

Custody Bank of Japan

DISCLOSURE

2023

Note: This translation is provided for reference purposes only, and the Japanese original supercedes it in case of any discrepancy.



日本カストディ銀行  
Custody Bank of Japan

## Management Message

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We would like to express our sincere appreciation for your continued support.

Our Company was established on July 27, 2020, through the merger of three companies: JTC Holdings, Japan Trustee Services Bank and Trust & Custody Services Bank.

We uphold the corporate philosophy that “As Japan’s No. 1 bank specializing in asset administration, we shall contribute to the sound development of the economy and society by playing a role in the development of asset management businesses and the asset formation of the people of Japan.” Based on this, we respond to the trust of society as a financial infrastructure by providing high-quality and reliable services and aim to become the best partner for our customers by meeting their diverse needs and managing the changing environment.

The Reliable Bank—Be the one and only bank that can garner trust  
All our officers and employees will make further efforts as asset administration professionals.

We look forward to your continued support.

Custody Bank of Japan  
President & Representative Director

Masahiro Tsuchiya

## Logo and Corporate Motto

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Our logo and corporate motto represent our Company’s image and resolve to contribute sustainably to the sound development of the economy and society by ensuring the trust of our customers and financial markets through the provision of stable services as Japan’s leading asset administration bank offering a wide range of custody services.

- **Logo**



The abbreviation of Japan Custody Bank, “CBJ,” is designed in the motif of a golden spiral drawn according to the golden ratio, which evokes a sense of utmost stability and beauty in humans.

- **Corporate Motto**

The Reliable Bank

Becoming the one and only bank that can garner trust in response to changes in the environment. Bearing in mind our status as The Reliable Bank, each and every one of our employees is committed to nurturing Japan Custody Bank.

# Corporate Philosophy, Vision and Action Guidelines of Custody Bank of Japan

## Corporate Philosophy

As Japan's No. 1 bank specializing in asset administration, we shall contribute to the sound development of economy and society by playing a role in the development of asset management businesses and the asset formation of the people of Japan.

## Vision

- We respond to the trust of society as a financial infrastructure by providing high-quality and reliable services
- We aim to become the best partner for our customers by meeting their diverse needs and managing the changing environment
- We shall always be the company that takes pride in being an asset administration professional in which employees work to their full potential

## Action Guidelines

- Acknowledging our social responsibility, we shall act with a sense of ownership and integrity
- We shall place our customers first and provide high-quality services that satisfy them
- In compliance with laws, rules and social norms, we shall be sincere and fair in our conduct
- We shall respect and trust each other and create an open and active work environment
- We shall tirelessly improve ourselves to acquire advanced expertise and skills

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## Corporate Profile

Corporate name	Custody Bank of Japan, Ltd. (Custody Bank of Japan, Ltd.)
Establishment	June 20, 2000
Location	<p>■Head Office 8-12, Harumi 1-chome, Chuo-ku, Tokyo, 104-6228 Harumi Island Triton Square Tower Z</p> <p>■Harumi Branch Office 8-11, Harumi 1-chome, Chuo-ku, Tokyo, 104-6107 Harumi Island Triton Square Tower Y</p>



Capital stock	¥51.0 billion																
Shareholders	<table> <tr> <td>Sumitomo Mitsui Trust Holdings, Inc.</td><td>680,000 shares (33.3%)</td></tr> <tr> <td>Mizuho Financial Group, Inc.</td><td>550,800 shares (27.0%)</td></tr> <tr> <td>Resona Bank, Limited</td><td>340,000 shares (16.7%)</td></tr> <tr> <td>The Dai-ichi Life Insurance Company, Limited</td><td>163,200 shares ( 8.0%)</td></tr> <tr> <td>Asahi Mutual Life Insurance Company</td><td>102,000 shares ( 5.0%)</td></tr> <tr> <td>Meiji Yasuda Life Insurance Company</td><td>91,800 shares ( 4.5%)</td></tr> <tr> <td>Japan Post Insurance Co., Ltd.</td><td>71,400 shares ( 3.5%)</td></tr> <tr> <td>Fukoku Mutual Life Insurance Company</td><td>40,800 shares ( 2.0%)</td></tr> </table>	Sumitomo Mitsui Trust Holdings, Inc.	680,000 shares (33.3%)	Mizuho Financial Group, Inc.	550,800 shares (27.0%)	Resona Bank, Limited	340,000 shares (16.7%)	The Dai-ichi Life Insurance Company, Limited	163,200 shares ( 8.0%)	Asahi Mutual Life Insurance Company	102,000 shares ( 5.0%)	Meiji Yasuda Life Insurance Company	91,800 shares ( 4.5%)	Japan Post Insurance Co., Ltd.	71,400 shares ( 3.5%)	Fukoku Mutual Life Insurance Company	40,800 shares ( 2.0%)
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Number of employees 1,992 (as of March 31, 2023)

\*The number of employees includes personnel seconded from Mizuho Trust & Banking, Sumitomo Mitsui Trust Bank, Resona Bank and other companies (549).

URL <https://www.custody.jp/>

Lines of Business Securities administration business, trust and banking businesses pertaining to asset administration, business related to Japanese Master Trust

Long-term rating	Japan Credit Rating Agency, Ltd. (JCR)	AA+
	Rating and Investment Information (R&I)	AA-
	Moody's	A1

## History

On July 27, 2020, three companies, Japan Trustee Services Bank (surviving company after the merger), Trust & Custody Services Bank, and JTC Holdings, merged to form Custody Bank of Japan.

As Japan's first trust bank specializing in the asset administration business, Japan Trustee Services Bank was established by Daiwa Bank (currently, Resona Bank) and Sumitomo Trust & Banking (currently, Sumitomo Mitsui Trust Bank) in June 2000. Capital participation by Mitsui Trust Holdings (currently Sumitomo Mitsui Trust Holdings) in September 2002.

Trust & Custody Services Bank was established by Mizuho Trust & Banking, The Dai-ichi Life Insurance, Asahi Mutual Life Insurance, Yasuda Life Insurance (currently Meiji Yasuda Life Insurance) and Fukoku Mutual Life Insurance in January 2001. Capital participation by Japan Post Insurance in October 2016.

JTC Holdings was established in October 2018 as a bank holding company with the existing shareholders of Japan Trustee Services Bank and Trust & Custody Services Bank as shareholders.

# Organization Chart



## Functions, etc. of the Board of Directors and the Executive Management Committee .....

The Board of Directors makes decisions on important management matters and supervises the directors in the conduct of their duties.

The Executive Management Committee (consisting of Executive Directors and Executive Officers with titles) is responsible for deliberation, as part of the decision-making process in the conduct of business operations, regarding basic management policies and important individual items. The Committee also works to share information and confirm the status of the execution of business activities. Its responsibilities also include reporting important information to the Board of Directors.

## Board of Directors and Nomination of Candidates for Directors .....

To fulfill its functions, the Board of Directors requires its members to have knowledge, capabilities and experience necessary to perform all duties of our Company, including financial literacy, expertise in our Company's practices, risk management and compliance, in addition to their competence.

In nominating candidates for Directors, the Company takes into consideration the degree of satisfaction of the functions of the Board of Directors, as well as individual knowledge, expertise and experience that can contribute to the complementary and effective functioning of the Board of Directors in addition to their competence.

Prior to the nomination of candidates for Directors (including those who are proposed to be reappointed with the expiration of their terms of office), the Chairman of the Board of Directors convenes the "Performance Evaluation Committee" consisting mainly of Independent Directors to examine the competence and capability requirements of the candidates for Directors, and reports to the Board of Directors as necessary.

## Functions, etc. of the Board of Corporate Auditors and Corporate Auditors .....

The Board of Corporate Auditors comprises all the Corporate Auditors, and, as necessary, the Corporate Auditors and the Board of Corporate Auditors may express their opinions to Directors or the Board of Directors.

In addition, following the audit policies established by the Board of Corporate Auditors, Corporate Auditors may attend meetings of the Board of Directors and the Executive Management Committee as well as other important meetings, monitor the conduct of duties by the Directors and Executive Officers, among others, and, as necessary, express their opinions and make various kinds of suggestions.

In addition to periodically exchanging opinions with the internal audit division (Internal Audit Department), Corporate Auditors transmit advice and other points to the internal audit division, as well as exchanging information as needed.

The Corporate Auditors are responsible for reviewing important documents, including draft proposals; conducting various kinds of hearings and fact-finding activities; on-site research; and other activities to gather information for their day-to-day auditing activities. In addition, the Corporate Auditors hold periodic meetings with the Accounting Auditor, receive reports on the status of auditing activities and the results of audits, and exchange opinions. The Corporate Auditors also work to preserve the independence of the Accounting Auditor and monitor auditing activities to ensure their proper conduct.

The status of auditing activities and the results of audits are submitted to the Representative Director as an Audit Report.

In periodic meetings with the Representative Director, Corporate Auditors confirm the management policies and exchange opinions on the issues, etc. to be dealt with by the Company.

## Board of Corporate Auditors and Nomination of Candidates for Corporate Auditors .....

We believe it is desirable that the Board of Corporate Auditors be composed of Corporate Auditors with experience and knowledge, etc. in operations related to our Company's business, finance and accounting, risk management and legal affairs, and auditing, in order to conduct audits on the execution of duties by Directors in an appropriate, fair and efficient manner.

The Board of Corporate Auditors reviews and deliberates on proposals for the election of Corporate Auditors, which are to be submitted by Directors to the General Meeting of Shareholders, from such viewpoint in addition to the qualification requirements under the Companies Act.

## Officers

Chairman	Hiroki Tanaka	Managing Executive Officer	Takahiro Ishi
President & Representative Director	Masahiro Tsuchiya	Managing Executive Officer	Yasuhiro Ueda
Deputy President & Representative Director	Yasumasa Mukai	Managing Executive Officer	Tsukasa Kotaka
Director & Senior Managing Executive Officer	Hiroshi Takahashi	Managing Executive Officer	Satoshi Sato
Director & Senior Managing Executive Officer	Hiroyuki Obata	Managing Executive Officer	Masato Maruyama
Director & Senior Managing Executive Officer	Michihiro Masuda	Managing Executive Officer	Yoshifumi Nishikido
Director & Senior Managing Executive Officer	Ryuichi Yamamoto	Executive Officer	Taku Murakawa
Director (Part-time)	Munetaka Saito	Executive Officer	Ryoichi Ikeda
Director (Part-time)	Junichi Maeda	Executive Officer	Hiroshi Shiotsu
Corporate Auditor	Toshio Yamasaki	Executive Officer	Yoshinori Tomiyama
Corporate Auditor	Makoto Saito	Executive Officer	Hiroyuki Kasama
Corporate Auditor	Takeshi Watanabe	Executive Officer	Eizaburo Ichikawa
Corporate Auditor	Takashi Miyauchi		
Corporate Auditor (Part-time)	Katsuhiko Nakajima		
Corporate Auditor (Part-time)	Masayuki Okamoto		

## Skills Matrix for the Members of the Board of Directors

- Our Company's Board of Directors consists of six Executive Directors and three Independent Directors. The six Executive Directors have abundant practical business experience at respective financial institutions as follows. Further, they possess the knowledge, experience, capabilities, and expertise necessary to conduct our Company's asset administration business.
- The three Independent Directors have specialized knowledge of financial institutions and systems, including those gained at the Bank of Japan, Japan Securities Depository Center, and TOSHO SYSTEM SERVICE, and provide accurate advice and support from a perspective independent from six Executive Directors to fulfill its supervisory function over the Board of Directors.

Name	Current position in our Company	Major positions held (excluding those at our Company and its predecessor financial groups)	Expertise						
			Bank management	Asset administration business	Banking business	Life insurance business	Securities markets	Financial/settlement systems	IT
			3 years or more experience as an officer (senior managing director or above) of a listed bank, etc.	3 years or more of business experience	3 years or more of business experience in commercial banking	3 years or more of business experience	3 years or more of work experience	3 years or more experience in planning	3 years or more experience in charge of IT or working in an IT company
Hiroki Tanaka	(Independent Director) Chairman Chairman of the Board of Directors	<ul style="list-style-type: none"> <li>Executive Director, Bank of Japan</li> <li>Special Advisor, IBM Japan</li> </ul>	○					○	○
Masahiro Tsuchiya	President & Representative Director	<ul style="list-style-type: none"> <li>Senior Managing Executive Officer, Sumitomo Mitsui Trust Holdings</li> <li>Director and Senior Managing Executive Officer, Sumitomo Mitsui Trust Bank</li> <li>Chairman, Sumitomo Mitsui Trust Asset Management</li> <li>Director, Japan Securities Depository Center</li> </ul>	○	○	○		○	○	
Yasumasa Mukai	Deputy President & Representative Director	<ul style="list-style-type: none"> <li>Managing Executive Officer, Mizuho Financial Group</li> <li>President &amp; CEO, Mizuho Information &amp; Research Institute</li> <li>Deputy President &amp; Representative Director, Mizuho Research &amp; Technologies</li> </ul>	○		○			○	○
Hiroshi Takahashi	Director & Senior Managing Executive Officer	<ul style="list-style-type: none"> <li>Managing Executive Officer, Sumitomo Mitsui Trust Bank</li> </ul>	○	○	○				
Hiroyuki Obata	Director & Senior Managing Executive Officer	<ul style="list-style-type: none"> <li>Abundant practical business experience at Mizuho Financial Group, Mizuho Trust &amp; Banking, etc.</li> </ul>	○	○	○				
Michihiro Masuda	Director & Senior Managing Executive Officer	<ul style="list-style-type: none"> <li>Managing Executive Officer, Resona Bank</li> </ul>	○	○	○				
Ryuichi Yamamoto	Director & Senior Managing Executive Officer	<ul style="list-style-type: none"> <li>Executive Officer and Corporate Auditor, The Dai-ichi Life Insurance</li> <li>Director, Japan Excellent Asset Management</li> </ul>				○			
Munetaka Saito	(Independent Director) Director	<ul style="list-style-type: none"> <li>Director and Senior Executive Officer, Japan Securities Depository Center</li> <li>Managing Director, JASDEC DVP Clearing</li> <li>President and Representative Director, TOSHO SYSTEM SERVICE</li> </ul>					○	○	○
Junichi Maeda	(Independent Director) Director	<ul style="list-style-type: none"> <li>Nagoya Branch Manager, Bank of Japan, etc.</li> <li>Representative Director and Senior Managing Director, Hokkoku Bank</li> </ul>	○		○			○	



# Strengthening Initiatives for SDGs

Custody Bank of Japan, Ltd. (hereinafter “CBJ”) considers the achievement of the Sustainable Development Goals (SDGs) to be an important management issue, and is strengthening its efforts for SDGs in order to improve corporate value and contribute to the realization of a sustainable society, in line with its corporate philosophy.

In addition to aggressively promoting SDG initiatives, led by the SDGs Promotion Committee supervised by the Deputy President & Representative Director, we have established the D&I Promotion Office within the Human Resources & Corporate Administration Department. We are focusing on developing a corporate culture and workplace environment in which each employee respects diverse values and can work more actively than ever before.

## 1. CBJ's Corporate Philosophy and SDGs













CBJ's corporate philosophy of “As Japan's No. 1 bank specializing in asset administration, we shall contribute to the sound development of the economy and society by playing a role in the development of asset management businesses and the asset formation of the people of Japan,” shares a philosophy and way of thinking with SDGs.



















As a financial infrastructure, our Company recognizes that strengthening its efforts toward the SDGs is a social responsibility, and as a leading company specializing in asset administration, it has been working aggressively to achieve the SDGs.

## 2. Formulation of Materiality and Main Initiatives

Under a framework that combines our commitment to society, customers, and employees as set forth in the CBJ's Vision with the environment which is a prerequisite for corporate activities, our Company has formulated the following nine material issues as priority issues.

The initiatives related to each material issue are described as below, and we have been working hard to promote these SDG initiatives.

