

Sumitomo Mitsui Trust Holdings, Inc. (SMTH)
Financial Results for the Fiscal Year Ended March 31, 2014
[Japanese GAAP] (Consolidated)



May 14, 2014

Stock exchange listings:	Tokyo and Nagoya (Code: 8309)
URL:	http://www.smth.jp/en/index.html
Representative:	Kunitaro Kitamura, President
Contact:	Kiyomitsu Asahi, General Manager of Financial Planning Department TEL +81-3-3286-8354
Date of ordinary general meeting of shareholders:	June 27, 2014
Payment date of cash dividends (Scheduled):	June 30, 2014
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Trading accounts:	Established
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, 2014
(From April 1, 2013, to March 31, 2014)

(1) Consolidated Results of Operations (Percentages represent changes from the same period in the previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income	
Fiscal Year Ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2014	1,187,565	6.4	258,021	1.2	137,675	2.9
March 31, 2013	1,115,781	(15.7)	255,075	(6.3)	133,768	(18.8)

(Note) Comprehensive Income: March 31, 2014 ¥239,712 million, (14.3%) March 31, 2013 ¥279,612 million, 41.8%

	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
Fiscal Year Ended	Yen	Yen	%	%	%
March 31, 2014	34.48	34.48	7.1	0.6	21.7
March 31, 2013	31.27	—	7.5	0.7	22.9

(Reference) Equity in Earnings (Losses) of Affiliates: March 31, 2014 ¥3,381 million March 31, 2013 ¥2,808 million

(Note) Net income per share of common stock (fully-diluted) for the year ended March 31, 2013, is not presented because no potentially dilutive securities were issued and outstanding.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets Ratio	Net Assets per Share of Common Stock
As of	Millions of Yen	Millions of Yen	%	Yen
March 31, 2014	41,889,413	2,441,043	5.0	511.02
March 31, 2013	37,704,031	2,330,474	4.8	470.71

(Reference) Shareholders' Equity: March 31, 2014 ¥2,105,375 million March 31, 2013 ¥1,846,039 million

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

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.

(3) Consolidated Cash Flows

	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 Period
Fiscal Year Ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2014	2,258,701	734,169	(262,800)	5,400,503
March 31, 2013	517,965	700,274	(349,728)	2,609,409

2. Cash Dividends per Share of Common Stock

	Annual Cash Dividends per Share of Common Stock					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Dividends to Net Asset Ratio (Consolidated)
	Three Months End	Six Months End	Nine Months End	Year-End	Total			
Fiscal Year Ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2013	—	4.25	—	4.75	9.00	35,154	28.8	2.0
March 31, 2014	—	5.00	—	5.00	10.00	39,021	29.0	2.0
Fiscal Year Ending								
March 31, 2015(Forecast)	—	5.50	—	5.50	11.0		29.5	

(Note) The dividend information above represents the cash dividends on shares of common stock. For dividends on shares of other classes of stock of SMTH (unlisted) with different rights, please refer to "Cash Dividends on Shares of Other Classes of Stock" stated below.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2015
(From April 1, 2014, to March 31, 2015)

(Percentages represent changes from the same periods in the previous quarter and fiscal year)

	Ordinary Profit		Net Income		Net Income per Share of Common Stock
Six Months Ending	Millions of Yen	%	Millions of Yen	%	Yen
September 30, 2014	130,000	4.3	80,000	15.6	19.91
Fiscal Year Ending					
March 31, 2015	260,000	0.8	150,000	9.0	37.25

***Notes**

(1) Changes in Significant Subsidiaries during the Fiscal Year Ended March 31, 2014 : Yes

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

Included: — (—)
 Excluded: 3 companies MTH Preferred Capital 3 (Cayman) Limited
 STB Preferred Capital 2 (Cayman) Limited
 STB Preferred Capital 5 (Cayman) Limited

(For further details, please refer to "2. Organization of the Sumitomo Mitsui Trust Holdings Group ("SMTH Group") on page 3 of Accompanying Materials.)

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

1) Changes in accounting policies associated with 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

(3) Number of Shares Issued (Shares of Common Stock)

1) Number of shares issued (including treasury stock)
 2) Number of treasury stock
 3) Average number of shares issued during the current fiscal year

March 31, 2014	3,903,486,408 shares	March 31, 2013	3,903,486,408 shares
March 31, 2014	1,359,952 shares	March 31, 2013	218,176,798 shares
March 31, 2014	3,858,217,427 shares	March 31, 2013	4,129,646,524 shares

(Note) For further details, please refer to "Per Share of Common Stock Information" on page 35 of Accompanying Materials.

< Summary of Non-Consolidated Financial Results >

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (From April 1, 2013, to March 31, 2014)

(1) Non-consolidated Results of Operations

(Percentages represent 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, 2014	34,530	(39.8)	26,000	(44.1)	24,856	(46.1)	24,431	(47.0)
March 31, 2013	57,325	39.0	46,490	60.9	46,093	68.1	46,089	68.2

Fiscal Year Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully-Diluted)
	Yen	Yen
March 31, 2014	5.13	5.13
March 31, 2013	10.04	—

(Note) Net income per share of common stock (fully-diluted) for the year ended March 31, 2013, is not presented because no potentially dilutive securities were issued and outstanding.

(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, 2014	1,755,995	1,622,731	92.4	387.32
March 31, 2013	1,708,113	1,546,032	90.5	389.30

(Reference) Shareholders' Equity: March 31, 2014 ¥1,622,684 million March 31, 2013 ¥1,546,012 million

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

Statement Concerning the Status of the Audit Procedures

These consolidated financial results for the year ended March 31, 2014, are out of the scope of the year-end audit procedures required by the Financial Instruments and Exchange Act. Therefore, the year-end audit procedures on the year-end consolidated financial statements have not been completed at the time of disclosure of these consolidated financial results for the year ended March 31, 2014.

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 SMTH 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 SMTH's website, together with the explanatory material to be used on the day.

(Cash Dividends on Shares of Other Classes of Stock)

Cash dividends per share of other classes of stock with different rights from shares of common stock are as follows:

Shares of the First Series of Class 7 Preferred Stock	Annual Cash Dividends per Share of Common Stock					Total Dividend Payment (Annual)
	Three Months Ended	Six Months Ended	Nine Months Ended	Year-End	Total	
Fiscal Year Ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen
March 31, 2013	—	21.15	—	21.15	42.30	4,610
March 31, 2014	—	21.15	—	21.15	42.30	4,610
Fiscal Year Ending						
March 31, 2015 (Forecast)	—	21.15	—	21.15	42.30	

[Accompanying Materials]

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1. Operating Results

(1) Analysis of the Consolidated Operating Results

For the fiscal year ended March 31, 2014, Net Business Profit Before Credit Costs (Note) increased by ¥1.2 billion from the previous fiscal year to ¥285.8 billion. This was due to increases in net fees and commissions and related profit of Sumitomo Mitsui Trust Bank, Limited (SMTB) and contribution of net business profit before credit costs from group companies, despite the disappearance of the one-time profit boosting effects from using the purchase accounting method for business combinations related to the management integration.

Ordinary Profit increased by ¥2.9 billion from previous fiscal year to ¥258.0 billion due to the improvement in total credit costs by ¥3.0 billion from the previous fiscal year, in addition to the increase in profit as mentioned above.

As a result, Net Income increased by ¥3.9 billion from previous fiscal year to ¥137.6 billion, and exceeded the net income forecast of ¥130.0 billion by ¥7.6 million.

(Note) For further details of Net Business Profit Before Credit Costs, please refer to the "Explanatory Material Fiscal Year Ended March 31, 2014."

(2) Analysis of the Consolidated Financial Position

As of March 31, 2014, consolidated Total Assets were ¥41,889.4 billion, an increase of ¥4,185.3 billion, and consolidated Total Liabilities were ¥39,448.3 billion, an increase of ¥4,074.8 billion, compared with those as of the end of the previous fiscal year, respectively.

In particular, Loans and Bills Discounted increased by ¥1,432.3 billion to ¥23,824.0 billion, Securities decreased by ¥581.5 billion to ¥5,764.4 billion, and Deposits increased by ¥1,099.4 billion to ¥24,123.3 billion, compared with those as of the end of the previous fiscal year.

