

Sumitomo Mitsui Trust Holdings, Inc. (SuMi TRUST Holdings)
Financial Results for the Fiscal Year Ended March 31, 2016
[Japanese GAAP] (Consolidated)



May 12, 2016

Stock exchange listings: Tokyo and Nagoya (Code: 8309)
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(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results (for the Fiscal Year Ended March 31, 2016)

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

Fiscal Year Ended	Ordinary Income		Ordinary Profit		Net Income Attributable to Owners of the Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2016	1,198,904	(0.4)	278,061	(4.9)	166,909	4.5
March 31, 2015	1,203,554	1.3	292,483	13.4	159,665	16.0

(Note) Comprehensive Income: Fiscal year ended March 31, 2016 ¥59,359 million, (88.1)%
 Fiscal year ended March 31, 2015 ¥499,385 million, 108.3%

Fiscal Year Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully Diluted)	Net Income to Net Assets Ratio	Ordinary Profit to Total Assets Ratio	Ordinary Profit to Ordinary Income Ratio
	Yen	Yen	%	%	%
March 31, 2016	43.33	43.32	7.0	0.5	23.2
March 31, 2015	40.38	40.38	7.2	0.7	24.3

(Reference) Equity in Earnings (Losses) of Affiliated Companies: Fiscal year ended March 31, 2016 ¥7,702 million
 Fiscal year ended March 31, 2015 ¥5,380 million

(2) Financial Position

As of	Total Assets	Net Assets	Net Assets to Total Assets Ratio	Net Assets per Share of Common Stock
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2016	58,229,948	2,704,511	4.1	618.12
March 31, 2015	46,235,949	2,716,973	5.2	618.63

(Reference) Shareholders' Equity: As of March 31, 2016 ¥2,376,973 million
 As of March 31, 2015 ¥2,389,824 million

(Notes) 1. Net Assets to Total Assets Ratio = (Net Assets - Subscription Rights to Shares - Non-Controlling Interests) / Total Assets
 2. The above Net Assets to Total Assets Ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency with respect to the capital adequacy ratio.

(3) Cash Flows

Fiscal Year Ended	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2016	9,752,429	(380,627)	(64,122)	17,323,915
March 31, 2015	1,349,631	1,646,991	(409,452)	8,022,017

2. Cash Dividends per Share of Common Stock

Fiscal Year Ended	Annual Cash Dividends per Share of Common Stock					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Dividends to Net Asset Ratio (Consolidated)
	1st Quarter-End	2nd Quarter-End	3rd Quarter-End	Fiscal Year-End	Total			
March 31, 2015	—	5.50	—	6.50	12.00	46,571	29.7	2.1
March 31, 2016	—	6.50	—	6.50	13.00	49,991	30.0	2.1
March 31, 2017 (Forecast)	—	6.50	—	6.50	13.00		29.4	

(Note) As announced today, May 12, 2016, SuMi TRUST Holdings plans to exercise a share consolidation of each 10 shares of common stock into one share effective on October 1, 2016. However, annual cash dividends per share of common stock for the fiscal year ending March 31, 2017, do not account for the share consolidation. Assuming that the share consolidation is exercised at the beginning of the fiscal year ending March 31, 2017 (forecast), total annual cash dividends per share of common stock will be ¥130. There will be no change in the payout ratio (consolidated), 29.4%, for the fiscal year ending March 31, 2017.

3. Consolidated Earnings Forecast (for the Fiscal Year Ending March 31, 2017)

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

Six Months Ending	Ordinary Profit		Net Income Attributable to Owners of the Parent		Net Income per Share of Common Stock
	Millions of Yen	%	Millions of Yen	%	Yen
September 30, 2016	120,000	(12.6)	80,000	(7.0)	20.80
March 31, 2017	255,000	(8.3)	170,000	1.9	44.21

(Note) As announced today, May 12, 2016, SuMi TRUST Holdings plans to exercise a share consolidation of each 10 shares of common stock into one share effective on October 1, 2016. However, net income per share of common stock in consolidated earnings forecast for the fiscal year ending March 31, 2017, does not account for the share consolidation. Assuming that the share consolidation is exercised at the beginning of the fiscal year ending March 31, 2017, net income per share of common stock will be as follows:
 Six months ending September 30, 2016: ¥208.04 Fiscal year ending March 31, 2017: ¥442.08

***Notes**

(1) Changes in Significant Subsidiaries during the Fiscal Year Ended March 31, 2016: None

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

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

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

SuMi TRUST Holdings' subsidiary, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), changed its depreciation method effective from the fiscal year ended March 31, 2016, and this falls under "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates." For further details, please refer to "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates" on page 21 of Accompanying Materials.

