

The Nomura Trust and Banking Co., Ltd.

2023

Annual Report

NOMURA



## Message from the CEO



We sincerely appreciate your continuing support for The Nomura Trust and Banking.

The economic markets this fiscal year were significantly affected by policy changes, including austerity measures meant to control inflation, particularly in Europe and North America, as well as a softening stock market due to worries that higher interest rates could cause an economic recession, and the abrupt collapses of American regional banks. Domestically, the Bank of Japan revised its monetary easing measures at last December's Monetary Policy Meeting, expanding the permitted long-term yield range. The decade-long policy of "another dimension" monetary easing, intended to help put an end to deflation, is about to reach a turning point.

Under these circumstances, we, as a member of the Nomura Group, have worked to strengthen collaboration with other Group companies to offer high-quality products and services, in order to achieve our strategy of expanding our business from "public" to "private."

The investment trust assets under custody totaled 31.6004 trillion yen at the end of March 2023, due to efforts such as sales promotion targeting client expansion. In addition to "Wrap-Trust," a product targeting individual customers, we have also seen an increase in the number of contracts for trusts that meet the needs of corporate customers. Our total trust balance remains strong, at 39.3293 trillion yen at the end of March 2023. Due to our continued efforts to strengthen sales promotion and to further increase cooperation with Nomura Securities, which is our banking agent, the outstanding loan balance was 798.2 billion yen at the end of March 2023. Additionally, the volume of our inheritance-related services saw a steady increase and a record high. As a result of these business activities, for the fiscal year ended March 2023, we reported an ordinary profit of 2,245 million yen and a net income of 1,546 million yen.

In December of last year, we established our Sustainability Policy, with the goal of bringing about a sustainable environment and society. Financial institutions promise to play an active role in sustainability efforts. We will continue to address issues such as climate change based on this policy.

As a company, we value diversity and engagement, so that each of our employees can reach their full potential in terms of both productivity and creativity. When employees with various values work together, we become able to provide greater-added-value services to meet our customers' needs, while also moving forward with initiatives to achieve work styles that let employees grow as people.

This August, we celebrate the thirtieth anniversary of our founding. We wish to express our sincere gratitude for the support and patronage we have received over the years. As a member of the Nomura Group, we shall further strengthen our relationship with other Nomura Group companies, and contribute to the creation of a rich society by creating new value for our clients with a sense of speed. We appreciate your continuing support.

July 2023

**Shinichi Okada**  
President and Chief Executive Officer

### Corporate Data (As of July, 2023)

<b>Name:</b>	The Nomura Trust and Banking Co., Ltd.
<b>Established:</b>	August 24, 1993
<b>Paid-in Capital:</b>	50 billion yen
<b>Outstanding Shares:</b>	1,400,000 shares
<b>Shareholder:</b>	Nomura Holdings, Inc. (Number of shares held: 1,400,000 shares, holding ratio: 100%)
<b>Head Office:</b>	2-2-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan +81 (3) 5202-1600

## Disclosure 2023

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# Overview of Our Business

## Key Management Indicators

### Changes in Key Management Indicators

(Millions of yen)

Item	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Profit and loss</b>					
Ordinary income	24,810	24,127	25,289	27,946	<b>31,400</b>
Net business profit	2,093	580	845	5,019	<b>2,393</b>
Core net business profit	2,093	1,062	845	4,818	<b>2,463</b>
Core net business profit excluding gains(losses) on bonds	1,691	1,439	△ 705	5,138	<b>6,725</b>
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	1,728	1,438	△ 630	5,224	<b>6,725</b>
Ordinary profit	2,096	590	1,102	3,612	<b>2,245</b>
Net income	1,359	231	743	2,345	<b>1,546</b>
<b>Assets, liabilities and capital</b>					
Capital stock	35,000	35,000	50,000	50,000	<b>50,000</b>
Issued stock (thousands)	800	800	1,400	1,400	<b>1,400</b>
Net assets	61,575	57,228	90,469	88,878	<b>89,556</b>
Total assets	1,475,334	1,399,316	1,605,548	1,640,057	<b>1,923,274</b>
Balance of deposits	981,328	864,999	931,671	1,027,863	<b>1,172,191</b>
Balance of loans	601,520	535,517	604,302	712,980	<b>798,222</b>
Balance of securities	489,558	489,779	432,409	487,554	<b>325,974</b>
<b>Per share information</b>					
Net assets per share (yen)	76,969	71,535	64,620	63,484	<b>63,968</b>
Annual dividends per share (yen)	840	—	265	835	<b>550</b>
Net income per share (yen)	1,699	289	549	1,675	<b>1,104</b>
Dividend payout ratio (%)	49.43%	—	49.90%	49.82%	<b>49.80%</b>
Number of employees	460	484	489	505	<b>536</b>
Non-consolidated capital adequacy ratio (%)	16.99%	15.76%	19.00%	15.80%	<b>19.92%</b>
Return on equity (%)	2.22%	0.38%	1.00%	2.61%	<b>1.73%</b>
<b>Trust account</b>					
Trust fees	9,042	9,406	10,302	12,074	<b>12,680</b>
Assets held in trust	21,673,956	22,963,542	31,162,421	38,874,173	<b>39,329,306</b>
Balance of loans and bills discounted	319,181	289,761	305,881	358,184	<b>328,134</b>
Balance of securities	2,785,713	3,115,012	4,297,458	4,831,364	<b>5,493,243</b>

## 1. Profit Performance

Regarding the state of profits, net fees and commissions increased by 1,480 million yen from the last fiscal year, net interest income increased by 820 million yen from the last fiscal year, and net other operating income decreased by 5,049 million yen from the last fiscal year; therefore, gross operating profit decreased by 2,142 million yen from the last fiscal year, for a total gross operating profit of 18,810 million yen. Total net business profit decreased to 2,393 million yen due to an increase in expenses.

As a result, ordinary profit was 2,245 million yen, and net income was 1,546 million yen.

### Table of Profit Performance

(Millions of yen)

Item	FY2018	FY2019	FY2020	FY2021	FY2022	Net Increase (Decrease)
Gross operating profit	16,367	16,545	16,909	20,952	<b>18,810</b>	<b>(2,142)</b>
Trust fees	9,042	9,406	10,302	12,074	<b>12,680</b>	<b>605</b>
Net interest income	6,986	6,375	3,542	3,929	<b>4,750</b>	<b>820</b>
Net fees and commissions	1,329	1,425	1,378	3,462	<b>4,942</b>	<b>1,480</b>
Net other operating income	(992)	(662)	1,685	1,485	<b>(3,563)</b>	<b>(5,049)</b>
Provision of general allowance for loan losses (deduction)	—	482	—	(200)	<b>70</b>	<b>270</b>
General and administrative expenses (excluding non-recurring expenses)	14,273	15,482	16,064	16,133	<b>16,346</b>	<b>213</b>
Personnel expenses	5,236	5,623	5,969	6,228	<b>6,410</b>	<b>182</b>
Non-personnel expenses	8,466	9,100	9,124	9,041	<b>9,088</b>	<b>47</b>
Taxes	570	758	970	863	<b>846</b>	<b>(16)</b>
<b>Net business profit</b>	<b>2,093</b>	<b>580</b>	<b>845</b>	<b>5,019</b>	<b>2,393</b>	<b>(2,626)</b>
Non-recurring profit (loss)	2	9	257	(1,406)	<b>(147)</b>	<b>1,259</b>
Writing-off loans	—	—	—	0	<b>—</b>	<b>0</b>
Gain and loss on loans sold	(1)	—	—	—	<b>(164)</b>	<b>(164)</b>
Gain and loss on sales of stocks and other securities	—	—	—	4	<b>—</b>	<b>(4)</b>
Reversal of allowance for loan losses (deduction)	142	—	292	—	<b>—</b>	<b>—</b>
Provision of specific allowance for loan losses (deduction)	—	—	—	1,373	<b>(15)</b>	<b>(1,389)</b>
<b>Ordinary profit</b>	<b>2,096</b>	<b>590</b>	<b>1,102</b>	<b>3,612</b>	<b>2,245</b>	<b>(1,366)</b>
Extraordinary income	38	11	20	35	<b>19</b>	<b>(16)</b>
Other	38	11	20	35	<b>19</b>	<b>(16)</b>
Extraordinary loss	65	64	7	280	<b>0</b>	<b>(280)</b>
Loss on disposal of chattel and real estate	65	55	7	0	<b>0</b>	<b>0</b>
Impairment loss	—	9	—	—	<b>—</b>	<b>—</b>
Other	—	—	—	279	<b>—</b>	<b>(279)</b>
<b>Income before income taxes</b>	<b>2,068</b>	<b>536</b>	<b>1,116</b>	<b>3,368</b>	<b>2,265</b>	<b>(1,102)</b>
Income taxes-current	583	775	1,882	4,481	<b>2,673</b>	<b>(1,808)</b>
Income taxes-deferred (deduction)	126	(470)	(1,509)	(3,459)	<b>(1,953)</b>	<b>1,505</b>
Total income taxes	709	305	372	1,022	<b>719</b>	<b>(302)</b>
<b>Net income</b>	<b>1,359</b>	<b>231</b>	<b>743</b>	<b>2,345</b>	<b>1,546</b>	<b>(799)</b>

# Overview of Our Business

## 2. Status of Trust Assets

Regarding the status of trust assets, the balance of specified money trusts under custody increased by 497.9 billion yen from the last fiscal year, for a total balance of specified money trusts under custody of 2,933 billion yen, and the balance of pecuniary trusts other than money trusts under custody increased by 170.2 billion yen from the last fiscal year, for a total balance of pecuniary trusts other than money trusts under custody of 709.2 billion yen.

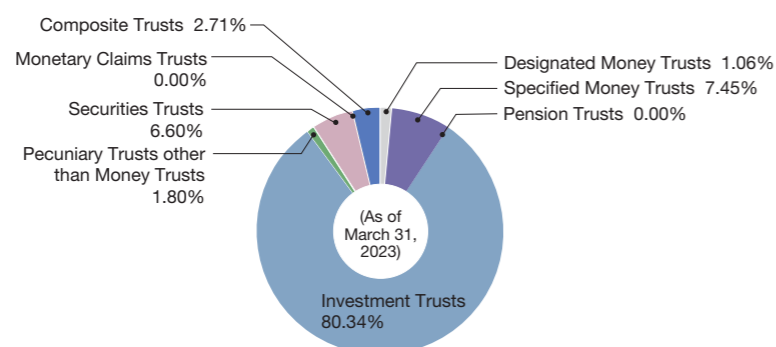
The total trust balance increased by 455.1 billion yen compared to the end of the previous fiscal year, for a total of 39,329 billion yen.

### Table of Balance of Trust Assets

(Millions of yen)

Liabilities	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Designated Money Trusts	493,681	419,831	424,416	448,912	418,450
Specified Money Trusts	1,578,833	1,807,546	2,118,286	2,435,357	2,933,316
Pension Trusts	1,041	911	924	812	819
Investment Trusts	17,319,480	18,040,589	24,921,759	31,855,479	31,600,417
Pecuniary Trusts other than Money Trusts	252,469	317,916	373,622	538,971	709,239
Securities Trusts	1,064,651	1,404,928	2,344,634	2,530,131	2,599,658
Monetary Claims Trusts	3,719	3,061	2,288	1,579	1,519
Composite Trusts	960,077	968,757	976,488	1,062,929	1,065,884
Total	21,673,956	22,963,542	31,162,421	38,874,173	39,329,306

### Ratio of Trust Assets



## 3. Status of Capital Adequacy

The capital adequacy ratio at the end of March 2023 was 19.92% (domestic standard), maintaining a sound level.

### Capital Adequacy Ratio on Non-consolidated Basis (Domestic Standard)

(Millions of yen)

Item	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Core capital: instruments and reserves [A]	61,344	62,058	92,137	93,114	93,960
Core capital: regulatory adjustments [B]	4,531	5,852	5,117	4,092	3,643
Capital amount [C](=[A]-[B])	56,813	56,205	87,020	89,022	90,317
Risk assets					
On-balance sheet items	291,400	306,546	403,221	503,339	401,103
Off-balance sheet items	7,617	12,331	13,461	14,182	7,568
CVA risks (divided by multiplying the capital requirement by 8)	3,416	5,733	9,280	10,246	4,521
Operational risks (divided by multiplying the capital requirement by 8)	31,935	31,960	31,941	35,577	39,989
Total [D]	334,370	356,571	457,905	563,346	453,182
Capital adequacy ratio (domestic standard) (= [C]/[D]×100)	16.99%	15.76%	19.00%	15.80%	19.92%

(Note) Capital adequacy ratios are calculated with the formula specified in Notification No. 19 of the 2006 Financial Services Agency, based on the provisions of Article 14:2 of the Banking Act.

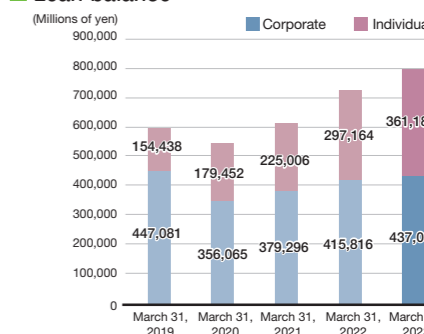
## Results of Main Business

### <Lending>

In addition to loans to corporate customers, we also extend loans broadly to individual customers through loans secured by securities called "Nomura Web Loan" which is offered via "Banking Service."

The balance of loans as of the end of the current fiscal year stood at 798.2 billion yen.

### Loan balance



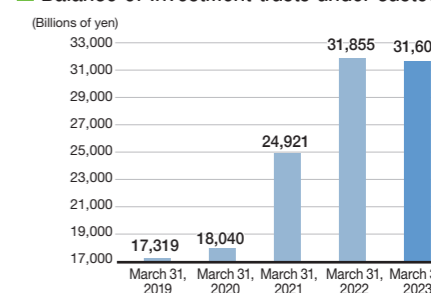
(Note) Corporate includes loans to the trust account.

### <Investment Trust Administration Business>

The total balance of investment trusts under custody stood at 31,600 billion yen.

We received an unqualified opinion in accordance with the Statement on Standards for Attestation Engagements No.18 (SSAE 18) in an audit performance by an independent auditor, and we are working hard to further improve the quality of our administrative operations.

### Balance of Investment trusts under custody



# Internal Control System – Management

## Management Structure

As a trust bank of Nomura Group, we are operating our business guided by the integrated strategy of Nomura Holdings, Inc. We have built a management structure which delivers efficient business operations in conformity with the business line of Nomura Group. Furthermore, by ensuring that our directors and employees comply with the “Nomura Group Code of Conduct”, we are promoting company management which is appropriate considering the relevant laws and regulations.

The Nomura Trust and Banking Co., Ltd. features a corporate structure with an audit and supervisory committee. We established the Board of Directors as the body to decide on and to approve important management related matters. The Board of Directors makes decisions regarding our basic management policy and the allotment of the duties and chain of command for the executive director. The Board entrusts decision-making related to business execution to the president and representative director, who is also the executive director, in order to speed up the decision-making process. In addition, the Audit and Supervisory Committee, in which the majority of members are outside directors, performs audits of business execution, with the objective of strengthening our management supervisory functions and improving our managerial transparency. Moreover, we regularly convene the Executive Management Board, chaired by the President and Representative Director, as a body to make decisions regarding, and to approve, important matters and proposals related to business execution to facilitate the speedy execution of our business.

The Audit and Supervisory Committee audits the legality, validity, and efficiency of business operations and the execution of duties by the directors and senior managing directors, by exercising its statutory authority and leveraging the external audit corporation as well as internal organizations. The methods, progress, and results of audits are reported to the Board of Directors on a regular basis. Our Audit and Supervisory Committee also collaborates with the Audit Committee of Nomura Holdings as necessary. Furthermore, we have established a Board of Directors Office, with staff members independent of business execution, to assist the Audit and Supervisory Committee and non-executive directors in their duties, in order to further strengthen the auditing and supervisory capabilities of the Audit and Supervisory Committee and Board of Directors over the executive division.

To enhance our internal control procedures, the following committees are established.

- Risk Management Committee: Deliberates and decides on important matters related to integrated risk management, based on risk appetite.
- ALM Committee: Deliberates and decides on matters related to formulation and approval of the basic strategies for fund management and procurement.
- New Products & Services Review Committee: Analyzes and evaluates the risks inherent in the provision of a new product or launch of a new business and gives necessary information to the Executive Management Board when it is making decisions on the provision of the new product or launch of the new business.
- Investment Management Committee: In addition to deliberating and deciding on investment management policies for trust assets for which the Bank has discretionary power, and the pros and cons of employing asset management companies or incorporating investment products into the investment product lineup, as well as individual management models, etc., also works to share data regarding performance and risk management conditions of investment products, etc.
- Asset Risk Management Committee: In order to ensure the appropriateness of the management of trust assets for which the Bank has discretionary power, this Committee regularly verifies the performance, risk management and status of interaction with customers. If necessary, it recommends and instructs the Investment Management Committee to make improvements and keep all related parties informed about matters.
- Designated Management Trust Loan Transaction Review Committee: Deliberates and makes decisions to ensure that the execution of contracts, and the subsequent operation and management of trust assets, are handled appropriately from the perspectives of customer protection, conflict of interest management, separation of banking and trust operations, and the management of sensitive corporate information.
- Compliance Committee: Deliberates and makes decisions on compliance with laws and other compliance-related corporate matters.
- Business Improvement and Business Quality Improvement Committee: Carries out measures to improve overall quality of administration, such as departmental self-inspections, as part of efforts to build a highly effective internal control system, toward business improvements and improving the quality of business activities.
- Crisis Management Committee: Deliberates and makes decisions on the company's crisis management measures.
- Operational Risk Committee: Deliberates and coordinates matters related to operational risks to facilitate appropriate and smooth control of operational risks.
- CS Improvement and Customer Protection Committee: In order to protect legitimate interests, improve customer convenience, and increased customer satisfaction, we continue to enhance our customer explanation management, customer support management, customer information management, outsourcing management, conflicts of interest management, and CS improvement.
- Sustainability Committee: Provides support for the development of a sustainability promotion system and for ongoing efforts, and reports to the Executive Management Board on progress toward sustainability.
- Specific Transaction Committee: It is composed of members other than current or ex-members of Nomura Group and including external experts. It verifies that the independence of bank management is secured when the Company management makes important decisions regarding its business operations and submits the findings to the person authorized to make a decision regarding related matters.

## Internal Audit System

We have established the Internal Audit Department, which is independent of all other operational divisions, to review the effectiveness and adequacy of the internal control systems in business execution and risk management systems and to make recommendations for improvement.

In light of the guidelines set forth by the Institute of Internal Auditors for internal audits, the Internal Audit Department identifies the type and degree of risks, draws up an annual internal audit plan in consideration of the depth and frequency of audits, and performs effective audits in accordance with the “Nomura Group Internal Audit Charter” and our “Internal Audit Charter.”

The results of audits are promptly reported to company management and the Audit and Supervisory Committee. Any issues identified in the audits are communicated to the relevant operational divisions, so that follow-up for the corresponding situation actions can be taken, in an effort to further enhance the internal control system.

# Internal Control System – Compliance

## Compliance Management System

Constantly aware of the significance of our social responsibilities and public mission as a financial institution, we are determined to provide high quality financial services to customers in strict compliance with social norms as well as laws and regulations. We regard compliance as one of the foremost priority management tasks and the Board of Directors has established the “Compliance Policy,” laying out our basic stance regarding compliance. Furthermore, based on the above policy, the Executive Management Board established the “Compliance Regulations,” setting initiatives for specific actions taken to put compliance into action.

### Compliance Policy

As a member of Nomura Group, we strive to foster a corporate culture and build corporate ethics focusing on compliance in conformity with the Nomura Group Code of Conduct, and perform honest and fair corporate activities without violating social norms.

#### 1. Basic Stance Regarding Compliance

Constantly aware of the significance of our social responsibilities and public mission as a financial institution, we regard the enhancement and establishment of a compliance system as one of our foremost priority tasks for securing the soundness and appropriateness of operations, and we take proactive steps to complete this task.

#### 2. Individual Efforts for Compliance

Directors, senior managing directors and employees of the Company constantly strive to acquire extensive knowledge, not only of laws and regulations required in business, but also social norms, and act in conformity with a higher level of corporate ethics.

#### 3. Establishment of Social Credibility

We demonstrate our intention to perform honest and fair corporate activities focusing on compliance through our accountability to stakeholders, thereby establishing credibility as a member of society.

In accordance with the “Compliance Regulations,” we have formed the Compliance Committee which, chaired by the president and vice-chaired by the Compliance Officer appointed by the Executive Management Board, deliberates and makes decisions regarding compliance related matters in the company. The details of discussions are regularly reported by the Chairman to the Board of Directors, the Executive Management Board and the Audit and Supervisory Committee members. We draw up the “Compliance Program” setting out objectives and various measures as an annual compliance action plan. This plan is then deliberated and reviewed by the Compliance Committee and finally approved by Executive Managing Board. The progress and achievement status of the measures defined in the “Compliance Program” are regularly reported to the Compliance Committee and are also reported by the Chairman to the Audit and Supervisory Committee members.

In addition, the Compliance Officer convenes a compliance meeting, etc. for each division to review the progress and achievement status of compliance action plans drawn up by each department and discusses compliance-related issues with the responsible executive officer and the heads of departments.

The Compliance Officer and the Compliance Control Department collaborate to control and manage compliance-related matters of the Company, and each department appoints a Compliance Manager who promotes compliance activities. The Compliance Manager ensures that all employees pursue operations based on a compliance spirit and common sense and also monitors compliance activities of the department in charge and makes regular reports to the Compliance Officer.

Furthermore, we work to improve the level of conduct risk management by promoting the Nomura Group Code of Conduct, and through ongoing activities that contribute to enhancing professional ethics and developing a sound, open corporate culture.

## Policy on Antisocial Forces (Organized Crime)

Based on the Nomura Group Code of Conduct, we at the Nomura Group have built a high-level administrative structure for the purpose of refusing to deal with any antisocial force or group.

We comply with this policy and have created a structure to eliminate antisocial forces. We promote efforts to block dealings with these forces.

