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,804,393	¥ 1,543,160	$ 16,307
Securities (Note 3)	857,610	1,075,184	7,751
Beneficiary Rights	180,845,290	172,441,244	1,634,390
Securities Held in Custody Accounts	22,579	22,849	204
Monetary Claims	22,805,910	19,271,003	206,109
Tangible Fixed Assets	19,183,820	17,315,570	173,374
Intangible Fixed Assets	192,521	194,224	1,740
Other Claims	8,661,666	7,273,403	78,280
Loans to Banking Account	4,915,208	4,750,289	44,421
Cash and Due from Banks	557,590	538,396	5,039
Total Assets	¥ 239,846,590	¥ 224,425,327	$ 2,167,615
Liabilities:			
Money Trusts (Note 4)	¥ 34,196,939	¥ 33,415,451	$ 309,055
Pension Trusts	13,107,254	13,023,778	118,457
Property Formation Benefit Trusts	18,954	19,060	171
Securities Investment Trusts	81,009,958	79,777,245	732,128
Money in Trust Other Than Money Trusts	38,906,807	32,458,304	351,620
Securities in Trust	22,175,725	20,975,736	200,413
Money Claims in Trust	22,893,231	19,383,820	206,898
Real Estate in Trust	875	78,450	8
Composite Trusts	27,536,844	25,293,482	248,864
Total Liabilities	¥ 239,846,590	¥ 224,425,327	$ 2,167,615

See Notes to Statements of Trust Account (Unaudited).

Notes to Statements of Trust Account (Unaudited)

1. Trust Accounts

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

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2021 and 2020, was ¥4,634,580 million (U.S. $41,885 million) and ¥4,602,967 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 ¥110.65 to U.S. $1, the approximate rate of exchange as of March 31, 2021. 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, 2021 and 2020, are for trust accounts in SuMi TRUST Bank.

2. Loans and Bills Discounted

Loans as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans on Deeds	¥ 1,428,073	¥ 1,160,640	$ 12,906
Loans on Bills	376,320	382,520	3,401
Total	¥ 1,804,393	¥ 1,543,160	$ 16,307

The balances of guaranteed trust account loans as of March 31, 2021 and 2020, stood at ¥15,959 million (U.S. $144 million) and ¥26,710 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, 2021 and 2020, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Other Delinquent Loans	¥ 134	¥ 680	$ 1
Restructured Loans	30	34	0
Total	¥ 164	¥ 714	$ 1

3. Securities

Securities held as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Government Bonds	¥ 457,214	¥ 599,390	$ 4,132
Local Government Bonds	30	30	0
Corporate Bonds	66,718	113,807	603
Stocks	7,910	8,164	71
Other Securities	325,736	353,792	2,944
Total	¥ 857,610	¥ 1,075,184	$ 7,751

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
	2021	2020	2021
Assets:			
Loans and Bills Discounted	¥ 15,959	¥ 26,710	$ 144
Other	4,618,947	4,576,633	41,744
Total	¥ 4,634,907	¥ 4,603,344	$ 41,888
Liabilities:			
Principal	¥ 4,634,580	¥ 4,602,967	$ 41,885
Allowance for Impairment of Guaranteed Trust Principal	19	70	0
Other	307	306	3
Total	¥ 4,634,907	¥ 4,603,344	$ 41,888

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.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2021.

[Qualitative Disclosure Data: SuMi TRUST Holdings]

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Qualitative Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

1. Overview of the Risk Management of the Sumitomo Mitsui Trust Group

(1) Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Sumitomo Mitsui Trsut Group (the "SuMi TRUST Group") follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, validation for advancement, and review, based on the management policy and basic policy on the internal control system of the SuMi TRUST Group.

The risk management framework of the SuMi TRUST Group encompasses the Risk Appetite Framework (please refer to (5) below), and integrates it to function organically within the SuMi TRUST Group.

(2) Risk Characteristics of the SuMi TRUST Group

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the SuMi TRUST Group, as a financial group specialised in trust banking, strives to create distinct value through a total solution business model that combines its banking, asset management and administration, real estate businesses and others.

The businesses of the SuMi TRUST Group consist of the Retail Total Solution (TS) Services Business, the Wholesale Total Solution (TS) Services Business, the Wholesale Asset Management (AM) Business, the Stock Transfer Agency Services Business, the Real Estate Business, the Fiduciary Services Business, the Global Markets Business, the Private Banking (PB) Business, and the Asset Formation Advisory, Work place, Business, etc.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the businesses. In this context, as a basis for improving management of risks related to trust business operations, we have established Group-wide Trust Business Guidelines to provide information about basic matters that warrant caution. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") primarily manages these risks in the operational risk category, particularly in terms of its duty of due care as a prudent

• Businesses and Main Risk Characteristics of the Group

Risk Category \ Individual Businesses	Retail TS	Wholesale TS	Wholesale AM	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Private Banking	Asset Formation Advisory, Work place	Asset Management	Corporate Management*
Credit Risk	○	○	○				○	○	○		
Market Risk		○	○				○				○
Funding Liquidity Risk							○				
Operational Risk	○	○	○	○	○	○	○	○	○	○	○

* Strategic shareholdings management, etc.

• Risk Definition

Risk Category	Definition
Credit Risk	Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, "country risk" in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the country where our clients operate.
Market Risk	Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, "market liquidity risk" in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk	Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are "risk sub-categories" within Operational Risk)	Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to inadequate or failed business processes, the activities of executives or employees, computer systems, or due to external events.
Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Conduct Risk	Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to the actions of Group companies, executives, or employees that are unprofessional or do not meet the expectations and trust of stakeholders*. * Appropriate service level set by the Group based on an understanding of reasonable expectations
Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

manager, duty of loyalty, and duty to segregate property as a trustee.

Reporting is regularly performed regarding whether the overall risk of the SuMi TRUST Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

(3) Risk Governance System

For the group-wide risk governance system, the SuMi TRUST Group has developed a Three Lines of Defense system consisting of risk management by individual businesses (first line of defense), risk management by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

[First Line of Defense]

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business.

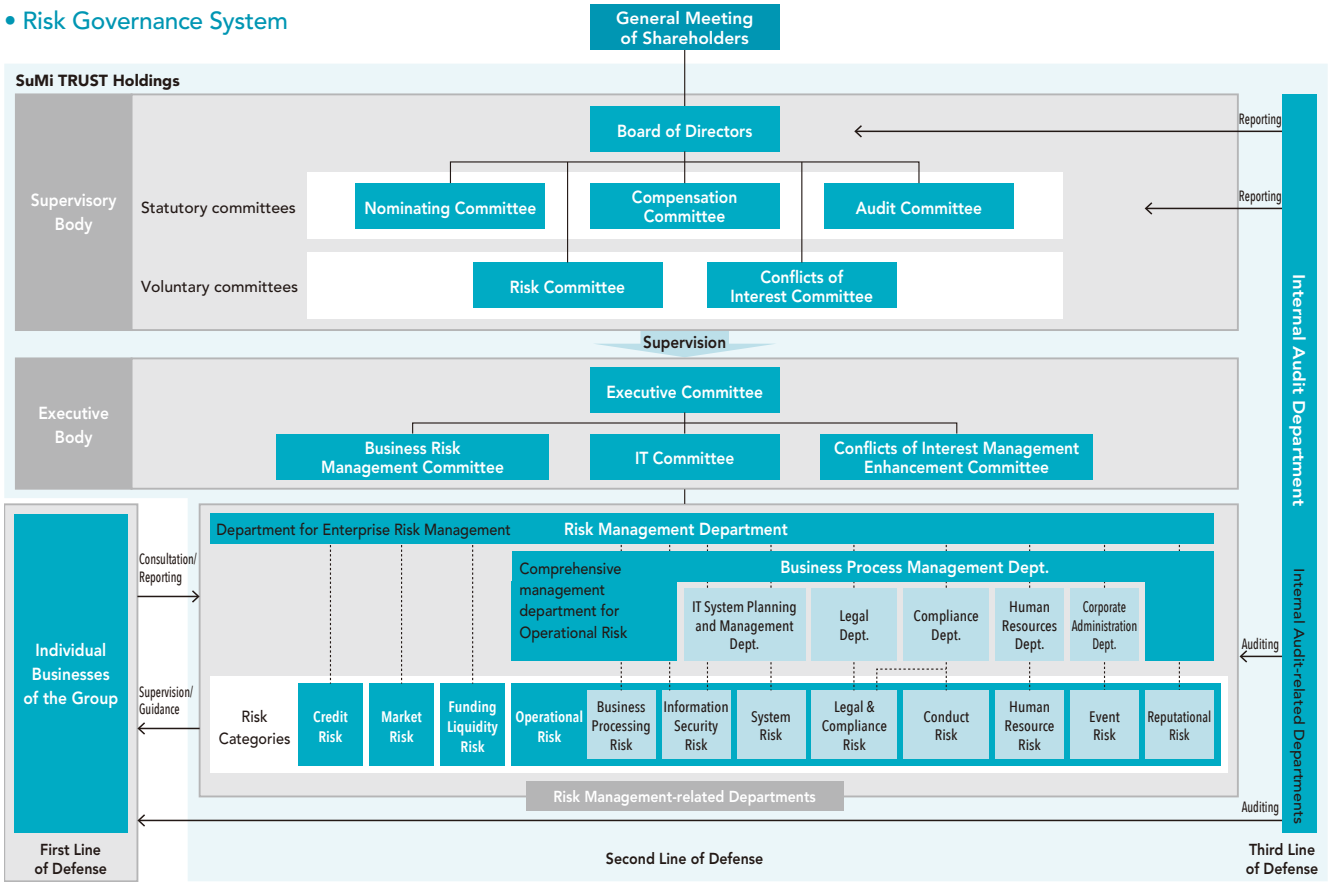
Each business takes risks within the scope of its risk appetite in accordance with its risk-taking policy, evaluates risks, and swiftly implements risk control at the on-site level when risks materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

[Second Line of Defense]

The Risk Management Department and risk management-related departments act as control departments responsible for the management of each risk category. In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, the Risk Management Department and risk management-related departments act as a check-and-balance function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system from an independent standpoint.

The Risk Management Department, as an Enterprise Risk Management Department, performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the

• Risk Governance System



Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize. Furthermore, it shares information with risk management-related departments appropriately, monitors the overall status of risks and risk management in an integrated manner, and reports the status to the Executive Committee and the Board of Directors.

[Third Line of Defense]

The Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from a standpoint independent of the first and second lines of defense.

[Executive Committee]

The Executive Committee is composed of representative executive officers* and executive officers* designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

* Executive officers defined by the Companies Act.

[Board of Directors]

The Board of Directors is composed of all of the directors. It decides on the management policy and strategic goals for risk taking of the SuMi TRUST Group, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the SuMi TRUST Group.

[Risk Committee]

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the SuMi TRUST Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

[Conflicts of Interest Committee]

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the fiduciary duties and conflict of interest management, which are the foundation on which the SuMi TRUST Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

(4) Risk Management Process

In the SuMi TRUST Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

[Risk Identification]

The risks faced by the SuMi TRUST Group are comprehensively identified, while ensuring the comprehensiveness of operations of the SuMi TRUST Group and the risks to be managed are identified based on the scale and characteristics of the identified risks. Of note, risks that are particularly important are managed as material risks.

[Risk Evaluation]

The risks identified as requiring management undergo analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles. We periodically evaluate material risks in terms of frequency of occurrence, degree of impact, and severity to determine whether they can be classified as "top risks" (risks that require management attention due to their potential to have a material impact on the Group's business capabilities and earnings targets within one year) or "emerging risks" (risks that could have a material impact in the medium to long term; i.e., after one year).

When risks cannot be quantified, their impact is assessed to the greatest extent possible, and they are managed through measures such as implementing preventive measures based on the nature of the risks.

[Risk Monitoring]

Risk conditions are monitored with appropriate frequency, given the conditions of internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.) of the SuMi TRUST Group. Recommendations, guidance, and advice are given to the businesses of the SuMi TRUST Group based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.*

* The information on risks is reported to the Executive Committee and the Board of Directors on a monthly or quarterly basis according to its content. The information on risks to be reported is created by using internal databases, and risk measurement systems, etc. The SuMi TRUST Group is developing and advancing management information systems while complying with the "Principles for Risk Data Aggregation" of the Basel Committee on Banking Supervision.

• Main Items to Be Reported to the Board of Directors and Executive Committee

Frequency	Contents to be reported
Monthly	Comprehensive risk situation (including whether the risk amount is within the limit) ⇒Specifically, the amount of risk, usage of allocated capital, the amount of regulatory risk, and risk appetite situation, etc., for each business and each risk category are reported.
Quarterly	1) Status of the external environment, including the economic circulation, 2) whether the risk amount is within the limit, the risk profile, and its trend, 3) the progress and evaluation of risk management plans, etc. ⇒Specifically, the status of top risk, etc., as well as items to be reported monthly are reported.

[Risk Control and Mitigation]

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented.

[Risk predictor management for top risks, etc.]

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the business model and risk characteristics of the SuMi TRUST Group, and these management indicators are monitored. Regarding risks resulting from external factors, the top risks are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for both types of risks.

The top risks at present include "the global COVID-19 pandemic" and other risks. Along with countermeasures, these risks are reported to the Board of Directors and the Executive Committee. Emerging risks at present include "climate change" and other risks, and we are analyzing these risks and considering necessary countermeasures.

The Group's main top risks and emerging risks are listed in the table below.

■ Main top risks and emerging risks

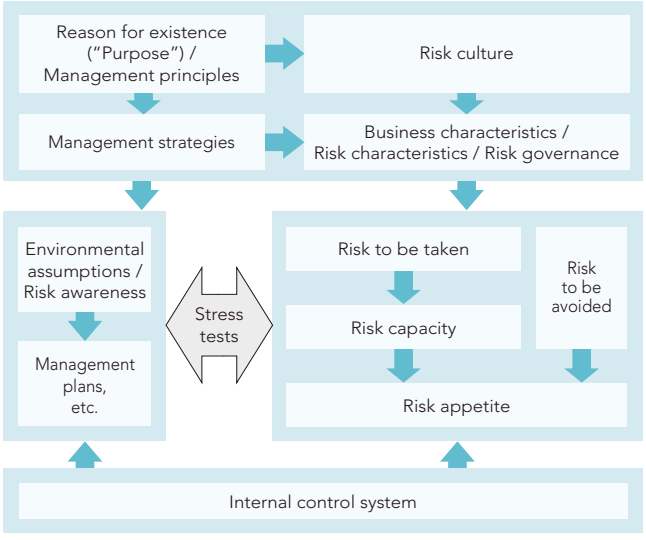
Top risks	Risks related to the global COVID-19 pandemic
	Risks related to falling prices for strategic shareholdings and similar assets
	Risk of concentration of credit in major obligors in the credit portfolio
	Risks related to cyber attacks
Emerging risks	Risks related to climate change
	Risks related to innovation
	Risks related to Japan's declining birthrate and aging population

(5) Risk Appetite Framework

The SuMi TRUST Group defines the Risk Appetite Framework (RAF) as a company-wide framework for business management composed of a process for determining risk appetite (category and level of risk the Group should take to implement management strategies) within the risk capacity range to complete management strategies designed by the Board of Directors based on the reason for existence (Purpose) and management principles of the Group, and internal control system for supporting them.

The main aim of the Group's RAF is to both improve profitability and enhance risk management. The Group establishes communication processes through the setting, propagation, and oversight of risk appetite and promotes the improvement of transparency in the decision-making process regarding all kinds of risk-taking policies, including capital allocation and profitability maximization. In addition, the Group promotes the optimization and speed-up of management resources allocation and the strengthening of the monitoring system, by using RAF as the universal language of the Group.

• Outline of the Risk Appetite Framework



The SuMi TRUST Group formulated the Risk Appetite Statement (RAS), which clearly describes the entire framework of RAF and the details of risk appetite, etc. By thoroughly informing RAS among the staff of the Group, the Group encourages lively discussion on risk appetite and promotes the fostering and spread of sound risk culture. In addition, we have established indicators for risk appetite from the perspectives of return, risk, and cost, and continuously monitor and verify whether we are taking appropriate risks based on our business model. The results of monitoring are reported to the Board of Directors and the Executive Committee every six months.

(6) Fostering of Risk Culture

The SuMi TRUST Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the SuMi TRUST Group's organization, as well as executives and employees, that flexibly carries out risk-taking, risk management, and risk control based on an appropriate evaluation of risks, guided by a high degree of self-discipline with the background of fiduciary spirit.

In order to improve its corporate value and stakeholder value, the SuMi TRUST Group takes risk based on risk appetite, strictly complies with applicable laws and regulations to establish solid credibility from clients and society, and takes a resolute stance against antisocial forces.

In order to foster and spread "risk culture," the SuMi TRUST Group clarifies its risk-taking policies by line of business with the aim of building a sustainable business model through adequate risk-taking by all directors, officers and employees. At each office, the SuMi TRUST Group aims to foster the culture of recognizing the "importance of becoming familiar with risks" and "appropriate attitudes for challenging risks" and taking action.

In addition, the executives and employees of the SuMi TRUST Group follow the "Codes of Conduct regarding Risks" in order to support sustainable growth, while ensuring the soundness of management.

(7) Enterprise Risk Management

1) Enterprise Risk Management System

The SuMi TRUST Group manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when the need arises due to changes in the business environment or other circumstances, we will consider revisions to our risk category system, risk management system, and other policies.

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR, and compare the combined value against our corporate strength (capital position), thereby managing risks (integrated risk management).

• Overview of Risk Measurement Approaches in Integrated Risk Management

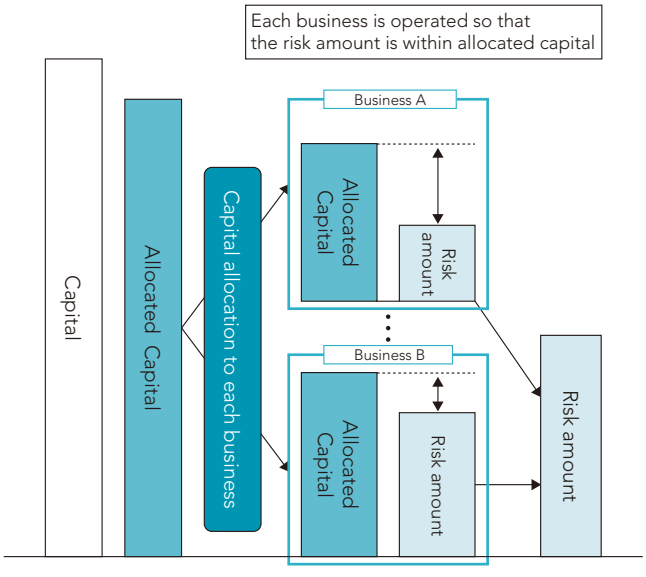
Risk category	Main scope	Main measurement approaches
Credit risk	Assets such as loans and bills discounted (including off-balance transactions)	Monte Carlo Simulation Method
Market risk	Risks related to trading accounts, banking accounts' interest rates, foreign exchange, stocks, commodities, and credit spreads (including off-balance transactions)	Historical Simulation Method
Operational risk	Business processes, the activities of executives and employees, and computer systems, etc.	Monte Carlo Simulation Method

2) Capital Allocation Operations

For the purpose of capital allocation operations of the SuMi TRUST Group , SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of risk capital and its risk appetite. The Risk Management Department measures the risk amount on a monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

• Capital Allocation Scheme



3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

- **Hypothetical Scenario Stress Testing**

  Assessment of capital adequacy level by formulating a stress scenario that has a sufficiently strong impact and a realistic probability of occurrence and then estimating capital adequacy ratio, etc. in times of stress.

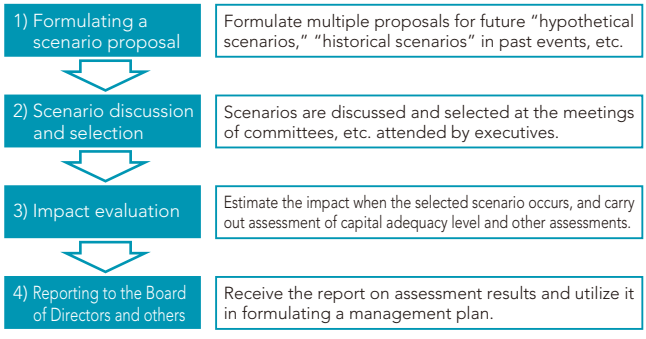
- **Historical Scenario Stress Testing**

  Assessment of capital adequacy level through estimation of capital adequacy ratio, etc. in times of stress using parameters from stress times that had occurred in the past.

- **Examination of Probability of Occurrence**

  Assessment of capital adequacy level by comparing the risk with 99.9% confidence interval with total capital defined under capital regulatory standards.

• Stress Test Framework



(8) Compliance with the Basel Standards

The Basel rules, which are the international standard rules regarding the soundness of banks, consist of "the first pillar," which defines the minimum capital requirements such as capital regulatory standards, "the second pillar," which regulates the inspection on self-management and supervision of financial institutions, and "the third pillar," which regulates market discipline, which is subject to market evaluation based on appropriate disclosure.

Basel II was implemented in Japan at the end of March 2007. Since the end of March 2013, Basel III has been implemented in a phased manner. Basel III is composed of capital regulatory standards, leverage ratio regulations, and liquidity regulations, for improving the quality and amount of capital, strengthening risk identification, etc.

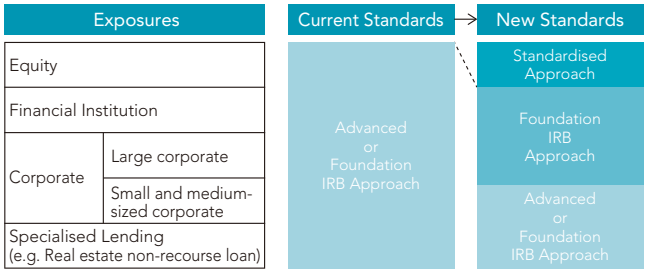
Under such circumstances, as part of the efforts to advance its risk management, the SuMi TRUST Group adopted the Advanced Measurement Approach to operational risks since the end of March 2014, and the Advanced Internal Ratings-Based (AIRB) Approach to credit risks since the end of March 2015, both in compliance with the capital regulatory standards. In addition, as part of the liquidity regulations, liquidity coverage ratio and leverage ratio have been added to the first pillar since the end of March 2015, and the end of March 2019, respectively, with which the SuMi TRUST Group has duly complied.

Moreover, in December 2015, the SuMi TRUST Group was designated as one of Domestic Systemically Important Banks (D-SIBs), which is the "domestic version" of Global Systemically Important Banks (G-SIBs) specified by the Financial Stability Board (FSB), and is subject to the 0.5% surcharge defined under capital regulatory standards.

After implementing Basel III, the Basel Committee on Banking Supervision has been continually reviewing capital regulatory standards. To ensure appropriate risk sensitivity, simplicity and comparability of regulations, the Committee made the final agreement to make revisions related to a risk-weighted assets measurement approach, which is the denominator of capital adequacy ratio, in December 2017. While partially constraining the use of internally-modelled approaches by banks, the Committee adopted capital floors based on standardised approaches in order to prevent the undervaluation of risk-weighted assets based on internal models.

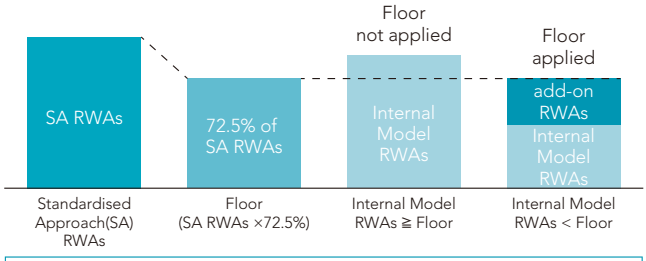
In order to comply with this new regulation scheduled to be implemented at the end of March 2023, the SuMi TRUST Group will engage in the development of a risk management system geared to the launch of this new regulation, including the creation of the system for calculating risk assets in compliance with the new regulatory requirements and the preparation for establishing a portfolio management methodology based on adequate profitability control.

• Regulatory Reform of Risk-weighted Assets Measurement Approach for Credit Risk



- Standardised Approach: Supervisory risk weight according to external credit ratings
- Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
- Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

• Capital Floor Structure



- In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.

* Capital Floor will be subject to a five-year linear phase-in arrangement from the date of implementation of new standards. The applicable multiplier will start at 50% and increase by 5% at the end of each year until the end of Year 5, and it will eventually reach 72.5%.

As for the third pillar, from the end of March 2018, the adoption of common disclosure templates for internationally active banks, and the enhancement of disclosure items have been implemented to offer necessary information that is sufficiently comparable to all market participants.

(9) Crisis Management

The SuMi TRUST Group has developed systems to swiftly and appropriately implement emergency and crisis response measures in the event of natural disasters, computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution, and strives to disseminate information regarding these systems throughout the organization.

Specifically, we have developed BCPs (business continuity plans) for continuing business in the event of a crisis, after securing the safety of our clients, directors, officers, employees, and their families. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In addition, we have created a response system in which, in the event of a crisis, an emergency response headquarters is created, which is headed by the President.

For large-scale natural disasters such as earthquakes, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems.

We are also strengthening our security measures at the initiative of management to respond to cyber attacks, which are causing damage throughout society, through the formulation of the "Cyber Security Management Declaration." Specifically, the Group has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis, implementing measures concerning cyber attacks, and allocating necessary staffing. The Group also works to continuously strengthen human resources and to enhance the management system through collaboration with external specialized agencies. In addition, we are endeavoring to strengthen our ability to respond to incidents through the creation and improvement of manuals, etc. for use in both normal times and emergencies, and periodic training and drills.

To address risks related to business continuity amid the COVID-19 pandemic, we established an emergency task force and set our basic stance of "ensuring the health and safety of our employees and their families," "maintaining business continuity as a key piece of social infrastructure," and "preventing the spread of infection in population (including activities that make the population less vulnerable). In accordance to our stance, we have flexibly implemented measures while taking into account the COVID-19 infection situation in Japan and overseas, government requests, client trends, etc. In addition, we have implemented various business continuity measures as stipulated in our BCP and actively utilize teleworking in order to balance the maintenance of services with safety considerations.

2. Credit Risk Management

(1) Definition of Credit Risk

Credit risk is defined as the "risk resulting in losses incurred by The Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") due to a decrease or impairment in value of an asset (including off-balance sheet assets) owing to such reasons as deterioration in the financial condition of an obligor." Of this, country risk in particular means "risk resulting in losses incurred by the Group on credit provided overseas, due to foreign exchange rates or political and economic conditions of the country of the obligor."

(2) Characteristics of Credit Risk

Credit risk is the most fundamental risk concerning the basic function of finance – "credit creation function" – and it is one of the most significant risks that are borne by the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") in performing banking operations.

Major risk among the credit risks for the SuMi TRUST Group is the risk of a large amount of loan-loss (or the provision for the allowance) being generated through default or credit deterioration of our major obligors. To control the "credit concentration risk" arising from the credit concentration to specific corporate groups, and "chain-reacting default risk" arising from the credit concentration to specific regions, industries, etc., the SuMi TRUST Group strives to appropriately control the risks by setting the credit guideline amounts based on obligor ratings and country ratings, and monitoring the balance of credit and risk amount specific to industries, etc.

(3) Credit Risk Management Policy

The basic policy of the SuMi TRUST Group's credit risk management is "stricter management of individual credit" and "credit portfolio diversification." Regarding the former, we make our individual credit management more precise through our screening and investigation of each transaction, asset assessment, and credit ratings that we assign internally. Regarding the latter, we endeavor to mitigate the concentration risk by managing diversification of our credit portfolio as a whole according to the industries and countries incorporating major obligors. Additionally, we regularly measure the credit risk amount in order to quantitatively grasp the possibility of the loss of portfolio.

Also, we maintain "risk-return adjustment" by reflecting the profit level established after taking into consideration the projected loss ratio and overhead ratio per credit rating on the transaction terms of individual transactions, to secure the profit margin (spread) proportionate to the risks.

Incidentally, the SuMi TRUST Group's credit risk management covers not only credit transactions via banking accounts, but also the transactions with trust accounts with a principal guaranteed contract.

(4) Credit Risk Management System

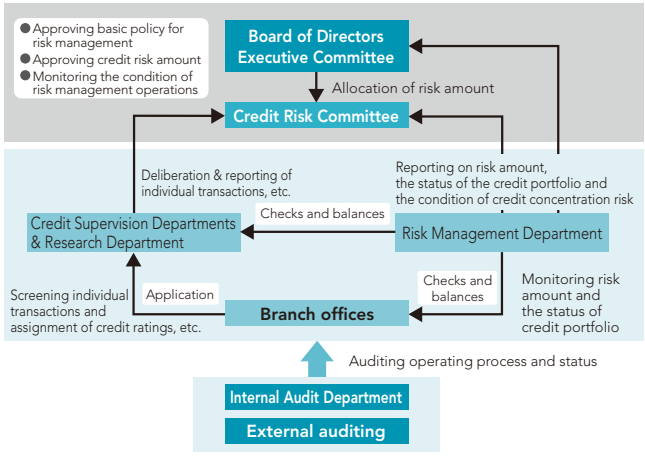
In addition to supervising credit risk management of the entire Group, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") also works to maintain and establish the systems at each of the Group companies. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the SuMi TRUST Group's core bank, maintains the risk management system at the consolidated and global levels in order to manage credit risk.

At SuMi TRUST Bank, the Credit Risk Committee, which is the management-level meeting, establishes credit strategies and credit risk management plans once yearly. The established plans are further submitted to the Executive Committee and the Board of Directors for discussion and resolution (approval) to decide important matters regarding risk management. The Credit Risk Committee is called regularly to discuss the basic policy for credit operations, and important matters concerning individual investments and loans transactions, as well as trust transactions. By controlling credit risk, it is working to secure the revenue while keeping an eye on the soundness of assets.

The Risk Management Department, operating as a credit risk management section, manages the portfolio through credit concentration risk management and credit risk amount measuring; manages and inspects the asset assessment and write-offs and allowances for loan losses systems; manages the internal rating system; and inspects the appropriateness of the rating systems and parameters. The details of monitoring and the risk control measures for credit risk, such as the status of the portfolio, credit risk amount, status of rating fluctuation, and the management status of credit limit amounts, are reported to the Credit Risk Committee each month, and to the Executive Committee once a quarter.

The branch offices apply for the granting of individual transactions and ratings to the credit supervision departments and the research department. The credit supervision departments screen individual transactions, while the research department undertakes industrial research and the creditworthiness research of individual corporations. The Risk Management Department keeps the initiatives of these departments in check. The Internal Audit Department, which is independent from the other departments, audits the internal management system for each of the processes to inspect the appropriateness and effectiveness of the risk management system.

• Credit Risk Management System



(5) Credit Risk Management Method

In order to manage the credit risk appropriately, the SuMi TRUST Group strives to construct and maintain a sound portfolio via the two mutually-complementing approaches: "individual credit management" – managing each individual transaction through credit screening at entry point and mid-term monitoring management – and "credit portfolio management" –analyzing and evaluating risk concentration conditions to the specific types of industry, regions, certain corporate groups, etc., while regarding the whole credit as a single lump portfolio to manage them from a macro viewpoint.

1) Credit Rating, Asset Assessment and Write-Offs and Allowances for Loan Losses

A. Credit Rating

"Credit rating" indicates, in a graded manner, a client's credit condition and the possibility of default/loss, and serves as the basis for the screening of individual transactions and credit portfolio management. There are several different types of credit ratings: "obligor rating" aimed at corporations including sovereigns and financial institutions; "structured rating" aimed at structured finances such as real estate non-recourse loans; and "facility rating" indicating the possibility of loss per transaction. For the details of SuMi TRUST Bank's internal rating system, please refer to 2 (6) "Internal Rating System."

• Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans

Credit rating		Asset assessment				Classification of non-performing loans based on the Financial Revitalization Act	Classification of risk management loan
Rating Rank*	Definition	Obligor category	Definition	Asset Classification	Definition		
1	Highest credibility of payment of principal and interest	Sound Obligor	Obligor that is operationally and financially sound	Class I (unclassified)	Assets with no risk of collection or no risk of impairment of the asset value	Normal Claims	
2	Very high credibility of payment of principal and interest						
3	High credibility of payment of principal and interest, but prone to be affected by the worsening business environment, etc.						
4	Perceived credibility of payment of principal and interest, but with declining potential						
5	No problem for credibility of payment of principal and interest at present but with potentiality of declining by deterioration of business environment, etc.						
6	Capable for principal and interest payment, but with potentiality of losing the ability if the business environment is deteriorated, etc.						
7	Obligor categorized as "Sub-Performing Obligor" in asset assessment and higher attention is required because of its sluggish and unstable operating performance, weak financial condition, etc.	Sub-Performing Obligor	Obligor required attention for monitoring because of following situations • Obligor with delinquency on obligations (payment of principal or interest) • Obligor with operational or financial problems	Class II	Assets with higher-than-acceptable level of risk of collection		
8	Obligor categorized as "Sub-Performing Obligor" in asset assessment and careful attention is required because of its extremely deteriorated financial condition, etc.	Sub-Performing Obligor with Delinquent and/or Restructured debt	Obligor with debt past due three or more months and / or restructured debt			Substandard Claims	Restructured Loans / Loans Past Due Three Months or More
9	Obligor categorized as "Possibly Insolvent Obligor" in asset assessment	Possibly Insolvent Obligor	Obligor with high probability of bankruptcy in the future due to significantly weak business conditions and unfavorable progress of business restructuring plan	Class III	Assets with high potential of impairment or loss, whose rational estimate of loss amount is difficult	Doubtful Claims	Delinquent Loans
10	Obligor categorized as either "Substantially Insolvent Obligor" or "Bankrupt / Insolvent Obligor" in asset assessment or bankruptcy is occurred	Substantially Insolvent Obligor	Obligor, not legally or formally bankrupt, but virtually bankrupt	Class IV	Assets regarded uncollectible or worthless	Bankrupt and substantially bankrupt Claims	
		Bankrupt / Insolvent Obligor	Obligor entering corporate reorganization, liquidation or other statutory procedures				Loans in Bankruptcy Procedures

* As for obligor ratings and structured ratings, we subdivide them further as necessary (e.g. 5+, 5, 5-, etc.).

B. Asset Assessment

Asset assessment signifies the classification of the contents of the SuMi TRUST Group's assets through individually screening them into graded levels of recovery risk and value damage risk, as part of the preparatory process for write-offs and allowances for loan losses. At SuMi TRUST Bank, all assets in banking accounts and the trust accounts with a principal guaranteed contract are put through asset assessment as a general rule and as for clients, their "obligor categorization" based on their repayment capability according to financial condition, funding liquidity, profitability, etc., is determined each time their financial results are disclosed and/or whenever a situation that might affect their creditworthiness arises. Additionally, the "categorization" of each asset is determined once a quarter based on the result of the obligor categorization, security condition, etc., and this is reflected in the write-offs and allowances for loan losses appropriately as well as utilized in the management of credit risk.

C. Relationship Between Credit Rating and Asset Assessment

The two systems – credit rating and asset assessment – are operated with shared financial data on the clients that serve as the basis for mutually securing consistency. We are able to correctly assess the soundness of our credit portfolio by operating the two systems that enable us to grasp the clients' creditworthiness in a timely and appropriate manner.

D. Write-offs and Allowances for Loan Losses

Write-offs and allowances for loan losses signify the act of disposing losses of the appropriate amount in the quarterly settlement of accounts through timely and reasonable estimation of the amount of losses in the future by a track record of loan-loss, etc., based on the result of asset assessment. For the overview of SuMi TRUST Bank's allowances for loan losses and write-off criteria, please refer to page 139 "(5) Allowance for Loan Losses" of "4. Significant Accounting Policies."

E. Disclosure of Non-performing Loans

Non-performing loans to be disclosed include the risk management loans based on the Banking Act, and non-performing loans based on the Financial Revitalization Act.

As seen in the "Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans" following below, they are aggregated according to the obligor categorizations through asset assessment.

Incidentally, the delinquent loans that are overdue for or over three months are almost always classified as "Doubtful Claims" or lower based on the Financial Revitalization Act. However, those with little concern for a long-term delinquency may not occasionally be classified as above "Doubtful Claims" or lower up to roughly six months overdue.

2) Credit Concentration Risk Management

Based on our belief that grasping the exposure of each client is the basis of credit risk management, we uniformly manage the transactions such as loans, investments and off-balance transactions, and monitor the status of observance of credit limit set against each of the segments (specific corporate groups, industries, countries of the location, etc.). We also regularly examine the impact of the materializing risks to major clients and industry diversification.

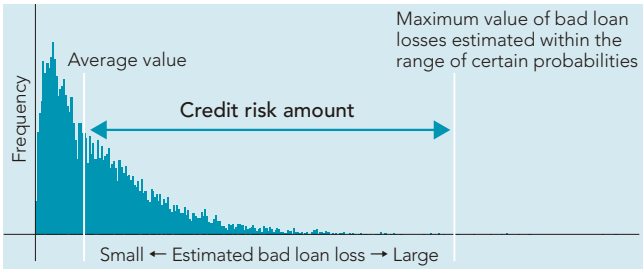
Based on our various client management systems, we micro-manage the credit conditions, credit balance, trading conditions, etc., of each clients.

3) Credit Risk Quantification

With our credit risk quantification, we quantitatively grasp the potentiality of banks' assets being affected by losses by loan losses over the coming year, and based on the estimation values such as probability of default (PD) and loss given default (LGD) per rating, measure the difference between maximum loan losses (maximum possible amount of loss within the scope of given probabilities) and expected loan losses (the mean value of losses) as credit risk amount.

At SuMi TRUST Bank, we employ the "Monte Carlo Simulation Method" to depict the distribution of loss amount: we run numerous potential scenarios (100,000 cases) as our risk measurement method to estimate the maximum loss via loss severity distribution (please refer to "Credit Risk Amount" below).

• Credit Risk Amount



In measuring them, we take the correlation between individual assets into consideration; therefore our computed credit risk amount is able to reflect not only the quality of individual assets, but also the diversification effect of our credit

portfolio as a whole. By monitoring credit risk amount regularly, we aim to grasp the conditions of "credit portfolio diversification" and "stricter management of individual credit" and check the appropriateness of capital rationing as well as the soundness of business operation.

SuMi TRUST Bank also strives to advance the risk measurement and the scenario setting to suit the characteristics of individual assets.

(6) Internal Rating System

1) Overview of the Internal Rating System

The internal rating system of SuMi TRUST Bank which is the SuMi TRUST Group's core bank, is designed to ensure the accurate evaluation process of financial assets held based on its risk management policies, and to assist in its revenue management and credit risk management. The system in turn consists of a credit rating system and a credit pool management system.

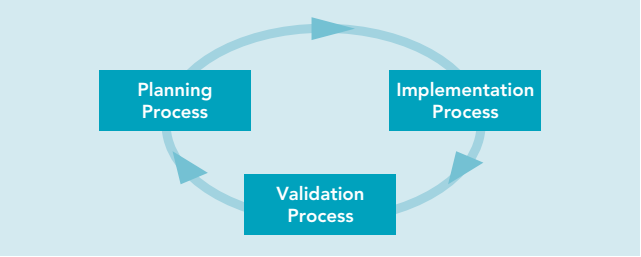
The credit rating system is broadly classified into the Japanese rating system (Japanese credit rating) and the Non-Japanese rating system (Non-Japanese credit rating), and each system comprises obligor ratings that reflect the PD of ordinary corporations; structured ratings that show the potentiality of real estate non-recourse loans and occurrence of default in project finances, etc.; and facility ratings that show the potentiality of occurrence of loss taking guarantees, collateral, credit terms, etc., of each facility into consideration.

Credit pool management system is designed to manage small-lot loans to individuals – such as mortgage loan and card loans – as transaction groups (pools) with similar risk characteristics. Credit pool classifications are compiled using products, clients, transaction details, security condition, delinquency status, etc. as indicators, and they include the mortgage loan pool with related company guarantees and business use loan pool.

2) Operation of the Internal Rating System

The process of the assignment of credit ratings, etc. comprises the "planning process" in which the definition of credit ratings, etc., and the procedures and criteria (credit rating policies) are drawn up, the "implementation process" in which the credit rating assignment criteria and credit pool allotment criteria are appropriately implemented, and the "validation process" in which the appropriateness and objectivity of credit ratings, etc., are ensured.

• Administration Process of Credit Ratings



A. Planning Process

The planning process is a process to formulate models such as specific credit rating assignment criteria, credit pool classification, and "credit rating models" to ensure the objectivity of our internal rating systems, and is carried out by the credit risk management sections.

[Process of Model Introduction (for Credit Rating Models)]

A credit rating model is a tool to statistically estimate the rating ranks corresponding to the PD (probability of default) of the clients using their financial indicators, etc.

When introducing the credit rating models developed by the Group, such as those aimed at the domestic corporations, the following process is followed:

First, the credit risk management sections develop a model and the development process and the verification details are compiled in a document (model description document*). Then the document is verified by the persons in charge but independent from the development project section of the same departments. In addition, the Internal Audit Department audits the document and confirms the validity of the development and validation process.

Meanwhile, when applying the credit rating models developed by external credit rating agencies, etc., such as those aimed at the overseas corporations, the following process is followed:

The credit risk management sections verify said model and put the findings into a document. Then the Internal Audit Department audits the document and confirms the validity of the validation process.

The performances of these models, etc. are also verified as part of the internal rating system annual reviews, and their outlines are reported to both the Credit Risk Committee and the Executive Committee.

* Model description document: a document detailing the contents such as the logic behind the model development, estimation methods, data employed, method of selecting parameters (financial indicators), and performance verification of the developed model (comparison with old models)

B. Implementation Process

During the implementation process, assignment of credit ratings and allotment of credit pool classifications are carried out following the criteria determined during the planning process. The assignment of credit ratings and the allotment of credit pool classifications are carried out by the research department and the Business Management Department as the "implementation departments." The actual process of implementing the credit ratings comprises new assignment, regular review of at least once a year, and monthly reviews, to help the credit ratings to be reviewed at the right time according to the fluctuation in the clients' creditworthiness.

Credit ratings are granted as a combination of "quantitative assessment" and "qualitative assessment." "Quantitative assessment" is an evaluation based on the credit rating models, etc., while the "qualitative assessment" is a human evaluation (by expert judgement). Because credit ratings are evaluated as a combination of "quantitative assessment" and "qualitative assessment," ultimately monitoring the objectivity of "qualitative assessment" by expert judgement, etc., becomes important in securing the appropriateness of the ratings.

At SuMi TRUST Bank, the credit risk management sections monitor if the assignment of credit ratings by the implementation departments is carried out appropriately according to the criteria, and this monitoring function ensures the appropriateness of the implementation process as a whole, including the expert judges' objectivity.

• Implementation Process of Credit Ratings



C. Validation Process

In order to ensure the objectivities of credit ratings, etc., and the credit rating models, as well as the appropriateness of their results, the credit risk management sections carry out a validation process annually in the name of the validation department.

In carrying out the validation, the implementation departments manage the data to be verified, and the validation department runs the following validation process:

- Verifying the appropriateness of credit rating results
- Verifying the objectivity of credit rating assignment criteria
- Verifying the appropriateness of credit pool classification
- Verifying the validity of the parameters applied to credit ratings and credit pools respectively

The validation results are reported to both the Credit Risk Committee and the Executive Committee.

3) System Procedure for the Assignment of Internal Ratings

The outline of main procedures in the assignment of ratings and allocating the credit pool classification based on the internal rating system is as follows. For the outline of models used in the SuMi TRUST Group's individual portfolios, please refer to 2 (7) "Compliance with Capital Regulatory Standards."

A. Obligor Rating (Japanese Credit Rating)

[Target]

Japanese corporations (domiciled and Japanese-descended non-domicile residents)

[Quantitative Assessment]

The credit rating models (industry-based), in which the clients' financial indicators are used as the explanatory variables, and their typical PD as the explained variable, are employed.

[Qualitative Assessment]

The information that is not reflected in the financial indicators, such as business affiliations, industry trends, external credit ratings and future cash-flow stability, is evaluated by the persons in charge of assignment of the industry-based credit ratings (expert judges) from the implementation departments. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to restrict the adjustment discretion. In addition, the credit risk management sections monitor the adjustment details in order to ensure the objectivity of the evaluation.

B. Obligor Rating (Non-Japanese Credit Rating)

[Target]

Overseas corporations (Non-Japanese-descended and non-domiciled residents)

[Quantitative Assessment]

The credit rating models (industry- and regions-based) to reproduce the external credit ratings by using the financial indicators as the explanatory variables are employed.

[Qualitative Assessment]

These are evaluated mainly through comparing the peer companies in the same industry, but also taking into consideration the evaluation indicators specific to overseas, while ensuring consistency with the qualitative assessment criteria for Japanese credit rating. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to limit adjustment discretion. In addition, the credit risk management sections monitor

the adjustment details in order to ensure the objectivity of the evaluation.

C. Structured Rating

[Target]

Structured finance transaction, whose underlying resource for principal and interest payment is cash-flow generated by specific financing asset or the financing project

[Quantitative Assessment]

This is evaluated using indicators with high correlations with probability of default and default risks, depending on the financing asset and the risk characteristics of the transaction. For example, in the case of a real estate non-recourse loan, we would adopt LTV (Loan to Value) and DSCR (Debt Service Coverage Ratio).

[Qualitative Assessment]

Adjustment to the rating level based on quantitative assessments to reflect the financing asset and transaction specific individual characteristics that quantitative assessment indicators are not capable of capturing. For example, if a credit enhancement is available externally, the rating levels are amended based on its probability. As the qualitative assessment of structured ratings tends to be strongly transaction specific, in the assignment of the ratings, the credit risk management sections monitor the validities of the qualitative assessment in order to ensure its objectivity.

D. Facility Rating

[Target]

Loans to corporates, sovereigns, and financial institutions to which an obligor rating (Japanese credit rating) is assigned and loans for specialised lending (but limited to those subject to AIRB) to which a structured rating is assigned (including payment acceptance/commitment line)

[Evaluation Method]

Expected loss taking account of guarantees, collateral, credit terms, etc. of each facility is evaluated and a rating according to the level is assigned.

E. Credit Pool Classification

[Subject of Assignment]

Small credit for loans targeted at individuals. (However, out of loans to individuals, credit transactions for business loan with outstanding balance of 100 million yen or more are subject to credit ratings to each obligor.)

[Assignment of Credit Pool Classification]

Regarding target credit, credit pool classifications (each class consisting of similar level of exposure of credit risk) are set using indicators (risk drivers) such as risk characteristics of clients, risk characteristics of transactions (products), security condition, and delinquency situation. Furthermore, each credit pool is categorized as "residential mortgage exposures," "qualifying revolving retail exposures" and "other retail exposures."

Assignment to the credit pool classifications is carried out by the implementation departments based on the products and transaction details.

(7) Compliance with Capital Regulatory Standards

1) Application of the Internal Ratings-based Approach

A. Scope of the Internal Ratings-based Approach Application

As a method of calculating credit risk-weighted assets related to the calculation of required capital demanded by the capital regulatory standards, the SuMi TRUST Group adopts the "internal ratings-based approach" that uses data such as credit ratings, which are used for obligors' credit management within SuMi TRUST Holdings. Since the end of March 2015, SuMi TRUST Holdings and SuMi TRUST Bank have been using the Advanced Internal Ratings-Based Approach (AIRB). The scope of the application of the internal ratings-based approach in the SuMi TRUST Group is as follows.

(A) Business Unit

Type of the internal ratings-based approach	Major companies
Advanced Internal Ratings-Based Approach (AIRB)	Sumitomo Mitsui Trust Holdings, Inc. Sumitomo Mitsui Trust Bank, Limited
Foundation Internal Ratings-Based Approach (FIRB)	Sumitomo Mitsui Trust Guarantee Co., Ltd. Sumishin Guaranty Company Limited Sumitomo Mitsui Trust Card Co., Ltd. Sumitomo Mitsui Trust Loan & Finance Co., Ltd. Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. Sumitomo Mitsui Trust Club Co., Ltd.

(B) Asset Class

Type of the internal ratings-based approach	Asset contents
Advanced Internal Ratings-Based Approach (AIRB)	Loans and securities for corporates, etc.*
Foundation Internal Ratings-Based Approach (FIRB)	Assets excluding those following below • Assets which are subject to AIRB • Assets which are not subject to AIRB or FIRB

* Corporates not subject to specialised lending are limited to those to which a domestic credit rating is assigned.

Out of specialised lending, AIRB applies to real estate non-recourse loans (excluding those with high volatility), project finance, and object finance for ships and aircrafts.

Loans include acceptances & guarantees and commitment lines, etc. Also, those concerning subordinated debt, derivatives transactions, repo transactions and call loans are excluded.

B. Exclusion of the Application of the Internal Ratings-based Approach

In the SuMi TRUST Group, the standardised approach* is applied as exclusion of the application of the internal ratings-based approach, among the subsidiaries of SuMi TRUST Holdings and SuMi TRUST Bank, to the business units in which the proportion of credit operations, etc. is low or credit operation is not performed as well as to certain asset classes that are not significant from the viewpoint of credit risk management. The exclusion is determined carefully based on the importance from the following points with respect to target business units and asset classes.

- The magnitude of the expected loss related to credit risk and the frequency of credit provision
- Positioning in the investments and loans policy or credit risk management policy
- Proportion to the entire credit risk-weighted assets.

