

The Master Trust Bank of Japan  
DISCLOSURE **2023**



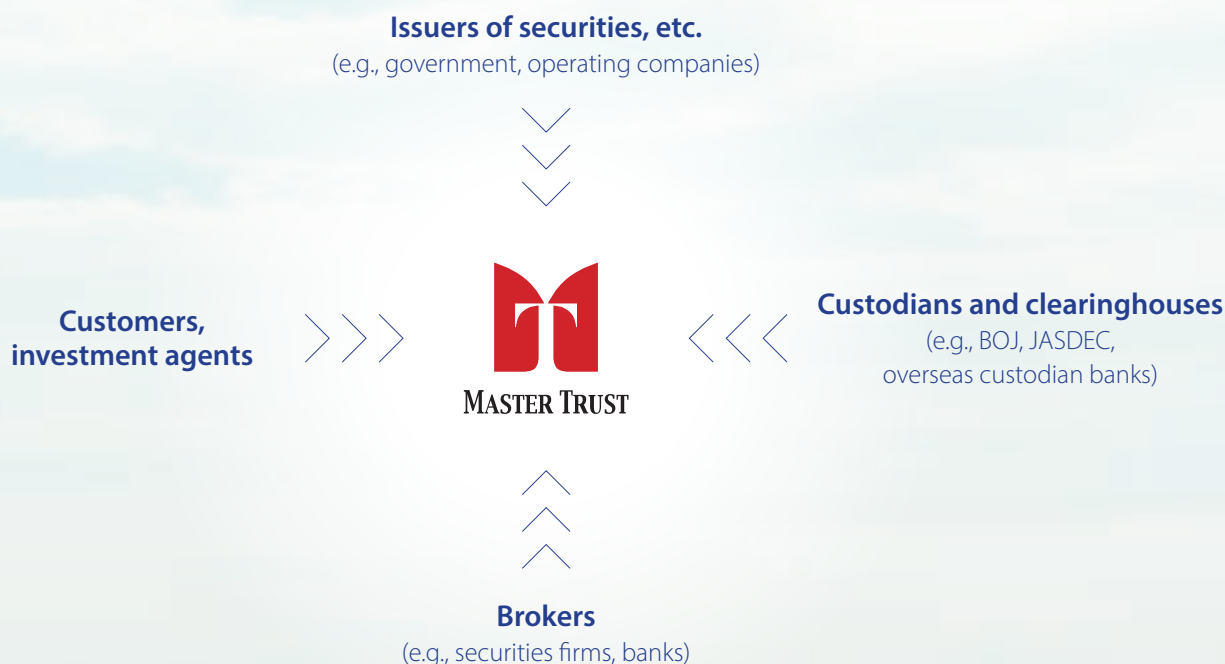
The Master Trust Bank of Japan, Ltd.

MASTER TRUST

# Efficiently Offering Integrated Asset Administration Services of the Highest Quality at Global Standards

The Company safely and securely administrate money and securities deposited in our custody under contracts with customers in accordance with the legal frameworks of Japan and other nations, and settles securities trades and exercising voting rights according to the instructions of customers or their agents.

To meet the requirements of customers for investing in new markets, adopting new investment approaches, using value-added services, and improving security and efficiency, we will continue our large-scale IT investments while striving to provide more sophisticated high-quality services by developing our employees and efficiently operating our organization.



## History of MTBJ

### May 2000 Started operations

Started operations through investments by Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation [MUTB]), Nippon Life Insurance Company, Toyo Trust Bank (current MUTB), Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company) and Deutsche Bank.

**Jun. 2000** Started the Japan's first online information service

**Feb. 2001** Launched MaiNet, MTBJ's integrated information service combining its online information service and integrated report service

**Mar. 2001** Changed the investment percentages to be equal for Mitsubishi Trust and Banking Corporation (current MUTB), Nippon Life Insurance Company, and Toyo Trust Bank (current, MUTB)

### May 2002 Launched full-scale asset administration services

Launched full-scale asset administration services with the transfer of asset administration operations from Mitsubishi Trust and Banking Corporation (current MUTB)

**Oct. 2002** Transferred the pension trust, specified money trust, and other asset administration operations from UFJ Trust Bank Limited (current MUTB)

**Nov. 2003** Completed transfer of all assets from shareholders' trusts after having transferred the investment trust and other asset administration operations from UFJ Trust Bank Limited (current MUTB)

**Feb. 2004** Started the transfer of assets from Nippon Life Insurance Company

**Oct. 2005** Changed the investment structure: changed the investment percentages in association with the birth of MUTB

**Nov. 2005** Changed the ownership structure to be jointly owned by MUTB, Nippon Life Insurance Company, Meiji Yasuda Life Insurance Company, and The Norinchukin Trust & Banking Co., Ltd.

**Mar. 2007** Received ISO 27001 certification

**May 2010** 10th foundation anniversary

**May 2012** Joined ISDA

**May 2020** 20th foundation anniversary

### TOPICS!

## Sep. 2022

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### **MTBJ Newsletter Marked 5,000th Issue**

The *MTBJ Newsletter*, a distribution service of market system for asset management companies commenced in May 2004, reached the milestone of its 5,000th issue.

## Oct. 2022

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### **Assets Under Administration Exceeded 600 Trillion Yen**

The balance of assets administered by MTBJ administration exceeded 600 trillion yen.

## Nov. 2022

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### **Establishment of a new Derivatives Administration Division**

In addition to integrating similar functions of market settlement and asset management, we established a new "Derivatives Administration Division" to centralize domestic and overseas derivative management functions.

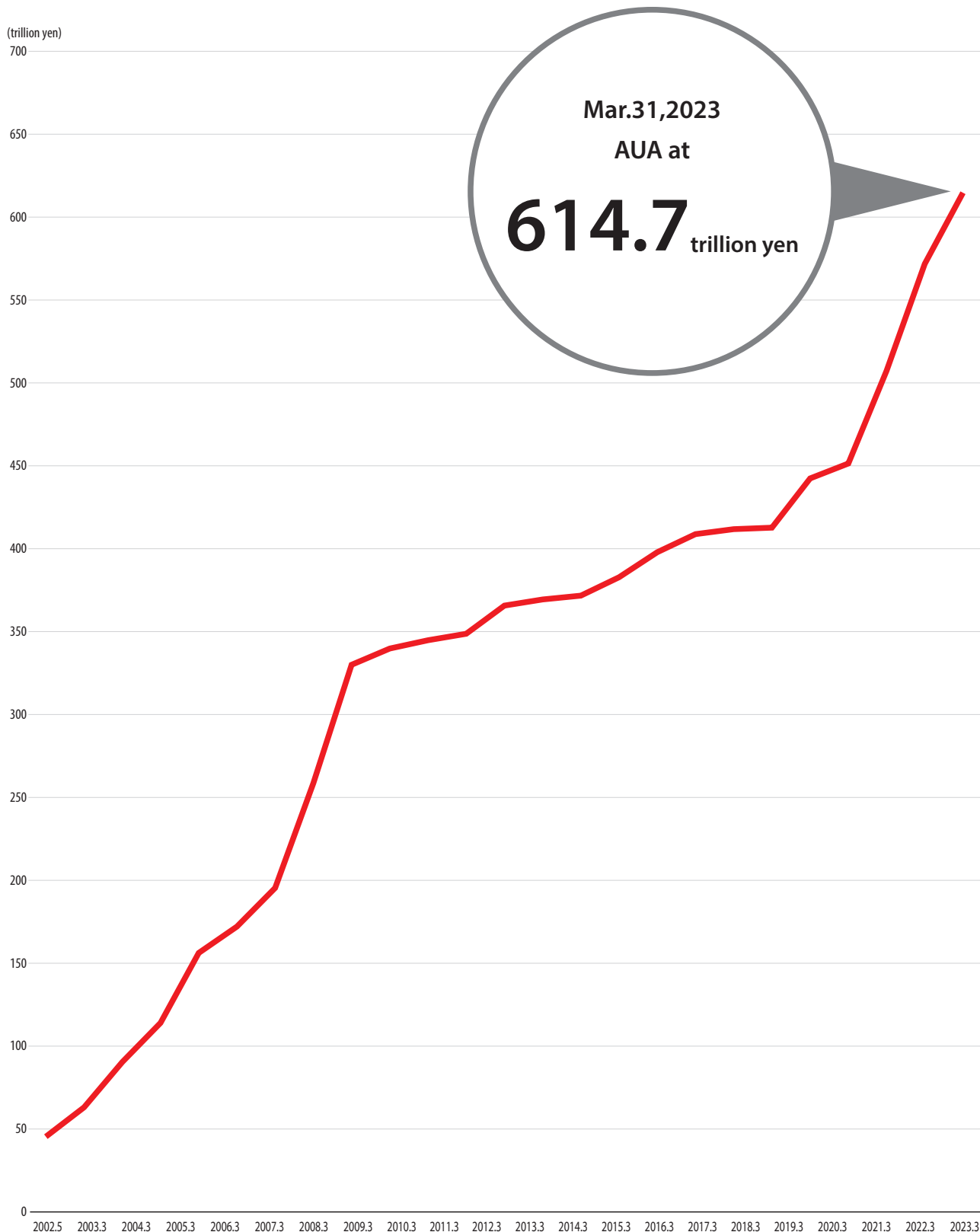
## Jan. 2023

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### **Acquisition of "Platinum Eruboshi" Certification**

Following the receipt of "Platinum Kurumin" certification, we earned certification for "Platinum Eruboshi" as a company that promotes active participation by women in the workplace.

## Changes in Assets Under Administration (AUA)



## Management Creed

### Response to Client Needs

We give the highest priority to maintaining a relationship of trust and reliability with our clients, and we will make every effort to accurately and promptly respond to the diverse needs of clients in Japan and clients overseas.

### Efficient Provision of Integrated Asset Administration Services

We will proactively engage in developing new fields and new technologies in the asset administration business, and we will aim to efficiently provide integrated asset administration services of the highest quality.

### Strict Compliance with Laws and Regulations, etc. and Highly Transparent Management

We will strictly comply with laws, regulations, and other applicable rules, and will conduct highly transparent, fair and open management, and thus, we will win the trust and confidence of the general public

### Proper Risk Management

We will strengthen our corporate values through the development of our business and through proper risk management, and we will disclose our corporate information in a timely and appropriate fashion, thereby establishing steadfast trust in our company.

### Contribution to Society

We will contribute to the further development of the asset administration business, and thus, we will contribute to the realization of the sustainable growth of society through our pro-environment corporate activities.

### Improvement of Work Environment for Enhancement of the Expertise of Our Staff

We will continue to provide our staff with opportunities and a work environment that allow our staff to enhance their expertise and perform at their full potential.

## Management Vision

We will contribute to the further development of the asset administration business and provide services of the highest quality as a specialized asset administration bank.

## Our Goals

A leading custodian bank that efficiently provides integrated asset administration services of the highest level by global standards

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## Fiduciary Duties

Mitsubishi UFJ Financial Group, Inc. (MUFG) formulated and announced the MUFG Basic Policy for Fiduciary Duties as common guidelines of the Group so as to enforce its customer-oriented undertakings. The Master Trust Bank of Japan, Ltd. (MTBJ) will further enhance its customer-oriented undertakings based on this Policy.

MUFG Basic Policy for Fiduciary Duties  
(<https://www.mufg.jp/english/profile/governance/fd/>)

Initiatives of The Master Trust Bank of Japan, Ltd.  
([https://www.mastertrust.co.jp/company/objective\\_f.html](https://www.mastertrust.co.jp/company/objective_f.html) (Japanese only))

## Corporate Slogan

*Be professional*

MTBJ has the corporate slogan **“Be Professional.”**

By all of its officers and employees sharing this corporate slogan, The Master Trust Bank of Japan, Ltd., aims to become a specialized asset administration bank of customers’ true choice with each employee growing to become a professional highly evaluated in the market, thereby boosting the quality of MTBJ’s asset administration services.



