SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

INTEGRATED REPORT

—ANNUAL REPORT—

Year ended March 31, 2019

2019

SUMITOMO MITSUI TRUST HOLDINGS

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.

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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 our environmental, social and governance (ESG) initiatives and 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 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, the ESG Report and visit our website.

<Reporting Coverage>

Reporting Period: From April 1, 2018 to March 31, 2019 (Partially including the information after April 1, 2019)
Scope of Reporting: The Sumitomo Mitsui Trust Group; including Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, other subsidiaries and affiliated companies

Overview

History of the Sumitomo Mitsui Trust Group

1924
Established The Mitsui Trust Company, Limited

*Established as the first trust company in Japan based on the Trust Business Act

1962
Established The Chuo Trust & Banking Co., Ltd.

1925
Established Sumitomo Trust Co., Ltd.

*Established as a trust company based on the Trust Business Act

2000
Merged to become The Chuo Mitsui Trust and Banking Company, Limited

2000
Established Japan Trustee Services Bank, Ltd.

1986
Established Sumitomo Mitsui Trust Asset Management Co., Ltd.

2009
Acquired Nikko Asset Management Co., Ltd.

2011
Established Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")

SUMITOMO MITSUI TRUST HOLDINGS

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

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.

2012

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

SUMITOMO MITSUI TRUST BANK

2014

SuMi TRUST Bank

- Completed integration of systems

2015

SuMi TRUST Bank

- Launched the operations of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
- Acquired Citi Cards Japan, Inc. changed its name to Sumitomo Mitsui Trust Club Co., Ltd.

2016

- Developed the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group

2017

- Shifted to a company with Three Committees

2018

- Integrated the asset management function of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management
- Established JTC Holdings, Ltd., a wholly owning parent company of Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd.

2013
Started handling the Tuition Fund Endowment Trust

2014
The government launched NISA

2015
Started handling the Marriage and Child-rearing Support Trust

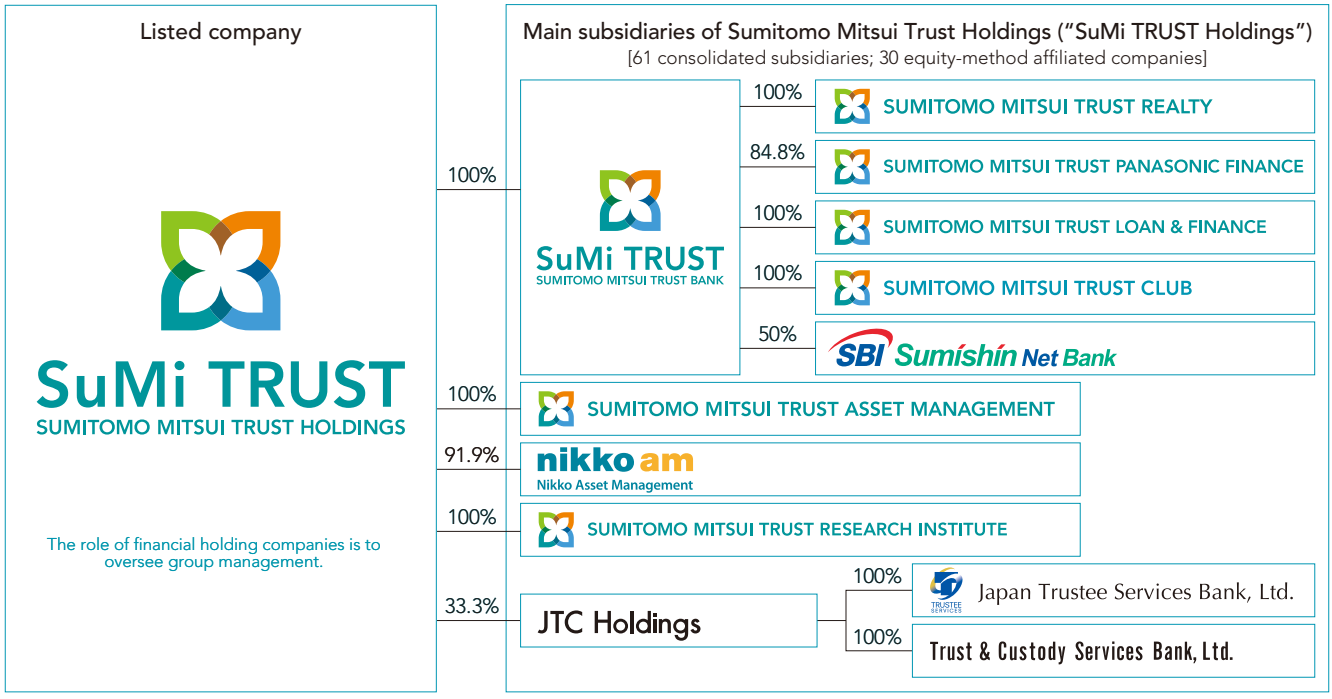
2016
The Bank of Japan introduced the negative interest rate policy

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

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 July 1, 2019)

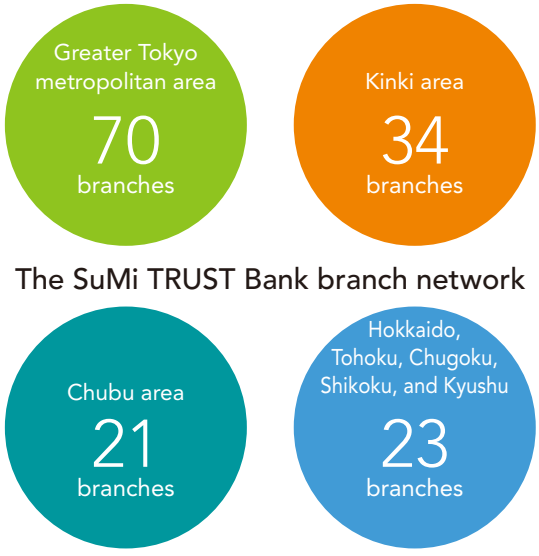


Ratio of ownership with voting rights is shown, including indirect ownership via subsidiaries.

Domestic Network

SuMi TRUST Bank has built a domestic branch network with a well-balanced footprint that is concentrated in the greater Tokyo metropolitan, Kinki, and Chubu regions. Furthermore, SuMi TRUST Bank's internet banking and SBI Sumishin Net Bank offer services nationwide over the Internet.

(as of June 30, 2019)



* The substantial number of branches is 117 when the branches at the same business site are counted on an 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, 2019)

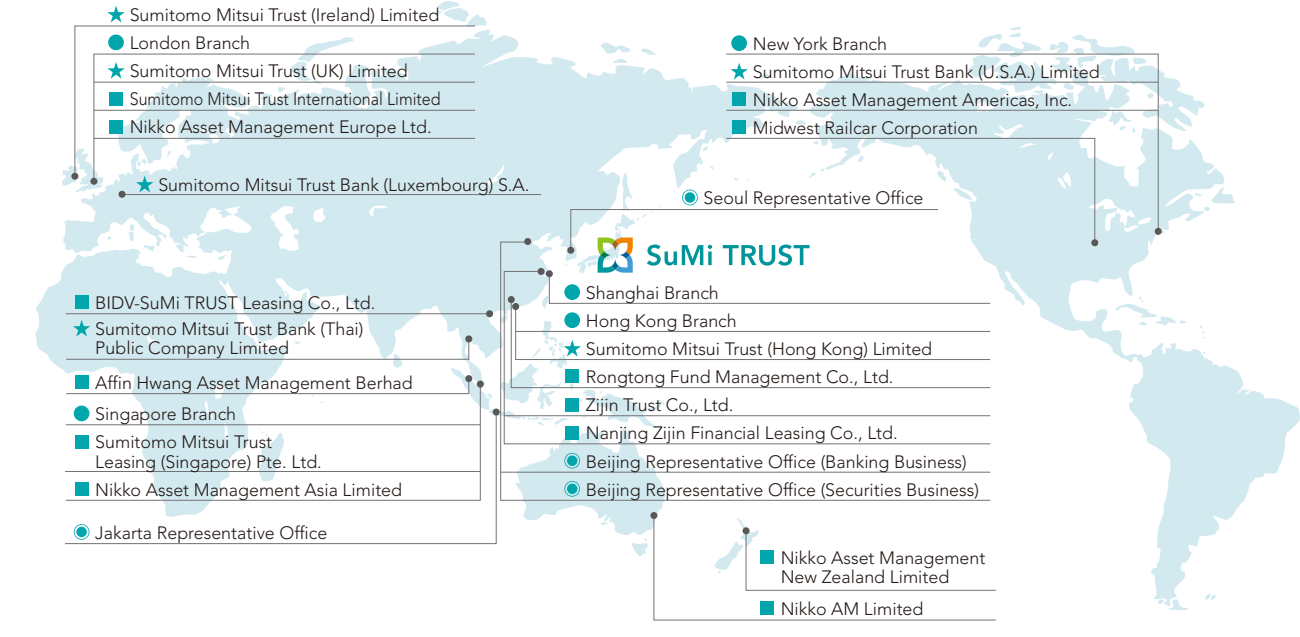
Trust (Fee) Business	Assets under Management*1	¥93 trillion	Domestic financial institutions	No.1
	Assets under Custody*2	¥211 trillion	Domestic financial institutions	No.1
	Balance of Corporate Pension Funds	¥12 trillion	Trust banks	No.1
	Lead Manager for Corporate Pension Funds	1,322 funds	Trust banks	No.1
	Entrusted Balance of Investment Trusts	¥75 trillion	Trust banks	No.1
	Number of Shareholders under Administration*1	26.70 million shareholders	Trust banks	No.1
	Real estate related profit*1,3	¥54.3 billion	Trust banks	No.2
	Entrusted Balance of Securitized Real Estate	¥16 trillion	Trust banks	No.1
	Sales Volume of Investment Trusts/ Discretionary Investment*3	¥0.9 trillion	Domestic banks	No.1
	Number of Will Trusts	32,000 cases	Trust banks	No.2
Banking Business	Balance of Loans to Individuals	¥9 trillion	Domestic banks	No.4
	Balance of Loans to Corporations	¥19 trillion	Domestic banks	No.5
	Total Loan Balance	¥28 trillion	Domestic banks	No.5

Includes estimates based on investigations by SuMi TRUST Holdings (as of March 31, 2019)
*1 Group companies combined (Items other than those with *1 are SuMi TRUST Bank)
*2 Trust asset balance. Trust banks specializing in asset administration services are excluded because their trust assets include many retrusted parts.
*3 FY2018 Result

Overseas Network

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

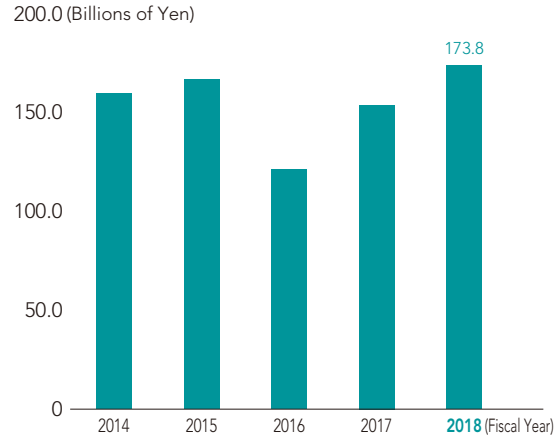
(as of June 30, 2019)



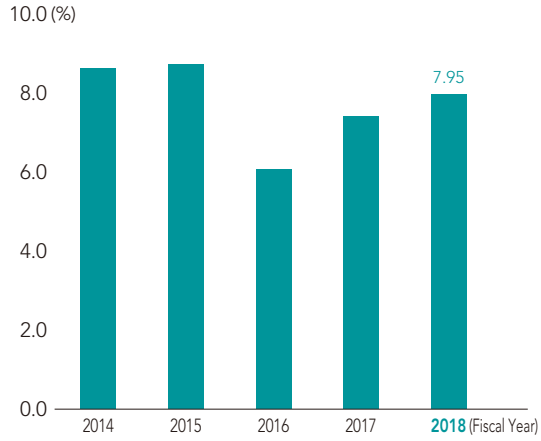
● Overseas Branches (SuMi Trust Bank) ◉ Overseas Representative Offices (SuMi Trust Bank) ★ Subsidiaries ■ Key Affiliates

Financial Highlights

Net Income Attributable to Owners of the Parent

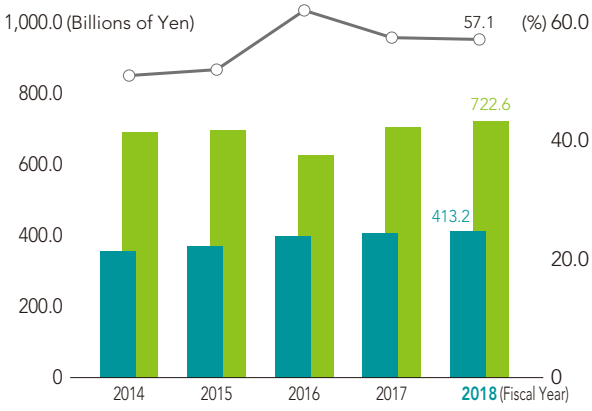


Return on Shareholders' Equity*



* Page 20 for calculation method

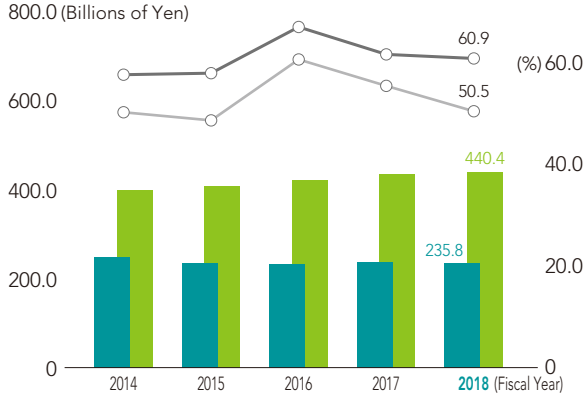
Fee Income Ratio*



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

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

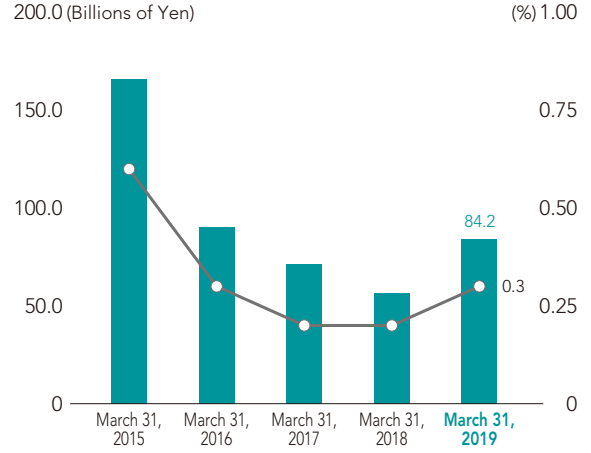
Overhead Ratio*1



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

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

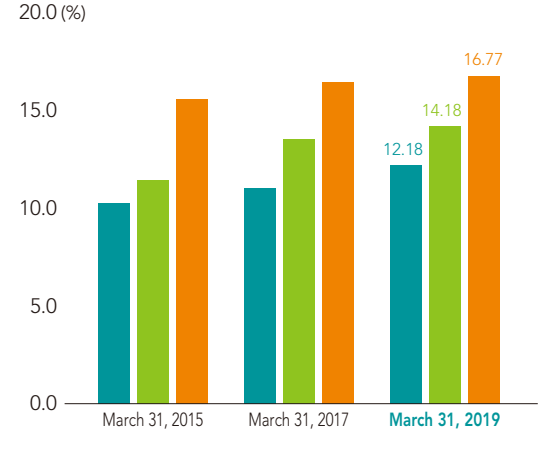
Non-Performing Loan*1 (NPL) Ratio*2



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—External Evaluation

The SuMi TRUST Group's ESG Evaluation

(2018 MSCI rating)

AA

We aim to become the No. 1 financial institution for ESG management, as we reflect the perspectives of ESG investors in our management. We are acclaimed for our ESG efforts, such as receiving the top rating of a financial institution in Japan from MSCI, an influential research institution in the field.

Status of PRI assessment of SuMiTAM

(September 30, 2018)

A+

Sumitomo Mitsui Trust Asset Management (SuMiTAM) signed the PRI (Principles for Responsible Investment) in May 2006, and has made efforts in accordance with these principles. SuMiTAM has won the highest rating, "A+," in a comprehensive annual assessment for four years running.

ESG Management—Enhanced Initiatives

Sustainability in Our Business

5+2+1

In addition to further business development of five major themes including climate change, we established two business models as total solution services for corporations in FY2018. We also implemented green procurement for the first time through the issuance of green bonds. (See page 40 for details.)

E (Volume of Greenhouse-gas Emissions)

(FY2018)

(34)%

SuMi TRUST Bank has significantly reduced total greenhouse-gas emissions from facilities within the scope of the Building Energy Efficiency Act, from their peak level following management integration (in FY2013).

S (Number of personnel who passed the Gerontology Test)

(June 30, 2019)

293

SuMi TRUST Bank has obliged all branch managers to obtain the "Gerontology Test" certification since 2014. They can use this certification to provide services and consulting to senior clients.

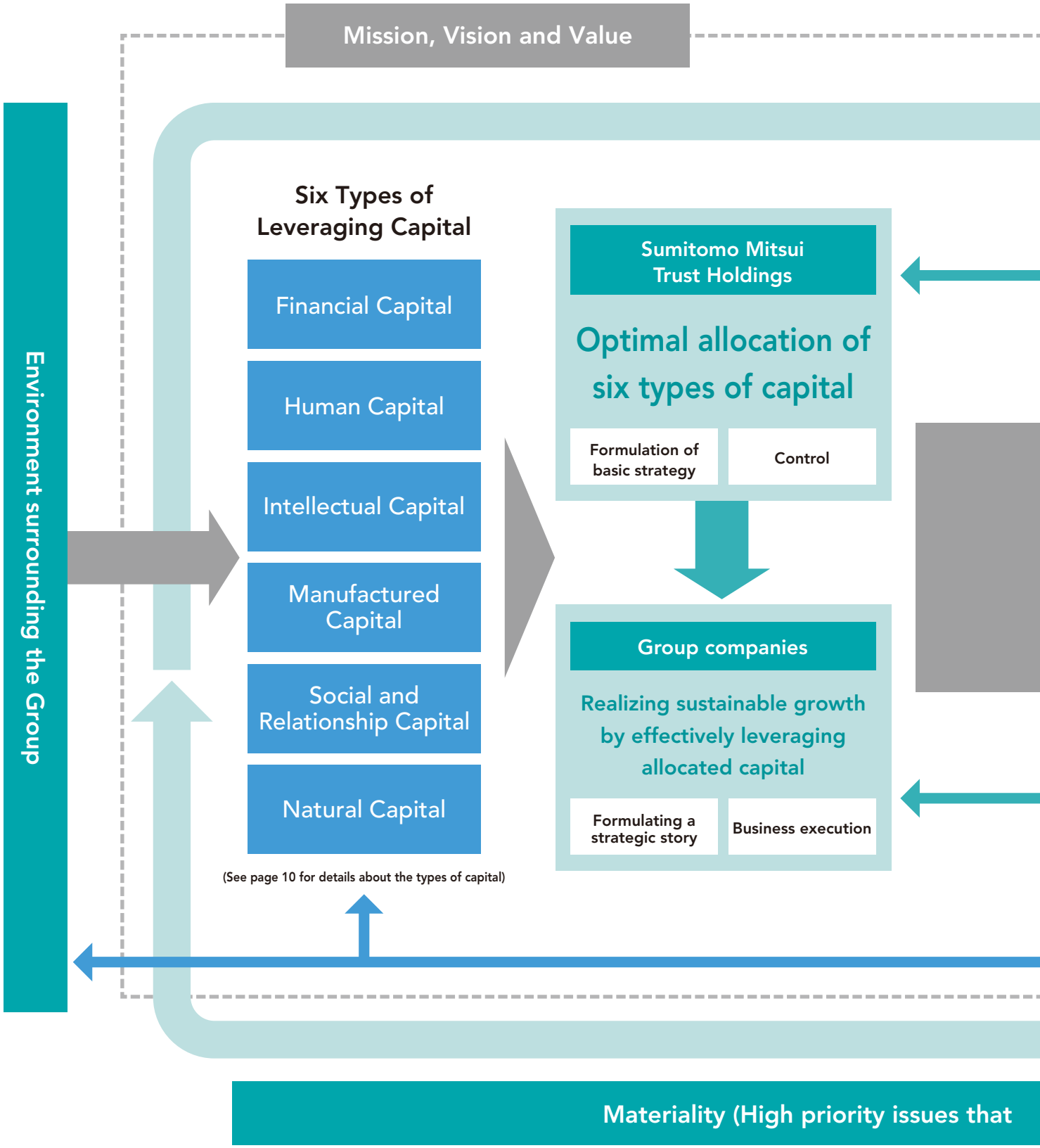
G (Functional enhancement of the Board of Directors)

(March 31, 2019)

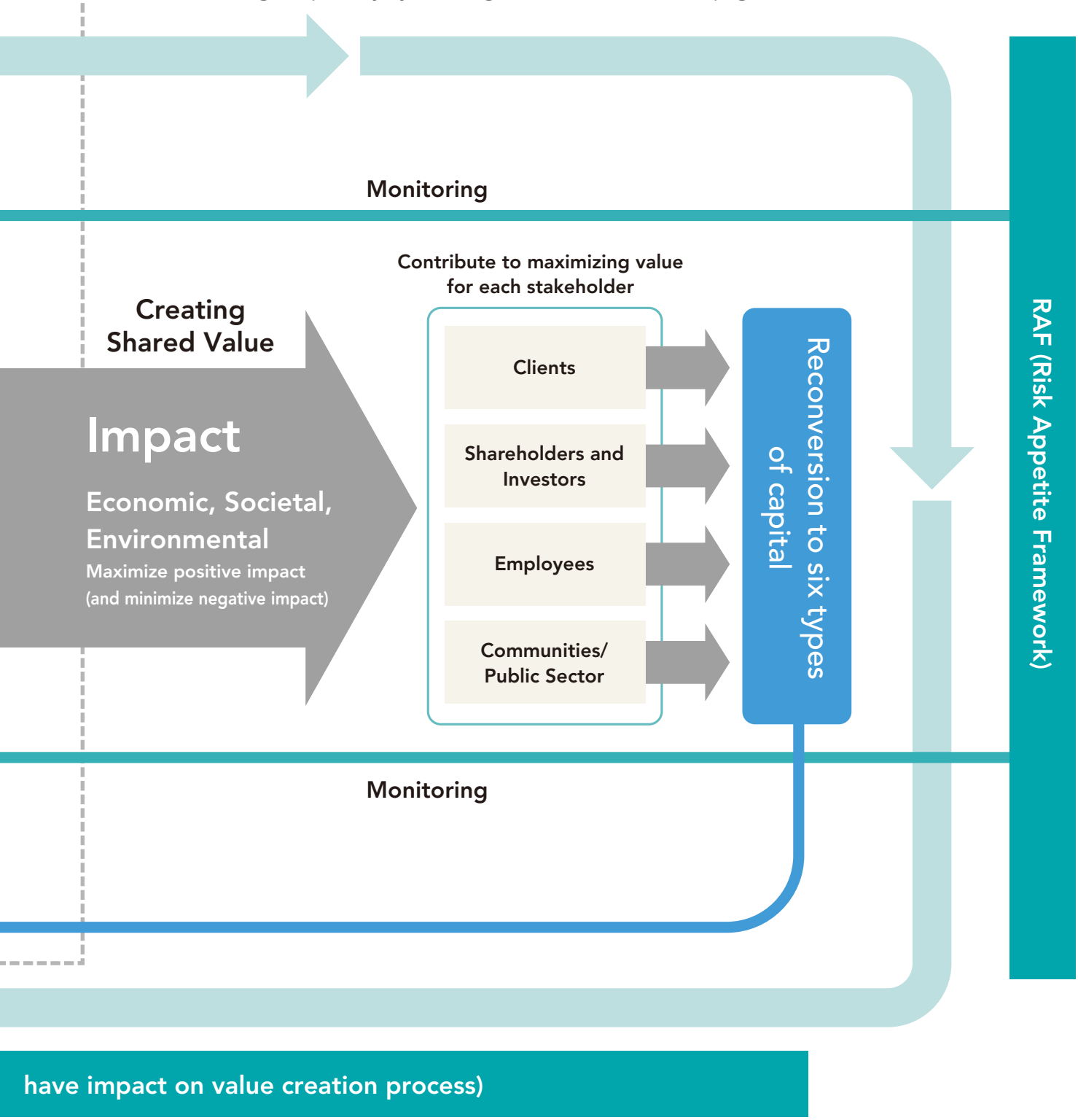
1+5

The external director serves as chairman of the Board of Directors. In addition, external directors and external experts serve as chairpersons of the five committees (Nominating Committee, Compensation Committee, Audit Committee, Risk Committee and Conflicts of Interest Committee). (See page 28 for details.)

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, and maximizes value provided to our clients, shareholders, investors, employees, communities, and other stakeholders from an impact perspective. At the same time, the Group enhances its corporate value. The value we create enhances our capital and forms the foundation for further development. In the value creation process, the Risk Appetite Framework (RAF) serves the function of monitoring whether or not the capital is being allocated and leveraged optimally by checking various indicators. (See pages 68 and 69 for details about RAF.)



Group Strengths (Advantages of capital)

Financial Capital

Adequate capital in both quality and quantity (March 31, 2019)

CET1 ratio*1 **12.18%**

Pro-forma figure on Finalized Basel III reform basis is at 9% level

Total assets **¥68 trillion (fifth among Japanese banks)**

- High quality loan portfolio
  Non-performing loan ratio*2 **0.3%** (March 31, 2019)

Appropriate preparation for risk

Strategic shareholding (market price) hedge ratio*2 (March 31, 2019) **80%**

Fee income ratio*1 (FY2018)

57%

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

Intellectual Capital

Ability to develop products that grasp the needs of society by using the high level of expertise unique to a financial group specialized in trust banking

(Past)
- Loan trust: Contribute to postwar recovery
- Pension trust: Supporting the lifestyles of corporate employees after retirement

(Present)
- 100-Year Life Solution Trust (100-Year Passport): Preparing peace of mind, safety and joy of life in the "era of 100-year life"
- Positive Impact Finance

Accumulating extensive knowledge of inheritance and asset succession

- Number of will trusts held (March 31, 2019)
  32,000wills
- Number of wills executed (Total for five years until March 31, 2019)
  5,200wills

Creative ability

Number of applications for "activities for employees to shape their own futures," recruiting ideas from employees to create new businesses

213 applications (from 468 people)

Various functions amassed via collaboration within the Group

Social and Relationship Capital

High quality client base (March 31, 2019)

- Assets under management
  ¥93trillion*1
  (1st among Domestic Financial Institutions)
- Assets under custody
  ¥211trillion*2
  (1st among Domestic Financial Institutions)
- Total loan balance
  ¥28trillion*3
  (5th among Domestic Banks)
- Number of shareholders under administration
  26.7million shareholders*1
  (No.1 in trust banks)
- Number of listed companies under management*1
  Approximately 40% of listed companies
  (No.1 in trust banks)

*1 Group companies combined
*2 Trust asset balance. Trust banks specializing in asset administration services are excluded because their trust assets include many retrusted parts.
*3 SuMi TRUST Bank non-consolidated

Years in business

95years The first trust company in Japan (Established in 1924)

Corporate brand

A corporate brand backed by Mitsui and Sumitomo's combined **400-year** history of contributions to society and relationships of trust with their clients

Human Capital

Number of consolidated employees (March 31, 2019)

21,498

Pool of human resources with high level of expertise

(SuMi TRUST Bank, March 31, 2019)

- Registered real estate transaction agents
  5,638
- Fellows of the Institute of Actuaries of Japan
  44
- Employees who have passed 3rd-grade FP exam or higher
  7,788
- Certified securities analysts
  832
- Financial consultants
  264

Diversity & Inclusion (SuMi TRUST Bank)

- Appointment of female employees to management positions (March 31, 2019)
  - Section manager level or higher increased **1.4 times in three years**
  - Nearly **one in three** female employees are in management positions (assistant manager level or higher)

Enhance human capital via health promotion and improved productivity

- Platinum Kurumin Certification: Support for employees balancing work and childcare (SuMi TRUST Bank)
- Certified Health and Productivity Management Organization (White 500): Practicing good health and productivity management (SuMi TRUST Holdings)

Manufactured Capital

Optimally placed base network (SuMi TRUST Bank, June 30, 2019)

- Branches in Japan
  117*
- Overseas bases
  15

*The substantial number of branches consolidating branches at the same business site

- Providing high added value and promoting efficiency through trust type next-generation branches
  Expanding to all branches by FY2022

SBI Sumishin Net Bank

Broad client base and leading IT business base

- Loan balance
  ¥3.6trillion (March 31, 2019)
- Deposit balance
  ¥4.8trillion (March 31, 2019)

IT system-related expenses* (FY2018)

- Upfront investment to reduce and streamline future expenses
  ¥41.0billion

*SuMi TRUST Bank non-consolidated

Natural Capital

Social common capital shared by all persons and organizations, and compositions forming the basis for the existence of the Group itself and its stakeholders

The air, water, land, minerals, forests, biodiversity, and eco-system health (Definition of natural capital according to the International Integrated Reporting Framework)

Accumulation of knowledge in the Group (example efforts)

- Developed a policy for dealing with biodiversity issues
  2008 (First time by domestic bank)
- Signed the UNEP FI Natural Capital Declaration
  2012 (First time by domestic financial institution)
- Start of environmental rating loans with natural capital evaluation
  2013 (World's first loan product of its type, according to the Group's research)

Creating Shared Value and its Positive Impact

The Group creates shared value together with stakeholders by maximizing positive impact (minimizing negative impact) from economic, societal, and environmental perspectives, which are three aspects of the SDGs (Sustainable Development Goals).*

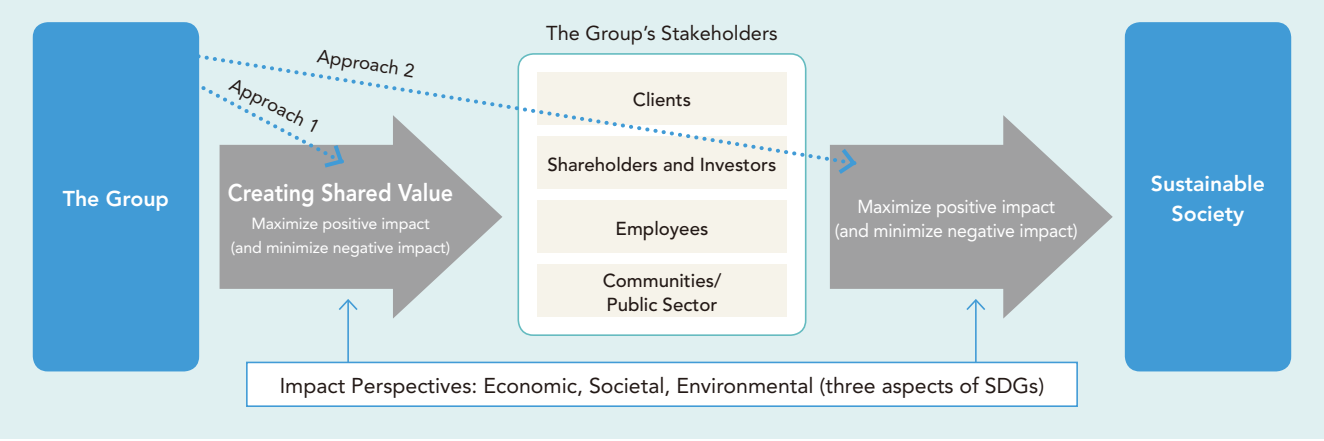
*17 global-scale priority issues to be addressed by the entire world by 2030, which were adopted by the United Nations Sustainable Development Summit in September 2015

Approach 1: **Maximizing direct positive impact on stakeholders**

The Group aims to maximize positive impact (minimize negative impact) on stakeholders from economic, societal, and environmental perspectives via investments and loans, dialogue with investors, human resources measures, and social activities.

Approach 2: **Supporting stakeholders as the starting point for maximizing positive impact**

The Group supports stakeholders maximizing positive impact (minimizing negative impact) on a sustainable society from economic, societal, and environmental perspectives via investments and loans, dialogue with investors, human resources measures, and social activities.



	Examples of the impact of Approach 1	Examples of the impact of Approach 2
Clients	• Providing best solutions by grasping current and potential needs • Providing a variety of highly specialized products and services	• Promoting business that contributes to solving environmental and societal problems • Contributing to local economies, such as by creating employment • Not just reducing our own greenhouse gas emissions and waste, but working on reductions along supply chains as well
Shareholders and Investors	• 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	• Pursuing new investment opportunities that contribute to achieving SDGs • Fulfilling fiduciary responsibilities as a responsible investor, including consideration of ESG
Employees	• Providing workplaces where diverse human resources can display their abilities to achieve the Group's business model with hope and pride • Fair assessment and treatment in accordance with abilities, roles and results	• Practicing diverse work styles and work-life balance • Participating in social activities via volunteering • Preventing acts that lead to infringement of human rights, such as harassment
Communities/ Public Sector	• Contributing to the sound development of local communities, our operating base • Reflecting the opinions of civil society on financial transactions • Using public promotion frameworks of ESG and SDGs	• Efforts on environmental and social issues conducted by NPOs and NGOs • Constructing an SDG promotion platform with the public sector

We aspire to provide highly value-added services unique to a financial group specialized in trust banking to meet the changing needs of society. Through this endeavor, we shall contribute to the creation of a sustainable society while maintaining stable growth trajectory.

Sumitomo Mitsui Trust Holdings, Inc.
Director, President

Tetsuo Ohkubo

Social role of a financial group specialized in trust banking in a changing society

Society is currently undergoing significant changes in terms of both structure and values.

In Japan, a declining birthrate and aging population continue to advance. We are realizing that the era of the "100-year life" is now fully upon us.

For individuals, it has become necessary to make a life plan based on the assumption of longevity for both themselves and their family members. In order to ensure safety and peace of mind in life, the younger generation must engage in systematic asset formation for the future. The senior generation must consider how to increase, protect and pass on their assets to the next generation. As healthy life expectancies extend and lifestyles of each generation diversify, there is rising interest in how to lead a rich life going forward.

As for corporations, the major challenges are how to deal with the growing burden of corporate pensions and health insurance and how to secure human resources amid a declining working-age population and advancing longevity. Corporations must also address ESG management, a three-pronged approach that takes into account environmental, social and governance factors, and which is taking on more and more importance both in Japan and overseas. These ESG initiatives are not only essential for the sustainable growth of corporations, but are increasingly vital as part of our social responsibility to the next generation to realize overall economic development and rich lifestyles for individuals. ESG issues have also captured the attention of stakeholders.

By leveraging our accumulated know-how as a financial group specialized in trust banking, we provide a wide range of solutions to address various client needs generated by changes in social structure and values such as the advent of the "100-year life" and the growing importance of ESG management.

For example, to meet the needs of individual clients, we are strengthening our lineup of products that realize a secure and prosperous life for as many people as possible. These include insurance products that combine different protection features according to stages of clients' lives, package products that respond to concerns about dementia and other problems of aging, Silver College seminars that help seniors enjoy a prosperous old age, and inheritance-related products.

For corporate clients as well, we strive to offer a wide range of solutions in response to increasingly complex management challenges, such as revisions of pension systems, enhancement of company welfare programs, corporate governance, IR/SR consulting, and environmentally friendly construction consulting. We are also working to expand our options for realizing a sustainable society, including the world's first Positive Impact Finance with unspecified use of funds. This involves comprehensive evaluations and analysis of activities that have a positive impact on the environment and society and loans to support these activities.

Amid the accelerated pace of digitalization and other major changes in financial institutions' environment and expectations, it is becoming increasingly important for the institutions to accurately understand the needs of clients and society and to create added value that leverages our areas of specialization.

At this turning point in our era, society is experiencing a rapid and unprecedented transformation. I believe we are called upon to play a role in resolving various social challenges as a financial group specialized in trust banking that has diverse functions and advanced expertise, as well as consulting capabilities, while pursuing further reforms ourselves.

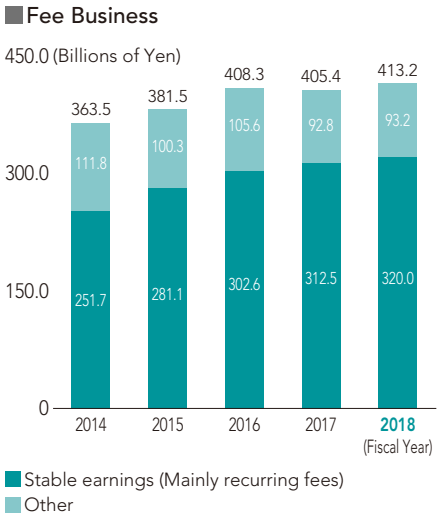
Initiatives to Transform Business Model

Progress Evaluation of Midterm Management Plan

The current midterm management plan began in April 2017. During this period, the Group is implementing measures aimed at shifting to an earnings structure resilient to business fluctuations and market volatility by transforming to a business model that accurately responds to diversifying client needs in a changing society.

Specifically, we worked to bolster and diversify the fee business, a specialty of ours. We also enhanced the profitability of the loan/investment related business and improved the OHR (overhead ratio). As a result, both fee related income and effective interest related earnings*1 increased, and consolidated OHR improved in fiscal year 2018 compared to fiscal year 2017. The quality of earnings also improved, including an increase in stable recurring fees. Shareholder ROE reached 7.95%, approaching the 8% targeted in our midterm management plan.

Performance has been strong on the business front. However, growth has been slow in some areas, such as investment in financial products by individual clients, which has not expanded as expected. Furthermore, in order to steadily address the changes mentioned above, we believe that our major management issues are: enhancing our future creation capabilities, developing new solutions, making upfront investments in computer systems that support that development, and striving to control total expenses by improving overall group productivity.



*1 Effective interest related earnings including profit attributable to deployment of surplus foreign currency funds included in net other operating profit.

Business Operations Going Forward

Fiscal year 2019 marks the final year of our midterm management plan. We endeavor to achieve steady results based on our efforts of the past two years by putting the finishing touches on reforms such as strengthening stable recurring fees, which form the foundation for sustainable growth, and further improving balance sheet profitability.

We will resolutely take on challenges in new growth fields that capture major social developments.

(1) Strengthening Profitability to Support Stable Growth

We are working to steadily expand our client base and balance of assets under management and to build a stable revenue base, while enhancing the quality of consulting marketing and building up recognition and trust from both individual and corporate clients.

For individual clients, in addition to making medium- to long-term asset formation proposals, we are promoting cross-generation transactions in

inheritance- and succession-related businesses where needs are growing. We will reinforce our consulting services for all assets and liabilities, including equity, real estate and financial assets.

For corporate clients, we will provide high value added services such as support for pension system reforms associated with extending the retirement age, investment education for employees, and consulting on enhancement of corporate governance and support for ESG management.

In the loan/investment related business, we will continue our efforts to improve balance sheet profitability by striving to reduce funding costs, and shifting our loan portfolio to high-profit areas where we have strengths. In the meantime, we will respond appropriately to our clients' funding needs.

In the asset management business, we will contribute to medium- to long-term asset formation by providing competitive asset management products to meet the diverse management needs of individual and corporate clients, mainly through Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd.

We will also pursue alliances with regional financial institutions and take advantage of our expert functions to provide high-quality services to a wide range of individual and corporate clients.

(2) Cultivating Growth Areas

We will take on the challenge of expanding our services and diversifying our earnings structure by cultivating growth areas based on accurately understanding client needs generated by social changes and creating new solutions to address them.

For example, we strengthened our insurance consulting functions in May 2019 with the establishment of Sumitomo Mitsui Trust Life Partners Co., Ltd. In June 2019, we launched sales of the 100-Year Life Solution Trust (100-Year Passport),

a trust product that includes features such as asset administration for when a person starts to show symptoms of dementia and a function for passing assets on to the next generation. In this way, we will make maximum use of diverse functions of the Group to address various concerns and needs arising from the advent of the "100-year life era" by developing products and services that offer clients security, safety and richness of life.

In addition, as announced in June 2019, we entered into a capital and business alliance in the wealth management business with the UBS Group, a global leading company in the area of asset management services for wealthy individuals. By leveraging the strengths of both groups, we seek to offer "Total Wealth Management" comprehensive financial services that provide optimal solutions for clients, not limited to products alone.

Furthermore, we are pursuing measures to address the rapidly advancing digitalization of society. We are taking advantage of digital technology in new areas such as enhanced marketing using AI and verification experiments regarding the use of blockchain in the real estate business.

Other than these, we held a contest for ideas from Group employees for creating new future-oriented businesses in fiscal year 2018. We selected four of the over 200 proposals submitted and are now commercializing them. We will continue these initiatives and intend to further revitalize the corporate culture of an "enterprising spirit" cultivated by the Group.

(3) Cost Structure Reform and Investment in Growth for the Future

As noted above, we consider ongoing efforts to enhance group-wide efficiency to be a major management issue. We will therefore implement well-balanced measures from fiscal year 2019 onward.

First, we will press ahead with improvements in operational efficiency using digital technologies such as RPA*[2], while reducing headquarters staff by 10%

*2 Robotic Process Automation

during fiscal year 2019 and shifting these employees to highly profitable front-line marketing.

We are making steady progress in reducing administrative workloads at branches, a task we have been working on since fiscal year 2017. We expect a 40% reduction during fiscal year 2019 and are planning a reduction of 70% by fiscal year 2021. Our policy is to demonstrate the added value unique to a trust bank while reducing the amount of space used in branches and improving efficiency. To do so, we will enhance convenience for clients and provide more space for contact with them through the introduction of new multifunction devices, while at the same time shifting to "trust type next-generation branches" that reduce operation space.

Meanwhile, we will begin making necessary upfront investments in computer systems that are the foundation supporting high-quality products and services from the perspective of improving medium- to long-term profitability, while focusing on efforts to improve cost efficiency.

(4) Practicing Appropriate Risk Control

Looking over the current economic environment, political and geopolitical risks are on the rise overseas, including growing trade friction between the U.S. and China and the delayed BREXIT negotiations. Concerns are growing in Japan as well with regard to an economic slowdown mainly due to economic volatility overseas.

We are reinforcing our risk preparations as downside-risk management has taken on even greater importance amid uncertainty in the economic and financial environment both in Japan and overseas.

For example, in addition to controlling the risk of fluctuations in the yen and U.S. interest rates, we had hedged approximately 80% of the market capitalization of strategic shareholdings held by the Group as of March 31, 2019. We will continue working to strengthen our financial base by preparing for the risk of fluctuations in the market price of shares while systematically reducing our strategic shareholdings.

With respect to credit risk, we will redouble our efforts focused on risk predictor management and risk management while responding steadily to the funding needs of clients.

Initiatives to Enhance Management Infrastructure

In order to swiftly and steadily carry out the initiatives I have mentioned thus far, we will enhance our corporate governance system and further strengthen human resources that underlie total solutions. As a Group that emphasizes trust, we will promote compliance with strict international regulations and strive to build a framework to handle our expanding global business.

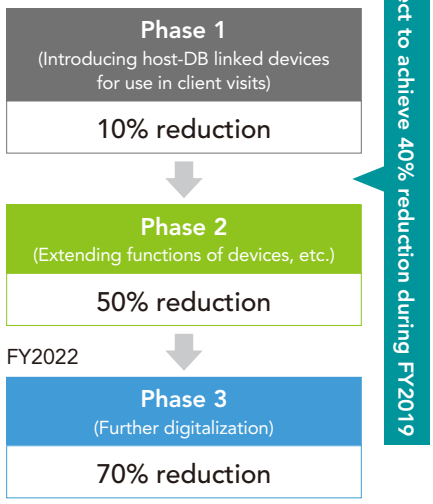
Initiatives to Enhance Governance

In the interests of enhancing medium- to long-term corporate value, SuMi TRUST Bank and Nikko Asset Management, the Group's primary subsidiaries, each transitioned to a Company with Audit and Supervisory Committee in June 2019,

Reduction of branch backoffice work

- Reduce branch backoffice work by 70% in the five years since fiscal year 2017
- Create the workforce equivalent of approximately 1,600 employees

<Reduction Plan>



following the similar transition of Sumitomo Mitsui Trust Asset Management in October 2018. With this change, we aim for greater management flexibility and to enhance our audit and supervisory functions. In addition, SuMi TRUST Holdings made Nikko Asset Management a directly owned subsidiary in July 2019, to build a highly transparent asset management business system.

■ New Diversity Management Selection 100 project

■ Certified Health and Productivity Management Organization (White 500)

Developing Human Resources and Expanding Areas for Active Participation

The Group has always considered human resources to be the greatest source of our competitiveness, and it has worked to expand areas in which diverse human resources can play active roles. In recognition of these efforts, SuMi TRUST Bank won a place in the New Diversity Management Selection 100 for the first time.

We also view work style reforms and health promotion management that enhance production while reducing total working hours as high priority issues for achieving sustainable growth for the Group. Specific efforts include working from home and mobile work, as well as smoking bans at all locations. These activities have been highly regarded. The Group was selected as a "Certified Health and Productivity Management Organization (White 500)" for the second consecutive year.

We continue to view human resources as the source of the Group's sustainable development and will focus our efforts on both developing diverse personnel and expanding areas in which they can play active roles. Specifically, we will boost the expertise, comprehensive capabilities and creative power of employees through enhanced in-house training. In the meantime, we will provide opportunities for growth and active participation among the mid-career and young segments, as well as proactively promote female employees. We are also implementing measures such as extending the retirement age so that senior employees with abundant experience can participate actively with purpose and motivation.

Enhancing Shareholder Return

The Group intends to make solid returns to shareholders from the results of our business activities. In May 2017, we set our shareholder return policy of maintaining a consolidated dividend payout ratio of around 30%, while gradually raising the total payout ratio to approximately 40% in the medium term by carrying out share repurchases.

For fiscal year 2019, we announced a dividend (forecast) of ¥150 per share of common stock, an increase of ¥10 compared to the previous fiscal year, as well as a repurchase of shares in May 2019. Through these efforts, we expect the total payout ratio to be around 40% of net income attributable to owners of the parent (full-year forecast) for fiscal year 2019, achieving the targeted level of "approximately 40% in the medium term" ahead of schedule.

We will continue to meet the expectations of shareholders by making a substantial return to shareholders, while aiming to raise ROE in the medium term in line with sustainable and stable growth befitting a financial group specialized in trust banking.

In Conclusion

We recognize even more expectations for diverse functions, advanced expertise and high-quality consulting cultivated by the Group, as client issues become increasingly diverse and complex amid significant changes in the structure and values of society.

We are proud and confident to be a financial group specialized in trust banking. We will strive to earn even greater trust and support as the best partner to resolve all our clients' concerns in a new era and a new environment. At the same time, we will help realize a sustainable society by providing Group services to a wide range of clients by making full use of various networks.

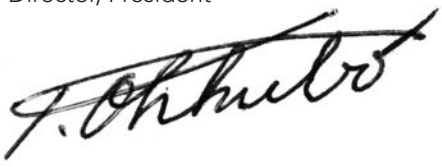
We ourselves will strive for constant transformation and create an even stronger portfolio of varied and unique functions and businesses, including real estate, asset management and asset administration, in addition to banking operations. We will thus establish a business model that is clearly distinct from the conventional commercial banking model centered on financial intermediary services, in order to realize sustainable and stable growth.

Going forward, all directors, officers and employees of the Group, myself included, will do our utmost to live up to the expectations and trust of stakeholders, who range from clients to society and beyond.

We appreciate your continued understanding and cooperation.

July 2019

Sumitomo Mitsui Trust Holdings, Inc.
Director, President



Message from Head of Finance

1. Looking Back on Fiscal Year 2018 (Second Year of Midterm Management Plan)

Looking back on fiscal year 2018, the second year of the current midterm management plan, turning first to business performance, we achieved profit growth in line with the plan for both net business profit before credit costs and net income attributable to owners of the parent. This was due to steady growth in the fee businesses, including asset management, real estate and the stock transfer agency services business, in addition to improved profitability in the loan/investment related business owing to replacement of assets and control of funding costs. Both revenue and profit increased even after implementing further efforts to enhance financial soundness, including realization of U.S. treasury related unrealized loss and impairment of goodwill at subsidiaries. As a result, return on shareholders' equity was 7.95%, nearing the level of 8% set as a medium-term target under the midterm management plan.

(Billions of yen)		FY2017 Actual	FY2018 Plan	FY2018 Actual	FY2018 Change from FY2017	FY2018 Against plan	FY2019 Plan	Target KPIs
Profit targets	Net business profit before credit costs	270.5	280.0	282.2	+11.6	+2.2	290.0	
	Net income attributable to owners of the parent	153.9	175.0	173.8	+19.9	(1.1)	180.0	
Profitability indicators	Fee income ratio	57.4%		57.1%	(0.3%)	—	—	Approx. 60%
	Overhead ratio (OHR)	61.7%	61.1%	60.9%	(0.8%)	(0.2%)	60.8%	Mid 50% level
Financial indicators	Shareholder ROE*	7.40%	—	7.95%	+0.55%	—	Approx. 8%	8% or more
	Common equity Tier 1 ratio	11.33%	—	12.18%	+0.85%	—	—	Approx. 10%

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

Looking at each business separately, results fell short of the plan for investment management consulting, etc. amid an uncertain market environment, and there are areas where our efforts to strengthen the client base should be accelerated. If we look carefully, we can see that we need to step up our credit risk management, given the increase in new credit costs arising in the second half compared to the first due to worsening of credit of some borrowers. However, considering credit risk as well as market risk overall, including share prices and interest rates, I believe our efforts to appropriately control downside risks are progressing steadily.

2. Outlook for Fiscal Year 2019

In the business environment for fiscal year 2019, there are growing concerns about an economic downturn mainly stemming from overseas factors such as U.S.-China trade friction and its increasing impact, as well as geopolitical risks in Europe and the Middle East. We need to continue to prepare ourselves for downside risks, including rapid changes in financial markets. In fiscal year 2019, while the pillars of our strategy remain unchanged, including strengthening the fee business and improving the profitability of the credit portfolio as set out in the midterm management plan, we will work even more aggressively to further accelerate and enhance various measures.

We will also further bolster efforts to improve cost efficiency group-wide. At the same time, we will make IT-related upfront investments designed to produce cost reduction effects and enhance our client service capabilities in the future, based on diversified, selective investments. We will work to keep consolidated OHR at a low level by controlling total expenses and steadily growing the top-line through constant efforts to reduce general expenses.

With regard to performance in fiscal year 2019, we are planning gradual increases in both revenue and profit, with net business profit before credit costs of ¥290.0 billion and net income attributable to owners of the parent of ¥180.0 billion, and expecting return on shareholders' equity (ROE) in the range of 8%. Although we are planning for ¥10.0 billion less in net business profit before credit costs compared to the midterm management plan primarily due to an expected increase in total expenses owing to upfront investments in systems to reduce future costs, net income attributable to owners of the parent is in line with the midterm management plan level, reflecting profit secured through ongoing sales of strategic shareholdings.

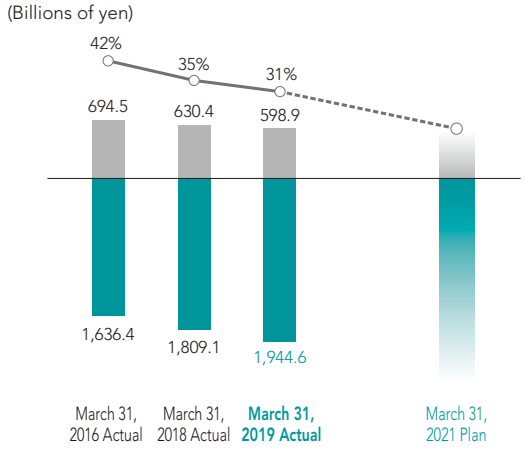
3. Financial Agendas

I think that our biggest financial challenge is how to achieve high levels of financial soundness along with high profitability and capital efficiency.

International capital regulatory reforms agreed upon by the Basel Committee on Banking Supervision (finalized Basel III) at the end of 2017 will raise capital requirements for credit portfolios and strategic shareholdings. As one of the Domestic Systemically Important Banks (D-SIBs), and a trust banking group premised on long-term transactions with clients, I believe we need to strengthen our financial base even more by increasing capital and improving asset profitability. At the same time, we will strive to further solidify our goal of shareholder ROE of 8% or more by steadily expanding the fee business and stepping up efforts to improve cost efficiency, while also working to reach our long-term target of 10% as early as possible. With the Group's transaction base with its corporate and individual clients, and a sustainable growth model centered on various fee businesses, I think it is fully possible to achieve both financial soundness and capital efficiency.

As for strategic shareholdings, while we have hedged economic risk corresponding to approximately 80% of market capitalization of such shareholdings as of March 31, 2019, we will strive to continuously reduce the balance of strategic shareholdings from the standpoint of capital efficiency. In accordance 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," we decreased the ratio from 42% to 31% over the past three years. With the understanding of our business partners, we aim to achieve our target of a 50% reduction over the remaining two years.

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)

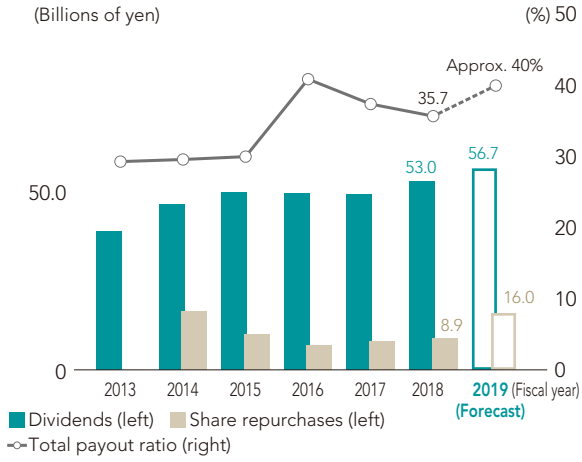
4. Capital and Shareholder Return Policy

Our basic policy on capital and shareholder returns is 1) to set a goal of achieving both higher levels of adequacy and efficiency of capital, and to engage in capital management that strikes the best balance between 2) investment in profit growth opportunities and 3) strengthening shareholder returns in the medium term.

As for capital adequacy, we have set a target of steadily securing a Common Equity Tier 1 (CET1) ratio of approximately 10%. As of March 31, 2019, we have secured a CET1 ratio of 12.1%, exceeding our target. However, we believe that it will be necessary to accumulate further capital at this stage, given that our pro-forma CET1 ratio based on Finalized Basel III reform basis, which is expected to be phased in from March 31, 2022, would be 9% level.

However, considering the steady progress of the midterm management plan mentioned earlier, and our expectations with regard to goal 1), we set a policy for fiscal year 2019 to achieve ahead of time a 40% total payout ratio, which is a medium-term target under the midterm management plan. We plan a dividend per share of ¥150, which is an increase of ¥10 per share for the second consecutive year, and will increase the amount of share repurchases compared to the previous fiscal year to a maximum of ¥16.0 billion.

■Shareholder return



5. In Conclusion

As stated in the Top Message, as Japan's only financial group specialized in trust banking, I believe we can demonstrate an outstanding presence in the financial sector in terms of our financial profile, including capital adequacy and efficiency, by establishing a more robust business model that is distinct from the commercial bank model.

We are also committed to further increasing management transparency by strengthening our efforts to engage in dialogue with various stakeholders, including disclosure of financial as well as non-financial information such as corporate governance and ESG initiatives, and by engaging in so-called shareholder relations (SR) activities.

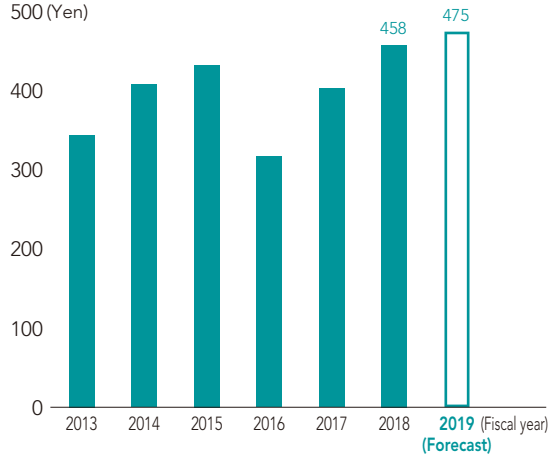
Through these efforts, we will actively contribute to the Group's value creation process from the standpoint of finance.

■KPI*

	FY2018 Actual	FY2019 Plan
Profit growth	¥173.8 billion	¥180.0 billion
Capital efficiency	7.95%	Approximately 8%
Shareholder return	35.7%	Approximately 40%

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

■Earnings per share (EPS)

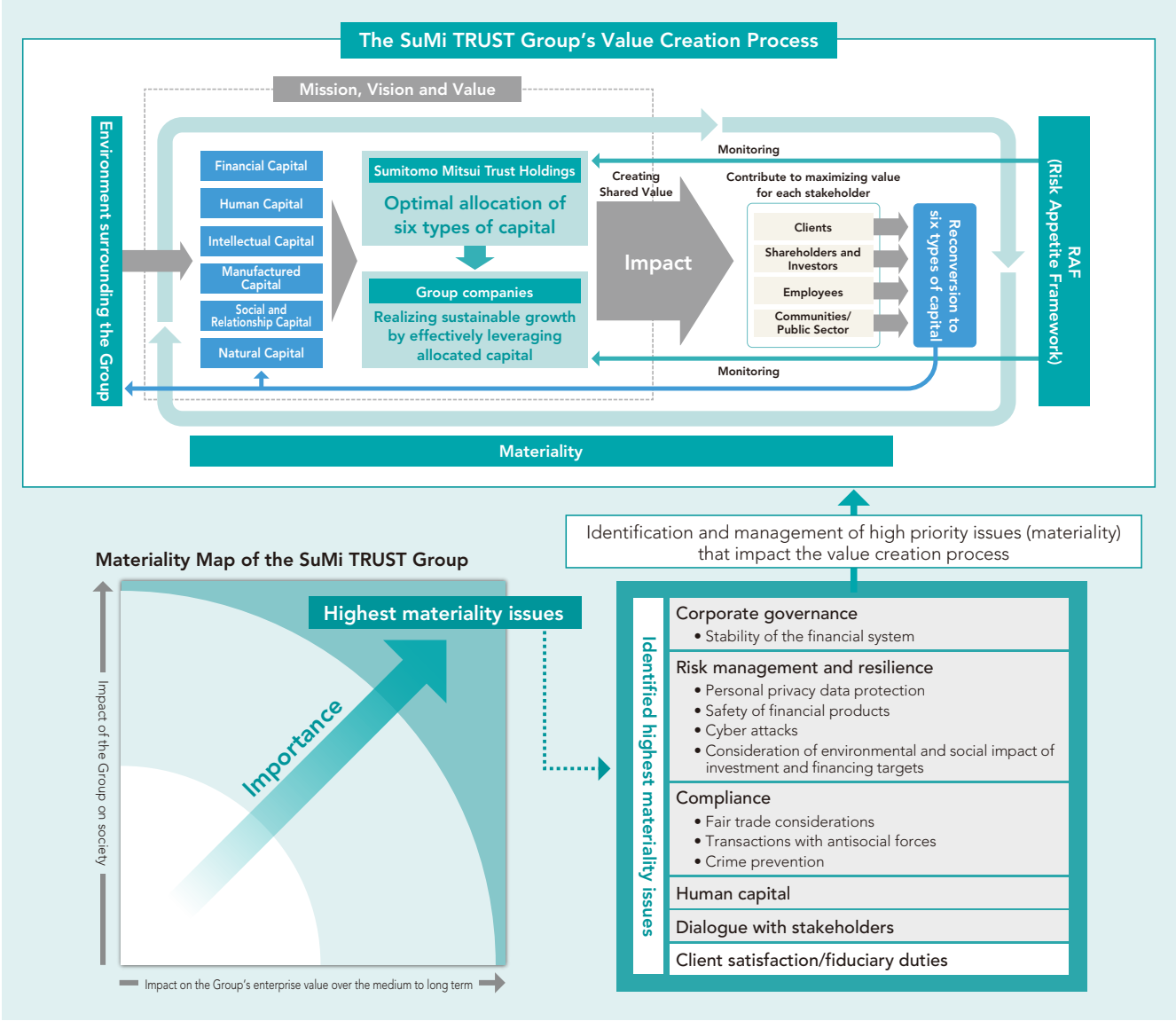


Materiality Management

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, such as 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

Based on various reports and guidelines, we select materiality issues emphasized by the major ESG evaluation agencies that provide information to investors.

STEP 2
Input from stakeholders

The materiality issues are evaluated by external directors and external auditors, relevant internal departments, and external experts from two perspectives: 1) the impact on enterprise value over the medium- to long-term, and 2) the impact on stakeholders.

STEP 3
Create a materiality map

The evaluation results from STEP 2 are mapped. The highest materiality issues are designated as the highest priority ESG issues, identified at the Executive Committee and reported to the Board of Directors. 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.

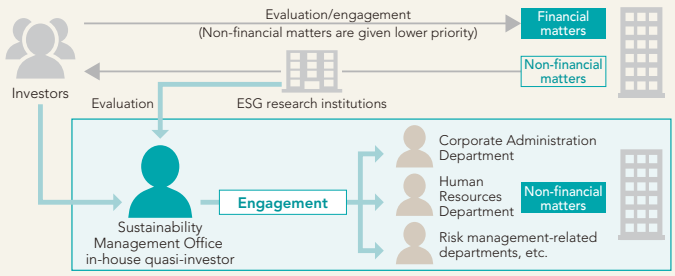
STEP 4
Conduct internal engagement

From among the high materiality issues, the Sustainability Management Office engages in dialogue (engagement) with relevant departments on the themes that have the strongest investor interest, and for which the Group still faces 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 engages in discussions 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 the Basic Policy on Corporate Governance.

Internal Engagement



Main Discussions Regarding ESG initiatives at the Board of Directors Meeting Held in February 2019

- Further contributions to the resolution of domestic and foreign issues through ESG measures in business fields in which the Group has strengths
- Enhancement of communications in order to further foster understanding of ESG measures, both inside and outside the Group
- Enhancement of internal engagement aimed at increasing the value provided to stakeholders
- Leadership in implementing the principles for responsible banking
- Visualization of contributions to SDGs and SDG results achieved through Positive Impact Finance

Internal Engagement in FY2017-2018

Theme	Target Departments	Engagement in FY2017	Results from FY2017/ Engagement in FY2018
Corporate governance	Corporate Administration Department, Corporate Secretariat	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	Provided evaluation results on the Group received from ESG research institutions, and relayed the Group's issues from the perspective of investors. Expanded the disclosure of information such as the President's standard compensation table
Enhancing human capital, increasing enterprise value	Human Resources Department	After the previous fiscal year's engagement, prepared a map of the linkages between HR measures and enterprise value, and disclosed the information in an integrated report/ESG report; continuously discussed methods to enhance the level of disclosure of content regarding human capital	Further improved the map of linkages and expanded disclosure of quantitative data. In particular, expanded content disclosed on website regarding diversity & inclusion promotion measures and their results
Climate change	Wholesale Business Planning Department*1	Shared awareness regarding the loan and investment risks related to fossil fuels of particular interest to investors; engaged in in-depth discussions regarding project financing for coal-fired power generators	As a general rule, it was decided not to engage in project financing for the coal-fired power generator business in Japan and overseas. This was reported in the integrated report
Dementia-related problems	Related departments*1	The expertise accrued through collaborations with COLTEM*2 was used to organize information regarding the impact of dementia-related problems on Retail Total Solution Services Business. This information was provided to related departments	Measures on dementia literacy improvement and community coordination were implemented at branch offices. In related internal departments, external experts were invited as workshop lecturers. Information regarding problems was shared through these workshops. A foundation was established for group-wide coordination
Value creation process	All business supervision departments*1	—	Integrated reports were used to explain the importance of the value creation process to investors. All businesses were instructed to begin considering their own value creation processes
SDGs	All business supervision departments*1	—	The global tide of focusing on SDGs was explained. All businesses were instructed to formulate business strategies linked to SDGs
Sustainable investment	SuMiTAM Actively Managed Fund Department Fixed Income Investment Unit, etc.	—	Global trends in fixed income investment, such as ESG integration and impact investment, which have been growing in recent years, and their background were explained. Opinions were shared regarding this topic

*1 SuMi TRUST Bank
*2 "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." The project is carried out through collaboration between industry, government, and academia.

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.

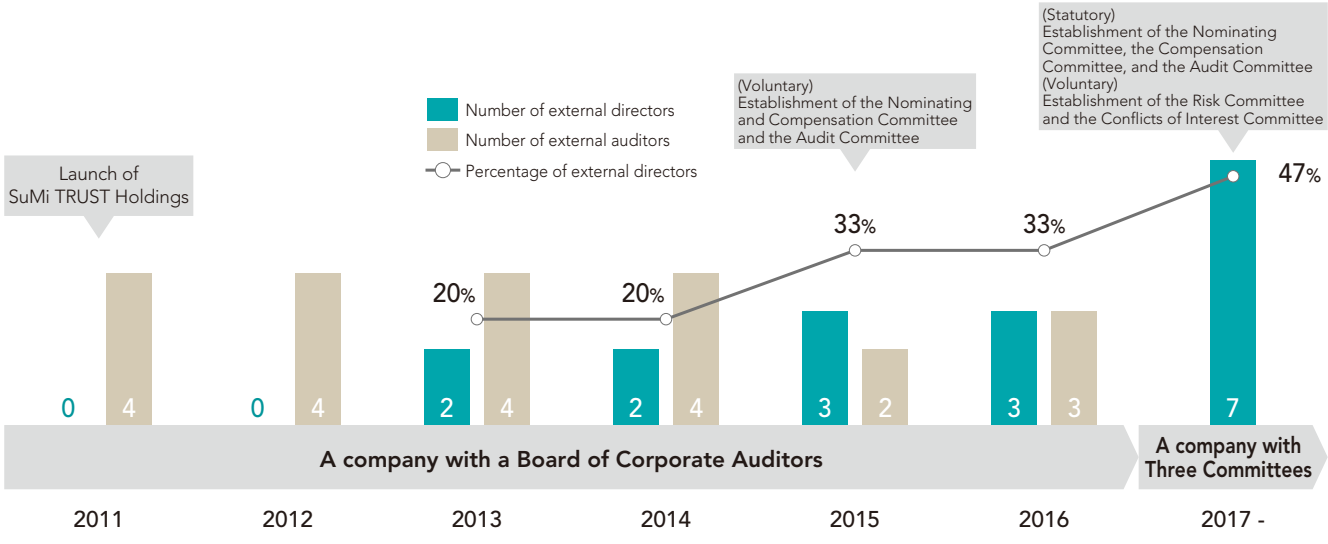
1. History of Enhancement of Corporate Governance

As Japan's only financial group specialized in trust banking, the SuMi TRUST Group 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 total 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, Nikko Asset Management, JTC Holdings, and Sumitomo Mitsui Trust Research Institute, 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"). 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.

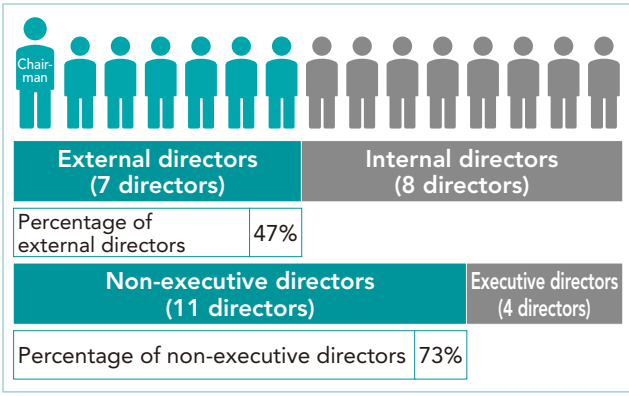
(2) Composition of the Board of Directors

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

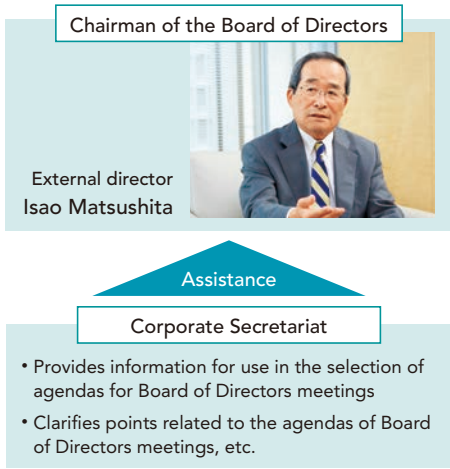


■ All seven external directors have been registered as independent officers with the relevant financial instruments exchange.
■ Breakdown of 15 directors: 14 men, 1 woman
■ 16 Board of Directors' meetings were held during the period of July 1, 2018 to June 30, 2019. Attendance of all Board members was 100% for all 16 meetings.

(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.

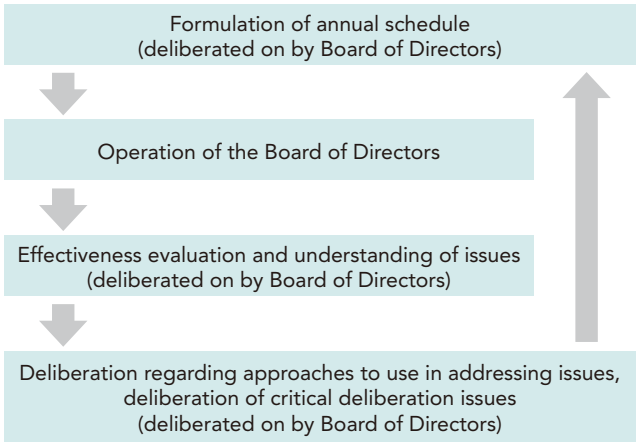
In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization that assists the chairman in fulfilling his duties, thereby providing information for use in the selection of agendas for Board of Directors meetings, and offering assistance regarding matters such as the clarification of points related to the agendas of Board of Directors meetings.



(4) Results of the FY2018 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 FY2018 Evaluation of the Board of Directors are as indicated below.

■PDCA Cycle



○ FY2018 Key Evaluation Points of the Board of Directors

(1) Implementation of multifaceted evaluations, including a self-evaluation by the Board of Directors and each committee's self-evaluation, as well as the Board of Directors' evaluation of each committee and executive officers' evaluations of the Board of Directors
(2) Implementation of third-party evaluations through questionnaires and interviews with directors by external experts
(3) Confirmation of some degree of effectiveness through self-evaluations based on third-party evaluations; recognition of future issues
(4) Exchanges of opinions at the external directors' meeting regarding the results of the evaluation of the Board of Directors

■FY2018 Implementation Schedule for the Evaluation of the Board of Directors

Month and Year	Evaluation Process
January-February 2019	Conducted questionnaires on directors, executive officers, and members of each committee (including external committee members other than directors. Same hereinafter)
February-March	External experts conducted interviews with directors
April	The board of directors deliberated the results of the evaluation of the board of directors Exchanges of opinions by external directors at the External Directors Meeting
May	Areas of greater focus for future deliberations were discussed by the board of directors
June	Additional matters for consultation for each committee were prepared An annual deliberation schedule for the board of directors was prepared

○ Measures to Address FY2017 Challenges

Based on the efforts for tackling challenges in fiscal year 2017, described below, the FY2018 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 2017.

(1) Refinement of the infrastructure for operation of the Board of Directors to contribute to efficient and enhanced deliberation
- With regard to the topics to be deliberated on in greater depth by the Board of Directors, an annual deliberation schedule was formulated, and the topics were discussed by the Board of Directors. Appropriate deliberation opportunities were provided to the Board of Directors and committees.
- Board of Directors materials were improved with an eye toward monitoring by the Board of Directors.

(2) Further demonstration of supervisory functions over management matters important for promotion of the midterm management plan
- From a supervisory perspective, management priority issues and medium- to long-term themes were selected as "management themes" and deliberated on in-depth by the Board of Directors.
- Progress in the deliberation of risk appetite framework ideals, based on the trust bank group business model, was confirmed.

(3) Enhancement of coordination between the Board of Directors and each committee with a view toward ensuring the further demonstration of their functions
- Through deliberations by the Board of Directors, processes were introduced for clarifying the advisory issues of each committee for fiscal year 2018.

○ Results of the FY2018 Evaluation of the Board of Directors and Future Measures

Through the FY2018 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 Evaluation of the Board of Directors, 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) Enrichment of discussions of medium- to long-term management challenges and strategies, including formulation of the next midterm management plan
(2) Enhancement of monitoring aimed at improvement of group governance
(3) Enhancement of framework that supports the operation of the Board of Directors

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 from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, 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

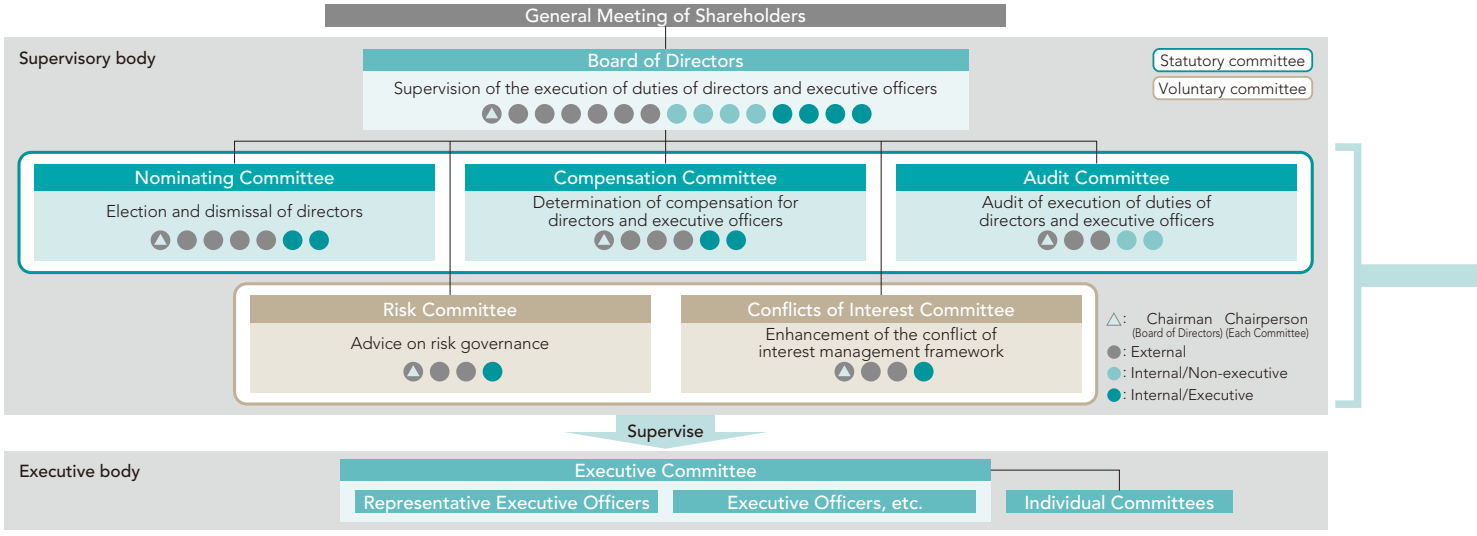
The Compensation Committee prescribes policy regarding decisions on the content of compensation for individual executive officers and directors, and determines the content of compensation for individual executive officers and directors, in accordance with this policy. It receives requests for consultation regarding policies on decisions on the content of compensation for individual directors, etc. from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, 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.

Activity Status of Each Committees

Nominating Committee	Held 18 times between July 2018 and June 2019
• Decided on proposal for candidates for directors of SuMi TRUST Holdings • Selected next-generation top management candidates based on succession plans and considered improvements to development plans • Clarified and established dismissal policies and procedures through discussions regarding dismissal of directors and other personnel	

Compensation Committee	Held 11 times between July 2018 and June 2019
• Designed a compensation system for directors and executive officers, including major subsidiaries • Discussed the compensation system, taking into consideration monthly compensation, director/executive officer bonuses, stock option composition, short-, medium-, and long-term incentives. Partially revised the system for director/executive officer bonuses	

■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 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 independent external directors.

(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.

Audit Committee	Held 16 times between July 2018 and June 2019
• Carried out organization auditing (auditing using the internal control system). Performed organized, efficient auditing through appropriate collaboration between executive officers, directors, the Internal Audit Department, a financial auditor, etc. • Reported important auditing matters, including audit instructions from the Board of Directors, to the Board of Directors each quarter	

Risk Committee	Held 8 times between July 2018 and June 2019
• Carried out discussions on topics such as the risk appetite framework, based on the Group's business model • Evaluated external environment assumptions on which the management plan is based, and the Group's recognition of top risk conditions • Evaluated and provided instruction regarding restructuring and liquidation procedure plans formulated as D-SIBs	

Conflicts of Interest Committee	Held 5 times between July 2018 and June 2019
• Established a stewardship subcommittee and enhanced supervision based on the integration of investment management functions of a trust bank • Deliberated on scandals involving other companies at meetings of the Board of Directors, etc. Enhanced executive management, such as reflecting these scandals in company-wide training aimed at fostering a risk culture and considering improvements to performance evaluation management	

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

			Nominating	Compensation	Audit	Risk	Conflicts of Interest
External	Directors	Isao Matsushita	△	●			
		Takeshi Suzuki	●	●		●	●
		Mikio Araki	●	●		△	
		Shinichi Saito	●		△		
		Takashi Yoshida			●		
		Hiroko Kawamoto	●	△			
		Mitsuhiro Aso			●		
	Experts	Hideki Kanda*					△
		Haruyuki Toyama*				●	
		Akiko Hosokawa*					●
Internal		Tetsuo Ohkubo	●	●			
		Masaru Hashimoto	●	●			
		Yutaka Nishida				●	●
		Kuniyuki Shudo			●		
		Kouji Tanaka			●		

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank. Mr. Haruyuki Toyama 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.
- Neither internal nor external committee members participate in decisions regarding their own compensation.

(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.

FY2018 Compensation ratio*1	Approx. 40%	Approx. 30%	Approx. 15%	Approx. 15%
Compensation type	**Fixed compensation portion of monthly compensation**	**Individual performance compensation portion of monthly compensation*2**	**Company performance-linked bonus**	**Stock-compensation-type stock options**
Payment standard	• Paid based on position, etc.	• Evaluation for previous fiscal year • Medium- to long-term performance contributions • Medium- to long-term activity status • Qualitative assessment of capabilities, etc.	• Consolidated net business profit before credit costs • Consolidated net income	• Single fiscal year performance • Stock price • Other management environment, etc.

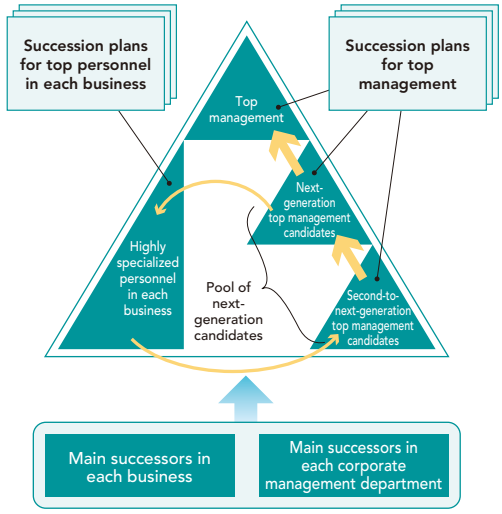
*1 For the President (also applies to table's content)
*2 Ranging between 70% and 160% of the standard amount

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 major subsidiaries, SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management. 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 define the ideals and requirements of directors and executive officers, 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 reports to the Board of Directors.



8. Changes to the Institutional Design of Group Companies

In order to enhance the SuMi TRUST Group's corporate governance system, three primary Group companies of SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management, have changed from a "company with a Board of Corporate Auditors" to a Company with an Audit and Supervisory Committee.

Furthermore, Nikko Asset Management has changed from being a directly owned subsidiary of SuMi TRUST Bank to being a directly owned subsidiary of SuMi TRUST Holdings. In doing so, it aims to further promote the Group's asset management business while enhancing corporate governance, such as efficient and appropriate management of conflicts of interest within the Group.

Changes to the Institutional Design of Group Companies/ Transfers within the Group

June 2017	SuMi TRUST Holdings became a "company with Three Committees"
October 2018	Sumitomo Mitsui Trust Asset Management became a Company with an Audit and Supervisory Committee
June 2019	SuMi TRUST Bank and Nikko Asset Management became a Company with an Audit and Supervisory Committee
July 2019	Nikko Asset Management became a directly owned subsidiary of SuMi TRUST Holdings

9. Management Themes 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 thoroughly play this role, the Board of Directors of SuMi TRUST Holdings selects management themes, consisting of legal and regulatory requirements, priority management issues, and medium- to long-term themes, and discusses these themes in the Board of Directors meetings.

In addition to directors of SuMi TRUST Holdings, external directors of SuMi TRUST Bank also participate as observers in discussions regarding these management themes. Discussions are conducted freely, without any obligation to reach conclusions. The perspectives and expertise of external directors are leveraged in order to enrich the agendas at Board of Directors meetings.

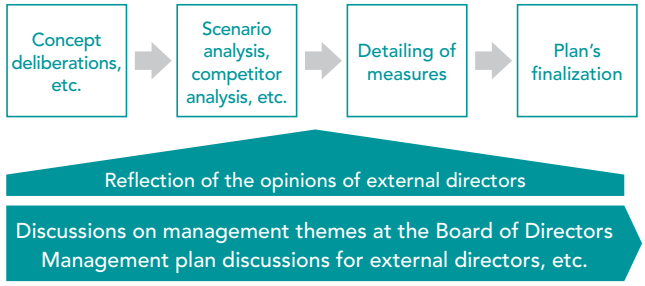
Implementation of Management Themes

August 2018	Client evaluation
September	Personnel globalization
November	Study of cases of governance deficiencies in other companies
December	Utilization of trust functions to address social and economic issues
April 2019	(Results of the evaluation of the Board of Directors)
May	Next midterm management plan
	(Themes for enriching future meeting agendas)

* Items in parentheses were implemented as part of the Board of Directors evaluation process

10. Early Stage Participation in the Midterm Management Plan Formulation Process

Fiscal year 2019 is the final year of the current midterm management plan. Full-fledged discussions were carried out with the aim of formulating the next midterm management plan, to begin in fiscal year 2020. In formulating the plan, management themes were discussed at the Board of Directors from the early stages of deliberation regarding its concepts. In addition, management plan discussions were carried out by external directors outside of Board of Directors meetings. These discussions leveraged the expertise of external directors.



11. External Directors' Meetings

In order to further improve the effectiveness of our corporate governance, we regularly hold external directors' meetings, which are only attended by external directors.

These external directors engage in discussions that are active and unrestrained, sharing information and awareness from independent and objective positions. These meetings contribute to the greater objectivity and independence of the Board of Directors.

Dialogue between External Director and Investors

Below is an overview of the Q&A session held during "SuMi TRUST IR Day," a briefing session for institutional investors, in December 2018.

External Director
Chairperson of Audit Committee
Shinichi Saito

Question

What does the Group see as its group management challenges?

With regard to group management, we believe it is essential to consider the vulnerabilities of the systems used by each company and to take a group-wide approach, including examining what kinds of compliance or operational incidents have occurred. Furthermore, we discuss the viability of each Group company's capitalization and any financial discipline issues.

The SuMi TRUST Group engages in major integration of asset management and administration businesses, so not only is group management important for us, but revenue contributions are also rising for Group companies other than SuMi TRUST Bank, our core company. Given this, we see group management as the launching point of our management priority issues.

Question

How has asset profitability management changed since the shift to a "company with Three Committees" in June 2017?

Key to asset profitability management is the quality of assets. We engage in various discussions from perspectives of profitability, risks, and returns. Specifically, for our Audit Committee members, issues such as strategic shareholdings, credit, and impairment loss risks and goodwill in business investments are extremely important. They focus on these issues in their discussions.

Improving profitability is an important discussion point, as are ROA and how to utilize RAF (risk appetite framework) to strategically allocate capital. We clarify top risks and jump risks, including foreign currency liquidity, and are conducting more comprehensive reviews than ever of asset quality issues and, at the same time, business-related latent risks. We also focus on the issue of asset efficiency while discussing, for example, how to improve per-business ROE. I think these are all major changes.

Question

What kinds of discussions have taken place about the nomination and terms of external directors?

Nomination and terms are deliberated on by the Nominating Committee. The committee has started considering whether it would be best to change external directors after they have been in office for a certain duration.

With regard to nomination standards, external directors' roles and contributions are important points, but we believe that the largest issue may be diversity. We have an unusual nature, as we are a financial institution, so it is important that we not only consider internal logic, but also take into consideration outside perspectives and use them to enhance our management.

Question

The committees exist in order to check the management structure and management team. Please tell us how the committees themselves are checked.

Before each committee, a Board of Directors evaluation is conducted, and then individual committee evaluations are conducted. There are also regular opportunities for each committee to report on their duty execution status to the Board of Directors.

Currently, the Audit Committee's evaluation is a self-evaluation. However, discussions are currently underway regarding evaluations by other directors or, if necessary, executives.

Question

Have there been any changes to the Company's relationships with supervisory agencies as a result of the transition to a "company with Three Committees"? Are there any opportunities for external directors to directly communicate with supervisory agencies?

I myself was a corporate auditor when the Company was a "company with a Board of Corporate Auditors," and an Audit Committee member after the Company became a "company with Three Committees" in 2017. As a corporate auditor, I had multiple opportunities to engage in discussions with supervisory agencies. I believe the agencies needed to recognize the importance of external directors and external auditors in financial institutions, while at the same time requiring financial institutions to have a deep understanding of financial administration. In a reflection after the financial crisis, I think there was the recognition of a need for closer communication and mutual understanding between regulatory agencies and financial institutions.

I have not noticed any particular changes since becoming a "company with Three Committees." Communication has increased, but this is a change that has been brought on by the changing times, and is not something unique to SuMi TRUST Holdings.

Question

What are your opinions on the Board of Directors' discussions and the implementation status of governance functions in emergency situations?

As far as how the Audit Committee should respond in an emergency situation, the committee's response is key if we are exposed to risks when a crisis occurs. I believe that initial response is particularly important.

