

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

Financial Results for the Fiscal Year Ended March 31, 2017

[Japanese GAAP] (Consolidated)



May 15, 2017

Stock exchange listings: Tokyo and Nagoya (Code: 8309)
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Date of ordinary general meeting of shareholders: June 29, 2017
 Filing date of securities report (Yukasyoken Hokokusyo) (Scheduled): June 30, 2017
 Specific trading accounts: Established
 Dividend payment date: June 30, 2017
 Explanatory material: Prepared
 Briefing on financial results: Scheduled (for institutional investors and analysts)

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results (for the Fiscal Year Ended March 31, 2017)

(1) Operating Results

(%: Changes from the same period in the previous fiscal year)

Fiscal Year Ended	Ordinary Income		Ordinary Profit		Net Income Attributable to Owners of the Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2017	1,261,272	5.2	196,383	(29.4)	121,446	(27.2)
March 31, 2016	1,198,904	(0.4)	278,061	(4.9)	166,909	4.5

(Note) Comprehensive Income: Fiscal year ended March 31, 2017 ¥155,354 million, 161.7%
 Fiscal year ended March 31, 2016 ¥59,359 million, (88.1)%

Fiscal Year Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully Diluted)	Net Income to Net Assets Ratio	Ordinary Profit to Total Assets Ratio	Ordinary Profit to Ordinary Income Ratio
	Yen	Yen	%	%	%
March 31, 2017	317.24	317.16	5.0	0.3	15.6
March 31, 2016	433.30	433.23	7.0	0.5	23.2

(Reference) Equity in Earnings (Losses) of Affiliated Companies: Fiscal year ended March 31, 2017 ¥6,950 million
 Fiscal year ended March 31, 2016 ¥7,702 million

* SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Net income per share of common stock and net income per share of common stock (fully diluted) are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

(2) Financial Position

As of	Total Assets	Net Assets	Net Assets to Total Assets Ratio	Net Assets per Share of Common Stock
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2017	65,453,725	2,791,682	3.8	6,437.58
March 31, 2016	58,229,948	2,704,511	4.1	6,181.19

(Reference) Shareholders' Equity: As of March 31, 2017 ¥2,462,616 million
 As of March 31, 2016 ¥2,376,973 million

(Notes) 1. Net Assets to Total Assets Ratio = (Net Assets - Subscription Rights to Shares - Non-Controlling Interests) / Total Assets

2. The above Net Assets to Total Assets Ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency with respect to the capital adequacy ratio.

* SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Net assets per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

(3) Cash Flows

Fiscal Year Ended	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2017	7,533,343	(339,358)	26,026	24,531,391
March 31, 2016	9,752,429	(380,627)	(64,122)	17,323,915

2. Cash Dividends per Share of Common Stock

Fiscal Year Ended	Annual Cash Dividends per Share of Common Stock					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Dividends to Net Asset Ratio (Consolidated)
	1st Quarter-End	2nd Quarter-End	3rd Quarter-End	Fiscal Year-End	Total			
March 31, 2016	-	6.50	-	6.50	13.00	49,991	30.0	2.1
March 31, 2017	-	6.50	-	65.00	-	49,730	41.0	2.1
March 31, 2018 (Forecast)	-	65.00	-	65.00	130.00		33.2	

(Note) SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Annual cash dividends per share of common stock for the fiscal year ended March 31, 2017, reflect the effect of the share consolidation, and total annual cash dividends per share of common stock are presented as "-."

3. Consolidated Earnings Forecast (for the Fiscal Year Ending March 31, 2018)

(%: Changes from the same period in the previous fiscal year)

Six Months Ending	Ordinary Profit		Net Income Attributable to Owners of the Parent		Net Income per Share of Common Stock
	Millions of Yen	%	Millions of Yen	%	Yen
September 30, 2017	110,000	(20.0)	70,000	(20.4)	182.99
March 31, 2018	235,000	19.7	150,000	23.5	392.12

*Notes

(1) Changes in Significant Subsidiaries during the Fiscal Year Ended March 31, 2017: None

(Changes in "specified subsidiaries" resulted in changes in the scope of consolidation)

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(For further details, please refer to "Changes in Accounting Policy" on page 21 of Accompanying Materials.)

(3) Number of Shares Issued (Common Stock)

- 1) Number of shares issued (including treasury stock):
- 2) Number of treasury stock:
- 3) Average number of outstanding issued shares:

As of March 31, 2017	390,348,640 shares	As of March 31, 2016	390,348,640 shares
As of March 31, 2017	7,810,724 shares	As of March 31, 2016	5,799,178 shares
For the fiscal year ended March 31, 2017	382,818,502 shares	For the fiscal year ended March 31, 2016	385,202,254 shares

(For further details, please refer to "Per Share of Common Stock Information" on page 40 of Accompanying Materials.)

* SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. The number of shares issued, the number of treasury stock, and the average number of outstanding issued shares are calculated as if the consolidation of shares occurred at the beginning of the fiscal year ended March 31, 2016.

< Summary of Non-Consolidated Financial Results >

Non-Consolidated Financial Results (for the Fiscal Year Ended March 31, 2017)

(1) Non-Consolidated Results of Operations (%: Changes from the same period in the previous fiscal year)

Fiscal Year Ended	Operating Income		Operating Profit		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2017	58,218	(2.8)	56,183	(2.5)	50,378	(0.3)	50,376	(0.3)
March 31, 2016	59,926	0.0	57,611	0.1	50,504	(1.3)	50,503	(1.3)

Fiscal Year Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully-Diluted)
	Yen	Yen
March 31, 2017	131.59	131.56
March 31, 2016	131.11	131.08

* SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Net income per share of common stock and net income per share of common stock (fully diluted) are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

(2) Non-Consolidated Financial Position

As of	Total Assets	Net Assets	Net Assets to Total Assets Ratio	Net Assets per Share of Common Stock
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2017	1,968,108	1,487,288	75.5	3,886.44
March 31, 2016	1,824,180	1,493,582	81.9	3,882.88

(Reference) Shareholders' Equity: March 31, 2017 ¥1,486,710 million

March 31, 2016 ¥1,493,160 million

(Note) Net Assets to Total Assets Ratio = (Net Assets - Subscription Rights to Shares) / Total Assets

* SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Net assets per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

Statement Concerning the Status of the Audit Procedures

These consolidated financial results for the year ended March 31, 2017, are out of the scope of the year-end audit procedures required by the Financial Instruments and Exchange Act.

Explanation Concerning the Appropriate Use of the Forecasts for Results of Operations and Other Special Matters

The forecasts for results of operations presented in this report are based on the information currently available to SuMi TRUST Holdings and certain reasonable assumptions. Actual results may differ significantly from the forecasts due to various factors.

A briefing on financial results will be held for institutional investors and analysts. The contents of the meeting, such as explanations about financial results (audio), will be posted on SuMi TRUST Holdings' website, together with the explanatory material to be used on the day.

[Accompanying Materials]

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1. Operating Results

(1) Analysis of Consolidated Operating Results

For the fiscal year ended March 31, 2017, “Net Business Profit Before Credit Costs” decreased by ¥85.9 billion from the previous fiscal year to ¥232.3 billion. This was primarily due to a decrease in market-related profit from Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST Bank”), despite an increase in contribution to the net business profit before credit costs by consolidated subsidiaries.

“Ordinary Profit” decreased by ¥81.6 billion from the previous fiscal year to ¥196.3 billion. This was mainly due to an increase in credit costs partially offset by an increase in net gains on stocks.

As a result, “Net Income Attributable to Owners of the Parent” decreased by ¥45.4 billion from the previous fiscal year to ¥121.4 billion.

(Reference)

SuMi TRUST Holdings (Consolidated)

(Billions of Yen)			
	Fiscal Year Ended	Changes from the Fiscal Year Ended	Fiscal Year Ended
	March 31, 2017	March 31, 2016	March 31, 2016
Net Business Profit Before Credit Costs	232.3	(85.9)	318.3
Ordinary Profit	196.3	(81.6)	278.0
Net Income Attributable to Owners of the Parent	121.4	(45.4)	166.9
Credit Costs (expenses are in parentheses)	(28.5)	(2.5)	(25.9)
Net Gains on Stocks	36.4	6.8	29.6

SuMi TRUST Bank (Non-Consolidated)

(Billions of Yen)			
	Fiscal Year Ended	Changes from the Fiscal Year Ended	Fiscal Year Ended
	March 31, 2017	March 31, 2016	March 31, 2016
Gross Business Profit Before Credit Costs	383.3	(101.9)	485.3
General and Administrative Expenses (expenses are in parentheses)	(232.7)	3.3	(236.1)
Net Business Profit Before Credit Costs	150.5	(98.6)	249.1
Ordinary Profit	117.3	(101.5)	218.8
Net Income	77.6	(65.4)	143.1
Credit Costs (expenses are in parentheses)	(24.9)	(10.7)	(14.1)
Net Gains on Stocks	31.3	12.5	18.7

(2) Analysis of Consolidated Financial Position

As of March 31, 2017, “Total Assets” increased by ¥7,223.7 billion to ¥65,453.7 billion and “Total Net Assets” increased by ¥87.1 billion to ¥2,791.6 billion from the end of the previous fiscal year.

In particular, “Cash and Due from Banks” increased by ¥7,019.9 billion to ¥26,944.4 billion, “Loans and Bills Discounted” increased by ¥514.5 billion to ¥28,040.4 billion, “Securities” increased by ¥201.4 billion to ¥5,127.7 billion, and “Deposits” increased by ¥9,298.8 billion to ¥36,000.8 billion, compared with those as of the end of the previous fiscal year.

(3) Analysis of Consolidated Cash Flows

“Net Cash Provided by Operating Activities” totaled ¥7,533.3 billion, a year-on-year decrease of ¥2,219.0 billion, and “Net Cash Used in Investing Activities” totaled ¥339.3 billion, a year-on-year decrease of ¥41.2 billion, and “Net Cash Provided by Financing Activities” totaled ¥26.0 billion, a year-on-year increase of ¥90.1 billion. “Cash and Cash Equivalents at the End of the Year” totaled ¥24,531.3 billion.

(4) Earnings Forecasts

The consolidated earnings forecast for the fiscal year ending March 31, 2018, is as follows: “Net Business Profit Before Credit Costs” of ¥260.0 billion, a year-on-year increase of ¥27.6 billion, “Ordinary Profit” of ¥235.0 billion, a year-on-year increase of 38.6 billion, “Net Income Attributable to Owners of the Parent” of ¥150.0 billion, a year-on-year increase of ¥28.5 billion, and “Net Income per Share of Common Stock” is ¥392.12 per share, a year-on-year increase of ¥74.88 per share.

(5) Policy on Shareholder Returns and Dividends for the Fiscal Years 2016 and 2017

SuMi TRUST Holding’s policy on shareholder returns is to share profits with shareholders in accordance with its performance and maintain a consolidated dividend payout ratio on common stock of approximately 30%. Under this policy, SuMi TRUST Holdings aims to enhance shareholder returns in the medium term by maintaining a balance with potential opportunities for profit growth and carrying out stock repurchases to improve capital efficiency. In line with its policy and taking into account the factors that have caused lower-than-expected performance, SuMi TRUST Holdings projects the year-end cash dividends as ¥65 per share of common stock per the forecasts made at the beginning of the fiscal year ended March 31, 2017.