(3) Number of Shares Issued (Common Stock)

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

As of March 31, 2016	3,903,486,408 shares	As of March 31, 2015	3,903,486,408 shares
As of March 31, 2016	57,991,784 shares	As of March 31, 2015	40,446,221 shares
For the fiscal year ended March 31, 2016	3,852,022,549 shares	For the fiscal year ended March 31, 2015	3,896,562,260 shares

(For further details, please refer to "Per Share of Common Stock Information" on page 42 of Accompanying Materials.)

< Summary of Non-Consolidated Financial Results >

Non-Consolidated Financial Results (for the Fiscal Year Ended March 31, 2016)

(1) Non-Consolidated Results of Operations

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

Fiscal Year Ended	Operating Income		Operating Profit		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2016	59,926	0.0	57,611	0.1	50,504	(1.3)	50,503	(1.3)
March 31, 2015	59,918	73.5	57,550	82.9	51,168	105.9	51,173	109.5

Fiscal Year Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully-Diluted)
	Yen	Yen
March 31, 2016	13.11	13.11
March 31, 2015	12.54	12.54

(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, 2016	1,824,180	1,493,582	81.9	388.29
March 31, 2015	1,654,043	1,503,048	90.9	389.02

(Reference) Shareholders' Equity: March 31, 2016 ¥1,493,160 million
March 31, 2015 ¥1,502,802 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, 2016, 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, 2016.

Explanation Concerning the Appropriate Use of the Earnings Forecast and Other Special Matters

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

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

[Accompanying Materials]

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1. Operating Results

(1) Analysis of the Consolidated Operating Results

For the fiscal year ended March 31, 2016, “Net Business Profit Before Credit Costs” increased by ¥1.5 billion from the previous fiscal year to ¥318.3 billion. This was primarily due to the growth in net fees and commissions and related profit that mainly asset management and real estate brokerage subsidiaries of SuMi TRUST Holdings yielded, despite a decrease in net interest income and related profit recorded by Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST Bank).

“Ordinary Profit” decreased by ¥14.4 billion from the previous fiscal year to ¥278.0 billion. This was mainly due to an increase in credit costs affected by the non-recurrence of the reversal of “Allowance for Loan Losses,” which was recorded by SuMi TRUST Bank in the previous fiscal year, despite an increase in net gains on stocks.

“Net Income Attributable to Owners of the Parent” increased by ¥7.2 billion from the previous year to ¥166.9 billion, mainly due to the effect of non-recurrence of banking IT system integration costs for SuMi TRUST Bank recognized as “Extraordinary Losses,” which were recorded in the previous fiscal year.

(Reference)

SuMi TRUST Holdings (Consolidated)

	(Billions of Yen)		
	Fiscal Year Ended March 31, 2016	Changes from the Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2015
Net Business Profit Before Credit Costs	318.3	1.5	316.7
Ordinary Profit	278.0	(14.4)	292.4
Net Income Attributable to Owners of the Parent	166.9	7.2	159.6
Credit Costs (expenses are in parentheses)	(25.9)	(45.2)	19.3
Net Gains on Stocks	29.6	31.8	(2.1)

SuMi TRUST Bank (Non-Consolidated)

	(Billions of Yen)		
	Fiscal Year Ended March 31, 2016	Changes from the Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2015
Gross Business Profit Before Credit Costs	485.3	(8.8)	494.2
General and Administrative Expenses (expenses are in parentheses)	(236.1)	12.3	(248.5)
Net Business Profit Before Credit Costs	249.1	3.4	245.7
Ordinary Profit	218.8	(11.1)	230.0
Net Income	143.1	12.6	130.5
Credit Costs (expenses are in parentheses)	(14.1)	(32.2)	18.1
Net Gains on Stocks	18.7	16.6	2.0

(2) Analysis of the Consolidated Financial Position

As of March 31, 2016, consolidated “Total Assets” increased by ¥11,993.9 billion to ¥58,229.9 billion and consolidated “Total Net Assets” decreased by ¥12.4 billion to ¥2,704.5 billion from the end of the previous fiscal year.