* The standardised approach is a method to calculate the risk-weighted assets using the external credit ratings of eligible rating agencies, instead of the SuMi TRUST Bank's credit ratings (internal ratings). The eligible rating agencies that are used to determine risk weights are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

C. Phased Rollout of the Internal Ratings-based Approach

The SuMi TRUST Group applies the standardised approach to subsidiaries (business units) that are in preparation for application of the internal ratings-based approach, assuming the approach will change to the internal ratings-based approach in the future. As of the end of March 2021, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited falls under this category.

2) Calculation of the Required Capital Using the Internal Ratings-based Approach

As mentioned in 1), the SuMi TRUST Group mainly applies the internal ratings-based approach to calculate the regulatory required capital.

A. Basic Process of the Internal Ratings-based Approach

With the internal ratings-based approach, the regulatory required capital is calculated by the following three steps.

[First Step] Assignment of Credit Ratings, etc. (Credit Ratings and Credit Pool Classifications)

The bank develops a unique ratings system (internal rating system)* according to its risk characteristics, and based on this system, we give a rating to clients. Credit ratings, etc. not only ensure consistency with asset assessment, but also ensure the accuracy through validation by each credit risk management section.

* For details of the internal rating system of SuMi TRUST Bank, please refer to 2 (6) "Internal Rating System."

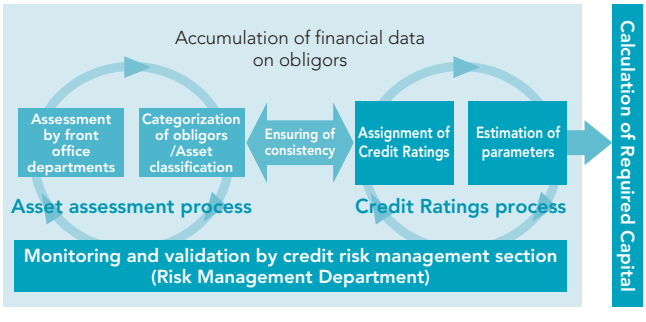
[Second Step] Estimation of Parameters

The results of individual credits (default actual data) that are performed based on credit ratings, etc. are aggregated and parameters (input variables) necessary for credit risk-weighted assets calculation are estimated. The validity of the estimated parameters is periodically verified.

[Third Step] Calculation of the Required Capital

The required capital is calculated by applying the parameters to the formula that is announced.

• Basic Process of the IRB Approach



B. Application Method Per Asset Class

The SuMi TRUST Group determines the scope of the internal ratings-based approach based on the accumulation status of internal performance data such as risk characteristics for each asset class and default performance required to estimate parameters. In the capital regulatory standards, methods for calculating risk weights and credit ratings to be used vary for each asset with credit risk. The credit ratings, etc. and the outline of credit risk-weighted assets calculation method that the SuMi TRUST Group applies to each asset class are shown on page 235.

C. Estimation and Verification of Parameters

The key parameters that need to be estimated to calculate the credit risk-weighted assets are probability of default (PD), loss given default (LGD), and exposure at default (EAD) (credit conversion factor (CCF)).

Parameters are estimated for those to be applied to corporate exposures, etc. and those to be applied to retail exposures (credit pool management target). In principle, estimated parameters are verified annually. The verification results are reported to the Credit Risk Committee and the Executive Committee. The results are also subject to internal audits.

The definition of each parameter and the outline of the estimation method and verification method are shown on page 236.

In principle, the parameters used in the capital regulatory standards are the same as the ones that are used for regulatory purposes and internal control management purposes to ensure objectivity and accuracy. For the internal control management purposes, the parameters are used for credit risk amount measurement and credit limit amount management.

The main differences of the parameters used in the calculation of allowances and capital adequacy ratio are as follows.

• Main Differences of the Parameters Used in the Calculation of Allowances and Capital Adequacy Ratio

	Calculation of allowances	Calculation of capital adequacy ratios
Parameters to be used	Expected loan loss ratio based on historical loan loss rate	Probability of Default (PD)
		Loss Given Default (LGD)
	The actual balance of loans (for the undrawn balance of the commitment line, the amount calculated by multiplying the amount by the actual withdrawal rate)	Exposure At Default (EAD)
Standard of default (loan loss)	When the obligor categorized as "Possibly Insolvent Obligor" or lower	When the obligor categorized as "Sub-Performing Obligor with Delinquent and/or Restructured debt" or lower
Parameter calculation method	Expected loan loss ratio: • for Sound Obligor: The average value of historical one year loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon. • for Sub-Performing Obligor or lower: The average value of historical three years' cumulative loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon.	Please refer to "Definition of Each Parameter and the Outline of the Estimation and Verification Method" on page 236

• Credit Risk-weighted Assets Calculation Method and Credit Ratings Applied to Each Asset Class

Approach method	Asset Class*1		Sub-class	EAD ratio*2 1)	EAD ratio*2 2)	Calculation method of credit risk-weighted assets	Assignment of credit ratings, etc.*3
Internal Ratings-based Approach	Corporate Exposures, etc.	Corporate Exposures	—	32%	32%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Specialised Lending	Real estate non-recourse loans (excluding those with high volatility), project finance, and object finance for ships and aircraft	5%	5%	Supervisory Formula	Structured Ratings, Facility Ratings
			Real estate non-recourse loans (with high volatility) and other loans not stated above	0%	0%	Supervisory Slotting Criteria Approach	
		Sovereign Exposures	—	35%	36%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Financial Institution Exposures	—	1%	1%	Supervisory Formula	Obligor Ratings, Facility Ratings
	Retail Exposures		Residential mortgage exposures	17%	17%	Supervisory Formula	Credit Pools
			Qualifying revolving retail exposures	1%	1%	Supervisory Formula	Credit Pools
			Other retail exposures	2%	2%	Supervisory Formula	Credit Pools
	Equity Exposures		Japanese listed equities Japanese unlisted equities of obligors with credit exposures	1%	1%	Supervisory Formula	Obligor Ratings
			Japanese unlisted equities of obligors with no credit exposures Non-Japanese equities	0%	0%	Simple Risk-weight Method (Market-based Approach)	—
	Exposures relating to Funds		—	2%	2%	Look-through Approach	Obligor ratings, etc.
	Purchased Receivables		Regulatory formula for underlying assets	1%	1%	Supervisory Formula	Obligor Ratings, Facility Ratings
			Slotting criteria approach for underlying assets	0%	0%	Supervisory Slotting Criteria Approach	Structured Ratings
			Cases where classification is not possible due to multiple underlying assets	0%	0%	Top-down Approach	Credit Pools
	Others		Other assets, etc.	1%	1%	Designated risk weight is applied	—
Standardised Approach	Phased rollout/exclusion of IRB Approach		—	2%	2%	Designated risk weight is applied	—

[Applicable Credit Risk-weighted Assets Calculation Method]

Supervisory Formula	A method of calculating by using a predetermined function formula (risk weight function formula)
Supervisory Slotting Criteria Approach	A method of associating internal ratings with five predetermined ranks and calculating using a designated risk weight
Simple Risk-weight Method	A method of calculating by using a designated risk weight
Look-through Approach	A method of applying the calculation method according to the underlying assets
Top-down Approach	A method of calculating purchased assets as one aggregate using a predetermined function formula (risk weight function formula)

*1 Corporate exposures, etc., include lease transactions. In addition, corporate exposures, etc. include the exposures for small and mid-sized entities (SME).
*2 The proportion of EAD for each asset class in total EAD (*) on the 1) consolidated basis of SuMi TRUST Holdings and 2) consolidated basis of SuMi TRUST Bank is stated.
(*) Counterparty credit risk exposures, such as derivatives transactions and repo transactions and securitisation exposures are excluded from the aggregate calculation. For securitisation exposures, "Method based on Internal Ratings-Based Approach," "Rating-Based Approach," and others are used.
*3 The outline of the rating models used by the SuMi TRUST Group's core bank, SuMi TRUST Bank, is as follows.

	Outline of models	Applied asset class
Japanese obligor ratings	**[Rating model]** A model (developed in-house) that uses financial indicators as explanatory variables and a typical PD as explained variables is used. Different combinations of financial indicator and weight are used for each of the five industries (manufacturing industry, wholesale/retail industry, service industry [including non-banking], transport/communication industry, construction/real estate industry). **[PD estimation]** PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Non-Japanese obligor ratings	**[Rating model]** A model (developed by external credit rating agencies) that uses financial indicators as explanatory variables and reproduces external credit ratings is used. Different combinations of financial indicator and weight are used for each of the eight regions and industries (North America, Europe, Asia, Pacific, emerging countries, airlines, real estate investment business, real estate development business). **[PD estimation]** PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Credit pool classifications	**[Credit pool classifications]** Credit pool classifications (consisting of exposures with comparable levels of credit risk) are established based on indicators (risk drivers), such as the risk characteristics of the obligor, the risk characteristics of transactions (products), the security condition, and the delinquency situation, etc. **[PD classification]** PD is estimated for each credit pool classification or estimation category where multiple credit pool classifications are aggregated.	• Retail exposures • Purchased receivables

• Definition of Each Parameter and the Outline of the Estimation and Verification Method

Type of parameters and definition	Summary of the methods for estimation and verification	
	Corporate Exposures, etc.	Retail Exposures
PD (Probability of Default) - An estimate of the probability that a borrower or transaction will be unable to meet its debt obligation in a particular period	[Estimation method] • PD is estimated for each rating category. In addition, the estimated value is called "typical PD" as a long-term stable representation of its creditworthiness. • Estimated values are calculated by using the long-term average default rate based on the internal performance data or data of the external credit rating agencies, and modification is made, taking into account the recession period. *1 [Verification method] • The validity of the level of estimated values is verified by confirming the order of the actual default rate and carrying out backtestings comparing the actual value with the estimated value.	[Estimation method] • PD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • For residential mortgage, estimated values are calculated by using the long-term average default rate based on internal performance data, and modification is made, taking into account statistical variance adjustment and seasoning effect. *2 [Verification method] • The validity of the level of estimated values is verified by confirming the seasoning effect and carrying out backtestings.
LGD (Loss Given Default) - An estimate of the ratio of expected loss in case a borrower or transaction falls into default against the exposure at default	[Estimation method] • LGD is estimated for each security category (classified into four according to the ratio of collateralized amount to exposure amount) or category (classified according to the characteristics of the underlying assets). The estimated value is called "typical LGD" as a long-term stable representation of the loss rate level. • Estimated values are calculated by using the long-term average default loss rate based on internal results data or external results data and adjusted for statistical variances and periods of economic downturn.*3 [Verification method] • In addition to verifying the robustness of modeling and adjustment methods, the validity of the level of the estimated value is verified by carrying out backtestings.	[Estimation method] • LGD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual collection results from the default obligor using the internal performance data. Statistical variance adjustment and economic downturn adjustment are added to the model. *4 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.
EAD (Exposure At Default) - Estimated amount of exposure at default, taking into account the possibility of additional withdrawal of off-balance sheet assets such as commitment line. EAD estimates the withdrawal rate (credit conversion factor (CCF)) against the undrawn balance of offbalance sheet assets	[Estimation method] • CCF is not estimated, but estimate values are determined based on parameter set by regulatory authority.	[Estimation method] • EAD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual additional withdrawal results from the default obligor based on the internal performance data, and statistical variance adjustment is made. *5 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.

*1 • For the portfolio with low default probability (LDP: Low Default Portfolio), conservative estimates are made by accumulating the rating transition matrix in the estimation process, even for the rating category where no default has occurred or default rarely occurs.
• For corporate exposures, etc., excluding sovereign exposures, if the level of the estimate falls below the regulatory floor level (0.03%) (Japanese rating: 1 to 3, Non-Japanese rating: 1 to 2), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and it is confirmed by test that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods.

*2 • For retail exposures, as for the pool classifications where the level of the estimated value is below the regulatory floor level (0.03%), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and, for most of the pool classifications, it is confirmed by conducting backtestings that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods. As a result of backtestings, parameters for pools that exceed the parameter correction standard are corrected to appropriate levels.

*3 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• When performing estimation based on internal results data, the estimated value is calculated based on the model LGD formulating the relationship between collection factors and collection rate, which enables stable calculation of the estimated values even for LDP portfolios. In addition, the validity of the estimated value level is verified by backtestings.
• When using internal results data, for obligors who have completed the collection procedure, average period from the default of the obligor to the completion of the collection procedure is less than two years.

*4 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• As for residential mortgage, approximately 80% of the cases have been completed the collection procedure within five years from default.

*5 • The estimate of CCF uses data on commitment line contracts and line of credit contracts for which installment has not been implemented and employs a cohort method based on the proportion of additional withdrawals up to the default point for undrawn balances at the beginning of the fiscal year.

3. Market Risk Management

(1) Definition of Market Risk

Market risk refers to the risk that the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the SuMi TRUST Group may incur losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil.

(2) Characteristics of Market Risk

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), the core bank of the SuMi TRUST Group, operates a business (banking) to secure profits through interest rate risk control of assets and liabilities, and a business (trading) to secure profits through transactions such as short-term trading of interest rates and foreign exchange rates. In these businesses, we use Value at Risk (VaR), etc. and manage market risk using the same structure.

For trading, we aim at securing stable profits through market-making operations such as foreign exchange rates and derivatives.

The main risk in the SuMi TRUST Group's market risks is losses due to drop of prices of strategic shareholdings, etc. In addition to the basic policy of reducing strategic shareholdings, we have been working to control risk by hedging against market fluctuations. From fiscal 2021, the Group has shifted to a policy of not holding any of the conventional strategic shareholdings (shareholding of business partners as stable shareholders without the purpose of forming capital or business alliances, etc.), and based on the new policy, we will continue to reduce our strategic shareholdings and hedging volume.

(3) Market Risk Management Policy

In managing market risk, we aim to ensure adequate profits commensurate with the strategic targets, scale and characteristics of the business of the SuMi TRUST Group. We are doing this by improving the management system, along with ensuring its operational soundness by adequate control over risks.

(4) Market Risk Management System

Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") oversees risk management of the market and funding liquidity of the entire group and is working to improve the structure of each Group company. SuMi TRUST Bank has developed a risk management system at the consolidated and global levels in order to manage market and funding liquidity risks.

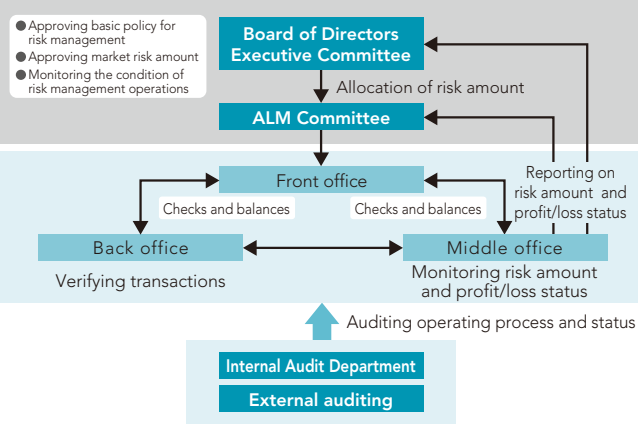
SuMi TRUST Bank develops the Asset Liability Management (ALM)* basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company and a risk management plan concerning market risk and funding liquidity risk once in six months at the ALM Committee, a management-level meeting body. The developed plans are deliberated and resolved (approved) by the Executive Committee and the Board of Directors, and important matters related to risk management are decided. By holding the ALM Committee monthly and controlling market risk and funding liquidity risk, we are making efforts to improve the soundness of the composition of assets and liabilities and stabilize earnings.

In addition, the front office (market-based transactions departments), back office (administration departments), and middle office (risk management departments) are independent. This way, a system of mutual check and balance among departments is in place. The front office and back office operate business such as appropriate control of risks in accordance with the size and characteristics, and human resource development in order to ensure the effectiveness of risk management based on accurate recognition of the risks. The middle office develops or operates the risk management process including identification, evaluation, monitoring, control and reduction of market risk, and plans and promotes risk management systems to demonstrate the check function for the front office, etc. In addition to having the function of planning and developing policies and procedures concerning market risk management, the middle office also has the function of monitoring market risk status such as market risk amount and profit and loss measurement.

The appropriateness and effectiveness of the risk management systems are verified by internal auditing or external auditing.

* ALM (Asset Liability Management): managing cash flow, liquidity, foreign exchange risk, and interest rate risk, etc., by grasping the characteristics of expirations and interest rates of our assets and liabilities.

• Market Risk/Funding Liquidity Risk Management System



(5) Market Risk Management Method

Within the scope of capital, SuMi TRUST Holdings develops a capital allocation plan and allocates capital to each Group company. Based on the allocated capital, SuMi TRUST Bank sets various limits including loss limit to control the risk and loss to a certain range.

We conduct multifaceted risk management from quantitative and qualitative perspectives. As for the compliance status of various limits, it is reported daily to the members of the ALM Committee through monitoring of the market risks status. Multiple risk analyses including identifying sensitivities to risk factors for each position, predictive management of risk factor fluctuations, and preparation for emergency using stress tests are also reported regularly to the Board of Directors and the ALM Committee, etc.

In the measurement of interest rate risk, we estimate and reflect the core deposit, term deposits redemption ratio and conditional prepayment rate of mortgage loan, etc. For details, please refer to 3 (7) 6) "Calculation Method of Interest Rate Risk."

Measurement Model for Market Risk Amount

The market risk amount is measured by the internal model method using VaR as a scale. Details of the measurement model are as follows.

Measurement model	Historical simulation method
Confidence interval	99%
Holding period	Trading: 10 days Banking: Convert VaR of holding period 10 days by square route T/10 times ALM related position: 63 days (3 months) Credit investment, strategic shareholdings, and credit valuation adjustment (CVA) 260 days (1 year) Others: 21 days (1 month)
Observation period	1,300 days (5 years)
Update frequency	Daily
Weighting	Historical weight method is applied. (Assign a higher probability to recent historical scenarios than older historical scenarios)
Price revaluation	Full revaluation method (For CVA, sensitivity-based method)
Fluctuation of risk factors	Absolute return

The scope of application of the internal model is interest rate risk, equity position risk, foreign exchange risk, and commodities risk (excluding some products) at SuMi TRUST Bank. The correlation between each risk factor is not taken into consideration, and the risk amount is simply added when creating synthesis of risk.

In order to verify the reliability and effectiveness of the internal model, backtestings are performed to compare the actual results of the daily profit/loss and the virtual profit/loss with the daily VaR whose holding period is one day. In addition, the validity of the model calculation method and precondition is verified periodically to ensure that the assumption for VaR calculation is not deviating from the actual market situation.

The VaR measurement using the historical simulation method that is affected by market fluctuations in the past observation period has a limit that it is impossible to capture large market fluctuations that have not occurred in the past or occurred outside of the observation period. This limit is complemented by implementing stress tests. The amount of loss when applying the expected scenario based on the maximum fluctuation range of each risk factor in the past and the future forecast to the current portfolio is regularly estimated.

(6) Compliance with Capital Adequacy Regulations

Calculation of Market Risk Equivalent Amount

The market risk equivalent amount refers to the sum of market risk in the trading account and foreign exchange risk and commodities risk in accounts other than the trading account, which is a factor used to calculate capital adequacy ratio. The SuMi TRUST Group calculates the market risk equivalent amount mainly by applying the Internal Model Approaches*. For calculation, general market risks and individual risks are simply added.

General market risk consists of VaR, which measures using the most recent market data, and stressed VaR, which measures using market data during the stress period. The preconditions of stressed VaR differ from the market risk measurement model described in 3 (5) "Market Risk Management Method" as follows.

Holding period	10 days (Convert VaR of holding period 1 day by square route ten times)
Observation period	260 days (1 year)
Weighting	Not applicable

Furthermore, the observation period is, in principle, set as the stress period for the stressed VaR in which the risk amount becomes the largest, taking into consideration the market data from 2007 onwards and the holding position in the past one year.

* Standardised approach is applied to the general individual risks of SuMi TRUST Bank as well as the foreign exchange risk of consolidated subsidiaries.

(7) Interest Rate Risk Management in the Banking Book

1) Definition of the Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is the risk that the capital and profit/loss of banks will be damaged now or in the future due to adverse impact on the banking book positions by changes in interest rate levels.

The present value is considered as economic value of equity (EVE) and future profits are considered as net interest income (NII), and the loss ranges against the current interest rate level are measured as ΔEVE and ΔNII respectively. The scope of the measurement is a position with interest rate risk in the banking book of SuMi TRUST Bank, and other Group companies that hold interest rate risk.

2) Characteristics of Interest Rate Risk in the Banking Book

IRRBB is caused by maturity dates mismatch (gap risk), interest rate mismatch (basis risk), and optionality associated with interest rate change (option risk) in the banking account positions.

ΔEVE is maximized associated with "steepener" for SuMi TRUST Holdings (consolidated) and SuMi Trust Bank (consolidated) and with "parallel down" for SuMi Trust Bank (non-consolidated), which is a change from "parallel up" at the end of last fiscal year. However, the ratio of ΔEVE to Tier 1 capital is still well below the regulated level of 15%, and interest rate risk in the banking book is low.

3) Interest Rate Risk in the Banking Book Management Policy

The risk management policy concerning IRRBB is the same as 3 (3) "Market Risk Management Policy."

To control interest rate risk, hedge accounting is applied to transactions that use interest rate swaps as hedging instruments and meet the application requirements of hedge accounting.

4) Interest Rate Risk in the Banking Book Management System

SuMi TRUST Holdings oversees risk management related to the IRRBB of the entire Group, and SuMi TRUST Bank maintains and manages IRRBB management systems at the consolidated and global levels.

5) Interest Rate Risk in the Banking Book Management Method

At SuMi TRUST Bank, the ALM basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company is developed once in six months at the ALM Committee, a management-level meeting body. At that time, alarm points are set for the increase/decrease of the economic value of equity (ΔEVE) of the position. IRRBB is measured monthly, and alarm points are monitored. Reports on the measurement results are submitted monthly to the ALM Committee.

6) Calculation Method of Interest Rate Risk

The assumptions, etc. for calculating IRRBB are as follows.

- Non-maturity Deposits ("NMDs")

The maximum maturity of the interest rate revision assigned to non-maturity deposits is five years, and the average maturity is 0.6 years.

- Core Deposits

The standardised approach exemplified by the Financial Services Agency is applied to the cases of SuMi TRUST Bank. Out of the NMDs that the clients can withdraw at any time, we recognize the balance that is expected to be stable and non-linked to interest rate as deposits with the maximum maturity of five years and the average maturity of 2.5 years.

• Term Deposits Redemption Ratio

Targeting yen-based term deposits, the redemption rate is set after checking past redemption results.

• Conditional Prepayment Rate of Loans

Targeting mortgage loan, etc., the prepayment rate is set after checking past repayment results.

• Treatment of Foreign Currencies

The target currencies are determined based on their respective ratio in the scale of the balance sheet, importance to the SuMi TRUST Group's position, and other factors.

The correlation (considering dispersion or offset) of different currencies is treated as follows.

ΔEVE: Correlation of different currencies is not considered, and only the currencies for which EVE decreases are combined.

ΔNII: Correlation of different currencies is considered, and the currencies for which NII increases and the currencies for which NII decreases are simply combined.

• Treatment of Spreads

In calculation, spreads are not included in discounted interest rates and cash flows.

• Pass-through Rate of Received Credit Interest Rates

In measuring ΔNII, upon reviewing of interest rates of received credit (term deposits, etc.), the pass-through rate is estimated based on the past record to understand how much the interest rates of received credit follow the fluctuation of the market interest rates.

7) Interest Rate Risk Other Than ΔEVE and ΔNII

SuMi TRUST Bank measures and manages the market risk amount by the method described in 3 (5) "Market Risk Management Method."

With the stress test conducted to complement the limitation of VaR, we are striving to grasp the potential vulnerability by including the portfolio of the entire SuMi TRUST Bank including both banking accounts and trading accounts in the measurement range, reproducing scenarios that give a certain fluctuation (shock) to risk factors or past stress events such as the collapse of Lehman Brothers, or developing a forward looking virtual scenario that takes into consideration the future position and the market situation.

4. Funding Liquidity Risk Management

(1) Definition of Funding Liquidity Risk

The funding liquidity risk refers to "the risk that the SuMi TRUST Group may incur losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual."

(2) Characteristics of Funding Liquidity Risk

The main risk in the funding liquidity risk of the SuMi TRUST Group is deterioration of foreign currency funding when assuming downgrades of Japan and/or Japanese financial institutions. Sumitomo Mitsui Trust Bank, Limited, which is the core bank of the SuMi TRUST Group, has developed medium- to long-term procurement policies according to each currency's characteristics such as the status of assets/liabilities and market liquidity, and is striving to operate stable foreign currency financing that can withstand the market disruptions and cash outflows in the past.

(3) Funding Liquidity Risk Management Policy

In managing funding liquidity risk, based on the full recognition that risk materialization may directly lead to the bankruptcy of the SuMi TRUST Group, our basic policy is to implement proper funding liquidity risk management with two pillars: 1) "to pursue the balance between funding cost and stability" by various means of procurement, and 2) "emergency preparedness" by verifying procurement capability and countermeasures under the stress environment in advance.

Based on the compliance with international standards on bank capital and liquidity (Basel III, etc.), we will continue to promote the advancement of funding liquidity risk management systems.

(4) Funding Liquidity Risk Management System

The funding liquidity risk management systems are the same framework as 3 (4) "Market Risk Management System."

(5) Funding Liquidity Risk Management Method

As the indicator of funding liquidity risk management, the ALM basic plan specifies the limits for the funding liquidity mismatch amount* for each company, office and currency as well as the responses at the time of limit conflict. The compliance status is also monitored on a daily basis. In addition, stress tests are performed based on multiple scenarios such as sudden changes in the market environment and changes in the procurement environment specific to the SuMi TRUST Group to grasp the amount of funds needed when funding liquidity risk materializes.

As countermeasures for the materialization of funding liquidity risk, a financing phase (peacetime, presage time, concern time, crisis time) is established according to tightness of the financing situation. Qualitative/quantitative events that may affect financing are monitored from peacetime as crisis management indicators, and a contingency plan is developed as countermeasures against the crisis. Regarding the contingency plan, the adequacy of the financing amount at the time of materialization of funding liquidity risk is verified by stress tests to ensure feasibility through periodic training.

* Funding liquidity mismatch amount: the amount of funds needed on a daily basis to cover the final figure of the settlement account for each currency.

5. Operational Risk Management

(1) Definition of Operational Risk

Operational risk refers to the risk that may adversely affect the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group"), clients, markets, financial infrastructure, society, or the work environment due to inadequate or failed business processes, the activities of executives or employees, computer systems, or due to external events. The SuMi TRUST Group classifies operational risk into business processing risk, system risk, information security risk, legal and compliance risk, conduct risk, human resource risk, event risk and reputational risk for the purpose of risk management.

(2) Characteristics of Operational Risk

Major risks related to the SuMi TRUST Group's operational risk are cyber attacks, delay in system development and increases in development costs, along with the risks associated with ineffective anti-money laundering and terrorist financing measures.

Our business operations are exposed to the risk of being adversely affected by cyber attacks (such as ransomware attacks and DDoS attacks*), resulting in suspension of services, leakage of information, destruction and alteration of data, etc. The SuMi TRUST Group recognizes cyber security measures as one of the critical management priorities, and formulated the "Cyber Security Management Declaration," thereby promoting security enhancing measures under the initiative of the management.

* DDoS attack: Distributed Denial of Service attack; an attempt to render services unavailable by imposing high processing load on a target computer from multiple machines.

Furthermore, the SuMi TRUST Group's business performance may be adversely influenced by various factors, including costs arising from postponed system releases due to delay in progress with system development projects and maintenance of alternative systems, and additional costs incurred for development employee allowances as a result of increases in development costs. The SuMi TRUST Group strives to diminish and mitigate risks through monitoring of development status by related departments, such as risk management-related departments.

Moreover, we face the risk of being used for financial crime activities, including money laundering and terrorist financing, resulting from ineffective anti-money laundering and terrorist financing measures, which could pose a serious threat to the soundness of our financial system. This also exposes us to the risk of being subjected to administrative dispositions such as business suspension orders, payment of large fines, and deterioration of our reputation. The SuMi TRUST Group strives to diminish and mitigate risks through a risk-based approach by enhancing measures for eliminating money laundering, etc., based on gap analysis benchmarking against the regulatory requirements (including those overseas), and the clarification of the challenges to be addressed.

(3) Operational Risk Management Policy

Upon building an operational risk management system, the SuMi TRUST Group recognizes operational risk to be an inevitable risk incidental to business execution, implements proper risk management according to the scale and characteristics of operations and risks, and ensures business soundness and appropriateness.

In preparation for enhancement of the SuMi TRUST Group's operations, and products and services that the SuMi TRUST Group provides, and development of new risks following changes in social and economic environments, such as advancement of information technology and diversifying needs, we will further enhance our operational risk management system.

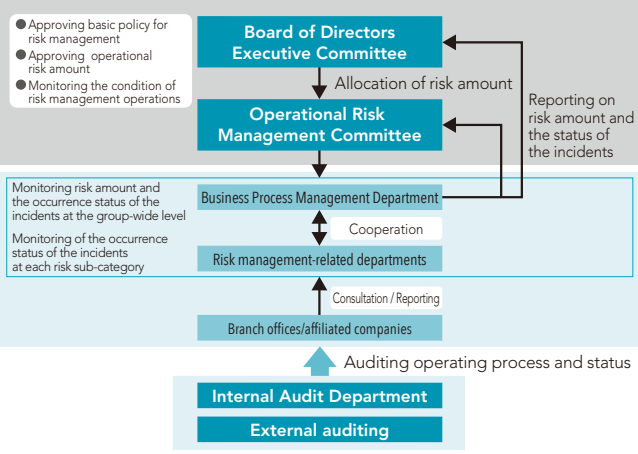
(4) Operational Risk Management System

The SuMi TRUST Group is striving to create a system related to operational risk management of each Group company based on the basic policy on operational risk management of the entire Group.

At Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group, policies related to the operational risk management system and other important matters, such as "the risk management plan (operational risk)," are planned and proposed at the Operational Risk Management Committee and the Executive Committee, and resolved (approved) by the Board of Directors.

Based on such policies, we have established a department in charge of comprehensive operational risk management, and risk management-related departments for each sub-category of operational risk. The Business Process Management Department, the department in charge of comprehensive operational risk management, is working on creation and enhancement of the operational risk management system in cooperation with each risk management-related department.

• Operational Risk Management System



(5) Operational Risk Management Method

Operational risks involved in all areas of the SuMi TRUST Group's business, including outsourced business, are subject to operational risk management, which adequately identifies and assesses risk from both qualitative and quantitative perspectives. Meanwhile, preventative measures against risk materialization, as well as responses in the event of materialization, causal analysis and measures to prevent recurrence are developed to mitigate operational risk.

SuMi TRUST Bank has defined any cases, in which a client or we have incurred losses as a result of inappropriate business procedures in the course of operations by employees and officers, as an operational incident or a minor incident (hereinafter "operational incident, etc."), and has established a system of reporting and managing operational incidents, etc. in an effort to properly deal with such operational incidents, etc. upon their occurrence, prevent and reduce recurrence, and improve the quality of business processing.

Any operational incident, etc. will be reported upon its occurrence in a timely manner to the business supervision departments, risk management-related departments, and the Risk Management Department through registration to the reporting system by the department that caused operational incidents, etc. Furthermore, according to the impact of a relevant case, such as the scope of influence and the amount of loss, the operational incident, etc. will be reported to the Operational Risk Management Subcommittee, the Operational Risk Management Committee, the Executive Committee, and any other related committees. The department in which the incident, etc. has occurred will take proper and expeditious action toward clients involved in accordance with the instructions by the business supervision department and other related departments, examine and analyze the causes of the incident, etc., and discuss, plan, and implement measures to prevent recurrence.

As for periodical analysis, the business supervision departments regularly analyze the occurrence tendency of operational incidents, etc. taking place in each business and their causes, and develop measures to prevent recurrence that are deemed effective for the business in general. In addition, risk management-related departments and the Risk Management Department develop and review effective measures to prevent recurrence from group-wide and cross-sectional perspectives.

(6) Risk Management for Each Sub-category

1) Business Processing Risk Management

Business processing risk refers to the risk that the SuMi TRUST Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.

Engaging in a broad range of businesses including banking, asset management, asset administration (including trust business) and real estate, the SuMi TRUST Group recognizes that business processing risk is something unavoidable in the course of business execution. The SuMi TRUST Group is processing risk management in accordance with the scale and characteristics of business operations and risk so as to ensure peace of mind and satisfaction for its clients.

In SuMi TRUST Bank, the Business Process Management Department, which is responsible for comprehensive management of business processing risk, comprehensively reviews inter-business issues concerning business processing risk and business process streamlining, and develops a system for ensuring the effectiveness of SuMi TRUST Bank's business processing risk management from a company-wide viewpoint. Meanwhile, we have established a department to oversee and provide guidance to business processing operations at each business, which reviews policies set out in each business and provides guidance and training on general business processing to the head office departments and the business offices. Furthermore, SuMi TRUST Bank

developed a risk management plan that incorporated the goals for business processing risk management and it has implemented activities to mitigate business processing risk, including documentation of business processing, exhaustive checks for clerical errors and associated analysis, development of remedial measures and cautioning based on the macro analysis of clerical errors, outsourcing management, and self-inspection.

2) System Risk Management

System risk refers to the risk that the SuMi TRUST Group may incur losses due to such reasons as computer system failure, malfunctions and defects, as well as the risk that the SuMi TRUST Group may incur losses due to unauthorized use of computers.

Since computer systems are vital for the SuMi TRUST Group to carry out its business operations, it recognizes that system risk is a serious risk with potential impacts on a wide range of clients, which may cause disrepute to the Group. Therefore, the SuMi TRUST Group is conducting adequate system risk management in accordance with the importance, nature and operational function of each system.

In SuMi TRUST Bank, the IT System Planning and Management Department, which is responsible for system risk management, strives to mitigate system risk, through measures to prevent system risk from materializing, adequate response and causal analysis of the risk when materialized, and development of measures to prevent recurrence.

Moreover, SuMi TRUST Bank enhances the credibility of hardware and software as well as system operation, through measures including maintenance of hardware, securing of spare/alternate functions, back-up in place and preparation of manuals. In addition to above, measures for ensuring security of the information system and preventing illegal access and use by insider or through cyber or other attacks are also in place. Meanwhile, in order to minimize the impact of large-scale failures and disasters on the information system and to ensure early recovery and business continuity, we have in place a clarified communication and response system, manuals describing alternate measures and recovery procedures, along with the implementation of education and training on operations.

3) Information Security Risk Management

Information security risk refers to the risk that the SuMi TRUST Group may incur losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system and misuse of information. Since the information asset is one of the critical management resources involving the risk that could disrupt the basis of management, the SuMi TRUST Group adequately maintains and manages all information assets under its care.

In SuMi TRUST Bank, the Business Process Management Department and the IT System Planning and Management Department, which is responsible for information security risk management, is committed to developing and enhancing an information security risk management system.

SuMi TRUST Bank places degrees of importance on all information assets under its care according to the impact of potential losses that SuMi TRUST Bank and clients may incur in the event of their leaks, loss or alteration. Methods and procedures for acquisition, use, management, safekeeping, internal communication, external use and disposal of information assets are set out according to the degrees of importance, for the effective implementation of security measures.

Meanwhile, we, as a business operator handling personal information and in charge of affairs using the individual number and affairs related to the individual number, adequately manage personal information, individual number and specific personal information (individual number and specific personal information, hereinafter referred to as "Specific Personal Information") in compliance with the Act on the Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure and guidelines set forth by government agencies, in addition to other standards. In addition, we have announced the "Declaration for the Protection of Personal Information" in an extensive effort to protect the personal information and Specific Personal Information of our clients and shareholders.

SuMi TRUST Bank is providing education and information to raise awareness of the information security risk management on a company-wide basis. Furthermore, the adequacy and effectiveness of the personal information management system are verified and ensured through self-inspection and internal audits.

4) Risk Management of Other Sub-categories

Regarding legal and compliance risk management, we not only are promoting compliance by setting compliance standards that executives and employees should follow and fostering their awareness of compliance, but also examine the consistency and compliance concerning company regulations and other rules, and the legality and suitability of transactions and business procedures from the legal perspective (legal checks).

With respect to conduct risk management, SuMi TRUST

Bank regularly assesses the status of major conduct risks and works to reduce and manage risks and prevent risks from materializing by promoting and fostering the awareness of executives and employees through internal training and other means.

In order to manage human resource risk, we have been poised to handle issues related to personnel and labor management, such as unequal or unfair management of personnel and harassment, through a multitude of approaches, including internal training and education, interviews, and establishment of consultation desk.

As event risk management, in an effort to tackle natural disasters, the spread of infectious diseases, occurrence of fire, crimes, or traffic accidents that may impair business, we have adopted various steps, including measures to avert disaster in case that disaster strikes, preventive measures, such as disaster prevention, protection against crimes, and safe driving management, and establishment of a business continuity management system.

For managing reputational risk, we are striving to prevent any harmful reputation and rumor from growing by detecting mass media reports and online posting that may damage the SuMi TRUST Group's reputations, and have set up a system of dealing with clients and making external announcements in a timely and proper manner in response to negative reputations or rumors, if any.

(7) Compliance with Capital Regulatory Standards

1) Calculation of Operational Risk Equivalent Amount

Since the end of March 2014, the SuMi TRUST Group has adopted the Advanced Measurement Approach in lieu of the Standardised Approach, which was used previously, in the calculation of the operational risk equivalent amount under capital adequacy requirements.

Exceptionally, we adopt the Basic Indicator Approach for a portion of the corporations deemed less important in the calculation of the operational risk equivalent amount and corporations that are in preparation for the adoption of the Advanced Measurement Approach.

2) Outline of the Advanced Measurement Approach

A. Measurement Framework

The SuMi TRUST Group calculates the operational risk equivalent amount by aggregating "each maximum loss amounts of operational risk expected over a period of one year, with 99.9% one-sided confidence interval (hereinafter "VaR")," for each of the eleven quantification units (all business sections, corporate management sections and earthquakes) that are based on the consistency between management regarding operational incidents and profit management.

The operational risk equivalent amount is calculated using the four elements that are required for the adoption of the Advanced Measurement Approach, i.e. internal loss data, external loss data, business environment and the internal control status, and scenario analysis, as well as the quantification model. The results of the calculation are utilized in activities to enhance operational risk management, including the deliberation of measures to improve the internal control status.

• Overview of 4 Elements of Scenario Analysis

Element	Details
Internal loss data	Information on operational risk losses arising inside the SuMi TRUST Group
External loss data	Information on operational risk losses collected from the outside of the SuMi TRUST Group
Business environment and internal control status	An element affecting operational risk and relating to the business environment and internal control status of the SuMi TRUST Group
Scenario analysis	An estimation method based on expert knowledge and experience, and information on operational risk, regarding the amount and frequency of serious operational risk losses

Additionally, in the calculation of the operational risk equivalent amount, we do not reflect the mitigating effects of insurance, and do not exclude expected loss or conduct adjustments based on the correlation between the quantification units.

B. Scenario Analysis

In order to accurately understand the SuMi TRUST Group's risk profile, we identify events involving a large amount of losses associated with operational risk that cannot be covered by internal loss data alone when we conduct scenario analysis. We also construct scenario data that estimate loss amount and probability of such events.

The evaluation results of elements including the business environment and the internal control status are reflected in the subjects to the construction of scenario data, and the estimation of loss amount and frequency.

In addition, we ensure the objectivity, accuracy and completeness of the constructed scenario data by conducting verification using both internal loss data and external loss data.

C. Measurement Model for Operational Risk Amount

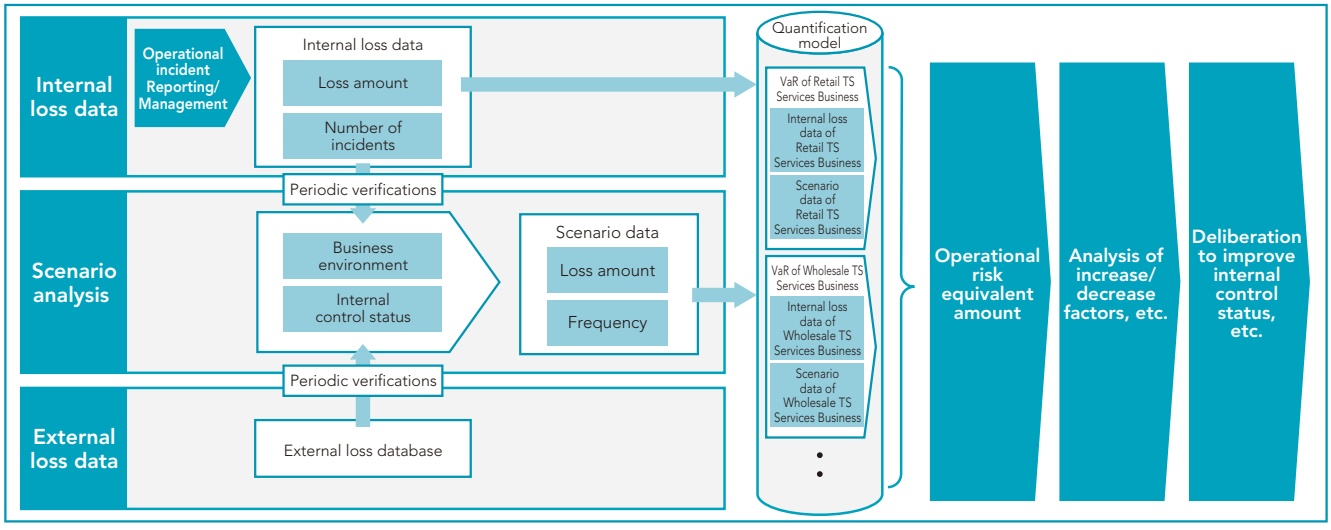
The VaR of each measurement unit is calculated by plotting frequency distributions and severity distribution based on the internal loss data and the scenario data prepared through the scenario analysis, and expressed through Monte Carlo Simulation that mixes such distributions and estimates

the total severity distribution.

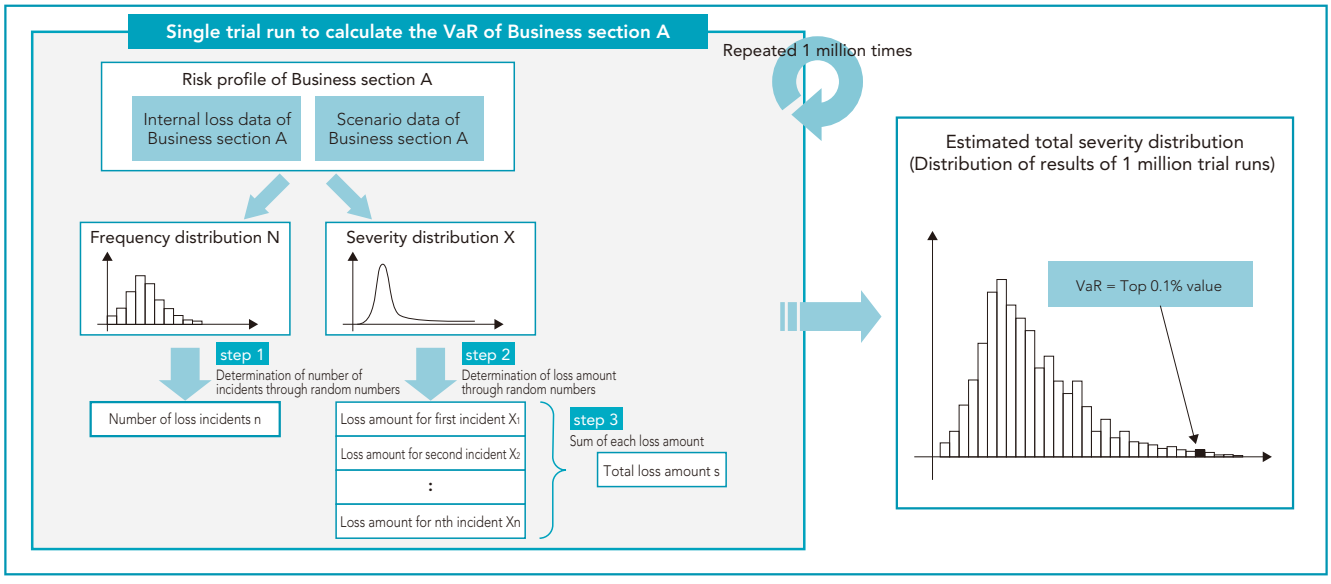
The Poisson distribution has been applied to the frequency distribution, and our own distribution method has been applied to severity distribution in order to grasp the amount of tail risk.

We confirm the appropriateness of the quantification model and the results of the VaR calculations by conducting periodic verifications such as backtestings.

• Outline of the Quantification Framework



• Outline of Quantification Model



6. Other Matters

(1) Credit Risk Mitigation Techniques

1) Implementation of Credit Risk Mitigation Techniques

Controls of credit exposures can be achieved not simply by reducing the balance of outstanding credit but also by seeking to loan protection via collateral and guarantees. These protection measures are collectively called "credit risk mitigation techniques."

While we measure the creditworthiness of clients comprehensively by looking at their business status and technological capabilities as well as their future potential, we also employ the credit risk mitigation techniques in order to cover deficiencies in creditworthiness or enhance the quality of loans.

In doing this, it is necessary for the credit risk mitigation techniques to be "valid" both legally and practically. In order to ensure that validity, we set internal standards for sound and reliable protection and management.

At that time, we uniformly manage information of collateral and guarantees through a system.

2) Details of Collateral Evaluation and Management

As a uniform decision on acceptance of collateral and guarantees cannot be made due to individual circumstances, such as creditworthiness of obligors, we determine whether or not to accept collateral or guarantees by taking into consideration various factors, including the compatibility with the purpose of use and characteristics of loans and bills discounted, collateral value, the guarantor's capability for performance of guarantee, and legal validity.

As the ultimate purpose of collateral is to acquire monetary value through conversion into cash of a relevant property, we have defined requirements for accepting collateral that 1) collateral value is acknowledged, 2) foreclosure sale of a relevant property is easy, and 3) it is easy to obtain and manage collateral.

Financial assets such as term deposits and securities, and real estate have accounted largely for the collateral that the SuMi TRUST Group has accepted. As a general rule, we evaluate collateral of real estate, and other similar property at least once a year, and other collateral with fair value, such as securities, on a regular basis.

Guarantees are classified into several categories, such as specific debt guarantee that guarantees only specific debts, and revolving guarantee. The forms of providing guarantees also vary, including the official contract for guarantees, letter of indemnity on guarantee, and commitment to guarantee. Regardless of the category and form of guarantee, the SuMi TRUST Group places emphasis on substantial effectiveness of guarantees by confirming the guarantor's capacity and intention of guarantee. The guarantees that the SuMi TRUST Group has accepted have been made up greatly of cases in which parent companies guarantee debts of their respective subsidiaries in corporate credit transactions. We regularly check the guarantor's intention of guarantee.

3) Compliance with Capital Regulatory Standards

The capital regulatory standards specify types and requirements regarding credit risk mitigation techniques that can decrease risk-weighted assets according to the calculation of credit risk-weighted assets in a limited manner. The SuMi TRUST Group has defined the scope of the credit risk mitigation techniques that can be applied to calculation of a capital adequacy ratio depending on risk-weighted assets measurement approaches after closely examining the eligibility for the requirements.

With regard to assets to which the Advanced Internal Ratings-Based Approach (AIRB) is applied, we consider the collateral effect through the Loss Given Default (LGD). We have adopted the credit risk mitigation techniques for assets to which the Foundational Internal Ratings-Based Approach (FIRB) is applied, and the details are as follows:

• Overview of Credit Risk Mitigation Techniques (CRM)

CRM techniques	Major requirements
Offsetting of loans and bills discounted against deposits in our banks (netting)*	• Term deposits • A valid banking transaction contract, or any other effective agreement, with a statement about timely offsetting has been concluded.
Guarantees and credit derivatives	• The creditworthiness of the guarantor (the party providing protection) is greater than that of the obligor. • The contract has been concluded in writing and does not include any provision that disturbs performance of guarantee (offering of protection).
Eligible collateral	
Eligible financial collateral (deposits in our banks, stocks, and debt securities)	• Establishment of security rights (such as the right of pledge) • Any special agreement that restricts exercise of security rights has not been concluded.
Eligible real estate collateral (real estate, foundations)	• Register of settlement of mortgage (definitive/provisional registration) • Any special agreement that restricts exercise of security rights has not been concluded. • Investigation of soil pollution has been completed, or the impact of soil pollution has been taken into consideration in evaluation.
Other eligible asset collateral (ships, aircrafts)	• Establishment of security rights (definitive/provisional registration; with security rights being set as the first right) • Any special agreement that restricts exercise of security rights has not been concluded.

* In the fiscal year ended March 2021, we employed netting only for assets to which the Foundation Internal Ratings-Based Approach was applied.

4) Concentration of Credit and Market Risks Following the Adoption of Credit Risk Mitigation Techniques

Guarantees and credit derivatives have been considered as approaches involving risk concentration.

In the SuMi TRUST Group, although guarantees on obligors are offered by their respective parent companies in many cases, this is not always significantly inclined for specific guarantors. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group monitors and manages concentration risks for the entire corporate group, with guarantees taken into consideration.

The notional principal of the protection of the credit derivatives that SuMi TRUST Bank has purchased is not noteworthy enough to be defined as risk concentration. It is managed by being included in the credit limit amount of the provider of protection.