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effected on October 1, 2016. Assuming that the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2017, the interim dividends paid in December 2016 would be ¥65 per share of common stock and the total cash dividends per share of common stock to be paid for the fiscal year ended March 31, 2017, would be ¥130 per share.

SuMi TRUST Holdings has recognized that sharing profits with shareholders is one of its important management policies and strove to enhance shareholder returns by adopting the dividend policy to share its profits with shareholders in accordance with its profit level and repurchasing its own shares in order to maximize the shareholder value over the medium- to long-term. For further clarifying our management’s initiative toward shareholder returns, SuMi TRUST Holdings decided to revise the Policy on Shareholder Return as below.

Policy Before the Revision	SuMi TRUST Holdings shall share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns.
Policy After the Revision	SuMi TRUST Holdings shall share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns by increasing a total shareholder return to approximately 40% in a gradual manner.

Under the revised dividend policy on shareholder returns, the total cash dividends for the fiscal year ending March 31, 2018, are projected as ¥130 per share of common stock (including the interim dividends of ¥65 per share) based on the consolidated earnings forecast for the fiscal year ending March 31, 2018.

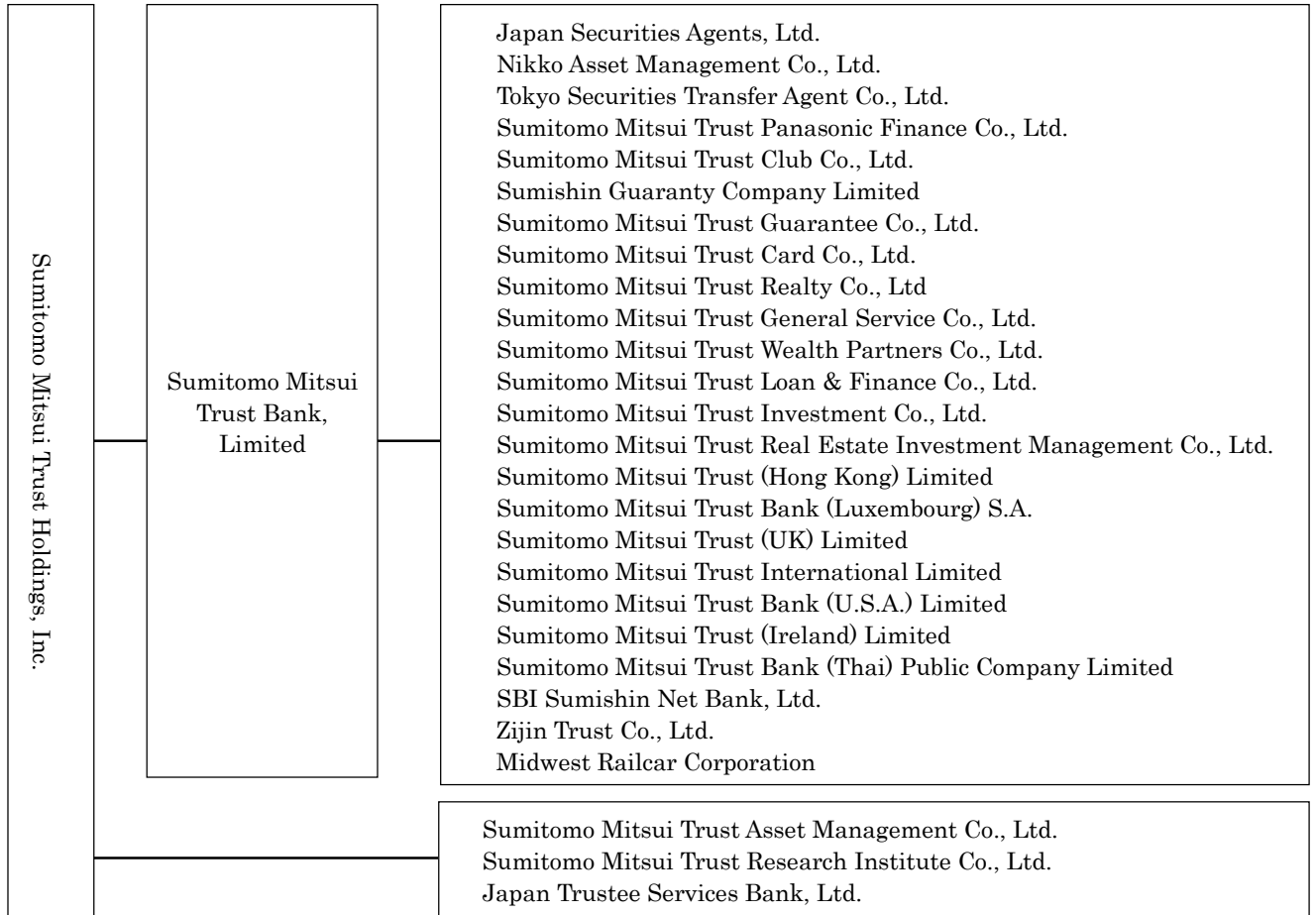
(Note) Consolidated Dividend Payout Ratio = (Total Amount of Dividends on Common Stock / Net Income Attributable to Owners of the Parent) × 100

Total shareholder return ratio = {(Total amount of dividends for common shares + Total amount of repurchase) / Net income attributable to owners of parent} × 100

2. Organization of the Sumitomo Mitsui Trust Holdings Group

The Sumitomo Mitsui Trust Holdings Group (the “SuMi TRUST Group” or “we”) is engaged in a broad range of financial services activities, mainly in trust banking business by SuMi TRUST Bank. The SuMi TRUST Group encompasses 71 consolidated subsidiaries and 23 affiliated companies accounted for by the equity method. The SuMi TRUST Group’s reportable segments are presented below:

(as of March 31, 2017)



(Note) The “ ” symbol denotes consolidated subsidiaries and the “ ” symbol denotes affiliated companies accounted for by the equity method.

3. Management Policy

(1) Basic Management Policy

The SuMi TRUST Group has stated our Mission and Vision in order to present a clear picture of the company group that we envision.

(i) Our Mission

- Swiftly provide comprehensive solutions to its customers by fully utilizing the significant expertise and comprehensive capabilities.
- Adhere to the principles of sound management based on a high degree of self-discipline with the background of “Trustee Spirit” and establish strong credibility from society.
- Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

(ii) Our Vision: Towards “The Trust Bank”

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

(2) Targeted Management Benchmarks

The SuMi TRUST Group set revenue targets of ¥260.0 billion in “Net Business Profit Before Credit Costs” and ¥150.0 billion in “Net Income Attributable to Owners of the Parent” on a consolidated basis for the fiscal year 2017.

(3) Medium- and Long-term Management Strategies and Issues to be Addressed

Amid changing social structures resulting from the declining birthrate and aging population, and maturation of the economy, issues that the SuMi TRUST Group’s customers have with regards to assets and liabilities have been more complex and advanced, and there is growing demand for services which can solve these needs in a comprehensive manner. This means that the SuMi TRUST Group now has a much bigger role to play. The SuMi TRUST Group will provide finely-tuned total solutions that satisfy the needs of customers by leveraging its high degree of specialization and through comprehensive strength, which can only be delivered by the SuMi TRUST Group as a trust bank, with the aim of developing a business model to generate its own added value and pursue sustainable growth.

(i) Reform business models toward “Evolution of the Trust Bank”

The SuMi TRUST Group has been developing new products and services in accordance with changes in customers’ needs or economic environment, and dedicated itself to forming multi-layer earnings structures and diversifying business portfolio. By taking advantage of the Group’s various functions and business portfolio, it needs to further increase the added value of total solution that the Group offers by enhancing its strength in order to survive this era of economic and financial uncertainty.

In view of these recognized issues, the SuMi TRUST Group has determined to deliver a business model reform to meet the customers’ demand, address environmental changes, and strive to bring itself to the new growth path in accordance with the SuMi TRUST Group’s new midterm management plan “The second foundation”.

In the midst of the ongoing financial and economic turnabout, both corporate and individual customers’ needs for management, reorganization, and succession of their assets have been more complex and complicated. The SuMi TRUST Group is committed to establish a solid position as the “best partner” of the customers, meeting social demand and customer expectations.

For example, for customers who seek sound asset building and asset succession in addressing the declining birthrate and aging population, the SuMi TRUST Group will focus on providing services by utilizing long-term stable consulting and the private banking business, in which the Group has expertise.

For customers, regardless of corporate or individual, the SuMi TRUST Group will provide services by leveraging its vast functions for any kind of needs for asset management and administration of funds, securities, and real estate, aspiring to become the leading company of the asset management and administration business in Japan.

The SuMi TRUST Group will also provide various products and services to its customers and contribute to revitalizing local communities by strengthening the network with regional financial institutions and foreign institutions, taking advantage of its status as Japan's only independent trust bank group specialized in trust businesses.

Through the activities mentioned above, the SuMi TRUST Group will strive to deliver the business model reform for the sake of its further growth by establishing a solid position as the "best partner" with customers' trust and assistance, and exploit a new revenue base with medium to long term prospects.

(ii) Initiatives for the enhancement of corporate governance

The SuMi TRUST Group will strive to enhance corporate governance, aiming at sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group. Specifically, the SuMi TRUST Group will achieve flexible and versatile business execution due to prompt management decisions by changing its status from a company with a Board of Corporate Auditors to a company with Three Committees, and delegating decision-making regarding business execution from the Board of Directors to executive officers. Furthermore, it will strengthen its supervisory and restraining capabilities by establishing the three statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) where external directors need to be in the majority of each committee. SuMi TRUST Group, as a Domestic SIB, is responsible for building advanced corporate governance structure, and Risk Committee shall be established for building and enhancing effective risk governance structure of our group.

(iii) Enhancement of the system for the fiduciary duty

In an effort to establish strong credibility and reliability with its customers, shareholders, and society, the SuMi TRUST Group will enhance the system for promoting the fiduciary duty, including further stringent management of conflicts of interest, by exercising various distinctive capabilities as the trust bank group specialized in trust businesses. As part of that initiatives, Conflicts of interest Committee shall be established to monitor the status of fiduciary duty management.

(iv) Facilitation of strategic resource allocation and work style reform

The SuMi TRUST Group will allocate human resources, mainly with a focus on the growing fee business to enhance its fundamental earning power in the new and existing business areas in seeking for maximization of its management resources.

Furthermore, the SuMi TRUST Group considers a work style reform of the employees as a significant issue to be addressed in achieving its sustainable growth, and strives to create a future-oriented workplace by acknowledging the diversity of individuals, which enables employees to maximize their abilities and feel satisfied and fulfilled in working at the SuMi TRUST Group.

(v) Strengthening financial position, and sophisticating risk management and compliance frameworks

The SuMi TRUST Group will further strengthen and expand its financial foundation continuously under scheduled reduction of cross-shareholdings in response to tightened global financial regulations, such as Basel III. In addition, the SuMi TRUST Group will make further efforts to change credit portfolios reflecting uncertainties in businesses and financial climate in and outside Japan, and transition of foreign currency funding costs. It will further enhance cost reduction efforts, including review of every type of fixed cost, and emphasizing various activities for operational efficiency and profitability improvement.