Framework		Materiality	Initiatives	Related SDGs
CBJ's Vision	[Society] We respond to the trust of society as a financial infrastructure by providing high-quality and reliable services	1. Response to social responsibility as a financial infrastructure	<ul style="list-style-type: none"> <li>Development of robust IT infrastructure that pays due consideration to the environment and workstyles</li> <li>Enhancement of management system for business continuity in accordance with disaster scenarios</li> <li>Expanded donation of shareholder benefits to social welfare corporations</li> </ul>	   
		2. Contribution to the development of asset management business	<ul style="list-style-type: none"> <li>Expanded collaboration with other companies in the same industry</li> <li>Activities to promote paperless practices in cooperation with customers</li> <li>Accurate response to institutional changes, etc.</li> </ul>	   
		3. Contribution to economic development and a prosperous national society	<ul style="list-style-type: none"> <li>Expanded provision of information to beneficiaries through webinars, etc.</li> <li>Efforts to expand investment targets for beneficiaries</li> <li>Accurate execution of voting affairs</li> </ul>	   

Framework		Materiality	Initiatives	Related SDGs
CBJ's Vision	[Society] We respond to the trust of society as a financial infrastructure by providing high-quality and reliable services	4. Enhancement of the governance system	<ul style="list-style-type: none"> <li>Supervision by external Directors</li> <li>Disclosure of skills matrix for the members of the Board of Directors</li> <li>Accurate response to revisions to laws and regulations</li> <li>Enhancement of risk management system</li> <li>Enhancement of AML/CFT risk management system</li> <li>Enhanced system security</li> <li>Constant efforts to revitalize the organization by utilizing town meetings, engagement surveys, and executive officer opinion boxes, etc.</li> </ul>	 
	[Customers] We aim to become the best partner for our customers by meeting their diverse needs and managing the changing environment	5. Provision of high-quality, highly efficient services based on a customer-first approach	<ul style="list-style-type: none"> <li>Initiatives for improving processing quality</li> <li>Increased efficiency through promotion of CBJ Kaizen activities such as improvement of processing flows and RPA*</li> </ul> <p>*RPA is an abbreviation for Robotic Process Automation. It stands for automating and improving the efficiency of routine processing work through robotic technology of software.</p>	  
		6. Response to diverse customer needs	<ul style="list-style-type: none"> <li>Response to diverse outsourcing needs related to securities management</li> <li>Expansion of products and services handled</li> <li>Further strengthening of communication with customers using surveys</li> </ul>	   
	[Employees] We shall always be a company that takes pride in being an asset administration professional in which employees work to their full potential	7. Development of professional human resources	<ul style="list-style-type: none"> <li>Unique treatment and job category systems</li> <li>Enhancement of various training menus to improve expertise (Harumi Custody Academy video, etc.)</li> <li>Enhancement of career support such as job postings</li> <li>Increased value of human resources through reskilling</li> </ul>	   
		8. Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>Health management initiatives</li> <li>Establishment of the D&amp;I Promotion Office</li> <li>Establishment of a workplace environment conducive to women's active participation in the workplace</li> <li>Support for people balancing work with childcare or nursing care</li> <li>Initiatives for diverse workstyles</li> <li>Promotion of employment of and enhanced communication with persons with disabilities</li> </ul>	   
	[Environment] We will make every effort to pay consideration to the environment in our corporate activities, such as energy conservation, resource conservation, and resource recycling	9. Implementation of corporate activities with due consideration for the environment	<ul style="list-style-type: none"> <li>Promotion of paperless practices through web-based meetings, digitization, and reduction of multifunction printers</li> <li>Energy-saving through the use of cloud computing, LEDs and others</li> <li>Reduced use of office space through promotion of 'free address' seating and efficient use of furniture and fixtures</li> </ul>	

### 3. Establishment of New Offices in Consideration of the SDGs

Our Company opened a new office in Musashi Kosugi in Kawasaki City, Kanagawa Prefecture in September 2022. At the new office, we created an office environment that uses paper as little as possible and promotes paperless operations, and fully adopted 'free address' seating with concentration booths, etc. installed, in order to pursue the ease of working for employees while taking into consideration the SDGs. The office is also equipped with reskilling rooms to enhance employee training and a disaster prevention meeting room with backup office functions to prepare for a disaster.

In addition, we established the Okayama Center in Okayama City, Okayama Prefecture in February 2023. At the Okayama Center, we plan to carry out some of the asset administration operations, such as securities settlement and fund settlement, in order to strengthen Business Continuity Management in the event of a disaster affecting the greater Tokyo area.

Our Company will continue to promote the SDGs as a financial and settlement infrastructure company.



### 4. Certified Outstanding Organization of Health & Productivity Management in 2023 (Large Enterprises Category)

Our Company was certified Outstanding Organization of Health & Productivity Management in 2023 (Large Enterprises Category), selected jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

In 2022, our Company declared in the Health Management Declaration that it is the responsibility of the officers of our Company, Japan's No. 1 bank specializing in asset administration, to work on health management, and that it will work even more aggressively to maintain and improve the health of its employees and ensure that it "takes pride in being an asset administration professional in which employees work to their full potential."

We will continue to work to prevent overwork, create a comfortable working environment, enhance mental health care training for managers, and develop internal systems based on the Mental Health Promotion Plan so that each employee can be physically and mentally healthy and demonstrate their abilities to the full extent.



# Action Policy on Fiduciary Duty

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## I. Preface

In order to fulfill our fiduciary duty under the Vision to “Become the best partner for our customers by meeting their diverse needs and managing the changing environment,” Custody Bank of Japan has formulated and announced the Fiduciary Duty Management Policy and Asset Administration Action Policy to practice measures that place our customers first in fulfilling the Fiduciary Duty of overall asset administration business.

## II. Fiduciary Duty Management Policy

Our Company shall establish and comply with the Fiduciary Duty Management Policy in carrying out asset administration businesses that meet the diverse needs of our customers.

### 1. Management System

Concrete action plans shall be formulated and announced for the fulfillment of fiduciary duty, and the compliance division periodically reports on the status of compliance to the Board of Directors and other organizations.

### 2. Performance Evaluation

An appropriate performance evaluation system shall be developed to evaluate initiatives that truly meet the needs and realize the benefits of customers.

### 3. Management of Conflict of Interest

Conflict of interest shall be appropriately managed by identifying and classifying transactions that may cause a conflict of interest and determining specific management methods. We will also enhance the management on conflict of interest by providing easy-to-understand information on the examples of conflict of interest.

### 4. Penetration of Corporate Culture

We will establish a corporate culture in which all officers and employees, among others, share awareness of and practice compliance with the fiduciary duty by establishing training and other appropriate motivation frameworks.

## III. Asset Administration Action Policy

Our Company shall establish and implement the following asset administration policies.

### 1. Strengthening Asset Administration Service Framework

We shall appropriately allocate resources such as human resources, administrative infrastructures, and systems in order to improve reliability and speed of administrative work as a basis of asset administration services.

We shall strive to develop human resources equipped with high-level expertise in legislation and taxation related to securities and cash settlement necessary for asset administration services.

### 2. Sophistication of Administration, Systems, etc. as Financial Infrastructure

To meet the increasingly diverse and sophisticated asset management needs of our customers on a global scale, we shall promote advancement of administration and systems.

### 3. Initiatives on Improvement of Service Quality and Development of New Services

While appropriately managing trust assets for assurance of customers, we shall constantly strive to develop new services in a wide range of fields in the asset administration, with the aim of providing optimal solutions to meet customer' increasingly diverse and sophisticated needs.

We shall provide appropriate information on asset administration fees for services provided to customers.

### 4. Enhancement of Information Service to Support Customers' Investment Activities

In order to contribute to the sophistication of our customers' investment activities, we shall strive to provide high-value-added information (legislation, taxation, and market information) in a timely manner, based on various reports as well as information from markets, etc.

## IV. Action Plan

Please visit our Company website.

(<https://www.custody.jp/corporate/fiduciary/index.html>)

## (1) Income Summary

As for income during the fiscal year under review, ordinary income increased ¥334 million year on year to ¥58,000 million due to an increase in fiduciary fees and interest income despite a decrease in fees and commissions. Key components included ¥38,516 million of fiduciary fees, and ¥21,209 million of fees and commissions.

On the other hand, ordinary expenses rose ¥755 million year on year to ¥56,490 million due to an increase in general and administrative expenses, fees and commissions expenses and others. The principal components of ordinary expenses were ¥53,340 million in general and administrative expenses, and ¥2,874 million in fees and commissions expenses.

As a result, ordinary profit decreased ¥420 million year on year to ¥1,510 million, with net income of ¥430 million, down ¥146 million year on year.

## (2) Assets, Liabilities, Etc.

Total assets at the end of the fiscal year under review were ¥16,194,323 million, a drop of ¥1,053,885 million during the year due to decreases in cash and due from banks and securities. The principal components were ¥15,387,568 million in cash and due from banks, ¥245,000 million in call loans and ¥51,654 million in securities.

On the other hand, liabilities amounted to ¥16,074,199 million, down ¥1,054,202 million during the year due to a decrease in borrowed money from trust account, etc. despite an increase in deposits, etc. The principal components were ¥6,215,941 million in deposits, and ¥9,703,163 million in borrowed money from trust account.

Moreover, net assets were ¥120,124 million.

The capital adequacy ratio (Japanese standard) was 26.95%.

## (3) Balance of Assets under Custody

At the end of the fiscal year under review, the balance of fiduciary assets and assets under custody based on standing proxy contracts was ¥652,023,400 million, down ¥15,561,100 million during the year.

# Introduction of Our Company's Business .....

Our Company's businesses are broadly divided into the following categories, with specialized departments in place providing a wide range of services, to respond quickly and accurately to the increasingly sophisticated and diverse needs of customers.

## ● Investment trust fund administration

We manage the overall administration related to asset administration entrusted by investment trust management companies, and the main operations thereof are as follows.

1. Calculation of net asset value of investment trust
2. Report on the details of the fund to investment trust management companies
3. Procedures for acceptance, cancellation and redemption of funds
4. Closing of accounts

Each year, we conduct a questionnaire survey of investment trust management companies, to reflect customers' opinions in improving our services.

## ● Administration of funds such as pension assets

We manage the overall administration related to asset administration entrusted by customers, and the main operations thereof are as follows.

1. Administration of B/S and P/L of funds (per contract)
2. Response to and report on inquiries from customers about the details of the fund, such as daily cash flows
3. Response to regulatory changes and administration of fiduciary fees
4. Administration of funds (principal)
5. Provision of various services to investment advisory and other asset management companies
6. Preparation of balance reports
7. Preparation of financial statements
8. Preparation of monthly reports and disclosure materials

For disclosure materials, we provide online services for some report forms.

## ● Domestic securities administration

For domestic securities administration, we manage the overall administration related to domestic securities, and the main operations thereof are as follows.

1. Administration of execution related to domestic securities and assets, etc.
2. Administration related to dividends, principal and other rights concerning domestic securities and assets, etc.
3. Administration of execution, margin transaction execution, margins and collateral related to derivatives such as futures and options
4. Administration related to lending, such as stock lending, bond lending, and repo transactions

We respond to instructions from fund managers via various kinds of electronic media (settlement matching system of Japan Securities Depository Center, Inc., SWIFT, smart bridge, and XNET).

## ● Foreign securities management

For foreign securities management, we manage the processing of overall administration related to foreign securities, and the main operations thereof are as follows.

1. Transaction of foreign securities
2. Administration of the preservation of ownership rights over foreign securities
3. Reconciliation of securities and cash balances

We respond to the special features and variability of individual markets by utilizing information provided by global custodians, etc., and also regularly provide information to customers.

### ● Domestic and overseas custody services

We manage the overall administration related to securities management based on the delegation from customers, and the main operations thereof are as follows.

1. Custody and agency for trade settlement of securities
2. Proxy receipt of interest and dividends
3. Administration service for shareholders benefits
4. Preparation of reports on transactions, balance, etc.

In Japan, we provide services through standing proxies and account management agencies, while overseas, we provide services through the overseas offices of affiliated companies.

### ● Life insurance company asset custody service

We manage the overall administration of securities for life insurance companies, including securities accounting, and the main operations thereof are as follows.

1. Settlement and administration of various securities (including derivative transactions) and incidental transactions in Japan and overseas
2. Accounting such as asset valuation, preparation of accounting entry data and preparation of closing data
3. Preparation of various management and reporting materials
4. Administration service for preferential benefits of General Meeting of Shareholders
5. Automatic conversion of foreign exchange into yen
6. Securities lending services

We provide comprehensive outsourcing services for management and administrative functions, including securities and cash settlement, and securities accounting.

### ● Middle- and back-office outsourcing services for asset management companies

We are entrusted with the administration related to overall post-trade operations of asset management companies, and the main operations thereof are as follows.

1. Middle office operations (transaction processing, matching and management, etc.)
2. Back office operations (accounting, calculation of net asset value, closing of accounts, etc.)
3. Disclosure operations (preparation of prospectus and investment reports, etc.)

We provide flexible services, covering overall post-trade operations and responding to outsourcing needs for the units of various investment trust operations.

### ● Collateral management services for over-the-counter (OTC) derivative transactions

We are entrusted with a series of collateral management services related to regulations on OTC derivative transactions, and the main operations thereof are as follows.

1. Aggregation of unrealized gain or loss by transaction
2. Calculation of the collateral amount and negotiations (disputes) for adjustment of the collateral amount
3. Settlement of collateral securities and funds

We shall actively engage in the development and provision of value-added services in order to mitigate administrative burdens and reduce system development costs for our customers.

# Introduction of Our Company's Business .....

## ● Other operations

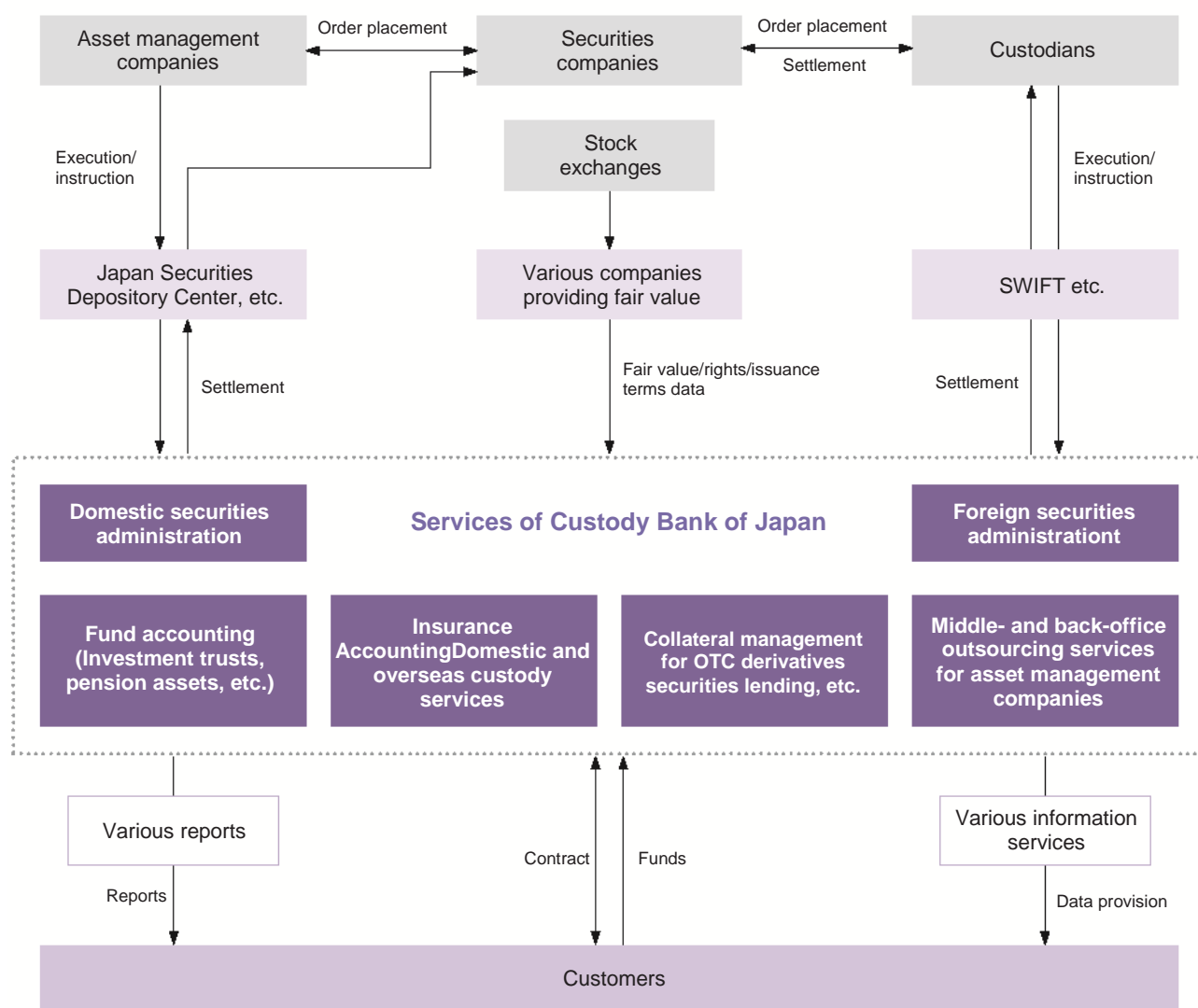
For other operations, we are implementing the following:

1. Securities lending
2. Administration related to entrusted assets of securities trusts under management, securities administration trusts, and account management institution services, etc.
3. Administration related to the undertaking of financial institution services

Based on one of the nation's largest asset sizes and accumulated know-how and experience, we shall provide fine-tuned services to meet customer needs.

