

Custody Bank of Japan

DISCLOSURE

2025

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



日本カストディ銀行
Custody Bank of Japan

Management Message

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

In light of the Investigation and Review Report by the Third-Party Committee on Governance Review, our Company has been taking measures to “upgrade its governance system,” “reform corporate climate and strengthen personnel strategies,” and “strengthen internal control mechanisms and operations” in line with the “Direction of Improvement Measures,” which we announced in May 2024.

We have completed the development of rules and establishment of systems and frameworks, etc. for each of the items, and are working to get their operation stabilized and measuring their effects, making steady progress in the improvement measures over roughly one year since the start of the new governance system.

We will continue to work on an ongoing basis to make the operation even more sophisticated and effective, through the PDCA cycle.

As an asset administration professional, all our officers and employees will make further efforts with the aim of making us the best partner for our customers by meeting their diverse needs.

We look forward to your continued support.



Custody Bank of Japan
President & Representative Director

Masahiro Tsuchiya

Logo and Corporate Motto

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 Data (As of July 1, 2025)

Corporate Profile

Corporate name	Custody Bank of Japan, Ltd. (Custody Bank of Japan, Ltd.)
Establishment	June 20, 2000
Location	<ul style="list-style-type: none"> ■ Head Office 8-12, Harumi 1-chome, Chuo-ku, Tokyo, 104-6228 Harumi Island Triton Square Tower Z ■ Harumi Branch Office 8-11, Harumi 1-chome, Chuo-ku, Tokyo, 104-6107 Harumi Island Triton Square Tower Y



Capital stock	¥51.0 billion	
Shareholders	Sumitomo Mitsui Trust Group, 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%)
Number of employees	2,067 (as of March 31, 2025)	
	* The number of employees excludes personnel seconded to other companies and includes personnel seconded from other companies. Executive Officers are not included.	
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 Group) 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

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graph TD
    GMSH[General Meeting of Shareholders] --> BD[Board of Directors]
    GMSH --> IA[Internal Audit Department]
    BD --> CS[Corporate Secretariat]
    BD --> NSR[Nomination and Remuneration Committee]
    BD --> ASC[Audit and Supervisory Committee]
    BD --> ASCO[Audit and Supervisory Committee Office]
    BD --> P[President]
    P --> EMC[Executive Management Committee]
    P --> IAC[Internal Audit Committee]
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The organization chart of China International Capital Corporation Limited is structured as follows:

- General Meeting of Shareholders**
 - Board of Directors**
 - Corporate Secretariat
 - Nomination and Remuneration Committee
 - Audit and Supervisory Committee
 - Audit and Supervisory Committee Office
 - President**
 - Executive Management Committee
 - Internal Audit Committee**
- Internal Audit Department**
- Planning and Administration Departments**
 - Corporate Strategy Department
 - Business Continuity Planning Department
 - Human Resources & General Affairs Department
 - Operations Promotion Department
 - System Planning Department
 - Risk Management Department
 - Operations Risk Management Department
 - Compliance Department
 - System Risk Management Department
 - System Project Risk Management Department
 - Domestic Settlement Department
 - Treasury Department
 - Integration Management Department
- Client Service Division**
 - Division Manager
 - Business Promotion Department
 - Business Administration Department
 - Fiduciary Services Department
 - Insurance Accounting Department
 - Collateral Administration Department
 - Securities Lending & Investment Department
- Fund Accounting Division**
 - Division Manager
 - Fund Accounting Department
 - Domestic Custody Department 1
 - Domestic Custody Department 2
- Overseas Custody Division**
 - Division Manager
 - Overseas Custody Department 1
 - Overseas Custody Department 2
 - Corporate Actions Department
 - Overseas Administration Department
- Investment Trust Division**
 - Division Manager
 - Investment Trust Department 1
 - Investment Trust Department 2
 - Investment Trust Department 3
 - BPO Services Department 1
 - BPO Services Department 2
 - BPO Services Department 3
 - BPO Services Department 4
- System Division**
 - Division Manager
 - System Infrastructure & Engineering Department
 - System Development Department 1
 - System Development Department 2
 - System Development Department 3
 - System Development Department 4
 - System Development Department 5
 - System Development Department 6
 - System Operations Department

Corporate Governance

In order to strengthen mutual checks and supervision among officers and to build a sophisticated governance structure, we have adopted institutional design of a Company with an Audit and Supervisory Committee, with the members of the Board of Directors to center on non-executive Directors. In addition, we have established the “Nomination and Remuneration Committee” (voluntary) as an advisory body to the Board of Directors to enhance the process for appointing and dismissing officers and determining their compensation and ensure transparency thereof.

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

The Board of Directors makes decisions on important management matters such as system integration policies and medium-term management plans and supervises Executive Directors in the conduct of their duties (with the Corporate Secretariat in place).

The Board of Directors consists of 15 Directors (including 7 Directors who are Audit and Supervisory Committee Members). Of 15 Directors, 13 other than two Representative Directors are non-executive Directors, such as current officers and employees of shareholders, with the aim of strengthening supervision over business execution.

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.

Functions, etc., of the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of seven Directors who are Audit and Supervisory Committee Members (two of whom are full-time) (with the Audit and Supervisory Committee Office in place). The full-time Audit and Supervisory Committee Members attend important internal meetings, conduct regular interviews with the internal control division and Executive Officers, etc., and inspect important decision-making documents involving decisions by executive divisions.

The Audit and Supervisory Committee has established a system for daily and flexible collaboration with the Internal Audit Department, and monitors and verifies the appropriateness of the internal control system in coordination with the Compliance Management Department, Risk Management Department and other internal control departments. It also makes proposals that would contribute to the establishment and operation of the internal control system to Executive Directors and others.

The Audit and Supervisory Committee also formulates audit policies and plans of the Audit and Supervisory Committee, deliberates on compensation and reappointment, etc., of the Accounting Auditor, reports quarterly on its activities to the Board of Directors and submits an audit report on its audit results to the Representative Directors.

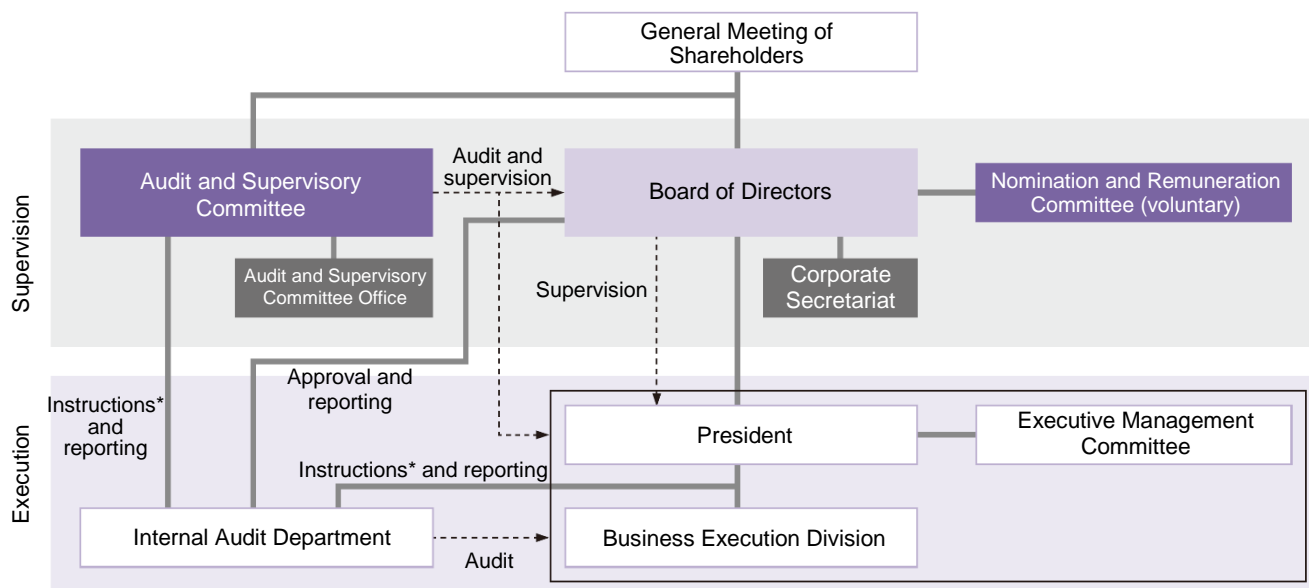
Nomination of Candidates, etc., for Director

To fulfill its functions, the Board of Directors believes that it is desirable to be composed of persons who have knowledge, capabilities and experience necessary for the management of our Company, including corporate management, risk management and compliance, securities and settlement markets, and IT, in addition to financial literacy and expertise in our Company's practices.

In nominating candidates for Director, we take into consideration overall optimization, including ensuring diversity and balance of their backgrounds in the composition of the Board of Directors, in addition to their competence.

In addition, the voluntary Nomination and Remuneration Committee strives to enhance the process for nominating candidates for Director, appointing and dismissing Executive Officers, and appointing and dismissing Representative Directors and Executive Officers with a title, as well as the process for determining compensation, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers, etc., and ensure transparency thereof.

The Audit and Supervisory Committee gives consent to proposals for the election of Directors who are Audit and Supervisory Committee Members to be submitted to the General Meeting of Shareholders, and expresses its opinion on proposals for the election and dismissal of Directors who are not Audit and Supervisory Committee Members.



* When the Audit and Supervisory Committee and the President have different instructions, the instructions from the Audit and Supervisory Committee shall be given priority

Officers

Chairman of the Board of Directors	Yasuhiro Yamada	Senior Managing Executive Officer	Michihiro Masuda
President & Representative Director	Masahiro Tsuchiya	Senior Managing Executive Officer	Takahiro Ishi
Deputy President & Representative Director	Yasumasa Mukai	Senior Managing Executive Officer	Yoshifumi Nishikido
Director (External Director)	Manatomo Yoneyama	Senior Managing Executive Officer	Tomohiko Asano
Director (External Director)	Takashi Iida	Managing Executive Officer	Yasuhiro Ueda
Director (External Director)	Toru Maruoka	Managing Executive Officer	Tsukasa Kotaka
Director (External Director)	Kan Itoh	Managing Executive Officer	Satoshi Sato
Director (External Director)	Noriyuki Sato	Managing Executive Officer	Masato Maruyama
Director & Audit and Supervisory Committee Member	Takeshi Watanabe	Managing Executive Officer	Taku Murakawa
Director & Audit and Supervisory Committee Member	Takashi Miyauchi	Managing Executive Officer	Iwao Nakamura
Director & Audit and Supervisory Committee Member (External Director)	Katsuhiko Nakajima	Managing Executive Officer	Hiroyuki Kasama
Director & Audit and Supervisory Committee Member (External Director)	Mitsuhiro Hasegawa	Managing Executive Officer	Akira Ojima
Director & Audit and Supervisory Committee Member (External Director)	Shinobu Nakagawa	Executive Officer	Ryoichi Ikeda
Director & Audit and Supervisory Committee Member (External Director)	Hiroshi Inoue	Executive Officer	Hiroshi Shiotsu
Director & Audit and Supervisory Committee Member (External Director)	Yuuko Nishigaya	Executive Officer	Eizaburo Ichikawa
		Executive Officer	Kazuhiro Eguchi
		Executive Officer	Morihiro Kumakura
		Executive Officer	Atsunori Tomita

(As of June 26, 2025)

Action Policy on Fiduciary Duty

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 customers' 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 ¥15,013 million year on year to ¥73,349 million due to an increase in interest income despite a decrease in fiduciary fees and fees and commissions. Key components included ¥32,129 million of fiduciary fees, ¥20,843 million of interest income, and ¥20,349 million of fees and commissions.

Ordinary expenses increased ¥11,862 million year on year to ¥67,738 million due to an increase in interest expenses and general and administrative expenses. The principal components of ordinary expenses were ¥57,049 million in general and administrative expenses, ¥7,461 million in interest expenses, and ¥2,831 million in fees and commissions expenses.

As a result, ordinary profit increased ¥3,150 million year on year to ¥5,611 million.

Net income amounted to ¥1,114 million, up ¥813 million year on year, due to an increase in ordinary profit despite the recording of an extraordinary loss of ¥4,345 million.

(2) Assets, Liabilities, Etc.

Total assets at the end of the fiscal year under review were ¥8,711,766 million, a drop of ¥3,613,257 million during the year due to decreases in cash and due from banks. The principal components were ¥8,174,239 million in cash and due from banks, ¥322,497 million in securities and ¥45,000 million in call loans.

On the other hand, liabilities amounted to ¥8,591,017 million, down ¥3,613,694 million during the year due to a decrease in deposits and borrowed money from trust accounts. The principal components were ¥673,616 million in deposits, and ¥7,524,257 million in borrowed money from trust accounts.