The first thing to do is to identify the facts. This is followed by confirming the extent of damages caused by the incident and considering how to respond and what reoccurrence measures to implement. It is often impossible to completely avoid crises, so instead the problem lies in preventing such crises from becoming long-term latent issues. I believe that the Three Lines of Defense and the functions of the Board of Directors and Audit Committee are the most important.

The question is therefore how to handle actual risk management and communications, and I believe that for the Audit Committee, what is important is the committee's structure. Having a structure that ensures neutrality and objectivity in the event of a crisis is of particular importance.

Question

The activities of Audit Committee members seem extremely extensive. Do you think such a burden is appropriate for external directors?

The activities of Audit Committee members (compared to corporate auditors when the Company was a "company with a Board of Corporate Auditors") have, indeed, increased, and I sometimes come to the Company twice a week. In addition to activities of the Audit Committee, there are preparatory briefings, etc. for the Board of Directors.

SuMi TRUST Holdings, in particular, is only in its second year as a "company with Three Committees," so it is important to share information, understand operations, and have a deep understanding of what kind of person is doing what kind of work.

Governance does not function properly just by creating a system. The personnel side is also important. In particular, for coordination between the first, second, and third lines, we get a feel through communications with various executive officers and internal control units. This is a responsibility, not a burden. Such activities are essential for executing the duties of the Audit Committee and its chairperson.

Our Board of Director and Executive Officers*1 *2

(As of July 1, 2019)

Directors (internal)

	Director, President (Representative Executive Officer) **Tetsuo Ohkubo**	Tetsuo Ohkubo has experience in positions for supporting part of corporate management, being in charge of corporate management departments of SuMi TRUST Holdings, and assumed office as President in April 2017 and as Director, President in June 2017. In addition, he has experience of being in charge of corporate management departments of SuMi TRUST Bank. He served as Deputy President of SuMi TRUST Bank for 1 year from April 2016, and as Director from April 2017.
	Director, Senior Managing Executive Officer (Representative Executive Officer) **Jiro Araumi**	Jiro Araumi has been in charge of the Asset Management Business Planning Department as Senior Managing Executive Officer since April 2017, and Director, Senior Managing Executive Officer, since June 2017. He also has been 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.
	Director, Senior Managing Executive Officer (Representative Executive Officer) **Yutaka Nishida**	Yutaka Nishida has been Regional Executive for Europe and General Manager of London Branch of SuMi TRUST Bank. Since April 2017, he has been in charge of the Risk Management Department, Compliance Department, Legal Department, and other departments as 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.
	Director, Executive Officer **Masaru Hashimoto**	Masaru Hashimoto has been in charge of corporate management departments of SuMi TRUST Holdings. From October 2016 to March 2017, he served as Deputy President and Executive Officer. Since June 2017, he has served as Director, 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.
	Director **Kunitaro Kitamura**	Kunitaro Kitamura served as President of SuMi TRUST Holdings for 5 years from April 2012 and as Chairman of SuMi TRUST Bank from April 2012. Therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group.
	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 and Chairman from June 2017. Therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group.
	Director **Kuniyuki Shudo**	Kuniyuki Shudo has served as general manager of the Fiduciary Services Business and overseas units, Regional Executive for the Americas and General Manager of New York Branch. He then served as Managing Executive Officer of SuMi TRUST Bank, Executive Officer of SuMi TRUST Holdings, in charge of the Global Business Management Office and the Americas Business Management Office. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.
	Director **Kouji Tanaka**	Kouji Tanaka has served as general manager of the Real Estate Business and general manager of domestic branches. He then served as Managing Executive Officer of SuMi TRUST Bank, in charge of the Internal Audit Department. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.

Executive Officers

Senior Managing Executive Officer, Executive Officer*2 (Stock Transfer Agency Services Business)*3 **Atsushi Kaibara**	Managing Executive Officer **Kazuya Oyama**	Executive Officer*2 **Yukihiro Kitano**	Executive Officer*2 (Wholesale Total Solution Services Business)*3 **Masahiro Tsuchiya**	Executive Officer*2 **Akira Yokota**
Managing Executive Officer **Hitoshi Sato**	Executive Officer, Executive Officer*2 **Kiyomitsu Asahi**	Executive Officer*2 (Retail Total Solution Services Business)*3 **Tsuyoshi Saito**	Executive Officer*2 (Fiduciary Services Business)*3 **Toru Takakura**	Executive Officer*2 **Toshio Masui**
Managing Executive Officer **Futoshi Itani**	Executive Officer **Junya Ueda**	Executive Officer*2 **Yasumi Nose**	Executive Officer*2 (Wholesale Asset Management Business)*3 **Kengo Noguchi**	Executive Officer*2 **Yoshio Hishida**

Directors (external)

			Area of expertise		
			Corporate management	Financial accounting	Law
	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. 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 served as an external director at SuMi TRUST Holdings since June 2015.)	●	●	—
	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 Chairman of the Board of Japan Economic Research Institute Inc. (He has served as an external director at SuMi TRUST Holdings since June 2015.)	●	●	—
	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. (He has served as an external director and chairman of the Board of Directors at SuMi TRUST Holdings since June 2017.)	●	●	—
	Director (external) Shinichi Saito*1	Mr. Shinichi Saito has extensive knowledge and experience in financial accounting as the former General Manager of the Finance Department of Marubeni Corporation. In addition to engaging in management at an investment company, he also has acquired deep insight as a company executive. (He served as an external auditor at SuMi TRUST Holdings from June 2013 to June 2017, and as an external director at SuMi TRUST Holdings since June 2017.)	●	●	—
	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. 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 served as an external auditor at SuMi TRUST Holdings from June 2016 to June 2017, and as an external director at SuMi TRUST Holdings since June 2017.)	—	●	—
	Director (external) Hiroko Kawamoto*1	Ms. Hiroko Kawamoto served as Executive Vice President of All Nippon Airways Co., Ltd. from April 2013, and as Executive Vice President and Member of the Board from April 2016. She was responsible for the overall management of the company and promotion of women's activities. (She served as an external director at SuMi TRUST Bank from June 2016 to June 2017, and as an external director at SuMi TRUST Holdings since June 2017.)	●	—	—
	Director (external) Mitsuhiro Aso*1	Mr. Mitsuhiro Aso has served as Superintending Prosecutor of Fukuoka High Public Prosecutors Office and Interlocking Professor at Hosei University Law School. Therefore, he has specialized knowledge regarding the law and experience regarding organization management. (He served as an external auditor at SuMi TRUST Bank from June 2016 to June 2019, and as an external director at SuMi TRUST Holdings since June 2019.)	—	—	●

*1 External director as prescribed in Article 2, item 15 of the Companies Act. The overall balance, including areas of expertise above, is taken into consideration when external directors are selected.

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

Executive Officer*2
(Real Estate Business)*3
Shigeki Tanaka

Executive Officer*2
Toshiaki Nakano

Executive Officer*2
Masaya Noda

Executive Officer*2
Yasuyuki Suzuki

Executive Officer*2
Kazuteru Wakao

Executive Officer*2
(Global Markets Business)*3
Yoshinori Momose

Executive Officer*2
Takuji Marui

Executive Officer*2
Atsushi Matsumoto

Executive Officer*2
Shinichi Nonomura

Executive Officer*2
Nobuaki Yamaguchi

Executive Officer*2
Satoshi Kitai

Executive Officer*2
Nobuhisa Takahashi

Executive Officer*2
Manatomo Yoneyama

*3 Items in parentheses are business segments in charge at SuMi TRUST Bank.

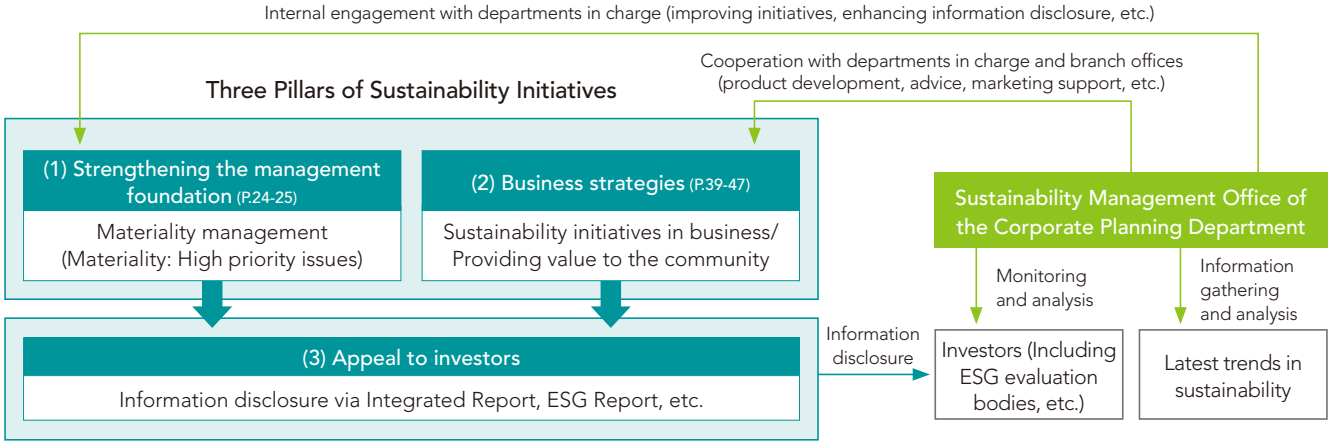
Initiatives Related to Sustainability

The Group views the three pillars of its sustainability initiatives to be "materiality management," as the strengthening of its management foundation, "sustainability initiatives in our business/providing value to the community," as business strategies, and the "appeal to investors" of these two activities.

1. Three Pillars of Sustainability Initiatives (Role of Sustainability Management Office)

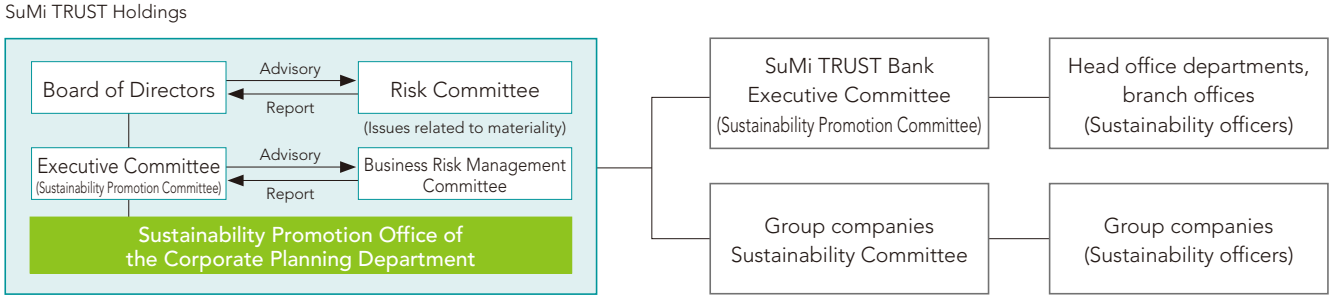
The Sustainability Management Office of the Corporate Planning Department conducts a detailed analysis of feedback from investors and ESG evaluation bodies, and contributes to the enhancement of initiatives through dialogue (internal engagement; for details, please see page 25) with the departments in charge regarding any issues that are raised.

In addition, the office also gathers and analyzes information regarding the latest trends in sustainability, and, in collaboration with the departments in charge and branch offices in each business, plays a leading role in business strategies, including product and service development, and provides advice and support for activities.



2. 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.



3. Business Strategies (Overview)

(1) Sustainability Initiatives in Business (Please see pages 40-45)

Leveraging the functions of a financial group specialized in trust banking, the Group provides total solutions that address the social issues faced by our clients. We are developing a variety of business models that will help maximize the positive impact (and minimize the negative impact) of the Group on its clients, and of the clients themselves on a sustainable society, from the perspective of the three dimensions of the Sustainable Development Goals (SDGs), namely, the economy, society, and the environment.

We believe that by providing such client-oriented services, we will maximize the value of clients themselves over the long term, while enhancing the Group's position as our clients' "best partner."

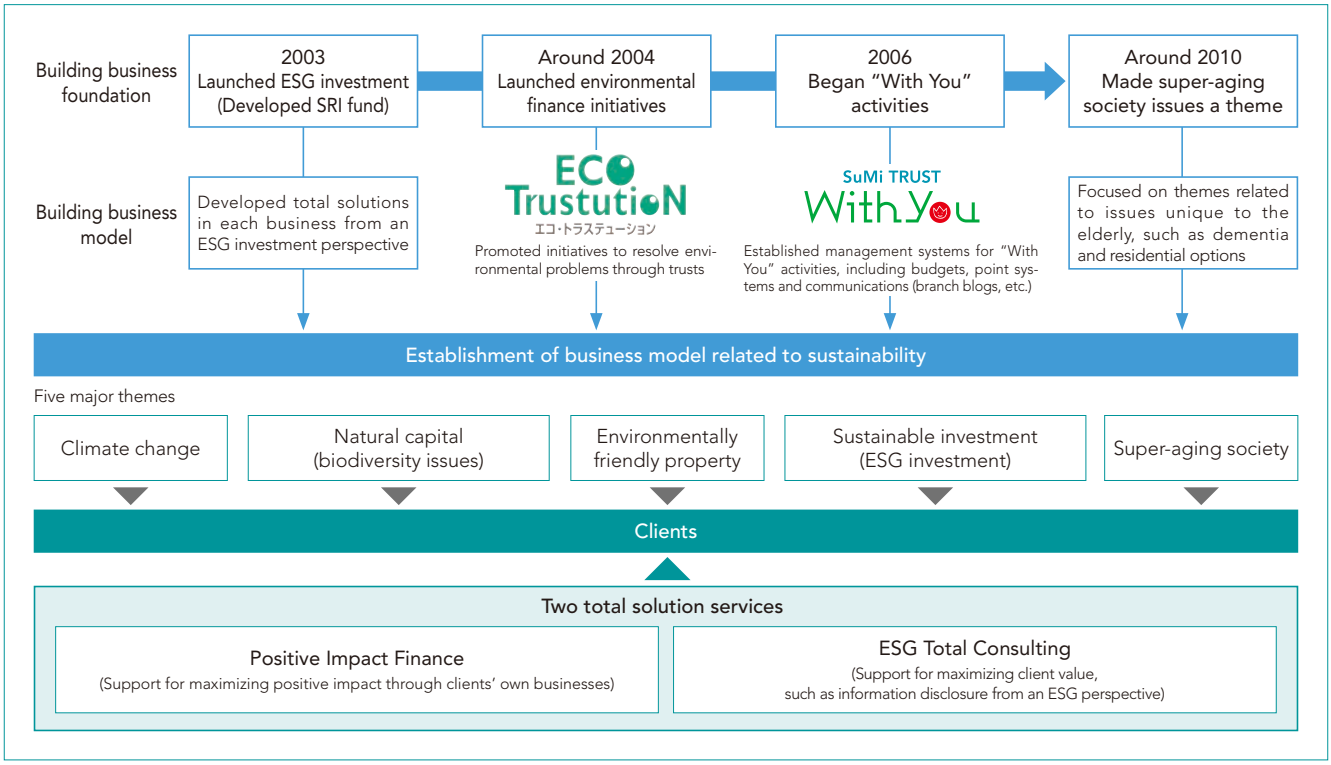
From this perspective, since January 1, 2019, the Group has participated in the Positive Impact Initiative led by the United Nations Environment Programme Finance Initiative (UNEP FI). Our policy is to continue to play a leading part on a global level, in order to establish new roles for finance.

Furthermore, there have been increasing calls recently for financial institutions to consider the environment and society in their investment and loan operations, primarily from the viewpoint of controlling negative impact. The Group is proactively implementing measures in this regard as well, such as by becoming a signatory of the Equator Principles, and taking actions with respect to climate change.

(2) Providing Value to the Community (Please see pages 46-47)

Providing value to the community, which is a component of society, is linked to maintaining a sound business foundation, and we therefore consider it to be a social license that is necessary to conduct business. From this point of view, the Group practices providing value to the community in various forms through its "With You" activities (please see page 46), while also bearing in mind the SDGs.

■ Background of initiatives to establish business model



4. Business Strategies (Detail)

(1) Sustainability Initiatives in Business

The Group has positioned climate change and other issues as the five major themes of business sustainability, and is developing Positive Impact Finance and ESG Total Consulting as total solutions for our clients. In addition, in September 2018, based on this track record, we engaged in green funding procurement for the first time by issuing green bonds.

Five Major Themes

Climate Change Issues

See Climate Change Report 2018/2019

Basic Strategy for Realizing SDGs (points)

- Providing solutions for building a society with net zero carbon emissions using our finance, trust, and real estate functions (renewable energy and energy-saving finance, development of asset management products, environmental performance assessment of buildings, etc.)
- Promoting stewardship activities related to climate change as a responsible institutional investor etc.

Renewable Energy Finance

SuMi TRUST Bank supports the promotion of wind power and solar power generation through project finance and fund management. The total power generation capacity of the projects in which SuMi TRUST Bank has been involved is 14,149 MW, while the amount of power generated annually is 38,749 GWh, which is equivalent to an overall annual CO_2 emissions reduction effect of 17,230 thousand t-CO_2. In addition, Sumitomo Mitsui Trust Panasonic Finance provides support mainly for mega-solar projects, and has helped to implement 30 mega-solar projects, with a total power generation capacity of 52 MW.

Renewable Energy Fund and Asset Management Products for Investors

SuMi TRUST Bank has established and operates a renewable energy fund that specializes in investing in large-scale renewable energy power generation projects.

As of March 2019, SuMi TRUST Bank has invested in large-scale solar power generation projects in 27 locations and wind power generation projects in 2 locations (total power generation capacity of 440 MW). Of the total project cost of ¥187.3 billion, SuMi TRUST Bank fund invested a total of ¥23.5 billion. These projects generate 545 GWh per year, which is equivalent to an annual CO_2 emissions reduction of 280 thousand t-CO_2.

* In calculating CO_2 emission reduction amounts, a different emission coefficient was used for each power producer, based on project location.

Micro-power Generation in Water Supply Systems

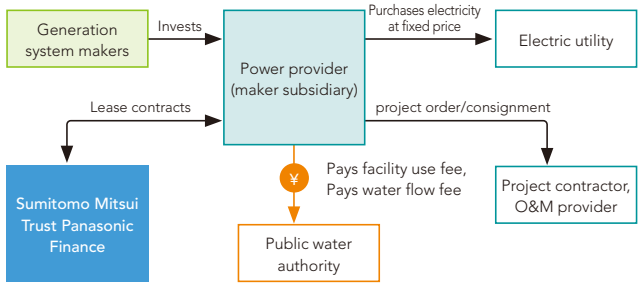
Sumitomo Mitsui Trust Panasonic Finance promotes the use of natural energy and regional measures to combat global warming by proposing the introduction of micro-power generation systems at water supply facilities nationwide. As of March 2019, the high-efficiency power generation systems used in this scheme have been, or are scheduled to be installed at 16 facilities nationwide, with a total power generation capacity of 427 kW.

Contributions to CO_2 Reduction via Renewable Energy Finance

Category of power generation	Number of projects	Potential capacity (MW)	Annual output (GWh/year)	CO_2 reduction effect (10,000t-CO_2/year)
Solar	102	4,226	6,791	321
Wind	29	2,845	8,103	339
Offshore wind	14	6,726	21,703	1,014
Other	8	417	2,153	53
Total	153	14,214	38,749	1,727

Target of calculation: Total of SuMi TRUST Bank's project finance and renewable energy fund (as of March 31, 2019)
Capacity calculations: Numerical values of potential generation capacity, gigawatt hours of output per year, and CO_2 reduction effect covers all projects in each category.
Subtotals may not add up to totals due to rounding.

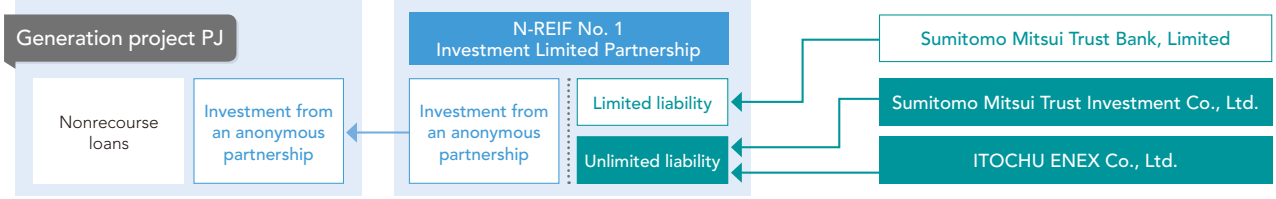
Business Scheme of Micro-power Generation in Water Supply System



[Features of the Leasing System (Benefits for Local Governments)]

- Projects established with no initial investment budget
- Maintenance and management of power generation systems carried out by power producers
- Stable leasing income, and tax income from fixed assets

Renewable energy fund scheme



- We contribute by providing equity-like funding for the spread of renewable energy projects.

Natural Capital (Biodiversity Issues)

See Natural Capital Report 2018/2019

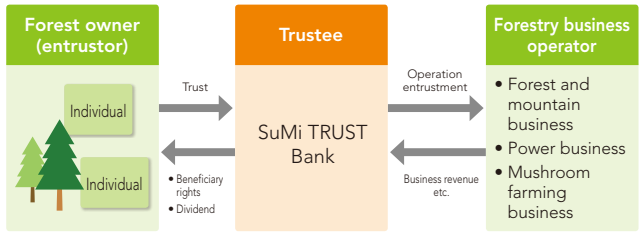
Basic Strategy for Realizing SDGs (points)

- Identification of natural capital risks that would have a major impact on overseas procurement and business or project continuity; working on investment and loan processes from an ESG perspective
- Expanding sales of environmental rating loans with the evaluation of natural capital preservation, development of forestry trusts, and promotion of related businesses etc.

Forestry Trusts—Sustainable Use of Japan's Natural Capital

Approximately two-thirds of Japan's land consists of forests. Although these forest resources, which consist mainly of artificial forests developed after the Second World War, are now ready for full-scale use, in reality, many have been left untended. SuMi TRUST Bank has started developing a forestry trust scheme that will consolidate and enhance the efficiency of forestry operations by accepting entrustment of forests in which operations are not being conducted due to the owners being elderly or living far away, or for other reasons, and entrusting forestry operations to a forestry entity. In February 2018, SuMi TRUST Bank was entrusted with a basic services survey for the introduction of forestry trusts by Nishiawakura village in Okayama Prefecture.

Overview of the forestry trust scheme



Environmental Rating Loans with Evaluation of Natural Capital Preservation

The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that natural capital-related procurement risk management across the global supply chain is an indispensable part of management strategy.

In April 2013, SuMi TRUST Bank launched its 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 the Bank's efforts have been cited in Japanese government environmental white papers and European Commission reports as an example of leading-edge practice.

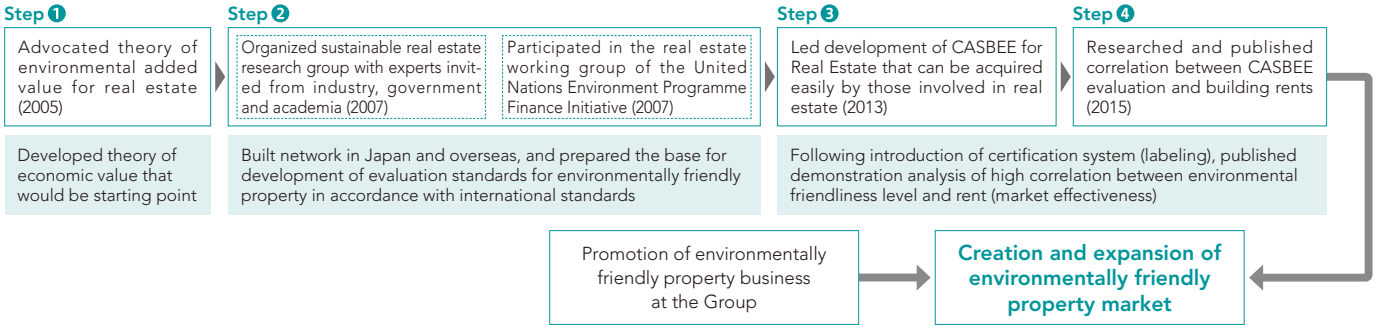
Environmentally Friendly Property

See Environmentally Friendly Property Report 2018/2019

Basic Strategy for Realizing SDGs (points)

- Support for acquiring environmental performance certification, such as CASBEE for Real Estate and CASBEE for Urban Development, etc.
- Support for realizing environmentally friendly property through construction consulting and assistance with subsidy selection
- Creating businesses linked to the promotion of environmentally friendly property, including green finance and environmentally friendly property funds etc.

Initiatives of creating environmentally friendly property market



Consulting for Application Support for CASBEE Certification

CASBEE for Real Estate

SuMi TRUST Bank engages in consulting services to support applications for CASBEE for Real Estate Certification. In addition to supporting the selection of real estate applying for certification, CASBEE for Real Estate accredited professionals with proper qualifications evaluate the environmental performance of real estate, and support the submission of applications for certification to certifying bodies. In addition to CASBEE for Real Estate evaluations, these professionals also identify issues for improving environmental performance and offer advice on efforts for improvement.

CASBEE for Urban Development

CASBEE for Urban Development is an environmental performance evaluation for the urban development of wide areas of residential or commercial land. SuMi TRUST Bank carries out evaluations of environmental performance based on CASBEE for Urban Development, and offers support including advice regarding procedures for applying for certification and on the CASBEE screening process. In July 2018, "LIST GARDEN nococo-town," a large eco-town in Totsuka, Yokohama City, became the first-ever recipient of the highest certification rank ("S") for CASBEE for Urban Development, with support from SuMi TRUST Bank.

Sustainable Investment (ESG Investment)

See Stewardship Report 2018/2019

Basic Strategy for Realizing SDGs (points)

- Promotion of ESG investment strategies and engagement activities, based on an SDG perspective at Sumitomo Mitsui Trust Asset Management and Nikko Asset Management etc.

FY2019 ESG Activity Themes at Sumitomo Mitsui Trust Asset Management

Themes	Specific activities	Relevant SDGs
Climate change	• Independent engagement with the major greenhouse gas-emitting industries (cement, paper & pulp, electricity, petroleum, etc.) • Full-fledged initiatives for the global climate change initiative Climate Action 100+ (engagement with Japanese and other Asian companies)	
Water resources and marine pollution	• Addressing ocean plastic pollution (engagement with chemicals, food, and retail industries, etc.) • Requesting greater awareness of water resource risks and improved measures (engagement with beverages, food, and apparel industries, etc.)	
Supporting governance reforms	• Supporting higher levels of independence on company boards and the promotion of diversity, such as higher ratios of female directors • Sustainable improvements in "earnings power" and appropriate capital allocation (balance between growth investments and surplus cash returns)	
Promoting ESG information disclosure	• Encouraging companies to disclose information reflecting the attainment of SDGs (contributions to solving ESG issues and earnings contributions) • Strengthening involvement in the TCFD information disclosure rules (collaboration with relevant government agencies)	

Super-aging Society Issues

See ESG Report 2018/2019, pages 35-45

Basic Strategy for Realizing SDGs (points)

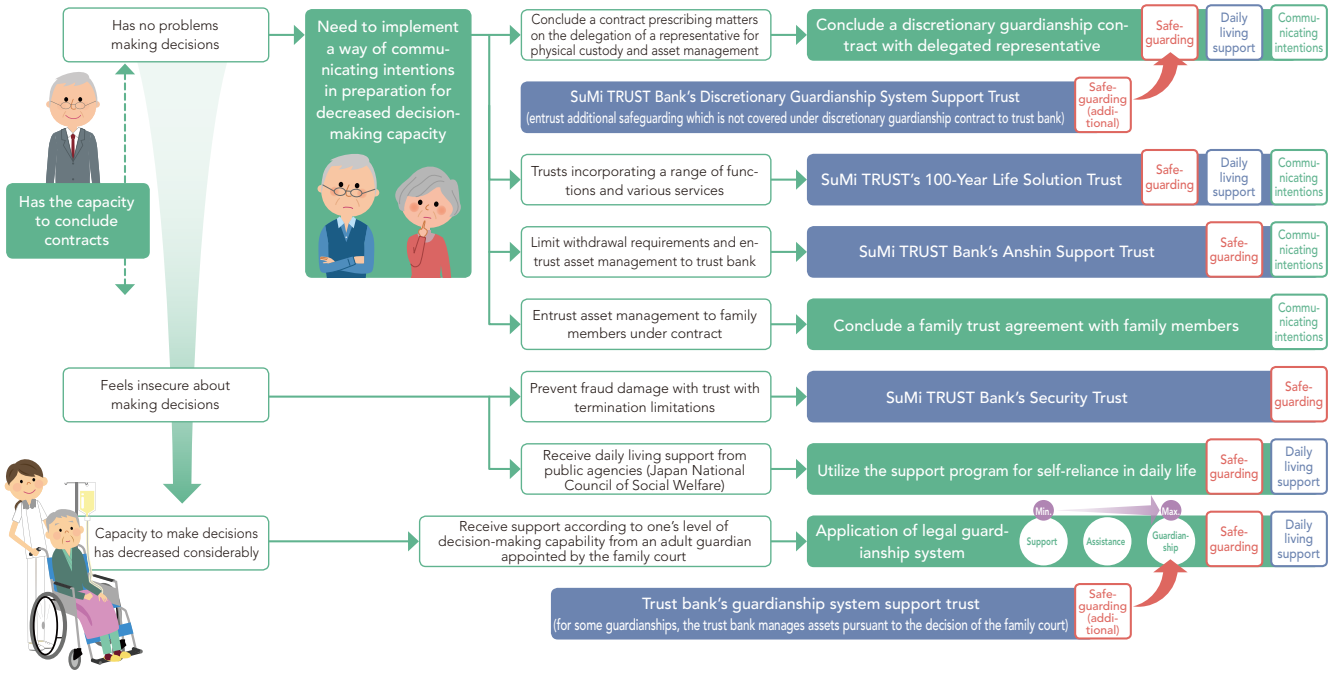
- Support for productive aging* by providing a range of information on financial services, residential options, etc.
- Improving employee knowledge regarding dementia, promoting collaboration among employees, enhancing property administration services etc.

*Way of life participating actively in society, even during old age

Property Administration Product Lineup that Meets Dementia-Related Needs

See "Considering the Problems of Dementia" A Digest Report for Seniors (Japanese only)

A lack of judgement capacity due to dementia or other causes makes it difficult to administer savings and deposits, and to carry out various contracts for oneself. The first priority, in terms of property administration is to put measures in place to safeguard finances, for example, against money transfer scams. The second essential element involves the provision of daily living support to help with money management in everyday life. It is also important to communicate one's intentions in a personal contract with regard to what one would like to have done, in the event that it becomes difficult to communicate one's wishes due to dementia. SuMi TRUST Bank develops a variety of trust product and explains their use, along with public support services.



Two total solution services

Positive Impact Finance

Positive Impact Finance involves a comprehensive analysis and evaluation of the positive and negative impacts of corporate activities on the economy, society, and the environment, and provides financing (investing) to support these activities on an ongoing basis. Positive Impact Finance is carried out in line with procedures based on the Principles for Positive Impact Finance and guidelines for their implementation established by the United Nations Environment Programme Finance Initiative (UNEP FI). The most distinctive feature of this type of finance is that it discloses the degree to which a company has contributed to achieving the SDGs, using the evaluation indicators of that company to indicate the degree of contribution, in a clear and concrete manner. The Group participated in UNEP FI's Positive Impact Initiative in January 2019, and plays an active role in the development of tools for evaluation and analysis, while holding repeated discussions with participating members from overseas, in order to establish new roles and global standards for finance that contribute to achieving the SDGs.

Introducing initiatives of the Group at the UNEP FI Regional Roundtable for Asia Pacific (June 2019, Shanghai)

World's First "Positive Impact Finance with Unspecified Use of Funds"

In March 2019, SuMi TRUST Bank concluded a Positive Impact Finance loan agreement with FUJI OIL HOLDINGS INC. ("Fuji Oil Group"), based on the "loan with unspecified use of funds" model established by UNEP-FI. The loan is the first of its kind worldwide. SuMi TRUST Bank considers that the Fuji Oil Group contributes to the SDGs by controlling its negative impact, and pursuing positive impacts in all business fields and areas.

ESG Total Consulting

Amid dramatic changes in the environment, companies are under pressure to make major changes in their stance toward capital markets, including a growing international discussion in pursuit of sustainability, rapid expansion of the ESG market, and cultivation of space for sound dialogue with investors due to the introduction of the Stewardship Code. SuMi TRUST Bank leverages the knowledge of its analysts and other employees who have been involved in asset management operations for many years, as well as its own know-how regarding sustainability services and the creation of integrated reports/ESG reports, to make various custom-tailored ESG proposals to clients who are issuing reports.

Consulting Examples

Integrated Report Review Services

We review clients' integrated reports, etc. based on our knowledge as investors and as a report producer, and help improve future editions.

Support Services for Integrated Report Preparation

We provide support for preparation of integrated reports, based on our knowledge as investors and as a report producer. We offer a wide range of services, from support for the enhancement of activities, such as analyzing the status of initiatives from an ESG investor perspective, to suggesting improvements, formulating the value creation process, and supporting identification of materiality. Based on the provided support, we also propose content and conduct reviews during the preparation process.

Survey of ESG Trends Among Major Shareholders

We conduct surveys of trends in ESG efforts by major shareholders, and analyze the impact on the company issuing the report, while supporting the development of a foundation for sound dialogue.

Green Funding Procurement

Issuance of Green Bonds

SuMi TRUST Bank issued its first green bonds on September 25, 2018, on overseas markets. Use of these bonds is limited to funding projects that contribute to environmental improvement, such as renewable energy projects including solar and wind power generation, acquisition and construction of environmentally friendly property, and addressing climate changes. The bonds were issued and managed based on the Green Bond Framework of the SuMi TRUST Bank, in line with the ICMA's Green Bond Principles (2018) and the Ministry of the Environment's Green Bond Guidelines (2017). The opinion of a third-party certification body (Sustainalytics) was also obtained with regard to this framework.

We have also been held in high regard for our ESG efforts by ESG investors, the number of which has increased significantly in recent years, and our green bonds have sold steadily.

Overview of Green Bond Issuance

Issuer	Sumitomo Mitsui Trust Bank, Limited
Currency	Euro
Yield	3-month Euribor rate + 0.25%
Pricing date	September 18, 2018
Issue date	September 25, 2018
Coupon dates	25th of March, June, September, and December every year
Credit ratings	Moody's: A1; S&P: A
Issue size	€500 million
Maturity	September 25, 2020 (2 years)

Environmental and Social Friendliness in Investment and Loan Business

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, especially with the purpose of minimizing negative impact.

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.

Signing of the Equator Principles and Initiatives

In February 2016, SuMi TRUST Bank became 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. In fiscal year 2018, SuMi TRUST Bank has implemented 22 projects subject to the Equator Principles (including one Project-Related Corporate Loan).

Environmental and Social Considerations in Asset Management

As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management has established the ESG guidelines. These guidelines are based on the United Nations Global Compact, which is 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 extortion and bribery, among others. In accordance with the ESG guidelines, Sumitomo Mitsui Trust Asset Management is involved in numerous engagements (dialogue) with investee companies regarding ESG issues. Engagements are carried out by its analysts and the dedicated members of the Stewardship Development Department, and joint engagements are also carried out with domestic and overseas institutional investors on specific themes, such as palm oil and forest resources.

As an asset management company, Nikko Asset Management's mission is to prioritize clients' interests in its actions. Nikko Asset Management positions fiduciary principles and ESG principles at the highest level among its corporate principles and activities, and has established the Code of Conduct Regarding Fiduciary and ESG Principles.

SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management are signatory institutions of the Principles of Responsible Investment (PRI), which promotes the inclusion of ESG in the investment process.

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 2019 (see page 45 for project financing for coal-fired power plants).

Initiatives Related to Climate Change

• Climate Change Governance

The Group positions responses to climate change as an important management issue for both the corporate value of the Group and the construction of a sustainable society. We have established the Action Guidelines for Mitigating Climate Change, and are enhancing risk management and information disclosure, and developing solution businesses to help solve these issues.

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

• Declaration of Support for TCFD

SuMi TRUST Holdings, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management support the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), and promote initiatives in line with these recommendations, based on our recognition that climate risks are already manifesting as financial risks.

Since fiscal year 2013, the Group has issued a special report on climate change, and our policy is to enhance the content of this report according to TCFD standards.

• Dealing with Climate Change Issues in Asset Management

Member of Climate Action 100+

Sumitomo Mitsui Trust Asset Management and Nikko Asset Management are members 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. While Sumitomo Mitsui Trust Asset Management has conducted its own engagement with the cement, pulp-and-paper, electricity, oil, and other industries, which are large GHG emitters, the company has also been active in collaborative engagement through Climate Action 100+, and has played a leading role among the numerous target companies, which include overseas corporations.

In October 2018, Nikko Asset Management became the first Asian asset management company to declare its support for the four areas listed in The Investor Agenda, namely information disclosure, engagement, policy proposals, and investment. The Investor Agenda provides guidance for global institutional investors who are working together to address issues related to climate change. Nikko Asset Management participates in Climate Action 100+ as part of the "engagement" area.

Collaboration with LGIM

In June 2019, Sumitomo Mitsui Trust Asset Management agreed to collaborate with Legal & General Investment Management ("LGIM"), a subsidiary of the Legal & General Group, a major U.K. life insurer, on ESG activities including climate change. The ICSA (Institute of Chartered Secretaries and Administrators), a U.K. corporate governance association, has presented LGIM with the Best Investor Engagement award for four years running, from 2015 to 2018. Sumitomo Mitsui Trust Asset Management will further enhance its engagement activities related to climate change and other issues with individual overseas companies, by making the most of LGIM's experience and knowledge base on stewardship activities, which will also serve to enhance our stewardship activities in Japan.

• 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, in principle, does not 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.

• Pursuing Business Opportunities

The Group views climate change issues as one of the five major sustainability themes in its business, and is actively developing businesses that contribute to resolving climate changes (please see page 40).

(2) Providing Value to the Community

• Basic Philosophy

The Group engages in various social contribution and regional contribution initiatives, while also considering the perspective of the SDGs, in communities to which the business bases of the Group companies belong.

Because providing value to the community, which is a component of society, helps to maintain a sound business foundation, we consider it to be a license that is required to conduct business. From this point of view, the SuMi TRUST Group practices providing value to the community in various forms, while also incorporating the perspective of the SDGs.

* See ESG Report 2018/2019 for details.

"With You" Activities at SuMi TRUST Bank

In order to build strong relationships of trust with community members, SuMi Trust Bank carries out sustainability activities, known as "With You" activities, which are linked to achievement of the SDG targets at branch offices across Japan. Through the steady implementation of activities rooted in local communities, SuMi Trust Bank aims to establish a greater presence within communities and contribute to the long-term growth of its client transaction base.

■ "With You" Activities Related to the Targets of the 17 SDGs

Activities supporting National Trusts (SDGs 14 and 15)
Engagement in activities in various regions to increase trust lands in Japan, as an investment to support the foundation for living

- •Sending seminar instructors for outside classes
- •Activities in collaboration with outside partners and local communities
- •Publicity efforts

- •Book donation project
- •Used eyeglasses donations

Silver College (seminars) (SDGs 3 and 4)
Holding seminars that provide seniors with opportunities to learn about topics such as residential options in old age, dementia issues, and a satisfactory end of life

- •Support for food donations to developing countries and the poor

- •Lobby exhibits about peace (introducing NPO/NGO initiatives, etc.)
- •Donations of supplies to conflict zones
- •Paper crane donations

- •Silver College
- •Partnerships with comprehensive regional support centers
- •Dementia supporter lectures, financial guide read-throughs
- •Seminars and lobby exhibits on health, nursing, and medical care
- •Blood drives, Pink Ribbon activities

- •Remote village preservation
- •Forest Cemetery lobby exhibits
- •Reduced paper consumption

- •Donations to Bellmark
- •Company tours, workplace tours
- •Family visits

- •Beach cleanups

- •Initiatives for diversity and inclusion
- •"Iku-boss" initiatives

- •Lobby exhibits on disaster readiness (climate-related disaster measures)

- •Endangered species preservation activities for connection with protection and restoration of water eco-systems

- •Recycling activities

- •Lobby exhibits on housing options
- •Initiatives to prevent special scams
- •Lobby exhibits on disaster readiness (earthquake-related disaster measures)
- •Community cleanups

- •Power consumption reductions, power conservation
- •Eco drives

- •Awareness-raising for the Help Mark

Education for Sustainable Development (ESD) projects for the next generation (SDGs 4, 6, 11, 14 and 15)
Providing opportunities for children to become aware of the existence of the abundant natural environment and living creatures around them, and to think about the significance of preservation activities

- •Asset management and inheritance seminars
- •Introductions of trust products to support seniors (e.g. Guardianship System Support Trust, Security Trust, Anshin Support Trust, 100-year Life Solution Trust, etc.)
- •Severance pay lobby exhibits

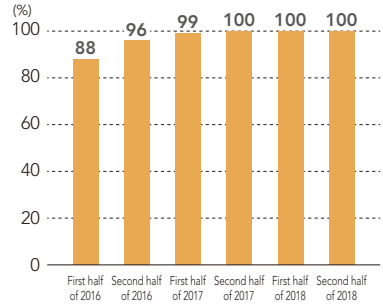
Support for UWC ISAK Japan summer school (SDGs 1 and 4)
Supporting schools that aim to nurture global leaders who can play an active role worldwide, through education, regardless of their economic conditions

In order to promote "With You" activities, the Corporate Planning Department's Sustainability Management Office divides activities 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 for the targets. It has also introduced activity budget allocation and award systems.

In fiscal year 2019, each branch office thought about which activities would be its own strengths, formulated an "Our SDGs Declaration" for itself, and began to carry out specific activities.

Goals of "With You" Activities

Standard point achievement rates



Standard points achievement rate

For three consecutive terms

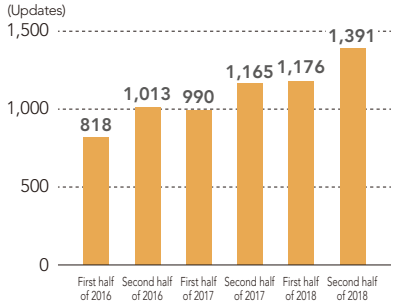
100%

The "With You" branch blog, which was launched in 2012, is an information dissemination tool that introduces the "With You" activities being conducted at branch offices across Japan. Each branch office posts text, along with a visual illustration and a logo that shows how its "With You" activities contribute to achieving the SDGs. The number of blog updates is rising each year, and reached a total of 1,391 posts in the second half of 2018, which was a record high. The blog has become an increasingly important tool for communicating specific information in a timely manner to a wide range of stakeholders.

"With You" Branch Blog

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

Number of branch blog updates



Total Number of Posts

10,641

(as of March 31, 2019)

Challenge for SDGs!

The Group, with the aim of ensuring that each and every employee becomes responsible for promoting and raising awareness of the SDGs, is implementing measures to promote understanding of the SDGs, so that they can be understood and practiced by all employees. In order to enable employees to practice "With You" activities, which contribute to achieving the SDGs, "SDG In-house Study Groups" have been held at SuMi TRUST Bank's Retail Total Solution Services Business branches across Japan, with a total of 3,112 employees from all branches participating. In May 2019, all employees of SuMi TRUST Bank began wearing SDG badges. Expansion of this initiative to all Group companies is planned during fiscal year 2019.

Explaining why the Group works on SDG initiatives and how each business is linked to the SDGs

Employee Integrated Report (May 2018 edition)

"Future Bloom" in-house booklet (October 2018 edition)

E-learning held in December 2018

Number of SDG badges distributed

Approximately

14,500

(March to June 2019)

Number of participants in "SDG In-house Study Groups"

3,112

(November 2018 to March 2019)

Continuing to Evolve as Our Clients' "Best Partner"

Japan's social structure is undergoing significant changes, including the coming of an aging society, the rapid evolution of digital technologies, and the diversification of working styles and lifestyles. In light of these developments, we believe clients' needs will become even more diverse and sophisticated than in the past.

In what is called "the age of 100-year life," the average life expectancy in Japan has grown thanks to the evolution of medical technologies, with many people living long lives of around 100 years. However, the various social security programs currently in place don't assume people will live to 100 years, making many people feel uncertain. This has resulted in a wide variety of needs.

We have gradually expanded our service menu in order to support individual clients in this age of 100-year life with an individual life plan design and the realization of affluent living. Our menu includes all areas, not only asset growth, but also preparation and protection through insurance product development, consulting, and monitoring, enjoyment of life through Diners Club and Silver College, and assistance with passing wealth on to the next generation through inheritance and gifting-related services.

For corporate clients, it is becoming necessary to respond to growing corporate pension and health insurance burdens and a diversification of employment forms to compensate for a lack of human resources. We will offer comprehensive solutions that cover addressing challenges other than loan/investment services including appropriate life-plan consulting in consideration of the respective corporate plans for employees, in addition to comprehensive consulting on retirement benefits and corporate pension plans.

As the social structure changes significantly in this era of increasingly diverse and sophisticated needs, it is important not only to respond to clients' requests as needs that have become apparent, but also for each and every employee to have a good knowledge of the client and the imagination required for envisioning potential needs from the client's perspective. To this end, it is necessary for us to thoroughly implement client-oriented business operations to an even greater extent than in the past. I believe this will be the biggest differentiator that will enable the Group to be a financial institution that clients will continue to choose as the only financial group in Japan specialized in trust banking.

There has been growing social pressure on financial institutions related to fiduciary duties and customer satisfaction. We will go back to client-oriented business operations, which are a basic principle of trusts and our starting point, and refine these operations. We will leverage our strength of possessing significant expertise and a client-oriented fiduciary spirit, which has not changed since our foundation, as a driving force as we blaze a trail in this new era as a "Best Partner" for clients.

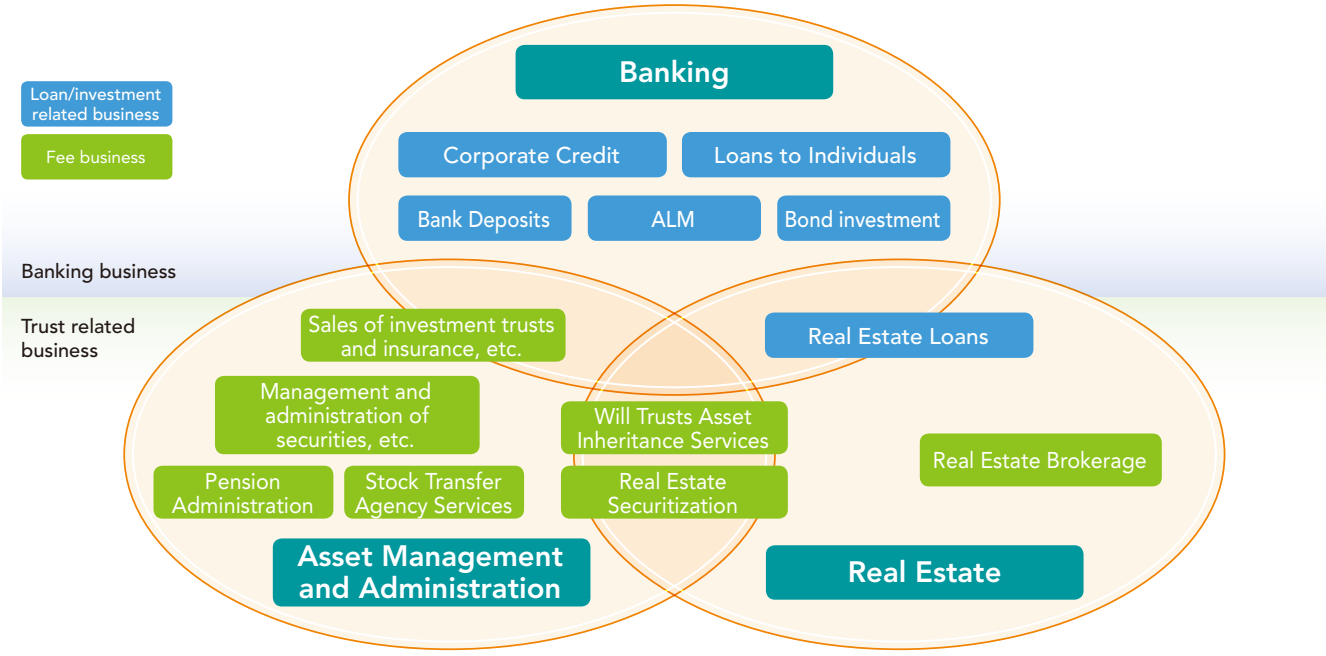
July 2019

Sumitomo Mitsui Trust Bank, Limited
President

Masaru Hashimoto

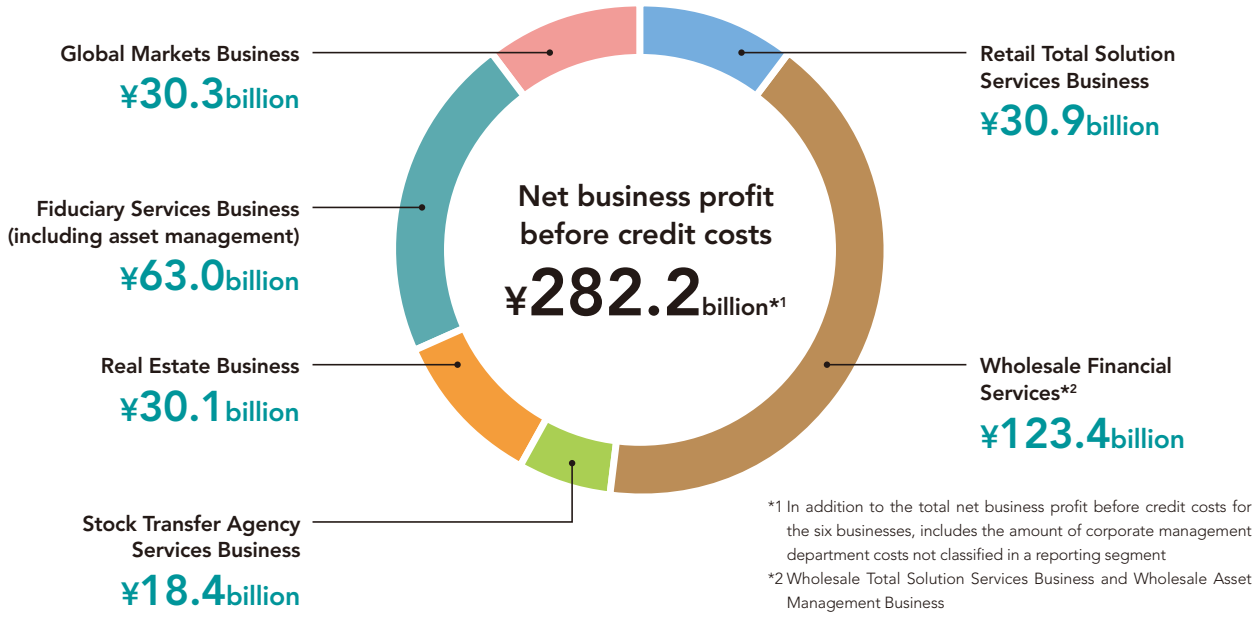
Group Structure

Making full use of advanced expertise and comprehensive capabilities, the SuMi TRUST Group creates distinct values by leveraging a business model that combines its banking, asset management and administration, and real estate businesses.



	Retail Total Solution Services Business	Wholesale Total Solution Services Business	Wholesale Asset Management Business	Stock Transfer Agency Services Business
Major subsidiaries and affiliates	Sumitomo Mitsui Trust Bank, Limited			
	Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Sumitomo Mitsui Trust (Hong Kong) Limited	Tokyo Securities Transfer Agent Co., Ltd.
	Sumitomo Mitsui Trust Club Co., Ltd.	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Sumitomo Mitsui Trust Investment Co., Ltd.	Japan Securities Agents, Ltd.
	SBI Sumishin Net Bank, Ltd.	Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Sumitomo Mitsui Trust TA Solution Co., Ltd.
	Sumitomo Mitsui Trust Life Partners, Co., Ltd.	Zijin Trust Co., Ltd.		Japan Stockholders Data Service Company, Limited

■Net business profit before credit costs by segment



*1 In addition to the total net business profit before credit costs for the six businesses, includes the amount of corporate management department costs not classified in a reporting segment

*2 Wholesale Total Solution Services Business and Wholesale Asset Management Business

Real Estate Business	Global Markets Business	Fiduciary Services Business	Asset Management
Sumitomo Mitsui Trust Realty Co., Ltd.		Japan Trustee Services Bank, Ltd.	Sumitomo Mitsui Trust Asset Management Co., Ltd.
Sumitomo Mitsui Trust Research Institute Co., Ltd.		Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Nikko Asset Management Co., Ltd.
		Sumitomo Mitsui Trust (Ireland) Limited	Sky Ocean Asset Management Co., Ltd.
		Japan Pension Operation Service, Ltd.	JP Asset Management Co., Ltd.

Retail Total Solution Services Business

Through our high-quality comprehensive consulting, the Retail Total Solution Services Business provides diverse services unique to a financial group specialized in trust banking to meet the wide-ranging needs of individual clients that vary with their life stages. The services include asset management, asset formation, inheritance and succession, and property administration.

Deputy President and
Head of Retail Total Solution Services Business, SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

Tsuyoshi Saito

Vision Aimed for by the Business

In what has been called "an age of 100-year life," there have been growing needs for extending the life of assets through asset management, becoming better prepared for a long life, and ensuring the smooth transfer and succession of assets to the next generation.

The 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 based on the characteristics of individual clients' assets and liabilities, which change along with different stages in their lives, with the aim of becoming our clients' "Best Partner."

We strive to be fully client-oriented and to further improve the specialist skills that form the foundation of our consulting services in order to grow together with the clients. These efforts are in accordance with our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group."

Main Group Companies

SuMi TRUST Bank	Provides services to meet wide-ranging needs of individual clients (asset management, asset formation, housing acquisition, inheritance, and succession, 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. Utilize 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	Online 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
Sumitomo Mitsui Trust Life Partners, Co., Ltd.	Established in May 2019. Insurance sales company that sells insurance to individual clients and provides monitoring for contract holders

Recognition of environment and challenges

- Prolonged negative interest rates and decline in fee rates for financial instruments
- Increase in elderly population size, medium- to long-term population decline
- Acceleration of shift from savings to asset formation
- Business process and branch reform through digitalization

Opportunities and our strengths

- Strategic deployment centered around face-to-face consulting unique to a financial group specialized in trust banking (client-oriented business structure, one-stop provision of comprehensive consulting, etc.)
- Broad client base that ranges from asset-formation generation to seniors

Key Measures

Increasing of assets under management

We aim to establish stable profit structures by increasing the amount of assets under management through the provision of diverse products and services unique to a financial group specialized in trust banking. These include asset management and administration, wills and inheritance, and real estate with consulting based on the client's life stage and comprehensively responding to diverse needs.

Expansion of the branch network and improving operational efficiency

We will expand and optimize our branch network with the aim of expanding opportunities for face-to-face consulting, which are a source of competitiveness. We will also work to dramatically improve productivity and strengthen consulting capabilities by significantly reducing administrative work conducted at branches.

Aiming to be the Best Partner in an age of 100-year life

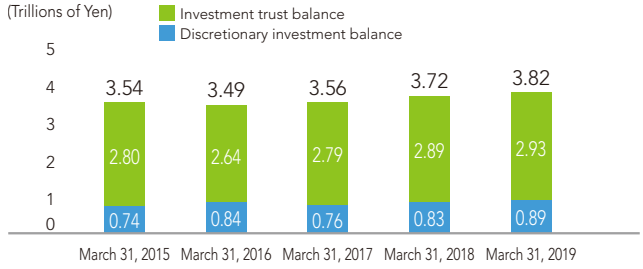
—Start handling of 100-Year Life Solution Trust (100-Year Passport)

The 100-Year Passport was born as a trust product that can be relied upon to ensure living with a peace of mind in the age of 100-year life. It has a function that provides reassurance in the face of future uncertainties such as dementia and other health concerns and a range of various services for a more enjoyable and fulfilling life. The product is proposed according to the individual circumstances of each and every client.

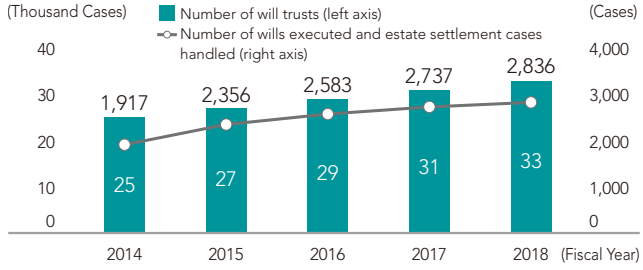
Alliance with the UBS Group in the wealth management business

We aim for total wealth management that offers optimal solutions through the flexible combination of the world-leading asset management and securities services of the UBS Group and the wide range of products and services of the SuMi TRUST Group, including inheritance and succession and real estate.

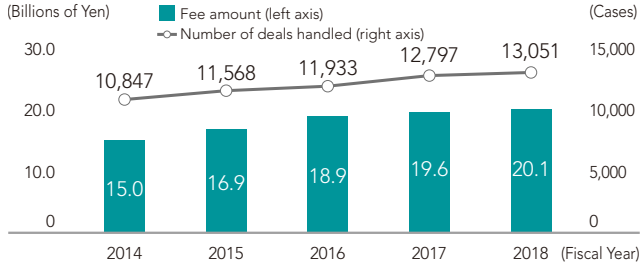
Assets under management



Number of cases of wills and inheritance handled



Real estate brokerage deals for individuals*



*Only Sumitomo Mitsui Trust Realty brokerage deals

Improvements in efficiency of branch operations

Reduction of back office work at branches by 70% over five years from fiscal year 2017
Reassignment of an equivalent of approximately 1,600 employees to strengthen consulting capabilities

<Reduction plan>

Phase 1 (Introduction of tablet-type devices for client visits)	Phase 2 (Device function extension, etc.)	Phase 3 (Further digitization)
10% reduction	50% reduction	70% reduction

FY2022

Expected to achieve 40% reduction in fiscal year 2019

Sustainability initiatives

Super-aging society issues

We will fulfill a leading role in the financial sector with a focus on the super-aging society issues, one of the five major sustainability themes. We will employ such means as asset management and the steady succession of wealth to the next generation, consultations on housing, participation in the industry, government, and the academia collaborative project COLTEM in response to the issue of dementia, which has become more serious recently, and the expansion of property administration services (for details, please see page 42).

Wholesale Total Solution Services Business

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

Director, Senior Managing Executive Officer,
Head of Wholesale Total Solution Services Business, SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

Masahiro Tsuchiya

Vision Aimed for by the Business

Government initiatives such as those related to the Corporate Governance Code 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, finance, and accounting.

In the area of governance, there are growing needs for a 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 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. 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.

The Group will leverage its strengths to contribute to client development in various fields as a "Best Partner" for clients.

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	Comprehensive finance company owned by Panasonic Corporation and SuMi TRUST Bank that offers leases, credit, etc.
Sumitomo Mitsui Trust Loan & Finance	Finance company wholly owned by SuMi TRUST Bank and focusing primarily on mortgage loans
Sumitomo Mitsui Trust Bank (Thai)	Wholly owned overseas subsidiary of SuMi TRUST Bank that conducts banking services in Thailand
Zijin Trust	Trust company headquartered in Nanjing, China that is 19.9% owned by SuMi TRUST Bank
Midwest Railcar Corporation	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 company jointly established by SuMi TRUST Bank and BIDV, which is one of Vietnam's top four state-owned commercial banks

Recognition of environment and challenges

- Uncertainty on the outlook of the global economy
- Continuation of excessive liquidity at a global level
- Tighter financial regulations on a global level
- Prolonged negative interest rates in Japan
- Labor shortage as a result of the declining birthrate and aging population
- Financial business model reform through digitalization

Opportunities and our strengths

- Base of blue-chip clients with high creditworthiness
- Strategic deployment centered around extensive and advanced expertise and the provision of comprehensive solutions unique to a financial group specialized in trust banking
- Multiple strong contact points with clients and one-stop support

Key Measures

Promotion of credit portfolio reform

We will reform credit portfolios with the aim of improving profits by increasing the profitability of balance sheets rather than by expanding their scale. In the meantime, we will take into consideration the uncertainty toward global economic trends.

We will continue to pursue corporate transactions with clients as part of total solutions while further strengthening product-related assets.

We will focus on profitability and safety (recovery rates and tenor) in the product-related assets that are being focused on.

Measures in response to ESG/SDGs related needs

In order for companies to continue to grow, appropriate and timely responses to the expectations required by stakeholders in the operating environment are necessary.

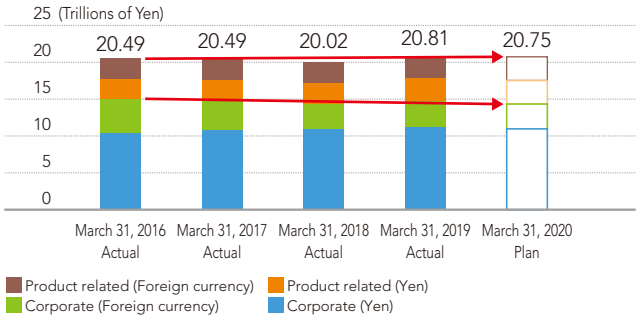
In particular, there has been an increase in stakeholders calling for ESG/SDG initiatives. Responding to such demands is becoming a management issue. We offer a variety of solutions in response to the management issues of clients through various proposals from perspectives including information disclosure, finance, and real estate.

Life plan consulting based on corporate plans

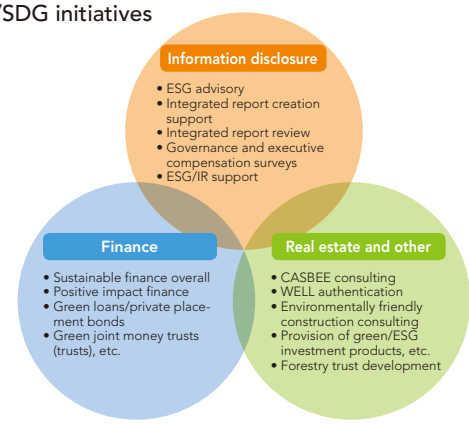
Ways of thinking about individual life plans are becoming more diverse as a result of changes in the working environment of employees, along with the coming of the age of 100-year life.

It can be expected that companies will need to respond in the form of measures for company welfare and human resources. We offer appropriate life plan consulting in line with the corporate plans of clients for the employees of clients.

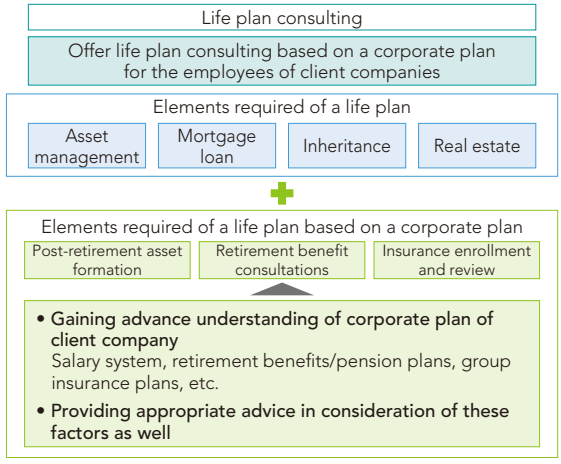
Corporate credit portfolio plan



ESG/SDG initiatives



Life plan consulting based on corporate plans



Sustainability initiatives

Positive impact finance

SuMi TRUST Bank signed a loan agreement for positive impact finance with unspecified use of funds for an operating company with FUJI OIL HOLDINGS INC. in March 2019 as prescribed by the UNEP FI (United Nations Environment Programme Finance Initiative). This was the world's first agreement of its type (for details, please see page 43).

Related to all 17 of the SDGs targets

Wholesale Asset Management Business

The Wholesale Asset Management Business offers corporate clients total solutions unique to a financial group specialized in trust banking, encompassing both assets and liabilities, amid the asset management difficulties brought about by changes in the social structure and the financial environment and the management challenges produced by these factors.

Director, Senior Managing Executive Officer,
Head of Wholesale Asset Management Business, SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

Kengo Noguchi

Vision Aimed for by the Business

We aim to be an essential and reliable best partner for clients by providing asset management solutions through accurate consulting and thorough monitoring for financial and non-profit organization clients. We also offer total solutions that leverage the diverse property administration functions unique to a financial group specialized in trust banking.

We will work to expand a lineup of differentiated investment products by focusing on the development of new asset management products that invest in real assets including unlisted shares (private equity), aircraft, and real estate, in pursuit of medium- to long-term investment profitability and risk diversification.

We will broadly develop win-win collaborative business to ensure that regional financial institutions that have a strong presence in the regional economy take advantage of the Group's diverse functions including inheritance, succession, and real estate. The aim is to create mutual, sustainable business growth and contribute to local communities.

Main Group Companies

SuMi TRUST Bank	Provides total solutions encompassing both assets and liabilities to clients including financial and non-profit organizations
Sumitomo Mitsui Trust (Hong Kong) Limited	Provides investment advisory services such as advice related to investments and private equity fund investments
Sumitomo Mitsui Trust Investment	Provides various services related to private equity fund management and related advisory services
Sumitomo Mitsui Trust Real Estate Investment Management	Real estate investment advisory company engaged in real estate private placement fund management for investors mainly consisting of institutional investors

Recognition of environment and challenges

- Support for the management issues of clients in response to changes in the social structure and the financial environment including prolonged negative interest rates, the declining birthrate and aging population
- Continuing to take on the challenge of improving competitiveness in the constantly evolving asset management industry
- Contributions to the realization of SDGs including the healthy development of the regional economy and response to environmental issues

Opportunities and our strengths

- Provision of asset management solutions centered around consulting that encompasses both assets and liabilities and an abundant product lineup
- Provision of total solutions in response to management issues that leverage the diverse property administration functions unique to a financial group specialized in trust banking
- Win-win collaboration with the regional financial institutions, etc.

Key Measures

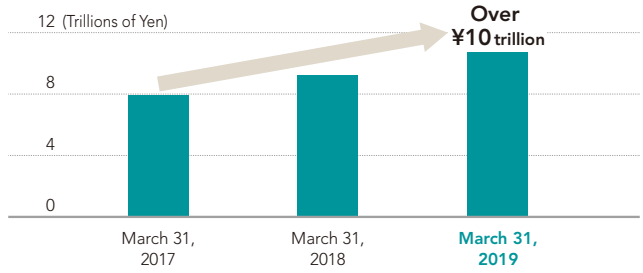
Growth of AUM* from clients

We focus on expanding AUM that has been entrusted from financial and non-profit organization clients through proposals for optimal asset management portfolios, depending on clients' financial characteristics, investment experience, etc.

In an aim to further strengthen asset management solutions, we will endeavor to offer more sophisticated consulting in response to the asset management needs of clients and expand our abundant lineup of asset management products. These include distinct alternative products, private investment trusts, and joint money trusts.

*Assets under management

■Wholesale Asset Management Business AUM

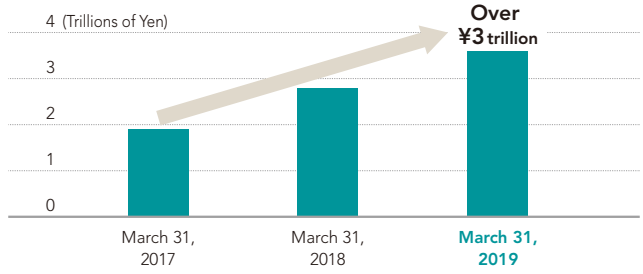


Expansion of alternative products

In the constantly evolving asset management industry, there are growing investment needs for alternative assets, such as unlisted shares, loan receivables, infrastructure, and real estate. These can have limitations in terms of liquidity, but they enable the pursuit of medium- to long-term returns.

We will expand AUM in various alternative products including an unlisted shares fund that has an investment track record of 20 years, while focusing on expanding the lineup of products that can be offered.

■Private investment trust for financial organizations and alternative product AUM

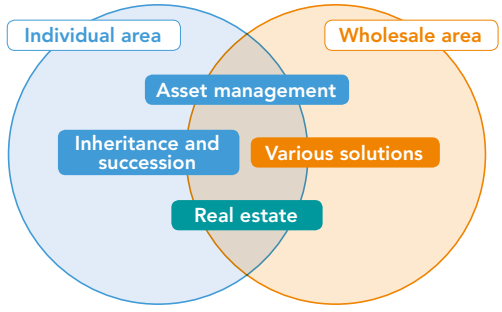


Development of collaborative businesses with regional financial institutions, etc.

As changes in the social structure advance, including the declining birthrate and aging population, there are broader opportunities that require the varied expertise of the Group in areas such as inheritance, succession, and real estate in an aim to achieve regional revitalization.

In order to further develop win-win collaborative business that combines the client base of regional financial institutions and the property administration functions of the Group, we will work to increase the number of partners and the amounts handled through such partnerships.

■Collaborative business with the regional financial institutions, etc.

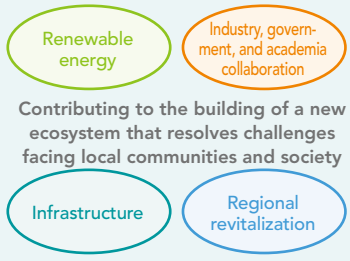


Sustainability initiatives

Contributing to the building of a sustainable society

We manage a fund that invests in typical forms of renewable energy such as solar power generation projects. We also participate in initiatives that use private sector funds involving regional public infrastructure such as the renewal of waterworks facilities.

In response to the challenges facing local communities and society, we will contribute to the building of a new ecosystem through collaboration with various partners. The goal is to achieve solutions that take advantage of the knowledge of not only the financial area but also the non-financial area.



Related to all 17 of the SDGs targets

Stock Transfer Agency Services Business

The Stock Transfer Agency Services Business, as our clients' "Best Partner," provides a wide range of solutions that assist with stock practices and support for the general meeting of shareholders, strengthening governance, and promoting dialogues with institutional investors by taking advantage of the valuable data, information, and case studies gained from 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.

Director, Senior Managing Executive Officer,
Head of Stock Transfer Agency Services Business, SuMi TRUST Bank
Senior Managing Executive Officer, Executive Officer*, SuMi TRUST Holdings

Atsushi Kaibara

*Executive Officers as defined in our internal policy

Vision Aimed for by the Business

We seek to be our clients' "Best Partner." We offer 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.

Transformation in governance reform that will lead to improvements in corporate value is getting fully underway including revisions to the Corporate Governance Code and the Cabinet Office Ordinance on Disclosure of Corporate Affairs. In the meantime, client needs are expanding beyond stock practices and support for general meetings of shareholders up until now to include enhancement of governance and consulting on incentive compensation and institutional design, becoming more complex and diverse.

The Group contributes to the further improvement of clients' corporate and market value by providing optimal, high-quality solutions to management issues for investors/capital strategies.

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

Recognition of environment and challenges

- Further pursuit of effective measures in governance reform
- More stringent voting rights exercising standards for institutional investors and growing presence of activists
- Requirements for expanded scope of disclosure including non-financial information
- Need to provide speedy and accurate solutions because clients' needs are becoming more diverse and growing as a result of the environment above

Opportunities and our strengths

- Client base that is the number one in the industry in terms of both the number of listed companies under management and the number of shareholders under administration
- Data gained through Japan's largest governance survey and executive compensation survey
- Specialized personnel and specialist staff backed by an abundance of experience in corporate legal affairs, executive compensation, and IR/SR areas

Key Measures

Expand transaction base

The Group's largest strengths are 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, and its track record and expertise in responding to an abundance of cases.

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

Enhance solution marketing

Governance survey/executive compensation survey

We have been conducting both surveys since fiscal year 2017.

We will continue to enhance the reliability of this data by securing among the highest number of participating companies in both surveys in Japan and improve the usefulness of the data by adding questions as appropriate according to the times.

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 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.

Individual measures we will particularly focus on in fiscal year 2019

(1) In light of demands for constructive dialogue with institutional investors that are stronger than ever, we will significantly expand the contents and number of subscriber companies to FOCUS CLUB that provides IR/SR related information throughout the year and tie this into stable revenue earned.

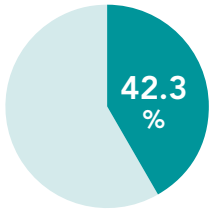
(2) We will constantly explore cutting-edge solutions as an industry leader, including the expansion of the smart exercising function for the voting rights exercising service using smartphones that was started from 2018.

Industry Share of Stock Transfer Agency Services Business*

(March 31, 2019)

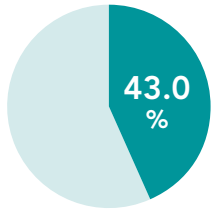
<Number of Listed Companies under Management>

No. 1 in industry



<Number of Shareholders under Administration>

No. 1 in industry



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

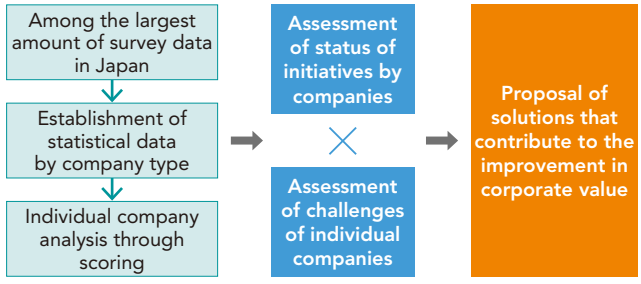
Corporate governance survey

- 1,407 participating companies, among the highest number of survey participants in Japan (approximately 40% of all listed companies)
- Supervised by Professor Kunio Ito (Adjunct Professor, School of Business Administration, Hitotsubashi University), an authority in corporate governance reform in Japan
- Indexation of statistical data that will contribute to strengthening governance + analysis through scoring

Executive compensation survey*

- Data on executive compensation for over 10,000 people at 659 participating companies, among the highest number of survey participants in Japan
- Survey also conducted on evaluation system structure and system in addition to the standard and composition of compensation

*In coordination with Deloitte Tohmatsu Consulting



(3) We will actively use RPA/AI in an aim to provide solutions that are speedier and more accurate, and work to improve the solidity of business operations.

Sustainability initiatives

Various forms of consulting

We support the ESG activities of clients through consulting services for investors/capital strategies to support clients' investor strategies, capital strategies, and public relations activities (IR/SR) including ESG advisory services, integrated report review services, and support for evaluations of the effectiveness of the board of directors.

Related to all 17 of the SDGs targets

Real Estate Business

In our Real Estate Business, 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 be the "Best Partner" for clients in real estate.

Managing Executive Officer, Head of Real Estate Business,
SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

Shigeki Tanaka

Vision Aimed for by the Business

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 Group companies, we also make use of our external networks with regional financial institutions and overseas financial organizations 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 will further improve our provision of real estate information aligned with the life stages and life events of clients and endeavor to maximize asset value for our clients.

We have also secured the top position in Japan in terms of both real estate securitization trusts and J-REIT business, and we will continue to support investment management for clients including institutional investors and provide the important social infrastructure function of contributing to the growth of the real estate investment market.

We aim to create and provide value that responds to the true needs of clients as the "Best Partner" for clients in real estate.

In addition, we will further contribute to the achievement of SDGs through means such as the provision of environmentally friendly property consulting in an aim to improve the environmental performance of real estate that has attracted much attention and acquire performance evaluations.

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 and public institution clients

Recognition of environment and challenges

- Continuation of plateauing real estate prices underpinned by low interest rates and strong office demand
- However, there is a need to keep a close watch for signs of changes in market conditions
- Need to strengthen support in response to the strong investment appetite of overseas investors toward Japanese real estate
- Provision of real estate services in response to the increase in the elderly population and number of inheritances is essential

Opportunities and our strengths

- Abundant specialized personnel and specialist staff with top-class experience and know-how related to the real estate market
- Capabilities for proposing and executing speeding business partnerships and total solutions unique to a financial group specialized in trust banking
- Neutral position that makes it possible to build a win-win relationship with regional financial institutions and overseas financial organizations, etc.

Key Measures

One-stop provision of solutions according to the real estate management cycle

We provide optimal solutions aligned with each stage of the real estate management cycle over the medium to long term based on a deep understanding of the relationship between the status of real estate owned by clients and their investment policy and business strategy.

We will continue to offer a varied menu of one-stop service options including not only support for real estate buying and selling, but also support for repair and renewal work and reconstruction in the administration and management phase as well as CRE (corporate real estate) consulting regarding facility management for improving the efficiency of and rationalizing administration and management and base strategy.

Strengthening alliance efforts

We are expanding and revitalizing alliances with Japanese financial institutions including regional financial institutions and external networks with overseas financial organizations and major overseas real estate companies.

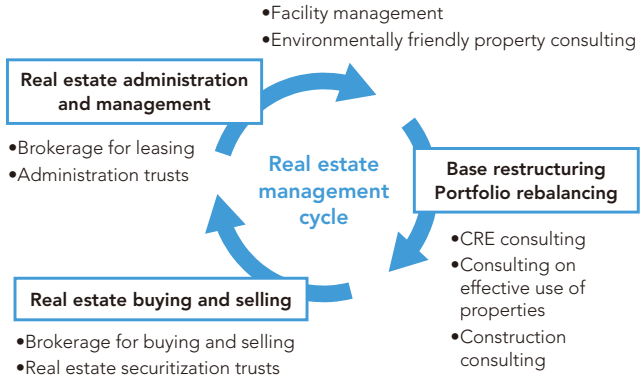
As a real estate business professional, we will respond carefully to the real estate needs and resolve the challenges of clients that don't have a business relationship with the Group in order to contribute to the business of not only clients, but also alliance companies.

Real estate for individuals

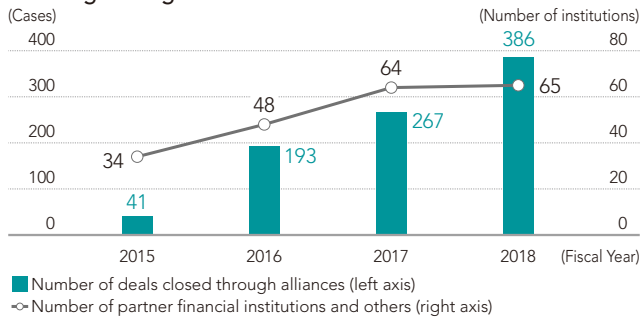
SuMi TRUST Bank and Sumitomo Mitsui Trust Realty mainly work together in response to the real estate buying and selling needs of individual clients.

As both the elderly population and the number of inheritance cases can be expected to increase going forward, we will take advantage of the many qualified real estate transaction agents at branch offices in the Retail TS Business to stimulate demand and strengthen services for real estate acquisition for inheritance to the next generation, sales of inherited real estate, residence change into barrier-free properties, etc.

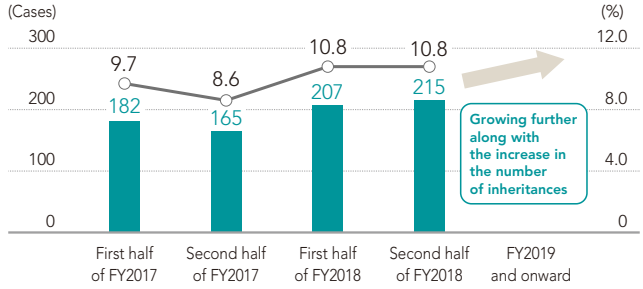
Varied service menu according to the real estate management cycle



Strengthening alliance efforts



Sales of real estate resulting from an inheritance occurrence*



*Deals starting from inheritance occurrence among individual client real estate sales deals closed in business with SuMi TRUST Bank are counted

Sustainability initiatives

Environmentally friendly property consulting

The Group has been a pioneer in the creation of the environmentally friendly property market up until now. In particular, we have conducted research on the price formation mechanism incorporating the perspective of real estate transactions in environmentally friendly initiatives including energy conservation in construction that had been a matter exclusively managed by builder, made recommendations to the national government on the introduction of new labeling systems and verification of improvements in value, and led initiatives aimed at the materialization of such efforts. We are involved with support for nearly half of CASBEE certifications acquired, which is a certification system for the environmental performance of real estate, and working to promote and spread the CASBEE. The Group is also focused on the development of new products and services that take advantage of this kind of knowledge.

Global Markets Business

Our Global Markets Business includes three functions — client service functions, which undertake marketing operations and market-making operations that meet client needs regarding such matters as interest rate and foreign exchange related transactions; market functions, which handle investment operations and financial management operations; and administrative functions. We combine these three functions and operations to leverage our significant expertise and comprehensive capabilities and provide services in a timely manner.

Managing Executive Officer, Head of Global Markets Business,
SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

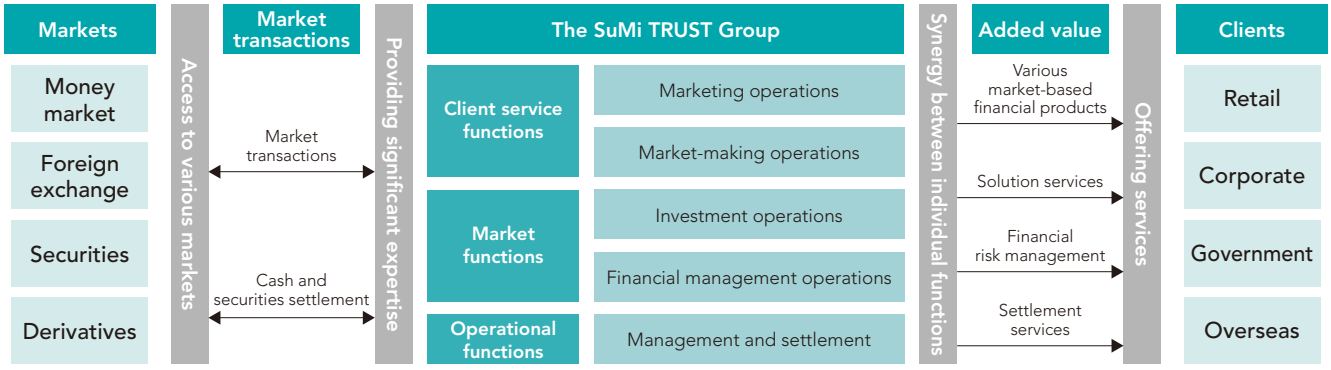
Yoshinori Momose

Vision Aimed for by the Business

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.

■Business Model of Global Markets Business



Recognition of environment and challenges

- Prolongation of negative interest rates
- Preparations for market risks and liquidity risks arising from factors including a disruption in international coordination and risks of deterioration in economic conditions
- Increase in the elderly population, medium- to long-term population decline
- Acceleration of shift from savings to asset formation

Opportunities and our strengths

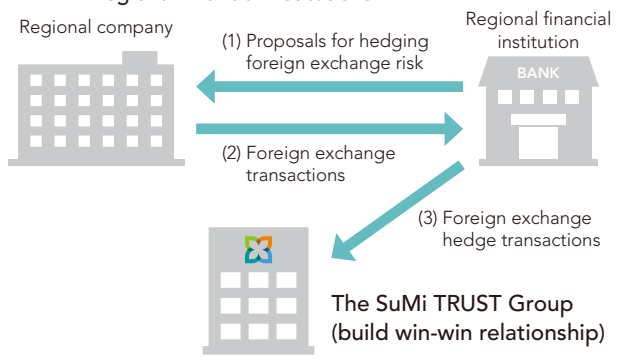
- Market risk and liquidity risk management capabilities
- Leading player in the financial markets
- Outstanding client base
- Neutral position that makes it possible to build a win-win relationship with regional financial institutions, etc.

Key Measures

Expand foreign exchange and derivative transactions with financial organizations

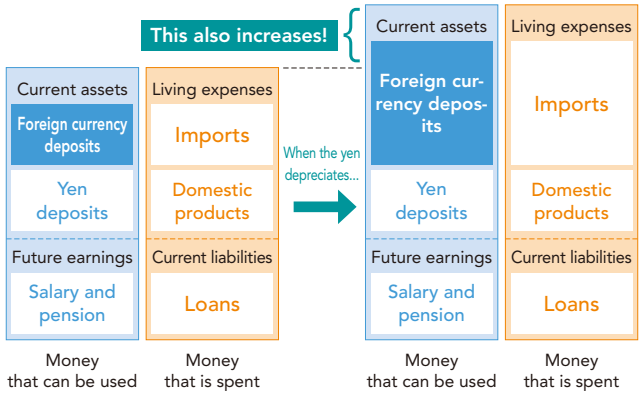
The advance of globalization is stimulating overseas expansion, including M&As, by Japanese companies and foreign asset management by financial organizations, producing a rising need for appropriate hedging against interest rate and foreign exchange risks. Our specialized market volatility management 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.

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



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. In addition, as negative interest rates have become prolonged in Japan, individuals have growing needs for long-term asset formation accompanying changes in the social structure including an aging population. From the perspective of protecting clients' asset value (purchasing power), we propose to clients foreign currency deposits as a tool to hedge their risks.



Improve financial literacy

In our Global Markets Business, we issue publications on an ongoing basis to deepen the understanding of a broad range of people toward financial markets and financial products. We will contribute to asset formation by clients and the development of sound financial markets through improvements to financial literacy.

- "The Financial Markets Forecasting Handbook for Investors" (6th Edition, NHK Publishing)
- "Derivatives: 360 Keywords" (5th Edition, Kinzai Institute for Financial Affairs, Inc.)
- "Workings of the Financial Market You Should Know by Age 60" (NHK Publishing)

Sustainability initiatives

Issuance of green bonds

Recently, new types of green financing methods such as green bonds and social bonds have attracted much attention, and a large market centered around Europe has formed for these instruments. SuMi TRUST Bank has also issued green bonds for the purpose of accelerating sustainable finance initiatives related to climate change, natural capital, and environmentally friendly property (for details, please see page 43).

Fiduciary Services Business

The Fiduciary Services Business seamlessly combines our significant expertise and know-how with the Group as a whole as we provide client-oriented, high added value services ranging from design of pension systems to management and administration.

Director, Senior Managing Executive Officer,
Head of Fiduciary Services Business, SuMi TRUST Bank
Executive Officer, SuMi TRUST Holdings

Toru Takakura

Vision Aimed for by the Business

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.