## ● Overview of business operations

Our Company's services are indicated in the box.





# Initiatives for Improving Processing Quality .....

## Initiatives for Improving Operational Quality

### ● Activities to improve operational quality and efficiency

Our Company has established Operations Planning Department to oversee the overall operations, and is working to improve the quality and efficiency of its operations.

The Operations Planning Department handles changes to institutions, taxation, and accounting, etc. and is responsible for the overall processes for offering products and services to customers, investment trust management companies, and investment advisory companies. The department is in charge of planning and the promotion of measures pertaining to improvements in processes, standardization, and efficiency enhancement. Also, as noted in the next section under Processing Risk Management Activities, this department is preparing the way for securing the effectiveness of processing risk management activities.

### ● Processing Risk Management Activities

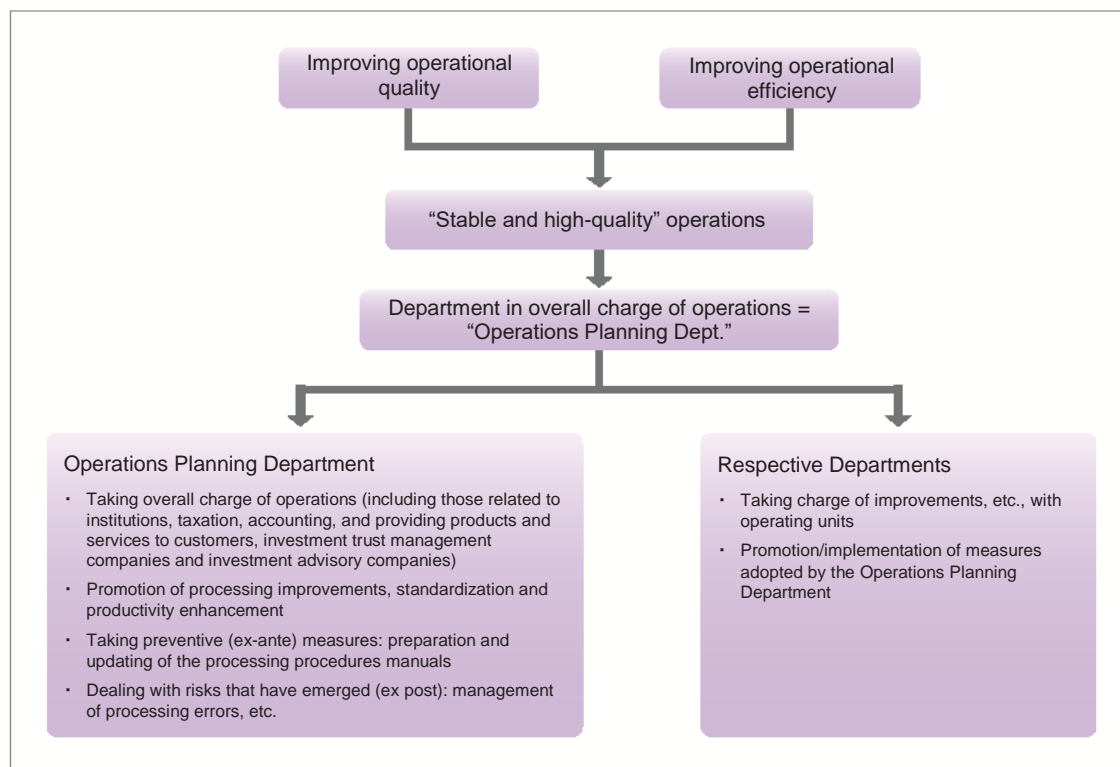
With the awareness that minimizing processing risk is one of the most-important issues for a company specializing in asset administration, the Company has prepared its Processing Risk Management Rules, which contain basic items for conducting proper and smooth processing operations and for the management of processing risk. Based on these rules, the Company engages in control activities to take preventive measures (ex ante) and deal with risks that have emerged (ex post).

<<Preventive measures>>

To prevent accidents and other incidents, the Company has established processing procedures manuals for all its processing operations, forbidden non-standard processing, and been thoroughly conducting mutual checking as standard procedure.

<<Dealing with risks that have emerged>>

In the event of an accident or other incident, the Company endeavors to accurately assess the situation, report it quickly, and take action with the top priority placed on the protection of managed assets. The Company also analyzes the factors and issues that caused the incident, formulates measures to prevent reoccurrence and confirms the effectiveness of these measures.



## Proactive Initiatives for Securities Settlement System Reforms, Etc.

The securities settlement system plays an important role in Japan's securities transactions as a core element in the institutional base. Our Company, as a leading company in the asset administration business, is preparing actively to respond to the "Securities Settlement System" and "Domestic Securities Regulatory Reforms" aimed at reducing settlement risk. In addition, other than the Securities Settlement System, our Company positions responding appropriately to the International Regulations for derivative transactions, and the Extraterritorial Application of Individual Regulations in the United States and Europe, among others, as one of the important issues and has been steadily doing so.

We will continue to take appropriate responses to provide customers with high-quality services.

<Major events in FY2023 and beyond>

Category	Field	Upcoming Events	Content and CBJ's Initiatives	Schedule
Securities Settlement System Reforms	Tokyo Stock Exchange	Extension of the session time	The Tokyo Stock Exchange plans to extend the session time of the cash markets by 30 minutes with a view to improving market convenience. At our Company, the impact is expected to be felt mainly in the operation business regarding to security, as well as in the stock lending and futures operations. We will continue to work with the Tokyo Stock Exchange, Trust Companies Association of Japan, and other organizations to respond.	November 2024
	Foreign currency exchange transactions	Shift to CLS settlement	Preparations are underway at relevant organizations for enabling PVP settlements through CLS banks for foreign currency exchange transactions by investment funds. Trust funds for which our Company serves as trustee are also gradually making transition.	Transition as appropriate
International Market Regulations, etc.	Global securities transactions	Preparation for collateral requirement for transactions such as TBA transactions	According to the regulations of FINRA in the USA, American companies are required to collect collateral when carrying out transactions such as TBA transactions. Our Company is also preparing to accommodate it.	October 2023
	Reporting on OTC derivative transactions	Review of the operation of transaction reporting	In April 2024, the following three changes will be made regarding weekly OTC derivative reporting to the Financial Services Agency. 1) Use of uniform reporting format based on global standards with an increased number of reporting items 2) Change to indirect reporting through the Trade Repository (TR) 3) Change in reporting frequency to daily CBJ is also taking appropriate actions to respond.	April 2024
	Global securities transactions	Preparing for North America T+1 Settlement	Securities settlement cycle in the U.S. and Canada will be shortened (from T+2 to T+1). We have assessed the impact in Japan due to the time difference from North America and the impact on foreign exchange settlement for the purpose of funding for securities settlement, and are working on preparing for the transition.	May 2024

## [ Risk Management System ]

### ● Risk management policy

In order to fulfill its public mission as a bank specializing in asset administration, the Company has been developing a risk management system as one of its most important management policies to appropriately manage and control risks and ensure the soundness of its management. Furthermore, we are creating a corporate culture that emphasizes risk management, and based on the concept of a three-line defense, we have built a risk management framework for business execution to ensure the effectiveness and appropriateness of our risk management system.

### ● Fostering a risk culture

A sound risk culture is nurtured by all officers and employees involved in our Company's business, to have a deep insight into risk and a strong sense of ethics regarding the execution of their duties, which supports the framework of the risk management system and leads to the maintenance of customer trust and the sustainable improvement of corporate value.

Through the formulation and dissemination of action guidelines on risk in line with our operations and the application of the guidelines by individual employees in their daily work, our Company strives to foster a sound risk culture throughout the Company by instilling a risk mindset as employees of a bank specializing in asset administration.

### ● Risk governance

Our Company ensures the effectiveness and appropriateness of our risk management system through a three-line defense: autonomous control by each business unit (First line), risk management by the risk management unit (Second line), and internal audits by the independent internal audit unit (Third line).

<b>[First line] Each business unit: Autonomous control function</b>
<ul style="list-style-type: none"><li>While carrying out daily operations in accordance with regulations and rules, each business unit has primary responsibility as the owner of risks associated with business execution, and autonomously conducts control activities such as identifying, assessing, and controlling risks.</li></ul>
<b>[Second line] Risk management unit: Risk management function</b>
<ul style="list-style-type: none"><li>The Risk Management Department and the risk management units monitor the autonomous control activities carried out by the first line, and establish a risk management process by identifying and assessing the risks for our Company.</li></ul>
<b>[Third line] Internal Audit Department: Internal audit function</b>
<ul style="list-style-type: none"><li>Independent from individual business execution divisions, it verifies their activities, among others.</li></ul>

## ● Risk Management System

Recognizing that risk management is one of the most important management issues as a bank specializing in asset administration, our Company is working to implement appropriate risk management across the entire company and to improve our risk management system by formulating a basic framework for risk management, with the Board of Directors defining the various risks to be managed, creating the organizations and structures for risk management, and in addition, establishing the Risk Management Deliberation Committee as a cross-organizational body chaired by the officer in charge of risk management.

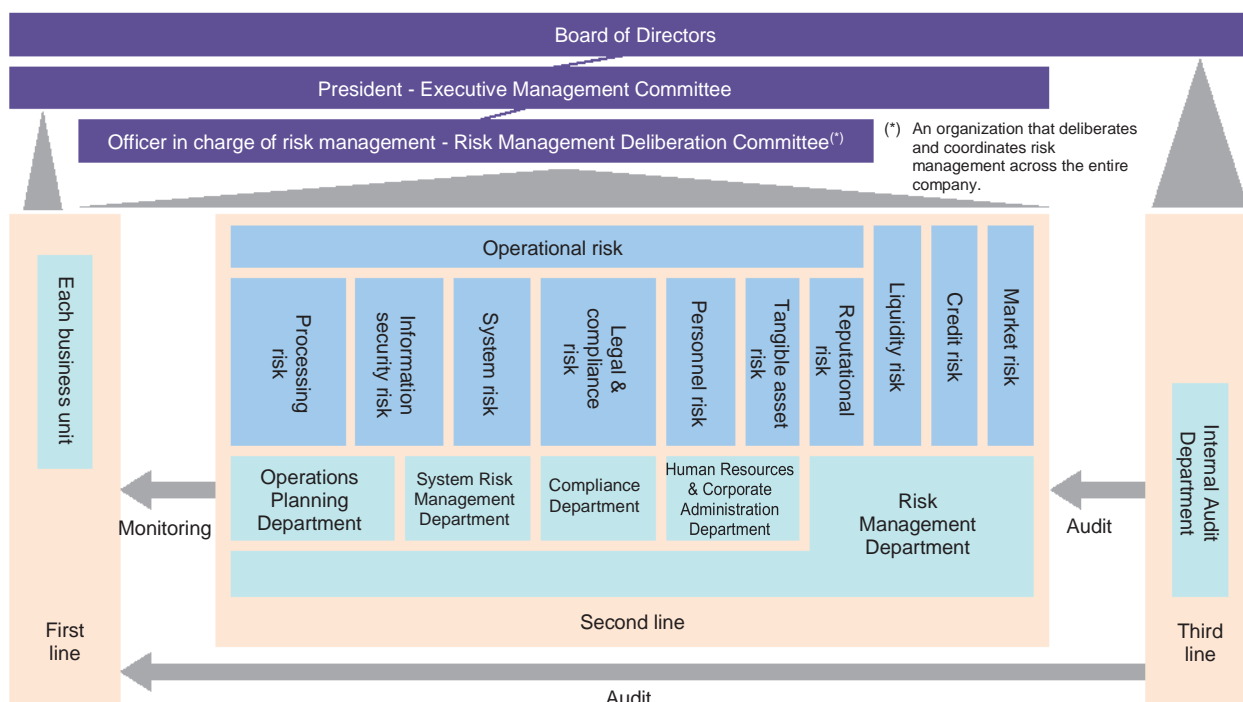
Specifically, as shown in the table and figure below, we have classified risks incurred in the course of executing business into categories such as “Operational risk,” “Liquidity risk,” “Credit risk” and “Market risk” and established a risk management unit for each category to manage risks according to their characteristics, while establishing the Risk Management Department as a department supervising unified management to manage risks in an integrated manner. As part of the integrated risk management, we gain an understanding of the aggregate level of risk in each category through qualitative and quantitative assessments, and manage the adequacy of capital by comparing such levels with the strength of our business.

In light of the risk profile specific to asset administration operations, our Company recognizes operational risk and liquidity risk as major risks. Accordingly, we engage in a variety of risk management activities, with a basic policy of preventing operational risk and minimizing its impact when it materializes, as well as a basic policy of not taking on liquidity risk to the extent possible while developing a system for dealing with funding crises.

### <Content of Risk Category>

Risk to be managed and its content		Management method
Operational risk	Risk of incurring losses due to reasons such as defects in the operational process, errors by officers and employees, system malfunction, or external events such as rumors.	<ul style="list-style-type: none"> <li>Broad management by classification into individual risks concerning administration, information security, systems, legal affairs and compliance, human resources, tangible assets, and reputation.</li> <li>Developing a risk assessment system through Control Self-assessment (CSA)</li> </ul>
Liquidity risk	Risk of incurring losses due to reasons such as an inability to secure necessary funds, funding problems, or the need to procure high interest rate funds.	<ul style="list-style-type: none"> <li>Funding mismatch limit management and stress testing</li> <li>Establishing a crisis management system for a funding crisis</li> </ul>
Credit risk	Risk of incurring losses due to a decline in or complete loss of asset value as a result of a deterioration in the financial condition of counterparties	<ul style="list-style-type: none"> <li>Credit management based on the credit rating system</li> <li>Setting credit limits and other limits for each counterparty</li> </ul>
Market risk	Risk of incurring losses due to fluctuations in asset value or income as a result of changes in the prices of market transactions	<ul style="list-style-type: none"> <li>Quantifying the amount of risk using interest rate sensitivity</li> <li>Setting limits on the amount of risk and the amount of loss as well as stress testing</li> </ul>

### <Risk Management Structure>



## [ Compliance Systems ]

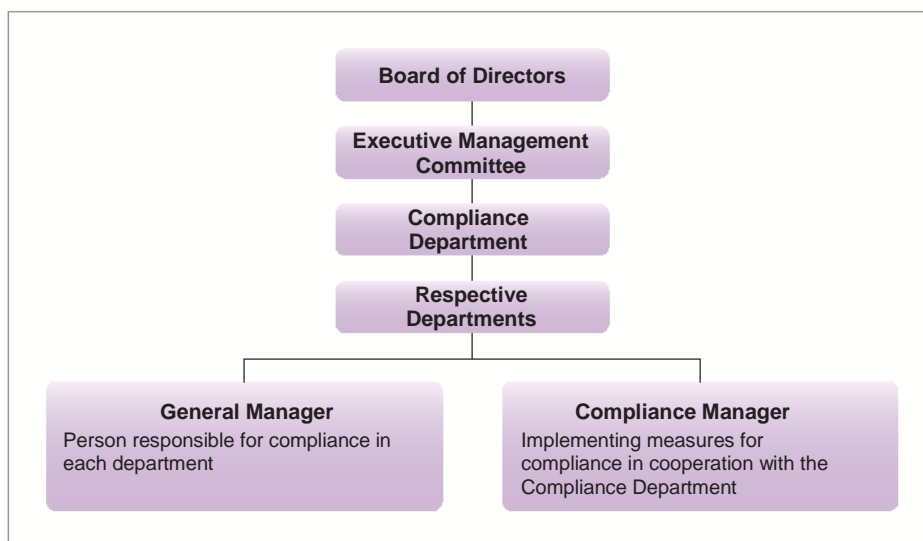
As Japan's No. 1 bank specializing in asset administration, we shall contribute to the sound development of economy and society by playing a role in the development of asset administration business and the asset formation of the nation. Under this Corporate Philosophy and for its realization, we shall act with integrity and impartiality in compliance with laws, rules, and social norms as a pillar of our Action Guidelines. For this reason, our Company positions legal and other kinds of compliance as one of our top priority management issues, in other words, compliance with not only laws and regulations, but also social norms in a broad context. At our Company, by developing a compliance management system in overall operation, we strive to ensure sound and appropriate management based on self-discipline, and ensure our customers and society have full confidence in us.

