

The Master Trust Bank of Japan

# DISCLOSURE 2024

MTBJ Corporate Report 2024



The Master Trust Bank of Japan, Ltd.

# CONTENTS

<b>I</b> Greetings .....	<b>01</b>
<b>I</b> Business objectives .....	<b>02</b>
<b>I</b> Corporate Overview .....	<b>04</b>
<b>I</b> History of MTBJ .....	<b>06</b>
<b>I</b> Governance .....	<b>08</b>
• Corporate Governance System	
<b>I</b> Internal control .....	<b>09</b>
• Risk management system	
• Compliance System	
• International Standard Certification for Information Security Management System	
• Internal audit system	
• External audit system	
<b>I</b> Services .....	<b>14</b>
• Asset administration services	
• Operation Assignment Services	
• Information Providing Services	
• Other Value-added Services	
<b>I</b> Sustainability .....	<b>22</b>
• Social initiatives	
• Initiatives for personnel	
• Initiatives for the Work Environment	
<b>I</b> Reference Materials .....	<b>30</b>

# Greetings



## We aim to become a bank that is valued and supported by our customers as a part of the social infrastructure that supports our country's economy and protects the citizens' assets

Thank you for continuing to support The Master Trust Bank of Japan, Ltd.

We started operating as Japan's first trust bank, specializing in asset administration business, in May 2000.

Beyond the framework of business conditions and financial groups, we provide comprehensive Asset administration services of the best quality by leveraging the investments that we have received from the Mitsubishi UFJ Trust and Banking Corporation, Nippon Life Insurance Company, Meiji Yasuda Life Insurance Company, and The Norinchukin Trust & Banking Co., Ltd., the strong business foundation of each company, and the know-how accumulated over many years. In FY2023, MTBJ saw an increase in assets under management mainly due to an increase in trust assets such as annuities and mutual funds and business orders received from customers.

As a result, "the balance of assets under our management" as of the end of March 2024 increased by approximately 89 trillion yen compared to the previous year to 703 trillion yen.

For FY2024, we have set its objective to, "Committed to empowering a brighter future for society and the environment" Further, we have enacted our vision to "As a leading Investor Services bank in Japan, steer our clients toward the next exciting chapter" to realize our objective.

We aim to continue to be a bank that is valued and supported by our customers as a part of the social infrastructure that supports our country's economy and protects the assets of citizens.

July 2024

Representative Director, President **Toshikazu Mukohara**

# Business objectives

## Corporate Statement

### Purpose

**Committed to empowering a brighter future  
for society and the environment**



### Vision

**As a leading Investor Services bank in Japan,  
steer our clients toward the next exciting chapter**

### Value

**Remain focused on providing our unique expertise**  
**Proactively consider our client's needs**  
**Anticipate the future needs of our clients and**  
**challenge ourselves to always be better**

## **| 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.mufig.jp/english/profile/governance/fd/>)

Initiatives of The Master Trust Bank of Japan, Ltd.

(<https://www.mastertrust.co.jp/english/company/objective.html>)



# Corporate overview

## Name and Location of the Business Office

Company Name	The Master Trust Bank of Japan,Ltd.
Location of the Business Office	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, 107-8472, JAPAN (Reception:35F)
Banking Agent	None

## Officers

(as of Jun.30,2024)

Director	Representative Director, President	<b>Toshikazu Mukohara</b>	Corporate Auditor	Corporate Auditor	<b>Akihito Watanabe</b>	
	Representative Director, Deputy President	<b>Tetsuo Kushibe</b>		Corporate Auditor (part-time)	<b>Shuji Umabayashi</b>	
	Managing Director	<b>Yukihiro Yamamoto</b>		Corporate Auditor (part-time)	<b>Akira Tsuzuki</b>	
	Managing Director	<b>Kazunari Yoshino</b>				
	Director	<b>Atsushi Takemura</b>		Executive Officer	Managing Executive Officer	<b>Tsuyoshi Ueno</b>
	Director (part-time)	<b>Takafumi Ihara</b>			Managing Executive Officer	<b>Atsushi Nakajima</b>
	Director (part-time)	<b>Jun Kawakubo</b>			Executive Officer	<b>Sadataka Shinohara</b>
	Director (part-time)	<b>Kazumasa Ito</b>				
	Director (part-time)	<b>Yoshihiro Yano</b>				

## Organization Chart

(as of Jun.30,2024)



## List of Shareholders

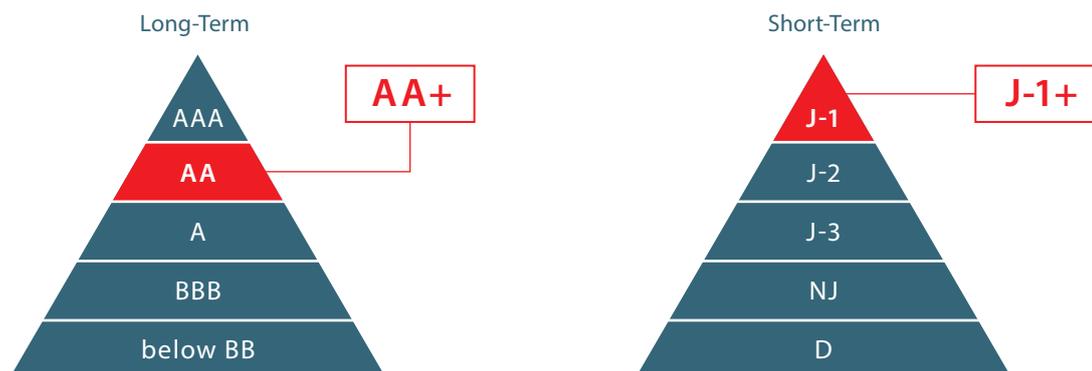
(as of Jun.30,2024)

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 & Banking Co., Ltd.	12,000	10.0%
Total	120,000	100.0%

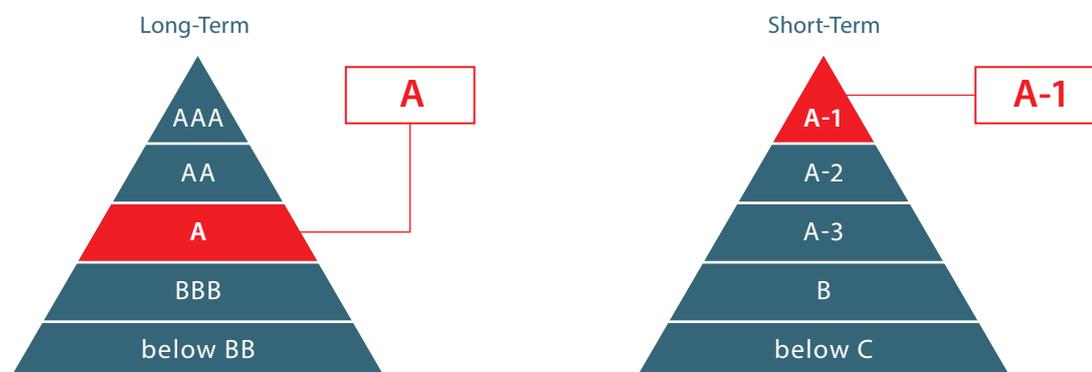
## Credit Rating

(as of Jun.30,2024)