## Measures to Prevent Money Laundering and Combating the Financing of Terrorism

Regarding anti-money-laundering/combating the financing of terrorism (AML/CFT), the Nomura Group Code of Conduct states that our basic policy is to employ a high-level control system to prevent the influx of criminal proceeds into financial and capital markets, and to prevent the financing of terrorists.

We have also established Anti-Money-Laundering and Combating the Financing of Terrorism Rules as part of our AML/CFT policy, which lays out the AML/CFT system that we are to create. Additionally, for especially important areas, such as customer due diligence and responding to economic sanctions, we have established administrative regulations and specific frameworks for each of these.

Furthermore, in addition to compliance with domestic and international laws and rules related to our business, we are working to strengthen our AML/CFT management system, by closely monitoring international regulatory developments, such as the guidance set forth by the Financial Action Task Force (FATF). We have appointed a Chief AML/CFT Officer to take on the responsibility of ensuring the effectiveness of our AML/CFT management system. We have also established the Anti-Money Laundering Office within the Compliance Control Department to assist the Chief AML/CFT Officer, toward the development and maintenance of an effective AML/CFT management system.

### Specific Measures to Prevent Money Laundering

We have established a number of measures to prevent money laundering and other illegal activities, based on a risk-based approach, as described below:

#### Customer Due Diligence

Due diligence when customers open banking accounts, maintaining up-to-date customer information, etc;

#### Transaction Monitoring

Introduction of a system to monitor abnormal transactions;

#### Policy, Procedure, Drawing Up Plans, Implementation, Verification, Reconsideration

Verification and check of the status of AML/CFT, and review and improvement of the AML/CFT management systems, etc;

#### Three Lines of Defense

Our first line of defense (Sales Department, etc.) implements risk reduction measures. Our second line of defense (Compliance-related Departments) provides a check control function. Our third line of defense (Internal Audit Department) performs independent verifications; and

In addition to these measures, we conduct regular training and education on AML/CFT, to foster awareness with this topic throughout the company. We also hold training sessions for all employees of Nomura Trust and Banking and for employees of Group companies, as well as more specialized training for specific departments, or based on specific topics.

# Internal Control System – Risk Management

## Risk Management System

We position enhancement of risk management as an important pillar of our management goals in order to ensure that our management is sound and appropriate. By making disclosures in compliance with Basel III and building an integrated risk management system, we comprehensively look at various risks of the company and compare them against our management strength, thereby securing profits commensurate with risks and appropriate allocation of management resources.

## Risk Appetite

Appropriate risks to take and risk management are discussed by the Board of Directors and the Executive Management Board, and qualitative and quantitative risk appetites are determined, based upon which business strategies are drawn up. In addition, we share Nomura Group's basic philosophy of "placing clients at the heart of everything we do," and always work to operate our business by putting our customer-oriented perspective (fiduciary duty) into practice.

## Top Risk Management

The main types of risks that are considered highly influential in our business operations include

- Credit deterioration of large borrowers,
- Sharp decline in the value of assets held, and collateral due to financial market turmoil,
- Destabilization of currency funding,
- Circumstances that hinder the sound execution of affairs,
- Cyberattacks and system failures,
- Financial crimes such as money laundering,
- Legal and compliance irregularities,
- Epidemics of serious infectious diseases, and
- Large-scale disasters such as major earthquakes etc, among others.

These risks are discussed by the Executive Management Board and the Risk Management Committee, in order to perform appropriate risk management.

## Integrated Risk Management

The Board of Directors has formulated the "Integrated Risk Management Policy" as our basic risk management policy to establish a proper management system of all risks. Based on this policy, the Executive Management Board has specified the "Regulations on Integrated Risk Management" to clearly define and classify various risks and also determined various risk management methodologies, thereby ensuring the effectiveness of the rules.

To monitor risks, the Corporate Risk Management Department is established as a division responsible for integrated risk management independent of the business promotion division. It is engaged in day-to-day integrated risk management activities under the guidance and approval of the manager of the integrated risk management division. The integrated risk management division regularly reports the status of risk management to the Executive Management Board, the Risk Management Committee and the Audit and Supervisory Committee members. In addition, the Internal Audit Department reviews the appropriateness, validity and efficiency of risk management. The risks defined by the company consist of credit risk, market risk, operational risk, liquidity risk and the banking account interest rate risk.

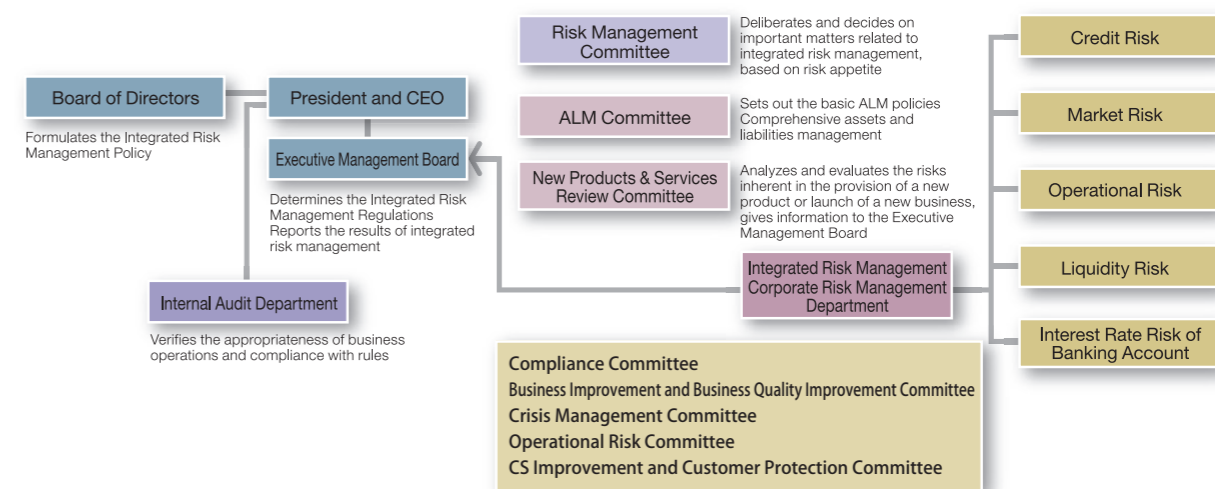
## Stress Tests

We perform comprehensive stress tests based on scenarios built around the impacts of possible significant events, allowing us to perform integrated risk evaluations, informing the Risk Management Committee, etc. Additionally, we also perform stress tests as necessary using individual scenarios built around credit risk, market risk, and liquidity risk, in order to enhance our stress test-based risk management system.

### Risk Management Classification

	Risk Classification		Responsible Department
Integrated Risk Management	Credit Risk		Corporate Risk Management Department
	Market Risk	Interest rate risk	Corporate Risk Management Department
		Foreign exchange risk	
		Price fluctuation risk	
	Operational Risk	Administrative risk	Operations Planning Department
		System risk	IT Planning & Control Department
		Information security risk	Compliance Control Department・IT Planning & Control Department
		Legal and compliance risk	Compliance Control Department
		Outsourcing risk	Operations Planning Department
		Human Risk	Human Resource and General Affairs Department
Tangible Risk		Human Resource and General Affairs Department	
Other operational risks		Operations Planning Department	
Liquidity Risk	Funding risk	Corporate Risk Management Department	
	Market liquidity risk		
	Interest Rate Risk of Banking Account		Corporate Risk Management Department

## Risk Management Framework



## Credit Risk

Credit risk is defined as the risk of incurring losses due to a decline or loss of the value of assets (including off-balance sheet assets) as a result of deterioration of the financial condition of debtors, etc. It also includes the risk of incurring losses due to a serious decline or loss of the value of assets (including off-balance sheet assets) as a result of a series of deteriorations of the financial conditions of debtors, etc., owing to a heavy concentration of credit on a certain debtor or a certain group which has close financial ties with a certain debtor in comparison to our equity or management strength. This is called credit concentration risk.

We have procedures and standards in place for controlling credit risks using risk diversification and portfolio management theories in accordance with the "Credit Risk Management Policy" and the "Credit Risk Management Regulations." The Corporate Risk Management Department centrally controls credit risk management activities and regularly reports the status of credit risk management to the Risk Management Committee.

## Credit Rating System

Credit ratings are determined not only by conducting scoring based on a rating model using the financial information of debtors, but also by utilizing the latest important information available including qualitative information on managerial risk, legal risk etc. which may affect the conditions of debtors and external credit ratings or the credit standing of associated companies. These ratings are classified into 20 levels.

## Screening of Credit Proposals

Screening of each credit proposal is performed by the Credit and Trust Risk Management Department, which makes accurate and rigorous credit decisions based on the credit ratings, fully taking account of our public and social missions as a financial institution to maintain soundness of the bank's assets.

## Exposure (Credit Amount) Management

With the identification of exposure for each debtor or each group of debtors positioned as the core of credit risk management, we centrally and comprehensively control not only loans but also other on-balance and off-balance items. Off-balance sheet transactions are managed using the current exposure method. Based on the above, we measure and monitor credit risk.

## Self-Assessment

As for self-assessment of assets involving credits, we implement self-assessments through strict classification of credits based on debtor categorization linked to credit ratings, in accordance with the "Asset Assessment Standard," and carry out proper write-offs of credits and provide allowances using the accumulated default ratio for each credit rating, etc.

# Internal Control System – Risk Management

## Market Risk

Market risk is defined as a risk of incurring losses due to fluctuation of the value of assets and liabilities (including off-balance assets and liabilities) as a result of changes in market risk factors such as interest rates, foreign exchange rates and security prices. Market risks consist of interest rate risk, foreign exchange risk and price fluctuation risk.

To properly control market risks, the Risk Management Committee clarifies the basic concept of market risk management, and we set position limits, VaR limits, loss-cut rule etc. accordingly. In addition, we have established the Corporate Risk Management Department which, as an independent department responsible for company-wide market risk management, monitors the positions and profit and loss on a daily basis and reports the compliance status of limits etc.

### Foreign Exchange Transactions

We operate our business guided by a policy of, whenever possible, avoiding taking market risks. Accordingly, we set the minimum required position limits and VaR limits.

### Fund Transactions

For general banking transactions, we also measure the positions and VaR and monitor profit and loss on a daily basis.

## Operational Risk

Operational risk is defined as a risk of incurring losses owing to inadequate business processes, activities of directors and employees or systems, or external events. As the department responsible for management of operational risks, the Operations Planning Department plays a central role in defining the risk categories to be managed and conducting operational risk management through the Risk and Control Self Assessment (RCSA) activities and collection and analysis of loss data, etc.

### Administrative Risk

Administrative risk is defined as the risk of incurring losses owing to directors or employees failing to perform accurate administration or committing errors or fraud. Both directors and employees of the company understand that administrative risk is present in all business activities, recognize the importance of mitigating administrative risks and take measures appropriate to mitigate this risk. Specifically, the Operations Planning Department plays a leadership role in ensuring consistent enhancement of the administrative procedures and systems, and each department provides guidance and training on administration to ensure proper administrative procedures.

In addition, the Business Improvement and Business Quality Improvement Committee, which is comprised of members from each department, promotes effective self-inspections and deliberates on and proposes actions to enhance business activities in general.

### System Risk

System risk is defined as the risk of incurring losses due to system troubles such as a computer system breakdown or malfunction and the risk of incurring losses due to an unauthorized use of computers. The IT Planning & Control Department assumes the responsibility for managing and controlling systems. Fully aware that risks arising from system troubles and cyber attacks etc. may affect not only our company but the entire market, we establish operational procedures and define the actions to be taken in an emergency.

Also, to secure continuous operation of business even in a time of emergency such as a disaster, we have built the Business Continuity Site (\*) as an alternative office, and the Disaster Recovery Center (\*) in a remote location, and have conducted drills on a regular basis. (\* Refer to Page 12.)

### Information Security Risk

Information security risk is defined as the risk of incurring losses due to a failure to maintain the confidentiality, integrity and availability of information assets and the environments for retaining and using information assets. We have established the "Information Security Management Regulations" to set clear policies on handling of information assets and information security as the guiding principles to be followed by directors and employees in their day-to-day activities. We try to reduce the information security risk by conducting proper management of information assets, taking actions according to the level of importance of information assets, imposing limits on the right of access to information assets and giving regular training etc. to both directors and employees.

## Legal and Compliance Risk

Legal and compliance risk is defined as the risk of incurring losses due to our failure to comply with required laws and regulations, internal rules, bylaws on business activities etc. and as the risk of incurring losses due to execution of business inappropriate for the protection of customers.

We have established the Compliance Control Department that specializes in management of legal and compliance risks etc. to ensure compliance with laws and regulations. The financial business has been becoming increasingly sophisticated and complicated in recent years. Accordingly, the risks to be dealt with by financial institutions are also becoming more diversified.

Amid such circumstances, confirming not only laws but also other regulations and social demands has come to play a significant role. At The Nomura Trust and Banking, potential legal issues that may arise in the course of business are dealt with properly, mainly by the Compliance Control Department.

## Outsourcing Risk

Outsourcing risk, which exists when part of a company's businesses is outsourced, is defined as the risk of incurring losses by non-performance of outsourced companies from the viewpoint of customer protection and appropriate operation, such as not complying with the local legal requirements, etc. We have set standards for making decisions on whether or not to outsource our operations and the selection of outsourcing companies and have a system in place for ensuring proper management by regularly monitoring the status of business execution at the outsourcing companies.

## Human Risk

We define human risk as the possibility of causing disadvantage through unequal, unfair, or discriminatory personnel management behavior. To manage human risks, our Human Resource and General Affairs Department takes a leading role in performing proper management and administration of human resources for matters such as employment status, as well as in providing education, training, and guidance in the workplace.

## Tangible Asset Risk

We define tangible asset risk as the possibility of causing damage or loss of tangible assets through disasters or other phenomena. To manage tangible asset risks, our Human Resource and General Affairs Department takes a leading role in ascertaining the current states of the company's tangible assets, and works to prevent damage or loss caused by disasters or illegal conduct.

## Other Operational Risks

Operational risks other than those listed above are categorized as other operational risks, and the operations planning department responsible for management of operational risks is considering necessary actions.

## Liquidity Risk

Liquidity risk is defined as the risk of incurring losses when we have difficulty securing necessary funds or are forced to raise funds at an interest rate much higher than the usual rates due to a mismatch between investment and procurement periods or unexpected cash outflow, and as the risk of incurring losses when we are unable to execute trades due to a market disruption or forced to accept trades at an extremely unfavorable price.

We try to reinforce our liquidity management framework and upgrade our management approach, and at the same time, we operate business by paying adequate attention to liquidity. For example, the monthly Risk Management Committee and the ALM Committee checks the fund positions and the market trend etc. for each product we offer and then sets a policy for the future.

We also monitor the fund-raising status of both yen and foreign currencies and report to Risk Management Committee and ALM Committee which meet on a monthly basis. Furthermore, we set modes according to the market liquidity etc. and specify management standards for each mode, and manage fund positions accordingly.

## Interest Rate Risk of Banking Accounts

Interest rate risk of banking accounts is defined as the risk of incurring losses owing to changes in asset values in the banking accounts as a result of interest rate fluctuations. We perform appropriate monitoring and management by reporting the risk status to the Risk Management Committee, etc.



# Internal Control System – Risk Management

# Internal Control System – Customer Protection Management

## Business Continuity

We believe that to ensure sustainable development of the company, it is essential to deal appropriately with various disasters that may have a significant impact on company management.

Our mission is “to firmly protect assets entrusted by customers” and to continue to be a trust bank that earns the confidence and trust of customers.

To attain this purpose, we are making the following efforts to prepare for contingencies guided by the concept, “developing a business continuity plan for sustaining day-to-day operations and securing necessary data (market information and information on transactions and trades, settlement of funds and securities, social and economic condition, etc.)”.

### Organizational Structure

We have established the Crisis Management Committee to review various measures for emergencies including natural disasters, cyberterrorism, serious accidents, infection and give suggestions and make reports to the Executive Management Board.

The Crisis Management Committee discusses actions to be taken in a case where the offices or systems are not available for use due to a disaster or other events, and in the event of an emergency, the Committee is expected to play a central role as an emergency headquarters.

### Formulation of a Business Continuity Plan

We have formulated a Business Continuity Plan to ensure the smooth implementation of measures when a natural disaster or a cyberterrorism has occurred.

In addition to a basic policy on disasters, definition of damage and disaster scenarios, the plan stipulates an organization to deal with emergencies, measures of securing safety of personnel and assets, and measures of securing communication tools, etc. to prepare for an emergency.

Each department defines priorities and alternative means for continuing business in an emergency, creates a checklist and reviews its effectiveness in a business resumption drill.

### Enhancement of Infrastructure

We take the following actions to enhance facilities in accordance with the Business Continuity Plan:

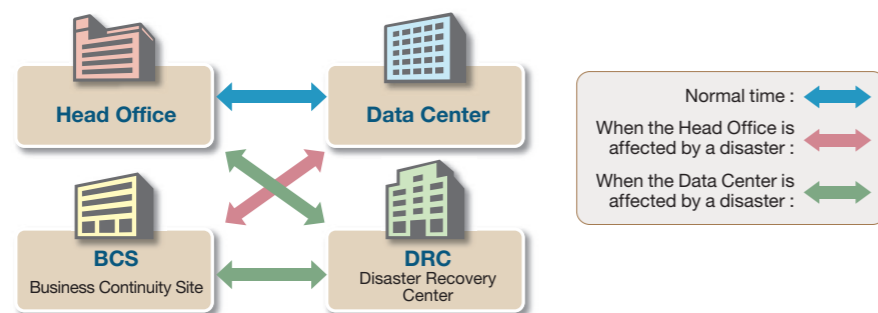
#### Establishment of a Business Continuity Site (BCS)

We built a BCS for sustaining the core businesses in a case where we are unable to continue operations at the Head Office of The Nomura Trust and Banking.

The location of the site was selected after taking into account a number of conditions including firmness of the ground, distance from the Head Office and being within a residential urban area.

#### Establishment of a Disaster Recovery Center (DRC)

The servers in the Data Center used in daily operation are made duplex, so if any server fails, it can be immediately switched within the Data Center. We established a DRC at a location sufficiently far from the Data Center as to back up the data in case the Data Center was affected by wide-scale disaster.



### Business Resumption Drill Based on the Business Continuity Plan

We regularly conduct an evacuation drill to the BCS and a business resumption drill based on a disaster scenario created from the viewpoints of time, location and scope of the disaster. We also perform a drill of the process of switching functions to the DRC at least once a year.

## Customer Protection Management

We have established the Management Policy for Customer Protection and the Management Policy for Conflicts of Interests as basic policies concerning customer protection in order to protect legitimate interests and improve customer convenience, and we strive to enhance and reinforce our customer protection management system. The manager in charge will be assigned for customer explanation management, customer support management, customer information management, outsourcing management, and conflict of interest management to ensure the effectiveness of internal procedure concerning customer protection.

We have also established the CS Improvement and Customer Protection Committee, which reports the situation and CS improvements to the Board of Executive Officers regularly or as needed. The Board verifies the effectiveness of the customer protection management system of the company and reviews it if necessary.

### Conflicts of Interest Management Policy

We have formulated the “Conflicts of Interest Management Policy” to properly manage transactions which may unduly undermine customers’ interests. The “Conflicts of Interest Management Policy” specifies and categorizes transactions involving conflicts of interest that need to be managed and provides rules on the conflicts of interest management system including methods of managing conflicts of interest.

For our “Conflicts of Interest Management Policy,” please visit our company Website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

### Solicitation Policy

We have established the “Act on the Provision of Financial Services” in accordance with the “Law on Sales of Financial Products” and other applicable laws, and appropriately solicit customers for our financial products based on this Policy.

For details of the “Solicitation Policy,” please visit our website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

### Personal Information Protection Policy

We have established the “Personal Information Protection Policy” in accordance with the Act on the Protection of Personal Information, and based on this policy, we take various steps necessary to prevent leakage of personal information and to safely control personal information to pursue appropriate personal information management.

For details of the “Personal Information Protection Policy,” please visit our website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

### Basic Policy for the Handling of Specific Personal Information

We have established the Basic Policy for the Handling of Specific Personal Information in accordance with the Act on the Use of Number to Identify a Specific Individual in Administrative Procedures. We take various steps as necessary to prevent the leakage of personal information, and to safely control specific personal information to pursue appropriate personal information management.

For details on the Basic Policy for the Handling of Specific Personal Information, please visit our website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

### Best Execution Policy

When we have received an order for securities listed on domestic financial instruments exchanges as part of operations of a registered financial institution stipulated in the Article 33-2 of the Financial Instruments and Exchange Act, we make efforts to mediate the execution of trades in accordance with the “Best Execution Policy” in cases where no instruction regarding execution of trades is given by our customer.

For details of the “Best Execution Policy,” please visit our website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

### Policy on Customer-Oriented Business Conduct

We have established the Policy on Customer-Oriented Business Conduct, and, as a trust bank of Nomura Group, we strive to provide services that truly satisfy our customers, based on the dynamism generated through the fusion of banking, trust, and securities operations, and which are in accord with our basic philosophy of “placing clients at the heart of everything we do.”

For details of our Policy on Customer-Oriented Business Conduct, please visit our website at <https://www.nomura-trust.co.jp/>. (Japanese version only)

## Status of efforts to improve management of small and medium-sized enterprises (SMEs) and to revitalize regional communities

### (1) Our policy regarding efforts to support management of SMEs

Both Our directors and employees are aware of the public nature and social responsibility inherent in our operations and are committed to fully performing our financial intermediary function properly and actively while giving consideration to securing sound and appropriate operation of our business. When we receive applications for a new loan and a change in terms and conditions of loans etc. from SME customers, we examine them based on the financial condition etc. of these enterprises and give proper and adequate explanations to the customers. If necessary, we properly offer management consulting and guidance services and support their efforts to improve management.

In addition, we promote financing that is not dependent on personal guarantees of company presidents. When we do require personal guarantees of company presidents, we follow the Guidelines for Personal Guarantees of Company Presidents, formulated by the Japanese Bankers Association and a study group with a secretariat at the Japan Chamber of Commerce and Industry: we explain to the client which criteria are considered insufficient of the three criteria required for personal guarantees (1. separate and detached relationship between the corporation and the company president, 2. sound financial base, and 3. timely and appropriate financial disclosures), and what improvements could be made to increase the likelihood of the personal guarantee being modified or rendered unnecessary.