### ● CBJ's Compliance Structure

The Board of Directors makes decisions on basic compliance matters and oversees the implementation. The President also oversees compliance at our Company, and the Executive Management Committee deliberates and reports on compliance matters.

Our Company has designated the Compliance Department as a department supervising compliance matters. The department develops internal regulations required for the compliance management system, implements measures and guidance, responds to issues, and improves training and education structures to manage overall compliance in our Company. The Compliance Department regularly reports progress on compliance matters to the Board of Directors, etc. and promptly reports when a serious violation of laws and regulations or an event with a grave impact on management occurs.

In each department of our Company, the General Manager, who is responsible for compliance in each department, and the Compliance Manager are positioned to secure the effectiveness of compliance in each department and carry out concrete measures in cooperation with the Compliance Department.



### ● Making All Personnel Aware of Compliance

In principle every year, the Compliance Department formulates a compliance program, and it is a specific action plan for the achievement of compliance. This compliance program is disseminated across the entire organization, after obtaining approval of the Board of Directors.

Our Company has also established the Compliance Manual as a practical guide for officers and employees to ensure compliance. Formulation and important revision of the Compliance Manual are disseminated across the organization after approval of the Board of Directors is obtained.

### ● Compliance Hotline System

Internal and external reporting desks (the Compliance Hotline) are established for officers and employees, etc. of our Company to report acts of legal violations, or suspected violations within our Company. In order to protect whistleblowers, this system ensures thorough information management and privacy protection, and strictly prohibits disadvantageous treatment of whistleblowers. When a report is received, the Compliance Department reports to the officer (Director) in charge of the Compliance Department and Corporate Auditors and takes appropriate action.

## ● Basic Action Policy

Our Company's internal audit is a process, independent from the business lines, of verifying the appropriateness and effectiveness of governance process, risk management and controls for the achievement of management goals, objectively and holistically assessing the results, providing findings and recommendations to correct issues, and following up on the status of improvements.

Our Company has established the Basic Policy on Internal Audit to ensure sound business, and carries out the following initiatives to verify and assess the appropriateness and effectiveness of the internal management system.

- 1) Establishment of the internal audit division that is independent from the business execution divisions and has a sufficient check-and-balance function
- 2) Based on the formulation of an internal audit plan, the internal audit division audits each business execution division and provides findings and recommendations for improvements.
- 3) Results of internal audits and the progress of internal audit plans are reported to the Internal Audit Committee and the Board of Directors in accordance with internal audit rules.

## ● Organizational structure

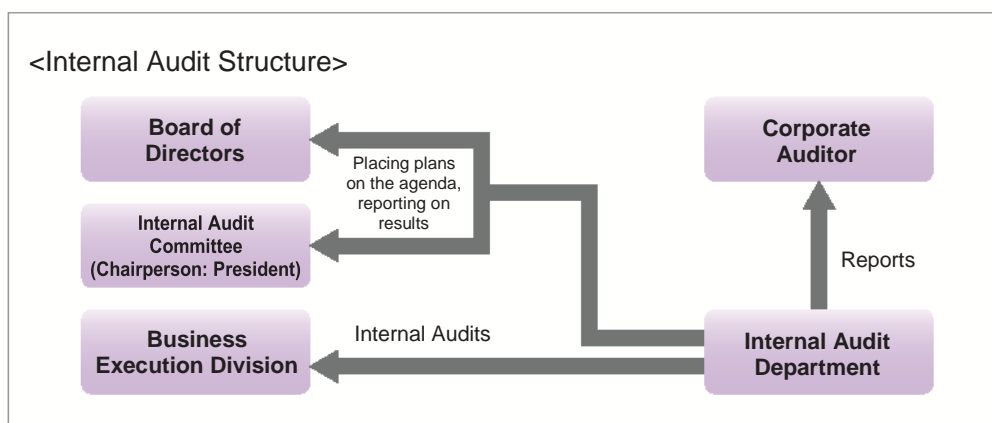
The Internal Audit Department has been established as an internal audit division independent of each business execution division, covering all units and operations in internal audits.

## ● Functions and roles

In line with the Basic Policy on Internal Audit, the Internal Audit Department formulates an internal audit plan focused on material risk items of our Company. The plan is approved by the Board of Directors.

Results of internal audits are reported to the President and Corporate Auditors without delay, and are periodically reported to the Internal Audit Committee and the Board of Directors.

Depending on the purpose of internal audits, general audits are conducted to audit matters related to the operations under the jurisdiction of the units concerned, and theme audits to audit specific themes.



# Designated Dispute Resolution Organizations .....

Our Company has concluded contracts with the following designated dispute resolution organizations.

Name of designated dispute resolution organization	Japanese Bankers Association	Trust Companies Association of Japan
Contact and telephone number	Consultation Desk, Japanese Bankers Association 0570-017109 or 03-5252-3772	Trust Consultation Desk 0120-817335 or 03-6206-3988

\* The Japanese Bankers Association is a designated dispute resolution organization under the Banking Act and the Norinchukin Bank Act.

\* The Trust Companies Association of Japan is a designated dispute resolution organization under the Trust Business Act and the Act on Engagement in Trust Business Activities by Financial Institutions.

# As a Public Institution (Disaster Prevention Measures) .....

Custody Bank of Japan has established a system for business continuity in the event of a disaster based on its recognition that it is a public institution in asset administration services.

## ● Disaster Countermeasures

In the event of a disaster or system failure with a significant impact on business operations, we shall strive to minimize the damage through speedy initial response, and secure early and smooth business continuity and recovery.

A business continuity plan is established by the Business Continuity Management Deliberation Committee chaired by the President in times of normality, and new issues are addressed through regular drills on disaster response, etc.

### Facilities (Installations and Equipment)

Our Head Office is located in the Harumi Island Triton Square complex and is designed to withstand magnitude 7 (Japanese scale) earth tremors, such as the 2011 Great East Japan Earthquake. Further, as a financial institution, our Company, in line with the standards issued by The Center for Financial Industry Information Systems (FISC), has installed a dedicated electric power generator to secure a power supply, utilizes telecommunications lines from multiple carriers to avoid communication breakdowns, and introduced an IC card system to strengthen crime-prevention measures.

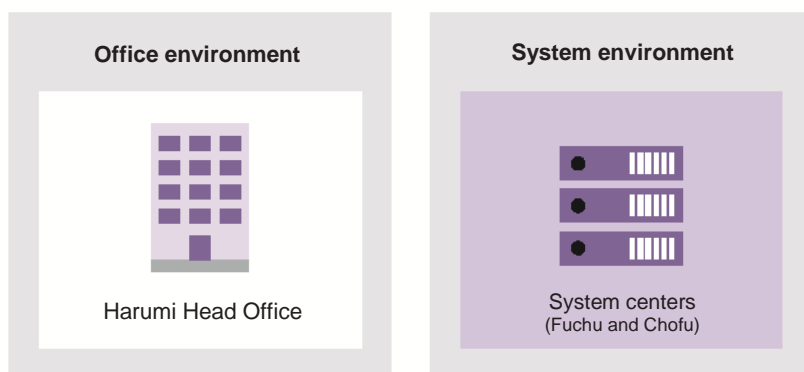
In addition, our system centers and backup centers also have robust infrastructure, including anti-earthquake construction, electric power sources, and security facilities.

### Backup Systems

CBJ's offices and system centers have backup facilities in preparation for possible disasters or contingencies.

Our Company has established backup offices of the Harumi Head Office as disaster countermeasures in Kawasaki City and Chofu City, and backup centers of system centers in Okayama Prefecture, Osaka Prefecture and Saitama Prefecture.

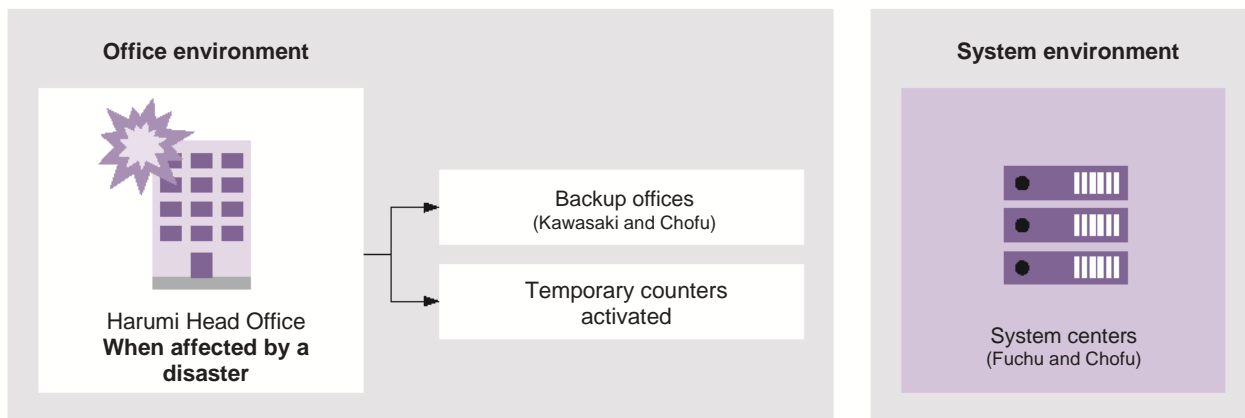
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## As a Public Institution (Disaster Prevention Measures)

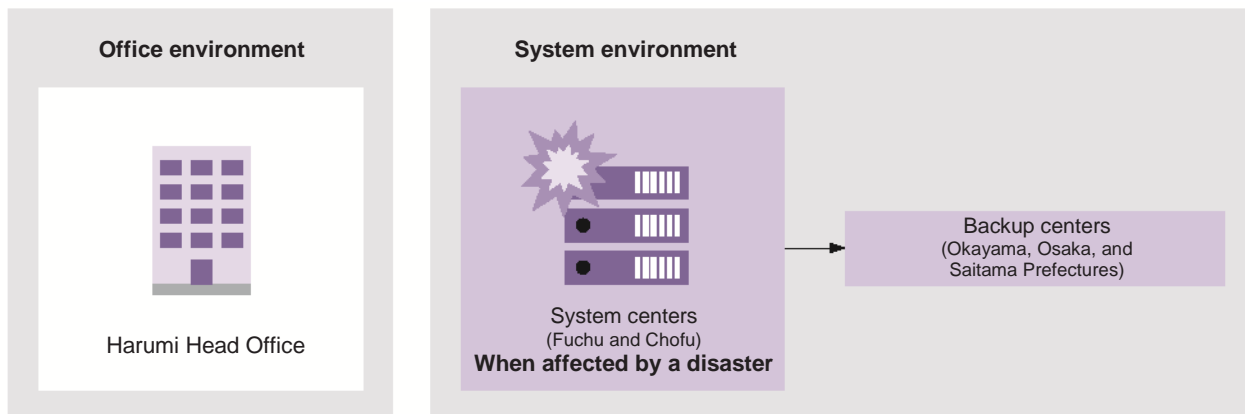
### [When Harumi Head Office is damaged]

If the Harumi Head Office is affected by a disaster, operations will be continued at backup offices in the cities of Kawasaki and Chofu, as well as opening temporary counters (delivery counters for securities companies and other customers).



### [When system centers are damaged]

If the system centers (Fuchu and Chofu Cities) are affected by a disaster, the system environment will be transferred and operations continued at the backup centers (Osaka and Saitama prefectures).





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# Key Indicators of Management Condition

## Key Indicators of Management Condition

	FY2018	FY2019	FY2020	FY2021	(¥ million) FY2022
Ordinary income	29,467	30,756	49,297	57,665	58,000
Ordinary profit	555	694	1,235	1,931	1,510
Net income	344	506	680	576	430
Capital stock	51,000	51,000	51,000	51,000	51,000
Total number of shares issued	1,020,000 shares	1,020,000 shares	2,040,000 shares	2,040,000 shares	2,040,000 shares
Net assets	59,076	59,582	119,382	119,808	120,124
Total assets	11,040,555	9,946,450	17,277,835	17,248,209	16,194,323
Deposits	5,309,477	3,631,072	7,410,882	5,766,452	6,215,941
Loans	167,951	97,136	31,141	1,858	-
Securities	334	30,349	75,286	65,504	51,654
Dividend payout ratio (*1)	-	-	19.79%	19.80%	19.89%
Number of employees (*2)	1,067 persons	1,135 persons	1,969 persons	1,980 persons	1,992 persons
Non-consolidated capital adequacy ratio (Japanese standard) (*3)	36.54%	34.12%	34.26%	29.42%	26.95%
Fiduciary fees	21,956	23,024	32,757	38,012	38,516
Trust account loans	-	-	310,640	-	-
Trust account securities	-	-	-	-	-
(Excluding trust account, electronically recorded, transferred-rights securities)	116,317,170	123,178,561	217,702,529	153,512,487	150,072,380
Trust account crypto-assets and performance-guaranteed crypto-assets	-	-	-	-	-
Trust account, electronically recorded, transferred-rights securities	-	-	-	-	-
Total entrusted assets	291,898,563	303,754,597	467,599,890	421,659,447	418,442,386

(\*1) The dividend payout ratio for FY2018 does not include dividends from the business merger carried out in September 2018.

(\*2) The number of employees includes personnel seconded from Mizuho Trust & Banking, Sumitomo Mitsui Trust Bank, Resona Bank and other companies (590 in FY2020, 553 in FY2021, and 549 in FY2022), and those seconded from Sumitomo Mitsui Trust Bank, Resona Bank and other companies (189 in FY2018, and 194 in FY2019).

(\*3) The "Non-consolidated capital adequacy ratio (Japanese standard)" is calculated according to the "Standards for banks to judge their capital adequacy in light of assets they held based on Article 14-2 of the Banking Act" (Financial Services Agency Notification No. 19 of 2006).

(\*4) On July 27, 2020, our Company merged with JTC Holdings and Trust & Custody Services Bank, changing the trade name from Japan Trustee Services Bank to Custody Bank of Japan. Figures up to FY2019 are those for the pre-merger period (Japan Trustee Services Bank), and from FY2020 onwards, those for Custody Bank of Japan.

