SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

INTEGRATED REPORT

—ANNUAL REPORT—

Year ended March 31, 2018

2018

SuMi TRUST

Symbol Mark

The symbol mark features "Future Bloom" representing the vision of the Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."

Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

Management Principles ("Mission")

(I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.

(II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society.

(III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.

(IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model ("Vision")
—Towards "The Trust Bank"—

Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct ("Value")

In order to pursue the Management Principles of the Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented—Truthfulness and Loyalty
We will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

Contribution to Society—Dedication and Development
We will remain dedicated in all our efforts, with "Frontier Spirit," and continue to contribute to society.

Realization of Organizational Capability—Trust and Creativity
We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

Establishment of Individuality—Self-help and Self-discipline
With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

Strict Compliance with Applicable Laws and Regulations
We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

Resolute Stance against Antisocial Forces
We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.

Contents

P.4 Overview

4 Group Information
6 Financial Highlights
7 Non-financial Highlights

P.8 Vision

8 Value Creation Process
10 Group Strengths (Advantages of each type of capital)
12 Top Message
20 Message from Officer in Charge of Finance
24 Initiatives Related to Sustainability

Editorial Policy

The Sumitomo Mitsui Trust Group has prepared this integrated report so readers can understand the Group's initiatives for creating shared value aimed at sustainable growth and at providing values for all our stakeholders. In this report, after spelling out the Group's medium- to long-term vision, we explain the management foundation supporting our business strategy as a financial group specialized in trust banking. In applying our editorial approach, we strive to improve and expand not just financial information but also non-financial information such as business model and environmental, social and governance (ESG) factors, referencing the integrated reporting framework issued by the International Integrated Reporting Council (IIRC). We also disclose information appropriately, in accordance with our disclosure policy. For more specific financial information and ESG information, please see the Financial Data Section and visit our website.

<Reporting Coverage>
Reporting Period:
From April 1, 2017 to March 31, 2018
(Partially including the information after April 1, 2018)
Scope of Reporting:
The Sumitomo Mitsui Trust Group;
including Sumitomo Mitsui Trust Holdings, Inc.,
Sumitomo Mitsui Trust Bank, Limited,
other subsidiaries and affiliated companies

P.26 Business Strategy

28 Retail Total Solution Services Business
32 Wholesale Total Solution Services Business
35 Wholesale Asset Management Business
36 Fiduciary Services Business
40 Stock Transfer Agency Services Business
42 Real Estate Business
44 Global Markets Business
46 Sustainability Initiatives in Our Business
48 Providing Value to the Community

P.50 Management Foundation

50 Materiality Management for Creating Shared Value
52 Corporate Governance
60 External Director Discussion
64 Board of Directors and Executive Officers of Sumitomo Mitsui Trust Holdings, Inc.
66 Risk Appetite Framework (RAF)
68 Risk Management
72 Compliance
74 Compliance with International Financial Regulations
75 Internal Auditing
76 Consideration of Environmental and Social Impact of Investment and Financing Targets
78 Client-Oriented Initiatives
84 Digitalization Strategy
86 Human Resources Strategy
92 Communication with Shareholders and Investors
93 Initiatives to Facilitate Financing

P.94 Corporate Information

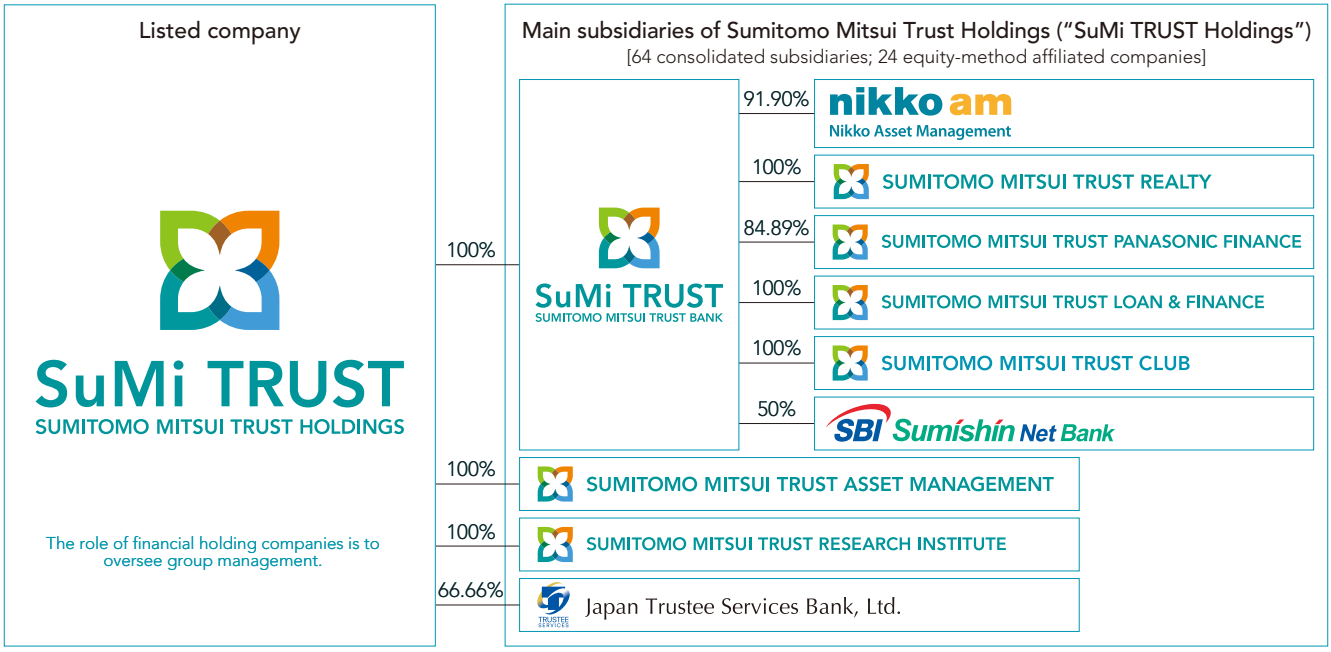
94 History of the Sumitomo Mitsui Trust Group
96 What is a Trust?
98 Financial Review
101 Corporate Information
101 Rating Information
101 Website

Overview

Group Information

The Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") has many Group companies with businesses in areas such as banking, asset management and administration, and real estate. Through the mutual coordination and cooperation of these Group companies with Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank"), we can harness our comprehensive capabilities by integrating our trust and banking functions to provide total solutions from the standpoint of our clients.

(as of March 31, 2018)

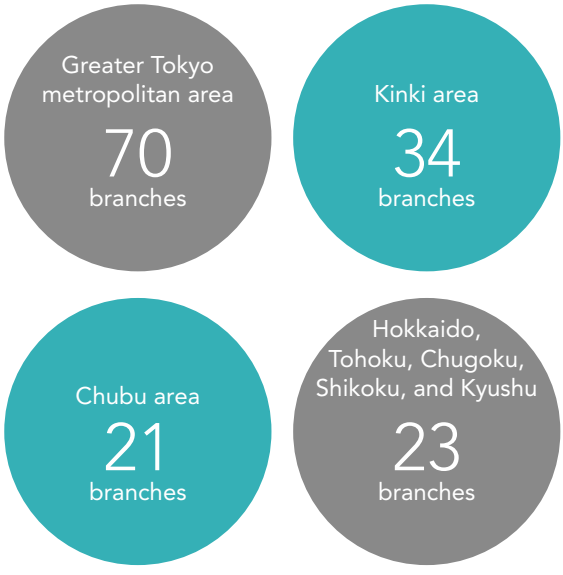


Ratio of ownership with voting rights is shown, including indirect ownership via subsidiaries.

Domestic Network

SuMi TRUST Bank has built a domestic branch network with a well-balanced footprint centering on the greater Tokyo metropolitan area, Kinki area, and Chubu area. In the internet domain, SBI Sumishin Net Bank offers services nationwide.

(as of March 31, 2018)



*The substantial number of branches is 117 when the branches at the same business site are counted on a aggregated basis.
For detail of branches, please see pages 8-11 of the Financial Data Section.

Status

The SuMi TRUST Group is Japan's largest asset manager and custodian, and it is the trust bank group that is top ranked in each business.

(as of March 31, 2018)

Fiduciary Services Business (Asset management and administration)	Assets under Management	**¥87 trillion**	Domestic financial institutions	No.1
	Assets under Custody*1	**¥285 trillion**	Domestic financial institutions	No.1
	Balance of Corporate Pension Funds	**¥13 trillion**	Trust banks	No.1
	Lead Manager for Corporate Pension Funds	**1,342 funds**	Trust banks	No.1
	Entrusted Balance of Investment Trusts	**¥73 trillion**	Trust banks	No.1
Real Estate Business	Real estate related profit*2,3	**¥53.8 billion**	Trust banks	No.2
	Entrusted Balance of Securitized Real Estate	**¥15 trillion**	Trust banks	No.1
Stock Transfer Agency Services Business	Number of Shareholders under Administration*2	**25.61 million shareholders**	Trust banks	No.1
Retail Total Solution Services Business	Sales Volume of Investment Trusts/ Discretionary Investment*3	**¥1.4 trillion**	Domestic banks	No.1
	Number of Will Trusts	**30,757 cases**	Trust banks	No.2
	Balance of Loans to Individuals	**¥9 trillion**	Domestic banks	No.5
Wholesale Total Solution Services Business	Balance of Loans to Corporations	**¥18 trillion**	Domestic banks	No.4
	Total Loan Balance	**¥28 trillion**	Domestic banks	No.5

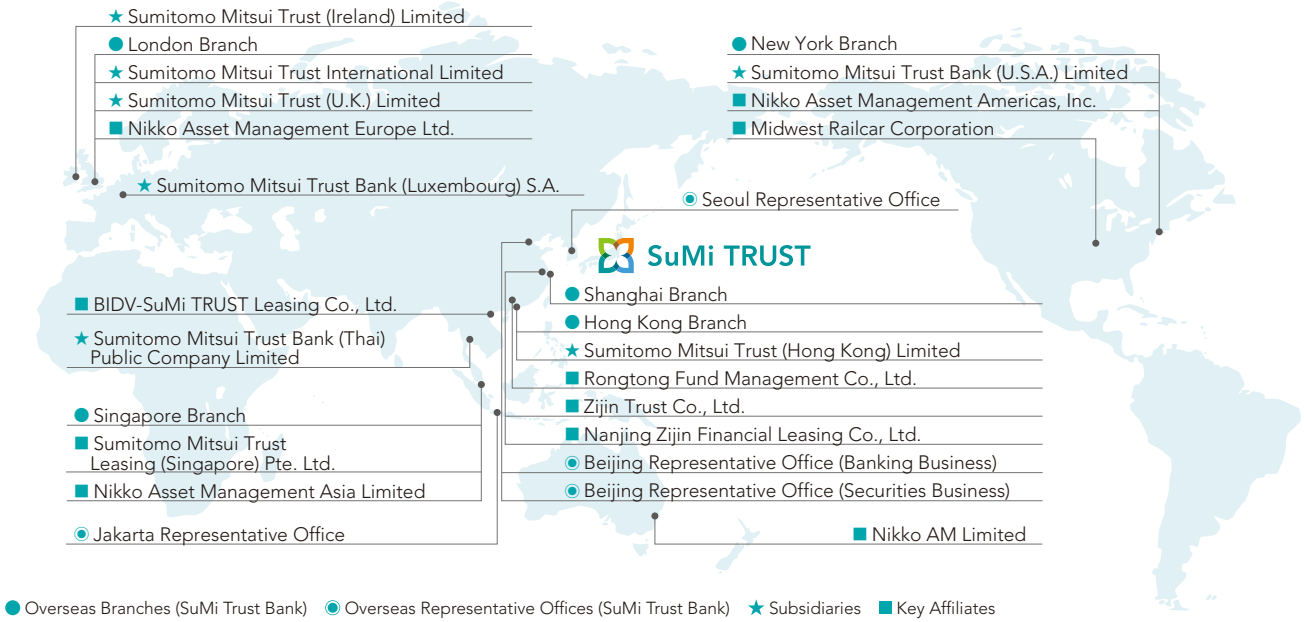
Includes estimates based on investigations by SuMi TRUST Holdings (as of March 31, 2018)

*1 Refers to the aggregate balance of trust assets at the SuMi TRUST Group *2 Group companies combined *3 FY2017 Result

Overseas Network

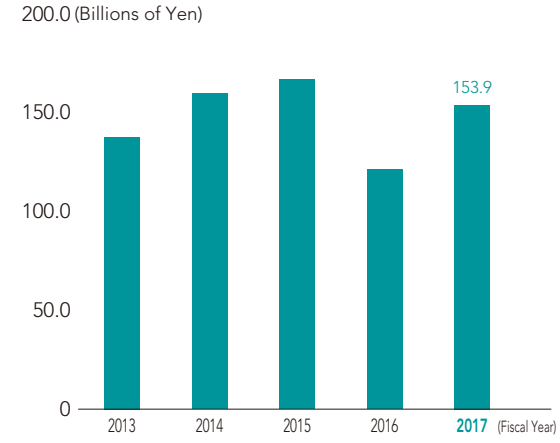
We have our own bases in key markets around the world, and with these bases and through alliances and co-operation with local financial institutions and asset managers, we are working to expand our global presence.

(as of March 31, 2018)

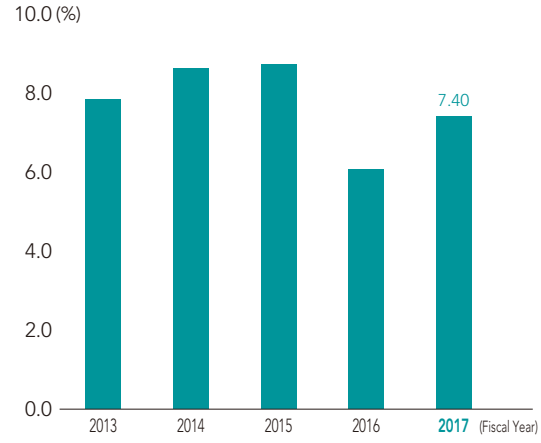


Financial Highlights

Net Income Attributable to Owners of the Parent

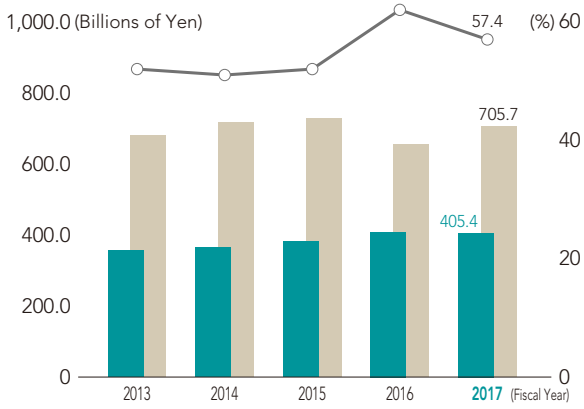


Return on Shareholders' Equity*



* Page 20 for calculation method

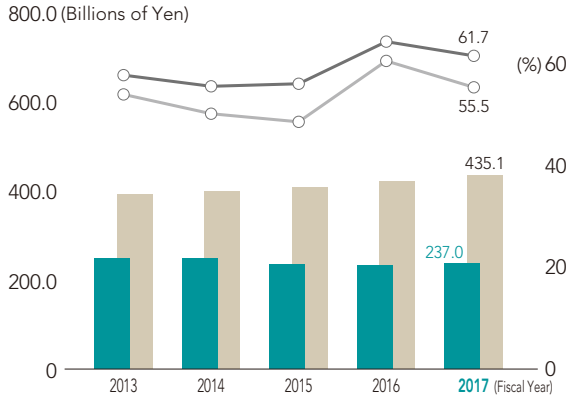
Fee Income Ratio*



Net fees and commissions and related profit (left)
Substantial consolidated gross business profit (left)
Fee income ratio (right)

* Net fees and commissions and related profit divided by gross business profit

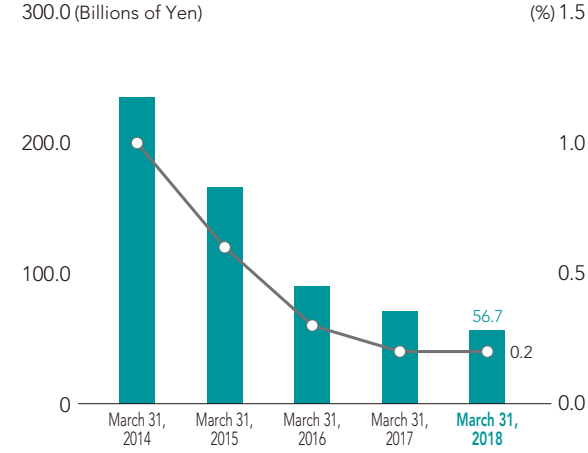
Overhead Ratio*1



General and administrative expenses (non-consolidated)*2 (left)
Substantial general and administrative expenses (left)
Overhead ratio (right)
Overhead ratio (non-consolidated)(right)

*1 General and administrative expenses divided by substantial consolidated gross business profit
*2 SuMi TRUST Bank (non-consolidated)

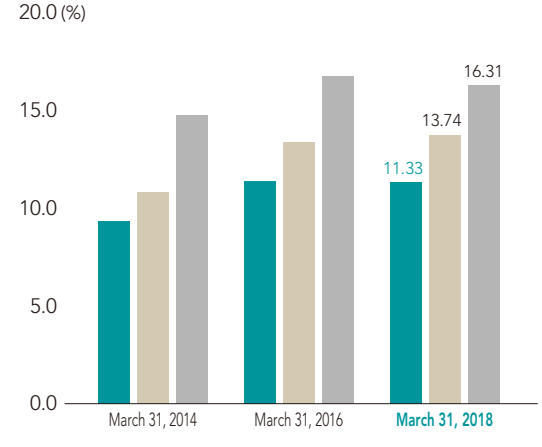
Non-Performing Loan*1 (NPL) Ratio*2



NPL (left)
NPL ratio (right)

*1 Problem assets based on the Financial Reconstruction Act
*2 SuMi TRUST Bank (non-consolidated)

Capital Adequacy Ratio, etc.



Common equity Tier 1 capital ratio
Tier 1 capital ratio
Total capital ratio

Non-financial Highlights

ESG Management—Initiative basics (from an investor's perspective)

SuMi TRUST Bank's ESG Investment Balance

(September 30, 2017)

25 trillion yen

Our Group is a pioneer of ESG investment in Japan. We continue to be one of Japan's largest ESG institutional investors, using a variety of investment methods for stocks and bonds.

The SuMi TRUST Group's ESG Evaluation

(2017 MSCI rating)

AA

We reflect the perspectives of ESG investors in our management, through which we aim to become the No. 1 financial institution for ESG management. We have been evaluated highly for our ESG efforts, such as receiving the top rating of financial institution in Japan from an influential research institution in the field.

ESG Management—Enhanced initiatives

Sustainability in Our Business

5 major themes

We are developing businesses that resolve issues for clients. These are mainly linked to the five major themes of climate change issues, natural capital (biodiversity issues), environmentally friendly property, sustainable investment (ESG investment), and super-aging society issues.

E (Volume of Greenhouse-gas Emissions)

(FY2017)

(27)%

SuMi TRUST Bank has significantly reduced the total greenhouse-gas emissions from facilities within the scope of the Act on the Rational Use of Energy, compared to its post-business merger emissions peak (in FY2013).

S (Ratio of Male Employees Taking Childcare Leave)

(FY2017)

100%

Our Group supports the active participation by women, while also working to help men achieve diverse work styles and a work-life balance. All qualified male employees at SuMi TRUST Bank have taken childcare leave.

G (Ratio of External Directors)

(March 31, 2018)

47%

SuMi TRUST Holdings has raised its ratio of external directors to 47%. This trend has enhanced the functioning of the Board of Directors, which supervises the management from an independent and objective viewpoint.

Vision

Value Creation Process

The core competency of a company is the creation of shared value. The SuMi TRUST Group uses various types of capital (management resources) to carry out business, enhancing the Group's corporate value by providing value to stakeholders that include clients, shareholders and other investors, employees, and communities. The value we create enhances our capital and forms the foundation for further development.

Leveraging Capitals
(See pages 10-11)

Financial Capital
- Sound financial base with a secured capital position in terms of both quality and quantity
- Highly diversified business portfolio and healthy balance sheet

Human Capital
- Competent human resources
- Corporate culture focused on diversity, health and motivation
- Advanced human right management structure

Intellectual Capital
- Accumulation of significant expertise and comprehensive capabilities unique to trust bank
- Various functions amassed via collaboration within the Group
- Development capabilities of innovative trust products, etc.

Manufactured Capital
- Advanced IT platforms for each business that leverage our accumulated, specialized know-how
- Ability to respond to client needs through digitalization

Social and Relationship Capital
- Outstanding, solid client base
- Client-oriented corporate culture based on the fiduciary spirit
- Corporate brand with a proven track record of history
- Network with partners in Japan and overseas

Input

Mission, Vision and Value

Business model of financial group specialized in trust banking

Businesses with wide-ranging significant expertise

Continuous improvement of specialized services

Joint effort to provide client-oriented proposals

Relationship manager with clients

Solutions suited to different life stages

Individual clients

Corporate clients

Bespoke solutions for management style and size of companies

Solid management foundation supporting business model
(Governance, risk management and compliance)

Economic and Social Environment
- Rapidly aging population and heightened needs in asset inheritance
- Sluggish domestic loan/investment demand
- Prolonged negative interest rate environment
- Government-private sector cooperation in regional revitalization
- Expectation for corporate governance reform
- Heightened needs for client-oriented services

Management of high priority issues (materia

Sustained growth of performance and cash flow creation

• Growth of fee business, improvement of loan/investment business profitability • Strengthening of cost competitiveness

Providing Products and Services

Banking+Asset Management and Administration+Real Estate
- Will Trusts
- Asset Inheritance Services

Banking+Asset Management and Administration
- Sales of Investment Trust
- Sales of Insurance Products

Asset Management and Administration+Real Estate
- Real Estate Securitization

Banking
- Bank Deposits
- Corporate Credit Loans
- Loans to Individuals
- Foreign Exchange, Derivative, M&A

Asset Management and Administration
- Asset Management and Administration
- Pension Trust
- Stock Transfer Agency Services

Real Estate
- Real Estate Brokerage
- Construction Consulting

Other
- Leasing

Loan/investment related business
Fee-related business

Output

Creation of Shared Values

Providing Values

Clients (See pages 26-47)
- Providing a variety of highly specialized products and services
- Providing best solutions by grasping current and potential needs

Shareholders and Investors (See pages 20-23)
- Realization of earnings greater than capital costs
- Maximization of medium- to long-term shareholders' value
- Constructive dialogue
- Highly transparent disclosure of information including non-financial information

Employees (See pages 86-91)
- Providing workplaces where diverse human resources can display their abilities to achieve the Group's business model with hope and pride
- Providing a diversity of work styles and supporting work-life balance
- Fair assessment and treatment in accordance with abilities, roles and results

Communities (See pages 48-49)
- Providing products and services to help resolve aging society issues and environmental issues such as climate change
- Contributing to the sound development of local communities, our operating base

Conversion into capital

- Financial Capital
- Human Capital
- Intellectual Capital
- Manufactured Capital
- Social and Relationship Capital

ality) that have impact on value creation (See pages 50-51)

Group Strengths (Advantages of each type of capital)

Financial Capital

Adequate capital in both quality and quantity

Considering the unique characteristics of a trust bank, which is premised on long-term transactions with clients, we have set targets for capital adequacy at a level that takes into account preparation for economic and market volatility, in addition to the regulatory required levels for maintaining soundness as one of the Domestic Systemically Important Banks (D-SIBs). Furthermore, we will pursue investment opportunities from a medium- to long-term perspective aimed at sustainable growth while managing our capital to ensure that these levels are stably maintained.

Common Equity Tier 1 ratio 11.33%

Financial base to enable stable business operations

We are building the financial base needed to stably carry out operations. In addition to improving the stability of earnings through diversification of the business portfolio, credit portfolio management that takes into account diversification, and measures to increase stable earnings, we are enhancing our resilience to market risks such as equity and interest rate fluctuations through hedge transactions and flexible position adjustment.

Non-performing loan ratio 0.2%

Human Capital

Strong pool of human resources

One of the Group's strengths is having many personnel with significant expertise who can identify issues in their designated areas and devise their own solutions. We strive to maximize the added value provided to our clients by constantly enhancing our human capital.

History of enhancement of human capital

2012 Established SuMi TRUST University
2013 Formulated Human Rights Policy
2016 "No. 1 Financial Group for Human Resources Development" Declaration
2017 Launched Diversity & Inclusion Office*
2017 Formulated Declaration on Work Style Reform
2018 Formulated Group Human Resources Development Policy

* SuMi TRUST Bank launched its Diversity & Inclusion Office in 2016 ahead of the Group.

Corporate culture emphasizing diversity, health and motivation

The operations of a trust bank are wide-ranging, and the organization is made up of people from a variety of backgrounds. Emphasis on diversity is therefore part of the Group's corporate culture. In order to bring such diverse human resources together and maximize performance as an organization, we focus proactively on creating a workplace environment where employees can maintain their mental and physical health and job satisfaction.

Advanced management structure for human rights

It goes without saying that respect for basic human rights takes priority over all other matters at companies. Consideration for people, which is the basic spirit of human rights, is also linked to client orientation. Based on this viewpoint, the Group formulated its Human Rights Policy, and is developing a leading-edge human rights management structure, including regular implementation of human rights due diligence.

Manufactured Capital

Advanced IT information base in each business accumulated through use of specialized know-how

As a trust banking group, each business has an IT platform that has accumulated expertise in its own specific area. For example, i-Ships, owned by the Retail Total Solution Services Business, has client records that include information on life events as well as details of transactions. Multi-faceted analysis of these records allows us to make timely and appropriate proposals to individual clients regarding asset management, inheritance, and real estate. The wide variety of information managed by a trust bank, together with our sales support system with advanced analytical capabilities, contribute to the creation of added value by providing products and services that are highly satisfying to clients.

Ability to respond to client needs through digitalization

We are conducting demonstration experiments on technologies such as specialized text analysis AI that will allow us to discover potential client needs and offer optimal solutions, and AI that performs multi-faceted analysis of the various information we have accumulated as a trust bank and predictive analysis of products and services that match client needs. By adding new information to the base of information accumulated by the Group, and using digital functions to enhance our consulting services, we aim to increase our ability to respond to the real needs of clients.

Plan to reduce workload at branch offices by 70% in approximately five years by promoting business process reform and branch strategy

Intellectual capital

Accumulation of comprehensive capabilities and significant expertise unique to a trust bank

The Group has the longest history in Japan as a financial institution engaged in the trust business, and is still the country's only financial group specialized in trust banking. The ability to think about finance based on the concept of trusts is one of the Group's intangible strengths. In addition, our highly specialized human resources with wide-ranging qualifications are the driving force that sustains that strength.

Various functions brought together through collaboration within the Group

For the Group, which has a highly diversified financial business portfolio, coordination among organizations is vital to making effective use of intellectual capital and maximizing output. From this point of view, the Group encourages specific collaborative activities by including contribution to earnings in other businesses in the evaluation of each business's results and has established a dedicated department to promote cooperation among Group companies.

Development capabilities for innovative trust products

In order for the Group to provide total solutions unique to a trust bank, in addition to each business and Group company leveraging its own strengths and know-how, the Group focuses on promoting organization-wide initiatives that combine the expertise of the various sections. To that end, we are building a product development system that conducts medium-term, ongoing research activities on difficult-to-categorize themes in each business and Group company area (for details, please see pages 78-79).

(As of March 31, 2018)

Financial consultants 249	Fellows of The Institute of Actuaries of Japan 43
Real Estate Transaction Notaries 5,518	Certified FP* 5,318

*FP: Financial Planner

Social and Relationship Capital

High-quality, solid client base

As Japan's only financial group specialized in trust banking, the Group has an overwhelming client base in the trust business and boasts the highest status domestically in asset management and administration services. The total loan balance is approximately ¥28 trillion, and our corporate services client base is second only to megabanks in size. Meanwhile, looking at individual client services, seniors in the 60-and-over age range, who have significant asset management needs, account for more than two-thirds of all our clients, and our sales of investment trusts and discretionary investment management products are the highest among domestic banks. This solid, high-quality client base is a major strength of the Group (for details, please see page 5).

SuMi TRUST Bank also carries out "With You" social contribution activities rooted in local areas in order to build strong relationships of trust with the members of the community (for details, please see page 49).

Client-oriented corporate culture based on the fiduciary spirit

Trust banks have played an important social role, exemplified by the loan trusts that contributed to post-war recovery, pension trusts that help provide employees with a stable livelihood in old age, and guardianship system support trusts aimed at conserving the assets of those with dementia or other issues. This is entirely due to our assuming the heavy responsibility placed on us as trustees. This fiduciary spirit is deeply embedded in the Group's DNA. It is no exaggeration to say that being thoroughly client-oriented and aiming at becoming our clients' "Best Partner" is the Group's reason for existence.

Corporate brand with a proven track record of history

The origins of Mitsui and Sumitomo date to the beginning of the Edo Period. It is not simply because we bear the name Mitsui or Sumitomo that the Group has been able to win the trust of clients and conduct its business. Both of these names have a lengthy history of dedication to society and an unbroken record of credibility going back 400 years, which have resulted in an unmatched corporate brand.

Network of domestic and international partners

Collaboration with various stakeholders is essential to the advancement of our total solution model. Taking advantage of our neutral position as an independent trust bank group, the Group will expand alliances to further broaden our client base and achieve efficient and speedy growth. We will also demonstrate leadership in the financial industry by participating in various initiatives in Japan and overseas in the field of sustainability.

Assets under management ¥87 trillion Assets under custody ¥285 trillion Top-ranked domestic financial institution	
FY2017 posts on "With You" branch blog 2,155 Introducing "With You" activities at branch offices nationwide	
Founder of Mitsui family Takatoshi Mitsui (1622 – 1694)	Founder of Sumitomo family Masatomo Sumitomo (1585 – 1652)

Top Message

Sumitomo Mitsui Trust Holdings, Inc.
Director, President

Tetsuo Ohkubo

Business circumstances

Looking back on the economic environment in the previous fiscal year, conditions were strong both in Japan and overseas as corporate profits were sustained at a high level due to a recovery in overseas economies, leading to a continued moderate recovery in the domestic economy overall.

Meanwhile, conditions in financial markets remained unstable, as major countries showed signs of moving toward an exit from monetary easing policies, including three hikes in the federal funds rate in the U.S., which caused a rise in U.S. long-term interest rates and dramatic fluctuations in the stock market.

The global financial and economic environment is also becoming increasingly unpredictable and uncertain amid the emergence of trade friction due to protectionism and heightened geopolitical risks.

Japan is also seeing rapid advances in the declining birthrate and aging population as well as digitalization, in addition to the continuing low interest rate environment, and we are aware that ours is indeed an era of major changes in social, economic and financial environments both domestically and internationally.

Looking Back on Fiscal Year 2017

We launched our midterm management plan, "Evolution of The Trust Bank"—The Second Foundation—, covering the period from fiscal year 2017 to fiscal year 2019, with the aim of realizing a business model that enables sustainable and stable growth immune to economic and market volatilities, even in this economic and financial environment.

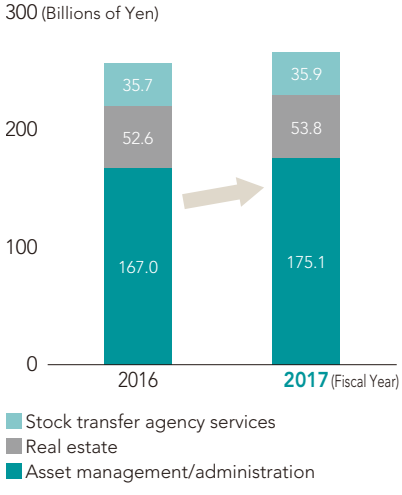
Specifically, as Japan's only financial group specialized in trust banking, we worked to (1) strengthen the fee business by providing a range of products and services corresponding to the stages of our clients' lives as well as growth stages, (2) increase profitability in the loan/investment business, and (3) enhance our corporate governance and promote fiduciary duties.

Through these efforts, fee income from asset management/administration and real estate steadily increased, and income from the domestic loan-deposit business was high, surpassing the level of the previous fiscal year, despite the prolonged low interest rate environment.

As a result, both revenue and profit for fiscal year 2017 were up compared to fiscal year 2016. We achieved our targets for both consolidated net business profit and consolidated net income, and the midterm management plan got off to a smooth start in its first year.

Fee Business

Fee income from asset management/administration and real estate has increased



Business Operations Going Forward

In fiscal year 2018, the second year of the midterm management plan, we will achieve our business model transformation at an early stage by speeding up our work on various measures. At the same time, we aim to reach a level of growth that cannot be matched by other financial institutions in the business fields that are the Group's strengths, such as asset management and asset administration.

(1) Evolution of Total Solutions

We believe that the Group's strengths lie in our ability to promptly and accurately provide total solutions that leverage our banking, trust and real estate functions to meet the increasingly diverse needs of our clients.

Total solutions are distinctive in focusing on the "client's future vision, not just the present, and offering proposals that encompass the client's assets and liabilities as a whole, not just in part."

The Group will continue to seek sustainable and stable growth by further refining our ability to provide the total solutions that are our strength, and earning even greater regard and support from our clients.

Specifically, for individual clients, we will work to support asset formation and inheritance and asset succession through measures such as accurate consulting in accordance with the client's life-stage, and enhancing our lineup of insurance, loan and real estate products, etc. to meet diverse needs.

For corporate clients, in addition to appropriately meeting funding needs, we will provide total solutions to resolve a wide range of management issues, including enhancement of corporate governance, real estate, pension schemes, and company welfare.

Furthermore, for all clients, individual or corporate, who are seeking profitable and diverse investments from a medium- to long-term viewpoint, we will make use of our group-wide functions to provide optimal investment opportunities in areas with economic potential and in growth fields.

In particular, the new asset management company scheduled to be created in October 2018 by integrating the asset management business of Sumitomo Mitsui Trust Bank, Limited and Sumitomo Mitsui Trust Asset Management Co., Ltd. aims to be a nationally recognized brand among the top 20 asset managers.

In addition, in the asset administration field, we will pursue various economies of scale and further bolster our securities management function through the management integration of SuMi TRUST Holdings' consolidated subsidiary Japan Trustee Services Bank, Ltd. with Mizuho Financial Group's Trust & Custody Services Bank, Ltd.

We will also accelerate alliances leveraging our trust and real estate functions and step up activities to contribute to regional revitalization, with the aim of establishing a win-win relationship with regional financial institutions.

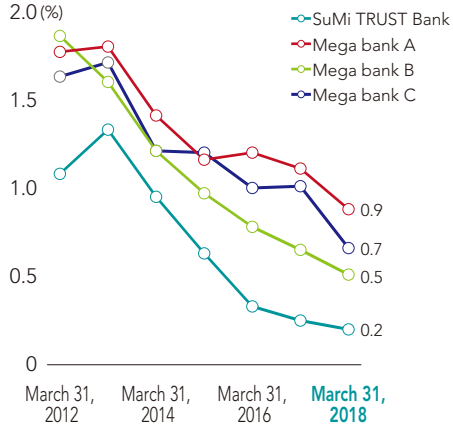
(2) Balancing Soundness and Profitability in Our Credit Portfolio

The Group's credit portfolio, which is composed mainly of loans to large corporations and retail mortgage loans which have relatively low credit risk, has a low non-performing loan ratio and maintains a high level of soundness.

Although profitability has been on a downward trend amid persistent low interest rates, the domestic loan-deposit margin is showing signs of bottoming out as a result of a shift to high profitability loan assets and efforts to reduce funding costs.

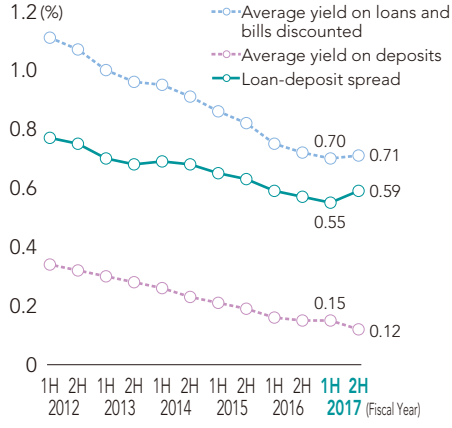
We will continue to provide responses that fit our clients' funding needs, while striving for appropriate risk taking and credit portfolio management in light of the trend toward tighter financial regulations on a global level.

Non-Performing Loan Ratio of Japanese Major Banks*



*Mega banks: Sum of bank subsidiaries

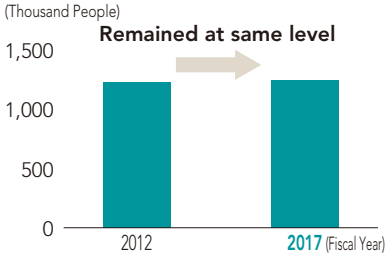
Domestic Loan-Deposit Spread*



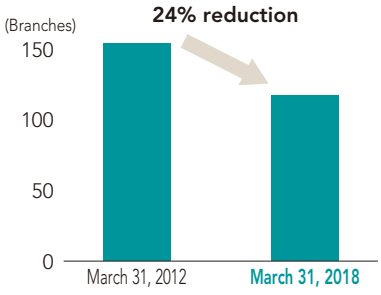
*SuMi TRUST Bank

Number of Clients Visiting Branches/
Number of Branches

Number of Clients Visiting Branches



Number of Branches



(3) The Challenge of Creating New Businesses and New Services to Support Sustainable Growth

While thus steadily pursuing the evolution of our total solutions, etc., we will take on the challenge of creating new businesses and services in order to achieve sustainable growth for the Group in the future.

Specifically, we will press ahead with establishing a framework of initiatives in new fields and focus areas, and invest resources in business areas where we have a competitive advantage. At the same time, we plan to create new value by flexibly making investments for growth with the aim of discovering future earnings sources.

In addition, we will continue to develop a workplace culture rich in enterprising spirit, through an idea-gathering project that encourages employees to come up with new products and services on their own, and promoting future creation activities among the core employees who will support the Group in the future.

(4) Promoting Cost Structure Reform and Productivity Improvement as a Source of Competitiveness

Since the bank integration in 2012, the Group has actively promoted management efficiencies, such as moving swiftly to consolidate duplicate branches, and has already reduced the number of branches by 24%.

In addition, 90% of our branches specialize in retail business, and engage in consulting marketing face-to-face with clients in a layout centered on low counters. As a result, the number of clients visiting branches has remained mostly at the same level since the bank integration.

Having numerous branches used to be the key to competitiveness in the Japanese banking industry. However, we believe that the Group's efficient branch network focused on major urban areas and our marketing model based on "face-to-face consulting unique to a trust bank" are suited to the current business environment and changing client needs.

Further enhancement of operational efficiency will be required in order to continue providing solutions that are finely tailored to the diversifying needs of clients in future. The Group will achieve this by focusing on trends in digitalization and implementing a digitalization strategy under which we reinforced our system, such as by establishing the Digital Planning Department in November 2017, with the aim of reducing expenses in the medium- to long-term, etc.

Specifically, for sales staff for individual clients, we have introduced tablet-type portable devices that can process transactions from reception to approval and execution. In addition, we are working on efforts including demonstration experiments for AI operations at call centers for stock transfer agency services clients.

We have already reduced administrative workloads at branch offices by 10% through the introduction of these tablet-type portable devices, and aim for a further reduction of 70% through development of additional functions, etc. in the future.

In addition to these efforts to enhance management efficiency, we will improve convenience for clients by actively adopting advanced digital technologies, including reduction of administrative space in branch offices to create trust type next generation branch that provide space for clients to consult in comfort. We will also embrace the challenge of developing new products and services.

(5) Developing Human Resources to Achieve Business Model Transformation

The Group considers diverse human resources with a wide range of qualities and skills to be the most important source of its own competitiveness. Accordingly, we strive to strengthen our efforts to nurture human resources by enhancing in-house training, etc. to increase comprehensive capabilities and expertise, based on our human resources development policies on growth and career formation for the employees who will create our future.

In particular, we emphasize nurturing human resources which possess the broad perspective and experience needed to provide total solutions. Therefore, we strive to offer a human resources development program in which employees gain experience in multiple businesses during a certain period after joining the company.

We have also made efforts to expand the range of participation of diverse human resources by establishing the Diversity & Inclusion Office in October 2017. In particular, greater participation by women is one of the most important initiatives in our human resources strategy, and we will continue to systematically nurture female employees and expand their promotion to management positions.

In addition to the continued use of such human resources, we believe it is essential to achieve diverse work styles and work-life balance, and to promote both the mental and physical health of the employees who are its foundation.

To that end, based on our "Declaration on Work Style Reform" established in May 2017, we are promoting working from home and mobile work, in addition to making active efforts to ensure intervals between work shifts and to reduce overtime.

In February 2018, we were certified by the Ministry of Economy, Trade and Industry as a "Certified Health and Productivity Management Organization (White 500)" for practicing outstanding health and productivity management.

We recognize that "work style reform" and "health promotion management" improve productivity and reduce total work hours will be key issues for realizing sustainable growth for the Group going forward. We will develop a system that allows diverse human resources to fully express their abilities, and promote the active participation of each and every employee.

(6) ESG Management Initiatives

The Sustainable Development Goals (SDGs) adopted by the United Nations comprise 17 goals and 169 targets that bring together global-scale priority issues that the world should unite to address toward 2030. Drawing widespread attention, the SDGs have made sustainability issues a universal language worldwide, and have presented companies with clear risks to consider and business opportunities to pursue.

The role of "finance," which provides funding while involving various stakeholders, is extremely important in realizing the SDGs. This thinking lies behind the rapid expansion of ESG (environmental, social and governance) investment in Japan and overseas in recent years.

The Group has therefore further stepped up its ESG efforts at the top management level, and, in terms of framework, replaced the CSR Promotion Office with a Sustainability Promotion Office, and strengthened its functions.

By strengthening our ESG investment efforts and providing total solutions through identifying client issues amid links and relation with SDGs, we aim to contribute to enhancement of long-term corporate value for our clients and to be the No. 1 ESG managed bank.

In Conclusion

We are now in an era of major changes in the environment both domestically and internationally, and the needs of our clients, both individual and corporate, in relation to asset management, administration and succession are becoming even more diverse and complex.

The Group will do its utmost to realize a business model that enables sustainable and stable growth and to become the financial group selected as "Best Partner" by our clients, by providing total solutions with greater accuracy and speed than ever in a world where change has become the norm.

We sincerely ask for your continued support for our endeavors.

July 2018

Sumitomo Mitsui Trust Holdings, Inc.
Director, President

Message from Officer in Charge of Finance

Sumitomo Mitsui Trust Holdings
Senior Managing Executive Officer
in Charge of Finance

Tadashi Nishimura

1. Looking Back on Fiscal Year 2017 (First Year of Midterm Management Plan)

In May 2017, SuMi TRUST Holdings announced its midterm management plan, "Evolution of The Trust Bank" – The Second Foundation –, covering the three years beginning with fiscal year 2017. Under the plan, we are implementing various measures aimed at transformation to a business model that will enable us to achieve sustainable and stable growth immune to economic and market volatilities as a financial group specialized in trust banking.

Looking back on fiscal year 2017, turning first to business performance, both revenue and profit exceeded our forecasts. This was due to growth in the fee businesses, including asset management/asset administration and real estate, where the trust business has a competitive advantage, and improved profitability in the loan/investment business owing to replacement of assets and control of funding costs. On the financial front, we moved ahead

(Billions of yen)		FY2016 Actual	FY2017 Plan	FY2017 Actual	Change from FY2016	Against plan	FY2019 Midterm Plan	Target KPIs
Profit targets	Net business profit before credit costs	232.3	260.0	270.5	+38.1	+10.5	300.0	
	Net income attributable to owners of the parent	121.4	150.0	153.9	+32.5	+ 3.9	180.0	
Profitability indicators	Fee income ratio	62.3%*1		57.4%	(4.9%)	—	55-60%	Approx. 60%
	Overhead ratio (OHR)	64.5%	62.0%	61.7%	(3.1%)	(0.3%)	55-60%	Mid 50% level
Financial indicators	Shareholder ROE*2	6.07%	—	7.40%	+1.33%	—	Approx. 8%	8% or more
	Common equity Tier 1 ratio	11.19%	—	11.33%	+0.14%	—	Approx. 10%	Approx. 10%

*1 The fee income ratio increased due to a decrease in substantial gross business profit primarily owing to deterioration in market-related profit in fiscal year 2016. The fee income ratio averaged 55.1% from fiscal year 2012 to fiscal year 2015.

*2 Return on shareholders' equity = [Net income attributable to owners of the parent / (FY-start total shareholders' equity + FY-end shareholders' equity) / 2] × 100

to reduce financial risks such as stock price fluctuation risk associated with strategic shareholdings and risk from the U.S. interest rate rise. Although there remain issues, such as an increase in expenses mainly due to higher systems costs at some subsidiaries, we are seeing steady improvement across all profit targets, profitability indicators, and financial indicators toward the levels sought under the midterm management plan, and I believe that we have made favorable progress overall in the plan's first year.

2. Outlook for Fiscal Year 2018

In the business environment for fiscal year 2018, the ultra-low interest rate environment is expected to continue in Japan, while a turnaround in Europe's monetary easing policy is expected to follow the hike in the federal funds rate in the U.S. We therefore consider it necessary to exercise greater caution in preparation for the risk of sudden changes in financial markets. SuMi TRUST Holdings will further accelerate various initiatives under the midterm management plan, that is, we will continue to strengthen the fee businesses mainly in Japan and make efforts to control funding procurement costs in the loan/investment business. At the same time, we will seek to improve profitability in our credit operations by replacing assets, more selectively, and bearing in mind factors such as diversification of risks.

In the fee businesses, which are a focus area, last year's joint venture in the insurance business with Cardif Assurance Vie Japan began operations in April 2018, and in October we are planning to carry out Group reorganization in the asset management business and to launch a joint venture with Mizuho Financial Group and others (management integration of Japan Trustee Services Bank and Trust & Custody Services Bank) in the asset administration business. The financial units will support and promote such strategic efforts to bolster competitiveness from a medium- to long-term perspective in each business.

We will also make investments aimed at enhancing operational efficiency and productivity and expanding client contact. In terms of expenses, we of course take a balanced approach to making investments, verifying that resources are being used effectively, and our plan is to reduce the overhead ratio through prompt achievement of investment results and improvements in productivity due to top-line expansion.

Through the above measures, we will not only do our utmost to achieve our single-year earnings targets and plan but also steadily move ahead with efforts from a medium- to long-term perspective.

3. Financial Agendas

Our top challenge with respect to finance is how to increase profitability and efficiency while maintaining financial soundness.

As a trust bank premised on long-term transactions with clients, and as one of the Domestic Systemically Important Banks (D-SIBs), we are required to maintain a high level of financial soundness. At the same time, we must increase profitability and efficiency in order to secure funds for future growth and maintain financial soundness in response to the trust placed in us by shareholders.

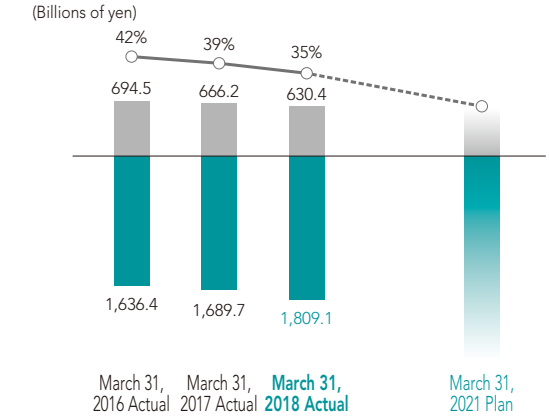
Since the financial crisis in 2008, regulations on financial institutions, especially capital regulations, have been tightened, and improvements in soundness have been required. Meanwhile, profitability in the loan/investment business has remained stagnant amid the continuing environment of ultra-low interest rates and fierce competition. Furthermore, the capital regulatory reforms (finalized Basel III) agreed upon by the Basel Committee on Banking Supervision at the end of 2017 have raised capital requirements for credit operations and strategic shareholdings, which are expected to put further downward pressure on the profitability of return on capital.

In the resulting environment, SuMi TRUST Holdings will shift to a business structure and financial position that bal-

ance soundness and profitability. To do that, we will aim for sustainable and stable growth based on the two strategies of further strengthening the fee businesses and improving efficiency and profitability in the loan/investment business as set out in the midterm management plan.

As for strategic shareholdings, we will steadily decrease the balance in line with our reduction plan formulated in fiscal year 2016, "Aiming to cut the ratio of strategic shareholdings to Common Equity Tier 1 capital by 50% in approximately five years." Meanwhile, we will continue to reduce the impact on our financial base through appropriate use of hedge transactions aimed at maintaining economic value and improving capital stability.

Ratio of strategic shareholdings to Common Equity Tier 1 capital*



Common Equity Tier 1 capital (excluding valuation differences on available-for-sale securities)
Stocks (Acquisition cost of stocks on a consolidated basis)
Ratio of strategic shareholdings to Common Equity Tier 1 capital

* Stocks (acquisition cost of stocks on a consolidated basis) ÷ Common Equity Tier 1 capital (excluding valuation differences on available-for-sale securities)

4. Capital Policy

With regard to striking a balance between 1) adequacy and efficiency of capital and 2) investment in profit growth opportunities while 3) aiming to strengthen shareholder return in the medium term, SuMi TRUST Holdings considers each of these to be important factors in maximizing shareholder returns, and our basic capital policy is based equally on these three points.

As for capital adequacy, in addition to the regulatory required levels, we have set a target of steadily securing a Capital Equity Tier 1 (CET1) ratio of approximately 10%,

reflecting the need to ensure a certain level of capital in light of the characteristics of a trust bank group that provides long-term services. As of March 31, 2018, we have secured a CET1 ratio of 11.3%. However, we believe that it will be necessary to accumulate capital even more steadily in light of the strengthened capital regulations (finalized Basel III reforms basis) expected to be phased in from March 31, 2022.

However, the impact of moving to a finalized Basel III reforms basis is not very different from the assumptions of the current midterm management plan announced in 2017, and will not have any immediate effect on our capital policy or shareholder return policy. Therefore, we will press ahead with transformation to a business model for high profit growth and capital efficiency by steadily implementing our midterm management plan. In doing so, we will accumulate capital, while managing it with both pursuit of growth opportunities and strengthening of shareholder return in accordance with profitability taken into account.

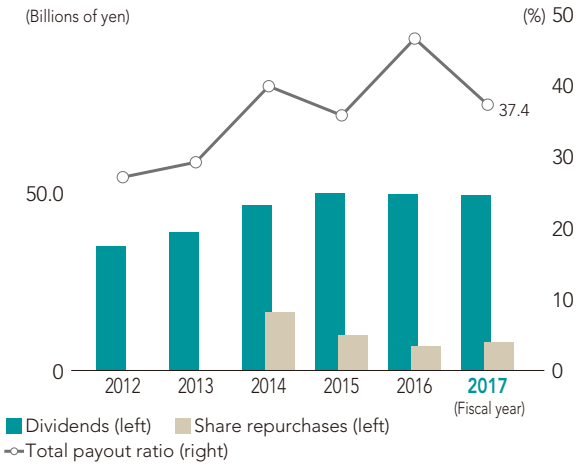
As announced in 2017, our shareholder return policy is to return shareholders' profits commensurate with earnings, and we will maintain a consolidated dividend payout ratio of around 30%, while considering share repurchases based on the balance between profit growth opportunities and improvement in capital efficiency. In the medium term, we shall aim to gradually raise the total payout ratio to approximately 40% to enhance shareholder returns. In the future, even after capital accumulation has reached a level that is prudently sufficient on a finalized Basel III reforms basis, we will review our growth prospects and stock valuation, and consider the appropriate capital policy/shareholder return in light of the business environment. On top of bolstering shareholder distribution commensurate with earnings, share repurchases to improve capital efficiency will be considered as well.

KPI*

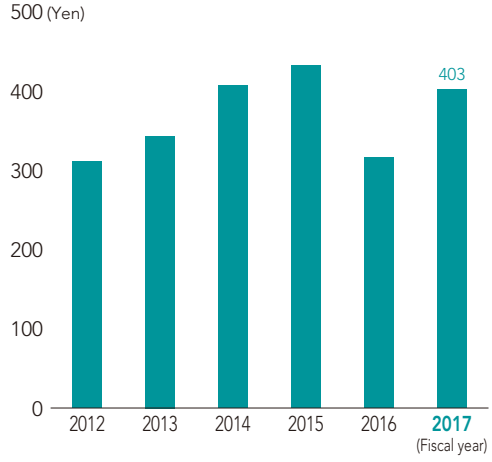
	FY2017 Actual	FY2019 Midterm Plan
Profit growth	¥153.9 billion	¥180.0 billion
Capital efficiency	7.40%	Approximately 8%
Shareholder return	37.4%	Approximately 40%

*Profit growth: Net income attributable to owners of the parent
Capital efficiency: Shareholder ROE
Shareholder return: Total payout ratio

Shareholder return



Earnings per share (EPS)



Initiatives Related to Sustainability

Approach to Sustainability of Sumitomo Mitsui Trust Group

A

Promotion of materiality management to create shared value (please see pages 50-51)

A sustainability perspective is essential in order for the Group to create shared value and achieve growth with its stakeholders. The Group emphasizes ESG (environment, social and governance) as elements that form our management base, and promote materiality management incorporating the evaluation standards of long-term investors who expect sustainability in profit growth as well.

B

Sustainability initiatives in our business (please see pages 46-47)

The Group seeks to build a sustainable society with its clients by leveraging the functions of a financial group specialized in trust banking to provide total solutions that address social issues faced by clients. We use the SDGs (Sustainable Development Goals) as a standard to understand (verify the appropriateness of) the social value created by the products and services we provide.

C

Providing value to the community (please see pages 48-49)

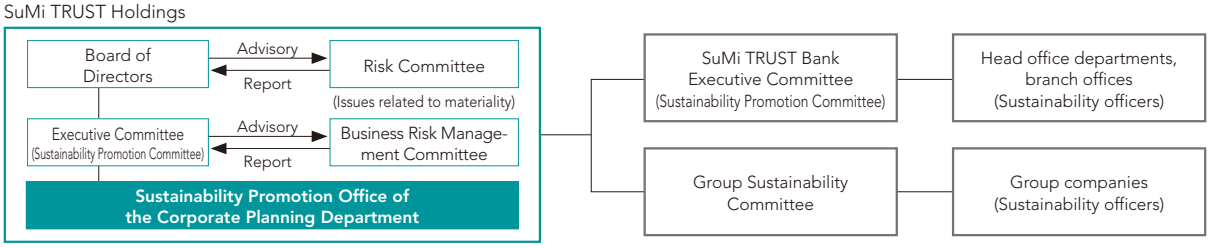
Providing value to the community that constitutes society is linked to maintaining a sound business foundation, and we therefore consider it to be a social license required in order to conduct business. From this point of view, the Group makes it a practice to provide value to the community in various forms while also bearing SDGs in mind.

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)

1	Helping address social and environmental problems through business	By developing and marketing products and services that help address social and environmental problems, we aim to improve the Group's performance as well.	B
2	Sincere response to clients	The trust we receive from clients is the basis of our corporate activities. We strive to increase protection for clients and customer satisfaction, and to ensure the safety of our products.	A
3	Establishing the trust of society	We strive to reinforce the foundation of corporate value creation, including corporate governance, CSR, compliance with laws and regulations, and risk management.	A
4	Initiatives on environmental problems	We make efforts to reduce our environmental burden with the aim of building a society that coexists with nature and a recycling society.	A
5	Respect for the individual	We place emphasis on the people who make up society. In addition, we create a workplace environment and conduct human resources development to allow individuals to make the most of their skills.	A
6	Participation in and contribution to local communities	A sound local community supports a sound client base. We participate in and contribute to community activities through "With You" activities.	C

Sustainability Promotion System of Sumitomo Mitsui Trust Group

"Sustainable development of society and improvement of corporate value through proactive sustainability efforts" is clearly stated in the Group's Basic Policy on Corporate Governance as the role of the Board of Directors. Specific activities are based on the midterm policy and fiscal year plan decided by the Sustainability Promotion Committee held as part of the Executive Committee, and supervised by the Sustainability Promotion Office of the Corporate Planning Department. With regard to issues related to materiality, the Risk Committee and Business Risk Management Committee function as advisory bodies to the Board of Directors and Executive Committee respectively.



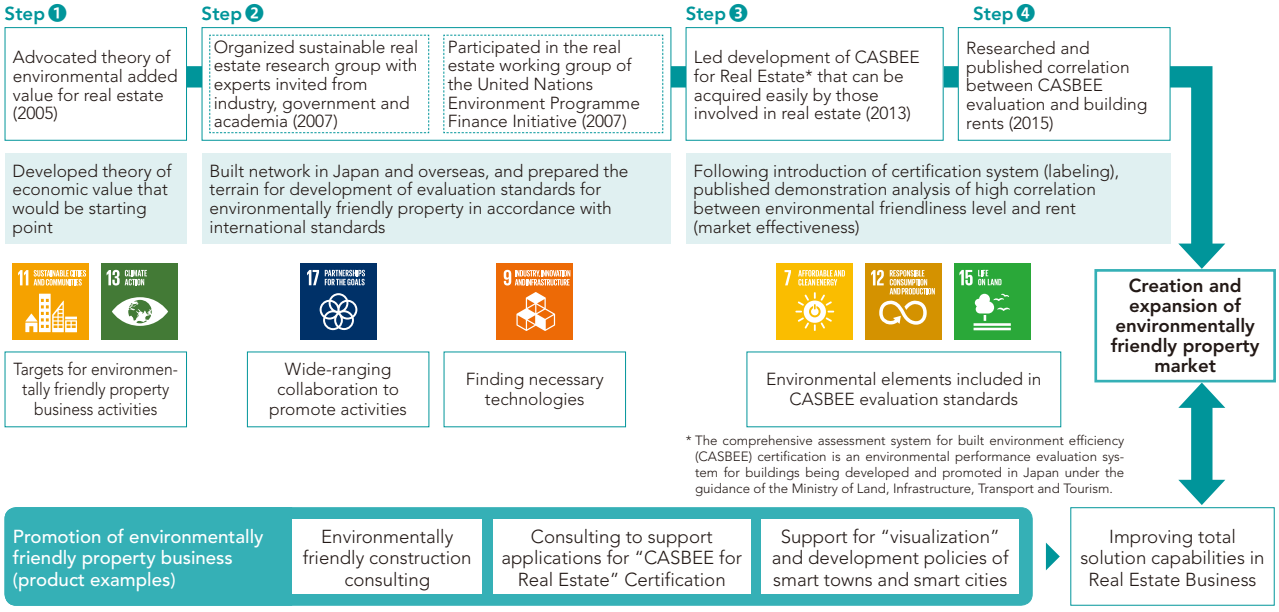
Main Sustainability Themes and SDGs in Our Business

The Group engages in various sustainability efforts in its business. In particular, we are striving to expand our lineup of products and services related to the five major priority themes, while also considering their relationship to SDGs.

(Example) Relationship between environmentally friendly property and SDGs

The Group has coined the word "Eco-Trustution" for environmental financial businesses that offer solutions to ecological issues using our trust function, and is pursuing strategic efforts from a long-term perspective. With regard to environmentally friendly property, which is one of our five major themes, we believe that financial incentives for property owners are essential. We have therefore set a goal of creating a market mechanism that reflects environmental considerations in real estate value, and have taken steps to that end while involving stakeholders in our efforts. We have also verified the social appropriateness of all these activities by tying them to SDGs, while also exploring the significance of environmentally friendly property from various aspects, such as by linking conservation of green spaces on sites to biodiversity. This contribution to market creation is linked to accumulation of know-how and network expansion for the Group itself, and helps improve total solution capabilities in the Real Estate Business. Eco-Trustution can be classed as an effort to "pursue shared value" that connects our contribution to solving social issues to profit growth for the Group.

ECO TrustutioN
エコ・トラステューション



* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism.

Business Strategy

Sumitomo Mitsui Trust Bank, Limited
President

Masaru Hashimoto

CONTENTS

Retail Total Solution Services Business 28
Wholesale Total Solution Services Business 32
Wholesale Asset Management Business 35
Fiduciary Services Business 36
Stock Transfer Agency Services Business 40
Real Estate Business 42
Global Markets Business 44
Sustainability Initiatives in Our Business 46
Providing Values to the Community 48

Continuing to Evolve as Our Clients' "Best Partner"

The term "fiduciary duties" is currently garnering attention in the financial industry. Interpreted as "client-oriented business operations," "fiduciary duties" is the fundamental concept at the root of trusts. Since the Group's foundation in 1924, we have conducted business operations with this concept guiding our management principles. In order to put fiduciary duties into practice – that is, to seek the true benefit of clients – the most important requirements are significant expertise that our clients can rely on, and consulting that offers clients optimal options according to their individual needs.

As the core company of a financial group specialized in trust banking, SuMi TRUST Bank leverages the significant expertise and comprehensive capabilities cultivated by the Group to provide optimal total solutions with the aim of enhancing the security and satisfaction of clients, expanding its client base and achieving sustainable growth.

A close focus on client needs is of primary importance in customer-oriented practices, and the solutions needed change with the times and with shifts in the economic environment.

For example, to address the growing needs of individual clients to conduct their own asset formation, we take advantage of the advanced asset management know-how cultivated in the pension business to propose optimal portfolios, including investment trusts, fund wraps, and insurance products. In addition, in response to the advanced aging of society, we provide products and services that support the transfer of assets between generations through use of our trust function, and offer tailor-made consulting according to diverse client circumstances with respect to inheritance.

As for corporate clients, while banking business transactions remain our base, we work together with clients to confront and offer solutions to the various issues they are facing. For example, we are expanding our services in non-financial areas, such as IR/SR consulting to enhance corporate governance, providing investment education for employees to enrich corporate welfare programs, and proposing real estate uses to increase asset efficiency.

Going forward, we will strive to lead the Group in practicing client-oriented business operations in order to establish our position as our clients' "Best Partner." We are also committed to making a significant contribution to society through the evolution of services in line with the times.

July 2018

Sumitomo Mitsui Trust Bank, Limited
President

Masaru Hashimoto

Retail Total Solution Services Business

[Message from the Officer in charge]

The Retail Total Solution Services Business uses the significant expertise we have cultivated as a trust bank and the varied products and services we can offer as a financial group specialized in trust banking to meet the diverse needs of individual clients. Through our comprehensive consulting services that take clients' overall assets and liabilities into account based on the needs of clients of different generations, we work closely with our clients to offer trust and comfort over the long term as their "Best Partner."

Tsuyoshi Saito
Executive Officer, SuMi TRUST Holdings
Officer in charge of Retail Total Solution Services Business, SuMi TRUST Bank

Business Outline

The Retail Total Solution Services Business, through our high-quality comprehensive consulting, provides diverse products and services unique to a trust bank, including asset management, asset formation, inheritance and succession, and wealth management, to meet the wide-ranging needs of individual clients that vary with their life stages.

[Percentage of Substantial Gross Business Profit*]

27%
¥193.7 billion

(* FY2017 actual)

We provide support for clients' asset formation through various loan products such as mortgage loans, and various installment-type management products such as asset formation trusts, installment-type investment trusts, and Tsumitate NISA.

We provide high-quality consulting services and a diverse product lineup to meet various asset management needs, including bank deposits (both yen and foreign currency), investment trusts, discretionary investment management products, lump-sum annuity insurance, and whole life insurance.

Asset Management

Asset Formation

Real Estate

We use the SuMi TRUST Group's broad network to meet needs related to real estate, such as purchase, sale and effective use of property, and change of residence.

Providing total solutions suited to different life stages

Through our consulting services that take into account clients' assets and liabilities at different life stages, we provide insurance products such as level premium whole life insurance and level premium insurance that enable clients to prepare for the future.

Insurance

Inheritance and Succession

We provide consulting services drawing on our significant expertise and extensive products and services related to lifetime donation and inheritance to meet needs for the smooth transfer of assets to the next generation.

Main Group Companies

SuMi TRUST Bank	Core entity in the SuMi TRUST Group; provides services to meet wide-ranging needs of individual clients (bank deposits, asset management, will trusts, mortgage loans, etc.)
Sumitomo Mitsui Trust Wealth Partners	Provides specialized, tailor-made consulting services regarding asset inheritance and business succession to individual and corporate clients
Sumitomo Mitsui Trust Club	Sole issuer of Diners Club Cards in Japan. Uses its brand strengths to provide high-quality services
Sumitomo Mitsui Trust Card	Issues global brand credit cards, VISA and MasterCard
Sumitomo Mitsui Trust Guarantee	Provides guarantee services for clients with mortgage loans, consumer loans, etc. provided by SuMi TRUST Bank
SBI Sumishin Net Bank	Internet-only bank that provides 24-hour yen savings accounts, real-time foreign currency deposits, integration with SBI SECURITIES accounts, non-face-to-face mortgage loans and card loans, etc.
Cardif Assurance Vie Japan	Joint venture with BNP Paribas Cardif; provides insurance products through SuMi TRUST Bank and other Japanese financial institutions

Target Business Model

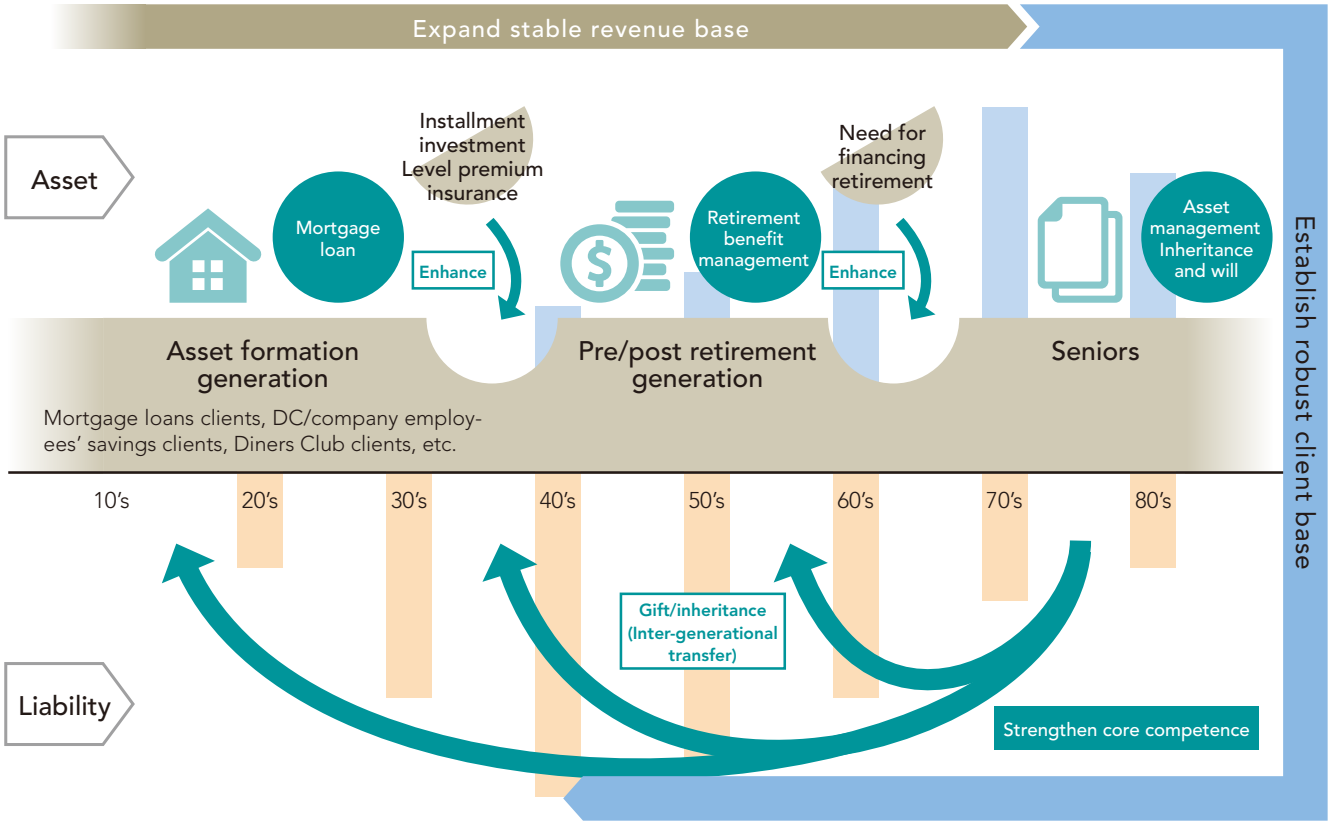
In Japan, while interest rates remain extremely low because of the maintained negative interest rate policy, there is growing uncertainty regarding the future of social security due to the rapidly aging society, declining birth rate, and shrinking population. As we enter the era of "the 100-year life," it is becoming essential for people to prepare for the future through their own efforts, leveraging approximately ¥1,900 trillion in domestic individual financial assets. There is also a growing need in Japan's aging society for the smooth transfer and succession of assets to the next generation. In the midst of these changes in the macro environment and social structure, the SuMi TRUST Group strives to use the significant expertise and diverse products and services unique to a financial group specialized in trust banking to provide comprehensive consulting services and accurate solutions based on the characteristics of individual clients' assets and liabilities and their corresponding needs, which change along with different stages in their lives, with the aim of becoming our clients' "Best Partner."

In order to become our clients' "Best Partner," we provide products and services suited to their true benefit, and strive to be completely client-oriented and to further improve the specialist skills that form the foundation of our consulting services, in accordance with our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group."

We use our inter-generational transfer/generational linkage-based total solution marketing model to build a solid, stable revenue base in order to sustain the growth of the Retail Total Solution Services Business, by expanding transactions with not only our material client base including the pre/post retirement generation and seniors, but also the asset formation generation through mortgage loans and inter-generation asset transfer support trust products.

We are also taking on the challenge of reforming our business models in order to achieve dramatic productivity improvements, and striving to increase the amount of time for face-to-face consulting services, which are our source of competitive power, and generate further added value through implementation of digital transformation to reduce backoffice work at branches, which now come in sight of 70% reduction. We will use FinTech and AI technology to rationalize our proposal processes, streamline our branches, and optimize our network, with the aim of increasing contact with clients while reducing costs.

Total Solution Marketing Model for Individual Clients



Key Measures

By leveraging the functions unique to a financial group specialized in trust banking, we aim to achieve sustainable growth by accurately capturing growth opportunities, including asset formation for a wide range of generations, and asset inheritance amid a mature economy.

• Initiatives to stabilize income

Through client-oriented consulting services, we will support clients in medium- to long-term asset formation and provide valuable products. Through this, we will increase the asset under management and raise the recurring fees ratio for revenue related to investment management consulting services, with the aim of creating a stable earnings structure.

• Initiatives to expand client base

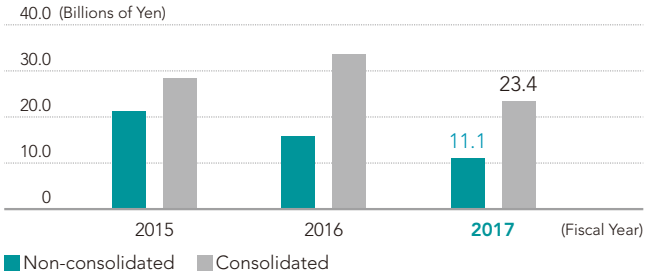
As asset management methods and client needs become increasingly diverse, we will use our rich product lineup as a trust bank to capture a broad spectrum of transaction opportunities with clients from a wide range of generations, helping solve clients' problems.

Financial Highlights

Trend of Net Business Profit before Credit Costs

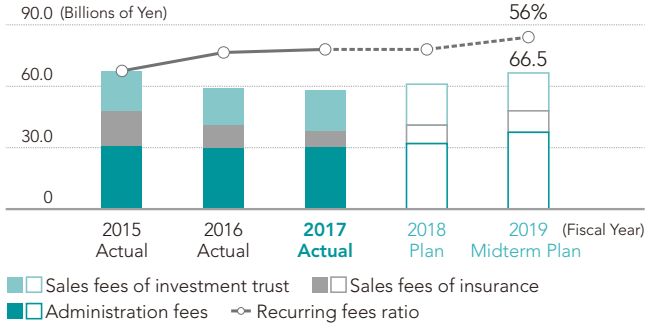
On a non-consolidated basis*1, net business profit before credit costs decreased by ¥4.5 billion year on year to ¥11.1 billion due to the temporary fall in inheritance-related business revenue despite revenues from sales of investment trusts, insurance, etc. being approximately equal to those of the previous fiscal year. On a consolidated basis*2, net business profit before credit costs decreased by ¥10.1 billion year on year to ¥23.4 billion due to a decrease in revenue of Sumitomo Mitsui Trust Club.

*1 Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") (non-consolidated)
*2 Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") (consolidated)



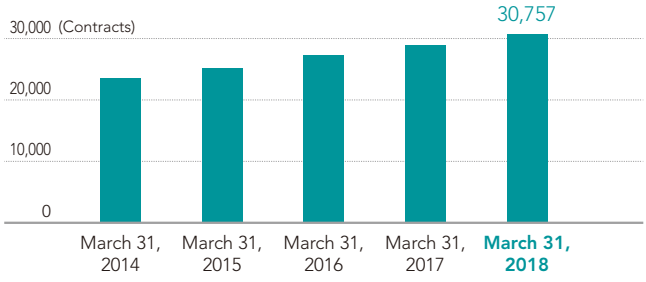
Trend of Revenue related to Investment Management Consulting Services

The recurring fees ratio for revenue related to investment management consulting services rose to 52% in fiscal year 2017. We will continue to increase the asset under management and raise the recurring fees ratio through our comprehensive consulting services for clients.



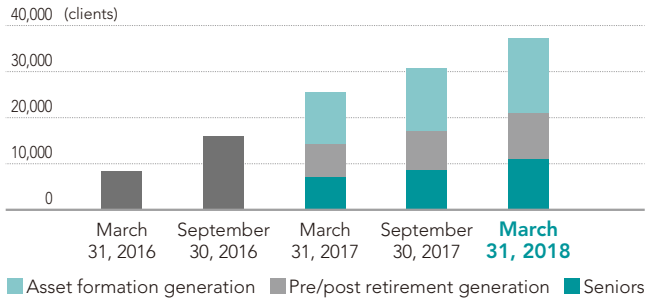
Trend of Will Trusts (Number of Wills under Custody)

We responded to growing needs related to inheritance and succession through consulting services by financial consultants and other staff with significant expertise. As a result, the number of will trusts, which provide total support for will writing, storage and execution, has been increasing.



Trend of Level Premium Insurance Policies

The number of level premium insurance policies rose approximately four-fold over the two-year period from March 31, 2016 to March 31, 2018. In June 2018, we began sales of "Lifecycle Plan," a new product developed in collaboration with Cardif Assurance Vie Japan, a joint venture insurance company established together with BNP Paribas. Through its simple and easy-to-understand product design, the product enables clients to assemble only the coverage truly necessary, thereby satisfying clients' diverse needs.



Future Refinements

Trust Type Next Generation Branch

• Trust type next generation branches and channels

We will open next generation branches, starting with the opening of Consultation Plaza Chofu in September 2018, to provide total solutions to clients.

Basic specifications of next generation branches
Streamlined branches (no back offices)
Spacious consultation booths (regionally-appropriate concept booths will also be installed)
Support for diverse needs of a wide range of generations (enhancement of weekend/holiday/off-hours operations, etc.)
Enhanced communication functions

For financial institutions as a whole, the number of clients visiting branches is falling. SuMi TRUST Bank is working to maintain the number of branch visitors and to maximize consulting opportunities by conducting business in new ways at next generation branches and integrating with non-face-to-face channels.

Consultation Plaza Chofu will be at the forefront of introducing next generation branch elements such as streamlined design, spacious consultation booths, and remote consultation systems.

• Using digital technology to reduce backoffice work and improve business operation flexibility

[Phase 1] In fiscal year 2017, tablet-type portable devices were introduced in all branches, enabling staff that visit clients to handle procedures for major products such as time deposits and investment trusts on the spot when visiting clients. This has already produced concrete results, such as reducing the burden of filling out forms for clients and reducing branch backoffice work by 10%.

[Phase 2] Going forward, the functions of these devices will be further extended and other digital technologies will be used to reduce branch backoffice work by 50%, dramatically improving productivity.

[Phase 3] Over-the-counter, customer visit, and backoffice sections will use tablet-type portable devices without borders, to implement new work styles specifically tailored to consulting services for clients while reducing branch backoffice work by 70%.

<Phase 1>	Introduction of client visit tablet-type devices (10% backoffice work reduction)
<Phase 2>	Device function extension (50% backoffice work reduction)
<Phase 3>	Borderless work style (70% backoffice work reduction)

Cardif Assurance Vie Japan

Collaborative product development by SuMi TRUST Bank and Cardif Assurance Vie Japan

On April 3, 2018, SuMi TRUST Bank completed its acquisition of 20% of the shares in Cardif Assurance Vie Japan ("Cardif") from BNP Paribas Cardif. One of Cardif's strengths is its development of insurance products with a high level of affinity with banking financial products. Through our insurance business collaboration with Cardif, we will provide truly client-oriented financial services.

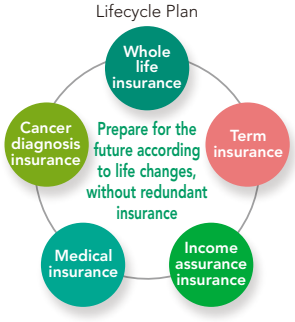
The first product of our collaboration with Cardif was "Lifecycle Plan," which we began offering at all SuMi TRUST Bank branches on June 18, 2018. "Lifecycle Plan" is an assembly-type insurance product in which clients can choose from five types of base policies, selecting only the coverage they need. According to Cardif's research, this is the first assembly-type life insurance* to be offered as a banking product in Japan. The product is designed to enable clients to freely add or remove coverage as necessary according to different stages in their lives.

"Lifecycle Plan" was developed in response to client complaints about insurance products that they have too many riders, making their contents confusing, and that insurance procedures are too complex. "Lifecycle Plan" offers the three features of being simple, easy, and economical, as indicated below.

1. Simple insurance, providing only the coverage that clients need (Enabling clients to prepare for the future without redundant insurance)
2. Easy to apply for and manage, using a single application form to apply for and a single insurance policy document to contract multiple types of coverage
3. The more combined coverage, the more economical premiums

SuMi TRUST Bank aims to establish an "insurance business model that is unique to trust banks" (trust bancassurance) that offers comprehensive proposals taking into consideration tax systems, social security systems, and pension systems, in order to provide clients with comfort suited to different stages in their lives.

* Product that enables clients to combine multiple base policies, apply for them through a single application form, and contract them under a single insurance policy document



"Lifecycle Plan"

The Lifecycle Plan symbol reflects its concept of "ties":
Ties between coverage in "Lifecycle Plan";
Ties between clients and their loved family members; and
Ties between people who support each other, the foundation on which insurance was developed.
This symbol reflects our commitment to valuing many "ties" without interruption, like the flowing passage of time.

Wholesale Total Solution Services Business

[Message from the Officer in charge]

In our Wholesale Total Solution Services Business, we contribute to the expansion of clients' enterprise value and asset value and to their growth by providing one-stop total solutions that only a financial group specialized in trust banking can offer. Through the integration of our various functions with significant expertise including banking, asset management and administration, and real estate, we meet the needs of clients that increasingly advance and diversify into comprehensive fields including not only loan/investment transactions but also non-financial aspects and asset management and administration.

Yukihiro Kitano
Executive Officer, SuMi TRUST Holdings
Officer in charge of Wholesale Total Solution Services Business, SuMi TRUST Bank

Business Outline

In addition to the services under its supervision, such as loans and arrangement of various financing schemes, corporate consultations, and M&A advisory services, the Wholesale Total Solution Services Business also serves as a general point of contact for all transactions with corporate clients.

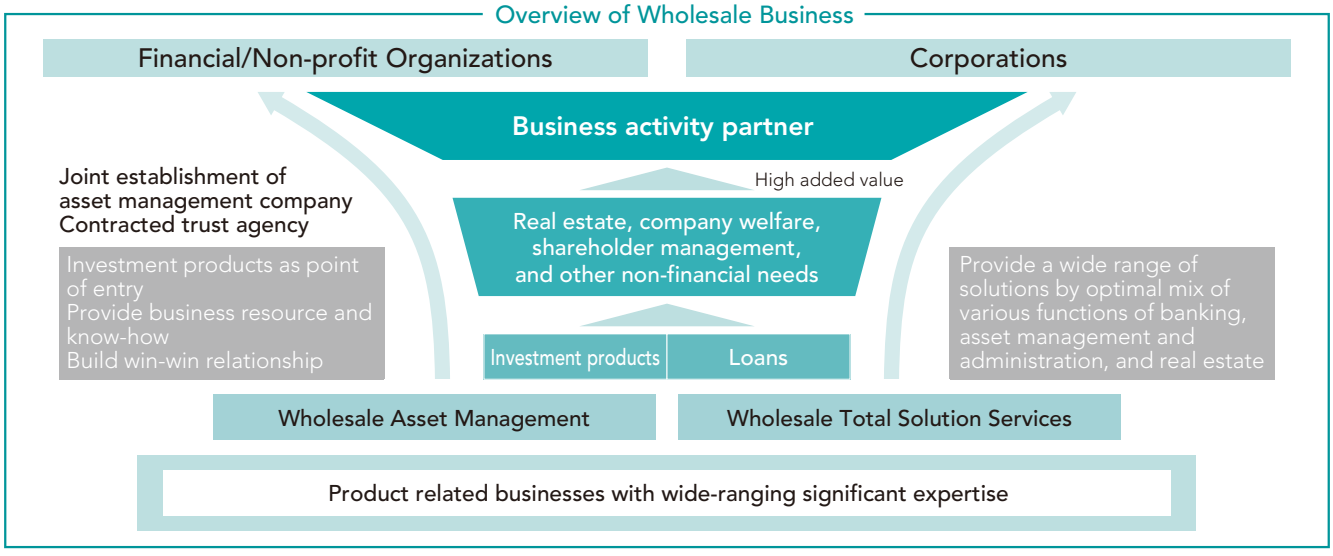
By organically and flexibly coordinating with the various functions having significant expertise of the Real Estate Business, Fiduciary Services Business, Stock Transfer Agency Services Business, Wholesale Asset Management Business, Global Markets Business, and Retail Total Solution Services Business, in addition to overseas bases and the Group companies, we contribute to our clients' development in a range of fields by providing speedy, one-stop solutions that are optimally tailored to their needs and issues.

[Percentage of Substantial Gross Business Profit*]

26%
¥183.4 billion

(* FY2017 actual, total wholesale financial services including Wholesale Asset Management Business)

Overview of Wholesale Business



Main Group Companies

SuMi TRUST Bank	General point of contact for all matters related to corporate transactions, such as financing schemes, corporate consultations, and M&A advisory services
Sumitomo Mitsui Trust Panasonic Finance (Leasing business)	Comprehensive finance company owned by Panasonic Corporation and SuMi TRUST Bank
Sumitomo Mitsui Trust Loan & Finance (Loan business)	Mortgage loan company wholly owned by SuMi TRUST Bank and focusing primarily on mortgage loans
Sumitomo Mitsui Trust Bank (Thai) (Banking business)	Wholly owned overseas subsidiary of SuMi TRUST Bank that conducts banking services in Thailand
Zijin Trust (Trust business)	Trust company headquartered in Nanjing, China that is 19.9% owned by SuMi TRUST Bank
Midwest Railcar Corporation (Leasing business)	Joint venture of Marubeni Corporation and the SuMi TRUST Bank Group engaged in the freight railcar leasing business in North America
BIDV-SuMi TRUST Leasing Company (Leasing business)	Leasing company jointly established by SuMi TRUST Bank and BIDV, which is one of Vietnam's top four state-owned commercial banks

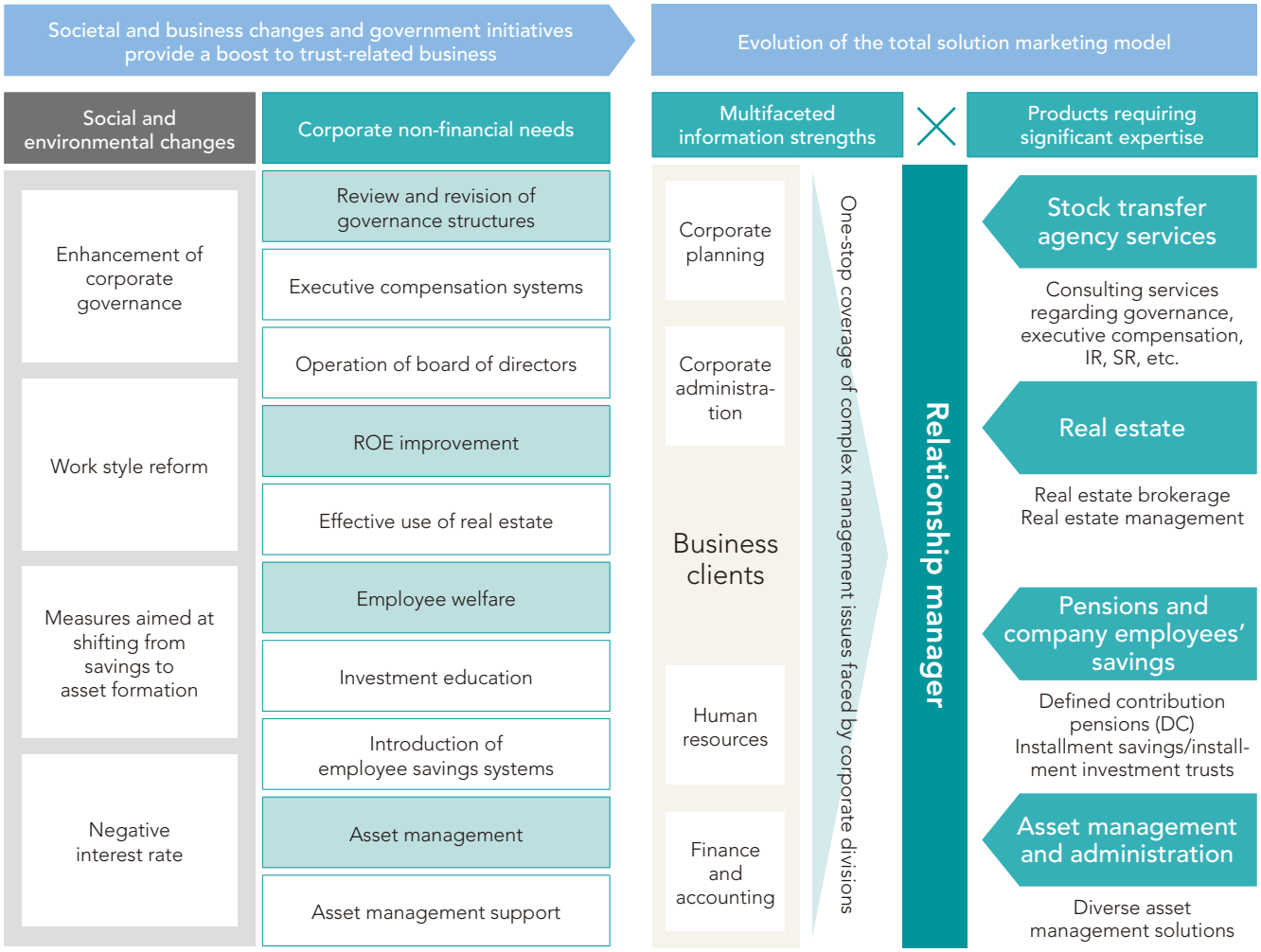
Target Business Model

The needs of corporate clients are changing, driven by advances in technological innovation, changes in the global political and economic environment, the aging society and declining birth rate, social demands for enhanced corporate governance and improvements in the working environment, and persistent low interest rates. Assessment of how these changes in needs apply to each client is the launch point from which we provide differentiated services and added value unique to a financial group specialized in trust banking. Through this, the Group seeks to improve its standing with clients, capture new business opportunities, and thereby transform its earnings structure by reinforcing revenue and increasing fee revenue.

Government initiatives such as those related to Corporate Governance Codes and work style reform are contributing to major changes in the challenges faced by our corporate clients in such corporate divisions as corporate planning, corporate administration, human resources, and finance and accounting.

In the area of governance, there are growing needs for the review and revision of executive compensation systems and governance structures including operation of the board of directors, as well as improvements to ROE. As for asset formation, there are also expanding needs for investment education and employee welfare, such as the introduction of employee savings systems. The issues faced by corporate divisions, especially non-financial management challenges that do not involve loan/investment transactions, are growing, and one of the Group's strengths is our ability to provide one-stop support through the multiple points of contact we have with companies' corporate divisions.

Our relationship managers serve as hubs and collaborate with each of our businesses with significant expertise, through seamless coordination and cooperation as a single entity, to offer speedy solutions that secure our position as our clients' "Best Partner."

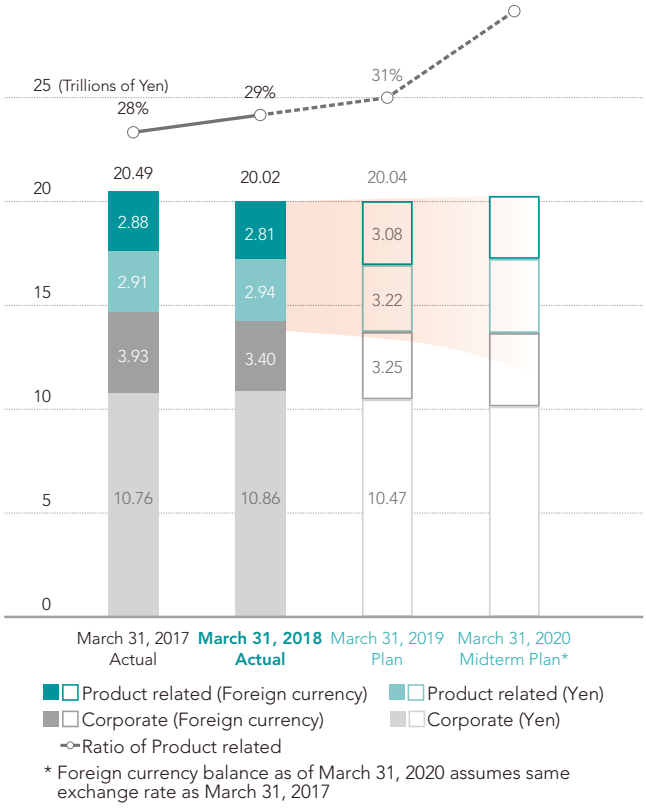


Key Measures

Improvement of credit portfolio profitability

We will reform credit portfolios through the reduction of low-profitability assets centered on foreign currency-denominated corporate loans and the improvement of margins, while making selective investments in product related assets, focusing on profitability and safety (recovery rates and tenor).

Trend of Corporate Credit Portfolio



* Foreign currency balance as of March 31, 2020 assumes same exchange rate as March 31, 2017

Strengthen product related loans

Active investment in areas where we have expertise

▼

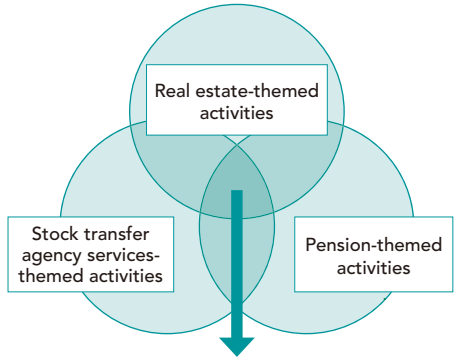
Plan to market these products to clients

- Aircraft finance
- Real estate non-recourse loans
- Project finance
- Shipping finance
- Trade/commodity finance

Evolution of total solutions

The challenges faced by clients have become more advanced, shifting from single-department issues to complex management issues. This is creating an even greater rise in expectations for total solutions.

We will use the activity themes defined by each of our businesses with significant expertise as launch points for maximizing the added values we offer to clients while strengthening coordination between relationship managers and the individual businesses.



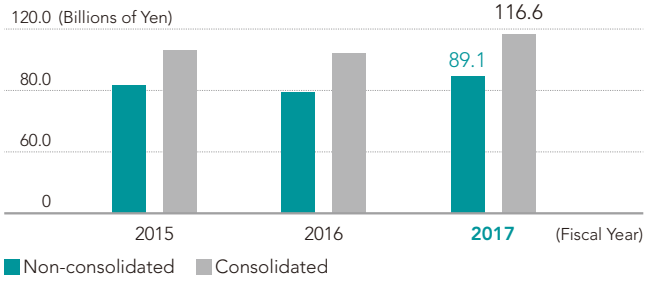
We will further reinforce collaborations between our businesses in order to provide optimal solutions for clients that span multiple activity themes.

Financial Highlights

Trend of Net Business Profit before Credit Costs*1

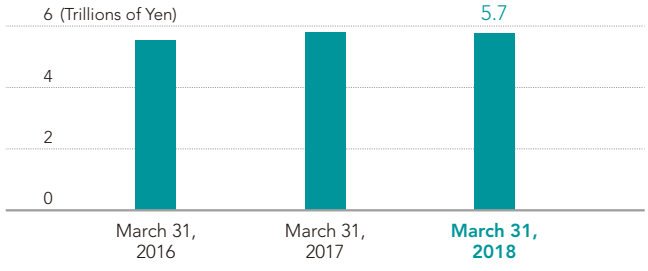
Net business profit before credit costs increased by ¥10.5 billion year on year to ¥89.1 billion on a non-consolidated basis*2, and increased by ¥12.6 billion year on year to ¥116.6 billion on a consolidated basis*3, due to the improvement of margins by reducing low-profitability assets centered on foreign currencies, reduced foreign currency funding costs, and reinforcement of product related loan initiatives.

*1 Total wholesale financial services
*2 SuMi TRUST Bank (non-consolidated)
*3 SuMi TRUST Holdings (consolidated)



Strengthening of product related loans

As the investments and loans environment continues to be harsh amid factors including worldwide monetary easing, negative interest rates in Japanese Yen, and rising foreign currency funding costs, we stepped up efforts aimed at high-profit assets with a view to sustainable improvement of loan income and profitability. Discounting the effects of the strong yen, the balance of product related loans (including asset finance for aircraft, etc., project finance, and real estate finance) grew steadily.



Wholesale Asset Management Business

[Message from the Officer in charge]

Amid the asset management difficulties brought about by changes in the social structure and the financial environment such as a maturing economy and aging society, and the management challenges produced by these factors, the Wholesale Asset Management Business offers corporate clients total solutions unique to a financial group specialized in trust banking, encompassing both assets and liabilities. Our goal is to leverage the diverse asset management and administration know-how and consulting capabilities cultivated by the Group in areas ranging from securities to real assets in this core field to become our clients' "Best Partner."

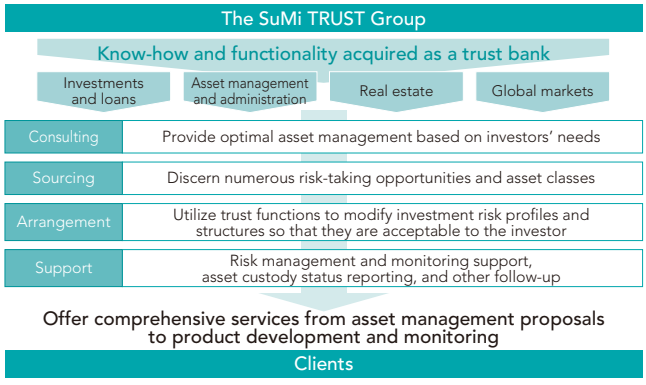
Kengo Noguchi
Executive Officer, SuMi TRUST Holdings
Officer in charge of Wholesale Asset Management Business, SuMi TRUST Bank

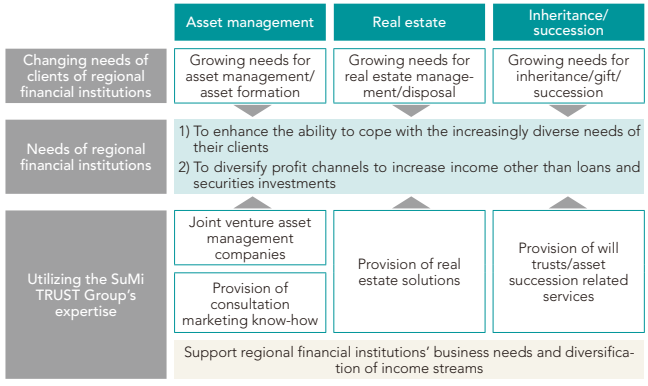
Business Outline and Target Business Model

Amid changes in the social structure such as a maturing economy and shift to an aging and declining population, "client-oriented asset management" has become an important role for financial institutions to play.

The Wholesale Asset Management Business leverages the diverse asset management and administration know-how and consulting capabilities cultivated by the Group in areas ranging from securities to real estate, private equity, aircraft, and various projects, to offer comprehensive services from proposals to product development and monitoring, mainly for financial and non-profit organizations facing asset management difficulties. In this way, we help achieve optimal asset management for each of our clients.

We will fuse the Group's diverse property administration and asset management functions, such as inheritance, succession, and real estate, with the customer bases of our clients such as regional financial institutions, building win-win relationships. To achieve this, we will strive to strengthen our various alliances with the aim of creating mutual, sustainable business growth and expanding our contributions to the community.

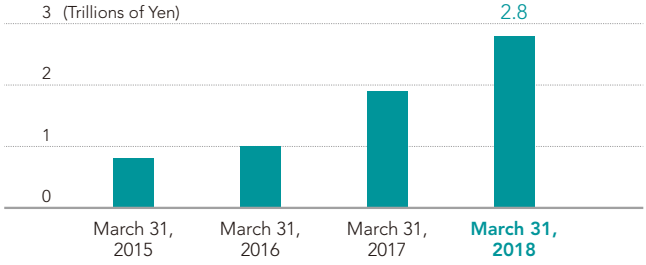




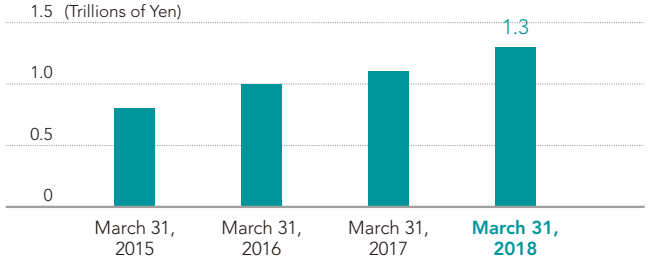
Financial Highlights

While the asset management needs of corporate clients became increasingly sophisticated and diversified due to the persistently low interest rate environment, we strengthened our broad lineup of asset management products that meet the individual asset management needs of clients, including asset management products in various alternative asset areas such as private equity, private investment trusts that meet the needs of institutional investors, and joint money trusts that provide stable asset management opportunities. As a result, assets under management of the Wholesale Asset Management Business grew steadily.

Trend of Private Investment Trusts/Alternative Assets AUM for Financial Institutions



Trend of Joint Money Trusts



Fiduciary Services Business

[Message from the Officer in charge]

In our Fiduciary Services Business, we provide the asset management and asset administration functions that are the core competencies of our trust business to clients in forms tailored to their needs. In the area of asset management business, one of our strengths is our ability to provide services that contribute to medium- to long-term asset formation, backed by our solid track record of the corporate pension business and other businesses. In the area of asset administration business, we have established a consistent reputation for our pension and investment trust asset management companies' capabilities of meeting the diverse needs of clients. We will further refine and enhance these strengths while leading the growth of the Group's fee business by diversifying and expanding our services and business base.

Masahiro Tsuchiya
Executive Officer, SuMi TRUST Holdings
Officer in charge of Fiduciary Services Business, SuMi TRUST Bank

Business Outline

The Fiduciary Services Business is made up of three businesses: the pension business, the asset management business, and the asset administration business. Working with the SuMi TRUST Group as a whole and seamlessly combining our significant expertise and know-how, we provide client-oriented, high added value services ranging from design of pension systems to management and administration.

[Percentage of Substantial Gross Business Profit*]

24%
¥169.7 billion

(* FY2017 actual)

Pensions

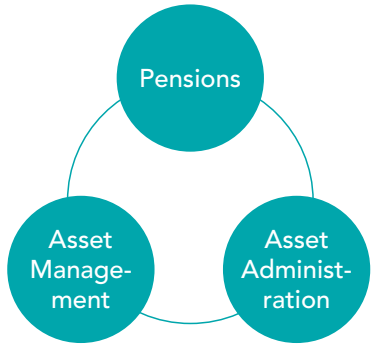
As pension plan professionals, we propose optimal, tailor-made system designs for clients, including both defined-benefit (DB) corporate pension plans and defined-contribution (DC) pension plans.

Asset Management

We have a large number of experienced analysts and fund managers, whose significant expertise and comprehensive capabilities are brought together in our asset management consulting to respond, as well as through diverse products we provide, to the wide-ranging asset management needs of clients.

Asset Administration

Both in Japan and overseas, we provide a wide range of services for ever diversifying and advancing asset administration, including the administration, settlement, and management of securities in which clients have invested, the preparation of reports regarding the status of custody of such securities, and securities lending.



Main Group Companies

SuMi TRUST Bank	Trust bank that performs marketing and planning of services including: design, operation, management, and consulting of corporate pension-related systems; asset management primarily for institutional investors; and asset administration services such as investment trust mandates
Japan Pension Operation Service	Company specializing in administration and computer systems for pension fund administration (joint venture with Mizuho Trust & Banking)
Sumitomo Mitsui Trust Asset Management	Asset management company that leverages the comprehensive capabilities of the Group to perform investment trust management and high-quality marketing support
Nikko Asset Management	Unique asset management company that operates globally with a focus on Asia
Sumitomo Mitsui Trust International	Base of asset management product mandates and sales and securities borrowing and lending transactions for overseas investors
Sky Ocean Asset Management	Asset management company established as a joint venture with the Bank of Yokohama, Bank of Kyoto, Gunma Bank, and Tokyo Kiraboshi Financial Group
JP Asset Management	Asset management company jointly established with Japan Post Bank, Japan Post, and Nomura Holdings
Japan Trustee Services Bank	Trust bank specializing in asset administration services (joint venture with Resona Bank)
Sumitomo Mitsui Trust Bank (U.S.A.)	U.S. base for overseas security administration operations
Sumitomo Mitsui Trust Bank (Luxembourg)	European base for overseas security administration operations
Sumitomo Mitsui Trust (UK)	U.K. base for overseas security administration operations
Sumitomo Mitsui Trust (Ireland)	Central base for foreign-domiciled fund administration operations

Target Business Model

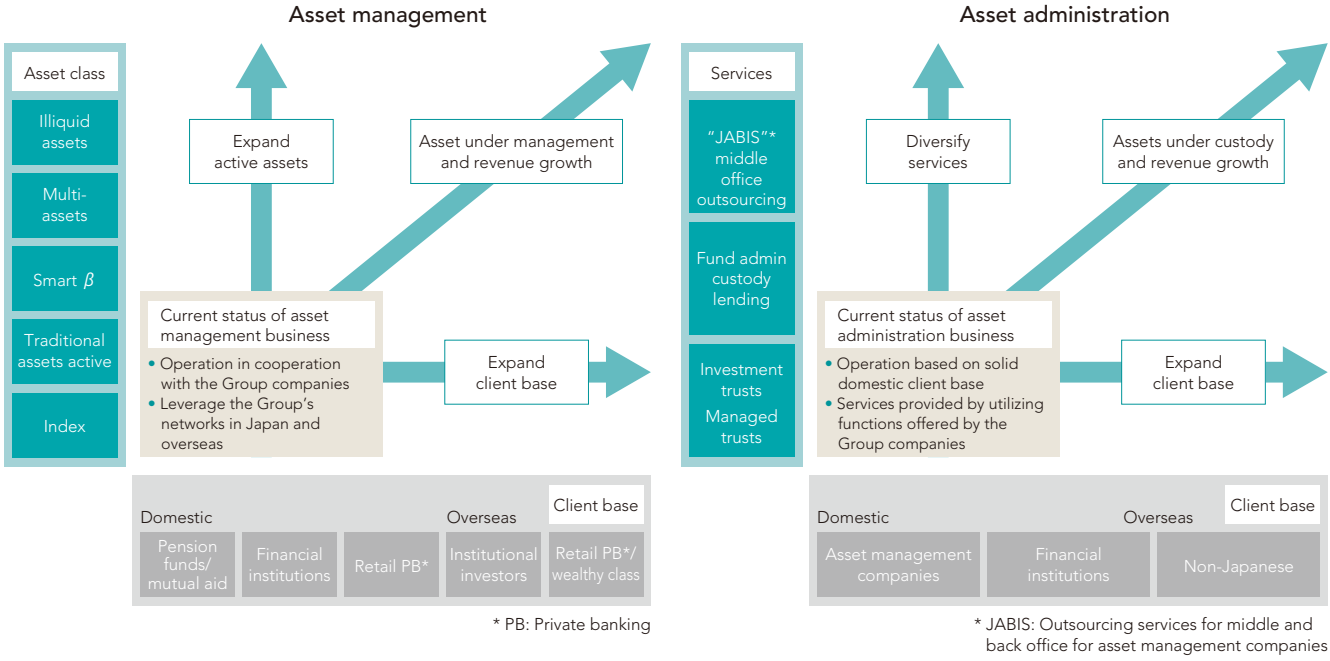
As a leading financial group in Japan, we will lead the trend "from savings to asset formation" and contribute to "formation of the people's assets," "sustainable growth of Japan's economy and corporations," and "diversification and advancement of Japanese investment chains," while serving as an engine of the Group's fee business growth.

	Pensions	Asset Management	Asset Administration
Environment	Diversification of asset management needs due to negative interest rate environment Increase in pension system reform needs in the era of "the 100-year life"	Changes in asset management environment Increase in asset formation needs Revision of Stewardship Code	Diversification and sophistication of asset management Expansion of investment trust market Increasing shift to lower fees
Direction	Strengthen comprehensive support for pension systems, pension asset management, and company welfare programs	Strengthen asset management capabilities Enlarge provision base for asset management services Enhance stewardship activities	Cater to outsourcing needs Pursue economies of scale Rationalize and enhance service levels

Contribute to "formation of the people's assets," "sustainable growth of Japan's economy and corporations," and "diversification and advancement of Japanese investment chains"

We will strengthen the asset management and asset administration functions that are the core competencies of our trust business with the aim of realizing our business model. We will expand active assets in asset management by the aggregation of resources and improving management of assets within the Group and pursue diversification of services in asset administration, while seeking to expand our balance of assets under management and custody, revenue, and client base.

Strengthening of Asset Management/Asset Administration Functions



Key Measures

We will pursue expansion of our client base, balance of assets under management, and revenue by promoting the following themes: "become the main bank for support of company welfare programs" by leveraging the strengths of the SuMi TRUST Group in seamlessly handling pension plans and asset management and administration; "become a multi-boutique asset management group" by taking advantage of the unique characteristics of the various asset management companies within the SuMi TRUST Group; and "evolve our asset administration business model" by providing diversified services and catering to outsourcing needs.

Financial Highlights

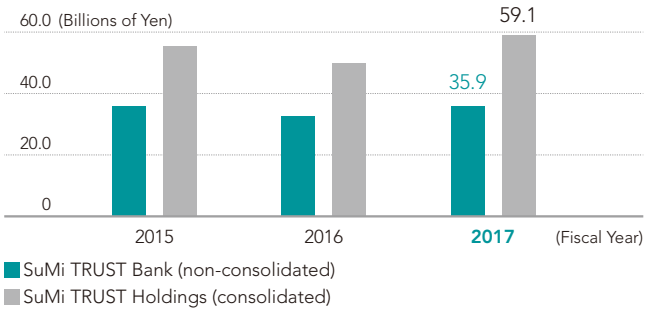
In our corporate pension business, we increased DB balance*1 and DC plan members*2 through timely proposals of plans and asset management, and also steadily grew the balance of corporate pension funds through timely response to the diverse needs of individuals and financial institutions for both asset management and asset administration. As a result, net business profit before credit costs increased by ¥9.1 billion year on year to ¥59.1 billion.

*1 Balance of DB assets entrusted to SuMi TRUST Bank
*2 Number of subscribers in SuMi TRUST Bank mandated DC pension plans

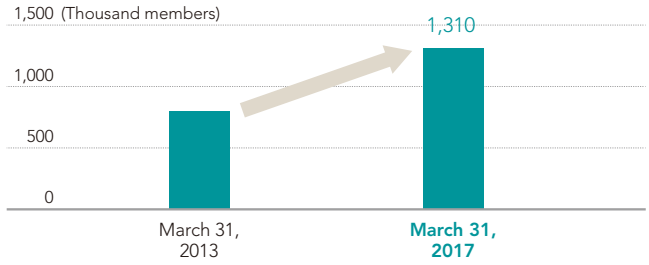
Pensions

The number of DC plan members increased by approximately 510,000 in four years, among the highest in the industry, due to expansion of large-scale DC pension plans entrusted to us and expansion of DC pension plans entrusted to us as successors to company employees' pension funds (Kosei Nenkin Kikin), backed by the high regard of our clients for our investment education, online services, call centers, and other services.

Trend of Net Business Profit before Credit Costs



Trend of DC Plan Members



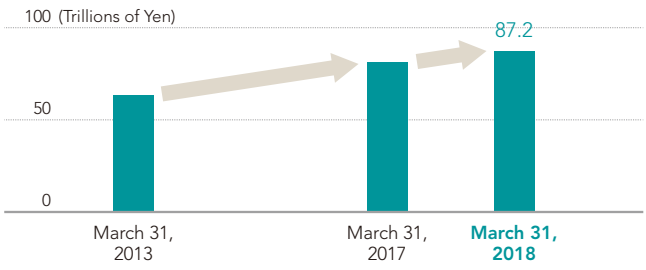
Asset Management

With a balance of assets under management that has increased by approximately ¥23 trillion in five years, the SuMi TRUST Group boasts the No. 1 position in Japan. We steadily increased our balance by providing products to meet the diverse needs of a wide range of clients (pension funds, mutual aid associations, financial institutions, individuals, overseas investors, etc.) while leveraging the respective strengths of the asset management companies within the SuMi TRUST Group.

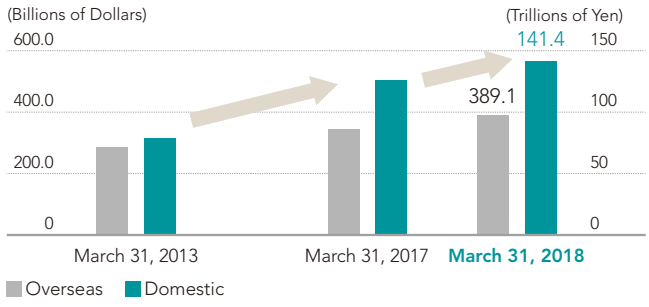
Asset Administration

Our balance of domestic assets under custody increased by approximately ¥63 trillion in five years, mainly in investment trusts that form the core of asset administration services, due to our refinement of asset management methods and our diversification of the assets we manage. Our balance of overseas assets under custody increased by approximately $105.0 billion in five years due to continued enhancement of services for Japanese clients.

Trend of Assets under Management of the Group



Trend of Assets under Custody of the Group



Future Refinements

Asset Management Business

Strengthen asset management capabilities

In October 2018, we will split the asset management business of SuMi TRUST Bank, which possesses a great deal of know-how and offers a high level of quality for corporate clients and institutional investors, and integrate it with SuMi TRUST Asset Management, which has sought to expand its business to individual clients, with a focus on products such as DC plans, fund wraps, and index investment trusts. By concentrating management resources and investing them in growth fields, we aim to strengthen asset management capabilities while providing a rich lineup of products that meet a wide range of diversified investment needs, maximizing clients' profits by speedily meeting their diverse needs.

March 31, 2018

	SuMi TRUST Bank	Sumitomo Mitsui Trust Asset Management
Assets under management	¥53.8 trillion	¥10.0 trillion
Features	No.1 corporate pension market share in Japan	No.1 DC pension investment trust market share in Japan
	Robust foundations in domestic market, wide coverage from traditional to alternative assets.	Investment trust sales to branch retail network, DC plans, and financial institutions

From October 2018

Sumitomo Mitsui Trust Asset Management

Concentrate investment functions in Sumitomo Mitsui Trust Asset Management

- Enhance investment capability by devising diverse investment ideas
- Foster corporate culture where investment professionals can thrive

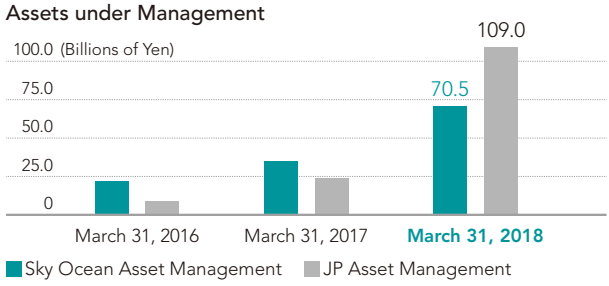
Bolster coordination with SuMi TRUST Bank, which is in charge of client relationships

- Swift product planning and enhancement of product development functions
- Strengthen marketing ability through agile offerings of proposals

Expansion of service provision base

We will provide medium- to long-term, stable asset management services to a wide range of clients, such as regional financial institutions, by providing the Group's asset management know-how to Sky Ocean Asset Management and JP Asset Management.

Assets under Management



Asset Administration Business

Pursue economies of scale

In March 2018, we reached an in-principle agreement between the major shareholders of Japan Trustee Services Bank (JTSB: joint venture with Resona Bank), a prominent asset custodian services company, and Trust & Custody Services Bank (TCSB: joint venture with Mizuho Financial Group and life insurance companies), a subsidiary of Mizuho Financial Group, to merge the two companies. In October 2018, a new holding company (JTC Holdings) will be established, with JTSB and TCSB as wholly-owned subsidiaries. By 2021, the two companies and the holding company will be merged, creating an integrated company. The economies of scale will be leveraged to rationalize and enhance their service levels.

March 31, 2018

	JTSB	TCSB
Assets under custody*	¥309 trillion	¥384 trillion
Major shareholders	SuMi TRUST Holdings 66.6% Resona Bank 33.3%	Mizuho Financial Group 54% Life insurance companies 46%

* As of December 31, 2017

From October 2018

JTC Holdings

Bring together Concentrate the management resources and know-how of JTSB and TCSB

- Leverage significant expertise in a broad range of business fields
- Refine business operations capabilities through the development of specialized personnel and specialist staff, etc.

Pursue economies of scale

- Achieve stable, high high-quality operations
- Reinforce system development capabilities

Cater to outsourcing needs

We will enhance our fiduciary business system based on advances in managed asset diversification and asset management methods while supplying asset administration services that provide even greater added value by combining the know-how the Group has developed through its asset management and banking operations.

Service provision concept

The SuMi TRUST Group		Clients
Asset management companies Banks Asset administration companies	Performance analysis Risk analysis Custody, fund administration, reporting	Asset management companies Financial institutions, etc.

Stock Transfer Agency Services Business

[Message from the Officer in charge]

In light of evolving from "form" to "substance" corporate governance reform, we are addressing the demands for enhancement of initiatives focused on greater promotion of dialogue and provision of information between companies and institutional investors. The Stock Transfer Agency Services Business, as our clients' "Best Partner," provides a wide range of solutions to address the increasingly diverse and complex challenges of each company by leveraging our client base, the number one in the industry in terms of both the number of listed companies under management and the number of shareholders under administration.

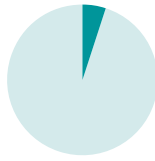
Atsushi Kaibara
Managing Executive Officer, Executive Officer, SuMi TRUST Holdings
Officer in charge of Stock Transfer Agency Services Business, SuMi TRUST Bank

Business Outline

Our Stock Transfer Agency Services Business works as a "shareholder list manager" provided for in the Companies Act and undertakes stock practices on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency and rationalize their administration, and various comprehensive consulting services as follows.

1) "Consulting services for stock practices/general shareholders' meeting practices" to support clients' handling of stock practices through our abundant practical experience and significant expertise
2) "IPO consulting services" to provide practical support for clients pursuing initial public offerings
3) "Consulting services for investors/capital strategies" to support clients' investor strategies, capital strategies, and public relations activities (IR/SR)
4) "Consulting services for enhancing governance" to support clients' efforts to enhance initiatives related to governance

[Percentage of Substantial Gross Business Profit*]



5%
¥35.9 billion

(* FY2017 actual)

Corporate Clients

The SuMi TRUST Group

Consulting services for stock practices/ general shareholders' meeting practices

Providing fine-tuned consulting services for a variety of issues related to stock practices and handling of general meetings of shareholders, including reorganization strategies, review of institutional design, and introduction of anti-takeover measures.

Consulting services for investors/capital strategies

Providing solutions for various management issues in order to align the interests between the management team (directors and officers) and investors (shareholders) in pursuit of enhanced enterprise value.

IR/SR consulting services
Providing services that take maximum advantage of proprietary know-how and distinctive features as a stock transfer agent. Beneficial shareholder surveys to identify domestic and overseas institutional investors, provision of various types of information, as well as practical and effective support including overseas SR support and assistance with events for individual shareholders.

IPO consulting services

Consulting for unlisted corporations planning IPOs, on matters such as preparing shareholders' registries, articles of incorporation and other company rules; capital increases, stock splits, and the introduction of stock options; the schedule and required procedures leading up to the IPO; and handling of general meetings of shareholders after listing.

Consulting services for enhancing governance

Providing various solutions for corporate governance enhancement, including consulting on executive compensation, support for evaluations of effectiveness of the Board of Directors, consulting on integrated reporting, consulting on institutional design and transition, and support for directors and officers training.

Main Group Companies

SuMi TRUST Bank	Shareholder list management services and consulting services related to IPO, governance, IR/SR, etc.
Tokyo Securities Transfer Agent	Shareholder list management services and consulting services related to IPO, governance, IR/SR, etc.
Japan Securities Agents	Overall stock transfer agency services and securities services including administration and delivery settlement of investment trusts and general bonds
Sumitomo Mitsui Trust TA Solution	Administration and system operations for the entire range of stock transfer agency services
Japan Stockholders Data Service	Undertaking administration of the shareholders' registry and system development and operations

Target Business Model

We seek to be our clients' "Best Partner," offering solutions from a cross-business perspective in response to management issues for investors/capital strategies, which are becoming increasingly important due to changes in the external environment, with the strong relationship we have cultivated as our clients' "Best Partner" for stock practices.

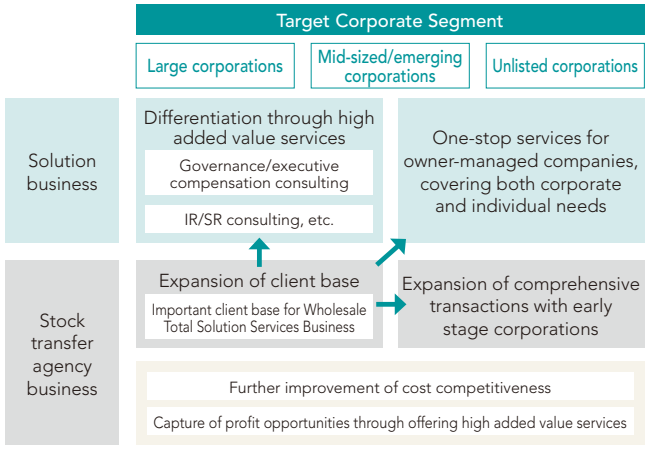
The environment surrounding companies has changed considerably since the establishment of the Stewardship Code and the Corporate Governance Code, and client needs are expanding beyond stock practices and support for general meetings of shareholders to include enhancement of governance, environmental, social and governance (ESG) measures, and consulting on incentive compensation. Furthermore, clients are asking for stronger initiatives to evolve from "form" to "substance" corporate governance reform than in the past, and the related needs at each company are becoming diverse and complex.

The SuMi TRUST Group contributes to the further improvement of clients' enterprise value and market value by providing optimal, high-quality solutions to management issues for investors/capital strategies, which are becoming increasingly important due to changes in the external environment.

In addition, we offer strong backup for the realization of IPOs through measures such as providing corporate and individual solutions for owner-managed companies as well as legal consulting services to clients pursuing IPOs from the preparation stage.

We are also focusing on making a contribution to regional revitalization through cooperation with regional financial institutions to support IPOs by regional companies. We have achieved the top share of entrustments from newly listed companies for two consecutive years as a result of these initiatives.

By building further stronger relationships with our clients and establishing our position as their "Best Partner" through these activities, we will achieve sustainable expansion of our client base and an unshakeable status as the leading company in the stock transfer agency services market.



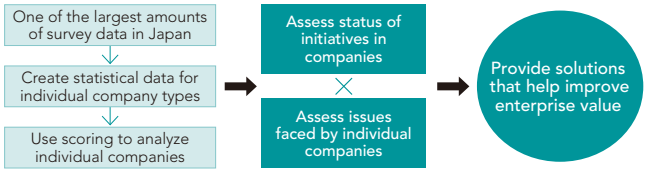
Key Measures

Enhance solution marketing

Governance survey/executive compensation survey

In fiscal year 2017, we used our client base, the number one in Japan, to conduct our first governance and executive compensation surveys. We gathered some of the most extensive survey data in Japan, and plan to continue these efforts in fiscal year 2018.

This tremendous amount of survey data not only makes it possible to assess initiatives related to overall governance or executive compensation in listed companies, but also to identify client issues and needs by comparing the results of analyses of individual companies against average initiative conditions in other companies, narrowed down by industry, company scale, or the like. We will use this to increase our consulting revenue by providing solutions tailored to clients' issues and needs.



Expand transaction base

We will further expand our solid client base to establish a firm position as a leading company in the stock transfer agency services market.

Promote operation efficiency improvements

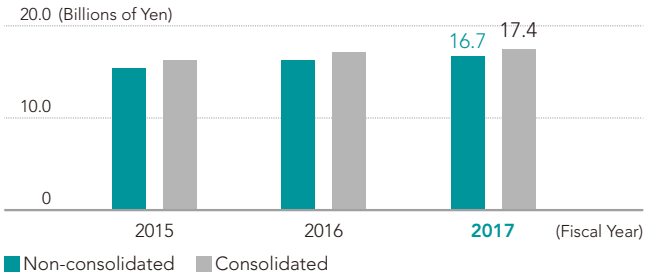
We will expand the activity scope of RPA, which we introduced in fiscal year 2017, and further promote operation efficiency improvements such as deploying AI in call centers, enhancing our competitive power. Our call center AI will improve revenue by evolving to better analyze the contents of calls from individual shareholders.

Financial Highlights

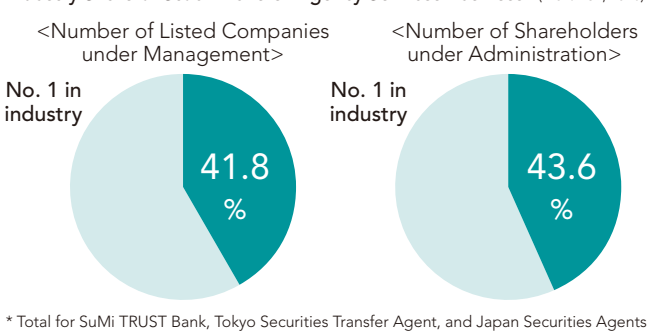
Net business profit before credit costs increased by ¥0.4 billion year on year to ¥16.7 billion on a non-consolidated basis*1, and increased by ¥0.3 billion year on year to ¥17.4 billion on a consolidated basis*2, due to an increase in recurring fees and commissions received as a result of an increase in the number of shareholders under administration, as well as an increase in various consulting fees.

*1 SuMi TRUST Bank (non-consolidated)
*2 SuMi TRUST Holdings (consolidated)

Trend of Net Business Profit before Credit Costs



Industry Share of Stock Transfer Agency Services Business* (March 31, 2018)



* Total for SuMi TRUST Bank, Tokyo Securities Transfer Agent, and Japan Securities Agents

Real Estate Business

[Message from the Officers in charge]

Our Real Estate Business offers a full lineup of CRE (corporate real estate) strategies, brokerage for buying, selling, and leasing, development and construction consulting, and securitization trusts, etc. to meet the real estate needs of corporate and individual clients in Japan and overseas.

By providing one-stop, optimized real estate solutions to the increasingly complex and diverse business issues faced by corporate clients and assisting with asset formation for individual clients, we continue to work closely with our clients as their "Best Partner."

Akihiko Shirayama
Senior Managing Executive Officer,
Executive Officer
SuMi TRUST Holdings
Officer in charge of Real Estate Business
SuMi TRUST Bank

Tadao Umezawa
Executive Officer
SuMi TRUST Holdings
Officer in charge of Real Estate Business
SuMi TRUST Bank

Business Outline

In Japan, we are continuing to produce top class results in our real estate brokerage for corporate clients, the core of our Real Estate Business. In addition to coordinating with our businesses within the Group, we also make use of our external networks with regional financial institutions and overseas financial organizations for corporations to utilize real estate assets in line with their management issues and business strategies, and for clients whose core business is real estate investment to increase real estate revenue.

In our real estate brokerage for individuals, we continue to coordinate within the Group to improve our provision of real estate information aligned with the life stages and life events of clients and to maximize asset value for our clients.

We also secure the top position in Japan in terms of both real estate securitization trusts and J-REIT business, and provide the important social infrastructure function of contributing to the growth of the real estate investment market.

Our Real Estate Business has a large number of certified personnel, such as real estate brokers, real estate appraisers, and first-class registered architects and specialists such as leading experts in the environmentally friendly property field, providing a full line of solutions.