Moreover, net assets were ¥120,749 million.

The capital adequacy ratio (Japanese standard) was 31.76%.

(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 ¥696,481,100 million, up ¥12,629,100 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 administration

For foreign securities administration, 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 administration 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 services for shareholders benefits
4. Preparation of reports on transactions, balance, etc.

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

● Life insurance company asset custody services

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 derivatives 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 administration and reporting materials
4. Administration services 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 administration, 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) derivatives transactions

We are entrusted with a series of collateral management services related to regulations on OTC derivatives transactions (variation margin and initial margin), and the main operations thereof are as follows.

1. Aggregation of unrealized gains or losses by customer and counterparty
2. Calculation of the collateral amount and negotiations for adjustment of the collateral amount
3. Settlement of collateral securities and funds
4. Preparation of statements of transfer of settlement amounts, etc., and detailed balance reports
5. Reconciliation of interest on collateral
6. Verification of transaction reconciliation data with counterparties
7. Thorough examination of CSA agreements

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

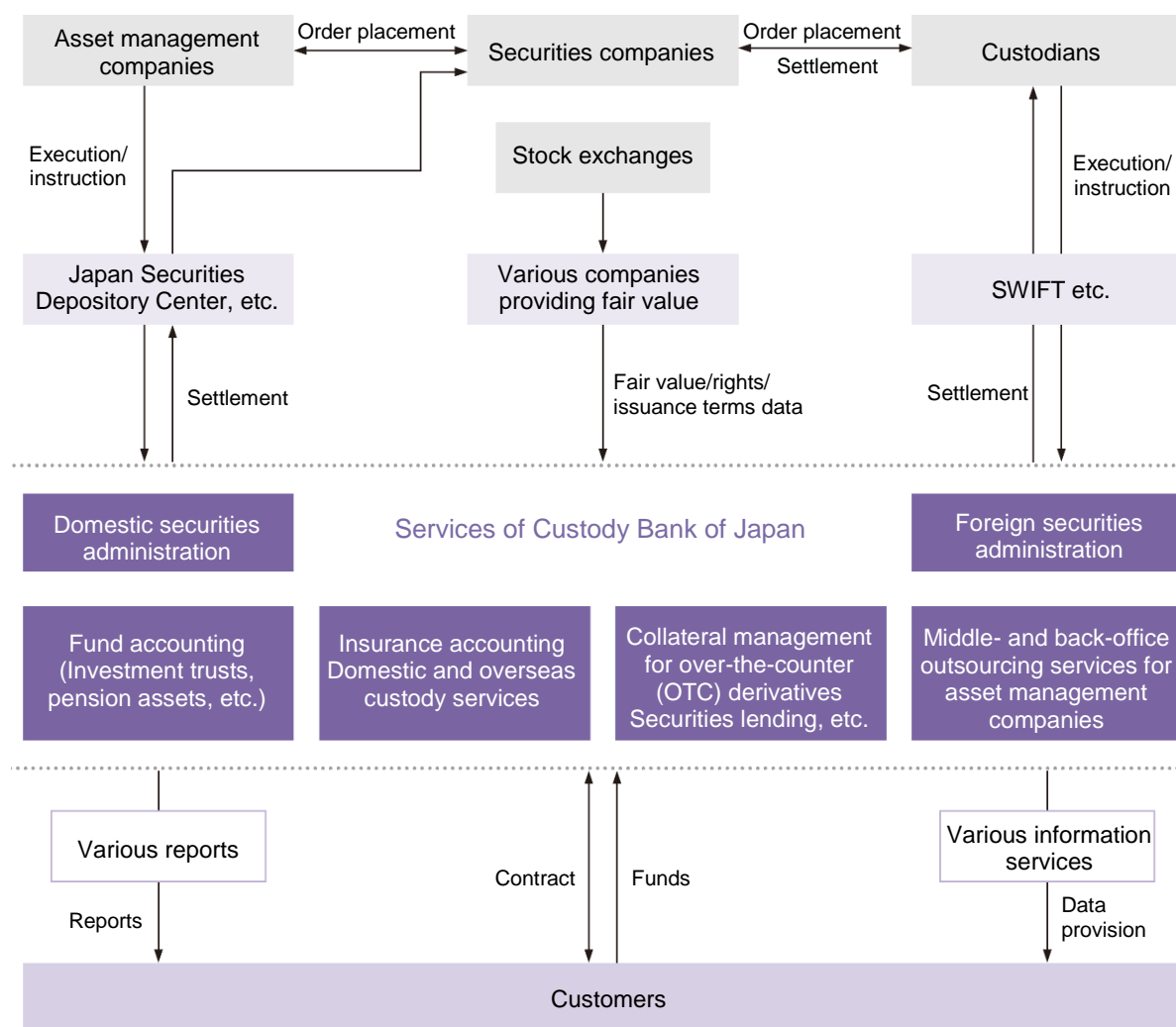
For other operations, we are implementing the following:

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.



- **Services to provide information on settlement systems and markets**

As part of our initiatives to contribute to the enhancement of customers' investment activities, we collect information and conduct research on settlement systems and tax systems in Japan and other countries, overseas holidays, new types of investment products and others, based on information from the markets and other sources. We primarily provide the following information, which is highly regarded by many customers, investment trust management companies, and investment advisory companies.

CBJ Information disseminates information on settlement systems, taxation systems, etc. in a timely way and on a daily basis, and responds to customer inquiries regarding the content of the information.

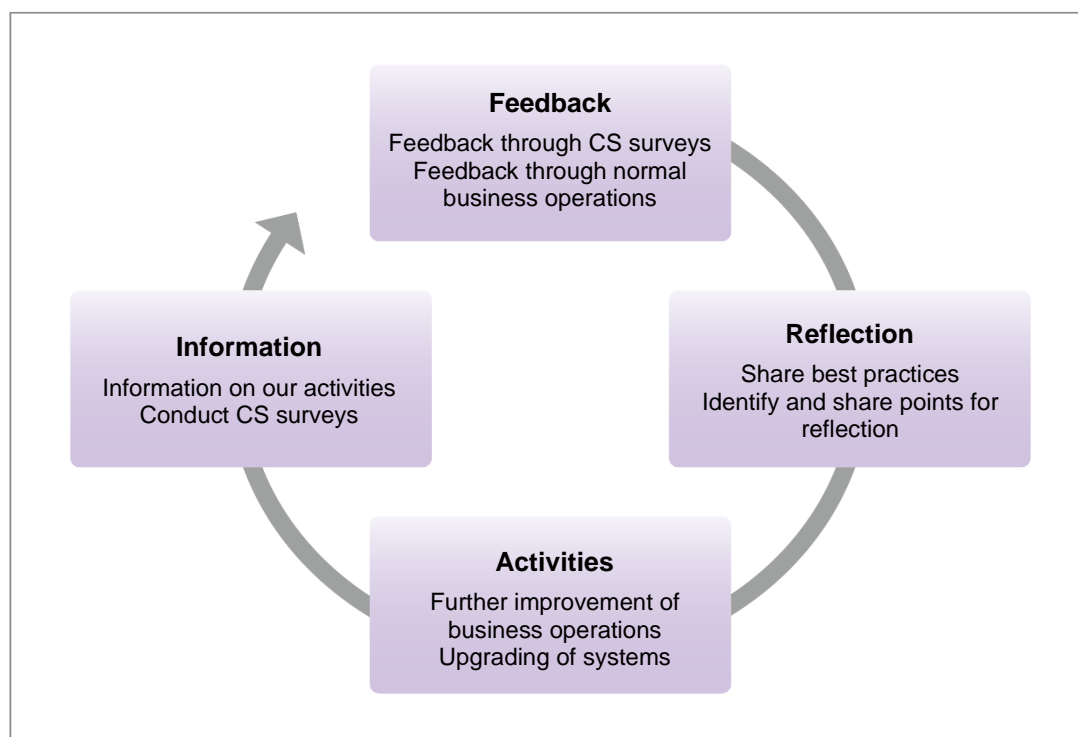
On-demand seminar videos provide explanations on the latest trends, in addition to basic information on emerging markets through materials and audio, offered in a video format. They are intended to respond to the interest of investment trust management companies and investment advisory companies, in light of the recent expansion of investment in emerging markets.

We provide the latest content by overseas market. In addition to market information directly related to asset management, we provide information on market characteristics and points to keep in mind, including asset administration, in a systematic manner for use as a guidebook for customers when investing in each market. We will continue to update information regularly to provide useful information in an accurate and timely manner.

- **Improvement cycle through surveys to investment trust management companies and investment advisory companies**

We conduct a survey on our services every year, with the aim of providing better services as a good partner for our customers.

We have established a cycle through which we treat feedback and requests received from investment trust management companies and investment advisory companies as valuable suggestions, reflect them in our activities to improve our administrative operations and systems, and ask for feedback on the results of those activities in the next survey.



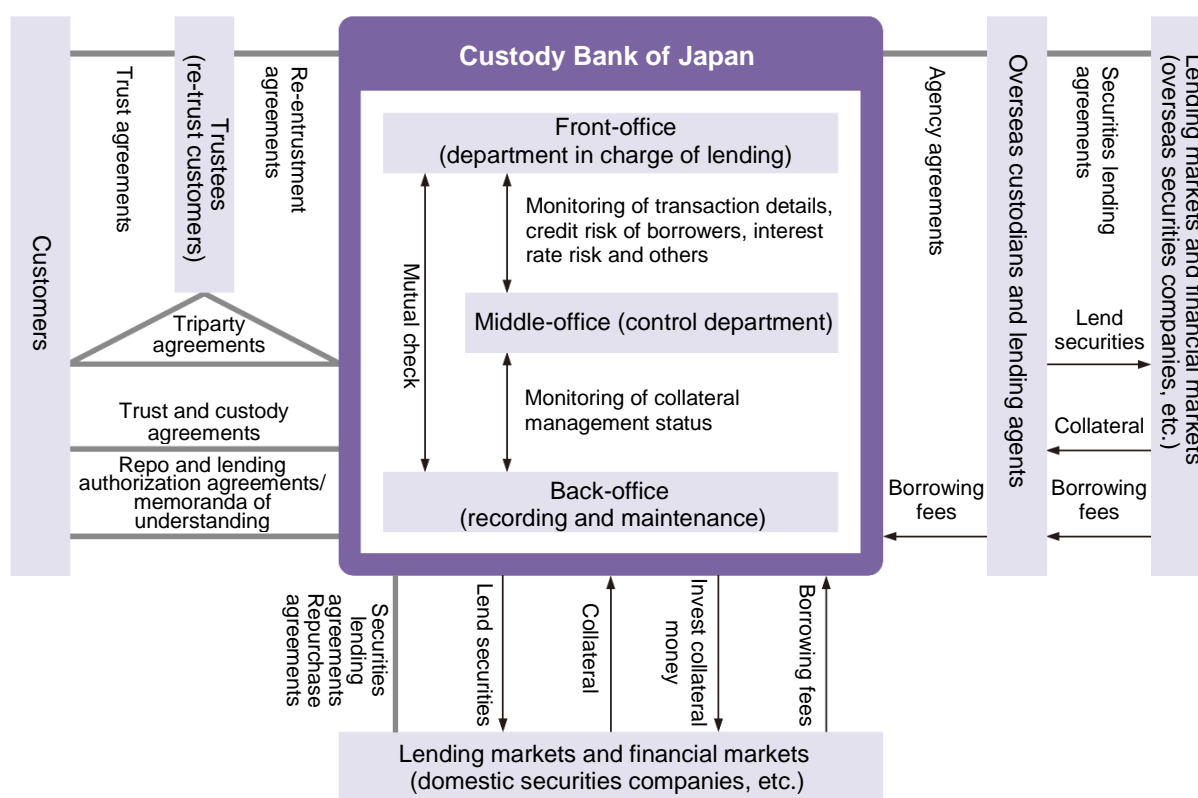
Securities Lending Business

What is a securities lending service?

This service enables customers to earn additional revenue by lending their securities under custody to securities companies and others in the domestic and international lending markets. From the perspective of facilitating improved investment performance, securities lending has become an essential service for market participants.

Investment structure that leverages our top-class market presence

- In the securities lending markets, key factors are asset size and market presence that enable you to respond to a wide range of borrowers' needs at all times, and this is an area where our Company's economies of scale can be leveraged.
- Our Company has established a department dedicated to the lending business and we are working to strengthen our system to expand the scope of our services by assigning personnel with expertise in the business on a priority basis and making system investments.
- Our Company has established a solid market presence in the domestic bond repo and lending markets and the domestic equity lending market, and also engages in foreign bond and equity lending, providing full-line lending services.
- In the repo and fund businesses in the domestic bond repo market, we are proud of our industry's top-class track records in terms of the entrusted balance and loans outstanding, etc. of those businesses, and we are highly evaluated by major Japanese institutional investors and market participants as a main player in the market.
- In domestic equity lending, we strive to improve investment performance by enhancing our operation through the introduction of a stock lending transaction platform and other measures, as well as by carefully monitoring the needs of borrowers.