Former Trust & Custody Services Bank	(¥ million)	
	FY2018	FY2019
Ordinary income	25,113	25,498
Ordinary profit	740	328
Net income	939	64
Capital stock	50,000	50,000
Total number of shares issued	1,000,000 shares	1,000,000 shares
Net assets	59,479	59,493
Total assets	6,494,669	5,972,264
Deposits	2,274,797	2,407,030
Loans	709,241	-
Securities	295,307	174,817
Dividend payout ratio (*1)	-	-
Number of employees	697 persons	821 persons
Non-consolidated capital adequacy ratio (Japanese standard) (*2)	37.84%	46.01%
Fiduciary fees	12,431	13,134
Trust account loans	1,745,329	1,556,509
Trust account securities	-	-
(Excluding trust account, electronically recorded, transferred-rights securities)	85,096,939	83,110,413
Trust account crypto-assets and performance-guaranteed crypto-assets	-	-
Trust account, electronically recorded, transferred-rights securities	-	-
Total entrusted assets	143,717,067	139,836,527

(\*1) The dividend payout ratio for FY2018 does not include dividends from the business merger carried out in September 2018.

(\*2) The "Non-consolidated capital adequacy ratio (Japanese standard)" is calculated according to the "Standards for banks to judge their capital adequacy in light of assets they held based on Article 14-2 of the Banking Act" (Financial Services Agency Notification No. 19 of 2006).

## Balance Sheets

		(¥ million)
	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Assets</b>		
Cash and due from banks	16,748,115	15,387,568
Cash	0	0
Due from banks	16,748,114	15,387,568
Call loans	149,400	245,000
Securities	65,504	51,654
Government bonds	30,003	23,004
Local government bonds	31,962	27,120
Corporate bonds	3,028	1,017
Stocks	490	490
Other securities	19	20
Loans and bills discounted	1,858	-
Loans on deeds	1,858	-
Foreign exchanges	4,364	6,644
Due from foreign banks (our accounts)	4,364	6,644
Other assets	217,796	439,716
Prepaid expenses	1,084	1,111
Accrued income	12,913	11,090
Derivatives other than for trading-assets	6	17
CCP margin deposits	155,503	389,879
Other	48,287	37,618
Tangible fixed assets	4,284	4,752
Buildings	2,294	2,901
Leased assets	44	37
Other tangible fixed assets	1,945	1,814
Intangible fixed assets	55,390	57,560
Software	55,345	57,516
Other intangible assets	44	43
Prepaid pension expenses	430	487
Deferred tax assets	1,064	938
<b>Total assets</b>	<b>17,248,209</b>	<b>16,194,323</b>
<b>Liabilities and net assets</b>		
Deposits	5,766,452	6,215,941
Current deposits	4,866,975	5,140,629
Ordinary deposits	871,746	1,056,972
Other deposits	27,730	18,338
Call money	110,900	90,300
Due to trust accounts	11,186,487	9,703,163
Other liabilities	62,997	63,118
Income taxes payable	322	353
Accrued expenses	3,942	3,466
Derivatives other than for trading-liabilities	7	51
Lease obligations	48	41
Asset retirement obligations	830	919
Suspense receipt	51,171	51,138
Other	6,672	7,147
Provision for bonuses	620	659
Provision for retirement benefits	943	1,016
<b>Total liabilities</b>	<b>17,128,401</b>	<b>16,074,199</b>
Capital stock	51,000	51,000
Capital surplus	59,073	59,073
Legal capital surplus	50,000	50,000
Other capital surplus	9,073	9,073
Retained earnings	9,706	10,022
Legal retained earnings	1,094	1,094
Other retained earnings	8,611	8,927
Retained earnings brought forward	8,611	8,927
<b>Total shareholders' equity</b>	<b>119,779</b>	<b>120,095</b>
Valuation difference on available-for-sale securities	28	28
<b>Total valuation and translation adjustments</b>	<b>28</b>	<b>28</b>
<b>Total net assets</b>	<b>119,808</b>	<b>120,124</b>
<b>Total liabilities and net assets</b>	<b>17,248,209</b>	<b>16,194,323</b>

## Statements of Income

	FY2021 (from April 1, 2021, to March 31, 2022)	FY2022 (from April 1, 2022, to March 31, 2023)
		(¥ million)
Ordinary income	57,665	58,000
Fiduciary fees	38,012	38,516
Interest income	△ 2,771	△ 1,726
Interest on loans	-	0
Interest and dividends on securities	8	1
Interest on call loans	10	△ 9
Interest on deposits with banks	△ 2,792	△ 1,780
Other interest income	3	62
Fees and commissions	22,419	21,209
Fees and commissions on domestic and foreign exchanges	454	361
Other fees and commissions	21,964	20,847
Other ordinary income	2	-
Gain on foreign exchange transactions	2	-
Other income	1	1
Other	1	1
Ordinary expenses	55,734	56,490
Interest expenses	7	10
Interest on deposits	0	0
Interest on call money	0	0
Interest on borrowings	0	0
Other interest expenses	6	9
Fees and commissions payments	2,814	2,874
Fees and commissions on domestic and foreign exchanges	172	188
Other fees and commissions	2,641	2,686
Other ordinary expenses	-	188
Loss on foreign exchange transactions	-	188
General and administrative expenses	52,909	53,340
Other expenses	2	77
Other	2	77
Ordinary profit	1,931	1,510
Extraordinary loss	1,086	887
Loss on disposal of noncurrent assets	617	887
Impairment loss	468	-
Income before income taxes	844	622
Income taxes—current	290	66
Income taxes—deferred	△ 22	126
Total income taxes	267	192
Net income	576	430

## Statements of Changes in Net Assets

FY2021 (from April 1, 2021, to March 31, 2022)									(¥ million)
Shareholders' equity									
Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings	Total shareholder's equity	
	Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward			
Balance at the beginning of the period	51,000	50,000	9,073	59,073	1,094	8,169	9,263	119,337	
Changes of items during the period									
Dividends of surplus						△ 134	△ 134	△ 134	
Net income						576	576	576	
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-	-	-	442	442	442	
Balance at the end of the period	51,000	50,000	9,073	59,073	1,094	8,611	9,706	119,779	
Valuation and translation adjustments									
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets						
Balance at the beginning of the period	45	45	119,382						
Changes of items during the period									
Dividends of surplus			△ 134						
Net income			576						
Net changes of items other than shareholders' equity	△ 16	△ 16	△ 16						
Total changes of items during the period	△ 16	△ 16	425						
Balance at the end of the period	28	28	119,808						

FY2022 (from April 1, 2022, to March 31, 2023)									(¥ million)
Shareholders' equity									
Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings	Total shareholder's equity	
	Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward			
Balance at the beginning of the period	51,000	50,000	9,073	59,073	1,094	8,611	9,706	119,779	
Changes of items during the period									
Dividends of surplus						△ 114	△ 114	△ 114	
Net income						430	430	430	
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-	-	-	316	316	316	
Balance at the end of the period	51,000	50,000	9,073	59,073	1,094	8,927	10,022	120,095	
Valuation and translation adjustments									
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets						
Balance at the beginning of the period	28	28	119,808						
Changes of items during the period									
Dividends of surplus			△ 114						
Net income			430						
Net changes of items other than shareholders' equity	0	0	0						
Total changes of items during the period	0	0	316						
Balance at the end of the period	28	28	120,124						

## Notes to Accounting Items (FY2022)

Amounts less than ¥1 million are rounded down.

### Material accounting policies

#### 1. Valuation standards and methods for securities

As with the valuation of securities, available-for-sale securities are valued by the market value method (with the sales price calculated primarily by the moving average method). Provided, however, that regarding stocks and other securities for which market prices are not available, the original purchase prices are employed based on the moving average method.

Note that the full amount of adjustments in the value of available-for-sale securities is accounted for by adding such amounts directly to net assets.

#### 2. Valuation standards and methods for derivative transactions

Valuation of derivative transactions shall use the market value method.

#### 3. Depreciation methods

##### (1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated by the declining-balance method, with the exception of buildings (excluding facilities attached to buildings), and facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.

Estimated useful lives of major items are as follows:

Buildings 3 to 50 years

Others 2 to 20 years

##### (2) Intangible fixed assets (excluding leased assets)

Intangible fixed assets are amortized by the straight-line method. Software for internal use is amortized over its estimated useful life (mainly 5 years).

##### (3) Leased assets

Leased assets for which the ownership does not transfer and that are included in tangible fixed assets are depreciated using the straight-line method over the estimated useful life. Note that for those that are based on lease contracts providing for guarantees of residual value, the assets are depreciated down to the specified residual value, and all other assets are depreciated to zero.

#### 4. Standards for translating foreign currency assets and liabilities into Japanese yen

Foreign currency assets and liabilities are translated into Japanese yen at the exchange rate prevailing at the balance sheet date.

#### 5. Standards for calculating reserves

##### (1) Provision for bonuses

To provide for the payment of bonuses, our Company sets aside a reserve for bonuses for employees in the amount of the estimated bonuses attributable to the fiscal year under review.

##### (2) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, CBJ sets aside the reserve necessary at the fiscal year-end to cover such benefits, based on estimates of its retirement benefit obligations and the expected value of pension plan assets. In addition, in calculating retirement benefit liabilities, the expected amount of retirement benefit payments through the end of the subject fiscal year is allocated to the fiscal year under the benefit formula standard. Please note that the method for amortizing expenses or recognizing gains arising due to actuarial differences is as follows.

Actuarial differences: The unrecognized net actuarial difference accrued in each fiscal year is amortized proportionately using the straight-line method over a specified number of years (5 years), which is within the average remaining years of service in each year when the obligations are incurred, commencing from the next fiscal year of incurrence.

#### 6. Method of recording revenue

Fiduciary fees, and fees and commissions include fees received as consideration for asset administration services, and the Company has obligations to perform the services based on contracts, etc. Given that those obligations are satisfied by providing services over a period of time, revenue is primarily recognized over the period in which the services are provided.

## Notes to Accounting Items

### (Balance Sheets)

#### 1. Collateral for exchange settlement and other transactions has been posted in the form of securities amounting to ¥23,004 million.

Other assets include CCP guarantee deposits of ¥32,866 million and guarantee deposits and others of ¥3,422 million.

#### 2. Overdraft contracts provide for making loans up to a specified limit, provided there are not violations of the provision of contracts, when loan requests are received from customers. The unexercised balance of loan commitments under these contracts is ¥2,157,400 million, and the remaining contract terms are 1 year or less for the full amount. Note that, since most of these contracts expire without requests for overdrafts, the unexercised balance of loan commitments under these contracts will not necessarily have an effect on the cash flow. Many of these contracts incorporate provisions that allow our Company to reject the loan or reduce the maximum loan amount to be accepted if financial conditions change, claims need to be protected, or there are any other reasonable grounds. If necessary, real estate, securities and other collateral will be secured at the time of contract, and even after the contract is concluded, the business conditions of customers are periodically monitored based on predetermined internal procedures, and contracts are reviewed and credit protection measures are taken as necessary.

#### 3. Accumulated depreciation of tangible fixed assets: ¥6,323 million

#### 4. The principal amount of trusts with principal-guaranteed features is ¥403,442 million in money trusts.

#### 5. Total monetary claims on affiliates: ¥906 million

#### 6. Total monetary obligations outstanding to affiliates: ¥8,159 million

### (Statements of Income)

#### 1. The negative figures for interest on call loans and interest on due from banks in interest income are due to the fact that, as a consequence of the application of negative interest rates to the Bank of Japan current deposits and others, interest on due from banks became negative on a net amount basis.

#### 2. Loss on disposal of fixed assets under extraordinary loss includes the disposal of software under development that is no longer expected to be used due to policy changes or cancellations in the amount of ¥486 million.

#### 3. Income related to transactions with affiliates

Total income from trust transactions: ¥5,521 million

Total income from fees and commissions: ¥605 million

Expenses related to transactions with affiliates

Total expenses related to other businesses and other ordinary transactions: ¥13 million

### (Statements of Changes in Net Assets)

#### 1. Matters related to class and total number of shares issued and the class and number of treasury stock

(Thousand shares)

	Total number outstanding at the beginning of the period	Increase during the period	Decrease during the period	Total number outstanding at the end of the period	Remarks
Shares issued					
Common stock	2,040	-	-	2,040	
Total	2,040	-	-	2,040	

(Note) There is nothing applicable in relation to treasury stock.

## 2. Dividends

### (1) Dividends paid during the fiscal year

(Resolved by)	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 29, 2022 Ordinary General Meeting of Shareholders	Common stock	¥114 million	¥56	March 31, 2022	June 30, 2022

### (2) Of dividends for which the record date belongs to the fiscal year under review, those whose effective date is after the last day of the fiscal year under review.

(Resolved by)	Type of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
June 29, 2023 Ordinary General Meeting of Shareholders	Common stock	¥85 million	Others Retained earnings	¥42	March 31, 2023	June 30, 2023

## (Financial Instruments)

### 1. Matters related to the status of financial instruments

#### (1) Policy on financial instruments

As a bank specializing in asset administration, our Company conducts the operation of banking accounts with limited risks.

#### (2) Contents of and risks associated with financial instruments

Our Company's financial assets, in addition to deposits in the Bank of Japan and other institutions, are primarily comprised of Japanese Government Bonds, local government bonds, call loans, negotiable certificate of deposits and fixed-term deposits. Credit risk and market risk are limited by confining operations within one year as a general rule, and restraining their size and content to the minimum necessary.

On the other hand, our Company's financial liabilities are primarily borrowed money from trust accounts and deposits. The balance of such liabilities is kept at a reasonable level, and our Company avoids liquidity risk by limiting its asset administration operations to highly liquid financial instruments.

#### (3) Risk management relating to financial instruments

##### 1) Credit risk management

Our Company's principal credit risks arise in the management of idle funds generated by our asset administration business. Our Company has established a "Credit Risk Management Policy," which calls for restraint in the size and content of such investments to the minimum required for conducting business. Moreover, the Risk Management Department sets various credit risk position limits based on the "Credit Risk Management Rules," and monitors the observance of these limits on a daily basis.

##### 2) Market risk management

Our Company strives for safe and secure management, by establishing a "Market Risk Management Policy" that calls for limiting market risk to the size and content required in connection with business and not conducting management for the purpose of capital gains. Moreover, the Risk Management Department sets various market risk position limits based on the "Market Risk Management Rules," and monitors the observance of these limits on a daily basis.

Our Company's market risks arise mainly from the effects of interest rate risk, and the major financial instruments subject to this risk are Japanese Government Bonds, local government bonds, call loans, negotiable certificate of deposits and fixed-term deposits. For these financial instruments, CBJ employs the Basis Point Value (BPV) method (which measures the change in the value of these assets for each one basis point (0.01%) movement in interest rates) for quantitative analysis to manage their interest rate risk. As of March 31, 2023, analyses based on the BPV method indicate that the interest rate risk for a basis point movement in interest rates is ¥3 million. Please note that this movement in asset prices assumes that risk factors, excluding interest rate risk, remain unchanged, and does not take account of correlations between interest rates and other risk causal factors.

##### 3) Liquidity risk management

Our Company manages idle cash generated by our asset administration business on a continuing basis and keeps such operation without liquidity risk to the fullest extent possible as provided for in our "Liquidity Management Policy." Moreover, the Risk Management Department sets various position limits based on the "Liquidity Risk Management Rules," and monitors the observance of these limits on a daily basis.

#### (4) Supplementary explanation of fair value of financial instruments

Since the fair value of financial instruments involves certain assumptions, in cases where assumptions are subject to change, the value of assets may also change.

### 2. Fair values of financial instruments

The balance sheet amounts, fair values, and differences between the two, as of March 31, 2023, are shown below. Stocks with no market prices available are not included in the following table (see (Note 1)). Cash and due from banks, call loans, foreign exchange (assets), deposits, call money, and borrowings from trust accounts are mainly settled in a short period of time, and their fair values approximate their book values. Accordingly, notes are omitted.

	Balance sheet amount	Fair value	Difference
(¥ million)			
Securities			
Available-for-sale-securities	51,142	51,142	-
Total assets	51,142	51,142	-
Derivative Transactions*			
Those for which hedge accounting is not applied	△ 34	△ 34	-
Total derivative transactions	△ 34	△ 34	-

\* Derivative transactions included in Derivatives other than for trading-assets and liabilities are presented collectively.