[Percentage of Substantial Gross Business Profit*]

8%
¥53.8 billion

(* FY2017 actual)

Solution Functions

Real estate transaction services	Brokerage	Buying and selling	Brokerage services for buying and selling real estate including offices, houses, hotels, commercial and distribution facilities, etc.
		Leasing	Brokerage services for leasing to tenants, including offices, commercial and distribution facilities, etc.
	Consulting	CRE	Advice related to CRE (corporate real estate), market research, gathering of necessary information and data, and services to support decision-making through various proposals
		Effective use	Consulting services related to effective use of idle and unutilized/underutilized land
		Construction	Consulting services related to building construction
		Environmentally friendly property	Consulting services for environmentally friendly real estate development and building construction
Real estate management and administration services	Securitization arrangement		Arrangement of real estate securitization and creation of collective investment schemes
	Asset management		Real estate fund management services
Real estate infrastructure services	Real estate securitization trusts		Fiduciary services for real estate trusts in real estate securitization, etc.
	Real estate investment companies		Asset storage, general administration (accounting administration)
	Real estate administration		Real estate administration services using delegation of administration and administrative trusts
Other	Overseas real estate business		Consulting on intermediation of overseas real estate, market research, and overseas expansion strategies, etc.
	Real estate market research		Consulting on investment valuation and risk analysis regarding structured real estate finance products

Structure for Providing Solutions

		Point of contact with clients/ brokerage solutions	Various consulting services and solutions
Corporate clients	Tokyo metropolitan area	Real Estate Business Dept. I-V	Real Estate Business Solution Dept. Real Estate Advisory Dept. Real Estate Custody Business Dept. Real Estate Trust Business Dept. Real Estate Investment Business Dept. Sumitomo Mitsui Trust Real Estate Investment Management SUMITOMO MITSUI TRUST RESEARCH INSTITUTE
	Chukyo area	Real Estate Business Dept., Nagoya	
	Kinki area	Real Estate Business Dept., Osaka	
	Other regions	Real Estate Business Network Promotion Dept., Real Estate Sections of Branches	
Individual clients		Sumitomo Mitsui Trust Realty	
Overseas clients		Global Real Estate Business Planning and Promotion Dept.	

Main Group Companies

SuMi TRUST Bank	Investment and business use real estate brokerage and consulting services, primarily for corporate clients
Sumitomo Mitsui Trust Realty	Transaction services such as residential, investment, and business use real estate brokerage, primarily for individual clients
Sumitomo Mitsui Trust Research Institute	Real estate market research and consulting services, primarily for corporate clients

Target Business Model

Becoming a "Best Partner"

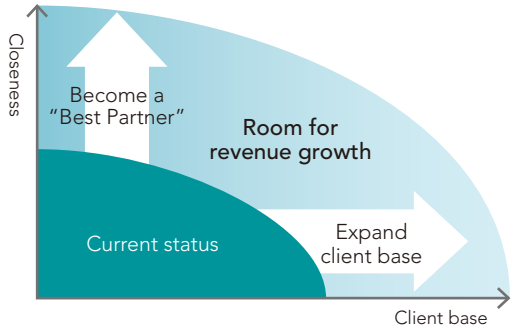
By providing total solutions that repeatedly meet clients' needs, we will establish ongoing, multi-level contact with clients and become their "Best Partner."

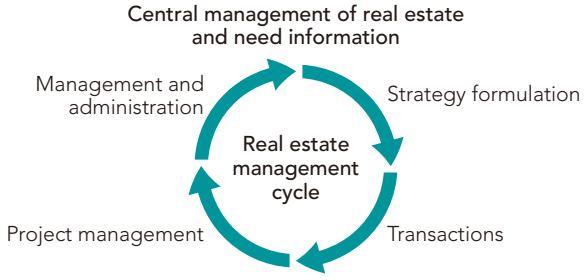
Ongoing client base expansion

We will not only coordinate with our other businesses, but also leverage our networks with regional financial institutions and overseas financial organizations to provide real estate services to new clients, expanding our client base.

Seamless solution provision aligned with real estate management cycles

We will identify future profit opportunities through our deep understanding of the status and issues of individual real estate properties owned by clients, and through our ongoing provision of optimal solutions aligned with medium- to long-term real estate management cycles.





Key Measures

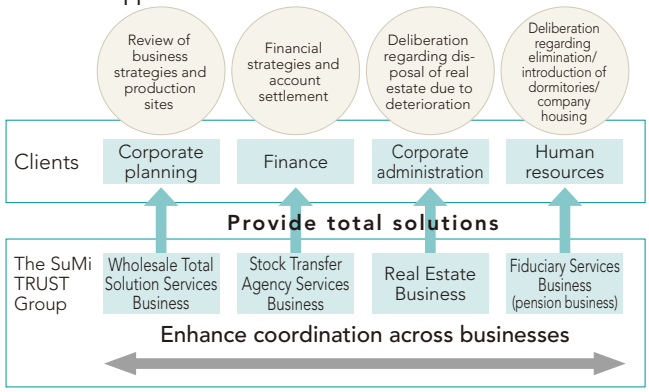
Enhance coordination across businesses

- Assess and analyze the position of real estate in clients' business challenges and business strategies.
- Build multi-level contact with not only client corporate administration departments, but corporate planning, finance, and other departments as well.

Provide total solutions

- Comprehensively assess market real estate information and analyze in which industries and business types real estate transaction growth is expected.
- Coordinate with our other businesses to enhance total solution proposals that utilize real estate.

Multi-level approach

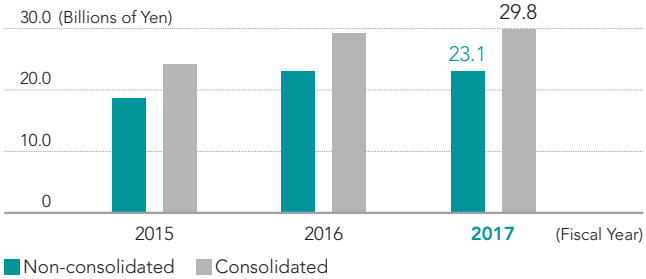


Financial Highlights

Trend of Net Business Profit before Credit Costs

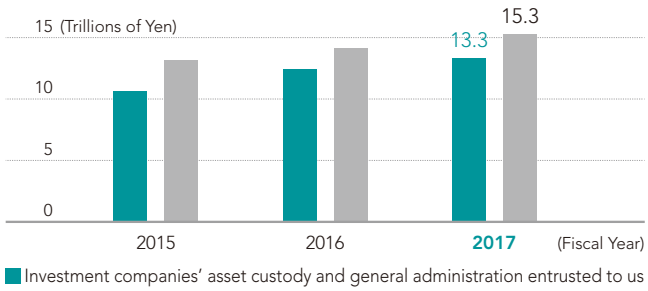
Net business profit before credit costs remained at the same level as in the previous fiscal year on a non-consolidated basis*1, but increased by ¥0.4 billion year on year to ¥29.8 billion on a consolidated basis*2 primarily as the result of increased revenue from brokerage for individual clients.

*1 SuMi TRUST Bank (non-consolidated)
*2 SuMi TRUST Holdings (consolidated)



Trend of Trusts under Administration for Real Estate Infrastructure Services

The balance of assets under administration steadily grew for both real estate securitization trusts and investment companies' asset custody and general administration entrusted to us, and we secured the top position in Japan in terms of the scale of our trusts as a result.



Global Markets Business

[Message from the Officer in charge]

In the Global Markets Business, our experts who manage global financial market volatility draws on our domestic and overseas networks to provide optimal solutions that meet client needs for asset management and risk management regarding such matters as interest rate derivatives and foreign exchange related transactions.

Yoshinori Momose
Executive Officer, SuMi TRUST Holdings
Officer in charge of Global Markets Business, SuMi TRUST Bank

Business Outline

Our Global Markets Business includes three functions — client service functions, which undertake marketing operations and market-making operations; market functions, which handle investment operations and financial management operations; and administrative functions. We combine these functions and operations to leverage our significant expertise and comprehensive capabilities and provide services in a timely manner.

[Percentage of Substantial Gross Business Profit*]

8%
¥54.4 billion

(* FY2017 actual)

Client Service Functions

- Marketing operations: We make use of functions within the SuMi TRUST Group to offer market-based financial products and solution services suited to client needs in a timely manner at a reasonable price. We also provide market analysis services, supporting client decision-making regarding investments and risk hedging.
- Market-making operations: Our market-making operations are intermediary services to clients for various market-based transactions, including foreign exchange-related transactions and interest rate derivatives. Through these operations, we contribute to greater market liquidity. We also work to supply high-quality, low-priced, market-based financial products by making full use of our financial technology.

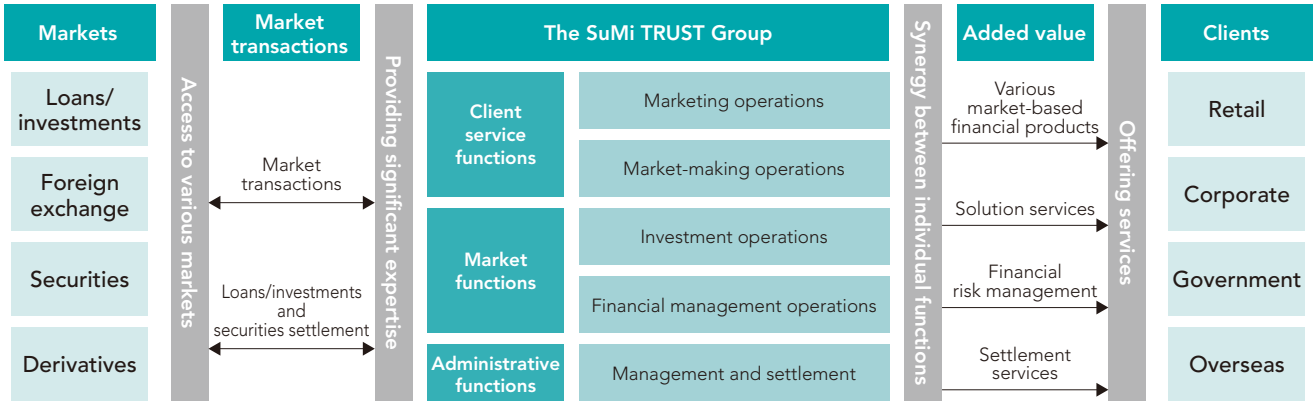
Market Functions

- Investment operations: We invest in a wide variety of financial instruments such as global bonds, foreign exchange-related products, and stocks to disperse risk while maximizing profit.
- Financial management operations: We analyze market environments, measure the market risks the SuMi TRUST Group is exposed to and plan and execute market risk control in order to secure financial stability from a group-wide perspective.

Administrative Functions

- We provide high-quality administrative services to correctly process complex and large-volume administration and settlement of market-based transactions.

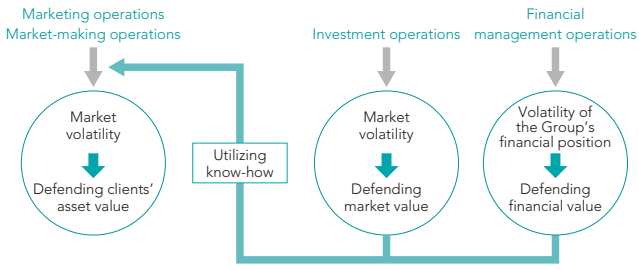
Business Model of Global Markets Business



Target Business Model

Contribute to the management of market volatility for all clients, both internal and external

- The uncertainty surrounding the market is growing, due to factors including monetary policies of developed countries and economic trends in emerging countries, as well as the global political situation and geopolitical risks. Market risks also exist in clients' asset holdings and balance sheets. We will protect clients' asset value by providing solutions to appropriately manage market volatility.
- The optimal solutions we offer our clients make use of all the volatility management know-how of our group of experts, including knowledge of marketing operations and market-making operations, as well as technologies such as market risk control backed by many years of experience in investment operations and financial management operations.



Key Measures

Expand foreign exchange and derivative transactions with financial organizations

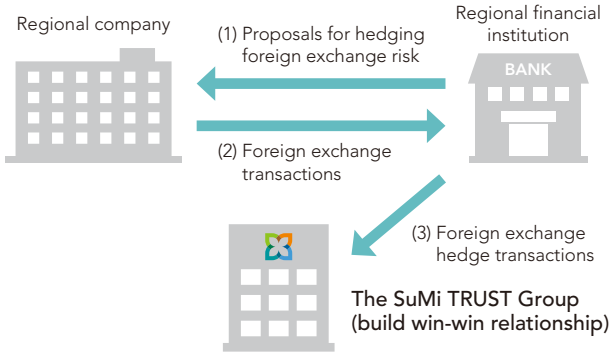
- The advance of globalization is stimulating overseas expansion, including M&As, by Japanese companies and foreign asset management by financial organizations, producing a rising need for appropriate hedging against interest rate and foreign exchange risks.
- Our specialized market volatility management functions can be used not only by the Group's clients, but also for the enrichment of client services offered by regional financial institutions through transactions with the Group, mutually expanding business opportunities.

Promote foreign currency deposits

- In Japan, which depends on foreign countries for resources and food, the price of imports soars when the yen weakens significantly, producing inflation.
- From the perspective of protecting clients' asset value (purchasing power), we propose to clients foreign currency deposits, which are advantageous when the yen is weak, as a tool to hedge their risks.

(Example) "B to B to C" in foreign exchange transactions with regional financial institutions

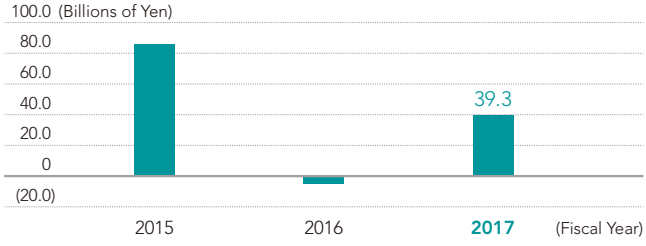
- Initiatives unique to the SuMi TRUST Group, free of corporate alliance restrictions
- Able to build win-win relationships that mutually expand business



Financial Highlights

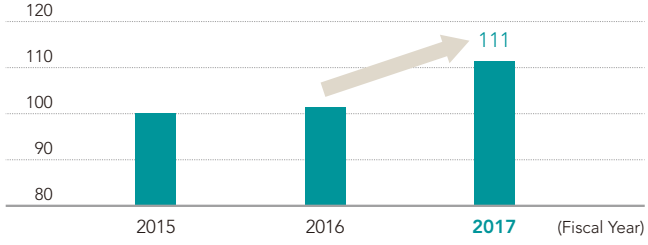
Trend of Net Business Profit before Credit Costs

In fiscal year 2016, net business profit before credit costs fell significantly due to the posting of realized losses on sales of U.S. treasuries, but in fiscal year 2017, net business profit before credit costs were ¥39.3 billion, primarily focused in client services such as marketing operations and market-making operations.



Trend of Value of Transactions with Financial Organizations

By maintaining a client-level perspective with respect to the various hedge needs of financial organizations including regional financial institutions, we steadily expanded our foreign exchange and derivative transactions with financial organizations.



(Actual results compared to FY2015 transaction value, set to 100)

Sustainability Initiatives in Our Business

Five Major Priority Themes

	Environmental and Social Challenges	Examples of Products and Services	Social Value	Related SDGs
Climate change issues See Climate Change Report 2017	• Materialization of transition risks such as the exposure of corporations and financial institutions to asset value volatility caused by changes in technical innovations, policies, market trends, and reputation, etc., during the process of transitioning to a society with net zero carbon emissions • Materialization of physical risks such as extreme weather (typhoons, floods, droughts, etc.), rising sea levels, and shifting climate patterns	• Renewable energy project finance • Renewable energy funds • Leasing of micro-power generation in water supply systems • Leasing for energy service companies (ESCOs) • Addressing of climate change issues through asset management	• Reduction of greenhouse gas emissions through renewable energy and energy saving projects within investment and loan scope • Promotion of corporate climate change countermeasures through engagement activities	
Natural capital (biodiversity issues) See Natural Capital Report 2017	• Increasing resource procurement risks due to depletion and pollution of natural capital • Shortages or illegal trade in living resources used for food, law materials for pharmaceutical products, etc. • Damage to biodiversity due to increasing numbers of rare and endangered species	• Environmental rating loans with evaluation of natural capital preservation • Social contribution donation trusts and charitable trusts to make donations to ecosystem conservation activities • Biodiversity companies support fund (investment trust) • Addressing of natural capital issues through asset management • Forestry trust (in development)	• Reduction of corporate procurement risks resulting from natural capital-related issues • Promotion of corporate biodiversity conservation activities • Ecosystem and biodiversity conservation (especially in Japan) • Effective use of natural capital such as forests and prevention of natural capital devastation	
Environmentally friendly property See Environmentally Friendly Property Report 2017	• Advance of global warming due to energy consumption of buildings, one of factors accelerating global warming • Loss of biodiversity and other environmental destruction due to urban expansion	• Environmentally friendly construction consulting • Consulting to support applications for CASBEE for Real Estate certification • Assistance for designing of "smart" towns/cities and visualization of its benefits	• Spread of high energy efficiency, high resource efficiency cities and buildings • Enhancing value of environmentally friendly property • Spread of buildings that contribute to improvement of production efficiency	
Sustainable investment (ESG investment) See Stewardship Report 2017	• Insufficient supply of risk money for building a sustainable society • Lack of capital market that enhances long-term enterprise value (insufficiently developed information disclosure rules)	• ESG funds • Stewardship activities (engagement, ESG integration, exercise of voting rights) **Initiatives of Stock Transfer Agency Services Business** • ESG advisory services • Integrated report review services • Integrated report preparation support services	• Expansion of ESG investment market • Increasing corporate consideration of the environment and society through stewardship activities • Sophistication of corporate non-financial information disclosure • Creating a healthy platform for dialog with investors	 Related to all 17 SDGs
Super-aging society issues See ESG/CSR Report 2017, page 29	• Vulnerability of socio-economic system due to advent of super-aging society • Manifestation of various problems caused by dementia	• Products that ensure the stability of income and expenditures for senior generations • Real estate services that ensure residential stability • Products that accommodate the decreases in judgment abilities produced by dementia, and introduction of adult guardians • Products that ensure the stability of the lives of family members • Support for secure succession of assets to the next generation	• Creating a regional society where the elderly can live in safety and security • Ensuring the safety of property administration for the elderly • Secure succession of assets to the next generation	

We strive to create a sustainable society together with our clients by using the Group's trust functions to provide clients with total solutions to the social problems they face. We use Sustainable Development Goals (SDGs) as standards for assessing the social value created by the products and services we offer (verifying their appropriateness).

The Group's strengths

Solutions that leverage our functions as a trust bank group

One of the strengths of trust bank groups is that they can offer a variety of finance methods. The SuMi TRUST Group provides diverse finance methods, such as project financing, funds, leasing, and home renovation loans to support, for example, the expansion and popularization of renewable energy. We use these finance methods to propose optimized approaches that meet our clients' needs. Information disclosure related to climate change will need to become even more sophisticated in the future. The Group issues annual reports focused on this theme.

Leadership in the financial industry

SuMi TRUST Holdings takes various opportunities to communicate the state of global advances in efforts related to this theme, such as becoming a signatory in 2012 to the Natural Capital Declaration (now the Natural Capital Finance Alliance), advocated by the United Nations Environment Programme Finance Initiative (UNEP FI), and organizing the Natural Capital Study Group (chaired by Masahiro Sato, associate professor at Tohoku University) and introducing the Finance Sector Supplement to the Natural Capital Protocol written by the National Capital Coalition, a global multi-stakeholder collaboration. (Shown at right: Introduction to Natural Capital, published in 2015 by the Natural Capital Study Group)

Leading role in the formation of an environmentally friendly property market

Since announcing our theory about environmental added value of real estate in 2005, we have recognized the importance of gradually deepening awareness of the economic benefits of environmentally friendly property, and the SuMi TRUST Group has played a leading role in the multistage formation of this market (see page 25). Our relentless efforts have resulted in greater trust being placed in the Group, a tremendous asset in our business activities.

Concept of environmental added value: Prices focused on the "profitability" of real estate

A Japanese ESG investment pioneer

The Group has always been a pioneer, launching Japan's first environmental fund in 1999, followed by a full-fledged pension ESG fund in 2003, becoming a signatory to the Principles for Responsible Investment (PRI) in 2006, and beginning ESG integration in 2015. Our current investment balance is over ¥25 trillion, one of the largest in Japan. Our first Stewardship Report, published in 2017, details our basic philosophy as a long-term investor in investments including ESG investments.

Use of trust functions to tackle super-aging society issues

The Group leverages the functions and skills of a trust bank group to promote high added value solution business, ensure the safety of personal assets and assist with reliable succession of assets to future generations, and contribute to the ensuring of housing that enables people to maintain their quality of life and lifestyle stability for the elderly and their families. We strive to provide our know-how to clients, publishing Support Senior Generation Reports that summarize our expertise.

Housing and Living for the Senior Generation

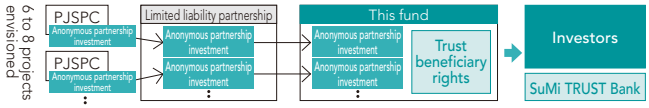
Dementia-related Problems

Notable Initiatives and Product Examples

Domestic renewable energy fund for institutional investors

SuMi TRUST Bank has established a trust fund for investing in solar power generation projects and the like in operation in Japan. This fund is expected to produce a stable cash flow backed by long-term, stable revenue from sales of electric power through the feed-in tariff system. We see this as a solution that meets the asset management needs of financial institutions and pensions.

Scheme overview



Environmental rating loans with evaluation of natural capital preservation

Efforts to address issues related to natural capital across the global supply chain are an indispensable part of management strategy in order for a company to continue its business. SuMi TRUST Bank provides "environmental rating loans with evaluation of natural capital preservation," which embed the concept of evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and our efforts have been cited in government environmental white papers and European Commission reports as an example of leading-edge practice.

Consulting to support applications for CASBEE for Real Estate certification

SuMi TRUST Bank engages in consulting services to support applications for the CASBEE for Real Estate (see page 25) certification. CASBEE accredited professionals with proper qualification support the selection of real estate applying for certification while also evaluating the environmental performance of real estate and supporting the submission of applications for certification to certifying bodies.

Consulting examples

Isetan Shinjuku

Osaka Nakanoshima Building

IIF Kyotanabe Logistics Center

MBIS®: Our non-financial metrics evaluation tool

In order to closely assess the basis for sustainable growth at investee companies, we collect, analyze, and evaluate non-financial information (ESG information) that cannot be expressed through financial information alone, such as the scale and sustainability of value added by the products and services companies offer, the governance systems that support the provision of added value, and the impact on the society and environment, which serve as the foundation of sustainable growth. MBIS® is a framework developed by SuMi TRUST Bank to be used as a tool to evaluate, based on such non-financial information, the strengths of companies and the challenges they face in achieving sustainable growth.
MBIS® stands for "Management, Business franchise, Industry, Strategy." "Management" includes the evaluation of corporate initiatives aimed at taking on ESG issues, and "Strategy" includes the evaluation of ESG commercialization and monetization.

A diverse product lineup that meets dementia-related needs

The introduction of the adult guardianship system in 2000 established a system of property administration for elderly people suffering from dementia. However, the adult guardianship system does not address all situations. Financial institutions are being called on to provide consulting services with new perspectives based on current conditions from the points of view of products, services, and clients. SuMi TRUST Bank has a range of property administration services, the finest offered by any financial institution in Japan, for clients with dementia. For example, the Security Trust protects those with declining capacity for judgment against money transfer scams; and the Anshin Support Trust is designed for those worried that their property administration capacity will decline later in life to make pre-specified arrangements to pay sums covering necessary expenses.

Providing Value to the Community

Basic Philosophy

Because providing value to the community that constitutes society helps maintain a sound business foundation, we believe this is a license required in order to conduct business. From this point of view, the SuMi TRUST Group practices providing value to the community in various forms, while also taking into consideration the perspective of SDGs (Sustainable Development Goals).

* See ESG/CSR Report 2017 for details.

Theme	Specific Initiatives	Value Provided	Related SDGs
Promotion of social contribution activities at the Group companies See ESG/CSR Report 2017, page 136	• Engage in activities fostering employee participation on themes set at each Group company • Promote "With You" activities at all SuMi TRUST Bank branches	• Participate in social activities of regional communities, NGOs or NPOs, etc., and provide various forms of support • Communicate useful information for the region through seminars and displays in branch lobbies	Group companies freely set themes
Support for education through UWC ISAK JAPAN See ESG/CSR Report 2017, page 130	• Cover all travel, stay, and school expenses, etc. for students from overseas (one each year) who participate in the UWC ISAK JAPAN summer school • Provide support in particular for students from the Shanti Bhavan school attended by children who are the most disadvantaged under the Hindu-based system of hereditary social stratification	• Excellent students who are economically disadvantaged obtain an International Baccalaureate (IB) Diploma, which qualifies them to pursue higher education at universities worldwide • Support for the fostering of global leaders	
Promotion of activities to support senior generation See ESG/CSR Report 2017, pages 33 and 37	• Disseminate information and provide support underlying the foundation for living to a prosperous old age for clients, especially the elderly • Initiatives to improve awareness and understanding of dementia (dementia literacy)	• Provide information necessary for the elderly to maintain their quality of life (QOL) • Improve the abilities of the financial industry to address dementia-related problems	
Promotion of ESD projects See ESG/CSR Report 2017, page 132	• Develop Education for Sustainable Development (ESD) at schools across Japan on themes such as local ecosystem preservation and SDGs • Carry out innovative lessons using educational videos in collaboration with Green TV and SDGs TV	• Teach the importance of the environment and SDGs to children who will be leaders of next generation • Raise environmental awareness in the region through collaboration with various stakeholders in the implementation of projects	
Activities supporting National Trusts See ESG/CSR Report 2017, page 134	• Provide various forms of support for activities across Japan in cooperation with the Association of National Trusts in Japan • Engage in diverse initiatives such as donations for funding purchases of National Trusts landholdings, volunteering, and ESD	• Provide various forms of protection for trust land and contribute to the preservation of Japan's natural capital	
Environmental management See ESG/CSR Report 2017, pages 106 and 109	• Formulate environmental policy and promote the Group's environmental management • Formulate CSR procurement policy, and pursue sustainability particularly in relation to procurement of paper products	• Reduce the Group's own environmental burden • Participate in the Consortium for Sustainable Paper Use, contributing to spreading the sustainable use of paper throughout society	
Participation in partnerships related to sustainability See ESG/CSR Report 2017, page 149	• Actively participate in various partnerships in Japan and overseas in which our stakeholders are collaborating	• Contribute to the creation of a sustainable society by playing a leadership role in the financial industry and participating actively in the activities of key partnerships	

UNEP Finance Initiative innovative financing for sustainability

BIODIVERSITY IN GOOD COMPANY

Natural Capital Finance Alliance

JSIF PRI

PFA21 Principles for Financial Action for the 21st Century

COLTEM

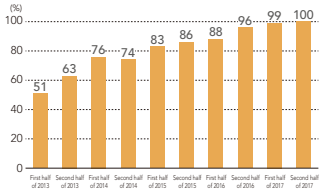
"With You" Activities at SuMi TRUST Bank

SuMi TRUST Bank carries out social contribution activities rooted in local communities, known as "With You" activities, in order to build strong relationships of trust with community members. Through steady implementation, these activities are aimed at establishing a greater presence within communities, developing closer relationships with clients, and contributing to the long-term growth of its transaction base.

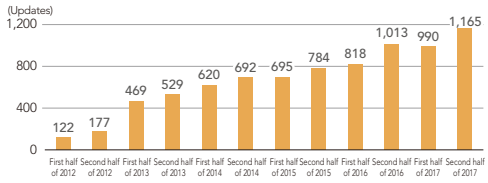
In order to promote these activities, the Corporate Planning Department's Sustainability Promotion Office divides them into categories, measures their degree of difficulty and effectiveness, and defines activity targets under a standard point system that has been introduced for use as a guideline of the targets. It has also introduced activity budget allocation and awards systems. In addition, it has created a "With You Branch Blog," which frequently introduces "With You" activities being conducted by branch offices across Japan. The number of blog updates by each branch office is rising year by year, and the blog has become an important information communication source that deepens relationships with members of local communities.

SuMi TRUST With You

Standard point achievement rates



Number of branch blog updates



Website URL: https://branchblog.smtb.jp/

Contributions to Enhancing the Abilities of the Financial Industry to Address Dementia-related Problems

Dementia is a prominent illness among the elderly. Dementia, such as Alzheimer's disease, impairs brain functions, causing memory and judgment problems and interfering with peoples' ability to function in society and their interpersonal relationships. It has been announced that the number of people with dementia is expected to exceed seven million by 2025. This will have a tremendous impact on the financial sector, which requires clients to have high-level decision-making abilities regarding complex issues. Financial institutions, which support peoples' day-to-day lives and administer their properties, play extremely important roles. The SuMi TRUST Group not only implements efforts to address dementia-related problems on its own, but also sees it as an issue that affects the entire industry. We work with experts to carry out diverse activities that improve our abilities to address these problems.

Fact-finding survey on dementia-related problems

In March 2017, SuMi TRUST Bank, with the cooperation of the Kyoto Prefectural University of Medicine, sent questionnaires to all branch offices in Japan to investigate what kinds of dementia-related issues they faced in their day-to-day business operations. It was confirmed that every single branch office had encountered some sort of dementia-related problems, such as frequent misplacement of passbooks and requests for the issuing of new passbooks.

Workshop on Becoming a Support for People with Dementia

In order to foster supporters for people with dementia, SuMi TRUST Bank holds Workshops on Becoming a Support for People with Dementia at its branch offices across Japan. The branch offices also hold readings of the Practical Guide for Dementia Friendly Financial Services for employees to acquire knowledge that is closely aligned with actual operations, and forge deeper collaboration with nearby comprehensive regional care support centers.

Publication of a financial guidebook for handling dementia-related problems

SuMi TRUST Bank collected dementia-related cases and participated in the writing of a guidebook entitled "Practical Guide for Dementia Friendly Financial Services," published in September 2017 as part of the COLTEM* project led by the Kyoto Prefectural University of Medicine. The guidebook categorizes the problems caused by dementia financial institutions are facing, and presents multifaceted recommendations by experts such as doctors, lawyers, and certified social workers on how to handle these problems. SuMi TRUST Bank has placed this guidebook in its branch offices throughout Japan, and uses it to improve the dementia literacy of employees in concert with Workshops on Becoming a Supporter for People with Dementia.

* The COLTEM project refers to "a development center of social technologies integrating law, engineering and medicine that seamlessly support community life for the elderly from the period of sound health to the onset of dementia," subsidized by the Ministry of Education, Culture, Sports, Science and Technology.

Symposiums on the Principles for Financial Action for the 21st Century

As chair of the Community Support Working Group for the "Principles for Financial Action for the 21st Century*," SuMi TRUST Bank convened two symposiums, one in 2015 and one in 2017, on the theme of the role of financial institutions in responding to dementia-related problems in regional communities. The key members of the COLTEM project participated in discussions on the actual practice of responding to dementia in their daily operations based on the content in the financial guidebook. The symposiums also included lively debate on matters such as the state of property administration using the adult guardianship system and trusts. (The full agendas are posted on the Principles for Financial Action for the 21st Century website.)

* Principles with the aim of fostering concrete action toward creating a sustainable society, signed by over 250 financial institutions from various segments of Japan's financial industry

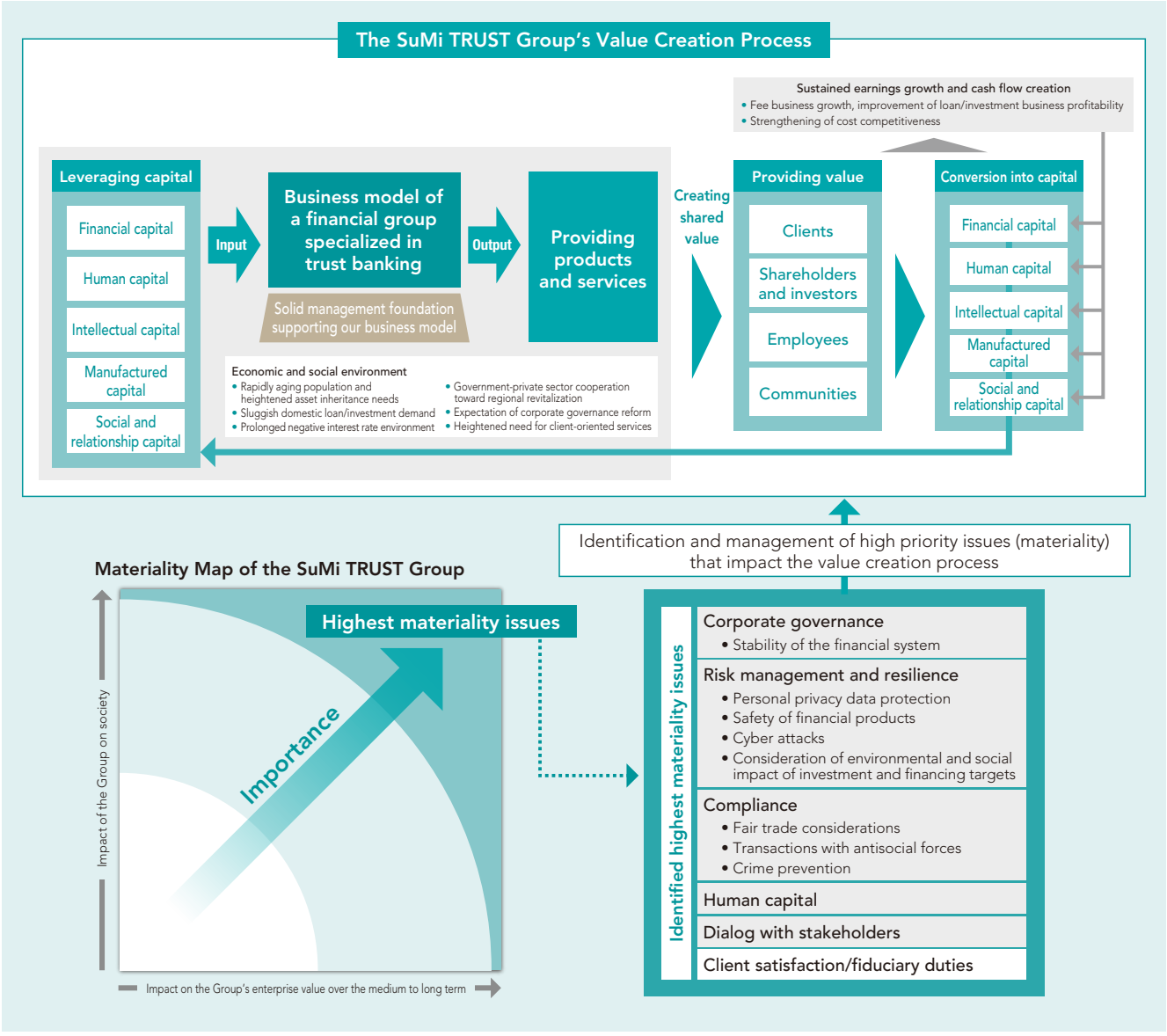
Management Foundation

Materiality Management for Creating Shared Value

Materiality (high priority issues) refers to events that have a material impact on a company's value creation process. The SuMi TRUST Group promotes materiality management that identifies materiality issues that need to be addressed as priorities from a medium- to long-term perspective, and dealt with at the top level of management.

Materiality is identified both in terms of impact on the Group's medium- to long-term enterprise value, and in terms of the impact of the Group on society through its relationships with stakeholders. In this process, we consider themes related to our management foundation, including governance, social themes, including relationships with employees and the community, and environmental themes that are directly related to resource and energy problems. Accordingly, materiality is a concept that overlaps with ESG (environmental, social, and governance).

One of the strengths of the Group is that we do not merely define materiality through slogans. Rather, the Sustainability Management Office of the Corporate Planning Department plays the role of an "in-house quasi-investor," and engages in dialogue with related departments. This creates an opportunity for departments that have little direct dialogue with external institutional investors and stakeholders to become aware of issues from an investor perspective, and to examine specific measures to address these issues.



Materiality Identification and Practice

STEP 1
Select materiality issues

We emphasize the views of ESG investors who pursue enterprise value from a long-term perspective. Based on reporting guidelines, such as GRI and SASB, we select bank materiality issues emphasized by the major ESG research companies that provide information to investors (MSCI, FTSE, SAM, etc.).

STEP 2
Input from stakeholders

The issues identified in STEP 1 are evaluated from two perspectives: 1) the impact on enterprise value over the medium- to long-term, and 2) the impact on stakeholders (each evaluated using a five-point scale). The former is evaluated by all of our external directors, external auditors, and relevant internal departments, while the latter is evaluated by our external directors and external auditors, as well as external experts.

STEP 3
Create a materiality map

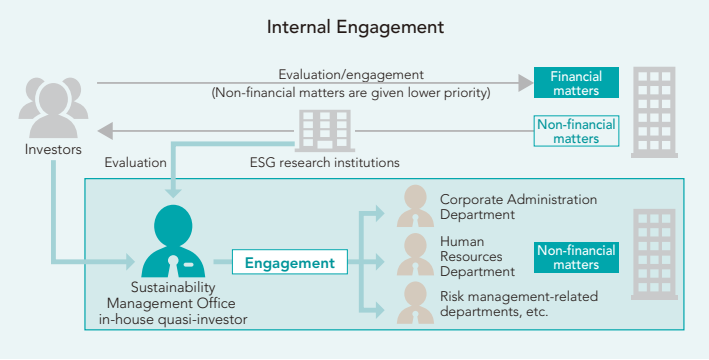
The point scores obtained in STEP 2 are plotted on a scatter diagram (materiality map), using the two adopted perspectives as the horizontal and vertical axes. The highest materiality issues, based on the materiality map, are designated as the highest priority ESG issues. In 2015, the Group's materiality issues were identified at the Executive Committee, and then reported to the Board of Directors. Starting from 2017, the Risk Committee, an advisory body to the Board of Directors, examines the appropriateness of the materiality issues that are identified, and reports its findings to the Board of Directors.

STEP 4
Conduct internal engagement

From among the high materiality issues, the Sustainability Management Office engages in dialog (engagement) with relevant departments on the themes that have the strongest investor interest, and for which the Group's initiatives still face some issues. The Sustainability Management Office reports to the Executive Committee and the Board of Directors regarding the status of the initiatives.

STEP 5
Initiatives for increasing enterprise value over the long term

The Board of Directors discusses the Group's future direction from a variety of perspectives, based on the findings of the Risk Committee and the report on internal engagement. This step is taken to address the "environmental and social issues over the sustainability" that should be addressed by the Board of Directors, as prescribed in Article 3-4 of the Group's Basic Policy on Corporate Governance.



Main Discussions Regarding ESG initiatives at the Board of Directors Meeting Held in January 2018

- Refinement of value creation processes in order to create greater enterprise value
- Functions of the Risk Committee in materiality management
- Materiality identification methods that reflect stakeholder perspectives
- Enhancement of enterprise value-conscious internal engagement: its state, methodologies, and methods of sharing with decision-making bodies
- Name of the department responsible for the effective promotion of ESG initiatives
- Roadmap for improving the initiative of individual employees and increasing brand power

Internal Engagement in FY2016-2017

Theme	Target Departments	Engagement in FY2016	Results from FY2016/ Engagement in FY2017
Corporate governance	Corporate Administration Department, Corporate Secretariat	Relayed that investor interest in governance themes such as Board composition and director and executive officer compensation is extremely high, and provided information for strengthening governance systems	Provided evaluation results on the Group's governance reforms received from ESG research institutions, and relayed recent items of interest among investors and the Group's issues from the perspective of investors
Enhancing human capital, increasing enterprise value	Human Resources Department	Relayed the growing calls for disclosure on linkages between HR policies and enterprise value, given elevated investor concerns regarding human capital, and discussed countermeasures for the Group	After engagement, prepared a map of the linkages between HR policies and enterprise value, and disclosed the information in an integrated report; continuously discussed methods to enhance the level of disclosure of content regarding human capital
Overseas anti-bribery	Compliance Department	Relayed the status of growing investor interest in this theme, amid stricter anti-bribery regulations in the US and other nations, and discussed the need to strengthen anti-bribery initiatives	After engagement, commenced an investigation of anti-bribery measures, including those in Japan; conducted risk assessment, set policies, devised a prevention program, and commenced operations
Climate change	Wholesale Business Planning Department, Stewardship Development Department	Relayed the rapidly growing interest among international financial authorities, financial institutions, and institutional investors in climate change risks accompanying conclusion of the Paris Agreement, and discussed its impacts on our businesses	Shared awareness regarding the loan and investment risks related to fossil fuels; engaged in in-depth discussions regarding project financing for coal-fired power generators (see page 77)
Stewardship report	Stewardship Development Department	—	Discussed the need for information disclosure on stewardship activities and ESG initiatives as fiduciary responsibilities to investors; deliberated on preparation of the Stewardship Report, and published the completed report
Improvement of client satisfaction	Customer Satisfaction Promotion Department	—	Shared information such as ESG evaluation agency assessments of CS activities, global disclosure trends in the banking sector, and the direction to take when establishing KPI
Long-term environmental goals	Corporate Administration Department	—	Held deliberations on the setting of long-term targets for the reduction of CO_2 emissions stemming from the Group's business activities
Integrated report	Relevant Departments	—	Discussed non-financial (ESG) information disclosure policies with the relevant departments (coordinated by the Sustainability Management Office)

Corporate Governance

As Japan's only financial group specialized in trust banking, the SuMi TRUST Group is enhancing its corporate governance system in line with its business model.
When changing into a "company with Three Committees" in June 2017, in addition to the statutory committees required by the Companies Act, SuMi TRUST Holdings established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies to the Board of Directors. Furthermore, an external director serves as chairman of the Board of Directors, in order to increase the Group's management transparency.

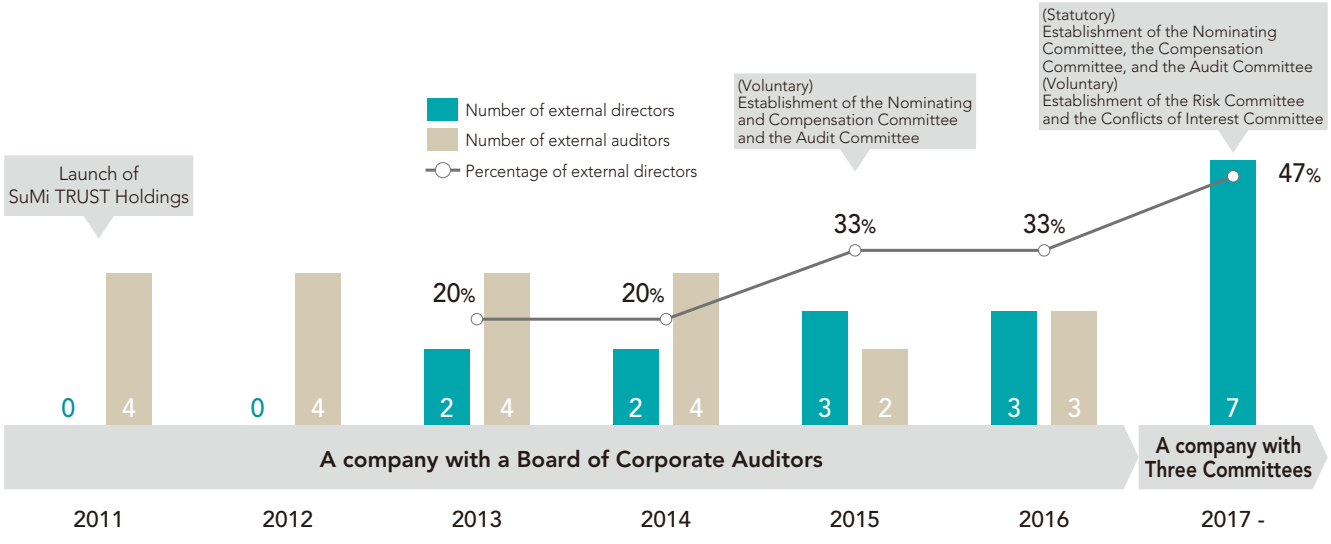
1. History of Enhancement of Corporate Governance

As Japan's only financial group specialized in trust banking, the SuMi TRUST Group, which is formed around the core entities of SuMi TRUST Holdings and SuMi TRUST Bank, has worked to refine its business model, which provides unique added value, and to enhance profitability through collaboration among Group companies, by swiftly and accurately providing comprehensive solutions for clients through the combination of its banking business, asset management and administration business, and real estate business.

At the same time, the SuMi TRUST Group has continued its efforts to strengthen its corporate governance, recognizing that in order to establish the unwavering trust of our clients and society, it is essential to adhere to the principles of sound management, based on a high degree of self-discipline with the background of fiduciary spirit.

With regard to the system, two external directors, among ten directors, took office in June 2013. Subsequently, following the introduction of the Corporate Governance Code in 2015, SuMi TRUST Holdings set the ratio of external directors, in principle at one-third or higher, and voluntarily established the Nominating and Compensation Committee and the Audit Committee, a majority of the members of each of which is comprised by external directors, as advisory bodies to the Board of Directors.

Having confirmed the effectiveness of these efforts, and in order to promote the further improvement of profitability and enhanced corporate governance in the future, while responding appropriately to rapid changes in the environment surrounding the financial industry, we consider it important to establish both management capabilities to realize prompt business execution, and supervisory and restraining capabilities to ensure sound management. To this end, as part of our measures to further strengthen its system, SuMi TRUST Holdings changed to become a "company with Three Committees" on June 29, 2017.



2. Basic Initiative Policy

In order to adhere to the principles of sound management, based on a high degree of self-discipline with the background of fiduciary spirit, and to establish strong credibility with society, SuMi TRUST Holdings commits itself to enhancing its corporate governance system in line with the following basic philosophy, with the objective of supporting sustainable growth and medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group. In addition, the Board of Directors sets out and discloses the SuMi TRUST Group's Management Principles ("Mission"), Ideal Model ("Vision"), and Codes of Conduct ("Value") as the anchor for all of our activities, which is shared by all of the directors, officers, and employees of the SuMi TRUST Group.

Basic Philosophy

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure the effectively equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders, including shareholders, clients, employees, business partners, and local communities, and to establish a corporate culture and climate in which it conducts sound business operations based on a high degree of self-discipline.
- In order to establish a basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its Disclosure Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.
- As the financial holding company that assumes the corporate management function of the SuMi TRUST Group, SuMi TRUST Holdings adopted the institutional design of a "company with Three Committees," and, by separating the execution and supervision of business, shall endeavor to ensure the Board of Directors' role of effective supervision.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth, as well as the medium- to long-term enhancement of the enterprise value of SuMi TRUST Holdings.

3. Perspectives Regarding the Corporate Governance System

SuMi TRUST Holdings is a financial holding company with subsidiaries such as SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, Sumitomo Mitsui Trust Research Institute, and Japan Trustee Services Bank, etc. and aims to be our clients' "Best Partner," by providing "Total Solutions" that combine our banking business, asset management and administration business, and real estate business, based on a fiduciary spirit, and by making full use of our significant expertise and creativity. In addition, in order to fulfill our principles and meet the expectations of stakeholders, SuMi TRUST Holdings endeavors to ensure the soundness and reliability of its business model and the transparency of the management of the SuMi TRUST Group, and further enhances the SuMi TRUST Group's corporate governance.

4. Board of Directors

(1) Roles of the Board of Directors

The Board of Directors ensures the fairness and transparency of the SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of the SuMi TRUST Group and supervising the overall management of the Group. Thus, with the exception of matters that are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers, and supervises the execution of business by executive officers, etc. Meanwhile, the Board of Directors provides and improves an environment in which external directors may properly supervise the execution of duties by the Board of Directors and the top management, as well as any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc. from the standpoint of stakeholders, in order to support sustainable growth and the medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group. In light of the importance of environmental and social issues related to sustainability, the Board of Directors prescribes a basic policy regarding social responsibility that is to be implemented by each Group company (the "Sustainability Policy") (see page 24). Under this Sustainability Policy, the Board of Directors enhances awareness among its officers and employees, and promotes positive efforts to resolve these issues while taking its stakeholders into consideration, with the aim of supporting the sustainable growth of society and increasing the enterprise value of the SuMi TRUST Group. Furthermore, the Board of Directors establishes policies regarding the provision of products and services suitable for the true benefit of our clients (the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group"), acts to ensure client comfort and satisfaction by sharing our "client-orientation" policy within the SuMi TRUST Group, and promotes the practice of fiduciary duties in the SuMi TRUST Group by supervising each Group company's commitment to its fiduciary duties.

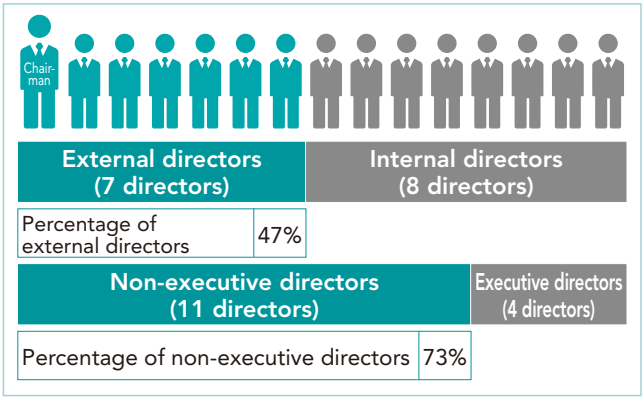
(2) Composition of the Board of Directors

The Board of Directors of SuMi TRUST Holdings is comprised of no more than 20 directors, which is the number of directors prescribed in the Articles of Incorporation, and includes the number of directors that is necessary and appropriate to provide an effective supervisory system required of a financial holding company that serves the corporate management function of the SuMi TRUST Group. Due consideration is also given to ensuring the diversity and expertise of the Board of Directors.

In light of the importance of the functions of external directors in corporate governance, as a general rule, at least one-third of the directors on the Board of Directors are independent external directors. The Board of Directors establishes and discloses Independence Standards of Independent Directors.

In determining candidates for directors, SuMi TRUST Holdings takes into consideration, among other factors, a balance between individuals who are capable of exerting strength in the management of specific business fields, and individuals who are suitable for corporate management. SuMi TRUST Holdings strives to secure a board that is, as a whole, sufficiently balanced and diverse in terms of knowledge, experience, and capability to properly supervise the wide range of business fields in which SuMi TRUST Holdings has dealings, as a trust bank group.

Composition of the Board of Directors

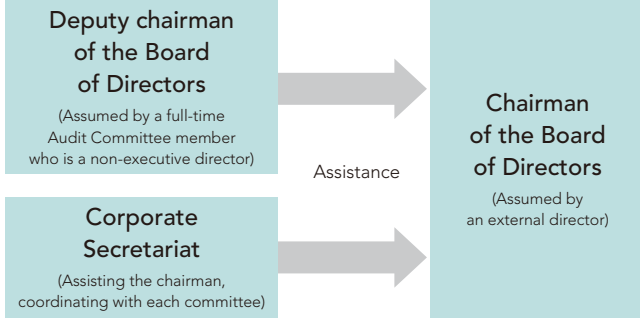


- All seven external directors have been registered as independent officers with the relevant financial instruments exchange.
- Breakdown of 15 directors: 14 men, 1 woman
- Since changing into a company with Three Committees, 12 Board of Directors meetings were held during the period from June 29, 2017 to March 31, 2018. The attendance rate for all 12 of these meetings was 100%.

(3) External Director Serving as Chairman of the Board of Directors

While a "company with Three Committees" is, in principle, able to delegate important business execution decisions to executive officers, the Board of Directors is required to exercise a greater supervisory function. In light of the role expected of the Board of Directors, SuMi TRUST Holdings has appointed Mr. Isao Matsushita, an external director, as chairman of the Board of Directors.

In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization that assists the chairman in fulfilling his duties, and elected a full-time Audit Committee member who is a non-executive director as the deputy chairman of the Board of Directors, thereby providing various types of information, mainly regarding agendas for deliberation at the Board of Directors meetings, and offering assistance regarding matters such as the clarification of points from the perspective of management and supervision.



(4) Results of the FY2017 Evaluation of the Board of Directors

SuMi TRUST Holdings conducts an annual evaluation of the effectiveness of the Board of Directors as a whole (the "Evaluation of the Board of Directors"), and reviews and implements remedial measures for the challenges it recognizes, thereby implementing a PDCA cycle to improve the effectiveness of the Board of Directors. The key points of the FY2017 Evaluation of the Board of Directors are as indicated below.

■ Key Evaluation Points

(1) Leveraging of third party perspectives though interviews with external directors conducted by external experts
(2) Enhancement of evaluation items concerning the "Demonstration of supervisory functions" of the board of directors
(3) The board of directors' evaluation of each committee, and each committee's self-evaluation
(4) Extensive discussion conducted by the board of directors based on the results of the evaluation
(Discussion topics included the board of directors' standpoint as a supervisory body, the process of consultation/reporting between the board of directors and each of the committees, creative improvements in operation, and areas for greater focus in future deliberations)
(5) Exchanges of opinions at the external directors' meeting regarding matters including the results of the evaluation of the board of directors

■ Measures to Address the Challenges Recognized by the FY2016 Evaluation of the Board of Directors

The major measures implemented during fiscal year 2017 that addressed the challenges recognized by the FY2016 Evaluation of the Board of Directors are as follows.

(1) Operation that Contributes to the Demonstration of Functions as the Board of Directors of a Holding Company

Through revision of the criteria for submitting proposals/reporting to the Board of Directors, all decisions on business execution other than matters statutorily required to be decided by the Board of Directors were, in principle, delegated to executive officers, with a view toward enhancing the status report on the execution of duties regarding important management matters by executive officers. At the same time, SuMi TRUST Holdings worked to materialize purposeful operation that contributes to the demonstration of functions as the Board of Directors of a holding company, including selecting management priority issues as "management themes" from a medium- to long-term viewpoint, and initiating free discussions without the obligation to reach conclusions (see page 59).

(2) Enhancement of an Infrastructure for the Operation of the Board of Directors Aimed at Efficient and Enhanced Deliberation

The format of the materials for the Board of Directors was revised to ensure that the operation of the Board of Directors is based on clearer explanations of the key points for deliberation at the Board of Directors, the status of deliberation by preliminary deliberation bodies, and the risks and challenges involved in the matters being deliberated upon.

Meanwhile, paperless meetings were introduced in order to improve both the visibility of materials and the efficiency of meetings.

(3) Enhancement of Deliberations in Line with the Business Model of a Trust Bank Group

The Board of Directors deliberated regarding themes concerning the business model of a trust bank group and the employees who advance it, including the "strategies and challenges faced by each business," the "status of business execution at major subsidiaries," and the "status of diversity & inclusion measures." These themes were identified by the Board of Directors and other bodies as areas requiring further deliberation, based on the results of questionnaires administered for the Evaluation of the Board of Directors in the previous fiscal year.

Based on the efforts described above, the FY2017 Evaluation of the Board of Directors checked the status of improvements for each challenge, and confirmed that the conditions had improved for all challenges, compared with conditions in fiscal year 2016.

■ Outline of the Results of the FY2017 Evaluation of the Board of Directors and Future Measures

Through the FY2017 Evaluation of the Board of Directors, SuMi TRUST Holdings concluded that the Board of Directors and each committee had been operated with a sense of their own purpose, in an effort to invigorate deliberation and enhance objectivity and transparency, and that they had maintained a certain level of effectiveness.

On the other hand, through the FY2017 Evaluation, SuMi TRUST Holdings identified the following three challenges as requiring improvement and enhancement by the Board of Directors and each committee, and is working continuously to address these issues.

(1) Refinement of the infrastructure for operation of the board of directors to contribute to efficient and enhanced deliberation
(2) Further demonstration of supervisory functions over management matters important for promotion of the midterm management plan
(3) Enhancement of coordination between the board of directors and each committee with a view toward ensuring the further demonstration of their functions

In its pursuit of sustainable growth and the medium- to long-term enhancement of enterprise value, SuMi TRUST Holdings is committed to further enhancing the effectiveness of the Board of Directors and each committee, by continuously implementing the PDCA cycle through the Evaluation of the Board of Directors.

5. Committees

In order to ensure the effectiveness of its corporate governance system and further enhance the soundness and reliability of its business model and the transparency of its management of the SuMi TRUST Group, SuMi TRUST Holdings has established the Risk Committee and the Conflicts of Interest Committee as advisory bodies to the Board of Directors, in addition to the Nominating Committee, the Compensation Committee, and the Audit Committee, the establishment of which is required under the Companies Act. Independent external directors participate in the Risk Committee and the Conflicts of Interest Committee.

As a financial group specialized in trust banking, we have established the Conflicts of Interest Committee, which has supervisory functions unparalleled in other financial groups.

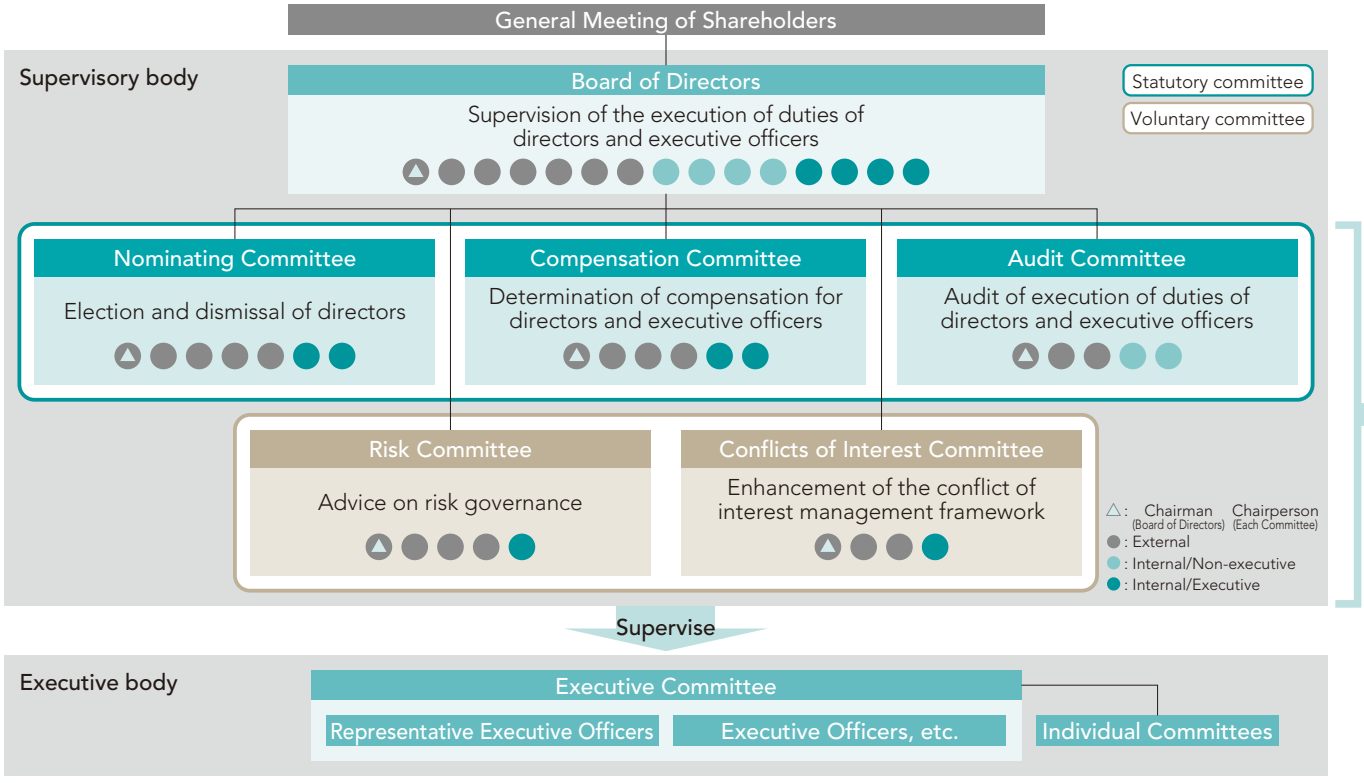
(1) Nominating Committee

The Nominating Committee determines the content of proposals regarding the election and dismissal of directors to be submitted to the General Meeting of Shareholders, receives requests for consultation regarding the election and dismissal of executive officers including the President, as well as the succession plan for the management team from the Board of Directors, and deliberates and makes reports on these matters. It also receives requests for consultation regarding the election and dismissal of directors and corporate auditors from the Board of Directors of SuMi TRUST Bank, and deliberates and makes reports regarding these matters. The Nominating Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Nominating Committee is selected from the pool of committee members who are independent external directors.

(2) Compensation Committee

The Compensation Committee prescribes policy regarding decisions on the content of compensation for individual executive officers and directors, and determines the content of compensation for individual executive officers and directors, in accordance with this policy. It receives requests for consultation regarding policies on decisions on the content of compensation for individual directors, etc. from the Board of Directors of SuMi TRUST Bank, and deliberates and makes reports on these matters. The Compensation Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Compensation Committee is selected from the pool of committee members who are independent external directors.

Corporate Governance System



(3) Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors, and prepares audit reports. It determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusals to reappoint a financial auditor that are submitted to the General Meeting of Shareholders.

In order to fulfill its role and responsibilities, the Audit Committee appropriately exercises its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It appropriately utilizes the internal control system of the SuMi TRUST Group, and systematically and efficiently conducts audits by receiving reports from executive officers, directors, and a financial auditor, and through communications with these individuals. The Audit Committee consists of three or more directors who do not concurrently serve as executive officers, and a majority of its members are independent external directors. The chairperson of the Audit Committee is selected, in principle, from the pool of committee members who are independent external directors.

(4) Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding the SuMi TRUST Group, top risks, and materiality, and (ii) matters concerning the operation of its risk appetite framework, risk management, and monitoring of the effectiveness of the internal control system related to compliance management of the SuMi TRUST Group, and reviews and reports on their appropriateness. In principle, a majority of the members of the Risk Committee are independent external directors and external experts. The chairperson of the Risk Committee is selected from the pool of committee members who are directors with professional knowledge and expertise in the concerned field.

(5) Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on (i) matters concerning the validity of the conflict of interest management framework of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of the SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of the SuMi TRUST Group and the action plans, etc. of each Group company, (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and reviews and reports on their appropriateness. In principle, a majority of the members of the Conflicts of Interest Committee are independent external directors and external experts. The chairperson of the Conflicts of Interest Committee is selected from the pool of committee members who are independent external directors or external experts with professional knowledge and expertise in the concerned field.

Members of Committees (△ : Chairperson, ● : Member (external), ● : Member (internal/non-executive), ● :Member (internal/executive))

			Nominating	Compensation	Audit	Risk	Conflicts of Interest
External	Directors	Isao Matsushita	△	△			
		Soichi Shinohara	●	●			
		Takeshi Suzuki	●	●		●	●
		Mikio Araki	●	●		△	
		Shinichi Saito	●		△		
		Takashi Yoshida			●		
		Hiroko Kawamoto			●		
	Experts	Hideki Kanda*					△
		Haruyuki Toyama*				●	
		Toshinori Kurihara*				●	
		Akiko Hosokawa*					●
Internal		Tetsuo Ohkubo	●	●			
		Masaru Hashimoto	●	●			
		Yasuyuki Yagi			●		
		Hiroshi Misawa			●		
		Yutaka Nishida				●	●

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank. Mr. Haruyuki Toyama, Mr. Toshinori Kurihara, and Ms. Akiko Hosokawa are external experts.

6. Compensation System for Directors and Executive Officers

(1) Policy Regarding Decisions on the Content of Compensation

- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and expansion of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, we are building a compensation system with a balance of near-term incentives and medium- to long-term incentives, with rewards based on a comprehensive evaluation that reflects earnings contributions over the medium to long term.
- We accurately assess the roles that directors and executive officers of SuMi TRUST Holdings must perform in corporate management, as well as the results of their efforts, in order for them to adequately discharge their supervisory duties over the Group companies, and determine individual compensation based on highly transparent, fair, and objective evaluations.
- The Compensation Committee forges deeper collaborations with committees in order to build a higher accountability compensation system, and engages in deliberations with the aim of operating a fair and balanced compensation system.

(2) Overview of the Compensation System

In principle, compensation is paid via a combination of monthly compensation (fixed compensation and individual performance compensation), director/executive officer bonuses, and stock options.

<Reference> President's Standard Compensation Table

The President's standard compensation table specifies the composition and range of the President's compensation, as indicated below. This table is used for reference by the Compensation Committee in determining individual compensation amounts.

1) The ratio of "fixed compensation" to "individual performance compensation + director/executive officer bonus," which reflects, and varies depending on, individual performance and corporate performance, shall be 50%:50%.
2) The "individual performance compensation" range shall be between 70% and 160% of the standard amount.
3) "Director/executive officer bonus" is determined when necessary, and reflects corporate performance, such as consolidated net business profit before credit costs, consolidated net income, etc.
4) The number of stock options to be provided as compensation is determined when necessary, and reflects annual performance, etc.

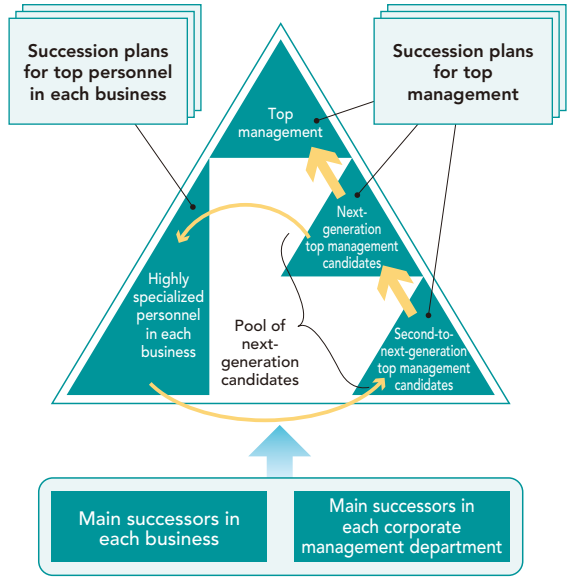
	Fixed compensation portion of monthly compensation	Individual performance compensation portion of monthly compensation + Director/executive officer bonus	Total
President	Approx. 50%	Approx. 50%	100%

7. Succession Plan

In order to realize the sustainable growth of the Group and enhance its enterprise value, the Group has created succession plans for the top management of SuMi TRUST Holdings and its core subsidiary, SuMi TRUST Bank. We have also created management personnel development plans for the personnel that will be responsible for the management of each business and corporate management.

These plans identify important positions, define the ideals and requirements of personnel in these positions, and assist with the management and development of a pool of candidates that meet these ideals and requirements.

The status of the progress of succession plans and management personnel development plans is reported regularly to the Nominating Committee, which engages in consultations regarding the appropriateness of this status, and reports to the Board of Directors.



8. Initiatives for Enriching Agendas at Board of Directors Meetings

The Board of Directors supervises the status of the execution of duties by executive officers, etc., defines basic management policy, and selects business models and makes decisions regarding risk-taking by formulating a management plan. In order to play this role, the Board of Directors selects management themes, consisting of legal and regulatory requirements, priority management issues, and medium- to long-term themes, and freely discusses these themes in the Board of Directors meetings, without an obligation to reach conclusions.

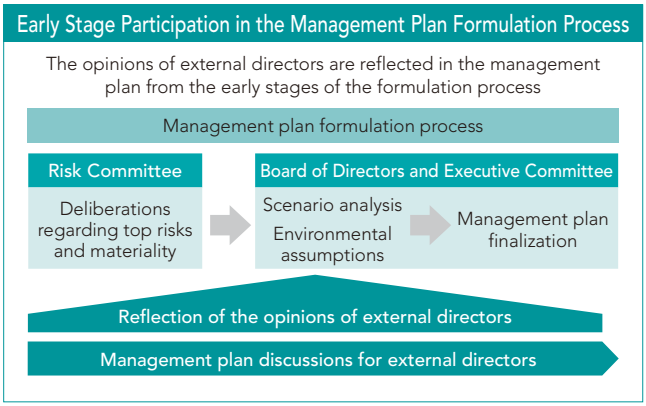
Through these initiatives, we utilize the expertise and perspectives of the external directors regarding the major themes that form the core of our corporate management.

Implementation of FY2017 Management Themes

July 2017	Personnel development
August	Personnel development
September	Business model
November	Group corporate governance
December	Group corporate governance
January 2018	ESG initiatives

9. Management Plan Formulation Process

When formulating a management plan, the Risk Committee first discusses the top risks and materiality. Afterwards, the external environment scenarios that will serve as the premises of the management plan are considered, and the management plan is formulated based on these scenarios. In order to improve the effectiveness and objectivity of the management plan, we engage in multiple management plan discussions with external directors before analyzing scenarios or formulating the management plan, leveraging the knowledge of both external directors and external experts from the early stages of plan formulation.



10. External Directors' Meetings

In order to further improve the effectiveness of our corporate governance, we hold external directors' meetings, which are only attended by external directors. These directors engage in exchanges of opinions based on the operation of the Board of Directors, agendas, demonstration of functions, and results of the Evaluation of the Board of Directors. These meetings contribute to the greater objectivity and independence of the Board of Directors.

11. Dialog between External Directors and Investors

In February 2018, we held "SuMi TRUST IR Day," at which external director Mr. Isao Matsushita, who serves as chairman of the Board of Directors, provided an explanation of our corporate governance initiatives and conducted a Q&A session with the investors in attendance.

External Director Discussion

External Director
Hiroko Kawamoto

July 1979	Joined All Nippon Airways Co., Ltd. ("ANA")
April 2009	Appointed Senior Vice President, Inflight Services of ANA
April 2014	Appointed Executive Vice President of ANA
April 2016	Appointed Executive Vice President, Member of the Board, Member of the Women Empowerment Promotion Committee, Director for Promotion of ANA Group Diversity, Promotion Officer for the Tokyo Olympic and Paralympic Games of ANA
June 2016	Appointed External Director of SuMi TRUST Bank
April 2017	Appointed Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd. (current position)
June 2017	Appointed External Director of SuMi TRUST Holdings (current position)

External Director (Chairman of the Board of Directors)
Isao Matsushita

April 1970	Joined Nippon Mining Co., Ltd. (currently JXTG Nippon Oil & Energy Corporation)
Sep. 2002	Appointed Director of Nippon Mining Holdings, Inc. (currently JXTG Holdings, Inc.), in charge of finance
June 2004	Appointed Director (Senior Vice President and Executive Officer) of Japan Energy Corporation (currently JXTG Nippon Oil & Energy Corporation)
June 2006	Appointed Representative Director and President of Japan Energy Corporation (currently JXTG Nippon Oil & Energy Corporation)
June 2012	Appointed Representative Director and President (President and Executive Officer) of JX Holdings, Inc. (currently JXTG Holdings, Inc.)
June 2017	Appointed External Director of SuMi TRUST Holdings (current position)

SuMi TRUST Holdings utilizes the knowledge and experience of external directors from various fields to enhance the functioning of the Board of Directors.
External directors Mr. Isao Matsushita and Ms. Hiroko Kawamoto discussed topics such as our Board of Directors, reforms for corporate governance, and promotion of diversity & inclusion.

THEME 1

Areas to which Mr. Matsushita pays special attention in order to fulfill his role as chairman of the Board of Directors

Kawamoto Mr. Matsushita, since you were appointed as chairman of the Board of Directors roughly one year ago, you've been at the forefront of the SuMi TRUST Group's corporate governance reforms.

Your leadership as chairman has fostered a neutral environment in which the members of the Board of Directors can feel free to speak their minds, and your approach has been very effective in eliciting a variety of opinions from the board members. What do you pay special attention to in running the Board of Directors?

Matsushita My primary focus is on serving as a facilitator, so that the Board of Directors, itself can demonstrate the functions it is called on to provide. The "corporate governance principles for banks," defined by the Basel Committee on Banking Supervision, states that the chairman is responsible for the effective overall functioning of the Board of Directors, ensuring that board decisions are taken on a sound and well informed basis, and encouraging and promoting critical discussion. Personally, I also believe that promot-

ing discussion from a variety of perspectives based on adequate information, and ensuring the quality of board discussions are important duties for a chairman.

In order to put this into practice, it is vital that I, as chairman, deepen my own knowledge regarding a trust bank group's operations with wide ranging significant expertise, and I try to take the time to make in depth preparations for board discussions.

To accomplish this, I set aside a great deal of time before each Board of Directors meeting to meet with the deputy chairman, who is a non-executive director, and the secretariat. We check each agenda item from an external perspective, organize the key points for discussion, and, when necessary, issue instructions regarding revisions to materials, all before the meetings themselves are held.

By making these preparations, I am working to draw out the opinions of the participants of the Board of Directors meeting regarding the key points of each agenda item.

A facilitator who helps the Board of Directors demonstrate its functions

Kawamoto The Board of Directors meetings have truly lively discussions. By stimulating the discussion, you have made it easy for all of the directors, both internal and external, to share their opinions. I would venture to say that the diverse comments from the participants also enhances the functioning of the Board of Directors and improves accountability. The FY2017 Evaluation of the Board of Directors included numerous comments, indicating that the objectivity and transparency of the Board of Directors is improving.

Matsushita SuMi TRUST Holdings has directors with a wealth of knowledge and experience in various fields.

In order to leverage that experience and knowledge to the utmost, as chairman I always try to promote sound discussion, including the sharing of critical opinions, while organizing the shared opinions and applying them to appropriate decision-making with the aim of improving the enterprise value of the SuMi TRUST Group.

THEME 2

Evaluation of corporate governance reforms

Kawamoto I believe that it's important that the Board of Directors, which formulates management strategies and monitors the execution of important business operations, is supervised independently from the management team, so that it puts pressure on management, in a beneficial sense. At SuMi TRUST Holdings' Board of Directors meetings, both external directors and internal non-executive directors provide frequent input from a variety of perspectives, sometimes expressing critical views.

The Board of Directors is changing in very visible ways, thanks to operation-related measures such as selecting business issues with medium- to long-term perspectives, and deliberating such issues as management themes. Through these initiatives, I believe that the corporate governance of SuMi TRUST Holdings appears to be steadily improving. What is your impression?

Matsushita As it has only been roughly one year since the change to SuMi TRUST Holdings' institutional design, it might still be too early to make a comprehensive evaluation. However, I have seen improvements to corporate governance in various areas. In addition to the operational efforts of our Board of Directors, committees are also playing an important role in this regard.

In the FY2017 Evaluation of the Board of Directors, we carried out an even greater depth investigation than usual, by expanding its coverage to include not only the Board of Directors' operational matters, but also evaluation items related to the demonstration of its supervisory functions.

In addition, the committees also carried out self-evaluation, confirming a certain degree of effectiveness of the Board of Directors and the committees, and assessing future challenges.

Based on the results of the Evaluation of the Board of Directors, we were able to discuss issues such as the deliberation perspectives of the Board of Directors, the division of roles in the committees, and cooperation between the committees. In this manner, I believe that we were able to obtain a deepened common awareness regarding the demonstration of its supervisory functions.

Kawamoto I believe that for a company with Three Committees, it is important not only for the Board of Directors to function effectively, but for the committees do so, as well. In that sense, I think it has been very valuable that the scope of the Evaluation of the Board of Directors has been extended to include the individual committees. An external director or external auditor serves as the chairperson of each committee, and more than half of the committee members are external directors and external auditors.

Accordingly, in a certain sense, this evaluation looked at how effective the external directors and external auditors were in demonstrating their functions.

The results of the Evaluation of the Board of Directors were discussed in the external directors' meeting, in which only external directors participate, and valuable opinions were shared regarding the Board of Directors' approach to consultations with the committees, as well as how to ensure both committee independence and cooperation between the committees. I think it's also important to have occasions like this.

It is important to become accustomed to the new "home" created through corporate governance reforms

Matsushita The month after the Board of Directors discussed the results of the Evaluation of the Board of Directors, it discussed which themes should be addressed in greater depth in the future, taking into consideration its responsibilities as well as the SuMi TRUST Group's business model. Through these activities, the Board of Directors has gradually come to discuss its role in greater depth — the "PLAN" step of the "PDCA" cycle. These initiatives were introduced after the institutional design change, and, I believe, represent one of the improvements to the Group's corporate governance. Based on the series of discussions conducted through the Evaluation of the Board of Directors, the Board of Directors must be deeply involved in contributing to the sustainable growth and medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group.

Kawamoto I agree. The SuMi TRUST Group has released its new midterm management plan, "The Second Foundation," and is working hard to remake itself. I believe that as external directors, we are called upon to think about these issues together, and to be highly involved in meeting the targets of the midterm management plan.

Matsushita The banking industry still faces a harsh business environment, as can be seen, for example, in the negative interest rate environment. Accordingly, it is becoming increasingly important to engage in "offensive" governance, which is aimed at securing sustainable and stable revenue, rather than "defensive" governance.

This may be true for Japanese companies as a whole. However, the Board of Directors needs to go beyond merely putting on the brakes, and instead also ensure decision-making objectivity and rationality, creating an environment in which the management team feels confident in stepping on the accelerator.

It is important that the Board of Directors promote a sound entrepreneurial spirit by engaging in dialog with the management team, from perspectives such as whether risk taking is appropriate and in accordance with plans, and whether it is possible for decisions to be made quickly and decisively, when necessary.

I often use the analogy of a home. There are different styles of living, which are suited to different types of homes. Western styles of living are a good match for western homes, while Japanese styles of living are a good match for Japanese-style homes. It is important to develop a lifestyle that fits one's home, and to become accustomed to living in that home.

Through its corporate governance reforms, SuMi TRUST Holdings has rebuilt its home and created new systems to match this new home. We are now making steady progress in line with these systems. I hope that after we have made more progress, we can look back on these reforms and evaluate them, and take the time to deliberately discuss where further improvements should be made.

THEME 3 Initiatives to promote Diversity & inclusion

Matsushita The SuMi TRUST Group has been implementing various initiatives aimed at becoming the "No. 1 financial group for human resource development." We regard our employees' abilities as a vital driving force for the business restructuring projects we have in progress, and the Board of Directors has also engaged in discussions on the theme of diversity & inclusion, or D&I.

Could you share your impressions of the SuMi TRUST Group's past D&I promotion initiatives?

Kawamoto Before becoming an external director, the Human Resources Department and I exchanged opinions on D&I, and I

discovered that the Group saw women as an important part of the workforce. I remember pointing out that, from the standpoint of diversity, this was just a starting point, and that the true goal would be the creation of an organization in which everyone could work and thrive — not just women, but men, foreigners, persons with disabilities, senior citizens, and young people.

Less than a year later, the Group issued its Declaration on Work Style Reform, and established the Diversity & Inclusion Office. In addition, it has also recently formulated a Human Resources Development Policy. The speed of these initiatives shows that the SuMi TRUST Group is making progress with respect to D&I, through its ability to take in external opinions and to immediately put promising reforms into practice.

Matsushita President Ohkubo of SuMi TRUST Holdings has said in the past that "D&I is part of the SuMi TRUST Group's DNA." I also feel that it has developed a flexible corporate culture with respect to diversity through the breadth of its operations and the wide variety of human resources it employs.

The energetic work of employees with varied backgrounds makes it possible to meet diverse needs and broadens our business capabilities. Employees with different perspectives and experiences inspire each other, creating innovative concepts and creative workplaces.

Reflecting on our history, checking our growth, and moving forward into the future

Kawamoto In a certain sense, increasing diversity involves stepping out of the current comfort zone and creating an uncomfortable state. When you move from talking with similar colleagues to dealing with various opinions from diverse personnel with different perspectives, the speed and performance of decision-making may temporarily decline.

However, venturing into an uncomfortable state helps people to develop the ability to reach conclusions that everyone can accept, and to come up with new, creative ideas, contributing to the growth of both individuals and the organization as a whole.

Matsushita That's why we don't look at the promotion of D&I as a transient measure, but as a key theme that contributes to greater enterprise value for the entire SuMi TRUST Group. We need to settle in and implement these D&I initiatives over the medium to long term.

Kawamoto Since D&I will look different for each company that promotes it, I think that it's important for us to avoid comparing ourselves to other companies. Rather, we should take a long-term perspective, reflecting on our history, checking our own growth, and moving forward into the future.

I think that one of the roles of external directors is to continuously ask companies what they can do to become stronger and better in the midst of the changing social environment.

Board of Directors and Executive Officers*1*2 of Sumitomo Mitsui Trust Holdings, Inc.

(As of July 1, 2018)

Directors

Director, President (Representative Executive Officer)

Tetsuo Ohkubo

Tetsuo Ohkubo has experience in positions for supporting part of corporate management, as an Officer in charge of corporate management departments of SuMi TRUST Holdings, and assumed office as President in April 2017. In addition, he has experience serving as an Officer in charge of corporate management departments of SuMi TRUST Bank, as well as experience in diverse departments, such as Officer in charge of the Wholesale Financial Services Business (currently the Wholesale Total Solution Services Business). He served as Deputy President of SuMi TRUST Bank for 1 year from April 2016. SuMi TRUST Holdings expects that, by using the experience in corporate management and business management accumulated thus far, he will provide a contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value, in the position of leading the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director, Senior Managing Executive Officer (Representative Executive Officer)

Jiro Araumi

Jiro Araumi has been in charge of the Asset Management Business Planning Department as Director, Senior Managing Executive Officer of SuMi TRUST Holdings, and also served as Officer in charge of the Fiduciary Services Business and the Asset Management Business as Director, Senior Managing Executive Officer of SuMi TRUST Bank. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group. SuMi TRUST Holdings expects that, based on the experience accumulated thus far, he will play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value, in a position of assisting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director, Senior Managing Executive Officer (Representative Executive Officer)

Toru Takakura

Toru Takakura has been in charge of the Human Resources Department as Director, Senior Managing Executive Officer of SuMi TRUST Holdings, and also served as the Deputy Officer in charge of the Retail Total Solution Services Business as Director, Senior Managing Executive Officer of SuMi TRUST Bank. Therefore, he has extensive knowledge and experience with regard to the corporate management and business operations of a trust bank group. SuMi TRUST Holdings expects that, based on the experience accumulated thus far, he will play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value, in a position of assisting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director, Executive Officer

Masaru Hashimoto

Masaru Hashimoto has served as an Officer in charge of corporate management departments of SuMi TRUST Holdings, and from October 2016 to March 2017 served as Deputy President and Executive Officer, in a position of assisting the Group's overall management. At SuMi TRUST Bank, he has been responsible for overall management since he took office as President in April 2017. SuMi TRUST Holdings expects that he will continue to play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value, in a position of conducting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director

Kunitaro Kitamura

Kunitaro Kitamura served as President of SuMi TRUST Holdings for 5 years from April 2012. Therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group. SuMi TRUST Holdings expects that, by using the experience accumulated thus far, he will continue to provide a contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director

Hitoshi Tsunekage

Hitoshi Tsunekage has served as Chairman of SuMi TRUST Holdings since April 2011, and also served as President of SuMi TRUST Bank up to March 2017. Therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group. SuMi TRUST Holdings expects that, by using the experience accumulated thus far, he will continue to provide a contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's enterprise value. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director

Yasuyuki Yagi

Yasuyuki Yagi has experience serving as general manager of a credit supervision department and president of a real estate lending company, and also served as Officer in charge of the Kinki area as Senior Managing Executive Officer of SuMi TRUST Bank. Therefore, he has extensive knowledge and experience with regard to business operations. In addition, he has served as a corporate auditor, director, and Audit Committee member of SuMi TRUST Holdings since June 2016, and has accumulated knowledge and experience regarding auditing of the overall status of the execution of business from a fair and objective viewpoint. Therefore, SuMi TRUST Holdings expects that he will provide a contribution to enhancement of the soundness and transparency of management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director

Hiroshi Misawa

After serving as a general manager of Fiduciary Services Business departments and corporate management departments, Hiroshi Misawa served as Managing Executive Officer of SuMi TRUST Bank. Therefore, he has extensive knowledge and experience with regard to the corporate management and business operations of a trust bank group. In addition, he has served as a corporate auditor of SuMi TRUST Bank and as a director and Audit Committee member of SuMi TRUST Holdings since April 2016, and has accumulated knowledge and experience regarding auditing of the overall status of the execution of business from a fair and objective viewpoint. Therefore, SuMi TRUST Holdings expects that he will provide a contribution to enhancement of the soundness and transparency of management. Accordingly, SuMi TRUST Holdings has selected him as a director.

Director (external)

Soichi Shinohara*1

Being an economist specializing in international economics and macroeconomics, Mr. Soichi Shinohara has extensive knowledge and deep insight regarding domestic and foreign economics. He has provided comments and advice based on this experience during his term of office as an external director of SuMi TRUST Holdings. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Takeshi Suzuki*1

Mr. Takeshi Suzuki has extensive experience and knowledge in the fields of accounting, finance, affiliated company management, etc. as a former Senior Managing Director of Toyota Motor Corporation, which is a leading global company in Japan. After retiring from the office of Senior Managing Director of Toyota Motor Corporation, he has been involved in the management of companies operating finance related businesses, serving as Representative Director and President of Toyota Financial Services Corporation and Representative Director and Chairman of Aioi Nissay Dowa Insurance Co., Ltd. He has provided comments and advice based on this experience during his term of office as an external director of SuMi TRUST Holdings. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Mikio Araki*1

Mr. Mikio Araki has extensive experience in bank management and policy-based finance, etc. as a former Representative Director and Deputy President of Development Bank of Japan Inc., and has extensive knowledge regarding domestic and foreign financial and economic circumstances as President of the Japan Economic Research Institute. He has provided comments and advice based on this experience during his term of office as an external director of SuMi TRUST Holdings. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Isao Matsushita*1

Mr. Isao Matsushita has extensive experience in the general management of companies, as a former Representative Director and President of JX Holdings, Inc. (currently JXTG Holdings, Inc.), which is a representative integrated energy, resources, and material enterprise group in Japan, and has served as an external director of SuMi TRUST Holdings since June 2017. He has provided comments and advice based on this experience during his term of office as an external director of SuMi TRUST Holdings, and as the chairman of the Board of Directors, has done his utmost to improve the effectiveness of the Board of Directors. In order to continue to make full use of his knowledge and insight regarding business management and corporate management, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Shinichi Saito*1

Mr. Shinichi Saito has extensive knowledge and experience in financial accounting as the Finance Executive Officer of Marubeni Corporation. In addition to engaging in management at an investment company, he also has acquired deep insight as a company executive. He also has global knowledge based on his wide-ranging experience in international operations and overseas work experience at a major audit firm. He has provided comments and advice based on this experience during his term of office as an external auditor and external director of SuMi TRUST Holdings since June 2013. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Takashi Yoshida*1

Mr. Takashi Yoshida had been a member of a major audit firm for many years, and has extensive knowledge and experience in financial accounting as a certified public accountant in charge of auditing financial institutions and operating companies. In addition to experience as a certified public accountant, he has been engaged in management as a representative partner and managing director of an audit firm, and also has global knowledge based on overseas work experience. He has provided comments and advice based on this experience during his term of office as an external auditor and external director of SuMi TRUST Holdings since June 2016. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.

Director (external)

Hiroko Kawamoto*1

Ms. Hiroko Kawamoto served as Executive Vice President and Member of the Board of All Nippon Airways Co., Ltd., and was responsible for the overall management of the company and promotion of women's activities. In addition, since June 2016 she has been an external director of SuMi TRUST Bank, and since June 2017 has been an external director of SuMi TRUST Holdings. She has provided comments and advice based on this experience during her term of office. In order to continue to make full use of her knowledge and insight, SuMi TRUST Holdings has selected her as an external director.

*1 External director as prescribed in Article 2, item 15 of the Companies Act.
Executive officers are defined in the Companies Act.

Executive Officers

Senior Managing Executive Officer, Executive Officer*2
Ahihiko Shirayama

Senior Managing Executive Officer
Yoshiaki Koshimura

Senior Managing Executive Officer
Tadashi Nishimura

Senior Managing Executive Officer
Yutaka Nishida

Managing Executive Officer
Yasumi Nose

Managing Executive Officer, Executive Officer*2
Atsushi Kaibara

Managing Executive Officer
Akira Yokota

Managing Executive Officer
Shigeki Tanaka

Managing Executive Officer
Hitoshi Sato

Executive Officer, Executive Officer*2
Kiyomitsu Asahi

Executive Officer*2
Yukihiro Kitano

Executive Officer*2
Tsuyoshi Saito

Executive Officer*2
Tadao Umezawa

Executive Officer*2
Masahiro Tsuchiya

Executive Officer*2
Kengo Noguchi

Executive Officer*2
Toshio Masui

Executive Officer*2
Kazuya Oyama

Executive Officer*2
Kazuhisa Koashi

Executive Officer*2
Toshiaki Nakano

Executive Officer*2
Yoshio Hishida

Executive Officer*2
Yoshinori Momose

Executive Officer*2
Takuji Marui

Executive Officer*2
Atsushi Matsumoto

Executive Officer*2
Nobuhisa Takahashi

*2 Executive Officers as defined in our internal policy; unless otherwise annotated, Executive Officers are defined in the Companies Act.

Risk Appetite Framework (RAF)

1. Positioning of the Risk Appetite Framework

The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process for determining the type and level of risk (risk to be taken as a potential source of revenue, risk to be kept at or below a certain level, or risk to be avoided as a rule) within the Group's risk capacity, in order to achieve the management strategies formulated by management based on the Group's social role and management policies, together with the internal control system underpinning that process.

The Group's RAF aims primarily to strengthen profitability and enhance risk management, and promotes the realization of these goals through environmental assumptions and risk awareness, increasing the transparency of risk taking process through the setting, communication, and oversight of risk appetite, appropriate allocation of management resources, and monitoring of operational status.

2. Operation of Risk Appetite

Determining Risk Appetite

The Group's risk appetite is determined in accordance with the management plan, based on management strategies, risk culture, and verification through stress tests. The Group reviews its risk appetite as necessary, at least once per year.

In setting risk appetite, the Group identifies the major risks (risk characteristics), including credit risk, market risk, information security risk, and conduct risk, to which each business is exposed according to the nature of its operations.

Monitoring of Risk Appetite

The Group sets risk appetite indicators to clarify risk appetite, and monitors them regularly. If the risk appetite indicators deviate from the set levels, the Group analyzes the cause for the deviation and implements countermeasures or revises the levels.

Risk Governance

Risk governance, which forms a part of corporate governance, is a framework for identifying, measuring, managing, and controlling risks, as well as ensuring appropriate risk taking, by clarifying and monitoring risk appetite and risk limits.

The Group promotes the enhancement of risk governance, with the aim of achieving the sound development of the Group.

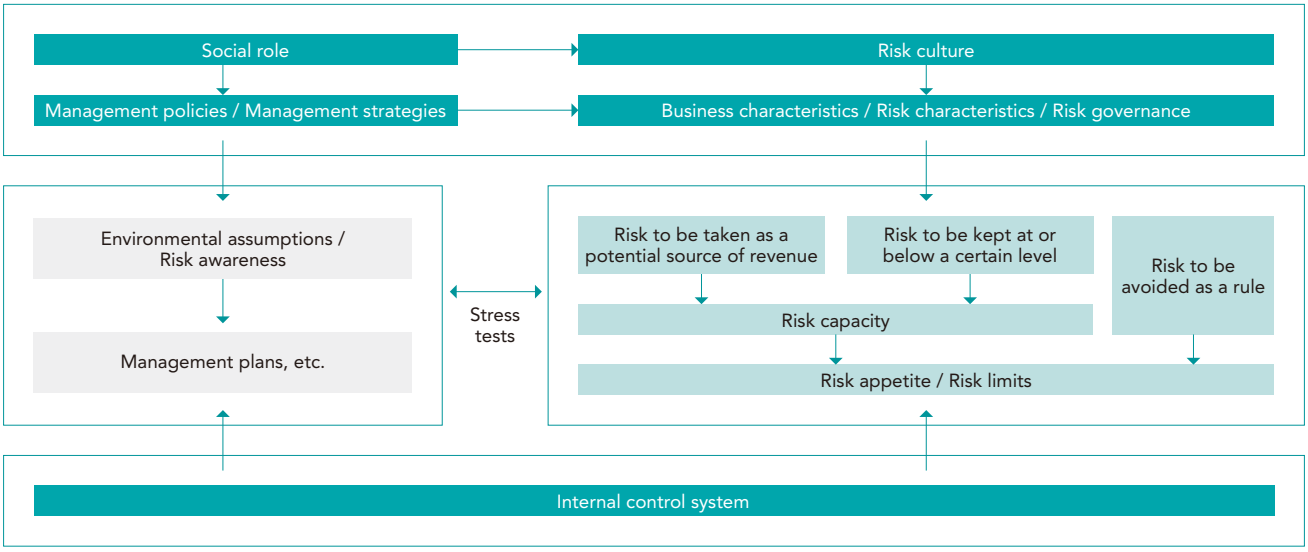
SuMi TRUST Holdings strives to enhance the operation of risk appetite through discussions at the Risk Committee and the Conflicts of Interest Committee, etc. as part of its initiatives to enhance corporate governance.

3. Fostering a Risk Culture that Takes Root across the SuMi TRUST Group

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group's organizations, as well as its directors, officers and employees, that flexibly carry out risk taking, risk management, and risk control based on an appropriate assessment of risks, guided by a high degree of self-discipline based on the fiduciary spirit.

In order to foster a risk culture that takes root across the Group, we are endeavoring to share and disseminate information regarding risk within the Group, through the delivery of messages from top management, training and education, and other measures. In addition, we have formulated a Risk Appetite Statement (RAS) clearly stating our RAF, which is used in lively discussions concerning risk appetite within the Group.

Outline of the Risk Appetite Framework



Risk Appetite Framework Operating System

SuMi TRUST Holdings

Supervision

Board of Directors	• Deciding on the RAS and basic matters related to the RAF • Supervising execution of business based on relevant decisions
Audit Committee	• Auditing execution of business based on basic matters related to the RAF
Risk Committee	• Deliberating RAF related matters and making recommendations to the Board of Directors • Deliberating the status of operation and execution related to the RAF
Conflicts of Interest Committee	• Verifying the appropriateness of the conflict of interest management framework and making recommendations to the Board of Directors

Execution

Executive Committee	• Drafting the RAS and basic matters related to the RAF • Enhancing the RAF and executing business based on the RAF
Business Risk Management Committee	• Monitoring the operating status of the RAF • Enhancing the RAF and promoting execution of business based on the RAF
Conflict of Interest Management Enhancement Committee	• Developing and strengthening the conflict of interest management framework and checking the implementation status

Risk Management

1. Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Group follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, validation for advancement, and review, based on the Group's management policy and basic policy on the internal control system.

The Group's risk management framework encompasses the Risk Appetite Framework, and integrates it to function organically within the Group.

2. The Group's Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a financial group specialized in trust banking, strives to create distinct value through a total solution business model that combines its banking, asset management and administration, real estate businesses and others.

The Group's businesses consist of the Retail Total Solution (TS) Services Business, the Wholesale Total Solution (TS) Services Business, the Wholesale Asset Management (AM) Business, the Fiduciary Services Business, the Stock Transfer Agency Services Business, the Real Estate Business, and the Global Markets Business.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the Group's businesses. With regard to trust business risks, SuMi TRUST Bank provides management primarily in the operational risk category, particularly in terms of its duty of due care as a prudent manager, duty of loyalty, and duty to segregate property as a trustee.

Reporting is regularly performed regarding whether the overall risk of the Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

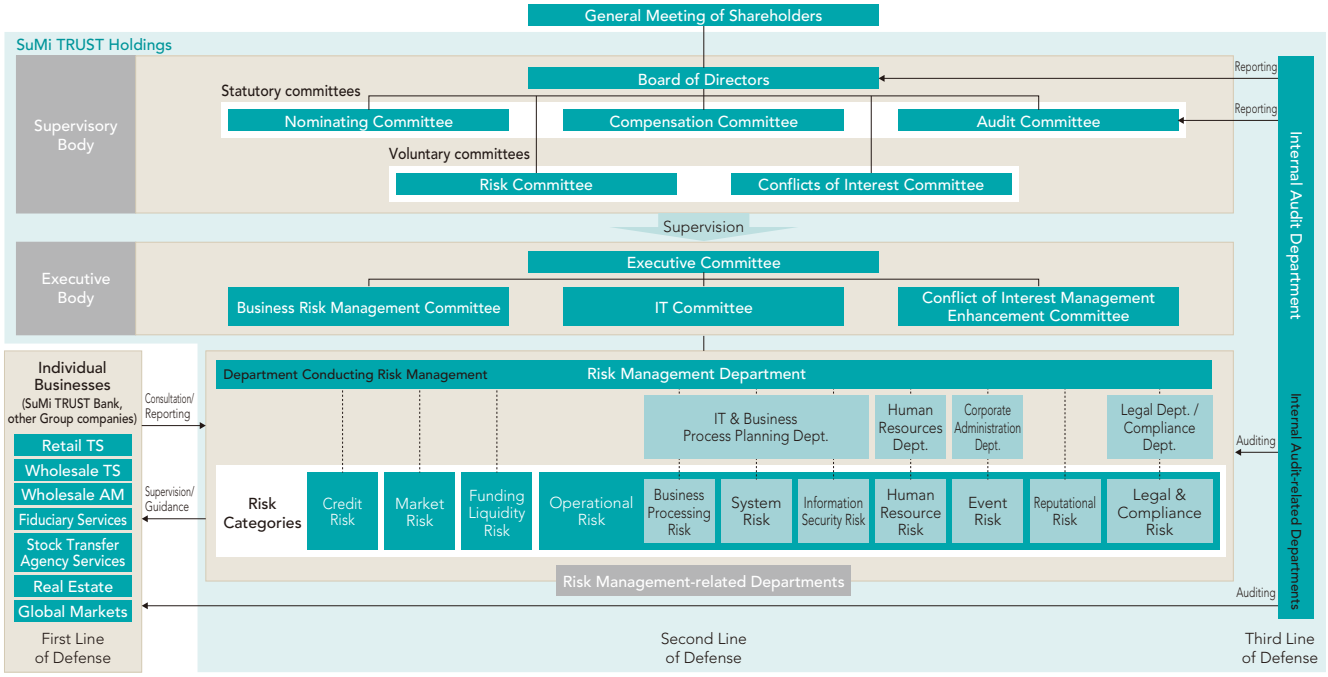
Risk Definition

Risk Category		Definition
Credit Risk		Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, "country risk" in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the country of obligors.
Market Risk		Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, "market liquidity risk" in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk		Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are "risk sub-categories" within Operational Risk)		Risk that the Group may incur losses due to inadequate or failed bussiness processes, the activities of executives or employees, computer systems, or due to external events.
	Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
	System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
	Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
	Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
	Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
	Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
	Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

3. Risk Governance System

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system consisting of risk management by individual businesses (first line of defense), risk management by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

Risk Governance System



First Line of Defense

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business.

Each business engages in risk taking within the established range of risk appetite, and, when a risk materializes, promptly implements risk control at the on-site level.

Second Line of Defense

The Risk Management Department performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize.

The Risk Management Department and risk management-related departments act as a restraint function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system.

The Risk Management Department reports on the status of risk management to the Executive Committee and the Board of Directors.

Third Line of Defense

The Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

Executive Committee

The Executive Committee is composed of representative executive officers and executive officers designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

Board of Directors

The Board of Directors is composed of all of the directors. It decides on the Group's management policy and strategic goals for risk taking, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the Group.

Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the Group's fiduciary duties and conflict of interest management, which are the foundation on which the Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

4. Risk Management Process

In the Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

Risk Identification

The risks faced by the Group are comprehensively identified, while ensuring the comprehensiveness of the Group's operations, and the risks to be managed are identified based on the scale and characteristics of the identified risks.

Risk Evaluation

The risks identified as requiring management undergo analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles.

When risks cannot be quantified, their impact is assessed to the greatest extent possible, and they are managed through measures such as implementing preventive measures based on the nature of the risks.

Risk Monitoring

Risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.). Recommendations, guidance, and advice are given to the Group's businesses based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.

Risk predictor management for top risks, etc.

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the Group's business model and risk characteristics, and these management indicators are monitored. Regarding risks resulting from external factors, the top risks (risks that have a high probability of occurrence and that would have a large impact on the Group) are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for all types of risks.

Our top credit risks include "worsening of credit among major obligors," our top market risks include "falling prices for strategic shareholdings, etc.," and our top operational risks include "cyber-attacks."

Risk Control and Mitigation

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented.

5. Enterprise Risk Management

(1) Enterprise Risk Management System

We manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength (enterprise risk management).

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR, and compare the combined value against our corporate strength (capital position), thereby managing risks (integrated risk management).

(2) Capital Allocation Operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of

risk capital and its risk appetite. The Risk Management Department measures the risk amount on a monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

(3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

6. Crisis Management

The Group has developed systems to swiftly and appropriately implement emergency and crisis response measures in the event of natural disasters, computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution, and strives to disseminate information regarding these systems throughout the organization.

Specifically, we have developed BCPs (business continuity plans) for continuing business in the event of a crisis, after securing the safety of our clients, directors, officers, employees, and their families. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In addition, we have created a response system in which, in the event of a crisis, an emergency response headquarters is created, which is headed by the President.

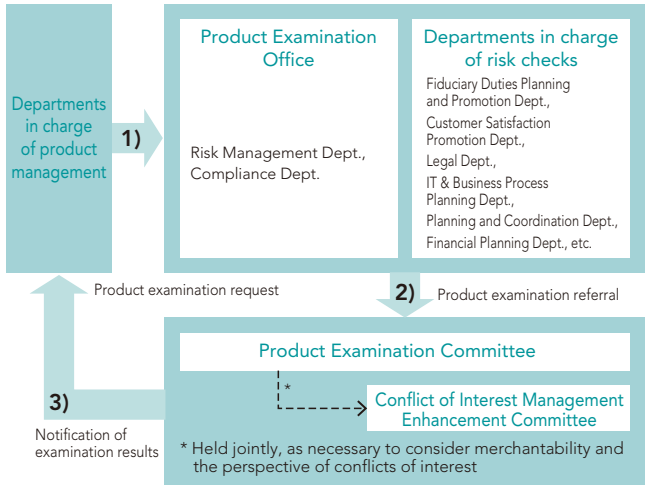
For large-scale natural disasters such as earthquakes, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems. We are also improving our system for responding to cyber attacks, which are causing damage throughout society.*

* The SuMi TRUST Group monitors the computer systems of SuMi TRUST Bank around the clock. In addition, SuMi TRUST Holdings has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis, and implementing measures concerning cyber attacks, and coordinates with external expert organizations.

7. New Product and New Operation Examination System

When introducing a new product or new operation, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and new operation examination system. In the product examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and operations that will earn the trust of clients. We also conduct validation through regular monitoring after a new product or new operation has been introduced.

Product Examination Process (SuMi TRUST Bank)



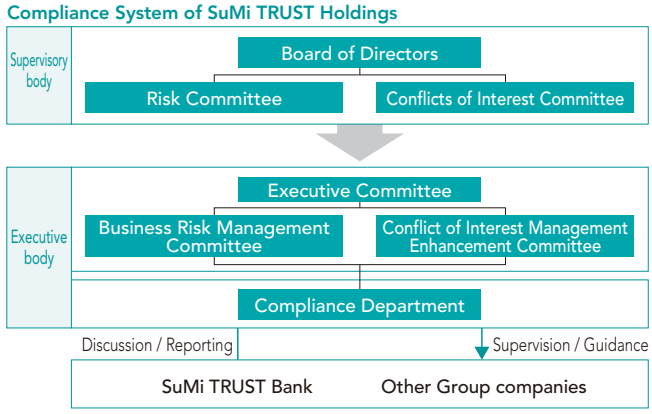
Compliance

1. Basic Initiative Policy

The Codes of Conduct for pursuing the management principles of the Group include "strict compliance with applicable laws and regulations," positioning compliance as one of our most important management issues.

The Compliance Rules formulated by the Board of Directors define the Group's overall basic policy, the specific standards that directors, officers and employees must follow, and the Group's compliance organization structure, creating a compliance system befitting "The Trust Bank."

Compliance System of SuMi TRUST Holdings



2. Group Compliance Framework

Each fiscal year, the Board of Directors approves the Compliance Program, which consists of specific practice plans for implementing compliance within the Group, and every quarter the Board of Directors receives reports on the progress, achievement status, and evaluation of the Compliance Program.

SuMi TRUST Holdings has also created a compliance framework for the entire Group, providing guidance to Group companies regarding the formulation of their Compliance Programs, and delivering reports to the Board of Directors on the progress, achievement status, and evaluation of these Compliance Programs.

3. Initiatives to Foster Compliance Awareness

The Group has created a Compliance Manual containing explanations of laws and regulations that must be followed and actions to be taken in the event of the discovery of compliance infractions, and employees throughout the organization are thoroughly informed regarding its contents.

In addition, SuMi TRUST Holdings is also improving compliance education in the entire Group, through activities such as providing training materials and dispatching instructors for group training tailored to individual roles, etc., planning and implementing discussion-based study sessions, and implementing e-learning on specific themes.

Every fiscal year, we conduct an awareness survey regarding compliance, and strive to identify and address actual issues.

4. Hotline System

The Group has established a compliance hotline system through which all directors, officers and employees can report violations directly to the Compliance Department and an external attorney's office. This hotline system enforces the rigorous control of information and protection of privacy to ensure the protection of whistleblowers, and strictly prohibits their adverse treatment.

An accounting hotline system has also been established for the reporting of inappropriate accounting.

5. Prevention of Money Laundering

The Group has released its "Anti-Money Laundering Compliance Policy," and made clear its resoluteness in standing up to money laundering.

We have established our global guidelines on AML*1/CFT*2, in order to implement a unified approach to AML measures that includes overseas bases, and the Group is working to enhance its approach toward client protection and the detection of suspicious transactions. Specifically, client management items are confirmed when handling transactions, and when coming across transactions suspected to be related to illegally obtained money or used to finance terrorism, employees immediately report to the person in charge, who notifies the relevant authorities. Moreover, SuMi TRUST Bank has adopted an AML system, which verifies whether any illicit transfers between accounts have taken place.

We require employees at relevant branches and departments to periodically receive training concerning AML, etc. In fiscal year 2017, such training was provided to all employees at the relevant branches and departments.

*1 AML: Anti-Money Laundering
*2 CFT: Combating the Financing of Terrorism

6. Initiatives to Prevent Bribery

The Group has published its "Anti-Bribery and corruption Compliance Policy," and under the supervision of the management team, implements anti-bribery and anticorruption programs that include regular assessment of risks related to bribery and corruption, a prior approval system for client entertainment and gift-giving, central management of hiring and trainee acceptance, and making due diligence mandatory before contracts can be concluded for some contract categories.

The Group provides directors, officers and employees with regular training every year, and implements periodic monitoring and testing. Moreover, we have fostered a close-knit collaboration between our overseas bases and local legal offices, especially in countries where the risk of bribery and other forms of corruption is high, and have striven to build systems for responding swiftly and properly.

7. Response to Antisocial Forces

The Group has declared, both internally and externally, its resolute stance against antisocial forces. We have incorporated a clause to exclude organized crime from all types of transactions, in order to prevent transactions by antisocial forces. In cases in which the counterparty in a transaction is found to be an antisocial force after the commencement of a transaction, we have developed a framework that allows us to take measures in close coordination with the police and other external expert organizations for the eventual cancellation of such a transaction.

From January 2018, we have connected, via the Deposit Insurance Corporation of Japan, to an organized crime group information database operated by the National Police Agency, and check the database before providing new personal loans, etc.

In fiscal year 2017, in order to strengthen awareness of, and systems for, dealing with antisocial forces, we provided directors, officers and employees with training for the prevention of transactions with antisocial forces.

8. Other Initiatives

The Group strictly manages insider information through its "Rules on Insider Information Management," which mandate the reporting of insider information that may be obtained during the execution of working duties, and specifies the methods to be used for its management.

Furthermore, with regard to "important information" as defined in the fair disclosure rules enacted in April 2018, we have defined a rule prescribing that in specific circumstances, such important information is classified and handled as important client information under insider trading regulations.

In order to appropriately comply with revisions to laws and regulations, the Compliance Department centrally manages the information on legal and regulatory revisions collected by individual head office departments, shares such information with related departments and Group companies, instructs them regarding the proper response, and manages their response.

Compliance with International Financial Regulations

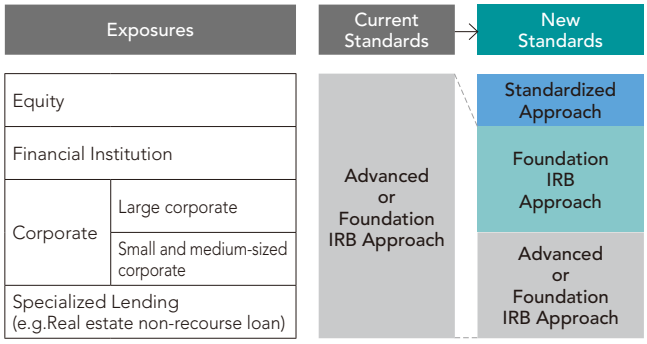
1. Compliance with Finalized Basel III Reforms

Triggered by the financial crises in 2008, the Basel Committee on Banking Supervision (BCBS) made the agreement to implement new regulations, called "Basel III". Basel III includes the implementation of higher capital requirements, Leverage ratio (representing the non-risk-based capital adequacy ratio) and liquidity requirements (capturing funding liquidity risk). In Japan, Basel III has been implemented in phased manner from the end of March 2013.

After the implementation of Basel III, BCBS made the final agreement in December 2017 to revise the risk-weighted assets (i.e., the denominator in the calculation of the capital adequacy ratio) measurement approach to ensure appropriate risk sensitivity, simplicity and comparability of regulations. This reform aims to prevent the undervaluation of risk-weighted assets based on internal models, by constraining the use of internally-modelled approaches by banks, while introducing the new capital floor based on the standardized approaches.

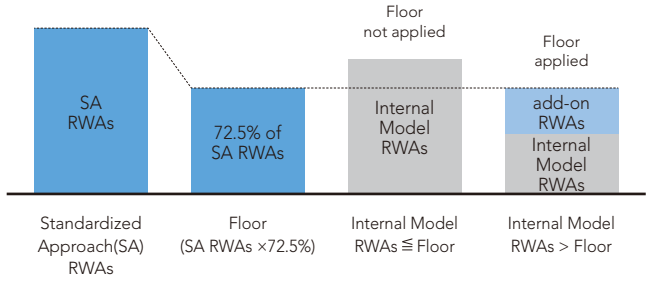
Given the phased manner of the implementation of new standards scheduled from 2022, the Group expects to fully comply with the standards through the future accumulation of capital and other means. Meanwhile, as risk weights are expected to fluctuate in individual credit transactions, the Group, accordingly, intends to promote appropriate profitability and portfolio management.

Conceptual Diagram of Risk-weighted Assets Measurement Approach for Credit Risk



- Standardized Approach: Supervisory risk weight according to external credit ratings
- Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
- Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

Capital Floor Structure



- In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.

*As for the applicable multiplier of the floor, starting at 50% in 2022, it will be raised by 5% each year to 72.5% in 2027.

2. Compliance with Other International Financial Regulations

In addition to the above capital adequacy ratio and liquidity requirements, reforms of many of the international financial regulations, including the strengthening of governance risk, market transaction restrictions, risk reduction of banks (Volcker Rule and Ring-Fencing), and the "Too Big to Fail" theory, which began in response to the financial crises, are being introduced, and the Group complies with these regulatory reforms, as necessary.

In the spirit of "Client-oriented" operations, the Group, as a trust bank entrusted with the assets of our clients, intends to focus on and comply with (1) conduct risk (improving bank's risk culture), (2) strengthening regulatory controls over fund and asset management operators (shadow banking regulations), and (3) strengthening cybersecurity, as priority regulations going forward.

Framework for Compliance with International Financial Regulations

Overall supervision	Corporate Planning Dept. (Global Business Management Office)
Capital adequacy ratio/ Liquidity requirements	Risk Management Dept., Financial Planning Dept.
Extra-territorial application of laws Conduct regulations	Compliance Dept. (Global Compliance Office)
Support for regulations for overseas bases	Global Business Planning and Coordination Dept.*, Fiduciary Business Planning Dept.*
Cybersecurity	Risk Management Dept., IT & Business Process Planning Dept.

*SuMi TRUST Bank

Internal Auditing

1. Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business execution system and the internal management system, SuMi TRUST Holdings and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

2. Internal Auditing Implementation System

(1) SuMi TRUST Holdings

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

2) Functions and Roles

The Internal Audit Department formulates an internal audit plan, taking into account the basic policy on internal audits, which dictates the direction to be taken in the development of the SuMi TRUST Group's internal auditing system, as well as significant group-wide risks. After receiving the consent of the Audit Committee, the plan is approved by the Board of Directors. The Internal Audit Department reports the results of the internal audit, without delay to the President and the Audit Committee, while also analyzing the internal audit results, including those for Group companies, and reporting regularly to the Board of Directors.

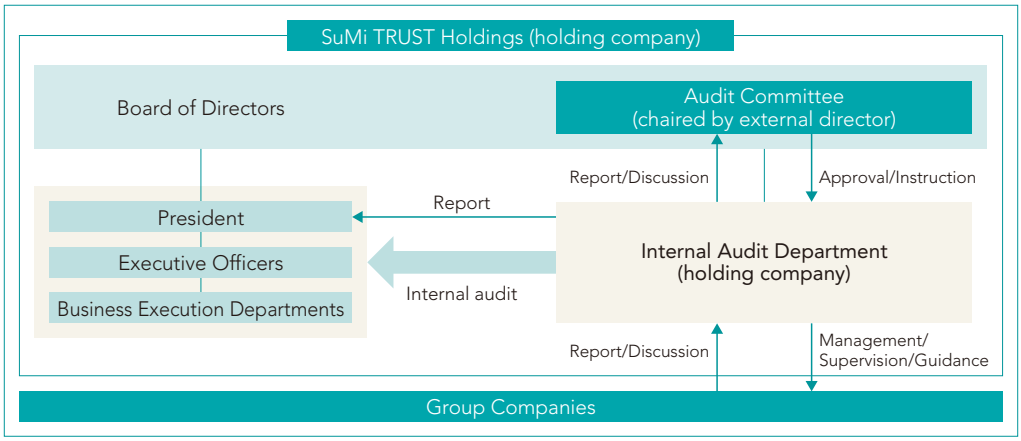
In addition, the Internal Audit Department, as the department supervising the Group's internal auditing, receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits. Each Group company formulates an internal audit plan in line with the basic policy on internal audits set by the holding company, which is approved by the Board of Directors after consultation with the holding company.

Results of internal audits are reported, without delay to the president and to the holding company, and are also reported regularly to the Board of Directors and the holding company.

The SuMi TRUST Group



Consideration of Environmental and Social Impact of Investment and Financing Targets

1. Framework of Our Initiatives

(1) Basic Policy on Environmental and Social Considerations

The SuMi TRUST Group identifies "consideration of environmental and social impact of investment and financing targets" as one of its most important (materiality) issues from the standpoints of both the impact on the Group's corporate value and the Group's impact on society.

Please refer to the SuMi TRUST Holdings' website for further details, etc. of each of the above policies.

Under the "Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group," the Group provides products and services that contribute to solving environmental problems through its business. The Group has also established the "Environmental Policy" to reduce the environmental burden arising from its business activities. Furthermore, it has established the "Action Guidelines for Mitigating Climate Change" and the "Action Guidelines for Preserving Biodiversity" to promote initiatives to address the two globally important environmental issues, and has been making efforts to engage in dialogue and cooperation with various stakeholders. In terms of social issues, with the aim of respecting each individual's human rights and diverse values and rejecting unjustifiable acts of discrimination, the Group has established the "Human Rights Policy" and gathers information regarding how the investment and financing targets negatively impact human rights. In addition, the Policy provides that the Group takes necessary countermeasures in cases where legal norms, etc. are violated.

In asset management, the SuMi TRUST Bank, as a "responsible institutional investor," has established the "ESG guidelines." These guidelines are based on the United Nations Global Compact, a global corporate code of conduct, and articulate the Group's expectations of investee companies, namely to minimize the impact on the environment, adhere to international labor rights, prohibit discrimination in employment, prohibit child labor, eradicate forced labor and avoid all forms of corruption including bribery and extortion, among others.

(2) Initiatives That Consider the Environmental and Social Impacts of Investments and Loans

Signing of the Equator Principles and Initiatives

SuMi TRUST Bank is a signatory to the Equator Principles, a set of international guidelines for private financial institutions that requires project proponents to give due consideration to the impact on the natural environment and the regional community when approving project finance.

When making decisions on loans, we review the environmental and social impact of the project and conduct a comprehensive risk assessment. Since becoming a signatory in February 2016, SuMi TRUST Bank has implemented 49 projects subject to the Equator Principles as of March 2018.

Environmental and Social Considerations in Asset Management

SuMi TRUST Bank and Nikko Asset Management have become signatories to the Principles for Responsible Investment (PRI), which was established in 2006. The PRI calls on institutional investors to take into account environmental, social, and governance (ESG) factors in their investment decision-making processes.

In accordance with the ESG guidelines, SuMi TRUST Bank is involved in numerous engagements (dialogue) with investee companies regarding ESG issues. SuMi TRUST Bank carries out such engagements through its analysts and the dedicated members of the Stewardship Development Department, as well as joint engagements with domestic and overseas organizations involving specific themes, such as palm oil and forest resources.

Establishment of Policies for Specific Sectors

The Group has established policies for specific sectors that promote business activities with significant environment and social impacts and restricts loans and investments to companies and projects with negative impact.

In specific terms, SuMi TRUST Bank does not provide loans to companies that manufacture cluster bombs, regardless of whether they are located in Japan or overseas. In asset management, we prohibit active investment, actively conduct engagements to demand the suspension of manufacturing of cluster bombs in passive investment, and publicize such engagements.

The Group also intends to establish a policy for sectors that are considered to be involved in the manufacture of palm oil and the destruction of tropical rainforests during fiscal year 2018 (see page 77 for project financing for coal-fired power plants).

2. Initiatives Related to Climate Change

Risks and Business Opportunities Associated with Climate Change

Risk Categories	Outline of Risk
Transition Risk	• Risk that stricter regulations and technological innovations lead to value impairment of the Group's loan assets and shares owned, etc. • Risk that economic measures such as climate-related taxation impact the business performance of our business affiliates • Risk that a low carbon-oriented market leads to volatility in supply-demand relationships for products and services, corporate earnings, etc.
Physical Risk	• Risk that natural disasters damage the assets of the Group or investment and financing targets and put business continuity at risk • Risk that climate change affects land use, resource procurement, the productivity of primary industries, etc.
Business Opportunity Categories	**Outline of Business Opportunities**
Opportunities in Resource Efficiency, Energy Sources, Products and Services, Markets and Resilience	• Increase in opportunities to offer financing to companies and projects that contribute to the mitigation of climate change • Increase in profit opportunities due to social infrastructure shifts, such as the spread of renewable energy • Increase in profit opportunities due to an enhanced social reputation as a company that contributes to climate change issues

Please refer to the 2017 ESG/CSR Report for further details. https://www.smth.jp/en/csr/report/2017/CC-E-all.pdf

(1) Risk Management in Relation to Climate Change

The Company has established the Action Guidelines for Mitigating Climate Change, and fully carries out risk management in relation to climate change. We also support the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set forth by the Financial Stability Board, and promote initiatives in line with these recommendations.

Action Guidelines for Mitigating Climate Change

1. Implementation of Initiatives and Support for Climate Change Mitigation, etc.
2. Provision of Products and Services
3. Cooperation with Stakeholders
4. Education and Training
5. Information Disclosure

(2) Dealing with Climate Change Issues in Asset Management

As a "responsible institutional investor" that embraces Japan's Stewardship Code and a signatory to PRI, SuMi TRUST Bank conducts engagements, calling on investee companies to disclose information on climate change challenges and assess climate-related risks. In Japan, the Bank has conducted engagements with companies in the electric power, materials and machinery sectors, which are large greenhouse gas emitters, primarily to address the issue of coal-fired power generation. Overseas, the Bank, for example, voted for shareholder proposals that called on U.S.-based Exxon Mobil to disclose information related to climate change and also carried out activities urging U.S.-based Andarko Petroleum to disclose information related to climate change.

SuMi TRUST Bank is also a member of Climate Action 100+, a five-year initiative to implement joint engagement for agreement on a list of at least 100 of the world's top greenhouse gas (GHG) emitters, through a global collaboration of institutional investors. This initiative aims to encourage GHG emitters to reduce green-house gas emissions through engagement, disclose climate-related financial information, and improve governance regarding climate change. By leveraging the experience and expertise acquired while serving on various PRI working groups, SuMi TRUST Bank has been playing an active role by accepting, for example, the role of lead manager not only for Japanese companies but also for overseas companies.

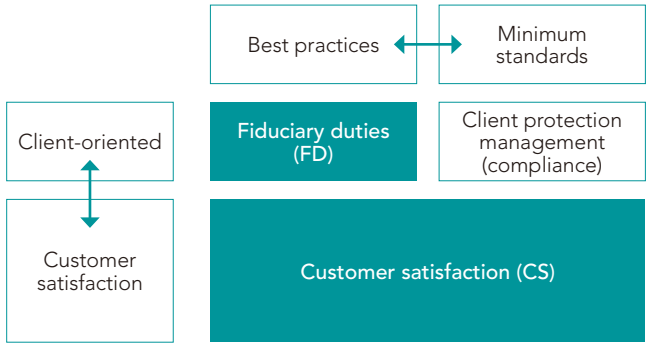
(3) Project Finance for Coal-fired Power Generation

Regarding the issue of climate change, which has become a major global issue, SuMi TRUST Bank has always made careful decisions regarding coal-fired power generation projects, which emit a relatively large amount of CO_2, by setting certain internal criteria on factors including power generation efficiency and environmental impact. As initiatives for realizing a low-carbon society are crucial management issues for financial institutions in the industrialized world, SuMi TRUST Bank has decided, in principle, not to engage in new projects for the construction of coal-fired power plants. However, in cases where exemptions are considered, lending decisions will be made carefully, with a comprehensive consideration of backgrounds and characteristics undertaken on a case-by-case basis, under strict standards that address the environmental impact, such as the OECD Guidelines and the energy efficiency of the specific projects.

Client-Oriented Initiatives

1. Providing Value to Clients

The SuMi TRUST Group aims to accurately understand the needs of individual and corporate clients, and to provide total solutions that offer a wide range of highly specialized products and services as the best way to address those needs. In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing. The SuMi TRUST Group, as the only independent financial group specializing in trust banking in Japan, will leverage its comprehensive capabilities that combine trust and banking functions, as well as the various trust functions within the Group, under a stringent conflict of interest management framework, with the aim of being the "Best Partner" for providing the greatest value to clients. In addition to the thorough implementation of compliance, including protection of client information, the Group vigorously and comprehensively pursues best practices, based on customer satisfaction (CS) and fiduciary duties (FD).

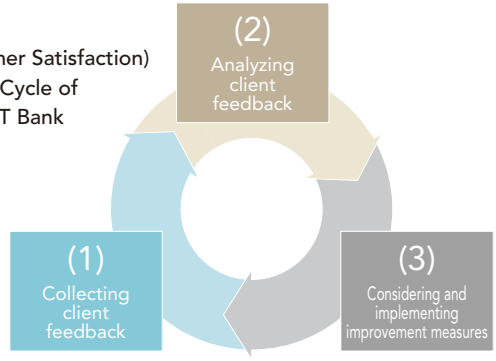


2. Enhancement of Customer Satisfaction

Initiatives to Link the "Voice of Customers" to Enhanced Customer Satisfaction

(1) SuMi TRUST Bank receives a large amount of feedback from clients and many requests via our branch offices throughout Japan, as well as its telephone centers and the Group's website, along with the "Voice of Customers Questionnaires," which are available at every branch. (2) In order to realize customer satisfaction by utilizing the hundreds of thousands of cases of feedback we receive each year, we use the "CS Voice of Customers Portal," which is a system to analyze client feedback. We are striving to meet our clients' needs by making client feedback "visible," so that we can better "recognize" such needs. (3) Furthermore, regarding opinions and requests received from clients, branches and the head office cooperate to investigate and analyze the causes, and identify problems. Based on the results, we search for measures for improvement, and strive to provide better products and services.

CS (Customer Satisfaction) Promotion Cycle of SuMi TRUST Bank



Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a trust bank, and put together an extensive lineup of unique and sophisticated products and services that are essential to providing total solutions, the SuMi TRUST Group focuses on promoting group-wide initiatives that combine the expertise of each business and Group company, rather than simply using their strengths and know-how. In this manner, the SuMi TRUST Group is creating a product development system that carries out medium-term, ongoing research activities on themes that would be difficult to categorize within the domains of individual businesses or Group companies.

Specifically, SuMi TRUST Bank has established a product development department in each business, as well as the Business Research and Development Department, and a product development off-site meeting as its product development organization. The product development departments in each business analyze the client needs that have been collected in the course of business, and engage in improvement and development, mainly of products for immediate application, including reviews of existing products and design of new products. In addition, the Business Research and Development Department, which was established as a dedicated unit primarily for the development of trust products, serves as the engine that drives product development and provides development support for each business, while carrying out planning, development, and promotion of medium- to long-term development projects across businesses. Furthermore, the product development offsite meeting has been established as a forum for discussion among executive officers and general managers, where regular exchanges of opinion are held regarding product development, not only at a practical working level, but also based on management strategy from a medium- to long-term viewpoint.

The SuMi TRUST Group also focuses its efforts on nurturing human resources who are capable of flexible thinking that sustains product development. At SuMi TRUST Bank, product development experience is included in the new employee training curriculum, and human resource development seminars on product development are held twice each year for product development personnel with little experience. At these seminars, groups engage in exhaustive discussions on the topic of new products to satisfy target client needs that are assigned in advance, with the goal of enabling participants to acquire an understanding of breakthrough points and problem-solving methods in product development.