To that end, we will increase the pension plan member base and improve service quality including investment education with a focus on defined contribution pension funds in the pension business and pursue diversification of services in asset management and asset administration businesses to further refine and enhance existing strengths, while seeking to expand our balance of assets under management and custody, revenue, and client base.

In addition, through the completion of the integration of the asset management business of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management and asset administration bank integrations planned for the future, we will strengthen asset management capabilities and rationalize and improve services in the asset administration business.

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)
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

Recognition of environment and challenges

- Growing needs for asset formation in preparation for an age of 100-year life
- Growing needs for pension system reform along with work style reforms and the extension of retirement age
- Ongoing asset management and administration needs along with the prolongation of negative interest rates
- Refinement of asset management methods and diversification of assets managed

Opportunities and our strengths

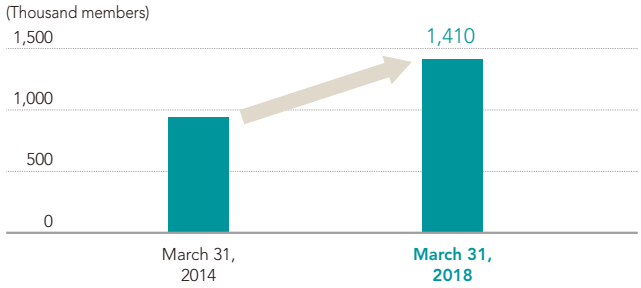
- Comprehensive support for pension systems, pension asset management, and company welfare programs
- Broad product lineup
- Service provision capabilities based on close coordination between Group companies
- Catering to outsourcing needs, economies of scale

Key Measures

Strengthen defined contribution pension funds

As defined contribution pension funds become increasingly important from the perspective of changes to systems in light of the extension of retirement age and strengthening company welfare programs to secure human resources, SuMi TRUST Holdings has leveraged its strong reputation among clients for investment education, online service, call centers, and other services to continue growth in the number of DC plan members and maintain a top position in the industry. We will contribute to improvements in financial literacy enhancing investment education and supporting asset formation by DC plan members in order to achieve even further sustainable growth.

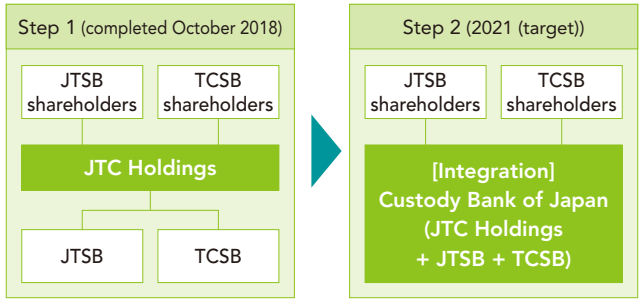
Trend of DC Plan Members



Establishment of JTC Holdings

In March 2018, we reached an in-principle agreement between the major shareholders of Japan Trustee Services Bank (JTSB) that is the core company of the asset administration business and Trust & Custody Services Bank (TCSB) that is a subsidiary of Mizuho Financial Group, to merge the two companies. In October 2018, a holding company that wholly owns both companies was established in order to establish an integrated company with 2021 as a target. The economies of scale will be leveraged to rationalize and enhance their service levels.

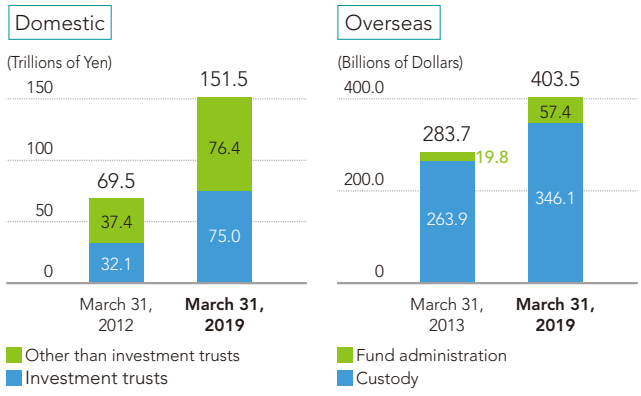
Structure after management integration



Increase in assets under custody of the Group

Assets under custody of the Group have gradually increased in both Japan and overseas. We aim to further increase our balance and expand our client base through the refinement of asset management methods and diversification of the assets we manage for our balance of domestic assets under custody, and the refinement of services for Japanese clients as local overseas subsidiaries and domestic departments in Japan work closely together for our balance of overseas assets under custody.

Assets under custody of the Group



Sustainability initiatives

SRI and ESG fund development

The Group has led Japan's ESG market through the development of new investment methods including Japan's first environmental fund (1999), a Chinese stock SRI fund (2010), and biodiversity companies support fund (2010). The SRI fund that was first provided for corporate pensions in Japan in 2003 before the establishment of PRI is an investment concept that focused on ESG from the beginning, through which the Group has accumulated investment know-how and track record as a pioneer in ESG investment to the letter.

Related to all 17 of the SDGs targets

Asset Management Business of the Sumitomo Mitsui Trust Group

Representative Director and President
Sumitomo Mitsui Trust Asset Management
Yoshio Hishida

The asset management business of the Group provides an asset management function to clients, centered around Sumitomo Mitsui Trust Asset Management and Nikko Asset Management. We have approximately ¥94 trillion* of assets under management on a Group basis, which is among the highest level in Asia.

*As of March 31, 2019

President & Co-CEO
Nikko Asset Management
Hideo Abe

Efforts to refine governance

In light of our position of managing the assets of clients, we focus on efforts to refine governance and have actively strengthened and promoted governance through such efforts. As a specific example of an initiative, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management have been transitioned into a company with an audit and supervisory committee. In addition, Nikko Asset Management became a directly-owned subsidiary of SuMi TRUST Holdings in July 2019, in the same manner as Sumitomo Mitsui Trust Asset Management.

Director, Senior Managing Executive Officer, SuMi TRUST Holdings
Jiro Araumi

Vision Aimed for by the Business

As the global asset management market has grown year by year, the Group has positioned the asset management business as both a core business and growth area and strengthened this business.

As part of these efforts, the asset management function of SuMi TRUST Bank that has a solid track record with institutional investor clients including pension funds was integrated with Sumitomo Mitsui Trust Asset Management in October 2018. In addition, the Group includes companies such as Nikko Asset Management that has strengths in product development capabilities leveraging a global network, as well as Sky Ocean Asset Management and JP Asset Management that were established in partnership with other financial groups.

The Group will pursue a multi-boutique strategy that fully leverages the characteristics and strengths of the various asset management companies and provide optimal asset management solutions to clients ranging from institutional investors to individual in Japan and overseas.

Main Group Companies

Sumitomo Mitsui Trust Asset Management	Asset management company that integrated the asset management function of SuMi TRUST Bank in October 2018 and forms the core of the Group
Nikko Asset Management	Unique asset management company that operates globally with a focus on Asia
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

Recognition of environment and challenges

- Increase in assets under management on a global level
- Scale of asset management companies becoming larger and larger due to cross-border reorganization
- Downward pressure on fees as a result of factors including adoption of passive investment, intensifying competition, and regulations

Opportunities and our strengths

- Business foundation capable of supporting the needs of a broad range of clients ranging from institutional investors to individuals in Japan and overseas
- Strong presence in corporate pension business (defined benefit, defined contribution, etc.) in the field of asset management with trust banking as the origins
- Broad sales channel in the domestic investment trust market

Key Measures

Extend asset management capabilities and product development capabilities

• Sumitomo Mitsui Trust Asset Management

The company has the most assets under management in Asia, and it will aim for even further growth in the domestic retail market as a growth area in addition to the presence it has developed among domestic institutional investors up until now.

• Nikko Asset Management

The company has a network of business bases (including JVs) in 11 countries around the world, and it can leverage strengths that include unique product development capabilities that actively take advantage of this network and sales support that has a strong reputation in Japan.

We have expanded assets under management by providing asset management and products that support the diverse needs of a wide variety of clients while taking advantage of the characteristics and strengths of primarily these two companies. So that we can continue to contribute to the maximization of profits for clients, we will refine these strengths and expand into new fields of active assets including smart β and illiquid asset for which needs are growing in order to strengthen asset management capabilities and product development capabilities.

Accelerate global expansion

Global expansion is becoming more important to achieve sustainable growth in the asset management business. We will work to expand the overseas business of both Sumitomo Mitsui Trust Asset Management and Nikko Asset Management in the global market that continues to grow.

In addition, we will accelerate global expansion as a Group through alliance strategy (including investment) with asset management companies overseas.

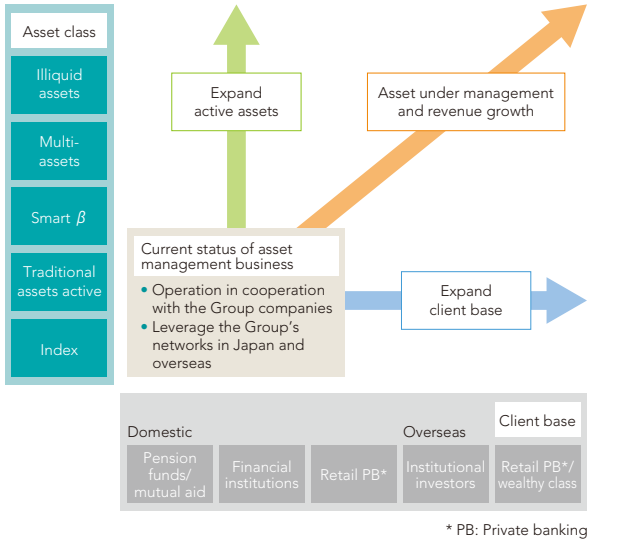
Expand assets under management in an aim to become a global top 20 company

As a group with one of the highest balances of assets under management in Japan and Asia, we will also demonstrate our presence in the global market. Over the medium to long term, we aim to become a global top 20 company and drive growth for the Group's fee business.

Expand the service provision base

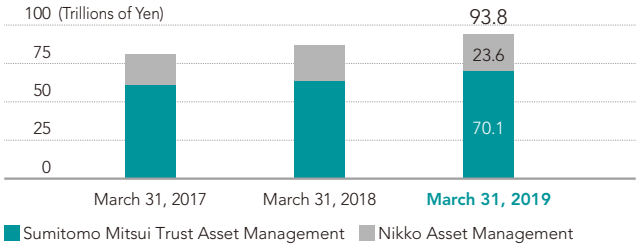
By providing the Group's asset management know-how to Sky Ocean Asset Management and JP Asset Management, we will offer medium- to long-term and stable asset management services to a wide range of clients such as regional financial institutions.

Strengthening of Asset Management/Asset Administration Functions

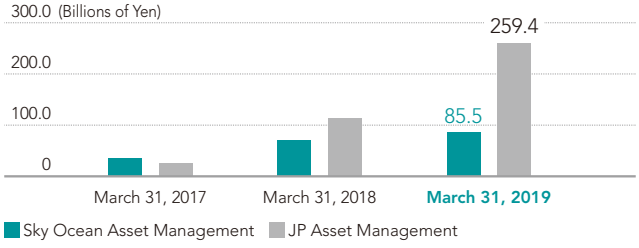


* PB: Private banking

Assets under management
[Sumitomo Mitsui Trust Asset Management and Nikko Asset Management]



Assets under management
[Sky Ocean Asset Management and JP Asset Management]



Sustainability initiatives

Sustainable investment (ESG investment)

We will contribute to the expansion of the ESG investment market and increase in corporate consideration of the environment and society through stewardship activities through the issuance of various ESG funds and stewardship activities (global engagement, ESG integration, and exercise of voting rights) (for details, please see page 42).

Related to all 17 of the SDGs targets

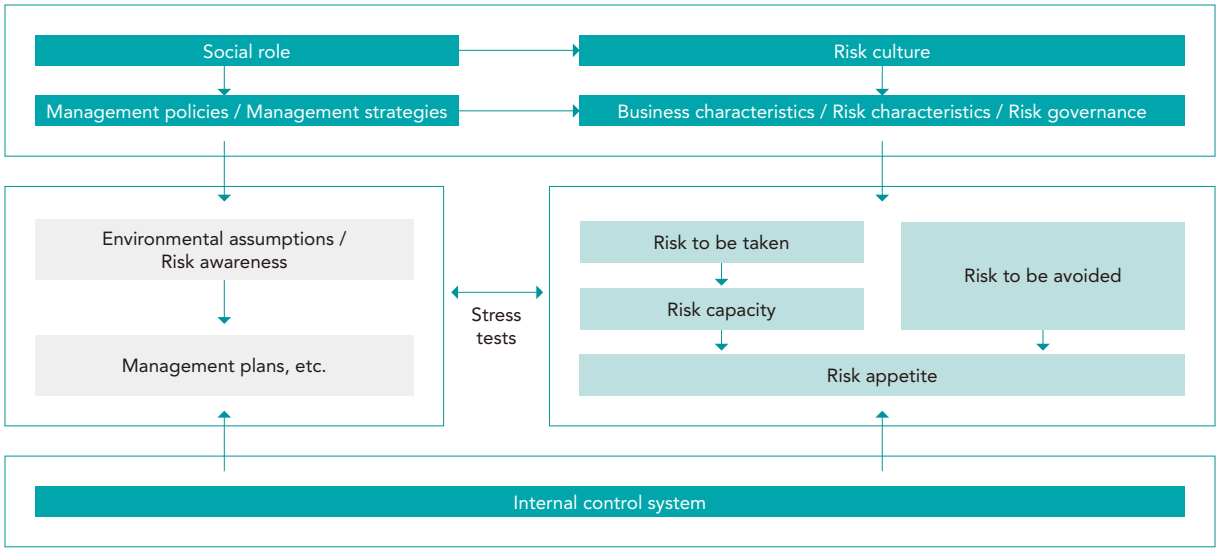
Risk Appetite Framework

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 risk appetite (the type and amount of risk to be willingly taken to achieve the management plan) 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 principles, together with the internal control system underpinning that process.

The Group's RAF aims primarily to strengthen profitability and enhance risk management, and promote the enhancement of the transparency of deliberation and determination process for the overall risk taking policy in capital allocation and profit maximization, etc. through the setting, communication, and oversight of risk appetite, as well as the optimization and speed-up of allocation of management resources and reinforce the monitoring system through the use of RAF as the universal language of the Group.

■Outline of the Risk Appetite Framework



2. Operation of Risk Appetite

(1) Determining Risk Appetite

The Group classifies risks into two categories: (1) risk to be taken (that occurs in relation to activities that generate returns) and (2) risk to be avoided (such as conduct risk that cannot be tolerated by the Group).

Under RAF, the Group establishes a risk-taking policy, which is an overriding management policy based on its Mission, Vision, and Value, and sets risk appetite indicators to be resolved by the Board of Directors. In addition, the Group sets more in-depth risk-taking policy and risk appetite indicators by business within the scope of policy set by the Board of Directors, which will be resolved by the Management Committee.

The risk-taking policy and risk appetite indicators are determined in accordance with the management plan. These are reviewed at any time at least once a year or when necessary.

(2) Monitoring of Risk Appetite

In order to verify that risk taking is carried out appropriately based on its business model, the Group sets separate risk appetite indicators from the perspective of return, risk, and cost, and monitors them regularly. If the indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or revises the levels.

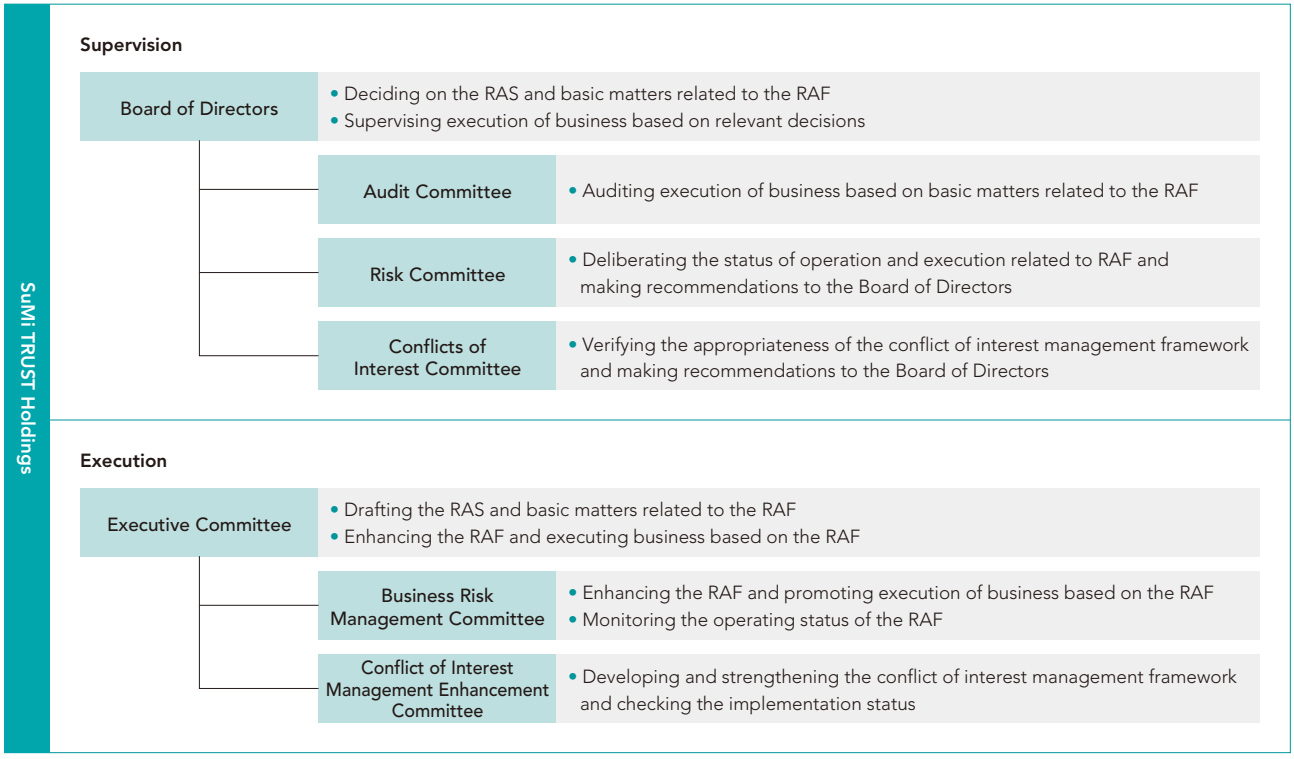
(3) Risk Governance

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.

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.

■ Risk Appetite Framework Operating System



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 have formulated risk-taking policies for each business to clarify management strategies, and are endeavoring to have all its employees secure soundness through appropriate risk taking and develop a sustainable business model. In addition, we have formulated a Risk Appetite Statement clearly stating our RAF, which is used as a universal language in lively discussions concerning risk appetite within the Group.

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 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.

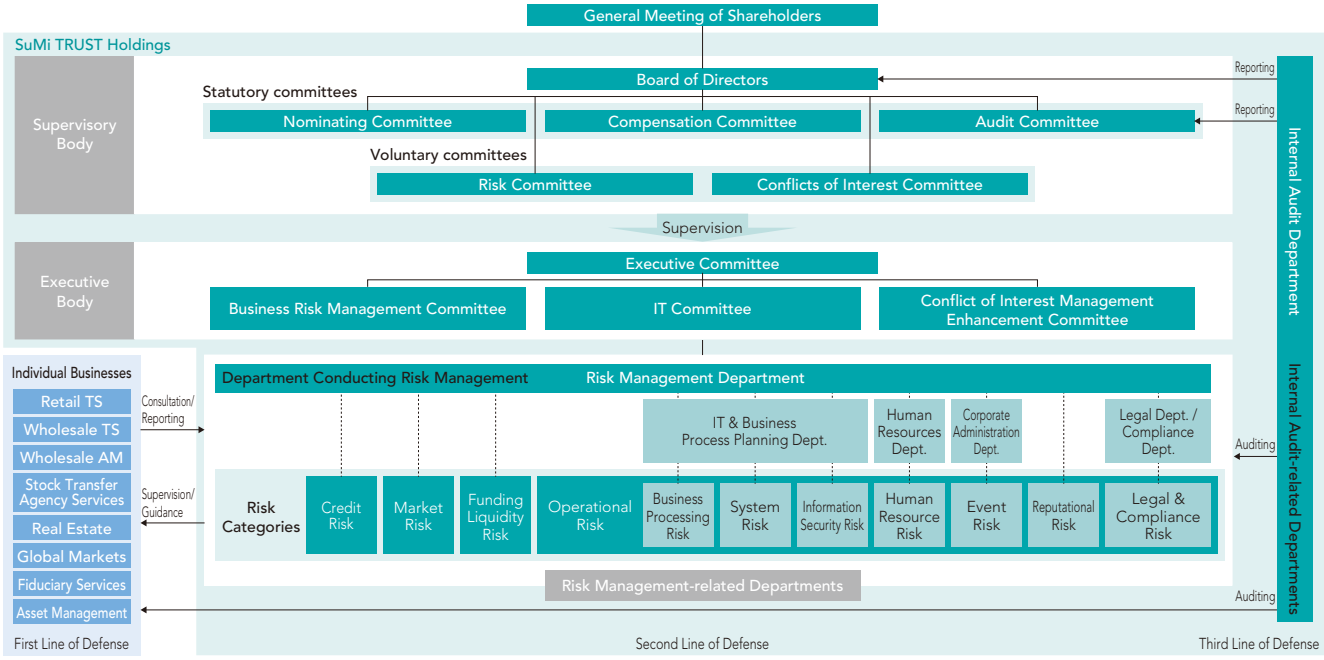
Risk Definition

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



(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(1) 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.

(2) 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.

(3) 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 each of 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" and "risk of insufficient measures against money laundering and terrorism funding."

(4) 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.

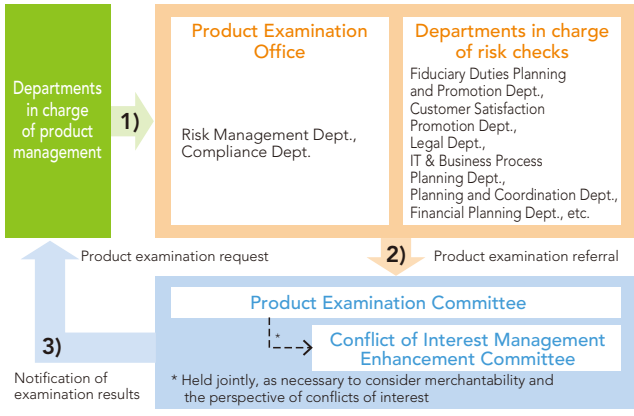
For large-scale natural disasters such as earthquake, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems.

We are also strengthening our security measures at the initiative of management to respond to cyber attacks, which are causing damage throughout society, through the formulation of the "Cyber Security Management Declaration." Specifically, the Group has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis, implementing measures concerning cyber attacks, and allocating necessary staffing. The Group also works to continuously strengthen human resources and to enhance the management system through collaboration with external specialized agencies. In addition, we are endeavoring to strengthen our ability to respond to incidents through the creation and improvement of manuals, etc. for use in both normal times and emergencies, and periodic training and drills.

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)



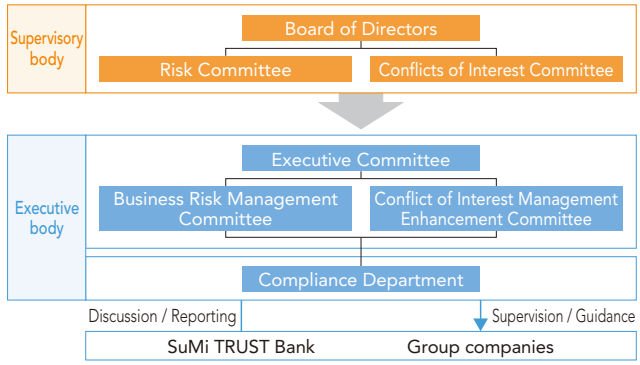
Compliance

1. Basic Initiative Policy

The Group has positioned compliance as one of its most important management issues necessary for the realization of "The Trust Bank," its management principles and ideal model, and set out "strict compliance with applicable laws and regulations" in the Codes of Conduct ("Value").

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

■ Compliance System of SuMi TRUST Holdings



2. Group Compliance Framework

The Group formulates the Compliance Program, which consists of specific practice plans for implementing compliance within the Group each fiscal year, with the approval of the Board of Directors, and the Board of Directors periodically receives reports on the progress and evaluation of the Compliance Program.

SuMi TRUST Holdings manages the compliance framework for the entire Group in order to create an appropriate framework in line with the characteristics of operations of each Group company. This is done by formulating the companies' Compliance Programs and providing guidance and oversight on the progress and achievement status of these programs.

3. Initiatives to Foster Compliance Awareness

The Group has created a Compliance Manual containing explanation of laws and regulations that must be followed and actions to be taken in the event of the discovery of compliance infractions, with the approval of the Board of Directors, and employees across the Group are thoroughly informed regarding its contents.

SuMi TRUST Holdings is also improving compliance education to promote the fostering of compliance awareness throughout the entire Group. Specifically, we provide training materials, dispatch instructors, and plan and implement discussion-based study sessions on themes shared by the entire Group. In addition to the above, each Group company implements training and study sessions in accordance with the characteristics of operations and products of each company and attributes of clients, as well as e-learning on specific themes, to foster compliance awareness among employees.

Furthermore, in order to accurately grasp the status of the penetration of compliance awareness, the Group conducts an awareness survey on compliance at major subsidiaries and elsewhere each fiscal year. The survey is to identify and address issues. It is designed to grasp issues shared across the Group and to implement effective measures by means such as setting common questions. The Group is working to grasp the current situation with this survey.

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. A simple reporting function (reporting via the website) has also been put in place.

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

5. Prevention of Money Laundering*1

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

We oversee the status of the anti-money laundering framework's development and provide guidance on improving the framework at each Group company through periodic risk assessment on the framework. This effort is to prevent abuse of financial services within the entire Group including overseas bases. For risks that are identified, each Group company implements risk control measures according to risks. For instance, SuMi TRUST Bank carries out additional confirmation according to the transactions' content, and it verifies, using an AML system*2, whether any illicit transfers between accounts have taken place, and has a system in place for employees, when coming across transactions suspected to be related to illegally obtained money or used to finance terrorism, to immediately report to the person in charge, who notifies the relevant authorities.

In addition, we support internal training programs by each Group company and employees' acquisition of specialized certifications on anti-money laundering. Internal training programs on anti-money laundering are provided periodically.

*1 Money Laundering is the act of hiding a source of money obtained illegally (for example, through the sale of illegal drugs) by routing it through multiple bank accounts or financial instruments. Terrorists and perpetrators of remittance scams are examples of people who may abuse the accounts of financial institutions. It is the responsibility of financial institutions to prevent the misuse of financial services. Such efforts are referred to as "money laundering prevention countermeasures."

*2 AML system: Anti-Money Laundering system

6. Initiatives to Prevent Bribery

The Group, with the approval of the Board of Directors, has published its "Anti-Bribery and Corruption Compliance Policy," and under the supervision of the management team, implements anti-bribery and anticorruption programs. We review and strengthen the programs through regular assessment of risks related to bribery and corruption, and endeavor to improve the framework for prevention of bribery and corruption. We do this by taking such measures as fostering a close-knit collaboration between our overseas bases and local legal offices to allow for swift and proper responses at overseas bases, where such risk is high.

In addition, the Group provides directors, officers and employees with regular training each fiscal year. Also provided is additional specialized training for employees at departments with a high potential risk of facing bribery, and written pledges for compliance are obtained from the employees.

7. Response to Antisocial Forces

The Group has declared its resolute stance against antisocial forces in its Codes of Conduct ("Value") and takes initiatives to prevent transactions by antisocial forces. The aim is to realize "The Trust Bank," the Group's management principles, and ideal model. Specifically, we have incorporated a clause to exclude organized crime from transactions in various products, services, etc., and established a framework to prevent transactions with antisocial forces by checking with a database operated by the National Police Agency, via the Deposit Insurance Corporation of Japan, before providing new personal loans, etc. In cases in which the counterparty in a transaction is found to be an antisocial force after the commencement of a transaction, we take measures in close coordination with the police and other external expert organizations for the eventual cancellation of the transaction.

In addition, we provide directors, officers and employees with training for the prevention of transactions with antisocial forces each fiscal year to strengthen awareness of preventing such transactions.

8. Initiatives to Prevent Insider Trading

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

In addition, we have established a framework for regular training on prevention of insider trading, and we obtain written pledges for compliance with internal rules from all directors, officers, and employees.

Compliance with International Financial Regulations

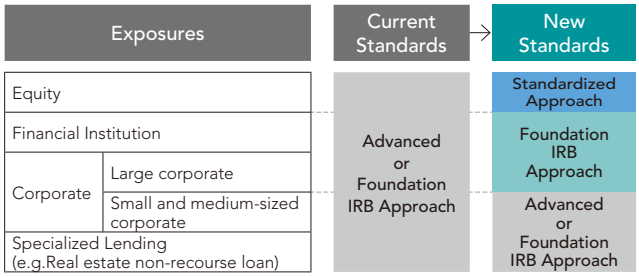
1. Compliance with Finalized Basel III Reforms

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 and liquidity requirements. In Japan, Basel III has been implemented in phased manner from the end of March 2013.

Subsequently, in December 2017, an international agreement was reached on "Finalized Basel III," which aims to constrain the use of internally modelled approaches by banks and to introduce a new capital floor based on the standardized approaches to the risk-weighted assets measurement approach in the calculation of the capital adequacy ratio.

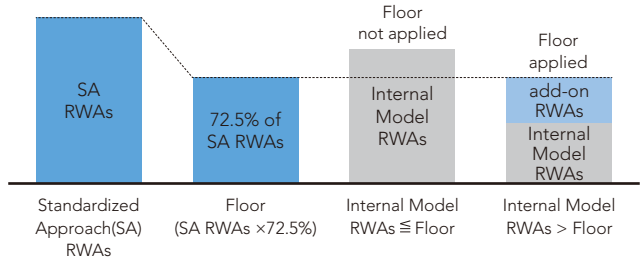
"Finalized Basel III" is required to be implemented from 2022. The Group will work to secure the target level through the future accumulation of capital and other means, and promote appropriate profitability and portfolio management to establish a framework for introducing tighter capital requirements.

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. Strengthening of Regulations on Non-financial Risk Areas

Regarding financial risks, BCBS made the agreement on Basel III as described above, and major frameworks for various liquidity risk regulations and Single Counterparty Credit Limit (SCCL) are close to being determined and although minor modifications of details are still needed, the hardest part is over.

With this background, international organizations and the financial authorities of each country are focusing on tightening and enhancing regulations on non-financial risk areas. Examples of non-financial risk areas include:

- **Conduct risk management**
- **AML/CFT (Anti-Money Laundering and Countering the Financing of Terrorism)**
- **Cybersecurity**
- **Subcontractor (third party) management**
- **Maintenance of important functions/strengthening business continuity framework of financial institutions**

These areas are correlated and we are being required to strengthen regulations across areas, not only tightening management of our own conduct risk and cybersecurity, but also checking the management status of those of subcontractors and requiring them to establish a certain level of management framework.

There is no established method in place for the financial authorities or the financial industry to tighten these non-financial risk areas yet, and we are still in a stage where various proposals are being made. Some of the areas, such as cybersecurity, require continuous enhancement of regulations.

The Group, as a trust bank group entrusted with the investment and management of the assets of our clients, is committed to further strengthening and enhancing the framework of asset investment and management, while paying close attention to these global regulatory trends.

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 risks	Compliance Dept. (Global Compliance Office)
Support for regulations for overseas bases	Global Business Planning and Coordination Dept.*, Global Markets Business Planning Dept.*, Fiduciary Business Planning Dept.*, Asset Management Business Planning Dept.
Cybersecurity	Risk Management Dept., IT & Business Process Planning Dept.
Overseas Office Recovery & Resolution Planning	Corporate Planning Dept. (Corporate Information Office), Risk Management 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.

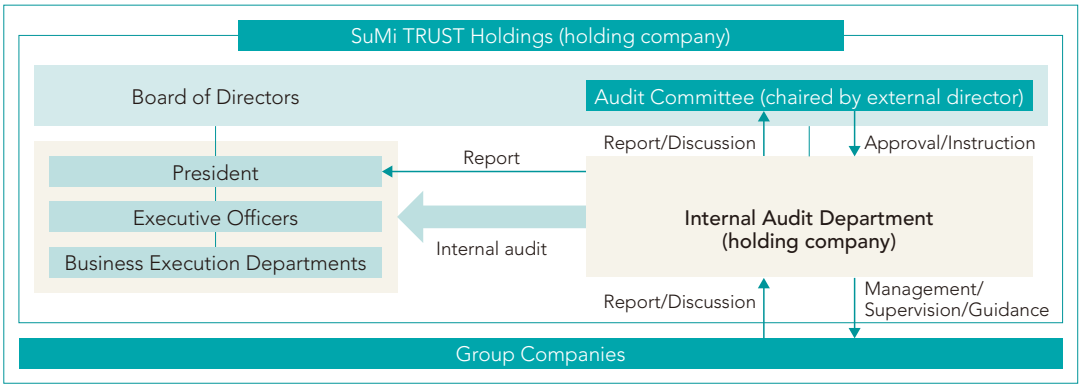
In addition, the Internal Audit Department, as the department supervising the Group's internal auditing, receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy. The Internal Audit Department carries out internal audits in collaboration 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, the holding company and others, and are also reported regularly to the Board of Directors.

■ The SuMi TRUST Group



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. The Group formulated and published the Voluntary Declaration of Consumer-Orientation in June 2019 and will take concrete initiatives in order to become a group trusted by clients and society, and to grow together continuously through constant efforts for improving customer satisfaction and thoroughly implementing a client-oriented approach, as well as contributing to resolving social issues including super-aging society.

Voluntary Declaration of Consumer-Orientation

The Voluntary Declaration of Consumer-Orientation is the Group's declaration for the approach toward consumer-oriented management (a business activity respecting general consumers' viewpoints and gaining consumer trust as the providers of a sound market, while being aware of its social responsibilities, and working toward the creation of a sustainable and desirable society) as promoted by the Consumer Affairs Agency and others.

2. Enhancement of Customer Satisfaction

(1) 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 questionnaires collected by mail, etc. 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

(2) Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a financial group specialized in trust banking, 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.

(3) Technologies to Support Total Solutions

As digitization progresses at a rapid pace, the SuMi TRUST Group regards digital reform initiatives as one of its most important management strategies.

SuMi TRUST Bank introduced AI assisted automatic forecast analysis to understand the changing client needs due to the advent of the age of 100-year life and make proposals that are more client focused and appropriate. At trust type next generation branches, we provide consultation spaces that can comfortably accommodate clients together with their family members spanning multiple generations, while actively utilizing digital technologies such as introducing new tablet devices. In this manner, we will transform branches from places to handle procedures to spaces for consultation.

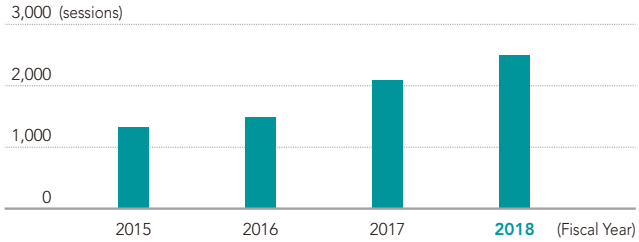
By providing total solutions through the optimal combination of consulting and digital technologies, we will continually strive to provide a client experience that exceeds their expectations (please see page 84).

(4) 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 of Clients

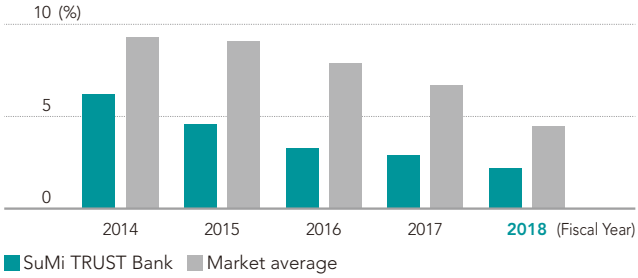
Number of Seminar Sessions Held



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

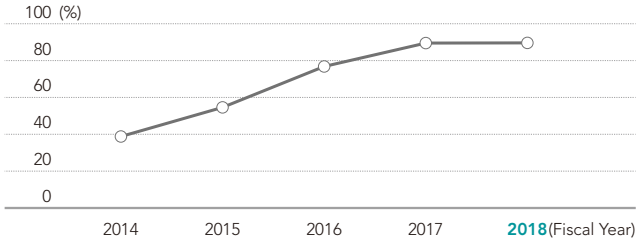


We propose products with low dividend frequency for clients' long-term asset formation needs. As a result, the ratio of dividend distribution to the balance of investment trusts is lower than the market average.

* 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

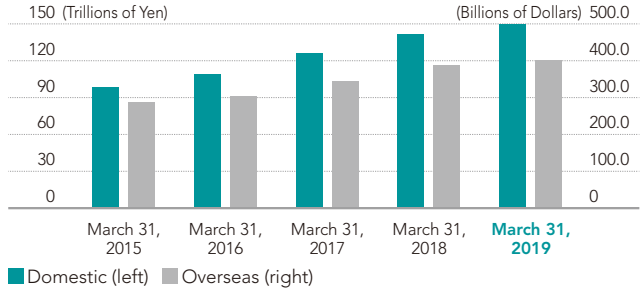
Ratio of Market Capitalization of Companies where Engagement is Implemented Compared to TOPIX Base Market Capitalization



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

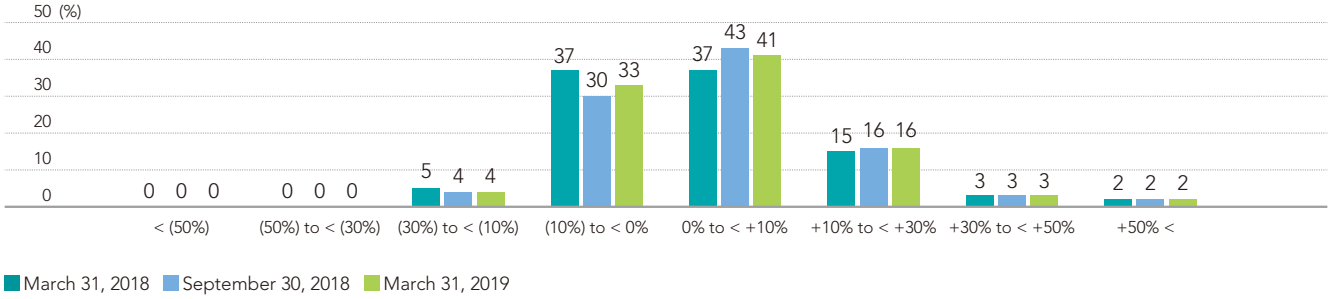
Group Assets under Custody



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.

Improving Investment Returns for Clients

Spread of Clients with Investment Trust Gains/losses, Including Realized Profit and Loss



While investment gains/losses fluctuate depending on market trends and other factors, we make every effort to improve returns and realized profits/losses for our clients. To this end, when proposing investment products to our clients, we emphasize the importance of carefully following up on their intentions in light of major life events and changes in the market environment. In this way, we strive to maintain an ongoing dialogue with our clients.

3. Initiatives Related to Fiduciary Duties (FD)

(1) Practicing Fiduciary Duties

The aim of the SuMi TRUST Group to be the "best partner" for clients is based on our client-oriented spirit. The Group has hitherto endeavored to be completely client-oriented given that a fiduciary spirit is essentially ingrained into our DNA. To this end, since we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (the "Policies") in September 2016, we have continued to further strengthen our initiatives by revising the Policies whenever necessary.

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 put in place an extensive

organizational structure from the management level to the working level, and strives constantly to enhance its initiatives in this area.

The SuMi TRUST Group makes public indicators that allow confirmation of the status of initiatives and Key Performance Indicators (KPIs) aimed at becoming our clients' "Best Partner," in order to communicate the results of these initiatives in a simple manner. These indicators are revised each fiscal year, and include the common KPIs, which are common indicators comparable across investment trust distributors.

■ Promoting/Supervising Structure of the Group

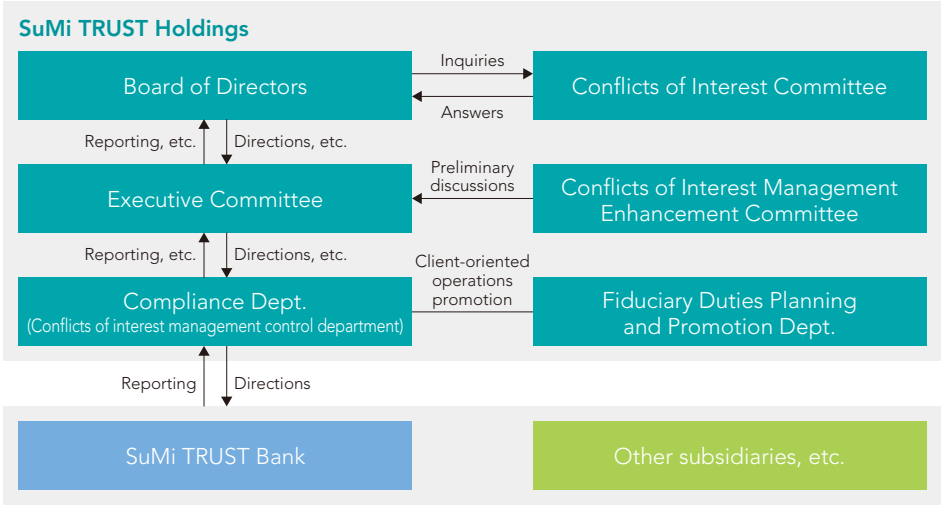
	Organization		Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	• Supervise conflict of interest management for the Group, monitor FD progress
SuMi TRUST Bank	Executive Committee	Conflicts of Interest Management Enhancement Committee	• Discuss important cases • Guide 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

(2) Conflict of Interest Management

With the approval of the Board of Directors, the Group announced the Management Policy Concerning Conflicts of Interest (Outline), in order to protect the interests of our clients from undue harm caused by provision of various services by Group companies and their related parties. The Group identifies and classifies transactions that have possible conflicts of interest in advance and manages such transactions appropriately.

Furthermore, 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. The results are regularly reported to the Board of Directors, etc., and improvement and direction are carried out continuously, as needed.

■ 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

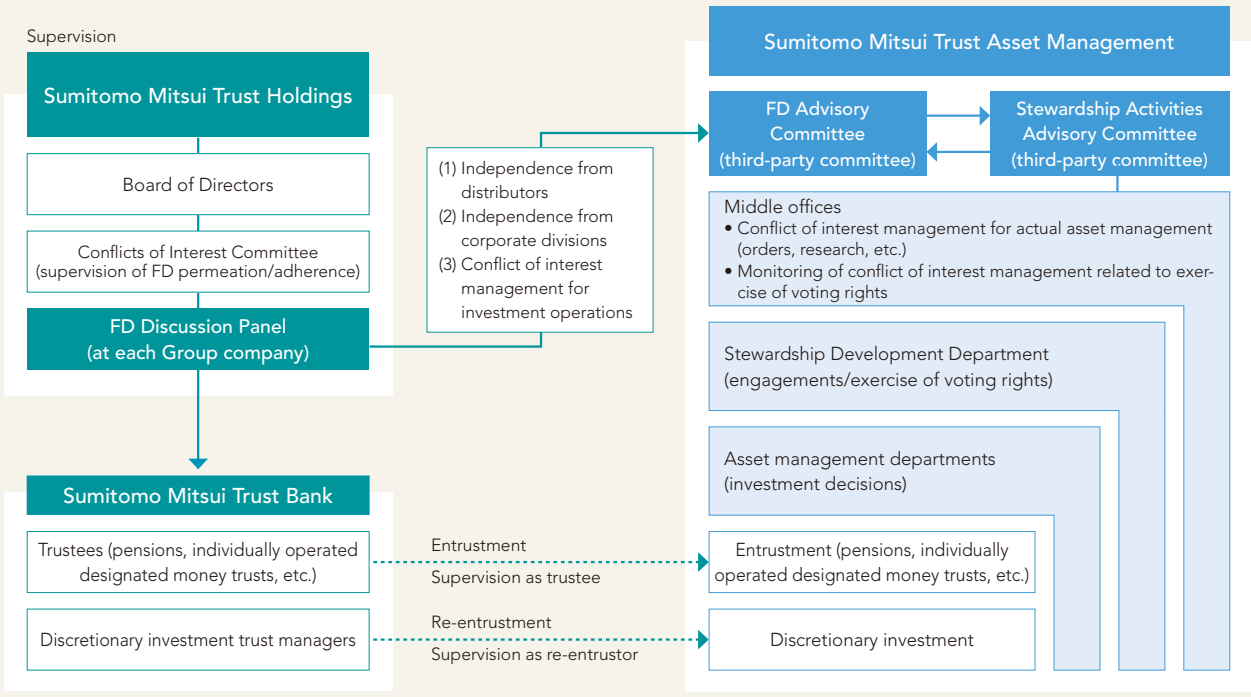
Member: Yutaka Nishida
Director, Senior Managing Executive Officer (Representative Executive Officer)
SuMi TRUST Holdings

* For the specific role of the Conflicts of Interest Committee, please refer to page 31.

In addition, the Group has established the Conflicts of Interest Committee in an effort to enhance the effectiveness of the Group's conflict of interest management framework. The majority on the committee consists of external members. It serves as an advisory body to the Board of Directors and receives verification of the appropriateness of the Group's conflict of interest management. The summary of agendas of the committee has continuously been made available for public review.

The Group established and started activities of the Stewardship Services (SS) Working Group in the Conflicts of Interest Committee in fiscal year 2018, following the integration of the investment management function of SuMi TRUST Bank into Sumitomo Mitsui Trust Asset Management. The aim is to strengthen information coordination and oversight functions on the Group-level SS activities.

Conflict of Interest Management System for Stewardship Activities

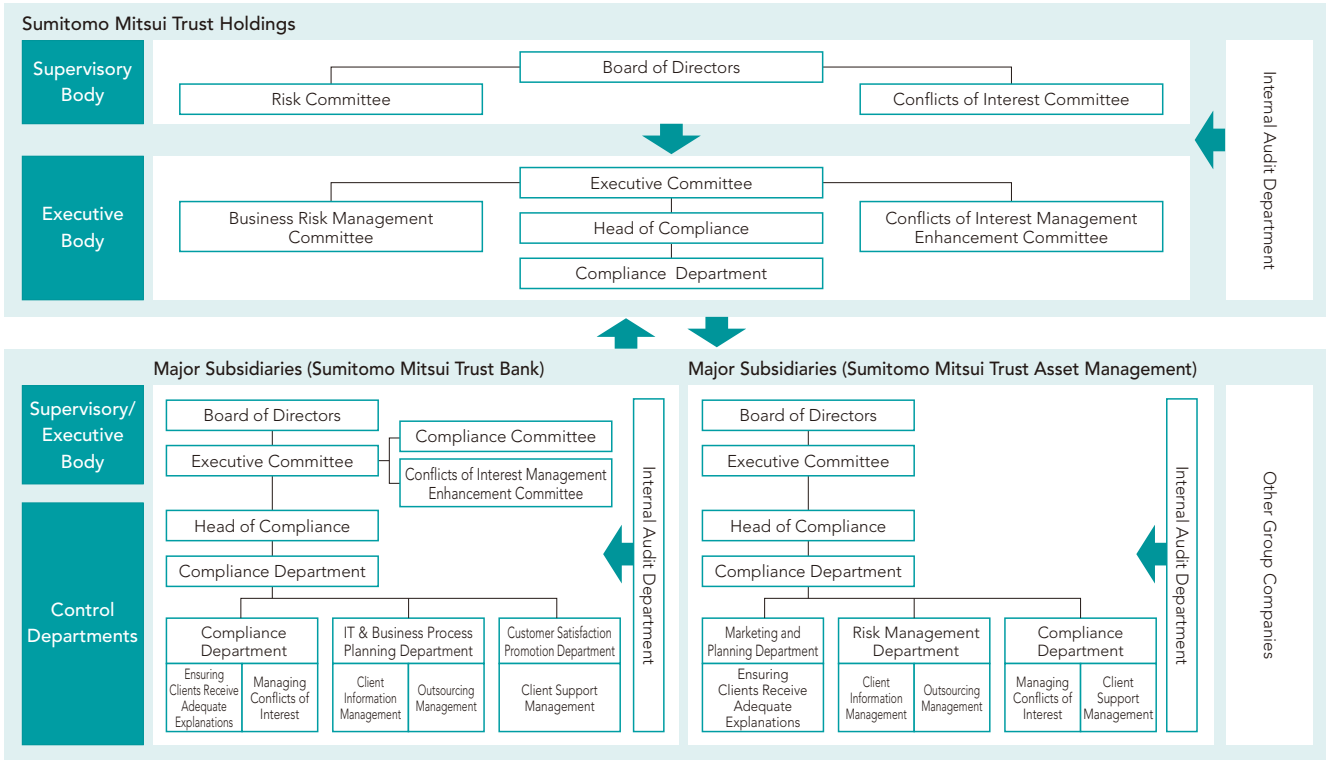


4. Initiatives for Management of Client Protection, Etc.

(1) Basic Initiative Policy

The Group regards client protection as one of its most important management issues. SuMi TRUST Holdings has established a basic policy in its Client Protection Management Rule designed to enhance the Group's client protection and convenience, to enable the Group companies to develop appropriate client protection management systems in accordance with the characteristics of their own operations. Based on the basic policy, each Group company has established the control departments for client protection management and supervisory departments according to functions. The control departments oversee client protection management as a whole, through the preparation of internal company rules and regular reporting to the Board of Directors and others. Supervisory departments develop frameworks for each function, and ensure appropriateness and sufficiency of each function through guidance for related departments, and training expansion, and improvement.

Client Protection Management Framework



(2) Ensuring Clients Receive Adequate Explanations

When providing financial products and services, the SuMi TRUST Group provides appropriate and sufficient explanations and easy-to-understand information so that our clients understand and are assured about the products and services. Specifically, we have created a client protection management framework, such as thoroughly enforcing the suitability rule,* creating a client explanation manual that stipulates appropriate provision of information to clients, etc. and expanding and improving training, based on the solicitation policy regarding provision of financial products and services and the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group.

In particular, we monitor whether appropriate explanations are provided to our clients to ensure their understanding in transactions involving financial products that may pose risk, including investment trusts and life insurance. We revise our solicitation rules, as necessary, to ensure that solicitation and sales activities for financial products are conducted appropriately from the perspective of the clients.

* Rules that prohibit inappropriate solicitation in view of clients' knowledge, experience, financial position, and purpose of transactions.

(3) Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy to securely protect the personal information of its clients for establishing a framework for appropriately managing client information. 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. Furthermore, in accordance with the EU General Data Protection Regulation (GDPR), which took effect in fiscal year 2018, we published "Fair Processing Notice" and appropriately process personal data in compliance with the GDPR.

The SuMi TRUST Group 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

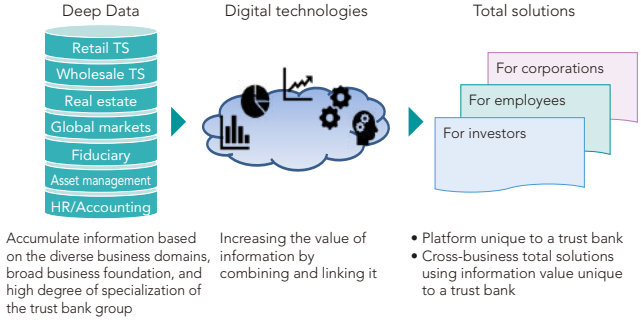
1. Progressing with a Total Solution Model

The Group has a wide range of business domains, and develops 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 a financial group specialized in trust banking. Deep Data accumulates data such as client attributes, assets, transactions, and events, as well as external data such as economic conditions, representing information that is both quantitatively and qualitatively unique to a financial group specialized in trust banking.

We analyze this information and convert it into a form that provides high added value for clients, and utilize the optimal digital technologies to determine the ideal timing to make proposals.

Our goal is to use digital technologies to deliver experiences that exceed client expectations and to offer total solutions that are unique to a financial group specialized in trust banking, and go beyond our business domains. Our digitalization strategy serves as the 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

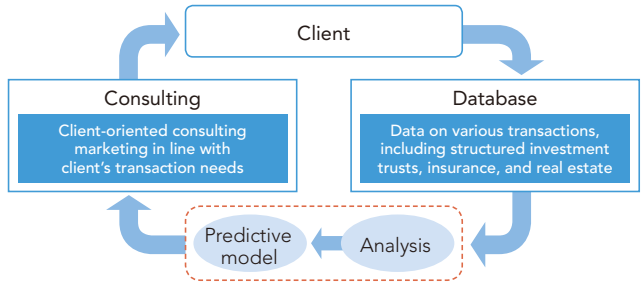


2. Pursuing Experiences Exceeding Client Expectations and Innovation Using Technology

In 2015, we launched FinTech project teams, and in November 2017, we created Digital Transformation Departments at SuMi TRUST Holdings and SuMi TRUST Bank. The activities of these teams and departments have included verification experiments aimed at using technologies such as blockchain and AI, as well as joint research with external partners.

(1) Consulting with regard to the 100-year life using AI

We are working to offer a higher level of consulting based on data analysis through automatic predictive analysis using AI. Given the advent of the age of 100-year life, we will make more accurate, client-oriented proposals, such as consulting that reflects changes in transaction needs according to client life stages.



(2) Using digital technologies to offer a higher level of consulting

In addition to the above, we will continue to perform verification experiments aimed at improving client experiences, including using AI in the asset management field and AI specialized for text analysis to offer consulting that meets hidden client needs.

3. Combining Consulting and Use of Digital Technologies
—Transforming Branches from Places to Carry Out Procedures to Spaces for Consultation—

SuMi TRUST Bank is pursuing optimization across branches, including consolidation and review of functions in terminal branches and suburban branches, and expanding hours of operation on holidays, weekends and after hours, through the use of digital technologies and reform of operational processes.

The Bank opened the Consulting Plaza Chofu in September 2018 to test its new trust type next generation branch.

Consulting Plaza Chofu was set up as a branch specialized in consulting unique to a trust bank, transformed from a "place to carry out procedures" to a "space for consultation" through the introduction of new devices that reduce the burden of filling out paperwork for clients and booths where consultations can be carried out with clients, even several generations of family members, in a relaxed atmosphere.

Through such efforts, we will transform our traditional branch offices into trust type next generation branches unique to a trust

bank, where clients from different generations gather.

In promoting its digitalization strategy, including the above-mentioned measures, the Group will place great value on its contact with clients. While actively using digital technologies, we will not simply aim for mechanization and efficiency, particularly when it comes to the client contact. Through an optimal combination of consulting and use of digital technologies (combining online and offline), we aim to deliver experiences that exceed client expectations.

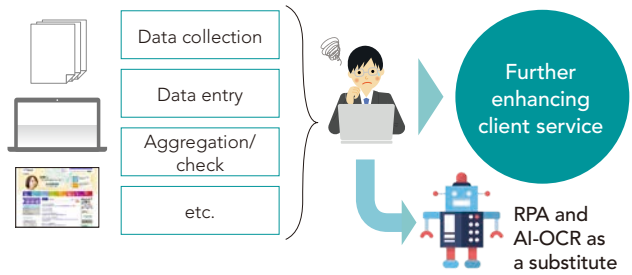
4. Initiatives to Improve Productivity—Promotion of BPR Activities Using Digital Technologies—

SuMi TRUST Bank has achieved savings of approximately 100,000 person-hours of labor in one year since the full-scale introduction of Robotic Process Automation (RPA) to automate operations that were previously performed by humans.

We are improving both operational efficiency and quality by replacing standard back-office tasks, mainly at the head office, with RPA. At the same time, we are promoting digitalization of back-office tasks and a shift to paperless operations by introducing the AI-Optical Character Reader (AI-OCR) in data entry and other operations that were previously done on paper.

In addition to automating back-office tasks and shifting to paperless operations with the introduction of RPA and AI-OCR, we are also working on Business Process Re-engineering (BPR), which uses digital technologies to redesign operational processes that had previously been optimized on the assumption that they would be performed by humans.

These BPR activities have a wide range of applications, from banking operations such as mortgage loan-related tasks, to real estate and other trust operations. We aim to further enhance client services through BPR by improving group-wide productivity and shifting personnel from the head office to branch offices.



5. Initiatives at SBI Sumishin Net Bank, Ltd.

Since its founding in September 2007, SBI Sumishin Net Bank, Ltd. ("SBI Sumishin Net Bank"), a Group company, has worked to achieve "the most user-friendly internet banking, offering attractive products and services 24 hours a day, 365 days a year." Going forward, SBI Sumishin Net Bank will actively use AI and other leading-edge technologies to develop products and services that help improve client convenience.

(1) Providing AI Screening Services

Hitachi, Ltd. ("Hitachi") and SBI Sumishin Net Bank have established Dayta Consulting, a joint venture that provides AI screening services by bringing together Hitachi's high-performance AI and SBI Sumishin Net Bank's credit know-how.

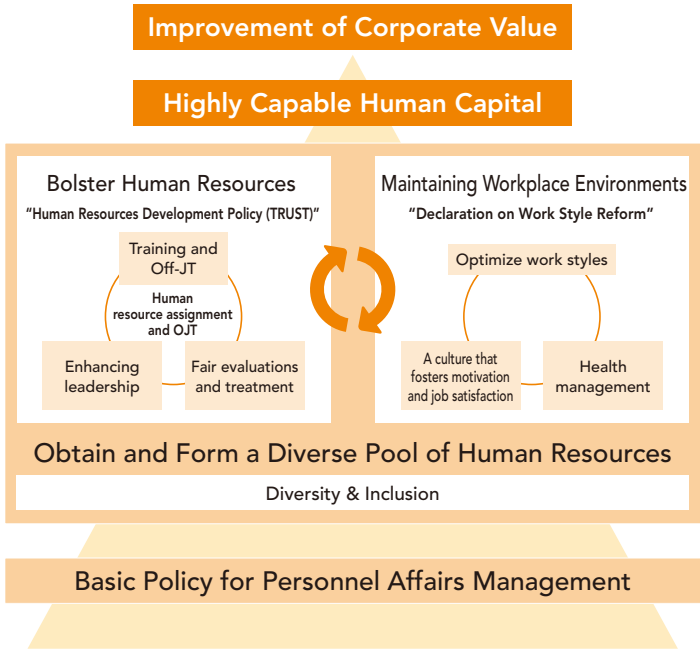
As its first initiative, Dayta Consulting plans to begin offering AI screening services for mortgage loans at multiple financial institutions, including regional financial institutions, starting in October 2019. The company will steadily expand the scope of applications for AI screening services to include transaction lending that provides loans based on the settlement data, and credit card loans, etc.

(2) Initiatives for the Cashless Market

As of April 1, 2019, SBI Sumishin Net Bank acquired NetMove Corporation ("NetMove"), which provides settlement terminals and systems for credit cards and QR codes and develops security software for financial institutions. This is the first example in Japan of a bank acquiring and making a subsidiary of a FinTech-related company. SBI Sumishin Net Bank will continue to provide new services by combining its banking services with the functions of NetMove, including use in lending based on payment history data in addition to capturing the demands of the cashless market, where continued expansion is expected.

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.



Basic Policy for Personnel Affairs Management

The SuMi TRUST Group provides a workplace in which individuals' diversity and creativity are fully utilized as value-added to the organization and they can have dreams and pride and feel motivation when working. It also forms a group of personnel capable of providing comprehensive solutions by making full use of their advanced expertise and comprehensive capabilities and helps them to make successful achievements.

Status of the Group of Personnel that Provides Comprehensive Solutions

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

March 31, 2018:	**March 31, 2019:**
249 (9)	**264 (9)**

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

March 31, 2018:	**March 31, 2019:**
43	**44**

Number of registered real estate transaction agents

March 31, 2018:	**March 31, 2019:**
5,518	**5,638**

Bolster Human Resources

Number of hours of training held

FY2017:	**FY2018:**
6,033 hours	**5,145 hours**

Number of applicants for voluntary training

FY2017:	**FY2018:**
886	**1,105**

Status of positions of female employees
(March 31, 2019)

Executives:	**Level of general manager:**	**Level of section manager:**
2	**21**	**261**

Maintaining Workplace Environments

Number of leave days used

FY2017:	**FY2018:**
14.3 days	**14.9 days**

Supporting work-life balance

Childcare leave:	**Nursing care leave:**	**Male employees taking childcare leave:**
368 (March 31, 2019)	**114** (cumulative total for FY2018)	**132** (cumulative total for FY2018)

Number of users of the internal job posting system

FY2017:	**FY2018:**
445	**494**

(All figures are actual results of SuMi TRUST Bank)

1. Diversity & Inclusion

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 group 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 vital to reaffirm the SuMi TRUST Group's strengths and to enhance the organization's diversity.

SuMi TRUST Holdings and SuMi TRUST Bank have each established a Diversity & Inclusion Office ("D&I Office") within the Human Resources Department. SuMi TRUST Bank's D&I Office is comprised of dedicated staff members from the Human Resources Department and members of business supervision departments. In addition to promoting diversified work styles for individual employees, the D&I Office implements measures according to the situation of each business that will lead to enhancement of corporate value.

	Total	Women	Men
Number of employees (SuMi TRUST Bank)			
March 31, 2019	13,469	7,513	5,956
Number of new graduates hired (SuMi TRUST Bank)			
FY2019	396	243	153

(1) Initiatives to Promote Active Participation by Women

SuMi TRUST Bank has set a business owner action plan target of "placing 300 female employees in managerial positions at the level of section manager or higher" by March 31, 2020, and is providing growth opportunities through various training programs and wide-ranging assignments with a view to promoting women to management.

SuMi TRUST Bank provides carefully designed training both before and at the time of promotion to assistant manager level, as well as before promotion to section manager, to coincide with turning points in career development, in order to give female employees opportunities to think proactively about career development and to build networks.

Executives are also actively engaged in activities related to nurturing female employees. SuMi TRUST Bank provides a range of growth opportunities for female employees, including seminars for women in addition to voluntary seminars open to everyone, regardless of sex or age.

Branch offices promote voluntary interaction with female employees from other companies, and carry out activities that broaden women's perspective and let them think about their careers.

Number of Female Employees in Management Positions at SuMi TRUST Bank

	March 31, 2017	March 31, 2018	March 31, 2019
Director	1	0 (0%)	0 (0%)
Executive officers	0	2 (4.3%)	2 (4.2%)
Level of general manager	14	16 (2.6%)	21 (3.3%)
Level of section manager	232	245 (11.9%)	261 (13.2%)
Level of assistant manager	1,069	1,108 (32.7%)	1,141 (34.1%)

* Numbers in parentheses are ratio of women
* As of March 31, 2019, there is one female external director at SuMi TRUST Holdings.
* As of June 30, 2019, there are two female external directors at SuMi TRUST Bank.

Enhanced training curriculum for female employees

Held voluntary seminars for employees in relevant businesses open to all, regardless of sex or age

(2) Initiatives to Support Work-life Balance

SuMi TRUST Bank has made it possible for employees, whose jobs do not normally involve relocation, to change their work location if their spouse is transferred. In addition, both male and female employees can take leave to accompany a spouse (whether an employee of the company or of another company) who is transferred overseas. Both systems are being used and these initiatives are helping ensure that career continuity is not interrupted by life events.

Number of users of system	
Change of work location in Japan as of March 31, 2019	System for taking leave to accompany spouse transferred overseas, as of March 31, 2019
102	12

SuMi TRUST Bank also holds seminars by outside instructors for employees on childcare leave who will soon return to work, and organizes "Seminar on Balancing Work with Nursing Care" on nursing care issues jointly with the employees' union. The Bank implements initiatives that take into account employees whose work is restricted by nursing care, such as publishing a handbook on support for balancing work with nursing care, holding seminars that employees can participate online, and providing telephone consultation meetings.

(3) Promoting Active Participation by Diverse Human Resources

• Promoting Active Participation by Disabled Persons

The Group aims to be a place where employees can work with motivation and display their talents to the fullest as members of the workplace, whether or not they are disabled. At SuMi TRUST Bank, employees with disabilities work alongside their colleagues at branch offices where they have contact with clients or perform back-office tasks at head office. The Bank also makes efforts to interview employees after they start work to respond to concerns or requests that arise after starting work, and uses the points brought up in the interviews to create an easier working environment from physical and mental perspectives.

Disabled person employment ratio (as of March 31, 2019)	Branch offices and departments with employees with disabilities (as of March 31, 2019)
2.21%	103 branch offices and departments

(SuMi TRUST Bank)

• Promoting Active Participation by Global Employees

SuMi TRUST Bank offers training every year to national staff working at its overseas branches and overseas subsidiaries to deepen their understanding of the Group and its operations and to strengthen networks among participants and with line of business. In order to promote smooth communication with employees of other nationalities, the Bank also organizes a Japanese Language School that offers courses to help with learning Japanese and holds intercultural communications training for supervisors of foreign national employees. In order to encourage active participation and promotion to management of staff hired at overseas bases, the Bank organizes transfers to bases in different countries or long-term dispatches to Japan.

External Evaluation

Sumitomo Mitsui Trust Holdings, Inc.

March, 2019
Selected as Semi-Nadeshiko Brand by Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE)

February, 2019
Selected by METI and Nippon Kenko Kaigi as "Certified Health and Productivity Management Organization (White 500)" for second consecutive year

January, 2019
Selected by Bloomberg for inclusion in 2019 Bloomberg Gender-Equality Index (GEI)

Sumitomo Mitsui Trust Bank, Limited

March, 2019
Selected by METI among winners of New Diversity Management Selection 100 project

February, 2019
Obtained "Platinum Kurumin" certification from Ministry of Health, Labour and Welfare

October, 2018
Received Gold rating in PRIDE INDEX, operated by "work with Pride" (wwP)

Membership

Sumitomo Mitsui Trust Asset Management

Thirty Percent Coalition member
30% Club UK, 30% Club Japan Investor Group member

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.

Having set the goal of being the "No. 1 financial group for human resource development," the Group established its Human Resources Development Policy (TRUST) in April 2018. Starting in fiscal year 2019, we will also strive to be the "No. 1 financial group for human resource participation," where diverse human resources can play active roles based on this Human Resources Development Policy.

(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 Off-JT* such as Training

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 in its self-development programs 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. In fiscal year 2018, we also worked to broaden our perspective and cultivate digital knowledge through co-creation with other business categories, such as manufacturers and universities, in order to bolster human resources.

* 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 through various rank-based training. 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

The personnel evaluation system at SuMi TRUST Bank is a participatory model, in which employees communicate closely with their supervisors on a daily basis to set specific tasks and review them. The evaluation process looks not only at issues related to performance of duties, but formulates and offers feedback on the individual's future career development. 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.

With regard to "maintaining workplace environments," we set up 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. The efforts undertaken based on this declaration were recognized by various organizations during fiscal year 2018 (please see page 88).

(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. In addition to enhancing its various systems related to childbirth and childcare, including encouraging male employees to take childcare leave (in fiscal year 2018, 73.3% of eligible male employees took childcare leave), SuMi TRUST Bank is introducing a new leave system in fiscal year 2019 to help employees balance cancer treatment and work.

During this fiscal year, back-office work at branches will continue to decrease as a result of measures such as enhancing the functions of in-house systems, and we will cut resources required at head office by 10% by conducting another review of head office operations. Human resources who have more time available due to the reduction of back-office work will be reassigned to sales or strategic areas and we will expand client contact by optimizing functions across branches.

(2) Health Management

The SuMi TRUST Group's active initiatives to support health promotion, aimed at promoting the physical and mental health of all Group employees, have been recognized with certification as a "Certified Health and Productivity Management Organization (White 500)" for two consecutive years. With regard to physical health, we provide health examinations every year and make reexaminations mandatory. The Human Resources Department and others provide individualized follow-up to ensure that everyone who requires treatment at a healthcare institution receives it. With regard to mental health, we provide care by line management and carry out stress checks once a year. Group results are provided to the employees' union, and we discuss "improvement in workplace environments" and strive toward such improvement.

Specific initiatives

- Establish and adhere to rules for taking intervals between work shifts
- Thoroughly implement attendance management and prevent overwork for all Group employees
- Prohibit smoking in all buildings

(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 circles formed by groups both in-house and outside, and has regularly held lectures by outside instructors. SuMi TRUST Bank encourages employees to independently and voluntarily shape their own careers through changes in job position or through an internal job-posting system. Since fiscal year 2018, we have promoted activities for employees to shape their own futures, which solicit ideas from employees for the creation of new businesses and services. We received a total of 213 ideas from 468 employees group-wide in fiscal year 2018, which has helped improve employee motivation. In order to spread and maintain this culture, it is essential to have good bi-directional dialogue between executives and employees. SuMi TRUST Bank held 26 consultation meetings and informal meetings between union and management in fiscal year 2018. The Bank also uses occasions when employees gather, such as rank-based training, as opportunities for discussion and questions about management policies, leadership, and other topics by the president and other executives.

Seminar by executives

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) to respect the human rights of all stakeholders.
(Human Rights Policy: https://www.smth.jp/en/csr/management/human_rights_policy/index.html)

• 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

The Human Rights Due Diligence Liaison Committee, chaired by the head of the Sustainability Management Office of the Corporate Planning Department, was established as a joint organization by SuMi TRUST Holdings and SuMi TRUST Bank. The Liaison Committee investigates the status in addressing human rights at all Group companies, including overseas entities, identifies issues and risks that need to be addressed, and discusses and implements measures for improvement. 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 Rights Education Committee chaired by the Head of Human Resources engages in the formulation and implementation of various training programs and education activities concerning human rights issues at all Group companies, branches and departments (for details on human rights due diligence, see page 147 of the 2018/2019 ESG Report).

In fiscal year 2018, training to raise awareness of human rights was held in 267 departments, and, including lectures during 24 rank-based training sessions, a total of approximately 413 hours was spent on training attended by 24,099 people.

(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 (LGBT Consultation Desk) within the Human Resources Department. Stringent corrective measures or punishment are implemented against the perpetrators.

The Personnel Consultation Desk (LGBT Consultation Desk) responds to various consultations related to human rights and, in cases where a negative impact on human rights is evident, cooperates with the related departments to promptly take measures as needed. In fiscal year 2018, the Personnel Consultation Desk received 76 consultations, of which 35 were situations involving concerns about human rights violations, including harassment. Five of these situations remain unresolved, and we are working with the related departments to settle these cases.

• 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.

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. Activities Carried Out

(1) Activities for Individual Investors

We strive to provide information that will allow individual shareholders and investors to better understand the Group 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 March 2019, we had a dialogue on management issues surrounding the banking industry, including specific initiatives, with Mr. Takashi Mitachi of the Boston Consulting Group as our guest.

For details, please see our website (Japanese only).
https://www.smth.jp/investors/individual_meeting/index.html

(2) 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. At SuMi TRUST IR Day, held in December 2018, frontline leaders described the features and strengths of the Group's digitalization strategy and real estate business, as well as our strategic direction. In addition, Mr. Shinichi Saito, an external director and chairperson of the Audit Committee, gave a presentation on our governance.

(3) Received Japan Investor Relations Association "IR Special Award"

At the 2018 IR Awards selected by the Japan Investor Relations Association in November 2018, SuMi TRUST Holdings received the "IR Special Award" for the second time, following its first award in fiscal year 2010. The award recognizes our unique IR practices, which include "consistently improving IR practices," "taking on a leadership role in IR activities in the industry," and "being highly regarded for promoting IR to individual investors."

■IR Activities Carried Out in FY2018

Investor meetings on financial results for analysts and institutional investors	2 times
Overseas IR events	9 times
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 391 (including 199 overseas investors)
Information meetings for individual investors	Number of participants: 858

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 continues to provide appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to provide mortgage loan clients with financial security. 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 natural disasters such as Great East Japan Earthquake, The 2016 Kumamoto Earthquake, 2018 Osaka Earthquake or 2018 Hokkaido Eastern Iburi 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

Private Banking Department of SuMi TRUST Bank provides detailed proposals and prompt information to meet the diverse asset inheritance and business succession needs of both its corporate and individual clients. Tailor-made services for the needs of company-owner and high-net-worth clients are provided in collaboration with an affiliate company, Sumitomo Mitsui Trust Wealth Partners.

Financial consultants have been assigned to branches nationwide as immediate counseling service counter so that company-owner clients may consult on any inheritance or business succession concerns or issues they may have. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with clients on matters concerning inheritance, asset inheritance and business succession as well as asset management and administration.

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.

Moreover, in August 2018, for the first time at a specialized trust bank, the Bank was nationally recognized as a Support agency for business innovation, providing specialized support, such as support on tax matters, finance and financial affairs, for small and medium-sized enterprises.

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.

Financial Review

Terms with an asterisk are explained in "Glossary" on page 95.

In the consolidated financial results for fiscal year 2018, net business profit before credit costs increased by ¥11.6 billion year on year to ¥282.2 billion. The rise was mainly due to higher net fees and commissions and related profits from the stock transfer agency services business as well as asset management subsidiaries, on top of an increase in net interest income from the international business divisions of SuMi TRUST Bank. In the meantime, net income attributable to owners of the parent grew by ¥19.9 billion year on year to ¥173.8 billion.

Both net business profit before credit costs and net income attributable to owners of the parent achieved constant progress in line with the published earnings forecast.

Overview of the Financial Results in FY2018

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2018 (A)	FY2017 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	282.2	270.5	11.6	4.3%
Ordinary Profit	256.4	232.6	23.7	10.2%
Net Income Attributable to Owners of the Parent	173.8	153.9	19.9	12.9%
Total Credit Costs*	(2.9)	2.9	(5.9)	—
Return on Equity*	7.95%	7.40%	0.55%	—
Net Income per Common Shares (EPS) (Yen)	458.91	403.92	54.99	13.6%
Net Assets per Common Shares (BPS) (Yen)	7,008.67	6,897.36	111.31	1.6%

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

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

Billions of Yen (Unless specified otherwise)

	FY2018 (A)	FY2017 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs*	231.4	189.7	41.7	22.0%
Net Interest Income and Related Profit*	172.7	176.5	(3.8)	(2.2%)
Net Fees and Commissions and Related Profit*	186.3	190.2	(3.9)	(2.1%)
Net Trading Profit	27.9	10.4	17.5	168.0%
Net Other Operating Profit	80.3	49.5	30.7	62.1%
General and Administrative Expenses	(235.8)	(237.0)	1.2	(0.5%)
Net Non-recurring Profit, etc.	(22.3)	(16.7)	(5.6)	(33.4%)
Ordinary Profit	209.0	172.9	36.1	20.9%
Extraordinary Profit	(4.2)	(8.3)	4.0	(48.5%)
Net Income	148.6	117.9	30.6	26.0%
Total Credit Costs*	1.9	7.0	(5.0)	—

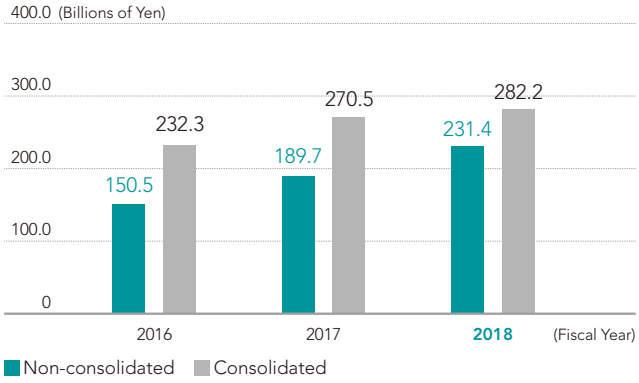
(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

	FY2018 (A)	FY2017 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	140.00	130.00	10.00

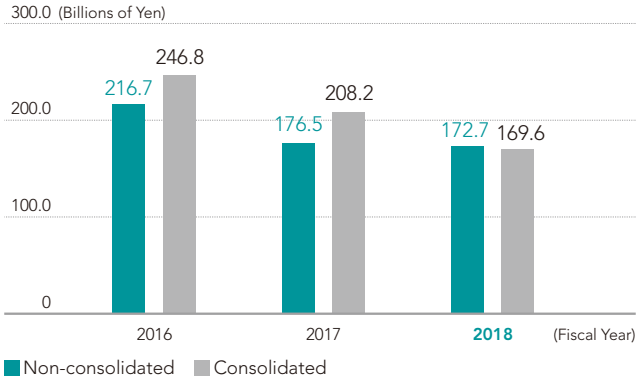
Status of Profit and Loss

• Net Business Profit before Credit Costs*



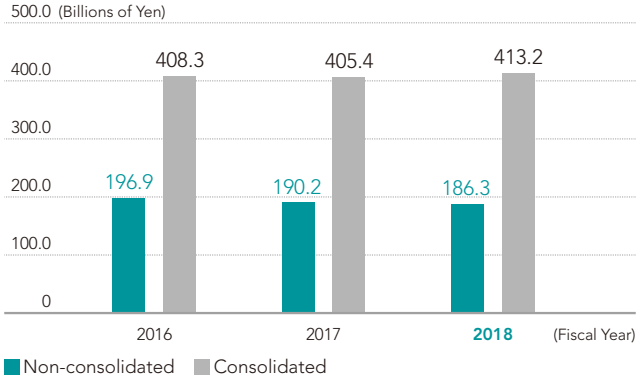
Net business profit before credit costs after implementing realization of U.S. treasury related unrealized loss rose by ¥11.6 billion year on year to ¥282.2 billion, due to increases in net fees and commissions and related profits from the stock transfer agency services business as well as asset management subsidiaries, on top of an increase in net interest income from the international business divisions of SuMi TRUST Bank.

• Net Interest Income and Related Profit*



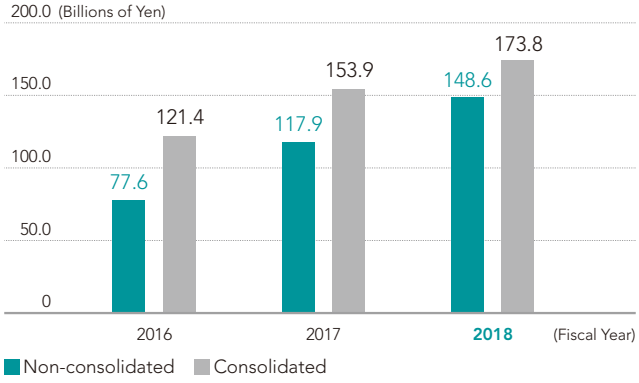
Net interest income and related profit in the domestic business divisions remained nearly flat year on year. They increased effectively in the international business divisions including profit attributable to deployment of foreign currency surplus funds, on top of an improvement in loan-deposit income, thereby securing an effective increase in net interest income on the whole.

• Net Fees and Commissions and Related Profit*



Decreases were registered in revenue related to investment management consulting services as well as revenue related to corporate credit business. Even so, consistent increases were registered in real estate brokerage fees and revenue from asset management and administration (including those from subsidiaries). The result was a rise in net fees and commissions and related profit by ¥7.8 billion year on year to ¥413.2 billion.

• Net Income Attributable to Owners of the Parent



Net income attributable to owners of the parent increased by ¥19.9 billion year on year to ¥173.8 billion, after adjustment to alleviate the future financial burden through impairment of goodwill at subsidiaries, etc. The rise was thanks mainly to higher net business profit before credit costs, demonstrating steady progress toward fiscal year 2019, the final year of the midterm management plan.

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.

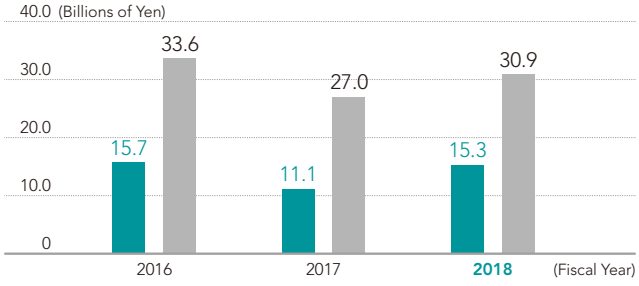
Net Interest Income and Related Profit
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

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" on page 97.

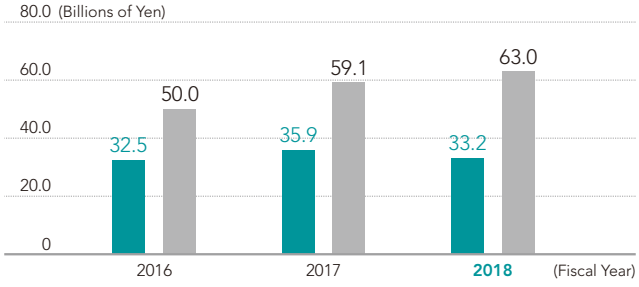
Net Business Profit before Credit Costs by Business Segment

• Retail Total Solution Services Business



Sales fees of investment trust/insurance fell due to uncertainty in the market environment. However, the decrease was outweighed by the combined effect of a fall in deposit funding cost and rise in mortgage loan-related revenue. As a result, net business profit before credit costs grew by ¥4.2 billion year on year to ¥15.3 billion on a non-consolidated basis. It increased by ¥3.9 billion year on year to ¥30.9 billion on a consolidated basis.

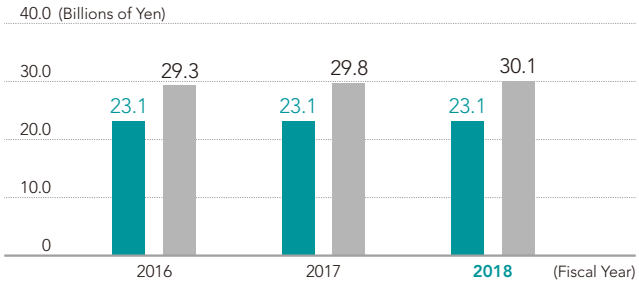
• Fiduciary Services Business (including asset management)



In our corporate pension business, we steadily increased the balance of corporate pension funds, by timely capturing the diverse needs of individuals as well as financial institutions at both asset management and asset administration levels, on top of a constant increase in the number of DC plan members.* As a result, consolidated net business profit before credit costs increased by ¥3.8 billion year on year to ¥63.0 billion.

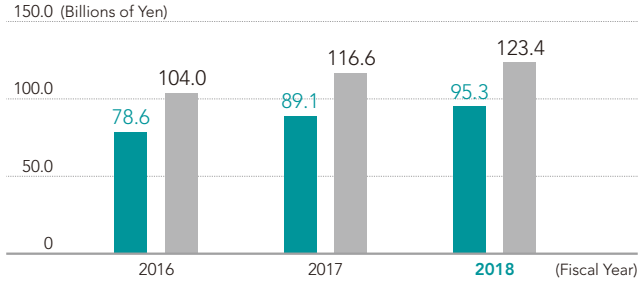
*Number of subscribers in SuMi TRUST Bank-mandated DC pension plans

• Real Estate Business



Net business profit before credit costs remained flat year on year at ¥23.1 billion on a non-consolidated basis. It increased by ¥0.3 billion year on year to ¥30.1 billion on a consolidated basis, due to a constant inflow of small and medium-scale business, acquisitions of some large-scale business in the brokerage for corporate clients, and a solid inflow of revenue from the brokerage for individual clients.

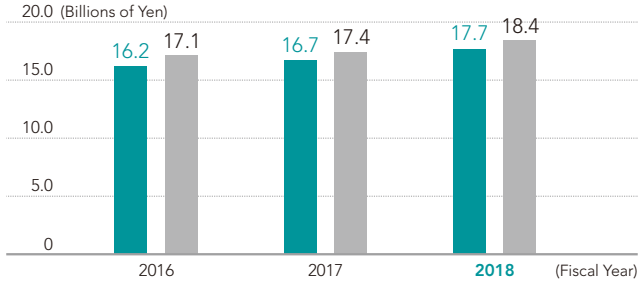
• Wholesale Financial Services*



Net business profit before credit costs increased by ¥6.1 billion year on year to ¥95.3 billion on a non-consolidated basis. It grew by ¥6.7 billion year on year to ¥123.4 billion on a consolidated basis, thanks to the improvement in cash management due to an improvement in margins achieved through cutting foreign currency funding costs, as well as reducing low-profitability assets including primarily those denominated in foreign currencies.

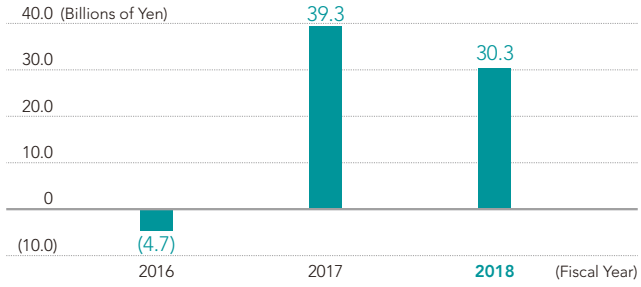
*Wholesale Total Solution Services Business and Wholesale Asset Management Business

• Stock Transfer Agency Services Business



Net business profit before credit costs rose by ¥1.0 billion year on year to ¥17.7 billion on a non-consolidated basis. It increased by ¥0.9 billion year on year to ¥18.4 billion on a consolidated basis, due to a rise in recurring fees and commissions received as a result of an increase in the number of shareholders under administration, as well as higher various consulting fees.

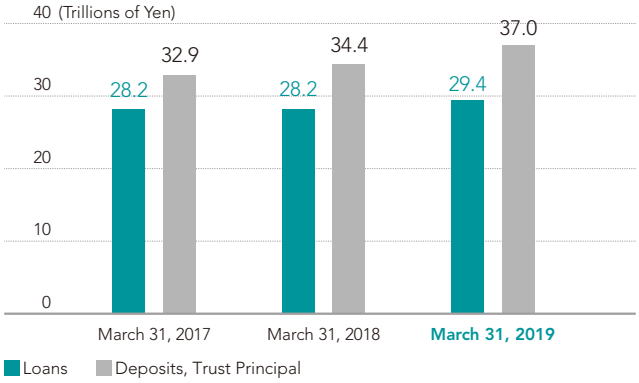
• Global Markets Business



Net business profit before credit costs shrank ¥9.0 billion year on year to ¥30.3 billion, due to the posting of approximately ¥12.0 billion loss on realization of U.S. treasury related unrealized loss at the year-end, offsetting the solid performance of client services such as marketing operations and market-making operations.