Net claims and obligations arising from derivative transactions are presented in net amounts. Items that are net liabilities in total are presented with a triangle "△".

(Note 1) The balance sheet amounts of financial instruments for which market prices are not available are as follows, and they are not included in "Available-for-sale-securities" in the fair value information of financial instruments.

Category	Balance sheet amount
Unlisted stocks	511

Unlisted stocks are not included in fair value disclosure in accordance with Paragraph 5 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(Note 2) Redemption schedule of securities with maturity dates after the closing date

	1 year or less	Over 1 year to 3 years or less	Over 3 years to 5 years or less	Over 5 years to 7 years or less	Over 7 years to 10 years or less	Over 10 years
(¥ million)						
Securities						
Available-for-sale-securities with maturities	51,122	-	-	-	-	-
Total	51,122	-	-	-	-	-

### 3. Matters concerning breakdown by the level of fair value of financial instruments

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used to calculate the fair values.

Level 1 fair value: Fair value calculated using the market prices of the assets or liabilities formed in an actively traded market for which fair value is to be determined, among the inputs for the calculation of the observable fair value

Level 2 fair value: Fair value calculated using inputs for the determination of fair value other than Level 1 inputs among inputs for observable fair value

Level 3 fair value: Fair value calculated using inputs for the determination of unobservable fair value

Where multiple inputs that have a significant impact on the determination of fair value are used, the fair value is classified into the level with the lowest priority in the calculation of fair value among the levels to which the inputs belong.

Financial instruments recorded on the balance sheet at fair value

(¥ million)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale-securities				
Government bonds	23,004	-	-	23,004
Local government bonds	-	27,120	-	27,120
Corporate bonds	-	1,017	-	1,017
Derivative Transactions				
Currency-related	-	17	-	17
Total assets	23,004	28,154	-	51,159
Derivative Transactions				
Currency-related	-	51	-	51
Total liabilities	-	51	-	51

(Note 1) Explanation of valuation techniques used in the determination of fair value and inputs to the calculation of fair value

## Securities

Securities for which unadjusted quoted prices in actively traded markets are available are classified as Level 1 fair value, and include government bonds. Those for which quoted prices are used, but where the market is not active, are classified as Level 2 fair price, and include local government bonds and corporate bonds.

## Derivative Transactions

Since derivative transactions are currency-related transactions (forward exchange contracts), their fair value is calculated based on the discounted present value method where interest rates and exchange rates are used in the valuation technique. They are classified as Level 2 because they do not use inputs that are not observable.

(Securities)

Negotiable certificate of deposits in "Due from banks" are included in addition to "Government bonds," "Local government bonds," and "Corporate bonds." Available-for-sale-securities (as of March 31, 2023)

(¥ million)

	Type	Balance sheet amount	Acquisition cost	Difference
Those with the balance sheet amount exceeding the acquisition cost	Bonds			
	Government bonds	23,004	23,003	0
	Local government bonds	24,108	24,070	38
	Corporate bonds	1,017	1,016	0
	Subtotal	48,130	48,090	40
Those with a balance sheet amount not exceeding the acquisition cost	Bonds			
	Local government bonds	3,011	3,011	△ 0
	Others	55,000	55,000	-
	Subtotal	58,011	58,011	△ 0
Total		106,142	106,102	40

(Tax effect accounting items)

The breakdown of factors giving rise to the accrual of deferred tax assets and liabilities is as follows.

Deferred tax assets	
Provision for retirement benefits	¥311 million
Asset retirement obligations	281
Provision for bonuses	201
Enterprise tax payable	106
Impairment loss	82
Others	316
Total deferred tax assets	1,300
Deferred tax liabilities	
Tangible fixed assets	211
Prepaid pension expenses	149
Valuation difference on available-for-sale securities	1
Total deferred tax liabilities	362
Net deferred tax assets	¥938 million

(Transactions with related parties)

(1) Parent company and major corporate shareholders

(¥ million)

Type	Name of company	Percentage ownership	Relationship with related party	Type of transactions	Transaction amount	Accounting item	Balance at end of period
Other affiliated company	Resona Bank, Limited	Owned Directly 16.6%	Entrusts asset administration to CBJ	Re-entrustment fees, receipt of fees (Note 1)	6,106	Accrued income	54
						Suspense receipt	8,157

Terms of transactions and the decision policies, etc.

(Note 1) Fees for re-entrustment and other fees that are based on cost are decided through negotiations.

(2) Subsidiaries and affiliates, etc.

Not applicable.



## (3) Other companies with indirect capital affiliation

(¥ million)

Type	Name of company	Percentage ownership	Relationship with related party	Type of transactions	Transaction amount	Accounting item	Balance at end of period
Subsidiary of other affiliated company	Sumitomo Mitsui Trust Bank, Limited	-	Entrusts asset administration to CBJ	Re-entrustment fees, receipt of fees (Note 1)	23,830	Accrued income	6,535
						Suspense receipt	27,078
Subsidiary of other affiliated company	Mizuho Trust & Banking Co., Ltd.	-	Entrusts asset administration to CBJ	Re-entrustment fees, receipt of fees (Note 1)	15,741	Accrued income	1,003
						Suspense receipt	13,707

Terms of transactions and the decision policies, etc.

(Note 1) Fees for re-entrustment and other fees that are based on cost are decided through negotiations.

## (4) Directors and other individual shareholders

Not applicable.

## (Revenue recognition)

Information which provides a basis for understanding revenue is as per the description in "6. Method of recording revenue" in "Material accounting policies."

## (Per share information)

Net assets per share of common stock: ¥58,884.64

Net income per share of common stock: ¥211.08

**Confirmation Statement from Management**

I have confirmed that the financial statements (balance sheets, statements of income, and statements of changes in net assets) for the third term, covering the period from April 1, 2022, to March 31, 2023, are presented appropriately and that the internal auditing related to the preparation of these financial statements functioned effectively.

June 29, 2023

Custody Bank of Japan, Ltd.

President &amp; Representative Director

**Masahiro Tsuchiya****Auditors' Statement**

The Company has been audited by Accounting Auditor KPMG AZSA LLC in accordance with Paragraph 1, Article 396 of the Companies Act, and received the Audit Report indicating that all material items pertaining to assets and income have been presented appropriately in the documents prepared pursuant to the provisions of Paragraph 1, Article 20 of the Banking Act.

## Fair Value Information of Securities, etc.

### Securities

Under this item, negotiable certificates of deposit in “Due from banks” are included in addition to “Government bonds,” “Local government bonds,” and “Corporate bonds.”

- Available-for-sale-securities with fair value

					(¥ million)
					FY2021
	Type	Balance sheet amount	Acquisition cost	Difference	
Those with the balance sheet amount exceeding the acquisition cost	Bonds				
	Local government bonds	29,058	29,016	42	
	Corporate bonds	3,028	3,027	0	
	Subtotal	32,087	32,044	43	
Those with a balance sheet amount not exceeding the acquisition cost	Bonds				
	Government bonds	30,003	30,004	△ 1	
	Local government bonds	2,903	2,904	△ 0	
	Others	40,000	40,000	-	
	Subtotal	72,906	72,908	△ 2	
Total		104,994	104,953	41	

					(¥ million)
					FY2022
	Type	Balance sheet amount	Acquisition cost	Difference	
Those with the balance sheet amount exceeding the acquisition cost	Bonds				
	Government bonds	23,004	23,003	0	
	Local government bonds	24,108	24,070	38	
	Corporate bonds	1,017	1,016	0	
	Subtotal	48,130	48,090	40	
Those with a balance sheet amount not exceeding the acquisition cost	Bonds				
	Local government bonds	3,011	3,011	△ 0	
	Others	55,000	55,000	-	
	Subtotal	58,011	58,011	△ 0	
Total		106,142	106,102	40	

- Valuation difference on available-for-sale securities

			(¥ million)
			FY2021
Valuation difference	41		41
Available-for-sale-securities	41		41
Deferred tax assets (△ indicates deferred tax liabilities)	△ 12		△ 12
Valuation difference on available-for-sale securities	28		28

(Note) Foreign currency translation adjustments for foreign currency-denominated stocks without market prices are included in “Available-for-sale securities” in “Valuation difference.”

### Money in trust

Not applicable.

### Derivative Transactions

- Derivative transactions for which hedge accounting is not applied

Regarding unhedged derivative transactions, the contract amount or the amount of principal equivalent stipulated in the contract, fair value, and unrealized gain or loss as of the closing date for each type of transaction are as follows. Contract amount, etc. do not per se indicate the market risk of derivative transactions.

- Interest-related Transactions

Not applicable.

- Currency-related Transactions

		FY2021				(¥ million)
Category	Type	Contract amount, etc.	Contract amount, etc. of those exceeding one year	Fair value	Unrealized gain or loss	
Over-the-counter	Exchange contracts					
	Sold	6,610	-	△ 7	△ 7	
	Bought	3,305	-	6	6	
Total		/	/	△ 0	△ 0	

		FY2022				(¥ million)
Category	Type	Contract amount, etc.	Contract amount, etc. of those exceeding one year	Fair value	Unrealized gain or loss	
Over-the-counter	Exchange contracts					
	Sold	12,018	-	△ 51	△ 51	
	Bought	6,009	-	17	17	
Total		/	/	△ 34	△ 34	

(Note) The above transactions are recorded at fair value, with unrealized gain or loss included in the statements of income.

- Transactions related to stocks, bonds and commodities, and other derivative transactions
- Not applicable.

### Crypto-assets

Not applicable.

## Indicators for Banking Business

### (1) Indicators showing the status of key business

#### ○ Gross business profit

	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total	(¥ million)
Gross business profit	54,837	3	54,841	55,054	△ 128	54,925	
Gross business profit margin	0.34%	0.10%	0.34%	0.36%	△ 2.06%	0.35%	
Fiduciary fees	38,012	-	38,012	38,516	-	38,516	
Net interest income	△ 2,780	1	△ 2,779	△ 1,795	59	△ 1,736	
Net fees and commissions	19,604	0	19,605	18,334	0	18,334	
Net trading income	-	-	-	-	-	-	
Other net operating income	-	2	2	-	△ 188	△ 188	

(Note) Gross business profit margin = Gross business profit / Average balance of interest-earning assets × 100

#### ○ Net business profit

	FY2021	FY2022	(¥ million)
Net business profit	1,941	1,620	
Effective net business profit	1,941	1,620	
Net business profit from core operations	1,941	1,620	
Net business profit from core operations (excluding gain or loss on cancellation of investment trusts)	1,941	1,620	

#### ○ Average balance of interest-earning assets and interest bearing liabilities

	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total	(¥ million)
Interest-earning assets		(1,093)		(6,059)			
Average balance	15,902,888	3,827	15,905,622	15,259,785	6,208	15,259,934	
Interest	△ 2,774	(0)	△ 2,771	△ 1,789	62	△ 1,726	
Interest bearing liabilities		(1,093)		(6,059)			
Average balance	16,037,767	3,813	16,040,487	15,479,613	6,194	15,479,748	
Interest	6	(0)	7	6	(0)	3	
Yield on interest-earning assets	△ 0.01%	0.08%	△ 0.01%	△ 0.01%	1.01%	△ 0.01%	
Yield on interest bearing liabilities	0.00%	0.04%	0.00%	0.00%	0.05%	0.00%	
Net interest margin	△ 0.01%	0.03%	△ 0.01%	△ 0.01%	0.95%	△ 0.01%	

(Note) 1. The interest-earning assets are shown after deducting the average balance of non-interest earning due from banks (¥456 million in FY2021 and ¥697 million in FY2022).

2. The figure inside the brackets shows the average balance and interest on loans between the Domestic Business Division and the Global Business Division.

#### ○ Analysis of increase or decrease in interest income and expenses

	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total	(¥ million)
Net changes in interest earned	1,291	1	1,293	984	59	1,044	
Increase or decrease due to balance	△ 176	△ 1	△ 176	108	3	108	
Increase or decrease due to interest rate	1,468	2	1,469	876	56	936	
Net change in interest paid	△ 9	0	△ 9	0	1	2	
Increase or decrease due to balance	0	0	0	△ 0	1	△ 0	
Increase or decrease due to interest rate	△ 10	△ 0	△ 10	0	0	2	

(Note) Where the increase/decrease factors due to the balance and interest rate overlap each other, they are prorated according to their respective portion of change.

○ Rate of return

	FY2021	FY2022
		(%)
Ordinary profit to total assets	0.01	0.00
Ordinary profit to capital	1.76	1.36
Return on assets	0.00	0.00
Return on equity	0.52	0.38

(Note) 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance for total assets (excluding customers' liabilities for acceptances and guarantees) × 100  
 2. Ordinary profit (net income) to capital = Ordinary profit (net income) / Shareholders' equity and average balance of valuation and translation adjustments × 100

(2) Indicators for deposits

○ Average balance by type of deposit

	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total
						(¥ million)
Deposits	7,347,650	-	7,347,650	6,082,096	-	6,082,096
Liquid deposits	7,336,660	-	7,336,660	6,070,409	-	6,070,409
Time and savings deposits	-	-	-	-	-	-
Other deposits	10,990	-	10,990	11,686	-	11,686
Negotiable certificate of deposits	-	-	-	-	-	-

(Note) 1. Liquid deposits = Current deposits + Ordinary deposits + Saving deposits + Deposits at notice  
 2. Time and savings deposits = Time deposits

○ Balance of time deposits by average life  
 Not applicable.

(3) Indicators for loans, etc.

○ Average balance by loan item

	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total
						(¥ million)
Loans on bills	-	-	-	-	-	-
Loans on deeds	16,109	-	16,109	1,445	-	1,445
Overdraft	25,546	-	25,546	29,244	-	29,244
Discounted bill	-	-	-	-	-	-
Total	41,655	-	41,655	30,689	-	30,689

○ Balance of loans and bills discounted by average life

	FY2021	FY2022
		(¥ million)
1 year or less	1,858	-
Floating interest rate	-	-
Fixed interest rate	1,858	-
Total	1,858	-
Floating interest rate	-	-
Fixed interest rate	1,858	-

## ○ Breakdown by collateral for loans and bills discounted

	FY2021	(¥ million) FY2022
Securities	-	-
Claims	-	-
Commodities	-	-
Real estate	-	-
Guarantees	-	-
Unsecured	1,858	-
Total	1,858	-

## ○ Balance of loan guarantees (acceptances and guarantees)

Not applicable.

## ○ Balance of loans and bills discounted by purpose

	FY2021	(¥ million) FY2022
Fund for capital investment	-	-
Working capital	1,858	-
Total	1,858	-

## ○ Balance of loans and bills discounted by industry

	FY2021		FY2022	
	Balance	Composition ratio	Balance	Composition ratio
Government of Japan	1,858	100.00%	-	-
Total	1,858	100.00%	-	-

## ○ Balance of loans to SME

Not applicable.

## ○ Balance of specific foreign claims

Not applicable.

## ○ Loan-deposit ratio

	FY2021			FY2022		
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total
Loan-deposit ratio						
Balance at end of period	0.03	-	0.03	0.00	-	0.00
Average during the period	0.56	-	0.56	0.50	-	0.50

#### (4) Indicators for securities

##### ○ Average balance of trading securities

Our Company does not own trading securities.