Technologies to Support Total Solutions

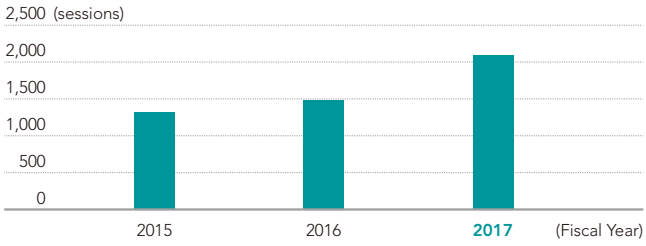
In order to provide total solutions to meet the increasingly complex and sophisticated needs of clients, Digital Transformation Departments have been established at SuMi TRUST Holdings and SuMi TRUST Bank, in order to accelerate research and demonstration experiments for IT utilization. For example, in 2017 we introduced a system that registers client transactions directly in a host computer from portable tablet devices, which allows sales staff who are responsible for visiting clients to spend more time on client-oriented consulting. (Please see page 84.)

Status of Initiatives Aimed at Becoming Our Clients' "Best Partner" and Key Performance Indicators (KPIs)

The SuMi TRUST Group regularly makes public indicators that allow confirmation of the status of initiatives aimed at becoming our clients' "Best Partner." These indicators are revised periodically as we promote and enhance these activities.

Initiatives in Connection with Financial Education and Literacy Improvement

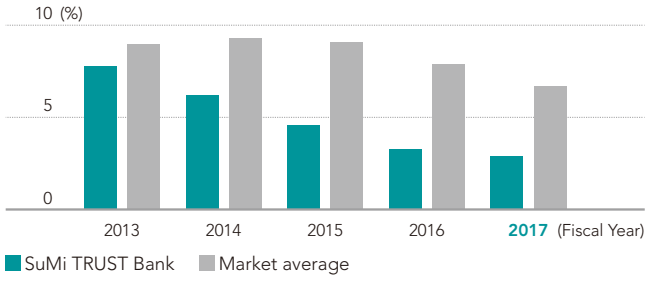
Number of Seminar Sessions Held



We are making efforts to hold seminars, such as the "Life Planning Seminar on Lifestyle and Money" and the "Inheritance Strategies Seminar," as opportunities to offer clients useful, specialized knowledge in an easy to understand manner.

Assisting Clients with Long-term Asset Formation

Ratio of Dividend Distribution* to Balance of Investment Trusts

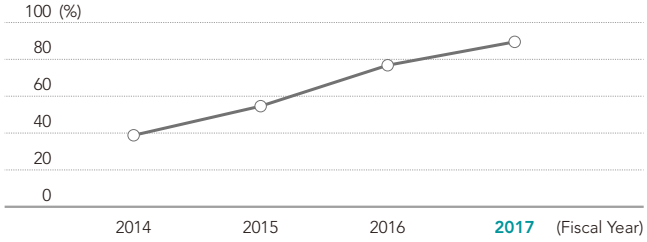


We propose products with low dividend frequency for clients' long-term asset formation needs. As a result, the ratio of dividend distribution to the balance of investment trusts is lower than the market average.

* Dividend distribution refers to dividends distributed by publicly offered investment trusts for which SuMi TRUST Bank is the sales company.
The market average is calculated based on statistics published by The Investment Trusts Association, Japan.

Improvement of Value of Investee Companies

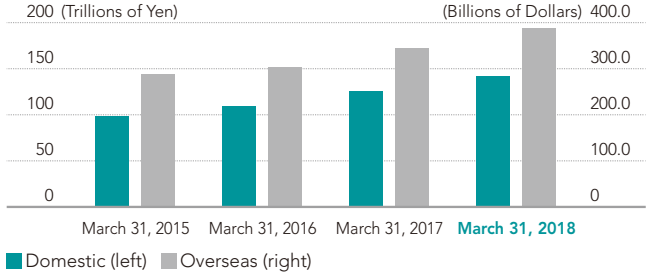
Ratio of Market Capitalization of Companies where Engagement is Implemented Compared to TOPIX Base Market Capitalization



We are enhancing our engagement activities ("purposeful dialogue" with investee companies, conducted to encourage improvement of corporate value and the sustainable growth of the investee company), both in terms of quality and quantity.

Group-wide Development of Asset Management and Asset Administration Business

Group Assets under Custody



Due to the maintenance and improvement of the solidity and swiftness of our asset administration services, as well as the increasing sophistication of our social infrastructure, including administration and systems, Group assets under custody is on an upward trend, both domestically and overseas.

3. Initiatives Related to Fiduciary Duties (FD)

Practicing Fiduciary Duties

The aim of the SuMi TRUST Group to be the "Best Partner" for clients is based on our client-oriented spirit. While the SuMi TRUST Group has always striven to be completely client-oriented, with the trust fiduciary spirit ingrained in our DNA, in September 2016, we further enhanced our efforts by establishing and making public our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" (hereinafter, the "Policies"). We believe that the practice of fiduciary duties depends on "significant expertise" that our clients can rely on, "consulting practice" that offers clients optimal options according to their individual needs, and "stringent conflict of interest management." The SuMi TRUST Group has established an extensive organizational structure from the management level to the working level, and continuously strives to enhance its initiatives in this area.

Promoting/Supervising Structure of the Group

	Organization		Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	• Supervise conflict of interest management for the Group, monitor FD progress
SuMi TRUST Bank	Executive Committee	Conflicts of Interest Management Enhancement Committee	• Discuss important cases • Guide the improvement of relevant departments
SuMi TRUST Bank	Department in charge	Fiduciary Duties Planning and Promotion Dept.	• Promote FD within the organization
SuMi TRUST Bank	Department in charge	Compliance Dept.	• Enhance conflict of interest management
Group companies	Group-wide	Fiduciary Duties Discussion Panel	• Consult with external experts, implement within the company

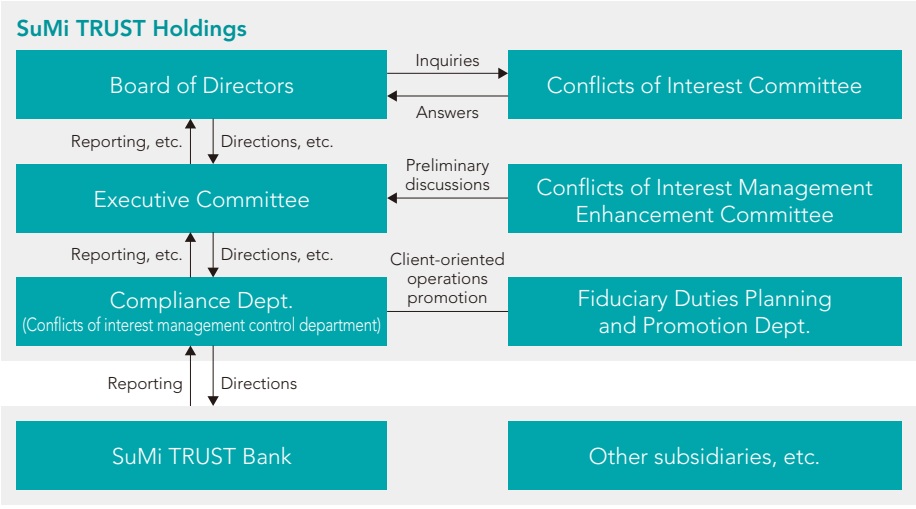
Conflict of Interest Management Framework

Along with the various products and services provided by the Group, in order to protect the interests of our clients from undue harm, the Group carries out business operations based on the appropriate management of transactions that have possible conflicts of interest, in accordance with our Management Policy Concerning Conflicts of Interest. To accurately carry out conflict of interest management at the group-wide level, we have established a system in which the Compliance Department, which is the department that controls conflict of interest management independently of sales divisions, regularly verifies the effectiveness of conflict of interest management across the Group, under the conflict of interest management officer. The results are reported to the Conflicts of Interest Management Enhancement Committee, the Executive Committee, and the Board of Directors, and improvement and direction are carried out continuously, as needed. In addition, in an effort to enhance the effectiveness of the Group's conflict of interest management framework, the Board of Directors consults the Conflicts of Interest Committee, the majority of which consists of external experts, and receives verification of the appropriateness of the conflict of interest management framework.

Furthermore, SuMi TRUST Bank has established the "Stewardship Activities Advisory Committee" (hereinafter, referred to as the "Advisory Committee") regarding stewardship activities, the majority of which consists of external experts. The Advisory Committee is a body established to make recommendations for various activities, under Japan's Stewardship Code. The Advisory Committee makes recommendations regarding the establishment, revision, or abolition of the guidelines for the exercise of voting rights, decisions regarding whether to support a proposal not stipulated in these guidelines, the appropriateness of interpretations of these guidelines for individual proposals, and verification and improvement of the decision-making process on the exercise of voting rights on proposals in connection with which conflicts of interest may occur. The Officer in charge of Fiduciary Services Business, who is independent from the executive authority of other operations of SuMi TRUST Bank, assigns maximum value to the recommendations of the Advisory Committee, and makes decisions on various matters. If any recommendations are received from the Advisory Committee, the Officer in charge of Fiduciary Services Business shall immediately implement the necessary corrective and remedial measures. In terms of our exercise of voting rights, the Advisory Committee discloses the numerical standards, etc. of the guidelines in order to enhance the visibility of our judgment. The Advisory Committee also discloses whether we voted for or against each proposal, for each investee company, thereby enhancing the visibility of exercise results. Through these efforts by the Advisory Committee to ensure the objectivity of the involved processes, and to enhance the visibility of both exercise judgment and results, we are raising the transparency of our exercise of voting rights.

We will establish a similar framework after the split of the asset management function for integration with Sumitomo Mitsui Trust Asset Management (scheduled for October 2018).

Conflict of Interest Management Framework*



Conflicts of Interest Committee Members

Chairperson: Hideki Kanda
External Director,
SuMi TRUST Bank
Professor,
Law School at Gakushuin University
Emeritus Professor,
University of Tokyo

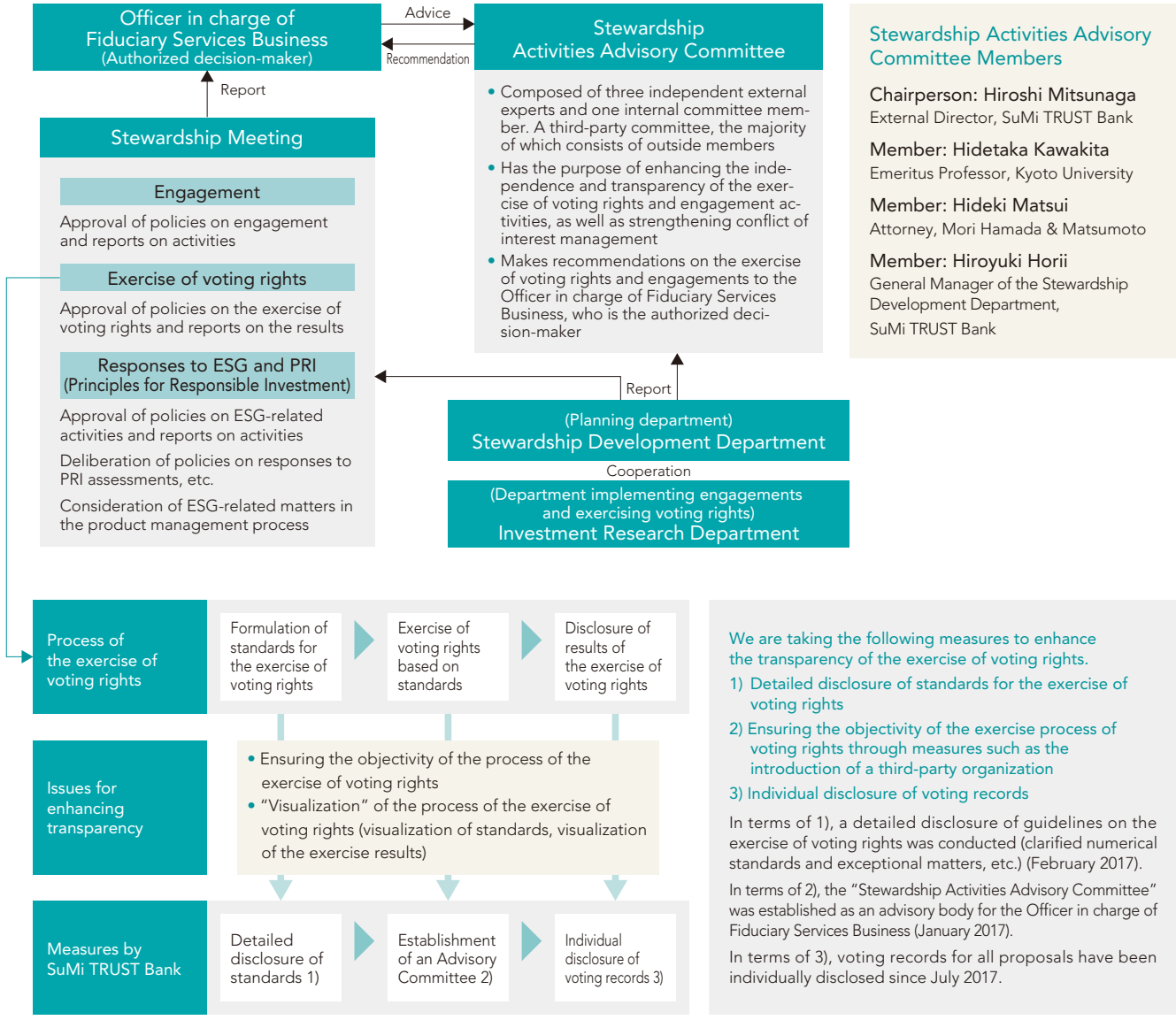
Member: Takeshi Suzuki
External Director,
SuMi TRUST Holdings

Member: Akiko Hosokawa
Partner, Baker & McKenzie

Member: Yutaka Nishida
Senior Managing Executive Officer,
SuMi TRUST Holdings

* For the roles and responsibilities of each management structure and the main departments, please refer to page 80; for the specific role of the Conflicts of Interest Committee, please refer to pages 56-57.

Stewardship Activities Promotion Framework (as of June 30, 2018)

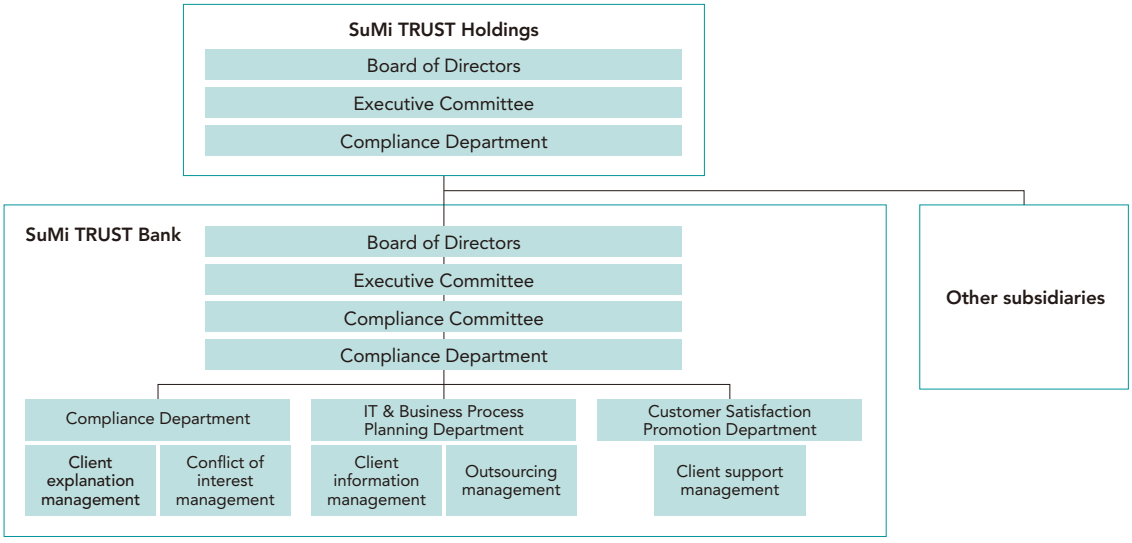


4. Initiatives for Management of Client Protection, Etc.

Basic Initiative Policy

Amidst a growing number of financial products with ever more complex mechanisms and unique characteristics, there is a pressing need for financial institutions to properly and fully explain product mechanisms and risks to clients, and to gain their understanding. It is also increasingly important for financial institutions to appropriately respond to complaints and requests from clients, and properly manage client information. Given these conditions, the Group regards client protection as one of its most important management issues. To respond to the expectations and trust that clients place in the Group, SuMi TRUST Holdings has established a basic policy in its Client Protection Management Rules, to enable each Group company to enhance client protection and convenience. In addition, checking and promotion systems have also been developed, to which the Group complies, carrying out business activities in a

sincere and fair manner. By developing these systems, the Group is promoting various initiatives to appropriately address issues and problems based on self-discipline. Group companies develop appropriate client protection management systems, in accordance with the characteristics of their own operations, based on the basic policy established by SuMi TRUST Holdings. Control departments have been established at each Group company, which are responsible for client protection management. Under this rubric, separate supervisory departments tasked with client explanation management, conflict of interest management, client information management, outsourcing management, and client support management have also been established. These supervisory departments work to ensure the appropriateness and sufficiency of client protection, revise and update important rules as needed, and provide regular status reports to the Board of Directors, etc. In addition to managing the supervisory departments, the control departments oversee client protection management as a whole, through the preparation of internal company rules, guidance for related departments, and training expansion and improvement.



Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy as a policy to securely protect the personal information of its clients. Furthermore, the Group manages client information appropriately, and when using client information jointly within the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations, so as to ensure the appropriate use of such information.

At SuMi TRUST Bank, the IT & Business Process Planning Department oversees client information management as a whole, based on information security risk management rules with the aim of properly maintaining and managing the Group's information assets. The department regularly evaluates the status and effectiveness of client information management execution, and provides regular status reports to the Board of Directors, etc. At branch offices and head office departments, in addition to assigning general managers the responsibility of managing and administering information, SuMi TRUST Bank requires all employees to submit a written affirmation of their duty of confidentiality, so that they clearly recognize the duty they have to keep important information, including personal data they come across while working, confidential.

Digitalization Strategy

As digitalization progresses at a rapid pace, the SuMi TRUST Group regards digital reform initiatives as one of our most important management strategies. We continually strive to improve client convenience and productivity and to develop a total solution model that is unique to a trust bank, using the latest digital technologies.

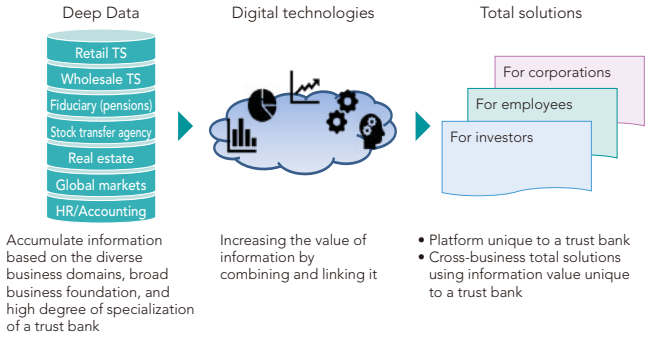
Developing a Total Solution Model

Our group companies have a wide range of business domains, and develop highly specialized businesses targeting a broad client base. Each business domain holds "Deep Data": a variety of data accumulated by leveraging the highly specialized know-how unique to the trust bank group. Deep Data accumulates data such as client attributes, assets, transactions, and events in each business domain, as well as external data such as economic conditions, representing information that is both quantitatively and qualitatively unique to the trust bank group.

We analyze this information and convert it into a form that provides high added value for our clients, and utilize digital technologies such as artificial intelligence (AI), blockchain, IoT, and the cloud to determine the ideal timing to make proposals.

Our goal is to use digital technologies to offer information with high added value to our clients, and to offer total solutions that are unique to the trust bank group, and go beyond our business domains. Our digitalization strategy serves as foundation for building a unique model for adding value, as a financial group specialized in trust banking.

• Evolution of total solutions through use of digital technologies



Pursuing Reform and Innovation in Client Services Using Technology

In 2015, we launched the FinTech project teams. The activities of these teams have since included verification experiments aimed at using new technologies such as the blockchain and AI, as well as joint research with external partners.

In November 2017, we created the Digital Transformation Department at SuMi TRUST Holdings and SuMi TRUST Bank. This department is accelerating digital innovation, and is engaged in studies, research, and verification experiments regarding the use of technologies to further the development of a total solution model, in particular.

• Use of AI in the asset management field

We use AI to build investment strategies, including utilizing text mining to develop AI solutions that automatically calculate sentiment scores for large volumes of analyst reports, collect information more efficiently, and make investment decisions on individual stocks.

• Using digital technologies to offer a higher level of consulting

We use AI specialized for text analysis to discover hidden client needs, and perform verification experiments to enable optimal consulting activities based on those needs.

We perform a multifaceted analysis of a variety of information that we have accumulated using predictive analysis, and perform verification experiments to propose products and services to more effectively meet client needs.

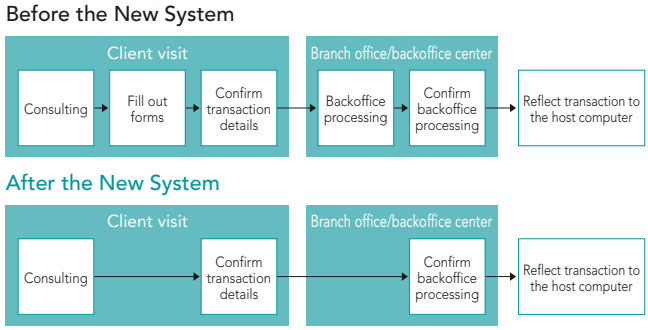
Improving Client Convenience

Introduction and continued development of host DB linked client visit tablet

We have introduced an IT system for marketing assistance. Sales representatives for individual clients carry tablet devices during client visits, and are able to use this system to complete procedures for time deposits, investment trusts, and other transactions on the spot. We plan to expand the range of applicability of this system to support more types of transactions, including insurance products and discretionary investment products.

Introducing this new system has enabled us to spend more time on client-focused consulting, as it reduces burdens on clients from filling out forms, while at the same time greatly reducing our administrative workload.

In the future, we will improve client convenience and enhance our consulting by advancing the use of technology and digitalization in both over-the-counter transactions and internet banking using mobile devices.



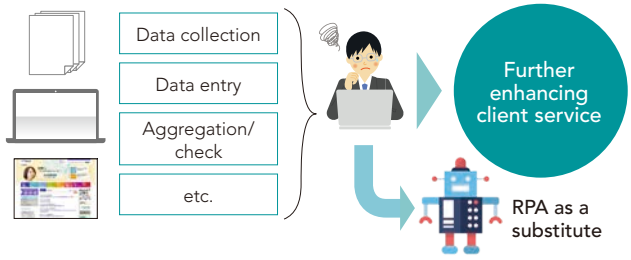
Initiatives to Improve Productivity

Full-scale introduction of RPA and AI, and promotion of digitalization

• Using Robotic Process Automation (RPA)

We are aiming to save 500,000 person-hours of labor over the next three years by using RPA to automate operations that have previously been performed by humans.

We aim to further enhance client service by replacing data entry and other backoffice tasks with RPA, mainly at the head office, improving both operational efficiency and quality, and allowing a shift of personnel from the head office to branch offices.



• Introducing AI for call-center operations

Our goal is to improve client service by making call-center operations more efficient and sophisticated, by using voice-recognition technology to automatically convert client telephone inquiries into text, and using text-mining technology to summarize such text.

Initiatives at SBI Sumishin Net Bank, Ltd.

Since its founding in September 2007, SBI Sumishin Net Bank, Ltd. has worked to achieve "the most user-friendly internet banking, offering attractive products and services 24 hours a day, 365 days a year." In the FinTech business domain as well, it is actively using AI, APIs, and other leading-edge technologies to develop products and services that help improve client convenience, led by its FinTech Business Planning Department and Big Data Department.

• Example uses of AI

We have introduced a hybrid chat service on a trial basis. This service handles client inquiries seamlessly, switching between an AI chatbot and human responses. The AI chatbot provides 24/365 automated responses, while humans provide more detailed custom responses during business hours.

We have also introduced leading-edge methods that use AI to review mortgage loans. This improves the accuracy of reviews, and makes operations more efficient and less labor-intensive.

In addition, we have introduced an AI-based monitoring system to detect fraudulent wire transfers, expanding the applications of AI to fields that help improve client security and comfort.

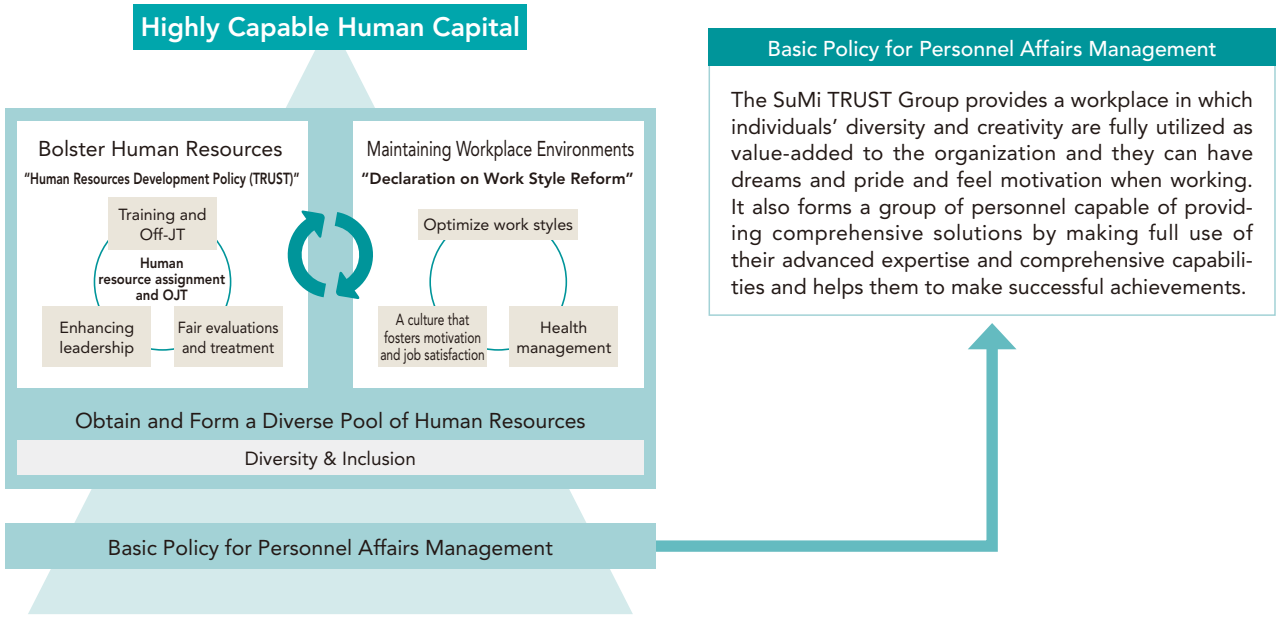
• Example uses of APIs

We offer a wide range of asset management services to clients, performing API integrations with operating companies that offer automated savings services and Robo advisor (automated asset management service).

We help streamline wire transfer procedures and the capture of client balances and bank statements, through API integration with cloud accounting software and other services.

Human Resources Strategy

The SuMi TRUST Group is engaged in initiatives to enhance its human capital—one of the sources of value creation—and increase the total added value provided to our clients. Specifically, we aim to raise the level of our pool of human resources that can devise comprehensive solutions using the two wheels of "bolstering human resources" and "maintaining workplace environments," based on the principle of diversity & inclusion, and in accordance with our Basic Policy for Personnel Affairs Management.



Status of the Group of Personnel that Provides Comprehensive Solutions

Number of financial consultants
(number of female consultants shown in parentheses)

March 31, 2017:	**March 31, 2018:**
247 (10)	**249 (9)**

Fellows ("SEI-KAIIN") of the Institute of Actuaries of Japan

March 31, 2017:	**March 31, 2018:**
45	**43**

Number of registered real estate transaction agents

March 31, 2017:	**March 31, 2018:**
5,448	**5,518**

Bolster Human Resources

Number of hours of training held

FY2016:	**FY2017:**
4,599 hours	**6,033 hours**

Number of applicants for voluntary training

FY2016:	**FY2017:**
854	**886**

Status of positions of female employees
(March 31, 2017)

Executives:	**Level of general manager:**	**Level of section manager:**
2	**16**	**245**

Maintaining Workplace Environments

Results of employee awareness survey

	Activity	Satisfaction
FY2016	61.2%	60.8%
FY2017	**62.1%**	**59.8%**

Supporting work-life balance

Childcare leave:	**Nursing care leave:**	**Male employees taking childcare leave:**
358 (March 31, 2018)	**84** (cumulative total for FY2017)	**305** (cumulative total for FY2017)

Number of users of the internal job posting system

FY2016:	**FY2017:**
378	**445**

(All figures are actual results of SuMi TRUST Bank)

1. Diversity & Inclusion

SuMi TRUST Bank KPIs

1) Female employees in management positions at section manager level and above: 300 or more

2) Male employees taking childcare holidays: 100%

3) Disabled person employment ratio: 2.0% or higher

The SuMi TRUST Group holds the concept of Diversity & Inclusion, in the sense of "utilizing the diversity and creativity of its employees in management," as its management principles ("Mission"). We also hold fully utilizing individuals' diversity and creativity as value added to the organization as our Basic Policy for Personnel Affairs Management. The business model of a trust bank is to offer added value to clients by leveraging the diversity of the organization. While we have always believed in respecting diversity as an organization, we consider it to be vital to enhance the organization's diversity, and to renew our understanding that our employees are the SuMi TRUST Group's strength.

In October 2017, SuMi TRUST Holdings followed SuMi TRUST Bank in establishing a Diversity & Inclusion Office within the Human Resources Department, in order to share the principles and goals of diversity & inclusion with the Group as a whole.

(1) Employing diverse human resources

To practice our management principles ("Mission") and Basic Policy for Personnel Affairs Management, it is first essential to hire diverse human resources. SuMi TRUST Bank is building a base for diverse employees to exercise leadership. More than half of SuMi TRUST Bank's new recruits are women. In addition, we actively hire newly graduated foreign exchange students and local graduates overseas. As of March 31, 2018, our disabled person employment ratio was 2.09% for the Group as a whole, including in client relations roles such as lobby attendants. Hiring, retention, and increasing diversity remain our challenges, moving forward.

The SuMi TRUST Group's Human Rights Policy clearly prohibits discrimination against LGBT individuals. Nikko Asset Management has created an internal LGBT Working Group, which carries out education activities aimed at fostering an understanding of LGBT. In addition, in October 2017, SuMi TRUST Bank received a Gold medal, the highest rating available, in the "Pride Index," which evaluates initiatives regarding LGBT. The Pride Index is operated by the organization work with Pride (wwP), which supports the promotion and establishment of LGBT-related diversity management.

In fiscal year 2017, 100% of eligible male employees at SuMi TRUST Bank took childcare holidays.

Human Rights Policy: https://www.smth.jp/en/csr/management/human_rights_policy/index.html

(2) Promoting active participation by women

With regard to promoting women, SuMi TRUST Bank is securing a large number of women at the level of assistant manager, and is steadily promoting women to the levels of section manager and general manager, and enhancing management skills by means such as job rotation and training. We will accelerate promotions into management in order to achieve our KPIs.

In terms of expanding the roles of women, we are accelerating the promotion of female employees as financial consultants*, the majority of whom are male employees. In addition, in order to create further opportunities for women to thrive, in fiscal year 2018, we created a new trust consultant position that undertakes duties equivalent to those of a financial consultant, and two of the three employees in the first round are female employees.

* Expert staff who exemplify trust banking, using strong expertise and a wealth of experience to accurately manage client assets, and propose meticulous plans for management and succession

Number of Female Employees in Management Positions at SuMi TRUST Bank

	March 31, 2016	September 30, 2016	March 31, 2017	September 30, 2017	March 31, 2018
Director	0	1	1	0 (0%)	0 (0%)
Level of executive officer	0	0	0	2 (5.6%)	2 (5.7%)
Level of general manager	10	12	14	14 (2.4%)	16 (2.7%)
Level of section manager	192	224	232	229 (11.2%)	245 (11.9%)
Level of assistant manager	1,080	1,022	1,069	1,061 (31.6%)	1,108 (32.7%)

* Numbers in parentheses are ratio of women
* As of March 31, 2018, there is one female external director at SuMi TRUST Holdings

2. Bolstering Human Resource

The SuMi TRUST Group Human Resources Development Policy

The SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a development spirit consisting of "TRUST," for the growth and career development of the employees who will create our future.

Talent .....Talent (individuality) can blossom
Respect .....Respect each individual
Uniqueness .....Develop true professionals
Support .....Make mutual teaching and support our motto
Try .....Praise small, daily challenges

Based on the "fiduciary spirit of TRUST," the SuMi TRUST Group aims to contribute to our clients and the continuous development of society through the growth of our employees, thereby maximizing the creation of shared value and becoming the corporate group that is chosen by society.

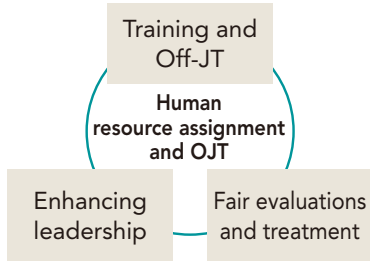
We have been advancing measures to be the "No. 1 financial group for human resource development" with the aim of "bolstering human resources," which is one of the two wheels for raising the level of our group of personnel that provides comprehensive solutions. Today, however, as digitization and other advances are changing business models at an ever-accelerating pace, we need to share concrete guidelines within the group and accelerate their promotion.

It was for this reason that, in April 2018, we created our "Human Resources Development Policy" as the shared human resource development slogan within the SuMi TRUST Group. Through this policy, we will strive to build a diverse group of personnel that shares a passion for "TRUST," and maximize the creation of shared value through the realization of "The Trust Bank."

(1) Skill-raising Human Resource Assignment and OJT*

The SuMi TRUST Group views OJT as the foundation for human resource development. We also focus on assigning employees to roles that awaken their passion for growth and allow them to display their abilities to the maximum extent. In fiscal year 2018, SuMi TRUST Bank introduced a program that enables younger employees to experience multiple work domains within a fixed period. We are also advancing initiatives such as a trust internship program aimed at developing human resources who possess a "high degree of expert knowledge in trust operations" and a "deep understanding of the fiduciary spirit."

* OJT: On the Job Training. OJT is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via their daily tasks.



(2) Enhancing Training and Other Off-JT*

The SuMi TRUST Group has established the SuMiTRUST University, which offers group training with the objective of improving employees' operational skills and management abilities, and many opportunities for self-development to encourage employees to continue improving their skills. The Company's President is the president of SuMiTRUST University, while the executive in charge of Human Resources Development and an outside expert serve as the university's vice presidents. The university is a group-wide program that also receives advice regarding its management from Hitotsubashi University graduate school.

* Off-the-job training: Uses workshops, training, and other methods to teach knowledge and other skills that cannot be learned through OJT.

(3) Enhancing Leadership

SuMi TRUST Bank offers a program to develop next-generation executive candidates in cooperation with Hitotsubashi University's Graduate Programs. Candidates receive instruction on the values, general liberal arts knowledge, and MBA elements they need for management, and through sessions and courses, they complete the program by presenting a proposal to senior executives. The bank also provides a leadership development program for female employees to step up to management with three phases of training: training for candidates for promotion to general manager; training for employees promoted to general manager; and, training for candidates for promotion to section manager. After the employees complete their training, operations are conducted such as providing them with opportunities to practice what they have learned during training in a variety of environments, primarily through promotion and job rotation.

(4) Fair Evaluations and Treatment

Purpose of Personnel Evaluation System

- **To maximize our performance as an organization by aligning the vectors of the Company and individual employees in the same direction**
- **To ensure goal setting and issue identification, daily communication, and face-to-face meetings to review performance, etc. lead to changes in behavior and capacity development**
- **To fairly evaluate the various achievements of employees and the diverse capabilities they have demonstrated to ensure they are assigned to appropriate jobs and treated justly**

In order to fairly evaluate and treat diverse human resources, it is necessary for all employees to share and practice the goals of the evaluation system, and in practice, objectivity is essential. For this reason, roughly every three years, SuMi TRUST Bank sends members of the Human Resources Department to each branch and department to interview employees. Additionally, as a means of obtaining a multifaceted view of our personnel, we have introduced an anonymous survey for subordinates and others to rate the day-to-day management actions of line managers in the branch management ranks (general managers, deputy general managers, section managers, etc.). Further, we also promote management action reform and encourage the cultivation of a climate of bi-directional dialogue.

3. Upholding Positive Workplace Environments

Declaration on Work Style Reform

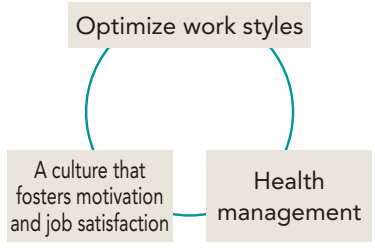
The SuMi TRUST Group hereby declares it a top commitment to offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions. The Group as a whole will work towards the following goals.

1. **Achieving diverse work styles and work-life balance**
2. **Supporting health improvement through measures such as boosting health awareness and appropriately managing work hours**
3. **Providing opportunities for all employees to grow while participating actively with motivation**

Through the enthusiastic work of each individual employee, we will continue to be a corporate group that contributes to the benefit of clients and is useful to society.

"Maintaining workplace environments" is the second of our two wheels of measures for raising the level of the Group's pool of human resources. To this end, in May 2017, the Group launched the "Work Style Reform Headquarters," headed by the presidents of SuMi TRUST Holdings and SuMi TRUST Bank, and established the "Declaration on Work Style Reform" as a top commitment.

At SuMi TRUST Bank, initiatives based on this declaration have generally raised ratings related to human resource strategy in the employee awareness survey conducted each year.



(1) Optimizing Work Styles

With the aim of "achieving diverse work styles and work-life balance," SuMi TRUST Holdings actively establishes a workplace environment where employees can work while feeling at ease and still maintain a good balance between work and their personal lives. With regard to childbirth and childcare, SuMi TRUST Bank offers childcare leave that can also be taken by fathers, in addition to a system of shorter working hours and the freedom to choose to refrain from working overtime or at night. These measures have allowed us to create an environment where parents can raise their children with peace of mind. Moreover, for employees with family members who require nursing care, we offer a system of nursing care days-off and nursing care leave, and a shortened workday system.

We have also set a target of reducing backoffice work by 70% over a period of roughly five years, by advancing business process reforms and promoting branch strategies. The workforce created through these efforts will be used to enhance client support and improve service by shifting resources to areas as face-to-face sales and IT operations.

Specific Initiatives

- **Set a ceiling on overtime for all employees, including managers**
- **Establish rules for taking intervals between work shifts**
- **Invest in infrastructure for efficient operations**
- **Develop good management practices that improve business productivity; reflect business productivity in employee performance evaluations**
- **Implement "business processes to enable employees to finish majority of work at 4 p.m." at branch offices**
- **Initiatives to shift to paperless meetings**

(2) Health Management

For "supporting health improvement through measures such as boosting health awareness and appropriately managing work hours," we have active initiatives in place that are aimed at promoting the physical and mental health of all Group employees, including managing minimum interval between work-days, streamlining operations, reducing working overtime, and prohibiting smoking in all buildings. In recognition of these initiatives, the SuMi TRUST Group was certified by the Ministry of Economy, Trade and Industry (METI) as a "Certified Health and Productivity Management Organization (White 500) " in February 2018 for practicing outstanding health and productivity management.

With regard to physical health, SuMi TRUST Bank provides health examinations every year and makes reexaminations mandatory. The Human Resources Department and others provide individualized follow-up to ensure that everyone who requires treatment at a healthcare institution receives the necessary treatment.

With regard to mental health, SuMi TRUST Bank provides care by line management, and also carries out stress checks once a year. Group results are provided to the employees' union, and we discuss "improvement in workplace environments" and strive towards such improvement.

(3) A Culture That Fosters Motivation and Job Satisfaction

We work to build a climate that supports challenges and learning and activates bi-directional dialogue toward "providing opportunities for all employees to grow while participating actively with motivation." The SuMi TRUST Group has always encouraged activities that create opportunities for learning, such as seminars and learning circles formed by groups across branches and departments, and has regularly held lectures by outside instructors. SuMi TRUST Bank encourages employees to independently and voluntarily shape their own careers, by creating a system for changing from a career course limited to specific regions to one enabling nationwide transfers, and an internal job-posting system that enables employees to take on new challenges by transferring into their desired jobs and businesses.

In fiscal year 2018, we began promoting activities for employees to shape their own futures towards creation of new businesses and operations, in order to create new solutions by turning positive ambitions of the Group employees into new products and innovations, which has helped improve employee motivation. Additionally, in May 2018, we created the "Employee Integrated Report," in order to enhance employee understanding of the SuMi TRUST Group, and to encourage employees to think about their own careers.

In order to spread and maintain this culture, it is essential to have good bi-directional dialogue between executives and employees, as well as among employees. SuMi TRUST Bank uses occasions when employees gather, such as staff training by rank, as opportunities for discussion and questions about management policies, leadership, and other topics by the president and other executives.

For communication among employees, we create and execute measures that reflect diverse views through active dialog with the employees' union, and have created "The Trust Bank" discussions with the goal of fostering awareness in line with the fiduciary spirit and improving teamwork at the workplace. We create a workplace where employees are highly motivated through free discussion among employees, regardless of their position or team, on specific issues. As of March 31, 2018, 59% of all SuMi TRUST Bank employees are members of the employees' union.

A discussion

4. Human Rights

(1) Human Rights Management

Basic Philosophy

The SuMi TRUST Group's human rights management is based on the "Guiding Principles for Business and Human Rights," which was adopted by the United Nations Human Rights Council in June 2011. We have established the Human Rights Policy along with the Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy) (see page 24) to respect the human rights of all stakeholders.

Human Rights Management System Based on the Guiding Principles for Business and Human Rights

The SuMi TRUST Group works to improve the quality of its human rights management in a PDCA cycle, in order to foster a corporate culture and workplace environment that respects the basic human rights of all stakeholders, by respecting individual human rights and diverse values, while eliminating discrimination. The SuMi TRUST Group has not had any cases of infringement of human rights in the past three years.

Commitment	Establishment of the Human Rights Policy.
Implementation of human rights due diligence*1	Once a year, the Human Rights Due Diligence Self-check List*2 is distributed to all branches, departments, and affiliates both at home and abroad as a tool to check the status of respect for human rights at each unit.
Access to redress	The Personnel Consultation Desk in the Human Resources Department serves as a contact point.

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impacts on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

Human Rights Due Diligence Liaison Committee

- Engages in investigating the status in addressing human rights at all Group companies including overseas entities, derives tasks to be addressed, and discusses and addresses measures for improvement.
- Conducts annual investigations into the status of addressing human rights through use of the Human Rights Due Diligence Self-check List.
- Based on discussions by the liaison committee, the Corporate Planning Department formulates objectives and plans for the development and reinforcement of the framework of initiatives, and the Human Resources Department and Human Rights Education Committee engage in the formulation and implementation of various training programs and education activities concerning human rights issues at all Group companies and branches.

(2) Protecting Various Human Rights

Initiatives to Address Dowa and Foreign Residents Issues

The SuMi TRUST Group regards tackling discrimination against the Dowa caste as a particularly important theme in the promotion of human rights education, and has worked to completely eliminate prejudiced or discriminatory views against the Dowa caste. With regard to foreign residents issues, we make all employees aware of giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting privacy.

Prevention of Sexual Harassment and Power Harassment

Actions such as sexual harassment and power harassment are prohibited at the SuMi TRUST Group. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk within the Human Resources Department. Stringent corrective measures or punishment are implemented against the perpetrators.

Initiatives to Prevent Discrimination Against LGBT People

We strive to ensure thorough prevention of discrimination against sexual minorities such as LGBT in hiring or performing their work. Our Personnel Consultation Desk (LGBT Consultation Desk) addresses this issue as an ally (supporter).

Investments and Loans Related to Cluster Bombs

The SuMi TRUST Group refuses to provide loans to foreign or domestic companies that produce cluster bombs, which are recognized as a weapon raising strong humanitarian concerns.

SuMi TRUST Bank is a member of the following organizations, with the goals of continuously collecting information and acquiring knowledge on human rights, and reflecting this in the enlightenment and education of all of our employees, including those in Group companies.

- **Global Compact Network Japan**
- **The Industrial Federation for Human Rights, Tokyo**
- **Buraku Liberation and Human Rights Research Institute**
- **Korean Residents Minority Human-rights Research Center of Japan**
- **Higashi Nihon Buraku Freedom Institute**

Communication with Shareholders and Investors

1. Basic Philosophy

SuMi TRUST Holdings aims for highly transparent corporate management by striving for timely and appropriate disclosure of corporate information, as well as through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas.

Specifically, we endeavor to give our shareholders and investors a deeper understanding of SuMi TRUST Holdings' performance, business conditions, business strategies, etc., by holding information meetings and other events in addition to disclosing corporate information in a timely, fair, and accurate manner.

2. Information Meetings for Investors

Activities for Individual Investors

We strive to provide information that will allow individual investors to better understand SuMi TRUST Holdings through measures such as organizing information meetings, setting up a dedicated website for individual investors, and distributing a newsletter for shareholders ("The Trust Newsletter – Business Report").

At an information meeting held in December 2017, we communicated the appeal of SuMi TRUST Holdings to individual investors in an easy-to-understand manner, through a dialogue with Mr. Yasushi Miyosawa, an announcer with Asahi Broadcasting Group Holdings Corporation.

For details, see "Information Meeting for Individual Investors" on our website (Japanese only).
https://smth.jp/investors/individual_meeting/index.html

Activities for Institutional Investors

Investor meetings on financial results aimed mainly at analysts and institutional investors are held twice a year, for the full-year and interim results. We also conduct briefings on our management strategy and financial position, etc. by participating in conferences organized by securities companies and by holding one-on-one investor meetings in Japan and overseas. In February 2018, we held SuMi TRUST IR Day, where the officers in charge of our businesses described the features and strengths of the Group's main businesses, as well as our strategic direction. In addition, Mr. Isao Matsushita, an external director and chairman of the Board of Directors, gave a presentation describing our governance.

SuMi TRUST IR Day held in February 2018

IR Activities Carried Out in FY2017

Investor meetings on financial results for analysts and institutional investors	2 times
Overseas IR events	8 times
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 411 (including 205 overseas investors)
Information meetings for individual investors	Number of participants: 498

3. General Meeting of Shareholders

In addition to promptly sending out the convocation notice for the General Meeting of Shareholders held in June of each year, we post the notice on stock exchange websites and our own website one week before it is sent out. We are also striving to improve the voting environment by making it possible to exercise voting rights online or by cell phone (including smartphones), and by participating in a platform for the exercise of voting rights. Furthermore, we post an English translation of the convocation notice on our website at the same time as the Japanese version, before it is sent out, in an effort to increase the convenience of overseas investors.

Notices of resolutions and voting results are posted on our website immediately after the conclusion of the General Meeting of Shareholders.

Initiatives to Facilitate Financing

• Dealing with Facilitation of Financing

The SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking mortgage loans as one of its most important social missions.

SuMi TRUST Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and mortgage loan clients for various consultations, restructuring of loan repayment conditions, etc.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters and a system at the head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a dedicated telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the SuMi TRUST Group will continue providing appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to help mortgage loan clients enjoy a stable lifestyle. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, etc. from clients who have been directly or indirectly affected by the Great East Japan Earthquake or the 2016 Kumamoto Earthquake, the SuMi TRUST Group endeavors to respond in a flexible and appropriate manner, taking into account each client's circumstances.

In addition, SuMi TRUST Bank has a system under which it respects and abides by the "Guidelines for Management Guarantee," and discloses the utilization status of the guidelines on our website. The bank has reorganized its system for receiving inquiries related to the "Guidelines on Arrangement for Victims of Natural Disaster," which was adopted in April 2016, and appropriately responds to client's requests for consultation.

• Status of Initiatives to Improve SME Business Operations and to Revitalize Regions

(1) Policy on Management Support Measures for SMEs

SuMi TRUST Bank assists SMEs with efforts to improve and revitalize their business operations by considering their conditions and providing business consultations, management guidance and support for formulating business reconstruction strategies, and other support services.

(2) Framework of Management Support for SMEs

In order to carry out management support for SMEs, SuMi TRUST Bank has established "Financing Facilitation Promotion Offices" in the Wholesale Business Planning Department and in the Personal Loan Business Promotion Department, to prepare a framework to deal appropriately and satisfactorily with various consultations and requests from clients.

In terms of specific measures related to management support for SMEs, branch offices and the head office are engaged in efforts such as support for formulating business reconstruction plans tailored to individual circumstances, and assistance aimed at making progress with business reconstruction plans, taking into account the industry conditions and the business dealings of individual SMEs. Furthermore, SuMi TRUST Bank prepares to support clients in overseas expansion and business succession as well as in electronically recorded monetary claims.

1) Initiatives related to support for overseas expansion

SuMi TRUST Bank has the five-branch one-subsidiary system that includes New York, London, Singapore, Hong Kong, Shanghai and Thailand. These branches offer financial services such as loans, deposits, foreign exchange, and derivatives to Japanese client companies who are expanding overseas. In addition to developing our own offices, we are making efforts to address the growing need for financial services denominated in local currencies through partnerships with leading banks in Asian countries. In Indonesia through "DBSI – SuMi TRUST Japanese Business Services" established within PT Bank DBS Indonesia, a local subsidiary of DBS Bank Ltd. which is a major bank based in Singapore, and in Vietnam through Bank for Investment and Development of Vietnam (hereinafter "BIDV") which SuMi TRUST Bank has a partnership with and a leasing joint venture company with BIDV (BIDV-SuMi TRUST Leasing Company, Ltd.), we are enhancing our financial services geared toward Japanese companies expanding into each country.

2) Initiatives related to support for business succession

In April 2013, SuMi TRUST Bank consolidated branch support functions for services in inheritance, asset inheritance, and business succession in its Private Banking Department. We offer fine-tuned proposals and prompt information to meet the diverse asset inheritance and business succession needs of both our corporate and individual clients. In collaboration with an affiliate, Sumitomo Mitsui Trust Wealth Partners Co., Ltd., we provide tailor-made services for the needs of our company-owner and property-owner clients.

In addition, we have assigned financial consultants to branches nationwide as an easily accessible channel for our company-owner clients to consult about inheritance and business succession concerns and challenges. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with clients from the perspectives of "inheritance/asset inheritance and business succession," "asset management and asset administration" and other factors.

Furthermore, we cooperate with our tax accountant corporate partner to hold seminars for business owners on the inheritance and business succession tax system and business succession measures that make use of trusts. These events serve as opportunities to make SuMi TRUST Bank's consulting function more broadly known among people who have never had dealings with a trust bank.

3) Initiatives related to "Densai" (electronically recorded monetary claims)

In order to facilitate fundraising for SMEs, SuMi TRUST Bank has offered "Densai Services" since February 2012. The service is based on the Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members. We also provide "Densai lump-sum factoring services."

(3) Status of Management Support Initiatives for SMEs and of Regional Revitalization Initiatives

SuMi TRUST Bank has branches throughout the country. Although it is not engaged in initiatives for the revitalization of specific regions, it carries out initiatives focused on support to improve the business operations of clients at each branch according to their individual circumstances and business dealings.

Examples of Specific Initiatives

- Introduced prospective buyers of idle real estate (buildings for rent and other properties) of clients and brokered the sale of such assets. Contributed to reducing interest-bearing debt of the clients.
- Carried out sales mediation services (real estate surveys) for clients to other clients, and contributed to increasing their sales.

Corporate Information

History of the Sumitomo Mitsui Trust Group

2011

- **Established Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")**

SUMITOMO MITSUI TRUST HOLDINGS

1924

Established
The Mitsui Trust Company, Limited

1962

Established
The Chuo Trust & Banking Co., Ltd.

2000

Merged to become
The Chuo Mitsui Trust and Banking Company, Limited

1925

Established
Sumitomo Trust Co., Ltd.

1986

Established Sumitomo Mitsui Trust Asset Management Co., Ltd.

2000

Established
Japan Trustee Services Bank, Ltd.

2009

Acquired Nikko Asset Management Co., Ltd.

2012

- Established Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")

SUMITOMO MITSUI TRUST BANK

History of Finance and Trusts

1923
Enforcement of the Trust Act and the Trust Business Act

1952 Enforcement of the Loan Trust Act
1966 Started handling employees' pension fund trust
1972 Started handling asset formation trusts
1975 Started handling special donation trusts
1977 Started handling charitable trusts
1984 Started handling land trusts

2004
Enforcement of the revised Trust Business Act

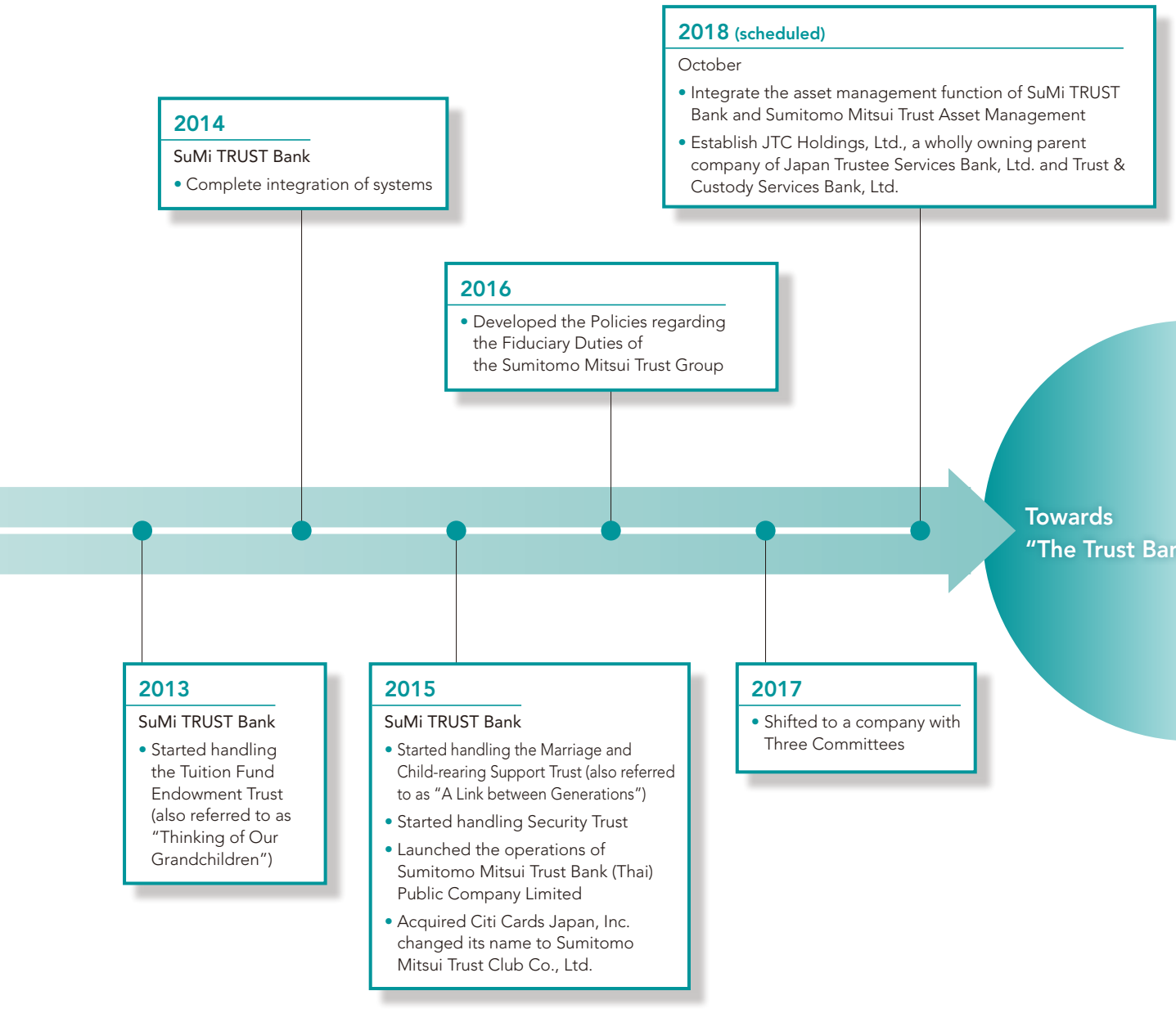
2007
Enforcement of the revised Trust Act and the Trust Business Act

2008
The collapse of Lehman Brothers

2010
The European debt crisis

2011
The Great East Japan Earthquake

2012
Started handling designated donation trusts
Started handling legal guardianship system support trusts



2013
Started handling the Tuition Fund Endowment Trust

2014
The government launched NISA

2015
Started handling the Marriage and Child-rearing Support Trust

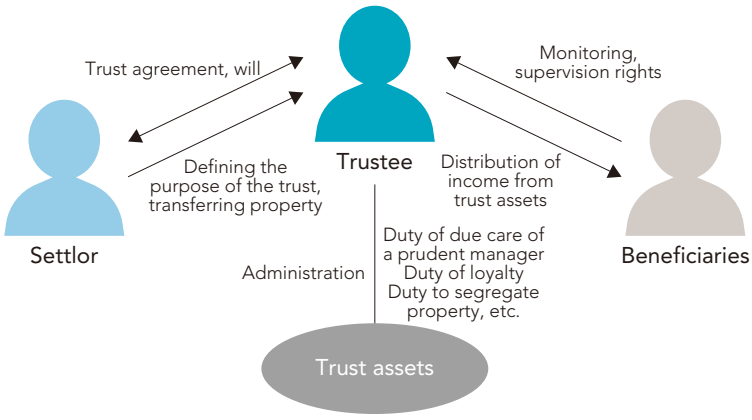
2016
The Bank of Japan introduced the negative interest rate policy

2017
Inauguration of the Trump administration in the U.S.

What is a Trust?

1. Basic Trust Mechanism

Under the trust system, settlors, who are holders of money, real estate or other property, enact trust activities, such as trust agreements and wills, to transfer their property (trust property) to a trustee who the settlors can rely on. The trustee then administers the trust property for the beneficiaries in accordance with aims defined by the settlors.



The law imposes various duties on trustees to live up to the trust placed in them.

The following are typical duties of trustees.

Duty of due care of a prudent manager
The trustee must exercise the due care of a prudent manager when administering the trust.

Duty of loyalty
The trustee must faithfully administer the trust for the beneficiary.

Duty to segregate property
The trustee must administer property belonging to trust assets separately from its own property (property owned by the trustee itself) and from property belonging to other trust assets.

Duty of fairness
For trusts with multiple beneficiaries, the trustee must carry out their duties fairly for the beneficiaries.

2. Purpose and Functions of Trusts

Purpose of a Trust

The purpose of a trust is the goal that the settlor intends to achieve by establishing the trust, and which serves as a guideline for the actions of the trustee.

Main Functions of a Trust

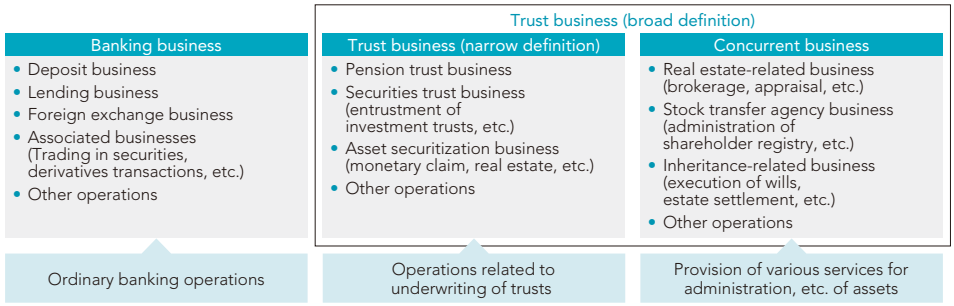
Property administration function	The right to administer the property is granted to the trustee. (At the same time, the trustee is subject to various duties.)
Bankruptcy isolation function	Trust assets are not affected by bankruptcy of the settlor or trustee.
Conversion functions	When property is entrusted, it is converted into rights known as trust beneficiary rights, and can be converted in line with the purpose of the trust. • Conversion in quality (the property can be converted to beneficiary rights (securitization)) • Conversion in number (small amounts of money can be gathered into a large amount and managed together) • Conversion in time (property can be donated in fixed amounts at fixed intervals even after one's death) • Conversion of skill (management can be delegated to a specialist)

3. Range of Trust Bank Operations

A trust bank is a bank that engages in both banking business and trust business.

Trust banks are banks under the Banking Act that are granted permission based on the Act on Engagement in Trust Business Activities by Financial Institutions* to also conduct trust business.

*Act on Engagement in Trust Business Activities by Financial Institutions, Article 1, Paragraph 1 (excerpt)
A bank or any other financial institution may, notwithstanding the provisions of other Acts, engage in trust business activities as defined in Article 2, paragraph (1) of the Trust Business Act and the following business activities with the authorization of the Prime Minister.



Main Trust Products, etc.

Asset management and administration
- Investment trusts
- Pension trusts
- Money trusts

Asset inheritance and transfer
- Will trusts, estate settlement
- Family Consideration Trust
- Tuition Fund Endowment Trust
- Marriage and Child-rearing Support Trust

Financial solutions for corporations
- Securitization trusts (monetary claim, real estate)

Public interest and welfare promotion
- Charitable trusts
- Designated donation trusts
- Special donation trusts
- Guardianship system support trust
- Discretionary guardianship system support trust

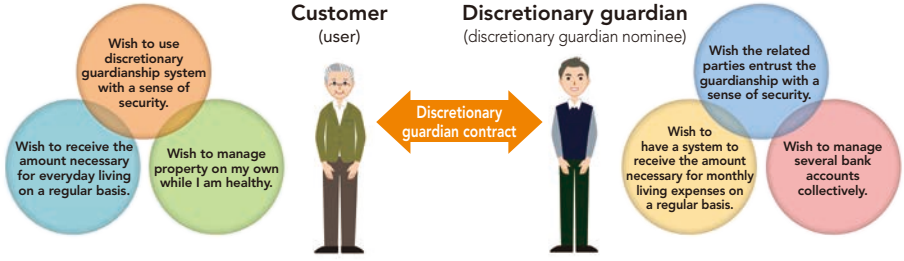
• Examples of products

Guardianship System Support Trust

The Guardianship System Support Trust is a trust designed to protect the assets of the ward and contribute to the stability of his or her living into the future. The money placed in trust is paid out as a specified sum paid regularly to the ward, under a special provision established in accordance with a written instruction of the family court. A request for releasing lump sum payments of money entrusted will not be accepted, except in cases where such request is made based on a written instruction of the family court.

Discretionary Guardianship System Support Trust

Discretionary guardianship system support trust is a trust designed to support the discretionary guardian system by managing property of the system's users in trust. After the discretionary guardian contract has taken effect, the supervisor of the discretionary guardian must consent in cases where the discretionary guardian undertakes procedures for releasing funds from money trusts. As a result, the system works to safely and reliably protect the system's users. In addition, the system's users can regularly release funds from money trusts necessary for everyday living expenses and other purposes. The discretionary guardianship system support trust thus reduces the burden of property management born by the discretionary guardian.



* Besides the above, we also provide various financial services, including provision of a special bank account in the name of the trustee, for private trusts designed to manage property among relatives.

Financial Review

Terms with an asterisk are explained in "Glossary" on page 99.

In the consolidated financial results for fiscal year 2017, net business profit before credit costs increased by ¥38.1 billion year on year to ¥270.5 billion, due to an increase in gross business profit, resulting mainly from non-recurrence of the previous fiscal year's fall in market-related profit in SuMi TRUST Bank. Net income attributable to owners of the parent increased by ¥32.5 billion from the previous fiscal year to ¥153.9 billion.

Both net business profit before credit costs and net income attributable to owners of the parent achieved the full-year plan and progressed smoothly (the plan achievement rate: 104% for net business profit before credit costs and 103% for net income attributable to owners of the parent).

• Overview of the Financial Results in FY2017

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2017 (A)	FY2016 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	**270.5**	232.3	38.1	16.4%
Ordinary Profit	**232.6**	196.3	36.2	18.5%
Net Income Attributable to Owners of the Parent	**153.9**	121.4	32.5	26.8%
Total Credit Costs*	**2.9**	(28.5)	31.5	—
Return on Equity	**7.40%**	6.07%	1.33%	—
Net Income per Common Shares (EPS) (Yen)*	**403.92**	317.24	86.68	27.3%
Net Assets per Common Shares (BPS) (Yen)*	**6,897.36**	6,437.58	459.78	7.1%

* SuMi TRUST Holdings implemented a share consolidation as of October 1, 2016 where one share was exchanged for each ten shares of common stock owned. The above EPS and BPS figures were calculated on the assumption the aforementioned share consolidation was carried out on April 1, 2016, the start of fiscal year 2016.

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2017 (A)	FY2016 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	**189.7**	150.5	39.2	26.0%
Net Interest Income and Related Profit*	**176.5**	216.7	(40.1)	(18.5%)
Net Fees and Commissions and Related Profit*	**190.2**	196.9	(6.6)	(3.4%)
Net Trading Profit	**10.4**	17.0	(6.6)	(38.8%)
Net Other Operating Profit	**49.5**	(47.3)	96.9	—
General and Administrative Expenses	**(237.0)**	(232.7)	(4.3)	1.8%
Net Non-recurring Profit, etc.	**(16.7)**	(33.2)	16.4	(49.5%)
Ordinary Profit	**172.9**	117.3	55.6	47.4%
Extraordinary Profit	**(8.3)**	(5.9)	(2.3)	38.9%
Net Income	**117.9**	77.6	40.3	51.9%
Total Credit Costs*	**7.0**	(24.9)	31.9	—

(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

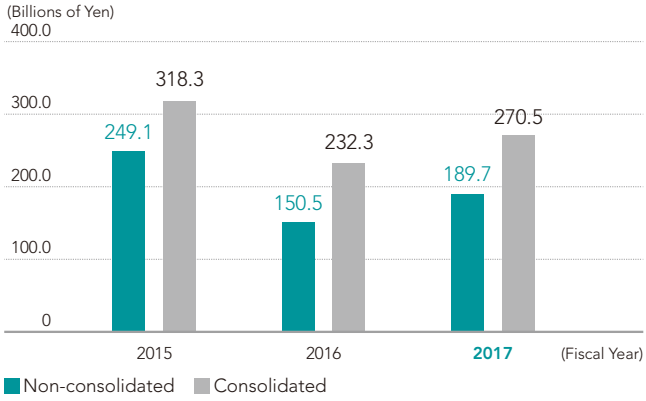
	FY2017 (A)	FY2016 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	**130.00**	130.00	—

(Note) SuMi TRUST Holdings implemented a share consolidation as of October 1, 2016 where one share was exchanged for each ten shares of common stock owned. The dividend per share (DPS) above was calculated on the assumption the aforementioned share consolidation was carried out on April 1, 2016, the start of fiscal year 2016.

Terms with an asterisk are explained in "Glossary" below.

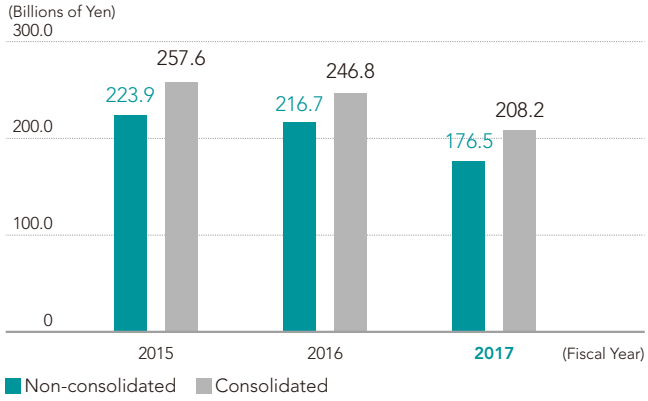
Status of Profit and Loss

• Net Business Profit before Credit Costs*



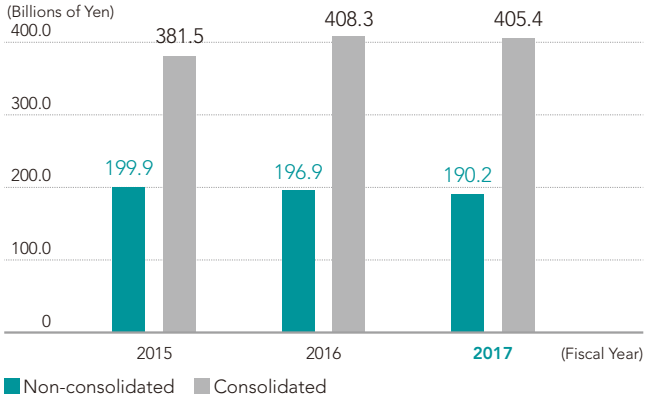
Net business profit before credit costs increased by ¥38.1 billion from the previous fiscal year to ¥270.5 billion, primarily due to a non-recurrence of the fall in market-related income in fiscal year 2016 in SuMi TRUST Bank.

• Net Interest Income and Related Profit*



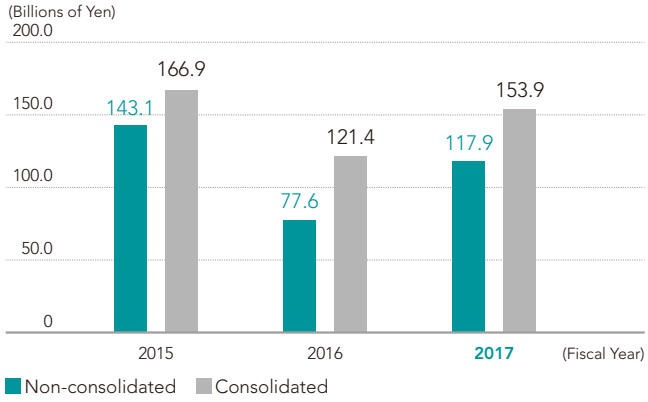
Although domestic loan-deposit income improved, net interest income and related profit fell by ¥38.6 billion year on year to ¥208.2 billion, due to a non-recurrence of profit from unwinding of asset swaps (hedge accounting), which was a temporary factor in fiscal year 2016.

• Net Fees and Commissions and Related Profit*



While real estate brokerage fees and revenue from asset management and administration grew steadily from the previous fiscal year, net fees and commissions and related profit decreased by ¥2.8 billion year on year to ¥405.4 billion, due to a non-recurrence of an inheritance-related temporary factor in the previous fiscal year.

• Net Income Attributable to Owners of the Parent



Net income attributable to owners of the parent increased by ¥32.5 billion year on year to ¥153.9 billion, mainly due to the increase in net business profit before credit costs, indicating the steady progress of the midterm management plan, exceeding the planned target of ¥150.0 billion in its first year.

Glossary

Net Business Profit before Credit Costs
Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

Total Credit Costs
Costs incurred in posting allowances for losses on loans and writing off loans.

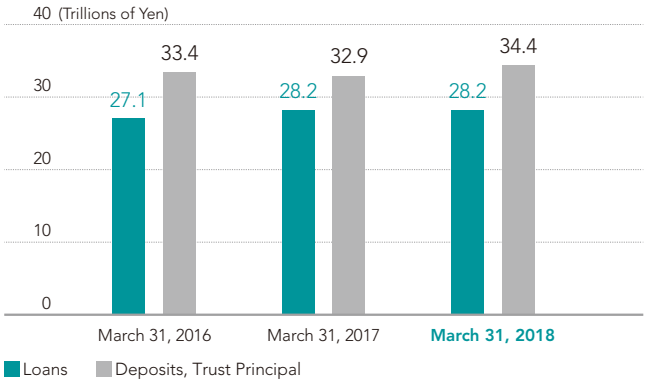
Net Interest Income and Related Profit
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

Net Fees and Commissions and Related Profit
Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Terms with an asterisk are explained in "Glossary" below.

Financial Status

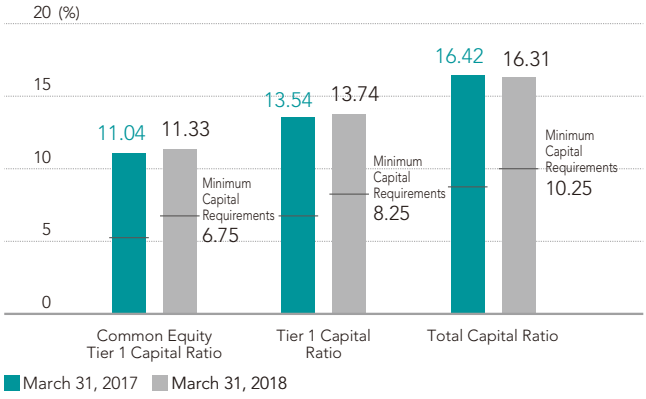
• Loans and Deposits (Non-consolidated)



Loans and bills discounted amounted to ¥28.2 trillion, unchanged from the end of the previous fiscal year, due to a steady increase in loans to individuals in Japan, despite a decrease in loans overseas. Deposits, etc.,* increased by ¥1.5 trillion from the end of the previous fiscal year to ¥34.4 trillion, as the decrease in time deposits was more than offset by the increase in liquid deposits and trust principal.

* Deposits, etc., include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

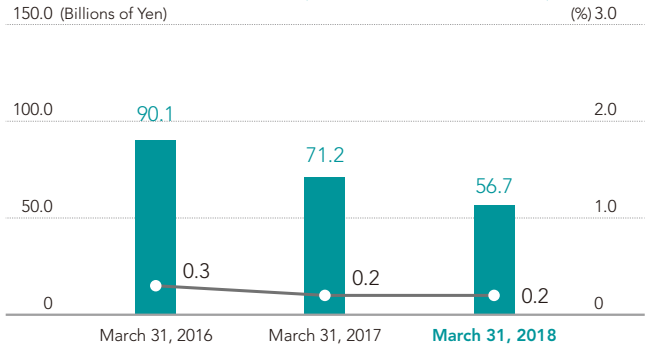
• Capital Adequacy Ratio, etc.* (Consolidated)



The Common Equity Tier 1 capital ratio increased by 0.29 percentage points from the end of the previous fiscal year to 11.33%, despite an increase in risk-weighted assets, due to accumulation of net income. As a result, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, and the total capital ratio remained well above regulatory required levels.

*** Basel Ⅲ:**
Basel Ⅲ is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel Ⅲ, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013 in a phased manner. Basel Ⅲ newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.

• Problem Assets Based on the Financial Reconstruction Act* (Non-consolidated)



The total balance of problem assets based on the Financial Reconstruction Act decreased by ¥14.5 billion from the end of the previous fiscal year to ¥56.7 billion, despite an increase in loans in bankrupt and practically bankrupt, due to a decrease in doubtful loans and substandard loans. As a result, the ratio to total loan balance was at 0.2%, unchanged from the end of the previous fiscal year. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the coverage ratio came to 92% for doubtful loans and 97% for substandard loans, indicating that a sufficient level was secured.

Glossary

Problem Assets Based on the Financial Reconstruction Act
Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

Bankrupt and Practically Bankrupt
Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

Doubtful
Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

Substandard
Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

Capital Adequacy Ratio, etc.
Basel Ⅲ* defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

Common Equity Tier 1 Capital
Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

Tier 1 Capital
Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

Total Capital
Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

Corporate Information (as of March 31, 2018)

Registered Trade Name: Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment: February 1, 2002 (Change of trade name: April 1, 2011)
Main Business: With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (6) as its key functions:

(1) Formulating group management strategy
(2) Monitoring administration of business activities
(3) Allocation of management resources
(4) Supervising risk management
(5) Supervising compliance management
(6) Managing internal auditing

Capital: 261,608,725,000 Yen
Stock Exchange Listings: Tokyo, Nagoya Stock Exchanges
Tokyo (1st Section), Nagoya (1st Section)
Securities Code: 8309

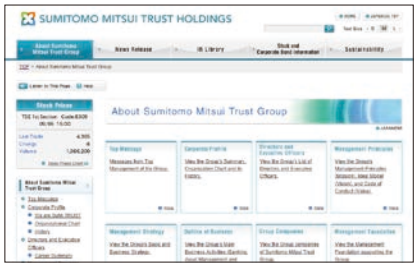
Rating Information (as of June 30, 2018)

		Long-term	Outlook	Short-term	Financial
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—	—
	R&I	A	Stable	—	—
Sumitomo Mitsui Trust Bank	S&P	A	Stable	A-1	—
	Moody's	A1	Stable	P-1	—
	Fitch	A-	Stable	F1	a-*
	JCR	AA-	Stable	—	—
	R&I	A+	Stable	a-1	—

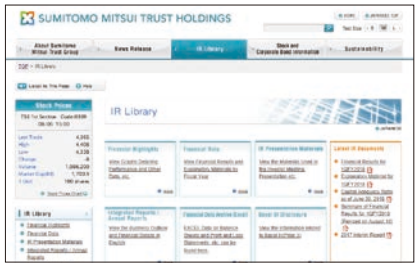
* Viability Rating

Website

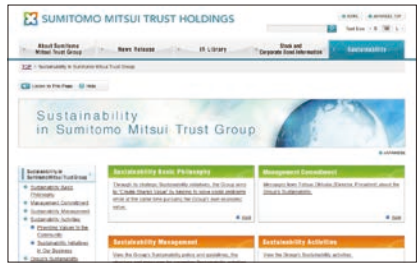
Please go to our website for specifics on our Group.



About The Sumitomo Mitsui Trust Group
https://www.smth.jp/en/about_us/index.html



IR Library
https://www.smth.jp/en/ir/index.html



Sustainability in The Sumitomo Mitsui Trust Group
https://www.smth.jp/en/csr/index.html

Contact:
IR Department
Telephone: +81 (3) 3286-8354
Facsimile: +81 (3) 3286-4654
e-mail: ir@smth.jp
URL: https://www.smth.jp/en/ir/index.html

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

SUMITOMO MITSUI TRUST HOLDINGS

VEGETABLE OIL INK

FSC www.fsc.org MIX Paper from responsible sources FSC™ C014687

This integrated report was printed with vegetable-based ink on FSC-certified paper.

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

ANNUAL REPORT

—FINANCIAL DATA SECTION—

Year ended March 31, 2018

2018

SuMi TRUST

Symbol Mark

The symbol mark features "Future Bloom" representing the vision of the Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."

Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

Corporate Data 2

Sumitomo Mitsui Trust Holdings, Inc. 2

Board of Directors and Executive Officers. 2
Employees 2
Organizational Chart 3
Subsidiaries and Affiliated Companies 3

Sumitomo Mitsui Trust Bank, Limited 4

Board of Directors and Executive Officers. 4
Employees 5
Organizational Chart 6
Branches 8
Number of Contracted Trust Agencies 12
Bank Service Agency 12
Subsidiaries and Affiliated Companies 13

Financial and Capital Adequacy Ratio Related Data . . . 15

Financial Data: Sumitomo Mitsui Trust Holdings, Inc. 15

Financial Data: Sumitomo Mitsui Trust Bank, Limited 109

Basel III Disclosure Data: Sumitomo Mitsui Trust Holdings, Inc. 197

Basel III Disclosure Data: Sumitomo Mitsui Trust Bank, Limited 299

Stock Information 401

Disclosure Policy 402

Board of Directors and Executive Officers (As of July 1, 2018)

Director, President (Representative Executive Officer)
Tetsuo Ohkubo

Director, Senior Managing Executive Officer (Representative Executive Officer)
Jiro Araumi

Director, Senior Managing Executive Officer (Representative Executive Officer)
Toru Takakura

Director, Executive Officer
Masaru Hashimoto

Director
Kunitaro Kitamura

Director
Hitoshi Tsunekage

Director
Yasuyuki Yagi

Director
Hiroshi Misawa

Director (External)
Soichi Shinohara*1

Director (External)
Takeshi Suzuki*1

Director (External)
Mikio Araki*1

Director (External)
Isao Matsushita*1

Director (External)
Shinichi Saito*1

Director (External)
Takashi Yoshida*1

Director (External)
Hiroko Kawamoto*1

Senior Managing Executive Officer, Executive Officer*2
Akihiko Shirayama

Senior Managing Executive Officer
Yoshiaki Koshimura

Senior Managing Executive Officer
Tadashi Nishimura

Senior Managing Executive Officer
Yutaka Nishida

Managing Executive Officer
Yasumi Nose

Managing Executive Officer, Executive Officer*2
Atsushi Kaibara

Managing Executive Officer
Akira Yokota

Managing Executive Officer
Shigeki Tanaka

Managing Executive Officer
Hitoshi Sato

Executive Officer, Executive Officer*2
Kiyomitsu Asahi

Executive Officer*2
Yukihiro Kitano

Executive Officer*2
Tsuyoshi Saito

Executive Officer*2
Tadao Umezawa

Executive Officer*2
Masahiro Tsuchiya

Executive Officer*2
Kengo Noguchi

Executive Officer*2
Toshio Masui

Executive Officer*2
Kazuya Oyama

Executive Officer*2
Kazuhisa Koashi

Executive Officer*2
Toshiaki Nakano

Executive Officer*2
Yoshio Hishida

Executive Officer*2
Yoshinori Momose

Executive Officer*2
Takuji Marui

Executive Officer*2
Atsushi Matsumoto

Executive Officer*2
Nobuhisa Takahashi

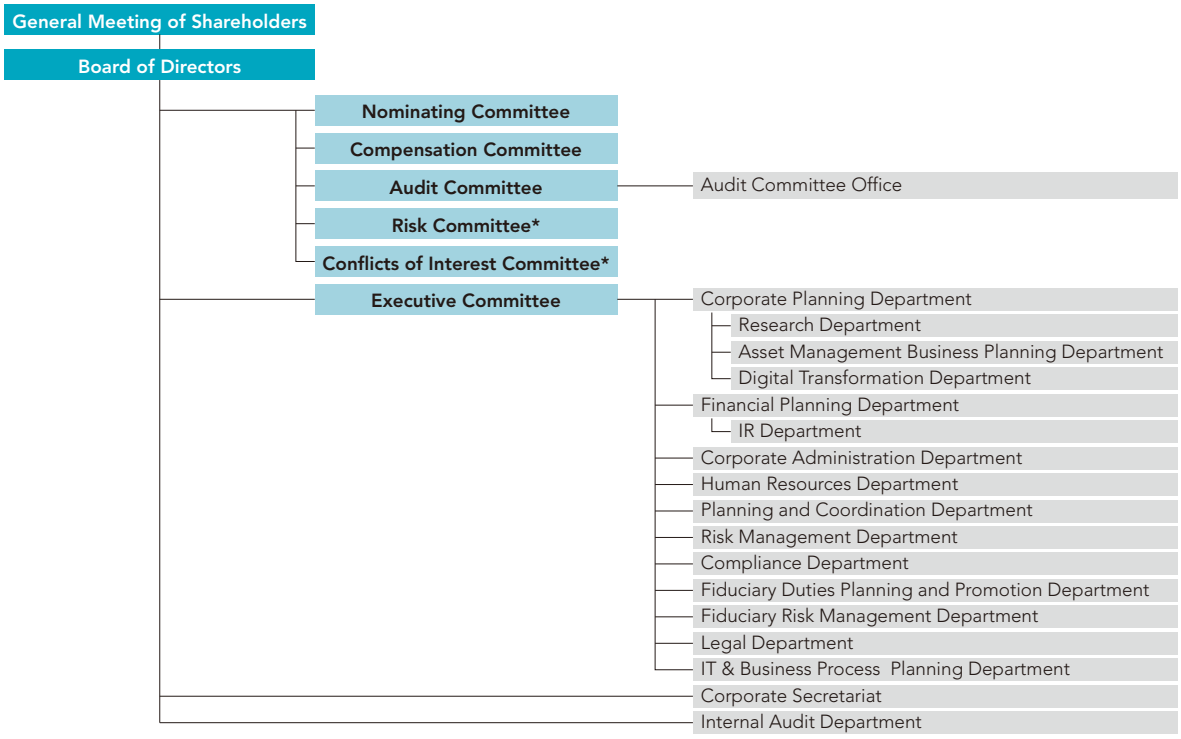
*1 External Directors as provided for in Article 2, Item 15 of the Companies Act.
*2 Executive Officers as defined in our internal policy; unless otherwise annotated, Executive Officers are defined in the Companies Act.

Employees (As of March 31, 2018)

Category	March 31, 2018	March 31, 2017
Number of Employees	91	39
Average Age	50 years, 2 months	46 years, 8 months
Average Length of Employment	24 years, 7 months	22 years, 0 months
Average Annual Salary	¥ 13,786 thousand	¥ 12,665 thousand

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Employees include those seconded from SuMi TRUST Bank and the average length of employment includes years of employment at their own companies.
3. Average annual salary includes bonus and extra payment.

Organizational Chart (As of June 30, 2018)



*Risk Committee and Conflicts of Interest Committee are Voluntary committees.

Subsidiaries and Affiliated Companies (As of June 30, 2018)

Japan

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Holdings (%)	Ownership by subsidiaries (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	July 28, 1925	¥ 342,037	Trust and Banking Business	100.0	—
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	November 1, 1986	¥ 300	Investment Management Business, Investment Advisory and Agency Business	100.0	—
Sumitomo Mitsui Trust Research Institute Co., Ltd.	3-13, Toranomon 4-chome, Minato-ku, Tokyo	July 1, 1988	¥ 300	Survey, Research, Consulting, Investment Advisory Business	100.0	—
Mutual Fund & Insurance Research Institute	33-1, Shiba 3-chome, Minato-ku, Tokyo	December 1, 2017	¥ 150	Survey, Research, Consulting	88.0	—
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	June 20, 2000	¥ 51,000	Trust and Banking Business	66.6	—

Overseas

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Holdings (%)	Ownership by subsidiaries (%)
CMTH Preferred Capital 6 (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	January 29, 2008	¥ 42,700	Finance Business	100.0	—
CMTH Preferred Capital 7 (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	November 28, 2008	¥ 41,600	Finance Business	100.0	—

* For details concerning subsidiaries and affiliated companies of SuMi TRUST Bank, Limited, please refer to page 13.

Board of Directors and Executive Officers (As of July 1, 2018)

Chairman (Co-chairman)
Kunitaro Kitamura

Chairman (Co-chairman)
Hitoshi Tsunekage

President (Representative Director)
Masaru Hashimoto

Deputy President (Representative Director)
Sumikazu Tsutsui

Deputy President (Representative Director)
Yukihiro Kitano

Deputy President (Representative Director)
Tsuyoshi Saito

Director, Senior Managing Executive Officer
Akihiko Shirayama

Director, Senior Managing Executive Officer
Yoshiaki Koshimura

Director, Senior Managing Executive Officer
Tadashi Nishimura

Director, Senior Managing Executive Officer
Yutaka Nishida

Director, Senior Managing Executive Officer
Jiro Araumi

Director, Senior Managing Executive Officer
Toru Takakura

Director, Senior Managing Executive Officer
Masahiro Tsuchiya

Director, Managing Executive Officer
Atsushi Kaibara

Director, Managing Executive Officer
Shigeki Tanaka

Director, Managing Executive Officer
Kouji Tanaka

Director
Tetsuo Ohkubo

Director (External)
Toshio Hoshino*1

Director (External)
Hiroshi Mitsunaga*1

Director (External)
Hideki Kanda*1

Audit & Supervisory Board Member
Jun Sasaki

Audit & Supervisory Board Member
Tsutomu Kurai

Audit & Supervisory Board Member (External)
Yasuhiko Takano*2

Audit & Supervisory Board Member (External)
Mitsuhiro Aso*2

Audit & Supervisory Board Member (External)
Hiroya Nakakubo*2

Senior Managing Executive Officer
Mutsumi Watanabe

Senior Managing Executive Officer
Tadao Umezawa

Senior Managing Executive Officer
Toshiya Nishino

Managing Executive Officer
Koichi Onaka

Managing Executive Officer
Yasumi Nose

Managing Executive Officer
Hitoshi Sato

Managing Executive Officer
Satoshi Kamiya

Managing Executive Officer
Kengo Noguchi

Managing Executive Officer
Naohiro Tanaka

Managing Executive Officer
Seiji Iwakuma

Managing Executive Officer
Yoshio Hishida

Managing Executive Officer
Akira Yokota

Managing Executive Officer
Toshio Masui

Managing Executive Officer
Kouji Koyanagi

Managing Executive Officer
Toshiya Shimobeppu

Managing Executive Officer
Futoshi Itani

Managing Executive Officer
Kazuya Oyama

Managing Executive Officer
Kuniyuki Shudo

Managing Executive Officer
Kenji Kaiya

Managing Executive Officer
Keiichi Hamano

Executive Officer
Yoshihisa Akutagawa

Executive Officer
Kazuhisa Koashi

Executive Officer
Yoshinori Momose

Executive Officer
Akiyoshi Nagashima

Executive Officer
Ryouji Nishimoto

Executive Officer
Noriyuki Awano

Executive Officer
Tomohiro Nishimura

Executive Officer
Yutaka Fujisawa

Executive Officer
Takashi Kameda

Executive Officer
Hideshi Sano

Executive Officer
Shigeki Moriki

Executive Officer
Masahiko Kitajima

Executive Officer
Teruki Ido

Executive Officer
Yuki Takada

Executive Officer
Miyo Yajima

Executive Officer
Daisuke Maeda

Executive Officer
Yasuo Hanashita

Executive Officer
Atsushi Ueda

Executive Officer
Toshiaki Nakano

Executive Officer
Takuji Marui

Executive Officer
Shigenori Ikemura

Executive Officer
Junya Ueda

Executive Officer
Satoshi Kitai

Executive Officer
Nobuaki Yamaguchi

Executive Officer
Yoshio Murakami

Executive Officer
Masaya Noda

Executive Officer
Hitoshi Kotaka

Executive Officer
Yasunaga Matsumoto

Executive Officer
Tetsuya Hiwatashi

Executive Officer
Atsushi Matsumoto

Executive Officer
Takumi Fujisawa

Executive Officer
Nobuhisa Takahashi

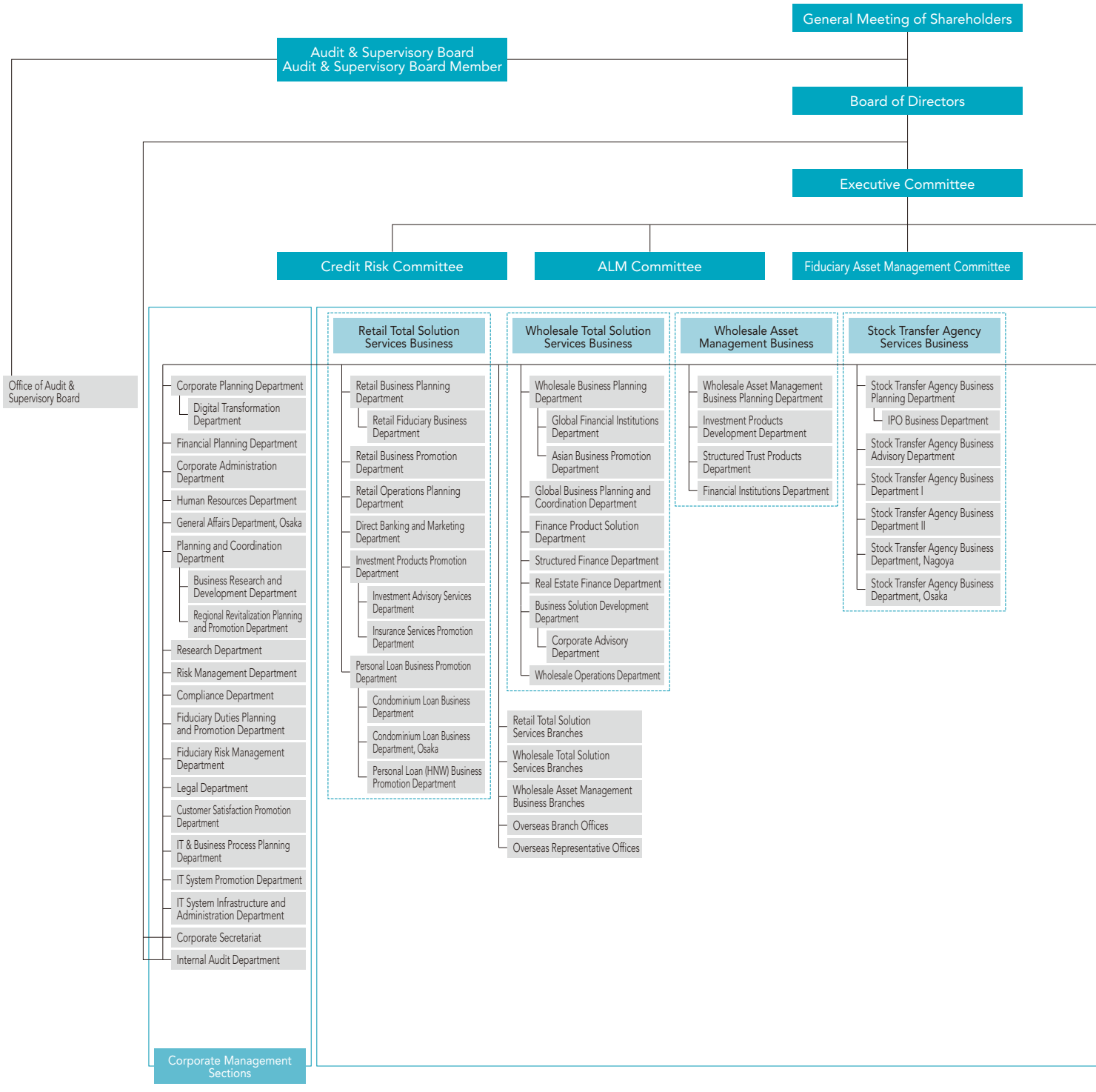
*1 External Directors as provided for in Article 2, Item 15 of the Companies Act.
*2 External Audit & Supervisory Board Member as provided for in Article 2, Item 16 of the Companies Act.
Executive Officers as defined in our internal policy.

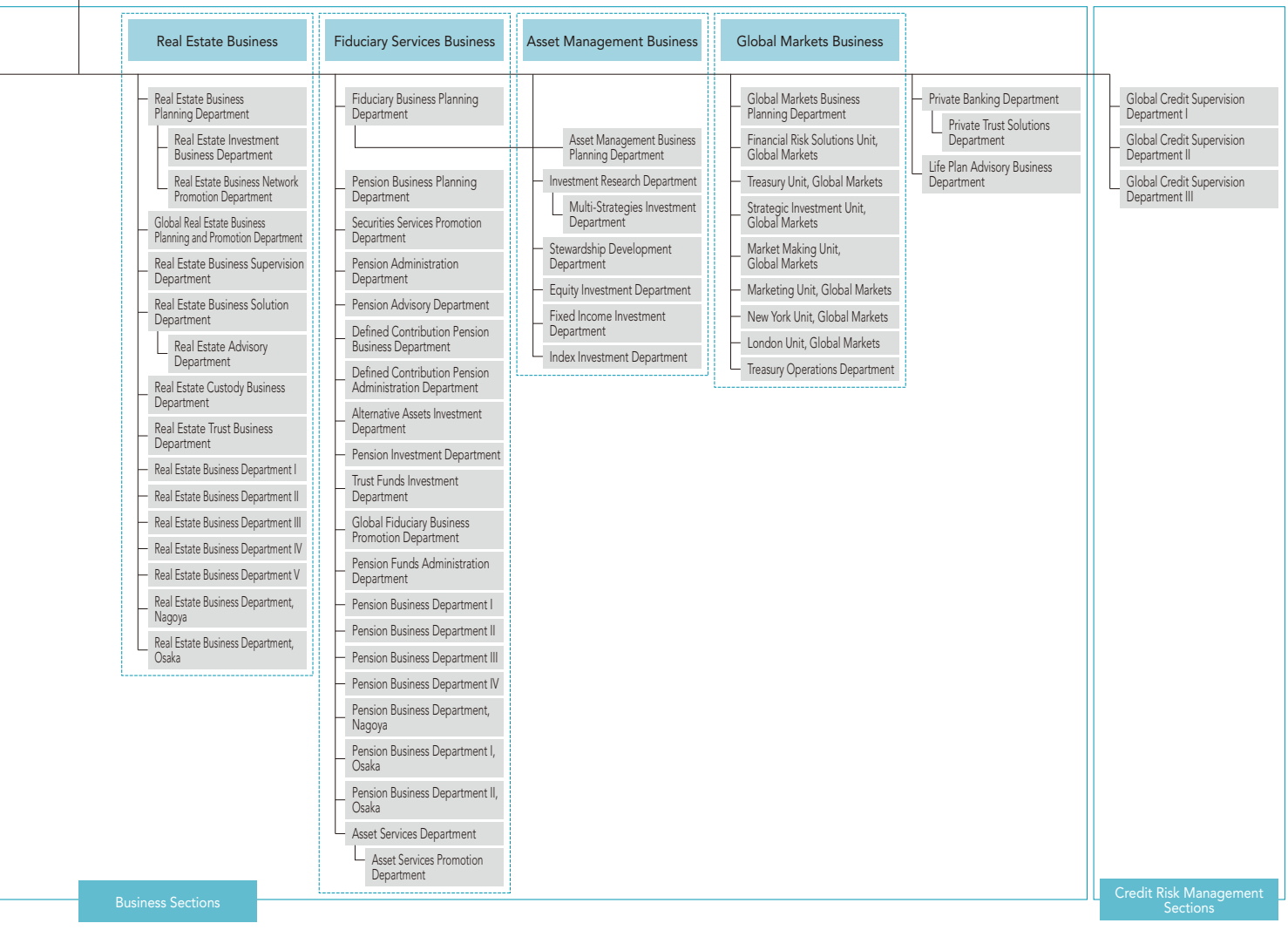
Employees (As of March 31, 2018)

Category	March 31, 2018	March 31, 2017
Number of Employees	13,659	13,647
Average Age	42 years, 8 months	42 years, 8 months
Average Length of Employment	13 years, 2 months	13 years, 2 months
Average Annual Salary	¥ 6,960 thousand	¥ 7,072 thousand

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Average annual salary includes bonus and extra payment.

Organizational Chart (As of June 30, 2018)




Real Estate Business
Real Estate Business Planning Department
Real Estate Investment Business Department
Real Estate Business Network Promotion Department
Global Real Estate Business Planning and Promotion Department
Real Estate Business Supervision Department
Real Estate Business Solution Department
Real Estate Advisory Department
Real Estate Custody Business Department
Real Estate Trust Business Department
Real Estate Business Department I
Real Estate Business Department II
Real Estate Business Department III
Real Estate Business Department IV
Real Estate Business Department V
Real Estate Business Department, Nagoya
Real Estate Business Department, Osaka
Fiduciary Services Business
Fiduciary Business Planning Department
Pension Business Planning Department
Securities Services Promotion Department
Pension Administration Department
Pension Advisory Department
Defined Contribution Pension Business Department
Defined Contribution Pension Administration Department
Alternative Assets Investment Department
Pension Investment Department
Trust Funds Investment Department
Global Fiduciary Business Promotion Department
Pension Funds Administration Department
Pension Business Department I
Pension Business Department II
Pension Business Department III
Pension Business Department IV
Pension Business Department, Nagoya
Pension Business Department I, Osaka
Pension Business Department II, Osaka
Asset Services Department
Asset Services Promotion Department
Asset Management Business
Asset Management Business Planning Department
Investment Research Department
Multi-Strategies Investment Department
Stewardship Development Department
Equity Investment Department
Fixed Income Investment Department
Index Investment Department
Global Markets Business
Global Markets Business Planning Department
Financial Risk Solutions Unit, Global Markets
Treasury Unit, Global Markets
Strategic Investment Unit, Global Markets
Market Making Unit, Global Markets
Marketing Unit, Global Markets
New York Unit, Global Markets
London Unit, Global Markets
Treasury Operations Department
Private Banking Department
Private Trust Solutions Department
Life Plan Advisory Business Department
Global Credit Supervision Department I
Global Credit Supervision Department II
Global Credit Supervision Department III
Business Sections
Credit Risk Management Sections

Branches (As of June 30, 2018)

[ ] ··· These branches house two sales outlets under one roof, a "branch-in-a-branch" method.

Hokkaido, Tohoku

Sapporo Branch
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

Sapporo-Chuo Branch
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

Sendai Branch
1-7, Chuo 2-chome, Aoba-ku, Sendai, Miyagi 980-0021, Japan

Sendai-Aoba Branch
1-7, Chuo 2-chome, Aoba-ku, Sendai, Miyagi 980-0021, Japan

Tokyo

Tokyo Business Department
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Nihonbashi Business Department
1-1, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan

Tokyo-Chuo Branch
1-1, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan

Consulting Plaza Shinbashi (Shinbashi Sub-Branch, Tokyo Business Department)
20-1, Shinbashi 2-chome, Minato-ku, Tokyo 105-0004, Japan

Toranomon Consulting Office (Toranomon Sub-Branch, Tokyo Business Department)
7-1, Nishi Shinbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan

Shiba Business Department
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Shinjuku-Nishiguchi Branch
1-4, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-0023, Japan

Shinjuku Branch
26-11, Shinjuku 3-chome, Shinjuku-ku, Tokyo 160-0022, Japan

Ueno Branch
19-10, Ueno 1-chome, Taito-ku, Tokyo 110-0005, Japan

Ueno-Chuo Branch
19-10, Ueno 1-chome, Taito-ku, Tokyo 110-0005, Japan

Meguro Branch
25-5, Kamioosaki 2-chome, Shinagawa-ku, Tokyo 141-0021, Japan

Omori Branch
1-1, Sannou 2-chome, Ota-ku, Tokyo 143-0023, Japan

Sangenjaya Branch
1-1, Taishido 4-chome, Setagaya-ku, Tokyo 154-0004, Japan

Futako-Tamagawa Branch
22-12, Tamagawa 2-chome, Setagaya-ku, Tokyo 158-0094, Japan

Consulting Plaza Seijo (Seijo Sub-Branch, Shinjuku-Nishiguchi Branch)
5-34, Seijo 6-chome, Setagaya-ku, Tokyo 157-0066, Japan

Consulting Plaza Chitose-Karasuyama (Chitose Karasuyama Sub-Branch, Shinjuku Branch)
4-31, Minami Karasuyama 6-chome, Setagaya-ku, Tokyo 157-0062, Japan

Shibuya Branch
3-2, Dogenzaka 2-chome, Shibuya-ku, Tokyo 150-0043, Japan

Shibuya-Chuo Branch
22-3, Jinnan 1-chome, Shibuya-ku, Tokyo 150-0041, Japan

Jiyugaoka Branch
10-20, Jiyugaoka 2-chome, Meguro-ku, Tokyo 152-0035, Japan

Nakano Branch
62-5, Nakano 5-chome, Nakano-ku, Tokyo 164-0001, Japan

Ogikubo Branch
18-10, Kamiogi 1-chome, Suginami-ku, Tokyo 167-0043, Japan

Ikebukuro Branch
41-7, Higashi Ikebukuro 1-chome, Toshima-ku, Tokyo 170-0013, Japan

Ikebukuro-Higashiguchi Branch
41-7, Higashi Ikebukuro 1-chome, Toshima-ku, Tokyo 170-0013, Japan

Shakujii Branch
14-1, Shakujii-cho 2-chome, Nerima-ku, Tokyo 177-0041, Japan

Kichijoji Branch
14-9, Kichijoji Hon-cho 1-chome, Musashino, Tokyo 180-0004, Japan

Kichijoji-Chuo Branch
2-14, Kichijoji Hon-cho 2-chome, Musashino, Tokyo 180-0004, Japan

Koganei Branch
10-1, Hon-cho 5-chome, Koganei, Tokyo 184-0004, Japan

Tachikawa Branch
6-1, Akebono-cho 2-chome, Tachikawa, Tokyo 190-0012, Japan

Tachikawa-Kitaguchi Branch
6-1, Akebono-cho 2-chome, Tachikawa, Tokyo 190-0012, Japan

Hachioji Branch
9-1, Asahi-cho, Hachioji, Tokyo 192-0083, Japan

Hachioji-Ekimae Branch
9-1, Asahi-cho, Hachioji, Tokyo 192-0083, Japan

Machida Branch
3-4, Haramachida 6-chome, Machida, Tokyo 194-0013, Japan

Tama-Sakuragaoka Branch
1-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

Consulting Plaza Seiseki (Seiseki-Sakuragaoka Sub-Branch, Tama-Sakuragaoka Branch)
7-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

Consulting Plaza Tama-Center (Tama-Center Sub-Branch, Tama-Sakuragaoka Branch)
44, Ochiai 1-chome, Tama, Tokyo 206-0033, Japan

Kanto

Urawa Branch
12-1, Takasago 1-chome, Urawa-ku,
Saitama 330-0063, Japan

Omiya Branch
32, Daimon-cho 1-chome, Omiya-ku,
Saitama 330-8511, Japan

Omiya-Ekimae Branch
32, Daimon-cho 1-chome, Omiya-ku,
Saitama 330-8511, Japan

Tokorozawa Branch
3-5, Hiyoshi-cho, Tokorozawa, Saitama 359-8691, Japan

Tokorozawa-Ekimae Branch
3-5, Hiyoshi-cho, Tokorozawa, Saitama 359-8691, Japan

Koshigaya Branch
14-22, Yayoi-cho, Koshigaya, Saitama 343-0816, Japan

Sugito Branch
13-12, Sugito 2-chome, Sugito-machi, Kitakatsushika-gun,
Saitama 345-0036, Japan

Chiba Branch
1-16, Fujimi 1-chome, Chuo-ku, Chiba 260-0015, Japan

Chiba-Ekimae Branch
1-16, Fujimi 1-chome, Chuo-ku, Chiba 260-0015, Japan

Ichikawa Branch
7-13, Ichikawa 1-chome, Ichikawa, Chiba 272-0034, Japan

Funabashi Branch
3-1, Hon-cho 1-chome, Funabashi, Chiba 273-0005, Japan

Tsudanuma Branch
14-5, Maebara Nishi 2-chome, Funabashi,
Chiba 274-0825, Japan

Matsudo Branch
2-1, Hon-cho, Matsudo, Chiba 271-0091, Japan

Kashiwa Branch
1-2, Asahi-cho 1-chome, Kashiwa, Chiba 277-0852, Japan

Yachiyo Branch
3-1, Yachiyodai Minami 1-chome, Yachiyo,
Chiba 276-0033, Japan

Yokohamaeki-Nishiguchi Branch
6-31, Minami Saiwai 1-chome, Nishi-ku, Yokohama, Kanagawa
220-0005, Japan

Yokohama Branch
6-31, Minami Saiwai 1-chome, Nishi-ku, Yokohama, Kanagawa
220-0005, Japan

Yokohama Housing Loan Center Sub-Branch, Yokohamaeki-Nishiguchi Branch
6-1, Kita Saiwai 1-chome, Nishi-ku, Yokohama, Kanagawa
220-0004, Japan

Futamatagawa Branch
3-2, Futamatagawa 1-chome, Asahi-ku, Yokohama, Kanagawa
241-0821, Japan

Tama-Plaza Branch
15-8, Utsukushigaoka 2-chome, Aoba-ku, Yokohama,
Kanagawa 225-0002, Japan

Aobadai Branch
9-2, Aobadai 2-chome, Aoba-ku, Yokohama, Kanagawa
227-0062, Japan

Consulting Plaza Kohoku (Kohoku Sub-Branch, Tama-Plaza Branch)
1-3, Nakagawa Chuo 1-chome, Tsuzuki-ku, Yokohama,
Kanagawa 224-0003, Japan

Konandai Branch
15-2-102, Konandai 3-chome, Konan-ku, Yokohama, Kanagawa
234-0054, Japan

Kamiooka Branch
18-5, Kamiooka Nishi 1-chome, Konan-ku, Yokohama,
Kanagawa 233-0002, Japan

Consulting Plaza Totsuka (Totsuka Sub-Branch, Yokohamaeki-Nishiguchi Branch)
16-1, Totsuka-cho, Totsuka-ku, Yokohama,
Kanagawa 244-0003, Japan

Kawasaki Branch
3-1, Ekimae Hon-cho, Kawasaki-ku, Kawasaki,
Kanagawa 210-0007, Japan

Shin-Yurigaoka Branch
5-3, Kamiasao 1-chome, Asao-ku, Kawasaki,
Kanagawa 215-0021, Japan

Yokosuka Branch
3, Odaki-cho 2-chome, Yokosuka,
Kanagawa 238-0008, Japan

Fujisawa Branch
21-1-101, Minami Fujisawa, Fujisawa,
Kanagawa 251-0055, Japan

Fujisawa-Chuo Branch
21-1-101, Minami Fujisawa, Fujisawa,
Kanagawa 251-0055, Japan

Sagami-Ono Branch
13-7, Sagamiono 3-chome, Minami-ku, Sagamihara,
Kanagawa 252-0303, Japan

Atsugi Branch
5-14, Naka-cho 3-chome, Atsugi,
Kanagawa 243-0018, Japan

Odawara Branch
2-12, Sakae-cho 1-chome, Odawara,
Kanagawa 250-0011, Japan

Utsunomiya Branch
4-12, Hon-cho, Utsunomiya, Tochigi 320-0033, Japan

Maebashi Branch
2-12, Hon-machi 2-chome, Maebashi,
Gunma 371-0023, Japan

Koshinetsu, Hokuriku

Kofu Branch
17-14, Marunouchi 1-chome, Kofu,
Yamanashi 400-0031, Japan

Niigata Branch
1178-1, Kamiokawa-maedori Rokuban-cho, Chuo-ku,
Niigata 951-8068, Japan

Niigata-Chuo Branch
1178-1, Kamiokawa-maedori Rokuban-cho, Chuo-ku,
Niigata 951-8068, Japan

Toyama Branch
1-36, Sakura-machi 1-chome, Toyama 930-0003, Japan

Kanazawa Branch
1-18, Kami Tsutsumi-cho, Kanazawa,
Ishikawa 920-0869, Japan

Kanazawa-Chuo Branch
1-18, Kami Tsutsumi-cho, Kanazawa,
Ishikawa 920-0869, Japan

Fukui Branch
7-1, Chuo 1-chome, Fukui 910-0006, Japan

Tokai

Nagoya Business Department
15-33, Sakae 3-chome, Naka-ku, Nagoya,
Aichi 460-0008, Japan

Nagoya-Sakae Branch
15-33, Sakae 3-chome, Naka-ku, Nagoya,
Aichi 460-0008, Japan

Kanayamabashi Branch
14-9, Kanayama 1-chome, Naka-ku, Nagoya,
Aichi 460-0022, Japan

Nagoya-Ekimae Branch
26-8, Meieki 3-chome, Nakamura-ku, Nagoya,
Aichi 450-0002, Japan

Meieki-Minami Branch
24-30, Meieki Minami 1-chome, Nakamura-ku, Nagoya,
Aichi 450-0003, Japan

Hoshigaoka Branch
106, Inoue cho, Chikusa-ku, Nagoya,
Aichi 464-0026, Japan

Ichinomiya Branch
7-15, Sakae 3-chome, Ichinomiya, Aichi 491-0858, Japan

Okazaki Branch
16, Koseidori-Nishi 3-chome, Okazaki,
Aichi 444-0059, Japan

Toyohashi Branch
135, Ekimaeoodori 1-chome, Toyohashi,
Aichi 440-0888, Japan

Shizuoka Branch
3-10, Koya-machi, Aoi-ku, Shizuoka 420-0852, Japan

Shizuoka-Chuo Branch
3-10, Koya-machi, Aoi-ku, Shizuoka 420-0852, Japan

Numazu Branch
4-2, Ote-machi 5-chome, Numazu, Shizuoka 410-0801, Japan

Gifu Branch
3, Nagazumi-cho 2-chome, Gifu 500-8175, Japan

Yokkaichi Branch
5-4, Suwa-cho, Yokkaichi, Mie 510-8650, Japan

Kinki

Osaka Business Department
5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

Osaka-Chuo Branch
5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

Umeda Branch
8-47, Kakuda-cho, Kita-ku, Osaka 530-0017, Japan

Hankyu-Umeda Branch
8-47, Kakuda-cho, Kita-ku, Osaka 530-0017, Japan

Namba Branch
1-60, Namba 5-chome, Chuo-ku, Osaka 542-0076, Japan

Namba-Chuo Branch
1-60, Namba 5-chome, Chuo-ku, Osaka 542-0076, Japan

Namba Housing Loan Center Sub-Branch, Namba Branch
10-70, Namba-naka 2-chome, Naniwa-ku,
Osaka 556-0011, Japan

Abenobashi Branch
6-1, Abenosuji 1-chome, Abeno-ku, Osaka 545-0052, Japan

Abeno Branch
6-1, Abenosuji 1-chome, Abeno-ku, Osaka 545-0052, Japan

Sakai Branch
59-2, Mikunigaoka Miyuki-dori, Sakai-ku, Sakai,
Osaka 590-0028, Japan

Consulting Plaza Izumigaoka (Senboku Sub-Branch, Sakai Branch)
2-1, Chayamadai 1-chome, Minami-ku, Sakai,
Osaka 590-0115, Japan

Yao Branch
6-8, Higashi Hon-machi 3-chome, Yao,
Osaka 581-0004, Japan

Hirakata Branch
13-20, Oka Higashi-cho, Hirakata, Osaka 573-0032, Japan

Keihan-Hirakata Branch
13-20, Oka Higashi-cho, Hirakata, Osaka 573-0032, Japan

Takatsuki Branch
5-20, Konya-machi, Takatsuki, Osaka 569-0804, Japan

Ibaraki Branch
2-30, Futaba-cho, Ibaraki, Osaka 567-0829, Japan

Toyonaka Branch
1-1, Hon-machi 1-chome, Toyonaka, Osaka 560-0021, Japan

Senri-Chuo Branch
1-3, Shinsenri Higashi-machi 1-chome, Toyonaka,
Osaka 560-0082, Japan

Ikeda Branch
1-1-134, Kureha-cho, Ikeda, Osaka 563-0048, Japan

Kobe Branch
1-6, Goko-dori 8-chome, Chuo-ku,
Kobe, Hyogo 651-0087, Japan

Kobe-Sannomiya Branch
1-6, Goko-dori 8-chome, Chuo-ku,
Kobe, Hyogo 651-0087, Japan

Consulting Plaza Seishin-Chuo (Seishin-Chuo Sub-Branch, Kobe Branch)
9-4, Kojidai 5-chome, Nishi-ku, Kobe,
Hyogo 651-2273, Japan

Tsukaguchi Branch
15-1, Tsukaguchi-cho 1-chome, Amagasaki,
Hyogo 661-0002, Japan

Nishinomiya Branch
5-39, Takamatsu-cho, Nishinomiya, Hyogo 663-8204, Japan

Ashiya Branch
5-2, Funado-cho, Ashiya, Hyogo 659-0093, Japan

Kawanishi Branch
7-18, Chuo-cho, Kawanishi, Hyogo 666-0016, Japan

Akashi Branch
5-28, Higashinakano-machi, Akashi, Hyogo 673-0886, Japan

Himeji Branch
252, Ekimae-cho, Himeji, Hyogo 670-0927, Japan

Kyoto Branch
612, Karasuma-dori Shijo-sagaru Suiginya-cho,
Shimogyo-ku, Kyoto 600-8411, Japan

Kyoto-Shijo Branch
612, Karasuma-dori Shijo-sagaru Suiginya-cho,
Shimogyo-ku, Kyoto 600-8411, Japan

Otsu Branch
3-10, Umebayashi 1-chome, Otsu, Shiga 520-0051, Japan

Nara-Saidaiji Branch
1-50, Saidaiji Higashi-machi 2-chome,
Nara 631-0821, Japan

Consulting Plaza Gakuenmae (Gakuenmae Sub-Branch, Nara-Saidaiji Branch)
8-11, Gakuen Kita 1-chome, Nara 631-0036, Japan

Wakayama Branch
3-17, Higashi Kuramae-cho, Wakayama 640-8203, Japan

Chugoku, Shikoku

Tottori Branch
103, Ima-machi 1-chome, Tottori 680-0822, Japan

Okayama Branch
1-5, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

Okayama-Chuo Branch
1-5, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

Okayama-Ekimae Sub-Branch, Okayama Branch
1-6, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

Okayama-Ekimae Sub-Branch, Okayama-Chuo Branch
1-6, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

Hiroshima Branch
2-22, Kamiya-cho 1-chome, Naka-ku,
Hiroshima 730-0031, Japan

Hiroshima-Chuo Branch
2-22, Kamiya-cho 1-chome, Naka-ku,
Hiroshima 730-0031, Japan

Fukuyama Branch
15-1, Moto-machi, Fukuyama, Hiroshima 720-0063, Japan

Yamaguchi-Hofu Branch
4-24, Ebisu-machi 1-chome, Hofu,
Yamaguchi 747-0036, Japan

Takamatsu Branch
9-4, Konya-machi, Takamatsu, Kagawa 760-0027, Japan

Matsuyama Branch
11-1, Sanban-cho 4-chome, Matsuyama,
Ehime 790-0003, Japan

Kyushu

Fukuoka Branch
12-1, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001, Japan

Fukuoka-Tenjin Branch
12-1, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001, Japan

Kita-Kyushu Branch
1-5, Kaji-machi 1-chome, Kokurakita-ku, Kita-Kyushu, Fukuoka 802-0004, Japan

Saga Branch
3-2, Matsubara 1-chome, Saga 840-0831, Japan

Kumamoto Branch
2-5, Tetori Hon-cho, Chuo-ku, Kumamoto 860-0808, Japan

Kumamoto-Chuo Branch
2-5, Tetori Hon-cho, Chuo-ku, Kumamoto 860-0808, Japan

Oita Branch
3-23, Chuo-machi 1-chome, Oita 870-0035, Japan

Kagoshima Branch
7-8-101, Kinsei-cho, Kagoshima 892-0828, Japan

Overseas Network

Branch

New York Branch
1251 Avenue of the Americas, New York, NY 10020, U.S.A.

London Branch
155 Bishopsgate, London EC2M 3XU, U.K.

Singapore Branch
One Raffles Quay, #24-01 North Tower, Singapore 048583

Shanghai Branch
50F Jin Mao Tower, 88 Shiji Dadao Pudong New Area,
Shanghai 200121, People's Republic of China

Hong Kong Branch
25/F, AIA Central, 1 Connaught Road, Central, Hong Kong

Representative Office

Beijing Representative Office (Banking business)
Room 7009, 7th Floor, Chang Fu Gong Office Building,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

Beijing Representative Office (Securities business)
Room 5011, 5th Floor, Chang Fu Gong Office Building,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

Jakarta Representative Office
20th Floor, Summitmas I,
Jl. Jend. Sudirman, Kaveling 61-62,
Jakarta 12190, Indonesia

Seoul Representative Office
20th Floor, Booyoung Taepyoung Building, 55,
Sejong-daero, Jung-gu, Seoul 04513, Korea

Number of Contracted Trust Agencies* (As of June 30, 2018)

* Trust Agency is a collective term that refers to trust contract agencies under the Trust Business Act as well as agencies concurrently engaged in trust business under Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions.

Type		Number of Agencies				
		Trust Contract Agencies	Agencies Engaged in Concurrent Business			
			Stock Transfer Agency Service	Service Related to Wills	Solicitation for National Pension Fund	Discretionary Investment Business
Banks, Shinkin Banks, etc.	100	68	43	69	45	1
Regional Banks	41	39	30	29	16	1
Second Regional Banks	17	13	7	13	10	—
Shinkin Central Bank, Shinkin Banks	34	13	3	21	19	—
Credit Union	4	—	—	4	—	—
Shoko Chukin Bank	1	1	—	1	—	—
City Banks, etc.	3	2	3	1	—	—
Securities Firms	7	1	4	7	—	—
Life Insurers and Business Enterprises	16	2	1	16	—	—
Total	123	71	48	92	45	1

Bank Service Agency (As of June 30, 2018)

Trade Name of Bank Service Agency	SBI Sumishin Net Bank, Ltd.
Business Offices, etc. Operating Bank Agency Service	Head Office, East Japan Operation Center, West Japan Operation Center, Ichigo Branch, Budou Branch, Mikan Branch, Lemon Branch, Ringo Branch (8 Branches)

Subsidiaries and Affiliated Companies (As of June 30, 2018)

Japan

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Bank (%)	Ownership by subsidiaries (%)
Tokyo Securities Transfer Agent Co., Ltd.	11, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	November 1, 1962	¥ 50	Stock Transfer Agency Services	100.0	—
Sumitomo Mitsui Trust Club Co., Ltd.	8-10, Harumi 1-chome, Chuo-ku, Tokyo	April 2, 1977	¥ 100	Credit Card Business	100.0	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	July 10, 1978	¥ 301	Housing Loan Guaranty Business	100.0	—
Sumitomo Mitsui Trust General Service Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	April 2, 1988	¥ 100	Property Leasing and Management Business	100.0	—
Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	November 6, 1989	¥ 155	Consulting Business	100.0	—
Sumitomo Mitsui Trust Business Service Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	May 24, 1990	¥ 100	Back Office Services, Temporary Staffing Business, Outplacement Agency	100.0	—
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	20-1, Shinbashi 2-chome, Minato-ku, Tokyo	January 22, 1992	¥ 6,000	Money Lending Business	100.0	—
Sumitomo Mitsui Trust TA Solution Co., Ltd.	8-4, Izumi 2-chome, Suginami-ku, Tokyo	July 1, 1998	¥ 2,005	IT, Calculation Outsourcing Business	100.0	—
Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	November 7, 2005	¥ 300	Investment Management, Investment Advisory	100.0	—
Sumitomo Mitsui Trust Career Partners Co., Ltd.	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	April 3, 2006	¥ 100	Training Programs, Personnel-related Services	100.0	—
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	December 1, 1959	¥ 17,363	Investment Management, Investment Advisory	91.9	—
Japan Securities Agents, Ltd.	2-4, Nihonbashi-kayabacho 1-chome, Chuo-ku, Tokyo	September 13, 1950	¥ 500	Stock Transfer Agency Services	85.1	—
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	2-3, Shibaura 1-chome, Minato-ku, Tokyo	February 27, 1967	¥ 25,584	General Leasing, Installment Purchase Services, Credit Card Business	84.8	—
Sumishin Guaranty Company Limited	33-1, Shiba 3-chome, Minato-ku, Tokyo	August 25, 1977	¥ 300	Loan Guarantee Business	—	100.0
Sumitomo Mitsui Trust Card Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	June 24, 1983	¥ 100	Credit Card Business	50.0	50.0
Sumitomo Mitsui Trust Systems & Services Co., Ltd.	1-10, Nikko-cho, Fuchu, Tokyo	February 12, 1973	¥ 100	System Development and Operation Management Services	44.4	55.6
Sumitomo Mitsui Trust Investment Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	March 22, 2000	¥ 100	Equity Investment Business	40.0	60.0
Sumitomo Mitsui Trust Realty Co., Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	January 24, 1986	¥ 300	Real Estate Brokerage Business	4.7	95.3
SBI Sumishin Net Bank, Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	June 3, 1986	¥ 31,000	Banking Business	50.0	—
Japan Pension Operation Service, Ltd.	24-1, Nihonbashi-hakozakicho, Chuo-ku, Tokyo	December 21, 2004	¥ 100	Calculation of Pension Payments, etc., Clerical Outsourcing Business	50.0	—
Japan Stockholders Data Service Company, Limited	8-4, Izumi 2-chome, Suginami-ku, Tokyo	April 1, 2008	¥ 2,000	Stock Transfer Outsourcing Business	50.0	—
HR One Corporation	5-12, Tsukiji 5-chome, Chuo-ku, Tokyo	May 20, 2002	¥ 603	HR-related Services Business	33.4	—
Sky Ocean Asset Management Co., Ltd.	1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa	November 25, 2014	¥ 300	Investment Management	21.0	—
JP Asset Management Co., Ltd.	5-11, Nihonbashi-honcho 1-chome, Chuo-ku, Tokyo	August 18, 2015	¥ 500	Investment Management	30.0	—
Mitsui & Co., Logistics Partners Ltd.	2-1, Nishi-kanda 3-chome, Chiyoda-ku, Tokyo	July 13, 2004	¥ 150	Investment Corporation, Asset Management Business	20.0	—
Cardif Assurance Vie (Japan)	20-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	July 3, 2017	¥ 20,600	Life Insurance Business	20.0	—

Overseas

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Bank (%)	Ownership by subsidiaries (%)
Sumitomo Mitsui Trust (Hong Kong) Limited	25/F, AIA Central, 1 Connaught Road, Central, Hong Kong	July 4, 1978	$ 45	Securities Business	100.0	—
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	2, rue Peternelchen, L-2370, Howald, Grand Duchy of Luxembourg	April 22, 1985	$ 30	Trust, Banking, Securities Businesses	100.0	—
Sumitomo Mitsui Trust (UK) Limited	155 Bishopsgate, London EC2M 3XU, U.K.	March 6, 1986	£ 1.78	Trust Business	100.0	—
Sumitomo Mitsui Trust International Limited	155 Bishopsgate, London EC2M 3XU, U.K.	July 2, 1986	£ 20	Securities Business	100.0	—
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	111 River Street, Hoboken, NJ 07030, U.S.A.	May 20, 2002	$ 56	Banking, Trust Businesses	100.0	—
Sumitomo Mitsui Trust (Ireland) Limited	Block 5, Harcourt Centre, Harcourt Road, Dublin 2, Ireland	June 1, 2004	€ 75.87	Trust Business	100.0	—
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	32nd Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand	July 7, 2014	THB 20,000	Banking Business	99.9	0.0
STB Finance Cayman Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	January 19, 1993	$ 0.01	Finance Business	100.0	—
STB Preferred Capital 4 (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	May 26, 2008	¥ 111,600	Finance Business	100.0	—
BIDV-SuMi TRUST Leasing Co., Ltd.	20th Floor, Vincom Tower A, 191 Ba Trieu, Hai Ba Trung district, Ha Noi, Vietnam	September 4, 1998	VND 895,600	Leasing Business in Vietnam (including sales finance lease)	49.0	—
Zijin Trust Co., Ltd.	30th Floor, Zifeng Tower, 2 Zhongshan Road(N), Gulou District, Nanjing, Jiangsu Province, 210008, People's Republic of China	September 25, 1992	RMB 2,400	Trust Business	19.9	—
Nanjing Zijin Financial Leasing Co., Ltd.	9th Floor, 309, Hanzhongmendajie, Gulou District, Nanjing, Jiangsu Province, 210036, People's Republic of China	May 20, 2016	RMB 300	Leasing Business	15.0	5.0
Midwest Railcar Corporation	855 Arbor Vitae Edwardsville, IL 62025, U.S.A.	December 31, 1998	$ 0.47	Freight Railcar Operating Leasing Business in North America	—	100.0*

* The ownership by subsidiaries is the ownership ratio held by the U.S.-based company in which SuMi TRUST Bank has a 19.9% stake and SuMi TRUST Bank's subsidiaries have a 30.1% stake.