Comprehensive Securities Administration Outsourcing Services

• Model that is the first among trust banks in Japan

We established a business model to undertake comprehensive outsourcing of administrative and clerical functions, including securities accounting, for securities held by institutional investors such as life insurance companies, and launched the service in January 2003.

This business model is characterized by its comprehensive outsourcing model that covers integrated management of investments in domestic and foreign securities, derivatives transactions, investment trusts such as REITs and ETFs, investment partnerships, and LPS, as well as all ancillary transactions, securities and fund settlement, and securities accounting operations (including asset valuation, preparation of accounting journal data, preparation of account closing data, preparation of various management and reporting materials). This is a groundbreaking service, the only one of its kind among trust banks in Japan.

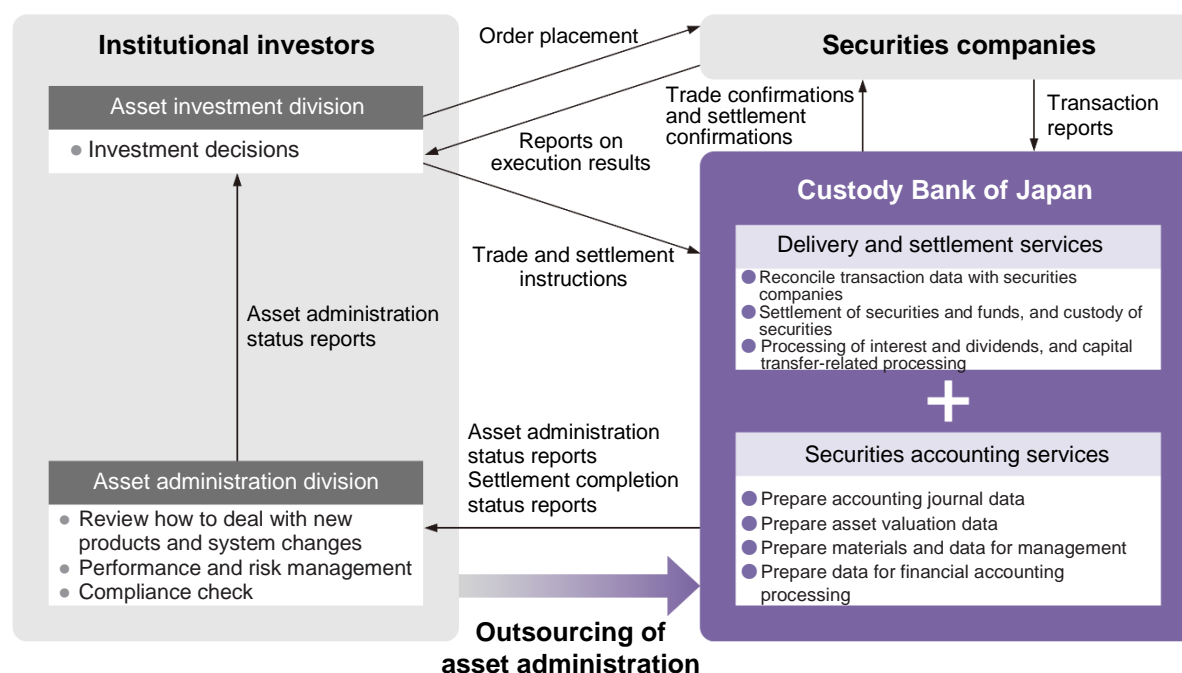
• Significant cost-reduction effect

While it is essential to respond to securities settlement system reforms such as the shortening of settlement periods, system development and maintenance impose significant burdens in terms of both investment costs and personnel costs for development and maintenance personnel.

The comprehensive outsourcing model that our Company offers builds common system infrastructure for each institutional investor. Sharing it for use achieves a significant reduction in system costs compared with developing infrastructure on your own. In addition, it is possible to reduce personnel costs, including operations staff for securities accounting as well as development and maintenance personnel.

• Meticulous response to diverse needs

In order to meticulously meet the needs of our customers, our Company has planning staff with precise consulting capabilities. In addition to providing high-quality administrative services, our experienced staff will proactively respond to the individual needs of each customer while taking advantage of the cost benefits of using a common platform.



Collateral Management Outsourcing Services for Over-The-Counter (OTC) Derivatives Transactions

• Margin requirements for OTC derivatives transactions

Following the financial crisis triggered by the bankruptcy of Lehman Brothers and the bailout of AIG in 2008, financial supervisory authorities in various countries cooperated to impose margin regulations for OTC derivatives transactions on financial institutions.

Specifically, the regulations (1) promote central clearing of OTC derivatives transactions and require real-time margin contributions based on the calculation by respective central clearing parties, and (2) for non-centrally cleared transactions, require the deposit and return of initial margin (the contribution of collateral for potential fluctuations in future fair value) and variation margin (collateral transfer based on the current fair value).

Although laws and regulations differ depending on the outstanding balance of derivatives transactions, almost all financial institutions are subject to the variation margin regulation, which requires, in principle, variation margin to be calculated, transferred, and managed on a daily basis.

In addition, the application of the initial margin regulation started in a phased manner depending on the outstanding balance of derivatives transactions, and the number of financial institutions subject to the regulation has gradually been increasing. Similar to the variation margin regulation, it requires the initial margin to be calculated, transferred, and managed on a daily basis.

In order to respond to the OTC derivatives regulations, there are significant costs borne by customers to establish an administrative structure, get systems in place, and secure human resources in charge. In addition, human resources with a certain level of knowledge and experience or above are required, such as communication (language) skills where a counterparty is a foreign entity or an overseas office, and complex transaction management where multiple counterparties are involved.

In order to circumvent such burden, there has been a growing need to outsource derivatives collateral management operation. In February 2016, our Company launched an outsourcing service for collateral management operation for variation margin for non-centrally cleared transactions, and in September 2021, launched an outsourcing service for collateral management operation for the initial margin, to provide appropriate collateral management services on behalf of our customers while leveraging our accumulated know-how in securities administration operations.

<<Calculation of collateral requirement by counterparty>>

Based on derivatives transactions data with their fair values sent by a customer, collateral requirement is calculated by adding up the “fair value of derivatives” and the “fair value of collateral” that has been received or pledged by the previous day for each counterparty.

<<Reconciliation of transactions and balances with counterparties>>

Reconciliation of the details of individual transactions that form the basis for the fair value of derivatives is performed with counterparties. A dedicated transaction reconciliation platform is usually used to perform automated reconciliation to shorten the operational process.

<<Sending/receiving a notice of collateral requirement (margin calls)>>

A notice for additional collateral requirement when the collateral received is insufficient and one for the return of collateral when the collateral pledged is more than sufficient are sent to a counterparty, usually through a dedicated electronic messaging platform.

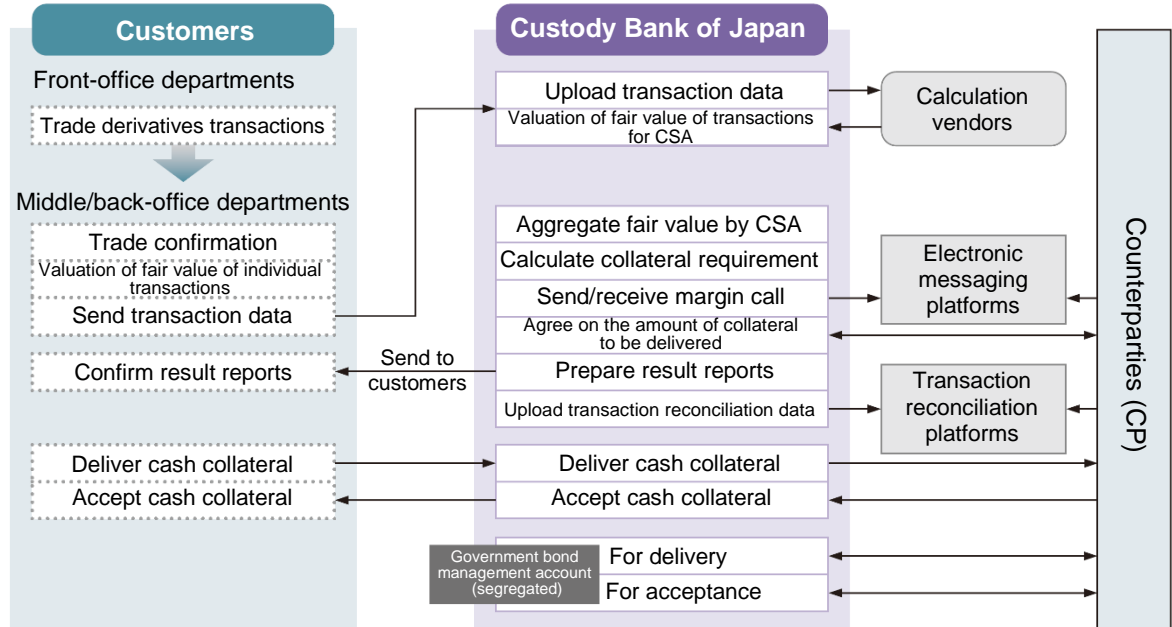
<<Response to any discrepancy in collateral requirement recognized (in the case of a dispute)>>

If both parties are unable to agree on a margin call (dispute), we conduct appropriate negotiations with the counterparty based on a pre-established action plan to determine the amount of the margin call.

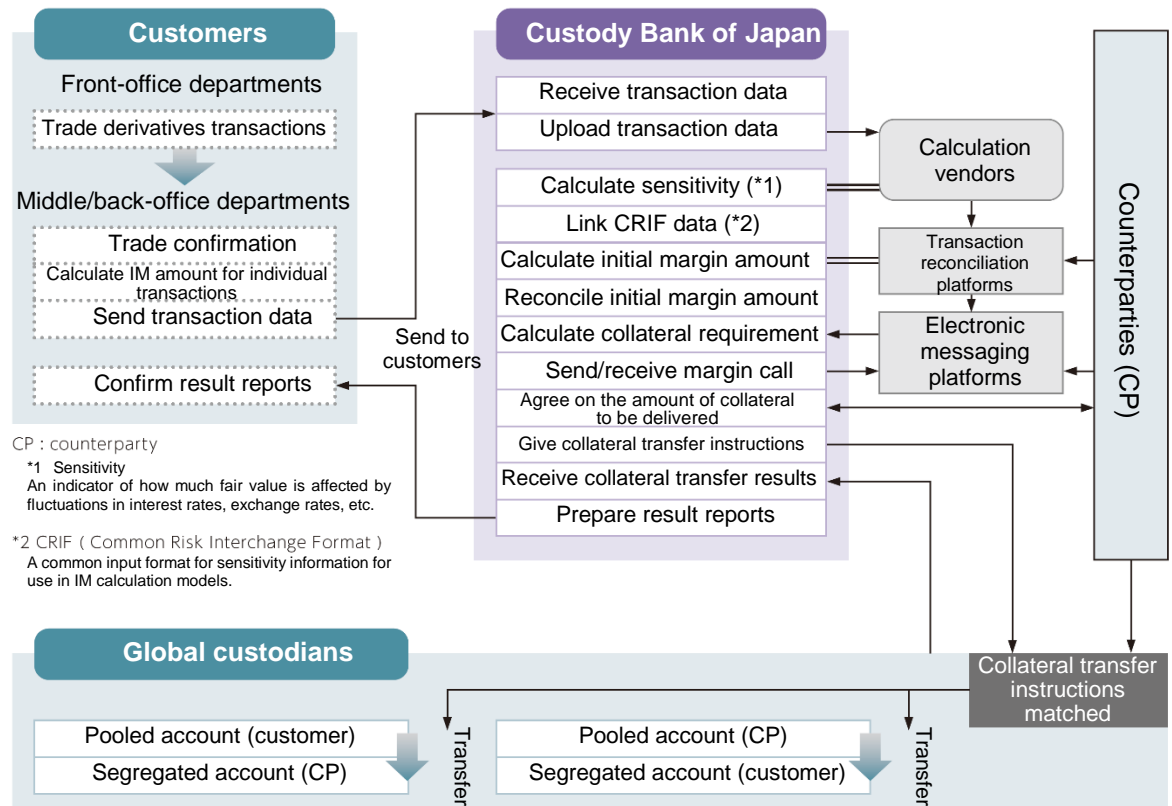
<<Determination of collateral assets, provision of a detailed statement of collateral transfer and outstanding balance>>

After agreeing on a collateral requirement with a counterparty, we determine collateral assets, prepare a detailed statement of collateral transfer and collateral balance for each counterparty, and send it to the customer.

