Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2018.

[Qualitative Disclosure Data: SuMi TRUST Holdings]

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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 Fiduciary Services Business, the Stock Transfer Agency Services Business, the Real Estate Business, and the Global Markets Business.

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

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

• Businesses and Main Risk Characteristics of the Group

Risk Category \ Individual Businesses	Retail TS	Wholesale TS	Wholesale AM	Fiduciary Services	Stock Transfer Agency Services	Real Estate	Global Markets	Corporate Management*
Credit Risk	○	○	○				○	
Market Risk		○					○	○
Funding Liquidity Risk							○	
Operational Risk	○	○	○	○	○	○	○	○

* Strategic shareholdings management, etc.

• Risk Definition

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

(3) Risk Governance System

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

[First Line of Defense]

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

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

[Second Line of Defense]

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

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

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

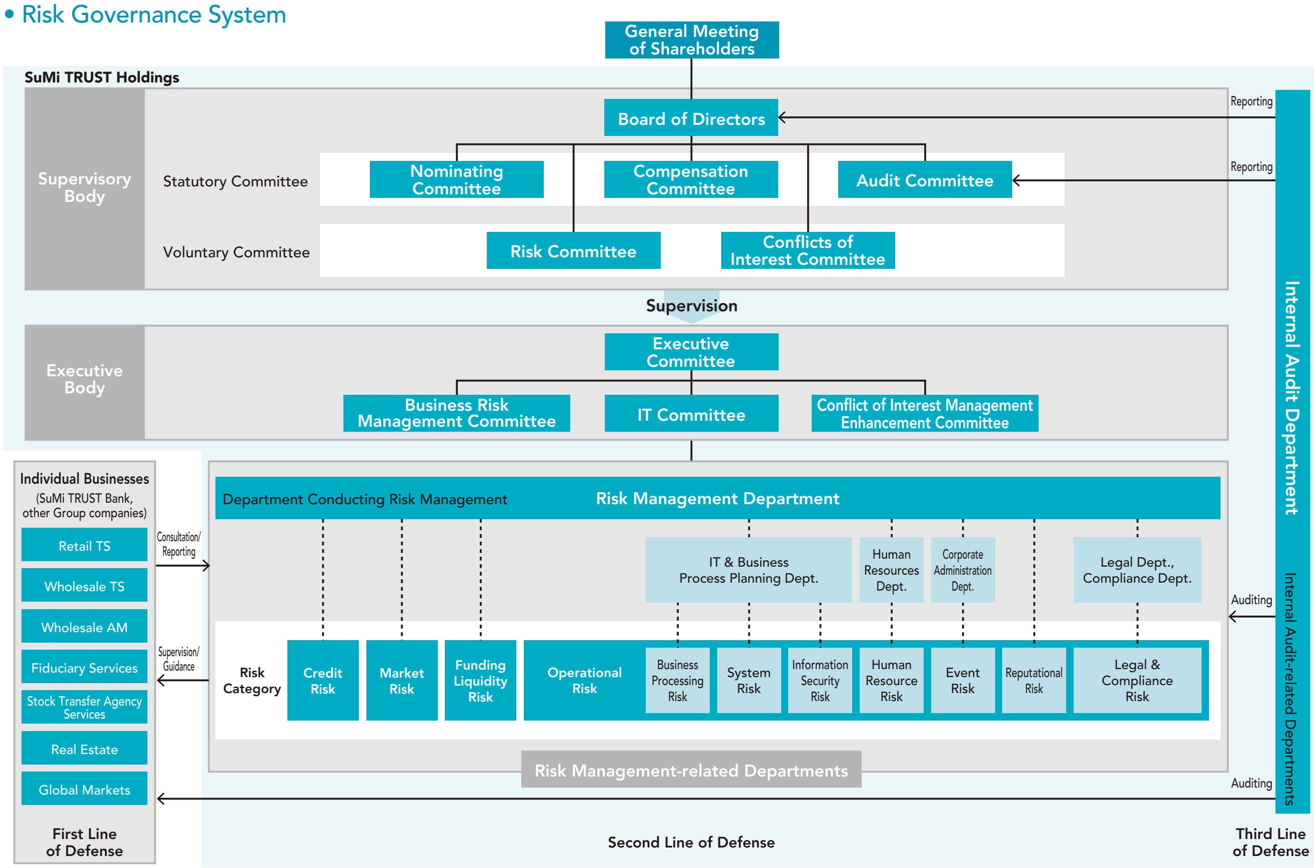
[Third Line of Defense]

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

[Executive Committee]

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

• Risk Governance System



[Board of Directors]

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

[Risk Committee]

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

[Conflicts of Interest Committee]

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

(4) Risk Management Process

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

[Risk Identification]

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

[Risk Evaluation]

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

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

[Risk Monitoring]

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

* The information on risks is reported to the Executive Committee and the Board of Directors on a monthly or quarterly basis according to its content. The information on risks to be reported is created by using internal databases, and risk measurement systems, etc. The SuMi TRUST Group is developing and advancing management information systems while complying with the "Principles for Risk Data Aggregation" of the Basel Committee on Banking Supervision.

• Main Items to Be Reported to the Board of Directors and Executive Committee

Frequency	Contents to be reported
Monthly	Comprehensive risk situation (including whether the risk amount is within the limit) ⇒Specifically, the amount of risk, usage of allocated capital, risk-weighted assets, and risk appetite situation, etc., for each business and each risk category are reported.
Quarterly	1) Status of the external environment, including the economic circulation, 2) whether the risk amount is within the limit, the risk profile, and its trend, 3) the limitations, weaknesses and appropriateness of risk evaluation methods, 4) the status of introduction of new products and services, etc., 5) the progress of improvement activities, and 6) the examination of process effectiveness, etc. ⇒Specifically, the status of top and jump risks, (annual) risk management plans, important issues to be solved, status of product approval process, etc., as well as items to be reported monthly are reported.

[Risk Control and Mitigation]

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

[Risk predictor management for top risks, etc.]

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

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

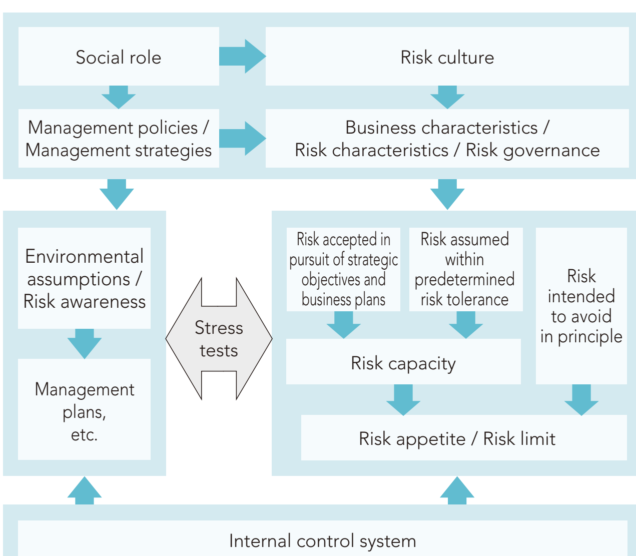
(5) Risk Appetite Framework

The SuMi TRUST Group defines the Risk Appetite Framework (RAF) as a company-wide framework for business management composed of a process for determining risk appetite* within the risk capacity range to complete management strategies designed by the Board of Directors based on the social roles and management principles of the SuMi TRUST Group, and internal control and management information systems for supporting them.

* Risk appetite: indicators of the type of risks and how much the SuMi TRUST Group should take or avoid risks within the risk capacity (tolerance level) in order to implement stable management strategies based on the social roles and management principles of the SuMi TRUST Group

The basic management strategies of the SuMi TRUST Group are to enhance its profitability and advance risk management. The SuMi TRUST Group aims to improve the transparency of the discussions and decision making processes regarding all kinds of risk-taking policies, including capital allocation and revenue maximization through the setting, conveyance and monitoring of risk appetite, and achieve the optimization and streamlining of allocation of management resources and the strengthening of the monitoring system, by using RAF as the common language within the SuMi TRUST Group.

• Outline of Risk Appetite Framework



The SuMi TRUST Group formulated the Risk Appetite Statement (RAS), which describes the entire framework of RAF and the details of risk appetite, etc. After thoroughly informing RAS among the staff of the Group, the SuMi TRUST Group utilizes RAS during discussions based on its management strategies and promotes the fostering and spread of sound risk culture. In addition, risk appetite-related indicators are monitored continuously, and the results of monitoring are reported to the Board of Directors and Executive Committee every six months.

(6) Fostering of Risk Culture

The SuMi TRUST Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the SuMi TRUST Group's organization, as well as executives and employees, that flexibly carries out risk-taking, risk management, and risk control based on an appropriate evaluation of risks, guided by a high degree of self-discipline with the background of fiduciary spirit.

In order to improve its corporate value and stakeholder value, the SuMi TRUST Group takes risk based on risk appetite, strictly complies with applicable laws and regulations to establish solid credibility from clients and society, and takes a resolute stance against antisocial forces.

In order to foster and spread "risk culture," the SuMi TRUST Group transmits messages from the management, formulates management plans, establishes promotional organizations, and holds training/education workshop, etc. regarding "risk culture" to regularly disseminate and share "ideal awareness and action against risks based on the value of the SuMi TRUST Group" among executives and employees. At each office, the SuMi TRUST Group aims to foster the culture of recognizing the "importance of becoming familiar with risks" and "appropriate attitudes for challenging risks" and taking action.

In addition, the executives and employees of the SuMi TRUST Group follow the "Codes of Conduct regarding Risks" in order to support sustainable growth, while ensuring the soundness of management.

(7) Enterprise Risk Management

1) Enterprise Risk Management System

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

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

• Overview of risk measurement approaches in Integrated Risk Management

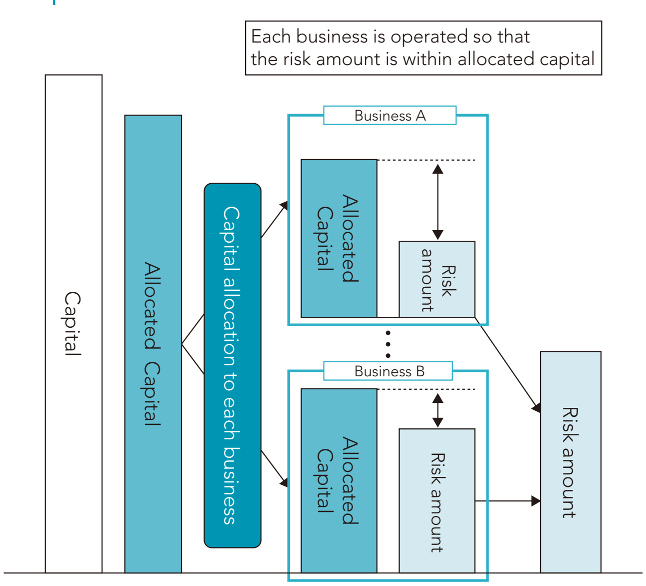
Risk category	Main scope	Main measurement approaches
Credit risk	Assets such as loans and bills discounted (including off-balance transactions)	Monte Carlo Simulation Method
Market risk	Risks related to trading accounts, banking accounts' interest rates, foreign exchange, stocks, commodities, and credit spreads (including off-balance transactions)	Historical Simulation Method
Operational risk	Business processes, the activities of executives and employees, and computer systems, etc.	Monte Carlo Simulation Method

2) Capital Allocation Operations

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

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

• Capital Allocation Scheme



3) Stress Tests and Assessment of Capital Adequacy Level

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

• Hypothetical Scenario Stress Testing

Assessment of capital adequacy level by formulating a stress scenario that has a sufficiently strong impact and a realistic probability of occurrence and then estimating capital adequacy ratio, etc. in times of stress.

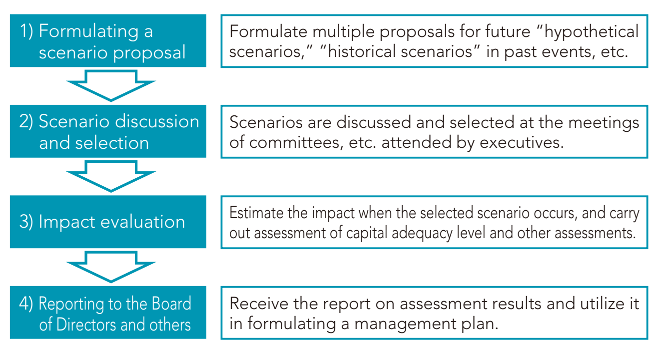
• Historical Scenario Stress Testing

Assessment of capital adequacy level through estimation of capital adequacy ratio, etc. in times of stress using parameters from stress times that had occurred in the past.

• Examination of Probability of Occurrence

Assessment of capital adequacy level by comparing the risk with 99.9% confidence interval with total capital defined under capital regulatory standards.

• Stress Test Framework



(8) Compliance with the Basel Standards

The Basel rules, which are the international standard rules regarding the soundness of banks, demand the compliance with "the first pillar," which defines the minimum capital requirements such as capital regulatory standards, "the second pillar," which regulates the inspection on self-management and supervision of financial institutions, and "the third pillar," which regulates market discipline, which is subject to market evaluation based on appropriate disclosure. In Japan, the implementation of Basel II started at the end of March 2007. Moreover, from the end of March 2013, Basel III has been implemented in a phased manner. Basel III is composed of capital regulatory standards, leverage ratio regulations, and liquidity regulations, for improving the quality and amount of capital, strengthening risk identification, etc.

As part of the efforts to advance its risk management, the SuMi TRUST Group adopted the Advanced Measurement Approach to operational risks since the end of March 2014, and the Advanced Internal Ratings-Based (AIRB) Approach to credit risks since the end of March 2015 in the calculation of the capital adequacy ratio. At the end of March 2015, in addition to capital adequacy ratio, we adopted liquidity coverage ratio of the liquidity regulations as the first pillar, and leverage ratio as the third pillar.

Moreover, in December 2015, the SuMi TRUST Group was designated as one of Domestic Systemically Important Banks (D-SIBs), which is the "domestic version" of Global Systemically Important Banks (G-SIBs) specified by the Financial Stability Board (FSB), and is subject to the 0.5% surcharge defined under capital regulatory standards.

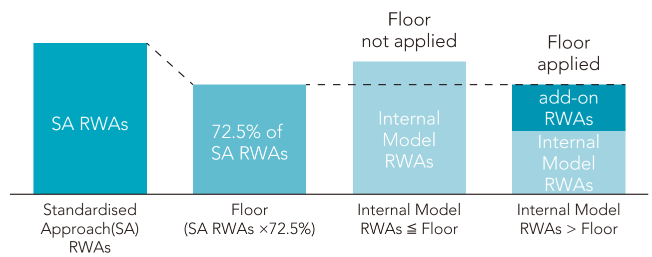
After implementing Basel III, the Basel Committee on Banking Supervision has been continually reviewing capital regulatory standards. To ensure appropriate risk sensitivity, simplicity and comparability of regulations, the Committee made the final agreement to make revisions related to a risk-weighted assets measurement approach, which is the denominator of capital adequacy ratio, in December 2017. While partially constraining the use of internally-modelled approaches by banks, we adopted capital floors based on standardised approaches in order to prevent the under-valuation of risk-weighted assets based on internal models. Along with the finalization of revision to regulations, the SuMi TRUST Group will be ready to comply with newly implemented regulations.

• Regulatory reform of Risk-weighted Assets Measurement Approach for Credit Risk

Exposures		Current Standards	New Standards
Equity		Advanced or Foundation IRB Approach	Standardised Approach
Financial Institution			Foundation IRB Approach
Corporate	Large corporate		
	Small and medium-sized corporate		Advanced or Foundation IRB Approach
Specialised Lending (e.g.Real estate non-recourse loan)			

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

• Capital Floor Structure



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

* Capital Floor will be subject to a five-year linear phase-in arrangement from the date of implementation of new standards. The applicable multiplier will start at 50% and increase by 5% at the end of each year until the end of Year 5, and it will eventually reach 72.5%.

As for the third pillar, from the end of March 2018, the adoption of common disclosure templates for internationally active banks, and the enhancement of disclosure items have been implemented to offer necessary information that is sufficiently comparable to all market participants.

(9) Crisis Management

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

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

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

2. Credit Risk Management

(1) Definition of Credit Risk

Credit risk is defined as the "risk resulting in losses due to a decrease or impairment in value of an asset (including off-balance sheet assets) owing to such reasons as deterioration in the financial condition of an obligor." Of this, country risk in particular means "risk resulting in losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor."

(2) Characteristics of Credit Risk

Credit risk is the most fundamental risk concerning the basic function of finance – "credit creation function" – and it is one of the most significant risks that are borne by the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") in performing banking operations.

Major risk among the credit risks for the SuMi TRUST Group is the risk of a large amount of loan-loss (or the provision for the allowance) being generated through default or credit deterioration of our major obligors. To control the "credit concentration risk" arising from the credit concentration to specific corporations or corporate groups, and "chain-reacting default risk" arising from the credit concentration to specific regions, industries, etc., the SuMi TRUST Group strives to appropriately control the risks by setting the credit guideline amounts based on obligor ratings and country ratings, and monitoring the balance of credit and risk amount specific to industries, etc.

(3) Credit Risk Management Policy

The basic policy of the SuMi TRUST Group's credit risk management is "stricter management of individual credit" and "credit portfolio diversification." Regarding the former, we make our individual credit management more precise through our screening and investigation of each transaction, asset assessment, and credit ratings that we assign internally. Regarding the latter, we endeavor to mitigate the concentration risk by managing diversification of our credit portfolio as a whole according to the industries and countries incorporating major obligors. Additionally, we regularly measure the credit risk amount in order to quantitatively grasp the possibility of the loss of portfolio.

Also, we maintain "risk-return adjustment" by reflecting the profit level established after taking into consideration the projected loss ratio and overhead ratio per credit rating on the transaction terms of individual transactions, to secure the profit margin (spread) proportionate to the risks.

Incidentally, the SuMi TRUST Group's credit risk management covers not only credit transactions via banking accounts, but also the transactions with trust accounts with a principal guaranteed contract.

(4) Credit Risk Management System

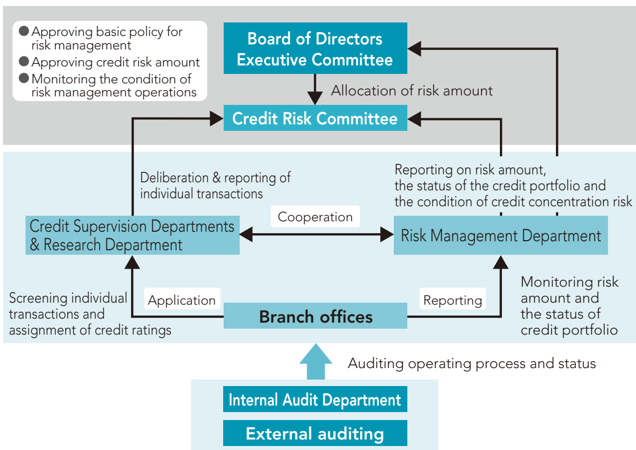
In addition to supervising credit risk management of the entire Group, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") also works to maintain and establish the systems at each of the Group companies. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the SuMi TRUST Group's core bank, maintains the risk management system at the consolidated and global levels in order to manage credit risk.

At SuMi TRUST Bank, the Credit Risk Committee, which is the management-level meeting, establishes credit strategies and credit risk management plans once in six months. The established plans are further submitted to the Executive Committee and the Board of Directors for discussion and resolution (approval) to decide important matters regarding risk management. The Credit Risk Committee is called regularly to discuss the basic policy for credit operations, and important matters concerning individual investments and loans transactions, as well as trust transactions. By controlling credit risk, it is working to secure the revenue while keeping an eye on the soundness of assets.

The Risk Management Department, operating as a credit risk management section, manages the portfolio through credit concentration risk management and credit risk amount measuring; manages and inspects the asset assessment and write-offs and allowances for loan losses systems; manages the internal rating system; and inspects the appropriateness of the rating systems and parameters. The details of monitoring and the risk control measures for credit risk, such as the status of the portfolio, credit risk amount, status of rating fluctuation, and the management status of credit limit amounts, are reported to the Credit Risk Committee each month, and to the Executive Committee once a quarter.

The branch offices apply for the granting of individual transactions and ratings to the credit supervision departments and the research department. The credit supervision departments screen individual transactions, while the research department undertakes industrial research and the creditworthiness research of individual corporations. The Risk Management Department keeps the initiatives of these departments in check. The Internal Audit Department, which is independent from the other departments, audits the internal management system for each of the processes to inspect the appropriateness and effectiveness of the risk management system.

• Credit Risk Management System



(5) Credit Risk Management Method

In order to manage the credit risk appropriately, the SuMi TRUST Group strives to construct and maintain a sound portfolio via the two mutually-complementing approaches: "individual credit management" – managing each individual transaction through credit screening at entry point and mid-term monitoring management – and "credit portfolio management" –analyzing and evaluating risk concentration conditions to the specific types of industry, regions, certain corporate groups, etc., while regarding the whole credit as a single lump portfolio to manage them from a macro viewpoint.

1) Credit Rating, Asset Assessment and Write-Offs and Allowances for Loan Losses

A. Credit Rating

"Credit rating" indicates, in a graded manner, a client's credit condition and the possibility of default/loss, and serves as the basis for the screening of individual transactions and credit portfolio management. There are several different types of credit ratings: "obligor rating" aimed at corporations including sovereigns and financial institutions; "structured rating" aimed at structured finances such as real estate non-recourse loans; and "facility rating" indicating the possibility of loss per transaction. For the details of SuMi TRUST Bank's internal rating system, please refer to 2 (6) "Internal Rating System."

B. Asset Assessment

Asset assessment signifies the classification of the contents of the SuMi TRUST Group's assets through individually screening them into graded levels of recovery risk and value damage risk, as part of the preparatory process for write-offs and allowances for loan losses. At SuMi TRUST Bank, all assets in banking accounts and the trust accounts with a principal guaranteed contract are put through asset assessment as a general rule and as for obligors, their "obligor categorization" based on their repayment capability according to financial condition, funding liquidity, profitability, etc., is determined each time their financial results are disclosed and/or whenever a situation that might affect their creditworthiness arises. Additionally, the "categorization" of each asset is determined once a quarter based on the result of the obligor categorization, security condition, etc., and this is reflected in the write-offs and allowances for loan losses appropriately as well as utilized in the management of credit risk.

C. Relationship Between Credit Rating and Asset Assessment

The two systems – credit rating and asset assessment – are operated with shared financial data on the clients that serve as the basis for mutually securing consistency. We are able to correctly assess the soundness of our credit portfolio by operating the two systems that enable us to grasp the clients' creditworthiness in a timely and appropriate manner.

D. Write-offs and Allowances for Loan Losses

Write-offs and allowances for loan losses signify the act of reserving or redeeming the appropriate amount in the quarterly settlement of accounts through timely and reasonable estimation of the amount of losses in the future by a track record of loan-loss, etc., based on the result of asset assessment. For the overview of SuMi TRUST Bank's allowances for loan losses and write-off criteria, please refer to page 123 "(5) Allowance for Loan Losses" of "4. Significant Accounting Policies."

E. Disclosure of Non-performing Loans

Non-performing loans to be disclosed include the risk management loans based on the Banking Act, and non-performing loans based on the Financial Revitalization Act.

As seen in the "Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans" on the next page, they are aggregated according to the obligor categorizations through asset assessment.

Incidentally, the delinquent loans that are overdue for or over three months are almost always classified as "Doubtful Claims" or lower based on the Financial Revitalization Act. However, those with little concern for a long-term delinquency may not occasionally be classified as above "Doubtful Claims" or lower up to roughly six months overdue.

• Tables of Credit Rating, Asset Assessment and Disclosed Non-performing Loans

<table>
<tr><th colspan="2">Credit rating</th><th colspan="4">Asset assessment</th><th rowspan="2">Classification of non-performing loans based on the Financial Revitalization Act</th><th rowspan="2">Classification of risk management loan</th></tr>
<tr><th>Rating Rank*</th><th>Definition</th><th>Obligor category</th><th>Definition</th><th>Asset Classification</th><th>Definition</th></tr>
<tr><td>1</td><td>Highest credibility of payment of principal and interest</td><td rowspan="6">Sound Obligor</td><td rowspan="6">Obligor that is operationally and financially sound</td><td rowspan="6">Class I (unclassified)</td><td rowspan="6">Assets with no risk of collection or no risk of impairment of the asset value</td><td rowspan="8">Normal Claims</td><td rowspan="8"></td></tr>
<tr><td>2</td><td>Very high credibility of payment of principal and interest</td></tr>
<tr><td>3</td><td>High credibility of payment of principal and interest, but prone to be affected by the worsening business environment, etc.</td></tr>
<tr><td>4</td><td>Perceived credibility of payment of principal and interest, but with declining potential</td></tr>
<tr><td>5</td><td>No problem for credibility of payment of principal and interest at present but with potentiality of declining by deterioration of business environment, etc.</td></tr>
<tr><td>6</td><td>Capable for principal and interest payment, but with potentiality of losing the ability if the business environment is deteriarated, etc.</td></tr>
<tr><td>7</td><td>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.</td><td rowspan="2">Sub-Performing Obligor</td><td rowspan="2">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</td><td rowspan="3">Class II</td><td rowspan="3">Assets with higher-than-acceptable level of risk of collection</td></tr>
<tr><td rowspan="2">8</td><td rowspan="2">Obligor categorized as "Sub-Performing Obligor" in asset assessment and careful attention is required because of its extremely deteriorated financial condition, etc.</td></tr>
<tr><td>Sub-Performing Obligor with Delinquent and/or Restructured debt</td><td>Obligor with debt past due three or more months and / or restructured debt</td><td>Substandard Claims</td><td>Restructured Loans / Loans Past Due Three Months or More</td></tr>
<tr><td>9</td><td>Obligor categorized as "Possibly Insolvent Obligor" in asset assessment</td><td>Possibly Insolvent Obligor</td><td>Obligor with high probability of bankruptcy in the future due to significantly weak business conditions and unfavorable progress of business restructuring plan</td><td>Class III</td><td>Assets with high potential of imparement or loss, whose rational estimate of loss amount is difficult</td><td>Doubtful Claims</td><td rowspan="2">Delinquent Loans</td></tr>
<tr><td rowspan="2">10</td><td rowspan="2">Obligor categorized as either "Substantially Insolvent Obligor" or "Bankrupt / Insolvent Obligor" in asset assessment or bankruptcy is occurred</td><td>Substantially Insolvent Obligor</td><td>Obligor, not legally or formally bankrupt, but virtually bankrupt</td><td rowspan="2">Class IV</td><td rowspan="2">Assets regarded uncollectible or worthless</td><td rowspan="2">Bankrupt and substantially bankrupt Claims</td></tr>
<tr><td>Bankrupt / Insolvent Obligor</td><td>Obligor entering corporate reorganization, liquidation or other satutory procedures</td><td>Loans in Bankruptcy Procedures</td></tr>
</table>

* 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.

