

# INTERIM FINANCIAL REPORT 2024

(April 1~September 30, 2024)



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# INTERIM BALANCE SHEET

SMBC Trust's financial statements, comprising of the Interim Balance Sheets, Interim Statements of Income, Interim Statements of Changes in Net Assets and Interim Statements of Cash Flows are audited by KPMG AZSA LLC pursuant to 193-2-1 of the Financial Instruments and Exchange Law.

(Millions of Yen)

	As of September 30, 2023	As of September 30, 2024
<b>(Assets)</b>		
Cash and due from banks	1,955,109	2,384,883
Call loans	65,819	42,867
Securities	267,568	301,140
Loans and bills discounted	2,065,648	1,540,805
Foreign exchanges	21,193	19,970
Other assets	73,696	40,916
Tangible fixed assets	1,470	1,543
Intangible fixed assets	8,883	11,784
Prepaid pension cost	1,347	1,439
Deferred tax assets	-	5,654
Reserve for possible loan losses	(965)	(990)
<b>Total assets</b>	<b>4,459,772</b>	<b>4,350,016</b>
<b>(Liabilities)</b>		
Deposits	3,500,045	3,596,688
Call money	500,000	400,000
Payables under securities lending transactions	73,273	49,493
Foreign exchanges	1,961	1,534
Due to trust accounts	139,923	68,285
Other liabilities	71,135	50,012
Income taxes payable	4,131	2,876
Lease obligations	27	18
Asset retirement obligations	943	946
Other	66,034	46,170
Reserve for employee bonuses	1,122	1,223
Reserve for executive bonuses	70	85
Reserve for reimbursement of deposits	736	856
Deferred tax liabilities	221	-
<b>Total liabilities</b>	<b>4,288,491</b>	<b>4,168,180</b>
<b>(Net assets)</b>		
Capital stock	87,550	87,550
Capital surplus	85,553	85,553
Legal capital surplus	83,350	83,350
Other capital surplus	2,203	2,203
Retained earnings	(14,274)	7,885
Legal retained earnings	80	80
Other retained earnings	(14,354)	7,805
Retained earnings brought forward	(14,354)	7,805
<b>Total Shareholders' equity</b>	<b>158,828</b>	<b>180,988</b>
Net unrealized gains (losses) on other securities	(2,462)	(1,493)
Net deferred gains (losses) on hedges	14,915	2,340
<b>Total valuation and translation adjustments</b>	<b>12,452</b>	<b>847</b>
<b>Total net assets</b>	<b>171,280</b>	<b>181,835</b>
<b>Total liabilities and total net assets</b>	<b>4,459,772</b>	<b>4,350,016</b>

## INTERIM STATEMENTS OF INCOME

(Millions of Yen)

	from April 1, 2023 to September 30, 2023	from April 1, 2024 to September 30, 2024
Ordinary income	57,282	60,088
Trust fees	2,362	2,908
Interest income	34,213	33,805
Interest on loans and discounts	24,203	24,010
Interest and dividends on securities	455	427
Fees and commissions	14,020	9,437
Other operating income	5,535	13,877
Other income	1,150	58
Ordinary expenses	40,448	48,104
Interest expenses	16,809	24,236
Interest on deposits	14,088	21,016
Fees and commissions payments	3,833	3,035
Other operating expenses	22	-
General and administrative expenses	19,730	20,808
Other expenses	52	24
Ordinary profit (loss)	16,834	11,983
Extraordinary losses	70	10
Income (loss) before income taxes	16,763	11,973
Income taxes - current	3,698	2,177
Income taxes - deferred	726	1,034
Income taxes	4,424	3,211
Net income (loss)	12,339	8,761

# INTERIM STATEMENTS OF CHANGES IN NET ASSETS

From April 1, 2023 to September 30, 2023

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the period	87,550	83,350	2,203	85,553	80	(26,694)	(26,614)	146,488
Changes in the period								
Net income (Loss)						12,339	12,339	12,339
Net changes in items other than shareholders' equity in the period								
Net changes in the period	—	—	—	—	—	12,339	12,339	12,339
Balance at the end of the period	87,550	83,350	2,203	85,553	80	(14,354)	(14,274)	158,828