(2) Credit Risk for the Other Party of Derivatives Transactions and Repo Transactions (Counterparty Credit Risk)

1) Risk Characteristics

Counterparty credit risk ("CCR") is a risk that the SuMi TRUST Group may incur loss due to nonfulfillment of a contract when a counterparty, the other party of a transaction, such as a derivatives transaction, has gone bankrupt. The SuMi TRUST Group has conducted various derivatives transactions (such as the interest rate swap transaction) with financial institutions.

2) Risk Management Policy

A. Management of Counterparty Credit Risk Exposures

With regard to CCR, the SuMi TRUST Group has set a credit line for clients, such as financial institutions, for each type of market-based transactions and manage CCR exposures. We have managed credit concentration risk of each client by setting a credit limit amount in the same manner as for corporates and adding up credit transactions for loans, etc. and market-based transactions. Furthermore, in the same manner as other exposures, we allocate capital to each business and monitor the usage status.

B. Credit Risk Mitigation Techniques and Collateral Management

As a general rule, SuMi TRUST Bank, the core bank of the Group, reduces credit risk by entering into legally valid bilateral netting contracts (such as an ISDA Master Agreement) with clients when conducting derivatives and repo transactions. Furthermore, with the aim of minimizing credit risk at the time of conducting derivatives transactions, SuMi TRUST Bank is promoting the conclusion of a Credit Support Annex (CSA) as a supplementary contract of the ISDA Master Agreement. A CSA is a bilateral agreement that supplements credit through a pledge of collateral corresponding to the amount of unrealized loss by the party holding unrealized loss to the other party with unrealized gain based on calculation of the present value of derivatives transactions, etc. or other similar items between SuMi TRUST Bank and the counterparty with which SuMi TRUST Bank has concluded the CSA.

The SuMi TRUST Group transfers collateral on a continuous basis with the counterparty with which we have entered into a CSA so that unrealized gains and losses become neutral. However, we will be required to offer additional collateral when the creditworthiness of either party has deteriorated and the party's rating has dropped, with the impacts of such deterioration taken into consideration. The amount of additional collateral varies depending on the details of the contract concluded with each company.

C. Management of Wrong-way Risk

Wrong-way risk is risk of losses expanding through the synergetic effect of any adverse correlation between the derivatives exposures transaction and the creditworthiness of the other party of the transaction (the counterparty). Currently, the SuMi TRUST Group manages this risk by mitigating credit risk through conclusion of CSAs, and grasping CCR in a timely and proper manner.

D. Impact of Deteriorated Creditworthiness of Our Banks

As specified in B. above, the SuMi TRUST Group has regularly transferred collateral with counterparties in derivatives transactions and other similar transactions. In these transactions, we may be required to provide additional collateral to counterparties due to deterioration of our own creditworthiness. However, the proportion of derivatives transactions to the SuMi TRUST Group's overall exposure is currently low, and we have recognized that the impact is limited.

3) Compliance with Capital Regulatory Standards

The SuMi TRUST Group has adopted the "Current Exposure Method" in risk-weighted asset calculation of counterparty credit risk. The approach is one of the methods for calculating the credit equivalent amount of derivatives transactions by adding the add-on (which corresponds to the amount for potential future exposure, and is calculated by multiplying the notional amount by the split based on residual maturity) to the "replacement cost" (as calculated through fair market valuation of transactions).

In accordance with the capital regulatory standards (Basel III) which have been revised with financial crisis taken into consideration, the SuMi TRUST Group calculates risk-weighted assets for Credit Value Adjustment (CVA) that adjusts exposure when the creditworthiness of counterparty has changed, and for the Central Counterparty (CCP) exposures.

(3) Securitisation Transactions

1) Risk Characteristics

Securitisation transactions are transactions in which, on the back of one or more assets, the credit risk related to the assets is stratified into two or more layers that are in a relationship of a senior-subordinated structure and part or all of the assets are transferred to a third party. Typical examples include Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), and Collateralized Loan Obligation (CLO) according to underlying assets, and resecuritised products with securitised products as underlying assets. The method of grasping credit risk differs between the originator (the party that composes products) and an investor (the party that purchases products) in securitisation transactions. When the originator has accepted the subordinated part of assets at the time of product composition, some credit risk will remain. Meanwhile, when the investor has bought a securitised product, credit risk will arise. Furthermore, as securitised products underlie resecuritised products, it will become complicated to grasp risks regarding resecuritised products, and credit risk of resecuritised products may become greater than those of general securitised products.

Although the SuMi TRUST Group engages in activities primarily as the investor, we have yielded business results in product composition as an originator.

2) Risk Management Policy

A. Investor

In principle, the SuMi TRUST Group invests in securitised products, to which high external credit ratings have been assigned, and manages risks by the assignment of credit ratings (structured ratings) based on the internal rating system. During an investment period, we strive to obtain stable earnings opportunities by periodically monitoring not only external credit ratings but also the status and performance of the assets underlying securitised products, and risk characteristics and structure status of securitisation transactions, and then reflecting such status for reviewing credit ratings. The SuMi TRUST Group manages resecuritised products in the same manner.

B. Originator

The SuMi TRUST Group will consider using securitisation transactions, which are originated by the SuMi TRUST Group, according to situations as a method for controlling portfolios of finance receivables held. When doing so, we will construct transaction content in which an intended transfer of credit risk is made effectively, and properly calculate the part of credit risk-weighted assets that the SuMi TRUST Group bears after implementation of securitisation. As a general rule, while the securitised products originated by the SuMi TRUST Group have been held by investors outside the consolidated holding company group, part of the products have been owned by SBI Sumishin Net Bank, Ltd., one of the SuMi TRUST Group's affiliates.

3) Risk Management Method

We measure credit risk amount of securitisation exposures based on the value of credit risk-weighted assets specified by the capital regulatory standards. In addition, interest rate risk involved in securitisation exposures is subject to measurement of market risk amount.

4) Securitisation transactions of Third Party Assets

With regard to securitisation transactions of assets purchased from third parties, the SuMi TRUST Group has engaged in liquidation of receivables mainly by buying multiple receivables, such as accounts receivables and bills of credit, via specific purpose companies (SPCs), and provides Asset Based Lending (ABL) to SPCs and sets up backup lines for Asset Backed Commercial Papers (ABCPs) issued by SPCs. In addition, SuMi TRUST Bank has conducted proper management of underlying assets for investors.

In the SuMi TRUST Group, securitisation conduits, such as SPCs and trust as follows, conduct securitisation transactions of third party assets. We have never offered securitisation conduits credit supplementation not stipulated in respective contracts.

Name of securitisation conduit	Whether to be included in the consolidation scope* according to calculation of the capital adequacy ratio	Whether or not securitisation exposure is held
Vector Asset Funding Corporation	Included	Held
Nexus Asset Funding Corporation	Included	Held
Fresco Asset Funding Corporation	Included	Held
Crecer Asset Funding Corporation	Included	Held
RBA Asset Funding Corporation	Not included	Not held
Sumitomo Mitsui Trust Bank, Limited (Trust account)	Not included	Held

* The consolidation scope according to calculation of the capital adequacy ratio of SuMi TRUST Holdings and SuMi TRUST Bank.

5) Accounting Policy

When conducting securitisation transactions, as a general rule, the SuMi TRUST Group adopts a selling process that results in derecognition of financial assets through the transfer of the control over contractual rights to the financial assets to another party in accordance with "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10). For instance, in the case of finance receivables, in principle, assets are derecognized upon legal completion of transfer of the assets and receipt of consideration for the transfer; however, in the event that we hold retained interests after conducting securitisation transactions, the SuMi TRUST Group does not recognize sales of the assets corresponding to the retained interests, and renders it subject to measurement of credit risk-weighted assets. Meanwhile, regarding transactions in which a considerable degree of credit is offered without prior payment of capital, the SuMi TRUST Group will employ a financial process of posting raised capital as a liability. In addition, when we possess assets for the purpose of securitisation transactions, the SuMi TRUST Group evaluates the assets in accordance with "Accounting Standards for Financial Instruments" and records them in the banking account.

6) Compliance with Capital Regulatory Standards

With regard to calculation of credit risk-weighted assets for securitisation exposures, we have prioritized calculation methods, and selected from applicable calculation methods on which the highest priority has been placed. First of all, if it is possible to grasp the required capital ratio of the underlying assets as calculated by using the Internal Ratings-Based Approach, we use the "Securitisation Internal Ratings-Based Approach" to calculate the risk weight. Then, if it is difficult to apply the "Securitisation Internal Ratings-Based Approach," we calculate the risk weight of securitisation exposures to which eligible external ratings has been assigned by applying the "Securitisation External Ratings-Based Approach" Then, if it is difficult to apply either of the aforementioned two approaches, and that it is possible to grasp the required capital ratio of the underlying assets as calculated by using the Standardised Approach, we use the "Securitisation Standardised Approach" to calculate the risk weight. If it is impossible to apply any of the aforementioned approaches, we apply 1,250% risk weight. In the case of resecuritisation products, we use the "Standardised Approach-Based Approach" or apply 1,250% risk weight.

The eligible rating agencies used for calculating the value of credit risk-weighted assets based on the "Rating-Based Approach" include 5 companies, which are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

While the SuMi TRUST Group essentially has rendered securitisation exposure subject to calculation of credit risk-weighted assets, we use the "Standardised Approach" for calculating market risk equivalent amount.

(4) Capital Subscriptions and Other Similar Exposures or Equity Exposures

1) Risk Characteristics

As part of capital subscription business, the SuMi TRUST Group has strategically made equity investments in the banking accounts and held stocks with the aim of investing in organizations expected to bring benefits to the SuMi TRUST Group and cementing relationships with clients (strategic shareholdings). Stocks are characterized as involving the risk of fluctuation in their prices (market risk) as well as the risk that the issuers may become in default (credit risk).

Equity investment is aimed to pursue medium-term risk return, being exposed to the risk of fluctuation in cash flows, such as dividend distribution, and the risk that the Net Asset Value of the subscriber's share on the capital may fluctuate.

Strategic shareholdings of listed shares with market prices are subject to fair market valuation and are exposed to a risk of fluctuation in their market prices. Unlisted shares are also exposed to a risk that their estimated value may decline.

2) Risk Management Policy

We properly manage stocks held in the banking accounts, by taking into consideration profitability, within a scope of a certain risk amount through a framework of credit risk and market risk management according to the purpose of holding the stocks and risk characteristics.

For equity investments, etc., we make every effort to limit risk by scrutinizing transactions, taking into account market conditions and the investment performance of the portfolio manager.

In addition, our policy is to not hold conventional strategic shareholdings (shareholding of business partners as stable shareholders without the purpose of forming capital or business alliances, etc.). Based on this policy, we are working to reduce our strategic shareholdings, and we are also flexibly implementing hedging transactions to limit the risk of share price fluctuations.

3) Risk Management Method

Concerning the stocks held in the category of "available-for-sale securities," we measure risk according to whether or not there is a market price. We recognize a risk of price fluctuation for the stocks with market price and measure the stock VaR with a holding period of one year and a 99% confidence interval. Meanwhile, regarding unlisted shares without market prices, as it is not possible to directly observe price fluctuation, we measure the risk amount with the holding period of one year while using an approach for indirectly estimating the volatility by selecting an appropriate alternate index, and a reference to the Supervisory Formula Approach specified by the capital regulatory standards, depending on situations.

Concerning "Shares of Subsidiaries," we have rendered the assets and liabilities held by a relevant subsidiary subject to direct risk management. Furthermore, as for "Shares of Affiliated Companies," fluctuations in the value of our interest in relevant affiliated companies due to equity in losses or earnings are subject to risk management.

4) Accounting Policy

As of the end of March 2021, with regard to the securities stated in the SuMi TRUST Group's consolidated financial statements, equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are valued using the "moving-average cost," and securities classified as available-for-sale securities are in principle valued using the "fair value based on the market price, etc., on the consolidated balance sheet date (cost of securities sold is calculated using primarily the moving-average method)." However, "available-for-sale securities" for which their fair values are extremely difficult to be determined 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 sheets.

5) Compliance with Capital Regulatory Standards

We measure the required capital of credit risk with an approach applied according to whether relevant equities are Japanese or Non-Japanese, and whether or not relevant equities are listed. Japanese equities are measured based on the Supervisory Formula Approach using the credit ratings assigned to relevant issuers.

Furthermore, we apply the Simple Risk-weight Method (Market-Based Approach) that multiplies the risk weight determined according to whether the equities are listed or not, in order to measure any Japanese equities without credit ratings, and Non-Japanese equities. The market risk amount is measured using VaR as a scale. For more details, please refer to "(5) Market Risk Management Method" of "3. Market Risk Management."

Basel III Disclosure Data

Sumitomo Mitsui Trust Holdings, Inc.

This section outlines and discloses matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982), as well as separately stipulated by the Commissioner of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2015) with regard to the status of management soundness relating to liquidity, as set forth in Article 19-2, Paragraph 1, Item 5-(e) of the Ordinance for Enforcement of the Banking Act.

[Quantitative Disclosure Data: SuMi TRUST Holdings]

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Quantitative Disclosure Data:
Sumitomo Mitsui Trust Holdings, Inc.

KM1: Key Metrics

Consolidated

KM1		Millions of Yen, %				
Basel III Template No.		a	b	c	d	e
		March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,455,126	¥ 2,449,030	¥ 2,449,874	¥ 2,415,795	¥ 2,404,831
2	Tier 1	2,736,717	2,731,950	2,802,616	2,768,733	2,758,167
3	Total capital	3,190,944	3,264,079	3,349,226	3,280,819	3,283,105
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	20,243,399	20,209,728	19,711,096	19,523,675	19,053,967
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	12.12%	12.11%	12.42%	12.37%	12.62%
6	Tier 1 ratio	13.51%	13.51%	14.21%	14.18%	14.47%
7	Total capital ratio	15.76%	16.15%	16.99%	16.80%	17.23%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements	3.00%	3.00%	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements	7.51%	7.51%	7.92%	7.87%	8.12%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	49,441,295	49,395,230	47,847,547	48,757,812	59,325,377
14	Basel III leverage ratio	5.53%	5.53%	5.85%	5.67%	4.64%

KM1		Millions of Yen, %				
Basel III Template No.		Fiscal Year 2020 4th Quarter	Fiscal Year 2020 3rd Quarter	Fiscal Year 2020 2nd Quarter	Fiscal Year 2020 1st Quarter	Fiscal Year 2019 4th Quarter
	Liquidity Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 18,052,471	¥ 18,053,546	¥ 17,953,290	¥ 13,694,560	¥ 14,412,361
16	Net cash outflows	10,841,449	9,695,429	10,968,739	11,250,626	11,150,192
17	Consolidated LCR	166.5%	186.2%	163.6%	121.7%	129.2%

Capital Adequacy Ratio

Consolidated

We calculate the consolidated BIS capital adequacy ratio in line with provisions of Article 52-25 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank holding company and its subsidiaries' capital adequacy ratios are appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 20, hereinafter referred to as the "FSA Bank Holding Company Capital Adequacy Notification").

As of the end of March 2021, we used the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the FSA Bank Holding Company Capital Adequacy Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Holdings Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Holdings Group is 63. The principal company is the following.

Name	Principal Business Operations
Sumitomo Mitsui Trust Bank, Limited	Trust and Banking Businesses

(3) There is no affiliated company that undertakes financial services subject to the FSA Bank Holding Company Capital Adequacy Notification, Article 9.

(4) There are no particular restrictions etc. on the transfer of funds and capital within the SuMi TRUST Holdings Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

Composition of Capital (Consolidated BIS capital adequacy ratio) Consolidated

CC1: Composition of Capital

CC1 As of March 31		Millions of Yen, %		
		a	b	c
Basel III Template No.	Items	2021	2020	Reference Numbers to Reconciliation with the Balance Sheet
	Common Equity Tier 1 Capital: Instruments and Reserves			
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	**¥ 2,387,881**	¥ 2,306,255	
1a	of Which: Capital Stock and Capital Surplus	**837,723**	842,204	
2	of Which: Retained Earnings	**1,581,096**	1,495,029	
1c	of Which: Treasury Stock (Deduction)	**2,815**	2,855	
26	of Which: Earnings to be Distributed (Deduction)	**28,122**	28,122	
	of Which: Others	**—**	—	
1b	Subscription Rights to Common Shares	**1,024**	1,057	
3	Accumulated Other Comprehensive Income	**277,756**	220,889	(a)
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	**—**	—	
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,666,661**	2,528,201	
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**90,437**	107,352	
8	of Which: Goodwill (Including Those Equivalent)	**38,070**	48,532	
9	of Which: Other Intangible Assets	**52,366**	58,820	
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**172**	435	
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	**(40,649)**	(45,964)	
12	Shortfall of Eligible Provisions to Expected Losses	**—**	—	
13	Securitisation Gain on Sale	**1,111**	1,122	
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities	**—**	—	
15	Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	**160,369**	60,414	
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	**94**	8	
17	Reciprocal Cross-Holdings in Common Equity	**—**	—	
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)	**—**	—	
19+20+21	Amount above the 10% Threshold on the Specified Items	**—**	—	
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**	—	
20	of Which: Mortgage Servicing Rights	**—**	—	
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**	—	
22	Amount Exceeding the 15% Threshold on the Specified Items	**—**	—	
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**	—	
24	of Which: Mortgage Servicing Rights	**—**	—	
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**	—	
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions	**—**	—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments (B)	**211,535**	123,370	
	Common Equity Tier 1 Capital (CETI)			
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 2,455,126**	¥ 2,404,831	

CC1 As of March 31 Basel III Template No.		Items		Millions of Yen, % a 2021	 b 2020	 c Reference Numbers to Reconciliation with the Balance Sheet
Additional Tier 1 Capital: Instruments						
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards		¥ —	¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments		—	—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards		**270,000**	340,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles		—	—	
34–35		Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)		**11,590**	13,336	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital		—	—	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles		—	—	
35		of Which: Issued by Subsidiaries		—	—	
36		Additional Tier 1 Capital: Instruments	(D)	**281,590**	353,336	
Additional Tier 1 Capital: Regulatory Adjustments						
37		Investments in Own Additional Tier 1 Instruments		—	—	
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments		—	—	
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)		—	—	
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions		—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments	(E)	—	—	
Additional Tier 1 Capital (AT1)						
44		Additional Tier 1 Capital	(F) = (D) – (E)	**281,590**	353,336	
Tier 1 Capital (T1 = CET1 + AT1)						
45		Tier 1 Capital	(G) = (C) + (F)	**2,736,717**	2,758,167	
Tier 2 Capital: Instruments and Provisions						
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards		—	—	
		Subscription Rights to Tier 2 Instruments		—	—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards		**335,153**	306,584	
46		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles		—	—	
48–49		Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)		**2,105**	2,432	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 Capital		**85,790**	171,581	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles		—	—	
49		of Which: Issued by Subsidiaries		**85,790**	171,581	
50		Provisions Allowed in Group Tier 2		**32,718**	45,878	
50a		of Which: General Allowance for Credit Losses		**3,280**	3,100	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses		**29,437**	42,778	
51		Tier 2 Capital: Instruments and Provisions	(H)	¥ **455,767**	¥ 526,478	

CC1

As of March 31

Basel III Template No.	Items		Millions of Yen, % a 2021	b 2020	c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments		¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities		—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)		—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**1,540**	1,540	
57	Tier 2 Capital: Regulatory Adjustments	(I)	**1,540**	1,540	
	Tier 2 Capital (T2)				
58	Tier 2 Capital	(J) = (H) – (I)	**454,227**	524,938	
	Total Capital (TC = T1 + T2)				
59	Total Capital	(K) = (G) + (J)	**3,190,944**	3,283,105	
	Total Risk Weighted Assets				
60	Total Risk Weighted Assets	(L)	**20,243,399**	19,053,967	
	Capital Ratios and Buffers (Consolidated)				
61	Common Equity Tier 1 Capital Ratio	(C)/(L)	**12.12%**	12.62%	
62	Tier 1 Capital Ratio	(G)/(L)	**13.51%**	14.47%	
63	Total Capital Ratio	(K)/(L)	**15.76%**	17.23%	
64	Total of bank CET1 specific buffer requirements		**3.00%**	3.00%	
65	of Which: Capital conservation buffer requirement		**2.50%**	2.50%	
66	of Which: Countercyclical buffer requirement		**0.00%**	0.00%	
67	of Which: Bank G-SIB and/or D-SIB additional requirements		**0.50%**	0.50%	
68	CET1 available after meeting the bank's minimum capital requirements		**7.51%**	8.12%	
	Regulatory Adjustments (before Risk Weighting)				
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)		**134,244**	114,974	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)		**165,595**	152,917	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)		—	—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)		**23,744**	13,478	
	Provisions Included in Tier 2 Capital: Instruments and Provisions				
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)		**3,280**	3,100	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach		**11,187**	9,498	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)		**29,437**	42,778	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach		**97,352**	91,832	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements		**54,500**	109,000	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)		—	—	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements		**85,790**	171,581	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)		¥ **69,699**	¥ 17,609	

Note: SuMi TRUST Holdings received a certain procedure by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate the ratio.

Main Features and Further Information of Regulatory Capital Instruments Consolidated

Outline and Details of Agreements Concerning Capital Funding Instruments are available on our website (https://www.smth.jp/english/investors/report/basel).

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

Fiscal Year 2020

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 18,488,763		
Call Loans and Bills Bought	8,766		
Receivables under Resale Agreements	160,268		
Receivables under Securities Borrowing Transactions	727,689		
Monetary Claims Bought	892,309		
Trading Assets	433,766		
Money Held in Trust	12,223		
Securities	6,983,483		3–b, 7–a
Loans and Bills Discounted	30,506,968		7–b
Foreign Exchanges	25,396		
Lease Receivables and Investment Assets	695,172		
Other Assets	2,260,399		7–c
Tangible Fixed Assets	228,180		
Intangible Fixed Assets	112,303		3–a
Assets for Retirement Benefits	231,165		4
Deferred Tax Assets	14,459		5–a
Customers' Liabilities for Acceptances and Guarantees	511,782		
Allowance for Loan Losses	(129,223)		
Total Assets	¥ 62,163,876		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 33,467,678		
Negotiable Certificates of Deposit	7,160,594		
Call Money and Bills Sold	60,675		
Payables under Repurchase Agreements	1,628,440		
Trading Liabilities	321,576		
Borrowed Money	5,782,602		9–a
Foreign Exchanges	577		
Short-term Bonds Payable	2,545,049		
Bonds Payable	1,545,605		9–b
Borrowed Money from Trust Account	4,915,208		
Other Liabilities	1,359,860		7–d
Provision for Bonuses	18,460		
Provision for Directors' Bonuses	219		
Provision for Stocks Payment	532		
Liabilities for Retirement Benefits	13,752		
Provision for Reward Points Program	18,945		
Provision for Reimbursement of Deposits	4,138		
Provision for Contingent Losses	1,633		
Deferred Tax Liabilities	81,594		5–b
Deferred Tax Liabilities for Land Revaluation	2,388		5–c
Acceptances and Guarantees	511,782		
Total Liabilities	59,441,319		
(Net Assets)			
Capital Stock	261,608		1–a
Capital Surplus	576,114		1–b
Retained Earnings	1,581,096		1–c
Treasury Stock	(2,815)		1–d
Total Shareholders' Equity	2,416,003		
Valuation Differences on Available-for-Sale Securities	329,429		
Deferred Gains (Losses) on Hedges	(44,926)		6
Revaluation Reserve for Land	(6,739)		
Foreign Currency Translation Adjustments	4,000		
Adjustments for Retirement Benefits	(4,007)		
Total Accumulated Other Comprehensive Income	277,756	(a)	
Subscription Rights to Shares	1,024		2
Non-controlling Interests	27,772		8
Total Net Assets	2,722,556		
Total Liabilities and Net Assets	¥ 62,163,876		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	576,114		1–b
Retained Earnings	1,581,096		1–c
Treasury Stock	(2,815)		1–d
Total Shareholders' Equity	¥ 2,416,003		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,416,003	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	837,723		1a
of Which: Retained Earnings	1,581,096		2
of Which: Treasury Stock (Deduction)	2,815		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Subscription Rights to Shares

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Subscription Rights to Shares	¥ 1,024		2
of Which: Subscription Rights to Shares Issued by the Bank Holding Company	1,024		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Subscription Rights to Common Shares	¥ 1,024		1b
Subscription Rights to Additional Tier 1 Instruments	—		31b
Subscription Rights to Tier 2 Instruments	—		46

3. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 112,303		3–a
Securities	6,983,483		3–b
of Which: Goodwill Arising on the Application of the Equity Method	777		
Associated Deferred Tax Liabilities	22,644		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 38,070		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	52,366	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

4. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 231,165		4
Associated Deferred Tax Liabilities	70,796		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 160,369		15

5. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 14,459		5–a
Deferred Tax Liabilities	81,594		5–b
Deferred Tax Liabilities for Land Revaluation	2,388		5–c
Associated Intangible Fixed Assets	22,644		
Associated Assets for Retirement Benefits	70,796		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 172	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	23,744	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	23,744		75

6. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains (Losses) on Hedges	¥ (44,926)		6

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (40,649)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

7. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,983,483		7–a
Loans and Bills Discounted	30,506,968	Including Subordinated Debts	7–b
Other Assets	2,260,399	Including derivatives	7–c
Other Liabilities	¥ 1,359,860	Including derivatives	7–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ 94		
Common Equity Tier 1 Capital	94		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-holdings in the Capital and other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	134,244		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	134,244		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	167,135		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	165,595		73

8. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 27,772		8

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	11,590	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,105	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	48–49

9. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 5,782,602		9–a
Bonds Payable	1,545,605		9–b

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 270,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	335,153		46

Fiscal Year 2019

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 13,141,192		
Call Loans and Bills Bought	71,236		
Receivables under Resale Agreements	1,220,761		
Receivables under Securities Borrowing Transactions	740,658		
Monetary Claims Bought	999,705		
Trading Assets	507,646		
Money Held in Trust	7,230		
Securities	6,437,599		3–b, 7–a
Loans and Bills Discounted	29,703,375		7–b
Foreign Exchanges	36,952		
Lease Receivables and Investment Assets	673,880		
Other Assets	2,124,043		7–c
Tangible Fixed Assets	213,547		
Intangible Fixed Assets	129,455		3–a
Assets for Retirement Benefits	87,096		4
Deferred Tax Assets	14,564		5–a
Customers' Liabilities for Acceptances and Guarantees	518,811		
Allowance for Loan Losses	(127,205)		
Total Assets	¥ 56,500,552		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 30,688,920		
Negotiable Certificates of Deposit	5,860,292		
Call Money and Bills Sold	142,974		
Payables under Repurchase Agreements	1,558,919		
Payables under Securities Lending Transactions	—		
Trading Liabilities	371,950		
Borrowed Money	5,856,384		9–a
Foreign Exchanges	3,213		
Short-term Bonds Payable	1,707,097		
Bonds Payable	1,125,731		9–b
Borrowed Money from Trust Account	4,750,289		
Other Liabilities	1,215,433		7–d
Provision for Bonuses	18,619		
Provision for Directors' Bonuses	172		
Provision for Stocks Payment	279		
Liabilities for Retirement Benefits	14,044		
Provision for Reward Points Program	16,889		
Provision for Reimbursement of Deposits	4,867		
Provision for Contingent Losses	1,440		
Deferred Tax Liabilities	50,875		5–b
Deferred Tax Liabilities for Land Revaluation	2,439		5–c
Acceptances and Guarantees	518,811		
Total Liabilities	53,909,645		
(Net Assets)			
Capital Stock	261,608		1–a
Capital Surplus	580,595		1–b
Retained Earnings	1,495,029		1–c
Treasury Stock	(2,855)		1–d
Total Shareholders' Equity	2,334,377		
Valuation Difference on Available-for-Sale Securities	351,459		
Deferred Gains or Losses on Hedges	(56,765)		6
Revaluation Reserve for Land	(6,623)		
Foreign Currency Translation Adjustment	1,332		
Adjustments for Retirement Benefits	(68,513)		
Total Accumulated Other Comprehensive Income	220,889	(a)	
Subscription Rights to Shares	1,057		2
Non-controlling Interests	34,583		8
Total Net Assets	2,590,907		
Total Liabilities and Net Assets	¥ 56,500,552		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of Capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	580,595		1–b
Retained Earnings	1,495,029		1–c
Treasury Stock	(2,855)		1–d
Total Shareholders' Equity	¥ 2,334,377		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,334,377	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	842,204		1a
of Which: Retained Earnings	1,495,029		2
of Which: Treasury Stock (Deduction)	2,855		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Subscription Rights to Shares

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Subscription Rights to Shares	¥ 1,057		2
of Which: Subscription Rights to Shares Issued by the Bank Holding Company	1,057		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Subscription Rights to Common Shares	¥ 1,057		1b
Subscription Rights to Additional Tier 1 Instruments	—		31b
Subscription Rights to Tier 2 Instruments	—		46

3. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 129,455		3–a
Securities	6,437,599		3–b
of Which: Goodwill Arising on the Application of the Equity Method	3,445		
Associated Deferred Tax Liabilities	¥ 25,547		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 48,532		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	58,820	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

4. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 87,096		4
Associated Deferred Tax Liabilities	26,681		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 60,414		15

5. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 14,564		5–a
Deferred Tax Liabilities	50,875		5–b
Deferred Tax Liabilities for Land Revaluation	2,439		5–c
Associated Intangible Fixed Assets	25,547		
Associated Assets for Retirement Benefits	26,681		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 435	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	13,478	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	13,478		75

6. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (56,765)		6

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (45,964)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

7. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,437,599		7–a
Loans and Bills Discounted	29,703,375	Including subordinated Debts	7–b
Other Assets	2,124,043	Including derivatives	7–c
Other Liabilities	¥ 1,215,433	Including derivatives	7–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ 8		
Common Equity Tier 1 Capital	8		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-holdings in the Capital and other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	114,974		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before Risk Weighting)	114,974		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	154,457		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before Risk Weighting)	152,917		73

8. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 34,583		8

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	13,336	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,432	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

9. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 5,856,384		9–a
Bonds Payable	1,125,731		9–b

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	306,584		46

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

Millions of Yen

As of March 31	2021 Total	2021 Term-end balance of exposures: Loans, Call Loans, Deposits, etc.	2021 Term-end balance of exposures: Securities	2021 Term-end balance of exposures: Other Off-balance Sheet Transactions	2020 Total	2020 Term-end balance of exposures: Loans, Call Loans, Deposits, etc.	2020 Term-end balance of exposures: Securities	2020 Term-end balance of exposures: Other Off-balance Sheet Transactions
Japan	¥ 53,122,141	¥ 45,633,963	¥ 3,253,099	¥ 4,235,078	¥ 45,280,055	¥ 39,116,928	¥ 2,861,269	¥ 3,301,857
Outside Japan	5,889,971	4,343,171	1,187,530	359,269	6,345,338	4,967,535	950,920	426,881
Total for Geographic Regions	¥ 59,012,113	¥ 49,977,134	¥ 4,440,630	¥ 4,594,347	¥ 51,625,393	¥ 44,084,464	¥ 3,812,190	¥ 3,728,738
Manufacturing	5,016,114	3,256,604	315,765	1,443,744	4,375,010	2,965,142	244,922	1,164,944
Agriculture and Forestry	4,154	4,154	0	—	5,530	5,528	2	—
Fisheries	38	1	37	—	32	0	31	—
Mining and Quarrying of Stones and Gravel	74,942	62,221	109	12,611	63,134	60,582	70	2,480
Construction	368,244	222,976	18,705	126,562	277,625	201,530	14,006	62,088
Electricity, Gas, Heat Supply and Water	1,553,939	1,206,212	18,525	329,201	1,435,848	1,177,202	9,131	249,513
Information and Communication	479,086	388,544	4,754	85,787	547,495	521,944	4,017	21,532
Transport and Postal Activities	1,679,221	1,333,397	99,257	246,566	1,433,447	1,198,672	108,438	126,336
Wholesale and Retail Trade	1,903,462	1,503,008	54,963	345,489	1,898,634	1,550,306	64,691	283,636
Finance and Insurance	2,200,825	1,438,388	484,425	278,011	2,073,351	1,464,303	392,559	216,488
Real Estate	4,236,947	3,592,190	345,093	299,662	4,135,291	3,476,468	386,885	271,938
Goods Rental and Leasing	1,406,953	1,209,085	4,584	193,283	1,229,180	1,094,906	3,709	130,563
Local Public Bodies	137,536	108,188	23,686	5,661	151,352	128,500	14,785	8,065
Individuals	11,416,713	11,099,558	—	317,154	11,135,706	10,796,943	—	338,762
Others	28,533,932	24,552,601	3,070,720	910,610	22,863,753	19,442,429	2,568,937	852,387
Total for Industry Sectors	¥ 59,012,113	¥ 49,977,134	¥ 4,440,630	¥ 4,594,347	¥ 51,625,393	¥ 44,084,464	¥ 3,812,190	¥ 3,728,738
To 1 year	25,903,094	23,053,371	1,417,435	1,432,287	19,847,455	17,466,862	1,215,100	1,165,492
> 1 year to 3 years	6,718,722	4,503,309	675,992	1,539,420	6,044,163	4,270,761	619,462	1,153,939
> 3 years to 5 years	6,879,541	5,485,671	879,432	514,438	6,776,432	5,644,114	694,596	437,722
> 5 years	19,510,754	16,934,782	1,467,770	1,108,201	18,957,342	16,702,726	1,283,031	971,584
Total for Residual Maturity	¥ 59,012,113	¥ 49,977,134	¥ 4,440,630	¥ 4,594,347	¥ 51,625,393	¥ 44,084,464	¥ 3,812,190	¥ 3,728,738

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as exposures subject to phased rollout of the IRB Approach.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Term-end Balance of Obligors' exposures related to Loans prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, Allowances, and Write-offs, as well as their Breakdown by Geographic Regions and Industry Sectors

	Millions of Yen					
	As of March 31, 2021		FY2020	As of March 31, 2020		FY2019
	Term-end balance of exposures	Allowances for loan losses	Write-offs	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 105,091	¥ 28,908	¥ 8,793	¥ 96,440	¥ 25,119	¥ 14,650
Outside Japan	52,385	9,760	2,595	30,897	7,569	4
Total for Geographic Regions	¥ 157,476	¥ 38,669	¥ 11,389	¥ 127,337	¥ 32,689	¥ 14,654
Manufacturing	11,863	6,669	690	11,943	4,320	9,652
Agriculture and Forestry	228	132	5	284	160	0
Fisheries	2	2	4	11	11	—
Mining and Quarrying of Stones and Gravel	1,328	14	330	1,350	77	79
Construction	685	543	2	958	751	61
Electricity, Gas, Heat Supply and Water	3,320	2,759	—	3,741	2,590	1
Information and Communication	109	87	8	107	96	14
Transport and Postal Activities	1,891	732	32	1,694	659	22
Wholesale and Retail Trade	8,602	5,969	402	9,076	6,146	1,443
Finance and Insurance	197	146	5	234	171	7
Real Estate	15,705	1,290	232	13,841	760	20
Goods Rental and Leasing	3,429	2,979	0	3,369	2,918	5
Local Public Bodies	—	—	—	—	—	—
Individuals	50,781	5,046	6,852	45,765	4,652	3,123
Others	59,330	12,293	2,819	34,958	9,371	221
Total for Industry Sectors	¥ 157,476	¥ 38,669	¥ 11,389	¥ 127,337	¥ 32,689	¥ 14,654

Notes: 1. "Others" in the industry sectors include non-residents.
2. Allowances for loan losses include "general allowances for loan losses" and "specific allowances for loan losses", etc.

Term-end Balance of Exposures by Past Due Periods (excluding "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims")

	Millions of Yen	
As of March 31	2021	2020
< 1 month	¥ 58,814	¥ 65,387
≥ 1 month to < 2 months	10,491	12,095
≥ 2 months to < 3 months	8,556	11,023
≥ 3 months	2,041	3,341
Total	¥ 79,904	¥ 91,848

Note: Among the term-end balance of exposures for each past due period, "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims" prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions are excluded, in aggregate calculation.

Term-end Balance of Exposures of obligors whose loan conditions were Restructured for the purpose of restructuring or supporting business management ; of which Amounts of Increased Allowances for such exposures and Other Amounts due to the restructuring of the loan conditions

	Millions of Yen	
As of March 31	2021	2020
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	¥ 59,840	¥ 50,311
Other Amounts	—	—
Term-end Balance of Exposures	¥ 59,840	¥ 50,311

Note: Restructured loans are those loans that provide some arrangements favorable to the obligors for the purpose of restructuring or supporting business management, such as by reducing or exempting interest, postponing principal or interest payments, forgiving loans, and providing other benefits to the obligors, excluding those loans classified as "Loans in Bankruptcy Procedures", "Delinquent Loans", and "Loans past due three months or more". In principle, the allowances for restructured loans has been all increased after restructuring loan conditions.

Equity Investments in Funds

Consolidated

Exposures Relating to Funds

	Millions of Yen	
As of March 31	2021	2020
Total exposures relating to funds	¥ 1,182,602	¥ 1,507,471
Look-through Approach	906,967	1,279,862
Mandate-based Approach	275,548	227,517
Probability Approach (subject to 250% risk weight)	—	—
Probability Approach (subject to 400% risk weight)	—	—
Fall-Back Approach (subject to 1,250% risk weight)	87	91

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 54-5 and 145 of the FSA Capital Adequacy Notification are shown.

Disclosure Data Designated as Per the Appended Forms

Consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of Yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Credit risk (excluding counterparty credit risk)	**¥ 12,476,989**	¥ 12,172,577	**¥ 1,053,378**	¥ 1,028,035
2	of Which: Standardised Approach (SA)	**370,123**	291,431	**29,609**	23,314
3	of Which: Internal Ratings-Based (IRB) Approach	**11,503,965**	11,297,792	**975,536**	958,052
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**76,111**	59,850	**6,088**	4,788
	Other assets	**526,789**	523,503	**42,143**	41,880
4	Counterparty credit risk (CCR)	**1,245,732**	1,202,212	**101,741**	98,141
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**407,852**	393,082	**34,573**	33,317
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjustment (CVA)	**675,826**	663,147	**54,066**	53,051
	of Which: Central Counterparty (CCP)	**47,434**	49,867	**3,794**	3,989
	Others	**114,618**	96,113	**9,307**	7,782
7	Equity positions in banking book under market-based approach	**499,442**	221,843	**42,352**	18,812
8	Equity investment in funds (Look-Through Approach (LTA))	**1,054,073**	861,656	**84,325**	68,932
9	Equity investment in funds (Mandate-Based Approach (MBA))	**1,072,252**	849,782	**85,780**	67,982
	Equity investment in funds (Probability Approach (PA) subject to 250% risk weight)	**—**	—	**—**	—
	Equity investment in funds (Probability Approach (PA) subject to 400% risk weight)	**—**	—	**—**	—
10	Equity investment in funds (Fall-Back Approach (FBA) subject to 1,250% risk weight)	**1,091**	1,137	**87**	91
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**309,080**	348,026	**24,726**	27,842
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**291,351**	334,315	**23,308**	26,745
14	of Which: External Rating-Based Approach (SEC-ERBA)	**17,132**	12,804	**1,370**	1,024
15	of Which: Standardised Approach (SEC-SA)	**—**	—	**—**	—
	of Which: subject to 1,250% risk weight	**597**	906	**47**	72
16	Market risk	**1,427,275**	1,334,541	**114,182**	106,763
17	of Which: Standardised Approach (SA)	**22,017**	22,727	**1,761**	1,818
18	of Which: Internal Model Approaches (IMA)	**1,405,258**	1,311,813	**112,420**	104,945
19	Operational risk	**972,392**	941,219	**77,791**	75,297
20	of Which: Basic Indicator Approach (BIA)	**191,747**	186,498	**15,339**	14,919
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**780,645**	754,721	**62,451**	60,377
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**413,988**	382,294	**35,106**	32,418
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 20,243,399**	¥ 19,053,967	**¥ 1,619,471**	¥ 1,524,317

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories

LI1	Millions of Yen						
	March 31, 2021						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 18,488,763	¥ 18,488,763	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	8,766	8,766	—	—	—	—	
Receivables under Resale Agreements	160,268	—	160,268	—	—	—	
Receivables under Securities Borrowing Transactions	727,689	—	727,689	—	—	—	
Monetary Claims Bought	892,309	807,105	—	85,203	—	—	
Trading Assets	433,766	—	389,244	—	433,766	—	
Money Held in Trust	12,223	12,223	—	—	—	—	
Securities	6,983,483	6,449,533	—	533,950	—	—	
Loans and Bills Discounted	30,506,968	30,123,331	—	383,636	—	—	
Foreign Exchanges	25,396	25,396	—	—	—	—	
Lease Receivables and Investment Assets	695,172	695,172	—	—	—	—	
Other Assets	2,260,399	407,787	1,497,139	1,668	621,262	353,803	
Tangible Fixed Assets	228,180	228,180	—	—	—	—	
Intangible Fixed Assets	112,303	—	—	—	—	112,303	
Assets for Retirement Benefits	231,165	—	—	—	—	231,165	
Deferred Tax Assets	14,459	—	—	—	—	14,459	
Customers' Liabilities for Acceptances and Guarantees	511,782	511,782	—	—	—	—	
Allowance for Loan Losses	(129,223)	(129,223)	—	—	—	—	
Total Assets	¥ 62,163,876	¥ 57,628,820	¥ 2,774,342	¥ 1,004,459	¥ 1,055,029	¥ 711,732	
Liabilities:							
Deposits	¥ 33,467,678	¥ —	¥ —	¥ —	¥ —	¥ 33,467,678	
Negotiable Certificates of Deposit	7,160,594	—	—	—	—	7,160,594	
Call Money and Bills Sold	60,675	—	—	—	—	60,675	
Payables under Repurchase Agreements	1,628,440	—	1,628,440	—	—	—	
Trading Liabilities	321,576	—	321,576	—	321,576	—	
Borrowed Money	5,782,602	—	—	—	—	5,782,602	
Foreign Exchanges	577	—	—	—	—	577	
Short-Term Bonds Payable	2,545,049	—	—	—	—	2,545,049	
Bonds Payable	1,545,605	—	—	—	—	1,545,605	
Borrowed Money from Trust Account	4,915,208	—	—	—	—	4,915,208	
Other Liabilities	1,359,860	—	796,693	—	665,336	563,166	
Provision for Bonuses	18,460	—	—	—	—	18,460	
Provision for Directors' Bonuses	219	—	—	—	—	219	
Provision for Stocks Payment	532	—	—	—	—	532	
Liabilities for Retirement Benefits	13,752	—	—	—	—	13,752	
Provision for Reward Points Program	18,945	—	—	—	—	18,945	
Provision for Reimbursement of Deposits	4,138	—	—	—	—	4,138	
Provision for Contingent Losses	1,633	—	—	—	—	1,633	
Deferred Tax Liabilities	81,594	—	—	—	—	81,594	
Deferred Tax Liabilities for Land Revaluation	2,388	—	—	—	—	2,388	
Acceptances and Guarantees	511,782	—	—	—	—	511,782	
Total Liabilities	¥ 59,441,319	¥ —	¥ 2,746,711	¥ —	¥ 986,913	¥ 56,694,608	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI1	Millions of Yen						
	March 31, 2020						
	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 13,141,192	¥ 13,141,192	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	71,236	71,236	—	—	—	—	
Receivables under Resale Agreements	1,220,761	—	1,220,761	—	—	—	
Receivables under Securities Borrowing Transactions	740,658	—	740,658	—	—	—	
Monetary Claims Bought	999,705	956,067	—	43,637	—	—	
Trading Assets	507,646	—	450,544	—	507,646	—	
Money Held in Trust	7,230	7,230	—	—	—	—	
Securities	6,437,599	5,927,180	—	510,419	—	—	
Loans and Bills Discounted	29,703,375	29,313,191	—	390,184	—	—	
Foreign Exchanges	36,952	36,952	—	—	—	—	
Lease Receivables and Investment Assets	673,880	673,880	—	—	—	—	
Other Assets	2,124,043	394,724	1,233,103	3,846	429,705	492,369	
Tangible Fixed Assets	213,547	213,547	—	—	—	—	
Intangible Fixed Assets	129,455	—	—	—	—	129,455	
Assets for Retirement Benefits	87,096	—	—	—	—	87,096	
Deferred Tax Assets	14,564	—	—	—	—	14,564	
Customers' Liabilities for Acceptances and Guarantees	518,811	518,811	—	—	—	—	
Allowance for Loan Losses	(127,205)	(127,205)	—	—	—	—	
Total Assets	¥ 56,500,552	¥ 51,126,809	¥ 3,645,067	¥ 948,088	¥ 937,351	¥ 723,485	
Liabilities:							
Deposits	30,688,920	—	—	—	—	30,688,920	
Negotiable Certificates of Deposit	5,860,292	—	—	—	—	5,860,292	
Call Money and Bills Sold	142,974	—	—	—	—	142,974	
Payables under Repurchase Agreements	1,558,919	—	1,558,919	—	—	—	
Payables under Securities Lending Transactions	—	—	—	—	—	—	
Trading Liabilities	371,950	—	371,950	—	371,950	—	
Borrowed Money	5,856,384	—	—	—	—	5,856,384	
Foreign Exchanges	3,213	—	—	—	—	3,213	
Short-Term Bonds Payable	1,707,097	—	—	—	—	1,707,097	
Bonds Payable	1,125,731	—	—	—	—	1,125,731	
Borrowed Money from Trust Account	4,750,289	—	—	—	—	4,750,289	
Other Liabilities	1,215,433	—	673,658	—	539,042	541,774	
Provision for Bonuses	18,619	—	—	—	—	18,619	
Provision for Directors' Bonuses	172	—	—	—	—	172	
Provision for Stocks Payment	279	—	—	—	—	279	
Liabilities for Retirement Benefits	14,044	—	—	—	—	14,044	
Provision for Reward Points Program	16,889	—	—	—	—	16,889	
Provision for Reimbursement of Deposits	4,867	—	—	—	—	4,867	
Provision for Contingent Losses	1,440	—	—	—	—	1,440	
Deferred Tax Liabilities	50,875	—	—	—	—	50,875	
Deferred Tax Liabilities for Land Revaluation	2,439	—	—	—	—	2,439	
Acceptances and Guarantees	518,811	—	—	—	—	518,811	
Total Liabilities	¥ 53,909,645	¥ —	¥ 2,604,527	¥ —	¥ 910,992	¥ 51,305,117	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

LI2		Millions of Yen				
		March 31, 2021				
		a	b	c	d	e
Item No.			Items subject to:			
		Total	Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 61,452,144	¥ 57,628,820	¥ 2,774,342	¥ 1,004,459	¥ 1,055,029
2	Liabilities carrying value amount under scope of regulatory consolidation	2,746,711	—	2,746,711	—	986,913
3	Total net amount under regulatory scope of consolidation	58,705,432	57,628,820	27,631	1,004,459	68,115
4	Off-balance sheet amounts	4,529,256	4,280,797	—	248,459	—
5	Differences due to netting, the exposure calculation method, etc.	2,371,285	—	2,687,820	—	(316,535)
6	Differences due to consideration of allowances and write-offs	36,982	36,982	—	—	—
7	Regulatory exposure amounts	65,642,958	61,946,601	2,715,451	1,252,918	(248,419)

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
• Credit Risk and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of allowances and write-offs
• Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
• Market risk: Difference due to netting, etc.

LI2		Millions of Yen				
		March 31, 2020				
		a	b	c	d	e
Item No.			Items subject to:			
		Total	Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 55,777,067	¥ 51,126,809	¥ 3,645,067	¥ 948,088	¥ 937,351
2	Liabilities carrying value amount under scope of regulatory consolidation	2,604,527	—	2,604,527	—	910,992
3	Total net amount under regulatory scope of consolidation	53,172,539	51,126,809	1,040,539	948,088	26,359
4	Off-balance sheet amounts	3,629,341	3,423,672	—	205,669	—
5	Differences due to netting, the exposure calculation method, etc.	1,596,907	—	2,036,007	—	(439,099)
6	Differences due to consideration of allowances and write-offs	40,686	40,686	—	—	—
7	Regulatory exposure amounts	58,439,475	54,591,168	3,076,546	1,153,757	(412,740)

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
• Credit Risk and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of allowances and write-offs
• Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
• Market risk: Difference due to netting, etc.