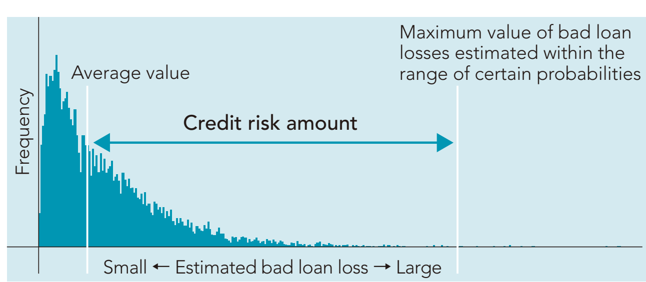
Based on our various client management systems, we micro-manage the credit conditions, credit balance, trading conditions, etc., of each obligor.

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 regularly, we aim to grasp the conditions of "credit portfolio diversification" and "stricter management of individual credit" and check the appropriateness of capital rationing as well as the soundness of business operation.

SuMi TRUST Bank also strives to advance the risk measurement and the scenario setting to suit the characteristics of individual assets.

(6) Internal Rating System

1) Overview of the Internal Rating System

The internal rating system of SuMi TRUST Bank which is the SuMi TRUST Group's core bank, is designed to ensure the accurate evaluation process of financial assets held based on its risk management policies, and to assist in its revenue management and credit risk management. The system in turn consists of a credit rating system and a credit pool management system.

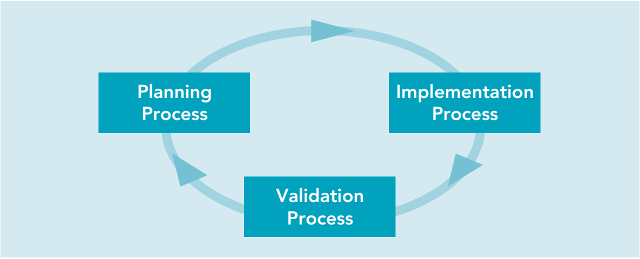
The credit rating system is broadly classified into the Japanese rating system (Japanese credit rating) and the Non-Japanese rating system (Non-Japanese credit rating), and each system comprises obligor ratings that reflect the PD of ordinary corporations; structured ratings that show the potentiality of real estate non-recourse loans and occurrence of default in project finances, etc.; and facility ratings that show the potentiality of occurrence of loss taking guarantees, collateral, credit terms, etc., of each facility into consideration.

Credit pool management system is designed to manage small-lot loans to individuals – such as mortgage loan and card loans – as transaction groups (pools) with similar risk characteristics. Credit pool classifications are compiled using products, obligors, transaction details, security condition, delinquency status, etc. as indicators, and they include the mortgage loan pool with related company guarantees and business use loan pool.

2) Operation of the Internal Rating System

The process of the assignment of credit ratings, etc. comprises the "planning process" in which the definition of credit ratings, etc., and the procedures and criteria (credit rating policies) are drawn up, the "implementation process" in which the credit rating assignment criteria and credit pool allotment criteria are appropriately implemented, and the "validation process" in which the appropriateness and objectivity of credit ratings, etc., are ensured.

• Administration Process of Credit Ratings



A. Planning Process

The planning process is a process to formulate models such as specific credit rating assignment criteria, credit pool classification, and "credit rating models" to ensure the objectivity of our internal rating systems, and is carried out by the credit risk management sections.

[Process of Model Introduction (for Credit Rating Models)]

A credit rating model is a tool to statistically estimate the rating ranks corresponding to the PD (probability of default) of the clients (obligors) using their financial indicators, etc.

When introducing the credit rating models developed by the Group, such as those aimed at the domestic corporations, the following process is followed:

First, the credit risk management sections develop a model and the development process and the verification details are compiled in a document (model description document*). Then the document is verified by the persons in charge but independent from the development project section of the same departments. In addition, the Internal Audit Department audits the document and confirms the validity of the development and validation process.

Meanwhile, when applying the credit rating models developed by external credit rating agencies, etc., such as those aimed at the overseas corporations, the following process is followed:

The credit risk management sections verify said model and put the findings into a document. Then the Internal Audit Department audits the document and confirms the validity of the validation process.

The performances of these models, etc. are also verified as part of the internal rating system annual reviews, and their outlines are reported to both the Credit Risk Committee and the Executive Committee.

* Model description document: a document detailing the contents such as the logic behind the model development, estimation methods, data employed, method of selecting parameters (financial indicators), and performance verification of the developed model (comparison with old models)

B. Implementation Process

During the implementation process, assignment of credit ratings and allotment of credit pool classifications are carried out following the criteria determined during the planning process. The assignment of credit ratings and the allotment of credit pool classifications are carried out by the research department and the Business Management Department as the "implementation departments." The actual process of implementing the credit ratings comprises new assignment, regular review of at least once a year, and monthly reviews, to help the credit ratings to be reviewed at the right time according to the fluctuation in the clients' creditworthiness.

Credit ratings are granted as a combination of "quantitative assessment" and "qualitative assessment." "Quantitative assessment" is an evaluation based on the credit rating models, etc., while the "qualitative assessment" is a human evaluation (by expert judgement). Because credit ratings are evaluated as a combination of "quantitative assessment" and "qualitative assessment," ultimately monitoring the objectivity of "qualitative assessment" by expert judgement, etc., becomes important in securing the appropriateness of the ratings.

At SuMi TRUST Bank, the credit risk management sections monitor if the assignment of credit ratings by the implementation departments is carried out appropriately according to the criteria, and this monitoring function ensures the appropriateness of the implementation process as a whole, including the expert judges' objectivity.

• Implementation Process of Credit Ratings

C. Validation Process

In order to ensure the objectivities of credit ratings, etc., and the credit rating models, as well as the appropriateness of their results, the credit risk management sections carry out a validation process annually in the name of the validation department.

In carrying out the validation, the implementation departments manage the data to be verified, and the validation department runs the following validation process:

- Verifying the appropriateness of credit rating results
- Verifying the objectivity of credit rating assignment criteria
- Verifying the appropriateness of credit pool classification
- Verifying the validity of the parameters applied to credit ratings and credit pools respectively

The validation results are reported to both the Credit Risk Committee and the Executive Committee.

3) System Procedure for the Assignment of Internal Ratings

The outline of main procedures in the assignment of ratings and allocating the credit pool classification based on the internal rating system is as follows. For the outline of models used in the SuMi TRUST Group's individual portfolios, please refer to 2 (7) "Compliance with Capital Regulatory Standards."

A. Obligor Rating (Japanese Credit Rating)

[Target]

Japanese corporations (domiciled and Japanese-descended non-domicile residents)

[Quantitative Assessment]

The credit rating models (industry-based), in which the clients' financial indicators are used as the explanatory variables, and their typical PD as the explained variable, are employed.

[Qualitative Assessment]

The information that is not reflected in the financial indicators, such as business affiliations, industry trends, external credit ratings and future cash-flow stability, is evaluated by the persons in charge of assignment of the industry-based credit ratings (expert judges) from the implementation departments. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to restrict the adjustment discretion. In addition, the credit risk management sections monitor the adjustment details in order to ensure the objectivity of the evaluation.

B. Obligor Rating (Non-Japanese Credit Rating)

[Target]

Overseas corporations (Non-Japanese-descended and non-domiciled residents)

[Quantitative Assessment]

The credit rating models (industry- and regions-based) to reproduce the external credit ratings by using the financial indicators as the explanatory variables are employed.

[Qualitative Assessment]

These are evaluated mainly through comparing the peer companies in the same industry, but also taking into consideration the evaluation indicators specific to overseas, while ensuring consistency with the qualitative assessment criteria for Japanese credit rating. To mitigate the unevenness of the evaluation results, the qualitative assessment items are put together into a document to limit adjustment discretion. In addition, the credit risk management sections monitor the adjustment details in order to ensure the objectivity of the evaluation.

C. Structured Rating

[Target]

Structured finance transaction, whose underlying resource for principal and interest payment is cash-flow generated by specific financing asset or the financing project

[Quantitative Assessment]

This is evaluated using indicators with high correlations with probability of default and default risks, depending on the financing asset and the risk characteristics of the transaction. For example, in the case of a real estate non-recourse loan, we would adopt LTV (Loan to Value) and DSCR (Debt Service Coverage Ratio).

[Qualitative Assessment]

Adjustment to the rating level based on quantitative assessments to reflect the financing asset and transaction specific individual characteristics that quantitative assessment indicators are not capable of capturing. For example, if a credit enhancement is available externally, the rating levels are amended based on its probability. As the qualitative assessment of structured ratings tends to be strongly transaction specific, in the assignment of the ratings, the credit risk management sections monitor the validities of the qualitative assessment in order to ensure its objectivity.

D. Facility Rating

[Target]

Loans etc. to corporates, sovereigns and financial institutions to which obligor rating (Japanese credit rating) is assigned (including payment acceptance/commitment line)

[Evaluation Method]

Expected loss taking account of guarantees, collateral, credit terms, etc. of each facility is evaluated and a rating according to the level is assigned.

E. Credit Pool Classification

[Subject of Assignment]

Small credit for loans targeted at individuals. (However, out of loans to individuals, credit transactions for business loan with outstanding balance of 100 million yen or more are subject to credit ratings to each obligor.)

[Assignment of Credit Pool Classification]

Regarding target credit, credit pool classifications (each class consisting of similar level of exposure of credit risk) are set using indicators (risk drivers) such as risk characteristics of obligors, risk characteristics of transactions (products), security condition, and delinquency situation. Furthermore, each credit pool is categorized as "residential mortgage exposures," "qualifying revolving retail exposures" and "other retail exposures."

Assignment to the credit pool classifications is carried out by the implementation departments based on the products and transaction details.

(7) Compliance with Capital Regulatory Standards

1) Application of the Internal Ratings-based Approach

A. Scope of the Internal Ratings-based Approach Application

As a method of calculating credit risk-weighted assets related to the calculation of required capital demanded by the capital regulatory standards, the SuMi TRUST Group adopts the "internal ratings-based approach" that uses data such as credit ratings, which are used for obligors' credit management within SuMi TRUST Holdings. Since the end of March 2015, SuMi TRUST Holdings and SuMi TRUST Bank have been using the Advanced Internal Ratings-Based Approach (AIRB). The scope of the application of the internal ratings-based approach in the SuMi TRUST Group is as follows.

(A) Business Unit

Type of the internal ratings-based approach	Major companies
Advanced Internal Ratings-Based Approach (AIRB)	Sumitomo Mitsui Trust Holdings, Inc. Sumitomo Mitsui Trust Bank, Limited
Foundation Internal Ratings-Based Approach (FIRB)	Sumitomo Mitsui Trust Guarantee Co., Ltd. Sumishin Guaranty Company Limited Sumitomo Mitsui Trust Card Co., Ltd. Sumitomo Mitsui Trust Loan & Finance Co., Ltd. Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

(B) Asset Class

Type of the internal ratings-based approach	Asset contents
Advanced Internal Ratings-Based Approach (AIRB)	Loans and securities for corporates, etc.*
Foundation Internal Ratings-Based Approach (FIRB)	Assets excluding those following below • Assets which are sublect to AIRB • Assets which are not sublect to AIRB or FIRB

* Limited to the corporates to which domestic credit ratings are assigned. Loans include acceptances & guarantees and commitment lines, etc. Also, those concerning subordinated debt, derivatives transactions, repo transactions and call loans are excluded.

B. Exclusion of the Application of the Internal Ratings-based Approach

The standardised approach* is applied as exclusion of the application of the internal ratings-based approach, among the subsidiaries of SuMi TRUST Holdings and SuMi TRUST Bank, to the business units in which the proportion of credit operations, etc. is low or credit operation is not performed as well as to certain asset classes that are not significant from the viewpoint of credit risk management. The exclusion is determined carefully based on the importance from the following points with respect to target business units and asset classes.

- The magnitude of the expected loss related to credit risk and the frequency of credit provision
- Positioning in the investments and loans policy or credit risk management policy
- Proportion to the entire credit risk-weighted assets.

* The standardised approach is a method to calculate the risk-weighted assets using the external credit ratings of eligible rating agencies, instead of the SuMi TRUST Bank's credit ratings (internal ratings). The eligible rating agencies that are used to determine risk weights are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

C. Phased Rollout of the Internal Ratings-based Approach

The SuMi TRUST Group applies the standardised approach to subsidiaries (business units) that are in preparation for application of the internal ratings-based approach, assuming the approach will change to the internal ratings-based approach in the future. As of the end of March 2018, two companies, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited and Sumitomo Mitsui Trust Club Co., Ltd., fall under this category.

2) Calculation of the Required Capital Using the Internal Ratings-based Approach

As mentioned in 1), the SuMi TRUST Group mainly applies the internal ratings-based approach to calculate the regulatory required capital.

A. Basic Process of the Internal Ratings-based Approach

With the internal ratings-based approach, the regulatory required capital is calculated by the following three steps.

[First Step] Assignment of Credit Ratings, etc. (Credit Ratings and Credit Pool Classifications)

The bank develops a unique ratings system (internal rating system)* according to its risk characteristics, and based on this system, we give a rating to clients (obligors). Credit ratings, etc. not only ensure consistency with asset assessment, but also ensure the accuracy through validation by each credit risk management section.

* For details of the internal rating system of SuMi TRUST Bank, please refer to 2 (6) "Internal Rating System."

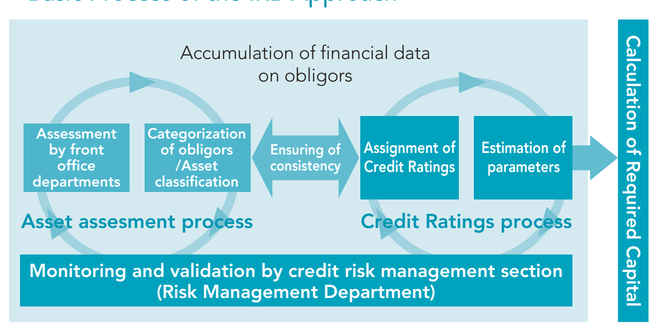
[Second Step] Estimation of Parameters

The results of individual credits (default actual data) that are performed based on credit ratings, etc. are aggregated and parameters (input variables) necessary for credit risk-weighted assets calculation are estimated. The validity of the estimated parameters is periodically verified.

[Third Step] Calculation of the Required Capital

The required capital is calculated by applying the parameters to the formula that is announced.

• Basic Process of the IRB Approach



B. Application Method Per Asset Class

The SuMi TRUST Group determines the scope of the internal ratings-based approach based on the accumulation status of internal performance data such as risk characteristics for each asset class and default performance required to estimate parameters. In the capital regulatory standards, methods for calculating risk weights and credit ratings to be used vary for each asset with credit risk. The credit ratings, etc. and the outline of credit risk-weighted assets calculation method that the SuMi TRUST Group applies to each asset class are shown on page 212.

C. Estimation and Verification of Parameters

The key parameters that need to be estimated to calculate the credit risk-weighted assets are probability of default (PD), loss given default (LGD), and exposure at default (EAD) (credit conversion factor (CCF)).

Parameters are estimated for those to be applied to corporate exposures, etc. and those to be applied to retail exposures (credit pool management target). In principle, estimated parameters are verified annually. The verification results are reported to the Credit Risk Committee and the Executive Committee. The results are also subject to internal audits.

The definition of each parameter and the outline of the estimation method and verification method are shown on page 213.

In principle, the parameters used in the capital regulatory standards are the same as the ones that are used for regulatory purposes and internal control management purposes to ensure objectivity and accuracy. For the internal control management purposes, the parameters are used for credit risk amount measurement and credit limit amount management.

The main differences of the parameters used in the calculation of allowances and capital adequacy ratio are as follows.

• Main Differences of the Parameters Used in the Calculation of Allowances and Capital Adequacy Ratio

	Calculation of allowances	Calculation of capital adequacy ratios
Parameters to be used	Expected loan loss ratio based on historical loan loss rate	Probability of Default (PD)
		Loss Given Default (LGD)
	The actual balance of loans (for the undrawn balance of the commitment line, the amount calculated by multiplying the amount by the actual withdrawal rate)	Exposure At Default (EAD)
Standard of default (loan loss)	When the obligor categorized as "Possibly Insolvent Obligor" or lower	When the obligor categorized as "Sub-Performing Obligor with Delinquent and/or Restructured debt" or lower
Parameter calculation method	Expected loan loss ratio: • for Sound Obligor: The average value of historical one year loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon. • for Sub-Performing Obligor or lower: The average value of historical three years' cumulative loan loss rate for the most recent three periods, with floor adjustment taking into consideration the longer-term time horizon.	Please refer to "Definition of Each Parameter and the Outline of the Estimation and Verification Method" on page 213

• Credit Risk-weighted Assets Calculation Method and Credit Ratings Applied to Each Asset Class

Approach method	Asset Class*1		Sub-class	EAD ratio*2 1)	EAD ratio*2 2)	Calculation method of credit risk-weighted assets	Assignment of credit ratings, etc.*3
Internal Ratings-based Approach	Corporate Exposures, etc.	Corporate Exposures	—	25%	31%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Specialised Lending	Japanese real estate non-recourse loan (excluding high-volatility non-recourse loan)	2%	2%	Supervisory Formula	Structured Ratings
			Real estate non-recourse loan excluding that stated above, Project finance, Commodities finance, Object finance	3%	4%	Supervisory Slotting Criteria Approach	
		Sovereign Exposures	—	25%	31%	Supervisory Formula	Obligor Ratings, Facility Ratings
		Financial Institution Exposures	—	2%	3%	Supervisory Formula	Obligor Ratings, Facility Ratings
	Retail Exposures		Residential mortgage exposures	13%	17%	Supervisory Formula	Credit Pools
			Qualifying revolving retail exposures	0%	0%	Supervisory Formula	Credit Pools
			Other retail exposures	1%	2%	Supervisory Formula	Credit Pools
	Equity Exposures		Japanese listed equities Japanese unlisted equities of obligors with credit exposures	1%	2%	Supervisory Formula	Obligor Ratings
			Japanese unlisted equities of obligors with no credit exposures Non-Japanese equities	0%	0%	Simple Risk-weight Method (Market-based Approach)	—
	Exposures relating to Funds		—	3%	4%	Look-through Approach	Obligor ratings, etc.
	Purchased Receivables		Regulatory formula for underlying assets	1%	2%	Supervisory Formula	Obligor Ratings, Facility Ratings
			Slotting criteria approach for underlying assets	0%	0%	Supervisory Slotting Criteria Approach	Structured Ratings
			Cases where classification is not possible due to multiple underlying assets	0%	0%	Top-down Approach	Credit Pools
	Others		Other assets, etc.	1%	1%	Designated risk weight is applied	—
Standardised Approach	Phased rollout/exclusion of IRB Approach		—	21%	2%	Designated risk weight is applied	—

[Applicable Credit Risk-weighted Assets Calculation Method]

Supervisory Formula	A method of calculating by using a predetermined function formula (risk weight function formula)
Supervisory Slotting Criteria Approach	A method of associating internal ratings with five predetermined ranks and calculating using a designated risk weight
Simple Risk-weight Method	A method of calculating by using a designated risk weight
Look-through Approach	A method of applying the calculation method according to the underlying assets
Top-down Approach	A method of calculating purchased assets as one aggregate using a predetermined function formula (risk weight function formula)

*1 Corporate exposures, etc., include lease transactions. In addition, corporate exposures, etc. include the exposures for small and mid-sized entities (SME).
*2 The proportion of EAD for each asset class in total EAD (*) on the 1) consolidated basis of SuMi TRUST Holdings and 2) consolidated basis of SuMi TRUST Bank is stated.
(*) Counterparty credit risk exposures, such as derivatives transactions and repo transactions and securitisation exposures are excluded from the aggregate calculation. For securitisation exposures, "Rating-Based Approach," "Supervisory Formula Approach," and others are used.
*3 The outline of the rating models used by the SuMi TRUST Group's core bank, SuMi TRUST Bank, is as follows.

	Outline of models	Applied asset class
Japanese obligor ratings	[Rating model] A model (developed in-house) that uses financial indicators as explanatory variables and a typical PD as explained variables is used. Different combinations of financial indicator and weight are used for each of the five industries (manufacturing industry, wholesale/retail industry, service industry [including non-banking], transport/communication industry, construction/real estate industry). [PD estimation] PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Non-Japanese obligor ratings	[Rating model] A model (developed by external credit rating agencies) that uses financial indicators as explanatory variables and reproduces external credit ratings is used. Different combinations of financial indicator and weight are used for each of the six regions and industries (North America, Europe, Asia, Pacific, emerging countries, airlines). [PD estimation] PD is estimated for each rating category.	• Corporate exposures • Equity exposures • Exposures relating to Funds • Purchased receivables
Credit pool classifications	[Credit pool classifications] Credit pool classifications (consisting of exposures with comparable levels of credit risk) are established based on indicators (risk drivers), such as the risk characteristics of the obligor, the risk characteristics of transactions (products), the security condition, and the delinquency situation, etc. [PD classification] PD is estimated for each credit pool classification or estimation category where multiple credit pool classifications are aggregated.	• Retail exposures • Purchased receivables

• Definition of Each Parameter and the Outline of the Estimation and Verification Method

Type of parameters and definition	Outline of estimation and verification methods	
	Corporate Exposures	Retail Exposures
PD (Probability of Default) - An estimate of the probability that a borrower or transaction will be unable to meet its debt obligation in a particular period	[Estimation method] • PD is estimated for each rating category. In addition, the estimated value is called "typical PD" as a long-term stable representation of its creditworthiness. • Estimated values are calculated by using the long-term average default rate based on the internal performance data or data of the external credit rating agencies, and modification is made, taking into account the recession period. *1 [Verification method] • The validity of the level of estimated values is verified by confirming the order of the actual default rate and carrying out backtestings comparing the actual value with the estimated value.	[Estimation method] • PD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • For residential mortgage, estimated values are calculated by using the long-term average default rate based on internal performance data, and modification is made, taking into account statistical variance adjustment and seasoning effect. *2 [Verification method] • The validity of the level of estimated values is verified by confirming the seasoning effect and carrying out backtestings.
LGD (Loss Given Default) - An estimate of the ratio of expected loss in case a borrower or transaction falls into default against the exposure at default	[Estimation method] • LGD is estimated for each security category (classified into four according to the ratio of collateralized amount to exposure amount). The estimated value is called "typical LGD" as representing the stable level of the loss rate for long term. • Estimated values are calculated by using the model LGD which is calculated by formulating the relationship between collection factors and collection rate, based on the actual collection results from the default obligor using the internal historical records. Statistical variance adjustment and economic downturn adjustment are added to the model LGD. *3 [Verification method] • In addition to verifying the robustness of modeling and adjustment methods, the validity of the level of the estimated value is verified by carrying out backtestings.	[Estimation method] • LGD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual collection results from the default obligor using the internal performance data. Statistical variance adjustment and economic downturn adjustment are added to the model. *4 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.
EAD (Exposure At Default) - Estimated amount of exposure at default, taking into account the possibility of additional withdrawal of off-balance sheet assets such as commitment line. EAD estimates the withdrawal rate (credit conversion factor (CCF)) against the undrawn balance of offbalance sheet assets	[Estimation method] • CCF is not estimated, but estimate values are determined based on parameter set by regulatory authority.	[Estimation method] • EAD is estimated for each credit pool classification or the estimation category where multiple credit pool classifications are aggregated. • Estimated values are calculated by using the actual additional withdrawal results from the default obligor based on the internal performance data, and statistical variance adjustment is made. *5 [Verification method] • In addition to verifying the robustness of correction methods, the validity of the level of the estimated value is verified by carrying out backtestings.

*1 • For the portfolio with low default probability (LDP: Low Default Portfolio), conservative estimates are made by accumulating the rating transition matrix in the estimation process, even for the rating category where no default has occurred or default rarely occurs.
• For corporate exposures, etc., excluding sovereign exposures, if the level of the estimate falls below the regulatory floor level (0.03%) (Japanese rating: 1 to 3, Non-Japanese rating: 1 to 2), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and it is confirmed by test that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods.

*2 • For retail exposures, as for the pool classifications where the level of the estimated value is below the regulatory floor level (0.03%), the floor value is applied.
• As described above, the estimated value is calculated based on the long-term default actual data including the recession period, and, for most of the pool classifications, it is confirmed by conducting backtestings that the estimated value is sufficiently conservative as compared with each single year actual default rate in the past three periods. As a result of backtestings, parameters for pools that exceed the parameter correction standard are corrected to appropriate levels.

*3 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• As described above, the estimated value is calculated based on the model LGD formulating the relationship between collection factors and collection rate, which enables stable calculation of the estimated values even for LDP portfolios. In addition, the validity of the estimated value level is verified by backtestings.
• For obligors who completed the collection procedure, average period from the default of the obligor to the completion of the collection procedure is less than two years.

*4 • Correction of the recession period is based on the correlation between LGD and economic indicators.
• As for residential mortgage, approximately 80% of the cases have been completed the collection procedure within five years from default.

*5 • The estimate of CCF uses data on commitment line contracts and line of credit contracts for which installment has not been implemented and employs a cohort method based on the proportion of additional withdrawals up to the default point for undrawn balances at the beginning of the fiscal year.

3. Market Risk Management

(1) Definition of Market Risk

Market risk refers to the risk that the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the SuMi TRUST Group may incur losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil.

(2) Characteristics of Market Risk

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), the core bank of the SuMi TRUST Group, operates a business (banking) to secure profits through interest rate risk control of assets and liabilities, and a business (trading) to secure profits through transactions such as short-term trading of interest rates and foreign exchange rates. In these businesses, we use Value at Risk (VaR), etc. and manage market risk using the same structure.

For trading, we aim at securing stable profits through market-making operations such as foreign exchange rates and derivatives.

The main risk in the SuMi TRUST Group's market risks is losses due to drop of prices of strategic shareholdings, etc. As for strategic shareholdings by SuMi TRUST Bank, it strives to appropriately control risks with a basic policy of reducing outstanding balances and hedging.

(3) Market Risk Management Policy

In managing market risk, we aim to ensure adequate profits commensurate with the strategic targets, scale and characteristics of the business of the SuMi TRUST Group. We are doing this by improving the management system, along with ensuring its operational soundness by adequate control over risks.

(4) Market Risk Management System

Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") oversees risk management of the market and funding liquidity of the entire group and is working to improve the structure of each Group company. SuMi TRUST Bank has developed a risk management system at the consolidated and global levels in order to manage market and funding liquidity risks.

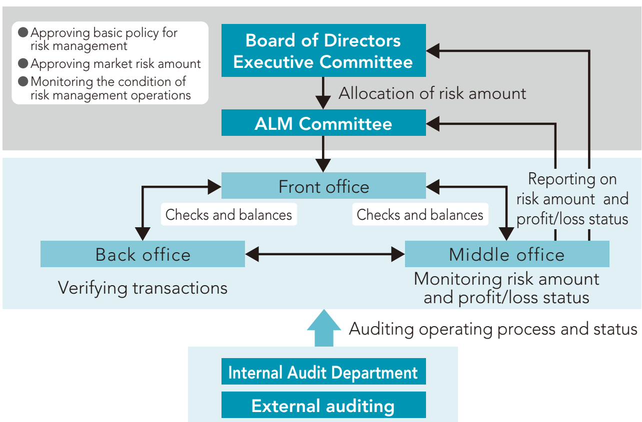
SuMi TRUST Bank develops the Asset Liability Management (ALM)* basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company and a risk management plan concerning market risk and funding liquidity risk once in six months at the ALM Committee, a management-level meeting body. The developed plans are deliberated and resolved (approved) by the Executive Committee and the Board of Directors, and important matters related to risk management are decided. By holding the ALM Committee monthly and controlling market risk and funding liquidity risk, we are making efforts to improve the soundness of the composition of assets and liabilities and stabilize earnings.