Financial Data:

Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")

How to Read the Financial Statements of Trust Banks (Unaudited)	16
Management's Discussion and Analysis (Unaudited)	18
Five-Year Summary (Unaudited)	24
Consolidated Balance Sheet	26
Consolidated Statement of Income	27
Consolidated Statement of Comprehensive Income	28
Consolidated Statement of Changes in Net Assets	29
Consolidated Statement of Cash Flows	32
Notes to the Consolidated Financial Statements	34
Independent Auditors' Report	100
Non-Consolidated Balance Sheets (Unaudited)	101
Non-Consolidated Statements of Income (Unaudited)	102
Non-Consolidated Statements of Changes in Net Assets (Unaudited)	103
Statements of Trust Account (Unaudited)	106
Notes to Statements of Trust Account (Unaudited)	107

Financial Data:

How to Read the Financial Statements of Trust Banks (Unaudited)

Balance Sheets of Trust Banks

(1) The financial statements of trust banks comprise two balance sheets: one for a banking account and the other for a trust account. The balance sheet for the banking account presents capital, fund management, and finance of trust banks. The balance sheet for the trust account shows assets that trust banks manage, administer, and dispose on behalf of the beneficiaries, according to the trusts' investment objectives, when the trusts have been set up for the trustors.

Balance sheet of banking account

Statement of trust account

(2) The outcomes (gains or losses) of asset management, administration, and disposition of the trust account pertain to the beneficiaries (after deducting trust fees). In principle, they do not affect the banking account. However, loan trusts and jointly operated money trusts ("JOMTs"), which are covered by deposit insurance, are treated as exceptions due to their principal guaranteed feature. As a result, the balance sheets for loan trusts and the JOMT accounts are disclosed, and, together with the banking account, become the "three major accounts" of trust banks. It is common for trust banks to manage various financial risks at the level of these accounts.

(Note) Japanese trust banks have stopped offering new loan trusts. The loan trusts, therefore, have a limited impact on the balance sheet and financial reporting.

(3) The liabilities section in statements of trust accounts shows the balance for each trust type. The assets section shows assets, such as loans, securities, real estate, and monetary claims, held in various trusts.

Money trusts include a wide variety of trust products. They include, for example, products with discretionary management rights, such as JOMTs and individually operated designated money trusts (referred to as *Shiteitan*), and products without discretionary management rights, such as specified money trusts (referred to as *Tokkin*). Fees for these products vary. Aside from money trusts, the trust banks have discretionary management rights for loan trusts and pension trusts, but not for investment trusts or securities trusts.

Statements of Income of Trust Banks

The trust banks disclose statements of income for banking accounts. The main components of "Net Business Profit before Credit Costs," which is equivalent to operating profit for other companies are as follows:

(1) Trust Fees
(2) Net Credit Cost of loan trusts and JOMT accounts
(3) Net Interest Income
(4) Net Fees and Commissions
(5) Net Trading Income
(6) Net Other Ordinary Income (gains or losses on sales of bonds, net gain or loss on foreign exchange transactions, net income or expense on derivatives other than trading or hedging)
(7) Gross Business Profit: (1)+(3)+(4)+(5)+(6)
(8) General and Administrative Expenses
(9) Transfer to general allowance for loan losses
(10) Net Business Profit: (7)–(8)–(9)
(11) Net Business Profit before Credit Costs: (10)+(2)+(9)

Fee Revenues of Trust Banks: Trust Fees and Net Fees and Commissions

In trust banks, broadly speaking, there are two types of fee revenues: "Trust Fees" and "Net Fees and Commissions." Fees that trust banks receive on trust contracts are posted to "Trust Fees." Fees and commissions on general service contracts are posted to "Net Fees and Commissions." Note that fees related to the loan trusts and JOMT accounts have characteristics similar to the banking business (deposits and loans) and are generally excluded from "Trust Fees." Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries (together, the "SuMi TRUST Group") include these fees in "Net Interest Income and Related Profit."

Fee Revenues

Trust Fees (excluding loan trusts & JOMTs)

- Pension trust fees *1
- Individually operated designated money trust fees *1
- Investment trust & specified money trust fees *2
- Asset securitization-related trust fees
- Real estate brokerage fees

Net Fees and Commissions

- Investment trust and insurance sales fees
- Discretionary investment fees
- Real estate brokerage fees
- Stock transfer agency fees
- Syndicated loan fees

*1 Fees related to management and administration of money trusts with discretionary management rights

*2 Fees related to administration of money trusts without discretionary management rights

Management's Discussion and Analysis (Unaudited)

Overview of Business Activities of the Company

Economic and Financial Environment

Looking back on the economic environment in Japan during the fiscal year under review, personal consumption remained slack despite ongoing improvement in the employment situation. However, the economy continued a moderate recovery overall as companies sustained high profit levels due to economic recovery overseas.

Major overseas countries showed signs of making an exit from monetary easing measures. In the U.S., the Federal Reserve Board (FRB) raised the benchmark interest rate three times, and in the U.K., the Bank of England decided to raise its benchmark interest rate for the first time in a decade, while the European Central Bank announced changes to its monetary easing measures, including a decrease in its asset purchase amount. In 2018, the U.S. long-term interest rate rose and U.S. stocks continued to fluctuate wildly due to growing alarm as the pace of monetary tightening accelerated. In the Japanese financial market, long-term interest rates remained largely stable due to yield curve control measures by the Bank of Japan. However, trends in the Nikkei Stock Average continued to be unstable until year-end, partly owing to the appreciation of the yen to over 110 Japanese yen per U.S. dollar, and the protectionist stance on trade taken by the U.S. in March.

Developments of Business Activities

Amid these economic and financial conditions, the SuMi TRUST Group launched its midterm management plan "Evolution of The Trust Bank—The Second Foundation—," which covers the period from fiscal year 2017 to fiscal year 2019, and made a solid progress on the following key initiatives.

Further Enhancing our Strengths as a Financial Group Specialized in Trust Banking

We provided accurate and timely solutions according to the life events and growth stages of customers in order to establish our position as the "Best Partner" for customers that accurately responds to social demands and client expectations.

For individual customers, SuMi TRUST Bank expanded its lineup of installment-type investment trusts and insurance products amid the major shift from savings to asset formation, and worked to increase the loan balance by providing mortgage loans at competitive interest rates based on market interest-rate movement. SuMi TRUST Bank also enhanced its products and services by developing the "Will Custody Service" and voluntary guardianship system support trust to meet the wide-ranging succession needs of an aging society.

Sumitomo Mitsui Trust Club Co., Ltd., which provides the Diners brand, made efforts to increase the number of card members in collaboration with SuMi TRUST Bank. It also firmly established its new business operations with the transition to a new IT system in March 2018. Sumitomo Mitsui Trust Realty Co., Ltd. increased the number of housing brokerage transactions through measures such as collaboration with SuMi TRUST Bank and external partners and strengthening acquisition of information via Internet channels. In addition, SBI Sumishin Net Bank, Ltd. worked to provide advanced products and services with high added value utilizing FinTech.

For corporate customers, SuMi TRUST Bank worked to strengthen its capability to provide solutions that accurately meet diverse client needs through support for enhancement of corporate governance, review of real estate holdings or pension systems, and proposals to enhance welfare programs, based on fusion of the functions of its businesses, including Wholesale Total Solution Services,

Stock Transfer Agency Services, Real Estate, and Fiduciary Services. In the balance sheet business, which focuses on loans, it made efforts to improve the profitability of its credit portfolio by taking advantage of partnerships with global financial institutions overseas in addition to domestic loans.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. worked to further grow its balance of leases by enhancing its proposal activities to domestic and overseas customers in collaboration with SuMi TRUST Bank, and made efforts to enhance its credit risk management. Sumitomo Mitsui Trust Loan & Finance Co., Ltd. worked to enhance its credit control system and steadily increased its loan balance by using its consulting-based detailed screening know-how.

For customers such as corporate pensions, public pensions and financial organizations, SuMi TRUST Bank provided a range of management and administration services in an environment of prolonged negative interest rate policies and tightened global financial regulations. In addition, it bolstered its system with the launch of the new Wholesale Asset Management Business, mainly for financial organizations and other customers. It also newly established a dedicated organization for regional revitalization in an effort to support local governments and regional financial institutions by making use of its various functions in banking, trusts and real estate.

Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. made efforts to provide new products including private placement investment trusts and to support sales of investment trusts for financial organizations.

In addition, in the asset administration business, Japan Trustee Services Bank, Ltd. signed a management integration agreement with Trust & Custody Services Bank, Ltd. in March 2018, in order to realize more stable and higher quality operations and to contribute to further development of the domestic securities settlement market.

Results of Business Activities

(Consolidated Financial Results for the Fiscal Year 2017)

In the current fiscal year, net business profit before credit costs increased by ¥38.1 billion (U.S. $360 million) from the previous fiscal year to ¥270.5 billion (U.S. $2,547 million), primarily due to a non-recurrence of previous fiscal year's fall in market-related profit in SuMi TRUST Bank.

Ordinary profit increased by ¥36.2 billion (U.S. $341 million) from the previous fiscal year to ¥232.6 billion (U.S. $2,190 million). The increase primarily reflects a decrease in credit costs incurred due to a decline in balances from certain customers, partially offset by decrease in net gains on stocks.

As a result, net income attributable to owners of the parent increased by ¥32.5 billion (U.S. $306 million) from the previous fiscal year to ¥153.9 billion (U.S. $1,449 million).

Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 11.33%, Consolidated Tier 1 capital ratio was 13.74%, and Consolidated Total capital ratio was 16.31% as of March 31, 2018, exceeding the minimum regulatory requirements of 6.75%, 8.25%, and 10.25%, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018.

Operating Results (Consolidated)

Years Ended March 31	Millions of Yen 2018	2017	Changes	Millions of U.S. Dollars 2018
Gross Profit (excluding Trust Account Credit Costs)	¥ 676,873	¥ 625,582	¥ 51,291	$ 6,371
Trust Account Credit Costs (A)	—	—	—	—
General and Administrative Expenses (excluding non-recurring expenses)	(432,924)	(419,680)	(13,244)	(4,075)
Net Provision of General Allowance for Loan Losses (B)	—	(29,493)	29,493	—
Banking Account Credit Costs (C)	(5,122)	(1,871)	(3,250)	(48)
Reversal of Allowance for Loan Losses (D)	5,292	—	5,292	50
Recoveries of Written-Off Claims (E)	2,818	2,813	4	27
Net Gains (Losses) on Stocks and Other Securities	6,357	36,488	(30,131)	60
Net Income from Affiliated Companies Accounted for by the Equity Method	5,781	6,950	(1,168)	54
Impairment Loss	(7,876)	(5,870)	(2,005)	(74)
Management Integration Expenses	—	—	—	—
Others	(12,376)	(23,782)	11,405	(117)
Income Before Income Taxes	238,822	191,135	47,687	2,248
Net Income Attributable to Owners of the Parent	153,986	121,446	32,540	1,449
Total Credit Costs (A+B+C+D+E)	2,988	(28,551)	31,540	28
Net Business Profit Before Credit Costs	270,558	232,363	38,194	2,547

(Notes)

1) Gross Operating Profit = Trust Fees + (Interest Income – Interest Expenses) + (Fees and Commissions – Fees and Commissions Payments) + (Trading Income – Trading Expenses) + (Other Ordinary Income – Other Ordinary Expenses)

2) Net Business Profit Before Credit Costs = Non-consolidated Net Business Profit before Credit Costs of SuMi TRUST Bank + Ordinary Profits (adjusted for non-recurring effects) of other consolidated subsidiaries + Ordinary Profits (adjusted for non-recurring effects) from Affiliated Companies Accounted for by the Equity Method x Ratio of Equity Holdings – Internal Transactions (e.g., dividends)

3) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

Major Profit and Losses (Consolidated)

"Total Net Interest Income" decreased by ¥39.0 billion (U.S. $367 million) from the previous fiscal year to ¥180.0 billion (U.S. $1,695 million), despite an improvement in interest income from domestic loans and discounts.

"Net Fees and Commissions" decreased by ¥2.3 billion (U.S. $22 million) from the previous fiscal year to ¥309.9 billion (U.S. $2,917 million).

Accordingly, "Gross Profit" increased by ¥51.2 billion (U.S. $483 million) from the previous fiscal year to ¥676.8 billion (U.S. $6,371 million).

"General and Administrative Expenses (excluding non-recurring effects)" increased by ¥13.2 billion (U.S. $125 million) from the previous fiscal year to ¥432.9 billion (U.S. $4,075 million).

As a result, "Net Business Profit Before Credit Costs," which represents the actual profit level calculated by making necessary adjustments to the above results, increased by ¥38.1 billion (U.S. $360 million) from the previous fiscal year to ¥270.5 billion (U.S. $2,547 million).

Major Profit and Losses (Consolidated)

Years Ended March 31	Millions of Yen 2018	2017	Changes	Millions of U.S. Dollars 2018
Gross Profit (excluding Trust Account Credit Costs)	¥ 676,873	¥ 625,582	¥ 51,291	$ 6,371
Net Trust Fees:	100,591	99,870	720	947
Trust Account Credit Costs (deduction)	—	—	—	—
Trust Fees from Loan Trusts and Jointly-Operated Money Trusts (before deducting Trust Accounts Credit Costs)	13,257	13,477	(220)	125
Other Trust Fees	87,333	86,392	941	822
Net Interest Income:	180,057	219,083	(39,025)	1,695
Interest Income	426,129	384,354	41,774	4,011
Interest Expenses	(246,071)	(165,271)	(80,800)	(2,316)
Net Fees and Commissions:	309,906	312,212	(2,305)	2,917
Fees and Commissions	397,881	397,531	349	3,745
Fees and Commissions Payments	(87,974)	(85,319)	(2,655)	(828)
Net Trading Income:	10,035	17,040	(7,004)	94
Trading Income	10,035	18,338	(8,302)	94
Trading Expenses	—	(1,297)	1,297	—
Net Other Ordinary Income and Expenses: (excluding non-recurring expenses)	76,282	(22,624)	98,907	718
Other Ordinary Income	306,725	296,261	10,463	2,887
Other Ordinary Expenses	(230,442)	(318,885)	88,443	(2,169)
General and Administrative Expenses	(432,924)	(419,680)	(13,244)	(4,075)
Net Business Profit Before Credit Costs	270,558	232,363	38,194	2,547

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

Credit Costs (Consolidated)

"Total Credit Costs" decreased by ¥31.5 billion (U.S. $297 million) from the previous fiscal year to ¥2.9 billion (U.S. $28 million). This was mainly because of "Provision of General Allowance for Loan Losses" that was not recorded for the fiscal year under review.

Credit Costs (Consolidated)

Years Ended March 31	Millions of Yen 2018	2017	Changes	Millions of U.S. Dollars 2018
Total Credit Costs	¥ 2,988	¥ (28,551)	¥ 31,540	$ 28
Trust Account Credit Costs	—	—	—	—
Banking Account Credit Costs	(5,122)	(1,871)	(3,250)	(48)
Write-Off of Loans	(4,538)	(4,776)	238	(43)
Net Provision of Specific Allowance for Loan Losses	—	3,173	(3,173)	—
Losses on Sales of Loans	(584)	(268)	(315)	(5)
Net Provision of General Allowance for Loan Losses	—	(29,493)	29,493	—
Reversal of Allowance for Loan Losses	5,292	—	5,292	50
Recoveries of Written-Off Claims	2,818	2,813	4	27

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

Net Gains (Losses) on Stocks and Other Securities (Consolidated)

"Net Gains (Losses) on Stock and Other Securities" decreased by ¥30.1 billion (U.S. $284 million) from the previous fiscal year to ¥6.3 billion (U.S. $60 million).

Net Gains (Losses) on Stocks and Other Securities (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2018	2017	Changes	2018
Net Gains (Losses) on Stocks and Other Securities	¥ 6,357	¥ 36,488	¥ (30,131)	$ 60
Gains (Losses) on Sales of Stocks and Other Securities	6,402	40,336	(33,934)	60
Losses on Devaluation of Stocks and Other Securities	(44)	(3,848)	3,803	(0)

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

Financial Condition

Assets and Liabilities

As of March 31, 2018, consolidated "Total Assets" were ¥68,356.7 billion (U.S. $643 billion), an increase of ¥2,903.0 billion (U.S. $27 billion), and consolidated "Total Net Assets" were ¥2,872.3 billion (U.S. $27 billion), an increase of ¥80.6 billion (U.S. $1 billion), compared with those as of the end of the previous fiscal year, respectively.

In particular, "Cash and Due from Banks" increased by ¥1,896.8 billion (U.S. $18 billion) to ¥28,841.3 billion (U.S. $271 billion), "Loans and Bills Discounted" increased by ¥150.1 billion (U.S. $1 billion) to ¥28,190.5 billion (U.S. $265 billion), "Securities" increased by ¥409.9 billion (U.S.$4 billion) to ¥5,537.6 billion (U.S. $52 billion), and "Deposits" increased by ¥1,351.0 billion (U.S. $13 billion) to ¥37,351.8 billion (U.S. $352 billion), compared with those as of the end of the previous fiscal year.

"Total Assets of Trust Accounts" increased by ¥23,880.7 billion (U.S. $225 billion) to ¥285,008.0 billion (U.S. $2,683 billion) as of March 31, 2018.

Problem Assets under the Financial Reconstruction Act

As of March 31, 2018, the total balance of Bankrupt and Practically Bankrupt Loans, Doubtful Loans, and Substandard Loans of the Banking Account and the Principal Guaranteed Trust Accounts with a disclosure requirement under the Financial Reconstruction Act, decreased by ¥14.5 billion (U.S. $0.1 billion) from the end of the previous fiscal year to ¥56.7 billion (U.S. $0.5 billion). The ratio of "Problem Assets under the Financial Reconstruction Act" to Total Balance remained 0.2% from the previous fiscal year.

Problem Assets under the Financial Reconstruction Act (SuMi TRUST Bank (non-consolidated basis) after partial direct write-offs)

Banking Account and Principal Guaranteed Trust Account (Combined)

	Billions of Yen			Billions of U.S. Dollars
As of March 31	2018	2017	Changes	2018
Problem Assets under the Financial Reconstruction Act	¥ 56.7	¥ 71.2	¥ (14.5)	$ 1
Total Balance	28,818.4	28,735.2	83.3	271
Ratio to Total Balance	0.2%	0.2%	(0.0)%	0.2%

Banking Account

Classification	Billions of Yen, Except for Percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
As of March 31	2018	2017	2018	2017	2018		2018	2017
Bankrupt and Practically Bankrupt Loans (A)	¥ 12.0	¥ 7.9	100%	100%	Specific Allowance Provided	¥ 2.7	100%	100%
					Covered by Collateral/Guarantee	9.2		
Doubtful Loans (B)	26.2	30.5	92%	87%	Uncovered	2.0	74%	62%
					Specific Allowance Provided	5.6		
					Covered by Collateral/Guarantee	18.6		
Substandard Loans (C)	17.6	27.7	97%	90%	Uncovered	0.5	34%	19%
					General Allowance Provided	0.2		
					Covered by Collateral/Guarantee	16.9		
Total of (A), (B), and (C)	55.8	66.1						
Total Balance	28,782.2	28,688.0						
Ratio to Total Balance	0.2%	0.2%						

Principal Guaranteed Trust Account

Classification	Billions of Yen, Except for Percentages					
	Balance		Coverage Ratio		Collateral/Allowance	
As of March 31	2018	2017	2018	2017	2018	
Bankrupt and Practically Bankrupt Loans (A)	¥ 0.0	¥ —	100%	100%	Covered by Collateral/Guarantee	¥ 0.0
Doubtful Loans (B)	0.8	5.0	100%	100%	Covered by Collateral/Guarantee	0.8
Substandard Loans (C)	0.0	0.1	100%	100%	Covered by Collateral/Guarantee	0.0
Total of (A), (B), and (C)	0.9	5.0			Allowance for Loan Trusts	—
					Allowance for Jointly Operated Money Trusts	0.0
Total Balance	36.2	47.2				
Ratio to Total Balance	2.5%	10.7%				

Net Interest Spread (Domestic Banking Account and Principal Guaranteed Trust Account)

	Percentage Points		
Years Ended March 31	2018	2017	Changes
Average Yield on Interest-Earning Assets (a)	0.57%	0.62%	(0.05)%
Loans and Bills Discounted (A)	0.70	0.73	(0.03)
Securities	1.45	1.52	(0.07)
Average Yield on Interest-Bearing Liabilities (b)	0.17	0.16	0.01
Deposits (B)	0.14	0.14	0.00
Gross Margin (a)–(b)	0.40	0.46	(0.06)
Loan-Deposit Margin (A)–(B)	0.56	0.59	(0.03)

Financial Summary:

Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

	Millions of Yen				
Consolidated Statements of Banking Account	2018	2017	2016	2015	2014
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 28,841,328	¥ 26,944,478	¥ 19,924,523	¥ 10,530,766	¥ 6,916,949
Call Loans and Bills Bought	152,951	124,706	705,252	205,075	651,552
Securities	5,537,643	5,127,717	4,926,236	4,813,354	5,764,450
Loans and Bills Discounted	28,190,553	28,040,446	27,525,862	25,550,064	23,824,035
Foreign Exchanges	25,554	16,189	17,223	12,732	12,114
Customers' Liabilities for Acceptances and Guarantees	508,930	458,010	503,742	531,500	485,384
Others	5,099,836	4,742,176	4,627,107	4,592,456	4,234,927
Total Assets	¥ 68,356,798	¥ 65,453,725	¥ 58,229,948	¥ 46,235,949	¥ 41,889,413
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 43,915,175	¥ 43,327,431	¥ 33,832,580	¥ 31,650,278	¥ 29,223,508
Call Money and Bills Sold	146,931	54,089	38,968	497,600	200,005
Borrowed Money	4,370,083	3,463,105	2,580,524	2,492,087	1,906,117
Foreign Exchanges	1,984	236	259	140	124
Acceptances and Guarantees	508,930	458,010	503,742	531,500	485,384
Others	16,541,366	15,359,168	18,569,363	8,347,368	7,633,229
Total Liabilities	¥ 65,484,472	¥ 62,662,042	¥ 55,525,436	¥ 43,518,975	¥ 39,448,370
Net Assets:					
Shareholders' Equity	¥ 2,127,816	¥ 2,031,623	¥ 1,966,813	¥ 1,860,185	¥ 1,901,775
Accumulated Other Comprehensive Income	496,851	430,992	410,160	529,638	203,599
Subscription Rights to Shares	799	577	421	246	47
Non-Controlling Interests	246,858	328,488	327,116	326,902	335,620
Total Net Assets	¥ 2,872,325	¥ 2,791,682	¥ 2,704,511	¥ 2,716,973	¥ 2,441,043
Total Liabilities and Net Assets	¥ 68,356,798	¥ 65,453,725	¥ 58,229,948	¥ 46,235,949	¥ 41,889,413
For the Year					
Income:					
Trust Fees	¥ 100,591	¥ 99,870	¥ 105,537	¥ 104,703	¥ 104,747
Interest Income	426,129	384,354	372,076	369,229	356,811
Fees and Commissions	397,881	397,531	356,247	333,756	322,808
Trading Income	10,035	18,338	15,964	32,428	24,604
Other Ordinary Income	306,725	296,261	286,009	288,014	290,036
Other Income	125,142	66,531	65,789	78,400	89,156
Total Income	¥ 1,366,505	¥ 1,262,887	¥ 1,201,625	¥ 1,206,532	¥ 1,188,165
Expenses:					
Interest Expenses	¥ 246,071	¥ 165,271	¥ 141,131	¥ 126,347	¥ 129,169
Fees and Commissions Payments	87,974	85,319	80,428	73,661	70,464
Trading Expenses	—	1,297	428	—	228
Other Ordinary Expenses	230,442	318,885	216,036	237,129	240,157
General and Administrative Expenses	444,057	435,335	405,078	405,901	402,877
Other Expenses	119,136	65,642	85,385	130,914	98,616
Total Expenses	¥ 1,127,683	¥ 1,071,752	¥ 928,488	¥ 973,954	¥ 941,514
Income before Income Taxes	238,822	191,135	273,136	232,578	246,650
Net Income	¥ 165,746	¥ 134,206	¥ 179,150	¥ 159,665	¥ 137,675

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 403.91	¥ 317.24	¥ 433.30	¥ 40.38	¥ 34.48
Fully Diluted Net Income per Share of Common Stock	403.75	317.15	433.22	40.38	34.48
Net Assets per Share of Common Stock	6,897.36	6,437.57	6,181.19	618.63	511.02

	Millions of Yen				
Statements of Trust Account	2018	2017	2016	2015	2014
Total Assets	¥ 285,008,064	¥ 261,127,280	¥ 236,757,301	¥ 223,925,575	¥ 197,783,263

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and fully diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

Financial Summary:

Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of and for the fiscal years ended March 31

Non-Consolidated Statements	Millions of Yen				
	2018	2017	2016	2015	2014
As of the Year-End					
Assets:					
Current Assets:	¥ 71,542	¥ 76,718	¥ 82,563	¥ 91,049	¥ 111,835
Cash and Due from Banks	1,775	1,747	1,205	1,101	2,465
Securities	53,000	62,000	69,000	78,500	103,000
Non-Current Assets	2,004,970	1,891,389	1,741,389	1,561,400	1,641,201
Investments and Other Assets	2,004,969	1,891,388	1,741,388	1,561,399	1,641,199
Total Assets	¥ 2,076,512	¥ 1,968,108	¥ 1,823,953	¥ 1,654,043	¥ 1,755,995
Liabilities:					
Current Liabilities	¥ 3,119	¥ 2,783	¥ 2,562	¥ 2,642	¥ 2,604
Non-Current Liabilities	594,310	478,036	328,036	148,351	130,659
Bonds Payable	584,300	468,000	328,000	148,000	128,800
Provision for Retirement Benefits	—	—	—	—	—
Total Liabilities	¥ 597,429	¥ 480,820	¥ 330,598	¥ 150,994	¥ 133,263
Net Assets:					
Shareholders' Equity	¥ 1,478,282	¥ 1,486,710	¥ 1,493,160	¥ 1,502,802	¥ 1,622,684
Subscription Rights to Shares	799	577	421	246	47
Total Net Assets	¥ 1,479,082	¥ 1,487,288	¥ 1,493,582	¥ 1,503,048	¥ 1,622,731
Total Liabilities and Net Assets	¥ 2,076,512	¥ 1,968,108	¥ 1,824,180	¥ 1,654,043	¥ 1,755,995
For the Year					
Operating Income:	¥ 57,301	¥ 58,218	¥ 59,926	¥ 59,918	¥ 34,530
Dividends Received from Subsidiaries	55,512	54,700	54,778	55,667	29,550
Operating Expenses:	3,071	2,035	2,315	2,368	3,062
General and Administrative Expenses	3,071	2,035	2,315	2,368	3,062
Operating Profit	¥ 54,230	¥ 56,183	¥ 57,611	¥ 57,550	¥ 31,467
Non-Operating Income	¥ 6,785	¥ 5,165	¥ 2,615	¥ 434	¥ 369
Non-Operating Expenses	11,678	10,971	9,722	6,810	7,403
Income before Income Taxes	¥ 49,337	¥ 50,378	¥ 50,504	¥ 51,174	¥ 24,433
Net Income	¥ 49,333	¥ 50,376	¥ 50,503	¥ 51,173	¥ 24,431

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 129.40	¥ 131.59	¥ 131.10	¥ 12.54	¥ 5.13
Fully Diluted Net Income per Share of Common Stock	129.35	131.55	131.08	12.54	5.13
Net Assets per Share of Common Stock	3,884.77	3,886.44	3,882.88	389.02	387.32

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and fully diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

Financial Data:

Consolidated Balance Sheet

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Cash and Due from Banks	¥ 28,841,328	¥ 26,944,478	$ 271,473
Call Loans and Bills Bought	152,951	124,706	1,440
Receivables under Resale Agreements	63,531	83,888	598
Receivables under Securities Borrowing Transactions	675,295	480,453	6,356
Monetary Claims Bought	955,938	906,572	8,998
Trading Assets (Notes 1, 2, and 4)	363,294	496,563	3,420
Money Held in Trust	1,357	1,650	13
Securities (Notes 2, 4, and 14)	5,537,643	5,127,717	52,124
Loans and Bills Discounted (Notes 3, 4, and 5)	28,190,553	28,040,446	265,348
Foreign Exchanges	25,554	16,189	241
Lease Receivables and Investment Assets (Note 4)	677,238	667,808	6,375
Other Assets (Notes 4 and 8)	1,868,132	1,638,186	17,584
Tangible Fixed Assets (Note 6)	214,386	225,814	2,018
Intangible Fixed Assets (Note 7)	197,235	214,790	1,857
Assets for Retirement Benefits	163,219	119,018	1,536
Deferred Tax Assets	23,127	23,243	218
Customers' Liabilities for Acceptances and Guarantees	508,930	458,010	4,790
Allowance for Loan Losses	(102,920)	(115,814)	(969)
Total Assets	¥ 68,356,798	¥ 65,453,725	$ 643,419
Liabilities:			
Deposits (Notes 4 and 9)	¥ 37,351,839	¥ 36,000,814	$ 351,580
Negotiable Certificates of Deposit	6,563,336	7,326,617	61,778
Call Money and Bills Sold	146,931	54,089	1,383
Payables under Repurchase Agreements (Note 4)	1,454,855	1,063,737	13,694
Payables under Securities Lending Transactions (Note 4)	41,299	13,699	389
Trading Liabilities (Note 1)	266,148	366,879	2,505
Borrowed Money (Notes 4 and 10)	4,370,083	3,463,105	41,134
Foreign Exchanges	1,984	236	19
Short-Term Bonds Payable	1,062,869	904,248	10,004
Bonds Payable (Note 11)	1,470,715	1,385,098	13,843
Borrowed Money from Trust Account (Note 12)	11,070,725	10,274,143	104,205
Other Liabilities (Note 13)	932,825	1,151,325	8,780
Provision for Bonuses	16,740	16,331	158
Provision for Directors' Bonuses	325	259	3
Liabilities for Retirement Benefits	14,159	14,048	133
Provision for Reward Points Program	18,457	17,519	174
Provision for Reimbursement of Deposits	3,548	3,583	33
Provision for Contingent Losses	4,628	7,774	44
Deferred Tax Liabilities	181,050	137,501	1,704
Deferred Tax Liabilities for Land Revaluation (Note 6)	3,016	3,016	28
Acceptances and Guarantees (Note 4)	508,930	458,010	4,790
Total Liabilities	¥ 65,484,472	¥ 62,662,042	$ 616,382
Net Assets:			
Total Shareholders' Equity:	¥ 2,127,816	¥ 2,031,623	$ 20,028
Capital Stock	261,608	261,608	2,462
Capital Surplus	645,016	645,048	6,071
Retained Earnings	1,263,415	1,159,028	11,892
Treasury Stock	(42,224)	(34,061)	(397)
Total Accumulated Other Comprehensive Income:	496,851	430,992	4,677
Valuation Differences on Available-for-Sale Securities	516,663	476,848	4,863
Deferred Gains (Losses) on Hedges	(22,746)	(21,018)	(214)
Revaluation Reserve for Land (Note 6)	(6,067)	(6,067)	(57)
Foreign Currency Translation Adjustments	4,281	2,135	40
Adjustments for Retirement Benefits	4,720	(20,905)	44
Subscription Rights to Shares	799	577	8
Non-Controlling Interests	246,858	328,488	2,324
Total Net Assets	¥ 2,872,325	¥ 2,791,682	$ 27,036
Total Liabilities and Net Assets	¥ 68,356,798	¥ 65,453,725	$ 643,419

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 6,897.36	¥ 6,437.57	$ 64.92

See accompanying notes.
The figures in U.S. dollars are converted from a yen basis for convenience at the rate of ¥106.24 to U.S. $1.00, the exchange rate prevailing as of March 31, 2018.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Income:			
Trust Fees	¥ 100,591	¥ 99,870	$ 947
Interest Income:	426,129	384,354	4,011
Interest on Loans and Discounts	307,030	279,228	2,890
Interest and Dividends on Securities	82,524	80,305	777
Interest on Call Loans and Bills Bought	1,900	1,341	18
Interest on Receivables under Resale Agreements	1,295	973	12
Interest on Receivables under Securities Borrowing Transactions	8	7	0
Interest on Deposits with Banks	26,906	18,110	253
Other Interest Income (Note 1)	6,463	4,387	61
Fees and Commissions	397,881	397,531	3,745
Trading Income (Note 2)	10,035	18,338	94
Other Ordinary Income (Note 3)	306,725	296,261	2,887
Other Income (Note 4)	125,142	66,531	1,178
Total Income	¥ 1,366,505	¥ 1,262,887	$ 12,862
Expenses:			
Interest Expenses:	¥ 246,071	¥ 165,271	$ 2,316
Interest on Deposits	95,764	79,629	901
Interest on Negotiable Certificates of Deposit	42,334	27,879	398
Interest on Call Money and Bills Sold	1,290	912	12
Interest on Payables under Repurchase Agreements	16,404	8,230	154
Interest on Payables under Securities Lending Transactions	234	24	2
Interest on Borrowings	13,752	9,438	129
Interest on Short-Term Bonds	4,815	5,245	45
Interest on Bonds	23,078	17,269	217
Other Interest Expenses (Note 1)	48,396	16,642	456
Fees and Commissions Payments	87,974	85,319	828
Trading Expenses (Note 2)	—	1,297	—
Other Ordinary Expenses (Note 3)	230,442	318,885	2,169
General and Administrative Expenses (Note 5)	444,057	435,335	4,180
Other Expenses (Note 4)	119,136	65,642	1,121
Total Expenses	¥ 1,127,683	¥ 1,071,752	$ 10,614
Income before Income Taxes	¥ 238,822	¥ 191,135	$ 2,248
Income Taxes:	73,075	56,929	688
Current	57,646	52,274	543
Deferred	15,429	4,654	145
Net Income	¥ 165,746	¥ 134,206	$ 1,560
Net Income Attributable to Non-Controlling Interests	11,760	12,759	111
Net Income Attributable to Owners of the Parent	¥ 153,986	¥ 121,446	$ 1,449

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 403.91	¥ 317.24	$ 3.80
Diluted Net Income per Share of Common Stock	¥ 403.75	¥ 317.15	$ 3.80

See accompanying notes.
SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2017.

Financial Data:

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Income	**¥ 165,746**	¥ 134,206	**$ 1,560**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**40,922**	11,809	**385**
Deferred Gains (Losses) on Hedges	**(2,491)**	(9,314)	**(23)**
Foreign Currency Translation Adjustments	**2,501**	(1,360)	**24**
Adjustments for Retirement Benefits	**25,674**	20,293	**242**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**(657)**	(279)	**(6)**
Total Other Comprehensive Income (Loss) (Note)	**¥ 65,950**	¥ 21,148	**$ 621**
Comprehensive Income:	**¥ 231,696**	¥ 155,354	**$ 2,181**
Comprehensive Income Attributable to Owners of the Parent	**¥ 219,844**	¥ 142,527	**$ 2,069**
Comprehensive Income Attributable to Non-Controlling Interests	**11,852**	12,827	**112**

See accompanying notes.

Financial Data:

Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

From April 1, 2017 to March 31, 2018

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 261,608	¥ 645,048	¥1,159,028	¥ (34,061)	¥2,031,623
Changes during the Year					
Cash Dividends			(49,599)		(49,599)
Net Income Attributable to Owners of the Parent			153,986		153,986
Purchase of Treasury Stock				(8,184)	(8,184)
Disposal of Treasury Stock		0		22	22
Purchase of Shares of Consolidated Subsidiaries		(32)			(32)
Reversal of Revaluation Reserve for Land			—		—
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(31)	104,386	(8,162)	96,192
Balance at the End of the Year	¥ 261,608	¥ 645,016	¥1,263,415	¥ (42,224)	¥2,127,816

	Millions of Yen								
	Accumulated Other Comprehensive Income								
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 476,848	¥ (21,018)	¥ (6,067)	¥ 2,135	¥ (20,905)	¥ 430,992	¥ 577	¥ 328,488	¥2,791,682
Changes during the Year									
Cash Dividends									(49,599)
Net Income Attributable to Owners of the Parent									153,986
Purchase of Treasury Stock									(8,184)
Disposal of Treasury Stock									22
Purchase of Shares of Consolidated Subsidiaries									(32)
Reversal of Revaluation Reserve for Land									—
Net Changes of Items Other Than Shareholders' Equity	39,814	(1,728)	—	2,145	25,626	65,858	222	(81,630)	(15,549)
Total Changes during the Year	39,814	(1,728)	—	2,145	25,626	65,858	222	(81,630)	80,643
Balance at the End of the Year	¥ 516,663	¥ (22,746)	¥ (6,067)	¥ 4,281	¥ 4,720	¥ 496,851	¥ 799	¥ 246,858	¥2,872,325

See accompanying notes.

From April 1, 2016 to March 31, 2017

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 261,608	¥ 645,106	¥ 1,087,195	¥ (27,097)	¥ 1,966,813
Changes during the Year					
Cash Dividends			(49,861)		(49,861)
Net Income Attributable to Owners of the Parent			121,446		121,446
Purchase of Treasury Stock				(6,983)	(6,983)
Disposal of Treasury Stock		(0)		19	18
Purchase of Shares of Consolidated Subsidiaries		(57)			(57)
Reversal of Revaluation Reserve for Land			247		247
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(58)	71,833	(6,964)	64,810
Balance at the End of the Year	¥ 261,608	¥ 645,048	¥ 1,159,028	¥ (34,061)	¥ 2,031,623

	Millions of Yen								
	Accumulated Other Comprehensive Income								
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 467,517	¥ (13,169)	¥ (5,819)	¥ 2,800	¥ (41,168)	¥ 410,160	¥ 421	¥ 327,116	¥ 2,704,511
Changes during the Year									
Cash Dividends									(49,861)
Net Income Attributable to Owners of the Parent									121,446
Purchase of Treasury Stock									(6,983)
Disposal of Treasury Stock									18
Purchase of Shares of Consolidated Subsidiaries									(57)
Reversal of Revaluation Reserve for Land									247
Net Changes of Items Other Than Shareholders' Equity	9,331	(7,848)	(247)	(665)	20,263	20,832	155	1,372	22,360
Total Changes during the Year	9,331	(7,848)	(247)	(665)	20,263	20,832	155	1,372	87,171
Balance at the End of the Year	¥ 476,848	¥ (21,018)	¥ (6,067)	¥ 2,135	¥ (20,905)	¥ 430,992	¥ 577	¥ 328,488	¥ 2,791,682

See accompanying notes.

From April 1, 2017 to March 31, 2018

	Millions of U.S. Dollars				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 2,462	$ 6,072	$ 10,910	$ (321)	$ 19,123
Changes during the Year					
Cash Dividends			(467)		(467)
Net Income Attributable to Owners of the Parent			1,449		1,449
Purchase of Treasury Stock				(77)	(77)
Disposal of Treasury Stock		0		0	0
Purchase of Shares of Consolidated Subsidiaries		(0)			(0)
Reversal of Revaluation Reserve for Land					
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(0)	983	(77)	905
Balance at the End of the Year	$ 2,462	$ 6,071	$ 11,892	$ (397)	$ 20,028

	Millions of U.S. Dollars								
	Accumulated Other Comprehensive Income								
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	$ 4,488	$ (198)	$ (57)	$ 20	$ (197)	$ 4,057	$ 5	$ 3,092	$ 26,277
Changes during the Year									
Cash Dividends									(467)
Net Income Attributable to Owners of the Parent									1,449
Purchase of Treasury Stock									(77)
Disposal of Treasury Stock									0
Purchase of Shares of Consolidated Subsidiaries									(0)
Reversal of Revaluation Reserve for Land									
Net Changes of Items Other Than Shareholders' Equity	375	(16)	—	20	241	620	2	(768)	(146)
Total Changes during the Year	375	(16)	—	20	241	620	2	(768)	759
Balance at the End of the Year	$ 4,863	$ (214)	$ (57)	$ 40	$ 44	$ 4,677	$ 8	$ 2,324	$ 27,036

See accompanying notes.

Financial Data:

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 238,822	¥ 191,135	$ 2,248
Depreciation and Amortization	35,145	32,336	331
Impairment Losses	7,876	5,870	74
Amortization of Goodwill	9,469	9,464	89
Equity in Losses (Earnings) of Affiliated Companies	(5,781)	(6,950)	(54)
Increase (Decrease) in Allowance for Loan Losses	(12,894)	24,962	(121)
Increase (Decrease) in Provision for Bonuses	408	10	4
Increase (Decrease) in Provision for Directors' Bonuses	66	4	1
Decrease (Increase) in Assets for Retirement Benefits	(34,379)	(13,650)	(324)
Increase (Decrease) in Liabilities for Retirement Benefits	2,028	135	19
Increase (Decrease) in Provision for Reward Points Program	938	(192)	9
Increase (Decrease) in Provision for Reimbursement of Deposits	(35)	(92)	(0)
Increase (Decrease) in Provision for Contingent Losses	(3,145)	131	(30)
Interest Income	(426,129)	(384,354)	(4,011)
Interest Expenses	246,071	165,271	2,316
Loss (Gain) Related to Securities	(662)	60,574	(6)
Loss (Gain) on Money Held in Trust	(46)	(43)	(0)
Foreign Exchange Losses (Gains)	53,813	18,015	507
Loss (Gain) on Disposal of Fixed Assets	(14,038)	(623)	(132)
Net Decrease (Increase) in Trading Assets	133,269	117,726	1,254
Net Increase (Decrease) in Trading Liabilities	(100,730)	(84,871)	(948)
Net Decrease (Increase) in Loans and Bills Discounted	(149,603)	(517,960)	(1,408)
Net Increase (Decrease) in Deposits	1,358,382	9,309,675	12,786
Net Increase (Decrease) in Negotiable Certificates of Deposit	(763,281)	195,985	(7,185)
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	931,928	877,614	8,772
Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan)	112,007	187,520	1,054
Net Decrease (Increase) in Call Loans	(57,294)	589,770	(539)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(194,841)	(153,996)	(1,834)
Net Increase (Decrease) in Call Money	483,959	425,402	4,555
Net Increase (Decrease) in Payables under Securities Lending Transactions	27,600	13,699	260
Net Decrease (Increase) in Foreign Exchange-Assets	(9,364)	1,034	(88)
Net Increase (Decrease) in Foreign Exchange-Liabilities	1,748	(22)	16
Net Decrease (Increase) in Lease Receivables and Investment Assets	(9,430)	(59,374)	(89)
Net Increase (Decrease) in Short-Term Bonds Payable	158,620	(348,958)	1,493
Increase (Decrease) in Straight Bonds-Issuance and Redemption	(14,128)	219,207	(133)
Net Increase (Decrease) in Borrowed Money from Trust Account	796,581	(3,420,456)	7,498
Interest Received	417,450	393,100	3,929
Interest Paid	(249,778)	(161,877)	(2,351)
Other, Net	(81,965)	(57,493)	(772)
Subtotal	¥ 2,888,657	¥ 7,627,731	$ 27,190
Income Taxes (Paid) Refunded	(48,199)	(94,387)	(454)
Net Cash Provided by (Used in) Operating Activities	¥ 2,840,458	¥ 7,533,343	$ 26,736

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (7,254,037)	¥ (5,658,711)	$ (68,280)
Proceeds from Sales of Securities	5,436,391	3,745,007	51,171
Proceeds from Redemption of Securities	1,086,414	1,657,757	10,226
Decrease in Money Held in Trust	150	—	1
Purchase of Tangible Fixed Assets	(10,188)	(12,428)	(96)
Proceeds from Sales of Tangible Fixed Assets	25,059	3,148	236
Purchase of Intangible Fixed Assets	(25,136)	(49,752)	(237)
Proceeds from Sales of Intangible Fixed Assets	68	1	1
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(5,536)	(24,381)	(52)
Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method	961	—	9
Net Cash Provided by (Used in) Investing Activities	¥ (745,854)	¥ (339,358)	$ (7,020)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	—	10,000	—
Repayments of Subordinated Borrowings	(25,000)	(5,000)	(235)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	149,143	139,133	1,404
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(50,000)	(50,000)	(471)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(113)	(170)	(1)
Repayments to Non-Controlling Interests	(83,170)	—	(783)
Cash Dividends Paid	(49,594)	(49,847)	(467)
Cash Dividends Paid to Non-Controlling Interests	(9,972)	(11,123)	(94)
Purchase of Treasury Stock	(8,184)	(6,983)	(77)
Proceeds from Sales of Treasury Stock	22	18	0
Net Cash Provided by (Used in) Financing Activities	¥ (76,869)	¥ 26,026	$ (724)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (8,876)	¥ (12,536)	$ (84)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 2,008,857	¥ 7,207,476	$ 18,909
Cash and Cash Equivalents at the Beginning of the Year	¥24,531,391	¥ 17,323,915	$ 230,905
Cash and Cash Equivalents at the End of the Year (Note 1)	¥26,540,249	¥ 24,531,391	$ 249,814

See accompanying notes.

Notes to the Consolidated Financial Statements

Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") and its consolidated subsidiaries (together, "SuMi TRUST Group") in accordance with the accounting principles generally accepted in Japan and certain accounting and disclosure rules under the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, the consolidated financial statements of SuMi TRUST Holdings issued in Japan have been reclassified and rearranged in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Holdings is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, total balances may not be equal to the sum of individual amounts.

Significant Accounting Policies and Practices

1. Scope of Consolidation

(1) Consolidated Subsidiaries as of March 31, 2018:

64 companies

Principal Company:

Sumitomo Mitsui Trust Bank, Limited

("SuMi TRUST Bank")

Changes in the consolidated subsidiaries during the current fiscal year are as follows:

Mutual Fund & Insurance Research Institute and other two companies are newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2018.

STB Preferred Capital 3 (Cayman) Limited and nine other companies are excluded from the scope of consolidation due mainly to liquidation effective from the fiscal year ended March 31, 2018.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 21 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries are excluded from the scope of consolidation because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and other financial data.

2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:

None

(2) Affiliated Companies Accounted for by the Equity Method:

24 companies

Principal Companies:

SBI Sumishin Net Bank, Ltd.

Japan Stockholders Data Service Company, Limited

Changes in the affiliated companies accounted for by the equity method during the current fiscal year are as follows:

BIDV-SuMi TRUST Leasing Co., Ltd. and one other company are included in the scope of application of the equity

method due mainly to the acquisition of their shares from the fiscal year ended March 31, 2018.

Ambit Investment Advisors Private Limited is excluded from the scope of application of the equity method due to the sale of its shares from the fiscal year ended March 31, 2018.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are Not Accounted for by the Equity Method:

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 21 other companies are excluded from the scope of the application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements for the current fiscal year. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and other financial data.

3. Balance Sheet Dates of the Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

April 30:	2 companies
May 31:	1 company
August 31:	1 company
September 30:	5 companies
November 30:	1 company
December 31:	8 companies
January 24:	2 companies
January 31:	1 company
March 31:	43 companies

(2) Subsidiaries are consolidated using the financial statements as of the following dates:

- Consolidated subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31
- A consolidated subsidiary with a balance sheet date of May 31: Provisionally prepared financial statements as of February 28
- A consolidated subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31
- A consolidated subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of January 24: Provisionally prepared financial statements as of March 31
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2018, and the above balance sheet dates of consolidated subsidiaries have been reflected in the consolidated financial statements.

4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or intermarket differences (for trading purposes). The fluctuations in such items are presented as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheet on a trade-date basis, and gains and losses from such transactions are presented as "Trading Income" or "Trading Expenses" in the consolidated statement of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair values as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2018 and 2017.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Holdings is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories ("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as "Available-for-Sale Securities" are valued at the average market price during the final month of the fiscal year (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" other than Japanese stocks are, in principle, valued at the market price at the balance sheet date (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" for which their fair values are extremely difficult to be determined are carried at cost using the moving-average method.

Valuation differences on "Available-for-Sale Securities" are recorded as a separate component of net assets and reported in the consolidated balance sheet.

(b) Securities in money held in trust are classified and accounted for in the same manner as those described in 4. (1) and 4. (2) (a) above.

(3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

Tangible fixed assets are depreciated using primarily the straight-line method.

Useful lives of major asset categories:

Buildings:	3 to 60 years
Others:	2 to 20 years

(b) Intangible fixed assets other than lease assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Holdings or the consolidated subsidiaries, generally five years.

(c) Lease assets

The lease assets under "Tangible Fixed Assets" and "Intangible Fixed Assets" that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

(5) Allowance for Loan Losses

The major domestic consolidated subsidiaries record allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings ("legal bankruptcy") and against borrowers that are in substantially similar adverse condition ("virtual bankruptcy"),

the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("possible bankruptcy"), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").

For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥16,705 million (U.S. $157 million) and ¥20,070 million for the fiscal years ended March 31, 2018 and 2017, respectively.

(6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

(7) Provision for Directors' Bonuses

A provision for directors' bonuses is provided at SuMi TRUST Holdings and some of the consolidated subsidiaries for the estimated directors' bonuses attributable to the current fiscal year.

(8) Provision for Reward Points Program

A provision for reward points program is provided for the use of points granted to holders of Diners Club Card and other credit cards in the amount deemed necessary based on the reasonable estimates of the points to be used in the future.

(9) Provision for Reimbursement of Deposits in Dormant Accounts

At SuMi TRUST Bank, a provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

(10) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with off-balance sheet transactions or trust transactions in the amount deemed necessary based on the estimated possible future losses.

(11) Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2018, are attributed based on the plan's benefit formula.

Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Actuarial gains or losses: Actuarial differences are expensed using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the simplified method in calculating liabilities for retirement benefits and retirement benefit expenses for lump-sum retirement benefit plans, recording liabilities at amounts that would be required for voluntary termination at the year-end.

(12) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing at the consolidated balance sheet date, except for shares of stocks in affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates.

Assets and liabilities of other consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

(13) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of sales when lease payments are collected.

(14) Hedge Accounting

(a) Interest-related risk hedge

SuMi TRUST Bank manages interest rate risk arising from various assets and liabilities by using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Auditing Committee Report No. 24 of February 13, 2002, "Report No. 24"). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest volatility factors for the hedged items and the hedging instruments.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheet as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" of each hedging transaction.

Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥90 million (U.S. $1 million) and ¥145 million (before tax effect) as of March 31, 2018 and 2017, respectively.

(b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Auditing Committee Report No. 25 of July 29, 2002, "Report No. 25"). The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that foreign currency payables of spot and forward foreign exchange contracts exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The foreign exchange risk associated with investment in the shares of stocks in foreign subsidiaries and affiliated compa-

nies is individually hedged using forward exchange contracts denominated in the same currency, and foreign currency translation adjustments arising from the hedging instruments are included in "Foreign Currency Translation Adjustments."

(c) Internal hedge transactions and others

Among derivatives transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or that are made internally between designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management on hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges or exceptional treatment for interest rate swaps.

(15) Amortization of Goodwill

Goodwill is amortized over a period within 20 years that is reasonably determined for each case. Goodwill deemed immaterial, however, is expensed as incurred.

(16) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

The balance of "Cash and Cash Equivalents" in the consolidated statement of cash flows is equivalent to the balance of "Cash and Due from Banks" presented in the consolidated balance sheet (cash and due from the Bank of Japan for SuMi TRUST Bank and Japan Trustee Services Bank, Ltd. ("JTSB")).

(17) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Holdings and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

New Accounting Standards and Interpretations Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

SuMi TRUST Holdings is currently in the process of determining the effects of these new standards on the consolidated financial statements.

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities in Trading Account	¥ 18,868	¥ 14,102	$ 178
Derivatives of Trading Securities	162	766	2
Derivatives of Securities Related to Trading Transactions	549	181	5
Trading-Related Financial Derivatives	300,712	437,414	2,830
Other Trading Assets	43,001	44,099	405
Total	¥ 363,294	¥ 496,563	$ 3,420

(2) Trading liabilities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Derivatives of Trading Securities	¥ 25	¥ 15	$ 0
Derivatives of Securities Related to Trading Transactions	4	—	0
Trading-Related Financial Derivatives	266,118	366,863	2,505
Total	¥ 266,148	¥ 366,879	$ 2,505

2. Securities

Securities held as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Government Bonds	¥ 360,634	¥ 355,495	$ 3,395
Local Government Bonds	7,284	4,790	69
Corporate Bonds	598,416	656,653	5,633
Stocks	1,670,535	1,553,737	15,724
Other Securities	2,900,773	2,557,038	27,304
Total	¥ 5,537,643	¥ 5,127,717	$ 52,124

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliated companies as follows.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Stocks	¥ 93,256	¥ 86,275	$ 878
Equity Investments	32,535	33,203	306

Securities borrowed under unsecured loan agreements and securities purchased under resale agreements or borrowed with cash collateral that SuMi TRUST Holdings has a right to freely sell or repledge, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities that are Further Collateralized	¥ 47,075	¥ 15,500	$ 443
Securities that are Further Loaned	1,116,847	866,678	10,512
Securities Held without Selling or Repledging as of the End of the Fiscal Year	31,591	48,103	297

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Bills Discounted	¥ 1,714	¥ 2,299	$ 16
Loans on Bills	199,463	229,775	1,877
Loans on Deeds	26,337,913	26,255,001	247,910
Overdrafts	1,651,463	1,553,370	15,545
Total	¥ 28,190,553	¥ 28,040,446	$ 265,348

Bills discounted are treated as financial transactions in accordance with Report No. 24. SuMi TRUST Holdings has a right to freely sell or (re-)pledge such commercial bills.

Loans and bills discounted as of March 31, 2018 and 2017, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Loans in Bankruptcy Proceedings	¥ 6,010	¥ 2,919	$ 57
Delinquent Loans	47,560	53,778	448
Loans Past Due Three Months or More	—	191	—
Restructured Loans	24,013	34,343	226
Total	¥ 77,584	¥ 91,233	$ 730

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), and that meet the conditions as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as loans in bankruptcy proceedings or delinquent loans.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as loans in bankruptcy proceedings, delinquent loans, or loans past due three months or more.

4. Assets Pledged

Assets pledged as collateral as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets Pledged as Collateral:			
Trading Assets	¥ 8,063	¥ 16,987	$ 76
Securities	928,202	812,175	8,737
Loans and Bills Discounted	5,113,080	3,624,556	48,128
Other Assets	245,456	29,604	2,310
Total	¥ 6,294,802	¥ 4,483,323	$ 59,251
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	12,894	25,784	121
Payables under Repurchase Agreements	897,680	685,264	8,450
Payables under Securities Lending Transactions	41,299	13,699	389
Borrowed Money	2,893,780	1,969,804	27,238
Total	¥ 3,845,654	¥ 2,694,553	$ 36,198

In addition to the foregoing, the following assets have been pledged as collateral for settlement of exchange and others, or as a substitution of margin of futures and others.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities	¥ 481,235	¥ 671,882	$ 4,530
Loans and Bills Discounted	184,058	—	1,732

"Other Assets" include initial margins of futures, security deposits, cash collateral pledged for financial instruments, and cash collateral pledged for repurchase agreement transactions. Such amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Initial Margins of Futures Markets	¥ 8,733	¥ 7,781	$ 82
Security Deposits	40,640	35,909	383
Cash Collateral Pledged for Financial Instruments-Assets	584,006	493,052	5,497
Cash Collateral Pledged for Repurchase Agreement Transactions	10,841	7,061	102

5. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and commitment lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amounts of unused credit under such agreements were ¥11,873,124 million (U.S. $111,758 million) and ¥11,660,257 million, of which ¥7,952,419 million (U.S. $74,853 million) and ¥7,792,361 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2018 and 2017, respectively.

The balance of unused credit will not necessarily affect the future cash flows of the consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing the consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SuMi TRUST Holdings has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Land	¥ 116,650	¥ 125,959	$ 1,098
Buildings	73,711	74,330	694
Lease Assets	4,719	5,901	44
Construction in Progress	88	811	1
Other	19,216	18,812	181
Total	¥ 214,386	¥ 225,814	$ 2,018

Accumulated depreciation amounted to ¥147,832 million (U.S. $1,391 million) and ¥151,021 million, and advance depreciation amounted to ¥26,357 million (U.S. $248 million) and ¥26,415 million as of March 31, 2018 and 2017, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a "Deferred Tax Liabilities for Land Revaluation" in liabilities, and the amount net of such difference was recorded as a "Revaluation Reserve for Land" in net assets.

Revaluation date: March 31, 1999

Revaluation method prescribed by Paragraph 3 of Article 3 of the Act:

The revaluation was calculated by reasonably adjusting the value of land based on the posted prices for benchmark properties as prescribed by Item 1 of Article 2 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119, promulgated on March 31, 1998) and the land assessments under Item 4 of Article 2 of the same Order.

Differences between the fair value and the revalued carrying amount of the land for commercial use subject to Article 10 of the Act were ¥3,699 million (U.S. $35 million) and ¥4,808 million as of March 31, 2018 and 2017, respectively.

7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Software	¥ 107,563	¥ 114,447	$ 1,012
Goodwill	81,038	90,492	762
Lease Assets	2	188	0
Other	8,630	9,661	81
Total	¥ 197,235	¥ 214,790	$ 1,857

8. Other Assets

Other assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Domestic Exchange Settlement Account, Debit	¥ 375	¥ 602	$ 4
Prepaid Expenses	6,944	7,281	65
Accrued Income	132,076	112,061	1,243
Initial Margins of Futures Markets	8,733	7,781	82
Variation Margins of Futures Markets	3,747	1,020	35
Financial Derivatives Other Than Trading Assets	288,732	461,423	2,718
Receivables for Securities Transactions	368,518	49,289	3,469
Cash Collateral Pledged for Financial Instruments-Assets	584,006	493,052	5,497
Other	474,996	505,673	4,471
Total	¥ 1,868,132	¥ 1,638,186	$ 17,584

9. Deposits

Deposits as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Current Deposits	¥ 5,319,181	¥ 6,228,517	$ 50,068
Ordinary Deposits	9,251,266	6,723,946	87,079
Deposits at Notice	61,968	54,248	583
Time Deposits	21,410,345	21,740,613	201,528
Other	1,309,660	1,253,488	12,327
Total	¥ 37,351,839	¥ 36,000,814	$ 351,580

10. Borrowed Money

Borrowed money as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Subordinated Borrowings	¥ 80,000	¥ 105,000	$ 753
Other Borrowed Money	4,290,083	3,358,105	40,381
Total	¥ 4,370,083	¥ 3,463,105	$ 41,134

Weighted average interest rates on borrowed money were 0.37% and 0.39% for the fiscal years ended March 31, 2018 and 2017, respectively.

Annual maturities of borrowed money as of March 31, 2018, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2018	2018
2019	¥ 3,257,220	$ 30,659
2020	174,736	1,645
2021	164,488	1,548
2022	90,972	856
2023	102,987	969
Total	¥ 3,790,406	$ 35,678

11. Bonds Payable

Bonds payable as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Perpetual Subordinated Bonds	¥ 316,100	¥ 247,299	$ 2,975
Subordinated Bonds	485,242	454,297	4,567
Other Bonds Payable	669,372	683,501	6,301
Total	¥ 1,470,715	¥ 1,385,098	$ 13,843

Annual maturities of bonds payable as of March 31, 2018, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2018	2018
2019	¥ 308,816	$ 2,907
2020	295,648	2,783
2021	170,000	1,600
2022	40,000	377
2023	50,000	471
Total	¥ 864,464	$ 8,137

12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized.

13. Other Liabilities

Other liabilities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Domestic Exchange Settlement Account, Credit	¥ 817	¥ 995	$ 8
Income Taxes Payable	27,134	15,512	255
Accrued Expenses	101,429	103,814	955
Unearned Income	78,660	79,823	740
Variation Margins of Futures Markets	1,513	307	14
Financial Derivatives Other Than Trading Liabilities	351,823	445,948	3,312
Lease Obligations	9,557	8,817	90
Asset Retirement Obligations	4,437	5,272	42
Payables for Securities Transactions	3,234	199	30
Provision for Loss on Interest Repayment	192	278	2
Cash Collateral Accepted for Financial Instruments-Liabilities	145,075	269,639	1,366
Other	208,948	220,715	1,967
Total	¥ 932,825	¥ 1,151,325	$ 8,780

14. Acceptances and Guarantees

The bonds presented under "Securities" included guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) amounting to ¥95,784 million (U.S. $902million) and ¥109,176 million as of March 31, 2018 and 2017, respectively.

Notes to the Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Interest on Monetary Claims Bought	¥ 3,130	¥ 1,574	$ 29
Others	3,332	2,812	31
Total	¥ 6,463	¥ 4,387	$ 61

(2) Other interest expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Interest on Interest Rate Swaps	¥ 33,358	¥ 1,413	$ 314
Others	15,037	15,229	142
Total	¥ 48,396	¥ 16,642	$ 456

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Income from Trading Securities and Derivatives	¥ 145	¥ —	$ 1
Net Income from Trading Transactions	112	—	1
Net Income from Trading-Related Financial Derivatives Transactions	9,719	18,282	91
Other Trading Income	57	55	1
Total	¥ 10,035	¥ 18,338	$ 94

(2) Trading expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Expenses on Trading Securities and Derivatives	¥ —	¥ 258	$ —
Net Expenses on Trading Transactions	—	1,039	—
Total	¥ —	¥ 1,297	$ —

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Gains on Foreign Exchange Transactions	¥ 46,646	¥ 28,966	$ 439
Gains on Sales and Redemption of Bonds	23,439	21,656	221
Net Income from Derivatives Other Than for Trading or Hedging	9,144	20,803	86
Others	227,493	224,834	2,141
Total	¥ 306,725	¥ 296,261	$ 2,887

(2) Other ordinary expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Losses on Sales and Redemption of Bonds	¥ 29,135	¥ 118,720	$ 274
Others	201,307	200,165	1,895
Total	¥ 230,442	¥ 318,885	$ 2,169

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Gains on Sales of Stocks and Other Securities	¥ 79,464	¥ 46,243	$ 748
Gains on Money Held in Trust	46	44	0
Recoveries of Written-Off Claims	2,818	2,813	27
Equity in Earnings of Affiliated Companies	5,781	6,950	54
Gains on Reversal of Allowance for Loan Losses	5,292	—	50
Gains on Disposal of Fixed Assets	15,559	1,615	146
Others	16,179	8,863	152
Total	¥ 125,142	¥ 66,531	$ 1,178

(2) Other expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Provision for Allowance for Loan Losses	¥ —	¥ 26,320	$ —
Losses on Sales of Loans	487	9	5
Write-Off of Loans	4,538	4,776	43
Losses on Sales of Stocks and Other Securities	73,062	5,906	688
Losses on Impairment of Stocks and Other Securities	44	3,848	0
Losses on Money Held in Trust	0	0	0
Losses on Disposal of Fixed Assets	1,521	992	14
Losses on Impairment of Fixed Assets	7,876	5,870	74
Losses on Investment in Partnerships	2,140	3,076	20
Others	29,465	14,840	277
Total	¥ 119,136	¥ 65,642	$ 1,121

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Taxes Other Than Income Taxes	¥ 17,737	¥ 17,336	$ 167
Personnel Expenses	208,538	207,041	1,963
Others	217,780	210,957	2,050
Total	¥444,057	¥ 435,335	$ 4,180

Note to the Consolidated Statement of Comprehensive Income

Reclassification Adjustments and the Related Tax Effects Concerning Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ 52,625	¥ (44,881)	$ 495
Reclassification Adjustments	6,051	61,779	57
Before Tax Effects	58,677	16,898	552
Tax Effects	(17,754)	(5,089)	(167)
Valuation Difference on Available-for-Sale Securities	40,922	11,809	385
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(36,898)	(14,875)	(347)
Reclassification Adjustments	33,298	1,413	313
Before Tax Effects	(3,600)	(13,462)	(34)
Tax Effects	1,108	4,148	10
Deferred Gains (Losses) on Hedges	(2,491)	(9,314)	(23)
Foreign Currency Translation Adjustments:			
Changes during the Period	2,607	(1,360)	25
Reclassification Adjustments	(105)	—	(1)
Before Tax Effects	2,501	(1,360)	24
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	2,501	(1,360)	24
Adjustments for Retirement Benefits:			
Changes during the Period	27,018	14,646	254
Reclassification Adjustments	10,113	14,415	95
Before Tax Effects	37,131	29,062	350
Tax Effects	(11,457)	(8,768)	(108)
Adjustments for Retirement Benefits	25,674	20,293	242
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	(460)	34	(4)
Reclassification Adjustments	(196)	(313)	(2)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	(657)	(279)	(6)
Total Other Comprehensive Income	¥ 65,950	¥ 21,148	$ 621

Notes to the Consolidated Statement of Changes in Net Assets

1. Class and the Number of Issued Shares of Common Stock and Treasury Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2018					
Number of Issued Shares:					
Common Share	850,000	390,348	—	—	390,348
Treasury Stock:					
Common Share		7,810	2,011	5	9,816

(Notes)

1) The number of shares of common stock held as treasury stock increased by 11 thousand shares due to the purchase of odd-lot or less than one thousand shares and by 2,000 thousand shares due to the acquisition of treasury stock, which was resolved at the meeting of the board of directors held on July 27, 2017.

2) The number of shares of common stock held as treasury stock decreased by 0 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders and by 5 thousand shares due to transfer of shares upon exercise of stock option rights.

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2017					
Number of Issued Shares:					
Common Share	850,000	3,903,486	—	3,513,137	390,348
Treasury Stock:					
Common Share		57,991	20,039	70,220	7,810

(Notes)

1) SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016.

2) Decrease in the number of issued shares of common stock by 3,513,137 thousand shares is due to the consolidation of shares.

3) Details of the increase in the number of shares of common stock held as treasury stock by 20,039 thousand shares are as follows:

(Before the consolidation of shares)

- Purchase of odd-lot or less than one thousand shares: 26 thousand shares
- Acquisition of treasury stock, which was resolved at the meeting of the board of directors held on May 12, 2016: 20,000 thousand shares

(At the time of/after the consolidation of shares)

- Purchase of fractional shares less than one unit of allotment associated with the consolidation of shares: 4 thousand shares
- Purchase of odd-lot or less than one thousand shares: 8 thousand shares

4) Details of the decrease in the number of shares of common stock held as treasury stock by 70,220 thousand shares are as follows:

(Before the consolidation of shares)

- Purchase requests from odd-lot or less than one thousand shareholders: 2 thousand shares
- Transfer of shares upon exercise of stock option rights: 7 thousand shares

(At the time of/after the consolidation of shares)

- Decrease due to the consolidation of shares: 70,207 thousand shares
- Purchase requests from odd-lot or less than one thousand shareholders: 0 thousand shares
- Transfer of shares upon exercise of stock option rights: 2 thousand shares

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2018	2017	2018
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	¥ 799	¥ 577	$ 8
Consolidated Subsidiary				
(Nikko Asset Management Co., Ltd.)	Subscription Rights to Shares as Stock Options	¥ —	¥ —	$ —

3. Dividends

Dividends paid for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

As for the fiscal year ended March 31, 2018:

Resolution	Type of Shares	Cash Dividends Declared	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Millions of U.S. Dollars)	Yen (U.S. Dollars)		
June 29, 2017					
Ordinary General Meeting of Shareholders	Common Share	¥ 24,864 ($234)	¥ 65.00 ($0.61)	March 31, 2017	June 30, 2017

Resolution	Type of Shares	Cash Dividends Declared	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Millions of U.S. Dollars)	Yen (U.S. Dollars)		
November 14, 2017					
Board of Directors' Meeting	Common Share	¥ 24,734 ($233)	¥ 65.00 ($0.61)	September 30, 2017	December 4, 2017

Dividends with a record date during the current fiscal year ended March 31, 2018, but whose effective date is after March 31, 2018, are as follows:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen (Millions of U.S. Dollars))	Dividend Resources	Cash Dividends per Share (Yen (U.S. Dollars))	Record Date	Effective Date
June 28, 2018						
Ordinary General Meeting of Shareholders	Common Share	**¥ 24,734 ($233)**	Retained Earnings	**¥ 65.00 ($0.61)**	March 31, 2018	June 29, 2018

As for the fiscal year ended March 31, 2017:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 29, 2016					
Ordinary General Meeting of Shareholders	Common Share	¥ 24,995	¥ 6.50	March 31, 2016	June 30, 2016

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
November 14, 2016					
Board of Directors' Meeting	Common Share	¥ 24,865	¥ 6.50	September 30, 2016	December 2, 2016

(Note) The "Cash Dividends per Share" does not reflect the effect of the consolidation of shares as the record dates are before the consolidation of shares effected on October 1, 2016.

Dividends with a record date during the fiscal year ended March 31, 2017, but whose effective date is after March 31, 2017, are as follows:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 29, 2017						
Ordinary General Meeting of Shareholders	Common Share	¥ 24,864	Retained Earnings	¥ 65.00	March 31, 2017	June 30, 2017

Notes to the Consolidated Statement of Cash Flows

Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet as of March 31, 2018 and 2017.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash and Due from Banks	¥ 28,841,328	¥ 26,944,478	$ 271,473
Due from Banks Held by Consolidated Subsidiaries in Japan Involving in Trust Banking Business (excluding Due from the Bank of Japan)	(2,301,079)	(2,413,086)	(21,659)
Cash and Cash Equivalents	¥ 26,540,249	¥ 24,531,391	$ 249,814

Leases

1. Finance Leases

As a lessee:

Finance leases that do not transfer ownership of the lease assets to lessees

1) Description of lease assets

i) Tangible fixed assets

Mainly store buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

Refer to "(4) Depreciation and Amortization Methods" of "4. Significant Accounting Policies" in the Significant Accounting Policies and Practices.

2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Due in One Year or Less	¥ 2,590	¥ 1,992	$ 24
Due in More Than One Year	13,213	8,699	124
Total	¥ 15,803	¥ 10,692	$ 149

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Due in One Year or Less	¥ 1,398	¥ 1,780	$ 13
Due in More Than One Year	1,052	1,370	10
Total	¥ 2,450	¥ 3,150	$ 23

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

SuMi TRUST Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies as well as measures for investing and funding financial assets and financial liabilities under its annual plan.

SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SuMi TRUST Bank conducts derivative transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3 of the Ordinance for Enforcement of the Banking Act. Some consolidated subsidiaries are also engaged in trading securities.

(2) Description and Risks of Financial Instruments

1) Trading accounts

SuMi TRUST Group deals with over-the-counter (OTC) and listed derivatives transactions related to interest rates, exchange rates, bonds, credits, and commodities, as well as trading securities. These derivatives transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, prices, credit risks, and other risks.

2) Banking accounts

Financial assets of SuMi TRUST Group are primarily loans to corporations and individuals in Japan and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers' credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks as becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Group comprehensively manages various financial assets and liabilities, such as loans and bills discounted and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction.

To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices."

(3) Risk Management for Financial Instruments

SuMi TRUST Holdings considers that the basis of group-wide risk management is to ensure the effectiveness of PDCA (Plan, Do, Check, Action) cycles for each risk category according to the "Risk Management Policy" established by the board of directors.

The risk management framework of each risk category is as follows:

1) Credit risk management

Credit risk is the risk of financial loss of SuMi TRUST Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risk related to a credit creating function. SuMi TRUST Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

(a) Risk management policy on credit risk

The basic policy of SuMi TRUST Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Group manages credit exposures of each customer based on its limited credit amount, and periodically reviews impacts of identified risks to large customers and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Group manages individual credits through processes, such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of customers and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Group continuously evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

(b) Risk management framework for credit risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and economic capital allocation plans, and approves the "Self-Assessment Rules" based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit risks by implementing internal credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis from a neutral standpoint. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of controlling and managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Risk Management Department.

2) Market risk management

Market risk is the risk of financial loss of SuMi TRUST Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

(a) Risk management policy on market risk

In managing market risk, SuMi TRUST Group maintains a basic policy to organize an appropriate risk management framework for market risk compatible with strategic goals, the scale and nature of its operations, and risk profiles from a perspective of soundness and appropriateness of its business.

(b) Risk management framework for market risk

With regard to market risk, SuMi TRUST Group maintains a basic policy for setting and controlling various risk limits and segregation of organizations related to market risk under its Rules for Risk Management. The practical application of the basic policy is stated in the Rules for Market Risk Management. Divisions that execute transactions (the front office) are clearly segregated from divisions that process transactions (the back office) for independent check purposes, and the Risk Management Department, which is independent from both of the front and back offices, centrally manages market risk. This department identifies and analyzes group-wide risk, tracks adherence to risk limits, and reports to respective directors in charge on a daily basis and to the board of directors periodically.

In SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets and liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits or losses and monitoring the status of market risk managed under ALM basic plans and the status of compliance with risk limits. The department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee as well as the board of directors periodically.

(c) Market risk management approach

SuMi TRUST Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Group, SuMi TRUST Group manages market risks by measuring VaR, calculating various risk management indicators, and carrying out various simulations.

The internally developed VaR model is basically the variance-covariance method, and the historical simulation method is also used for calculating some risks (nonlinear risks and others), such as risks associated with option transactions. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to its characteristics. SuMi TRUST Group calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

(d) Quantitative information related to market risk

(i) Trading accounts

SuMi TRUST Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivatives transactions held in the Trading Accounts. The VaR model used is primarily based on the variance-covariance method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 260 business days).

As of March 31, 2018, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥4.8 billion (U.S. $45 million).

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profits or losses. The back testing for the fiscal year ended March 31, 2018, resulted in zero instance where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

SuMi TRUST Group uses VaR for managing risks associated with financial assets and liabilities held in the Banking Accounts. The variance-covariance method is the primary measurement method for interest rates, exchange rates and credit spread exposures, and the historical simulation method for stock price exposure (with a holding period of a maximum of one year according to a position, confidence interval of 99%, and observation period of 260 business days—one or five years for stock prices).

As of March 31, 2018, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥839.4 billion (U.S. $7,901 million).

SuMi TRUST Group performs back testing on certain positions held in the Banking Accounts that compares the results of VaR calculations based on its internal model with actual profits or losses regarding financial assets and liabilities subject to measurement. SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture those risks under extreme market movements.

3) Funding liquidity risk management

Funding liquidity risk is the risk of financial loss to SuMi TRUST Group when the Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

(a) Funding liquidity risk management policy

With regard to funding liquidity risks, SuMi TRUST Group designs and implements a policy to build up a risk management framework for funding liquidity risks, recognizing that financial difficulties due to exposure to such risks could possibly lead SuMi TRUST Group directly to bankruptcy under certain circumstances.

(b) Funding liquidity risk management framework and methods

Funding liquidity risk management departments determine the extent of SuMi TRUST Group's cash crunch appropriately in cooperation with the liquidity management departments, while gathering and analyzing information related to both the internal environment, such as the Group's risk profiles, and external environment, such as economic circumstances or market conditions based on the risk management plan approved by the board of directors semiannually.

To reduce funding liquidity risks, the liquidity management departments manage cash flow within the predetermined appropriate limits, and the liquidity management departments monitor its compliance.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheet and fair values of financial instruments as of March 31, 2018 and 2017, as well as the differences between these values are presented below. The fair values of unlisted stocks are excluded from the following table, because such fair values are extremely difficult to be determined (See Note 2).

	Millions of Yen			Millions of U.S. Dollars		
	2018			2018		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 28,841,248	¥ 28,841,248	¥ —	$ 271,473	$ 271,473	$ —
(2) Call Loans and Bills Bought	152,951	152,951	—	1,440	1,440	—
(3) Receivables under Resale Agreements	63,531	63,531	—	598	598	—
(4) Receivables under Securities Borrowing Transactions	675,295	675,295	—	6,356	6,356	—
(5) Monetary Claims Bought (*1)	940,615	941,642	1,026	8,854	8,863	10
(6) Trading Assets						
Trading Securities	61,869	61,869	—	582	582	—
(7) Money Held in Trust	1,257	1,257	—	12	12	—
(8) Securities						
Held-to-Maturity Debt Securities	183,909	205,711	21,801	1,731	1,936	205
Available-for-Sale Securities	5,069,150	5,069,150	—	47,714	47,714	—
(9) Loans and Bills Discounted	28,190,553			265,348		
Allowance for Loan Losses (*2)	(90,357)			(851)		
	28,100,195	28,307,860	207,664	264,497	266,452	1,955
(10) Foreign Exchanges	25,554	25,554	—	241	241	—
(11) Lease Receivables and Investment Assets (*1)	674,807	688,973	14,165	6,352	6,485	133
Total Assets	¥ 64,790,387	¥ 65,035,046	¥ 244,658	$ 609,849	$ 612,152	$ 2,303
(1) Deposits	¥ 37,351,839	¥ 37,378,512	¥ 26,673	$ 351,580	$ 351,831	$ 251
(2) Negotiable Certificates of Deposit	6,563,336	6,563,336	—	61,778	61,778	—
(3) Call Money and Bills Sold	146,931	146,931	—	1,383	1,383	—
(4) Payables under Repurchase Agreements	1,454,855	1,454,855	—	13,694	13,694	—
(5) Payables under Securities Lending Transactions	41,299	41,299	—	389	389	—
(6) Borrowed Money	4,370,083	4,373,214	3,130	41,134	41,164	29
(7) Foreign Exchanges	1,984	1,984	—	19	19	—
(8) Short-Term Bonds Payable	1,062,869	1,062,869	—	10,004	10,004	—
(9) Bonds Payable	1,470,715	1,503,586	32,871	13,843	14,153	309
(10) Borrowed Money from Trust Account	11,070,725	11,070,725	—	104,205	104,205	—
Total Liabilities	¥ 63,534,641	¥ 63,597,316	¥ 62,675	$ 598,029	$ 598,619	$ 590
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 24,134	¥ 24,134	¥ —	$ 227	$ 227	$ —
Derivatives Transactions Qualifying for Hedge Accounting	(51,950)	(51,950)	—	(489)	(489)	—
Total Derivatives Transactions	¥ (27,815)	¥ (27,815)	¥ —	$ (262)	$ (262)	$ —

	Millions of Yen		
	2017		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 26,944,375	¥ 26,944,375	¥ —
(2) Call Loans and Bills Bought	124,706	124,706	—
(3) Receivables under Resale Agreements	83,888	83,888	—
(4) Receivables under Securities Borrowing Transactions	480,453	480,453	—
(5) Monetary Claims Bought (*1)	872,988	873,742	754
(6) Trading Assets			
Trading Securities	58,201	58,201	—
(7) Money Held in Trust	1,550	1,550	—
(8) Securities			
Held-to-Maturity Debt Securities	254,325	281,139	26,813
Available-for-Sale Securities	4,615,771	4,615,771	—
(9) Loans and Bills Discounted	28,040,446		
Allowance for Loan Losses (*2)	(104,393)		
	27,936,053	28,174,222	238,168
(10) Foreign Exchanges	16,189	16,189	—
(11) Lease Receivables and Investment Assets (*1)	665,695	678,065	12,369
Total Assets	¥ 62,054,200	¥ 62,332,306	¥ 278,105
(1) Deposits	¥ 36,000,814	¥ 36,043,426	¥ 42,612
(2) Negotiable Certificates of Deposit	7,326,617	7,326,617	—
(3) Call Money and Bills Sold	54,089	54,089	—
(4) Payables under Repurchase Agreements	1,063,737	1,063,737	—
(5) Payables under Securities Lending Transactions	13,699	13,699	—
(6) Borrowed Money	3,463,105	3,470,544	7,438
(7) Foreign Exchanges	236	236	—
(8) Short-Term Bonds Payable	904,248	904,248	—
(9) Bonds Payable	1,385,098	1,416,114	31,015
(10) Borrowed Money from Trust Account	10,274,143	10,274,143	—
Total Liabilities	¥ 60,485,792	¥ 60,566,859	¥ 81,067
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 69,441	¥ 69,441	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	17,516	17,516	—
Total Derivatives Transactions	¥ 86,957	¥ 86,957	¥ —

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheet, because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(Note 1) Method for Calculating Fair Values of Financial Instruments

Assets

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Fair values of monetary claims bought for which counterparties' quoted prices or dealer/broker-quoted prices are available are stated at such prices. Fair values for all other claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) Money Held in Trust

Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at quoted market prices or dealer/broker-quoted prices. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices.

Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities; and discounting the aggregate principal and interest by the assumed interest rate for similar new loans. However, floating-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheet at the consolidated balance sheet date, because such deducted amounts approximate fair value.

Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate fair value because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (5) Payables under Securities Lending Transactions, (7) Foreign Exchanges, (8) Short-Term Bonds Payable, and (10) Borrowed Money from Trust Account

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts, because they have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(6) Borrowed Money

Borrowed money at floating rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money. Fair values of borrowed money at fixed rates are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value.

(9) Bonds Payable

Bonds issued by SuMi TRUST Holdings and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

Derivatives Transactions

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheet whose fair values are extremely difficult to be determined are as stated below, and such amounts are not included in the fair value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" sections.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	**2018**
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	**¥ 14,562**	¥ 33,127	**$ 137**
Securities	**158,830**	138,141	**1,495**
(1) Unlisted Stocks (*3)	**75,733**	73,581	**713**
(2) Investments in Associations	**63,724**	53,670	**600**
(3) Others (*3)	**19,372**	10,889	**182**
Total	**¥ 173,393**	¥ 171,269	**$ 1,632**

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks of subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2018, impairment losses of ¥3 million (U.S. $0.03 million) and ¥0 million (U.S. $0 million) were recognized against Unlisted Stocks and Others, respectively.

During the fiscal year ended March 31, 2017, impairment losses of ¥3,146 million and ¥22 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2018 and 2017.

	Millions of Yen					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 28,715,928	¥ 477	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	152,951	—	—	—	—	—
Receivables under Resale Agreements	42,283	21,248	—	—	—	—
Receivables under Securities Borrowing Transactions	675,295	—	—	—	—	—
Monetary Claims Bought (*1)	715,449	84,416	47,263	28,145	21,660	52,635
Money Held in Trust	—	100	—	1,257	—	—
Securities	391,640	465,847	958,219	247,701	975,986	554,760
Held-to-Maturity Debt Securities	—	24,400	—	1,651	20,000	134,249
Government Bonds	—	—	—	60	20,000	95,000
Corporate Bonds	—	—	—	—	—	29,000
Available-for-Sale Securities with Maturity	391,640	441,447	958,219	246,050	955,986	420,510
Government Bonds	128,286	75,007	99	—	10,000	27,000
Local Government Bonds	—	1,228	1,170	—	4,889	—
Corporate Bonds	37,355	129,899	151,062	110,743	89,493	48,741
Loans and Bills Discounted (*2)	4,598,938	5,528,821	3,896,401	2,952,507	2,262,366	6,538,375
Lease Receivables and Investment Assets (*3)	164,339	245,491	117,564	42,594	70,465	23,548
Total	¥ 35,456,827	¥ 6,346,402	¥ 5,019,450	¥ 3,272,206	¥ 3,330,478	¥ 7,169,320

	Millions of Yen					
March 31, 2017	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 26,749,900	¥ 1,304	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	124,706	—	—	—	—	—
Receivables under Resale Agreements	8,972	74,916	—	—	—	—
Receivables under Securities Borrowing Transactions	480,453	—	—	—	—	—
Monetary Claims Bought (*1)	654,141	57,546	53,806	39,867	25,824	73,803
Money Held in Trust	152	100	—	1,398	—	—
Securities	632,276	306,986	861,140	259,934	718,830	609,422
Held-to-Maturity Debt Securities	33,210	24,400	25,347	8,001	1,326	162,844
Government Bonds	20,691	—	—	—	60	115,000
Corporate Bonds	—	—	—	—	—	29,141
Available-for-Sale Securities with Maturity	599,066	282,586	835,793	251,932	717,503	446,578
Government Bonds	214,900	—	100	—	—	—
Local Government Bonds	—	—	1,358	—	3,444	—
Corporate Bonds	87,559	187,021	114,871	156,934	33,056	46,251
Loans and Bills Discounted (*2)	4,194,382	6,160,912	3,901,519	3,043,322	2,167,889	6,335,720
Lease Receivables and Investment Assets (*3)	175,353	247,708	123,669	35,659	49,779	22,553
Total	¥ 33,020,339	¥ 6,849,474	¥ 4,940,136	¥ 3,380,181	¥ 2,962,324	¥ 7,041,500

	Millions of U.S. Dollars					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	$ 270,293	$ 4	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	1,440	—	—	—	—	—
Receivables under Resale Agreements	398	200	—	—	—	—
Receivables under Securities Borrowing Transactions	6,356	—	—	—	—	—
Monetary Claims Bought (*1)	6,734	795	445	265	204	495
Money Held in Trust	—	1	—	12	—	—
Securities	3,686	4,385	9,019	2,332	9,187	5,222
Held-to-Maturity Debt Securities	—	230	—	16	188	1,264
Government Bonds	—	—	—	1	188	894
Corporate Bonds	—	—	—	—	—	273
Available-for-Sale Securities with Maturity	3,686	4,155	9,019	2,316	8,998	3,958
Government Bonds	1,208	706	1	—	94	254
Local Government Bonds	—	12	11	—	46	—
Corporate Bonds	352	1,223	1,422	1,042	842	459
Loans and Bills Discounted (*2)	43,288	52,041	36,675	27,791	21,295	61,543
Lease Receivables and Investment Assets (*3)	1,547	2,311	1,107	401	663	222
Total	$ 333,743	$ 59,736	$ 47,246	$ 30,800	$ 31,349	$ 67,482

(*1) The balances exclude Monetary Claims Bought for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥55 million (U.S. $1 million) and ¥70 million as of March 31, 2018 and 2017, respectively.

(*2) The balances exclude Loans and Bills Discounted for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥53,571 million (U.S $504 million) and ¥56,698 million, and those without maturity, amounting to ¥2,353,715 million (U.S. $22,155 million) and ¥2,171,093 million as of March 31, 2018 and 2017, respectively.

(*3) The balances exclude Lease Receivables and Investment Assets for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥738 million (U.S. $7 million) and ¥561 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥12,495 million (U.S. $118 million) and ¥12,522 million as of March 31, 2018 and 2017, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2018 and 2017.

	Millions of Yen					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 29,958,840	¥ 5,422,224	¥ 1,959,951	¥ 10,685	¥ 137	¥ —
Negotiable Certificates of Deposit	6,518,336	45,000	—	—	—	—
Call Money and Bills Sold	146,931	—	—	—	—	—
Payables under Repurchase Agreements	1,348,615	106,240	—	—	—	—
Payables under Securities Lending Transactions	41,299	—	—	—	—	—
Borrowed Money (*2)	3,257,220	339,225	193,960	77,749	186,166	295,761
Short-Term Bonds Payable	1,064,645	—	—	—	—	—
Bonds Payable (*3)	308,816	465,648	90,000	36,500	253,000	—
Borrowed Money from Trust Account	11,070,725	—	—	—	—	—
Total	¥ 53,715,430	¥ 6,378,337	¥ 2,243,911	¥ 124,935	¥ 439,303	¥ 295,761

	Millions of Yen					
March 31, 2017	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 28,055,740	¥ 5,581,645	¥ 2,349,246	¥ 14,181	¥ —	¥ —
Negotiable Certificates of Deposit	7,204,935	121,682	—	—	—	—
Call Money and Bills Sold	54,089	—	—	—	—	—
Payables under Repurchase Agreements	1,063,737	—	—	—	—	—
Payables under Securities Lending Transactions	13,699	—	—	—	—	—
Borrowed Money (*2)	2,290,979	379,947	160,898	141,301	189,643	280,335
Short-Term Bonds Payable	904,910	—	—	—	—	—
Bonds Payable (*3)	171,473	517,178	200,000	40,000	199,500	10,000
Borrowed Money from Trust Account	10,274,143	—	—	—	—	—
Total	¥ 50,033,709	¥ 6,600,452	¥ 2,710,145	¥ 195,483	¥ 389,143	¥ 290,335

	Millions of U.S. Dollars					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	$ 281,992	$ 51,038	$ 18,448	$ 101	$ 1	$ —
Negotiable Certificates of Deposit	61,355	424	—	—	—	—
Call Money and Bills Sold	1,383	—	—	—	—	—
Payables under Repurchase Agreements	12,694	1,000	—	—	—	—
Payables under Securities Lending Transactions	389	—	—	—	—	—
Borrowed Money (*2)	30,659	3,193	1,826	732	1,752	2,784
Short-Term Bonds Payable	10,021	—	—	—	—	—
Bonds Payable (*3)	2,907	4,383	847	344	2,381	—
Borrowed Money from Trust Account	104,205	—	—	—	—	—
Total	$ 505,604	$ 60,037	$ 21,121	$ 1,176	$ 4,135	$ 2,784

(*1) The balance of demand deposits is included in "Within 1 Year." Deposits include balances of current accounts.

(*2) The balances exclude perpetual subordinated debts without maturity, amounting to ¥20,000 million (U.S. $188 million) and ¥20,000 million as of March 31, 2018 and 2017, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥316,100 million (U.S. $2,975 million) and ¥246,100 million as of March 31, 2018 and 2017, respectively.

Securities

In addition to the "Securities" presented in the consolidated balance sheet, the following information includes securities in trading account and short-term corporate bonds under "Trading Assets" and loan-backed trust deeds reported under "Monetary Claims Bought."

1. Trading Securities

	Valuation Difference Reflected in the Statements of Income		
	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Trading Securities	¥ (126)	¥ (96)	$ (1)

2. Held-to-Maturity Securities with Fair Value

March 31, 2018	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 119,163	¥ 138,997	¥ 19,834
Corporate Bonds	29,000	29,535	535
Other Bonds	116,775	118,328	1,553
Foreign Bonds	35,746	37,177	1,430
Others	81,028	81,150	122
Subtotal	264,938	286,861	21,923
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Corporate Bonds	—	—	—
Other Bonds	—	—	—
Foreign Bonds	—	—	—
Others	—	—	—
Subtotal	—	—	—
Total	¥ 264,938	¥ 286,861	¥ 21,923

March 31, 2017	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 140,239	¥ 160,301	¥ 20,062
Corporate Bonds	20,141	20,359	218
Other Bonds	162,167	168,883	6,716
Foreign Bonds	72,414	79,026	6,612
Others	89,752	89,857	104
Subtotal	322,547	349,544	26,996
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Corporate Bonds	9,000	8,937	(62)
Other Bonds	13,181	13,164	(16)
Foreign Bonds	12,530	12,514	(16)
Others	650	650	—
Subtotal	22,181	22,102	(78)
Total	¥ 344,728	¥ 371,646	¥ 26,917

March 31, 2018	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,122	$ 1,308	$ 187
Corporate Bonds	273	278	5
Other Bonds	1,099	1,114	15
Foreign Bonds	336	350	13
Others	763	764	1
Subtotal	2,494	2,700	206
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Corporate Bonds	—	—	—
Other Bonds	—	—	—
Foreign Bonds	—	—	—
Others	—	—	—
Subtotal	—	—	—
Total	$ 2,494	$ 2,700	$ 206

3. Available-for-Sale Securities

March 31, 2018	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,451,899	¥ 562,966	¥ 888,933
Bonds	476,390	473,400	2,990
Government Bonds	110,841	110,659	182
Local Government Bonds	2,930	2,912	18
Corporate Bonds	362,618	359,828	2,790
Other Securities	771,775	750,217	21,558
Foreign Stocks	15,230	12,359	2,870
Foreign Bonds	517,619	512,690	4,928
Others	238,925	225,166	13,759
Subtotal	2,700,065	1,786,583	913,482
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 54,792	¥ 67,505	¥ (12,713)
Bonds	341,781	342,488	(706)
Government Bonds	130,629	130,646	(16)
Local Government Bonds	4,354	4,375	(20)
Corporate Bonds	206,797	207,466	(669)
Other Securities	2,004,756	2,165,529	(160,773)
Foreign Stocks	1,235	1,274	(39)
Foreign Bonds	786,071	808,778	(22,706)
Others	1,217,448	1,355,476	(138,028)
Subtotal	2,401,330	2,575,524	(174,193)
Total	¥ 5,101,396	¥ 4,362,107	¥ 739,288

March 31, 2017	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,341,234	¥ 599,790	¥ 741,444
Bonds	506,763	503,492	3,271
Government Bonds	44,991	44,926	65
Local Government Bonds	2,233	2,216	17
Corporate Bonds	459,538	456,350	3,188
Other Securities	779,660	764,137	15,523
Foreign Stocks	10,919	8,839	2,079
Foreign Bonds	687,418	681,599	5,818
Others	81,323	73,697	7,625
Subtotal	2,627,658	1,867,419	760,238
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 55,522	¥ 66,494	¥ (10,971)
Bonds	340,796	342,296	(1,499)
Government Bonds	170,264	170,365	(100)
Local Government Bonds	2,557	2,586	(28)
Corporate Bonds	167,973	169,344	(1,370)
Other Securities	1,630,982	1,693,101	(62,119)
Foreign Stocks	10,512	11,443	(931)
Foreign Bonds	701,208	722,233	(21,024)
Others	919,261	959,425	(40,163)
Subtotal	2,027,301	2,101,892	(74,591)
Total	¥ 4,654,959	¥ 3,969,312	¥ 685,647

March 31, 2018	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 13,666	$ 5,299	$ 8,367
Bonds	4,484	4,456	28
Government Bonds	1,043	1,042	2
Local Government Bonds	28	27	0
Corporate Bonds	3,413	3,387	26
Other Securities	7,264	7,062	203
Foreign Stocks	143	116	27
Foreign Bonds	4,872	4,826	46
Others	2,249	2,119	130
Subtotal	25,415	16,816	8,598
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 516	$ 635	$ (120)
Bonds	3,217	3,224	(7)
Government Bonds	1,230	1,230	(0)
Local Government Bonds	41	41	(0)
Corporate Bonds	1,947	1,953	(6)
Other Securities	18,870	20,383	(1,513)
Foreign Stocks	12	12	(0)
Foreign Bonds	7,399	7,613	(214)
Others	11,459	12,759	(1,299)
Subtotal	22,603	24,243	(1,640)
Total	$ 48,018	$ 41,059	$ 6,959

4. Held-to-Maturity Securities Sold during the Fiscal Year

There were no held-to-maturity securities sold for the fiscal years ended March 31, 2018 and 2017.

5. Available-for-Sale Securities Sold during the Fiscal Year

	Millions of Yen		
Year Ended March 31, 2018	Amount Sold	Gain	Loss
Stocks	¥ 75,851	¥ 40,725	¥ 853
Bonds	556,186	734	636
Government Bonds	468,028	573	553
Local Government Bonds	6,129	2	18
Corporate Bonds	82,029	159	64
Other Securities	5,121,133	60,580	100,706
Foreign Bonds	3,740,837	22,300	28,272
Others	1,380,296	38,280	72,434
Total	¥ 5,753,172	¥ 102,040	¥ 102,197

	Millions of Yen		
Year Ended March 31, 2017	Amount Sold	Gain	Loss
Stocks	¥ 80,281	¥ 46,026	¥ 1,450
Bonds	318,513	1,977	361
Government Bonds	227,504	1,438	292
Local Government Bonds	9,228	15	28
Corporate Bonds	81,781	522	41
Other Securities	3,376,224	19,884	122,888
Foreign Bonds	3,142,440	19,453	118,303
Others	233,784	431	4,584
Total	¥ 3,775,020	¥ 67,888	¥ 124,700

	Millions of U.S. Dollars		
Year Ended March 31, 2018	Amount Sold	Gain	Loss
Stocks	$ 714	$ 383	$ 8
Bonds	5,235	7	6
Government Bonds	4,405	5	5
Local Government Bonds	58	0	0
Corporate Bonds	772	1	1
Other Securities	48,203	570	948
Foreign Bonds	35,211	210	266
Others	12,992	360	682
Total	$ 54,153	$ 960	$ 962

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

6. Securities Reclassified due to the Change of the Holding Purpose

There were no securities reclassified due to the change of the holding purpose during the fiscal year ended March 31, 2018.

SuMi TRUST Holdings changed the holding purposes of foreign bonds, which were classified under held-to-maturity securities, of ¥8,821 million to available-for-sale securities during the fiscal year ended March 31, 2017, in accordance with the U.S. financial regulatory reform bill.

There is no effect of this change on the consolidated financial statements since all of these securities were sold during the fiscal year ended March 31, 2017.

7. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, or those deemed to be trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheet. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

Impairment losses on Stocks recognized during the fiscal years ended March 31, 2018 and 2017, were ¥41 million (U.S. $0.4 million) and ¥679 million, respectively.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30% but less than 50% from acquisition cost and the fair values have continued to decline over a certain period.

Money Held in Trust

1. Money Held in Trust for Trading Purposes

There was no money held in trust for trading purposes for the fiscal year ended March 31, 2018.

	Millions of Yen	
March 31, 2017	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Money Held in Trust for Trading Purposes	¥ 152	¥ (0)

2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2018 and 2017.

3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

	Millions of Yen				
March 31, 2018	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,357	¥ 1,062	¥ 295	¥ 295	¥ —

	Millions of Yen				
March 31, 2017	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,498	¥ 1,082	¥ 415	¥ 415	¥ —

	Millions of U.S. Dollars				
March 31, 2018	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	$ 13	$ 10	$ 3	$ 3	$ —

(Note) The amount of "Difference" is net of "Positive Difference" and "Negative Difference."

Valuation Differences on Available-for-Sale Securities

The following table shows components of "Valuation Differences on Available-for-Sale Securities" in the consolidated balance sheet.

	Millions of Yen		Millions of U.S. Dollars
March 31	2018	2017	2018
Valuation Differences			
Available-for-Sale Securities	¥ 739,993	¥ 681,226	$ 6,965
Other Money Held in Trust	295	415	3
Total Valuation Differences	740,289	681,642	6,968
Amount Equivalent to Deferred Tax Assets (Liabilities)	(224,273)	(206,591)	(2,111)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	516,015	475,051	4,857
Non-Controlling Interests	(359)	(241)	(3)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	1,007	2,039	9
Valuation Differences on Available-for-Sale Securities	¥ 516,663	¥ 476,848	$ 4,863

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to be determined, are included in the "Available-for-Sale Securities" under "Valuation Difference."

2) The valuation difference of ¥1,213 million (U.S. $11 million) and ¥722 million on available-for-sale securities composing assets held by associated companies as of March 31, 2018 and 2017, respectively, is included in "Available-for-Sale Securities" under "Valuation Difference."

3) The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Difference."

Derivatives

1. Derivative Transactions Not Qualifying for Hedge Accounting

Derivative transactions not qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 20,899,819	¥ 7,118,121	¥ 16,895	¥ 16,895	$ 196,723	$ 67,000	$ 159	$ 159
Purchased	20,676,102	6,690,133	(15,416)	(15,416)	194,617	62,972	(145)	(145)
Interest Options								
Sold	4,624,808	189,094	(1,321)	(579)	43,532	1,780	(12)	(5)
Purchased	3,189,370	101,734	1,264	477	30,020	958	12	4
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	69,311,282	52,495,761	688,658	688,658	652,403	494,124	6,482	6,482
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	64,890,775	49,857,111	(675,074)	(675,074)	610,794	469,288	(6,354)	(6,354)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	24,352,590	16,065,746	4,068	4,068	229,222	151,221	38	38
Interest Options								
Sold	5,993,299	5,969,378	9,401	26,359	56,413	56,188	88	248
Purchased	2,751,013	2,751,013	8,635	728	25,894	25,894	81	7
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 37,111	¥ 46,117			$ 349	$ 434

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 47,877,278	¥ 21,805,067	¥ 21,853	¥ 21,853
Purchased	46,948,398	20,150,198	(21,684)	(21,684)
Interest Options				
Sold	2,375,805	159,806	(518)	3
Purchased	1,504,870	96,656	536	39
OTC				
Forward Rate Agreements				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	60,456,775	49,894,560	1,184,388	1,184,388
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	59,977,847	48,455,485	(1,143,113)	(1,143,113)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	12,429,992	10,606,892	2,071	2,071
Interest Options				
Sold	5,843,688	5,666,325	(15,052)	6,969
Purchased	3,047,232	2,895,927	19,657	10,303
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 48,139	¥ 60,833

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of OTC derivative transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Currency Futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
OTC								
Currency Swaps	¥ 3,233,710	¥ 2,766,086	¥ 6,203	¥ 6,203	$ 30,438	$ 26,036	$ 58	$ 58
Forward Exchange Contracts								
Sold	14,529,056	369,272	82,172	82,172	136,757	3,476	773	773
Purchased	18,239,528	348,180	(100,230)	(100,230)	171,682	3,277	(943)	(943)
Currency Options								
Sold	1,179,704	555,407	(39,929)	13,630	11,104	5,228	(376)	128
Purchased	1,055,874	470,286	45,076	(4,855)	9,939	4,427	424	(46)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (6,707)	¥ (3,079)			$ (63)	$ (29)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Currency Futures				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options				
Sold	—	—	—	—
Purchased	—	—	—	—
OTC				
Currency Swaps	¥ 3,839,894	¥ 2,729,472	¥ 19,275	¥ 19,275
Forward Exchange Contracts				
Sold	10,443,601	494,399	(5,853)	(5,853)
Purchased	12,775,451	457,261	14,487	14,487
Currency Options				
Sold	1,258,710	576,059	(45,547)	8,880
Purchased	1,138,819	521,704	41,528	(6,299)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 23,889	¥ 30,489

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Stock Index Futures								
Sold	¥ 94,748	¥ —	¥ 1,168	¥ 1,168	$ 892	$ —	$ 11	$ 11
Purchased	82,445	—	(1,027)	(1,027)	776	—	(10)	(10)
Stock Index Options								
Sold	50,976	—	(553)	(155)	480	—	(5)	(1)
Purchased	5,683	—	133	95	54	—	1	1
OTC								
OTC Stock Options								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
OTC Stock Swaps								
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	—	—	—	—	—	—	—	—
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (278)	¥ 81			$ (3)	$ 1

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 77,382	¥ —	¥ (163)	¥ (163)
Purchased	58,961	—	276	276
Stock Index Options				
Sold	10,170	—	(28)	31
Purchased	5,158	—	12	(15)
OTC				
OTC Stock Options				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
OTC Stock Swaps				
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	5,000	5,000	312	312
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	5,000	5,000	(312)	(312)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 97	¥ 129

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,746,476	¥ —	¥ (14,140)	¥ (14,140)	$ 16,439	$ —	$ (133)	$ (133)
Purchased	1,251,702	—	10,247	10,247	11,782	—	96	96
Bond Future Options								
Sold	236,915	—	(1,409)	(597)	2,230	—	(13)	(6)
Purchased	74,593	—	65	(14)	702	—	1	(0)
OTC								
Bond Forward Contracts								
Sold	¥ 178,508	¥ —	¥ (1,120)	¥ (1,120)	$ 1,680	$ —	$ (11)	$ (11)
Purchased	152,639	—	493	493	1,437	—	5	5
Bond Options								
Sold	12,837	—	(103)	(61)	121	—	(1)	(1)
Purchased	17,889	—	178	75	168	—	2	1
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (5,790)	¥ (5,118)			$ (55)	$ (48)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥3,109,489	¥ —	¥(16,850)	¥(16,850)
Purchased	2,879,426	—	15,798	15,798
Bond Future Options				
Sold	135,219	—	(584)	(128)
Purchased	118,317	—	207	(18)
OTC				
Bond Forward Contracts				
Sold	¥ 154,594	¥ —	¥ (1,388)	¥ (1,388)
Purchased	117,864	—	507	507
Bond Options				
Sold	6,871	—	(51)	(14)
Purchased	86,264	5,052	798	(336)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (1,561)	¥ (2,430)

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017.

(6) Credit Derivative Transactions

Credit derivative transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
OTC								
Credit Default Swaps								
Sold	¥ 81,400	¥ 56,600	¥ 1,416	¥ 1,416	$ 766	$ 533	$ 13	$ 13
Purchased	92,024	67,224	(1,616)	(1,616)	866	633	(15)	(15)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (199)	¥ (199)			$ (2)	$ (2)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 80,288	¥ 79,288	¥ 1,640	¥ 1,640
Purchased	125,188	124,188	(2,763)	(2,763)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (1,123)	¥ (1,123)

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values are calculated using the net present value method.

3) "Sold" represents transactions under which the credit risk has been assumed, and "Purchased" represents transactions under which the credit risk has been transferred to another party.

2. Derivative Transactions Qualifying for Hedge Accounting

Derivative transactions qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts) and the fair values as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2018			2018		
		Notional Amount		Fair Value	Notional Amount		Fair Value
		Total	Over One Year		Total	Over One Year	
Deferral Method							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 2,923,400	¥ 1,487,704	¥ (588)	$ 27,517	$ 14,003	$ (6)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,239,085	1,172,805	(25,769)	11,663	11,039	(243)
Interest Futures							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Interest Options							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Exceptional Treatment for Interest Rate Swaps							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Borrowed Money	¥ —	¥ —		$ —	$ —	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		600	400	(Note3)	6	4	(Note3)
Total				¥ (26,357)			$ (248)

	Major Hedged Item	Millions of Yen 2017 Notional Amount Total	Notional Amount Over One Year	Fair Value
Deferral Method				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 5,209,766	¥ 2,863,293	¥ 5,905
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,149,071	1,085,680	(31,646)
Interest Futures				
Sold		—	—	—
Purchased		—	—	—
Interest Options				
Sold		—	—	—
Purchased		—	—	—
Others				
Sold		—	—	—
Purchased		—	—	—
Exceptional Treatment for Interest Rate Swaps				
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Borrowed Money	¥ —	¥ —	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,000	1,000	(Note3)
Total				¥ (25,740)

(Notes)

1) Deferred hedge accounting stipulated in Report No. 24 is applied, in principle.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

3) Interest rate swaps to which exceptional treatment is applied are accounted for as part of the borrowings being hedged; therefore, their fair values are included in the fair value of Borrowed Money presented under "Financial Instruments."

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Major Hedged Item	Millions of Yen 2018 Notional Amount Total	Millions of Yen 2018 Notional Amount Over One Year	Millions of Yen 2018 Fair Value	Millions of U.S. Dollars 2018 Notional Amount Total	Millions of U.S. Dollars 2018 Notional Amount Over One Year	Millions of U.S. Dollars 2018 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,495,792	¥ 837,237	¥ (26,721)	$ 23,492	$ 7,881	$ (252)
Forward Exchange Contracts							
Sold		10,415	—	358	98	—	3
Purchased		39,576	—	(172)	373	—	(2)
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"							
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies						
Sold		¥ 37,879	¥ —	¥ 943	$ 357	$ —	$ 9
Purchased		—	—	—	—	—	—
Total				¥ (25,592)			$ (241)

	Major Hedged Item	Millions of Yen 2017 Notional Amount Total	Millions of Yen 2017 Notional Amount Over One Year	Millions of Yen 2017 Fair Value
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 3,873,763	¥ 1,887,999	¥ 43,328
Forward Exchange Contracts				
Sold		7,219	—	(1)
Purchased		10,407	—	(115)
Others				
Sold		—	—	—
Purchased		—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"				
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies			
Sold		¥ 38,974	¥ —	¥ 44
Purchased		—	—	—
Total				¥ 43,257

(Notes)

1) Deferred hedge accounting stipulated in Report No. 25 is applied, in principle.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017.

Retirement and Pension Plans

Retirement and Pension Plans for the Fiscal Years Ended March 31, 2018 and 2017

1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Holdings

SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, has defined benefit plans (a corporate pension fund plan and a lump-sum retirement benefit plan). Additionally, a lump-sum retirement benefit plan is offered to contract employees according to internal rules. SuMi TRUST Bank also has a defined contribution pension plan and may provide extra retirement payments to retiring employees in some cases. SuMi TRUST Bank sets up employee retirement benefit trusts as part of its pension plan assets.

Other consolidated subsidiaries have lump-sum retirement benefit plans, defined benefit corporate pension plans, defined contribution pension plans, and plans administered under an employees' pension fund system. Some consolidated subsidiaries also participate in multiple employer pension plan.

Some consolidated subsidiaries adopt the computational shortcut method in calculating liabilities for retirement benefits and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

2. Defined Benefit Plans

(1) Reconciliation of Retirement Benefit Obligations

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Retirement Benefit Obligations (opening balance)	**¥467,409**	¥ 473,279	**$ 4,400**
Service Cost-Benefits Earned during the Fiscal Year	**14,719**	15,266	**139**
Interest Cost on Projected Benefit Obligations	**2,354**	2,370	**22**
Actuarial Gains and Losses that Arose during the Fiscal Year	**755**	(5,864)	**7**
Retirement Benefits Paid	**(17,888)**	(17,643)	**(168)**
Past Service Cost that Arose during the Fiscal Year	**—**	—	**—**
Other	**—**	—	**—**
Retirement Benefit Obligations (closing balance)	**¥467,350**	¥ 467,409	**$ 4,399**

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Plan Assets (opening balance)	**¥572,379**	¥ 550,747	**$ 5,388**
Expected Return on Plan Assets	**25,746**	28,152	**242**
Actuarial Gains and Losses that Arose during the Fiscal Year	**27,773**	8,782	**261**
Contributions by the Employer	**6,636**	648	**62**
Retirement Benefits Paid	**(16,124)**	(15,898)	**(152)**
Other	**—**	(52)	**—**
Plan Assets (closing balance)	**¥616,410**	¥ 572,379	**$ 5,802**

(3) Reconciliation between Closing Balances of Retirement Benefit Obligations and Plan Assets, and Liabilities and Assets for Retirement Benefits Recorded in the Consolidated Balance Sheet

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 454,831	¥ 455,290	$ 4,281
Plan Assets	(616,410)	(572,379)	(5,802)
	(161,579)	(117,088)	(1,521)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	12,518	12,118	118
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (149,060)	¥ (104,970)	$ (1,403)

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Liabilities for Retirement Benefits	¥ 14,159	¥ 14,048	$ 133
Assets for Retirement Benefits	(163,219)	(119,018)	(1,536)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (149,060)	¥ (104,970)	$ (1,403)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Service Cost-Benefits Earned during the Fiscal Year	¥ 14,719	¥ 15,266	$ 139
Interest Cost on Projected Benefit Obligations	2,354	2,370	22
Expected Return on Plan Assets	(25,746)	(28,152)	(242)
Amortization of Actuarial Differences	10,062	14,319	95
Amortization of Past Service Cost	51	95	0
Other	1,085	1,249	10
Retirement Benefit Expenses for Defined Benefit Obligations	¥ 2,526	¥ 5,150	$ 24

(5) Adjustments for Retirement Benefits

The breakdown of adjustments for retirement benefits (before tax effects) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Past Service Cost	¥ 51	¥ 95	$ 0
Actuarial Differences	37,080	28,966	349
Total	¥ 37,131	¥ 29,062	$ 350

(6) Accumulated Adjustments for Retirement Benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effects) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Unrecognized Past Service Cost	¥ 13	¥ 64	$ 0
Unrecognized Actuarial Differences	(6,819)	30,260	(64)
Total	¥ (6,806)	¥ 30,325	$ (64)

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

	Proportion (%)	
	2018	2017
Debt Securities	**20**	20
Equity Securities	**60**	58
Cash and Due from Banks	**2**	3
Other	**18**	19
Total	**100**	100

(Note) The total plan asset includes the retirement benefit trusts set up for a corporate pension plan and a lump-sum retirement benefit plan. They account for 60% and 58% of the total plan asset for the fiscal years ended March 31, 2018 and 2017, respectively.

2) Expected long-term rate of return on plan assets

In order to determine the expected long-term rate of return on plan assets, SuMi TRUST Holdings considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

(8) Assumptions Used

Major assumptions used in actuarial calculation for the fiscal years ended March 31, 2018 and 2017, are as follows:

	2018	2017
Discount Rate	**Mainly 0.5%**	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	**4.4%**	5.1%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥1,922 million (U.S. $18 million) and ¥1,882 million for the years ended March 31, 2018 and 2017, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2018 and 2017

(1) SuMi TRUST Holdings

2018: General and Administrative Expenses: ¥237 million (U.S. $2 million)
2017: General and Administrative Expenses: ¥165 million

(2) Nikko Asset Management Co., Ltd. (consolidated subsidiary)

There were no relevant items.

2. Description of Stock Options

(1) SuMi TRUST Holdings

The following tables show stock options effective as of March 31, 2018. The number of stock options represents the number of shares after converting into equivalent shares, taking into account the consolidation of shares at a ratio of ten existing shares into one share effected on October 1, 2016.

1) Description of Stock Options

Year Ended March 31, 2018	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of The Chuo Mitsui Trust and Banking Company, Limited: 19 Directors and officers of The Chuo Mitsui Asset Trust and Banking Company, Limited: 7 Directors and officers of The Sumitomo Trust and Banking Co., Ltd.: 24 Total: 72	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 44 Total: 66
Number of Stock Options Granted by Class of Share	Common stock: 28,600 shares	Common stock: 26,000 shares
Grant Date	July 26, 2011	July 18, 2012
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	From July 26, 2011, to July 25, 2013	From July 18, 2012, to July 17, 2014
Exercise Period	From July 26, 2013, to July 25, 2021	From July 18, 2014, to July 17, 2022

Year Ended March 31, 2018	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60	Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 39,800 shares	Common stock: 40,400 shares
Grant Date	July 19, 2013	August 1, 2014
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	From July 19, 2013, to July 18, 2015	Not specified
Exercise Period	From July 19, 2015, to July 18, 2023	From August 31, 2014, to July 31, 2044

Year Ended March 31, 2018	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63	Directors and officers of SuMi TRUST Holdings: 21 Directors and officers of SuMi TRUST Bank: 42 Total: 63
Number of Stock Options Granted by Class of Share	Common stock: 32,700 shares	Common stock: 51,000 shares
Grant Date	July 31, 2015	July 29, 2016
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	From August 31, 2015, to July 30, 2045	From August 31, 2016, to July 28, 2046

Year Ended March 31, 2018	SuMi TRUST Holdings Series 7 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 26 Directors and officers of SuMi TRUST Bank: 41 Total: 67
Number of Stock Options Granted by Class of Share	Common stock: 61,300 shares
Grant Date	July 28, 2017
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	Not specified
Exercise Period	From August 21, 2017, to July 27, 2047

2) Volume and Changes in Stock Options

i) Number of stock options

	Shares						
Year Ended March 31, 2018	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares	SuMi TRUST Holdings Series 7 Subscription Rights to Shares
Unvested Stock Options							
At the Beginning of the Fiscal Year	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	61,300
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	61,300
At the End of the Fiscal Year	—	—	—	—	—	—	—
Vested Stock Options							
At the Beginning of Fiscal Year	22,700	22,100	39,300	36,500	32,700	51,000	—
Vested	—	—	—	—	—	—	61,300
Exercised	700	1,100	—	800	1,400	1,000	—
Forfeited	—	—	—	—	—	—	—
At the End of the Fiscal Year	22,000	21,000	39,300	35,700	31,300	50,000	61,300

ii) Unit price information

Year Ended March 31, 2018	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares	SuMi TRUST Holdings Series 7 Subscription Rights to Shares
Exercise Price (yen)	4,000	4,000	5,190	1	1	1	1
Average Stock Price when Exercised (yen)	4,284	4,292	—	3,809	4,075	3,809	—
Fair Unit Value on the Grant Date (yen)	620	340	1,460	4,240	5,447	3,246	3,870

(2) Nikko Asset Management Co., Ltd. (consolidated subsidiary)

The following tables show stock options effective as of March 31, 2018. The number of stock options represents the number of shares after converting into equivalent shares.

1) Description of Stock Options

Year Ended March 31, 2018	Resolution during Fiscal Year 2009	
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 271	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 48
Number of Stock Options Granted by Class of Share	Common stock: 19,724,100 shares	Common stock: 1,702,800 shares
Grant Date	February 8, 2010	August 20, 2010
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	Same as on the left
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	Same as on the left
Exercise Period	From January 22, 2012 to January 21, 2020	Same as on the left

	Resolution during the Fiscal Year 2011	Resolution during the Fiscal Year 2016
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 186	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 16
Number of Stock Options Granted by Class of Share	Common stock: 6,101,700 shares	Common stock: 4,437,000 shares
Grant Date	October 7, 2011	July 15, 2016
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of October 7, 2013 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of July 15, 2018 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From October 7, 2013 to October 6, 2021	From July 15, 2018 to July 31, 2026

	Resolution during the Fiscal Year 2016
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31
Number of Stock Options Granted by Class of Share	Common stock: 4,409,000 shares
Grant Date	April 27, 2017
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2019 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From April 27, 2019 to April 30, 2027

2) Volume and Changes in Stock Options

i) Number of stock options

Year Ended March 31, 2018	Shares	
	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,689,600	174,900
Granted	—	—
Forfeited	194,700	66,000
Vested	—	—
At the End of the Fiscal Year	1,494,900	108,900
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares	
	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Unvested Stock Options		
At the Beginning of the Fiscal Year	2,890,800	4,404,000
Granted	—	—
Forfeited	204,600	786,000
Vested	—	—
At the End of the Fiscal Year	2,686,200	3,618,000
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares
	Resolution during Fiscal Year 2016
Grant Date	April 27, 2017
Unvested Stock Options	
At the Beginning of the Fiscal Year	—
Granted	4,409,000
Forfeited	532,000
Vested	—
At the End of the Fiscal Year	3,877,000
Vested Stock Options	
At the Beginning of the Fiscal Year	—
Vested	—
Exercised	—
Forfeited	—
At the End of the Fiscal Year	—

ii) Unit price information

Year Ended March 31, 2018	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Exercise Price	¥ 625	¥ 625
Fair Price on the Grant Date (Note 1)	0	0

	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Exercise Price	¥ 737 (Note 3)	¥ 558
Fair Price on the Grant Date (Note 1)	0	0

	Resolution during Fiscal Year 2016
Grant Date	April 27, 2017
Exercise Price	¥ 553
Fair Price on the Grant Date (Note 1)	0

(Notes)

1) In lieu of fair value per share, the fair price refers to an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transaction price method and the exercise price).

2) The total amount of intrinsic value of the options was ¥1,149 million (U.S. $10 million) as of March 31, 2018.

3) If the IPO price is set as any amount exceeding ¥737 (U.S. $7), the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

3. Method for Estimating a Fair Unit Price for Stock Options

The method used to estimate a fair unit price for the SuMi TRUST Holdings Series 7 Subscription Rights to Shares is described below.

(1) Valuation Technique Used: Black-Scholes Model

(2) Key Parameters and Estimation Method Used

Year Ended March 31, 2018	SuMi TRUST Holdings Series 7 Subscription Rights to Shares
Stock Price Volatility (Note 1)	43.1%
Expected Life (Note 2)	1.51 years
Dividend Yield (Note 3)	3.20%
Risk-Free Interest Rate (Note 4)	(0.12)%

(Notes)

1) Stock price volatility was calculated based on the closing prices for common stock of SuMi TRUST Holdings on the final trading day of each week during a past consecutive period corresponding to the expected time to exercise.

2) The expected life of the stock option is estimated based on expected tenures of holders of the subscription rights to shares because it is difficult to reasonably estimate the expected life.

3) Dividend yield is based on the actual dividends on common stock paid for the year ended March 31, 2017.

4) The rate represents the Japanese Government Bond yield corresponding to the expected life.

4. Method for Estimating the Number of Vested Stock Options

SuMi TRUST Holdings has adopted a method to reflect only the number of stock options that have been actually forfeited, because it is difficult to reasonably estimate the number that will be forfeited in the future.

Income Taxes

1. Deferred Tax Assets and Liabilities

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Deferred Tax Assets:			
Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral)	¥ 40,239	¥ 45,855	$ 379
Impairment of Securities	19,233	21,078	181
Deferred Gains (Losses) on Hedges	8,722	7,578	82
Adjustments for Retirement Benefits	235	13,129	2
Valuation Difference Due to Share Exchange	5,112	5,191	48
Other	68,974	70,709	649
Subtotal	142,517	163,543	1,341
Valuation Allowance	(36,862)	(36,706)	(347)
Deferred Tax Assets	¥ 105,654	¥ 126,837	$ 994
Deferred Tax Liabilities:			
Retirement Benefits	¥ (11,421)	¥ (10,156)	$ (108)
Valuation Difference on Available-for-Sale Securities	(230,198)	(213,167)	(2,167)
Valuation Difference Due to Share Exchange	(7,777)	(9,396)	(73)
Other	(14,179)	(8,376)	(133)
Deferred Tax Liabilities	¥ (263,577)	¥ (241,095)	$ (2,481)
Net Deferred Tax Assets (Liabilities)	¥ (157,923)	¥ (114,258)	$ (1,486)

2. Effective Income Tax Rate

Disclosure on reconciliation between the effective statutory tax rate and the effective income tax rate is omitted since the difference was 5% or less of the effective statutory tax rate for the fiscal years ended March 31, 2018 and 2017.

Segment Information

1. Reportable Segment Information

SuMi TRUST Group's reportable segments are defined as operating segments for which discrete financial information is available and which is regularly reviewed by the board of directors in determining resources to be allocated to the segments and in assessing their business performance.

SuMi TRUST Group comprises SuMi TRUST Bank Group (SuMi TRUST Bank and its consolidated subsidiaries) and other consolidated subsidiaries, and SuMi TRUST Bank Group is treated as a reportable segment, "SuMi TRUST Bank." The main activity of the reportable segment is presented below:

SuMi TRUST Bank: Trust banking business

2. Method for Calculating Income, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment

The accounting policies used for the reportable segments are the same as those presented under "Significant Accounting Policies and Practices," and the amount of segment profits presented for the reportable segments is "Income before Income Taxes."

Prices used for internal transactions among segments are the same as the prices used for transactions with unaffiliated customers.