CR1: Credit quality of assets

CR1		Millions of Yen			
		March 31, 2021			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 143,700	¥ 29,962,652	¥ 113,277	¥ 29,993,075
2	Debt Securities	761	3,657,103	—	3,657,864
3	Other on-balance sheet assets (debt-based assets)	16,811	20,082,537	14,961	20,084,388
4	Total on-balance sheet assets (1+2+3)	161,273	53,702,294	128,238	53,735,328
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	157	511,624	985	510,797
6	Commitments, etc.	2,323	5,037,694	1,633	5,038,384
7	Total off-balance sheet assets (5+6)	2,481	5,549,319	2,619	5,549,181
	Total				
8	Total (4+7)	¥ 163,754	¥ 59,251,613	¥ 130,857	¥ 59,284,510

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR1		Millions of Yen			
		March 31, 2020			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 122,779	¥ 29,165,498	¥ 110,093	¥ 29,178,183
2	Debt Securities	720	3,126,705	—	3,127,426
3	Other on-balance sheet assets (debt-based assets)	20,109	14,891,103	15,891	14,895,321
4	Total on-balance sheet assets (1+2+3)	143,609	47,183,307	125,985	47,200,931
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	694	523,550	1,220	523,025
6	Commitments, etc.	918	3,560,273	1,440	3,559,751
7	Total off-balance sheet assets (5+6)	1,613	4,083,824	2,660	4,082,777
	Total				
8	Total (4+7)	¥ 145,222	¥ 51,267,132	¥ 128,645	¥ 51,283,709

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR2: Changes in stock of defaulted loans and debt securities

CR2 Item No.			Millions of Yen March 31, 2021 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 143,609
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	57,773
3		Of which: Returning to non-defaulted status	11,918
4		Of which: Written-offs	11,530
5		Of which: Other factors	(16,661)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		161,273

Notes: 1. The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.
2. The main factor for the item 5. "Of which: Other factors" is the stock decrease caused by the collection of defaulted exposures.

CR2 Item No.			Millions of Yen March 31, 2020 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 138,273
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	95,303
3		Of which: Returning to non-defaulted status	25,234
4		Of which: Written-offs	14,565
5		Of which: Other factors	(50,168)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		143,609

Notes: 1. The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.
2. The main factor for the item 5. "Of which: Other factors" is the stock decrease caused by the collection of defaulted exposures.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3 Item No.		Millions of Yen March 31, 2021				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 29,344,915	¥ 648,159	¥ 294,113	¥ 181,098	¥ —
2	Debt Securities	3,626,036	31,828	—	31,500	—
3	Other on-balance sheet assets (debt-based assets)	20,084,034	353	181	171	—
4	Total (1+2+3)	¥ 53,054,986	¥ 680,342	¥ 294,294	¥ 212,769	¥ —
5	Of which defaulted	127,803	6,038	4,791	—	—

CR3 Item No.		Millions of Yen March 31, 2020				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 28,617,886	¥ 560,297	¥ 262,517	¥ 185,954	¥ —
2	Debt Securities	3,075,495	51,930	1,000	45,431	—
3	Other on-balance sheet assets (debt-based assets)	14,890,153	5,167	162	5,004	—
4	Total (1+2+3)	¥ 46,583,536	¥ 617,395	¥ 263,680	¥ 236,389	¥ —
5	Of which defaulted	114,625	4,985	3,983	—	—

CR4: Standardised approach – Credit risk exposure and Credit risk mitigation (CRM) effects

CR4		Millions of Yen, %					
		March 31, 2021					
		a	b	c	d	e	f
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 14	¥ —	¥ 14	¥ —	¥ —	—%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	—	—
3	Foreign central governments and foreign central banks	338,001	—	338,001	—	35,594	10.53
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	65	—	65	—	34	52.18
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	229,068	—	229,068	—	119,764	52.28
12	Corporates, etc.	191,878	282,315	191,878	22,975	214,731	99.94
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	0	—	0	—	1	150.00
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 759,086	¥ 282,315	¥ 759,086	¥ 22,975	¥ 370,124	47.33%

CR4

Millions of Yen, %

Item No.	Asset classes	March 31, 2020					
		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 10	¥ —	¥ 10	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	0	0.00
3	Foreign central governments and foreign central banks	340,528	—	340,528	—	31,335	9.20
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	72	—	72	—	33	46.10
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	165,520	10,000	165,520	2,000	47,547	28.38
12	Corporates, etc.	197,774	376,332	197,774	14,738	212,513	100.00
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	1	—	1	—	1	130.65
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 703,966	¥ 386,332	¥ 703,966	¥ 16,738	¥ 291,431	40.43%

CR5: Standardised approach – Exposures by asset classes and risk weights

CR5		Millions of Yen										
		March 31, 2021										
		a	b	c	d	e	f	g	h	i	j	k
Item No.	Asset classes \ Risk weight	Credit risk exposure amounts (post-CCF and post-CRM)										
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 14	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 14
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	266,923	—	—	—	70,967	—	111	—	—	—	338,001
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	15	—	39	—	12	—	—	—	65
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	135,773	—	1,370	—	91,924	—	—	—	229,068
12	Corporates, etc.	—	—	—	—	245	—	214,609	—	—	—	214,853
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	—	—	—	—	—	—	—	0	—	—	0
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥ 266,997	¥ —	¥ 135,788	¥ —	¥ 72,621	¥ —	¥ 306,655	¥ 0	¥ —	¥ —	¥ 782,062

CR5

Item No.	Asset classes \ Risk weight	Millions of Yen, March 31, 2020 Credit risk exposure amounts (post-CCF and post-CRM)										
		a	b	c	d	e	f	g	h	i	j	k
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 10	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 10
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	277,857	—	—	—	62,671	—	—	—	—	—	340,528
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	23	—	40	—	8	—	—	—	72
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	135,266	—	23,518	—	8,734	—	—	—	167,520
12	Corporates, etc.	—	—	—	—	—	—	212,513	—	—	—	212,513
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	—	—	—	—	0	—	—	0	—	—	1
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥ 277,927	¥ —	¥ 135,290	¥ —	¥ 86,231	¥ —	¥ 221,256	¥ 0	¥ —	¥ —	¥ 720,705

CR6: IRB – Credit risk exposures by portfolio and PD range

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 2,621,257	¥ 33	75.00%	¥ 2,638,281	0.00%	0.0	32.09%	2.1	¥ 16,876	0.63%	¥ 9	
2	0.15 to < 0.25	1,837	—	—	45	0.20	0.0	27.64	1.8	10	24.17	0	
3	0.25 to < 0.50	2,304	—	—	113	0.30	0.0	32.10	1.0	31	28.18	0	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,625,399	33	75.00	2,638,440	0.00	0.0	32.09	2.1	16,919	0.64	9	¥ 51
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	18,897,473	71,113	75.67	18,982,865	0.00	0.0	44.99	1.1	86,554	0.45	118	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	34,451	338	75.00	20,905	0.29	0.0	45.00	3.5	14,777	70.68	27	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	7,771	—	—	71	8.63	0.0	45.00	1.0	118	165.28	2	
7	10.00 to < 100.00	10,188	—	—	188	13.42	0.0	45.00	1.5	383	203.73	11	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	18,949,885	71,451	75.66	19,004,030	0.00	0.1	44.99	1.1	101,833	0.53	159	150
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	476,380	12,000	100.00	514,048	0.05	0.0	31.27	3.4	117,915	22.93	84	
2	0.15 to < 0.25	39,500	9,000	75.00	46,250	0.20	0.0	32.10	1.2	10,815	23.38	30	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.10	1.0	806	37.49	3	
5	0.75 to < 2.50	19,251	5,883	95.71	24,882	1.16	0.0	31.96	1.0	13,767	55.33	92	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	536,531	27,883	90.13	587,330	0.11	0.0	31.36	3.1	143,305	24.39	211	324
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	151,116	103,873	75.00	229,188	0.06	0.0	47.89	1.5	61,404	26.79	72	
2	0.15 to < 0.25	1,729	—	—	1,729	0.20	0.0	71.02	3.1	1,415	81.85	2	
3	0.25 to < 0.50	8,900	—	—	8,854	0.28	0.0	45.00	1.1	4,622	52.20	11	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	3,255	—	—	3,255	1.71	0.0	45.00	4.3	4,442	136.46	25	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	165,003	103,873	75.00	243,029	0.09	0.0	47.91	1.6	71,885	29.57	111	57

CR6 — Millions of Yen, %, 1,000 cases, Year

Item No.	PD scale	March 31, 2021 a: On-balance sheet gross exposures	b: Off-balance sheet exposures pre-CCF and pre-CRM	c: Average CCF	d: EAD post-CCF and post-CRM	e: Average PD	f: Number of obligors	g: Average LGD	h: Average maturity	i: Credit RWA amounts	j: RWA density	k: EL	l: Eligible provisions
Corporate exposures (excluding SME exposures and specialised lending) (AIRB)													
1	0.00 to < 0.15	¥ 7,084,227	¥ 3,087,710	75.91%	¥ 9,484,269	0.07%	0.7	31.38%	2.5	¥ 1,732,515	18.26%	¥ 2,267	
2	0.15 to < 0.25	1,948,161	485,776	74.77	2,281,047	0.20	0.4	30.62	2.3	719,975	31.56	1,432	
3	0.25 to < 0.50	1,429,315	361,884	74.26	1,689,333	0.30	0.5	31.40	2.2	662,085	39.19	1,637	
4	0.50 to < 0.75	1,116,000	249,616	77.45	1,305,426	0.50	0.7	29.27	2.3	587,601	45.01	1,929	
5	0.75 to < 2.50	828,406	148,090	69.03	895,076	1.39	0.7	28.80	2.1	579,000	64.68	3,611	
6	2.50 to < 10.00	170,224	9,048	81.90	178,311	6.28	0.1	24.05	2.2	148,773	83.43	2,714	
7	10.00 to < 100.00	88,691	775	75.00	88,695	18.67	0.0	31.70	3.2	151,091	170.34	5,252	
8	100.00 (Default)	32,151	—	—	38,465	100.00	0.0	31.68	1.0	15,605	40.56	10,940	
9	Sub-total	12,697,179	4,342,903	75.51	15,960,626	0.64	3.2	30.88	2.4	4,596,649	28.79	29,786	¥ 69,700
Corporate exposures (excluding SME exposures and specialised lending) (FIRB)													
1	0.00 to < 0.15	899,338	102,406	77.51	985,091	0.07	0.8	53.50	2.9	355,587	36.09	390	
2	0.15 to < 0.25	61,692	69,755	100.00	131,486	0.20	0.4	55.86	2.5	86,795	66.01	150	
3	0.25 to < 0.50	342,976	57,183	74.51	384,532	0.29	0.6	48.74	2.4	246,337	64.06	560	
4	0.50 to < 0.75	181,158	21,981	75.22	197,820	0.56	0.8	40.57	3.1	149,273	75.45	457	
5	0.75 to < 2.50	360,802	5,053	78.52	365,135	1.42	1.1	44.25	3.9	453,885	124.30	2,293	
6	2.50 to < 10.00	125,848	4,555	88.54	130,162	5.59	0.3	45.63	4.2	233,969	179.75	3,319	
7	10.00 to < 100.00	67,302	—	—	65,480	28.54	0.0	44.80	3.8	173,578	265.08	8,368	
8	100.00 (Default)	30,202	—	—	34,889	100.00	0.0	44.63	1.0	0	0.00	15,572	
9	Sub-total	2,069,322	260,935	82.88	2,294,598	3.02	4.3	49.42	3.0	1,699,426	74.06	31,113	17,866
SME exposures (AIRB)													
1	0.00 to < 0.15	81,031	7,010	75.00	84,387	0.12	0.0	31.19	2.1	17,141	20.31	33	
2	0.15 to < 0.25	82,986	—	—	76,288	0.20	0.0	31.76	3.1	24,024	31.49	49	
3	0.25 to < 0.50	31,264	—	—	31,114	0.30	0.0	30.01	3.2	10,688	34.35	28	
4	0.50 to < 0.75	43,671	542	75.00	42,339	0.50	0.0	23.60	2.4	12,940	30.56	50	
5	0.75 to < 2.50	118,751	7,605	79.46	121,704	1.56	0.1	22.37	2.8	58,076	47.71	426	
6	2.50 to < 10.00	9,458	15	100.00	9,474	6.65	0.0	17.19	2.6	4,826	50.94	113	
7	10.00 to < 100.00	2,259	—	—	1,563	18.67	0.0	22.94	2.7	1,676	107.21	67	
8	100.00 (Default)	1,325	—	—	2,646	100.00	0.0	26.97	1.0	903	34.14	641	
9	Sub-total	370,749	15,173	77.26	369,518	1.63	0.3	27.01	2.7	130,277	35.25	1,411	2,625
SME exposures (FIRB)													
1	0.00 to < 0.15	9	—	—	9	0.11	0.0	45.00	1.0	1	19.55	0	
2	0.15 to < 0.25	43	—	—	43	0.20	0.0	45.00	1.0	11	26.61	0	
3	0.25 to < 0.50	315	—	—	315	0.30	0.0	45.00	2.1	150	47.63	0	
4	0.50 to < 0.75	102,607	891	75.00	101,845	0.50	0.6	38.31	4.6	66,525	65.32	196	
5	0.75 to < 2.50	299,196	2,132	80.09	298,332	1.59	1.7	39.83	4.8	279,128	93.56	1,898	
6	2.50 to < 10.00	7,572	—	—	7,578	7.24	0.0	39.22	4.3	9,495	125.29	213	
7	10.00 to < 100.00	366	—	—	382	18.67	0.0	45.00	3.2	767	200.57	32	
8	100.00 (Default)	5,479	159	68.00	5,746	100.00	0.0	39.40	1.0	0	0.00	2,264	
9	Sub-total	415,591	3,183	78.05	414,253	2.81	2.4	39.45	4.7	356,081	85.95	4,606	487

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥ 1,285,800	¥ 89,285	75.45%	¥ 1,353,168	0.08%	0.3	26.69%	4.2	¥ 320,557	23.68%	¥ 325	
2	0.15 to < 0.25	83,351	5,047	75.00	87,137	0.20	0.0	28.32	3.5	30,991	35.56	50	
3	0.25 to < 0.50	656,681	110,796	74.55	739,284	0.29	0.1	22.88	4.3	276,271	37.37	505	
4	0.50 to < 0.75	257,189	164,593	75.07	380,751	0.58	0.0	23.14	4.5	191,839	50.38	515	
5	0.75 to < 2.50	324,249	68,959	73.14	374,690	1.42	0.0	25.01	3.6	246,085	65.67	1,355	
6	2.50 to < 10.00	101,129	40,266	75.00	131,329	4.78	0.0	26.32	3.4	120,959	92.10	1,649	
7	10.00 to < 100.00	71,700	9,653	75.00	78,940	24.77	0.0	38.88	4.0	168,930	213.99	7,951	
8	100.00 (Default)	14,993	2,288	75.00	16,714	100.00	0.0	24.65	1.0	5,331	31.89	3,694	
9	Sub-total	2,795,097	490,891	74.74	3,162,017	1.69	0.7	25.50	4.1	1,360,966	43.04	16,047	¥ 7,858
	Specialised lending (FIRB)												
1	0.00 to < 0.15	1,149	—	—	1,149	0.09	0.2	45.00	1.0	203	17.73	0	
2	0.15 to < 0.25	72	—	—	72	0.20	0.0	45.00	1.0	22	30.51	0	
3	0.25 to < 0.50	989	—	—	989	0.30	0.1	45.00	1.0	385	38.98	1	
4	0.50 to < 0.75	249	—	—	249	0.55	0.0	45.00	1.0	137	55.21	0	
5	0.75 to < 2.50	493	—	—	493	1.43	0.0	45.00	1.0	413	83.77	3	
6	2.50 to < 10.00	68	—	—	68	4.59	0.0	45.00	1.0	86	126.34	1	
7	10.00 to < 100.00	185	—	—	185	20.40	0.0	45.00	1.0	388	209.70	16	
8	100.00 (Default)	18	—	—	18	100.00	0.0	45.00	1.0	0	0.00	8	
9	Sub-total	3,226	—	—	3,226	2.22	0.6	45.00	1.0	1,637	50.76	32	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,328,554	—	—	508,579	0.07	0.3	90.00	5.0	597,850	117.55	—	
2	0.15 to < 0.25	133,440	—	—	55,760	0.20	0.1	90.00	5.0	84,623	151.76	—	
3	0.25 to < 0.50	73,600	—	—	27,779	0.30	0.2	90.00	5.0	47,776	171.98	—	
4	0.50 to < 0.75	42,046	—	—	21,255	0.50	0.2	90.00	5.0	43,143	202.97	—	
5	0.75 to < 2.50	18,886	—	—	14,116	1.45	0.2	90.00	5.0	41,571	294.48	—	
6	2.50 to < 10.00	4,768	—	—	2,460	6.76	0.0	90.00	5.0	10,778	438.03	—	
7	10.00 to < 100.00	0	—	—	0	18.68	0.0	90.00	5.0	0	722.93	—	
8	100.00 (Default)	135	—	—	48	100.00	0.0	90.00	5.0	546	1,125.00	—	
9	Sub-total	1,601,432	—	—	630,001	0.17	1.3	90.00	5.0	826,289	131.15	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	6,452	—	—	6,452	0.09	0.0	32.10	2.9	1,591	24.67	1	
2	0.15 to < 0.25	9,820	—	—	9,820	0.20	0.0	32.10	4.6	4,590	46.73	6	
3	0.25 to < 0.50	14,399	—	—	14,399	0.30	0.0	32.10	2.9	6,316	43.86	14	
4	0.50 to < 0.75	6,835	—	—	6,835	0.50	0.0	31.89	4.5	5,571	81.49	11	
5	0.75 to < 2.50	25,171	—	—	25,171	1.58	0.0	31.12	3.6	21,075	83.72	124	
6	2.50 to < 10.00	480	—	—	480	7.65	0.0	32.10	3.8	652	135.94	11	
7	10.00 to < 100.00	371	—	—	371	18.67	0.0	32.10	3.1	639	172.07	22	
8	100.00 (Default)	2,527	—	—	2,527	100.00	0.0	32.10	1.0	1,039	41.12	728	
9	Sub-total	66,059	—	—	66,059	4.74	0.0	31.70	3.5	41,477	62.78	920	499

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ 2,280	¥ —	—%	¥ 2,280	0.13%	0.0	100.00%	1.0	¥ 1,191	52.25%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,280	—	—	2,280	0.13	0.0	100.00	1.0	1,191	52.25	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	322,172	21,997	100.00	344,169	0.05	0.2	45.00	1.0	44,378	12.89	98	
2	0.15 to < 0.25	67,853	30	75.00	67,876	0.20	0.1	45.00	1.0	21,260	31.32	62	
3	0.25 to < 0.50	63,775	3,319	75.00	66,265	0.30	0.2	45.00	1.1	27,513	41.51	92	
4	0.50 to < 0.75	47,014	2,386	75.00	48,804	0.51	0.9	45.00	1.3	27,711	56.78	112	
5	0.75 to < 2.50	39,785	—	—	39,785	1.49	3.8	45.00	1.3	33,365	83.86	267	
6	2.50 to < 10.00	4,304	—	—	4,304	6.33	0.7	45.00	1.0	6,236	144.89	122	
7	10.00 to < 100.00	169	—	—	169	35.75	0.0	45.00	4.9	446	264.09	27	
8	100.00 (Default)	4,110	—	—	4,110	100.00	0.0	45.00	1.0	0	0.00	1,849	
9	Sub-total	549,186	27,733	94.82	575,485	1.01	6.1	45.00	1.1	160,912	27.96	2,632	428
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	366,598	2,386	75.00	368,388	0.05	0.2	92.91	1.0	113,991	30.94	10	
2	0.15 to < 0.25	46,796	30	75.00	46,818	0.20	0.1	99.72	1.0	13,453	28.73	0	
3	0.25 to < 0.50	47,941	3,319	75.00	50,431	0.30	0.1	88.27	1.1	22,730	45.07	14	
4	0.50 to < 0.75	4,451	—	—	4,451	0.50	0.0	45.00	4.7	4,365	98.06	10	
5	0.75 to < 2.50	8,504	—	—	8,504	1.70	0.2	97.90	1.0	11,806	138.83	2	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	474,292	5,735	75.00	478,594	0.12	0.6	92.73	1.1	166,347	34.75	37	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	45,085	—	—	45,085	0.30	33.6	76.75	—	18,581	41.21	106	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	45,085	—	—	45,085	0.30	33.6	76.75	—	18,581	41.21	106	174

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,074	27.62%	¥ 11,624	0.10%	44.3	60.85%	—	¥ 441	3.79%	¥ 7	
2	0.15 to < 0.25	37,654	798,901	11.49	129,504	0.23	195.3	67.87	—	10,515	8.11	202	
3	0.25 to < 0.50	19,844	898,112	7.78	89,802	0.35	144.5	75.82	—	11,625	12.94	243	
4	0.50 to < 0.75	30,851	267,810	11.49	61,641	0.55	82.0	67.87	—	10,146	16.46	232	
5	0.75 to < 2.50	12,116	233,306	12.57	41,465	1.15	120.9	68.73	—	11,922	28.75	329	
6	2.50 to < 10.00	32,204	77,185	12.23	41,647	4.86	41.6	68.47	—	32,357	77.69	1,387	
7	10.00 to < 100.00	198	1,182	12.05	340	46.18	0.5	66.17	—	582	170.95	108	
8	100.00 (Default)	129	5,197	8.72	11,131	100.00	13.5	69.15	—	11,554	103.79	6,773	
9	Sub-total	132,999	2,323,770	10.48	387,158	3.81	642.9	69.70	—	89,144	23.02	9,284	¥ 12,489
	Residential mortgage exposures												
1	0.00 to < 0.15	4,396,104	13,743	100.00	4,409,848	0.11	152.1	17.71	—	201,011	4.55	873	
2	0.15 to < 0.25	2,297,518	51	100.00	2,297,570	0.17	105.9	17.47	—	146,476	6.37	707	
3	0.25 to < 0.50	3,197,850	1,881	100.00	3,199,741	0.33	190.3	17.19	—	324,265	10.13	1,877	
4	0.50 to < 0.75	39,795	—	—	39,795	0.65	2.6	22.05	—	8,285	20.82	57	
5	0.75 to < 2.50	136,691	19	100.00	136,711	0.87	13.6	20.55	—	32,008	23.41	244	
6	2.50 to < 10.00	3,745	—	—	3,745	2.92	0.1	16.17	—	1,486	39.69	17	
7	10.00 to < 100.00	58,509	12	100.00	58,522	19.97	3.4	18.18	—	59,453	101.59	2,147	
8	100.00 (Default)	34,066	16	100.00	35,591	100.00	2.0	19.33	—	10,027	28.17	6,079	
9	Sub-total	10,164,281	15,724	100.00	10,181,524	0.67	470.3	17.56	—	783,016	7.69	12,004	25,829
	Other retail exposures												
1	0.00 to < 0.15	0	22,625	22.13	5,008	0.10	20.4	21.29	—	272	5.44	1	
2	0.15 to < 0.25	153,768	—	—	153,768	0.24	47.2	73.50	—	52,388	34.06	276	
3	0.25 to < 0.50	205,871	—	—	205,871	0.38	70.4	38.42	—	49,928	24.25	317	
4	0.50 to < 0.75	339,598	384	100.00	340,279	0.56	88.3	35.80	—	95,289	28.00	711	
5	0.75 to < 2.50	177,771	145,035	31.83	223,949	1.20	271.2	61.10	—	147,492	65.85	1,713	
6	2.50 to < 10.00	36,806	16,542	36.49	42,843	6.83	41.8	33.57	—	22,467	52.44	1,020	
7	10.00 to < 100.00	2,928	799	91.92	3,716	34.59	0.7	32.17	—	2,724	73.30	522	
8	100.00 (Default)	10,241	1,712	30.30	21,756	100.00	11.4	47.72	—	6,344	29.15	9,874	
9	Sub-total	926,986	187,100	31.45	997,193	3.18	551.7	47.91	—	376,907	37.79	14,438	18,178
	Lease transactions												
1	0.00 to < 0.15	219,164	—	—	219,164	0.07	0.4	45.00	2.7	53,869	24.57	74	
2	0.15 to < 0.25	151,854	—	—	151,854	0.20	0.1	45.00	4.1	90,665	59.70	140	
3	0.25 to < 0.50	21,951	—	—	21,951	0.30	0.1	45.00	2.4	12,083	55.04	30	
4	0.50 to < 0.75	41,661	—	—	41,661	0.50	0.2	45.00	3.2	32,672	78.42	94	
5	0.75 to < 2.50	38,027	—	—	38,027	1.62	0.3	45.00	2.8	39,528	103.94	277	
6	2.50 to < 10.00	3,989	—	—	3,989	5.92	0.0	45.00	3.5	6,217	155.85	106	
7	10.00 to < 100.00	1,856	—	—	1,856	18.67	0.0	45.00	3.8	4,473	241.00	156	
8	100.00 (Default)	—	—	—	326	100.00	0.0	45.00	1.0	0	0.00	146	
9	Sub-total	478,504	—	—	478,830	0.47	1.2	45.00	3.2	239,510	50.01	1,026	5,319
Total (all portfolios)		¥ 55,069,093	¥ 7,876,394	55.59%	¥ 58,519,285	0.63%	1,720.2	35.73%	2.0	¥ 11,182,363	19.10%	¥ 123,940	¥ 162,039

Notes: 1. "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 2,252,178	¥ 33	75.00%	¥ 2,269,637	0.00%	0.0	32.09%	1.8	¥ 14,071	0.62%	¥ 8	
2	0.15 to < 0.25	2,906	469	75.00	314	0.20	0.0	31.13	3.6	121	38.73	0	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,255,084	502	75.00	2,269,951	0.00	0.0	32.09	1.8	14,193	0.62	8	¥ 59
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	13,225,296	102,116	92.02	13,359,874	0.00	0.0	44.99	1.0	86,772	0.64	117	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	41,559	8,528	75.00	32,224	0.28	0.0	43.60	2.6	19,988	62.02	39	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	27,759	—	—	559	6.02	0.0	45.00	2.0	846	151.38	15	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	13,294,615	110,644	90.71	13,392,658	0.00	0.1	44.99	1.1	107,606	0.80	172	143
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	433,512	—	—	452,652	0.05	0.0	32.10	3.3	104,083	22.99	75	
2	0.15 to < 0.25	49,000	9,000	75.00	55,750	0.20	0.0	32.10	1.1	12,700	22.78	36	
3	0.25 to < 0.50	1,086	—	—	1,086	0.30	0.0	11.81	1.0	112	10.37	0	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.10	1.0	806	37.50	3	
5	0.75 to < 2.50	17,984	8,651	87.57	25,559	1.14	0.0	32.10	1.0	14,185	55.49	94	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	502,983	18,651	80.83	537,199	0.12	0.0	32.05	2.9	131,888	24.55	209	339
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	456,549	122,155	80.67	554,966	0.06	0.0	44.17	1.5	120,062	21.63	162	
2	0.15 to < 0.25	1,626	—	—	1,626	0.20	0.0	72.66	4.2	1,617	99.44	2	
3	0.25 to < 0.50	23,583	6,521	75.00	25,974	0.27	0.0	45.00	1.2	13,568	52.23	32	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	4,197	—	—	4,197	1.78	0.0	45.00	4.4	5,727	136.44	33	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	485,959	128,676	80.39	586,767	0.08	0.1	44.29	1.6	140,976	24.02	230	164

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
1	0.00 to < 0.15	¥ 6,864,526	¥ 2,434,624	75.70%	¥ 8,776,921	0.07%	0.7	31.45%	2.6	¥ 1,688,245	19.23%	¥ 2,141	
2	0.15 to < 0.25	1,972,574	362,044	76.22	2,208,815	0.20	0.4	30.69	2.5	714,099	32.32	1,389	
3	0.25 to < 0.50	1,302,246	168,894	74.83	1,432,960	0.30	0.4	31.15	2.4	579,608	40.44	1,377	
4	0.50 to < 0.75	1,083,258	240,765	74.84	1,258,310	0.50	0.7	28.83	2.4	560,606	44.55	1,832	
5	0.75 to < 2.50	869,047	126,389	68.72	911,662	1.50	0.7	28.69	2.1	604,461	66.30	3,948	
6	2.50 to < 10.00	147,526	10,071	78.93	155,899	5.93	0.0	24.41	2.4	132,293	84.85	2,280	
7	10.00 to < 100.00	89,160	35	75.00	89,036	18.67	0.0	31.14	3.6	152,138	170.87	5,180	
8	100.00 (Default)	30,930	—	—	34,760	100.00	0.0	32.06	1.0	14,279	41.08	10,004	
9	Sub-total	12,359,271	3,342,824	75.40	14,868,366	0.64	3.3	30.85	2.5	4,445,734	29.90	28,155	¥ 67,246
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
1	0.00 to < 0.15	810,879	129,185	80.98	928,172	0.07	0.9	53.50	3.1	350,278	37.73	360	
2	0.15 to < 0.25	80,031	—	—	83,225	0.20	0.4	59.85	3.1	61,408	73.78	102	
3	0.25 to < 0.50	328,629	57,328	78.25	372,638	0.29	0.6	46.44	2.6	235,325	63.15	511	
4	0.50 to < 0.75	171,069	19,437	75.88	186,972	0.58	0.8	42.74	3.5	162,888	87.11	472	
5	0.75 to < 2.50	371,451	20,283	75.83	387,350	1.39	1.2	44.26	3.8	464,244	119.85	2,379	
6	2.50 to < 10.00	149,046	14,721	90.04	162,248	6.09	0.3	45.22	4.3	303,501	187.05	4,451	
7	10.00 to < 100.00	64,517	—	—	62,651	26.25	0.0	44.76	3.9	166,620	265.94	7,359	
8	100.00 (Default)	12,929	179	92.62	16,489	100.00	0.0	44.40	1.0	0	0.00	7,321	
9	Sub-total	1,988,553	241,136	80.05	2,199,748	2.33	4.6	49.07	3.3	1,744,266	79.29	22,959	14,304
	SME exposures (AIRB)												
1	0.00 to < 0.15	39,785	4,000	75.00	42,785	0.11	0.0	29.77	3.9	11,454	26.77	15	
2	0.15 to < 0.25	75,498	1,723	75.00	73,043	0.20	0.0	31.69	3.2	23,046	31.55	47	
3	0.25 to < 0.50	30,525	—	—	30,525	0.30	0.0	31.81	2.1	9,146	29.96	30	
4	0.50 to < 0.75	40,764	713	78.50	39,747	0.50	0.0	20.72	2.5	11,058	27.82	41	
5	0.75 to < 2.50	116,545	8,508	78.94	115,961	1.59	0.1	20.33	2.9	50,012	43.12	368	
6	2.50 to < 10.00	6,682	523	76.13	7,080	7.03	0.0	19.93	1.8	4,028	56.89	101	
7	10.00 to < 100.00	829	—	—	107	18.67	0.0	11.81	5.0	58	53.89	2	
8	100.00 (Default)	1,880	—	—	3,978	100.00	0.0	28.40	1.0	1,437	36.12	1,015	
9	Sub-total	312,511	15,468	77.37	313,230	2.18	0.3	25.53	2.9	110,241	35.19	1,621	3,283
	SME exposures (FIRB)												
1	0.00 to < 0.15	27	—	—	27	0.12	0.0	45.00	1.0	5	20.42	0	
2	0.15 to < 0.25	39	—	—	39	0.20	0.0	45.00	1.0	10	26.73	0	
3	0.25 to < 0.50	4	—	—	4	0.30	0.0	45.00	1.0	1	33.97	0	
4	0.50 to < 0.75	111,701	1,671	75.00	112,133	0.50	0.5	38.65	4.5	72,824	64.94	218	
5	0.75 to < 2.50	273,580	1,531	79.63	272,355	1.57	1.5	39.74	4.7	252,649	92.76	1,710	
6	2.50 to < 10.00	9,107	1	0.00	9,140	7.39	0.0	40.54	3.5	11,757	128.63	272	
7	10.00 to < 100.00	524	—	—	524	18.67	0.0	45.00	2.6	1,011	192.88	44	
8	100.00 (Default)	5,217	235	98.80	5,802	100.00	0.0	40.11	1.0	0	0.00	2,327	
9	Sub-total	400,202	3,439	78.66	400,027	2.85	2.3	39.47	4.6	338,260	84.55	4,574	587

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2020

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥1,386,047	¥150,657	75.00%	¥1,499,040	0.08%	0.3	27.34%	4.2	¥ 356,139	23.75%	¥ 361	
2	0.15 to < 0.25	71,748	5,850	75.00	76,136	0.20	0.0	25.91	3.7	25,107	32.97	40	
3	0.25 to < 0.50	540,609	142,098	74.83	646,951	0.29	0.1	24.16	4.4	254,982	39.41	465	
4	0.50 to < 0.75	282,051	44,188	75.61	315,465	0.56	0.0	20.69	4.3	138,436	43.88	377	
5	0.75 to < 2.50	312,508	62,662	74.17	358,985	1.37	0.0	27.37	4.0	266,355	74.19	1,399	
6	2.50 to < 10.00	77,678	30,088	75.00	100,244	5.02	0.0	28.54	3.8	102,946	102.69	1,371	
7	10.00 to < 100.00	12,524	9,828	75.00	19,895	25.06	0.0	37.70	3.5	41,186	207.01	2,102	
8	100.00 (Default)	12,642	1,478	64.93	13,606	100.00	0.0	22.95	1.0	5,129	37.69	2,712	
9	Sub-total	2,695,811	446,852	74.86	3,030,325	1.11	0.7	26.02	4.2	1,190,283	39.27	8,830	¥ 8,768
	Specialised lending (FIRB)												
1	0.00 to < 0.15	2,228	—	—	2,228	0.09	0.3	45.00	1.0	401	18.02	0	
2	0.15 to < 0.25	66	—	—	66	0.20	0.0	45.00	1.0	20	30.51	0	
3	0.25 to < 0.50	1,192	—	—	1,192	0.30	0.1	45.00	1.0	467	39.22	1	
4	0.50 to < 0.75	223	—	—	223	0.59	0.0	45.00	1.0	127	57.05	0	
5	0.75 to < 2.50	599	—	—	599	1.32	0.0	45.00	1.0	486	81.21	3	
6	2.50 to < 10.00	103	—	—	103	4.95	0.0	45.00	1.0	134	130.15	2	
7	10.00 to < 100.00	66	—	—	66	27.62	0.0	45.00	1.0	148	223.15	8	
8	100.00 (Default)	0	—	—	0	100.00	0.0	45.00	1.0	0	0.00	0	
9	Sub-total	4,480	—	—	4,480	0.87	0.6	45.00	1.0	1,787	39.89	17	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,054,812	—	—	433,493	0.07	0.3	90.00	5.0	515,854	118.99	—	
2	0.15 to < 0.25	97,479	—	—	36,941	0.20	0.1	90.00	5.0	56,861	153.92	—	
3	0.25 to < 0.50	61,834	—	—	24,134	0.30	0.2	90.00	5.0	42,371	175.56	—	
4	0.50 to < 0.75	33,500	—	—	16,506	0.50	0.2	90.00	5.0	33,359	202.10	—	
5	0.75 to < 2.50	19,469	—	—	16,095	1.31	0.2	90.00	5.0	44,910	279.02	—	
6	2.50 to < 10.00	3,229	—	—	1,947	6.74	0.0	90.00	5.0	8,423	432.58	—	
7	10.00 to < 100.00	0	—	—	0	18.68	0.0	90.00	5.0	0	703.02	—	
8	100.00 (Default)	61	—	—	19	100.00	0.0	90.00	5.0	217	1,125.00	—	
9	Sub-total	1,270,387	—	—	529,136	0.17	1.3	90.00	5.0	701,998	132.66	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	8,690	—	—	8,690	0.10	0.0	32.10	2.8	2,241	25.78	2	
2	0.15 to < 0.25	18,858	—	—	18,858	0.20	0.0	32.10	2.4	5,904	31.31	12	
3	0.25 to < 0.50	3,750	—	—	3,750	0.30	0.0	32.10	4.2	1,976	52.71	3	
4	0.50 to < 0.75	3,752	—	—	3,752	0.50	0.0	31.85	3.1	2,169	57.81	6	
5	0.75 to < 2.50	28,502	—	—	28,502	1.61	0.0	31.88	3.8	25,491	89.43	146	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	2,309	—	—	2,309	100.00	0.0	32.10	1.0	949	41.12	665	
9	Sub-total	65,863	—	—	65,863	4.32	0.0	31.99	3.2	38,732	58.80	837	312

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	1,710	—	—	1,710	0.22	0.0	100.00	1.0	1,239	72.47	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,710	—	—	1,710	0.22	0.0	100.00	1.0	1,239	72.47	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	483,484	2,372	75.00	485,263	0.06	0.3	45.00	1.1	66,743	13.75	136	
2	0.15 to < 0.25	64,422	—	—	64,422	0.21	0.1	45.00	1.0	20,241	31.41	60	
3	0.25 to < 0.50	132,722	—	—	132,722	0.33	0.2	45.00	1.2	58,650	44.19	200	
4	0.50 to < 0.75	48,097	2,717	75.00	50,134	0.54	1.2	45.00	1.2	29,126	58.09	122	
5	0.75 to < 2.50	56,045	—	—	56,045	1.57	5.3	45.00	1.3	49,537	88.38	397	
6	2.50 to < 10.00	5,310	—	—	5,310	6.19	1.1	45.00	1.1	7,782	146.56	148	
7	10.00 to < 100.00	2,322	—	—	2,322	16.89	0.0	45.00	1.6	4,806	206.95	176	
8	100.00 (Default)	4,037	—	—	4,037	100.00	0.0	45.00	1.0	0	0.00	1,816	
9	Sub-total	796,441	5,089	75.00	800,258	0.84	8.5	45.00	1.1	236,888	29.60	3,059	560
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	578,025	5,089	75.00	581,842	0.06	0.4	94.35	1.1	167,833	28.84	17	
2	0.15 to < 0.25	19,872	—	—	19,872	0.22	0.1	99.49	1.0	14,065	70.77	0	
3	0.25 to < 0.50	39,216	—	—	39,216	0.34	0.2	66.44	1.3	27,085	69.06	29	
4	0.50 to < 0.75	1,001	—	—	1,001	0.50	0.0	45.00	2.9	877	87.58	2	
5	0.75 to < 2.50	6,020	—	—	6,020	0.91	0.2	95.12	1.2	9,071	150.66	3	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	644,136	5,089	75.00	647,953	0.09	1.1	92.75	1.1	218,932	33.78	53	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	58,756	—	—	58,775	0.30	35.0	75.28	—	23,858	40.59	136	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	58,756	—	—	58,775	0.30	35.0	75.28	—	23,858	40.59	136	237

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,186	28.14%	¥ 11,872	0.10%	44.6	62.62%	—	¥ 481	4.05%	¥ 8	
2	0.15 to < 0.25	36,647	819,182	12.66	140,429	0.23	198.2	66.45	—	11,466	8.16	221	
3	0.25 to < 0.50	25,516	829,416	7.96	91,609	0.36	171.5	75.34	—	11,933	13.02	250	
4	0.50 to < 0.75	31,871	281,217	12.66	67,498	0.57	86.9	66.45	—	11,105	16.45	255	
5	0.75 to < 2.50	15,059	213,789	13.84	44,649	1.15	126.6	67.39	—	12,520	28.04	346	
6	2.50 to < 10.00	37,209	85,971	13.43	48,758	4.85	49.1	66.92	—	36,992	75.86	1,585	
7	10.00 to < 100.00	378	1,403	13.33	566	49.24	0.7	66.08	—	969	171.29	188	
8	100.00 (Default)	109	3,614	9.64	16,063	100.00	19.3	67.40	—	15,630	97.30	9,576	
9	Sub-total	146,792	2,276,782	11.37	421,448	4.81	697.2	68.47	—	101,100	23.98	12,433	¥ 17,707
	Residential mortgage exposures												
1	0.00 to < 0.15	4,025,749	14,944	100.00	4,040,694	0.09	136.9	18.34	—	174,400	4.31	737	
2	0.15 to < 0.25	2,941,838	82	100.00	2,941,920	0.17	139.4	18.06	—	194,374	6.60	939	
3	0.25 to < 0.50	2,612,664	2,340	100.00	2,615,015	0.35	157.1	18.11	—	285,730	10.92	1,669	
4	0.50 to < 0.75	41,039	—	—	41,039	0.62	2.8	22.43	—	8,404	20.47	57	
5	0.75 to < 2.50	132,716	19	100.00	132,736	0.89	13.5	21.22	—	32,538	24.51	249	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	68,321	20	100.00	68,342	20.21	3.8	18.68	—	71,391	104.46	2,607	
8	100.00 (Default)	33,521	15	100.00	34,837	100.00	2.0	20.05	—	8,496	24.38	6,307	
9	Sub-total	9,855,850	17,422	100.00	9,874,584	0.69	455.8	18.26	—	775,336	7.85	12,569	26,674
	Other retail exposures												
1	0.00 to < 0.15	0	23,634	22.78	5,384	0.10	21.7	22.17	—	316	5.87	1	
2	0.15 to < 0.25	15,790	—	—	15,790	0.18	1.7	46.37	—	2,781	17.61	13	
3	0.25 to < 0.50	350,660	—	—	350,660	0.32	121.7	59.56	—	114,313	32.59	673	
4	0.50 to < 0.75	320,724	447	100.00	321,469	0.57	91.1	39.06	—	99,369	30.91	749	
5	0.75 to < 2.50	178,853	146,533	28.29	220,324	1.21	289.7	66.15	—	158,137	71.77	1,863	
6	2.50 to < 10.00	28,279	26,105	57.09	43,184	4.32	46.1	29.25	—	18,682	43.26	636	
7	10.00 to < 100.00	21,642	497	83.87	22,104	15.78	1.9	33.00	—	13,241	59.90	1,330	
8	100.00 (Default)	7,495	1,524	31.52	20,304	100.00	12.5	52.67	—	5,473	26.95	10,258	
9	Sub-total	923,447	198,741	31.74	999,223	3.13	586.8	51.97	—	412,315	41.26	15,526	19,210
	Lease transactions												
1	0.00 to < 0.15	203,370	—	—	203,370	0.07	0.4	45.00	2.6	50,473	24.81	73	
2	0.15 to < 0.25	135,781	—	—	135,781	0.20	0.1	45.00	4.1	81,744	60.20	125	
3	0.25 to < 0.50	23,758	—	—	23,758	0.30	0.1	45.00	2.1	12,383	52.12	33	
4	0.50 to < 0.75	40,113	—	—	40,113	0.50	0.2	45.00	3.1	31,065	77.44	91	
5	0.75 to < 2.50	41,132	—	—	41,132	1.63	0.3	45.00	3.0	43,943	106.83	302	
6	2.50 to < 10.00	2,919	—	—	2,919	6.16	0.0	45.00	2.7	4,547	155.79	80	
7	10.00 to < 100.00	283	—	—	283	18.67	0.0	45.00	3.2	563	198.85	23	
8	100.00 (Default)	157	—	—	157	100.00	0.0	45.00	1.0	0	0.00	70	
9	Sub-total	447,516	—	—	447,516	0.39	1.3	45.00	3.1	224,722	50.21	801	4,928
Total (all portfolios)		¥ 48,510,376	¥ 6,811,321	53.22%	¥ 51,449,227	0.65%	1,799.7	35.37%	2.2	¥ 10,960,365	21.30%	¥ 112,195	¥ 164,527

Notes: 1. "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of Yen	
		March 31, 2021	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 101,827	¥ 101,827
2	Sovereign Exposures – AIRB	15,677	15,677
3	Financial Institution Exposures – FIRB	71,870	71,870
4	Financial Institution Exposures – AIRB	139,834	139,834
5	Corporate exposures (excluding specialised lending) – FIRB	2,055,530	2,055,530
6	Corporate exposures (excluding specialised lending) – AIRB	4,731,640	4,731,640
7	Specialised lending – FIRB	323,239	323,239
8	Specialised lending – AIRB	1,360,966	1,360,966
9	Retail – Qualifying revolving retail exposures	89,144	89,144
10	Retail – Residential mortgage exposures	783,016	783,016
11	Retail – Other retail exposures	376,907	376,907
12	Equity Exposures – FIRB	1,325,732	1,325,732
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	345,841	345,841
15	Purchased receivables – AIRB	42,668	42,668
16	Total	¥ 11,763,897	¥ 11,763,897

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR7		Millions of Yen	
		March 31, 2020	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 108,192	¥ 108,192
2	Sovereign Exposures – AIRB	12,818	12,818
3	Financial Institution Exposures – FIRB	141,054	141,054
4	Financial Institution Exposures – AIRB	129,364	129,364
5	Corporate exposures (excluding specialised lending) – FIRB	2,081,863	2,081,863
6	Corporate exposures (excluding specialised lending) – AIRB	4,559,875	4,559,875
7	Specialised lending – FIRB	339,214	339,214
8	Specialised lending – AIRB	1,190,283	1,190,283
9	Retail – Qualifying revolving retail exposures	101,100	101,100
10	Retail – Residential mortgage exposures	775,336	775,336
11	Retail – Other retail exposures	412,315	412,315
12	Equity Exposures – FIRB	923,841	923,841
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	479,679	479,679
15	Purchased receivables – AIRB	39,972	39,972
16	Total	¥ 11,294,912	¥ 11,294,912

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR8: RWA flow statements of credit risk exposures under IRB

CR8 Item No.			Billions of Yen March 31, 2021 RWA amounts
1	RWA at the end of the previous fiscal year		¥ 12,184
2	Factor of RWA changes	Asset size	457
3		Asset quality	(52)
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	118
8		Others	—
9	RWA at the end of the fiscal year		¥ 12,707

Note: The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.

CR8 Item No.			Billions of Yen March 31, 2020 RWA amounts
1	RWA at the end of the previous fiscal year		¥ 13,219
2	Factor of RWA changes	Asset size	331
3		Asset quality	(365)
4		Model updates	(23)
5		Methodology and policy	(819)
6		Acquisitions and disposals	—
7		Foreign exchange movements	(159)
8		Others	—
9	RWA at the end of the fiscal year		¥ 12,184

Note: The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

Entities subject to AIRB and FIRB

CR9		%, Cases											
		March 31, 2021 (Period covered: September 30, 2019 - September 30, 2020)											
a	b	c					d	e	f		g	h	i
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2019	September 30, 2020				
Sovereign Exposures	—	AAA~B	Aaa~B2	AAA~B	AAA~BBB-	AAA~BBB	0.00%	0.09%	671	757	0	0	0.00%	0.8%
Financial Institution Exposures	—	AA~B-	Aa2~B3	AA~B-	AA+~BB-	AAA~BB	0.08	0.22	424	424	0	0	0.00	1.9
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~A-	Aaa~A3	—	AAA~AA-	AAA~AA	0.03	0.03	542	523	0	0	0.00	59.3
	> 0.03% to 0.1%	BBB+~BBB-	Baa1~Baa3	—	A+~A-	AA-~A	0.06	0.06	508	539	1	0	0.02	
	> 0.1% to 0.5%	BB+~BB-	Ba1~Ba3	—	BBB+~BBB-	A-~BBB	0.19	0.22	2,681	2,717	2	0	0.02	
	> 0.5% to 5%	B+~B-	B1~B3	—	BB+~BB-	BBB-~BB	0.99	1.21	4,985	5,175	15	0	0.18	
	> 5% to <100%	—	—	—	—	—	8.41	8.88	246	283	21	0	3.71	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~AA-	Aaa~Aa3	AAA~AA-	—	—	0.03	0.03	35	40	0	0	0.00	9.3
	> 0.03% to 0.1%	A+~A-	A1~A3	A+~A-	—	—	0.06	0.07	111	107	0	0	0.00	
	> 0.1% to 0.5%	BBB+~BBB-	Baa1~Baa3	BBB+~BBB-	—	—	0.25	0.26	263	255	0	0	0.00	
	> 0.5% to 15%	BB+~B-	Ba1~B3	BB+~B-	—	—	2.08	2.60	590	528	8	0	0.23	
	> 15% to < 100%	—	—	—	—	—	34.71	34.71	19	39	7	0	13.06	
Purchased receivables for corporates, etc. (Top-down approach)	—	—	—	—	AAA~BB+	AAA~BBB-	3.53	3.53	314	301	1	0	0.59	0.0
Qualifying revolving retail exposures	≥ 0% to 10%						0.51	0.33	41,995	41,973	36	0	0.09	0.0
	> 10% to < 100%						24.13	24.13	175	123	28	0	14.44	
Residential mortgage exposures	≥ 0% to 2%						0.23	0.24	502,091	521,749	390	0	0.09	6.0
	> 2% to < 100%						20.50	20.41	5,205	3,817	646	0	12.54	
Other retail exposures	≥ 0% to 10%						0.65	0.63	39,766	38,141	191	0	0.38	0.4
	> 10% to < 100%						24.30	25.93	263	159	48	0	17.19	

Entities subject to FIRB

CR9

%, Cases

March 31, 2021 (Period covered: September 30, 2019 - September 30, 2020)

a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2019	September 30, 2020				
Sovereign Exposures	—	—	—	—	AAA~ BBB+	AAA~ A-	0.03%	0.04%	213	236	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~ BBB+	AAA~ A-	0.03	0.14	5	5	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~ AA-	AAA~ AA	0.03	0.03	46	40	0	0	0.00	3.2
	> 0.03% to 0.1%	—	—	—	A+~ A-	AA-~ A	0.06	0.06	86	77	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~ BBB-	A-~ BBB	0.19	0.24	480	450	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~ BB-	BBB-~ BB	1.14	1.23	958	885	9	1	0.74	
	> 5% to < 100%	—	—	—	—	—	8.02	7.78	260	228	10	1	5.15	
Qualifying revolving retail exposures	≥ 0% to 10%						1.15	0.92	611,482	594,682	3,744	89	0.74	0.7
	> 10% to < 100%						67.67	68.91	584	499	308	0	58.83	
Residential mortgage exposures	≥ 0% to 2%						0.65	0.73	13,129	13,031	75	0	0.39	0.3
	> 2% to < 100%						23.19	23.19	270	316	32	0	12.55	
Other retail exposures	≥ 0% to 10%						0.96	1.50	321,946	304,605	1,891	57	0.61	2.6
	> 10% to < 100%						44.78	62.54	933	564	458	1	47.59	

Notes: 1. On the previous page, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd., Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., and Sumitomo Mitsui Trust Club Co., Ltd.), subject to FIRB, are counted.