Consolidated Total Net Assets increased by ¥110.5 billion to ¥2,441.0 billion, compared with those as of the end of the previous fiscal year.

Consolidated Net Cash Provided by Operating Activities totaled ¥2,258.7 billion, a year-on-year increase of ¥1,740.7 billion, and consolidated Net Cash Provided by Investment Activities totaled ¥734.1 billion, a year-on-year increase of ¥33.8 billion. Consolidated Net Cash Used in Financing Activities totaled ¥262.8 billion, a year-on-year decrease of ¥86.9 billion. Consolidated Cash and Cash Equivalents at the end of the fiscal year totaled ¥5,400.5 billion.

(3) Basic Policy Related to the Profits Distribution and Dividends for the Fiscal Year 2013 and 2014

Sumitomo Mitsui Trust Holdings, Inc. (SMTH) recognizes the importance of returning profits to shareholders and maintains a basic policy of paying dividends commensurate with our business results, targeting a consolidated dividend payout ratio of approximately 30% for common stock. Based on the above policy, SMTH plans to pay the current year-end dividend of ¥5 per share of common stock.

As a result, the annual dividend, including the interim dividend of ¥5 per share paid in December 2013, will be ¥10 per share.

The annual dividend for the fiscal year ending March 31, 2015, will be ¥11 per share of common stock (including the interim dividend of ¥5.5 per share) based on the full-year earnings forecasts.

(Note) Consolidated payout ratio = {total dividends on common stock ÷ (consolidated net income for the current year – total dividends on preferred stock)} × 100

2. Organization of the Sumitomo Mitsui Trust Holdings Group ("SMTH Group")

The SMTH Group is engaged in a broad range of financial services activities, mainly in trust banking business. The SMTH Group encompasses 76 consolidated subsidiaries and 28 affiliates accounted for by the equity-method. The SMTH Group's reportable segments are presented as below:

(as of March 31, 2014)



(Note) The "○" symbol denotes consolidated subsidiaries and the "△" symbol denotes affiliates accounted for by the equity method.

The details of changes in specified subsidiaries during the fiscal year 2014, resulting in changes in the scope of consolidation (three excluded companies) are as follows:

Name	Address	Capital Stock (Millions of Yen)	Main Business Area	Share of Voting Rights Held
(Consolidated subsidiaries) MTH Preferred Capital 3 (Cayman) Limited	George Town, Grand Cayman, British West Indies	31,700	Financial- Related Business	100.00%
STB Preferred Capital 2 (Cayman) Limited	George Town, Grand Cayman, British West Indies	51,500	Financial- Related Business	100.00%
STB Preferred Capital 5 (Cayman) Limited	George Town, Grand Cayman, British West Indies	70,900	Financial- Related Business	100.00%

3. Management Policy

(1) Basic Management Policy

Sumitomo Mitsui Trust Holdings Group ("SMTH Group") has stated our Mission and Vision in order to present a clear picture of the company group that we envision.

A. Our Mission

- Swiftly provide comprehensive solutions to our clients 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.

B. Our Vision: Towards "The Trust Bank"

Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, SMTH 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) Medium and Long-term Management Strategies and Issues to be Addressed

Amid the steady progress in structural changes, including the declining birthrate, aging population, and globalization or unification of world economies, our clients are faced with increasingly sophisticated and complex issues. In this environment, we have a much bigger role to play and, therefore, need to establish a strong presence as "The Trust Bank," being an indispensable financial institution for clients and the society. To achieve this, we will execute a new business model that will generate our own added value, "trustee-ness," and create the uniqueness of Sumitomo Mitsui Trust Group, and will focus on strengthening our capability to deliver sustainable growth.

(i) Improve profitability from existing businesses and develop a unique business model

For our existing business, we will strive to further enhance the quality of products and services, and to expand operational capability in both the quality and quantity aspects through closer cooperation among the business segments and group companies, and utilizing the business model that combines operations of banking, trust, and real estate. At the same time, we will accelerate deployment of new businesses that offer unique value-added services tailored to various situations such as clients' life stages. For corporate clients, we aim to be their "strategic partner" in various aspects, including corporate management, asset management, and business development. For individual clients, we aspire to be their "lifelong main bank for assets" and support them to "create", "increase", "protect", and "bequeath" their assets. We will also make further efforts to enhance global businesses.

(ii) Achieve both strategic management resource allocation and efficient operation by continuous cost reduction

We will pursue a more active resource allocation to strategic areas that will enable the delivery of new value-added services. We will also optimize management resource allocation through effective allocation to the existing operations that will reinforce the fee business and can contribute to the advancement of fundamental earning power, starting with strengthening retailization, globalization, and total solution capabilities.

To recover from the temporary increase of expenses because of management integration expenses, we will swiftly realize further cost synergies through the elimination and consolidation of existing branch offices, and integration of administrative functions and systems. In addition, we will continuously place particular emphasis on operational efficiency and cost-saving initiatives across the group to pursue sustainable cost savings.

(iii) Strengthen financial position and sophisticate risk management and compliance frameworks

We will further endeavor to improve profitability and efficiency through efficient use of capital by swiftly strengthen and expand financial foundation by scheduled reduction of cross-shareholdings in response to tightened financial regulations, including Basel III requirements. In addition, we will make further efforts to enhance foreign currency funding capability in line with our overseas business expansion.

On the risk management front, SMTB is scheduled to complete the main system integration in fiscal year 2014. In association with such system integration, we will take every possible measure to ensure safe and reliable system go-live, and will take solid preparatory measures for international financial regulations.

With respect to compliance, given that trust is the very foundation of our financial institution business, we will ensure information management; elimination of deals with antisocial forces across the Group,

including our affiliated companies and strengthen client protection management.

(iv) Expand consolidated profit

Our subsidiaries and affiliated companies also strive to strengthen existing business operations to increase the consolidated profit and to improve operational efficiency. These will be achieved through initiatives such as saving costs, revitalizing client base by cooperation with SMTB, exploiting new business growth areas with group-wide coordination, and expanding the whole group's ability to provide solutions to our clients.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2013	As of March 31, 2014
Assets :		
Cash and Due from Banks	3,902,377	6,916,949
Call Loans and Bills Bought	514,228	651,552
Receivables under Resale Agreements	91,911	88,069
Receivables under Securities Borrowing Transactions	207,494	289,377
Monetary Claims Bought	491,805	936,435
Trading Assets	716,594	537,029
Money Held in Trust	19,014	13,344
Securities	6,346,001	5,764,450
Loans and Bills Discounted	22,391,660	23,824,035
Foreign Exchanges	59,570	12,114
Lease Receivables and Investment Assets	553,532	540,204
Other Assets	1,446,809	1,333,355
Tangible Fixed Assets:	230,595	229,583
Buildings	74,233	74,202
Land	128,878	127,735
Lease Assets	927	1,601
Construction in Progress	609	1,219
Other	25,946	24,823
Intangible Fixed Assets:	205,775	210,536
Software	88,355	110,362
Goodwill	106,791	92,670
Lease Assets	112	94
Other	10,515	7,409
Assets for Retirement Benefits	—	150,153
Deferred Tax Assets	75,685	17,128
Customers' Liabilities for Acceptances and Guarantees	583,945	485,384
Allowance for Loan Losses	(132,970)	(110,289)
Total Assets	37,704,031	41,889,413
Liabilities:		
Deposits	23,023,897	24,123,328
Negotiable Certificates of Deposit	4,103,517	5,100,179
Call Money and Bills Sold	168,355	200,005
Payables under Repurchase Agreements	605,742	1,291,641
Trading Liabilities	233,133	214,104
Borrowed Money	1,169,032	1,906,117
Foreign Exchanges	106	124
Short-Term Bonds Payable	940,067	904,882
Bonds Payable	986,363	1,057,772
Borrowed Money from Trust Account	2,483,248	2,941,748
Other Liabilities	1,023,319	1,139,718
Provision for Bonuses	14,631	15,415
Provision for Directors' Bonuses	187	255
Provision for Retirement Benefits	16,132	—
Liabilities for Retirement Benefits	—	11,311
Provision for Reimbursement of Deposits	6,207	3,917
Provision for Contingent Losses	9,720	8,800
Deferred Tax Liabilities	1,825	39,705
Deferred Tax Liabilities for Land Revaluation	4,122	3,954
Acceptances and Guarantees	583,945	485,384
Total Liabilities	35,373,557	39,448,370