3. Income, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment

	Millions of Yen					
	Reportable Segment		Other	Total	Adjustment	Carrying Amount
Fiscal Year Ended March 31, 2018	SuMi TRUST Bank	Total				
Income:						
Unaffiliated Customers	¥ (1,334,047)	¥ (1,334,047)	¥ (36,684)	¥ (1,370,731)	¥ 4,225	¥ (1,366,505)
Intersegment	(16,795)	(16,795)	(89,118)	(105,913)	105,913	—
Total	¥ (1,350,842)	¥ (1,350,842)	¥ (125,802)	¥ (1,476,644)	¥ 110,138	¥ (1,366,505)
Segment Profit	¥ (234,768)	¥ (234,768)	¥ (59,848)	¥ 294,616	¥ 55,794	¥ (238,822)
Segment Assets	¥ 54,810,805	¥ 54,810,805	¥ 16,028,876	¥ 70,839,681	¥ (2,482,883)	¥ 68,356,798
Segment Liabilities	¥ (52,093,216)	¥ (52,093,216)	¥ (14,378,004)	¥ (66,471,221)	¥ 986,748	¥ (65,484,472)
Others						
Depreciation and Amortization	¥ 28,319	¥ 28,319	¥ 6,825	¥ 35,144	¥ 0	¥ 35,145
Amortization of Goodwill	9,968	9,968	—	9,968	(499)	9,469
Interest Income	(431,598)	(431,598)	(63,672)	(495,271)	69,141	(426,129)
Interest Expenses	246,248	246,248	10,654	256,903	(10,831)	246,071
Equity in Earnings of Affiliated Companies	(5,781)	(5,781)	—	(5,781)	—	(5,781)
Gains on Disposal of Fixed Assets	(17,364)	(17,364)	—	(17,364)	1,805	(15,559)
Gains on Negative Goodwill	—	—	—	—	—	—
Losses on Disposal of Fixed Assets	1,064	1,064	456	1,521	—	1,521
Impairment Loss	7,876	7,876	—	7,876	—	7,876
Unamortized Balance of Goodwill	84,537	84,537	—	86,537	(3,498)	81,038
Investment in Affiliated Companies Accounted for by the Equity Method	93,132	93,132	—	93,132	—	93,132

	Millions of Yen					
	Reportable Segment		Other	Total	Adjustment	Carrying Amount
Fiscal Year Ended March 31, 2017	SuMi TRUST Bank	Total				
Income:						
Unaffiliated Customers	¥ 1,229,686	¥ 1,229,686	¥ 37,523	¥ 1,267,209	¥ (4,321)	¥ 1,262,887
Intersegment	16,587	16,587	88,421	105,009	(105,009)	—
Total	¥ 1,246,274	¥ 1,246,274	¥ 125,944	¥ 1,372,219	¥ (109,331)	¥ 1,262,887
Segment Profit	¥ 172,427	¥ 172,427	¥ 62,195	¥ 234,622	¥ (43,487)	¥ 191,135
Segment Assets	¥ 52,540,547	¥ 52,540,547	¥ 15,316,970	¥ 67,857,518	¥ (2,403,792)	¥ 65,453,725
Segment Liabilities	¥ 49,907,542	¥ 49,907,542	¥ 13,628,201	¥ 63,535,744	¥ (873,701)	¥ 62,662,042
Others						
Depreciation and Amortization	¥ 25,390	¥ 25,390	¥ 6,946	¥ 32,336	¥ —	¥ 32,336
Amortization of Goodwill	9,964	9,964	—	9,964	(499)	9,464
Interest Income	389,888	389,888	62,131	452,020	(67,665)	384,354
Interest Expenses	165,813	165,813	9,631	175,444	(10,173)	165,271
Equity in Earnings of Affiliated Companies	6,950	6,950	—	6,950	—	6,950
Gains on Disposal of Fixed Assets	1,615	1,615	—	1,615	—	1,615
Gains on Negative Goodwill	—	—	—	—	—	—
Losses on Disposal of Fixed Assets	984	984	7	992	—	992
Impairment Loss	5,870	5,870	—	5,870	—	5,870
Unamortized Balance of Goodwill	94,490	94,490	—	94,490	(3,998)	90,492
Investment in Affiliated Companies Accounted for by the Equity Method	86,149	86,149	—	86,149	—	86,149

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars					
	Reportable Segment		Other	Total	Adjustment	Carrying Amount
	SuMi TRUST Bank	Total				
Income:						
Unaffiliated Customers	$ (12,557)	$ (12,557)	$ (345)	$ (12,902)	$ 40	$ (12,862)
Intersegment	(158)	(158)	(839)	(997)	997	—
Total	$ (12,715)	$ (12,715)	$ (1,184)	$ (13,899)	$ 1,037	$ (12,862)
Segment Profit	$ (2,210)	$ (2,210)	$ (563)	$ 2,773	$ 525	$ (2,248)
Segment Assets	$ 515,915	$ 515,915	$ 150,874	$ 666,789	$ (23,371)	$ 643,419
Segment Liabilities	$ (490,335)	$ (490,335)	$ (135,335)	$ (625,670)	$ 9,288	$ (616,382)
Others						
Depreciation and Amortization	$ 267	$ 267	$ 64	$ 331	$ 0	$ 331
Amortization of Goodwill	94	94	—	94	(5)	89
Interest Income	(4,062)	(4,062)	(599)	(4,662)	651	(4,011)
Interest Expenses	2,318	2,318	100	2,418	(102)	2,316
Equity in Earnings of Affiliated Companies	(54)	(54)	—	(54)	—	(54)
Gains on Disposal of Fixed Assets	(163)	(163)	—	(163)	17	(146)
Gains on Negative Goodwill	—	—	—	—	—	—
Losses on Disposal of Fixed Assets	10	10	4	14	—	14
Impairment Loss	74	74	—	74	—	74
Unamortized Balance of Goodwill	796	796	—	815	(33)	763
Investment in Affiliated Companies Accounted for by the Equity Method	877	877	—	877	—	877

(Notes)

1) The figures represent Income in substitution of net sales to be presented by companies in other industries.

2) The figures under SuMi TRUST Bank represent consolidated amounts.

3) "Other" includes SuMi TRUST Holdings and its consolidated subsidiaries other than the SuMi TRUST Bank Group companies.

4) The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions and include realized valuation differences arising from business combinations.

5) Segment profits have been reconciled to "Income before Income Taxes" as presented in the consolidated statement of income.

Related Information

1. Information by Services

Fiscal Year Ended March 31, 2018	Millions of Yen			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	¥ 867,164	¥ 231,913	¥ 267,427	¥ 1,366,505

Fiscal Year Ended March 31, 2017	Millions of Yen			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	¥ 788,915	¥ 231,298	¥ 242,673	¥ 1,262,887

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	$ 8,162	$ 2,183	$ 2,517	$ 12,862

(Notes)

1) The figures represent Income in substitution of net sales to be presented by companies in other industries.

2) "Trust Banking Business" comprises income of SuMi TRUST Bank and JTSB.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2018 and 2017, consists of the following:

Fiscal Year Ended March 31, 2018	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,113,063	¥105,248	¥ 58,362	¥ 89,831	¥ 1,366,505

Fiscal Year Ended March 31, 2017	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,083,998	¥ 74,997	¥ 41,723	¥ 62,168	¥ 1,262,887

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars				
	Japan	Americas	Europe	Asia and Oceania	Total
	$ 10,477	$ 991	$ 549	$ 846	$ 12,862

(Notes)

1) The figures represent Income in substitution for net sales to be presented by companies in other industries.

2) Income related to transactions by SuMi TRUST Holdings, its domestic consolidated banking subsidiaries (excluding oversea branches), and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by overseas branches of domestic consolidated banking subsidiaries and foreign consolidated subsidiaries are presented under "Americas," "Europe," or "Asia and Oceania" based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Group's tangible fixed assets on the consolidated balance sheet as of March 31, 2018 and 2017, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Group and a significantly large number of SuMi TRUST Group's customers, transactions are not classified by major counterparty; accordingly, information by major customer is not presented.

Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

Information Related to Gain on Negative Goodwill by Reportable Segment

There was no gain on negative goodwill by reportable segment during the fiscal years ended March 31, 2018 and 2017.

Related Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2018 and 2017.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2018	2017	2018
Net Assets per Share of Common Stock	¥ 6,897.36	¥ 6,437.57	$ 64.92
Net Income per Share of Common Stock	403.91	317.24	3.80
Diluted Net Income per Share of Common Stock	403.75	317.15	3.80

(Notes)

1) Net assets per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018
Net Assets as Reported	¥ 2,872,325	¥ 2,791,682	$ 27,036
Less:	247,658	329,065	2,331
Subscription Rights to Shares	799	577	8
Non-Controlling Interests	246,858	328,488	2,324
Net Assets Attributable to Common Shareholders	2,624,667	2,462,616	24,705
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	380,531	382,537	380,531

2) Net income per share of common stock and diluted net income per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	Fiscal Year Ended March 31, 2018	Fiscal year Ended March 31, 2017	**Fiscal Year Ended March 31, 2018**
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	**¥ 153,986**	¥ 121,446	**$ 1,449**
Net Income Not Attributable to Common Shareholders	**—**	—	**—**
Net Income Related to Common Stock that is Attributable to Owners of the Parent	**153,986**	121,446	**1,449**
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	**381,230**	382,818	**381,230**
Diluted Net Income per Share of Common Stock			
Adjustments to Net Income Attributable to Owners of the Parent	**—**	—	**—**
Effect of Dilutive Securities (Thousands of Shares)	**160**	104	**160**
Subscription Rights to Shares (Thousands of Shares)	**160**	104	**160**
Summary of the potential shares that were excluded from calculation of diluted net income per share of common stock because they have no dilutive effect	**SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 Shares** **Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock: 11,785,000 shares**	SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 22,700 Shares Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 22,100 Shares Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 Shares Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock: 9,159,300 shares	**SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 Shares** **Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock: 11,785,000 shares**

3) SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock and diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2017.

Significant Subsequent Event

(Redemption of Non-dilutive Preferred Securities)

1. On May 11, 2018, SuMi TRUST Holdings resolved to fully redeem the Non-dilutive Preferred Securities issued by CMTH Preferred Capital 6 (Cayman) Limited, a Special Purpose Subsidiary, which is a 100% consolidated subsidiary of SuMi TRUST Holdings, and decided to dissolve the Special Purpose Subsidiary accordingly.
   (1) Summary of non-dilutive preferred securities to be redeemed
   (i) Issuer
   CMTH Preferred Capital 6 (Cayman) Limited
   (ii) Type of securities to be redeemed
   Japanese yen denominated non-cumulative perpetual preferred securities
   (iii) Aggregate amount to be redeemed
   ¥42.0 billion (U.S. $395 million)
   (iv) Scheduled redemption date
   July 25, 2018

   (2) Name and outline of the subsidiary to be dissolved
   (i) Company name
   CMTH Preferred Capital 6 (Cayman) Limited
   (ii) Outline
   Outline is not provided in this section because the same information is disclosed in "Subsidiaries and Affiliated Companies."
2. On May 11, 2018, SuMi TRUST Holdings resolved to fully redeem the Non-dilutive Preferred Securities issued by STB Preferred Capital 4 (Cayman) Limited, a Special Purpose Subsidiary, which is a 100% consolidated subsidiary of SuMi TRUST Holdings, and decided to dissolve the Special Purpose Subsidiary accordingly.
   (1) Summary of non-dilutive preferred securities to be redeemed
   (i) Issuer
   STB Preferred Capital 4 (Cayman) Limited
   (ii) Type of security to be redeemed
   Japanese yen denominated non-cumulative perpetual preferred securities
   (iii) Aggregate amount to be redeemed
   ¥110.0 billion (U.S. $1,035 million)
   (iv) Scheduled redemption date
   July 25, 2018

   (2) Name and outline of the subsidiary to be dissolved
   (i) Company name
   STB Preferred Capital 4 (Cayman) Limited
   (ii) Outline
   Outline is not provided in this section because the same information is disclosed in "Subsidiaries and Affiliated Companies."

(Repurchase of Treasury Stock)

SuMi TRUST Holdings held a meeting of the board of directors on May 11, 2018, and resolved as below to repurchase its treasury stock pursuant to the provision of its Articles of Incorporation in accordance with Paragraph 1, Article 459 of the Companies Act of Japan.

Reasons for repurchase:
SuMi TRUST Holdings will repurchase its treasury stock in order to improve shareholder return as well as capital efficiency
Class of shares to be repurchased:
Common stock of SuMi TRUST Holdings
Total number of shares to be repurchased:
Up to 2,000,000 shares
Total amount of repurchase:
Up to ¥9,000 million (U.S. $85 million)
Repurchase period:
From May 14, 2018 to June 29, 2018
Repurchase method:
Market purchase of shares on the Tokyo Stock Exchange under a discretionary trading contract

Based on the resolution reached at the meeting of the board of directors above, SuMi Trust Holdings completed a purchase of its treasury stock as below.

Class of shares repurchased:
Common stock of SuMi TRUST Holdings
Total number of shares repurchased:
1,935,500 shares
Total amount of repurchase:
¥8,999 million (U.S. $ 85 million)
Repurchase period:
From May 14, 2018 to June 1, 2018
(on its commitment base)
Repurchase method:
Market purchase of shares on the Tokyo Stock Exchange under a discretionary trading contract

Independent Auditors' Report

KPMG

Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Trust Holdings, Inc.:

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries , which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries as at March 31, 2018, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presentation of Financial Statements" to the consolidated financial statements.

KPMG AZSA LLC

June 28, 2018
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Financial Data:

Non-Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Current Assets:			
Cash and Due from Banks	¥ 1,775	¥ 1,747	$ 17
Securities	53,000	62,000	499
Prepaid Expenses	57	26	1
Income Tax Refunds Receivable	14,549	11,186	137
Other Current Assets	2,159	1,758	20
Total Current Assets	71,542	76,718	673
Non-Current Assets:			
Tangible Fixed Assets:	0	0	0
Tools, Furniture, and Fixtures	0	0	0
Intangible Fixed Assets:	0	0	0
Software	0	0	0
Investments and Other Assets:	2,004,969	1,891,388	18,872
Investment Securities	652	652	6
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,494,222	1,530,642	14,065
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	510,000	360,000	4,800
Other Investments	94	94	1
Total Non-Current Assets	2,004,970	1,891,389	18,872
Total Assets	¥ 2,076,512	¥ 1,968,108	$ 19,545
Liabilities:			
Current Liabilities:			
Accrued Expenses	¥ 2,787	¥ 2,577	$ 26
Income Taxes Payable	4	11	0
Provision for Bonuses	135	71	1
Provision for Directors' Bonuses	49	—	0
Other Current Liabilities	143	123	1
Total Current Liabilities	3,119	2,783	29
Non-Current Liabilities:			
Bonds Payable	584,300	468,000	5,500
Long-Term Loans Payable	10,000	10,000	94
Other Non-Current Liabilities	10	36	0
Total Non-Current Liabilities	594,310	478,036	5,594
Total Liabilities	¥ 597,429	¥ 480,820	$ 5,623
Net Assets:			
Total Shareholders' Equity:	¥ 1,478,282	¥ 1,486,710	$ 13,915
Capital Stock	261,608	261,608	2,462
Capital Surplus:	1,041,473	1,041,473	9,803
Legal Capital Surplus	702,933	702,933	6,616
Other Capital Surplus	338,540	338,539	3,187
Retained Earnings:	217,424	217,690	2,047
Other Retained Earnings:	217,424	217,690	2,047
Retained Earnings Brought Forward	217,424	217,690	2,047
Treasury Stock-At Cost	(42,224)	(34,061)	(397)
Subscription Rights to Shares	799	577	8
Total Net Assets	¥ 1,479,082	¥ 1,487,288	$ 13,922
Total Liabilities and Net Assets	¥ 2,076,512	¥ 1,968,108	$ 19,545

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 3,884.77	¥ 3,886.44	$ 36.57

See accompanying notes.
The figures in U.S. dollars are converted from a yen basis for convenience at the rate of ¥106.24 to U.S. $1.00, the exchange rate prevailing as of March 31, 2018.

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Operating Income:			
Dividends Received from Subsidiaries	¥55,512	¥ 54,700	$ 523
Fees and Commissions Received from Subsidiaries	1,788	3,517	17
Total Operating Income	57,301	58,218	539
Operating Expenses:			
General and Administrative Expenses	3,071	2,035	29
Total Operating Expenses	3,071	2,035	29
Operating Profit	54,230	56,183	510
Non-Operating Income:	6,785	5,165	64
Interest Income	6,522	4,861	61
Interest on Securities	0	0	0
Commission Fee	147	170	1
Other Non-Operating Income	115	133	1
Non-Operating Expenses:	11,678	10,971	110
Interest Expenses	76	4	1
Interest on Bonds Payable	10,498	9,584	99
Other Non-Operating Expenses	1,102	1,382	10
Income before Income Taxes	49,337	50,378	464
Income Taxes:	4	1	0
Current	4	1	0
Net Income	¥49,333	¥ 50,376	$ 464

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥129.40	¥ 131.59	$ 1.22

See accompanying notes.
SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net income per share of common stock is calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2017.

Financial Data:

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2018 and 2017

From April 1, 2017 to March 31, 2018

	Millions of Yen					
	Shareholders' Equity					
		Capital Surplus			Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	¥ 261,608	¥ 702,933	¥ 338,539	¥ 1,041,473	¥ 217,690	¥ 217,690
Changes during the Year						
Cash Dividends					(49,599)	(49,599)
Net Income					49,333	49,333
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	0	0	(266)	(266)
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 338,540	¥ 1,041,473	¥ 217,424	¥ 217,424

	Millions of Yen			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	¥ (34,061)	¥ 1,486,710	¥ 577	¥ 1,487,288
Changes during the Year				
Cash Dividends		(49,599)		(49,599)
Net Income		49,333		49,333
Purchase of Treasury Stock	(8,184)	(8,184)		(8,184)
Disposal of Treasury Stock	22	22		22
Net Changes of Items Other Than Shareholders' Equity			222	222
Total Changes during the Year	(8,162)	(8,427)	222	(8,205)
Balance at the End of the Year	¥ (42,224)	¥ 1,478,282	¥ 799	¥ 1,479,082

From April 1, 2016 to March 31, 2017

	Millions of Yen					
	Shareholders' Equity					
		Capital Surplus			Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings: Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	¥ 261,608	¥ 702,933	¥ 338,540	¥ 1,041,474	¥ 217,175	¥ 217,175
Changes during the Year						
Cash Dividends					(49,861)	(49,861)
Net Income					50,376	50,376
Purchase of Treasury Stock						
Disposal of Treasury Stock			(0)	(0)		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	(0)	(0)	515	515
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 338,539	¥ 1,041,473	¥ 217,690	¥ 217,690

	Millions of Yen			
	Shareholders' Equity			
	Treasury Stock	Total Shareholders' Equity	Subscription Rights to Shares	Total Net Assets
Balance at the Beginning of the Year	¥ (27,097)	¥ 1,493,160	¥ 421	¥ 1,493,582
Changes during the Year				
Cash Dividends		(49,861)		(49,861)
Net Income		50,376		50,376
Purchase of Treasury Stock	(6,983)	(6,983)		(6,983)
Disposal of Treasury Stock	19	18		18
Net Changes of Items Other Than Shareholders' Equity			155	155
Total Changes during the Year	(6,964)	(6,449)	155	(6,294)
Balance at the End of the Year	¥ (34,061)	¥ 1,486,710	¥ 577	¥ 1,487,288

From April 1, 2017 to March 31, 2018

	Millions of U.S. Dollars					
	Shareholders' Equity					
		Capital Surplus			Retained Earnings	
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings
Balance at the Beginning of the Year	$ 2,462	$ 6,616	$ 3,187	$ 9,803	$ 2,049	$ 2,049
Changes during the Year						
Cash Dividends					(467)	(467)
Net Income					464	464
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Year	—	—	0	0	(3)	(3)
Balance at the End of the Year	$ 2,462	$ 6,616	$ 3,187	$ 9,803	$ 2,047	$ 2,047

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Treasury Stock	Total Shareholders' Equity	Subscription Rights to Shares	Total Net Assets
Balance at the Beginning of the Year	$ (321)	$ 13,994	$ 5	$ 13,999
Changes during the Year				
Cash Dividends		(467)		(467)
Net Income		464		464
Purchase of Treasury Stock	(77)	(77)		(77)
Disposal of Treasury Stock	0	0		0
Net Changes of Items Other Than Shareholders' Equity			2	2
Total Changes during the Year	(77)	(79)	2	(77)
Balance at the End of the Year	$ (397)	$ 13,915	$ 8	$ 13,922

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2018 and 2017

As of March 31	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,306,319	¥ 1,410,062	$ 12,296
Securities (Note 3)	111,014,187	103,771,344	1,044,938
Securities Held for Investment Trust	49,134,666	42,087,460	462,487
Foreign Investment for Investment Trust	26,155,659	23,484,192	246,194
Beneficiary Rights	726,548	551,399	6,839
Securities Held in Custody Accounts	19,411,005	20,114,059	182,709
Monetary Claims	26,591,821	22,531,739	250,300
Tangible Fixed Assets	14,717,476	13,643,670	138,530
Intangible Fixed Assets	205,595	178,180	1,935
Other Claims	8,860,410	9,220,210	83,400
Call Loans	4,388,669	3,483,568	41,309
Loans to Banking Account	11,070,725	10,274,143	104,205
Cash and Due from Banks	11,424,977	10,377,250	107,539
Total Assets	¥ 285,008,064	¥ 261,127,280	$ 2,682,681
Liabilities:			
Money Trusts (Note 4)	¥ 35,660,283	¥ 33,903,070	$ 335,658
Pension Trusts	13,720,536	14,828,508	129,147
Property Formation Benefit Trusts	17,930	17,575	169
Loan Trusts (Note 5)	—	10,683	—
Securities Investment Trusts	74,634,230	69,115,219	702,506
Money in Trust Other Than Money Trusts	23,687,206	17,798,660	222,959
Securities Trust	19,411,004	20,114,053	182,709
Money Claims in Trust	20,748,468	16,802,843	195,298
Real Estate in Trust	89,431	109,383	842
Composite Trusts	97,038,972	88,427,281	913,394
Total Liabilities	¥ 285,008,064	¥ 261,127,280	$ 2,682,681

See Notes to Statements of Trust Account (Unaudited).

Notes to Statements of Trust Account (Unaudited)

1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Holdings. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Holdings do not reflect SuMi TRUST Holdings' records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2018 and 2017, was ¥5,074,307 million (U.S. $47,763 million) and ¥3,892,430 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, the total may not be equal to sum of individual amounts.

Each amount presented in the statements of trust account as of March 31, 2018 and 2017, is the sum of trust accounts in SuMi TRUST Bank and JTSB. Entrust amounts between these consolidated subsidiaries for asset management are excluded from the amounts presented in the statements of trust account.

2. Loans and Bills Discounted

Loans as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Loans on Deeds	¥ 798,299	¥ 873,157	$ 7,514
Loans on Bills	508,020	536,905	4,782
Total	¥ 1,306,319	¥ 1,410,062	$ 12,296

The balances of guaranteed trust account loans as of March 31, 2018 and 2017 stood at ¥36,220 million (U.S. $341 million) and ¥47,186 million respectively, which included the following:

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2018 and 2017, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Other Delinquent Loans	¥ 842	¥ 4,964	$ 8
Restructured Loans	48	67	0
Total	¥ 890	¥ 5,032	$ 8

3. Securities

Securities held as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Government Bonds	¥ 12,386,928	¥ 13,051,644	$ 116,594
Local Government Bonds	636,581	704,154	5,992
Short-Term Corporate Bonds	740,764	848,365	6,973
Corporate Bonds	2,828,732	3,431,452	26,626
Stocks	68,828,771	61,201,256	647,861
Other Securities	25,592,409	24,534,471	240,892
Total	¥ 111,014,187	¥103,771,344	$1,044,938

4. Balance of Money Trusts

The principal amount of certain money trusts is guaranteed and the balance of these accounts is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Loans and Bills Discounted	¥ 36,220	¥ 47,186	$ 341
Securities	29	29	0
Other	5,038,498	3,835,243	47,426
Total	¥ 5,074,748	¥ 3,882,459	$ 47,767
Liabilities:			
Principal	¥ 5,074,307	¥ 3,882,168	$ 47,763
Allowance for Impairment of Guaranteed Trust Principal	89	90	1
Other	351	200	3
Total	¥ 5,074,748	¥ 3,882,459	$ 47,767

In the case of certain money trusts, the principal amount is guaranteed, and as the above table indicates, an allowance for the impairment of guaranteed trust principal is set aside by SuMi TRUST Bank. The figures in the table include funds entrusted from other trusts managed by SuMi TRUST Bank.

5. Balance of Loan Trusts

There is no applicable information for the fiscal year ended March 31, 2018.

The balance of loan trusts as of March 31, 2017, is as follows (the figures in the table include funds entrusted from other trusts managed by SuMi TRUST Bank):

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Loans and Bills Discounted	¥ —	¥ —	$ —
Securities	—	—	—
Other	—	10,683	—
Total	¥ —	¥ 10,683	$ —
Liabilities:			
Principal	¥ —	¥ 10,262	$ —
Special Reserve Fund	—	53	—
Other	—	368	—
Total	¥ —	¥ 10,683	$ —

As in certain money trusts, the principal amount of loan trusts is guaranteed, and as the above table indicates, a special reserve fund is set aside by SuMi TRUST Bank.

Financial Data:

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")

Five-Year Summary (Unaudited)	110
Consolidated Balance Sheet	113
Consolidated Statement of Income	114
Consolidated Statement of Comprehensive Income	115
Consolidated Statement of Changes in Net Assets	116
Consolidated Statement of Cash Flows	119
Notes to Consolidated Financial Statements	121
Independent Auditors' Report	186
Non-Consolidated Balance Sheets (Unaudited)	187
Non-Consolidated Statements of Income (Unaudited)	189
Non-Consolidated Statements of Changes in Net Assets (Unaudited)	191
Statements of Trust Account (Unaudited)	194
Notes to Statements of Trust Account (Unaudited)	195

Financial Summary:

Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

	Millions of Yen				
Consolidated Statements of Banking Account	2018	2017	2016	2015	2014
As of the Year-End					
Assets:					
Cash and Due from Banks	**¥ 15,661,926**	¥ 14,269,687	¥ 14,428,660	¥ 8,524,067	¥ 5,751,322
Securities	**5,523,148**	5,068,155	4,815,901	4,668,534	5,629,697
Loans and Bills Discounted	**28,000,640**	27,982,411	26,740,793	25,534,790	23,689,058
Lease Receivables and Investment Assets	**677,238**	667,808	608,433	547,016	540,273
Tangible Fixed Assets	**221,961**	231,288	232,549	230,589	237,265
Intangible Fixed Assets	**178,131**	195,981	184,293	142,427	195,131
Customers' Liabilities for Acceptances and Guarantees	**508,930**	458,010	503,742	531,500	485,384
Others	**4,141,731**	3,782,999	4,189,737	3,981,362	3,760,556
Allowance for Loan Losses	**(102,903)**	(115,794)	(90,829)	(89,989)	(110,260)
Total Assets	**¥ 54,810,805**	¥ 52,540,547	¥ 51,613,282	¥ 44,070,299	¥ 40,178,429
Liabilities:					
Deposits and Negotiable Certificates of Deposit	**¥ 36,153,471**	¥ 36,604,051	¥ 33,777,450	¥ 31,706,796	¥ 29,297,725
Acceptances and Guarantees	**508,930**	458,010	503,742	531,500	485,384
Others	**15,430,814**	12,845,480	14,789,619	9,263,860	8,116,830
Total Liabilities	**¥ 52,093,216**	¥ 49,907,542	¥ 49,070,812	¥ 41,502,157	¥ 37,899,940
Net Assets:					
Shareholders' Equity	**¥ 2,064,444**	¥ 1,999,635	¥ 1,940,738	¥ 1,853,996	¥ 1,894,132
Accumulated Other Comprehensive Income	**509,704**	441,390	411,067	523,621	195,052
Non-Controlling Interests	**143,439**	191,979	190,663	190,524	189,304
Total Net Assets	**¥ 2,717,588**	¥ 2,633,005	¥ 2,542,469	¥ 2,568,141	¥ 2,278,489
Total Liabilities and Net Assets	**¥ 54,810,805**	¥ 52,540,547	¥ 51,613,282	¥ 44,070,299	¥ 40,178,429
For the Year					
Income:					
Trust Fees	**¥ 94,624**	¥ 94,289	¥ 100,175	¥ 99,231	¥ 99,222
Interest Income	**431,598**	389,888	373,463	370,428	360,698
Fees and Commissions	**380,132**	378,510	336,948	315,486	307,223
Trading Income	**10,035**	18,338	15,964	32,428	24,604
Other Ordinary Income	**306,724**	296,260	286,008	288,197	290,148
Other Income	**127,725**	68,986	53,790	81,302	94,821
Total Income	**¥ 1,350,842**	¥ 1,246,274	¥ 1,166,350	¥ 1,187,074	¥ 1,176,718
Expenses:					
Interest Expenses	**¥ 246,248**	¥ 165,813	¥ 143,065	¥ 127,885	¥ 134,050
Fees and Commissions Payments	**104,778**	100,677	94,016	88,012	85,742
Trading Expenses	**—**	1,297	428	—	228
Other Ordinary Expenses	**230,440**	318,885	216,036	237,513	240,091
General and Administrative Expenses	**419,102**	420,929	390,654	386,924	385,487
Other Expenses	**115,504**	66,243	85,647	131,919	97,983
Total Expenses	**¥ 1,116,073**	¥ 1,073,846	¥ 929,847	¥ 972,255	¥ 943,582
Income before Income Taxes	**¥ 234,768**	¥ 172,427	¥ 236,503	¥ 214,819	¥ 233,135
Net Income	**¥ 163,437**	¥ 121,062	¥ 148,149	¥ 153,203	¥ 134,427

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	**¥ 93.08**	¥ 67.56	¥ 84.05	¥ 90.11	¥ 77.52
Fully Diluted Net Income per Share of Common Stock	**—**	—	—	—	—
Net Assets per Share of Common Stock	**1,537.23**	1,457.73	1,404.45	1,419.86	1,181.15

Financial Summary:

Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

Non-Consolidated Statements of Banking Account	Millions of Yen				
	2018	2017	2016	2015	2014
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 15,408,170	¥ 13,963,744	¥ 14,130,060	¥ 8,170,551	¥ 5,614,828
Securities	5,972,337	5,518,947	5,311,214	5,039,688	5,971,283
Loans and Bills Discounted	28,259,093	28,158,969	27,044,368	25,826,433	24,034,244
Tangible Fixed Assets	198,328	200,957	200,688	196,564	203,326
Intangible Fixed Assets	66,969	91,265	69,867	45,478	90,515
Customers' Liabilities for Acceptances and Guarantees	398,773	391,434	401,825	396,865	317,332
Others	2,934,934	2,733,960	3,162,871	3,096,876	2,975,225
Allowance for Loan Losses	(77,169)	(90,030)	(64,305)	(66,997)	(84,089)
Allowance for Investment Loss	—	—	—	—	—
Total Assets	¥ 53,161,437	¥ 50,969,247	¥ 50,256,590	¥ 42,705,462	¥ 39,122,664
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 36,151,191	¥ 36,542,541	¥ 33,721,544	¥ 31,613,647	¥ 29,377,151
Acceptances and Guarantees	398,773	391,434	401,825	396,865	317,332
Others	14,239,205	11,725,547	13,847,956	8,466,415	7,397,010
Total Liabilities	¥ 50,789,170	¥ 48,659,522	¥ 47,971,327	¥ 40,476,928	¥ 37,091,495
Net Assets:					
Shareholders' Equity	¥ 1,865,959	¥ 1,839,012	¥ 1,815,536	¥ 1,726,208	¥ 1,788,176
Valuation and Translation Adjustments	506,307	470,711	469,727	502,324	242,992
Total Net Assets	¥ 2,372,266	¥ 2,309,724	¥ 2,285,263	¥ 2,228,533	¥ 2,031,168
Total Liabilities and Net Assets	¥ 53,161,437	¥ 50,969,247	¥ 50,256,590	¥ 42,705,462	¥ 39,122,664
For the Year					
Income:					
Trust Fees	¥ 94,870	¥ 94,289	¥ 100,288	¥ 99,231	¥ 99,302
Interest Income	409,528	370,630	357,465	355,133	348,379
Fees and Commissions	195,171	200,728	188,193	182,915	176,725
Trading Income	10,421	18,338	15,964	32,428	24,604
Other Ordinary Income	79,056	72,114	74,119	70,889	47,481
Other Income	100,469	54,090	38,926	66,637	82,170
Total Income	¥ 889,518	¥ 810,192	¥ 774,956	¥ 809,696	¥ 778,665
Expenses:					
Interest Expenses	¥ 246,207	¥ 167,378	¥ 145,351	¥ 130,707	¥ 140,470
Fees and Commissions Payments	86,499	84,593	76,688	72,059	72,439
Trading Expenses	—	1,297	428	—	228
Other Ordinary Expenses	29,490	119,483	28,219	43,605	21,815
General and Administrative Expenses	254,234	262,466	251,989	266,863	268,802
Other Expenses	108,431	63,647	57,084	121,650	88,941
Total Expenses	¥ 724,862	¥ 698,866	¥ 559,761	¥ 639,717	¥ 592,697
Income before Income Taxes	¥ 164,655	¥ 111,325	¥ 215,196	¥ 169,979	¥ 185,967
Net Income	¥ 117,980	¥ 77,663	¥ 143,154	¥ 130,546	¥ 116,002
Annual Dividends	¥ 55,360	¥ 54,556	¥ 54,606	¥ 55,499	¥ 36,886

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 70.45	¥ 46.37	¥ 85.48	¥ 76.58	¥ 66.52
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,416.67	1,379.32	1,364.71	1,330.83	1,146.50

Financial Summary:

Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

	Millions of Yen				
Statements of Trust Account	2018	2017	2016	2015	2014
As of the Year-End					
Assets:					
Securities	¥ 1,834,427	¥ 3,077,763	¥ 1,954,552	¥ 1,578,475	¥ 1,254,913
Loans and Bills Discounted	1,306,319	1,410,062	1,072,436	781,607	541,613
Other	198,557,372	183,979,907	171,881,233	150,304,875	134,998,194
Total Assets	¥ 201,698,118	¥ 188,467,733	¥ 174,908,223	¥ 152,664,958	¥ 136,794,720
Liabilities:					
Money Trusts	¥ 31,416,663	¥ 30,217,814	¥ 32,486,242	¥ 23,921,609	¥ 21,632,399
Pension Trusts	13,720,536	14,828,508	16,305,604	16,916,103	16,341,006
Property Formation Benefit Trusts	17,930	17,575	18,030	18,422	20,102
Loan Trusts	—	10,683	12,169	14,025	32,322
Other Trusts	156,542,988	143,393,150	126,086,176	111,794,797	98,768,890
Total Liabilities	¥ 201,698,118	¥ 188,467,733	¥ 174,908,223	¥ 152,664,958	¥ 136,794,720

	Millions of Yen				
Total Employable Funds (Non-Consolidated)	2018	2017	2016	2015	2014
As of the Year-End					
Deposits	¥ 36,151,191	¥ 36,542,541	¥ 33,721,544	¥ 31,613,647	¥ 29,377,152
Money Trusts	31,416,663	30,217,814	32,486,242	23,921,609	21,632,399
Pension Trusts	13,720,536	14,828,508	16,305,604	16,916,103	16,341,006
Property Formation Benefit Trusts	17,930	17,575	18,030	18,422	20,102
Loan Trusts	—	10,683	12,169	14,025	32,322
Total Employable Funds*	¥ 81,306,322	¥ 81,617,123	¥ 82,543,591	¥ 72,483,808	¥ 67,402,982

* Total Employable Funds represents the total amount of the Deposits in the Banking Account and funds included under the Money Trusts, Pension Trusts, Property Formation Benefit Trusts and Loan Trusts in the Trust Account.

Financial Data:

Consolidated Balance Sheet

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Cash and Due from Banks	¥ 15,661,926	¥ 14,269,687	$ 147,420
Call Loans and Bills Bought	92,951	64,706	875
Receivables under Resale Agreements	63,531	83,888	598
Receivables under Securities Borrowing Transactions	624,048	464,956	5,874
Monetary Claims Bought	955,938	906,572	8,998
Trading Assets (Notes 1, 2, and 4)	363,294	496,563	3,420
Money Held in Trust	1,357	1,650	13
Securities (Notes 2, 4, and 14)	5,523,148	5,068,155	51,987
Loans and Bills Discounted (Notes 3, 4, and 5)	28,000,640	27,982,411	263,560
Foreign Exchanges	25,554	16,189	241
Lease Receivables and Investment Assets (Note 4)	677,238	667,808	6,375
Other Assets (Notes 4 and 8)	1,826,996	1,603,413	17,197
Tangible Fixed Assets (Note 6)	221,961	231,288	2,089
Intangible Fixed Assets (Note 7)	178,131	195,981	1,677
Assets for Retirement Benefits	162,960	118,795	1,534
Deferred Tax Assets	25,098	26,262	236
Customers' Liabilities for Acceptances and Guarantees	508,930	458,010	4,790
Allowance for Loan Losses	(102,903)	(115,794)	(969)
Total Assets	¥ 54,810,805	¥ 52,540,547	$ 515,915
Liabilities:			
Deposits (Notes 4 and 9)	¥ 29,537,135	¥ 29,215,433	$ 278,023
Negotiable Certificates of Deposit	6,616,336	7,388,617	62,277
Call Money and Bills Sold	436,931	344,089	4,113
Payables under Repurchase Agreements (Note 4)	1,454,855	1,063,737	13,694
Payables under Securities Lending Transactions (Note 4)	41,299	13,699	389
Trading Liabilities (Note 1)	266,148	366,879	2,505
Borrowed Money (Notes 4 and 10)	4,870,083	3,813,105	45,840
Foreign Exchanges	1,984	236	19
Short-Term Bonds Payable	1,062,869	904,248	10,004
Bonds Payable (Note 11)	969,966	1,034,093	9,130
Borrowed Money from Trust Account (Note 12)	5,172,463	3,973,623	48,687
Other Liabilities (Note 13)	919,098	1,138,659	8,651
Provision for Bonuses	16,023	15,729	151
Provision for Directors' Bonuses	276	259	3
Liabilities for Retirement Benefits	13,048	13,037	123
Provision for Reward Points Program	18,457	17,519	174
Provision for Reimbursement of Deposits	3,548	3,583	33
Provision for Contingent Losses	4,628	7,774	44
Deferred Tax Liabilities	176,113	132,186	1,658
Deferred Tax Liabilities for Land Revaluation (Note 6)	3,016	3,016	28
Acceptances and Guarantees (Note 4)	508,930	458,010	4,790
Total Liabilities	¥ 52,093,216	¥ 49,907,542	$ 490,335
Net Assets:			
Total Shareholders' Equity:	¥ 2,064,444	¥ 1,999,635	$ 19,432
Capital Stock	342,037	342,037	3,219
Capital Surplus	455,988	492,039	4,292
Retained Earnings	1,266,419	1,165,558	11,920
Total Accumulated Other Comprehensive Income:	509,704	441,390	4,798
Valuation Differences on Available-for-Sale Securities	531,047	492,920	4,999
Deferred Gains (Losses) on Hedges	(22,773)	(21,045)	(214)
Revaluation Reserve for Land (Note 6)	(1,412)	(1,067)	(13)
Foreign Currency Translation Adjustments	2,166	20	20
Adjustments for Retirement Benefits	677	(29,438)	6
Non-Controlling Interests	143,439	191,979	1,350
Total Net Assets	¥ 2,717,588	¥ 2,633,005	$ 25,580
Total Liabilities and Net Assets	¥ 54,810,805	¥ 52,540,547	$ 515,915

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 1,537.23	¥ 1,457.73	$ 14.47

See accompanying notes.
The figures in U.S. dollars are converted from a yen basis for convenience at the rate of ¥106.24 to U.S. $1.00, the exchange rate prevailing as of March 31, 2018.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Income:			
Trust Fees	¥ 94,624	¥ 94,289	$ 891
Interest Income:	431,598	389,888	4,062
Interest on Loans and Discounts	310,083	282,589	2,919
Interest and Dividends on Securities	82,503	80,280	777
Interest on Call Loans and Bills Bought	1,900	1,341	18
Interest on Receivables under Resale Agreements	1,295	973	12
Interest on Receivables under Securities Borrowing Transactions	5	7	0
Interest on Deposits with Banks	29,347	20,308	276
Other Interest Income (Note 1)	6,463	4,387	61
Fees and Commissions	380,132	378,510	3,578
Trading Income (Note 2)	10,035	18,338	94
Other Ordinary Income (Note 3)	306,724	296,260	2,887
Other Income (Note 4)	127,725	68,986	1,202
Total Income	¥ 1,350,842	¥ 1,246,274	$ 12,715
Expenses:			
Interest Expenses:	¥ 246,248	¥ 165,813	$ 2,318
Interest on Deposits	95,756	79,921	901
Interest on Negotiable Certificates of Deposit	42,334	27,879	398
Interest on Call Money and Bills Sold	1,290	912	12
Interest on Payables under Repurchase Agreements	16,404	8,230	154
Interest on Payables under Securities Lending Transactions	234	24	2
Interest on Borrowings	20,197	14,327	190
Interest on Short-Term Bonds	4,815	5,245	45
Interest on Bonds	16,888	12,669	159
Other Interest Expenses (Note 1)	48,325	16,603	455
Fees and Commissions Payments	104,778	100,677	986
Trading Expenses (Note 2)	—	1,297	—
Other Ordinary Expenses (Note 3)	230,440	318,885	2,169
General and Administrative Expenses (Note 5)	419,102	420,929	3,945
Other Expenses (Note 4)	115,504	66,243	1,087
Total Expenses	¥ 1,116,073	¥ 1,073,846	$ 10,505
Income before Income Taxes	¥ 234,768	¥ 172,427	$ 2,210
Income Taxes:	71,330	51,365	671
Current	55,739	50,066	525
Deferred	15,591	1,298	147
Net Income	¥ 163,437	¥ 121,062	$ 1,538
Net Income Attributable to Non-Controlling Interests	7,561	7,921	71
Net Income Attributable to Owners of the Parent	¥ 155,875	¥ 113,141	$ 1,467

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 93.08	¥ 67.56	$ 0.88

See accompanying notes.

Financial Data:

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Income	**¥ 163,437**	¥ 121,062	**$ 1,538**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**39,248**	11,343	**369**
Deferred Gains (Losses) on Hedges	**(2,491)**	(9,314)	**(23)**
Foreign Currency Translation Adjustments	**2,501**	(1,360)	**24**
Adjustments for Retirement Benefits	**30,164**	30,389	**284**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**(657)**	(279)	**(6)**
Total Other Comprehensive Income (Loss) (Note)	**¥ 68,766**	¥ 30,778	**$ 647**
Comprehensive Income:	**¥ 232,204**	¥ 151,840	**$ 2,186**
Comprehensive Income Attributable to Owners of the Parent	**224,535**	143,834	**2,113**
Comprehensive Income Attributable to Non-Controlling Interests	**7,668**	8,006	**72**

See accompanying notes.

Financial Data:

Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

From April 1, 2017 to March 31, 2018

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 492,039	¥ 1,165,558	¥ 1,999,635
Changes during the Year				
Cash Dividends		(36,019)	(55,360)	(91,379)
Net Income Attributable to Owners of the Parent			155,875	155,875
Purchase of Shares of Consolidated Subsidiaries		(32)		(32)
Reversal of Revaluation Reserve for Land			345	345
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(36,051)	100,861	64,809
Balance at the End of the Year	¥ 342,037	¥ 455,988	¥ 1,266,419	¥ 2,064,444

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 492,920	¥ (21,045)	¥ (1,067)	¥ 20	¥ (29,438)	¥ 441,390	¥ 191,979	¥ 2,633,005
Changes during the Year								
Cash Dividends								(91,379)
Net Income Attributable to Owners of the Parent								155,875
Purchase of Shares of Consolidated Subsidiaries								(32)
Reversal of Revaluation Reserve for Land								345
Net Changes of Items Other Than Shareholders' Equity	38,126	(1,728)	(345)	2,145	30,115	68,313	(48,539)	19,773
Total Changes during the Year	38,126	(1,728)	(345)	2,145	30,115	68,313	(48,539)	84,583
Balance at the End of the Year	¥ 531,047	¥ (22,773)	¥ (1,412)	¥ 2,166	¥ 677	¥ 509,704	¥ 143,439	¥ 2,717,588

See accompanying notes.

From April 1, 2016 to March 31, 2017

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 492,097	¥ 1,106,603	¥ 1,940,738
Changes during the Year				
Cash Dividends			(54,556)	(54,556)
Net Income Attributable to Owners of the Parent			113,141	113,141
Purchase of Shares of Consolidated Subsidiaries		(57)		(57)
Reversal of Revaluation Reserve for Land			369	369
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(57)	58,954	58,896
Balance at the End of the Year	¥ 342,037	¥ 492,039	¥ 1,165,558	¥ 1,999,635

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	¥ 484,079	¥ (13,196)	¥ (697)	¥ 685	¥ (59,804)	¥ 411,067	¥ 190,663	¥ 2,542,469
Changes during the Year								
Cash Dividends								(54,556)
Net Income Attributable to Owners of the Parent								113,141
Purchase of Shares of Consolidated Subsidiaries								(57)
Reversal of Revaluation Reserve for Land								369
Net Changes of Items Other Than Shareholders' Equity	8,841	(7,848)	(369)	(665)	30,365	30,323	1,315	31,639
Total Changes during the Year	8,841	(7,848)	(369)	(665)	30,365	30,323	1,315	90,535
Balance at the End of the Year	¥ 492,920	¥ (21,045)	¥ (1,067)	¥ 20	¥ (29,438)	¥ 441,390	¥ 191,979	¥ 2,633,005

See accompanying notes.

From April 1, 2017 to March 31, 2018

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 3,219	$ 4,631	$ 10,971	$ 18,822
Changes during the Year				
Cash Dividends		(339)	(521)	(860)
Net Income Attributable to Owners of the Parent			1,467	1,467
Purchase of Shares of Consolidated Subsidiaries		(0)		(0)
Reversal of Revaluation Reserve for Land			3	3
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(339)	949	610
Balance at the End of the Year	$ 3,219	$ 4,292	$ 11,920	$ 19,432

	Millions of U.S. Dollars							
	Accumulated Other Comprehensive Income							
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Net Assets
Balance at the Beginning of the Year	$ 4,640	$ (198)	$ (10)	$ 0	$ (277)	$ 4,155	$ 1,807	$ 24,784
Changes during the Year								
Cash Dividends								(860)
Net Income Attributable to Owners of the Parent								1,467
Purchase of Shares of Consolidated Subsidiaries								(0)
Reversal of Revaluation Reserve for Land								3
Net Changes of Items Other Than Shareholders' Equity	359	(16)	(3)	20	283	643	(457)	186
Total Changes during the Year	359	(16)	(3)	20	283	643	(457)	796
Balance at the End of the Year	$ 4,999	$ (214)	$ (13)	$ 20	$ 6	$ 4,798	$ 1,350	$ 25,580

See accompanying notes.

Financial Data:

Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 234,768	¥ 172,427	$ 2,210
Depreciation and Amortization	28,319	25,390	267
Impairment Losses	7,876	5,870	74
Amortization of Goodwill	9,968	9,964	94
Equity in Losses (Earnings) of Affiliated Companies	(5,781)	(6,950)	(54)
Increase (Decrease) in Allowance for Loan Losses	(12,891)	24,965	(121)
Increase (Decrease) in Provision for Bonuses	294	(36)	3
Increase (Decrease) in Provision for Directors' Bonuses	17	4	0
Decrease (Increase) in Assets for Retirement Benefits	(27,851)	1,026	(262)
Increase (Decrease) in Liabilities for Retirement Benefits	1,928	65	18
Increase (Decrease) in Provision for Reward Points Program	938	(192)	9
Increase (Decrease) in Provision for Reimbursement of Deposits	(35)	(92)	(0)
Increase (Decrease) in Provision for Contingent Losses	(3,145)	131	(30)
Interest Income	(431,598)	(389,888)	(4,062)
Interest Expenses	246,248	165,813	2,318
Loss (Gain) Related to Securities	(396)	59,234	(4)
Loss (Gain) on Money Held in Trust	(70)	(69)	(1)
Foreign Exchange Losses (Gains)	53,813	18,015	507
Loss (Gain) on Disposal of Fixed Assets	(16,299)	(630)	(153)
Net Decrease (Increase) in Trading Assets	133,269	117,726	1,254
Net Increase (Decrease) in Trading Liabilities	(100,730)	(84,871)	(948)
Net Decrease (Increase) in Loans and Bills Discounted	(14,672)	(1,241,618)	(138)
Net Increase (Decrease) in Deposits	329,059	2,648,127	3,097
Net Increase (Decrease) in Negotiable Certificates of Deposit	(772,281)	188,985	(7,269)
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	931,928	877,614	8,772
Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan)	112,154	187,569	1,056
Net Decrease (Increase) in Call Loans	(57,294)	449,770	(539)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(159,092)	(138,498)	(1,497)
Net Increase (Decrease) in Call Money	483,959	425,402	4,555
Net Increase (Decrease) in Payables under Securities Lending Transactions	27,600	13,699	260
Net Decrease (Increase) in Foreign Exchange-Assets	(9,364)	1,034	(88)
Net Increase (Decrease) in Foreign Exchange-Liabilities	1,748	(22)	16
Net Decrease (Increase) in Lease Receivables and Investment Assets	(9,430)	(59,374)	(89)
Net Increase (Decrease) in Short-Term Bonds Payable	158,620	(348,958)	1,493
Increase (Decrease) in Straight Bonds-Issuance and Redemption	(14,128)	219,207	(133)
Net Increase (Decrease) in Borrowed Money from Trust Account	1,198,840	(3,052,703)	11,284
Interest Received	419,657	395,184	3,950
Interest Paid	(249,546)	(161,859)	(2,349)
Other, Net	(84,057)	(40,456)	(791)
Subtotal	¥ 2,412,342	¥ 481,008	$ 22,707
Income Taxes (Paid) Refunded	(42,860)	(91,824)	(403)
Net Cash Provided by (Used in) Operating Activities	¥ 2,369,481	¥ 389,183	$ 22,303

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash Flows from Investment Activities:			
Purchase of Securities	¥ (7,250,600)	¥ (5,658,687)	$ (68,247)
Proceeds from Sales of Securities	5,436,327	3,744,994	51,170
Proceeds from Redemption of Securities	1,038,214	1,607,732	9,772
Decrease in Money Held in Trust	150	—	1
Purchase of Tangible Fixed Assets	(9,936)	(11,848)	(94)
Proceeds from Sales of Tangible Fixed Assets	25,059	3,148	236
Purchase of Intangible Fixed Assets	(18,557)	(42,925)	(175)
Proceeds from Sales of Intangible Fixed Assets	68	1	1
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(5,536)	(24,381)	(52)
Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method	961	—	9
Net Cash Provided by (Used in) Investment Activities	¥ (783,848)	¥ (381,965)	$ (7,378)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	¥ 150,000	¥ 150,000	$ 1,412
Repayments of Subordinated Borrowings	(25,000)	(5,000)	(235)
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(50,000)	(50,000)	(471)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(113)	(170)	(1)
Repayments to Non-Controlling Interests	(50,170)	—	(472)
Cash Dividends Paid	(91,379)	(54,556)	(860)
Cash Dividends Paid to Non-Controlling Interests	(5,699)	(6,358)	(54)
Net Cash Provided by (Used in) Financing Activities	¥ (72,362)	¥ 33,914	$ (681)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (8,876)	¥ (12,536)	$ (84)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 1,504,394	¥ 28,596	$ 14,160
Cash and Cash Equivalents at the Beginning of the Year	¥ 11,856,847	¥ 11,828,250	$ 111,604
Cash and Cash Equivalents at the End of the Year (Note)	¥ 13,361,241	¥ 11,856,847	$ 125,765

See accompanying notes.

Notes to Consolidated Financial Statements

Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") and its consolidated subsidiaries (together, "SuMi TRUST Bank Group") in accordance with the accounting principles generally accepted in Japan and certain accounting and disclosure rules under the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, the consolidated financial statements of SuMi TRUST Bank issued in Japan have been reclassified and rearranged in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, total balances may not be equal to the sum of individual amounts.

Significant Accounting Policies and Practices

1. Scope of Consolidation

(1) Consolidated Subsidiaries as of March 31, 2018:

57 companies

Principal Companies:

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Nikko Asset Management Co., Ltd.

Sumitomo Mitsui Trust Loan & Finance Co., Ltd.

Sumitomo Mitsui Trust Realty Co., Ltd.

Sumitomo Mitsui Trust and Bank (U.S.A.) Limited

Changes in the consolidated subsidiaries during the current fiscal year are as follows:

NAMA Investment Partners, Inc. and one other company are newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2018.

STB Preferred Capital 3 (Cayman) Limited and eight other companies are excluded from the scope of consolidation due mainly to liquidation effective from the fiscal year ended March 31, 2018.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

Asia GATEWAY I, L.P.

Hummingbird Co., Ltd., and 21 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations, because they are operators engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P., and other unconsolidated subsidiaries are excluded from the scope of consolidation, because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), and other financial data.

2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:

None

(2) Affiliated Companies Accounted for by the Equity Method:

24 companies

Principal Companies:

SBI Sumishin Net Bank, Ltd.

Japan Stockholders Data Service Company, Limited

Changes in affiliated companies accounted for by the equity method during the current fiscal year are as follows:

BIDV-SuMi TRUST Leasing Co., Ltd. and one other company are included in the scope of application of the equity method due mainly to the acquisition of their shares from the fiscal year ended March 31, 2018.

Ambit Investment Advisors Private Limited is excluded from the scope of application of the equity method due to the sale of its shares from the fiscal year ended March 31, 2018.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are Not Accounted for by the Equity Method:

Principal Companies:

Hummingbird Co., Ltd.

Asia Gateway I, L.P.

Hummingbird Co., Ltd., and 21 other companies are excluded from the scope of application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements for the current fiscal year. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), and other financial data.

3. Balance Sheet Dates of the Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

April 30:	2 companies
May 31:	1 company
August 31:	1 company
September 30:	5 companies
November 30:	1 company
December 31:	8 companies
January 31:	1 company
March 31:	38 companies

(2) Subsidiaries are consolidated using the financial statements as of the following dates:

- Consolidated subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31
- A consolidated subsidiary with a balance sheet date of May 31: Provisionally prepared financial statements as of February 28
- A consolidated subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31
- A consolidated subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2018, and the above balance sheet dates of subsidiaries have been reflected in the consolidated financial statements.

4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or intermarket differences (for trading purposes). The fluctuations in such items are presented as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheet on a

trade-date basis, and gains and losses from such transactions are presented as "Trading Income" or "Trading Expenses" in the consolidated statement of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair values as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2018 and 2017.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Bank is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories ("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as "Available-for-Sale Securities" are valued at the average market price during the final month of the fiscal year (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" other than Japanese stocks are, in principle, valued at the market price at the balance sheet date (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" for which their fair values are extremely difficult to be determined are carried at cost using the moving-average method.

Valuation differences on "Available-for-Sale Securities" are recorded as a separate component of net assets and reported in the consolidated balance sheet.

(b) Securities in money held in trust are classified and accounted for in the same manner as those described in 4. (1) and 4. (2) (a) above.

(3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

Tangible fixed assets are depreciated using primarily the straight-line method.

Useful lives of major asset categories:

Buildings: 3 to 60 years

Others: 2 to 20 years

(b) Intangible fixed assets other than lease assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Bank or the consolidated subsidiaries, generally five years.

(c) Lease assets

The lease assets under "Tangible Fixed Assets" and "Intangible Fixed Assets" that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

(5) Allowance for Loan Losses

SuMi TRUST Bank records allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings ("legal bankruptcy") and against borrowers that are in substantially similar adverse condition ("virtual bankruptcy"), the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("possible bankruptcy"), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of

collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").

For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥16,705 million (U.S. $157 million) and ¥20,070 million for the fiscal years ended March 31, 2018 and 2017, respectively.

(6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

(7) Provision for Directors' Bonuses

A provision for directors' bonuses is provided at SuMi TRUST Bank and some of the consolidated subsidiaries for the estimated directors' bonuses attributable to the current fiscal year.

(8) Provision for Reward Points Program

A provision for reward points program is provided for the use of points granted to holders of Diners Club Card and other credit cards in the amount deemed necessary based on the reasonable estimates of the points to be used in the future.

(9) Provision for Reimbursement of Deposits in Dormant Accounts

A provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

(10) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with off-balance sheet transactions or trust transactions in the amount deemed necessary based on the estimated possible future losses.

(11) Accounting for Retirement Benefits

In determining the retirement benefit obligations, projected benefits to the periods up to the year ended March 31, 2018, are attributed based on the plan's benefit formula.

Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Actuarial gains or losses: Actuarial differences are expensed using the straight-line method, primarily over 8 to 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the simplified method in calculating liabilities for retirement benefits and retirement benefit expenses for lump-sum retirement benefit plans, recording liabilities at amounts that would be required for voluntary termination at the year-end.

(12) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing at the consolidated balance sheet date, except for shares of stocks in affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates.

Assets and liabilities of consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

(13) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of sales when lease payments are collected.

(14) Hedge Accounting

(a) Interest-related risk hedge

SuMi TRUST Bank manages interest rate risk arising from various assets and liabilities by using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Auditing Committee Report No. 24 of February 13, 2002, "Report No. 24"). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest volatility factors for the hedged items and those for the hedging instruments.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheet as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" of each hedging transaction.

Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥90 million (U.S. $1 million) and ¥145 million (before tax effect) as of March 31, 2018 and 2017, respectively.

(b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Auditing Committee Report No. 25 of July 29, 2002, "Report No. 25"). The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that foreign currency payables of spot and forward foreign exchange contracts exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The foreign exchange risk associated with investment in the shares of stocks in foreign subsidiaries and affiliated companies is individually hedged using forward exchange contracts denominated in the same currency, and foreign currency translation adjustments arising from the hedging instruments are included in "Foreign Currency Translation Adjustments."

(c) Internal hedge transactions and others

Among derivatives transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or that are made internally between designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management on hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges or exceptional treatment for interest rate swaps.

(15) Amortization of Goodwill

Goodwill is amortized over a period within 20 years that is reasonably determined for each case. Goodwill deemed immaterial, however, is expensed as incurred.

(16) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

For SuMi TRUST Bank, the balance of "Cash and Cash Equivalents" in the consolidated statement of cash flows is equivalent to the balance of cash and due from the Bank of Japan under "Cash and Due from Banks" presented in the consolidated balance sheet. For the consolidated subsidiaries, the balance of "Cash and Cash Equivalents" in the consolidated statement of cash flows is equivalent to the balance of "Cash and Due from Banks" presented in the consolidated balance sheet.

(17) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Bank and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

New Accounting Standards and Interpretations Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

SuMi TRUST Bank is currently in the process of determining the effects of these new standards on the consolidated financial statements.

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities in Trading Account	¥ 18,868	¥ 14,102	$ 178
Derivatives of Trading Securities	162	766	2
Derivatives of Securities Related to Trading Transactions	549	181	5
Trading-Related Financial Derivatives	300,712	437,414	2,830
Other Trading Assets	43,001	44,099	405
Total	**¥ 363,294**	¥ 496,563	**$ 3,420**

(2) Trading liabilities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Derivatives of Trading Securities	¥ 25	¥ 15	$ 0
Derivatives of Securities Related to Trading Transactions	4	—	0
Trading-Related Financial Derivatives	266,118	366,863	2,505
Total	**¥ 266,148**	¥ 366,879	**$ 2,505**

2. Securities

Securities held as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Government Bonds	¥ 360,634	¥ 310,605	$ 3,395
Local Government Bonds	7,284	4,790	69
Corporate Bonds	598,416	656,653	5,633
Stocks	1,656,099	1,539,152	15,588
Other Securities	2,900,713	2,556,951	27,303
Total	**¥ 5,523,148**	¥ 5,068,155	**$ 51,987**

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliated companies as follows.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Stocks	¥ 93,256	¥ 86,275	$ 878
Equity Investments	32,535	33,203	306

Securities borrowed under unsecured loan agreements and securities purchased under resale agreements or borrowed with cash collateral that SuMi TRUST Bank has a right to freely sell or repledge, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities that are Further Loaned	¥ 1,116,847	¥ 866,678	$ 10,512
Securities Held without Selling or Repledging as of the End of the Fiscal Year	27,486	48,103	259

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Bills Discounted	¥ 1,714	¥ 2,299	$ 16
Loans on Bills	199,463	229,775	1,877
Loans on Deeds	26,148,000	26,196,966	246,122
Overdrafts	1,651,463	1,553,370	15,545
Total	¥ 28,000,640	¥ 27,982,411	$ 263,560

Bills discounted are treated as financial transactions in accordance with Report No. 24. SuMi TRUST Bank has a right to freely sell or (re)pledge such commercial bills.

Loans and bills discounted as of March 31, 2018 and 2017, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Loans in Bankruptcy Proceedings	¥ 6,010	¥ 2,919	$ 57
Delinquent Loans	47,560	53,778	448
Loans Past Due Three Months or More	—	191	—
Restructured Loans	24,013	34,343	226
Total	¥ 77,584	¥ 91,233	$ 730

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), and that meet the conditions as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as loans in bankruptcy proceedings or delinquent loans.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as loans in bankruptcy proceedings, delinquent loans, or loans past due three months or more.

4. Assets Pledged

Assets pledged as collateral as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets Pledged as Collateral:			
Trading Assets	¥ 8,063	¥ 16,987	$ 76
Securities	928,202	812,175	8,737
Loans and Bills Discounted	5,113,080	3,624,556	48,128
Other Assets	245,456	29,604	2,310
Total	¥ 6,294,802	¥ 4,483,323	$ 59,251
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 12,894	¥ 25,784	$ 121
Payables under Repurchase Agreements	897,680	685,264	8,450
Payables under Securities Lending Transactions	41,299	13,699	389
Borrowed Money	2,893,780	1,969,804	27,238
Total	¥ 3,845,654	¥ 2,694,553	$ 36,198

In addition to the foregoing, the following assets have been pledged as collateral for settlement of exchange and others, or as a substitution of margin of futures and others.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Securities	¥ 481,235	¥ 626,817	$ 4,530

"Other Assets" include initial margins of futures, security deposits, cash collateral pledged for financial instruments, and cash collateral pledged for repurchase agreement transactions. Such amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Initial Margins of Futures Markets	¥ 8,733	¥ 7,781	$ 82
Security Deposits	24,039	22,640	226
Cash Collateral Pledged for Financial Instruments-Assets	556,806	466,052	5,241
Cash Collateral Pledged for Repurchase Agreement Transactions	10,841	7,061	102

5. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and commitment lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amounts of unused credit under such agreements were ¥11,873,124 million (U.S. $111,758 million) and ¥11,660,257 million, of which ¥7,952,419 million (U.S. $74,853 million) and ¥7,792,361 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2018 and 2017, respectively.

The balance of unused credit will not necessarily affect the future cash flows of SuMi TRUST Bank and its consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing SuMi TRUST Bank and its consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SuMi TRUST Bank has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Land	¥ 126,297	¥ 133,763	$ 1,189
Buildings	72,597	73,123	683
Lease Assets	4,713	5,888	44
Construction in Progress	88	811	1
Other	18,264	17,700	172
Total	¥ 221,961	¥ 231,288	$ 2,089

Accumulated depreciation amounted to ¥170,050 million (U.S. $1,601 million) and ¥182,255 million, and advance depreciation amounted to ¥28,850 million (U.S. $272 million) and ¥32,742 million as of March 31, 2018 and 2017, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a "Deferred Tax Liabilities for Land Revaluation" in liabilities, and the amount net of such difference was recorded as a "Revaluation Reserve for Land" in net assets.

Revaluation date: March 31, 1998 and March 31, 1999

Revaluation method prescribed by Paragraph 3 of Article 3 of the Act:

The revaluation was calculated by reasonably adjusting the value of land based on the following prices: the posted prices for benchmark properties as prescribed by Item 1 of Article 2 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119, promulgated on March 31, 1998); the standard prices for benchmark properties as prescribed by Item 2 of Article 2, the registered prices in tax lists for such land for commercial use as prescribed by Item 3 of Article 2; and the land assessments under Item 4 of Article 2 of the same Order.

Differences between the fair value and the revalued carrying amount of the land for commercial use subject to Article 10 of the Act were ¥3,816 million (U.S. $36 million) and ¥5,187 million as of March 31, 2018 and 2017, respectively.

7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Software	¥ 84,971	¥ 91,652	$ 800
Goodwill	84,537	94,490	796
Lease Assets	2	188	0
Other	8,620	9,649	81
Total	¥ 178,131	¥ 195,981	$ 1,677

8. Other Assets

Other assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Domestic Exchange Settlement Account, Debit	¥ 375	¥ 602	$ 4
Prepaid Expenses	6,219	6,587	59
Accrued Income	150,954	130,515	1,421
Initial Margins of Futures Markets	8,733	7,781	82
Variation Margins of Futures Markets	3,747	1,020	35
Financial Derivatives Other Than Trading Assets	288,732	461,423	2,718
Receivables for Securities Transactions	368,518	49,289	3,469
Cash Collateral Pledged for Financial Instruments-Assets	556,806	466,052	5,241
Other	442,909	480,141	4,169
Total	¥ 1,826,996	¥ 1,603,413	$ 17,197

9. Deposits

Deposits as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Current Deposits, Ordinary Deposits and Deposits at Notice	¥ 6,818,062	¥ 6,225,022	$ 64,176
Time Deposits	21,417,345	21,747,613	201,594
Other	1,301,727	1,242,797	12,253
Total	¥ 29,537,135	¥ 29,215,433	$ 278,023

10. Borrowed Money

Borrowed money as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Subordinated Borrowings	¥ 580,000	¥ 455,000	$ 5,459
Other Borrowed Money	4,290,083	3,358,105	40,381
Total	¥ 4,870,083	¥ 3,813,105	$ 45,840

Weighted average interest rates on borrowed money were 0.36% and 0.50% for the fiscal years ended March 31, 2018 and 2017, respectively.

Annual maturities of borrowed money as of March 31, 2018, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Year Ending March 31	2018	2018
2019	¥ 3,257,220	$ 30,659
2020	174,736	1,645
2021	164,488	1,548
2022	90,972	856
2023	102,987	969
Total	¥ 3,790,406	$ 35,678

11. Bonds Payable

Bonds payable as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Perpetual Subordinated Bonds	¥ 26,100	¥ 26,100	$ 246
Subordinated Bonds	274,493	324,491	2,584
Other Bonds Payable	669,372	683,501	6,301
Total	¥ 969,966	¥ 1,034,093	$ 9,130

Annual maturities of bonds payable as of March 31, 2018, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Year Ending March 31	2018	2018
2019	¥ 308,816	$ 2,907
2020	295,648	2,783
2021	170,000	1,600
2022	40,000	377
2023	50,000	471
Total	¥ 864,464	$ 8,137

12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized.

13. Other Liabilities

Other liabilities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Domestic Exchange Settlement Account, Credit	¥ 817	¥ 995	$ 8
Income Taxes Payable	26,077	14,197	245
Accrued Expenses	99,233	101,734	934
Unearned Income	78,660	79,823	740
Variation Margins of Futures Markets	1,513	307	14
Financial Derivatives Other Than Trading Liabilities	351,823	445,948	3,312
Lease Obligations	9,549	8,803	90
Asset Retirement Obligations	4,292	5,131	40
Payables for Securities Transactions	3,234	199	30
Provision for Loss on Interest Repayment	192	278	2
Cash Collateral Pledged for Financial Instruments-Liabilities	145,075	269,639	1,366
Other	198,627	211,600	1,869
Total	¥ 919,098	¥ 1,138,659	$ 8,651

14. Acceptances and Guarantees

The bonds presented under "Securities" included guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) amounting to ¥95,784 million (U.S. $902 million) and ¥109,176 million as of March 31, 2018 and 2017, respectively.

Notes to the Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Interest on Monetary Claims Bought	¥ 3,130	¥ 1,574	$ 29
Others	3,332	2,812	31
Total	¥ 6,463	¥ 4,387	$ 61

(2) Other interest expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Interest on Interest Rate Swaps	¥ 33,358	¥ 1,413	$ 314
Others	14,966	15,190	141
Total	¥ 48,325	¥ 16,603	$ 455

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Income from Trading Securities and Derivatives	¥ 258	¥ —	$ 2
Net Income from Trading-Related Financial Derivatives Transactions	9,719	18,282	91
Other Trading Income	57	55	1
Total	¥ 10,035	¥ 18,338	$ 94

(2) Trading expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Expenses on Trading Securities and Derivatives	¥ —	¥ 258	$ —
Net Expenses on Trading Transactions	—	1,039	—
Total	¥ —	¥ 1,297	$ —

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Net Gains on Foreign Exchange Transactions	¥ 46,646	¥ 28,966	$ 439
Gains on Sales and Redemption of Bonds	23,439	21,656	221
Net Income from Derivatives Other Than for Trading or Hedging	9,144	20,803	86
Others	227,493	224,834	2,141
Total	¥ 306,724	¥ 296,260	$ 2,887

(2) Other ordinary expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Losses on Sales and Redemption of Bonds	¥ 29,132	¥ 118,711	$ 274
Net Losses on Derivatives Other Than for Trading or Hedging	—	—	—
Others	201,307	200,174	1,895
Total	¥ 230,440	¥ 318,885	$ 2,169

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Gains on Sales of Stocks and Other Securities	¥ 78,769	¥ 47,399	$ 741
Gains on Money Held in Trust	70	70	1
Recoveries of Written-Off Claims	2,818	2,813	27
Equity in Earnings of Affiliated Companies	5,781	6,950	54
Gains on Disposal of Fixed Assets	17,364	1,615	163
Others	22,921	10,136	216
Total	¥ 127,725	¥ 68,986	$ 1,202

(2) Other expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Provision for Allowance for Loan Losses	¥ —	¥ 26,323	$ —
Losses on Sales of Loans	487	9	5
Write-Off of Loans	4,538	4,776	43
Losses on Sales of Stocks and Other Securities	72,634	5,723	684
Losses on Impairment of Stocks and Other Securities	44	3,848	0
Losses on Money Held in Trust	0	0	0
Losses on Disposal of Fixed Assets	1,064	984	10
Losses on Impairment of Fixed Assets	7,876	5,870	74
Losses on Investment in Partnerships	2,140	3,076	20
Others	26,716	15,629	251
Total	¥ 115,504	¥ 66,243	$ 1,087

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Taxes Other Than Income Taxes	¥ 17,120	¥ 16,704	$ 161
Personnel Expenses	202,603	210,613	1,907
Others	199,378	193,611	1,877
Total	¥ 419,102	¥ 420,929	$ 3,945

Note to the Consolidated Statement of Comprehensive Income

Reclassification Adjustments and the Related Tax Effects Concerning Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ 52,664	¥ (44,800)	$ 496
Reclassification Adjustments	3,599	61,026	34
Before Tax Effects	56,263	16,225	530
Tax Effects	(17,014)	(4,882)	(160)
Valuation Difference on Available-for-Sale Securities	39,248	11,343	369
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(36,898)	(14,875)	(347)
Reclassification Adjustments	33,298	1,413	313
Before Tax Effects	(3,600)	(13,462)	(34)
Tax Effects	1,108	4,148	10
Deferred Gains (Losses) on Hedges	(2,491)	(9,314)	(23)
Foreign Currency Translation Adjustments:			
Changes during the Period	2,607	(1,360)	25
Reclassification Adjustments	(105)	—	(1)
Before Tax Effects	2,501	(1,360)	24
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	2,501	(1,360)	24
Adjustments for Retirement Benefits:			
Changes during the Period	27,027	14,640	254
Reclassification Adjustments	16,598	29,023	156
Before Tax Effects	43,625	43,663	411
Tax Effects	(13,461)	(13,274)	(127)
Adjustments for Retirement Benefits	30,164	30,389	284
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	(460)	34	(4)
Reclassification Adjustments	(196)	(313)	(2)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:	(657)	(279)	(6)
Total Other Comprehensive Income	¥ 68,766	¥ 30,778	$ 647

Notes to the Consolidated Statement of Changes in Net Assets

1. Class and the Number of Issued Shares of Common Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2018					
Number of Issued Shares:					
Common Share	**3,000,000**	**1,674,537**	—	—	**1,674,537**

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year
March 31, 2017					
Number of Issued Shares:					
Common Share	3,000,000	1,674,537	—	—	1,674,537

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2018	2017	**2018**
Consolidated Subsidiary				
(Nikko Asset Management Co., Ltd.)	Subscription Rights to Shares as Stock Options	**¥ —**	¥ —	**$ —**

3. Dividends

Dividends paid for the fiscal years ended March 31, 2018 and 2017, consisted of the following:

As for the fiscal year ended March 31, 2018:

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
June 29, 2017					
Ordinary General Meeting of Shareholders	Common Share	¥ 34,227 ($322)	¥ 20.44 ($0.19)	March 31, 2017	June 30, 2017
		¥ 36,019 ($339)	¥ 21.51 ($0.20)	March 31, 2017	June 30, 2017

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
November 14, 2017					
Board of Directors' Meeting	Common Share	¥ 21,132 ($199)	¥12.62 ($0.12)	September 30, 2017	December 1, 2017

Dividends with a record date during the current fiscal year ended March 31, 2018, but whose effective date is after March 31, 2018, are as follows:

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share: Yen (U.S. Dollars)	Record Date	Effective Date
June 28, 2018						
Ordinary General Meeting of Shareholders	Common Share	¥ 45,296 ($426)	Retained Earnings	¥ 27.05 ($0.25)	March 31, 2018	June 29, 2018
		¥ 46,033 ($433)	Capital Surplus	¥ 27.49 ($0.26)	March 31, 2018	June 29, 2018

As for the fiscal year ended March 31, 2017:

Resolution	Type of Shares	Cash Dividends Declared: Millions of Yen	Cash Dividends per Share: Yen	Record Date	Effective Date
June 29, 2016					
Ordinary General Meeting of Shareholders	Common Share	¥ 34,394	¥ 20.54	March 31, 2016	June 30, 2016

Resolution	Type of Shares	Cash Dividends Declared	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen	Yen		
November 14, 2016					
Board of Directors' Meeting	Common Share	¥ 20,161	¥ 12.04	September 30, 2016	December 1, 2016

Dividends with a record date during the current fiscal year ended March 31, 2017, but whose effective date is after March 31, 2017 are as follows:

Resolution	Type of Shares	Cash Dividends Declared	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
June 29, 2017						
Ordinary General Meeting of Shareholders	Common Share	¥ 34,227	Retained Earnings	¥ 20.44	March 31, 2017	June 30, 2017
		¥ 36,019	Capital Surplus	¥ 21.51	March 31, 2017	June 30, 2017

Note to the Consolidated Statement of Cash Flows

Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2018 and 2017.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash and Due from Banks	**¥ 15,661,926**	¥ 14,269,687	**$ 147,420**
Due from Banks (excluding Due from the Bank of Japan)	**(2,300,685)**	(2,412,840)	**(21,656)**
Cash and Cash Equivalents	**¥ 13,361,241**	¥ 11,856,847	**$ 125,765**

Leases

1. Finance Leases

As a lessee:

Finance leases that do not transfer ownership of the lease assets to lessees

1) Description of lease assets

i) Tangible fixed assets

Mainly store buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

Refer to "(4) Depreciation and Amortization Methods" of "4. Significant Accounting Policies" in the Significant Accounting Policies and Practices.

2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Due in One Year or Less	¥ 2,590	¥ 1,992	$ 24
Due in More Than One Year	13,213	8,699	124
Total	¥15,803	¥ 10,692	$149

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Due in One Year or Less	¥ 1,398	¥ 1,780	$ 13
Due in More Than One Year	1,052	1,370	10
Total	¥ 2,450	¥ 3,150	$ 23

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

SuMi TRUST Bank Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Bank Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies as well as measures for investing and funding financial assets and financial liabilities under its annual plan.

SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SuMi TRUST Bank conducts derivatives transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3 of the Ordinance for Enforcement of the Banking Act. Some consolidated subsidiaries are also engaged in trading securities.

(2) Description and Risks of Financial Instruments

1) Trading accounts

SuMi TRUST Bank Group deals with over-the-counter (OTC) and listed derivatives transactions related to interest rates, exchange rates, bonds, credits, and commodities as well as trading securities. These derivatives transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, prices, credit risks, and other risks.

2) Banking accounts

Financial assets of SuMi TRUST Bank Group are primarily loans to corporations and individuals in Japan and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers' credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks as becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Bank Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Bank Group comprehensively manages various financial assets and liabilities, such as loans and bills discounted and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction.

To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices."

(3) Risk Management for Financial Instruments

SuMi TRUST Bank Group considers that the basis of group-wide risk management is to ensure the effectiveness of PDCA (Plan, Do, Check, Action) cycles for each risk category according to the "Risk Management Policy" established by the board of directors.

The risk management framework of each risk category is as follows:

1) Credit risk management

Credit risk is the risk of financial loss of SuMi TRUST Bank Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risk related to a credit creating function. SuMi TRUST Bank Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

(a) Risk management policy on credit risk

The basic policy of SuMi TRUST Bank Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Bank Group manages credit exposures of each customer based on its limited credit amount, and periodically reviews impacts of identified risks to large customers and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Bank Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Bank Group manages individual credits through processes such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of customers and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Bank Group continuously evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

(b) Risk management framework for credit risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and economic capital allocation plans, and approves the Self-Assessment Rules based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit risks by implementing internal credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis from a neutral standpoint. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of controlling and managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Risk Management Department.

2) Market risk management

Market risk is the risk of financial loss of SuMi TRUST Bank Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

(a) Risk management policy on market risk

In managing market risk, SuMi TRUST Bank Group ensures the soundness of its business by appropriately controlling risks, and strives to secure reasonable profits which correspond to strategic goals, the scale and nature of its operations, and risk profiles through an advanced risk management framework.

(b) Risk management framework for market risk

With regard to market risk, SuMi TRUST Bank Group maintains a basic policy for setting and controlling various risk limits and segregation of organizations related to market risk under its Rules for Risk Management. The practical application of the basic policy is stated in the Rules for Market Risk Management. Divisions that execute transactions (the front office) are clearly segregated from divisions that process transactions (the back office) for independent check purposes, and the Risk Management Department, which is independent from both of the front and back offices, centrally manages market risk. This department identifies and analyzes group-wide risk, tracks adherence to risk limits, and reports to respective directors in charge on a daily basis and to the board of directors periodically.

In SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets and liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits or losses and monitoring the status of market risk managed under ALM basic plans and the status of compliance with risk limits. The department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee as well as the board of directors periodically.

(c) Market risk management approach

SuMi TRUST Bank Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Bank Group, SuMi TRUST Bank manages market risks by measuring VaR, calculating various risk management indicators, and carrying out various simulations.

The internally developed VaR model is basically the variance-covariance method, and the historical simulation method is also used for calculating some risks (nonlinear risks and others), such as risks associated with option transactions. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to its characteristics. SuMi TRUST Bank calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

(d) Quantitative information related to market risk

(i) Trading accounts

SuMi TRUST Bank Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivatives transactions held in the Trading Accounts. The VaR model used is primarily based on the variance-covariance method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 260 business days).

As of March 31, 2018, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥4.8 billion (U.S. $45 million).

SuMi TRUST Bank Group performs back testing that compares the results of VaR calculations based on its internal model with actual profits or losses. The back testing for the fiscal year ended March 31, 2018, resulted in zero instance where actual losses were in excess of VaR; therefore, SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

SuMi TRUST Bank Group uses VaR for managing risks associated with financial assets and liabilities held in the Banking Accounts. The variance-covariance method is the primary measurement method for interest rates, exchange rates and credit spread exposures, and the historical simulation method for stock price exposure (with a holding period of a maximum of one year according to a position; confidence interval of 99%; and observation period of 260 business days—one or five years for stock prices).

As of March 31, 2018, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥839.4 billion (U.S. $7,901 million).

SuMi TRUST Bank Group performs back testing on certain positions held in the "Banking Accounts" that compares the results of VaR calculations based on its internal model with actual profits or losses regarding financial assets and liabilities subject to measurement. SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture those risks under extreme market movements.

3) Funding liquidity risk management

Funding liquidity risk is the risks of financial loss to SuMi TRUST Bank Group when the Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

(a) Funding liquidity risks management policy

With regard to funding liquidity risk, SuMi TRUST Bank Group designs and implements a policy to build up a risk management framework for funding liquidity risk, recognizing that financial difficulties due to exposure to such risks could possibly lead SuMi TRUST Bank Group directly to bankruptcy under certain circumstances.

(b) Funding liquidity risk management framework and methods

Funding liquidity risk management departments determine the extent of SuMi TRUST Bank Group's cash crunch appropriately in cooperation with the liquidity management departments, while gathering and analyzing information related to both the internal environment, such as SuMi TRUST Bank Group's risk profiles, and external environment, such as economic circumstances or market conditions, based on the risk management plan approved by the board of directors semiannually.

To reduce funding liquidity risks, the liquidity management departments manage cash flow within the predetermined appropriate limits, and the liquidity management departments monitor its compliance.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheet and fair values of financial instruments as of March 31, 2018 and 2017, as well as the differences between these values are presented below. The fair values of unlisted stocks are excluded from the following table because such fair values are extremely difficult to be determined (see Note 2).

	Millions of Yen			Millions of U.S. Dollars		
	2018			2018		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 15,661,847	¥ 15,661,847	¥ —	$ 147,419	$ 147,419	$ —
(2) Call Loans and Bills Bought	92,951	92,951	—	875	875	—
(3) Receivables under Resale Agreements	63,531	63,531	—	598	598	—
(4) Receivables under Securities Borrowing Transactions	624,048	624,048	—	5,874	5,874	—
(5) Monetary Claims Bought (*1)	940,615	941,642	1,026	8,854	8,863	10
(6) Trading Assets						
Trading Securities	61,869	61,869	—	582	582	—
(7) Money Held in Trust	1,257	1,257	—	12	12	—
(8) Securities						
Held-to-Maturity Debt Securities	183,909	205,711	21,801	1,731	1,936	205
Available-for-Sale Securities	5,069,107	5,069,107	—	47,714	47,714	—
(9) Loans and Bills Discounted	28,000,640			263,560		
Allowance for Loan Losses (*2)	(90,357)			(851)		
	27,910,282	28,123,802	213,520	262,710	264,720	2,010
(10) Foreign Exchanges	25,554	25,554	—	241	241	—
(11) Lease Receivables and Investment Assets (*1)	674,807	688,973	14,165	6,352	6,485	133
Total Assets	¥ 51,309,784	¥ 51,560,297	¥ 250,513	$ 482,961	$ 485,319	$ 2,358
(1) Deposits	¥ 29,537,135	¥ 29,563,808	¥ 26,673	$ 278,023	$ 278,274	$ 251
(2) Negotiable Certificates of Deposit	6,616,336	6,616,336	—	62,277	62,277	—
(3) Call Money and Bills Sold	436,931	436,931	—	4,113	4,113	—
(4) Payables under Repurchase Agreements	1,454,855	1,454,855	—	13,694	13,694	—
(5) Payables under Securities Lending Transactions	41,299	41,299	—	389	389	—
(6) Borrowed Money	4,870,083	4,888,995	18,911	45,840	46,018	178
(7) Foreign Exchanges	1,984	1,984	—	19	19	—
(8) Short-Term Bonds Payable	1,062,869	1,062,869	—	10,004	10,004	—
(9) Bonds Payable	969,966	988,675	18,709	9,130	9,306	176
(10) Borrowed Money from Trust Account	5,172,463	5,172,463	—	48,687	48,687	—
Total Liabilities	¥ 50,163,925	¥ 50,228,220	¥ 64,294	$ 472,176	$ 472,781	$ 605
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 24,134	¥ 24,134	¥ —	$ 227	$ 227	$ —
Derivatives Transactions Qualifying for Hedge Accounting	(51,950)	(51,950)	—	(489)	(489)	—
Total Derivatives Transactions	¥ (27,815)	¥ (27,815)	¥ —	$ (262)	$ (262)	$ —

	Millions of Yen		
	2017		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 14,269,584	¥ 14,269,584	¥ —
(2) Call Loans and Bills Bought	64,706	64,706	—
(3) Receivables under Resale Agreements	83,888	83,888	—
(4) Receivables under Securities Borrowing Transactions	464,956	464,956	—
(5) Monetary Claims Bought (*1)	872,988	873,742	754
(6) Trading Assets			
Trading Securities	58,201	58,201	—
(7) Money Held in Trust	1,550	1,550	—
(8) Securities			
Held-to-Maturity Debt Securities	254,325	281,139	26,813
Available-for-Sale Securities	4,570,810	4,570,810	—
(9) Loans and Bills Discounted	27,982,411		
Allowance for Loan Losses (*2)	(104,393)		
	27,878,018	28,125,095	247,076
(10) Foreign Exchanges	16,189	16,189	—
(11) Lease Receivables and Investment Assets (*1)	665,695	678,065	12,369
Total Assets	¥ 49,200,915	¥ 49,487,929	¥ 287,013
(1) Deposits	¥ 29,215,433	¥ 29,258,046	¥ 42,612
(2) Negotiable Certificates of Deposit	7,388,617	7,388,617	—
(3) Call Money and Bills Sold	344,089	344,089	—
(4) Payables under Repurchase Agreements	1,063,737	1,063,737	—
(5) Payables under Securities Lending Transactions	13,699	13,699	—
(6) Borrowed Money	3,813,105	3,827,928	14,822
(7) Foreign Exchanges	236	236	—
(8) Short-Term Bonds Payable	904,248	904,248	—
(9) Bonds Payable	1,034,093	1,059,708	25,614
(10) Borrowed Money from Trust Account	3,973,623	3,973,623	—
Total Liabilities	¥ 47,750,885	¥ 47,833,935	¥ 83,049
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 69,441	¥ 69,441	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	17,516	17,516	—
Total Derivatives Transactions	¥ 86,957	¥ 86,957	¥ —

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheet because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(Note 1) Method for Calculating Fair Values of Financial Instruments

Assets

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Fair values of monetary claims bought for which counterparties' quoted prices or dealer/broker-quoted prices are available are stated at such prices. Fair values for all other claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) Money Held in Trust

Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at quoted market prices or dealer/broker-quoted prices. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices.

Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities and discounting the aggregate principal and interest by the assumed interest rate for similar new loans. However, floating-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheet at the consolidated balance sheet date, because such deducted amounts approximate fair value.

Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate the fair values because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (5) Payables under Securities Lending Transactions, (7) Foreign Exchanges, (8) Short-Term Bonds Payable, and (10) Borrowed Money from Trust Account

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts because they have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(6) Borrowed Money

Borrowed money at floating rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money. Fair values of borrowed money at fixed rates are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value.

(9) Bonds Payable

Bonds issued by SuMi TRUST Bank and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

Derivatives Transactions

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheet whose fair values are extremely difficult to be determined are as stated below, and such amounts are not included in the fair value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" section.

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	¥ 14,562	¥ 33,127	$ 137
Securities	144,337	123,540	1,359
(1) Unlisted Stocks (*3)	61,240	58,980	576
(2) Investments in Associations	63,724	53,670	600
(3) Others (*3)	19,372	10,889	182
Total	¥ 158,900	¥ 156,668	$ 1,496

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks of subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2018, impairment losses of ¥3 million (U.S. $0.03 million) and ¥0 million (U.S. $0 million) were recognized against Unlisted Stocks and Others, respectively.

During the fiscal year ended March 31, 2017, impairment losses of ¥3,146 million and ¥22 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2018 and 2017

	Millions of Yen					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 15,536,528	¥ 477	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	92,951	—	—	—	—	—
Receivables under Resale Agreements	42,283	21,248	—	—	—	—
Receivables under Securities Borrowing Transactions	624,048	—	—	—	—	—
Monetary Claims Bought (*1)	715,449	84,416	47,263	28,145	21,660	52,635
Money Held in Trust	—	100	—	1,257	—	—
Securities	391,640	465,847	958,207	247,695	975,971	554,760
Held-to-Maturity Debt Securities	—	24,400	—	1,651	20,000	134,249
Government Bonds	—	—	—	60	20,000	95,000
Corporate Bonds	—	—	—	—	—	29,000
Available-for-Sale Securities with Maturity	391,640	441,447	958,207	246,043	955,971	420,510
Government Bonds	128,286	75,007	99	—	10,000	27,000
Local Government Bonds	—	1,228	1,170	—	4,889	—
Corporate Bonds	37,355	129,899	151,062	110,743	89,493	48,741
Loans and Bills Discounted (*2)	4,414,880	5,528,821	3,896,401	2,952,507	2,262,366	6,538,375
Lease Receivables and Investment Assets (*3)	164,339	245,491	117,564	42,594	70,465	23,548
Total	¥ 21,982,122	¥ 6,346,402	¥ 5,019,437	¥ 3,272,200	¥ 3,330,464	¥ 7,169,320

	Millions of Yen					
March 31, 2017	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	¥ 14,075,111	¥ 1,304	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	64,706	—	—	—	—	—
Receivables under Resale Agreements	8,972	74,916	—	—	—	—
Receivables under Securities Borrowing Transactions	464,956	—	—	—	—	—
Monetary Claims Bought (*1)	654,141	57,546	53,806	39,867	25,824	73,803
Money Held in Trust	152	100	—	1,398	—	—
Securities	587,476	306,985	861,130	259,928	718,817	609,420
Held-to-Maturity Debt Securities	33,210	24,400	25,347	8,001	1,326	162,844
Government Bonds	20,691	—	—	—	60	115,000
Corporate Bonds	—	—	—	—	—	29,141
Available-for-Sale Securities with Maturity	554,266	282,585	835,783	251,926	717,491	446,575
Government Bonds	170,100	—	100	—	—	—
Local Government Bonds	—	—	1,358	—	3,444	—
Corporate Bonds	87,559	187,021	114,871	156,934	33,056	46,251
Loans and Bills Discounted (*2)	4,145,255	6,160,912	3,901,519	3,043,322	2,167,889	6,335,720
Lease Receivables and Investment Assets (*3)	175,353	247,708	123,669	35,659	49,779	22,553
Total	¥ 20,176,126	¥ 6,849,473	¥ 4,940,126	¥ 3,380,175	¥ 2,962,311	¥ 7,041,497

March 31, 2018	Millions of U.S. Dollars					
	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Due from Banks	$ 146,240	$ 4	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	875	—	—	—	—	—
Receivables under Resale Agreements	398	200	—	—	—	—
Receivables under Securities Borrowing Transactions	5,874	—	—	—	—	—
Monetary Claims Bought (*1)	6,734	795	445	265	204	495
Money Held in Trust	—	1	—	12	—	—
Securities	3,686	4,385	9,019	2,331	9,186	5,222
Held-to-Maturity Debt Securities	—	230	—	16	188	1,264
Government Bonds	—	—	—	1	188	894
Corporate Bonds	—	—	—	—	—	273
Available-for-Sale Securities with Maturity	3,686	4,155	9,019	2,316	8,998	3,958
Government Bonds	1,208	706	1	—	94	254
Local Government Bonds	—	12	11	—	46	—
Corporate Bonds	352	1,223	1,422	1,042	842	459
Loans and Bills Discounted (*2)	41,556	52,041	36,675	27,791	21,295	61,543
Lease Receivables and Investment Assets (*3)	1,547	2,311	1,107	401	663	222
Total	$ 206,910	$ 59,736	$ 47,246	$ 30,800	$ 31,348	$ 67,482

(*1) The balances exclude Monetary Claims Bought for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥55 million (U.S. $1 million) and ¥70 million as of March 31, 2018 and 2017, respectively.

(*2) The balances exclude Loans and Bills Discounted for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥53,571 million (U.S. $504 million) and ¥56,698 million, and those without maturity, amounting to ¥2,353,715 million (U.S. $22,155 million) and ¥2,171,093 million as of March 31, 2018 and 2017, respectively.

(*3) The balances exclude Lease Receivables and Investment Assets for borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy that are not expected to be collected, amounting to ¥738 million (U.S. $7 million) and ¥561 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥12,495 million (U.S. $118 million) and ¥12,522 million as of March 31, 2018 and 2017, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2018 and 2017

	Millions of Yen					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 22,144,136	¥ 5,422,224	¥ 1,959,951	¥ 10,685	¥ 137	¥ —
Negotiable Certificates of Deposit	6,571,336	45,000	—	—	—	—
Call Money and Bills Sold	436,931	—	—	—	—	—
Payables under Repurchase Agreements	1,348,615	106,240	—	—	—	—
Payables under Securities Lending Transactions	41,299	—	—	—	—	—
Borrowed Money (*2)	3,257,220	339,225	193,960	107,749	359,166	302,761
Short-Term Bonds Payable	1,064,645	—	—	—	—	—
Bonds Payable (*3)	308,816	465,648	90,000	6,500	73,000	—
Borrowed Money from Trust Account	5,172,463	—	—	—	—	—
Total	¥ 40,345,465	¥ 6,378,337	¥ 2,243,911	¥ 124,935	¥ 432,303	¥ 302,761

	Millions of Yen					
March 31, 2017	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	¥ 21,270,359	¥ 5,581,645	¥ 2,349,246	¥ 14,181	¥ —	¥ —
Negotiable Certificates of Deposit	7,266,935	121,682	—	—	—	—
Call Money and Bills Sold	344,089	—	—	—	—	—
Payables under Repurchase Agreements	1,063,737	—	—	—	—	—
Payables under Securities Lending Transactions	13,699	—	—	—	—	—
Borrowed Money (*2)	2,290,979	379,947	160,898	141,301	312,643	287,335
Short-Term Bonds Payable	904,910	—	—	—	—	—
Bonds Payable (*3)	171,473	517,178	200,000	40,000	69,500	10,000
Borrowed Money from Trust Account	3,973,623	—	—	—	—	—
Total	¥ 37,299,807	¥ 6,600,452	¥ 2,710,145	¥ 195,483	¥ 382,143	¥ 297,335

	Millions of U.S. Dollars					
March 31, 2018	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	More Than 10 Years
Deposits (*1)	$ 208,435	$ 51,038	$ 18,448	$ 101	$ 1	$ —
Negotiable Certificates of Deposit	61,854	424	—	—	—	—
Call Money and Bills Sold	4,113	—	—	—	—	—
Payables under Repurchase Agreements	12,694	1,000	—	—	—	—
Payables under Securities Lending Transactions	389	—	—	—	—	—
Borrowed Money (*2)	30,659	3,193	1,826	1,014	3,381	2,850
Short-Term Bonds Payable	10,021	—	—	—	—	—
Bonds Payable (*3)	2,907	4,383	847	61	687	—
Borrowed Money from Trust Account	48,687	—	—	—	—	—
Total	$ 379,758	$ 60,037	$ 21,121	$ 1,176	$ 4,069	$ 2,850

(*1) The balance of demand deposits is included in "Within 1 Year." Deposits include balances of current accounts.

(*2) The balances exclude perpetual subordinated debts without maturity, amounting to ¥310,000 million (U.S. $2,918 million) and ¥240,000 million as of March 31, 2018 and 2017, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥26,100 million (U.S. $246 million) and ¥26,100 million as of March 31, 2018 and 2017, respectively.

Securities

In addition to the "Securities" presented in the consolidated balance sheet, the following information includes securities in trading account and short-term corporate bonds under "Trading Assets" and loan-backed trust deeds reported under "Monetary Claims Bought."

1. Trading Securities

	Valuation Difference Reflected in the Statement of Income		
	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Trading Securities	¥ (126)	¥ (96)	$ (1)

2. Held-to-Maturity Securities with Fair Value

	Millions of Yen		
March 31, 2018	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 119,163	¥ 138,997	¥ 19,834
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	29,000	29,535	535
Other Bonds	116,775	118,328	1,553
Foreign Bonds	35,746	37,177	1,430
Others	81,028	81,150	122
Subtotal	264,938	286,861	21,923
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	—	—	—
Foreign Bonds	—	—	—
Others	—	—	—
Subtotal	—	—	—
Total	¥ 264,938	¥ 286,861	¥ 21,923

March 31, 2017	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 140,239	¥ 160,301	¥ 20,062
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	20,141	20,359	218
Other Bonds	162,167	168,883	6,716
Foreign Bonds	72,414	79,026	6,612
Others	89,752	89,857	104
Subtotal	322,547	349,544	26,996
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	9,000	8,937	(62)
Other Bonds	13,181	13,164	(16)
Foreign Bonds	12,530	12,514	(16)
Others	650	650	—
Subtotal	22,181	22,102	(78)
Total	¥ 344,728	¥ 371,646	¥ 26,917

March 31, 2018	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,122	$ 1,308	$ 187
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	273	278	5
Other Bonds	1,099	1,114	15
Foreign Bonds	336	350	13
Others	763	764	1
Subtotal	2,494	2,700	206
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	—	—	—
Foreign Bonds	—	—	—
Others	—	—	—
Subtotal	—	—	—
Total	$ 2,494	$ 2,700	$ 206

3. Available-for-Sale Securities

March 31, 2018	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,454,004	¥ 539,214	¥ 914,789
Bonds	476,390	473,400	2,990
Government Bonds	110,841	110,659	182
Local Government Bonds	2,930	2,912	18
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	362,618	359,828	2,790
Other Securities	767,142	746,652	20,489
Foreign Stocks	15,230	12,359	2,870
Foreign Bonds	517,619	512,690	4,928
Others	234,293	221,601	12,691
Subtotal	2,697,537	1,759,267	938,270
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 52,687	¥ 68,345	¥ (15,657)
Bonds	341,781	342,488	(706)
Government Bonds	130,629	130,646	(16)
Local Government Bonds	4,354	4,375	(20)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	206,797	207,466	(669)
Other Securities	2,009,346	2,171,291	(161,945)
Foreign Stocks	1,235	1,274	(39)
Foreign Bonds	786,071	808,778	(22,706)
Others	1,222,038	1,361,238	(139,199)
Subtotal	2,403,815	2,582,125	(178,309)
Total	¥ 5,101,353	¥ 4,341,392	¥ 759,960

March 31, 2017	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,324,024	¥ 554,147	¥ 769,876
Bonds	461,873	458,667	3,206
Government Bonds	101	101	0
Local Government Bonds	2,233	2,216	17
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	459,538	456,350	3,188
Other Securities	774,684	760,576	14,108
Foreign Stocks	10,919	8,839	2,079
Foreign Bonds	687,418	681,599	5,818
Others	76,347	70,136	6,211
Subtotal	2,560,582	1,773,390	787,191
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 72,732	¥ 86,774	¥ (14,042)
Bonds	340,796	342,296	(1,499)
Government Bonds	170,264	170,365	(100)
Local Government Bonds	2,557	2,586	(28)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	167,973	169,344	(1,370)
Other Securities	1,635,887	1,698,829	(62,942)
Foreign Stocks	10,512	11,443	(931)
Foreign Bonds	701,208	722,233	(21,024)
Others	924,166	965,152	(40,986)
Subtotal	2,049,416	2,127,900	(78,484)
Total	¥ 4,609,998	¥ 3,901,291	¥ 708,707

March 31, 2018	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 13,686	$ 5,075	$ 8,611
Bonds	4,484	4,456	28
Government Bonds	1,043	1,042	2
Local Government Bonds	28	27	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,413	3,387	26
Other Securities	7,221	7,028	193
Foreign Stocks	143	116	27
Foreign Bonds	4,872	4,826	46
Others	2,205	2,086	119
Subtotal	25,391	16,559	8,832
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 496	$ 643	$ (147)
Bonds	3,217	3,224	(7)
Government Bonds	1,230	1,230	(0)
Local Government Bonds	41	41	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,947	1,953	(6)
Other Securities	18,913	20,438	(1,524)
Foreign Stocks	12	12	(0)
Foreign Bonds	7,399	7,613	(214)
Others	11,503	12,813	(1,310)
Subtotal	22,626	24,305	(1,678)
Total	$ 48,017	$ 40,864	$ 7,153

4. Held-to-Maturity Securities Sold during the Fiscal Year

There were no held-to-maturity securities sold for the fiscal years ended March 31, 2018 and 2017.

5. Available-for-Sale Securities Sold during the Fiscal Year

Year Ended March 31, 2018	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 75,851	¥ 40,030	¥ 426
Bonds	556,186	734	636
Government Bonds	468,028	573	553
Local Government Bonds	6,129	2	18
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	82,029	159	64
Other Securities	5,121,070	60,579	100,704
Foreign Bonds	3,740,837	22,300	28,272
Others	1,380,233	38,279	72,431
Total	¥ 5,753,109	¥101,345	¥ 101,767

Year Ended March 31, 2017	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 80,281	¥ 47,183	¥ 1,267
Bonds	318,513	1,977	361
Government Bonds	227,504	1,438	292
Local Government Bonds	9,228	15	28
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	81,781	522	41
Other Securities	3,376,212	19,884	122,887
Foreign Bonds	3,142,440	19,453	118,303
Others	233,771	431	4,584
Total	¥ 3,775,007	¥ 69,044	¥ 124,517

Year Ended March 31, 2018	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	$ 714	$ 377	$ 4
Bonds	5,235	7	6
Government Bonds	4,405	5	5
Local Government Bonds	58	0	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	772	1	1
Other Securities	48,203	570	948
Foreign Bonds	35,211	210	266
Others	12,992	360	682
Total	$ 54,152	$ 954	$ 958

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

6. Securities Reclassified due to the Change of the Holding Purpose

There were no securities reclassified due to the change of the holding purpose during the fiscal year ended March 31, 2018.

SuMi TRUST Bank changed the holding purposes of foreign bonds, which were classified under held-to-maturity securities, of ¥8,821 million to available-for-sale securities during the fiscal year ended March 31, 2017, in accordance with the U.S. financial regulatory reform bill.

There is no effect of this change on the consolidated financial statements since all of these securities were sold during the fiscal year ended March 31, 2017.

7. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, or those deemed to be trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheet. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

Impairment losses on Stocks recognized during the fiscal years ended March 31, 2018 and 2017, were ¥41 million (U.S. $0.4 million) and ¥679 million, respectively.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30%, but less than 50% from acquisition cost and the fair values have continued to decline over a certain period.

Money Held in Trust

1. Money Held in Trust for Trading Purposes

There was no money held in trust for trading purposes for the fiscal year ended March 31, 2018.

	Millions of Yen	
March 31, 2017	Carrying Amount	Valuation Difference Reflected in the Statement of Income
Money Held in Trust for Trading Purposes	¥ 152	¥ (0)

2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2018 and 2017.

3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

	Millions of Yen				
March 31, 2018	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,357	¥ 975	¥ 382	¥ 382	¥ —

	Millions of Yen				
March 31, 2017	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,498	¥ 971	¥ 527	¥ 527	¥ —

	Millions of U.S. Dollars				
March 31, 2018	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	$ 13	$ 9	$ 4	$ 4	$ —

(Note) The amount of "Difference" is net of "Positive Difference" and "Negative Difference."

Valuation Differences on Available-for-Sale Securities

The following table shows components of Valuation Differences on Available-for-Sale Securities in the consolidated balance sheet.

	Millions of Yen		Millions of U.S. Dollars
March 31	2018	2017	2018
Valuation Differences			
Available-for-Sale Securities	¥ 760,681	¥ 704,304	$ 7,160
Other Money Held in Trust	382	527	4
Total Valuation Differences	761,064	704,831	7,164
Amount Equivalent to Deferred Tax Assets (Liabilities)	(230,665)	(213,722)	(2,171)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	530,399	491,108	4,992
Non-Controlling Interests	(359)	(227)	(3)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	1,007	2,039	9
Valuation Differences on Available-for-Sale Securities	¥ 531,047	¥ 492,920	$ 4,999

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to be determined, are included in the "Available-for-Sale Securities" under "Valuation Differences."

2) The valuation difference of ¥1,213 million (U.S. $11 million) and ¥722 million on available-for-sale securities composing assets held by associated companies as of March 31, 2018 and 2017, respectively, is included in "Available-for-Sale Securities" under "Valuation Differences."

3) The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Differences."

Derivatives

1. Derivatives Transactions Not Qualifying for Hedge Accounting

Derivatives transactions not qualifying for hedge accounting are grouped by type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 20,899,819	¥ 7,118,121	¥ 16,895	¥ 16,895	$ 196,723	$ 67,000	$ 159	$ 159
Purchased	20,676,102	6,690,133	(15,416)	(15,416)	194,617	62,972	(145)	(145)
Interest Options								
Sold	4,624,808	189,094	(1,321)	(579)	43,532	1,780	(12)	(5)
Purchased	3,189,370	101,734	1,264	477	30,020	958	12	4
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	69,311,282	52,495,761	688,658	688,658	652,403	494,124	6,482	6,482
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	64,890,775	49,857,111	(675,074)	(675,074)	610,794	469,288	(6,354)	(6,354)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	24,352,590	16,065,746	4,068	4,068	229,222	151,221	38	38
Interest Options								
Sold	5,993,299	5,969,378	9,401	26,359	56,413	56,188	88	248
Purchased	2,751,013	2,751,013	8,635	728	25,894	25,894	81	7
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 37,111	¥ 46,117			$ 349	$ 434

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 47,877,278	¥ 21,805,067	¥ 21,853	¥ 21,853
Purchased	46,948,398	20,150,198	(21,684)	(21,684)
Interest Options				
Sold	2,375,805	159,806	(518)	3
Purchased	1,504,870	96,656	536	39
OTC				
Forward Rate Agreements				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Interest Rate Swaps				
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	60,456,775	49,894,560	1,184,388	1,184,388
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	59,977,847	48,455,485	(1,143,113)	(1,143,113)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	12,429,992	10,606,892	2,071	2,071
Interest Options				
Sold	5,843,688	5,666,325	(15,052)	6,969
Purchased	3,047,232	2,895,927	19,657	10,303
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 48,139	¥ 60,833

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivatives transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of OTC derivatives transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Currency Futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
OTC								
Currency Swaps	¥ 3,233,710	¥ 2,766,086	¥ 6,203	¥ 6,203	$ 30,438	$ 26,036	$ 58	$ 58
Forward Exchange Contracts								
Sold	14,529,056	369,272	82,172	82,172	136,757	3,476	773	773
Purchased	18,239,528	348,180	(100,230)	(100,230)	171,682	3,277	(943)	(943)
Currency Options								
Sold	1,179,704	555,407	(39,929)	13,630	11,104	5,228	(376)	128
Purchased	1,055,874	470,286	45,076	(4,855)	9,939	4,427	424	(46)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (6,707)	¥ (3,079)			$ (63)	$ (29)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Currency Futures				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options				
Sold	—	—	—	—
Purchased	—	—	—	—
OTC				
Currency Swaps	¥ 3,839,894	¥ 2,729,472	¥ 19,275	¥ 19,275
Forward Exchange Contracts				
Sold	10,443,601	494,399	(5,853)	(5,853)
Purchased	12,775,451	457,261	14,487	14,487
Currency Options				
Sold	1,258,710	576,059	(45,547)	8,880
Purchased	1,138,819	521,704	41,528	(6,299)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 23,889	¥ 30,489

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Stock Index Futures								
Sold	¥ 94,748	¥ —	¥ 1,168	¥ 1,168	$ 892	$ —	$ 11	$ 11
Purchased	82,445	—	(1,027)	(1,027)	776	—	(10)	(10)
Stock Index Options								
Sold	50,976	—	(553)	(155)	480	—	(5)	(1)
Purchased	5,683	—	133	95	54	—	1	1
OTC								
OTC Stock Options								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
OTC Stock Swaps								
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	—	—	—	—	—	—	—	—
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (278)	¥ 81			$ (3)	$ 1

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 77,382	¥ —	¥ (163)	¥ (163)
Purchased	58,961	—	276	276
Stock Index Options				
Sold	10,170	—	(28)	31
Purchased	5,158	—	12	(15)
OTC				
OTC Stock Options				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
OTC Stock Swaps				
Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable	5,000	5,000	312	312
Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable	5,000	5,000	(312)	(312)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 97	¥ 129

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivatives transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,746,476	¥ —	¥ (14,140)	¥ (14,140)	$ 16,439	$ —	$ (133)	$ (133)
Purchased	1,251,702	—	10,247	10,247	11,782	—	96	96
Bond Future Options								
Sold	236,915	—	(1,409)	(597)	2,230	—	(13)	(6)
Purchased	74,593	—	65	(14)	702	—	1	(0)
OTC								
Bond Forward Contracts								
Sold	¥ 178,508	¥ —	¥ (1,120)	¥ (1,120)	$ 1,680	$ —	$ (11)	$ (11)
Purchased	152,639	—	493	493	1,437	—	5	5
Bond Options								
Sold	12,837	—	(103)	(61)	121	—	(1)	(1)
Purchased	17,889	—	178	75	168	—	2	1
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (5,790)	¥ (5,118)			$ (55)	$ (48)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 3,109,489	¥ —	¥ (16,850)	¥ (16,850)
Purchased	2,879,426	—	15,798	15,798
Bond Future Options				
Sold	135,219	—	(584)	(128)
Purchased	118,317	—	207	(18)
OTC				
Bond Forward Contracts				
Sold	¥ 154,594	¥ —	¥ (1,388)	¥ (1,388)
Purchased	117,864	—	507	507
Bond Options				
Sold	6,871	—	(51)	(14)
Purchased	86,264	5,052	798	(336)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (1,561)	¥ (2,430)

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges. The fair values of OTC transactions are calculated using option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2018 and 2017.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
OTC								
Credit Default Swaps								
Sold	¥ 81,400	¥ 56,600	¥ 1,416	¥ 1,416	$ 766	$ 533	$ 13	$ 13
Purchased	92,024	67,224	(1,616)	(1,616)	866	633	(15)	(15)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (199)	¥ (199)			$ (2)	$ (2)

	Millions of Yen			
	2017			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 80,288	¥ 79,288	¥ 1,640	¥ 1,640
Purchased	125,188	124,188	(2,763)	(2,763)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (1,123)	¥ (1,123)

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statement of income.

2) The fair values are calculated using the net present value method.

3) "Sold" represents transactions under which the credit risk has been assumed, and "Purchased" represents transactions under which the credit risk has been transferred to another party.

2. Derivatives Transactions Qualifying for Hedge Accounting

Derivatives transactions qualifying for hedge accounting are grouped by type of underlying transaction. The notional amounts (or the amount equivalent to the principal specified in the contracts) and the fair values as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Major Hedged Item	Millions of Yen 2018 Notional Amount Total	Millions of Yen 2018 Notional Amount Over One Year	Millions of Yen 2018 Fair Value	Millions of U.S. Dollars 2018 Notional Amount Total	Millions of U.S. Dollars 2018 Notional Amount Over One Year	Millions of U.S. Dollars 2018 Fair Value
Deferral Method							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable	¥ 2,923,400	¥ 1,487,704	¥ (588)	$ 27,517	$ 14,003	$ (6)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,239,085	1,172,805	(25,769)	11,663	11,039	(243)
Interest Futures							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Interest Options							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Exceptional Treatment for Interest Rate Swaps							
Interest Rate Swaps							
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	Borrowed Money	—	—		—	—	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		600	400	(Note3)	6	4	(Note3)
Total				¥ (26,357)			$ (248)

	Major Hedged Item	Millions of Yen		
		2017		
		Notional Amount		Fair Value
		Total	Over One Year	
Deferral Method				
Interest Rate Swaps	Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable			
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		¥ 5,209,766	¥ 2,863,293	¥ 5,905
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,149,071	1,085,680	(31,646)
Interest Futures				
Sold		—	—	—
Purchased		—	—	—
Interest Options				
Sold		—	—	—
Purchased		—	—	—
Others				
Sold		—	—	—
Purchased		—	—	—
Exceptional Treatment for Interest Rate Swaps				
Interest Rate Swaps	Borrowed Money			
Fixed Interest Rate Receivable/ Floating Interest Rate Payable		—	—	
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,000	1,000	(Note3)
Total				¥ (25,740)

(Notes)

1) Deferred hedge accounting stipulated in Report No. 24 is applied, in principle.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

3) Interest rate swaps to which exceptional treatment is applied are accounted for as part of the borrowings being hedged; therefore, their fair values are included in the fair value of Borrowed Money presented under "Financial Instruments."

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017, consist of the following:

	Major Hedged Item	Millions of Yen 2018 Notional Amount Total	Millions of Yen 2018 Notional Amount Over One Year	Millions of Yen 2018 Fair Value	Millions of U.S. Dollars 2018 Notional Amount Total	Millions of U.S. Dollars 2018 Notional Amount Over One Year	Millions of U.S. Dollars 2018 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,495,792	¥ 837,237	¥ (26,721)	$ 23,492	$ 7,881	$ (252)
Forward Exchange Contracts							
Sold		10,415	—	358	98	—	3
Purchased		39,576	—	(172)	373	—	(2)
Others							
Sold		—	—	—	—	—	—
Purchased		—	—	—	—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"							
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies						
Sold		¥ 37,879	¥ —	¥ 943	$ 357	$ —	$ 9
Purchased		—	—	—	—	—	—
Total				¥ (25,592)			$ (241)

	Major Hedged Item	Millions of Yen 2017 Notional Amount Total	Millions of Yen 2017 Notional Amount Over One Year	Millions of Yen 2017 Fair Value
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 3,873,763	¥ 1,887,999	¥ 43,328
Forward Exchange Contracts				
Sold		7,219	—	(1)
Purchased		10,407	—	(115)
Others				
Sold		—	—	—
Purchased		—	—	—
Method of Including Foreign Currency Translation Adjustments Arising from the Hedging Instruments in "Foreign Currency Translation Adjustments"				
Forward Exchange Contracts	Investment in the Shares of Subsidiaries and Affiliated Companies			
Sold		¥ 38,974	¥ —	¥ 44
Purchased		—	—	—
Total				¥ 43,257

(Notes)

1) Deferred hedge accounting stipulated in Report No. 25 is applied, in principle.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2018 and 2017.

Retirement and Pension Plans

Retirement and Pension Plans for the Fiscal Years Ended March 31, 2018 and 2017

1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Bank

SuMi TRUST Bank has defined benefit plans (a corporate pension fund plan and a lump-sum retirement benefit plan). Additionally, a lump-sum retirement benefit plan is offered to contract employees according to internal rules. SuMi TRUST Bank also has a defined contribution pension plan and may provide extra retirement payments to retiring employees in some cases. SuMi TRUST Bank sets up employee retirement benefit trusts as part of its pension plan assets.

Consolidated subsidiaries have lump-sum retirement benefit plans, defined benefit corporate pension plans, defined contribution pension plans, and plans administered under an employees' pension fund system. Some consolidated subsidiaries also participate in multiple employer pension plan.

Some consolidated subsidiaries adopt the computational shortcut method in calculating liabilities for retirement benefits and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

2. Defined Benefit Plans

(1) Reconciliation of Retirement Benefit Obligations

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Retirement Benefit Obligations (opening balance)	¥ 465,692	¥ 471,723	$ 4,383
Service Cost-Benefits Earned during the Fiscal Year	14,496	15,057	136
Interest Cost on Projected Benefit Obligations	2,353	2,369	22
Actuarial Gains and Losses that Arose during the Fiscal Year	720	(5,872)	7
Retirement Benefits Paid	(17,856)	(17,585)	(168)
Past Service Cost that Arose during the Fiscal Year	—	—	—
Other	—	—	—
Retirement Benefit Obligations (closing balance)	¥ 465,406	¥ 465,692	$ 4,381

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Plan Assets (opening balance)	¥ 571,449	¥ 549,951	$ 5,379
Expected Return on Plan Assets	25,722	28,131	242
Actuarial Gains and Losses that Arose during the Fiscal Year	27,748	8,767	261
Contributions by the Employer	6,507	532	61
Retirement Benefits Paid	(16,108)	(15,880)	(152)
Other	—	(52)	—
Plan Assets (closing balance)	¥ 615,318	¥ 571,449	$ 5,792

(3) Reconciliation between Closing Balances of Retirement Benefit Obligations and Plan Assets, and Liabilities and Assets for Retirement Benefits Recorded in the Consolidated Balance Sheet

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 453,999	¥ 454,584	$ 4,273
Plan Assets	(615,318)	(571,449)	(5,792)
	(161,319)	(116,864)	(1,518)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	11,407	11,107	107
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (149,911)	¥ (105,757)	$ (1,411)

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Liabilities for Retirement Benefits	¥ 13,048	¥ 13,037	$ 123
Assets for Retirement Benefits	(162,960)	(118,795)	(1,534)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (149,911)	¥ (105,757)	$ (1,411)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Service Cost-Benefits Earned during the Fiscal Year	¥ 14,496	¥ 15,057	$ 136
Interest Cost on Projected Benefit Obligations	2,353	2,369	22
Expected Return on Plan Assets	(25,722)	(28,131)	(242)
Amortization of Actuarial Differences	16,547	28,928	156
Amortization of Past Service Cost	51	95	0
Other	1,068	1,234	10
Retirement Benefit Expenses for Defined Benefit Obligations	¥ 8,795	¥ 19,554	$ 83

(5) Adjustments for Retirement Benefits

The breakdown of adjustments for retirement benefits (before tax effect) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Past Service Cost	¥ 51	¥ 95	$ 0
Actuarial Differences	43,574	43,568	410
Total	¥ 43,625	¥ 43,663	$ 411

(6) Accumulated Adjustments for Retirement Benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Unrecognized Past Service Cost	¥ 13	¥ 64	$ 0
Unrecognized Actuarial Differences	(1,018)	42,556	(10)
Total	¥ (1,005)	¥ 42,620	$ (9)

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

	Proportion (%)	
	2018	2017
Debt Securities	20	20
Equity Securities	60	58
Cash and Due from Banks	2	3
Other	18	19
Total	100	100

(Note) The total plan asset includes the retirement benefit trusts set up for a corporate pension plan and a lump-sum retirement benefit plan. They account for 60% and 58% of the total plan asset for the fiscal years ended March 31, 2018 and 2017, respectively.

2) Expected long-term rate of return on plan assets

In order to determine the expected long-term rate of return on plan assets, SuMi TRUST Bank considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

(8) Assumptions Used

Major assumptions used in actuarial calculation for the fiscal years ended March 31, 2018 and 2017, are as follows:

	2018	2017
Discount Rate	Mainly 0.5%	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	4.5%	5.1%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥1,841 million (U.S. $17 million) and ¥1,811 million for the years ended March 31, 2018 and 2017, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2018 and 2017

There were no corresponding items for the fiscal years ended March 31, 2018 and 2017.

2. Description of Stock Options

Consolidated Subsidiary: Nikko Asset Management Co., Ltd.

The following tables show stock options effective as of March 31, 2018. The number of stock options represents the number of shares after converting into equivalent shares.

(1) Description of Stock Options

Year Ended March 31, 2018	Resolution during Fiscal Year 2009	
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 271	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 48
Number of Stock Options Granted by Class of Share	Common stock: 19,724,100 shares	Common stock: 1,702,800 shares
Grant Date	February 8, 2010	August 20, 2010
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	Same as on the left
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	Same as on the left
Exercise Period	From January 22, 2012, to January 21, 2020	Same as on the left

(Note) Converted into the number of equivalent shares.

	Resolution during the Fiscal Year 2011	Resolution during the Fiscal Year 2016
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 186	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 16
Number of Stock Options Granted by Class of Share	Common stock: 6,101,700 shares	Common stock: 4,437,000 shares
Grant Date	October 7, 2011	July 15, 2016
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of October 7, 2013 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of July 15, 2018 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From October 7, 2013, to October 6, 2021	From July 15, 2018, to July 31, 2026

	Resolution during the Fiscal Year 2016
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31
Number of Stock Options Granted by Class of Share	Common stock: 4,409,000 shares
Grant Date	April 27, 2017
Vesting Conditions	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2019 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one third, one third and one third of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options.
Eligible Service Period	From the grant date until two full years have passed since the First Exercisable Date
Exercise Period	From April 27, 2019 to April 30, 2027

(2) Volume and Changes in Stock Options

1) Number of stock options

Year Ended March 31, 2018	Shares	
	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,689,600	174,900
Granted	—	—
Forfeited	194,700	66,000
Vested	—	—
At the End of the Fiscal Year	1,494,900	108,900
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares	
	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Unvested Stock Options		
At the Beginning of the Fiscal Year	2,890,800	4,404,000
Granted	—	—
Forfeited	204,600	786,000
Vested	—	—
At the End of the Fiscal Year	2,686,200	3,618,000
Vested Stock Options		
At the Beginning of the Fiscal Year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
At the End of the Fiscal Year	—	—

	Shares
	Resolution during Fiscal Year 2016
Grant Date	April 27, 2017
Unvested Stock Options	
At the Beginning of the Fiscal Year	—
Granted	4,409,000
Forfeited	532,000
Vested	—
At the End of the Fiscal Year	3,877,000
Vested Stock Options	
At the Beginning of the Fiscal Year	—
Vested	—
Exercised	—
Forfeited	—
At the End of the Fiscal Year	—

2) Unit price information

Year Ended March 31, 2018	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Exercise Price	¥ 625	¥ 625
Fair Price on the Grant Date (Note 1)	0	0

	Resolution during Fiscal Year 2011	Resolution during Fiscal Year 2016
Grant Date	October 7, 2011	July 15, 2016
Exercise Price	¥ 737 (Note 3)	¥ 558
Fair Price on the Grant Date (Note 1)	0	0

	Resolution during Fiscal Year 2016
Grant Date	April 27, 2017
Exercise Price	¥553
Fair Price on the Grant Date (Note 1)	0

(Notes)

1) In lieu of fair value per share, the fair price refers to an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transaction price method and the exercise price).

2) The total amount of intrinsic value of the options was ¥1,149 million (U.S. $10 million) as of March 31, 2018.

3) If the IPO price is set as any amount exceeding ¥737 (U.S. $7), the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

Income Taxes

1. Deferred Tax Assets and Liabilities

Year Ended March 31	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
Deferred Tax Assets:			
Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral)	¥ 40,233	¥ 45,849	$ 379
Impairment of Securities	19,213	21,058	181
Deferred Gains (Losses) on Hedges	8,722	7,578	82
Adjustments for Retirement Benefits	210	13,172	2
Other	54,700	58,018	515
Subtotal	¥ 123,081	¥ 145,676	$ 1,159
Valuation Allowance	(18,418)	(20,027)	(173)
Deferred Tax Assets	¥ 104,662	¥ 125,648	$ 985
Deferred Tax Liabilities:			
Retirement Benefits	¥ (11,416)	¥ (10,152)	$ (107)
Valuation Differences on Available-for-Sale Securities	(230,198)	213,147	(2,167)
Other	(14,063)	(8,273)	(132)
Deferred Tax Liabilities	¥(255,676)	¥ (231,573)	$ (2,407)
Net Deferred Tax Assets (Liabilities)	¥(151,015)	¥ (105,924)	$ (1,421)

2. Effective Income Tax Rate

Disclosure on reconciliation between the effective statutory tax rate and the effective income tax rate is omitted since the difference was 5% or less of the effective statutory tax rate for the fiscal years ended March 31, 2018 and 2017.

Segment Information

1. Reportable Segment Information

SuMi TRUST Bank Group's reportable segments are defined as operating segments for which discrete financial information is available and which is regularly reviewed by the board of directors in determining resources to be allocated to the segments and in assessing their business performance.

SuMi TRUST Bank Group comprises SuMi TRUST Bank and its consolidated subsidiaries, and SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (SuMiTPFC) are treated as reportable segments. The main activities of the reportable segments are presented below:

SuMi TRUST Bank: Trust banking business
SuMiTPFC: Leasing business

2. Method for Calculating Income, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment

The accounting policies used for the reportable segments are the same as those presented under "Significant Accounting Policies and Practices," and the amount of segment profits presented for the reportable segments is "Income before Income Taxes."

Prices used for internal transactions among segments are the same as the prices used for transactions with unaffiliated customers.

3. Income, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment

	Millions of Yen						
	Reportable Segment						
Fiscal Year Ended March 31, 2018	SuMi TRUST Bank	SuMiTPFC	Total	Other	Total	Adjustment	Carrying Amount
Income:							
Unaffiliated Customers	¥ 878,805	¥ 233,913	¥ 1,112,719	¥ 237,151	¥ 1,349,871	¥ 970	¥ 1,350,842
Intersegment	10,712	683	11,396	58,095	69,492	(69,492)	—
Total	¥ 889,518	¥ 234,597	¥ 1,124,116	¥ 295,246	¥ 1,419,363	¥ (68,521)	¥ 1,350,842
Segment Profit	¥ 164,655	¥ 9,425	¥ 174,080	¥ 69,844	¥ 243,925	¥ (9,157)	¥ 234,768
Segment Assets	¥ 53,161,437	¥ 1,269,305	¥ 54,430,743	¥10,200,633	¥ 64,631,376	¥ (9,820,571)	¥ 54,810,805
Segment Liabilities	¥ 50,789,170	¥ 1,102,768	¥ 51,891,939	¥ 9,613,953	¥ 61,505,892	¥ (9,412,676)	¥ 52,093,216
Others							
Depreciation and Amortization	¥ 25,033	¥ 1,128	¥ 26,161	¥ 3,149	¥ 29,311	¥ (991)	¥ 28,319
Amortization of Goodwill	—	—	—	2,282	2,282	7,686	9,968
Interest Income	409,528	4,445	413,973	31,027	445,001	(13,402)	431,598
Interest Expenses	246,207	3,708	249,915	6,453	256,369	(10,120)	246,248
Equity in Earnings (Losses) of Affiliated Companies	—	1,092	1,092	(1,827)	(734)	(5,046)	(5,781)
Gains on Disposal of Fixed Assets	372	—	372	15,058	15,430	1,933	17,364
Losses on Disposal of Fixed Assets	906	—	906	157	1,064	—	1,064
Impairment Loss	7,778	—	7,778	207	7,985	(108)	7,876
Unamortized Balance of Goodwill	—	—	—	18,394	18,394	66,142	84,537
Investment in Affiliated Companies Accounted for by the Equity Method	49,267	11,481	60,748	10,409	71,157	21,974	93,132

Fiscal Year Ended March 31, 2017	Millions of Yen						
	Reportable Segment			Other	Total	Adjustment	Carrying Amount
	SuMi TRUST Bank	SuMiTPFC	Total				
Income:							
Unaffiliated Customers	¥ 800,824	¥ 231,298	¥ 1,032,122	¥ 211,557	¥ 1,243,680	¥ 2,593	¥ 1,246,274
Intersegment	9,368	2,124	11,492	56,787	68,280	(68,280)	—
Total	¥ 810,192	¥ 233,423	¥ 1,043,615	¥ 268,345	¥ 1,311,961	¥ (65,687)	¥ 1,246,274
Segment Profit	¥ 111,325	¥ 10,367	¥ 121,693	¥ 51,822	¥ 173,515	¥ (1,087)	¥ 172,427
Segment Assets	¥ 50,969,247	¥ 1,284,831	¥ 52,254,078	¥ 9,778,966	¥ 62,033,045	¥ (9,492,497)	¥ 52,540,547
Segment Liabilities	¥ 48,659,522	¥ 1,122,515	¥ 49,782,038	¥ 9,181,676	¥ 58,963,714	¥ (9,056,172)	¥ 49,907,542
Others							
Depreciation and Amortization	¥ 21,562	¥ 1,099	¥ 22,661	¥ 4,005	¥ 26,667	¥ (1,276)	¥ 25,390
Amortization of Goodwill	—	—	—	2,278	2,278	7,686	9,964
Interest Income	370,630	2,972	373,602	28,203	401,806	(11,918)	389,888
Interest Expenses	167,378	3,487	170,866	4,256	175,123	(9,309)	165,813
Equity in Earnings (Losses) of Affiliated Companies	—	(690)	(690)	2,092	1,401	5,548	6,950
Gains on Disposal of Fixed Assets	635	0	635	1,081	1,716	(101)	1,615
Losses on Disposal of Fixed Assets	845	12	857	99	956	28	984
Impairment Loss	5,776	—	5,776	26	5,802	68	5,870
Unamortized Balance of Goodwill	—	—	—	20,765	20,765	73,725	94,490
Investment in Affiliated Companies Accounted for by the Equity Method	43,860	11,303	55,163	9,455	64,619	21,530	86,149

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars						
	Reportable Segment			Other	Total	Adjustment	Carrying Amount
	SuMi TRUST Bank	SuMiTPFC	Total				
Income:							
Unaffiliated Customers	$ 8,272	$ 2,202	$ 10,474	$ 2,232	$ 12,706	$ 9	$ 12,715
Intersegment	101	6	107	547	654	(654)	—
Total	$ 8,373	$ 2,208	$ 10,581	$ 2,779	$ 13,360	$ (645)	$ 12,715
Segment Profit	$ 1,550	$ 89	$ 1,639	$ 657	$ 2,296	$ (86)	$ 2,210
Segment Assets	$ 500,390	$ 11,948	$ 512,338	$ 96,015	$ 608,353	$ (92,438)	$ 515,915
Segment Liabilities	$ 478,061	$ 10,380	$ 488,441	$ 90,493	$ 578,933	$ (88,598)	$ 490,335
Others							
Depreciation and Amortization	$ 236	$ 11	$ 246	$ 30	$ 276	$ (9)	$ 267
Amortization of Goodwill	—	—	—	21	21	72	94
Interest Income	3,855	42	3,897	292	4,189	(126)	4,062
Interest Expenses	2,317	35	2,352	61	2,413	(95)	2,318
Equity in Earnings (Losses) of Affiliated Companies	—	10	10	(17)	(7)	(48)	(54)
Gains on Disposal of Fixed Assets	4	—	4	142	145	18	163
Losses on Disposal of Fixed Assets	9	—	9	1	10	—	10
Impairment Loss	73	—	73	2	75	(1)	74
Unamortized Balance of Goodwill	—	—	—	173	173	623	796
Investment in Affiliated Companies Accounted for by the Equity Method	464	108	572	98	670	207	877

(Notes)

1) The figures represent income in substitution of net sales to be presented by companies in other industries.