## Name and Location of the Business Office

Company Name The Master Trust Bank of Japan, Ltd.  
 Location of the Business Office MTBJ Bldg., 2-11-3 Hamamatsucho, Minato-ku, Tokyo JAPAN 105-8579

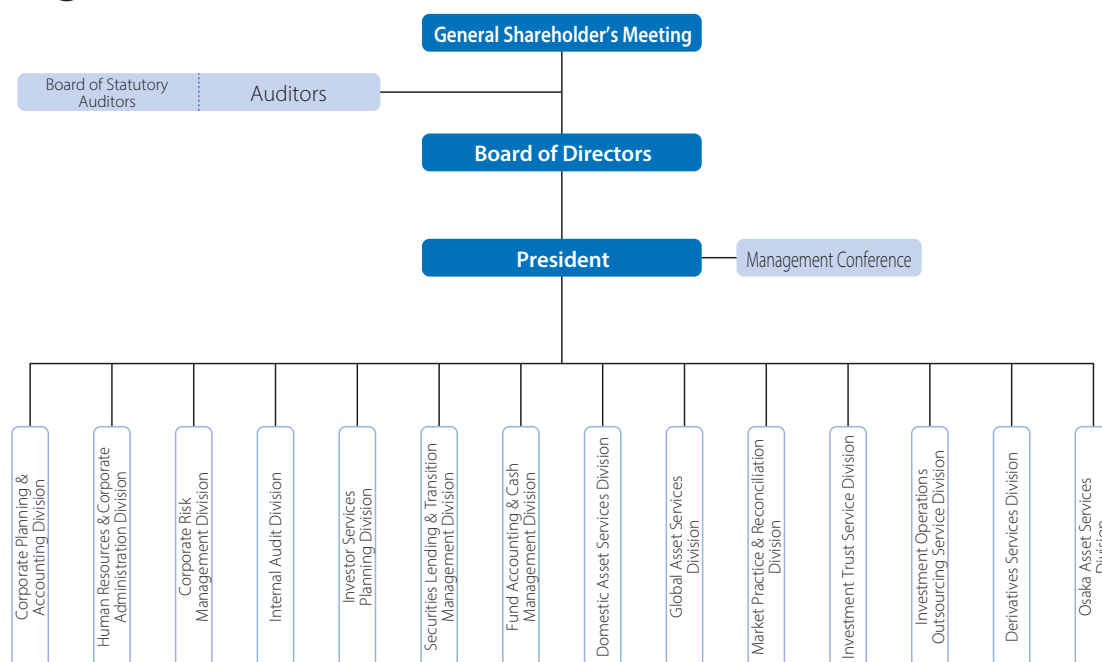
## Officers

(as of Jun. 30, 2023)

Appointment	Full Name	Appointment	Full Name
Representative Director, President	Toshikazu Mukohara	Director (part-time)	Kazumasa Ito
Representative Director, Deputy President	Tetsuo Kushibe	Director (part-time)	Yoshihiro Yano
Managing Director	Atsushi Nakajima	Corporate Auditor	Akihito Watanabe
Managing Director	Yukihiro Yamamoto	Corporate Auditor (part-time)	Shuji Umabayashi
Director	Atsushi Takemura	Corporate Auditor (part-time)	Akira Tsuzuki
Director (part-time)	Takafumi Ihara	Managing Executive Officer (Jomu Shikko-Yakuin)	Tsuyoshi Ueno
Director (part-time)	Jun Kawakubo	Managing Executive Officer (Jomu Shikko-Yakuin)	Kazunari Yoshino

## Organization Chart

(as of Jun. 30, 2023)





## List of Shareholders

(as of Jun. 30, 2023)

Stockholder	Number of Shares	Shareholding Ratio
Mitsubishi UFJ Trust and Banking Corporation	55,800	46.5%
Nippon Life Insurance Company	40,200	33.5%
Meiji Yasuda Life Insurance Company	12,000	10.0%
The Norinchukin Trust and Banking Co., Ltd.	12,000	10.0%
Total	120,000	100.0%

## Credit Rating

(as of Jun. 30, 2023)

Rating	Long-Term	Short-Term
Japan Credit Rating Agency, Ltd. (JCR)		
Standard & Poor's (S&P)		

# Corporate Governance System

## **Basic Approach to Corporate Governance**

MTBJ establishes the corporate governance system that centers around the Board of Directors and the Board of Statutory Auditors. Furthermore, with a majority of the Board of Statutory Auditors being external Corporate Auditors, we have external viewpoints that strengthen corporate governance.

## **Decision-Making Process and Functions of the Board of Directors**

The Board of Directors, which comprises all Directors, decides on MTBJ's business execution and oversees the execution of duties by Directors. In addition, we have the Management Conference as an organ for discussing and deciding on the policy and other matters concerning overall business management based on the basic policy set by the Board of Directors. The Management Conference comprises the Directors with special titles and all Executive Officers. Managing Directors, Corporate Auditors, and others may attend meetings of the Management Conference and express their opinions.

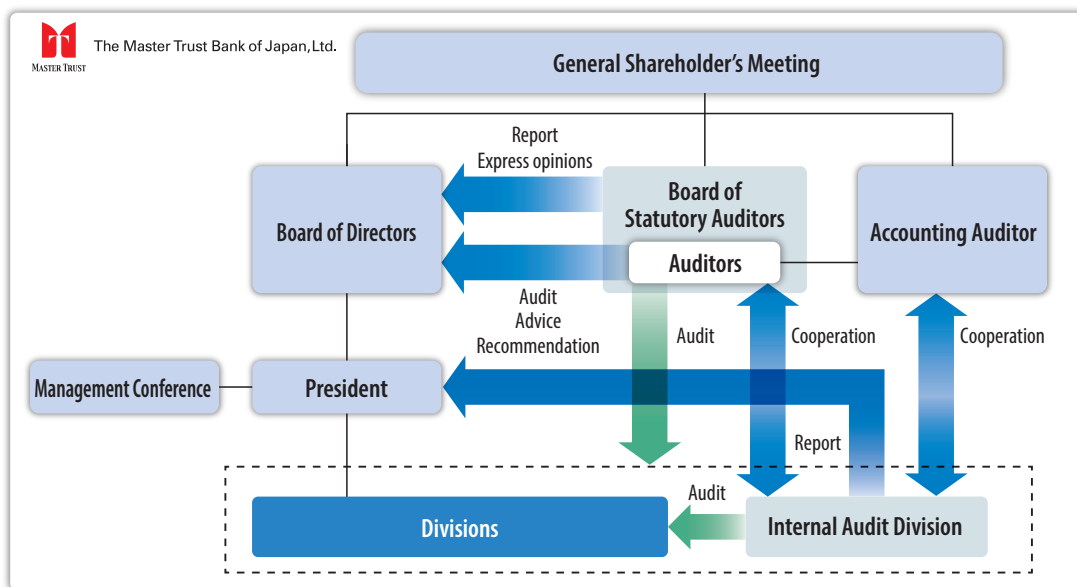
## **Functions of the Board of Statutory Auditors/Corporate Auditors**

The Board of Statutory Auditors, which comprises all Corporate Auditors, decides on the audit policy and audit plans, monitors and validates whether an accounting auditor maintains independence, and appropriately conducts audits. Corporate Auditors attend meetings of the Board of Directors and other organs and state their opinions where necessary. In addition, they audit the process of corporate decision-making and the state of execution of duties by Directors through the validation of reports received from the accounting auditor and others, as well as the examination of operations and the assets of the Company.

## **About Internal Audits**

We have the Internal Audit Division as an organization that is independent of the audited divisions. The Division validates and evaluates the appropriateness and effectiveness of risk management, internal controls, and governance processes of audited divisions and provides recommendations for improvement of issues. The results of audits are reported to each Director and Corporate Auditor and regularly reported to the Management Conference and the Board of Directors.

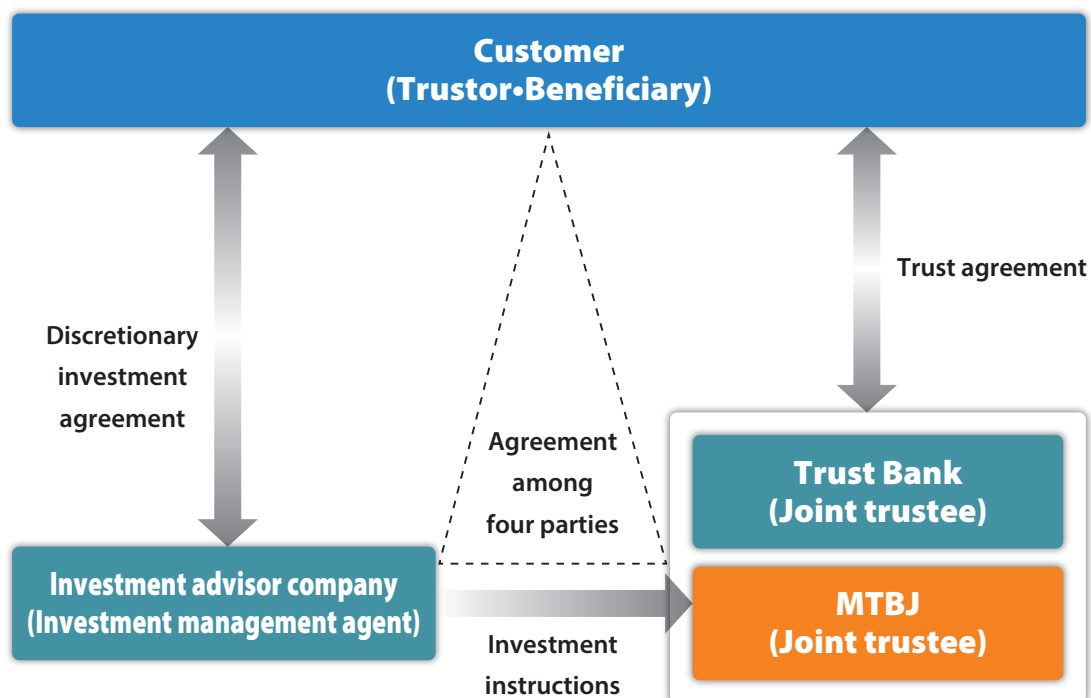
## Governance Structure



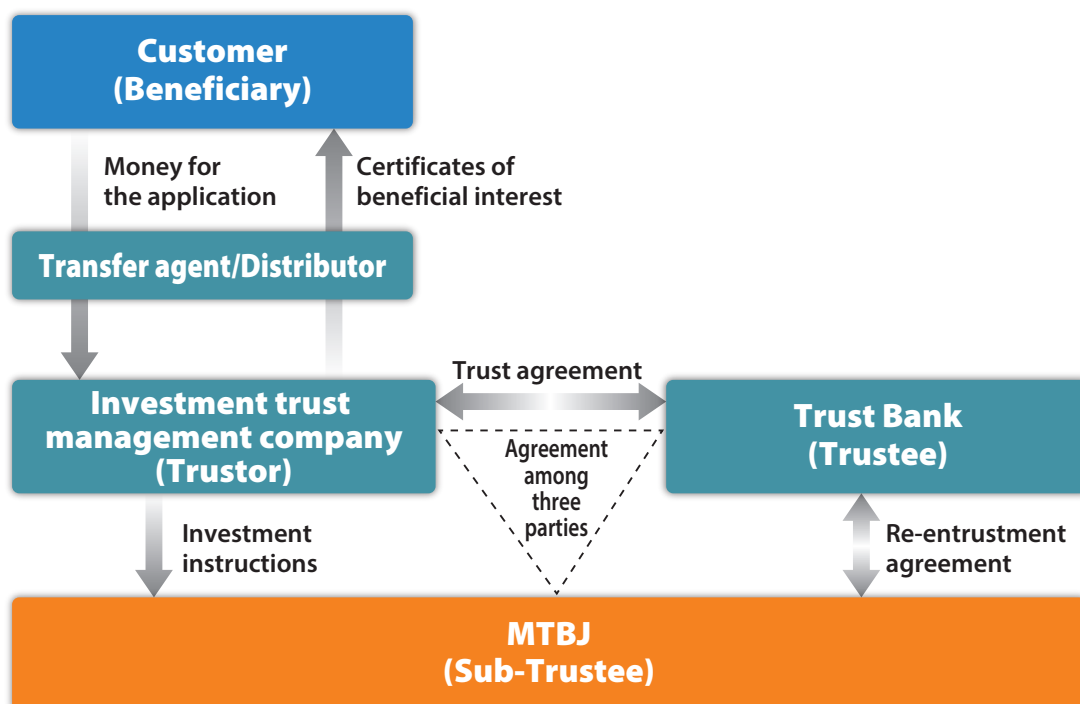
## Roles of MTBJ in Asset Management in Japan

MTBJ, which was founded in May 2000 as the Japan's first trust bank specialized in the asset administration business, strives to efficiently provide integrated asset administration services of the highest quality.

### Chart of Joint Trustee Scheme (Tokkin with investment advisory)



## Chart for Re-Entrustment Scheme (contract type investment trust)



**Providing Value**

# **Integrated Asset Administration Services of the Highest Quality**

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# Responding to increasingly diverse and complex investment markets

## Foreign securities markets

Investment in foreign securities including emerging markets is increasingly becoming active and diverse. Currently, MTBJ invests in approx. 130 countries\*<sup>1</sup> with foreign securities assets under administration reaching approx. 151.9 trillion yen.

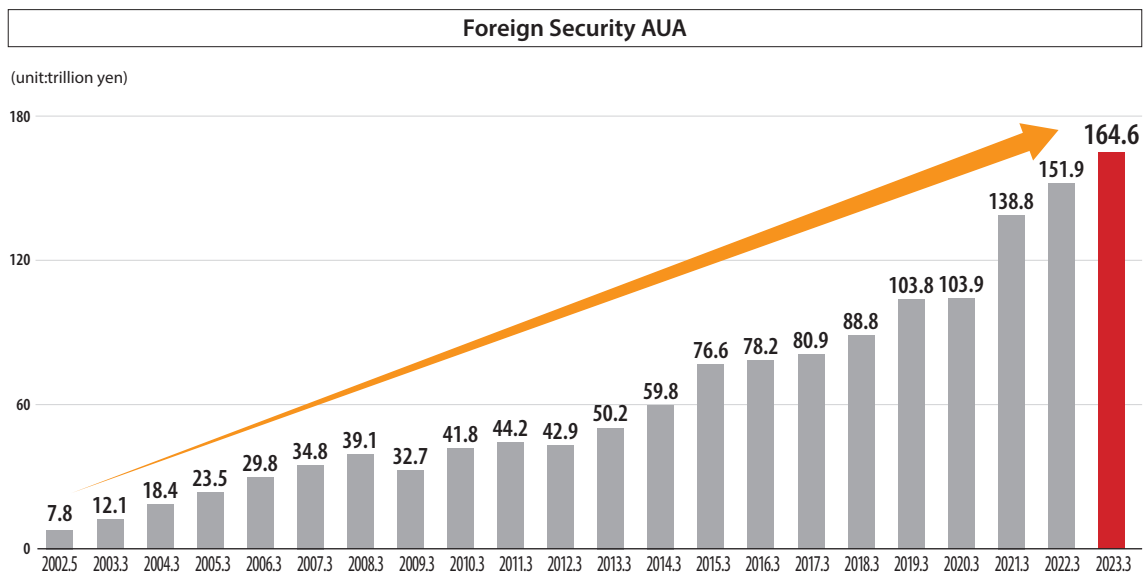
MTBJ has a dedicated division to investigate and monitor laws and regulations (including tax systems) of investing countries, and takes swift action.