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	(1,617)	(1,475)	(3,093)	143,395
Changes in the period				
Net income (Loss)				12,339
Net changes in items other than shareholders' equity in the period	(845)	16,391	15,546	15,546
Net changes in the period	(845)	16,391	15,546	27,885
Balance at the end of the period	(2,462)	14,915	12,452	171,280

From April 1, 2024 to September 30, 2024

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the period	87,550	83,350	2,203	85,553	80	(956)	(876)	172,226
Changes in the period								
Net income (Loss)						8,761	8,761	8,761
Net changes in items other than shareholders' equity in the period								
Net changes in the period	—	—	—	—	—	8,761	8,761	8,761
Balance at the end of the period	87,550	83,350	2,203	85,553	80	7,805	7,885	180,988

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	(1,461)	7,921	6,459	178,686
Changes in the period				
Net income (Loss)				8,761
Net changes in items other than shareholders' equity in the period	(32)	(5,580)	(5,612)	(5,612)
Net changes in the period	(32)	(5,580)	(5,612)	3,149
Balance at the end of the period	(1,493)	2,340	847	181,835



## INTERIM STATEMENTS OF CASH FLOWS

(Millions of Yen)

	from April 1, 2023 to September 30, 2023	from April 1, 2024 to September 30, 2024
Cash flows from operating activities:		
Income before income taxes	16,763	11,973
Depreciation	1,091	1,477
Net change in reserve for possible loan losses	(1,137)	(52)
Net change in reserve for employee bonuses	(608)	(1,237)
Net change in reserve for executive bonuses	(73)	(55)
Net change in reserve for reimbursement of deposits	(110)	(89)
Net change in prepaid pension cost	242	(230)
Interest income	(34,213)	(33,805)
Interest expenses	16,809	24,236
Net (gains) losses on securities	(28)	(26)
Net exchange (gains) losses	(109)	271
Net (gains) losses from disposal of tangible fixed assets	1	0
Net (gains) losses from disposal of intangible fixed assets	68	9
Net change in loans and bills discounted	(23,593)	656,434
Net change in deposits	219,967	(40,036)
Net change in deposits with banks	(91,135)	(30,681)
Net change in call loans and others	(3,847)	10,897
Net change in call money and others	49,821	(50,000)
Net change in monetary claims bought	2,170	-
Net change in payables under securities lending	5,692	(23,693)
Net change in foreign exchanges (assets)	(3,687)	11,565
Net change in foreign exchanges (liabilities)	743	(130)
Net change in accrued trust fees	(834)	(1,152)
Net change in due to trust account	3,505	(9,148)
Interest received	31,132	33,580
Interest paid	(8,318)	(26,984)
Other, net	28,037	3,162
Subtotal	208,350	536,283
Income taxes paid	(4,435)	(6,007)
Income taxes refunded	580	284
Net cash provided by (used in) operating activities	204,495	530,559
Cash flows from investing activities:		
Purchases of securities	(46,590)	(27,298)
Proceeds from sale of securities	-	12,478
Proceeds from redemption of securities	3,536	1,269
Purchases of tangible fixed assets	(84)	(176)
Purchases of intangible fixed assets	(2,386)	(2,413)
Payments for fulfillment of asset retirement obligations	(14)	-
Net cash provided by (used in) investing activities	(45,540)	(16,141)
Cash flows from financing activities:		
Repayment of lease obligations	(4)	(4)
Net cash provided by (used in) financing activities	(4)	(4)
Effect of exchange rate changes on cash and cash equivalents	109	(49)
Net change in cash and cash equivalents	159,059	514,364
Cash and cash equivalents at the beginning of the period	1,514,936	1,623,686
Cash and cash equivalents at the end of the period	1,673,996	2,138,051

The amounts described herein are rounded down to the nearest million yen.

### Significant accounting policies

#### 1. Measurement standard and method of securities

Debt securities classified as held-to-maturity are carried at amortized cost (based on the straight-line method) using the moving-average method. Available-for-sales securities are carried at their market prices (cost of securities sold is calculated using primarily the moving-average method) except for those without market prices, such as investments in partnership, etc. are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in “Net assets”.

#### 2. Measurement standard and method of derivatives transactions

Derivatives transactions are carried at fair value.

The fair value of Derivatives is calculated based on net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk.