Financial Status

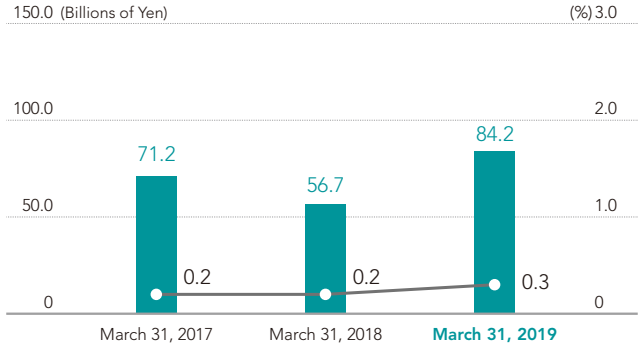
• Loans and Deposits (Non-consolidated)



Loans and bills discounted increased by ¥1.1 trillion from the end of the previous fiscal year to ¥29.4 trillion, due to rises in both mortgage loans and loans to corporations. Deposits, etc.,* increased by ¥2.5 trillion from the end of the previous fiscal year to ¥37.0 trillion, as a fall in time deposits was more than offset by higher liquid deposits and trust principal.

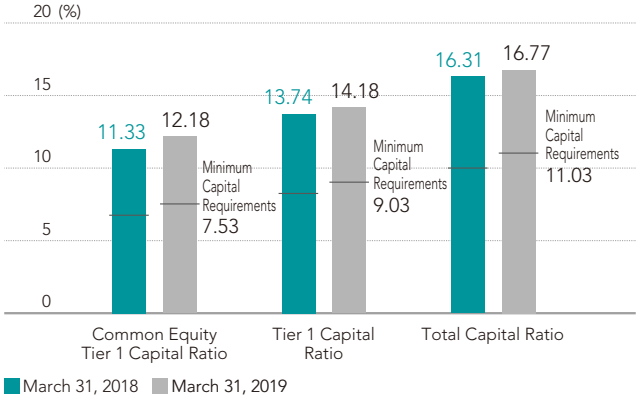
*Deposits, etc., include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

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



The total balance of problem assets based on the Financial Reconstruction Act grew by ¥27.5 billion from the end of the previous fiscal year to ¥84.2 billion, due to an increase in doubtful loans, whereby its ratio to total loan balance increased by 0.1 percentage point to 0.3%, remaining contained at a sufficiently low level. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the ratio was 86% for doubtful loans and 79% for substandard loans, both of which are deemed sufficiently high.

• Capital Adequacy Ratio, etc.* (Consolidated)



The Common Equity Tier 1 capital ratio increased by 0.85 percentage points from the end of the previous fiscal year to 12.18%. The rise was due to an increase in Common Equity Tier 1 capital resulting from the accumulation of net income attributable to owners of the parent, along with a decrease in risk-weighted assets. Total capital ratio also rose by 0.46 percentage points from the end of the previous fiscal year to 16.77%. As seen, the Common Equity Tier 1 capital ratio as well as the total capital ratio remain well above the corresponding regulatorily required level of 7.53% and 11.03%, respectively.

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.

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, 2019)

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) - (8) as its key functions: (1) Supervising management strategies (including the allocation of management resources) (2) Supervising financial management (3) Supervising human resource management (4) Controlling budget and expenses (5) Supervising IT management (6) Supervising risk management (7) Supervising compliance management (8) 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

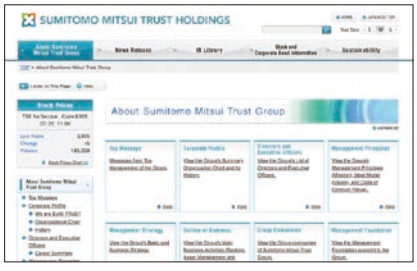
Rating Information (as of June 30, 2019)

		Long-term	Outlook	Short-term	Financial
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—	—
	R&I	A	Stable	—	—
Sumitomo Mitsui Trust Bank	S&P	A	Positive	A-1	—
	Moody's	A1	Stable	P-1	—
	Fitch	A-	Stable	F1	a-*
	JCR	AA-	Stable	—	—
	R&I	A+	Stable	a-1	—

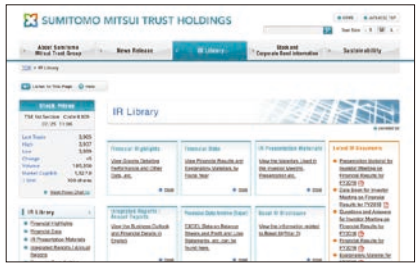
* Viability Rating

Website

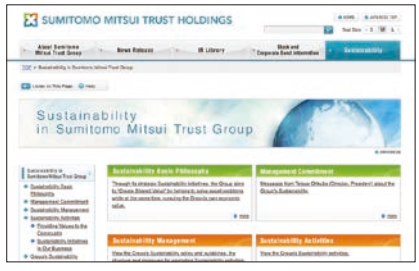
Please go to our website for specifics on our Group.



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

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.

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

SUMITOMO MITSUI TRUST HOLDINGS

This integrated report was printed in Japan on FSC paper with vegetable oil ink.

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

ANNUAL REPORT

—FINANCIAL DATA SECTION—

Year ended March 31, 2019

2019

SUMITOMO MITSUI TRUST HOLDINGS

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

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Board of Directors and Executive Officers (As of July 1, 2019)

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)
Yutaka Nishida

Director, Executive Officer
Masaru Hashimoto

Director
Kunitaro Kitamura

Director
Hitoshi Tsunekage

Director
Kuniyuki Shudo

Director
Kouji Tanaka

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

Director (External)
Mitsuhiro Aso*1

Senior Managing Executive Officer, Executive Officer*2
Atsushi Kaibara

Managing Executive Officer
Hitoshi Sato

Managing Executive Officer
Futoshi Itani

Managing Executive Officer
Kazuya Oyama

Executive Officer, Executive Officer*2
Kiyomitsu Asahi

Executive Officer
Junya Ueda

Executive Officer*2
Yukihiro Kitano

Executive Officer*2
Tsuyoshi Saito

Executive Officer*2
Yasumi Nose

Executive Officer*2
Masahiro Tsuchiya

Executive Officer*2
Toru Takakura

Executive Officer*2
Kengo Noguchi

Executive Officer*2
Akira Yokota

Executive Officer*2
Toshio Masui

Executive Officer*2
Yoshio Hishida

Executive Officer*2
Shigeki Tanaka

Executive Officer*2
Yoshinori Momose

Executive Officer*2
Nobuaki Yamaguchi

Executive Officer*2
Toshiaki Nakano

Executive Officer*2
Takuji Marui

Executive Officer*2
Satoshi Kitai

Executive Officer*2
Masaya Noda

Executive Officer*2
Atsushi Matsumoto

Executive Officer*2
Nobuhisa Takahashi

Executive Officer*2
Yasuyuki Suzuki

Executive Officer*2
Shinichi Nonomura

Executive Officer*2
Manatomo Yoneyama

Executive Officer*2
Kazuteru Wakao

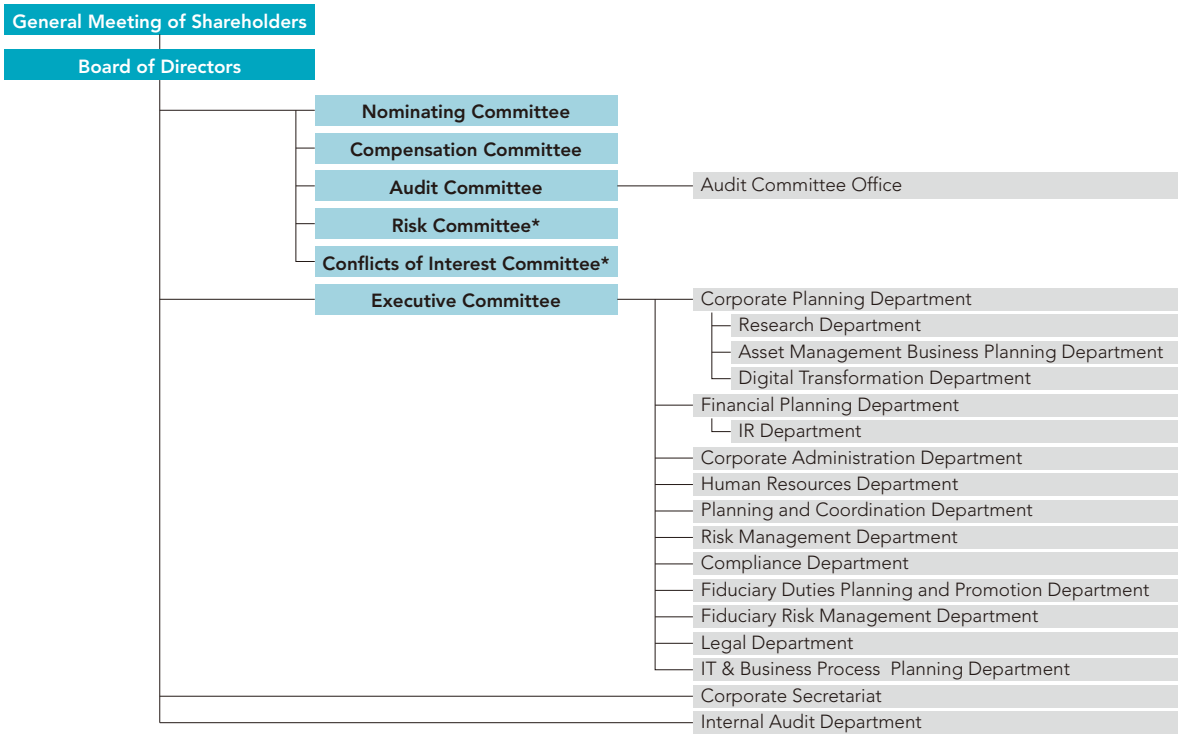
*1 External Directors as provided for in Article 2, Item 15 of the Companies Act.
*2 Executive Officers as defined in our internal policy; unless otherwise annotated, Executive Officers are defined in the Companies Act.

Employees (As of March 31, 2019)

Category	March 31, 2019	March 31,2018
Number of Employees	146	91
Average Age	50 years, 1 month	50 years, 2 months
Average Length of Employment	23 years, 2 months	24 years, 7 months
Average Annual Salary	¥13,037 thousand	¥13,786 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, 2019)



*Risk Committee and Conflicts of Interest Committee are Voluntary committees.

Subsidiaries and Affiliated Companies (As of July 1, 2019)

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.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	November 1, 1986	¥ 2,000	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	—
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	December 1, 1959	¥ 17,363	Investment Management Business, Investment Advisory and Agency Business	91.9	—
Mutual Fund & Insurance Research Institute	33-1, Shiba 3-chome, Minato-ku, Tokyo	December 1, 2017	¥ 150	Survey, Research, Consulting	88.0	—
JTC Holdings, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	October 1, 2018	¥ 500	Holding Company of Trust Banks Specializing in Asset Administration Services	33.3	—
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	June 20, 2000	¥ 51,000	Trust and Banking Business	—	100.0
Trust & Custody Services Bank, Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo	January 22, 2001	¥ 50,000	Trust and Banking Business	—	100.0

Overseas

Name	Location	Date of Establishment	Paid-in Capital (Millions)	Scope of Business	Ownership by SuMi TRUST Holdings (%)	Ownership by subsidiaries (%)
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, 2019)

Chairman (Co-chairman)
Kunitaro Kitamura

Chairman (Co-chairman)
Hitoshi Tsunekage

President (Representative Director)
Masaru Hashimoto

Deputy President (Representative Director)
Yukihiro Kitano

Deputy President (Representative Director)
Tsuyoshi Saito

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, Senior Managing Executive Officer
Atsushi Kaibara

Director, Senior Managing Executive Officer
Kengo Noguchi

Director, Managing Executive Officer
Kazuya Oyama

Director
Tetsuo Ohkubo

Director (External)
Hideki Kanda*

Director (External)
Junko Sasaki*

Director
(Audit and Supervisory Committee member)
Kazuhisa Koashi

Director
(Audit and Supervisory Committee member)
Tsutomu Kurai

Director
(Audit and Supervisory Committee member)
(External)
Hiroshi Mitsunaga*

Director
(Audit and Supervisory Committee member)
(External)
Hiroya Nakakubo*

Director
(Audit and Supervisory Committee member)
(External)
Kaoru Kashima*

Senior Managing Executive Officer
Yasumi Nose

Senior Managing Executive Officer
Naohiro Tanaka

Managing Executive Officer
Koichi Onaka

Managing Executive Officer
Hitoshi Sato

Managing Executive Officer
Satoshi Kamiya

Managing Executive Officer
Seiji Iwakuma

Managing Executive Officer
Shigeki Tanaka

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
Kenji Kaiya

Managing Executive Officer
Keiichi Hamano

Managing Executive Officer
Yutaka Fujisawa

Managing Executive Officer
Yoshinori Momose

Managing Executive Officer
Hideshi Sano

Managing Executive Officer
Yasunaga Matsumoto

Managing Executive Officer
Nobuaki Yamaguchi

Executive Officer
Ryouji Nishimoto

Executive Officer
Noriyuki Awano

Executive Officer
Tomohiro Nishimura

Executive Officer
Takashi Kameda

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
Masaya Noda

Executive Officer
Hitoshi Kotaka

Executive Officer
Tetsuya Hiwatashi

Executive Officer
Atsushi Matsumoto

Executive Officer
Takumi Fujisawa

Executive Officer
Nobuhisa Takahashi

Executive Officer
Yasuyuki Suzuki

Executive Officer
Shinichi Nonomura

Executive Officer
Kazuhiko Kasuya

Executive Officer
Takehiko Iwahara

Executive Officer
Takahumi Arimura

Executive Officer
Kouichi Kato

Executive Officer
Shinichi Tao

Executive Officer
Masakatsu Sato

Executive Officer
Manatomo Yoneyama

Executive Officer
Takehiko Sakaue

Executive Officer
Kazuteru Wakao

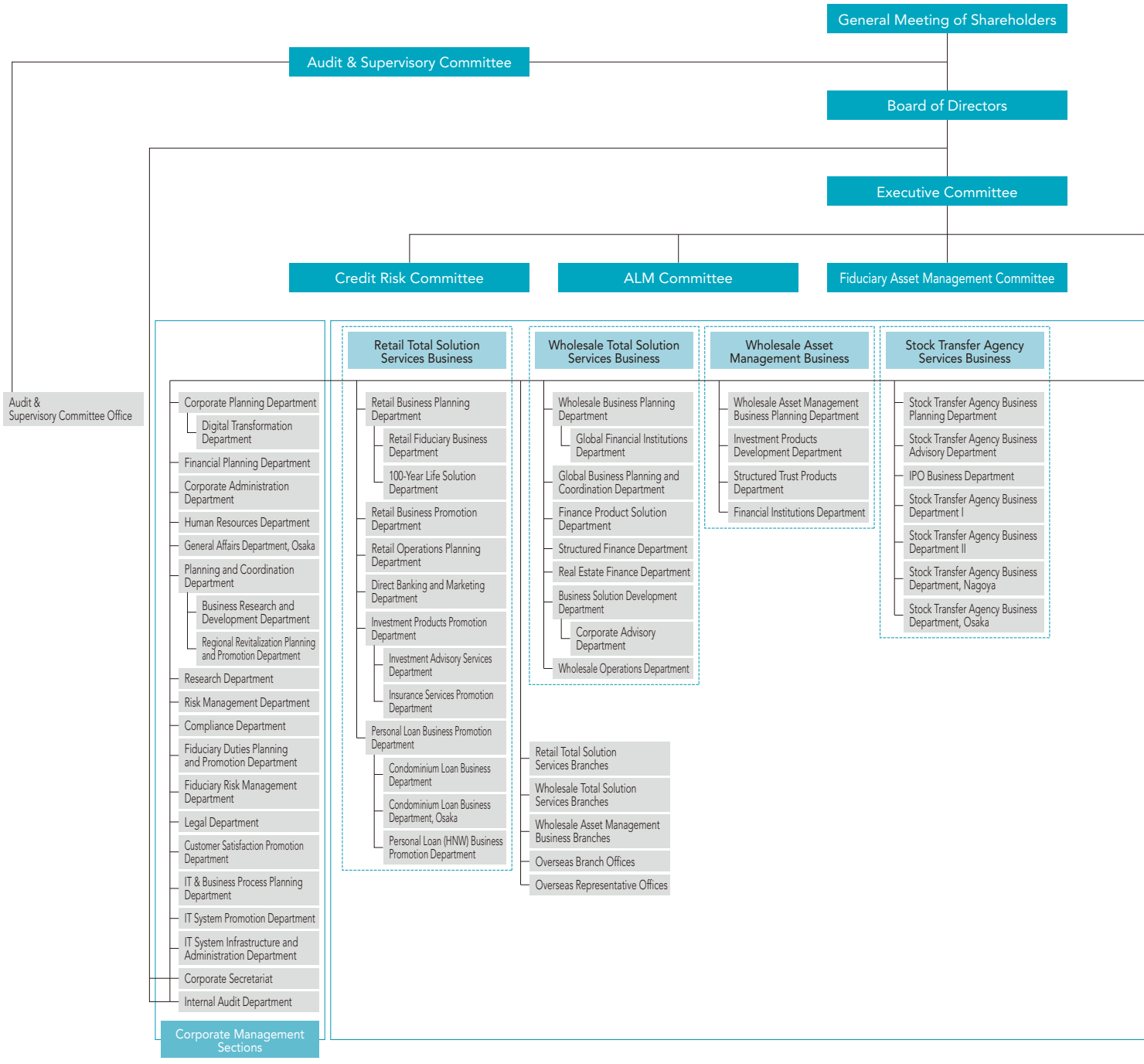
* External Directors as provided for in Article 2, Item 15 of the Companies Act.
Executive Officers as defined in our internal policy.

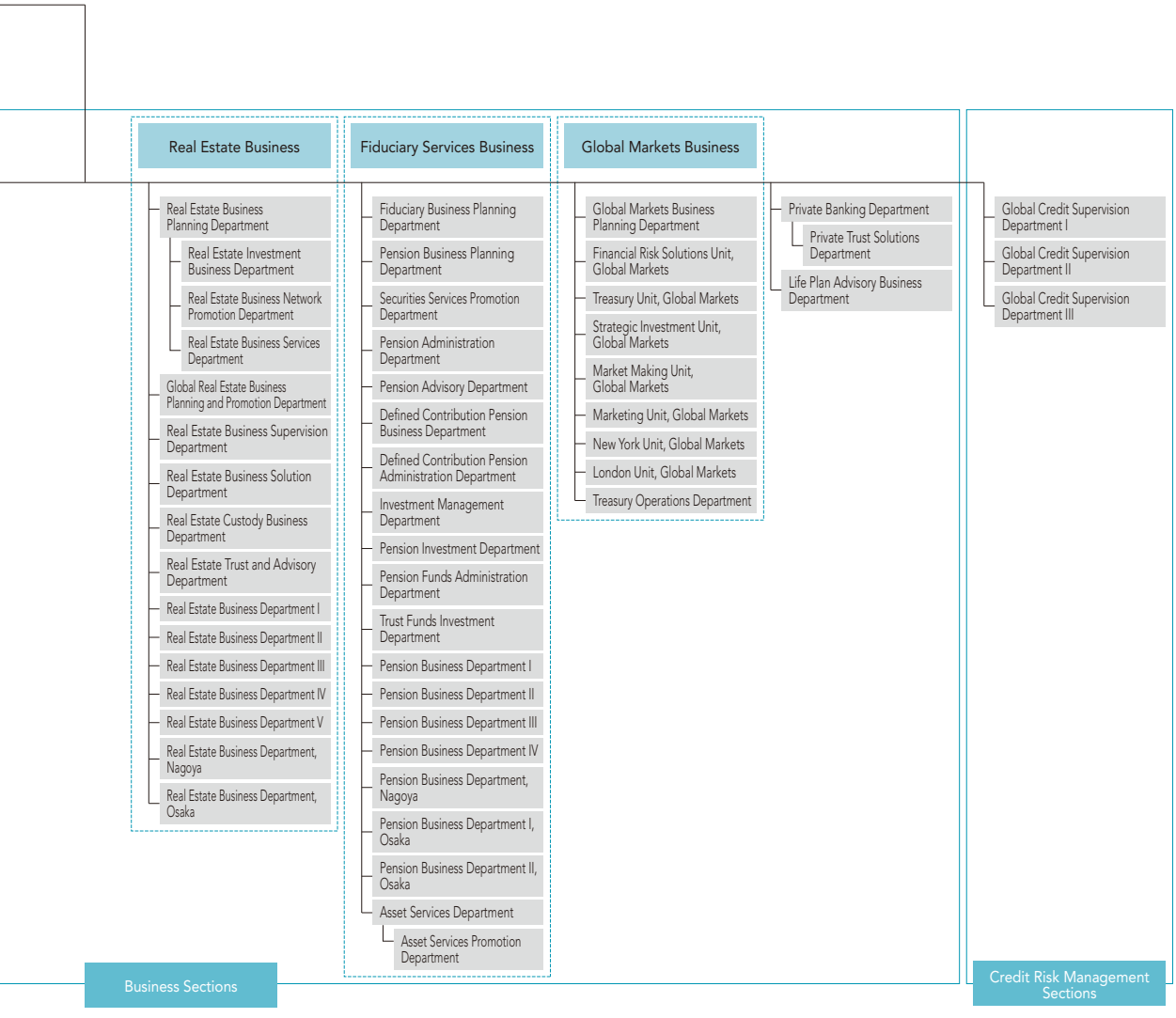
Employees (As of March 31, 2019)

Category	March 31, 2019	March 31,2018
Number of Employees	13,469	13,659
Average Age	42 years, 5 months	42 years, 8 months
Average Length of Employment	13 years, 5 months	13 years, 2 months
Average Annual Salary	¥7,198 thousand	¥6,960 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, 2019)




Real Estate Business
Real Estate Business Planning Department
Real Estate Investment Business Department
Real Estate Business Network Promotion Department
Real Estate Business Services Department
Global Real Estate Business Planning and Promotion Department
Real Estate Business Supervision Department
Real Estate Business Solution Department
Real Estate Custody Business Department
Real Estate Trust and Advisory 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
Investment Management Department
Pension Investment Department
Pension Funds Administration Department
Trust Funds Investment 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
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, 2019)

[ ] ··· 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 Chofu (Chofu Sub-Branch, Shinjuku-Nishiguchi Branch)
48-26, Kojimacho 2-chome, Chofu, Tokyo 182-0026, 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, 2019)

* 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.	105	67	44	72	49	1
Regional Banks	41	38	31	30	17	1
Second Regional Banks	17	13	7	12	10	—
Shinkin Central Bank, Shinkin Banks	36	13	3	21	22	—
Credit Union	7	—	—	7	—	—
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	128	70	49	95	49	1

Bank Service Agency (As of June 30, 2019)

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, Banana Branch, Melon Branch, Kiwi Branch (11 Branches)

Subsidiaries and Affiliated Companies (As of July 1, 2019)

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.	33-1, Shiba 3-chome, Minato-ku, Tokyo	April 3, 2006	¥ 100	Training Programs, Personnel-related Services	100.0	—
Sumitomo Mitsui Trust Life Partners Co.,Ltd.	11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo	January 28, 2019	¥ 100	Insurance Agency Business	100.0	—
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	—
JP Asset Management Co., Ltd.	5-11, Nihonbashi-honcho 1-chome, Chuo-ku, Tokyo	August 18, 2015	¥ 500	Investment Management	30.0	—
Japan Management Succession Support Co. Ltd.	2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	April 16, 2015	¥ 489	M&A Consulting, Intermediary and Advisory Services	23.8	—
Sky Ocean Asset Management Co., Ltd.	1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa	November 25, 2014	¥ 300	Investment Management	21.0	—
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 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	—
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 South Arbor Vitae, 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 the SuMi TRUST Group, such as SuMi TRUST Bank and SuMi TRUST Bank's subsidiaries, has a 50.0% stake.

Financial Data:

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

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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

The economic environment during the fiscal year under review changed significantly from the first half to the second half.

Although overseas economies continued to recover, concerns increased regarding political and geopolitical risks, such as an expansion in the U.S.-China trade dispute and delays in negotiations over the U.K.'s withdrawal from the European Union (EU), and both the European and Chinese economies began to slow from the second half of the fiscal year onward.

In Japan, while the employment situation continued to improve due to maintenance of high levels of corporate earnings and the economy continued along a moderate track toward recovery, a sense of deceleration grew rapidly due to a slowdown in exports and production due mainly to the changes in overseas economies. In the domestic financial market, the yen depreciated as share prices and interest rates rose due to expansion of the U.S. economy. However, from October onward, share prices and interest rates decreased and the yen began to appreciate in value. Going into 2019, although share prices recovered and the Nikkei Stock Average rose to over ¥21,000 by the end of the fiscal year ended March 31, 2019, interest rates continued to decrease, with 10-year government bond yields finishing the fiscal year at a minus.

Developments of Business Activities

Amid these economic and financial conditions, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") and its consolidated subsidiaries (together, "SuMi TRUST Group"), steadily implemented the following four key initiatives in the second year of its midterm management plan "Evolution of The Trust Bank—The Second Foundation—."

(Four key initiatives)
1. Evolution of Total Solutions Business Model
2. Creation of New Businesses and New Operations
3. Acceleration of Digital Strategy
4. Enhancement of Human Resource Development

1. Evolution of Total Solutions Business Model

With the aim of being chosen as the "Best Partner" financial group, with whom clients can consult first and foremost regarding their problems and concerns during this turning point in the economic and financial environment, the SuMi TRUST Group pushed forward with efforts to enhance its capabilities to meet the various diversifying and increasingly sophisticated needs of its clients.

For individual clients, before the arrival of the fully-fledged age of 100-year life, and in order to provide worthwhile products and services to persons of all generations with appropriate timing, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") began to handle new insurance products that allow coverages to be rearranged in accordance with life stage changes, and also promoted initiatives such as the introduction of the "Smart Will," which provides relatively simple inheritance measures at reduced costs. Also, due to an expansion in mortgage loans, which are one of its major products, the loan balance increased by approximately 300.0 billion yen from the end of the previous fiscal year, to 9.1 trillion yen.

Sumitomo Mitsui Trust Club Co., Ltd., which provides the Diners brand, focused on providing a wide range of life-enriching services to its credit card members, including travel, gourmet food, and members-only events. Sumitomo Mitsui Trust Realty Co., Ltd. increased the number of housing brokerage transactions through collaboration with SuMi TRUST Bank and enhancement of its information acquisition capabilities, which utilize the networks of external partners. SBI Sumishin Net Bank, Ltd. worked to provide various loans that make full use of advanced technologies such as AI screening models. In addition, in order to enhance the asset management and administration business of the Group as a whole, SBI Sumishin Net Bank, Ltd. and SuMi TRUST Bank made remittances between them free of charge, and began mutually accepting the opening of accounts.

For corporate clients, in addition to loans, SuMi TRUST Bank provided a wide range of solutions that meet the business challenges of its clients, such as enhancement of corporate governance and reviewing of real estate holdings, pension systems and welfare programs, by combining the various functions held by its businesses. Moreover, in order to enhance support for small and mid-sized corporations that are concerned about business succession, it executed a business and capital alliance agreement with Japan

Management Succession Support Co. Ltd., and worked to provide proposals to top management clients. In addition, it also focused on providing financial services geared toward achieving a sustainable society, including implementation of the world's first "Positive Impact Finance (Unspecified Use of Funds)," which aims to support activities that have positive impacts on the environment, society and the economy.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. worked to expand its lease volume by enhancing its real estate leasing efforts and providing a diverse array of financial functions that utilize wide-ranging business foundations in collaboration with SuMi TRUST Bank. Sumitomo Mitsui Trust Loan & Finance Co., Ltd., while paying attention to changing market conditions, grew its loan balance steadily in collaboration with Group companies, by taking advantage of its unique consulting-based screening model.

For clients such as corporate pensions, public pensions and financial organizations, in a difficult operating environment characterized by prolonged negative interest rate policies, SuMi TRUST Bank increased assets under management and administration by centrally providing a range of services related to asset management and administration, such as alternative investment proposals and foreign bond lending transactions. Moreover, for defined contribution pension plans, it focused on acquiring services for large operational management institutions, and maintained its leading market share. Furthermore, by leveraging various Group functions in banking, trusts and real estate, it promoted alliances with clients such as regional financial institutions, and focused on generating synergies, such as expanding the provision of trust products.

Sumitomo Mitsui Trust Asset Management Co., Ltd. ("SuMi TRUST AM"), with the aim of enhancing the independence and transparency of its asset management business, and building the power of its national brand, integrated the asset management business of SuMi TRUST Bank in October 2018, and began afresh as an asset management company with more than 60 trillion yen in assets under management. Together with Nikko Asset Management Co., Ltd. ("Nikko AM"), SuMi TRUST AM pushed forward by expanding sales channels and enhancing human resource development, in order to further enrich the Group-wide system for providing high value-added products and services to clients.

In addition, in the asset administration business, in order to realize more stable and higher quality operations, an intermediate holding company, JTC Holdings, Ltd., was also established in October 2018 for the integration of Japan Trustee Services Bank, Ltd. and Mizuho Financial Group's Trust & Custody Services Bank, Ltd., in order to support the domestic securities settlement infrastructure and promote the development of a system for broadly meeting the needs of clients.

2. Creation of New Businesses and New Operations

In order to overcome various headwinds surrounding the current financial industry and to achieve sustainable growth, the SuMi TRUST Group strived to create new businesses and operations on a Group-wide basis, with an eye toward future growth. Specifically, after establishing a specialized organization within the Group for future-oriented challenges, we held contests for the creation of new businesses and selected four projects with great potential for the future, and have moved forward with their commercialization. In addition, in order to proceed steadily with our business model transformation, while acquiring new knowledge and know-how and capturing overseas growth, we invested in growth areas, including digital fields.

3. Acceleration of Digital Strategy

As the digitization of society is progressing rapidly, the SuMi TRUST Group has accelerated its digital strategy in a wide range of fields, including the creation of new businesses that are unique to a financial group specialized in trust banking, improving convenience for clients, and advancing system infrastructure.

Specifically, we developed a "Smart Exercise" voting rights exercise service that uses smart phones, and began providing the service with the Ordinary General Meeting of Shareholders held in June 2018. In addition, in September 2018, we opened the "Consulting Plaza Chofu" as our pioneering adoption of "trust type next 5 generation branch," which deploys new multifunctional terminals and realizes a paperless environment with an expanded consultation space for clients.

Moreover, using RPA (Robotic Process Automation) rather than people to perform routine tasks, we pushed forward with an increase in operational efficiency by incorporating digital technology, in addition to reducing more than 10,000 hours of mortgage loan back-office work at branches. In addition, we formulated and announced the "Cyber Security

Management Declaration," which defines security measures against cyber attacks, and worked to develop a structure for promoting management-led digitalization.

4. Enhancement of Human Resource Development

Placing human resources as our greatest source of competitiveness, the SuMi TRUST Group enhanced the expertise, comprehensive capabilities and creativity of our employees by enhancing in-house stratified training aimed at young and mid-level employees, and also worked to expand the activity areas of diverse human resources, including an expansion of the appointment of women in management positions. As a result, SuMi TRUST Bank was selected as a winner of "New Diversity Management Selection 100" by the Ministry of Economy, Trade and Industry for the first time, as a company that ties the promotion of diversity to management results.

Furthermore, positioning "work style reforms" and "health improvement management," which improve productivity and reduce total work hours, as priority issues for achieving the sustainable growth of the SuMi TRUST Group, we prohibited smoking at all locations, in addition to promoting working from home, telecommuting, and taking intervals between work shifts. As a result, the SuMi TRUST Group was recognized by the Ministry of Economy, Trade and Industry as an outstanding enterprise engaging in efforts to advance health and productivity management under the "Certified Health & Productivity Management Outstanding Organizations Recognition Program-White 500," for the second year in a row.

Results of Business Activities

(Consolidated Financial Results for the Fiscal Year 2018)

For the fiscal year ended March 31, 2019, net business profit increased by ¥11.6 billion (U.S. $105 million) from the previous fiscal year to ¥282.2 billion (U.S. $2,543 million), primarily due to an increase in international interest related earnings, as well as increases in fees and commissions related income from stock transfer agency services business and the asset management business of group companies.

Ordinary profit increased by ¥23.7 billion (U.S. $214 million) from the previous fiscal year to ¥256.4 billion (U.S. $2,311 million). The increase primarily reflects an increase in net gains on stocks as a result of promotion to reduce strategic shareholdings, partially offset by credit costs newly incurred due to downgrading the classification of debtors.

As a result, net income attributable to owners of the parent increased by ¥19.9 billion (U.S. $179 million) from the previous fiscal year to ¥173.8 billion (U.S. $1,566 million) due to an extraordinary loss recognized for impairment of goodwill of a subsidiary recognized under other expense, offset by a tax effect from introduction of consolidated taxation.

Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 12.18%, Consolidated Tier 1 capital ratio was 14.18%, and Consolidated Total capital ratio was 16.77% as of March 31, 2019, exceeding the minimum regulatory requirements of 7.53%, 9.03%, and 11.03%, 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 ¥110.95 to U.S. $1, the approximate rate of exchange as of March 29, 2019.

Operating Results (Consolidated)

Years Ended March 31	Millions of Yen 2019	2018	Changes	Millions of U.S. Dollars 2019
Gross Profit (excluding Trust Account Credit Costs)	¥ 678,554	¥ 676,873	¥ 1,680	$ 6,116
Trust Account Credit Costs (A)	—	—	—	—
General and Administrative Expenses (excluding non-recurring expenses)	(427,853)	(432,924)	5,071	(3,856)
Net Provision of General Allowance for Loan Losses (B)	20,637	—	20,637	186
Banking Account Credit Costs (C)	(25,531)	(5,122)	(20,408)	(230)
Reversal of Allowance for Loan Losses (D)	—	5,292	(5,292)	—
Recoveries of Written-Off Claims (E)	1,908	2,818	(909)	17
Net Gains (Losses) on Stocks and Other Securities	13,709	6,357	7,351	124
Net Income from Affiliated Companies Accounted for by the Equity Method	5,967	5,781	186	54
Impairment Loss	(15,786)	(7,876)	(7,909)	(142)
Others	(10,265)	(12,376)	2,111	(93)
Income Before Income Taxes	241,340	238,822	2,518	2,175
Net Income Attributable to Owners of the Parent	173,889	153,986	19,903	1,567
Total Credit Costs (A+B+C+D+E)	(2,984)	2,988	(5,973)	(27)
Net Business Profit Before Credit Costs	282,233	270,558	11,675	2,544

(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 is Substantial Gross Business Profit, less General Administrative Expenses. (The amounts of Substantial Gross Business Profit and General Administrative Expenses are calculated for internal control purposes, taking into account of share of profit and losses of affiliated companies accounted for by the equity method.) Note that the differences between the amounts of Substantial Gross Business Profit and Gross Profit, and Total General Administrative Expenses and General Administrative Expenses are primarily the amount of Ordinary Profits (adjusted for non-recurring effects) from Affiliated Companies Accounted for by the Equity Method multiplied by the Ratio of Equity Holdings.

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 ¥44.8 billion (U.S. $404 million) from the previous fiscal year to ¥135.1 billion (U.S. $1,218 million). "Net Other Ordinary Income and Expenses (excluding non-recurring expenses)" increased by ¥30.9 billion (U.S. $279 million) from the previous fiscal year to ¥107.2 billion (U.S. $966 million) due to an increase in profits earned from market deployment of surplus foreign currency fund. This led to an increase in substantial interest income, which includes the profits earned from market deployment of surplus foreign currency fund, primarily due to improvements in earnings related to deposits and loans of the international business.

"Net Fees and Commissions" decreased by ¥4.7 billion (U.S. $42 million) from the previous fiscal year to ¥305.1 billion (U.S. $2,750 million).

"Net Trading Income" increased by ¥17.0 billion (U.S. $153 million) from the previous fiscal year to ¥27.0 billion (U.S. $243 million).

Accordingly, "Gross Profit" increased by ¥1.6 billion (U.S. $14 million) from the previous fiscal year to ¥678.5 billion (U.S. $6,115 million).

"General and Administrative Expenses (excluding non-recurring effects)" decreased by ¥5.0 billion (U.S. $45 million) from the previous fiscal year to ¥427.8 billion (U.S. $3,856 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 ¥11.6 billion (U.S. $105 million) from the previous fiscal year to ¥282.2 billion (U.S. $2,543 million).

Major Profit and Losses (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2019	2018	Changes	2019
Gross Profit (excluding Trust Account Credit Costs)	¥ 678,554	¥ 676,873	¥ 1,680	$ 6,116
Net Trust Fees:	103,911	100,591	3,320	937
Trust Account Credit Costs (deduction)	—	—	—	—
Trust Fees from Loan Trusts and Jointly-Operated Money Trusts (before deducting Trust Accounts Credit Costs)	18,899	13,257	5,642	170
Other Trust Fees	85,011	87,333	(2,321)	766
Net Interest Income:	135,161	180,057	(44,896)	1,218
Interest Income	507,007	426,129	80,877	4,570
Interest Expenses	(371,845)	(246,071)	(125,773)	(3,351)
Net Fees and Commissions:	305,112	309,906	(4,794)	2,750
Fees and Commissions	402,867	397,881	4,986	3,631
Fees and Commissions Payments	(97,755)	(87,974)	(9,780)	(881)
Net Trading Income:	27,093	10,035	17,058	244
Trading Income	27,093	10,035	17,058	244
Trading Expenses	—	—	—	—
Net Other Ordinary Income and Expenses: (excluding non-recurring expenses)	107,274	76,282	30,992	967
Other Ordinary Income	356,927	306,725	50,202	3,217
Other Ordinary Expenses	(249,652)	(230,442)	(19,210)	(2,250)
General and Administrative Expenses	(427,853)	(432,924)	5,071	(3,856)
Net Business Profit Before Credit Costs	282,233	270,558	11,675	2,544

(Notes)

1) Gross Profit = Net Trust Fees (after the write-off of principal guaranteed trust account) + (Interest Income − Interest Expenses) + (Fees and Commissions − Fees and Commissions Payments) + (Trading Income − Trading Expenses) + (Other Ordinary Income − Other Ordinary Expenses)

2) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

Credit Costs (Consolidated)

"Total Credit Costs" increased by ¥5.9 billion (U.S. $53 million) from the previous fiscal year to ¥2.9 billion (U.S. $26 million). This was mainly because of an increase in "Provision of General Allowance for Loan Losses".

Credit Costs (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2019	2018	Changes	2019
Total Credit Costs	¥ (2,984)	¥ 2,988	¥ (5,973)	$ (27)
Trust Account Credit Costs	—	—	—	—
Banking Account Credit Costs	(25,531)	(5,122)	(20,408)	(230)
Write-Off of Loans	(4,395)	(4,538)	142	(40)
Net Provision of Specific Allowance for Loan Losses	(20,846)	—	(20,846)	(188)
Losses on Sales of Loans	(288)	(584)	295	(3)
Net Provision of General Allowance for Loan Losses	20,637	—	20,637	186
Reversal of Allowance for Loan Losses	—	5,292	(5,292)	—
Recoveries of Written-Off Claims	1,908	2,818	(909)	17

(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" increased by ¥7.3 billion (U.S. $66 million) from the previous fiscal year to ¥13.7 billion (U.S. $123 million).

Net Gains (Losses) on Stocks and Other Securities (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2019	2018	Changes	2019
Net Gains (Losses) on Stocks and Other Securities	¥ 13,709	¥ 6,357	¥ 7,351	$ 124
Gains (Losses) on Sales of Stocks and Other Securities	17,188	6,402	10,785	155
Losses on Devaluation of Stocks and Other Securities	(3,479)	(44)	(3,434)	(31)

(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, 2019, consolidated "Total Assets" were ¥57,029.1 billion (U.S. $514 billion), a decrease of ¥11,327.6 billion (U.S. $102 billion), and consolidated "Total Net Assets" were ¥2,730.3 billion (U.S. $25 billion), a decrease of ¥141.9 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" decreased by ¥12,795.4 billion (U.S. $115 billion) to ¥16,045.8 billion (U.S. $145 billion), "Loans and Bills Discounted" increased by ¥835.1 billion (U.S. $8 billion) to ¥29,025.7 billion (U.S. $262 billion), "Securities" increased by ¥221.8 billion (U.S. $2 billion) to ¥5,759.5 billion (U.S. $52 billion), and "Deposits" decreased by ¥5,448.2 billion (U.S. $49 billion) to ¥31,903.5 billion (U.S. $288 billion), compared with those as of the end of the previous fiscal year.

"Total Assets of Trust Accounts" were ¥211,350.0 billion (U.S. $1,905 billion) as of March 31, 2019, an increase of ¥9,651.9 billion (U.S. $86,993 billion), compared with the amount as of the end of the previous fiscal year.

Problem Assets under the Financial Reconstruction Act

As of March 31, 2019, 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, increased by ¥27.5 billion (U.S. $0.2 billion) from the end of the previous fiscal year to ¥84.2 billion (U.S. $0.8 billion). The ratio of "Problem Assets under the Financial Reconstruction Act" to Total Balance increased by 0.1% from the previous fiscal year to 0.3%.

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	2019	2018	Changes	2019
Problem Assets under the Financial Reconstruction Act	¥ 84.2	¥ 56.7	¥ 27.5	$ 1
Total Balance	29,941.3	28,818.4	1,122.8	270
Ratio to Total Balance	0.3%	0.2%	0.1%	0.3%

Banking Account

Classification	Billions of Yen, Except for Percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
As of March 31	2019	2018	2019	2018	2019		2019	2018
Bankrupt and Practically Bankrupt Loans (A)	¥ 10.5	¥ 12.0	100%	100%	Specific Allowance Provided	¥ 2.6	100%	100%
					Covered by Collateral/Guarantee	7.8		
Doubtful Loans (B)	54.5	26.2	86%	92%	Uncovered	7.3	76%	74%
					Specific Allowance Provided	23.5		
					Covered by Collateral/Guarantee	23.7		
Substandard Loans (C)	18.4	17.6	79%	97%	Uncovered	3.9	10%	34%
					General Allowance Provided	0.4		
					Covered by Collateral/Guarantee	14.1		
Total of (A), (B), and (C)	83.4	55.8						
Total Balance	29,910.3	28,782.2						
Ratio to Total Balance	0.3%	0.2%						

Principal Guaranteed Trust Account

Classification	Billions of Yen, Except for Percentages					
	Balance		Coverage Ratio		Collateral/Allowance	
As of March 31	2019	2018	2019	2018	2019	
Bankrupt and Practically Bankrupt Loans (A)	¥ 0.0	¥ 0.0	100%	100%	Covered by Collateral/Guarantee	¥ 0.0
Doubtful Loans (B)	0.7	0.8	100%	100%	Covered by Collateral/Guarantee	0.7
Substandard Loans (C)	0.0	0.0	100%	100%	Covered by Collateral/Guarantee	0.0
Total of (A), (B), and (C)	0.8	0.9			Allowance for Loan Trusts	—
					Allowance for Jointly Operated Money Trusts	0.0
Total Balance	31.0	36.2				
Ratio to Total Balance	2.5%	2.5%				

Net Interest Spread (Domestic Banking Account and Principal Guaranteed Trust Account)

	Percentage Points		
Years Ended March 31	2019	2018	Changes
Average Yield on Interest-Earning Assets (a)	0.60%	0.57%	0.03%
Loans and Bills Discounted (A)	0.69	0.70	(0.01)
Securities	2.16	1.45	0.71
Average Yield on Interest-Bearing Liabilities (b)	0.11	0.13	(0.02)
Deposits (B)	0.08	0.12	(0.04)
Gross Margin (a)−(b)	0.49	0.44	0.05
Loan-Deposit Margin (A)−(B)	0.61	0.58	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	2019	2018	2017	2016	2015
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 16,045,864	¥ 28,841,328	¥ 26,944,478	¥ 19,924,523	¥ 10,530,766
Call Loans and Bills Bought	50,124	152,951	124,706	705,252	205,075
Securities	5,759,504	5,537,643	5,127,717	4,926,236	4,813,354
Loans and Bills Discounted	29,025,720	28,190,553	28,040,446	27,525,862	25,550,064
Foreign Exchanges	36,936	25,554	16,189	17,223	12,732
Customers' Liabilities for Acceptances and Guarantees	557,007	508,930	458,010	503,742	531,500
Others	5,553,956	5,099,836	4,742,176	4,627,107	4,592,456
Total Assets	¥ 57,029,113	¥ 68,356,798	¥ 65,453,725	¥ 58,229,948	¥ 46,235,949
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 38,232,195	¥ 43,915,175	¥ 43,327,431	¥ 33,832,580	¥ 31,650,278
Call Money and Bills Sold	72,793	146,931	54,089	38,968	497,600
Borrowed Money	4,023,801	4,370,083	3,463,105	2,580,524	2,492,087
Foreign Exchanges	457	1,984	236	259	140
Acceptances and Guarantees	557,007	508,930	458,010	503,742	531,500
Others	11,412,500	16,541,366	15,359,168	18,569,363	8,347,368
Total Liabilities	¥ 54,298,756	¥ 65,484,472	¥ 62,662,042	¥ 55,525,436	¥ 43,518,975
Net Assets:					
Shareholders' Equity	¥ 2,242,982	¥ 2,127,816	¥ 2,031,623	¥ 1,966,813	¥ 1,860,185
Accumulated Other Comprehensive Income	410,478	496,851	430,992	410,160	529,638
Subscription Rights to Shares	1,062	799	577	421	246
Non-Controlling Interests	75,832	246,858	328,488	327,116	326,902
Total Net Assets	¥ 2,730,356	¥ 2,872,325	¥ 2,791,682	¥ 2,704,511	¥ 2,716,973
Total Liabilities and Net Assets	¥ 57,029,113	¥ 68,356,798	¥ 65,453,725	¥ 58,229,948	¥ 46,235,949
For the Year					
Income:					
Trust Fees	¥ 103,911	¥ 100,591	¥ 99,870	¥ 105,537	¥ 104,703
Interest Income	507,007	426,129	384,354	372,076	369,229
Fees and Commissions	402,867	397,881	397,531	356,247	333,756
Trading Income	27,093	10,035	18,338	15,964	32,428
Other Ordinary Income	356,927	306,725	296,261	286,009	288,014
Other Income	71,626	125,142	66,531	65,789	78,400
Total Income	¥ 1,469,434	¥ 1,366,505	¥ 1,262,887	¥ 1,201,625	¥ 1,206,532
Expenses:					
Interest Expenses	¥ 371,845	¥ 246,071	¥ 165,271	¥ 141,131	¥ 126,347
Fees and Commissions Payments	97,755	87,974	85,319	80,428	73,661
Trading Expenses	—	—	1,297	428	—
Other Ordinary Expenses	249,652	230,442	318,885	216,036	237,129
General and Administrative Expenses	431,151	444,057	435,335	405,078	405,901
Other Expenses	77,688	119,136	65,642	85,385	130,914
Total Expenses	¥ 1,228,093	¥ 1,127,683	¥ 1,071,752	¥ 928,488	¥ 973,954
Income before Income Taxes	241,340	238,822	191,135	273,136	232,578
Net Income	¥ 180,741	¥ 165,746	¥ 134,206	¥ 179,150	¥ 159,665

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 458.91	¥ 403.91	¥ 317.24	¥ 433.30	¥ 40.38
Fully Diluted Net Income per Share of Common Stock	458.64	403.75	317.15	433.22	40.38
Net Assets per Share of Common Stock	7,008.67	6,897.36	6,437.57	6,181.19	618.63

	Millions of Yen				
Statements of Trust Account	2019	2018	2017	2016	2015
Total Assets	¥ —	¥ 285,008,064	¥ 261,127,280	¥ 236,757,301	¥ 223,925,575
Trust Assets	211,350,067	201,698,118	188,467,733	174,908,223	152,664,958

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.
Total assets are the sum of trust assets held by consolidated subsidiaries that engage in the trust business in accordance with the Act on Engagement in Trust Business Activities by Financial Institutions, excluding any entrust amounts between consolidated subsidiaries for asset management purposes. The consolidated subsidiaries that engage in the trust business are SuMi Trust Bank and Japan Trustee Services Bank, Ltd.
Trust assets are the amounts of trust assets held by consolidated subsidiaries that engage in the trust business in accordance with the Act on Engagement in Trust Business Activities by Financial Institutions. The consolidated subsidiary that engages in trust business activities is SuMi Trust Bank.

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				
	2019	2018	2017	2016	2015
As of the Year-End					
Assets:					
Current Assets:	¥ 133,676	¥ 71,542	¥ 76,718	¥ 82,563	¥ 91,049
Cash and Due from Banks	2,110	1,775	1,747	1,205	1,101
Securities	100,000	53,000	62,000	69,000	78,500
Non-Current Assets	2,069,816	2,004,970	1,891,389	1,741,389	1,561,400
Investments and Other Assets	2,069,815	2,004,969	1,891,388	1,741,388	1,561,399
Total Assets	¥ 2,203,492	¥ 2,076,512	¥ 1,968,108	¥ 1,824,180	¥ 1,654,043
Liabilities:					
Current Liabilities	¥ 3,161	¥ 3,119	¥ 2,783	¥ 2,562	¥ 2,642
Non-Current Liabilities	651,610	594,310	478,036	328,036	148,351
Bonds Payable	641,600	584,300	468,000	328,000	148,000
Total Liabilities	¥ 654,771	¥ 597,429	¥ 480,820	¥ 330,598	¥ 150,994
Net Assets:					
Shareholders' Equity	¥ 1,547,658	¥ 1,478,282	¥ 1,486,710	¥ 1,493,160	¥ 1,502,802
Subscription Rights to Shares	1,062	799	577	421	246
Total Net Assets	¥ 1,548,721	¥ 1,479,082	¥ 1,487,288	¥ 1,493,582	¥ 1,503,048
Total Liabilities and Net Assets	¥ 2,203,492	¥ 2,076,512	¥ 1,968,108	¥ 1,824,180	¥ 1,654,043
For the Year					
Operating Income:	¥ 123,149	¥ 57,301	¥ 58,218	¥ 59,926	¥ 59,918
Dividends Received from Subsidiaries	121,832	55,512	54,700	54,778	55,667
Operating Expenses:	3,341	3,071	2,035	2,315	2,368
General and Administrative Expenses	3,341	3,071	2,035	2,315	2,368
Operating Profit	¥ 119,808	¥ 54,230	¥ 56,183	¥ 57,611	¥ 57,550
Non-Operating Income	¥ 7,709	¥ 6,785	¥ 5,165	¥ 2,615	¥ 434
Non-Operating Expenses	11,327	11,678	10,971	9,722	6,810
Income before Income Taxes	¥ 116,190	¥ 49,337	¥ 50,378	¥ 50,504	¥ 51,174
Net Income	¥ 127,717	¥ 49,333	¥ 50,376	¥ 50,503	¥ 51,173

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 337.06	¥ 129.40	¥ 131.59	¥ 131.10	¥ 12.54
Fully Diluted Net Income per Share of Common Stock	336.86	129.35	131.55	131.08	12.54
Net Assets per Share of Common Stock	4,087.87	3,884.77	3,886.44	3,882.88	389.02

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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets:			
Cash and Due from Banks	¥ 16,045,864	¥ 28,841,328	$ 144,622
Call Loans and Bills Bought	50,124	152,951	452
Receivables under Resale Agreements	158,734	63,531	1,431
Receivables under Securities Borrowing Transactions	759,812	675,295	6,848
Monetary Claims Bought	1,082,650	955,938	9,758
Trading Assets (Notes 1, 2 and 4)	454,978	363,294	4,101
Money Held in Trust	1,393	1,357	13
Securities (Notes 2 and 4)	5,759,504	5,537,643	51,911
Loans and Bills Discounted (Notes 3, 4, and 5)	29,025,720	28,190,553	261,611
Foreign Exchanges	36,936	25,554	333
Lease Receivables and Investment Assets (Note 4)	653,447	677,238	5,890
Other Assets (Notes 4 and 8)	2,023,664	1,868,132	18,239
Tangible Fixed Assets (Note 6)	211,312	214,386	1,905
Intangible Fixed Assets (Note 7)	151,429	197,235	1,365
Assets for Retirement Benefits	138,931	163,219	1,252
Deferred Tax Assets	17,372	23,127	157
Customers' Liabilities for Acceptances and Guarantees	557,007	508,930	5,020
Allowance for Loan Losses	(99,770)	(102,920)	(899)
Total Assets	¥ 57,029,113	¥ 68,356,798	$ 514,007
Liabilities:			
Deposits (Notes 4 and 9)	¥ 31,903,572	¥ 37,351,839	$ 287,549
Negotiable Certificates of Deposit	6,328,622	6,563,336	57,040
Call Money and Bills Sold	72,793	146,931	656
Payables under Repurchase Agreements (Note 4)	1,603,191	1,454,855	14,450
Payables under Securities Lending Transactions (Note 4)	104,767	41,299	944
Trading Liabilities (Note 1)	258,771	266,148	2,332
Borrowed Money (Notes 4 and 10)	4,023,801	4,370,083	36,267
Foreign Exchanges	457	1,984	4
Short-Term Bonds Payable	1,472,786	1,062,869	13,274
Bonds Payable (Note 11)	1,378,328	1,470,715	12,423
Borrowed Money from Trust Account (Note 12)	5,408,009	11,070,725	48,743
Other Liabilities (Note 13)	994,424	932,825	8,963
Provision for Bonuses	17,542	16,740	158
Provision for Directors' Bonuses	343	325	3
Liabilities for Retirement Benefits	14,008	14,159	126
Provision for Reward Points Program	18,282	18,457	165
Provision for Reimbursement of Deposits	5,250	3,548	47
Provision for Contingent Losses	3,465	4,628	31
Deferred Tax Liabilities	130,479	181,050	1,176
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,847	3,016	26
Acceptances and Guarantees	557,007	508,930	5,020
Total Liabilities	¥ 54,298,756	¥ 65,484,472	$ 489,398
Net Assets:			
Total Shareholders' Equity:	¥ 2,242,982	¥ 2,127,816	$ 20,216
Capital Stock	261,608	261,608	2,358
Capital Surplus	645,003	645,016	5,813
Retained Earnings	1,387,592	1,263,415	12,506
Treasury Stock	(51,222)	(42,224)	(462)
Total Accumulated Other Comprehensive Income:	410,478	496,851	3,700
Valuation Differences on Available-for-Sale Securities	467,448	516,663	4,213
Deferred Gains (Losses) on Hedges	(36,764)	(22,746)	(331)
Revaluation Reserve for Land (Note 6)	(5,698)	(6,067)	(51)
Foreign Currency Translation Adjustments	4,702	4,281	42
Adjustments for Retirement Benefits	(19,209)	4,720	(173)
Subscription Rights to Shares	1,062	799	10
Non-Controlling Interests	75,832	246,858	683
Total Net Assets	¥ 2,730,356	¥ 2,872,325	$ 24,609
Total Liabilities and Net Assets	¥ 57,029,113	¥ 68,356,798	$ 514,007

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 7,008.67	¥ 6,897.36	$ 63.17

See accompanying notes.
The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥110.95 to U.S. $1.00, the exchange rate prevailing as of March 31, 2019.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Income:			
Trust Fees	¥ 103,911	¥ 100,591	$ 937
Interest Income:	507,007	426,129	4,570
Interest on Loans and Discounts	360,348	307,030	3,248
Interest and Dividends on Securities	92,680	82,524	835
Interest on Call Loans and Bills Bought	1,523	1,900	14
Interest on Receivables under Resale Agreements	926	1,295	8
Interest on Receivables under Securities Borrowing Transactions	0	8	0
Interest on Deposits with Banks	43,140	26,906	389
Other Interest Income (Note 1)	8,387	6,463	76
Fees and Commissions	402,867	397,881	3,631
Trading Income (Note 2)	27,093	10,035	244
Other Ordinary Income (Note 3)	356,927	306,725	3,217
Other Income (Note 4)	71,626	125,142	646
Total Income	¥ 1,469,434	¥ 1,366,505	$ 13,244
Expenses:			
Interest Expenses:	¥ 371,845	¥ 246,071	$ 3,351
Interest on Deposits	128,792	95,764	1,161
Interest on Negotiable Certificates of Deposit	81,292	42,334	733
Interest on Call Money and Bills Sold	2,213	1,290	20
Interest on Payables under Repurchase Agreements	35,615	16,404	321
Interest on Payables under Securities Lending Transactions	2,636	234	24
Interest on Borrowings	15,740	13,752	142
Interest on Short-Term Bonds	23,343	4,815	210
Interest on Bonds	23,745	23,078	214
Other Interest Expenses (Note 1)	58,465	48,396	527
Fees and Commissions Payments	97,755	87,974	881
Other Ordinary Expenses (Note 3)	249,652	230,442	2,250
General and Administrative Expenses (Note 5)	431,151	444,057	3,886
Other Expenses (Note 4)	77,688	119,136	700
Total Expenses	¥ 1,228,093	¥ 1,127,683	$ 11,069
Income before Income Taxes	¥ 241,340	¥ 238,822	$ 2,175
Income Taxes:	60,599	73,075	546
Current	67,714	57,646	610
Deferred	(7,114)	15,429	(64)
Net Income	¥ 180,741	¥ 165,746	$ 1,629
Net Income Attributable to Non-Controlling Interests	6,851	11,760	62
Net Income Attributable to Owners of the Parent	¥ 173,889	¥ 153,986	$ 1,567

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 458.91	¥ 403.91	$ 4.14
Diluted Net Income per Share of Common Stock	¥ 458.64	¥ 403.75	$ 4.13

See accompanying notes.

Financial Data:

Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Income	**¥ 180,741**	¥ 165,746	**$ 1,629**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**(50,986)**	40,922	**(460)**
Deferred Gains (Losses) on Hedges	**(13,375)**	(2,491)	**(121)**
Foreign Currency Translation Adjustments	**676**	2,501	**6**
Remeasurements of Defined Benefit Plans	**(23,917)**	25,674	**(216)**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**785**	(657)	**7**
Total Other Comprehensive Income (Loss) (Note)	**¥ (86,815)**	¥ 65,950	**$ (782)**
Comprehensive Income:	**¥ 93,925**	¥ 231,696	**$ 847**
Comprehensive Income Attributable to Owners of the Parent	**87,148**	219,844	**785**
Comprehensive Income Attributable to Non-Controlling Interests	**6,777**	11,852	**61**

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, 2019 and 2018

From April 1, 2018 to March 31, 2019

	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	¥ 645,016	¥ 1,263,415	¥ (42,224)	¥ 2,127,816
Changes during the Year					
Cash Dividends			(49,343)		(49,343)
Net Income Attributable to Owners of the Parent			173,889		173,889
Purchase of Treasury Stock				(9,033)	(9,033)
Disposal of Treasury Stock		(0)		35	35
Purchase of Shares of Consolidated Subsidiaries		(17)			(17)
Sales of Shares of Consolidated Subsidiaries		4			4
Reversal of Revaluation Reserve for Land			(369)		(369)
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(13)	124,176	(8,998)	115,165
Balance at the End of the Year	¥ 261,608	¥ 645,003	¥ 1,387,592	¥ (51,222)	¥ 2,242,982

	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	¥ 516,663	¥ (22,746)	¥ (6,067)	¥ 4,281	¥ 4,720	¥ 496,851	¥ 799	¥ 246,858	¥ 2,872,325
Changes during the Year									
Cash Dividends									(49,343)
Net Income Attributable to Owners of the Parent									173,889
Purchase of Treasury Stock									(9,033)
Disposal of Treasury Stock									35
Purchase of Shares of Consolidated Subsidiaries									(17)
Sales of Shares of Consolidated Subsidiaries									4
Reversal of Revaluation Reserve for Land									(369)
Net Changes of Items Other Than Shareholders' Equity	(49,214)	(14,017)	369	421	(23,930)	(86,372)	262	(171,025)	(257,135)
Total Changes during the Year	(49,214)	(14,017)	369	421	(23,930)	(86,372)	262	(171,025)	(141,969)
Balance at the End of the Year	¥ 467,448	¥ (36,764)	¥ (5,698)	¥ 4,702	¥(19,209)	¥ 410,478	¥ 1,062	¥ 75,832	¥ 2,730,356

See accompanying notes.

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)
Sales of Shares of Consolidated Subsidiaries		—			—
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)
Sales of Shares of Consolidated Subsidiaries									—
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, 2018 to March 31, 2019

	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	$ 2,358	$ 5,814	$ 11,387	$ (381)	$ 19,178
Changes during the Year					
Cash Dividends			(445)		(445)
Net Income Attributable to Owners of the Parent			1,567		1,567
Purchase of Treasury Stock				(81)	(81)
Disposal of Treasury Stock		(0)		0	0
Purchase of Shares of Consolidated Subsidiaries		(0)			(0)
Sales 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	—	(0)	1,119	(81)	1,038
Balance at the End of the Year	$ 2,358	$ 5,813	$ 12,506	$ (462)	$ 20,216

	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	$ 4,657	$ (205)	$ (55)	$ 39	$ 43	$ 4,478	$ 7	$ 2,225	$ 25,888
Changes during the Year									
Cash Dividends									(445)
Net Income Attributable to Owners of the Parent									1,567
Purchase of Treasury Stock									(81)
Disposal of Treasury Stock									0
Purchase of Shares of Consolidated Subsidiaries									(0)
Sales of Shares of Consolidated Subsidiaries									0
Reversal of Revaluation Reserve for Land									(3)
Net Changes of Items Other Than Shareholders' Equity	(444)	(126)	3	4	(216)	(778)	2	(1,541)	(2,318)
Total Changes during the Year	(444)	(126)	3	4	(216)	(778)	2	(1,541)	(1,280)
Balance at the End of the Year	$ 4,213	$ (331)	$ (51)	$ 42	$ (173)	$ 3,700	$ 10	$ 683	$ 24,609

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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 241,340	¥ 238,822	$ 2,175
Depreciation and Amortization	36,590	35,145	330
Impairment Losses	15,786	7,876	142
Amortization of Goodwill	9,468	9,469	85
Equity in Losses (Earnings) of Affiliated Companies	(5,967)	(5,781)	(54)
Increase (Decrease) in Allowance for Loan Losses	(3,149)	(12,894)	(28)
Increase (Decrease) in Provision for Bonuses	1,234	408	11
Increase (Decrease) in Provision for Directors' Bonuses	17	66	0
Decrease (Increase) in Assets for Retirement Benefits	26,516	(34,379)	239
Increase (Decrease) in Liabilities for Retirement Benefits	999	2,028	9
Increase (Decrease) in Provision for Reward Points Program	(175)	938	(2)
Increase (Decrease) in Provision for Reimbursement of Deposits	1,702	(35)	15
Increase (Decrease) in Provision for Contingent Losses	(1,162)	(3,145)	(10)
Interest Income	(507,007)	(426,129)	(4,570)
Interest Expenses	371,845	246,071	3,351
Loss (Gain) Related to Securities	(10,291)	(662)	(93)
Loss (Gain) on Money Held in Trust	(47)	(46)	(0)
Foreign Exchange Losses (Gains)	(38,601)	53,813	(348)
Loss (Gain) on Disposal of Fixed Assets	(715)	(14,038)	(6)
Net Decrease (Increase) in Trading Assets	(91,683)	133,269	(826)
Net Increase (Decrease) in Trading Liabilities	(7,376)	(100,730)	(66)
Net Decrease (Increase) in Loans and Bills Discounted	(981,229)	(149,603)	(8,844)
Net Increase (Decrease) in Deposits	1,432,360	1,358,382	12,910
Net Increase (Decrease) in Negotiable Certificates of Deposit	(234,713)	(763,281)	(2,115)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(326,251)	931,928	(2,941)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	334,528	112,007	3,015
Net Decrease (Increase) in Call Loans	(207,128)	(57,294)	(1,867)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(84,517)	(194,841)	(762)
Net Increase (Decrease) in Call Money	(215,448)	483,959	(1,942)
Net Increase (Decrease) in Payables under Securities Lending Transactions	63,468	27,600	572
Net Decrease (Increase) in Foreign Exchange-Assets	(11,382)	(9,364)	(103)
Net Increase (Decrease) in Foreign Exchange-Liabilities	(1,526)	1,748	(14)
Net Decrease (Increase) in Lease Receivables and Investment Assets	23,791	(9,430)	214
Net Increase (Decrease) in Short-Term Bonds Payable	409,917	158,620	3,695
Increase (Decrease) in Straight Bonds-Issuance and Redemption	(192,132)	(14,128)	(1,732)
Net Increase (Decrease) in Borrowed Money from Trust Account	476,319	796,581	4,293
Interest Received	519,157	417,450	4,679
Interest Paid	(361,941)	(249,778)	(3,262)
Other, Net	(221,931)	(81,965)	(2,000)
Subtotal	¥ 460,661	¥ 2,888,657	$ 4,152
Income Taxes (Paid) Refunded	(86,343)	(48,199)	(778)
Net Cash Provided by (Used in) Operating Activities	¥ 374,318	¥ 2,840,458	$ 3,374

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (6,118,951)	¥ (7,254,037)	$ (55,151)
Proceeds from Sales of Securities	4,401,254	5,436,391	39,669
Proceeds from Redemption of Securities	1,543,239	1,086,414	13,909
Decrease in Money Held in Trust	—	150	—
Purchase of Tangible Fixed Assets	(13,369)	(10,188)	(121)
Proceeds from Sales of Tangible Fixed Assets	2,650	25,059	24
Purchase of Intangible Fixed Assets	(29,045)	(25,136)	(262)
Proceeds from Sales of Intangible Fixed Assets	—	68	—
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(11,178)	(5,536)	(101)
Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method	—	961	—
Net Cash Provided by (Used in) Investing Activities	¥ (225,399)	¥ (745,854)	$ (2,032)
Cash Flows from Financing Activities:			
Repayments of Subordinated Borrowings	(20,000)	(25,000)	(180)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	99,452	149,143	896
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	—	(50,000)	—
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(47)	(113)	(0)
Proceeds from Sales of Shares of Subsidiaries without Change in the Scope of Consolidation	36	—	0
Repayments to Non-Controlling Interests	(152,000)	(83,170)	(1,370)
Cash Dividends Paid	(49,344)	(49,594)	(445)
Cash Dividends Paid to Non-Controlling Interests	(5,865)	(9,972)	(53)
Purchase of Treasury Stock	(9,033)	(8,184)	(81)
Proceeds from Sales of Treasury Stock	35	22	0
Net Cash Provided by (Used in) Financing Activities	¥ (136,766)	¥ (76,869)	$ (1,233)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (7,299)	¥ (8,876)	$ (66)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 4,852	¥ 2,008,857	$ 44
Cash and Cash Equivalents at the Beginning of the Year	¥ 26,540,249	¥ 24,531,391	$ 239,209
Net Increase (Decrease) in Cash and Cash Equivalents with Change in the Scope of Consolidation	¥ (12,465,333)	¥ —	$ (112,351)
Cash and Cash Equivalents at the End of the Year (Note 1)	¥ 14,079,768	¥ 26,540,249	$ 126,902

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 ¥110.95 to U.S. $1, the approximate rate of exchange as of March 29, 2019. 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, 2019:

61 companies

Principal Company:

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

Changes in the consolidated subsidiaries during the current fiscal year are as follows:

SMTP OCEAN PTE. LTD. is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2019.

Japan Trustee Services Bank, Ltd. ("JTSB"), which was a consolidated subsidiary of SuMi TRUST Holdings, has established JTC Holdings, Ltd. ("JTC Holdings") with Trust & Custody Services Bank, Ltd. ("TCSB") through a joint share transfer on October 1, 2018, and JTSB has become a subsidiary of JTC Holdings.

Accordingly, JTSB has been excluded from the scope of consolidation effective from the fiscal year ended March 31, 2019, since JTSB was no longer a subsidiary of SuMi TRUST Holdings.

In addition, CMTH Preferred Capital 6 (Cayman) Limited and two other companies are excluded from the scope of consolidation due to liquidation effective from the fiscal year ended March 31, 2019.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 22 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:

30 companies

Principal Companies:

SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the current fiscal year are as follows:

JTC Holdings, JTSB, and TCSB are included in the scope of application of the equity method effective from the fiscal year ended March 31, 2019, since they have become affiliated companies of SuMi TRUST Holdings through a joint share transfer described in 1. (1) above.

Cardif Assurance Vie Japan and two other companies 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, 2019.

(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 22 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:	7 companies
January 24:	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, 2019, 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 inter-market 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, 2019 and 2018.

(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. "Available-for-Sale Securities" 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.

(Changes in Accounting Policies)

The stocks classified as "Available-for-Sale Securities" that have market value are valued at the market price at the balance sheet date effective from the year ended March 31, 2019, which were previously valued at the average market price during the final month of the fiscal year.

SuMi TRUST Holdings is currently in the efforts of enhancing company-wide risk management, including reduction of market price fluctuation risk and control of economic value of the strategic shareholdings. In the midst of such circumstances, SuMi TRUST Holdings adopted the above change in accounting policies since it came to a conclusion that the market price at the balance sheet date is more appropriate to represent the financial position of the SuMi TRUST Group as of that date, considering the finalization of Basel III reforms in December 2017 and recent discussions over strategic shareholdings.

The new accounting policy is not applied retrospectively as its effects on the consolidated profit and loss for the fiscal year ended March 31, 2018, and cumulative effects up to the beginning of the fiscal year ended March 31, 2019, are immaterial.

(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 ¥17,877 million (U.S. $161 million) and ¥16,705 million as of March 31, 2019 and 2018, 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, 2019, 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 ¥58 million (U.S. $1 million) and ¥90 million (before tax effect) as of March 31, 2019 and 2018, 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

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 (Accounting Standards Board of Japan (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.

Additional Information

SuMi TRUST Holdings and its certain consolidated subsidiaries in Japan received an approval from the commissioner of the National Tax Agency in Japan on the application of a consolidated taxation system starting from the fiscal year ending March 31, 2020. Accordingly, accounting treatments for the fiscal year ended March 31, 2019, are on the basis of filing the consolidated tax return in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1) (ASBJ Practical Issues Task Force ("PITF") No. 5, January 16, 2015)" and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2) (PITF No. 7, January 16, 2015)."

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Securities in Trading Account	¥ 106,883	¥ 18,868	$ 963
Derivatives of Trading Securities	—	162	—
Derivatives of Securities Related to Trading Transactions	537	549	5
Trading-Related Financial Derivatives	291,252	300,712	2,625
Other Trading Assets	56,305	43,001	507
Total	¥ 454,978	¥ 363,294	$ 4,101

(2) Trading liabilities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Derivatives of Trading Securities	¥ 35	¥ 25	$ 0
Derivatives of Securities Related to Trading Transactions	55	4	0
Trading-Related Financial Derivatives	258,681	266,118	2,332
Total	¥ 258,771	¥ 266,148	$ 2,332

2. Securities

Securities held as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Government Bonds	¥ 420,371	¥ 360,634	$ 3,789
Local Government Bonds	8,764	7,284	79
Corporate Bonds	613,432	598,416	5,529
Stocks	1,588,618	1,670,535	14,318
Other Securities	3,128,316	2,900,773	28,196
Total	¥ 5,759,504	¥ 5,537,643	$ 51,911

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliated companies as follows.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Stocks	¥ 147,664	¥ 93,256	$ 1,331
Equity Investments	43,364	32,535	391

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
	2019	2018	2019
Securities that are Further Collateralized	¥ 109,732	¥ 47,075	$ 989
Securities that are Further Loaned	1,400,284	1,116,847	12,621
Securities Held without Selling or Repledging as of the End of the Fiscal Year	26,550	31,591	239

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 ¥88,611 million (U.S. $799 million) and ¥95,784 million as of March 31, 2019 and 2018, respectively.

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Bills Discounted	¥ 1,709	¥ 1,714	$ 15
Loans on Bills	222,160	199,463	2,002
Loans on Deeds	27,185,584	26,337,913	245,025
Overdrafts	1,616,266	1,651,463	14,567
Total	¥ 29,025,720	¥ 28,190,553	$ 261,611

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, 2019 and 2018, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans in Bankruptcy Proceedings	¥ 7,096	¥ 6,010	$ 64
Delinquent Loans	70,358	47,560	634
Loans Past Due Three Months or More	—	—	—
Restructured Loans	23,255	24,013	210
Total	¥ 100,710	¥ 77,584	$ 908

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets Pledged as Collateral:			
Trading Assets	¥ 31,497	¥ 8,063	$ 284
Securities	745,379	928,202	6,718
Loans and Bills Discounted	5,022,262	5,116,148	45,266
Lease Receivables and Investment Assets	59,711	25,441	538
Other Assets	359,914	270,982	3,244
Total	¥ 6,218,765	¥ 6,348,839	$ 56,050
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 7,943	¥ 12,894	$ 72
Payables under Repurchase Agreements	787,052	897,680	7,094
Payables under Securities Lending Transactions	104,767	41,299	944
Borrowed Money	2,751,266	2,948,698	24,797

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
	2019	2018	2019
Securities	¥ 396,037	¥ 481,235	$ 3,570
Loans and Bills Discounted	—	184,058	—

"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
	2019	2018	2019
Initial Margins of Futures Markets	¥ 7,242	¥ 8,733	$ 65
Security Deposits	26,671	40,640	240
Cash Collateral Pledged for Financial Instruments-Assets	609,432	584,006	5,493
Cash Collateral Pledged for Repurchase Agreement Transactions	11,067	10,841	100

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 ¥12,344,898 million (U.S. $111,265 million) and ¥11,873,124 million, of which ¥8,098,841 million (U.S. $72,995 million) and ¥7,952,419 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2019 and 2018, 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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Land	¥ 109,109	¥ 116,650	$ 983
Buildings	74,053	73,711	667
Lease Assets	4,494	4,719	41
Construction in Progress	244	88	2
Other	23,410	19,216	211
Total	¥ 211,312	¥ 214,386	$ 1,905

Accumulated depreciation amounted to ¥156,544 million (U.S. $1,411 million) and ¥147,832 million, and advance depreciation amounted to ¥26,357 million (U.S. $238 million) and ¥26,357 million as of March 31, 2019 and 2018, 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 ¥1,495 million (U.S. $13 million) and ¥3,699 million as of March 31, 2019 and 2018, respectively.

7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Software	¥ 83,108	¥ 107,563	$ 749
Goodwill	60,092	81,038	542
Lease Assets	0	2	0
Other	8,227	8,630	74
Total	¥ 151,429	¥ 197,235	$ 1,365

8. Other Assets

Other assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic Exchange Settlement Account, Debit	¥ 951	¥ 375	$ 9
Prepaid Expenses	7,284	6,944	66
Accrued Income	156,308	132,076	1,409
Initial Margins of Futures Markets	7,242	8,733	65
Variation Margins of Futures Markets	1,837	3,747	17
Financial Derivatives Other Than Trading Assets	295,325	288,732	2,662
Receivables for Securities Transactions	403,454	368,518	3,636
Cash Collateral Pledged for Financial Instruments-Assets	609,432	584,006	5,493
Other	541,825	474,996	4,884
Total	¥ 2,023,664	¥ 1,868,132	$ 18,239

9. Deposits

Deposits as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Current Deposits, Ordinary Deposits and Deposits at Notice	¥ 9,574,536	¥ 14,632,416	$ 86,296
Time Deposits	21,140,313	21,410,345	190,539
Other	1,188,721	1,309,077	10,714
Total	¥ 31,903,572	¥ 37,351,839	$ 287,549

10. Borrowed Money

Borrowed money as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Subordinated Borrowings	¥ 60,000	¥ 80,000	$ 541
Other Borrowed Money	3,963,801	4,290,083	35,726
Total	¥ 4,023,801	¥ 4,370,083	$ 36,267

Weighted average interest rates on borrowed money were 0.42% and 0.37% for the fiscal years ended March 31, 2019 and 2018, respectively.

Annual maturities of borrowed money as of March 31, 2019, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2019	2019
2020	¥ 2,906,910	$ 26,200
2021	177,327	1,598
2022	162,694	1,466
2023	114,660	1,033
2024	57,760	521
Total	¥ 3,419,353	$ 30,819

11. Bonds Payable

Bonds payable as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Perpetual Subordinated Bonds	¥ 407,700	¥ 316,100	$ 3,675
Subordinated Bonds	493,387	485,242	4,447
Other Bonds Payable	477,240	669,372	4,301
Total	¥ 1,378,328	¥ 1,470,715	$ 12,423

Annual maturities of bonds payable as of March 31, 2019, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2019	2019
2020	¥ 1,781,413	$ 16,056
2021	232,260	2,093
2022	50,000	451
2023	50,000	451
2024	30,000	270
Total	¥ 2,143,673	$ 19,321

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic Exchange Settlement Account, Credit	¥ 807	¥ 817	$ 7
Income Taxes Payable	25,133	27,134	227
Accrued Expenses	103,546	101,429	933
Unearned Income	78,715	78,660	709
Variation Margins of Futures Markets	—	1,513	—
Financial Derivatives Other Than Trading Liabilities	351,549	351,823	3,169
Lease Obligations	9,538	9,557	86
Asset Retirement Obligations	4,439	4,437	40
Payables for Securities Transactions	85,024	3,234	766
Provision for Loss on Interest Repayment	50	192	0
Cash Collateral Accepted for Financial Instruments-Liabilities	111,555	145,075	1,005
Other	224,063	208,948	2,019
Total	¥ 994,424	¥ 932,825	$ 8,963

Notes to the Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Interest on Monetary Claims Bought	¥ 3,872	¥ 3,130	$ 35
Others	4,515	3,332	41
Total	¥ 8,387	¥ 6,463	$ 76

(2) Other interest expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Interest on Interest Rate Swaps	¥ 36,348	¥ 33,358	$ 328
Others	22,116	15,037	199
Total	¥ 58,465	¥ 48,396	$ 527

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Income from Trading Securities and Derivatives	¥ 423	¥ 145	$ 4
Net Income from Trading Transactions	583	112	5
Net Income from Trading-Related Financial Derivatives Transactions	26,022	9,719	235
Other Trading Income	64	57	1
Total	¥ 27,093	¥ 10,035	$ 244

(2) Trading expenses were not incurred during the fiscal years ended March 31, 2019 and 2018.

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Gains on Foreign Exchange Transactions	¥ 96,385	¥ 46,646	$ 869
Gains on Sales and Redemption of Bonds	19,689	23,440	177
Net Income from Derivatives Other Than for Trading or Hedging	—	9,144	—
Others	240,852	227,493	2,171
Total	¥ 356,927	¥ 306,725	$ 3,217

(2) Other ordinary expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Losses on Sales and Redemption of Bonds	¥ 23,106	¥ 29,135	$ 208
Others	226,545	201,307	2,042
Total	¥ 249,652	¥ 230,442	$ 2,250

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Gains on Sales of Stocks and Other Securities	¥ 45,299	¥ 79,464	$ 408
Gains on Money Held in Trust	47	46	0
Recoveries of Written-Off Claims	1,908	2,818	17
Equity in Earnings of Affiliated Companies	5,967	5,781	54
Gains on Reversal of Allowance for Loan Losses	—	5,292	—
Gains on Disposal of Fixed Assets	1,518	15,559	14
Others	16,885	16,179	152
Total	¥ 71,626	¥ 125,142	$ 646

(2) Other expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Provision for Allowance for Loan Losses	¥ 209	¥ —	$ 2
Losses on Sales of Loans	11	487	0
Write-Off of Loans	4,395	4,538	40
Losses on Sales of Stocks and Other Securities	28,110	73,062	253
Losses on Impairment of Stocks and Other Securities	3,479	44	31
Losses on Money Held in Trust	—	0	—
Losses on Disposal of Fixed Assets	802	1,521	7
Losses on Impairment of Fixed Assets	15,786	7,876	142
Losses on Investment in Partnerships	2,898	2,140	26
Others	21,994	29,465	198
Total	¥ 77,688	¥ 119,136	$ 700

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Taxes Other Than Income Taxes	¥ 16,340	¥ 17,737	$ 147
Personnel Expenses	193,197	208,538	1,741
Others	221,613	217,780	1,997
Total	¥ 431,151	¥ 444,057	$ 3,886

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (66,133)	¥ 52,625	$ (596)
Reclassification Adjustments	(6,622)	6,051	(60)
Before Tax Effects	(72,756)	58,677	(656)
Tax Effects	21,769	(17,754)	196
Valuation Difference on Available-for-Sale Securities	(50,986)	40,922	(460)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(55,533)	(36,898)	(501)
Reclassification Adjustments	36,309	33,298	327
Before Tax Effects	(19,224)	(3,600)	(173)
Tax Effects	5,849	1,108	53
Deferred Gains (Losses) on Hedges	(13,375)	(2,491)	(121)
Foreign Currency Translation Adjustments:			
Changes during the Period	676	2,607	6
Reclassification Adjustments	—	(105)	—
Before Tax Effects	676	2,501	6
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	676	2,501	6
Adjustments for Retirement Benefits:			
Changes during the Period	(37,173)	27,018	(335)
Reclassification Adjustments	2,628	10,113	24
Before Tax Effects	(34,545)	37,131	(311)
Tax Effects	10,628	(11,457)	96
Adjustments for Retirement Benefits	(23,917)	25,674	(216)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	419	(460)	4
Reclassification Adjustments	366	(196)	3
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	785	(657)	7
Total Other Comprehensive Income (Loss)	¥ (86,815)	¥ 65,950	$ (782)

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, 2019 and 2018, 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, 2019					
Number of Issued Shares:					
Common Share	**850,000**	**390,348**	**—**	**—**	**390,348**
Treasury Stock:					
Common Share		**9,816**	**1,943**	**8**	**11,751**

(Notes)

1) The number of shares of common stock held as treasury stock increased by 7 thousand shares due to the purchase of odd-lot or less than one thousand shares and by 1,935 thousand shares due to the acquisition of treasury stock, which was resolved at the meeting of the board of directors held on May 11, 2018.

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 8 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, 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.

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2019	2018	2019
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	¥ 1,062	¥ 799	$ 10
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, 2019 and 2018, consisted of the following:

As for the fiscal year ended March 31, 2019:

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 28, 2018					
Ordinary General Meeting of Shareholders	Common Share	¥ 24,734 ($223)	¥ 65.00 ($0.59)	March 31, 2018	June 29, 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)		
November 14, 2018					
Board of Directors' Meeting	Common Share	¥ 24,608 ($222)	¥ 65.00 ($0.59)	September 30, 2018	December 4, 2018

Dividends with a record date during the current fiscal year ended March 31, 2019, but whose effective date is after March 31, 2019, 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 27, 2019						
Ordinary General Meeting of Shareholders	Common Share	**¥ 28,394 ($256)**	Retained Earnings	**¥ 75.00 ($0.68)**	March 31, 2019	June 28, 2019

As for the fiscal year ended March 31, 2018:

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 29, 2017					
Ordinary General Meeting of Shareholders	Common Share	¥ 24,864	¥ 65.00	March 31, 2017	June 30, 2017

Resolution	Type of Shares	Cash Dividends Declared (Millions of Yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
November 14, 2017					
Board of Directors' Meeting	Common Share	¥ 24,734	¥ 65.00	September 30, 2017	December 4, 2017

Dividends with a record date during the 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)	Dividend Resources	Cash Dividends per Share (Yen)	Record Date	Effective Date
June 28, 2018						
Ordinary General Meeting of Shareholders	Common Share	¥ 24,734	Retained Earnings	¥ 65.00	March 31, 2018	June 29, 2018

Notes to the Consolidated Statement of Cash Flows

1. 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, 2019 and 2018.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash and Due from Banks	¥ 16,045,864	¥ 28,841,328	$ 144,622
Due from Banks Held by Consolidated Subsidiaries Involving in Trust Banking Business (Excluding Due from the Bank of Japan)	(1,966,096)	(2,301,079)	(17,721)
Cash and Cash Equivalents	¥ 14,079,768	¥ 26,540,249	$ 126,902

2. Significant Non-Monetary Transactions

Since JTSB, which was a consolidated subsidiary of SuMi TRUST Holdings, and TCSB have established JTC Holdings, a wholly owning parent company of JTSB and TCSB, through a joint share transfer, JTSB has been excluded from the scope of consolidation and included in the scope of application of the equity method effective from the fiscal year ended March 31, 2019. Accordingly, total assets and total liabilities decreased by ¥12,794,220 million (*) (U.S. $115,315 million) and ¥12,734,918 million (U.S. $114,781 million), respectively, due to the exclusion of JTSB from the scope of consolidation.

(*) The decreased amount of total assets includes cash and cash equivalents of ¥12,465,333 million (U.S. $112,351 million) and the amount of cash and cash equivalents is presented as "Net Increase (Decrease) in Cash and Cash Equivalents with Changes in the Scope of Consolidation" in the consolidated statement of cash flows.

There were no significant non-monetary transactions during the fiscal year ended March 31, 2018.

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, 2019 and 2018, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Due in One Year or Less	¥ 3,654	¥ 2,590	$ 33
Due in More Than One Year	22,356	13,213	202
Total	¥ 26,010	¥ 15,803	$ 234

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Due in One Year or Less	¥ 3,003	¥ 1,398	$ 27
Due in More Than One Year	11,279	1,052	102
Total	¥ 14,282	¥ 2,450	$ 129

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 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 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.

VaR based on the internally developed model is calculated basically using the historical simulation method. 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 historical simulation method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 1,300 business days).

As of March 31, 2019, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥4.5 billion (U.S. $41 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, 2019, 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 historical simulation method is the primary measurement method (with a holding period of a maximum of one year according to a position, confidence interval of 99%, and observation period of 1,300 business days).