We select overseas custodians by assessing their credit risk, internal control system, administrative capability and other aspects, as well as conducting comprehensive reviews, including through field inspections. Also, we conduct assessments and physical inspections on an ongoing basis.

In addition, we are working to adopt CLS\*<sup>2</sup> for the purpose of reducing the risk of not being able to simultaneously settle foreign exchange transaction between two currencies due to different time zones (Herstatt risk).

\*1: These include investment markets of depositary receipt.

\*2: Continuous Linked Settlement



## Meeting risk management needs in association with investment market expansion

On the back of growing investment in funds and diversifying investment products (such as foreign securities and alternative assets) in recent years, the needs for more accurately capturing investment risk are increasing. To meet the risk management needs of customers, MTBJ offers look-through data\* necessary for calculating risk amounts under Basel and other regulations and provides reports.

\*Look-through data are data that disclose assets and liabilities held by investment funds.

### **Derivatives**

In order to meet the rapidly growing needs for investing in derivatives products and ensure thorough management, we are working to enhance our management capabilities by actively using cutting-edge systems in the world.

In addition, when our customers invest in derivatives products, we provide them with support, such as consultation prior to starting trades and coordination with derivatives dealers from the counterparties.

#### **(1) Joining ISDA membership and assistance for ISDA agreements**

Since the global financial crisis triggered by the subprime mortgage problem, various regulatory reforms for OTC derivatives trades have been implemented across the globe. As a member of ISDA\*<sup>1</sup>, MTBJ strives to provide timely services to its customers by appropriately capturing developments in global standards for derivatives trades that are constantly changing.

It is necessary to enter into an ISDA Master Agreement in order to smoothly execute OTC derivatives trades.

We assist customers in turning their wide-ranging investment needs into reality by providing consultation services in adjusting the details of the agreement based on our abundant know-how gained through various individual cases.

\*1 ISDA (International Swaps and Derivatives Association): an international industry association established in the U.S. in 1985.

#### **(2) Margin requirements for OTC derivatives trades**

The Group of G20 nations has established various margin requirements aimed at reducing systemic risk (risk of chain reaction collapses), counterparty risk (risk of a counterparty defaulting on payments) and other risks for over-the-counter (OTC) derivatives, which emerged after the collapse of Lehman Brothers in 2008.

In Japan and the US, it is mandatory to clear standardized trades, such as interest rate swaps, through a central counterparty clearinghouse (CCP). In response to this, MTBJ has established a system that enables the clearing of interest rate swaps through the Japan Securities Clearing Corporation and other domestic and foreign CCPs.

On the other hand, counterparties are required to exchange margins for OTC derivatives trades not cleared through CCPs. We have established a sophisticated transaction management system for these trades as well.

#### **(3) Collateral administration services for initial margin and variation margin**

There are two types of margins required in OTC derivatives trades: initial margin (IM) to cover losses in the event of default of a counterparty and the variation margin (VM) that is requested based on daily changes in the market. The rules require counterparties to safeguard IM by using a trust or other means. Therefore, in time for the application of the rules to Phase 1\*<sup>2</sup> counterparties on September 1, 2016, we launched a trust product for that safeguarding purpose.

In addition, we are providing IM collateral administration services of calculating and settling margins for Phase 5\*<sup>2</sup> and 6\*<sup>2</sup> financial institution customers covered by the rules respectively from September 1, 2021, and September 1, 2022.

As for VM, we started offering VM collateral administration services, agency services for calculation and settlement of margins, in February 2016. As described above, MTBJ will continue to provide comprehensive collateral administration services catered to the needs of customers conducting cutting edge investment management using derivatives.

\*2 Financial institutions with a notional amount outstanding of non-cleared derivatives that exceed 420 trillion yen are covered by the margin requirements in Phase 1, 7 trillion yen in Phase 5, and 1.1 trillion yen in Phase 6.



# Providing Optimum Solutions Based on the Needs of Customers

## Handling middle- and back-office operations outsourced by asset management companies

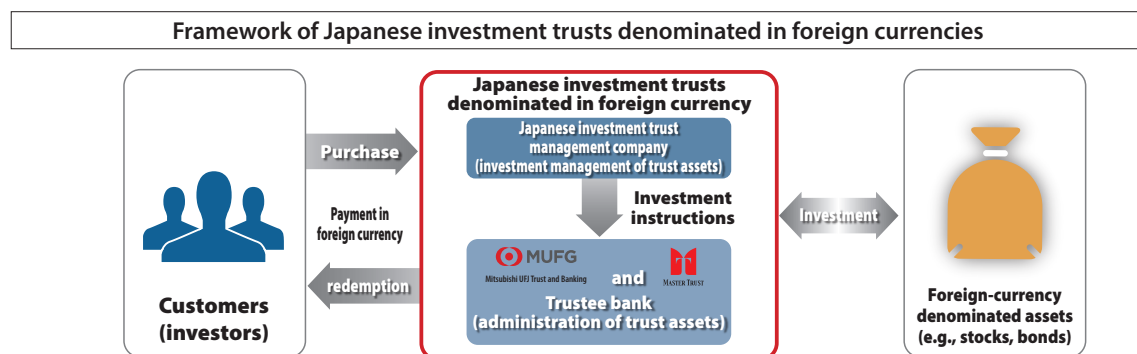
MTBJ's high-quality services, which leverage the know-how as trustee for invest trust we gained over many years since we launched investment operations outsourcing services for trust, including net asset value (NAV) calculation for the first time in Japan, are well received by not only investment trust management companies already using our services but also foreign affiliated investment trust management companies expanding their business into Japan and companies newly entering the investment trust business. In light of the growing need for outsourced services, MTBJ established a framework for providing, in addition to NAV calculation, wide-ranging investment operations outsourcing services for investment trust covering trade processing and various reporting services. As of the end of March 2023, MTBJ administers approx. 2,700 funds with a principal outstanding of approx. 45 trillion yen. Also, we are providing investment operations outsourcing services for discretionary investment management companies, such as accounting and reporting services, to those companies, and in addition, we are preparing and providing credit risk measurement reports for financial institutions. In July 2018, we established the Investment Operations Outsourcing Service Division dedicated to handling these services to strengthen the framework for providing high-quality investment operations outsourcing services that leverage our high level of expertise as a trust bank specialized in asset administration.

## Offering Japanese investment trusts denominated in foreign currencies

MTBJ started handling Japanese investment trusts that enable subscription and redemption in foreign currencies as Japan's first to meet the increasingly diversified needs of investing in foreign-currency denominated assets against the backdrop of the low-interest-rate environment in Japan. (November 2016)

Traditionally, investment in foreign-currency denominated assets was generally made by purchasing either a yen-denominated investment trust that invests in foreign-currency denominated assets or a foreign investment trust established overseas. This product enables customers to purchase a Japanese investment trust in a foreign currency they already have.

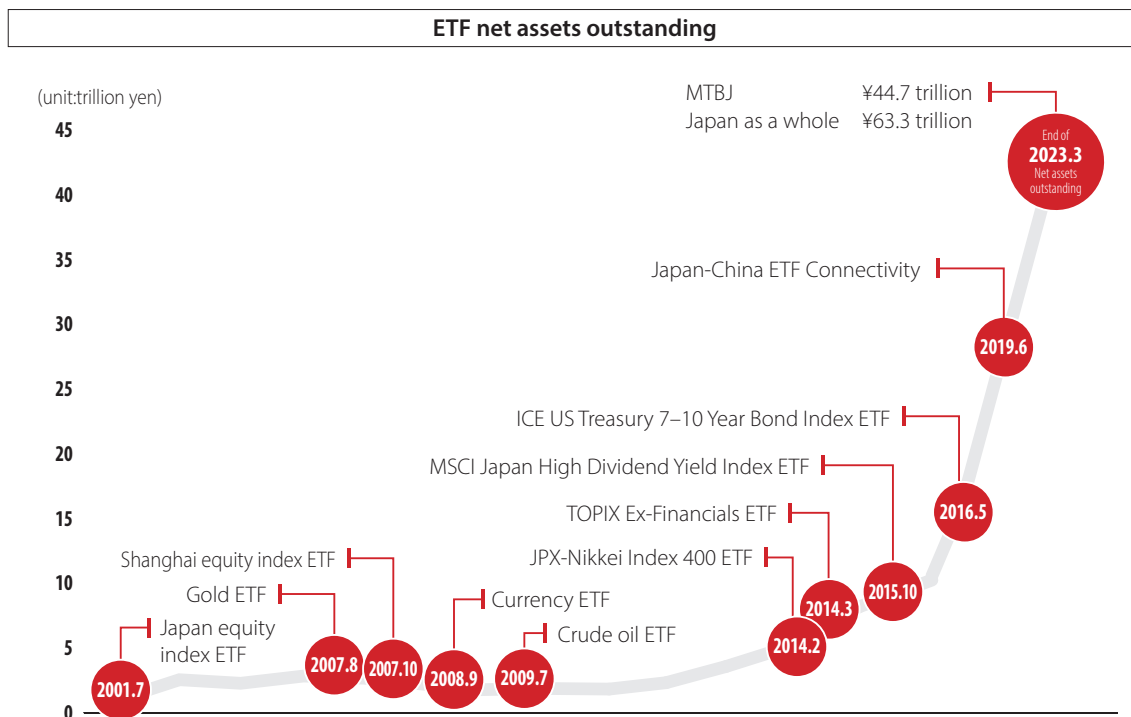
This product widens the choices of investors as it provides the benefits of reducing foreign exchange costs and the application of tax treaties, in addition to the implementation of operations, such as subscription and redemption, NAV calculation, disclosure, and other practices under Japanese laws (e.g., Act on Investment Trusts and Investment Corporations). We are also able to handle Tokkin funds denominated in foreign currencies.



## Various ETF administration services

Amid the expansion of the exchanged traded fund (ETF) market, MTBJ remains committed to this service and, as of the end of March 2023, we administer approximately 70% of the net assets outstanding of Japanese ETFs. Since MTBJ became the trustee of a physical ETF linked to the Japanese stock index in July 2001, it has accumulated ETF administration know-how and improved IT systems, serving as the trustee of the gold ETF, Shanghai stock index ETF, and other ETFs. In addition, in June 2019, MTBJ started offering services for the Japan's first fund under the Japan-China ETF Connectivity plan that allows listings of ETFs on markets both in Japan and the People's Republic of China.

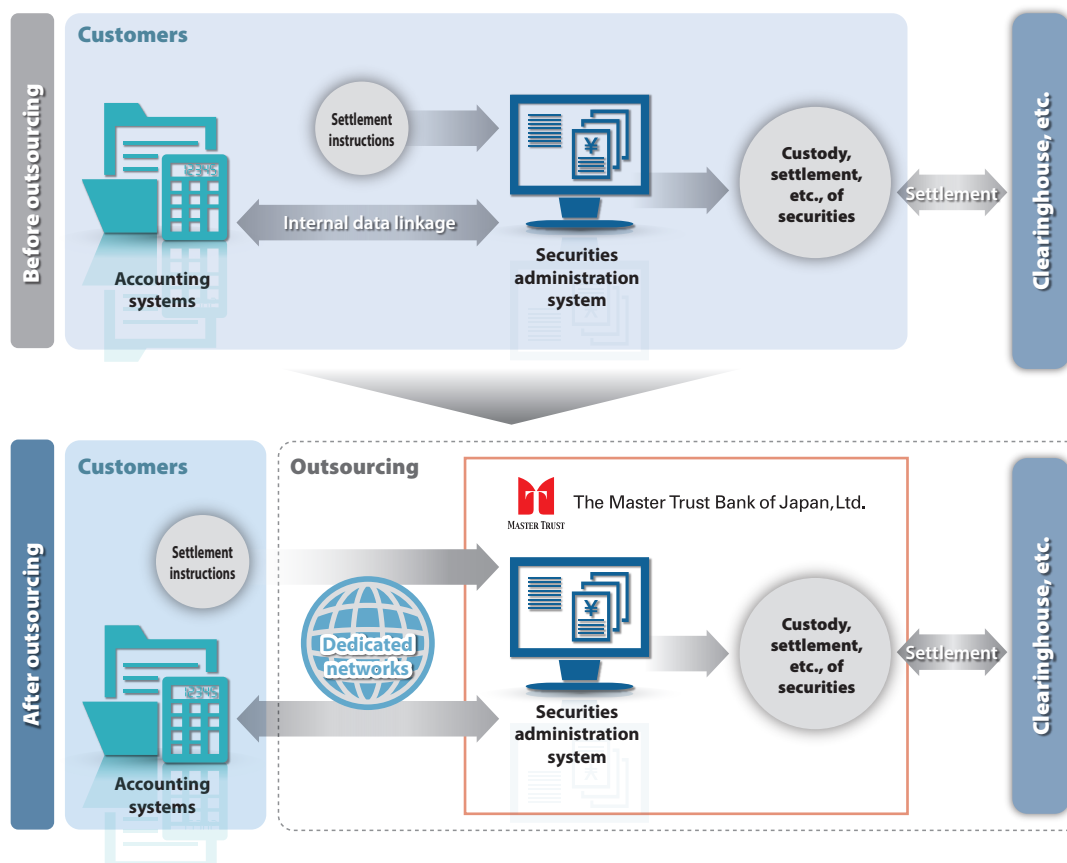
We also developed a new market system as a core member of the working group called "Working Group for the study to enhance the ETF establishment and trading settlement such as constructing a new clearing system." As such, we are contributing to market expansion by discussing with a range of other stakeholder organizations.