(Continued)

(Millions of Yen)

	As of March 31, 2013	As of March 31, 2014
Net Assets :		
Capital Stock	261,608	261,608
Capital Surplus	752,973	754,267
Retained Earnings	790,139	886,491
Treasury Stock	(93,164)	(591)
Total Shareholders' Equity	1,711,556	1,901,775
Valuation Differences on Available-for-Sale Securities	161,522	229,637
Deferred Gains or Losses on Hedges	(17,154)	(12,585)
Revaluation Reserve for Land	(5,457)	(5,761)
Foreign Currency Translation Adjustments	(4,427)	7,343
Adjustments for Retirement Benefits	—	(15,033)
Total Accumulated Other Comprehensive Income	134,482	203,599
Subscription Rights to Shares	19	47
Minority Interests	484,415	335,620
Total Net Assets	2,330,474	2,441,043
Total Liabilities and Net Assets	37,704,031	41,889,413

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

(Millions of Yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Ordinary Income:	1,115,781	1,187,565
Trust Fees	96,190	104,747
Interest Income:	339,266	356,811
Interest on Loans and Discounts	240,249	241,589
Interest and Dividends on Securities	88,008	97,189
Interest on Call Loans and Bills Bought	763	1,089
Interest on Receivables under Resale Agreements	830	726
Interest on Receivables under Securities Borrowing Transactions	267	141
Interest on Deposits with Banks	4,754	10,958
Other Interest Income	4,393	5,116
Fees and Commissions	282,555	322,808
Trading Income	24,350	24,604
Other Ordinary Income	315,158	290,036
Other Income:	58,261	88,557
Reversal of Allowance for Loan Losses	5,706	8,429
Recoveries of Written-Off Claims	3,650	2,173
Other	48,904	77,954
Ordinary Expenses:	860,706	929,544
Interest Expenses:	119,535	129,169
Interest on Deposits	68,391	66,724
Interest on Negotiable Certificates of Deposit	9,592	8,552
Interest on Call Money and Bills Sold	646	1,567
Interest on Payables under Repurchase Agreements	1,090	1,102
Interest on Payables under Securities Lending Transactions	81	82
Interest on Borrowings	9,146	7,581
Interest on Short-Term Bonds	875	1,691
Interest on Bonds	17,622	19,336
Other Interest Expenses	12,088	22,530
Fees and Commissions Payments	69,774	70,464
Trading Expenses	339	228
Other Ordinary Expenses	230,030	240,157
General and Administrative Expenses	385,728	402,877
Other Expenses	55,297	86,645
Ordinary Profit	255,075	258,021
Extraordinary Income:	5,873	599
Gains on Disposal of Fixed Assets	3,485	599
Gains on Negative Goodwill	2,388	—
Extraordinary Losses:	32,614	11,970
Losses on Disposal of Fixed Assets	4,058	1,668
Impairment Losses	16,281	10,301
Other Extraordinary Losses	12,274	—
Income before Income Taxes and Minority Interests	228,334	246,650
Income Taxes:	75,158	91,692
Current	21,855	25,661
Deferred	53,303	66,031
Income before Minority Interests	153,176	154,957
Minority Interests in Income	19,407	17,282
Net Income	133,768	137,675

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Income before Minority Interests	153,176	154,957
Other Comprehensive Income (Loss):	126,435	84,755
Valuation Differences on Available-for-Sale Securities	128,131	69,629
Deferred Gains or Losses on Hedges	(7,509)	3,077
Revaluation Reserve for Land	(9)	—
Foreign Currency Translation Adjustments	7,683	10,302
Attributable to Equity Method Affiliates	(1,860)	1,745
Comprehensive Income:	279,612	239,712
Comprehensive Income Attributable to Owners of the Parent	259,711	222,124
Comprehensive Income Attributable to Minority Interests	19,900	17,587

(3) Consolidated Statements of Changes in Net Assets (from April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Current Period	261,608	859,499	696,824	(120)	1,817,812
Changes during the Period					
Cash Dividends			(40,946)		(40,946)
Net Income			133,768		133,768
Purchase of Treasury Stock				(199,574)	(199,574)
Disposal of Treasury Stock		1		3	4
Retirement of Treasury Stock		(106,527)		106,527	—
Reversal of Revaluation Reserve for Land			492		492
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	(106,525)	93,314	(93,044)	(106,255)
Balance at the End of the Current Period	261,608	752,973	790,139	(93,164)	1,711,556

	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Minority Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains or 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 Current Period	32,442	(5,546)	(4,955)	(12,907)	—	9,032	6	510,181	2,337,031
Changes during the Period									
Cash Dividends									(40,946)
Net Income									133,768
Purchase of Treasury Stock									(199,574)
Disposal of Treasury Stock									4
Retirement of Treasury Stock									—
Reversal of Revaluation Reserve for Land									492
Net Changes of Items Other Than Shareholders' Equity	129,080	(11,607)	(502)	8,479	—	125,450	13	(25,766)	99,698
Total Changes during the Period	129,080	(11,607)	(502)	8,479	—	125,450	13	(25,766)	(6,557)
Balance at the End of the Current Period	161,522	(17,154)	(5,457)	(4,427)	—	134,482	19	484,415	2,330,474

Consolidated Statements of Changes in Net Assets (from April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Current Period	261,608	752,973	790,139	(93,164)	1,711,556
Changes during the Period					
Cash Dividends			(41,626)		(41,626)
Net Income			137,675		137,675
Purchase of Treasury Stock				(110)	(110)
Disposal of Treasury Stock		1,293		92,683	93,976
Retirement of Treasury Stock					—
Reversal of Revaluation Reserve for Land			303		303
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	1,293	96,352	92,573	190,218
Balance at the End of the Current Period	261,608	754,267	886,491	(591)	1,901,775

	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Minority Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains or 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 Current Period	161,522	(17,154)	(5,457)	(4,427)	—	134,482	19	484,415	2,330,474
Changes during the Period									
Cash Dividends									(41,626)
Net Income									137,675
Purchase of Treasury Stock									(110)
Disposal of Treasury Stock									93,976
Retirement of Treasury Stock									—
Reversal of Revaluation Reserve for Land									303
Net Changes of Items Other Than Shareholders' Equity	68,114	4,569	(303)	11,770	(15,033)	69,116	27	(148,794)	(79,650)
Total Changes during the Period	68,114	4,569	(303)	11,770	(15,033)	69,116	27	(148,794)	110,568
Balance at the End of the Current Period	229,637	(12,585)	(5,761)	7,343	(15,033)	203,599	47	335,620	2,441,043