#### 3. Depreciation of fixed assets

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

Tangible fixed assets are depreciated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings:	3 to 20 years
Others :	3 to 20 years

##### (2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use is depreciated over its estimated useful life (mainly 5years).

##### (3) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in “Tangible fixed assets,” are depreciated using the straight-line method, assuming that the lease terms are their useful lives and residual values are zero.

#### 4. Conversion rule for foreign currency assets and liabilities into Japanese Yen

Foreign currency assets and liabilities are converted into Japanese yen by the prevailing Foreign Exchange rate as of interim balance sheet date.

#### 5. Basis for recording reserves

##### (1) Reserve for possible loan losses

The reserve for possible loan losses is provided as detailed below in accordance with the internal standards for write-offs and provisions. For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“Bankrupt borrowers”) or borrowers that are regarded as substantially in the same situation (“Effectively bankrupt borrowers”), a reserve is provided based on the amount of claims, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to be highly likely to fall into bankruptcy (“Potentially bankrupt borrowers”), a reserve is provided at the amount deemed necessary based on an overall solvency assessment of the borrowers, net of the expected amount of recoveries from collateral and guarantees.

For the other claims, a reserve is provided based primarily on the expected amount of loss during one year or three years from the reported date. The expected amount of loss is calculated by computing the rate of loss based on the average loan-loss ratio or average bankruptcy ratio derived from the actual loan-loss amount or actual bankruptcies for the one year or three years, and adding other necessary factors (e.g. expected economic conditions).



In addition, in light of the latest economic situation and risk factors, for potential losses for specific portfolios that are based on the future prospects with high probability, but cannot be reflected in actual loan losses in the past and in any individual borrower's classification, a reserve is provided in the amount deemed necessary based on an overall assessment.

The primary credit assessment departments, such as sales departments, assess all claims in accordance with the Standards for Self-Assessment of Asset Quality. The Credit Department, independent from these departments, reviews the assessment results, and the Internal Audit Department audits the assessment results.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amounts of write-off for the years ended September 30, 2024 were 348million yen, respectively.

(2) Reserve for employee bonuses

The reserve for employee bonuses is provided for payments of bonuses to employees, and recorded at the estimated amount of bonuses which are attributable to the current period.

(3) Reserve for executive bonuses

The reserve for executive bonuses is provided for payments of bonuses to directors, and recorded at the estimated amount of executive bonuses which are attributable to the current period.

(4) Reserve for retirement benefits

The reserve for retirement benefits is provided for payments of retirement benefits to employees, and recorded at the necessary amount estimated based on the projected benefit obligation and plan assets of pension funds at the end of the current period. In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Unrecognized prior service cost : Amortized on a straight-line basis, over a certain period (11 years) within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) : Amortized on a straight-line basis over a certain period (11 years) within the employees' average remaining service period commencing from the following fiscal year in which unrecognized net actuarial gain (loss) occurred.

(5) Reserve for reimbursement of deposits

The reserve for reimbursement of dormant deposits which were derecognized from liabilities is provided for the possible losses on the future claims of refunds, and recorded at the amount deemed necessary based on possible losses estimated according to the future claims of refunds.

6. Standard for revenue recognition

(1) Method of revenue recognition

Revenue from contracts with customers (excludes earnings based on ASBJ Statement No.10 "Accounting Standards for Financial Instruments.") is recognized based on satisfaction of performance obligation for each contract depending on transaction conditions.

(2) Revenue recognition of main transaction

As revenue from the contracts with customers, the main transactions of each services and when satisfied performance obligations are as follows:

Trust Fees, mainly included commissions for property management and investment service, recognized when a trust established or existed.

Exchange service fees, mainly included commissions for domestic remittance and foreign remittance, recognized when exchange service performed.

Revenue related investment trust, mainly included commissions for investment trust sales and administrative processes as management of transaction records, recognized when make an investment

trust contract with customer or the contract is existed.

Revenue related life-insurance and non-life-insurance, mainly included agency fees for sales insurances, recognized when make an insurance contract with customer or the contract is existed.

Revenue related real estate services, mainly included commissions for real estate brokerage, recognized in principle when make sale-contract of real estate.