## Comprehensive service for the needs of securities administration operations outsourcing--initiatives for enhanced securities administration services

With “securities administration operation services,” in addition to conventional securities administration centered on custody and settlement of securities, we also provide to customers’ account processing and preparation of various reports related to securities administration. This service enables our customers to save investment in IT systems that are required in accordance with the changing legal framework and regulations concerning securities, as well as curbing customers’ costs arising from a review of operations. MTBJ started offering these services in full scale in April 2005, leveraging its securities administration and reporting know-how gained in the trust business.

### Structure for comprehensive outsourcing of securities administration operations

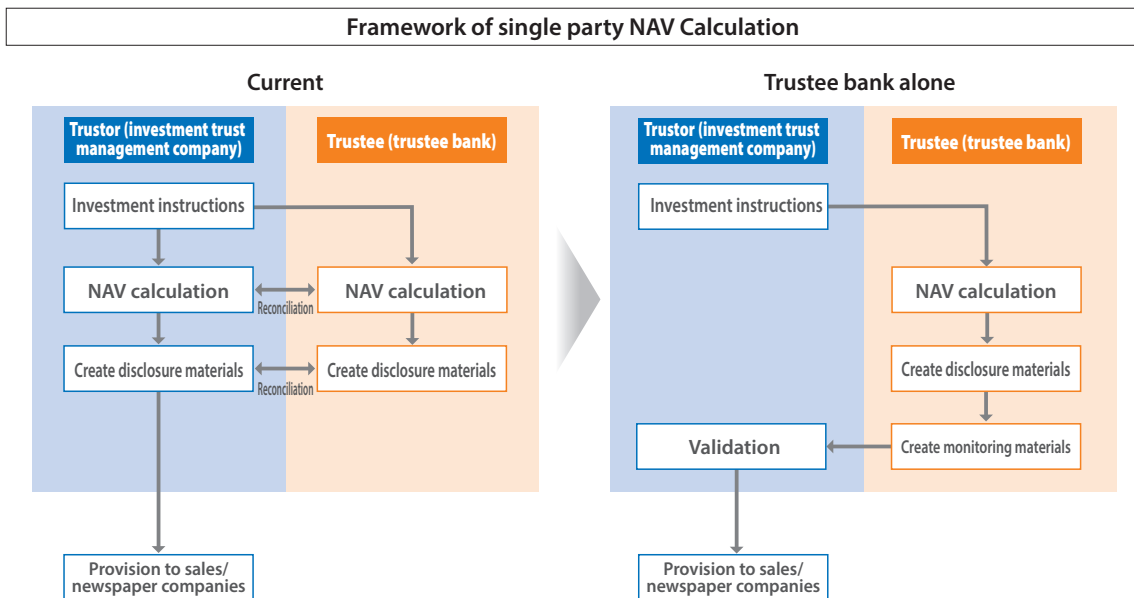


**Centralization of Japanese investment trusts administration processes: Launched the first single party NAV calculation initiative in Japan.**

Currently, each time securities are bought or sold, both investment trust management companies and the trustee banks of Japanese investment trusts perform respective administration processes such as NAV calculation or preparation of disclosure materials, and other tasks. Thus, investment trust management companies are required to maintain expertise and information systems in order to conduct those operations. This practice would discourage new management companies to join the Japanese investment trust market.

On February 2020, we launched the first operational framework in Japan which enables an investment trust to centralize the administration processes such as NAV calculation to MTBJ as a trustee bank.

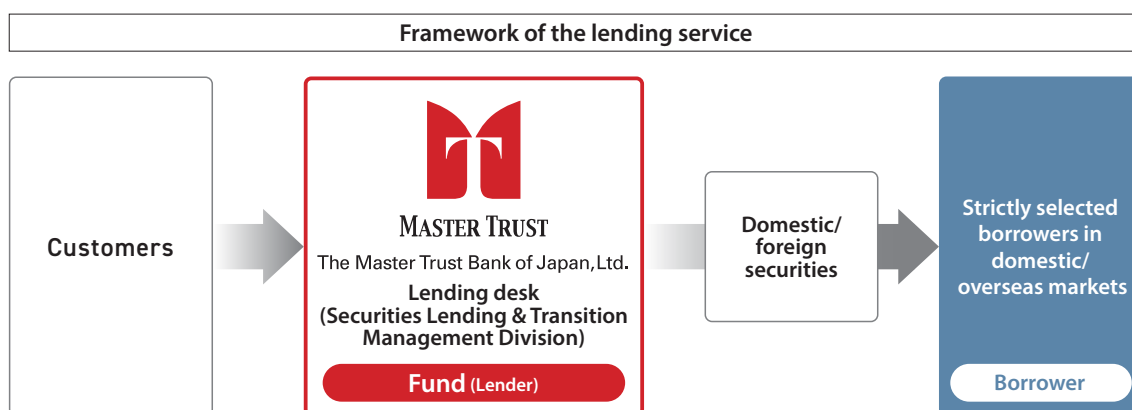
Since this framework allows investment trust management companies to dedicate their management resources intensively to asset management services, both domestic and international management companies would join the market more easily than applying a former framework. This initiative works to support existing investment management companies to improve their operational efficiency.



## Provision of value-added services associated with asset administration

### Securities lending service—opportunities for additional revenues

This service involves MTBJ lending securities in markets based on predetermined lending conditions on behalf of customers, and aims to acquire additional revenues for customer's funds with the fees earned from the securities lending. MTBJ maintains a notable presence in the securities lending market, and our well trained and experienced experts execute every transaction in accordance with our customers' policies. Also, MTBJ strictly manages credit risk and other risks associated with transactions. MTBJ provides this service for following asset classes: domestic bonds, domestic equities, foreign bonds, and foreign equities.



### Surplus cash management fund—higher returns and investment efficiency of customers

This "Cash Investment Fund" is MTBJ's unique investment product designed to realize higher income revenues for Yen cash positions in trust assets, and the effective centralization and sophistication of cash investments procedures.

By collecting Yen cash from various types of investment funds, and aggregating them together in the "Cash Investment Fund," we can obtain higher income revenues from longer tenure investments, granting liquidity and flexibility of cash management in each fund's operation.



## Better communication with customers

### About MaiNet—providing information services with robust security measures in place

MaiNet (Master Trust Information Network) is the name of MTBJ's Web information service. MaiNet, which is available via the Internet, offers various services according to customers' subscription types.

To prevent information leaks, in addition to setting IDs and passwords, this service implements security precautions using electronic certifications.

After its launch in 2000, MaiNet went through several development phases, including an overhaul in 2020 that expanded its menu and improved operability and usability.

Since then, MaiNet has grown to include enhanced English language support and expanded content, and has become compatible with Google Chrome, Microsoft Edge and a range of other browsers. We will continue to improve the service to fit in with various environments and to satisfy the requests of our customers.

MaiNet can be accessed by clicking the MaiNet login button on the MTBJ website (<https://www.mastertrust.co.jp/>).

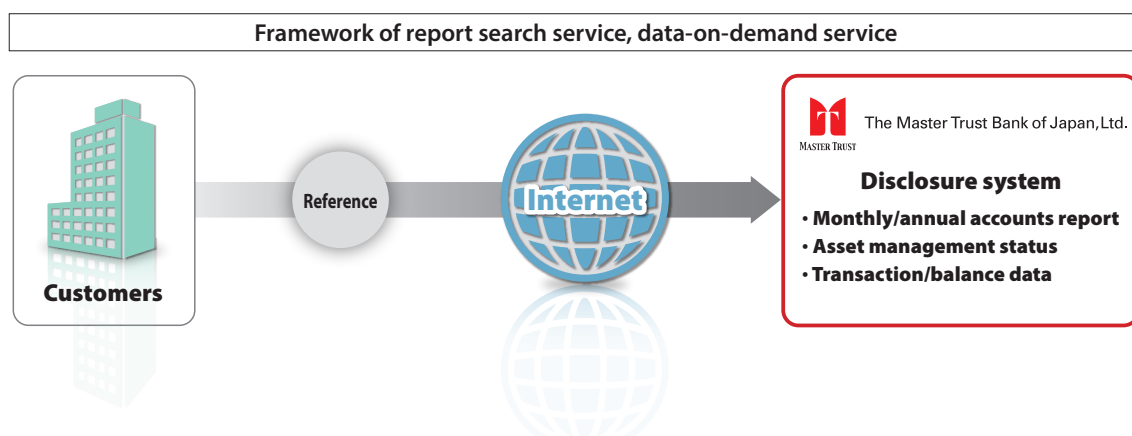
#### (1) Report search service--monthly/annual accounts reports

Since 2012, monthly/annual account and other reports, which we had originally been provided in paper form, have been available in electronic media forms, including PDF, and other electric media forms that make data processing by customers easier. In addition, in 2013, we added the functions of an electronic signature and timestamp providing third-party assurance that electronic media are not falsified, and we are sequentially shifting\* to paperless monthly/annual account reports (discontinuation of paper reports). Furthermore, in 2014, we expanded the time for which the service is available and took other actions to enhance convenience.

\* Sequentially starting with customers who have consulted.

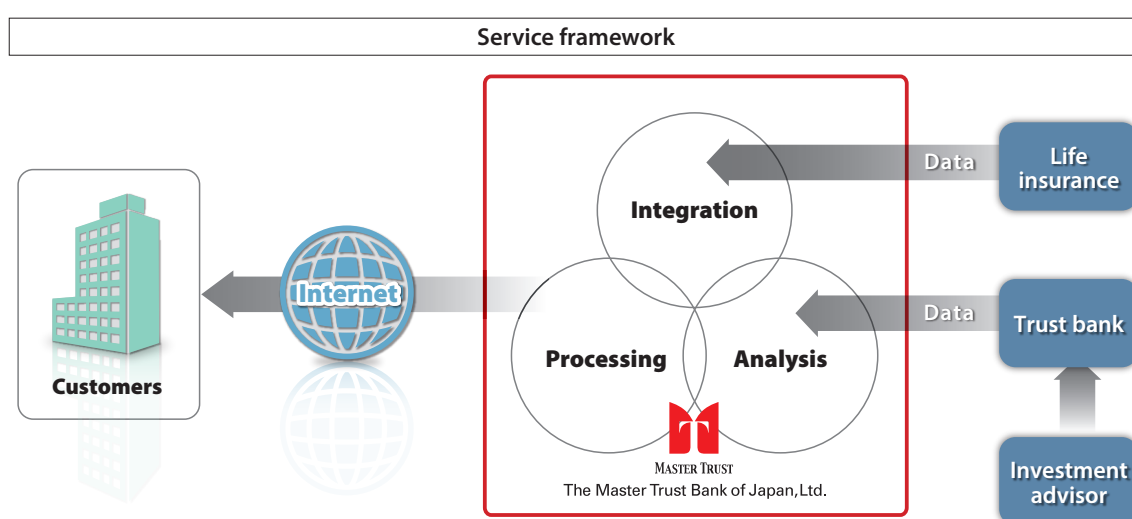
#### (2) Data-on-demand service--providing detailed data of assets administered by MTBJ

This service allows customers to obtain data on their assets administered by MTBJ, such as customers' "asset management status" and "transaction/balance" via MaiNet separately from the monthly/annual account reports. In 2012, we significantly expanded the menu and improved operability of the service, renewing this service as the data-on-demand service. Also, in 2020, we increased the types of data disclosed, continuing our efforts to improve services to meet our customers' requests.



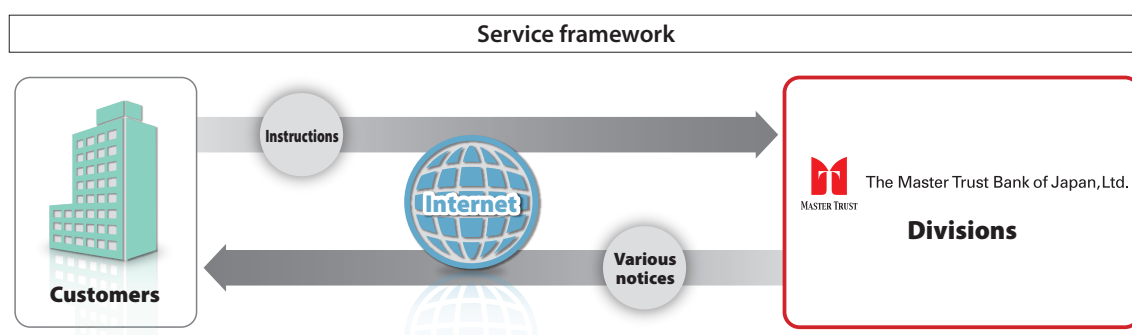
### (3) Online information service (information integration service)—providing asset management information of multiple asset administration organizations in an integrated manner

MTBJ puts together, integrates, processes, and analyzes management information on customers' assets across multiple asset administration organizations (trust banks, life insurers), and then discloses the information via MaiNet to customers. Since the launch of the Japan's first service in 2000, we have been catering to the wide-ranging needs of customers by offering various menus. This service contributes to improving customers' cost performance of information analysis as the system whereby customers can adopt a cafeteria program in which they can select only the services they require.