In addition, the front office (market-based transactions departments), back office (administration departments), and middle office (risk management departments) are independent. This way, a system of mutual check and balance among departments is in place. The front office and back office operate business such as appropriate control of risks in accordance with the size and characteristics, and human resource development in order to ensure the effectiveness of risk management based on accurate recognition of the risks. The middle office develops or operates the risk management process including identification, evaluation, monitoring, control and reduction of market risk, and plans and promotes risk management systems to demonstrate the check function for the front office, etc. In addition to having the function of planning and developing policies and procedures concerning market risk management, the middle office also has the function of monitoring market risk status such as market risk amount and profit and loss measurement.

The appropriateness and effectiveness of the risk management systems are verified by internal auditing or external auditing.

* ALM (Asset Liability Management): managing cash flow, liquidity, foreign exchange risk, and interest rate risk, etc., by grasping the characteristics of expirations and interest rates of our assets and liabilities.

• Market Risk/Funding Liquidity Risk Management System



(5) Market Risk Management Method

Within the scope of capital, SuMi TRUST Holdings develops a capital allocation plan and allocates capital to each Group company. Based on the allocated capital, SuMi TRUST Bank sets various limits including loss limit to control the risk and loss to a certain range.

We conduct multifaceted risk management from quantitative and qualitative perspectives. As for the compliance status of various limits, it is reported daily to the members of the ALM Committee through monitoring of the market risks status. Multiple risk analyses including identifying sensitivities to risk factors for each position, predictive management of risk factor fluctuations, and preparation for emergency using stress tests are also reported regularly to the Board of Directors and the ALM Committee, etc.

In the measurement of interest rate risk, we estimate and reflect the core deposit, term deposits redemption ratio and conditional prepayment rate. For details, please refer to 3 (7) 6) "Calculation Method of Interest Rate Risk."

Measurement Model for Market Risk Amount

The market risk amount is measured by the internal model method using VaR as a scale. Details of the measurement model are as follows.

Measurement model	Historical simulation method*
Confidence interval	99%
Holding period	Trading: 10 days Banking: Convert VaR of holding period 10 days by square route T/10 times ALM related position: 63 days (3 months) Credit investment and strategic shareholdings: 260 days (1 year) Others: 21 days (1 month)
Observation period	1,300 days (5 years)
Update frequency	Daily
Weighting	Historical weight method is applied. (Assign a higher probability to recent historical scenarios than older historical scenarios)
Price revaluation	Full revaluation method
Fluctuation of risk factors	Absolute return

* The internal model was revised in June 2017. The revisions included a change in measurement models from hybrid method (combination of variance-covariance method for calculating VaR with the historical simulation method) to historical simulation method and a change in the observation period from 260 days (one year) to 1,300 days (five years) (the historical weight method is applied to capture the latest market environment change).

The scope of application of the internal model is interest rate risk, equity position risk, foreign exchange risk, and commodities risk (excluding some products) at SuMi TRUST Bank. The correlation between each risk factor is not taken into consideration, and the risk amount is simply added when creating synthesis of risk.

In order to verify the reliability and effectiveness of the internal model, backtestings are performed to compare the actual results of the daily profit/loss and the virtual profit/loss with the daily VaR whose holding period is one day. In addition, the validity of the model calculation method and precondition is verified periodically to ensure that the assumption for VaR calculation is not deviating from the actual market situation.

The VaR measurement using the historical simulation method that is affected by market fluctuations in the past observation period has a limit that it is impossible to capture large market fluctuations that have not occurred in the past or occurred outside of the observation period. This limit is complemented by implementing stress tests. The amount of loss when applying the expected scenario based on the maximum fluctuation range of each risk factor in the past and the future forecast to the current portfolio is regularly estimated.

(6) Compliance with Capital Adequacy Regulations Calculation of Market Risk Equivalent Amount

The market risk equivalent amount refers to the sum of market risk in the trading account and foreign exchange risk and commodities risk in accounts other than the trading account, which is a factor used to calculate capital adequacy ratio. The SuMi TRUST Group calculates the market risk equivalent amount mainly by applying the Internal Model Approaches*. For calculation, general market risks and individual risks are simply added.

General market risk consists of VaR, which measures using the most recent market data, and stressed VaR, which measures using market data during the stress period. The preconditions of stressed VaR differ from the market risk measurement model described in 3 (5) "Market Risk Management Method" as follows.

Holding period	10 days (Convert VaR of holding period 1 day by square route ten times)
Observation period	260 days (1 year)
Weighting	Not applicable

Furthermore, the observation period is, in principle, set as the stress period for the stressed VaR in which the risk amount becomes the largest, taking into consideration the market data from 2007 onwards and the holding position in the past one year.

* Standardised approach is applied to the general market risks and individual risks of certain products of SuMi TRUST Bank and the foreign exchange risk of consolidated subsidiaries.

(7) Interest Rate Risk Management in the Banking Book

1) Definition of the Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is the risk that the capital and profit/loss of banks will be damaged now or in the future due to adverse impact on the banking book positions by changes in interest rate levels.

The present value is considered as economic value of equity (EVE) and future profits are considered as net interest income (NII), and the loss ranges against the current interest rate level are measured as ΔEVE and ΔNII respectively. The scope of the measurement is a position with interest rate risk in the banking book of SuMi TRUST Bank, and other Group companies that hold interest rate risk.

2) Characteristics of Interest Rate Risk in the Banking Book

IRRBB is caused by maturity dates mismatch (gap risk), interest rate mismatch (basis risk), and optionality associated with interest rate change (option risk) in the banking account positions.

The ratio of ΔEVE to Tier 1 capital of SuMi TRUST Holdings and SuMi TRUST Bank is well below the regulated level of 15%, and the interest rate risk in the banking book is low.

3) Interest Rate Risk in the Banking Book Management Policy

The risk management policy concerning IRRBB is the same as 3 (3) “Market Risk Management Policy”.

To control interest rate risk, hedge accounting is applied to transactions that use interest rate swaps as hedging instruments and meet the application requirements of hedge accounting.

4) Interest Rate Risk in the Banking Book Management System

SuMi TRUST Holdings oversees risk management related to the IRRBB of the entire Group, and SuMi TRUST Bank maintains and manages IRRBB management systems at the consolidated and global levels.

5) Interest Rate Risk in the Banking Book Management Method

At SuMi TRUST Bank, the ALM basic plan that covers comprehensive risk operation and management of assets and liabilities from the viewpoints of the entire company is developed once in six months at the ALM Committee, a management-level meeting body. At that time, alarm points are set for the increase/decrease of the economic value of equity (ΔEVE) of the position. IRRBB is measured monthly, and alarm points are monitored. Reports on the measurement results are submitted monthly to the ALM Committee.

6) Calculation Method of Interest Rate Risk

The assumptions, etc. for calculating IRRBB are as follows.

• Non-maturity Deposits (“NMDs”)

The maximum maturity of the interest rate revision assigned to non-maturity deposits is five years, and the average maturity is 0.9 years.

• Core Deposits

The standardised approach exemplified by the Financial Services Agency is applied to the cases of SuMi TRUST Bank. Out of the NMDs that the clients can withdraw at any time, we recognize the balance that is expected to be stable and non-linked to interest rate as deposits with the maximum maturity of five years and the average maturity of 2.5 years.

• Term Deposits Redemption Ratio

Targeting yen-based term deposits for individuals and corporations, the redemption results over the past three years are checked, and the redemption rate is set for each product and each duration.

• Conditional Prepayment Rate

Targeting mortgage loan, etc. for individuals, repayment results over the past five years are checked, and the prepayment rate is set for fixed interest rates and floating interest rates, respectively.

• Treatment of Foreign Currencies

The target currencies are determined based on (a) coverage of 90% or more in the scale of the balance sheet by the target currency, (b) the coverage of 5% or more of currency against the scale of the balance sheet, and (c) importance to the SuMi TRUST Group’s position.

The correlation (considering dispersion or offset) of different currencies is treated as follows.

ΔEVE: Correlation of different currencies is not considered, and only the currencies for which EVE decreases are combined.

ΔNII: Correlation of different currencies is considered, and the currencies for which NII increases and the currencies for which NII decreases are simply combined.

• Treatment of Spreads

In calculation, spreads are not included in discounted interest rates and cash flows.

• Pass-through Rate of Received Credit Interest Rates

In measuring ΔNII, upon reviewing of interest rates of received credit (term deposits, etc.), the pass-through rate is estimated based on the past record to understand how much the interest rates of received credit follow the fluctuation of the market interest rates.

7) Interest Rate Risk Other Than ΔEVE and ΔNII

SuMi TRUST Bank measures and manages the market risk amount by the method described in 3 (5) “Market Risk Management Method”.

With the stress test conducted to complement the limitation of VaR, we are striving to grasp the potential vulnerability by including the portfolio of the entire SuMi TRUST Bank including both banking accounts and trading accounts in the measurement range, reproducing scenarios that give a certain fluctuation (shock) to risk factors or past stress events such as the collapse of Lehman Brothers, or developing a forward looking virtual scenario that takes into consideration the future position and the market situation.

4. Funding Liquidity Risk Management

(1) Definition of Funding Liquidity Risk

The funding liquidity risk refers to "the risk that the SuMi TRUST Group may incur losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual".

(2) Characteristics of Funding Liquidity Risk

The main risk in the funding liquidity risk of the SuMi TRUST Group is deterioration of foreign currency funding when assuming downgrades of Japan and/or Japanese financial institutions. Sumitomo Mitsui Trust Bank, Limited, which is the core bank of the SuMi TRUST Group, has developed medium- to long-term procurement policies according to each currency's characteristics such as the status of assets/liabilities and market liquidity, and is striving to operate stable foreign currency financing that can withstand the market disruptions and cash outflows in the past.

(3) Funding Liquidity Risk Management Policy

In managing funding liquidity risk, based on the full recognition that risk materialization may directly lead to the bankruptcy of the SuMi TRUST Group, our basic policy is to implement proper funding liquidity risk management with two pillars: 1) "to pursue the balance between funding cost and stability" by various means of procurement, and 2) "emergency preparedness" by verifying procurement capability and countermeasures under the stress environment in advance.

Based on the compliance with international standards on bank capital and liquidity (Basel III, etc.), we will continue to promote the advancement of funding liquidity risk management systems.

(4) Funding Liquidity Risk Management System

The funding liquidity risk management systems are the same framework as 3 (4) "Market Risk Management System".

(5) Funding Liquidity Risk Management Method

As the indicator of funding liquidity risk management, the ALM basic plan specifies the limits for the funding liquidity mismatch amount* for each company, office and currency as well as the responses at the time of limit conflict. The compliance status is also monitored on a daily basis. In addition, stress tests are performed based on multiple scenarios such as sudden changes in the market environment and changes in the procurement environment specific to the SuMi TRUST Group to grasp the amount of funds needed when funding liquidity risk materializes.

As countermeasures for the materialization of funding liquidity risk, a financing phase (peacetime, presage time, concern time, crisis time) is established according to tightness of the financing situation. Qualitative/quantitative events that may affect financing are monitored from peacetime as crisis management indicators, and a contingency plan is developed as countermeasures against the crisis. Regarding the contingency plan, the adequacy of the financing amount at the time of materialization of funding liquidity risk is verified by stress tests to ensure feasibility through periodic training.

* Funding liquidity mismatch amount: the amount of funds needed on a daily basis to cover the final figure of the settlement account for each currency.

5. Operational Risk Management

(1) Definition of Operational Risk

Operational risk refers to the risk that the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") may incur losses resulting from inappropriate business processes, the activities of executives or employees and computer systems as well as from external events. The SuMi TRUST Group classifies operation risk into business processing risk, system risk, information security risk, legal and compliance risk, human resource risk, event risk and reputational risk for the purpose of risk management.

(2) Characteristics of Operational Risk

One of the major risks related to the SuMi TRUST Group's operational risk is that our business operations may be adversely affected by cyber attacks (such as ransomware attacks and DDoS attacks*), and that client information and other information held by the SuMi TRUST Group may be leaked due to information theft by intruders. The SuMi TRUST Group has taken measures against unauthorized intrusion and use, and other similar acts through cyber attacks by securing safety of information systems.

* DDoS attack: Distributed Denial of Service attack; an attempt to render services unavailable by imposing high processing load on a target computer from multiple machines.

Furthermore, we manage delay in system development and increases in development costs as main risks. The SuMi TRUST Group's business performance may be adversely influenced by various factors, including costs arising from postponed system releases due to delay in progress with system development projects and maintenance of alternative systems, and additional costs incurred for development employee allowances as a result of increases in development costs. The SuMi TRUST Group strives to diminish and mitigate risks through monitoring of development status by related departments, such as risk management-related departments.

(3) Operational Risk Management Policy

Upon building an operational risk management system, the SuMi TRUST Group recognizes operational risk to be an inevitable risk incidental to business execution, implements proper risk management according to the scale and characteristics of operations and risks, and ensures business soundness and appropriateness.

In preparation for enhancement of the SuMi TRUST Group's operations, and products and services that the SuMi TRUST Group provides, and development of new risks following changes in social and economic environments, such as advancement of information technology and diversifying needs, we will further enhance our operational risk management system.

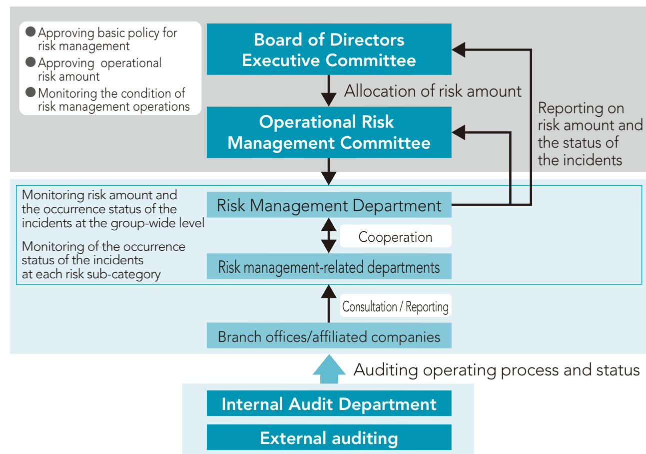
(4) Operational Risk Management System

The SuMi TRUST Group is striving to create a system related to operational risk management of each Group company based on the basic policy on operational risk management of the entire Group.

At Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group, policies related to the operational risk management system and other important matters, such as "the risk management plan (operational risk)," are planned and proposed at the Operational Risk Management Committee and the Executive Committee, and resolved (approved) by the Board of Directors.

Based on such policies, we have established a department in charge of comprehensive operational risk management, and risk management-related departments for each sub-category of operational risk. The Risk Management Department, the department in charge of comprehensive operational risk management, is working on creation and enhancement of the operational risk management system in cooperation with each risk management-related department.

• Operational Risk Management System



(5) Operational Risk Management Method

Operational risks involved in all areas of the SuMi TRUST Group's business, including outsourced business, are subject to operational risk management, which adequately identifies and assesses risk from both qualitative and quantitative perspectives. Meanwhile, preventative measures against risk materialization, as well as responses in the event of materialization, causal analysis and measures to prevent recurrence are developed to mitigate operational risk.

SuMi TRUST Bank has defined any cases, in which a client or we have incurred losses as a result of inappropriate business procedures in the course of operations by employees and officers, as an operational incident or a minor incident (hereinafter "operational incident, etc."), and has established a system of reporting and managing operational incidents, etc. in an effort to properly deal with such operational incidents, etc. upon their occurrence, prevent and reduce recurrence, and improve the quality of business processing.

Any operational incident, etc. will be reported upon its occurrence in a timely manner to the business supervision departments, risk management-related departments, and the Risk Management Department through registration to the reporting system by the department that caused operational incidents, etc. Furthermore, according to the impact of a relevant case, such as the scope of influence and the amount of loss, the operational incident, etc. will be reported to the Operational Risk Management Subcommittee, the Operational Risk Management Committee, the Executive Committee, and any other related committees. The department in which the incident, etc. has occurred will take proper and expeditious action toward clients involved in accordance with the instructions by the business supervision department and other related departments, examine and analyze the causes of the incident, etc., and discuss, plan, and implement measures to prevent recurrence.

As for periodical analysis, the business supervision departments regularly analyze the occurrence tendency of operational incidents, etc. taking place in each business and their causes, and develop measures to prevent recurrence that are deemed effective for the business in general. In addition, risk management-related departments and the Risk Management Department develop and review effective measures to prevent recurrence from group-wide and cross-sectional perspectives.

(6) Risk Management for Each Sub-category

1) Business Processing Risk Management

Business processing risk refers to the risk that the SuMi TRUST Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud. Engaging in a broad range of businesses including banking, asset management, asset administration (including trust business) and real estate, the SuMi TRUST Group recognizes that business processing risk is something unavoidable in the course of business execution. The SuMi TRUST Group is processing risk management in accordance with the scale and characteristics of business operations and risk so as to ensure peace of mind and satisfaction for its clients.

In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for comprehensive management of business processing risk, comprehensively reviews inter-business issues concerning business processing risk and business process streamlining, and develops a system for ensuring the effectiveness of SuMi TRUST Bank's business processing risk management from a company-wide viewpoint. Meanwhile, we have established a department to oversee and provide guidance to business processing operations at each business, which reviews policies set out in each business and provides guidance and training on general business processing to the head office departments and the business offices. Furthermore, SuMi TRUST Bank developed a risk management plan that incorporated the goals for business processing risk management and it has implemented activities to mitigate business processing risk, including documentation of business processing, exhaustive checks for clerical errors and associated analysis, development of remedial measures and cautioning based on the macro analysis of clerical errors, outsourcing management, and self-inspection.

2) System Risk Management

System risk refers to the risk that the SuMi TRUST Group may incur losses due to such reasons as computer system failure, malfunctions and defects, as well as the risk that the SuMi TRUST Group may incur losses due to unauthorized use of computers. Since computer systems are vital for the SuMi TRUST Group to carry out its business operations, it recognizes that system risk is a serious risk with potential impacts on a wide range of clients, which may cause disrepute to the Group. Therefore, the SuMi TRUST Group is conducting adequate system risk management in accordance with the importance, nature and operational function of each system. In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for system risk management, strives to mitigate system risk, through measures to prevent system risk from materializing, adequate response and causal analysis of the risk when materialized, and development of measures to prevent recurrence.

Moreover, SuMi TRUST Bank enhances the credibility of hardware and software as well as system operation, through measures including maintenance of hardware, securing of spare/alternate functions, back-up in place and preparation of manuals. In addition to above, measures for ensuring security of the information system and preventing illegal access and use by insider or through cyber or other attacks are also in place. Meanwhile, in order to minimize the impact of failure or disaster on the information system and to ensure early recovery and business continuity, we have in place a clarified communication and response system, manuals describing alternate measures and recovery procedures, along with the implementation of education and training on operations.

3) Information Security Risk Management

Information security risk refers to the risk that the SuMi TRUST Group may incur losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system and misuse of information. Since the information asset is one of the critical management resources involving the risk that could disrupt the basis of management, the SuMi TRUST Group adequately maintains and manages all information assets under its care.

In SuMi TRUST Bank, the IT & Business Process Planning Department, which is responsible for information security risk management, is committed to developing and enhancing an information security risk management system.

SuMi TRUST Bank places degrees of importance on all information assets under its care according to the impact of potential losses that SuMi TRUST Bank and clients may incur in the event of their leaks, loss or alteration. Methods and procedures for acquisition, use, management, safekeeping, internal communication, external use and disposal of information assets are set out according to the degrees of importance, 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.

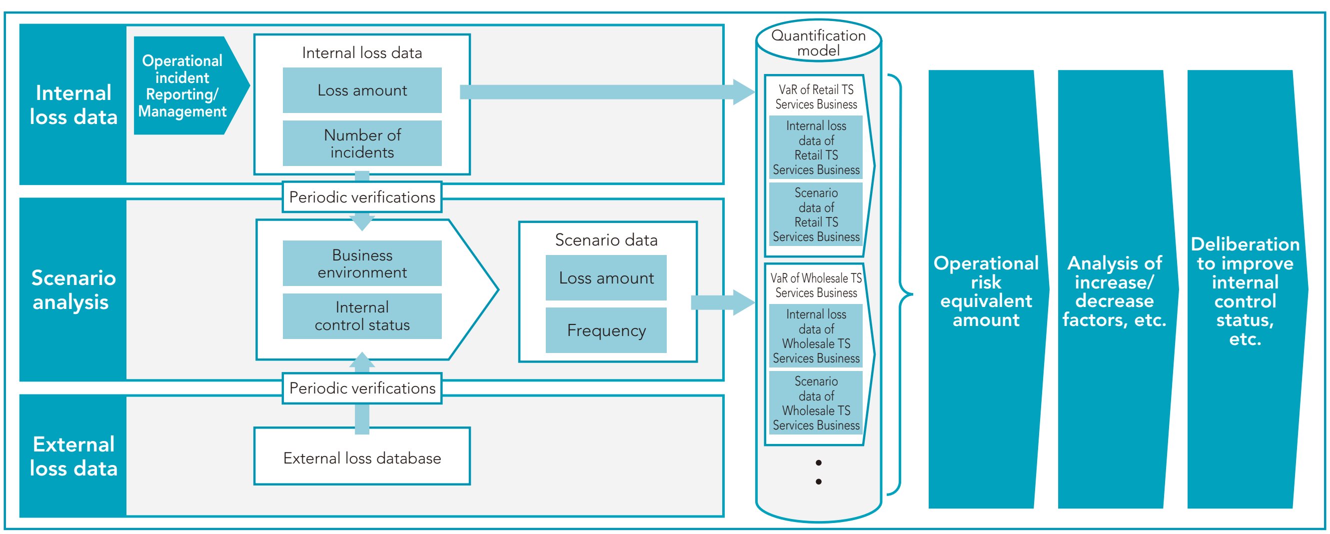
C. Measurement Model for Operational Risk Amount

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.

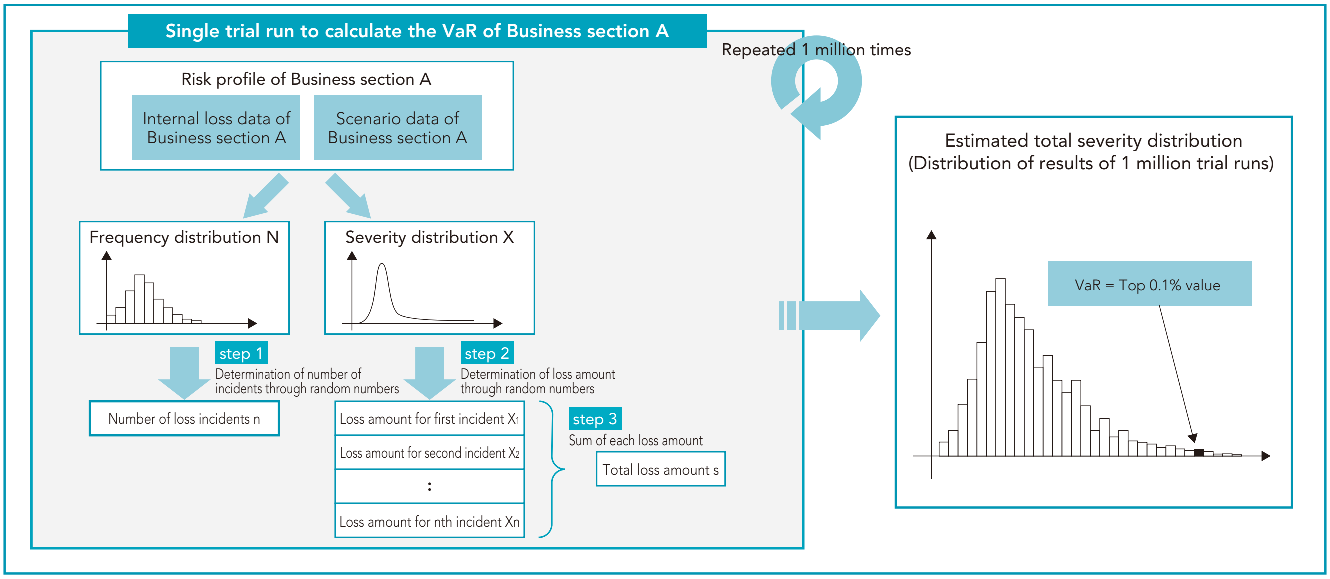
The Poisson distribution has been applied to the frequency distribution, and our own distribution method has been applied to severity distribution in order to grasp the amount of tail risk.

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 calculation of credit risk-weighted assets in a limited manner. The SuMi TRUST Group has defined the scope of the credit risk mitigation techniques that can be applied to calculation of a capital adequacy ratio depending on risk-weighted assets measurement approaches after closely examining the eligibility for the requirements.

With regard to assets to which the Advanced Internal Ratings-Based Approach (AIRB) is applied, we consider the collateral effect through the Loss Given Default (LGD). We have adopted the credit risk mitigation techniques for assets to which the Foundational Internal Ratings-Based Approach (FIRB) is applied, and the details are as follows:

• Overview of Credit Risk Mitigation Techniques (CRM)

CRM techniques	Major requirements
Offsetting of loans and bills discounted against deposits in our banks (netting)*	• Term deposits • A valid banking transaction contract, or any other effective agreement, with a statement about timely offsetting has been concluded.
Guarantees and credit derivatives	• The creditworthiness of the guarantor (the party providing protection) is greater than that of the obligor. • The contract has been concluded in writing and does not include any provision that disturbs performance of guarantee (offering of protection).
Eligible collateral	
Eligible financial collateral (deposits in our banks, stocks, and debt securities)	• Establishment of security rights (such as the right of pledge) • Any special agreement that restricts exercise of security rights has not been concluded.
Eligible real estate collateral (real estate, foundations)	• Register of settlement of mortgage (definitive/provisional registration) • Any special agreement that restricts exercise of security rights has not been concluded. • Investigation of soil pollution has been completed, or the impact of soil pollution has been taken into consideration in evaluation.
Other eligible asset collateral (ships, aircrafts)	• Establishment of security rights (definitive/provisional registration; with security rights being set as the first right) • Any special agreement that restricts exercise of security rights has not been concluded.

* In the fiscal year ended March 2018, we employed netting only for assets to which the Foundation Internal Ratings-Based Approach was applied.

4) Concentration of Credit and Market Risks Following the Adoption of Credit Risk Mitigation Techniques

Guarantees and credit derivatives have been considered as approaches involving risk concentration.

In the SuMi TRUST Group, although guarantees on obligors are offered by their respective parent companies in many cases, this is not always significantly inclined for specific guarantors. Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), which is the core bank of the SuMi TRUST Group monitors and manages concentration risks for each individual corporation and for the entire Group, with guarantees taken into consideration.