On the risk management front, the SuMi TRUST Group will strengthen risk management by taking preventive measures for both revenue and risks in response to changes in the financial markets, and appropriately prepare for global financial regulations, including local laws and regulations of overseas bases.

With respect to compliance, the SuMi TRUST Group, as a financial institution placing value on public trust, will continue to improve a compliance framework suitable for global activities. It will address compliance-related issues, including enhancement of information management, elimination of deals with antisocial forces, and enhancement of customer protection management.

(vi) Expanding consolidated earnings

Subsidiaries and affiliates within the SuMi TRUST Group will strive to expand consolidated earnings and to improve operational efficiency through cost reduction. These will be achieved through enhancing the existing businesses, further vitalizing the customer base, exploiting new business growth areas, and expanding the group-wide ability to provide solutions through the coordination with SuMi TRUST Bank and other companies in the SuMi TRUST Group.

4. **Basic Views of Selecting Accounting Standards**

The SuMi TRUST Group adopts generally accepted accounting principles in Japan to facilitate financial statement comparability with other companies. As for the introduction of IFRS, we consider business development and operations of the SuMi TRUST Group as well as the internal and external changes, and the decision to adopt IFRS will be dealt with in an appropriate manner.

5. Consolidated Financial Statements and Notes to the Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Assets:		
Cash and Due from Banks	19,924,523	26,944,478
Call Loans and Bills Bought	705,252	124,706
Receivables under Resale Agreements	110,377	83,888
Receivables under Securities Borrowing Transactions	326,457	480,453
Monetary Claims Bought	889,445	906,572
Trading Assets	614,290	496,563
Money Held in Trust	1,749	1,650
Securities	4,926,236	5,127,717
Loans and Bills Discounted	27,525,862	28,040,446
Foreign Exchanges	17,223	16,189
Lease Receivables and Investment Assets	608,433	667,808
Other Assets	1,622,859	1,638,186
Tangible Fixed Assets:	226,824	225,814
Buildings	74,417	74,330
Land	127,424	125,959
Lease Assets	3,437	5,901
Construction in Progress	1,877	811
Other	19,667	18,812
Intangible Fixed Assets:	202,163	214,790
Software	91,241	114,447
Goodwill	100,019	90,492
Lease Assets	212	188
Other	10,689	9,661
Assets for Retirement Benefits	91,404	119,018
Deferred Tax Assets	23,952	23,243
Customers' Liabilities for Acceptances and Guarantees	503,742	458,010
Allowance for Loan Losses	(90,851)	(115,814)
Total Assets	58,229,948	65,453,725
Liabilities:		
Deposits	26,701,948	36,000,814
Negotiable Certificates of Deposit	7,130,632	7,326,617
Call Money and Bills Sold	38,968	54,089
Payables under Repurchase Agreements	653,456	1,063,737
Payables under Securities Lending Transactions	—	13,699
Trading Liabilities	451,751	366,879
Borrowed Money	2,580,524	3,463,105
Foreign Exchanges	259	236
Short-Term Bonds Payable	1,253,207	904,248
Bonds Payable	1,076,118	1,385,098
Borrowed Money from Trust Account	13,694,600	10,274,143
Other Liabilities	1,253,630	1,151,325
Provision for Bonuses	16,321	16,331
Provision for Directors' Bonuses	255	259
Liabilities for Retirement Benefits	13,937	14,048
Provision for Reward Points Program	17,711	17,519
Provision for Reimbursement of Deposits	3,676	3,583
Provision for Contingent Losses	7,642	7,774
Deferred Tax Liabilities	123,927	137,501
Deferred Tax Liabilities for Land Revaluation	3,126	3,016
Acceptances and Guarantees	503,742	458,010
Total Liabilities	55,525,436	62,662,042

(Continued)

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Net Assets:		
Capital Stock	261,608	261,608
Capital Surplus	645,106	645,048
Retained Earnings	1,087,195	1,159,028
Treasury Stock	(27,097)	(34,061)
Total Shareholders' Equity	1,966,813	2,031,623
Valuation Differences on Available-for-Sale Securities	467,517	476,848
Deferred Gains (Losses) on Hedges	(13,169)	(21,018)
Revaluation Reserve for Land	(5,819)	(6,067)
Foreign Currency Translation Adjustments	2,800	2,135
Adjustments for Retirement Benefits	(41,168)	(20,905)
Total Accumulated Other Comprehensive Income	410,160	430,992
Subscription Rights to Shares	421	577
Non-Controlling Interests	327,116	328,488
Total Net Assets	2,704,511	2,791,682
Total Liabilities and Net Assets	58,229,948	65,453,725

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Ordinary Income:	1,198,904	1,261,272
Trust Fees	105,537	99,870
Interest Income:	372,076	384,354
Interest on Loans and Discounts	259,957	279,228
Interest and Dividends on Securities	86,544	80,305
Interest on Call Loans and Bills Bought	857	1,341
Interest on Receivables under Resale Agreements	925	973
Interest on Receivables under Securities Borrowing Transactions	18	7
Interest on Deposits with Banks	18,610	18,110
Other Interest Income	5,161	4,387
Fees and Commissions	356,247	397,531
Trading Income	15,964	18,338
Other Ordinary Income	286,009	296,261
Other Income:	63,068	64,915
Recoveries of Written-Off Claims	2,795	2,813
Other	60,273	62,101
Ordinary Expenses:	920,842	1,064,889
Interest Expenses:	141,131	165,271
Interest on Deposits	61,617	79,629
Interest on Negotiable Certificates of Deposit	16,575	27,879
Interest on Call Money and Bills Sold	1,234	912
Interest on Payables under Repurchase Agreements	4,403	8,230
Interest on Payables under Securities Lending Transactions	7	24
Interest on Borrowings	9,143	9,438
Interest on Short-Term Bonds	2,810	5,245
Interest on Bonds	15,788	17,269
Other Interest Expenses	29,550	16,642
Fees and Commissions Payments	80,428	85,319
Trading Expenses	428	1,297
Other Ordinary Expenses	216,036	318,885
General and Administrative Expenses	405,078	435,335
Other Expenses	77,739	58,779
Provision of Allowance for Loan Losses	19,195	26,320
Other	58,544	32,458
Ordinary Profit	278,061	196,383

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Extraordinary Income:	2,720	1,615
Gains on Disposal of Fixed Assets	1,846	1,615
Gains on Negative Goodwill	874	—
Extraordinary Losses:	7,645	6,863
Losses on Disposal of Fixed Assets	3,565	992
Impairment Losses	4,080	5,870
Income before Income Taxes	273,136	191,135
Income Taxes:	93,986	56,929
Current	72,470	52,274
Deferred	21,515	4,654
Net Income	179,150	134,206
Net Income Attributable to Non-Controlling Interests	12,240	12,759
Net Income Attributable to Owners of the Parent	166,909	121,446

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Net Income	179,150	134,206
Other Comprehensive Income (Loss):	(119,791)	21,148
Valuation Differences on Available-for-Sale Securities	(33,514)	11,809
Deferred Gains (Losses) on Hedges	3,149	(9,314)
Revaluation Reserve for Land	175	—
Foreign Currency Translation Adjustments	(11,134)	(1,360)
Adjustments for Retirement Benefits	(77,014)	20,293
Attributable to Equity Method Affiliated Companies	(1,451)	(279)
Comprehensive Income:	59,359	155,354
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	47,474	142,527
Comprehensive Income Attributable to Non-Controlling Interests	11,884	12,827

(3) Consolidated Statements of Changes in Net Assets
For the Fiscal Year Ended March 31, 2016

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	261,608	645,261	970,373	(17,057)	1,860,185
Changes during the Year					
Cash Dividends			(50,105)		(50,105)
Net Income Attributable to Owners of the Parent			166,909		166,909
Purchase of Treasury Stock				(10,069)	(10,069)
Disposal of Treasury Stock		0		29	29
Purchase of Shares of Consolidated Subsidiaries		(155)			(155)
Sales of Shares of Consolidated Subsidiaries			(25)		(25)
Reversal of Revaluation Reserve for Land			43		43
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(154)	116,822	(10,040)	106,627
Balance at the End of the Year	261,608	645,106	1,087,195	(27,097)	1,966,813

	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	505,448	(20,605)	(5,951)	14,953	35,793	529,638	246	326,902	2,716,973
Changes during the Year									
Cash Dividends									(50,105)
Net Income Attributable to Owners of the Parent									166,909
Purchase of Treasury Stock									(10,069)
Disposal of Treasury Stock									29
Purchase of Shares of Consolidated Subsidiaries									(155)
Sales of Shares of Consolidated Subsidiaries									(25)
Reversal of Revaluation Reserve for Land									43
Net Changes of Items Other Than Shareholders' Equity	(37,930)	7,435	131	(12,153)	(76,961)	(119,478)	175	213	(119,089)
Total Changes during the Year	(37,930)	7,435	131	(12,153)	(76,961)	(119,478)	175	213	(12,461)
Balance at the End of the Year	467,517	(13,169)	(5,819)	2,800	(41,168)	410,160	421	327,116	2,704,511

For the Fiscal Year Ended March 31, 2017

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	261,608	645,106	1,087,195	(27,097)	1,966,813
Changes during the Year					
Cash Dividends			(49,861)		(49,861)
Net Income Attributable to Owners of the Parent			121,446		121,446
Purchase of Treasury Stock				(6,983)	(6,983)
Disposal of Treasury Stock		(0)		19	18
Purchase of Shares of Consolidated Subsidiaries		(57)			(57)
Reversal of Revaluation Reserve for Land			247		247
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(58)	71,833	(6,964)	64,810
Balance at the End of the Year	261,608	645,048	1,159,028	(34,061)	2,031,623

	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	467,517	(13,169)	(5,819)	2,800	(41,168)	410,160	421	327,116	2,704,511
Changes during the Year									
Cash Dividends									(49,861)
Net Income Attributable to Owners of the Parent									121,446
Purchase of Treasury Stock									(6,983)
Disposal of Treasury Stock									18
Purchase of Shares of Consolidated Subsidiaries									(57)
Reversal of Revaluation Reserve for Land									247
Net Changes of Items Other Than Shareholders' Equity	9,331	(7,848)	(247)	(665)	20,263	20,832	155	1,372	22,360
Total Changes during the Year	9,331	(7,848)	(247)	(665)	20,263	20,832	155	1,372	87,171
Balance at the End of the Year	476,848	(21,018)	(6,067)	2,135	(20,905)	430,992	577	328,488	2,791,682

