Financial Review

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

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

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

• Overview of the Financial Results in FY2017

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

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

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

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

Billions of Yen (Unless specified otherwise)

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

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

<Dividends>

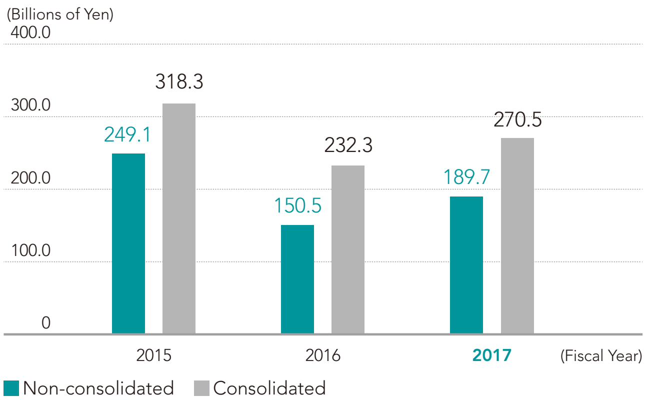
	FY2017 (A)	FY2016 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	**130.00**	130.00	—

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

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

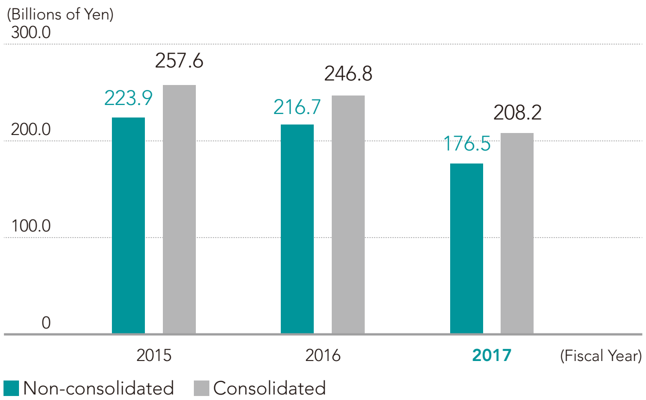
Status of Profit and Loss

• Net Business Profit before Credit Costs*



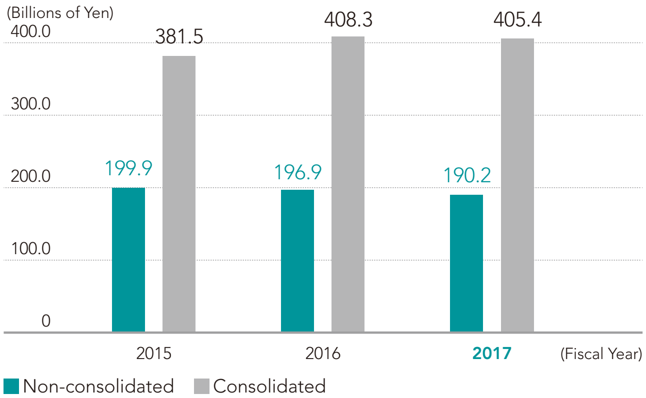
Net business profit before credit costs increased by ¥38.1 billion from the previous fiscal year to ¥270.5 billion, primarily due to a non-recurrence of the fall in market-related income in fiscal year 2016 in SuMi TRUST Bank.

• Net Interest Income and Related Profit*



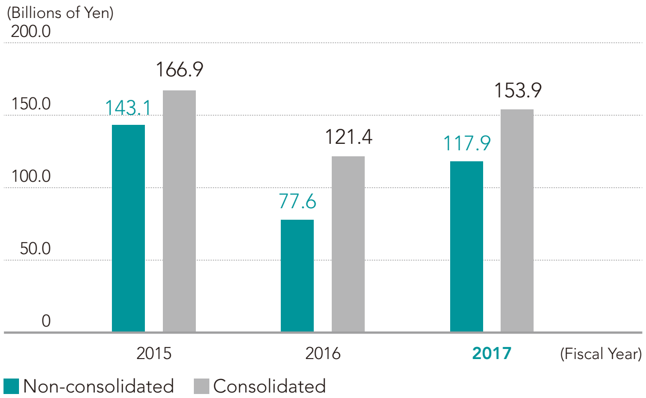
Although domestic loan-deposit income improved, net interest income and related profit fell by ¥38.6 billion year on year to ¥208.2 billion, due to a non-recurrence of profit from unwinding of asset swaps (hedge accounting), which was a temporary factor in fiscal year 2016.

• Net Fees and Commissions and Related Profit*



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

• Net Income Attributable to Owners of the Parent



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

Glossary

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

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

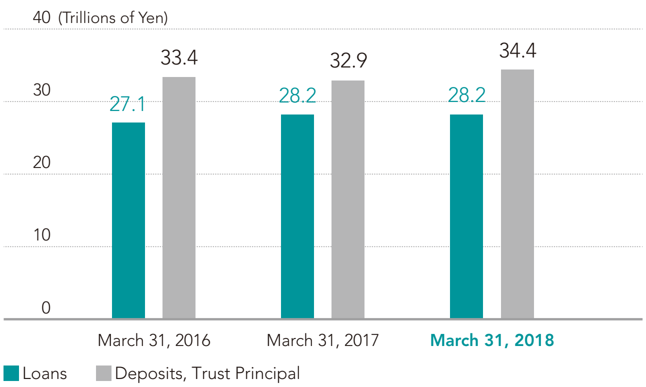
Net Interest Income and Related Profit
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

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

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

Financial Status

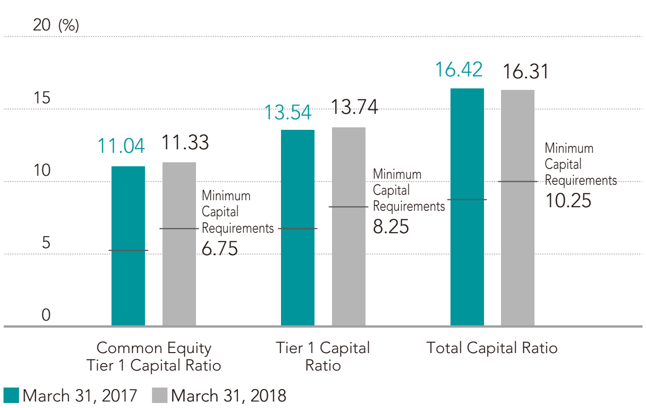
• Loans and Deposits (Non-consolidated)



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

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

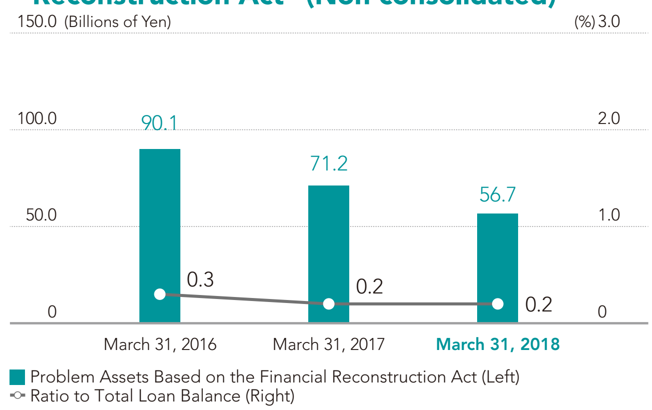
• Capital Adequacy Ratio, etc.* (Consolidated)



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

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

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



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

Glossary

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

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

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

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

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

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

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

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