7. Hedge accounting method

Interest rate risk hedge

As for the hedge accounting method applied to interest rate risk arising from financial assets and liabilities, SMBC Trust Bank Ltd. (SMBC Trust) applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Statement No. 24 on March 17, 2022). In this hedging, hedged items are identified through grouping on a basis of interest rate indices and certain repricing periods, and interest rate swaps are designated as a hedging instrument. With respect to the assessment of hedge effectiveness, hedge is deemed to be highly effective since it is designated in a way that the critical terms applied to the hedged items and the hedging instruments are mostly identical. The hedge effectiveness testing, therefore, relies on this result. With respect to the hedge for specific item, it has also been evaluated as effective.

8. Application of Group Tax Sharing System

SMBC Trust applies Group Tax Sharing System with Sumitomo Mitsui Financial Group, Inc. for the parent company.

9. Scope of "Cash and cash equivalents" on interim statements of cash flows:

For the purposes of presenting the interim statements of cash flows, "Cash and cash equivalents" are cash on hand, non-interest earning deposits with banks and deposits with the Bank of Japan.

**Changes in accounting policies**

Application of Accounting Standard for Current Income Taxes

SMBC Trust applies the "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022), from the beginning of the period for the six months ended September 30, 2024.

As for the revision of accounting classification of current income taxes in accordance with the transitional treatment stipulated in the provision of Paragraph 20-3 of the Accounting Standard for Current Income Taxes. There are no effects on the financial statements due to the application of the Accounting Standard.

**Notes**

(Notes to interim balance sheet)

1. Problem Assets based on "Financial Reconstruction Act" and "Banking Act" are as follows:

Bonds include Japanese corporate bonds in Securities (Limited to Guarantee for all or part of redemption of principal and payment of interest and the issuance of such bonds is by private placement of securities (Financial Instruments and Exchange Act No.2-3), Loans and bills discounted, Foreign exchanges, Accrued interest and Suspense payments in Other assets and Customers' liabilities for acceptances and guarantees in the interim balance sheet and the Securities in the case of a loan of the securities noted in the notes.

(Limited to rental or lease agreement).

Bankrupt and quasi-bankrupt assets	— million yen
Doubtful assets	155
Substandard loans	—
Past due loans (3 months or more)	—
Restructured loans	—
Subtotal	155
Normal assets	1,564,660
Total	1,564,816 million yen

“Bankrupt and quasi-bankrupt assets” are credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature.

“Doubtful assets” are credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower.

“Past due loans (3 months or more)” are loans on which the principal or interest payment is past due for 3 months or more, excluding “Bankrupt and quasi-bankrupt assets” and “Doubtful assets”.

“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt and quasi-bankrupt assets” “Doubtful assets” and “Past due loans (3 months or more).”

“Normal assets” are credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above.

The amounts of above are the amounts before deduction of reserve for possible loan losses.

2. The net amount of Loan participation in participation principal amount accounted loan for original obligor based on “accounting politics of loan-participations (Transfer Guideline No.1) on the interim balance sheet was Loans and bills discounted of 339,556million yen.

3. Assets offered for collateral are as follows.

Assets offered for collateral

Securities 49,966 million yen

Liabilities secured by the collateral

Payables under securities lending transactions 49,493 million yen

Securities and Cash and due from banks pledged as collateral for the settlement of foreign exchange transactions were 44,582 million yen and 10 million yen respectively at September 30, 2024. Other assets include Cash collateral paid for financial instruments of 475 million yen and security deposits of 1,833 million yen.

4. Commitment line contracts on overdrafts and loans are agreements to lend to customers when requested to extend a loan, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments related to these agreements was 245,514 million yen at September 30, 2024. The outstanding of 223,890 million yen is for amounts whose original contract terms are within 1 year or unconditionally cancelable at any time.

Since many of these commitments are expected to expire without being drawn down, the total amount of unused commitments does not necessarily affect future cash flow requirements. Many of these commitments include clauses under which SMBC Trust can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC Trust needs to secure claims, or other probable events occur. In addition, SMBC Trust may request its customers to pledge collateral such as premises and securities at the time of the contracts as necessary, and take necessary measures such as monitoring customers’ financial positions, revising contracts when such need arises and securing claims after the contracts are entered into.