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Net Cash Provided by (Used in) Operating Activities:		
Income before Income Taxes	273,136	191,135
Depreciation and Amortization	30,461	32,336
Impairment Losses	4,080	5,870
Amortization of Goodwill	8,416	9,464
Gain on Negative Goodwill	(874)	—
Equity in Losses (Earnings) of Affiliated Companies	(7,702)	(6,950)
Increase (Decrease) in Allowance for Loan Losses	(2,535)	24,962
Increase (Decrease) in Provision for Bonuses	8	10
Increase (Decrease) in Provision for Directors' Bonuses	25	4
Decrease (Increase) in Assets for Retirement Benefits	98,195	(13,650)
Increase (Decrease) in Liabilities for Retirement Benefits	1,830	135
Increase (Decrease) in Provision for Reward Points Program	1,216	(192)
Increase (Decrease) in Provision for Reimbursement of Deposits	77	(92)
Increase (Decrease) in Provision for Contingent Losses	(891)	131
Gain on Fund Management	(372,076)	(384,354)
Financing Expenses	141,131	165,271
Loss (Gain) Related to Securities	(82,002)	60,574
Loss (Gain) on Money Held in Trust	(39)	(43)
Foreign Exchange Losses (Gains)	70,463	18,015
Loss (Gain) on Disposal of Tangible Fixed Assets	1,718	(623)
Net Decrease (Increase) in Trading Assets	140,672	117,726
Net Increase (Decrease) in Trading Liabilities	46,562	(84,871)
Net Decrease (Increase) in Loans and Bills Discounted	(1,966,797)	(517,960)
Net Increase (Decrease) in Deposit	1,624,350	9,309,675
Net Increase (Decrease) in Negotiable Certificates of Deposit	560,064	195,985
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	(5,135)	877,614
Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan)	(91,858)	187,520
Net Decrease (Increase) in Call Loans	(568,738)	589,770
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(15,650)	(153,996)
Net Increase (Decrease) in Call Money	(268,118)	425,402
Net Increase (Decrease) in Payables under Securities Lending Transactions	—	13,699
Net Decrease (Increase) in Foreign Exchange-Assets	(4,490)	1,034
Net Increase (Decrease) in Foreign Exchange-Liabilities	118	(22)
Net Decrease (Increase) in Lease Receivables and Investment Assets	(47,042)	(59,374)
Net Increase (Decrease) in Short-Term Bonds Payable	278,889	(348,958)
Increase (Decrease) in Straight Bonds-Issuance and Redemption	11,511	219,207
Net Increase (Decrease) in Borrowed Money from Trust Account	9,711,339	(3,420,456)
Proceeds from Fund Management	385,989	393,100
Payments for Finance	(151,477)	(161,877)
Other, Net	8,172	(57,493)
Subtotal	9,813,000	7,627,731
Income Taxes (Paid) Refunded	(60,571)	(94,387)
Net Cash Provided by (Used in) Operating Activities	9,752,429	7,533,343

(Continued)

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Net Cash Provided by (Used in) Investing Activities:		
Purchase of Securities	(5,512,916)	(5,658,711)
Proceeds from Sales of Securities	3,242,654	3,745,007
Proceeds from Redemption of Securities	1,996,948	1,657,757
Increase in Money Held in Trust	(250)	—
Purchase of Tangible Fixed Assets	(20,408)	(12,428)
Proceeds from Sales of Tangible Fixed Assets	4,353	3,148
Purchase of Intangible Fixed Assets	(51,259)	(49,752)
Proceeds from Sales of Intangible Fixed Assets	0	1
Purchase of Shares of Subsidiaries	(39,910)	—
Resulting in Change in the Scope of Consolidation		
Proceeds from Sales of Shares of Subsidiaries	160	—
Resulting in Change in the Scope of Consolidation		
Purchase of Shares of Affiliated Companies Accounted for using the Equity Method	—	(24,381)
Net Cash Provided by (Used in) Investing Activities	(380,627)	(339,358)
Net Cash Provided by (Used in) Financing Activities:		
Increase in Subordinated Borrowings	—	10,000
Decrease in Subordinated Borrowings	(30,000)	(5,000)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	178,883	139,133
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(141,269)	(50,000)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	(434)	(170)
Cash Dividends Paid	(50,102)	(49,847)
Cash Dividends Paid to Non-Controlling Interests	(11,159)	(11,123)
Purchase of Treasury Stock	(10,069)	(6,983)
Proceeds from Sales of Treasury Stock	29	18
Net Cash Provided by (Used in) Financing Activities	(64,122)	26,026
Effect of Exchange Rate Change on Cash and Cash Equivalents	(5,780)	(12,536)
Net Increase (Decrease) in Cash and Cash Equivalents	9,301,898	7,207,476
Cash and Cash Equivalents at the Beginning of the Year	8,022,017	17,323,915
Cash and Cash Equivalents at the End of the Year	17,323,915	24,531,391

(5) Notes to the Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Notes on Going Concern Assumptions

There is no applicable information.

Significant Accounting Policies and Practices

1. Scope of Consolidation

(1) Consolidated Subsidiaries: 71 companies

Principal Company:

SuMi TRUST Bank

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

SMT Fund Services (UK) Limited and one other company are excluded from the scope of consolidation due to liquidation effective from the fiscal year ended March 31, 2017.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 30 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are the operators that are engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries are excluded from the scope of consolidation because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries).

2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method: None

(2) Affiliated Companies Accounted for by the Equity Method: 23 companies

Principal Companies:

Japan Stockholders Data Service Company, Limited

SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the fiscal year ended March 31, 2017, are as follows:

Marubeni SuMiT Rail Transport Inc. and three other companies are included in the scope of application of the equity method mainly due to the acquisition of their shares effective from the fiscal year ended March 31, 2017.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are Not Accounted for by the Equity Method

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 30 other companies are excluded from the scope of application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements for the current fiscal year. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies).

3. Balance Sheet Dates of the Consolidated Subsidiaries

- (1) The balance sheet dates of the consolidated subsidiaries are as follows:

April 30	2 companies
May 31	1 company
August 31	1 company
September 30	5 companies
November 30	1 company
December 31	10 companies
January 24	3 companies
January 31	2 companies
March 31	46 companies
- (2) Subsidiaries are consolidated using the financial statements for the current fiscal year as of the following dates:

Subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31

A subsidiary with a balance sheet date of May 31: Provisionally prepared financial statements as of February 28

A subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28

Subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31

A subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28

Subsidiaries with a balance sheet date of January 24: Provisionally prepared financial statements as of March 31

The other subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2017, and the above balance sheet dates of subsidiaries have been reflected in the consolidated financial statements.

4. Significant Accounting Policies

- (1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or intermarket differences (“for trading purposes”). The fluctuations in such items are presented as “Trading Assets” or “Trading Liabilities” in the consolidated balance sheets on a trade-date basis, and gains and losses from such transactions are presented as “Trading Income” or “Trading Expenses” in the consolidated statements of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair value as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, changes in fair value of securities and monetary claims during the current fiscal year, and changes in value of derivatives between the beginning and end of the current fiscal year.
 - (2) Securities
 - (a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Holdings is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes (Trading Securities), (ii) debt securities intended to be held to maturity (Held-to-Maturity Debt Securities), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories (Available-for-Sale Securities).

Held-to-Maturity Debt Securities are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as Available-for-Sale Securities are valued at the market price during the final month of the current fiscal year. Available-for-Sale Securities other than Japanese stocks are valued at the market price at the balance sheet date. Available-for-Sale Securities for which their fair values are not reliably determinable are carried at cost determined by 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.
 - (b) Securities in money held in trust are classified and accounted for in the same manner as those described in 4. (1) and 4. (2) (a) above.
- (3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

Tangible fixed assets are depreciated using primarily the straight-line method.

The useful lives of major asset categories are as follows:

Buildings:	3 to 60 years
Others:	2 to 20 years

(b) Intangible fixed assets other than lease assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Holdings or the consolidated subsidiaries, generally five years.

(c) Lease assets

The lease assets under “Tangible Fixed Assets” and “Intangible Fixed Assets” that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

(5) Allowance for Loan Losses

The major domestic consolidated subsidiaries record allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings (“legal bankruptcy”) and against borrowers that are in substantially similar adverse condition (“virtual bankruptcy”), the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future (“possible bankruptcy”), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers’ solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the “estimated cash flow method”).

For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥20,070 million for the fiscal year ended March 31, 2017.

(6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

(7) Provision for Directors’ Bonuses

A provision for directors’ bonuses is provided at some of the consolidated subsidiaries for the estimated directors’ bonuses attributable to the current fiscal year.

(8) Provision for Reward Points Program

A provision for reward points program is provided for the use of points granted to holders of Diners Club Card and other credit cards in the amount deemed necessary based on the estimated points to be used in the future.

(9) Provision for Reimbursement of Deposits in Dormant Accounts

At SuMi TRUST Bank, a provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

(10) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with trust transactions in the amount deemed necessary based on the estimated possible future losses.

(11) Accounting for Retirement Benefits

In determining the retirement benefit obligations, SuMi TRUST Bank and some consolidated subsidiaries apply the method to attribute projected benefits to the periods up to the year ended March 31, 2017, under the plan's benefit formula. Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Actuarial gains or losses: Actuarial differences are expensed using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the computational shortcut method in calculating projected benefit obligations for lump-sum retirement benefit plans, recording liabilities at amounts to be required for voluntary termination at the year-end.

(12) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing at the consolidated balance sheet dates, except for shares of affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates.

Assets and liabilities of other consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

(13) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of goods sold when lease payments are collected.

(14) Hedge Accounting

(a) Interest-related transactions

SuMi TRUST Bank manages the interest rate risk arising from various assets and liabilities using financial derivative transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Auditing Committee Report No. 24 of February 13, 2002 ("Report No. 24")). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest volatility factors for the hedged items and the hedging instruments.

In accordance with "Temporary Treatment for Accounting and Auditing Concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Holdings has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate exposure of certain changes of transactions, such as loans and deposits. Deferred gains (losses) on hedges in the consolidated balance sheets as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" for each hedging transaction.

Deferred losses on hedges associated with "Macro Hedge Accounting" during the current fiscal year ended March 31, 2017, totaled ¥145 million (before tax effect).

(b) Currency-related transactions

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies using financial derivative transactions. Such transactions are generally treated as deferred hedges as specified in “Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry” (JICPA Industry Auditing Committee Report No. 25 of July 29, 2002 (“Report No. 25”). The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps as a means of hedging to mitigate the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, the hedged items.

Additionally, transactions intended to hedge the currency risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that spot and forward obligations exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The currency risk associated with investment in the shares of foreign subsidiaries and affiliated companies is individually hedged using forward exchange contracts denominated in the same currency, and foreign currency translation adjustments arising from the hedging instruments are included in Foreign Currency Translation Adjustments.

(c) Stock-related transactions

SuMi TRUST Bank manages the risk of fluctuations in underlying stock prices of some “available-for-sale securities” using financial derivative transactions. Such transactions are generally treated as fair value hedges, and the effectiveness of those hedges is evaluated individually by a ratio analysis, i.e., a comparison of the hedged item with the changes in the fair values of the corresponding hedging instrument.

(d) Internal hedge transactions and others

Among derivative transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management of hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges or exceptional treatment for interest rate swaps by individual transactions.

(15) Amortization Method and Period of Goodwill

Goodwill is amortized over the period that is reasonably determined by each case within 20 years. However, it is expensed in the fiscal year incurred if it is deemed immaterial.

(16) Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

The balance of Cash and Cash Equivalents in the consolidated statements of cash flows is equivalent to the balance of “Cash and Due from Banks” presented in the consolidated balance sheets (cash and due from the Bank of Japan for SuMi TRUST Bank and Japan Trustee Services Bank, Ltd. (“JTSEB”)).