Japan Credit Rating Agency, Ltd. (JCR)



Standard & Poor's (S&P)



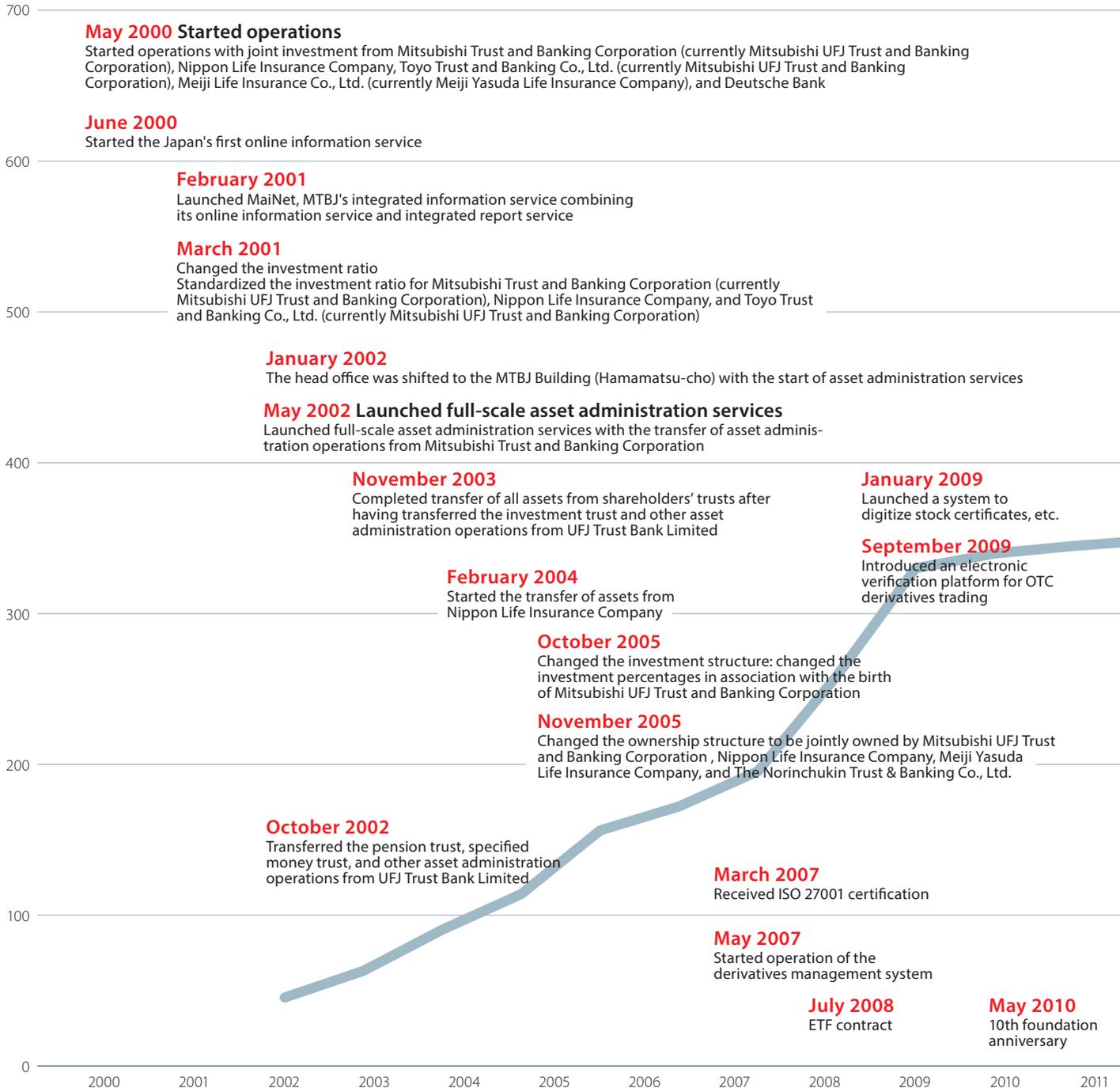
# History of MTBJ

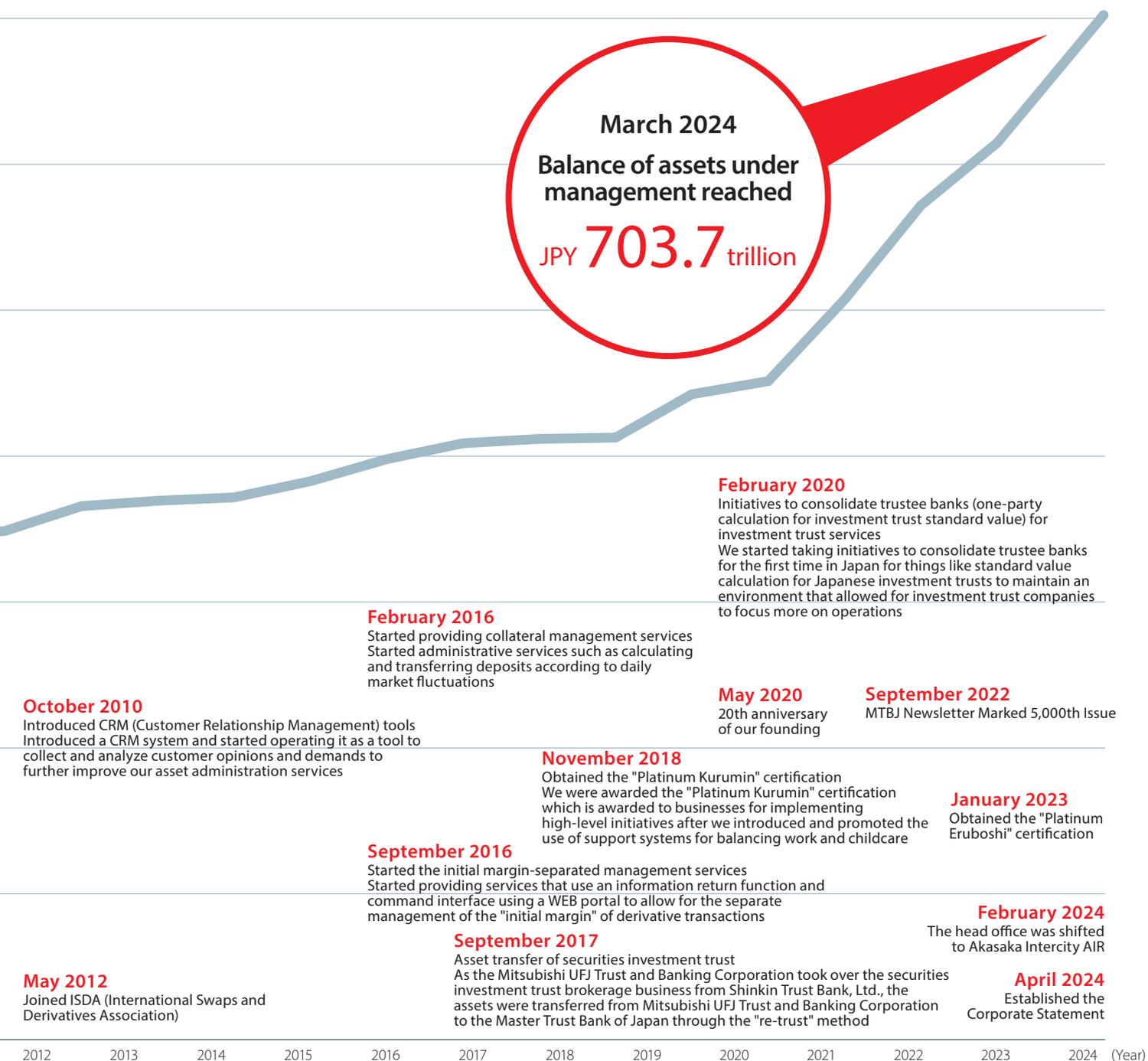
In May 2000, we started operating as Japan's first trust bank, specializing in asset management. With the support of our customers, 23 years after our launch, our assets under management have continued to increase, and the balance of assets under management as of March 31, 2024 reached 703 trillion yen.