As of March 31, 2019, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥690.7 billion (U.S. $6,225 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, 2019 and 2018, 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		
	2019			2019		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 16,045,791	¥ 16,045,791	¥ —	$ 144,622	$ 144,622	$ —
(2) Call Loans and Bills Bought	50,124	50,124	—	452	452	—
(3) Receivables under Resale Agreements	158,734	158,734	—	1,431	1,431	—
(4) Receivables under Securities Borrowing Transactions	759,812	759,812	—	6,848	6,848	—
(5) Monetary Claims Bought (*1)	1,071,381	1,072,265	883	9,656	9,664	8
(6) Trading Assets						
Trading Securities	163,188	163,188	—	1,471	1,471	—
(7) Money Held in Trust	1,293	1,293	—	12	12	—
(8) Securities						
Held-to-Maturity Debt Securities	189,663	211,291	21,627	1,709	1,904	195
Available-for-Sale Securities	5,197,514	5,197,514	—	46,846	46,846	—
(9) Loans and Bills Discounted	29,025,720			261,611		
Allowance for Loan Losses (*2)	(90,216)			(813)		
	28,935,504	29,195,077	259,573	260,798	263,137	2,340
(10) Foreign Exchanges	36,936	36,936	—	333	333	—
(11) Lease Receivables and Investment Assets (*1)	650,859	666,194	15,335	5,866	6,004	138
Total Assets	¥ 53,260,805	¥ 53,558,226	¥297,420	$ 480,043	$ 482,724	$ 2,681
(1) Deposits	¥ 31,903,572	¥ 31,925,607	¥ 22,034	$ 287,549	$ 287,748	$ 199
(2) Negotiable Certificates of Deposit	6,328,622	6,328,622	—	57,040	57,040	—
(3) Call Money and Bills Sold	72,793	72,793	—	656	656	—
(4) Payables under Repurchase Agreements	1,603,191	1,603,191	—	14,450	14,450	—
(5) Payables under Securities Lending Transactions	104,767	104,767	—	944	944	—
(6) Borrowed Money	4,023,801	4,026,869	3,067	36,267	36,294	28
(7) Foreign Exchanges	457	457	—	4	4	—
(8) Short-Term Bonds Payable	1,472,786	1,472,786	—	13,274	13,274	—
(9) Bonds Payable	1,378,328	1,412,322	33,994	12,423	12,729	306
(10) Borrowed Money from Trust Account	5,408,009	5,408,009	—	48,743	48,743	—
Total Liabilities	¥ 52,296,332	¥ 52,355,429	¥ 59,096	$ 471,350	$ 471,883	$ 533
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 38,369	¥ 38,369	¥ —	$ 346	$ 346	$ —
Derivatives Transactions Qualifying for Hedge Accounting	(61,576)	(61,576)	—	(555)	(555)	—
Total Derivatives Transactions	¥ (23,206)	¥ (23,206)	¥ —	$ (209)	$ (209)	$ —

	Millions of Yen		
	2018		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 28,841,248	¥ 28,841,248	¥ —
(2) Call Loans and Bills Bought	152,951	152,951	—
(3) Receivables under Resale Agreements	63,531	63,531	—
(4) Receivables under Securities Borrowing Transactions	675,295	675,295	—
(5) Monetary Claims Bought (*1)	940,615	941,642	1,026
(6) Trading Assets			
Trading Securities	61,869	61,869	—
(7) Money Held in Trust	1,257	1,257	—
(8) Securities			
Held-to-Maturity Debt Securities	183,909	205,711	21,801
Available-for-Sale Securities	5,069,150	5,069,150	—
(9) Loans and Bills Discounted	28,190,553		
Allowance for Loan Losses (*2)	(90,357)		
	28,100,195	28,307,860	207,664
(10) Foreign Exchanges	25,554	25,554	—
(11) Lease Receivables and Investment Assets (*1)	674,807	688,973	14,165
Total Assets	¥ 64,790,387	¥ 65,035,046	¥ 244,658
(1) Deposits	¥ 37,351,839	¥ 37,378,512	¥ 26,673
(2) Negotiable Certificates of Deposit	6,563,336	6,563,336	—
(3) Call Money and Bills Sold	146,931	146,931	—
(4) Payables under Repurchase Agreements	1,454,855	1,454,855	—
(5) Payables under Securities Lending Transactions	41,299	41,299	—
(6) Borrowed Money	4,370,083	4,373,214	3,130
(7) Foreign Exchanges	1,984	1,984	—
(8) Short-Term Bonds Payable	1,062,869	1,062,869	—
(9) Bonds Payable	1,470,715	1,503,586	32,871
(10) Borrowed Money from Trust Account	11,070,725	11,070,725	—
Total Liabilities	¥ 63,534,641	¥ 63,597,316	¥ 62,675
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 24,134	¥ 24,134	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	(51,950)	(51,950)	—
Total Derivatives Transactions	¥ (27,815)	¥ (27,815)	¥ —

(*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 most of the obligations 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
	2019	2018	2019
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	¥ 10,508	¥ 14,562	$ 95
Securities	181,298	158,830	1,634
(1) Unlisted Stocks (*3)	75,126	75,733	677
(2) Investments in Associations	74,773	63,724	674
(3) Others (*3)	31,398	19,372	283
Total	¥ 191,807	¥ 173,393	$ 1,729

(*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, 2019, impairment losses of ¥477 million (U.S. $4 million) were recognized against Unlisted Stocks.

During the fiscal year ended March 31, 2018, impairment losses of ¥3 million and ¥0 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2019 and 2018

	Millions of Yen					
March 31, 2019	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	¥ 15,860,623	¥ 10,863	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	50,124	—	—	—	—	—
Receivables under Resale Agreements	136,544	22,190	—	—	—	—
Receivables under Securities Borrowing Transactions	759,812	—	—	—	—	—
Monetary Claims Bought (*1)	860,447	98,801	40,846	21,837	23,039	36,619
Money Held in Trust	100	—	1,293	—	—	—
Securities	663,105	362,763	1,098,438	467,925	626,127	667,285
Held-to-Maturity Debt Securities	25,636	—	—	4,779	40,000	115,606
Government Bonds	—	—	—	60	40,000	75,000
Corporate Bonds	—	—	—	—	—	33,200
Available-for-Sale Securities with Maturity	637,468	362,763	1,098,438	463,145	586,127	551,678
Government Bonds	269,506	15,154	—	—	—	15,000
Local Government Bonds	—	1,228	1,675	564	5,240	—
Corporate Bonds	18,152	109,488	157,385	185,850	61,602	44,971
Loans and Bills Discounted (*2)	4,427,885	5,431,777	4,467,195	3,162,082	2,235,338	6,690,158
Lease Receivables and Investment Assets (*3)	163,976	236,967	115,046	66,938	43,513	13,139
Total	¥ 22,922,620	¥ 6,163,363	¥ 5,722,820	¥ 3,718,783	¥ 2,928,018	¥ 7,407,202

	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 U.S. Dollars					
March 31, 2019	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	$ 142,953	$ 98	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	452	—	—	—	—	—
Receivables under Resale Agreements	1,231	200	—	—	—	—
Receivables under Securities Borrowing Transactions	6,848	—	—	—	—	—
Monetary Claims Bought (*1)	7,755	891	368	197	208	330
Money Held in Trust	1	—	12	—	—	—
Securities	5,977	3,270	9,900	4,217	5,643	6,014
Held-to-Maturity Debt Securities	231	—	—	43	361	1,042
Government Bonds	—	—	—	1	361	676
Corporate Bonds	—	—	—	—	—	299
Available-for-Sale Securities with Maturity	5,746	3,270	9,900	4,174	5,283	4,972
Government Bonds	2,429	137	—	—	—	135
Local Government Bonds	—	11	15	5	47	—
Corporate Bonds	164	987	1,419	1,675	555	405
Loans and Bills Discounted (*2)	39,909	48,957	40,263	28,500	20,147	60,299
Lease Receivables and Investment Assets (*3)	1,478	2,136	1,037	603	392	118
Total	$ 206,603	$ 55,551	$ 51,580	$ 33,518	$ 26,390	$ 66,762

(*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 ¥100 million (U.S. $1 million) and ¥55 million as of March 31, 2019 and 2018, 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 ¥77,454 million (U.S $698 million) and ¥53,571 million, and those without maturity, amounting to ¥2,530,900 million (U.S. $22,811 million) and ¥2,353,715 million as of March 31, 2019 and 2018, 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 ¥1,229 million (U.S. $11 million) and ¥738 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥12,635 million (U.S. $114 million) and ¥12,495 million as of March 31, 2019 and 2018, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2019 and 2018

	Millions of Yen					
March 31, 2019	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)	¥ 24,590,890	¥ 5,169,969	¥ 2,140,992	¥ 1,313	¥ 406	¥ —
Negotiable Certificates of Deposit	6,144,373	184,249	—	—	—	—
Call Money and Bills Sold	72,793	—	—	—	—	—
Payables under Repurchase Agreements	1,603,191	—	—	—	—	—
Payables under Securities Lending Transactions	104,767	—	—	—	—	—
Borrowed Money	2,906,910	340,021	172,421	135,283	129,659	339,506
Short-Term Bonds Payable	1,476,650	—	—	—	—	—
Bonds Payable (*3)	304,763	282,260	80,000	96,500	248,000	—
Borrowed Money from Trust Account	5,408,009	—	—	—	—	—
Total	¥ 42,612,349	¥ 5,976,500	¥ 2,393,414	¥ 233,097	¥ 378,065	¥ 339,506

	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 U.S. Dollars					
March 31, 2019	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)	$ 221,639	$ 46,597	$ 19,297	$ 12	$ 4	$ —
Negotiable Certificates of Deposit	55,380	1,661	—	—	—	—
Call Money and Bills Sold	656	—	—	—	—	—
Payables under Repurchase Agreements	14,450	—	—	—	—	—
Payables under Securities Lending Transactions	944	—	—	—	—	—
Borrowed Money	26,200	3,065	1,554	1,219	1,169	3,060
Short-Term Bonds Payable	13,309	—	—	—	—	—
Bonds Payable (*3)	2,747	2,544	721	870	2,235	—
Borrowed Money from Trust Account	48,743	—	—	—	—	—
Total	$ 384,068	$ 53,867	$ 21,572	$ 2,101	$ 3,408	$ 3,060

(*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 as of March 31, 2018.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥366,100 million (U.S. $3,300 million) and ¥316,100 million as of March 31, 2019 and 2018, 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
	2019	2018	2019
Trading Securities	¥ 396	¥ (126)	$ 4

2. Held-to-Maturity Securities with Fair Value

	Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 118,785	¥ 139,413	¥ 20,628
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	33,200	33,777	577
Other Bonds	105,701	106,290	589
Foreign Bonds	32,958	33,421	462
Others	72,742	72,869	127
Subtotal	257,686	279,481	21,795
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	4,719	4,678	(40)
Foreign Bonds	4,719	4,678	(40)
Others	—	—	—
Subtotal	4,719	4,678	(40)
Total	¥ 262,405	¥ 284,160	¥ 21,755

	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, 2019	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,071	$ 1,257	$ 186
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	299	304	5
Other Bonds	953	958	5
Foreign Bonds	297	301	4
Others	656	657	1
Subtotal	2,323	2,519	196
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	43	42	(0)
Foreign Bonds	43	42	(0)
Others	—	—	—
Subtotal	43	42	(0)
Total	$ 2,365	$ 2,561	$ 196

3. Available-for-Sale Securities

March 31, 2019	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,307,731	¥ 518,013	¥ 789,718
Bonds	549,521	545,928	3,592
Government Bonds	128,921	128,559	362
Local Government Bonds	7,202	7,143	59
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	413,397	410,226	3,170
Other Securities	1,052,590	1,015,060	37,529
Foreign Stocks	2,655	194	2,461
Foreign Bonds	713,975	704,807	9,168
Others	335,958	310,058	25,900
Subtotal	2,909,842	2,079,002	830,839
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 63,882	¥ 80,936	¥ (17,054)
Bonds	341,062	341,475	(413)
Government Bonds	172,664	172,688	(24)
Local Government Bonds	1,562	1,564	(1)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	166,835	167,223	(387)
Other Securities	1,909,423	2,057,063	(147,640)
Foreign Stocks	3,461	3,926	(465)
Foreign Bonds	741,247	745,713	(4,466)
Others	1,164,714	1,307,423	(142,708)
Subtotal	2,314,367	2,479,475	(165,108)
Total	¥ 5,224,210	¥ 4,558,478	¥ 665,731

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
Short-Term Corporate Bonds	—	—	—
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)
Short-Term Corporate Bonds	—	—	—
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, 2019	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 11,787	$ 4,669	$ 7,118
Bonds	4,953	4,920	32
Government Bonds	1,162	1,159	3
Local Government Bonds	65	64	1
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,726	3,697	29
Other Securities	9,487	9,149	338
Foreign Stocks	24	2	22
Foreign Bonds	6,435	6,352	83
Others	3,028	2,795	233
Subtotal	26,227	18,738	7,488
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 576	$ 729	$ (154)
Bonds	3,074	3,078	(4)
Government Bonds	1,556	1,556	(0)
Local Government Bonds	14	14	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,504	1,507	(3)
Other Securities	17,210	18,540	(1,331)
Foreign Stocks	31	35	(4)
Foreign Bonds	6,681	6,721	(40)
Others	10,498	11,784	(1,286)
Subtotal	20,860	22,348	(1,488)
Total	$ 47,086	$ 41,086	$ 6,000

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, 2019 and 2018.

5. Available-for-Sale Securities Sold during the Fiscal Year

	Millions of Yen		
Year Ended March 31, 2019	Amount Sold	Gain	Loss
Stocks	¥ 59,051	¥ 32,286	¥ 2,207
Bonds	308,004	1,688	1,007
Government Bonds	248,161	1,460	954
Local Government Bonds	7,077	2	24
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	52,766	225	28
Other Securities	4,068,159	30,959	48,003
Foreign Stocks	8,114	2	1,138
Foreign Bonds	3,278,617	17,131	21,191
Others	781,427	13,825	25,672
Total	¥ 4,435,215	¥ 64,934	¥ 51,217

	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
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	82,029	159	64
Other Securities	5,121,133	60,580	100,706
Foreign Stocks	6,718	578	—
Foreign Bonds	3,740,837	22,300	28,272
Others	1,373,577	37,701	72,434
Total	¥ 5,753,172	¥ 102,040	¥ 102,197

	Millions of U.S. Dollars		
Year Ended March 31, 2019	Amount Sold	Gain	Loss
Stocks	$ 532	$ 291	$ 20
Bonds	2,776	15	9
Government Bonds	2,237	13	9
Local Government Bonds	64	0	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	476	2	0
Other Securities	36,667	279	433
Foreign Stocks	73	0	10
Foreign Bonds	29,550	154	191
Others	7,043	125	231
Total	$ 39,975	$ 585	$ 462

(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 years ended March 31, 2019 and 2018.

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, 2019 and 2018, were ¥3,001 million (U.S. $27 million) and ¥41 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 years ended March 31, 2019 and 2018.

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, 2019 and 2018.

3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

	Millions of Yen				
March 31, 2019	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,393	¥ 1,040	¥ 353	¥ 353	¥ —

	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 U.S. Dollars				
March 31, 2019	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	$ 13	$ 9	$ 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	2019	2018	2019
Valuation Differences			
Available-for-Sale Securities	¥ 667,220	¥ 739,993	$ 6,014
Other Money Held in Trust	353	295	3
Total Valuation Differences	667,574	740,289	6,017
Amount Equivalent to Deferred Tax Assets (Liabilities)	(202,562)	(224,273)	(1,826)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	465,012	516,015	4,191
Non-Controlling Interests	(266)	(359)	(2)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	2,702	1,007	24
Valuation Differences on Available-for-Sale Securities	¥ 467,448	¥ 516,663	$ 4,213

(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 ¥1,589 million (U.S. $14 million) and ¥1,213 million on available-for-sale securities composing assets held by associated companies as of March 31, 2019 and 2018, 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. 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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 44,621,033	¥ 16,573,349	¥ (48,367)	¥ (48,367)	$ 402,172	$ 149,377	$ (436)	$ (436)
Purchased	44,455,416	16,528,250	47,846	47,846	400,680	148,970	431	431
Interest Options								
Sold	5,228,027	278,836	(303)	528	47,121	2,513	(3)	5
Purchased	4,173,799	222,706	306	(566)	37,619	2,007	3	(5)
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	61,744,126	46,363,011	1,070,742	1,070,742	556,504	417,873	9,651	9,651
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	57,657,504	43,512,290	(1,063,552)	(1,063,552)	519,671	392,179	(9,586)	(9,586)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	20,877,371	16,746,641	2,295	2,295	188,169	150,939	21	21
Interest Options								
Sold	7,529,147	7,519,158	(8,106)	6,223	67,861	67,771	(73)	56
Purchased	3,541,520	3,537,021	13,810	7,641	31,920	31,879	124	69
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 14,671	¥ 22,789			$ 132	$ 205

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 20,899,819	¥ 7,118,121	¥ 16,895	¥ 16,895
Purchased	20,676,102	6,690,133	(15,416)	(15,416)
Interest Options				
Sold	4,624,808	189,094	(1,321)	(579)
Purchased	3,189,370	101,734	1,264	477
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
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	64,890,775	49,857,111	(675,074)	(675,074)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	24,352,590	16,065,746	4,068	4,068
Interest Options				
Sold	5,993,299	5,969,378	9,401	26,359
Purchased	2,751,013	2,751,013	8,635	728
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 37,111	¥ 46,117

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 4,061,705	¥ 3,842,184	¥ 9,866	¥ 9,866	$ 36,608	$ 34,630	$ 89	$ 89
Forward Exchange Contracts								
Sold	12,654,686	706,425	(31,223)	(31,223)	114,058	6,367	(281)	(281)
Purchased	15,911,526	286,942	50,008	50,008	143,412	2,586	451	451
Currency Options								
Sold	1,292,446	604,105	(40,734)	16,433	11,649	5,445	(367)	148
Purchased	1,036,045	433,558	39,396	(12,040)	9,338	3,908	355	(109)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 27,312	¥ 33,044			$ 246	$ 298

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	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
Forward Exchange Contracts				
Sold	14,529,056	369,272	82,172	82,172
Purchased	18,239,528	348,180	(100,230)	(100,230)
Currency Options				
Sold	1,179,704	555,407	(39,929)	13,630
Purchased	1,055,874	470,286	45,076	(4,855)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (6,707)	¥ (3,079)

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 61,140	¥ —	¥ (401)	¥ (401)	$ 551	$ —	$ (4)	$ (4)
Purchased	40,433	—	318	318	364	—	3	3
Stock Index Options								
Sold	56,344	—	(334)	77	508	—	(3)	1
Purchased	73,517	—	162	(212)	663	—	1	(2)
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			¥ (254)	¥ (217)			$ (2)	$ (2)

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 94,748	¥ —	¥ 1,168	¥ 1,168
Purchased	82,445	—	(1,027)	(1,027)
Stock Index Options				
Sold	50,976	—	(553)	(155)
Purchased	5,683	—	133	95
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

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,785,463	¥ —	¥ (25,077)	¥ (25,077)	$ 16,093	$ —	$ (226)	$ (226)
Purchased	1,951,521	—	22,782	22,782	17,589	—	205	205
Bond Future Options								
Sold	223,845	—	(922)	(92)	2,018	—	(8)	(1)
Purchased	160,416	—	742	388	1,446	—	7	3
OTC								
Bond Forward Contracts								
Sold	¥ 201,772	¥ —	¥ (1,339)	¥ (1,339)	$ 1,819	$ —	$ (12)	$ (12)
Purchased	68,671	—	393	393	619	—	4	4
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (3,420)	¥ (2,944)			$ (31)	$ (27)

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 1,746,476	¥ —	¥ (14,140)	¥ (14,140)
Purchased	1,251,702	—	10,247	10,247
Bond Future Options				
Sold	236,915	—	(1,409)	(597)
Purchased	74,593	—	65	(14)
OTC				
Bond Forward Contracts				
Sold	¥ 178,508	¥ —	¥ (1,120)	¥ (1,120)
Purchased	152,639	—	493	493
Bond Options				
Sold	12,837	—	(103)	(61)
Purchased	17,889	—	178	75
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (5,790)	¥ (5,118)

(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 option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2019 and 2018.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 67,343	¥ 49,843	¥ 1,015	¥ 1,015	$ 607	$ 449	$ 9	$ 9
Purchased	64,155	46,655	(955)	(955)	578	421	(9)	(9)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 60	¥ 60			$ 1	$ 1

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 81,400	¥ 56,600	¥ 1,416	¥ 1,416
Purchased	92,024	67,224	(1,616)	(1,616)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (199)	¥ (199)

(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 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, 2019 and 2018, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2019			2019		
		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	¥ 1,494,651	¥ 796,511	¥ 1,461	$ 13,471	$ 7,179	$ 13
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,469,681	1,392,602	(37,909)	13,246	12,552	(342)
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		200	—	(Note3)	2	—	(Note3)
Total				¥ (36,448)			$ (329)

	Major Hedged Item	Millions of Yen 2018 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	¥ 2,923,400	¥ 1,487,704	¥ (588)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,239,085	1,172,805	(25,769)
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)
Total				¥ (26,357)

(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, 2019 and 2018, consist of the following:

	Major Hedged Item	Millions of Yen 2019 Notional Amount Total	Millions of Yen 2019 Notional Amount Over One Year	Millions of Yen 2019 Fair Value	Millions of U.S. Dollars 2019 Notional Amount Total	Millions of U.S. Dollars 2019 Notional Amount Over One Year	Millions of U.S. Dollars 2019 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 1,557,814	¥ 955,752	¥(24,756)	$ 14,041	$ 8,614	$ (223)
Forward Exchange Contracts							
Sold		15,962	—	(45)	144	—	(0)
Purchased		17,877	—	63	161	—	1
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		¥ 69,961	¥ —	¥ (391)	$ 631	$ —	$ (4)
Purchased		—	—	—	—	—	—
Total				¥(25,128)			$ (226)

	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
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,495,792	¥ 837,237	¥ (26,721)
Forward Exchange Contracts				
Sold		10,415	—	358
Purchased		39,576	—	(172)
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
Purchased		—	—	—
Total				¥ (25,592)

(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, 2019 and 2018.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2019 and 2018.

Retirement and Pension Plans

Retirement and Pension Plans for the Fiscal Years Ended March 31, 2019 and 2018

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
	2019	2018	2019
Retirement Benefit Obligations (opening balance)	¥ 467,350	¥ 467,409	$ 4,212
Service Cost-Benefits Earned during the Fiscal Year	14,371	14,719	130
Interest Cost on Projected Benefit Obligations	2,338	2,354	21
Actuarial Gains and Losses that Arose during the Fiscal Year	688	755	6
Retirement Benefits Paid	(18,145)	(17,888)	(164)
Past Service Cost that Arose during the Fiscal Year	(176)	—	(2)
Other	(1,393)	—	(13)
Retirement Benefit Obligations (closing balance)	¥ 465,033	¥ 467,350	$ 4,191

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Plan Assets (opening balance)	¥ 616,410	¥ 572,379	$ 5,556
Expected Return on Plan Assets	26,859	25,746	242
Actuarial Gains and Losses that Arose during the Fiscal Year	(36,661)	27,773	(330)
Contributions by the Employer	709	6,636	6
Retirement Benefits Paid	(16,350)	(16,124)	(147)
Other	(1,011)	—	(9)
Plan Assets (closing balance)	¥ 589,955	¥ 616,410	$ 5,317

(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
	2019	2018	2019
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 452,486	¥ 454,831	$ 4,078
Plan Assets	(589,955)	(616,410)	(5,317)
	(137,469)	(161,579)	(1,239)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	12,546	12,518	113
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (124,922)	¥ (149,060)	$ (1,126)

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Liabilities for Retirement Benefits	¥ 14,008	¥ 14,159	$ 126
Assets for Retirement Benefits	(138,931)	(163,219)	(1,252)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (124,922)	¥ (149,060)	$ (1,126)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Service Cost-Benefits Earned during the Fiscal Year	¥ 14,371	¥ 14,719	$ 130
Interest Cost on Projected Benefit Obligations	2,338	2,354	21
Expected Return on Plan Assets	(26,859)	(25,746)	(242)
Amortization of Actuarial Differences	2,625	10,062	24
Amortization of Past Service Cost	2	51	0
Other	628	1,085	6
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (6,893)	¥ 2,526	$ (62)

(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
	2019	2018	2019
Past Service Cost	¥ 178	¥ 51	$ 2
Actuarial Differences	(34,724)	37,080	(313)
Total	¥ (34,545)	¥ 37,131	$ (311)

(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
	2019	2018	2019
Unrecognized Past Service Cost	¥ (165)	¥ 13	$ (1)
Unrecognized Actuarial Differences	27,833	(6,819)	251
Total	¥ 27,667	¥ (6,806)	$ 249

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

	Proportion (%)	
	2019	2018
Debt Securities	**27**	20
Equity Securities	**59**	60
Cash and Due from Banks	**2**	2
Other	**12**	18
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 58% and 60% of the total plan asset for the fiscal years ended March 31, 2019 and 2018, 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, 2019 and 2018, are as follows:

	2019	2018
Discount Rate	**Mainly 0.5%**	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	**4.3%**	4.4%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥2,049 million (U.S. $18 million) and ¥1,922 million for the years ended March 31, 2019 and 2018, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2019 and 2018

(1) SuMi TRUST Holdings

2019: General and Administrative Expenses: ¥288 million (U.S. $3 million)

2018: General and Administrative Expenses: ¥237 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, 2019. 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, 2019	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, 2019	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, 2019	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, 2019	SuMi TRUST Holdings Series 7 Subscription Rights to Shares	SuMi TRUST Holdings Series 8 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	Directors and officers of SuMi TRUST Holdings: 30 Directors and officers of SuMi TRUST Bank: 40 Total: 70
Number of Stock Options Granted by Class of Share	Common stock: 61,300 shares	Common stock: 69,000 shares
Grant Date	July 28, 2017	September 3, 2018
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, 2017, to July 27, 2047	From September 30, 2018, to September 2, 2048

2) Volume and Changes in Stock Options

i) Number of stock options

	Shares			
Year Ended March 31, 2019	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
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of Fiscal Year	22,000	21,000	39,300	35,700
Vested	—	—	—	—
Exercised	1,400	1,000	—	3,100
Forfeited	—	—	—	—
At the End of the Fiscal Year	20,600	20,000	39,300	32,600

	Shares			
Year Ended March 31, 2019	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	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Unvested Stock Options				
At the Beginning of the Fiscal Year	—	—	—	—
Granted	—	—	—	69,000
Forfeited	—	—	—	—
Vested	—	—	—	69,000
At the End of the Fiscal Year	—	—	—	—
Vested Stock Options				
At the Beginning of Fiscal Year	31,300	50,000	61,300	—
Vested	—	—	—	69,000
Exercised	1,300	1,300	—	—
Forfeited	—	—	—	—
At the End of the Fiscal Year	30,000	48,700	61,300	69,000

ii) Unit price information

Year Ended March 31, 2019	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
Exercise Price (yen)	4,000	4,000	5,190	1
Average Stock Price when Exercised (yen)	4,449	4,432	—	4,341
Fair Unit Value on the Grant Date (yen)	620	340	1,460	4,240

Year Ended March 31, 2019	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	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Exercise Price (yen)	1	1	1	1
Average Stock Price when Exercised (yen)	4,273	4,362	—	—
Fair Unit Value on the Grant Date (yen)	5,447	3,246	3,870	4,183

(2) Nikko Asset Management Co., Ltd. (consolidated subsidiary)

The following tables show stock options effective as of March 31, 2019. The number of stock options represents the number of shares after converting into equivalent shares.

1) Description of Stock Options

Year Ended March 31, 2019	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	Resolution during the Fiscal Year 2017
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 36
Number of Stock Options Granted by Class of Share	Common stock: 4,409,000 shares	Common stock: 4,422,000 shares
Grant Date	April 27, 2017	April 27, 2018
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.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2020 ("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 April 27, 2019 to April 30, 2027	From April 27, 2020 to April 30, 2028

2) Volume and Changes in Stock Options

i) Number of stock options

Year Ended March 31, 2019	Shares	
	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,494,900	108,900
Granted	—	—
Forfeited	323,400	33,000
Vested	—	—
At the End of the Fiscal Year	1,171,500	75,900
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	2,686,200	3,618,000
Granted	—	—
Forfeited	630,300	—
Vested	—	—
At the End of the Fiscal Year	2,055,900	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	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Unvested Stock Options		
At the Beginning of the Fiscal Year	3,877,000	—
Granted	—	4,422,000
Forfeited	66,000	66,000
Vested	—	—
At the End of the Fiscal Year	3,811,000	4,356,000
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, 2019	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	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Exercise Price	¥ 553	¥ 694
Fair Price on the Grant Date (Note 1)	0	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 ¥2,128 million (U.S. $19 million) as of March 31, 2019.

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 8 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, 2019	SuMi TRUST Holdings Series 8 Subscription Rights to Shares
Stock Price Volatility (Note 1)	19.3%
Expected Life (Note 2)	1.63 years
Dividend Yield (Note 3)	2.96%
Risk-Free Interest Rate (Note 4)	(0.11)%

(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, 2018.

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

Year Ended March 31	Millions of Yen 2019	Millions of Yen 2018	Millions of U.S. Dollars 2019
Deferred Tax Assets:			
Tax Loss Carryforwards (Note 2)	¥ 15,668	¥ 15,974	$ 141
Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral)	38,542	40,239	347
Impairment of Securities	19,387	19,233	175
Deferred Gains (Losses) on Hedges	14,560	8,722	131
Adjustments for Retirement Benefits	10,080	235	91
Valuation Difference Due to Share Exchange	4,833	5,112	44
Other	52,379	53,000	472
Subtotal	155,453	142,517	1,401
Valuation Allowance for Tax Loss Carryforwards	(3,835)	—	(35)
Valuation Allowance for Deductible Temporary Differences	(18,597)	—	(168)
Valuation Allowance (Note 1)	(22,433)	(36,862)	(202)
Deferred Tax Assets	¥ 133,019	¥ 105,654	$ 1,199
Deferred Tax Liabilities:			
Retirement Benefits	¥ (18,047)	¥ (11,421)	$ (163)
Valuation Difference on Available-for-Sale Securities	(208,745)	(230,198)	(1,881)
Valuation Difference Due to Share Exchange	(6,779)	(7,777)	(61)
Other	(12,554)	(14,179)	(113)
Deferred Tax Liabilities	¥ (246,127)	¥ (263,577)	$ (2,218)
Net Deferred Tax Assets (Liabilities)	¥ (113,107)	¥ (157,923)	$ (1,019)

(Notes)

1) Valuation allowance decreased by ¥14,429 million (U.S. $130 million) as of March 31, 2019, from March 31, 2018. This decrease is primarily due to the application of a consolidated taxation system in Japan by SuMi TRUST Holdings and its certain consolidated subsidiaries starting from the fiscal year ending March 31, 2020. Based on the taxable income projected on the basis of filing the consolidated tax return, the deferred tax assets are considered as recoverable and as such, SuMi TRUST Holdings no longer recognizes ¥14,686 million (U.S. $132 million) of valuation allowance as of March 31, 2019.

2) The expiration of tax loss carryforwards and the related valuation allowances as of March 31, 2019, are as follows:

	Millions of Yen						
	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	More Than 5 Years	Total
Tax Loss Carryforwards (a)	¥ 2,395	¥ 2,429	¥ 1,898	¥ 1,754	¥ 1,225	¥ 5,966	¥ 15,668
Valuation Allowance	(649)	(765)	(552)	(437)	(249)	(1,181)	(3,835)
Deferred Tax Assets	1,745	1,664	1,345	1,316	976	4,784	11,832 (b)

	Millions of U.S. Dollars						
	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	More Than 5 Years	Total
Tax Loss Carryforwards (a)	$ 22	$ 22	$ 17	$ 16	$ 11	$ 54	$ 141
Valuation Allowance	(6)	(7)	(5)	(4)	(2)	(11)	(35)
Deferred Tax Assets	16	15	12	12	9	43	107 (b)

(Notes)

(a) The amount of tax loss carryforwards is calculated by multiplying tax losses by the effective statutory tax rate.

(b) The tax loss carryforwards of ¥15,668 million (U.S. $141 million), calculated using the effective statutory tax rate, was recognized as a result of the exclusion of certain income, primarily dividend income of SuMi TRUST Holdings, from the gross income for tax purposes. The deferred tax assets of ¥11,832 million (U.S. $107 million) recognized for the tax loss carryforwards were considered as recoverable based on the taxable income projected on the basis of filing the consolidated tax return starting from the fiscal year ending March 31, 2020, and thus, valuation allowance is not recognized as of March 31, 2019.

2. Effective Income Tax Rate

Year Ended March 31	2019	2018
Effective Statutory Tax Rate	30.62%	—%
Adjustments:		
Changes in Valuation Allowance	(5.71)	—
Impairment Losses on Goodwill	1.46	—
Amortization of Goodwill	1.20	—
Share of Profit of Equity-Method Affiliated Companies	(0.76)	—
Permanent Differences (e.g., Cash Dividends Received)	(0.54)	—
Others	(1.16)	—
Effective Income Tax Rate	25.11%	—%

(Note) 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.

Business Combinations

Transactions under Common Control

Split and Integration of the Asset Management Function

(1) Overview of transactions

1) Name of the business and its description subject to the transactions

Name of the business:

Asset management business of SuMi TRUST Bank

Description of the business:

Asset management services for corporate and institutional investors

2) Date of the business combination

October 1, 2018

3) Legal form of the business combination

An absorption-type company split between SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, as the splitting company and SuMi TRUST Asset Management Co., Ltd., a consolidated subsidiary of SuMi TRUST Holdings, as the successor company

4) Name of the company after the business combination

Sumitomo Mitsui Trust Asset Management Co., Ltd.

5) Other matters relating to the overview of the transactions

The purpose of this business split and integration is to strengthen the asset management business, which is positioned as a growth area for SuMi TRUST Group. In the transactions, the asset management function is split from SuMi TRUST Bank, which provides asset management services for corporate and institutional investors with high-level know-how and quality, and the function is strategically integrated into SuMi TRUST Asset Management Co., Ltd., which has

developed its businesses for individual customers, focusing on defined contribution pension plans, wrap accounts, and index funds.

(2) Overview of the accounting treatment applied

The business combination is accounted for as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

Segment Information

1. Reportable Segment Information

The SuMi TRUST Group's reportable segments are defined as operating segments for which discrete financial information is available. The board of directors and the Executive Committee of the SuMi TRUST Group periodically receive reporting on the operating results and other relevant information of the reportable segments to make decisions about the allocation of management resources and to assess performance.

The main activities of the reportable segment are presented below:

Retail Total Solution Services:
Provision of services to individual customers

Wholesale Financial Services:
Provision of services to corporate customers

Stock Transfer Agency Services:
Undertaking of stock-related services on behalf of customers

Real Estate:
Provision of services related to the real estate business

Fiduciary Services:
Operation of the pension business, the asset management business, and the asset administration business

Global Markets:
Marketing operations, market-making operations, investment operations, and financial management operations

(Changes in Reportable Segments)

With an aim to gain clarity around its business model that places focal points in provision of optimal and total solutions to suit the varying need of both individual and corporate customers, the SuMi TRUST Group has been reforming its business portfolio since the fiscal year ended March 31, 2018. Based on the solid progress made during the previous fiscal year, the reportable segments have been revised to operating segments that are based on the components of services provided by the SuMi TRUST Group for the fiscal year ended March 31, 2019.

Note that segment information for the fiscal year ended March 31, 2018, is presented based on the new reportable segments.

2. Method for Calculating Substantial Gross Business Profit and Net Business Profit by Each Reportable Segment

Segment information is prepared based on internal management reports and the accounting policies used for the reportable segments are generally the same as those presented under "Significant Accounting Policies and Practices"; however, the reportable segments are accounted for in accordance with the rules for the internal management. Since each segment's information will not be used to make decisions about the allocation of resources or assess business performance at the management level, information about assets by reportable segment has not been generated.

"Net Business Profit" represents "Substantial Gross Business Profit," less "Substantial G&A Expenses." "Substantial Gross Business Profit" and "Substantial G&A Expenses" are financial figures generated on the basis of internal management reporting, and they represent "Gross Profit" and "General and Administrative Expenses (excluding any non-recurring expenses)" of SuMi TRUST Holdings and its consolidated subsidiaries, reflecting profits or losses of equity-method affiliated companies (proportionate share of profits or losses, excluding any non-recurring items).

Income earned from inter-segment and cross-segment transactions is calculated by applying the criteria (market prices) specified in the rules for internal management.

(Changes in the Calculation of Profit or Loss by Each Reportable Segment)

Following the changes in reportable segments effective from the fiscal year ended March 31, 2019, income earned from inter-segment and cross-segment transactions, which was previously calculated using third-party transaction prices, is calculated in accordance with the rules for internal management (using market prices).

Note that segment information for the fiscal year ended March 31, 2018, is presented based on the revised calculations.

3. Profit or Loss by Reportable Segment

	Millions of Yen							
Fiscal Year Ended March 31, 2019	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Substantial Gross Business Profit	¥ 199,892	¥ 193,892	¥ 37,031	¥ 54,388	¥ 172,188	¥ 45,683	¥ 19,591	¥ 722,669
General and Administrative Expenses	(168,949)	(70,463)	(18,613)	(24,235)	(109,123)	(15,317)	(33,732)	(440,435)
Net Business Profit	¥ 30,943	¥ 123,428	¥ 18,417	¥ 30,152	¥ 63,065	¥ 30,365	¥ (14,140)	¥ 282,233

	Millions of Yen							
Fiscal Year Ended March 31, 2018	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Substantial Gross Business Profit	¥ 193,723	¥ 183,449	¥ 35,985	¥ 53,813	¥ 169,773	¥ 54,426	¥ 14,578	¥ 705,751
General and Administrative Expenses	(166,719)	(66,787)	(18,494)	(24,011)	(110,596)	(15,051)	(33,531)	(435,192)
Net Business Profit	¥ 27,004	¥ 116,661	¥ 17,491	¥ 29,801	¥ 59,177	¥ 39,375	¥ (18,953)	¥ 270,558

	Millions of U.S. Dollars							
Fiscal Year Ended March 31, 2019	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Substantial Gross Business Profit	$ 1,802	$ 1,748	$ 334	$ 490	$ 1,552	$ 412	$ 177	$ 6,513
General and Administrative Expenses	(1,523)	(635)	(168)	(218)	(984)	(138)	(304)	(3,970)
Net Business Profit	$ 279	$ 1,112	$ 166	$ 272	$ 568	$ 274	$ (127)	$ 2,544

(Notes)

1) The figures represent "Substantial Gross Business Profit" in substitution for net sales to be presented by companies in other industries.

2) The amounts of "Substantial Gross Business Profit" include net interest income, net trust fees, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) "General and Administrative Expenses" include personnel expenses and rent expenses.

4) "Others" include costs of capital funding, dividends for shares for cross-shareholdings, general and administrative expenses of headquarters, and elimination of internal transactions.

4. Reconciliation Between Total Profit or Loss for Reportable Segments and Income before Income Taxes in the Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Business Profit	¥ 282,233	¥ 270,558	$ 2,544
Other Income	71,626	125,142	646
Other Expenses	(77,688)	(119,136)	(700)
Other Adjustments	(34,831)	(37,742)	(314)
Income before Income Taxes	¥ 241,340	¥ 238,822	$ 2,175

Related Information

1. Information by Services

Disclosure of information by services is omitted as similar disclosure is included in the "3. Profit or Loss by Reportable Segment" in the "Segment Information" section.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2019 and 2018, consists of the following:

	Millions of Yen				
Fiscal Year Ended March 31, 2019	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,106,433	¥ 158,817	¥ 87,455	¥ 116,727	¥ 1,469,434

	Millions of Yen				
Fiscal Year Ended March 31, 2018	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,113,063	¥ 105,248	¥ 58,362	¥ 89,831	¥ 1,366,505

	Millions of U.S. Dollars				
Fiscal Year Ended March 31, 2019	Japan	Americas	Europe	Asia and Oceania	Total
	$ 9,972	$ 1,431	$ 788	$ 1,052	$ 13,244

(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, 2019 and 2018, 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

Losses on impairment of fixed assets are not allocated to the reportable segments.

Losses on impairment of fixed assets recognized during the fiscal years ended March 31, 2019 and 2018, were ¥15,786 million (U.S. $142 million) and ¥7,876 million, respectively.

Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Amortization of goodwill and unamortized balance of goodwill are not allocated to the reportable segments.

Amortization of goodwill recognized during the fiscal years ended March 31, 2019, and 2018, were ¥9,468 million (U.S. $85 million) and ¥9,469 million, respectively. Unamortized balance of goodwill as of March 31, 2019, and 2018, were ¥60,092 million (U.S. $542 million) and ¥81,038 million, respectively.

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, 2019 and 2018.

Related-Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2019 and 2018.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2019	2018	**2019**
Net Assets per Share of Common Stock	**¥ 7,008.67**	¥ 6,897.36	**$ 63.17**
Net Income per Share of Common Stock	**458.91**	403.91	**4.14**
Diluted Net Income per Share of Common Stock	**458.64**	403.75	**4.13**

(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, 2019	As of March 31, 2018	**As of March 31, 2019**
Net Assets as Reported	**¥ 2,730,356**	¥ 2,872,325	**$ 24,609**
Less:	**76,895**	247,658	**693**
Subscription Rights to Shares	**1,062**	799	**10**
Non-Controlling Interests	**75,832**	246,858	**683**
Net Assets Attributable to Common Shareholders	**2,653,461**	2,624,667	**23,916**
The Number of Shares of Common Stock Outstanding (Thousands of Shares)	**378,596**	380,531	**378,596**

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, 2019	Fiscal year Ended March 31, 2018	**Fiscal Year Ended March 31, 2019**
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	**¥ 173,889**	¥ 153,986	**$ 1,567**
Net Income Not Attributable to Common Shareholders	**—**	—	**—**
Net Income Related to Common Stock that is Attributable to Owners of the Parent	**173,889**	153,986	**1,567**
Average Number of Shares of Common Stock Outstanding (Thousands of Shares)	**378,915**	381,230	**378,915**
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)	**218**	160	**218**
Subscription Rights to Shares (Thousands of Shares)	**218**	160	**218**
Summary of the potential shares that were excluded from calculation of diluted net income per share of common stock because they have no dillute effects	**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: 15,088,300 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	**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: 15,088,300 shares**

Significant Subsequent Event

(Redemption of Non-dilutive Preferred Securities)

On May 15, 2019, SuMi TRUST Holdings resolved to fully redeem the Non-dilutive Preferred Securities issued by CMTH Preferred Capital 7 (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 7 (Cayman) Limited

(ii) Type of securities to be redeemed
Japanese yen denominated non-cumulative perpetual preferred securities

(iii) Aggregate amount to be redeemed
¥41.0 billion (U.S. $370 million)

(iv) Scheduled redemption date
July 25, 2019

(2) Name and outline of the subsidiary to be dissolved

(i) Company name
CMTH Preferred Capital 7 (Cayman) Limited

(ii) Outline
Outline is not provided in this section because the same information is disclosed in "Subsidiaries and Affiliated Companies."

(Changes in a Subsidiary through Dividends in Kind)

On May 15, 2019, SuMi TRUST Holdings and SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, decided to make Nikko Asset Management Co., Ltd. a directly owned subsidiary of SuMi TRUST Holdings through a transfer of shares of Nikko Asset Management Co., Ltd. owned by SuMi TRUST Bank to SuMi TRUST Holdings as dividends in kind to be effected as of July 1, 2019.

(Repurchase and Cancellation of Own Shares)

At a meeting of the board of directors held on May 15, 2019, SuMi TRUST Holdings resolved to repurchase its own shares pursuant to the provision of its Articles of Incorporation in accordance with Article 459, Paragraph 1 of the Companies Act and to cancel a part of its own shares pursuant to the provision of Article 178 of the Companies Act.

(1) Reasons for repurchase:
SuMi TRUST Holdings will repurchase its own shares in order to improve shareholder return as well as capital efficiency

(2) Details of the repurchase

(i) Class of shares to be repurchased:
Common stock of SuMi TRUST Holdings

(ii) Total number of shares to be repurchased:
Up to 5,000,000 shares

(iii) Total amount of repurchase:
Up to ¥16,000 million (U.S. $144 million)

(iv) Repurchase period:
From May 16, 2019 to August 30, 2019

(v) Repurchase method:
Market purchase of shares on the Tokyo Stock Exchange under a discretionary trading contract

(3) Details of the cancellation

(i) Class of shares to be cancelled:
Common stock of SuMi TRUST Holdings

(ii) Total number of shares to be cancelled:
Total of 11,000 thousand shares and all of the shares repurchased in (2) above

(iii) Expected cancellation date:
September 20, 2019

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, 2019, 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, 2019, 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, 2019 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 27, 2019
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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets:			
Current Assets:			
Cash and Due from Banks	¥ 2,110	¥ 1,775	$ 19
Securities	100,000	53,000	901
Prepaid Expenses	183	57	2
Income Tax Refunds Receivable	28,924	14,549	261
Other Current Assets	2,457	2,159	22
Total Current Assets	133,676	71,542	1,205
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:	2,069,815	2,004,969	18,655
Investment Securities	652	652	6
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,447,538	1,494,222	13,047
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	610,000	510,000	5,498
Deferred Tax Assets	11,530	—	104
Other Investments	94	94	1
Total Non-Current Assets	2,069,816	2,004,970	18,655
Total Assets	¥ 2,203,492	¥ 2,076,512	$ 19,860
Liabilities:			
Current Liabilities:			
Accrued Expenses	¥ 2,803	¥ 2,787	$ 25
Income Taxes Payable	4	4	0
Provision for Bonuses	174	135	2
Provision for Directors' Bonuses	49	49	0
Other Current Liabilities	129	143	1
Total Current Liabilities	3,161	3,119	28
Non-Current Liabilities:			
Bonds Payable	641,600	584,300	5,783
Long-Term Loans Payable	10,000	10,000	90
Other Non-Current Liabilities	10	10	0
Total Non-Current Liabilities	651,610	594,310	5,873
Total Liabilities	¥ 654,771	¥ 597,429	$ 5,901
Net Assets:			
Total Shareholders' Equity:	¥ 1,547,658	¥ 1,478,282	$ 13,949
Capital Stock	261,608	261,608	2,358
Capital Surplus:	1,041,473	1,041,473	9,387
Legal Capital Surplus	702,933	702,933	6,336
Other Capital Surplus	338,540	338,540	3,051
Retained Earnings:	295,798	217,424	2,666
Other Retained Earnings:	295,798	217,424	2,666
Retained Earnings Brought Forward	295,798	217,424	2,666
Treasury Stock-At Cost	(51,222)	(42,224)	(462)
Subscription Rights to Shares	1,062	799	10
Total Net Assets	¥ 1,548,721	¥ 1,479,082	$ 13,959
Total Liabilities and Net Assets	¥ 2,203,492	¥ 2,076,512	$ 19,860

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 4,087.87	¥ 3,884.77	$ 36.84

The figures in U.S. dollars are converted from yen for convenience of readers outside Japan at the rate of ¥110.95 to U.S. $1.00, the exchange rate prevailing as of March 31, 2019.

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Operating Income:			
Dividends Received from Subsidiaries	¥ 121,832	¥ 55,512	$ 1,098
Fees and Commissions Received from Subsidiaries	1,317	1,788	12
Total Operating Income	123,149	57,301	1,110
Operating Expenses:			
General and Administrative Expenses	3,341	3,071	30
Total Operating Expenses	3,341	3,071	30
Operating Profit	119,808	54,230	1,080
Non-Operating Income:	7,709	6,785	69
Interest Income	7,628	6,522	69
Interest on Securities	0	0	0
Commission Fee	28	147	0
Other Non-Operating Income	52	115	0
Non-Operating Expenses:	11,327	11,678	102
Interest Expenses	76	76	1
Interest on Bonds Payable	10,275	10,498	93
Other Non-Operating Expenses	974	1,102	9
Income before Income Taxes	116,190	49,337	1,047
Income Taxes:	(11,526)	4	(104)
Current	4	4	0
Deferred	(11,530)	—	(104)
Net Income	¥ 127,717	¥ 49,333	$ 1,151

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 337.06	¥ 129.40	$ 3.04

Financial Data:

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2019 and 2018

From April 1, 2018 to March 31, 2019

	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	¥ 1,041,473	¥ 217,424	¥ 217,424
Changes during the Year						
Cash Dividends					(49,343)	(49,343)
Net Income					127,717	127,717
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)	78,374	78,374
Balance at the End of the Year	¥ 261,608	¥ 702,933	¥ 338,540	¥ 1,041,473	¥ 295,798	¥ 295,798

	Millions of Yen			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	¥ (42,224)	¥ 1,478,282	¥ 799	¥ 1,479,082
Changes during the Year				
Cash Dividends		(49,343)		(49,343)
Net Income		127,717		127,717
Purchase of Treasury Stock	(9,033)	(9,033)		(9,033)
Disposal of Treasury Stock	35	35		35
Net Changes of Items Other Than Shareholders' Equity			262	262
Total Changes during the Year	(8,998)	69,375	262	69,638
Balance at the End of the Year	¥ (51,222)	¥ 1,547,658	¥ 1,062	¥ 1,548,721

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, 2018 to March 31, 2019

	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	$ 2,358	$ 6,336	$ 3,051	$ 9,387	$ 1,960	$ 1,960
Changes during the Year						
Cash Dividends					(445)	(445)
Net Income					1,151	1,151
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)	706	706
Balance at the End of the Year	$ 2,358	$ 6,336	$ 3,051	$ 9,387	$ 2,666	$ 2,666

	Millions of U.S. Dollars			
	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Year	$ (381)	$ 13,324	$ 7	$ 13,331
Changes during the Year				
Cash Dividends		(445)		(445)
Net Income		1,151		1,151
Purchase of Treasury Stock	(81)	(81)		(81)
Disposal of Treasury Stock	0	0		0
Net Changes of Items Other Than Shareholders' Equity			2	2
Total Changes during the Year	(81)	625	2	628
Balance at the End of the Year	$ (462)	$ 13,949	$ 10	$ 13,959

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings. Inc. and its Consolidated Subsidiaries
As of March 31, 2019 and 2018

As of March 31	Millions of Yen 2019	Millions of Yen 2018	Millions of U.S. Dollars 2019
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,445,195	¥ 1,306,319	$ 13,026
Securities (Note 3)	1,253,465	111,014,187	11,298
Securities Held for Investment Trust	—	49,134,666	—
Foreign Investment for Investment Trust	—	26,155,659	—
Beneficiary Rights	160,593,574	726,548	1,447,441
Securities Held in Custody Accounts	23,123	19,411,005	208
Monetary Claims	19,475,082	26,591,821	175,530
Tangible Fixed Assets	15,722,230	14,717,476	141,706
Intangible Fixed Assets	217,971	205,595	1,965
Other Claims	6,717,177	8,860,410	60,542
Call Loans	—	4,388,669	—
Loans to Banking Account	5,408,009	11,070,725	48,743
Cash and Due from Banks	494,234	11,424,977	4,455
Total Assets	¥ 211,350,067	¥ 285,008,064	$ 1,904,913
Liabilities:			
Money Trusts (Note 4)	¥ 32,877,994	¥ 35,660,283	$ 296,332
Pension Trusts	13,113,501	13,720,536	118,193
Property Formation Benefit Trusts	18,865	17,930	170
Securities Investment Trusts	74,389,341	74,634,230	670,476
Money in Trust Other Than Money Trusts	27,349,339	23,687,206	246,501
Securities in Trust	19,914,130	19,411,004	179,487
Money Claims in Trust	19,592,309	20,748,468	176,587
Real Estate in Trust	77,297	89,431	697
Composite Trusts	24,017,287	97,038,972	216,469
Total Liabilities	¥ 211,350,067	¥ 285,008,064	$ 1,904,913

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, 2019 and 2018, was ¥5,291,601 million (U.S. $47,694 million) and ¥5,074,307 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 ¥110.95 to U.S. $1, the approximate rate of exchange as of March 29, 2019. 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.

Amounts presented in the statements of trust account as of March 31, 2019, are those of trust accounts in SuMi TRUST Bank, as JTSB has been excluded from the scope of consolidation effective from October 1, 2018. The amounts presented in the statements of trust account as of March 31, 2018, are 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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans on Deeds	¥ 1,017,575	¥ 798,299	$ 9,171
Loans on Bills	427,620	508,020	3,854
Total	¥ 1,445,195	¥ 1,306,319	$ 13,026

(Note) The balances as of March 31, 2019, are for SuMi TRUST Bank only. The balances as of March 31, 2018, are the sum of balances of SuMi TRUST Bank and JTSB.

The balances of guaranteed trust account loans as of March 31, 2019 and 2018 stood at ¥30,967 million (U.S. $279 million) and ¥36,220 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, 2019 and 2018, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Other Delinquent Loans	¥ 722	¥ 842	$ 7
Restructured Loans	41	48	0
Total	¥ 763	¥ 890	$ 7

(Note) The balances as of March 31, 2019, are for SuMi TRUST Bank only. The balances as of March 31, 2018, are the sum of balances of SuMi TRUST Bank and JTSB.

3. Securities

Securities held as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Government Bonds	¥ 609,882	¥ 12,386,928	$ 5,497
Local Government Bonds	30	636,581	0
Short-Term Corporate Bonds	—	740,764	—
Corporate Bonds	153,716	2,828,732	1,385
Stocks	8,379	68,828,771	76
Other Securities	481,457	25,592,409	4,339
Total	¥ 1,253,465	¥ 111,014,187	$ 11,298

(Note) The balances as of March 31, 2019, are for SuMi TRUST Bank only. The balances as of March 31, 2018, are the sum of balances of SuMi TRUST Bank and JTSB.

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
	2019	2018	2019
Assets:			
Loans and Bills Discounted	¥ 30,967	¥ 36,220	$ 279
Securities	29	29	0
Other	5,261,076	5,038,498	47,418
Total	¥ 5,292,073	¥ 5,074,748	$ 47,698
Liabilities:			
Principal	¥ 5,291,601	¥ 5,074,307	$ 47,694
Allowance for Impairment of Guaranteed Trust Principal	81	89	1
Other	390	351	4
Total	¥ 5,292,073	¥ 5,074,748	$ 47,698

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.

Financial Data:

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

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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	2019	2018	2017	2016	2015
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 16,042,864	¥ 15,661,926	¥ 14,269,687	¥ 14,428,660	¥ 8,524,067
Securities	5,692,564	5,523,148	5,068,155	4,815,901	4,668,534
Loans and Bills Discounted	29,022,792	28,000,640	27,982,411	26,740,793	25,534,790
Lease Receivables and Investment Assets	653,447	677,238	667,808	608,433	547,016
Tangible Fixed Assets	219,309	221,961	231,288	232,549	230,589
Intangible Fixed Assets	152,896	178,131	195,981	184,293	142,427
Customers' Liabilities for Acceptances and Guarantees	557,007	508,930	458,010	503,742	531,500
Others	4,700,499	4,141,731	3,782,999	4,189,737	3,981,362
Allowance for Loan Losses	(99,770)	(102,903)	(115,794)	(90,829)	(89,989)
Total Assets	¥ 56,941,609	¥ 54,810,805	¥ 52,540,547	¥ 51,613,282	¥ 44,070,299
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 38,359,319	¥ 36,153,471	¥ 36,604,051	¥ 33,777,450	¥ 31,706,796
Acceptances and Guarantees	557,007	508,930	458,010	503,742	531,500
Others	15,525,403	15,430,814	12,845,480	14,789,619	9,263,860
Total Liabilities	¥ 54,441,730	¥ 52,093,216	¥ 49,907,542	¥ 49,070,812	¥ 41,502,157
Net Assets:					
Shareholders' Equity	¥ 2,041,013	¥ 2,064,444	¥ 1,999,635	¥ 1,940,738	¥ 1,853,996
Accumulated Other Comprehensive Income	424,472	509,704	441,390	411,067	523,621
Non-Controlling Interests	34,393	143,439	191,979	190,663	190,524
Total Net Assets	¥ 2,499,879	¥ 2,717,588	¥ 2,633,005	¥ 2,542,469	¥ 2,568,141
Total Liabilities and Net Assets	¥ 56,941,609	¥ 54,810,805	¥ 52,540,547	¥ 51,613,282	¥ 44,070,299
For the Year					
Income:					
Trust Fees	¥ 100,301	¥ 94,624	¥ 94,289	¥ 100,175	¥ 99,231
Interest Income	511,540	431,598	389,888	373,463	370,428
Fees and Commissions	383,437	380,132	378,510	336,948	315,486
Trading Income	27,926	10,035	18,338	15,964	32,428
Other Ordinary Income	357,080	306,724	296,260	286,008	288,197
Other Income	71,551	127,725	68,986	53,790	81,302
Total Income	¥ 1,451,837	¥ 1,350,842	¥ 1,246,274	¥ 1,166,350	¥ 1,187,074
Expenses:					
Interest Expenses	¥ 372,068	¥ 246,248	¥ 165,813	¥ 143,065	¥ 127,885
Fees and Commissions Payments	109,242	104,778	100,677	94,016	88,012
Trading Expenses	—	—	1,297	428	—
Other Ordinary Expenses	250,699	230,440	318,885	216,036	237,513
General and Administrative Expenses	407,483	419,102	420,929	390,654	386,924
Other Expenses	76,810	115,504	66,243	85,647	131,919
Total Expenses	¥ 1,216,303	¥ 1,116,703	¥ 1,073,846	¥ 929,847	¥ 972,255
Income before Income Taxes	¥ 235,533	¥ 234,768	¥ 172,427	¥ 236,503	¥ 214,819
Net Income	¥ 165,580	¥ 163,437	¥ 121,062	¥ 148,149	¥ 153,203

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 96.47	¥ 93.08	¥ 67.56	¥ 84.05	¥ 90.11
Fully Diluted Net Income per Share of Common Stock	—	—	—	—	—
Net Assets per Share of Common Stock	1,472.33	1,537.23	1,457.73	1,404.45	1,419.86

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				
	2019	2018	2017	2016	2015
As of the Year-End					
Assets:					
Cash and Due from Banks	¥ 15,831,242	¥ 15,408,170	¥ 13,963,744	¥ 14,130,060	¥ 8,170,551
Securities	6,091,898	5,972,337	5,518,947	5,311,214	5,039,688
Loans and Bills Discounted	29,404,142	28,259,093	28,158,969	27,044,368	25,826,433
Tangible Fixed Assets	195,414	198,328	200,957	200,688	196,564
Intangible Fixed Assets	65,607	66,969	91,265	69,867	45,478
Customers' Liabilities for Acceptances and Guarantees	385,467	398,773	391,434	401,825	396,865
Others	3,325,210	2,934,934	2,733,960	3,162,871	3,096,876
Allowance for Loan Losses	(75,211)	(77,169)	(90,030)	(64,305)	(66,997)
Total Assets	¥ 55,223,770	¥ 53,161,437	¥ 50,969,247	¥ 50,256,590	¥ 42,705,462
Liabilities:					
Deposits and Negotiable Certificates of Deposit	¥ 38,290,404	¥ 36,151,191	¥ 36,542,541	¥ 33,721,544	¥ 31,613,647
Acceptances and Guarantees	385,467	398,773	391,434	401,825	396,865
Others	14,276,060	14,239,205	11,725,547	13,847,956	8,466,415
Total Liabilities	¥ 52,951,932	¥ 50,789,170	¥ 48,659,522	¥ 47,971,327	¥ 40,476,928
Net Assets:					
Shareholders' Equity	¥ 1,829,610	¥ 1,865,959	¥ 1,839,012	¥ 1,815,536	¥ 1,726,208
Valuation and Translation Adjustments	442,227	506,307	470,711	469,727	502,324
Total Net Assets	¥ 2,271,838	¥ 2,372,266	¥ 2,309,724	¥ 2,285,263	¥ 2,228,533
Total Liabilities and Net Assets	¥ 55,223,770	¥ 53,161,437	¥ 50,969,247	¥ 50,256,590	¥ 42,705,462
For the Year					
Income:					
Trust Fees	¥ 100,972	¥ 94,870	¥ 94,289	¥ 100,288	¥ 99,231
Interest Income	520,790	409,528	370,630	357,465	355,133
Fees and Commissions	194,143	195,171	200,728	188,193	182,915
Trading Income	27,926	10,421	18,338	15,964	32,428
Other Ordinary Income	114,934	79,056	72,114	74,119	70,889
Other Income	60,606	100,469	54,090	38,926	66,637
Total Income	¥ 1,019,374	¥ 889,518	¥ 810,192	¥ 774,956	¥ 809,696
Expenses:					
Interest Expenses	¥ 366,989	¥ 246,207	¥ 167,378	¥ 145,351	¥ 130,707
Fees and Commissions Payments	89,832	86,499	84,593	76,688	72,059
Trading Expenses	—	—	1,297	428	—
Other Ordinary Expenses	34,608	29,490	119,483	28,219	43,605
General and Administrative Expenses	239,668	254,234	262,466	251,989	266,863
Other Expenses	83,466	108,431	63,647	57,084	121,650
Total Expenses	¥ 814,564	¥ 724,862	¥ 698,866	¥ 559,761	¥ 639,717
Income before Income Taxes	¥ 204,810	¥ 164,655	¥ 111,325	¥ 215,196	¥ 169,979
Net Income	¥ 148,661	¥ 117,980	¥ 77,663	¥ 143,154	¥ 130,546
Annual Dividends	¥ 121,320	¥ 55,360	¥ 54,556	¥ 54,606	¥ 55,499

	Yen				
Per Share of Common Stock:					
Net Income per Share of Common Stock	¥ 88.77	¥ 70.45	¥ 46.37	¥ 85.48	¥ 76.58
Fully Diluted Net Income per Share of Common Stock	0	—	—	—	—
Net Assets per Share of Common Stock	1,356.69	1,416.67	1,379.32	1,364.71	1,330.83

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	**2019**	2018	2017	2016	2015
As of the Year-End					
Assets:					
Securities	**¥ 1,253,465**	¥ 1,834,427	¥ 3,077,763	¥ 1,954,552	¥ 1,578,475
Loans and Bills Discounted	**1,445,195**	1,306,319	1,410,062	1,072,436	781,607
Other	**208,651,405**	198,557,372	183,979,907	171,881,233	150,304,875
Total Assets	**¥211,350,067**	¥ 201,698,118	¥ 188,467,733	¥ 174,908,223	¥ 152,664,958
Liabilities:					
Money Trusts	**¥ 32,877,994**	¥ 31,416,663	¥ 30,217,814	¥ 32,486,242	¥ 23,921,609
Pension Trusts	**13,113,501**	13,720,536	14,828,508	16,305,604	16,916,103
Property Formation Benefit Trusts	**18,865**	17,930	17,575	18,030	18,422
Loan Trusts	**—**	—	10,683	12,169	14,025
Other Trusts	**165,339,705**	156,542,988	143,393,150	126,086,176	111,794,797
Total Liabilities	**¥211,350,067**	¥ 201,698,118	¥ 188,467,733	¥ 174,908,223	¥ 152,664,958

	Millions of Yen				
Total Employable Funds (Non-Consolidated)	**2019**	2018	2017	2016	2015
As of the Year-End					
Deposits	**¥ 38,290,404**	¥ 36,151,191	¥ 36,542,541	¥ 33,721,544	¥ 31,613,647
Money Trusts	**32,877,994**	31,416,663	30,217,814	32,486,242	23,921,609
Pension Trusts	**13,113,501**	13,720,536	14,828,508	16,305,604	16,916,103
Property Formation Benefit Trusts	**18,865**	17,930	17,575	18,030	18,422
Loan Trusts	**—**	—	10,683	12,169	14,025
Total Employable Funds*	**¥ 84,300,766**	¥ 81,306,322	¥ 81,617,123	¥ 82,543,591	¥ 72,483,808

* 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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets:			
Cash and Due from Banks	¥ 16,042,864	¥ 15,661,926	$ 144,595
Call Loans and Bills Bought	50,124	92,951	452
Receivables under Resale Agreements	158,734	63,531	1,431
Receivables under Securities Borrowing Transactions	759,812	624,048	6,848
Monetary Claims Bought	1,082,650	955,938	9,758
Trading Assets (Notes 1, 2, and 4)	454,978	363,294	4,101
Money Held in Trust	1,393	1,357	13
Securities (Notes 2 and 4)	5,692,564	5,523,148	51,307
Loans and Bills Discounted (Notes 3, 4, and 5)	29,022,792	28,000,640	261,584
Foreign Exchanges	36,936	25,554	333
Lease Receivables and Investment Assets (Note 4)	653,447	677,238	5,890
Other Assets (Notes 4 and 8)	1,986,352	1,826,996	17,903
Tangible Fixed Assets (Note 6)	219,309	221,961	1,977
Intangible Fixed Assets (Note 7)	152,896	178,131	1,378
Assets for Retirement Benefits	138,909	162,960	1,252
Deferred Tax Assets	30,606	25,098	276
Customers' Liabilities for Acceptances and Guarantees	557,007	508,930	5,020
Allowance for Loan Losses	(99,770)	(102,903)	(899)
Total Assets	¥ 56,941,609	¥ 54,810,805	$ 513,219
Liabilities:			
Deposits (Notes 4 and 9)	¥ 31,930,697	¥ 29,537,135	$ 287,794
Negotiable Certificates of Deposit	6,428,622	6,616,336	57,942
Call Money and Bills Sold	72,793	436,931	656
Payables under Repurchase Agreements (Note 4)	1,603,191	1,454,855	14,450
Payables under Securities Lending Transactions (Note 4)	104,767	41,299	944
Trading Liabilities (Note 1)	258,771	266,148	2,332
Borrowed Money (Notes 4 and 10)	4,623,801	4,870,083	41,675
Foreign Exchanges	457	1,984	4
Short-Term Bonds Payable	1,472,786	1,062,869	13,274
Bonds Payable (Note 11)	777,834	969,966	7,011
Borrowed Money from Trust Account (Note 12)	5,408,009	5,172,463	48,743
Other Liabilities (Note 13)	993,243	919,098	8,952
Provision for Bonuses	17,161	16,023	155
Provision for Directors' Bonuses	294	276	3
Liabilities for Retirement Benefits	13,470	13,048	121
Provision for Reward Points Program	18,282	18,457	165
Provision for Reimbursement of Deposits	5,250	3,548	47
Provision for Contingent Losses	3,465	4,628	31
Deferred Tax Liabilities	148,972	176,113	1,343
Deferred Tax Liabilities for Land Revaluation (Note 6)	2,847	3,016	26
Acceptances and Guarantees	557,007	508,930	5,020
Total Liabilities	¥ 54,441,730	¥ 52,093,216	$ 490,687
Net Assets:			
Total Shareholders' Equity:	¥ 2,041,013	¥ 2,064,444	$ 18,396
Capital Stock	342,037	342,037	3,083
Capital Surplus	391,397	455,988	3,528
Retained Earnings	1,307,578	1,266,419	11,785
Total Accumulated Other Comprehensive Income:	424,472	509,704	3,826
Valuation Differences on Available-for-Sale Securities	481,923	531,047	4,344
Deferred Gains (Losses) on Hedges	(36,833)	(22,773)	(332)
Revaluation Reserve for Land (Note 6)	(2,345)	(1,412)	(21)
Foreign Currency Translation Adjustments	4,394	2,166	40
Adjustments for Retirement Benefits	(22,665)	677	(204)
Non-Controlling Interests	34,393	143,439	310
Total Net Assets	¥ 2,499,879	¥ 2,717,588	$ 22,532
Total Liabilities and Net Assets	¥ 56,941,609	¥ 54,810,805	$ 513,219

	Yen		U.S. Dollars
Net Assets per Share of Common Stock	¥ 1,472.33	¥ 1,537.23	$ 13.27

See accompanying notes.
The figures in U.S. dollars are converted from yen for the convenience of readers outside Japan at the rate of ¥110.95 to U.S. $1.00, the exchange rate prevailing as of March 31, 2019.

Financial Data:

Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Income:			
Trust Fees	¥ 100,301	¥ 94,624	$ 904
Interest Income:	511,540	431,598	4,611
Interest on Loans and Discounts	363,275	310,083	3,274
Interest and Dividends on Securities	92,672	82,503	835
Interest on Call Loans and Bills Bought	1,522	1,900	14
Interest on Receivables under Resale Agreements	926	1,295	8
Interest on Receivables under Securities Borrowing Transactions	0	5	0
Interest on Deposits with Banks	44,755	29,347	403
Other Interest Income (Note 1)	8,387	6,463	76
Fees and Commissions	383,437	380,132	3,456
Trading Income (Note 2)	27,926	10,035	252
Other Ordinary Income (Note 3)	357,080	306,724	3,218
Other Income (Note 4)	71,551	127,725	645
Total Income	¥ 1,451,837	¥ 1,350,842	$ 13,086
Expenses:			
Interest Expenses:	¥ 372,068	¥ 246,248	$ 3,353
Interest on Deposits	128,785	95,756	1,161
Interest on Negotiable Certificates of Deposit	81,292	42,334	733
Interest on Call Money and Bills Sold	2,213	1,290	20
Interest on Payables under Repurchase Agreements	35,615	16,404	321
Interest on Payables under Securities Lending Transactions	2,636	234	24
Interest on Borrowings	23,291	20,197	210
Interest on Short-Term Bonds	23,343	4,815	210
Interest on Bonds	16,449	16,888	148
Other Interest Expenses (Note 1)	58,439	48,325	527
Fees and Commissions Payments	109,242	104,778	985
Other Ordinary Expenses (Note 3)	250,699	230,440	2,260
General and Administrative Expenses (Note 5)	407,483	419,102	3,673
Other Expenses (Note 4)	76,810	115,504	692
Total Expenses	¥ 1,216,303	¥ 1,116,073	$ 10,963
Income before Income Taxes	¥ 235,533	¥ 234,768	$ 2,123
Income Taxes:	69,952	71,330	630
Current	64,849	55,739	584
Deferred	5,103	15,591	46
Net Income	¥ 165,580	¥ 163,437	$ 1,492
Net Income Attributable to Non-Controlling Interests	4,035	7,561	36
Net Income Attributable to Owners of the Parent	¥ 161,545	¥ 155,875	$ 1,456

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 96.47	¥ 93.08	$ 0.87

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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Income	**¥ 165,580**	¥ 163,437	**$ 1,492**
Other Comprehensive Income (Loss):			
Valuation Differences on Available-for-Sale Securities	**(50,857)**	39,248	**(458)**
Deferred Gains (Losses) on Hedges	**(13,417)**	(2,491)	**(121)**
Foreign Currency Translation Adjustments	**628**	2,501	**6**
Remeasurements of Defined Benefit Plans	**(23,373)**	30,164	**(211)**
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	**772**	(657)	**7**
Total Other Comprehensive Income (Loss) (Note)	**¥ (86,246)**	¥ 68,766	**$ (777)**
Comprehensive Income:	**¥ 79,333**	¥ 232,204	**$ 715**
Comprehensive Income Attributable to Owners of the Parent	**75,391**	224,535	**680**
Comprehensive Income Attributable to Non-Controlling Interests	**3,942**	7,668	**36**

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, 2019 and 2018

From April 1, 2018 to March 31, 2019

	Millions of Yen			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	¥ 342,037	¥ 455,988	¥ 1,266,419	¥ 2,064,444
Changes during the Year				
Cash Dividends		(46,033)	(121,320)	(167,353)
Net Income Attributable to Owners of the Parent			161,545	161,545
Decrease by Corporate Division - Split-off Type		(18,540)		(18,540)
Purchase of Shares of Consolidated Subsidiaries		(17)		(17)
Reversal of Revaluation Reserve for Land			933	933
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(64,590)	41,158	(23,431)
Balance at the End of the Year	¥ 342,037	¥ 391,397	¥ 1,307,578	¥ 2,041,013

	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	¥ 531,047	¥ (22,773)	¥ (1,412)	¥ 2,166	¥ 677	¥ 509,704	¥ 143,439	¥ 2,717,588
Changes during the Year								
Cash Dividends								(167,353)
Net Income Attributable to Owners of the Parent								161,545
Decrease by Corporate Division - Split-off Type								(18,540)
Purchase of Shares of Consolidated Subsidiaries								(17)
Reversal of Revaluation Reserve for Land								933
Net Changes of Items Other Than Shareholders' Equity	(49,123)	(14,060)	(933)	2,227	(23,342)	(85,231)	(109,045)	(194,277)
Total Changes during the Year	(49,123)	(14,060)	(933)	2,227	(23,342)	(85,231)	(109,045)	(217,709)
Balance at the End of the Year	¥ 481,923	¥ (36,833)	¥ (2,345)	¥ 4,394	¥ (22,665)	¥ 424,472	¥ 34,393	¥ 2,499,879

See accompanying notes.

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
Decrease by Corporate Division - Split-off Type		—		—
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
Decrease by Corporate Division - Split-off Type								—
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, 2018 to March 31, 2019

	Millions of U.S. Dollars			
	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at the Beginning of the Year	$ 3,083	$ 4,110	$ 11,414	$ 18,607
Changes during the Year				
Cash Dividends		(415)	(1,093)	(1,508)
Net Income Attributable to Owners of the Parent			1,456	1,456
Decrease by Corporate Division - Split-off Type		(167)		(167)
Purchase of Shares of Consolidated Subsidiaries		(0)		(0)
Reversal of Revaluation Reserve for Land			8	8
Net Changes of Items Other Than Shareholders' Equity				
Total Changes during the Year	—	(582)	371	(211)
Balance at the End of the Year	$ 3,083	$ 3,528	$ 11,785	$ 18,396

	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	$ 4,786	$ (205)	$ (13)	$ 20	$ 6	$ 4,594	$ 1,293	$ 24,494
Changes during the Year								
Cash Dividends								(1,508)
Net Income Attributable to Owners of the Parent								1,456
Decrease by Corporate Division - Split-off Type								(167)
Purchase of Shares of Consolidated Subsidiaries								(0)
Reversal of Revaluation Reserve for Land								8
Net Changes of Items Other Than Shareholders' Equity	(443)	(127)	(8)	20	(210)	(768)	(983)	(1,751)
Total Changes during the Year	(443)	(127)	(8)	20	(210)	(768)	(983)	(1,962)
Balance at the End of the Year	$ 4,344	$ (332)	$ (21)	$ 40	$ (204)	$ 3,826	$ 310	$ 22,532

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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 235,533	¥ 234,768	$ 2,123
Depreciation and Amortization	32,470	28,319	293
Impairment Losses	16,817	7,876	152
Amortization of Goodwill	9,968	9,968	90
Equity in Losses (Earnings) of Affiliated Companies	(5,978)	(5,781)	(54)
Increase (Decrease) in Allowance for Loan Losses	(3,132)	(12,891)	(28)
Increase (Decrease) in Provision for Bonuses	1,138	294	10
Increase (Decrease) in Provision for Directors' Bonuses	17	17	0
Decrease (Increase) in Assets for Retirement Benefits	27,395	(27,851)	247
Increase (Decrease) in Liabilities for Retirement Benefits	935	1,928	8
Increase (Decrease) in Provision for Reward Points Program	(175)	938	(2)
Increase (Decrease) in Provision for Reimbursement of Deposits	1,702	(35)	15
Increase (Decrease) in Provision for Contingent Losses	(1,162)	(3,145)	(10)
Interest Income	(511,540)	(431,598)	(4,611)
Interest Expenses	372,068	246,248	3,353
Loss (Gain) Related to Securities	(8,915)	(396)	(80)
Loss (Gain) on Money Held in Trust	(72)	(70)	(1)
Foreign Exchange Losses (Gains)	(38,601)	53,813	(348)
Loss (Gain) on Disposal of Fixed Assets	(1,006)	(16,299)	(9)
Net Decrease (Increase) in Trading Assets	(91,683)	133,269	(826)
Net Increase (Decrease) in Trading Liabilities	(7,376)	(100,730)	(66)
Net Decrease (Increase) in Loans and Bills Discounted	(1,018,847)	(14,672)	(9,183)
Net Increase (Decrease) in Deposits	2,398,945	329,059	21,622
Net Increase (Decrease) in Negotiable Certificates of Deposit	(187,713)	(772,281)	(1,692)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(326,251)	931,928	(2,941)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	334,589	112,154	3,016
Net Decrease (Increase) in Call Loans	(179,128)	(57,294)	(1,614)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(135,764)	(159,092)	(1,224)
Net Increase (Decrease) in Call Money	(215,448)	483,959	(1,942)
Net Increase (Decrease) in Payables under Securities Lending Transactions	63,468	27,600	572
Net Decrease (Increase) in Foreign Exchange-Assets	(11,382)	(9,364)	(103)
Net Increase (Decrease) in Foreign Exchange-Liabilities	(1,526)	1,748	(14)
Net Decrease (Increase) in Lease Receivables and Investment Assets	23,791	(9,430)	214
Net Increase (Decrease) in Short-Term Bonds Payable	409,917	158,620	3,695
Increase (Decrease) in Straight Bonds-Issuance and Redemption	(192,132)	(14,128)	(1,732)
Net Increase (Decrease) in Borrowed Money from Trust Account	235,545	1,198,840	2,123
Interest Received	520,473	419,657	4,691
Interest Paid	(361,651)	(249,546)	(3,260)
Other, Net	(201,676)	(84,057)	(1,818)
Subtotal	¥ 1,183,608	¥ 2,412,342	$ 10,668
Income Taxes (Paid) Refunded	(70,244)	(42,860)	(633)
Net Cash Provided by (Used in) Operating Activities	¥ 1,113,363	¥ 2,369,481	$ 10,035

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash Flows from Investment Activities:			
Purchase of Securities	¥ (6,084,792)	¥ (7,250,600)	$ (54,843)
Proceeds from Sales of Securities	4,399,149	5,436,327	39,650
Proceeds from Redemption of Securities	1,543,239	1,038,214	13,909
Decrease in Money Held in Trust	—	150	—
Purchase of Tangible Fixed Assets	(12,368)	(9,936)	(111)
Proceeds from Sales of Tangible Fixed Assets	2,645	25,059	24
Purchase of Intangible Fixed Assets	(24,719)	(18,557)	(223)
Proceeds from Sales of Intangible Fixed Assets	—	68	—
Purchase of Shares of Affiliated Companies Accounted for Using the Equity Method	(11,178)	(5,536)	(101)
Proceeds from Sales of Shares of Affiliated Companies Accounted for Using the Equity Method	—	961	—
Net Cash Provided by (Used in) Investment Activities	¥ (188,024)	¥ (783,848)	$ (1,695)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	¥ 100,000	¥ 150,000	$ 901
Repayments of Subordinated Borrowings	(20,000)	(25,000)	(180)
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	—	(50,000)	—
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(47)	(113)	(0)
Repayments to Non-Controlling Interests	(110,000)	(50,170)	(991)
Cash Dividends Paid	(167,353)	(91,379)	(1,508)
Cash Dividends Paid to Non-Controlling Interests	(2,648)	(5,699)	(24)
Net Cash Provided by (Used in) Financing Activities	¥ (200,049)	¥ (72,362)	$ (1,803)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ (7,226)	¥ (8,876)	$ (65)
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 718,064	¥ 1,504,394	$ 6,472
Cash and Cash Equivalents at the Beginning of the Year	¥ 13,361,241	¥ 11,856,847	$ 120,426
Net Increase (Decrease) in Cash and Cash Equivalents with Change in the Scope of Consolidation	¥ (2,537)	¥ —	$ (23)
Cash and Cash Equivalents at the End of the Year (Note)	¥ 14,076,767	¥ 13,361,241	$ 126,875

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 ¥110.95 to U.S. $1, the approximate rate of exchange as of March 29, 2019. 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, 2019:

55 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:

SMTP OCEAN PTE. LTD. is newly established and included in the scope of the consolidation from the fiscal year ended March 31, 2019.

STB Preferred Capital 4 (Cayman) Limited and one other company are excluded from the scope of consolidation due to liquidation effective from the fiscal year ended March 31, 2019.

Sumitomo Mitsui Trust International Limited, previously a consolidated subsidiary of SuMi TRUST Bank, became a subsidiary of Sumitomo Mitsui Trust Asset Management Co., Ltd. due to the split of asset management functions from SuMi TRUST Bank and has been excluded from the scope of consolidation effective from the fiscal year ended March 31, 2019.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

Asia GATEWAY I, L.P.

Hummingbird Co., Ltd., and 22 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:
27 companies
Principal Companies:
SBI Sumishin Net Bank, Ltd.
Changes in affiliated companies accounted for by the equity method during the current fiscal year are as follows:
Cardif Assurance Vie Japan and two other companies 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, 2019.

(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 22 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:	6 companies
March 31:	39 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, 2019, 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 inter-market 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, 2019 and 2018.

(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. "Available-for-Sale Securities" 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.

(Changes in Accounting Policies)

The stocks classified as "Available-for-Sale Securities" that have market value are valued at the market price at the balance sheet date effective from the year ended March 31, 2019, which were previously valued at the average market price during the final month of the fiscal year.

SuMi TRUST Bank is currently in the efforts of enhancing company-wide risk management, including reduction of market price fluctuation risk and control of economic value of the strategic shareholdings. In the midst of such circumstances, SuMi TRUST Bank adopted the above change in accounting policies since it came to a conclusion that the market price at the balance sheet date is more appropriate to represent the financial position of the SuMi TRUST Bank Group as of that date, considering the finalization of Basel III reforms in December 2017 and recent discussions over strategic shareholdings.

The new accounting policy is not applied retrospectively as its effects on the consolidated profit and loss for the fiscal year ended March 31, 2018, and cumulative effects up to the beginning of the fiscal year ended March 31, 2019, are immaterial.

(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 ¥17,877 million (U.S. $161 million) and ¥16,705 million as of March 31, 2019 and 2018, 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, 2019, 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 ¥58 million (U.S. $1 million) and ¥90 million (before tax effect) as of March 31, 2019 and 2018, 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 (Accounting Standards Board of Japan (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.

Additional Information

SuMi TRUST Bank and its certain consolidated subsidiaries in Japan received an approval from the commissioner of the National Tax Agency in Japan on the application of a consolidated taxation system with Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as the parent company for consolidated filing, starting from the fiscal year ending March 31, 2020. Accordingly, accounting treatments for the fiscal year ended March 31, 2019, are on the basis of filing the consolidated tax return in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1) (ASBJ Practical Issues Task Force ("PITF") No. 5, January 16, 2015)" and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2) (PITF No. 7, January 16, 2015)."

Notes to the Consolidated Balance Sheet

1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Securities in Trading Account	¥ 106,883	¥ 18,868	$ 963
Derivatives of Trading Securities	—	162	—
Derivatives of Securities Related to Trading Transactions	537	549	5
Trading-Related Financial Derivatives	291,252	300,712	2,625
Other Trading Assets	56,305	43,001	507
Total	¥ 454,978	¥ 363,294	$ 4,101

(2) Trading liabilities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Derivatives of Trading Securities	¥ 35	25	$ 0
Derivatives of Securities Related to Trading Transactions	55	4	0
Trading-Related Financial Derivatives	258,681	266,118	2,332
Total	¥ 258,771	¥ 266,148	$ 2,332

2. Securities

Securities held as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Government Bonds	¥ 420,371	¥ 360,634	$ 3,789
Local Government Bonds	8,764	7,284	79
Corporate Bonds	613,432	598,416	5,529
Stocks	1,535,280	1,656,099	13,838
Other Securities	3,114,714	2,900,713	28,073
Total	¥ 5,692,564	¥ 5,523,148	$ 51,307

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliated companies as follows.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Stocks	¥ 108,170	¥ 93,256	$ 975
Equity Investments	43,364	32,535	391

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
	2019	2018	2019
Securities that are Further Collateralized	¥ 109,732	¥ —	$ 989
Securities that are Further Loaned	1,400,284	1,116,847	12,621
Securities Held without Selling or Repledging as of the End of the Fiscal Year	26,550	27,486	239

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 ¥88,611 million (U.S. $799 million) and ¥95,784 million as of March 31, 2019 and 2018, respectively.

3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Bills Discounted	¥ 1,709	¥ 1,714	$ 15
Loans on Bills	222,160	199,463	2,002
Loans on Deeds	27,182,656	26,148,000	244,999
Overdrafts	1,616,266	1,651,463	14,568
Total	¥ 29,022,792	¥ 28,000,640	$ 261,584

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. The total face value of these bills amounted to ¥1,709 million (U.S. $15 million) and ¥1,714 million as of March 31, 2019 and 2018, respectively.

Loans and bills discounted as of March 31, 2019 and 2018, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans in Bankruptcy Proceedings	¥ 7,096	¥ 6,010	$ 64
Delinquent Loans	70,358	47,560	634
Loans Past Due Three Months or More	—	—	—
Restructured Loans	23,255	24,013	210
Total	¥ 100,710	¥ 77,584	$ 908

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets Pledged as Collateral:			
Trading Assets	¥ 31,497	¥ 8,063	$ 284
Securities	745,379	928,202	6,718
Loans and Bills Discounted	5,022,262	5,116,148	45,266
Lease Receivables and Investment Assets	59,711	25,441	538
Other Assets	359,914	270,982	3,244
Total	¥ 6,218,765	¥ 6,348,839	$ 56,050
Corresponding Liabilities to Assets Pledged as Collateral:			
Deposits	¥ 7,943	¥ 12,894	$ 72
Payables under Repurchase Agreements	787,052	897,680	7,094
Payables under Securities Lending Transactions	104,767	41,299	944
Borrowed Money	2,751,266	2,948,698	24,797

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
	2019	2018	2019
Securities	¥ 396,037	¥ 481,235	$ 3,570

"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
	2019	2018	2019
Initial Margins of Futures Markets	¥ 5,752	¥ 8,733	$ 52
Security Deposits	26,621	24,039	240
Cash Collateral Pledged for Financial Instruments-Assets	609,432	556,806	5,493
Cash Collateral Pledged for Repurchase Agreement Transactions	11,067	10,841	100

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 ¥12,344,898 million (U.S. $111,265 million) and ¥11,873,124 million, of which ¥8,098,841 million (U.S. $72,995 million) and ¥7,952,419 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2019 and 2018, 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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Land	¥ 118,008	¥ 126,297	$ 1,064
Buildings	73,759	72,597	665
Lease Assets	4,493	4,713	40
Construction in Progress	231	88	2
Other	22,817	18,264	206
Total	¥ 219,309	¥ 221,961	$ 1,977

Accumulated depreciation amounted to ¥173,813 million (U.S. $1,567 million) and ¥170,050 million, and advance depreciation amounted to ¥28,822 million (U.S. $260 million) and ¥28,850 million as of March 31, 2019 and 2018, 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 ¥611 million (U.S. $6 million) and ¥3,816 million as of March 31, 2019 and 2018, respectively.