2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates, etc. subject to top-down approach)," these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese."

3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.

4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2019. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2019 to the end of September 2020.

5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

6. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest eight years rather than the latest five years.

7. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2020) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).

8. In the ">10% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

Entities subject to AIRB and FIRB

CR9		%, Cases											
		March 31, 2020 (Period covered: September 30, 2018 - September 30, 2019)											
a	b	c					d	e	f		g	h	i
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2018	September 30, 2019				
Sovereign Exposures	—	AAA~B	Aaa~B2	AAA~B	AAA~BB	AAA~BB+	0.00%	0.13%	574	667	0	0	0.00%	0.9%
Financial Institution Exposures	—	AA~B+	Aa2~B1	AA~B+	AA+~BB-	AAA~BB	0.11	0.32	424	426	0	0	0.00	2.3
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~A-	Aaa~A3	—	AAA~AA-	AAA~AA	0.03	0.03	426	442	0	0	0.00	50.4
	> 0.03% to 0.1%	BBB+~BBB-	Baa1~Baa3	—	A+~A-	AA-~A	0.07	0.07	476	483	0	0	0.00	
	> 0.1% to 0.5%	BB+~BB-	Ba1~Ba3	—	BBB+~BBB-	A-~BBB	0.21	0.23	2,201	2,238	0	0	0.01	
	> 0.5% to 5%	B+~B-	B1~B3	—	BB+~BB-	BBB-~BB	1.03	1.31	4,713	4,851	8	0	0.16	
	> 5% to < 100%	—	—	—	—	—	7.71	9.19	230	239	8	0	3.03	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~AA-	Aaa~Aa3	AAA~AA-	—	—	0.03	0.03	34	35	0	0	0.00	10.0
	> 0.03% to 0.1%	A+~A-	A1~A3	A+~A-	—	—	0.06	0.06	117	107	0	0	0.00	
	> 0.1% to 0.5%	BBB+~BBB-	Baa1~Baa3	BBB+~BBB-	—	—	0.24	0.26	228	235	0	0	0.00	
	> 0.5% to 15%	BB+~B-	Ba1~B3	BB+~B-	—	—	2.50	2.71	576	590	1	0	0.07	
	> 15% to < 100%	—	—	—	—	—	34.71	34.71	16	19	0	0	9.66	
Purchased receivables for corporates, etc. (Top-down approach)	—	—	—	—	AAA~BB+	AAA~BBB-	4.30	4.72	1,326	314	4	0	0.63	0.0
Qualifying revolving retail exposures	≥ 0% to 10%						0.55	0.36	40,909	41,995	32	0	0.10	0.0
	> 10% to < 100%						24.63	24.63	136	175	25	0	14.22	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	462,164	502,091	319	0	0.09	6.8
	> 2% to < 100%						20.58	20.50	4,862	5,205	636	0	12.56	
Other retail exposures	≥ 0% to 10%						0.80	1.14	40,543	39,766	107	0	0.36	0.4
	> 10% to < 100%						24.83	25.92	222	264	43	0	17.04	

Entities subject to FIRB

CR9		%, Cases												
		March 31, 2020 (Period covered: September 30, 2018 - September 30, 2019)												
a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2018	September 30, 2019				
Sovereign Exposures	—	—	—	—	AAA~BBB	AAA~BBB+	0.01%	0.03%	184	213	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~BB-	AAA~BB	0.05	0.33	7	5	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~AA-	AAA~AA	0.03	0.03	49	46	0	0	0.00	3.3
	> 0.03% to 0.1%	—	—	—	A+~A-	AA-~A	0.07	0.07	89	86	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~BBB-	A-~BBB	0.22	0.23	497	480	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~BB-	BBB-~BB	1.29	1.22	912	958	11	1	0.71	
	> 5% to < 100%	—	—	—	—	—	8.40	8.18	233	260	13	2	5.34	
Qualifying revolving retail exposures	≥ 0% to 10%						1.03	0.94	618,334	611,483	3,009	43	0.76	0.7
	> 10% to < 100%						60.91	61.44	680	584	353	0	59.71	
Residential mortgage exposures	≥ 0% to 2%						0.67	0.75	12,728	13,129	48	0	0.37	0.3
	> 2% to < 100%						23.99	23.99	273	270	32	0	12.65	
Other retail exposures	≥ 0% to 10%						1.06	1.52	319,319	321,040	2,006	64	0.61	2.8
	> 10% to < 100%						45.79	64.07	903	906	444	1	47.38	

Notes:
1. On the previous page, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd., Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., and Sumitomo Mitsui Trust Club Co., Ltd.), subject to FIRB, are counted.
2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates, etc. subject to top-down approach)," the same rating system (same PD) is used, and so these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese."
3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.
4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2018. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2018 to the end of September 2019.
5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
6. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest seven years rather than the latest five years.
7. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2019) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).
8. In the ">10% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

CR10: IRB – Specialised Lending (Supervisory Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.)

CR10 — Millions of Yen, %

March 31, 2021

a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)					Credit RWA amounts	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	¥ —	¥ —	50%	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	2.5 years≤	—	—	70%	—	—	—	—	—	—	—
Good	< 2.5 years	—	—	70%	—	—	—	—	—	—	—
	2.5 years≤	—	—	90%	—	—	—	—	—	—	—
Satisfactory		—	—	115%	—	—	—	—	—	—	—
Weak		—	—	250%	—	—	—	—	—	—	—
Default		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	2,428	3,657	70%					5,171	3,619	20
	2.5 years≤	1,171	2,091	95%					2,739	2,602	10
Good	< 2.5 years	17,625	209	95%					17,782	16,893	71
	2.5 years≤	42,899	53,093	120%					82,719	99,263	330
Satisfactory		61,014	69,433	140%					113,089	158,325	3,166
Weak		14,234	2,831	250%					16,358	40,896	1,308
Default		—	—	—					—	—	—
Total		¥ 139,373	¥ 131,316	—					¥ 237,861	¥ 321,601	¥ 4,908
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		16,759	114,751	300%					131,511	394,534	
Simple risk weight method – Unlisted shares		22,645	4,776	400%					26,227	104,908	
Internal Models Approach		—	—	—					—	—	
Total		¥ 39,404	¥ 119,527	—					¥ 157,738	¥ 499,442	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CR10

Millions of Yen, %

March 31, 2020

a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD) PF	OF	CF	IPRE	Total	Credit RWA amounts	Expected losses
Strong	< 2.5 years	¥ —	¥ —	50%	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	2.5 years≤	—	—	70%	—	—	—	—	—	—	—
Good	< 2.5 years	—	—	70%	—	—	—	—	—	—	—
	2.5 years≤	—	—	90%	—	—	—	—	—	—	—
Satisfactory		—	—	115%	—	—	—	—	—	—	—
Weak		—	—	250%	—	—	—	—	—	—	—
Default		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

HVCRE

Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	4,128	—	70%	4,128	2,890	16
	2.5 years≤	2,407	3,049	95%	4,694	4,459	18
Good	< 2.5 years	19,855	727	95%	20,401	19,381	81
	2.5 years≤	49,668	48,183	120%	85,805	102,967	343
Satisfactory		39,072	39,882	140%	68,984	96,577	1,931
Weak		38,806	7,539	250%	44,460	111,151	3,556
Default		—	—	—	—	—	—
Total		¥ 153,938	¥ 99,381	—	¥ 228,474	¥ 337,426	¥ 5,948

Equity exposures (Market-Based Approach, etc.)

Equity exposures subject to market-based approach

Categories	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)	Credit RWA amounts
Simple risk weight method – Listed shares	12,442	27,944	300%	40,386	121,160
Simple risk weight method – Unlisted shares	23,379	2,388	400%	25,170	100,682
Internal Models Approach	—	—	—	—	—
Total	¥ 35,821	¥ 30,332	—	¥ 65,557	¥ 221,843

Equity exposures subject to 100% risk weight

Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification	—	—	100%	—	—

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

CCR1		Millions of Yen					
		March 31, 2021					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	488,830	576,002			1,064,833	407,852
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					672,039	114,618
5	Exposure variation estimation model					—	—
6	Total						¥ 522,471

CCR1		Millions of Yen					
		March 31, 2020					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	428,371	497,019			925,390	393,082
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					1,663,723	96,113
5	Exposure variation estimation model					—	—
6	Total						¥ 489,196

CCR2: Credit valuation adjustment (CVA) capital charge

CCR2		Millions of Yen	
		March 31, 2021	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	992,801	675,826
5	Total portfolios subject to the CVA capital charge	¥ 992,801	¥ 675,826

CCR2		Millions of Yen	
		March 31, 2020	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	832,686	663,147
5	Total portfolios subject to the CVA capital charge	¥ 832,686	¥ 663,147

CCR3: CCR exposures by regulatory portfolio and risk weights

CCR3		Millions of Yen								
		March 31, 2021								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	431,016	—	—	—	—	—	431,016
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	5	—	—	5
14	Total	¥ —	¥ —	¥ 431,016	¥ —	¥ —	¥ 5	¥ —	¥ —	¥ 431,021

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR3		Millions of Yen								
		March 31, 2020								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	384,004	—	—	—	—	—	384,004
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 384,004	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 384,004

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR4: IRB – CCR exposures by portfolio and PD scale

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2021						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
	Sovereign exposures							
1	0.00 to < 0.15	¥ 19,904	0.02%	0.0	37.92%	1.7	¥ 2,114	10.62%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	—	—	—	—	—	—	—
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	19,904	0.02	0.0	37.92	1.7	2,114	10.62
	Financial Institution exposures							
1	0.00 to < 0.15	544,536	0.04	0.1	20.01	2.3	102,347	18.79
2	0.15 to < 0.25	273	0.20	0.0	45.00	2.8	122	44.83
3	0.25 to < 0.50	40,354	0.28	0.0	20.83	3.8	32,704	81.04
4	0.50 to < 0.75	780	0.50	0.0	45.00	1.0	409	52.44
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	585,944	0.06	0.1	20.08	2.4	135,583	23.13
	Corporate exposures and SME exposures							
1	0.00 to < 0.15	368,702	0.05	0.3	11.49	1.7	73,079	19.82
2	0.15 to < 0.25	35,152	0.20	0.0	45.00	4.1	21,019	59.79
3	0.25 to < 0.50	8,399	0.30	0.0	45.00	3.3	5,345	63.64
4	0.50 to < 0.75	6,391	0.51	0.0	46.46	3.6	5,591	87.48
5	0.75 to < 2.50	4,604	1.45	0.0	45.00	3.8	5,810	126.18
6	2.50 to < 10.00	1,470	4.42	0.0	45.00	4.3	2,434	165.59
7	10.00 to < 100.00	656	35.76	0.0	45.00	1.9	1,745	265.93
8	100.00 (Default)	1	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	425,378	0.16	0.6	12.70	2.0	115,026	27.04
	Specialised lending							
1	0.00 to < 0.15	70,895	0.09	0.1	45.00	4.7	30,311	42.75
2	0.15 to < 0.25	871	0.20	0.0	45.00	3.9	504	57.95
3	0.25 to < 0.50	30,711	0.29	0.0	45.00	4.9	24,578	80.03
4	0.50 to < 0.75	23,901	0.63	0.0	45.00	4.8	25,080	104.93
5	0.75 to < 2.50	45,409	1.54	0.0	45.00	4.8	61,376	135.16
6	2.50 to < 10.00	24,687	3.17	0.0	45.00	4.8	39,312	159.24
7	10.00 to < 100.00	6	35.80	0.0	45.00	1.0	14	234.20
8	100.00 (Default)	46	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	196,529	0.93	0.2	45.00	4.8	181,179	92.18
Total (all portfolios)		¥ 1,227,758	0.23%	1.1	18.05%	2.6	¥ 433,904	35.34%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2020						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
		Sovereign exposures						
1	0.00 to < 0.15	¥ 1,103,545	0.00%	0.0	44.74%	0.1	¥ 3,031	0.27%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	313	0.26	0.0	45.00	1.0	149	47.82
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	1,958	1.88	0.0	45.00	1.0	1,836	93.77
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	1,105,817	0.00	0.0	44.74	0.1	5,017	0.45
		Financial Institution exposures						
1	0.00 to < 0.15	453,530	0.05	0.1	15.89	2.5	94,107	20.74
2	0.15 to < 0.25	408	0.20	0.0	45.00	2.9	179	44.01
3	0.25 to < 0.50	37,474	0.28	0.0	21.96	4.0	30,425	81.18
4	0.50 to < 0.75	229	0.50	0.0	45.00	1.0	120	52.44
5	0.75 to < 2.50	30	1.03	0.0	45.00	1.0	22	74.38
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	491,673	0.06	0.1	16.24	2.6	124,855	25.39
		Corporate exposures and SME exposures						
1	0.00 to < 0.15	251,173	0.05	0.2	7.78	2.0	53,117	21.14
2	0.15 to < 0.25	15,004	0.20	0.0	45.00	3.9	8,373	55.80
3	0.25 to < 0.50	9,604	0.30	0.0	45.00	4.3	7,452	77.59
4	0.50 to < 0.75	6,045	0.50	0.1	45.00	4.0	5,050	83.53
5	0.75 to < 2.50	6,502	1.49	0.1	46.51	3.7	8,586	132.04
6	2.50 to < 10.00	1,961	4.07	0.0	45.00	4.6	3,251	165.78
7	10.00 to < 100.00	884	34.71	0.0	45.00	2.9	2,442	276.03
8	100.00 (Default)	10	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	291,186	0.24	0.6	8.73	2.2	88,274	30.31
		Specialised lending						
1	0.00 to < 0.15	87,476	0.08	0.1	45.00	4.7	34,891	39.88
2	0.15 to < 0.25	1,105	0.20	0.0	45.00	4.1	663	60.06
3	0.25 to < 0.50	42,282	0.30	0.0	45.00	4.9	33,726	79.76
4	0.50 to < 0.75	19,164	0.67	0.0	45.00	4.9	21,156	110.39
5	0.75 to < 2.50	58,121	1.42	0.0	45.00	4.9	77,460	133.27
6	2.50 to < 10.00	14,568	3.30	0.0	45.00	4.8	23,287	159.84
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	51	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	222,770	0.13	0.2	45.00	4.8	191,186	85.82
Total (all portfolios)		¥ 2,111,448	0.13%	1.1	22.40%	1.5	¥ 409,334	19.38%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR5: Composition of collateral for CCR exposure

CCR5		Millions of Yen					
		March 31, 2021					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 123,752	¥ —	¥ 311,385	¥ 30,067	¥ 732,944
2	Cash (other currency)	—	3,789	—	251,567	968,538	549
3	Domestic sovereign debt	—	1,081	—	19,040	228,621	354,177
4	Other sovereign debt	—	—	—	—	845,426	1,704,208
5	Government agency debt	—	—	—	—	116,000	13,375
6	Corporate bonds	—	—	—	—	384,389	326,855
7	Equity securities	—	—	—	12,577	701,562	560,016
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 128,624	¥ —	¥ 594,572	¥ 3,274,606	¥ 3,692,125

CCR5		Millions of Yen					
		March 31, 2020					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 126,581	¥ —	¥ 321,222	¥ 1,068,982	¥ 750,758
2	Cash (other currency)	—	8,357	—	183,139	1,129,347	30,521
3	Domestic sovereign debt	—	7,053	—	20,180	181,075	1,289,027
4	Other sovereign debt	—	—	—	—	993,263	1,679,432
5	Government agency debt	—	—	—	—	237,766	486,789
6	Corporate bonds	—	—	—	—	409,906	—
7	Equity securities	—	—	—	9,584	587,566	721,116
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 141,992	¥ —	¥ 534,127	¥ 4,607,910	¥ 4,957,645

CCR6: Credit derivatives exposures

CCR6		Millions of Yen	
		March 31, 2021	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 40,500	¥ 40,500
2	Index credit default swaps	5,533	—
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 46,032	¥ 40,500
	Fair values		
7	Positive fair value (asset)	9	913
8	Negative fair value (liability)	(1,387)	(9)

CCR6		Millions of Yen	
		March 31, 2020	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 53,600	¥ 68,600
2	Index credit default swaps	11,940	5,434
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 65,540	¥ 74,034
	Fair values		
7	Positive fair value (asset)	596	425
8	Negative fair value (liability)	(406)	(441)

CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

As of March 31, 2021
Not applicable.

As of March 31, 2020
Not applicable.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of Yen	
		March 31, 2021	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 47,434
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,444,565	28,891
3	(i) OTC derivatives	1,208,535	24,170
4	(ii) Exchange-traded derivatives	167,635	3,352
5	(iii) Repo transactions	68,394	1,367
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	182,733	3,654
9	Pre-funded default fund contributions	23,319	14,888
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

CCR8		Millions of Yen	
		March 31, 2020	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 49,867
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,036,944	40,738
3	(i) OTC derivatives	1,759,635	35,192
4	(ii) Exchange-traded derivatives	222,792	4,455
5	(iii) Repo transactions	54,516	1,090
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	93,786	1,875
9	Pre-funded default fund contributions	20,508	7,253
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

SEC1: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the amount of credit risk-weighted assets only)

SEC1		Millions of Yen								
		March 31, 2021								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 86,324	¥ —	¥ 86,324	¥ 310,776	¥ —	¥ 310,776	¥ 98,354	¥ —	¥ 98,354
2	Residential mortgage	86,324	—	86,324	75,519	—	75,519	62,570	—	62,570
3	Credit card	—	—	—	40,517	—	40,517	31,905	—	31,905
4	Other retail exposures	—	—	—	194,740	—	194,740	3,877	—	3,877
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	7,511	—	7,511	27,233	—	27,233	720,685	—	720,685
7	Loans to corporates	—	—	—	—	—	—	720,685	—	720,685
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	7,511	—	7,511	27,233	—	27,233	—	—	—
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

SEC1		Millions of Yen								
		March 31, 2020								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 75,122	¥ —	¥ 75,122	¥ 127,403	¥ —	¥ 127,403	¥ 139,219	¥ —	¥ 139,219
2	Residential mortgage	75,122	—	75,122	86,287	—	86,287	64,847	—	64,847
3	Credit card	—	—	—	492	—	492	26,253	—	26,253
4	Other retail exposures	—	—	—	40,623	—	40,623	48,118	—	48,118
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	18,752	—	18,752	—	—	—	742,846	—	742,846
7	Loans to corporates	—	—	—	—	—	—	720,622	—	720,622
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	18,752	—	18,752	—	—	—	22,223	—	22,223
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

SEC2: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the market risk equivalent amounts only)

As of March 31, 2021
Not applicable.

As of March 31, 2020
Not applicable.

SEC3: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as originator or sponsor)

SEC3		Millions of Yen														
		March 31, 2021														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
Exposure values (by RW bands)																
1	≤ 20% risk weight	¥290,498	¥290,498	¥290,498	¥263,264	¥27,233	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	83,784	83,784	83,784	83,784	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	40,987	40,987	40,987	40,987	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	16,528	16,528	16,528	9,016	7,511	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—
Exposure Values (by regulatory approach)																
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	431,780	431,780	431,780	397,035	34,744	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	17	17	17	17	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—
RWA (by regulatory approach)																
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	153,520	153,520	153,520	111,402	42,117	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	2	2	2	2	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	597	597	597	597	—	—	—	—	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)																
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	12,281	12,281	12,281	8,912	3,369	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—

SEC3		Millions of Yen														
		March 31, 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥127,331	¥127,331	¥127,331	¥127,331	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	2,272	2,272	2,272	2,272	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	47,869	47,869	47,869	47,869	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	43,732	43,732	43,732	24,980	18,752	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	220,713	220,713	220,713	201,961	18,752	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	492	492	492	492	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	156,305	156,305	156,305	104,805	51,500	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	73	73	73	73	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	906	906	906	906	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	12,504	12,504	12,504	8,384	4,120	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	5	5	5	5	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—

SEC4: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as investor)

SEC4		Millions of Yen														
		March 31, 2021														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥717,104	¥717,104	¥717,104	¥77,100	¥640,004	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	55,565	55,565	55,565	3,103	52,462	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	35,834	35,834	35,834	7,614	28,219	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	10,535	10,535	10,535	10,535	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	784,824	784,824	784,824	64,138	720,685	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	34,215	34,215	34,215	34,215	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	137,830	137,830	137,830	13,121	124,709	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	17,129	17,129	17,129	17,129	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	11,026	11,026	11,026	1,049	9,976	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,370	1,370	1,370	1,370	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

SEC4

Millions of Yen

March 31, 2020

Item No.		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥766,385	¥766,385	¥766,385	¥107,216	¥659,169	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	38,784	38,784	38,784	24,713	14,071	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	72,345	72,345	72,345	2,739	69,606	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	4,550	4,550	4,550	4,550	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	839,785	839,785	839,785	96,939	742,846	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	42,279	42,279	42,279	42,279	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	178,008	178,008	178,008	21,982	156,026	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	12,730	12,730	12,730	12,730	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	14,240	14,240	14,240	1,758	12,482	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,018	1,018	1,018	1,018	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

MR1: Market risk under standardised approach

MR1		Millions of Yen
		March 31, 2021
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 2,640
2	Equity risk (general and specific)	—
3	Foreign exchange risk	19,376
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 22,017

MR1		Millions of Yen
		March 31, 2020
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,765
2	Equity risk (general and specific)	—
3	Foreign exchange risk	17,961
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 22,727

MR2: Risk-weighted Assets Flow Statements of Market Risk Exposures under Internal Model Approach

MR2			Billions of Yen					
			March 31, 2021					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2020)		¥ 297	¥1,013	¥ —	¥ —		¥ 1,311
1b	Regulatory adjustment ratio (1a/1c)		2.69	3.72	—	—		3.42
1c	RWA at the end of the previous fiscal year		110	272	—	—		382
2	Factor of RWA changes	Movement in risk levels	62	72	—	—		134
3		Model updates/changes	—	—	—	—		—
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	(7)	1	—	—		(6)
7		Others	(48)	(8)	—	—		(57)
8a	RWA at the end of the fiscal year		116	336	—	—		453
8b	Regulatory adjustment ratio (8c/8a)		3.13	3.08	—	—		3.09
8c	RWA at the end of current reporting period (March 31, 2021)		365	1,039	—	—		1,405

Note: The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.

MR2			Billions of Yen					
			March 31, 2020					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2019)		¥ 181	¥ 900	¥ —	¥ —		¥ 1,081
1b	Regulatory adjustment ratio (1a/1c)		3.26	3.04	—	—		3.08
1c	RWA at the end of the previous fiscal year		55	295	—	—		350
2	Factor of RWA changes	Movement in risk levels	35	(24)	—	—		11
3		Model updates/changes	—	—	—	—		—
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	(0)	7	—	—		6
7		Others	19	(5)	—	—		13
8a	RWA at the end of the fiscal year		110	272	—	—		382
8b	Regulatory adjustment ratio (8c/8a)		2.69	3.72	—	—		3.42
8c	RWA at the end of current reporting period (March 31, 2020)		297	1,013	—	—		1,311

Note: The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.

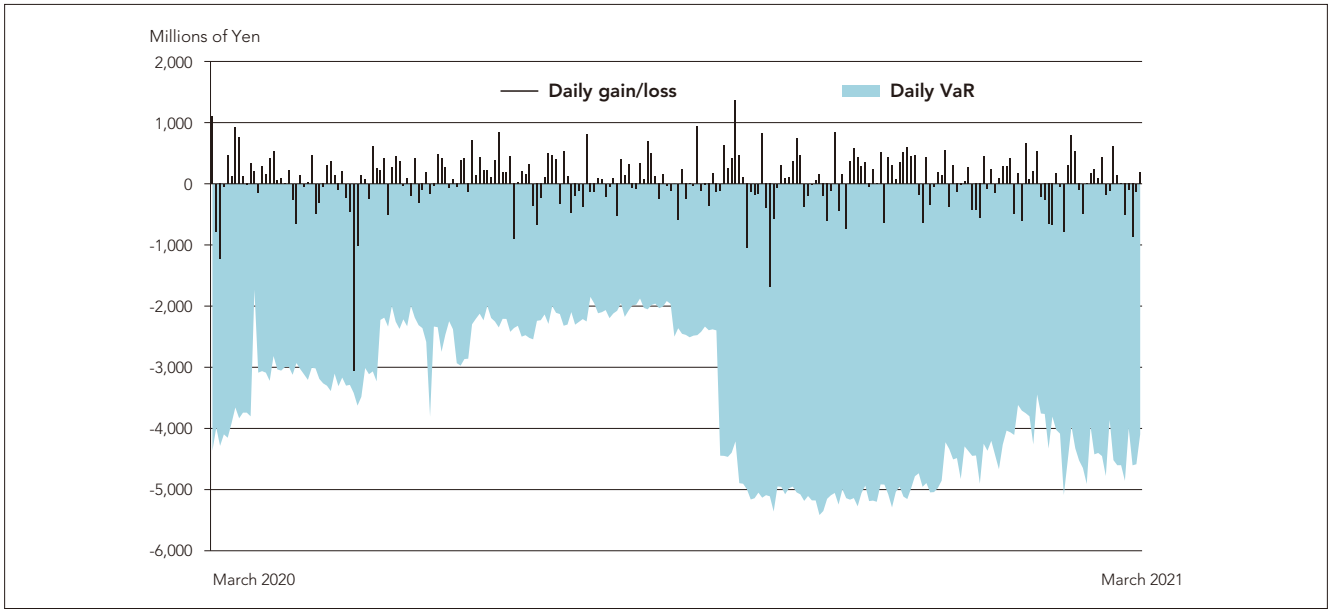
MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3 Item No.		Millions of Yen March 31, 2021
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 13,022
2	Average value	8,745
3	Minimum value	4,985
4	Period end	9,347
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	34,912
6	Average value	28,314
7	Minimum value	18,982
8	Period end	26,958
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

MR3 Item No.		Millions of Yen March 31, 2020
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 10,749
2	Average value	6,292
3	Minimum value	3,923
4	Period end	8,833
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	32,726
6	Average value	24,541
7	Minimum value	15,998
8	Period end	21,785
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

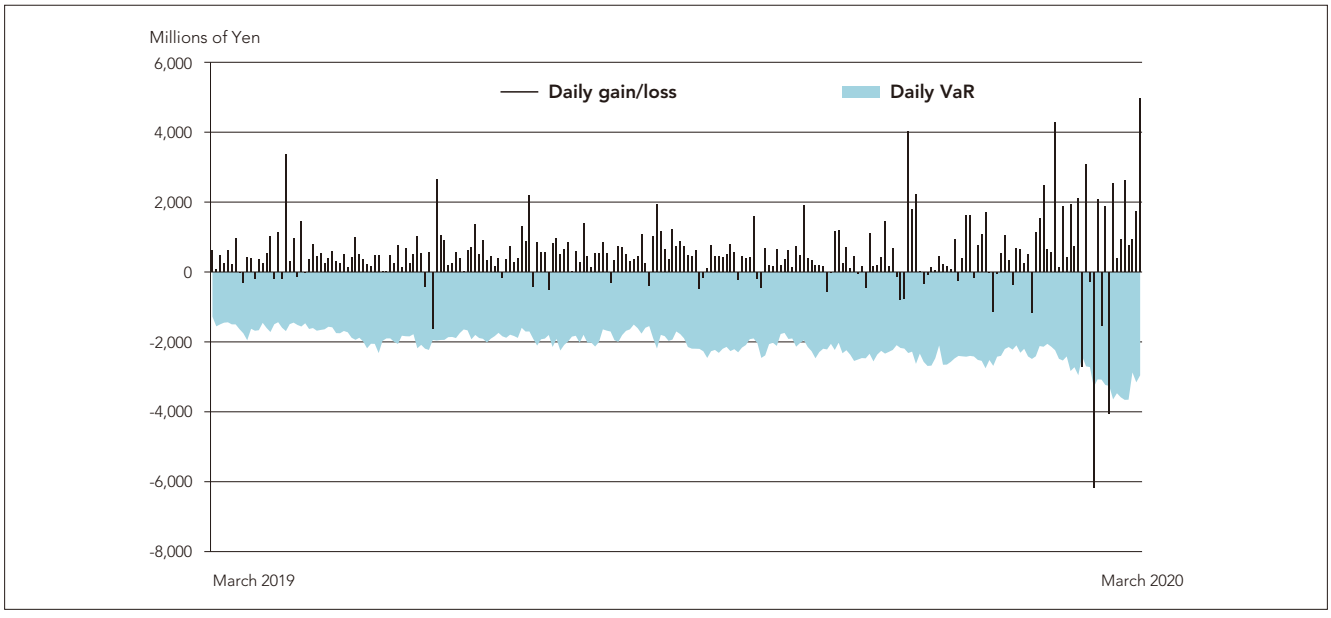
MR4: Backtesting results by Internal Model Approaches (IMA)

MR4	March 31, 2021



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

MR4	March 31, 2020



Note: As shown above, during the reported period, three exceedances occurred in backtesting.

IRRBB1: Interest rate risk

IRRBB1		Millions of Yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Parallel up	**¥ 48,562**	¥ 118,515	**¥ (77,953)**	¥ (49,316)
2	Parallel down	**81,361**	—	**76,463**	51,114
3	Steepener	**92,204**	84,912		
4	Flattener	**858**	—		
5	Short rate up	**—**	901		
6	Short rate down	**57,337**	4,773		
7	Maximum	**92,204**	118,515	**76,463**	51,114
		e		f	
		March 31, 2021		March 31, 2020	
8	Tier 1 Capital	**¥ 2,736,717**		¥ 2,758,167	

CCyB1: Countercyclical buffer requirement: Status by Country or Region

CCyB1	Millions of Yen, %			
	March 31, 2021			
	a	b	c	d
Country or region	Countercyclical capital buffer rate	Risk-weighted assets used in the computation of the countercyclical capital buffer	Bank-specific countercyclical capital buffer rate	Counter cyclical buffer requirement amount
Hong Kong	**1.00%**	**¥ 44,562**		
Luxembourg	**0.50%**	**73,617**		
Subtotal		**118,180**		
Total		**¥ 16,222,459**	**0.00%**	**¥ —**

Notes: 1. The amount of credit RWA by country or region is, in principle, calculated on the basis of where the ultimate risk of the exposure resides (based on the country or region where the borrower resides). However, with respect to securitisation exposures and equity investments in funds whose country or region are difficult to identify, calculations are made according to the country or region in which the exposure is booked.
2. The ratio of the SuMi TRUST Group's exposures in the two countries or regions in which the countercyclical buffer requirement set by regulatory authorities exceeded 0 to the SuMi TRUST Group's total exposures was limited.

CCyB1	Millions of Yen, %			
	March 31, 2020			
	a	b	c	d
Country or region	Countercyclical capital buffer rate	Risk-weighted assets used in the computation of the countercyclical capital buffer	Bank-specific countercyclical capital buffer rate	Counter cyclical buffer requirement amount
France	0.25%	¥ 32,704		
Hong Kong	1.00%	48,457		
Luxembourg	0.25%	76,717		
Subtotal		157,878		
Total		¥ 15,100,955	0.00%	¥ —

Notes: 1. The amount of credit RWA by country or region is, in principle, calculated on the basis of where the ultimate risk of the exposure resides (based on the country or region where the borrower resides). However, with respect to securitisation exposures and equity investments in funds whose country or region are difficult to identify, calculations are made according to the country or region in which the exposure is booked.
2. The ratio of the SuMi TRUST Group's exposures in the three countries or regions in which the countercyclical buffer requirement set by regulatory authorities exceeded 0 to the SuMi TRUST Group's total exposures was limited.

Indicators for Assessing Global Systemically Important Banks (G-SIBs) Consolidated

GSIB1: Indicators for Assessing G-SIBs

GSIB1 Basel III Template No.			Millions of Yen	
			March 31, 2021	March 31, 2020
1	Cross-jurisdictional activity	Cross-jurisdictional claims	¥ 8,328,718	¥ 8,479,909
2		Cross-jurisdictional liabilities	14,163,351	14,128,254
3	Size	Total exposures	65,923,801	59,493,586
4	Interconnectedness	Intra-financial system assets	5,155,046	6,251,975
5		Intra-financial system liabilities	7,635,514	6,988,253
6		Securities outstanding	12,696,376	9,864,511
7	Substitutability / Financial institution infrastructure	Assets under custody	278,474,007	254,682,381
8		Payments through settlement systems	994,303,631	973,168,450
9		Underwritten transactions in debt and equity markets	9,518	10,151
10	Complexity	Notional amount of over-the-counter (OTC) derivatives	171,993,477	174,462,401
11		Level 3 assets	815,084	669,726
12		Trading and available-for-sale (AFS) securities	3,145,315	3,436,026

Composition of Basel III Leverage Ratio

Consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table 2)	Basel III Template No. (Table 1)	Items	2021	2020
		On-Balance Sheet Exposures		
1		On-Balance Sheet Exposures before Deducting Adjustment Items	¥ 42,956,670	¥ 52,633,729
1a	1	Total Assets Reported in the Consolidated Balance Sheet	45,932,441	56,500,552
1b	2	The Amount of Assets of Subsidiaries that are not Included in the Scope of the Basel III Leverage Ratio on a Consolidated Basis (Deduction)	—	—
1c	7	The Amount of Assets of Subsidiaries that are Included in the Scope of the Basel III Leverage Ratio on a Consolidated Basis(except Those Included in the Total Assets Reported in the Consolidated Balance Sheet)	—	—
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction)	2,975,770	3,866,823
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)	251,073	168,212
3		Total On-Balance Sheet Exposures (A)	42,705,596	52,465,517
		Exposures Related to Derivative Transactions		
4		The Amount Equivalent to Replacement Cost Associated with Derivatives Transactions, etc. Multiplied by 1.4		
		Replacement Cost Associated with Derivatives Transactions, etc.	716,500	650,790
5		The Amount Equivalent to Potential Future Exposure Associated with Derivatives Transactions, etc. Multiplied by 1.4		
		Add-On Amount Associated with Derivatives Transactions, etc.	1,038,169	904,492
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	562,953	504,362
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework		
		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework	—	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)	169,107	169,673
8		The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	40,500	74,034
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	40,500	53,600
11	4	Total Exposures Related to Derivative Transactions (B)	2,148,516	1,910,406
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	887,958	1,961,419
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	—	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	307,438	287,850
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	1,195,397	2,249,270
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	8,653,515	7,426,754
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	5,261,730	4,726,571
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	3,391,784	2,700,183
		Basel III Leverage Ratio on a Consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	2,736,717	2,758,167
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	¥ 49,441,295	¥ 59,325,377
22		Basel III Leverage Ratio on a Consolidated Basis (G) = (E)/(F)	5.53%	4.64%
		Basel III Leverage Ratio If Including Deposits Held with the Bank of Japan		
		Total Exposures (F)	¥ 49,441,295	
		Deposits Held with the Bank of Japan	16,231,435	
		Total Exposures If Including Deposits Held with the Bank of Japan (F')	65,672,730	
		Basel III Leverage Ratio If Including Deposits Held with the Bank of Japan (H) = (E)/(F')	4.16%	

Note: SuMi TRUST Holdings received a certain procedure by KPMG AZSA LLC of the calculation of the Basel III leverage ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the Basel III leverage ratio itself or parts of internal control over the procedure to calculate the ratio.

The key drivers of material changes observed from March 31, 2020 to March 31, 2021

Total exposures substantially decreased, due to the revision of calculation rule that current account with the Bank of Japan was excluded from total exposures, according to the Revision of Financial Services Agency Notification No.12, 2019 (effected on June, 2020).

Liquidity Coverage Ratio (LCR) — Consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2020 4th Quarter		Fiscal Year 2020 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 18,052,471		¥ 18,053,546
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 18,100,666	¥ 856,663	¥ 18,077,298	¥ 854,119
3	of which: Stable deposits	797,884	23,936	777,642	23,329
4	of which: Less stable deposits	8,296,160	832,727	8,268,214	830,790
5	Cash outflows related to unsecured wholesale funding	13,265,385	10,331,776	12,657,052	9,770,572
6	of which: Qualifying operational deposits	—	—	—	—
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	10,445,319	7,511,710	9,998,421	7,111,941
8	of which: Debt securities	2,820,066	2,820,066	2,658,631	2,658,631
9	Cash outflows related to secured funding, etc.		108,049		47,643
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	6,454,374	1,609,852	6,286,901	1,509,812
11	of which: Cash outflows related to derivative transactions, etc.	346,926	346,926	308,679	308,679
12	of which: Cash outflows related to funding programs	—	—	—	—
13	of which: Cash outflows related to credit and liquidity facilities	6,107,448	1,262,926	5,978,222	1,201,133
14	Cash outflows related to contractual funding obligations, etc.	449,626	247,003	358,270	227,375
15	Cash outflows related to contingencies	11,362,848	21,699	11,417,464	21,935
16	Total cash outflows		13,175,042		12,431,456
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	¥ 75,135	¥ —	¥ 222,683	¥ —
18	Cash inflows related to collection of loans, etc.	2,938,462	2,068,627	3,245,450	2,504,022
19	Other cash inflows	645,441	264,966	561,019	232,005
20	Total cash inflows	3,659,038	2,333,593	4,029,152	2,736,027
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		¥ 18,052,471		¥ 18,053,546
22	Net cash outflows		10,841,449		9,695,429
23	Consolidated Liquidity Coverage Ratio (LCR)		166.5%		186.2%
24	The number of data used to calculate the average value		60		63

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the regulated level (100%) as required under liquidity ratio regulations and the actual LCR is roughly in line with our initial forecast. Up ahead, we do not expect our LCR to deviate significantly from the current level.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality liquid assets and net cash outflows in major currencies.

(4) Other items concerning LCR

We apply neither the "treatment for qualifying operational deposit" nor the "additional collateral required to market valuation changes based on the scenario approach."

Furthermore, taking account of the impact to LCR, we are using month-end data in lieu of daily data for the consolidated subsidiary companies of minor importance with practical restrictions.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No.21 of Financial Services Agency, 2012) with regard to the matters regarding compensation as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, as set forth in Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2021.

[Compensation Disclosure Data: SuMi TRUST Holdings]

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Compensation Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Group

(1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively the "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

(i) Scope of "Applicable Officers"

Applicable officers include directors, and executive officers*1 of SuMi TRUST Holdings, but exclude external directors.

*1 Executive officers defined by the Companies Act.

(ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Holdings' officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Holdings and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

(a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Holdings Group's management, namely Sumitomo Mitsui Trust Bank, Limited and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

(b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Holdings or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Holdings Group. This threshold amount has been determined based on the average compensation for officers paid in fiscal year 2020 (excluding the compensation paid to the officers who were newly appointed or retired in the fiscal year), and is commonly applicable across all significant consolidated subsidiaries, as more or less the same level and system of compensation is shared among all significant consolidated subsidiaries.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

(c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Holdings Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Holdings, the SuMi TRUST Holdings Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers*2 of SuMi TRUST Holdings and employees equivalent to general managers in the departments involving loan operations and market risk management.

*2 Executive officers defined in internal policy.

(2) Names, Compositions, and Duties of the Committees and Other Major Institutions Which Supervise the Determination, Payment, and the Execution of Other Duties Regarding the Compensation, etc. for Applicable Officers and Employees

(i) Establishment and Securement of the Compensation Committee, etc.

SuMi TRUST Holdings is a company with Three Committees and has established a Compensation Committee, a statutory committee, to deliberate and decide the compensation system of directors and executive officers*1 and the content of the compensation. The Committee shall prescribe policy on decisions on the content of remuneration for individual

directors and executive officers*1 of SuMi TRUST Holdings, and decide the content of remuneration for individual executive officers*1 and directors. In addition, the amounts of remuneration for individual executive officers*2 of SuMi TRUST Holdings are reported to the Compensation Committee.

The Compensation Committee is chaired by an external director, and a majority of the committee members are external directors. The committee oversees and checks the operation of the remuneration system for directors, executive officers*1, and executive officers*2, and has the authority to determine the policy for setting remuneration while being independent of the business promotion department.

(ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Holdings Group is payable, subject to the policies established primarily by the Boards of Directors and others of SuMi TRUST Holdings and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Holdings and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Holdings on a regular basis.

(iii) Determination of Compensation, etc. for Overseas Employees, etc.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Holdings.

(iv) Total Amount of Compensation Paid to the Members of the Compensation Committee, etc. and the Number of Meetings Held for Compensation Committee, etc.

	The number of meetings held (April 1, 2020-March 31, 2021)	Total amount of compensation*
Compensation Committee (SuMi TRUST Holdings)	10 times	—
Board of Directors (SuMi TRUST Bank)	2 times	—

Note: The total amount of compensation, etc. is not stated as the amount equivalent to the compensation related to the execution of the duties for the Compensation Committee, etc. alone cannot be calculated separately.

2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Holdings

(1) Policies Concerning Compensation, etc. for Applicable Officers and Employees

(i) Policies Concerning Compensation for "Applicable Officers"

The Compensation Committee determines the content of remuneration for individual directors and executive officers.*1

Our aim is for the remunerations for directors and executive officers*1 to function effectively as an incentive for improvement of corporate performance and expansion of enterprise value in order to realize stable and sustainable growth of the SuMi TRUST Group, including its core subsidiary, SuMi TRUST Bank. Furthermore, we have created a remuneration structure that considers the balance of short-term incentives and medium- to long-term incentives. This is to ensure remuneration that is not focusing on single-year performance evaluation in which short-term contribution to profit is emphasized, but focusing on officers' qualifications and capabilities as senior management, and based on a comprehensive evaluation that reflects assessment of medium- to long-term performance. As a holding company, in order to ensure that the supervisory function is fully exercised at each Group company, SuMi TRUST Holdings determines individual remuneration based on an accurate recognition of the role that corporate officers are expected to play in terms of business management and their results, and highly transparent, fair and objective evaluations.

Furthermore, we have introduced a share delivery trust system as a form of stock compensation linked to our medium-term performance to further enhance the motivation and morale of directors and executive officers so as to help drive stock price increases, improve our medium- to long-term performance, and ultimately boost shareholder profits.

(ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the applicable employees, etc. of the SuMi TRUST Group are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensations for applicable overseas employees, etc. are determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

(2) Regarding the influence of the overall level of remuneration on capital

(i) Officer compensation

The Compensation Committee determines remuneration for officers after checking the situation of profit and loss in the current term and the consistency with future management strategies. It has been confirmed that the total payment amount of officer compensation in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(ii) Salaries for employees

As for the salaries for employees, the business situation of SuMi TRUST Holdings is reflected in the part that changes according to the performance of SuMi TRUST Holdings and individuals and bonuses. It has been confirmed that the total payment amount of salaries for employees in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(3) Regarding the monitoring of the operation of the remuneration system

As for performance-based variable remuneration, such as directors' bonuses, the Compensation Committee monitors the operation of the remuneration system by checking the ratio of variable remuneration to the total amount of remuneration and the appropriateness of the payment amount, and confirms that performance-based pay is not excessive.

3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Holdings and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Group

The remunerations for target executives are determined by the Compensation Committee. Budget allocation is conducted while taking into account the financial condition, etc. of the SuMi TRUST Group in order to determine remuneration for target employees.

4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Group

(1) REM1: Compensation, etc. Allocated to the Fiscal Year under Review

REM1: Compensation, etc. allocated to the fiscal year under review			Persons, Millions of Yen	
			a	b
Item No.			Applicable Officers	Applicable Employees, etc.
1	Fixed compensation	The number of applicable officers and employees, etc.	13	22
2		Total amount of fixed compensation (3+5+7)	¥ 228	¥ 591
3		of Which: Cash compensation amount	228	591
4		of 3 above: Deferred amount	—	—
5		of Which: Stock compensation amount or Stock-linked compensation amount	—	—
6		of 5 above: Deferred amount	—	—
7		of Which: Other compensation amount	—	—
8		of 7 above: Deferred amount	—	—
9	Variable compensation	The number of applicable officers and employees, etc.	11	20
10		Total amount of variable compensation (11+13+15)	¥ 178	¥ 506
11		of Which: Cash compensation amount	139	441
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	39	64
14		of 13 above: Deferred amount	—	—
15		of Which: Other compensation amount	—	—
16		of 15 above: Deferred amount	—	—
17	Retirement benefits	The number of applicable officers and employees, etc.	—	—
18		Total amount of Retirement benefits	¥ —	¥ —
19		of Which: Deferred amount	—	—
20	Other compensations	The number of applicable officers and employees, etc.	—	1
21		Total amount of other compensations	¥ —	¥ 3
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		¥ 406	¥ 1,100

(2) REM2: Special Rewards, etc.

REM2: Special rewards, etc.	Persons, Millions of Yen					
	a	b	c	d	e	f
	Bonus guarantee		Lump-sum payment when hiring		Premium retirement payment	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Applicable Officers	—	—	—	—	—	—
Applicable Employees, etc.	—	—	—	—	—	—

5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Group

Not applicable, other than those items raised in the preceding sections.

Basel III Disclosure Data

Sumitomo Mitsui Trust Bank, Limited

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No. 7 of Financial Services Agency, 2014) with regard to the status of capital adequacy as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") as of the end of March 2021.

[Qualitative Disclosure Data: SuMi TRUST Bank]

Qualitative disclosure data of SuMi TRUST Bank is stated in line with the qualitative disclosure data of SuMi TRUST Holdings. Please refer to pages 219-250.

This section outlines and discloses matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982), as well as separately stipulated by the Commissioner of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2015) with regard to the status of management soundness relating to liquidity, as set forth in Article 19-2, Paragraph 1, Item 5-(e) of the Ordinance for Enforcement of the Banking Act.

[Quantitative Disclosure Data: SuMi TRUST Bank]

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Quantitative Disclosure Data:
Sumitomo Mitsui Trust Bank, Limited

KM1: Key Metrics

Consolidated

KM1 Basel III Template No.		Millions of Yen, %				
		a	b	c	d	e
		March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,108,049	¥ 2,096,852	¥ 2,103,605	¥ 2,074,917	¥ 2,068,648
2	Tier 1	2,389,620	2,378,183	2,454,860	2,426,251	2,420,402
3	Total capital	2,843,843	2,909,938	3,001,120	2,937,960	2,944,968
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	19,794,125	19,780,068	19,281,057	19,119,407	18,657,616
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	10.64%	10.60%	10.91%	10.85%	11.08%
6	Tier 1 ratio	12.07%	12.02%	12.73%	12.68%	12.97%
7	Total capital ratio	14.36%	14.71%	15.56%	15.36%	15.78%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	49,247,112	49,211,486	47,662,176	48,567,460	59,140,679
14	Basel III leverage ratio	4.85%	4.83%	5.15%	4.99%	4.09%

KM1 Basel III Template No.		Millions of Yen, %				
		Fiscal Year 2020 4th Quarter	Fiscal Year 2020 3rd Quarter	Fiscal Year 2020 2nd Quarter	Fiscal Year 2020 1st Quarter	Fiscal Year 2019 4th Quarter
	Liquidity Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 18,052,471	¥ 18,053,546	¥ 17,953,290	¥ 13,694,560	¥ 14,412,361
16	Net cash outflows	10,920,820	9,795,823	11,002,119	11,367,890	11,278,102
17	Consolidated LCR	165.3%	184.2%	163.1%	120.4%	127.7%

Capital Adequacy Ratio

Consolidated

We calculate the BIS capital adequacy ratio on both a consolidated and non-consolidated basis in line with provisions of Article 14-2 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 19, hereinafter referred to as the "FSA Capital Adequacy Notification").

As of the end of March 2021, we used the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the FSA Capital Adequacy Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Bank Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Bank Group is 40. The principal companies are the following.

Name	Principal Business Operations
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	General Leasing, Installment Purchase Services, Credit Card Business
Sumitomo Mitsui Trust Club Co., Ltd.	Credit Card Business
Sumitomo Mitsui Trust Realty Co., Ltd.	Real Estate Brokerage Business
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Money Lending Business
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Banking, Trust Business

(3) There is no affiliated company that undertakes financial services subject to the FSA Capital Adequacy Notification, Article 9.