• Overview of variation margin operations



• Overview of initial margin (IM) operations



Domestic Custody (Standing Proxy) Services

As the burden of securities administration on our customers increases with increasing diversification in securities invested, our Company offers a full line of custody services that can be used for any type of securities to meet the needs of our customers. We also promptly respond to new procedures resulting from institutional changes.

● Provision of detailed information

Our Company provides selected and easy-to-understand information on securities settlement systems, tax information, and various institutional changes that are useful to our customers. We will continue to provide information which is useful to our customers in a timely manner.

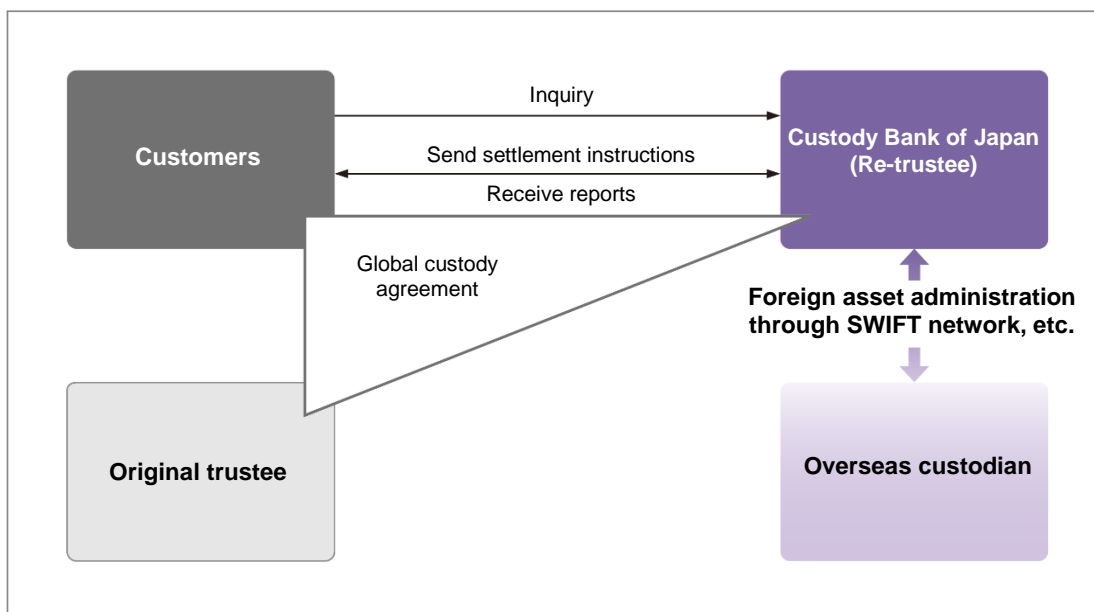
● Provision of equity/fixed income custody services

The equity custody services provide a wide range of administrative services, ranging from custody of REITs, ETFs, preferred securities and others, and transaction-related settlement and corporate actions, in addition to listed equities. We are working to improve the level of our services, by incorporating customer requests, enhancing the dissemination of information on corporate actions, and so on.

The fixed income custody services provide services including custody of domestic bonds such as government bonds and other bonds as well as electronic CPs, settlement of transactions thereof, and the receipt of their principal and interest payments by proxy.

Overseas Custody (Standing Proxy) Services

As our customers have become more active in internationally diversified investment, their investments in foreign securities have become more diversified. In this environment, our Company offers global custody services that leverage local sub-custody networks of several leading overseas custodians in approximately 100 markets. As a standing agent for our customers, we provide a wide range of services from the custody of foreign securities and settlement of transactions to corporate actions, as well as meticulous service such as handling inquiries in Japanese and preparing reports for our customers.



Initiatives for Improving Operational Quality

• Activities to improve operational quality and efficiency

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

The Operations Promotion 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.

• Processing Risk Management Activities

Our Company has established the Processing Risk Management Department to be responsible for processing risk management and is working to develop a system to ensure the effectiveness of processing risk management.

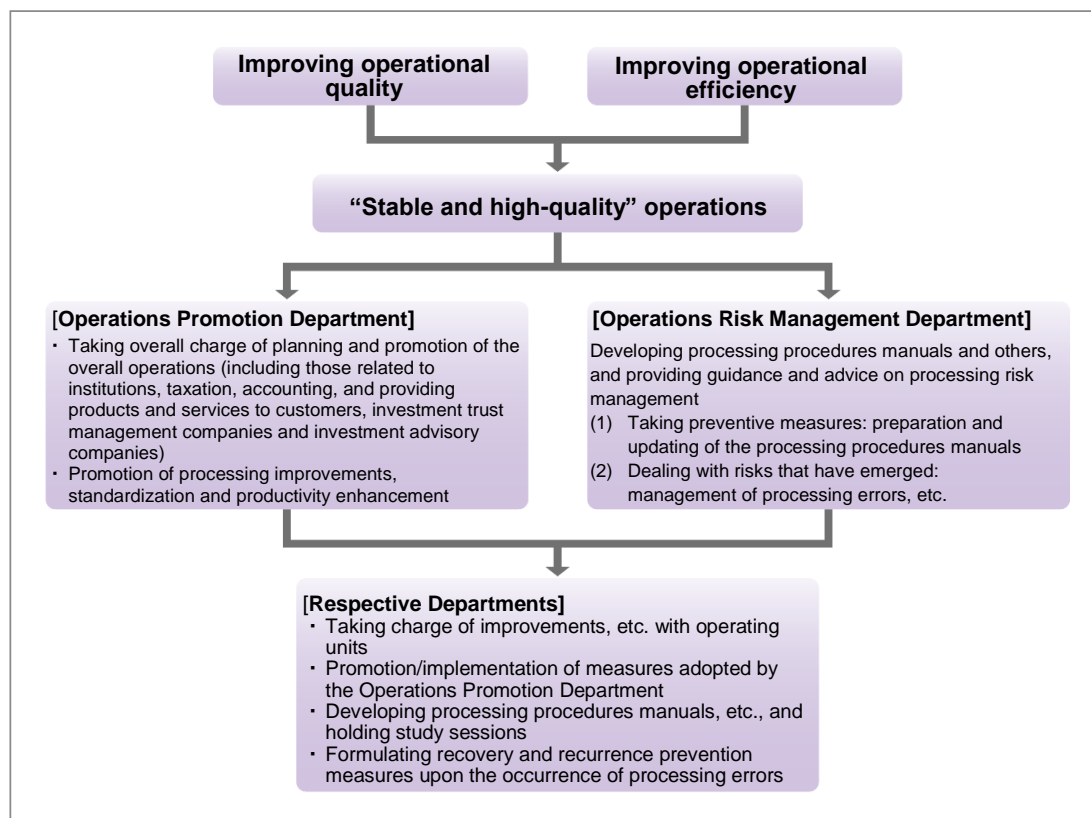
With the awareness that minimizing processing risk is one of the most important issues for a company specializing in asset administration, the Company has prepared its Processing Risk Management Rules, which contain basic items for conducting proper and smooth processing operations and for the management 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>>

We strive to accurately identify and promptly report accidents and other incidents that occur in the course of our processing operations, and to give a top priority to the protection of assets under our administration. We also analyze the causes and problems of the accidents and other incidents, formulate measures to prevent recurrence, and confirm their effectiveness.



Proactive Initiatives for Securities Settlement System Reforms, Etc.

The securities settlement system plays an important role in Japan's securities transactions as the 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 to the securities settlement system, we also consider "Compliance with SWIFT ISO 20022," which is intended to improve transparency in foreign remittances and as countermeasures for financial crimes as among important issues and are steadily working on them. We will continue to take appropriate responses to provide customers with high-quality services.

<Major events in FY2025 and beyond>

Category	Field	Upcoming Events	Content and CBJ's Initiatives	Schedule
Securities Settlement System Reforms	Domestic settlement systems	Review of the clearing framework for creation and redemption of Cash Type ETF	With the review of the clearing framework related to settlement of creation and redemption of Cash Type ETF by Japan Securities Clearing Corporation, our Company has also been working to respond to it.	September 2025
	Domestic settlement systems	Replacement of ETF creation and redemption platform	As the platform for creation and redemption of Cash Type ETF offered by Japan Securities Clearing Corporation will be replaced with a new platform to be developed by Tokyo Stock Exchange, our Company has also been working to respond to it.	(Initial launch) September 2025 (Fully in production) June 2026
	Japan Securities Depository Center (JASDEC)	JASDEC 2025 Project	With the new development of a shareholder information system at Japan Securities Depository Center (JASDEC), our Company has also been working to respond to it.	April–June 2026
	Domestic settlement systems	Transition to T+1 for Japanese equity settlement	There has been progress in reviewing and implementing a shorter settlement period (transition to T+1) for equities overseas. Also in Japan, based on reports by the Working Group on Capital Market Regulations of the Financial System Council, study meetings, etc. on various issues in considering transition to T+1 have been held among relevant parties, and our Company has also been participating and reviewing.	In the stage of review including the implementation of T+1
International Market Regulations, etc.	Updating system standards	Compliance with SWIFT ISO 20022	The SWIFT electronic message format has been changed to comply with ISO 20022. We have been working on system development to start sending and receiving in the new format.	November 2025
	Global securities transactions	Transition to T+1 in Europe	Following the U.S., Europe is also expected to implement a shorter settlement period (transition to T+1) for securities. We have started reviewing impacts on Japan due to time differences with Europe and responses to differences in rules in local markets in respective European countries, among others.	October 2027 (scheduled)

[Risk Management System]

• Risk management policy

In order to fulfill its public mission as a bank specializing in asset administration, our Company is required to ensure the soundness and appropriateness of its management by gaining an accurate understanding of and managing risk status. To meet this requirement, we have established the Risk Management Policy.

• 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.

• Three-line defense

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).

[First line] Each business unit: Autonomous control function
<ul style="list-style-type: none"> 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, controlling, and reducing risks.
[Second line] Risk management unit: Risk management function
<ul style="list-style-type: none"> The Risk Management Department and the risk management units monitor and support 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.
[Third line] Internal Audit Department: Internal audit function
<ul style="list-style-type: none"> Independent from individual business execution divisions, it verifies their activities, among others.

Risk Management System

● 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, 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.

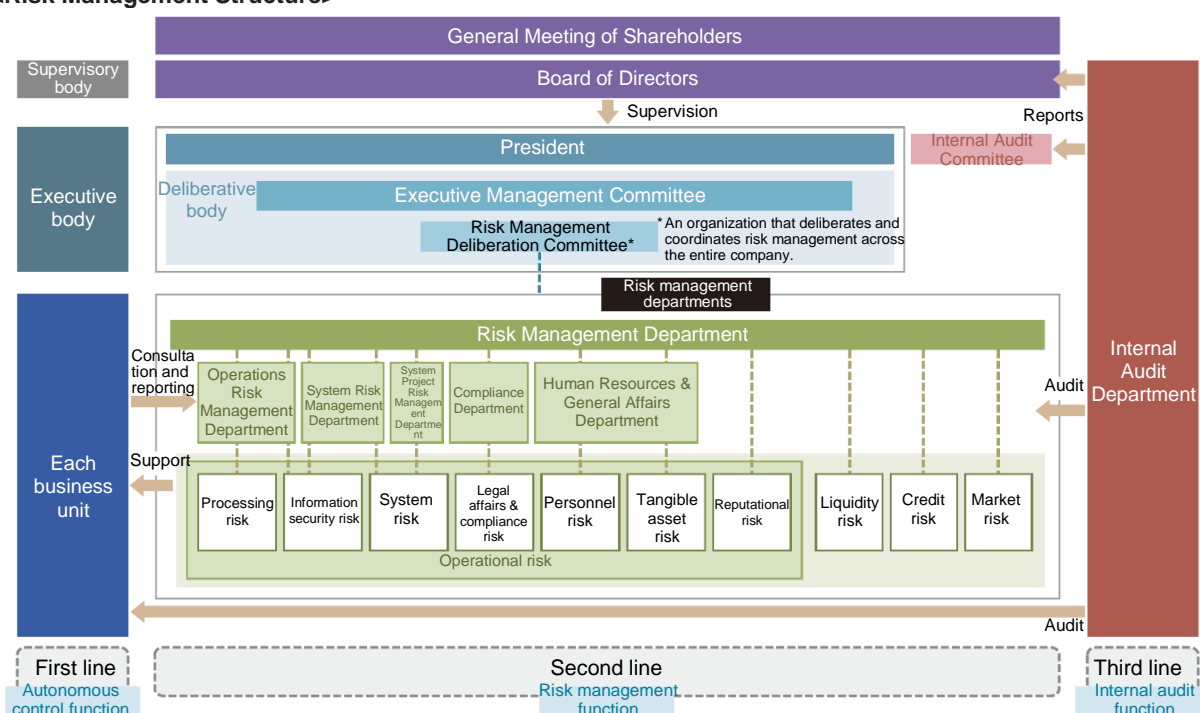
Specifically, as shown in the table and figure below, we have classified risks incurred in the course of executing business into categories of “Operational risk,” “Liquidity risk,” “Credit risk” and “Market risk” and established a risk management unit for each category to manage risks according to their 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 assessed for each category, and manage risks 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 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 limiting liquidity risk to the minimum size and content required in connection of business and eliminating liquidity risk to the extent possible while developing a system for dealing with funding crises.