7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Software	¥ 81,585	¥ 84,971	$ 735
Goodwill	63,091	84,537	569
Lease Assets	0	2	0
Other	8,219	8,620	74
Total	¥ 152,896	¥ 178,131	$ 1,378

8. Other Assets

Other assets as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic Exchange Settlement Account, Debit	¥ 951	¥ 375	$ 9
Prepaid Expenses	6,858	6,219	62
Accrued Income	150,788	150,954	1,359
Initial Margins of Futures Markets	5,752	8,733	52
Variation Margins of Futures Markets	1,837	3,747	17
Financial Derivatives Other Than Trading Assets	295,243	288,732	2,661
Receivables for Securities Transactions	403,454	368,518	3,636
Cash Collateral Pledged for Financial Instruments-Assets	609,432	556,806	5,493
Other	512,033	442,909	4,615
Total	¥ 1,986,352	¥ 1,826,996	$ 17,903

9. Deposits

Deposits as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Current Deposits, Ordinary Deposits and Deposits at Notice	¥ 9,594,661	¥ 6,818,062	$ 86,477
Time Deposits	21,147,313	21,417,345	190,602
Other	1,188,721	1,301,727	10,714
Total	¥ 31,930,697	¥ 29,537,135	$ 287,794

10. Borrowed Money

Borrowed money as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Subordinated Borrowings	¥ 660,000	¥ 580,000	$ 5,949
Other Borrowed Money	3,963,801	4,290,083	35,726
Total	¥ 4,623,801	¥ 4,870,083	$ 41,675

Weighted average interest rates on borrowed money were 0.53% and 0.36% for the fiscal years ended March 31, 2019 and 2018, respectively.

Annual maturities of borrowed money as of March 31, 2019, for the next five years are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fiscal Years Ending March 31	2019	2019
2020	¥ 2,906,910	$ 26,200
2021	177,327	1,598
2022	162,694	1,466
2023	114,660	1,033
2024	57,760	521
Total	¥ 3,419,353	$ 30,819

11. Bonds Payable

Bonds payable as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Perpetual Subordinated Bonds	¥ 26,100	¥ 26,100	$ 235
Subordinated Bonds	274,493	274,493	2,474
Other Bonds Payable	477,240	669,372	4,301
Total	¥ 777,834	¥ 969,966	$ 7,011

Annual maturities of bonds payable as of March 31, 2019, for the next five years are as follows:

Fiscal Years Ending March 31	Millions of Yen 2019	Millions of U.S. Dollars 2019
2020	¥ 1,781,413	$ 16,056
2021	232,260	2,093
2022	50,000	451
2023	50,000	451
2024	30,000	270
Total	¥ 2,143,673	$ 19,321

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic Exchange Settlement Account, Credit	¥ 807	¥ 817	$ 7
Income Taxes Payable	23,131	26,077	208
Accrued Expenses	107,774	99,233	971
Unearned Income	78,715	78,660	709
Variation Margins of Futures Markets	—	1,513	—
Financial Derivatives Other Than Trading Liabilities	351,548	351,823	3,169
Lease Obligations	9,536	9,549	86
Asset Retirement Obligations	4,308	4,292	39
Payables for Securities Transactions	85,024	3,234	766
Provision for Loss on Interest Repayment	50	192	0
Cash Collateral Accepted for Financial Instruments-Liabilities	111,555	145,075	1,005
Other	220,790	198,627	1,990
Total	¥ 993,243	¥ 919,098	$ 8,952

Notes to the Consolidated Statement of Income

1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Interest on Monetary Claims Bought	¥ 3,872	¥ 3,130	$ 35
Others	4,515	3,332	41
Total	¥ 8,387	¥ 6,463	$ 76

(2) Other interest expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Interest on Interest Rate Swaps	¥ 36,348	¥ 33,358	$ 328
Others	22,090	14,966	199
Total	¥ 58,439	¥ 48,325	$ 527

2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Income from Trading Securities and Derivatives	¥ 423	¥ 145	$ 4
Net Income from Trading Transactions	583	112	5
Net Income from Trading-Related Financial Derivatives Transactions	26,854	9,719	242
Other Trading Income	64	57	1
Total	¥ 27,926	¥ 10,035	$ 252

(2) Trading expenses were not incurred during the fiscal years ended March 31, 2019 and 2018.

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net Gains on Foreign Exchange Transactions	¥ 96,585	¥ 46,646	$ 871
Gains on Sales and Redemption of Bonds	19,642	23,439	177
Net Income from Derivatives Other Than for Trading or Hedging	—	9,144	—
Others	240,852	227,493	2,171
Total	¥ 357,080	¥ 306,724	$ 3,218

(2) Other ordinary expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Losses on Sales and Redemption of Bonds	¥ 23,071	¥ 29,132	$ 208
Others	227,628	201,307	2,052
Total	¥ 250,699	¥ 230,440	$ 2,260

4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Gains on Sales of Stocks and Other Securities	¥ 44,237	¥ 78,769	$ 399
Gains on Money Held in Trust	72	70	1
Recoveries of Written-Off Claims	1,908	2,818	17
Equity in Earnings of Affiliated Companies	5,978	5,781	54
Gains on Reversal of Allowance for Loan Losses	—	5,289	—
Gains on Disposal of Fixed Assets	1,579	17,364	14
Others	17,773	17,631	160
Total	¥ 71,551	¥ 127,725	$ 645

(2) Other expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Provision for Allowance for Loan Losses	¥ 226	¥ —	$ 2
Losses on Sales of Loans	11	487	0
Write-Off of Loans	4,395	4,538	40
Losses on Sales of Stocks and Other Securities	30,620	72,634	276
Losses on Impairment of Stocks and Other Securities	1,272	44	11
Losses on Money Held in Trust	—	0	—
Losses on Disposal of Fixed Assets	573	1,064	5
Losses on Impairment of Fixed Assets	16,817	7,876	152
Losses on Investment in Partnerships	2,898	2,140	26
Others	19,994	26,716	180
Total	¥ 76,810	¥ 115,504	$ 692

5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Taxes Other Than Income Taxes	¥ 15,766	¥ 17,120	$ 142
Personnel Expenses	183,028	202,603	1,650
Others	208,687	199,378	1,881
Total	¥ 407,483	¥ 419,102	$ 3,673

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Valuation Difference on Available-for-Sale Securities:			
Changes during the Period	¥ (66,690)	¥ 52,664	$ (601)
Reclassification Adjustments	(5,844)	3,599	(53)
Before Tax Effects	(72,535)	56,263	(654)
Tax Effects	21,678	(17,014)	195
Valuation Difference on Available-for-Sale Securities	(50,857)	39,248	(458)
Deferred Gains (Losses) on Hedges:			
Changes during the Period	(55,594)	(36,898)	(501)
Reclassification Adjustments	36,309	33,298	327
Before Tax Effects	(19,285)	(3,600)	(174)
Tax Effects	5,867	1,108	53
Deferred Gains (Losses) on Hedges	(13,417)	(2,491)	(121)
Foreign Currency Translation Adjustments:			
Changes during the Period	628	2,607	6
Reclassification Adjustments	—	(105)	—
Before Tax Effects	628	2,501	6
Tax Effects	—	—	—
Foreign Currency Translation Adjustments	628	2,501	6
Adjustments for Retirement Benefits:			
Changes during the Period	(37,173)	27,027	(335)
Reclassification Adjustments	3,483	16,598	31
Before Tax Effects	(33,690)	43,625	(304)
Tax Effects	10,316	(13,461)	93
Adjustments for Retirement Benefits	(23,373)	30,164	(211)
Share of Other Comprehensive Income of Equity-Method Affiliated Companies:			
Changes during the Period	406	(460)	4
Reclassification Adjustments	366	(196)	3
Share of Other Comprehensive Income of Equity-Method Affiliated Companies	772	(657)	7
Total Other Comprehensive Income (Loss)	¥ (86,246)	¥ 68,766	$ (777)

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 for the fiscal years ended March 31, 2019 and 2018, 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, 2019					
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, 2018					
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, 2019 and 2018, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2019	2018	**2019**
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, 2019 and 2018, consisted of the following:

As for the fiscal year ended March 31, 2019:

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 28, 2018					
Ordinary General Meeting of Shareholders	Common Share	¥ 45,296 ($408)	¥ 27.05 ($0.24)	March 31, 2018	June 29, 2018
		¥ 46,033 ($415)	¥ 27.49 ($0.25)	March 31, 2018	June 29, 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
November 14, 2018					
Board of Directors' Meeting	Common Share	¥ 76,023 ($685)	¥ 45.40 ($0.41)	September 30, 2018	December 3, 2018

Dividends with a record date during the current fiscal year ended March 31, 2019, but whose effective date is after March 31, 2019, are as follows:

(1) Cash dividends paid

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 27, 2019						
Ordinary General Meeting of Shareholders	Common Share	¥ 36,270 ($327)	Retained Earnings	¥ 21.66 ($0.20)	March 31, 2019	June 28, 2019
		¥ 48,544 ($438)	Capital Surplus	¥ 28.99 ($0.26)	March 31, 2019	June 28, 2019

(2) Dividends-in-kind distributed

Resolution	Type of Shares	Type of Dividend Property	Carrying Amount of the Dividend Property: Millions of Yen (Millions of U.S. Dollars)	Dividend Resources	Cash Dividends per Share (Note): Yen (U.S. Dollars)	Record Date	Effective Date
June 27, 2019							
Ordinary General Meeting of Shareholders	Common Share	Securities	¥ 107,921 ($973)	Retained Earnings	¥ — ($—)	March 31, 2019	July 1, 2019

(Note) Amounts available for dividends will be allocated in full to the sole owner of the common stock, SuMi TRUST Holdings, and therefore, the amount of cash dividends per share is not determined.

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	Yen		
June 29, 2017					
Original General Meeting of Shareholders	Common Share	¥ 34,227	¥ 20.44	March 31, 2017	June 30, 2017
		36,019	21.51	March 31, 2017	June 30, 2017

Resolution	Type of Shares	Cash Dividends Declared	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen	Yen		
November 14, 2017					
Board of Directors' Meeting	Common Share	¥ 21,132	¥ 12.62	September 30, 2017	December 1, 2017

Dividends with a record date during the 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	Dividend Resources	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
June 28, 2018						
Ordinary General Meeting of Shareholders	Common Share	¥ 45,296	Retained Earnings	¥ 27.05	March 31, 2018	June 29, 2018
		¥ 46,033	Capital Surplus	¥ 27.49	March 31, 2018	June 29, 2018

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 sheet as of March 31, 2019 and 2018.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	**2019**
Cash and Due from Banks	**¥ 16,042,864**	¥ 15,661,926	**$ 144,595**
Due from Banks (Excluding Due from the Bank of Japan)	**(1,966,096)**	(2,300,685)	**(17,721)**
Cash and Cash Equivalents	**¥ 14,076,767**	¥ 13,361,241	**$ 126,875**

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, 2019 and 2018, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Due in One Year or Less	¥ 3,654	¥ 2,590	$ 33
Due in More Than One Year	22,356	13,213	202
Total	¥ 26,010	¥ 15,803	$ 234

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Due in One Year or Less	¥ 3,003	¥ 1,398	$ 27
Due in More Than One Year	11,279	1,052	102
Total	¥ 14,282	¥ 2,450	$ 129

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.

VaR based on the internally developed model is calculated basically using the historical simulation method. 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 historical simulation method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 1,300 business days).

As of March 31, 2019, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥4.5 billion (U.S. $41 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, 2019, 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 historical simulation method is the primary measurement method (with a holding period of a maximum of one year according to a position; confidence interval of 99%; and observation period of 1,300 business days).

As of March 31, 2019, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥687.8 billion (U.S. $6,199 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, 2019 and 2018, 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		
	2019			2019		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 16,042,791	¥ 16,042,791	¥ —	$ 144,595	$ 144,595	$ —
(2) Call Loans and Bills Bought	50,124	50,124	—	452	452	—
(3) Receivables under Resale Agreements	158,734	158,734	—	1,431	1,431	—
(4) Receivables under Securities Borrowing Transactions	759,812	759,812	—	6,848	6,848	—
(5) Monetary Claims Bought (*1)	1,071,381	1,072,265	883	9,656	9,664	8
(6) Trading Assets						
Trading Securities	163,188	163,188	—	1,471	1,471	—
(7) Money Held in Trust	1,293	1,293	—	12	12	—
(8) Securities						
Held-to-Maturity Debt Securities	189,663	211,291	21,627	1,709	1,904	195
Available-for-Sale Securities	5,183,912	5,183,912	—	46,723	46,723	—
(9) Loans and Bills Discounted	29,022,792			261,584		
Allowance for Loan Losses (*2)	(90,216)			(813)		
	28,932,576	29,195,077	262,501	260,771	263,137	2,366
(10) Foreign Exchanges	36,936	36,936	—	333	333	—
(11) Lease Receivables and Investment Assets (*1)	650,859	666,194	15,335	5,866	6,004	138
Total Assets	¥ 53,241,275	¥ 53,541,623	¥ 300,348	$ 479,867	$ 482,574	$ 2,707
(1) Deposits	¥ 31,930,697	¥ 31,952,731	¥ 22,034	$ 287,794	$ 287,992	$ 199
(2) Negotiable Certificates of Deposit	6,428,622	6,428,622	—	57,942	57,942	—
(3) Call Money and Bills Sold	72,793	72,793	—	656	656	—
(4) Payables under Repurchase Agreements	1,603,191	1,603,191	—	14,450	14,450	—
(5) Payables under Securities Lending Transactions	104,767	104,767	—	944	944	—
(6) Borrowed Money	4,623,801	4,646,002	22,200	41,675	41,875	200
(7) Foreign Exchanges	457	457	—	4	4	—
(8) Short-Term Bonds Payable	1,472,786	1,472,786	—	13,274	13,274	—
(9) Bonds Payable	777,834	795,153	17,319	7,011	7,167	156
(10) Borrowed Money from Trust Account	5,408,009	5,408,009	—	48,743	48,743	—
Total Liabilities	¥ 52,422,962	¥ 52,484,517	¥ 61,554	$ 472,492	$ 473,047	$ 555
Derivatives Transactions (*3)						
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 38,370	¥ 38,370	¥ —	$ 346	$ 346	$ —
Derivatives Transactions Qualifying for Hedge Accounting	(61,658)	(61,658)	—	(556)	(556)	—
Total Derivatives Transactions	¥ (23,288)	¥ (23,288)	¥ —	$ (210)	$ (210)	$ —

	Millions of Yen		
	2018		
	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	¥ 15,661,847	¥ 15,661,847	¥ —
(2) Call Loans and Bills Bought	92,951	92,951	—
(3) Receivables under Resale Agreements	63,531	63,531	—
(4) Receivables under Securities Borrowing Transactions	624,048	624,048	—
(5) Monetary Claims Bought (*1)	940,615	941,642	1,026
(6) Trading Assets			
Trading Securities	61,869	61,869	—
(7) Money Held in Trust	1,257	1,257	—
(8) Securities			
Held-to-Maturity Debt Securities	183,909	205,711	21,801
Available-for-Sale Securities	5,069,107	5,069,107	—
(9) Loans and Bills Discounted	28,000,640		
Allowance for Loan Losses (*2)	(90,357)		
	27,910,282	28,123,802	213,520
(10) Foreign Exchanges	25,554	25,554	—
(11) Lease Receivables and Investment Assets (*1)	674,807	688,973	14,165
Total Assets	¥ 51,309,784	¥ 51,560,297	¥ 250,513
(1) Deposits	¥ 29,537,135	¥ 29,563,808	¥ 26,673
(2) Negotiable Certificates of Deposit	6,616,336	6,616,336	—
(3) Call Money and Bills Sold	436,931	436,931	—
(4) Payables under Repurchase Agreements	1,454,855	1,454,855	—
(5) Payables under Securities Lending Transactions	41,299	41,299	—
(6) Borrowed Money	4,870,083	4,888,995	18,911
(7) Foreign Exchanges	1,984	1,984	—
(8) Short-Term Bonds Payable	1,062,869	1,062,869	—
(9) Bonds Payable	969,966	988,675	18,709
(10) Borrowed Money from Trust Account	5,172,463	5,172,463	—
Total Liabilities	¥ 50,163,925	¥ 50,228,220	¥ 64,294
Derivatives Transactions (*3)			
Derivatives Transactions Not Qualifying for Hedge Accounting	¥ 24,134	¥ 24,134	¥ —
Derivatives Transactions Qualifying for Hedge Accounting	(51,950)	(51,950)	—
Total Derivatives Transactions	¥ (27,815)	¥ (27,815)	¥ —

(*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 most of obligations 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
	2019	2018	2019
	Carrying Amount	Carrying Amount	Carrying Amount
Monetary Claims Bought	¥ 10,508	¥ 14,562	$ 95
Securities	167,454	144,337	1,509
(1) Unlisted Stocks (*3)	61,281	61,240	552
(2) Investments in Associations	74,773	63,724	674
(3) Others (*3)	31,398	19,372	283
Total	¥ 177,962	¥ 158,900	$ 1,604

(*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, 2019, impairment losses of ¥477 million (U.S. $4 million) were recognized against Unlisted Stocks.

During the fiscal year ended March 31, 2018, impairment losses of ¥3 million and ¥0 million were recognized against Unlisted Stocks and Others, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2019 and 2018

	Millions of Yen					
March 31, 2019	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	¥ 15,857,622	¥ 10,863	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	50,124	—	—	—	—	—
Receivables under Resale Agreements	136,544	22,190	—	—	—	—
Receivables under Securities Borrowing Transactions	759,812	—	—	—	—	—
Monetary Claims Bought (*1)	860,447	98,801	40,846	21,837	23,039	36,619
Money Held in Trust	100	—	1,293	—	—	—
Securities	660,837	362,284	1,098,426	467,921	616,206	667,284
Held-to-Maturity Debt Securities	25,636	—	—	4,779	40,000	115,606
Government Bonds	—	—	—	60	40,000	75,000
Corporate Bonds	—	—	—	—	—	33,200
Available-for-Sale Securities with Maturity	635,200	362,284	1,098,426	463,142	576,206	551,678
Government Bonds	269,506	15,154	—	—	—	15,000
Local Government Bonds	—	1,228	1,675	564	5,240	—
Corporate Bonds	18,152	109,488	157,385	185,850	61,602	44,971
Loans and Bills Discounted (*2)	4,427,885	5,431,777	4,467,195	3,162,082	2,235,338	6,690,158
Lease Receivables and Investment Assets (*3)	163,976	236,967	115,046	66,938	43,513	13,139
Total	¥ 22,917,352	¥ 6,162,883	¥ 5,722,808	¥ 3,718,779	¥ 2,918,097	¥ 7,407,202

	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	¥ 21,982,222	¥ 6,346,402	¥ 5,019,437	¥ 3,272,200	¥ 3,330,464	¥ 7,169,320

	Millions of U.S. Dollars					
March 31, 2019	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	$ 142,926	$ 98	$ —	$ —	$ —	$ —
Call Loans and Bills Bought	452	—	—	—	—	—
Receivables under Resale Agreements	1,231	200	—	—	—	—
Receivables under Securities Borrowing Transactions	6,848	—	—	—	—	—
Monetary Claims Bought (*1)	7,755	891	368	197	208	330
Money Held in Trust	1	—	12	—	—	—
Securities	5,956	3,265	9,900	4,217	5,554	6,014
Held-to-Maturity Debt Securities	231	—	—	43	361	1,042
Government Bonds	—	—	—	1	361	676
Corporate Bonds	—	—	—	—	—	299
Available-for-Sale Securities with Maturity	5,725	3,265	9,900	4,174	5,193	4,972
Government Bonds	2,429	137	—	—	—	135
Local Government Bonds	—	11	15	5	47	—
Corporate Bonds	164	987	1,419	1,675	555	405
Loans and Bills Discounted (*2)	39,909	48,957	40,263	28,500	20,147	60,299
Lease Receivables and Investment Assets (*3)	1,478	2,136	1,037	603	392	118
Total	$ 206,556	$ 55,546	$ 51,580	$ 33,518	$ 26,301	$ 66,762

(*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 ¥100 million (U.S. $1million) and ¥55 million as of March 31, 2019 and 2018, 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 ¥77,454 million (U.S. $698 million) and ¥53,571 million, and those without maturity, amounting to ¥2,530,900 million (U.S. $22,811 million) and ¥2,353,715 million as of March 31, 2019 and 2018, 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 ¥1,229 million (U.S. $11 million) and ¥738 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥12,635 million (U.S. $114 million) and ¥12,495 million as of March 31, 2019 and 2018, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2019 and 2018

	Millions of Yen					
March 31, 2019	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)	¥ 24,618,014	¥ 5,169,969	¥ 2,140,992	¥ 1,313	¥ 406	¥ —
Negotiable Certificates of Deposit	6,244,373	184,249	—	—	—	—
Call Money and Bills Sold	72,793	—	—	—	—	—
Payables under Repurchase Agreements	1,603,191	—	—	—	—	—
Payables under Securities Lending Transactions	104,767	—	—	—	—	—
Borrowed Money (*2)	2,906,910	340,021	172,421	225,283	299,659	339,506
Short-Term Bonds Payable	1,476,650	—	—	—	—	—
Bonds Payable (*3)	304,763	282,260	80,000	6,500	78,000	—
Borrowed Money from Trust Account	5,408,009	—	—	—	—	—
Total	¥ 42,739,474	¥ 5,976,500	¥ 2,393,414	¥ 233,097	¥ 378,065	¥ 339,506

	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 U.S. Dollars					
March 31, 2019	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)	$ 221,884	$ 46,597	$ 19,297	$ 12	$ 4	$ —
Negotiable Certificates of Deposit	56,281	1,661	—	—	—	—
Call Money and Bills Sold	656	—	—	—	—	—
Payables under Repurchase Agreements	14,450	—	—	—	—	—
Payables under Securities Lending Transactions	944	—	—	—	—	—
Borrowed Money (*2)	26,200	3,065	1,554	2,030	2,701	3,060
Short-Term Bonds Payable	13,309	—	—	—	—	—
Bonds Payable (*3)	2,747	2,544	721	59	703	—
Borrowed Money from Trust Account	48,743	—	—	—	—	—
Total	$ 385,214	$ 53,867	$ 21,572	$ 2,101	$ 3,408	$ 3,060

(*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 ¥340,000 million (U.S. $3,064 million) and ¥310,000 million as of March 31, 2019 and 2018, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥26,100 million (U.S. $235 million) and ¥26,100 million as of March 31, 2019 and 2018, 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
	2019	2018	2019
Trading Securities	¥ 396	¥ (126)	$ 4

2. Held-to-Maturity Securities with Fair Value

	Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	¥ 118,785	¥ 139,413	¥ 20,628
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	33,200	33,777	577
Other Bonds	105,701	106,290	589
Foreign Bonds	32,958	33,421	462
Others	72,742	72,869	127
Subtotal	257,686	279,481	21,795
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	¥ —	¥ —	¥ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	4,719	4,678	(40)
Foreign Bonds	4,719	4,678	(40)
Others	—	—	—
Subtotal	4,719	4,678	(40)
Total	¥ 262,405	¥ 284,160	¥ 21,755

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
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, 2019	Millions of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	$ 1,071	$ 1,257	$ 186
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	299	304	5
Other Bonds	953	958	5
Foreign Bonds	297	301	4
Others	656	657	1
Subtotal	2,323	2,519	196
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	$ —	$ —	$ —
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	43	42	(0)
Foreign Bonds	43	42	(0)
Others	—	—	—
Subtotal	43	42	(0)
Total	$ 2,365	$ 2,561	$ 196

3. Available-for-Sale Securities

March 31, 2019	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	¥ 1,322,686	¥ 510,373	¥ 812,313
Bonds	549,521	545,928	3,592
Government Bonds	128,921	128,559	362
Local Government Bonds	7,202	7,143	59
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	413,397	410,226	3,170
Other Securities	1,048,184	1,013,984	34,199
Foreign Stocks	2,655	194	2,461
Foreign Bonds	713,975	704,807	9,168
Others	331,552	308,982	22,570
Subtotal	2,920,392	2,070,287	850,104
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	¥ 48,927	¥ 64,770	¥ (15,843)
Bonds	341,062	341,475	(413)
Government Bonds	172,664	172,688	(24)
Local Government Bonds	1,562	1,564	(1)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	166,835	167,223	(387)
Other Securities	1,900,226	2,047,460	(147,233)
Foreign Stocks	3,461	3,926	(465)
Foreign Bonds	741,247	745,713	(4,466)
Others	1,155,517	1,297,820	(142,302)
Subtotal	2,290,215	2,453,706	(163,490)
Total	¥ 5,210,608	¥ 4,523,993	¥ 686,614

	Millions of Yen		
March 31, 2018	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, 2019	Millions of U.S. Dollars		
	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	$ 11,921	$ 4,600	$ 7,321
Bonds	4,953	4,920	32
Government Bonds	1,162	1,159	3
Local Government Bonds	65	64	1
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,726	3,697	29
Other Securities	9,447	9,139	308
Foreign Stocks	24	2	22
Foreign Bonds	6,435	6,352	83
Others	2,988	2,785	203
Subtotal	26,322	18,660	7,662
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	$ 584	$ 441	$ (143)
Bonds	3,078	3,074	(4)
Government Bonds	1,556	1,556	(0)
Local Government Bonds	14	14	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	1,507	1,504	(3)
Other Securities	18,454	17,127	(1,327)
Foreign Stocks	35	31	(4)
Foreign Bonds	6,721	6,681	(40)
Others	11,697	10,415	(1,283)
Subtotal	22,115	20,642	(1,474)
Total	$ 40,775	$ 46,964	$ 6,189

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, 2019 and 2018.

5. Available-for-Sale Securities Sold during the Fiscal Year

Year Ended March 31, 2019	Millions of Yen		
	Amount Sold	Gain	Loss
Stocks	¥ 59,051	¥ 31,224	¥ 4,716
Bonds	308,004	1,688	1,007
Government Bonds	248,161	1,460	954
Local Government Bonds	7,077	2	24
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	52,766	225	28
Other Securities	4,066,610	30,911	47,967
Foreign Stocks	8,114	2	1,138
Foreign Bonds	3,278,617	17,131	21,191
Others	779,878	13,777	25,637
Total	¥ 4,433,666	¥ 63,824	¥ 53,691

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 Stocks	6,718	578	—
Foreign Bonds	3,740,837	22,300	28,272
Others	1,373,515	37,700	72,431
Total	¥ 5,753,109	¥ 101,345	¥ 101,767

Year Ended March 31, 2019	Millions of U.S. Dollars		
	Amount Sold	Gain	Loss
Stocks	$ 532	$ 281	$ 43
Bonds	2,776	15	9
Government Bonds	2,237	13	9
Local Government Bonds	64	0	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	476	2	0
Other Securities	36,653	279	432
Foreign Stocks	73	0	10
Foreign Bonds	29,550	154	191
Others	7,029	124	231
Total	$ 39,961	$ 575	$ 484

(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 years ended March 31, 2019 and 2018.

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, 2019 and 2018, were ¥794 million (U.S. $7 million) and ¥41 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 years ended March 31, 2019 and 2018.

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, 2019 and 2018.

3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

	Millions of Yen				
March 31, 2019	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	¥ 1,393	¥ 978	¥ 415	¥ 415	¥ —

	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 U.S. Dollars				
March 31, 2019	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	2019	2018	2019
Valuation Differences			
Available-for-Sale Securities	¥ 688,119	¥ 760,681	$ 6,202
Other Money Held in Trust	415	382	4
Total Valuation Differences	688,534	761,064	6,206
Amount Equivalent to Deferred Tax Assets (Liabilities)	(209,008)	(230,665)	(1,884)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	479,525	530,399	4,322
Non-Controlling Interests	(266)	(359)	(2)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	2,663	1,007	24
Valuation Differences on Available-for-Sale Securities	¥ 481,923	¥ 531,047	$ 4,344

(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 ¥1,589 million (U.S. $14 million) and ¥1,213 million on available-for-sale securities composing assets held by associated companies as of March 31, 2019 and 2018, 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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Interest Futures								
Sold	¥ 44,621,033	¥ 16,573,349	¥ (48,367)	¥ (48,367)	$ 402,172	$ 149,377	$ (436)	$ (436)
Purchased	44,455,416	16,528,250	47,846	47,846	400,680	148,970	431	431
Interest Options								
Sold	5,228,027	278,836	(303)	528	47,121	2,513	(3)	5
Purchased	4,173,799	222,706	306	(566)	37,619	2,007	3	(5)
OTC								
Forward Rate Agreements								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fixed Interest Rate Receivable/ Floating Interest Rate Payable	61,744,126	46,363,011	1,070,742	1,070,742	556,504	417,873	9,651	9,651
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	57,657,504	43,512,290	(1,063,552)	(1,063,552)	519,671	392,179	(9,586)	(9,586)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	20,877,371	16,746,641	2,295	2,295	188,169	150,939	21	21
Interest Options								
Sold	7,529,147	7,519,158	(8,106)	6,223	67,861	67,771	(73)	56
Purchased	3,541,520	3,537,021	13,810	7,641	31,920	31,879	124	69
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 14,671	¥ 22,789			$ 132	$ 205

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Interest Futures				
Sold	¥ 20,899,819	¥ 7,118,121	¥ 16,895	¥ 16,895
Purchased	20,676,102	6,690,133	(15,416)	(15,416)
Interest Options				
Sold	4,624,808	189,094	(1,321)	(579)
Purchased	3,189,370	101,734	1,264	477
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
Floating Interest Rate Receivable/ Fixed Interest Rate Payable	64,890,775	49,857,111	(675,074)	(675,074)
Floating Interest Rate Receivable/ Floating Interest Rate Payable	24,352,590	16,065,746	4,068	4,068
Interest Options				
Sold	5,993,299	5,969,378	9,401	26,359
Purchased	2,751,013	2,751,013	8,635	728
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ 37,111	¥ 46,117

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 4,061,705	¥ 3,842,184	¥ 9,866	¥ 9,866	$ 36,608	$ 34,630	$ 89	$ 89
Forward Exchange Contracts								
Sold	12,654,686	706,425	(31,223)	(31,223)	114,058	6,367	(281)	(281)
Purchased	15,911,526	286,942	50,008	50,008	143,412	2,586	451	451
Currency Options								
Sold	1,292,446	604,105	(40,734)	16,433	11,649	5,445	(367)	148
Purchased	1,036,045	433,558	39,396	(12,040)	9,338	3,908	355	(109)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 27,312	¥ 33,044			$ 246	$ 298

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	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
Forward Exchange Contracts				
Sold	14,529,056	369,272	82,172	82,172
Purchased	18,239,528	348,180	(100,230)	(100,230)
Currency Options				
Sold	1,179,704	555,407	(39,929)	13,630
Purchased	1,055,874	470,286	45,076	(4,855)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (6,707)	¥ (3,079)

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 54,354	¥ —	¥ (400)	¥ (400)	$ 490	$ —	$ (4)	$ (4)
Purchased	40,433	—	318	318	364	—	3	3
Stock Index Options								
Sold	56,344	—	(334)	77	508	—	(3)	1
Purchased	73,517	—	162	(212)	663	—	1	(2)
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			¥ (253)	¥ (216)			$ (2)	$ (2)

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Stock Index Futures				
Sold	¥ 94,748	¥ —	¥ 1,168	¥ 1,168
Purchased	82,445	—	(1,027)	(1,027)
Stock Index Options				
Sold	50,976	—	(553)	(155)
Purchased	5,683	—	133	95
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

(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, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional Amount		Fair Value	Valuation Difference	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year			Total	Over One Year		
Listed								
Bond Futures								
Sold	¥ 1,785,463	¥ —	¥ (25,077)	¥ (25,077)	$ 16,093	$ —	$ (226)	$ (226)
Purchased	1,951,521	—	22,782	22,782	17,589	—	205	205
Bond Future Options								
Sold	223,845	—	(922)	(92)	2,018	—	(8)	(1)
Purchased	160,416	—	742	388	1,446	—	7	3
OTC								
Bond Forward Contracts								
Sold	¥ 201,772	¥ —	¥ (1,339)	¥ (1,339)	$ 1,819	$ —	$ (12)	$ (12)
Purchased	68,671	—	393	393	619	—	4	4
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (3,420)	¥ (2,944)			$ (31)	$ (27)

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
Listed				
Bond Futures				
Sold	¥ 1,746,476	¥ —	¥ (14,140)	¥ (14,140)
Purchased	1,251,702	—	10,247	10,247
Bond Future Options				
Sold	236,915	—	(1,409)	(597)
Purchased	74,593	—	65	(14)
OTC				
Bond Forward Contracts				
Sold	¥ 178,508	¥ —	¥ (1,120)	¥ (1,120)
Purchased	152,639	—	493	493
Bond Options				
Sold	12,837	—	(103)	(61)
Purchased	17,889	—	178	75
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (5,790)	¥ (5,118)

(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 option-pricing models.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2019 and 2018.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2019 and 2018, consist of the following:

	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 67,343	¥ 49,843	¥ 1,015	¥ 1,015	$ 607	$ 449	$ 9	$ 9
Purchased	64,155	46,655	(955)	(955)	578	421	(9)	(9)
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 60	¥ 60			$ 1	$ 1

	Millions of Yen			
	2018			
	Notional Amount		Fair Value	Valuation Difference
	Total	Over One Year		
OTC				
Credit Default Swaps				
Sold	¥ 81,400	¥ 56,600	¥ 1,416	¥ 1,416
Purchased	92,024	67,224	(1,616)	(1,616)
Others				
Sold	—	—	—	—
Purchased	—	—	—	—
Total			¥ (199)	¥ (199)

(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 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, 2019 and 2018, consist of the following:

	Major Hedged Item	Millions of Yen			Millions of U.S. Dollars		
		2019			2019		
		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	¥ 1,494,651	¥ 796,511	¥ 1,461	$ 13,471	$ 7,179	$ 13
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,469,681	1,392,602	(37,909)	13,246	12,552	(342)
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		200	—	(Note3)	2	—	(Note3)
Total				¥ (36,448)			$ (329)

	Major Hedged Item	Millions of Yen		
		2018		
		Notional Amount		Fair Value
		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)
Floating Interest Rate Receivable/ Fixed Interest Rate Payable		1,239,085	1,172,805	(25,769)
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)
Total				¥ (26,357)

(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, 2019 and 2018, consist of the following:

	Major Hedged Item	Millions of Yen 2019 Notional Amount Total	Millions of Yen 2019 Notional Amount Over One Year	Millions of Yen 2019 Fair Value	Millions of U.S. Dollars 2019 Notional Amount Total	Millions of U.S. Dollars 2019 Notional Amount Over One Year	Millions of U.S. Dollars 2019 Fair Value
Deferral Method							
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 1,557,814	¥ 955,752	¥(24,756)	$ 14,041	$ 8,614	$ (223)
Forward Exchange Contracts							
Sold		6,068	—	(127)	55	—	(1)
Purchased		17,856	—	63	161	—	1
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		¥ 69,961	¥ —	¥ (391)	$ 631	$ —	$ (4)
Purchased		—	—	—	—	—	—
Total				¥(25,210)			$ (227)

	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
Deferral Method				
Currency Swaps	Loans and Bills Discounted and Securities Denominated in Foreign Currencies	¥ 2,495,792	¥ 837,237	¥ (26,721)
Forward Exchange Contracts				
Sold		10,415	—	358
Purchased		39,576	—	(172)
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
Purchased		—	—	—
Total				¥ (25,592)

(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, 2019 and 2018.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2019 and 2018.

Retirement and Pension Plans

Retirement and Pension Plans for the Fiscal Years Ended March 31, 2019 and 2018

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
	2019	2018	2019
Retirement Benefit Obligations (opening balance)	¥ 465,406	¥ 465,692	$ 4,195
Service Cost-Benefits Earned during the Fiscal Year	14,192	14,496	128
Interest Cost on Projected Benefit Obligations	2,337	2,353	21
Actuarial Gains and Losses that Arose during the Fiscal Year	688	720	6
Retirement Benefits Paid	(18,095)	(17,856)	(163)
Past Service Cost that Arose during the Fiscal Year	(176)	—	(2)
Retirement Benefit Obligations (closing balance)	¥ 464,353	¥ 465,406	$ 4,185

(2) Reconciliation of Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Plan Assets (opening balance)	¥ 615,318	¥ 571,449	$ 5,546
Expected Return on Plan Assets	26,844	25,722	242
Actuarial Gains and Losses that Arose during the Fiscal Year	(36,661)	27,748	(330)
Contributions by the Employer	633	6,507	6
Retirement Benefits Paid	(16,342)	(16,108)	(147)
Plan Assets (closing balance)	¥ 589,793	¥ 615,318	$ 5,316

(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
	2019	2018	2019
Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets	¥ 452,344	¥ 453,999	$ 4,077
Plan Assets	(589,793)	(615,318)	(5,316)
	(137,448)	(161,319)	(1,239)
Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets	12,008	11,407	108
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (125,439)	¥ (149,911)	$ (1,131)

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Liabilities for Retirement Benefits	¥ 13,470	¥ 13,048	$ 121
Assets for Retirement Benefits	(138,909)	(162,960)	(1,252)
Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (125,439)	¥ (149,911)	$ (1,131)

(4) Breakdown of Retirement Benefit Expenses

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Service Cost-Benefits Earned during the Fiscal Year	¥ 14,192	¥ 14,496	$ 128
Interest Cost on Projected Benefit Obligations	2,337	2,353	21
Expected Return on Plan Assets	(26,844)	(25,722)	(242)
Amortization of Actuarial Differences	3,480	16,547	31
Amortization of Past Service Cost	2	51	0
Other	608	1,068	5
Retirement Benefit Expenses for Defined Benefit Obligations	¥ (6,223)	¥ 8,795	$ (56)

(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
	2019	2018	2019
Past Service Cost	¥ 178	¥ 51	$ 2
Actuarial Differences	(33,869)	43,574	(305)
Total	¥ (33,690)	¥ 43,625	$ (304)

(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
	2019	2018	**2019**
Unrecognized Past Service Cost	**¥ (165)**	¥ 13	**$ (1)**
Unrecognized Actuarial Differences	**32,850**	(1,018)	**296**
Total	**¥ 32,684**	¥ (1,005)	**$ 295**

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

	Proportion (%)	
	2019	2018
Debt Securities	**27**	20
Equity Securities	**59**	60
Cash and Due from Banks	**2**	2
Other	**12**	18
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 58% and 60% of the total plan asset for the fiscal years ended March 31, 2019 and 2018, 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, 2019 and 2018, are as follows:

	2019	2018
Discount Rate	**Mainly 0.5%**	Mainly 0.5%
Expected Long-Term Rate of Return on Plan Assets	**4.3%**	4.5%

3. Defined Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥2,006 million (U.S. $18 million) and ¥1,841 million for the years ended March 31, 2019 and 2018, respectively.

Stock Option Plans

1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2019 and 2018

There were no corresponding items for the fiscal years ended March 31, 2019 and 2018.

2. Description of Stock Options

Consolidated Subsidiary: Nikko Asset Management Co., Ltd.

The following tables show stock options effective as of March 31, 2019. The number of stock options represents the number of shares after converting into equivalent shares.

(1) Description of Stock Options

Year Ended March 31, 2019	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	Resolution during the Fiscal Year 2017
Number of Eligible Persons and their Position	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 31	Directors and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 36
Number of Stock Options Granted by Class of Share	Common stock: 4,409,000 shares	Common stock: 4,422,000 shares
Grant Date	April 27, 2017	April 27, 2018
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.	The recipient must, in principle, be a director or an employee of Nikko Asset Management Co., Ltd., as of April 27, 2020 ("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 April 27, 2019 to April 30, 2027	From April 27, 2020 to April 30, 2028

(2) Volume and Changes in Stock Options

1) Number of stock options

Year Ended March 31, 2019	Shares	
	Resolution during Fiscal Year 2009	
Grant Date	February 8, 2010	August 20, 2010
Unvested Stock Options		
At the Beginning of the Fiscal Year	1,494,900	108,900
Granted	—	—
Forfeited	323,400	33,000
Vested	—	—
At the End of the Fiscal Year	1,171,500	75,900
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	2,686,200	3,618,000
Granted	—	—
Forfeited	630,300	—
Vested	—	—
At the End of the Fiscal Year	2,055,900	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	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Unvested Stock Options		
At the Beginning of the Fiscal Year	3,877,000	—
Granted	—	4,422,000
Forfeited	66,000	66,000
Vested	—	—
At the End of the Fiscal Year	3,811,000	4,356,000
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, 2019	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	Resolution during Fiscal Year 2017
Grant Date	April 27, 2017	April 27, 2018
Exercise Price	¥ 553	¥ 694
Fair Price on the Grant Date (Note 1)	0	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 ¥2,128 million (U.S. $19 million) as of March 31, 2019.

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 2019	Millions of Yen 2018	Millions of U.S. Dollars 2019
Deferred Tax Assets:			
Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral)	¥ 38,542	¥ 40,233	$ 347
Impairment of Securities	19,163	19,213	173
Deferred Gains (Losses) on Hedges	14,520	8,722	131
Adjustments for Retirement Benefits	10,080	210	91
Other	53,225	54,700	480
Subtotal	¥ 135,533	¥ 123,081	$ 1,222
Valuation Allowance	(14,830)	(18,418)	(134)
Deferred Tax Assets	¥ 120,702	¥ 104,662	$ 1,088
Deferred Tax Liabilities:			
Retirement Benefits	¥ (18,041)	¥ (11,416)	$ (163)
Valuation Differences on Available-for-Sale Securities	(208,571)	(230,198)	(1,880)
Other	(12,456)	(14,063)	(112)
Deferred Tax Liabilities	¥ (239,069)	¥ (255,676)	$ (2,155)
Net Deferred Tax Assets (Liabilities)	¥ (118,366)	¥ (151,015)	$ (1,067)

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, 2019 and 2018.

Business Combinations

Transactions under Common Control

Split and Integration of the Asset Management Function

(1) Overview of transactions

1) Name of the business and its description subject to the transactions

Name of the business:

Asset management business of SuMi TRUST Bank

Description of the business:

Asset management services for corporate and institutional investors

2) Date of the business combination

October 1, 2018

3) Legal form of the business combination

An absorption-type company split between SuMi TRUST Bank as the splitting company, and SuMi TRUST Asset Management Co., Ltd., a consolidated subsidiary of SuMi TRUST Holdings, which is the parent company of SuMi TRUST Bank, as the successor company

4) Name of the company after the business combination

Sumitomo Mitsui Trust Asset Management Co., Ltd.

5) Other matters relating to the overview of the transactions

The purpose of this business split and integration is to strengthen the asset management business, which is positioned as a growth area for SuMi TRUST Group. In the transactions, the asset management function is split from SuMi TRUST Bank, which provides asset management services for corporate and institutional investors with high-level know-how and quality, and the function is strategically integrated into SuMi TRUST Asset Management Co., Ltd., which has developed its businesses for individual customers, focusing on defined contribution pension plans, wrap accounts, and index funds.

(2) Overview of the accounting treatment applied

The business combination is accounted for as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

Segment Information

1. Reportable Segment Information

The SuMi TRUST Bank Group's reportable segments are defined as operating segments for which discrete financial information is available. The board of directors and the Executive Committee of the SuMi TRUST Bank Group periodically receive reporting on the operating results and other relevant information of the reportable segments to make decisions about the allocation of management resources and to assess performance.

The reportable segments of the SuMi TRUST Bank Group are determined based on services offered by SuMi TRUST Bank.

The main activities of the reportable segment are presented below:

Retail Total Solution Services:
Provision of services to individual customers

Wholesale Financial Services:
Provision of services to corporate customers

Stock Transfer Agency Services:
Undertaking of stock-related services on behalf of customers

Real Estate:
Provision of services related to the real estate business

Fiduciary Services:
Operation of the pension business, the asset management business, and the asset administration business

Global Markets:
Marketing operations, market-making operations, investment operations, and financial management operations

(Changes in Reportable Segments)

With an aim to gain clarity around its business model that places focal points in provision of optimal and total solutions to suit the varying need of both individual and corporate customers, the SuMi TRUST Bank Group has been reforming its business portfolio since the fiscal year ended March 31, 2018. Based on the solid progress made during the previous fiscal year, the reportable segments have been revised to operating segments that are based on the components of services provided by the SuMi TRUST Bank for the fiscal year ended March 31, 2019.

Note that segment information for the fiscal year ended March 31, 2018, is presented based on the new reportable segments.

2. Method for Calculating Substantial Gross Business Profit and Net Business Profit by Each Reportable Segment

Segment information is prepared based on internal management reports and the accounting policies used for the reportable segments are generally the same as those presented under "Significant Accounting Policies and Practices"; however, the reportable segments are accounted for in accordance with the rules for the internal management. Since each segment's information will not be used to make decisions about the allocation of resources or assess business performance at the management level, information about assets by reportable segment has not been generated.

Income earned from inter-segment and cross-segment transactions is calculated by applying the criteria (market prices) specified in the rules for internal management.

(Changes in the Calculation of Profit or Loss by Each Reportable Segment)

Following the changes in reportable segments effective from the fiscal year ended March 31, 2019, income earned from inter-segment and cross-segment transactions, which was previously calculated using third-party transaction prices, is calculated in accordance with the rules for internal management (using market prices).

Note that segment information for the fiscal year ended March 31, 2018, is presented based on the revised calculations.

3. Profit or Loss by Reportable Segment

Fiscal Year Ended March 31, 2019	Millions of Yen							
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	¥ 138,028	¥ 137,275	¥ 21,471	¥ 32,410	¥ 57,452	¥ 45,683	¥ 35,015	¥ 467,337
General and Administrative Expenses	(122,687)	(41,965)	(3,736)	(9,303)	(24,232)	(15,317)	(18,611)	(235,855)
Net Business Profit	¥ 15,341	¥ 95,310	¥ 17,734	¥ 23,106	¥ 33,220	¥ 30,365	¥ 16,403	¥ 231,482

Fiscal Year Ended March 31, 2018	Millions of Yen							
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	¥ 132,856	¥ 128,666	¥ 20,143	¥ 32,126	¥ 62,742	¥ 54,426	¥ (4,109)	¥ 426,852
General and Administrative Expenses	(121,717)	(39,496)	(3,442)	(8,988)	(26,768)	(15,051)	(21,635)	(237,099)
Net Business Profit	¥ 11,139	¥ 89,169	¥ 16,700	¥ 23,138	¥ 35,974	¥ 39,375	¥ (25,745)	¥ 189,752

Fiscal Year Ended March 31, 2019	Millions of U.S. Dollars							
	Retail Total Solution Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Fiduciary Services	Global Markets	Others	Total
Gross Business Profit	$ 1,244	$ 1,237	$ 194	$ 292	$ 518	$ 412	$ 316	$ 4,212
General and Administrative Expenses	(1,106)	(378)	(34)	(84)	(218)	(138)	(168)	(2,126)
Net Business Profit	$ 138	$ 859	$ 160	$ 208	$ 299	$ 274	$ 148	$ 2,086

(Notes)

1) The figures represent "Gross Business Profit" in substitution for net sales to be presented by companies in other industries.

2) The amounts of "Gross Business Profit" include net interest income, net trust fees, net fees and commissions, net trading income, and net other ordinary income and expenses.

3) "General and Administrative Expenses" include personnel expenses and rent expenses.

4) "Others" include costs of capital funding, dividends for shares for cross-shareholdings, and general and administrative expenses of headquarters.

4. Reconciliation Between Total Profit or Loss for Reportable Segments and Income before Income Taxes in the Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Total Profit or Loss for Reportable Segments (Net Business Profit)	¥ 231,482	¥ 189,752	$ 2,086
Net Business Profit of Consolidated Subsidiaries that are Excluded from the Reportable Segments and Others (Note)	46,139	78,906	416
Other Income	71,551	127,725	645
Other Expenses	(76,810)	(115,504)	(692)
Other Adjustments	(36,829)	(46,112)	(332)
Income before Income Taxes	¥ 235,533	¥ 234,768	$ 2,123

(Note) The amounts include elimination of internal transactions.

Related Information

1. Information by Services

Disclosure of information by services is omitted as similar disclosure is included in the "3. Profit or Loss by Reportable Segment" in the "Segment Information" section.

2. Geographic Information

(1) Income

Income by geographical area for the fiscal years ended March 31, 2019 and 2018, consists of the following:

	Millions of Yen				
Fiscal Year Ended March 31, 2019	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,088,865	**¥ 158,870**	**¥ 87,133**	**¥ 116,967**	**¥ 1,451,837**

	Millions of Yen				
Fiscal Year Ended March 31, 2018	Japan	Americas	Europe	Asia and Oceania	Total
	¥ 1,097,384	¥ 105,263	¥ 58,362	¥ 89,831	¥ 1,350,842

	Millions of U.S. Dollars				
Fiscal Year Ended March 31, 2019	Japan	Americas	Europe	Asia and Oceania	Total
	$ 9,814	**$ 1,432**	**$ 785**	**$ 1,054**	**$ 13,086**

(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, 2019 and 2018, 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

Losses on impairment of fixed assets are not allocated to the reportable segments.

Losses on impairment of fixed assets recognized during the fiscal years ended March 31, 2019 and 2018, were ¥16,817 million (U.S. $152 million) and ¥7,876 million, respectively.

Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Amortization of goodwill and unamortized balance of goodwill are not allocated to the reportable segments.

Amortization of goodwill recognized during the fiscal years ended March 31, 2019, and 2018, were ¥9,968 million (U.S. $90 million) and ¥9,968 million, respectively. Unamortized balance of goodwill as of March 31, 2019, and 2018, were ¥63,091 million (U.S. $569 million) and ¥84,537 million, respectively.

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, 2019 and 2018.

Related Party Transactions

1. Related Party Transactions

Transactions of the SuMi TRUST Bank with its parent company for the fiscal year ended March 31, 2019, are as follows:

Type	Company Name	Company Location	Capital: Millions of Yen (Millions of U.S. Dollars)	Type of Business	Share of Voting Rights Held (%)	Business Relationship	Transaction Details	Transaction Amounts: Millions of Yen (Millions of U.S. Dollars)	Accounts	Ending Balances: Millions of Yen (Millions of U.S. Dollars)
Parent company	Sumitomo Mitsui Trust Holdings, Inc.	Chiyoda-ku, Tokyo	¥ 261,608 ($ 2,358)	Bank holding company	Direct 100	Money lending transaction	Borrowing of funds (Note)	¥ 100,000 ($ 901)	Bonds payable (Note)	¥ 610,000 ($ 5,498)
							Payment of interest (Note)	¥ 7,628 ($ 69)	Accrued Expenses	¥ 2,393 ($ 22)

Terms and conditions of transactions and policies applied in deciding the terms and conditions

(Note) Loans are all subordinated borrowings. The interest rates of the loans are determined reasonably based on the market interest rates and other rates.

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2018.

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, 2019 to be disclosed.

Per Share of Common Stock Information

	Yen		U.S. Dollars
	2019	2018	2019
Net Assets per Share of Common Stock	¥ 1,472.33	¥ 1,537.23	$ 13.27
Net Income per Share of Common Stock	96.47	93.08	0.87

(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, 2019	As of March 31, 2018	As of March 31, 2019
Net Assets as Reported	¥ 2,499,879	¥ 2,717,588	$ 22,532
Less:	34,393	143,439	310
Non-Controlling Interests	34,393	143,439	310
Net Assets Attributable to Common Shareholders	2,465,485	2,574,149	22,222
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
	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Net Income per Share of Common Stock			
Net Income Attributable to Owners of the Parent	¥ 161,545	¥ 155,875	$ 1,456
Net Income Not Attributable to Common Shareholders	—	—	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	161,545	155,875	1,456
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, 2019 and 2018 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

(Changes in a Subsidiary through Dividends in Kind)

At the general meeting of shareholders held on June 27, 2019, SuMi TRUST Bank decided to transfer the shares of Nikko Asset Management Co., Ltd. owned by SuMi TRUST Bank to SuMi TRUST Holdings, the parent company of SuMi TRUST Bank, as dividends in kind to be effected as of July 1, 2019. As a result, Nikko Asset Management Co., Ltd., currently a consolidated subsidiary of SuMi TRUST Bank, will be excluded from the scope of consolidation.

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, 2019, 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, 2019, 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, 2019 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 27, 2019
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, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets:			
Cash and Due from Banks:	¥ 15,831,242	¥ 15,408,170	$ 142,688
Cash	174,328	124,870	1,571
Due from Banks	15,656,913	15,283,299	141,117
Call Loans	50,124	92,951	452
Receivables under Resale Agreements	158,734	63,531	1,431
Receivables under Securities Borrowing Transactions	759,812	624,048	6,848
Monetary Claims Bought	56,403	67,769	508
Trading Assets:	543,587	470,899	4,899
Trading Account Securities	106,883	18,868	963
Derivatives of Trading Securities	—	162	—
Derivatives of Securities Related to Trading Transactions	537	549	5
Trading-Related Financial Derivatives	291,252	300,712	2,625
Other Trading Assets	144,914	150,606	1,306
Money Held in Trust	99	99	1
Securities:	6,091,898	5,972,337	54,907
Government Bonds	420,311	360,574	3,788
Local Government Bonds	8,764	7,284	79
Corporate Bonds	677,597	668,943	6,107
Stocks	1,791,213	1,939,416	16,144
Other Securities	3,194,011	2,996,118	28,788
Loans and Bills Discounted:	29,404,142	28,259,093	265,022
Bills Discounted	1,709	1,714	15
Loans on Bills	402,721	289,825	3,630
Loans on Deeds	26,578,006	25,691,647	239,549
Overdrafts	2,421,705	2,275,906	21,827
Foreign Exchanges:	36,936	25,554	333
Due from Foreign Banks	36,936	25,554	333
Other Assets:	1,548,827	1,428,871	13,960
Domestic Exchange Settlement Account, Debit	951	375	9
Prepaid Expenses	2,528	2,830	23
Accrued Income	118,043	118,328	1,064
Initial Margins of Futures Markets	5,752	8,733	52
Variation Margin of Futures Markets	1,837	3,747	17
Derivatives Other Than for Trading	294,656	288,372	2,656
Cash Collateral Pledged for Financial Instruments	609,432	556,806	5,493
Receivables for Securities Transactions	403,454	368,518	3,636
Other Assets	112,169	81,158	1,011
Tangible Fixed Assets:	195,414	198,328	1,761
Buildings	66,058	65,183	595
Land	105,030	113,911	947
Lease Assets	4,483	4,694	40
Construction in Progress	137	82	1
Other	19,704	14,455	178
Intangible Fixed Assets:	65,607	66,969	591
Software	62,006	63,367	559
Other	3,600	3,601	32
Prepaid Pension Expenses	170,685	161,208	1,538
Customers' Liabilities for Acceptances and Guarantees	385,467	398,773	3,474
Allowance for Loan Losses	(75,211)	(77,169)	(678)
Total Assets	¥ 55,223,770	¥ 53,161,437	$ 497,736

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Liabilities:			
Deposits:	¥ 31,744,181	¥ 29,392,255	$ 286,112
Current Deposits	1,146,047	799,690	10,329
Ordinary Deposits	8,438,234	6,022,724	76,054
Saving Deposits	1,874	1,887	17
Deposits at Notice	45,141	61,968	407
Time Deposits	20,926,890	21,207,994	188,616
Other Deposits	1,185,992	1,297,990	10,689
Negotiable Certificates of Deposit	6,546,222	6,758,936	59,002
Call Money	132,317	494,864	1,193
Payables under Repurchase Agreements	1,603,191	1,454,855	14,450
Payables under Securities Lending Transactions	104,767	41,299	944
Trading Liabilities:	258,771	266,148	2,332
Derivatives of Trading Securities	35	25	0
Derivatives of Securities Related to Trading Transactions	55	4	0
Trading-Related Financial Derivatives	258,681	266,118	2,332
Borrowed Money:	4,101,951	4,367,179	36,971
Borrowing from Other Banks	4,101,951	4,367,179	36,971
Foreign Exchanges:	35,009	1,984	316
Due to Foreign Banks	34,703	1,786	313
Foreign Bills Payable	306	197	3
Short-Term Bonds Payable	949,302	605,290	8,556
Bonds Payable	727,834	944,966	6,560
Borrowed Money from Trust Account	5,408,009	5,172,463	48,743
Other Liabilities:	777,043	695,820	7,004
Domestic Exchange Settlement Account, Credit	807	817	7
Income Taxes Payable	14,369	14,864	130
Accrued Expenses	94,386	84,197	851
Unearned Revenue	9,843	3,358	89
Variation Margin of Futures Markets	—	1,513	—
Trading Account Securities Borrowed	26,437	16,781	238
Derivatives Other Than for Trading	350,349	350,963	3,158
Cash Collateral Accepted For Financial Instruments	111,555	145,075	1,005
Lease Obligations	6,017	6,320	54
Asset Retirement Obligations	3,852	3,826	35
Payables for Securities Transactions	85,024	3,234	766
Other	74,398	64,867	671
Provision for Bonuses	9,026	8,923	81
Provision for Directors' Bonuses	84	78	1
Provision for Retirement Benefits	721	724	6
Provision for Reimbursement of Deposits	5,250	3,548	47
Provision for Contingent Losses	3,465	4,628	31
Deferred Tax Liabilities	156,466	173,412	1,410
Deferred Tax Liabilities for Land Revaluation	2,847	3,016	26
Acceptances and Guarantees	385,467	398,773	3,474
Total Liabilities	¥ 52,951,932	¥ 50,789,170	$ 477,259
Net Assets:			
Total Shareholders' Equity:	¥ 1,829,610	¥ 1,865,959	$ 16,490
Capital Stock	342,037	342,037	3,083
Capital Surplus:	391,610	456,233	3,530
Legal Capital Surplus	273,016	273,016	2,461
Other Capital Surplus	118,594	183,217	1,069
Retained Earnings:	1,095,962	1,067,688	9,878
Legal Retained Earnings	69,020	69,020	622
Other Retained Earnings:	1,026,941	998,667	9,256
Other Voluntary Reserves	371,870	371,870	3,352
Retained Earnings Brought Forward	655,071	626,797	5,904
Total Valuation and Translation Adjustments:	442,227	506,307	3,986
Valuation Difference on Available-for-Sale Securities	475,633	525,874	4,287
Deferred Gains (Losses) on Hedges	(31,061)	(18,154)	(280)
Revaluation Reserve for Land	(2,345)	(1,412)	(21)
Total Net Assets	¥ 2,271,838	¥ 2,372,266	$ 20,476
Total Liabilities and Net Assets	¥ 55,223,770	¥ 53,161,437	$ 497,736

Financial Data:

Non-Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Income:			
Trust Fees	¥ 100,972	¥ 94,870	$ 910
Interest Income:	520,790	409,528	4,694
Interest on Loans and Discounts	343,314	291,556	3,094
Interest and Dividends on Securities	131,915	86,710	1,189
Interest on Call Loans and Bills Bought	1,174	1,620	11
Interest on Receivables under Resale Agreements	926	1,295	8
Interest on Receivables under Securities Borrowing Transactions	0	5	0
Interest on Due from Banks	40,323	26,706	363
Other Interest Income	3,134	1,634	28
Fees and Commissions:	194,143	195,171	1,750
Fees and Commissions on Domestic and Foreign Exchanges	1,372	1,437	12
Other Fees and Commissions	192,770	193,734	1,737
Trading Income:	27,926	10,421	252
Gains on Trading Account Securities Transactions	423	145	4
Income from Securities and Derivatives Related to Trading Transactions	583	112	5
Income from Trading-Related Financial Derivatives Transactions	26,854	10,105	242
Other Trading Income	64	57	1
Other Ordinary Income:	114,934	79,056	1,036
Gain on Foreign Exchange Transactions	95,183	45,346	858
Gains on Sales of Bonds	18,993	23,211	171
Gains on Redemption of Bonds	53	—	0
Gains on Derivatives Other Than for Trading-Assets	—	9,464	—
Other	704	1,034	6
Other Income:	60,606	100,469	546
Recoveries of Written-Off Claims	1,153	849	10
Gains on Sales of Stocks and Other Securities	44,113	78,656	398
Reversal of Allowance for Loan Losses	2,268	7,809	20
Other	13,070	13,154	118
Total Income	¥ 1,019,374	¥ 889,518	$ 9,188

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Expenses:			
Interest Expenses:	¥ 366,989	¥ 246,207	$ 3,308
Interest on Deposits	124,788	93,682	1,125
Interest on Negotiable Certificates of Deposit	81,292	42,334	733
Interest on Call Money and Bills Sold	2,263	1,601	20
Interest on Payables under Repurchase Agreements	35,615	16,404	321
Interest on Payables under Securities Lending Transactions	2,636	234	24
Interest on Borrowings and Rediscounts	22,934	22,168	207
Interest on Short-Term Bonds	23,209	4,678	209
Interest on Bonds	16,381	16,864	148
Interest on Interest Swaps	36,157	33,111	326
Other Interest Expenses	21,707	15,126	196
Fees and Commissions Payments:	89,832	86,499	810
Fees and Commissions on Domestic and Foreign Exchanges	837	822	8
Other Fees and Commissions	88,995	85,676	802
Other Ordinary Expenses:	34,608	29,490	312
Loss on Sale of Bonds	22,894	28,962	206
Losses on Redemption of Bonds	—	0	—
Expenses on Derivatives Other Than for Trading or Hedging	11,321	—	102
Other Ordinary Expenses	392	528	4
General and Administrative Expenses	239,668	254,234	2,160
Other Expenses:	83,466	108,431	752
Written-Off Loans	1,180	1,539	11
Losses on Sales of Stocks and Other Securities	30,619	72,634	276
Losses on Devaluation of Stocks and Other Securities	25,583	36	231
Impairment Loss	5,317	7,778	48
Other	20,765	26,442	187
Total Expenses	¥ 814,564	¥ 724,862	$ 7,342
Income before Income Taxes	¥ 204,810	¥ 164,655	$ 1,846
Income Taxes:	56,148	46,675	506
Current	45,926	36,227	414
Deferred	10,222	10,448	92
Net Income	¥ 148,661	¥ 117,980	$ 1,340

	Yen		U.S. Dollars
Net Income per Share of Common Stock	¥ 88.77	¥ 70.45	$ 0.80

Financial Data:

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2019 and 2018

From April 1, 2018 to March 31, 2019

	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	¥ 183,217	¥ 456,233	¥ 69,020	¥ 998,667	¥ 1,067,688	¥ 1,865,959
Changes during the Year								
Cash Dividends			(46,033)	(46,033)		(121,320)	(121,320)	(167,353)
Net Income						148,661	148,661	148,661
Decrease due to a Corporate Split-off			(18,589)	(18,589)				(18,589)
Reversal of Revaluation Reserve for Land						933	933	933
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	(64,622)	(64,622)	—	28,274	28,274	(36,348)
Balance at the End of the Year	¥ 342,037	¥ 273,016	¥ 118,594	¥ 391,610	¥ 69,020	¥ 1,026,941	¥ 1,095,962	¥ 1,829,610

	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	¥ 525,874	¥ (18,154)	¥ (1,412)	¥ 506,307	¥ 2,372,266
Changes during the Year					
Cash Dividends					(167,353)
Net Income					148,661
Decrease due to a Corporate Split-off					(18,589)
Reversal of Revaluation Reserve for Land					933
Net Changes of Items Other Than Shareholders' Equity	(50,241)	(12,906)	(933)	(64,080)	(64,080)
Total Changes during the Year	(50,241)	(12,906)	(933)	(64,080)	(100,428)
Balance at the End of the Year	¥ 475,633	¥ (31,061)	¥ (2,345)	¥ 442,227	¥ 2,271,838

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, 2018 to March 31, 2019

	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	$ 3,083	$ 2,461	$ 1,651	$ 4,112	$ 622	$ 9,001	$ 9,623	$ 16,818
Changes during the Year								
Cash Dividends			(415)	(415)		(1,093)	(1,093)	(1,508)
Net Income						1,340	1,340	1,340
Decrease due to a Corporate Split-off			(168)	(168)				(168)
Reversal of Revaluation Reserve for Land						8	8	8
Net Changes of Items Other Than Shareholders' Equity								
Total Changes during the Year	—	—	(582)	(582)	—	255	255	(328)
Balance at the End of the Year	$ 3,083	$ 2,461	$ 1,069	$ 3,530	$ 622	$ 9,256	$ 9,878	$ 16,490

	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	$ 4,740	$ (164)	$ (13)	$ 4,563	$ 21,381
Changes during the Year					
Cash Dividends					(1,508)
Net Income					1,340
Decrease due to a Corporate Split-off					(168)
Reversal of Revaluation Reserve for Land					8
Net Changes of Items Other Than Shareholders' Equity	(453)	(116)	(8)	(578)	(578)
Total Changes during the Year	(453)	(116)	(8)	(578)	(905)
Balance at the End of the Year	$ 4,287	$ (280)	$ (21)	$ 3,986	$ 20,476

Financial Data:

Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
Fiscal year ended March 31, 2019 and 2018

As of March 31	Millions of Yen 2019	Millions of Yen 2018	Millions of U.S. Dollars 2019
Assets:			
Loans and Bills Discounted (Note 2)	¥ 1,445,195	¥ 1,306,319	$ 13,026
Securities (Note 3)	1,253,465	1,834,427	11,298
Beneficiary Rights	160,593,574	153,552,838	1,447,441
Securities Held in Custody Accounts	23,123	29,358	208
Monetary Claims	19,475,082	17,142,507	175,530
Tangible Fixed Assets	15,722,230	14,717,283	141,706
Intangible Fixed Assets	217,971	205,595	1,965
Other Claims	6,717,177	7,287,691	60,542
Loans to Banking Account	5,408,009	5,172,463	48,743
Cash and Due from Banks	494,234	449,632	4,455
Total Assets	¥ 211,350,067	¥ 201,698,118	$ 1,904,913
Liabilities:			
Money Trusts (Note 4)	¥ 32,877,994	¥ 31,416,663	$ 296,332
Pension Trusts	13,113,501	13,720,536	118,193
Property Formation Benefit Trusts	18,865	17,930	170
Securities Investment Trusts	74,389,341	74,634,230	670,476
Money in Trust Other Than Money Trusts	27,349,339	21,572,482	246,501
Securities in Trust	19,914,130	19,411,004	179,487
Money Claims in Trust	19,592,309	17,265,832	176,587
Real Estate in Trust	77,297	89,431	697
Composite Trusts	24,017,287	23,570,006	216,469
Total Liabilities	¥ 211,350,067	¥ 201,698,118	$ 1,904,913

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, 2019 and 2018, was ¥5,291,601 million (U.S. $47,694 million) and ¥5,074,307 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 ¥110.95 to U.S. $1, the approximate rate of exchange as of March 29, 2019. 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.

The amounts presented in the statements of trust account as of March 31, 2019 and 2018, are for trust accounts in SuMi TRUST Bank.

2. Loans and Bills Discounted

Loans as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans on Deeds	¥ 1,017,575	¥ 798,299	$ 9,171
Loans on Bills	427,620	508,020	3,854
Total	¥ 1,445,195	¥ 1,306,319	$ 13,026

The balances of guaranteed trust account loans as of March 31, 2019 and 2018, stood at ¥30,967 million (U.S. $279 million) and ¥36,220 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, 2019 and 2018, included the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Other Delinquent Loans	¥ 722	¥ 842	$ 7
Restructured Loans	41	48	0
Total	¥ 763	¥ 890	$ 7

3. Securities

Securities held as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Government Bonds	¥ 609,882	¥ 807,617	$ 5,497
Local Government Bonds	30	59	0
Corporate Bonds	153,716	314,874	1,385
Stocks	8,379	8,701	76
Other Securities	481,457	703,173	4,339
Total	¥ 1,253,465	¥ 1,834,427	$ 11,298

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
	2019	2018	2019
Assets:			
Loans and Bills Discounted	¥ 30,967	¥ 36,220	$ 279
Securities	29	29	0
Other	5,261,076	5,038,498	47,418
Total	¥ 5,292,073	¥ 5,074,748	$ 47,698
Liabilities:			
Principal	¥ 5,291,601	¥ 5,074,307	$ 47,694
Allowance for Impairment of Guaranteed Trust Principal	81	89	1
Other	390	351	4
Total	¥ 5,292,073	¥ 5,074,748	$ 47,698

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.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner 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 2019.

[Qualitative Disclosure Data: SuMi TRUST Holdings]

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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 Stock Transfer Agency Services Business, the Real Estate Business, the Global Markets Business, and the Fiduciary Services Business, etc.

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	Stock Transfer Agency Services	Real Estate	Global Markets	Fiduciary Services	Asset Management	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]

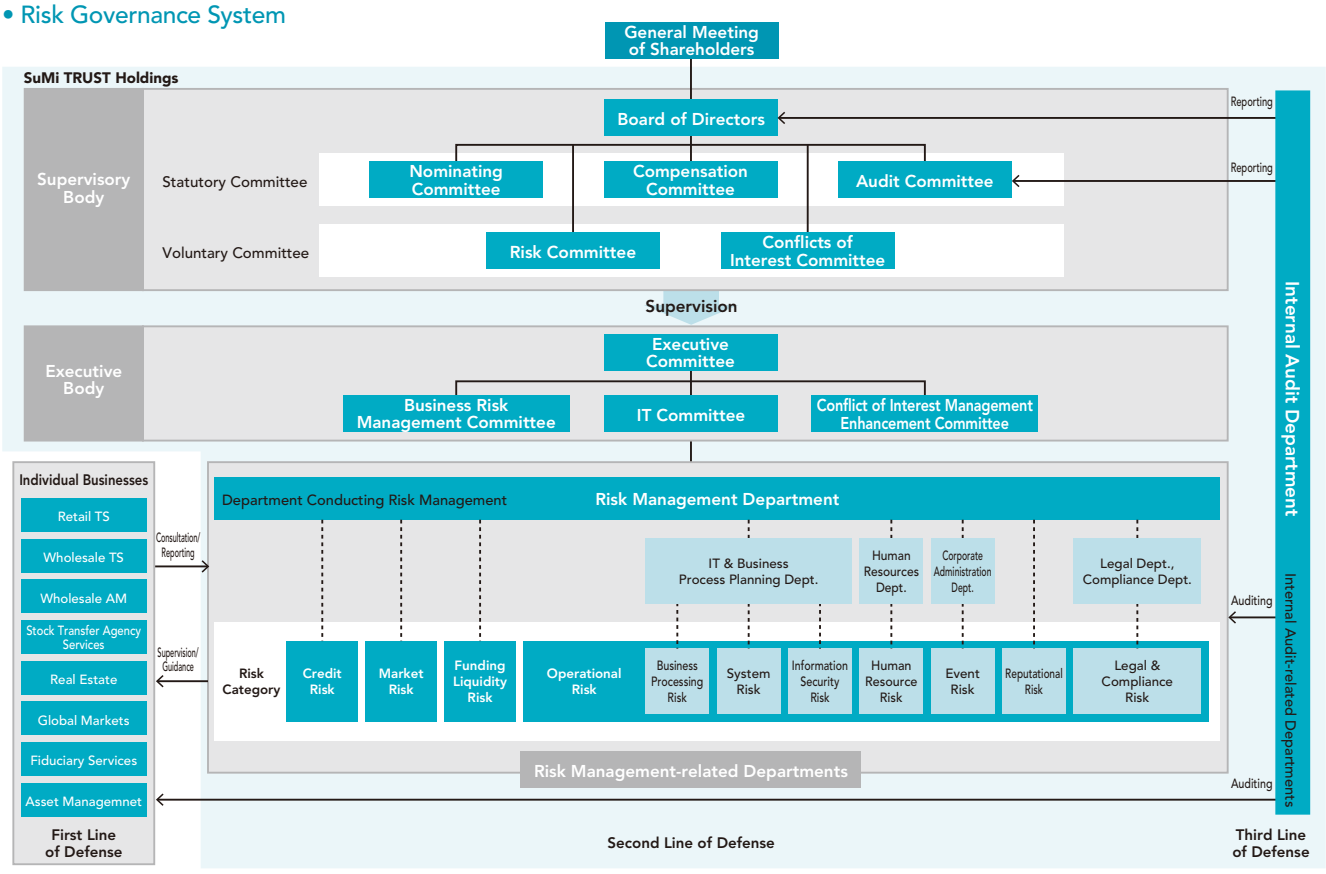
The Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

[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.

* Executive officers defined by the Companies Act.

• 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, the amount of regulatory risk, 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 progress and evaluation of risk management plans, etc. ⇒Specifically, the status of top and jump risks, 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" and "risks associated with ineffective anti-money laundering and terrorist financing measures."

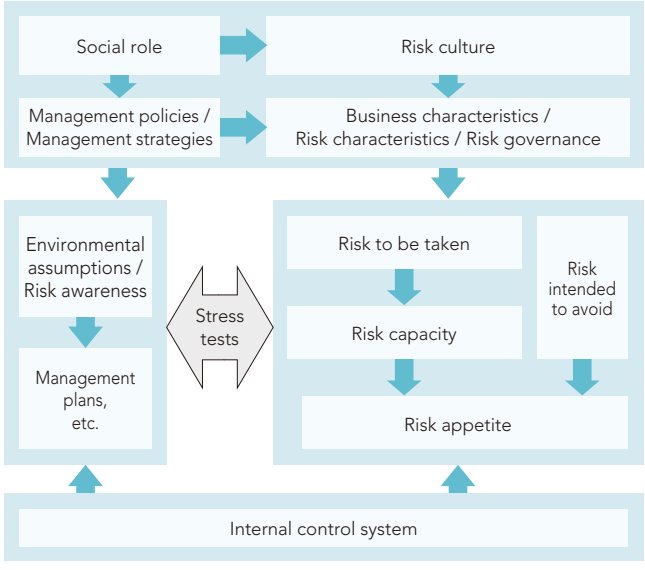
(5) Risk Appetite Framework

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 system for supporting them.

* Risk appetite: indicators of the category and level of risks SuMi TRUST GROUP should take or avoid within its risk capacity 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 formulates risk-taking policies by line of business to clarify its business strategies with the aim of building a sustainable business model while ensuring soundness through adequate risk-taking by all 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

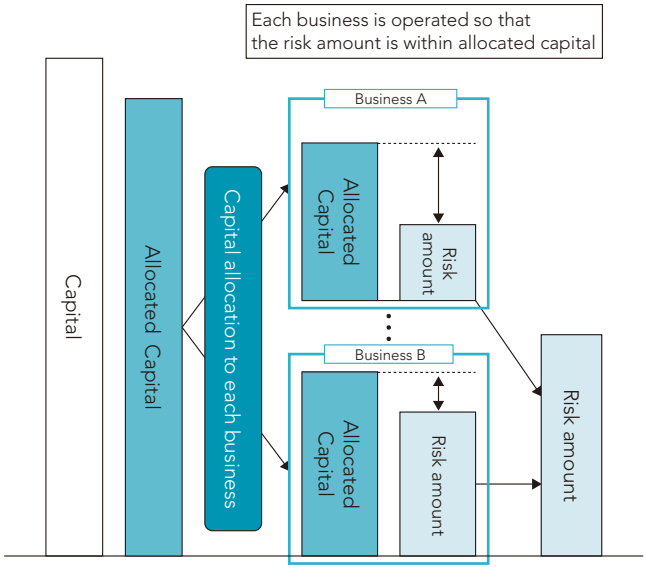
Risk category	Main scope	Main measurement approaches
Credit risk	Assets such as loans and bills discounted (including off-balance transactions)	Monte Carlo Simulation Method
Market risk	Risks related to trading accounts, banking accounts' interest rates, foreign exchange, stocks, commodities, and credit 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, consist of "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.

Basel II was implemented in Japan at the end of March 2007. Since 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.

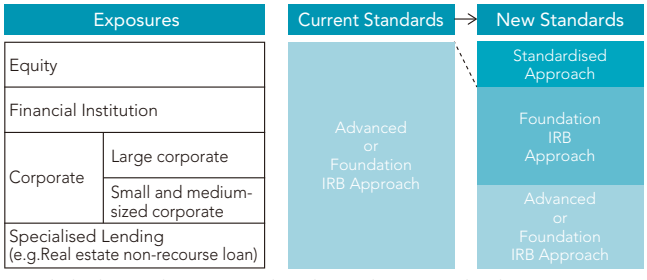
Under such circumstances, as part of the efforts to advance its risk management, the SuMi TRUST Group adopted the Advanced Measurement Approach to operational risks since the end of March 2014, and the Advanced Internal Ratings-Based (AIRB) Approach to credit risks since the end of March 2015, both in compliance with the capital regulatory standards. In addition, as part of the liquidity regulations, liquidity coverage ratio and leverage ratio have been added to the first pillar since the end of March 2015, and the end of March 2019, respectively, with which the SuMi TRUST Group has duly complied.

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, the Committee adopted capital floors based on standardised approaches in order to prevent the undervaluation of risk-weighted assets based on internal models.

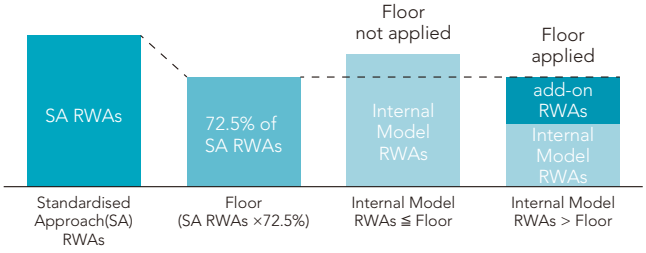
In order to comply with this new regulation scheduled to be implemented at the end of March 2022, the SuMi TRUST Group will engage in the development of a risk management system geared to the launch of this new regulation, including the creation of the system for calculating risk assets in compliance with the new regulatory requirements and the preparation for establishing a portfolio management methodology based on adequate profitability control.

• 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 promoting security enhancing measures under the initiative of the management, based on the "Cyber Security Management Declaration" against cyber attacks that are causing damage throughout society. Specifically, we established an internal unit called SuMiTRUST-CSIRT, which is adequately staffed and tasked to collect and analyze information concerning cyber attacks, and to promote countermeasures and other efforts, and are engaged in continuous enhancement of human resources and talents, and strengthening of control framework in collaboration with external specialist organizations, along with the development of manuals, etc., on how to deal with normal as well as emergency situations, periodic relevant training and drills, all in an effort to strengthen the corporate capabilities to cope with incidents of this nature.

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

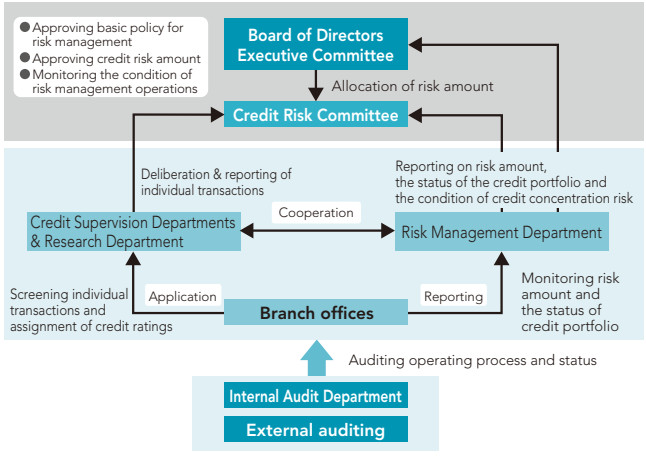
In addition to supervising credit risk management of the entire Group, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") also works to maintain and establish the systems at each of the Group companies. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the SuMi TRUST Group's 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 disposing losses of 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 125 "(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.

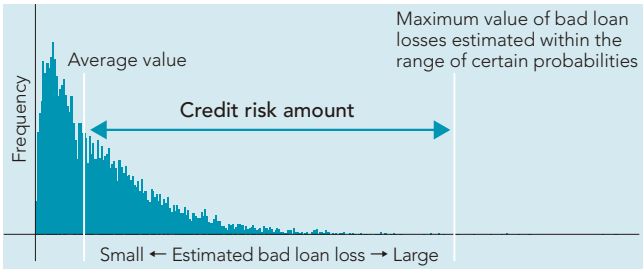
Based on our various client management systems, we micro-manage the credit conditions, credit balance, trading conditions, etc., of each obligor.

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.

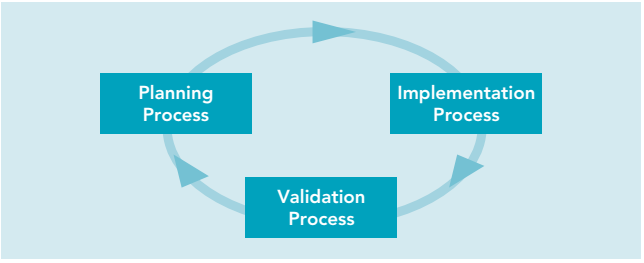
The credit rating system is broadly classified into the Japanese rating system (Japanese credit rating) and the Non-Japanese rating system (Non-Japanese credit rating), and each system comprises obligor ratings that reflect the PD of ordinary corporations; structured ratings that show the potentiality 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. Sumitomo Mitsui Trust Club 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 2019, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited falls 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."

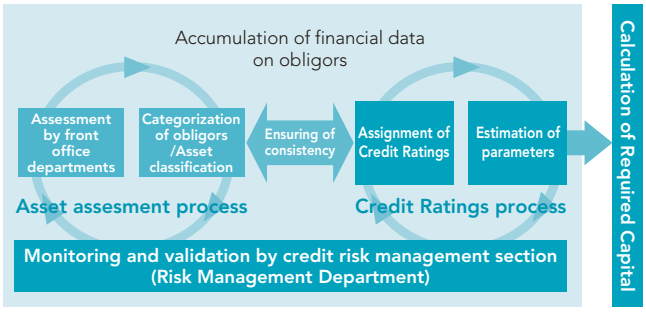
[Second Step] Estimation of Parameters

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	—	32%	32%	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	4%	4%	Supervisory Slotting Criteria Approach	
		Sovereign Exposures	—	32%	32%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Financial Institution Exposures	—	2%	2%	Supervisory Formula	Obligor Ratings, Facility Ratings
	Retail Exposures		Residential mortgage exposures	17%	17%	Supervisory Formula	Credit Pools
			Qualifying revolving retail exposures	1%	1%	Supervisory Formula	Credit Pools
			Other retail exposures	2%	2%	Supervisory Formula	Credit Pools
	Equity Exposures		Japanese listed equities Japanese unlisted equities of obligors with credit exposures	1%	1%	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%	3%	Look-through Approach	Obligor ratings, etc.
	Purchased Receivables		Regulatory formula for underlying assets	2%	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		—	2%	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, "Method based on Internal Ratings-Based Approach," "Rating-Based 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 eight regions and industries (North America, Europe, Asia, Pacific, emerging countries, airlines, real estate investment business, real estate development business). **[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	Summary of the methods for estimation and verification	
	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.

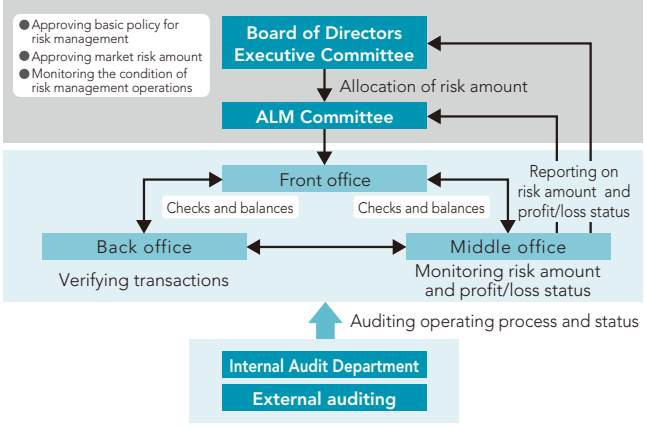
SuMi TRUST Bank develops the Asset Liability Management (ALM)* basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company and a risk management plan concerning market risk and funding liquidity risk once in six months at the 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 of mortgage loan, etc. 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 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 individual risks of SuMi TRUST Bank as well as 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. ΔEVE is maximized associated with "parallel up" as same as last year-end. Fluctuations of ΔEVE as well as its ratio to Tier 1 capital remains within a limited range.

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, the redemption rate is set after checking past redemption results.

• Conditional Prepayment Rate of Loans

Targeting mortgage loan, etc., the prepayment rate is set after checking past repayment results.

• Treatment of Foreign Currencies

The target currencies are determined based on their respective ratio in the scale of the balance sheet, importance to the SuMi TRUST Group's position, and other factors.

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

Major risks related to the SuMi TRUST Group's operational risk are cyber attacks, delay in system development and increases in development costs, along with the risks associated with ineffective anti-money laundering and terrorist financing measures.

Our business operations are exposed to the risk of being adversely affected by cyber attacks (such as ransomware attacks and DDoS attacks*), resulting in suspension of services, leakage of information, destruction and alteration of data, etc. The SuMi TRUST Group recognizes cyber security measures as one of the critical management priorities, and formulated the "Cyber Security Management Declaration," thereby promoting security enhancing measures under the initiative of the management.

* 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, 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.

Moreover, we are exposed to the risks of being subjected to an administrative disposition including business suspension order or huge fine, or to a bad reputation resulting from ineffective anti-money laundering and terrorist financing measures. The SuMi TRUST Group strives to diminish and mitigate risks through a risk-based approach by enhancing measures for eliminating money laundering, etc., based on gap analysis benchmarking against the regulatory requirements (including those overseas), and the clarification of the challenges to be addressed.

(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.

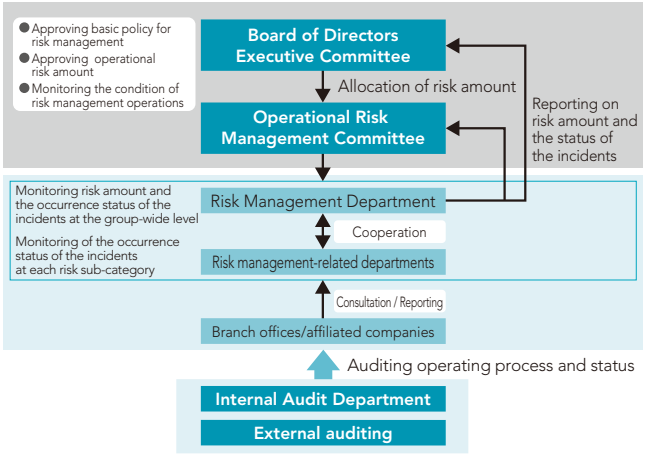
(4) Operational Risk Management System

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.