The notional principal of the protection of the credit derivatives that SuMi TRUST Bank has purchased is not noteworthy enough to be defined as risk concentration. It is managed by being included in the credit limit amount of the provider of protection.

(2) Credit Risk for the Other Party of Derivatives Transactions and Repo Transactions (Counterparty Credit Risk)

1) Risk Characteristics

Counterparty credit risk ("CCR") is a risk that the SuMi TRUST Group may incur loss due to nonfulfillment of a contract when a counterparty, the other party of a transaction, such as a derivatives transaction, has gone bankrupt. The SuMi TRUST Group has conducted various derivatives transactions (such as the interest rate swap transaction) with financial institutions.

2) Risk Management Policy

A. Management of Counterparty Credit Risk Exposures

With regard to CCR, the SuMi TRUST Group has set a credit line for clients, such as financial institutions, for each type of market-based transactions and manage CCR exposures. We have managed credit concentration risk of each client by setting a credit limit amount in the same manner as for corporates and adding up general credit transactions and market-based transactions. Furthermore, in the same manner as other exposures, we allocate capital to each business and monitor the usage status.

B. Credit Risk Mitigation Techniques and Collateral Management

As a general rule, SuMi TRUST Bank, which is the core bank of the SuMi TRUST Group, enters into legally valid bilateral netting contracts (such as the ISDA Master Agreement) with clients when conducting derivatives and repo transactions. In the event that any reason for contract cancellation before expiration arises, through netting contracts we will perform close-out netting between multiple derivatives transactions or repo transactions entered into with a relevant client, in order to mitigate credit risk. Furthermore, with the aim of minimizing credit risk at the time of conducting derivatives transactions, SuMi TRUST Bank is promoting the conclusion of a Credit Support Annex (CSA) as a supplementary contract of the ISDA Master Agreement. A CSA is a bilateral agreement that supplements credit through a pledge of collateral corresponding to the amount of unrealized loss by the party holding unrealized loss to the other party with unrealized gain based on calculation of the present value of derivatives transactions, etc. or other similar items between SuMi TRUST Bank and the counterparty with which SuMi TRUST Bank has concluded the CSA.

The SuMi TRUST Group transfers collateral on a continuous basis with the counterparty with which we have entered into a CSA so that unrealized gains and losses become neutral. However, we will be required to offer additional collateral when the creditworthiness of either party has deteriorated and the party's rating has dropped, with the impacts of such deterioration taken into consideration. The amount of additional collateral varies depending on the details of the contract concluded with each company.

C. Management of Wrong-way Risk

Wrong-way risk is risk of losses expanding through the synergetic effect of any adverse correlation between the derivatives exposures transaction and the creditworthiness of the other party of the transaction (the counterparty). Currently, the SuMi TRUST Group manages this risk by mitigating credit risk through conclusion of CSAs, and grasping CCR in a timely and proper manner.

D. Impact of Deteriorated Creditworthiness of Our Banks

As specified in B. above, the SuMi TRUST Group has regularly transferred collateral with counterparties in derivatives transactions and other similar transactions. In these transactions, we may be required to provide additional collateral to counterparties due to deterioration of our own creditworthiness. However, the proportion of derivatives transactions to the SuMi TRUST Group's overall exposure is currently low, and we have recognized that the impact is limited.

3) Compliance with Capital Regulatory Standards

The SuMi TRUST Group has adopted the "Current Exposure Method" in risk-weighted asset calculation of counterparty credit risk. The approach is one of the methods for calculating the credit equivalent amount of derivatives transactions by adding the add-on (which corresponds to the amount for potential future exposure, and is calculated by multiplying the notional amount by the split based on residual maturity) to the "replacement cost" (as calculated through fair market valuation of transactions).

In accordance with the capital regulatory standards (Basel III) which have been revised with financial crisis taken into consideration, the SuMi TRUST Group calculates risk-weighted assets for Credit Value Adjustment (CVA) that adjusts exposure when the creditworthiness of counterparty has changed, and for the Central Counterparty (CCP) exposures.

(3) Securitisation Transactions

1) Risk Characteristics

Securitisation transactions are transactions in which, on the back of one or more assets, the credit risk related to the assets is stratified into two or more layers that are in a relationship of a senior-subordinated structure and part or all of the assets are transferred to a third party. Typical examples include Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), and Collateralized Loan Obligation (CLO) according to underlying assets, and resecuritised products with securitised products as underlying assets. The method of grasping credit risk differs between the originator (the party that composes products) and an investor (the party that purchases products) in securitisation transactions. When the originator has accepted the subordinated part of assets at the time of product composition, some credit risk will remain. Meanwhile, when the investor has bought a securitised product, credit risk will arise. Furthermore, as securitised products underlie resecuritised products, it will become complicated to grasp risks regarding resecuritised products, and credit risk of resecuritised products may become greater than those of general securitised products.

Although the SuMi TRUST Group engages in activities primarily as the investor, we have yielded business results in product composition as an originator.

2) Risk Management Policy

A. Investor

In principle, the SuMi TRUST Group invests in securitised products, to which high external credit ratings have been assigned, and manages risks by the assignment of credit ratings (structured ratings) based on the internal rating system. During an investment period, we strive to obtain stable earnings opportunities by periodically monitoring not only external credit ratings but also the status and performance of the assets underlying securitised products, and risk characteristics and structure status of securitisation transactions, and then reflecting such status for reviewing credit ratings. The SuMi TRUST Group manages resecuritised products in the same manner.

B. Originator

The SuMi TRUST Group will consider using securitisation transactions, which are originated by the SuMi TRUST Group, according to situations as a method for controlling portfolios of finance receivables held. When doing so, we will construct transaction content in which an intended transfer of credit risk is made effectively, and properly calculate the part of credit risk-weighted assets that the SuMi TRUST Group bears after implementation of securitisation. As a general rule, while the securitised products originated by the SuMi TRUST Group have been held by investors outside the consolidated holding company group, part of the products have been owned by SBI Sumishin Net Bank, Ltd., one of the SuMi TRUST Group's affiliates.

3) Risk Management Method

We measure credit risk amount of securitisation exposures based on the value of credit risk-weighted assets specified by the capital regulatory standards. In addition, interest rate risk involved in securitisation exposures is subject to measurement of market risk amount.

4) Securitisation transactions of Third Party Assets

With regard to securitisation transactions of assets purchased from third parties, the SuMi TRUST Group has engaged in liquidation of receivables mainly by buying multiple receivables, such as accounts receivables and bills of credit, via specific purpose companies (SPCs), and provides Asset Based Lending (ABL) to SPCs and sets up backup lines for Asset Backed Commercial Papers (ABCPs) issued by SPCs. In addition, SuMi TRUST Bank has conducted proper management of underlying assets for investors.

In the SuMi TRUST Group, securitisation conduits, such as SPCs and trust as follows, conduct securitisation transactions of third party assets. We have never offered securitisation conduits credit supplementation not stipulated in respective contracts.

Name of securitisation conduit	Whether to be included in the consolidation scope* according to calculation of the capital adequacy ratio	Whether or not securitisation exposure is held
Vector Asset Funding Corporation	Included	Not held
Nexus Asset Funding Corporation	Included	Held
Fresco Asset Funding Corporation	Included	Held
Crecer Asset Funding Corporation	Included	Not held
RBA Asset Funding Corporation	Not included	Not held
Sumitomo Mitsui Trust Bank, Limited (Trust account)	Not included	Held

* The consolidation scope according to calculation of the capital adequacy ratio of SuMi TRUST Holdings and SuMi TRUST Bank.

5) Accounting Policy

When conducting securitisation transactions, as a general rule, the SuMi TRUST Group adopts a selling process that results in derecognition of financial assets through the transfer of the control over contractual rights to the financial assets to another party in accordance with "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10). For instance, in the case of finance receivables, in principle, assets are derecognized upon legal completion of transfer of the assets and receipt of consideration for the transfer; however, in the event that we hold retained interests after conducting securitisation transactions, the SuMi TRUST Group does not recognize sales of the assets corresponding to the retained interests, and renders it subject to measurement of credit risk-weighted assets. Meanwhile, regarding transactions in which a considerable degree of credit is offered without prior payment of capital, the SuMi TRUST Group will employ a financial process of posting raised capital as a liability. In addition, when we possess assets for the purpose of securitisation transactions, the SuMi TRUST Group evaluates the assets in accordance with "Accounting Standards for Financial Instruments" and records them in the banking account.

6) Compliance with Capital Regulatory Standards

With regard to calculation of credit risk-weighted assets for securitisation exposures, we have prioritized calculation methods, and selected from applicable calculation methods on which the highest priority has been placed.

First of all, we use the "Rating-Based Approach" in order to calculate the risk weight of securitisation exposures to which eligible external credit ratings has been assigned. Then, we calculate the risk weight of securitisation exposures without eligible external credit ratings by applying the "Supervisory Formula Approach" according to the characteristics of underlying assets. If either of the aforementioned approaches cannot be applied, we apply 1,250% risk weight; however, in the SuMi TRUST Group, the total amount of the required capital to the securitisation exposure that we hold shall not exceed the amount of the required capital with an internal ratings-based approach applied to the principal underlying assets.

The eligible rating agencies used for calculating the value of credit risk-weighted assets based on the "Rating-Based Approach" include 5 companies, which are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc., (Fitch).

While the SuMi TRUST Group essentially has rendered securitisation exposure subject to calculation of credit risk-weighted assets, we use the "Standardised Approach" for calculating market risk equivalent amount.

(4) Capital Subscriptions and Other Similar Exposures or Equity Exposures

1) Risk Characteristics

As part of capital subscription business, the SuMi TRUST Group has strategically made real-estate equity investments in the banking accounts and held stocks with the aim of investing in organizations expected to bring benefits to the SuMi TRUST Group and cementing relationships with clients (strategic shareholdings). Stocks are characterized as involving the risk of fluctuation in their prices (market risk) as well as the risk that the issuers may become in default (credit risk).

Real-estate equity investment is aimed to pursue medium-term risk return, being exposed to the risk of fluctuation in cash flows, such as dividend distribution, and the risk that the Net Asset Value of the subscriber's share on the capital may fluctuate.

The purpose of strategic shareholdings is to obtain earnings incidental to long-term transaction relationships while taking into consideration the corporate governance code and other factors. Listed shares with market prices are subject to fair market valuation and are exposed to a risk of fluctuation in their market prices. Unlisted shares are also exposed to a risk that their estimated value may decline.

2) Risk Management Policy

We properly manage stocks held in the banking accounts, by taking into consideration profitability, within a scope of a certain risk amount through a framework of credit risk and market risk management according to the purpose of holding the stocks and risk characteristics.

Regarding real-estate equity investment, we undertake projects that are expected to generate stable earnings by looking ahead to medium-term conditions of the real estate market in an effort to keep down the risk level.

In addition, as for strategic shareholdings, while making continuing effort to reduce the balance, we are flexibly conducting hedging operations with the aim of lessening the risk of price fluctuation of the stocks that we have held.

3) Risk Management Method

Concerning the stocks held in the category of "available-for-sale securities," we measure risk according to whether or not there is a market price. We recognize a risk of price fluctuation for the stocks with market price and measure the stock VaR with the estimated holding period (a time horizon) set as one year and the 99% one-sided confidence interval for each side in a similar way to other market risk of the banking accounts such as interest rate risk. Meanwhile, regarding unlisted shares without market prices, as it is not possible to directly observe price fluctuation, we measure the risk amount with the holding period of one year while using an approach for indirectly estimating the volatility by selecting an appropriate alternate index, and a reference to the Supervisory Formula Approach specified by the capital regulatory standards, depending on situations.

Concerning "Shares of Subsidiaries," we have rendered the assets and liabilities held by a relevant subsidiary subject to direct risk management. Furthermore, as for "Shares of Affiliated Companies," fluctuations in the value of our interest in relevant affiliated companies due to equity in losses or earnings are subject to risk management.

4) Accounting Policy

As of the end of March 2018, with regard to the securities stated in the SuMi TRUST Group's consolidated financial statements, Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are valued using the "moving-average cost," and securities classified as available-for-sale securities are valued using the "average market price during the final month of the consolidated accounting period (cost of securities sold is calculated using primarily the moving-average method)."

However, "available-for-sale securities" for which their fair values are extremely difficult to be determined are carried at cost using the moving-average method. Valuation differences on "available-for-sale securities" are recorded as a separate component of net assets and reported in the consolidated balance sheets.

5) Compliance with Capital Regulatory Standards

We measure the required capital of credit risk with an approach applied according to whether relevant equities are Japanese or Non-Japanese, and whether or not relevant equities are listed. Japanese equities are measured based on the Supervisory Formula Approach using the credit ratings assigned to relevant issuers.

Furthermore, we apply the Simple Risk-weight Method (Market-Based Approach) that multiplies the risk weight determined according to whether the equities are listed or not, in order to measure any Japanese equities without credit ratings, and Non-Japanese equities. The market risk amount is measured using VaR as a scale. For more details, please refer to "(5) Market Risk Management Method" of "3. Market Risk Management."

Basel III Disclosure Data

Sumitomo Mitsui Trust Holdings, Inc.

This section outlines and discloses matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2014) with regard to the status of capital adequacy, as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No.10, 1982), as well as separately stipulated by the Director-General of the Financial Services Agency (Notification No.7 of Financial Services Agency, 2015) with regard to the status of management soundness relating to liquidity, as set forth in Article 19-2, Paragraph 1, Item 5-(e) of the Ordinance for Enforcement of the Banking Act.

[Quantitative Disclosure Data: SuMi TRUST Holdings]

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* Disclosure items and formats have been changed from fiscal 2017 (the year ended March 31, 2018), therefore, disclosure data of fiscal 2016 (the year ended March 31, 2017) has been stated separately.

Quantitative Disclosure Data:

Sumitomo Mitsui Trust Holdings, Inc.

Disclosure Data for Fiscal Year 2017 (as of March 31, 2018)

KM1: Key Metrics

Consolidated

KM1 Basel III Template No.		Millions of yen, %				
		a	b	c	d	e
		March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	¥ 2,325,854	¥ 2,282,732	¥ 2,210,988	¥ 2,187,640	¥ 2,141,890
2	Tier 1	2,821,417	2,760,093	2,688,896	2,673,078	2,625,737
3	Total capital	3,348,183	3,361,003	3,280,504	3,269,379	3,185,866
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	20,522,957	21,027,701	19,570,897	19,280,244	19,391,928
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	11.33%	10.85%	11.29%	11.34%	11.04%
6	Tier 1 ratio (%)	13.74%	13.12%	13.73%	13.86%	13.54%
7	Total capital ratio (%)	16.31%	15.98%	16.76%	16.95%	16.42%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.87%	1.25%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement (%)	—%	—%	—%	—%	—%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.37%	0.25%	0.25%	0.25%	0.25%
11	Total of bank CET1 specific buffer requirements (%)	2.25%	1.50%	1.50%	1.50%	1.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.83%	6.35%	6.79%	6.84%	6.54%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	70,807,838	66,564,532	68,339,449	65,700,499	67,843,410
14	Basel III leverage ratio (%)	3.98%	4.14%	3.93%	4.06%	3.87%

KM1 Basel III Template No.		Millions of yen, %				
		Fiscal Year 2017 4th Quarter	Fiscal Year 2017 3rd Quarter	Fiscal Year 2017 2nd Quarter	Fiscal Year 2017 1st Quarter	Fiscal Year 2016 4th Quarter
	Liqudity Coverage Ratio (LCR)					
15	Total HQLA allowed to be included in the calculation	¥ 27,250,018	¥ 26,931,895	¥ 25,662,551	¥ 25,214,341	¥ 23,979,032
16	Net cash outflows	19,016,174	18,729,160	17,845,124	18,432,654	17,535,781
17	Consolidated LCR (%)	143.2%	143.7%	143.8%	136.7%	136.7%

Capital Adequacy Ratio

Consolidated

We calculate the consolidated BIS capital adequacy ratio in line with provisions of Article 52-25 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank holding company and its subsidiaries' capital adequacy ratios are appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 20, hereinafter referred to as the "Notification").

As of the end of March 2018, we used the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the Basel Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Holdings Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Holdings Group is 64. The principal company is the following.

Name	Principal Business Operations
Sumitomo Mitsui Trust Bank, Limited	Trust and Banking Businesses

(3) There is no affiliated company that undertakes financial services subject to the Basel Notification, Article 9.

(4) There are no particular restrictions etc. on the transfer of funds and capital within the SuMi TRUST Holdings Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

Composition of Capital (Consolidated BIS capital adequacy ratio)

Consolidated

As of March 31		Millions of Yen, %			
Basel III Template No.	Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Common Equity Tier 1 Capital: Instruments and Reserves				
1a+2–1c–26	Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,103,081		¥ 2,006,758	
1a	of Which: Capital Stock and Capital Surplus	906,625		906,656	
2	of Which: Retained Earnings	1,263,415		1,159,028	
1c	of Which: Treasury Stock (Deduction)	42,224		34,061	
26	of Which: Earnings to be Distributed (Deduction)	24,734		24,864	
	of Which: Others	—		—	
1b	Subscription Rights to Common Shares	799		577	
3	Accumulated Other Comprehensive Income	496,851		344,794	¥ 86,198
5	Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	2,031		1,949	
	Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements			6,770	
	of Which: Common Share Capital Issued by Subsidiaries and Held by Third Parties			6,770	
6	Common Equity Tier 1 Capital: Instruments and Reserves (A)	2,602,763		2,360,850	
	Common Equity Tier 1 Capital: Regulatory Adjustments				
8+9	Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	170,935		152,059	38,014
8	of Which: Goodwill (Including Those Equivalent)	89,699		81,901	20,475
9	of Which: Other Intangible Assets	81,235		70,157	17,539
10	Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	287		121	30
11	Deferred Gains or Losses on Derivatives under Hedge Accounting	(20,866)		(14,863)	(3,715)
12	Shortfall of Eligible Provisions to Expected Losses	11,527		8,730	2,182
13	Securitisation Gain on Sale	1,745		1,894	473
14	Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities	—		—	—
15	Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	113,232		66,053	16,513
16	Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	46		1	0
17	Reciprocal Cross-Holdings in Common Equity	—		—	—
18	Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold)	—		4,962	1,240
19+20+21	Amount above the 10% Threshold on the Specified Items	—		—	—
19	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
20	of Which: Mortgage Servicing Rights	—		—	—
21	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—		—	—
22	Amount Exceeding the 15% Threshold on the Specified Items	—		—	—
23	of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
24	of Which: Mortgage Servicing Rights	—		—	—
25	of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—		—	—
27	Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions	—		—	
28	Common Equity Tier 1 Capital: Regulatory Adjustments (B)	276,908		218,960	
	Common Equity Tier 1 Capital (CETI)				
29	Common Equity Tier 1 Capital (C) = (A)–(B)	¥ 2,325,854		¥ 2,141,890	

As of March 31			Millions of Yen, %			
Basel III Template No.		Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
		Additional Tier 1 Capital: Instruments				
30	31a	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	¥ —		¥ —	
30	31b	Subscription Rights to Additional Tier 1 Instruments	—		—	
30	32	Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	290,000		220,000	
30		Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		—	
34–35		Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,563		12,454	
33+35		Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital	193,000		272,500	
33		of Which: Directly Issued and Issued by Special Purpose Vehicles	83,000		114,528	
35		of Which: Issued by Subsidiaries	110,000		157,971	
		Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements			427	
		of Which: Foreign Currency Translation Adjustment			427	
36		Additional Tier 1 Capital: Instruments (D)	495,563		505,381	
		Additional Tier 1 Capital: Regulatory Adjustments				
37		Investments in Own Additional Tier 1 Instruments	—		—	¥ —
38		Reciprocal Cross-Holdings in Additional Tier 1 Instruments	—		—	—
39		Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—		821	205
40		Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—		—	—
		Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements			20,712	
		of Which: Goodwill Equivalents			18,098	
		of Which: Equivalent to Intangible Fixed Assets Recorded through Business Combination			1,048	
		of Which: Equivalent to Capital Increase Due to Securitisation Transactions			473	
		of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,091	
42		Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions	—		—	
43		Additional Tier 1 Capital: Regulatory Adjustments (E)	—		21,534	
		Additional Tier 1 Capital (ATI)				
44		Additional Tier 1 Capital (F) = (D) – (E)	495,563		483,847	
		Tier 1 Capital (TI = CETI + ATI)				
45		Tier 1 Capital (G) = (C) + (F)	2,821,417		2,625,737	
		Tier 2 Capital: Instruments and Provisions				
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—		—	
46		Subscription Rights to Tier 2 Instruments	—		—	
46		Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	220,000		140,000	
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)	3,207		3,292	
47+49		Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2	299,228		361,498	
47		of Which: Directly Issued and Issued by Special Purpose Vehicles	—		—	
49		of Which: Issued by Subsidiaries	299,228		361,498	
50		Provisions Allowed in Group Tier 2	4,329		3,926	
50a		of Which: General Allowance for Credit Losses	4,329		3,926	
50b		of Which: Excess Amount of Eligible Provisions to Expected Losses	—		—	
		Amount Allowed in Group Tier 2 Subject to Transitional Arrangements			60,756	
		of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities			61,031	
		of Which: 45% of Revaluation Reserve for Land			(274)	
51		Tier 2 Capital: Instruments and Provisions (H)	¥ 526,765		¥ 569,474	

As of March 31		Millions of Yen, %			
Basel III Template No.	Items	2018	Amounts Excluded under Transitional Arrangements	2017	Amounts Excluded under Transitional Arrangements
	Tier 2 Capital: Regulatory Adjustments				
52	Investments in Own Tier 2 Instruments	¥ —	¥ —	¥ —	¥ —
53	Reciprocal Cross-Holdings in Tier 2 Instruments	—	—	—	—
54	Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	—	—	5,733	1,433
55	Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions	—	—	—	—
	Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements			3,611	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions			2,520	
	of Which: Equivalent to 50% of Shortfall of Eligible Provisions to Expected Losses			1,091	
57	Tier 2 Capital: Regulatory Adjustments (I)	—		9,344	
	Tier 2 Capital (TII)				
58	Tier 2 Capital (J) = (H) – (I)	526,765		560,129	
	Total Capital (TC = T1 + TII)				
59	Total Capital (K) = (G) + (J)	3,348,183		3,185,866	
	Total Risk Weighted Assets				
	Risk Weighted Assets Subject to Transitional Arrangements			39,291	
	of Which: Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)			16,490	
	of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)			30	
	of Which: Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities)			16,513	
	of Which: Investments in Own Shares (Excluding Those Reported in the Net Assets Section)			1	
	of Which: Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions			6,256	
60	Total Risk Weighted Assets (L)	20,522,957		19,391,928	
	Capital Ratios (Consolidated)				
61	Common Equity Tier 1 Capital Ratio (C)/(L)	11.33%		11.04%	
62	Tier 1 Capital Ratio (G)/(L)	13.74%		13.54%	
63	Total Capital Ratio (K)/(L)	16.31%		16.42%	
	Regulatory Adjustments (before Risk Weighting)				
72	Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction)	189,382		217,279	
73	Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction)	87,561		71,955	
74	Mortgage Servicing Rights (Amount below the Thresholds for Deduction)	—		—	
75	Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction)	—		—	
	Provisions Included in Tier 2 Capital: Instruments and Provisions				
76	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardised Approach (Prior to Applicable of Cap)	4,329		3,926	
77	Cap on Inclusion of Provisions in Tier 2 under Standardised Approach	8,971		8,450	
78	Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap)	—		—	
79	Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach	103,273		100,231	
	Capital Instruments Subject to Phase out Arrangements				
82	Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements	218,000		272,500	
83	Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities)	—		3,500	
84	Current Cap on Tier 2 Instruments Subject to Phase out Arrangements	343,163		428,954	
85	Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities)	¥ —		¥ —	

Note: SuMi TRUST Holdings received an external audit by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

Main Features and Further Information of Regulatory Capital Instruments — Consolidated

Main Features and Further Information of Regulatory Capital Instruments are available on our website (https://www.smth.jp/en/ir/basel/index.html).

