

Management Structure: Capital Management

1. Basic Initiative Policy

Capital management is aimed at ensuring that the businesses of the SuMi TRUST Group remain sound by improving its capital reserves and maintaining and increasing the efficiency of its businesses by making efficient use of capital. Also, capital management encompasses the implementation of measures concerning capital adequacy, appropriate allocation, evaluation, monitoring and control of capital, and calculation of the capital adequacy ratio as stipulated by laws and regulations.

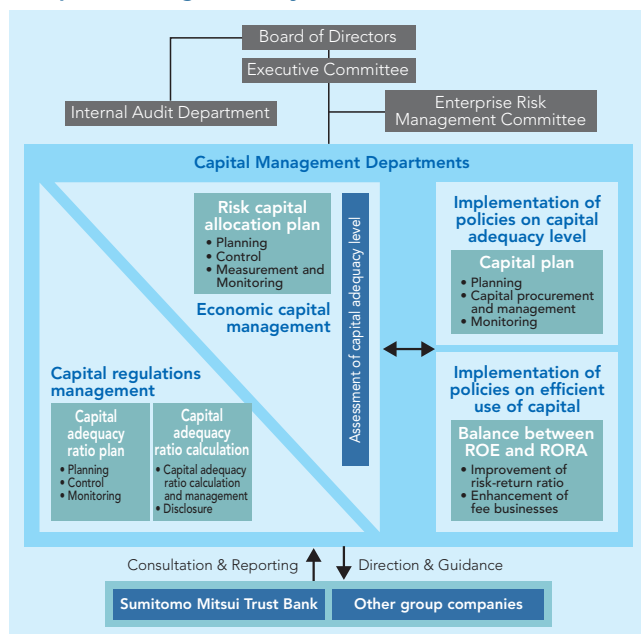
The SuMi TRUST Group creates the basic policy on capital management according to our management policies, ensures sufficient capital to meet the risks it faces and makes efforts to improve its capital and the efficient use of capital.

2. Outline of Initiatives

(1) Basic Policy on Capital Adequacy and the Capital Management System

The SuMi TRUST Group aims to maintain sufficient capital by operating in accordance with a PDCA cycle as follows: (1) draw up a capital plan based on the external environment (economic environment, market environment, etc.) and the internal environment (risk profile, strategic goals, etc.); (2) carry out the capital adequacy measures

• Capital Management System



decided in the capital plan; (3) monitor the capital situation and evaluate the capital adequacy level at appropriate intervals; and (4) improve capital and risk control based on the above evaluations.

Moreover, SuMi TRUST Holdings has constructed a necessary system for the appropriate management of capital by installing a department in charge of capital management and one in charge of enterprise risk management as capital management departments.

(2) Policy on Evaluation, Monitoring and Control of Capital Adequacy

The SuMi TRUST Group evaluates capital adequacy multilaterally by establishing multiple definitions of capital and risk as follows.

From the viewpoint of ensuring business continuity, SuMi TRUST Holdings evaluates capital adequacy by comparing the amount of risk with a confidence interval of 99% with Common Equity Tier 1 capital. From the viewpoint of depositor protection, it evaluates capital adequacy by comparing the amount of risk with a confidence interval of 99.9% as well as a confidence interval of 99% that factors in a post-stress-event scenario with total capital based on the regulatory required capital adequacy ratio.

SuMi TRUST Holdings also determines planned figures for the overall risk amount that is acceptable against capital, and risk amounts of each risk category and each group company, and monitors whether or not the actual results are within the planned figures.

The results of such evaluation and monitoring are reported periodically to the Executive Committee and Board of Directors, and in this way, SuMi TRUST Holdings is ensuring appropriate control of capital adequacy.

(3) Policy on Calculation and Management of Capital Adequacy Ratio

The SuMi TRUST Group recognizes the importance of the capital adequacy ratio. Accordingly, SuMi TRUST Holdings works for the accurate calculation and appropriate management of the capital adequacy ratio (including planning, monitoring and control) in order to ensure its fairness and appropriateness.

Moreover, with regard to capital adequacy ratio management, SuMi TRUST Holdings aims to raise the level and efficiency of the management system by improving its organic linkage with the risk management method employed for internal use.