2) The figures under SuMiTPFC represent consolidated amounts.

3) "Other" includes the consolidated subsidiaries other than SuMi TRUST Bank and SuMiTPFC.

4) The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions.

5) Segment profits have been reconciled to "Income before Income Taxes" as presented in the consolidated statement of income.

Related Information

1. Information by Services

Fiscal Year Ended March 31, 2018	Millions of Yen			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	¥ 878,805	¥ 233,913	¥ 238,122	¥ 1,350,842

Fiscal Year Ended March 31, 2017	Millions of Yen			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	¥ 800,824	¥ 231,298	¥ 214,151	¥ 1,246,274

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars			
	Trust Banking Business	Leasing Business	Other	Total
Income:				
Unaffiliated Customers	$ 8,272	$ 2,202	$ 2,241	$ 12,715

(Note) The figures represent income in substitution of net sales to be presented by companies in other industries.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2018 and 2017, consists of the following:

Fiscal Year Ended March 31, 2018	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,097,384	¥105,263	¥ 58,362	¥ 89,831	¥ 1,350,842

Fiscal Year Ended March 31, 2017	Millions of Yen				
	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,067,385	¥ 74,997	¥ 41,723	¥ 62,168	¥ 1,246,274

Fiscal Year Ended March 31, 2018	Millions of U.S. Dollars				
	Japan	Americas	Europe	Asia and Oceania	Total
	$ 10,329	$ 991	$ 549	$ 846	$ 12,715

(Notes)

1) The figures represent Income in substitution for net sales to be presented by companies in other industries.

2) Income related to transactions by SuMi TRUST Bank (excluding oversea branches) and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by overseas branches of SuMi TRUST Bank and foreign consolidated subsidiaries are presented under "Americas," "Europe," or "Asia and Oceania" based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Bank Group's tangible fixed assets on the consolidated balance sheet as of March 31, 2018 and 2017, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Bank Group and a significantly large number of SuMi TRUST Bank Group's customers, transactions are not classified by major counterparty; accordingly, information by major customer is not presented.

Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

Information Related to Gain on Negative Goodwill by Reportable Segment

There was no gain on negative goodwill by reportable segment during the fiscal years ended March 31, 2018 and 2017.

Related Party Transactions

1. Related Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2018 and 2017.

2. Notes on the Parent Company or Significant Affiliated Companies

(1) Parent Company

Sumitomo Mitsui Trust Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(2) Condensed Financial Information of Significant Affiliated Companies

There was no significant condensed financial information of significant affiliated companies for the fiscal year ended March 31, 2018 to be disclosed.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2018	2017	2018
Net Assets per Share of Common Stock	¥ 1,537.23	¥ 1,457.73	$ 14.47
Net Income per Share of Common Stock	93.08	67.56	0.88

(Notes)

1) Net assets per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018
Net Assets as Reported	¥ 2,717,588	¥ 2,633,005	$ 25,580
Less:	143,439	191,979	1,350
Non-Controlling Interests	143,439	191,979	1,350
Net Assets Attributable to Common Shareholders	2,574,149	2,441,025	24,230
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

2) Net income per share of common stock and basis for calculation are as follows:

	Millions of Yen		Millions of U.S. Dollars
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 155,875	¥ 113,141	$ 1,467
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	155,875	113,141	1,467
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	1,674,537	1,674,537	1,674,537

3) Diluted net income per share of common stock and basis for calculation

Diluted net income per share of common stock for the fiscal years ended March 31, 2018 and 2017 is not presented because there were no dilutive potential shares.

The potential shares that were excluded from the calculation of diluted net income per share of common stock because they have no dilutive effect are as follows:

Consolidated subsidiary (Nikko Asset Management Co., Ltd.)

A description of these securities is presented in the subsection of the Notes to Consolidated Financial Statements "Stock Option Plans."

Significant Subsequent Event
(Redemption of Non-dilutive Preferred Securities)

SuMi TRUST Bank held a meeting of the board of directors on May 11, 2018, resolved to fully redeem the Non-dilutive Preferred Securities issued by STB Preferred Capital 4 (Cayman) Limited, a Special Purpose Subsidiary, which is a 100% consolidated subsidiary of SuMi TRUST Bank, and decided to dissolve the Special Purpose Subsidiary accordingly.

(1) Summary of non-dilutive preferred securities to be redeemed

(i) Issuer

STB Preferred Capital 4 (Cayman) Limited

(ii) Type of security to be redeemed

Japanese yen denominated non-cumulative perpetual preferred securities

(iii) Aggregate amount to be redeemed

¥110.0 billion (U.S. $1,035 million)

(iv) Scheduled redemption date

July 25, 2018

(2) Name and outline of the subsidiary to be dissolved

(i) Company name

STB Preferred Capital 4 (Cayman) Limited

(ii) Outline

Outline is not provided in this section because the same information is disclosed in "Subsidiaries and Affiliated Companies."

Independent Auditors' Report

KPMG

Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Trust Bank, Limited:

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Bank, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Mitsui Trust Bank, Limited and its consolidated subsidiaries as at March 31, 2018, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presentation of Financial Statements" to the consolidated financial statements.

KPMG AZSA LLC

June 28, 2018
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Financial Data:

Non-Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
As of March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Cash and Due from Banks:	¥ 15,408,170	¥ 13,963,744	$ 145,032
Cash	124,870	193,245	1,175
Due from Banks	15,283,299	13,770,498	143,856
Call Loans	92,951	64,706	875
Receivables under Resale Agreements	63,531	83,888	598
Receivables under Securities Borrowing Transactions	624,048	464,956	5,874
Monetary Claims Bought	67,769	92,904	638
Trading Assets:	470,899	663,043	4,432
Trading Account Securities	18,868	14,102	178
Derivatives of Trading Securities	162	766	2
Derivatives of Securities Related to Trading Transactions	549	181	5
Trading-Related Financial Derivatives	300,712	437,997	2,830
Other Trading Assets	150,606	209,996	1,418
Money Held in Trust	99	99	1
Securities:	5,972,337	5,518,947	56,216
Government Bonds	360,574	310,354	3,394
Local Government Bonds	7,284	4,790	69
Corporate Bonds	668,943	733,853	6,297
Stocks	1,939,416	1,829,637	18,255
Other Securities	2,996,118	2,640,310	28,201
Loans and Bills Discounted:	28,259,093	28,158,969	265,993
Bills Discounted	1,714	2,299	16
Loans on Bills	289,825	330,708	2,728
Loans on Deeds	25,691,647	25,710,505	241,827
Overdrafts	2,275,906	2,115,455	21,422
Foreign Exchanges:	25,554	16,189	241
Due from Foreign Banks	25,554	16,189	241
Other Assets:	1,428,871	1,187,878	13,449
Domestic Exchange Settlement Account, Debit	375	602	4
Prepaid Expenses	2,830	3,295	27
Accrued Income	118,328	102,924	1,114
Initial Margins of Futures Markets	8,733	7,781	82
Variation Margin of Futures Markets	3,747	1,020	35
Derivatives Other Than for Trading	288,372	461,332	2,714
Cash Collateral Pledged for Financial Instruments	556,806	466,052	5,241
Receivables for Securities Transactions	368,518	49,289	3,469
Other Assets	81,158	95,579	764
Tangible Fixed Assets:	198,328	200,957	1,867
Buildings	65,183	65,439	614
Land	113,911	114,010	1,072
Lease Assets	4,694	5,852	44
Construction in Progress	82	710	1
Other	14,455	14,944	136
Intangible Fixed Assets:	66,969	91,265	630
Software	63,367	86,907	596
Lease Assets	—	181	—
Other	3,601	4,176	34
Prepaid Pension Expenses	161,208	160,295	1,517
Customers' Liabilities for Acceptances and Guarantees	398,773	391,434	3,754
Allowance for Loan Losses	(77,169)	(90,030)	(726)
Total Assets	¥ 53,161,437	¥ 50,969,247	$ 500,390

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Liabilities:			
Deposits:	¥ 29,392,255	¥ 29,019,323	$ 276,659
Current Deposits	799,690	632,628	7,527
Ordinary Deposits	6,022,724	5,576,969	56,690
Saving Deposits	1,887	1,959	18
Deposits at Notice	61,968	54,248	583
Time Deposits	21,207,994	21,508,417	199,623
Other Deposits	1,297,990	1,245,099	12,218
Negotiable Certificates of Deposit	6,758,936	7,523,217	63,620
Call Money	494,864	400,164	4,658
Payables under Repurchase Agreements	1,454,855	1,063,737	13,694
Payables under Securities Lending Transactions	41,299	13,699	389
Trading Liabilities:	266,148	366,879	2,505
Derivatives of Trading Securities	25	15	0
Derivatives of Securities Related to Trading Transactions	4	—	0
Trading-Related Financial Derivatives	266,118	366,863	2,505
Borrowed Money:	4,367,179	3,365,201	41,107
Borrowing from Other Banks	4,367,179	3,365,201	41,107
Foreign Exchanges:	1,984	2,240	19
Due to Foreign Banks	1,786	2,219	17
Foreign Bills Payable	197	21	2
Short-Term Bonds Payable	605,290	418,862	5,697
Bonds Payable	944,966	1,029,093	8,895
Borrowed Money from Trust Account	5,172,463	3,973,623	48,687
Other Liabilities:	695,820	920,767	6,550
Domestic Exchange Settlement Account, Credit	817	995	8
Income Taxes Payable	14,864	2,197	140
Accrued Expenses	84,197	88,360	793
Unearned Revenue	3,358	3,084	32
Variation Margin of Futures Markets	1,513	307	14
Trading Account Securities Borrowed	16,781	47,938	158
Derivatives Other Than for Trading	350,963	445,344	3,303
Cash Collateral Accepted for Financial Instruments	145,075	269,639	1,366
Lease Obligations	6,320	6,671	59
Asset Retirement Obligations	3,826	4,137	36
Payables for Securities Transactions	3,234	199	30
Other	64,867	51,891	611
Provision for Bonuses	8,923	9,018	84
Provision for Directors' Bonuses	78	91	1
Provision for Retirement Benefits	724	695	7
Provision for Reimbursement of Deposits	3,548	3,583	33
Provision for Contingent Losses	4,628	7,774	44
Deferred Tax Liabilities	173,412	147,097	1,632
Deferred Tax Liabilities for Land Revaluation	3,016	3,016	28
Acceptances and Guarantees	398,773	391,434	3,754
Total Liabilities	¥ 50,789,170	¥ 48,659,522	$ 478,061
Net Assets:			
Total Shareholders' Equity:	¥ 1,865,959	¥ 1,839,012	$ 17,564
Capital Stock	342,037	342,037	3,219
Capital Surplus:	456,233	492,252	4,294
Legal Capital Surplus	273,016	273,016	2,570
Other Capital Surplus	183,217	219,236	1,725
Retained Earnings:	1,067,688	1,004,722	10,050
Legal Retained Earnings	69,020	69,020	650
Other Retained Earnings:	998,667	935,702	9,400
Other Voluntary Reserves	371,870	371,870	3,500
Retained Earnings Brought Forward	626,797	563,832	5,900
Total Valuation and Translation Adjustments:	506,307	470,711	4,766
Valuation Difference on Available-for-Sale Securities	525,874	487,623	4,950
Deferred Gains (Losses) on Hedges	(18,154)	(15,844)	(171)
Revaluation Reserve for Land	(1,412)	(1,067)	(13)
Total Net Assets	¥ 2,372,266	¥ 2,309,724	$ 22,329
Total Liabilities and Net Assets	¥ 53,161,437	¥ 50,969,247	$ 500,390

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Income:			
Trust Fees	¥ 94,870	¥ 94,289	$ 893
Interest Income:	409,528	370,630	3,855
Interest on Loans and Discounts	291,556	266,449	2,744
Interest and Dividends on Securities	86,710	82,622	816
Interest on Call Loans and Bills Bought	1,620	1,063	15
Interest on Receivables under Resale Agreements	1,295	973	12
Interest on Receivables under Securities Borrowing Transactions	5	7	0
Interest on Due from Banks	26,706	18,411	251
Other Interest Income	1,634	1,102	15
Fees and Commissions:	195,171	200,728	1,837
Fees and Commissions on Domestic and Foreign Exchanges	1,437	1,445	14
Other Fees and Commissions	193,734	199,282	1,824
Trading Income:	10,421	18,338	98
Gains on Trading Account Securities Transactions	145	—	1
Income from Securities and Derivatives Related to Trading Transactions	112	—	1
Income from Trading-Related Financial Derivatives Transactions	10,105	18,282	95
Other Trading Income	57	55	1
Other Ordinary Income:	79,056	72,114	744
Gain on Foreign Exchange Transactions	45,346	28,608	427
Gains on Sales of Bonds	23,211	21,630	218
Gains on Derivatives Other Than for Trading-Assets	9,464	21,181	89
Other	1,034	694	10
Other Income:	100,469	54,090	946
Recoveries of Written-Off Claims	849	1,717	8
Gains on Sales of Stocks and Other Securities	78,656	46,191	740
Reversal of Allowance for Loan Losses	7,809	—	74
Other	13,154	6,181	124
Total Income	¥ 889,518	¥ 810,192	$ 8,373

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Expenses:			
Interest Expenses:	¥ 246,207	¥ 167,378	$ 2,317
Interest on Deposits	93,682	78,340	882
Interest on Negotiable Certificates of Deposit	42,334	27,879	398
Interest on Call Money and Bills Sold	1,601	1,383	15
Interest on Payables under Repurchase Agreements	16,404	8,230	154
Interest on Payables under Securities Lending Transactions	234	24	2
Interest on Borrowings and Rediscounts	22,168	18,247	209
Interest on Short-Term Bonds	4,678	5,057	44
Interest on Bonds	16,864	12,592	159
Interest on Interest Swaps	33,111	1,043	312
Other Interest Expenses	15,126	14,578	142
Fees and Commissions Payments:	86,499	84,593	814
Fees and Commissions on Domestic and Foreign Exchanges	822	778	8
Other Fees and Commissions	85,676	83,814	806
Trading Expenses:	—	1,297	—
Expenses on Trading Securities and Derivatives	—	258	—
Expenses on Securities and Derivatives Related to Trading Transactions	—	1,039	—
Other Ordinary Expenses:	29,490	119,483	278
Loss on Sale of Bonds	28,962	118,589	273
Losses on Redemption of Bonds	0	—	0
Other Ordinary Expenses	528	893	5
General and Administrative Expenses	254,234	262,466	2,393
Other Expenses:	108,431	63,647	1,021
Provision of Allowance for Loan Losses	—	26,043	—
Written-Off Loans	1,539	378	14
Losses on Sales of Stocks and Other Securities	72,634	5,723	684
Losses on Devaluation of Stocks and Other Securities	36	9,168	0
Impairment Loss	7,778	5,776	73
Other	26,442	16,557	249
Total Expenses	¥ 724,862	¥ 698,866	$ 6,823
Income before Income Taxes	¥ 164,655	¥ 111,325	$ 1,550
Income Taxes:	46,675	33,662	439
Current	36,227	32,701	341
Deferred	10,448	961	98
Net Income	¥ 117,980	¥ 77,663	$ 1,111

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 70.45	¥ 46.37	$ 0.66

Financial Data:

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2018 and 2017

From April 1, 2017 to March 31, 2018

	Millions of Yen							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 219,236	¥ 492,252	¥ 69,020	¥ 935,702	¥ 1,004,722	¥ 1,839,012
Changes during the Year								
Cash Dividends			(36,019)	(36,019)		(55,360)	(55,360)	(91,379)
Net Income						117,980	117,980	117,980
Reversal of Revaluation Reserve for Land						345	345	345
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	(36,019)	(36,019)	—	62,965	62,965	26,946
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 183,217	¥ 456,233	¥ 69,020	¥ 998,667	¥ 1,067,688	¥ 1,865,959

	Millions of Yen				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	¥ 487,623	¥ (15,844)	¥ (1,067)	¥ 470,711	¥ 2,309,724
Changes during the Year					
Cash Dividends					(91,379)
Net Income					117,980
Reversal of Revaluation Reserve for Land					345
Net Changes of Items Other Than Shareholders' Equity	38,251	(2,309)	(345)	35,595	35,595
Total Changes during the Year	38,251	(2,309)	(345)	35,595	62,542
Balance at the End of the Year	¥ 525,874	¥ (18,154)	¥ (1,412)	¥ 506,307	¥ 2,372,266

From April 1, 2016 to March 31, 2017

	Millions of Yen							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 273,016	¥ 219,236	¥ 492,252	¥ 69,020	¥ 912,225	¥ 981,246	¥ 1,815,536
Changes during the Year								
Cash Dividends						(54,556)	(54,556)	(54,556)
Net Income						77,663	77,663	77,663
Reversal of Revaluation Reserve for Land						369	369	369
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	—	—	—	23,476	23,476	23,476
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 219,236	¥ 492,252	¥ 69,020	¥ 935,702	¥1,004,722	¥ 1,839,012

	Millions of Yen				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	¥ 477,729	¥ (7,305)	¥ (697)	¥ 469,727	¥ 2,285,263
Changes during the Year					
Cash Dividends					(54,556)
Net Income					77,663
Reversal of Revaluation Reserve for Land					369
Net Changes of Items Other Than Shareholders' Equity	9,894	(8,539)	(369)	984	984
Total Changes during the Year	9,894	(8,539)	(369)	984	24,461
Balance at the End of the Year	¥ 487,623	¥ (15,844)	¥ (1,067)	¥ 470,711	¥ 2,309,724

From April 1, 2017 to March 31, 2018

	Millions of U.S. Dollars							
	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Other Retained Earnings	Total Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 3,219	$ 2,570	$ 2,064	$ 4,633	$ 650	$ 8,807	$ 9,457	$ 17,310
Changes during the Year								
Cash Dividends			(339)	(339)		(521)	(521)	(860)
Net Income						1,111	1,111	1,111
Reversal of Revaluation Reserve for Land						3	3	3
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	(339)	(339)	—	593	593	254
Balance at the End of the Year	$ 3,219	$ 2,570	$ 1,725	$ 4,294	$ 650	$ 9,400	$ 10,050	$ 17,564

	Millions of U.S. Dollars				
	Valuation and Translation Adjustments				
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at the Beginning of the Year	$ 4,590	$ (149)	$ (10)	$ 4,431	$ 21,741
Changes during the Year					
Cash Dividends					(860)
Net Income					1,111
Reversal of Revaluation Reserve for Land					3
Net Changes of Items Other Than Shareholders' Equity	360	(22)	(3)	335	335
Total Changes during the Year	360	(22)	(3)	335	589
Balance at the End of the Year	$ 4,950	$ (171)	$ (13)	$ 4,766	$ 22,329

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
Fiscal year ended March 31, 2018 and 2017

As of March 31	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,306,319	¥ 1,410,062	$ 12,296
Securities (Note 3)	1,834,427	3,077,763	17,267
Beneficiary Rights	153,552,838	143,214,893	1,445,339
Securities Held in Custody Accounts	29,358	29,280	276
Monetary Claims	17,142,507	15,065,121	161,356
Tangible Fixed Assets	14,717,283	13,643,477	138,529
Intangible Fixed Assets	205,595	178,180	1,935
Other Claims	7,287,691	7,451,128	68,596
Loans to Banking Account	5,172,463	3,973,623	48,687
Cash and Due from Banks	449,632	424,201	4,232
Total Assets	¥ 201,698,118	¥ 188,467,733	$ 1,898,514
Liabilities:			
Money Trusts (Note 4)	¥ 31,416,663	¥ 30,217,814	$ 295,714
Pension Trusts	13,720,536	14,828,508	129,147
Property Formation Benefit Trusts	17,930	17,575	169
Loan Trusts (Note 5)	—	10,683	—
Securities Investment Trusts	74,634,230	69,115,219	702,506
Money in Trust Other Than Money Trusts	21,572,482	15,544,890	203,054
Securities Trust	19,411,004	20,114,053	182,709
Money Claims in Trust	17,265,832	15,148,509	162,517
Real Estate in Trust	89,431	109,383	842
Composite Trusts	23,570,006	23,361,093	221,856
Total Liabilities	¥ 201,698,118	¥ 188,467,733	$ 1,898,514

See Notes to Statements of Trust Account (Unaudited).

Notes to Statements of Trust Account (Unaudited)

1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Bank. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Bank do not reflect SuMi TRUST Bank's records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2018 and 2017, was ¥5,074,307 million (U.S. $47,763 million) and ¥3,892,430 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, the total may not be equal to sum of individual amounts.

Each amount presented in the statements of trust account as of March 31, 2018 and 2017, is the sum of trust accounts in SuMi TRUST Bank and JTSB. Entrust amounts between these consolidated subsidiaries for asset management are excluded from the amounts presented in in the statements of trust account.

2. Loans and Bills Discounted

Loans as of March 31, 2018 and 2017 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Loans on Deeds	¥ 798,299	¥ 873,157	$ 7,514
Loans on Bills	508,020	536,905	4,782
Total	**¥ 1,306,319**	¥ 1,410,062	**$ 12,296**

The balances of guaranteed trust account loans as of March 31, 2018 and 2017 stood at ¥36,220 million (U.S. $341 million) and ¥47,186 million respectively, which included the following:

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2018 and 2017, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Other Delinquent Loans	¥ 842	¥ 4,964	$ 8
Restructured Loans	48	67	0
Total	**¥ 890**	¥ 5,032	**$ 8**

3. Securities

Securities held as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Government Bonds	¥ 807,617	¥ 1,148,643	$ 7,602
Local Government Bonds	59	59	1
Corporate Bonds	314,874	907,573	2,964
Stocks	8,701	8,889	82
Other Securities	703,173	1,012,597	6,619
Total	¥ 1,834,427	¥ 3,077,763	$ 17,267

4. Balance of Money Trusts

The principal amount of certain money trusts is guaranteed and the balance of these accounts is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Loans and Bills Discounted	¥ 36,220	¥ 47,186	$ 341
Securities	29	29	0
Other	5,038,498	3,835,243	47,426
Total	¥ 5,074,748	¥ 3,882,459	$ 47,767
Liabilities:			
Principal	¥ 5,074,307	¥ 3,882,168	$ 47,763
Allowance for Impairment of Guaranteed Trust Principal	89	90	1
Other	351	200	3
Total	¥ 5,074,748	¥ 3,882,459	$ 47,767

In the case of certain money trusts, the principal amount is guaranteed, and as the above table indicates, an allowance for the impairment of guaranteed trust principal is set aside by SuMi TRUST Bank. The figures in the table include funds entrusted from other trusts managed by SuMi TRUST Bank.

5. Balance of Loan Trusts

There is no applicable information for the fiscal year ended March 31, 2018.

The balance of loan trusts as of March 31, 2017, is as follows (the figures in the table include funds entrusted from other trusts managed by SuMi TRUST Bank):

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Assets:			
Loans and Bills Discounted	¥ —	¥ —	$ —
Securities	—	—	—
Other	—	10,683	—
Total	¥ —	¥ 10,683	$ —
Liabilities:			
Principal	¥ —	¥ 10,262	$ —
Special Reserve Fund	—	53	—
Other	—	368	—
Total	¥ —	¥ 10,683	$ —

As in certain money trusts, the principal amount of loan trusts is guaranteed, and as the above table indicates, a special reserve fund is set aside by SuMi TRUST Bank.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2018.

[Qualitative Disclosure Data: SuMi TRUST Holdings]

1. Overview of the Risk Management of the Sumitomo Mitsui Trust Group	198
2. Credit Risk Management	204
3. Market Risk Management	214
4. Funding Liquidity Risk Management	217
5. Operational Risk Management	217
6. Other Matters	222

Qualitative Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

1. Overview of the Risk Management of the Sumitomo Mitsui Trust Group

(1) Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Sumitomo Mitsui Trsut Group (the "SuMi TRUST Group") follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, validation for advancement, and review, based on the management policy and basic policy on the internal control system of the SuMi TRUST Group.

The risk management framework of the SuMi TRUST Group encompasses the Risk Appetite Framework (please refer to (5) below), and integrates it to function organically within the SuMi TRUST Group.

(2) Risk Characteristics of the SuMi TRUST Group

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the SuMi TRUST Group, as a financial group specialised in trust banking, strives to create distinct value through a total solution business model that combines its banking, asset management and administration, and real estate businesses and others.

The businesses of the SuMi TRUST Group consist of the Retail Total Solution (TS) Services Business, the Wholesale Total Solution (TS) Services Business, the Wholesale Asset Management (AM) Business, the Fiduciary Services Business, the Stock Transfer Agency Services Business, the Real Estate Business, and the Global Markets Business.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the businesses. With regard to trust business risks, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") provides management primarily in the operational risk category, particularly in terms of its duty of due care as a prudent manager, duty of loyalty, and duty to segregate property as a trustee.

Reporting is regularly performed regarding whether the overall risk of the SuMi TRUST Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

• Businesses and Main Risk Characteristics of the Group

Risk Category \ Individual Businesses	Retail TS	Wholesale TS	Wholesale AM	Fiduciary Services	Stock Transfer Agency Services	Real Estate	Global Markets	Corporate Management*
Credit Risk	○	○	○				○	
Market Risk		○					○	○
Funding Liquidity Risk							○	
Operational Risk	○	○	○	○	○	○	○	○

* Strategic shareholdings management, etc.

• Risk Definition

Risk Category	Definition
Credit Risk	Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, "country risk" in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the country of obligors.
Market Risk	Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, "market liquidity risk" in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk	Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are "risk sub-categories" within Operational Risk)	Risk that the Group may incur losses due to inadequate or failed bussiness processes, the activities of executives or employees, computer systems, or due to external events.
Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

(3) Risk Governance System

For the group-wide risk governance system, the SuMi TRUST Group has developed a Three Lines of Defense system consisting of risk management by individual businesses (first line of defense), risk management by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

[First Line of Defense]

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business.

Each business engages in risk taking within the established range of risk appetite, and, when a risk materializes, promptly implements risk control at the on-site level.

[Second Line of Defense]

The Risk Management Department performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize.

The Risk Management Department and risk management-related departments act as a restraint function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system.

The Risk Management Department reports on the status of risk management to the Executive Committee and the Board of Directors.

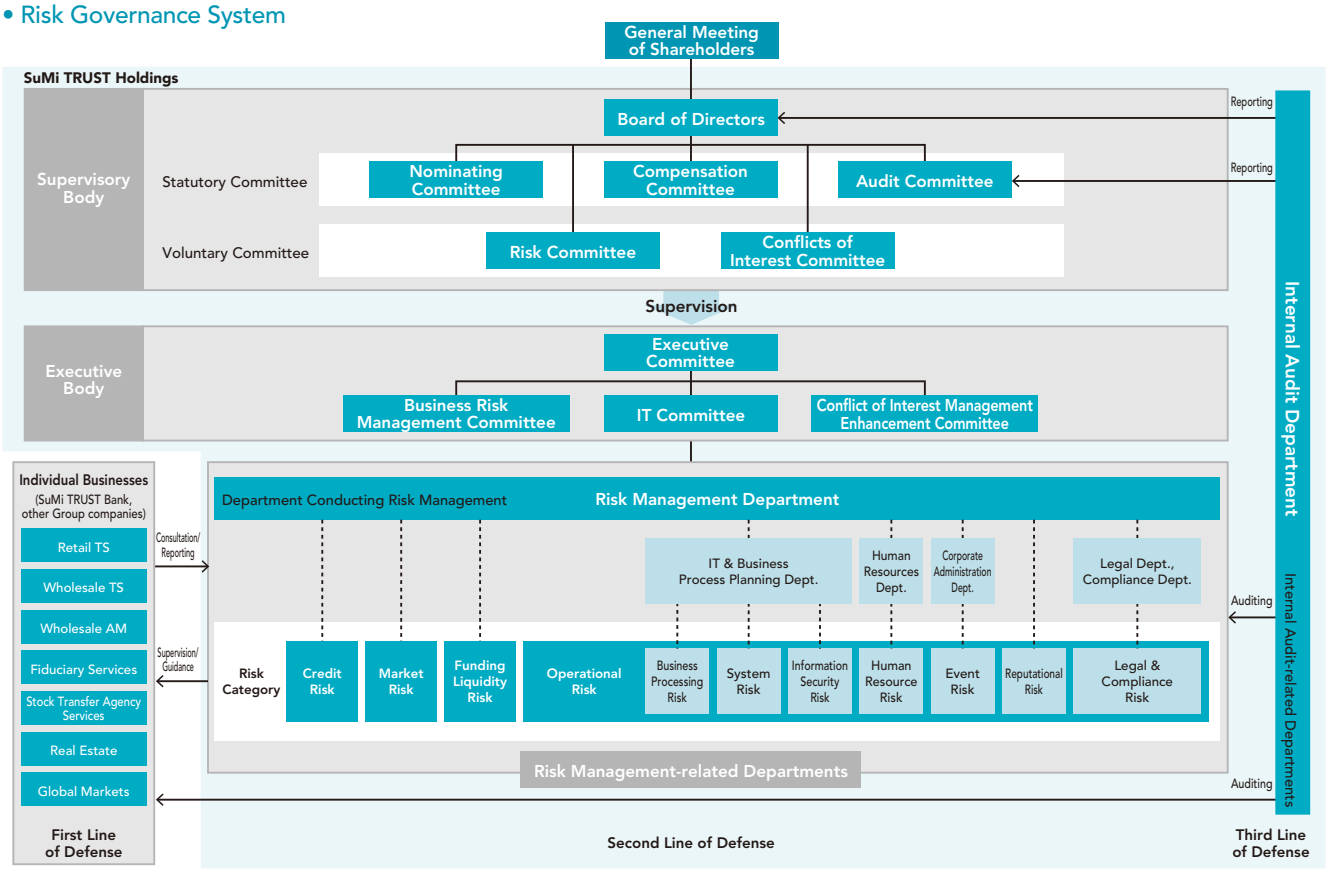
[Third Line of Defense]

The Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

[Executive Committee]

The Executive Committee is composed of representative executive officers and executive officers designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

• Risk Governance System



[Board of Directors]

The Board of Directors is composed of all of the directors. It decides on the management policy and strategic goals for risk taking of the SuMi TRUST Group, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the SuMi TRUST Group.

[Risk Committee]

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the SuMi TRUST Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

[Conflicts of Interest Committee]

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the fiduciary duties and conflict of interest management, which are the foundation on which the SuMi TRUST Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

(4) Risk Management Process

In the SuMi TRUST Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

[Risk Identification]

The risks faced by the SuMi TRUST Group are comprehensively identified, while ensuring the comprehensiveness of operations of the SuMi TRUST Group and the risks to be managed are identified based on the scale and characteristics of the identified risks.

[Risk Evaluation]

The risks identified as requiring management undergo analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles.

When risks cannot be quantified, their impact is assessed to the greatest extent possible, and they are managed through measures such as implementing preventive measures based on the nature of the risks.

[Risk Monitoring]

Risk conditions are monitored with appropriate frequency, given the conditions of internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.) of the SuMi TRUST Group. Recommendations, guidance, and advice are given to the businesses of the SuMi TRUST Group based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.*

* The information on risks is reported to the Executive Committee and the Board of Directors on a monthly or quarterly basis according to its content. The information on risks to be reported is created by using internal databases, and risk measurement systems, etc. The SuMi TRUST Group is developing and advancing management information systems while complying with the "Principles for Risk Data Aggregation" of the Basel Committee on Banking Supervision.

- Main Items to Be Reported to the Board of Directors and Executive Committee

Frequency	Contents to be reported
Monthly	Comprehensive risk situation (including whether the risk amount is within the limit) ⇒Specifically, the amount of risk, usage of allocated capital, risk-weighted assets, and risk appetite situation, etc., for each business and each risk category are reported.
Quarterly	1) Status of the external environment, including the economic circulation, 2) whether the risk amount is within the limit, the risk profile, and its trend, 3) the limitations, weaknesses and appropriateness of risk evaluation methods, 4) the status of introduction of new products and services, etc., 5) the progress of improvement activities, and 6) the examination of process effectiveness, etc. ⇒Specifically, the status of top and jump risks, (annual) risk management plans, important issues to be solved, status of product approval process, etc., as well as items to be reported monthly are reported.

[Risk Control and Mitigation]

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented.

[Risk predictor management for top risks, etc.]

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the business model and risk characteristics of the SuMi TRUST Group , and these management indicators are monitored. Regarding risks resulting from external factors, the top risks (risks that have a high probability of occurrence and that would have a large impact on the SuMi TRUST Group) are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for all types of risks.

Our top credit risks include "worsening of credit among major obligors," our top market risks include "falling prices for strategic shareholdings, etc.," and our top operational risks include "cyber-attacks."

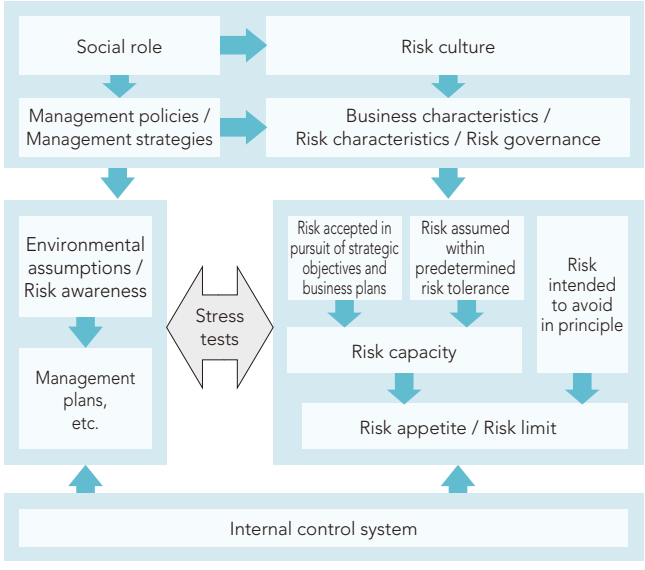
(5) Risk Appetite Framework

The SuMi TRUST Group defines the Risk Appetite Framework (RAF) as a company-wide framework for business management composed of a process for determining risk appetite* within the risk capacity range to complete management strategies designed by the Board of Directors based on the social roles and management principles of the SuMi TRUST Group, and internal control and management information systems for supporting them.

* Risk appetite: indicators of the type of risks and how much the SuMi TRUST Group should take or avoid risks within the risk capacity (tolerance level) in order to implement stable management strategies based on the social roles and management principles of the SuMi TRUST Group

The basic management strategies of the SuMi TRUST Group are to enhance its profitability and advance risk management. The SuMi TRUST Group aims to improve the transparency of the discussions and decision making processes regarding all kinds of risk-taking policies, including capital allocation and revenue maximization through the setting, conveyance and monitoring of risk appetite, and achieve the optimization and streamlining of allocation of management resources and the strengthening of the monitoring system, by using RAF as the common language within the SuMi TRUST Group.

• Outline of Risk Appetite Framework



The SuMi TRUST Group formulated the Risk Appetite Statement (RAS), which describes the entire framework of RAF and the details of risk appetite, etc. After thoroughly informing RAS among the staff of the Group, the SuMi TRUST Group utilizes RAS during discussions based on its management strategies and promotes the fostering and spread of sound risk culture. In addition, risk appetite-related indicators are monitored continuously, and the results of monitoring are reported to the Board of Directors and Executive Committee every six months.

(6) Fostering of Risk Culture

The SuMi TRUST Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the SuMi TRUST Group's organization, as well as executives and employees, that flexibly carries out risk-taking, risk management, and risk control based on an appropriate evaluation of risks, guided by a high degree of self-discipline with the background of fiduciary spirit.

In order to improve its corporate value and stakeholder value, the SuMi TRUST Group takes risk based on risk appetite, strictly complies with applicable laws and regulations to establish solid credibility from clients and society, and takes a resolute stance against antisocial forces.

In order to foster and spread "risk culture," the SuMi TRUST Group transmits messages from the management, formulates management plans, establishes promotional organizations, and holds training/education workshop, etc. regarding "risk culture" to regularly disseminate and share "ideal awareness and action against risks based on the value of the SuMi TRUST Group" among executives and employees. At each office, the SuMi TRUST Group aims to foster the culture of recognizing the "importance of becoming familiar with risks" and "appropriate attitudes for challenging risks" and taking action.

In addition, the executives and employees of the SuMi TRUST Group follow the "Codes of Conduct regarding Risks" in order to support sustainable growth, while ensuring the soundness of management.

(7) Enterprise Risk Management

1) Enterprise Risk Management System

The SuMi TRUST Group manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength (enterprise risk management).

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR, and compare the combined value against our corporate strength (capital position), thereby managing risks (integrated risk management).

• Overview of risk measurement approaches in Integrated Risk Management

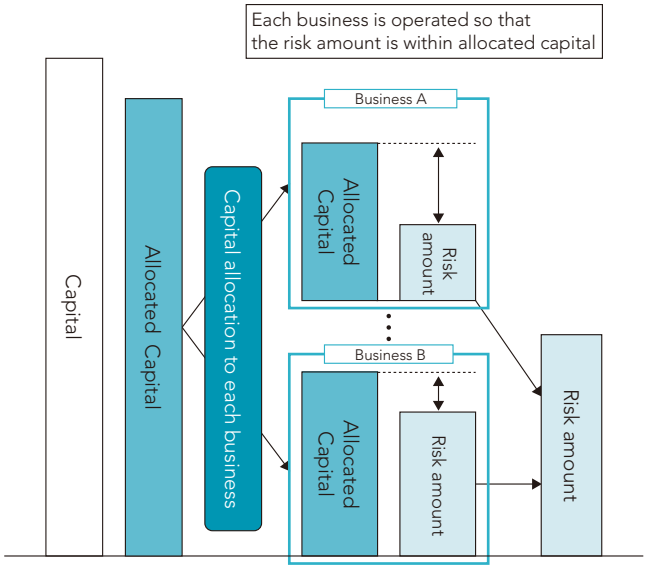
Risk category	Main scope	Main measurement approaches
Credit risk	Assets such as loans and bills discounted (including off-balance transactions)	Monte Carlo Simulation Method
Market risk	Risks related to trading accounts, banking accounts' interest rates, foreign exchange, stocks, commodities, and credit spreads (including off-balance transactions)	Historical Simulation Method
Operational risk	Business processes, the activities of executives and employees, and computer systems, etc.	Monte Carlo Simulation Method

2) Capital Allocation Operations

For the purpose of capital allocation operations of the SuMi TRUST Group , SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of risk capital and its risk appetite. The Risk Management Department measures the risk amount on a monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

• Capital Allocation Scheme



3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

• Hypothetical Scenario Stress Testing

Assessment of capital adequacy level by formulating a stress scenario that has a sufficiently strong impact and a realistic probability of occurrence and then estimating capital adequacy ratio, etc. in times of stress.

• Historical Scenario Stress Testing

Assessment of capital adequacy level through estimation of capital adequacy ratio, etc. in times of stress using parameters from stress times that had occurred in the past.

• Examination of Probability of Occurrence

Assessment of capital adequacy level by comparing the risk with 99.9% confidence interval with total capital defined under capital regulatory standards.

• Stress Test Framework

1) Formulating a scenario proposal	Formulate multiple proposals for future "hypothetical scenarios," "historical scenarios" in past events, etc.
2) Scenario discussion and selection	Scenarios are discussed and selected at the meetings of committees, etc. attended by executives.
3) Impact evaluation	Estimate the impact when the selected scenario occurs, and carry out assessment of capital adequacy level and other assessments.
4) Reporting to the Board of Directors and others	Receive the report on assessment results and utilize it in formulating a management plan.

(8) Compliance with the Basel Standards

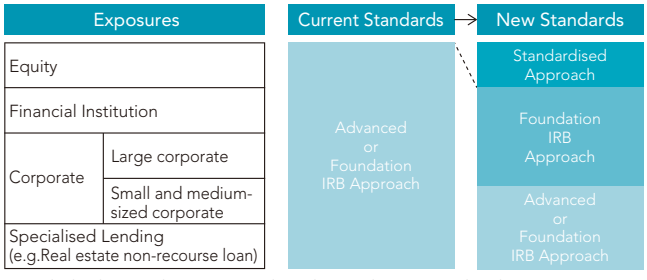
The Basel rules, which are the international standard rules regarding the soundness of banks, demand the compliance with "the first pillar," which defines the minimum capital requirements such as capital regulatory standards, "the second pillar," which regulates the inspection on self-management and supervision of financial institutions, and "the third pillar," which regulates market discipline, which is subject to market evaluation based on appropriate disclosure. In Japan, the implementation of Basel II started at the end of March 2007. Moreover, from the end of March 2013, Basel III has been implemented in a phased manner. Basel III is composed of capital regulatory standards, leverage ratio regulations, and liquidity regulations, for improving the quality and amount of capital, strengthening risk identification, etc.

As part of the efforts to advance its risk management, the SuMi TRUST Group adopted the Advanced Measurement Approach to operational risks since the end of March 2014, and the Advanced Internal Ratings-Based (AIRB) Approach to credit risks since the end of March 2015 in the calculation of the capital adequacy ratio. At the end of March 2015, in addition to capital adequacy ratio, we adopted liquidity coverage ratio of the liquidity regulations as the first pillar, and leverage ratio as the third pillar.

Moreover, in December 2015, the SuMi TRUST Group was designated as one of Domestic Systemically Important Banks (D-SIBs), which is the "domestic version" of Global Systemically Important Banks (G-SIBs) specified by the Financial Stability Board (FSB), and is subject to the 0.5% surcharge defined under capital regulatory standards.

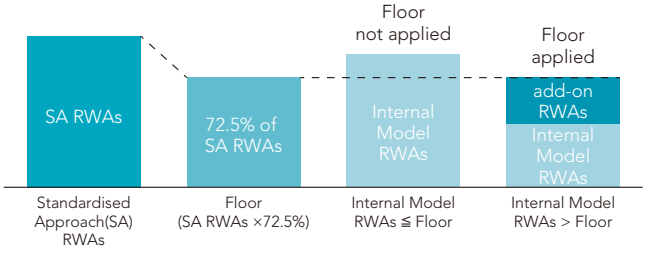
After implementing Basel III, the Basel Committee on Banking Supervision has been continually reviewing capital regulatory standards. To ensure appropriate risk sensitivity, simplicity and comparability of regulations, the Committee made the final agreement to make revisions related to a risk-weighted assets measurement approach, which is the denominator of capital adequacy ratio, in December 2017. While partially constraining the use of internally-modelled approaches by banks, we adopted capital floors based on standardised approaches in order to prevent the undervaluation of risk-weighted assets based on internal models. Along with the finalization of revision to regulations, the SuMi TRUST Group will be ready to comply with newly implemented regulations.

• Regulatory reform of Risk-weighted Assets Measurement Approach for Credit Risk



- Standardised Approach: Supervisory risk weight according to external credit ratings
- Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
- Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

• Capital Floor Structure



- In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.

* Capital Floor will be subject to a five-year linear phase-in arrangement from the date of implementation of new standards. The applicable multiplier will start at 50% and increase by 5% at the end of each year until the end of Year 5, and it will eventually reach 72.5%.

As for the third pillar, from the end of March 2018, the adoption of common disclosure templates for internationally active banks, and the enhancement of disclosure items have been implemented to offer necessary information that is sufficiently comparable to all market participants.

(9) Crisis Management

The SuMi TRUST Group has developed systems to swiftly and appropriately implement emergency and crisis response measures in the event of natural disasters, computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution, and strives to disseminate information regarding these systems throughout the organization.

Specifically, we have developed BCPs (business continuity plans) for continuing business in the event of a crisis, after securing the safety of our clients, directors, officers, employees, and their families. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In addition, we have created a response system in which, in the event of a crisis, an emergency response headquarters is created, which is headed by the President.

For large-scale natural disasters such as earthquakes, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems. We are also improving our system for responding to cyber attacks, which are causing damage throughout society.

2. Credit Risk Management

(1) Definition of Credit Risk

Credit risk is defined as the "risk resulting in losses due to a decrease or impairment in value of an asset (including off-balance sheet assets) owing to such reasons as deterioration in the financial condition of an obligor." Of this, country risk in particular means "risk resulting in losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor."

(2) Characteristics of Credit Risk

Credit risk is the most fundamental risk concerning the basic function of finance – "credit creation function" – and it is one of the most significant risks that are borne by the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") in performing banking operations.

Major risk among the credit risks for the SuMi TRUST Group is the risk of a large amount of loan-loss (or the provision for the allowance) being generated through default or credit deterioration of our major obligors. To control the "credit concentration risk" arising from the credit concentration to specific corporations or corporate groups, and "chain-reacting default risk" arising from the credit concentration to specific regions, industries, etc., the SuMi TRUST Group strives to appropriately control the risks by setting the credit guideline amounts based on obligor ratings and country ratings, and monitoring the balance of credit and risk amount specific to industries, etc.

(3) Credit Risk Management Policy

The basic policy of the SuMi TRUST Group's credit risk management is "stricter management of individual credit" and "credit portfolio diversification." Regarding the former, we make our individual credit management more precise through our screening and investigation of each transaction, asset assessment, and credit ratings that we assign internally. Regarding the latter, we endeavor to mitigate the concentration risk by managing diversification of our credit portfolio as a whole according to the industries and countries incorporating major obligors. Additionally, we regularly measure the credit risk amount in order to quantitatively grasp the possibility of the loss of portfolio.

Also, we maintain "risk-return adjustment" by reflecting the profit level established after taking into consideration the projected loss ratio and overhead ratio per credit rating on the transaction terms of individual transactions, to secure the profit margin (spread) proportionate to the risks.

Incidentally, the SuMi TRUST Group's credit risk management covers not only credit transactions via banking accounts, but also the transactions with trust accounts with a principal guaranteed contract.

(4) Credit Risk Management System

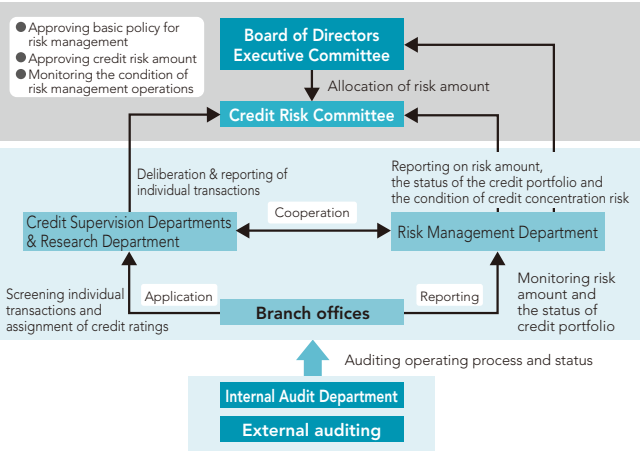
In addition to supervising credit risk management of the entire Group, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") also works to maintain and establish the systems at each of the Group companies. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the SuMi TRUST Group's core bank, maintains the risk management system at the consolidated and global levels in order to manage credit risk.

At SuMi TRUST Bank, the Credit Risk Committee, which is the management-level meeting, establishes credit strategies and credit risk management plans once in six months. The established plans are further submitted to the Executive Committee and the Board of Directors for discussion and resolution (approval) to decide important matters regarding risk management. The Credit Risk Committee is called regularly to discuss the basic policy for credit operations, and important matters concerning individual investments and loans transactions, as well as trust transactions. By controlling credit risk, it is working to secure the revenue while keeping an eye on the soundness of assets.

The Risk Management Department, operating as a credit risk management section, manages the portfolio through credit concentration risk management and credit risk amount measuring; manages and inspects the asset assessment and write-offs and allowances for loan losses systems; manages the internal rating system; and inspects the appropriateness of the rating systems and parameters. The details of monitoring and the risk control measures for credit risk, such as the status of the portfolio, credit risk amount, status of rating fluctuation, and the management status of credit limit amounts, are reported to the Credit Risk Committee each month, and to the Executive Committee once a quarter.

The branch offices apply for the granting of individual transactions and ratings to the credit supervision departments and the research department. The credit supervision departments screen individual transactions, while the research department undertakes industrial research and the creditworthiness research of individual corporations. The Risk Management Department keeps the initiatives of these departments in check. The Internal Audit Department, which is independent from the other departments, audits the internal management system for each of the processes to inspect the appropriateness and effectiveness of the risk management system.

• Credit Risk Management System



(5) Credit Risk Management Method

In order to manage the credit risk appropriately, the SuMi TRUST Group strives to construct and maintain a sound portfolio via the two mutually-complementing approaches: "individual credit management" – managing each individual transaction through credit screening at entry point and mid-term monitoring management – and "credit portfolio management" –analyzing and evaluating risk concentration conditions to the specific types of industry, regions, certain corporate groups, etc., while regarding the whole credit as a single lump portfolio to manage them from a macro viewpoint.

1) Credit Rating, Asset Assessment and Write-Offs and Allowances for Loan Losses

A. Credit Rating

"Credit rating" indicates, in a graded manner, a client's credit condition and the possibility of default/loss, and serves as the basis for the screening of individual transactions and credit portfolio management. There are several different types of credit ratings: "obligor rating" aimed at corporations including sovereigns and financial institutions; "structured rating" aimed at structured finances such as real estate non-recourse loans; and "facility rating" indicating the possibility of loss per transaction. For the details of SuMi TRUST Bank's internal rating system, please refer to 2 (6) "Internal Rating System."

B. Asset Assessment

Asset assessment signifies the classification of the contents of the SuMi TRUST Group's assets through individually screening them into graded levels of recovery risk and value damage risk, as part of the preparatory process for write-offs and allowances for loan losses. At SuMi TRUST Bank, all assets in banking accounts and the trust accounts with a principal guaranteed contract are put through asset assessment as a general rule and as for obligors, their "obligor categorization" based on their repayment capability according to financial condition, funding liquidity, profitability, etc., is determined each time their financial results are disclosed and/or whenever a situation that might affect their creditworthiness arises. Additionally, the "categorization" of each asset is determined once a quarter based on the result of the obligor categorization, security condition, etc., and this is reflected in the write-offs and allowances for loan losses appropriately as well as utilized in the management of credit risk.

C. Relationship Between Credit Rating and Asset Assessment

The two systems – credit rating and asset assessment – are operated with shared financial data on the clients that serve as the basis for mutually securing consistency. We are able to correctly assess the soundness of our credit portfolio by operating the two systems that enable us to grasp the clients' creditworthiness in a timely and appropriate manner.

D. Write-offs and Allowances for Loan Losses

Write-offs and allowances for loan losses signify the act of reserving or redeeming the appropriate amount in the quarterly settlement of accounts through timely and reasonable estimation of the amount of losses in the future by a track record of loan-loss, etc., based on the result of asset assessment. For the overview of SuMi TRUST Bank's allowances for loan losses and write-off criteria, please refer to page 123 "(5) Allowance for Loan Losses" of "4. Significant Accounting Policies."

E. Disclosure of Non-performing Loans

Non-performing loans to be disclosed include the risk management loans based on the Banking Act, and non-performing loans based on the Financial Revitalization Act.

As seen in the "Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans" on the next page, they are aggregated according to the obligor categorizations through asset assessment.

Incidentally, the delinquent loans that are overdue for or over three months are almost always classified as "Doubtful Claims" or lower based on the Financial Revitalization Act. However, those with little concern for a long-term delinquency may not occasionally be classified as above "Doubtful Claims" or lower up to roughly six months overdue.

• Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans

Credit rating		Asset assessment				Classification of non-performing loans based on the Financial Revitalization Act	Classification of risk management loan
Rating Rank*	Definition	Obligor category	Definition	Asset Classification	Definition		
1	Highest credibility of payment of principal and interest	Sound Obligor	Obligor that is operationally and financially sound	Class I (unclassified)	Assets with no risk of collection or no risk of impairment of the asset value	Normal Claims	
2	Very high credibility of payment of principal and interest						
3	High credibility of payment of principal and interest, but prone to be affected by the worsening business environment, etc.						
4	Perceived credibility of payment of principal and interest, but with declining potential						
5	No problem for credibility of payment of principal and interest at present but with potentiality of declining by deterioration of business environment, etc.						
6	Capable for principal and interest payment, but with potentiality of losing the ability if the business environment is deteriarated, etc.						
7	Obligor categorized as "Sub-Performing Obligor" in asset assessment and higher attention is required because of its sluggish and unstable operating performance, weak financial condition, etc.	Sub-Performing Obligor	Obligor required attention for monitoring because of following situations • Obligor with delinquency on obligations (payment of principal or interest) • Obligor with operational or financial problems	Class II	Assets with higher-than-acceptable level of risk of collection		
8	Obligor categorized as "Sub-Performing Obligor" in asset assessment and careful attention is required because of its extremely deteriorated financial condition, etc.	Sub-Performing Obligor with Delinquent and/or Restructured debt	Obligor with debt past due three or more months and / or restructured debt			Substandard Claims	Restructured Loans / Loans Past Due Three Months or More
9	Obligor categorized as "Possibly Insolvent Obligor" in asset assessment	Possibly Insolvent Obligor	Obligor with high probability of bankruptcy in the future due to significantly weak business conditions and unfavorable progress of business restructuring plan	Class III	Assets with high potential of imparement or loss, whose rational estimate of loss amount is difficult	Doubtful Claims	Delinquent Loans
10	Obligor categorized as either "Substantially Insolvent Obligor" or "Bankrupt / Insolvent Obligor" in asset assessment or bankruptcy is occurred	Substantially Insolvent Obligor	Obligor, not legally or formally bankrupt, but virtually bankrupt	Class IV	Assets regarded uncollectible or worthless	Bankrupt and substantially bankrupt Claims	
		Bankrupt / Insolvent Obligor	Obligor entering corporate reorganization, liquidation or other satutory procedures				Loans in Bankruptcy Procedures

* As for obligor ratings and structured ratings, we subdivide them further as necessary (e.g. 5+, 5, 5-, etc.).

2) Credit Concentration Risk Management

Based on our belief that grasping the exposure of each client is the basis of credit risk management, we uniformly manage the transactions such as loans, investments and off-balance transactions, and monitor the status of observance of credit limit set against each of the segments (specific corporations and corporate groups, industries, countries of the location, etc.). We also regularly examine the impact of the materializing risks to major obligors and industry diversification.

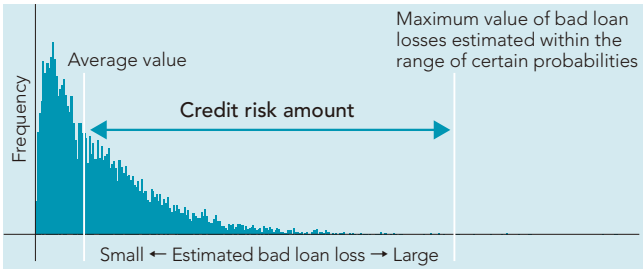
Based on our various client management systems, we micro-manage the credit conditions, credit balance, trading conditions, etc., of each obligor.

3) Credit Risk Quantification

With our credit risk quantification, we quantitatively grasp the potentiality of banks' assets being affected by losses by loan losses over the coming year, and based on the estimation values such as probability of default (PD) and loss given default (LGD) per rating, measure the difference between maximum loan losses (maximum possible amount of loss within the scope of given probabilities) and expected loan losses (the mean value of losses) as credit risk amount.

At SuMi TRUST Bank, we employ the "Monte Carlo Simulation Method" to depict the distribution of loss amount: we run numerous potential scenarios (100,000 cases) as our risk measurement method to estimate the maximum loss via loss severity distribution (please refer to "Credit Risk Amount" on the right).

• Credit Risk Amount



In measuring them, we take the correlation between individual assets into consideration; therefore our computed credit risk amount is able to reflect not only the quality of individual assets, but also the diversification effect of our credit portfolio as a whole. By monitoring credit risk amount regu-

larly, we aim to grasp the conditions of "credit portfolio diversification" and "stricter management of individual credit" and check the appropriateness of capital rationing as well as the soundness of business operation.

SuMi TRUST Bank also strives to advance the risk measurement and the scenario setting to suit the characteristics of individual assets.

(6) Internal Rating System

1) Overview of the Internal Rating System

The internal rating system of SuMi TRUST Bank which is the SuMi TRUST Group's core bank, is designed to ensure the accurate evaluation process of financial assets held based on its risk management policies, and to assist in its revenue management and credit risk management. The system in turn consists of a credit rating system and a credit pool management system.

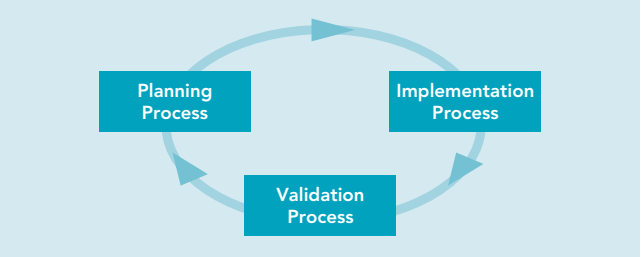
The credit rating system is broadly classified into the Japanese rating system (Japanese credit rating) and the Non-Japanese rating system (Non-Japanese credit rating), and each system comprises obligor ratings that reflect the PD of ordinary corporations; structured ratings that show the potentiality of real estate non-recourse loans and occurrence of default in project finances, etc.; and facility ratings that show the potentiality of occurrence of loss taking guarantees, collateral, credit terms, etc., of each facility into consideration.

Credit pool management system is designed to manage small-lot loans to individuals – such as mortgage loan and card loans – as transaction groups (pools) with similar risk characteristics. Credit pool classifications are compiled using products, obligors, transaction details, security condition, delinquency status, etc. as indicators, and they include the mortgage loan pool with related company guarantees and business use loan pool.

2) Operation of the Internal Rating System

The process of the assignment of credit ratings, etc. comprises the "planning process" in which the definition of credit ratings, etc., and the procedures and criteria (credit rating policies) are drawn up, the "implementation process" in which the credit rating assignment criteria and credit pool allotment criteria are appropriately implemented, and the "validation process" in which the appropriateness and objectivity of credit ratings, etc., are ensured.

• Administration Process of Credit Ratings



A. Planning Process

The planning process is a process to formulate models such as specific credit rating assignment criteria, credit pool classification, and "credit rating models" to ensure the objectivity of our internal rating systems, and is carried out by the credit risk management sections.

[Process of Model Introduction (for Credit Rating Models)]

A credit rating model is a tool to statistically estimate the rating ranks corresponding to the PD (probability of default) of the clients (obligors) using their financial indicators, etc.

When introducing the credit rating models developed by the Group, such as those aimed at the domestic corporations, the following process is followed:

First, the credit risk management sections develop a model and the development process and the verification details are compiled in a document (model description document*). Then the document is verified by the persons in charge but independent from the development project section of the same departments. In addition, the Internal Audit Department audits the document and confirms the validity of the development and validation process.

Meanwhile, when applying the credit rating models developed by external credit rating agencies, etc., such as those aimed at the overseas corporations, the following process is followed:

The credit risk management sections verify said model and put the findings into a document. Then the Internal Audit Department audits the document and confirms the validity of the validation process.

The performances of these models, etc. are also verified as part of the internal rating system annual reviews, and their outlines are reported to both the Credit Risk Committee and the Executive Committee.

* Model description document: a document detailing the contents such as the logic behind the model development, estimation methods, data employed, method of selecting parameters (financial indicators), and performance verification of the developed model (comparison with old models)

B. Implementation Process

During the implementation process, assignment of credit ratings and allotment of credit pool classifications are carried out following the criteria determined during the planning process. The assignment of credit ratings and the allotment of credit pool classifications are carried out by the research department and the Business Management Department as the "implementation departments." The actual process of implementing the credit ratings comprises new assignment, regular review of at least once a year, and monthly reviews, to help the credit ratings to be reviewed at the right time according to the fluctuation in the clients' creditworthiness.

Credit ratings are granted as a combination of "quantitative assessment" and "qualitative assessment." "Quantitative assessment" is an evaluation based on the credit rating models, etc., while the "qualitative assessment" is a human evaluation (by expert judgement). Because credit ratings are evaluated as a combination of "quantitative assessment" and "qualitative assessment," ultimately monitoring the objectivity of "qualitative assessment" by expert judgement, etc., becomes important in securing the appropriateness of the ratings.

At SuMi TRUST Bank, the credit risk management sections monitor if the assignment of credit ratings by the implementation departments is carried out appropriately according to the criteria, and this monitoring function ensures the appropriateness of the implementation process as a whole, including the expert judges' objectivity.

• Implementation Process of Credit Ratings

C. Validation Process

In order to ensure the objectivities of credit ratings, etc., and the credit rating models, as well as the appropriateness of their results, the credit risk management sections carry out a validation process annually in the name of the validation department.

In carrying out the validation, the implementation departments manage the data to be verified, and the validation department runs the following validation process:

- Verifying the appropriateness of credit rating results
- Verifying the objectivity of credit rating assignment criteria
- Verifying the appropriateness of credit pool classification
- Verifying the validity of the parameters applied to credit ratings and credit pools respectively

The validation results are reported to both the Credit Risk Committee and the Executive Committee.

3) System Procedure for the Assignment of Internal Ratings

The outline of main procedures in the assignment of ratings and allocating the credit pool classification based on the internal rating system is as follows. For the outline of models used in the SuMi TRUST Group's individual portfolios, please refer to 2 (7) "Compliance with Capital Regulatory Standards."

A. Obligor Rating (Japanese Credit Rating)

[Target]

Japanese corporations (domiciled and Japanese-descended non-domicile residents)

[Quantitative Assessment]

The credit rating models (industry-based), in which the clients' financial indicators are used as the explanatory variables, and their typical PD as the explained variable, are employed.

[Qualitative Assessment]

The information that is not reflected in the financial indicators, such as business affiliations, industry trends, external credit ratings and future cash-flow stability, is evaluated by the persons in charge of assignment of the industry-based credit ratings (expert judges) from the implementation departments. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to restrict the adjustment discretion. In addition, the credit risk management sections monitor the adjustment details in order to ensure the objectivity of the evaluation.

B. Obligor Rating (Non-Japanese Credit Rating)

[Target]

Overseas corporations (Non-Japanese-descended and non-domiciled residents)

[Quantitative Assessment]

The credit rating models (industry- and regions-based) to reproduce the external credit ratings by using the financial indicators as the explanatory variables are employed.

[Qualitative Assessment]

These are evaluated mainly through comparing the peer companies in the same industry, but also taking into consideration the evaluation indicators specific to overseas, while ensuring consistency with the qualitative assessment criteria for Japanese credit rating. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to limit adjustment discretion. In addition, the credit risk management sections monitor the adjustment details in order to ensure the objectivity of the evaluation.

C. Structured Rating

[Target]

Structured finance transaction, whose underlying resource for principal and interest payment is cash-flow generated by specific financing asset or the financing project

[Quantitative Assessment]

This is evaluated using indicators with high correlations with probability of default and default risks, depending on the financing asset and the risk characteristics of the transaction. For example, in the case of a real estate non-recourse loan, we would adopt LTV (Loan to Value) and DSCR (Debt Service Coverage Ratio).

[Qualitative Assessment]

Adjustment to the rating level based on quantitative assessments to reflect the financing asset and transaction specific individual characteristics that quantitative assessment indicators are not capable of capturing. For example, if a credit enhancement is available externally, the rating levels are amended based on its probability. As the qualitative assessment of structured ratings tends to be strongly transaction specific, in the assignment of the ratings, the credit risk management sections monitor the validities of the qualitative assessment in order to ensure its objectivity.

D. Facility Rating

[Target]

Loans etc. to corporates, sovereigns and financial institutions to which obligor rating (Japanese credit rating) is assigned (including payment acceptance/commitment line)

[Evaluation Method]

Expected loss taking account of guarantees, collateral, credit terms, etc. of each facility is evaluated and a rating according to the level is assigned.

E. Credit Pool Classification

[Subject of Assignment]

Small credit for loans targeted at individuals. (However, out of loans to individuals, credit transactions for business loan with outstanding balance of 100 million yen or more are subject to credit ratings to each obligor.)

[Assignment of Credit Pool Classification]

Regarding target credit, credit pool classifications (each class consisting of similar level of exposure of credit risk) are set using indicators (risk drivers) such as risk characteristics of obligors, risk characteristics of transactions (products), security condition, and delinquency situation. Furthermore, each credit pool is categorized as "residential mortgage exposures," "qualifying revolving retail exposures" and "other retail exposures."

Assignment to the credit pool classifications is carried out by the implementation departments based on the products and transaction details.

(7) Compliance with Capital Regulatory Standards

1) Application of the Internal Ratings-based Approach

A. Scope of the Internal Ratings-based Approach Application

As a method of calculating credit risk-weighted assets related to the calculation of required capital demanded by the capital regulatory standards, the SuMi TRUST Group adopts the "internal ratings-based approach" that uses data such as credit ratings, which are used for obligors' credit management within SuMi TRUST Holdings. Since the end of March 2015, SuMi TRUST Holdings and SuMi TRUST Bank have been using the Advanced Internal Ratings-Based Approach (AIRB). The scope of the application of the internal ratings-based approach in the SuMi TRUST Group is as follows.

(A) Business Unit

Type of the internal ratings-based approach	Major companies
Advanced Internal Ratings-Based Approach (AIRB)	Sumitomo Mitsui Trust Holdings, Inc. Sumitomo Mitsui Trust Bank, Limited
Foundation Internal Ratings-Based Approach (FIRB)	Sumitomo Mitsui Trust Guarantee Co., Ltd. Sumishin Guaranty Company Limited Sumitomo Mitsui Trust Card Co., Ltd. Sumitomo Mitsui Trust Loan & Finance Co., Ltd. Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

(B) Asset Class

Type of the internal ratings-based approach	Asset contents
Advanced Internal Ratings-Based Approach (AIRB)	Loans and securities for corporates, etc.*
Foundation Internal Ratings-Based Approach (FIRB)	Assets excluding those following below • Assets which are sublect to AIRB • Assets which are not sublect to AIRB or FIRB

* Limited to the corporates to which domestic credit ratings are assigned. Loans include acceptances & guarantees and commitment lines, etc. Also, those concerning subordinated debt, derivatives transactions, repo transactions and call loans are excluded.

B. Exclusion of the Application of the Internal Ratings-based Approach

The standardised approach* is applied as exclusion of the application of the internal ratings-based approach, among the subsidiaries of SuMi TRUST Holdings and SuMi TRUST Bank, to the business units in which the proportion of credit operations, etc. is low or credit operation is not performed as well as to certain asset classes that are not significant from the viewpoint of credit risk management. The exclusion is determined carefully based on the importance from the following points with respect to target business units and asset classes.

- The magnitude of the expected loss related to credit risk and the frequency of credit provision
- Positioning in the investments and loans policy or credit risk management policy
- Proportion to the entire credit risk-weighted assets.

* The standardised approach is a method to calculate the risk-weighted assets using the external credit ratings of eligible rating agencies, instead of the SuMi TRUST Bank's credit ratings (internal ratings). The eligible rating agencies that are used to determine risk weights are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

C. Phased Rollout of the Internal Ratings-based Approach

The SuMi TRUST Group applies the standardised approach to subsidiaries (business units) that are in preparation for application of the internal ratings-based approach, assuming the approach will change to the internal ratings-based approach in the future. As of the end of March 2018, two companies, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited and Sumitomo Mitsui Trust Club Co., Ltd., fall under this category.

2) Calculation of the Required Capital Using the Internal Ratings-based Approach

As mentioned in 1), the SuMi TRUST Group mainly applies the internal ratings-based approach to calculate the regulatory required capital.

A. Basic Process of the Internal Ratings-based Approach

With the internal ratings-based approach, the regulatory required capital is calculated by the following three steps.

[First Step] Assignment of Credit Ratings, etc. (Credit Ratings and Credit Pool Classifications)

The bank develops a unique ratings system (internal rating system)* according to its risk characteristics, and based on this system, we give a rating to clients (obligors). Credit ratings, etc. not only ensure consistency with asset assessment, but also ensure the accuracy through validation by each credit risk management section.

* For details of the internal rating system of SuMi TRUST Bank, please refer to 2 (6) "Internal Rating System."

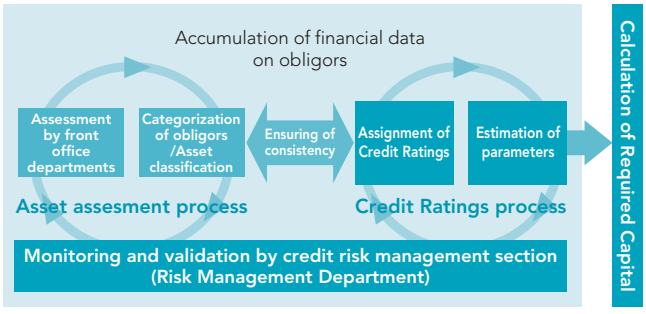
[Second Step] Estimation of Parameters

The results of individual credits (default actual data) that are performed based on credit ratings, etc. are aggregated and parameters (input variables) necessary for credit risk-weighted assets calculation are estimated. The validity of the estimated parameters is periodically verified.

[Third Step] Calculation of the Required Capital

The required capital is calculated by applying the parameters to the formula that is announced.

- Basic Process of the IRB Approach



B. Application Method Per Asset Class

The SuMi TRUST Group determines the scope of the internal ratings-based approach based on the accumulation status of internal performance data such as risk characteristics for each asset class and default performance required to estimate parameters. In the capital regulatory standards, methods for calculating risk weights and credit ratings to be used vary for each asset with credit risk. The credit ratings, etc. and the outline of credit risk-weighted assets calculation method that the SuMi TRUST Group applies to each asset class are shown on page 212.

C. Estimation and Verification of Parameters

The key parameters that need to be estimated to calculate the credit risk-weighted assets are probability of default (PD), loss given default (LGD), and exposure at default (EAD) (credit conversion factor (CCF)).

Parameters are estimated for those to be applied to corporate exposures, etc. and those to be applied to retail exposures (credit pool management target). In principle, estimated parameters are verified annually. The verification results are reported to the Credit Risk Committee and the Executive Committee. The results are also subject to internal audits.

The definition of each parameter and the outline of the estimation method and verification method are shown on page 213.

In principle, the parameters used in the capital regulatory standards are the same as the ones that are used for regulatory purposes and internal control management purposes to ensure objectivity and accuracy. For the internal control management purposes, the parameters are used for credit risk amount measurement and credit limit amount management.

The main differences of the parameters used in the calculation of allowances and capital adequacy ratio are as follows.

• Main Differences of the Parameters Used in the Calculation of Allowances and Capital Adequacy Ratio

	Calculation of allowances	Calculation of capital adequacy ratios
Parameters to be used	Expected loan loss ratio based on historical loan loss rate	Probability of Default (PD)
		Loss Given Default (LGD)
	The actual balance of loans (for the undrawn balance of the commitment line, the amount calculated by multiplying the amount by the actual withdrawal rate)	Exposure At Default (EAD)
Standard of default (loan loss)	When the obligor categorized as "Possibly Insolvent Obligor" or lower	When the obligor categorized as "Sub-Performing Obligor with Delinquent and/or Restructured debt" or lower
Parameter calculation method	Expected loan loss ratio: • for Sound Obligor: The average value of historical one year loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon. • for Sub-Performing Obligor or lower: The average value of historical three years' cumulative loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon.	Please refer to "Definition of Each Parameter and the Outline of the Estimation and Verification Method" on page 213

• Credit Risk-weighted Assets Calculation Method and Credit Ratings Applied to Each Asset Class

Approach method	Asset Class*1		Sub-class	EAD ratio*2 1)	EAD ratio*2 2)	Calculation method of credit risk-weighted assets	Assignment of credit ratings, etc.*3
Internal Ratings-based Approach	Corporate Exposures, etc.	Corporate Exposures	—	25%	31%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Specialised Lending	Japanese real estate non-recourse loan (excluding high-volatility non-recourse loan)	2%	2%	Supervisory Formula	Structured Ratings
			Real estate non-recourse loan excluding that stated above, Project finance, Commodities finance, Object finance	3%	4%	Supervisory Slotting Criteria Approach	
		Sovereign Exposures	—	25%	31%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Financial Institution Exposures	—	2%	3%	Supervisory Formula	Obligor Ratings, Facility Ratings
	Retail Exposures		Residential mortgage exposures	13%	17%	Supervisory Formula	Credit Pools
			Qualifying revolving retail exposures	0%	0%	Supervisory Formula	Credit Pools
			Other retail exposures	1%	2%	Supervisory Formula	Credit Pools
	Equity Exposures		Japanese listed equities Japanese unlisted equities of obligors with credit exposures	1%	2%	Supervisory Formula	Obligor Ratings
			Japanese unlisted equities of obligors with no credit exposures Non-Japanese equities	0%	0%	Simple Risk-weight Method (Market-based Approach)	—
	Exposures relating to Funds		—	3%	4%	Look-through Approach	Obligor ratings, etc.
	Purchased Receivables		Regulatory formula for underlying assets	1%	2%	Supervisory Formula	Obligor Ratings, Facility Ratings
			Slotting criteria approach for underlying assets	0%	0%	Supervisory Slotting Criteria Approach	Structured Ratings
			Cases where classification is not possible due to multiple underlying assets	0%	0%	Top-down Approach	Credit Pools
	Others		Other assets, etc.	1%	1%	Designated risk weight is applied	—
Standardised Approach	Phased rollout/exclusion of IRB Approach		—	21%	2%	Designated risk weight is applied	—

[Applicable Credit Risk-weighted Assets Calculation Method]

Supervisory Formula	A method of calculating by using a predetermined function formula (risk weight function formula)
Supervisory Slotting Criteria Approach	A method of associating internal ratings with five predetermined ranks and calculating using a designated risk weight
Simple Risk-weight Method	A method of calculating by using a designated risk weight
Look-through Approach	A method of applying the calculation method according to the underlying assets
Top-down Approach	A method of calculating purchased assets as one aggregate using a predetermined function formula (risk weight function formula)

*1 Corporate exposures, etc., include lease transactions. In addition, corporate exposures, etc. include the exposures for small and mid-sized entities (SME).
*2 The proportion of EAD for each asset class in total EAD (*) on the 1) consolidated basis of SuMi TRUST Holdings and 2) consolidated basis of SuMi TRUST Bank is stated.
(*) Counterparty credit risk exposures, such as derivatives transactions and repo transactions and securitisation exposures are excluded from the aggregate calculation. For securitisation exposures, "Rating-Based Approach," "Supervisory Formula Approach," and others are used.
*3 The outline of the rating models used by the SuMi TRUST Group's core bank, SuMi TRUST Bank, is as follows.

	Outline of models	Applied asset class
Japanese obligor ratings	**[Rating model]** A model (developed in-house) that uses financial indicators as explanatory variables and a typical PD as explained variables is used. Different combinations of financial indicator and weight are used for each of the five industries (manufacturing industry, wholesale/retail industry, service industry [including non-banking], transport/communication industry, construction/real estate industry). **[PD estimation]** PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Non-Japanese obligor ratings	**[Rating model]** A model (developed by external credit rating agencies) that uses financial indicators as explanatory variables and reproduces external credit ratings is used. Different combinations of financial indicator and weight are used for each of the six regions and industries (North America, Europe, Asia, Pacific, emerging countries, airlines). **[PD estimation]** PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Credit pool classifications	**[Credit pool classifications]** Credit pool classifications (consisting of exposures with comparable levels of credit risk) are established based on indicators (risk drivers), such as the risk characteristics of the obligor, the risk characteristics of transactions (products), the security condition, and the delinquency situation, etc. **[PD classification]** PD is estimated for each credit pool classification or estimation category where multiple credit pool classifications are aggregated.	• Retail exposures • Purchased receivables

• Definition of Each Parameter and the Outline of the Estimation and Verification Method

Type of parameters and definition	Outline of estimation and verification methods	
	Corporate Exposures	Retail Exposures
PD (Probability of Default) - An estimate of the probability that a borrower or transaction will be unable to meet its debt obligation in a particular period	[Estimation method] • PD is estimated for each rating category. In addition, the estimated value is called "typical PD" as a long-term stable representation of its creditworthiness. • Estimated values are calculated by using the long-term average default rate based on the internal performance data or data of the external credit rating agencies, and modification is made, taking into account the recession period. *1 [Verification method] • The validity of the level of estimated values is verified by confirming the order of the actual default rate and carrying out backtestings comparing the actual value with the estimated value.	[Estimation method] • PD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • For residential mortgage, estimated values are calculated by using the long-term average default rate based on internal performance data, and modification is made, taking into account statistical variance adjustment and seasoning effect. *2 [Verification method] • The validity of the level of estimated values is verified by confirming the seasoning effect and carrying out backtestings.
LGD (Loss Given Default) - An estimate of the ratio of expected loss in case a borrower or transaction falls into default against the exposure at default	[Estimation method] • LGD is estimated for each security category (classified into four according to the ratio of collateralized amount to exposure amount). The estimated value is called "typical LGD" as representing the stable level of the loss rate for long term. • Estimated values are calculated by using the model LGD which is calculated by formulating the relationship between collection factors and collection rate, based on the actual collection results from the default obligor using the internal historical records. Statistical variance adjustment and economic downturn adjustment are added to the model LGD. *3 [Verification method] • In addition to verifying the robustness of modeling and adjustment methods, the validity of the level of the estimated value is verified by carrying out backtestings.	[Estimation method] • LGD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual collection results from the default obligor using the internal performance data. Statistical variance adjustment and economic downturn adjustment are added to the model. *4 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.
EAD (Exposure At Default) - Estimated amount of exposure at default, taking into account the possibility of additional withdrawal of off-balance sheet assets such as commitment line. EAD estimates the withdrawal rate (credit conversion factor (CCF)) against the undrawn balance of offbalance sheet assets	[Estimation method] • CCF is not estimated, but estimate values are determined based on parameter set by regulatory authority.	[Estimation method] • EAD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual additional withdrawal results from the default obligor based on the internal performance data, and statistical variance adjustment is made. *5 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.

*1 • For the portfolio with low default probability (LDP: Low Default Portfolio), conservative estimates are made by accumulating the rating transition matrix in the estimation process, even for the rating category where no default has occurred or default rarely occurs.
• For corporate exposures, etc., excluding sovereign exposures, if the level of the estimate falls below the regulatory floor level (0.03%) (Japanese rating: 1 to 3, Non-Japanese rating: 1 to 2), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and it is confirmed by test that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods.

*2 • For retail exposures, as for the pool classifications where the level of the estimated value is below the regulatory floor level (0.03%), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and, for most of the pool classifications, it is confirmed by conducting backtestings that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods. As a result of backtestings, parameters for pools that exceed the parameter correction standard are corrected to appropriate levels.

*3 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• As described above, the estimated value is calculated based on the model LGD formulating the relationship between collection factors and collection rate, which enables stable calculation of the estimated values even for LDP portfolios. In addition, the validity of the estimated value level is verified by backtestings.
• For obligors who completed the collection procedure, average period from the default of the obligor to the completion of the collection procedure is less than two years.

*4 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• As for residential mortgage, approximately 80% of the cases have been completed the collection procedure within five years from default.

*5 • The estimate of CCF uses data on commitment line contracts and line of credit contracts for which installment has not been implemented and employs a cohort method based on the proportion of additional withdrawals up to the default point for undrawn balances at the beginning of the fiscal year.

3. Market Risk Management

(1) Definition of Market Risk

Market risk refers to the risk that the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the SuMi TRUST Group may incur losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil.

(2) Characteristics of Market Risk

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), the core bank of the SuMi TRUST Group, operates a business (banking) to secure profits through interest rate risk control of assets and liabilities, and a business (trading) to secure profits through transactions such as short-term trading of interest rates and foreign exchange rates. In these businesses, we use Value at Risk (VaR), etc. and manage market risk using the same structure.

For trading, we aim at securing stable profits through market-making operations such as foreign exchange rates and derivatives.

The main risk in the SuMi TRUST Group's market risks is losses due to drop of prices of strategic shareholdings, etc. As for strategic shareholdings by SuMi TRUST Bank, it strives to appropriately control risks with a basic policy of reducing outstanding balances and hedging.

(3) Market Risk Management Policy

In managing market risk, we aim to ensure adequate profits commensurate with the strategic targets, scale and characteristics of the business of the SuMi TRUST Group. We are doing this by improving the management system, along with ensuring its operational soundness by adequate control over risks.

(4) Market Risk Management System

Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") oversees risk management of the market and funding liquidity of the entire group and is working to improve the structure of each Group company. SuMi TRUST Bank has developed a risk management system at the consolidated and global levels in order to manage market and funding liquidity risks.

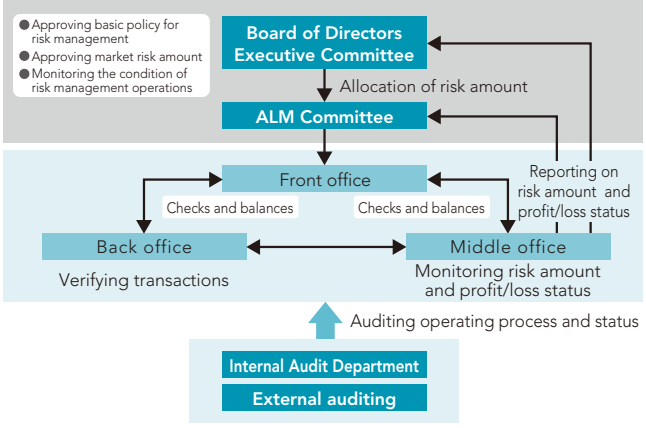
SuMi TRUST Bank develops the Asset Liability Management (ALM)* basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company and a risk management plan concerning market risk and funding liquidity risk once in six months at the ALM Committee, a management-level meeting body. The developed plans are deliberated and resolved (approved) by the Executive Committee and the Board of Directors, and important matters related to risk management are decided. By holding the ALM Committee monthly and controlling market risk and funding liquidity risk, we are making efforts to improve the soundness of the composition of assets and liabilities and stabilize earnings.

In addition, the front office (market-based transactions departments), back office (administration departments), and middle office (risk management departments) are independent. This way, a system of mutual check and balance among departments is in place. The front office and back office operate business such as appropriate control of risks in accordance with the size and characteristics, and human resource development in order to ensure the effectiveness of risk management based on accurate recognition of the risks. The middle office develops or operates the risk management process including identification, evaluation, monitoring, control and reduction of market risk, and plans and promotes risk management systems to demonstrate the check function for the front office, etc. In addition to having the function of planning and developing policies and procedures concerning market risk management, the middle office also has the function of monitoring market risk status such as market risk amount and profit and loss measurement.

The appropriateness and effectiveness of the risk management systems are verified by internal auditing or external auditing.

* ALM (Asset Liability Management): managing cash flow, liquidity, foreign exchange risk, and interest rate risk, etc., by grasping the characteristics of expirations and interest rates of our assets and liabilities.

• Market Risk/Funding Liquidity Risk Management System



(5) Market Risk Management Method

Within the scope of capital, SuMi TRUST Holdings develops a capital allocation plan and allocates capital to each Group company. Based on the allocated capital, SuMi TRUST Bank sets various limits including loss limit to control the risk and loss to a certain range.

We conduct multifaceted risk management from quantitative and qualitative perspectives. As for the compliance status of various limits, it is reported daily to the members of the ALM Committee through monitoring of the market risks status. Multiple risk analyses including identifying sensitivities to risk factors for each position, predictive management of risk factor fluctuations, and preparation for emergency using stress tests are also reported regularly to the Board of Directors and the ALM Committee, etc.

In the measurement of interest rate risk, we estimate and reflect the core deposit, term deposits redemption ratio and conditional prepayment rate. For details, please refer to 3 (7) 6) "Calculation Method of Interest Rate Risk."

Measurement Model for Market Risk Amount

The market risk amount is measured by the internal model method using VaR as a scale. Details of the measurement model are as follows.

Measurement model	Historical simulation method*
Confidence interval	99%
Holding period	Trading: 10 days Banking: Convert VaR of holding period 10 days by square route T/10 times ALM related position: 63 days (3 months) Credit investment and strategic shareholdings: 260 days (1 year) Others: 21 days (1 month)
Observation period	1,300 days (5 years)
Update frequency	Daily
Weighting	Historical weight method is applied. (Assign a higher probability to recent historical scenarios than older historical scenarios)
Price revaluation	Full revaluation method
Fluctuation of risk factors	Absolute return

* The internal model was revised in June 2017. The revisions included a change in measurement models from hybrid method (combination of variance-covariance method for calculating VaR with the historical simulation method) to historical simulation method and a change in the observation period from 260 days (one year) to 1,300 days (five years) (the historical weight method is applied to capture the latest market environment change).

The scope of application of the internal model is interest rate risk, equity position risk, foreign exchange risk, and commodities risk (excluding some products) at SuMi TRUST Bank. The correlation between each risk factor is not taken into consideration, and the risk amount is simply added when creating synthesis of risk.

In order to verify the reliability and effectiveness of the internal model, backtestings are performed to compare the actual results of the daily profit/loss and the virtual profit/loss with the daily VaR whose holding period is one day. In addition, the validity of the model calculation method and precondition is verified periodically to ensure that the assumption for VaR calculation is not deviating from the actual market situation.

The VaR measurement using the historical simulation method that is affected by market fluctuations in the past observation period has a limit that it is impossible to capture large market fluctuations that have not occurred in the past or occurred outside of the observation period. This limit is complemented by implementing stress tests. The amount of loss when applying the expected scenario based on the maximum fluctuation range of each risk factor in the past and the future forecast to the current portfolio is regularly estimated.

(6) Compliance with Capital Adequacy Regulations

Calculation of Market Risk Equivalent Amount

The market risk equivalent amount refers to the sum of market risk in the trading account and foreign exchange risk and commodities risk in accounts other than the trading account, which is a factor used to calculate capital adequacy ratio. The SuMi TRUST Group calculates the market risk equivalent amount mainly by applying the Internal Model Approaches*. For calculation, general market risks and individual risks are simply added.

General market risk consists of VaR, which measures using the most recent market data, and stressed VaR, which measures using market data during the stress period. The preconditions of stressed VaR differ from the market risk measurement model described in 3 (5) "Market Risk Management Method" as follows.

Holding period	10 days (Convert VaR of holding period 1 day by square route ten times)
Observation period	260 days (1 year)
Weighting	Not applicable

Furthermore, the observation period is, in principle, set as the stress period for the stressed VaR in which the risk amount becomes the largest, taking into consideration the market data from 2007 onwards and the holding position in the past one year.

* Standardised approach is applied to the general market risks and individual risks of certain products of SuMi TRUST Bank and the foreign exchange risk of consolidated subsidiaries.

(7) Interest Rate Risk Management in the Banking Book

1) Definition of the Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is the risk that the capital and profit/loss of banks will be damaged now or in the future due to adverse impact on the banking book

positions by changes in interest rate levels.

The present value is considered as economic value of equity (EVE) and future profits are considered as net interest income (NII), and the loss ranges against the current interest rate level are measured as ΔEVE and ΔNII respectively. The scope of the measurement is a position with interest rate risk in the banking book of SuMi TRUST Bank, and other Group companies that hold interest rate risk.

2) Characteristics of Interest Rate Risk in the Banking Book

IRRBB is caused by maturity dates mismatch (gap risk), interest rate mismatch (basis risk), and optionality associated with interest rate change (option risk) in the banking account positions.

The ratio of ΔEVE to Tier 1 capital of SuMi TRUST Holdings and SuMi TRUST Bank is well below the regulated level of 15%, and the interest rate risk in the banking book is low.

3) Interest Rate Risk in the Banking Book Management Policy

The risk management policy concerning IRRBB is the same as 3 (3) "Market Risk Management Policy".

To control interest rate risk, hedge accounting is applied to transactions that use interest rate swaps as hedging instruments and meet the application requirements of hedge accounting.

4) Interest Rate Risk in the Banking Book Management System

SuMi TRUST Holdings oversees risk management related to the IRRBB of the entire Group, and SuMi TRUST Bank maintains and manages IRRBB management systems at the consolidated and global levels.

5) Interest Rate Risk in the Banking Book Management Method

At SuMi TRUST Bank, the ALM basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company is developed once in six months at the ALM Committee, a management-level meeting body. At that time, alarm points are set for the increase/decrease of the economic value of equity (ΔEVE) of the position. IRRBB is measured monthly, and alarm points are monitored. Reports on the measurement results are submitted monthly to the ALM Committee.

6) Calculation Method of Interest Rate Risk

The assumptions, etc. for calculating IRRBB are as follows.

- **Non-maturity Deposits ("NMDs")**

The maximum maturity of the interest rate revision assigned to non-maturity deposits is five years, and the average maturity is 0.9 years.

- **Core Deposits**

The standardised approach exemplified by the Financial Services Agency is applied to the cases of SuMi TRUST Bank. Out of the NMDs that the clients can withdraw at any time, we recognize the balance that is expected to be stable and non-linked to interest rate as deposits with the maximum maturity of five years and the average maturity of 2.5 years.

- **Term Deposits Redemption Ratio**

Targeting yen-based term deposits for individuals and corporations, the redemption results over the past three years are checked, and the redemption rate is set for each product and each duration.

- **Conditional Prepayment Rate**

Targeting mortgage loan, etc. for individuals, repayment results over the past five years are checked, and the prepayment rate is set for fixed interest rates and floating interest rates, respectively.

- **Treatment of Foreign Currencies**

The target currencies are determined based on (a) coverage of 90% or more in the scale of the balance sheet by the target currency, (b) the coverage of 5% or more of currency against the scale of the balance sheet, and (c) importance to the SuMi TRUST Group's position.

The correlation (considering dispersion or offset) of different currencies is treated as follows.

ΔEVE: Correlation of different currencies is not considered, and only the currencies for which EVE decreases are combined.

ΔNII: Correlation of different currencies is considered, and the currencies for which NII increases and the currencies for which NII decreases are simply combined.

- **Treatment of Spreads**

In calculation, spreads are not included in discounted interest rates and cash flows.

- **Pass-through Rate of Received Credit Interest Rates**

In measuring ΔNII, upon reviewing of interest rates of received credit (term deposits, etc.), the pass-through rate is estimated based on the past record to understand how much the interest rates of received credit follow the fluctuation of the market interest rates.

7) Interest Rate Risk Other Than ΔEVE and ΔNII

SuMi TRUST Bank measures and manages the market risk amount by the method described in 3 (5) "Market Risk Management Method".

With the stress test conducted to complement the limitation of VaR, we are striving to grasp the potential vulnerability by including the portfolio of the entire SuMi TRUST Bank including both banking accounts and trading accounts in the measurement range, reproducing scenarios that give a certain fluctuation (shock) to risk factors or past stress events such as the collapse of Lehman Brothers, or developing a forward looking virtual scenario that takes into consideration the future position and the market situation.

4. Funding Liquidity Risk Management

(1) Definition of Funding Liquidity Risk

The funding liquidity risk refers to "the risk that the SuMi TRUST Group may incur losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual".

(2) Characteristics of Funding Liquidity Risk

The main risk in the funding liquidity risk of the SuMi TRUST Group is deterioration of foreign currency funding when assuming downgrades of Japan and/or Japanese financial institutions. Sumitomo Mitsui Trust Bank, Limited, which is the core bank of the SuMi TRUST Group, has developed medium- to long-term procurement policies according to each currency's characteristics such as the status of assets/liabilities and market liquidity, and is striving to operate stable foreign currency financing that can withstand the market disruptions and cash outflows in the past.

(3) Funding Liquidity Risk Management Policy

In managing funding liquidity risk, based on the full recognition that risk materialization may directly lead to the bankruptcy of the SuMi TRUST Group, our basic policy is to implement proper funding liquidity risk management with two pillars: 1) "to pursue the balance between funding cost and stability" by various means of procurement, and 2) "emergency preparedness" by verifying procurement capability and countermeasures under the stress environment in advance.

Based on the compliance with international standards on bank capital and liquidity (Basel III, etc.), we will continue to promote the advancement of funding liquidity risk management systems.

(4) Funding Liquidity Risk Management System

The funding liquidity risk management systems are the same framework as 3 (4) "Market Risk Management System".

(5) Funding Liquidity Risk Management Method

As the indicator of funding liquidity risk management, the ALM basic plan specifies the limits for the funding liquidity mismatch amount* for each company, office and currency as well as the responses at the time of limit conflict. The compliance status is also monitored on a daily basis. In addition, stress tests are performed based on multiple scenarios such as sudden changes in the market environment and changes in the procurement environment specific to the SuMi TRUST Group to grasp the amount of funds needed when funding liquidity risk materializes.

As countermeasures for the materialization of funding liquidity risk, a financing phase (peacetime, presage time, concern time, crisis time) is established according to tightness of the financing situation. Qualitative/quantitative events that may affect financing are monitored from peacetime as crisis management indicators, and a contingency plan is developed as countermeasures against the crisis. Regarding the contingency plan, the adequacy of the financing amount at the time of materialization of funding liquidity risk is verified by stress tests to ensure feasibility through periodic training.

* Funding liquidity mismatch amount: the amount of funds needed on a daily basis to cover the final figure of the settlement account for each currency.

5. Operational Risk Management

(1) Definition of Operational Risk

Operational risk refers to the risk that the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") may incur losses resulting from inappropriate business processes, the activities of executives or employees and computer systems as well as from external events. The SuMi TRUST Group classifies operation risk into business processing risk, system risk, information security risk, legal and compliance risk, human resource risk, event risk and reputational risk for the purpose of risk management.

(2) Characteristics of Operational Risk

One of the major risks related to the SuMi TRUST Group's operational risk is that our business operations may be adversely affected by cyber attacks (such as ransomware attacks and DDoS attacks*), and that client information and other information held by the SuMi TRUST Group may be leaked due to information theft by intruders. The SuMi TRUST Group has taken measures against unauthorized intrusion and use, and other similar acts through cyber attacks by securing safety of information systems.

* DDoS attack: Distributed Denial of Service attack; an attempt to render services unavailable by imposing high processing load on a target computer from multiple machines.

Furthermore, we manage delay in system development and increases in development costs as main risks. The SuMi TRUST Group's business performance may be adversely influenced by various factors, including costs arising from postponed system releases due to delay in progress with system development projects and maintenance of alternative systems, and additional costs incurred for development employee allowances as a result of increases in development costs. The SuMi TRUST Group strives to diminish and mitigate risks through monitoring of development status by related departments, such as risk management-related departments.

(3) Operational Risk Management Policy

Upon building an operational risk management system, the SuMi TRUST Group recognizes operational risk to be an inevitable risk incidental to business execution, implements proper risk management according to the scale and characteristics of operations and risks, and ensures business soundness and appropriateness.

In preparation for enhancement of the SuMi TRUST Group's operations, and products and services that the SuMi TRUST Group provides, and development of new risks following changes in social and economic environments, such as advancement of information technology and diversifying needs, we will further enhance our operational risk management system.

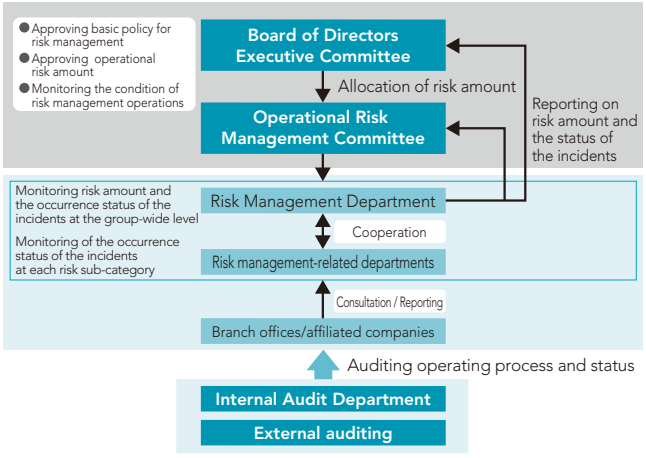
(4) Operational Risk Management System

The SuMi TRUST Group is striving to create a system related to operational risk management of each Group company based on the basic policy on operational risk management of the entire Group.

At Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group, policies related to the operational risk management system and other important matters, such as "the risk management plan (operational risk)," are planned and proposed at the Operational Risk Management Committee and the Executive Committee, and resolved (approved) by the Board of Directors.

Based on such policies, we have established a department in charge of comprehensive operational risk management, and risk management-related departments for each sub-category of operational risk. The Risk Management Department, the department in charge of comprehensive operational risk management, is working on creation and enhancement of the operational risk management system in cooperation with each risk management-related department.

• Operational Risk Management System



(5) Operational Risk Management Method

Operational risks involved in all areas of the SuMi TRUST Group's business, including outsourced business, are subject to operational risk management, which adequately identifies and assesses risk from both qualitative and quantitative perspectives. Meanwhile, preventative measures against risk materialization, as well as responses in the event of materialization, causal analysis and measures to prevent recurrence are developed to mitigate operational risk.

SuMi TRUST Bank has defined any cases, in which a client or we have incurred losses as a result of inappropriate business procedures in the course of operations by employees and officers, as an operational incident or a minor incident (hereinafter "operational incident, etc."), and has established a system of reporting and managing operational incidents, etc. in an effort to properly deal with such operational incidents, etc. upon their occurrence, prevent and reduce recurrence, and improve the quality of business processing.

Any operational incident, etc. will be reported upon its occurrence in a timely manner to the business supervision departments, risk management-related departments, and the Risk Management Department through registration to the reporting system by the department that caused operational incidents, etc. Furthermore, according to the impact of a relevant case, such as the scope of influence and the amount of loss, the operational incident, etc. will be reported to the Operational Risk Management Subcommittee, the Operational Risk Management Committee, the Executive Committee, and any other related committees. The department in which the incident, etc. has occurred will take proper and expeditious action toward clients involved in accordance with the instructions by the business supervision department and other related departments, examine and analyze the causes of the incident, etc., and discuss, plan, and implement measures to prevent recurrence.

As for periodical analysis, the business supervision departments regularly analyze the occurrence tendency of operational incidents, etc. taking place in each business and their causes, and develop measures to prevent recurrence that are deemed effective for the business in general. In addition, risk management-related departments and the Risk Management Department develop and review effective measures to prevent recurrence from group-wide and cross-sectional perspectives.

(6) Risk Management for Each Sub-category

1) Business Processing Risk Management

Business processing risk refers to the risk that the SuMi TRUST Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud. Engaging in a broad range of businesses including banking, asset management, asset administration (including trust business) and real estate, the SuMi TRUST Group recognizes that business processing risk is something unavoidable in the course of business execution. The SuMi TRUST Group is processing risk management in accordance with the scale and characteristics of business operations and risk so as to ensure peace of mind and satisfaction for its clients.

In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for comprehensive management of business processing risk, comprehensively reviews inter-business issues concerning business processing risk and business process streamlining, and develops a system for ensuring the effectiveness of SuMi TRUST Bank's business processing risk management from a company-wide viewpoint. Meanwhile, we have established a department to oversee and provide guidance to business processing operations at each business, which reviews policies set out in each business and provides guidance and training on general business processing to the head office departments and the business offices. Furthermore, SuMi TRUST Bank developed a risk management plan that incorporated the goals for business processing risk management and it has implemented activities to mitigate business processing risk, including documentation of business processing, exhaustive checks for clerical errors and associated analysis, development of remedial measures and cautioning based on the macro analysis of clerical errors, outsourcing management, and self-inspection.

2) System Risk Management

System risk refers to the risk that the SuMi TRUST Group may incur losses due to such reasons as computer system failure, malfunctions and defects, as well as the risk that the SuMi TRUST Group may incur losses due to unauthorized use of computers. Since computer systems are vital for the SuMi TRUST Group to carry out its business operations, it recognizes that system risk is a serious risk with potential impacts on a wide range of clients, which may cause disrepute to the Group. Therefore, the SuMi TRUST Group is conducting adequate system risk management in accordance with the importance, nature and operational function of each system. In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for system risk management, strives to mitigate system risk, through measures to prevent system risk from materializing, adequate response and causal analysis of the risk when materialized, and development of measures to prevent recurrence.

Moreover, SuMi TRUST Bank enhances the credibility of hardware and software as well as system operation, through measures including maintenance of hardware, securing of spare/alternate functions, back-up in place and preparation of manuals. In addition to above, measures for ensuring security of the information system and preventing illegal access and use by insider or through cyber or other attacks are also in place. Meanwhile, in order to minimize the impact of failure or disaster on the information system and to ensure early recovery and business continuity, we have in place a clarified communication and response system, manuals describing alternate measures and recovery procedures, along with the implementation of education and training on operations.

3) Information Security Risk Management

Information security risk refers to the risk that the SuMi TRUST Group may incur losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system and misuse of information. Since the information asset is one of the critical management resources involving the risk that could disrupt the basis of management, the SuMi TRUST Group adequately maintains and manages all information assets under its care.

In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for information security risk management, is committed to developing and enhancing an information security risk management system.

SuMi TRUST Bank places degrees of importance on all information assets under its care according to the impact of potential losses that SuMi TRUST Bank and clients may incur in the event of their leaks, loss or alteration. Methods and procedures for acquisition, use, management, safekeeping, internal communication, external use and disposal of information assets are set out according to the degrees of impor-

tance, for the effective implementation of security measures.

Meanwhile, we, as a business operator handling personal information and in charge of affairs using the individual number and affairs related to the individual number, adequately manage personal information, individual number and specific personal information (individual number and specific personal information, hereinafter referred to as "Specific Personal Information") in compliance with the Act on the Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure and guidelines set forth by government agencies, in addition to other standards. In addition, we have announced the "Declaration for the Protection of Personal Information" in an extensive effort to protect the personal information and Specific Personal Information of our clients and shareholders.

SuMi TRUST Bank is providing education and information to raise awareness of the information security risk management on a company-wide basis. Furthermore, the adequacy and effectiveness of the personal information management system are verified and ensured through self-inspection and internal audits.

4) Risk Management of Other Sub-categories

Regarding legal and compliance risk management, we not only are promoting compliance by setting compliance standards that employees and officers should follow and fostering their awareness of compliance, but also examine the consistency and compliance concerning company regulations and other rules, and the legality and suitability of transactions and business procedures from the legal perspective (legal checks). Furthermore, with regard to risks (conduct risk) that the SuMi TRUST Group may incur losses due to a variety of trouble and complaints arising in the course of business execution because products and services that the SuMi TRUST Group provides do not match clients' true profit and expectations, and risks attributed to any acts that have adverse influence and go against the SuMi TRUST Group's expected obligations to ensure soundness of the financial market and valid competitive environments, we are forging ahead with the establishment of a system for preventing such risks and dealing properly with them when they materialize.

In order to manage human resource risk, we have been poised to handle issues related to personnel and labor management, such as unequal or unfair management of personnel and harassment, through a multitude of approaches, including internal training and education, interviews, and establishment of consultation desk.

As event risk management, in an effort to tackle natural disasters, the spread of infectious diseases, occurrence of fire, crimes, or traffic accidents that may impair business, we have adopted various steps, including measures to avert disaster in case that disaster strikes, preventive measures, such as disaster prevention, protection against crimes, and safe driving management, and establishment of a business continuity management system.

For managing reputational risk, we are striving to prevent any harmful reputation and rumor from growing by detecting mass media reports and online posting that may damage the SuMi TRUST Group's reputations, and have set up a system of dealing with clients and making external announcements in a timely and proper manner in response to negative reputations or rumors, if any.

(7) Compliance with Capital Regulatory Standards

1) Calculation of Operational Risk Equivalent Amount

Since the end of March 2014, the SuMi TRUST Group has adopted the Advanced Measurement Approach in lieu of the Standardised Approach, which was used previously, in the calculation of the operational risk equivalent amount under capital adequacy requirements.

Exceptionally, we adopt the Basic Indicator Approach for a portion of the corporations deemed less important in the calculation of the operational risk equivalent amount and corporations that are in preparation for the adoption of the Advanced Measurement Approach.

2) Outline of the Advanced Measurement Approach

A. Measurement Framework

The SuMi TRUST Group calculates the operational risk equivalent amount by aggregating "each maximum loss amounts of operational risk expected over a period of one year, with 99.9% one-sided confidence interval (hereinafter "VaR")," for each of the nine quantification units (all business sections, corporate management sections and earthquakes) that are based on the consistency between management regarding operational incidents and profit management.

The operational risk equivalent amount is calculated using the four elements that are required for the adoption of the Advanced Measurement Approach, i.e. internal loss data, external loss data, business environment and the internal control status, and scenario analysis, as well as the quantification model. The results of the calculation are utilized in activities to enhance operational risk management, including the deliberation of measures to improve the internal control status.

• Overview of 4 Elements of Scenario Analysis

Element	Details
Internal loss data	Information on operational risk losses arising inside the SuMi TRUST Group
External loss data	Information on operational risk losses collected from the outside of the SuMi TRUST Group
Business environment and internal control status	An element affecting operational risk and relating to the business environment and internal control status of the SuMi TRUST Group
Scenario analysis	An estimation method based on expert knowledge and experience, and information on operational risk, regarding the amount and frequency of serious operational risk losses

Additionally, in the calculation of the operational risk equivalent amount, we do not reflect the mitigating effects of insurance, and do not exclude expected loss or conduct adjustments based on the correlation between the quantification units.

B. Scenario Analysis

In order to accurately understand the SuMi TRUST Group's risk profile, we identify events involving a large amount of losses associated with operational risk that cannot be covered by internal loss data alone when we conduct scenario analysis. We also construct scenario data that estimate loss amount and probability of such events.

The evaluation results of elements including the business environment and the internal control status are reflected in the subjects to the construction of scenario data, and the estimation of loss amount and frequency.

In addition, we ensure the objectivity, accuracy and completeness of the constructed scenario data by conducting verification using both internal loss data and external loss data.

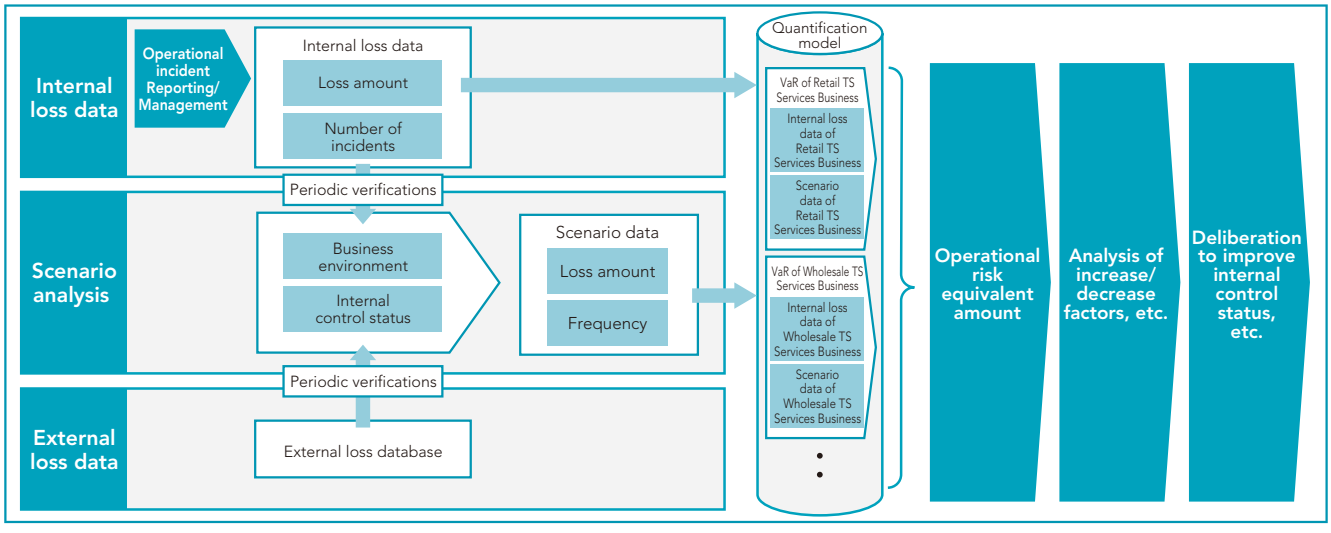
C. Measurement Model for Operational Risk Amount

The VaR of each measurement unit is calculated by plotting frequency distributions and severity distribution based on the internal loss data and the scenario data prepared through the scenario analysis, and expressed through Monte Carlo Simulation that mixes such distributions and estimates the total severity distribution.

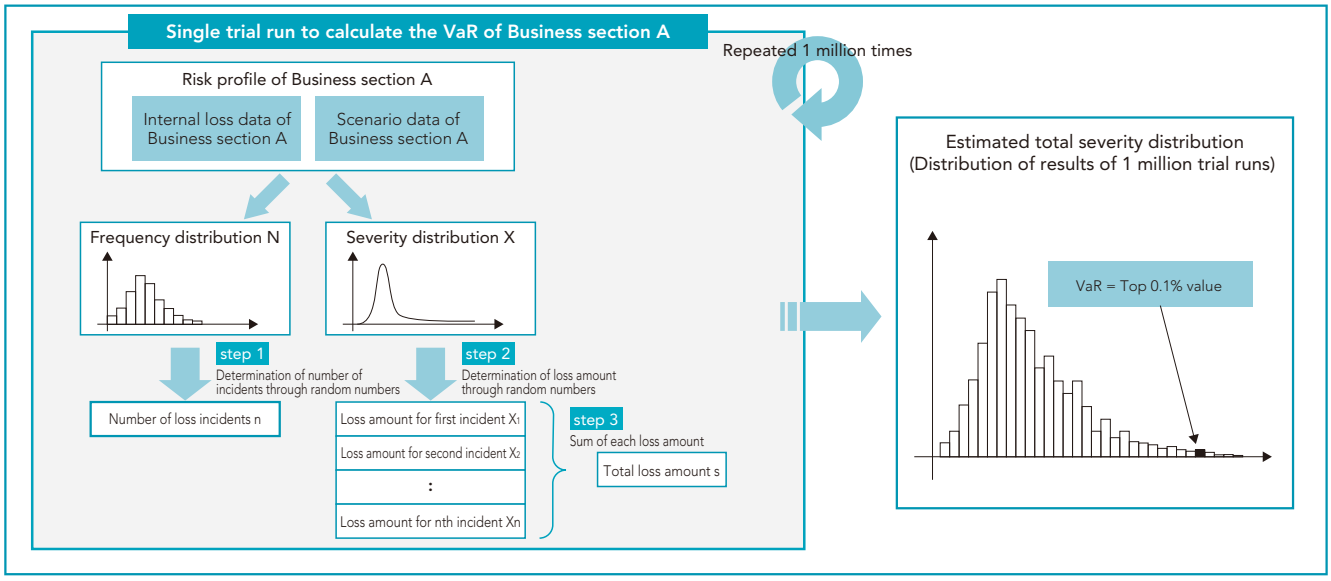
The Poisson distribution has been applied to the frequency distribution, and our own distribution method has been applied to severity distribution in order to grasp the amount of tail risk.

We confirm the appropriateness of the quantification model and the results of the VaR calculations by conducting periodic verifications such as backtestings.

• Outline of the Quantification Framework



• Outline of Quantification Model



6. Other Matters

(1) Credit Risk Mitigation Techniques

1) Implementation of Credit Risk Mitigation Techniques

Controls of credit exposures can be achieved not simply by reducing the balance of outstanding credit but also by seeking to loan protection via collateral and guarantees. These protection measures are collectively called "credit risk mitigation techniques."

While we measure the creditworthiness of clients comprehensively by looking at their business status and technological capabilities as well as their future potential, we also employ the credit risk mitigation techniques in order to cover deficiencies in creditworthiness or enhance the quality of loans.

In doing this, it is necessary for the credit risk mitigation techniques to be "valid" both legally and practically. In order to ensure that validity, we set internal standards for sound and reliable protection and management.

At that time, we uniformly manage information of collateral and guarantees through a system.

2) Details of Collateral Evaluation and Management

As a uniform decision on acceptance of collateral and guarantees cannot be made due to individual circumstances, such as creditworthiness of obligors, we determine whether or not to accept collateral or guarantees by taking into consideration various factors, including the compatibility with the purpose of use and characteristics of loans and bills discounted, collateral value, the guarantor's capability for performance of guarantee, and legal validity.

As the ultimate purpose of collateral is to acquire monetary value through conversion into cash of a relevant property, we have defined requirements for accepting collateral that 1) collateral value is acknowledged, 2) foreclosure sale of a relevant property is easy, and 3) it is easy to obtain and manage collateral.

Real estate, financial assets, term deposits, and securities, have accounted largely for the collateral that the SuMi TRUST Group has accepted. As a general rule, we evaluate collateral of real estate, ships, and other similar property at least once a year, and other collateral with fair value, such as securities, on a regular basis.

Guarantees are classified into several categories, such as specific debt guarantee that guarantees only specific debts, and revolving guarantee. The forms of providing guarantees also vary, including the official contract for guarantees, letter of indemnity on guarantee, and commitment to guarantee. Regardless of the category and form of guarantee, the SuMi TRUST Group places emphasis on substantial effectiveness of guarantees by confirming the guarantor's capacity and intention of guarantee. The guarantees that the SuMi TRUST Group has accepted have been made up greatly of cases in which parent companies guarantee debts of their respective subsidiaries in corporate credit transactions. We regularly check the guarantor's intention of guarantee.

3) Compliance with Capital Regulatory Standards

The capital regulatory standards specify types and requirements regarding credit risk mitigation techniques that can decrease risk-weighted assets according to the calcula-

tion of credit risk-weighted assets in a limited manner. The SuMi TRUST Group has defined the scope of the credit risk mitigation techniques that can be applied to calculation of a capital adequacy ratio depending on risk-weighted assets measurement approaches after closely examining the eligibility for the requirements.

With regard to assets to which the Advanced Internal Ratings-Based Approach (AIRB) is applied, we consider the collateral effect through the Loss Given Default (LGD). We have adopted the credit risk mitigation techniques for assets to which the Foundational Internal Ratings-Based Approach (FIRB) is applied, and the details are as follows:

• Overview of Credit Risk Mitigation Techniques (CRM)

CRM techniques	Major requirements
Offsetting of loans and bills discounted against deposits in our banks (netting)*	• Term deposits • A valid banking transaction contract, or any other effective agreement, with a statement about timely offsetting has been concluded.
Guarantees and credit derivatives	• The creditworthiness of the guarantor (the party providing protection) is greater than that of the obligor. • The contract has been concluded in writing and does not include any provision that disturbs performance of guarantee (offering of protection).
Eligible collateral	
Eligible financial collateral (deposits in our banks, stocks, and debt securities)	• Establishment of security rights (such as the right of pledge) • Any special agreement that restricts exercise of security rights has not been concluded.
Eligible real estate collateral (real estate, foundations)	• Register of settlement of mortgage (definitive/provisional registration) • Any special agreement that restricts exercise of security rights has not been concluded. • Investigation of soil pollution has been completed, or the impact of soil pollution has been taken into consideration in evaluation.
Other eligible asset collateral (ships, aircrafts)	• Establishment of security rights (definitive/provisional registration; with security rights being set as the first right) • Any special agreement that restricts exercise of security rights has not been concluded.

* In the fiscal year ended March 2018, we employed netting only for assets to which the Foundation Internal Ratings-Based Approach was applied.

4) Concentration of Credit and Market Risks Following the Adoption of Credit Risk Mitigation Techniques

Guarantees and credit derivatives have been considered as approaches involving risk concentration.

In the SuMi TRUST Group, although guarantees on obligors are offered by their respective parent companies in many cases, this is not always significantly inclined for specific guarantors. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group monitors and manages concentration risks for each individual corporation and for the entire Group, with guarantees taken into consideration.

The notional principal of the protection of the credit derivatives that SuMi TRUST Bank has purchased is not noteworthy enough to be defined as risk concentration. It is managed by being included in the credit limit amount of the provider of protection.

(2) Credit Risk for the Other Party of Derivatives Transactions and Repo Transactions (Counterparty Credit Risk)

1) Risk Characteristics

Counterparty credit risk ("CCR") is a risk that the SuMi TRUST Group may incur loss due to nonfulfillment of a contract when a counterparty, the other party of a transaction, such as a derivatives transaction, has gone bankrupt. The SuMi TRUST Group has conducted various derivatives transactions (such as the interest rate swap transaction) with financial institutions.

2) Risk Management Policy

A. Management of Counterparty Credit Risk Exposures

With regard to CCR, the SuMi TRUST Group has set a credit line for clients, such as financial institutions, for each type of market-based transactions and manage CCR exposures. We have managed credit concentration risk of each client by setting a credit limit amount in the same manner as for corporates and adding up general credit transactions and market-based transactions. Furthermore, in the same manner as other exposures, we allocate capital to each business and monitor the usage status.

B. Credit Risk Mitigation Techniques and Collateral Management

As a general rule, SuMi TRUST Bank, which is the core bank of the SuMi TRUST Group, enters into legally valid bilateral netting contracts (such as the ISDA Master Agreement) with clients when conducting derivatives and repo transactions. In the event that any reason for contract cancellation before expiration arises, through netting contracts we will perform close-out netting between multiple derivatives transactions or repo transactions entered into with a relevant client, in or-

der to mitigate credit risk. Furthermore, with the aim of minimizing credit risk at the time of conducting derivatives transactions, SuMi TRUST Bank is promoting the conclusion of a Credit Support Annex (CSA) as a supplementary contract of the ISDA Master Agreement. A CSA is a bilateral agreement that supplements credit through a pledge of collateral corresponding to the amount of unrealized loss by the party holding unrealized loss to the other party with unrealized gain based on calculation of the present value of derivatives transactions, etc. or other similar items between SuMi TRUST Bank and the counterparty with which SuMi TRUST Bank has concluded the CSA.

The SuMi TRUST Group transfers collateral on a continuous basis with the counterparty with which we have entered into a CSA so that unrealized gains and losses become neutral. However, we will be required to offer additional collateral when the creditworthiness of either party has deteriorated and the party's rating has dropped, with the impacts of such deterioration taken into consideration. The amount of additional collateral varies depending on the details of the contract concluded with each company.

C. Management of Wrong-way Risk

Wrong-way risk is risk of losses expanding through the synergetic effect of any adverse correlation between the derivatives exposures transaction and the creditworthiness of the other party of the transaction (the counterparty). Currently, the SuMi TRUST Group manages this risk by mitigating credit risk through conclusion of CSAs, and grasping CCR in a timely and proper manner.

D. Impact of Deteriorated Creditworthiness of Our Banks

As specified in B. above, the SuMi TRUST Group has regularly transferred collateral with counterparties in derivatives transactions and other similar transactions. In these transactions, we may be required to provide additional collateral to counterparties due to deterioration of our own creditworthiness. However, the proportion of derivatives transactions to the SuMi TRUST Group's overall exposure is currently low, and we have recognized that the impact is limited.

3) Compliance with Capital Regulatory Standards

The SuMi TRUST Group has adopted the "Current Exposure Method" in risk-weighted asset calculation of counterparty credit risk. The approach is one of the methods for calculating the credit equivalent amount of derivatives transactions by adding the add-on (which corresponds to the amount for potential future exposure, and is calculated by multiplying the notional amount by the split based on residual maturity) to the "replacement cost" (as calculated through fair market valuation of transactions).

In accordance with the capital regulatory standards (Basel III) which have been revised with financial crisis taken into consideration, the SuMi TRUST Group calculates risk-weighted assets for Credit Value Adjustment (CVA) that adjusts exposure when the creditworthiness of counterparty has changed, and for the Central Counterparty (CCP) exposures.

(3) Securitisation Transactions

1) Risk Characteristics

Securitisation transactions are transactions in which, on the back of one or more assets, the credit risk related to the assets is stratified into two or more layers that are in a relationship of a senior-subordinated structure and part or all of the assets are transferred to a third party. Typical examples include Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), and Collateralized Loan Obligation (CLO) according to underlying assets, and resecuritised products with securitised products as underlying assets. The method of grasping credit risk differs between the originator (the party that composes products) and an investor (the party that purchases products) in securitisation transactions. When the originator has accepted the subordinated part of assets at the time of product composition, some credit risk will remain. Meanwhile, when the investor has bought a securitised product, credit risk will arise. Furthermore, as securitised products underlie resecuritised products, it will become complicated to grasp risks regarding resecuritised products, and credit risk of resecuritised products may become greater than those of general securitised products.

Although the SuMi TRUST Group engages in activities primarily as the investor, we have yielded business results in product composition as an originator.

2) Risk Management Policy

A. Investor

In principle, the SuMi TRUST Group invests in securitised products, to which high external credit ratings have been assigned, and manages risks by the assignment of credit ratings (structured ratings) based on the internal rating system. During an investment period, we strive to obtain stable earnings opportunities by periodically monitoring not only external credit ratings but also the status and performance of the assets underlying securitised products, and risk characteristics and structure status of securitisation transactions, and then reflecting such status for reviewing credit ratings. The SuMi TRUST Group manages resecuritised products in the same manner.

B. Originator

The SuMi TRUST Group will consider using securitisation transactions, which are originated by the SuMi TRUST Group, according to situations as a method for controlling portfolios of finance receivables held. When doing so, we will construct transaction content in which an intended transfer of credit risk is made effectively, and properly calculate the part of credit risk-weighted assets that the SuMi TRUST Group bears after implementation of securitisation. As a general rule, while the securitised products originated by the SuMi TRUST Group have been held by investors outside the consolidated holding company group, part of the products have been owned by SBI Sumishin Net Bank, Ltd., one of the SuMi TRUST Group's affiliates.

3) Risk Management Method

We measure credit risk amount of securitisation exposures based on the value of credit risk-weighted assets specified by the capital regulatory standards. In addition, interest rate risk involved in securitisation exposures is subject to measurement of market risk amount.

4) Securitisation transactions of Third Party Assets

With regard to securitisation transactions of assets purchased from third parties, the SuMi TRUST Group has engaged in liquidation of receivables mainly by buying multiple receivables, such as accounts receivables and bills of credit, via specific purpose companies (SPCs), and provides Asset Based Lending (ABL) to SPCs and sets up backup lines for Asset Backed Commercial Papers (ABCPs) issued by SPCs. In addition, SuMi TRUST Bank has conducted proper management of underlying assets for investors.

In the SuMi TRUST Group, securitisation conduits, such as SPCs and trust as follows, conduct securitisation transactions of third party assets. We have never offered securitisation conduits credit supplementation not stipulated in respective contracts.

Name of securitisation conduit	Whether to be included in the consolidation scope* according to calculation of the capital adequacy ratio	Whether or not securitisation exposure is held
Vector Asset Funding Corporation	Included	Not held
Nexus Asset Funding Corporation	Included	Held
Fresco Asset Funding Corporation	Included	Held
Crecer Asset Funding Corporation	Included	Not held
RBA Asset Funding Corporation	Not included	Not held
Sumitomo Mitsui Trust Bank, Limited (Trust account)	Not included	Held

* The consolidation scope according to calculation of the capital adequacy ratio of SuMi TRUST Holdings and SuMi TRUST Bank.

5) Accounting Policy

When conducting securitisation transactions, as a general rule, the SuMi TRUST Group adopts a selling process that results in derecognition of financial assets through the transfer of the control over contractual rights to the financial assets to another party in accordance with "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10). For instance, in the case of finance receivables, in principle, assets are derecognized upon legal completion of transfer of the assets and receipt of consideration for the transfer; however, in the event that we hold retained interests after conducting securitisation transactions, the SuMi TRUST Group does not recognize sales of the assets corresponding to the retained interests, and renders it subject to measurement of credit risk-weighted assets. Meanwhile, regarding transactions in which a considerable degree of credit is offered without prior payment of capital, the SuMi TRUST Group will employ a financial process of posting raised capital as a liability. In addition, when we possess assets for the purpose of securitisation transactions, the SuMi TRUST Group evaluates the assets in accordance with "Accounting Standards for Financial Instruments" and records them in the banking account.

6) Compliance with Capital Regulatory Standards

With regard to calculation of credit risk-weighted assets for securitisation exposures, we have prioritized calculation methods, and selected from applicable calculation methods on which the highest priority has been placed.

First of all, we use the "Rating-Based Approach" in order to calculate the risk weight of securitisation exposures to which eligible external credit ratings has been assigned. Then, we calculate the risk weight of securitisation exposures without eligible external credit ratings by applying the "Supervisory Formula Approach" according to the characteristics of underlying assets. If either of the aforementioned approaches cannot be applied, we apply 1,250% risk weight; however, in the SuMi TRUST Group, the total amount of the required capital to the securitisation exposure that we hold shall not exceed the amount of the required capital with an internal ratings-based approach applied to the principal underlying assets.