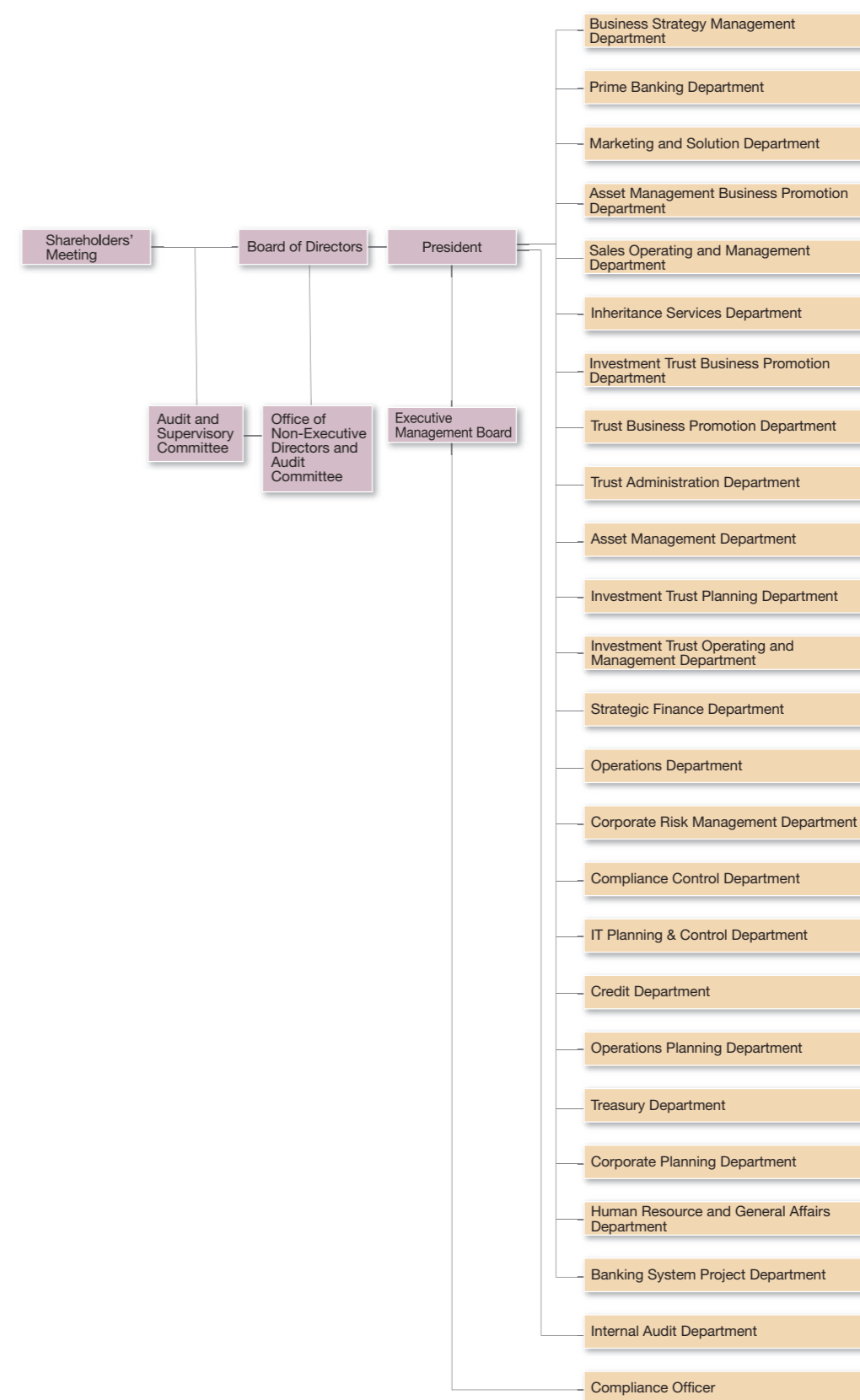
### (2) Enhancement of internal systems to support management of SMEs

We have appointed the Finance Facilitation Manager who centrally controls our finance facilitation management system. The Finance Facilitation Manager offers management consultation and guidance services to SME customers in collaboration with the sales promotion division and the credit examination division to support their businesses and also assists in the preparation of management reorganization plans. As we support the management of SME customers, we properly collaborate with certified tax accountants, lawyers, certified public accountants and other outside experts and organizations while paying attention to our confidentiality obligation.

### (3) Status of efforts to support management of SMEs and to revitalize regional communities

We deal with customer inquiries and consultations sincerely and honestly, and we contribute to revitalizing regional communities by offering the best possible solutions after assessing their life stages and the degree of sustainability of their businesses etc. both appropriately and carefully, actively leveraging our professional expertise as well as our network with outside experts and organizations as necessary.

■ Organizational Chart (As of August 1, 2023)



# Directors, Senior Managing Directors and Employees

# Business Description

## Directors and Executive Officers (as of August 1, 2023)

Directors	
Chairman of the Board of Directors	Takehisa Yanai
Representative Director	Shinichi Okada
Director	Kimimori Yano
Director	Atsuko Yamakawa
Director	Masato Kono

Senior Managing Directors		
President & CEO	Shinichi Okada	
Executive Vice President	Masayuki Yamada	Marketing & Business Strategy
Senior Corporate Managing Director	Yuzuru Yanagawa	Business Strategy
Senior Managing Director	Koji Hagiwara	Marketing & Client Relations, Trust Business
Senior Managing Director	Masayuki Usui	Corporate
Senior Managing Director	Hideto Matsuno	Corporate
Senior Managing Director	Masaharu Uematsu	Marketing & Client Relations
Senior Managing Director	Hayato Sasaki	Asset Management and Human Resources
Senior Managing Director	Hiroyuki Muromachi	Corporate Planning, Treasury and IT
Senior Managing Director	Takazo Nishihara	Investment Trust Business

## Employees

	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Number of employees	460	484	489	505	536
Average length of service	7 years and 5 months	7 years and 7 months	8 years and 0 months	8 years and 2 months	8 years and 2 months
Average monthly salary (thousand yen)	560	575	585	588	571

## Rating Information (as of August 1, 2022)

S&P		JCR	R&I	
Long Term	Short Term	Long-Term Issuer Rating	Long-Term Debt	Short-Term Debt
A-	A-2	AA-	A+	a-1

## Trust Business

- **Specified Money Trusts and Specified Pecuniary Trusts Other Than Money Trusts**  
Trust in which the funds are managed and invested, mainly in securities, according to the instructions provided by the trustors.
- **Individually Operated Designated Money Trusts ("Shiteitan") and Individually Operated Designated Pecuniary Trusts Other Than Money Trusts ("Fund Trust")**  
Trust in which the funds are managed and invested at the discretion of the trustees within the scope in which the type of investment assets and the investment method are designated by the trustors.
- **Jointly Operated Designated Money Trusts**  
Money trusts in which the trust funds are managed and invested jointly with other trust funds on the basis of the same contract and provisions.
- **Composite Trusts**  
Trust undertaken as a set of assets comprised of a number of properties including securities and money.
- **Investment Trusts**  
Trust in which funds are invested in securities, real estate etc. based on the instructions provided by the trustors (investment trust management companies), with the beneficiary rights being divided and sold to investors. Investment trust administration service / business based on instructions given by the investment trust management companies, we conduct settlement by delivery and payment of securities, rights handling, custody and compute the daily net asset value and unit price of each fund. We follow the instructions of investment trust management companies in conducting delivery settlements for marketable securities, rights handling and custody operations. We also verify net asset value and unit price of each fund.
- **Securities Trusts**  
Trust in which securities are used to set up a trust. There are three types of securities trusts depending on the purpose of the trustors; (1) securities administration trusts which are designed to administer securities, (2) securities management trusts for the purpose of management, and (3) securities disposition trusts for the purpose of securities disposition.

## Inheritance Business

- **Testamentary Trust Business**  
We perform management of notarized wills produced by testators, confirmation of inheritors and production of property inventories after execution of inheritance, execution of wills (changes in name registrations, cash conversion, etc.), and related tasks.
- **Inheritance Arrangement Business**  
After confirming inheritors, we provide support in producing property inventories and agreements on division of inheritance, as well as inheritance arrangements (changes in name registrations, cash conversion, etc.), after being entrusted by all inheritors to perform inheritance arrangement matters.

## Banking Business

- **Deposit Business**  
We handle ordinary deposits, current deposits, time deposits, foreign currency deposits, negotiable certificate of deposits, etc.
- **Lending Business**  
We handle loans on deed, overdrafts, etc.
- **Domestic Exchange Business**  
We handle remittance, money transfer, etc.
- **Foreign Exchange Business**  
We handle foreign remittances and various operations concerning other foreign exchange transactions.

## Securities Business

- **Investment Trust Over-the-Counter Sales and Account Administration Business**  
Investment trust over-the-counter sales: we sell primarily private placement investment funds which are incorporated into fund-of-funds and/or prepared for a financial institution or a pension plan.  
Account administration business: we provide account administration services for transferred investment trusts, playing the role of supporter for investment trust over-the-counter sales made by regional financial institutions, including regional banks and second-tier regional banks.
- **Corporate Bond Administration Business and Fiscal Agent for Corporate Bond**  
Corporate bond administration business: we provide services as a corporate bond administrator, which must be designated from the viewpoint of investor protection at the time of bond issue by the Companies Act of Japan.  
Fiscal agent for corporate bond: we handle fiscal matters as an agent of an issuer company for bonds without administrator, including issuance, premature redemption and redemption at maturity of bonds (disbursement of principal and interest).
- **Investment Advisory and Agency Business and Investment Management Business**  
We, based on trust agreements and /or discretionary investment contracts, provide asset management services to clients.

# Company History

## History

August 1993	Established as The Nomura Trust and Banking Co., Ltd. (paid-in capital: 30 billion yen). <August 24>
October	Started business with 71 executives and employees. <October 1>
June 1994	Designated as a bond registered organization.
September 1995	Served as a Fiscal Agent for corporate bonds for the first time in Japan.
November	Joined Domestic funds transfer system.
October 1997	Obtained business approval of specified money trusts and designated money trusts.
November 1999	Obtained business approval of pension trusts and jointly operated designated money trusts.
October 2001	Nomura Securities Group (currently called "Nomura Group") moved to a holding company system.
January 2002	Accepted entrustment of asset management institution operations in defined contribution pension plan.
February	Obtained business approval of real estate trusts stock transfer agency and various agency operations.
June 2003	Moved to a "company with committees" management system.
July 2004	Moved Head Office in Tokyo from Nihonbashi, Chuo-Ward, Tokyo to Otemachi, Chiyoda-Ward, Tokyo.
March 2005	Started business by designating Nomura Securities as a trust contract agent.
June	Handled security interest trust and intellectual property right trust. Obtained approval for business including execution of wills and settlements of inheritance.
February 2006	Started marketing and handling "Mochi-loan" (employee stock-ownership plans tie-up loan).
July	Obtained approval for the discretionary investment contract related business.
September	Started business by designating Nomura Securities as a bank agent. Started "Banking Service (internet banking)" services.
April 2007	Balance of investment trust assets exceeded 10 trillion yen.
May	Opened Osaka representative office (Closed in July 2016).
August	Started marketing and handling "E-Ship" (trust-type employee stock-ownership incentive plan).
July 2008	Started servicing "Nomura Web Loan" (loans secured by securities) via "Banking Service."
October 2009	Made NikkoCiti Trust and Banking Corporation (trade name changed to NCT Trust and Banking Corporation in March 2010) a subsidiary.
July 2010	The Nomura Trust and Banking merged with NCT Trust and Banking Corporation (surviving company: The Nomura Trust and Banking Co., Ltd.)
May 2011	Established the East Japan Restoration Support Fund jointly with Nomura Securities and Nomura Asset Management. (Redemption in May 2016)
October 2012	"Banking Service" systems totally renewed.
October 2013	20th anniversary since starting business.
April 2015	Started inheritance services using Nomura Securities as an agent.
April 2016	Started a connection between "Banking Service" and "Nomura Net & Call," which is offered by Nomura Securities
January 2018	Started marketing and handling "Wrap-Trust" (living trust as a will substitute) using Nomura Securities as an agent.
April 2019	Changeover to new company structure as a company with an audit and supervisory committee.
August 2020	Balance of investment trust assets exceeded 20 trillion yen.
September	Started marketing and handling "Wrap-Trust" (living trust as a will substitute) by designating The San-in Godo Bank as a trust contract agent.
April 2021	Started marketing and handling "Wrap-Trust" (living trust as a will substitute) by designating The Awa Bank, Ltd. as a trust contract agent.
November	Balance of investment trust assets exceeded 30 trillion yen.
December 2022	Establishment of Nomura Trust and Banking Sustainability Policy
March 2023	Started marketing and handling "Wrap-Trust" (living trust as a will substitute) by designating The Oita Bank, Ltd. as a trust contract agent.
May	Started marketing and handling "Wrap-Trust" (living trust as a will substitute) by designating The Fukui Bank, Ltd. as a trust contract agent.

## Financial Data

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# Financial Statements

## Balance Sheets

(Millions of yen)

Item	March 31,2022	March 31,2023
<b>Assets:</b>		
Cash and due from banks	315,449	696,405
Due from banks	315,449	696,405
Securities	487,554	325,974
Government bonds	69,848	53,488
Local government bonds	144,047	86,348
Corporate bonds	56,835	41,842
Other securities	216,822	144,294
Loans	712,980	798,222
Loans on deeds	156,082	146,665
Overdrafts	556,897	651,556
Foreign exchanges	2,069	2,872
Due from foreign banks (our accounts)	2,069	2,872
Other assets	109,431	84,933
Income taxes refund receivable	—	1,089
Prepaid expenses	164	210
Accrued income	5,492	5,291
Derivatives other than for trading-assets	43,592	38,135
Cash collateral paid for financial instruments	43,276	23,617
Other	16,906	16,589
Tangible fixed assets	613	434
Buildings	262	198
Other	350	236
Intangible fixed assets	5,930	5,280
Software	5,838	4,314
Software in progress	90	964
Other	1	1
Deferred tax assets	8,771	10,590
Allowance for loan losses	(2,742)	(1,439)
<b>Total assets</b>	<b>1,640,057</b>	<b>1,923,274</b>

## Balance Sheets

(Millions of yen)

Item	March 31,2022	March 31,2023
<b>Liabilities:</b>		
Deposits	1,027,863	1,172,191
Current deposits	13,322	12,676
Ordinary deposits	424,984	489,042
Time deposits	497,777	579,066
Other deposits	91,779	91,404
Negotiable certificates of deposit	158,456	250,556
Call money	90,119	45,309
Payables under repurchase agreements	17,812	—
Borrowed money	53,000	81,500
Borrowings from others	53,000	81,500
Due to Trust Accounts	143,138	235,430
Other liabilities	58,068	45,915
Income taxes payable	1,081	343
Accrued expenses	5,900	5,939
Unearned revenue	310	268
Derivatives other than for trading-liabilities	46,062	35,318
Cash collateral received for financial instruments	2,252	1,855
Asset retirement obligations	374	375
Other	2,086	1,815
Provision for bonuses	1,315	1,308
Provision for retirement benefits	1,403	1,506
<b>Total Liabilities</b>	<b>1,551,178</b>	<b>1,833,717</b>
<b>Net assets:</b>		
Capital stock	50,000	50,000
Capital surplus	28,270	28,270
Legal capital surplus	20,000	20,000
Other capital surplus	8,270	8,270
Retained earnings	14,933	15,310
Legal retained earnings	1,637	1,871
Other retained earnings	13,295	13,439
Retained earnings brought forward	13,295	13,439
Total shareholders' equity	93,203	93,580
Valuation difference on available-for-sale securities	(4,477)	(5,905)
Deferred gains or losses on hedges	153	1,880
Total valuation and translation adjustments	(4,324)	(4,024)
<b>Total net assets</b>	<b>88,878</b>	<b>89,556</b>
<b>Total liabilities and net assets</b>	<b>1,640,057</b>	<b>1,923,274</b>

# Financial Statements

## Statements of Income

(Millions of yen)

Item	FY2021	FY2022
<b>Ordinary Income</b>	27,946	31,400
Trust fees	12,074	12,680
Interest income	8,402	10,335
Interest on loans	4,849	6,102
Interest and dividends on securities	3,807	4,331
Interest on call loans	(9)	2
Interest on due from banks	(176)	(324)
Interest on interest swaps	(65)	227
Other interest income	(1)	(3)
Fees and commissions	4,545	5,934
Fees and commissions on domestic and foreign exchanges	397	359
Other fees and commissions	4,148	5,575
Other operating income	2,918	2,415
Gains on foreign exchange transactions	2,821	—
Gains on sales of bonds	96	133
Income from derivatives other than for trading or hedging	—	2,221
Other	—	60
Other income	5	34
Gains on securities	4	—
Other	0	34
<b>Ordinary expenses</b>	24,334	29,154
Interest expenses	4,472	5,584
Interest on deposits	2,435	4,219
Interest on negotiable certificates of deposit	48	79
Interest on call money	147	1,095
Interest on payables under repurchase agreements	20	52
Interest on borrowings	(29)	24
Interest on interest swaps	1,850	111
Other interest expenses	0	0
Fees and commissions payments	1,083	992
Fees and commissions on domestic and foreign exchanges	203	146
Other fees and commissions	880	845
Other operating expenses	1,432	5,979
Loss on foreign exchange transactions	—	1,583
Loss on sales of bonds	416	2,223
Loss on redemption of bonds	—	2,172
Loss on devaluation of bonds	—	0
Expenses on derivatives other than for trading or hedging	966	—
Other	49	—
General and administrative expenses	16,167	16,378
Other expenses	1,178	220
Provision of allowance for loan losses write-off of loan	1,173	54
Depreciation on loan losses	0	—
Other	4	165
<b>Ordinary profit</b>	3,612	2,245

## Statements of Income (Continued)

(Millions of yen)

Item	FY2021	FY2022
<b>Extraordinary Income</b>	35	19
Other	35	19
<b>Extraordinary Loss</b>	280	0
Loss on disposal of noncurrent assets	0	0
Other	279	—
<b>Income before income taxes</b>	3,368	2,265
<b>Income taxes-current</b>	4,481	2,673
<b>Income taxes-deferred (deduction)</b>	(3,459)	(1,953)
<b>Total income taxes</b>	1,022	719
<b>Net income</b>	2,345	1,546

## Statements of Changes in Net Assets

(Millions of yen)

Item	FY2021	FY2022
<b>Shareholders' equity:</b>		
<b>Capital stock:</b>		
Balance at the beginning of the period	50,000	50,000
Changes of items during the period		
Issuance of capital stock	—	—
Total changes of items during the period	—	—
Balance at the end of the current period	50,000	50,000
<b>Capital surplus:</b>		
Legal capital surplus		
Balance at the beginning of the period	20,000	20,000
Changes of items during the period		
Issuance of capital stock	—	—
Total changes of items during the period	—	—
Balance at the end of the current period	20,000	20,000
Other capital surplus		
Balance at the beginning of the period	8,270	8,270
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	8,270	8,270
Total capital surplus		
Balance at the beginning of the year	28,270	28,270
Changes of items during the period		
Issuance of capital stock	—	—
Total changes of items during the period	—	—
Balance at the end of the current period	28,270	28,270
<b>Retained earnings:</b>		
Legal retained earnings:		
Balance at the beginning of the period	1,563	1,637
Changes of items during the period		
Dividends from surplus	74	233
Total changes of items during the period	74	233
Balance at the end of the current period	1,637	1,871

# Financial Statements

## Statements of Changes in Net Assets (Continued)

(Millions of yen)

Item	FY2021	FY2022
Other retained earnings		
Legal retained earnings brought forward		
Balance at the beginning of the period	11,395	13,295
Changes of items during the period		
Dividends from surplus	(445)	(1,402)
Net income	2,345	1,546
Total changes of items during the period	1,900	143
Balance at the end of the current period	13,295	13,439
Total retained earnings		
Balance at the beginning of the period	12,958	14,933
Changes of items during the period		
Dividends from surplus	(371)	(1,169)
Net income	2,345	1,546
Total changes of items during the period	1,974	377
Balance at the end of the current period	14,933	15,310
<b>Treasury stock:</b>		
Balance at the beginning of the period	—	—
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	—	—
<b>Total shareholders' equity:</b>		
Balance at the beginning of the period	91,228	93,203
Changes of items during the period		
Issuance of capital stock	—	—
Dividends from surplus	(371)	(1,169)
Net income	2,345	1,546
Total changes of items during the period	1,974	377
Balance at the end of the current period	93,203	93,580
<b>Valuation and translation adjustments:</b>		
<b>Valuation difference on available-for-sale securities:</b>		
Balance at the beginning of the period	2,566	(4,477)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,044)	(1,427)
Total changes of items during the period	(7,044)	(1,427)
Balance at the end of the current period	(4,477)	(5,905)
<b>Deferred gains or losses on hedges:</b>		
Balance at the beginning of the period	(3,326)	153
Changes of items during the period		
Net changes of items other than shareholders' equity	3,479	1,727
Total changes of items during the period	3,479	1,727
Balance at the end of the current period	153	1,880
<b>Total valuation and translation adjustments:</b>		
Balance at the beginning of the period	(759)	(4,324)
Total changes of items during the period		
Net changes of items other than shareholders' equity	(3,565)	300
Total changes of items during the period	(3,565)	300
Balance at the end of the current period	(4,324)	(4,024)
<b>Total net assets:</b>		
Balance at the beginning of the period	90,469	88,878
Total changes of items during the period		
Issuance of capital stock	—	—
Dividends from surplus	(371)	(1,169)
Net income	2,345	1,546
Net changes of items other than shareholders' equity	(3,565)	300
Total changes of items during the period	(1,590)	677
Balance at the end of the current period	88,878	89,556

## Statements of Cash Flows (Non-Consolidated, Indirect Method)

(Millions of yen)

Item	FY2021	FY2022
<b>I Net cash provided by (used in) operating activities:</b>		
Income before income taxes	3,368	2,265
Depreciation and amortization	2,740	2,605
Increase (decrease) in allowance for loan losses	1,173	(1,303)
Increase (decrease) in provision for bonuses	57	(6)
Increase in provision for retirement benefits	94	103
Other extraordinary income	(35)	(19)
Interest income	(8,402)	(10,335)
Interest expenses	4,472	5,584
Loss (gain) related to securities	364	4,204
Foreign exchange losses (gains)	(17,338)	(16,322)
Gains (loss) on disposal of tangible fixed assets	0	0
Net decrease (increase) in derivative assets	(21,046)	5,456
Net increase (decrease) in derivative liabilities	18,112	(10,744)
Decrease (increase) in deferred losses on hedge	4,191	941
Increase (decrease) in deferred profits on hedge	836	1,650
Net decrease (increase) in loans	(108,678)	(85,241)
Net increase (decrease) in deposit	96,192	144,327
Net increase (decrease) in negotiable certificates of deposit	42,440	92,100
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	800	28,500
Net decrease (increase) in due from banks (excluding deposit paid to Bank of Japan)	0	(8)
Net decrease (increase) in cash collateral	(22,771)	19,236
Net increase (decrease) in call money	25,379	(62,622)
Net increase (decrease) in foreign exchanges-assets	5	(803)
Net increase (decrease) in due to trust accounts	(151,688)	92,291
Actual interest income	8,631	14,201
Actual interest expenses	(4,541)	(9,268)
Net decrease (increase) in temporary payment	4,179	426
Net decrease (increase) in temporary receipt	52	(318)
Other	(419)	56
Sub total	(121,828)	216,958
Income taxes paid	(1,827)	(4,707)
Net cash provided by (used in) operating activities	(123,656)	212,251
<b>II Net cash provided by (used in) investment activities:</b>		
Purchase of securities	(107,233)	(46,262)
Proceeds from sales of securities	13,751	111,041
Proceeds from redemption of securities	44,613	106,852
Purchase of tangible fixed assets	(42)	(47)
Purchase of intangible fixed assets	(980)	(1,717)
Net cash provided by (used in) investing activities	(49,891)	169,865
<b>III Net cash provided by (used in) financing activities:</b>		
Proceeds from issuance of stocks	—	—
Payment of subordinated borrowings	—	—
Cash dividends paid	(371)	(1,169)
Net cash provided by (used in) financing activities	(371)	(1,169)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	—	—
<b>V Net increase (decrease) in cash and cash equivalents</b>	(173,918)	380,948
<b>VI Cash and cash equivalent at the beginning of the period</b>	489,351	315,432
<b>VII Cash and cash equivalents at the end of the period</b>	315,432	696,380

### [Scope of Cash and Cash Equivalents]

Cash and cash equivalents consist of cash and due from the Bank of Japan included in "Cash and dues from banks" on the balance sheets.