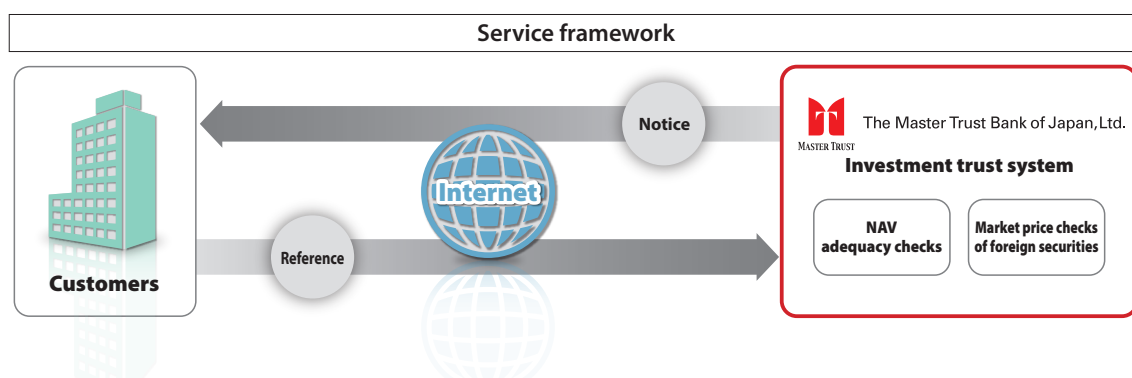
### (4) Communication service—providing a platform for interactive information exchange between customers and MTBJ

This service allows MTBJ divisions and customers to directly exchange information via MaiNet: customers submit written instructions, and MTBJ divisions send various notices via MaiNet. In 2012, we relaunched the service as the "communication service" with significantly improved operability. Since we implement multiple security measures to identify customers, "instructions" sent to MTBJ require neither the "affixing of a seal" nor the "password" protecting of the attached files. In addition, in 2018 we started offering "a screen dedicated to entering application information," significantly expanding the types of instructions and applications that we receive from our customers as we endeavor to improve customer convenience as we aim to go paperless with all documents (elimination of paper exchanges).



## (5) Service of checking market prices of foreign securities and NAV—providing the results such as volatility

Since 2015, ahead of others in the industry, we have provided a service that daily confirms the volatility and the deviation rate from the benchmark index regarding foreign securities and net asset value (NAV) of investment trusts and reports to investment trust management companies via MaiNet within a day. We confirm the volatility and deviation rate compared to the NAV index used as a benchmark by a fund, NAV of the previous business day, and historical prices of NAV and, as for market prices of foreign securities, market price of the previous business day, execution price, and market price adopted by other investment trust management companies.

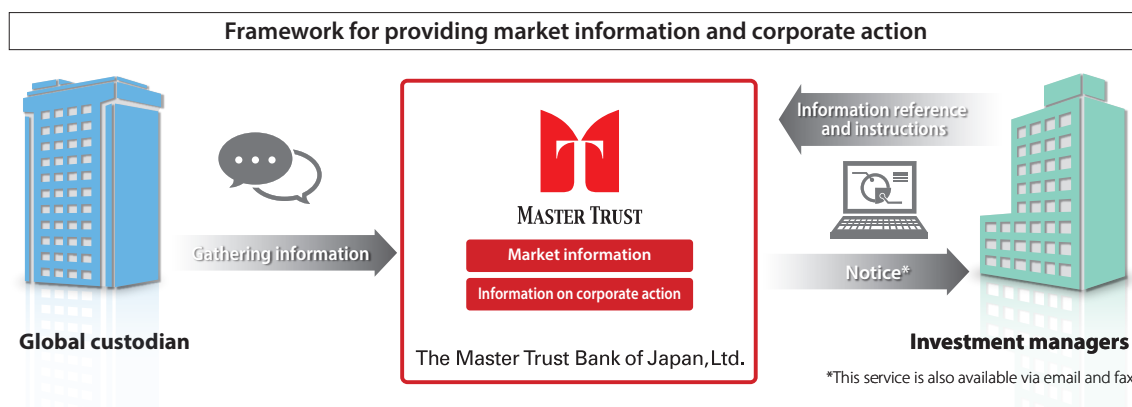


## (6) Other—provision of dedicated menus for various services

In addition to the above, we are striving to improve information exchanges with customers and usability by setting up menus for various services, including the market information menu introduced in 2004, the book-entry stock administration service menu in 2009, and the foreign securities rights menu in 2012, as well as the OTC derivatives rules (segregated management of initial margins) compliance menu in 2016.

## Market information service—providing extensive and specialized information in a timely manner

MTBJ delivers the email *MTBJ Newsletter* (Japanese and English editions) that provides management companies with market information, such as the securities settlements, regulations on foreign exchange and changes in tax systems in countries in the world. Against the backdrop of market and tax systems that in recent years have become increasingly more complex, along with various investment risks in countries around the world, the needs for the provision of timely and detailed market information are growing. Responding to this, MTBJ strives to improve the timeliness of the *MTBJ Newsletter*. We also provide the *MTBJ Newsletter Report* that brings together information on specific market topics. In addition, MTBJ also provides information on corporate action in different countries by integrating information obtained by multiple custodians, then providing it to customers via the website. This service also provides functions such as progress management regarding the instructions from customers to exercise of right concomitantly.



\*This service is also available via email and fax.



## Framework for reflecting Voice of Customer

In order to reflect customers' opinions and requests to improve MTBJ services, we are taking the following various initiatives.

### (1) Customer desk

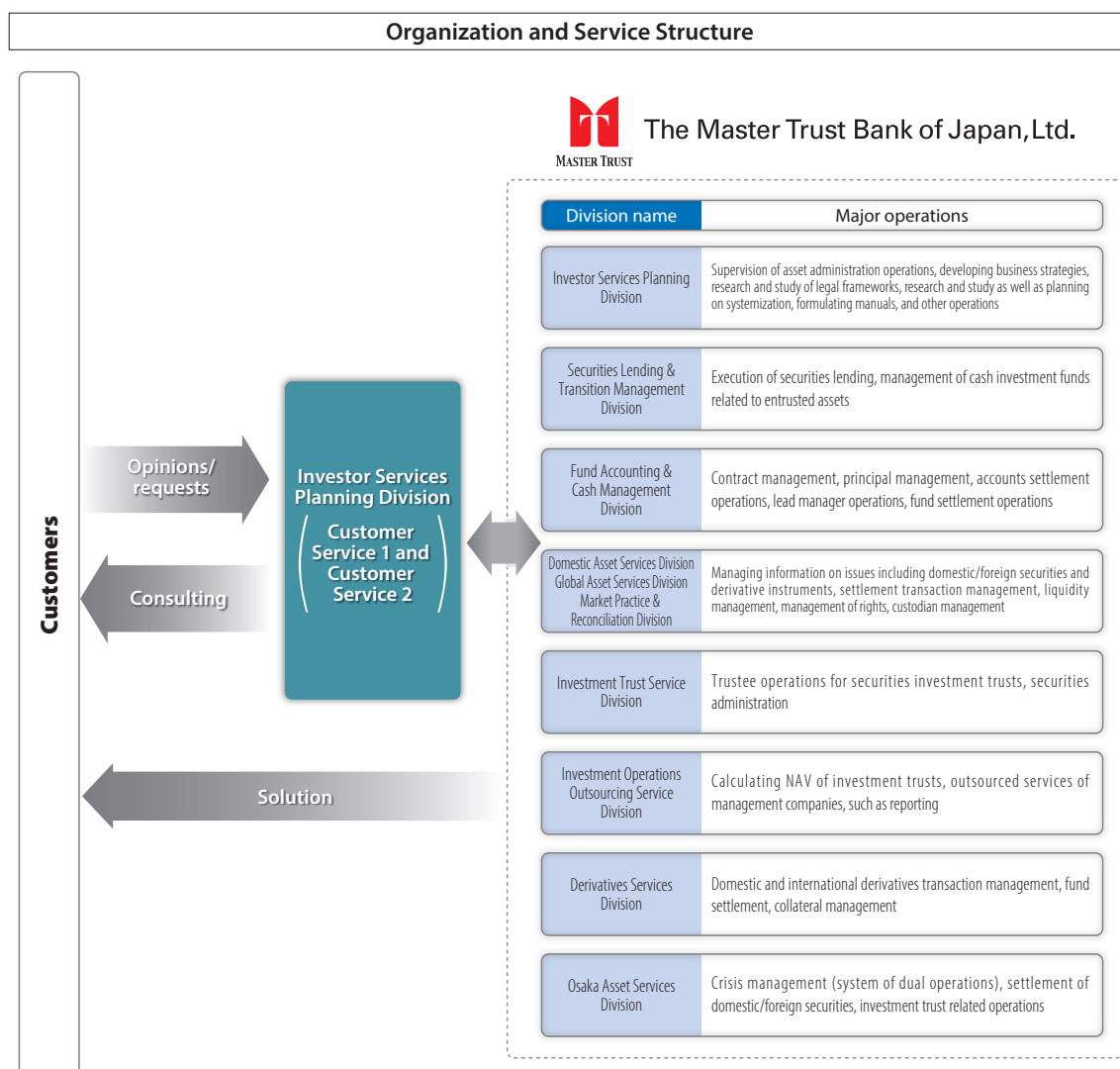
Dedicated staff with sophisticated know-how and practical experience are placed in the Customer Service 1 and the Customer Service 2, Investor Services Planning Division to serve as the point of contact with customers for conducting market research and consulting sales related to asset administration operations.

In providing services and solutions for customers, MTBJ is organized by service/function such as fund administration, domestic securities administration, and foreign securities administration. For the customers, each of the above-mentioned two units acts as the point of contact with customers for these services/products. They carefully listen to customer inquiries/opinions and various requests on asset administration, such as new products, new schemes, and responses to the revision of systems, and respond to the needs of consultation and other services.

In order to act in a systematic manner, we use a CRM\* system dedicated to managing information on customer communication to accumulate opinions and requests received from customers. We share the information among management and relevant departments and analyze trends. Based on such analyses, we strive to quickly respond to customer requests, develop new services, and improve service quality.

\* CRM system

This is a customer relationship system dedicated to managing information on communication with customers. By sharing the accumulated opinions and requests of customers between relevant divisions and analyzing trends, we leverage the information in speedily responding to customers, developing new services, and improving operational quality.



### **(2) Surveys for investment trust management companies and investment advisor companies**

MTBJ conducts annual customer surveys to collect wide-ranging opinions and requests, develop new services, and provide optimum solutions. The opinions and requests we receive from customers are valuable customer feedback, which we utilize for developing and enhancing MTBJ's services and products. The status of such efforts and survey results are returned to customers at MTBJ Seminars (see below) and other occasions. In FY 2022, we surveyed 82 investment trust management companies and 115 investment advisor companies.

### **(3) MTBJ Seminar**

MTBJ regularly holds MTBJ Seminars for investment trust management companies and investment advisor companies, conveying information considered to be beneficial, such as on investment trust industry trends and the implications for customer funds in light of international regulations. From FY 2020, MTBJ Seminars have continued to be held in an online format. In FY 2022, we held a total four sessions, with more than 1,399 people from 457 companies participating. We will continue to hold seminars on themes that would be of great interest to our customers.

- ① (April 2022) The latest information on CSDR rules following the implementation
- ② (July 2022) Basic knowledge about trustee business for beginners
- ③ (November 2022) The abolition of third-party transfers in setoffs between other banks (introductory edition)
- ④ (December 2022) The abolition of third-party transfers in setoffs between other banks (practical edition)

### **(4) Useful information**

From FY 2020, we started sending a monthly newsletter of useful information on topics such as frequently received inquiries from customers, hot market information, and how to use our WEB information service (MaiNet). We will continue our efforts to deliver useful information to our customers in FY 2022.

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Infrastructure

# Infrastructure for stably and efficiently providing integrated asset administration services

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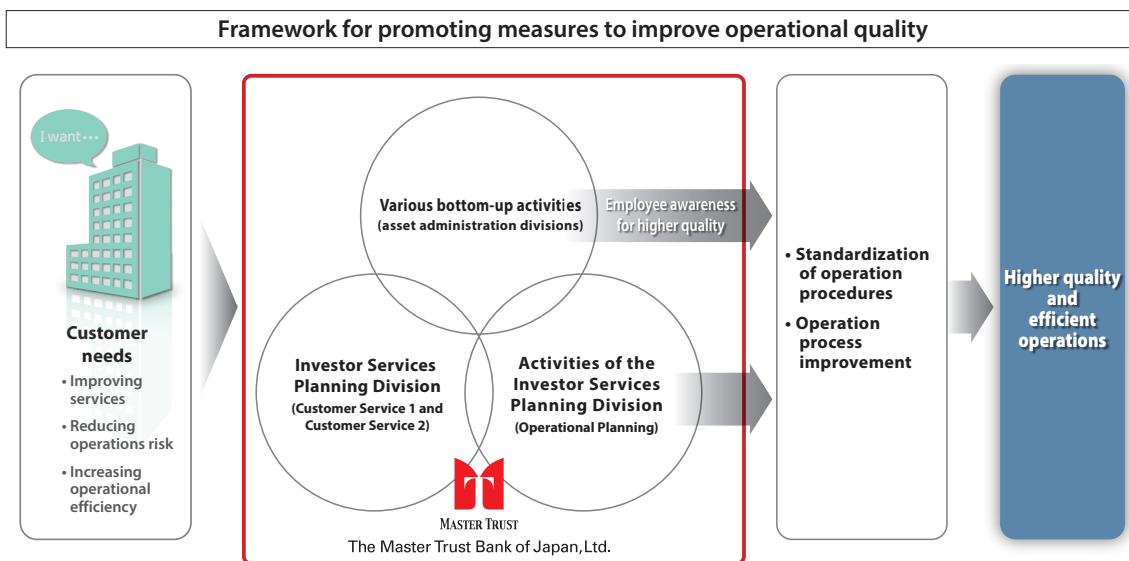
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# Initiatives for enhancing operational quality

## Further enhancing operational quality

MTBJ is making all-out efforts to further enhance service quality (improving services, reducing risk, increasing efficiency).