The eligible rating agencies used for calculating the value of credit risk-weighted assets based on the "Rating-Based Approach" include 5 companies, which are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

While the SuMi TRUST Group essentially has rendered securitisation exposure subject to calculation of credit risk-weighted assets, we use the "Standardised Approach" for calculating market risk equivalent amount.

(4) Capital Subscriptions and Other Similar Exposures or Equity Exposures

1) Risk Characteristics

As part of capital subscription business, the SuMi TRUST Group has strategically made real-estate equity investments in the banking accounts and held stocks with the aim of investing in organizations expected to bring benefits to the SuMi TRUST Group and cementing relationships with clients (strategic shareholdings). Stocks are characterized as involving the risk of fluctuation in their prices (market risk) as well as the risk that the issuers may become in default (credit risk).

Real-estate equity investment is aimed to pursue medium-term risk return, being exposed to the risk of fluctuation in cash flows, such as dividend distribution, and the risk that the Net Asset Value of the subscriber's share on the capital may fluctuate.

The purpose of strategic shareholdings is to obtain earnings incidental to long-term transaction relationships while taking into consideration the corporate governance code and other factors. Listed shares with market prices are subject to fair market valuation and are exposed to a risk of fluctuation in their market prices. Unlisted shares are also exposed to a risk that their estimated value may decline.

2) Risk Management Policy

We properly manage stocks held in the banking accounts, by taking into consideration profitability, within a scope of a certain risk amount through a framework of credit risk and market risk management according to the purpose of holding the stocks and risk characteristics.

Regarding real-estate equity investment, we undertake projects that are expected to generate stable earnings by looking ahead to medium-term conditions of the real estate market in an effort to keep down the risk level.

In addition, as for strategic shareholdings, while making continuing effort to reduce the balance, we are flexibly conducting hedging operations with the aim of lessening the risk of price fluctuation of the stocks that we have held.

3) Risk Management Method

Concerning the stocks held in the category of "available-for-sale securities," we measure risk according to whether or not there is a market price. We recognize a risk of price fluctuation for the stocks with market price and measure the stock VaR with the estimated holding period (a time horizon) set as one year and the 99% one-sided confidence interval for each side in a similar way to other market risk of the banking accounts such as interest rate risk. Meanwhile, regarding unlisted shares without market prices, as it is not possible to directly observe price fluctuation, we measure the risk amount with the holding period of one year while using an approach for indirectly estimating the volatility by selecting an appropriate alternate index, and a reference to the Supervisory Formula Approach specified by the capital regulatory standards, depending on situations.

Concerning "Shares of Subsidiaries," we have rendered the assets and liabilities held by a relevant subsidiary subject to direct risk management. Furthermore, as for "Shares of Affiliated Companies," fluctuations in the value of our interest in relevant affiliated companies due to equity in losses or earnings are subject to risk management.

4) Accounting Policy

As of the end of March 2018, with regard to the securities stated in the SuMi TRUST Group's consolidated financial statements, Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are valued using the "moving-average cost," and securities classified as available-for-sale securities are valued using the "average market price during the final month of the consolidated accounting period (cost of securities sold is calculated using primarily the moving-average method)."

However, "available-for-sale securities" for which their fair values are extremely difficult to be determined are carried at cost using the moving-average method. Valuation differences on "available-for-sale securities" are recorded as a separate component of net assets and reported in the consolidated balance sheets.

5) Compliance with Capital Regulatory Standards

We measure the required capital of credit risk with an approach applied according to whether relevant equities are Japanese or Non-Japanese, and whether or not relevant equities are listed. Japanese equities are measured based on the Supervisory Formula Approach using the credit ratings assigned to relevant issuers.

Furthermore, we apply the Simple Risk-weight Method (Market-Based Approach) that multiplies the risk weight determined according to whether the equities are listed or not, in order to measure any Japanese equities without credit ratings, and Non-Japanese equities. The market risk amount is measured using VaR as a scale. For more details, please refer to "(5) Market Risk Management Method" of "3. Market Risk Management."

Basel III Disclosure Data

Sumitomo Mitsui Trust Holdings, Inc.

This section outlines and discloses matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982), as well as separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2015) with regard to the status of management soundness relating to liquidity, as set forth in Article 19-2, Paragraph 1, Item 5-(e) of the Ordinance for Enforcement of the Banking Act.

[Quantitative Disclosure Data: SuMi TRUST Holdings]

Consolidated	
Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)	
KM1:Key Metrics (Consolidated)	228
Capital Adequacy Ratio	229
Scope of Consolidation	229
Composition of Capital (Consolidated BIS capital adequacy ratio)	230
Main Features and Further Information of Regulatory Capital Instruments	233
Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements	233
Credit Risk*	245
Exposures Relating to Funds	247
Disclosure Data Designated as Per the Appended Forms*	248
Indicators for Assessing Global Systemically Important Banks (G-SIBs)	274
Composition of Basel III Leverage Ratio	276
Liquidity Coverage Ratio (LCR)	277
Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)*	
Capital Adequacy	278
Credit Risk	280
Credit Risk Mitigation Techniques	286
Counterparty Risk in Derivative and Long-term Settlement Transactions	286
Securitisation Exposures	287
Market Risk	290
Capital Subscriptions or Equity Exposures in the Banking Account	292
Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Holdings Group Regarding Interest Rate Risk in the Banking Account	292

* Disclosure items and formats have been changed from fiscal 2017 (the year ended March 31, 2018), therefore, disclosure data of fiscal 2016 (the year ended March 31, 2017) has been stated separately.

Quantitative Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)

KM1: Key Metrics

Consolidated

KM1 Basel III Template No.		Millions of yen, %				
		a	b	c	d	e
		March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,325,854	¥ 2,282,732	¥ 2,210,988	¥ 2,187,640	¥ 2,141,890
2	Tier 1	2,821,417	2,760,093	2,688,896	2,673,078	2,625,737
3	Total capital	3,348,183	3,361,003	3,280,504	3,269,379	3,185,866
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	20,522,957	21,027,701	19,570,897	19,280,244	19,391,928
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	11.33%	10.85%	11.29%	11.34%	11.04%
6	Tier 1 ratio (%)	13.74%	13.12%	13.73%	13.86%	13.54%
7	Total capital ratio (%)	16.31%	15.98%	16.76%	16.95%	16.42%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.87%	1.25%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement (%)	—%	—%	—%	—%	—%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.37%	0.25%	0.25%	0.25%	0.25%
11	Total of bank CET1 specific buffer requirements (%)	2.25%	1.50%	1.50%	1.50%	1.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.83%	6.35%	6.79%	6.84%	6.54%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	70,807,838	66,564,532	68,339,449	65,700,499	67,843,410
14	Basel III leverage ratio (%)	3.98%	4.14%	3.93%	4.06%	3.87%

KM1 Basel III Template No.		Millions of yen, %				
		Fiscal Year 2017 4th Quarter	Fiscal Year 2017 3rd Quarter	Fiscal Year 2017 2nd Quarter	Fiscal Year 2017 1st Quarter	Fiscal Year 2016 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 27,250,018	¥ 26,931,895	¥ 25,662,551	¥ 25,214,341	¥ 23,979,032
16	Net cash outflows	19,016,174	18,729,160	17,845,124	18,432,654	17,535,781
17	Consolidated LCR (%)	143.2%	143.7%	143.8%	136.7%	136.7%

Capital Adequacy Ratio

Consolidated

We calculate the consolidated BIS capital adequacy ratio in line with provisions of Article 52-25 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank holding company and its subsidiaries' capital adequacy ratios are appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 20, hereinafter referred to as the "Notification").

As of the end of March 2018, we used the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the Basel Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Holdings Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Holdings Group is 64. The principal company is the following.

Name	Principal Business Operations
Sumitomo Mitsui Trust Bank, Limited	Trust and Banking Businesses

(3) There is no affiliated company that undertakes financial services subject to the Basel Notification, Article 9.

(4) There are no particular restrictions etc. on the transfer of funds and capital within the SuMi TRUST Holdings Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

Composition of Capital (Consolidated BIS capital adequacy ratio)

Consolidated

As of March 31			Millions of Yen, %			
Basel III Template No.	Items		2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Common Equity Tier 1 Capital: Instruments and Reserves					
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings		**¥ 2,103,081**		¥ 2,006,758	
1a	of Which: Capital Stock and Capital Surplus		**906,625**		906,656	
2	of Which: Retained Earnings		**1,263,415**		1,159,028	
1c	of Which: Treasury Stock (Deduction)		**42,224**		34,061	
26	of Which: Earnings to be Distributed (Deduction)		**24,734**		24,864	
	of Which: Others		**—**		—	
1b	Subscription Rights to Common Shares		**799**		577	
3	Accumulated Other Comprehensive Income		**496,851**		344,794	¥ 86,198
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)		**2,031**		1,949	
	Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements				6,770	
	of Which: Common Share Capital Issued by Subsidiaries and Held by Third Parties				6,770	
6	Common Equity Tier 1 Capital: Instruments and Reserves	(A)	**2,602,763**		2,360,850	
	Common Equity Tier 1 Capital: Regulatory Adjustments					
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)		**170,935**		152,059	38,014
8	of Which: Goodwill (Including Those Equivalent)		**89,699**		81,901	20,475
9	of Which: Other Intangible Assets		**81,235**		70,157	17,539
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**287**		121	30
11	Deferred Gains or Losses on Derivatives under Hedge Accounting		**(20,866)**		(14,863)	(3,715)
12	Shortfall of Eligible Provisions to Expected Losses		**11,527**		8,730	2,182
13	Securitisation Gain on Sale		**1,745**		1,894	473
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities		**—**		—	—
15	Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)		**113,232**		66,053	16,513
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)		**46**		1	0
17	Reciprocal Cross-Holdings in Common Equity		**—**		—	—
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)		**—**		4,962	1,240
19+20+21	Amount above the 10% Threshold on the Specified Items		**—**		—	—
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**—**		—	—
20	of Which: Mortgage Servicing Rights		**—**		—	—
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**—**		—	—
22	Amount Exceeding the 15% Threshold on the Specified Items		**—**		—	—
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**—**		—	—
24	of Which: Mortgage Servicing Rights		**—**		—	—
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**—**		—	—
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions		**—**		—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments	(B)	**276,908**		218,960	
	Common Equity Tier 1 Capital (CETI)					
29	Common Equity Tier 1 Capital	(C) = (A)–(B)	**¥ 2,325,854**		¥ 2,141,890	

As of March 31			Millions of Yen, %			
Basel III Template No.		Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
Additional Tier 1 Capital: Instruments						
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —		¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments	—		—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**290,000**		220,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		—	
34–35		Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	**12,563**		12,454	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	**193,000**		272,500	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles	**83,000**		114,528	
35		of Which: Issued by Subsidiaries	**110,000**		157,971	
		Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements			427	
		of Which: Foreign Currency Translation Adjustment			427	
36		Additional Tier 1 Capital: Instruments (D)	**495,563**		505,381	
Additional Tier 1 Capital: Regulatory Adjustments						
37		Investments in Own Additional Tier 1 Instruments	—		—	¥ —
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—		—	—
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—		821	205
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
		Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements			20,712	
		of Which: Goodwill Equivalents			18,098	
		of Which: Equivalent to Intangible Fixed Assets Recorded through Business Combination			1,048	
		of Which: Equivalent to Capital Increase Due to Securitisation Transactions			473	
		of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,091	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—		—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—		21,534	
Additional Tier 1 Capital (ATI)						
44		Additional Tier 1 Capital (F) = (D) – (E)	**495,563**		483,847	
Tier 1 Capital (TI = CETI + ATI)						
45		Tier 1 Capital (G) = (C) + (F)	**2,821,417**		2,625,737	
Tier 2 Capital: Instruments and Provisions						
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—		—	
		Subscription Rights to Tier 2 Instruments	—		—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**220,000**		140,000	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		—	
48–49		Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	**3,207**		3,292	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2	**299,228**		361,498	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles	—		—	
49		of Which: Issued by Subsidiaries	**299,228**		361,498	
50		Provisions Allowed in Group Tier 2	**4,329**		3,926	
50a		of Which: General Allowance for Credit Losses	**4,329**		3,926	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	—		—	
		Amount Allowed in Group Tier 2 Subject to Transitional Arrangements			60,756	
		of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities			61,031	
		of Which: 45% of Revaluation Reserve for Land			(274)	
51		Tier 2 Capital: Instruments and Provisions (H)	¥ **526,765**		¥ 569,474	

As of March 31		Millions of Yen, %					
Basel III Template No.	Items	2018	Amounts Excluded under Transitional Arrangements		2017	Amounts Excluded under Transitional Arrangements	
Tier 2 Capital: Regulatory Adjustments							
52	Investments in Own Tier 2 Instruments	¥ —	¥ —		¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments	—	—		—	—	
54	Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	—		5,733	1,433	
55	Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—	—		—	—	
	Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements				3,611		
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions				2,520		
	of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses				1,091		
57	Tier 2 Capital: Regulatory Adjustments (I)	—			9,344		
Tier 2 Capital (TII)							
58	Tier 2 Capital (J) = (H) – (I)	**526,765**			560,129		
Total Capital (TC = T1 + TII)							
59	Total Capital (K) = (G) + (J)	**3,348,183**			3,185,866		
Total Risk Weighted Assets							
	Risk Weighted Assets Subject to Transitional Arrangements				39,291		
	of Which: Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)				16,490		
	of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)				30		
	of Which: Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities)				16,513		
	of Which: Investments in Own Shares (Excluding Those Reported in the Net Assets Section)				1		
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions				6,256		
60	Total Risk Weighted Assets (L)	**20,522,957**			19,391,928		
Capital Ratios (Consolidated)							
61	Common Equity Tier 1 Capital Ratio (C)/(L)	**11.33%**			11.04%		
62	Tier 1 Capital Ratio (G)/(L)	**13.74%**			13.54%		
63	Total Capital Ratio (K)/(L)	**16.31%**			16.42%		
Regulatory Adjustments (before Risk Weighting)							
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)	**189,382**			217,279		
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)	**87,561**			71,955		
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)	—			—		
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)	—			—		
Provisions Included in Tier 2 Capital: Instruments and Provisions							
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)	**4,329**			3,926		
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach	**8,971**			8,450		
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)	—			—		
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach	**103,273**			100,231		
Capital Instruments Subject to Phase out Arrangements							
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements	**218,000**			272,500		
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)	—			3,500		
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements	**343,163**			428,954		
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)	¥ —			¥ —		

Note: SuMi TRUST Holdings received an external audit by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

Main Features and Further Information of Regulatory Capital Instruments Consolidated

Main Features and Further Information of Regulatory Capital Instruments are available on our website (https://www.smth.jp/en/ir/basel/index.html).

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

Fiscal Year 2017

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 28,841,328		
Call Loans and Bills Bought	152,951		
Receivables under Resale Agreements	63,531		
Receivables under Securities Borrowing Transactions	675,295		
Monetary Claims Bought	955,938		
Trading Assets	363,294		
Money Held in Trust	1,357		
Securities	5,537,643	2–b, 6–a	
Loans and Bills Discounted	28,190,553	6–b	
Foreign Exchanges	25,554		
Lease Receivables and Investment Assets	677,238		
Other Assets	1,868,132	6–c	
Tangible Fixed Assets	214,386		
Buildings	73,711		
Land	116,650		
Lease Assets	4,719		
Construction in Progress	88		
Other	19,216		
Intangible Fixed Assets	197,235	2–a	
Software	107,563		
Goodwill	81,038		
Lease Assets	2		
Other	8,630		
Assets for Retirement Benefits	163,219	3	
Deferred Tax Assets	23,127	4–a	
Customers' Liabilities for Acceptances and Guarantees	508,930		
Allowance for Loan Losses	(102,920)		
Total Assets	¥ 68,356,798		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 37,351,839		
Negotiable Certificates of Deposit	6,563,336		
Call Money and Bills Sold	146,931		
Payables under Repurchase Agreements	1,454,855		
Payables under Securities Lending Transactions	41,299		
Trading Liabilities	266,148		
Borrowed Money	4,370,083	8–a	
Foreign Exchanges	1,984		
Short-term Bonds Payable	1,062,869		
Bonds Payable	1,470,715	8–b	
Borrowed Money from Trust Account	11,070,725		
Other Liabilities	932,825	6–d	
Provision for Bonuses	16,740		
Provision for Director's Bonuses	325		
Retirement Benefits Liabilities	14,159		
Provision for Reward Points Program	18,457		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Loss	4,628		
Deferred Tax Liabilities	181,050	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	508,930		
Total Liabilities	65,484,472		
(Net Assets)			
Capital Stock	261,608	1–a	
Capital Surplus	645,016	1–b	
Retained Earnings	1,263,415	1–c	
Treasury Stock	(42,224)	1–d	
Total Shareholders' Equity	2,127,816		
Valuation Difference on Available-for-Sale Securities	516,663		
Deferred Gains or Losses on Hedges	(22,746)	5	
Revaluation Reserve for Land	(6,067)		
Foreign Currency Translation Adjustment	4,281		
Remeasurements of Retirement Benefits	4,720		
Total Accumulated Other Comprehensive Income	496,851		3
Subscription Rights to Shares	799		1b
Non-controlling Interests	246,858	7	
Total Net Assets	2,872,325		
Total Liabilities and Net Assets	¥ 68,356,798		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	645,016		1–b
Retained Earnings	1,263,415		1–c
Treasury Stock	(42,224)		1–d
Total Shareholders' Equity	¥ 2,127,816		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,127,816	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	906,625		1a
of Which: Retained Earnings	1,263,415		2
of Which: Treasury Stock (Deduction)	42,224		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 197,235		2–a
Securities	5,537,643		2–b
of Which: Goodwill Arising on the Application of the Equity Method	8,661		
Associated Deferred Tax Liabilities	34,961		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 89,699		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	81,235	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 163,219		3
Associated Deferred Tax Liabilities	49,987		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 113,232		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 23,127		4–a
Deferred Tax Liabilities	181,050		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	34,961		
Associated Assets for Retirement Benefits	49,987		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 287	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (22,746)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (20,866)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,537,643		6–a
Loans and Bills Discounted	28,190,553	Including subordinated loans	6–b
Other Assets	1,868,132	Including derivatives	6–c
Other Liabilities	¥ 932,825	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ 46		
Common Equity Tier 1 Capital	46		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	189,382		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital	—		54
Amount below the Thresholds for Deduction (before Risk Weighting)	189,382		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	87,561		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	87,561		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 246,858		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ 2,031	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,563	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	3,207	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,370,083		8–a
Bonds Payable	1,470,715		8–b

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 290,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	220,000		46

Fiscal Year 2016

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 26,944,478		
Call Loans and Bills Bought	124,706		
Receivables under Resale Agreements	83,888		
Receivables under Securities Borrowing Transactions	480,453		
Monetary Claims Bought	906,572		
Trading Assets	496,563		
Money Held in Trust	1,650		
Securities	5,127,717	2–b, 6–a	
Loans and Bills Discounted	28,040,446	6–b	
Foreign Exchanges	16,189		
Lease Receivables and Investment Assets	667,808		
Other Assets	1,638,186	6–c	
Tangible Fixed Assets	225,814		
Buildings	74,330		
Land	125,959		
Lease Assets	5,901		
Construction in Progress	811		
Other	18,812		
Intangible Fixed Assets	214,790	2–a	
Software	114,447		
Goodwill	90,492		
Lease Assets	188		
Other	9,661		
Assets for Retirement Benefits	119,018	3	
Deferred Tax Assets	23,243	4–a	
Customers' Liabilities for Acceptances and Guarantees	458,010		
Allowance for Loan Losses	(115,814)		
Total Assets	¥ 65,453,725		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 36,000,814		
Negotiable Certificates of Deposit	7,326,617		
Call Money and Bills Sold	54,089		
Payables under Repurchase Agreements	1,063,737		
Payables under Securities Lending Transactions	13,699		
Trading Liabilities	366,879		
Borrowed Money	3,463,105		
Foreign Exchanges	236		
Short-term Bonds Payable	904,248		
Bonds Payable	1,385,098	8	
Borrowed Money from Trust Account	10,274,143		
Other Liabilities	1,151,325	6–d	
Provision for Bonuses	16,331		
Provision for Director's Bonuses	259		
Retirement Benefits Liabilities	14,048		
Provision for Reward Points Program	17,519		
Provision for Reimbursement of Deposits	3,583		
Provision for Contingent Loss	7,774		
Deferred Tax Liabilities	137,501	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	458,010		
Total Liabilities	62,662,042		
(Net Assets)			
Capital Stock	261,608	1–a	
Capital Surplus	645,048	1–b	
Retained Earnings	1,159,028	1–c	
Treasury Stock	(34,061)	1–d	
Total Shareholders' Equity	2,031,623		
Valuation Difference on Available-for-Sale Securities	476,848		
Deferred Gains or Losses on Hedges	(21,018)	5	
Revaluation Reserve for Land	(6,067)		
Foreign Currency Translation Adjustment	2,135		
Remeasurements of Retirement Benefits	(20,905)		
Total Accumulated Other Comprehensive Income	430,992		3
Subscription Rights to Shares	577		1b
Non-controlling Interests	328,488	7	
Total Net Assets	2,791,682		
Total Liabilities and Net Assets	¥ 65,453,725		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	645,048		1–b
Retained Earnings	1,159,028		1–c
Treasury Stock	(34,061)		1–d
Total Shareholders' Equity	¥ 2,031,623		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,031,623	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	906,656		1a
of Which: Retained Earnings	1,159,028		2
of Which: Treasury Stock (Deduction)	34,061		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 214,790		2–a
Securities	5,127,717		2–b
of Which: Goodwill Arising on the Application of the Equity Method	11,885		
Associated Deferred Tax Liabilities	36,600		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 102,377		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	87,697	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 119,018		3
Associated Deferred Tax Liabilities	36,452		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 82,566		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 23,243		4–a
Deferred Tax Liabilities	137,501		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	36,600		
Associated Assets for Retirement Benefits	36,452		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 152	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (21,018)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (18,579)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,127,717		6–a
Loans and Bills Discounted	28,040,446	Including subordinated loans	6–b
Other Assets	1,638,186	Including derivatives	6–c
Other Liabilities	¥ 1,151,325	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ 2		
Common Equity Tier 1 Capital	2		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	231,675		
Common Equity Tier 1 Capital	6,203		18
Additional Tier 1 Capital	1,027		39
Tier 2 Capital	7,166		54
Amount below the Thresholds for Deduction (before Risk Weighting)	217,279		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	71,955		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	71,955		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 328,488		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ 1,949	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,454	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	3,292	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Bonds Payable	¥ 1,385,098		8

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 220,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	140,000		46

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

As of March 31	Millions of Yen			
	2018			
	Term-end balance of exposures			
	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 44,257,001	¥ 39,259,802	¥ 2,050,073	¥ 2,947,124
Outside Japan	6,206,599	4,815,882	1,046,273	344,443
Total for Geographic Regions	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
Manufacturing	4,345,167	2,813,733	488,726	1,042,707
Agriculture and Forestry	6,192	6,182	10	—
Fisheries	78	33	45	—
Mining and Quarrying of Stones and Gravel	18,925	6,466	159	12,300
Construction	234,335	139,259	28,819	66,256
Electricity, Gas, Heat Supply and Water	1,280,531	1,058,932	15,480	206,118
Information and Communication	569,996	529,236	5,359	35,399
Transport and Postal Activities	1,413,744	1,157,301	142,227	114,215
Wholesale and Retail Trade	1,834,426	1,449,784	89,857	294,784
Finance and Insurance	2,258,200	1,695,042	377,693	185,464
Real Estate	4,046,123	3,390,264	373,262	282,596
Goods Rental and Leasing	991,781	887,911	6,570	97,300
Local Public Bodies	116,312	100,301	7,284	8,726
Individuals	9,958,658	9,819,554	—	139,104
Others	23,389,125	21,021,679	1,560,850	806,594
Total for Industry Sectors	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
To 1 year	21,420,808	20,017,040	397,131	1,006,636
> 1 year to 3 years	5,498,803	4,107,351	410,873	980,578
> 3 years to 5 years	5,588,116	4,724,988	401,295	461,833
> 5 years	17,955,872	15,226,305	1,887,047	842,519
Total for Residual Maturity	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as exposures subject to phased rollout of the IRB Approach.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Term-end Balance of Obligors' exposures related to Loans prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, Allowances, and Write-offs, as well as their Breakdown by Geographic Regions and Industry Sectors

	Millions of Yen		
	As of March 31, 2018		FY2017
	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 87,625	¥ 12,423	¥ 7,851
Outside Japan	9,338	2,524	1,048
Total for Geographic Regions	¥ 96,964	¥ 14,947	¥ 8,900
Manufacturing	6,926	1,334	3,869
Agriculture and Forestry	117	58	—
Fisheries	—	—	—
Mining and Quarrying of Stones and Gravel	12	6	0
Construction	537	219	104
Electricity, Gas, Heat Supply and Water	14	3	—
Information and Communication	63	5	37
Transport and Postal Activities	2,369	986	34
Wholesale and Retail Trade	6,803	4,277	157
Finance and Insurance	244	158	3
Real Estate	15,268	426	27
Goods Rental and Leasing	0	0	—
Local Public Bodies	—	—	—
Individuals	51,360	4,391	2,879
Others	13,246	3,079	1,785
Total for Industry Sectors	¥ 96,964	¥ 14,947	¥ 8,900

Notes: 1. "Others" in the industry sectors include non-residents.
2. Allowances for loan losses include "general allowances for loan losses" and "specific allowances for loan losses", etc.

Term-end Balance of Exposures by Past Due Periods (excluding "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims")

	Millions of Yen
As of March 31	2018
< 1 month	¥ 68,691
≥ 1 month to < 2 months	12,531
≥ 2 months to < 3 months	10,375
≥ 3 months	0
Total	¥ 91,599

Note: Among the term-end balance of exposures for each past due period,"Doubtful Claims" and "Bankrupt and substantially bankrupt Claims" prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions are excluded, in aggregate caluculation.

Term-end Balance of Exposures of obligors whose loan conditions were Restructured for the purpose of restructuring or supporting business management ; of which Amounts of Increased Allowances for such exposures and Other Amounts due to the restructuring of the loan conditions

As of March 31	Millions of Yen 2018
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	¥ 27,993
Other Amounts	—
Term-end Balance of Exposures	¥ 27,993

Note: Restructured loans are those loans that provide some arrangements favorable to the obligors for the purpose of restructuring or supporting business management, such as by reducing or exempting interest, postponing principal or interest payments, forgiving loans, and providing other benefits to the obligors, excluding those loans classified as "Loans in Bankruptcy Procedures", "Delinquent Loans", and "Loans past due three months or more". In principle, the allowances for restructured loans has been all increased after restructuring loan conditions.

Exposures Relating to Funds

Consolidated

Exposures Relating to Funds

As of March 31	Millions of Yen 2018	2017
Total exposures relating to funds	¥ 2,166,240	¥ 1,883,304
Look-through Approach	2,046,456	1,779,772
Simple Majority Approach	64,887	56,239
Mandate-based Approach	24,770	16,169
Internal Model Approach	—	—
Fall-back Approach (subject to 400% risk weight)	29,031	30,148
Others (Exposures not included in any categories above)	1,093	975

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 145 of the FSA Capital Adequacy Notification are shown.

Disclosure Data Designated as Per the Appended Forms

Consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
1	Credit risk (excluding counterparty credit risk)	¥ 13,561,470		¥ 1,145,814	
2	of Which: Standardised Approach (SA)	396,999		31,759	
3	of Which: Internal Ratings-Based (IRB) Approach	12,686,915		1,075,850	
	of Which: Significant investments in commercial entities	—		—	
	of Which: Lease residual value	1,408		112	
	Other assets	476,147		38,091	
4	Counterparty credit risk (CCR)	731,333		59,685	
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	—		—	
	of Which: Current Exposure Method (CEM)	230,244		19,516	
6	of Which: Expected Positive Exposure (EPE)	—		—	
	of Which: Credit Valuation Adjsutment (CVA)	389,775		31,182	
	of Which: Central Counterparty (CCP)	32,381		2,590	
	Others	78,932		6,396	
7	Equity positions in banking book under market-based approach	301,603		25,575	
	Equity investment in funds (SA)	—		—	
	Equity investment in funds (IRB)	2,417,704		205,021	
11	Settlement risk	—		—	
12	Securitisation exposures in banking book	159,362		13,513	
13	of Which: IRB Ratings-Based Approach (RBA)	37,134		3,148	
14	of Which: IRB Supervisory Formula Approach (SFA)	71,623		6,073	
15	of Which: Standardised Approach (SA)	—		—	
	of Which: subject to 1,250% risk weight	50,604		4,291	
16	Market risk	1,163,880		93,110	
17	of Which: Standardised Approach (SA)	170,246		13,619	
18	of Which: Internal Model Approaches (IMA)	993,634		79,490	
19	Operational risk	1,006,898		80,551	
20	of Which: Basic Indicator Approach (BIA)	164,375		13,150	
21	of Which: The Standardised Approach (TSA)	—		—	
22	of Which: Advanced Measurement Approach (AMA)	842,523		67,401	
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	218,903		18,563	
	Amounts included under transitional arrangements	—		—	
24	Floor adjustment	—		—	
25	Total (after applying scaling factor)	¥ 20,522,957		¥ 1,641,836	

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories

LI1	Millions of yen						
	March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 28,841,328	¥ 28,841,328	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	152,951	152,951	—	—	—	—	
Receivables under Resale Agreements	63,531	—	63,531	—	—	—	
Receivables under Securities Borrowing Transactions	675,295	—	675,295	—	—	—	
Monetary Claims Bought	955,938	888,491	—	67,447	—	—	
Trading Assets	363,294	—	301,424	—	363,294	—	
Money Held in Trust	1,357	1,357	—	—	—	—	
Securities	5,537,643	5,295,249	—	242,394	—	—	
Loans and Bills Discounted	28,190,553	27,790,406	—	400,146	—	—	
Foreign Exchanges	25,554	25,554	—	—	—	—	
Lease Receivables and Investment Assets	677,238	677,238	—	—	—	—	
Other Assets	1,868,132	411,108	868,948	373	288,732	587,701	
Tangible Fixed Assets	214,386	214,386	—	—	—	—	
Intangible Fixed Assets	197,235	—	—	—	—	197,235	
Assets for Retirement Benefits	163,219	—	—	—	—	163,219	
Deferred Tax Assets	23,127	—	—	—	—	23,127	
Customers' Liabilities for Acceptances and Guarantees	508,930	508,786	—	143	—	—	
Allowance for Loan Losses	(102,920)	(102,920)	—	—	—	—	
Total Assets	¥ 68,356,798	¥ 64,703,939	¥ 1,909,199	¥ 710,505	¥ 652,026	¥ 971,284	
Liabilities:							
Deposits	¥ 37,351,839	¥ —	¥ —	¥ —	¥ —	¥ 37,351,839	
Negotiable Certificates of Deposit	6,563,336	—	—	—	—	6,563,336	
Call Money and Bills Sold	146,931	—	—	—	—	146,931	
Payables under Repurchase Agreements	1,454,855	—	1,454,855	—	—	—	
Payables under Securities Lending Transactions	41,299	—	41,299	—	—	—	
Trading Liabilities	266,148	—	266,148	—	266,148	—	
Borrowed Money	4,370,083	—	—	—	—	4,370,083	
Foreign Exchanges	1,984	—	—	—	—	1,984	
Short-Term Bonds Payable	1,062,869	—	—	—	—	1,062,869	
Bonds Payable	1,470,715	—	—	—	—	1,470,715	
Borrowed Money from Trust Account	11,070,725	—	—	—	—	11,070,725	
Other Liabilities	932,825	—	499,285	—	351,823	433,347	
Provision for Bonuses	16,740	—	—	—	—	16,740	
Provision for Directors' Bonuses	325	—	—	—	—	325	
Liabilities for Retirement Benefits	14,159	—	—	—	—	14,159	
Provision for Reward Points Program	18,457	—	—	—	—	18,457	
Provision for Reimbursement of Deposits	3,548	—	—	—	—	192	
Provision for Contingent Losses	4,628	—	—	—	—	8,176	
Deferred Tax Liabilities	181,050	—	—	—	—	181,050	
Deferred Tax Liabilities for Land Revaluation	3,016	—	—	—	—	3,016	
Acceptances and Guarantees	508,930	—	—	—	—	508,930	
Total Liabilities	¥ 65,484,472	¥ —	¥ 2,261,588	¥ —	¥ 617,972	¥ 63,222,883	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

LI2		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
			Items subject to:			
Item No.		Total	Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 67,385,514	¥ 64,703,939	¥ 1,909,199	¥ 710,505	¥ 652,026
2	Liabilities carrying value amount under scope of regulatory consolidation	2,261,588	—	2,261,588	—	617,972
3	Total net amount under regulatory scope of consolidation	65,123,925	64,703,939	(352,389)	710,505	34,054
4	Off-balance sheet amounts	3,194,899	3,108,176	—	86,722	—
5	Differences due to netting, the application of the credit risk mitigation techniques, the exposure calculation method, etc.	2,075,387	3,974	1,968,172	—	103,240
6	Differences due to consideration of allowances and write-offs	25,509	25,509	—	—	—
7	Regulatory exposure amounts	70,419,721	67,841,600	1,615,783	797,227	137,294

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
- Credit risk: Difference taking into account the offsetting of loans and bills discounted against deposits in our banks, allowances, and write-offs
- Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
- Market risk: Difference due to netting, etc.

CR1: Credit quality of assets

CR1		Millions of yen			
		March 31, 2018			
		a	b	c	d
Item No.		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 87,542	¥ 27,083,476	¥ 90,291	¥ 27,080,727
2	Debt Securities	0	2,063,189	—	2,063,189
3	Other on-balance sheet assets (debt-based assets)	21,915	29,344,392	11,174	29,355,134
4	Total on-balance sheet assets (1+2+3)	109,458	58,491,059	101,465	58,499,051
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	116	490,544	1,454	489,205
6	Commitments, etc.	987	3,289,102	4,628	3,285,461
7	Total off-balance sheet assets (5+6)	1,103	3,779,646	6,083	3,774,666
	Total				
8	Total (4+7)	¥ 110,562	¥ 62,270,705	¥ 107,548	¥ 62,273,718

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR2: Changes in stock of defaulted loans and debt securities

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
Item No.		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 26,516,720	¥ 564,007	¥ 231,735	¥ 222,467	¥ —
2	Debt Securities	1,986,087	77,102	4,015	71,860	—
3	Other on-balance sheet assets (debt-based assets)	29,289,918	65,215	38,980	5,015	—
4	Total (1+2+3)	¥ 57,792,726	¥ 706,325	¥ 274,731	¥ 299,343	¥ —
5	Of which defaulted	90,512	7,044	5,613	37	—

CR4: Standardised approach – Credit risk exposure and Credit risk mitigation (CRM) effects

CR4		Millions of Yen, %					
		March 31, 2018					
		a	b	c	d	e	f
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 50	¥ —	¥ 50	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	13,361,764	—	13,361,764	—	0	0.00
3	Foreign central governments and foreign central banks	198,016	—	198,016	—	11,573	5.84
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	10	—	10	—	0	0.00
6	Foreign non-central government public sector entities (PSEs)	39	—	39	—	15	38.31
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	73	—	73	—	7	10.00
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	187,927	—	187,927	—	61,380	32.66
12	Corporates, etc.	417,243	1,969,334	329,453	2,831	323,988	97.50
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	66	—	66	—	34	52.84
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 14,165,192	¥ 1,969,334	¥ 14,077,402	¥ 2,831	¥ 396,999	2.81%

CR5: Standardised approach – Exposures by asset classes and risk weights

CR5		Millions of Yen										
		March 31, 2018										
		a	b	c	d	e	f	g	h	i	j	k
Item No.	Asset classes \ Risk weight	Credit risk exposure amounts (post-CCF and post-CRM)										
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 50	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 50
2	Government of Japan and Bank of Japan (BOJ)	13,361,764	—	—	—	—	—	—	—	—	—	13,361,764
3	Foreign central governments and foreign central banks	174,870	—	—	—	23,146	—	—	—	—	—	198,016
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	10	—	—	—	—	—	—	—	—	—	10
6	Foreign non-central government public sector entities (PSEs)	—	—	15	—	24	—	—	—	—	—	39
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	73	—	—	—	—	—	—	—	—	73
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	111,957	—	73,964	—	2,006	—	—	—	187,927
12	Corporates, etc.	—	—	154	—	16,346	—	315,784	—	—	—	332,285
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	—	—	—	—	64	—	—	1	—	—	66
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥13,536,695	¥ 73	¥112,126	¥ —	¥113,545	¥ —	¥317,791	¥ 1	¥ —	¥ —	¥14,080,234

CR6: IRB – Credit risk exposures by portfolio and PD range

Advanced Internal Ratings-Based Approach (AIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 967,878	¥ 33	75.00%	¥ 1,020,149	0.00%	0.0	32.51%	2.0	¥ 18,552	1.81%	¥ 10	
2	0.15 to < 0.25	4,814	445	75.00	1,616	0.21	0.0	32.21	1.1	380	23.56	1	
3	0.25 to < 0.50	549	530	75.00	9	0.32	0.0	32.53	1.3	3	32.13	0	
4	0.50 to < 0.75	842	—	—	1	0.56	0.0	32.53	5.0	1	74.56	0	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	974,084	1,008	75.00	1,021,777	0.00	0.0	32.51	2.0	18,937	1.85	12	¥ 88
	Financial Institution exposures												
1	0.00 to < 0.15	379,073	324	75.00	380,053	0.05	0.0	32.12	2.9	82,172	21.62	63	
2	0.15 to < 0.25	39,000	10,000	75.00	46,500	0.21	0.0	32.53	1.3	11,678	25.11	33	
3	0.25 to < 0.50	10,000	—	—	10,000	0.32	0.0	32.53	1.0	2,960	29.60	10	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.56	0.0	32.53	1.0	867	40.33	3	
5	0.75 to < 2.50	66,384	3,618	92.27	69,722	1.13	0.0	32.07	1.0	38,398	55.07	253	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	495,858	14,942	79.18	508,426	0.22	0.0	32.16	2.5	136,077	26.76	365	560
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	5,700,052	2,129,007	75.68	7,385,766	0.08	0.6	32.05	2.5	1,478,160	20.01	1,962	
2	0.15 to < 0.25	2,219,039	346,086	75.59	2,448,127	0.21	0.4	31.32	2.6	838,971	34.26	1,681	
3	0.25 to < 0.50	1,265,047	202,312	77.19	1,418,596	0.32	0.5	31.29	2.5	598,008	42.15	1,454	
4	0.50 to < 0.75	934,351	213,141	75.21	1,067,860	0.56	0.7	30.07	2.3	531,261	49.75	1,810	
5	0.75 to < 2.50	736,195	121,790	71.75	787,543	1.53	0.8	28.55	2.5	532,033	67.55	3,458	
6	2.50 to < 10.00	167,991	17,113	78.68	183,959	6.78	0.0	27.20	2.8	189,731	103.13	3,466	
7	10.00 to < 100.00	167,807	101,500	77.44	244,591	21.43	0.0	29.23	1.3	385,124	157.45	15,324	
8	100.00 (Default)	7,211	948	75.00	12,684	100.00	0.0	29.81	1.0	5,335	42.06	3,355	
9	Sub-total	11,197,695	3,131,900	75.66	13,549,130	0.82	3.2	31.36	2.5	4,558,627	33.64	32,513	59,831
	SME exposures												
1	0.00 to < 0.15	5,054	4,890	75.00	6,750	0.13	0.0	32.53	3.5	1,910	28.30	3	
2	0.15 to < 0.25	66,898	—	—	61,506	0.21	0.0	30.35	3.8	22,857	37.16	40	
3	0.25 to < 0.50	72,929	—	—	72,929	0.32	0.0	32.27	3.6	33,192	45.51	77	
4	0.50 to < 0.75	50,205	7,026	75.00	54,165	0.56	0.0	24.45	3.5	20,750	38.30	74	
5	0.75 to < 2.50	133,327	5,493	77.83	125,141	1.64	0.2	21.77	2.9	58,731	46.93	443	
6	2.50 to < 10.00	8,913	1,221	75.00	9,737	7.29	0.0	21.37	1.8	6,079	62.43	156	
7	10.00 to < 100.00	5,744	—	—	4,972	21.43	0.0	17.29	2.1	3,632	73.03	184	
8	100.00 (Default)	1,731	—	—	2,710	100.00	0.0	28.78	1.0	1,097	40.46	692	
9	Sub-total	344,804	18,631	75.83	337,914	2.14	0.3	26.22	3.3	148,251	43.87	1,672	3,757

Advanced Internal Ratings-Based Approach (AIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending												
1	0.00 to < 0.15	¥ 599,483	¥ 7,815	75.00%	¥ 605,345	0.06%	0.0	18.07%	3.0	¥ 62,378	10.30%	¥ 72	
2	0.15 to < 0.25	114,021	5,400	75.00	118,071	0.21	0.0	18.07	2.9	24,017	20.34	46	
3	0.25 to < 0.50	87,032	—	—	87,032	0.32	0.0	18.07	2.1	18,581	21.34	51	
4	0.50 to < 0.75	209,928	—	—	209,928	0.56	0.0	18.07	3.6	73,507	35.01	213	
5	0.75 to < 2.50	86,253	6,650	75.00	91,240	1.16	0.0	18.07	3.4	39,681	43.49	191	
6	2.50 to < 10.00	232	—	—	232	8.23	0.0	18.07	2.0	162	69.75	3	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,096,952	19,865	75.00	1,111,852	0.28	0.1	18.07	3.1	218,327	19.63	579	¥ 4,441
	Purchased receivables for corporates,etc. (default risk)												
1	0.00 to < 0.15	9,576	—	—	9,576	0.07	0.0	32.53	3.3	2,273	23.74	2	
2	0.15 to < 0.25	28,827	—	—	28,827	0.21	0.0	32.53	1.9	8,668	30.07	20	
3	0.25 to < 0.50	2,191	—	—	2,191	0.32	0.0	32.53	4.3	1,213	55.39	2	
4	0.50 to < 0.75	4,404	—	—	4,404	0.56	0.0	32.53	3.6	2,837	64.41	8	
5	0.75 to < 2.50	23,774	—	—	23,774	1.79	0.0	32.47	4.0	22,688	95.42	138	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	68,774	—	—	68,774	0.76	0.0	32.51	3.0	37,681	54.79	171	40
	Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	22	—	—	22	0.06	0.0	100.00	1.0	6	29.46	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	1,140	—	—	1,140	0.25	0.0	99.97	1.0	886	77.73	0	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,162	—	—	1,162	0.25	0.0	99.98	1.0	893	76.79	0	—
Total (all portfolios)		¥14,179,334	¥3,186,348	75.67%	¥16,599,038	0.74%	3.8	30.47%	2.5	¥5,118,796	30.83%	¥ 35,314	¥68,719

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 15,626,944	¥ 23,073	80.39%	¥15,710,631	0.00%	0.1	44.99%	1.1	¥ 70,333	0.44%	¥ 86	
2	0.15 to < 0.25	0	—	—	0	0.21	0.0	45.00	1.0	0	31.87	0	
3	0.25 to < 0.50	56,709	1,526	75.00	22,190	0.30	0.0	42.97	1.9	11,410	51.42	29	
4	0.50 to < 0.75	0	—	—	0	0.56	0.0	45.00	1.0	0	55.62	0	
5	0.75 to < 2.50	20,856	84	100.00	3,351	1.78	0.0	44.74	2.2	3,573	106.60	26	
6	2.50 to < 10.00	10,260	—	—	1,250	8.98	0.0	1.25	4.6	58	4.68	1	
7	10.00 to < 100.00	10,640	—	—	10,640	34.71	0.0	45.00	4.9	28,235	265.35	1,662	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	15,725,411	24,683	80.12	15,748,065	0.02	0.1	44.98	1.1	113,611	0.72	1,806	¥ 2,850
	Financial Institution exposures												
1	0.00 to < 0.15	722,877	94,776	81.30	799,615	0.06	0.0	43.65	1.0	129,279	16.16	214	
2	0.15 to < 0.25	5,059	—	—	5,059	0.21	0.0	53.89	0.6	1,789	35.37	5	
3	0.25 to < 0.50	38,940	13,811	75.00	46,798	0.30	0.0	58.19	2.8	49,526	105.82	83	
4	0.50 to < 0.75	1,075	—	—	1,075	0.64	0.0	45.00	1.0	642	59.70	3	
5	0.75 to < 2.50	5,720	—	—	5,720	1.78	0.0	45.00	1.0	6,526	114.10	46	
6	2.50 to < 10.00	4,351	—	—	4,351	8.43	0.0	45.00	4.9	9,101	209.15	165	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	778,024	108,587	80.50	862,620	0.13	0.1	44.52	1.1	196,865	22.82	518	380
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	804,887	95,135	77.41	883,346	0.07	0.8	53.22	2.8	305,479	34.58	337	
2	0.15 to < 0.25	100,746	172	100.00	101,478	0.21	0.4	56.80	3.3	73,473	72.40	126	
3	0.25 to < 0.50	268,693	44,001	74.74	301,600	0.29	0.6	45.40	2.3	175,665	58.24	405	
4	0.50 to < 0.75	95,728	5,695	78.30	100,762	0.62	0.7	45.48	3.2	95,004	94.28	284	
5	0.75 to < 2.50	424,736	14,216	79.99	437,629	1.43	1.2	43.70	3.5	521,129	119.08	2,738	
6	2.50 to < 10.00	174,322	19,358	88.77	189,912	6.73	0.3	44.75	4.4	362,140	190.68	5,702	
7	10.00 to < 100.00	36,693	1,593	72.60	35,687	26.39	0.0	62.32	4.7	130,803	366.52	5,548	
8	100.00 (Default)	19,904	703	60.99	21,744	100.00	0.0	43.58	1.0	0	0.00	9,478	
9	Sub-total	1,925,713	180,877	78.12	2,072,162	2.53	4.4	49.15	3.1	1,663,697	80.28	24,622	13,129
	SME exposures												
1	0.00 to < 0.15	2	—	—	2	0.13	0.0	45.00	1.0	0	20.74	0	
2	0.15 to < 0.25	35	—	—	35	0.21	0.0	45.00	1.0	10	29.35	0	
3	0.25 to < 0.50	64	—	—	64	0.32	0.0	45.00	1.0	24	37.97	0	
4	0.50 to < 0.75	82,767	270	75.00	81,864	0.56	0.5	38.82	4.7	57,295	69.98	179	
5	0.75 to < 2.50	244,038	858	87.18	242,754	1.74	1.3	38.85	4.5	222,467	91.64	1,657	
6	2.50 to < 10.00	12,189	—	—	12,111	8.03	0.0	42.90	2.8	17,064	140.88	416	
7	10.00 to < 100.00	3,900	—	—	3,900	21.43	0.0	44.97	3.5	8,920	228.68	375	
8	100.00 (Default)	5,841	252	99.88	6,254	100.00	0.0	43.58	1.0	0	0.00	2,726	
9	Sub-total	348,840	1,381	87.12	346,989	3.67	1.9	39.14	4.4	305,783	88.12	5,356	513

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending												
1	0.00 to < 0.15	¥ 201	¥ —	—%	¥ 201	0.08%	0.0	45.00%	1.0	¥ 32	15.89%	¥ 0	
2	0.15 to < 0.25	68	—	—	68	0.21	0.0	45.00	1.0	21	31.87	0	
3	0.25 to < 0.50	60	—	—	60	0.32	0.0	45.00	1.0	24	40.94	0	
4	0.50 to < 0.75	86	—	—	86	0.56	0.0	45.00	1.0	47	55.62	0	
5	0.75 to < 2.50	23	—	—	23	1.59	0.0	45.00	1.0	19	86.78	0	
6	2.50 to < 10.00	1	—	—	1	8.23	0.0	45.00	1.0	1	161.92	0	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	440	—	—	440	0.33	0.1	45.00	1.0	148	33.65	0	¥ —
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,275,803	29	100.00	651,733	0.07	0.3	90.00	5.0	706,018	108.32	—	
2	0.15 to < 0.25	203,532	—	—	126,312	0.21	0.1	90.00	5.0	211,132	167.15	—	
3	0.25 to < 0.50	72,978	—	—	38,350	0.32	0.2	90.00	5.0	68,411	178.38	—	
4	0.50 to < 0.75	66,795	—	—	38,891	0.56	0.3	90.00	5.0	86,425	222.22	—	
5	0.75 to < 2.50	60,737	—	—	55,905	1.55	0.2	90.00	5.0	168,316	301.07	—	
6	2.50 to < 10.00	5,711	—	—	3,531	6.82	0.0	90.00	5.0	16,169	457.84	—	
7	10.00 to < 100.00	4,842	—	—	2,518	21.43	0.0	90.00	5.0	19,807	786.61	—	
8	100.00 (Default)	14	—	—	6	100.00	0.0	90.00	5.0	76	1,125.00	—	
9	Sub-total	1,690,417	29	100.00	917,249	0.30	1.3	90.00	5.0	1,276,358	139.15	—	
	Purchased receivables for corporates,etc. (default risk)												
1	0.00 to < 0.15	509,497	—	—	509,497	0.06	0.3	45.00	1.2	73,279	14.38	145	
2	0.15 to < 0.25	74,306	—	—	74,306	0.21	0.1	45.00	1.0	24,107	32.44	73	
3	0.25 to < 0.50	58,494	—	—	58,494	0.32	0.3	45.00	1.0	24,724	42.26	85	
4	0.50 to < 0.75	82,673	—	—	82,673	0.56	1.4	45.00	1.0	46,363	56.08	209	
5	0.75 to < 2.50	61,418	33	75.00	61,443	1.71	6.2	45.00	1.6	57,747	93.98	474	
6	2.50 to < 10.00	22,144	—	—	22,144	4.22	2.0	45.00	1.7	29,357	132.56	421	
7	10.00 to < 100.00	935	—	—	935	34.39	0.0	45.00	4.8	2,473	264.51	144	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	809,471	33	75.00	809,495	0.42	10.5	45.00	1.2	258,053	31.87	1,554	1,061
	Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	509,101	33	75.00	509,125	0.06	0.3	94.90	1.1	144,960	28.47	12	
2	0.15 to < 0.25	694	—	—	694	0.21	0.0	45.00	1.3	246	35.49	0	
3	0.25 to < 0.50	36,532	—	—	36,532	0.32	0.4	99.03	1.0	32,351	88.55	0	
4	0.50 to < 0.75	547	—	—	547	0.56	0.0	45.00	4.3	680	124.34	1	
5	0.75 to < 2.50	8,485	—	—	8,485	1.21	0.3	84.82	1.5	12,858	151.52	20	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	555,361	33	75.00	555,386	0.10	1.1	94.90	1.1	191,096	34.40	36	—

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	¥ 311
	Purchased receivables for retail (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	—	—	—	—	—	—	—	—	—	—	—	—
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	0	43,463	28.79	12,515	0.12	42.8	65.09	—	573	4.58	9	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	12,290	518,474	7.28	50,056	0.37	74.8	78.32	—	6,882	13.75	145	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	7,698	65,088	9.06	13,598	1.09	16.1	70.13	—	3,824	28.12	102	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	150	618	12.54	228	36.06	0.2	67.29	—	386	169.21	58	
8	100.00 (Default)	2	3,575	7.96	466	100.00	0.4	75.77	—	133	28.56	342	
9	Sub-total	20,142	631,219	8.95	76,864	1.16	134.6	74.67	—	11,800	15.35	658	419
	Residential mortgage exposures												
1	0.00 to < 0.15	3,400,605	20,621	100.00	3,421,226	0.11	122.7	20.62	—	179,455	5.24	778	
2	0.15 to < 0.25	2,663,867	235	100.00	2,664,196	0.19	127.0	18.96	—	194,905	7.31	959	
3	0.25 to < 0.50	1,961,274	2,778	100.00	1,964,063	0.35	102.9	19.02	—	223,943	11.40	1,298	
4	0.50 to < 0.75	711,339	84	100.00	711,423	0.52	46.2	21.31	—	122,946	17.28	802	
5	0.75 to < 2.50	128,144	20	100.00	128,165	0.95	12.6	23.78	—	36,779	28.69	288	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	76,334	26	100.00	76,360	20.59	4.0	20.15	—	86,403	113.15	3,251	
8	100.00 (Default)	32,996	35	100.00	34,467	100.00	2.0	22.48	—	9,525	27.63	6,987	
9	Sub-total	8,974,562	23,802	100.00	8,999,903	0.78	417.8	19.88	—	853,959	9.48	14,366	14,412

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Other retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 26,787	23.29%	¥ 6,239	0.12%	24.5	25.32%	—	¥ 449	7.20%	¥ 1	
2	0.15 to < 0.25	31,464	—	—	31,464	0.23	34.1	88.97	—	12,636	40.16	65	
3	0.25 to < 0.50	261,321	—	—	261,321	0.35	133.4	58.22	—	87,721	33.56	535	
4	0.50 to < 0.75	305,569	742	100.00	306,417	0.58	54.6	33.78	—	80,589	26.30	598	
5	0.75 to < 2.50	153,121	145,993	28.96	195,425	1.18	292.5	65.09	—	136,119	69.65	1,557	
6	2.50 to < 10.00	63,669	11,818	75.96	72,647	4.41	26.4	47.14	—	49,802	68.55	1,466	
7	10.00 to < 100.00	3,551	778	91.66	4,318	39.17	0.9	36.96	—	3,560	82.45	747	
8	100.00 (Default)	11,970	1,455	36.34	16,671	100.00	5.1	45.13	—	4,972	29.82	7,127	
9	Sub-total	830,667	187,576	31.71	894,505	2.98	572.0	50.96	—	375,853	42.01	12,100	¥ 12,065
	Lease transactions												
1	0.00 to < 0.15	111,491	—	—	111,491	0.05	0.3	45.00	3.3	27,590	24.74	26	
2	0.15 to < 0.25	210,264	—	—	210,264	0.21	0.1	45.00	3.6	119,916	57.03	207	
3	0.25 to < 0.50	22,899	—	—	22,899	0.32	0.1	45.00	1.9	11,828	51.65	33	
4	0.50 to < 0.75	21,142	—	—	21,142	0.56	0.2	45.00	2.4	15,428	72.97	53	
5	0.75 to < 2.50	50,417	—	—	50,417	1.56	0.3	45.00	3.3	55,591	110.26	355	
6	2.50 to < 10.00	2,849	—	—	2,849	7.35	0.0	45.00	2.5	4,627	162.37	94	
7	10.00 to < 100.00	758	—	—	758	21.43	0.0	45.00	2.7	1,695	223.59	73	
8	100.00 (Default)	30	—	—	763	100.00	0.0	45.00	1.0	0	0.00	343	
9	Sub-total	419,854	—	—	420,587	0.62	1.4	45.00	3.3	236,679	56.27	1,188	3,018
Total (all portfolios)		¥32,143,848	¥ 1,158,224	33.63%	¥31,769,223	0.56%	1,166.6	40.54%	1.6	¥ 5,510,198	17.34%	¥ 62,360	¥ 48,163

Note: "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of yen	
		March 31, 2018	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 113,406	¥ 113,406
2	Sovereign Exposures – AIRB	16,567	16,567
3	Financial Institution Exposures – FIRB	197,058	197,058
4	Financial Institution Exposures – AIRB	135,777	135,777
5	Corporate exposures (excluding specialised lending) – FIRB	1,969,493	1,969,493
6	Corporate exposures (excluding specialised lending) – AIRB	4,709,549	4,709,549
7	Specialised lending – FIRB	2,058,069	2,058,069
8	Specialised lending – AIRB	218,327	218,327
9	Retail – Qualifying revolving retail exposures	11,800	11,800
10	Retail – Residential mortgage exposures	853,959	853,959
11	Retail – Other retail exposures	375,853	375,853
12	Equity Exposures – FIRB	1,577,962	1,577,962
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	475,440	475,440
15	Purchased receivables – AIRB	38,574	38,574
16	Total	¥ 12,751,841	¥ 12,751,841

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR8: RWA flow statements of credit risk exposures under IRB

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

Entities subject to AIRB and FIRB

CR9		%, Cases											
		March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)											
a	b	c					d	e	f		g	h	i
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	AAA~ B-	Aaa~ B3	AAA~ B-	AAA~ BB+	AAA~ BBB-	0.03%	0.19%	449	534	0	0	0.00%	1.1%
Financial Institution Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AA+~ BB-	AAA~ BB	0.13	0.39	413	417	0	0	0.00	2.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~ A-	Aaa~ A3	—	AAA~ AA-	AAA~ AA	0.02	0.02	340	347	0	0	0.00	51.7
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.07	0.07	432	431	0	0	0.00	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.21	0.23	2,036	2,129	0	0	0.01	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	1.03	1.34	4,337	4,528	4	0	0.19	
	> 5% to <100%	—	—	—	—	—	15.35	9.49	273	275	7	0	2.96	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	23	24	0	0	0.00	8.4
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.07	0.07	80	99	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.27	0.27	164	191	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.73	2.55	452	606	0	0	0.06	
	> 15% to <100%	—	—	—	—	—	34.12	34.12	18	16	4	0	13.53	
Purchased receivables for corporates,etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.64	1.60	2,457	2,880	6	0	0.81	0.1
Qualifying revolving retail exposures	≥ 0% to 2%						0.61	0.40	29,845	38,251	23	0	0.11	0.0
	> 2% to < 100%						25.78	25.78	199	127	34	0	12.93	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	422,049	454,449	443	1	0.10	8.0
	> 2% to < 100%						22.04	22.10	4,965	4,071	558	0	12.25	
Other retail exposures	≥ 0% to 3%						0.71	0.53	45,914	43,623	234	0	0.40	0.5
	> 3% to < 100%						25.25	26.47	353	217	70	0	15.47	

Entities subject to FIRB

CR9

%, Cases

March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)

a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	—	—	—	AAA~ BBB+	AAA~ A-	0.02%	0.07%	132	164	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~ BB-	AAA~ BB	0.06	0.15	8	7	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~ AA-	AAA~ AA	0.03	0.03	51	54	0	0	0.00	4.0
	> 0.03% to 0.1%	—	—	—	A+~ A-	AA-~ A	0.07	0.07	97	101	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~ BBB-	A-~ BBB	0.22	0.24	532	522	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~ BB-	BBB-~ BB	1.26	1.31	980	972	9	2	0.61	
	> 5% to < 100%	—	—	—	—	—	8.53	8.13	167	182	8	1	5.26	
Qualifying revolving retail exposures	≥ 0% to 1%						0.45	0.45	91,714	86,392	316	35	0.27	0.1
	> 1% to < 100%						83.70	83.10	93	86	69	0	70.78	
Residential mortgage exposures	≥ 0% to 2%						0.72	0.79	12,857	12,841	38	0	0.35	0.3
	> 2% to < 100%						25.78	25.78	263	263	35	0	13.16	
Other retail exposures	≥ 0% to 5%						1.13	0.96	334,782	335,513	1,861	78	0.60	2.3
	> 5% to < 100%						45.26	63.58	881	795	436	2	45.56	

Notes: 1. On the previous page, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd. and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.), subject to FIRB, are counted.

2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates,etc. subject to top-down approach)," the same rating system (same PD) is used, and so these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese".

3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.

4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2016. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2016 to the end of September 2017.

5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

6. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
* "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2017) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).

7. In the ">5% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

CR10: IRB – Specialised Lending (Supervisory Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.)

CR10 — Millions of Yen, %

March 31, 2018

a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)					Credit RWA amounts	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	¥ 38,217	¥ 2,409	50%	¥ 22,750	¥ 9,295	¥ —	¥ 8,003	¥ 40,049	¥ 20,024	¥ —
	2.5 years≤	415,524	125,850	70%	314,443	195,346	—	—	509,790	356,853	2,039
Good	< 2.5 years	88,982	26,733	70%	27,185	54,393	—	27,454	109,033	76,323	436
	2.5 years≤	659,617	219,429	90%	527,311	219,529	—	77,056	823,897	741,507	6,591
Satisfactory		222,981	50,244	115%	129,014	103,711	—	26,834	259,561	298,495	7,267
Weak		59,989	18,394	250%	29,967	43,817	—	—	73,785	184,463	5,902
Default		796	—	—	796	—	—	—	796	—	398
Total		¥ 1,486,109	¥443,060	—	¥ 1,051,470	¥626,095	¥ —	¥139,348	¥ 1,816,913	¥ 1,677,668	¥ 22,635
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	46,928	—	70%					46,928	32,849	187
	2.5 years≤	—	—	95%					—	—	—
Good	< 2.5 years	5,605	807	95%					6,211	5,900	24
	2.5 years≤	36,291	41,385	120%					67,330	80,797	269
Satisfactory		95,503	120,952	140%					186,218	260,705	5,214
Weak		—	—	250%					—	—	—
Default		—	—	—					—	—	—
Total		¥ 184,329	¥163,145	—					¥ 306,688	¥ 380,253	¥ 5,695
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		32,478	43,690	300%					76,169	228,507	
Simple risk weight method – Unlisted shares		18,220	70	400%					18,273	73,095	
Internal Models Approach		—	—	—					—	—	
Total		¥ 50,699	¥ 43,761	—					¥ 94,443	¥ 301,603	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

CCR1		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Replacement cost	Potential future exposure (add-on)	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	260,603	451,258			711,861	230,244
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					495,314	78,932
5	Exposure variation estimation model					—	—
6	Total						¥ 309,176

CCR2: Credit valuation adjustment (CVA) capital charge

CCR2		Millions of yen	
		March 31, 2018	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	764,477	389,775
5	Total portfolios subject to the CVA capital charge	¥ 764,477	¥ 389,775

CCR3: CCR exposures by regulatory portfolio and risk weights

CCR3		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	309,813	—	—	—	—	—	309,813
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 309,813	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 309,813

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR4: IRB – CCR exposures by portfolio and PD scale

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
		Sovereign exposures						
1	0.00 to < 0.15	¥ 53,226	0.01%	0.0	28.55%	1.9	¥ 4,405	8.27%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	10	0.30	0.0	45.00	1.0	3	39.38
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	198	34.71	0.0	45.00	4.9	525	265.40
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	53,435	0.14	0.0	28.59	1.9	4,934	9.23
		Financial Institution exposures						
1	0.00 to < 0.15	424,890	0.05	0.1	8.64	2.4	96,513	22.71
2	0.15 to < 0.25	4,520	0.21	0.0	22.23	3.7	2,677	59.22
3	0.25 to < 0.50	16,167	0.32	0.0	33.32	3.4	13,611	84.18
4	0.50 to < 0.75	1,493	0.56	0.0	35.08	3.2	1,236	82.77
5	0.75 to < 2.50	2,422	1.37	0.0	44.82	3.2	2,777	114.65
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	449,495	0.07	0.1	9.00	2.4	116,816	25.98
		Corporate exposures and SME exposures						
1	0.00 to < 0.15	239,339	0.06	0.3	10.59	2.6	61,914	25.86
2	0.15 to < 0.25	39,778	0.21	0.1	45.00	3.6	22,413	56.34
3	0.25 to < 0.50	11,102	0.32	0.1	45.00	4.1	7,996	72.02
4	0.50 to < 0.75	8,509	0.56	0.1	45.00	3.8	7,420	87.19
5	0.75 to < 2.50	15,208	1.71	0.1	45.00	4.1	19,379	127.42
6	2.50 to < 10.00	2,629	6.07	0.0	45.00	3.8	4,491	170.78
7	10.00 to < 100.00	75	21.43	0.0	45.00	1.8	149	197.03
8	100.00 (Default)	18	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	316,664	0.25	0.9	12.94	2.9	123,765	39.08
Total (all portfolios)		¥ 819,595	0.14%	1.1	10.76%	2.6	¥ 245,516	29.95%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR5: Composition of collateral for CCR exposure

CCR5		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 142,839	¥ —	¥ 170,831	¥ 11,233	¥ 636,248
2	Cash (other currency)	—	2,107	—	9,727	1,484,921	75,062
3	Domestic sovereign debt	—	1,962	—	—	31,412	176,461
4	Other sovereign debt	—	—	—	—	1,075,532	2,155,200
5	Government agency debt	—	—	—	—	744,639	450,053
6	Corporate bonds	—	—	—	—	18,701	—
7	Equity securities	—	—	—	6,815	489,077	708,781
8	Other collateral	—	—	—	—	—	10,482
9	Total	¥ —	¥ 146,910	¥ —	¥ 187,375	¥ 3,855,518	¥ 4,212,289

CCR6: Credit derivatives exposures

CCR6		Millions of yen	
		March 31, 2018	
		a	b
Item No.		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 77,900	¥ 81,400
2	Index credit default swaps	—	—
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 77,900	¥ 81,400
	Fair values		
7	Positive fair value (asset)	19	1,436
8	Negative fair value (liability)	(1,351)	(20)

CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of yen	
		March 31, 2018	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 32,381
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	865,436	17,308
3	(i) OTC derivatives	738,880	14,777
4	(ii) Exchange-traded derivatives	123,281	2,465
5	(iii) Repo transactions	3,275	65
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	26,327	526
9	Pre-funded default fund contributions	12,157	14,546
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

SEC1: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the amount of credit risk-weighted assets only)

SEC1		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 47,056	¥ —	¥ 47,056	¥ 111,752	¥ —	¥ 111,752	¥ 201,504	¥ —	¥ 201,504
2	Residential mortgage	47,056	—	47,056	98,753	—	98,753	86,006	—	86,006
3	Credit card	—	—	—	2,131	—	2,131	28,027	—	28,027
4	Other retail exposures	—	—	—	10,867	—	10,867	87,471	—	87,471
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	¥ 9,962	¥ —	¥ 9,962	¥ 1,091	¥ —	¥ 1,091	¥ 424,355	¥ —	¥ 424,355
7	Loans to corporates	—	—	—	—	—	—	395,593	—	395,593
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	9,962	—	9,962	—	—	—	28,435	—	28,435
10	Other wholesale	—	—	—	1,091	—	1,091	—	—	—
11	Re-securitisation	—	—	—	—	—	—	326	—	326

SEC2: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the market risk equivalent amounts only)

Not applicable.

SEC3: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as originator or sponsor)

SEC3		Millions of yen														
		March 31, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥137,002	¥137,002	¥137,002	¥135,911	¥1,091	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	15,076	15,076	15,076	15,076	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	13,734	13,734	13,734	3,772	9,962	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	4,048	4,048	4,048	4,048	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	112,704	112,704	112,704	111,613	1,091	—	—	—	—	—	—	—	—	—	—
7	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	53,109	53,109	53,109	43,146	9,962	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	4,048	4,048	4,048	4,048	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	8,054	8,054	8,054	7,978	76	—	—	—	—	—	—	—	—	—	—
11	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	38,548	38,548	38,548	15,413	23,134	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	50,604	50,604	50,604	50,604	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	683	683	683	676	6	—	—	—	—	—	—	—	—	—	—
15	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	3,268	3,268	3,268	1,307	1,961	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	4,291	4,291	4,291	4,291	—	—	—	—	—	—	—	—	—	—	—

SEC4: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as investor)

SEC4		Millions of yen														
		March 31, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥594,093	¥594,093	¥594,093	¥194,076	¥400,016	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	4,730	4,730	4,403	4,403	—	326	—	326	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	27,036	27,036	27,036	3,024	24,012	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	386,981	386,981	386,654	120,983	265,671	326	—	326	—	—	—	—	—	—	—
7	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	238,879	238,879	238,879	80,521	158,358	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	29,079	29,079	28,981	10,313	18,667	98	—	98	—	—	—	—	—	—	—
11	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	33,074	33,074	33,074	8,708	24,366	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	2,465	2,465	2,457	874	1,583	8	—	8	—	—	—	—	—	—	—
15	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	2,804	2,804	2,804	738	2,066	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

MR1: Market risk under standardised approach

MR1		Millions of yen
		March 31, 2018
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,706
2	Equity risk (general and specific)	—
3	Foreign exchange risk	14,882
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	150,657
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 170,246

MR2: RWA flow statements of market risk exposures under Internal Model Approaches (IMA)

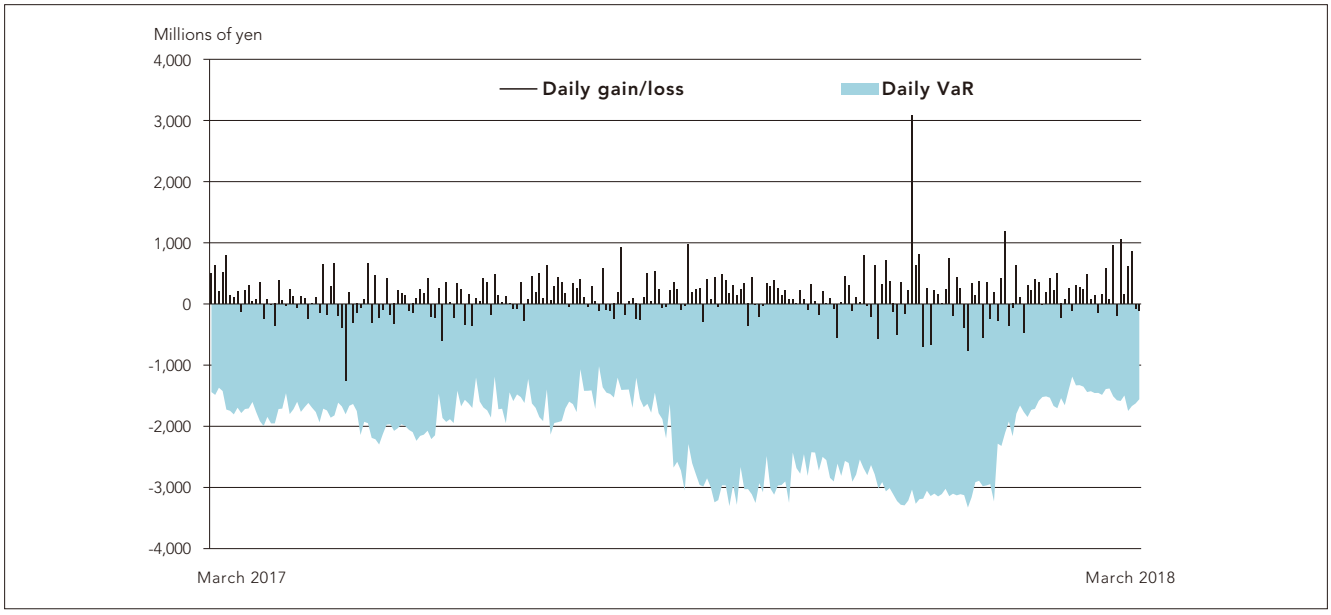
The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3		Millions of yen
Item No.		March 31, 2018
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 8,961
2	Average value	5,621
3	Minimum value	2,649
4	Period end	4,794
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	25,568
6	Average value	15,416
7	Minimum value	4,807
8	Period end	17,290
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

MR4: Backtesting results by Internal Model Approaches (IMA)

MR4	March 31, 2018



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

IRRBB1: Interest rate risk

IRRBB1		Millions of yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
1	Parallel up	¥ 84,141		¥ (68,800)	
2	Parallel down	22,577		68,343	
3	Steepener	24,055			
4	Flattener	47,351			
5	Short rate up	56,586			
6	Short rate down	5,618			
7	Maximum	84,141		68,343	
		e		f	
		March 31, 2018		March 31, 2017	
8	Tier 1 Capital	¥ 2,821,417			

Indicators for Assessing Global Systemically Important Banks (G-SIBs) Consolidated

Fiscal Year 2017

As of March 31		Billions of Yen
Item No.	Items	2018
1.	Total exposures (a + b + c + d):	
	a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees)	
	b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts	
	c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs	
	d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	¥ 71,112.8
2.	Intra-financial system assets (a + b + c + d):	
	a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions	
	b. Holdings of securities issued by other financial institutions (Note 1)	
	c. Net positive current exposure of SFTs with other financial institutions	
	d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	5,146.3
3.	Intra-financial system liabilities (a + b + c):	
	a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions	
	b. Net negative current exposure of SFTs with other financial institutions	
	c. OTC derivatives with other financial institutions that have a net negative fair value	13,050.2
4.	Securities outstanding (Note 1)	10,735.8
5.	Assets under custody	336,392.9
6.	Notional amount of OTC derivatives	212,818.2
7.	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	3,488.0
8.	Level 3 assets (Note 3)	561.8
9.	Cross-jurisdictional claims	8,357.5
10.	Cross-jurisdictional liabilities	13,167.9

Years Ended March 31		Billions of Yen
Item No.	Items	2018
11.	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	¥ 3,086,333.7
12.	Underwritten transactions in debt and equity markets (Note 4)	20.8

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amounts are calculated in accordance with the International Financial Reporting Standards with necessary modifications.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Fiscal Year 2016

As of March 31		Billions of Yen
Item No.	Items	2017
1.	Total exposures (a + b + c + d):	
	a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees)	
	b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts	
	c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs	
	d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	¥ 68,096.3
2.	Intra-financial system assets (a + b + c + d):	
	a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions	
	b. Holdings of securities issued by other financial institutions (Note 1)	
	c. Net positive current exposure of SFTs with other financial institutions	
	d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	4,317.4
3.	Intra-financial system liabilities (a + b + c):	
	a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions	
	b. Net negative current exposure of SFTs with other financial institutions	
	c. OTC derivatives with other financial institutions that have a net negative fair value	10,896.2
4.	Securities outstanding (Note 1)	11,092.5
5.	Assets under custody	326,088.2
6.	Notional amount of OTC derivatives	182,082.2
7.	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	2,752.6
8.	Level 3 assets (Note 3)	423.9
9.	Cross-jurisdictional claims	8,916.5
10.	Cross-jurisdictional liabilities	12,617.0

Years Ended March 31		Billions of Yen
Item No.	Items	2017
11.	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	¥ 2,597,953.2
12.	Underwritten transactions in debt and equity markets (Note 4)	15.0

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amounts are calculated in accordance with the International Financial Reporting Standards with necessary modifications.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Composition of Basel III Leverage Ratio

Consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table 2)	Basel III Template No. (Table 1)	Items	2018	2017
		On-Balance Sheet Exposures		
1		On-Balance Sheet Exposures before Deducting Adjustment Items	**¥ 65,922,559**	¥ 63,030,500
1a	1	Total Assets Reported in the Consolidated Balance Sheet	**68,356,798**	65,453,725
1b	2	The Amount of Assets of Subsidiaries that are not Included in the Scope of the Basel III leverage ratio on a Consolidated Basis (Deduction)	**—**	—
1c	7	The Amount of Assets of Subsidiaries that are Included in the Scope of the Basel III leverage ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet)	**—**	—
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction)	**2,434,239**	2,423,224
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)	**296,029**	252,989
3		Total On-Balance Sheet Exposures (A)	**65,626,529**	62,777,510
		Exposures Related to Derivative Transactions		
4		Replacement Cost Associated with Derivatives Transactions, etc.	**351,450**	492,046
5		Add-On Amount Associated with Derivatives Transactions, etc.	**890,937**	1,005,688
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	**592,740**	500,833
6		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework	**—**	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)	**207,575**	225,097
8		The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	**81,400**	80,698
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	**81,400**	77,900
11	4	Total Exposures Related to Derivative Transactions (B)	**1,627,554**	1,776,269
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	**738,826**	564,341
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	**—**	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	**168,492**	77,155
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	**907,318**	641,497
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	**7,250,523**	7,368,678
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	**4,604,087**	4,720,545
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	**2,646,436**	2,648,133
		Basel III leverage ratio on a Consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	**2,821,417**	2,625,737
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	**¥ 70,807,838**	¥ 67,843,410
22		Basel III leverage ratio on a Consolidated Basis (G) = (E)/(F)	**3.98%**	3.87%

Liquidity Coverage Ratio (LCR) Consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2017 4th Quarter		Fiscal Year 2017 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 27,250,018		¥ 26,931,895
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,557,173	¥ 779,425	¥ 17,606,209	¥ 788,616
3	of which: Stable deposits	623,200	18,696	613,121	18,393
4	of which: Less stable deposits	7,567,290	760,729	7,663,915	770,223
5	Cash outflows related to unsecured wholesale funding	23,993,782	19,872,306	23,391,619	19,414,786
6	of which: Qualifying operational deposits	411,648	102,912	445,959	111,489
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	21,612,869	17,800,129	20,694,593	17,052,230
8	of which: Debt securities	1,969,265	1,969,265	2,251,067	2,251,067
9	Cash outflows related to secured funding, etc.		39,491		41,760
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,305,273	1,295,858	5,424,439	1,349,713
11	of which: Cash outflows related to derivative transactions, etc.	516,681	516,681	556,746	556,746
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	4,788,592	779,177	4,867,693	792,967
14	Cash outflows related to contractual funding obligations, etc.	498,158	287,789	408,070	250,646
15	Cash outflows related to contingencies	10,530,663	22,863	10,423,011	23,027
16	Total cash outflows		22,297,732		21,868,548
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	35,463	12,972	89,192	78,865
18	Cash inflows related to collection of loans, etc.	4,793,110	3,041,508	4,613,864	2,890,188
19	Other cash inflows	328,426	227,078	278,915	170,335
20	Total cash inflows	5,156,999	3,281,558	4,981,971	3,139,388
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		27,250,018		26,931,895
22	Net cash outflows		19,016,174		18,729,160
23	Consolidated Liquidity Coverage Ratio (LCR)		143.2		143.7
24	The number of data used to calculate the average value		59		62

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the required criteria and we do not expect the LCR to significantly fluctuate from the current level. Furthermore, the actual LCR is not significantly different form our forecast.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality assets and net cash outflows in major currencies.

(4) Other items concerning LCR

For some of borrowings from the trust funds (trust accounts), we apply the "treatment for qualifying operational deposit." We regularly estimate the amount held from the sum circulating based on monthly outflows and inflows. We do not apply the "additional collateral required to market valuation changes based on the scenario approach."

Furthermore, taking account of the impact to LCR, we are using month-end data in lieu of daily data for the consolidated subsidiary companies of minor importance with practical restrictions.

Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)

Capital Adequacy

Consolidated

Amounts of Required Capital

(1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

As of March 31	Millions of Yen 2017
Portfolios to Which the Standardised Approach is Applied	¥ 55,734
Exposures to Business Units Set for Phased Roll-out Application	18,498
Exposures Excluded from Application	37,235
Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio	1,227,561
Corporate Exposures	885,016
Sovereign Exposures	14,865
Financial Institution Exposures	39,808
Residential Mortgage Exposures	113,469
Qualifying Revolving Retail Exposures	1,528
Other Retail Exposures	25,436
Other Exposures*1	147,436
Securitisation Exposures	14,317

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, lease transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardised Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitisation exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

As of March 31	Millions of Yen 2017
Equity Exposures	¥ 134,184
PD/LGD Approach	110,759
Simple Risk-Weight Method of the Market-based Approach	23,425
Internal Model Method of the Market-based Approach	—

Note: The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%

(3) Amounts of required capital against credit risk concerning exposures held in funds

As of March 31	Millions of Yen 2017
Exposures Held in Funds*	¥ 146,077

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(4) Amounts of required capital against market risk

As of March 31	Millions of Yen 2017
Market Risk	¥ 44,118
Amounts of Required Capital by Category under the Standardised Approach	9,245
Interest Rate Risk	5,490
Equity Position Risk	—
Foreign Exchange Risk	3,755
Commodities Risk	—
Options Transactions	—
Internal Model Approach	34,872

(5) Amounts of required capital against operational risk

As of March 31	Millions of Yen 2017
Operational Risk	¥ 78,770
Advanced Measurement Approach	65,989
Standardised Approach	—
Basic Indicator Approach	12,781

(6) Consolidated total required capital

As of March 31	Millions of Yen 2017
Consolidated Total Required Capital*	¥ 1,551,354

Note: (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

As of March 31	Millions of Yen					
	2017					
	Credit Risk Exposures					Exposures Three Months or Longer Overdue or Exposures in Default
		Loans, Call Loans, Deposits, etc.	Securities	Derivative Transactions	Other Off-balance Sheet Transactions	
Japan	¥ 42,990,453	¥ 37,355,600	¥ 2,086,758	¥ 360,706	¥ 3,187,387	¥ 122,780
Outside Japan	6,712,886	4,775,873	1,171,949	377,644	387,419	17,290
Total for Geographic Regions	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	¥ 140,070
Manufacturing	4,432,685	2,857,543	477,882	29,033	1,068,226	15,193
Agriculture and Forestry	5,743	5,594	—	115	34	974
Fisheries	67	27	40	—	—	—
Mining and Quarrying of Stones and Gravel	22,924	7,949	152	—	14,823	—
Construction	238,317	149,663	25,319	898	62,436	16
Electricity, Gas, Heat Supply and Water	1,106,849	902,828	16,617	12,044	175,357	—
Information and Communication	600,715	540,700	6,203	1,212	52,599	—
Transport and Postal Activities	1,444,060	1,164,539	156,282	21,341	101,897	379
Wholesale and Retail Trade	1,902,812	1,477,611	109,985	4,706	310,510	2,313
Finance and Insurance	2,456,884	1,538,653	422,671	226,943	268,616	278
Real Estate	3,888,029	3,150,645	408,856	28,462	300,065	14,889
Goods Rental and Leasing	876,909	806,928	7,038	1,000	61,941	237
Local Public Bodies	100,738	85,285	4,790	—	10,662	—
Individuals	9,449,180	9,316,921	—	—	132,259	69,912
Others	23,177,420	20,126,583	1,622,866	412,592	1,015,377	35,874
Total for Industry Sectors	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	¥ 140,070
To 1 year	8,020,118	6,042,210	585,913	202,438	1,189,554	
> 1 year to 3 years	5,894,280	4,566,586	270,577	113,643	943,473	
> 3 years to 5 years	17,994,466	17,006,309	345,327	135,059	507,769	
> 5 years	17,794,475	14,516,366	2,056,890	287,208	934,009	
Total for Residual Maturity	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	
Average Balance during the Period	¥ 48,448,084	¥ 40,563,569	¥ 3,530,207	¥ 805,239	¥ 3,549,068	

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as phased application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2016, September 30, 2016 and March 31, 2017.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

(1) General allowance for loan losses

As of March 31	Millions of Yen	
	2017	Change
	Balance	
General Allowance for Loan Losses	¥ 97,567	¥ 29,469

(2) Specific allowance for loan losses (breakdown by region, industry sector)

As of March 31	Millions of Yen	
	2017	Change
	Balance	
Japan	¥ 15,280	¥ (4,167)
Outside Japan	2,966	(340)
Total for Geographic Regions	¥ 18,246	¥ (4,507)
Manufacturing	4,899	(56)
Agriculture and Forestry	1	0
Fisheries	—	—
Mining and Quarrying of Stones and Gravel	—	—
Construction	15	(30)
Electricity, Gas, Heat Supply and Water	128	121
Information and Communication	8	(2)
Transport and Postal Activities	3,403	(1,576)
Wholesale and Retail Trade	424	(428)
Finance and Insurance	184	(37)
Real Estate	342	(149)
Goods Rental and Leasing	5	(39)
Local Public Bodies	—	—
Individuals	4,650	(141)
Others	4,180	(2,165)
Total for Industry Sectors	¥ 18,246	¥ (4,507)

Note: "Others" in the industry sectors include non-residents and state public services.

(3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2017.

Amounts of Written-off Loans by Industry Sector

Years Ended March 31	Millions of Yen
	2017
Manufacturing	¥ 155
Agriculture and Forestry	1
Fisheries	—
Mining and Quarrying of Stones and Gravel	0
Construction	—
Electricity, Gas, Heat Supply and Water	8
Information and Communication	26
Transport and Postal Activities	1,103
Wholesale and Retail Trade	4
Finance and Insurance	2
Real Estate	12
Goods Rental and Leasing	—
Local Public Bodies	—
Individuals	3,118
Others	341
Total for Industry Sectors	¥ 4,776

Note: "Others" in the industry sectors include non-residents and state public services.

Balance of Exposures to which the Standardised Approach is Applied by Risk-Weight Category

	Millions of Yen	
	2017	
As of March 31		Subject to Rating
Balance of Exposures to which the Standardised Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	¥ 14,025,982	¥ 11,228
0%	12,947,106	—
10%	73	—
20%	416,396	476
35%	—	—
50%	72,796	10,605
75%	—	—
100%	589,609	146
150%	—	—
Amounts of exposures with 1,250% risk-weight applied	—	

Exposures to which the IRB Approach is Applied

		Millions of Yen
As of March 31		2017
Specialised Lending under the Slotting Criteria		¥ 1,981,778
High-Volatility Commercial Real Estate Exposures		293,840
Maturities of 2.5 Years or Longer		261,730
Strong	95%	34,230
Good	120%	71,238
Satisfactory	140%	156,261
Weak	250%	—
Default	0%	—
Maturities of Less than 2.5 Years		32,110
Strong	70%	—
Good	95%	2,650
Satisfactory	140%	29,460
Weak	250%	—
Default	0%	—
Other Exposures		¥ 1,687,937
Maturities of 2.5 Years or Longer		1,586,337
Strong	70%	498,350
Good	90%	785,887
Satisfactory	115%	234,411
Weak	250%	63,705
Default	0%	3,981
Maturities of Less than 2.5 Years		101,600
Strong	50%	32,067
Good	70%	39,054
Satisfactory	115%	18,190
Weak	250%	12,287
Default	0%	—
Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied		¥ 84,197
300%		60,549
400%		23,647

Portfolios to which the IRB Approach is Applied

(1) Corporate exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.38%	32.89%		38.50%	¥ 14,377,572	¥ 2,790,421	¥ 2,197,575	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	16.92%	33.89%		175.60%	447,029	123,020	85,907	75.00%
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	37.61%	36.29%	17.42%	57,141	9,350	—	—
Total	1.28%	32.94%		42.81%	¥ 14,881,744	¥ 2,922,792	¥ 2,283,482	75.00%

(2) Sovereign exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.00%	44.01%		0.78%	¥ 16,068,663	¥ 121,276	¥ 23,747	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	34.12%	45.00%		282.38%	11,227	695	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.03%	44.01%		0.99%	¥ 16,079,890	¥ 121,972	¥ 23,747	75.00%

(3) Financial Institution exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.15%	40.82%		29.14%	¥ 1,090,269	¥ 572,782	¥ 74,577	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	—	—		—	—	—	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.15%	40.82%		29.14%	¥ 1,090,269	¥ 572,782	¥ 74,577	75.00%

(4) Equity exposures under the PD/LGD Approach

As of March 31	Millions of Yen 2017		
	Weighted Average of PD Value	Weighted Average of Risk-Weight	Balance
Ordinary Assets (Seijo-Saki)	0.22%	145.29%	¥ 930,372
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	12.91%	630.73%	4,733
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	1,192.50%	240
Total	0.31%	148.02%	¥ 935,346

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

(5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

As of March 31	Millions of Yen 2017 Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value On-balance Sheet Asset Items	EAD Value Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Residential Mortgage								
Current	0.23%	26.86%		12.15%	¥ 8,371,334	¥ 28,198	¥ 740	100.00%
Overdue	21.34%	27.47%		163.67%	83,823	101	22	100.00%
Default	100.00%	29.22%	21.71%	99.46%	35,889	23	—	—
Qualifying Revolving Retail								
Current	0.48%	73.98%		15.85%	19,947	44,089	463,864	9.50%
Overdue	32.27%	69.21%		193.52%	241	123	747	16.54%
Default	100.00%	76.79%	74.01%	36.74%	254	201	2,357	8.54%
Other Retail (consumer)								
Current	0.79%	61.06%		46.41%	158,009	56,159	177,707	28.56%
Overdue	31.76%	37.00%		96.16%	849	650	145	22.81%
Default	100.00%	44.83%	34.22%	140.58%	3,187	301	1,094	22.51%
Other Retail (commercial)								
Current	0.95%	33.97%		30.62%	374,674	2,554	1,490	100.00%
Overdue	35.44%	31.64%		83.97%	2,580	9	9	100.00%
Default	100.00%	35.63%	33.19%	32.37%	10,378	183	33	100.00%
Total	1.03%	28.31%		15.57%	¥ 9,061,172	¥ 132,596	¥ 648,214	15.08%

Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

Year Ended March 31	Millions of Yen 2017 Actual Credit Losses	Provisions	Reversals	Change in Actual Credit Losses
Corporate Exposures	¥ 24,827	¥ 38,173	¥ (13,345)	¥ 12,744
Sovereign Exposures	(1,040)	27	(1,068)	(5,043)
Financial Institution Exposures	2	2	—	2
Retail Exposures	4,303	5,976	(1,672)	(5,774)

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Actual credit losses in FY2016 increased by ¥1.9 billion year on year. This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of specific obligors in our corporate exposures.

Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

Years Ended March 31	Millions of Yen 2017 Actual Credit Losses	2016 Estimated Credit Losses
Corporate Exposures	¥ 24,827	¥ 95,361
Sovereign Exposures	(1,040)	2,168
Financial Institution Exposures	2	1,244
Retail Exposures	4,303	25,751

Notes: 1. Estimated credit losses for fiscal year 2015 are the expected loss amount as of March 31, 2016.
2. Actual credit losses for fiscal year 2016 are the sum of the losses for the most recent one-year period ended March 31, 2017.

Years Ended March 31	Millions of Yen	
	2016	2015
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 12,082	¥ 125,794
Sovereign Exposures	4,002	516
Financial Institution Exposures	0	1,299
Retail Exposures	10,078	26,223

Notes: 1. Estimated credit losses for fiscal year 2014 are the expected loss amount as of March 31, 2015.
2. Actual credit losses for fiscal year 2015 are the sum of the losses for the most recent one-year period ended March 31, 2016.

Years Ended March 31	Millions of Yen	
	2015	2014
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (5,897)	¥ 174,309
Sovereign Exposures	(88)	351
Financial Institution Exposures	(1)	974
Retail Exposures	1,920	35,799

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

Years Ended March 31	Millions of Yen	
	2014	2013
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (7,351)	¥ 203,334
Sovereign Exposures	(4)	473
Financial Institution Exposures	(23)	880
Retail Exposures	905	28,148

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

Years Ended March 31	Millions of Yen	
	2013	2012
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (2,417)	¥ 189,671
Sovereign Exposures	(10)	317
Financial Institution Exposures	(1)	747
Retail Exposures	1,244	34,399

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

Years Ended March 31	Millions of Yen	
	2012	2011
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 16,832	¥ 195,988
Sovereign Exposures	4,749	230
Financial Institution Exposures	(135)	3,395
Retail Exposures	2,576	35,841

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

Credit Risk Mitigation Techniques — Consolidated

Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

As of March 31	Millions of Yen 2017 Eligible Financial Collateral	Other Eligible Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardised Approach is Applied	¥ 1,058,006	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	2,146,703	212,786	327,980	—
Corporate Exposures	509,908	207,996	181,269	—
Sovereign Exposures	23,618	4,790	146,710	—
Financial Institution Exposures	1,613,176	—	—	—
Retail Exposures	—	—	—	—

Counterparty Risk in Derivative and Long-term Settlement Transactions — Consolidated

Derivative Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ 1,587,695
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	882,716
Foreign Exchange Related	1,043,506
Interest Rate Related	1,340,146
Credit Derivatives	18,994
Others	333
Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction)	1,520,264
Amounts of Collateral	143,725
Deposits	137,065
Securities	6,660
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	738,990
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	151,636
Purchasing Protection by Credit Default Swaps	76,736
Providing Protection by Credit Default Swaps	74,900
Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique	—

Note: Credit equivalents are calculated with the current exposure approach.

Long-term Settlement Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ —
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11
Amounts of Collateral	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11

Note: Credit equivalents are calculated with the current exposure approach.

Securitisation Exposures

Consolidated

Securitisation Exposures Originated by the SuMi TRUST Holdings Group

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitisations during fiscal year 2016, type and status of main principal underlying assets

Not applicable.

(2) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

	Millions of Yen				
	2017				
	Exposure Amounts		Aggregate Sum of Underlying Assets		
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions		Asset Transfer-Type Securitisation Transactions	Synthetic Securitisation Transaction
Securitisation Exposures except Resecuritisation Exposures	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —
Residential Mortgage Loans	54,466	—	216,748	216,748	—
Others	—	—	—	—	—
Resecuritisation Exposures	—	—	—	—	—
Total	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —

(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitisation exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

	Millions of Yen	
	2017	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses
Residential Mortgage Loans	¥ 161	¥ (42)
Others	—	—
Total	¥ 161	¥ (42)

(4) Amounts of assets held for the purpose of securitisation transactions and breakdown of principal assets by type

Not applicable.

(5) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen 2017 Balance On-balance Sheet Transactions	Balance Off-balance Sheet Transactions	Required Capital On-balance Sheet Transactions	Required Capital Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 54,466	¥ —	¥ 5,797	¥ —
Less than 20%	—	—	—	—
20% to Less than 50%	32,262	—	1,020	—
50% to Less than 100%	14,829	—	649	—
100% to Less than 350%	3,897	—	440	—
350% to Less than 1,250%	—	—	—	—
1,250%	3,478	—	3,687	—
Resecuritisation Exposures (IRB Approach)	—	—	—	—
Less than 20%	—	—	—	—
20% to Less than 50%	—	—	—	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 54,466	¥ —	¥ 5,797	¥ —

(6) Amounts equivalent to the increase in capital following securitisation and breakdown by type of principal underlying assets

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 2,368
Others	—
Total	¥ 2,368

(7) Amounts of securitisation exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 3,478
Others	—
Total	¥ 3,478

(8) Items by type of principal underlying assets of securitisation exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitisation transactions recognized during fiscal year 2016 and breakdown by type of principal underlying assets

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Securitisation Exposures Purchased by the SuMi TRUST Holdings Group

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

As of March 31	Millions of Yen	
	2017	
	Exposure Amounts	
	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures	¥ 817,698	¥ 66,656
Residential Mortgage Loans	187,073	10,869
Credit Card Loans	21,399	508
Claims on Lease Payments, Installment Receivables	150,982	18,650
Commercial Real Estate-Secured Loans	16,676	—
Other Claims on Corporates	441,566	36,627
Resecuritisation Exposures	2,014	—
Securitisation Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets	5	—
Securitisation Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets	—	—
Securitisation Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets	2,008	—
Total	¥ 819,712	¥ 66,656

(2) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen			
	2017			
	Balance		Required Capital	
	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 817,698	¥ 66,656	¥ 7,449	¥ 1,016
Less than 20%	778,428	54,585	4,788	324
20% to Less than 50%	12,768	742	242	22
50% to Less than 100%	9,639	11,327	497	670
100% to Less than 350%	16,676	—	1,724	—
350% to Less than 1,250%	—	—	—	—
1,250%	184	—	195	—
Resecuritisation Exposures (IRB Approach)	2,014	—	54	—
Less than 20%	—	—	—	—
20% to Less than 50%	2,014	—	54	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 819,712	¥ 66,656	¥ 7,503	¥ 1,016

(3) Amounts of securitisation exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 184
Credit Card Loans	—
Claims on Lease Payments, Installment Receivables	—
Commercial Real Estate-Secured Loans	—
Other Claims on Corporates	—
Total	¥ 184

(4) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Market Risk

Consolidated

(1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
VaR in Banking Account	¥ 802.4	¥ 1,122.8	¥ 802.4	¥ 983.2
VaR in Trading Account	5.4	7.2	3.4	5.1

VaR Measurement Standards

Banking account	Confidence interval: one-tailed 99%	Holding period: 21 business days to 1 year	Observation period: 1 year
Trading account	Confidence interval: one-tailed 99%	Holding period: 10 business days	Observation period: 1 year

(2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
Stressed VaR in Trading Account	¥ 5.7 [1.8]	¥ 9.8 [3.1]	¥ 3.8 [1.2]	¥ 6.3 [2.0]

Stressed VaR Measurement Standards

Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

The figures inside the square brackets above denote stressed VaR in a case where the holding period is one business day.

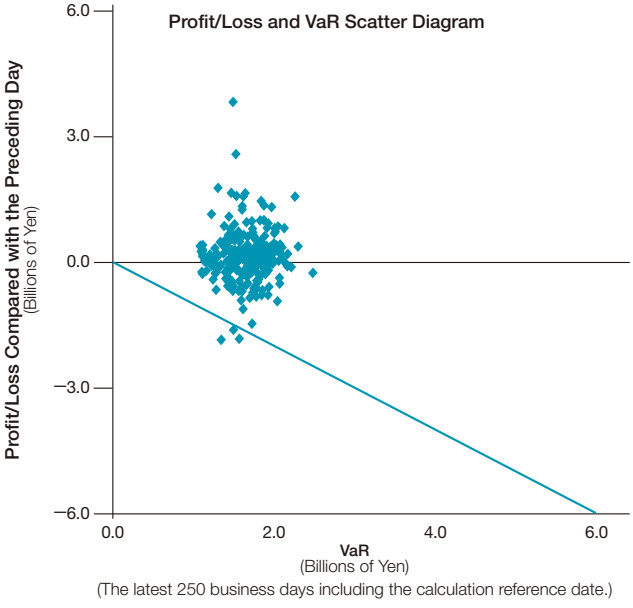
(3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2017.

(4) Results of back testing and reasons for large downward deviations between actual losses and VaR

• Back testing of the trading account

Fiscal Year 2016



(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2016 back testing of the trading accounts shows three instances of losses in excess of VaR.

Capital Subscriptions or Equity Exposures in the Banking Account Consolidated

	Millions of Yen			
	2017			
As of March 31	Book Value		Fair Value	
Consolidated Book and Fair Values*1				
Listed Shares Exposures	¥ 1,418,188		¥ 1,418,188	
Capital Subscriptions or Equity Exposures Other than Above	73,581		73,581	
Amounts of Gains/Losses on Sales and Write-offs	Gains/Losses	Gains	Losses	Write-offs
of Capital Subscriptions or Equity Exposures*2	36,488	46,243	5,906	3,848
Amounts of Unrealized Gains/Losses Recognized				
in the Consolidated Balance Sheets and not Recognized				
in the Consolidated Statements of Income	731,620			
Amounts of Unrealized Gains/Losses not Recognized				
in the Consolidated Balance Sheets and Statements of Income	Not applicable			

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Consolidated statements of income show gains/losses on stockholdings and related write-offs.

	Millions of Yen
As of March 31	2017
Amounts by Portfolio Category	¥ 1,019,514
Portfolios Adopting the Market-based Approach	84,197
Portfolios Adopting the PD/LGD Approach	935,316

Note: Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Holdings Group Regarding Interest Rate Risk in the Banking Account Consolidated

• Outlier ratios

	Millions of Yen
As of March 31	2017
Overall Amounts of Interest Rate Risk	¥ 103,347
Japanese Yen Interest Rates	5,251
U.S. Dollar Interest Rates	95,002
Other Interest Rates	3,093
Outlier Ratios	3.4%

Notes: 1. The amount of assets at consolidated units outside of Sumitomo Mitsui Trust Bank was small, so the overall risk and outlier ratios are shown at the consolidated level for Sumitomo Mitsui Trust Bank.
2. The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.21 of Financial Services Agency, 2012) with regard to the matters regarding compensation as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, as set forth in Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2018.

[Compensation Disclosure Data: SuMi TRUST Holdings]

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Holdings Group 294
2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Holdings 295
3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Holdings and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Group 296
4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Group 297
5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Group 298

Compensation Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Group

(1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively the "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

(i) Scope of "Applicable Officers"

Applicable officers for this fiscal year include directors, executive officers , and corporate auditors of SuMi TRUST Holdings, but exclude external directors and external auditors.

(ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Holdings' officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Holdings and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

(a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Holdings Group's management, namely Sumitomo Mitsui Trust Bank, Limited and Japan Trustee Services Bank, Ltd.

(b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Holdings or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Holdings Group. This threshold amount has been determined based on the average compensation for officers paid in fiscal year 2017 (excluding the compensation paid to the officers who were newly appointed or retired in the fiscal year), and is commonly applicable across all significant consolidated subsidiaries, as more or less the same level and system of compensation is shared among all significant consolidated subsidiaries.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

(c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Holdings Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Holdings, the SuMi TRUST Holdings Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers of SuMi TRUST Holdings and employees equivalent to general managers in the departments involving loan operations and market risk management.

(2) Names, Compositions, and Duties of the Committees and Other Major Institutions Which Supervise the Determination, Payment, and the Execution of Other Duties Regarding the Compensation, etc. for Applicable Officers and Employees

(i) Establishment and Securement of the Compensation Committee, etc.

The Compensation Committee is a body that deliberates the system and content of remuneration for directors and executive officers of SuMi TRUST Holdings. The committee shall prescribe policy on decisions on the content of remuneration for individual directors and executive officers of SuMi TRUST Holdings, and decide the content of remuneration for individual executive officers and directors. In addition, the amounts of remuneration for individual executive officers of SuMi TRUST Holdings are reported to the Compensation Committee.

The Compensation Committee is chaired by an external director, and a majority of the committee members are external directors. The committee oversees and checks the operation of the remuneration system for all directors and executive officers, and has the authority to determine the policy for setting remuneration while being independent of the business promotion department.

(ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Holdings Group is payable, subject to the policies established primarily by the Boards of Directors and others of SuMi TRUST Holdings and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Holdings and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Holdings on a regular basis.

(iii) Determination of Compensation, etc. for Overseas Employees, etc.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Holdings.

(iv) Total Amount of Compensation Paid to the Members of the Compensation Committee, etc. and the Number of Meetings Held for Compensation Committee, etc.

	The number of meetings held (April 1, 2017-March 31, 2018)	Total amount of compensation*
Compensation Committee (SuMi TRUST Holdings)	5 times	—
Board of Directors (SuMi TRUST Bank)	1 time	—

Note: The total amount of compensation, etc. is not stated as the amount equivalent to the compensation related to the execution of the duties for the Compensation Committee, etc. alone cannot be calculated separately.

2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Holdings

(1) Policies Concerning Compensation, etc. for Applicable Officers and Employees

(i) Policies Concerning Compensation for "Applicable Officers"

The Compensation Committee determines the content of remuneration for individual directors and executive officers. (During the period from April to June 2017, the allocation of remuneration for individual directors is determined by the Board of Directors while the allocation of remuneration to individual auditors is discussed at a meeting of auditors, with the total amount of remuneration specified at a general meeting of shareholders for the determination of remuneration for directors and auditors.)

Our aim is for the remunerations for directors and executive officers to function effectively as an incentive for improvement of corporate performance and expansion of enterprise value in order to realize stable and sustainable growth of the SuMi TRUST Group, including its core subsidiary, SuMi TRUST Bank. Furthermore, we have created a remuneration structure that considers the balance of short-term incentives and medium- to long-term incentives. This is to ensure remuneration that is not focusing on single-year performance evaluation in which short-term contribution to profit is emphasized, but focusing on officers' qualifications and capabilities as senior management, and based on a comprehensive evaluation that reflects assessment of medi-

um- to long-term performance. As a holding company, in order to ensure that the supervisory function is fully exercised at each Group company, SuMi TRUST Holdings determines individual remuneration based on an accurate recognition of the role that corporate officers are expected to play in terms of business management and their results, and highly transparent, fair and objective evaluations.

Furthermore, for the fiscal year under review, share acquisition rights were allotted to directors and executive officers as a stock option to further enhance their motivation and morale that helps drive SuMi TRUST Holdings' stock price increases, medium- to long-term corporate performance, and ultimately shareholder profits.

(ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the applicable employees, etc. of the SuMi TRUST Group are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensations for applicable overseas employees, etc. are determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

(2) Regarding the influence of the overall level of remuneration on capital

(i) Officer compensation

The Compensation Committee determines remuneration for officers after checking the situation of profit and loss in the current term and the consistency with future management strategies. It has been confirmed that the total payment amount of officer compensation in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(ii) Salaries for employees

As for the salaries for employees, the business situation of SuMi TRUST Holdings is reflected in the part that changes according to the performance of SuMi TRUST Holdings and individuals and bonuses. It has been confirmed that the total payment amount of salaries for employees in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(3) Regarding the monitoring of the operation of the remuneration system

As for variable remuneration, such as directors' bonuses, the Compensation Committee monitors the operation of the remuneration system by checking the ratio of variable remuneration to the total amount of remuneration and the appropriateness of the payment amount, and confirms that performance-based pay is not excessive.

3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Holdings and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Group

The remunerations for target executives are determined by the Compensation Committee. Budget allocation is conducted while taking into account the financial condition, etc. of the SuMi TRUST Group in order to determine remuneration for target employees.

4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Group

(1) REM1: Compensation, etc. Allocated to the Fiscal Year under Review

REM1: Compensation, etc. allocated to the fiscal year under review			Persons, Millions of Yen	
			a	b
Item No.			Applicable Officers	Applicable Employees, etc.
1	Fixed compensation	The number of applicable officers and employees, etc.	22	24
2		Total amount of fixed compensation (3+5+7)	323	761
3		of Which: Cash compensation amount	323	761
4		of 3 above: Deferred amount	—	—
5		of Which: Stock compensation amount or Stock-linked compensation amount	—	—
6		of 5 above: Deferred amount	—	—
7		of Which: Other compensation amount	—	—
8		of 7 above: Deferred amount	—	—
9	Variable compensation	The number of applicable officers and employees, etc.	15	22
10		Total amount of variable compensation (11+13+15)	87	302
11		of Which: Cash compensation amount	53	247
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	33	54
14		of 13 above: Deferred amount	—	—
15		of Which: Other compensation amount	—	—
16		of 15 above: Deferred amount	—	—
17	Retirement benefits	The number of applicable officers and employees, etc.	—	—
18		Total amount of Retirement benefits	—	—
19		of Which: Deferred amount	—	—
20	Other compensations	The number of applicable officers and employees, etc.	—	—
21		Total amount of other compensations	—	—
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		411	1,063

(2) REM2: Special Rewards, etc.

REM2: Special rewards, etc.	Persons, Millions of Yen					
	a	b	c	d	e	f
	Bonus guarantee		Lump-sum payment when hiring		Premium retirement payment	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Applicable Officers	—	—	—	—	—	—
Applicable Employees, etc.	—	—	—	—	—	—

5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Group

Not applicable, other than those items raised in the preceding sections.

Basel III Disclosure Data

Sumitomo Mitsui Trust Bank, Limited

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No. 7 of Financial Services Agency, 2014) with regard to the status of capital adequacy as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") as of the end of March 2018.

[Qualitative Disclosure Data: SuMi TRUST Bank]

Qualitative disclosure data of SuMi TRUST Bank is stated in line with the qualitative disclosure data of SuMi TRUST Holdings. Please refer to pages 197-226.

This section outlines and discloses matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982), as well as separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2015) with regard to the status of management soundness relating to liquidity, as set forth in Article 19-2, Paragraph 1, Item 5-(e) of the Ordinance for Enforcement of the Banking Act.

[Quantitative Disclosure Data: SuMi TRUST Bank]

Consolidated

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)	
KM1: Key Metrics (Consolidated)	300
Capital Adequacy Ratio	301
Scope of Consolidation	301
Composition of Capital (Consolidated BIS capital adequacy ratio)	302
Main Features and Further Information of Regulatory Capital Instruments	305
Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements	305
Credit Risk*	317
Exposures Relating to Funds	319
Disclosure Data Designated as Per the Appended Forms*	320
Composition of Leverage Ratio	346
Liquidity Coverage Ratio (LCR)	347
Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)*	
Capital Adequacy	348
Credit Risk	350
Credit Risk Mitigation Techniques	356
Counterparty Risk in Derivative and Long-term Settlement Transactions	356
Securitisation Exposures	357
Market Risk	360
Capital Subscriptions or Equity Exposures in the Banking Account	362
Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Bank Group Regarding Interest Rate Risk in the Banking Account	362

Non-consolidated

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)	
KM1: Key Metrics (Non-consolidated)	363
Composition of Capital (Non-consolidated BIS capital adequacy ratio)	364
Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements	367
Disclosure Data Designated as Per the Appended Forms*	377
Liquidity Coverage Ratio (LCR)	379
Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)*	
Capital Adequacy	380
Credit Risk	382
Credit Risk Mitigation Techniques	388
Counterparty Risk in Derivative and Long-term Settlement Transactions	388
Securitisation Exposures	389
Market Risk	392
Capital Subscriptions or Equity Exposures in the Banking Account	393
Exposures Relating to Funds	394
Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by SuMi TRUST Bank Regarding Interest Rate Risk in the Banking Account	394

* Disclosure items and formats have been changed from fiscal 2017 (the year ended March 31, 2018), therefore, disclosure data of fiscal 2016 (the year ended March 31, 2017) has been stated separately.

Quantitative Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)

KM1: Key Metrics

Consolidated

KM1 Basel III Template No.		Millions of yen, %				
		a	b	c	d	e
		March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,218,347	¥ 2,231,213	¥ 2,158,618	¥ 2,121,946	¥ 2,076,125
2	Tier 1	2,630,475	2,623,999	2,551,919	2,493,167	2,445,723
3	Total capital	3,156,660	3,226,834	3,145,460	3,090,698	3,007,030
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	20,427,360	20,914,698	19,461,216	19,169,218	19,291,135
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	10.85%	10.66%	11.09%	11.06%	10.76%
6	Tier 1 ratio (%)	12.87%	12.54%	13.11%	13.00%	12.67%
7	Total capital ratio (%)	15.45%	15.42%	16.16%	16.12%	15.58%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	57,273,067	55,874,065	57,581,715	54,953,196	54,937,154
14	Basel III leverage ratio (%)	4.59%	4.69%	4.43%	4.53%	4.45%

KM1 Basel III Template No.		Millions of yen, %				
		Fiscal Year 2017 4th Quarter	Fiscal Year 2017 3rd Quarter	Fiscal Year 2017 2nd Quarter	Fiscal Year 2017 1st Quarter	Fiscal Year 2016 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 15,286,840	¥ 15,101,090	¥ 14,186,843	¥ 12,603,342	¥ 11,914,002
16	Net cash outflows	7,701,341	7,581,129	6,977,528	6,604,181	6,295,769
17	Consolidated LCR (%)	198.4%	199.1%	203.3%	190.8%	189.2%

Capital Adequacy Ratio

Consolidated

We calculate the BIS capital adequacy ratio on both a consolidated and non-consolidated basis in line with provisions of Article 14-2 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 19, hereinafter referred to as the "Notification").

As of the end of March 2018, we used the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the Basel Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Bank Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Bank Group is 57. The principal companies are the following.

Name	Principal Business Operations
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	General Leasing, Installment Purchase Services, Credit Card Business
Nikko Asset Management Co., Ltd.	Investment Management, Investment Advisory
Sumitomo Mitsui Trust Club Co., Ltd.	Credit Card Business
Sumitomo Mitsui Trust Realty Co., Ltd.	Real Estate Brokerage Business
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Money Lending Business
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Banking, Trust Business

(3) There is no affiliated company that undertakes financial services subject to the Basel Notification, Article 9.

(4) There are no particular restrictions on the transfer of funds and capital within the SuMi TRUST Bank Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

Composition of Capital (Consolidated BIS capital adequacy ratio)

Consolidated

As of March 31			Millions of Yen, %			
Basel III Template No.	Items		2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Common Equity Tier 1 Capital: Instruments and Reserves					
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings		**¥ 1,973,115**		¥ 1,929,388	
1a	of Which: Capital Stock and Capital Surplus		**798,025**		834,076	
2	of Which: Retained Earnings		**1,266,419**		1,165,558	
1c	of Which: Treasury Stock (Deduction)		**—**		—	
26	of Which: Earnings to be Distributed (Deduction)		**91,329**		70,246	
	of Which: Others		**—**		—	
1b	Subscription Rights to Common Shares		**—**		—	
3	Accumulated Other Comprehensive Income		**509,704**		353,112	¥ 88,278
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)		**—**		—	
	Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements				3,425	
	of Which: Common Share Capital Issued by Subsidiaries and Held by Third Parties				3,425	
6	Common Equity Tier 1 Capital: Instruments and Reserves	(A)	**2,482,820**		2,285,926	
	Common Equity Tier 1 Capital: Regulatory Adjustments					
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)		**158,752**		142,599	35,649
8	of Which: Goodwill (Including Those Equivalent)		**93,198**		85,100	21,275
9	of Which: Other Intangible Assets		**65,554**		57,498	14,374
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**287**		121	30
11	Deferred Gains or Losses on Derivatives under Hedge Accounting		**(20,893)**		(14,885)	(3,721)
12	Shortfall of Eligible Provisions to Expected Losses		**11,527**		8,730	2,182
13	Securitisation Gain on Sale		**1,745**		1,894	473
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities		**—**		—	—
15	Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)		**113,051**		65,929	16,482
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)		**—**		—	—
17	Reciprocal Cross-Holdings in Common Equity		**—**		—	—
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)		**—**		5,410	1,352
19+20+21	Amount above the 10% Threshold on the Specified Items		**—**		—	—
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**—**		—	—
20	of Which: Mortgage Servicing Rights		**—**		—	—
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**—**		—	—
22	Amount Exceeding the 15% Threshold on the Specified Items		**—**		—	—
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**—**		—	—
24	of Which: Mortgage Servicing Rights		**—**		—	—
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)		**—**		—	—
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions		**—**		—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments	(B)	**264,472**		209,801	
	Common Equity Tier 1 Capital (CETI)					
29	Common Equity Tier 1 Capital	(C) = (A)–(B)	**¥ 2,218,347**		¥ 2,076,125	

As of March 31			Millions of Yen, %			
Basel III Template No.		Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
Additional Tier 1 Capital: Instruments						
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —		¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments	—		—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**290,000**		220,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		—	
34–35		Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	**12,127**		12,040	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	**110,000**		160,000	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles	**110,000**		160,000	
35		of Which: Issued by Subsidiaries	—		—	
		Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements			4	
		of Which: Foreign Currency Translation Adjustment			4	
36		Additional Tier 1 Capital: Instruments (D)	**412,127**		392,044	
Additional Tier 1 Capital: Regulatory Adjustments						
37		Investments in Own Additional Tier 1 Instruments	—		—	¥ —
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—		—	—
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—		934	233
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
		Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements			21,511	
		of Which: Goodwill Equivalents			18,898	
		of Which: Equivalent to Intangible Fixed Assets Recorded through Business Combination			1,048	
		of Which: Equivalent to Capital Increase Due to Securitisation Transactions			473	
		of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,091	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—		—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—		22,446	
Additional Tier 1 Capital (ATI)						
44		Additional Tier 1 Capital (F) = (D) – (E)	**412,127**		369,598	
Tier 1 Capital (TI = CETI + ATI)						
45		Tier 1 Capital (G) = (C) + (F)	**2,630,475**		2,445,723	
Tier 2 Capital: Instruments and Provisions						
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—		—	
		Subscription Rights to Tier 2 Instruments	—		—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**220,000**		140,000	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		—	
48–49		Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	**2,626**		2,735	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 Capital	**299,228**		361,498	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles	**299,228**		361,498	
49		of Which: Issued by Subsidiaries	—		—	
50		Provisions Allowed in Group Tier 2	**4,329**		3,926	
50a		of Which: General Allowance for Credit Losses	**4,329**		3,926	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	—		—	
		Amount Allowed in Group Tier 2 Subject to Transitional Arrangements			63,293	
		of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities			63,118	
		of Which: 45% of Revaluation Reserve for Land			175	
51		Tier 2 Capital: Instruments and Provisions (H)	¥ **526,184**		¥ 571,455	

As of March 31		Millions of Yen, %			
Basel III Template No.	Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments	¥ —		¥ —	¥ —
53	Reciprocal Cross-Holdings in Tier 2 Instruments	—		—	—
54	Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—		6,516	1,629
55	Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
	Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements			3,631	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions			2,540	
	of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,091	
57	Tier 2 Capital: Regulatory Adjustments (I)	—		10,147	
	Tier 2 Capital (TII)				
58	Tier 2 Capital (J) = (H) – (I)	**526,184**		561,307	
	Total Capital (TC = T1 + TII)				
59	Total Capital (K) = (G) + (J)	**3,156,660**		3,007,030	
	Total Risk Weighted Assets				
	Risk Weighted Assets Subject to Transitional Arrangements			36,858	
	of Which: Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)			13,325	
	of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)			30	
	of Which: Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities)			16,482	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions			7,019	
60	Total Risk Weighted Assets (L)	**20,427,360**		19,291,135	
	Capital Ratios (Consolidated)				
61	Common Equity Tier 1 Capital Ratio (C)/(L)	**10.85%**		10.76%	
62	Tier 1 Capital Ratio (G)/(L)	**12.87%**		12.67%	
63	Total Capital Ratio (K)/(L)	**15.45%**		15.58%	
	Regulatory Adjustments (before Risk Weighting)				
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)	**185,288**		211,529	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)	**87,607**		71,957	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)	—		—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)	—		—	
	Provisions Included in Tier 2 Capital: Instruments and Provisions				
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)	**4,329**		3,926	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach	**8,262**		7,809	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)	—		—	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach	**103,183**		100,088	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements	**155,600**		194,500	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)	—		—	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements	**343,163**		428,954	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)	¥ —		¥ —	

Note: SuMi TRUST Bank received an external audit by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

Main Features and Further Information of Regulatory Capital Instruments Consolidated

Main Features and Further Information of Regulatory Capital Instruments are available on our website (https://www.smth.jp/en/ir/basel/index.html).

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

Fiscal Year 2017

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 15,661,926		
Call Loans and Bills Bought	92,951		
Receivables under Resale Agreements	63,531		
Receivables under Securities Borrowing Transactions	624,048		
Monetary Claims Bought	955,938		
Trading Assets	363,294		
Money Held in Trust	1,357		
Securities	5,523,148	2–b, 6–a	
Loans and Bills Discounted	28,000,640	6–b	
Foreign Exchanges	25,554		
Lease Receivables and Investment Assets	677,238		
Other Assets	1,826,996	6–c	
Tangible Fixed Assets	221,961		
Buildings	72,597		
Land	126,297		
Lease Assets	4,713		
Construction in Progress	88		
Other	18,264		
Intangible Fixed Assets	178,131	2–a	
Software	84,971		
Goodwill	84,537		
Lease Assets	2		
Other	8,620		
Assets for Retirement Benefits	162,960	3	
Deferred Tax Assets	25,098	4–a	
Customers' Liabilities for Acceptances and Guarantees	508,930		
Allowance for Loan Losses	(102,903)		
Total Assets	¥ 54,810,805		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 29,537,135		
Negotiable Certificates of Deposit	6,616,336		
Call Money and Bills Sold	436,931		
Payables under Repurchase Agreements	1,454,855		
Payables under Securities Lending Transactions	41,299		
Trading Liabilities	266,148		
Borrowed Money	4,870,083	8	
Foreign Exchanges	1,984		
Short-term Bonds Payable	1,062,869		
Bonds Payable	969,966		
Borrowed Money from Trust Account	5,172,463		
Other Liabilities	919,098	6–d	
Provision for Bonuses	16,023		
Provision for Director's Bonuses	276		
Retirement Benefits Liabilities	13,048		
Provision for Reward Points Program	18,457		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Loss	4,628		
Deferred Tax Liabilities	176,113	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	508,930		
Total Liabilities	52,093,216		
(Net Assets)			
Capital Stock	342,037	1–a	
Capital Surplus	455,988	1–b	
Retained Earnings	1,266,419	1–c	
Total Shareholders' Equity	2,064,444		
Valuation Difference on Available-for-Sale Securities	531,047		
Deferred Gains or Losses on Hedges	(22,773)	5	
Revaluation Reserve for Land	(1,412)		
Foreign Currency Translation Adjustment	2,166		
Remeasurements of Retirement Benefits	677		
Total Accumulated Other Comprehensive Income	509,704		3
Non-controlling Interests	143,439	7	
Total Net Assets	2,717,588		
Total Liabilities and Net Assets	¥ 54,810,805		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	455,988		1–b
Retained Earnings	1,266,419		1–c
Total Shareholders' Equity	¥ 2,064,444		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,064,444	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	798,025		1a
of Which: Retained Earnings	1,266,419		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 178,131		2–a
Securities	5,523,148		2–b
of Which: Goodwill Arising on the Application of the Equity Method	8,661		
Associated Deferred Tax Liabilities	28,040		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 93,198		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	65,554	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 162,960		3
Associated Deferred Tax Liabilities	49,908		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 113,051		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 25,098		4–a
Deferred Tax Liabilities	176,113		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	28,040		
Associated Assets for Retirement Benefits	49,908		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 287	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (22,773)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (20,893)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,523,148		6–a
Loans and Bills Discounted	28,000,640	Including subordinated loans	6–b
Other Assets	1,826,996	Including derivatives	6–c
Other Liabilities	¥ 919,098	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	185,288		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital	—		54
Amount below the Thresholds for Deduction (before Risk Weighting)	185,288		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	87,607		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	87,607		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 143,439		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,127	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,626	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,870,083		8

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 290,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	220,000		46

Fiscal Year 2016

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 14,269,687		
Call Loans and Bills Bought	64,706		
Receivables under Resale Agreements	83,888		
Receivables under Securities Borrowing Transactions	464,956		
Monetary Claims Bought	906,572		
Trading Assets	496,563		
Money Held in Trust	1,650		
Securities	5,068,155	2–b, 6–a	
Loans and Bills Discounted	27,982,411	6–b	
Foreign Exchanges	16,189		
Lease Receivables and Investment Assets	667,808		
Other Assets	1,603,413	6–c	
Tangible Fixed Assets	231,288		
Buildings	73,123		
Land	133,763		
Lease Assets	5,888		
Construction in Progress	811		
Other	17,700		
Intangible Fixed Assets	195,981	2–a	
Software	91,652		
Goodwill	94,490		
Lease Assets	188		
Other	9,649		
Assets for Retirement Benefits	118,795	3	
Deferred Tax Assets	26,262	4–a	
Customers' Liabilities for Acceptances and Guarantees	458,010		
Allowance for Loan Losses	(115,794)		
Total Assets	¥ 52,540,547		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 29,215,433		
Negotiable Certificates of Deposit	7,388,617		
Call Money and Bills Sold	344,089		
Payables under Repurchase Agreements	1,063,737		
Payables under Securities Lending Transactions	13,699		
Trading Liabilities	366,879		
Borrowed Money	3,813,105	8	
Foreign Exchanges	236		
Short-term Bonds Payable	904,248		
Bonds Payable	1,034,093		
Borrowed Money from Trust Account	3,973,623		
Other Liabilities	1,138,659	6–d	
Provision for Bonuses	15,729		
Provision for Director's Bonuses	259		
Retirement Benefits Liabilities	13,037		
Provision for Reward Points Program	17,519		
Provision for Reimbursement of Deposits	3,583		
Provision for Contingent Loss	7,774		
Deferred Tax Liabilities	132,186	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	458,010		
Total Liabilities	49,907,542		
(Net Assets)			
Capital Stock	342,037	1–a	
Capital Surplus	492,039	1–b	
Retained Earnings	1,165,558	1–c	
Total Shareholders' Equity	1,999,635		
Valuation Difference on Available-for-Sale Securities	492,920		
Deferred Gains or Losses on Hedges	(21,045)	5	
Revaluation Reserve for Land	(1,067)		
Foreign Currency Translation Adjustment	20		
Remeasurements of Retirement Benefits	(29,438)		
Total Accumulated Other Comprehensive Income	441,390		3
Non-controlling Interests	191,979	7	
Total Net Assets	2,633,005		
Total Liabilities and Net Assets	¥ 52,540,547		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	492,039		1–b
Retained Earnings	1,165,558		1–c
Total Shareholders' Equity	¥ 1,999,635		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,999,635	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	834,076		1a
of Which: Retained Earnings	1,165,558		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 195,981		2–a
Securities	5,068,155		2–b
of Which: Goodwill Arising on the Application of the Equity Method	11,885		
Associated Deferred Tax Liabilities	29,616		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 106,375		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	71,873	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 118,795		3
Associated Deferred Tax Liabilities	36,383		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 82,411		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 26,262		4–a
Deferred Tax Liabilities	132,186		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	29,616		
Associated Assets for Retirement Benefits	36,383		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 151	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (21,045)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (18,606)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,068,155		6–a
Loans and Bills Discounted	27,982,411	Including subordinated loans	6–b
Other Assets	1,603,413	Including derivatives	6–c
Other Liabilities	¥ 1,138,659	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	227,605		
Common Equity Tier 1 Capital	6,763		18
Additional Tier 1 Capital	1,167		39
Tier 2 Capital	8,145		54
Amount below the Thresholds for Deduction (before Risk Weighting)	211,529		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	71,957		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	71,957		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 191,979		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ —	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,040	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	2,735	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 3,813,105		8

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 220,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	140,000		46

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

As of March 31	Millions of Yen			
	2018			
	Term-end balance of exposures			
	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 44,251,935	¥ 39,259,802	¥ 2,045,005	¥ 2,947,126
Outside Japan	6,206,599	4,815,882	1,046,273	344,443
Total for Geographic Regions	¥ 50,458,534	¥ 44,075,685	¥ 3,091,279	¥ 3,291,569
Manufacturing	4,345,167	2,813,733	488,726	1,042,707
Agriculture and Forestry	6,192	6,182	10	—
Fisheries	78	33	45	—
Mining and Quarrying of Stones and Gravel	18,925	6,466	159	12,300
Construction	234,335	139,259	28,819	66,256
Electricity, Gas, Heat Supply and Water	1,280,531	1,058,932	15,480	206,118
Information and Communication	569,996	529,236	5,359	35,399
Transport and Postal Activities	1,413,744	1,157,301	142,227	114,215
Wholesale and Retail Trade	1,834,426	1,449,784	89,857	294,784
Finance and Insurance	2,252,785	1,695,042	372,278	185,464
Real Estate	4,046,123	3,390,264	373,262	282,596
Goods Rental and Leasing	992,374	887,911	7,162	97,300
Local Public Bodies	116,312	100,301	7,284	8,726
Individuals	9,958,658	9,819,554	—	139,104
Others	23,388,882	21,021,679	1,560,606	806,596
Total for Industry Sectors	¥ 50,458,534	¥ 44,075,685	¥ 3,091,279	¥ 3,291,569
To 1 year	21,420,808	20,017,040	397,131	1,006,636
> 1 year to 3 years	5,498,803	4,107,351	410,873	980,578
> 3 years to 5 years	5,588,116	4,725,977	400,306	461,833
> 5 years	17,950,806	15,225,316	1,882,968	842,521
Total for Residual Maturity	¥ 50,458,534	¥ 44,075,685	¥ 3,091,279	¥ 3,291,569

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as exposures subject to phased rollout of the IRB Approach.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Term-end Balance of Obligors' exposures related to Loans prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, Allowances, and Write-offs, as well as their Breakdown by Geographic Regions and Industry Sectors

	Millions of Yen		
	As of March 31, 2018		FY2017
	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 87,625	¥ 12,423	¥ 7,851
Outside Japan	9,338	2,524	1,048
Total for Geographic Regions	¥ 96,964	¥ 14,947	¥ 8,900
Manufacturing	6,926	1,334	3,869
Agriculture and Forestry	117	58	—
Fisheries	—	—	—
Mining and Quarrying of Stones and Gravel	12	6	0
Construction	537	219	104
Electricity, Gas, Heat Supply and Water	14	3	—
Information and Communication	63	5	37
Transport and Postal Activities	2,369	986	34
Wholesale and Retail Trade	6,803	4,277	157
Finance and Insurance	244	158	3
Real Estate	15,268	426	27
Goods Rental and Leasing	0	0	—
Local Public Bodies	—	—	—
Individuals	51,360	4,391	2,879
Others	13,246	3,079	1,785
Total for Industry Sectors	¥ 96,964	¥ 14,947	¥ 8,900

Notes: 1. "Others" in the industry sectors include non-residents.
2. Allowances for loan losses include "general allowances for loan losses" and "specific allowances for loan losses", etc.