(17) National and Local Consumption Taxes

National and local consumption taxes (“consumption taxes”) payable by SuMi TRUST Holdings and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any non-deductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

Changes in Accounting Policies

Certain consolidated subsidiaries applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32 of June 17, 2016) for the fiscal year ended March 31, 2017, to comply with the 2016 Tax Reform Act. They changed their depreciation method for accompanying facilities and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. The effects of this change to “Ordinary Profit” and “Income before Income Taxes” for the fiscal year ended March 31, 2017, are immaterial.

Additional Information

SuMi TRUST Holdings applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Statement No. 26 of March 28, 2016) effective from the fiscal year ended March 31, 2017.

Notes

Consolidated Balance Sheets

- Stocks and Equity Investments in Unconsolidated Subsidiaries and Associated Companies**
Stocks and equity investments in unconsolidated subsidiaries and associated companies were ¥119,478 million.
- Unsecured Borrowed Securities under Lending Agreements and Securities Purchased under Resale Agreements and Borrowing Transactions with Cash Collateral that SuMi TRUST Holdings is Permitted to Sell or Repledge without Restrictions**
Securities that are repledged were ¥15,500 million, further loaned were ¥866,678 million, and the remaining securities held as of the fiscal year ended March 31, 2017, were ¥48,103 million.
- Loans in Bankruptcy Proceedings and Other Delinquent Loans**
Loans and bills discounted included ¥2,919 million of loans in bankruptcy proceedings and ¥53,778 million of other delinquent loans. Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons, excluding loans that have been written off (“non-accrual loans”), due to the reasons as prescribed in Article 96, Paragraph 1, Items 3 and 4 of the Enforcement Ordinance for the Corporation Tax Act (Cabinet Order No. 97 of 1965). Other delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower’s business restructuring or to otherwise provide support.
- Loans Past Due Three Months or More**
Loans and bills discounted included ¥191 million of loans past due three months or more. Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as loans in bankruptcy proceedings or other delinquent loans.
- Restructured Loans**
Loans and bills discounted included ¥34,343 million of restructured loans. Restructured loans are those loans whose terms have been modified by reducing or waiving interest; granting interest payment extensions; granting principal repayment extensions; forgiving debt; or providing some arrangements favorable to the borrower in connection with the borrower’s business restructuring or providing support, excluding those loans classified as loans in bankruptcy proceedings, other delinquent loans, or loans past due three months or more.
- Total of Bankruptcy, Delinquent Loans, Loans Past Due Three Months or More, and Restructured Loans**
The total of loans in bankruptcy proceedings, other delinquent loans, loans past due three months or more, and restructured loans was ¥91,233 million. The amounts presented in Notes 3 through 6 are before allowances for loan losses.
- Bills Discounted**
Bills discounted are treated as financial transactions in accordance with Report No. 24. SuMi TRUST Holdings has a right to freely sell or re-pledge such commercial bills. The total face value of such bills was ¥2,299 million.

8. Assets Pledged as Collateral

Assets Pledged as Collateral

Trading Assets	¥	16,987	million
Securities	¥	812,175	million
Loans and Bills Discounted	¥	3,624,556	million
Other Assets	¥	29,604	million

Corresponding Liabilities to Assets Pledged as Collateral

Deposits	¥	25,784	million
Payables under Repurchase Agreements	¥	685,264	million
Payables under Securities Lending Transactions	¥	13,699	million
Borrowed Money	¥	1,969,804	million

In addition to the above, ¥671,882 million of securities have been pledged as collateral for settlement of exchange and others, or substitution of margin of futures and others.

Other Assets included ¥7,781 million of initial margins of futures, ¥35,909 million of security deposits, and ¥493,052 million of cash collateral paid for financial instruments.

9. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and committed lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amount of unused credit under such agreements is ¥11,960,257 million, of which ¥8,092,361 million is attributable to agreements expiring within one year or that may be unconditionally canceled at any time.

The balance of unused credit will not necessarily affect the future cash flows of the consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing the consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. In addition to requesting collateral, such as real estate or securities, as necessary, at the time of entering into the agreement, SuMi TRUST Holdings has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

10. Revaluation Reserve for Land

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use held by SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a deferred tax liability on land revaluation in liabilities, and the amount net of such difference was recorded as a revaluation reserve for land in net assets.

Revaluation Date: March 31, 1999

Revaluation method prescribed by Article 3, Paragraph 3 of the Act:

The revaluation was calculated by adjusting the value of land based on the posted prices for benchmark properties as prescribed by Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998) and the land assessments under Article 2, Item 4 of the same order.

The difference between the fair value and revalued book value of the land for commercial use subject to the Article 10 of the Act was ¥4,808 million.

11. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets was ¥151,021 million.

12. Advanced Depreciation

Advanced depreciation, which is allowed by the tax law in Japan, was ¥26,415 million.

13. Borrowed Money

Borrowed money included ¥105,000 million of subordinated borrowings with lower priority for fulfillment of obligation than other debts, of which ¥10,000 million is subordinated borrowings with a debt relief clause at the contractual point of non-viability.

14. Bonds Payable

Bonds payable includes ¥701,597 million of subordinated bonds, of which ¥350,000 million is subordinated bonds with a debt relief clause at the contractual point of non-viability.

15. Guarantee Obligations on Corporate Bonds Placed through Private Securities Offerings

The bonds presented under "Securities" included ¥109,176 million of guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act).

16. Principal of Guaranteed Trust Accounts

The principal amount of the trusts held by SuMi TRUST Bank through guaranteed trust agreements included ¥3,882,168 million of money trusts and ¥10,262 million of loan trusts.

Consolidated Statements of Income

1. Other Income

“Other income” for the fiscal year ended March 31, 2017, included ¥46,243 million of gains on sales of stocks and other securities and ¥6,950 million of equity in earnings of affiliated companies.

2. Other Expenses

“Other expenses” for the fiscal year ended March 31, 2017, included ¥5,906 million of losses on sales of stocks and other securities.

Consolidated Statements of Changes in Net Assets

1. Class and the Number of Issued Shares of Common Stock and Treasury Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal year ended March 31, 2017, consisted of the following:

(Thousands of Shares)

	Number of Shares Outstanding at the Beginning of the Fiscal Year	Increase	Decrease	Number of Shares Outstanding at the End of the Fiscal Year	Note
Number of Issued Shares:					
Common Share	3,903,486	—	3,513,137	390,348	Notes 1 and 2
Treasury Stock:					
Common Share	57,991	20,039	70,220	7,810	Notes 1, 3 and 4

Notes:

- SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016.
- Decrease in the number of issued shares of common stock by 3,513,137 thousand shares is due to the consolidation of shares.
- Details of the increase in the number of shares of common stock held as treasury stock by 20,039 thousand shares are as follows:

(Before the consolidation of shares)

 - Purchase of odd-lot or less than one thousand shares: 26 thousand shares
 - Acquisition of treasury stock, which was resolved at the meeting of the Board of Directors held on May 12, 2016: 20,000 thousand shares

(At the time of/after the consolidation of shares)

 - Purchase of fractional shares less than one unit of allotment associated with the consolidation of shares: 4 thousand shares
 - Purchase of odd-lot or less than one thousand shares: 8 thousand shares
- Details of the decrease in the number of shares of common stock held as treasury stock by 70,220 thousand shares are as follows:

(Before the consolidation of shares)

 - Purchase requests from odd-lot or less than one thousand shares: 2 thousand shares
 - Transfer of shares upon exercise of stock option rights: 7 thousand shares

(At the time of/after the consolidation of shares)

 - Decrease due to the consolidation of shares: 70,207 thousand shares
 - Purchase requests from odd-lot or less than one thousand shares: 0 thousand share
 - Transfer of shares upon exercise of stock option rights: 2 thousand shares

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal year ended March 31, 2017, consisted of the following:

(Millions of Yen)

Entity	Description	Number of Shares Outstanding at the End of the Fiscal Year
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	577
Consolidated Subsidiary (Nikko Asset Management Co., Ltd.)	Subscription Rights to Shares as Stock Options	—

3. Dividends

(1) Dividends paid for the fiscal year ended March 31, 2017, consist of the following:

Resolution	Type of Shares	Millions of Yen	Yen	Record Date	Effective Date
		Total Cash Dividend	Cash Dividend per Share		
June 29, 2016 Ordinary General Meeting of Shareholders	Common Share	24,995	6.50 (Note)	March 31, 2016	June 30, 2016
November 14, 2016 Board of Directors' Meeting	Common Share	24,865	6.50 (Note)	September 30, 2016	December 2, 2016

(Note) Cash dividend per share does not reflect the effect of the consolidation of shares as the record dates are before the consolidation of shares effected on October 1, 2016.

(2) Dividends with a record date during the current fiscal year ended March 31, 2017, but whose effective date is after March 31, 2017, are as follows:

SuMi TRUST Holdings plans to propose the following at the ordinary general meeting of shareholders to be held on June 29, 2017:

Resolution	Type of Shares	Millions of Yen	Dividend Resources	Yen	Record Date	Effective Date
		Total Cash Dividends		Cash Dividends per Share		
June 29, 2017 Ordinary General Meeting of Shareholders	Common Share	24,864	Retained Earnings	65.00	March 31, 2017	June 30, 2017

Consolidated Statements of Cash Flows

1. Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet as of March 31, 2017.

Cash and Due from Banks	¥	26,944,478	million
Due from Consolidated Subsidiaries in Japan Involving in Trust Banking Business (excluding Due from Bank of Japan)		(2,413,086)	million
Cash and Cash Equivalents	¥	24,531,391	million

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

SuMi TRUST Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies, as well as measures for investing and funding financial assets and financial liabilities under its annual plan. SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks, while implementing comprehensive Asset-Liability Management (“ALM”). Meanwhile, SuMi TRUST Bank conducts derivative transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts (“Trading Accounts”) that are segregated from other accounts (“Banking Accounts”) in accordance with Article 13-6-3 of the Ordinance for Enforcement of the Banking Act. Some consolidated subsidiaries are also engaged in trading securities.

(2) Description and Risks of Financial Instruments

1) Trading Accounts

SuMi TRUST Group deals with over-the-counter (“OTC”) and listed derivative transactions related to interest rates, exchange rates, bonds, credits, and commodities, as well as trading securities. These derivative transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, and prices; credit risks; and other risks.

2) Banking Accounts

Financial assets of SuMi TRUST Group are primarily loans to corporations and individuals in Japan, and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers’ credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks of becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Group deals with OTC and listed derivative transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Group comprehensively manages various financial assets and liabilities, such as loans and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction. To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, the hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

The details of hedge accounting are described in “Significant Accounting Policies and Practices.”

(3) Risk Management for Financial Instruments

SuMi TRUST Group maintains a basic policy for risk management of financial instruments to ensure the effectiveness of the PDCA (Plan-Do-Check-Act) cycle related to each risk category across the Company in accordance with the “Risk Management Policy” determined at the Board of Directors’ meeting. The framework for risk management for each risk category is as follows:

1) Credit Risk Management

Credit risk is the risk of financial loss of SuMi TRUST Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risk related to a credit creating function. SuMi TRUST Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further and by meeting a new and sound demand for credit.