# Financial Statements

## ■ Notes to Financial Statements

The amounts less than one million yen are rounded down.

### Significant Accounting Policies

#### 1. Trading Assets & Liabilities and Trading Income & Expenses

Trading transactions intended to capitalize on short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of financial instruments markets and related indices (hereinafter called "Trading Purposes") are recognized on a trade-date basis and recorded in "Trading assets" or "Trading liabilities" on the balance sheets. Income or expenses generated by the relevant trading transactions are recorded in "Trading income" or "Trading expenses" on the statements of income.

Trading assets and trading liabilities are stated at fair value on the balance sheet date, and derivatives, such as swaps, futures and options, are stated at their fair values, assuming that such transactions were terminated and settled on the balance sheet date.

Trading income and trading expenses include interests received and paid during the fiscal year, gains or losses resulting from any change in the value of securities and other monetary claims between the end of the preceding fiscal year and the end of the current fiscal year and gains or losses resulting from any change in the value of derivatives between the end of the preceding fiscal year and the end of the current fiscal year, assuming they were settled at the end of the fiscal year.

#### 2. Evaluation for Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method (the straight-line method), and other available-for-sale securities are stated at the market value (with selling costs being calculated mainly by the moving average method). However, securities whose fair values cannot be reliably determined are stated at cost determined by the moving average method.

Unrealized gains and losses on other securities available for sale are included in net assets.

#### 3. Basis and Methods of Derivatives

Derivatives are stated at fair value (excluding those for Trading Purposes).

#### 4. Depreciation Method for Fixed Assets

##### (1) Tangible Fixed Assets

Tangible fixed assets are computed using the declining balance method (while the straight-line method is applied to buildings (except for facilities attached to the buildings) acquired on April 1, 1998 or later, as well as structures and facilities attached to the buildings acquired on April 1, 2016 or later).

Principal useful lives are as follows:

Buildings: 3 years to 15 years

Furniture and fixtures: 3 years to 20 years

##### (2) Intangible Fixed Assets

Depreciation for intangible fixed assets is computed using the straight-line method. Especially, depreciation for capitalized software for internal-use is computed using the straight-line method based on useful life determined by us (5 years).

#### 5. Allowances

##### (1) Allowance for Loan Losses

Allowance for loan losses is provided as below, in accordance with the internally established standards for write-offs and provisions.

Claims to debtors in special mention and ordinary category, which are prescribed in the "Guideline for Practice Related to the Verification of Internal Control with respect to the Self-Assessment of the Assets of Banks and Other Financial Institutions as well as the Audit of the Bad Debt Written Off and Allowance for Doubtful Accounts" (Report No. 4 of the Ad Hoc Committee for the Audit of Banks etc. of JICPA) < April 14, 2022 >, are classified into specific categories, and the allowance is provided on the basis of the accumulated default ratio released immediately before the assessment day by the external rating agency defined in the Company's guidelines. Additionally, for some debtors, rating evaluations are made using internal rating models, and expected losses are recorded based on macroeconomic scenarios. For claims to debtors who are possibly bankrupt, an allowance is provided in the amount deemed necessary, net of the

expected amount of disposable collateral and the estimated amount of recoveries from guarantees. For claims to debtors who are legally bankrupt or virtually bankrupt, an allowance is provided for the full amount of such claims, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees. There were no loans to restructuring countries.

All claims are assessed by asset assessment divisions, in cooperation with the operating divisions, in accordance with the guidelines for the self-assessment of asset quality.

##### (2) Provision for Bonuses

Provision for bonuses, which is provided for future bonus payments to employees, is maintained at the amount accrued at the end of the fiscal year, based on the estimated future payments.

##### (3) Provision for Retirement Benefits

Provision for retirement benefits, which are provided to ensure future benefit payments to employees, is recorded as the required amount based on the projected obligation at the end of the fiscal year.

#### 6. Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen primarily at the exchange rate on the balance sheet date.

#### 7. Recognition of Revenues

Revenue is recognized in accordance with the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter called the "Revenue Recognition Accounting Standard") and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021), except for transactions related to financial instruments included in the scope of the Accounting Standards for Financial Instruments, and based on the following five-step approach:

Step 1 : Identify the contract with a customer

Step 2 : Identify the performance obligation in the contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligation in the contract

Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

Major obligations under contracts with customers in the main business, and the ordinary points in time for revenue recognition:

① Regarding trust fees, we are obligated to administer and manage the funds and other assets entrusted to us in accordance with the trust agreements.

Trust fees are recognized as revenue in accordance with fund trust contracts, based primarily on the following methods:

- Set percentage of daily total net assets
- Set percentage of average principal balance during the fiscal year
- Fees based on number of beneficiaries
- Fixed fees as determined in initial contract

These fees are recognized as revenue over the trust period of the fund, as fulfillment obligations are met over time.

② Regarding other commission fees, we cooperate with other Group companies in order to expand our customer base, transactions, and assets under custody, and we are obligated to utilize our business infrastructure to provide operational support to Group companies.

Other commission fees are recognized as revenue in accordance with the contract terms, based on the following:

- Set percentage of increase in assets under custody
- Set percentage of maintenance and operational costs related to offering services

③ Inheritance-related commission fees received are consideration for services rendered, for both preparation support for and preparation of notarized documents at the initial contract stage, and as the executor of wills after execution of inheritance.

For inheritance-related commission fees received, the fulfillment obligations are met at the time of completion of preparation support for or preparation of notarized documents, and at the time of completion of service as executor of wills, and the amount thereof at each stage is recognized in accordance with the contract terms.



## 8. Hedge Accounting

### (1) Hedges of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, we, as a general rule, apply deferral hedge accounting using portfolio hedges or individual hedges as stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24) <March 17, 2022>.

As for the method to assess hedge effectiveness, the effectiveness of portfolio hedges offsetting market fluctuations is assessed for each identified (i) group of hedged instruments and (ii) corresponding group of hedging instruments in the same time-to-maturity bucket. Individual hedges offsetting market fluctuations are deemed as highly effective due to being arranged in a manner that makes hedged and hedging instruments identical to each other in important requirements. For this reason, we have omitted an assessment of the effectiveness of such hedges.

In addition, the exceptional accrual method for interest rate swaps is applied in order to hedge interest rate risks arising from certain financial assets.

Additionally, for all hedging relationships of the above that fall under the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No. 40, March 17, 2022), the exceptional treatment set forth in the PITF is applied.

### (2) Hedges of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, we apply the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25)<October 8, 2020>.

As for the method of assessing the effectiveness of hedging activities, we designate currency swap transactions and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from monetary claims and liabilities denominated in foreign currencies, and assesses the effectiveness of such hedges by verifying that we hold the foreign currency positions of the hedging instruments corresponding to hedged monetary claims and liabilities denominated in foreign currency.

## 9. Consumption Taxes

Consumption tax and municipal consumption tax (hereinafter called "Consumption Taxes and Other") are accounted for using the tax-excluded method. However, non-deductible Consumption Taxes and Other related to tangible fixed assets are recorded in expenses for the current fiscal year.

### Changes to Accounting Policies

#### (Adoption of Implementation Guidance for the Accounting Standard for Fair Value Measurement)

Implementation Guidance on Accounting Standard for Fair Value Measurement(ASBJ Guidance No. 31, June 17, 2021; hereinafter called the "Fair Value Measurement Standard Implementation Guidance") applies as of this fiscal year, and the new accounting policies stipulated in the Fair Value Measurement Accounting Standard Implementation Guidance shall apply into the future, in accordance with the transitional handling stipulated in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. Consequently, some investment trusts, which had previously been stated on the balance sheet as available-for-sale securities at acquisition cost due to the extreme difficulty of determining their fair value, have been changed to now be stated on the balance sheet at their net asset value. Any effects this change may have on financial statements for this fiscal year are negligible.

### Significant Accounting Estimates

Items for which the amount has been recorded in the financial statements for this fiscal year, based on accounting estimates, and that may have a significant impact on the financial statements for the following fiscal year, are as follows.

#### Allowance for Loan Losses

##### 1. Amount Recorded in Financial Statements for This Fiscal Year

Allowance for loan losses: 1,439 million yen

##### 2. Information that Contributes to Understanding the Details of Significant Accounting Estimates for Identified Items

###### (1) Calculation Methods

The calculation methods for allowance for loan losses are shown under "Significant Accounting Policies," "5. Allowance," and "(1) Allowance for Loan Losses."

### (2) Key Assumptions

The key assumptions are "expected changes in future creditworthiness of borrowers in determination of debtor classification." These "expected changes in future creditworthiness of borrowers in determination of debtor classification" are set by individually evaluating the details of each debtor's earning revenue.

### (3) Effects on Financial Statements for the Following Fiscal Year

If the assumptions used in the initial estimates change, due to factors such as changes in the performance of individual borrowers, the allowance for loan losses in financial statements for the following fiscal year may be significantly affected.

### (Changes to Accounting Estimates)

The Company has categorized claims equivalent to normal claims and claims requiring caution based on certain types, and has recorded an allowance for loan losses based on the cumulative default rate published immediately prior to the base date of an assessment by an external rating agency, as stipulated in the Company standards. Effective as of the end of the current fiscal year, we perform rating evaluations for some debtors using internal rating models, in accordance with our parent company (Nomura Holdings, Inc.) group's recording standards for allowance for loan losses, and expected losses are recorded based on macroeconomic scenarios, etc. Any effects this change may have on the allowance for loan losses for this fiscal year are negligible.

### Additional Information

Effective starting this fiscal year, the Company has transitioned from the consolidated taxation system to the group relief system. Consequently, the accounting treatment and disclosure of corporation tax and local corporation tax shall be in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Relief System" (ASBJ PITF No. 42, August 12, 2021; hereinafter called "PITF No. 42"). Based on Paragraph 32 (1) of PITF No. 42, the Company presumes no effects from the changes to accounting policies due to the application of PITF No.42.

## Notes to the Financial Statements

### (Notes to the Balance Sheet)

1. Claims in accordance with the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Claims are stated on the balance sheet as "loans," "foreign exchanges," and "other assets" (accrued interest and temporary payments).

There are no applicable claims against bankrupt and substantially bankrupt debtors, doubtful claims, loans past due for three months or more, nor restructured loans.

"Claims against bankrupt and substantially bankrupt debtors" are claims against debtors who have fallen into business failure due to such causes as the commencement of bankruptcy proceedings, the commencement of reorganization proceedings, or petition for the commencement of reorganization proceedings, and similar claims.

"Doubtful claims" are claims against debtors who have not reached a state of business failure, but whose financial condition and business results have worsened, and for whom there is a strong likelihood that we will be unable to collect the principal of the claim and receive interest in accordance with the contract, but exclude claims against bankrupt and substantially bankrupt debtors.

Claims past due for three months or more are loans on which the principal and/or interest is three months or more past due but exclude claims to debtors who are legally bankrupt or non-accrual delinquent claims.

"Restructured loans" are loans on which contracts were amended in favor of debtors (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of debtors in financial difficulties, excluding claims against bankrupt and substantially bankrupt debtors, doubtful claims, or loans past due for three months or more.

2. With regard to participation loans, the principal amount of participation loans treated and presented in the balance sheet as loans to original debtors in accordance with the "Loan Participation Accounting Treatment and Representation" Report No. 3 issued on Nov 28, 2014 by the Accounting System Council of JICPA was 7,946 million yen. The principal amount of participation loans treated as sold to other banks was 7,705 million yen.

3. The following assets were pledged as collateral.

Assets pledged as collateral

Securities: 106,294 million yen

# Financial Statements

Liabilities collateralized by the above assets

Borrowings from others: 15,000 million yen

In addition to the above-mentioned assets, securities of 1,477 million yen were pledged as margin for transactions such as derivatives, as business guarantee deposits for trust services, and for other purposes.

Other assets included guarantee deposits of 16,066 million yen.

4. Contracts of overdraft and loan commitment limits are the contracts that we loan to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. The unused amount within the limits related to these contracts total 16,135 million yen. Of these, the amount for contracts whose original terms expire within one year is 9,400 million yen.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily affect our future cash flows. Most of these contracts have conditions that allow us to refuse the customers' application for a loan or decrease the contract limits with proper reasons such as changes in financial conditions, preservation of credit and other reasons. At the inception of contracts, we obtain real estate, securities as collaterals if considered necessary. Subsequently, we conduct periodic reviews of the customers' business results based on internal rules and reconsider conditions in contracts and/or take necessary measures to preserve credit when it is necessary.

5. Accumulated depreciation on tangible fixed assets 2,539 million yen

6. There were no liabilities for guarantees on corporate bonds included in "Securities," which are issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law).

7. There were no monetary claims for the directors arising from transactions with the directors.

8. There were no monetary liabilities for the directors arising from transactions with the directors.

9. Total amount of monetary claims for the affiliated companies 50 million yen

10. Total amount of monetary liabilities for the affiliated companies 3,274 million yen

11. We are subject to restrictions on the payment of dividends of surplus, pursuant to the provision of Article 18 of the Banking Act of Japan.

Notwithstanding the provision of Article 445, Paragraph 4 (Amounts of Capital and Amounts of Reserves) of the Companies Act of Japan, in the case where we pay dividends of surplus, it shall record the amount equivalent to one-fifth of the amount of the deduction from surplus as a result of the payments of such dividends of surplus as legal capital surplus or legal retained earnings.

The allocated legal retained earnings arising from payment of dividend of surplus for the current fiscal year were 233 million yen.

## (Notes to Statements of Income)

1. Income from transactions with a parent company, subsidiaries, and associated companies

Interest income: —million yen  
 Fees and commissions: 4 million yen  
 Other operating income: —million yen  
 Other income: —million yen

Expenses from transactions with a parent company, subsidiaries, and associated companies

Interest expenses: 0 million yen  
 Fees and commissions payments: —million yen  
 Other operating expenses: 942 million yen  
 Other expenses: —million yen

2. "Interest on due from banks" and "Other interest expenses" include negative-interest-rate transactions.

## (Notes to Statements of Changes in net assets)

1. Class of stock and number of shares issued and outstanding, and class of treasury stock and number of shares

(Thousands of shares)

	Number of Shares Outstanding at the Beginning of the Period	Increase	Decrease	Number of Shares Outstanding at the End of Current Period	Remarks
Issued shares	1,400	—	—	1,400	
Common stock	1,400	—	—	1,400	—

There were no treasury stocks.

2. There were no stock acquisition rights or treasury stock acquisition rights.

3. Matters relating to cash dividends

(1) A dividend with a reference date that belongs to the current business year

Resolution	Type of stock	Total amount of cash dividends paid (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of directors held on May 18, 2022	Ordinary	1,169	835	March 31, 2022	June 1, 2022

(2) A dividend with a reference date that belongs to the current business year and with an effective date that will be after the last day of the current business year

Resolution	Type of stock	Total amount of cash dividends paid (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of directors held on May 12, 2023	Ordinary	770	550	March 31, 2023	June 1, 2023

## (Notes to Financial Instruments)

### 1. The Condition of Financial Instruments

(1) Policy on Financial Instruments

We engage in the following three business areas as a trust bank of Nomura Group: "Banking business" which deals with deposits, loans, and foreign exchange; "Trust business" which involves managing the assets entrusted by our customers; and "Securities and asset management business" which includes securities transactions. Our agency business, which designates Nomura Securities as our bank agent and trust contract agent, provides deposits for individual customers through "Banking Service," an internet banking service, and yen-denominated derivative deposits for corporate customers. Our sources of finance include negotiable certificates of deposits and borrowed money in addition to deposits channeled through the agents.

By taking advantage of the competitive edge of Nomura's domestic sales infrastructure, we use the funds procured to provide loans to wealthy people, loan products with securities pledged as collateral such as "Nomura Web Loan" through our agency services, and loan products repackaged with securities, credit linked loan and to invest in securities focusing on JGB, local government bonds, agency bonds, and corporate bonds.

Market risk and liquidity risk arising from these financial assets and liabilities are comprehensively managed by, in addition to the front office, the independent middle office, the ALM Committee, and the Risk Management Committee.

(2) Nature and Extent of Risks Arising from Financial Instruments

We primarily invest in securities and loans, which are exposed to customer credit risk and issuer default risk, respectively. Loans secured by securities which account for some 90% of loan balance offer good security and have a limited credit risk. On the other hand, loans other than loans secured by securities are extended mainly to customers with high ratings on a short-term basis, but due to changes in the economic environment, it may be impossible for debtors to implement performance of obligations in accordance with the terms and conditions.

# Financial Statements

Securities mainly consist of government bonds, local government bonds, agency bonds and ancillary bonds, most of which are classified as "Available-for-sale securities." In addition, interest rate swaps are used to hedge interest rate risks for certain securities and hedge accounting is applied to these transactions.

Funding from the financial market such as call money is subject to possible difficulties preventing smooth funding due to shrinking market affected by financial environment, however, we hold securities deemed eligible collateral to keep liquidity risk at a certain level.

## (3) Risk Management Framework for Financial Instruments

### ① Credit risk management

At The Nomura Trust and Banking, the Credit Department conducts credit risk assessment of loans and securities for each individual transaction and individual issuer in order to prevent a credit event as a result of deterioration of an obligor's financial position. In addition, we conduct daily exposure management for each individual obligor and individual obligor group and utilize statistical methods to periodically measure credit risk.

In loan products, we take initiative in promoting pricing management based on credit ratings and enhancing the sophistication of credit portfolio management including the introduction of guidelines for each industry to control credit concentration risk. In addition, we monitor the trading conditions of marketable securities of collateralized loans regularly in order to maintain collecting risks under a certain level.

### ② Market risk management

#### 1) Market risk management framework

At The Nomura Trust and Banking, the Executive Management Board identifies the basic market risk management policy, accordingly, position limits, VaR limits and loss-cut rules are properly set to manage market risk. Foreign exchange transactions are, based on the policy of taking the least market risk, managed with the minimum necessary position limits and VaR limits. For loans, deposits, funds and securities transactions, we set position limits for each product and use interest rate swaps for hedge transactions to control risks arising from interest rate fluctuations within acceptable limits. These management plans in the banking account are discussed semiannually by the ALM Committee and the Risk Management Committee. The Corporate Risk Management Department reports daily position and profit-and-loss status to the responsible executive officers and related departments each business day.

#### 2) Quantitative information related to market risk

We use VaR with historical simulation model (confidence interval of 99% and holding period of 10 days for trading and 20 days for banking) to measure the market risk equivalent, wherein we define market risk as the risk of incurring losses due to fluctuations in interest rates, exchange rates, securities prices, etc. As of the end of March 2023, our market risk equivalent (estimated losses) of trading activities (foreign exchange transactions) was 14 million yen, whereas that of our banking activities was 1,555 billion yen.

We conduct back-testing on trading activities, comparing VaR calculated by the model with actual profit and loss. The back-testing conducted in FY 2022 showed that VaR was exceeded by actual profit and loss four times, which indicates that the model we use captures the market risk with satisfactory accuracy. However, since VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on historical market fluctuation data, there are cases in which VaR cannot capture risk under drastically changing conditions.

### ③ Liquidity risk management

Our fundamental policy of liquidity risk management is to comprehensively grasp the nature of assets and liabilities, management plans, and fluctuations in the market, to ensure the required smooth cash flow, and prevent unexpected losses. The fund position and the market trend for each type of financial product are confirmed monthly at the ALM Committee which determines future policies.

Reports on the daily cash flow situation are submitted to the responsible executive officers and related departments each trading day. We have established classifications for cash flow conditions, ranging from "normal," "caution" to "risky" and "critical," and have constructed a framework under which appropriate procedures for dealing with each case are taken in a timely manner.

## (4) Supplementary Explanation of Fair Value of Financial Instruments

Fair values of financial instruments include the values based on market prices, and the values deemed as market prices obtained by reasonable estimates when the financial instruments do not have market prices. Since certain assumptions and others are adopted to calculate such values, they may differ when adopting different assumptions and others.