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements — Consolidated

Fiscal Year 2017

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 28,841,328		
Call Loans and Bills Bought	152,951		
Receivables under Resale Agreements	63,531		
Receivables under Securities Borrowing Transactions	675,295		
Monetary Claims Bought	955,938		
Trading Assets	363,294		
Money Held in Trust	1,357		
Securities	5,537,643	2–b, 6–a	
Loans and Bills Discounted	28,190,553	6–b	
Foreign Exchanges	25,554		
Lease Receivables and Investment Assets	677,238		
Other Assets	1,868,132	6–c	
Tangible Fixed Assets	214,386		
Buildings	73,711		
Land	116,650		
Lease Assets	4,719		
Construction in Progress	88		
Other	19,216		
Intangible Fixed Assets	197,235	2–a	
Software	107,563		
Goodwill	81,038		
Lease Assets	2		
Other	8,630		
Assets for Retirement Benefits	163,219	3	
Deferred Tax Assets	23,127	4–a	
Customers' Liabilities for Acceptances and Guarantees	508,930		
Allowance for Loan Losses	(102,920)		
Total Assets	¥ 68,356,798		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 37,351,839		
Negotiable Certificates of Deposit	6,563,336		
Call Money and Bills Sold	146,931		
Payables under Repurchase Agreements	1,454,855		
Payables under Securities Lending Transactions	41,299		
Trading Liabilities	266,148		
Borrowed Money	4,370,083	8–a	
Foreign Exchanges	1,984		
Short-term Bonds Payable	1,062,869		
Bonds Payable	1,470,715	8–b	
Borrowed Money from Trust Account	11,070,725		
Other Liabilities	932,825	6–d	
Provision for Bonuses	16,740		
Provision for Director’s Bonuses	325		
Retirement Benefits Liabilities	14,159		
Provision for Reward Points Program	18,457		
Provision for Reimbursement of Deposits	3,548		
Provision for Contingent Loss	4,628		
Deferred Tax Liabilities	181,050	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	508,930		
Total Liabilities	65,484,472		
(Net Assets)			
Capital Stock	261,608	1–a	
Capital Surplus	645,016	1–b	
Retained Earnings	1,263,415	1–c	
Treasury Stock	(42,224)	1–d	
Total Shareholders’ Equity	2,127,816		
Valuation Difference on Available-for-Sale Securities	516,663		
Deferred Gains or Losses on Hedges	(22,746)	5	
Revaluation Reserve for Land	(6,067)		
Foreign Currency Translation Adjustment	4,281		
Remeasurements of Retirement Benefits	4,720		
Total Accumulated Other Comprehensive Income	496,851		3
Subscription Rights to Shares	799		1b
Non-controlling Interests	246,858	7	
Total Net Assets	2,872,325		
Total Liabilities and Net Assets	¥ 68,356,798		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" exclude items for regulatory purpose under transitional arrangement.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	645,016		1–b
Retained Earnings	1,263,415		1–c
Treasury Stock	(42,224)		1–d
Total Shareholders' Equity	¥ 2,127,816		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,127,816	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	906,625		1a
of Which: Retained Earnings	1,263,415		2
of Which: Treasury Stock (Deduction)	42,224		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 197,235		2–a
Securities	5,537,643		2–b
of Which: Goodwill Arising on the Application of the Equity Method	8,661		
Associated Deferred Tax Liabilities	34,961		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 89,699		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	81,235	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 163,219		3
Associated Deferred Tax Liabilities	49,987		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 113,232		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 23,127		4–a
Deferred Tax Liabilities	181,050		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	34,961		
Associated Assets for Retirement Benefits	49,987		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 287	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges
(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (22,746)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (20,866)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Investments in the capital of financial entities
(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,537,643		6–a
Loans and Bills Discounted	28,190,553	Including subordinated loans	6–b
Other Assets	1,868,132	Including derivatives	6–c
Other Liabilities	¥ 932,825	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ 46		
Common Equity Tier 1 Capital	46		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	189,382		
Common Equity Tier 1 Capital	—		18
Additional Tier 1 Capital	—		39
Tier 2 Capital	—		54
Amount below the Thresholds for Deduction (before Risk Weighting)	189,382		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	87,561		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	87,561		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 246,858		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ 2,031	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,563	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	3,207	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Borrowed Money	¥ 4,370,083		8–a
Bonds Payable	1,470,715		8–b

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 290,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	220,000		46

Fiscal Year 2016

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Assets)			
Cash and Due from Banks	¥ 26,944,478		
Call Loans and Bills Bought	124,706		
Receivables under Resale Agreements	83,888		
Receivables under Securities Borrowing Transactions	480,453		
Monetary Claims Bought	906,572		
Trading Assets	496,563		
Money Held in Trust	1,650		
Securities	5,127,717	2–b, 6–a	
Loans and Bills Discounted	28,040,446	6–b	
Foreign Exchanges	16,189		
Lease Receivables and Investment Assets	667,808		
Other Assets	1,638,186	6–c	
Tangible Fixed Assets	225,814		
Buildings	74,330		
Land	125,959		
Lease Assets	5,901		
Construction in Progress	811		
Other	18,812		
Intangible Fixed Assets	214,790	2–a	
Software	114,447		
Goodwill	90,492		
Lease Assets	188		
Other	9,661		
Assets for Retirement Benefits	119,018	3	
Deferred Tax Assets	23,243	4–a	
Customers' Liabilities for Acceptances and Guarantees	458,010		
Allowance for Loan Losses	(115,814)		
Total Assets	¥ 65,453,725		

Items	Consolidated Balance Sheet (*) Amount (Millions of Yen)	Ref. No. of Appendix	Basel III Template No. under the Composition of Capital Disclosure
(Liabilities)			
Deposits	¥ 36,000,814		
Negotiable Certificates of Deposit	7,326,617		
Call Money and Bills Sold	54,089		
Payables under Repurchase Agreements	1,063,737		
Payables under Securities Lending Transactions	13,699		
Trading Liabilities	366,879		
Borrowed Money	3,463,105		
Foreign Exchanges	236		
Short-term Bonds Payable	904,248		
Bonds Payable	1,385,098	8	
Borrowed Money from Trust Account	10,274,143		
Other Liabilities	1,151,325	6–d	
Provision for Bonuses	16,331		
Provision for Director’s Bonuses	259		
Retirement Benefits Liabilities	14,048		
Provision for Reward Points Program	17,519		
Provision for Reimbursement of Deposits	3,583		
Provision for Contingent Loss	7,774		
Deferred Tax Liabilities	137,501	4–b	
Deferred Tax Liabilities for Land Revaluation	3,016	4–c	
Acceptances and Guarantees	458,010		
Total Liabilities	62,662,042		
(Net Assets)			
Capital Stock	261,608	1–a	
Capital Surplus	645,048	1–b	
Retained Earnings	1,159,028	1–c	
Treasury Stock	(34,061)	1–d	
Total Shareholders’ Equity	2,031,623		
Valuation Difference on Available-for-Sale Securities	476,848		
Deferred Gains or Losses on Hedges	(21,018)	5	
Revaluation Reserve for Land	(6,067)		
Foreign Currency Translation Adjustment	2,135		
Remeasurements of Retirement Benefits	(20,905)		
Total Accumulated Other Comprehensive Income	430,992		3
Subscription Rights to Shares	577		1b
Non-controlling Interests	328,488	7	
Total Net Assets	2,791,682		
Total Liabilities and Net Assets	¥ 65,453,725		

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

1. Shareholders' equity

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Capital Stock	¥ 261,608		1–a
Capital Surplus	645,048		1–b
Retained Earnings	1,159,028		1–c
Treasury Stock	(34,061)		1–d
Total Shareholders' Equity	¥ 2,031,623		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings	¥ 2,031,623	Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed))	
of Which: Capital Stock and Capital Surplus	906,656		1a
of Which: Retained Earnings	1,159,028		2
of Which: Treasury Stock (Deduction)	34,061		1c
of Which: Others	—		
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards	—	Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability	31a

2. Intangible assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Intangible Fixed Assets	¥ 214,790		2–a
Securities	5,127,717		2–b
of Which: Goodwill Arising on the Application of the Equity Method	11,885		
Associated Deferred Tax Liabilities	36,600		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent)	¥ 102,377		8
Other Intangible Assets (Net of Related Deferred Tax Liabilities)	87,697	Excluding Goodwill, Mortgage Servicing Rights (Software, etc.)	9
Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities)	—		
Amount above the 10% Threshold on the Specified Items	—		20
Amount exceeding the 15% Threshold on the Specified Items	—		24
Amount below the Thresholds for Deduction (before Risk Weighting)	—		74

3. Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits)

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Assets for Retirement Benefits	¥ 119,018		3
Associated Deferred Tax Liabilities	36,452		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Defined-Benefit Pension Fund Net Assets (Assets for Retirement Benefits) (Net of Related Deferred Tax Liabilities)	¥ 82,566		15

4. Deferred tax assets

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Tax Assets	¥ 23,243		4–a
Deferred Tax Liabilities	137,501		4–b
Deferred Tax Liabilities for Land Revaluation	3,016		4–c
Associated Intangible Fixed Assets	36,600		
Associated Assets for Retirement Benefits	36,452		

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	¥ 152	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	10
Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities)	—	This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities.	
Amount above the 10% Threshold on the Specified Items	—		21
Amount exceeding the 15% Threshold on the Specified Items	—		25
Amount below the Thresholds for Deduction (before Risk Weighting)	—		75

5. Deferred gains or losses on hedges
(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Deferred Gains or Losses on Hedges	¥ (21,018)		5

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Deferred Gains or Losses on Derivatives under Hedge Accounting	¥ (18,579)	Excluding those items whose valuation differences arising from hedged items are recognized as “Accumulated other comprehensive income”	11

6. Investments in the capital of financial entities
(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Securities	¥ 5,127,717		6–a
Loans and Bills Discounted	28,040,446	Including subordinated loans	6–b
Other Assets	1,638,186	Including derivatives	6–c
Other Liabilities	¥ 1,151,325	Including derivatives	6–d

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Investments in Own Capital Instruments	¥ 2		
Common Equity Tier 1 Capital	2		16
Additional Tier 1 Capital	—		37
Tier 2 Capital	—		52
Reciprocal Cross-Holdings in Capital Instruments	—		
Common Equity Tier 1 Capital	—		17
Additional Tier 1 Capital	—		38
Tier 2 Capital	—		53
Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital	231,675		
Common Equity Tier 1 Capital	6,203		18
Additional Tier 1 Capital	1,027		39
Tier 2 Capital	7,166		54
Amount below the Thresholds for Deduction (before Risk Weighting)	217,279		72
Significant Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions	71,955		
Amount above the 10% Threshold on the Specified Items	—		19
Amount exceeding the 15% Threshold on the Specified Items	—		23
Additional Tier 1 Capital	—		40
Tier 2 Capital	—		55
Amount below the Thresholds for Deduction (before Risk Weighting)	71,955		73

7. Non-controlling Interests

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Non-controlling Interests	¥ 328,488		7

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1)	¥ 1,949	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	5
Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles	—		30–31ab–32
Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1)	12,454	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	34–35
Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles	—		46
Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2)	3,292	Maximum Amount (after Accounting for Adjustments for Non-controlling Interests)	48–49

8. Other Capital Instruments

(1) Consolidated balance sheet

Consolidated Balance Sheet Items	Amount (Millions of Yen)	Remarks	Ref. No.
Bonds Payable	¥ 1,385,098		8

(2) Composition of capital

Items in the Composition of Capital Disclosure	Amount (Millions of Yen)	Remarks	Basel III Template No.
Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	¥ 220,000		32
Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards	140,000		46

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

	Millions of Yen			
	2018			
	Term-end balance of exposures			
As of March 31	Total	Loans, Call Loans, Deposits, etc.	Securities	Other Off-balance Sheet Transactions
Japan	¥ 44,257,001	¥ 39,259,802	¥ 2,050,073	¥ 2,947,124
Outside Japan	6,206,599	4,815,882	1,046,273	344,443
Total for Geographic Regions	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
Manufacturing	4,345,167	2,813,733	488,726	1,042,707
Agriculture and Forestry	6,192	6,182	10	—
Fisheries	78	33	45	—
Mining and Quarrying of Stones and Gravel	18,925	6,466	159	12,300
Construction	234,335	139,259	28,819	66,256
Electricity, Gas, Heat Supply and Water	1,280,531	1,058,932	15,480	206,118
Information and Communication	569,996	529,236	5,359	35,399
Transport and Postal Activities	1,413,744	1,157,301	142,227	114,215
Wholesale and Retail Trade	1,834,426	1,449,784	89,857	294,784
Finance and Insurance	2,258,200	1,695,042	377,693	185,464
Real Estate	4,046,123	3,390,264	373,262	282,596
Goods Rental and Leasing	991,781	887,911	6,570	97,300
Local Public Bodies	116,312	100,301	7,284	8,726
Individuals	9,958,658	9,819,554	—	139,104
Others	23,389,125	21,021,679	1,560,850	806,594
Total for Industry Sectors	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567
To 1 year	21,420,808	20,017,040	397,131	1,006,636
> 1 year to 3 years	5,498,803	4,107,351	410,873	980,578
> 3 years to 5 years	5,588,116	4,724,988	401,295	461,833
> 5 years	17,955,872	15,226,305	1,887,047	842,519
Total for Residual Maturity	¥ 50,463,601	¥ 44,075,685	¥ 3,096,347	¥ 3,291,567

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as exposures subject to phased rollout of the IRB Approach.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for residual maturity of over 5 years include those with no fixed maturities.
3. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Term-end Balance of Obligors' exposures related to Loans prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, Allowances, and Write-offs, as well as their Breakdown by Geographic Regions and Industry Sectors

	Millions of Yen		
	As of March 31, 2018		FY2017
	Term-end balance of exposures	Allowances for loan losses	Write-offs
Japan	¥ 87,625	¥ 12,423	¥ 7,851
Outside Japan	9,338	2,524	1,048
Total for Geographic Regions	¥ 96,964	¥ 14,947	¥ 8,900
Manufacturing	6,926	1,334	3,869
Agriculture and Forestry	117	58	—
Fisheries	—	—	—
Mining and Quarrying of Stones and Gravel	12	6	0
Construction	537	219	104
Electricity, Gas, Heat Supply and Water	14	3	—
Information and Communication	63	5	37
Transport and Postal Activities	2,369	986	34
Wholesale and Retail Trade	6,803	4,277	157
Finance and Insurance	244	158	3
Real Estate	15,268	426	27
Goods Rental and Leasing	0	0	—
Local Public Bodies	—	—	—
Individuals	51,360	4,391	2,879
Others	13,246	3,079	1,785
Total for Industry Sectors	¥ 96,964	¥ 14,947	¥ 8,900

Notes: 1. "Others" in the industry sectors include non-residents.
2. Allowances for loan losses include "general allowances for loan losses" and "specific allowances for loan losses", etc.

Term-end Balance of Exposures by Past Due Periods (excluding "Doubtful Claims" and "Bankrupt and substantially bankrupt Claims")

	Millions of Yen
As of March 31	2018
< 1 month	¥ 68,691
≥ 1 month to < 2 months	12,531
≥ 2 months to < 3 months	10,375
≥ 3 months	0
Total	¥ 91,599

Note: Among the term-end balance of exposures for each past due period,."Doubtful Claims" and "Bankrupt and substantially bankrupt Claims" prescribed in the provisions of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions are excluded, in aggregate caluculation.

Term-end Balance of Exposures of obligors whose loan conditions were Restructured for the purpose of restructuring or supporting business management ; of which Amounts of Increased Allowances for such exposures and Other Amounts due to the restructuring of the loan conditions

	Millions of Yen
As of March 31	2018
Amounts of Increased Allowances for Such Exposures Due to the Restructuring of the Loan Conditions	¥ 27,993
Other Amounts	—
Term-end Balance of Exposures	¥ 27,993

Note: Restructured loans are those loans that provide some arrangements favorable to the obligors for the purpose of restructuring or supporting business management, such as by reducing or exempting interest, postponing principal or interest payments, forgiving loans, and providing other benefits to the obligors, excluding those loans classified as "Loans in Bankruptcy Procedures", "Delinquent Loans", and "Loans past due three months or more". In principle, the allowances for restructured loans has been all increased after restructuring loan conditions.

Exposures Relating to Funds

Consolidated

Exposures Relating to Funds

	Millions of Yen	
As of March 31	2018	2017
Total exposures relating to funds	¥ 2,166,240	¥ 1,883,304
Look-through Approach	2,046,456	1,779,772
Simple Majority Approach	64,887	56,239
Mandate-based Approach	24,770	16,169
Internal Model Approach	—	—
Fall-back Approach (subject to 400% risk weight)	29,031	30,148
Others (Exposures not included in any categories above)	1,093	975

Note: Exposures subject to the calculation of credit risk-weighted assets under the provisions of Article 145 of the FSA Capital Adequacy Notification are shown.

Disclosure Data Designated as Per the Appended Forms

Consolidated

OV1: Overview of Risk-weighted assets (RWA)

OV1		Millions of yen			
		Risk-weighted assets (RWA)		Minimum capital requirements	
Basel III Template No.		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
1	Credit risk (excluding counterparty credit risk)	¥ 13,561,470		¥ 1,145,814	
2	of Which: Standardised Approach (SA)	396,999		31,759	
3	of Which: Internal Ratings-Based (IRB) Approach	12,686,915		1,075,850	
	of Which: Significant investments in commercial entities	—		—	
	of Which: Lease residual value	1,408		112	
	Other assets	476,147		38,091	
4	Counterparty credit risk (CCR)	731,333		59,685	
5	of Which: Standardised Approach for Counterparty Credit Risk (SA-CCR)	—		—	
	of Which: Current Exposure Method (CEM)	230,244		19,516	
6	of Which: Expected Positive Exposure (EPE)	—		—	
	of Which: Credit Valuation Adjsutment (CVA)	389,775		31,182	
	of Which: Central Counterparty (CCP)	32,381		2,590	
	Others	78,932		6,396	
7	Equity positions in banking book under market-based approach	301,603		25,575	
	Equity investment in funds (SA)	—		—	
	Equity investment in funds (IRB)	2,417,704		205,021	
11	Settlement risk	—		—	
12	Securitisation exposures in banking book	159,362		13,513	
13	of Which: IRB Ratings-Based Approach (RBA)	37,134		3,148	
14	of Which: IRB Supervisory Formula Approach (SFA)	71,623		6,073	
15	of Which: Standardised Approach (SA)	—		—	
	of Which: subject to 1,250% risk weight	50,604		4,291	
16	Market risk	1,163,880		93,110	
17	of Which: Standardised Approach (SA)	170,246		13,619	
18	of Which: Internal Model Approaches (IMA)	993,634		79,490	
19	Operational risk	1,006,898		80,551	
20	of Which: Basic Indicator Approach (BIA)	164,375		13,150	
21	of Which: The Standardised Approach (TSA)	—		—	
22	of Which: Advanced Measurement Approach (AMA)	842,523		67,401	
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	218,903		18,563	
	Amounts included under transitional arrangements	—		—	
24	Floor adjustment	—		—	
25	Total (after applying scaling factor)	¥ 20,522,957		¥ 1,641,836	

Note: Total risk-weighted assets of Template No.25 are only applied scaling factor.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories

LI1	Millions of yen						
	March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Credit risk (excluding amounts relevant to columns d and e)	Counterparty credit risk	Securitisation (excluding amounts relevant to column f)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets:							
Cash and Due from Banks		¥ 28,841,328	¥ 28,841,328	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought		152,951	152,951	—	—	—	—
Receivables under Resale Agreements		63,531	—	63,531	—	—	—
Receivables under Securities Borrowing Transactions		675,295	—	675,295	—	—	—
Monetary Claims Bought		955,938	888,491	—	67,447	—	—
Trading Assets		363,294	—	301,424	—	363,294	—
Money Held in Trust		1,357	1,357	—	—	—	—
Securities		5,537,643	5,295,249	—	242,394	—	—
Loans and Bills Discounted		28,190,553	27,790,406	—	400,146	—	—
Foreign Exchanges		25,554	25,554	—	—	—	—
Lease Receivables and Investment Assets		677,238	677,238	—	—	—	—
Other Assets		1,868,132	411,108	868,948	373	288,732	587,701
Tangible Fixed Assets		214,386	214,386	—	—	—	—
Intangible Fixed Assets		197,235	—	—	—	—	197,235
Assets for Retirement Benefits		163,219	—	—	—	—	163,219
Deferred Tax Assets		23,127	—	—	—	—	23,127
Customers' Liabilities for Acceptances and Guarantees		508,930	508,786	—	143	—	—
Allowance for Loan Losses		(102,920)	(102,920)	—	—	—	—
Total Assets		¥ 68,356,798	¥ 64,703,939	¥ 1,909,199	¥ 710,505	¥ 652,026	¥ 971,284
Liabilities:							
Deposits		¥ 37,351,839	¥ —	¥ —	¥ —	¥ —	¥ 37,351,839
Negotiable Certificates of Deposit		6,563,336	—	—	—	—	6,563,336
Call Money and Bills Sold		146,931	—	—	—	—	146,931
Payables under Repurchase Agreements		1,454,855	—	1,454,855	—	—	—
Payables under Securities Lending Transactions		41,299	—	41,299	—	—	—
Trading Liabilities		266,148	—	266,148	—	266,148	—
Borrowed Money		4,370,083	—	—	—	—	4,370,083
Foreign Exchanges		1,984	—	—	—	—	1,984
Short-Term Bonds Payable		1,062,869	—	—	—	—	1,062,869
Bonds Payable		1,470,715	—	—	—	—	1,470,715
Borrowed Money from Trust Account		11,070,725	—	—	—	—	11,070,725
Other Liabilities		932,825	—	499,285	—	351,823	433,347
Provision for Bonuses		16,740	—	—	—	—	16,740
Provision for Directors' Bonuses		325	—	—	—	—	325
Liabilities for Retirement Benefits		14,159	—	—	—	—	14,159
Provision for Reward Points Program		18,457	—	—	—	—	18,457
Provision for Reimbursement of Deposits		3,548	—	—	—	—	192
Provision for Contingent Losses		4,628	—	—	—	—	8,176
Deferred Tax Liabilities		181,050	—	—	—	—	181,050
Deferred Tax Liabilities for Land Revaluation		3,016	—	—	—	—	3,016
Acceptances and Guarantees		508,930	—	—	—	—	508,930
Total Liabilities		¥ 65,484,472	¥ —	¥ 2,261,588	¥ —	¥ 617,972	¥ 63,222,883

Notes: 1. Derivatives transactions included in "trading assets" and "trading liabilities" and foreign exchanges included in "other assets" and "other liabilities" are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the sum of amounts in Columns a and b is not equal to the sum of amounts in Columns c to g.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

LI2		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
			Items subject to:			
Item No.		Total	Credit risk (excluding amounts relevant to columns c and d)	Counterparty credit risk	Securitisation (excluding amounts relevant to column e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	¥ 67,385,514	¥ 64,703,939	¥ 1,909,199	¥ 710,505	¥ 652,026
2	Liabilities carrying value amount under scope of regulatory consolidation	2,261,588	—	2,261,588	—	617,972
3	Total net amount under regulatory scope of consolidation	65,123,925	64,703,939	(352,389)	710,505	34,054
4	Off-balance sheet amounts	3,194,899	3,108,176	—	86,722	—
5	Differences due to netting, the application of the credit risk mitigation techniques, the exposure calculation method, etc.	2,075,387	3,974	1,968,172	—	103,240
6	Differences due to consideration of allowances and write-offs	25,509	25,509	—	—	—
7	Regulatory exposure amounts	70,419,721	67,841,600	1,615,783	797,227	137,294

Notes: 1. Derivatives transactions included in “trading assets” and “trading liabilities” and foreign exchanges included in “other assets” and “other liabilities” are subject to capital charge in both counterparty credit risk and market risk. Accordingly, the amount in Column a is not equal to the sum of amounts in Columns b to e, for Item No. 1, 2, 3, and 7.
2. Among market risks, the foreign exchange risk in banking accounts is not easily linked to individual items of accounts in the consolidated balance sheet. Accordingly, it is not included in the above figures.
3. The major factors in the difference between the amount of exposure in the capital regulatory standards and the amount posted in the consolidated balance sheet for each risk category are as follows:
• Credit risk: Difference taking into account the offsetting of loans and bills discounted against deposits in our banks, allowances, and write-offs
• Counterparty credit risk: Difference due to netting, the application of the credit risk mitigation techniques, and the application of the Current Exposure Method to the exposure calculation method
• Market risk: Difference due to netting, etc.

CR1: Credit quality of assets

CR1		Millions of yen			
		March 31, 2018			
		a	b	c	d
Item No.		Gross carrying values of		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
	On-balance sheet assets				
1	Loans and Bills Discounted	¥ 87,542	¥ 27,083,476	¥ 90,291	¥ 27,080,727
2	Debt Securities	0	2,063,189	—	2,063,189
3	Other on-balance sheet assets (debt-based assets)	21,915	29,344,392	11,174	29,355,134
4	Total on-balance sheet assets (1+2+3)	109,458	58,491,059	101,465	58,499,051
	Off-balance sheet assets				
5	Acceptances and Guarantees, etc.	116	490,544	1,454	489,205
6	Commitments, etc.	987	3,289,102	4,628	3,285,461
7	Total off-balance sheet assets (5+6)	1,103	3,779,646	6,083	3,774,666
	Total				
8	Total (4+7)	¥ 110,562	¥ 62,270,705	¥ 107,548	¥ 62,273,718

Note: The aggregate calculation on this statement does not include counterparty credit risk, the credit risk related to securitisation transactions, or the credit risk related to funds.

CR2: Changes in stock of defaulted loans and debt securities

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR3: Credit risk mitigation techniques (CRM) – overview

CR3		Millions of yen				
		March 31, 2018				
		a	b	c	d	e
Item No.		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Bills Discounted	¥ 26,516,720	¥ 564,007	¥ 231,735	¥ 222,467	¥ —
2	Debt Securities	1,986,087	77,102	4,015	71,860	—
3	Other on-balance sheet assets (debt-based assets)	29,289,918	65,215	38,980	5,015	—
4	Total (1+2+3)	¥ 57,792,726	¥ 706,325	¥ 274,731	¥ 299,343	¥ —
5	Of which defaulted	90,512	7,044	5,613	37	—

CR4: Standardised approach – Credit risk exposure and Credit risk mitigation (CRM) effects

CR4		Millions of Yen, %					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥ 50	¥ —	¥ 50	¥ —	¥ 0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	13,361,764	—	13,361,764	—	0	0.00
3	Foreign central governments and foreign central banks	198,016	—	198,016	—	11,573	5.84
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	10	—	10	—	0	0.00
6	Foreign non-central government public sector entities (PSEs)	39	—	39	—	15	38.31
7	Multilateral development banks (MDBs)	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	73	—	73	—	7	10.00
10	The three local public corporations	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	187,927	—	187,927	—	61,380	32.66
12	Corporates, etc.	417,243	1,969,334	329,453	2,831	323,988	97.50
13	SMEs, etc. and individuals	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	66	—	66	—	34	52.84
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	¥ 14,165,192	¥ 1,969,334	¥ 14,077,402	¥ 2,831	¥ 396,999	2.81%

CR5: Standardised approach – Exposures by asset classes and risk weights

CR5		Millions of Yen										
		March 31, 2018										
		a	b	c	d	e	f	g	h	i	j	k
		Credit risk exposure amounts (post-CCF and post-CRM)										
Item No.	Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥ 50	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 50
2	Government of Japan and Bank of Japan (BOJ)	13,361,764	—	—	—	—	—	—	—	—	—	13,361,764
3	Foreign central governments and foreign central banks	174,870	—	—	—	23,146	—	—	—	—	—	198,016
4	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—
5	Local governments of Japan	10	—	—	—	—	—	—	—	—	—	10
6	Foreign non-central government public sector entities (PSEs)	—	—	15	—	24	—	—	—	—	—	39
7	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—	—	—
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	—	73	—	—	—	—	—	—	—	—	73
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Financial institutions and type I financial instruments business operators	—	—	111,957	—	73,964	—	2,006	—	—	—	187,927
12	Corporates, etc.	—	—	154	—	16,346	—	315,784	—	—	—	332,285
13	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—	—	—
14	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
15	Real estate acquisition activities, etc.	—	—	—	—	—	—	—	—	—	—	—
16	Past due loans for three months or more,etc. (excluding residential mortgage loans)	—	—	—	—	64	—	—	1	—	—	66
17	Past due loans for three months or more (residential mortgage loans)	—	—	—	—	—	—	—	—	—	—	—
18	Uncollected notes	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee corporations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	¥13,536,695	¥ 73	¥112,126	¥ —	¥113,545	¥ —	¥317,791	¥ 1	¥ —	¥ —	¥14,080,234