(a) Risk Management Policy on Credit Risk

The basic policy of SuMi TRUST Group on credit risk management calls for “a diversified credit portfolio” and “strict management for individual credits.”

For the former, SuMi TRUST Group manages credit exposures of each customer based on its limited credit

amount, and periodically reviews impacts of identified risks to large and particular creditors and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Group manages individual credits through processes, such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of creditor and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Group evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

(b) Risk Management Framework for Credit Risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides credit strategy and economic capital allocation plans, and approves the "Self-Assessment Rules" based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Corporate Risk Management Department.

2) Market Risk Management

Market risk is the risk of financial loss on SuMi TRUST Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

(a) Risk Management Policy on Market Risk

In managing market risk, SuMi TRUST Group aims to achieve appropriate returns compatible with the Group's strategic goals, the scale and nature of its operations, and risk profiles by ensuring soundness and appropriateness of its business under proper risk control and by further enhancing the risk management framework.

(b) Risk Management Framework for Market Risk

With regard to market risk, the SuMi TRUST Group maintains a basic policy for setting and controlling various risk limits and segregation of organizations related to market risk under its Rules for Risk Management. The practical application of the basic policy is stated in the Rules for Market Risk Management. Divisions that execute transactions (the front office) are clearly segregated from the divisions that process transactions (the back office) for independent check purposes, and the Risk Management Department, which is independent from both the front and back offices, centrally manages market risk. This department identifies and analyzes group-wide risk, tracks adherence to risk limits, and reports to respective directors in charge on a daily basis and to the board of directors periodically.

At SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets/liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits/losses and monitoring the status of market risk management under ALM basic plans and the status of compliance with risk limits. The Risk Management Department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee, as well as the board of directors periodically.

(c) Market Risk Management Approach

SuMi TRUST Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Group, SuMi TRUST Group manages market risks by measuring VaR and calculating various risk management indicators, and carrying out various simulations.

The internally developed VaR model is basically the variance-covariance method, and the historical simulation method is also used for calculating some risks (nonlinear risks and others), such as risks associated with option transactions. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others, according to its characteristics. SuMi TRUST Group calculates market risk by simply adding up the risks of all categories without considering the correlation

among these categories.

(d) Quantitative Information Related to Market Risk

(i) Trading Accounts

SuMi TRUST Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivative transactions held in the “Trading Accounts.” The VaR model used is primarily based on the variance-covariance method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 260 business days).

As of March 31, 2017, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the “Trading Accounts” was ¥5.5 billion.

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profit and loss. The back testing for the fiscal year ended March 31, 2017, resulted in one instances where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking Accounts

SuMi TRUST Group uses VaR for managing risks associated with financial assets and liabilities held in the “Banking Accounts.” The variance-covariance method is the primary measurement method for interest/exchange rate and credit spread exposures, and the historical simulation method for stock price exposure (with a holding period of a maximum of one year according to a position; confidence interval of 99%; and observation period of 260 business days, one year or five years for stock prices).

As of March 31, 2017, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the “Banking Account” was ¥802.4 billion.

SuMi TRUST Group performs back testing on certain positions held in the “Banking Accounts” that compares VaR calculated on its internal model with actual profit and loss regarding financial assets and liabilities subject to measurement. SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture the risk under extreme market movements.

3) Management of Liquidity Risk (Liquidity Risk Management on Fund Raising)

Liquidity risk is the risk of financial loss to SuMi TRUST Group when SuMi TRUST Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

(a) Risk Management Policy of Liquidity Risk

With regard to liquidity risk, SuMi TRUST Group designs and implements a policy to build up a risk management framework for liquidity risk, recognizing that financial difficulties due to exposure to such risk could possibly lead SuMi TRUST Group directly to bankruptcy under certain circumstances.

(b) Risk Management Framework and Approaches for Liquidity Risk

Liquidity risk management departments determine the extent of SuMi TRUST Group’s cash crunch appropriately in cooperation with the liquidity management departments, while gathering and analyzing information related to both the internal environment, such as SuMi TRUST Group’s risk profiles, and external environment, such as economic circumstances or market conditions, based on the risk management plan approved by the board of directors semiannually.

To reduce liquidity risk, the liquidity management departments manage cash flow within the predetermined appropriate limits, and the liquidity risk management departments monitor its compliance.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

2. Fair Values of Financial Instruments

The carrying amounts in the consolidated balance sheets and fair values of financial instruments as of March 31, 2017, as well as the differences between these values are presented below. The fair values of unlisted shares are excluded from the following table because such fair values are extremely difficult to determine (See Note 2).

(Millions of Yen)

	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	26,944,375	26,944,375	—
(2) Call Loans and Bills Bought	124,706	124,706	—
(3) Receivables under Resale Agreements	83,888	83,888	—
(4) Receivables under Securities Borrowing Transactions	480,453	480,453	—
(5) Monetary Claims Bought (*1)	872,988	873,742	754
(6) Trading Assets			
Trading Securities	58,201	58,201	—
(7) Money Held in Trust	1,550	1,550	—
(8) Securities			
Held-to-Maturity Debt Securities	254,325	281,139	26,813
Available-for-Sale Securities	4,615,771	4,615,771	—
(9) Loans and Bills Discounted	28,040,446		
Allowance for Loan Losses (*2)	(104,393)		
	27,936,053	28,174,222	238,168
(10) Foreign Exchanges	16,189	16,189	—
(11) Lease Receivables and Investment Assets (*1)	665,695	678,065	12,369
Total Assets	62,054,200	62,332,306	278,105
(1) Deposits	36,000,814	36,043,426	42,612
(2) Negotiable Certificates of Deposit	7,326,617	7,326,617	—
(3) Call Money and Bills Sold	54,089	54,089	—
(4) Payables under Repurchase Agreements	1,063,737	1,063,737	—
(5) Payables under Securities Lending Transactions	13,699	13,699	—
(6) Borrowed Money	3,463,105	3,470,544	7,438
(7) Foreign Exchanges	236	236	—
(8) Short-Term Bonds Payable	904,248	904,248	—
(9) Bonds Payable	1,385,098	1,416,114	31,015
(10) Borrowed Money from Trust Account	10,274,143	10,274,143	—
Total Liabilities	60,485,792	60,566,859	81,067
Derivative Transactions (*3)			
Derivative Transactions Not Qualifying for Hedge Accounting	69,441	69,441	—
Derivative Transactions Qualifying for Hedge Accounting	17,516	17,516	—
Total Derivative Transactions	86,957	86,957	—

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets are directly deducted from the carrying amounts in the consolidated balance sheets because the balance of the allowance is immaterial.

(*2) General and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivative transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.
Receivables and payables arising from derivative transactions are presented on a net basis.

(Note 1) Method for Calculating Fair Values of Financial Instruments

Assets

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Monetary claims bought at counterparties' quoted prices or dealer/broker-quoted prices are stated at such prices. Fair values for all other such claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) Money Held in Trust

Securities managed as trust assets for money held in trust, which are individually managed primarily for the management of securities, are stated at quoted market prices or dealer/broker-quoted prices.

Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, or counterparties' or dealer/broker-quoted prices. Investment trusts are stated at published reference prices.

Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities and discounting the aggregate principal and interest by the assumed interest rate for similar new loans. However, variable-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legally bankrupt, virtually bankrupt, and potentially bankrupt, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheets at the consolidated balance sheet date because such deducted amounts approximate fair value.

Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate fair value because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Lease Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (5) Payables under Securities Lending Transactions, (7) Foreign Exchanges, (8) Short-Term Bonds Payable, and (10) Borrowed Money from Trust Account

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts because they have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(6) Borrowed Money

Borrowed money of consolidated subsidiaries at variable rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money. Fair values of borrowed money at fixed rates are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value.

(9) Bonds Payable

Bonds issued by SuMi TRUST Holdings and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar corporate bonds.

Derivatives

The fair values of listed derivative transactions are based on the closing prices on exchanges or dealer price quotations. The fair values of OTC derivative transactions are calculated using the net present value method or option-pricing models.

(Note 2) The amounts of financial instruments for which fair values are not reliably determinable are stated below, and such amounts are not included in the market value information for financial instruments presented under “Assets, (5) Monetary Claims Bought” or “Assets, (8) Available-for-Sale Securities” sections.

(Millions of Yen)

	Carrying Amount
Monetary Claims Bought	33,127
Securities	138,141
(1) Unlisted Stocks (*3)	73,581
(2) Investments in Associations	53,670
(3) Others (*3)	10,889
Total	171,269

(*1) The above financial instruments are excluded from fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks in subsidiaries and affiliated companies are not included in the above table.

(*3) During the current fiscal year, impairment losses of ¥3,146 million and ¥22 million were recognized against unlisted stocks and others, respectively.

Securities

In addition to the “Securities” presented in the consolidated balance sheets, the following information includes trading securities and short-term corporate bonds under “Trading Assets” and loan-backed trust deeds reported under “Monetary Claims Bought.”

1. Trading Securities (as of March 31, 2017)

(Millions of Yen)

	Valuation Difference Reflected in the Consolidated Statements of Income
Trading Securities	(96)

2. Held-to-Maturity Securities (as of March 31, 2017)

	Carrying Amount	Fair Value	(Millions of Yen) Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	140,239	160,301	20,062
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	20,141	20,359	218
Other Bonds	162,167	168,883	6,716
Foreign Bonds	72,414	79,026	6,612
Other	89,752	89,857	104
Subtotal	322,547	349,544	26,996
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	—	—	—
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	9,000	8,937	(62)
Other Bonds	13,181	13,164	(16)
Foreign Bonds	12,530	12,514	(16)
Other	650	650	—
Subtotal	22,181	22,102	(78)
Total	344,728	371,646	26,917

3. Available-for-Sale Securities (as of March 31, 2017)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	1,341,234	599,790	741,444
Bonds	506,763	503,492	3,271
Government Bonds	44,991	44,926	65
Local Government Bonds	2,233	2,216	17
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	459,538	456,350	3,188
Other Securities	779,660	764,137	15,523
Foreign Stocks	10,919	8,839	2,079
Foreign Bonds	687,418	681,599	5,818
Other	81,323	73,697	7,625
Subtotal	2,627,658	1,867,419	760,238
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	55,522	66,494	(10,971)
Bonds	340,796	342,296	(1,499)
Government Bonds	170,264	170,365	(100)
Local Government Bonds	2,557	2,586	(28)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	167,973	169,344	(1,370)
Other Securities	1,630,982	1,693,101	(62,119)
Foreign Stocks	10,512	11,443	(931)
Foreign Bonds	701,208	722,233	(21,024)
Other	919,261	959,425	(40,163)
Subtotal	2,027,301	2,101,892	(74,591)
Total	4,654,959	3,969,312	685,647

4. Available-for-Sale Securities Sold during the Current Fiscal Year (from April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Amount Sold	Gain	Loss
Stocks	80,281	46,026	1,450
Bonds	318,513	1,977	361
Government Bonds	227,504	1,438	292
Local Government Bonds	9,228	15	28
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	81,781	522	41
Other Securities	3,376,224	19,884	122,888
Foreign Bonds	3,142,440	19,453	118,303
Other	233,784	431	4,584
Total	3,775,020	67,888	124,700

(Note) The figures above include the available-for-sale securities whose fair values are not reliably determinable.