(4) There are no particular restrictions on the transfer of funds and capital within the SuMi TRUST Bank Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

Composition of Capital (Consolidated BIS capital adequacy ratio) Consolidated

CC1:Composition of Capital

CC1 As of March 31			Millions of Yen, %		
			a	b	c
Basel III Template No.	Items		2021	2020	Reference Numbers to Reconciliation with the Balance Sheet
	Common Equity Tier 1 Capital: Instruments and Reserves				
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings		¥ 2,004,745	¥ 1,927,246	
1a	of Which: Capital Stock and Capital Surplus		684,890	684,890	
2	of Which: Retained Earnings		1,339,698	1,264,091	
1c	of Which: Treasury Stock (Deduction)		—	—	
26	of Which: Earnings to be Distributed (Deduction)		19,843	21,735	
	of Which: Others		—	—	
1b	Subscription Rights to Common Shares		—	—	
3	Accumulated Other Comprehensive Income		289,269	236,738	(a)
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)		—	—	
6	Common Equity Tier 1 Capital: Instruments and Reserves	(A)	2,294,014	2,163,984	
	Common Equity Tier 1 Capital: Regulatory Adjustments				
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)		65,013	80,214	
8	of Which: Goodwill (Including Those Equivalent)		17,554	24,598	
9	of Which: Other Intangible Assets		47,459	55,615	
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		44	187	
11	Deferred Gains or Losses on Derivatives under Hedge Accounting		(40,559)	(46,588)	
12	Shortfall of Eligible Provisions to Expected Losses		—	—	
13	Securitisation Gain on Sale		1,111	1,122	
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities		—	—	
15	Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)		160,355	60,400	
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)		—	—	
17	Reciprocal Cross-Holdings in Common Equity		—	—	
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)		—	—	
19+20+21	Amount above the 10% Threshold on the Specified Items		—	—	
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		—	—	
20	of Which: Mortgage Servicing Rights		—	—	
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		—	—	
22	Amount Exceeding the 15% Threshold on the Specified Items		—	—	
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		—	—	
24	of Which: Mortgage Servicing Rights		—	—	
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		—	—	
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions		—	—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments	(B)	185,965	95,336	
	Common Equity Tier 1 Capital (CETI)				
29	Common Equity Tier 1 Capital	(C) = (A)–(B)	¥ 2,108,049	¥ 2,068,648	

CC1 As of March 31			Millions of Yen, %		
			a	b	c
Basel III Template No.		Items	2021	2020	Reference Numbers to Reconciliation with the Balance Sheet
		Additional Tier 1 Capital: Instruments			
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —	¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments	—	—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**270,000**	340,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—	—	
34–35		Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	**11,571**	11,754	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	—	—	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles	—	—	
35		of Which: Issued by Subsidiaries	—	—	
36		Additional Tier 1 Capital: Instruments (D)	**281,571**	351,754	
		Additional Tier 1 Capital: Regulatory Adjustments			
37		Investments in Own Additional Tier 1 Instruments	—	—	
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—	—	
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	—	
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—	—	
		Additional Tier 1 Capital (AT1)			
44		Additional Tier 1 Capital (F) = (D) – (E)	**281,571**	351,754	
		Tier 1 Capital (T1 = CET1 + AT1)			
45		Tier 1 Capital (G) = (C) + (F)	**2,389,620**	2,420,402	
		Tier 2 Capital: Instruments and Provisions			
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	—	
		Subscription Rights to Tier 2 Instruments	—	—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**335,153**	306,584	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—	—	
48–49		Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	**2,100**	2,060	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 Capital	**85,790**	171,581	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles	**85,790**	171,581	
49		of Which: Issued by Subsidiaries	—	—	
50		Provisions Allowed in Group Tier 2	**32,718**	45,878	
50a		of Which: General Allowance for Credit Losses	**3,280**	3,100	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	**29,437**	42,778	
51		Tier 2 Capital: Instruments and Provisions (H)	¥ **455,762**	¥ 526,106	

CC1
As of March 31

Basel III Template No.	Items		Millions of Yen, % a 2021	a 2020	c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments		¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities		—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)		—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**1,540**	1,540	
57	Tier 2 Capital: Regulatory Adjustments	(I)	**1,540**	1,540	
	Tier 2 Capital (T2)				
58	Tier 2 Capital	(J) = (H) – (I)	**454,222**	524,566	
	Total Capital (TC = T1 + T2)				
59	Total Capital	(K) = (G) + (J)	**2,843,843**	2,944,968	
	Total Risk Weighted Assets				
60	Total Risk Weighted Assets	(L)	**19,794,125**	18,657,616	
	Capital Ratios (Consolidated)				
61	Common Equity Tier 1 Capital Ratio	(C)/(L)	**10.64%**	11.08%	
62	Tier 1 Capital Ratio	(G)/(L)	**12.07%**	12.97%	
63	Total Capital Ratio	(K)/(L)	**14.36%**	15.78%	
	Regulatory Adjustments (before Risk Weighting)				
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)		**126,945**	108,315	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)		**113,764**	103,040	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)		—	—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)		**25,717**	14,634	
	Provisions Included in Tier 2 Capital: Instruments and Provisions				
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)		**3,280**	3,100	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach		**8,883**	7,359	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)		**29,437**	42,778	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach		**96,539**	91,018	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements		**38,900**	77,800	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)		**—**	—	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements		**85,790**	171,581	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)		¥ **69,699**	¥ 17,609	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate the ratio.

Main Features and Further Information of Regulatory Capital Instruments Consolidated

Main Features and Further Information of Regulatory Capital Instruments are available on our website (https://www.smth.jp/english/investors/report/basel).

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

Fiscal Year 2020

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2	a	c	d
Items	Consolidated Balance Sheet (Millions of Yen)	Ref. No. of Composition of Capital	Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 18,430,787		
Call Loans and Bills Bought	8,766		
Receivables under Resale Agreements	160,268		
Receivables under Securities Borrowing Transactions	727,689		
Monetary Claims Bought	892,309		
Trading Assets	433,766		
Money Held in Trust	1,365		
Securities	6,882,670		2–b, 6–a
Loans and Bills Discounted	30,506,968		6–b
Foreign Exchanges	25,396		
Lease Receivables and Investment Assets	695,172		
Other Assets	2,217,308		6–c
Tangible Fixed Assets	235,430		
Intangible Fixed Assets	85,397		2–a
Assets for Retirement Benefits	231,145		3
Deferred Tax Assets	27,544		4–a
Customers' Liabilities for Acceptances and Guarantees	511,782		
Allowance for Loan Losses	(129,223)		
Total Assets	¥ 61,944,546		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 33,494,433		
Negotiable Certificates of Deposit	7,324,594		
Call Money and Bills Sold	60,675		
Payables under Repurchase Agreements	1,628,440		
Trading Liabilities	321,576		
Borrowed Money	6,392,602		8
Foreign Exchanges	577		
Short-term Bonds Payable	2,545,049		
Bonds Payable	935,605		
Borrowed Money from Trust Account	4,915,208		
Other Liabilities	1,329,910		6–d
Provision for Bonuses	12,025		
Provision for Directors' Bonuses	103		
Provision for Stocks Payment	417		
Liabilities for Retirement Benefits	11,696		
Provision for Reward Points Program	18,945		
Provision for Reimbursement of Deposits	4,138		
Provision for Contingent Losses	1,633		
Deferred Tax Liabilities	91,243		4–b
Deferred Tax Liabilities for Land Revaluation	2,388		4–c
Acceptances and Guarantees	511,782		
Total Liabilities	59,603,051		
(Net Assets)			
Capital Stock	342,037		1–a
Capital Surplus	342,853		1–b
Retained Earnings	1,339,698		1–c
Total Shareholders' Equity	2,024,588		
Valuation Differences on Available-for-Sale Securities	345,053		
Deferred Gains (Losses) on Hedges	(44,836)		5
Revaluation Reserve for Land	(4,016)		
Foreign Currency Translation Adjustments	(2,452)		
Adjustments for Retirement Benefits	(4,477)		
Total Accumulated Other Comprehensive Income	289,269	(a)	
Non-controlling Interests	27,637		7
Total Net Assets	2,341,495		
Total Liabilities and Net Assets	¥ 61,944,546		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	342,853		1–b
Retained Earnings	1,339,698		1–c
Total Shareholders' Equity	¥ 2,024,588		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,024,588	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	684,890		1a
of Which: Retained Earnings	1,339,698		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 85,397		2–a
Securities	6,882,670		2–b
of Which: Goodwill Arising on the Application of the Equity Method	676		
Associated Deferred Tax Liabilities	21,060		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 17,554		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	47,459	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 231,145		3
Associated Deferred Tax Liabilities	70,789		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 160,355		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 27,544		4–a
Deferred Tax Liabilities	91,243		4–b
Deferred Tax Liabilities for Land Revaluation	2,388		4–c
Associated Intangible Fixed Assets	21,060		
Associated Assets for Retirement Benefits	70,789		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 44	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	25,717	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	25,717		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains (Losses) on Hedges	¥ (44,836)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (40,559)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,882,670		6–a
Loans and Bills Discounted	30,506,968	Including Subordinated Debts	6–b
Other Assets	2,217,308	Including derivatives	6–c
Other Liabilities	¥ 1,329,910	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	126,945		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	126,945		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	115,304		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	113,764		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 27,637		7

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	11,571	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,100	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 6,392,602		8

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 270,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	335,153		46

Fiscal Year 2019

CC2	a	c	d
Items	Consolidated Balance Sheet (Millions of Yen)	Ref. No. of Composition of Capital	Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 13,087,816		
Call Loans and Bills Bought	71,236		
Receivables under Resale Agreements	1,220,761		
Receivables under Securities Borrowing Transactions	740,658		
Monetary Claims Bought	999,705		
Trading Assets	507,646		
Money Held in Trust	1,406		
Securities	6,343,103		2–b, 6–a
Loans and Bills Discounted	29,703,375		6–b
Foreign Exchanges	36,952		
Lease Receivables and Investment Assets	673,880		
Other Assets	2,072,673		6–c
Tangible Fixed Assets	220,936		
Intangible Fixed Assets	100,915		2–a
Assets for Retirement Benefits	87,075		3
Deferred Tax Assets	29,142		4–a
Customers' Liabilities for Acceptances and Guarantees	518,811		
Allowance for Loan Losses	(127,205)		
Total Assets	¥ 56,288,892		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 30,717,040		
Negotiable Certificates of Deposit	5,989,292		
Call Money and Bills Sold	142,974		
Payables under Repurchase Agreements	1,558,919		
Payables under Securities Lending Transactions	—		
Trading Liabilities	371,950		
Borrowed Money	6,496,384		8
Foreign Exchanges	3,213		
Short-term Bonds Payable	1,707,097		
Bonds Payable	485,368		
Borrowed Money from Trust Account	4,750,289		
Other Liabilities	1,221,403		6–d
Provision for Bonuses	12,881		
Provision for Directors' Bonuses	74		
Provision for Stocks Payment	219		
Liabilities for Retirement Benefits	12,079		
Provision for Reward Points Program	16,889		
Provision for Reimbursement of Deposits	4,867		
Provision for Contingent Losses	1,440		
Deferred Tax Liabilities	62,767		4–b
Deferred Tax Liabilities for Land Revaluation	2,439		4–c
Acceptances and Guarantees	518,811		
Total Liabilities	54,076,402		
(Net Assets)			
Capital Stock	342,037		1–a
Capital Surplus	342,853		1–b
Retained Earnings	1,264,091		1–c
Total Shareholders' Equity	1,948,981		
Valuation Difference on Available-for-Sale Securities	369,924		
Deferred Gains or Losses on Hedges	(57,389)		5
Revaluation Reserve for Land	(3,901)		
Foreign Currency Translation Adjustment	(2,493)		
Adjustments for Retirement Benefits	(69,401)		
Total Accumulated Other Comprehensive Income	236,738	(a)	
Non-controlling Interests	26,769		7
Total Net Assets	2,212,489		
Total Liabilities and Net Assets	¥ 56,288,892		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of Capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	342,853		1–b
Retained Earnings	1,264,091		1–c
Total Shareholders' Equity	¥ 1,948,981		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,948,981	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	684,890		1a
of Which: Retained Earnings	1,264,091		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 100,915		2–a
Securities	6,343,103		2–b
of Which: Goodwill Arising on the Application of the Equity Method	3,322		
Associated Deferred Tax Liabilities	24,024		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 24,598		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	55,615	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 87,075		3
Associated Deferred Tax Liabilities	26,674		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 60,400		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 29,142		4–a
Deferred Tax Liabilities	62,767		4–b
Deferred Tax Liabilities for Land Revaluation	2,439		4–c
Associated Intangible Fixed Assets	24,024		
Associated Assets for Retirement Benefits	¥ 26,674		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 187	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	14,634	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	¥ 14,634		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (57,389)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (46,588)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,343,103		6–a
Loans and Bills Discounted	29,703,375	Including Subordinated Debts	6–b
Other Assets	2,072,673	Including derivatives	6–c
Other Liabilities	¥ 1,221,403	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	108,315		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	108,315		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	104,580		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	103,040		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 26,769		7

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	11,754	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,060	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 6,496,384		8

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	306,584		46

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

Millions of Yen

As of March 31	2021 Term-end balance of exposures				2020 Term-end balance of exposures			
	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 53,065,755	¥ 45,633,963	¥ 3,196,622	¥ 4,235,169	¥ 45,226,390	¥ 39,116,928	¥ 2,807,601	¥ 3,301,860
Outside Japan	5,889,971	4,343,171	1,187,530	359,269	6,344,400	4,967,535	949,983	426,881
Total for Geographic Regions	¥ 58,955,726	¥ 49,977,134	¥ 4,384,153	¥ 4,594,438	¥ 51,570,790	¥ 44,084,464	¥ 3,757,584	¥ 3,728,741
Manufacturing	5,016,114	3,256,604	315,765	1,443,744	4,375,010	2,965,142	244,922	1,164,944
Agriculture and Forestry	4,154	4,154	0	—	5,530	5,528	2	—
Fisheries	38	1	37	—	32	0	31	—
Mining and Quarrying of Stones and Gravel	74,942	62,221	109	12,611	63,134	60,582	70	2,480
Construction	368,244	222,976	18,705	126,562	277,625	201,530	14,006	62,088
Electricity, Gas, Heat Supply and Water	1,553,939	1,206,212	18,525	329,201	1,435,848	1,177,202	9,131	249,513
Information and Communication	479,086	388,544	4,754	85,787	547,495	521,944	4,017	21,532
Transport and Postal Activities	1,679,221	1,333,397	99,257	246,566	1,433,447	1,198,672	108,438	126,336
Wholesale and Retail Trade	1,903,462	1,503,008	54,963	345,489	1,898,634	1,550,306	64,691	283,636
Finance and Insurance	2,195,409	1,438,388	479,009	278,011	2,012,028	1,464,303	331,236	216,488
Real Estate	4,236,947	3,592,190	345,093	299,662	4,135,291	3,476,468	386,885	271,938
Goods Rental and Leasing	1,407,714	1,209,085	5,344	193,283	1,229,772	1,094,906	4,301	130,563
Local Public Bodies	137,536	108,188	23,686	5,661	151,352	128,500	14,785	8,065
Individuals	11,416,713	11,099,558	—	317,154	11,135,706	10,796,943	—	338,762
Others	28,482,201	24,552,601	3,018,897	910,701	22,869,881	19,442,429	2,575,062	852,390
Total for Industry Sectors	¥ 58,955,726	¥ 49,977,134	¥ 4,384,153	¥ 4,594,438	¥ 51,570,790	¥ 44,084,464	¥ 3,757,584	¥ 3,728,741
To 1 year	25,903,094	23,053,371	1,417,435	1,432,287	19,847,455	17,466,862	1,215,100	1,165,492
> 1 year to 3 years	6,718,722	4,503,309	675,992	1,539,420	6,044,163	4,270,761	619,462	1,153,939
> 3 years to 5 years	6,879,541	5,486,323	878,780	514,438	6,776,432	5,644,766	693,944	437,722
> 5 years	19,454,367	16,934,130	1,411,944	1,108,292	18,902,739	16,702,074	1,229,077	971,587
Total for Residual Maturity	¥ 58,955,726	¥ 49,977,134	¥ 4,384,153	¥ 4,594,438	¥ 51,570,790	¥ 44,084,464	¥ 3,757,584	¥ 3,728,741

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as exposures subject to phased rollout of the IRB Approach.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Term-end Balance of Obligors' exposures related to Loans prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, Allowances, and Write-offs, as well as their Breakdown by Geographic Regions and Industry Sectors

	Millions of Yen					
	As of March 31, 2021		FY2020	As of March 31, 2020		FY2019
	Term-end balance of exposures	Allowances for loan losses	Write-offs	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 105,091	¥ 28,908	¥ 8,793	¥ 96,440	¥ 25,119	¥ 14,650
Outside Japan	52,385	9,760	2,595	30,897	7,569	4
Total for Geographic Regions	¥ 157,476	¥ 38,669	¥ 11,389	¥ 127,337	¥ 32,689	¥ 14,654
Manufacturing	11,863	6,669	690	11,943	4,320	9,652
Agriculture and Forestry	228	132	5	284	160	0
Fisheries	2	2	4	11	11	—
Mining and Quarrying of Stones and Gravel	1,328	14	330	1,350	77	79
Construction	685	543	2	958	751	61
Electricity, Gas, Heat Supply and Water	3,320	2,759	—	3,741	2,590	1
Information and Communication	109	87	8	107	96	14
Transport and Postal Activities	1,891	732	32	1,694	659	22
Wholesale and Retail Trade	8,602	5,969	402	9,076	6,146	1,443
Finance and Insurance	197	146	5	234	171	7
Real Estate	15,705	1,290	232	13,841	760	20
Goods Rental and Leasing	3,429	2,979	0	3,369	2,918	5
Local Public Bodies	—	—	—	—	—	—
Individuals	50,781	5,046	6,852	45,765	4,652	3,123
Others	59,330	12,293	2,819	34,958	9,371	221
Total for Industry Sectors	¥ 157,476	¥ 38,669	¥ 11,389	¥ 127,337	¥ 32,689	¥ 14,654

Notes: 1. "Others" in the industry sectors include non-residents.
2. Allowances for loan losses include "general allowances for loan losses" and "specific allowances for loan losses", etc.

Term-end Balance of Exposures by Past Due Periods (excluding "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims")

	Millions of Yen	
As of March 31	2021	2020
< 1 month	¥ 58,814	¥ 65,387
≥ 1 month to < 2 months	10,491	12,095
≥ 2 months to < 3 months	8,556	11,023
≥ 3 months	2,041	3,341
Total	¥ 79,904	¥ 91,848

Note: Among the term-end balance of exposures for each past due period, "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims" prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions are excluded, in aggregate calculation.

Term-end Balance of Exposures of obligors whose loan conditions were Restructured for the purpose of restructuring or supporting business management ; of which Amounts of Increased Allowances for such exposures and Other Amounts due to the restructuring of the loan conditions

As of March 31	Millions of Yen 2021	2020
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	**¥ 59,840**	¥ 50,311
Other Amounts	**—**	—
Term-end Balance of Exposures	**¥ 59,840**	¥ 50,311

Note: Restructured loans are those loans that provide some arrangements favorable to the obligors for the purpose of restructuring or supporting business management, such as by reducing or exempting interest, postponing principal or interest payments, forgiving loans, and providing other benefits to the obligors, excluding those loans classified as "Loans in Bankruptcy Procedures", "Delinquent Loans", and "Loans past due three months or more". In principle, the allowances for restructured loans has been all increased after restructuring loan conditions.

Equity Investments in Funds — Consolidated

Exposures Relating to Funds

As of March 31	Millions of Yen 2021	2020
Total exposures relating to funds	**¥ 1,135,640**	¥ 1,471,030
Look-through Approach	**906,967**	1,279,862
Mandate-based Approach	**228,585**	191,076
Probability Approach (subject to 250% risk weight)	**—**	—
Probability Approach (subject to 400% risk weight)	**—**	—
Fall-Back Approach (subject to 1,250% risk weight)	**87**	91

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 76-5 and 167 of the FSA Capital Adequacy Notification are shown.

Disclosure Data Designated as Per the Appended Forms

Consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of Yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Credit risk (excluding counterparty credit risk)	**¥ 12,418,284**	¥ 12,085,492	**¥ 1,048,654**	¥ 1,021,035
2	of Which: Standardised Approach (SA)	**357,889**	280,125	**28,631**	22,410
3	of Which: Internal Ratings-Based (IRB) Approach	**11,498,202**	11,290,809	**975,047**	957,460
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**76,111**	59,850	**6,088**	4,788
	Other assets	**486,080**	454,706	**38,886**	36,376
4	Counterparty credit risk (CCR)	**1,245,363**	1,201,970	**101,711**	98,122
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**407,578**	392,916	**34,551**	33,304
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjustment (CVA)	**675,731**	663,072	**54,058**	53,045
	of Which: Central Counterparty (CCP)	**47,434**	49,867	**3,794**	3,989
	Others	**114,618**	96,113	**9,307**	7,782
7	Equity positions in banking book under market-based approach	**499,375**	221,775	**42,347**	18,806
8	Equity investment in funds (Look-Through Approach (LTA))	**1,054,083**	861,670	**84,326**	68,933
9	Equity investment in funds (Mandate-Based Approach (MBA))	**949,128**	763,076	**75,930**	61,046
	Equity investment in funds (Probability Approach (PA) subject to 250% risk weight)	**—**	—	**—**	—
	Equity investment in funds (Probability Approach (PA) subject to 400% risk weight)	**—**	—	**—**	—
10	Equity investment in funds (Fall-Back Approach (FBA) subject to 1,250% risk weight)	**1,091**	1,137	**87**	91
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**309,080**	348,026	**24,726**	27,842
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**291,351**	334,315	**23,308**	26,745
14	of Which: External Rating-Based Approach (SEC-ERBA)	**17,132**	12,804	**1,370**	1,024
15	of Which: Standardised Approach (SEC-SA)	**—**	—	**—**	—
	of Which: Subject to 1,250% risk weight	**597**	906	**47**	72
16	Market risk	**1,417,864**	1,325,398	**113,429**	106,031
17	of Which: Standardised Approach (SA)	**12,605**	13,585	**1,008**	1,086
18	of Which: Internal Model Approaches (IMA)	**1,405,258**	1,311,813	**112,420**	104,945
19	Operational risk	**852,497**	860,710	**68,199**	68,856
20	of Which: Basic Indicator Approach (BIA)	**148,187**	166,809	**11,854**	13,344
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**704,309**	693,900	**56,344**	55,512
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**284,402**	257,586	**24,117**	21,843
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 19,794,125**	¥ 18,657,616	**¥ 1,583,530**	¥ 1,492,609

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories

LI1	Millions of Yen						
	March 31, 2021						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 18,430,787	¥ 18,430,787	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	8,766	8,766	—	—	—	—	
Receivables under Resale Agreements	160,268	—	160,268	—	—	—	
Receivables under Securities Borrowing Transactions	727,689	—	727,689	—	—	—	
Monetary Claims Bought	892,309	807,105	—	85,203	—	—	
Trading Assets	433,766	—	389,244	—	433,766	—	
Money Held in Trust	1,365	1,365	—	—	—	—	
Securities	6,882,670	6,348,720	—	533,950	—	—	
Loans and Bills Discounted	30,506,968	30,123,331	—	383,636	—	—	
Foreign Exchanges	25,396	25,396	—	—	—	—	
Lease Receivables and Investment Assets	695,172	695,172	—	—	—	—	
Other Assets	2,217,308	440,374	1,421,556	1,668	621,260	353,708	
Tangible Fixed Assets	235,430	235,430	—	—	—	—	
Intangible Fixed Assets	85,397	—	—	—	—	85,397	
Assets for Retirement Benefits	231,145	—	—	—	—	231,145	
Deferred Tax Assets	27,544	—	—	—	—	27,544	
Customers' Liabilities for Acceptances and Guarantees	511,782	511,782	—	—	—	—	
Allowance for Loan Losses	(129,223)	(129,223)	—	—	—	—	
Total Assets	¥ 61,944,546	¥ 57,499,010	¥ 2,698,759	¥ 1,004,459	¥ 1,055,026	¥ 697,795	
Liabilities:							
Deposits	33,494,433	—	—	—	—	33,494,433	
Negotiable Certificates of Deposit	7,324,594	—	—	—	—	7,324,594	
Call Money and Bills Sold	60,675	—	—	—	—	60,675	
Payables under Repurchase Agreements	1,628,440	—	1,628,440	—	—	—	
Trading Liabilities	321,576	—	321,576	—	321,576	—	
Borrowed Money	6,392,602	—	—	—	—	6,392,602	
Foreign Exchanges	577	—	—	—	—	577	
Short-Term Bonds Payable	2,545,049	—	—	—	—	2,545,049	
Bonds Payable	935,605	—	—	—	—	935,605	
Borrowed Money from Trust Account	4,915,208	—	—	—	—	4,915,208	
Other Liabilities	1,329,910	—	795,619	—	664,262	534,291	
Provision for Bonuses	12,025	—	—	—	—	12,025	
Provision for Directors' Bonuses	103	—	—	—	—	103	
Provision for Stocks Payment	417	—	—	—	—	417	
Liabilities for Retirement Benefits	11,696	—	—	—	—	11,696	
Provision for Reward Points Program	18,945	—	—	—	—	18,945	
Provision for Reimbursement of Deposits	4,138	—	—	—	—	4,138	
Provision for Contingent Losses	1,633	—	—	—	—	1,633	
Deferred Tax Liabilities	91,243	—	—	—	—	91,243	
Deferred Tax Liabilities for Land Revaluation	2,388	—	—	—	—	2,388	
Acceptances and Guarantees	511,782	—	—	—	—	511,782	
Total Liabilities	¥ 59,603,051	¥ —	¥ 2,745,637	¥ —	¥ 985,839	¥ 56,857,414	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI1	Millions of Yen						
	March 31, 2020						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 13,087,816	¥ 13,087,816	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	71,236	71,236	—	—	—	—	
Receivables under Resale Agreements	1,220,761	—	1,220,761	—	—	—	
Receivables under Securities Borrowing Transactions	740,658	—	740,658	—	—	—	
Monetary Claims Bought	999,705	956,067	—	43,637	—	—	
Trading Assets	507,646	—	450,544	—	507,646	—	
Money Held in Trust	1,406	1,406	—	—	—	—	
Securities	6,343,103	5,832,684	—	510,419	—	—	
Loans and Bills Discounted	29,703,375	29,313,191	—	390,184	—	—	
Foreign Exchanges	36,952	36,952	—	—	—	—	
Lease Receivables and Investment Assets	673,880	673,880	—	—	—	—	
Other Assets	2,072,673	343,578	1,232,880	3,846	429,482	492,369	
Tangible Fixed Assets	220,936	220,936	—	—	—	—	
Intangible Fixed Assets	100,915	—	—	—	—	100,915	
Assets for Retirement Benefits	87,075	—	—	—	—	87,075	
Deferred Tax Assets	29,142	—	—	—	—	29,142	
Customers' Liabilities for Acceptances and Guarantees	518,811	518,811	—	—	—	—	
Allowance for Loan Losses	(127,205)	(127,205)	—	—	—	—	
Total Assets	¥ 56,288,892	¥ 50,929,354	¥ 3,644,844	¥ 948,088	¥ 937,128	¥ 709,502	
Liabilities:							
Deposits	30,717,040	—	—	—	—	30,717,040	
Negotiable Certificates of Deposit	5,989,292	—	—	—	—	5,989,292	
Call Money and Bills Sold	142,974	—	—	—	—	142,974	
Payables under Repurchase Agreements	1,558,919	—	1,558,919	—	—	—	
Payables under Securities Lending Transactions	—	—	—	—	—	—	
Trading Liabilities	371,950	—	371,950	—	371,950	—	
Borrowed Money	6,496,384	—	—	—	—	6,496,384	
Foreign Exchanges	3,213	—	—	—	—	3,213	
Short-Term Bonds Payable	1,707,097	—	—	—	—	1,707,097	
Bonds Payable	485,368	—	—	—	—	485,368	
Borrowed Money from Trust Account	4,750,289	—	—	—	—	4,750,289	
Other Liabilities	1,221,403	—	673,470	—	538,853	547,933	
Provision for Bonuses	12,881	—	—	—	—	12,881	
Provision for Directors' Bonuses	74	—	—	—	—	74	
Provision for Stocks Payment	219	—	—	—	—	219	
Liabilities for Retirement Benefits	12,079	—	—	—	—	12,079	
Provision for Reward Points Program	16,889	—	—	—	—	16,889	
Provision for Reimbursement of Deposits	4,867	—	—	—	—	4,867	
Provision for Contingent Losses	1,440	—	—	—	—	1,440	
Deferred Tax Liabilities	62,767	—	—	—	—	62,767	
Deferred Tax Liabilities for Land Revaluation	2,439	—	—	—	—	2,439	
Acceptances and Guarantees	518,811	—	—	—	—	518,811	
Total Liabilities	¥ 54,076,402	¥ —	¥ 2,604,339	¥ —	¥ 910,803	¥ 51,472,063	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

LI2		Millions of Yen				
		March 31, 2021				
		a	b	c	d	e
Item No.		Total	Items subject to: Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 61,246,751	¥ 57,499,010	¥ 2,698,759	¥ 1,004,459	¥ 1,055,026
2	Liabilities carrying value amount under scope of regulatory consolidation	2,745,637	—	2,745,637	—	985,839
3	Total net amount under regulatory scope of consolidation	58,501,114	57,499,010	(46,877)	1,004,459	69,187
4	Off-balance sheet amounts	4,533,097	4,284,638	—	248,459	—
5	Differences due to netting, the exposure calculation method, etc.	2,433,938	—	2,760,956	—	(327,018)
6	Differences due to consideration of allowances and write-offs	36,982	36,982	—	—	—
7	Regulatory exposure amounts	65,505,133	61,820,632	2,714,078	1,252,918	(257,830)

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
- Credit Risk and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of allowances and write-offs
- Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
- Market risk: Difference due to netting, etc.

LI2		Millions of Yen				
		March 31, 2020				
		a	b	c	d	e
Item No.		Total	Items subject to: Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 55,579,389	¥ 50,929,354	¥ 3,644,844	¥ 948,088	¥ 937,128
2	Liabilities carrying value amount under scope of regulatory consolidation	2,604,339	—	2,604,339	—	910,803
3	Total net amount under regulatory scope of consolidation	52,975,050	50,929,354	1,040,504	948,088	26,324
4	Off-balance sheet amounts	3,633,094	3,427,425	—	205,669	—
5	Differences due to netting, the exposure calculation method, etc.	1,596,228	—	2,035,292	—	(439,064)
6	Differences due to consideration of allowances and write-offs	40,686	40,686	—	—	—
7	Regulatory exposure amounts	58,245,059	54,397,466	3,075,797	1,153,757	(412,740)

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
- Credit Risk and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of allowances and write-offs
- Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
- Market risk: Difference due to netting, etc.

CR1: Credit quality of assets

CR1		Millions of Yen			
		March 31, 2021			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 143,700	¥ 29,962,652	¥ 113,277	¥ 29,993,075
2	Debt Securities	761	3,657,103	—	3,657,864
3	Other on-balance sheet assets (debt-based assets)	16,811	19,696,009	14,961	19,697,859
4	Total on-balance sheet assets (1+2+3)	161,273	53,315,765	128,238	53,348,799
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	157	511,624	985	510,797
6	Commitments, etc.	2,323	5,037,694	1,633	5,038,384
7	Total off-balance sheet assets (5+6)	2,481	5,549,319	2,619	5,549,181
	Total				
8	Total (4+7)	¥ 163,754	¥ 58,865,085	¥ 130,857	¥ 58,897,981

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR1		Millions of Yen			
		March 31, 2020			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 122,779	¥ 29,165,498	¥110,093	¥ 29,178,183
2	Debt Securities	720	3,126,705	—	3,127,426
3	Other on-balance sheet assets (debt-based assets)	20,109	14,788,800	15,891	14,793,018
4	Total on-balance sheet assets (1+2+3)	143,609	47,081,004	125,985	47,098,629
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	694	523,550	1,220	523,025
6	Commitments, etc.	918	3,560,273	1,440	3,559,751
7	Total off-balance sheet assets (5+6)	1,613	4,083,824	2,660	4,082,777
	Total				
8	Total (4+7)	¥ 145,222	¥ 51,164,829	¥128,645	¥ 51,181,406

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR2: Changes in stock of defaulted loans and debt securities

CR2 Item No.			Millions of Yen March 31, 2021 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 143,609
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	57,773
3		Of which: Returning to non-defaulted status	11,918
4		Of which: Written-offs	11,530
5		Of which: Other factors	(16,661)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		161,273

Notes: 1. The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.
2. The main factor for the item 5. "Of which: Other factors" is the stock decrease caused by the collection of defaulted exposures.

CR2 Item No.			Millions of Yen March 31, 2020 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 138,273
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	95,303
3		Of which: Returning to non-defaulted status	25,234
4		Of which: Written-offs	14,565
5		Of which: Other factors	(50,168)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		143,609

Notes: 1. The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.
2. The main factor for the item 5. "Of which: Other factors" is the stock decrease caused by the collection of defaulted exposures.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3 Item No.		Millions of Yen March 31, 2021				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 29,344,915	¥ 648,159	¥ 294,113	¥ 181,098	¥ —
2	Debt Securities	3,626,036	31,828	—	31,500	—
3	Other on-balance sheet assets (debt-based assets)	19,697,505	353	181	171	—
4	Total (1+2+3)	¥ 52,668,457	¥ 680,342	¥ 294,294	¥ 212,769	¥ —
5	Of which defaulted	127,803	6,038	4,791	—	—

CR3 Item No.		Millions of Yen March 31, 2020				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 28,617,886	¥ 560,297	¥ 262,517	¥ 185,954	¥ —
2	Debt Securities	3,075,495	51,930	1,000	45,431	—
3	Other on-balance sheet assets (debt-based assets)	14,787,851	5,167	162	5,004	—
4	Total (1+2+3)	¥ 46,481,233	¥ 617,395	¥ 263,680	¥ 236,389	¥ —
5	Of which defaulted	114,625	4,985	3,983	—	—

CR4: Standardised approach – Credit risk exposure and Credit risk mitigation (CRM) effects

CR4		Millions of Yen, %					
		March 31, 2021					
		a	b	c	d	e	f
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 13	¥ —	¥ 13	¥ —	¥ —	—%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	—	—
3	Foreign central governments and foreign central banks	338,001	—	338,001	—	35,594	10.53
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	170,640	—	170,640	—	107,765	63.15
12	Corporates, etc.	191,677	282,315	191,677	22,975	214,530	99.94
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	0	—	0	—	1	150.00
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 700,392	¥ 282,315	¥ 700,392	¥ 22,975	¥ 357,890	49.48%

CR4		Millions of Yen, %					
		March 31, 2020					
		a	b	c	d	e	f
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 7	¥ —	¥ 7	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	0	0.00
3	Foreign central governments and foreign central banks	340,528	—	340,528	—	31,335	9.20
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	112,814	—	112,814	—	36,479	32.33
12	Corporates, etc.	197,570	376,332	197,570	14,738	212,309	100.00
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	1	—	1	—	1	130.65
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 650,981	¥ 376,332	¥ 650,981	¥ 14,738	¥ 280,125	42.07%

CR5: Standardised approach – Exposures by asset classes and risk weights

CR5

Millions of Yen

March 31, 2021

Item No.	Asset classes \ Risk weight	a 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i 250%	j 1,250%	k Total
		Credit risk exposure amounts (post-CCF and post-CRM)										
1	Cash	¥ 13	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 13
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	266,923	—	—	—	70,967	—	111	—	—	—	338,001
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—	—	—
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	78,391	—	325	—	91,924	—	—	—	170,640
12	Corporates, etc.	—	—	—	—	245	—	214,408	—	—	—	214,652
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	—	—	—	—	0	—	—	0	—	—	0
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥ 266,997	¥ —	¥ 78,391	¥ —	¥ 71,537	¥ —	¥ 306,443	¥ 0	¥ —	¥ —	¥ 723,367

CR5

Item No.	Asset classes \ Risk weight	Millions of Yen, March 31, 2020										
		a	b	c	d	e	f	g	h	i	j	k
		Credit risk exposure amounts (post-CCF and post-CRM)										
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 7	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 7
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	277,857	—	—	—	62,671	—	—	—	—	—	340,528
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—	—	—
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	80,984	—	23,094	—	8,734	—	—	—	112,814
12	Corporates, etc.	—	—	—	—	—	—	212,309	—	—	—	212,309
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more, etc. (excluding residential mortgage loans)	—	—	—	—	0	—	—	0	—	—	1
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥ 277,924	¥ —	¥ 80,984	¥ —	¥ 85,766	¥ —	¥ 221,043	¥ 0	¥ —	¥ —	¥ 665,720

CR6: IRB – Credit risk exposures by portfolio and PD range

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 2,621,257	¥ 33	75.00%	¥ 2,638,281	0.00%	0.0	32.09%	2.1	¥ 16,876	0.63%	¥ 9	
2	0.15 to < 0.25	1,837	—	—	45	0.20	0.0	27.64	1.8	10	24.17	0	
3	0.25 to < 0.50	2,304	—	—	113	0.30	0.0	32.10	1.0	31	28.18	0	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,625,399	33	75.00	2,638,440	0.00	0.0	32.09	2.1	16,919	0.64	9	¥ 51
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	18,897,473	71,113	75.67	18,982,865	0.00	0.0	44.99	1.1	86,554	0.45	118	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	34,451	338	75.00	20,905	0.29	0.0	45.00	3.5	14,777	70.68	27	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	7,771	—	—	71	8.63	0.0	45.00	1.0	118	165.28	2	
7	10.00 to < 100.00	10,188	—	—	188	13.42	0.0	45.00	1.5	383	203.73	11	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	18,949,885	71,451	75.66	19,004,030	0.00	0.1	44.99	1.1	101,833	0.53	159	150
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	476,380	12,000	100.00	514,048	0.05	0.0	31.27	3.4	117,915	22.93	84	
2	0.15 to < 0.25	39,500	9,000	75.00	46,250	0.20	0.0	32.10	1.2	10,815	23.38	30	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.10	1.0	806	37.49	3	
5	0.75 to < 2.50	19,251	5,883	95.71	24,882	1.16	0.0	31.96	1.0	13,767	55.33	92	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	536,531	27,883	90.13	587,330	0.11	0.0	31.36	3.1	143,305	24.39	211	324
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	151,116	103,873	75.00	229,188	0.06	0.0	47.89	1.5	61,404	26.79	72	
2	0.15 to < 0.25	1,729	—	—	1,729	0.20	0.0	71.02	3.1	1,415	81.85	2	
3	0.25 to < 0.50	8,900	—	—	8,854	0.28	0.0	45.00	1.1	4,622	52.20	11	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	3,255	—	—	3,255	1.71	0.0	45.00	4.3	4,442	136.46	25	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	165,003	103,873	75.00	243,029	0.09	0.0	47.91	1.6	71,885	29.57	111	57

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
1	0.00 to < 0.15	¥ 7,084,227	¥ 3,087,710	75.91%	¥ 9,484,269	0.07%	0.7	31.38%	2.5	¥ 1,732,515	18.26%	¥ 2,267	
2	0.15 to < 0.25	1,948,161	485,776	74.77	2,281,047	0.20	0.4	30.62	2.3	719,975	31.56	1,432	
3	0.25 to < 0.50	1,429,315	361,884	74.26	1,689,333	0.30	0.5	31.40	2.2	662,085	39.19	1,637	
4	0.50 to < 0.75	1,116,000	249,616	77.45	1,305,426	0.50	0.7	29.27	2.3	587,601	45.01	1,929	
5	0.75 to < 2.50	828,406	148,090	69.03	895,076	1.39	0.7	28.80	2.1	579,000	64.68	3,611	
6	2.50 to < 10.00	170,224	9,048	81.90	178,311	6.28	0.1	24.05	2.2	148,773	83.43	2,714	
7	10.00 to < 100.00	88,691	775	75.00	88,695	18.67	0.0	31.70	3.2	151,091	170.34	5,252	
8	100.00 (Default)	32,151	—	—	38,465	100.00	0.0	31.68	1.0	15,605	40.56	10,940	
9	Sub-total	12,697,179	4,342,903	75.51	15,960,626	0.64	3.2	30.88	2.4	4,596,649	28.79	29,786	¥ 69,700
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
1	0.00 to < 0.15	899,338	102,406	77.51	985,091	0.07	0.8	53.50	2.9	355,587	36.09	390	
2	0.15 to < 0.25	61,692	69,755	100.00	131,486	0.20	0.4	55.86	2.5	86,795	66.01	150	
3	0.25 to < 0.50	342,976	57,183	74.51	384,532	0.29	0.6	48.74	2.4	246,337	64.06	560	
4	0.50 to < 0.75	181,158	21,981	75.22	197,820	0.56	0.8	40.57	3.1	149,273	75.45	457	
5	0.75 to < 2.50	360,802	5,053	78.52	365,135	1.42	1.1	44.25	3.9	453,885	124.30	2,293	
6	2.50 to < 10.00	125,848	4,555	88.54	130,162	5.59	0.3	45.63	4.2	233,969	179.75	3,319	
7	10.00 to < 100.00	67,302	—	—	65,480	28.54	0.0	44.80	3.8	173,578	265.08	8,368	
8	100.00 (Default)	30,202	—	—	34,889	100.00	0.0	44.63	1.0	0	0.00	15,572	
9	Sub-total	2,069,322	260,935	82.88	2,294,598	3.02	4.3	49.42	3.0	1,699,426	74.06	31,113	17,866
	SME exposures (AIRB)												
1	0.00 to < 0.15	81,031	7,010	75.00	84,387	0.12	0.0	31.19	2.1	17,141	20.31	33	
2	0.15 to < 0.25	82,986	—	—	76,288	0.20	0.0	31.76	3.1	24,024	31.49	49	
3	0.25 to < 0.50	31,264	—	—	31,114	0.30	0.0	30.01	3.2	10,688	34.35	28	
4	0.50 to < 0.75	43,671	542	75.00	42,339	0.50	0.0	23.60	2.4	12,940	30.56	50	
5	0.75 to < 2.50	118,751	7,605	79.46	121,704	1.56	0.1	22.37	2.8	58,076	47.71	426	
6	2.50 to < 10.00	9,458	15	100.00	9,474	6.65	0.0	17.19	2.6	4,826	50.94	113	
7	10.00 to < 100.00	2,259	—	—	1,563	18.67	0.0	22.94	2.7	1,676	107.21	67	
8	100.00 (Default)	1,325	—	—	2,646	100.00	0.0	26.97	1.0	903	34.14	641	
9	Sub-total	370,749	15,173	77.26	369,518	1.63	0.3	27.01	2.7	130,277	35.25	1,411	2,625
	SME exposures (FIRB)												
1	0.00 to < 0.15	9	—	—	9	0.11	0.0	45.00	1.0	1	19.55	0	
2	0.15 to < 0.25	43	—	—	43	0.20	0.0	45.00	1.0	11	26.61	0	
3	0.25 to < 0.50	315	—	—	315	0.30	0.0	45.00	2.1	150	47.63	0	
4	0.50 to < 0.75	102,607	891	75.00	101,845	0.50	0.6	38.31	4.6	66,525	65.32	196	
5	0.75 to < 2.50	299,196	2,132	80.09	298,332	1.59	1.7	39.83	4.8	279,128	93.56	1,898	
6	2.50 to < 10.00	7,572	—	—	7,578	7.24	0.0	39.22	4.3	9,495	125.29	213	
7	10.00 to < 100.00	366	—	—	382	18.67	0.0	45.00	3.2	767	200.57	32	
8	100.00 (Default)	5,479	159	68.00	5,746	100.00	0.0	39.40	1.0	0	0.00	2,264	
9	Sub-total	415,591	3,183	78.05	414,253	2.81	2.4	39.45	4.7	356,081	85.95	4,606	487

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥ 1,285,800	¥ 89,285	75.45%	¥ 1,353,168	0.08%	0.3	26.69%	4.2	¥ 320,557	23.68%	¥ 325	
2	0.15 to < 0.25	83,351	5,047	75.00	87,137	0.20	0.0	28.32	3.5	30,991	35.56	50	
3	0.25 to < 0.50	656,681	110,796	74.55	739,284	0.29	0.1	22.88	4.3	276,271	37.37	505	
4	0.50 to < 0.75	257,189	164,593	75.07	380,751	0.58	0.0	23.14	4.5	191,839	50.38	515	
5	0.75 to < 2.50	324,249	68,959	73.14	374,690	1.42	0.0	25.01	3.6	246,085	65.67	1,355	
6	2.50 to < 10.00	101,129	40,266	75.00	131,329	4.78	0.0	26.32	3.4	120,959	92.10	1,649	
7	10.00 to < 100.00	71,700	9,653	75.00	78,940	24.77	0.0	38.88	4.0	168,930	213.99	7,951	
8	100.00 (Default)	14,993	2,288	75.00	16,714	100.00	0.0	24.65	1.0	5,331	31.89	3,694	
9	Sub-total	2,795,097	490,891	74.74	3,162,017	1.69	0.7	25.50	4.1	1,360,966	43.04	16,047	¥ 7,858
	Specialised lending (FIRB)												
1	0.00 to < 0.15	1,149	—	—	1,149	0.09	0.2	45.00	1.0	203	17.73	0	
2	0.15 to < 0.25	72	—	—	72	0.20	0.0	45.00	1.0	22	30.51	0	
3	0.25 to < 0.50	989	—	—	989	0.30	0.1	45.00	1.0	385	38.98	1	
4	0.50 to < 0.75	249	—	—	249	0.55	0.0	45.00	1.0	137	55.21	0	
5	0.75 to < 2.50	493	—	—	493	1.43	0.0	45.00	1.0	413	83.77	3	
6	2.50 to < 10.00	68	—	—	68	4.59	0.0	45.00	1.0	86	126.34	1	
7	10.00 to < 100.00	185	—	—	185	20.40	0.0	45.00	1.0	388	209.70	16	
8	100.00 (Default)	18	—	—	18	100.00	0.0	45.00	1.0	0	0.00	8	
9	Sub-total	3,226	—	—	3,226	2.22	0.6	45.00	1.0	1,637	50.76	32	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,319,041	—	—	504,805	0.07	0.3	90.00	5.0	592,987	117.46	—	
2	0.15 to < 0.25	132,789	—	—	55,109	0.20	0.1	90.00	5.0	83,725	151.92	—	
3	0.25 to < 0.50	73,600	—	—	27,779	0.30	0.2	90.00	5.0	47,776	171.98	—	
4	0.50 to < 0.75	42,046	—	—	21,255	0.50	0.2	90.00	5.0	43,143	202.97	—	
5	0.75 to < 2.50	18,885	—	—	14,115	1.45	0.2	90.00	5.0	41,568	294.48	—	
6	2.50 to < 10.00	4,768	—	—	2,460	6.76	0.0	90.00	5.0	10,778	438.03	—	
7	10.00 to < 100.00	0	—	—	0	18.68	0.0	90.00	5.0	0	722.93	—	
8	100.00 (Default)	135	—	—	48	100.00	0.0	90.00	5.0	546	1,125.00	—	
9	Sub-total	1,591,267	—	—	625,575	0.18	1.3	90.00	5.0	820,527	131.16	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	6,452	—	—	6,452	0.09	0.0	32.10	2.9	1,591	24.67	1	
2	0.15 to < 0.25	9,820	—	—	9,820	0.20	0.0	32.10	4.6	4,590	46.73	6	
3	0.25 to < 0.50	14,399	—	—	14,399	0.30	0.0	32.10	2.9	6,316	43.86	14	
4	0.50 to < 0.75	6,835	—	—	6,835	0.50	0.0	31.89	4.5	5,571	81.49	11	
5	0.75 to < 2.50	25,171	—	—	25,171	1.58	0.0	31.12	3.6	21,075	83.72	124	
6	2.50 to < 10.00	480	—	—	480	7.65	0.0	32.10	3.8	652	135.94	11	
7	10.00 to < 100.00	371	—	—	371	18.67	0.0	32.10	3.1	639	172.07	22	
8	100.00 (Default)	2,527	—	—	2,527	100.00	0.0	32.10	1.0	1,039	41.12	728	
9	Sub-total	66,059	—	—	66,059	4.74	0.0	31.70	3.5	41,477	62.78	920	499

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ 2,280	¥ —	—%	¥ 2,280	0.13%	0.0	100.00%	1.0	¥ 1,191	52.25%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,280	—	—	2,280	0.13	0.0	100.00	1.0	1,191	52.25	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	322,172	21,997	100.00	344,169	0.05	0.2	45.00	1.0	44,378	12.89	98	
2	0.15 to < 0.25	67,853	30	75.00	67,876	0.20	0.1	45.00	1.0	21,260	31.32	62	
3	0.25 to < 0.50	63,775	3,319	75.00	66,265	0.30	0.2	45.00	1.1	27,513	41.51	92	
4	0.50 to < 0.75	47,014	2,386	75.00	48,804	0.51	0.9	45.00	1.3	27,711	56.78	112	
5	0.75 to < 2.50	39,785	—	—	39,785	1.49	3.8	45.00	1.3	33,365	83.86	267	
6	2.50 to < 10.00	4,304	—	—	4,304	6.33	0.7	45.00	1.0	6,236	144.89	122	
7	10.00 to < 100.00	169	—	—	169	35.75	0.0	45.00	4.9	446	264.09	27	
8	100.00 (Default)	4,110	—	—	4,110	100.00	0.0	45.00	1.0	0	0.00	1,849	
9	Sub-total	549,186	27,733	94.82	575,485	1.01	6.1	45.00	1.1	160,912	27.96	2,632	428
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	366,598	2,386	75.00	368,388	0.05	0.2	92.91	1.0	113,991	30.94	10	
2	0.15 to < 0.25	46,796	30	75.00	46,818	0.20	0.1	99.72	1.0	13,453	28.73	0	
3	0.25 to < 0.50	47,941	3,319	75.00	50,431	0.30	0.1	88.27	1.1	22,730	45.07	14	
4	0.50 to < 0.75	4,451	—	—	4,451	0.50	0.0	45.00	4.7	4,365	98.06	10	
5	0.75 to < 2.50	8,504	—	—	8,504	1.70	0.2	97.90	1.0	11,806	138.83	2	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	474,292	5,735	75.00	478,594	0.12	0.6	92.73	1.1	166,347	34.75	37	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	45,085	—	—	45,085	0.30	33.6	76.75	—	18,581	41.21	106	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	45,085	—	—	45,085	0.30	33.6	76.75	—	18,581	41.21	106	174