In particular, “Cash and Due from Banks” increased by ¥9,393.7 billion to ¥19,924.5 billion, “Loans and Bills Discounted” increased by ¥1,975.7 billion to ¥27,525.8 billion, “Securities” increased by ¥112.8 billion to ¥4,926.2 billion, and “Deposits” increased by ¥1,622.2 billion to ¥26,701.9 billion, compared with those as of the end of the previous fiscal year.

Consolidated “Net Cash Provided by Operating Activities” totaled ¥9,752.4 billion, a year-on-year increase of ¥8,402.7 billion, and consolidated “Net Cash Provided by Investing Activities” totaled ¥380.6 billion, a

year-on-year increase of ¥2,027.6 billion. Consolidated “Net Cash Used in Financing Activities” totaled ¥64.1 billion, a year-on-year decrease of ¥345.3 billion. Consolidated “Cash and Cash Equivalents” at the end of the fiscal year totaled ¥17,323.9 billion.

(3) Policy on Shareholder Return and Dividends for the Fiscal Years 2015 and 2016

As per SuMi TRUST Holdings’ policy on shareholders’ return in accordance with its profit level, SuMi TRUST Holdings retains its dividend policy on common shares targeting approximately 30% as a consolidated dividend payout ratio. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns.

As a result, the annual dividend, including the interim dividend of ¥6.5 per share paid in December 2015, will be ¥13 per share.

The annual dividend for the fiscal year ending March 31, 2017, will be ¥13 per share of common shares (including the interim dividend of ¥6.5 per share) based on the full-year earnings forecasts.

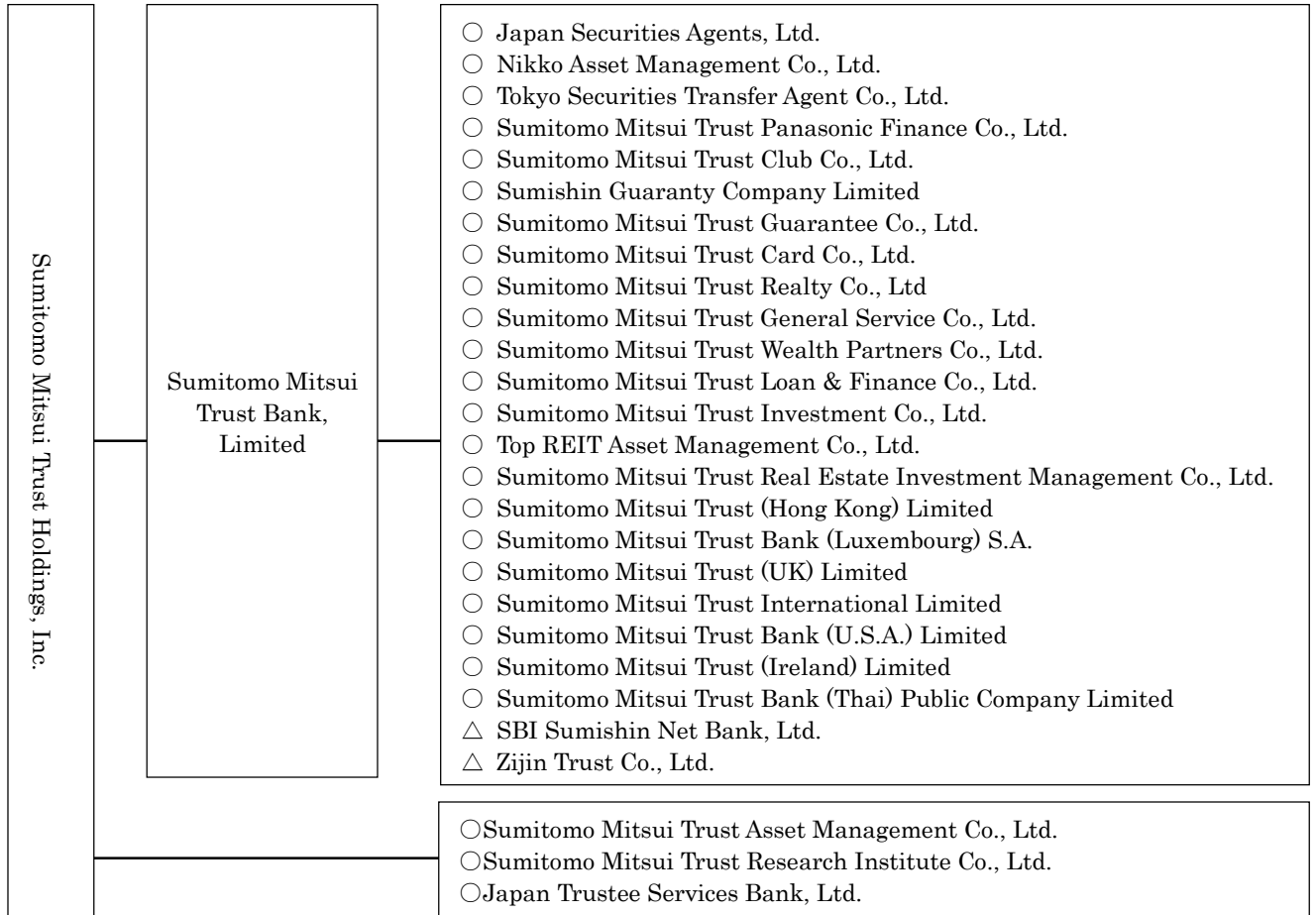
Note1: Consolidated Dividend Payout Ratio = (Total Amount of Dividends on Shares of Common Stock/ Net Income Attributable to Owners of the Parent) ×100