5. Securities reclassified due to the change of the holding purpose

SuMi TRUST Holdings changed the holding purposes of foreign bonds, which were classified under held-to-maturity securities, of ¥8,821 million to available-for-sale securities during the fiscal year ended March 31, 2017, in accordance with the U.S. financial regulatory reform bill.

There is no effect of this change on the consolidated financial statements since all of these securities were sold during the fiscal year ended March 31, 2017.

6. Impairment of Securities

Securities other than trading securities whose fair values are not reliably determinable, or those deemed to be, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheets for the current fiscal year. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

Impairment losses recognized were ¥679 million on stocks during the fiscal year ended March 31, 2017.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as “normal” under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as “close-observation borrowers,” a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30%, but less than 50% from acquisition cost, and the fair values have continued to decline over a certain period.

Money Held in Trust

1. Money Held in Trust for Trading Purposes (as of March 31, 2017)

(Millions of Yen)

	Carrying Amount	Valuation Differences Included in the Current Fiscal Year's Income
Money Held in Trust for Trading Purposes	152	(0)

2. Held-to-Maturity Money Held in Trust (as of March 31, 2017)

There was no held-to-maturity money held in trust as of March 31, 2017.

3. Other Money Held in Trust (other than those held for trading purposes or held to maturity as of March 31, 2017)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	1,498	1,082	415	415	—

(Note) The amount of “Difference” is net of “Positive Difference” and “Negative Difference.”

Valuation Differences on Available-for-Sale Securities

The following table shows components of Valuation Differences on Available-for-Sale Securities in the consolidated balance sheets.

(Millions of Yen)

	Amount
Valuation Differences	
Available-for-Sale Securities	681,226
Other Money Held in Trust	415
Total Valuation Differences	681,642
Amount Equivalent to Deferred Tax Liabilities	(206,591)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	475,051
Non-Controlling Interests	(241)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	2,039
Valuation Differences on Available-for-Sale Securities	476,848

(Notes)

- Foreign currency translation adjustments on available-for-sale securities, for which fair values are not reliably determinable, are included in the “Available-for-Sale Securities” under “Valuation Differences.”
- The valuation difference of ¥722 million on available-for-sale securities, which are assets held by associations, is included in “Available-for-Sale Securities” under “Valuation Differences.”
- The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in “Available-for-Sale Securities” under “Valuation Differences.”

Stock Option Plans

1. Expenses Recorded and Account Used in Connection with Stock Options during the Current Fiscal Year
General and Administrative Expenses: ¥165 million

2. Description, Volume, and Changes in Stock Options

(1) Description of Stock Options

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of The Chuo Mitsui Trust and Banking Company, Limited: 19 Directors and officers of The Chuo Mitsui Asset Trust and Banking Company, Limited: 7 Directors and officers of The Sumitomo Trust and Banking Co., Ltd.: 24 Total: 72	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 44 Total: 66
Number of Stock Options Granted by Class of Share (Note)	Common stock: 28,600 shares	Common stock: 26,000 shares
Grant Date	July 26, 2011	July 18, 2012
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	July 26, 2011 to July 25, 2013	July 18, 2012 to July 17, 2014
Exercise Period	July 26, 2013 to July 25, 2021	July 18, 2014 to July 17, 2022

(Note) Converted into the number of equivalent shares, taking into account the consolidation of shares (at a ratio of ten existing shares into one share) effected on October 1, 2016.

	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60	Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63
Number of Stock Options Granted by Class of Share (Note)	Common stock: 39,800 shares	Common stock: 40,400 shares
Grant Date	July 19, 2013	August 1, 2014
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	July 19, 2013 to July 18, 2015	Not specified
Exercise Period	July 19, 2015 to July 18, 2023	August 31, 2014 to July 31, 2044

(Note) Converted into the number of equivalent shares, taking into account the consolidation of shares (at a ratio of ten existing shares into one share) effected on October 1, 2016.

	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63	Directors and officers of SuMi TRUST Holdings: 21 Directors and officers of SuMi TRUST Bank: 42 Total: 63
Number of Stock Options Granted by Class of Share (Note)	Common stock: 32,700 shares	Common stock: 51,000 shares
Grant Date	July 31, 2015	July 29, 2016
Vesting Conditions	1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	Not specified	Same as on the left
Exercise Period	August 31, 2015 to July 30, 2045	August 31, 2016 to July 28, 2046

(Note) Converted into the number of equivalent shares, taking into account the consolidation of shares (at a ratio of ten existing shares into one share) effected on October 1, 2016.

(2) Volume and Changes in Stock Options

1) Number of Stock Options

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Unvested Stock Options						
At the Beginning of the Fiscal Year	—	—	—	—	—	—
Granted	—	—	—	—	—	51,000
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	51,000
Unvested	—	—	—	—	—	—
Vested Stock Options						
At the Beginning of the Fiscal Year	23,400	22,500	39,300	38,700	32,700	—
Vested	—	—	—	—	—	51,000
Exercised	700	400	—	2,200	—	—
Forfeited	—	—	—	—	—	—
Unexercised	22,700	22,100	39,300	36,500	32,700	51,000

(Note) Converted into the number of equivalent shares, taking into account the consolidation of shares (at a ratio of ten existing shares into one share) effected on October 1, 2016.

2) Unit Price Information

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares	SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Exercise Price (yen)	4,000	4,000	5,190	1	1	1
Average Stock Price when Exercised (yen)	4,281	4,375	—	3,651	—	—
Fair Unit Value on the Grant Date (yen)	620	340	1,460	4,240	5,447	3,246

(Note) The amounts reflect the effect of consolidation of shares (at a ratio of ten existing shares into one share) effected on October 1, 2016.

3. Method for Estimating a Fair Unit Price for Stock Options

The method used to estimate a fair unit price for SuMi TRUST Holdings Series 6 Subscription Rights to Shares at the end of the current fiscal year is described as below.

(1) Valuation Technique Used: Black-Scholes Model

(2) Principal Parameters and Estimation Method Used

		SuMi TRUST Holdings Series 6 Subscription Rights to Shares
Stock Price Volatility	(Note 1)	40.4%
Expected Time to Exercise	(Note 2)	1.70 years
Dividend Yield	(Note 3)	3.75%
Risk-Free Interest Rate	(Note 4)	(0.36)%

(Notes)

1. Stock price volatility was calculated based on the closing prices of common stock of SuMi TRUST Holdings on the final trading day of each week during a past consecutive period corresponding to the expected time to exercise.
 2. The expected time to exercise the stock option is estimated based on expected tenures of holders of the subscription rights to shares because it is difficult to reasonably estimate the expected time to exercise the stock options.
 3. Dividend yield is based on the actual dividends on common stock paid for the year ended March 31, 2016.
 4. The rate represents the Japanese Government Bond yield corresponding to the expected life.
4. Method for Estimating the Number of Vested Stock Options
 SuMi TRUST Holdings has adopted a method to reflect only the number of stock options that have been actually forfeited because it is difficult to reasonably estimate the number that will be forfeited in the future.

Segment Information

1. Reportable Segment Information

SuMi TRUST Group's reportable segments are defined as operating segments for which discrete financial information is available and that is regularly reviewed by the Board of Directors in determining resources to be allocated to the segments and in assessing their business performance.

SuMi TRUST Group comprises SuMi TRUST Bank Group (SuMi TRUST Bank and its consolidated subsidiaries) and other consolidated subsidiaries, and SuMi TRUST Bank Group is treated as a reportable segment of "SuMi TRUST Bank." The main activities of the reportable segments are presented below.

SuMi TRUST Bank: Trust banking business

2. Method for Calculating Ordinary Income, Profit or Losses, Assets, Liabilities, and Other Items of Reportable Segment

The accounting policies used for the reportable segments are the same as those presented under "Significant Accounting Policies and Practices," and the amount of segment profit presented for the reportable segments is "Income before Income Taxes."

Prices used for internal transactions among segments are the same as the prices used for transactions with unaffiliated customers.

3. Ordinary Income, Profit or Losses, Assets, Liabilities, and Other Items of Reportable Segment

(Millions of Yen)

	Reportable Segment		Others	Total	Adjustment	Reported Amount
	SuMi TRUST Bank	Total				
Ordinary Income						
Unaffiliated Customers	1,228,070	1,228,070	37,523	1,265,593	(4,321)	1,261,272
Intersegment	16,587	16,587	88,421	105,009	(105,009)	—
Total	1,244,658	1,244,658	125,944	1,370,603	(109,331)	1,261,272
Segment Profit	172,427	172,427	62,195	234,622	(43,487)	191,135
Segment Assets	52,540,547	52,540,547	15,316,970	67,857,518	(2,403,792)	65,453,725
Segment Liabilities	49,907,542	49,907,542	13,628,201	63,535,744	(873,701)	62,662,042
Others						
Depreciation and Amortization	25,390	25,390	6,946	32,336	—	32,336
Amortization of Goodwill	9,964	9,964	—	9,964	(499)	9,464
Interest Income	389,888	389,888	62,131	452,020	(67,665)	384,354
Interest Expenses	165,813	165,813	9,631	175,444	(10,173)	165,271
Equity in Earnings of Affiliated Companies	6,950	6,950	—	6,950	—	6,950
Extraordinary Income	1,615	1,615	—	1,615	—	1,615
(Gains on Disposal of Fixed Assets)	1,615	1,615	—	1,615	—	1,615
Extraordinary Loss	6,855	6,855	7	6,863	—	6,863
(Losses on Disposal of Fixed Assets)	984	984	7	992	—	992
(Impairment Losses)	5,870	5,870	—	5,870	—	5,870
Unamortized Balance of Goodwill	94,490	94,490	—	94,490	(3,998)	90,492
Investment in Affiliated Companies Accounted for by the Equity Method	86,149	86,149	—	86,149	—	86,149

(Notes)

- The figures represent Ordinary Income in substitution for net sales to be presented by companies in other industries.
- The figures under SuMi TRUST Bank represent consolidated amounts.
- "Others" include SuMi TRUST Group and its consolidated subsidiaries other than SuMi TRUST Bank group companies.
- The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions and include realized valuation differences arising from business combinations.
- Segment profits have been adjusted to "Income before Income Taxes" as presented in the consolidated statements of income.

Related Information

1. Information by Services

(Millions of Yen)

	Trust Banking Business	Leasing Business	Others	Total
Ordinary Income: Unaffiliated Customers	788,279	231,298	241,693	1,261,272

(Notes)

- The figures represent Ordinary Income in substitution for net sales to be presented by companies in other industries.
- “Trust Banking Business” comprises Ordinary Income of SuMi TRUST Bank and JTSB.

2. Geographic Information

(1) Ordinary Income

(Millions of Yen)

Japan	Americas	Europe	Asia and Oceania	Total
1,082,383	74,997	41,723	62,168	1,261,272

(Notes)

- The figures represent Ordinary Income in substitution for net sales to be presented by companies in other industries.
- Ordinary income related to transactions by SuMi TRUST Holdings, its domestic consolidated banking subsidiaries (excluding oversea branches), and other domestic consolidated subsidiaries are presented under “Japan.” Ordinary income related to transactions by overseas branches of domestic consolidated banking subsidiaries and foreign consolidated subsidiaries are presented under “Americas,” “Europe,” or “Asia and Oceania” based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Group’s tangible fixed assets on the consolidated balance sheets are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Group and a significantly large number of SuMi TRUST Group’s customers, transactions are not classified by major counterparty; accordingly, information by major customers is not presented.