##### ○ Balance of securities by average life

							(¥ million)
FY2021							
	1 year or less	Over 1 year to 3 years or less	Over 3 years to 5 years or less	Over 5 years	Those with no prescribed period	Total	
Government bonds	30,003	-	-	-	-	30,003	
Local government bonds	4,819	27,142	-	-	-	31,962	
Corporate bonds	2,002	1,026	-	-	-	3,028	
Stocks	-	-	-	-	490	490	
Other securities	-	-	-	-	19	19	
Foreign stocks	-	-	-	-	19	19	
Total	36,825	28,169	-	-	510	65,504	

							(¥ million)
FY2022							
	1 year or less	Over 1 year to 3 years or less	Over 3 years to 5 years or less	Over 5 years	Those with no prescribed period	Total	
Government bonds	23,004	-	-	-	-	23,004	
Local government bonds	27,120	-	-	-	-	27,120	
Corporate bonds	1,017	-	-	-	-	1,017	
Stocks	-	-	-	-	490	490	
Other securities	-	-	-	-	20	20	
Foreign stocks	-	-	-	-	20	20	
Total	51,142	-	-	-	511	51,654	

##### ○ Average balance of securities

							(¥ million)
	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total	
Government bonds	32,808	-	32,808	30,440	-	30,440	
Local government bonds	33,355	-	33,355	30,634	-	30,634	
Corporate bonds	4,149	-	4,149	2,008	-	2,008	
Stocks	490	-	490	490	-	490	
Other securities	-	19	19	-	19	19	
Foreign stocks	-	19	19	-	19	19	
Total	70,803	19	70,823	63,574	19	63,593	

##### ○ Security-deposit ratio

							(%)
	Domestic Business Division	FY2021 Global Business Division	Total	Domestic Business Division	FY2022 Global Business Division	Total	
Security-deposit ratio							
Balance at end of period	1.13	-	1.13	0.83	-	0.83	
Average during the period	0.96	-	0.96	1.04	-	1.04	

## Matters Concerning Bank Management

- Initiatives to improve the management of SMEs and revitalize local communities  
As a bank specializing in asset administration, our Company provides customers with services dedicated to asset administration. Due to our operational characteristics, we currently do not provide loans for business funds to companies, including small and medium-sized enterprise customers, or for customers who wish to use housing loans. For this reason, there are no direct activities taken to improve the business of SMEs and revitalize local communities.

## Other Asset Situation

- Claims pursuant to the Banking Act and the Financial Revitalization Act

	FY2021	FY2022
		(¥ million)
Claims to bankrupt and substantially bankrupt debtors	-	-
Doubtful claims	-	-
Claims being closely monitored	-	-
Loans that are delinquent for three months or longer	-	-
Restructured loans	-	-
Subtotal	-	-
Ordinary loans	1,858	-
Total	1,858	-

(Note) There are no applicable items for trusts with principal-guaranteed features

- Amount of write-off of loans  
Not applicable.
- Balance of allowance for loan losses and its changes  
Not applicable.



## Indicators for Trust Business

### (1) Balance table of assets in trust

	FY2021	FY2022
		(¥ million)
(Assets)		
Securities	153,512,487	150,072,380
Government bonds	28,025,752	27,887,238
Local government bonds	2,962,296	3,125,308
Short-term bonds	970,611	964,094
Corporate bonds	6,811,947	6,556,878
Stocks	65,619,647	60,474,339
Foreign securities	38,857,561	40,424,053
Other securities	10,264,670	10,640,466
Securities in investment trusts	65,851,776	75,001,448
Foreign securities in investment trusts	40,892,086	38,030,301
Interests in trusts	79,151,418	75,093,482
Trust securities	24,887,467	25,807,856
Monetary claims	13,233,846	14,075,358
Life insurance claims	496,427	500,546
Housing loan claims	3,308,370	3,004,537
Other monetary claims	9,429,047	10,570,274
Other claims	9,552,285	10,186,168
Call loans	10,093,784	7,160,197
Loans to banking account	11,186,487	9,703,163
Cash and due from banks	13,297,808	13,312,031
Due from banks	13,297,808	13,312,031
Total assets	421,659,447	418,442,386
(Liabilities)		
Designated money trusts	733,749	-
Corporate investment fund	7,444,116	7,854,547
Monetary trusts other than money in trust	3,446,297	3,464,735
Trust of securities	3,711,719	3,118,448
Monetary claims in trust	3,308,370	3,004,537
Composite trusts	403,015,192	401,000,117
Total liabilities	421,659,447	418,442,386

## (2) Acceptance of money trusts, etc.

### ○ Fiscal year-end balance of trust

	FY2021	(¥ million) FY2022
Money trusts	8,177,866	7,854,547

(Note) There is nothing applicable for annuity trusts, employees' property formation benefit trusts, and loan trusts.

### ○ Balance of principal by trust period

	FY2021	(¥ million) FY2022
Money trusts		
Less than 1 year	4,305	2,400
1 year or more to less than 2 years	6,133,534	5,199,461
2 years or more to less than 5 years	-	-
5 years or more	2,021,325	2,585,102
Others	320,417	403,442
Total	8,479,582	8,190,406

(Note) There is nothing applicable for loan trusts.

## (3) Investment in money trusts, etc.

### ○ Investment balance

	FY2021	(¥ million) FY2022
Money trusts		
Securities	4,950,556	4,781,778
Total	4,950,556	4,781,778

(Note) There is nothing applicable for annuity trusts, employees' property formation benefit trusts, and loan trusts.  
There is nothing applicable for loans and crypto-assets.

### ○ Balance of securities by type

	FY2021	(¥ million) FY2022
Money trusts		
Government bonds	657,694	507,994
Local government bonds	11,408	18,617
Corporate bonds	195,673	218,697
Stocks	2,343,140	2,245,898
Foreign securities	1,081,880	1,166,061
Other securities	660,759	624,509
Total	4,950,556	4,781,778

(Note) There is nothing applicable for annuity trusts, employees' property formation benefit trusts, and loan trusts.

- Balance of loans by accounting item
- Balance of loans by contract period
- Balance of loans by type of collateral
- Balance of loans by purpose
- Balance of loans by industry and the proportion in total amount of loans
- Balance of loans to SME and the proportion in total amount of loans

There is nothing applicable for any of money trusts, annuity trusts, employees' property formation benefit trusts, and loan trusts.

(4) Status of trusts with principal-guaranteed features

- Fiscal year-end balance of trusts (including trusts that have been re-entrusted for the investment of trust assets)

		(¥ million)
Money trusts	FY2021	FY2022
(Assets)		
Others	320,417	403,442
Total assets	320,417	403,442
(Liabilities)		
Principal	320,417	403,442
Total liabilities	320,417	403,442

(5) Balance of crypto-assets by type

Not applicable.

## Capital Adequacy Status, etc.

This section is intended to disclose matters that are specified separately by the Commissioner of the Financial Services Agency regarding the status of capital adequacy, etc. (Financial Services Agency Notification No. 7 of 2014), in accordance with Paragraph 1 (5) (d), Article 19-2 of the Ordinance for Enforcement of the Banking Act (Ordinance of the Ministry of Finance No. 10 of 1982).

### ● Disclosure Concerning the Composition of Capital

Summary table of the non-consolidated capital adequacy ratio (Japanese standard)

	FY2021	(¥ million) FY2022
<b>Core Capital: Instruments and reserves (1)</b>		
Directly issued qualifying common shares or preferred shares mandatorily convertible into common share capital plus related capital surplus and retained earnings	119,665	120,010
Of which, capital and capital surplus	110,073	110,073
Of which, retained earnings	9,706	10,022
Of which, treasury stock (Δ)	-	-
Of which, planned distribution of income (Δ)	114	85
Of which, other than above	-	-
Subscription rights to acquire common shares or preferred shares mandatorily convertible into common shares	-	-
Reserves included in Core Capital: Instruments and reserves	-	-
Of which, general allowance for loan losses	-	-
Of which, eligible provisions	-	-
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements included in Core Capital	-	-
Eligible capital instruments subject to transitional arrangements included in Core Capital	-	-
Capital instruments issued through the measures for strengthening capital by public institutions included in Core Capital	-	-
Amount equivalent to 45% of land revaluation excess subject to transitional arrangements included in Core Capital	-	-
Core Capital: Instruments and reserves (a)	119,665	120,010
<b>Core Capital: Regulatory adjustments (2)</b>		
Total intangible fixed assets (excluding those relating to mortgage servicing rights)	38,429	39,935
Of which, goodwill (including those equivalent)	-	-
Of which, other than goodwill and mortgage servicing rights	38,429	39,935
Deferred tax assets (excluding those arising from temporary differences)	-	-
Shortfall of eligible provisions to expected losses	-	-
Capital increase due to securitization transactions	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension costs	298	338
Investments in own shares (excluding those reported in the Net Assets)	-	-
Reciprocal cross-holdings in capital instruments issued by other financial institutions for raising capital that are held by the Bank	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
Amount exceeding the 10% threshold on specified items	10,063	10,740
Of which, significant investments in the common stock of other financial institutions	-	-
Of which, other than goodwill and mortgage servicing rights	-	-
Of which, deferred tax assets arising from temporary differences	10,063	10,740
Amount exceeding the 15% threshold on specified items	-	-
Of which, significant investments in the common stock of other financial institutions	-	-
Of which, intangible fixed assets relating to mortgage servicing rights	-	-
Of which, deferred tax assets arising from temporary differences	-	-
Core Capital: Regulatory adjustments (b)	48,792	51,014
<b>Capital</b>		
Total amount of capital ((a) – (b)) (c)	70,873	68,996

	FY2021	(¥ million) FY2022
<b>Risk-Weighted Assets (3)</b>		
Total credit risk-weighted assets	133,953	148,670
Of which, total of items included in risk-weighted assets subject to transitional arrangements	-	-
Of which, exposure to other financial institutions	-	-
Of which, other than above	-	-
Amount equivalent to market risk divided by 8%	-	-
Amount equivalent to operational risk divided by 8%	106,927	107,326
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total risk-weighted assets (d)	240,880	255,996
<b>Capital Adequacy Ratio</b>		
Capital Adequacy Ratio ((c) / (d))	29.42%	26.95%

## ● Qualitative Disclosure

### 1. Main features of regulatory capital instruments

Capital is raised by common stocks.

### 2. Assessment of capital adequacy under Pillar 2

As a method of assessing capital adequacy, our Company implements management based on required capital according to the Capital Adequacy Framework (Pillar 1) and through integrated risk management according to internal management (Pillar 2).

#### (1) Capital management

As a bank complying with Japanese standards, we strive to maintain and secure a certain level of required capital in accordance with the Capital Adequacy Framework.

#### (2) Integrated risk management

Our Company carries out integrated risk management based on the “Capital Management Policy,” “Risk Management Policy,” and “Risk Management Rules.” Specifically, after setting limits on capital that consider a certain buffer in times of stress, we confirm that the integrated risk amount of credit, market and operational risks are within the limits. In addition, for liquidity risks that cannot be captured by the integrated risk amount, stress tests are conducted and regular reporting is made to the Executive Management Committee and the Board of Directors, including the status of compliance with the limits.

### 3. Credit risk

#### (1) Overview of risk management policies and procedures

##### 1) Definition of credit risk

Credit risk refers to “the risk of incurring losses due to a decline in or complete loss of asset value (including off-balance sheet assets) as a result of the deterioration in the financial condition of borrowers.”

##### 2) Characteristics of credit risk

The major credit risk in our Company arises from investment transactions of surplus funds accompanying asset administration operations, resulting in a large amount of bad debts (or provision of allowance) due to defaults by major borrowers or deterioration in their credit standing.

##### 3) Risk management policy

We have established the “Risk Management Policy” which provides the credit risk management policy of keeping credit risks to be risk-limiting in size and nature.

- 4) Credit risk management structure
 

The Risk Management Department, which manages credit risk, supervises compliance with various limits and verifies the rating system. Monitoring results of credit risk amounts, changes in ratings, compliance with limits, etc. are regularly reported to the Risk Deliberation Committee.
- 5) Credit rating, self-assessment, and write-off and reserve, etc.
  - A. Credit rating
 

As the basis of credit management, "credit rating" represents the credit status of obligors and the possibility of default and loss in stages. Our Company assigns "internal ratings" to financial institutions, etc. as credit ratings with reference to external ratings.
  - B. Self-assessment
 

Self-assessment is a preparatory process for write-offs and reserves, etc. conducted by individually examining the contents of assets owned and categorizing them according to the risk level of recovery or impairment of values. Our Company has established the "Risk Management Policy" and "Asset Assessment Management Rules" for proper implementation of self-assessment. A borrower is judged for the "obligor category" according to its financial condition at each time of the disclosure of its financial results or upon each incident that affects its credit. In addition, a "classification category" is periodically determined for each asset based on the assessment result of the obligor category and the protection status, etc., reflected in write-offs and reserves, etc. appropriately, and also used for credit risk management.
  - C. Write-offs and reserves, etc.
 

Write-offs and reserves, etc. refer to estimating the expected amount of future losses based on the actual results of self-assessment, and considering the historical loan losses, etc. in a timely and appropriate manner, and making an allowance for or write-off of such amount in the account settlement for each half-term. Our Company has established rules, etc. on write-off and reserves, etc. to ensure proper management of write-offs and reserves, etc.
- (2) Portfolios to which the Standardized Approach is applied
 

Name of qualified rating agency, etc. used for determining risk weight

Our Company uses the following five qualified rating agencies to determine risk weights, etc.

  - Japan Credit Rating Agency, Ltd. (JCR)
  - Rating and Investment Information, Inc. (R&I)
  - Moody's Investors Service, Inc. (Moody's)
  - S&P Global Ratings (S&P)
  - Fitch Ratings
4. Overview of risk management policies and procedures concerning credit risk mitigation
  - (1) Credit risk mitigation
 

Credit risk control is achieved not only by reducing the balance of credit, but also by obtaining protection of claims using collateral, guarantees, etc. Such protection of claims is collectively referred to as the "credit risk mitigation."

In calculating credit risk-weighted assets, our Company reflects the effects of credit risk mitigation through eligible collateral and guarantees in accordance with the Notification.
  - (2) Major types of collateral
 

Our Company is currently mitigating credit risks by accepting qualified financial collateral, etc., which are regularly evaluated.
5. Overview of risk management policies and procedures for the risks of counterparties of derivatives transactions and long-settlement transactions
 

Not applicable.

6. Securitization exposure  
Not applicable.

7. Market risk  
Not applicable.

8. Operational risk

(1) Overview of risk management policies and procedures

Recognizing operational risk as a significant risk in the "Risk Management Policy" due to our risk profile as a trust bank specializing in asset administration services, we have prescribed a basic policy of establishing a solid internal management system to prevent such risk and minimizing their impact on business when they materialize.

In order to appropriately manage operational risk in accordance with the above policy, our Company has established the "Operational Risk Management Rules," stipulating that risk management departments shall carry out risk management activities for each risk subcategory described below (Processing Risk, Information Security Risk, System Risk, Legal and Compliance Risk, Tangible Asset Risk, Personnel Risk, and Reputational Risk), and that the Risk Management Department shall establish a management system for planning, promoting, and coordinating all aspects of operational risk management, as a department that comprehensively manages operational risk.

Risk management departments and activities for each risk subcategory are as follows.

1) Processing risk

- The Operations Planning Department is responsible for processing risk to plan and promote the management of processing risk.

2) Information security risk

- Of information security risks, the Operations Planning Department is responsible for those other than information systems, and the System Risk Management Department is responsible for those related to information systems, to plan and promote various risk management.

3) System risk

- The System Risk Management Department is responsible for system risk to plan and promote the management of system risk.

4) Legal & compliance risk

- The Compliance Department is responsible for legal and compliance risks to plan and promote legal and compliance risk management.

5) Tangible asset risk

- The Human Resources & Corporate Administration Department is responsible for tangible asset risk to plan and promote various types of tangible asset risk management.

6) Personnel risk

- The Human Resources & Corporate Administration Department is responsible for personnel risk to plan and promote personnel risk management.

7) Reputational risk

- The Risk Management Department is responsible for reputation risk to plan and promote various types of reputation risk management.

The following activities are carried out as management activities across risk subcategories.

- 1) Outsourcing management
  - As various operational risks are inherent in the outsourcing of our Company business, the Risk Management Department has established the “Outsourcing Management Rules” to comprehensively coordinate the management of outsourcing.
- 2) Response to severe accidents
  - The “Operational Risk Management Rules” (administered by the Risk Management Department) set forth standards for the severity of materialized operational risks, and stipulate actions to be taken according to the severity.
- 3) Risk Management Deliberation Committee
  - The Risk Management Deliberation Committee (operational risk) has been established for company-wide coordination for operational risk, run by the Risk Management Department.