5. Accumulated depreciation on tangible fixed assets 2,111million yen.

(Notes to interim statement of income)

1. “Other income” included the following:

Gains on allowance for doubtful accounts 52 million yen

2. “Depreciation amount of Fixed Asset” were as following:

Tangible fixed assets 136 million yen

Intangible fixed assets 1,341 million yen

(Notes to interim statement of changes in net assets)

Type and the number of shares issued

(Shares in thousands)

Type of shares	Number of shares				Note
	At the beginning of the period	Increase	Decrease	At the end of the period	
Common stock	3,418	—	—	3,418	
Non-voting stock	900	—	—	900	
Total	4,318	—	—	4,318	

(Notes to interim statements of cash flows)

The reconciliation of balance of “Cash and cash equivalents” at the end of the period and the amounts of items stated on the interim balance sheets.

(Millions of yen)

	September 30, 2024
Cash and due from banks	2,384,883
Interest earning deposits with banks (excluding the deposit with the Bank of Japan)	(246,832)
Cash and cash equivalents	2,138,051

(Notes to lease transactions)

1. Finance leases

(1) Lessee side

① Lease assets

(a) Tangible fixed assets

Lease assets are vehicles.

② Depreciation method of lease assets

Depreciation method of lease assets is reported in “Significant accounting policies for preparing financial statements<sup>3</sup>, Depreciation of fixed assets Accounting policies.”

2. Operating leases

(1) Lessee side

Future minimum lease payments on operating leases which were not cancelable were as follows:

(Millions of yen)

	September 30, 2024
Due within 1 year	61
Due after 1 year	86
Total	147

(Notes to financial instruments)

#### Disclosures Regarding the Fair Value of Financial Instruments and Other Items by Level within the Fair Value Hierarchy

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

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Observable inputs other than Level 1 prices that are either directly or indirectly observable for the financial instrument.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instruments.

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 assets and liabilities which fair values are equal to interim balance sheet amounts are as follows.

(Millions of yen)

Classification	Interim balance sheet amount			
	Level 1	Level 2	Level 3	Total
Securities				
Other securities	30,878	32,012	—	62,890
Total assets	30,878	32,012	—	62,890
Derivatives transactions (*1)				
Related to Interest Rates(*2)	—	7,015	—	7,015
Related to Currencies	—	(2,330)	(*3) 0	(2,330)
Total	—	4,684	0	4,684

(\*1) The amounts collectively represent the derivative transactions which are recorded in "Other assets" and "Other liabilities." Receivables and payables arising from derivatives transactions are presented on a net basis, and net payable is shown as ( ).

(\*2) Hedge accounting method. Such transactions are interest-rate swaps, etc., designated to fix the cash flows from loans subject to hedging, and deferred hedge accounting is mainly used.

(\*3) SMBC Trust has derivative transactions classified as level 3, however, the net amount is 0 yen as they are covered with other financial institutions.

(2) Financial assets and liabilities which fair values are not equal to balance sheet amounts are as follows

Call Loans, Foreign exchanges, Call Money, Payables under securities lending transactions and Due from trust accounts are omitted because these instruments are settled in a short period and then their fair values would approximate their carrying values.

(Millions of yen)

Classification	Fair value				Interim balance sheet amount	Net unrealized gains (losses)
	Level 1	Level 2	Level 3	Total		
Cash and due from banks (*)	2,166,599	215,765	—	2,382,364	2,384,881	(2,516)
Securities						
Bonds classified as held-to-maturity	222,322	12,915	—	235,237	237,103	(1,865)
Loans and bills discounted					1,540,805	
Reserve for possible loan losses (*)					(974)	
	—	—	1,535,134	1,535,134	1,539,830	(4,696)
Total assets	2,388,921	228,681	1,535,134	4,152,737	4,161,815	(9,078)
Deposits	—	3,597,133	—	3,597,133	3,596,688	445
Total liabilities	—	3,597,133	—	3,597,133	3,596,688	445

(\*) Fair value amount are made after deducting general reserve for possible loan losses and specific reserve for possible loan losses. The reserve against cash and due from banks is deducted directly from the interim balance sheet amount due to insignificance.

(Note 1) Calculation Methods and Inputs for the Fair Value of Financial Instruments are as follows:

#### Assets

##### Cash and due from banks

For cash and due from banks with no maturity, the carrying amount is used as fair value as it is considered to approximate their fair value. For due from banks with maturity, the present value discounted by market rates based on maturity is calculated to determine fair value.