The Operational Planning, Investor Services Planning Division sorts out standard procedures and expands them within the company, and its staff works closely with divisions engaged in asset administration operations to facilitate the establishment of frameworks for improving operation processes and underpinning service quality. Also, it establishes and implements systematic talent development programs with the Human Resources & Corporate Administration Division to drive autonomous and continuous growth of each employee. Furthermore, the divisions engaged in asset administration operations undertake various initiatives to improve service quality, and the Operational Planning, Investor Services Planning Division supports this. Also, boosting bottom-up activities leads to raising each employee's awareness of service quality. The Corporate Risk Management Division and the Operational Planning, Investor Services Planning Division understand the implementation status of operations, including these bottom-up activities, and assess such activities and identify issues, sharing the information with divisions engaged in asset administration operations to improve service quality.



## CSA (Control Self Assessment)

CSA is the activity conducted by divisions responsible for businesses to identify and recognize risks inherent in the businesses, assess the risk levels and the status of controls, and develop and implement the necessary measures, thereby autonomously controlling risks, enhancing risk management, and improving internal controls. By regularly and continuously assessing risks inherent in each business process through CSA and implementing necessary action plans, such as reviewing business flow, we strive to improve service quality.

## Efforts to increase productivity

### Realizing efficient business structures

MTBJ is building a common platform for execution processing in and outside Japan by operating a Common System for Trade and Settlement, and is driving efficiency and standardization by promoting further implementation of STP<sup>\*1</sup>. At the same time, we will enhance the reliability and speed of processing by forming an “organization by function” aligned with business processes, while also establishing flexible structures that respond to changes in the market environment and cost reduction. Also, together with promoting digitalization, such as automation of internal processing using RPA<sup>\*2</sup>, we are endeavoring to enhance productivity and promote efficiency by leveraging AI and other digital technologies.

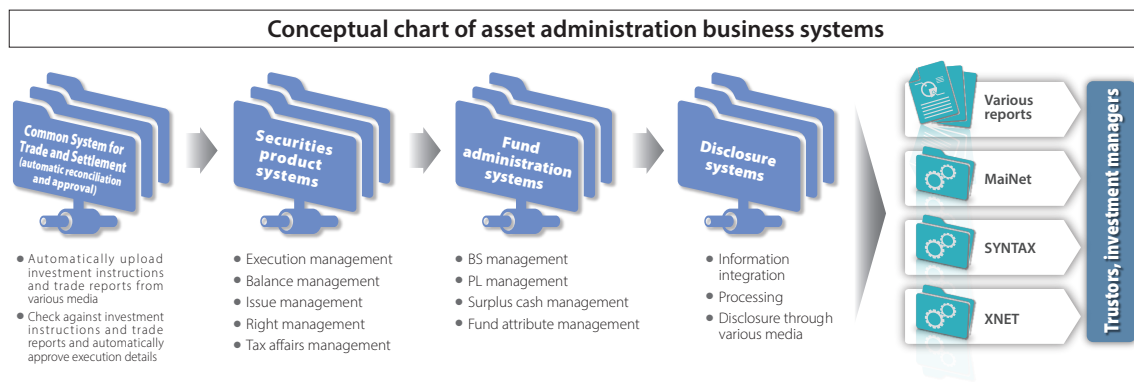
\*1 Straight-through processing, or STP, is when securities transactions processes are conducted entirely electronically (automated), from the placement of an order and conclusion of a deal, to settlement.

\*2 RPA: Robotics Process Automation

RPA is a business automation technology using robots. RPA is mainly used to replace routine and repetitive tasks for which rules can be established.

### (Reference) System structure--achieving provision of stable and efficient services

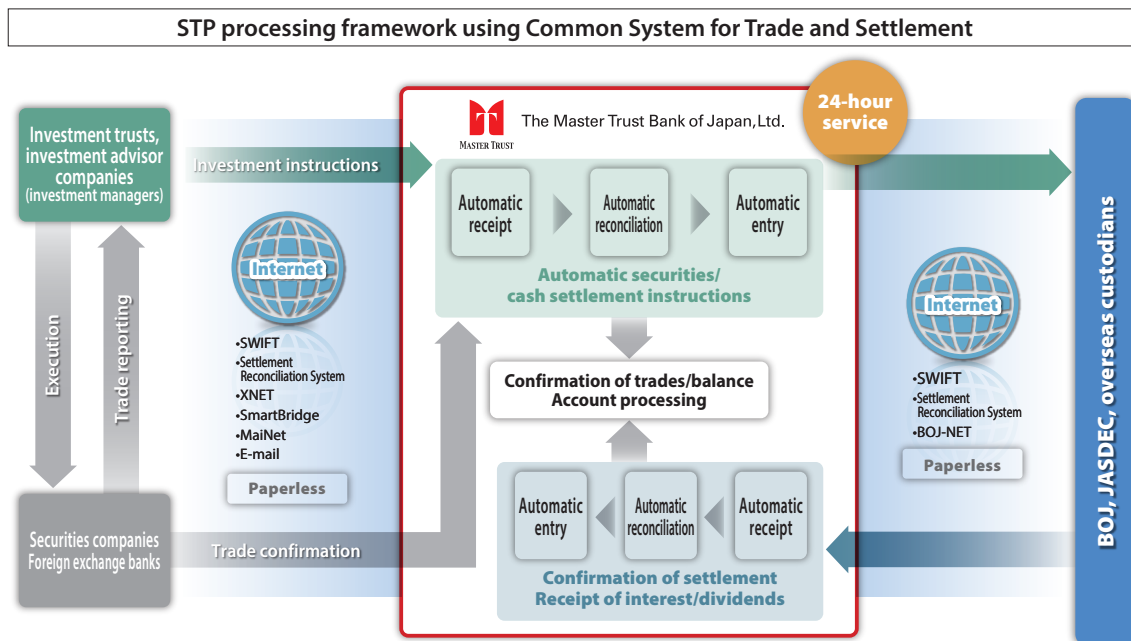
MTBJ's systems are structured efficiently for each purpose from trade management to preparation of reports, and thus, we are able to handle various asset administration services flexibly for both investment trust products and other products. We will provide stable and efficient services by using a common platform instead of developing and using separate systems according to service. This allows us to take systematic action to address reforms of securities settlement systems, law revisions and other changes, thereby ensuring prompt and reliable responses.



**(Reference) Common System for Trade and Settlement--driving automated processing from execution to settlement**

In November 2003, we reconstructed the STP system\*, which we had previously developed and operated for each domestic/foreign asset, and developed and started using the Japan's first system for integrated real time processing of a series of processes for execution, settlement, and reconciliation (confirmation of trade completion, balance) of domestic/foreign securities trades and foreign exchange trades (Common System for Trade and Settlement). By operating this system, we furthered the structure for accurately and quickly processing large volumes of trades and controlling cost increases. Also, we continuously develop systems to interface with market settlement infrastructure being established in and outside Japan and respond to reforms of securities settlement systems.

\*An automated business management system incorporating the concept of straight through processing for operation processing from execution, to settlement processing and confirmation of settlement completion.



## Human resource strategies

### Increased sophistication of customer and market demands

Since its establishment in 2000, MTBJ's business has continued to expand, with recent assets under custody totaling 615 trillion yen, and these assets are invested in approximately 130 countries around the world\*<sup>1</sup>. Moreover, the demands of customers and the market are steadily becoming sophisticated year after year, and the level of administrative acumen required of us, as a service provider, continues to rise accordingly. For this reason, we consider the growth of our human capital to be a management issue of utmost importance for our company. Furthermore, we believe that it is our given mission to contribute to the development of the company and capital markets through the fulfillment of this human capital.

\*<sup>1</sup> As of end of March 2023

### Human capital management practices

We strive to enhance our human capital by providing employees with opportunities for further growth and challenges. In particular, these efforts aim to create a virtuous cycle for the accumulation of human capital by fostering employees, regardless of age or gender, who are wholeheartedly committed to personal transformation and evolution. In line with this, we implement a lineup of human resource development programs.

### Initiatives to grow human capital (human resource development programs)

#### (1) Nurturing professional human resources

In order to meet the demands of capital markets and continue to provide our customers with high-end services, it is vital to develop human resources with exceptional business execution and problem-solving skills. In addition, sustainably making contributions to society and capital markets also requires the development of managers who can bring together and optimally put these capabilities into practice. To this end, we operate a training system for professional personnel and managers that combines the three elements of on-the-job training (OJT), various training programs, and the provision of multiple opportunities for specialized operations, and have developed a framework for management to confirm operational status.

#### (2) Nurturing project personnel

In the 22 years since our founding, we have invested approximately 150 billion yen in systems, and the scale of this investment has increased over the years as capital markets and customer demands have become more sophisticated and diverse. In addition, customers have recently tended to become more specialized in competitive areas, and there have been a number of cases in which customers have transferred to us operations outside of their competitive areas. Given this situation, we have an urgent need to train project managers for system development projects and large-scale customer projects, and we are operating a program to foster these human resources, aiming to train 100 such personnel in three years\*<sup>2</sup>.

\*<sup>2</sup> FY 2021-2023



## Initiatives to form a foundation of people

In order to encourage the expansion and promote the range of human capital discussed above, and to improve its effectiveness, MTBJ works to maintain and expand the diversity of its people while providing fair opportunities to these diverse individuals. In particular, since approximately 70% of our employees are women, our efforts to promote women's activities are critical to supporting the execution of our management strategy. In this context, we have been promoting the development of systems and management structures that enable female employees to continue their duties over the long-term, without having to halt their employment for reasons such as childbirth or childcare.

We also aim to contribute to the development of social inclusion by providing similar systems for male employees. At MTBJ, we work to enhance the effectiveness of our promotion of women's activities by improving workplace environments and training female managers based on our action plan for women to play an active role. Indeed, in January 2023, the Minister of Health, Labour and Welfare certified MTBJ as a Platinum Eruboshi company in recognition of our outstanding efforts in this area. Prior to that, in November 2018, we earned Platinum Kurumin certification by the same Minister for being a company that offers exceptional child-rearing support.



## Human capital management outcome indicators

	FY2020	FY2021	FY2022	
Ratio of women in management* <sup>1</sup>	15.4%	18.7%	25.7%	
Ratio of men taking childcare leave* <sup>2</sup>	80.0%	117.0%	57.0%	
Wages compared by gender (Women/men)	Regular employees	115.6%	111.4%	119.2%
	Non-regular employees* <sup>3</sup>	—	—	—
Total	117.8%	115.7%	121.6%	

\*1 Calculation based on the provisions of the Act on Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015). Since the disclosure standards, including other items, were revised in FY 2022 (before revision: includes employees from the company on secondment to outside the company, and excludes employees on secondment from other companies to the company. After revision: excludes employees from the company seconded to outside the company, and includes employees from other companies seconded to the company), the figures for FY 2021 and FY 2020 are also presented based on the same standards.

\*2 The percentage of employees who have taken childcare leave, etc., as defined in Article 71-4 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). The calculation is based on the formula of "Number of employees who took childcare leave ÷ Number of spouses who gave birth during the fiscal year × 100." Depending on the timing of childbirth by a spouse, the rate of childcare leave taken may exceed 100%.

\*3 Wages: includes base salary, compensation for overtime, bonuses, etc., but excludes retirement allowance, commuting allowance, etc. Regular employees: excludes those seconded from the company to outside companies, and includes those seconded from other companies to the company. Non-regular employees: there are no female workers in the non-regular employee category, and therefore no figures exist.

# Business Continuity Plan— conducted full-scale dual operations in Tokyo and Osaka

## **Business continuity plan—strong complementary structure using multiple bases**

Declaring that the development and improvement of a business continuity plan against occurrence of disasters, accidents, incidents, and the like is one of its key management challenges, MTBJ establishes the business continuity plan with awareness of social responsibility as a specialized asset administration bank. In light of risk diversification, as for work locations, we have the Osaka office (in Esaka · Yodoyabashi) and a backup office (in Tokyo) in addition to the Tokyo office (Hamamatsucho). As for system centers, we have the main system centers (in Kanto region) and a back-up system center (Kansai region). These structures enable us to continue business in the event that one base is hit by a disaster as other bases can complement. In addition, leveraging this infrastructure, we work to maintain and improve the business continuity system by implementing business continuity training against disasters on an ongoing basis.

## **Back-up structure for offices and personnel— establishing operations in multiple locations and continuously developing personnel**

To be prepared for a situation in which the main office becomes unavailable for operation, we set up a back-up office with sufficient facilities in terms of infrastructure, space, and the like.