We will continue to provide our customers and the market with best services, and aim to be a trust bank that consistently receives the highest evaluation.

## Trends and Topics in Balance of Assets Under Management

(in trillion yen)





# Governance

## 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

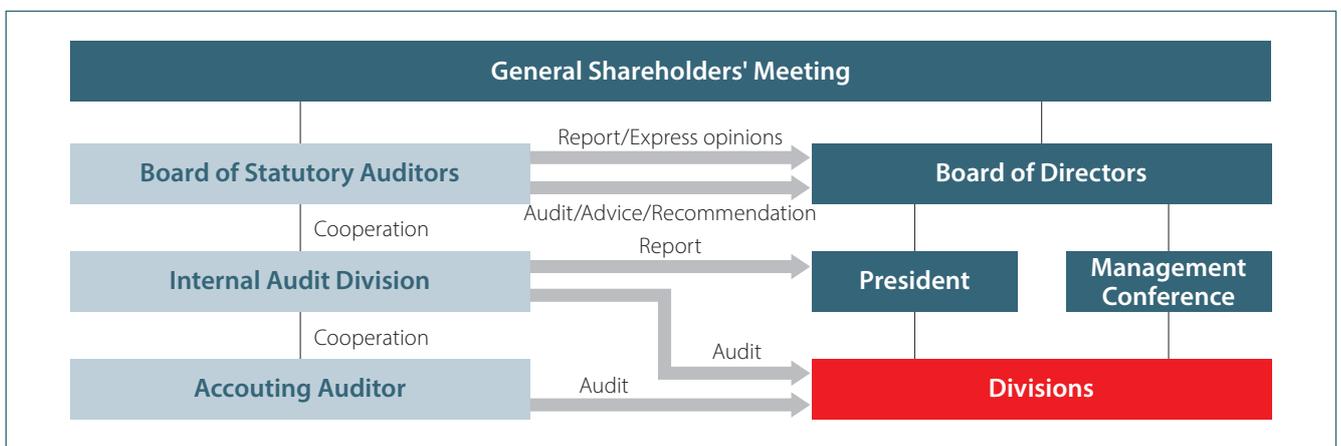
opinions where necessary. In addition, they audit the process of corporate decision-making and the state of execution of duties by Directors through the validation of reports received from the accounting auditor and others, as well as the examination of operations and the assets of the Company.

### 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



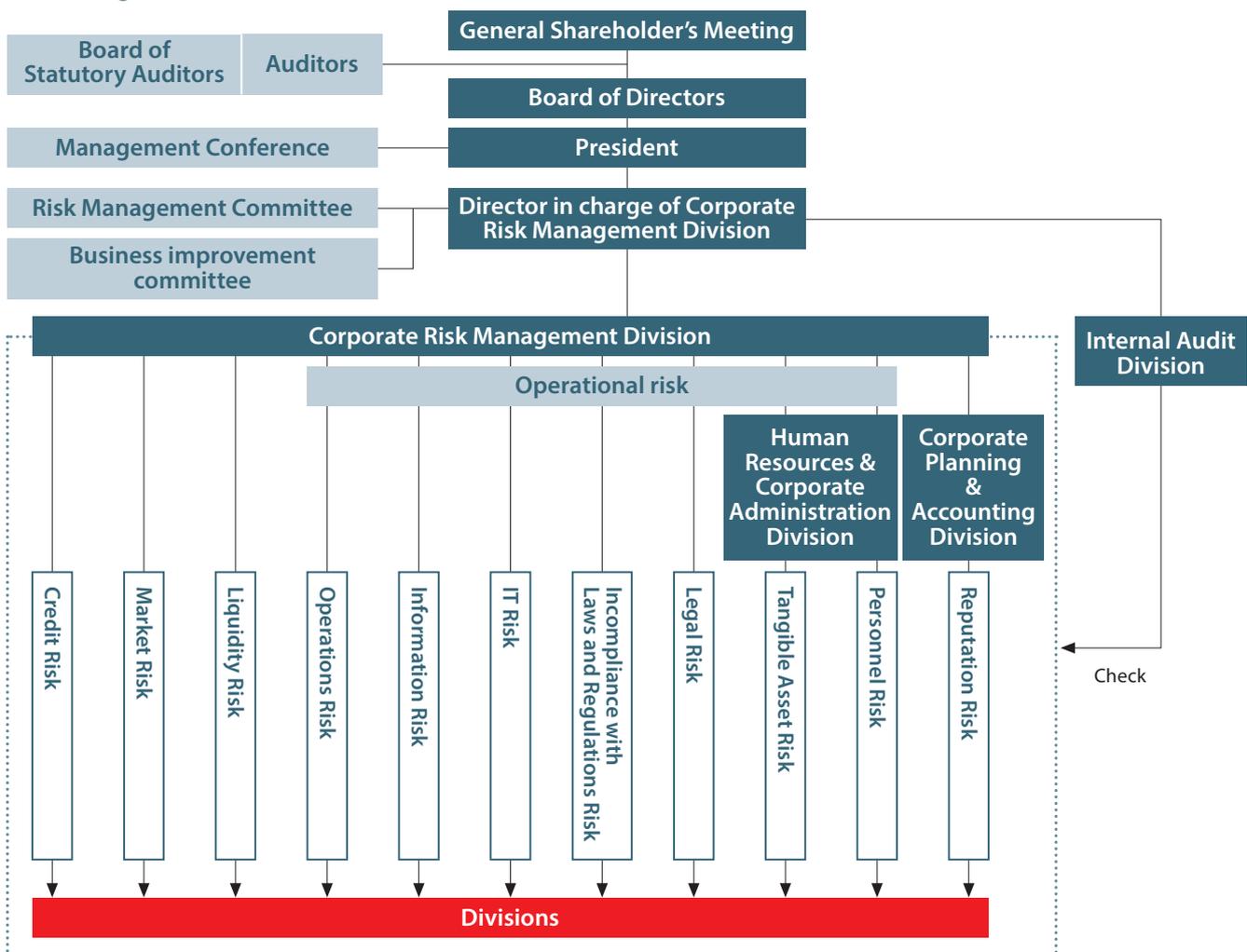
# Internal control

## 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.

### Risk Management Structure



## 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 refers 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 refers 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 refers 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 (Securities Lending and Treasury Division) and regularly conduct monitoring on the funding status and the market environment.

### (4) Operational Risk Management

Operational risk refers 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.