<Content of Risk Category>

Definition	
Operational risk	Risk of incurring losses due to reasons such as operational processes, activities by officers and employees, etc., or systems being inappropriate or not functioning, or external events
Liquidity risk	Risk of incurring losses due to reasons such as being unable to secure the necessary funds, resulting in funding problems, and being forced to finance at a significantly higher interest rate than usual as a result of deterioration in financial conditions, etc.
Credit risk	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
Market risk	It refers to the risk of incurring losses due to fluctuations in the value of assets and/or liabilities held (including those off-balance sheet) or income generated from assets and/or liabilities as a result of changes in various market risk factors such as interest rates, foreign exchange rates and equities. It includes the risk of incurring losses due to reasons such as being unable to transact in markets as a result of market turmoil, etc., and being forced to trade at a significantly disadvantageous price than usual (market liquidity risk)

<Risk Management Structure>



[Compliance Systems]

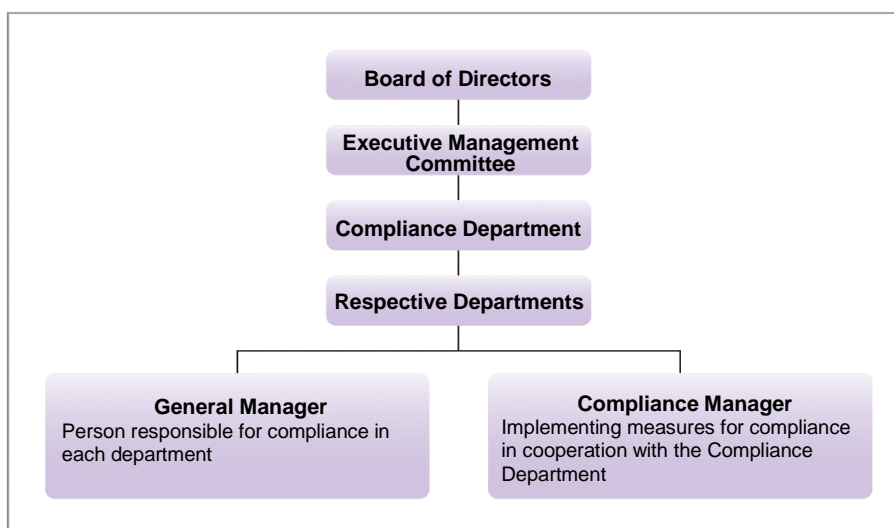
As Japan's No. 1 bank specializing in asset administration, we shall contribute to the sound development of economy and society by playing a role in the development of the asset administration business and the asset formation of the nation. Under this Corporate Philosophy and aiming to achieve it, we 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. The program includes a training plan to conduct ongoing training for officers and employees, etc. on each compliance topic and the Code of Conduct with a view to promoting compliance awareness and knowledge. Our Company has also established the Compliance Manual as a practical guide for officers and employees, etc. to ensure compliance. The formulation of and any important revisions to the Compliance Manual are disseminated across the organization after approval of the President is obtained after deliberations by the Executive Management Committee.

- **Compliance Hotline System**

Internal and external reporting desks are established for officers and employees, etc. to report acts of legal violations, etc. (A desk for reporting to the Audit and Supervisory Committee, which is independent from the management, is also established for officers' acts of violations, etc.)

The system is also available for reporting by outsourcing service providers, etc. other than officers and employees, etc. through reporting to the external reporting desk. (For information on the Compliance Hotline (external reporting desk), please visit our Company's website.)

In order to protect whistleblowers, this system ensures thorough information management and privacy protection, and strictly prohibits disadvantageous treatment of whistleblowers. We strive to get this fully understood by providing internal training for officers and employees, etc., and posting information on the reporting desks on our internal portal site. When a report is received, we shall take appropriate action, including reporting to the officer (Director) in charge of the Compliance Department and the Audit and Supervisory Committee.

Separately from the Compliance Hotline System, we have established the Harassment Counseling Desk in the Human Resources & General Affairs Department to receive a wide range of harassment consultations.

- **Prevention of Money Laundering, etc.**

Recognizing the importance of preventing money laundering, financing of terrorism and proliferation of weapons of mass destruction (hereinafter, "Money Laundering, etc."), our Company has published the "Policy on Compliance with Laws and Regulations for Preventing Money Laundering, etc." and we are continuously further strengthening measures to prevent Money Laundering, etc., including improvement of the structure for compliance with related laws and regulations in and outside Japan.

• 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, the Audit and Supervisory Committee and the Board of Directors in accordance with internal audit rules

• Organizational structure

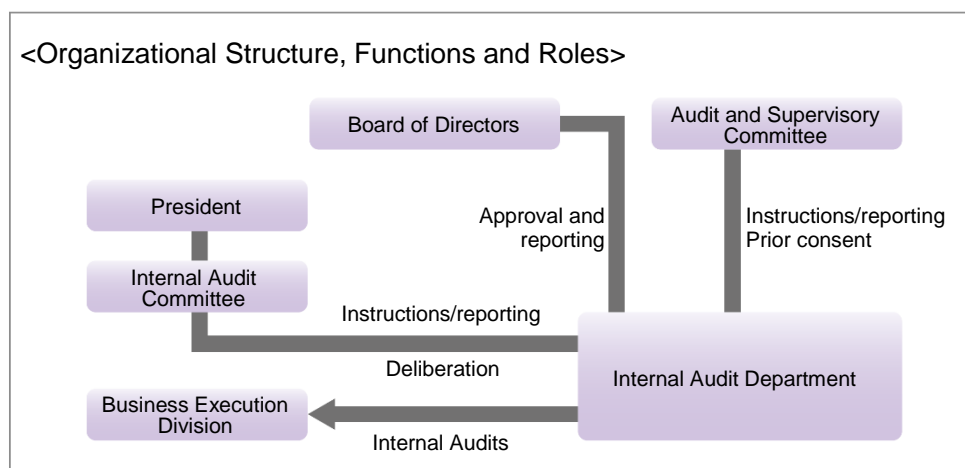
The Internal Audit Department has been established as an internal audit division independent of each business execution division, covering all units and operations excluding the Audit and Supervisory Committee Office in internal audits. The Internal Audit Department receives instructions from both the President and the Audit and Supervisory Committee, and when the Audit and Supervisory Committee and the President have different instructions, the instructions from the Audit and Supervisory Committee shall be given priority.

• 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 deliberated on by the Internal Audit Committee, and approved by the Board of Directors after obtaining prior consent from the Audit and Supervisory Committee.

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

Depending on the purpose of internal audits, business unit audits are conducted to audit matters related to organizational management, etc., 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 +81-3-5252-3772	Trust Consultation Desk 0120-817335 or +81-3-6206-3988

*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

● Business continuity management plan

Our Company strives to establish/improve a business continuity management plan as its priority management issue based on the recognition that it is a public institution that provides high-quality and stable services.

In accordance with the business continuity management plan, we have developed a system that would enable us to continue operations even in the event of a disaster or failure through the development, etc. of management resources, which we review on an ongoing basis as below. We strive to minimize damage through prompt initial responses and to ensure early and smooth resumption/continuation of operations.

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, we have installed a dedicated electric power generator to secure a power supply in the event of a power disruption, and utilize telecommunications lines from multiple carriers to avoid communication breakdowns.

In addition, our Company has established backup offices of the Harumi Head Office in the cities of Kawasaki, Chofu and Okayama, and backup centers of the system centers in Saitama Prefecture and Okayama Prefecture.

Systems

Depending on the importance of a system, we work to make its servers and network environments redundant and strive to ensure stable operation by establishing target timeline and recovery plans for early recovery in the event of a disaster or failure.

In addition, backup data is secured through real-time data transmission to ensure that operations can continue even when a system center is affected.

Response personnel

In preparation for a disaster or failure, we ascertain the number of personnel required to continue operations, and take and review as needed measures to prepare for a shortage in personnel.

Personnel are trained to act smoothly in the event of a disaster or failure by repeatedly conducting the following drills, etc. based on response procedures.

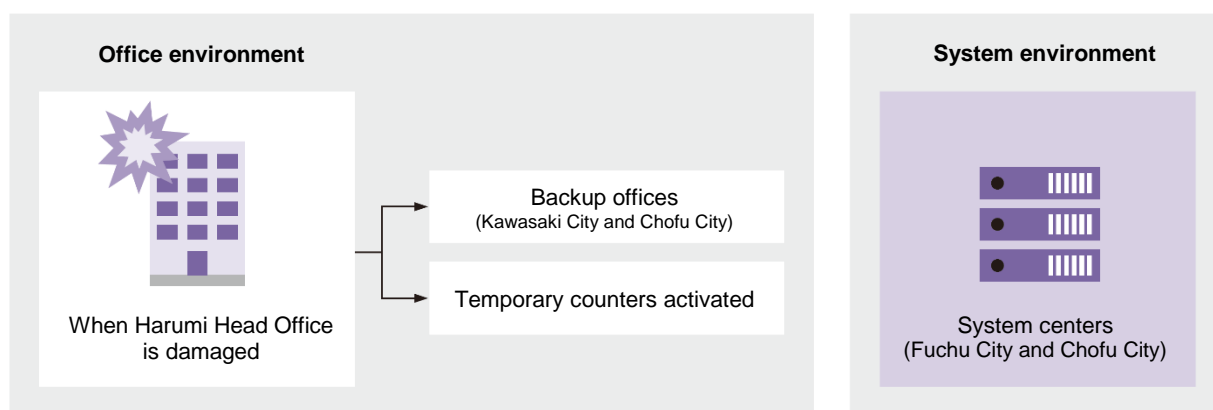
- Drills for responding to when an office is affected
- Large-scale system failure countermeasure training
- Cyber-attack countermeasure training
- Collaborative training with outsourcing service providers

- **Response in the event of a disaster**

In the event that the Harumi Head Office and/or the system centers become unavailable due to a disaster or other event, or if it becomes difficult for personnel to return to work, our Company will take the following measures to continue operations.

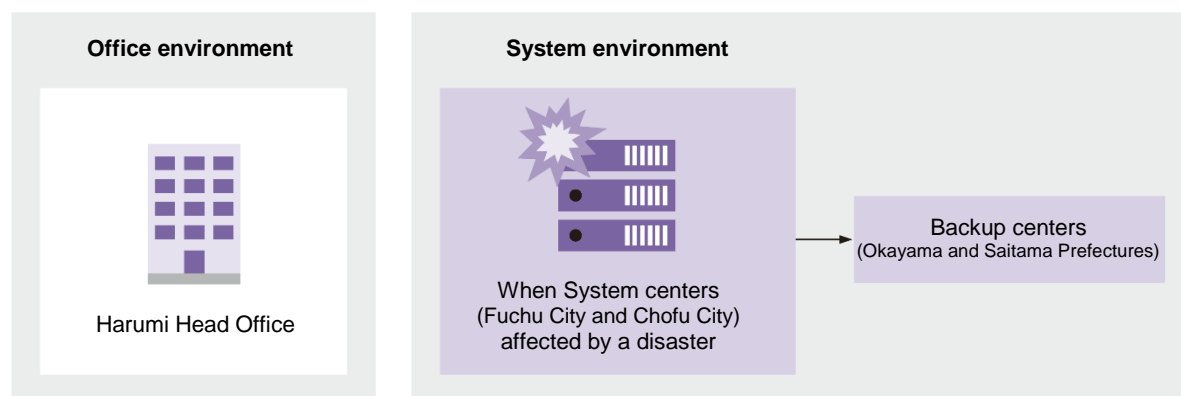
When an office is affected by a disaster

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).