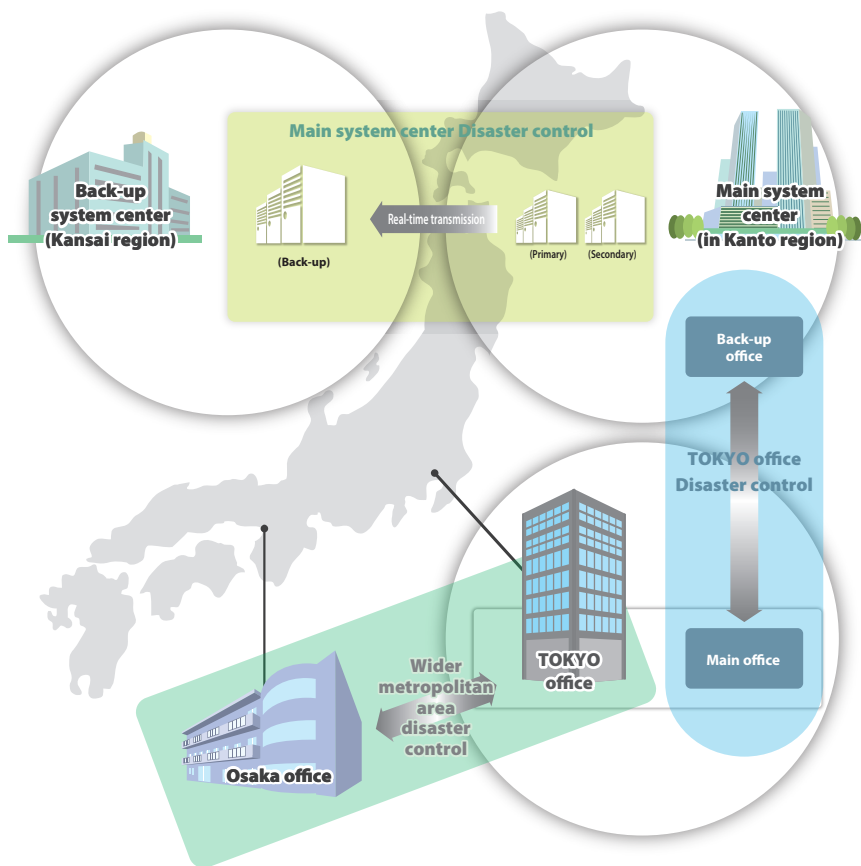
In the event of a disaster during the daytime, the company will promptly move to the backup office to continue operations. Furthermore, we conduct various crisis management training based on the premise that business will continue extensively, and in addition to business becoming paperless, etc., we are developing a business continuity system that combines working from home. Moreover, we are implementing company-wide initiatives to improve the effectiveness of our business continuity system, such as operational training to secure substitute staff in divisions affected by disaster.

In addition, in order to enhance our business continuity system in the event of a wider-area disaster in the Tokyo metropolitan district, in April 2018, we established an independent division in the Kansai region, the Osaka Asset Services Division (location: Suita-shi, Osaka), the first such initiatives by a trust bank specialized in asset administration. The Osaka Asset Services Division engages in dual operations in parallel with Tokyo mainly for businesses of high priority for continuity, such as funds and securities settlement. Unlike a disaster site that operates only in times of disaster, in the system of dual operations, parallel operations in normal times are conducted in Tokyo and Osaka. We will continue to strive to further enhance our readiness to sustain business operations that are highly necessary as social infrastructure.

## **Back-up structure for systems—smooth switching for business continuity**

For systems that manage customer asset data and systems that manage external settlements, the main system center employs the hot standby method of running primary and secondary systems whereby if the primary system fails, operations will switch to the secondary system in standby. In addition, data is sent on as needed basis to a system set up in the back-up system center and thus we are able to continue to operate business without problems in the event of a disaster at the main system center.

Back-up structure



## Risk Management

# Proper Risk Management and Strict Compliance with Laws and Regulations

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## Risk management system

Seeing risk management as a key management challenge for a trust bank specialized in the asset administration business, MTBJ has a system in place for capturing and managing the risks of its business as a whole by establishing the Corporate Risk Management Division, an independent risk management division, to comprehensively manage all risks, as well as deciding risk management policy and capturing and discussing the status of business from the risk management perspective of the Board of Directors and other bodies. In addition, we have the Risk Management Committee chaired by the Director in charge of the Corporate Risk Management Division as an organ under the Management Conference to investigate and deliberate on various matters related to overall risk management. Similarly, we have the Business Improvement Committee chaired by the Director in charge of the Corporate Risk Management Division to analyze causes and discuss recurrence prevention measures among relevant divisions for material issues as a system for business improvement and reducing potential risks. In operating business, we strive to establish and enhance risk management systems by, for example, formulating internal rules for each risk and implementing proper risk management based on the rules.

### Addressing individual risks

In managing risks, MTBJ sees credit risk, market risk, liquidity risk, operational risk, and reputation risk as especially important. We manage these risks in accordance with the following policy in light of the unique nature of a trust bank engaged in the asset administration business.

#### (1) Credit Risk Management

Credit risk refer to *the risk of financial loss in credit assets (including off-balance sheet instruments) caused by deterioration in the credit conditions of counterparties*. With Credit Analysis Group set up in the Corporate Risk Management Division, we strive to maintain the status of credit facilities at an appropriate level.

#### (2) Market Risk Management

Market risk refer to *the risk of financial loss where the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices and foreign exchange rates. Market liquidity risk is the risk of financial loss caused by the inability to secure market transactions at the required volume or price levels as a result of market turbulence or lack of trading liquidity*. With Risk Management Group set up in the Corporate Risk Management Division, we set market risk limits and loss limits so that we will not have excessive market risk.

#### (3) Liquidity Risk Management

Liquidity risk refer to *the risk of incurring loss if a poor financial position at a group company hampers the ability to meet funding requirements or necessitates fund procurement at interest rates markedly higher than normal*. In light of the importance of liquidity risk management, we organizationally separate the division managing funding liquidity (Corporate Risk Management Division) from the division managing cash flow (Domestic Asset Services Division) and regularly conduct monitoring on the funding status and the market environment.

#### (4) Operational Risk Management

Operational risk refer to *the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events*. Among operational risk components, we manage operations risk, information risk, IT risk, incompliance with laws and regulations risk, legal risk, tangible asset risk, and personnel risk as especially important.

##### (i) Operations Risk Management

Operations Risk refer to *the risk of incurring loss that might be caused by negligence of correct operational processing, or by incidents or misconduct by either officers or staff, as well as other similar risks*. The Corporate Risk Management Division is charged with managing Operations Risk and we strive to improve the standards of operations and prevent inappropriate operation procedures by continuously establishing and enhancing manuals, ensuring thorough compliance with authority and rules when carrying out operation procedures and regularly conducting training and providing guidance.

##### (ii) Information Risk Management

Information risk refer to *the risk of loss caused by loss, alteration, falsification or leakage of personal or other confidential information, as well as similar to these risks*. The Corporate Risk Management Division is charged with managing Information Risk and we take measures, such as ensuring thorough management of internal information, including customer information by strengthening internal rules.

##### (iii) IT Risk Management

IT Risk refer to *the risk of loss arising from destruction, suspension, malfunction or misuse of IT, or unauthorized alteration and leakage of electronic data caused by insufficient IT systems planning, development or operations or by*

vulnerabilities of or external threats to IT system security, including cybersecurity, as well as risks similar to these risks. IT Risk includes those related to system assets, such as hardware, software, networks, and other components of computer systems. The Corporate Risk Management Division is charged with managing IT Risk and implements measures to be prepared for any system failure through establishment and enhancement of internal rules, such as by duplicating computers, networks, and other critical devices.

**(iv) Incompliance with Laws and Regulations Risk**

Incompliance with laws and Regulations Risk refer to *the risk of loss due to failure to comply with laws and regulations, as well as risks similar to these risks*. We have a structure in place for Law and Compliance Group established in the Corporate Risk Management Division to centrally manage Incompliance with laws and Regulations Risk. At the same time, we ensure that officers and employees fully comply with laws and regulations.

**(v) Legal Risk Management**

Legal risk refer to *the risk of a loss due to failure to identify or address legal issues relating to contracts and other business operations or insufficient handling of lawsuits, as well as risks similar to these risks*. We have a structure in place for Law and Compliance Group established in the Corporate Risk Management Division to centrally manage legal risk. At the same time, it examines any legal issues before concluding contracts and then centrally manages lawsuits.

**(vi) Tangible Asset Risk Management**

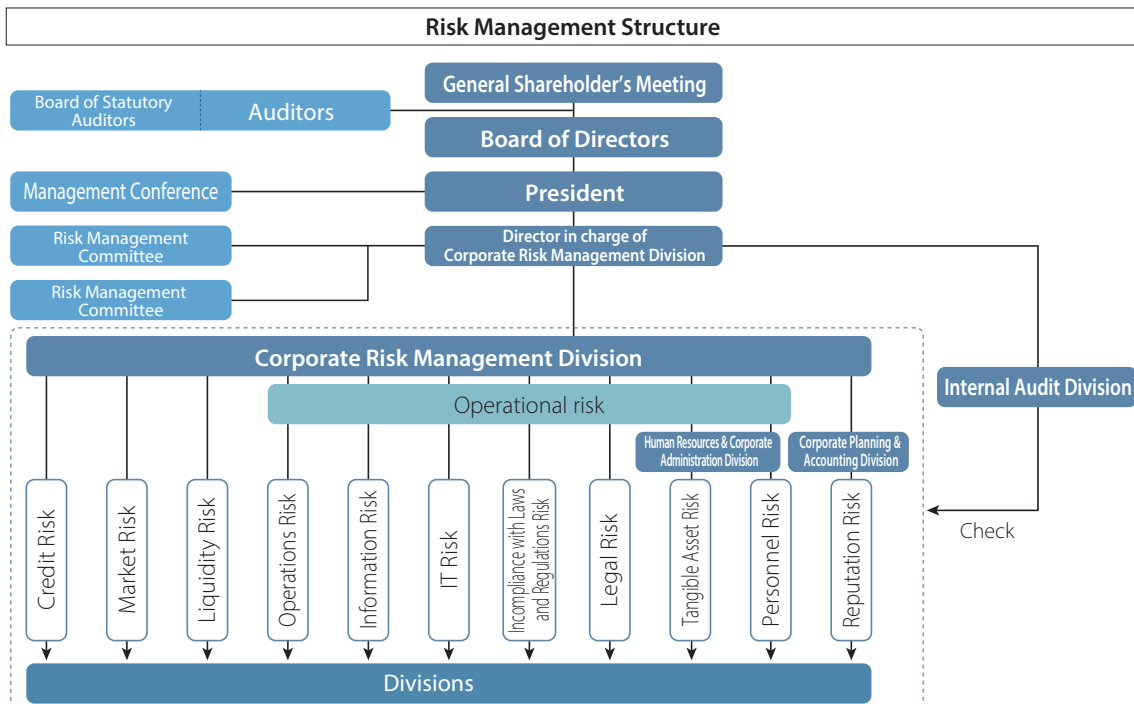
Tangible asset risk refer to *the risk of loss due to damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance, as well as risks similar to this risk*. The Human Resources & Corporate Administration Division is charged with tangible asset risk management and works to reduce and mitigate the risk upon understanding vulnerabilities of tangible asset risk to manage.

**(vii) Personnel Risk Management**

Personnel risk refer to *the risk of loss due to an outflow or loss of human resources or deterioration in employee morale, as well as risks similar to this risk*. The Human Resources & Corporate Administration Division is charged with managing personnel risks and establishing the necessary management procedures to ensure an understanding of them by officers and employees upon grasping the degree of impact of a change in the quality and quantity of human resources.

**(5) Reputation Risk Management**

Reputation risk refer to *the risk of harm to our corporate value arising from perceptions of our customers, shareholders, investors or other stakeholders and in the market or society that we deviate from their expectations or confidence*. The Corporate Planning & Accounting Division is charged with managing reputation risk and establishing the necessary management procedures to ensure an understanding of them by officers and employees upon grasping the possibility of deterioration in reputation.



# Compliance System

As a trust bank engaged in the asset administration business, MTBJ aims to become a bank truly trusted and valued by society by ensuring thorough compliance. To realize this philosophy, we develop the following measures and systems.

## Formulation of the Corporate Activity Ethics Standards.

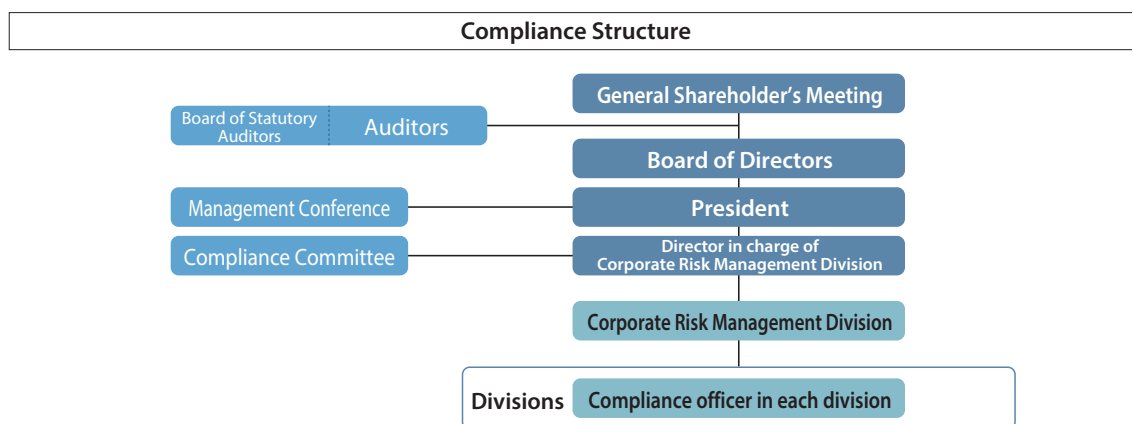
We establish the Corporate Activity Ethics Standards to clarify our basic policy on compliance with laws and regulations as well as specific standards of conduct. These Standards set forth ethics standards for realizing our Management Creed, as well as specific standards of conduct.