## 2. Matters Relating to Fair Value of Financial Instruments

The following are the balance sheet amounts, fair values and differences between them as of March 31, 2023. Unlisted stocks and others, the fair values of which are extremely difficult to determine, are excluded from the table below. (Refer to Note 1) Notes are omitted for cash and due from banks, foreign exchanges (assets and liabilities), call money, and due to trust accounts, because their fair values approximate book values due to settlements within a short period of time.

	(Millions of yen)		
	Book Value	Fair Value	Difference
(1) Securities			
Held-to-maturity debt securities	25,163	26,983	1,819
Available-for-sale securities (*1)	299,354	299,354	—
(2) Loans	798,222		
Allowance for loan losses (*2)	(1,150)		
	797,072	796,966	(106)
<b>Total assets</b>	<b>1,121,591</b>	<b>1,123,304</b>	<b>1,712</b>
(1) Deposits	1,172,191	1,172,191	—
(2) Negotiable certificates of deposit	250,556	250,556	—
(3) Borrowed money	81,500	81,500	—
<b>Total liabilities</b>	<b>1,504,247</b>	<b>11,504,247</b>	<b>—</b>
Derivatives (*3)			
Derivative transactions not qualifying for hedge accounting	226	226	—
Derivative transactions qualifying for hedge accounting (*4)	2,591	1,089	(1,501)
<b>Total derivatives</b>	<b>2,817</b>	<b>1,316</b>	<b>(1,501)</b>

(\*1) Available-for-sale securities include investment trusts applicable under Paragraph 24-9 of the "Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), where the net asset value is considered the fair value.

(\*2) General and specific allowances for possible losses on loans are excluded.

(\*3) Net claims and debts that arose from derivatives are presented on a net basis and items which are net debts in total are presented in brackets.

(\*4) For all hedging relationships that fall under the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No. 40, March 17, 2022), the exceptional treatment set forth in the PITF is applied.

(Note 1) Book values of other securities for which there are no market prices and of investments in partnerships are indicated below, and are not included under "assets (1) available-for-sale securities" in the fair value information of financial instruments.

(Millions of yen)	
Item	Book Value
① Other securities (*1)	13
② Investments in Partnerships (*2)	1,441

(\*1) For other securities, we do not treat unlisted stocks as being subject to disclosure of fair values, in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).

(\*2) We do not treat investments in partnerships as being subject to disclosure of fair values, in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

# Financial Statements

(Note 2) The amount of monetary claims and securities with contractual maturities to be redeemed after the balance sheet date

(Millions of yen)

	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities						
Held-to-maturity debt securities	—	5,000	20,000	—	—	—
Available-for-sale securities	74,629	137,438	52,194	1,424	6,678	33,148
Loans (*)	657,199	60,372	40,595	18,598	14,243	7,212
Total	731,829	202,810	112,790	20,022	20,922	40,361

(\*) No money is expected to be recovered, such as claims to debtors who are legally bankrupt, virtually bankrupt, or possibly bankrupt.

(Note 3) The amount of borrowed money and other interest bearing debts to be repaid after the balance sheet date

(Millions of yen)

	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits (*)	946,178	22,513	7,700	—	15,400	180,400
Negotiable certificates of deposit	250,556	—	—	—	—	—
Call money	45,309	—	—	—	—	—
Borrowed money	—	—	15,000	—	2,500	64,000
Due to trust accounts	235,430	—	—	—	—	—
Total	1,477,474	22,513	22,700	—	17,900	244,400

(\*) Of the deposits, demand deposits are included "Due in 1 year or less." There are no bonds payable.

### 3. Disclosures Regarding the Fair Value of Financial Instruments by Level within the Fair Value Hierarchy

Fair values for these financial instruments are classified into the following three-level hierarchy, according to the observability and significance of inputs used in calculating fair values.

Fair values of Level 1 : Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs

Fair values of Level 2 : Fair values measured by inputs other than inputs included within Level1 among observable valuation inputs

Fair values of Level 3 : Fair values measured by unobservable valuation inputs

If multiple inputs which have a significant impact on market value calculation are used, a financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(1) Financial instruments recorded at fair value in the balance sheet

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities				
Other Securities (*)				
Government and Local Government bonds	55,308	86,348	—	141,656
Corporate bonds	—	41,842	—	41,842
RMBS bonds	—	—	—	—
Others	31,551	108,954	246	140,751
Derivatives				
Interest rate related	—	27,444	—	27,444
Currency related	—	10,691	—	10,691
Total assets	86,859	275,280	246	362,386
Derivatives				
Interest rate related	—	25,092	—	25,092
Currency related	—	10,225	—	10,225
Total liabilities	—	35,318	—	35,318

(\*) Available-for-sale securities do not include investment trusts applicable under Paragraph 24-9 of the "Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), where the net asset value is considered the fair value. The amount of investment trust funds to which the treatment in Paragraph 24-9 applies, stated on the balance sheet, is 2,058 million yen.

Reconciliations of Balances at Start and End of Period, of Investment Trusts to Which the Treatment in Paragraph 24-9 Applies

(Millions of yen)

Balance at Start of Period	Profit/Loss for Period Recorded as Profit/Loss (*1)	Purchases, Sales & Redemptions	Amount of Investment Trust Net Asset Value Deemed Fair Value	Amount of Investment Trust Net Asset Value Not Deemed Fair Value	Balance at End of Period	Valuation Gains/Losses on Investment Trusts Held as of Balance Sheet Date (*2)
2,884	19	△ 1,042	2,086	—	2,086	225

(\*1) Included under "gains on sales of bonds" on the statements of income.

(\*2) Included under both "valuation difference on available-for-sale securities" and "deferred tax liabilities" on the balance sheet.

(2) Financial instruments other than financial instruments recorded at fair value in the balance sheet

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government and Local Government bonds	26,983	—	—	26,983
Loans	—	—	796,966	796,966
Total assets	26,983	—	796,966	823,949
Deposits	—	1,172,191	—	1,172,191
Negotiable certificates of deposits	—	250,556	—	250,556
Borrowed money	—	81,500	—	81,500
Total liabilities	—	1,504,247	—	1,504,247

(Note) Calculation Methods and Inputs for the Fair Value of Financial Instruments are as follows

# Financial Statements

## Assets

### Securities

For securities for which unadjusted quoted prices in active markets are available, fair values are categorized as Level 1. This primarily includes government bonds.

For non-active markets, fair values are categorized as Level 2, regardless of whether publicly disclosed quoted prices were used. This primarily includes local government bonds, corporate bonds, and residential mortgage-backed securities (RMBS). For investment trusts with no existing market transaction price, if there are no significant restrictions on cancellations or purchase requests that would necessitate compensation for the risk from market participants, the net asset values are used as the fair values, and categorized as Level 2.

When quoted prices are unavailable, fair values are calculated using such evaluation techniques as the present value of future cash flows technique. For evaluations, observable inputs are maximally utilized, and inputs include TIBOR, government bond yields, prepayment rates, credit spread, default rates, and loss given default. Their fair values are categorized as Level 3 when significant unobservable inputs are utilized in calculation.

### Loans

Of the loans, for those with variable rates, as long as the credit quality of the customer has not changed considerably since the loan was extended, because interest rates are reflected over a short period and fair values are expected to approximate book values, we deem book values to be fair values. Fair values of loans with fixed rates are, based on categories according to the types, internal ratings and terms of the loans, calculated by discounting the total amount of the principal and interest by the interest rates considered to be applicable to similar new loans. As for loans whose contractual terms are short (i.e., within one year), we deem the book values to be fair values as fair values of these items approximate book values. In addition, regarding claims to debtors who are legally bankrupt, virtually bankrupt and possibly bankrupt, since the estimated amount of bad debts is calculated based on the present value of the expected future cash flows or the estimated amounts that we would be able to collect through the disposal of collateral or execution of guarantees, fair values approximate the value of the claims to debtors on the balance sheet as of the balance sheet date minus the amount of allowance for loan losses, and we thus deem such amount to be fair values. For loans, fair values are primarily categorized as Level 3.

## Liabilities

### Deposits and Negotiable certificates of deposit

For demand deposits, we deem the payment amounts required on the balance sheet date (i.e., book values) to be fair values. In addition, fair values of long-term time deposits are calculated by classifying them based on their terms and by discounting the future cash flows. The discount rates for such calculations are the interest rates used in swap transactions on the balance sheet date. Since fair values of those whose deposit terms are short (i.e., within one year) approximate book values, we mainly deem the book values to be fair values. These are classified under Level 2 of the fair value hierarchy.

### Borrowed money

Of borrowed money, for those with variable rates, as interest rates are reflected over a short period and our credit quality has not been considerably changed since the implementation, fair values are thought to approximate book values, so we deem book values to be fair values. Fair values of those with fixed rates are calculated by discounting the total amount of principal and interest of the borrowed money which is classified based on its terms (for those to which the exceptional accrual method for interest rate swaps are applied, the total amount of principal and interest of the borrowed money based on the rates as used in such interest rate swaps) by the interest rates used in swap transactions on the balance sheet date. Since fair values of those whose contractual terms are short (i.e., within one year) approximate book values, we mainly deem the book values to be fair values. These are classified under Level 2 of the fair value hierarchy.

## Derivatives

Interest rate-related transactions (interest rate swaps and others) and currency-related transactions (forward exchanges, currency options, currency swaps, and others) are considered over-the-counter transactions; because no quoted price is publicly disclosed, fair values are calculated using discounted present value and option pricing models, based on the type of transaction and the maturity period. The interest rate, currency rate, and volatility are among the main inputs used for these evaluation techniques. The fair values are categorized as Level 2 if no unobservable inputs are used, or if the unobservable inputs used have no significant effect; this primarily includes "plain vanilla" interest rate swaps and forward exchange contracts.

## (Note to Securities)

"Government bonds," "local government bonds," "corporate bonds," and "other securities" on the balance sheet are included. Trading securities, subsidiary shares and subsidiary company shares, and affiliated company shares are not included.

### 1. Held-to-Maturity Debt Securities (as of March 31, 2023)

(Millions of yen)

	Type	Book Value	Fair Value	Difference
Securities for which the fair value exceeds the book value	Government bonds	25,163	26,983	1,819
Total		25,163	26,983	1,819

### 2. Available-for-Sale Securities (as of March 31, 2023)

(Millions of yen)

	Type	Book Value	Acquisition Cost	Difference
Securities for which the book value exceeds the acquisition cost	Bonds	10,872	10,866	5
	Government bonds	—	—	—
	Local government bonds	9,169	9,166	3
	Corporate bonds	1,702	1,700	2
	Other securities	25,844	25,588	255
	Foreign bonds	23,751	23,721	29
	Others	2,093	1,867	226
	Subtotal	36,716	36,455	261
Securities for which the book value does not exceed the acquisition cost	Bonds	145,643	147,770	(2,126)
	Government bonds	28,325	30,180	(1,855)
	Local government bonds	77,178	77,276	(97)
	Corporate bonds	40,140	40,314	(173)
	Other securities	116,994	123,687	(6,693)
	Foreign bonds	116,983	123,676	(6,692)
	Others	10	11	0
Subtotal	262,638	271,457	(8,819)	
Total		299,354	307,912	(8,558)

### 3. Available-for-Sale Securities Sold during the Fiscal Year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Type	Amount Sold	Gain	Loss
Bonds	75,409	114	(709)
Government bonds	14,888	—	(230)
Local government bonds	46,972	—	(365)
Corporate bonds	13,548	114	(113)
Other securities	35,632	19	(1,513)
Foreign bonds	29,172	—	(628)
Other securities	6,459	19	(884)
Total	111,041	133	(2,223)

# Financial Statements

## 4. Securities Subjected to Impairment Recognition

Among securities other than trading securities (excluding shares of stock for which there are no market prices and investments in partnerships), securities for which the market value has declined markedly in comparison to the acquisition cost, and for which the market value is not deemed as likely to recover to the acquisition price, are stated at the market value on the balance sheet, and the valuation difference was recorded as a loss for the current period ("impairment recognition").

The impairment recognition for the period amounted to 0 million yen.

Market value is deemed to "have declined markedly" if it has declined 50% or more from the acquisition cost; it is also deemed to have done so if it has declined by more than 30% but less than 50% from the acquisition cost, with the market price remaining at or below a certain level. In consideration of this and the business performance of the issuer company, among other factors, impairment is recognized for securities other than those judged as likely to recover.

### (Notes to Money Held in Trust)

There is no money held in trust.

### (Deferred Tax Accounting)

The deferred tax assets and liabilities are broken down by reason as follows:

#### Deferred tax assets:

Allowance for loan losses	446 million yen
Provision for retirement benefits	467 million yen
Provision for bonuses	370 million yen
Impairment loss	11 million yen
Accrued business tax	95 million yen
Derivative valuation adjustments	7,097 million yen
Deferred consumption tax	33 million yen
Valuation difference on available-for-sale securities	2,653 million yen
Excess of depreciation	163 million yen
Others	240 million yen

Subtotal 11,578 million yen

Valuation allowance (100) million yen

Deferred tax assets 11,477 million yen

#### Deferred tax liabilities:

Deferred gain or loss on hedges	845 million yen
Others	42 million yen

Deferred tax liabilities 887 million yen

Net deferred tax assets 10,590 million yen

### (Note to Revenue Recognition)

#### 1. Breakdown of Revenue Arising from Contracts with Customers

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Trust Fees	Fees and Commissions		
		Other Commissions (Operational support using business infrastructure, etc.)	Inheritance-Related Commissions	Other
Services Rendered at a Single Point in Time	17	—	1,655	399
Services Rendered over a Period of Time	12,663	2,552	—	1,283
Revenue Recognized from Contracts with Customers	12,680	2,552	1,655	1,683

#### 2. Basic Information for Understanding Revenue

In accordance with 7. Recognition of Revenues in the Significant Accounting Policies.

## 3. Information for Understanding Amount of Revenue for the Fiscal Year under Review Onward

(Millions of yen)

	Beginning of FY 2022	End of FY 2022
Receivables from Contracts with Customers	3,720	3,614
Contract Liabilities	93	99

On the balance sheet, receivables from contracts with customers are included under "accrued income," and contract liabilities are included under "unearned revenue."

### (Related party transactions)

- Notes to a parent company or major affiliated companies  
Description omitted for lack of importance
- Subsidiaries and affiliated companies, etc.  
Not applicable
- Transactions between our sister companies

(Millions of yen)

Relationship to the Company	Name	Percentage Ownership of Voting Rights	Relationship to Related Party	Transaction Details	Transaction Amount	Accounting Title	Year-End Balance
Sister company	Nomura Securities Co., Ltd.	—	Trustees of Trust Agreements and Service Transaction Relationships	Trust fees	1,184	Accrued income	166
				Fees and commissions	3,074	Accrued income	950
				Fees and commissions payments	453	Accrued expenses	87
						Other liabilities	80

(Note) Descriptions may be omitted for lack of importance

- Major individual shareholders, etc. Not applicable

### (Per Share Information)

Net assets per share	63,968.68 yen
Net income per share	1,104.34 yen

# Status of Main Business

## Breakdown of Profits and Losses by Division

(Millions of yen)

Type	FY2021	FY2022	
Trust fees	Domestic operations	11,628	12,198
	International operations	445	481
	Total	12,074	12,680
Net interest income	Domestic operations	2,566	2,234
	International operations	1,363	2,515
	Total	3,929	4,750
Net fees and commissions	Domestic operations	3,283	4,755
	International operations	178	186
	Total	3,462	4,942
Net trading income (loss)	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Net other operating income (loss)	Domestic operations	42	(2,810)
	International operations	1,442	(752)
	Total	1,485	(3,563)
Gross operating profits	Domestic operations	17,521	16,378
	International operations	3,430	2,431
	Total	20,952	18,810
Provision of general allowance for loan losses (deduction)	(200)	70	
General and administrative expenses (excluding non-recurring expenses)	16,133	16,346	
Net business profit	5,019	2,393	
Non-recurring profit (loss)	(1,406)	(147)	
Ordinary profits	3,612	2,245	

(Note) Domestic operations are yen denominated transactions and international operations are foreign currency denominated transactions. Yen denominated transactions with non-residents and offshore accounts are included in international operations.

## Breakdown of Net Interest Income

(Millions of yen)

Type	FY2021	FY2022	
Breakdown of investment			
Domestic operations	Average balance	1,145,829	1,376,799
	Interest rates	4,653	5,294
	Yield	0.41%	0.38%
International operations	Average balance	263,194	265,519
	Interest rates	(7,164)	(13,230)
	Yield	3,761	5,070
Total	Average balance	(12)	(29)
	Interest rates	1.43%	1.91%
	Yield	1,401,859	1,629,088
Total	Interest rates	8,402	10,335
	Yield	0.60%	0.63%
	Breakdown of funding		
Domestic operations	Average balance	1,205,363	1,506,103
	Interest rates	(7,164)	(13,230)
	Yield	2,087	3,059
International operations	Average balance	(12)	(29)
	Interest rates	0.17%	0.20%
	Yield	175,601	141,150
Total	Interest rates	2,398	2,554
	Yield	1.37%	1.81%
	Average balance	1,373,800	1,634,023
Total	Interest rates	4,472	5,584
	Yield	0.33%	0.34%
	Profit margin		
Domestic operations	0.24%	0.18%	
International operations	0.06%	0.10%	
Total	0.27%	0.29%	

(Note) 1. The figures in brackets ([ ]) are the average balance and interest (net) of fund transfers between domestic operations and international operations.  
2. The average balance of foreign currency denominated transactions in international operations is calculated by the daily current method (whereby the T.T.M rate of the day is applied to the non-exchange transactions of the day).  
3. The average balance and interest of fund transfers between domestic operations and international operations are off set against each other in the total number.

## Changes in Interest Income and Interest Expenses

(Millions of yen)

Type	FY2021	FY2022	
Interest income			
Domestic operations (decrease)	Change due to balance	599	888
	Change due to interest rates	(700)	(247)
	Net change	(101)	640
International operations (decrease)	Change due to balance	(259)	44
	Change due to interest rates	4	1,264
	Net change	(255)	1,308
Subtotal	(357)	1,949	
Interest expenses			
Domestic operations (decrease)	Change due to balance	237	610
	Change due to interest rates	(688)	361
	Net change	(451)	971
International operations (decrease)	Change due to balance	251	(470)
	Change due to interest rates	(545)	626
	Net change	(293)	156
Subtotal	(744)	1,128	
Total	387	820	

(Note) Regarding the reasons for change in the balance and the interest rates, when there is an overlap between the two, it is included in the reasons for "change due to balance".

## Breakdown of Fees and Commissions

(Millions of yen)

Type	FY2021	FY2022	
Fees and commissions	Domestic operations	4,323	5,698
	International operations	222	236
	Total	4,545	5,934
Deposits and loans related business	Domestic operations	1,206	1,984
	International operations	11	8
	Total	1,218	1,993
Exchange business	Domestic operations	312	267
	International operations	84	91
	Total	397	359
Securities related business	Domestic operations	423	367
	International operations	1	0
	Total	424	368
Agency business	Domestic operations	604	712
	International operations	—	—
	Total	604	712
Investment advisory business	Domestic operations	1	1
	International operations	—	—
	Total	1	1
Fees and commissions payments	Domestic operations	1,039	942
	International operations	44	49
	Total	1,083	992
Exchange business	Domestic operations	173	106
	International operations	29	39
	Total	203	146

## Status of Main Business

### ■ Breakdown of Trading Income and Expenses

Not applicable.