Term-end Balance of Exposures by Past Due Periods (excluding "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims")

	Millions of Yen
As of March 31	2018
< 1 month	¥ 68,691
≥ 1 month to < 2 months	12,531
≥ 2 months to < 3 months	10,375
≥ 3 months	0
Total	¥ 91,599

Note: Among the term-end balance of exposures for each past due period,"Doubtful Claims" and "Bankrupt and substantially bankrupt Claims" prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions are excluded, in aggregate caluculation.

Term-end Balance of Exposures of obligors whose loan conditions were Restructured for the purpose of restructuring or supporting business management ; of which Amounts of Increased Allowances for such exposures and Other Amounts due to the restructuring of the loan conditions

As of March 31	Millions of Yen 2018
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	¥ 27,993
Other Amounts	—
Term-end Balance of Exposures	¥ 27,993

Note: Restructured loans are those loans that provide some arrangements favorable to the obligors for the purpose of restructuring or supporting business management, such as by reducing or exempting interest, postponing principal or interest payments, forgiving loans, and providing other benefits to the obligors, excluding those loans classified as "Loans in Bankruptcy Procedures", "Delinquent Loans", and "Loans past due three months or more". In principle, the allowances for restructured loans has been all increased after restructuring loan conditions.

Exposures Relating to Funds

Consolidated

Exposures Relating to Funds

As of March 31	Millions of Yen 2018	2017
Total exposures relating to funds	¥ 2,166,240	¥ 1,883,299
Look-through Approach	2,046,456	1,779,772
Simple Majority Approach	64,887	56,233
Mandate-based Approach	24,770	16,169
Internal Model Approach	—	—
Fall-back Approach (subject to 400% risk weight)	29,031	30,148
Others (Exposures not included in any categories above)	1,093	975

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 167 of the FSA Capital Adequacy Notification are shown.

Disclosure Data Designated as Per the Appended Forms

Consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
1	Credit risk (excluding counterparty credit risk)	¥ 13,491,575		¥ 1,140,187	
2	of Which: Standardised Approach (SA)	372,692		29,815	
3	of Which: Internal Ratings-Based (IRB) Approach	12,679,389		1,075,212	
	of Which: Significant investments in commercial entities	—		—	
	of Which: Lease residual value	1,408		112	
	Other assets	438,086		35,046	
4	Counterparty credit risk (CCR)	725,303		59,202	
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	—		—	
	of Which: Current Exposure Method (CEM)	230,244		19,516	
6	of Which: Expected Positive Exposure (EPE)	—		—	
	of Which: Credit Valuation Adjsutment (CVA)	389,775		31,182	
	of Which: Central Counterparty (CCP)	26,351		2,108	
	Others	78,932		6,396	
7	Equity positions in banking book under market-based approach	300,171		25,454	
	Equity investment in funds (SA)	—		—	
	Equity investment in funds (IRB)	2,417,814		205,030	
11	Settlement risk	—		—	
12	Securitisation exposures in banking book	159,362		13,513	
13	of Which: IRB Ratings-Based Approach (RBA)	37,134		3,148	
14	of Which: IRB Supervisory Formula Approach (SFA)	71,623		6,073	
15	of Which: Standardised Approach (SA)	—		—	
	of Which: subject to 1,250% risk weight	50,604		4,291	
16	Market risk	1,163,880		93,110	
17	of Which: Standardised Approach (SA)	170,246		13,619	
18	of Which: Internal Model Approaches (IMA)	993,634		79,490	
19	Operational risk	989,074		79,125	
20	of Which: Basic Indicator Approach (BIA)	163,890		13,111	
21	of Which: The Standardised Approach (TSA)	—		—	
22	of Which: Advanced Measurement Approach (AMA)	825,183		66,014	
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	218,908		18,563	
	Amounts included under transitional arrangements	—		—	
24	Floor adjustment	—		—	
25	Total (after applying scaling factor)	¥ 20,427,360		¥ 1,634,188	

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories

LI1	Millions of yen						
	March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks	¥ 15,661,926	¥ 15,661,926	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	92,951	92,951	—	—	—	—	
Receivables under Resale Agreements	63,531	—	63,531	—	—	—	
Receivables under Securities Borrowing Transactions	624,048	—	624,048	—	—	—	
Monetary Claims Bought	955,938	888,491	—	67,447	—	—	
Trading Assets	363,294	—	301,424	—	363,294	—	
Money Held in Trust	1,357	1,357	—	—	—	—	
Securities	5,523,148	5,280,753	—	242,394	—	—	
Loans and Bills Discounted	28,000,640	27,600,493	—	400,146	—	—	
Foreign Exchanges	25,554	25,554	—	—	—	—	
Lease Receivables and Investment Assets	677,238	677,238	—	—	—	—	
Other Assets	1,826,996	369,972	868,948	373	288,732	587,701	
Tangible Fixed Assets	221,961	221,961	—	—	—	—	
Intangible Fixed Assets	178,131	—	—	—	—	178,131	
Assets for Retirement Benefits	162,960	—	—	—	—	162,960	
Deferred Tax Assets	25,098	—	—	—	—	25,098	
Customers' Liabilities for Acceptances and Guarantees	508,930	508,786	—	143	—	—	
Allowance for Loan Losses	(102,903)	(102,903)	—	—	—	—	
Total Assets	¥ 54,810,805	¥ 51,226,585	¥ 1,857,953	¥ 710,505	¥ 652,026	¥ 953,891	
Liabilities:							
Deposits	¥ 29,537,135	¥ —	¥ —	¥ —	¥ —	¥ 29,537,135	
Negotiable Certificates of Deposit	6,616,336	—	—	—	—	6,616,336	
Call Money and Bills Sold	436,931	—	—	—	—	436,931	
Payables under Repurchase Agreements	1,454,855	—	1,454,855	—	—	—	
Payables under Securities Lending Transactions	41,299	—	41,299	—	—	—	
Trading Liabilities	266,148	—	266,148	—	266,148	—	
Borrowed Money	4,870,083	—	—	—	—	4,870,083	
Foreign Exchanges	1,984	—	—	—	—	1,984	
Short-Term Bonds Payable	1,062,869	—	—	—	—	1,062,869	
Bonds Payable	969,966	—	—	—	—	969,966	
Borrowed Money from Trust Account	5,172,463	—	—	—	—	5,172,463	
Other Liabilities	919,098	—	499,285	—	351,823	419,619	
Provision for Bonuses	16,023	—	—	—	—	16,023	
Provision for Directors' Bonuses	276	—	—	—	—	276	
Liabilities for Retirement Benefits	13,048	—	—	—	—	13,048	
Provision for Reward Points Program	18,457	—	—	—	—	18,457	
Provision for Reimbursement of Deposits	3,548	—	—	—	—	192	
Provision for Contingent Losses	4,628	—	—	—	—	8,176	
Deferred Tax Liabilities	176,113	—	—	—	—	176,113	
Deferred Tax Liabilities for Land Revaluation	3,016	—	—	—	—	3,016	
Acceptances and Guarantees	508,930	—	—	—	—	508,930	
Total Liabilities	¥ 52,093,216	¥ —	¥ 2,261,588	¥ —	¥ 617,972	¥ 49,831,627	

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

LI2		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
			Items subject to:			
Item No.		Total	Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 53,856,914	¥ 51,226,585	¥ 1,857,953	¥ 710,505	¥ 652,026
2	Liabilities carrying value amount under scope of regulatory consolidation	2,261,588	—	2,261,588	—	617,972
3	Total net amount under regulatory scope of consolidation	51,595,325	51,226,585	(403,635)	710,505	34,054
4	Off-balance sheet amounts	3,194,901	3,108,178	—	86,722	—
5	Differences due to netting, the application of the credit risk mitigation techniques, the exposure calculation method, etc.	2,106,220	3,974	1,999,005	—	103,240
6	Differences due to consideration of allowances and write-offs	25,526	25,526	—	—	—
7	Regulatory exposure amounts	56,921,973	54,364,265	1,595,370	797,227	137,294

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
- Credit risk: Difference taking into account the offsetting of loans and bills discounted against deposits in our banks, allowances, and write-offs
- Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
- Market risk: Difference due to netting, etc.

CR1: Credit quality of assets

CR1		Millions of yen			
		March 31, 2018			
		a	b	c	d
Item No.		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 87,542	¥ 26,893,563	¥ 90,291	¥ 26,890,814
2	Debt Securities	0	2,063,189	—	2,063,189
3	Other on-balance sheet assets (debt-based assets)	21,915	16,063,900	11,157	16,074,658
4	Total on-balance sheet assets (1+2+3)	109,458	45,020,653	101,448	45,028,663
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	116	490,544	1,454	489,205
6	Commitments, etc.	987	3,289,102	4,628	3,285,461
7	Total off-balance sheet assets (5+6)	1,103	3,779,646	6,083	3,774,666
	Total				
8	Total (4+7)	¥ 110,562	¥ 48,800,299	¥ 107,531	¥ 48,803,330

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR2: Changes in stock of defaulted loans and debt securities

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
Item No.		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 26,326,806	¥ 564,007	¥ 231,735	¥ 222,467	¥ —
2	Debt Securities	1,986,087	77,102	4,015	71,860	—
3	Other on-balance sheet assets (debt-based assets)	16,069,443	5,215	193	5,015	—
4	Total (1+2+3)	¥ 44,382,337	¥ 646,325	¥ 235,944	¥ 299,343	¥ —
5	Of which defaulted	90,512	7,044	5,613	37	—

CR4: Standardised approach – Credit risk exposure and Credit risk mitigation (CRM) effects

CR4		Millions of Yen, %					
		March 31, 2018					
		a	b	c	d	e	f
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 49	¥ —	¥ 49	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	123	—	123	—	0	0.00
3	Foreign central governments and foreign central banks	198,016	—	198,016	—	11,573	5.84
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	10	—	10	—	0	0.00
6	Foreign non-central government public sector entities (PSEs)	39	—	39	—	15	38.31
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	185,085	—	185,085	—	60,598	32.74
12	Corporates, etc.	305,935	1,957,434	305,935	2,831	300,470	97.31
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	66	—	66	—	34	52.84
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 689,326	¥ 1,957,434	¥ 689,326	¥ 2,831	¥ 372,692	53.84%

CR5: Standardised approach – Exposures by asset classes and risk weights

CR5		Millions of Yen										
		March 31, 2018										
		a	b	c	d	e	f	g	h	i	j	k
Item No.	Asset classes \ Risk weight	Credit risk exposure amounts (post-CCF and post-CRM)										
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 49	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 49
2	Government of Japan and Bank of Japan (BOJ)	123	—	—	—	—	—	—	—	—	—	123
3	Foreign central governments and foreign central banks	174,870	—	—	—	23,146	—	—	—	—	—	198,016
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	10	—	—	—	—	—	—	—	—	—	10
6	Foreign non-central government public sector entities (PSEs)	—	—	15	—	24	—	—	—	—	—	39
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	109,380	—	73,964	—	1,740	—	—	—	185,085
12	Corporates, etc.	—	—	154	—	16,346	—	292,266	—	—	—	308,766
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	—	—	—	—	64	—	—	1	—	—	66
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥ 175,053	¥ —	¥ 109,550	¥ —	¥ 113,545	¥ —	¥ 294,006	¥ 1	¥ —	¥ —	¥ 692,158

CR6: IRB – Credit risk exposures by portfolio and PD range

Advanced Internal Ratings-Based Approach (AIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 967,878	¥ 33	75.00%	¥ 1,020,149	0.00%	0.0	32.51%	2.0	¥ 18,552	1.81%	¥ 10	
2	0.15 to < 0.25	4,814	445	75.00	1,616	0.21	0.0	32.21	1.1	380	23.56	1	
3	0.25 to < 0.50	549	530	75.00	9	0.32	0.0	32.53	1.3	3	32.13	0	
4	0.50 to < 0.75	842	—	—	1	0.56	0.0	32.53	5.0	1	74.56	0	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	974,084	1,008	75.00	1,021,777	0.00	0.0	32.51	2.0	18,937	1.85	12	¥ 88
	Financial Institution exposures												
1	0.00 to < 0.15	379,073	324	75.00	380,053	0.05	0.0	32.12	2.9	82,172	21.62	63	
2	0.15 to < 0.25	39,000	10,000	75.00	46,500	0.21	0.0	32.53	1.3	11,678	25.11	33	
3	0.25 to < 0.50	10,000	—	—	10,000	0.32	0.0	32.53	1.0	2,960	29.60	10	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.56	0.0	32.53	1.0	867	40.33	3	
5	0.75 to < 2.50	66,384	3,618	92.27	69,722	1.13	0.0	32.07	1.0	38,398	55.07	253	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	495,858	14,942	79.18	508,426	0.22	0.0	32.16	2.5	136,077	26.76	365	560
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	5,700,052	2,129,007	75.68	7,385,766	0.08	0.6	32.05	2.5	1,478,160	20.01	1,962	
2	0.15 to < 0.25	2,219,039	346,086	75.59	2,448,127	0.21	0.4	31.32	2.6	838,971	34.26	1,681	
3	0.25 to < 0.50	1,265,047	202,312	77.19	1,418,596	0.32	0.5	31.29	2.5	598,008	42.15	1,454	
4	0.50 to < 0.75	934,351	213,141	75.21	1,067,860	0.56	0.7	30.07	2.3	531,261	49.75	1,810	
5	0.75 to < 2.50	736,195	121,790	71.75	787,543	1.53	0.8	28.55	2.5	532,033	67.55	3,458	
6	2.50 to < 10.00	167,991	17,113	78.68	183,959	6.78	0.0	27.20	2.8	189,731	103.13	3,466	
7	10.00 to < 100.00	167,807	101,500	77.44	244,591	21.43	0.0	29.23	1.3	385,124	157.45	15,324	
8	100.00 (Default)	7,211	948	75.00	12,684	100.00	0.0	29.81	1.0	5,335	42.06	3,355	
9	Sub-total	11,197,695	3,131,900	75.66	13,549,130	0.82	3.2	31.36	2.5	4,558,627	33.64	32,513	59,831
	SME exposures												
1	0.00 to < 0.15	5,054	4,890	75.00	6,750	0.13	0.0	32.53	3.5	1,910	28.30	3	
2	0.15 to < 0.25	66,898	—	—	61,506	0.21	0.0	30.35	3.8	22,857	37.16	40	
3	0.25 to < 0.50	72,929	—	—	72,929	0.32	0.0	32.27	3.6	33,192	45.51	77	
4	0.50 to < 0.75	50,205	7,026	75.00	54,165	0.56	0.0	24.45	3.5	20,750	38.30	74	
5	0.75 to < 2.50	133,327	5,493	77.83	125,141	1.64	0.2	21.77	2.9	58,731	46.93	443	
6	2.50 to < 10.00	8,913	1,221	75.00	9,737	7.29	0.0	21.37	1.8	6,079	62.43	156	
7	10.00 to < 100.00	5,744	—	—	4,972	21.43	0.0	17.29	2.1	3,632	73.03	184	
8	100.00 (Default)	1,731	—	—	2,710	100.00	0.0	28.78	1.0	1,097	40.46	692	
9	Sub-total	344,804	18,631	75.83	337,914	2.14	0.3	26.22	3.3	148,251	43.87	1,672	3,757

Advanced Internal Ratings-Based Approach (AIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending												
1	0.00 to < 0.15	¥ 599,483	¥ 7,815	75.00%	¥ 605,345	0.06%	0.0	18.07%	3.0	¥ 62,378	10.30%	¥ 72	
2	0.15 to < 0.25	114,021	5,400	75.00	118,071	0.21	0.0	18.07	2.9	24,017	20.34	46	
3	0.25 to < 0.50	87,032	—	—	87,032	0.32	0.0	18.07	2.1	18,581	21.34	51	
4	0.50 to < 0.75	209,928	—	—	209,928	0.56	0.0	18.07	3.6	73,507	35.01	213	
5	0.75 to < 2.50	86,253	6,650	75.00	91,240	1.16	0.0	18.07	3.4	39,681	43.49	191	
6	2.50 to < 10.00	232	—	—	232	8.23	0.0	18.07	2.0	162	69.75	3	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,096,952	19,865	75.00	1,111,852	0.28	0.1	18.07	3.1	218,327	19.63	579	¥ 4,441
	Purchased receivables for corporates,etc. (default risk)												
1	0.00 to < 0.15	9,576	—	—	9,576	0.07	0.0	32.53	3.3	2,273	23.74	2	
2	0.15 to < 0.25	28,827	—	—	28,827	0.21	0.0	32.53	1.9	8,668	30.07	20	
3	0.25 to < 0.50	2,191	—	—	2,191	0.32	0.0	32.53	4.3	1,213	55.39	2	
4	0.50 to < 0.75	4,404	—	—	4,404	0.56	0.0	32.53	3.6	2,837	64.41	8	
5	0.75 to < 2.50	23,774	—	—	23,774	1.79	0.0	32.47	4.0	22,688	95.42	138	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	68,774	—	—	68,774	0.76	0.0	32.51	3.0	37,681	54.79	171	40
	Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	22	—	—	22	0.06	0.0	100.00	1.0	6	29.46	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	1,140	—	—	1,140	0.25	0.0	99.97	1.0	886	77.73	0	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,162	—	—	1,162	0.25	0.0	99.98	1.0	893	76.79	0	—
Total (all portfolios)		¥ 14,179,334	¥ 3,186,348	75.67%	¥ 16,599,038	0.74%	3.8	30.47%	2.5	¥ 5,118,796	30.83%	¥ 35,314	¥ 68,719

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 15,626,944	¥ 23,073	80.39%	¥ 15,710,631	0.00%	0.1	44.99%	1.1	¥ 70,333	0.44%	¥ 86	
2	0.15 to < 0.25	0	—	—	0	0.21	0.0	45.00	1.0	0	31.87	0	
3	0.25 to < 0.50	56,709	1,526	75.00	22,190	0.30	0.0	42.97	1.9	11,410	51.42	29	
4	0.50 to < 0.75	0	—	—	0	0.56	0.0	45.00	1.0	0	55.62	0	
5	0.75 to < 2.50	20,856	84	100.00	3,351	1.78	0.0	44.74	2.2	3,573	106.60	26	
6	2.50 to < 10.00	10,260	—	—	1,250	8.98	0.0	1.25	4.6	58	4.68	1	
7	10.00 to < 100.00	10,640	—	—	10,640	34.71	0.0	45.00	4.9	28,235	265.35	1,662	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	15,725,411	24,683	80.12	15,748,065	0.02	0.1	44.98	1.1	113,611	0.72	1,806	¥ 2,850
	Financial Institution exposures												
1	0.00 to < 0.15	722,877	94,776	81.30	799,615	0.06	0.0	43.65	1.0	129,279	16.16	214	
2	0.15 to < 0.25	5,059	—	—	5,059	0.21	0.0	53.89	0.6	1,789	35.37	5	
3	0.25 to < 0.50	38,940	13,811	75.00	46,798	0.30	0.0	58.19	2.8	49,526	105.82	83	
4	0.50 to < 0.75	1,075	—	—	1,075	0.64	0.0	45.00	1.0	642	59.70	3	
5	0.75 to < 2.50	5,720	—	—	5,720	1.78	0.0	45.00	1.0	6,526	114.10	46	
6	2.50 to < 10.00	4,351	—	—	4,351	8.43	0.0	45.00	4.9	9,101	209.15	165	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	778,024	108,587	80.50	862,620	0.13	0.1	44.52	1.1	196,865	22.82	518	380
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	804,887	95,135	77.41	883,346	0.07	0.8	53.22	2.8	305,479	34.58	337	
2	0.15 to < 0.25	100,746	172	100.00	101,478	0.21	0.4	56.80	3.3	73,473	72.40	126	
3	0.25 to < 0.50	268,693	44,001	74.74	301,600	0.29	0.6	45.40	2.3	175,665	58.24	405	
4	0.50 to < 0.75	95,728	5,695	78.30	100,762	0.62	0.7	45.48	3.2	95,004	94.28	284	
5	0.75 to < 2.50	424,736	14,216	79.99	437,629	1.43	1.2	43.70	3.5	521,129	119.08	2,738	
6	2.50 to < 10.00	174,322	19,358	88.77	189,912	6.73	0.3	44.75	4.4	362,140	190.68	5,702	
7	10.00 to < 100.00	36,693	1,593	72.60	35,687	26.39	0.0	62.32	4.7	130,803	366.52	5,548	
8	100.00 (Default)	19,904	703	60.99	21,744	100.00	0.0	43.58	1.0	0	0.00	9,478	
9	Sub-total	1,925,713	180,877	78.12	2,072,162	2.53	4.4	49.15	3.1	1,663,697	80.28	24,622	13,129
	SME exposures												
1	0.00 to < 0.15	2	—	—	2	0.13	0.0	45.00	1.0	0	20.74	0	
2	0.15 to < 0.25	35	—	—	35	0.21	0.0	45.00	1.0	10	29.35	0	
3	0.25 to < 0.50	64	—	—	64	0.32	0.0	45.00	1.0	24	37.97	0	
4	0.50 to < 0.75	82,767	270	75.00	81,864	0.56	0.5	38.82	4.7	57,295	69.98	179	
5	0.75 to < 2.50	244,038	858	87.18	242,754	1.74	1.3	38.85	4.5	222,467	91.64	1,657	
6	2.50 to < 10.00	12,189	—	—	12,111	8.03	0.0	42.90	2.8	17,064	140.88	416	
7	10.00 to < 100.00	3,900	—	—	3,900	21.43	0.0	44.97	3.5	8,920	228.68	375	
8	100.00 (Default)	5,841	252	99.88	6,254	100.00	0.0	43.58	1.0	0	0.00	2,726	
9	Sub-total	348,840	1,381	87.12	346,989	3.67	1.9	39.14	4.4	305,783	88.12	5,356	513

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending												
1	0.00 to < 0.15	¥ 201	¥ —	—%	¥ 201	0.08%	0.0	45.00%	1.0	¥ 32	15.89%	¥ 0	
2	0.15 to < 0.25	68	—	—	68	0.21	0.0	45.00	1.0	21	31.87	0	
3	0.25 to < 0.50	60	—	—	60	0.32	0.0	45.00	1.0	24	40.94	0	
4	0.50 to < 0.75	86	—	—	86	0.56	0.0	45.00	1.0	47	55.62	0	
5	0.75 to < 2.50	23	—	—	23	1.59	0.0	45.00	1.0	19	86.78	0	
6	2.50 to < 10.00	1	—	—	1	8.23	0.0	45.00	1.0	1	161.92	0	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	440	—	—	440	0.33	0.1	45.00	1.0	148	33.65	0	¥ —
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,270,504	29	100.00	646,434	0.07	0.3	90.00	5.0	697,628	107.91	—	
2	0.15 to < 0.25	205,520	—	—	128,300	0.21	0.1	90.00	5.0	214,897	167.49	—	
3	0.25 to < 0.50	71,864	—	—	37,236	0.32	0.2	90.00	5.0	66,276	177.98	—	
4	0.50 to < 0.75	66,518	—	—	38,614	0.56	0.3	90.00	5.0	85,663	221.84	—	
5	0.75 to < 2.50	60,736	—	—	55,904	1.55	0.2	90.00	5.0	168,313	301.07	—	
6	2.50 to < 10.00	5,711	—	—	3,531	6.82	0.0	90.00	5.0	16,169	457.84	—	
7	10.00 to < 100.00	4,842	—	—	2,518	21.43	0.0	90.00	5.0	19,807	786.61	—	
8	100.00 (Default)	14	—	—	6	100.00	0.0	90.00	5.0	76	1,125.00	—	
9	Sub-total	1,685,714	29	100.00	912,546	0.30	1.3	90.00	5.0	1,268,832	139.04	—	
	Purchased receivables for corporates,etc. (default risk)												
1	0.00 to < 0.15	509,497	—	—	509,497	0.06	0.3	45.00	1.2	73,279	14.38	145	
2	0.15 to < 0.25	74,306	—	—	74,306	0.21	0.1	45.00	1.0	24,107	32.44	73	
3	0.25 to < 0.50	58,494	—	—	58,494	0.32	0.3	45.00	1.0	24,724	42.26	85	
4	0.50 to < 0.75	82,673	—	—	82,673	0.56	1.4	45.00	1.0	46,363	56.08	209	
5	0.75 to < 2.50	61,418	33	75.00	61,443	1.71	6.2	45.00	1.6	57,747	93.98	474	
6	2.50 to < 10.00	22,144	—	—	22,144	4.22	2.0	45.00	1.7	29,357	132.56	421	
7	10.00 to < 100.00	935	—	—	935	34.39	0.0	45.00	4.8	2,473	264.51	144	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	809,471	33	75.00	809,495	0.42	10.5	45.00	1.2	258,053	31.87	1,554	1,061
	Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	509,101	33	75.00	509,125	0.06	0.3	94.90	1.1	144,960	28.47	12	
2	0.15 to < 0.25	694	—	—	694	0.21	0.0	45.00	1.3	246	35.49	0	
3	0.25 to < 0.50	36,532	—	—	36,532	0.32	0.4	99.03	1.0	32,351	88.55	0	
4	0.50 to < 0.75	547	—	—	547	0.56	0.0	45.00	4.3	680	124.34	1	
5	0.75 to < 2.50	8,485	—	—	8,485	1.21	0.3	84.82	1.5	12,858	151.52	20	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	555,361	33	75.00	555,386	0.10	1.1	94.90	1.1	191,096	34.40	36	—

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	¥ 311
	Purchased receivables for retail (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	—	—	—	—	—	—	—	—	—	—	—	—
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	0	43,463	28.79	12,515	0.12	42.8	65.09	—	573	4.58	9	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	12,290	518,474	7.28	50,056	0.37	74.8	78.32	—	6,882	13.75	145	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	7,698	65,088	9.06	13,598	1.09	16.1	70.13	—	3,824	28.12	102	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	150	618	12.54	228	36.06	0.2	67.29	—	386	169.21	58	
8	100.00 (Default)	2	3,575	7.96	466	100.00	0.4	75.77	—	133	28.56	342	
9	Sub-total	20,142	631,219	8.95	76,864	1.16	134.6	74.67	—	11,800	15.35	658	419
	Residential mortgage exposures												
1	0.00 to < 0.15	3,400,605	20,621	100.00	3,421,226	0.11	122.7	20.62	—	179,455	5.24	778	
2	0.15 to < 0.25	2,663,867	235	100.00	2,664,196	0.19	127.0	18.96	—	194,905	7.31	959	
3	0.25 to < 0.50	1,961,274	2,778	100.00	1,964,063	0.35	102.9	19.02	—	223,943	11.40	1,298	
4	0.50 to < 0.75	711,339	84	100.00	711,423	0.52	46.2	21.31	—	122,946	17.28	802	
5	0.75 to < 2.50	128,144	20	100.00	128,165	0.95	12.6	23.78	—	36,779	28.69	288	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	76,334	26	100.00	76,360	20.59	4.0	20.15	—	86,403	113.15	3,251	
8	100.00 (Default)	32,996	35	100.00	34,467	100.00	2.0	22.48	—	9,525	27.63	6,987	
9	Sub-total	8,974,562	23,802	100.00	8,999,903	0.78	417.8	19.88	—	853,959	9.48	14,366	14,412

Foundation Internal Ratings-Based Approach (FIRB)

CR6

Millions of Yen, %, 1,000 cases, Year

		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Aver-age matu-rity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Other retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 26,787	23.29%	¥ 6,239	0.12%	24.5	25.32%	—	¥ 449	7.20%	¥ 1	
2	0.15 to < 0.25	31,464	—	—	31,464	0.23	34.1	88.97	—	12,636	40.16	65	
3	0.25 to < 0.50	261,321	—	—	261,321	0.35	133.4	58.22	—	87,721	33.56	535	
4	0.50 to < 0.75	305,569	742	100.00	306,417	0.58	54.6	33.78	—	80,589	26.30	598	
5	0.75 to < 2.50	153,121	145,993	28.96	195,425	1.18	292.5	65.09	—	136,119	69.65	1,557	
6	2.50 to < 10.00	63,669	11,818	75.96	72,647	4.41	26.4	47.14	—	49,802	68.55	1,466	
7	10.00 to < 100.00	3,551	778	91.66	4,318	39.17	0.9	36.96	—	3,560	82.45	747	
8	100.00 (Default)	11,970	1,455	36.34	16,671	100.00	5.1	45.13	—	4,972	29.82	7,127	
9	Sub-total	830,667	187,576	31.71	894,505	2.98	572.0	50.96	—	375,853	42.01	12,100	¥ 12,065
	Lease transactions												
1	0.00 to < 0.15	111,491	—	—	111,491	0.05	0.3	45.00	3.3	27,590	24.74	26	
2	0.15 to < 0.25	210,264	—	—	210,264	0.21	0.1	45.00	3.6	119,916	57.03	207	
3	0.25 to < 0.50	22,899	—	—	22,899	0.32	0.1	45.00	1.9	11,828	51.65	33	
4	0.50 to < 0.75	21,142	—	—	21,142	0.56	0.2	45.00	2.4	15,428	72.97	53	
5	0.75 to < 2.50	50,417	—	—	50,417	1.56	0.3	45.00	3.3	55,591	110.26	355	
6	2.50 to < 10.00	2,849	—	—	2,849	7.35	0.0	45.00	2.5	4,627	162.37	94	
7	10.00 to < 100.00	758	—	—	758	21.43	0.0	45.00	2.7	1,695	223.59	73	
8	100.00 (Default)	30	—	—	763	100.00	0.0	45.00	1.0	0	0.00	343	
9	Sub-total	419,854	—	—	420,587	0.62	1.4	45.00	3.3	236,679	56.27	1,188	3,018
Total (all portfolios)		¥ 32,139,145	¥ 1,158,224	33.63%	¥ 31,764,520	0.56%	1,166.6	40.53%	1.6	¥ 5,502,671	17.32%	¥ 62,360	¥ 48,163

Note: "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of yen	
		March 31, 2018	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 113,406	¥ 113,406
2	Sovereign Exposures – AIRB	16,567	16,567
3	Financial Institution Exposures – FIRB	197,058	197,058
4	Financial Institution Exposures – AIRB	135,777	135,777
5	Corporate exposures (excluding specialised lending) – FIRB	1,969,493	1,969,493
6	Corporate exposures (excluding specialised lending) – AIRB	4,709,549	4,709,549
7	Specialised lending – FIRB	2,058,069	2,058,069
8	Specialised lending – AIRB	218,327	218,327
9	Retail – Qualifying revolving retail exposures	11,800	11,800
10	Retail – Residential mortgage exposures	853,959	853,959
11	Retail – Other retail exposures	375,853	375,853
12	Equity Exposures – FIRB	1,569,003	1,569,003
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	475,440	475,440
15	Purchased receivables – AIRB	38,574	38,574
16	Total	¥ 12,742,882	¥ 12,742,882

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR8: RWA flow statements of credit risk exposures under IRB

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

Entities subject to AIRB and FIRB

CR9		%, Cases											
		March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)											
a	b	c					d	e	f		g	h	i
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	AAA~ B-	Aaa~ B3	AAA~ B-	AAA~ BB+	AAA~ BBB-	0.03%	0.19%	449	534	0	0	0.00%	1.1%
Financial Institution Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AA+~ BB-	AAA~ BB	0.13	0.39	413	417	0	0	0.00	2.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~ A-	Aaa~ A3	—	AAA~ AA-	AAA~ AA	0.02	0.02	340	347	0	0	0.00	51.7
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.07	0.07	432	431	0	0	0.00	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.21	0.23	2,034	2,127	0	0	0.01	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	1.03	1.34	4,336	4,527	4	0	0.19	
	> 5% to <100%	—	—	—	—	—	15.35	9.49	273	275	7	0	2.96	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	23	24	0	0	0.00	8.4
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.07	0.07	80	99	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.27	0.27	164	191	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.73	2.55	452	606	0	0	0.06	
	> 15% to <100%	—	—	—	—	—	34.12	34.12	18	16	4	0	13.53	
Purchased receivables for corporates,etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.64	1.60	2,457	2,880	6	0	0.81	0.1
Qualifying revolving retail exposures	≥ 0% to 2%						0.61	0.40	29,845	38,251	23	0	0.11	0.0
	> 2% to < 100%						25.78	25.78	199	127	34	0	12.93	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	422,049	454,449	443	1	0.10	8.0
	> 2% to < 100%						22.04	22.10	4,965	4,071	558	0	12.25	
Other retail exposures	≥ 0% to 3%						0.71	0.53	45,914	43,623	234	0	0.40	0.5
	> 3% to < 100%						25.25	26.47	353	217	70	0	15.47	

Entities subject to FIRB

CR9

%, Cases

March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)

a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	—	—	—	AAA~ BBB+	AAA~ A-	0.02%	0.07%	132	164	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~ BB-	AAA~ BB	0.06	0.15	8	7	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~ AA-	AAA~ AA	0.03	0.03	51	54	0	0	0.00	4.0
	> 0.03% to 0.1%	—	—	—	A+~ A-	AA-~ A	0.07	0.07	97	101	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~ BBB-	A-~ BBB	0.22	0.24	532	522	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~ BB-	BBB-~ BB	1.26	1.31	980	972	9	2	0.61	
	> 5% to < 100%	—	—	—	—	—	8.53	8.13	167	182	8	1	5.26	
Qualifying revolving retail exposures	≥ 0% to 1%						0.45	0.45	91,714	86,392	316	35	0.27	0.1
	> 1% to < 100%						83.70	83.10	93	86	69	0	70.78	
Residential mortgage exposures	≥ 0% to 2%						0.72	0.79	12,857	12,841	38	0	0.35	0.4
	> 2% to < 100%						25.78	25.78	263	263	35	0	13.16	
Other retail exposures	≥ 0% to 5%						1.13	0.96	334,782	335,513	1,861	78	0.60	2.3
	> 5% to < 100%						45.26	63.58	881	795	436	2	45.56	

Notes: 1. On the previous page, Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd. and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.), subject to FIRB, are counted.

2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates,etc. subject to top-down approach)," the same rating system (same PD) is used, and so these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese".

3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.

4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2016. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2016 to the end of September 2017.

5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

6. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2017) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).

7. In the ">5% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

CR10: IRB – Specialised Lending (Supervisory Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.)

CR10 — Millions of Yen, %

March 31, 2018

a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD)					Credit RWA amounts	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	¥ 38,217	¥ 2,409	50%	¥ 22,750	¥ 9,295	¥ —	¥ 8,003	¥ 40,049	¥ 20,024	¥ —
	2.5 years≤	415,524	125,850	70%	314,443	195,346	—	—	509,790	356,853	2,039
Good	< 2.5 years	88,982	26,733	70%	27,185	54,393	—	27,454	109,033	76,323	436
	2.5 years≤	659,617	219,429	90%	527,311	219,529	—	77,056	823,897	741,507	6,591
Satisfactory		222,981	50,244	115%	129,014	103,711	—	26,834	259,561	298,495	7,267
Weak		59,989	18,394	250%	29,967	43,817	—	—	73,785	184,463	5,902
Default		796	—	—	796	—	—	—	796	—	398
Total		¥ 1,486,109	¥ 443,060	—	¥ 1,051,470	¥ 626,095	¥ —	¥ 139,348	¥ 1,816,913	¥ 1,677,668	¥ 22,635
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	46,928	—	70%					46,928	32,849	187
	2.5 years≤	—	—	95%					—	—	—
Good	< 2.5 years	5,605	807	95%					6,211	5,900	24
	2.5 years≤	36,291	41,385	120%					67,330	80,797	269
Satisfactory		95,503	120,952	140%					186,218	260,705	5,214
Weak		—	—	250%					—	—	—
Default		—	—	—					—	—	—
Total		¥ 184,329	¥ 163,145	—					¥ 306,688	¥ 380,253	¥ 5,695
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		32,450	43,690	300%					76,141	228,424	
Simple risk weight method – Unlisted shares		17,883	70	400%					17,936	71,747	
Internal Models Approach		—	—	—					—	—	
Total		¥ 50,334	¥ 43,761	—					¥ 94,078	¥ 300,171	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

CCR1		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Replacement cost	Potential future exposure (add-on)	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	260,603	451,258			711,861	230,244
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					495,314	78,932
5	Exposure variation estimation model					—	—
6	Total						¥ 309,176

CCR2: Credit valuation adjustment (CVA) capital charge

CCR2		Millions of yen	
		March 31, 2018	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	764,477	389,775
5	Total portfolios subject to the CVA capital charge	¥ 764,477	¥ 389,775

CCR3: CCR exposures by regulatory portfolio and risk weights

CCR3		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio \ Risk weight	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	309,813	—	—	—	—	—	309,813
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 309,813	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 309,813

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR4: IRB – CCR exposures by portfolio and PD scale

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
	Sovereign exposures							
1	0.00 to < 0.15	¥ 53,226	0.01%	0.0	28.55%	1.9	¥ 4,405	8.27%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	10	0.30	0.0	45.00	1.0	3	39.38
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	198	34.71	0.0	45.00	4.9	525	265.40
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	53,435	0.14	0.0	28.59	1.9	4,934	9.23
	Financial Institution exposures							
1	0.00 to < 0.15	424,890	0.05	0.1	8.64	2.4	96,513	22.71
2	0.15 to < 0.25	4,520	0.21	0.0	22.23	3.7	2,677	59.22
3	0.25 to < 0.50	16,167	0.32	0.0	33.32	3.4	13,611	84.18
4	0.50 to < 0.75	1,493	0.56	0.0	35.08	3.2	1,236	82.77
5	0.75 to < 2.50	2,422	1.37	0.0	44.82	3.2	2,777	114.65
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	449,495	0.07	0.1	9.00	2.4	116,816	25.98
	Corporate exposures and SME exposures							
1	0.00 to < 0.15	239,339	0.06	0.3	10.59	2.6	61,914	25.86
2	0.15 to < 0.25	39,778	0.21	0.1	45.00	3.6	22,413	56.34
3	0.25 to < 0.50	11,102	0.32	0.1	45.00	4.1	7,996	72.02
4	0.50 to < 0.75	8,509	0.56	0.1	45.00	3.8	7,420	87.19
5	0.75 to < 2.50	15,208	1.71	0.1	45.00	4.1	19,379	127.42
6	2.50 to < 10.00	2,629	6.07	0.0	45.00	3.8	4,491	170.78
7	10.00 to < 100.00	75	21.43	0.0	45.00	1.8	149	197.03
8	100.00 (Default)	18	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	316,664	0.25	0.9	12.94	2.9	123,765	39.08
Total (all portfolios)		¥ 819,595	0.14%	1.1	10.76%	2.6	¥ 245,516	29.95%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR5: Composition of collateral for CCR exposure

CCR5		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 142,839	¥ —	¥ 170,831	¥ 11,233	¥ 624,048
2	Cash (other currency)	—	2,107	—	9,727	1,484,921	75,062
3	Domestic sovereign debt	—	1,962	—	—	31,412	176,461
4	Other sovereign debt	—	—	—	—	1,075,532	2,155,200
5	Government agency debt	—	—	—	—	744,639	450,053
6	Corporate bonds	—	—	—	—	18,701	—
7	Equity securities	—	—	—	6,815	489,077	708,781
8	Other collateral	—	—	—	—	—	10,482
9	Total	¥ —	¥ 146,910	¥ —	¥ 187,375	¥ 3,855,518	¥ 4,200,089

CCR6: Credit derivatives exposures

CCR6		Millions of yen	
		March 31, 2018	
		a	b
Item No.		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 77,900	¥ 81,400
2	Index credit default swaps	—	—
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 77,900	¥ 81,400
	Fair values		
7	Positive fair value (asset)	19	1,436
8	Negative fair value (liability)	(1,351)	(20)

CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of yen	
		March 31, 2018	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 26,351
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	865,436	17,308
3	(i) OTC derivatives	738,880	14,777
4	(ii) Exchange-traded derivatives	123,281	2,465
5	(iii) Repo transactions	3,275	65
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	14,127	282
9	Pre-funded default fund contributions	3,944	8,760
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

SEC1: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the amount of credit risk-weighted assets only)

SEC1		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 47,056	¥ —	¥ 47,056	¥ 111,752	¥ —	¥ 111,752	¥ 201,504	¥ —	¥ 201,504
2	Residential mortgage	47,056	—	47,056	98,753	—	98,753	86,006	—	86,006
3	Credit card	—	—	—	2,131	—	2,131	28,027	—	28,027
4	Other retail exposures	—	—	—	10,867	—	10,867	87,471	—	87,471
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	¥ 9,962	¥ —	¥ 9,962	¥ 1,091	¥ —	¥ 1,091	¥ 424,355	¥ —	¥ 424,355
7	Loans to corporates	—	—	—	—	—	—	395,593	—	395,593
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	9,962	—	9,962	—	—	—	28,435	—	28,435
10	Other wholesale	—	—	—	1,091	—	1,091	—	—	—
11	Re-securitisation	—	—	—	—	—	—	326	—	326

SEC2: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the market risk equivalent amounts only)

Not applicable.

SEC3: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as originator or sponsor)

SEC3		Millions of yen														
		March 31, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥137,002	¥137,002	¥137,002	¥135,911	¥1,091	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	15,076	15,076	15,076	15,076	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	13,734	13,734	13,734	3,772	9,962	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	4,048	4,048	4,048	4,048	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	112,704	112,704	112,704	111,613	1,091	—	—	—	—	—	—	—	—	—	—
7	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	53,109	53,109	53,109	43,146	9,962	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	4,048	4,048	4,048	4,048	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	8,054	8,054	8,054	7,978	76	—	—	—	—	—	—	—	—	—	—
11	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	38,548	38,548	38,548	15,413	23,134	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	50,604	50,604	50,604	50,604	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	683	683	683	676	6	—	—	—	—	—	—	—	—	—	—
15	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	3,268	3,268	3,268	1,307	1,961	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	4,291	4,291	4,291	4,291	—	—	—	—	—	—	—	—	—	—	—

SEC4: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as investor)

SEC4		Millions of yen														
		March 31, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total	Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
	Exposure values (by RW bands)															
1	≤ 20% risk weight	¥594,093	¥594,093	¥594,093	¥194,076	¥400,016	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	4,730	4,730	4,403	4,403	—	326	—	326	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	27,036	27,036	27,036	3,024	24,012	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	386,981	386,981	386,654	120,983	265,671	326	—	326	—	—	—	—	—	—	—
7	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	238,879	238,879	238,879	80,521	158,358	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	29,079	29,079	28,981	10,313	18,667	98	—	98	—	—	—	—	—	—	—
11	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	33,074	33,074	33,074	8,708	24,366	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	2,465	2,465	2,457	874	1,583	8	—	8	—	—	—	—	—	—	—
15	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	2,804	2,804	2,804	738	2,066	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank Holiding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

MR1: Market risk under standardised approach

MR1		Millions of yen
		March 31, 2018
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,706
2	Equity risk (general and specific)	—
3	Foreign exchange risk	14,882
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	150,657
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 170,246

MR2: RWA flow statements of market risk exposures under Internal Model Approaches (IMA)

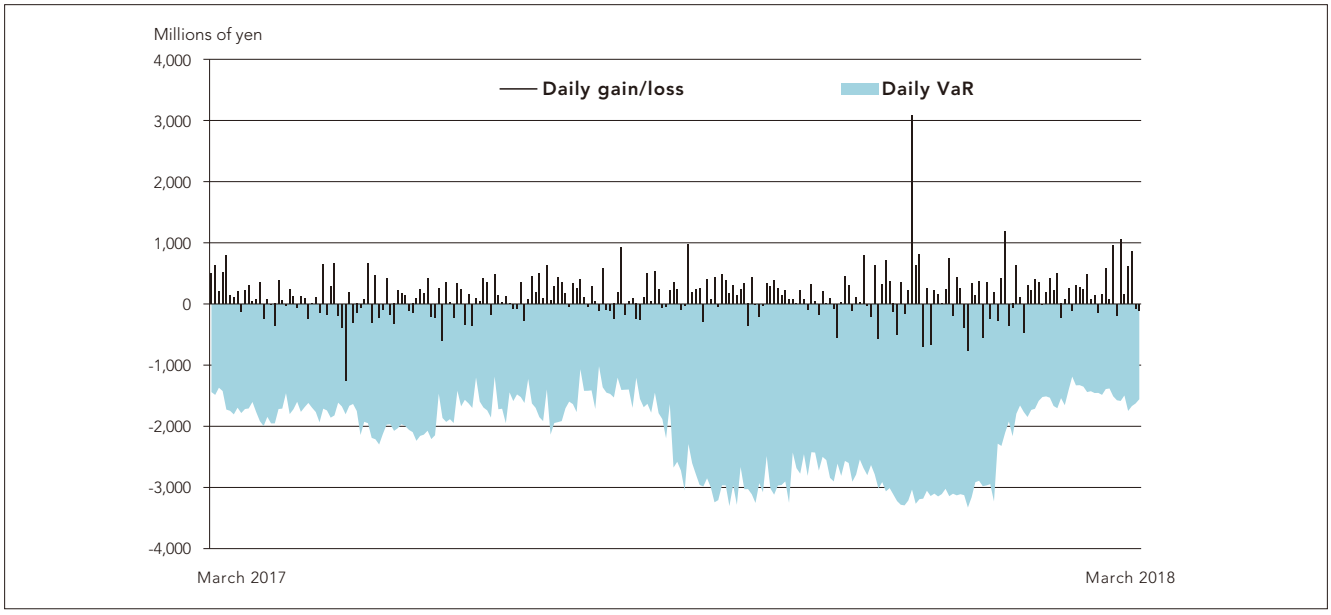
The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3		Millions of yen
Item No.		March 31, 2018
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 8,961
2	Average value	5,621
3	Minimum value	2,649
4	Period end	4,794
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	25,568
6	Average value	15,416
7	Minimum value	4,807
8	Period end	17,290
	Incremental risk charge (one-sided confidence interval: 99.9%)	
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
	Comprehensive risk capital charge (one-sided confidence interval: 99.9%)	
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardised measurement method)	—

MR4: Backtesting results by Internal Model Approaches (IMA)

MR4	March 31, 2018



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

IRRBB1: Interest rate risk

IRRBB1		Millions of yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
1	Parallel up	¥ 83,542		¥ (69,811)	
2	Parallel down	23,176		69,354	
3	Steepener	24,055			
4	Flattener	46,918			
5	Short rate up	56,021			
6	Short rate down	5,618			
7	Maximum	83,542		69,354	
		e		f	
		March 31, 2018		March 31, 2017	
8	Tier 1 Capital	¥ 2,630,475			

Composition of Leverage Ratio

Consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table 2)	Basel III Template No. (Table 1)	Items	2018	2017
		On-Balance Sheet Exposures		
1		On-Balance Sheet Exposures before Deducting Adjustment Items	**¥ 52,455,012**	¥ 50,159,820
1a	1	Total Assets Reported in the Consolidated Balance Sheet	**54,810,805**	52,540,547
1b	2	The Amount of Assets of Subsidiaries that are not Included in the Scope of the Leverage Ratio on a Consolidated Basis (Deduction)	**—**	—
1c	7	The Amount of Assets of Subsidiaries that are Included in the Scope of the Leverage Ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet)	**—**	—
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction)	**2,355,792**	2,380,727
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)	**283,619**	244,764
3		Total On-Balance Sheet Exposures (A)	**52,171,392**	49,915,055
		Exposures Related to Derivative Transactions		
4		Replacement Cost Associated with Derivatives Transactions, etc.	**351,450**	492,046
5		Add-On Amount Associated with Derivatives Transactions, etc.	**890,937**	1,005,688
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	**565,540**	473,833
6		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework	**—**	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)	**207,575**	225,097
8		The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	**81,400**	80,698
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	**81,400**	77,900
11	4	Total Exposures Related to Derivative Transactions (B)	**1,600,354**	1,749,269
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	**687,580**	548,844
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	**—**	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	**168,492**	77,155
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	**856,072**	625,999
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	**7,238,625**	7,355,855
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	**4,593,377**	4,709,025
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	**2,645,248**	2,646,829
		Leverage Ratio on a Consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	**2,630,475**	2,445,723
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	**¥ 57,273,067**	¥ 54,937,154
22		Leverage Ratio on a Consolidated Basis (G) = (E)/(F)	**4.59%**	4.45%

Liquidity Coverage Ratio (LCR) Consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2017 4th Quarter		Fiscal Year 2017 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 15,286,840		¥ 15,101,090
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,557,173	¥ 779,425	¥ 17,606,209	¥ 788,616
3	of which: Stable deposits	623,200	18,696	613,121	18,393
4	of which: Less stable deposits	7,567,290	760,729	7,663,915	770,223
5	Cash outflows related to unsecured wholesale funding	12,295,501	8,482,353	11,834,835	8,192,349
6	of which: Qualifying operational deposits	0	0	0	0
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	10,281,931	6,468,783	9,532,881	5,890,395
8	of which: Debt securities	2,013,570	2,013,570	2,301,954	2,301,954
9	Cash outflows related to secured funding, etc.		39,491		41,760
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,293,376	1,294,669	5,412,830	1,348,552
11	of which: Cash outflows related to derivative transactions, etc.	516,681	516,681	556,746	556,746
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	4,776,695	777,988	4,856,084	791,806
14	Cash outflows related to contractual funding obligations, etc.	554,421	344,052	466,497	309,072
15	Cash outflows related to contingencies	10,530,663	22,863	10,423,011	23,027
16	Total cash outflows		10,962,853		10,703,376
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	15,596	12,972	83,491	78,865
18	Cash inflows related to collection of loans, etc.	4,700,474	2,965,021	4,521,634	2,814,343
19	Other cash inflows	384,867	283,519	325,832	229,039
20	Total cash inflows	5,100,937	3,261,512	4,930,957	3,122,247
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		15,286,840		15,101,090
22	Net cash outflows		7,701,341		7,581,129
23	Consolidated Liquidity Coverage Ratio (LCR)		198.4		199.1
24	The number of data used to calculate the average value		59		62

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the required criteria and we do not expect the LCR to significantly fluctuate from the current level. Furthermore, the actual LCR is not significantly different form our forecast.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality assets and net cash outflows in major currencies.

(4) Other items concerning LCR

We apply neither the "treatment for qualifying operational deposit" nor the "additional collateral required to market valuation changes based on the scenario approach" on a consolidated basis.

Furthermore, taking account of the impact to LCR, we are using month-end data in lieu of daily data for the consolidated subsidiary companies of minor importance with practical restrictions.

Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)

Capital Adequacy

Consolidated

Amounts of Required Capital

(1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

As of March 31	Millions of Yen 2017
Portfolios to Which the Standardised Approach is Applied	¥ 51,386
Exposures to Business Units Set for Phased Roll-out Application	18,498
Exposures Excluded from Application	32,887
Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio	1,226,291
Corporate Exposures	885,016
Sovereign Exposures	14,865
Financial Institution Exposures	39,807
Residential Mortgage Exposures	113,469
Qualifying Revolving Retail Exposures	1,528
Other Retail Exposures	25,436
Other Exposures*1	146,167
Securitisation Exposures	14,317

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, lease transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardised Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitisation exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

As of March 31	Millions of Yen 2017
Equity Exposures	¥ 133,204
PD/LGD Approach	109,938
Simple Risk-Weight Method of the Market-based Approach	23,265
Internal Model Method of the Market-based Approach	—

Note: The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%

(3) Amounts of required capital against credit risk concerning exposures held in funds

As of March 31	Millions of Yen 2017
Exposures Held in Funds*	¥ 146,066

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(4) Amounts of required capital against market risk

As of March 31	Millions of Yen 2017
Market Risk	¥ 44,118
Amounts of Required Capital by Category under the Standardised Approach	9,245
Interest Rate Risk	5,490
Equity Position Risk	—
Foreign Exchange Risk	3,755
Commodities Risk	—
Options Transactions	—
Internal Model Approach	34,872

(5) Amounts of required capital against operational risk

As of March 31	Millions of Yen 2017
Operational Risk	¥ 77,316
Advanced Measurement Approach	64,577
Standardised Approach	—
Basic Indicator Approach	12,739

(6) Consolidated total required capital

As of March 31	Millions of Yen 2017
Consolidated Total Required Capital*	¥ 1,543,290

Note: (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

	Millions of Yen					
	2017					
	Credit Risk Exposures					Exposures Three Months or Longer Overdue or Exposures in Default
As of March 31		Loans, Call Loans, Deposits, etc.	Securities	Derivative Transactions	Other Off-balance Sheet Transactions	
Japan	¥ 42,984,217	¥ 37,355,585	¥ 2,080,541	¥ 360,706	¥ 3,187,383	¥ 122,780
Outside Japan	6,712,758	4,775,873	1,171,821	377,644	387,419	17,290
Total for Geographic Regions	¥ 49,696,975	¥ 42,131,458	¥ 3,252,363	¥ 738,350	¥ 3,574,802	¥ 140,070
Manufacturing	4,432,685	2,857,543	477,882	29,033	1,068,226	15,193
Agriculture and Forestry	5,743	5,594	—	115	34	974
Fisheries	67	27	40	—	—	—
Mining and Quarrying of Stones and Gravel	22,924	7,949	152	—	14,823	—
Construction	238,317	149,663	25,319	898	62,436	16
Electricity, Gas, Heat Supply and Water	1,106,849	902,828	16,617	12,044	175,357	—
Information and Communication	600,715	540,700	6,203	1,212	52,599	—
Transport and Postal Activities	1,444,060	1,164,539	156,282	21,341	101,897	379
Wholesale and Retail Trade	1,902,812	1,477,611	109,985	4,706	310,510	2,313
Finance and Insurance	2,450,418	1,538,643	416,215	226,943	268,616	278
Real Estate	3,888,029	3,150,645	408,856	28,462	300,065	14,889
Goods Rental and Leasing	877,450	806,928	7,579	1,000	61,941	237
Local Public Bodies	100,738	85,285	4,790	—	10,662	—
Individuals	9,449,180	9,316,921	—	—	132,259	69,912
Others	23,176,981	20,126,578	1,622,437	412,592	1,015,373	35,874
Total for Industry Sectors	¥ 49,696,975	¥ 42,131,458	¥ 3,252,363	¥ 738,350	¥ 3,574,802	¥ 140,070
To 1 year	8,020,118	6,042,210	585,913	202,438	1,189,554	
> 1 year to 3 years	5,894,270	4,566,576	270,577	113,643	943,473	
> 3 years to 5 years	17,994,466	17,007,300	344,337	135,059	507,769	
> 5 years	17,788,121	14,515,371	2,051,536	287,208	934,005	
Total for Residual Maturity	¥ 49,696,975	¥ 42,131,458	¥ 3,252,363	¥ 738,350	¥ 3,574,802	
Average Balance during the Period	¥ 48,443,132	¥ 40,563,902	¥ 3,524,919	¥ 805,239	¥ 3,549,071	

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as phased application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2016, September 30, 2016 and March 31, 2017.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

(1) General allowance for loan losses

	Millions of Yen	
	2017	Change
As of March 31	Balance	
General Allowance for Loan Losses	¥ 97,567	¥ 29,469

(2) Specific allowance for loan losses (breakdown by region, industry sector)

As of March 31	Millions of Yen	
	2017	Change
	Balance	
Japan	¥ 15,260	¥ (4,164)
Outside Japan	2,966	(340)
Total for Geographic Regions	¥ 18,227	¥ (4,504)
Manufacturing	4,899	(56)
Agriculture and Forestry	1	0
Fisheries	—	—
Mining and Quarrying of Stones and Gravel	—	—
Construction	15	(30)
Electricity, Gas, Heat Supply and Water	128	121
Information and Communication	8	(2)
Transport and Postal Activities	3,403	(1,576)
Wholesale and Retail Trade	424	(428)
Finance and Insurance	184	(37)
Real Estate	342	(149)
Goods Rental and Leasing	5	(39)
Local Public Bodies	—	—
Individuals	4,650	(141)
Others	4,160	(2,162)
Total for Industry Sectors	¥ 18,227	¥ (4,504)

Note: "Others" in the industry sectors include non-residents and state public services.

(3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2017.

Amounts of Written-off Loans by Industry Sector

Years Ended March 31	Millions of Yen
	2017
Manufacturing	¥ 155
Agriculture and Forestry	1
Fisheries	—
Mining and Quarrying of Stones and Gravel	0
Construction	—
Electricity, Gas, Heat Supply and Water	8
Information and Communication	26
Transport and Postal Activities	1,103
Wholesale and Retail Trade	4
Finance and Insurance	2
Real Estate	12
Goods Rental and Leasing	—
Local Public Bodies	—
Individuals	3,118
Others	341
Total for Industry Sectors	¥ 4,776

Note: "Others" in the industry sectors include non-residents and state public services.

Balance of Exposures to which the Standardised Approach is Applied by Risk-Weight Category

	Millions of Yen	
	2017	
As of March 31		Subject to Rating
Balance of Exposures to which the Standardised Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	¥ 1,201,174	¥ 11,228
0%	179,932	—
10%	—	—
20%	412,399	476
35%	—	—
50%	72,796	10,605
75%	—	—
100%	536,045	146
150%	—	—
Amounts of exposures with 1,250% risk-weight applied	—	

Exposures to which the IRB Approach is Applied

		Millions of Yen
As of March 31		2017
Specialised Lending under the Slotting Criteria		¥ 1,981,778
High-Volatility Commercial Real Estate Exposures		293,840
Maturities of 2.5 Years or Longer		261,730
Strong	95%	34,230
Good	120%	71,238
Satisfactory	140%	156,261
Weak	250%	—
Default	0%	—
Maturities of Less than 2.5 Years		32,110
Strong	70%	—
Good	95%	2,650
Satisfactory	140%	29,460
Weak	250%	—
Default	0%	—
Other Exposures		¥ 1,687,937
Maturities of 2.5 Years or Longer		1,586,337
Strong	70%	498,350
Good	90%	785,887
Satisfactory	115%	234,411
Weak	250%	63,705
Default	0%	3,981
Maturities of Less than 2.5 Years		101,600
Strong	50%	32,067
Good	70%	39,054
Satisfactory	115%	18,190
Weak	250%	12,287
Default	0%	—
Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied		¥ 83,687
300%		60,390
400%		23,297

Portfolios to which the IRB Approach is Applied

(1) Corporate exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.38%	32.89%		38.50%	¥ 14,377,572	¥ 2,790,421	¥ 2,197,575	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	16.92%	33.89%		175.60%	447,029	123,020	85,907	75.00%
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	37.61%	36.29%	17.42%	57,141	9,350	—	—
Total	1.28%	32.94%		42.81%	¥ 14,881,744	¥ 2,922,792	¥ 2,283,482	75.00%

(2) Sovereign exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.00%	44.01%		0.78%	¥ 16,068,663	¥ 121,276	¥ 23,747	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	34.12%	45.00%		282.38%	11,227	695	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.03%	44.01%		0.99%	¥ 16,079,890	¥ 121,972	¥ 23,747	75.00%

(3) Financial Institution exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.15%	40.82%		29.14%	¥ 1,090,259	¥ 572,782	¥ 74,577	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	—	—		—	—	—	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.15%	40.82%		29.14%	¥ 1,090,259	¥ 572,782	¥ 74,577	75.00%

(4) Equity exposures under the PD/LGD Approach

As of March 31	Millions of Yen 2017		
	Weighted Average of PD Value	Weighted Average of Risk-Weight	Balance
Ordinary Assets (Seijo-Saki)	0.22%	145.11%	¥ 924,530
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	12.90%	630.57%	4,729
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	1,192.50%	240
Total	0.31%	147.85%	¥ 929,500

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

(5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

As of March 31	Millions of Yen 2017 Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value On-balance Sheet Asset Items	EAD Value Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Residential Mortgage								
Current	0.23%	26.86%		12.15%	¥ 8,371,334	¥ 28,198	¥ 740	100.00%
Overdue	21.34%	27.47%		163.67%	83,823	101	22	100.00%
Default	100.00%	29.22%	21.71%	99.46%	35,889	23	—	—
Qualifying Revolving Retail								
Current	0.48%	73.98%		15.85%	19,947	44,089	463,864	9.50%
Overdue	32.27%	69.21%		193.52%	241	123	747	16.54%
Default	100.00%	76.79%	74.01%	36.74%	254	201	2,357	8.54%
Other Retail (consumer)								
Current	0.79%	61.06%		46.41%	158,009	56,159	177,707	28.56%
Overdue	31.76%	37.00%		96.16%	849	650	145	22.81%
Default	100.00%	44.83%	34.22%	140.58%	3,187	301	1,094	22.51%
Other Retail (commercial)								
Current	0.95%	33.97%		30.62%	374,674	2,554	1,490	100.00%
Overdue	35.44%	31.64%		83.97%	2,580	9	9	100.00%
Default	100.00%	35.63%	33.19%	32.37%	10,378	183	33	100.00%
Total	1.03%	28.31%		15.57%	¥ 9,061,172	¥ 132,596	¥ 648,214	15.08%

Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

Years Ended March 31	Millions of Yen 2017 Actual Credit Losses	Provisions	Reversals	Change in Actual Credit Losses
Corporate Exposures	¥ 24,827	¥ 38,173	¥ (13,345)	¥ 12,744
Sovereign Exposures	(1,040)	27	(1,068)	(5,043)
Financial Institution Exposures	2	2	—	2
Retail Exposures	4,303	5,976	(1,672)	(5,774)

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Actual credit losses in FY2016 increased by ¥1.9 billion year on year. This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of specific obligors in our corporate exposures.

Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

Years Ended March 31	Millions of Yen 2017 Actual Credit Losses	2016 Estimated Credit Losses
Corporate Exposures	¥ 24,827	¥ 95,361
Sovereign Exposures	(1,040)	2,168
Financial Institution Exposures	2	1,244
Retail Exposures	4,303	25,751

Notes: 1. Estimated credit losses for fiscal year 2015 are the expected loss amount as of March 31, 2016.
2. Actual credit losses for fiscal year 2016 are the sum of the losses for the most recent one-year period ended March 31, 2017.

Years Ended March 31	Millions of Yen	
	2016	2015
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 12,082	¥ 125,792
Sovereign Exposures	4,002	516
Financial Institution Exposures	0	1,297
Retail Exposures	10,078	26,223

Notes: 1. Estimated credit losses for fiscal year 2014 are the expected loss amount as of March 31, 2015.
2. Actual credit losses for fiscal year 2015 are the sum of the losses for the most recent one-year period ended March 31, 2016.

Years Ended March 31	Millions of Yen	
	2015	2014
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (5,897)	¥ 174,308
Sovereign Exposures	(88)	351
Financial Institution Exposures	(1)	974
Retail Exposures	1,920	35,799

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

Years Ended March 31	Millions of Yen	
	2014	2013
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (7,351)	¥ 203,334
Sovereign Exposures	(4)	473
Financial Institution Exposures	(23)	880
Retail Exposures	905	28,148

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

Years Ended March 31	Millions of Yen	
	2013	2012
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (2,417)	¥ 188,743
Sovereign Exposures	(10)	316
Financial Institution Exposures	(1)	1,033
Retail Exposures	1,244	34,400

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

Years Ended March 31	Millions of Yen	
	2012	2011
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 16,832	¥ 195,979
Sovereign Exposures	4,749	230
Financial Institution Exposures	(135)	3,395
Retail Exposures	2,576	35,841

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

Credit Risk Mitigation Techniques — Consolidated

Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

As of March 31	Millions of Yen 2017 Eligible Financial Collateral	Other Eligible Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardised Approach is Applied	¥ 1,004,309	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	2,146,703	212,786	327,980	—
Corporate Exposures	509,908	207,996	181,269	—
Sovereign Exposures	23,618	4,790	146,710	—
Financial Institution Exposures	1,613,176	—	—	—
Retail Exposures	—	—	—	—

Counterparty Risk in Derivative and Long-term Settlement Transactions — Consolidated

Derivative Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ 1,587,695
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	882,716
Foreign Exchange Related	1,043,506
Interest Rate Related	1,340,146
Credit Derivatives	18,994
Others	333
Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction)	1,520,264
Amounts of Collateral	143,725
Deposits	137,065
Securities	6,660
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	738,990
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	151,636
Purchasing Protection by Credit Default Swaps	76,736
Providing Protection by Credit Default Swaps	74,900
Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique	—

Note: Credit equivalents are calculated with the current exposure approach.

Long-term Settlement Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ —
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11
Amounts of Collateral	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11

Note: Credit equivalents are calculated with the current exposure approach.

Securitisation Exposures

Consolidated

Securitisation Exposures Originated by the SuMi TRUST Bank Group

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitisations during fiscal year 2016, type and status of main principal underlying assets

Not applicable.

(2) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

	Millions of Yen				
	2017				
	Exposure Amounts		Aggregate Sum of Underlying Assets		
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions		Asset Transfer-Type Securitisation Transactions	Synthetic Securitisation Transaction
Securitisation Exposures except Resecuritisation Exposures	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —
Residential Mortgage Loans	54,466	—	216,748	216,748	—
Others	—	—	—	—	—
Resecuritisation Exposures	—	—	—	—	—
Total	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —

(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitisation exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

	Millions of Yen	
	2017	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses
Residential Mortgage Loans	¥ 161	¥ (42)
Others	—	—
Total	¥ 161	¥ (42)

(4) Amounts of assets held for the purpose of securitisation transactions and breakdown of principal assets by type

Not applicable.

(5) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen 2017 Balance On-balance Sheet Transactions	Balance Off-balance Sheet Transactions	Required Capital On-balance Sheet Transactions	Required Capital Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 54,466	¥ —	¥ 5,797	¥ —
Less than 20%	—	—	—	—
20% to Less than 50%	32,262	—	1,020	—
50% to Less than 100%	14,829	—	649	—
100% to Less than 350%	3,897	—	440	—
350% to Less than 1,250%	—	—	—	—
1,250%	3,478	—	3,687	—
Resecuritisation Exposures (IRB Approach)	—	—	—	—
Less than 20%	—	—	—	—
20% to Less than 50%	—	—	—	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 54,466	¥ —	¥ 5,797	¥ —

(6) Amounts equivalent to the increase in capital following securitisation and breakdown by type of principal underlying assets

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 2,368
Others	—
Total	¥ 2,368

(7) Amounts of securitisation exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 3,478
Others	—
Total	¥ 3,478

(8) Items by type of principal underlying assets of securitisation exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitisation transactions recognized during fiscal year 2016 and breakdown by type of principal underlying assets

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Securitisation Exposures Purchased by the SuMi TRUST Bank Group

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

As of March 31	Millions of Yen	
	2017	
	Exposure Amounts	
	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures	¥ 817,698	¥ 66,656
Residential Mortgage Loans	187,073	10,869
Credit Card Loans	21,399	508
Claims on Lease Payments, Installment Receivables	150,982	18,650
Commercial Real Estate-Secured Loans	16,676	—
Other Claims on Corporates	441,566	36,627
Resecuritisation Exposures	2,014	—
Securitisation Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets	5	—
Securitisation Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets	—	—
Securitisation Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets	2,008	—
Total	¥ 819,712	¥ 66,656

(2) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen			
	2017			
	Balance		Required Capital	
	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 817,698	¥ 66,656	¥ 7,449	¥ 1,016
Less than 20%	778,428	54,585	4,788	324
20% to Less than 50%	12,768	742	242	22
50% to Less than 100%	9,639	11,327	497	670
100% to Less than 350%	16,676	—	1,724	—
350% to Less than 1,250%	—	—	—	—
1,250%	184	—	195	—
Resecuritisation Exposures (IRB Approach)	2,014	—	54	—
Less than 20%	—	—	—	—
20% to Less than 50%	2,014	—	54	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 819,712	¥ 66,656	¥ 7,503	¥ 1,016

(3) Amounts of securitisation exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

	Millions of Yen
As of March 31	2017
Residential Mortgage Loans	¥ 184
Credit Card Loans	—
Claims on Lease Payments, Installment Receivables	—
Commercial Real Estate-Secured Loans	—
Other Claims on Corporates	—
Total	¥ 184

(4) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Market Risk

Consolidated

(1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
VaR in Banking Account	¥ 802.4	¥ 1,122.8	¥ 802.4	¥ 983.2
VaR in Trading Account	5.4	7.2	3.4	5.1

VaR Measurement Standards

Banking account Confidence interval: one-tailed 99% Holding period: 21 business days to 1 year Observation period: 1 year
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

(2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
Stressed VaR in Trading Account	¥ 5.7 [1.8]	¥ 9.8 [3.1]	¥ 3.8 [1.2]	¥ 6.3 [2.0]

Stressed VaR Measurement Standards

Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year
The figures inside the square brackets above denote stressed VaR in a case where the holding period is one business day.

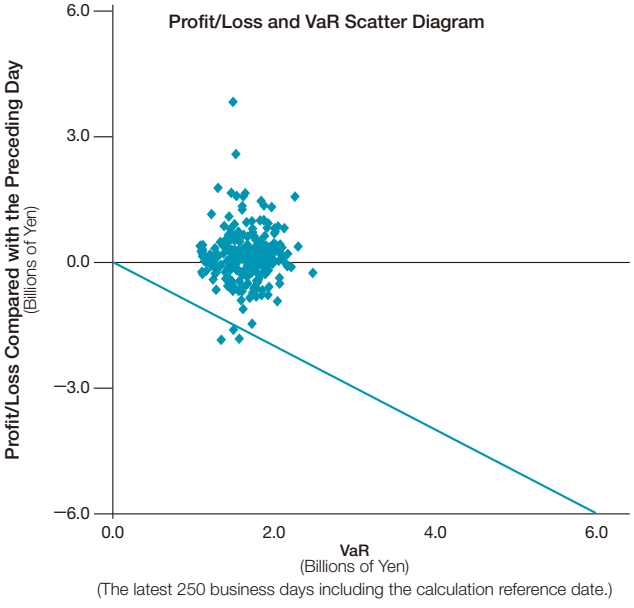
(3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2017.

(4) Results of back testing and reasons for large downward deviations between actual losses and VaR

• Back testing of the trading account

Fiscal Year 2016



(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2016 back testing of the trading accounts shows three instances of losses in excess of VaR.

Capital Subscriptions or Equity Exposures in the Banking Account — Consolidated

	Millions of Yen			
	2017			
As of March 31	Book Value		Fair Value	
Consolidated Book and Fair Values*1				
Listed Shares Exposures	¥ 1,418,188		¥ 1,418,188	
Capital Subscriptions or Equity Exposures Other than Above	58,980		58,980	
Amounts of Gains/Losses on Sales and Write-offs	Gains/Losses	Gains	Losses	Write-offs
of Capital Subscriptions or Equity Exposures*2	37,828	47,399	5,723	3,848
Amounts of Unrealized Gains/Losses Recognized				
in the Consolidated Balance Sheets and not Recognized				
in the Consolidated Statements of Income	756,983			
Amounts of Unrealized Gains/Losses not Recognized				
in the Consolidated Balance Sheets and Statements of Income	Not applicable			

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Consolidated statements of income show gains/losses on stockholdings and related write-offs.

	Millions of Yen
As of March 31	2017
Amounts by Portfolio Category	¥ 1,013,158
Portfolios Adopting the Market-based Approach	83,687
Portfolios Adopting the PD/LGD Approach	929,471

Note: Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Bank Group Regarding Interest Rate Risk in the Banking Account — Consolidated

• Outlier ratios

	Millions of Yen
As of March 31	2017
Overall Amounts of Interest Rate Risk	¥ 103,347
Japanese Yen Interest Rates	5,251
U.S. Dollar Interest Rates	95,002
Other Interest Rates	3,093
Outlier Ratios	3.4%

Note: The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)

KM1: Key Metrics

Non-consolidated

KM1		Millions of yen, %				
Basel III Template No.		a	b	c	d	e
		March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,121,524	¥ 2,125,555	¥ 2,068,378	¥ 2,036,847	¥ 1,998,019
2	Tier 1	2,521,524	2,523,428	2,466,308	2,414,818	2,375,146
3	Total capital	3,040,753	3,119,794	3,053,988	3,007,045	2,931,258
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	20,004,551	20,340,884	18,859,250	18,728,873	18,844,212
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	10.60%	10.44%	10.96%	10.87%	10.60%
6	Tier 1 ratio (%)	12.60%	12.40%	13.07%	12.89%	12.60%
7	Total capital ratio (%)	15.20%	15.33%	16.19%	16.05%	15.55%

KM1		Millions of yen, %				
Basel III Template No.		Fiscal Year 2017 4th Quarter	Fiscal Year 2017 3rd Quarter	Fiscal Year 2017 2nd Quarter	Fiscal Year 2017 1st Quarter	Fiscal Year 2016 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 15,114,946	¥ 14,929,778	¥ 14,009,355	¥ 12,428,147	¥ 11,750,054
16	Net cash outflows	6,843,119	6,734,654	6,199,270	5,777,070	5,563,154
17	Non-consolidated LCR (%)	220.8%	221.6%	225.9%	215.1%	211.2%

Composition of Capital (Non-consolidated BIS capital adequacy ratio)

Non-consolidated

As of March 31		Millions of Yen, %			
Basel III Template No.	Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Common Equity Tier 1 Capital: Instruments and Reserves				
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	**¥ 1,774,728**		¥ 1,768,900	
1a	of Which: Capital Stock and Capital Surplus	**798,270**		834,289	
2	of Which: Retained Earnings	**1,067,787**		1,004,857	
1c	of Which: Treasury Stock (Deduction)	**—**		—	
26	of Which: Earnings to be Distributed (Deduction)	**91,329**		70,246	
	of Which: Others	**—**		—	
1b	Subscription Rights to Common Shares	**—**		—	
3	Valuation and Translation Adjustments	**506,307**		376,569	¥ 94,142
	Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements			—	
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,281,036**		2,145,469	
	Common Equity Tier 1 Capital: Regulatory Adjustments				
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**46,463**		50,655	12,663
8	of Which: Goodwill (Including Those Equivalent)	**—**		—	—
9	of Which: Other Intangible Assets	**46,463**		50,655	12,663
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**		—	—
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	**(16,274)**		(10,724)	(2,681)
12	Shortfall of Eligible Provisions to Expected Losses	**15,557**		11,218	2,804
13	Securitisation Gain on Sale	**1,918**		2,050	512
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities	**—**		—	—
15	Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	**111,846**		88,970	22,242
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	**—**		—	—
17	Reciprocal Cross-Holdings in Common Equity	**—**		—	—
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)	**—**		5,279	1,319
19+20+21	Amount above the 10% Threshold on the Specified Items	**—**		—	—
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**		—	—
20	of Which: Mortgage Servicing Rights	**—**		—	—
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**		—	—
22	Amount Exceeding the 15% Threshold on the Specified Items	**—**		—	—
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**—**		—	—
24	of Which: Mortgage Servicing Rights	**—**		—	—
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**—**		—	—
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions	**—**		—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments (B)	**159,511**		147,449	
	Common Equity Tier 1 Capital (CETI)				
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 2,121,524**		¥ 1,998,019	

As of March 31			Millions of Yen, %			
Basel III Template No.		Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
Additional Tier 1 Capital: Instruments						
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —		¥ —	
	31b	Subscription Rights to Additional Tier 1 Instruments	—		—	
	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**290,000**		220,000	
		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		—	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	**110,000**		160,000	
		Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements			(0)	
		of Which: Foreign Currency Translation Adjustment			(0)	
36		Additional Tier 1 Capital: Instruments (D)	**400,000**		379,999	
Additional Tier 1 Capital: Regulatory Adjustments						
37		Investments in Own Additional Tier 1 Instruments	—		—	¥ —
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—		—	—
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—		958	239
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
		Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements			1,914	
		of Which: Equivalent to Capital Increase Due to Securitisation Transactions			512	
		of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,402	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—		—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—		2,873	
Additional Tier 1 Capital (ATI)						
44		Additional Tier 1 Capital (F) = (D) – (E)	**400,000**		377,126	
Tier 1 Capital (TI = CETI + ATI)						
45		Tier 1 Capital (G) = (C) + (F)	**2,521,524**		2,375,146	
Tier 2 Capital: Instruments and Provisions						
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—		—	
		Subscription Rights to Tier 2 Instruments	—		—	
		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	**220,000**		140,000	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		—	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2	**299,228**		361,498	
50		Provisions Allowed in Group Tier 2	—		—	
50a		of Which: General Allowance for Credit Losses	—		—	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	—		—	
		Amount Allowed in Group Tier 2 Subject to Transitional Arrangements			62,825	
		of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities			62,650	
		of Which: 45% of Revaluation Reserve for Land			175	
51		Tier 2 Capital: Instruments and Provisions (H)	¥ **519,228**		¥ 564,324	

As of March 31			Millions of Yen, %			
Basel III Template No.	Items		2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Tier 2 Capital: Regulatory Adjustments					
52	Investments in Own Tier 2 Instruments		¥ —		¥ —	¥ —
53	Reciprocal Cross-Holdings in Tier 2 Instruments		—		—	—
54	Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)		—		6,644	1,661
55	Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions		—		—	—
	Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements				1,568	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions				166	
	of which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses				1,402	
57	Tier 2 Capital: Regulatory Adjustments	(I)	—		8,213	
	Tier 2 Capital (TII)					
58	Tier 2 Capital	(J) = (H) – (I)	**519,228**		556,111	
	Total Capital (TC = T1 + TII)					
59	Total Capital	(K) = (G) + (J)	**3,040,753**		2,931,258	
	Total Risk Weighted Assets					
	Risk Weighted Assets Subject to Transitional Arrangements				41,944	
	of Which: Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)				12,663	
	of Which: Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities)				22,242	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions				7,037	
60	Total Risk Weighted Assets	(L)	**20,004,551**		18,844,212	
	Capital Ratios (Consolidated)					
61	Common Equity Tier 1 Capital Ratio (C)/(L)		**10.60%**		10.60%	
62	Tier 1 Capital Ratio (G)/(L)		**12.60%**		12.60%	
63	Total Capital Ratio (K)/(L)		**15.20%**		15.55%	
	Regulatory Adjustments (before Risk Weighting)					
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)		**179,485**		206,189	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)		**52,960**		42,002	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)		—		—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)		—		—	
	Provisions Included in Tier 2 Capital: Instruments and Provisions					
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)		—		—	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach		**1,880**		2,471	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)		—		—	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach		**105,346**		101,470	
	Capital Instruments Subject to Phase out Arrangements					
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements		**155,600**		194,500	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)		—		—	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements		**343,163**		428,954	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)		¥ —		¥ —	

Note: SuMi TRUST Bank received an external audit by KPMG AZSA LLC of the calculation of the non-consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the non-consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the non-consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the non-consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Non-consolidated

Fiscal Year 2017

Items	Non-consolidated Balance Sheet Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 15,408,170		
Call Loans	92,951		
Receivables under Resale Agreements	63,531		
Receivables under Securities Borrowing Transactions	624,048		
Monetary Claims Bought	67,769		
Trading Assets	470,899		
Money Held in Trust	99		
Securities	5,972,337	6–a	
Loans and Bills Discounted	28,259,093	6–b	
Foreign Exchanges	25,554		
Other Assets	1,428,871	6–c	
Tangible Fixed Assets	198,328		
Buildings	65,183		
Land	113,911		
Lease Assets	4,694		
Construction in Progress	82		
Other	14,455		
Intangible Fixed Assets	66,969	2	
Software	63,367		
Other	3,601		
Prepaid Pension Expenses	161,208	3	
Customers' Liabilities for Acceptances and Guarantees	398,773		
Allowance for Loan Losses	(77,169)		
Total Assets	¥ 53,161,437		

Items	Non-consolidated Balance Sheet Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 29,392,255		
Negotiable Certificates of Deposit	6,758,936		
Call Money	494,864		
Payables under Repurchase Agreements	1,454,855		
Payables under Securities Lending Transactions	41,299		
Trading Liabilities	266,148		
Borrowed Money*	4,367,179	7	
Foreign Exchanges	1,984		
Short-term Bonds Payable	605,290		
Bonds Payable	944,966		
Borrowed Money from Trust Account	5,172,463		
Other Liabilities	695,820	6–d	
Provision for Bonuses	8,923		
Provision for Director's Bonuses	78		
Provision for Retirement Benefits	724		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Loss	4,628		
Deferred Tax Liabilities	173,412	4–a	
Deferred Tax Liabilities for Land Revaluation	3,016	4–b	
Acceptances and Guarantees	398,773		
Total Liabilities	50,789,170		
(Net Assets)			
Capital Stock	342,037	1–a	
Capital Surplus	456,233	1–b	
Retained Earnings	1,067,688	1–c	
Total Shareholders' Equity	1,865,959		
Valuation Difference on Available-for-Sale Securities	525,874		
Deferred Gains or Losses on Hedges	(18,154)	5	
Revaluation Reserve for Land	(1,412)		
Total Valuation and Translation Adjustments	506,307		3
Total Net Assets	2,372,266		
Total Liabilities and Net Assets	¥ 53,161,437		

Note: The item "borrowed money" includes ¥160,000 million in subordinate debt, and of the total of eligible tier 1 capital instruments subject to phase out from additional Tier 1 capital, in the disclosure of the composition of capital, "borrowed money" is included in the total of core additional Tier 1 capital.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	456,233		1–b
Retained Earnings	1,067,688		1–c
Total Shareholders' Equity	¥ 1,865,959		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,866,058	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	798,270		1a
of Which: Retained Earnings	1,067,787		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 66,969		2
Associated Deferred Tax Liabilities	20,505		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ —		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	46,463	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-benefit pension fund net assets (prepaid pension Expenses)

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Prepaid Pension Expenses	¥ 161,208		3
Associated Deferred Tax Liabilities	49,362		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	¥ 111,846		15

4. Deferred tax assets

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Liabilities	¥ 173,412		4–a
Deferred Tax Liabilities for Land Revaluation	3,016		4–b
Associated Intangible Fixed Assets	20,505		
Associated Prepaid Pension Expenses	49,362		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ —	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (18,154)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (16,274)	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

6. Investments in the capital of financial entities

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,972,337		6–a
Loans and Bills Discounted	28,259,093	Including subordinated loans	6–b
Other Assets	1,428,871	Including derivatives	6–c
Other Liabilities	¥ 695,820	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	179,485		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital	—		54
Amount below the Thresholds for Deduction (before Risk Weighting)	179,485		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	52,960		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	52,960		73

7. Other Capital Instruments

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,367,179		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 290,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	220,000		46

Fiscal Year 2016

Items	Non-consolidated Balance Sheet Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 13,963,744		
Call Loans	64,706		
Receivables under Resale Agreements	83,888		
Receivables under Securities Borrowing Transactions	464,956		
Monetary Claims Bought	92,904		
Trading Assets	663,043		
Money Held in Trust	99		
Securities	5,518,947	6–a	
Loans and Bills Discounted	28,158,969	6–b	
Foreign Exchanges	16,189		
Other Assets	1,187,878	6–c	
Tangible Fixed Assets	200,957		
Buildings	65,439		
Land	114,010		
Lease Assets	5,852		
Construction in Progress	710		
Other	14,944		
Intangible Fixed Assets	91,265	2	
Software	86,907		
Lease Assets	181		
Other	4,176		
Prepaid Pension Expenses	160,295	3	
Customers' Liabilities for Acceptances and Guarantees	391,434		
Allowance for Loan Losses	(90,030)		
Total Assets	¥ 50,969,247		

Items	Non-consolidated Balance Sheet Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 29,019,323		
Negotiable Certificates of Deposit	7,523,217		
Call Money	400,164		
Payables under Repurchase Agreements	1,063,737		
Payables under Securities Lending Transactions	13,699		
Trading Liabilities	366,879		
Borrowed Money*	3,365,201	7	
Foreign Exchanges	2,240		
Short-term Bonds Payable	418,862		
Bonds Payable	1,029,093		
Borrowed Money from Trust Account	3,973,623		
Other Liabilities	920,767	6–d	
Provision for Bonuses	9,018		
Provision for Director's Bonuses	91		
Provision for Retirement Benefits	695		
Provision for Reimbursement of Deposits	3,583		
Provision for Contingent Loss	7,774		
Deferred Tax Liabilities	147,097	4–a	
Deferred Tax Liabilities for Land Revaluation	3,016	4–b	
Acceptances and Guarantees	391,434		
Total Liabilities	48,659,522		
(Net Assets)			
Capital Stock	342,037	1–a	
Capital Surplus	492,252	1–b	
Retained Earnings	1,004,722	1–c	
Total Shareholders' Equity	1,839,012		
Valuation Difference on Available-for-Sale Securities	487,623		
Deferred Gains or Losses on Hedges	(15,844)	5	
Revaluation Reserve for Land	(1,067)		
Total Valuation and Translation Adjustments	470,711		3
Total Net Assets	2,309,724		
Total Liabilities and Net Assets	¥ 50,969,247		

Note: The item "borrowed money" includes ¥160,000 million in subordinate debt, and of the total of eligible tier 1 capital instruments subject to phase out from additional Tier 1 capital, in the disclosure of the composition of capital, "borrowed money" is included in the total of core additional Tier 1 capital.

(Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

1. Shareholders' equity

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	492,252		1–b
Retained Earnings	1,004,722		1–c
Total Shareholders' Equity	¥ 1,839,012		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,839,147	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	834,289		1a
of Which: Retained Earnings	1,004,857		2
of Which: Treasury Stock (Deduction)	—		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 91,265		2
Associated Deferred Tax Liabilities	27,945		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ —		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	63,319	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-benefit pension fund net assets (prepaid pension Expenses)

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Prepaid Pension Expenses	¥ 160,295		3
Associated Deferred Tax Liabilities	49,082		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	¥ 111,212		15

4. Deferred tax assets

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Liabilities	¥ 147,097		4–a
Deferred Tax Liabilities for Land Revaluation	3,016		4–b
Associated Intangible Fixed Assets	27,945		
Associated Prepaid Pension Expenses	49,082		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ —	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (15,844)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (13,406)	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

6. Investments in the capital of financial entities

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,518,947		6–a
Loans and Bills Discounted	28,158,969	Including subordinated loans	6–b
Other Assets	1,187,878	Including derivatives	6–c
Other Liabilities	¥ 920,767	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	222,292		
Common Equity Tier 1 Capital	6,599		18
Additional Tier 1 Capital	1,197		39
Tier 2 Capital	8,305		54
Amount below the Thresholds for Deduction (before Risk Weighting)	206,189		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	42,002		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	42,002		73

7. Other Capital Instruments

(1) Balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 3,365,201		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 220,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	140,000		46

Disclosure Data Designated as Per the Appended Forms

Non-consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1 Basel III Template No.		Millions of yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
1	Credit risk (excluding counterparty credit risk)	¥ 13,676,818		¥ 1,148,991	
2	of Which: Standardised Approach (SA)	921		73	
3	of Which: Internal Ratings-Based (IRB) Approach	11,426,339		968,953	
	of Which: Significant investments in commercial entities	—		—	
	of Which: Lease residual value	—		—	
	Other assets	2,249,557		179,964	
4	Counterparty credit risk (CCR)	661,357		54,086	
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	—		—	
	of Which: Current Exposure Method (CEM)	228,300		19,359	
6	of Which: Expected Positive Exposure (EPE)	—		—	
	of Which: Credit Valuation Adjsutment (CVA)	389,662		31,173	
	of Which: Central Counterparty (CCP)	26,351		2,108	
	Others	17,042		1,445	
7	Equity positions in banking book under market-based approach	238,803		20,250	
	Equity investment in funds (SA)	—		—	
	Equity investment in funds (IRB)	2,417,814		205,030	
11	Settlement risk	—		—	
12	Securitisation exposures in banking book	122,223		10,364	
13	of Which: IRB Ratings-Based Approach (RBA)	31,147		2,641	
14	of Which: IRB Supervisory Formula Approach (SFA)	42,207		3,579	
15	of Which: Standardised Approach (SA)	—		—	
	of Which: subject to 1,250% risk weight	48,868		4,144	
16	Market risk	1,148,998		91,919	
17	of Which: Standardised Approach (SA)	155,363		12,429	
18	of Which: Internal Model Approaches (IMA)	993,634		79,490	
19	Operational risk	731,276		58,502	
20	of Which: Basic Indicator Approach (BIA)	428		34	
21	of Which: The Standardised Approach (TSA)	—		—	
22	of Which: Advanced Measurement Approach (AMA)	730,847		58,467	
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	132,290		11,218	
	Amounts included under transitional arrangements	—		—	
24	Floor adjustment	—		—	
25	Total (after applying scaling factor)	¥ 20,004,551		¥ 1,600,364	

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

IRRBB1: Interest rate risk

IRRBB1		Millions of yen			
		a	b	c	d
Item No.		⊿EVE		⊿NII	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
1	Parallel up	**¥ 74,382**		**¥ (70,971)**	
2	Parallel down	**32,336**		**70,515**	
3	Steepener	**24,055**			
4	Flattener	**45,617**			
5	Short rate up	**51,166**			
6	Short rate down	**5,618**			
7	Maximum	**74,382**		**70,515**	
		e		f	
		March 31, 2018		March 31, 2017	
8	Tier 1 Capital	**¥ 2,521,524**			

Liquidity Coverage Ratio (LCR) Non-consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a non-consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2017 4th Quarter		Fiscal Year 2017 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 15,114,946		¥ 14,929,778
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,557,278	¥ 779,441	¥ 17,606,344	¥ 788,640
3	of which: Stable deposits	623,200	18,696	613,121	18,393
4	of which: Less stable deposits	7,567,395	760,745	7,664,050	770,246
5	Cash outflows related to unsecured wholesale funding	12,030,902	8,182,023	11,529,767	7,856,640
6	of which: Qualifying operational deposits	0	0	0	0
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	10,148,934	6,300,055	9,378,265	5,705,138
8	of which: Debt securities	1,881,968	1,881,968	2,151,502	2,151,502
9	Cash outflows related to secured funding, etc.		39,491		41,760
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	4,713,940	1,271,144	4,845,111	1,325,461
11	of which: Cash outflows related to derivative transactions, etc.	516,671	516,671	556,733	556,733
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	4,197,269	754,473	4,288,378	768,728
14	Cash outflows related to contractual funding obligations, etc.	440,797	230,419	351,549	194,119
15	Cash outflows related to contingencies	12,285,249	22,870	12,167,267	23,057
16	Total cash outflows		10,525,388		10,229,677
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	15,596	12,972	83,491	78,865
18	Cash inflows related to collection of loans, etc.	5,064,782	3,355,584	4,836,846	3,155,325
19	Other cash inflows	415,061	313,713	357,626	260,833
20	Total cash inflows	5,495,439	3,682,269	5,277,963	3,495,023
Non-consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		15,114,946		14,929,778
22	Net cash outflows		6,843,119		6,734,654
23	Non-consolidated Liquidity Coverage Ratio (LCR)		220.8		221.6
24	The number of data used to calculate the average value		59		62

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a non-consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

The LCR satisfies the required criteria and we do not expect the LCR to significantly fluctuate from the current level. Furthermore, the actual LCR is not significantly different from our forecast.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality assets and net cash outflows in major currencies.

(4) Other items concerning LCR

We apply neither the "treatment for qualifying operational deposit" nor the "additional collateral required to market valuation changes based on the scenario approach."

Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)

Capital Adequacy

Non-consolidated

Amounts of Required Capital

(1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

As of March 31	Millions of Yen 2017
Portfolios to Which the Standardised Approach is Applied	¥ 17,599
Exposures to Business Units Set for Phased Roll-out Application	—
Exposures Excluded from Application	17,599
Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio	1,226,315
Corporate Exposures	855,044
Sovereign Exposures	14,858
Financial Institution Exposures	39,335
Residential Mortgage Exposures	107,012
Qualifying Revolving Retail Exposures	503
Other Retail Exposures	8,775
Other Exposures*1	200,786
Securitisation Exposures	¥ 13,097

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardised Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitisation exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

As of March 31	Millions of Yen 2017
Equity Exposures	¥ 127,750
PD/LGD Approach	109,348
Simple Risk-Weight Method of the Market-based Approach	18,401
Internal Model Method of the Market-based Approach	—

* The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%

(3) Amounts of required capital against credit risk concerning exposures held in funds

	Millions of Yen
As of March 31	2017
Exposures Held in Funds*	¥ 146,063

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(4) Amounts of required capital against market risk

	Millions of Yen
As of March 31	2017
Market Risk	¥ 43,048
Amounts of Required Capital by Category under the Standardised Approach	8,176
Interest Rate Risk	5,490
Equity Position Risk	—
Foreign Exchange Risk	2,686
Commodities Risk	—
Options Transactions	—
Internal Model Approach	34,872

(5) Amounts of required capital against operational risk

	Millions of Yen
As of March 31	2017
Operational Risk	¥ 57,976
Advanced Measurement Approach	57,976
Standardised Approach	—
Basic Indicator Approach	—

(6) Total required capital

	Millions of Yen
As of March 31	2017
Total Required Capital*	¥ 1,507,537

* (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

Credit Risk

Non-consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

As of March 31	Millions of Yen					
	2017					
	Credit Risk Exposures					Exposures Three Months or Longer Overdue or Exposures in Default
		Loans, Call Loans, Deposits, etc.	Securities	Derivative Transactions	Other Off-balance Sheet Transactions	
Japan	¥ 40,610,978	¥ 35,115,221	¥ 2,028,917	¥ 360,471	¥ 3,106,368	¥ 78,228
Outside Japan	6,523,211	4,611,196	1,146,950	377,644	387,419	8,414
Total for Geographic Regions	¥ 47,134,189	¥ 39,726,418	¥ 3,175,868	¥ 738,115	¥ 3,493,788	¥ 86,642
Manufacturing	4,150,598	2,575,456	477,882	29,033	1,068,226	15,188
Agriculture and Forestry	5,102	4,953	—	115	34	974
Fisheries	41	0	40	—	—	—
Mining and Quarrying of Stones and Gravel	22,908	7,933	152	—	14,823	—
Construction	219,278	130,624	25,319	898	62,436	16
Electricity, Gas, Heat Supply and Water	1,096,499	892,478	16,617	12,044	175,357	—
Information and Communication	465,082	405,352	5,919	1,212	52,599	—
Transport and Postal Activities	1,412,906	1,133,384	156,282	21,341	101,897	379
Wholesale and Retail Trade	1,666,187	1,240,985	109,985	4,706	310,510	2,313
Finance and Insurance	2,395,909	1,502,472	398,112	226,707	268,616	278
Real Estate	3,749,524	3,012,140	408,856	28,462	300,065	14,889
Goods Rental and Leasing	845,374	774,856	7,575	1,000	61,941	237
Local Public Bodies	66,317	50,864	4,790	—	10,662	—
Individuals	8,629,741	8,578,495	—	—	51,246	38,188
Others	22,408,716	19,416,419	1,564,333	412,592	1,015,371	14,176
Total for Industry Sectors	¥ 47,134,189	¥ 39,726,418	¥ 3,175,868	¥ 738,115	¥ 3,493,788	¥ 86,642
To 1 year	7,283,718	5,334,967	556,757	202,438	1,189,554	
> 1 year to 3 years	5,693,769	4,366,170	270,565	113,559	943,473	
> 3 years to 5 years	17,650,364	16,677,263	330,329	135,001	507,769	
> 5 years	16,506,336	13,348,016	2,018,214	287,114	852,990	
Total for Residual Maturity	¥ 47,134,189	¥ 39,726,418	¥ 3,175,868	¥ 738,115	¥ 3,493,788	
Average Balance during the Period	¥ 46,093,892	¥ 38,368,193	¥ 3,454,831	¥ 804,929	¥ 3,465,938	

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., and purchased receivables.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2016, September 30, 2016 and March 31, 2017.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

(1) General allowance for loan losses

As of March 31	Millions of Yen	
	2017	Change
	Balance	
General Allowance for Loan Losses	¥ 79,336	¥ 27,914

(2) Specific allowance for loan losses (breakdown by region, industry sector)

As of March 31	Millions of Yen	
	2017	Change
	Balance	
Japan	¥ 7,727	¥ (1,848)
Outside Japan	2,966	(340)
Total for Geographic Regions	¥ 10,693	¥ (2,189)
Manufacturing	4,699	(20)
Agriculture and Forestry	—	—
Fisheries	—	—
Mining and Quarrying of Stones and Gravel	—	—
Construction	—	—
Electricity, Gas, Heat Supply and Water	—	—
Information and Communication	—	(2)
Transport and Postal Activities	—	—
Wholesale and Retail Trade	410	(266)
Finance and Insurance	172	(47)
Real Estate	312	(66)
Goods Rental and Leasing	—	—
Local Public Bodies	—	—
Individuals	1,064	237
Others	4,033	(2,024)
Total for Industry Sectors	¥ 10,693	¥ (2,189)

Note: "Others" in the industry sectors include non-residents and state public services.

(3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2017.

Amounts of Written-off Loans by Industry Sector

Years Ended March 31	Millions of Yen
	2017
Manufacturing	¥ 97
Agriculture and Forestry	—
Fisheries	—
Mining and Quarrying of Stones and Gravel	—
Construction	—
Electricity, Gas, Heat Supply and Water	—
Information and Communication	—
Transport and Postal Activities	—
Wholesale and Retail Trade	—
Finance and Insurance	—
Real Estate	—
Goods Rental and Leasing	—
Local Public Bodies	—
Individuals	6
Others	274
Total for Industry Sectors	¥ 378

Note: "Others" in the industry sectors include non-residents and state public services.

Balance of Exposures to which the Standardised Approach is Applied by Risk-Weight Category

	Millions of Yen	
	2017	
As of March 31		Subject to Rating
Balance of Exposures to which the Standardised Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	¥ 223,945	¥ —
0%	—	—
10%	—	—
20%	4,943	—
35%	—	—
50%	—	—
75%	—	—
100%	219,002	—
150%	—	—
Amounts of exposures with 1,250% risk-weight applied	—	

Exposures to which the IRB Approach is Applied

		Millions of Yen
As of March 31		2017
Specialised Lending under the Slotting Criteria		¥ 1,981,778
High-Volatility Commercial Real Estate Exposures		293,840
Maturities of 2.5 Years or Longer		261,730
Strong	95%	34,230
Good	120%	71,238
Satisfactory	140%	156,261
Weak	250%	—
Default	0%	—
Maturities of Less than 2.5 Years		32,110
Strong	70%	—
Good	95%	2,650
Satisfactory	140%	29,460
Weak	250%	—
Default	0%	—
Other Exposures		¥ 1,687,937
Maturities of 2.5 Years or Longer		1,586,337
Strong	70%	498,350
Good	90%	785,887
Satisfactory	115%	234,411
Weak	250%	63,705
Default	0%	3,981
Maturities of Less than 2.5 Years		101,600
Strong	50%	32,067
Good	70%	39,054
Satisfactory	115%	18,190
Weak	250%	12,287
Default	0%	—
Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied		¥ 64,812
300%		42,245
400%		22,566

Portfolios to which the IRB Approach is Applied

(1) Corporate exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.37%	32.69%		38.04%	¥ 14,094,009	¥ 2,790,421	¥ 2,197,575	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	17.44%	33.27%		174.98%	414,548	123,020	85,907	75.00%
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	35.35%	33.54%	24.05%	38,811	9,350	—	—
Total	1.17%	32.71%		42.21%	¥ 14,547,369	¥ 2,922,792	¥ 2,283,482	75.00%

(2) Sovereign exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.00%	44.01%		0.78%	¥ 16,057,242	¥ 121,276	¥ 23,747	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	34.12%	45.00%		282.38%	11,227	695	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.03%	44.01%		0.99%	¥ 16,068,469	¥ 121,972	¥ 23,747	75.00%

(3) Financial Institution exposures

As of March 31	Millions of Yen 2017							
	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value: On-balance Sheet Asset Items	EAD Value: Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.16%	40.78%		29.07%	¥ 1,073,807	¥ 572,546	¥ 74,577	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	—	—		—	—	—	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.16%	40.78%		29.07%	¥ 1,073,807	¥ 572,546	¥ 74,577	75.00%

(4) Equity exposures under the PD/LGD Approach

As of March 31	Millions of Yen 2017		
	Weighted Average of PD Value	Weighted Average of Risk-Weight	Balance
Ordinary Assets (Seijo-Saki)	0.22%	144.78%	¥ 921,518
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	12.90%	630.53%	4,729
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	1,192.50%	240
Total	0.31%	147.53%	¥ 926,487

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

(5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

As of March 31	Millions of Yen 2017 Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	EAD Value On-balance Sheet Asset Items	EAD Value Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Residential Mortgage								
Current	0.22%	26.84%		11.84%	¥ 8,215,408	¥ 27,156	¥ 740	100.00%
Overdue	21.20%	27.46%		163.38%	80,481	101	22	100.00%
Default	100.00%	28.34%	19.89%	111.95%	30,285	23	—	—
Qualifying Revolving Retail								
Current	0.57%	68.39%		15.33%	6,664	13,344	45,394	29.40%
Overdue	24.93%	68.13%		204.77%	227	91	311	29.40%
Default	100.00%	68.25%	62.63%	74.35%	68	37	127	29.40%
Other Retail (consumer)								
Current	1.26%	34.50%		32.89%	44,396	8,919	34,898	25.16%
Overdue	26.21%	36.82%		96.04%	740	36	145	22.81%
Default	100.00%	36.08%	22.12%	184.97%	2,180	301	1,094	22.51%
Other Retail (commercial)								
Current	0.62%	30.18%		25.87%	192,162	1,083	118	100.00%
Overdue	23.36%	30.18%		75.73%	739	—	—	—
Default	100.00%	30.32%	25.54%	63.31%	5,140	150	0	100.00%
Total	0.88%	27.08%		14.16%	¥ 8,578,495	¥ 51,246	¥ 82,855	28.26%

Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

Year Ended March 31	Millions of Yen 2017 Actual Credit Losses	Provisions	Reversals	Change in Actual Credit Losses
Corporate Exposures	¥ 26,638	¥ 36,788	¥ (10,149)	¥ 16,518
Sovereign Exposures	(1,068)	—	(1,068)	(5,069)
Financial Institution Exposures	—	—	—	—
Retail Exposures	1,154	1,288	(134)	1,135

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Actual credit losses in FY2016 increased by ¥12.5 billion year on year. This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of specific obligors in our corporate exposures.

Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

Years Ended March 31	Millions of Yen 2017 Actual Credit Losses	2016 Estimated Credit Losses
Corporate Exposures	¥ 26,638	¥ 85,438
Sovereign Exposures	(1,068)	2,167
Financial Institution Exposures	—	1,243
Retail Exposures	1,154	18,265

Notes: 1. Estimated credit losses for fiscal year 2015 are the expected loss amount as of March 31, 2016.
2. Actual credit losses for fiscal year 2016 are the sum of the losses for the most recent one-year period ended March 31, 2017.

Years Ended March 31	Millions of Yen	
	2016	2015
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 10,120	¥ 114,249
Sovereign Exposures	4,001	516
Financial Institution Exposures	—	1,296
Retail Exposures	19	18,656

Notes: 1. Estimated credit losses for fiscal year 2014 are the expected loss amount as of March 31, 2015.
2. Actual credit losses for fiscal year 2015 are the sum of the losses for the most recent one-year period ended March 31, 2016.

Years Ended March 31	Millions of Yen	
	2015	2014
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (4,750)	¥ 161,168
Sovereign Exposures	(3)	350
Financial Institution Exposures	—	973
Retail Exposures	633	26,866

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

Years Ended March 31	Millions of Yen	
	2014	2013
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (7,351)	¥ 203,236
Sovereign Exposures	(4)	473
Financial Institution Exposures	(23)	813
Retail Exposures	414	23,764

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

Years Ended March 31	Millions of Yen	
	2013	2012
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (2,417)	¥ 188,708
Sovereign Exposures	(10)	316
Financial Institution Exposures	(1)	1,032
Retail Exposures	146	29,918

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

Years Ended March 31	Millions of Yen	
	2012	2011
	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 16,662	¥ 194,561
Sovereign Exposures	4,749	230
Financial Institution Exposures	(135)	3,395
Retail Exposures	1,354	31,264

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

Credit Risk Mitigation Techniques

Non-consolidated

Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

As of March 31	Millions of Yen 2017 Eligible Financial Collateral	Other Eligible Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardised Approach is Applied	¥ —	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	2,146,703	203,218	327,980	—
Corporate Exposures	509,908	198,427	181,269	—
Sovereign Exposures	23,618	4,790	146,710	—
Financial Institution Exposures	1,613,176	—	—	—
Retail Exposures	—	—	—	—

Counterparty Risk in Derivative and Long-term Settlement Transactions

Non-consolidated

Derivative Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ 1,589,949
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	884,697
Foreign Exchange Related	1,043,269
Interest Rate Related	1,342,697
Credit Derivatives	18,994
Others	—
Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction)	1,520,264
Amounts of Collateral	143,725
Deposits	137,065
Securities	6,660
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	740,971
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	151,636
Purchasing Protection by Credit Default Swaps	76,736
Providing Protection by Credit Default Swaps	74,900
Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique	—

Note: Credit equivalents are calculated with the current exposure approach.

Long-term Settlement Transactions

As of March 31	Millions of Yen 2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ —
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11
Amounts of Collateral	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11

Note: Credit equivalents are calculated with the current exposure approach.

Securitisation Exposures

Non-consolidated

Securitisation Exposures Originated by SuMi TRUST Bank

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitisations during fiscal year 2016, type and status of principal underlying assets

Not applicable.

(2) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

	Millions of Yen				
	2017				
	Exposure Amounts		Aggregate Sum of Underlying Assets		
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions		Asset Transfer-Type Securitisation Transactions	Synthetic Securitisation Transaction
Securitisation Exposures except Resecuritisation Exposures	¥ 50,569	¥ —	¥ 203,813	¥ 203,813	¥ —
Residential Mortgage Loans	50,569	—	203,813	203,813	—
Others	—	—	—	—	—
Resecuritisation Exposures	—	—	—	—	—
Total	¥ 50,569	¥ —	¥ 203,813	¥ 203,813	¥ —

(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitisation exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

	Millions of Yen	
	2017	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses
Residential Mortgage Loans	¥ 143	¥ (15)
Others	—	—
Total	¥ 143	¥ (15)

(4) Amounts of assets held for the purpose of securitisation transactions and breakdown of principal assets by type

Not applicable.

(5) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen			
	2017			
	Balance		Required Capital	
	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 50,569	¥ —	¥ 5,356	¥ —
Less than 20%	—	—	—	—
20% to Less than 50%	32,262	—	1,020	—
50% to Less than 100%	14,829	—	649	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	3,478	—	3,687	—
Resecuritisation Exposures (IRB Approach)	—	—	—	—
Less than 20%	—	—	—	—
20% to Less than 50%	—	—	—	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 50,569	¥ —	¥ 5,356	¥ —

(6) Amounts equivalent to the increase in capital following securitisation and breakdown by type of principal underlying assets

As of March 31	Millions of Yen
	2017
Residential Mortgage Loans	¥ 2,563
Others	—
Total	¥ 2,563

(7) Amounts of securitisation exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

As of March 31	Millions of Yen
	2017
Residential Mortgage Loans	¥ 3,478
Others	—
Total	¥ 3,478

(8) Items by type of principal underlying assets of securitisation exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitisation transactions recognized during fiscal year 2016 and breakdown by type of principal underlying assets

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Securitisation Exposures Purchased by SuMi TRUST Bank

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

As of March 31	Millions of Yen	
	2017	
	Exposure Amounts	
	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures	¥ 719,149	¥ 66,656
Residential Mortgage Loans	94,533	10,869
Credit Card Loans	21,399	508
Claims on Lease Payments, Installment Receivables	144,973	18,650
Commercial Real Estate-Secured Loans	16,676	—
Other Claims on Corporates	441,566	36,627
Resecuritisation Exposures	2,014	—
Securitisation Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets	5	—
Securitisation Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets	—	—
Securitisation Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets	2,008	—
Total	¥ 721,163	¥ 66,656

(2) Balance and amounts of required capital of securitisation exposures held by risk-weight category

As of March 31	Millions of Yen			
	2017			
	Balance		Required Capital	
	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 719,149	¥ 66,656	¥ 6,670	¥ 1,016
Less than 20%	680,064	54,585	4,204	324
20% to Less than 50%	12,768	742	242	22
50% to Less than 100%	9,639	11,327	497	670
100% to Less than 350%	16,676	—	1,724	—
350% to Less than 1,250%	—	—	—	—
1,250%	0	—	0	—
Resecuritisation Exposures (IRB Approach)	2,014	—	54	—
Less than 20%	—	—	—	—
20% to Less than 50%	2,014	—	54	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 721,163	¥ 66,656	¥ 6,724	¥ 1,016

(3) Amounts of securitisation exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

As of March 31	Millions of Yen 2017
Residential Mortgage Loans	¥ 0
Credit Card Loans	—
Claims on Lease Payments, Installment Receivables	—
Commercial Real Estate-Secured Loans	—
Other Claims on Corporates	—
Total	¥ 0

(4) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Market Risk

Non-consolidated

(1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
VaR in Banking Account	¥ 795.8	¥ 1,115.5	¥ 795.8	¥ 975.9
VaR in Trading Account	5.4	7.2	3.4	5.1

VaR Measurement Standards

Banking account Confidence interval: one-tailed 99% Holding period: 21 business days to 1 year Observation period: 1 year
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

(2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
Stressed VaR in Trading Account	¥ 5.7 [1.8]	¥ 9.8 [3.1]	¥ 3.8 [1.2]	¥ 6.3 [2.0]

Stressed VaR Measurement Standards

Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year
The figures inside the square brackets above denote stressed VaR in a case where the holding period is one business day.

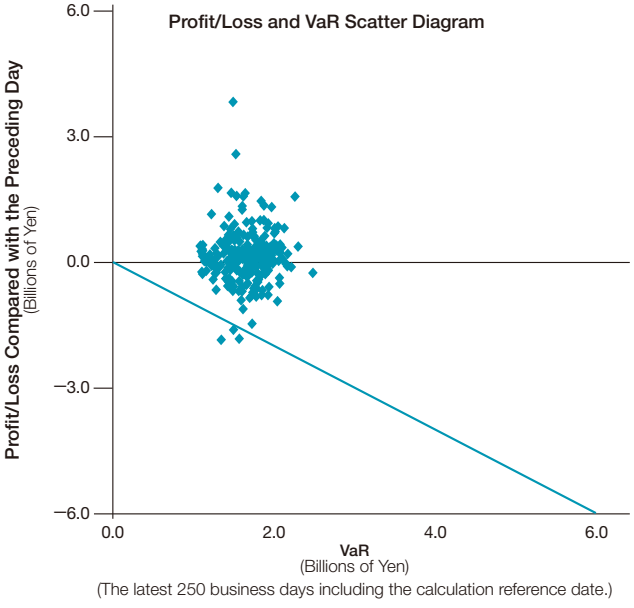
(3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2017.

(4) Results of back testing and reasons for large downward deviations between actual losses and VaR

• Back testing of the trading account

Fiscal Year 2016



(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2016 back testing of the trading accounts shows three instances of losses in excess of VaR.

Capital Subscriptions or Equity Exposures in the Banking Account

Non-consolidated

As of March 31	Millions of Yen			
	2017			
	Book Value		Fair Value	
Book and Fair Values*1				
Listed Shares Exposures	¥ 1,414,406		¥ 1,414,406	
Capital Subscriptions or Equity Exposures Other than Above	57,021		57,021	
Amounts of Gains/Losses on Sales and Write-offs	Gains/Losses	Gains	Losses	Write-offs
of Capital Subscriptions or Equity Exposures*2	31,300	46,191	5,723	9,168
Amounts of Unrealized Gains/Losses Recognized in the Balance Sheets and not Recognized in the Statements of Income	754,424			
Amounts of Unrealized Gains/Losses not Recognized in the Balance Sheets and Statements of Income	Not applicable			

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Statements of income show gains/losses on stockholdings and related write-offs.

As of March 31	Millions of Yen 2017
Amounts by Portfolio Category	¥ 991,269
Portfolios Adopting the Market-based Approach	64,812
Portfolios Adopting the PD/LGD Approach	926,457

Note: Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Exposures Relating to Funds

Non-consolidated

As of March 31	Millions of Yen 2017
Total exposures relating to funds	¥ 1,883,298
Look-through Approach	1,779,772
Simple Majority Approach	56,232
Mandate-based Approach	16,169
Internal Model Approach	—
Fall-back Approach (subject to 400% risk weight)	30,148
Others (Exposures not included in any categories above)	975

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 167 of the FSA Capital Adequacy Notification are shown.

Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by SuMi TRUST Bank Regarding Interest Rate Risk in the Banking Account

Non-consolidated

• Outlier ratios

As of March 31	Millions of Yen 2017
Overall Amounts of Interest Rate Risk	¥ 110,708
Japanese Yen Interest Rates	10,598
U.S. Dollar Interest Rates	94,861
Other Interest Rates	5,249
Outlier Ratios	3.8%

Note: The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.21 of Financial Services Agency, 2012) with regard to the matters regarding compensation as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, as set forth in Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") as of the end of March 2018.

[Compensation Disclosure Data: SuMi TRUST Bank]

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Bank Group	396
2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Bank	397
3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Bank and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Bank Group	398
4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Bank Group	399
5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Bank Group	400

Compensation Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited

1. Development Status of Organizational Structures Concerning Compensation, etc. for Applicable Officers and Employees within the SuMi TRUST Bank Group

(1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

(i) Scope of "Applicable Officers"

Applicable officers for this fiscal year include directors and corporate auditors of SuMi TRUST Bank, but exclude external directors and external auditors.

(ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Bank's officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Bank and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

(a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Bank Group's management, namely Sumitomo Mitsui Trust Panasonic Financial Co., Ltd.

(b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Bank or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Bank Group.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

(c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Bank Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Bank, the SuMi TRUST Bank Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers and employees equivalent to general managers in the departments involving loan operations and market risk management.

(2) Names, Compositions, and Duties of the Committees and Other Major Institutions Which Supervise the Determination, Payment, and the Execution of Other Duties Regarding the Compensation, etc. for Applicable Officers and Employees

(i) Establishment and Securement of the Compensation Committee, etc.

SuMi TRUST Bank determines the total amount of remuneration for directors and executive officers at the General Meeting of Shareholders. In the determination of remuneration, etc. for directors and executive officers for fiscal year 2017, the allocation of remuneration for individual directors is decided by the Board of Directors, while that for individual corporate auditors is entrusted to deliberations by corporate auditors, within the total amount of remuneration for directors and executive officers decided by the General Meeting of Shareholders.

At SuMi TRUST Bank, matters for consultation, including the policy regarding decisions on the content of remuneration, etc. for directors and executive officers, are reviewed by the Compensation Committee of SuMi TRUST Holdings, and the results of such reviews are reported to the Board of Directors. The amounts of remuneration, etc. determined for individual directors and executive officers are also reported to the Compensation Committee.

(ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Bank Group is payable, subject to the policies established primarily by the Boards of Directors, etc. of SuMi TRUST Bank and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Bank and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Bank on a regular basis.

(iii) Determination of Compensation, etc. for Overseas Employees, etc.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Bank.

(iv) Total Amount of Compensation Paid to the Members of the Compensation Committee, etc. and the Number of Meetings Held for Compensation Committee, etc.

	The number of meetings held (April 1, 2017-March 31, 2018)	Total amount of compensation*
Board of Directors (SuMi TRUST Bank)	1 time	—

Note: The total amount of compensation, etc. is not stated as the amount equivalent to the compensation related to the execution of the duties for the Board of Directors alone cannot be calculated separately.

2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Bank

(1) Policies Concerning Compensation, etc. for Applicable Officers and Employees

(i) Policies Concerning the Compensation for "Applicable Officers"

The limit amount for compensation for officers for this fiscal year as decided by the General Meeting of Shareholders is ¥80 million per month for directors, and ¥20 million per month for corporate auditors, apart from a ¥100 million annual limit for stock options (share acquisition rights) for directors. Compensation for directors and corporate auditors are capped by these limits.

Compensation for directors is intended to function effectively as an incentive to make improvements in corporate performance and expand corporate value in order to achieve steady and sustainable growth of the SuMi TRUST Bank Group.

The amount of compensation is also aimed at reflecting corporate performance, the contribution of each director to corporate performance, efforts for expansion of business operations in the medium- to long-terms, and for improvement of corporate value, and so forth. Amounts of compensation are determined based on an annual compensation policy determined by the Board of Directors and on an objective evaluation made by the Performance Evaluation Committee.

Furthermore, for the fiscal year under review, Sumitomo Mitsui Trust Holdings, Inc. allotted share acquisition rights to directors as a stock option to further enhance their motivation and morale that helps drive stock price increases, medium- to long-term corporate performance, and ultimately shareholder profits.

(ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the applicable employees, etc. of the SuMi TRUST Bank Group are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensations for applicable overseas employees, etc. are determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

(2) Regarding the Influence of the Overall Level of Remuneration on Capital

(i) Officer Compensation

The Board of Directors determines remuneration for officers after checking the situation of profit and loss in the current term and the consistency with future management strategies. It has been confirmed that the total payment amount of officer compensation in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(ii) Salaries for Employees

As for the salaries for employees, the business situation of SuMi TRUST Bank is reflected in the part that changes according to the performance of SuMi TRUST Bank and individuals and bonuses. It has been confirmed that the total payment amount of salaries for employees in the current term does not produce significant effects, considering the profit level, etc. in the current term.

3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Bank and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Bank Group

In determining remuneration, etc. for applicable directors and executive officers, the amount is determined by the Board of Directors, within the total amount of remuneration for directors and executive officers decided by the General Meeting of Shareholders. In determining remuneration, etc. for applicable employees, etc., an adequate budget is arranged in consideration of the Group's financial condition, as well as other factors.

4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Bank Group

(1) REM1: Compensation, etc. Allocated to the Fiscal Year under Review

REM1: Compensation, etc. allocated to the fiscal year under review			Persons, Millions of Yen	
			a	b
Item No.			Applicable Officers	Applicable Employees, etc.
1	Fixed compensation	The number of applicable officers and employees, etc.	17	7
2		Total amount of fixed compensation (3+5+7)	552	208
3		of Which: Cash compensation amount	552	208
4		of 3 above: Deferred amount	—	—
5		of Which: Stock compensation amount or Stock-linked compensation amount	—	—
6		of 5 above: Deferred amount	—	—
7		of Which: Other compensation amount	—	—
8		of 7 above: Deferred amount	—	—
9	Variable compensation	The number of applicable officers and employees, etc.	15	7
10		Total amount of variable compensation (11+13+15)	140	161
11		of Which: Cash compensation amount	85	161
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	54	—
14		of 13 above: Deferred amount	—	—
15		of Which: Other compensation amount	—	—
16		of 15 above: Deferred amount	—	—
17	Retirement benefits	The number of applicable officers and employees, etc.	—	—
18		Total amount of Retirement benefits	—	—
19		of Which: Deferred amount	—	—
20	Other compensations	The number of applicable officers and employees, etc.	—	—
21		Total amount of other compensations	—	—
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		693	370

(2) REM2: Special Rewards, etc.

REM2: Special rewards, etc.	Persons, Millions of Yen					
	a	b	c	d	e	f
	Bonus guarantee		Lump-sum payment when hiring		Premium retirement payment	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Applicable Officers	—	—	—	—	—	—
Applicable Employees, etc.	—	—	—	—	—	—

5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Bank Group

Not applicable, other than those items raised in the preceding sections.

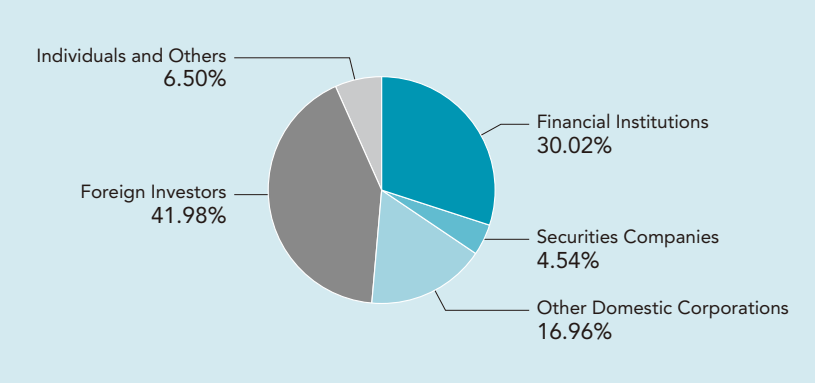
Stock Information (as of March 31, 2018)

Major Shareholders (Common Shares)

	Shareholder Name	Number of Shares Held (Shares)	Shareholding Ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	21,302,300	5.59
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	18,888,600	4.96
3	Japan Trustee Services Bank, Ltd. (Trust Account 9)	9,831,500	2.58
4	The Bank of New York 133524	8,964,519	2.35
5	Japan Trustee Services Bank, Ltd. (Trust Account 5)	7,410,100	1.94
6	State Street Bank West Client - Treaty 505234	6,188,581	1.62
7	The Bank of New York, Treaty Jasdec Account	6,118,398	1.60
8	Japan Trustee Services Bank, Ltd. (Trust Account 1)	5,532,000	1.45
9	Japan Trustee Services Bank, Ltd. (Trust Account 2)	5,469,400	1.43
10	Japan Trustee Services Bank, Ltd. (Trust Account 7)	5,200,700	1.36

(Note) The shareholding ratio is calculated by excluding the treasury stock and rounded down to second decimal places.

Composition of Shareholders (Common Shares)



(Note 1) Excluding the treasury stock (9,816,662 shares)
(Note 2) The component ratio is rounded off to second decimal places.

ADR (American Depositary Receipt) Information

ADR:	Underlying Share Ratio 1:1
Exchange:	OTC (Over-the-Counter)
Symbol:	SUTNY
CUSIP:	86562X106
Level of Program:	Level I
Depositary:	The Bank of New York Mellon Depositary Receipts Division 101 Barclay Street, 22nd Floor, New York, NY 10286, U.S.A. Telephone: 1 (201) 680-6825 U.S. toll free: 888-269-2377 (888-BNY-ADRS) Facsimile: 1 (212) 571-3050/3051/3052 http://www.adrbnymellon.com

Other Data

Authorized Shares:	
Common Shares:	850,000,000 Shares
Preferred Shares:	40,000,000 Shares
Number of Shares issued:	
Common Shares:	390,348,640 Shares
Preferred Shares:	0 Shares
Number of Shareholders:	
Common Shares:	63,447
Preferred Shares:	0

Disclosure Policy

SuMi TRUST Holdings is fully aware of the importance of its social responsibility and public mission, and constantly seeks to secure unwavering trust from society through sound management based on rigorous self-discipline. For this purpose, we endeavor to ensure appropriate disclosure of corporate information to assure the transparency of our corporate management.

Attitude toward Disclosure

We not only comply strictly with various laws and rules, such as the Companies Act, the Banking Law and the Financial Instruments and Exchange Act (including the rules for timely disclosure of corporate information, etc., defined by securities exchanges on which our shares are listed), but also endeavor to disclose corporate information that helps our clients, shareholders, and investors better understand the SuMi TRUST Group, under the basic conditions of appropriate timing, accuracy and fairness, and realize highly transparent management.

We do not release personal information, client data or any information, the disclosure of which violates the rights of the parties concerned by such action.

Disclosure Methods

When disclosing information, we make active use of the Internet, various publications and other media tools to reach the broadest possible number of interested parties, whether clients, shareholders or investors, in or outside Japan, in a timely, accurate and fair manner.

In the disclosure of various materials, we strive to provide easy-to-understand explanations of the main points of SuMi TRUST Group's management policies, business results, finance situation, etc. We explain these main points at our information meetings, etc.

Establishment of Disclosure System

We maintain and promote the appropriate disclosure system by such means as the establishment of an Information Disclosure Committee to ensure disclosure of SuMi TRUST Group's information in accordance with the above disclosure policy.

Contact:
IR Department
Telephone: +81 (3) 3286-8354
Facsimile: +81 (3) 3286-4654
e-mail: ir@smth.jp
URL: https://www.smth.jp/en/ir/index.html

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

SUMITOMO MITSUI TRUST HOLDINGS

This annual report was printed with vegetable-based ink on FSC-certified paper.