Information Related to Losses on Impairment of Fixed Assets of Reportable Segment

Information is not provided in this section because the same information is disclosed in the “Segment Information” section.

Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill of Reportable Segment

Information is not provided in this section because the same information is disclosed in the “Segment Information” section.

Information Related to Gain on Negative Goodwill of Reportable Segment

There is no applicable information.

Related-Party Transactions

There were no material related-party transactions to be disclosed for the fiscal year ended March 31, 2017.

Per Share of Common Stock Information

		Fiscal Year Ended March 31, 2017
Net Assets per Share of Common Stock	Yen	6,437.58
Net Income per Share of Common Stock	Yen	317.24
Fully Diluted Net Income per Share of Common Stock	Yen	317.16

(Note) SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Net assets per share of common stock, net income per share of common stock, and fully diluted net income per share of common stock are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2017.

(Notes)

1. Net Assets per Share of Common Stock and Basis for Calculation

		As of March 31, 2017
Net Assets as Reported	Millions of Yen	2,791,682
Less:	Millions of Yen	329,065
Subscription Rights to Shares	Millions of Yen	577
Non-Controlling Interests	Millions of Yen	328,488
Net Assets Attributable to Common Shareholders	Millions of Yen	2,462,616
The Number of Shares of Common Stock Outstanding	Thousands of Shares	382,537

2. Net Income per Share of Common Stock and Fully-Diluted Net Income per Share of Common Stock and Basis for Calculation

		Fiscal Year ended March 31, 2017
Net Income per Share of Common Stock		
Net Income Attributable to Owners of the Parent	Millions of Yen	121,446
Net Income Not Attributable to Common Shareholders	Millions of Yen	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	Millions of Yen	121,446
Average Number of Shares of Common Stock Outstanding	Thousands of Shares	382,818
Fully Diluted Net Income per Share of Common Stock		
Adjustments to Net Income Attributable to Owners of the Parent	Millions of Yen	—
Effect of Dilutive Securities:	Thousands of Shares	104
Subscription Rights to Shares	Thousands of Shares	104
Summary of the potential shares that were excluded from calculation of fully diluted net income per share of common stock because they have no dilutive effect		<p>SuMi TRUST Holdings: Series 1 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 22,700 shares Series 2 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 22,100 shares Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 39,300 shares</p> <p>Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 9,159,300 shares</p>

Significant Subsequent Events

(Redemption of Non-dilutive Preferred Securities)

1. SuMi TRUST Holdings held a meeting of the Board of Directors on May 15, 2017, resolved to redeem the Non-dilutive Preferred Securities, in full, issued by MTH Preferred Capital 5 (Cayman) Limited, a Special Purpose Subsidiary, which is an 100% direct subsidiary of SuMi TRUST Holdings, and decided to dissolve such Special Purpose Subsidiary accordingly.
For further details, please refer to “Notice Regarding Redemption of Non-dilutive Preferred Securities, Dissolution of Subsidiaries and Change of Specified Subsidiaries” also released today, May 15, 2017.
2. SuMi TRUST Holdings held a meeting of the Board of Directors on May 15, 2017, resolved to redeem the Non-dilutive Preferred Securities, in full, issued by STB Preferred Capital 3 (Cayman) Limited, a Special Purpose Subsidiary, which is an 100% direct subsidiary of SuMi TRUST Holdings, and decided to dissolve such Special Purpose Subsidiary accordingly.
For further details, please refer to “Notice Regarding Redemption of Non-dilutive Preferred Securities, Dissolution of Subsidiaries and Change of Specified Subsidiaries” also released today, May 15, 2017.

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Assets:		
Current Assets:		
Cash and Due from Banks	1,205	1,747
Securities	69,000	62,000
Prepaid Expenses	6	26
Income Tax Refunds Receivable	11,187	11,186
Other Current Assets	1,164	1,758
Total Current Assets	82,563	76,718
Non-Current Assets:		
Tangible Fixed Assets:	0	0
Tools, Furniture and Fixtures	0	0
Intangible Fixed Assets:	1	0
Software	1	0
Investments and Other Assets:	1,741,388	1,891,388
Investment Securities	652	652
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,530,642	1,530,642
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	210,000	360,000
Other Investments	94	94
Total Non-Current Assets	1,741,389	1,891,389
Deferred Asset:		
Stock Issuance Cost	227	—
Total Deferred Asset	227	—
Total Assets	1,824,180	1,968,108
Liabilities:		
Current Liabilities:		
Accrued Expenses	2,010	2,577
Income Taxes Payable	7	11
Unearned Revenue	251	—
Provision for Bonuses	66	71
Other Current Liabilities	226	123
Total Current Liabilities	2,562	2,783
Non-Current Liabilities:		
Bonds Payable	328,000	468,000
Long-Term Loans Payable	—	10,000
Other Non-Current Liabilities	36	36
Total Non-Current Liabilities	328,036	478,036
Total Liabilities	330,598	480,820
Net Assets:		
Shareholder's Equity:		
Capital Stock	261,608	261,608
Capital Surplus:		
Legal Capital Surplus	702,933	702,933
Other Capital Surplus	338,540	338,539
Total Capital Surplus	1,041,474	1,041,473
Retained Earnings:		
Other Retained Earnings		
Retained Earnings Brought Forward	217,175	217,690
Total Retained Earnings	217,175	217,690
Treasury Stock	(27,097)	(34,061)
Total Shareholder's Equity	1,493,160	1,486,710
Subscription Rights to Shares	421	577
Total Net Assets	1,493,582	1,487,288
Total Liabilities and Net Assets	1,824,180	1,968,108

(2) Non-Consolidated Statements of Income

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2016	March 31, 2017
Operating Income:		
Dividends Received from Subsidiaries	54,778	54,700
Fees and Commissions Received from Subsidiaries	5,148	3,517
Total Operating Income	59,926	58,218
Operating Expenses:		
General and Administrative Expenses	2,315	2,035
Total Operating Expenses	2,315	2,035
Operating Profit	57,611	56,183
Non-Operating Income:	2,615	5,165
Interest Income	2,280	4,861
Interest on Securities	34	0
Commission Fee	224	170
Other Non-Operating Income	76	133
Non-Operating Expenses:	9,722	10,971
Interest Expenses	—	4
Interest on Bonds Payable	7,023	9,584
Amortization of Stock Issuance Cost	1,365	227
Bonds Issuance Cost	1,116	866
Other Non-Operating Expenses	216	288
Ordinary Profit	50,504	50,378
Income before Income Taxes	50,504	50,378
Income Taxes:		
Current	1	1
Total Income Taxes	1	1
Net Income	50,503	50,376

(3) Non-Consolidated Statements of Changes in Net Assets
 For the Fiscal Year Ended March 31, 2016

(Millions of Yen)

	Shareholder's Equity					
	Capital Stock	Capital Surplus			Retained Earnings	
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings
Balance at the Beginning of the Year	261,608	702,933	338,539	1,041,473	216,777	216,777
Changes during the Year						
Cash Dividends					(50,105)	(50,105)
Net Income					50,503	50,503
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Net Changes of Items Other Than Shareholder's Equity						
Total Changes during the Year	—	—	0	0	397	397
Balance at the End of the Year	261,608	702,933	338,540	1,041,474	217,175	217,175

	Shareholder's Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholder's Equity		
Balance at the Beginning of the Year	(17,057)	1,502,802	246	1,503,048
Changes during the Year				
Cash Dividends		(50,105)		(50,105)
Net Income		50,503		50,503
Purchase of Treasury Stock	(10,069)	(10,069)		(10,069)
Disposal of Treasury Stock	29	29		29
Net Changes of Items Other Than Shareholder's Equity			175	175
Total Changes during the Year	(10,040)	(9,642)	175	(9,466)
Balance at the End of the Year	(27,097)	1,493,160	421	1,493,582

For the Fiscal Year Ended March 31, 2017

(Millions of Yen)

	Shareholder's Equity					
	Capital Stock	Capital Surplus			Retained Earnings	
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings
				Retained Earnings Brought Forward		
Balance at the Beginning of the Year	261,608	702,933	338,540	1,041,474	217,175	217,175
Changes during the Year						
Cash Dividends					(49,861)	(49,861)
Net Income					50,376	50,376
Purchase of Treasury Stock						
Disposal of Treasury Stock			(0)	(0)		
Net Changes of Items Other Than Shareholder's Equity						
Total Changes during the Year	—	—	(0)	(0)	515	515
Balance at the End of the Year	261,608	702,933	338,539	1,041,473	217,690	217,690

	Shareholder's Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholder's Equity		
Balance at the Beginning of the Year	(27,097)	1,493,160	421	1,493,582
Changes during the Year				
Cash Dividends		(49,861)		(49,861)
Net Income		50,376		50,376
Purchase of Treasury Stock	(6,983)	(6,983)		(6,983)
Disposal of Treasury Stock	19	18		18
Net Changes of Items Other Than Shareholder's Equity			155	155
Total Changes during the Year	(6,964)	(6,449)	155	(6,294)
Balance at the End of the Year	(34,061)	1,486,710	577	1,487,288

Notes on Going Concern Assumptions

There is no applicable information.

7. Other

(1) Change of Officers in Sumitomo Mitsui Trust Holdings, Inc.

(a) Changes in representative director

There is no applicable information.

(b) Other changes

(i) Newly Appointed Director (As of June 29, 2017 (planned))

New Position	Name	Current Position
Director (*) (External Director)	Shinichi Saito	Corporate Auditor (External Auditor) of SuMi TRUST Holdings, Representative Director, CO-CEO of Japan Industrial Solutions, Ltd., Director (External Director) of Meikoshokai Co., Ltd.
Director (*) (External Director)	Takashi Yoshida	Corporate Auditor (External Auditor) of SuMi TRUST Holdings, Certified Public Accountant, Corporate Auditor (External Auditor) of Nippon Seiro Co., Ltd., Director (External Director) of Cosmos Initia Co., Ltd.
Director (*) (External Director)	Hiroko Kawamoto	Director (External Director) of SuMi TRUST Bank, Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd.

(*) Mr. Shinichi Saito, Mr. Takashi Yoshida and Ms. Hiroko kawamoto are the candidates for external directors set forth in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

(ii) Retiring Corporate Auditors (As of June 29, 2017 (planned))

Current Position	Name	Appointed Position after Retirement
Corporate Auditor (External Auditor)	Tetsuya Yoshimoto	—
Corporate Auditor (External Auditor)	Shinichi Saito	Corporate Auditor (External Auditor) of SuMi TRUST Holdings, Representative Director, CO-CEO of Japan Industrial Solutions, Ltd., Director (External Director) of Meikoshokai Co., Ltd.
Corporate Auditor (External Auditor)	Takashi Yoshida	Corporate Auditor (External Auditor) of SuMi TRUST Holdings, Certified Public Accountant, Corporate Auditor (External Auditor) of Nippon Seiro Co., Ltd., Director (External Director) of Cosmos Initia Co., Ltd.