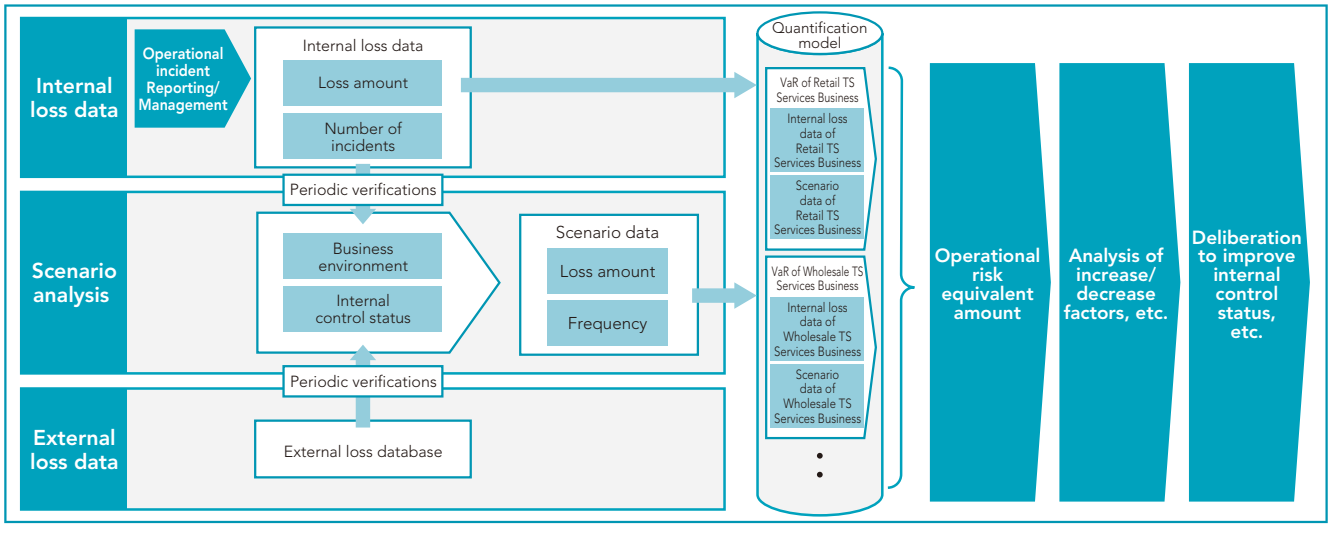
C. Measurement Model for Operational Risk Amount

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.

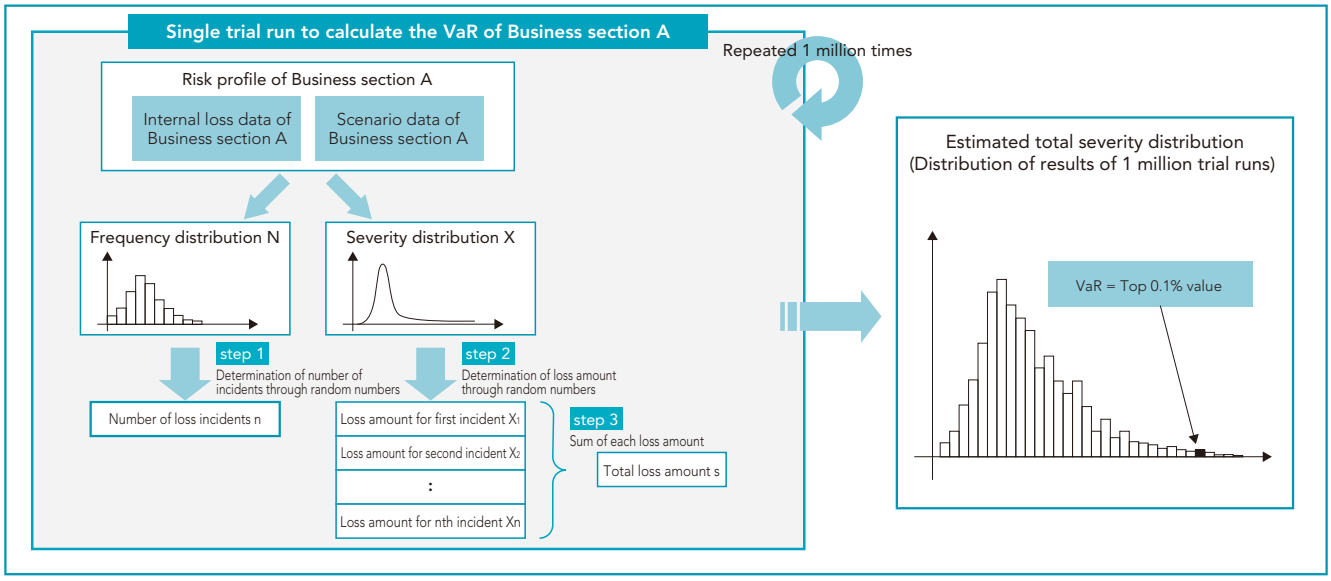
The Poisson distribution has been applied to the frequency distribution, and our own distribution method has been applied to severity distribution in order to grasp the amount of tail risk.

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 2019, 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, if it is possible to grasp the required capital ratio of the underlying assets as calculated by using the Internal Ratings-Based Approach, we use the "Securitisation Internal Ratings-Based Approach" to calculate the risk weight. Then, if it is difficult to apply the "Securitisation Internal Ratings-Based Approach," we calculate the risk weight of securitisation exposures to which eligible external ratings has been assigned by applying the "Securitisation External Ratings-Based Approach" Then, if it is difficult to apply either of the aforementioned two approaches, and that it is possible to grasp the required capital ratio of the underlying assets as calculated by using the Standardised Approach, we use the "Securitisation Standardised Approach" to calculate the risk weight. If it is impossible to apply any of the aforementioned approaches, we apply 1,250% risk weight. In the case of resecuritisation products, we use the "Standardised Approach-Based Approach" or apply 1,250% risk weight.

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 2019, 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 in principle valued using the "fair value based on the market price, etc., on the consolidated balance sheet date (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 Commissioner 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 Commissioner 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]

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Quantitative Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

KM1: Key Metrics

Consolidated

KM1		Millions of Yen, %				
Basel III Template No.		a	b	c	d	e
		March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,412,110	¥ 2,380,884	¥ 2,353,897	¥ 2,349,477	¥ 2,325,854
2	Tier 1	2,806,512	2,774,428	2,748,224	2,845,760	2,821,417
3	Total capital	3,320,139	3,297,602	3,301,843	3,411,597	3,348,183
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	19,790,115	19,325,145	19,971,261	20,322,781	20,522,957
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	12.18%	12.32%	11.78%	11.56%	11.33%
6	Tier 1 ratio (%)	14.18%	14.35%	13.76%	14.00%	13.74%
7	Total capital ratio (%)	16.77%	17.06%	16.53%	16.78%	16.31%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	1.87%	1.87%	1.87%	1.87%
9	Countercyclical buffer requirement (%)	0.03%	0.02%	—%	—%	—%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.37%	0.37%	0.37%	0.37%
11	Total of bank CET1 specific buffer requirements (%)	3.03%	2.27%	2.25%	2.25%	2.25%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.68%	7.82%	7.28%	7.06%	6.83%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	60,009,211	59,557,896	72,436,378	69,699,354	70,807,838
14	Basel III leverage ratio (%)	4.67%	4.65%	3.79%	4.08%	3.98%

KM1		Millions of Yen, %				
Basel III Template No.		Fiscal Year 2018 4th Quarter	Fiscal Year 2018 3rd Quarter	Fiscal Year 2018 2nd Quarter	Fiscal Year 2018 1st Quarter	Fiscal Year 2017 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 15,232,871	¥ 16,267,668	¥ 28,164,041	¥ 28,382,568	¥ 27,250,018
16	Net cash outflows	10,199,464	9,817,443	21,360,394	20,468,187	19,016,174
17	Consolidated LCR (%)	149.3%	165.7%	131.8%	138.6%	143.2%

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 "FSA Bank Holding Company Capital Adequacy Notification").

As of the end of March 2019, 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 FSA Bank Holding Company Capital Adequacy 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 61. 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 FSA Bank Holding Company Capital Adequacy 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

CC1: Composition of Capital

CC1 As of March 31		Millions of Yen, %		
		a	b	c
Basel III Template No.	Items	2019	2018	Reference Numbers to Reconciliation with the Balance Sheet
	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	**¥ 2,214,587**	¥ 2,103,081	
1a	of Which: Capital Stock and Capital Surplus	**906,612**	906,625	
2	of Which: Retained Earnings	**1,387,592**	1,263,415	
1c	of Which: Treasury Stock (Deduction)	**51,222**	42,224	
26	of Which: Earnings to be Distributed (Deduction)	**28,394**	24,734	
	of Which: Others	**—**	—	
1b	Subscription Rights to Common Shares	**1,062**	799	
3	Accumulated Other Comprehensive Income	**410,478**	496,851	(a)
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	**—**	2,031	
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,626,128**	2,602,763	
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**130,507**	170,935	
8	of Which: Goodwill (Including Those Equivalent)	**66,377**	89,699	
9	of Which: Other Intangible Assets	**64,129**	81,235	
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**11,969**	287	
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	**(31,751)**	(20,866)	
12	Shortfall of Eligible Provisions to Expected Losses	**5,606**	11,527	
13	Securitisation Gain on Sale	**1,307**	1,745	
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)	**96,379**	113,232	
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	**1**	46	
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)	**—**	—	
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)	**214,018**	276,908	
	Common Equity Tier 1 Capital (CETI)			
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 2,412,110**	¥ 2,325,854	

CC1 As of March 31 Basel III Template No.		Items		Millions of Yen, % a 2019	 b 2018	 c Reference Numbers to Reconciliation with the Balance Sheet
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		**340,000**	290,000	
		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)		**13,402**	12,563	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital		**41,000**	193,000	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles		**41,000**	83,000	
35		of Which: Issued by Subsidiaries		—	110,000	
36		Additional Tier 1 Capital: Instruments	(D)	**394,402**	495,563	
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)		—	—	
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		—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions		—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments	(E)	—	—	
Additional Tier 1 Capital (ATI)						
44		Additional Tier 1 Capital	(F) = (D) – (E)	**394,402**	495,563	
Tier 1 Capital (TI = CETI + ATI)						
45		Tier 1 Capital	(G) = (C) + (F)	**2,806,512**	2,821,417	
Tier 2 Capital: Instruments and Provisions						
		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		**270,000**	220,000	
46		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)		**2,936**	3,207	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2		**239,264**	299,228	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles		—	—	
49		of Which: Issued by Subsidiaries		**239,264**	299,228	
50		Provisions Allowed in Group Tier 2		**2,965**	4,329	
50a		of Which: General Allowance for Credit Losses		**2,965**	4,329	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses		—	—	
51		Tier 2 Capital: Instruments and Provisions	(H)	¥ **515,167**	¥ 526,765	

CC1

As of March 31

Basel III Template No.	Items		Millions of Yen, % a 2019	b 2018	c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments		¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities		—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities 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)		—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**1,540**	—	
57	Tier 2 Capital: Regulatory Adjustments	(I)	**1,540**	—	
	Tier 2 Capital (TII)				
58	Tier 2 Capital	(J) = (H) – (I)	**513,627**	526,765	
	Total Capital (TC = TI + TII)				
59	Total Capital	(K) = (G) + (J)	**3,320,139**	3,348,183	
	Total Risk Weighted Assets				
60	Total Risk Weighted Assets	(L)	**19,790,115**	20,522,957	
	Capital Ratios and Buffers (Consolidated)				
61	Common Equity Tier 1 Capital Ratio	(C)/(L)	**12.18%**	11.33%	
62	Tier 1 Capital Ratio	(G)/(L)	**14.18%**	13.74%	
63	Total Capital Ratio	(K)/(L)	**16.77%**	16.31%	
64	Total of bank CET1 specific buffer requirements		**3.03%**	2.25%	
65	of Which: Capital conservation buffer requirement		**2.50%**	1.87%	
66	of Which: Countercyclical buffer requirement		**0.03%**	—%	
67	of Which: Bank G-SIB and/or D-SIB additional requirements		**0.50%**	0.37%	
68	CET1 available after meeting the bank's minimum capital requirements		**7.68%**	6.83%	
	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)		**133,167**	189,382	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)		**148,502**	87,561	
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)		**2,965**	4,329	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach		**9,187**	8,971	
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		**98,714**	103,273	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements		**163,500**	218,000	
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		**257,372**	343,163	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)		¥ —	¥ —	

Note: SuMi TRUST Holdings received a certain procedure by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, March 28, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate the ratio.

Main Features and Further Information of Regulatory Capital Instruments Consolidated

Outline and Details of Agreements Concerning Capital Funding 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 2018

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2	a	c	d
Items	Consolidated Balance Sheet (Millions of Yen)	Ref. No. of Composition of Capital	Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 16,045,864		
Call Loans and Bills Bought	50,124		
Receivables under Resale Agreements	158,734		
Receivables under Securities Borrowing Transactions	759,812		
Monetary Claims Bought	1,082,650		
Trading Assets	454,978		
Money Held in Trust	1,393		
Securities	5,759,504		3–b, 7–a
Loans and Bills Discounted	29,025,720		7–b
Foreign Exchanges	36,936		
Lease Receivables and Investment Assets	653,447		
Other Assets	2,023,664		7–c
Tangible Fixed Assets	211,312		
Intangible Fixed Assets	151,429		3–a
Assets for Retirement Benefits	138,931		4
Deferred Tax Assets	17,372		5–a
Customers' Liabilities for Acceptances and Guarantees	557,007		
Allowance for Loan Losses	(99,770)		
Total Assets	¥ 57,029,113		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 31,903,572		
Negotiable Certificates of Deposit	6,328,622		
Call Money and Bills Sold	72,793		
Payables under Repurchase Agreements	1,603,191		
Payables under Securities Lending Transactions	104,767		
Trading Liabilities	258,771		
Borrowed Money	4,023,801		9–a
Foreign Exchanges	457		
Short-term Bonds Payable	1,472,786		
Bonds Payable	1,378,328		9–b
Borrowed Money from Trust Account	5,408,009		
Other Liabilities	994,424		7–d
Provision for Bonuses	17,542		
Provision for Directors' Bonuses	343		
Liabilities for Retirement Benefits	14,008		
Provision for Reward Points Program	18,282		
Provision for Reimbursement of Deposits	5,250		
Provision for Contingent Losses	3,465		
Deferred Tax Liabilities	130,479		5–b
Deferred Tax Liabilities for Land Revaluation	2,847		5–c
Acceptances and Guarantees	557,007		
Total Liabilities	54,298,756		
(Net Assets)			
Capital Stock	261,608		1–a
Capital Surplus	645,003		1–b
Retained Earnings	1,387,592		1–c
Treasury Stock	(51,222)		1–d
Total Shareholders' Equity	2,242,982		
Valuation Difference on Available-for-Sale Securities	467,448		
Deferred Gains or Losses on Hedges	(36,764)		6
Revaluation Reserve for Land	(5,698)		
Foreign Currency Translation Adjustment	4,702		
Adjustments for Retirement Benefits	(19,209)		
Total Accumulated Other Comprehensive Income	410,478	(a)	
Subscription Rights to Shares	1,062		2
Non-controlling Interests	75,832		8
Total Net Assets	2,730,356		
Total Liabilities and Net Assets	¥ 57,029,113		

(*) 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	645,003		1–b
Retained Earnings	1,387,592		1–c
Treasury Stock	(51,222)		1–d
Total Shareholders' Equity	¥ 2,242,982		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,242,982	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	906,612		1a
of Which: Retained Earnings	1,387,592		2
of Which: Treasury Stock (Deduction)	51,222		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. Subscription Rights to Shares

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Subscription Rights to Shares	¥ 1,062		2
of Which: Subscription Rights to Shares Issued by the Bank Holding Company	1,062		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Subscription Rights to Common Shares	¥ 1,062		1b
Subscription Rights to Additional Tier 1 Instruments	—		31b
Subscription Rights to Tier 2 Instruments	—		46

3. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 151,429		3–a
Securities	5,759,504		3–b
of Which: Goodwill Arising on the Application of the Equity Method	6,285		
Associated Deferred Tax Liabilities	27,206		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 66,377		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	64,129	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

4. 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	¥ 138,931		4
Associated Deferred Tax Liabilities	42,551		

(2) Composition of capital

Items in the Composition of Capital	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)	¥ 96,379		15

5. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 17,372		5–a
Deferred Tax Liabilities	130,479		5–b
Deferred Tax Liabilities for Land Revaluation	2,847		5–c
Associated Intangible Fixed Assets	27,206		
Associated Assets for Retirement Benefits	42,551		

(2) Composition of capital

Items in the Composition of Capital	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)	¥ 11,969	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

6. 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	¥ (36,764)		6

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (31,751)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

7. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,759,504		7–a
Loans and Bills Discounted	29,025,720	Including Subordinated Debts	7–b
Other Assets	2,023,664	Including derivatives	7–c
Other Liabilities	¥ 994,424	Including derivatives	7–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ 1		
Common Equity Tier 1 Capital	1		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-holdings in the Capital and other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities 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	133,167		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	133,167		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	150,042		
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 and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	148,502		73

8. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 75,832		8

(2) Composition of capital

Items in the Composition of Capital	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)	¥ —	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	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)	13,402	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	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)	2,936	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	48–49

9. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,023,801		9–a
Bonds Payable	1,378,328		9–b

(2) Composition of capital

Items in the Composition of Capital	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	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	270,000		46

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 Directors' Bonuses	325		
Liabilities for Retirement Benefits	14,159		
Provision for Reward Points Program	18,457		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Losses	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		
Adjustments for 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	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	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	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	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	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	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	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	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

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

Millions of Yen

As of March 31	2019 Term-end balance of exposures				2018 Term-end balance of exposures			
	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 46,831,410	¥ 41,567,976	¥ 1,862,877	¥ 3,400,556	¥ 44,257,001	¥ 39,259,802	¥ 2,050,073	¥ 2,947,124
Outside Japan	6,610,177	4,972,149	1,066,216	571,811	6,206,599	4,815,882	1,046,273	344,443
Total for Geographic Regions	¥ 53,441,588	¥ 46,540,126	¥ 2,929,093	¥ 3,972,368	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
Manufacturing	4,359,502	3,000,435	288,313	1,070,753	4,345,167	2,813,733	488,726	1,042,707
Agriculture and Forestry	5,583	5,573	10	—	6,192	6,182	10	—
Fisheries	31	1	29	—	78	33	45	—
Mining and Quarrying of Stones and Gravel	104,752	26,857	74	77,820	18,925	6,466	159	12,300
Construction	224,906	140,712	17,049	67,144	234,335	139,259	28,819	66,256
Electricity, Gas, Heat Supply and Water	1,398,339	1,163,403	11,339	223,596	1,280,531	1,058,932	15,480	206,118
Information and Communication	522,404	464,731	4,071	53,600	569,996	529,236	5,359	35,399
Transport and Postal Activities	1,475,192	1,220,131	121,656	133,404	1,413,744	1,157,301	142,227	114,215
Wholesale and Retail Trade	1,921,158	1,546,038	64,899	310,220	1,834,426	1,449,784	89,857	294,784
Finance and Insurance	2,014,941	1,444,242	368,676	202,023	2,258,200	1,695,042	377,693	185,464
Real Estate	4,074,192	3,409,830	383,251	281,110	4,046,123	3,390,264	373,262	282,596
Goods Rental and Leasing	1,116,829	1,009,615	4,421	102,792	991,781	887,911	6,570	97,300
Local Public Bodies	123,753	108,871	8,764	6,117	116,312	100,301	7,284	8,726
Individuals	10,980,124	10,658,486	—	321,638	9,958,658	9,819,554	—	139,104
Others	25,119,875	22,341,193	1,656,535	1,122,146	23,389,125	21,021,679	1,560,850	806,594
Total for Industry Sectors	¥ 53,441,588	¥ 46,540,126	¥ 2,929,093	¥ 3,972,368	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
To 1 year	22,659,299	20,811,518	661,255	1,186,525	21,420,808	20,017,040	397,131	1,006,636
> 1 year to 3 years	5,630,919	4,098,004	325,579	1,207,335	5,498,803	4,107,351	410,873	980,578
> 3 years to 5 years	6,222,598	5,201,374	479,099	542,125	5,588,116	4,724,988	401,295	461,833
> 5 years	18,928,770	16,429,228	1,463,159	1,036,382	17,955,872	15,226,305	1,887,047	842,519
Total for Residual Maturity	¥ 53,441,588	¥ 46,540,126	¥ 2,929,093	¥ 3,972,368	¥ 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, 2019		FY2018	As of March 31, 2018		FY2017
	Term-end balance of exposures	Allowances for loan losses	Write-offs	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 95,384	¥ 25,381	¥ 4,144	¥ 87,625	¥ 12,423	¥ 7,851
Outside Japan	20,693	6,771	—	9,338	2,524	1,048
Total for Geographic Regions	¥ 116,077	¥ 32,153	¥ 4,144	¥ 96,964	¥ 14,947	¥ 8,900
Manufacturing	17,910	12,474	201	6,926	1,334	3,869
Agriculture and Forestry	283	110	6	117	58	—
Fisheries	—	—	1	—	—	—
Mining and Quarrying of Stones and Gravel	1,341	34	1,019	12	6	0
Construction	308	108	80	537	219	104
Electricity, Gas, Heat Supply and Water	4,053	2,791	—	14	3	—
Information and Communication	68	5	34	63	5	37
Transport and Postal Activities	2,555	642	31	2,369	986	34
Wholesale and Retail Trade	7,739	4,786	139	6,803	4,277	157
Finance and Insurance	292	180	15	244	158	3
Real Estate	11,833	300	23	15,268	426	27
Goods Rental and Leasing	875	0	44	0	0	—
Local Public Bodies	—	—	—	—	—	—
Individuals	46,617	3,720	2,195	51,360	4,391	2,879
Others	22,196	6,997	352	13,246	3,079	1,785
Total for Industry Sectors	¥ 116,077	¥ 32,153	¥ 4,144	¥ 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	2019	2018
< 1 month	¥ 73,399	¥ 68,691
≥ 1 month to < 2 months	15,287	12,531
≥ 2 months to < 3 months	11,035	10,375
≥ 3 months	—	0
Total	¥ 99,722	¥ 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	
	2019	2018
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	¥ 26,269	¥ 27,993
Other Amounts	—	—
Term-end Balance of Exposures	¥ 26,269	¥ 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.

Equity Investments in Funds — Consolidated

Exposures Relating to Funds

As of March 31	Millions of Yen
	2019
Total exposures relating to funds	¥ 1,674,750
Look-through Approach	1,469,553
Mandate-based Approach	205,083
Probability Approach (subject to 250% risk weight)	—
Probability Approach (subject to 400% risk weight)	—
Fall-Back Approach (subject to 1,250% risk weight)	113

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.

Exposures Relating to Funds

As of March 31	Millions of Yen
	2018
Total exposures relating to funds	¥ 2,166,240
Look-through Approach	2,046,456
Simple Majority Approach	64,887
Mandate-based Approach	24,770
Internal Model Approach	—
Fall-back Approach (subject to 400% risk weight)	29,031
Others (Exposures not included in any categories above)	1,093

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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Credit risk (excluding counterparty credit risk)	**¥ 13,253,676**	¥ 13,561,470	**¥ 1,119,884**	¥ 1,145,814
2	of Which: Standardised Approach (SA)	**293,959**	396,999	**23,516**	31,759
3	of Which: Internal Ratings-Based (IRB) Approach	**12,414,652**	12,686,915	**1,052,762**	1,075,850
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**30,191**	1,408	**2,415**	112
	Other assets	**514,873**	476,147	**41,189**	38,091
4	Counterparty credit risk (CCR)	**905,537**	731,333	**73,869**	59,685
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**280,935**	230,244	**23,806**	19,516
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjsutment (CVA)	**496,123**	389,775	**39,689**	31,182
	of Which: Central Counterparty (CCP)	**41,617**	32,381	**3,329**	2,590
	Others	**86,860**	78,932	**7,043**	6,396
7	Equity positions in banking book under market-based approach	**175,521**	301,603	**14,884**	25,575
8	Equity investment in funds (Look-Through Approach (LTA))	**1,153,184**		**92,254**	
9	Equity investment in funds (Mandate-Based Approach (MBA))	**746,991**		**59,759**	
	Equity investment in funds (Probability Approach (PA) subject to 250% risk weight)	**—**		**—**	
	Equity investment in funds (Probability Approach (PA) subject to 400% risk weight)	**—**		**—**	
10	Equity investment in funds (Fall-Back Approach (FBA) subject to 1,250% risk weight)	**1,422**		**113**	
	Equity investment in funds (SA)		—		—
	Equity investment in funds (IRB)		2,417,704		205,021
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**322,082**	159,362	**25,766**	13,513
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**304,053**		**24,324**	
14	of Which: External Rating-Based Approach (SEC-ERBA)	**14,696**		**1,175**	
15	of Which: Standardised Approach (SEC-SA)	**—**		**—**	
	of Which: IRB Ratings-Based Approach (RBA)		37,134		3,148
	of Which: IRB Supervisory Formula Approach (SFA)		71,623		6,073
	of Which: Standardised Approach (SA)		—		—
	of Which: subject to 1,250% risk weight	**3,332**	50,604	**266**	4,291
16	Market risk	**1,104,072**	1,163,880	**88,325**	93,110
17	of Which: Standardised Approach (SA)	**22,272**	170,246	**1,781**	13,619
18	of Which: Internal Model Approaches (IMA)	**1,081,800**	993,634	**86,544**	79,490
19	Operational risk	**960,854**	1,006,898	**76,868**	80,551
20	of Which: Basic Indicator Approach (BIA)	**174,122**	164,375	**13,929**	13,150
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**786,731**	842,523	**62,938**	67,401
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**371,255**	218,903	**31,482**	18,563
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 19,790,115**	¥ 20,522,957	**¥ 1,583,209**	¥ 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, 2019						
	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	¥ 16,045,864	¥ 16,045,864	¥ —	¥ —	¥ —	¥ —	
Call Loans and Bills Bought	50,124	50,124	—	—	—	—	
Receivables under Resale Agreements	158,734	—	158,734	—	—	—	
Receivables under Securities Borrowing Transactions	759,812	—	759,812	—	—	—	
Monetary Claims Bought	1,082,650	1,035,011	—	47,638	—	—	
Trading Assets	454,978	—	291,789	—	454,978	—	
Money Held in Trust	1,393	1,393	—	—	—	—	
Securities	5,759,504	5,385,240	—	374,263	—	—	
Loans and Bills Discounted	29,025,720	28,564,089	—	461,630	—	—	
Foreign Exchanges	36,936	36,936	—	—	—	—	
Lease Receivables and Investment Assets	653,447	653,447	—	—	—	—	
Other Assets	2,023,664	416,590	928,183	3,221	295,325	675,669	
Tangible Fixed Assets	211,312	211,312	—	—	—	—	
Intangible Fixed Assets	151,429	—	—	—	—	151,429	
Assets for Retirement Benefits	138,931	—	—	—	—	138,931	
Deferred Tax Assets	17,372	—	—	—	—	17,372	
Customers' Liabilities for Acceptances and Guarantees	557,007	556,890	—	117	—	—	
Allowance for Loan Losses	(99,770)	(99,770)	—	—	—	—	
Total Assets	¥ 57,029,113	¥ 52,857,131	¥ 2,138,519	¥ 886,871	¥ 750,303	¥ 983,401	
Liabilities:							
Deposits	¥ 31,903,572	¥ —	¥ —	¥ —	¥ —	¥ 31,903,572	
Negotiable Certificates of Deposit	6,328,622	—	—	—	—	6,328,622	
Call Money and Bills Sold	72,793	—	—	—	—	72,793	
Payables under Repurchase Agreements	1,603,191	—	1,603,191	—	—	—	
Payables under Securities Lending Transactions	104,767	—	104,767	—	—	—	
Trading Liabilities	258,771	—	258,771	—	258,771	—	
Borrowed Money	4,023,801	—	—	—	—	4,023,801	
Foreign Exchanges	457	—	—	—	—	457	
Short-Term Bonds Payable	1,472,786	—	—	—	—	1,472,786	
Bonds Payable	1,378,328	—	—	—	—	1,378,328	
Borrowed Money from Trust Account	5,408,009	—	—	—	—	5,408,009	
Other Liabilities	994,424	—	472,423	—	351,549	521,950	
Provision for Bonuses	17,542	—	—	—	—	17,542	
Provision for Directors' Bonuses	343	—	—	—	—	343	
Liabilities for Retirement Benefits	14,008	—	—	—	—	14,008	
Provision for Reward Points Program	18,282	—	—	—	—	18,282	
Provision for Reimbursement of Deposits	5,250	—	—	—	—	50	
Provision for Contingent Losses	3,465	—	—	—	—	8,716	
Deferred Tax Liabilities	130,479	—	—	—	—	130,479	
Deferred Tax Liabilities for Land Revaluation	2,847	—	—	—	—	2,847	
Acceptances and Guarantees	557,007	—	—	—	—	557,007	
Total Liabilities	¥ 54,298,756	¥ —	¥ 2,439,154	¥ —	¥ 610,321	¥ 51,859,602	

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.

LI1	Millions of Yen						
	March 31, 2018						
	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	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, 2019				
		a	b	c	d	e
Item No.		Total	Items subject to: 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	¥ 56,045,711	¥ 52,857,131	¥ 2,138,519	¥ 886,871	¥ 750,303
2	Liabilities carrying value amount under scope of regulatory consolidation	2,439,154	—	2,439,154	—	610,321
3	Total net amount under regulatory scope of consolidation	53,606,557	52,857,131	(300,634)	886,871	139,982
4	Off-balance sheet amounts	3,689,958	3,463,541	—	226,416	—
5	Differences due to netting, the exposure calculation method, etc.	1,976,133	—	2,200,781	—	(224,648)
6	Differences due to consideration of allowances and write-offs	40,119	40,119	—	—	—
7	Regulatory exposure amounts	59,312,768	56,360,793	1,900,147	1,113,287	(84,666)

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 and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of 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.

LI2		Millions of Yen				
		March 31, 2018				
		a	b	c	d	e
Item No.		Total	Items subject to: 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, 2019			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 115,111	¥ 28,420,486	¥ 87,931	¥ 28,447,666
2	Debt Securities	0	2,161,177	—	2,161,177
3	Other on-balance sheet assets (debt-based assets)	23,162	18,019,666	10,493	18,032,335
4	Total on-balance sheet assets (1+2+3)	138,273	48,601,330	98,425	48,641,179
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	720	559,905	1,345	559,280
6	Commitments, etc.	1,006	3,620,654	3,465	3,618,195
7	Total off-balance sheet assets (5+6)	1,726	4,180,560	4,811	4,177,476
	Total				
8	Total (4+7)	¥ 140,000	¥ 52,781,891	¥ 103,236	¥ 52,818,655

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.

CR1		Millions of Yen			
		March 31, 2018			
Item No.		a	b	c	d
		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

CR2 Item No.			Millions of Yen March 31, 2019 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 109,458
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	66,446
3		Of which: Returning to non-defaulted status	15,712
4		Of which: Written-offs	4,048
5		Of which: Other factors	(17,869)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		138,273

Notes: 1. The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.
2. The main factor for the item 5. "Of which:Other factors" is the stock decrease caused by the collection of defaulted exposures.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3 Item No.		Millions of Yen March 31, 2019				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 27,901,734	¥ 545,932	¥ 253,059	¥ 193,265	¥ —
2	Debt Securities	2,084,128	77,048	3,006	72,804	—
3	Other on-balance sheet assets (debt-based assets)	18,027,157	5,178	173	5,004	—
4	Total (1+2+3)	¥ 48,013,020	¥ 628,159	¥ 256,239	¥ 271,074	¥ —
5	Of which defaulted	102,216	4,529	4,034	7	—

CR3 Item No.		Millions of Yen March 31, 2018				
		a	b	c	d	e
		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, 2019					
		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	¥ 47	¥ —	¥ 47	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	0	0.00
3	Foreign central governments and foreign central banks	256,081	—	256,081	—	29,513	11.52
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	49	—	49	—	21	42.33
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	171,707	—	171,707	—	43,223	25.17
12	Corporates, etc.	216,369	391,286	216,369	9,734	218,133	96.47
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)	2,047	—	2,047	—	3,067	149.81
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	¥ 646,363	¥ 391,286	¥ 646,363	¥ 9,734	¥ 293,959	44.80%

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, 2019										
		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	¥ 47	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 47
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	197,054	—	—	—	59,026	—	—	—	—	—	256,081
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	24	—	18	—	6	—	—	—	49
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	—	—	146,794	—	22,095	—	2,817	—	—	—	171,707
12	Corporates, etc.	—	—	—	—	16,170	—	209,933	—	—	—	226,104
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)	—	—	—	—	3	—	—	2,043	—	—	2,047
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	¥ 197,162	¥ —	¥ 146,819	¥ —	¥ 97,314	¥ —	¥ 212,758	¥2,043	¥ —	¥ —	¥ 656,097

CR5

Item No.	Asset classes \ Risk weight	Millions of Yen March 31, 2018 a Credit risk exposure amounts (post-CCF and post-CRM) 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i 250%	j 1,250%	k 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

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 1,107,745	¥ 33	75.00%	¥ 1,121,315	0.00%	0.0	32.52%	1.7	¥ 15,426	1.37%	¥ 8	
2	0.15 to < 0.25	4,778	277	75.00	94	0.20	0.0	28.16	2.4	25	27.49	0	
3	0.25 to < 0.50	995	530	75.00	397	0.30	0.0	32.53	5.0	233	58.79	0	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	32.53	4.9	1	71.56	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	1,113,521	840	75.00	1,121,809	0.00	0.0	32.52	1.7	15,687	1.39	9	¥ 71
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	16,154,670	248,926	95.57	16,453,018	0.00	0.1	44.99	1.1	84,798	0.51	135	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	52,379	4,610	75.00	20,560	0.28	0.0	42.81	2.1	11,617	56.50	25	
4	0.50 to < 0.75	0	—	—	0	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	2,601	92	100.00	2,499	1.78	0.0	44.62	1.1	2,316	92.66	19	
6	2.50 to < 10.00	28,184	—	—	984	5.36	0.0	35.57	2.8	1,113	113.13	15	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	16,237,835	253,629	95.20	16,477,063	0.00	0.1	44.99	1.1	99,845	0.60	196	536
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	429,035	340	75.00	430,026	0.04	0.0	32.53	2.8	89,722	20.86	68	
2	0.15 to < 0.25	32,000	9,000	75.00	38,750	0.20	0.0	32.53	1.3	9,391	24.23	25	
3	0.25 to < 0.50	1,109	—	—	1,109	0.30	0.0	11.99	1.0	116	10.53	0	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.53	1.0	817	38.00	3	
5	0.75 to < 2.50	14,512	6,368	85.20	19,938	1.12	0.0	32.53	1.1	11,258	56.46	73	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	478,056	16,708	78.89	491,974	0.10	0.0	32.48	2.6	111,306	22.62	171	336
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	685,370	142,033	82.80	802,750	0.06	0.1	43.60	1.4	146,867	18.29	219	
2	0.15 to < 0.25	1,168	—	—	1,168	0.20	0.0	70.66	1.0	560	47.91	1	
3	0.25 to < 0.50	28,396	5,869	75.00	30,299	0.30	0.0	67.01	4.0	43,624	143.97	62	
4	0.50 to < 0.75	3	—	—	3	0.50	0.0	45.00	1.0	1	52.44	0	
5	0.75 to < 2.50	3,736	—	—	3,736	1.77	0.0	45.00	4.8	5,283	141.42	29	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	718,676	147,903	82.49	837,957	0.07	0.1	44.49	1.6	196,337	23.43	312	220

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
1	0.00 to < 0.15	¥ 6,300,280	¥ 2,415,175	75.61%	¥ 8,229,831	0.07%	0.7	32.04%	2.6	¥ 1,591,366	19.33%	¥1,959	
2	0.15 to < 0.25	2,277,239	432,352	76.18	2,580,853	0.20	0.4	31.43	2.6	856,102	33.17	1,663	
3	0.25 to < 0.50	1,125,691	210,731	75.98	1,268,287	0.30	0.4	31.48	2.5	519,249	40.94	1,231	
4	0.50 to < 0.75	1,081,504	216,823	75.40	1,243,507	0.50	0.7	30.06	2.4	591,849	47.59	1,887	
5	0.75 to < 2.50	787,729	115,784	73.03	822,338	1.35	0.8	28.94	2.4	538,946	65.53	3,243	
6	2.50 to < 10.00	220,720	28,913	84.55	247,723	6.62	0.0	27.26	2.2	256,729	103.63	4,560	
7	10.00 to < 100.00	19,816	37	75.00	19,161	18.67	0.0	28.80	1.7	27,395	142.97	1,031	
8	100.00 (Default)	23,865	951	75.00	28,721	100.00	0.0	32.48	1.0	13,211	45.99	8,273	
9	Sub-total	11,836,847	3,420,770	75.68	14,440,424	0.56	3.2	31.45	2.6	4,394,850	30.43	23,849	¥ 47,758
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
1	0.00 to < 0.15	788,993	147,720	85.45	928,540	0.07	0.9	52.92	3.0	357,563	38.50	371	
2	0.15 to < 0.25	105,699	—	—	106,318	0.20	0.4	59.44	3.2	78,450	73.78	129	
3	0.25 to < 0.50	272,857	78,050	80.42	336,073	0.29	0.6	45.69	2.4	197,898	58.88	452	
4	0.50 to < 0.75	171,892	10,011	75.40	180,198	0.60	0.7	48.42	3.7	192,133	106.62	521	
5	0.75 to < 2.50	405,200	22,850	74.23	422,182	1.44	1.3	43.40	3.9	511,161	121.07	2,632	
6	2.50 to < 10.00	164,500	3,770	82.11	167,542	6.03	0.4	45.06	4.3	311,435	185.88	4,559	
7	10.00 to < 100.00	36,370	1,664	72.88	35,566	29.72	0.0	44.68	4.2	92,651	260.50	4,718	
8	100.00 (Default)	13,276	205	90.28	15,707	100.00	0.0	44.11	1.0	0	0.00	6,929	
9	Sub-total	1,958,791	264,274	82.49	2,192,130	2.07	4.6	49.13	3.3	1,741,292	79.43	20,315	13,172
	SME exposures (AIRB)												
1	0.00 to < 0.15	48,149	4,830	75.00	50,100	0.11	0.0	32.53	3.7	14,742	29.42	19	
2	0.15 to < 0.25	81,826	—	—	79,339	0.20	0.0	30.67	3.6	26,676	33.62	49	
3	0.25 to < 0.50	10,167	—	—	10,167	0.30	0.0	28.14	2.7	2,996	29.46	8	
4	0.50 to < 0.75	50,866	474	75.00	49,710	0.50	0.0	19.90	3.2	14,427	29.02	49	
5	0.75 to < 2.50	115,194	11,185	76.32	114,080	1.52	0.2	21.60	2.9	53,422	46.82	374	
6	2.50 to < 10.00	9,832	1,594	75.00	10,938	7.13	0.0	21.45	1.6	6,580	60.15	169	
7	10.00 to < 100.00	4,040	—	—	3,293	18.67	0.0	16.82	1.5	2,203	66.89	103	
8	100.00 (Default)	1,367	—	—	2,168	100.00	0.0	27.21	1.0	827	38.13	524	
9	Sub-total	321,444	18,083	75.81	319,798	1.81	0.3	25.49	3.2	121,876	38.11	1,300	2,885
	SME exposures (FIRB)												
1	0.00 to < 0.15	53	—	—	53	0.12	0.0	45.00	1.0	11	21.55	0	
2	0.15 to < 0.25	54	—	—	54	0.20	0.0	45.00	1.0	14	26.66	0	
3	0.25 to < 0.50	1	—	—	1	0.30	0.0	45.00	1.0	0	36.27	0	
4	0.50 to < 0.75	96,097	932	75.00	95,925	0.50	0.5	38.64	4.7	63,631	66.33	187	
5	0.75 to < 2.50	249,549	687	85.85	247,948	1.59	1.3	39.55	4.6	227,607	91.79	1,578	
6	2.50 to < 10.00	10,874	—	—	10,805	7.40	0.0	40.96	3.2	13,957	129.17	326	
7	10.00 to < 100.00	228	—	—	228	18.67	0.0	44.54	4.8	461	202.15	19	
8	100.00 (Default)	8,547	250	99.99	8,983	100.00	0.0	43.79	1.0	0	0.00	3,934	
9	Sub-total	365,406	1,870	82.33	364,000	3.92	2.0	39.46	4.5	305,685	83.97	6,046	600

CR6

Millions of Yen, %, 1,000 cases, Year

Item No.	PD scale	March 31, 2019 a: On-balance sheet gross exposures	b: Off-balance sheet exposures pre-CCF and pre-CRM	c: Average CCF	d: EAD post-CCF and post-CRM	e: Average PD	f: Number of obligors	g: Average LGD	h: Average maturity	i: Credit RWA amounts	j: RWA density	k: EL	l: Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥ 537,680	¥ 10,807	75.00%	¥ 545,785	0.06%	0.0	18.07%	3.3	¥ 58,342	10.68%	¥ 61	
2	0.15 to < 0.25	84,129	2,700	75.00	86,154	0.20	0.0	18.07	3.0	17,301	20.08	31	
3	0.25 to < 0.50	54,223	—	—	54,223	0.30	0.0	18.07	1.2	9,227	17.01	30	
4	0.50 to < 0.75	257,122	—	—	257,122	0.50	0.0	18.07	4.3	94,747	36.84	234	
5	0.75 to < 2.50	57,285	3,100	75.00	59,610	1.23	0.0	18.07	4.3	29,262	49.08	133	
6	2.50 to < 10.00	130	—	—	130	7.65	0.0	18.07	1.0	82	63.08	1	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	990,572	16,607	75.00	1,003,027	0.27	0.1	18.07	3.5	208,963	20.83	493	¥ 1,017
	Specialised lending (FIRB)												
1	0.00 to < 0.15	206	—	—	206	0.08	0.0	45.00	1.0	33	16.14	0	
2	0.15 to < 0.25	47	—	—	47	0.20	0.0	45.00	1.0	14	30.51	0	
3	0.25 to < 0.50	18	—	—	18	0.30	0.0	45.00	1.0	7	39.51	0	
4	0.50 to < 0.75	111	—	—	111	0.50	0.0	45.00	1.0	58	52.44	0	
5	0.75 to < 2.50	17	—	—	17	1.74	0.0	45.00	1.0	15	90.55	0	
6	2.50 to < 10.00	0	—	—	0	7.65	0.0	45.00	1.0	1	157.03	0	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	401	—	—	401	0.30	0.1	45.00	1.0	130	32.39	0	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,278,797	29	100.00	506,224	0.07	0.3	90.00	5.0	608,065	120.11	—	
2	0.15 to < 0.25	125,988	—	—	45,859	0.20	0.1	90.00	5.0	69,714	152.01	—	
3	0.25 to < 0.50	59,246	—	—	22,468	0.30	0.1	90.00	5.0	38,862	172.96	—	
4	0.50 to < 0.75	48,216	—	—	21,156	0.50	0.2	90.00	5.0	43,068	203.57	—	
5	0.75 to < 2.50	21,568	—	—	16,935	1.26	0.2	90.00	5.0	46,403	274.00	—	
6	2.50 to < 10.00	4,000	—	—	2,258	6.66	0.0	90.00	5.0	10,230	453.01	—	
7	10.00 to < 100.00	14	—	—	4	18.67	0.0	90.00	5.0	33	731.60	—	
8	100.00 (Default)	10	—	—	3	100.00	0.0	90.00	5.0	36	1,125.00	—	
9	Sub-total	1,537,843	29	100.00	614,910	0.16	1.3	90.00	5.0	816,416	132.76	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	8,055	—	—	8,055	0.09	0.0	32.53	3.3	2,221	27.58	2	
2	0.15 to < 0.25	29,955	—	—	29,955	0.20	0.0	32.53	2.3	9,367	31.27	19	
3	0.25 to < 0.50	1,700	—	—	1,700	0.30	0.0	32.53	4.3	919	54.10	1	
4	0.50 to < 0.75	40,613	—	—	40,613	0.50	0.0	32.53	4.0	25,769	63.45	66	
5	0.75 to < 2.50	32,381	—	—	32,381	1.67	0.0	32.46	3.9	29,754	91.88	175	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	112,704	—	—	112,704	0.72	0.0	32.51	3.5	68,033	60.36	266	7

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	1,140	—	—	1,140	0.25	0.0	100.00	1.0	886	77.74	—	
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	1,140	—	—	1,140	0.25	0.0	100.00	1.0	886	77.74	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	605,927	—	—	605,927	0.06	0.3	45.00	1.1	87,288	14.40	180	
2	0.15 to < 0.25	85,732	—	—	85,732	0.20	0.1	45.00	1.0	26,297	30.67	79	
3	0.25 to < 0.50	78,795	—	—	78,795	0.30	0.3	45.00	1.1	31,979	40.58	109	
4	0.50 to < 0.75	93,164	—	—	93,164	0.51	1.3	45.00	1.1	50,102	53.77	214	
5	0.75 to < 2.50	56,214	—	—	56,214	1.48	4.8	45.00	1.5	48,501	86.27	375	
6	2.50 to < 10.00	10,764	—	—	10,764	4.87	1.4	45.00	2.7	16,283	151.26	236	
7	10.00 to < 100.00	2,664	—	—	2,664	21.75	0.0	45.00	2.5	5,974	224.24	260	
8	100.00 (Default)	76	—	—	76	100.00	0.0	45.00	1.0	0	0.00	34	
9	Sub-total	933,340	—	—	933,340	0.35	8.5	45.00	1.1	266,426	28.54	1,490	1,010
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	663,563	—	—	663,563	0.05	0.3	94.66	1.1	173,641	26.16	17	
2	0.15 to < 0.25	20,627	—	—	20,627	0.22	0.1	99.80	1.0	14,624	70.89	0	
3	0.25 to < 0.50	16,869	—	—	16,869	0.37	0.2	80.98	1.4	14,674	86.98	7	
4	0.50 to < 0.75	1,295	—	—	1,295	0.50	0.0	45.00	2.5	1,048	80.95	2	
5	0.75 to < 2.50	8,586	—	—	8,586	0.94	0.3	92.95	1.4	12,996	151.36	8	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	710,941	—	—	710,941	0.08	1.0	94.37	1.1	216,985	30.52	35	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	72,898	—	—	72,898	0.31	35.9	72.54	—	28,736	39.42	165	
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	72,898	—	—	72,898	0.31	35.9	72.54	—	28,736	39.42	165	276

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2019

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,560	28.44%	¥ 12,106	0.11%	43.9	64.25%	—	¥ 524	4.33%	¥ 8	
2	0.15 to < 0.25	40,983	845,956	11.53	138,564	0.24	201.1	58.77	—	10,228	7.38	198	
3	0.25 to < 0.50	19,038	667,036	8.26	74,192	0.37	149.8	72.92	—	9,496	12.80	200	
4	0.50 to < 0.75	32,814	280,686	11.53	65,191	0.59	85.1	58.77	—	9,786	15.01	227	
5	0.75 to < 2.50	16,076	190,244	11.63	38,208	0.94	91.7	62.91	—	8,769	22.95	226	
6	2.50 to < 10.00	44,516	136,231	13.29	62,624	5.00	96.2	59.70	—	43,013	68.68	1,864	
7	10.00 to < 100.00	385	1,488	10.49	541	56.14	0.7	63.73	—	813	150.18	196	
8	100.00 (Default)	166	4,722	7.57	16,807	100.00	20.7	60.53	—	5,032	29.93	9,772	
9	Sub-total	153,981	2,168,927	10.97	408,238	5.29	689.6	62.11	—	87,663	21.47	12,695	¥ 18,240
	Residential mortgage exposures												
1	0.00 to < 0.15	3,211,628	17,556	100.00	3,229,185	0.10	112.5	19.71	—	159,641	4.94	688	
2	0.15 to < 0.25	2,990,500	115	100.00	2,990,616	0.18	142.1	18.36	—	206,606	6.90	1,008	
3	0.25 to < 0.50	2,273,100	2,584	100.00	2,275,684	0.34	116.8	18.19	—	246,297	10.82	1,424	
4	0.50 to < 0.75	700,591	73	100.00	700,664	0.51	46.4	19.98	—	111,220	15.87	719	
5	0.75 to < 2.50	130,195	19	100.00	130,215	0.92	12.7	22.22	—	34,196	26.26	265	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	81,493	35	100.00	81,528	20.34	4.2	19.23	—	87,890	107.80	3,255	
8	100.00 (Default)	30,930	24	100.00	32,073	100.00	1.8	20.87	—	8,415	26.23	6,023	
9	Sub-total	9,418,440	20,409	100.00	9,439,968	0.74	436.8	18.97	—	854,268	9.04	13,385	23,339
	Other retail exposures												
1	0.00 to < 0.15	0	25,295	22.91	5,795	0.11	23.0	19.44	—	308	5.32	1	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	277,137	—	—	277,137	0.31	121.4	55.64	—	83,915	30.27	493	
4	0.50 to < 0.75	360,872	571	100.00	361,443	0.58	101.0	39.74	—	113,239	31.32	852	
5	0.75 to < 2.50	157,862	148,343	28.60	200,301	1.14	282.2	65.10	—	138,800	69.29	1,534	
6	2.50 to < 10.00	64,836	26,106	54.24	78,998	3.80	67.6	45.23	—	50,704	64.18	1,328	
7	10.00 to < 100.00	3,666	754	91.86	4,359	41.53	1.1	39.27	—	3,831	87.89	844	
8	100.00 (Default)	9,781	1,423	34.20	23,035	100.00	13.6	49.19	—	6,312	27.40	10,826	
9	Sub-total	874,158	202,494	31.67	951,071	3.48	610.3	50.27	—	397,113	41.75	15,881	16,106
	Lease transactions												
1	0.00 to < 0.15	127,287	—	—	127,287	0.05	0.4	45.00	3.1	30,100	23.64	31	
2	0.15 to < 0.25	184,569	—	—	184,569	0.20	0.1	45.00	3.3	96,033	52.03	170	
3	0.25 to < 0.50	21,888	—	—	21,888	0.30	0.1	45.00	2.0	11,090	50.66	30	
4	0.50 to < 0.75	33,751	—	—	33,751	0.50	0.2	45.00	3.1	25,989	77.00	76	
5	0.75 to < 2.50	44,629	—	—	44,629	1.51	0.3	45.00	2.8	45,430	101.79	304	
6	2.50 to < 10.00	2,510	—	—	2,510	6.26	0.0	45.00	2.9	3,773	150.26	70	
7	10.00 to < 100.00	305	—	—	305	18.67	0.0	45.00	3.5	638	208.69	25	
8	100.00 (Default)	—	—	—	526	100.00	0.0	45.00	1.0	0	0.00	237	
9	Sub-total	414,942	—	—	415,469	0.50	1.3	45.00	3.1	213,055	51.28	946	3,519
Total (all portfolios)		¥ 48,251,943	¥ 6,532,547	54.10%	¥ 50,909,270	0.55%	1,796.1	36.89%	2.0	¥ 10,145,561	19.92%	¥ 97,562	¥ 129,100

Notes: 1. "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.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
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
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
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 (AIRB)												
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
	Financial Institution exposures (FIRB)												
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

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
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
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
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 (AIRB)												
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
	SME exposures (FIRB)												
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

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending (AIRB)												
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
	Specialised lending (FIRB)												
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) (AIRB)												
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

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2018

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
Purchased receivables for corporates, etc. (default risk) (FIRB)													
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) (AIRB)													
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	—
Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)													
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	—
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

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	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
	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)		¥ 46,323,182	¥ 4,344,573	64.46%	¥ 48,368,261	0.62%	1,170.4	37.08%	2.0	¥ 10,628,994	21.97%	¥ 97,675	¥116,883

Notes: 1. "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.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of Yen	
		March 31, 2019	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 100,435	¥ 100,435
2	Sovereign Exposures – AIRB	14,903	14,903
3	Financial Institution Exposures – FIRB	196,461	196,461
4	Financial Institution Exposures – AIRB	111,017	111,017
5	Corporate exposures (excluding specialised lending) – FIRB	2,046,264	2,046,264
6	Corporate exposures (excluding specialised lending) – AIRB	4,517,798	4,517,798
7	Specialised lending – FIRB	2,269,220	2,269,220
8	Specialised lending – AIRB	208,963	208,963
9	Retail – Qualifying revolving retail exposures	87,663	87,663
10	Retail – Residential mortgage exposures	854,268	854,268
11	Retail – Other retail exposures	397,113	397,113
12	Equity Exposures – FIRB	991,938	991,938
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	512,148	512,148
15	Purchased receivables – AIRB	68,919	68,919
16	Total	¥ 12,377,118	¥ 12,377,118

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

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

CR8 Item No.			Millions of Yen
			March 31, 2019
			RWA amounts
1	RWA at the end of the previous fiscal year		¥ 13,427
2	Factor of RWA changes	Asset size	652
3		Asset quality	(900)
4		Model updates	(115)
5		Methodology and policy	73
6		Acquisitions and disposals	(1)
7		Foreign exchange movements	82
8		Others	—
9	RWA at the end of the fiscal year		¥ 13,219

Note: The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions 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, 2019 (Period covered: September 30, 2017 - September 30, 2018)												
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, 2017	September 30, 2018				
Sovereign Exposures	—	AAA~ B-	Aaa~ B3	AAA~ B-	AAA~ BB+	AAA~ BBB-	0.02%	0.18%	534	579	0	0	0.00%	0.8%
Financial Institution Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AA+~ BB-	AAA~ BB	0.15	0.40	417	426	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	403	422	0	0	0.00	49.8
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.07	0.07	442	469	0	0	0.00	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.21	0.23	2,167	2,198	0	0	0.01	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	1.08	1.33	4,556	4,714	2	0	0.16	
	> 5% to <100%	—	—	—	—	—	18.00	10.62	275	230	8	0	2.95	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	24	32	0	0	0.00	9.0
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.07	0.07	99	114	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.27	0.29	191	228	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.76	2.87	606	576	0	0	0.05	
	> 15% to <100%	—	—	—	—	—	34.12	34.12	16	15	0	0	11.27	
Purchased receivables for corporates,etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.54	0.84	2,880	1,326	3	0	0.70	0.1
Qualifying revolving retail exposures	≥ 0% to 2%						0.54	0.33	38,086	41,081	18	0	0.10	0.0
	> 2% to < 100%						24.92	24.92	127	136	21	0	13.53	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	441,808	476,742	356	0	0.10	6.4
	> 2% to < 100%						21.11	21.11	4,070	4,999	554	0	12.47	
Other retail exposures	≥ 0% to 5%						0.74	0.82	42,546	41,786	123	0	0.38	0.4
	> 5% to < 100%						24.91	26.08	213	225	48	0	16.66	

Entities subject to FIRB

CR9

%, Cases

March 31, 2019 (Period covered: September 30, 2017 - September 30, 2018)

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, 2017	September 30, 2018				
Sovereign Exposures	—	—	—	—	AAA~BBB	AAA~BBB+	0.01%	0.06%	164	184	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~BB-	AAA~BB	0.06	0.39	7	7	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~AA-	AAA~AA	0.03	0.03	54	49	0	0	0.00	3.3
	> 0.03% to 0.1%	—	—	—	A+~A-	AA-~A	0.07	0.07	101	89	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~BBB-	A-~BBB	0.22	0.24	522	497	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~BB-	BBB-~BB	1.34	1.30	972	913	7	1	0.63	
	> 5% to < 100%	—	—	—	—	—	8.57	7.53	182	234	10	1	5.30	
Qualifying revolving retail exposures	≥ 0% to 1%						0.42	0.43	85,180	83,967	295	24	0.28	0.1
	> 1% to < 100%						83.20	82.76	85	100	59	0	70.62	
Residential mortgage exposures	≥ 0% to 2%						0.70	0.78	12,662	12,858	57	0	0.37	0.3
	> 2% to < 100%						24.79	24.79	263	275	29	0	12.81	
Other retail exposures	≥ 0% to 5%						1.06	0.96	330,135	330,306	1,940	73	0.60	2.5
	> 5% to < 100%						42.98	57.04	770	903	369	0	46.81	

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 2017. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2017 to the end of September 2018.

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. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest six years rather than the latest five years.

7. 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 2018) 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).

8. 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.

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, 2019

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	¥ 67,716	¥ 10,735	50%	¥ 44,689	¥ 7,074	¥ —	¥ 24,013	¥ 75,777	¥ 37,888	¥ —
	2.5 years≤	534,449	112,496	70%	408,155	210,579	—	90	618,825	433,177	2,475
Good	< 2.5 years	113,434	33,813	70%	41,704	58,967	—	38,122	138,795	97,156	555
	2.5 years≤	682,699	220,609	90%	586,859	230,379	—	30,991	848,231	763,407	6,785
Satisfactory		270,940	48,881	115%	158,545	96,873	—	51,727	307,146	353,218	8,600
Weak		54,978	9,559	250%	12,853	37,630	—	11,664	62,148	155,370	4,971
Default		15,891	1,508	—	15,356	1,514	—	—	16,871	—	8,435
Total		¥ 1,740,111	¥ 437,604	—	¥ 1,268,165	¥ 643,020	¥ —	¥ 156,609	¥ 2,067,795	¥ 1,840,220	¥ 31,824
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	8,922	—	70%					8,922	6,245	35
	2.5 years≤	35	—	95%					35	34	0
Good	< 2.5 years	8,889	—	95%					8,889	8,444	35
	2.5 years≤	35,944	9,662	120%					43,190	51,828	172
Satisfactory		139,008	87,246	140%					204,443	286,220	5,724
Weak		16,896	18,056	250%					30,439	76,097	2,435
Default		—	—	—					—	—	—
Total		¥ 209,695	¥ 114,965	—					¥ 295,919	¥ 428,870	¥ 8,403
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		7,936	23,496	300%					31,432	94,298	
Simple risk weight method – Unlisted shares		20,305	—	400%					20,305	81,222	
Internal Models Approach		—	—	—					—	—	
Total		¥ 28,241	¥ 23,496	—					¥ 51,738	¥ 175,521	
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%					—	—	

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, 2019					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	304,012	463,054			767,066	280,935
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					563,627	86,860
5	Exposure variation estimation model					—	—
6	Total						¥ 367,796

CCR1		Millions of Yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		RC	PFE	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, 2019	
		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	690,868	496,123
5	Total portfolios subject to the CVA capital charge	¥ 690,868	¥ 496,123

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, 2019								
		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	—	—	336,784	—	—	—	—	—	336,784
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 336,784	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 336,784

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

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, 2019						
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	¥ 24,077	0.01%	0.0	19.76%	2.1	¥ 2,623	10.89%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	501	0.26	0.0	45.00	1.5	278	55.57
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	24,579	0.02	0.0	19.99	2.1	2,902	11.81
		Financial Institution exposures						
1	0.00 to < 0.15	400,433	0.05	0.1	11.24	2.7	87,496	21.85
2	0.15 to < 0.25	271	0.20	0.0	45.00	2.2	125	46.33
3	0.25 to < 0.50	19,814	0.30	0.0	17.74	3.4	16,170	81.61
4	0.50 to < 0.75	176	0.50	0.0	45.00	1.0	92	52.44
5	0.75 to < 2.50	156	1.03	0.0	45.00	1.0	116	74.38
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	420,852	0.06	0.1	11.45	2.7	104,001	24.71
		Corporate exposures and SME exposures						
1	0.00 to < 0.15	358,606	0.06	0.4	10.86	2.2	80,848	22.54
2	0.15 to < 0.25	28,675	0.20	0.1	45.00	4.1	16,934	59.05
3	0.25 to < 0.50	26,581	0.30	0.1	45.00	4.7	20,700	77.87
4	0.50 to < 0.75	10,000	0.51	0.1	45.00	4.5	9,247	92.46
5	0.75 to < 2.50	44,076	1.49	0.1	45.00	4.7	58,382	132.45
6	2.50 to < 10.00	1,865	4.91	0.0	45.00	4.0	3,038	162.86
7	10.00 to < 100.00	400	33.20	0.0	45.00	3.6	1,098	274.33
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	470,207	0.27	0.9	13.18	2.7	190,249	40.46
Total (all portfolios)		¥ 915,639	0.17%	1.0	12.44%	2.7	¥ 297,154	32.45%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

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, 2019					
		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)	¥ —	¥ 110,968	¥ —	¥ 241,809	¥ 26,439	¥ 786,303
2	Cash (other currency)	—	673	—	91,676	1,090,592	31,180
3	Domestic sovereign debt	—	1,740	—	6,871	76,915	311,905
4	Other sovereign debt	—	—	—	—	1,137,589	1,608,996
5	Government agency debt	—	—	—	—	589,731	545,503
6	Corporate bonds	—	—	—	—	114,373	13,571
7	Equity securities	—	—	—	9,505	649,732	778,187
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 113,381	¥ —	¥ 349,862	¥ 3,685,373	¥ 4,075,649

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, 2019	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 63,600	¥ 121,846
2	Index credit default swaps	724	4,345
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 64,324	¥ 126,192
	Fair values		
7	Positive fair value (asset)	81	1,250
8	Negative fair value (liability)	(701)	(117)

CCR6		Millions of Yen	
		March 31, 2018	
Item No.		a	b
		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)

As of March 31, 2019
Not applicable.

As of March 31, 2018
The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of Yen	
		March 31, 2019	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 41,617
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,062,146	21,242
3	(i) OTC derivatives	783,629	15,672
4	(ii) Exchange-traded derivatives	261,998	5,239
5	(iii) Repo transactions	16,517	330
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	55,520	1,110
9	Pre-funded default fund contributions	15,437	19,264
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	—	—

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, 2019								
		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	¥ 62,706	¥ —	¥ 62,706	¥ 139,483	¥ —	¥ 139,483	¥ 232,977	¥ —	¥ 232,977
2	Residential mortgage	62,706	—	62,706	96,477	—	96,477	68,852	—	68,852
3	Credit card	—	—	—	1,565	—	1,565	43,969	—	43,969
4	Other retail exposures	—	—	—	41,441	—	41,441	120,155	—	120,155
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	16,910	—	16,910	—	—	—	657,440	—	657,440
7	Loans to corporates	—	—	—	—	—	—	635,250	—	635,250
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	16,910	—	16,910	—	—	—	22,189	—	22,189
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

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)

As of March 31, 2019
Not applicable.

As of March 31, 2018
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, 2019														
		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	¥138,561	¥138,561	¥138,561	¥138,561	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	2,890	2,890	2,890	2,890	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	43,538	43,538	43,538	43,538	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	33,842	33,842	33,842	16,932	16,910	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	217,699	217,699	217,699	200,789	16,910	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,134	1,134	1,134	1,134	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	138,523	138,523	138,523	92,170	46,353	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	205	205	205	205	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	3,332	3,332	3,332	3,332	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	11,081	11,081	11,081	7,373	3,708	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	16	16	16	16	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—

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 Holding 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 Holding 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 Holding 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, 2019														
		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	¥739,235	¥739,235	¥739,235	¥203,032	¥536,203	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	109,431	109,431	109,431	25,898	83,533	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	41,749	41,749	41,749	4,047	37,702	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	834,642	834,642	834,642	177,202	657,440	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	55,775	55,775	55,775	55,775	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	165,529	165,529	165,529	29,361	136,168	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	14,491	14,491	14,491	14,491	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	13,241	13,241	13,241	2,348	10,893	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,159	1,159	1,159	1,159	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

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 Holding 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 Holding 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 Holding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

MR1: Market risk under standardised approach

MR1		Millions of Yen
		March 31, 2019
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,528
2	Equity risk (general and specific)	—
3	Foreign exchange risk	17,744
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 22,272

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: Risk-weighted Assets Flow Statements of Market Risk Exposures under Internal Model Approach

MR2			Millions of Yen					
			March 31, 2019					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2018)		¥ 243	¥ 749	¥ —	¥ —		¥ 993
1b	Regulatory adjustment ratio (1a/1c)		4.06	3.46	—	—		3.59
1c	RWA at the end of the previous fiscal year		59	216	—	—		276
2	Factor of RWA changes	Movement in risk levels	(0)	77	—	—		76
3		Model updates/changes	1	(10)	—	—		(8)
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	1	(5)	—	—		(3)
7		Others	(7)	17	—	—		10
8a	RWA at the end of the fiscal year		55	295	—	—		350
8b	Regulatory adjustment ratio (8c/8a)		3.26	3.04	—	—		3.08
8c	RWA at the end of current reporting period (March 31, 2019)		181	900	—	—		1,081

Note: The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

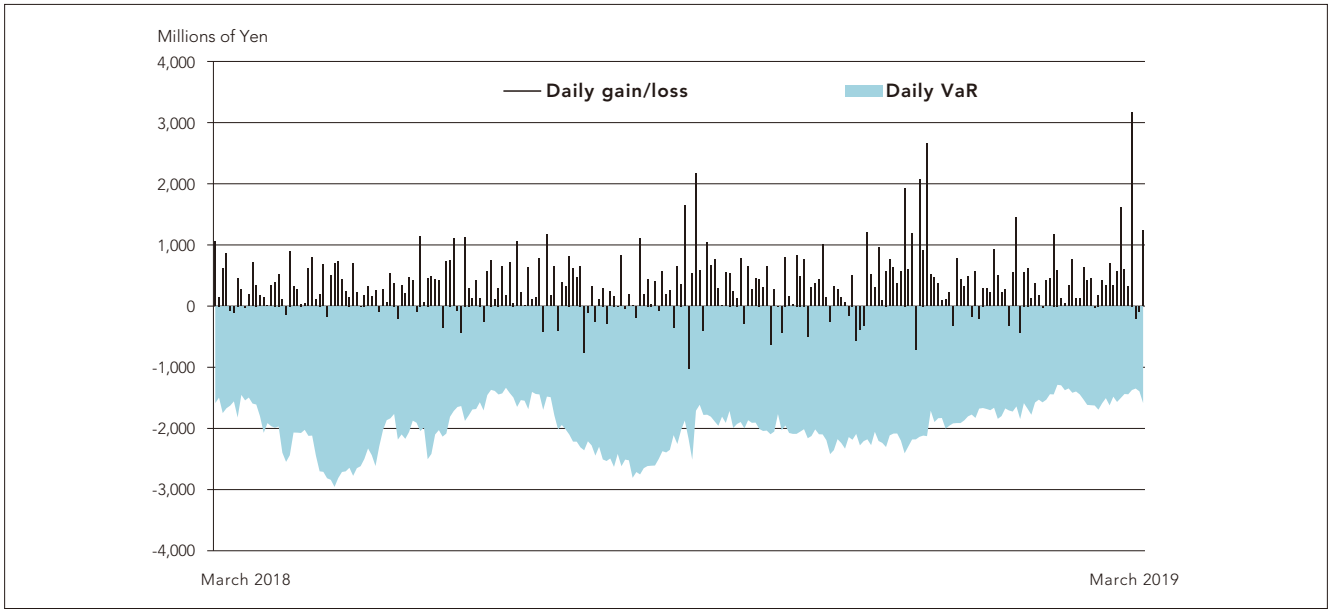
MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3 Item No.		Millions of Yen March 31, 2019
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 9,631
2	Average value	6,350
3	Minimum value	3,906
4	Period end	4,455
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	32,028
6	Average value	23,719
7	Minimum value	15,276
8	Period end	23,612
	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)	—

MR3 Item No.		Millions of Yen 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)	—

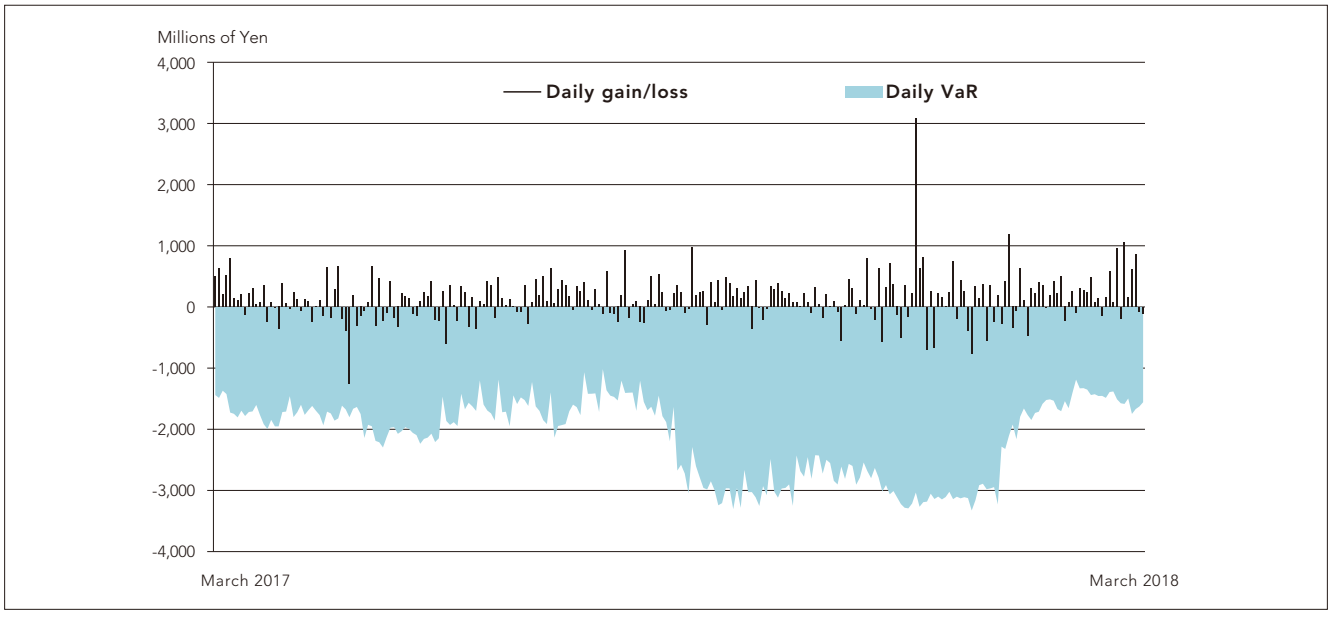
MR4: Backtesting results by Internal Model Approaches (IMA)

MR4	March 31, 2019



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Parallel up	**¥ 105,286**	¥ 133,810	**¥ (81,988)**	¥ (68,800)
2	Parallel down	**37,127**	15,192	**82,944**	68,343
3	Steepener	**58,921**	75,958		
4	Flattener	**—**	129		
5	Short rate up	**9,980**	22,305		
6	Short rate down	**22,469**	5,109		
7	Maximum	**105,286**	133,810	**82,944**	68,343
		e		f	
		March 31, 2019		March 31, 2018	
8	Tier 1 Capital	**¥ 2,806,512**		¥ 2,821,417	

CCyB1: Countercyclical buffer requirement: Status by Country or Region

CCyB1	Millions of Yen, %			
	March 31, 2019			
	a	b	c	d
Country or region	Countercyclical capital buffer rate	Risk-weighted assets used in the computation of the countercyclical capital buffer	Bank-specific countercyclical capital buffer rate	Counter cyclical buffer requirement amount
Hong Kong	**2.50%**	**¥ 77,520**		
Sweden	**2.00%**	**2,359**		
United Kingdom	**1.00%**	**310,256**		
Subtotal		**390,136**		
Total		**¥ 15,713,808**	**0.03%**	**¥ 5,937**

Notes: 1. The amount of credit RWA by country or region is, in principle, calculated on the basis of where the ultimate risk of the exposure resides (based on the country or region where the borrower resides). However, with respect to securitisation exposures and equity investments in funds whose country or region are difficult to identify, calculations are made according to the country or region in which the exposure is booked.
2. The ratio of the Company's exposures in the three countries or regions in which the countercyclical buffer requirement set by regulatory authorities exceeded 0 to the Company's total exposures was limited.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 3 of Supplementary Provisions of the FSA amended Disclosure Notification.

Indicators for Assessing Global Systemically Important Banks (G-SIBs) Consolidated

GSIB1: Indicators for Assessing G-SIBs

Fiscal Year 2018

GSIB1 Basel III Template No.			Millions of Yen	
			March 31, 2019	March 31, 2018
1	Cross-jurisdictional activity	Cross-jurisdictional claims	¥ 8,594,442	
2		Cross-jurisdictional liabilities	13,701,295	
3	Size	Total exposures	60,253,670	
4	Interconnectedness	Intra-financial system assets	5,045,254	
5		Intra-financial system liabilities	8,178,301	
6		Securities outstanding	10,685,036	
7	Substitutability / Financial institution infrastructure	Assets under custody	230,254,779	
8		Payments through settlement systems	896,293,204	
9		Underwritten transactions in debt and equity markets	15,431	
10	Complexity	Notional amount of over-the-counter (OTC) derivatives	191,324,056	
11		Level 3 assets	703,586	
12		Trading and available-for-sale (AFS) securities	3,711,983	

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.

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	2019	2018
		On-Balance Sheet Exposures		
1		On-Balance Sheet Exposures before Deducting Adjustment Items	¥ 54,631,119	¥ 65,922,559
1a	1	Total Assets Reported in the Consolidated Balance Sheet	57,029,113	68,356,798
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)	2,397,993	2,434,239
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)	244,462	296,029
3		Total On-Balance Sheet Exposures (A)	54,386,656	65,626,529
		Exposures Related to Derivative Transactions		
4		Replacement Cost Associated with Derivatives Transactions, etc. multiplied by 1.4		
		Replacement Cost Associated with Derivatives Transactions, etc.	448,438	351,450
5		Potential Future Exposure Associated with Derivatives Transactions, etc. multiplied by 1.4		
		Add-On Amount Associated with Derivatives Transactions, etc.	988,145	890,937
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	333,486	592,740
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework		
		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)	119,286	207,575
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	126,192	81,400
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	63,600	81,400
11	4	Total Exposures Related to Derivative Transactions (B)	1,713,376	1,627,554
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	918,547	738,826
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	—	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	252,883	168,492
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	1,171,431	907,318
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	7,541,069	7,250,523
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	4,803,322	4,604,087
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	2,737,747	2,646,436
		Basel III leverage ratio on a Consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	2,806,512	2,821,417
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	¥ 60,009,211	¥ 70,807,838
22		Basel III leverage ratio on a Consolidated Basis (G) = (E)/(F)	4.67%	3.98%

The key drivers of material changes observed from March 31, 2018 to March 31, 2019

Total exposures decreased substantially due to exclusion of Japan Trustee Services Bank, Ltd. from the scope of consolidation, which became an affiliated company resulting from its management integration in October 2018.

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 2018 4th Quarter		Fiscal Year 2018 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		15,232,871		16,267,668
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,451,832	¥ 795,599	¥ 17,466,995	¥ 806,111
3	of which: Stable deposits	664,777	19,943	656,898	19,706
4	of which: Less stable deposits	7,714,157	775,656	7,819,898	786,404
5	Cash outflows related to unsecured wholesale funding	13,722,633	9,765,092	13,356,093	9,427,939
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	10,950,615	6,993,074	11,031,803	7,103,649
8	of which: Debt securities	2,772,018	2,772,018	2,324,290	2,324,290
9	Cash outflows related to secured funding, etc.		126,086		80,494
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,506,037	1,244,804	5,477,877	1,300,739
11	of which: Cash outflows related to derivative transactions, etc.	410,164	410,164	482,590	482,590
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	5,095,873	834,640	4,995,287	818,149
14	Cash outflows related to contractual funding obligations, etc.	645,834	515,951	504,857	393,033
15	Cash outflows related to contingencies	10,782,290	22,941	10,727,789	22,982
16	Total cash outflows		12,470,473		12,031,298
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	92,345	0	80,566	0
18	Cash inflows related to collection of loans, etc.	3,003,573	2,080,170	2,836,914	2,038,500
19	Other cash inflows	345,927	190,839	327,996	175,355
20	Total cash inflows	3,441,845	2,271,009	3,245,476	2,213,855
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		15,232,871		16,267,668
22	Net cash outflows		10,199,464		9,817,443
23	Consolidated Liquidity Coverage Ratio (LCR)		149.3		165.7
24	The number of data used to calculate the average value		58		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 over the past two years is currently in a decline due to the growing mismatch between long-term investments and short-term financing, but has been far exceeding the required criteria.

The increase in the 3rd quarter of fiscal year 2018 was due to the change in our scope of consolidation.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the required criteria and going forward it is not expected to fluctuate significantly from the current level. The actual LCR is not significantly different from our primary 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."

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.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner 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 2019.

[Compensation Disclosure Data: SuMi TRUST Holdings]

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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 include directors, and executive officers*1 of SuMi TRUST Holdings, but exclude external directors.

*1 Executive officers defined by the Companies Act.

(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 Sumitomo Mitsui Trust Panasonic Finance 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 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 2018 (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*2 of SuMi TRUST Holdings and employees equivalent to general managers in the departments involving loan operations and market risk management.

*2 Executive officers defined in internal policy.

(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 Holdings is a company with Three Committees and has established a Compensation Committee, a statutory committee, to deliberate and decide the compensation system of directors and executive officers*1 and the content of the compensation. The Committee shall prescribe policy on decisions on the content of remuneration for individual

directors and executive officers*1 of SuMi TRUST Holdings, and decide the content of remuneration for individual executive officers*1 and directors. In addition, the amounts of remuneration for individual executive officers*2 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 directors, executive officers*1, and executive officers*2, 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, 2018-March 31, 2019)	Total amount of compensation*
Compensation Committee (SuMi TRUST Holdings)	11 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.*1

Our aim is for the remunerations for directors and executive officers*1 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 medium- 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, share acquisition rights were allotted to directors and executive officers*1 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.	17	24
2		Total amount of fixed compensation (3+5+7)	246	566
3		of Which: Cash compensation amount	246	566
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)	225	514
11		of Which: Cash compensation amount	179	440.00
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	45	73
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.	—	1
21		Total amount of other compensations	—	3
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		472	1,083

(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 Commissioner 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 2019.

[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 Commissioner 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 Commissioner 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]

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Quantitative Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited

KM1: Key Metrics

Consolidated

KM1		Millions of Yen, %				
Basel III Template No.		a	b	c	d	e
		March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,068,239	¥ 2,201,397	¥ 2,204,938	¥ 2,251,944	¥ 2,218,347
2	Tier 1	2,421,640	2,553,940	2,557,849	2,664,814	2,630,475
3	Total capital	2,935,268	3,077,114	3,110,914	3,230,101	3,156,660
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	19,529,822	19,111,660	19,861,313	20,215,073	20,427,360
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	10.59%	11.51%	11.10%	11.13%	10.85%
6	Tier 1 ratio (%)	12.39%	13.36%	12.87%	13.18%	12.87%
7	Total capital ratio (%)	15.02%	16.10%	15.66%	15.97%	15.45%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	59,930,811	59,454,139	59,627,501	57,399,225	57,273,067
14	Basel III leverage ratio (%)	4.04%	4.29%	4.28%	4.64%	4.59%

KM1		Millions of Yen, %				
Basel III Template No.		Fiscal Year 2018 4th Quarter	Fiscal Year 2018 3rd Quarter	Fiscal Year 2018 2nd Quarter	Fiscal Year 2018 1st Quarter	Fiscal Year 2017 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 15,232,871	¥ 16,267,668	¥ 16,132,916	¥ 15,641,897	¥ 15,286,840
16	Net cash outflows	10,313,003	9,903,496	10,146,366	8,417,938	7,701,341
17	Consolidated LCR (%)	147.7%	164.2%	159.0%	185.8%	198.4%

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 "FSA Capital Adequacy Notification").

As of the end of March 2019, 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 FSA Capital Adequacy 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 55. 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 FSA Capital Adequacy 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

CC1:Composition of Capital

CC1 As of March 31		Millions of Yen, %		
		a	b	c
Basel III Template No.	Items	2019	2018	Reference Numbers to Reconciliation with the Balance Sheet
	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	**¥ 1,848,276**	¥ 1,973,115	
1a	of Which: Capital Stock and Capital Surplus	**733,435**	798,025	
2	of Which: Retained Earnings	**1,307,578**	1,266,419	
1c	of Which: Treasury Stock (Deduction)	**—**	—	
26	of Which: Earnings to be Distributed (Deduction)	**192,737**	91,329	
	of Which: Others	**—**	—	
1b	Subscription Rights to Common Shares	**—**	—	
3	Accumulated Other Comprehensive Income	**424,472**	509,704	(a)
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	**—**	—	
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,272,748**	2,482,820	
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**132,443**	158,752	
8	of Which: Goodwill (Including Those Equivalent)	**69,376**	93,198	
9	of Which: Other Intangible Assets	**63,067**	65,554	
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	**608**	287	
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	**(31,820)**	(20,893)	
12	Shortfall of Eligible Provisions to Expected Losses	**5,606**	11,527	
13	Securitisation Gain on Sale	**1,307**	1,745	
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)	**96,364**	113,051	
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)	**—**	—	
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)	**204,508**	264,472	
	Common Equity Tier 1 Capital (CETI)			
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 2,068,239**	¥ 2,218,347	

CC1 As of March 31 Basel III Template No.		Items		Millions of Yen, % a 2019	 b 2018	 c Reference Numbers to Reconciliation with the Balance Sheet
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		**340,000**	290,000	
		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)		**13,400**	12,127	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital		—	110,000	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles		—	110,000	
35		of Which: Issued by Subsidiaries		—	—	
36		Additional Tier 1 Capital: Instruments	(D)	**353,400**	412,127	
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)		—	—	
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		—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions		—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments	(E)	—	—	
Additional Tier 1 Capital (ATI)						
44		Additional Tier 1 Capital	(F) = (D) – (E)	**353,400**	412,127	
Tier 1 Capital (TI = CETI + ATI)						
45		Tier 1 Capital	(G) = (C) + (F)	**2,421,640**	2,630,475	
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		**270,000**	220,000	
		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)		**2,936**	2,626	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 Capital		**239,264**	299,228	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles		**239,264**	299,228	
49		of Which: Issued by Subsidiaries		—	—	
50		Provisions Allowed in Group Tier 2		**2,965**	4,329	
50a		of Which: General Allowance for Credit Losses		**2,965**	4,329	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses		—	—	
51		Tier 2 Capital: Instruments and Provisions	(H)	¥ **515,167**	¥ 526,184	

CC1 As of March 31 Basel III Template No.	Items		Millions of Yen, % a 2019	 b 2018	 c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments		¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities		—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities 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)		—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions		**1,540**	—	
57	Tier 2 Capital: Regulatory Adjustments	(I)	**1,540**	—	
	Tier 2 Capital (TII)				
58	Tier 2 Capital	(J) = (H) – (I)	**513,627**	526,184	
	Total Capital (TC = TI + TII)				
59	Total Capital	(K) = (G) + (J)	**2,935,268**	3,156,660	
	Total Risk Weighted Assets				
60	Total Risk Weighted Assets	(L)	**19,529,822**	20,427,360	
	Capital Ratios (Consolidated)				
61	Common Equity Tier 1 Capital Ratio	(C)/(L)	**10.59%**	10.85%	
62	Tier 1 Capital Ratio	(G)/(L)	**12.39%**	12.87%	
63	Total Capital Ratio	(K)/(L)	**15.02%**	15.45%	
	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)		**126,654**	185,288	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)		**109,009**	87,607	
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)		**2,965**	4,329	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach		**8,182**	8,262	
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		**98,006**	103,183	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements		**116,700**	155,600	
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		**257,372**	343,163	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)		¥ —	¥ —	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, March 28, 2019).
The certain procedure is not part of the audit of the consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate 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 2018

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Assets)			
Cash and Due from Banks	¥ 16,042,864		
Call Loans and Bills Bought	50,124		
Receivables under Resale Agreements	158,734		
Receivables under Securities Borrowing Transactions	759,812		
Monetary Claims Bought	1,082,650		
Trading Assets	454,978		
Money Held in Trust	1,393		
Securities	5,692,564		2–b, 6–a
Loans and Bills Discounted	29,022,792		6–b
Foreign Exchanges	36,936		
Lease Receivables and Investment Assets	653,447		
Other Assets	1,986,352		6–c
Tangible Fixed Assets	219,309		
Intangible Fixed Assets	152,896		2–a
Assets for Retirement Benefits	138,909		3
Deferred Tax Assets	30,606		4–a
Customers' Liabilities for Acceptances and Guarantees	557,007		
Allowance for Loan Losses	(99,770)		
Total Assets	¥ 56,941,609		

CC2 Items	a Consolidated Balance Sheet (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)			
Deposits	¥ 31,930,697		
Negotiable Certificates of Deposit	6,428,622		
Call Money and Bills Sold	72,793		
Payables under Repurchase Agreements	1,603,191		
Payables under Securities Lending Transactions	104,767		
Trading Liabilities	258,771		
Borrowed Money	4,623,801		8
Foreign Exchanges	457		
Short-term Bonds Payable	1,472,786		
Bonds Payable	777,834		
Borrowed Money from Trust Account	5,408,009		
Other Liabilities	993,243		6–d
Provision for Bonuses	17,161		
Provision for Directors' Bonuses	294		
Liabilities for Retirement Benefits	13,470		
Provision for Reward Points Program	18,282		
Provision for Reimbursement of Deposits	5,250		
Provision for Contingent Losses	3,465		
Deferred Tax Liabilities	148,972		4–b
Deferred Tax Liabilities for Land Revaluation	2,847		4–c
Acceptances and Guarantees	557,007		
Total Liabilities	54,441,730		
(Net Assets)			
Capital Stock	342,037		1–a
Capital Surplus	391,397		1–b
Retained Earnings	1,307,578		1–c
Total Shareholders' Equity	2,041,013		
Valuation Difference on Available-for-Sale Securities	481,923		
Deferred Gains or Losses on Hedges	(36,833)		5
Revaluation Reserve for Land	(2,345)		
Foreign Currency Translation Adjustment	4,394		
Adjustments for Retirement Benefits	(22,665)		
Total Accumulated Other Comprehensive Income	424,472	(a)	
Non-controlling Interests	34,393		7
Total Net Assets	2,499,879		
Total Liabilities and Net Assets	¥ 56,941,609		

(*) 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	391,397		1–b
Retained Earnings	1,307,578		1–c
Total Shareholders' Equity	¥ 2,041,013		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,041,013	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	733,435		1a
of Which: Retained Earnings	1,307,578		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	¥ 152,896		2–a
Securities	5,692,564		2–b
of Which: Goodwill Arising on the Application of the Equity Method	6,285		
Associated Deferred Tax Liabilities	26,737		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 69,376		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	63,067	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	¥ 138,909		3
Associated Deferred Tax Liabilities	42,545		

(2) Composition of capital

Items in the Composition of Capital	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)	¥ 96,364		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 30,606		4–a
Deferred Tax Liabilities	148,972		4–b
Deferred Tax Liabilities for Land Revaluation	2,847		4–c
Associated Intangible Fixed Assets	26,737		
Associated Assets for Retirement Benefits	42,545		

(2) Composition of capital

Items in the Composition of Capital	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)	¥ 608	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	¥ (36,833)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (31,820)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,692,564		6–a
Loans and Bills Discounted	29,022,792	Including Subordinated Debts	6–b
Other Assets	1,986,352	Including derivatives	6–c
Other Liabilities	¥ 993,243	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities 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	126,654		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	126,654		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	110,549		
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 and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	109,009		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 34,393		7

(2) Composition of capital

Items in the Composition of Capital	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)	¥ —	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	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)	13,400	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	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)	2,936	After Reflecting Amounts Eligible for Inclusion (after Non-controlling Interest Adjustments)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,623,801		8

(2) Composition of capital

Items in the Composition of Capital	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	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	270,000		46

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 Directors' Bonuses	276		
Liabilities for Retirement Benefits	13,048		
Provision for Reward Points Program	18,457		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Losses	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		
Adjustments for 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	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	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	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	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	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	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	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	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

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

Millions of Yen

As of March 31	2019 Term-end balance of exposures				2018 Term-end balance of exposures			
	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 46,787,214	¥ 41,567,976	¥ 1,818,681	¥ 3,400,557	¥ 44,251,935	¥ 39,259,802	¥ 2,045,005	¥ 2,947,126
Outside Japan	6,610,177	4,972,149	1,066,216	571,811	6,206,599	4,815,882	1,046,273	344,443
Total for Geographic Regions	¥ 53,397,392	¥ 46,540,126	¥ 2,884,897	¥ 3,972,369	¥ 50,458,534	¥ 44,075,685	¥ 3,091,279	¥ 3,291,569
Manufacturing	4,359,502	3,000,435	288,313	1,070,753	4,345,167	2,813,733	488,726	1,042,707
Agriculture and Forestry	5,583	5,573	10	—	6,192	6,182	10	—
Fisheries	31	1	29	—	78	33	45	—
Mining and Quarrying of Stones and Gravel	104,752	26,857	74	77,820	18,925	6,466	159	12,300
Construction	224,906	140,712	17,049	67,144	234,335	139,259	28,819	66,256
Electricity, Gas, Heat Supply and Water	1,398,339	1,163,403	11,339	223,596	1,280,531	1,058,932	15,480	206,118
Information and Communication	522,404	464,731	4,071	53,600	569,996	529,236	5,359	35,399
Transport and Postal Activities	1,475,192	1,220,131	121,656	133,404	1,413,744	1,157,301	142,227	114,215
Wholesale and Retail Trade	1,921,158	1,546,038	64,899	310,220	1,834,426	1,449,784	89,857	294,784
Finance and Insurance	2,009,526	1,444,242	363,260	202,023	2,252,785	1,695,042	372,278	185,464
Real Estate	4,074,192	3,409,830	383,251	281,110	4,046,123	3,390,264	373,262	282,596
Goods Rental and Leasing	1,117,422	1,009,615	5,013	102,792	992,374	887,911	7,162	97,300
Local Public Bodies	123,753	108,871	8,764	6,117	116,312	100,301	7,284	8,726
Individuals	10,980,124	10,658,486	—	321,638	9,958,658	9,819,554	—	139,104
Others	25,080,502	22,341,193	1,617,162	1,122,147	23,388,882	21,021,679	1,560,606	806,596
Total for Industry Sectors	¥ 53,397,392	¥ 46,540,126	¥ 2,884,897	¥ 3,972,369	¥ 50,458,534	¥ 44,075,685	¥ 3,091,279	¥ 3,291,569
To 1 year	22,659,299	20,811,518	661,255	1,186,525	21,420,808	20,017,040	397,131	1,006,636
> 1 year to 3 years	5,630,919	4,098,004	325,579	1,207,335	5,498,803	4,107,351	410,873	980,578
> 3 years to 5 years	6,222,598	5,202,026	478,447	542,125	5,588,116	4,725,977	400,306	461,833
> 5 years	18,884,574	16,428,576	1,419,614	1,036,383	17,950,806	15,225,316	1,882,968	842,521
Total for Residual Maturity	¥ 53,397,392	¥ 46,540,126	¥ 2,884,897	¥ 3,972,369	¥ 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, 2019		FY2018	As of March 31, 2018		FY2017
	Term-end balance of exposures	Allowances for loan losses	Write-offs	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 95,384	¥ 25,381	¥ 4,144	¥ 87,625	¥ 12,423	¥ 7,851
Outside Japan	20,693	6,771	—	9,338	2,524	1,048
Total for Geographic Regions	¥116,077	¥ 32,153	¥ 4,144	¥ 96,964	¥ 14,947	¥ 8,900
Manufacturing	17,910	12,474	201	6,926	1,334	3,869
Agriculture and Forestry	283	110	6	117	58	—
Fisheries	—	—	1	—	—	—
Mining and Quarrying of Stones and Gravel	1,341	34	1,019	12	6	0
Construction	308	108	80	537	219	104
Electricity, Gas, Heat Supply and Water	4,053	2,791	—	14	3	—
Information and Communication	68	5	34	63	5	37
Transport and Postal Activities	2,555	642	31	2,369	986	34
Wholesale and Retail Trade	7,739	4,786	139	6,803	4,277	157
Finance and Insurance	292	180	15	244	158	3
Real Estate	11,833	300	23	15,268	426	27
Goods Rental and Leasing	875	0	44	0	0	—
Local Public Bodies	—	—	—	—	—	—
Individuals	46,617	3,720	2,195	51,360	4,391	2,879
Others	22,196	6,997	352	13,246	3,079	1,785
Total for Industry Sectors	¥116,077	¥ 32,153	¥ 4,144	¥ 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	**2019**	2018
< 1 month	**¥ 73,399**	¥ 68,691
≥ 1 month to < 2 months	**15,287**	12,531
≥ 2 months to < 3 months	**11,035**	10,375
≥ 3 months	**—**	0
Total	**¥ 99,722**	¥ 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

	Millions of Yen	
As of March 31	**2019**	2018
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	**¥ 26,269**	¥ 27,993
Other Amounts	**—**	—
Term-end Balance of Exposures	**¥ 26,269**	¥ 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.