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Net Cash Provided by (Used in) Operating Activities:		
Income before Income Taxes and Minority Interests	228,334	246,650
Depreciation and Amortization	41,542	36,312
Impairment Losses	16,281	10,301
Amortization of Goodwill	8,397	8,598
Gain on Negative Goodwill	(2,388)	—
Equity in Losses (Earnings) of Affiliates	(2,808)	(3,381)
Increase (Decrease) in Allowance for Loan Losses	(19,858)	(22,700)
Increase (Decrease) in Provision for Bonuses	1,463	784
Increase (Decrease) in Provision for Directors' Bonuses	(3)	68
Increase (Decrease) in Provision for Retirement Benefits	196	—
Decrease (Increase) in Assets for Retirement Benefits	—	(6,306)
Increase (Decrease) in Liabilities for Retirement Benefits	—	(5,450)
Increase (Decrease) in Provision for Reimbursement of Deposits	(725)	(2,289)
Increase (Decrease) in Provision for Contingent Losses	(2,770)	(919)
Increase (Decrease) in Provision for Relocation Expenses	(8,895)	—
Gain on Fund Management	(339,266)	(356,811)
Financing Expenses	119,535	129,169
Loss (Gain) Related to Securities	(52,414)	(11,692)
Loss (Gain) on Money Held in Trust	(880)	(795)
Foreign Exchange Losses (Gains)	(105,468)	(129,807)
Loss (Gain) on Disposal of Tangible Fixed Assets	572	1,069
Net Decrease (Increase) in Trading Assets	(115,456)	179,564
Net Increase (Decrease) in Trading Liabilities	54,012	(19,029)
Net Decrease (Increase) in Loans and Bills Discounted	(1,761,803)	(1,438,157)
Net Increase (Decrease) in Deposit	943,623	1,050,905
Net Increase (Decrease) in Negotiable Certificates of Deposit	850,672	996,662
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	52,940	758,172
Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan)	(421,758)	(223,497)
Net Decrease (Increase) in Call Loans	(257,934)	(327,813)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(188,877)	(81,883)
Net Increase (Decrease) in Call Money	437,392	717,549
Net Increase (Decrease) in Payables under Securities Lending Transactions	(227,956)	—
Net Decrease (Increase) in Foreign Exchange-Assets	(50,129)	47,456
Net Increase (Decrease) in Foreign Exchange-Liabilities	35	18
Net Decrease (Increase) in Lease Receivables and Investment Assets	(3,839)	13,328
Net Increase (Decrease) in Short-Term Bonds Payable	562,208	(182,085)
Increase (Decrease) in Straight Bonds-Issuance and Redemption	94,181	189,728
Net Increase (Decrease) in Borrowed Money from Trust Account	376,021	458,499
Proceeds from Fund Management	352,688	361,701
Payments for Finance	(131,610)	(160,954)
Other, Net	101,782	28,206
Subtotal	547,036	2,261,173
Income Taxes Paid	(29,070)	(2,471)
Net Cash Provided by (Used in) Operating Activities	517,965	2,258,701

(Continued)

(Millions of Yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Net Cash Provided by (Used in) Investment Activities:		
Purchase of Securities	(11,804,301)	(6,158,163)
Proceeds from Sales of Securities	5,854,320	4,014,950
Proceeds from Redemption of Securities	6,704,357	2,931,293
Decrease in Money Held in Trust	663	5,650
Purchase of Tangible Fixed Assets	(20,448)	(14,498)
Proceeds from Sales of Tangible Fixed Assets	9,833	2,655
Purchase of Intangible Fixed Assets	(42,399)	(47,731)
Proceeds from Sales of Intangible Fixed Assets	1,026	11
Purchase of Investments in Subsidiaries with Changes in the Scope of Consolidation	(2,736)	—
Purchase of Investments in Affiliates Accounted for by the Equity Method	(39)	—
Net Cash Provided by (Used in) Investment Activities	700,274	734,169
Net Cash Provided by (Used in) Financing Activities:		
Increase in Subordinated Borrowings	45,000	—
Decrease in Subordinated Borrowings	(50,000)	(20,000)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	41,311	—
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(100,000)	(124,500)
Repayment to Minority Shareholders	(27,500)	(150,000)
Cash Dividends Paid	(40,891)	(41,613)
Cash Dividends Paid to Minority Shareholders	(18,078)	(16,451)
Purchase of Treasury Stock	(199,574)	(110)
Proceeds from Sales of Treasury Stock	4	89,874
Net Cash Provided by (Used in) Financing Activities	(349,728)	(262,800)
Effect of Exchange Rate Change on Cash and Cash Equivalents	14,321	61,023
Net Increase (Decrease) in Cash and Cash Equivalents	882,833	2,791,094
Cash and Cash Equivalents at the Beginning of the Period	1,726,575	2,609,409
Cash and Cash Equivalents at the End of the Period	2,609,409	5,400,503

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 76 companies

Principal Company:

Sumitomo Mitsui Trust Bank, Limited

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

Newly established Sumitomo Mitsui Trust Leasing (Singapore) Pte. Ltd. and five other companies were included in the scope of consolidation from the fiscal year ended March 31, 2014.

Since MTH Preferred Capital 3 (Cayman) Limited and three other companies liquidated, they were excluded from the scope of consolidation from the current fiscal year.

- (2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 34 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 SMTH's interest in subsidiaries), retained earnings (amount corresponding to SMTH's interest in subsidiaries), and accumulated other comprehensive income (amount corresponding to SMTH's interest in subsidiaries).

2. Application of the Equity Method

- (1) Unconsolidated Subsidiaries Accounted for by the Equity Method:

None

- (2) Affiliates Accounted for by the Equity Method: 28 companies

Principal Companies:

Japan Stockholders Data Service Company, Limited

SBI Sumishin Net Bank, Ltd.

Changes in the affiliates accounted for by the equity method during the fiscal year ended March 31, 2014, are as follows:

Newly established Shen Zhen Rongtong Capital Management Co., Ltd. and one other company were included in the scope of application of the equity method from the fiscal year ended March 31, 2014.

BUSINEXT CORPORATION and two other companies were excluded from the scope of application of the equity method from the current fiscal year, mainly due to sales of shares.

- (3) Unconsolidated Subsidiaries and Affiliates that are Not Accounted for by the Equity Method

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 34 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 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 and affiliates 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 SMTH's interest in subsidiaries and affiliates), retained earnings (amount corresponding to SMTH's interest in subsidiaries and affiliates), and

accumulated other comprehensive income (amount corresponding to SMTH's interest in subsidiaries and affiliates).

3. Balance Sheet Dates of the Consolidated Subsidiaries

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

April 30	2 companies
June 30	2 companies
August 31	1 company
September 30	6 companies
November 30	1 company
December 31	12 companies
January 24	4 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

Subsidiaries with a balance sheet date of June 30: Provisionally prepared financial statements as of December 31

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

One of the subsidiaries with a balance sheet date of December 31: Provisionally prepared financial statements as of March 31

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, 2014, 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 their settlement amounts as of 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, SMTH 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 affiliates, 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 affiliates 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 average 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 value 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 securities

described 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 of SMTB are depreciated using the declining-balance method, except for the buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method.

Useful lives of major asset categories:

Buildings: 3 to 60 years

Others: 2 to 20 years

At SMTH and the other consolidated subsidiaries, tangible fixed assets are depreciated mainly using the straight-line method over the estimated useful lives of the assets.

(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 SMTH 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 ¥25,820 million.

(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 Reimbursement of Deposits in Dormant Accounts

At SMTB, 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.

(9) 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.

(10) Accounting for Retirement Benefits

In determining the retirement benefit obligations, SMTB adopts the point basis and other consolidated subsidiaries adopt the straight-line basis to attribute projected benefit obligations to the year ended March 31, 2014. 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 computational short-cut 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.

(11) Foreign Currency Translation

Assets and liabilities of SMTB 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 affiliates 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.

(12) 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.

(13) Hedge Accounting

(a) Interest-related transactions

SMTB manages the interest rate risk arising from various assets and liabilities by 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, "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), SMTH 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 hedge associated with "Macro Hedge Accounting" during the current fiscal year ended March 31, 2014, totaled ¥471 million (before tax effect).

(b) Currency-related transactions

SMTB manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies by 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, "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 forward obligations exist in excess of the acquisition cost of such foreign-denominated securities on a foreign-currency basis.

(c) Internal hedge transactions and others

Among derivatives transactions of SMTB 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 on hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

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

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

(14) Amortization of Goodwill

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

(15) 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 equals the balance of "Cash and Due from Banks" presented in the consolidated balance sheets (cash and due from the Bank of Japan for SMTB and Japan Trustee Services Bank, Ltd. ("JTSB")).

(16) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SMTH and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

Changes in Accounting Policy

SMTH applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) (the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012) (the "Guidance") at the end of the fiscal year ended March 31, 2014, except for items prescribed at paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance. In accordance with the Accounting Standard and the Guidance, the difference between the plan assets and the projected benefit obligations is reported as an asset for retirement benefits or a liability for retirement benefits from the fiscal year ended March 31, 2014.