### ■ Breakdown of Other Operating Income and Expenses

(Millions of yen)

Type	FY2021	FY2022
Gains (losses) on foreign exchange transactions	Domestic operations	—
	International operations	2,821
	Total	2,821
Gains (losses) on bonds such as JGB	Domestic operations	92
	International operations	(412)
	Total	(320)
Gains (losses) on financial derivatives	Domestic operations	—
	International operations	(966)
	Total	(966)
Other (losses)	Domestic operations	(49)
	International operations	—
	Total	(49)
Total (losses)	Domestic operations	42
	International operations	1,442
	Total	1,485

### ■ Breakdown of General and Administrative Expenses

(Millions of yen)

Type	FY2021	FY2022
Salaries and allowances	5,290	5,459
Welfare expenses	951	963
Depreciation and amortization	2,740	2,605
Rent expenses on buildings and machinery	582	584
Supplies expenses	38	39
Communication expenses	599	662
Taxes and dues	863	846
Other	5,067	5,184
Subtotal	16,133	16,346
Non-recurring expenses	33	32
Total	16,167	16,378

## Domestic and Foreign Exchange Transactions

### ■ Foreign Exchange Transactions

(Millions of U.S. dollars)

	FY2021	FY2022
Outgoing remittance	Foreign bills sold	11,977
	Foreign bills bought	—
Incoming remittance	Foreign bills payable	13,135
	Foreign bills receivable	1
Total	25,114	29,641

### ■ Foreign Currency Denominated Assets

(Millions of U.S. dollars)

	March 31, 2022	March 31, 2023
Balance of foreign-currency denominated assets	1,692	1,119

### ■ Domestic Exchange Transactions

(Billions of yen, thousands of units)

	FY2021	FY2022	
Remittance	Paid to	Amount	10,000.7
		Unit	1,499
	Received from	Amount	15,348.0
		Unit	258
Collection	Paid to	Amount	—
		Unit	—
	Received from	Amount	—
		Unit	—



# Deposits

## Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type	March 31,2022	March 31,2023
Deposits		
	438,306	501,719
	(36.9%)	(35.2%)
Liquid deposits		
Domestic operations	—	—
International operations	(—)	(—)
Total	438,306	501,719
	(36.9%)	(35.2%)
Interest-bearing deposits		
Domestic operations	328,606	364,818
International operations	—	—
Total	328,606	364,818
	(27.6%)	(25.6%)
Time deposits		
Domestic operations	497,777	579,066
International operations	—	—
Total	497,777	579,066
	(41.9%)	(40.7%)
Fixed-rate time deposits		
Domestic operations	443,877	497,466
International operations	—	—
Total	443,877	497,466
	(37.4%)	(34.9%)
Variable-rate time deposits		
Domestic operations	53,900	81,600
International operations	—	—
Total	53,900	81,600
	(4.5%)	(5.7%)
Other		
Domestic operations	1,259	1,849
International operations	90,519	89,554
Total	91,779	91,404
	(7.7%)	(6.4%)
Total		
Domestic operations	937,344	1,082,636
International operations	90,519	89,554
Total	1,027,863	1,172,191
	(86.6%)	(82.3%)
Negotiable certificates of deposits		
Domestic operations	158,456	250,556
International operations	—	—
Total	158,456	250,556
	(13.3%)	(17.6%)
Grand total		
Domestic operations	1,095,800	1,333,192
International operations	90,519	89,554
Total	1,186,320	1,422,747
	(100.0%)	(100.0%)

## Average Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type	FY2021	FY2022
Deposits		
	367,727	422,667
	(33.1%)	(32.0%)
Liquid deposits		
Domestic operations	—	—
International operations	(—)	(—)
Total	367,727	422,667
	(33.1%)	(32.0%)
Interest-bearing deposits		
Domestic operations	299,894	346,402
International operations	—	—
Total	299,894	346,402
	(27.0%)	(26.2%)
Time deposits		
Domestic operations	474,367	583,704
International operations	—	—
Total	474,367	583,704
	(42.8%)	(44.2%)
Fixed-rate time deposits		
Domestic operations	420,745	511,162
International operations	—	—
Total	420,745	511,162
	(37.9%)	(38.7%)
Variable-rate time deposits		
Domestic operations	53,621	72,541
International operations	—	—
Total	53,621	72,541
	(4.8%)	(5.5%)
Other		
Domestic operations	5,208	4,082
International operations	109,766	91,344
Total	114,975	95,426
	(10.3%)	(7.2%)
Total		
Domestic operations	847,303	1,010,455
International operations	109,766	91,344
Total	957,070	1,101,799
	(86.3%)	(83.5%)
Negotiable certificates of deposits		
Domestic operations	151,027	216,682
International operations	—	—
Total	151,027	216,682
	(13.6%)	(16.4%)
Grand total		
Domestic operations	998,330	1,227,137
International operations	109,766	91,344
Total	1,108,097	1,318,481
	(100.0%)	(100.0%)

# Deposits

## Time Deposits Balance by Remaining Period

(Millions of yen)

Classification	Period	March 31,2022	March 31,2023
Fixed-rate time deposits	Less than 3 months	164,638	149,044
	From 3 months to less than 6 months	79,372	63,525
	From 6 months to less than 1 year	132,457	140,484
	From 1 year to less than 2 years	9,636	18,325
	From 2 years to less than 3 years	4,072	3,587
	3 years or more	53,700	122,500
	Subtotal	443,877	497,466
Variable-rate time deposits	Less than 3 months	—	—
	From 3 months to less than 6 months	—	—
	From 6 months to less than 1 year	—	—
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	600
	3 years or more	53,900	81,000
Subtotal	53,900	81,600	
Other time deposits	Less than 3 months	—	—
	From 3 months to less than 6 months	—	—
	From 6 months to less than 1 year	—	—
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	—
3 years or more	—	—	
Subtotal	—	—	
Total		497,777	579,066

## Balance by Depositor

(Millions of yen, proportion in brackets)

Classification	March 31,2022	March 31,2023	
Individual	Amount	478,305	490,155
	(%)	(46.5%)	(41.8%)
Corporate	Amount	449,652	549,486
	(%)	(43.7%)	(46.8%)
Other	Amount	99,906	132,548
	(%)	(9.7%)	(11.3%)
Total	Amount	1,027,863	1,172,191
	(%)	(100.0%)	(100.0%)

(Note) Negotiable certificates of deposits are not included.

# Loans

## Balance by Type of Loans

(Millions of yen)

Type	March 31,2022	March 31,2023	
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	117,895	119,347
	International operations	38,186	27,318
	Total	156,082	146,665
Overdrafts	Domestic operations	538,824	633,956
	International operations	18,073	17,600
	Total	556,897	651,556
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	656,720	753,304
	International operations	56,260	44,918
	Total	712,980	798,222

## Average Balance by Type of Loans

(Millions of yen)

Type	FY2021	FY2022	
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	121,958	115,203
	International operations	40,804	36,693
	Total	162,762	151,896
Overdrafts	Domestic operations	456,113	581,960
	International operations	17,273	17,684
	Total	473,386	599,645
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	578,072	697,164
	International operations	58,077	54,377
	Total	636,149	751,542

## Balance of Loans by Type and Remaining Period

(Millions of yen)

Period	March 31,2022	March 31,2023	
Fixed interest rates	1 year or less	591,476	657,199
	More than 1 year but less than 3 years	11,333	28,100
	More than 3 years but less than 5 years	16,678	25,372
	More than 5 years but less than 7 years	8,070	16,447
	More than 7 years	23,762	14,728
	With no maturity	—	—
	Subtotal	59,845	84,648
Variable interest rates	More than 1 year but less than 3 years	23,652	32,271
	More than 3 years but less than 5 years	25,532	15,222
	More than 5 years but less than 7 years	3,800	2,151
	More than 7 years	8,672	6,728
	With no maturity	—	—
Subtotal	61,658	56,374	
Total	712,980	798,222	

# Loans

## Balance of Loans by Type of Collateral

(Millions of yen)

Type	March 31,2022	March 31,2023
Securities	566,216	<b>659,476</b>
Claims	—	—
Commodities	—	—
Real estate	21,646	<b>25,109</b>
Other	11,387	<b>21,433</b>
Subtotal	599,251	<b>706,019</b>
Guarantees	18,118	<b>15,219</b>
Unsecured	95,611	<b>76,984</b>
Total	712,980	<b>798,222</b>
(Subordinated loans)	(—)	(—)

## Balance of Customers' liabilities for acceptances and guarantees by Type of Collateral

There are no customers' liabilities for acceptances and guarantees.

## Balance of Loans by Purpose of Use

(Millions of yen, proportion in brackets)

Type	March 31,2022	March 31,2023
Equipment fund	Amount (%)	<b>130,249</b> <b>(16.3%)</b>
Working capital	Amount (%)	<b>667,973</b> <b>(83.6%)</b>
Total	Amount (%)	<b>798,222</b> <b>(100.0%)</b>

## Breakdown of Loans by Industry

(Millions of yen, proportion in brackets)

Type	March 31,2022	March 31,2023
Manufacturing	Amount (%)	<b>4,784</b> <b>(0.5%)</b>
Construction	Amount (%)	<b>549</b> <b>(0.0%)</b>
Electricity, gas, heat supply and water	Amount (%)	<b>3,829</b> <b>(0.4%)</b>
Communication and information services	Amount (%)	<b>15,000</b> <b>(1.8%)</b>
Transport	Amount (%)	<b>2,253</b> <b>(0.2%)</b>
Wholesale and retail	Amount (%)	<b>10,610</b> <b>(1.3%)</b>
Finance and insurance	Amount (%)	<b>35,532</b> <b>(4.4%)</b>
Real estate	Amount (%)	<b>63,523</b> <b>(7.9%)</b>
Goods rental and leasing	Amount (%)	<b>13,080</b> <b>(1.6%)</b>
Various services	Amount (%)	<b>248,968</b> <b>(31.1%)</b>
Other	Amount (%)	<b>400,090</b> <b>(50.1%)</b>
Total	Amount (%)	<b>798,222</b> <b>(100.0%)</b>

## Balance of Loans Regarding Small and Medium-Sized Enterprises

(Number of loans, millions of yen)

	March 31,2022	March 31,2023
Total loan balance (A)	Number of loans made	<b>11,978</b>
	Amount	<b>798,222</b>
Balance of loans to SMEs (B)	Number of loans made	<b>11,958</b>
	Amount	<b>752,908</b>
Ratio (%) (B/A)	Number of loans made	<b>99.8%</b>
	Amount	<b>94.3%</b>

(Note) Small and medium-sized enterprises means companies capitalized at 300 million yen or less (100 million yen or less for the wholesale industry and 50 million yen or less for the retail, food, service industries), or companies with full-time employees 300 or fewer (100 or fewer for the wholesale and service industries and 50 or fewer for the retail, food, service industry) and individuals.

# Loans

## Statement of Claims and Preservation Based on the Banking Act and the Financial Reconstruction Act (Millions of yen)

	March 31,2022	March 31,2023
Claims against bankrupt and substantially bankrupt debtors	—	—
Doubtful claims	1,962	—
Substandard claims	—	—
Claims past due three months or more	—	—
Restructured claims	—	—
Subtotal (A)	1,962	—
Normal claims (B)	714,453	802,221
Total (A+B)	716,415	802,221
Coverage amount by collateral and guarantees	—	—
Specific allowance for loan losses	1,373	—
Total amount of coverage (C)	1,373	—
Coverage ratio (C/A)	70%	—

## Allowance for Loan Losses and Their Changes during the Fiscal Year (Millions of yen)

	March 31,2022	March 31,2023
General allowance for loan losses	1,080	1,150
Change from the previous year-end (decrease)	(200)	70
Specific allowance for loan losses	1,662	288
Change from the previous year-end (decrease)	1,373	(1,373)
Allowance for specific overseas loans	—	—
Change from the previous year-end	(—)	(—)
Total	2,742	1,439

## Written-Off of Loans (Millions of yen)

	FY2022	FY2023
Written-Off of Loans	0	—

# Securities

## Balance of Securities by Type and Remaining Period (Millions of yen)

Type	Remaining Period	March 31,2022	March 31,2023
Government bonds	1 year or less	—	—
	More than 1 year but less than 3 years	—	5,056
	More than 3 years but less than 5 years	25,213	20,107
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	9,958	—
	More than 10 years	34,677	28,325
	With no maturity	—	—
Subtotal		69,848	53,488
Local government bonds	1 year or less	11,591	19,642
	More than 1 year but less than 3 years	49,480	50,135
	More than 3 years but less than 5 years	70,509	15,163
	More than 5 years but less than 7 years	11,662	1,407
	More than 7 years but less than 10 years	803	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal		144,047	86,348
Short-term corporate bonds	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal		—	—
Corporate bonds	1 year or less	—	800
	More than 1 year but less than 3 years	3,017	17,818
	More than 3 years but less than 5 years	32,174	20,331
	More than 5 years but less than 7 years	8,189	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	13,454	2,892
	With no maturity	—	—
Subtotal		56,835	41,842
Stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal		—	—
Foreign bonds	1 year or less	44,069	53,830
	More than 1 year but less than 3 years	70,058	65,978
	More than 3 years but less than 5 years	75,198	15,237
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	5,317	5,442
	More than 10 years	279	246
	With no maturity	—	—
Subtotal		194,923	140,735
Foreign stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	13	13
Subtotal		13	13
Other securities	1 year or less	2	1
	More than 1 year but less than 3 years	54	2
	More than 3 years but less than 5 years	4	3
	More than 5 years but less than 7 years	2	1
	More than 7 years but less than 10 years	7,465	2
	More than 10 years	0	0
	With no maturity	14,354	3,533
Subtotal		21,885	3,544
Total		487,554	325,974

# Securities

## Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	March 31,2022	March 31,2023
Government bonds	Domestic operations (14.3%)	<b>53,488</b> <b>(16.4%)</b>
	International operations	—
	Total	<b>53,488</b> <b>(16.4%)</b>
Local government bonds	Domestic operations (29.5%)	<b>86,348</b> <b>(26.4%)</b>
	International operations	—
	Total	<b>86,348</b> <b>(26.4%)</b>
Short-term corporate bonds	Domestic operations	—
	International operations	—
	Total	—
Corporate bonds	Domestic operations (11.6%)	<b>41,842</b> <b>(12.8%)</b>
	International operations	—
	Total	<b>41,842</b> <b>(12.8%)</b>
Stocks	Domestic operations	—
	International operations	—
	Total	—
Foreign bonds	Domestic operations	—
	International operations (39.9%)	<b>140,735</b> <b>(43.1%)</b>
	Total	<b>140,735</b> <b>(43.1%)</b>
Foreign stocks	Domestic operations	—
	International operations (0.0%)	<b>13</b> <b>(0.0%)</b>
	Total	<b>13</b> <b>(0.0%)</b>
Other securities	Domestic operations (3.5%)	<b>3,544</b> <b>(1.0%)</b>
	International operations (0.9%)	— <b>(—)</b>
	Total	<b>3,544</b> <b>(1.0%)</b>
Total	Domestic operations (59.1%)	<b>185,224</b> <b>(56.8%)</b>
	International operations (40.8%)	<b>140,749</b> <b>(43.1%)</b>
	Total	<b>325,974</b> <b>(100.0%)</b>

## Average Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	FY2021	FY2022
Government bonds	Domestic operations (15.6%)	<b>57,005</b> <b>(13.4%)</b>
	International operations	—
	Total	<b>57,005</b> <b>(13.4%)</b>
Local government bonds	Domestic operations (26.3%)	<b>123,433</b> <b>(29.1%)</b>
	International operations	—
	Total	<b>123,433</b> <b>(29.1%)</b>
Short-term corporate bonds	Domestic operations	—
	International operations	—
	Total	—
Corporate bonds	Domestic operations (11.1%)	<b>48,040</b> <b>(11.3%)</b>
	International operations	—
	Total	<b>48,040</b> <b>(11.3%)</b>
Stocks	Domestic operations	—
	International operations	—
	Total	—
Foreign bonds	Domestic operations	—
	International operations (41.6%)	<b>183,397</b> <b>(43.3%)</b>
	Total	<b>183,397</b> <b>(43.3%)</b>
Foreign stocks	Domestic operations	—
	International operations (0.0%)	<b>13</b> <b>(0.0%)</b>
	Total	<b>13</b> <b>(0.0%)</b>
Other securities	Domestic operations (4.1%)	<b>8,660</b> <b>(2.0%)</b>
	International operations (0.9%)	<b>2,479</b> <b>(0.5%)</b>
	Total	<b>11,139</b> <b>(2.6%)</b>
Total	Domestic operations (57.4%)	<b>237,139</b> <b>(56.0%)</b>
	International operations (42.5%)	<b>185,890</b> <b>(43.9%)</b>
	Total	<b>423,030</b> <b>(100.0%)</b>

# Fair Value of Securities

## Trading Securities

Not applicable.

## Breakdown of Securities without Fair Value and Their Book Value

(Millions of yen)

Type	March 31,2022	March 31,2023
Held-to-maturity debt securities	—	—
Available-for-sale securities		
Unlisted foreign securities	13	13
Others	4,849	1,441

## Held-to-Maturity Debt Securities with Fair Value

(Millions of yen)

Type	March 31,2022	March 31,2023
Book value	25,213	25,163
Fair value	27,505	26,983
Difference	2,292	1,819
Gain	2,292	1,819
Loss	—	—

(Note) 1. Fair values are based on the market prices at the end of the fiscal year.  
2. Not applicable except for Government bonds.

## Available-for-Sale Securities with Fair Value

(Millions of yen)

Type	March 31,2022	March 31,2023	
Stocks	Acquisition cost	—	
	Book value	—	
	Valuation difference	—	
Government bonds	Acquisition cost	45,311	
	Book value	44,635	
	Valuation difference	(676)	
	Unrealized gain	337	
	Unrealized loss	1,013	
	Local government bonds	86,442	
Local government bonds	Book value	86,348	
	Valuation difference	(319)	
	Unrealized gain	8	
	Unrealized loss	327	
	Bonds	Acquisition cost	56,796
		Book value	56,835
Valuation difference		39	
Corporate bonds	Unrealized gain	206	
	Unrealized loss	167	
	Sub total	158,637	
Sub total	Book value	245,518	
	Valuation difference	(956)	
	Unrealized gain	552	
Other securities	Unrealized loss	1,508	
	Acquisition cost	217,493	
	Book value	211,960	
Other securities	Valuation difference	(5,533)	
	Unrealized gain	684	
	Unrealized loss	6,217	
Total	Acquisition cost	463,968	
	Book value	457,478	
	Valuation difference	(6,489)	
	Unrealized gain	1,236	
	Unrealized loss	7,726	

(Note) Amounts on balance sheet are recorded at fair values based on the market prices at the end of the fiscal year.

# Derivatives Transaction

## 1. Derivatives Transactions Not Qualifying for Hedge Accounting

As for derivatives transactions not qualifying for hedge accounting, the contract amounts or notional principal, fair values and unrealized gains or losses as well as calculation method of fair values for each type of transactions as of the balance sheet date are as follows:

Note that contract value amounts do not indicate the market risk related to derivatives transactions.

### Interest Rate-Related Transactions

(Millions of yen)

		March 31,2022		March 31,2023		
Over-the-counter	Interest rate swaps	Receive-fixed interest rate	Contract amount	75,100	157,300	
			Over one year	75,100	157,300	
			Fair value (losses)	(5,092)	(10,162)	
		Pay-floating interest rate	Unrealized gains (losses)	(5,092)	(10,162)	
			Receive-floating interest rate	Contract amount	—	—
				Over one year	—	—
		Fair value (losses)		—	—	
		Pay-fixed interest rate	Unrealized gains (losses)	—	—	
			Receive-floating interest rate	Contract amount	85,600	113,300
				Over one year	85,600	113,300
		Fair value (losses)		(9,140)	(14,665)	
		Pay-floating interest rate	Unrealized gains (losses)	(9,140)	(14,665)	
Receive-fixed interest rate	Contract amount		—	—		
	Over one year		—	—		
	Fair value (losses)	—	—			
Pay-fixed interest rate	Unrealized gains (losses)	—	—			
	Total fair value (losses)		(14,233)	(24,828)		
	Total unrealized gains (losses)		(14,233)	(24,828)		

(Note) 1. Transactions above are marked to market, and unrealized gains (losses) are included in the statements of income.

2. Calculation of fair value

Fair values are based on the discounted present value.

3. Interest rate-related transactions

In addition to the abovementioned, the appraisal profit based on separate accounting of embedded derivatives of hybrid financial instruments was 24,828 million yen at the end of March, 2023, and 14,233 million yen at the end of March, 2022.

### Currency-Related Transactions

(Millions of yen)

		March 31,2022		March 31,2023	
Over-the-counter	Swaps	Contract amount	44,401	31,091	
		Over one year	30,082	25,616	
		Fair value (losses)	(233)	1,952	
		Unrealized gains (losses)	(233)	1,952	
	Forwards	Sold	Contract amount	596,705	442,411
			Over one year	7,692	8,349
			Fair value (losses)	(25,948)	(4,760)
			Unrealized gains (losses)	(25,948)	(4,760)
		Bought	Contract amount	566,992	402,228
			Over one year	7,695	8,349
			Fair value (losses)	24,031	3,309
			Unrealized gains (losses)	24,031	3,309
	Options	Sold	Contract amount	54,791	29,499
			Over one year	—	—
			Fair value (losses)	1,138	330
		Bought	Unrealized gains (losses)	(676)	230
			Contract amount	5,074	12,127
			Over one year	—	—
Fair value (losses)	284	211			
Unrealized gains (losses)	270	(108)			
Total fair value (losses)		(728)	1,043		
Total unrealized gains (losses)		(2,556)	623		

(Note) 1. Transactions above are marked to market, and unrealized gains (losses) are included in the statements of income.

2. Calculation of fair value: Fair values are based on the discounted present value.

3. Currency-Related transactions

In addition to the abovementioned, the appraisal loss based on separate accounting of embedded derivatives of hybrid financial instruments was 53 million yen at the end of March, 2023, and appraisal profit was 507 million yen at the end of March, 2022.

### Stock-Related Transactions

Not applicable.

### Bond-Related Transactions

Not applicable.

### Commodity-Related Transactions

Not applicable.

### Credit Derivative Transactions

Not applicable.

### Others

Not applicable.

## 2. Derivatives Transactions Qualifying for Hedge Accounting

As for derivatives transactions qualifying for hedge accounting, the contract amounts or notional principal, fair values and unrealized gains or losses as well as calculation method of fair values for each type of hedged transactions and by respective hedge accounting method as of the balance sheet date are as follows:

Note that contract value amounts do not indicate the market risk related to derivatives transactions.

### Interest Rate-Related Transactions

(Millions of yen)

Hedge accounting method	Type	Primary hedged item	March 31,2022			March 31,2023		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Primary method	Interest rate swaps	Deposits, loans, available-for-sale securities(bonds)	177,039	160,865	(410)	147,291	98,938	2,591
			177,039	160,865	(410)	147,291	98,938	2,591
Exceptional method for Interest rate swaps	Interest rate swaps	Securities	25,000	25,000	(2,033)	25,000	25,000	(1,501)
			25,000	25,000	(2,033)	25,000	25,000	(1,501)
Total			—	—	(2,444)	—	—	1,089

(Note) 1. Primarily, the deferred hedge method using individual hedges, or, in certain cases, portfolio hedges, is applied under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks"(JICPA Industry Committee Practical Guideline No.24).

2. Calculation of fair value

Fair values are based on the discounted present value.

### Currency-Related Transactions

Not applicable.

### Stock-Related Transactions

Not applicable.

### Bond-Related Transactions

Not applicable.

# Trust Business

## Statement of Trust Account

(Millions of yen)

	March 31,2022	March 31,2023
<b>Assets:</b>		
Loans	358,184	328,134
Loans on deeds	358,184	328,134
Securities	4,831,364	5,493,243
Government bonds	1,321,889	1,637,315
Local government bonds	78,880	100,434
Corporate bonds	573,534	614,753
Stocks	436,385	434,538
Foreign securities	1,343,552	1,463,046
Other securities	1,077,121	1,243,155
Securities held for investment trusts	19,938,145	19,762,948
Foreign investments held for investment trusts	10,320,805	10,131,972
Beneficiary rights	170	—
Securities held in custody accounts	1,167,304	1,210,581
Money claims	65,005	77,120
Money claims on life insurance policies	10,141	10,712
Other money claims	54,864	66,407
Other claims	399,806	498,160
Call loans	1,399,861	1,316,652
Due from banking account	143,138	235,430
Cash and due from banks	250,387	275,063
Due from banks	250,387	275,063
<b>Total</b>	<b>38,874,173</b>	<b>39,329,306</b>
<b>Liabilities:</b>		
Designated money trusts	448,912	418,450
Specified money trusts	2,435,357	2,933,316
Pension trusts	812	819
Investment trusts	31,855,479	31,600,417
Pecuniary trusts other than money trusts	538,971	709,239
Securities trusts	2,530,131	2,599,658
Money claims trusts	1,579	1,519
Composite trusts	1,062,929	1,065,884
<b>Total</b>	<b>38,874,173</b>	<b>39,329,306</b>

(Note) 1. We do not handle employees' property formation benefit trusts or loan trusts.  
2. No trust assets are entrusted to other trust banks for asset administration.