### ① Operations Risk Management

Operations Risk refers 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.

### ② Information Risk Management

Information risk refers to the risk of loss caused by loss, alteration, falsification or leakage of personal or other confidential information, as well as other similar 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.

### ③ IT Risk Management

IT Risk refers 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 other similar 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.

### ④ Incompliance with Laws and Regulations Risk

Incompliance with laws and Regulations Risk refers to the risk of loss due to failure to comply with laws and regulations, as well as other similar 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.

#### ⑤ Legal Risk Management

Legal risk refers 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 other similar 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.

#### ⑥ Tangible Asset Risk Management

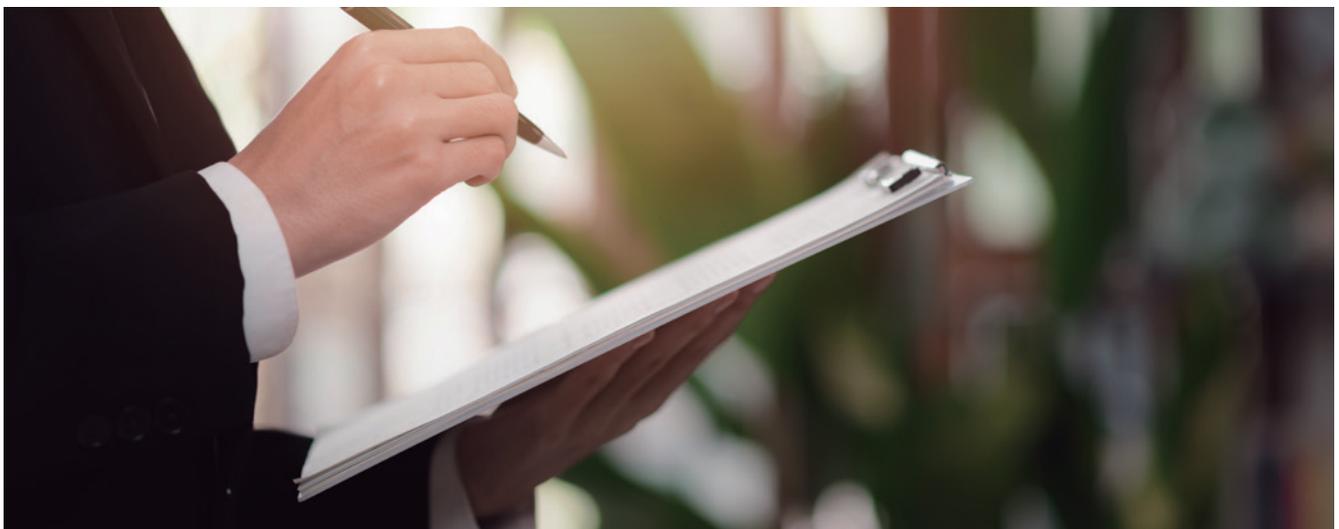
Tangible asset risk refers to the risk of loss due to damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance, as well as other similar risks. The Human Resources & Corporate Administration Division is charged with tangible asset risk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

#### ⑦ Personnel Risk Management

Personnel risk refers to the risk of loss due to an outflow or loss of human resources or deterioration in employee morale, as well as other similar risks. 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 refers 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

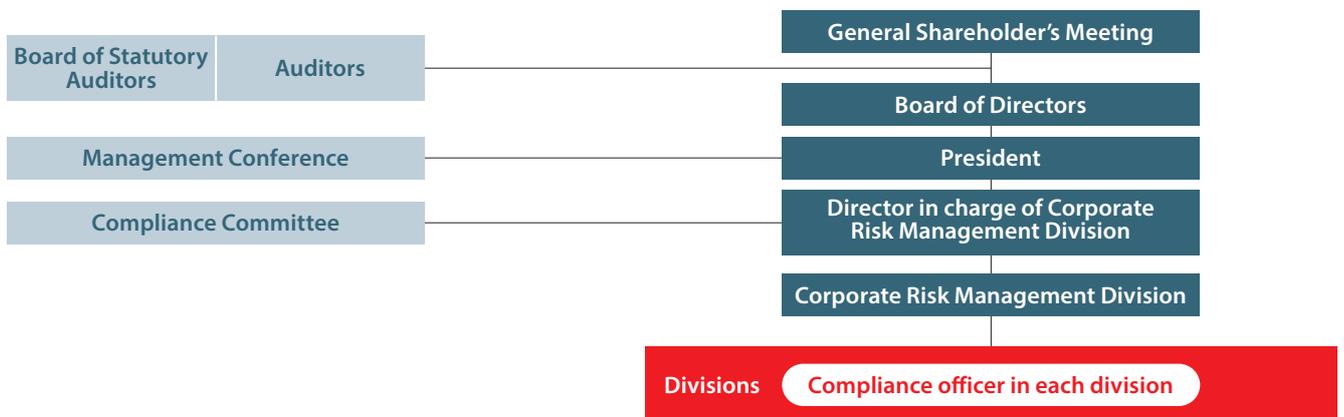
conduct compliance training, and each division regularly checks matters related to laws and regulations. In light of anti-money laundering and economic sanctions compliance (AML), in order to establish an advanced AML structure that takes into consideration regulations under European and US laws, as 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 Structure



## 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	9-Mar-07	
Certification Registration Organization	BSI Group Japan K.K.	
Category	ISO/IEC27001:2013 *1	JISQ27001:2014*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.

# Services

- Asset administration services
- Operation Assignment Services
- Information Providing Services
- Other Value-added Services



# Asset administration services

We manage the securities entrusted to us based on the contracts with our customers.

We provide securities-related services such as proxy settlement, proxy receipt of dividends, proxy receipt of voting instructions, provision of disclosure information, and other optional services, based on instructions from our customers.

## Domestic Securities Management

As a "direct account administrative authority," we open customer accounts and manage transfer account books based on customer instructions.

We handle the management, buying and selling of

domestic securities held by our customers, interest and redemption of bonds, dividends on stocks, and all other rights granted to our customers as shareholders.

## Foreign Securities Management

Investment in foreign securities including emerging markets is increasingly becoming active and diverse. Currently, MTBJ invests in approx. 130 countries\*1 with the balance of foreign securities assets under management reaching approximately 238.2 trillion yen as of March 31, 2024.