Cash and due from BOJ are classified into Level 1 of the fair value hierarchy, other due from banks are classified into Level 2 of the fair value hierarchy.

With respect to some due from banks embedded with derivatives, when it shall designate the entire hybrid contract as fair value, the fair value is calculated based on the amount of fair value measured and provided by financial institutions to which such deposits are made. These are classified into Level 2 of the fair value hierarchy.

##### Securities

For securities, the value calculated based on prevailing market prices as at the interim balance sheet date is used as their fair value. Government bonds and Local government bonds are classified into Level 1 of the fair value hierarchy, other securities are classified into Level 2 of the fair value hierarchy.

In regards to the securities whose market price is unavailable, the fair value is calculated based on the present value of estimated future cash flow to discount by the non-risk rate associated with credit risk etc. and are classified into Level 2 of the fair value hierarchy. With respect to the mutual funds whose market price is unavailable, the fair value is calculated based on the standard price and classified into Level 2 of the fair value hierarchy.



## Loans and bills discounted

For loans and bills discounted based on the floating rate, the carrying amount is used as fair value as it is considered to approximate their fair value. For loans and bills discounted based on the fixed rate, the present value is used as the fair value, discounted by the rate and so forth applied for such new loans and bills discounted. For claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees. Since the interim balance sheet amounts of these claims minus the reserve for possible loan losses approximate are their fair value, such amounts are considered to be their fair value.

All of Loans and Bills Discounted are classified into Level 3 of the fair value hierarchy.

## Liabilities

### Deposits

For demand deposits, given characteristics of this type of transaction, the amount of payment (i.e. the carrying amount) demanded on the interim balance sheet date is deemed as the fair value. With respect to time deposits, the present value discounted by market rates, etc. based on the maturity is calculated to determine fair value. For some deposits which are structured deposits embedded with derivatives, when it shall designate the entire hybrid contract as fair value, their fair value is calculated based on the amount of fair value measured and provided by financial institutions which are the counterparty to the covered transaction of the structured deposit.

All of Deposits are classified into Level 2 of the fair value hierarchy.

## Derivative transactions

Derivatives transactions are comprised of interest rate derivatives (interest rate swaps) and currency derivatives (forward foreign exchange, foreign exchange swaps, and currency options) and their fair value is based on the value calculated using the discounted present value and option valuation models, etc.

Further, the fair value for derivative instruments such as Swap and others is reflected on the price adjustment based on credit risk of counter parties. Where unobservable inputs are not adopted or their impact is not significant on the fair value for Derivative instruments, such derivative instruments are classified into Level 2 of the fair value hierarchy. Derivatives that are evaluated using valuation techniques with significant unobservable inputs are classified into Level 3 of the fair value hierarchy.

(Note 2) The Fair value of Level 3 for financial instruments recorded at fair value on the interim balance sheet is as follows:

### (1) Quantitative Information of Significant Unobservable Inputs about Level 3 Fair Value Measurements

Classification	Valuation Method	Significant Unobservable Inputs	Range
Derivative Transactions			
Currency derivatives	Option pricing model	FX volatility	9.56% — 41.75%

### (2) Balance movement from the beginning to the end of the current period, and valuation gain/loss recognized in current period

Not described as net balance of assets and liabilities by the derivative transactions are zero.

### (3) Explanation of Market Value Evaluation Process

The Fair Value Calculation and Supervisory Division of our bank have established policies and procedures for calculating fair value, and Fair Value Measurement Department calculates fair value in compliance with these guidelines and procedures. Assessment Department, which is independent from Fair Value Measurement Department, examines the appropriateness of the fair value evaluation model and input used to calculate the fair value, and the appropriateness of the classification of the fair value level.

As for fair value measurement, the Bank used observable data as much as possible. In addition, when using the market value obtained from a third party, the bank compares fair value with the result of our recalculation using the input used for market value evaluation to verify the validity of the price.

(4) Explanation of fair value influence against the fluctuation of significant input unobservable

Volatility

Volatility is the indicator that the market price or inputs is expected to move after certain period. Volatility is estimated based on the actual value in the past or provided information from third party or other analysis methods, and mainly used to estimate fair value of derivatives referring to implied volatility of interest rate or foreign exchange rate. Generally, significant raise (descent) of volatility causes significant raise (descent) of fair value.