## Compliance activity

MTBJ formulates the *Compliance Manual* as a specific guide for practicing compliance based on the Corporate Activity Ethics Standards. This *Manual* is posted on the intranet that can be viewed by all officers and employees, and we ensure their understanding by conducting training as necessary at the workplace. In addition, to achieve compliance, we formulate the Compliance Program for each fiscal year, based on which we implement our compliance activities and review the progress on a regular basis. Specifically, we regularly conduct compliance training, and each division regularly checks matters related to laws and regulations. In light of anti-money laundering and economic sanctions compliance (AML), in order to establish an advanced AML structure that takes into consideration regulations under European and US laws, as well as Japanese laws, MTBJ enhanced its AML structure by including electronic messages for cash and securities settlement in international settlement screening, while further strengthening the know your customer control.

## Organizational structure for practicing compliance

We have the Compliance Committee chaired by the Director in charge of the Corporate Risk Management Division under the Management Conference to investigate and deliberate on important compliance-related matters. In addition, we have the Corporate Risk Management Division as an oversight division for practicing company-wide compliance. The Corporate Risk Management Division plans and proposes various measures for practicing company-wide compliance. In addition, a compliance officer is appointed at each division for practicing compliance at the division.



## Compliance Helpline

We have a system in place for an employee to directly report to an internal or external reporting desk to find and correct compliance issues as early as possible. Upon receiving a report, the Corporate Risk Management Division, the division supervising compliance, takes action, such as clarifying facts, correcting problems, and developing preventative measures.

## International Standard Certification for Information Security Management System

In March 2007, MTBJ obtained ISO 27001 certification, the international standard on information security management system (ISMS). Having achieved ISO 27001 certification by a U.S. accreditation organization (ANAB), MTBJ's information security management system is accredited to have the quality to clear the level of international standard with proper management frameworks and strict implementation. After obtaining the certification, we undergo annual surveillance audits and recertification audits every three years, thereby being subjected to continuous checks for the design and operation status of our information security management system. In order to remain a company trusted by its customers, we will strive to enhance the level of information security on an ongoing basis.

### MTBJ certification information



**IS 513423 / ISO 27001**

Certification Registration No.	IS 513423	
Scope of Certification	The following businesses at the Investor Services Planning Division 1. Operation planning and research and planning of systemization related to the asset administration business and businesses incidental thereto 2. Consulting and function sales businesses related to the asset administration business 3. Development and oversight of business strategies related to the asset administration business Statement of Applicability, issued on October 31, 2014, Version 2	
Date of Initial Registration	March 9, 2007	
Certification Registration Organization	BSI Group Japan K.K.	
Category	ISO/IEC 27001: 2013*1	JIS Q 27001: 2014*2
Accreditation body	ANAB (ANSI-ASQ National Accreditation Board)	JIPDEC

\*1 An ISO/IEC standard, an international certification standard on Information Security Management System (issued in October 2013)

\*2 A Japanese certification standard on conformity assessment scheme of information security management system. For the ISMS certification audit standard, in March 2014, JIS Q 27001: 2014 was published in association with the publication of the international standard ISO/IEC 27001: 2013 to replace JIS Q 27001: 2006.



## Internal Audit System

Internal audit is a process in which an independent internal audit division validates and assesses the appropriateness and effectiveness of internal control systems, including the risk management system and reports and makes recommendations to the management for the purpose of contributing to ensuring the soundness and fairness of management, enhancing customer confidence, and increasing corporate value. We have the Internal Audit Division as the division responsible for internal audits. It conducts internal audits, giving consideration to the frequency and depth of audits according to the types and levels of risks borne by audited divisions, and validates and assesses the appropriateness and effectiveness of risk management, internal controls and governance processes, thereby to contribute to enhanced internal control systems. Going forward, we will further improve and maintain audit quality to respond to changes in the environment surrounding financial institutions and conduct more effective audits.

## External Audit System

MTBJ undergoes audits by an external auditor on the effectiveness of internal controls over the asset administration business in order to enhance the soundness, transparency, and credibility of the business. This validation is in compliance with the standards set forth by Japanese Institute of Certified Public Accountants and American Institute of Certified Public Accountants, and we report the validation results to our customers.

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  - Statement of Income
  - Statement of Changes in Equity

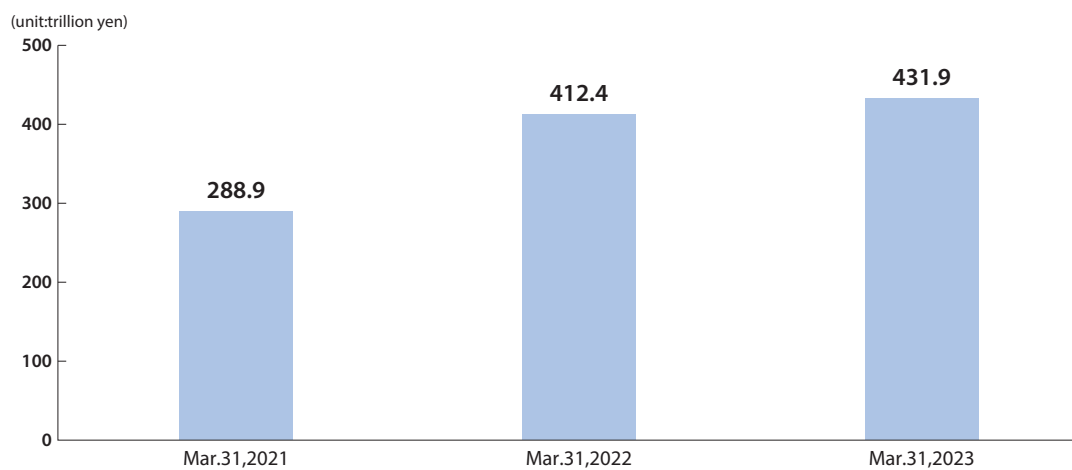
# Financial Highlight

## Changes in key indicators

(unit:million yen)

	Year Ended Mar.31, 2021	Year Ended Mar.31, 2022	Year Ended Mar.31, 2023
Ordinary Income	27,328	29,664	31,882
Ordinary Profits	1,055	1,384	1,262
Net Income	760	1,034	958
Trust Fees	23,803	25,746	26,093
Total Assets	3,642,035	6,048,540	5,587,511
Net Assets	24,813	25,658	26,358
Capital Stock	10,000	10,000	10,000
Total Number of Shares Issued	120,000	120,000	120,000
Non-Consolidated Capital Adequacy Ratio (Japanese Standards)	48.48%	55.92%	39.17%
Dividend Payout Ratio	25.0%	25.0%	25.0%
Number of Employees	891	1,028	1,091

### Changes in Trust Assets



## FINANCIAL STATEMENTS

## Balance Sheet

(unit: million yen)

	Mar. 31, 2022	Mar. 31, 2023
<b>Assets</b>		
Cash and Due from Banks	5,469,816	4,933,985
Cash	1	0
Due from Banks	5,469,815	4,933,984
Securities	1,518	19
Japanese Government Bonds	1,500	—
Japanese Stocks	1	1
Other Securities	17	18
Loans and Bills Discounted	490,711	480,432
Loans on Deeds	490,711	480,432
Other Assets	85,369	171,385
Prepaid Expenses	180	208
Accrued Income	4,703	5,522
Cash Collateral Margin for Financial Institution	65,900	151,700
Other	14,585	13,954
Tangible Fixed Assets	356	711
Buildings	177	526
Other Tangible Fixed Assets	178	185
Intangible Fixed Assets	11	42
Software	1	32
Other Intangible Fixed Assets	9	9
Deferred Tax Assets	755	934
<b>Total Assets</b>	<b>6,048,540</b>	<b>5,587,511</b>
<b>Liabilities</b>		
Deposits	47,945	45,842
Current Deposits	26,829	30,520
Other Deposits	21,116	15,321
Due to Trust Accounts	5,942,961	5,483,158
Other Liabilities	31,458	31,517
Accrued Income Taxes	361	345
Accrued Expenses	4,820	4,946
Asset Retirement Obligations	128	858
Accounts Payable	23,112	22,047
Other	3,036	3,318
Provision for Bonuses	184	222
Provision for Retirement Benefits	315	382
Provision for Directors' Retirement Benefits	18	28
<b>Total Liabilities</b>	<b>6,022,882</b>	<b>5,561,152</b>
<b>Net Assets</b>		
Capital Stock	10,000	10,000
Retained Earnings	15,658	16,357
Revenue Reserve	434	486
Other Retained Earnings	15,223	15,870
Earned Surplus Brought Forward	15,223	15,870
Shareholders' Equity	25,658	26,357
Valuation and Translation Adjustments	0	1
Valuation Difference on Available-for-Sale Securities	0	1
<b>Total Net Assets</b>	<b>25,658</b>	<b>26,358</b>
<b>Total Liabilities and Net Assets</b>	<b>6,048,540</b>	<b>5,587,511</b>

## Statement of Income

(unit: million yen)

	Year Ended Mar.31, 2022	Year Ended Mar.31, 2023
Ordinary Income	29,664	31,882
Trust Fees	25,746	26,093
Interest Income	△ 2,474	△ 3,149
Interest and Dividends on Securities	△ 2	△ 0
Interest on Call Loans	△ 0	0
Interest on Due from Banks	△ 2,472	△ 3,149
Fees and Commissions	4,071	5,855
Fees and Commissions on Domestic and Foreign Exchanges	232	197
Other Fees and Commissions	3,838	5,658
Other Operating Income	2,307	3,054
Other	2,307	3,054
Other Ordinary Income	13	28
Gains on sales of equity securities	9	—
Other	4	28
Ordinary Expenses	28,280	30,620
Interest Expenses	0	0
Interest on Deposits	0	—
Interest on Call Money	—	0
Interest on Short-term Borrowings	—	0
Other Interest Expenses	0	0
Fees and Commissions Payments	864	870
Fees and Commissions on Domestic and Foreign Exchanges	50	28
Other Fees and Commissions	814	842
General and Administrative Expenses	27,356	29,720
Other Expenses	58	28
Other	58	28
Ordinary Profits	1,384	1,262
Extraordinary Loss	0	1
Loss on Dispositions of Noncurrent Assets	0	1
Income before Income Taxes	1,384	1,260
Income Taxes-Current	449	481
Income Taxes-Deferred	△ 100	△ 178
Total Income Taxes	349	302
Net Income	1,034	958

## Statement of Changes in Equity

Year Ended Mar.31, 2022

(unit:million yen)

	Shareholders' Equity					Valuation Difference on Available-for-Sale Securities		Total Net assets
	Capital Stock	Retained Earnings			Shareholders' Equity	Valuation and Translation Adjustments	Valuation Difference on Available-for-Sale Securities	
		Revenue Reserve	Other Retained Earnings Earned Surplus Brought Forward	Total Retained Earnings				
Balance at the Beginning of the Period	10,000	396	14,417	14,813	24,813	△ 0	△ 0	24,813
Changes in the Period								
Dividends of Surplus	—	38	△ 228	△ 190	△ 190	—	—	△ 190
Net Income	—	—	1,034	1,034	1,034	—	—	1,034
Net Changes of Items Other Than Shareholders' Equity	—	—	—	—	—	0	0	0
Total Changes of Items During Period	—	38	806	844	844	0	0	845
Balance at the End of the Period	10,000	434	15,223	15,658	25,658	0	0	25,658

Year Ended Mar.31, 2023

(unit:million yen)

	Shareholders' Equity					Valuation Difference on Available-for-Sale Securities		Total Net assets
	Capital Stock	Retained Earnings			Shareholders' Equity	Valuation and Translation Adjustments	Valuation Difference on Available-for-Sale Securities	
		Revenue Reserve	Other Retained Earnings Earned Surplus Brought Forward	Total Retained Earnings				
Balance at the Beginning of the Period	10,000	434	15,223	15,658	25,658	0	0	25,658
Changes in the Period								
Dividends of Surplus	—	51	△ 310	△ 258	△ 258	—	—	△ 258
Net Income	—	—	958	958	958	—	—	958
Net Changes of Items Other Than Shareholders' Equity	—	—	—	—	—	0	0	0
Total Changes of Items During Period	—	51	647	699	699	0	0	700
Balance at the End of the Period	10,000	486	15,870	16,357	26,357	1	1	26,358

Note

1. These translations are literal translations of the financial statements that were prepared in accordance with the Companies Act in Japan and were prepared solely for reference purposes.
2. Amounts of less than one million yen are rounded down.



# The Master Trust Bank of Japan, Ltd.

## MTBJ Corporate Report 2023

### **The Master Trust Bank of Japan**

MTBJ Bldg., 2-11-3 Hamamatsucho, Minato-ku, Tokyo JAPAN 105-8579

Telephone Number : 03-5403-5100

Fax Number : 03-5403-5098

<https://www.mastertrust.co.jp/english>