## Breakdown of Trusts in Which Repayments of the Principal Are Guaranteed

Jointly Operated Designated Money Trusts

(Millions of yen)

	March 31,2022	March 31,2023
<b>Assets:</b>		
Loans	—	—
Securities	—	—
Due from banking account	34,289	145,313
Other	—	—
<b>Total</b>	<b>34,289</b>	<b>145,313</b>
<b>Liabilities:</b>		
Principal	34,289	145,313
Reserve for possible impairment of principal	—	—
Other	0	0
<b>Total</b>	<b>34,289</b>	<b>145,313</b>

(Note) All claims to trusts with agreements for compensation of principal are classified as performing loans; none are classified as claims against bankrupt and substantially bankrupt debtors, doubtful claims, loans past due for three months or more, nor restructured loans.

## Balance of Securities (by Type) Held in Money Trusts and Pension Trusts by Type

(Millions of yen)

	Type	March 31,2022	March 31,2023
Money trusts	Government bonds	269,058	366,637
	Local government bonds	5,166	7,204
	Short-term corporate bonds	—	—
	Corporate bonds	332,102	358,906
	Stocks	40,359	38,802
	Other securities	1,645,277	2,006,524
	Balance of assets under management at the end of period	2,291,964	2,778,075
Pension trusts	Government bonds	—	—
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	—	—
	Stocks	—	—
	Other securities	650	650
	Balance of assets under management at the end of period	650	650
Total	Government bonds	269,058	366,637
	Local government bonds	5,166	7,204
	Short-term corporate bonds	—	—
	Corporate bonds	332,102	358,906
	Stocks	40,359	38,802
	Other securities	1,645,927	2,007,174
	Balance of assets under management at the end of period	2,292,614	2,778,725

(Note) We do not handle employees' property formation benefit trusts or loan trusts.

## Balance of Principal of Money Trusts by Trust Period

(Millions of yen)

	Period	March 31,2022	March 31,2023
Money trusts	Less than 1 year	999,703	1,199,554
	From 1 year to less than 2 years	1,003	1,213
	From 2 years to less than 5 years	3,397	3,773
	5 years or more	495,426	529,050
	Others	—	—
	<b>Total</b>	<b>1,499,530</b>	<b>1,733,591</b>

## Balance of Loans Related to Money Trusts and Pension Trusts (by Category)

(Millions of yen, proportion in brackets)

	Type	March 31,2022	March 31,2023
Loans on deeds		344,634	324,031
		(100.0%)	(100.0%)
Loans on bills		—	—
		(—)	(—)
Bills discounted		—	—
		(—)	(—)
Total		344,634	324,031
		(100.0%)	(100.0%)

(Note) This is the balance of loans under trust account related to money trusts and pension trusts. The same applies to the tables of balance of loans (by Category), (by Contract Term), (by Type of Collateral), (by Industry) and (by Purpose of Use) and the tables for Loans to Small and Medium-Sized Enterprises.



# Trust Business

## Balance of Loans Related to Money Trusts and Pension Trusts (by Contract Term)

(Millions of yen)

Period	March 31,2022	March 31,2023
1 year or less	334,100	<b>314,400</b>
More than 1 year but less than 3 years	—	—
More than 3 years but less than 5 years	—	—
More than 5 years but less than 7 years	—	—
7 years or more	10,534	<b>9,631</b>
Total	344,634	<b>324,031</b>

## Balance of Loans Related to Money Trusts and Pension Trusts (by Type of Collateral)

(Millions of yen)

Type	March 31,2022	March 31,2023
Securities	305,100	<b>282,000</b>
Claims	—	—
Commodities	—	—
Real estate	—	—
Other	—	—
Subtotal	305,100	<b>282,000</b>
Guarantees	—	—
Unsecured	39,534	<b>42,031</b>
Total	344,634	<b>324,031</b>

## Balance of Loans Related to Money Trusts and Pension Trusts (by Industry)

(Millions of yen, proportion in brackets)

Type	March 31,2022	March 31,2023
Communication and information services	Amount	29,000
	(%)	(8.4%)
Finance and insurance	Amount	305,100
	(%)	(88.5%)
Local governments	Amount	10,534
	(%)	(3.0%)
Total	Amount	344,634
	(%)	(100.0%)

## Balance of Loans Related to Money Trusts and Pension Trusts (by Purpose of Use)

(Millions of yen)

Type	March 31,2022	March 31,2023
Equipment fund	—	—
Working capital	344,634	<b>324,031</b>
Total	344,634	<b>324,031</b>

## Loans to Small and Medium-Sized Enterprises Related to Money Trusts and Pension Trusts

(Millions of yen)

	March 31,2022	March 31,2023
Total loan balance (A)	344,634	<b>324,031</b>
Balance of loans to SMEs (B)	29,000	<b>32,400</b>
Ratio (%) (B/A)	8.4%	<b>10.0%</b>

(Note) Small and medium-sized enterprises means companies capitalized at 300 million yen or less (100 million yen or less for the wholesale industry and 50 million yen or less for the retail, food, service industries), or companies with full-time employees 300 or fewer (100 or fewer for the wholesale and service industries and 50 or fewer for the retail, food, service industry) and individuals.

## Balance of Loans, Securities and Crypto assets (by Type) Held in Money Trusts and Pension Trusts by Type

(Millions of yen)

Type	March 31,2022	March 31,2023
Money trusts	Loans	344,634
	Securities	2,291,964
	Crypto Assets	—
	Total	2,636,599
Pension trusts	Loans	—
	Securities	650
	Crypto Assets	—
	Total	650
Total loans	344,634	<b>324,031</b>
Total securities	2,292,614	<b>2,778,725</b>
Total crypto assets	—	—
Total loans, securities and crypto assets	2,637,249	<b>3,102,757</b>

(Note) We do not handle employees' property formation benefit trusts or loan trusts.

# Management Indices

## Overall Profit Margin

(%)

		FY2021	FY2022
Yield on investments	Domestic operations	0.41	<b>0.38</b>
	International operations	1.43	<b>1.91</b>
	Total	0.60	<b>0.63</b>
Funding cost	Domestic operations	1.43	<b>1.22</b>
	International operations	1.93	<b>2.51</b>
	Total	1.50	<b>1.34</b>
Overall profit margin	Domestic operations	(1.02)	<b>(0.84)</b>
	International operations	(0.50)	<b>(0.60)</b>
	Total	(0.90)	<b>(0.71)</b>

## Profit Ratio

(%)

		FY2021	FY2022
Return on assets (ROA)	Net business profit to assets ratio	0.33	<b>0.13</b>
	Ordinary profit to assets ratio	0.24	<b>0.12</b>
	Net income to assets ratio	0.15	<b>0.08</b>
Return on equity (ROE)	Net business profit to equity ratio	5.50	<b>2.72</b>
	Ordinary profit to equity ratio	3.96	<b>2.55</b>
	Net income to equity ratio	2.57	<b>1.75</b>

## Gross Operating Profit Ratio

(%)

		FY2021	FY2022
Gross operating profit ratio	Domestic operations	1.52	<b>1.18</b>
	International operations	1.30	<b>0.91</b>
	Total	1.49	<b>1.15</b>

## Loan-To-Deposit Ratio

(%)

		FY2021	FY2022
Balance at the end of the period	Domestic operations	59.9	<b>56.5</b>
	International operations	62.1	<b>50.1</b>
	Total	60.1	<b>56.1</b>
Average balance during the period	Domestic operations	57.9	<b>56.8</b>
	International operations	52.9	<b>59.5</b>
	Total	57.4	<b>57.0</b>

## Security-To-Deposit Ratio

(%)

		FY2021	FY2022
Balance at the end of the period	Domestic operations	26.2	<b>13.8</b>
	International operations	220.2	<b>157.1</b>
	Total	41.0	<b>22.9</b>
Average balance during the period	Domestic operations	25.9	<b>19.3</b>
	International operations	175.1	<b>203.5</b>
	Total	40.7	<b>32.0</b>

## Deposits, Loans and Trust Assets per Branch

(Millions of yen)

	March 31,2022	March 31,2023
Deposits	1,186,320	<b>1,422,747</b>
Loans	712,980	<b>798,222</b>
Amount of funds in trust account	2,885,082	<b>3,352,586</b>

(Note) Deposits include negotiable certificates of deposit.

## Deposits, Loans and Trust Assets per Employee

(Millions of yen)

	March 31,2022	March 31,2023
Deposits	2,349	<b>2,654</b>
Loans	1,411	<b>1,489</b>
Amount of funds in trust account	5,713	<b>6,254</b>

(Note) Deposits include negotiable certificates of deposit.

# Disclosure based on Pillar III of Basel III – Composition of Capital

## Disclosure based on Pillar III of Basel III

This section describes the information such as the capital adequacy situation specified by the Financial Services Agency Commissioner, based on Article 19-2, Paragraph 1, Item 5, Subsection 2, etc., of the Ordinance for Enforcement of Banking Act.

### Composition of Capital Disclosure

(Millions of yen)

Items	March 31,2022	March 31,2023
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	92,034	92,810
of which: capital and capital surplus	78,270	78,270
of which: retained earnings	14,933	15,310
of which: treasury stock	—	—
of which: earning to be distributed	1,169	770
of which: other than above	—	—
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	—	—
Total of reserves included in Core capital: instruments and reserves	1,080	1,150
of which: general allowance for loan losses included in Core capital	1,080	1,150
of which: eligible provision included in Core capital	—	—
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	—
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	—
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	—
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	—
Core capital: instruments and reserves (A)	93,114	93,960
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	4,092	3,643
of which: goodwill (including those equivalent)	—	—
of which: other intangibles other than goodwill and mortgage servicing rights	4,092	3,643
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—
Shortfall of eligible provisions to expected losses	—	—
Gain on sale of securitization	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	—
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—

(Millions of yen)

Items	March 31,2022	March 31,2023
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	4,092	3,643
Regulatory capital		
Regulatory capital ((A) – (B)) (C)	89,022	90,317
Risk-weighted assets		
Total amount of credit risk-weighted assets	527,768	413,192
of which: total amount included in risk-weighted assets by transitional arrangements	—	—
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	—	—
of which: other than above	—	—
Market risk (divided by multiplying the capital requirement by 12.5)	—	—
Operational risk (divided by multiplying the capital requirement by 12.5)	35,577	39,989
Credit risk adjustments	—	—
Operational risk adjustments	—	—
Total amount of Risk-weighted assets (D)	563,346	453,182
Capital adequacy ratio		
Capital adequacy ratio ((C) / (D))	15.80%	19.92%

# Disclosure based on Pillar III of Basel III – Qualitative Disclosure

## Qualitative Disclosure

- I . Summary of method of raising capital (refers to the method of raising capital where all or part of the amount is included in the amount of basic items related to the core capital specified in the formula in the Notification about capital adequacy No. 37).

At The Nomura Trust and Banking, we aim to maintain sufficient capital, mainly common stock, which is stipulated in Article 40 of the Financial Services Agency Notification No. 19 (Notification on Capital Adequacy), "the standard for which banks determine whether they hold adequate capital in light of assets they hold based upon Article 14-2 of the Banking Act of Japan." Other than raising capital by issuing common stock, we reserve a portion of annual earnings as legally retained earnings or other retained earnings.

- II . Outlines of the Capital Adequacy Assessment Method

As for credit risks and operational risks, we evaluate capital adequacy by comparing the amount equivalent to 8% of risk assets with the amount of capital, as stipulated in the Notification on Capital Adequacy.

We evaluate credit risks using the Standardized Approach, a method of calculating the non-consolidated capital adequacy ratio in accordance with the Basel requirements based on the Notification on Capital Adequacy. Also, we have adopted the Standardized Approach to measure the operational risk amount.

As for risk capital, we set a planned amount compared with the regulatory capital (core capital), and then monitor the actual amount of risk capital and give monthly reports accompanied by a comparison with the regulatory capital (core capital) to the Risk Management Committee. We recognize the current capital level as adequate.

- III . Matters Relating to Credit Risk Management

### A. Outlines of Credit Risk Management Policies and Procedures

The Nomura Trust and Banking strictly reviews and manages credit risks based on the Credit Risk Management Policy, the Credit Risk Management Regulations, the Credit Authorization Management Regulations, and the Collaterals Regulations and the like. At the same time, we carefully pay attention to diversification of risks and portfolios, and comprehensively manage both on- and off -balance sheet transactions in pursuit of appropriate management of credit risks. The state of portfolio diversification is reported to the Risk Management Committee and then reviewed on a monthly basis.

1. Credit rating system

Credit ratings are determined not only by conducting scoring based on a rating model using the financial information of debtors but also by utilizing the latest important information available including qualitative information on managerial risk, legal risk etc. which may affect the certainty of debt assumption, external credit ratings or the credit standing of associated companies . These ratings are classified into 20 levels.

To perform credit screening, we strictly manage credit risks based on credit ratings to maintain soundness of the bank's assets, fully taking into account our public and social missions as a financial institution.

2. Exposure (credit amount) management

With the identification of exposure for each debtor or each group of debtors positioned as the core of credit risk management, we centrally control not only loans but also other on-balance and off -balance items in a comprehensive manner. Off -balance sheet transactions are managed by the current exposure method. Based on the above, we perform measurement and monitoring of credit risk quantity by quantitatively analyzing past default rates by credit rating.

3. Self-assessment

To make a self-assessment of assets involving credits, we implement self-assessments through strict classification of credits based on obligor categorization linked to credit ratings, in accordance with the "Asset Assessment Regulations" which are based on the former Financial Inspection Manual (abolished December 18, 2019) from the Financial Services Agency.

4. Allowance for loan losses

Allowance for loan losses is provided as follows, pursuant to the rules regarding write-off s/allowances for loan losses: Claims to normal debtors and debtors requiring caution are classified into specific categories, and the allowance is provided on the basis of the accumulated default ratio released immediately before the assessment day by the external rating agency defined in the Company's guidelines. Additionally, for some debtors, rating evaluations are made using internal rating models, and expected losses are recorded based on macroeconomic scenarios.

For claims to possibly bankrupt debtors, an allowance is provided in the amount deemed necessary, net of the

expected amount of disposable collateral and the estimated amount of recoveries from guarantees.

For claims to virtually bankrupt debtors and bankrupt debtors, an allowance is provided for the full amount of such claims, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees.

### B. Matters Relating to Portfolios to Which the Standardized Approach Is Applied

1. Names of qualified rating agencies, etc. (defined as qualified rating agencies, OECD, and export credit agencies; the same definition applies below.) used to determine the risk weight (including reasons if qualified rating agencies were changed)  
In order to determine the risk weight, we use the following four rating agencies as qualified rating agencies for all exposures. Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and S&P Global Ratings (S&P)
2. Names of qualified rating agencies used to determine the risk weight of each type of exposures  
In order to determine the risk weight of each type of exposure, we use the following four rating agencies as qualified rating agencies for all exposures. Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and S&P Global Ratings (S&P)

### IV . Outlines of Credit Risk Mitigation Techniques

From the standpoint of risk management, we take measures to provide coverage for credit exposure by collateral and guarantees to mitigate counterparty credit risk.

In accordance with the Notification on Capital Adequacy, we use (1) eligible financial asset collateral, (2) guarantees or credit derivatives, and (3) netting of loans and deposits held at our bank.

To treat financial assets as collateral against credit such as loans, the credit risk mitigation effect is reflected in a comprehensive approach, calculating credit risk exposure after making adjustments to portions covered by collateral and deducting them from the credit amount. Eligible financial assets include cash, deposits held at our bank, debt securities issued by the sovereigns (governments, central banks, public sector entities), bonds rated BBB- and above by external rating bodies, listed stocks, investment trusts, and other items.

In the case of guarantees and credit derivatives, the credit risk mitigation effect is reflected in the replacement approach whereby the risk weight of exposures to the obligor is replaced with the risk weight of the guarantee or the protection provider. Eligible guarantors and protection providers include central governments, Japanese local authorities and government related organizations, foreign non-central government public sector entities, multilateral development banks, banks and securities companies with a lower risk weight than the original obligors, and companies which are rated by the appropriate rating agencies.

A netting of loans and deposits held at our bank shall be required to meet the following conditions; netting of loans and deposits held at our bank is legally valid, loans and deposits under netting contracts with the same counterparty are always identifiable, the possibility that deposits may not be further maintained at our bank is monitored and managed, and the netted amount is monitored and controlled.

### V . Outlines of Policies and Procedures for Counterparties of Derivatives and Transactions with a Long-Horizon Settlement Period

In the case of derivatives, we calculate the amount of credit risk assets of counterparties by multiplying the credit-equivalent amount by the risk weight. We employ the current exposure method to calculate the credit-equivalent amount.

1. Policies regarding measures to secure transactions by collateral and allowance calculations  
We take appropriate credit enhancement measures according to the creditworthiness of counterparties. We have entered into the ISDA Credit Support Annex (CSA) and the like with some counterparties. As for allowances, we calculate the credit reserves according to the amount of claims, depending on the creditworthiness of counterparties.
2. Possibility providing additional collaterals due to deterioration of our creditworthiness  
As for the transactions with ISDA Credit Support Annex (CSA) and the like, an obligation to provide additional collaterals may arise due to deterioration of our creditworthiness, such as a downgrade of our credit rating.

## Disclosure based on Pillar III of Basel III – Qualitative Disclosure

### VI . Matters Relating to Securitization Exposures

- A. Outlines of Risk Management Policies and Procedure  
The Nomura Trust and Banking acts as an “investor” in securitization products, but we do not act as an “originator” or as a “servicers.”  
When we engage in securitization transaction as an “investor,” the Risk Management Committee must analyze the investment, assessing the investment policy as well as the associated risks of the investment products and set investment limit. Also reviewing in new investment products or new investment techniques, we will consult with the New Products & Services Review Committee and the Risk Management Committee.  
We invest in securitized products with underlying assets such as loan claims and claims on lease payments. The securitized products we held carries credit risk and interest rate risk, but this risk is no different from the risk from loan and securities trading. Also there is risk in changing fair value by changes in credit rating and default ratio.
- B. Matters relating to management system and operation status stipulated in the Provision of article No. 248-1-1 to 4 of the Notification on Capital Adequacy including cases of mutatis mutandis application in accordance with article No. 302-2-2 of the Notification on Capital Adequacy  
We analyze and evaluate the underlying assets, degree of dispersion and the scheme etc. and make a prudent investment decisions when investing in individual securitization products. After the investment the rating agency we appointed will continue monitoring, checking fair value and report to the Risk Management Committee regularly.
- C. Policy for securitization transaction used as credit risk mitigation techniques  
Not applicable
- D. Calculation methods for determining the amount of credit risk asset with regard to securitization exposure  
In accordance with the Notification on Capital Adequacy, we evaluate credit risk asset with regard to securitization exposure using an external ratings-based approach.  
If we are unable to use the above-mentioned method, we apply a risk weight of 1,250%.
- E. Calculation methods for determining the amount of market risk with regard to securitization exposure  
We apply exceptional accrual method into the market risk equivalent
- F. If conducting securitization transaction relating to a third party's assets by using a special purpose entity by bank, the type of the special purpose entity and whether the bank possesses securitization exposures by such securitization transactions.  
Not applicable
- G. Names of Bank's subsidiary companies (excluding consolidated subsidiary) or affiliate companies possessing securitization exposures executed by the Bank (including securitization transaction carried out using special purpose entity)  
Not applicable
- H. Accounting Policies for Securitization Transactions  
Each financial asset is treated according to the Accounting Standards for Financial Instruments.
- I. Names of eligible external credit assessment institutions used to determine the risk weight by each type of securitization exposure (including reasons if eligible external credit assessment institutions were changed)  
In order to determine the risk weight, we use the following four rating agencies as eligible external credit assessment institutions.  
Rating and Investment Information, Inc (R&I), Japan Credit Rating Agency (JCR), Moody's Investor Service, Inc (Moody's), and S&P Global Ratings (S&P)
- J. Summary of internal valuation method for securitization  
The bank is not using the internal valuation method for securitization
- K. Any significant changes to the quantitative information  
Not applicable

### VII . Matters Relating to Market Risk Not applicable

### VIII . Matters Relating to Operational Risk

- A. Outlines of Risk Management Policies and Procedures  
Operational risk is defined as the risk of incurring losses owing to inadequate business processes, activities of directors and employees or systems, or external events. Based on the Integrated Risk Management Regulations, we manage administrative risk, system risk, information security risk, legal and compliance risk, outsourcing risk, human risk and tangible risk and in association with these risks, set out the Administrative Risk Management Regulations, the System Risk Management Regulations, the Basic Policies for Information Security, the Legal and Compliance Risk Management Regulations, the Outsourcing Risk Management Regulations, the Human Risk Management Regulations, the Tangible Risk Management Regulations.  
Furthermore, the Corporate Risk Management Department manages operational risk comprehensively, while each specialized department manages specific risks in its jurisdiction.

#### ■ Departments in Charge of Each Operational Risk (as of March 31, 2023)

Operational Risk	Administrative risk	Operations Planning Department
	System risk	IT Planning & Control Department
	Information security risk	Compliance Control Department and IT Planning & Control Department
	Legal and compliance risk	Compliance Control Department
	Outsourcing risk	Operations Planning Department
	Human Risk	Human Resource and General Affairs Department
	Tangible Risk	Human Resource and General Affairs Department
	Other operational risk	Operations Planning Department

- B. Methods Used to Calculate the Operational Risk Amount  
To measure the operational risk amount under Basel requirements, we have used the Standardized Approach since the beginning of the period ended March 2011. Under this approach, in accordance with the Notification on Capital Adequacy, we measure the amount of operational risk by first allocating annual gross profit (calculated as “gross operating profit” minus “gains on sales of bonds” and “gains on redemption of bonds,” and plus “loss on sales of bonds” and “loss on redemption of bonds,” “loss on devaluation of bonds,” and “fees and commissions payments”) into eight categories, and then multiplying gross income for each category by the ratio designated to each operational category (ranging from 12% to 18%) accordingly (gross profit of business that cannot be allocated to one of the eight categories will be multiplied by an 18% ratio), and the amounts as a result for all the categories are aggregated for a year. The average of the aggregated amounts for the last three years is the operational risk amount.
- IX . Outlines of Risk Management Policies and Methods Regarding Investments and Other Related Exposures (“Investments”) or Equity Exposures in Banking Account as Stipulated in the Article 4-6-3 of the Order for Enforcement of Banking Act (Order No. 40 of 1982)

Decisions to hold investments and equities exposures are made after approved by Risk Management Committee or another equivalent committee, depending on their purpose and amount, etc., based on the Approval Authorization Regulations, the Credit Authorization Management Regulations and the like.  
As for an individual investment, we recognize and manage its risk using the VaR Approach, Net Asset Approach or the like, depending on the investment attributes and the style.  
In the accounting procedures, we follow the Companies Act, the Banking Act of Japan, the Corporate Accounting Principles, “Ordinance on Accounting of Companies,” “Accounting Guidelines for Banks” announced by the Japanese Bankers Association, and other generally-accepted standards.  
Since we adopt the Standardized Approach to measure the amount of credit risks under Basel requirements, a risk weight of 100% is applied to equity exposures of the stocks, etc. which are not material investments.