(Note 3) The following table lists interim balance sheet amount of Partners` subscription certificate, etc. with no market prices as of September 30, 2024: and those amounts are not included in the interim balance sheet amount of "Securities" in "(1) Financial assets and liabilities which fair values are equal to interim balance sheet amounts", in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020) and Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Millions of yen)

	Interim balance sheet amount
Partners` subscription certificate, etc.	1,146

(Notes to stock options)

Not applicable.

(Notes to Equity Gains (Losses) of Affiliated Companies)

Not applicable.

(Notes to business combination)

Not applicable.

(Notes to asset retirement obligations)

There was no information to be disclosed since the total amount of asset retirement obligations was immaterial.

(Notes to real estate for rent)

Not applicable.

(Notes to revenue recognition)

Information that breaks down the revenue from contacts with customers.

(Millions of yen)

Classification	from April 1, 2024 through September 30, 2024
Ordinary income	60,088
Trust Fees	2,908
Fees and commissions	9,437
Foreign exchange business	161
Investment trust-related business	4,066
Life insurance-related business	1,053
Real estate-related business	3,117
Other (Note)	1,038

(Note) Trust Fees arise in all business units, Foreign exchange business arise in Retail Business Unit, Investment trust-related business principally arise in Retail Business Unit, Life insurance-related business arise in Retail Business Unit, and Real estate-related business from the Wholesale Business Unit. Other includes earnings based on ASBJ Statement No. 10, "Accounting Standard for Financial Instruments"

(Notes to segment and other related information)

#### Segment information

##### 1. Summary of reportable segment

Reportable segment is defined as an operating segment for which discrete financial information is available and reviewed by the Board of Directors and the Executive Committee regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

The businesses operated by each business unit are as follows:

Retail Business Unit: Business to deal with mainly domestic individual customers

Wholesale Business Unit: Business for real estate, stock transfer agency business etc.

to deal with mainly domestic corporate customers

Other Head Office: Business other than businesses above

##### 2. Method of calculating profit and loss amount by reportable segment

Accounting methods applied to the reported business segment are the same as those described in "Significant accounting policies." SMBC Trust does not assess assets by business segment.

##### 3. Information on profit and loss amount by reportable segment

from April 1, 2024 through September 30, 2024

(Millions of yen)

	Retail Business Unit	Wholesale Business Unit	Other Head Office	Total
Gross banking profit	24,518	3,676	4,562	32,757
General and administrative expenses	(7,275)	(2,896)	(10,269)	(20,441)
Banking profit	17,243	780	(5,707)	12,316

4. Difference between total amount of net business profit by reportable segment and ordinary profit on interim statements of income (adjustment of difference)  
from April 1, 2024 through September 30, 2024

(Millions of yen)

Profit	Amount
Banking profit	12,316
Amortization of unrecognized retirement benefit obligation	(292)
Credit-related expenses	53
Other	(93)
Ordinary profit on interim statements of income	11,983

Related information: from April 1, 2024 through September 30, 2024

1. Information on each service

There was no information to be disclosed since information on each service was similar to the segment information.

2. Geographic information

(1) Ordinary income

There was no information to be disclosed since SMBC Trust does not have any overseas offices.

(2) Tangible fixed assets

There was no information to be disclosed since SMBC Trust does not have any overseas offices.

3. Information on major customers

(Millions of yen)

Customer Name	Ordinary income	Related main segment name
Sumitomo Mitsui Banking Corporation	8,095	Other Head Office

Information on impairment loss for fixed assets by reportable segment.

There were no corresponding transactions

Information on amortization of goodwill and unamortized balance by reportable segment

There were no corresponding transactions

Information on gains on negative goodwill by reportable segment

There were no corresponding transactions

(Per Share Data)

1. Net assets per share and the calculation method.

Millions of yen, except per share data and number of shares

	September 30, 2024
Net assets per share	42,111.14
[The calculation method]	
Net assets	181,835
Amounts excluded from net assets	—
Net assets attributable to common stock at the end of the period	181,835
Number of common stock at the end of the period used for the calculation of net assets per share (in thousands)	4,318

2. Earnings per share and each calculation method

Millions of yen, except per share data and number of shares

	September 30, 2024
Earnings per share	2,029.15
[The calculation method]	
Interim net income	8,761
Amount not attributable to common stockholders	—
Interim net income of attributable to common stock	8,761
Average number of common stock during the period (in thousands)	4,318

(Note) Interim net incomes per share (diluted) is not stated since there are no share (diluted).