CR6: IRB – Credit risk exposures by portfolio and PD range

Advanced Internal Ratings-Based Approach (AIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 967,878	¥ 33	75.00%	¥ 1,020,149	0.00%	0.0	32.51%	2.0	¥ 18,552	1.81%	¥ 10	
2	0.15 to < 0.25	4,814	445	75.00	1,616	0.21	0.0	32.21	1.1	380	23.56	1	
3	0.25 to < 0.50	549	530	75.00	9	0.32	0.0	32.53	1.3	3	32.13	0	
4	0.50 to < 0.75	842	—	—	1	0.56	0.0	32.53	5.0	1	74.56	0	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	974,084	1,008	75.00	1,021,777	0.00	0.0	32.51	2.0	18,937	1.85	12	¥ 88
	Financial Institution exposures												
1	0.00 to < 0.15	379,073	324	75.00	380,053	0.05	0.0	32.12	2.9	82,172	21.62	63	
2	0.15 to < 0.25	39,000	10,000	75.00	46,500	0.21	0.0	32.53	1.3	11,678	25.11	33	
3	0.25 to < 0.50	10,000	—	—	10,000	0.32	0.0	32.53	1.0	2,960	29.60	10	
4	0.50 to < 0.75	1,400	1,000	75.00	2,150	0.56	0.0	32.53	1.0	867	40.33	3	
5	0.75 to < 2.50	66,384	3,618	92.27	69,722	1.13	0.0	32.07	1.0	38,398	55.07	253	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	495,858	14,942	79.18	508,426	0.22	0.0	32.16	2.5	136,077	26.76	365	560
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	5,700,052	2,129,007	75.68	7,385,766	0.08	0.6	32.05	2.5	1,478,160	20.01	1,962	
2	0.15 to < 0.25	2,219,039	346,086	75.59	2,448,127	0.21	0.4	31.32	2.6	838,971	34.26	1,681	
3	0.25 to < 0.50	1,265,047	202,312	77.19	1,418,596	0.32	0.5	31.29	2.5	598,008	42.15	1,454	
4	0.50 to < 0.75	934,351	213,141	75.21	1,067,860	0.56	0.7	30.07	2.3	531,261	49.75	1,810	
5	0.75 to < 2.50	736,195	121,790	71.75	787,543	1.53	0.8	28.55	2.5	532,033	67.55	3,458	
6	2.50 to < 10.00	167,991	17,113	78.68	183,959	6.78	0.0	27.20	2.8	189,731	103.13	3,466	
7	10.00 to < 100.00	167,807	101,500	77.44	244,591	21.43	0.0	29.23	1.3	385,124	157.45	15,324	
8	100.00 (Default)	7,211	948	75.00	12,684	100.00	0.0	29.81	1.0	5,335	42.06	3,355	
9	Sub-total	11,197,695	3,131,900	75.66	13,549,130	0.82	3.2	31.36	2.5	4,558,627	33.64	32,513	59,831
	SME exposures												
1	0.00 to < 0.15	5,054	4,890	75.00	6,750	0.13	0.0	32.53	3.5	1,910	28.30	3	
2	0.15 to < 0.25	66,898	—	—	61,506	0.21	0.0	30.35	3.8	22,857	37.16	40	
3	0.25 to < 0.50	72,929	—	—	72,929	0.32	0.0	32.27	3.6	33,192	45.51	77	
4	0.50 to < 0.75	50,205	7,026	75.00	54,165	0.56	0.0	24.45	3.5	20,750	38.30	74	
5	0.75 to < 2.50	133,327	5,493	77.83	125,141	1.64	0.2	21.77	2.9	58,731	46.93	443	
6	2.50 to < 10.00	8,913	1,221	75.00	9,737	7.29	0.0	21.37	1.8	6,079	62.43	156	
7	10.00 to < 100.00	5,744	—	—	4,972	21.43	0.0	17.29	2.1	3,632	73.03	184	
8	100.00 (Default)	1,731	—	—	2,710	100.00	0.0	28.78	1.0	1,097	40.46	692	
9	Sub-total	344,804	18,631	75.83	337,914	2.14	0.3	26.22	3.3	148,251	43.87	1,672	3,757

Advanced Internal Ratings-Based Approach (AIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
		Specialised lending											
1	0.00 to < 0.15	¥ 599,483	¥ 7,815	75.00%	¥ 605,345	0.06%	0.0	18.07%	3.0	¥ 62,378	10.30%	¥ 72	
2	0.15 to < 0.25	114,021	5,400	75.00	118,071	0.21	0.0	18.07	2.9	24,017	20.34	46	
3	0.25 to < 0.50	87,032	—	—	87,032	0.32	0.0	18.07	2.1	18,581	21.34	51	
4	0.50 to < 0.75	209,928	—	—	209,928	0.56	0.0	18.07	3.6	73,507	35.01	213	
5	0.75 to < 2.50	86,253	6,650	75.00	91,240	1.16	0.0	18.07	3.4	39,681	43.49	191	
6	2.50 to < 10.00	232	—	—	232	8.23	0.0	18.07	2.0	162	69.75	3	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,096,952	19,865	75.00	1,111,852	0.28	0.1	18.07	3.1	218,327	19.63	579	¥ 4,441
		Purchased receivables for corporates,etc. (default risk)											
1	0.00 to < 0.15	9,576	—	—	9,576	0.07	0.0	32.53	3.3	2,273	23.74	2	
2	0.15 to < 0.25	28,827	—	—	28,827	0.21	0.0	32.53	1.9	8,668	30.07	20	
3	0.25 to < 0.50	2,191	—	—	2,191	0.32	0.0	32.53	4.3	1,213	55.39	2	
4	0.50 to < 0.75	4,404	—	—	4,404	0.56	0.0	32.53	3.6	2,837	64.41	8	
5	0.75 to < 2.50	23,774	—	—	23,774	1.79	0.0	32.47	4.0	22,688	95.42	138	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	68,774	—	—	68,774	0.76	0.0	32.51	3.0	37,681	54.79	171	40
		Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)											
1	0.00 to < 0.15	22	—	—	22	0.06	0.0	100.00	1.0	6	29.46	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	1,140	—	—	1,140	0.25	0.0	99.97	1.0	886	77.73	0	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	1,162	—	—	1,162	0.25	0.0	99.98	1.0	893	76.79	0	—
Total (all portfolios)		¥14,179,334	¥3,186,348	75.67%	¥16,599,038	0.74%	3.8	30.47%	2.5	¥5,118,796	30.83%	¥ 35,314	¥68,719

Foundation Internal Ratings-Based Approach (FIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Sovereign exposures												
1	0.00 to < 0.15	¥ 15,626,944	¥ 23,073	80.39%	¥ 15,710,631	0.00%	0.1	44.99%	1.1	¥ 70,333	0.44%	¥ 86	
2	0.15 to < 0.25	0	—	—	0	0.21	0.0	45.00	1.0	0	31.87	0	
3	0.25 to < 0.50	56,709	1,526	75.00	22,190	0.30	0.0	42.97	1.9	11,410	51.42	29	
4	0.50 to < 0.75	0	—	—	0	0.56	0.0	45.00	1.0	0	55.62	0	
5	0.75 to < 2.50	20,856	84	100.00	3,351	1.78	0.0	44.74	2.2	3,573	106.60	26	
6	2.50 to < 10.00	10,260	—	—	1,250	8.98	0.0	1.25	4.6	58	4.68	1	
7	10.00 to < 100.00	10,640	—	—	10,640	34.71	0.0	45.00	4.9	28,235	265.35	1,662	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	15,725,411	24,683	80.12	15,748,065	0.02	0.1	44.98	1.1	113,611	0.72	1,806	¥ 2,850
	Financial Institution exposures												
1	0.00 to < 0.15	722,877	94,776	81.30	799,615	0.06	0.0	43.65	1.0	129,279	16.16	214	
2	0.15 to < 0.25	5,059	—	—	5,059	0.21	0.0	53.89	0.6	1,789	35.37	5	
3	0.25 to < 0.50	38,940	13,811	75.00	46,798	0.30	0.0	58.19	2.8	49,526	105.82	83	
4	0.50 to < 0.75	1,075	—	—	1,075	0.64	0.0	45.00	1.0	642	59.70	3	
5	0.75 to < 2.50	5,720	—	—	5,720	1.78	0.0	45.00	1.0	6,526	114.10	46	
6	2.50 to < 10.00	4,351	—	—	4,351	8.43	0.0	45.00	4.9	9,101	209.15	165	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	778,024	108,587	80.50	862,620	0.13	0.1	44.52	1.1	196,865	22.82	518	380
	Corporate exposures (excluding SME exposures and specialised lending)												
1	0.00 to < 0.15	804,887	95,135	77.41	883,346	0.07	0.8	53.22	2.8	305,479	34.58	337	
2	0.15 to < 0.25	100,746	172	100.00	101,478	0.21	0.4	56.80	3.3	73,473	72.40	126	
3	0.25 to < 0.50	268,693	44,001	74.74	301,600	0.29	0.6	45.40	2.3	175,665	58.24	405	
4	0.50 to < 0.75	95,728	5,695	78.30	100,762	0.62	0.7	45.48	3.2	95,004	94.28	284	
5	0.75 to < 2.50	424,736	14,216	79.99	437,629	1.43	1.2	43.70	3.5	521,129	119.08	2,738	
6	2.50 to < 10.00	174,322	19,358	88.77	189,912	6.73	0.3	44.75	4.4	362,140	190.68	5,702	
7	10.00 to < 100.00	36,693	1,593	72.60	35,687	26.39	0.0	62.32	4.7	130,803	366.52	5,548	
8	100.00 (Default)	19,904	703	60.99	21,744	100.00	0.0	43.58	1.0	0	0.00	9,478	
9	Sub-total	1,925,713	180,877	78.12	2,072,162	2.53	4.4	49.15	3.1	1,663,697	80.28	24,622	13,129
	SME exposures												
1	0.00 to < 0.15	2	—	—	2	0.13	0.0	45.00	1.0	0	20.74	0	
2	0.15 to < 0.25	35	—	—	35	0.21	0.0	45.00	1.0	10	29.35	0	
3	0.25 to < 0.50	64	—	—	64	0.32	0.0	45.00	1.0	24	37.97	0	
4	0.50 to < 0.75	82,767	270	75.00	81,864	0.56	0.5	38.82	4.7	57,295	69.98	179	
5	0.75 to < 2.50	244,038	858	87.18	242,754	1.74	1.3	38.85	4.5	222,467	91.64	1,657	
6	2.50 to < 10.00	12,189	—	—	12,111	8.03	0.0	42.90	2.8	17,064	140.88	416	
7	10.00 to < 100.00	3,900	—	—	3,900	21.43	0.0	44.97	3.5	8,920	228.68	375	
8	100.00 (Default)	5,841	252	99.88	6,254	100.00	0.0	43.58	1.0	0	0.00	2,726	
9	Sub-total	348,840	1,381	87.12	346,989	3.67	1.9	39.14	4.4	305,783	88.12	5,356	513

Corporate Data
Financial Data/ Sumitomo Mitsui Trust Holdings, Inc.
Financial Data/ Sumitomo Mitsui Trust Bank, Limited
Basel III Disclosure Data/ Sumitomo Mitsui Trust Holdings, Inc.
Basel III Disclosure Data/ Sumitomo Mitsui Trust Bank, Limited

Foundation Internal Ratings-Based Approach (FIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
Specialised lending													
1	0.00 to < 0.15	¥ 201	¥ —	—%	¥ 201	0.08%	0.0	45.00%	1.0	¥ 32	15.89%	¥ 0	
2	0.15 to < 0.25	68	—	—	68	0.21	0.0	45.00	1.0	21	31.87	0	
3	0.25 to < 0.50	60	—	—	60	0.32	0.0	45.00	1.0	24	40.94	0	
4	0.50 to < 0.75	86	—	—	86	0.56	0.0	45.00	1.0	47	55.62	0	
5	0.75 to < 2.50	23	—	—	23	1.59	0.0	45.00	1.0	19	86.78	0	
6	2.50 to < 10.00	1	—	—	1	8.23	0.0	45.00	1.0	1	161.92	0	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	440	—	—	440	0.33	0.1	45.00	1.0	148	33.65	0	¥ —
Equity exposures (PD/LGD Approach)													
1	0.00 to < 0.15	1,275,803	29	100.00	651,733	0.07	0.3	90.00	5.0	706,018	108.32	—	
2	0.15 to < 0.25	203,532	—	—	126,312	0.21	0.1	90.00	5.0	211,132	167.15	—	
3	0.25 to < 0.50	72,978	—	—	38,350	0.32	0.2	90.00	5.0	68,411	178.38	—	
4	0.50 to < 0.75	66,795	—	—	38,891	0.56	0.3	90.00	5.0	86,425	222.22	—	
5	0.75 to < 2.50	60,737	—	—	55,905	1.55	0.2	90.00	5.0	168,316	301.07	—	
6	2.50 to < 10.00	5,711	—	—	3,531	6.82	0.0	90.00	5.0	16,169	457.84	—	
7	10.00 to < 100.00	4,842	—	—	2,518	21.43	0.0	90.00	5.0	19,807	786.61	—	
8	100.00 (Default)	14	—	—	6	100.00	0.0	90.00	5.0	76	1,125.00	—	
9	Sub-total	1,690,417	29	100.00	917,249	0.30	1.3	90.00	5.0	1,276,358	139.15	—	
Purchased receivables for corporates,etc. (default risk)													
1	0.00 to < 0.15	509,497	—	—	509,497	0.06	0.3	45.00	1.2	73,279	14.38	145	
2	0.15 to < 0.25	74,306	—	—	74,306	0.21	0.1	45.00	1.0	24,107	32.44	73	
3	0.25 to < 0.50	58,494	—	—	58,494	0.32	0.3	45.00	1.0	24,724	42.26	85	
4	0.50 to < 0.75	82,673	—	—	82,673	0.56	1.4	45.00	1.0	46,363	56.08	209	
5	0.75 to < 2.50	61,418	33	75.00	61,443	1.71	6.2	45.00	1.6	57,747	93.98	474	
6	2.50 to < 10.00	22,144	—	—	22,144	4.22	2.0	45.00	1.7	29,357	132.56	421	
7	10.00 to < 100.00	935	—	—	935	34.39	0.0	45.00	4.8	2,473	264.51	144	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	809,471	33	75.00	809,495	0.42	10.5	45.00	1.2	258,053	31.87	1,554	1,061
Purchased receivables for corporates,etc. (dilution risk and originator risk of loan participation)													
1	0.00 to < 0.15	509,101	33	75.00	509,125	0.06	0.3	94.90	1.1	144,960	28.47	12	
2	0.15 to < 0.25	694	—	—	694	0.21	0.0	45.00	1.3	246	35.49	0	
3	0.25 to < 0.50	36,532	—	—	36,532	0.32	0.4	99.03	1.0	32,351	88.55	0	
4	0.50 to < 0.75	547	—	—	547	0.56	0.0	45.00	4.3	680	124.34	1	
5	0.75 to < 2.50	8,485	—	—	8,485	1.21	0.3	84.82	1.5	12,858	151.52	20	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	555,361	33	75.00	555,386	0.10	1.1	94.90	1.1	191,096	34.40	36	—

Foundation Internal Ratings-Based Approach (FIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
	Purchased receivables for retail (default risk)												
1	0.00 to < 0.15	¥ —	¥ —	—%	¥ —	—%	—	—%	—	¥ —	—%	¥ —	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	64,940	—	—	64,951	0.31	20.7	73.62	—	26,290	40.47	152	¥ 311
	Purchased receivables for retail (dilution risk and originator risk of loan participation)												
1	0.00 to < 0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Sub-total	—	—	—	—	—	—	—	—	—	—	—	—
	Qualifying revolving retail exposures												
1	0.00 to < 0.15	0	43,463	28.79	12,515	0.12	42.8	65.09	—	573	4.58	9	
2	0.15 to < 0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to < 0.50	12,290	518,474	7.28	50,056	0.37	74.8	78.32	—	6,882	13.75	145	
4	0.50 to < 0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to < 2.50	7,698	65,088	9.06	13,598	1.09	16.1	70.13	—	3,824	28.12	102	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	150	618	12.54	228	36.06	0.2	67.29	—	386	169.21	58	
8	100.00 (Default)	2	3,575	7.96	466	100.00	0.4	75.77	—	133	28.56	342	
9	Sub-total	20,142	631,219	8.95	76,864	1.16	134.6	74.67	—	11,800	15.35	658	419
	Residential mortgage exposures												
1	0.00 to < 0.15	3,400,605	20,621	100.00	3,421,226	0.11	122.7	20.62	—	179,455	5.24	778	
2	0.15 to < 0.25	2,663,867	235	100.00	2,664,196	0.19	127.0	18.96	—	194,905	7.31	959	
3	0.25 to < 0.50	1,961,274	2,778	100.00	1,964,063	0.35	102.9	19.02	—	223,943	11.40	1,298	
4	0.50 to < 0.75	711,339	84	100.00	711,423	0.52	46.2	21.31	—	122,946	17.28	802	
5	0.75 to < 2.50	128,144	20	100.00	128,165	0.95	12.6	23.78	—	36,779	28.69	288	
6	2.50 to < 10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to < 100.00	76,334	26	100.00	76,360	20.59	4.0	20.15	—	86,403	113.15	3,251	
8	100.00 (Default)	32,996	35	100.00	34,467	100.00	2.0	22.48	—	9,525	27.63	6,987	
9	Sub-total	8,974,562	23,802	100.00	8,999,903	0.78	417.8	19.88	—	853,959	9.48	14,366	14,412

Foundation Internal Ratings-Based Approach (FIRB)

CR6		Millions of Yen, %, 1,000 cases, Year											
		March 31, 2018											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	On-balance sheet gross exposures	Off-balance sheet exposures pre-CCF and pre-CRM	Average CCF	EAD post-CCF and post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA amounts	RWA density	EL	Eligible provisions
					Other retail exposures								
1	0.00 to < 0.15	¥ 0	¥ 26,787	23.29%	¥ 6,239	0.12%	24.5	25.32%	—	¥ 449	7.20%	¥ 1	
2	0.15 to < 0.25	31,464	—	—	31,464	0.23	34.1	88.97	—	12,636	40.16	65	
3	0.25 to < 0.50	261,321	—	—	261,321	0.35	133.4	58.22	—	87,721	33.56	535	
4	0.50 to < 0.75	305,569	742	100.00	306,417	0.58	54.6	33.78	—	80,589	26.30	598	
5	0.75 to < 2.50	153,121	145,993	28.96	195,425	1.18	292.5	65.09	—	136,119	69.65	1,557	
6	2.50 to < 10.00	63,669	11,818	75.96	72,647	4.41	26.4	47.14	—	49,802	68.55	1,466	
7	10.00 to < 100.00	3,551	778	91.66	4,318	39.17	0.9	36.96	—	3,560	82.45	747	
8	100.00 (Default)	11,970	1,455	36.34	16,671	100.00	5.1	45.13	—	4,972	29.82	7,127	
9	Sub-total	830,667	187,576	31.71	894,505	2.98	572.0	50.96	—	375,853	42.01	12,100	¥ 12,065
					Lease transactions								
1	0.00 to < 0.15	111,491	—	—	111,491	0.05	0.3	45.00	3.3	27,590	24.74	26	
2	0.15 to < 0.25	210,264	—	—	210,264	0.21	0.1	45.00	3.6	119,916	57.03	207	
3	0.25 to < 0.50	22,899	—	—	22,899	0.32	0.1	45.00	1.9	11,828	51.65	33	
4	0.50 to < 0.75	21,142	—	—	21,142	0.56	0.2	45.00	2.4	15,428	72.97	53	
5	0.75 to < 2.50	50,417	—	—	50,417	1.56	0.3	45.00	3.3	55,591	110.26	355	
6	2.50 to < 10.00	2,849	—	—	2,849	7.35	0.0	45.00	2.5	4,627	162.37	94	
7	10.00 to < 100.00	758	—	—	758	21.43	0.0	45.00	2.7	1,695	223.59	73	
8	100.00 (Default)	30	—	—	763	100.00	0.0	45.00	1.0	0	0.00	343	
9	Sub-total	419,854	—	—	420,587	0.62	1.4	45.00	3.3	236,679	56.27	1,188	3,018
Total (all portfolios)		¥32,143,848	¥1,158,224	33.63%	¥31,769,223	0.56%	1,166.6	40.54%	1.6	¥5,510,198	17.34%	¥62,360	¥48,163

Note: "Number of obligors" in Column f: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

CR7: IRB – Effect on RWA of credit derivatives used as CRM technique

CR7		Millions of yen	
		March 31, 2018	
		a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA amounts	Actual credit RWA amounts
1	Sovereign Exposures – FIRB	¥ 113,406	¥ 113,406
2	Sovereign Exposures – AIRB	16,567	16,567
3	Financial Institution Exposures – FIRB	197,058	197,058
4	Financial Institution Exposures – AIRB	135,777	135,777
5	Corporate exposures (excluding specialised lending) – FIRB	1,969,493	1,969,493
6	Corporate exposures (excluding specialised lending) – AIRB	4,709,549	4,709,549
7	Specialised lending – FIRB	2,058,069	2,058,069
8	Specialised lending – AIRB	218,327	218,327
9	Retail – Qualifying revolving retail exposures	11,800	11,800
10	Retail – Residential mortgage exposures	853,959	853,959
11	Retail – Other retail exposures	375,853	375,853
12	Equity Exposures – FIRB	1,577,962	1,577,962
13	Equity Exposures – AIRB	—	—
14	Purchased receivables – FIRB	475,440	475,440
15	Purchased receivables – AIRB	38,574	38,574
16	Total	¥ 12,751,841	¥ 12,751,841

Note: The SuMi TRUST Group does not use credit derivatives as credit risk mitigation techniques.

CR8: RWA flow statements of credit risk exposures under IRB

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

Entities subject to AIRB and FIRB

CR9		%, Cases												
		March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)												
a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	AAA~ B-	Aaa~ B3	AAA~ B-	AAA~ BB+	AAA~ BBB-	0.03%	0.19%	449	534	0	0	0.00%	1.1%
Financial Institution Exposures	—	AAA~ B	Aaa~ B2	AAA~ B	AA+~ BB-	AAA~ BB	0.13	0.39	413	417	0	0	0.00	2.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	AAA~ A-	Aaa~ A3	—	AAA~ AA-	AAA~ AA	0.02	0.02	340	347	0	0	0.00	
	> 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	51.7
	> 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	
	> 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	8.4
	> 0.5% to 15%	BB+~ B-	Ba1~ B3	BB+~ B-	—	—	2.73	2.55	452	606	0	0	0.06	
	> 15% to <100%	—	—	—	—	—	34.12	34.12	18	16	4	0	13.53	
Purchased receivables for corporates,etc. (Top-down approach)	—	—	—	—	AAA~ BB+	AAA~ BBB-	3.64	1.60	2,457	2,880	6	0	0.81	0.1
Qualifying revolving retail exposures	≥ 0% to 2%						0.61	0.40	29,845	38,251	23	0	0.11	0.0
	> 2% to < 100%						25.78	25.78	199	127	34	0	12.93	
Residential mortgage exposures	≥ 0% to 2%						0.22	0.24	422,049	454,449	443	1	0.10	8.0
	> 2% to < 100%						22.04	22.10	4,965	4,071	558	0	12.25	
Other retail exposures	≥ 0% to 3%						0.71	0.53	45,914	43,623	234	0	0.40	0.5
	> 3% to < 100%						25.25	26.47	353	217	70	0	15.47	

Entities subject to FIRB

CR9		%, Cases												
		March 31, 2018 (Period covered: September 30, 2016 - September 30, 2017)												
a	b	c					d	e	f		g	h	i	
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Defaulted obligors during the reported period	Of which: new defaulted obligors during the reported period	Average historical annual default rate (5 years)	Credit RWA amounts ratio (%)
		S&P	Moody's	Fitch	R&I	JCR			September 30, 2016	September 30, 2017				
Sovereign Exposures	—	—	—	—	AAA~ BBB+	AAA~ A-	0.02%	0.07%	132	164	0	0	0.00%	0.0%
Financial Institution Exposures	—	—	—	—	AA+~ BB-	AAA~ BB	0.06	0.15	8	7	0	0	0.00	0.0
Corporate Exposures (Japanese)	≥ 0% to 0.03%	—	—	—	AAA~ AA-	AAA~ AA	0.03	0.03	51	54	0	0	0.00	4.0
	> 0.03% to 0.1%	—	—	—	A+~ A-	AA-~ A	0.07	0.07	97	101	0	0	0.00	
	> 0.1% to 0.5%	—	—	—	BBB+~ BBB-	A-~ BBB	0.22	0.24	532	522	0	0	0.00	
	> 0.5% to 5%	—	—	—	BB+~ BB-	BBB-~ BB	1.26	1.31	980	972	9	2	0.61	
	> 5% to < 100%	—	—	—	—	—	8.53	8.13	167	182	8	1	5.26	
Qualifying revolving retail exposures	≥ 0% to 1%						0.45	0.45	91,714	86,392	316	35	0.27	0.1
	> 1% to < 100%						83.70	83.10	93	86	69	0	70.78	
Residential mortgage exposures	≥ 0% to 2%						0.72	0.79	12,857	12,841	38	0	0.35	0.3
	> 2% to < 100%						25.78	25.78	263	263	35	0	13.16	
Other retail exposures	≥ 0% to 5%						1.13	0.96	334,782	335,513	1,861	78	0.60	2.3
	> 5% to < 100%						45.26	63.58	881	795	436	2	45.56	

Notes: 1. On the previous page, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited and specific purpose companies (SPCs) engaging in liquidation of receivables, subject to AIRB and FIRB, are counted. On this page, Group companies (i.e. Sumitomo Mitsui Trust Guarantee Co., Ltd., Sumishin Guaranty Company Limited, Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Loan & Finance Co., Ltd. and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.), subject to FIRB, are counted.

2. Column a: As for "Corporate Exposures (excluding specialised lending)," "Specialised lending (subject to the PD/LGD Approach)," Equity exposures (subject to the PD/LGD Approach)," and "Purchased receivables (other than those for corporates,etc. subject to top-down approach)," the same rating system (same PD) is used, and so these portfolio classifications have been integrated into "Corporate Exposures". In addition, different rating systems (PD) are used in Japanese rating and Non-Japanese rating, and so "Corporate Exposures" are classified into "Japanese" and "Non-Japanese".

3. Column c: With reference to the internal rating for each obligor, the range of external rating is stated in accordance with the relation between the internal rating and external rating of the internal rules for the SuMi TRUST Group.

4. The PD estimation of the SuMi TRUST Group covers the one-year default results with the reference date being the end of September every year. Accordingly, Column d and Column e were obtained with the reference date being the end of September 2016. In addition, Column g and Column h were obtained by counting the number of defaulted obligors from the end of September 2016 to the end of September 2017.

5. Column f to Column h: "Qualifying revolving retail exposures," "Residential mortgage exposures," and "Other retail exposures" are tallied with the number of loans, because it is difficult to grasp the number of some obligors.

6. The scope of application of the major model used in the consolidation range specified by the capital regulatory standards is determined while considering the portfolio classifications specified by regulations and credit decisions based on the risk driver of each portfolio (explanatory variables of the adopted rating model, etc.). "Credit RWA amounts ratio" of each internal model is stated for each portfolio*.
   * "Credit RWA amounts ratio" (obtained with the reference date being the end of September 2017) is the ratio of RWA amounts for each portfolio to the total RWA amounts subject to the IRB approach (excluding counterparty credit risk, the credit risk related to securitisation transactions, and the credit risk related to funds).

7. In the ">5% to <100%" category of "Other retail exposures" of entities subject to FIRB, "Average historical annual default rate (5 years)" in Column i exceeds "Weighted average PD (EAD weighted)" in Column d. This is attributable to the difference in the method for obtaining average values. The appropriateness of the PD estimation in each pool classification is examined regularly every year.

CR10: IRB – Specialised Lending (Supervisory Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.)