MTBJ has a dedicated division to investigate and monitor laws and regulations (including tax systems) of investing countries, and takes swift action. While selecting overseas custodians, we assess their credit risk, internal control system, administrative capability and other

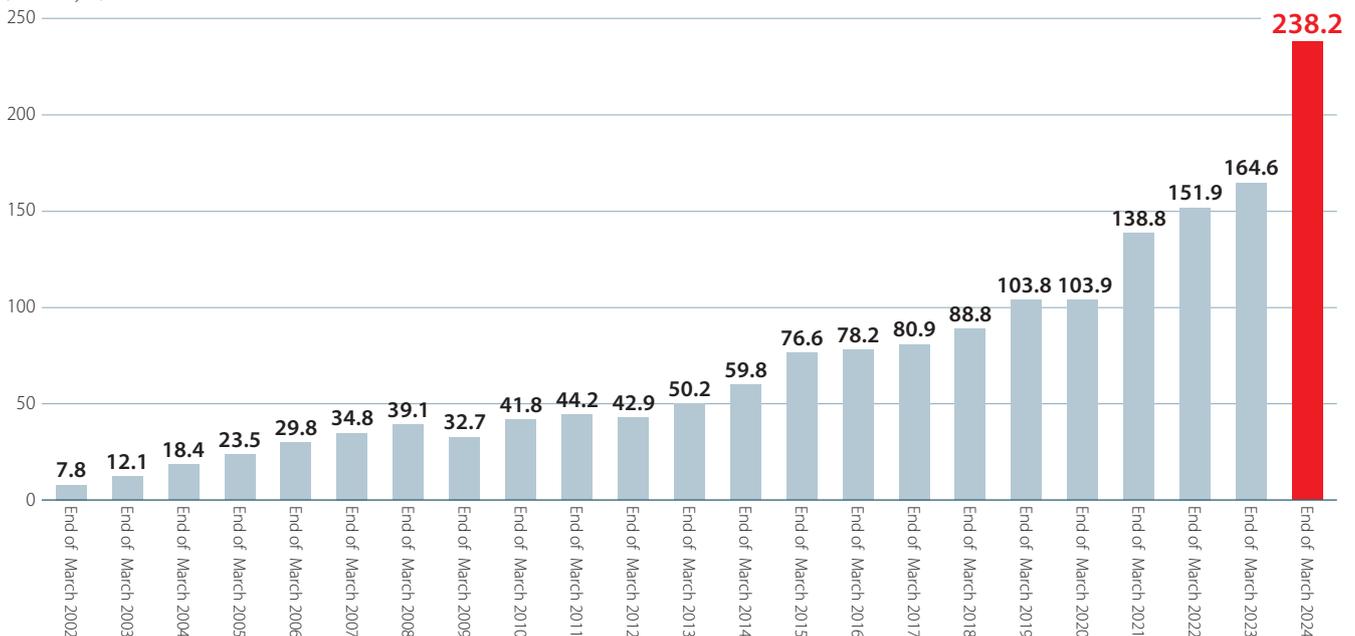
aspects, as well as conduct comprehensive screening including on-site inspections and meetings. Also, we conduct assessments and physical inspections on an ongoing basis. In addition, we are working to adopt CLS\*2 for the purpose of reducing the risk of not being able to simultaneously settle foreign exchange transaction between two currencies due to different time zones (Herstatt risk).

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

\*2: Continuous Linked Settlement

### Balance of foreign securities assets under management

(in trillion yen)



## Derivative Transactions Management

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. As a trading participant in derivative transactions, we open the customer's accounts and manage the open interest and margin based on the customer's instructions.

In addition, when starting a transaction, we will take on

the responsibility of contract procedures with trading brokers on behalf the customers.

We also provide "Collateral Management Services for Derivative Transactions". We manage margin (collateral) on behalf of our customers for transaction that exchange of margin is required, such as derivative transactions (over the counter/ exchanged transaction), TBA transactions, etc.

## Alternative Asset Management

We manage investments in real estate and infrastructure around the world through foreign investment trusts and foreign LPS (Limited Partnerships).

As a party of the transaction, we open a transaction

account for the customer and execute transactions such as buying and selling based on the customer's instructions.

## Other Beneficial Rights

We handle "security tokens" that are digitalized securities.

Our company supports both issuers of security tokens

and practical matters for investors who invest in security tokens.



## Operation Assignment Services

Since we were the first company in Japan to start providing investment trust outsourcing services, including standard value calculation services for investment trust management companies, we provide high-quality services that leverage the mutual funds trust know-how that we have cultivated over the years.

### Business Assignment (Outsourcing), Investment Trust Management Agency, and Discretionary Investment Administrative Agency

We provide total support for the operations of investment trust management companies. We provide all services necessary to support investment trust management companies, from standard value calculations to post-trade processes as well as all types of reporting.

We also provide services such as accounting for discretionary investment companies (investment management companies), as well as BIS reports and credit risk measurement support for financial corporations.

### Data Services

We operate the "MTBJ Platform," which seamlessly connects asset management companies (front end) to asset administration trust banks (back end). By streamlining data management and reducing

operational costs, we aim to create an environment where asset management companies can focus on their investment operations.

### Securities Lending Services

This service involves MTBJ's lending securities in markets in compliance with predetermined conditions on behalf of clients, and aims to generate additional revenue for the client's trust funds with the fees earned from the securities lending transactions. MTBJ maintains a notable presence in the securities lending market, and our highly

experienced experts execute every transaction in accordance with our clients' policies. Also, MTBJ strictly manages credit risk and other risks associated with the transactions. MTBJ offers this service for following asset classes: Japanese domestic bonds/equities, and international bonds /equities.

#### Securities Lending Services



## Collateral Management Services

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.

We provide "IM Collateral Management Services" and "VM Collateral Management Services" for initial margin (IM) and variation margin (VM), through which we handle everything from margin calculation to settlement on

behalf of our customers.

Moreover, because the asset preservation through the use of trusts, etc. is obligatory for initial margin, we provide "IM Segregated Management Trust", a trust product for preservation.

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.

## Information Providing Services

We provide customers with the information they need, such as market information and the status of assets under management, through MaiNet (information providing services).

This service offers various menus to meet a wide range of customer needs.

### MaiNet

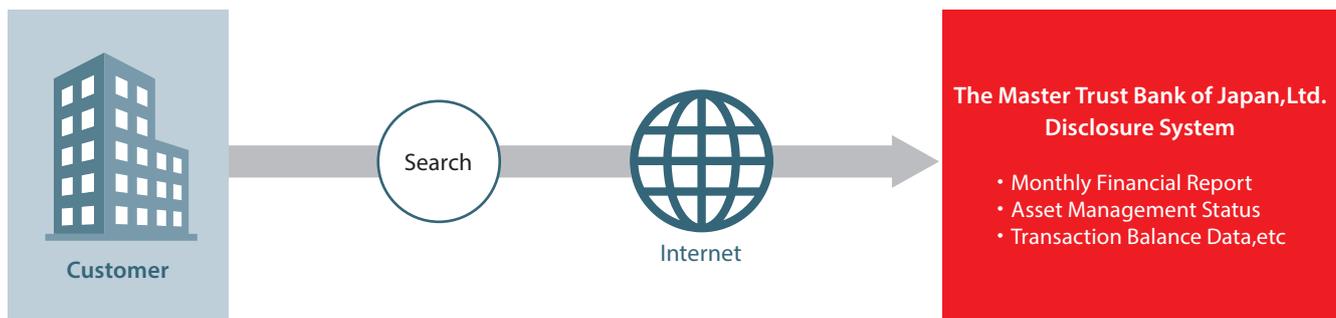
This is a web service that provides trust reports, data on managed assets, market information, monthly financial reports, etc.

Through this service, customers can obtain various data such as the balance of assets under management, transaction status, and other information regarding held

securities.

We also provide "online information services" in which we compile, integrate, process, and analyze information held by asset administrative authorities (trust banks, life insurance companies, etc.) other than the Company, and then deliver it, consolidated, to our customers.

### Structure of Report Search Services and Data on Demand Services



### Distribution of Market Information

We distribute market information such as securities transaction settlements, foreign exchange rules, and changes in tax systems around the world to the asset management companies via email in the "MTBJ

Newsletter" (Japanese/English version).