Note2: As announced today, May 12, 2016, SuMi TRUST Holdings plans to exercise a share consolidation of each 10 shares of common stock into one share effective on October 1, 2016. However, the above annual cash dividends per share of common shares for the fiscal year ending March 31, 2017, does not account for the share consolidation. Assuming that the share consolidation is exercised at the beginning of the fiscal year ending March 31, 2017, total annual cash dividends per share of common shares will be ¥130 (including the interim dividend of ¥65 per share) For more information on the share consolidation, please refer to the “Notice regarding Change in the Number of Shares Constituting One Unit, Consolidation of Shares and Partial Amendments to the Articles of Incorporation,” separately released.

2. Organization of the Sumitomo Mitsui Trust Holdings Group

The Sumitomo Mitsui Trust Holdings Group (the “SuMi TRUST Group” or “we”) is engaged in a broad range of financial services activities, mainly in trust banking business by SuMi TRUST Bank. The SuMi TRUST Group encompasses 73 consolidated subsidiaries and 19 affiliated companies accounted for by the equity method. The SuMi TRUST Group’s reportable segments are presented below:

(as of March 31, 2016)



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

3. Management Policy

(1) Basic Management Policy

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

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, the SuMi TRUST Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

(2) Targeted Management Benchmarks

The SuMi TRUST Group set revenue targets of ¥300.0 billion in “Net Business Profit Before Credit Costs” and ¥170.0 billion in “Net Income Attributable to Owners of the Parent” on a consolidated basis for the fiscal year 2016. The long-term target for return on shareholders’ equity is set as approximately 10%.

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

Amid changing social structures derived from the ongoing decline in the birthrate and aging population and increasing new risks generated by economic globalization and integration, the needs and issues of our clients with assets are likely to become more complex and advanced. This means that we have a much bigger role to play. We will provide total solutions that promptly and accurately satisfy the needs of our clients by leveraging our high degree of specialization and comprehensive strength unique to the SuMi TRUST Group, with the aim of generating our own added value and pursuing further growth.