For the application of the Accounting Standard and the Guidance, SMTH adopted the transitional provision at paragraph 37 of the Accounting Standard, recording unrecognized actuarial gains or losses and unrecognized past service costs (both after adjusting for tax effects) in accumulated other comprehensive income at the end of the fiscal year ended March 31, 2014.

As a result, SMTH recorded assets for retirement benefits of ¥150,153 million yen and liabilities for retirement benefits of ¥11,311 million, while deferred tax assets increased by ¥282 million, deferred tax liabilities decreased by ¥8,111 million and accumulated other comprehensive income decreased by ¥15,033, accordingly.

Notes to the Consolidated Financial Statements

Consolidated Balance Sheets

1. Stocks and Equity Investments in Unconsolidated Subsidiaries and Affiliates

Stocks and equity investments in unconsolidated subsidiaries and affiliates were ¥93,510 million.

2. Securities Purchased under Resale Agreements and Borrowing Transactions with Cash Collateral that SMTH is Permitted to Sell or Repledge without Restrictions

Securities that are further loaned were ¥282,361 million, and securities held without selling or pledging as of the end of the current fiscal year were ¥99 million.

3. Loans in Bankruptcy Proceedings and Other Delinquent Loans

Loans and bills discounted include ¥2,693 million in loans in bankruptcy proceedings and ¥104,768 million in 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 ("nonaccrual 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.

4. Loans Past Due Three Months or More

There were no loans and bills discounted that are 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.

5. Restructured Loans

Loans and bills discounted include ¥133,830 million in 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 otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as loans in bankruptcy proceedings, other delinquent loans, or loans past due three months or more.

6. Total of Bankruptcy, Delinquent Loans, Loans More than Three Months Past Due, and Restructured Loans

The total of loans in bankruptcy proceedings, other delinquent loans, loans more than three months past due, and restructured loans is ¥241,293 million. The amounts presented in Notes 3 through 6 are before allowances for loan losses.

7. Bills Discounted

Bills discounted are treated as financial transactions in accordance with Report No. 24. SMTH has a right to freely sell or (re-)pledge such commercial bills. The total face value of such bills is ¥3,580 million.

8. Assets Pledged as Collateral

Assets Pledged as Collateral

Trading Assets	¥	112,985	million
Securities	¥	1,349,048	million
Loans and Bills Discounted	¥	1,301,641	million
Lease Receivables and Investment Assets	¥	12,254	million
Other Assets	¥	133,553	million

Corresponding Liabilities to Assets Pledged as Collateral

Deposits	¥	8,057	million
Payables under Repurchase Agreements	¥	1,016,833	million
Borrowed Money	¥	745,260	million
Acceptances and Guarantees	¥	34,863	million

In addition to the foregoing, ¥721,905 million in securities and ¥116,625 million in loans and bills discounted have been pledged as collateral for settlement of exchange and others, or substitution of margin of futures and others.

Other Assets includes ¥7,676 million in initial margins of futures, ¥21,314 million in security deposits, and ¥418,015 million in 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 ¥10,645,113 million, of which ¥7,907,348 million is attributable to agreements expiring within one year or which 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. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SMTH 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 from SMTB 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 ¥6,688 million.

11. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets was ¥139,883 million.

12. Advanced Depreciation

Advanced depreciation, which is allowed by the tax law in Japan, was ¥27,294 million.

13. Borrowed Money

Borrowed money includes ¥195,369 million in subordinated borrowings with lower priority for fulfillment of obligation than other debts.

14. Bonds Payable

Bonds payable includes ¥712,661 million in subordinated bonds.

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

The bonds presented under "Securities" include ¥180,108 million in guarantees 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 SMTB through guaranteed trust agreements includes ¥1,333,794 million in money trusts and ¥31,528 million in loan trusts.

Consolidated Statements of Income

1. Other Income

"Other income" for the fiscal year ended March 31, 2014, included ¥52,126 million in gains on sales of stocks and other securities.

2. Other Expenses

"Other expenses" for the fiscal year ended March 31, 2014, included ¥53,553 million in 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, 2014, 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	—	—	3,903,486	
The First Series of Class 7 Preferred Shares	109,000	—	—	109,000	
Total	4,012,486	—	—	4,012,486	
Treasury Stock:					
Common Share	218,176	216	217,033	1,359	Notes 1, 2

Notes:

- The number of common shares held as treasury stock increased by 216 thousand shares due to purchase of odd-lot or less than one thousand shares.
- The number of common shares held as treasury stock decreased by 9 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders, by 24 thousand shares due to transfer of shares upon exercise of stock option rights, and by 217,000 thousand shares due to sales of treasury stocks for foreign offering as of June 13, 2013.

2. Subscription Rights to Shares

Subscription rights to shares for the fiscal year end March 31, 2014, consisted of the following:

(Millions of Yen)

Entity	Description	Number of Shares Outstanding at the End of the Fiscal Year
SMTH	Subscription Rights to Shares as Stock Options	47
Consolidated Subsidiary (Nikko Asset Management Co., Ltd)	Subscription Rights to Shares as Stock Options	—
	Subscription Rights to Shares as Treasury Stock Options	—

3. Dividends

(1) Dividends paid for the fiscal year ended March 31, 2014, consist of the following:

Resolution	Type of Shares	Millions of Yen		Record Date	Effective Date
		Total Cash Dividend	Cash Dividend per Share		
June 27, 2013 Ordinary General Meeting of Shareholders	Common Share	17,505	4.75	March 31, 2013	June 28, 2013
	The First Series of Class 7 Preferred Shares	2,305	21.15	March 31, 2013	June 28, 2013
November 14, 2013 Board of Directors' Meeting	Common Share	19,511	5.00	September 30, 2013	December 3, 2013
	The First Series of Class 7 Preferred Shares	2,305	21.15	September 30, 2013	December 3, 2013

(2) Dividends with a record date during the current fiscal year ended March 31, 2014, but whose effective date is after March 31, 2014, are as follows:

SMTH plans to propose the following to the ordinary general meeting of shareholders to be held on June 27, 2014.

Resolution	Type of Shares	Millions of Yen		Dividend Resources	Yen		
		Total Cash Dividends			Cash Dividends per Share	Record Date	Effective Date
June 27, 2014 Ordinary General Meeting of Shareholders	Common Share	19,510		Retained Earnings	5.00	March 31, 2014	June 30, 2014
	The First Series of Class 7 Preferred Shares	2,305		Retained Earnings	21.15	March 31, 2014	June 30, 2014

Consolidated Statements of Cash Flows

1. Reconciliation of Cash and Cash Equivalents

The following table shows reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2014.

Cash and Due from Banks	¥ 6,916,949	million
Due from Banks for SMTB and "JTBS" (excluding	(1,516,446)	million
Due from the Bank of Japan)		
Cash and Cash Equivalents	<u>¥ 5,400,503</u>	<u>million</u>

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

The SMTH Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SMTB. To facilitate these businesses, the SMTH 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. SMTH monitors risks associated with the group-wide financial assets and liabilities.

SMTB monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SMTB 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. SMTB is also engaged in activities of trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3, 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

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

2) Banking Accounts

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

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

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

The SMTH Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, the SMTH 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 the hedge accounting to hedge such a 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 SMTB 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 fair value hedge accounting is also applied as a blanket hedge to hedge the exchange rate risk in securities denominated in foreign currencies, other than bonds, using financial liabilities denominated in foreign currencies (including foreign exchange contracts) designated as hedging instruments.

The details of the hedge accounting are described in "Significant Accounting Policies and Practices."

(3) Risk Management for Financial Instruments

The SMTH Group sets out a basic framework for the group-wide risk management in the Rules for Risk Management and establishes the Risk Management Department to supervise manage and direct SMTB and other group companies regarding development of an appropriate risk management system as well as to monitor SMTH Group's risks.

1) Credit Risk Management

Credit risk is the risk of financial loss to the SMTH Group when a customer or counterparty fails to meet its contractual obligations, and such a risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risks related to a credit creating function. The SMTH Group continuously diversifies its credit portfolios and builds up a stronger customer base by sophisticating 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 the SMTH Group on credit risk management calls for "a diversified credit portfolio" and

“strict management for individual credits.”