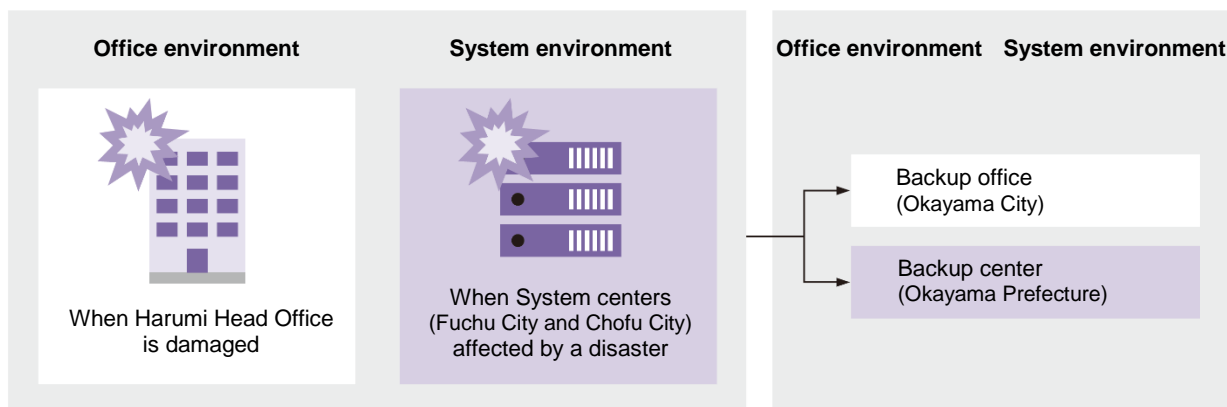
When system centers are damaged

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



When a wide area is affected by a disaster

If both the Harumi Head Office and the system centers (Fuchu City and Chofu City) are damaged, both the office and system environments will be moved to Okayama to continue operations.



In addition, the Okayama Backup Office prepares for smooth continuation of operations in the event of a disaster or failure by engaging in dual operations for yen fund settlement and others with the Harumi Head Office during normal times.

In the event of a shortage in personnel

In preparation for an event of a shortage in personnel required to continue operations due to traffic problems and other reasons, we select in advance personnel to support business continuity from those who live in the vicinity of each office and can come to the office on foot.

In addition, in the event of the spread of an infectious disease, we will continue operations by dividing personnel into teams who work in the office or at home to prevent infection within the company and to secure personnel.

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Key Indicators of Management Condition

Key Indicators of Management Condition

	FY2020	FY2021	FY2022	FY2023	FY2024
					(¥ million)
Ordinary income	49,297	57,665	58,000	58,335	73,349
Ordinary profit	1,235	1,931	1,510	2,460	5,611
Net income	680	576	430	300	1,114
Capital stock	51,000	51,000	51,000	51,000	51,000
Total number of shares issued	2,040,000 shares	2,040,000 shares	2,040,000 shares	2,040,000 shares	2,040,000 shares
Net assets	119,382	119,808	120,124	120,312	120,749
Total assets	17,277,835	17,248,209	16,194,323	12,325,024	8,711,766
Deposits (including negotiable certificate of deposits)	7,410,882	5,766,452	6,215,941	2,684,185	700,276
Loans	31,141	1,858	-	683	2,000
Securities	75,286	65,504	51,654	23,514	322,497
Dividend payout ratio	19.79%	19.80%	19.89%	19.66%	19.95%
Number of employees (*1)	1,948 persons	1,948 persons	1,954 persons	1,998 persons	2,067 persons
Non-consolidated capital adequacy ratio (Japanese standard) (*2)	34.26%	29.42%	26.95%	31.65%	31.76%
Fiduciary fees	32,757	38,012	38,516	37,328	32,129
Trust account loans	310,640	-	-	-	-
Trust account securities (Excluding trust account, electronically recorded, transferred-rights securities)	217,702,529	153,512,487	150,072,380	140,026,567	144,675,158
Trust account electronic settlement methods balance and performance-guaranteed electronic settlement methods balance	-	-	-	-	-
Trust account crypto-assets and performance-guaranteed crypto-assets	-	-	-	-	-
Trust account, electronically recorded, transferred-rights securities	-	-	-	-	-
Total entrusted assets	467,599,890	421,659,447	418,442,386	444,546,803	476,657,485

(*1) The number of employees excludes personnel seconded to other companies and includes personnel seconded from other companies. Executive Officers are not included.

(*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

	FY2023 (March 31, 2024)	(¥ million) FY2024 (March 31, 2025)
Assets		
Cash and due from banks	11,754,447	8,174,239
Cash	0	1
Due from banks	11,754,447	8,174,238
Call loans	129,000	45,000
Securities	23,514	322,497
Government bonds	23,000	321,983
Stocks	490	490
Other securities	23	23
Loans and bills discounted	683	2,000
Loans on deeds	683	2,000
Foreign exchange	9,083	8,125
Due from foreign banks (our accounts)	9,083	8,125
Other assets	342,504	90,096
Prepaid expenses	1,733	1,585
Accrued income	11,690	14,057
Derivatives other than for trading-liabilities	3	77
CCP margin deposits	302,126	36,721
Other	26,951	37,654
Tangible fixed assets	4,800	5,063
Buildings	2,989	2,844
Leased assets	30	43
Other tangible fixed assets	1,780	2,174
Intangible fixed assets	59,570	61,961
Software	59,527	61,918
Other intangible assets	43	43
Prepaid pension expenses	524	622
Deferred tax assets	894	2,160
Total assets	12,325,024	8,711,766
Liabilities and net assets		
Deposits	2,684,185	673,616
Current deposits	1,354,868	579,003
Ordinary deposits	1,297,847	38,043
Other deposits	31,469	56,568
Negotiable certificate of deposits	-	26,660
Call money	118,500	290,900
Due to trust accounts	9,332,193	7,524,257
Other liabilities	68,010	73,680
Income taxes payable	382	1,510
Accrued expenses	3,585	4,126
Derivatives other than for trading-liabilities	1	19
Lease obligations	33	48
Asset retirement obligations	968	979
Suspense receipt	54,744	57,843
Other	8,295	9,153
Provision for bonuses	733	776
Provision for retirement benefits	1,087	1,125
Total liabilities	12,204,711	8,591,017
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	10,237	11,292
Legal retained earnings	1,094	1,094
Others Retained earnings	9,142	10,197
Retained earnings brought forward	9,142	10,197
Total shareholders' equity	120,310	121,365
Valuation difference on available-for-sale securities	1	(616)
Total valuation and translation adjustments	1	(616)
Total net assets	120,312	120,749
Total liabilities and net assets	12,325,024	8,711,766

Statements of Income

	FY2023 (from April 1, 2023, to March 31, 2024)	(¥ million) FY2024 (from April 1, 2024 to March 31, 2025)
Ordinary income	58,335	73,349
Fiduciary fees	37,328	32,129
Interest income	(931)	20,843
Interest on loans	0	2
Interest and dividends on securities	49	585
Interest on call loans	(14)	235
Interest on deposits with banks	(1,167)	19,825
Other interest income	200	193
Fees and commissions	21,873	20,349
Fees and commissions on domestic and foreign exchange	407	394
Other fees and commissions	21,466	19,954
Other income	65	27
Other	65	27
Ordinary expenses	55,875	67,738
Interest expenses	42	7,461
Interest on deposits	1	34
Interest on negotiable certificate of deposits	-	35
Interest on call money	2	408
Interest on borrowings	0	0
Other interest expenses	38	6,982
Fees and commissions payments	3,036	2,831
Fees and commissions on domestic and foreign exchange	219	223
Other fees and commissions	2,816	2,608
Other ordinary expenses	362	346
Loss on foreign exchange transactions	362	346
General and administrative expenses	52,404	57,049
Other expenses	29	48
Other	29	48
Ordinary profit	2,460	5,611
Extraordinary loss	2,034	4,345
Loss on disposal of noncurrent assets	1,143	1,209
Impairment loss	-	296
Expenses related to the consolidation of system centers	-	2,533
Other extraordinary loss	891	306
Income before income taxes	425	1,265
Income taxes—current	69	1,132
Income taxes—deferred	55	(981)
Total income taxes	125	151
Net income	300	1,114

Statements of Changes in Net Assets

FY2023 (from April 1, 2023, to March 31, 2024)								
Shareholders' equity								
Capital stock	Capital surplus			Retained earnings			Total shareholders' equity	
	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Others Retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of the period	51,000	50,000	9,073	59,073	1,094	8,927	10,022	120,095
Changes of items during the period								
Dividends of surplus						(85)	(85)	(85)
Net income						300	300	300
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	-	215	215	215
Balance at the end of the period	51,000	50,000	9,073	59,073	1,094	9,142	10,237	120,310
	Valuation and translation adjustments		Total net assets					
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments						
Balance at the beginning of the period	28	28	120,124					
Changes of items during the period								
Dividends of surplus			(85)					
Net income			300					
Net changes of items other than shareholders' equity	(27)	(27)	(27)					
Total changes of items during the period	(27)	(27)	187					
Balance at the end of the period	1	1	120,312					

FY2024 (from April 1, 2024, to March 31, 2025)								
Shareholders' equity								
Capital stock	Capital surplus			Retained earnings			Total shareholders' equity	
	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Others Retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of the period	51,000	50,000	9,073	59,073	1,094	9,142	10,237	120,310
Changes of items during the period								
Dividends of surplus						(59)	(59)	(59)
Net income						1,114	1,114	1,114
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	-	1,054	1,054	1,054
Balance at the end of the period	51,000	50,000	9,073	59,073	1,094	10,197	11,292	121,365
	Valuation and translation adjustments		Total net assets					
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments						
Balance at the beginning of the period	1	1	120,312					
Changes of items during the period								
Dividends of surplus			(59)					
Net income			1,114					
Net changes of items other than shareholders' equity	(618)	(618)	(618)					
Total changes of items during the period	(618)	(618)	436					
Balance at the end of the period	(618)	(618)	120,749					

Notes to Accounting Items (FY2024)

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 derivatives transactions
Valuation of derivatives 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.

Material accounting estimates

Items the amount of which has been recorded in the financial statements for the fiscal year under review based on accounting estimates and which may have a material impact on the financial statements for the next fiscal year are as follows.

1. Impairment loss on software
 - (1) Amount recorded in the financial statements for the fiscal year under review

Software	¥61,918 million
Impairment loss	¥296 million
 - (2) Information that contributes to the understanding of the content of material accounting estimates pertaining to the identified items
 - 1) Calculation method
The calculation method of impairment loss is described in "Notes to Accounting Items (Income Statement), 2."
 - 2) Key assumption
The key assumption is recoverability based on expected future usage, etc. of software.
 - 3) Impact on the financial statements for the next fiscal year
Changes in the initial assumption regarding important software, such as changes in expected future usage, may have a material impact on the amount of software in the financial statements for the following fiscal year.

Notes to Accounting Items

(Balance Sheets)

1. Loans and bills discounted are all to the Japanese government.
2. Assets pledged as collateral are as follows.
Assets pledged as collateral
Loans and bills discounted ¥2,000 million
Liabilities corresponding to pledged assets
The above is collateral for overdraft transactions, etc., with the Bank of Japan, and there is no corresponding liability outstanding as of the end of the fiscal year under review.
In addition to the above, securities amounting to ¥321,983 million has been posted as collateral for exchange settlement and other transactions or as substitute collateral for CCP margin deposits, etc.
Other assets include CCP guarantee deposits of ¥34,153 million and guarantee deposits and others of ¥2,509 million.
3. 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 ¥2,106,700 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.
4. Accumulated depreciation of tangible fixed assets: ¥6,949 million
5. The principal amount of trusts with principal-guaranteed features is ¥65,566 million in money trusts.
6. Total monetary claims on affiliates: ¥891 million
7. Total monetary obligations outstanding to affiliates: ¥9,091 million

(Statements of Income)

- Loss on disposal of fixed assets 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 ¥1,137 million.
- As no recoverability is recognized for idle assets (certain software), their book value was fully reduced with the decrease of ¥296 million recorded as an impairment loss. Although all of our Company's business assets are grouped together, assets in an idle state and others are grouped individually.
- Expenses related to the consolidation of system centers are expenses borne by our Company during the fiscal year under review in connection with the planned consolidation of the system centers.
- Other extraordinary loss consists of (1) ¥240 million in settlement money paid in relation to the use of information services, and (2) ¥66 million in expenses related to the "Third-Party Committee for Governance Review" as described in the news release dated October 12, 2023, "Establishment of the Third-Party Committee for Governance Review."
- Income related to transactions with affiliates

Total income from trust transactions:	¥4,533 million
Total income from fees and commissions:	¥497 million
Expenses related to transactions with affiliates	
Total expenses related to other businesses and other ordinary transactions:	¥14 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 26, 2024 Ordinary General Meeting of Shareholders	Common stock	¥59 million	¥29	March 31, 2024	June 27, 2024

(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 26, 2025 Ordinary General Meeting of Shareholders	Common stock	¥222 million	Others Retained earnings	¥109	March 31, 2025	June 27, 2025

(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, call loans, negotiable certificate of deposits and fixed-term deposits. Credit risk and market risk are limited by confining investment periods within one year as a general rule, and up to two years when approved by the Board of Directors, 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, call loans, negotiable certificate of deposits and time 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, 2025, analyses based on the BPV method indicate that the interest rate risk for a basis point movement in interest rates is ¥51 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, 2025, 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, loans and bills discounted, foreign exchange (assets), deposits, negotiable certificate of 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
Securities			
Available-for-sale-securities	321,983	321,983	—
Total assets	321,983	321,983	—
Derivatives Transactions (*)			
Those for which hedge accounting is not applied	58	58	—
Total derivatives transactions	58	58	—

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

Net claims and obligations arising from derivatives transactions are presented in net amounts.