CR10		Millions of Yen, %									
		March 31, 2018									
a	b	c	d	e	f	g	h	i	j	k	l
Specialised lending (supervisory slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW	Exposure amounts (EAD) PF	OF	CF	IPRE	Total	Credit RWA amounts	Expected losses
Strong	< 2.5 years	¥ 38,217	¥ 2,409	50%	¥ 22,750	¥ 9,295	¥ —	¥ 8,003	¥ 40,049	¥ 20,024	¥ —
	2.5 years≤	415,524	125,850	70%	314,443	195,346	—	—	509,790	356,853	2,039
Good	< 2.5 years	88,982	26,733	70%	27,185	54,393	—	27,454	109,033	76,323	436
	2.5 years≤	659,617	219,429	90%	527,311	219,529	—	77,056	823,897	741,507	6,591
Satisfactory		222,981	50,244	115%	129,014	103,711	—	26,834	259,561	298,495	7,267
Weak		59,989	18,394	250%	29,967	43,817	—	—	73,785	184,463	5,902
Default		796	—	—	796	—	—	—	796	—	398
Total		¥ 1,486,109	¥ 443,060	—	¥ 1,051,470	¥ 626,095	¥ —	¥ 139,348	¥ 1,816,913	¥ 1,677,668	¥ 22,635
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	Expected losses
Strong	< 2.5 years	46,928	—	70%					46,928	32,849	187
	2.5 years≤	—	—	95%					—	—	—
Good	< 2.5 years	5,605	807	95%					6,211	5,900	24
	2.5 years≤	36,291	41,385	120%					67,330	80,797	269
Satisfactory		95,503	120,952	140%					186,218	260,705	5,214
Weak		—	—	250%					—	—	—
Default		—	—	—					—	—	—
Total		¥ 184,329	¥ 163,145	—					¥ 306,688	¥ 380,253	¥ 5,695
Equity exposures (Market-Based Approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amounts	Off-balance sheet amounts	RW					Exposure amounts (EAD)	Credit RWA amounts	
Simple risk weight method – Listed shares		32,478	43,690	300%					76,169	228,507	
Simple risk weight method – Unlisted shares		18,220	70	400%					18,273	73,095	
Internal Models Approach		—	—	—					—	—	
Total		¥ 50,699	¥ 43,761	—					¥ 94,443	¥ 301,603	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight in accordance with the provisions of Article 166, Paragraph 1 of the FSA Capital Adequacy Notification or Paragraph 1 of Article 144 of the FSA Bank Holding Company Capital Adequacy Notification		—	—	100%					—	—	

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

CCR1		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Replacement cost	Potential future exposure (add-on)	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA amounts
1	SA-CCR	¥ —	¥ —		1.4	¥ —	¥ —
	Current Exposure Method (CEM)	260,603	451,258			711,861	230,244
2	Expected Exposure Method (IMM)			—	—	—	—
3	Simple Approach for credit risk mitigation					—	—
4	Comprehensive Approach for credit risk mitigation					495,314	78,932
5	Exposure variation estimation model					—	—
6	Total						¥ 309,176

CCR2: Credit valuation adjustment (CVA) capital charge

CCR2		Millions of yen	
		March 31, 2018	
		a	b
Item No.		EAD post-CRM	RWA amounts (Amounts calculated by dividing CVA risk equivalent amounts by 8%)
1	Total portfolios subject to advanced risk measurement method	¥ —	¥ —
2	(i) Amount of CVA Value at Risk (including the multiplier)		—
3	(ii) Amount of CVA Stressed Value at Risk (including the multiplier)		—
4	Total portfolios subject to the standardised risk measurement method	764,477	389,775
5	Total portfolios subject to the CVA capital charge	¥ 764,477	¥ 389,775

CCR3: CCR exposures by regulatory portfolio and risk weights

CCR3		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.		Credit equivalent amounts (post-CRM)								
	Regulatory portfolio / Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Government of Japan and Bank of Japan (BOJ)	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	—	—	—	—	—	—	—	—	—
5	Foreign non-central government public sector entities (PSEs)	—	—	—	—	—	—	—	—	—
6	Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—	—
7	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Financial institutions and type I financial instruments business operators	—	—	309,813	—	—	—	—	—	309,813
11	Corporates, etc.	—	—	—	—	—	—	—	—	—
12	SMEs, etc. and individuals	—	—	—	—	—	—	—	—	—
13	Other than the above	—	—	—	—	—	—	—	—	—
14	Total	¥ —	¥ —	¥ 309,813	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 309,813

Note: The aggregate calculation on this statement includes exposures based on the standardised approach only.

CCR4: IRB – CCR exposures by portfolio and PD scale

CCR4		Millions of Yen, %, 1,000 cases, Year						
		March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	Credit RWA	RWA density
		Sovereign exposures						
1	0.00 to < 0.15	¥ 53,226	0.01%	0.0	28.55%	1.9	¥ 4,405	8.27%
2	0.15 to < 0.25	—	—	—	—	—	—	—
3	0.25 to < 0.50	10	0.30	0.0	45.00	1.0	3	39.38
4	0.50 to < 0.75	—	—	—	—	—	—	—
5	0.75 to < 2.50	—	—	—	—	—	—	—
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	198	34.71	0.0	45.00	4.9	525	265.40
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	53,435	0.14	0.0	28.59	1.9	4,934	9.23
		Financial Institution exposures						
1	0.00 to < 0.15	424,890	0.05	0.1	8.64	2.4	96,513	22.71
2	0.15 to < 0.25	4,520	0.21	0.0	22.23	3.7	2,677	59.22
3	0.25 to < 0.50	16,167	0.32	0.0	33.32	3.4	13,611	84.18
4	0.50 to < 0.75	1,493	0.56	0.0	35.08	3.2	1,236	82.77
5	0.75 to < 2.50	2,422	1.37	0.0	44.82	3.2	2,777	114.65
6	2.50 to < 10.00	—	—	—	—	—	—	—
7	10.00 to < 100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Sub-total	449,495	0.07	0.1	9.00	2.4	116,816	25.98
		Corporate exposures and SME exposures						
1	0.00 to < 0.15	239,339	0.06	0.3	10.59	2.6	61,914	25.86
2	0.15 to < 0.25	39,778	0.21	0.1	45.00	3.6	22,413	56.34
3	0.25 to < 0.50	11,102	0.32	0.1	45.00	4.1	7,996	72.02
4	0.50 to < 0.75	8,509	0.56	0.1	45.00	3.8	7,420	87.19
5	0.75 to < 2.50	15,208	1.71	0.1	45.00	4.1	19,379	127.42
6	2.50 to < 10.00	2,629	6.07	0.0	45.00	3.8	4,491	170.78
7	10.00 to < 100.00	75	21.43	0.0	45.00	1.8	149	197.03
8	100.00 (Default)	18	100.00	0.0	45.00	1.0	0	0.00
9	Sub-total	316,664	0.25	0.9	12.94	2.9	123,765	39.08
Total (all portfolios)		¥ 819,595	0.14%	1.1	10.76%	2.6	¥ 245,516	29.95%

Note: The SuMi TRUST Group applies the Foundation Internal Ratings-Based Approach to the calculation of risk-weighted assets related to counterparty credit risk.

CCR5: Composition of collateral for CCR exposure

CCR5		Millions of yen					
		March 31, 2018					
		a	b	c	d	e	f
Item No.		Collateral used in derivative transactions				Collateral used in repo transactions	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	¥ —	¥ 142,839	¥ —	¥ 170,831	¥ 11,233	¥ 636,248
2	Cash (other currency)	—	2,107	—	9,727	1,484,921	75,062
3	Domestic sovereign debt	—	1,962	—	—	31,412	176,461
4	Other sovereign debt	—	—	—	—	1,075,532	2,155,200
5	Government agency debt	—	—	—	—	744,639	450,053
6	Corporate bonds	—	—	—	—	18,701	—
7	Equity securities	—	—	—	6,815	489,077	708,781
8	Other collateral	—	—	—	—	—	10,482
9	Total	¥ —	¥ 146,910	¥ —	¥ 187,375	¥ 3,855,518	¥ 4,212,289

CCR6: Credit derivatives exposures

CCR6		Millions of yen	
		March 31, 2018	
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)

The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

CCR8: Exposures to central counterparties (CCP)

CCR8		Millions of yen	
		March 31, 2018	
		a	b
Item No.		EAD to CCP (post-CRM)	RWA amounts
1	Exposures to qualifying central counterparties (QCCPs) (total)		¥ 32,381
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	865,436	17,308
3	(i) OTC derivatives	738,880	14,777
4	(ii) Exchange-traded derivatives	123,281	2,465
5	(iii) Repo transactions	3,275	65
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	26,327	526
9	Pre-funded default fund contributions	12,157	14,546
10	Unfunded default fund contributions	—	—
11	Exposures to non-QCCPs (total)		¥ —
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) Repo transactions	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Pre-funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

SEC1: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the amount of credit risk-weighted assets only)

SEC1		Millions of yen								
		March 31, 2018								
		a	b	c	d	e	f	g	h	i
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	¥ 47,056	¥ —	¥ 47,056	¥ 111,752	¥ —	¥ 111,752	¥ 201,504	¥ —	¥ 201,504
2	Residential mortgage	47,056	—	47,056	98,753	—	98,753	86,006	—	86,006
3	Credit card	—	—	—	2,131	—	2,131	28,027	—	28,027
4	Other retail exposures	—	—	—	10,867	—	10,867	87,471	—	87,471
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) – of which	¥ 9,962	¥ —	¥ 9,962	¥ 1,091	¥ —	¥ 1,091	¥ 424,355	¥ —	¥ 424,355
7	Loans to corporates	—	—	—	—	—	—	395,593	—	395,593
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	9,962	—	9,962	—	—	—	28,435	—	28,435
10	Other wholesale	—	—	—	1,091	—	1,091	—	—	—
11	Re-securitisation	—	—	—	—	—	—	326	—	326

SEC2: Securitisation exposures by underlying asset type (securitisation exposures subject to the calculation of the market risk equivalent amounts only)

Not applicable.

SEC3: Securitisation exposures subject to the calculation of the amount of credit risk-weighted assets and related capital requirements (bank acting as originator or sponsor)

SEC3		Millions of yen														
		March 31, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Item No.		Total														
			Traditional securitisations (sub-total)							Synthetic securitisations (sub-total)						
				Securitisation			Re-securitisation				Securitisation			Re-securitisation		
					Retail underlying	Wholesale		Senior	Non-senior			Retail underlying	Wholesale		Senior	Non-senior
Exposure values (by RW bands)																
1	≤ 20% risk weight	¥137,002	¥137,002	¥137,002	¥135,911	¥1,091	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
2	> 20% to 50% risk weight	15,076	15,076	15,076	15,076	—	—	—	—	—	—	—	—	—	—	—
3	> 50% to 100% risk weight	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	> 100% to < 1,250% risk weight	13,734	13,734	13,734	3,772	9,962	—	—	—	—	—	—	—	—	—	—
5	1,250% risk weight	4,048	4,048	4,048	4,048	—	—	—	—	—	—	—	—	—	—	—
Exposure Values (by regulatory approach)																
6	Subject to the Ratings-Based Approach (RBA) or Internal Assessment Approach (IAA) in the IRB Approach	112,704	112,704	112,704	111,613	1,091	—	—	—	—	—	—	—	—	—	—
7	Subject to the Supervisory Formula Approach (SFA) in the IRB Approach	53,109	53,109	53,109	43,146	9,962	—	—	—	—	—	—	—	—	—	—
8	Subject to the Standardised Approach (SA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Subject to 1,250% risk weight in accordance with Article 247, Paragraph 1 of the FSA Capital Adequacy Notification or Article 225, Paragraph 1 of the FSA Bank 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, 2018														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Total														
Item No.			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 Item No.		Millions of yen March 31, 2018 RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	¥ 4,706
2	Equity risk (general and specific)	—
3	Foreign exchange risk	14,882
4	Commodity risk	—
	Options transactions	
5	Simplified approach	—
6	Delta-plus method	150,657
7	Scenario approach	—
8	Specific risk related to securitisation exposures	—
9	Total	¥ 170,246

MR2: RWA flow statements of market risk exposures under Internal Model Approaches (IMA)

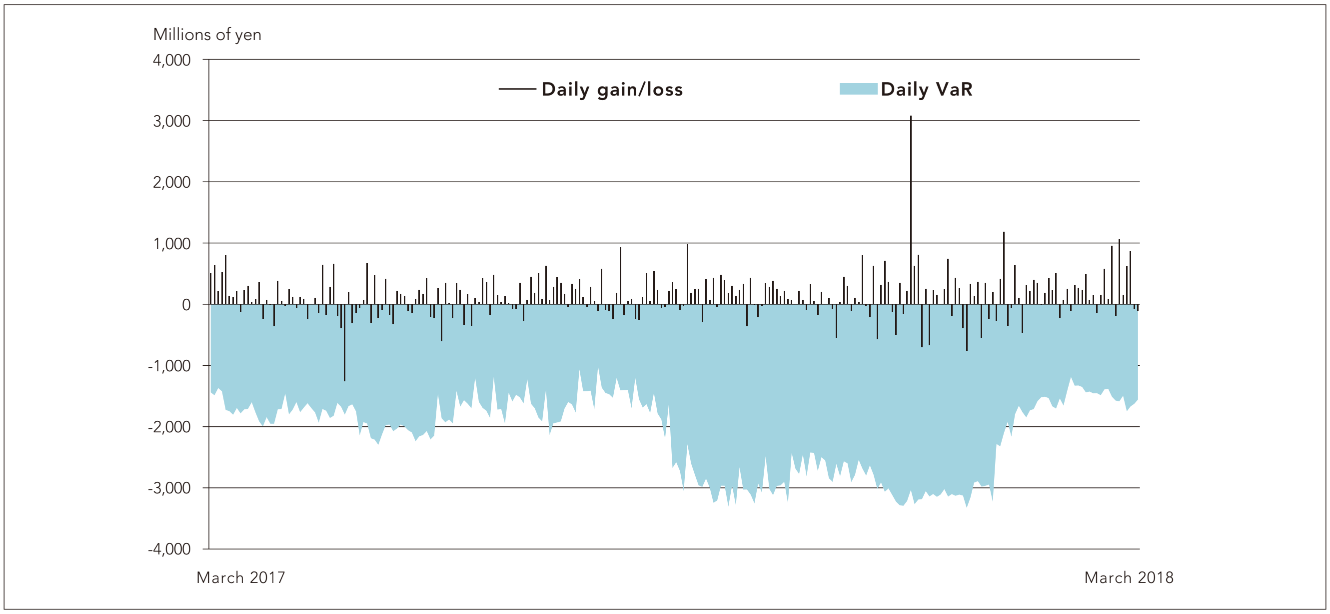
The discription is omitted in accordance with Aritcle2, Paragraph 5 of Supplementary Provisons of the FSA amended Disclosure Notification.

MR3: Values of Internal Model Approaches (IMA) (Market risk)

MR3 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, 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
		⊿EVE		⊿NII	
Item No.		**March 31, 2018**	March 31, 2017	**March 31, 2018**	March 31, 2017
1	Parallel up	¥133,810		¥ (68,800)	
2	Parallel down	15,192		68,343	
3	Steepener	75,958			
4	Flattener	129			
5	Short rate up	22,305			
6	Short rate down	5,109			
7	Maximum	133,810		68,343	
		e		f	
		March 31, 2018		March 31, 2017	
8	Tier 1 Capital	¥ 2,821,417			

Indicators for Assessing Global Systemically Important Banks (G-SIBs) — Consolidated

Fiscal Year 2017

As of March 31		Billions of Yen
Item No.	Items	2018
1.	Total exposures (a + b + c + d): a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees) b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	¥ 71,112.8
2.	Intra-financial system assets (a + b + c + d): a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions b. Holdings of securities issued by other financial institutions (Note 1) c. Net positive current exposure of SFTs with other financial institutions d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	5,146.3
3.	Intra-financial system liabilities (a + b + c): a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions b. Net negative current exposure of SFTs with other financial institutions c. OTC derivatives with other financial institutions that have a net negative fair value	13,050.2
4.	Securities outstanding (Note 1)	10,735.8
5.	Assets under custody	336,392.9
6.	Notional amount of OTC derivatives	212,818.2
7.	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	3,488.0
8.	Level 3 assets (Note 3)	561.8
9.	Cross-jurisdictional claims	8,357.5
10.	Cross-jurisdictional liabilities	13,167.9

Years Ended March 31		Billions of Yen
Item No.	Items	2018
11.	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	¥ 3,086,333.7
12.	Underwritten transactions in debt and equity markets (Note 4)	20.8

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amounts are calculated in accordance with the International Financial Reporting Standards with necessary modifications.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Fiscal Year 2016

As of March 31		Billions of Yen
Item No.	Items	2017
1.	Total exposures (a + b + c + d): a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees) b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	¥ 68,096.3
2.	Intra-financial system assets (a + b + c + d): a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions b. Holdings of securities issued by other financial institutions (Note 1) c. Net positive current exposure of SFTs with other financial institutions d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	4,317.4
3.	Intra-financial system liabilities (a + b + c): a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions b. Net negative current exposure of SFTs with other financial institutions c. OTC derivatives with other financial institutions that have a net negative fair value	10,896.2
4.	Securities outstanding (Note 1)	11,092.5
5.	Assets under custody	326,088.2
6.	Notional amount of OTC derivatives	182,082.2
7.	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	2,752.6
8.	Level 3 assets (Note 3)	423.9
9.	Cross-jurisdictional claims	8,916.5
10.	Cross-jurisdictional liabilities	12,617.0

Years Ended March 31		Billions of Yen
Item No.	Items	2017
11.	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	¥ 2,597,953.2
12.	Underwritten transactions in debt and equity markets (Note 4)	15.0

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amounts are calculated in accordance with the International Financial Reporting Standards with necessary modifications.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Composition of Basel III Leverage Ratio

Consolidated

As of March 31			Millions of Yen, %	
Basel III Template No. (Table 2)	Basel III Template No. (Table 1)	Items	**2018**	2017
		On-Balance Sheet Exposures		
1		On-Balance Sheet Exposures before Deducting Adjustment Items	**¥ 65,922,559**	¥ 63,030,500
1a	1	Total Assets Reported in the Consolidated Balance Sheet	**68,356,798**	65,453,725
1b	2	The Amount of Assets of Subsidiaries that are not Included in the Scope of the Basel III leverage ratio on a Consolidated Basis (Deduction)	**—**	—
1c	7	The Amount of Assets of Subsidiaries that are Included in the Scope of the Basel III leverage ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet)	**—**	—
1d	3	The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction)	**2,434,239**	2,423,224
2	7	The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction)	**296,029**	252,989
3		Total On-Balance Sheet Exposures (A)	**65,626,529**	62,777,510
		Exposures Related to Derivative Transactions		
4		Replacement Cost Associated with Derivatives Transactions, etc.	**351,450**	492,046
5		Add-On Amount Associated with Derivatives Transactions, etc.	**890,937**	1,005,688
		The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc.	**592,740**	500,833
6		The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework	**—**	—
7		The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction)	**207,575**	225,097
8		The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction)		
9		Adjusted Effective Notional Amount of Written Credit Derivatives	**81,400**	80,698
10		The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction)	**81,400**	77,900
11	4	Total Exposures Related to Derivative Transactions (B)	**1,627,554**	1,776,269
		Exposures Related to Repo Transactions		
12		The Amount of Assets Related to Repo Transactions, etc.	**738,826**	564,341
13		The Amount of Deductions from the Assets Above (Line 12) (Deduction)	**—**	—
14		The Exposures for Counterparty Credit Risk for Repo Transactions, etc.	**168,492**	77,155
15		The Exposures for Agent Repo Transaction		
16	5	The Total Exposures Related to Repo Transactions, etc. (C)	**907,318**	641,497
		Exposures Related to Off-Balance Sheet Transactions		
17		Notional Amount of Off-Balance Sheet Transactions	**7,250,523**	7,368,678
18		The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction)	**4,604,087**	4,720,545
19	6	Total Exposures Related to Off-Balance Sheet Transactions (D)	**2,646,436**	2,648,133
		Basel III leverage ratio on a Consolidated Basis		
20		The Amount of Capital (Tier 1 Capital) (E)	**2,821,417**	2,625,737
21	8	Total Exposures (F) = (A)+(B)+(C)+(D)	**¥ 70,807,838**	¥ 67,843,410
22		Basel III leverage ratio on a Consolidated Basis (G) = (E)/(F)	**3.98%**	3.87%

Liquidity Coverage Ratio (LCR)

Consolidated

Quantitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

	Items	Millions of Yen, %, the Number of Data			
		Fiscal Year 2017 4th Quarter		Fiscal Year 2017 3rd Quarter	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		¥ 27,250,018		¥ 26,931,895
Cash Outflows (2)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
2	Cash outflows related to unsecured retail funding	¥ 17,557,173	¥ 779,425	¥ 17,606,209	¥ 788,616
3	of which: Stable deposits	623,200	18,696	613,121	18,393
4	of which: Less stable deposits	7,567,290	760,729	7,663,915	770,223
5	Cash outflows related to unsecured wholesale funding	23,993,782	19,872,306	23,391,619	19,414,786
6	of which: Qualifying operational deposits	411,648	102,912	445,959	111,489
7	of which: Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	21,612,869	17,800,129	20,694,593	17,052,230
8	of which: Debt securities	1,969,265	1,969,265	2,251,067	2,251,067
9	Cash outflows related to secured funding, etc.		39,491		41,760
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	5,305,273	1,295,858	5,424,439	1,349,713
11	of which: Cash outflows related to derivative transactions, etc.	516,681	516,681	556,746	556,746
12	of which: Cash outflows related to funding programs	0	0	0	0
13	of which: Cash outflows related to credit and liquidity facilities	4,788,592	779,177	4,867,693	792,967
14	Cash outflows related to contractual funding obligations, etc.	498,158	287,789	408,070	250,646
15	Cash outflows related to contingencies	10,530,663	22,863	10,423,011	23,027
16	Total cash outflows		22,297,732		21,868,548
Cash Inflows (3)		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
17	Cash inflows related to secured lending, etc.	35,463	12,972	89,192	78,865
18	Cash inflows related to collection of loans, etc.	4,793,110	3,041,508	4,613,864	2,890,188
19	Other cash inflows	328,426	227,078	278,915	170,335
20	Total cash inflows	5,156,999	3,281,558	4,981,971	3,139,388
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		27,250,018		26,931,895
22	Net cash outflows		19,016,174		18,729,160
23	Consolidated Liquidity Coverage Ratio (LCR)		143.2		143.7
24	The number of data used to calculate the average value		59		62

Qualitative Disclosure Items for the Liquidity Coverage Ratio (LCR) on a consolidated basis

(1) Items concerning fluctuations in the LCR over time

Our consolidated LCR has trended steadily for the most part in the past two years.

(2) Items concerning evaluation of the LCR level

Our consolidated LCR satisfies the required criteria and we do not expect the LCR to significantly fluctuate from the current level. Furthermore, the actual LCR is not significantly different form our forecast.

(3) Items concerning the composition of totals for eligible high-quality liquid assets

The majority of our eligible high-quality liquid assets are reserve deposit held at central banks and sovereign bonds. There have been no material fluctuations in the composition of currencies, their types and locations. Furthermore, there has been no material difference between totals for eligible high-quality assets and net cash outflows in major currencies.

(4) Other items concerning LCR

For some of borrowings from the trust funds (trust accounts), we apply the "treatment for qualifying operational deposit." We regularly estimate the amount held from the sum circulating based on monthly outflows and inflows. We do not apply the "additional collateral required to market valuation changes based on the scenario approach."

Furthermore, taking account of the impact to LCR, we are using month-end data in lieu of daily data for the consolidated subsidiary companies of minor importance with practical restrictions.

Disclosure Data for Fiscal Year 2016 (as of March 31, 2017)

Capital Adequacy

Consolidated

Amounts of Required Capital

(1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

	Millions of Yen
As of March 31	2017
Portfolios to Which the Standardised Approach is Applied	¥ 55,734
Exposures to Business Units Set for Phased Roll-out Application	18,498
Exposures Excluded from Application	37,235
Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio	1,227,561
Corporate Exposures	885,016
Sovereign Exposures	14,865
Financial Institution Exposures	39,808
Residential Mortgage Exposures	113,469
Qualifying Revolving Retail Exposures	1,528
Other Retail Exposures	25,436
Other Exposures*1	147,436
Securitisation Exposures	14,317

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, lease transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardised Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitisation exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

	Millions of Yen
As of March 31	2017
Equity Exposures	¥ 134,184
PD/LGD Approach	110,759
Simple Risk-Weight Method of the Market-based Approach	23,425
Internal Model Method of the Market-based Approach	—

Note: The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%

(3) Amounts of required capital against credit risk concerning exposures held in funds

	Millions of Yen
As of March 31	2017
Exposures Held in Funds*	¥ 146,077

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

(4) Amounts of required capital against market risk

	Millions of Yen
As of March 31	2017
Market Risk	¥ 44,118
Amounts of Required Capital by Category under the Standardised Approach	9,245
Interest Rate Risk	5,490
Equity Position Risk	—
Foreign Exchange Risk	3,755
Commodities Risk	—
Options Transactions	—
Internal Model Approach	34,872

(5) Amounts of required capital against operational risk

	Millions of Yen
As of March 31	2017
Operational Risk	¥ 78,770
Advanced Measurement Approach	65,989
Standardised Approach	—
Basic Indicator Approach	12,781

(6) Consolidated total required capital

	Millions of Yen
As of March 31	2017
Consolidated Total Required Capital*	¥ 1,551,354

Note: (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

Credit Risk

Consolidated

Term-end Balance of Credit Risk Exposures by Category and their Breakdown by Major Type of Assets

	Millions of Yen					
	2017					
	Credit Risk Exposures					Exposures Three Months or Longer Overdue or Exposures in Default
As of March 31		Loans, Call Loans, Deposits, etc.	Securities	Derivative Transactions	Other Off-balance Sheet Transactions	
Japan	¥ 42,990,453	¥ 37,355,600	¥ 2,086,758	¥ 360,706	¥ 3,187,387	¥ 122,780
Outside Japan	6,712,886	4,775,873	1,171,949	377,644	387,419	17,290
Total for Geographic Regions	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	¥ 140,070
Manufacturing	4,432,685	2,857,543	477,882	29,033	1,068,226	15,193
Agriculture and Forestry	5,743	5,594	—	115	34	974
Fisheries	67	27	40	—	—	—
Mining and Quarrying of Stones and Gravel	22,924	7,949	152	—	14,823	—
Construction	238,317	149,663	25,319	898	62,436	16
Electricity, Gas, Heat Supply and Water	1,106,849	902,828	16,617	12,044	175,357	—
Information and Communication	600,715	540,700	6,203	1,212	52,599	—
Transport and Postal Activities	1,444,060	1,164,539	156,282	21,341	101,897	379
Wholesale and Retail Trade	1,902,812	1,477,611	109,985	4,706	310,510	2,313
Finance and Insurance	2,456,884	1,538,653	422,671	226,943	268,616	278
Real Estate	3,888,029	3,150,645	408,856	28,462	300,065	14,889
Goods Rental and Leasing	876,909	806,928	7,038	1,000	61,941	237
Local Public Bodies	100,738	85,285	4,790	—	10,662	—
Individuals	9,449,180	9,316,921	—	—	132,259	69,912
Others	23,177,420	20,126,583	1,622,866	412,592	1,015,377	35,874
Total for Industry Sectors	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	¥ 140,070
To 1 year	8,020,118	6,042,210	585,913	202,438	1,189,554	
> 1 year to 3 years	5,894,280	4,566,586	270,577	113,643	943,473	
> 3 years to 5 years	17,994,466	17,006,309	345,327	135,059	507,769	
> 5 years	17,794,475	14,516,366	2,056,890	287,208	934,009	
Total for Residual Maturity	¥ 49,703,340	¥ 42,131,474	¥ 3,258,708	¥ 738,350	¥ 3,574,807	
Average Balance during the Period	¥ 48,448,084	¥ 40,563,569	¥ 3,530,207	¥ 805,239	¥ 3,549,068	

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables, lease transactions as well as phased application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2016, September 30, 2016 and March 31, 2017.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

(1) General allowance for loan losses

	Millions of Yen	
	2017	Change
As of March 31	Balance	
General Allowance for Loan Losses	¥ 97,567	¥ 29,469

(2) Specific allowance for loan losses (breakdown by region, industry sector)

As of March 31	Millions of Yen 2017 Balance	Change
Japan	¥ 15,280	¥ (4,167)
Outside Japan	2,966	(340)
Total for Geographic Regions	¥ 18,246	¥ (4,507)
Manufacturing	4,899	(56)
Agriculture and Forestry	1	0
Fisheries	—	—
Mining and Quarrying of Stones and Gravel	—	—
Construction	15	(30)
Electricity, Gas, Heat Supply and Water	128	121
Information and Communication	8	(2)
Transport and Postal Activities	3,403	(1,576)
Wholesale and Retail Trade	424	(428)
Finance and Insurance	184	(37)
Real Estate	342	(149)
Goods Rental and Leasing	5	(39)
Local Public Bodies	—	—
Individuals	4,650	(141)
Others	4,180	(2,165)
Total for Industry Sectors	¥ 18,246	¥ (4,507)

Note: "Others" in the industry sectors include non-residents and state public services.