Equity Investments in Funds

Consolidated

Exposures Relating to Funds

As of March 31	Millions of Yen 2019
Total exposures relating to funds	¥ 1,661,148
Look-through Approach	1,469,553
Mandate-based Approach	191,480
Probability Approach (subject to 250% risk weight)	—
Probability Approach (subject to 400% risk weight)	—
Fall-Back Approach (subject to 1,250% risk weight)	113

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.

Exposures Relating to Funds

As of March 31	Millions of Yen 2018
Total exposures relating to funds	¥ 2,166,240
Look-through Approach	2,046,456
Simple Majority Approach	64,887
Mandate-based Approach	24,770
Internal Model Approach	—
Fall-back Approach (subject to 400% risk weight)	29,031
Others (Exposures not included in any categories above)	1,093

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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Credit risk (excluding counterparty credit risk)	**¥ 13,195,265**	¥ 13,491,575	**¥ 1,115,178**	¥ 1,140,187
2	of Which: Standardised Approach (SA)	**293,105**	372,692	**23,448**	29,815
3	of Which: Internal Ratings-Based (IRB) Approach	**12,407,702**	12,679,389	**1,052,173**	1,075,212
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**30,191**	1,408	**2,415**	112
	Other assets	**464,265**	438,086	**37,141**	35,046
4	Counterparty credit risk (CCR)	**905,383**	725,303	**73,857**	59,202
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**280,827**	230,244	**23,798**	19,516
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjsutment (CVA)	**496,078**	389,775	**39,686**	31,182
	of Which: Central Counterparty (CCP)	**41,617**	26,351	**3,329**	2,108
	Others	**86,860**	78,932	**7,043**	6,396
7	Equity positions in banking book under market-based approach	**175,521**	300,171	**14,884**	25,454
8	Equity investment in funds (Look-Through Approach (LTA))	**1,153,184**		**92,254**	
9	Equity investment in funds (Mandate-Based Approach (MBA))	**712,155**		**56,972**	
	Equity investment in funds (Probability Approach (PA) subject to 250% risk weight)	**—**		**—**	
	Equity investment in funds (Probability Approach (PA) subject to 400% risk weight)	**—**		**—**	
10	Equity investment in funds (Fall-Back Approach (FBA) subject to 1,250% risk weight)	**1,422**		**113**	
	Equity investment in funds (SA)		—		—
	Equity investment in funds (IRB)		2,417,814		205,030
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**322,082**	159,362	**25,766**	13,513
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**304,053**		**24,324**	
14	of Which: External Rating-Based Approach (SEC-ERBA)	**14,696**		**1,175**	
15	of Which: Standardised Approach (SEC-SA)	**—**		**—**	
	of Which: IRB Ratings-Based Approach (RBA)		37,134		3,148
	of Which: IRB Supervisory Formula Approach (SFA)		71,623		6,073
	of Which: Standardised Approach (SA)		—		—
	of Which: Subject to 1,250% risk weight	**3,332**	50,604	**266**	4,291
16	Market risk	**1,104,072**	1,163,880	**88,325**	93,110
17	of Which: Standardised Approach (SA)	**22,272**	170,246	**1,781**	13,619
18	of Which: Internal Model Approaches (IMA)	**1,081,800**	993,634	**86,544**	79,490
19	Operational risk	**899,035**	989,074	**71,922**	79,125
20	of Which: Basic Indicator Approach (BIA)	**173,667**	163,890	**13,893**	13,111
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**725,368**	825,183	**58,029**	66,014
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**272,523**	218,908	**23,109**	18,563
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 19,529,822**	¥ 20,427,360	**¥ 1,562,385**	¥ 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, 2019						
	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	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	¥ 16,042,864	¥ 16,042,864	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	50,124	50,124	—	—	—	—	—
Receivables under Resale Agreements	158,734	—	158,734	—	—	—	—
Receivables under Securities Borrowing Transactions	759,812	—	759,812	—	—	—	—
Monetary Claims Bought	1,082,650	1,035,011	—	47,638	—	—	—
Trading Assets	454,978	—	291,789	—	454,978		—
Money Held in Trust	1,393	1,393	—	—	—	—	—
Securities	5,692,564	5,318,300	—	374,263	—	—	—
Loans and Bills Discounted	29,022,792	28,561,162	—	461,630	—	—	—
Foreign Exchanges	36,936	36,936	—	—	—	—	—
Lease Receivables and Investment Assets	653,447	653,447	—	—	—	—	—
Other Assets	1,986,352	379,360	928,101	3,221	295,243		675,669
Tangible Fixed Assets	219,309	219,309	—	—	—	—	—
Intangible Fixed Assets	152,896	—	—	—	—	—	152,896
Assets for Retirement Benefits	138,909	—	—	—	—	—	138,909
Deferred Tax Assets	30,606	—	—	—	—	—	30,606
Customers' Liabilities for Acceptances and Guarantees	557,007	556,890	—	117	—	—	—
Allowance for Loan Losses	(99,770)	(99,770)	—	—	—	—	—
Total Assets	¥ 56,941,609	¥ 52,755,029	¥ 2,138,437	¥ 886,871	¥ 750,221		¥ 998,082
Liabilities:							
Deposits	¥ 31,930,697	¥ —	¥ —	¥ —	¥ —		¥ 31,930,697
Negotiable Certificates of Deposit	6,428,622	—	—	—	—	—	6,428,622
Call Money and Bills Sold	72,793	—	—	—	—	—	72,793
Payables under Repurchase Agreements	1,603,191	—	1,603,191	—	—	—	—
Payables under Securities Lending Transactions	104,767	—	104,767	—	—	—	—
Trading Liabilities	258,771	—	258,771	—	258,771		—
Borrowed Money	4,623,801	—	—	—	—	—	4,623,801
Foreign Exchanges	457	—	—	—	—	—	457
Short-Term Bonds Payable	1,472,786	—	—	—	—	—	1,472,786
Bonds Payable	777,834	—	—	—	—	—	777,834
Borrowed Money from Trust Account	5,408,009	—	—	—	—	—	5,408,009
Other Liabilities	993,243	—	472,422	—	351,548		520,770
Provision for Bonuses	17,161	—	—	—	—	—	17,161
Provision for Directors' Bonuses	294	—	—	—	—	—	294
Liabilities for Retirement Benefits	13,470	—	—	—	—	—	13,470
Provision for Reward Points Program	18,282	—	—	—	—	—	18,282
Provision for Reimbursement of Deposits	5,250	—	—	—	—	—	50
Provision for Contingent Losses	3,465	—	—	—	—	—	8,716
Deferred Tax Liabilities	148,972	—	—	—	—	—	148,972
Deferred Tax Liabilities for Land Revaluation	2,847	—	—	—	—	—	2,847
Acceptances and Guarantees	557,007	—	—	—	—	—	557,007
Total Liabilities	¥ 54,441,730	¥ —	¥ 2,439,153	¥ —	¥ 610,320		¥ 52,002,576

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.

LI1	Millions of Yen						
	March 31, 2018						
	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	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, 2019				
		a	b	c	d	e
Item No.		Total	Items subject to: 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	¥ 55,943,527	¥ 52,755,029	¥ 2,138,437	¥ 886,871	¥ 750,221
2	Liabilities carrying value amount under scope of regulatory consolidation	2,439,153	—	2,439,153	—	610,320
3	Total net amount under regulatory scope of consolidation	53,504,374	52,755,029	(300,715)	886,871	139,900
4	Off-balance sheet amounts	3,668,866	3,442,449	—	226,416	—
5	Differences due to netting, the exposure calculation method, etc.	1,975,752	—	2,200,320	—	(224,567)
6	Differences due to consideration of allowances and write-offs	40,119	40,119	—	—	—
7	Regulatory exposure amounts	59,189,112	56,237,598	1,899,604	1,113,287	(84,666)

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 and Securitisation Exposures: Off-balance sheet amounts and differences due to consideration of 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.

LI2		Millions of Yen				
		March 31, 2018				
		a	b	c	d	e
Item No.		Total	Items subject to: 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, 2019			
Item No.		a	b	c	d
		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 115,111	¥ 28,417,558	¥ 87,931	¥ 28,444,738
2	Debt Securities	0	2,161,177	—	2,161,177
3	Other on-balance sheet assets (debt-based assets)	23,162	17,980,976	10,493	17,993,645
4	Total on-balance sheet assets (1+2+3)	138,273	48,559,712	98,425	48,599,561
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	720	559,905	1,345	559,280
6	Commitments, etc.	1,006	3,620,654	3,465	3,618,195
7	Total off-balance sheet assets (5+6)	1,726	4,180,560	4,811	4,177,476
	Total				
8	Total (4+7)	¥ 140,000	¥ 52,740,273	¥ 103,236	¥ 52,777,037

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.

CR1		Millions of Yen			
		March 31, 2018			
Item No.		a	b	c	d
		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

CR2 Item No.			Millions of Yen March 31, 2019 Amounts
1	Stock of defaulted loans and debt securities at the end of the previous fiscal year		¥ 109,458
2	Changes in stock of loans and debt securities for each factor during the fiscal year	Of which: Newly defaulted	66,446
3		Of which: Returning to non-defaulted status	15,712
4		Of which: Written-offs	4,048
5		Of which: Other factors	(17,869)
6	Stock of defaulted loans and debt securities at the end of the fiscal year (1+2-3-4+5)		138,273

Notes: 1. The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.
2. The main factor for the item 5. "Of which:Other factors" is the stock decrease caused by the collection of defaulted exposures.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3 Item No.		Millions of Yen March 31, 2019				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 27,898,806	¥ 545,932	¥ 253,059	¥ 193,265	¥ —
2	Debt Securities	2,084,128	77,048	3,006	72,804	—
3	Other on-balance sheet assets (debt-based assets)	17,988,466	5,178	173	5,004	—
4	Total (1+2+3)	¥ 47,971,401	¥ 628,159	¥ 256,239	¥ 271,074	¥ —
5	Of which defaulted	102,216	4,529	4,034	7	—

CR3 Item No.		Millions of Yen March 31, 2018				
		a	b	c	d	e
		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, 2019					
		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	¥ 47	¥ —	¥ 47	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	60	—	60	—	0	0.00
3	Foreign central governments and foreign central banks	256,081	—	256,081	—	29,513	11.52
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—
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	167,824	—	167,824	—	42,447	25.29
12	Corporates, etc.	216,313	391,286	216,313	9,734	218,077	96.47
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)	2,047	—	2,047	—	3,067	149.81
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	¥ 642,374	¥ 391,286	¥ 642,374	¥ 9,734	¥ 293,105	44.94%

CR4

Millions of Yen, %

Item No.	Asset classes	March 31, 2018 a Exposures pre-CCF and pre-CRM: On-balance sheet amount	a Exposures pre-CCF and pre-CRM: Off-balance sheet amount	c Exposures post-CCF and post-CRM: On-balance sheet amount	d Exposures post-CCF and post-CRM: Off-balance sheet amount	e Credit RWA amount	f RWA density
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, 2019										
		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	¥ 47	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 47
2	Government of Japan and Bank of Japan (BOJ)	60	—	—	—	—	—	—	—	—	—	60
3	Foreign central governments and foreign central banks	197,054	—	—	—	59,026	—	—	—	—	—	256,081
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	—	—	—	—	—	—	—	—	—	—	—
6	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—	—	—
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	—	—	142,912	—	22,095	—	2,817	—	—	—	167,824
12	Corporates, etc.	—	—	—	—	16,170	—	209,876	—	—	—	226,047
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)	—	—	—	—	3	—	—	2,043	—	—	2,047
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	¥ 197,162	¥ —	¥ 142,912	¥ —	¥ 97,296	¥ —	¥ 212,694	¥ 2,043	¥ —	¥ —	¥ 652,108

CR5

Millions of Yen

March 31, 2018

Item No.	Asset classes \ Risk weight	a 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i 250%	j 1,250%	k Total
		Credit risk exposure amounts (post-CCF and post-CRM)										
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

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
1	0.00 to < 0.15	¥ 1,107,745	¥ 33	75.00%	¥ 1,121,315	0.00%	0.0	32.52%	1.7	¥ 15,426	1.37%	¥ 8	
2	0.15 to < 0.25	4,778	277	75.00	94	0.20	0.0	28.16	2.4	25	27.49	0	
3	0.25 to < 0.50	995	530	75.00	397	0.30	0.0	32.53	5.0	233	58.79	0	
4	0.50 to < 0.75	1	—	—	1	0.50	0.0	32.53	4.9	1	71.56	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	1,113,521	840	75.00	1,121,809	0.00	0.0	32.52	1.7	15,687	1.39	9	¥ 71
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
1	0.00 to < 0.15	16,154,670	248,926	95.57	16,453,018	0.00	0.1	44.99	1.1	84,798	0.51	135	
2	0.15 to < 0.25	0	—	—	0	0.20	0.0	45.00	1.0	0	30.51	0	
3	0.25 to < 0.50	52,379	4,610	75.00	20,560	0.28	0.0	42.81	2.1	11,617	56.50	25	
4	0.50 to < 0.75	0	—	—	0	0.50	0.0	45.00	1.0	0	52.44	0	
5	0.75 to < 2.50	2,601	92	100.00	2,499	1.78	0.0	44.62	1.1	2,316	92.66	19	
6	2.50 to < 10.00	28,184	—	—	984	5.36	0.0	35.57	2.8	1,113	113.13	15	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	16,237,835	253,629	95.20	16,477,063	0.00	0.1	44.99	1.1	99,845	0.60	196	536
	Financial Institution exposures (AIRB)												
1	0.00 to < 0.15	429,035	340	75.00	430,026	0.04	0.0	32.53	2.8	89,722	20.86	68	
2	0.15 to < 0.25	32,000	9,000	75.00	38,750	0.20	0.0	32.53	1.3	9,391	24.23	25	
3	0.25 to < 0.50	1,109	—	—	1,109	0.30	0.0	11.99	1.0	116	10.53	0	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.50	0.0	32.53	1.0	817	38.00	3	
5	0.75 to < 2.50	14,512	6,368	85.20	19,938	1.12	0.0	32.53	1.1	11,258	56.46	73	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	478,056	16,708	78.89	491,974	0.10	0.0	32.48	2.6	111,306	22.62	171	336
	Financial Institution exposures (FIRB)												
1	0.00 to < 0.15	685,370	142,033	82.80	802,750	0.06	0.1	43.60	1.4	146,867	18.29	219	
2	0.15 to < 0.25	1,168	—	—	1,168	0.20	0.0	70.66	1.0	560	47.91	1	
3	0.25 to < 0.50	28,396	5,869	75.00	30,299	0.30	0.0	67.01	4.0	43,624	143.97	62	
4	0.50 to < 0.75	3	—	—	3	0.50	0.0	45.00	1.0	1	52.44	0	
5	0.75 to < 2.50	3,736	—	—	3,736	1.77	0.0	45.00	4.8	5,283	141.42	29	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	718,676	147,903	82.49	837,957	0.07	0.1	44.49	1.6	196,337	23.43	312	220

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2019

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
1	0.00 to < 0.15	¥ 6,300,280	¥ 2,415,175	75.61%	¥ 8,229,831	0.07%	0.7	32.04%	2.6	¥ 1,591,366	19.33%	¥ 1,959	
2	0.15 to < 0.25	2,277,239	432,352	76.18	2,580,853	0.20	0.4	31.43	2.6	856,102	33.17	1,663	
3	0.25 to < 0.50	1,125,691	210,731	75.98	1,268,287	0.30	0.4	31.48	2.5	519,249	40.94	1,231	
4	0.50 to < 0.75	1,081,504	216,823	75.40	1,243,507	0.50	0.7	30.06	2.4	591,849	47.59	1,887	
5	0.75 to < 2.50	787,729	115,784	73.03	822,338	1.35	0.8	28.94	2.4	538,946	65.53	3,243	
6	2.50 to < 10.00	220,720	28,913	84.55	247,723	6.62	0.0	27.26	2.2	256,729	103.63	4,560	
7	10.00 to < 100.00	19,816	37	75.00	19,161	18.67	0.0	28.80	1.7	27,395	142.97	1,031	
8	100.00 (Default)	23,865	951	75.00	28,721	100.00	0.0	32.48	1.0	13,211	45.99	8,273	
9	Sub-total	11,836,847	3,420,770	75.68	14,440,424	0.56	3.2	31.45	2.6	4,394,850	30.43	23,849	¥ 47,758
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
1	0.00 to < 0.15	788,993	147,720	85.45	928,540	0.07	0.9	52.92	3.0	357,563	38.50	371	
2	0.15 to < 0.25	105,699	—	—	106,318	0.20	0.4	59.44	3.2	78,450	73.78	129	
3	0.25 to < 0.50	272,857	78,050	80.42	336,073	0.29	0.6	45.69	2.4	197,898	58.88	452	
4	0.50 to < 0.75	171,892	10,011	75.40	180,198	0.60	0.7	48.42	3.7	192,133	106.62	521	
5	0.75 to < 2.50	405,200	22,850	74.23	422,182	1.44	1.3	43.40	3.9	511,161	121.07	2,632	
6	2.50 to < 10.00	164,500	3,770	82.11	167,542	6.03	0.4	45.06	4.3	311,435	185.88	4,559	
7	10.00 to < 100.00	36,370	1,664	72.88	35,566	29.72	0.0	44.68	4.2	92,651	260.50	4,718	
8	100.00 (Default)	13,276	205	90.28	15,707	100.00	0.0	44.11	1.0	0	0.00	6,929	
9	Sub-total	1,958,791	264,274	82.49	2,192,130	2.07	4.6	49.13	3.3	1,741,292	79.43	20,315	13,172
	SME exposures (AIRB)												
1	0.00 to < 0.15	48,149	4,830	75.00	50,100	0.11	0.0	32.53	3.7	14,742	29.42	19	
2	0.15 to < 0.25	81,826	—	—	79,339	0.20	0.0	30.67	3.6	26,676	33.62	49	
3	0.25 to < 0.50	10,167	—	—	10,167	0.30	0.0	28.14	2.7	2,996	29.46	8	
4	0.50 to < 0.75	50,866	474	75.00	49,710	0.50	0.0	19.90	3.2	14,427	29.02	49	
5	0.75 to < 2.50	115,194	11,185	76.32	114,080	1.52	0.2	21.60	2.9	53,422	46.82	374	
6	2.50 to < 10.00	9,832	1,594	75.00	10,938	7.13	0.0	21.45	1.6	6,580	60.15	169	
7	10.00 to < 100.00	4,040	—	—	3,293	18.67	0.0	16.82	1.5	2,203	66.89	103	
8	100.00 (Default)	1,367	—	—	2,168	100.00	0.0	27.21	1.0	827	38.13	524	
9	Sub-total	321,444	18,083	75.81	319,798	1.81	0.3	25.49	3.2	121,876	38.11	1,300	2,885
	SME exposures (FIRB)												
1	0.00 to < 0.15	53	—	—	53	0.12	0.0	45.00	1.0	11	21.55	0	
2	0.15 to < 0.25	54	—	—	54	0.20	0.0	45.00	1.0	14	26.66	0	
3	0.25 to < 0.50	1	—	—	1	0.30	0.0	45.00	1.0	0	36.27	0	
4	0.50 to < 0.75	96,097	932	75.00	95,925	0.50	0.5	38.64	4.7	63,631	66.33	187	
5	0.75 to < 2.50	249,549	687	85.85	247,948	1.59	1.3	39.55	4.6	227,607	91.79	1,578	
6	2.50 to < 10.00	10,874	—	—	10,805	7.40	0.0	40.96	3.2	13,957	129.17	326	
7	10.00 to < 100.00	228	—	—	228	18.67	0.0	44.54	4.8	461	202.15	19	
8	100.00 (Default)	8,547	250	99.99	8,983	100.00	0.0	43.79	1.0	0	0.00	3,934	
9	Sub-total	365,406	1,870	82.33	364,000	3.92	2.0	39.46	4.5	305,685	83.97	6,046	600

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Specialised lending (AIRB)												
1	0.00 to < 0.15	¥ 537,680	¥ 10,807	75.00%	¥ 545,785	0.06%	0.0	18.07%	3.3	¥ 58,342	10.68%	¥ 61	
2	0.15 to < 0.25	84,129	2,700	75.00	86,154	0.20	0.0	18.07	3.0	17,301	20.08	31	
3	0.25 to < 0.50	54,223	—	—	54,223	0.30	0.0	18.07	1.2	9,227	17.01	30	
4	0.50 to < 0.75	257,122	—	—	257,122	0.50	0.0	18.07	4.3	94,747	36.84	234	
5	0.75 to < 2.50	57,285	3,100	75.00	59,610	1.23	0.0	18.07	4.3	29,262	49.08	133	
6	2.50 to < 10.00	130	—	—	130	7.65	0.0	18.07	1.0	82	63.08	1	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	990,572	16,607	75.00	1,003,027	0.27	0.1	18.07	3.5	208,963	20.83	493	¥ 1,017
	Specialised lending (FIRB)												
1	0.00 to < 0.15	206	—	—	206	0.08	0.0	45.00	1.0	33	16.14	0	
2	0.15 to < 0.25	47	—	—	47	0.20	0.0	45.00	1.0	14	30.51	0	
3	0.25 to < 0.50	18	—	—	18	0.30	0.0	45.00	1.0	7	39.51	0	
4	0.50 to < 0.75	111	—	—	111	0.50	0.0	45.00	1.0	58	52.44	0	
5	0.75 to < 2.50	17	—	—	17	1.74	0.0	45.00	1.0	15	90.55	0	
6	2.50 to < 10.00	0	—	—	0	7.65	0.0	45.00	1.0	1	157.03	0	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	401	—	—	401	0.30	0.1	45.00	1.0	130	32.39	0	—
	Equity exposures (PD/LGD Approach)												
1	0.00 to < 0.15	1,275,497	29	100.00	502,925	0.07	0.3	90.00	5.0	603,842	120.06	—	
2	0.15 to < 0.25	125,712	—	—	45,583	0.20	0.1	90.00	5.0	69,212	151.83	—	
3	0.25 to < 0.50	58,397	—	—	21,619	0.30	0.1	90.00	5.0	37,374	172.87	—	
4	0.50 to < 0.75	47,939	—	—	20,879	0.50	0.2	90.00	5.0	42,335	202.75	—	
5	0.75 to < 2.50	21,567	—	—	16,934	1.26	0.2	90.00	5.0	46,400	274.00	—	
6	2.50 to < 10.00	4,000	—	—	2,258	6.66	0.0	90.00	5.0	10,230	453.01	—	
7	10.00 to < 100.00	14	—	—	4	18.67	0.0	90.00	5.0	33	731.60	—	
8	100.00 (Default)	10	—	—	3	100.00	0.0	90.00	5.0	36	1,125.00	—	
9	Sub-total	1,533,140	29	100.00	610,207	0.16	1.3	90.00	5.0	809,466	132.65	—	
	Purchased receivables for corporates, etc. (default risk) (AIRB)												
1	0.00 to < 0.15	8,055	—	—	8,055	0.09	0.0	32.53	3.3	2,221	27.58	2	
2	0.15 to < 0.25	29,955	—	—	29,955	0.20	0.0	32.53	2.3	9,367	31.27	19	
3	0.25 to < 0.50	1,700	—	—	1,700	0.30	0.0	32.53	4.3	919	54.10	1	
4	0.50 to < 0.75	40,613	—	—	40,613	0.50	0.0	32.53	4.0	25,769	63.45	66	
5	0.75 to < 2.50	32,381	—	—	32,381	1.67	0.0	32.46	3.9	29,754	91.88	175	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	112,704	—	—	112,704	0.72	0.0	32.51	3.5	68,033	60.36	266	7

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2019

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	1,140	—	—	1,140	0.25	0.0	100.00	1.0	886	77.74	—	
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	1,140	—	—	1,140	0.25	0.0	100.00	1.0	886	77.74	—	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
1	0.00 to < 0.15	605,927	—	—	605,927	0.06	0.3	45.00	1.1	87,288	14.40	180	
2	0.15 to < 0.25	85,732	—	—	85,732	0.20	0.1	45.00	1.0	26,297	30.67	79	
3	0.25 to < 0.50	78,795	—	—	78,795	0.30	0.3	45.00	1.1	31,979	40.58	109	
4	0.50 to < 0.75	93,164	—	—	93,164	0.51	1.3	45.00	1.1	50,102	53.77	214	
5	0.75 to < 2.50	56,214	—	—	56,214	1.48	4.8	45.00	1.5	48,501	86.27	375	
6	2.50 to < 10.00	10,764	—	—	10,764	4.87	1.4	45.00	2.7	16,283	151.26	236	
7	10.00 to < 100.00	2,664	—	—	2,664	21.75	0.0	45.00	2.5	5,974	224.24	260	
8	100.00 (Default)	76	—	—	76	100.00	0.0	45.00	1.0	0	0.00	34	
9	Sub-total	933,340	—	—	933,340	0.35	8.5	45.00	1.1	266,426	28.54	1,490	1,010
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (FIRB)												
1	0.00 to < 0.15	663,563	—	—	663,563	0.05	0.3	94.66	1.1	173,641	26.16	17	
2	0.15 to < 0.25	20,627	—	—	20,627	0.22	0.1	99.80	1.0	14,624	70.89	0	
3	0.25 to < 0.50	16,869	—	—	16,869	0.37	0.2	80.98	1.4	14,674	86.98	7	
4	0.50 to < 0.75	1,295	—	—	1,295	0.50	0.0	45.00	2.5	1,048	80.95	2	
5	0.75 to < 2.50	8,586	—	—	8,586	0.94	0.3	92.95	1.4	12,996	151.36	8	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	710,941	—	—	710,941	0.08	1.0	94.37	1.1	216,985	30.52	35	—
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	72,898	—	—	72,898	0.31	35.9	72.54	—	28,736	39.42	165	
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	72,898	—	—	72,898	0.31	35.9	72.54	—	28,736	39.42	165	276

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2019											
		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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	¥ 0	¥ 42,560	28.44%	¥ 12,106	0.11%	43.9	64.25%	—	¥ 524	4.33%	¥ 8	
2	0.15 to < 0.25	40,983	845,956	11.53	138,564	0.24	201.1	58.77	—	10,228	7.38	198	
3	0.25 to < 0.50	19,038	667,036	8.26	74,192	0.37	149.8	72.92	—	9,496	12.80	200	
4	0.50 to < 0.75	32,814	280,686	11.53	65,191	0.59	85.1	58.77	—	9,786	15.01	227	
5	0.75 to < 2.50	16,076	190,244	11.63	38,208	0.94	91.7	62.91	—	8,769	22.95	226	
6	2.50 to < 10.00	44,516	136,231	13.29	62,624	5.00	96.2	59.70	—	43,013	68.68	1,864	
7	10.00 to < 100.00	385	1,488	10.49	541	56.14	0.7	63.73	—	813	150.18	196	
8	100.00 (Default)	166	4,722	7.57	16,807	100.00	20.7	60.53	—	5,032	29.93	9,772	
9	Sub-total	153,981	2,168,927	10.97	408,238	5.29	689.6	62.11	—	87,663	21.47	12,695	¥ 18,240
	Residential mortgage exposures												
1	0.00 to < 0.15	3,211,628	17,556	100.00	3,229,185	0.10	112.5	19.71	—	159,641	4.94	688	
2	0.15 to < 0.25	2,990,500	115	100.00	2,990,616	0.18	142.1	18.36	—	206,606	6.90	1,008	
3	0.25 to < 0.50	2,273,100	2,584	100.00	2,275,684	0.34	116.8	18.19	—	246,297	10.82	1,424	
4	0.50 to < 0.75	700,591	73	100.00	700,664	0.51	46.4	19.98	—	111,220	15.87	719	
5	0.75 to < 2.50	130,195	19	100.00	130,215	0.92	12.7	22.22	—	34,196	26.26	265	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	81,493	35	100.00	81,528	20.34	4.2	19.23	—	87,890	107.80	3,255	
8	100.00 (Default)	30,930	24	100.00	32,073	100.00	1.8	20.87	—	8,415	26.23	6,023	
9	Sub-total	9,418,440	20,409	100.00	9,439,968	0.74	436.8	18.97	—	854,268	9.04	13,385	23,339
	Other retail exposures												
1	0.00 to < 0.15	0	25,295	22.91	5,795	0.11	23.0	19.44	—	308	5.32	1	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	277,137	—	—	277,137	0.31	121.4	55.64	—	83,915	30.27	493	
4	0.50 to < 0.75	360,872	571	100.00	361,443	0.58	101.0	39.74	—	113,239	31.32	852	
5	0.75 to < 2.50	157,862	148,343	28.60	200,301	1.14	282.2	65.10	—	138,800	69.29	1,534	
6	2.50 to < 10.00	64,836	26,106	54.24	78,998	3.80	67.6	45.23	—	50,704	64.18	1,328	
7	10.00 to < 100.00	3,666	754	91.86	4,359	41.53	1.1	39.27	—	3,831	87.89	844	
8	100.00 (Default)	9,781	1,423	34.20	23,035	100.00	13.6	49.19	—	6,312	27.40	10,826	
9	Sub-total	874,158	202,494	31.67	951,071	3.48	610.3	50.27	—	397,113	41.75	15,881	16,106
	Lease transactions												
1	0.00 to < 0.15	127,287	—	—	127,287	0.05	0.4	45.00	3.1	30,100	23.64	31	
2	0.15 to < 0.25	184,569	—	—	184,569	0.20	0.1	45.00	3.3	96,033	52.03	170	
3	0.25 to < 0.50	21,888	—	—	21,888	0.30	0.1	45.00	2.0	11,090	50.66	30	
4	0.50 to < 0.75	33,751	—	—	33,751	0.50	0.2	45.00	3.1	25,989	77.00	76	
5	0.75 to < 2.50	44,629	—	—	44,629	1.51	0.3	45.00	2.8	45,430	101.79	304	
6	2.50 to < 10.00	2,510	—	—	2,510	6.26	0.0	45.00	2.9	3,773	150.26	70	
7	10.00 to < 100.00	305	—	—	305	18.67	0.0	45.00	3.5	638	208.69	25	
8	100.00 (Default)	—	—	—	526	100.00	0.0	45.00	1.0	0	0.00	237	
9	Sub-total	414,942	—	—	415,469	0.50	1.3	45.00	3.1	213,055	51.28	946	3,519
Total (all portfolios)		¥ 48,247,240	¥ 6,532,547	54.10%	¥ 50,904,567	0.55%	1,796.1	36.88%	2.0	¥ 10,138,611	19.91%	¥ 97,562	¥129,100

Notes: 1. "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.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2018

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Sovereign exposures (Advanced Internal Ratings-Based Approach (AIRB))												
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
	Sovereign exposures (Foundation Internal Ratings-Based Approach (FIRB))												
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 (AIRB)												
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
	Financial Institution exposures (FIRB)												
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

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Corporate exposures (excluding SME exposures and specialised lending) (AIRB)												
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
	Corporate exposures (excluding SME exposures and specialised lending) (FIRB)												
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 (AIRB)												
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
	SME exposures (FIRB)												
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

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2018

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	Specialised lending (AIRB)												
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
	Specialised lending (FIRB)												
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) (AIRB)												
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

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	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for corporates, etc. (dilution risk and originator risk of loan participation) (AIRB)												
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	¥ —
	Purchased receivables for corporates, etc. (default risk) (FIRB)												
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) (FIRB)												
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	—
	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

CR6

Millions of Yen, %, 1,000 cases, Year

March 31, 2018

Item No.	PD scale	a On-balance sheet gross exposures	b Off-balance sheet exposures pre-CCF and pre-CRM	c Average CCF	d EAD post-CCF and post-CRM	e Average PD	f Number of obligors	g Average LGD	h Average maturity	i Credit RWA amounts	j RWA density	k EL	l Eligible provisions
	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
	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)		¥ 46,318,479	¥ 4,344,573	64.46%	¥ 48,363,558	0.62%	1,170.4	37.08%	2.0	¥ 10,621,467	21.96%	¥ 97,675	¥ 116,883

Notes: 1. "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.
2. Purchased receivables for retail (dilution risk and originator risk of loan participation) are not applicable.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of Yen	
		March 31, 2019	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 100,435	¥ 100,435
2	Sovereign Exposures – AIRB	14,903	14,903
3	Financial Institution Exposures – FIRB	196,461	196,461
4	Financial Institution Exposures – AIRB	111,017	111,017
5	Corporate exposures (excluding specialised lending) – FIRB	2,046,264	2,046,264
6	Corporate exposures (excluding specialised lending) – AIRB	4,517,798	4,517,798
7	Specialised lending – FIRB	2,269,220	2,269,220
8	Specialised lending – AIRB	208,963	208,963
9	Retail – Qualifying revolving retail exposures	87,663	87,663
10	Retail – Residential mortgage exposures	854,268	854,268
11	Retail – Other retail exposures	397,113	397,113
12	Equity Exposures – FIRB	984,988	984,988
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	512,148	512,148
15	Purchased receivables – AIRB	68,919	68,919
16	Total	¥ 12,370,168	¥ 12,370,168

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

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

CR8 Item No.			Millions of Yen March 31, 2019 RWA amounts
1	RWA at the end of the previous fiscal year		¥ 13,413
2	Factor of RWA changes	Asset size	552
3		Asset quality	(898)
4		Model updates	(115)
5		Methodology and policy	73
6		Acquisitions and disposals	—
7		Foreign exchange movements	82
8		Others	—
9	RWA at the end of the fiscal year		¥ 13,108

Note: The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions 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, 2019 (Period covered: September 30, 2017 - September 30, 2018)											
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, 2017	September 30, 2018				
Sovereign Exposures	—	AAA~ B-	Aaa~ B3	AAA~ B-	AAA~ BB+	AAA~ BBB-	0.02%	0.18%	534	579	0	0	0.00%	0.8%
Financial Institution Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AA+~ BB-	AAA~ BB	0.15	0.40	417	426	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	403	422	0	0	0.00	49.8
	> 0.03% to 0.1%	BBB+~ BBB-	Baa1~ Baa3	—	A+~ A-	AA-~ A	0.07	0.07	442	469	0	0	0.00	
	> 0.1% to 0.5%	BB+~ BB-	Ba1~ Ba3	—	BBB+~ BBB-	A-~ BBB	0.21	0.23	2,165	2,196	0	0	0.01	
	> 0.5% to 5%	B+~ B-	B1~ B3	—	BB+~ BB-	BBB-~ BB	1.08	1.33	4,555	4,713	2	0	0.16	
	> 5% to <100%	—	—	—	—	—	18.00	10.62	275	230	8	0	2.95	
Corporate Exposures (Non-Japanese)	≥ 0% to 0.03%	AAA~ AA-	Aaa~ Aa3	AAA~ AA-	—	—	0.03	0.03	24	32	0	0	0.00	9.0
	> 0.03% to 0.1%	A+~ A-	A1~ A3	A+~ A-	—	—	0.07	0.07	99	114	0	0	0.00	
	> 0.1% to 0.5%	BBB+~ BBB-	Baa1~ Baa3	BBB+~ BBB-	—	—	0.27	0.29	191	228	0	0	0.00	
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.76	2.87	606	576	0	0	0.05	
	> 15% to <100%	—	—	—	—	—	34.12	34.12	16	15	0	0	11.27	
Purchased receivables for corporates,etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.54	0.84	2,880	1,326	3	0	0.70	0.1
Qualifying revolving retail exposures	≥ 0% to 2%						0.54	0.33	38,086	41,081	18	0	0.10	0.0
	> 2% to < 100%						24.92	24.92	127	136	21	0	13.53	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	441,808	476,742	356	0	0.10	6.4
	> 2% to < 100%						21.11	21.11	4,070	4,999	554	0	12.47	
Other retail exposures	≥ 0% to 5%						0.74	0.82	42,546	41,786	123	0	0.38	0.4
	> 5% to < 100%						24.91	26.08	213	225	48	0	16.66	

Entities subject to FIRB

CR9 — %, Cases

March 31, 2019 (Period covered: September 30, 2017 - September 30, 2018)

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, 2017	September 30, 2018				
Sovereign Exposures	—	—	—	—	AAA~BBB	AAA~BBB+	0.01%	0.06%	164	184	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~BB-	AAA~BB	0.06	0.39	7	7	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~AA-	AAA~AA	0.03	0.03	54	49	0	0	0.00	3.3
	> 0.03% to 0.1%	—	—	—	A+~A-	AA-~A	0.07	0.07	101	89	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~BBB-	A-~BBB	0.22	0.24	522	497	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~BB-	BBB-~BB	1.34	1.30	972	913	7	1	0.63	
	> 5% to < 100%	—	—	—	—	—	8.57	7.53	182	234	10	1	5.30	
Qualifying revolving retail exposures	≥ 0% to 1%						0.42	0.43	85,180	83,967	295	24	0.28	0.1
	> 1% to < 100%						83.20	82.76	85	100	59	0	70.62	
Residential mortgage exposures	≥ 0% to 2%						0.70	0.78	12,662	12,858	57	0	0.37	0.3
	> 2% to < 100%						24.79	24.79	263	275	29	0	12.81	
Other retail exposures	≥ 0% to 5%						1.06	0.96	330,135	330,306	1,940	73	0.60	2.5
	> 5% to < 100%						42.98	57.04	770	903	369	0	46.81	

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 2017. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2017 to the end of September 2018.
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. "Average historical annual default rate (5 years)" in column i represents the average value of the actual default rate for each year of the latest six years rather than the latest five years.
7. 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 2018) 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).
8. 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.

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, 2019

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	¥ 67,716	¥ 10,735	50%	¥ 44,689	¥ 7,074	¥ —	¥ 24,013	¥ 75,777	¥ 37,888	¥ —
	2.5 years≤	534,449	112,496	70%	408,155	210,579	—	90	618,825	433,177	2,475
Good	< 2.5 years	113,434	33,813	70%	41,704	58,967	—	38,122	138,795	97,156	555
	2.5 years≤	682,699	220,609	90%	586,859	230,379	—	30,991	848,231	763,407	6,785
Satisfactory		270,940	48,881	115%	158,545	96,873	—	51,727	307,146	353,218	8,600
Weak		54,978	9,559	250%	12,853	37,630	—	11,664	62,148	155,370	4,971
Default		15,891	1,508	—	15,356	1,514	—	—	16,871	—	8,435
Total		¥ 1,740,111	¥ 437,604	—	¥ 1,268,165	¥ 643,020	¥ —	¥ 156,609	¥ 2,067,795	¥ 1,840,220	¥ 31,824
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	8,922	—	70%					8,922	6,245	35
	2.5 years≤	35	—	95%					35	34	0
Good	< 2.5 years	8,889	—	95%					8,889	8,444	35
	2.5 years≤	35,944	9,662	120%					43,190	51,828	172
Satisfactory		139,008	87,246	140%					204,443	286,220	5,724
Weak		16,896	18,056	250%					30,439	76,097	2,435
Default		—	—	—					—	—	—
Total		¥ 209,695	¥ 114,965	¥ —					¥ 295,919	¥ 428,870	¥ 8,403
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		7,936	23,496	300%					31,432	94,298	
Simple risk weight method – Unlisted shares		20,305	—	400%					20,305	81,222	
Internal Models Approach		—	—	—					—	—	
Total		¥ 28,241	¥ 23,496	¥ —					¥ 51,738	¥ 175,521	
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%					—	—	

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, 2019					
		a	b	c	d	e	f
Item No.		RC	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	303,469	463,054			766,524	280,827
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					563,627	86,860
5	Exposure variation estimation model					—	—
6	Total						¥ 367,688

CCR1		Millions of Yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		RC	PFE	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, 2019	
		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	690,461	496,078
5	Total portfolios subject to the CVA capital charge	¥ 690,461	¥ 496,078

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, 2019								
		a	b	c	d	e	f	g	h	i
Item No.	Risk weight / Regulatory portfolio	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	—	—	336,241	—	—	—	—	—	336,241
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 336,241	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 336,241

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR3		Millions of Yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Risk weight / Regulatory portfolio	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, 2019						
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	¥ 24,077	0.01%	0.0	19.76%	2.1	¥ 2,623	10.89%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	501	0.26	0.0	45.00	1.5	278	55.57
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	24,579	0.02	0.0	19.99	2.1	2,902	11.81
	Financial Institution exposures							
1	0.00 to < 0.15	400,433	0.05	0.1	11.24	2.7	87,496	21.85
2	0.15 to < 0.25	271	0.20	0.0	45.00	2.2	125	46.33
3	0.25 to < 0.50	19,814	0.30	0.0	17.74	3.4	16,170	81.61
4	0.50 to < 0.75	176	0.50	0.0	45.00	1.0	92	52.44
5	0.75 to < 2.50	156	1.03	0.0	45.00	1.0	116	74.38
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	420,852	0.06	0.1	11.45	2.7	104,001	24.71
	Corporate exposures and SME exposures							
1	0.00 to < 0.15	358,606	0.06	0.4	10.86	2.2	80,848	22.54
2	0.15 to < 0.25	28,675	0.20	0.1	45.00	4.1	16,934	59.05
3	0.25 to < 0.50	26,581	0.30	0.1	45.00	4.7	20,700	77.87
4	0.50 to < 0.75	10,000	0.51	0.1	45.00	4.5	9,247	92.46
5	0.75 to < 2.50	44,076	1.49	0.1	45.00	4.7	58,382	132.45
6	2.50 to < 10.00	1,865	4.91	0.0	45.00	4.0	3,038	162.86
7	10.00 to < 100.00	400	33.20	0.0	45.00	3.6	1,098	274.33
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	470,207	0.27	0.9	13.18	2.7	190,249	40.46
Total (all portfolios)		¥ 915,639	0.17%	1.0	12.44%	2.7	¥ 297,154	32.45%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

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, 2019					
		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)	¥ —	¥ 110,968	¥ —	¥ 241,809	¥ 26,439	¥ 786,303
2	Cash (other currency)	—	673	—	91,676	1,090,592	31,180
3	Domestic sovereign debt	—	1,740	—	6,871	76,915	311,905
4	Other sovereign debt	—	—	—	—	1,137,589	1,608,996
5	Government agency debt	—	—	—	—	589,731	545,503
6	Corporate bonds	—	—	—	—	114,373	13,571
7	Equity securities	—	—	—	9,505	649,732	778,187
8	Other collateral	—	—	—	—	—	—
9	Total	¥ —	¥ 113,381	¥ —	¥ 349,862	¥ 3,685,373	¥ 4,075,649

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, 2019	
Item No.		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	¥ 63,600	¥ 121,846
2	Index credit default swaps	724	4,345
3	Total return swaps	—	—
4	Credit options	—	—
5	Other credit derivatives	—	—
6	Total notionals	¥ 64,324	¥ 126,192
	Fair values		
7	Positive fair value (asset)	81	1,250
8	Negative fair value (liability)	(701)	(117)

CCR6		Millions of Yen	
		March 31, 2018	
Item No.		a	b
		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)

As of March 31, 2019
Not applicable.

As of March 31, 2018
The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of Yen	
		March 31, 2019	
Item No.		a	b
		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 41,617
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,062,146	21,242
3	(i) OTC derivatives	783,629	15,672
4	(ii) Exchange-traded derivatives	261,998	5,239
5	(iii) Repo transactions	16,517	330
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	55,520	1,110
9	Pre-funded default fund contributions	15,437	19,264
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	—	—

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, 2019								
		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	¥ 62,706	¥ —	¥ 62,706	¥ 139,483	¥ —	¥ 139,483	¥ 232,977	¥ —	¥ 232,977
2	Residential mortgage	62,706	—	62,706	96,477	—	96,477	68,852	—	68,852
3	Credit card	—	—	—	1,565	—	1,565	43,969	—	43,969
4	Other retail exposures	—	—	—	41,441	—	41,441	120,155	—	120,155
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	¥ 16,910	¥ —	¥ 16,910	¥ —	¥ —	¥ —	¥ 657,440	¥ —	¥ 657,440
7	Loans to corporates	—	—	—	—	—	—	635,250	—	635,250
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	16,910	—	16,910	—	—	—	22,189	—	22,189
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

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)

As of March 31, 2019
Not applicable.

As of March 31, 2018
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, 2019														
		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	¥138,561	¥138,561	¥138,561	¥138,561	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	2,890	2,890	2,890	2,890	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	43,538	43,538	43,538	43,538	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	33,842	33,842	33,842	16,932	16,910	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	217,699	217,699	217,699	200,789	16,910	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,134	1,134	1,134	1,134	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	138,523	138,523	138,523	92,170	46,353	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	205	205	205	205	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	3,332	3,332	3,332	3,332	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	11,081	11,081	11,081	7,373	3,708	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	16	16	16	16	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	266	266	266	266	—	—	—	—	—	—	—	—	—	—	—

SEC3

Millions of Yen

March 31, 2018

Item No.		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		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 Holding 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 Holding 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 Holding 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, 2019														
		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	¥739,235	¥739,235	¥739,235	¥203,032	¥536,203	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	109,431	109,431	109,431	25,898	83,533	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	41,749	41,749	41,749	4,047	37,702	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Exposure Values (by regulatory approach)															
6	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	834,642	834,642	834,642	177,202	657,440	—	—	—	—	—	—	—	—	—	—
7	Subject to the External Ratings-Based Approach (SEC-ERBA)	55,775	55,775	55,775	55,775	—	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	RWA (by regulatory approach)															
10	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	165,529	165,529	165,529	29,361	136,168	—	—	—	—	—	—	—	—	—	—
11	Subject to the External Ratings-Based Approach (SEC-ERBA)	14,491	14,491	14,491	14,491	—	—	—	—	—	—	—	—	—	—	—
12	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—
	Capital requirement values (by regulatory approach)															
14	Subject to the Internal Ratings-Based Approach (SEC-IRBA) or Internal Assessment Approach (IAA)	13,241	13,241	13,241	2,348	10,893	—	—	—	—	—	—	—	—	—	—
15	Subject to the External Ratings-Based Approach (SEC-ERBA)	1,159	1,159	1,159	1,159	—	—	—	—	—	—	—	—	—	—	—
16	Subject to the Standardised Approach (SEC-SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Subject to 1,250% risk weight	0	0	0	0	—	—	—	—	—	—	—	—	—	—	—

SEC4

Millions of Yen

March 31, 2018

Item No.		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		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 Holding 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 Holding 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 Holding Company Capital Adequacy Notification	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

MR1: Market risk under standardised approach

MR1		Millions of Yen
		March 31, 2019
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,528
2	Equity risk (general and specific)	—
3	Foreign exchange risk	17,744
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 22,272

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: Risk-weighted Assets Flow Statements of Market Risk Exposures under Internal Model Approach

MR2			Millions of Yen					
			March 31, 2019					
			a	b	c	d	e	f
Item No.			VaR	Stressed VaR	Additional risk	Comprehensive risk	Others	Total RWA
1a	RWA at the end of previous reporting period (March 31, 2018)		¥ 243	¥ 749	¥ —	¥ —		¥ 993
1b	Regulatory adjustment ratio (1a/1c)		4.06	3.46	—	—		3.59
1c	RWA at the end of the previous fiscal year		59	216	—	—		276
2	Factor of RWA changes	Movement in risk levels	(0)	77	—	—		76
3		Model updates/changes	1	(10)	—	—		(8)
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	1	(5)	—	—		(3)
7		Others	(7)	17	—	—		10
8a	RWA at the end of the fiscal year		55	295	—	—		350
8b	Regulatory adjustment ratio (8c/8a)		3.26	3.04	—	—		3.08
8c	RWA at the end of current reporting period (March 31, 2019)		181	900	—	—		1,081

Note: The end of the previous fiscal year indicates March 31, 2018, and the end of the fiscal year indicates March 31, 2019.

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisions of the FSA amended Disclosure Notification.

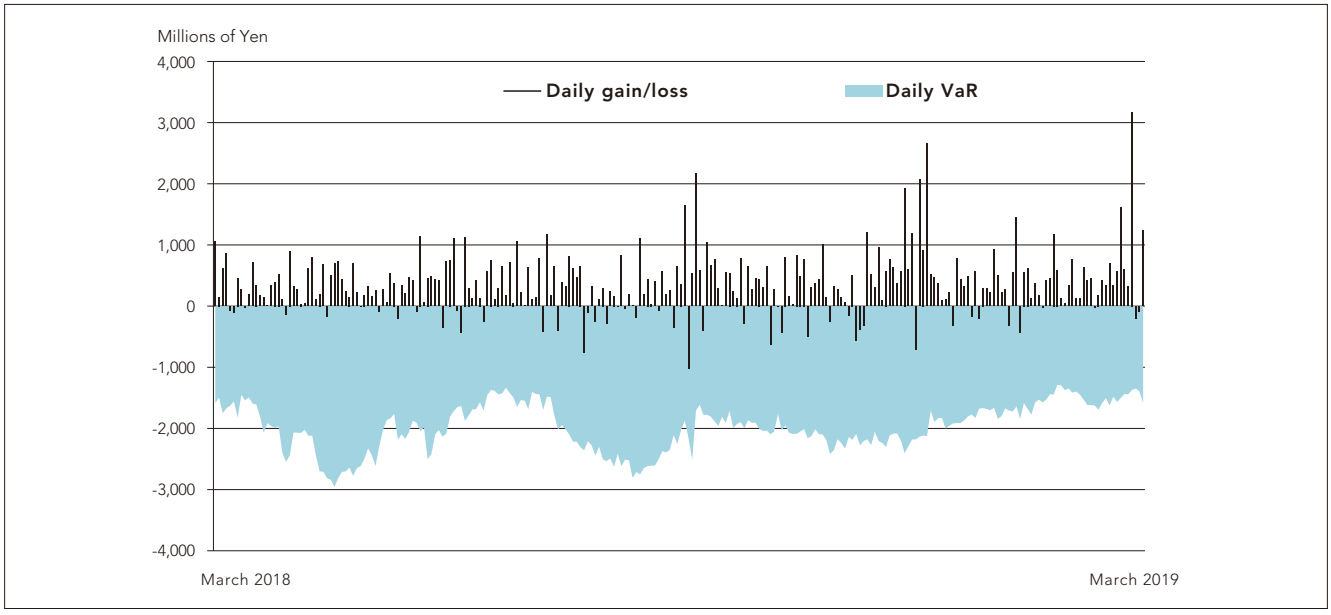
MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3 Item No.		Millions of Yen March 31, 2019
	VaR (holding period:10 business days, one-sided confidence interval:99%)	
1	Maximum value	¥ 9,631
2	Average value	6,350
3	Minimum value	3,906
4	Period end	4,455
	Stressed VaR (holding period:10 business days, one-sided confidence interval:99%)	
5	Maximum value	32,028
6	Average value	23,719
7	Minimum value	15,276
8	Period end	23,612
	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)	—

MR3 Item No.		Millions of Yen 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)	—

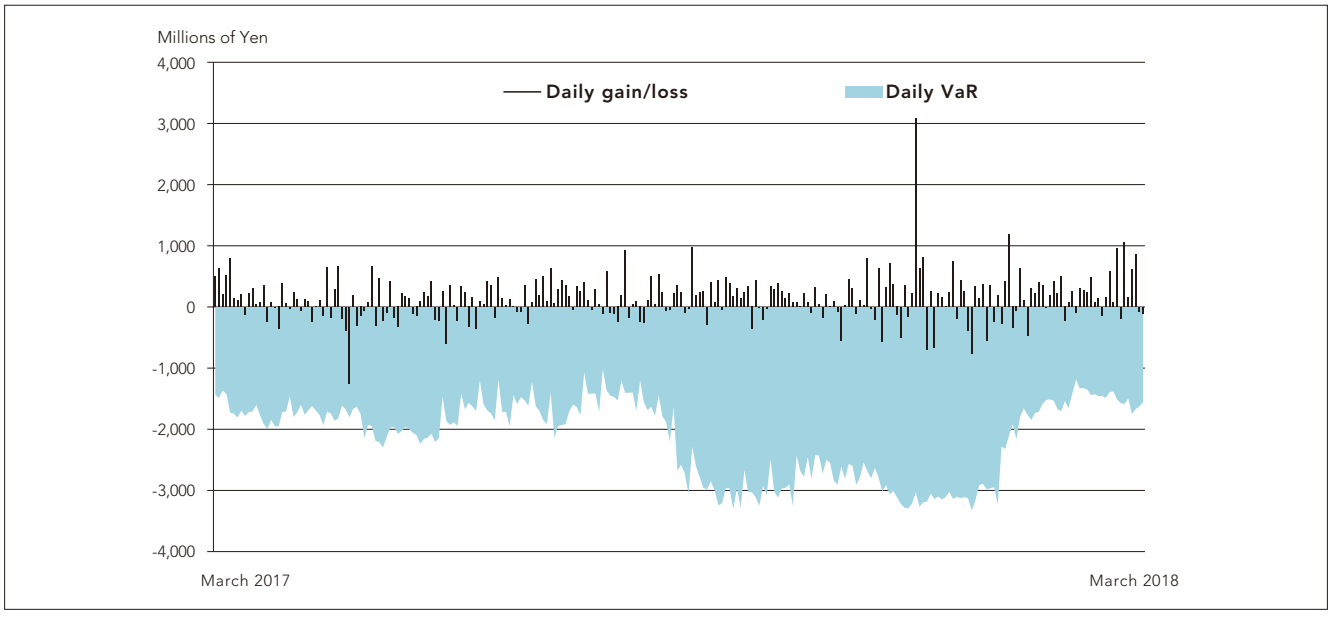
MR4: Backtesting results by Internal Model Approaches (IMA)

MR4 March 31, 2019



Note: As shown above, during the reported period, there was no exceedance occurred in backtesting.

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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Parallel up	**¥ 105,286**	¥ 132,854	**¥ (81,988)**	¥ (69,811)
2	Parallel down	**37,127**	15,192	**82,944**	69,354
3	Steepener	**58,921**	76,509		
4	Flattener	**—**	129		
5	Short rate up	**9,980**	21,394		
6	Short rate down	**22,469**	5,109		
7	Maximum	**105,286**	132,854	**82,944**	69,354
		e		f	
		March 31, 2019		March 31, 2018	
8	Tier 1 Capital	**¥ 2,421,640**		¥ 2,630,475	

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		2019	2018
		On-Balance Sheet Exposures			
1		On-Balance Sheet Exposures before Deducting Adjustment Items		¥ 54,543,698	¥ 52,455,012
1a	1	Total Assets Reported in the Consolidated Balance Sheet		56,941,609	54,810,805
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)		2,397,911	2,355,792
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)		235,022	283,619
3		Total On-Balance Sheet Exposures	(A)	54,308,676	52,171,392
		Exposures Related to Derivative Transactions			
4		Replacement Cost Associated with Derivatives Transactions, etc. multiplied by 1.4			
		Replacement Cost Associated with Derivatives Transactions, etc.		448,438	351,450
5		Potential Future Exposure Associated with Derivatives Transactions, etc. multiplied by 1.4			
		Add-On Amount Associated with Derivatives Transactions, etc.		987,726	890,937
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.		333,486	565,540
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework			
		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)		119,286	207,575
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		126,192	81,400
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)		63,600	81,400
11	4	Total Exposures Related to Derivative Transactions	(B)	1,712,957	1,600,354
		Exposures Related to Repo Transactions			
12		The Amount of Assets Related to Repo Transactions, etc.		918,547	687,580
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)		—	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.		252,883	168,492
15		The Exposures for Agent Repo Transaction			
16	5	The Total Exposures Related to Repo Transactions, etc.	(C)	1,171,431	856,072
		Exposures Related to Off-Balance Sheet Transactions			
17		Notional Amount of Off-Balance Sheet Transactions		7,541,069	7,238,625
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)		4,803,322	4,593,377
19	6	Total Exposures Related to Off-Balance Sheet Transactions	(D)	2,737,747	2,645,248
		Leverage Ratio on a Consolidated Basis			
20		The Amount of Capital (Tier 1 Capital)	(E)	2,421,640	2,630,475
21	8	Total Exposures	(F) = (A)+(B)+(C)+(D)	¥ 59,930,811	¥ 57,273,067
22		Leverage Ratio on a Consolidated Basis	(G) = (E)/(F)	4.04%	4.59%

The key drivers of material changes observed from March 31, 2018 to March 31, 2019

The capital decreased due mainly to the increase in dividends for the fiscal year ended March 31, 2019 (including temporary factors such as organizational restructuring within the Group), and the total exposures, such as deposits with banks, increased.

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 2018 4th Quarter		Fiscal Year 2018 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 15,232,871		¥ 16,267,668
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,451,832	¥ 795,599	¥ 17,466,995	¥ 806,111
3	of which: Stable deposits	664,777	19,943	656,898	19,706
4	of which: Less stable deposits	7,714,157	775,656	7,819,898	786,404
5	Cash outflows related to unsecured wholesale funding	13,841,910	9,883,926	13,445,090	9,516,750
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	10,969,633	7,011,649	11,054,606	7,126,266
8	of which: Debt securities	2,872,277	2,872,277	2,390,484	2,390,484
9	Cash outflows related to secured funding, etc.		126,086		80,494
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,506,037	1,244,804	5,477,877	1,300,739
11	of which: Cash outflows related to derivative transactions, etc.	410,164	410,164	482,590	482,590
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	5,095,873	834,640	4,995,287	818,149
14	Cash outflows related to contractual funding obligations, etc.	640,539	510,656	502,099	390,275
15	Cash outflows related to contingencies	10,782,290	22,941	10,727,789	22,982
16	Total cash outflows		12,584,012		12,117,351
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	92,345	0	80,566	0
18	Cash inflows related to collection of loans, etc.	3,003,573	2,080,170	2,836,914	2,038,500
19	Other cash inflows	345,927	190,839	327,996	175,355
20	Total cash inflows	3,441,845	2,271,009	3,245,476	2,213,855
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		15,232,871		16,267,668
22	Net cash outflows		10,313,003		9,903,496
23	Consolidated Liquidity Coverage Ratio (LCR)		147.7		164.2
24	The number of data used to calculate the average value		58		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 over the past two years is currently in a decline due to the growing mismatch between long-term investments and short-term financing, but has been far exceeding the required criteria.

(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."

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.

KM1: Key Metrics

Non-consolidated

KM1 Basel III Template No.		Millions of Yen, %				
		a	b	c	d	e
		March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 1,919,843	¥ 2,093,433	¥ 2,105,502	¥ 2,180,808	¥ 2,121,524
2	Tier 1	2,259,843	2,433,433	2,445,502	2,580,808	2,521,524
3	Total capital	2,767,568	2,951,012	2,993,154	3,138,534	3,040,753
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	19,152,340	18,580,794	19,426,260	19,683,990	20,004,551
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	10.02%	11.26%	10.83%	11.07%	10.60%
6	Tier 1 ratio (%)	11.79%	13.09%	12.58%	13.11%	12.60%
7	Total capital ratio (%)	14.45%	15.88%	15.40%	15.94%	15.20%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	58,241,947				
14	Basel III leverage ratio (%)	3.88%				

KM1 Basel III Template No.		Millions of Yen, %				
		a	b	c	d	e
		Fiscal Year 2018 4th Quarter	Fiscal Year 2018 3rd Quarter	Fiscal Year 2018 2nd Quarter	Fiscal Year 2018 1st Quarter	Fiscal Year 2017 4th Quarter
	Liquidty Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 15,077,727	¥ 16,072,242	¥ 15,942,059	¥ 15,453,890	¥ 15,114,946
16	Net cash outflows	9,315,292	8,973,441	9,138,699	7,436,769	6,843,119
17	Non-consolidated LCR (%)	161.8%	179.1%	174.4%	207.8%	220.8%

Composition of Capital (Non-consolidated BIS capital adequacy ratio)

Non-consolidated

CC1: Composition of Capital

CC1 As of March 31		Millions of Yen, %		
		a	b	c
Basel III Template No.	Items	2019	2018	Reference Numbers to Reconciliation with the Balance Sheet
	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	**¥ 1,636,873**	¥ 1,774,728	
1a	of Which: Capital Stock and Capital Surplus	**733,648**	798,270	
2	of Which: Retained Earnings	**1,095,962**	1,067,787	
1c	of Which: Treasury Stock (Deduction)	**—**	—	
26	of Which: Earnings to be Distributed (Deduction)	**192,737**	91,329	
	of Which: Others	**—**	—	
1b	Subscription Rights to Common Shares	**—**	—	
3	Valuation and Translation Adjustments	**442,226**	506,307	(a)
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	**2,079,100**	2,281,036	
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	**45,518**	46,463	
8	of Which: Goodwill (Including Those Equivalent)	**—**	—	
9	of Which: Other Intangible Assets	**45,518**	46,463	
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	**(26,048)**	(16,274)	
12	Shortfall of Eligible Provisions to Expected Losses	**19,931**	15,557	
13	Securitisation Gain on Sale	**1,433**	1,918	
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)	**118,421**	111,846	
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)	**—**	—	
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)	**159,257**	159,511	
	Common Equity Tier 1 Capital (CETI)			
29	Common Equity Tier 1 Capital (C) = (A)–(B)	**¥ 1,919,843**	¥ 2,121,524	

CC1 As of March 31			Millions of Yen, %		
			a	b	c
Basel III Template No.		Items	2019	2018	Reference Numbers to Reconciliation with the Balance Sheet
		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	**340,000**	290,000	
		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	
36		Additional Tier 1 Capital: Instruments (D)	**340,000**	400,000	
		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)	—	—	
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	—	—	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—	—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—	—	
		Additional Tier 1 Capital (ATI)			
44		Additional Tier 1 Capital (F) = (D) – (E)	**340,000**	400,000	
		Tier 1 Capital (TI = CETI + ATI)			
45		Tier 1 Capital (G) = (C) + (F)	**2,259,843**	2,521,524	
		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	**270,000**	220,000	
		Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—	—	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2	**239,264**	299,228	
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	—	—	
51		Tier 2 Capital: Instruments and Provisions (H)	**¥ 509,264**	¥ 519,228	

CC1 As of March 31 Basel III Template No.	Items	Millions of Yen, % a 2019	 b 2018	 c Reference Numbers to Reconciliation with the Balance Sheet
	Tier 2 Capital: Regulatory Adjustments			
52	Investments in Own Tier 2 Instruments	¥ —	¥ —	
53	Reciprocal Cross-Holdings in Tier 2 Instruments and Other TLAC Liabilities	—	—	
54	Investments in the Tier 2 Instruments and Other TLAC Liabilities 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)	—	—	
55	Significant Investments in the Tier 2 Instruments and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	**1,540**	—	
57	Tier 2 Capital: Regulatory Adjustments (I)	**1,540**	—	
	Tier 2 Capital (TII)			
58	Tier 2 Capital (J) = (H) – (I)	**507,724**	519,228	
	Total Capital (TC = TI + TII)			
59	Total Capital (K) = (G) + (J)	**2,767,568**	3,040,753	
	Total Risk Weighted Assets			
60	Total Risk Weighted Assets (L)	**19,152,340**	20,004,551	
	Capital Ratios (Non-consolidated)			
61	Common Equity Tier 1 Capital Ratio (C)/(L)	**10.02%**	10.60%	
62	Tier 1 Capital Ratio (G)/(L)	**11.79%**	12.60%	
63	Total Capital Ratio (K)/(L)	**14.45%**	15.20%	
	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)	**121,742**	179,485	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)	**62,925**	52,960	
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	**2,110**	1,880	
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	**100,136**	105,346	
	Capital Instruments Subject to Phase out Arrangements			
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements	**116,700**	155,600	
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	**257,372**	343,163	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)	¥ —	¥ —	

Note: SuMi TRUST Bank received a certain procedure by KPMG AZSA LLC of the calculation of the non-consolidated BIS capital adequacy ratio in line with "Practical Guidance on Agreed-Upon Procedures Engagement for Capital Adequacy Ratio Calculation" (Practical Guidance 4465 for Specialized Business of the Japanese Institute of Certified Public Accountants, March 28, 2019).
The certain procedure is not part of the audit of the non-consolidated financial statements or the audit of the internal control over the financial reporting but was conducted by the external auditor on the agreed-upon scope and under agreed-upon examination procedures, and is a report of the results presented to us. It thus does not represent an opinion or conclusion by the external auditor regarding the non-consolidated BIS capital adequacy ratio itself or parts of internal control over the procedure to calculate the ratio.

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Non-consolidated

Fiscal Year 2018

CC2: Reconciliation of Regulatory Capital to Balance Sheet

CC2 Items	a Non-consolidated Balance Sheet (Millions of Yen)	b Under regulatory scope of non-consolidation (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Assets)				
Cash and Due from Banks	¥ 15,831,242	¥ 15,831,243		
Call Loans	50,124	50,124		
Receivables under Resale Agreements	158,734	158,734		
Receivables under Securities Borrowing Transactions	759,812	759,812		
Monetary Claims Bought	56,403	56,403		
Trading Assets	543,587	543,587		
Money Held in Trust	99	99		
Securities	6,091,898	6,091,897		6–a
Loans and Bills Discounted	29,404,142	29,404,142		6–b
Foreign Exchanges	36,936	36,936		
Other Assets	1,548,827	1,548,827		6–c
Tangible Fixed Assets	195,414	195,414		
Intangible Fixed Assets	65,607	65,607		2
Prepaid Pension Expenses	170,685	170,685		3
Customers' Liabilities for Acceptances and Guarantees	385,467	385,467		
Allowance for Loan Losses	(75,211)	(75,211)		
Total Assets	¥ 55,223,770	¥ 55,223,770		

CC2 Items	a Non-consolidated Balance Sheet (Millions of Yen)	b Under regulatory scope of non-consolidation (Millions of Yen)	c Ref. No. of Composition of Capital	d Ref. No. of Appendix
(Liabilities)				
Deposits	¥ 31,744,181	¥ 31,744,181		
Negotiable Certificates of Deposit	6,546,222	6,546,222		
Call Money	132,317	132,317		
Payables under Repurchase Agreements	1,603,191	1,603,191		
Payables under Securities Lending Transactions	104,767	104,767		
Trading Liabilities	258,771	258,771		
Borrowed Money	4,101,951	4,101,951		7
Foreign Exchanges	35,009	35,009		
Short-term Bonds Payable	949,302	949,302		
Bonds Payable	727,834	727,834		
Borrowed Money from Trust Account	5,408,009	5,408,009		
Other Liabilities	777,043	777,043		6–d
Provision for Bonuses	9,026	9,026		
Provision for Directors' Bonuses	84	84		
Provision for Retirement Benefits	721	721		
Provision for Reimbursement of Deposits	5,250	5,250		
Provision for Contingent Losses	3,465	3,465		
Deferred Tax Liabilities	156,466	156,466		4–a
Deferred Tax Liabilities for Land Revaluation	2,847	2,847		4–b
Acceptances and Guarantees	385,467	385,467		
Total Liabilities	52,951,932	52,951,932		
(Net Assets)				
Capital Stock	342,037	342,037		1–a
Capital Surplus	391,610	391,610		1–b
Retained Earnings	1,095,962	1,095,962		1–c
Total Shareholders' Equity	1,829,610	1,829,610		
Valuation Difference on Available-for-Sale Securities	475,633	475,633		
Deferred Gains or Losses on Hedges	(31,061)	(31,061)		5
Revaluation Reserve for Land	(2,345)	(2,345)		
Foreign Currency Translation Adjustment	—	(0)		
Total Valuation and Translation Adjustments	442,227	442,226	(a)	
Total Net Assets	2,271,838	2,271,837		
Total Liabilities and Net Assets	¥ 55,223,770	¥ 55,223,770		

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 342,037		1–a
Capital Surplus	391,610		1–b
Retained Earnings	1,095,962		1–c
Total Shareholders' Equity	¥ 1,829,610		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 1,829,610	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	733,648		1a
of Which: Retained Earnings	1,095,962		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) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 65,607		2
Associated Deferred Tax Liabilities	20,088		

(2) Composition of capital

Items in the Composition of Capital	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)	45,518	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) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Prepaid Pension Expenses	¥ 170,685		3
Associated Deferred Tax Liabilities	52,263		

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Prepaid Pension Expenses) (Net of Related Deferred Tax Liabilities)	¥ 118,421		15

4. Deferred tax assets

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Liabilities	¥ 156,466		4–a
Deferred Tax Liabilities for Land Revaluation	2,847		4–b
Associated Intangible Fixed Assets	20,088		
Associated Prepaid Pension Expenses	52,263		

(2) Composition of capital

Items in the Composition of Capital	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) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (31,061)		5

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (26,048)	Excluding those items whose valuation differences arising from hedged items are recognized as "Valuation and translation adjustments"	11

6. Investments in the Capital and Other TLAC Liabilities of Financial Entities

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 6,091,898		6–a
Loans and Bills Discounted	29,404,142	Including Subordinated Debts	6–b
Other Assets	1,548,827	Including derivatives	6–c
Other Liabilities	¥ 777,043	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital	¥ —		
Common Equity Tier 1 Capital	—		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in the Capital and Other TLAC Liabilities	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital and Other TLAC Liabilities	—		53
Investments in the Capital and Other TLAC Liabilities 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	121,742		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital and Other TLAC Liabilities	—		54
Amount below the Thresholds for Deduction (before risk weighting)	121,742		72
Significant Investments in the Capital and Other TLAC Liabilities of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	64,465		
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 and Other TLAC Liabilities	1,540		55
Amount below the Thresholds for Deduction (before risk weighting)	62,925		73

7. Other Capital Instruments

(1) Non-consolidated balance sheet

Non-consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,101,951		7

(2) Composition of capital

Items in the Composition of Capital	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	¥ 340,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	270,000		46

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 Directors' 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		

* Borrowed money includes ¥110,000 million of subordinated borrowings which are included in "Eligible Tier 1 capital instruments subject to phase out from Additional Tier 1 capital" in the Composition of capital disclosure.

(Appendix)

Note: Amounts in the "Composition of Capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Non-consolidated 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	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) Non-consolidated 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	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) Non-consolidated 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	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) Non-consolidated 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	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) Non-consolidated 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	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 "Valuation and translation adjustments"	11

6. Investments in the capital of financial entities

(1) Non-consolidated 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	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) Non-consolidated 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	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

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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Credit risk (excluding counterparty credit risk)	**¥ 13,469,635**	¥ 13,676,818	**¥ 1,130,635**	¥ 1,148,991
2	of Which: Standardised Approach (SA)	**2,912**	921	**232**	73
3	of Which: Internal Ratings-Based (IRB) Approach	**11,055,054**	11,426,339	**937,468**	968,953
	of Which: Significant investments in commercial entities	**—**	—	**—**	—
	of Which: Lease residual value	**—**	—	**—**	—
	Other assets	**2,411,669**	2,249,557	**192,933**	179,964
4	Counterparty credit risk (CCR)	**834,658**	661,357	**68,198**	54,086
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	**—**	—	**—**	—
	of Which: Current Exposure Method (CEM)	**277,387**	228,300	**23,522**	19,359
6	of Which: Expected Positive Exposure (EPE)	**—**	—	**—**	—
	of Which: Credit Valuation Adjsutment (CVA)	**495,998**	389,662	**39,679**	31,173
	of Which: Central Counterparty (CCP)	**41,617**	26,351	**3,329**	2,108
	Others	**19,655**	17,042	**1,666**	1,445
7	Equity positions in banking book under market-based approach	**159,785**	238,803	**13,549**	20,250
8	Equity Investments in Funds (Look-through Approach)	**1,153,184**		**92,254**	
9	Equity Investments in Funds (Mandate-based Approach)	**663,188**		**53,055**	
	Equity Investments in Funds (Probability Approach 250%)	**—**		**—**	
	Equity Investments in Funds (Probability Approach 400%)	**—**		**—**	
10	Equity Investments in Funds (Probability Approach 1,250%)	**1,422**		**113**	
	Equity investment in funds (SA)		**—**		**—**
	Equity investment in funds (IRB)		2,417,814		205,030
11	Settlement risk	**—**	—	**—**	—
12	Securitisation exposures in banking book	**256,556**	122,223	**20,524**	10,364
13	of Which: Internal Rating-Based Approach (SEC-IRBA)	**239,805**		**19,184**	
14	of Which: External Rating-Based Approach (SEC-ERBA)	**14,696**		**1,175**	
15	of Which: Standardised Approach (SEC-SA)	**—**		**—**	
	of Which: Subject to the Internal Ratings-Based (IRB) Approach or Internal Assessment Approach (IAA)		31,147		2,641
	of Which: IRB Supervisory Formula Approach (SFA)		42,207		3,579
	of Which: Standardised Approach (SA)		—		—
	of Which: Subject to 1,250% risk weight	**2,053**	48,868	**164**	4,144
16	Market risk	**1,086,328**	1,148,998	**86,906**	91,919
17	of Which: Standardised Approach (SA)	**4,528**	155,363	**362**	12,429
18	of Which: Internal Model Approaches (IMA)	**1,081,800**	993,634	**86,544**	79,490
19	Operational risk	**670,113**	731,276	**53,609**	58,502
20	of Which: Basic Indicator Approach (BIA)	**428**	428	**34**	34
21	of Which: The Standardised Approach (TSA)	**—**	—	**—**	—
22	of Which: Advanced Measurement Approach (AMA)	**669,684**	730,847	**53,574**	58,467
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**157,313**	132,290	**13,340**	11,218
	Amounts included under transitional arrangements	**—**	—	**—**	—
24	Floor adjustment	**—**	—	**—**	—
25	Total (after applying scaling factor)	**¥ 19,152,340**	¥ 20,004,551	**¥ 1,532,187**	¥ 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, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
1	Parallel up	**¥ 105,127**	¥ 123,693	**¥ (83,133)**	¥ (70,971)
2	Parallel down	**47,820**	15,192	**84,089**	70,515
3	Steepener	**55,805**	75,790		
4	Flattener	**—**	129		
5	Short rate up	**9,980**	16,539		
6	Short rate down	**26,668**	5,109		
7	Maximum	**105,127**	123,693	**84,089**	70,515
		e		f	
		March 31, 2019		March 31, 2018	
8	Tier 1 Capital	**¥ 2,259,843**		¥ 2,521,524	

Composition of Basel III Leverage Ratio

Non-consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table2)	Basel III Template No. (Table1)	Items	2019	2018
		On-Balance Sheet Exposures		
1		On-balance Sheet Exposures before Deducting Adjustment Items	¥ 52,997,986	
1a	1	Total Assets Reported in the Non-consolidated Balance Sheet	55,223,770	
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Non-consolidated Balance Sheet (except adjustment items) (Deduction)	2,225,784	
2	7	The Amount of Adjustment Items Pertaining to Tier1 Capital (Deduction)	183,871	
3		Total On-Balance Sheet Exposures (A)	52,814,114	
		Exposures Related to Derivative Transactions		
4		Replacement Cost Associated with Derivatives Transactions, etc. multiplied by 1.4		
		Replacement Cost Associated with Derivatives Transactions, etc.	447,852	
5		Potential Future Exposure Associated with Derivatives Transactions, etc. multiplied by 1.4		
		Add-On Amount Associated with Derivatives Transactions, etc.	983,509	
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	333,486	
6		The Amount of Receivables Arising from Providing Collateral, Provided where Deducted from the Non-Consolidated Balance Sheet Pursuant to the Operative Accounting Framework		
		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Non-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)	119,286	
8		The Amount of Client-Cleared Trade Exposures for which a Bank Acting as Clearing Member is not Obliged to Make any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	126,192	
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	63,600	
11	4	Total Exposures Related to Derivative Transactions (B)	1,708,153	
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc	918,547	
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	—	
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc	251,178	
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	1,169,725	
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	4,963,061	
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	2,413,107	
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	2,549,953	
		Leverage ratio on a Non-consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	2,259,843	
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	¥ 58,241,947	
22		Leverage Ratio on a Non-consolidated Basis (G) = (E)/(F)	3.88%	

As of March 31, 2018

The description is omitted in accordance with Aritcle2, Paragraph 1 of Supplementary Provisions of the FSA amended Disclosure Notification.

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 2018 4th Quarter		Fiscal Year 2018 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 15,077,727		¥ 16,072,242
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,452,016	¥ 795,638	¥ 17,467,157	¥ 806,143
3	of which: Stable deposits	664,777	19,943	656,898	19,706
4	of which: Less stable deposits	7,714,341	775,695	7,820,060	786,436
5	Cash outflows related to unsecured wholesale funding	13,642,463	9,637,855	13,175,270	9,204,483
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	10,884,210	6,879,602	10,916,533	6,945,746
8	of which: Debt securities	2,758,253	2,758,253	2,258,737	2,258,737
9	Cash outflows related to secured funding, etc.		126,086		80,494
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	4,889,119	1,219,182	4,870,482	1,275,577
11	of which: Cash outflows related to derivative transactions, etc.	410,155	410,155	482,582	482,582
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	4,478,964	809,027	4,387,900	792,995
14	Cash outflows related to contractual funding obligations, etc.	321,895	191,999	298,524	186,691
15	Cash outflows related to contingencies	12,488,971	23,035	12,437,556	23,109
16	Total cash outflows		11,993,795		11,576,497
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	92,345	0	80,566	0
18	Cash inflows related to collection of loans, etc.	3,360,023	2,456,001	3,170,606	2,396,605
19	Other cash inflows	377,590	222,502	359,092	206,451
20	Total cash inflows	3,829,958	2,678,503	3,610,264	2,603,056
Non-consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		15,077,727		16,072,242
22	Net cash outflows		9,315,292		8,973,441
23	Non-consolidated Liquidity Coverage Ratio (LCR)		161.8		179.1
24	The number of data used to calculate the average value		58		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 non-consolidated LCR over the past two years is currently in a decline due to the growing mismatch between long-term investments and short-term financing, but has been far exceeding the required criteria.

(2) Items concerning evaluation of the LCR level

Our non-consolidated LCR satisfies the required criteria and going forward it is not expected to fluctuate significantly from the current level. The actual LCR is not significantly different from our primary 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."

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Commissioner 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 2019.

[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	390
2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Bank	391
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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 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 2018, 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.

SuMi TRUST Bank consults the Compensation Committee of SuMi TRUST Holdings on the policy regarding decisions on the content of compensation for directors and executive officers and reports the findings 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, 2018-March 31, 2019)	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 ¥1,160 million per year for directors, and ¥240 million per year 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, 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.	18	6
2		Total amount of fixed compensation (3+5+7)	371	195
3		of Which: Cash compensation amount	371	195
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.	16	6
10		Total amount of variable compensation (11+13+15)	385	128
11		of Which: Cash compensation amount	311	128
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	73	—
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.	1	—
21		Total amount of other compensations	3	—
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		759	323

(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.

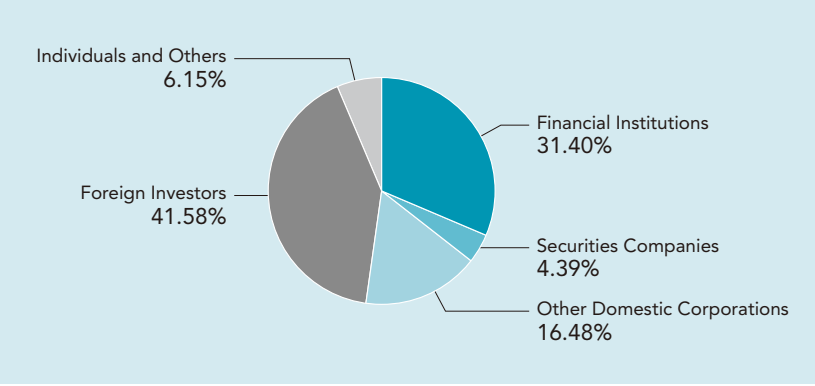
Stock Information (as of March 31, 2019)

Major Shareholders (Common Shares)

	Shareholder Name	Number of Shares Held (Shares)	Shareholding Ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	23,369,000	6.17
2	Japan Trustee Services Bank, Ltd. (Trust Account)	22,130,200	5.84
3	Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,013,500	2.90
4	JP Morgan Chase Bank 385151	7,902,823	2.08
5	Japan Trustee Services Bank, Ltd. (Trust Account 5)	7,605,200	2.00
6	The Bank of New York Mellon 140051	6,924,800	1.82
7	SSBTC Client Omnibus Account	6,394,335	1.68
8	Japan Trustee Services Bank, Ltd. (Trust Account 7)	5,706,300	1.50
9	State Street Bank West Client - Treaty 505234	5,209,003	1.37
10	Japan Trustee Services Bank, Ltd. (Trust Account 1)	5,073,500	1.34

(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 (11,751,722 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:	59,530
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.

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SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

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