(Significant subsequent events)

There was no significant information to be disclosed.

## Disclosure Items Based on Pillar III of Basel III

Disclosure items based on the “items separately stipulated by the Commissioner of the Japanese Financial Services Agency concerning capital adequacy pursuant to Article 19-2, Paragraph 1, item 5, Subsection 2, of the Ordinance for Enforcement of the Banking Act” (Notification No.7 issued by the Japanese Financial Services Agency in 2014).

The non-consolidated capital adequacy ratio is calculated using the method stipulated in “standards for the bank to examine the adequacy of its capital based on assets held by it pursuant to Article 14-2 of the Banking Act” (Notification No.19 issued by the Japanese Financial Services Agency in 2006). SMBC Trust Bank applied Basel III finalization from the end of FY2023.

In addition to the method stipulated in the Notification No. 19 to calculate the non-consolidated capital adequacy ratio (referred to as “Domestic Standard” in the Notification), SMBC Trust has adopted the Standardized approach for calculating credit risk-weighted assets.

### Composition of Capital Disclosure

(Millions of Yen)

Items	As of September 30, 2023	As of September 30, 2024
<b>Core Capital Basic Components (1)</b>		
Directly issued qualifying common share or mandatory convertible preference share plus related capital surplus and retained earnings	158,828	180,988
of which : capital and capital surplus	173,103	173,103
of which : retained earnings	(14,274)	7,885
of which : treasury stock (-)	—	—
of which : cash dividends to be paid (-)	—	—
of which : other than the above	—	—
Stock acquisition rights and stock subscription rights to common shares or mandatory convertible preference shares	—	—
Total of general reserve for possible loan losses and eligible provisions included in Core Capital Basic Components	960	986
of which : general reserve for possible loan losses	960	986
of which : eligible provisions	—	—
Qualifying non-cumulative perpetual preferred stock subject to phase-out arrangements included in Core Capital Basic Components	—	—
Eligible capital instruments subject to phase-out arrangements included in Core Capital Basic Components	—	—
Capital instruments issued by public agency under capital enhancement action included in Core Capital Basic Components	—	—
45% equivalent of the difference between the revaluated amount of the land and the book value immediately prior to revaluation included in Core Capital Basic Components	—	—
Amount of Core Capital Basic Components (A)	159,788	181,974
<b>Core Capital Adjustments (2)</b>		
Total intangible assets (excluding those relating to mortgage servicing rights)	6,163	8,176
of which : goodwill (including those equivalent)	—	—
of which : other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	6,163	8,176
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	859



(Millions of Yen)

Items	As of September 30, 2023	As of September 30, 2024
Shortfall of eligible provisions to expected losses	—	—
Gain on sale on securitization transactions	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	935	998
Investments in own shares (excluding those reported in the Net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	—
of which : significant investments in the common stock of financials	—	—
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 specified items	—	—
of which : significant investments in the common stock of financials	—	—
of which : mortgage servicing rights	—	—
of which : deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount of Core Capital Adjustments (B)	7,098	10,034
<b>Capital</b>		
Capital amount ( (A) - (B) ) (C)	152,689	171,940
<b>Risk weighted assets (3)</b>		
Credit risk weighted assets	834,078	979,749
of which : total of items in risk weighted assets subject to transitional arrangements	—	—
of which : investments in the capital of banking, financial and insurance entities	—	—
of which : other than the above	—	—
Total amount of Market Risk equivalent divided by 8%	—	—
Total amount of Operational Risk equivalent divided by 8%	103,437	105,688
Floor adjustment amount		—
Credit risk weighted assets adjustment	—	
Operational risk equivalent amount adjustment	—	
Total amount of Risk weighted assets (D)	937,516	1,085,437
<b>Capital Adequacy Ratio</b>		
Total Capital Adequacy Ratio ( (C) / (D) )	16.28%	15.84%





SMBC TRUST BANK