(3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2017.

Amounts of Written-off Loans by Industry Sector

Years Ended March 31	Millions of Yen 2017
Manufacturing	¥ 155
Agriculture and Forestry	1
Fisheries	—
Mining and Quarrying of Stones and Gravel	0
Construction	—
Electricity, Gas, Heat Supply and Water	8
Information and Communication	26
Transport and Postal Activities	1,103
Wholesale and Retail Trade	4
Finance and Insurance	2
Real Estate	12
Goods Rental and Leasing	—
Local Public Bodies	—
Individuals	3,118
Others	341
Total for Industry Sectors	¥ 4,776

Note: "Others" in the industry sectors include non-residents and state public services.

Balance of Exposures to which the Standardised Approach is Applied by Risk-Weight Category

	Millions of Yen	
	2017	
As of March 31		Subject to Rating
Balance of Exposures to which the Standardised Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	¥ 14,025,982	¥ 11,228
0%	12,947,106	—
10%	73	—
20%	416,396	476
35%	—	—
50%	72,796	10,605
75%	—	—
100%	589,609	146
150%	—	—
Amounts of exposures with 1,250% risk-weight applied	—	

Exposures to which the IRB Approach is Applied

		Millions of Yen
As of March 31		2017
Specialised Lending under the Slotting Criteria		¥ 1,981,778
High-Volatility Commercial Real Estate Exposures		293,840
Maturities of 2.5 Years or Longer		261,730
Strong	95%	34,230
Good	120%	71,238
Satisfactory	140%	156,261
Weak	250%	—
Default	0%	—
Maturities of Less than 2.5 Years		32,110
Strong	70%	—
Good	95%	2,650
Satisfactory	140%	29,460
Weak	250%	—
Default	0%	—
Other Exposures		¥ 1,687,937
Maturities of 2.5 Years or Longer		1,586,337
Strong	70%	498,350
Good	90%	785,887
Satisfactory	115%	234,411
Weak	250%	63,705
Default	0%	3,981
Maturities of Less than 2.5 Years		101,600
Strong	50%	32,067
Good	70%	39,054
Satisfactory	115%	18,190
Weak	250%	12,287
Default	0%	—
Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied		¥ 84,197
300%		60,549
400%		23,647

Portfolios to which the IRB Approach is Applied

(1) Corporate exposures

	Millions of Yen							
	2017							
					EAD Value			
As of March 31	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	On-balance Sheet Asset Items	Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.38%	32.89%		38.50%	¥ 14,377,572	¥ 2,790,421	¥ 2,197,575	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	16.92%	33.89%		175.60%	447,029	123,020	85,907	75.00%
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	37.61%	36.29%	17.42%	57,141	9,350	—	—
Total	1.28%	32.94%		42.81%	¥ 14,881,744	¥ 2,922,792	¥ 2,283,482	75.00%

(2) Sovereign exposures

	Millions of Yen							
	2017							
					EAD Value			
As of March 31	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	On-balance Sheet Asset Items	Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.00%	44.01%		0.78%	¥ 16,068,663	¥ 121,276	¥ 23,747	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	34.12%	45.00%		282.38%	11,227	695	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.03%	44.01%		0.99%	¥ 16,079,890	¥ 121,972	¥ 23,747	75.00%

(3) Financial Institution exposures

	Millions of Yen							
	2017							
					EAD Value			
As of March 31	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	On-balance Sheet Asset Items	Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Ordinary Assets (Seijo-Saki)	0.15%	40.82%		29.14%	¥ 1,090,269	¥ 572,782	¥ 74,577	75.00%
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	—	—		—	—	—	—	—
Substandard Debtors (Yo-Kanri-Saki) or Worse	—	—	—	—	—	—	—	—
Total	0.15%	40.82%		29.14%	¥ 1,090,269	¥ 572,782	¥ 74,577	75.00%

(4) Equity exposures under the PD/LGD Approach

	Millions of Yen		
	2017		
As of March 31	Weighted Average of PD Value	Weighted Average of Risk-Weight	Balance
Ordinary Assets (Seijo-Saki)	0.22%	145.29%	¥ 930,372
Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors)	12.91%	630.73%	4,733
Substandard Debtors (Yo-Kanri-Saki) or Worse	100.00%	1,192.50%	240
Total	0.31%	148.02%	¥ 935,346

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

(5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

	Millions of Yen							
	2017							
					EAD Value			
As of March 31	Weighted Average of PD Value	Weighted Average of LGD Value	Weighted Average of EL_default	Weighted Average of Risk-Weight	On-balance Sheet Asset Items	Off-balance Sheet Asset Items	Undrawn Commitments	CCF
Residential Mortgage								
Current	0.23%	26.86%		12.15%	¥ 8,371,334	¥ 28,198	¥ 740	100.00%
Overdue	21.34%	27.47%		163.67%	83,823	101	22	100.00%
Default	100.00%	29.22%	21.71%	99.46%	35,889	23	—	—
Qualifying Revolving Retail								
Current	0.48%	73.98%		15.85%	19,947	44,089	463,864	9.50%
Overdue	32.27%	69.21%		193.52%	241	123	747	16.54%
Default	100.00%	76.79%	74.01%	36.74%	254	201	2,357	8.54%
Other Retail (consumer)								
Current	0.79%	61.06%		46.41%	158,009	56,159	177,707	28.56%
Overdue	31.76%	37.00%		96.16%	849	650	145	22.81%
Default	100.00%	44.83%	34.22%	140.58%	3,187	301	1,094	22.51%
Other Retail (commercial)								
Current	0.95%	33.97%		30.62%	374,674	2,554	1,490	100.00%
Overdue	35.44%	31.64%		83.97%	2,580	9	9	100.00%
Default	100.00%	35.63%	33.19%	32.37%	10,378	183	33	100.00%
Total	1.03%	28.31%		15.57%	¥ 9,061,172	¥ 132,596	¥ 648,214	15.08%

Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

	Millions of Yen			
	2017			
Year Ended March 31	Actual Credit Losses	Provisions	Reversals	Change in Actual Credit Losses
Corporate Exposures	¥ 24,827	¥ 38,173	¥ (13,345)	¥ 12,744
Sovereign Exposures	(1,040)	27	(1,068)	(5,043)
Financial Institution Exposures	2	2	—	2
Retail Exposures	4,303	5,976	(1,672)	(5,774)

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Actual credit losses in FY2016 increased by ¥1.9 billion year on year. This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of specific obligors in our corporate exposures.

Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

	Millions of Yen	
	2017	2016
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 24,827	¥ 95,361
Sovereign Exposures	(1,040)	2,168
Financial Institution Exposures	2	1,244
Retail Exposures	4,303	25,751

Notes: 1. Estimated credit losses for fiscal year 2015 are the expected loss amount as of March 31, 2016.
2. Actual credit losses for fiscal year 2016 are the sum of the losses for the most recent one-year period ended March 31, 2017.

	Millions of Yen	
	2016	2015
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 12,082	¥ 125,794
Sovereign Exposures	4,002	516
Financial Institution Exposures	0	1,299
Retail Exposures	10,078	26,223

Notes: 1. Estimated credit losses for fiscal year 2014 are the expected loss amount as of March 31, 2015.
2. Actual credit losses for fiscal year 2015 are the sum of the losses for the most recent one-year period ended March 31, 2016.

	Millions of Yen	
	2015	2014
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (5,897)	¥ 174,309
Sovereign Exposures	(88)	351
Financial Institution Exposures	(1)	974
Retail Exposures	1,920	35,799

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

	Millions of Yen	
	2014	2013
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (7,351)	¥ 203,334
Sovereign Exposures	(4)	473
Financial Institution Exposures	(23)	880
Retail Exposures	905	28,148

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

	Millions of Yen	
	2013	2012
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ (2,417)	¥ 189,671
Sovereign Exposures	(10)	317
Financial Institution Exposures	(1)	747
Retail Exposures	1,244	34,399

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

	Millions of Yen	
	2012	2011
Years Ended March 31	Actual Credit Losses	Estimated Credit Losses
Corporate Exposures	¥ 16,832	¥ 195,988
Sovereign Exposures	4,749	230
Financial Institution Exposures	(135)	3,395
Retail Exposures	2,576	35,841

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

Credit Risk Mitigation Techniques

Consolidated

Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

	Millions of Yen			
	2017			
As of March 31	Eligible Financial Collateral	Other Eligible Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardised Approach is Applied	¥ 1,058,006	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	2,146,703	212,786	327,980	—
Corporate Exposures	509,908	207,996	181,269	—
Sovereign Exposures	23,618	4,790	146,710	—
Financial Institution Exposures	1,613,176	—	—	—
Retail Exposures	—	—	—	—

Counterparty Risk in Derivative and Long-term Settlement Transactions

Consolidated

Derivative Transactions

	Millions of Yen
As of March 31	2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ 1,587,695
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	882,716
Foreign Exchange Related	1,043,506
Interest Rate Related	1,340,146
Credit Derivatives	18,994
Others	333
Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction)	1,520,264
Amounts of Collateral	143,725
Deposits	137,065
Securities	6,660
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	738,990
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	151,636
Purchasing Protection by Credit Default Swaps	76,736
Providing Protection by Credit Default Swaps	74,900
Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique	—

Note: Credit equivalents are calculated with the current exposure approach.

Long-term Settlement Transactions

	Millions of Yen
As of March 31	2017
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	¥ —
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11
Amounts of Collateral	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	11

Note: Credit equivalents are calculated with the current exposure approach.

Securitisation Exposures

Consolidated

Securitisation Exposures Originated by the SuMi TRUST Holdings Group

Fiscal Year 2016
Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitisations during fiscal year 2016, type and status of main principal underlying assets

Not applicable.

(2) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

	Millions of Yen				
	2017				
	Exposure Amounts		Aggregate Sum of Underlying Assets		
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions		Asset Transfer-Type Securitisation Transactions	Synthetic Securitisation Transaction
Securitisation Exposures except Resecuritisation Exposures	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —
Residential Mortgage Loans	54,466	—	216,748	216,748	—
Others	—	—	—	—	—
Resecuritisation Exposures	—	—	—	—	—
Total	¥ 54,466	¥ —	¥ 216,748	¥ 216,748	¥ —

(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitisation exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

	Millions of Yen	
	2017	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses
Residential Mortgage Loans	¥ 161	¥ (42)
Others	—	—
Total	¥ 161	¥ (42)

(4) Amounts of assets held for the purpose of securitisation transactions and breakdown of principal assets by type

Not applicable.

(5) Balance and amounts of required capital of securitisation exposures held by risk-weight category

	Millions of Yen			
	2017			
	Balance		Required Capital	
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 54,466	¥ —	¥ 5,797	¥ —
Less than 20%	—	—	—	—
20% to Less than 50%	32,262	—	1,020	—
50% to Less than 100%	14,829	—	649	—
100% to Less than 350%	3,897	—	440	—
350% to Less than 1,250%	—	—	—	—
1,250%	3,478	—	3,687	—
Resecuritisation Exposures (IRB Approach)	—	—	—	—
Less than 20%	—	—	—	—
20% to Less than 50%	—	—	—	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 54,466	¥ —	¥ 5,797	¥ —

(6) Amounts equivalent to the increase in capital following securitisation and breakdown by type of principal underlying assets

	Millions of Yen
As of March 31	2017
Residential Mortgage Loans	¥ 2,368
Others	—
Total	¥ 2,368

(7) Amounts of securitisation exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

	Millions of Yen
As of March 31	2017
Residential Mortgage Loans	¥ 3,478
Others	—
Total	¥ 3,478

(8) Items by type of principal underlying assets of securitisation exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitisation transactions recognized during fiscal year 2016 and breakdown by type of principal underlying assets

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Securitisation Exposures Purchased by the SuMi TRUST Holdings Group

Fiscal Year 2016

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitisation exposures held and breakdown of main principal underlying assets by type

	Millions of Yen	
	2017	
	Exposure Amounts	
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures	¥ 817,698	¥ 66,656
Residential Mortgage Loans	187,073	10,869
Credit Card Loans	21,399	508
Claims on Lease Payments, Installment Receivables	150,982	18,650
Commercial Real Estate-Secured Loans	16,676	—
Other Claims on Corporates	441,566	36,627
Resecuritisation Exposures	2,014	—
Securitisation Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets	5	—
Securitisation Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets	—	—
Securitisation Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets	2,008	—
Total	¥ 819,712	¥ 66,656

(2) Balance and amounts of required capital of securitisation exposures held by risk-weight category

	Millions of Yen			
	2017			
	Balance		Required Capital	
As of March 31	On-balance Sheet Transactions	Off-balance Sheet Transactions	On-balance Sheet Transactions	Off-balance Sheet Transactions
Securitisation Exposures except Resecuritisation Exposures (IRB Approach)	¥ 817,698	¥ 66,656	¥ 7,449	¥ 1,016
Less than 20%	778,428	54,585	4,788	324
20% to Less than 50%	12,768	742	242	22
50% to Less than 100%	9,639	11,327	497	670
100% to Less than 350%	16,676	—	1,724	—
350% to Less than 1,250%	—	—	—	—
1,250%	184	—	195	—
Resecuritisation Exposures (IRB Approach)	2,014	—	54	—
Less than 20%	—	—	—	—
20% to Less than 50%	2,014	—	54	—
50% to Less than 100%	—	—	—	—
100% to Less than 350%	—	—	—	—
350% to Less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 819,712	¥ 66,656	¥ 7,503	¥ 1,016

(3) Amounts of securitisation exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

	Millions of Yen
As of March 31	2017
Residential Mortgage Loans	¥ 184
Credit Card Loans	—
Claims on Lease Payments, Installment Receivables	—
Commercial Real Estate-Secured Loans	—
Other Claims on Corporates	—
Total	¥ 184

(4) Application of credit risk mitigation techniques to resecuritisation exposures held

Not applicable.

Subject to the Calculation of Market Risk Assets

Not applicable.

Market Risk — Consolidated

(1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
VaR in Banking Account	¥ 802.4	¥ 1,122.8	¥ 802.4	¥ 983.2
VaR in Trading Account	5.4	7.2	3.4	5.1

VaR Measurement Standards

Banking account	Confidence interval: one-tailed 99%	Holding period: 21 business days to 1 year	Observation period: 1 year
Trading account	Confidence interval: one-tailed 99%	Holding period: 10 business days	Observation period: 1 year

(2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

	Billions of Yen			
	As of March 31, 2017	Fiscal Year 2016		
		Maximum	Minimum	Mean
Stressed VaR in Trading Account	¥ 5.7	¥ 9.8	¥ 3.8	¥ 6.3
	[1.8]	[3.1]	[1.2]	[2.0]

Stressed VaR Measurement Standards

Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

The figures inside the square brackets above denote stressed VaR in a case where the holding period is one business day.

Corporate Data
Financial Data/
Sumitomo Mitsui Trust Holdings, Inc.
Financial Data/
Sumitomo Mitsui Trust Bank, Limited
Basel III Disclosure Data/
Sumitomo Mitsui Trust Holdings, Inc.
Basel III Disclosure Data/
Sumitomo Mitsui Trust Bank, Limited

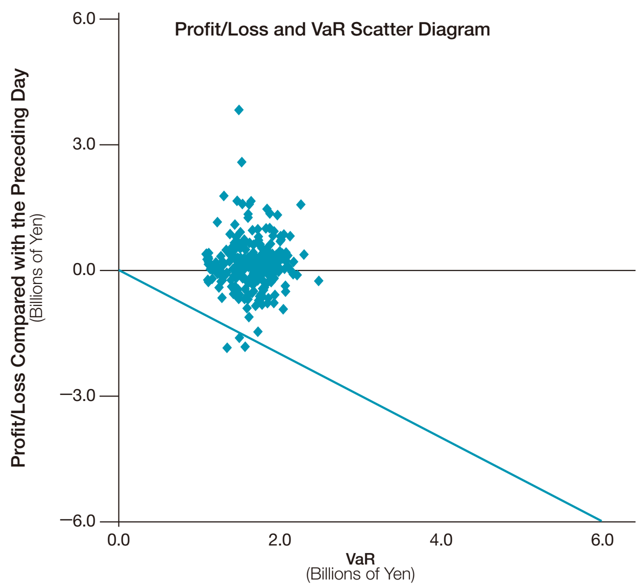
(3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2017.

(4) Results of back testing and reasons for large downward deviations between actual losses and VaR

• Back testing of the trading account

Fiscal Year 2016



(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2016 back testing of the trading accounts shows three instances of losses in excess of VaR.

Capital Subscriptions or Equity Exposures in the Banking Account — Consolidated

	Millions of Yen			
	2017			
As of March 31	Book Value		Fair Value	
Consolidated Book and Fair Values*1				
Listed Shares Exposures	¥ 1,418,188		¥ 1,418,188	
Capital Subscriptions or Equity Exposures Other than Above	73,581		73,581	
Amounts of Gains/Losses on Sales and Write-offs	Gains/Losses	Gains	Losses	Write-offs
of Capital Subscriptions or Equity Exposures*2	36,488	46,243	5,906	3,848
Amounts of Unrealized Gains/Losses Recognized in the Consolidated Balance Sheets and not Recognized in the Consolidated Statements of Income	731,620			
Amounts of Unrealized Gains/Losses not Recognized in the Consolidated Balance Sheets and Statements of Income	Not applicable			

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Consolidated statements of income show gains/losses on stockholdings and related write-offs.

As of March 31	Millions of Yen 2017
Amounts by Portfolio Category	¥ 1,019,514
Portfolios Adopting the Market-based Approach	84,197
Portfolios Adopting the PD/LGD Approach	935,316

Note: Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Holdings Group Regarding Interest Rate Risk in the Banking Account — Consolidated

• Outlier ratios

As of March 31	Millions of Yen 2017
Overall Amounts of Interest Rate Risk	¥ 103,347
Japanese Yen Interest Rates	5,251
U.S. Dollar Interest Rates	95,002
Other Interest Rates	3,093
Outlier Ratios	3.4%

Notes: 1. The amount of assets at consolidated units outside of Sumitomo Mitsui Trust Bank was small, so the overall risk and outlier ratios are shown at the consolidated level for Sumitomo Mitsui Trust Bank.
2. The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
• Risk measurement method: Interest rate sensitivity approach
• Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
• Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

Basel III Disclosure Data

This section outlines matters to be stated in explanatory documents relating to the fiscal year, separately stipulated by the Director-General of the Financial Services Agency (Notification No.21 of Financial Services Agency, 2012) with regard to the matters regarding compensation as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, as set forth in Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure, unless otherwise stated, is with respect to Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") as of the end of March 2018.

[Compensation Disclosure Data: SuMi TRUST Holdings]

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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 for this fiscal year include directors, executive officers , and corporate auditors of SuMi TRUST Holdings, but exclude external directors and external auditors.

(ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Holdings' officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Holdings and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

(a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Holdings Group's management, namely Sumitomo Mitsui Trust Bank, Limited and Japan Trustee Services Bank, Ltd.

(b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Holdings or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Holdings Group. This threshold amount has been determined based on the average compensation for officers paid in fiscal year 2017 (excluding the compensation paid to the officers who were newly appointed or retired in the fiscal year), and is commonly applicable across all significant consolidated subsidiaries, as more or less the same level and system of compensation is shared among all significant consolidated subsidiaries.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

(c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Holdings Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Holdings, the SuMi TRUST Holdings Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers of SuMi TRUST Holdings and employees equivalent to general managers in the departments involving loan operations and market risk management.

(2) Names, Compositions, and Duties of the Committees and Other Major Institutions Which Supervise the Determination, Payment, and the Execution of Other Duties Regarding the Compensation, etc. for Applicable Officers and Employees

(i) Establishment and Securement of the Compensation Committee, etc.

The Compensation Committee is a body that deliberates the system and content of remuneration for directors and executive officers of SuMi TRUST Holdings. The committee shall prescribe policy on decisions on the content of remuneration for individual directors and executive officers of SuMi TRUST Holdings, and decide the content of remuneration for individual executive officers and directors. In addition, the amounts of remuneration for individual executive officers of SuMi TRUST Holdings are reported to the Compensation Committee.

The Compensation Committee is chaired by an external director, and a majority of the committee members are external directors. The committee oversees and checks the operation of the remuneration system for all directors and executive officers, and has the authority to determine the policy for setting remuneration while being independent of the business promotion department.

(ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Holdings Group is payable, subject to the policies established primarily by the Boards of Directors and others of SuMi TRUST Holdings and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Holdings and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Holdings on a regular basis.

(iii) Determination of Compensation, etc. for Overseas Employees, etc.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Holdings.

(iv) Total Amount of Compensation Paid to the Members of the Compensation Committee, etc. and the Number of Meetings Held for Compensation Committee, etc.

	The number of meetings held (April 1, 2017-March 31, 2018)	Total amount of compensation*
Compensation Committee (SuMi TRUST Holdings)	5 times	—
Board of Directors (SuMi TRUST Bank)	1 time	—

Note: The total amount of compensation, etc. is not stated as the amount equivalent to the compensation related to the execution of the duties for the Compensation Committee, etc. alone cannot be calculated separately.

2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Holdings

(1) Policies Concerning Compensation, etc. for Applicable Officers and Employees

(i) Policies Concerning Compensation for "Applicable Officers"

The Compensation Committee determines the content of remuneration for individual directors and executive officers. (During the period from April to June 2017, the allocation of remuneration for individual directors is determined by the Board of Directors while the allocation of remuneration to individual auditors is discussed at a meeting of auditors, with the total amount of remuneration specified at a general meeting of shareholders for the determination of remuneration for directors and auditors.)

Our aim is for the remunerations for directors and executive officers to function effectively as an incentive for improvement of corporate performance and expansion of enterprise value in order to realize stable and sustainable growth of the SuMi TRUST Group, including its core subsidiary, SuMi TRUST Bank. Furthermore, we have created a remuneration structure that considers the balance of short-term incentives and medium- to long-term incentives. This is to ensure remuneration that is not focusing on single-year performance evaluation in which short-term contribution to profit is emphasized, but focusing on officers' qualifications and capabilities as senior management, and based on a comprehensive evaluation that reflects assessment of 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, for the fiscal year under review, share acquisition rights were allotted to directors and executive officers as a stock option to further enhance their motivation and morale that helps drive SuMi TRUST Holdings' stock price increases, medium- to long-term corporate performance, and ultimately shareholder profits.

(ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the applicable employees, etc. of the SuMi TRUST Group are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensations for applicable overseas employees, etc. are determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

(2) Regarding the influence of the overall level of remuneration on capital

(i) Officer compensation

The Compensation Committee determines remuneration for officers after checking the situation of profit and loss in the current term and the consistency with future management strategies. It has been confirmed that the total payment amount of officer compensation in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(ii) Salaries for employees

As for the salaries for employees, the business situation of SuMi TRUST Holdings is reflected in the part that changes according to the performance of SuMi TRUST Holdings and individuals and bonuses. It has been confirmed that the total payment amount of salaries for employees in the current term does not produce significant effects, considering the profit level, etc. in the current term.

(3) Regarding the monitoring of the operation of the remuneration system

As for variable remuneration, such as directors' bonuses, the Compensation Committee monitors the operation of the remuneration system by checking the ratio of variable remuneration to the total amount of remuneration and the appropriateness of the payment amount, and confirms that performance-based pay is not excessive.

3. Regarding the Items about the Consistency between the Systems of Remuneration for Target Executives and Employees of SuMi TRUST Holdings and Risk Management, and the Linkage between the Remuneration and Performance of Target Employees of the SuMi TRUST Group

The remunerations for target executives are determined by the Compensation Committee. Budget allocation is conducted while taking into account the financial condition, etc. of the SuMi TRUST Group in order to determine remuneration for target employees.

4. Types, Total Amount of Payment, and Payment Method of Compensation, etc. for Applicable Officers and Employees of the SuMi TRUST Group

(1) REM1: Compensation, etc. Allocated to the Fiscal Year under Review

REM1: Compensation, etc. allocated to the fiscal year under review			Persons, Millions of Yen	
			a	b
Item No.			Applicable Officers	Applicable Employees, etc.
1	Fixed compensation	The number of applicable officers and employees, etc.	22	24
2		Total amount of fixed compensation (3+5+7)	323	761
3		of Which: Cash compensation amount	323	761
4		of 3 above: Deferred amount	—	—
5		of Which: Stock compensation amount or Stock-linked compensation amount	—	—
6		of 5 above: Deferred amount	—	—
7		of Which: Other compensation amount	—	—
8		of 7 above: Deferred amount	—	—
9	Variable compensation	The number of applicable officers and employees, etc.	15	22
10		Total amount of variable compensation (11+13+15)	87	302
11		of Which: Cash compensation amount	53	247
12		of 11 above: Deferred amount	—	—
13		of Which: Stock compensation amount or Stock-linked compensation amount	33	54
14		of 13 above: Deferred amount	—	—
15		of Which: Other compensation amount	—	—
16		of 15 above: Deferred amount	—	—
17	Retirement benefits	The number of applicable officers and employees, etc.	—	—
18		Total amount of Retirement benefits	—	—
19		of Which: Deferred amount	—	—
20	Other compensations	The number of applicable officers and employees, etc.	—	—
21		Total amount of other compensations	—	—
22		of Which: Deferred amount	—	—
23	Total amount of compensations (2+10+18+21)		411	1,063

(2) REM2: Special Rewards, etc.

REM2: Special rewards, etc.	Persons, Millions of Yen					
	a	b	c	d	e	f
	Bonus guarantee		Lump-sum payment when hiring		Premium retirement payment	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Applicable Officers	—	—	—	—	—	—
Applicable Employees, etc.	—	—	—	—	—	—

5. Other Items to be Referred Concerning the Compensation System for Applicable Officers and Employees of the SuMi TRUST Group

Not applicable, other than those items raised in the preceding sections.