We also deliver the monthly "MTBJ Newsletter Report," which summarizes topics for specific countries and markets.

## Other Value-added Services

### Cash Management Fund

"Cash Management Fund" is MTBJ's unique investment product designed for the purpose of enhancing the investment yield of the cash portion of trust assets, and consolidating and enhancing the cash management functionality.

By consolidating residual cash balance of Pension Pooled Funds or Pension Tokkin Funds into the "Cash Management Fund", we are able to both ensure liquidity and achieve enhanced yields through term investment.

#### Structure of Cash Management Fund



### Module Provision Services

We develop and provide a "service module" based on each customer services issue.

"Service Module" is a custom-made service that combines existing solutions to meet customer issue.





# Sustainability

- Social initiatives
- Initiatives for personnel
- Initiatives for the Work Environment

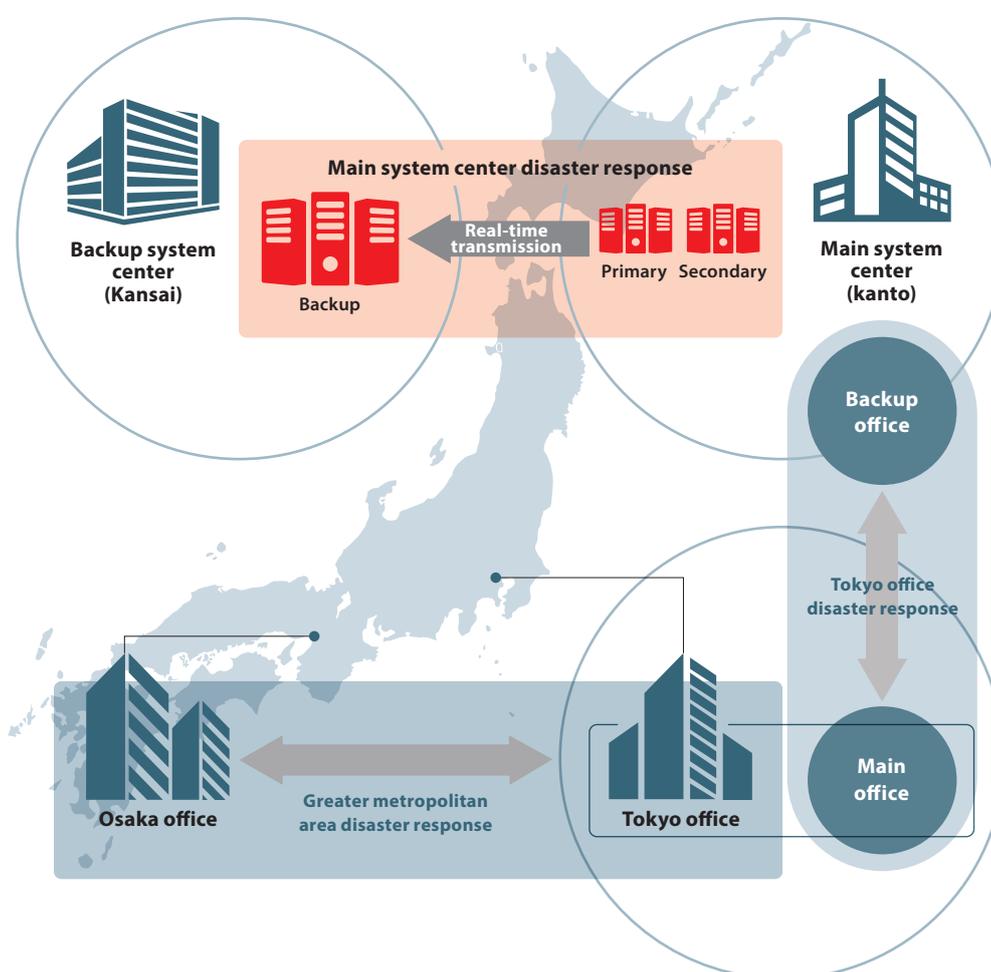


We, The Master Trust Bank of Japan, have implemented various initiatives to serve as the financial infrastructure that supports the country's markets and to promote the creation of a sustainable society.

## Social initiatives

We have established a business continuity system in anticipation of disruptions such as disasters, accidents, and incidents, and include its improvement as an important management issue. We promote the development of a business continuity system that is mindful of our social responsibility as a trust bank specializing in asset management.

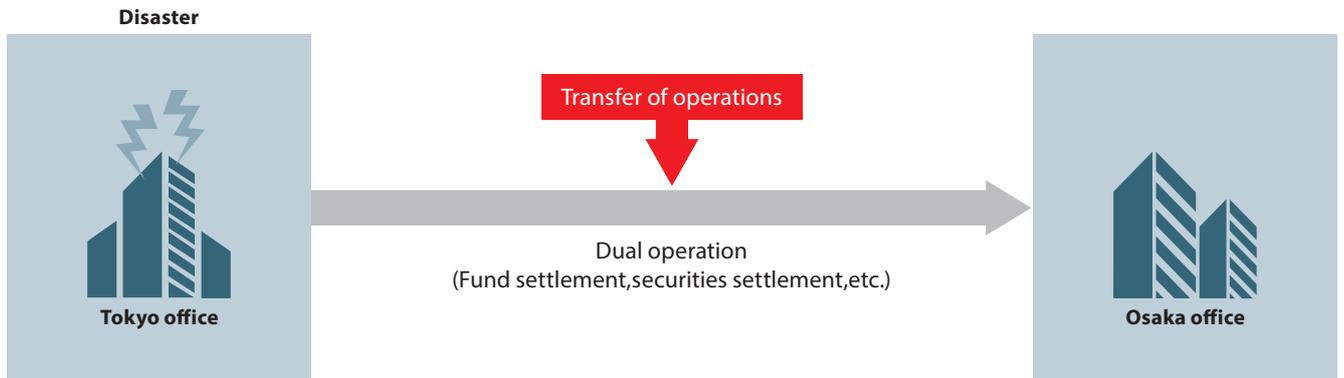
### Establishing business continuity for capital market infrastructure



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 (Akasaka). 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.

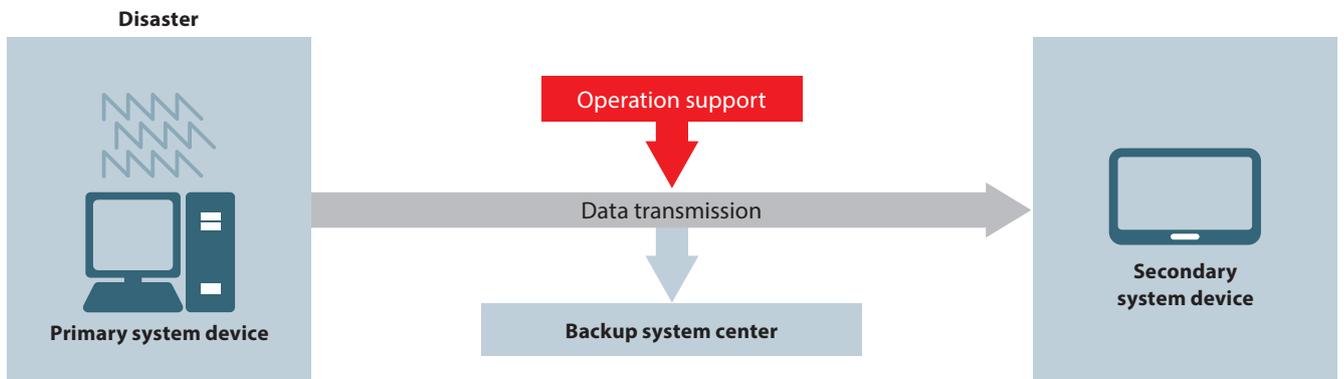
### Back-up structure for offices and personnel