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2021

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,074	27.62%	¥ 11,624	0.10%	44.3	60.85%	—	¥ 441	3.79%	¥ 7	
2	0.15 to < 0.25	37,654	798,901	11.49	129,504	0.23	195.3	67.87	—	10,515	8.11	202	
3	0.25 to < 0.50	19,844	898,112	7.78	89,802	0.35	144.5	75.82	—	11,625	12.94	243	
4	0.50 to < 0.75	30,851	267,810	11.49	61,641	0.55	82.0	67.87	—	10,146	16.46	232	
5	0.75 to < 2.50	12,116	233,306	12.57	41,465	1.15	120.9	68.73	—	11,922	28.75	329	
6	2.50 to < 10.00	32,204	77,185	12.23	41,647	4.86	41.6	68.47	—	32,357	77.69	1,387	
7	10.00 to < 100.00	198	1,182	12.05	340	46.18	0.5	66.17	—	582	170.95	108	
8	100.00 (Default)	129	5,197	8.72	11,131	100.00	13.5	69.15	—	11,554	103.79	6,773	
9	Sub-total	132,999	2,323,770	10.48	387,158	3.81	642.9	69.70	—	89,144	23.02	9,284	¥ 12,489
	Residential mortgage exposures												
1	0.00 to < 0.15	4,396,104	13,743	100.00	4,409,848	0.11	152.1	17.71	—	201,011	4.55	873	
2	0.15 to < 0.25	2,297,518	51	100.00	2,297,570	0.17	105.9	17.47	—	146,476	6.37	707	
3	0.25 to < 0.50	3,197,850	1,881	100.00	3,199,741	0.33	190.3	17.19	—	324,265	10.13	1,877	
4	0.50 to < 0.75	39,795	—	—	39,795	0.65	2.6	22.05	—	8,285	20.82	57	
5	0.75 to < 2.50	136,691	19	100.00	136,711	0.87	13.6	20.55	—	32,008	23.41	244	
6	2.50 to < 10.00	3,745	—	—	3,745	2.92	0.1	16.17	—	1,486	39.69	17	
7	10.00 to < 100.00	58,509	12	100.00	58,522	19.97	3.4	18.18	—	59,453	101.59	2,147	
8	100.00 (Default)	34,066	16	100.00	35,591	100.00	2.0	19.33	—	10,027	28.17	6,079	
9	Sub-total	10,164,281	15,724	100.00	10,181,524	0.67	470.3	17.56	—	783,016	7.69	12,004	25,829
	Other retail exposures												
1	0.00 to < 0.15	0	22,625	22.13	5,008	0.10	20.4	21.29	—	272	5.44	1	
2	0.15 to < 0.25	153,768	—	—	153,768	0.24	47.2	73.50	—	52,388	34.06	276	
3	0.25 to < 0.50	205,871	—	—	205,871	0.38	70.4	38.42	—	49,928	24.25	317	
4	0.50 to < 0.75	339,598	384	100.00	340,279	0.56	88.3	35.80	—	95,289	28.00	711	
5	0.75 to < 2.50	177,771	145,035	31.83	223,949	1.20	271.2	61.10	—	147,492	65.85	1,713	
6	2.50 to < 10.00	36,806	16,542	36.49	42,843	6.83	41.8	33.57	—	22,467	52.44	1,020	
7	10.00 to < 100.00	2,928	799	91.92	3,716	34.59	0.7	32.17	—	2,724	73.30	522	
8	100.00 (Default)	10,241	1,712	30.30	21,756	100.00	11.4	47.72	—	6,344	29.15	9,874	
9	Sub-total	926,986	187,100	31.45	997,193	3.18	551.7	47.91	—	376,907	37.79	14,438	18,178
	Lease transactions												
1	0.00 to < 0.15	219,164	—	—	219,164	0.07	0.4	45.00	2.7	53,869	24.57	74	
2	0.15 to < 0.25	151,854	—	—	151,854	0.20	0.1	45.00	4.1	90,665	59.70	140	
3	0.25 to < 0.50	21,951	—	—	21,951	0.30	0.1	45.00	2.4	12,083	55.04	30	
4	0.50 to < 0.75	41,661	—	—	41,661	0.50	0.2	45.00	3.2	32,672	78.42	94	
5	0.75 to < 2.50	38,027	—	—	38,027	1.62	0.3	45.00	2.8	39,528	103.94	277	
6	2.50 to < 10.00	3,989	—	—	3,989	5.92	0.0	45.00	3.5	6,217	155.85	106	
7	10.00 to < 100.00	1,856	—	—	1,856	18.67	0.0	45.00	3.8	4,473	241.00	156	
8	100.00 (Default)	—	—	—	326	100.00	0.0	45.00	1.0	0	0.00	146	
9	Sub-total	478,504	—	—	478,830	0.47	1.2	45.00	3.2	239,510	50.01	1,026	5,319
Total (all portfolios)		¥ 55,058,928	¥ 7,876,394	55.59%	¥ 58,514,858	0.63%	1,720.2	35.73%	2.0	¥ 11,176,600	19.10%	¥ 123,940	¥ 162,039

Notes: 1. "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 2,252,178	¥ 33	75.00%	¥ 2,269,637	0.00%	0.0	32.09%	1.8	¥ 14,071	0.62%	¥ 8	
2	0.15 to < 0.25	2,906	469	75.00	314	0.20	0.0	31.13	3.6	121	38.73	0	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	2,255,084	502	75.00	2,269,951	0.00	0.0	32.09	1.8	14,193	0.62	8	¥ 59
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	13,225,296	102,116	92.02	13,359,874	0.00	0.0	44.99	1.0	86,772	0.64	117	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	41,559	8,528	75.00	32,224	0.28	0.0	43.60	2.6	19,988	62.02	39	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	27,759	—	—	559	6.02	0.0	45.00	2.0	846	151.38	15	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	13,294,615	110,644	90.71	13,392,658	0.00	0.1	44.99	1.1	107,606	0.80	172	143
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	433,512	—	—	452,652	0.05	0.0	32.10	3.3	104,083	22.99	75	
2	0.15 to < 0.25	49,000	9,000	75.00	55,750	0.20	0.0	32.10	1.1	12,700	22.78	36	
3	0.25 to < 0.50	1,086	—	—	1,086	0.30	0.0	11.81	1.0	112	10.37	0	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.10	1.0	806	37.50	3	
5	0.75 to < 2.50	17,984	8,651	87.57	25,559	1.14	0.0	32.10	1.0	14,185	55.49	94	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	502,983	18,651	80.83	537,199	0.12	0.0	32.05	2.9	131,888	24.55	209	339
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	456,549	122,155	80.67	554,966	0.06	0.0	44.17	1.5	120,062	21.63	162	
2	0.15 to < 0.25	1,626	—	—	1,626	0.20	0.0	72.66	4.2	1,617	99.44	2	
3	0.25 to < 0.50	23,583	6,521	75.00	25,974	0.27	0.0	45.00	1.2	13,568	52.23	32	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	4,197	—	—	4,197	1.78	0.0	45.00	4.4	5,727	136.44	33	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	485,959	128,676	80.39	586,767	0.08	0.1	44.29	1.6	140,976	24.02	230	164

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
1	0.00 to < 0.15	¥ 6,864,526	¥ 2,434,624	75.70%	¥ 8,776,921	0.07%	0.7	31.45%	2.6	¥ 1,688,245	19.23%	¥ 2,141	
2	0.15 to < 0.25	1,972,574	362,044	76.22	2,208,815	0.20	0.4	30.69	2.5	714,099	32.32	1,389	
3	0.25 to < 0.50	1,302,246	168,894	74.83	1,432,960	0.30	0.4	31.15	2.4	579,608	40.44	1,377	
4	0.50 to < 0.75	1,083,258	240,765	74.84	1,258,310	0.50	0.7	28.83	2.4	560,606	44.55	1,832	
5	0.75 to < 2.50	869,047	126,389	68.72	911,662	1.50	0.7	28.69	2.1	604,461	66.30	3,948	
6	2.50 to < 10.00	147,526	10,071	78.93	155,899	5.93	0.0	24.41	2.4	132,293	84.85	2,280	
7	10.00 to < 100.00	89,160	35	75.00	89,036	18.67	0.0	31.14	3.6	152,138	170.87	5,180	
8	100.00 (Default)	30,930	—	—	34,760	100.00	0.0	32.06	1.0	14,279	41.08	10,004	
9	Sub-total	12,359,271	3,342,824	75.40	14,868,366	0.64	3.3	30.85	2.5	4,445,734	29.90	28,155	¥ 67,246
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
1	0.00 to < 0.15	810,879	129,185	80.98	928,172	0.07	0.9	53.50	3.1	350,278	37.73	360	
2	0.15 to < 0.25	80,031	—	—	83,225	0.20	0.4	59.85	3.1	61,408	73.78	102	
3	0.25 to < 0.50	328,629	57,328	78.25	372,638	0.29	0.6	46.44	2.6	235,325	63.15	511	
4	0.50 to < 0.75	171,069	19,437	75.88	186,972	0.58	0.8	42.74	3.5	162,888	87.11	472	
5	0.75 to < 2.50	371,451	20,283	75.83	387,350	1.39	1.2	44.26	3.8	464,244	119.85	2,379	
6	2.50 to < 10.00	149,046	14,721	90.04	162,248	6.09	0.3	45.22	4.3	303,501	187.05	4,451	
7	10.00 to < 100.00	64,517	—	—	62,651	26.25	0.0	44.76	3.9	166,620	265.94	7,359	
8	100.00 (Default)	12,929	179	92.62	16,489	100.00	0.0	44.40	1.0	0	0.00	7,321	
9	Sub-total	1,988,553	241,136	80.05	2,199,748	2.33	4.6	49.07	3.3	1,744,266	79.29	22,959	14,304
	SME exposures (AIRB)												
1	0.00 to < 0.15	39,785	4,000	75.00	42,785	0.11	0.0	29.77	3.9	11,454	26.77	15	
2	0.15 to < 0.25	75,498	1,723	75.00	73,043	0.20	0.0	31.69	3.2	23,046	31.55	47	
3	0.25 to < 0.50	30,525	—	—	30,525	0.30	0.0	31.81	2.1	9,146	29.96	30	
4	0.50 to < 0.75	40,764	713	78.50	39,747	0.50	0.0	20.72	2.5	11,058	27.82	41	
5	0.75 to < 2.50	116,545	8,508	78.94	115,961	1.59	0.1	20.33	2.9	50,012	43.12	368	
6	2.50 to < 10.00	6,682	523	76.13	7,080	7.03	0.0	19.93	1.8	4,028	56.89	101	
7	10.00 to < 100.00	829	—	—	107	18.67	0.0	11.81	5.0	58	53.89	2	
8	100.00 (Default)	1,880	—	—	3,978	100.00	0.0	28.40	1.0	1,437	36.12	1,015	
9	Sub-total	312,511	15,468	77.37	313,230	2.18	0.3	25.53	2.9	110,241	35.19	1,621	3,283
	SME exposures (FIRB)												
1	0.00 to < 0.15	27	—	—	27	0.12	0.0	45.00	1.0	5	20.42	0	
2	0.15 to < 0.25	39	—	—	39	0.20	0.0	45.00	1.0	10	26.73	0	
3	0.25 to < 0.50	4	—	—	4	0.30	0.0	45.00	1.0	1	33.97	0	
4	0.50 to < 0.75	111,701	1,671	75.00	112,133	0.50	0.5	38.65	4.5	72,824	64.94	218	
5	0.75 to < 2.50	273,580	1,531	79.63	272,355	1.57	1.5	39.74	4.7	252,649	92.76	1,710	
6	2.50 to < 10.00	9,107	1	0.00	9,140	7.39	0.0	40.54	3.5	11,757	128.63	272	
7	10.00 to < 100.00	524	—	—	524	18.67	0.0	45.00	2.6	1,011	192.88	44	
8	100.00 (Default)	5,217	235	98.80	5,802	100.00	0.0	40.11	1.0	0	0.00	2,327	
9	Sub-total	400,202	3,439	78.66	400,027	2.85	2.3	39.47	4.6	338,260	84.55	4,574	587

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥ 1,386,047	¥150,657	75.00%	¥ 1,499,040	0.08%	0.3	27.34%	4.2	¥ 356,139	23.75%	¥ 361	
2	0.15 to < 0.25	71,748	5,850	75.00	76,136	0.20	0.0	25.91	3.7	25,107	32.97	40	
3	0.25 to < 0.50	540,609	142,098	74.83	646,951	0.29	0.1	24.16	4.4	254,982	39.41	465	
4	0.50 to < 0.75	282,051	44,188	75.61	315,465	0.56	0.0	20.69	4.3	138,436	43.88	377	
5	0.75 to < 2.50	312,508	62,662	74.17	358,985	1.37	0.0	27.37	4.0	266,355	74.19	1,399	
6	2.50 to < 10.00	77,678	30,088	75.00	100,244	5.02	0.0	28.54	3.8	102,946	102.69	1,371	
7	10.00 to < 100.00	12,524	9,828	75.00	19,895	25.06	0.0	37.70	3.5	41,186	207.01	2,102	
8	100.00 (Default)	12,642	1,478	64.93	13,606	100.00	0.0	22.95	1.0	5,129	37.69	2,712	
9	Sub-total	2,695,811	446,852	74.86	3,030,325	1.11	0.7	26.02	4.2	1,190,283	39.27	8,830	¥ 8,768
	Specialised lending (FIRB)												
1	0.00 to < 0.15	2,228	—	—	2,228	0.09	0.3	45.00	1.0	401	18.02	0	
2	0.15 to < 0.25	66	—	—	66	0.20	0.0	45.00	1.0	20	30.51	0	
3	0.25 to < 0.50	1,192	—	—	1,192	0.30	0.1	45.00	1.0	467	39.22	1	
4	0.50 to < 0.75	223	—	—	223	0.59	0.0	45.00	1.0	127	57.05	0	
5	0.75 to < 2.50	599	—	—	599	1.32	0.0	45.00	1.0	486	81.21	3	
6	2.50 to < 10.00	103	—	—	103	4.95	0.0	45.00	1.0	134	130.15	2	
7	10.00 to < 100.00	66	—	—	66	27.62	0.0	45.00	1.0	148	223.15	8	
8	100.00 (Default)	0	—	—	0	100.00	0.0	45.00	1.0	0	0.00	0	
9	Sub-total	4,480	—	—	4,480	0.87	0.6	45.00	1.0	1,787	39.89	17	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,051,512	—	—	430,193	0.07	0.3	90.00	5.0	511,630	118.93	—	
2	0.15 to < 0.25	97,203	—	—	36,664	0.20	0.1	90.00	5.0	56,359	153.71	—	
3	0.25 to < 0.50	60,985	—	—	23,285	0.30	0.2	90.00	5.0	40,849	175.43	—	
4	0.50 to < 0.75	33,223	—	—	16,229	0.50	0.2	90.00	5.0	32,626	201.03	—	
5	0.75 to < 2.50	19,468	—	—	16,094	1.31	0.2	90.00	5.0	44,907	279.02	—	
6	2.50 to < 10.00	3,229	—	—	1,947	6.74	0.0	90.00	5.0	8,423	432.58	—	
7	10.00 to < 100.00	0	—	—	0	18.68	0.0	90.00	5.0	0	703.02	—	
8	100.00 (Default)	61	—	—	19	100.00	0.0	90.00	5.0	217	1,125.00	—	
9	Sub-total	1,265,684	—	—	524,433	0.17	1.3	90.00	5.0	695,015	132.52	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	8,690	—	—	8,690	0.10	0.0	32.10	2.8	2,241	25.78	2	
2	0.15 to < 0.25	18,858	—	—	18,858	0.20	0.0	32.10	2.4	5,904	31.31	12	
3	0.25 to < 0.50	3,750	—	—	3,750	0.30	0.0	32.10	4.2	1,976	52.71	3	
4	0.50 to < 0.75	3,752	—	—	3,752	0.50	0.0	31.85	3.1	2,169	57.81	6	
5	0.75 to < 2.50	28,502	—	—	28,502	1.61	0.0	31.88	3.8	25,491	89.43	146	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	2,309	—	—	2,309	100.00	0.0	32.10	1.0	949	41.12	665	
9	Sub-total	65,863	—	—	65,863	4.32	0.0	31.99	3.2	38,732	58.80	837	312

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2020

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	1,710	—	—	1,710	0.22	0.0	100.00	1.0	1,239	72.47	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,710	—	—	1,710	0.22	0.0	100.00	1.0	1,239	72.47	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	483,484	2,372	75.00	485,263	0.06	0.3	45.00	1.1	66,743	13.75	136	
2	0.15 to < 0.25	64,422	—	—	64,422	0.21	0.1	45.00	1.0	20,241	31.41	60	
3	0.25 to < 0.50	132,722	—	—	132,722	0.33	0.2	45.00	1.2	58,650	44.19	200	
4	0.50 to < 0.75	48,097	2,717	75.00	50,134	0.54	1.2	45.00	1.2	29,126	58.09	122	
5	0.75 to < 2.50	56,045	—	—	56,045	1.57	5.3	45.00	1.3	49,537	88.38	397	
6	2.50 to < 10.00	5,310	—	—	5,310	6.19	1.1	45.00	1.1	7,782	146.56	148	
7	10.00 to < 100.00	2,322	—	—	2,322	16.89	0.0	45.00	1.6	4,806	206.95	176	
8	100.00 (Default)	4,037	—	—	4,037	100.00	0.0	45.00	1.0	0	0.00	1,816	
9	Sub-total	796,441	5,089	75.00	800,258	0.84	8.5	45.00	1.1	236,888	29.60	3,059	560
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	578,025	5,089	75.00	581,842	0.06	0.4	94.35	1.1	167,833	28.84	17	
2	0.15 to < 0.25	19,872	—	—	19,872	0.22	0.1	99.49	1.0	14,065	70.77	0	
3	0.25 to < 0.50	39,216	—	—	39,216	0.34	0.2	66.44	1.3	27,085	69.06	29	
4	0.50 to < 0.75	1,001	—	—	1,001	0.50	0.0	45.00	2.9	877	87.58	2	
5	0.75 to < 2.50	6,020	—	—	6,020	0.91	0.2	95.12	1.2	9,071	150.66	3	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	644,136	5,089	75.00	647,953	0.09	1.1	92.75	1.1	218,932	33.78	53	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	58,756	—	—	58,775	0.30	35.0	75.28	—	23,858	40.59	136	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	58,756	—	—	58,775	0.30	35.0	75.28	—	23,858	40.59	136	237

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,186	28.14%	¥ 11,872	0.10%	44.6	62.62%	—	¥ 481	4.05%	¥ 8	
2	0.15 to < 0.25	36,647	819,182	12.66	140,429	0.23	198.2	66.45	—	11,466	8.16	221	
3	0.25 to < 0.50	25,516	829,416	7.96	91,609	0.36	171.5	75.34	—	11,933	13.02	250	
4	0.50 to < 0.75	31,871	281,217	12.66	67,498	0.57	86.9	66.45	—	11,105	16.45	255	
5	0.75 to < 2.50	15,059	213,789	13.84	44,649	1.15	126.6	67.39	—	12,520	28.04	346	
6	2.50 to < 10.00	37,209	85,971	13.43	48,758	4.85	49.1	66.92	—	36,992	75.86	1,585	
7	10.00 to < 100.00	378	1,403	13.33	566	49.24	0.7	66.08	—	969	171.29	188	
8	100.00 (Default)	109	3,614	9.64	16,063	100.00	19.3	67.40	—	15,630	97.30	9,576	
9	Sub-total	146,792	2,276,782	11.37	421,448	4.81	697.2	68.47	—	101,100	23.98	12,433	¥ 17,707
	Residential mortgage exposures												
1	0.00 to < 0.15	4,025,749	14,944	100.00	4,040,694	0.09	136.9	18.34	—	174,400	4.31	737	
2	0.15 to < 0.25	2,941,838	82	100.00	2,941,920	0.17	139.4	18.06	—	194,374	6.60	939	
3	0.25 to < 0.50	2,612,664	2,340	100.00	2,615,015	0.35	157.1	18.11	—	285,730	10.92	1,669	
4	0.50 to < 0.75	41,039	—	—	41,039	0.62	2.8	22.43	—	8,404	20.47	57	
5	0.75 to < 2.50	132,716	19	100.00	132,736	0.89	13.5	21.22	—	32,538	24.51	249	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	68,321	20	100.00	68,342	20.21	3.8	18.68	—	71,391	104.46	2,607	
8	100.00 (Default)	33,521	15	100.00	34,837	100.00	2.0	20.05	—	8,496	24.38	6,307	
9	Sub-total	9,855,850	17,422	100.00	9,874,584	0.69	455.8	18.26	—	775,336	7.85	12,569	26,674
	Other retail exposures												
1	0.00 to < 0.15	0	23,634	22.78	5,384	0.10	21.7	22.17	—	316	5.87	1	
2	0.15 to < 0.25	15,790	—	—	15,790	0.18	1.7	46.37	—	2,781	17.61	13	
3	0.25 to < 0.50	350,660	—	—	350,660	0.32	121.7	59.56	—	114,313	32.59	673	
4	0.50 to < 0.75	320,724	447	100.00	321,469	0.57	91.1	39.06	—	99,369	30.91	749	
5	0.75 to < 2.50	178,853	146,533	28.29	220,324	1.21	289.7	66.15	—	158,137	71.77	1,863	
6	2.50 to < 10.00	28,279	26,105	57.09	43,184	4.32	46.1	29.25	—	18,682	43.26	636	
7	10.00 to < 100.00	21,642	497	83.87	22,104	15.78	1.9	33.00	—	13,241	59.90	1,330	
8	100.00 (Default)	7,495	1,524	31.52	20,304	100.00	12.5	52.67	—	5,473	26.95	10,258	
9	Sub-total	923,447	198,741	31.74	999,223	3.13	586.8	51.97	—	412,315	41.26	15,526	19,210
	Lease transactions												
1	0.00 to < 0.15	203,370	—	—	203,370	0.07	0.4	45.00	2.6	50,473	24.81	73	
2	0.15 to < 0.25	135,781	—	—	135,781	0.20	0.1	45.00	4.1	81,744	60.20	125	
3	0.25 to < 0.50	23,758	—	—	23,758	0.30	0.1	45.00	2.1	12,383	52.12	33	
4	0.50 to < 0.75	40,113	—	—	40,113	0.50	0.2	45.00	3.1	31,065	77.44	91	
5	0.75 to < 2.50	41,132	—	—	41,132	1.63	0.3	45.00	3.0	43,943	106.83	302	
6	2.50 to < 10.00	2,919	—	—	2,919	6.16	0.0	45.00	2.7	4,547	155.79	80	
7	10.00 to < 100.00	283	—	—	283	18.67	0.0	45.00	3.2	563	198.85	23	
8	100.00 (Default)	157	—	—	157	100.00	0.0	45.00	1.0	0	0.00	70	
9	Sub-total	447,516	—	—	447,516	0.39	1.3	45.00	3.1	224,722	50.21	801	4,928
Total (all portfolios)		¥ 48,505,673	¥ 6,811,321	53.22%	¥ 51,444,524	0.65%	1,799.7	35.36%	2.2	¥ 10,953,383	21.29%	¥ 112,195	¥ 164,527

Notes: 1. "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of Yen	
		March 31, 2021	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 101,827	¥ 101,827
2	Sovereign Exposures – AIRB	15,677	15,677
3	Financial Institution Exposures – FIRB	71,870	71,870
4	Financial Institution Exposures – AIRB	139,834	139,834
5	Corporate exposures (excluding specialised lending) – FIRB	2,055,530	2,055,530
6	Corporate exposures (excluding specialised lending) – AIRB	4,731,640	4,731,640
7	Specialised lending – FIRB	323,239	323,239
8	Specialised lending – AIRB	1,360,966	1,360,966
9	Retail – Qualifying revolving retail exposures	89,144	89,144
10	Retail – Residential mortgage exposures	783,016	783,016
11	Retail – Other retail exposures	376,907	376,907
12	Equity Exposures – FIRB	1,319,902	1,319,902
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	345,841	345,841
15	Purchased receivables – AIRB	42,668	42,668
16	Total	¥ 11,758,067	¥ 11,758,067

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR7		Millions of Yen	
		March 31, 2020	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 108,192	¥ 108,192
2	Sovereign Exposures – AIRB	12,818	12,818
3	Financial Institution Exposures – FIRB	141,054	141,054
4	Financial Institution Exposures – AIRB	129,364	129,364
5	Corporate exposures (excluding specialised lending) – FIRB	2,081,863	2,081,863
6	Corporate exposures (excluding specialised lending) – AIRB	4,559,875	4,559,875
7	Specialised lending – FIRB	339,214	339,214
8	Specialised lending – AIRB	1,190,283	1,190,283
9	Retail – Qualifying revolving retail exposures	101,100	101,100
10	Retail – Residential mortgage exposures	775,336	775,336
11	Retail – Other retail exposures	412,315	412,315
12	Equity Exposures – FIRB	916,790	916,790
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	479,679	479,679
15	Purchased receivables – AIRB	39,972	39,972
16	Total	¥ 11,287,862	¥ 11,287,862

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR8: RWA flow statements of credit risk exposures under IRB

CR8 Item No.			Billions of Yen March 31, 2021 RWA amounts
1	RWA at the end of the previous fiscal year		¥ 12,056
2	Factor of RWA changes	Asset size	458
3		Asset quality	(53)
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	118
8		Others	—
9	RWA at the end of the fiscal year		¥ 12,580

Note: The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.

CR8 Item No.			Billions of Yen March 31, 2020 RWA amounts
1	RWA at the end of the previous fiscal year		¥ 13,108
2	Factor of RWA changes	Asset size	315
3		Asset quality	(365)
4		Model updates	(23)
5		Methodology and policy	(819)
6		Acquisitions and disposals	—
7		Foreign exchange movements	(159)
8		Others	—
9	RWA at the end of the fiscal year		¥ 12,056

Note: The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

Entities subject to AIRB and FIRB

CR9		%, Cases												
		March 31, 2021 (Period covered: September 30, 2019 - September 30, 2020)												
a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2019	September 30, 2020				
Sovereign Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AAA~ BBB-	AAA~ BBB	0.00%	0.09%	671	757	0	0	0.00%	0.8%
Financial Institution Exposures	—	AA~ B-	Aa2~ B3	AA~ B-	AA+~ BB-	AAA~ BB	0.08	0.22	424	424	0	0	0.00	1.9
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~ A-	Aaa~ A3	—	AAA~ AA-	AAA~ AA	0.03	0.03	542	523	0	0	0.00	59.9
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.06	0.06	508	539	1	0	0.02	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.19	0.22	2,679	2,715	2	0	0.02	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	0.99	1.21	4,984	5,174	15	0	0.18	
	> 5% to <100%	—	—	—	—	—	8.41	8.88	246	283	21	0	3.71	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	35	40	0	0	0.00	9.4
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.06	0.07	111	107	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.25	0.26	263	255	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.08	2.60	590	528	8	0	0.23	
	> 15% to <100%	—	—	—	—	—	34.71	34.71	19	39	7	0	13.06	
Purchased receivables for corporates, etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.53	3.53	314	301	1	0	0.59	0.0
Qualifying revolving retail exposures	≥ 0% to 10%						0.51	0.33	41,995	41,973	36	0	0.09	0.0
	> 10% to < 100%						24.13	24.13	175	123	28	0	14.44	
Residential mortgage exposures	≥ 0% to 2%						0.23	0.24	502,091	521,749	390	0	0.09	6.1
	> 2% to < 100%						20.50	20.41	5,205	3,817	646	0	12.54	
Other retail exposures	≥ 0% to 10%						0.65	0.63	39,766	38,141	191	0	0.38	0.4
	> 10% to < 100%						24.30	25.93	263	159	48	0	17.19	

Entities subject to FIRB

CR9 — %, Cases

March 31, 2021 (Period covered: September 30, 2019 - September 30, 2020)

a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2019	September 30, 2020				
Sovereign Exposures	—	—	—	—	AAA~ BBB+	AAA~ A-	0.03%	0.04%	213	236	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~ BBB+	AAA~ A-	0.03	0.14	5	5	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~ AA-	AAA~ AA	0.03	0.03	46	40	0	0	0.00	3.2
	> 0.03% to 0.1%	—	—	—	A+~ A-	AA-~ A	0.06	0.06	86	77	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~ BBB-	A-~ BBB	0.19	0.24	480	450	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~ BB-	BBB-~ BB	1.14	1.23	958	885	9	1	0.74	
	> 5% to < 100%	—	—	—	—	—	8.02	7.78	260	228	10	1	5.15	
Qualifying revolving retail exposures	≥ 0% to 10%						1.15	0.92	611,482	594,682	3,744	89	0.74	0.7
	> 10% to < 100%						67.67	68.91	584	499	308	0	58.83	
Residential mortgage exposures	≥ 0% to 2%						0.65	0.73	13,129	13,031	75	0	0.39	0.3
	> 2% to < 100%						23.19	23.19	270	316	32	0	12.55	
Other retail exposures	≥ 0% to 10%						0.96	1.50	321,946	304,605	1,891	57	0.61	2.6
	> 10% to < 100%						44.78	62.54	933	564	458	1	47.59	

Notes:
1. On the previous page, Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd., Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., and Sumitomo Mitsui Trust Club Co., Ltd.), subject to FIRB, are counted.
2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates, etc. subject to top-down approach)," these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese".
3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.
4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2019. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2019 to the end of September 2020.
5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
6. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest eight years rather than the latest five years.
7. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2020) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).
8. In the ">10% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

Entities subject to AIRB and FIRB

CR9

%, Cases

March 31, 2020 (Period covered: September 30, 2018 - September 30, 2019)

a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2018	September 30, 2019				
Sovereign Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AAA~ BB	AAA~ BB+	0.00%	0.13%	574	667	0	0	0.00%	0.9%
Financial Institution Exposures	—	AA~ B+	Aa2~ B1	AA~ B+	AA+~ BB-	AAA~ BB	0.11	0.32	424	426	0	0	0.00	2.4
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~ A-	Aaa~ A3	—	AAA~ AA-	AAA~ AA	0.03	0.03	426	442	0	0	0.00	50.9
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.07	0.07	476	483	0	0	0.00	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.21	0.23	2,199	2,236	0	0	0.01	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	1.03	1.31	4,712	4,850	8	0	0.16	
	> 5% to <100%	—	—	—	—	—	7.71	9.19	230	239	8	0	3.03	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	34	35	0	0	0.00	10.1
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.06	0.06	117	107	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.24	0.26	228	235	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.50	2.71	576	590	1	0	0.07	
	> 15% to <100%	—	—	—	—	—	34.71	34.71	16	19	0	0	9.66	
Purchased receivables for corporates, etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	4.30	4.72	1,326	314	4	0	0.63	0.0
Qualifying revolving retail exposures	≥ 0% to 10%						0.55	0.36	40,909	41,995	32	0	0.10	0.0
	> 10% to < 100%						24.63	24.63	136	175	25	0	14.22	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	462,164	502,091	319	0	0.09	6.9
	> 2% to < 100%						20.58	20.50	4,862	5,205	636	0	12.56	
Other retail exposures	≥ 0% to 10%						0.80	1.14	40,543	39,766	107	0	0.36	0.4
	> 10% to < 100%						24.83	25.92	222	264	43	0	17.04	

Entities subject to FIRB

CR9		%, Cases												
		March 31, 2020 (Period covered: September 30, 2018 - September 30, 2019)												
a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2018	September 30, 2019				
Sovereign Exposures	—	—	—	—	AAA~BBB	AAA~BBB+	0.01%	0.03%	184	213	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~BB-	AAA~BB	0.05	0.33	7	5	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~AA-	AAA~AA	0.03	0.03	49	46	0	0	0.00	3.4
	> 0.03% to 0.1%	—	—	—	A+~A-	AA-~A	0.07	0.07	89	86	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~BBB-	A-~BBB	0.22	0.23	497	480	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~BB-	BBB-~BB	1.29	1.22	912	958	11	1	0.71	
	> 5% to < 100%	—	—	—	—	—	8.40	8.18	233	260	13	2	5.34	
Qualifying revolving retail exposures	≥ 0% to 10%						1.03	0.94	618,334	611,483	3,009	43	0.76	0.7
	> 10% to < 100%						60.91	61.44	680	584	353	0	59.71	
Residential mortgage exposures	≥ 0% to 2%						0.67	0.75	12,728	13,129	48	0	0.37	0.3
	> 2% to < 100%						23.99	23.99	273	270	32	0	12.65	
Other retail exposures	≥ 0% to 10%						1.06	1.52	319,319	321,040	2,006	64	0.61	2.8
	> 10% to < 100%						45.79	64.07	903	906	444	1	47.38	

Notes: 1. On the previous page, Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd. , Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. and Sumitomo Mitsui Trust Club Co., Ltd.), subject to FIRB, are counted.
2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates, etc. subject to top-down approach)," the same rating system (same PD) is used, and so these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese".
3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.
4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2018. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2018 to the end of September 2019.
5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.
6. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest seven years rather than the latest five years.
7. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2019) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).
8. In the ">10% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

CR10: IRB – Specialised Lending (Supervisory Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.)

CR10 — Millions of Yen, %

March 31, 2021

a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)					Credit RWA amounts	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	¥ —	¥ —	50%	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	2.5 years≤	—	—	70%	—	—	—	—	—	—	—
Good	< 2.5 years	—	—	70%	—	—	—	—	—	—	—
	2.5 years≤	—	—	90%	—	—	—	—	—	—	—
Satisfactory		—	—	115%	—	—	—	—	—	—	—
Weak		—	—	250%	—	—	—	—	—	—	—
Default		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	2,428	3,657	70%					5,171	3,619	20
	2.5 years≤	1,171	2,091	95%					2,739	2,602	10
Good	< 2.5 years	17,625	209	95%					17,782	16,893	71
	2.5 years≤	42,899	53,093	120%					82,719	99,263	330
Satisfactory		61,014	69,433	140%					113,089	158,325	3,166
Weak		14,234	2,831	250%					16,358	40,896	1,308
Default		—	—	—					—	—	—
Total		¥ 139,373	¥ 131,316	—					¥ 237,861	¥ 321,601	¥ 4,908
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		16,759	114,751	300%					131,511	394,534	
Simple risk weight method – Unlisted shares		22,628	4,776	400%					26,210	104,841	
Internal Models Approach		—	—	—					—	—	
Total		¥ 39,387	¥ 119,527	—					¥ 157,721	¥ 499,375	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CR10		Millions of Yen, %									
		March 31, 2020									
a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)					Credit RWA amounts	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	¥ —	¥ —	50%	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	2.5 years≤	—	—	70%	—	—	—	—	—	—	—
Good	< 2.5 years	—	—	70%	—	—	—	—	—	—	—
	2.5 years≤	—	—	90%	—	—	—	—	—	—	—
Satisfactory		—	—	115%	—	—	—	—	—	—	—
Weak		—	—	250%	—	—	—	—	—	—	—
Default		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	4,128	—	70%					4,128	2,890	16
	2.5 years≤	2,407	3,049	95%					4,694	4,459	18
Good	< 2.5 years	19,855	727	95%					20,401	19,381	81
	2.5 years≤	49,668	48,183	120%					85,805	102,967	343
Satisfactory		39,072	39,882	140%					68,984	96,577	1,931
Weak		38,806	7,539	250%					44,460	111,151	3,556
Default		—	—	—					—	—	—
Total		¥ 153,938	¥ 99,381	—					¥ 228,474	¥ 337,426	¥ 5,948
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		12,442	27,944	300%					40,386	121,160	
Simple risk weight method – Unlisted shares		23,362	2,388	400%					25,153	100,615	
Internal Models Approach		—	—	—					—	—	
Total		¥ 35,804	¥ 30,332	—					¥ 65,540	¥ 221,775	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

CCR1		Millions of Yen					
		March 31, 2021					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	487,457	576,002			1,063,460	407,578
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					672,039	114,618
5	Exposure variation estimation model					—	—
6	Total						¥ 522,196

CCR1		Millions of Yen					
		March 31, 2020					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	427,594	496,963			924,558	392,916
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					1,663,723	96,113
5	Exposure variation estimation model					—	—
6	Total						¥ 489,030

CCR2: Credit valuation adjustment (CVA) capital charge

CCR2		Millions of Yen	
		March 31, 2021	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	991,777	675,731
5	Total portfolios subject to the CVA capital charge	¥ 991,777	¥ 675,731

CCR2		Millions of Yen	
		March 31, 2020	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	832,014	663,072
5	Total portfolios subject to the CVA capital charge	¥ 832,014	¥ 663,072

CCR3: CCR exposures by regulatory portfolio and risk weights

CCR3		Millions of Yen								
		March 31, 2021								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	429,643	—	—	—	—	—	429,643
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	5	—	—	5
14	Total	¥ —	¥ —	¥ 429,643	¥ —	¥ —	¥ 5	¥ —	¥ —	¥ 429,648

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR3		Millions of Yen								
		March 31, 2020								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	383,171	—	—	—	—	—	383,171
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 383,171	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 383,171

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR4: IRB – CCR exposures by portfolio and PD scale

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2021						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
	Sovereign exposures							
1	0.00 to < 0.15	¥ 19,904	0.02%	0.0	37.92%	1.7	¥ 2,114	10.62%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	—	—	—	—	—	—	—
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	19,904	0.02	0.0	37.92	1.7	2,114	10.62
	Financial Institution exposures							
1	0.00 to < 0.15	544,536	0.04	0.1	20.01	2.3	102,347	18.79
2	0.15 to < 0.25	273	0.20	0.0	45.00	2.8	122	44.83
3	0.25 to < 0.50	40,354	0.28	0.0	20.83	3.8	32,704	81.04
4	0.50 to < 0.75	780	0.50	0.0	45.00	1.0	409	52.44
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	585,944	0.06	0.1	20.08	2.4	135,583	23.13
	Corporate exposures and SME exposures							
1	0.00 to < 0.15	368,702	0.05	0.3	11.49	1.7	73,079	19.82
2	0.15 to < 0.25	35,152	0.20	0.0	45.00	4.1	21,019	59.79
3	0.25 to < 0.50	8,399	0.30	0.0	45.00	3.3	5,345	63.64
4	0.50 to < 0.75	6,391	0.51	0.0	46.46	3.6	5,591	87.48
5	0.75 to < 2.50	4,604	1.45	0.0	45.00	3.8	5,810	126.18
6	2.50 to < 10.00	1,470	4.42	0.0	45.00	4.3	2,434	165.59
7	10.00 to < 100.00	656	35.76	0.0	45.00	1.9	1,745	265.93
8	100.00 (Default)	1	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	425,378	0.16	0.6	12.70	2.0	115,026	27.04
	Specialised lending							
1	0.00 to < 0.15	70,895	0.09	0.1	45.00	4.7	30,311	42.75
2	0.15 to < 0.25	871	0.20	0.0	45.00	3.9	504	57.95
3	0.25 to < 0.50	30,711	0.29	0.0	45.00	4.9	24,578	80.03
4	0.50 to < 0.75	23,901	0.63	0.0	45.00	4.8	25,080	104.93
5	0.75 to < 2.50	45,409	1.54	0.0	45.00	4.8	61,376	135.16
6	2.50 to < 10.00	24,687	3.17	0.0	45.00	4.8	39,312	159.24
7	10.00 to < 100.00	6	35.80	0.0	45.00	1.0	14	234.20
8	100.00 (Default)	46	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	196,529	0.93	0.2	45.00	4.8	181,179	92.18
Total (all portfolios)		¥ 1,227,758	0.23%	1.1	18.05%	2.6	¥ 433,904	35.34%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR4 Item No.	PD scale	Millions of Yen, %, 1,000 cases, Year March 31, 2020 a EAD post-CRM	b Average PD	c Number of obligors	d Average LGD	e Average maturity	f Credit RWA	g RWA density
				Sovereign exposures				
1	0.00 to < 0.15	¥ 1,103,545	0.00%	0.0	44.74%	0.1	¥ 3,031	0.27%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	313	0.26	0.0	45.00	1.0	149	47.82
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	1,958	1.88	0.0	45.00	1.0	1,836	93.77
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	1,105,817	0.00	0.0	44.74	0.1	5,017	0.45
				Financial Institution exposures				
1	0.00 to < 0.15	453,530	0.05	0.1	15.89	2.5	94,107	20.74
2	0.15 to < 0.25	408	0.20	0.0	45.00	2.9	179	44.01
3	0.25 to < 0.50	37,474	0.28	0.0	21.96	4.0	30,425	81.18
4	0.50 to < 0.75	229	0.50	0.0	45.00	1.0	120	52.44
5	0.75 to < 2.50	30	1.03	0.0	45.00	1.0	22	74.38
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	491,673	0.06	0.1	16.24	2.6	124,855	25.39
				Corporate exposures and SME exposures				
1	0.00 to < 0.15	251,173	0.05	0.2	7.78	2.0	53,117	21.14
2	0.15 to < 0.25	15,004	0.20	0.0	45.00	3.9	8,373	55.80
3	0.25 to < 0.50	9,604	0.30	0.0	45.00	4.3	7,452	77.59
4	0.50 to < 0.75	6,045	0.50	0.1	45.00	4.0	5,050	83.53
5	0.75 to < 2.50	6,502	1.49	0.1	46.51	3.7	8,586	132.04
6	2.50 to < 10.00	1,961	4.07	0.0	45.00	4.6	3,251	165.78
7	10.00 to < 100.00	884	34.71	0.0	45.00	2.9	2,442	276.03
8	100.00 (Default)	10	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	291,186	0.24	0.6	8.73	2.2	88,274	30.31
				Specialised lending				
1	0.00 to < 0.15	87,476	0.08	0.1	45.00	4.7	34,891	39.88
2	0.15 to < 0.25	1,105	0.20	0.0	45.00	4.1	663	60.06
3	0.25 to < 0.50	42,282	0.30	0.0	45.00	4.9	33,726	79.76
4	0.50 to < 0.75	19,164	0.67	0.0	45.00	4.9	21,156	110.39
5	0.75 to < 2.50	58,121	1.42	0.0	45.00	4.9	77,460	133.27
6	2.50 to < 10.00	14,568	3.30	0.0	45.00	4.8	23,287	159.84
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	51	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	222,770	0.13	0.2	45.00	4.8	191,186	85.82
Total (all portfolios)		¥ 2,111,448	0.13%	1.1	22.40%	1.5	¥ 409,334	19.38%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR5: Composition of collateral for CCR exposure

CCR5		Millions of Yen					
		March 31, 2021					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 123,752	¥ —	¥ 311,385	¥ 30,067	¥ 732,944
2	Cash (other currency)	—	3,789	—	251,567	968,538	549
3	Domestic sovereign debt	—	1,081	—	19,040	228,621	354,177
4	Other sovereign debt	—	—	—	—	845,426	1,704,208
5	Government agency debt	—	—	—	—	116,000	13,375
6	Corporate bonds	—	—	—	—	384,389	326,855
7	Equity securities	—	—	—	12,577	701,562	560,016
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 128,624	¥ —	¥ 594,572	¥ 3,274,606	¥ 3,692,125

CCR5		Millions of Yen					
		March 31, 2020					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 126,581	¥ —	¥ 321,222	¥ 1,068,982	¥ 750,758
2	Cash (other currency)	—	8,357	—	183,139	1,129,347	30,521
3	Domestic sovereign debt	—	7,053	—	20,180	181,075	1,289,027
4	Other sovereign debt	—	—	—	—	993,263	1,679,432
5	Government agency debt	—	—	—	—	237,766	486,789
6	Corporate bonds	—	—	—	—	409,906	—
7	Equity securities	—	—	—	9,584	587,566	721,116
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 141,992	¥ —	¥ 534,127	¥ 4,607,910	¥ 4,957,645

CCR6: Credit derivatives exposures

CCR6		Millions of Yen	
		March 31, 2021	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 40,500	¥ 40,500
2	Index credit default swaps	5,533	—
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 46,032	¥ 40,500
	Fair values		
7	Positive fair value (asset)	9	913
8	Negative fair value (liability)	(1,387)	(9)

CCR6		Millions of Yen	
		March 31, 2020	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	53,600	68,600
2	Index credit default swaps	11,940	5,434
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 65,540	¥ 74,034
	Fair values		
7	Positive fair value (asset)	596	425
8	Negative fair value (liability)	(406)	(441)

CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

As of March 31, 2021
Not applicable.

As of March 31, 2020
Not applicable.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of Yen	
		March 31, 2021	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 47,434
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,444,565	28,891
3	(i) OTC derivatives	1,208,535	24,170
4	(ii) Exchange-traded derivatives	167,635	3,352
5	(iii) Repo transactions	68,394	1,367
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	182,733	3,654
9	Pre-funded default fund contributions	23,319	14,888
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

CCR8		Millions of Yen	
		March 31, 2020	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 49,867
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,036,944	40,738
3	(i) OTC derivatives	1,759,635	35,192
4	(ii) Exchange-traded derivatives	222,792	4,455
5	(iii) Repo transactions	54,516	1,090
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	93,786	1,875
9	Pre-funded default fund contributions	20,508	7,253
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

SEC1: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the amount of credit risk-weighted assets only)

SEC1		Millions of Yen								
		March 31, 2021								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 86,324	¥ —	¥ 86,324	¥ 310,776	¥ —	¥ 310,776	¥ 98,354	¥ —	¥ 98,354
2	Residential mortgage	86,324	—	86,324	75,519	—	75,519	62,570	—	62,570
3	Credit card	—	—	—	40,517	—	40,517	31,905	—	31,905
4	Other retail exposures	—	—	—	194,740	—	194,740	3,877	—	3,877
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	7,511	—	7,511	27,233	—	27,233	720,685	—	720,685
7	Loans to corporates	—	—	—	—	—	—	720,685	—	720,685
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	7,511	—	7,511	27,233	—	27,233	—	—	—
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

SEC1		Millions of Yen								
		March 31, 2020								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 75,122	¥ —	¥ 75,122	¥ 127,403	¥ —	¥ 127,403	¥ 139,219	¥ —	¥ 139,219
2	Residential mortgage	75,122	—	75,122	86,287	—	86,287	64,847	—	64,847
3	Credit card	—	—	—	492	—	492	26,253	—	26,253
4	Other retail exposures	—	—	—	40,623	—	40,623	48,118	—	48,118
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	18,752	—	18,752	—	—	—	742,846	—	742,846
7	Loans to corporates	—	—	—	—	—	—	720,622	—	720,622
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	18,752	—	18,752	—	—	—	22,223	—	22,223
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

SEC2: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the market risk equivalent amounts only)

As of March 31, 2021
Not applicable.

As of March 31, 2020
Not applicable.

SEC3: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as originator or sponsor)

SEC3		Millions of Yen														
		March 31, 2021														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥290,498	¥290,498	¥290,498	¥263,264	¥27,233	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	83,784	83,784	83,784	83,784	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	40,987	40,987	40,987	40,987	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	16,528	16,528	16,528	9,016	7,511	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	431,780	431,780	431,780	397,035	34,744	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	17	17	17	17	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	153,520	153,520	153,520	111,402	42,117	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	2	2	2	2	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	597	597	597	597	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	12,281	12,281	12,281	8,912	3,369	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	47	47	47	47	—	—	—	—	—	—	—	—	—	—	—

SEC3		Millions of Yen														
		March 31, 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
Exposure values (by RW bands)																
1	≤ 20% risk weight	¥127,331	¥127,331	¥127,331	¥127,331	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	2,272	2,272	2,272	2,272	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	47,869	47,869	47,869	47,869	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	43,732	43,732	43,732	24,980	18,752	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—
Exposure Values (by regulatory approach)																
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	220,713	220,713	220,713	201,961	18,752	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	492	492	492	492	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—
RWA (by regulatory approach)																
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	156,305	156,305	156,305	104,805	51,500	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	73	73	73	73	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	906	906	906	906	—	—	—	—	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)																
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	12,504	12,504	12,504	8,384	4,120	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	5	5	5	5	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	72	72	72	72	—	—	—	—	—	—	—	—	—	—	—

SEC4: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as investor)

SEC4		Millions of Yen														
		March 31, 2021														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥717,104	¥717,104	¥717,104	¥77,100	¥640,004	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	55,565	55,565	55,565	3,103	52,462	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	35,834	35,834	35,834	7,614	28,219	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	10,535	10,535	10,535	10,535	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	784,824	784,824	784,824	64,138	720,685	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	34,215	34,215	34,215	34,215	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	137,830	137,830	137,830	13,121	124,709	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	17,129	17,129	17,129	17,129	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	11,026	11,026	11,026	1,049	9,976	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,370	1,370	1,370	1,370	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

SEC4		Millions of Yen														
		March 31, 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
Exposure values (by RW bands)																
1	≤ 20% risk weight	¥766,385	¥766,385	¥766,385	¥107,216	¥659,169	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	38,784	38,784	38,784	24,713	14,071	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	72,345	72,345	72,345	2,739	69,606	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	4,550	4,550	4,550	4,550	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
Exposure Values (by regulatory approach)																
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	839,785	839,785	839,785	96,939	742,846	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	42,279	42,279	42,279	42,279	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
RWA (by regulatory approach)																
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	178,008	178,008	178,008	21,982	156,026	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	12,730	12,730	12,730	12,730	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)																
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	14,240	14,240	14,240	1,758	12,482	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,018	1,018	1,018	1,018	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

MR1: Market risk under standardised approach

MR1		Millions of Yen
		March 31, 2021
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 2,640
2	Equity risk (general and specific)	—
3	Foreign exchange risk	9,965
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 12,605

MR1		Millions of Yen
		March 31, 2020
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,765
2	Equity risk (general and specific)	—
3	Foreign exchange risk	8,819
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 13,585

MR2: Risk-weighted Assets Flow Statements of Market Risk Exposures under Internal Model Approach

MR2			Billions of Yen					
			March 31, 2021					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2020)		¥ 297	¥ 1,013	¥ —	¥ —		¥ 1,311
1b	Regulatory adjustment ratio (1a/1c)		2.69	3.72	—	—		3.42
1c	RWA at the end of the previous fiscal year		110	272	—	—		382
2	Factor of RWA changes	Movement in risk levels	62	72	—	—		134
3		Model updates/changes	—	—	—	—		—
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	(7)	1	—	—		(6)
7		Others	(48)	(8)	—	—		(57)
8a	RWA at the end of the fiscal year		116	336	—	—		453
8b	Regulatory adjustment ratio (8c/8a)		3.13	3.08	—	—		3.09
8c	RWA at the end of current reporting period (March 31, 2021)		365	1,039	—	—		1,405

Note: The end of the previous fiscal year indicates March 31, 2020, and the end of the fiscal year indicates March 31, 2021.