As comprehensive operational risk management activities, company-wide Control Self Assessment (CSA) is conducted regularly in order to identify, assess, and monitor operational risks. Countermeasures are formulated with regards to risks identified as the result of CSA to control and reduce risks.

- (2) Calculation of amount equivalent to operational risk

Calculation method

Our Company calculates operational risk equivalents using the “Basic Indicator Approach.”

9. Overview of risk management policies and procedures for capital contribution or equity exposures

Our Company has a credit risk management system in place to manage default and other risks. Regarding the valuation of stocks for which market prices are not available, the original purchase prices are employed based on the moving average method.

10. Interest rate risk

- (1) Overview of risk management policies and procedures

- 1) Definition of interest rate risk in the banking book

Interest rate risk in the banking book (hereinafter, “IRRBB”) refers to the current or prospective risk to a bank’s capital and to its earnings, arising from the impact of adverse movements in interest rates on its banking book.

The present value is regarded as the economic value (EVE), and the magnitude of loss at the current interest rate level is measured as  $\Delta$ EVE for each position. The scope of measurement includes positions with interest rate risk in the banking book.

$\Delta$ NII is measured as a decrease in interest income during the period from the record date for calculation of interest rate shocks until the date 12 months have elapsed.

- 2) Characteristics of IRRBB

IRRBB is incurred by a maturity mismatch (gap risk), interest rate mismatch (basis risk), and other factors in the banking book position. The Ratio of  $\Delta$ EVE to Core Capital for our Company is well below the regulatory level of 20%, maintaining a low level of IRRBB.



### 3) Management structure of IRRBB

The Risk Management Department regularly measures IRRBB and reports to the Risk Deliberation Committee and others.

### (2) Overview of interest rate risk calculation methods

#### 1) Calculation method of interest rate risk

The assumptions used in calculating IRRBB are as follows.

- Core deposits are not set, but liquid deposits are set as funds with no maturity
- There is nothing applicable in terms of early cancellation of time deposits, early redemption of personal loans and handling of foreign currencies.

#### 2) Interest rate risk other than $\Delta$ EVE and $\Delta$ NII

The BPV (basis point value) is used to measure and manage interest rate risks.

## ● Quantitative Disclosure

### (1) Capital

#### ○ Non-consolidated required capital by portfolio category

	FY2021	FY2022
		(¥100 million)
Credit risk		
Standardized Approach	35.0	43.6
For CCP	18.5	15.7
Operational risk	42.7	42.9
Total amount of non-consolidated required capital	96.3	102.3

Operational risk equivalents are calculated using the Basic Indicator Approach.

### (2) Credit risk

#### ○ Credit risk exposure status

Note: For off-balance sheet exposures, credit equivalents are shown. Exposures are not included when it is not necessary to calculate the amount of credit risk-weighted assets.

There was no significant difference between the year-end balance of credit risk exposures and the average risk position during the fiscal year for both the previous fiscal year and fiscal year under review.

#### Breakdown by region

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2021			
		Securities	Derivatives	Others	Total
Domestic	18	654	-	169,276	169,949
Overseas	-	0	-	43	43
Total	18	654	-	169,320	169,993

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2022			
		Securities	Derivatives	Others	Total
Domestic	-	515	-	156,602	157,118
Overseas	-	0	-	66	66
Total	-	516	-	159,668	157,185

## Breakdown by counterparty

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2021			(¥100 million)
		Securities	Derivatives	Others	Total
For sovereign	18	619	-	166,398	167,036
For financial institutions and others	-	20	-	2,261	2,281
Others	-	15	-	660	675
Total	18	654	-	169,320	169,993

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2022			(¥100 million)
		Securities	Derivatives	Others	Total
For sovereign	-	500	-	152,597	153,098
For financial institutions and others	-	-	-	3,421	3,421
Others	-	15	-	649	664
Total	-	516	-	156,668	157,185

## Breakdown by period

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2021			(¥100 million)
		Securities	Derivatives	Others	Total
1 year or less	18	368	-	169,147	169,534
Over 1 year	-	281	-	-	281
Others	-	5	-	172	177
Total	18	654	-	169,320	169,993

	Off-balance sheet exposures other than loans, commitments and derivatives	FY2022			(¥100 million)
		Securities	Derivatives	Others	Total
1 year or less	-	511	-	156,503	157,014
Over 1 year	-	-	-	-	-
Others	-	5	-	165	171
Total	-	516	-	156,668	157,185

- Overdue exposure status Not applicable.
- Allowance for loan losses and write-off of loans Not applicable.
- Exposure to which the Standardized Approach is applied  
Breakdown by risk-weight category (after applying credit risk mitigation effects)

(Risk weight)	FY2021			(¥100 million)
	On-balance sheet	Off-balance sheet	Total	
0%	167,036	-	167,036	
10%	-	-	-	
20%	2,741	-	2,741	
100%	124	-	124	
250%	80	-	80	
1250%	-	-	-	
Total	169,983	-	169,983	

(Risk weight)	FY2022			(¥100 million)
	On-balance sheet	Off-balance sheet	Total	
0%	153,098	-	153,098	
10%	-	-	-	
20%	3,879	-	3,879	
100%	117	-	117	
250%	79	-	79	
1250%	-	-	-	
Total	157,174	-	157,174	

- Amounts of capital deduction/Exposure to which risk weight of 1,250% is applied  
Not applicable.

(3) Credit risk mitigation

- Breakdown of exposures to which credit risk mitigation is applied

	FY2021			(¥100 million)
	Financial asset collateral	Guarantees	Credit derivatives	Total
Standardized Approach				
For sovereign	-	-	-	-
For financial institutions and others	-	-	-	-
For corporate and others	-	-	-	-
Mortgage loans	-	-	-	-
Securitization	-	-	-	-
Others	-	10	-	10
Total	-	10	-	10

	FY2022			(¥100 million)
	Financial asset collateral	Guarantees	Credit derivatives	Total
Standardized Approach				
For sovereign	-	-	-	-
For financial institutions and others	-	-	-	-
For corporate and others	-	-	-	-
Mortgage loans	-	-	-	-
Securitization	-	-	-	-
Others	-	10	-	10
Total	-	10	-	10

- (4) Counterparty risk in derivative and long-term settlement transactions:  
Not applicable.

- (5) Securitization exposure: Not applicable.

- (6) Market risk  
Our Company does not include market risk equivalents in the calculation of its capital adequacy ratio.

- (7) Risk of equity exposures

- Balance sheet amounts and fair value

	FY2021		FY2022		(¥100 million)
	Balance sheet amount	Fair value	Balance sheet amount	Fair value	
Listed equity exposures	-	-	-	-	
Equity exposures other than above	5	-	5	-	
Total	5	-	5	-	

- Gains/losses on sale and redemption of capital contribution or equity exposure  
Not applicable.
- Amount of gain or loss by write-offs and unrealized gain or loss in relation to equity exposures  
Not applicable.

- Unrealized gains/losses recognized in the balance sheets and not recognized in the statements of income  
Not applicable.
- Unrealized gains/losses not recognized in the balance sheets and the statements of income  
Not applicable.

## (8) Interest rate risk

### IRRBB1: Interest rate risk

		(¥ million)			
Item No.		△EVE		△NII	
		FY2021	FY2022	FY2021	FY2022
1	Parallel shift up	716	312	△ 1,545	△ 3,024
2	Parallel shift down	△ 716	△ 312	1,545	3,024
3	Steepening	-	-	-	-
4	Flattening	-	-	-	-
5	Short-term rates up	-	-	-	-
6	Short-term rates down	-	-	-	-
7	Largest	716	312	1,545	3,024
8	Amount of Core Capital	FY2021 70,873		FY2022 68,996	

## Disclosure of Compensation, etc.

This section shall relate to compensation, etc. based on the provisions of Article 19-2, Paragraph 1, Item 6, of the Ordinance for Enforcement of the Banking Act (Ordinance of the Ministry of Finance No. 10 of 1982), and disclose the case specified separately by the Commissioner of the Financial Services Agency as a matter that may have a material impact on the status of business operations or assets of banks, etc. (Financial Services Agency Notification No. 21 of 2012).

### 1. Matters related to the development of organizational structure for compensation, etc. of Applicable Officers and Employees of our Company

#### (1) Scope of "Applicable Officers and Employees"

The following shall describe the scope of "Applicable Officers" and "Applicable Employees, etc." (collectively referred to as "Applicable Officers and Employees") set forth in the compensation notification to be disclosed.

##### 1) Scope of "Applicable Officers"

Applicable Officers include our Company's Directors and Corporate Auditors, excluding external Directors and Corporate Auditors.

##### 2) Scope of "Applicable Employees, etc."

Of officers and employees who are not Applicable Officers, our Company shall subject "Persons receiving a high amount of compensation, etc." and having a material impact on the business management or financial condition of our Company and the major consolidated subsidiaries to disclosure as "Applicable Employees, etc." Information on our Company's consolidated subsidiaries is omitted as there are no such companies.

There are no "Applicable Employees, etc." among officers and employees other than "Applicable Officers" at our Company.

#### (A) Scope of "Persons receiving a high amount of compensation, etc."

Persons receiving a high amount of compensation, etc. shall refer to those who receive compensation, etc. exceeding the threshold amount from our Company. Our Company has set the threshold amount at ¥24 million. The standard amount is set based on the average amount of compensation for Applicable Officers of our Company.

- (B) Scope of “Person having a material impact on the business operations or financial condition of our Company”

A “Person having a material impact on the business operations or financial condition of our Company” shall refer to a person whose transactions conducted or matters managed in his/her usual course of business have a considerable impact on the operation of our Company’s business or whose transactions, etc. could cause loss with a significant impact on the financial condition of our Company.

- (2) Determination of compensation, etc. for Applicable Officers and Employees

- 1) Determination of compensation, etc. for Applicable Officers

At our Company, the General Meeting of Shareholders determines the total amount of compensation (the maximum amount) for officers. The Board of Directors is wholly trusted with the allocation of compensation to individual Directors resolved by the General Meeting of Shareholders. Allocation of compensation to individual Corporate Auditors is wholly determined by consultation among Corporate Auditors.

2. Matters concerning the evaluation of the appropriateness of the design and operation of the system for compensation, etc. for Applicable Officers and Employees of our Company

- (1) Policies concerning compensation, etc.

- 1) Policies concerning compensation, etc. for Applicable Officers

At our Company, the General Meeting of Shareholders determines the maximum total amount of compensation for officers. Directors’ compensation is resolved by the Board of Directors, and Corporate Auditors’ compensation is determined by consultation among Corporate Auditors within the limit of the total amount of compensation resolved by the General Meeting of Shareholders.

3. Consistency between our Company’s compensation system for Applicable Officers and Employees and risk management, and linkage between compensation, etc. and performance

There is a mechanism in place where the total amount of compensation for all officers is resolved by the General Meeting of Shareholders, in determining compensation, etc. for Applicable Officers. In determining compensation, etc. for Applicable Employees, etc., a budget is set aside with our Company’s financial condition and other factors taken into consideration.

4. Types, total amount and payment method of compensation, etc. for Applicable Officers and Employees of our Company

Total amount of compensation, etc. for Applicable Officers and Employees of our Company (from April 1, 2022, to March 31, 2023)

(¥ million)

Category	Number of persons	Total amount of compensation, etc.						Retirement benefits
			Total amount of fixed compensation	Basic compensation	Stock option	Total amount of variable compensation	Bonuses	
Applicable Officers (excluding external officers)	8	148	148	148	-	-	-	-

5. Other reference matters related to the system of compensation, etc. for the Applicable Officers and Employees of our Company

There is no particular matter applicable other than those listed in the preceding paragraphs.

## Consolidated Information

As our Company has no subsidiaries, consolidated accounting is not implemented.

## List of items for disclosure

### Ordinance for Enforcement of the Banking Act

#### 1. Overall Business and Organization

- Management organization
- List of major shareholders
- Management
- Name of Accounting Auditors
- List of offices
- Matters concerning bank agent

#### 2. Key Business

#### 3. Matters concerning Key Business

- Business overview in the latest business year
- Indicators showing the status of key business in the last 5 business years
  - Ordinary income
  - Ordinary profit or loss
  - Net income or loss
  - Capital and total number of shares issued
  - Net assets
  - Total assets
  - Deposits
  - Loans
  - Securities
  - Non-consolidated capital adequacy ratio
  - Dividend payout ratio
  - Number of employees
  - Fiduciary fees
  - Trust account loans
  - Trust account securities  
(Excluding trust account, electronically recorded, transferred-rights securities)
  - Trust account crypto-assets and performance-guaranteed crypto-assets
  - Trust account, electronically recorded, transferred-rights securities
  - Total entrusted assets
- Matters shown in a separate table as indicators showing the status of business in the last 2 business years
  - (1) Indicators showing the status of key business
    - Gross business profit, gross business profit margin, net business profit, effective net business profit, net business profit from core operations, and net business profit from core operations (excluding gain or loss on cancellation of investment trusts)
    - Net interest income, net fees and commissions, net trading income, other net operating income
    - Average balance, interest, yield and net interest margin of interest-earning assets and interest bearing liabilities
    - Increase or decrease in interest income and expenses
    - Ordinary profit to total assets and ordinary profit to capital
    - Return on assets and return on equity
  - (2) Indicators for deposits
    - Average balance of liquid deposits, time and saving deposits, negotiable certificate of deposits, and other deposits
    - Balance of time deposits by average life
  - (3) Indicators for loans, etc.
    - Average balance of loans on bills, loans on deeds, overdrafts, and discounted bills
    - Balance of loans by average life
    - Balance of loans by type of collateral and customers' liabilities for acceptances and guarantees
    - Balance of loans by purpose
    - Balance of loans by industry and the proportion in total amount of loans

- Balance of loans to SME and the proportion in total amount of loans
- Balance of specific foreign claims by country, which account for 5% or more of the total
- Year-end and average loan-to-deposit ratios
- (4) Indicators for securities
  - Average balance of trading account securities by type
  - Balance of securities by type and average life
  - Average balance of securities by type
  - Year-end and average security-to-deposit ratios
- (5) Indicators for trust business
  - Balance table of assets in trust
  - Balance of money trusts, etc.
  - Balance by type of trusts with principal-guaranteed features
  - Balance of principal of money trusts and loan trusts by trust period
  - Balance of loans by type of money trusts, etc. and investment balance by security and crypto-asset category
  - Balance by loan item related to money trusts
  - Balance of loans pertaining to money trusts, etc. by contract period
  - Balance of loans pertaining to money trusts, etc. by type of collateral
  - Balance of loans pertaining to money trusts, etc. by purpose
  - Balance of loans pertaining to money trusts, etc. by industry and the proportion in total amount of loans
  - Balance of loans pertaining to money trusts, etc. for SME and the proportion in total amount of loans
  - Balance of securities pertaining to money trusts, etc. by type
  - Balance of crypto-assets by type

#### 4. Matters concerning Business Operation

- Risk management structure
- Management structure for legal compliance
- Initiatives to improve the management of SMEs and revitalize local communities
- Name of designated dispute resolution organization

#### 5. Matters concerning Status of Assets in Last 2 Business Years

- Balance sheets, statements of income, and statements of changes in net assets
- Amount of risk-monitored loans
- Amount of risk-monitored loans for trusts with principal-guaranteed features
- Capital adequacy status
- Fair value information on securities, money in trust, derivative transactions, and crypto-assets
- Allowance for loan losses at fiscal year-end and its changes during fiscal year
- Amount of write-off of loans
- Auditors' Statement

#### 6. Matters related to Compensation, etc.

#### 7. Consolidated Information

### The Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions

- Asset assessment status
  - Ordinary loans
  - Claims being closely monitored
  - Doubtful claims
  - Claims to bankrupt and substantially bankrupt debtors



日本カストディ銀行

Custody Bank of Japan

DISCLOSURE 2023

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The document is a disclosure material prepared in accordance with Article 21 of the Banking Act.

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