In case our Tokyo office becomes unavailable, we have set up a backup office with sufficient infrastructure, space, and other facilities. In the event of a disaster at the Tokyo office, we will immediately move to the backup office and continue business operations. Moreover, we have established the Osaka office in preparation for a wide-area disaster in the Tokyo Metropolitan Area. The Osaka office operates on a dual

operation system with the Tokyo office, focusing on operations with high priority for business continuity, such as fund settlement and securities settlement. Note that this system is different from a disaster site that operates only during a disaster. During normal times, we perform the same business operations from both offices in Tokyo and Osaka.

### Back-up structure for systems



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.

## Initiatives for personnel

We are striving to create a system that allows us to provide fair opportunities to diverse human resources while maintaining and expanding the diversity of our human resources.

### 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.

### Human capital management outcome indicators

	FY2021	FY2022	FY2023
Percentage of female workers in management <sup>*1</sup>	100.0%	100.0%	89.5%
Rate of childcare leave taken by male workers <sup>*2</sup>	—	—	100.0%
Wages compares by gender (Woman/Men)	Regular employees	112.7%	118.3%
	Non-regular employees <sup>*3</sup>	—	—
	Total	117.1%	119.8%
		110.9%	

<sup>\*1</sup> Calculation based on the provisions of the Act on Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015). In addition, this calculation includes employees on secondment outside the company, but excludes employees on secondment to the company.

<sup>\*2</sup> 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%. In addition, this calculation includes employees on secondment outside the company, but excludes employees on secondment to the company. Figures for FY2021 and FY2022 are not available because there were no workers whose spouses gave birth.

<sup>\*3</sup> Wages: includes base salary, compensation for overtime, bonuses, etc., but excludes retirement allowance, commuting allowance, etc. In addition, this calculation includes employees on secondment outside the company, but excludes employees on secondment to the company. Figures for FY2021 and FY2022 are not available as there were no female workers in the non-regular employee category.

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

In order to meet the demands of the capital markets and continue to provide our customers with high-end services, it is essential to develop human resources with high business execution and problem-solving skills. Moreover, to make a sustainable contribution to society and the capital market, it is also necessary to train managers who can bundle these capabilities and make optimal use of them.

To this end, we operate a training system for professional personnel and managers that combines the three elements of the "OJT/on-the-job training," "various training programs," and "providing multiple specialized and professional opportunities," and we have a system in place where the management checks the conditions of this operation.

### Nurturing professional human resources



In the 23 years since our founding, we have invested approximately 160 billion yen in systems. This scope is expanding year after year due to the increasing sophistication and diversification of capital markets and customer demands. In addition, in recent years, there has been an increasing trend among customers to specialize in competitive areas, and we are increasingly seeing cases in which customers transfer work outside of their competitive areas to us.

Given this situation, we have urgent need to train project managers for system development projects and large-scale customer projects, as well as customer service personnel to resolve customers' problems. To this end, we are running a human resource development program aimed at training these personnel, and we aim to train 150 project managers and 90 customer service personnel in the three years from 2024 to 2026.

## 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.

### "Platinum Eruboshi" Certification and "Platinum Kurumin" Certification



We are improving the workplace environments and training for female managers in order to promote women's active participation more effectively. In January 2023, initiatives based on our Action Plan for Promoting Women's Advancement were recognized as particularly outstanding, and the Minister of Health, Labour and



Welfare certified MTBJ as a "Platinum Eruboshi" company. 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.

# Initiatives for the Work Environment

We are advancing our efforts to improve the work environment by combining remote work with going paperless to strengthen our business continuity system.

## Going paperless



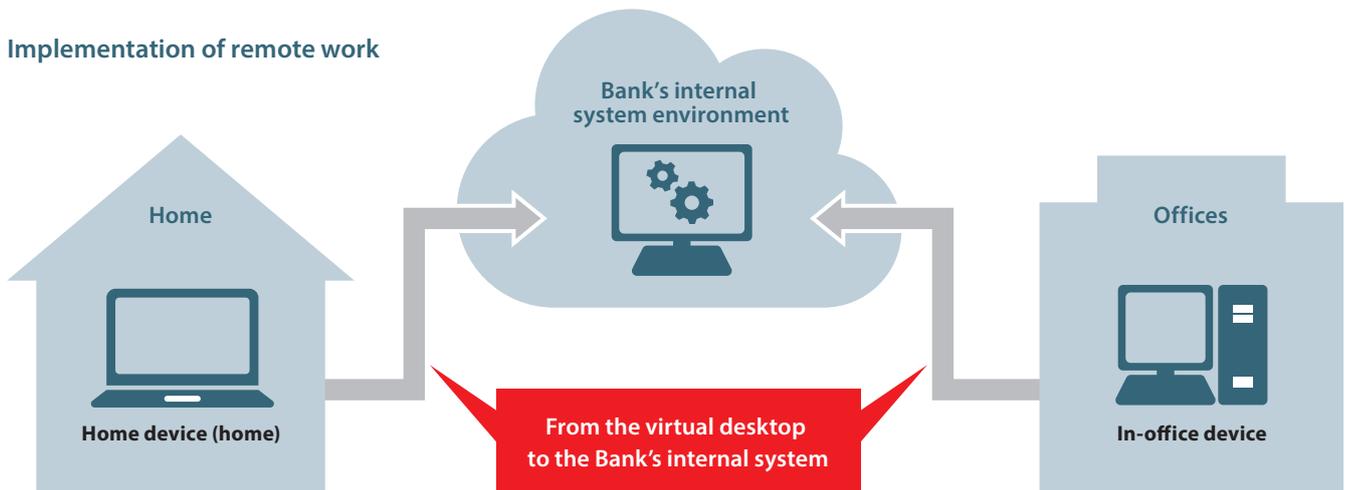
In March 2020, we began full-fledged efforts to promote paperless work and reduction of approval times, intending to lay a foundation that would enable approvals and business execution in a remote work environment.

We have implemented specific measures including creating a workflow for paper forms (reducing the number of documents to be stamped), using electronic

seals, holding online meetings to reduce the number of handouts, and setting up displays.

Additionally, from the perspective of setting up a business continuity system in the event of a disaster or other such situation, we are developing infrastructure that will allow the employees to keep working, regardless of whether they are working remotely or coming to the office.

## Implementation of remote work



At the same time as going paperless, we are also working to create a remote work environment for all employees.

We have been advancing company-wide measures to expand remote working measures while ensuring security, such as by connecting from a virtual desktop environment to the Bank's internal system.

As a result, we managed meetings (including official meetings) that is based on the principle of remote

participation and built an online communication system using software such as Microsoft Teams, and the company-wide average percentage of remote workers reached 48% as of March 2024.