(i) Improve profitability from existing business and develop unique business models

For our existing business, we will strive on an ongoing basis for a higher customer satisfaction and the growth of business performance by drawing on the strength of our unique business model combined with banking, trust, and real estate business, whose synergy is seen in the coordination across business sections that upgrades frontline sales efforts both in quality and quantity and offers high value added products and services. With a view to expanding a new earnings base, we will also focus on asset management and administration business and offer services tailored to various situations of our clients’ life stages to increase transactions with small- and medium-sized companies and individual customers who are accumulating assets. At the same time, we will provide value added services to a broader customer base through alliance with regional financial institutions and foreign institutions.

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

We will allocate human resources mainly to the areas with growth potential for revenue expansion and the strategic business areas that can provide new value added services. Specifically, we will allocate human resources efficiently with a focus on the growing fee business and an enhancement of our fundamental earning power in the new and existing business areas so that we will be able to maximize our management resources.

Furthermore, in order to improve the overhead ratio, we will continuously pursue efficient management across SuMi TRUST Group through enhancing cost reduction efforts, such as review of every type of fixed costs and emphasizing various activities for operational efficiency and profitability improvement.

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

We will further endeavor to improve profitability and efficiency through scheduled reduction of strategic shareholdings and improvement in profitability from the balance sheet in consideration of the introduction of the negative interest rate policy, to strengthen and expand our financial foundation swiftly in response to tighter global financial regulations, including Basel III. In addition, we will make further efforts to enhance our foreign

currency funding capability and change credit portfolios in line with the expansion of our global business.

On the risk management front, we will strengthen adaptability in response to changes in the financial markets, appropriately prepare for global financial regulations, including local laws and regulations, and continuously enhance our corporate governance.

With respect to compliance, we will continue to improve the legal compliance system suitable for the global activities to restore public trust. We will address compliance-related issues, including enhancement of information management, elimination of deals with antisocial forces, and enhancement of client protection management.

(iv) Expand consolidated profit

Our subsidiaries and affiliates will strive to expand consolidated profit and to improve operational efficiency through cost reduction. These will be achieved through enhancing the existing businesses, exploiting new business growth areas, and expanding the group-wide capability to provide solutions.

4. Basic Views of Selecting Accounting Standards

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Assets:		
Cash and Due from Banks	10,530,766	19,924,523
Call Loans and Bills Bought	205,075	705,252
Receivables under Resale Agreements	136,188	110,377
Receivables under Securities Borrowing Transactions	310,806	326,457
Monetary Claims Bought	794,838	889,445
Trading Assets	754,962	614,290
Money Held in Trust	1,619	1,749
Securities	4,813,354	4,926,236
Loans and Bills Discounted	25,550,064	27,525,862
Foreign Exchanges	12,732	17,223
Lease Receivables and Investment Assets	547,016	608,433
Other Assets	1,547,226	1,622,859
Tangible Fixed Assets:	223,568	226,824
Buildings	71,863	74,417
Land	123,929	127,424
Lease Assets	1,951	3,437
Construction in Progress	2,160	1,877
Other	23,663	19,667
Intangible Fixed Assets:	159,256	202,163
Software	67,359	91,241
Goodwill	84,684	100,019
Lease Assets	64	212
Other	7,148	10,689
Assets for Retirement Benefits	190,706	91,404
Deferred Tax Assets	16,280	23,952
Customers' Liabilities for Acceptances and Guarantees	531,500	503,742
Allowance for Loan Losses	(90,015)	(90,851)
Total Assets	46,235,949	58,229,948
Liabilities:		
Deposits	25,079,711	26,701,948
Negotiable Certificates of Deposit	6,570,567	7,130,632
Call Money and Bills Sold	497,600	38,968
Payables under Repurchase Agreements	462,942	653,456
Trading Liabilities	405,188	451,751
Borrowed Money	2,492,087	2,580,524
Foreign Exchanges	140	259
Short-Term Bonds Payable	974,317	1,253,207
Bonds Payable	1,026,113	1,076,118
Borrowed Money from Trust Account	3,983,261	13,694,600
Other Liabilities	1,278,628	1,253,630
Provision for Bonuses	16,312	16,321
Provision for Directors' Bonuses	230	255
Liabilities for Retirement Benefits	12,152	13,937
Provision for Points	495	17,711
Provision for Reimbursement of Deposits	3,598	3,676
Provision for Contingent Losses	8,533	7,642
Deferred Tax Liabilities	172,271	123,927
Deferred Tax Liabilities for Land Revaluation	3,322	3,126
Acceptances and Guarantees	531,500	503,742
Total Liabilities	43,518,975	55,525,436