For the former, the SMTH 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. The SMTH 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, the SMTH Group manages individual credits through the process, 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. The SMTH 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 of Credit Risk

In SMTB, the board of directors decides 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 to make check-and-balance work. Furthermore, the Research Department evaluates credit ratings based on industry research and credit analysis of individual companies along with quantitative analysis. SMTB periodically holds a meeting of Executive Committee and Credit Risk Committee to deliberate material matters of managing credit risks. SMTB 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 losses to the SMTH Group caused to the 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, the SMTH Group maintains a basic policy to organize an appropriate risk management framework of market risk compatible with strategic goals, the scale and nature of its operations, and risk profiles from a perspective of soundness and appropriateness of its business.

(b) Risk Management Framework of Market Risk

With regard to market risk, the SMTH 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 an independent check purpose, 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.

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

(c) Market Risk Management Approach

The SMTH 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 the SMTH Group, the SMTH 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. The SMTH 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

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

As of March 31, 2014, the total amount of market risk (estimated potential loss) of financial instruments held by the SMTH Group in the “Trading Accounts” was ¥2.9 billion.

The SMTH Group performs back testing that compares VaR calculated based on its internal model with actual profit and loss. The back testing for the fiscal year ended March 31, 2014, resulted in no instance where actual losses were in excess of VaR; therefore, the SMTH 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

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

As of March 31, 2014, the total amount of market risk (estimated potential loss) of financial instruments held by the SMTH Group in the “Banking Account” was ¥783.1 billion.

The SMTH 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. The SMTH 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 the SMTH Group when the 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, the SMTH 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 the SMTH Group directly to bankruptcy under certain circumstances.

(b) Risk Management Framework and Approaches for Liquidity Risk

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

To reduce liquidity risk, the liquidity risk 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 on the consolidated balance sheets and fair values of financial instruments as of March 31, 2014, 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 be determined. (See Note 2)

(Millions of Yen)

	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	6,916,842	6,916,842	—
(2) Call Loans and Bills Bought	651,552	651,552	—
(3) Receivables under Resale Agreements	88,069	88,069	—
(4) Receivables under Securities Borrowing Transactions	289,377	289,377	—
(5) Monetary Claims Bought (*1)	899,552	900,432	880
(6) Trading Assets			
Trading Securities	207,162	207,162	—
(7) Money Held in Trust	1,344	1,344	—
(8) Securities			
Held-to-Maturity Debt Securities	410,076	451,992	41,916
Available-for-Sale Securities	5,109,131	5,109,131	—
(9) Loans and Bills Discounted	23,824,035		
Allowance for Loan Losses (*2)	(87,303)		
	23,736,731	23,933,434	196,702
(10) Foreign Exchanges	12,114	12,114	—
(11) Lease Receivables and Investment Assets (*1)	536,671	542,768	6,096
Total Assets	38,858,625	39,104,221	245,596
(1) Deposits	24,123,328	24,154,388	31,059
(2) Negotiable Certificates of Deposit	5,100,179	5,100,179	—
(3) Call Money and Bills Sold	200,005	200,005	—
(4) Payables under Repurchase Agreements	1,291,641	1,291,641	—
(5) Borrowed Money	1,906,117	1,916,886	10,769
(6) Foreign Exchanges	124	124	—
(7) Short-Term Bonds Payable	904,882	904,882	—
(8) Bonds Payable	1,057,772	1,091,075	33,302
(9) Borrowed Money from Trust Account	2,941,748	2,941,748	—
Total Liabilities	37,525,802	37,600,933	75,131
Derivative Transactions (*3)			
Derivative Transactions Not Qualifying for Hedge Accounting	140,173	140,173	—
Derivative Transactions Qualifying for Hedge Accounting	(251,228)	(251,228)	—
Total Derivatives Transactions	(111,054)	(111,054)	—

(*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 on 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. Negative figures represent a liability balance after netting.

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

Assets

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

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate the fair values. 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 the fair values.

(5) Monetary Claims Bought

Monetary claims bought with 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 dealer/broker-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 its 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 dealer/broker-quoted prices. Investment trusts are stated at published reference prices. Fair values of privately placed bonds guaranteed by SMTH 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 values, 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 the fair values.

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 because the carrying amounts are deemed to approximate the fair values because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Lease Investment Assets

Fair values for 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, (6) Foreign Exchanges, (7) Short-Term Bonds Payable, and (9) Borrowed Money from Trust Accounts

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.

(5) Borrowed Money

Fair values of borrowed money 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 the fair values.

Borrowed money of consolidated subsidiaries at variable rates is stated at their carrying amounts. The carrying amounts are deemed to approximate the fair values 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.

(8) Bonds Payable

Bonds issued by SMTH 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 derivatives transactions are based on the closing prices on an exchange or dealer price quotations. The fair values of OTC derivatives 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 as stated below, and such amounts are not included in the market value information for financial instruments presented under the “Assets, (8) Available-for-Sale Securities” section.

(Millions of Yen)

	Carrying Amount
Securities	151,732
Unlisted Stocks (*3)	101,081
Investments in Associations	47,678
Others (*3)	2,972
Total	151,732

(*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 affiliates are not included in the above table.

(*3) During the current fiscal year, impairment losses of ¥1,922 million and ¥0 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”, negotiable certificates of deposit reported under “Cash and Due from Banks”, and loan-backed trust deeds reported under “Monetary Claims Bought”.

1. Trading Securities (as of March 31, 2014)

(Millions of Yen)

	Valuation Difference Reflected in the Statements of Income
Trading Securities	74

2. Held-to-Maturity Securities (as of March 31, 2014)

	Carrying Amount	Fair Value	(Millions of Yen) Difference
Securities of which Fair Value Exceeds Carrying Amount			
Government Bonds	245,415	256,514	11,098
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,626	3,667	41
Other Bonds	184,705	216,145	31,440
Foreign Bonds	154,634	185,420	30,785
Others	30,070	30,725	654
Subtotal	433,747	476,328	42,580
Securities of which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	70	69	(0)
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	7,428	7,419	(8)
Foreign Bonds	6,328	6,319	(8)
Others	1,100	1,100	—
Subtotal	7,498	7,489	(9)
Total	441,246	483,818	42,571

3. Available-for-Sale Securities (as of March 31, 2014)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference
Securities of which Carrying Amount Exceeds Acquisition Cost			
Stocks	971,373	572,817	398,555
Bonds	1,618,431	1,614,022	4,408
Government Bonds	1,168,353	1,168,135	217
Local Government Bonds	11,212	10,951	260
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	438,866	434,935	3,930
Other Securities	1,115,218	1,095,812	19,405
Foreign Stocks	1,230	180	1,050
Foreign Bonds	972,598	963,347	9,250
Others	141,388	132,283	9,104
Subtotal	3,705,023	3,282,653	422,369
Securities of which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	136,250	158,356	(22,105)
Bonds	416,003	416,453	(449)
Government Bonds	256,111	256,123	(11)
Local Government Bonds	4,453	4,469	(15)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	155,438	155,859	(421)
Other Securities	1,024,783	1,041,909	(17,125)
Foreign Stocks	1,209	1,262	(53)
Foreign Bonds	791,966	799,034	(7,067)
Others	231,607	241,612	(10,004)
Subtotal	1,577,038	1,616,718	(39,680)
Total	5,282,061	4,899,372	382,689

4. Available-for-Sale Securities Sold during the Current Fiscal Year (from April 1, 2013, to March 31, 2014)

(Millions of Yen)

	Amount Sold	Gain	Loss
Stocks	140,237	45,969	2,779
Bonds	571,254	5,957	4,078
Government Bonds	451,341	5,484	3,888
Local Government Bonds	16,342	41	46
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	103,569	431	143
Other Securities	3,445,781	33,051	64,073
Foreign Bonds	3,322,108	26,684	13,282
Others	123,673	6,366	50,790
Total	4,157,272	84,978	70,931

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

5. Impairment of Securities

Available-for-sale securities other than securities whose fair values are not reliably determinable, not trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance 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 ¥ 431 million on stocks during the fiscal year ended March 31, 2014.