Furthermore, we have confirmed through regular verification tests that it is possible to continue working even when over 80% of the employees are working remotely.



# Reference Materials

- Financial Highlight ..... 31
  - Changes in key indicators
  
- FINANCIAL STATEMENTS ..... 32
  - Balance Sheet
  - Statement of Income
  - Statement of Changes in Equity

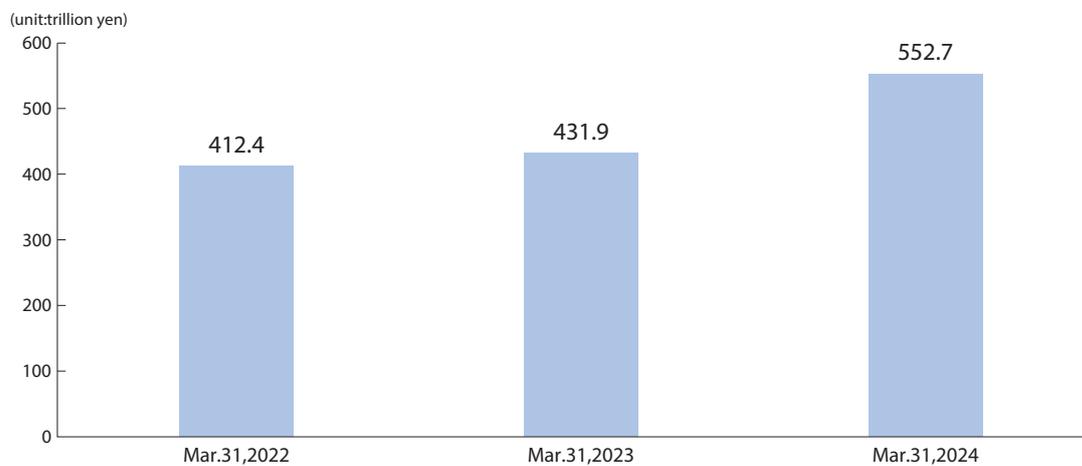
# Financial Highlight

## Changes in key indicators

(unit: million yen)

	Year Ended Mar.31, 2022	Year Ended Mar.31, 2023	Year Ended Mar.31, 2024
Ordinary Income	29,664	31,882	35,986
Ordinary Profits	1,384	1,262	1,701
Net Income	1,034	958	1,251
Trust Fees	25,746	26,093	28,814
Total Assets	6,048,540	5,587,511	4,325,735
Net Assets	25,658	26,358	27,371
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)	55.92%	39.17%	40.62%
Dividend Payout Ratio	25.0%	25.0%	25.0%
Number of Employees	1,028	1,091	1,177

Changes in Trust Assets



# FINANCIAL STATEMENTS

## Balance Sheet

(unit: million yen)

	Mar. 31, 2023	Mar. 31, 2024
<b>Assets</b>		
Cash and Due from Banks	4,933,985	3,733,025
Cash	0	0
Due from Banks	4,933,984	3,733,024
Securities	19	21
Japanese Stocks	1	1
Other Securities	18	20
Loans and Bills Discounted	480,432	387,801
Loans on Deeds	480,432	387,801
Other Assets	171,385	201,747
Prepaid Expenses	208	431
Accrued Income	5,522	6,418
Cash Collateral Margin for Financial Institution	151,700	179,300
Other	13,954	15,597
Tangible Fixed Assets	711	1,795
Buildings	526	1,216
Other Tangible Fixed Assets	185	579
Intangible Fixed Assets	42	49
Software	32	39
Other Intangible Fixed Assets	9	9
Deferred Tax Assets	934	1,294
<b>Total Assets</b>	<b>5,587,511</b>	<b>4,325,735</b>
<b>Liabilities</b>		
Deposits	45,842	71,443
Current Deposits	30,520	28,541
Other Deposits	15,321	42,901
Due to Trust Accounts	5,483,158	4,189,587
Other Liabilities	31,517	36,544
Accrued Income Taxes	345	571
Accrued Expenses	4,946	5,040
Asset Retirement Obligations	858	379
Accounts Payable	22,047	23,541
Other	3,318	7,011
Provision for Bonuses	222	296
Provision for Retirement Benefits	382	452
Provision for Directors' Retirement Benefits	28	39
<b>Total Liabilities</b>	<b>5,561,152</b>	<b>4,298,364</b>
<b>Net Assets</b>		
Capital Stock	10,000	10,000
Retained Earnings	16,357	17,369
Revenue Reserve	486	534
Other Retained Earnings	15,870	16,834
Earned Surplus Brought Forward	15,870	16,834
Shareholders' Equity	26,357	27,369
Valuation and Translation Adjustments	1	2
Valuation Difference on Available-for-Sale Securities	1	2
<b>Total Net Assets</b>	<b>26,358</b>	<b>27,371</b>
<b>Total Liabilities and Net Assets</b>	<b>5,587,511</b>	<b>4,325,735</b>

## Statement of Income

(unit: million yen)

	Year Ended Mar.31, 2023	Year Ended Mar.31, 2024
Ordinary Income	31,882	35,986
Trust Fees	26,093	28,814
Interest Income	△ 3,149	△ 2,255
Interest and Dividends on Securities	△ 0	0
Interest on Call Loans	0	0
Interest on Due from Banks	△ 3,149	△ 2,255
Fees and Commissions	5,855	6,917
Fees and Commissions on Domestic and Foreign Exchanges	197	229
Other Fees and Commissions	5,658	6,687
Other Operating Income	3,054	2,487
Other	3,054	2,487
Other Ordinary Income	28	21
Other	28	21
Ordinary Expenses	30,620	34,284
Interest Expenses	0	10
Interest on Call Money	0	0
Interest on Short-term Borrowings	0	0
Other Interest Expenses	0	10
Fees and Commissions Payments	870	890
Fees and Commissions on Domestic and Foreign Exchanges	28	27
Other Fees and Commissions	842	862
General and Administrative Expenses	29,720	33,371
Other Expenses	28	13
Other	28	13
Ordinary Profits	1,262	1,701
Extraordinary Income	—	0
Gain on Dispositions of Noncurrent Assets	—	0
Extraordinary Loss	1	95
Loss on Dispositions of Noncurrent Assets	1	95
Income before Income Taxes	1,260	1,606
Income Taxes-Current	481	716
Income Taxes-Deferred	△ 178	△ 361
Total Income Taxes	302	355
Net Income	958	1,251

## Statement of Changes in Equity

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
<b>Changes in the Period</b>								
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

Year Ended Mar.31, 2024

(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	486	15,870	16,357	26,357	1	1	26,358
<b>Changes in the Period</b>								
Dividends of Surplus	—	47	△ 287	△ 239	△ 239	—	—	△ 239
Net Income	—	—	1,251	1,251	1,251	—	—	1,251
Net Changes of Items Other Than Shareholders' Equity	—	—	—	—	—	1	1	1
Total Changes of Items During Period	—	47	963	1,011	1,011	1	1	1,013
Balance at the End of the Period	10,000	534	16,834	17,369	27,369	2	2	27,371

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.



## MTBJ Corporate Report 2024

---

Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, 107-8472, JAPAN

Telephone Number : 03-6833-3600

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

---