(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.

(¥ million)	
Category	Balance sheet amount
Unlisted stocks	514

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						(¥ million)
	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
Securities						
Available-for-sale securities with maturities	23,000	300,000	-	-	-	-
Total	23,000	300,000	-	-	-	-

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 observable inputs for the calculation of the fair value

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

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

Category	Fair value				(¥ million)
	Level 1	Level 2	Level 3	Total	
Securities					
Available-for-sale securities					
Government bonds	321,983	-	-	321,983	
Derivatives Transactions					
Currency-related	-	77	-	77	
Total assets	321,983	77	-	322,060	
Derivatives Transactions					
Currency-related	-	19	-	19	
Total liabilities	-	19	-	19	

(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.

Derivatives Transactions

Since derivatives 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."

Available-for-sale securities (as of March 31, 2025)

(¥ million)				
	Type	Balance sheet amount	Acquisition cost	Difference
Those with the balance sheet amount exceeding the acquisition cost	Bonds			
	Government bonds	49,970	49,969	0
	Subtotal	49,970	49,969	0
Those with a balance sheet amount not exceeding the acquisition cost	Bonds			
	Government bonds	272,013	272,918	(904)
	Others	30,000	30,000	-
	Subtotal	302,013	302,918	(904)
Total		351,983	352,887	(904)

(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	
Accounts payable	789 million yen
Provision for retirement benefits	354
Asset retirement obligations	308
Valuation difference on available-for-sale securities	285
Provision for bonuses	237
Enterprise tax payable	175
Excess depreciation and impairment loss	154
Others	266
Total deferred tax assets	2,570
Deferred tax liabilities	
Tangible fixed assets	213
Prepaid pension expenses	195
Valuation difference on available-for-sale securities	1
Total deferred tax liabilities	410
Net deferred tax assets	2,160 million yen

2. Revisions to deferred tax assets and liabilities due to changes in corporate tax rates

With the enactment of the Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the "Special Corporation Tax for Defense" will be imposed from the fiscal year beginning on or after April 1, 2026. As a result, the statutory tax rate used to calculate deferred tax assets and liabilities will change from 30.62% previously to 31.52% for temporary differences expected to be reversed in and after the fiscal year beginning on or after April 1, 2026. As a result of this change in tax rates, deferred tax assets for the fiscal year under review increased by ¥39 million, valuation difference on available-for-sale securities increased by ¥8 million, and income taxes-deferred decreased by ¥31 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)	5,004	Accrued income	54
						Suspense receipt	9,088

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)	22,083	Accrued income	4,932
						Suspense receipt	30,086
Subsidiary of other affiliated company	Mizuho Trust & Banking Co., Ltd.	—	Entrusts asset administration to CBJ	Re-entrustment fees, receipt of fees (Note 1)	9,375	Accrued income	4
						Suspense receipt	15,954

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:	¥59,190.77
Net income per share of common stock:	¥546.13

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 fifth term, covering the period from April 1, 2024, to March 31, 2025, are presented appropriately and that the internal auditing related to the preparation of these financial statements functioned effectively.

June 26, 2025

Custody Bank of Japan, Ltd.

President & 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.”

○ Available-for-sale-securities

(¥ million)				
FY2023				
Type	Balance sheet amount	Acquisition cost	Difference	
Those with a balance sheet amount not exceeding the acquisition cost				
Bonds				
Government bonds	23,000	23,001	(1)	
Others	45,000	45,000	—	
Total	68,000	68,001	(1)	

(¥ million)				
FY2024				
Type	Balance sheet amount	Acquisition cost	Difference	
Those with the balance sheet amount exceeding the acquisition cost				
Bonds				
Government bonds	49,970	49,969	0	
Subtotal	49,970	49,969	0	
Those with a balance sheet amount not exceeding the acquisition cost				
Bonds				
Government bonds	272,013	272,918	(904)	
Others	30,000	30,000	—	
Subtotal	302,013	302,918	(904)	
Total	351,983	352,887	(904)	

○ Valuation difference on available-for-sale securities

(¥ million)		
FY2023		FY2024
Valuation difference	2	(900)
Available-for-sale-securities	2	(900)
Deferred tax assets (a minus sign indicates deferred tax liabilities)	(0)	283
Valuation difference on available-for-sale securities	1	(616)

(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.

Derivatives Transactions

- Derivatives transactions for which hedge accounting is not applied
Regarding unhedged derivatives 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 derivatives transactions.

• Interest-related Transactions

Not applicable.

• Currency-related Transactions

(¥ million)					
Category	Type	FY2023			
		Contract amount, etc.	Contract amount, etc. of those exceeding one year	Fair value	Unrealized gain or loss
	Exchange forwards				
Over-the-counter	Sold	13,626	-	0	0
	Bought	6,838	-	1	1
Total		/	/	1	1

		(¥ million)			
Category	Type	FY2024			
		Contract amount, etc.	Contract amount, etc. of those exceeding one year	Fair value	Unrealized gain or loss
	Exchange forwards				
Over-the-counter	Sold	13,457	-	38	38
	Bought	6,743	-	19	19
Total		/	/	58	58

(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 derivatives transactions

Not applicable.

Electronic settlement methods

Not applicable.

Crypto-assets

Not applicable.

Indicators for Banking Business

(1) Indicators showing the status of key business

○ Gross business profit

	FY2023			FY2024			(¥ million)
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total	
Gross business profit	55,164	(335)	54,829	62,911	(228)	62,682	
Gross business profit margin	0.33%	(4.65)%	0.32%	0.73%	(3.07)%	0.73%	
Fiduciary fees	37,328	-	37,328	32,129	-	32,129	
Net interest income	(1,142)	168	(974)	13,223	158	13,381	
Net fees and commissions	18,978	(141)	18,837	17,558	(40)	17,517	
Net trading income	-	-	-	-	-	-	
Other net operating income	-	(362)	(362)	-	(346)	(346)	

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

○ Net business profit

	FY2023	FY2024	(¥ million)
Net business profit	2,474	5,629	
Effective net business profit	2,474	5,629	
Net business profit from core operations	2,474	5,629	
Net business profit from core operations(excluding gain or loss on cancellation of investment trusts)	2,474	5,629	

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

		FY2023			FY2024			(¥ million)
		Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total	
Interest-earning assets	Average balance	(6,529)			(6,907)			
		16,661,106	7,194	16,661,771	8,551,387	7,448	8,551,929	
	Interest	(0)			(13)			
		(1,132)	200	(931)	20,662	193	20,843	
Interest-bearing liabilities	Average balance		(6,529)			(6,907)		
		17,015,107	7,183	17,015,761	8,651,667	7,438	8,652,198	
	Interest		(0)			(13)		
		10	32	42	7,439	35	7,461	
Yield on interest-earning assets		(0.00)%	2.79%	(0.00)%	0.24%	2.60%	0.24%	
Yield on interest-bearing liabilities		0.00 %	0.44%	0.00 %	0.08%	0.47%	0.08%	
Net interest margin		(0.00)%	2.34%	(0.00)%	0.15%	2.12%	0.15%	

(Note) 1. The interest-earning assets are shown after deducting the average balance of non-interest earnings due from banks (¥1,022 million in FY2023 and ¥749 million in FY2024).

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

	FY2023			FY2024			(¥ million)
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total	
Net changes in interest earned	656	138	794	21,795	(6)	21,774	
Increase or decrease due to balance	(151)	11	(146)	286	6	235	
Increase or decrease due to interest rate	808	126	941	21,509	(13)	21,539	
Net change in interest paid	3	28	32	7,428	3	7,418	
Increase or decrease due to balance	0	0	1	(7)	1	(31)	
Increase or decrease due to interest rate	2	28	31	7,436	2	7,449	

(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

	FY2023	FY2024
		(%)
Ordinary profit to total assets	0.01	0.06
Ordinary profit to capital	2.08	4.62
Return on assets	0.00	0.01
Return on equity	0.25	0.91

(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

	FY2023			FY2024		
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total
Deposits	6,974,280	-	6,974,280	792,039	-	792,039
Liquid deposits	6,964,055	-	6,964,055	780,775	-	780,775
Time and savings deposits	-	-	-	-	-	-
Other deposits	10,224	-	10,224	11,263	-	11,263
Negotiable certificate of deposits	-	-	-	10,108	-	10,108

(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

	FY2023			FY2024		
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total
Loans on bills	-	-	-	-	-	-
Loans on deeds	298	-	298	793	-	793
Overdraft	25,052	-	25,052	578	-	578
Discounted bill	-	-	-	-	-	-
Total	25,351	-	25,351	1,372	-	1,372

○ Balance of loans and bills discounted by average life

	FY2023	FY2024
		(¥ million)
1 year or less	683	2,000
Floating interest rate	-	-
Fixed interest rate	683	2,000
Total	683	2,000
Floating interest rate	-	-
Fixed interest rate	683	2,000

○ Breakdown by collateral for loans and bills discounted

	FY2023	FY2024
		(¥ million)
Securities	-	-
Claims	-	-
Commodities	-	-
Real estate	-	-
Guarantees	-	-
Unsecured	683	2,000
Total	683	2,000

○ Balance of loan guarantees (acceptances and guarantees)
Not applicable.

○ Balance of loans and bills discounted by purpose

	FY2023	FY2024
		(¥ million)
Fund for capital investment	-	-
Working capital	683	2,000
Total	683	2,000

○ Balance of loans by industry and the proportion in total amount of loans

	FY2023		FY2024	
				(¥ million)
	Balance	Composition ratio	Balance	Composition ratio
Government of Japan	683	100.00%	2,000	100.00%
Total	683	100.00%	2,000	100.00%

○ Balance of loans to SME and the proportion in total amount of loans
Not applicable.

○ Balance of specific foreign claims
Not applicable.

○ Loan-deposit ratio

	FY2023			FY2024		
						(%)
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total
Loan-deposit ratio						
Balance at end of period	0.02	-	0.02	0.28	-	0.28
Average during the period	0.36	-	0.36	0.17	-	0.17

(4) Indicators for securities

○ Average balance of trading securities

Our Company does not own trading securities.