The criteria to determine 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, some securities are deemed that their fair values are unrecoverable and impairment losses are recognized when their fair values have declined more than 30%, but less than 50% compared with their 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, 2014)

There was no money held in trust for trading purposes as of March 31, 2014.

2. Held-to-Maturity Money Held in Trust (as of March 31, 2014)

There was no held-to-maturity money held in trust as of March 31, 2014.

3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity as of March 31, 2014)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	13,344	13,027	316	316	—

(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	350,837
Other Money Held in Trust	316
Total Valuation Differences	351,154
Amount Equivalent to Deferred Tax Assets (Liabilities)	120,404
Total (before Adjustment for Minority Interests)	230,750
Minority Interests	601
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliates	(511)
Valuation Differences on Available-for-Sale Securities	229,637

(Notes)

1. 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”.
2. The valuation difference of ¥ (49) million on available-for-sale securities composing assets held by associates is included in “Available-for-Sale Securities” under “Valuation Differences”.
3. The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in “Available-for-Sale Securities” under “Valuation Differences”.

Tax Effect Accounting

The Ministry of Finance in Japan released the “Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 10 of 2014) on March 31, 2014, to replace the special corporation tax for reconstruction, effective from fiscal years beginning on and after April 1, 2014. As a result of the promulgation, the effective statutory tax rate will be reduced from 38.01% to 35.64% for calculating deferred tax assets and liabilities on temporary differences that are expected to be realized during the fiscal year beginning on April 1, 2014. The effects of this change were to decrease Deferred Tax Assets by ¥683 million, to increase Deferred Tax Liabilities by ¥3,474 million, to increase Valuation Differences on Available-for-Sale Securities by ¥9 million, and to increase Income Taxes—Deferred by ¥4,167 million.

Stock Option Plans

1. Expenses Recorded and Account Used in Connection with Stock Options during the Current Fiscal Year
General and Administrative Expenses: ¥29 million

2. Description, Volume, and Changes in Stock Options

(1) Description of Stock Options

	SMTH Series 1 Subscription Rights to Shares	SMTH Series 2 Subscription Rights to Shares	SMTH Series 3 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SMTH: 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 SMTH: 22 Directors and officers of Sumitomo Mitsui Trust Bank, Limited: 44 Total: 66	Directors and officers of SMTH: 22 Directors and officers of Sumitomo Mitsui Trust Bank, Limited: 38 Total: 60
Number of Stock Options Granted by Class of Share (Note)	Common stock: 286,000 shares	Common stock: 260,000 shares	Common stock: 398,000 shares
Grant Date	July 26, 2011	July 18, 2012	July 19, 2013
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SMTH 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	Same as on the left
Eligible Service Period	July 26, 2011, to July 25, 2013	July 18, 2012, to July 17, 2014	July 19, 2013, to July 18, 2015
Exercise Period	July 26, 2013, to July 25, 2021	July 18, 2014, to July 17, 2022	July 19, 2015, to July 18, 2023

(Note) Converted into the number of equivalent shares

(2) Volume and Changes in Stock Options

1) Number of Stock Options

	SMTH Series 1 Subscription Rights to Shares	SMTH Series 2 Subscription Rights to Shares	SMTH Series 3 Subscription Rights to Shares
Unvested Stock Options			
At the Beginning of the Fiscal Year	286,000	260,000	—
Granted	—	—	398,000
Forfeited	—	—	—
Vested	286,000	—	—
Unvested	—	260,000	398,000
Vested Stock Options			
At the Beginning of the Fiscal Year	—	—	—
Vested	286,000	—	—
Exercised	24,000	—	—
Forfeited	—	—	—
Unexercised	262,000	—	—

2) Unit Price Information

	SMTH Series 1 Subscription Rights to Shares	SMTH Series 2 Subscription Rights to Shares	SMTH Series 3 Subscription Rights to Shares
Exercise Price (yen)	400	400	519
Average Stock Price when Exercised (yen)	484	—	—
Fair Unit Value on the Grant Date (yen)	62	34	146

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

The method used to estimate a fair unit price of the SMTH Series 3 Subscription Rights to Shares as of 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

	SMTH Series 3 Subscription Rights to Shares
Stock Price Volatility (Note 1)	35.6%
Expected Life (Note 2)	6.0 years
Dividend Yield (Note 3)	1.73%
Risk-Free Interest Rate (Note 4)	0.39%

(Notes)

1. Stock price volatility was calculated based on the closing prices for common stock of SMTH on the final trading day of each week during a past continuous period corresponding to the expected life.
2. The period between the time of the calculation and the midpoint of the exercise period is used because it is practically difficult to reasonably estimate the expected life, pursuant to “Guidance on Accounting Standard for Share-Based Payment and its Implementation Guidance” (ASBJ Guidance No.11 of May 31, 2006).
3. Dividend yield is based on the actual dividends on common stock paid for the year ended March 2013.
4. The rate represents the Japanese Government Bond yield corresponding to the expected life.

4. Method for Estimating the Number of Vested Stock Options

SMTH has adopted the method to reflect only the number of stock options that have been actually forfeited because it is practically difficult to reasonably estimate the number that will be forfeited in the future.

Segment Information

1. Reportable Segment Information

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

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

SMTB: Trust banking business

2. Method for Calculating Income, Profit or Losses, Assets, Liabilities, and Other Items by 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 and Minority Interests.

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

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

(Millions of Yen)

	Reportable Segment		Others	Total	Adjustment	Reported Amount
	SMTB	Total				
Income						
Unaffiliated Customers	1,167,160	1,167,160	31,472	1,198,633	(11,067)	1,187,565
Intersegment	8,958	8,958	60,070	69,028	(69,028)	—
Total	1,176,118	1,176,118	91,543	1,267,661	(80,096)	1,187,565
Segment Profit	233,135	233,135	33,793	266,928	(20,278)	246,650
Segment Assets	40,178,429	40,178,429	3,629,345	43,807,775	(1,918,361)	41,889,413
Segment Liabilities	37,899,940	37,899,940	1,807,344	39,707,284	(258,913)	39,448,370
Others						
Depreciation and Amortization	29,373	29,373	6,935	36,309	3	36,312
Amortization of Goodwill	9,098	9,098	—	9,098	(499)	8,598
Interest Income	360,698	360,698	36,209	396,907	(40,096)	356,811
Interest Expenses	134,050	134,050	6,062	140,113	(10,943)	129,169
Equity in Earnings of Affiliates	3,381	3,381	—	3,381	—	3,381
Extraordinary Income	599	599	—	599	—	599
(Gains on Disposal of Fixed Assets)	599	599	—	599	—	599
Extraordinary Loss	12,223	12,223	435	12,658	(688)	11,970
(Losses on Disposal of Fixed Assets)	1,656	1,656	12	1,668	—	1,668
(Impairment Loss)	10,566	10,566	—	10,566	(265)	10,301
Unamortized Balance of Goodwill	98,168	98,168	—	98,168	(5,497)	92,670
Investment to Affiliates Accounted for by the Equity Method	44,168	44,168	—	44,168	—	44,168

(Notes)

1. The figures represent income in substitution for net sales to be presented by companies in other industries.
2. The figures under SMTB represent consolidated amounts.
3. "Others" includes the SMTH and its consolidated subsidiaries other than the SMTB Group companies.
4. The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions and include realized valuation differences arising from business combinations.
5. Segment profits have been adjusted to "Income before Income Taxes and Minority Interests" as presented in the consolidated statements of income.

Related Information

1. Information by Services

(Millions of Yen)

	Trust Banking Business	Leasing Business	Others	Total
Income: Unaffiliated Customers	755,470	252,944	179,150	1,187,565

(Notes)

- The figures represent Income in substitution for net sales to be presented by companies in other industries.
- "Trust Banking Business" comprises income of SMTB and JTSE.

2. Geographic Information

(1) Ordinary Income

More than 90% of the SMTH Group's income on the consolidated statements of income is attributable to income from unaffiliated customers in Japan; accordingly, income by geographical area is not presented.