### X . Matters Relating to interest Rate Risks in the Banking Book

- A. Outlines of Risk Management Policies and Procedures  
As for the interest rate risk, we calculate this based on the Notification on Capital Adequacy, in accordance with the Capital Management Regulations and the Market Risk Management Regulations. As for the risk management procedures for interest-sensitive assets and liabilities in the banking account, the status of interest risk and the like are reported to the Risk Management Committee and the future management policies for assets and liabilities as well as other related issues are reviewed and determined.

## Disclosure based on Pillar III of Basel III – Qualitative Disclosure

### B. Outlines of Methods Used to Calculate Interest Rate Risks

#### (1) Outlines of Risk Management Policies and Procedures

##### (a) Definition of Interest Rate Risk and Subject of Risk Management and Measurement

Interest rate risk is defined as: "The risk of loss resulting from changes in interest rates. As a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity thereof, a financial institution may suffer a loss or a decline in profit due to changes in interest rates."

At the Nomura Trust and Banking, rate sensitive assets and liabilities, and off-balance-sheet transactions are subject to risk management and measurement.

##### (b) Risk Management and Mitigation Policies

As for the risk management procedures for interest-sensitive assets and liabilities in the banking account and for off-balance-sheet transactions, the status of interest risk is properly reported to the Risk Management Committee and other relevant organizations, and the future management policies for assets, liabilities, and off-balance-sheet transactions, as well as other related issues are reviewed and determined.

##### (c) Interest Rate Risk Measurement Frequency

Interest rate risk is measured daily with the previous business day as the base date.

##### (d) Interest Rate Risk Mitigation Techniques Including Hedging

For the purpose of managing the risk of changes in market values, we use interest rate swaps to hedge securities and loans. As for the accounting treatment of hedging instruments, we apply hedge accounting (deferral hedge using portfolio hedges or individual hedges). The exceptional accrual method for interest rate swaps is applied for certain individual hedges.

#### (2) Outlines of Methods Used to Calculate Interest Rate Risks

##### (a) Matters Relating to Changes in Economic Value of Equity ( $\Delta$ EVE) and Net Interest Income ( $\Delta$ NII) Subject to Quantitative Disclosures under Disclosure Notification, and Relating to Interest Rate Risks to be Disclosed by Banks in Addition Thereto

###### (i) Average Maturity of Interest Rate Revision Assigned to Liquid Deposits

The average maturity of the interest rate revision assigned to all liquid deposits was 1.765 years as of March 31, 2023.

###### (ii) The Longest Maturity of Interest Rate Revision Assigned to Liquid Deposits

The longest maturity of interest rate revision assigned to all liquid deposits was 4.5 years.

###### (iii) Method and Assumptions for Maturity Assignment for Liquid Deposits

We use an internal model for estimating the balances and holding periods of core deposits.

###### (iv) Assumptions for Prepayments of Fixed Interest Rate Loans and Cancellations of Time Deposits before Maturity

As for the ratios of prepayments of loans and cancellations of time deposits before maturity, we use values specified by the Financial Services Agency.

###### (v) Aggregation Method and Assumptions for Multiple Currencies

In calculating interest risk, we target all applicable currencies and use a conservative method for aggregation without taking into account the correlations between currencies. From an importance perspective, we calculate the interest rate risk for certain currencies by translating them into other currencies for aggregation.

###### (vi) Assumptions for Spreads

We include spreads in the interest for statements of cash flows prepared. Conversely, a risk-free rate is used as the discount interest rate.

###### (vii) Other Assumptions Having Significant Effects on $\Delta$ EVE and $\Delta$ NII, such as Use of Internal Models

Not applicable

###### (viii) Explanation Regarding Changes from Disclosure at the End of the Previous Fiscal Year

$\Delta$ EVE decreased due to a decrease in the amount of interest rate risk in securities.

###### (ix) Explanation Regarding the Interpretation and Importance of Values Measured

We think our  $\Delta$  EVE is appropriate for interest risk management purposes.

##### (b) Following Matters Relating to Interest Rate Risk Measured by Bank for the Purpose of Capital Adequacy Evaluation, Stress Testing, Risk Management, Income Management, Business Decision-Making or Other Purpose Other Than Changes in Economic Value of Equity ( $\Delta$ EVE) and Net Interest Income ( $\Delta$ NII) Subject to Quantitative Disclosures under Disclosure Notification

###### (i) Explanation Regarding Interest Rate Shock

We use VaR to calculate the quantity of market price change risk from interest rates. In calculating VaR, we use, as interest rate shock, the expected maximum change calculated with interest rate data from the past two years.

###### (ii) Interest Rate Risk Measurement Assumptions and their Meaning

For VaR, we apply the historical method and use an index volume-weighted average to assign weights to changes calculated with data from the past two years. We then use the 1st percentile value as interest rate shock. We apply a holding period of 20 days.

# Disclosure based on Pillar III of Basel III – Quantitative Disclosure

## Quantitative Disclosure

Under the Notification of the Financial Services Agency, The Nomura Trust and Banking calculates the non-consolidated capital adequacy ratio based on the domestic standard. We use the Standardized Approach to measure credit risks. To measure the operational risk amount we use the Standardized Approach.

### I. Matters Relating to Capital Adequacy

#### A. Amount of Required Capital against Credit Risk and Breakdown by Portfolio to Which the Standardized Approach Is Applied

(Millions of yen)

Breakdown by Portfolio	Amount of Required Capital	
	March 31, 2022	March 31, 2023
The Standardized Approach		
Claims on foreign central governments and central banks	126	84
Claims on foreign non-central government public sector entities	48	—
Claims on multilateral development banks	17	19
Claims on Japan Finance Organization for Municipalities	57	61
Claims on Japanese government-affiliated organizations	173	137
Claims on financial institutions and Type I financial instruments business operators	616	307
Claims on corporations	14,767	10,829
Claims on small and medium enterprises and individuals	2,666	3,226
Claims on projects including acquisition of real estate properties	946	833
Other	889	817
Securitization	37	23
Exposures to Which Regarded Calculation of Risk Weight is Applied	352	8
CVA risk	819	361
Total	21,520	16,708

#### B. Amount of Required Capital against Credit Risk Concerning Equity Exposures to Which the IRB Approach Is Applied and the Breakdown by Category

Not applicable as of March 31, 2022 and 2023

#### C. Amount of Required Capital for Different Exposure Categories against Credit Risk Concerning Exposures to Which Regarded Calculation of Risk Weight is Applied

(Millions of yen)

Exposure Categories	Amount of Required Capital	
	March 31, 2022	March 31, 2023
Exposures for which ratios calculated in accordance with Article 76-5, Section 2 of the Notification on Capital Adequacy are used as the risk weights	315	—
Exposures for which ratios calculated in accordance with Article 76-5, Section 6 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which ratios stipulated in Article 76-5, Section 9, Item 1 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which ratios stipulated in Article 76-5, Section 9, Item 2 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which risk weights in Article 76-5, Section 10 of the Notification on Capital Adequacy are used	36	8

Amount of Required Capital against Credit Risk Concerning Exposures to Which the Related-Method Are Applied  
Not applicable as of March 31, 2022 and 2023

#### D. Amount of Required Capital against Market Risk and Breakdown by Approach

Not applicable as of March 31, 2022 and 2023

#### E. Amount of Required Capital against Operational Risk

(Millions of yen)

Required Capital (Standardized Approach)	March 31, 2022	March 31, 2023
	2,846	3,199

#### F. Non-Consolidated Total Required Capital (Domestic Standard)

(Millions of yen)

Non-Consolidated Total Required Capital	March 31, 2022	March 31, 2023
	22,533	18,127

### II. Matters Relating to Credit Risk (Excluding Exposures to which Regarded Calculation of Risk Weight is Applied and Securitization Exposures)

#### A. Balance of Exposures Related to Credit Risk and Breakdown by Type

#### B. Breakdown of Amount by Category and Breakdown of Exposure by Type

##### ■ Balances of Exposures Related to Credit Risk

(By area, industry, and duration)

(Millions of yen)

	March 31, 2023					Total
	Securities	Loans	Derivatives	Others		
By area and industry	Manufacturing	10,742	4,784	—	17	15,544
	Construction	1,300	549	—	1	1,850
	Electricity, gas, heat supply and water	9,261	3,829	—	18	13,109
	Communication and information services	—	15,000	—	21	15,021
	Transport	23,068	2,253	—	743	26,065
	Wholesale and retail	6,186	10,610	—	44	16,841
	Finance and insurance	31,067	32,999	9,009	174,641	247,717
	Real estate	2,870	63,523	—	25	66,419
	Goods rental and leasing	3,204	13,080	—	632	16,916
	Various services	—	248,968	—	114	249,083
	Government and local authorities	172,968	—	—	696,548	869,516
	Other	1,441	357,966	—	31,599	391,007
	Total	334,269	795,689	10,650	909,870	2,050,479
By duration	Domestic	262,110	753,565	9,009	904,408	1,929,094
	Overseas	72,159	42,123	1,640	5,461	121,385
	Total	334,269	795,689	10,650	909,870	2,050,479
	Due in 1 year or less	74,542	657,192	7,827	905,851	1,645,413
	Due over 1 year to 3 years	142,832	60,372	768	2,617	206,591
	Due over 3 years to 5 years	72,528	40,470	726	750	114,475
Due over 5 years to 7 years	1,422	17,196	102	—	18,721	
Due over 7 years	39,627	20,456	1,225	—	61,309	
With no maturity	3,317	—	—	651	3,968	
Total	334,269	795,689	10,650	909,870	2,050,479	

## Disclosure based on Pillar III of Basel III – Quantitative Disclosure

(By area, industry, and duration)

		March 31, 2022				(Millions of yen)
		Securities	Loans	Derivatives	Others	Total
By area and industry	Manufacturing	9,934	10,052	—	37	20,024
	Construction	1,300	—	—	0	1,300
	Electricity, gas, heat supply and water	11,472	3,936	—	20	15,429
	Communication and information services	368	15,000	—	0	15,368
	Transport	22,775	3,620	—	686	27,082
	Wholesale and retail	8,925	7,449	—	47	16,422
	Finance and insurance	44,217	33,458	27,723	60,415	165,815
	Real estate	5,747	63,784	—	424	69,956
	Goods rental and leasing	2,970	13,960	—	1,119	18,049
	Various services	2,678	210,218	—	114	213,010
	Government and local authorities	251,753	—	—	315,667	567,420
	Other	1,964	294,632	—	31,301	327,898
	Domestic	364,108	656,112	27,723	409,834	1,457,779
	Overseas	111,487	52,493	5,645	28,565	198,191
Total	475,595	708,606	33,369	438,399	1,655,971	
By duration	Due in 1 year or less	55,562	591,476	30,241	430,837	1,108,118
	Due over 1 year to 3 years	123,310	34,420	1,108	4,664	163,504
	Due over 3 years to 5 years	205,933	38,401	685	8	245,028
	Due over 5 years to 7 years	19,981	11,871	343	—	32,196
	Due over 7 years	65,398	32,435	989	—	98,823
	With no maturity	5,410	—	—	2,889	8,299
	Total	475,595	708,606	33,369	438,399	1,655,971

C. Balances of Exposure Overdue for More Than Three Months or at Default and Breakdown by Category  
Not applicable as of March 31, 2022 and 2023

D. General Allowance for Credit Losses, Specific Allowance for Credit Losses and Allowance for Loans to Specific Foreign Borrowers

■ Balances of General Allowance for Loan Losses

		March 31, 2022		March 31, 2023	
		Against March 31, 2021		Against March 31, 2022	
		1,080	(200)	1,150	70

■ Balances of Specific Allowance for Loan Losses

(By area and industry)

		March 31, 2022		March 31, 2023	
		Against March 31, 2021		Against March 31, 2022	
By area and industry	Manufacturing	1,373	1,373	—	(1,373)
	Other	288	—	288	—
	Domestic subtotal	1,662	1,373	288	(1,373)
	Overseas	—	—	—	—
	Total	1,662	1,373	288	(1,373)

Allowance for loans to specific foreign borrowers is not applicable.

E. Amount of Written-Off of Loans by Industry or Counterparty

		(Millions of yen)	
		FY2021	FY2022
Other		0	—
Domestic subtotal		0	—
Overseas		—	—
Total		0	—

F. Balance of Exposures, Subject to Application of a Standard Method, after Consideration of the Effects from Credit Risk Reduction Methods for Different Risk Weight Categories, and the Amounts of These Exposures to Which 1,250% of Risk Weight is Applied in Accordance with Financial Services Agency Notification No. 19 (Hereinafter the "Notification on Capital Adequacy"): Article 79, Section 5, Item 2-2; Article 177, Section 2, Item 2-2; and Article 248 of the Notification on Capital Adequacy (Limited to Cases of Mutatis Mutandis Application in Accordance with Article 125 and Article 127 of the Notification on Capital Adequacy), as Well as Article 248, Section 4, Item 1-1 and Article 248, Section 4, Item 1-2 (Limited to Cases of Mutatis Mutandis Application in Accordance with Article 125 and Article 127 of the Notification on Capital Adequacy)

Risk Weight	March 31, 2022		March 31, 2023	
	Rating Available	Rating Not Available	Rating Available	Rating Not Available
0%	569,123	79,796	999,720	65,004
10%	34,716	—	25,369	—
20%	113,656	2,065	75,527	—
40%	2,448	—	—	—
50%	84,028	—	73,755	—
70%	2,430	—	1,331	—
75%	—	88,891	—	107,539
100%	48,694	336,281	45,115	226,642
120%	1,000	—	—	—
1250%	—	73	—	16
Other than the above	279	16,615	252	—

※ In accordance with the Notification on Capital Adequacy and "Questions and Answers on Basel requirements" issued by the FSA on March 31, 2006, the risk weight above represents the sum of risk weight of exposures to original debtors and original creditors in "loan participations." In the above table, the columns corresponding to the risk weights of 40%, 70% and 120% are the results of combining risk weight of 20% with that of 20%, 50% and 100%, respectively.

※ "Other than the above" partly includes funds with which we measure credit risk assets using the look-through method.

G. Among the Exposures to Which the IRB Approach Is Applied, Balances of Specialized Lending Exposures Subject to Supervisory Slotting Criteria and Equity Exposures Subject to the Market-Based Simplified Approach by Risk Weight Category in the Case Where the Risk Weight as Stipulated in the Article 153-3, Article 153-5, and Article 166-4 of the Notification on Capital Adequacy Is Applied  
Not applicable as of March 31, 2022 and 2023

H. Matters Relating to Portfolio to Which the IRB Approach Is Applied  
Not applicable as of March 31, 2022 and 2023

I. Actual Credit Losses in the Current Period and Year On Year Change and Its Factors by Corporate, Sovereign and Bank Exposures under the IRB Approach and Equity, Residential Mortgage, Qualified Revolving Retail and other Retail Exposures under the PD/LGD Approach  
Not applicable as of March 31, 2022 and 2023

J. Estimated and actual Credit losses over Long Periods by Corporate, Sovereign and Bank Exposures under the IRB Approach and Equity, Residential Mortgage, Qualified Revolving Retail and other Retail Exposures under the PD/LGD Approach  
Not applicable as of March 31, 2022 and 2023



## Disclosure based on Pillar III of Basel III – Quantitative Disclosure

### III. Matters Relating to Credit Risk Mitigation Techniques

- A. For a Portfolio under the Standardized Approach, Amount of Exposures to Which Credit Risk Mitigation Techniques by Eligible Financial Asset Collaterals Are Applied (Limited to the portion for which credit risk reduction methods are taken into account.)

(Millions of yen)	
March 31, 2022	March 31, 2023
259,409	409,853

- B. For a Portfolio under the Standardized Approach or the IRB Approach, Amount of Exposures to Which the Guarantees or Credit Derivatives Are Applied (Limited to the portion for which credit risk reduction methods are taken into account.)

For a portfolio under the Standardized Approach, amounts of exposures to which the guarantees were applied were 16,548 million yen as of the end of March 2023, and 30,553 million yen as of the end of March 2022. These amounts were calculated based on the replacement approach.

### IV. Items Pertaining to Counterparty Risk on Derivative Transactions and Long-Settlement Transactions

	March 31, 2022			March 31, 2023		
	Gross Replacement Cost	Gross Add-On	Credit-Equivalent Amount	Gross Replacement Cost	Gross Add-On	Credit-Equivalent Amount
Gross Credit-Equivalent Amount (Before Credit Risk Mitigating Effect is Recognized)	28,500	16,336	44,837	13,079	14,205	27,284
Derivative Transactions	28,500	16,336	44,837	13,079	14,205	27,284
Forex and Gold-Related	27,233	12,447	39,681	10,241	9,156	19,397
Interest Rate-Related	1,267	3,889	5,156	2,838	5,049	7,887
Long-Settlement Transactions	—	—	—	—	—	—
Credit-Equivalent Amount Reduction Effect Through Close-Out Netting Agreement	(4,772)	(6,695)	(11,467)	(9,596)	(7,037)	(16,634)
Net Credit-Equivalent Amount (Before Credit Risk Mitigating Effect is Recognized)	/	/	33,369	/	/	10,650
Eligible Financial Collateral Associated	/	/	11,528	/	/	1,304
Cash and own bank deposits	/	/	1,975	/	/	981
Bonds	/	/	9,553	/	/	322
Net Credit-Equivalent Amount (After Credit Risk Mitigating Effect is Recognized)	/	/	21,841	/	/	9,345

(Note) 1. The credit-equivalent amount is calculated by applying the current-exposure method.  
2. Does not apply to credit derivatives trading as of March 31, 2022 and 2023

### V. Matters Relating to Securitization Transactions

- A. Matters Relating to Securitization Exposures Originated by the Bank  
Not applicable as of March 31, 2022 and 2023

- B. Matters Relating to Securitization Exposures in Which the Bank Invests

1. Amount of securitization exposures held and breakdown of major underlying assets by type

Type of Underlying Assets	(Millions of yen)			
	March 31, 2022		March 31, 2023	
	Balance	Re-Securitization	Balance	Re-Securitization
Loan claims	3,441	—	1,772	—
Claims on credit and credit card	1,000	—	1,000	—
Claims on lease payments	212	—	6	—
Total	4,654	—	2,779	—

2. Balance and amount of required capital of securitization exposures held by appropriate risk weight category

Risk Weight	(Millions of yen)			
	March 31, 2023		Required Capital	
	Balance	Re-Securitization	Balance	Re-Securitization
15%	6	—	0	—
20%	2,526	—	20	—
30%	246	—	2	—
Total	2,779	—	23	—

Risk Weight	(Millions of yen)			
	March 31, 2022		Required Capital	
	Balance	Re-Securitization	Balance	Re-Securitization
16.25%	479	—	3	—
17.50%	86	—	0	—
20%	3,808	—	30	—
30%	279	—	3	—
Total	4,654	—	37	—

3. A breakdown of the amount of securitization exposures, for which 1,250% of risk weight is applied in accordance with Article 248, as well as Article 248, Section 4, Item 1-1 and Article 248, Section 4, Item 1-2, of the Notification on Capital Adequacy, and by types of categories of original asset  
Not applicable as of March 31, 2022 and 2023

4. Breakdown of re-securitization exposure to apply for credit risk mitigation technique and to apply for Guarantor or appropriate guarantor  
Not applicable as of March 31, 2022 and 2023

## Disclosure based on Pillar III of Basel III – Quantitative Disclosure

C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates  
Not applicable as of March 31, 2022 and 2023

D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests  
Not applicable as of March 31, 2022 and 2023

VI. Matters Relating to Market Risk  
Not applicable as of March 31, 2022 and 2023

VII. Matters Relating to Capital Subscriptions or Equity Exposures  
Not applicable as of March 31, 2022 and 2023

VIII. Amounts of Exposures to which Regarded Calculation of risk weights are Applied as Shown for Different Exposure Categories

(Millions of yen)

Exposure Categories	Amount as of March 31, 2022	Amount as of March 31, 2023
Exposures for which ratios calculated in accordance with Article 76-5, Section 2 of the Notification on Capital Adequacy are used as the risk weights	18,095	—
Exposures for which ratios calculated in accordance with Article 76-5, Section 6 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which ratios stipulated in Article 76-5, Section 9, Item 1 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which ratios stipulated in Article 76-5, Section 9, Item 2 of the Notification on Capital Adequacy are used as the risk weights	—	—
Exposures for which risk weights in Article 76-5, Section 10 of the Notification on Capital Adequacy are used	73	16

Amount of exposures to which regarded calculation of risk assets used is applied  
Not applicable

IX. Matters Relating to Interest Rate Risk

(Millions of yen)

Interest Rate Risk					
Order		A		D	
		ΔEVE		ΔNII	
		March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
1	Upward parallel shift	8,672	4,123	3,186	5,385
2	Downward parallel shift	0	5,942	360	(2,150)
3	Steepening	3,426	3		
4	Flattening	792	1,663		
5	Short-term interest rate rise	3,296	2,639		
6	Short-term interest rate decline	629	2,220		
7	Maximum value	8,672	5,942	3,186	5,385
		E		F	
		End of March 2022		End of March 2023	
8	Regulatory capital	89,022		90,317	