○ Balance of securities by average life

							(¥ million)
FY2023							
	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	23,000	-	-	-	-	23,000	
Local government bonds	-	-	-	-	-	-	
Corporate bonds	-	-	-	-	-	-	
Stocks	-	-	-	-	490	490	
Other securities	-	-	-	-	23	23	
Foreign stocks	-	-	-	-	23	23	
Total	23,000	-	-	-	514	23,514	

							(¥ million)
FY2024							
	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	22,988	298,995	-	-	-	321,983	
Local government bonds	-	-	-	-	-	-	
Corporate bonds	-	-	-	-	-	-	
Stocks	-	-	-	-	490	490	
Other securities	-	-	-	-	23	23	
Foreign stocks	-	-	-	-	23	23	
Total	22,988	298,995	-	-	514	322,497	

○ Average balance of securities

							(¥ million)
FY2023							
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total	
Government bonds	25,020	-	25,020	191,232	-	191,232	
Local government bonds	11,019	-	11,019	-	-	-	
Corporate bonds	336	-	336	-	-	-	
Stocks	490	-	490	490	-	490	
Other securities	-	20	20	-	19	19	
Foreign stocks	-	20	20	-	19	19	
Total	36,867	20	36,887	191,723	19	191,742	

○ Security-deposit ratio

							(%)
FY2023							
	Domestic Business Division	Global Business Division	Total	Domestic Business Division	Global Business Division	Total	
Security-deposit ratio							
Balance at end of period	0.87	-	0.87	46.04	-	46.05	
Average during the period	0.52	-	0.52	23.90	-	23.90	

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

	FY2023	FY2024 (¥ 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	683	2,000
Total	683	2,000

(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

	FY2023	FY2024
		(¥ million)
(Assets)		
Securities	140,026,567	144,675,158
Government bonds	16,369,416	15,416,267
Local government bonds	1,242,787	1,376,115
Short-term bonds	1,003,302	935,396
Corporate bonds	4,767,045	5,124,011
Stocks	58,971,070	60,144,701
Foreign securities	41,581,775	43,567,917
Other securities	16,091,170	18,110,748
Securities in investment trusts	84,766,177	93,589,160
Foreign securities in investment trusts	43,515,638	54,912,910
Interests in trusts	79,231,630	91,445,279
Trust securities	42,534,616	42,126,622
Monetary claims	14,608,371	11,751,946
Life insurance claims	490,311	483,631
Housing loan claims	3,534,340	3,420,315
Other monetary claims	10,583,719	7,847,998
Other claims	10,136,409	9,891,369
Call loans	9,935,411	10,867,550
Loans to banking account	9,332,193	7,524,257
Cash and due from banks	10,459,786	9,873,230
Due from banks	10,459,786	9,873,230
Total assets	444,546,803	476,657,485
(Liabilities)		
Corporate investment fund	8,887,354	9,822,436
Monetary trusts other than money in trust	3,334,545	3,088,260
Trust of securities	3,300,499	3,308,358
Monetary claims in trust	3,534,340	3,420,315
Composite trusts	425,490,064	457,018,114
Total liabilities	444,546,803	476,657,485

- (2) Acceptance of money trusts, etc.
 ○ Fiscal year-end balance of trust

	FY2023	FY2024 (¥ million)
Money trusts	8,887,354	9,822,436

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

- Balance of principal by trust period

	FY2023	FY2024 (¥ million)
Money trusts		
Less than 1 year	50,100	5,329
1 year or more to less than 2 years	5,482,790	5,757,848
2 years or more to less than 5 years	-	-
5 years or more	3,228,626	4,027,721
Others	371,419	65,566
Total	9,132,937	9,856,466

(Note) There is nothing applicable for loan trusts.

- (3) Investment in money trusts, etc.

- Investment balance

	FY2023	FY2024 (¥ million)
Money trusts		
Securities	7,461,277	8,480,344
Total	7,461,277	8,480,344

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

- Balance of securities by type

	FY2023	FY2024 (¥ million)
Money trusts		
Government bonds	569,761	715,829
Local government bonds	17,083	34,806
Corporate bonds	213,082	231,493
Stocks	2,314,577	2,367,666
Foreign securities	1,335,776	1,461,497
Other securities	3,010,995	3,669,051
Total	7,461,277	8,480,344

(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)

	FY2023	FY2024 (¥ million)
Money trusts		
(Assets)		
Others	371,419	65,566
Total assets	371,419	65,566
(Liabilities)		
Principal	371,419	65,566
Total liabilities	371,419	65,566

(5) Balances by type of electronic settlement method

Not applicable.

(6) 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)

	FY2023	FY2024
		(¥ million)
Core Capital: Instruments and reserves (1)		
Directly issued qualifying common shares or preferred shares mandatorily convertible into common share capital plus related capital surplus and retained earnings	120,251	121,143
Of which, capital and capital surplus	110,073	110,073
Of which, retained earnings	10,237	11,292
Of which, treasury stock (-)	-	-
Of which, planned distribution of income (-)	59	222
Of which, other than above	-	-
Stock warrants and 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)	120,251	121,143
Core Capital: Regulatory adjustments (2)		
Total intangible fixed assets (excluding those relating to mortgage servicing rights)	41,330	42,431
Of which, goodwill (including those equivalent)	-	-
Of which, other than goodwill and mortgage servicing rights	41,330	42,431
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	364	426
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	11,440	13,774
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	11,440	13,774
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)	53,135	56,631
Capital		
Total amount of capital ((a) – (b)) (c)	67,116	64,511

	FY2023	(¥ million) FY2024
Risk-Weighted Assets (3)		
Total credit risk-weighted assets	103,846	108,401
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%	108,208	94,658
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Floor adjustments	-	-
Total risk-weighted assets (d)	212,055	203,059
Capital Adequacy Ratio		
Capital Adequacy Ratio ((c) / (d))	31.65%	31.76%

• 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. CVA risk
Not applicable.

8. Market risk
Not applicable.

9. 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 affairs 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 Processing Risk Management Department is responsible for processing risk to plan and promote the management of processing risk.

2) Information security risk

- Of information security risks, the Processing Risk Management 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 types of risk management.

3) System risk

- Of system risks, the System Risk Management Department is responsible for other than those related to the management of development projects. The System Project Risk Management Department is responsible for risks related to the management of development projects. They work on planning and promotion in relation to the management of respective risks.

4) Legal affairs & compliance risk

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

5) Tangible asset risk

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

6) Personnel risk

- The Human Resources & General Affairs 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) Overview of standardized approach used for the calculation of amount equivalent to operational risk

1) Calculation method of amount equivalent to operational risk

As of the end of March 2025, our Company has shifted from the Basic Indicator Approach to the Standardized Measurement Approach for calculating operational risk equivalents.

2) Calculation method of Business Indicator (BI)

Our Company aggregates the interest, leases and dividend component (ILDC), the services component (SC), and the financial component (FC) for the calculation, pursuant to Article 305 of the Capital Adequacy Ratio Notification.

3) Calculation method of Internal Loss Multiplier (ILM)

Our Company uses the scaling factor of “1” for the Internal Loss Multiplier (ILM), pursuant to Article 306, paragraph 1, item 3 of the Capital Adequacy Ratio Notification.

4) Any business units excluded from the calculation of BI in calculating operational risk equivalents

There are no business units excluded from the calculation of BI.

5) Any special losses excluded from the calculation of ILM in calculating operational risk equivalents

There are no special losses excluded from the calculation of ILM.

10. 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.

11. 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 Δ EVE for each position. The scope of measurement includes positions with interest rate risk in the banking book.

Δ 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 when 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 Δ EVE to Core Capital for our Company is below the regulatory level of 20%.

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 Δ EVE and Δ 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

⑤ Non-consolidated required capital by portfolio category		(¥100 million)
		FY2023
Credit risk		
Standardized Approach		29.3
For CCP		12.1
Operational risk (Basic Indicator Approach)		43.2
Total amount of non-consolidated required capital		84.8

○ Amount of credit risk-weighted assets and amount of required capital for credit risk

	FY2024	
	(¥100 million)	
	Credit risk-weighted assets	Required capital
Standardized Approach	547.9	21.9
For CCP	536.0	21.4

○ Operational risk

	(¥100 million)
	FY2024
Amount equivalent to operational risk divided by 8%	946.5
Amount of required capital for operational risk	37.8
Amount of BI	631.0
Amount of BIC	75.7

○ Total amount of non-consolidated risk-weighted assets and total amount of non-consolidated required capital

	(¥100 million)
	FY2024
Total non-consolidated risk-weighted assets	2,030.5
Total amount of non-consolidated required capital	81.2

(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

		FY2023				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
Domestic	6	234	—	119,116	119,358	
Overseas	—	0	—	90	91	
Total	6	235	—	119,207	119,449	

		FY2024				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
Domestic	20	3,233	—	82,502	85,756	
Overseas	—	0	—	81	81	
Total	20	3,233	—	82,584	85,837	

Breakdown by counterparty

		FY2023				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
For sovereign	6	230	—	116,931	117,168	
For financial institutions and others	—	—	—	1,631	1,631	
Others	—	5	—	645	650	
Total	6	235	—	119,207	119,449	

		FY2024				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
For sovereign	20	3,228	—	81,189	84,438	
For financial institutions and others	—	—	—	1,211	1,211	
Others	—	5	—	183	188	
Total	20	3,233	—	82,584	85,837	

Breakdown by period

		FY2023				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
1 year or less	6	230	–	119,042	119,279	
Over 1 year	–	–	–	–	–	
Others	–	5	–	165	170	
Total	6	235	–	119,207	119,449	

		FY2024				(¥100 million)
	Off-balance sheet exposures other than loans, commitments and derivatives	Securities	Derivatives	Others	Total	
1 year or less	20	229	–	82,414	82,664	
Over 1 year	–	2,998	–	–	2,998	
Others	–	5	–	169	174	
Total	20	3,233	–	82,584	85,837	

- 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)

		FY2023		(¥100 million)
(Risk weight)		On-balance sheet	Off-balance sheet	Total
0%		117,168	–	117,168
10%		0	–	0
20%		2,081	–	2,081
100%		121	–	121
250%		78	–	78
1250%		–	–	–
Total		119,449	–	119,449

- Of exposures to which the Standardized Approach is applied, those that fall under the provisions of Article 55 through Article 76 and Article 77-2 of the Capital Adequacy Ratio Notification
Breakdown by portfolio category

		FY2024					(¥100 million)
	CCF (before applying credit risk mitigation effects)	CCF (after applying credit risk mitigation effects)					
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	Credit risk-weighted assets	Weighted average of risk weights (%)	
For sovereign	84,438	–	84,438	–	–	0%	
For financial institutions and others	1,211	–	1,211	–	242	20%	
Others	42	–	42	–	42	100%	
Total	85,692	–	85,692	–	285	0%	

Breakdown by portfolio category and risk-weight category

		FY2024					(¥100 million)
	Less than 40%	40% to 100%	105% to 150%	250% to 400%	1250%	Total	
For sovereign	84,438	–	–	–	–	84,438	
For financial institutions and others	1,211	–	–	–	–	1,211	
Others	0	37	–	5	–	42	
Total	85,649	37	–	5	–	85,692	

Amounts are stated according to the risk-weight categories (on a fully implemented basis) before applying transitional arrangements.

Breakdown by risk-weight category

	CCF (before applying credit risk mitigation effects)		FY2024 CCF weighted average	CCF (after applying credit risk mitigation effects) Exposures	(¥100 million)
	On-balance sheet	Off-balance sheet			
Less than 40%	85,649	—	—	—	85,649
40% to 100%	37	—	—	—	37
105% to 150%	—	—	—	—	—
250% to 400%	5	—	—	—	5
1250%	—	—	—	—	—
Total	85,692	—	—	—	85,692

Amounts are stated according to the risk-weight categories (on a fully implemented basis) before applying transitional arrangements.

(3) Credit risk mitigation

- Breakdown of exposures to which credit risk mitigation is applied
Not applicable.

(4) Counterparty risk in derivatives and long-term settlement transactions:

Not applicable.

(5) Securitization exposure:

Not applicable.

(6) CVA risk

Our Company does not include CVA risk equivalents in the calculation of its capital adequacy ratio.

(7) Market risk

Our Company does not include market risk equivalents in the calculation of its capital adequacy ratio.

(8) Risk of equity exposures

- Balance sheet amounts and fair value

	FY2023		FY2024 (¥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.
- 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.

(9) Interest rate risk

IRRBB1: Interest rate risk

		¥ million			
Item No.		ΔEVE		ΔNII	
		FY2023	FY2024	FY2023	FY2024
1	Parallel shift up	106	5,174	(849)	(29,919)
2	Parallel shift down	(106)	(5,174)	849	29,919
3	Steepening	-	-	-	-
4	Flattening	-	-	-	-
5	Short-term rates up	-	-	-	-
6	Short-term rates down	-	-	-	-
7	Largest	106	5,174	849	29,919
8	Amount of Core Capital	FY2023 67,116		FY2024 64,511	

Disclosure of Compensation, etc.

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 (excluding those who are Audit and Supervisory Committee Members), Directors who are Audit and Supervisory Committee Members, and Corporate Auditors. External Directors and External Corporate Auditors are excluded.

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 ¥27 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 allocation of compensation to individual Directors (excluding those who are Audit and Supervisory Committee Members) resolved by the General Meeting of Shareholders is determined by the President who is delegated by the Board of Directors. Allocation of compensation to individual Directors who are Audit and Supervisory Committee Members and individual Corporate Auditors is wholly determined by consultation among Directors who are Audit and Supervisory Committee Members and 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. Compensation of Directors (excluding those who are Audit and Supervisory Committee members) is resolved by the Board of Directors, and compensation of Directors who are Audit and Supervisory Committee Members and Corporate Auditors is determined by consultation among Directors who are Audit and Supervisory Committee Members and 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, 2024, to March 31, 2025)

(¥ million)

Category	Number of persons	Total amount of compensation, etc.	Total amount of fixed compensation			Total amount of variable compensation		Retirement benefits
			Total amount of fixed compensation	Basic compensation	Stock option	Total amount of variable compensation	Bonuses	
Applicable Officers (excluding external officers)	6	83	83	83	—	—	—	—

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.



日本カストディ銀行

Custody Bank of Japan

DISCLOSURE 2025

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

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