MR2			Billions of Yen					
			March 31, 2020					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2019)		¥ 181	¥ 900	¥ —	¥ —		¥ 1,081
1b	Regulatory adjustment ratio (1a/1c)		3.26	3.04	—	—		3.08
1c	RWA at the end of the previous fiscal year		55	295	—	—		350
2	Factor of RWA changes	Movement in risk levels	35	(24)	—	—		11
3		Model updates/changes	—	—	—	—		—
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	(0)	7	—	—		6
7		Others	19	(5)	—	—		13
8a	RWA at the end of the fiscal year		110	272	—	—		382
8b	Regulatory adjustment ratio (8c/8a)		2.69	3.72	—	—		3.42
8c	RWA at the end of current reporting period (March 31, 2020)		297	1,013	—	—		1,311

Note: The end of the previous fiscal year indicates March 31, 2019, and the end of the fiscal year indicates March 31, 2020.

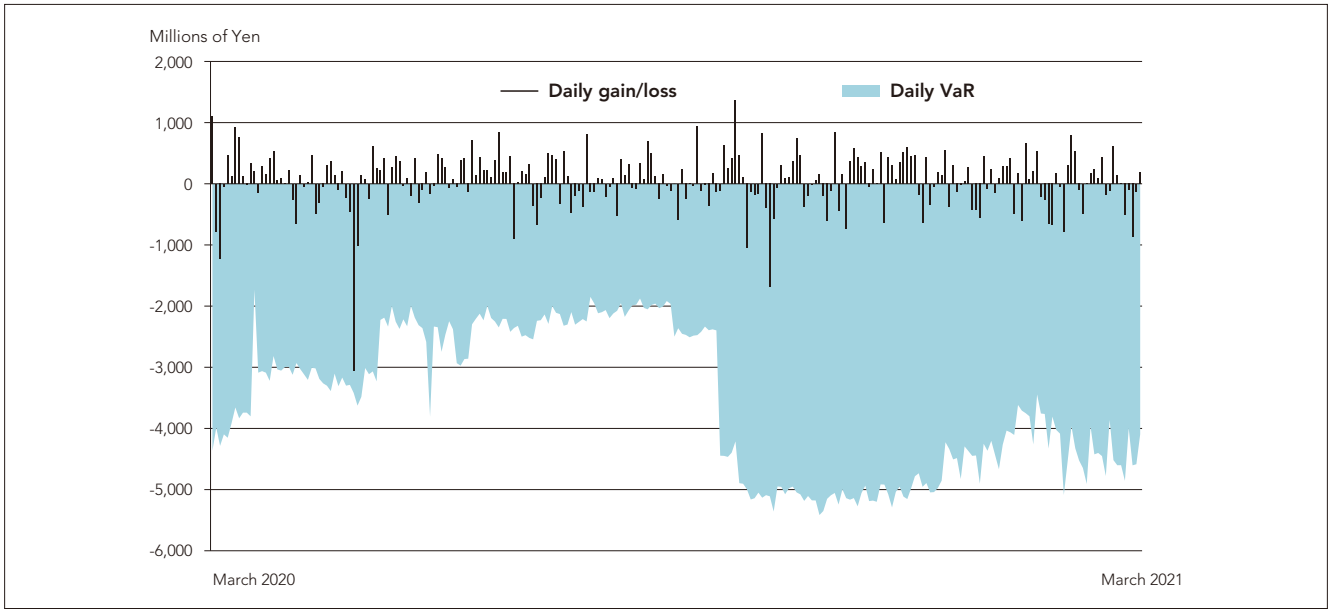
MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3 Item No.		Millions of Yen March 31, 2021
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 13,022
2	Average value	8,745
3	Minimum value	4,985
4	Period end	9,347
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	34,912
6	Average value	28,314
7	Minimum value	18,982
8	Period end	26,958
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

MR3 Item No.		Millions of Yen March 31, 2020
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 10,749
2	Average value	6,292
3	Minimum value	3,923
4	Period end	8,833
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	32,726
6	Average value	24,541
7	Minimum value	15,998
8	Period end	21,785
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

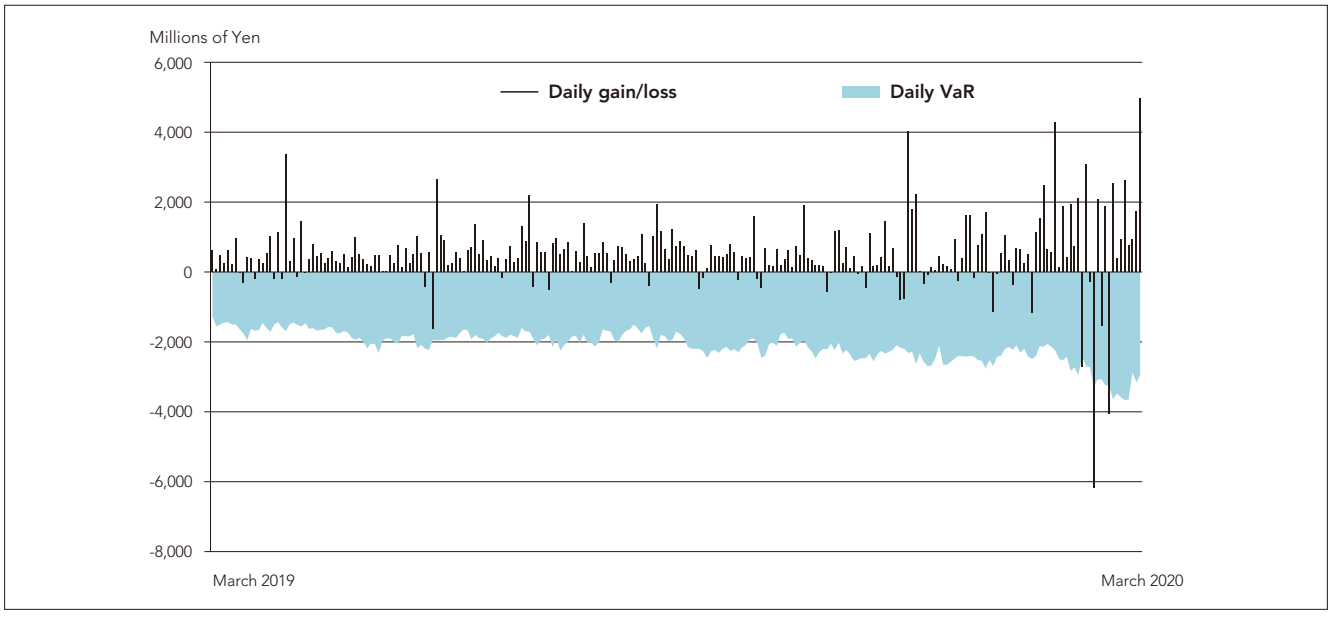
MR4: Backtesting results by Internal Model Approaches (IMA)

MR4	March 31, 2021



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

MR4	March 31, 2020



Note: As shown above, during the reported period, three exceedances occurred in backtesting.

IRRBB1: Interest rate risk

IRRBB1		Millions of Yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Parallel up	**¥ 48,562**	¥ 118,515	**¥ (77,953)**	¥ (49,316)
2	Parallel down	**81,361**	—	**76,463**	51,114
3	Steepener	**92,204**	84,912		
4	Flattener	**858**	—		
5	Short rate up	**—**	901		
6	Short rate down	**57,337**	4,773		
7	Maximum	**92,204**	118,515	**76,463**	51,114
		e		f	
		March 31, 2021		March 31, 2020	
8	Tier 1 Capital	**¥ 2,389,620**		¥ 2,420,402	

Composition of Basel III Leverage Ratio

Consolidated

As of March 31				Millions of Yen, %	
Basel III Template No. (Table 2)	Basel III Template No. (Table 1)	Items		2021	2020
		On-Balance Sheet Exposures			
1		On-Balance Sheet Exposures before Deducting Adjustment Items		¥ 42,737,760	¥ 52,422,292
1a	1	Total Assets Reported in the Consolidated Balance Sheet		45,713,111	56,288,892
1b	2	The Amount of Assets of Subsidiaries that are not Included in the Scope of the Basel III Leverage Ratio on a Consolidated Basis (Deduction)		—	—
1c	7	The Amount of Assets of Subsidiaries that are Included in the Scope of the Basel III Leverage Ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet)		—	—
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction)		2,975,350	3,866,600
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)		225,413	140,802
3		Total On-Balance Sheet Exposures	(A)	42,512,347	52,281,489
		Exposures Related to Derivative Transactions			
4		The Amount Equivalent to Replacement Cost Associated with Derivatives Transactions, etc. Multiplied by 1.4			
		Replacement Cost Associated with Derivatives Transactions, etc.		716,497	650,735
5		The Amount Equivalent to Potential Future Exposure Associated with Derivatives Transactions, etc. Multiplied by 1.4			
		Add-On Amount Associated with Derivatives Transactions, etc.		1,037,147	903,876
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.		562,953	504,362
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework			
		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework		—	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)		169,107	169,673
8		The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction)			
9		Adjusted Effective Notional Amount of Written Credit Derivatives		40,500	74,034
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)		40,500	53,600
11	4	Total Exposures Related to Derivative Transactions	(B)	2,147,492	1,909,734
		Exposures Related to Repo Transactions			
12		The Amount of Assets Related to Repo Transactions, etc.		887,958	1,961,419
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)		—	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.		307,438	287,850
15		The Exposures for Agent Repo Transaction			
16	5	The Total Exposures Related to Repo Transactions, etc.	(C)	1,195,397	2,249,270
		Exposures Related to Off-Balance Sheet Transactions			
17		Notional Amount of Off-Balance Sheet Transactions		8,653,606	7,426,754
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)		5,261,730	4,726,571
19	6	Total Exposures Related to Off-Balance Sheet Transactions	(D)	3,391,875	2,700,183
		Basel III Leverage Ratio on a Consolidated Basis			
20		The Amount of Capital (Tier 1 Capital)	(E)	2,389,620	2,420,402
21	8	Total Exposures	(F) = (A)+(B)+(C)+(D)	¥ 49,247,112	¥ 59,140,679
22		Basel III Leverage Ratio on a Consolidated Basis	(G) = (E)/(F)	4.85%	4.09%
		Basel III Leverage Ratio on a Consolidated Basis If Including Deposits Held with the Bank of Japan			
		Total Exposure	(F)	¥ 49,247,112	
		Deposits Held with the Bank of Japan		16,231,435	
		Total Exposure If Including Deposits Held with the Bank of Japan	(F')	65,478,547	
		Basel III Leverage Ratio on a Consolidated Basis If Including Deposits Held with the Bank of Japan	(H) = (E)/(F')	3.64%	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the Basel III leverage ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the Basel III leverage ratio itself or parts of internal control over the procedure to calculate the ratio.

The key drivers of material changes observed from the previous fiscal year

Total exposures substantially decreased, due to the revision of calculation rule that current account with the Bank of Japan was excluded from total exposures, according to the Revision of Financial Services Agency Notification No.11, 2019 (effected on June, 2020).

Liquidity Coverage Ratio (LCR) Consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2020 4th Quarter		Fiscal Year 2020 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 18,052,471		¥ 18,053,546
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 18,100,666	¥ 856,663	¥ 18,077,298	¥ 854,119
3	of which: Stable deposits	797,884	23,936	777,642	23,329
4	of which: Less stable deposits	8,296,160	832,727	8,268,214	830,790
5	Cash outflows related to unsecured wholesale funding	13,364,313	10,430,071	12,776,765	9,889,939
6	of which: Qualifying operational deposits	—	—	—	—
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	10,467,313	7,533,071	10,043,261	7,156,435
8	of which: Debt securities	2,897,000	2,897,000	2,733,504	2,733,504
9	Cash outflows related to secured funding, etc.		108,049		47,643
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	6,459,374	1,611,852	6,291,901	1,511,812
11	of which: Cash outflows related to derivative transactions, etc.	346,926	346,926	308,679	308,679
12	of which: Cash outflows related to funding programs	—	—	—	—
13	of which: Cash outflows related to credit and liquidity facilities	6,112,448	1,264,926	5,983,222	1,203,133
14	Cash outflows related to contractual funding obligations, etc.	428,703	226,079	337,297	206,402
15	Cash outflows related to contingencies	11,362,848	21,699	11,417,464	21,935
16	Total cash outflows		13,254,413		12,531,850
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	¥ 75,135	¥ —	¥ 222,683	¥ —
18	Cash inflows related to collection of loans, etc.	2,938,462	2,068,627	3,245,450	2,504,022
19	Other cash inflows	645,441	264,966	561,019	232,005
20	Total cash inflows	3,659,038	2,333,593	4,029,152	2,736,027
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		¥ 18,052,471		¥ 18,053,546
22	Net cash outflows		10,920,820		9,795,823
23	Consolidated Liquidity Coverage Ratio (LCR)		165.3%		184.2%
24	The number of data used to calculate the average value		60		63

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the regulated level (100%) as required under liquidity ratio regulations and the actual LCR is roughly in line with our initial forecast. Up ahead, we do not expect our LCR to deviate significantly from the current level.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality liquid assets and net cash outflows in major currencies.

(4) Other items concerning LCR

We apply neither the "treatment for qualifying operational deposit" nor the "additional collateral required to market valuation changes based on the scenario approach."

Furthermore, taking account of the impact to LCR, we are using month-end data in lieu of daily data for the consolidated subsidiary companies of minor importance with practical restrictions.

KM1: Key Metrics

Non-consolidated

KM1 Basel III Template No.		Millions of Yen, %				
		a	b	c	d	e
		March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 1,858,096	¥ 1,857,382	¥ 1,874,965	¥ 1,855,453	¥ 1,853,206
2	Tier 1	2,128,096	2,127,382	2,214,965	2,195,453	2,193,206
3	Total capital	2,559,523	2,634,316	2,736,073	2,682,377	2,693,326
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	19,165,759	19,216,866	18,653,915	18,538,841	18,113,159
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	9.69%	9.66%	10.05%	10.00%	10.23%
6	Tier 1 ratio	11.10%	11.07%	11.87%	11.84%	12.10%
7	Total capital ratio	13.35%	13.70%	14.66%	14.46%	14.86%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	47,356,321	47,304,459	45,805,095	46,661,133	57,397,289
14	Basel III leverage ratio	4.49%	4.49%	4.83%	4.70%	3.82%

KM1 Basel III Template No.		Millions of Yen, %				
		a	b	c	d	e
		Fiscal Year 2020 4th Quarter	Fiscal Year 2020 3rd Quarter	Fiscal Year 2020 2nd Quarter	Fiscal Year 2020 1st Quarter	Fiscal Year 2019 4th Quarter
	Liquidity Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 17,824,739	¥ 17,832,318	¥ 17,661,017	¥ 13,401,434	¥ 14,166,020
16	Net cash outflows	9,993,155	8,974,008	10,139,836	10,303,471	10,353,796
17	Non-consolidated LCR	178.3%	198.7%	174.1%	130.0%	136.8%

Composition of Capital (Non-consolidated BIS capital adequacy ratio)

Non-consolidated

CC1: Composition of Capital

CC1 As of March 31		Millions of Yen, %		
		a	b	c
Basel III Template No.	Items	2021	2020	Reference Numbers to Reconciliation with the Balance Sheet
	Common Equity Tier 1 Capital: Instruments and Reserves			
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	**¥ 1,732,212**	¥ 1,684,131	
1a	of Which: Capital Stock and Capital Surplus	**685,103**	685,103	
2	of Which: Retained Earnings	**1,066,952**	1,020,763	
1c	of Which: Treasury Stock (Deduction)	**—**	—	
26	of Which: Earnings to be Distributed (Deduction)	**19,843**	21,735	
	of Which: Others	**—**	—	
1b	Subscription Rights to Common Shares	**—**	—	
3	Valuation and Translation Adjustments	**297,484**	311,557	(a)
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,029,696**	1,995,688	
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**40,851**	49,216	
8	of Which: Goodwill (Including Those Equivalent)	**—**	—	
9	of Which: Other Intangible Assets	**40,851**	49,216	
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**	—	
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	**(35,018)**	(37,200)	
12	Shortfall of Eligible Provisions to Expected Losses	**—**	—	
13	Securitisation Gain on Sale	**1,202**	1,231	
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities	**—**	—	
15	Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	**164,563**	129,235	
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	**—**	—	
17	Reciprocal Cross-Holdings in Common Equity	**—**	—	
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)	**—**	—	
19+20+21	Amount above the 10% Threshold on the Specified Items	**—**	—	
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**	—	
20	of Which: Mortgage Servicing Rights	**—**	—	
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**	—	
22	Amount Exceeding the 15% Threshold on the Specified Items	**—**	—	
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**	—	
24	of Which: Mortgage Servicing Rights	**—**	—	
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**	—	
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions	**—**	—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments (B)	**171,599**	142,482	
	Common Equity Tier 1 Capital (CET1)			
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 1,858,096**	¥ 1,853,206	

CC1 As of March 31			Millions of Yen, %		
			a	b	c
Basel III Template No.		Items	2021	2020	Reference Numbers to Reconciliation with the Balance Sheet
		Additional Tier 1 Capital: Instruments			
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —	¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments	—	—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**270,000**	340,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—	—	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	—	—	
36		Additional Tier 1 Capital: Instruments (D)	**270,000**	340,000	
		Additional Tier 1 Capital: Regulatory Adjustments			
37		Investments in Own Additional Tier 1 Instruments	—	—	
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—	—	
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	—	
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—	—	
		Additional Tier 1 Capital (AT1)			
44		Additional Tier 1 Capital (F) = (D) – (E)	**270,000**	340,000	
		Tier 1 Capital (T1 = CET1 + AT1)			
45		Tier 1 Capital (G) = (C) + (F)	**2,128,096**	2,193,206	
		Tier 2 Capital: Instruments and Provisions			
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	—	
		Subscription Rights to Tier 2 Instruments	—	—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**335,153**	306,584	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—	—	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 Capital	**85,790**	171,581	
50		Provisions Allowed in Group Tier 2	**12,022**	23,493	
50a		of Which: General Allowance for Credit Losses	—	—	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	**12,022**	23,493	
51		Tier 2 Capital: Instruments and Provisions (H)	**¥ 432,966**	¥ 501,659	

CC1 As of March 31 Basel III Template No.	Items	Millions of Yen, % a 2021	 b 2020	 c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments			
52	Investments in Own Tier 2 Instruments	¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities	—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**1,540**	1,540	
57	Tier 2 Capital: Regulatory Adjustments (I)	**1,540**	1,540	
	Tier 2 Capital (T2)			
58	Tier 2 Capital (J) = (H) – (I)	**431,426**	500,119	
	Total Capital (TC = T1 + T2)			
59	Total Capital (K) = (G) + (J)	**2,559,523**	2,693,326	
	Total Risk Weighted Assets			
60	Total Risk Weighted Assets (L)	**19,165,759**	18,113,159	
	Capital Ratios (Non-consolidated)			
61	Common Equity Tier 1 Capital Ratio (C)/(L)	**9.69%**	10.23%	
62	Tier 1 Capital Ratio (G)/(L)	**11.10%**	12.10%	
63	Total Capital Ratio (K)/(L)	**13.35%**	14.86%	
	Regulatory Adjustments (before Risk Weighting)			
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)	**123,647**	105,516	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)	**63,134**	62,987	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)	—	—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)	—	—	
	Provisions Included in Tier 2 Capital: Instruments and Provisions			
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)	—	—	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach	**2,412**	2,157	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)	**12,022**	23,493	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach	**97,113**	91,578	
	Capital Instruments Subject to Phase out Arrangements			
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements	**38,900**	77,800	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)	—	—	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements	**85,790**	171,581	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)	¥ **69,699**	¥ 17,609	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the non-consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the non-consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the non-consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate the ratio.

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Non-consolidated

Fiscal Year 2020

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2 Items	a Non-consolidated Balance Sheet (Millions of Yen)	b Under Regulatory Scope of Consolidation (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Assets)				
Cash and Due from Banks	¥ 18,216,321	¥ 18,216,322		
Call Loans	8,766	8,766		
Receivables under Resale Agreements	160,268	160,268		
Receivables under Securities Borrowing Transactions	727,689	727,689		
Monetary Claims Bought	105,830	105,830		
Trading Assets	513,273	513,273		
Money Held in Trust	99	99		
Securities	7,090,335	7,090,333		6–a
Loans and Bills Discounted	30,691,618	30,691,618		6–b
Foreign Exchanges	25,396	25,396		
Other Assets	1,812,587	1,812,587		6–c
Tangible Fixed Assets	186,717	186,717		
Intangible Fixed Assets	58,880	58,880		2
Prepaid Pension Expenses	237,191	237,191		3
Customers' Liabilities for Acceptances and Guarantees	383,537	383,537		
Allowance for Loan Losses	(100,846)	(100,846)		
Total Assets	¥ 60,117,669	¥ 60,117,669		

CC2 Items	a Non-consolidated Balance Sheet (Millions of Yen)	b Under Regulatory Scope of Consolidation (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)				
Deposits	¥ 33,174,292	¥ 33,174,292		
Negotiable Certificates of Deposit	7,444,194	7,444,194		
Call Money	180,886	180,886		
Payables under Repurchase Agreements	1,628,440	1,628,440		
Trading Liabilities	321,576	321,576		
Borrowed Money	5,883,091	5,883,091		7
Foreign Exchanges	16,631	16,631		
Short-term Bonds Payable	2,013,793	2,013,793		
Bonds Payable	865,605	865,605		
Borrowed Money from Trust Account	4,915,208	4,915,208		
Other Liabilities	1,131,052	1,131,052		6–d
Provision for Bonuses	9,009	9,009		
Provision for Directors' Bonuses	103	103		
Provision for Stocks Payment	417	417		
Provision for Retirement Benefits	783	783		
Provision for Reimbursement of Deposits	4,138	4,138		
Provision for Contingent Losses	1,633	1,633		
Deferred Tax Liabilities	91,342	91,342		4–a
Deferred Tax Liabilities for Land Revaluation	2,388	2,388		4–b
Acceptances and Guarantees	383,537	383,537		
Total Liabilities	58,068,129	58,068,129		
(Net Assets)				
Capital Stock	342,037	342,037		1–a
Capital Surplus	343,066	343,066		1–b
Retained Earnings	1,066,952	1,066,952		1–c
Total Shareholders' Equity	1,752,055	1,752,055		
Valuation Differences on Available-for-Sale Securities	340,796	340,796		
Deferred Gains (Losses) on Hedges	(39,295)	(39,295)		5
Revaluation Reserve for Land	(4,016)	(4,016)		
Foreign Currency Translation Adjustments	—	(0)		
Total Valuation and Translation Adjustments	297,484	297,484	(a)	
Total Net Assets	2,049,539	2,049,539		
Total Liabilities and Net Assets	¥ 60,117,669	¥ 60,117,669		

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	343,066		1–b
Retained Earnings	1,066,952		1–c
Total Shareholders' Equity	¥ 1,752,055		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,752,055	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	685,103		1a
of Which: Retained Earnings	1,066,952		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 58,880		2
Associated Deferred Tax Liabilities	18,029		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ —		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	40,851	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-benefit pension fund net assets (prepaid pension Expenses)

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Prepaid Pension Expenses	¥ 237,191		3
Associated Deferred Tax Liabilities	72,628		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	¥ 164,563		15

4. Deferred tax assets

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Liabilities	¥ 91,342		4–a
Deferred Tax Liabilities for Land Revaluation	2,388		4–b
Associated Intangible Fixed Assets	18,029		
Associated Prepaid Pension Expenses	72,628		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ —	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains (Losses) on Hedges	¥ (39,295)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (35,018)	Excluding those items whose valuation differences arising from hedged items are recognized as "Valuation and translation adjustments"	11

6. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 7,090,335		6–a
Loans and Bills Discounted	30,691,618	Including Subordinated Debts	6–b
Other Assets	1,812,587	Including derivatives	6–c
Other Liabilities	¥ 1,131,052	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	123,647		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	123,647		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	64,674		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	63,134		73

7. Other Capital Instruments

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 5,883,091		7

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 270,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	335,153		46

Fiscal Year 2019

CC2	a	b	c	d
Items	Non-consolidated Balance Sheet (Millions of Yen)	Under Regulatory Scope of Consolidation (Millions of Yen)	Ref. No. of Composition of Capital	Ref. No. of Appendix
(Assets)				
Cash and Due from Banks	¥ 12,916,014	¥ 12,916,015		
Call Loans	71,236	71,236		
Receivables under Resale Agreements	1,220,761	1,220,761		
Receivables under Securities Borrowing Transactions	740,658	740,658		
Monetary Claims Bought	64,146	64,146		
Trading Assets	609,158	609,158		
Money Held in Trust	99	99		
Securities	6,625,035	6,625,034		6–a
Loans and Bills Discounted	29,953,513	29,953,513		6–b
Foreign Exchanges	36,952	36,952		
Other Assets	1,650,474	1,650,474		6–c
Tangible Fixed Assets	189,926	189,926		
Intangible Fixed Assets	70,937	70,937		2
Prepaid Pension Expenses	186,272	186,272		3
Customers' Liabilities for Acceptances and Guarantees	359,757	359,757		
Allowance for Loan Losses	(98,191)	(98,191)		
Total Assets	¥ 54,596,753	¥ 54,596,753		

CC2 Items	a Non-consolidated Balance Sheet (Millions of Yen)	b Under Regulatory Scope of Consolidation (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)				
Deposits	¥ 30,537,466	¥ 30,537,466		
Negotiable Certificates of Deposit	6,112,992	6,112,992		
Call Money	201,249	201,249		
Payables under Repurchase Agreements	1,558,919	1,558,919		
Payables under Securities Lending Transactions	—	—		
Trading Liabilities	371,950	371,950		
Borrowed Money	5,973,015	5,973,015		7
Foreign Exchanges	23,724	23,724		
Short-term Bonds Payable	1,136,819	1,136,819		
Bonds Payable	415,368	415,368		
Borrowed Money from Trust Account	4,750,289	4,750,289		
Other Liabilities	1,026,229	1,026,229		6–d
Provision for Bonuses	9,909	9,909		
Provision for Directors' Bonuses	74	74		
Provision for Stocks Payment	219	219		
Provision for Retirement Benefits	736	736		
Provision for Reimbursement of Deposits	4,867	4,867		
Provision for Contingent Loss	1,440	1,440		
Deferred Tax Liabilities	91,860	91,860		4–a
Deferred Tax Liabilities for Land Revaluation	2,439	2,439		4–b
Acceptances and Guarantees	359,757	359,757		
Total Liabilities	52,579,329	52,579,329		
(Net Assets)				
Capital Stock	342,037	342,037		1–a
Capital Surplus	343,066	343,066		1–b
Retained Earnings	1,020,763	1,020,763		1–c
Total Shareholders' Equity	1,705,866	1,705,866		
Valuation Difference on Available-for-Sale Securities	363,461	363,461		
Deferred Gains or Losses on Hedges	(48,002)	(48,002)		5
Revaluation Reserve for Land	(3,901)	(3,901)		
Foreign Currency Translation Adjustments	—	(0)		
Total Valuation and Translation Adjustments	311,558	311,557	(a)	
Total Net Assets	2,017,424	2,017,424		
Total Liabilities and Net Assets	¥ 54,596,753	¥ 54,596,753		

(Appendix)

Note: Amounts in the "Composition of Capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	343,066		1–b
Retained Earnings	1,020,763		1–c
Total Shareholders' Equity	¥ 1,705,866		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,705,866	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	685,103		1a
of Which: Retained Earnings	1,020,763		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 70,937		2
Associated Deferred Tax Liabilities	21,721		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ —		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	49,216	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-benefit pension fund net assets (prepaid pension Expenses)

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Prepaid Pension Expenses	¥ 186,272		3
Associated Deferred Tax Liabilities	57,036		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	¥ 129,235		15

4. Deferred tax assets

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Liabilities	¥ 91,860		4–a
Deferred Tax Liabilities for Land Revaluation	2,439		4–b
Associated Intangible Fixed Assets	21,721		
Associated Prepaid Pension Expenses	57,036		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ —	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (48,002)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (37,200)	Excluding those items whose valuation differences arising from hedged items are recognized as "Valuation and translation adjustments"	11

6. Investments in the capital of financial entities

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,625,035		6–a
Loans and Bills Discounted	29,953,513	Including subordinated loans	6–b
Other Assets	1,650,474	Including derivatives	6–c
Other Liabilities	¥ 1,026,229	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	105,516		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	105,516		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	64,527		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	62,987		73

7. Other Capital Instruments

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 5,973,015		7

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	306,584		46

Disclosure Data Designated as Per the Appended Forms

Non-consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of Yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Credit risk (excluding counterparty credit risk)	**¥ 12,381,768**	¥ 12,128,127	**¥ 1,040,123**	¥ 1,017,944
2	of Which: Standardised Approach (SA)	**1,106**	798	**88**	63
3	of Which: Internal Ratings-Based (IRB) Approach	**10,329,612**	9,936,345	**875,951**	842,602
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**—**	—	**—**	—
	Other assets	**2,051,049**	2,190,983	**164,083**	175,278
4	Counterparty credit risk (CCR)	**1,155,749**	1,122,066	**94,542**	91,729
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**405,097**	389,713	**34,352**	33,047
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjustment (CVA)	**674,527**	663,005	**53,962**	53,040
	of Which: Central Counterparty (CCP)	**47,434**	49,867	**3,794**	3,989
	Others	**28,689**	19,479	**2,432**	1,651
7	Equity positions in banking book under market-based approach	**482,003**	198,330	**40,873**	16,818
8	Equity Investments in Funds (Look-through Approach)	**1,054,083**	861,670	**84,326**	68,933
9	Equity Investments in Funds (Mandate-based Approach)	**948,627**	762,411	**75,890**	60,992
	Equity Investments in Funds (Probability Approach 250%)	**—**	—	**—**	—
	Equity Investments in Funds (Probability Approach 400%)	**—**	—	**—**	—
10	Equity Investments in Funds (Probability Approach 1,250%)	**1,091**	1,137	**87**	91
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**235,194**	275,322	**18,815**	22,025
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**218,062**	262,517	**17,444**	21,001
14	of Which: External Rating-Based Approach (SEC-ERBA)	**17,132**	12,804	**1,370**	1,024
15	of Which: Standardised Approach (SEC-SA)	**—**	—	**—**	—
	of Which: Subject to 1,250% risk weight	**0**	0	**0**	0
16	Market risk	**1,407,899**	1,316,579	**112,631**	105,326
17	of Which: Standardised Approach (SA)	**2,640**	4,765	**211**	381
18	of Which: Internal Model Approaches (IMA)	**1,405,258**	1,311,813	**112,420**	104,945
19	Operational risk	**657,321**	647,978	**52,585**	51,838
20	of Which: Basic Indicator Approach (BIA)	**—**	428	**—**	34
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**657,321**	647,549	**52,585**	51,803
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**157,826**	157,454	**13,383**	13,352
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 19,165,759**	¥ 18,113,159	**¥ 1,533,260**	¥ 1,449,052

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

IRRBB1: Interest rate risk

IRRBB1		Millions of Yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Parallel up	**¥ 41,776**	¥ 96,619	**¥ (79,319)**	¥ (51,228)
2	Parallel down	**98,554**	—	**77,829**	53,025
3	Steepener	**86,223**	75,152		
4	Flattener	**854**	—		
5	Short rate up	**—**	—		
6	Short rate down	**63,474**	11,190		
7	Maximum	**98,554**	96,619	**77,829**	53,025
		e		f	
		March 31, 2021		March 31, 2020	
8	Tier 1 Capital	**¥ 2,128,096**		¥ 2,193,206	

Composition of Basel III Leverage Ratio

Non-consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table2)	Basel III Template No. (Table1)	Items	2021	2020
		On-Balance Sheet Exposures		
1		On-balance Sheet Exposures before Deducting Adjustment Items	¥ 41,041,954	¥ 50,893,212
1a	1	Total Assets Reported in the Non-consolidated Balance Sheet	43,886,233	54,596,753
1b	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Non-consolidated Balance Sheet (except adjustment items) (Deduction)	2,844,279	3,703,541
2	7	The Amount of Adjustment Items Pertaining to Tier1 Capital (Deduction)	205,415	178,452
3		Total On-Balance Sheet Exposures (A)	40,836,539	50,714,759
		Exposures Related to Derivative Transactions		
4		The Amount Equivalent to Replacement Cost Associated with Derivatives Transactions, etc. Multiplied by 1.4		
		Replacement Cost Associated with Derivatives Transactions, etc.	713,671	650,734
5		The Amount Equivalent to Potential Future Exposure Associated with Derivatives Transactions, etc. Multiplied by 1.4		
		Add-On Amount Associated with Derivatives Transactions, etc.	1,034,582	899,937
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	562,953	504,362
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Non-Consolidated Balance Sheet Pursuant to the Operative Accounting Framework		
		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Non-Consolidated Balance Sheet Pursuant to the Operative Accounting Framework	—	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)	169,107	169,673
8		The Amount of Client-Cleared Trade Exposures for which a Bank Acting as Clearing Member is not Obliged to Make any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	40,500	74,034
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	40,500	53,600
11	4	Total Exposures Related to Derivative Transactions (B)	2,142,099	1,905,796
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	887,958	1,961,419
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	—	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	291,231	282,730
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	1,179,190	2,244,150
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	6,138,198	4,907,732
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	2,939,706	2,375,148
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	3,198,491	2,532,583
		Basel III Leverage ratio on a Non-consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	2,128,096	2,193,206
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	¥ 47,356,321	¥ 57,397,289
22		Basel III Leverage Ratio on a Non-consolidated Basis (G) = (E)/(F)	4.49%	3.82%
		Basel III Leverage Ratio on a Non-consolidated Basis If Including Deposits Held with the Bank of Japan		
		Total Exposures (F)	¥ 47,356,321	
		Deposits held with the Bank of Japan	16,231,435	
		Total exposure if including deposits held with the Bank of Japan (F')	63,587,756	
		Basel III Leverage Ratio on a Non-consolidated Basis If Including Deposits Held with the Bank of Japan (H) = (E)/(F')	3.34%	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the Basel III leverage ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio and Leverage Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, August 27, 2019).
The certain procedure is not part of the audit of the non-consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the Basel III leverage ratio itself or parts of internal control over the procedure to calculate the ratio.

The key drivers of material changes observed from the previous fiscal year

Total exposures substantially decreased, due to the revision of calculation rule that current account with the Bank of Japan was excluded from total exposures, according to the Revision of Financial Services Agency Notification No.11, 2019 (effected on June, 2020).

Liquidity Coverage Ratio (LCR)

Non-consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a non-consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2020 4th Quarter		Fiscal Year 2020 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 17,824,739		¥ 17,832,318
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 18,100,693	¥ 856,671	¥ 18,077,351	¥ 854,134
3	of which: Stable deposits	797,884	23,936	777,642	23,329
4	of which: Less stable deposits	8,296,187	832,734	8,268,267	830,805
5	Cash outflows related to unsecured wholesale funding	12,933,140	10,002,083	12,393,563	9,496,398
6	of which: Qualifying operational deposits	—	—	—	—
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	10,210,265	7,279,208	9,833,692	6,936,527
8	of which: Debt securities	2,722,875	2,722,875	2,559,871	2,559,871
9	Cash outflows related to secured funding, etc.		108,049		47,643
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,563,277	1,530,867	5,421,898	1,443,745
11	of which: Cash outflows related to derivative transactions, etc.	307,082	307,082	280,585	280,585
12	of which: Cash outflows related to funding programs	—	—	—	—
13	of which: Cash outflows related to credit and liquidity facilities	5,256,195	1,223,785	5,141,313	1,163,160
14	Cash outflows related to contractual funding obligations, etc.	357,046	154,469	269,229	138,373
15	Cash outflows related to contingencies	12,980,376	22,098	13,094,937	22,344
16	Total cash outflows		12,674,237		12,002,637
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	¥ 75,135	¥ —	¥ 222,683	¥ —
18	Cash inflows related to collection of loans, etc.	3,292,553	2,455,890	3,525,854	2,817,645
19	Other cash inflows	602,231	225,192	534,003	210,984
20	Total cash inflows	3,969,919	2,681,082	4,282,540	3,028,629
Non-consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		¥ 17,824,739		¥ 17,832,318
22	Net cash outflows		9,993,155		8,974,008
23	Non-consolidated Liquidity Coverage Ratio (LCR)		178.3%		198.7%
24	The number of data used to calculate the average value		60		63

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a non-consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our non-consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our non-consolidated LCR satisfies the regulated level (100%) as required under liquidity ratio regulations and the actual LCR is roughly in line with our initial forecast. Up ahead, we do not expect our LCR to deviate significantly from the current level.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality liquid assets and net cash outflows in major currencies.

(4) Other items concerning LCR

We apply neither the "treatment for qualifying operational deposit" nor the "additional collateral required to market valuation changes based on the scenario approach."

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner of the Financial Services Agency (Notification No.21 of Financial Services Agency, 2012) with regard to the matters regarding compensation as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, as set forth in Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") as of the end of March 2021.

[Compensation Disclosure Data: SuMi TRUST Bank]

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Compensation Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Bank Group

(1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

(i) Scope of "Applicable Officers"

Applicable officers include directors of the Company, and exclude external directors.

(ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Bank's officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Bank and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

(a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Bank Group's management, namely Sumitomo Mitsui Trust Panasonic Financial Co., Ltd.

(b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Bank or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Bank Group.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

(c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Bank Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Bank, the SuMi TRUST Bank Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers and employees equivalent to general managers in the departments involving loan operations and market risk management.

(2) Names, Compositions, and Duties of the Committees and Other Major Institutions Which Supervise the Determination, Payment, and the Execution of Other Duties Regarding the Compensation, etc. for Applicable Officers and Employees

(i) Establishment and Securement of the Compensation Committee, etc.

SuMi TRUST Bank determines the total amount of remuneration for directors and executive officers at the General Meeting of Shareholders. In determining remuneration for directors and executive officers for this fiscal year, the allocation of remuneration for individual directors, excluding Audit and Supervisory Committee members, is decided by the Board of Directors, while that for individual corporate auditors and directors that are members of the Audit and Supervisory Committee is entrusted to deliberations by corporate auditors and directors that are members of the Audit and Supervisory Committee, within the total amount of remuneration for directors and executive officers decided by the General Meeting of Shareholders.

SuMi TRUST Bank consults the Compensation Committee of SuMi TRUST Holdings on the policy regarding decisions on the content of compensation for directors (excluding

Audit and Supervisory Committee members) and executive officers and reports the findings to the Board of Directors. The amounts of remuneration, etc. determined for individual directors and executive officers are also reported to the Compensation Committee.

(ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Bank Group is payable, subject to the policies established primarily by the Boards of Directors, etc. of SuMi TRUST Bank and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Bank and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Bank on a regular basis.

(iii) Determination of Compensation, etc. for Overseas Employees, etc.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Bank.

(iv) Total Amount of Compensation Paid to the Members of the Compensation Committee, etc. and the Number of Meetings Held for Compensation Committee, etc.

	The number of meetings held (April 1, 2020-March 31, 2021)	Total amount of compensation*
Board of Directors (SuMi TRUST Bank)	2 times	—

Note: The total amount of compensation, etc. is not stated as the amount equivalent to the compensation related to the execution of the duties for the Board of Directors alone cannot be calculated separately.

2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Bank

(1) Policies Concerning Compensation, etc. for Applicable Officers and Employees

(i) Policies Concerning the Compensation for "Applicable Officers"

The limit on compensation for directors and officers for this fiscal year as decided by the General Meeting of Shareholders is ¥1,160 million per year for directors, excluding Audit and Supervisory Committee members, and ¥240 million per year for directors that are members of the Audit and Supervisory Committee. An annual limit of ¥200 million for stock compensation (share delivery trust) for directors, excluding Audit and Supervisory Committee members, has also been separately resolved. Compensation is capped by these limits.

Compensation for directors is intended to function effectively as an incentive to make improvements in corporate performance and expand corporate value in order to achieve steady and sustainable growth of the SuMi TRUST Bank Group.

The amount of compensation is also aimed at reflecting corporate performance, the contribution of each director to corporate performance, efforts for expansion of business operations in the medium- to long-terms, and for improvement of corporate value, and so forth. Amounts of compensation are determined based on an annual compensation policy determined by the Board of Directors and on an objective evaluation made by the Performance Evaluation Committee.

Furthermore, we have introduced a share delivery trust system as a form of stock compensation linked to our medium-term performance to further enhance the motivation and morale of directors so as to help drive stock price increases, improve our medium- to long-term performance, and ultimately boost shareholder profits.

(ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the applicable employees, etc. of the SuMi TRUST Bank Group are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensations for applicable overseas employees, etc. are determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

(2) Regarding the Influence of the Overall Level of Remuneration on Capital

(i) Officer Compensation

The Board of Directors determines remuneration for officers after checking the situation of profit and loss in the current term and the consistency with future management strategies. It has been confirmed that the total payment amount of officer compensation in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(ii) Salaries for Employees

As for the salaries for employees, the business situation of SuMi TRUST Bank is reflected in the part that changes according to the performance of SuMi TRUST Bank and individuals and bonuses. It has been confirmed that the total payment amount of salaries for employees in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(3) Regarding the monitoring of the operation of the remuneration system

As for performance-based variable remuneration, such as directors' bonuses, the Compensation Committee of SuMi TRUST Holdings monitors the operation of the remuneration system by checking the ratio of variable remuneration to the total amount of remuneration and the appropriateness of the payment amount, and confirms that performance-based pay is not excessive.

3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Bank and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Bank Group

In determining the remuneration of applicable officers, we consult with the Compensation Committee of SuMi TRUST Holdings regarding the policy for determining remuneration for individuals, and the decision is made by the Board of Directors after receiving the report of the Committee. In addition, we have introduced a system whereby individual remuneration is reported to the Compensation Committee for deliberation, and a system is in place to check whether the remuneration is appropriate in accordance with SuMi TRUST Holdings' policy for determining individual remuneration as reported by the Compensation Committee. In determining the remuneration of applicable employees, the SuMi TRUST Group takes into consideration the Group's financial situation and other factors before implementing budgetary measures.

4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Bank Group

(1) REM1: Compensation, etc. Allocated to the Fiscal Year under Review

REM1: Compensation, etc. allocated to the fiscal year under review			Persons, Millions of Yen	
			a	b
Item No.			Applicable Officers	Applicable Employees, etc.
1	Fixed compensation	The number of applicable officers and employees, etc.	14	8
2		Total amount of fixed compensation (3+5+7)	¥ 320	¥ 271
3		of Which: Cash compensation amount	320	271
4		of 3 above: Deferred amount	—	—
5		of Which: Stock compensation amount or Stock-linked compensation amount	—	—
6		of 5 above: Deferred amount	—	—
7		of Which: Other compensation amount	—	—
8		of 7 above: Deferred amount	—	—
9	Variable compensation	The number of applicable officers and employees, etc.	12	8
10		Total amount of variable compensation (11+13+15)	¥ 304	¥ 201
11		of Which: Cash compensation amount	239	201
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	64	—
14		of 13 above: Deferred amount	—	—
15		of Which: Other compensation amount	—	—
16		of 15 above: Deferred amount	—	—
17	Retirement benefits	The number of applicable officers and employees, etc.	—	—
18		Total amount of Retirement benefits	¥ —	¥ —
19		of Which: Deferred amount	—	—
20	Other compensations	The number of applicable officers and employees, etc.	1	—
21		Total amount of other compensations	¥ 3	¥ —
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		¥ 627	¥ 473

(2) REM2: Special Rewards, etc.

REM2: Special rewards, etc.	Persons, Millions of Yen					
	a	b	c	d	e	f
	Bonus guarantee		Lump-sum payment when hiring		Premium retirement payment	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Applicable Officers	—	—	—	—	—	—
Applicable Employees, etc.	—	—	—	—	—	—

5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Bank Group

Not applicable, other than those items raised in the preceding sections.

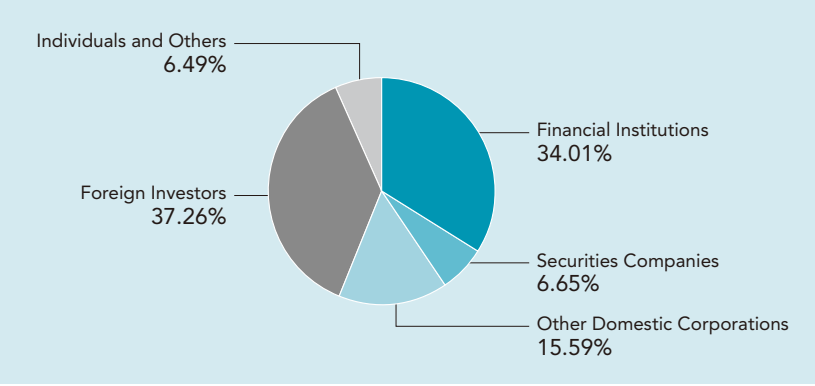
Stock Information (as of March 31, 2021)

Major Shareholders (Common Shares)

	Shareholder Name	Number of Shares Held (Shares)	Shareholding Ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	33,542,100	8.94
2	Custody Bank of Japan, Ltd. (Trust Account)	23,630,900	6.30
3	Custody Bank of Japan, Ltd. (Trust Account 9)	6,781,400	1.80
4	Custody Bank of Japan, Ltd. (Trust Account 7)	6,564,500	1.75
5	The Bank of New York 140051	6,183,100	1.64
6	Custody Bank of Japan, Ltd. (Trust Account 5)	5,718,300	1.52
7	State Street Bank West Client - Treaty 505234	5,183,135	1.38
8	Custody Bank of Japan, Ltd. (Trust Account 6)	5,066,400	1.35
9	JPMorgan Securities Japan Co., Ltd.	4,833,859	1.28
10	Barclays Securities Japan Limited	4,598,200	1.22

(Note) The shareholding ratio is calculated by excluding the treasury stock and rounded down to second decimal places.

Composition of Shareholders (Common Shares)



(Note 1) Excluding the treasury stock (323,718 shares)
(Note 2) The component ratio is rounded off to second decimal places.

ADR (American Depositary Receipt) Information

ADR:	Underlying Share Ratio 1:1
Exchange:	OTC (Over-the-Counter)
Symbol:	SUTNY
CUSIP:	86562X106
Level of Program:	Level I
Depositary:	The Bank of New York Mellon Depositary Receipts Division 240 Greenwich Street, New York, NY 10286, U.S.A. Telephone: 1 (201) 680-6825 U.S. toll free: 888-269-2377 (888-BNY-ADRS) http://www.adrbnymellon.com

Other Data

Authorized Shares:	
Common Shares:	850,000,000 Shares
Preferred Shares:	40,000,000 Shares
Number of Shares issued:	
Common Shares:	375,291,440 Shares
Preferred Shares:	0 Shares
Number of Shareholders:	
Common Shares:	58,812
Preferred Shares:	0

Disclosure Policy

SuMi TRUST Holdings is fully aware of the importance of its social responsibility and public mission, and constantly seeks to secure unwavering trust from society through sound management based on rigorous self-discipline. For this purpose, we endeavor to ensure appropriate disclosure of corporate information to assure the transparency of our corporate management.

Attitude toward Disclosure

We not only comply strictly with various laws and rules, such as the Companies Act, the Banking Law and the Financial Instruments and Exchange Act (including the rules for timely disclosure of corporate information, etc., defined by securities exchanges on which our shares are listed), but also endeavor to disclose corporate information that helps our clients, shareholders, and investors better understand the SuMi TRUST Group, under the basic conditions of appropriate timing, accuracy and fairness, and realize highly transparent management.

We do not release personal information, client data or any information, the disclosure of which violates the rights of the parties concerned by such action.

Disclosure Methods

When disclosing information, we make active use of the Internet, various publications and other media tools to reach the broadest possible number of interested parties, whether clients, shareholders or investors, in or outside Japan, in a timely, accurate and fair manner.

In the disclosure of various materials, we strive to provide easy-to-understand explanations of the main points of SuMi TRUST Group's management policies, business results, finance situation, etc. We explain these main points at our information meetings, etc.

Establishment of Disclosure System

We maintain and promote the appropriate disclosure system by such means as the establishment of an Information Disclosure Committee to ensure disclosure of SuMi TRUST Group's information in accordance with the above disclosure policy.

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SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS



SUMITOMO MITSUI TRUST HOLDINGS

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