(2) Tangible Fixed Assets

More than 90% of the SMTH 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 voluminous income-generating transactions between the SMTH Group and an enormous number of the SMTH Group's customers, transactions are not classified by major counterparty; accordingly, information by major customers is not presented.

4. Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

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

5. Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

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

6. Information Related to Gain on Negative Goodwill by 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, 2014.

Per Share of Common Stock Information

		Fiscal Year Ended March 31, 2014
Net Assets per Share of Common Stock	Yen	511.02
Net Income per Share of Common Stock	Yen	34.48
Fully-Diluted Net Income per Share of Common Stock	Yen	34.48

(Notes)

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

		As of March 31, 2014
Net Assets as Reported	Millions of Yen	2,441,043
Less:	Millions of Yen	446,973
Issue Amount of Shares of Preferred Stock	Millions of Yen	109,000
Dividends on Shares of Preferred Stock	Millions of Yen	2,305
Subscription Rights to Shares	Millions of Yen	47
Minority Interests	Millions of Yen	335,620
Net Assets Attributable to Common Shareholders	Millions of Yen	1,994,069
The Number of Shares of Common Stock Outstanding	Thousands of Shares	3,902,126

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, 2014
Net Income per Share of Common Stock		
Net Income	Millions of yen	137,675
Net Income Not Attributable to Common Shareholders	Millions of yen	4,610
Dividends on Shares of Preferred Stock	Millions of yen	4,610
Net Income Attributable to Common Shareholders	Millions of yen	133,064
Average Number of Shares of Common Stock Outstanding	Thousands of Shares	3,858,217
Fully-Diluted Net Income per Share of Common Stock		
Adjustments to Net Income Attributable to Common Shareholders	Millions of yen	—
Effect of Dilutive Securities:	Thousands of Shares	90
Subscription Rights to Shares	Thousands of Shares	90
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		SMTH: Series 3 Subscription Rights to Shares (Stock Options) SMTH Common Stock 398,000 Shares Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): (1) Subscription Rights to Shares (Stock Options) NAM Common Stock 25,169,100 shares (2) Subscription Rights to Shares (Treasury Stock Options) NAM Common Stock 2,955,200 shares

Changes in Accounting Policy

SMTH applied the Accounting Standard and the Guidance at the end of the fiscal year ended March 31, 2014, except for items prescribed at paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance. SMTH adopted the transitional provision at paragraph 37 of the Accounting Standard.

As a result, the net asset per share for the year decreased by ¥3.85.

Significant Subsequent Event

There were no significant subsequent events.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2013	As of March 31, 2014
Assets:		
Current Assets:		
Cash and Due from Banks	1,719	2,465
Securities	27,000	103,000
Prepaid Expenses	6	6
Income Tax Refunds Receivable	26,810	6,314
Other Current Assets	44	48
Total Current Assets	55,581	111,835
Non-Current Assets:		
Tangible Fixed Assets:	0	0
Tools, Furniture and Fixtures (Net)	0	0
Intangible Fixed Assets:	1	1
Software	1	1
Investments and Other Assets:	1,652,530	1,641,199
Investment Securities	652	652
Investments in Subsidiaries and Affiliates (Stocks)	1,651,738	1,640,442
Other Investments	140	105
Total Non-Current Assets	1,652,532	1,641,201
Deferred Assets:		
Share Issuance Cost	—	2,959
Total Deferred Assets	—	2,959
Total Assets	1,708,113	1,755,995
Liabilities:		
Current Liabilities:		
Accrued Expenses	1,148	896
Income Taxes Payable	13	3
Deferred Revenue	—	1,507
Provision for Bonuses	190	76
Other Current Liabilities	111	120
Total Current Liabilities	1,464	2,604
Non-Current Liabilities:		
Bonds Payable	160,500	128,800
Other Non-Current Liabilities	116	1,859
Total Non-Current Liabilities	160,616	130,659
Total Liabilities	162,081	133,263
Net Assets:		
Shareholders' Equity:		
Capital Stock	261,608	261,608
Capital Surplus:		
Legal Capital Surplus	702,933	702,933
Other Capital Surplus	446,251	447,545
Total Capital Surplus	1,149,185	1,150,479
Retained Earnings:		
Other Retained Earnings	228,382	211,187
Retained Earnings Brought Forward	228,382	211,187
Total Retained Earnings	228,382	211,187
Treasury Stock	(93,164)	(591)
Total Shareholders' Equity	1,546,012	1,622,684
Subscription Rights to Shares	19	47
Total Net Assets	1,546,032	1,622,731
Total Liabilities and Net Assets	1,708,113	1,755,995

(2) Non-Consolidated Statements of Income

(Millions of Yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Operating Income:		
Dividends Received from Subsidiaries	51,963	29,550
Fees and Commissions Received from Subsidiaries	5,362	4,979
Total Operating Income	57,325	34,530
Operating Expenses:		
Interest on Bonds Payable	6,665	5,467
General and Administrative Expenses	4,169	3,062
Total Operating Expenses	10,834	8,529
Operating Profit	46,490	26,000
Non-Operating Income:		
Interest Income	84	369
Interest on Securities	2	58
Commission Fee	1	141
Other Non-Operating Income	78	168
Non-Operating Expenses:	481	1,513
Amortization of Share Issuance Cost	—	1,138
Commission Fee	246	270
Management Integration Expenses	56	71
Other Non-Operating Expenses	178	32
Ordinary Profit	46,093	24,856
Extra Ordinary Loss:		
Loss on Sales of Shares of Subsidiaries and Associated Companies	—	422
Total Extra Ordinary Loss	—	422
Income before Income Taxes	46,093	24,433
Income Taxes:		
Current	4	1
Total Income Taxes	4	1
Net Income	46,089	24,431

(3) Non-Consolidated Statements of Changes in Net Assets (from April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' 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 Current Period	261,608	702,933	553,008	1,255,942	223,240	223,240
Changes during the Period						
Cash Dividends					(40,946)	(40,946)
Net Income					46,089	46,089
Purchase of Treasury Stock						
Disposal of Treasury Stock			(3)	(3)		
Retirement of Treasury Stock			(106,753)	(106,753)		
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Period	—	—	(106,756)	(106,756)	5,142	5,142
Balance at the End of the Current Period	261,608	702,933	446,251	1,149,185	228,382	228,382

	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Current Period	(351)	1,740,440	6	1,740,446
Changes during the Period				
Cash Dividends		(40,946)		(40,946)
Net Income		46,089		46,089
Purchase of Treasury Stock	(199,574)	(199,574)		(199,574)
Disposal of Treasury Stock	7	4		4
Retirement of Treasury Stock	106,753	—		—
Net Changes of Items Other Than Shareholders' Equity			13	13
Total Changes during the Period	(92,813)	(194,427)	13	(194,414)
Balance at the End of the Current Period	(93,164)	1,546,012	19	1,546,032

Non-Consolidated Statements of Changes in Net Assets (from April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' 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 Current Period	261,608	702,933	446,251	1,149,185	228,382	228,382
Changes during the Period						
Cash Dividends					(41,626)	(41,626)
Net Income					24,431	24,431
Purchase of Treasury Stock						
Disposal of Treasury Stock			1,293	1,293		
Retirement of Treasury Stock						
Net Changes of Items Other Than Shareholders' Equity						
Total Changes during the Period	—	—	1,293	1,293	(17,195)	(17,195)
Balance at the End of the Current Period	261,608	702,933	447,545	1,150,479	211,187	211,187

	Shareholders' Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance at the Beginning of the Current Period	(93,164)	1,546,012	19	1,546,032
Changes during the Period				
Cash Dividends		(41,626)		(41,626)
Net Income		24,431		24,431
Purchase of Treasury Stock	(110)	(110)		(110)
Disposal of Treasury Stock	92,683	93,976		93,976
Retirement of Treasury Stock		—		—
Net Changes of Items Other Than Shareholders' Equity			27	27
Total Changes during the Period	92,573	76,671	27	76,699
Balance at the End of the Current Period	(591)	1,622,684	47	1,622,731

Notes on Going Concern Assumptions

There is no applicable information.