(Continued)

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Net Assets:		
Capital Stock	261,608	261,608
Capital Surplus	645,261	645,106
Retained Earnings	970,373	1,087,195
Treasury Stock	(17,057)	(27,097)
Total Shareholders' Equity	1,860,185	1,966,813
Valuation Differences on Available-for-Sale Securities	505,448	467,517
Deferred Gains (Losses) on Hedges	(20,605)	(13,169)
Revaluation Reserve for Land	(5,951)	(5,819)
Foreign Currency Translation Adjustments	14,953	2,800
Adjustments for Retirement Benefits	35,793	(41,168)
Total Accumulated Other Comprehensive Income	529,638	410,160
Subscription Rights to Shares	246	421
Non-Controlling Interests	326,902	327,116
Total Net Assets	2,716,973	2,704,511
Total Liabilities and Net Assets	46,235,949	58,229,948

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

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Ordinary Income:	1,203,554	1,198,904
Trust Fees	104,703	105,537
Interest Income:	369,229	372,076
Interest on Loans and Discounts	259,823	259,957
Interest and Dividends on Securities	85,819	86,544
Interest on Call Loans and Bills Bought	1,642	857
Interest on Receivables under Resale Agreements	883	925
Interest on Receivables under Securities Borrowing Transactions	56	18
Interest on Deposits with Banks	15,070	18,610
Other Interest Income	5,933	5,161
Fees and Commissions	333,756	356,247
Trading Income	32,428	15,964
Other Ordinary Income	288,014	286,009
Other Income:	75,422	63,068
Reversal of Allowance for Loan Losses	18,978	—
Recoveries of Written-Off Claims	2,273	2,795
Other	54,170	60,273
Ordinary Expenses:	911,071	920,842
Interest Expenses:	126,347	141,131
Interest on Deposits	63,677	61,617
Interest on Negotiable Certificates of Deposit	11,241	16,575
Interest on Call Money and Bills Sold	1,548	1,234
Interest on Payables under Repurchase Agreements	1,146	4,403
Interest on Payables under Securities Lending Transactions	16	7
Interest on Borrowings	8,983	9,143
Interest on Short-Term Bonds	1,817	2,810
Interest on Bonds	19,258	15,788
Other Interest Expenses	18,656	29,550
Fees and Commissions Payments	73,661	80,428
Trading Expenses	—	428
Other Ordinary Expenses	237,129	216,036
General and Administrative Expenses	405,901	405,078
Other Expenses	68,031	77,739
Provision of Allowance for Loan Losses	—	19,195
Other	68,031	58,544
Ordinary Profit	292,483	278,061

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Extraordinary Income:	2,978	2,720
Gains on Disposal of Fixed Assets	2,978	1,846
Gains on Negative Goodwill	—	874
Extraordinary Losses:	62,882	7,645
Losses on Disposal of Fixed Assets	2,717	3,565
Impairment Losses	5,017	4,080
Other Extraordinary Losses	55,148	—
Income before Income Taxes	232,578	273,136
Income Taxes:	60,178	93,986
Current	49,372	72,470
Deferred	10,805	21,515
Net Income	172,400	179,150
Net Income Attributable to Non-Controlling Interests	12,734	12,240
Net Income Attributable to Owners of the Parent	159,665	166,909

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Net Income	172,400	179,150
Other Comprehensive Income (Loss):	326,984	(119,791)
Valuation Differences on Available-for-Sale Securities	266,571	(33,514)
Deferred Gains (Losses) on Hedges	(2,345)	3,149
Revaluation Reserve for Land	339	175
Foreign Currency Translation Adjustments	6,517	(11,134)
Adjustments for Retirement Benefits	50,831	(77,014)
Attributable to Equity Method Affiliated Companies	5,071	(1,451)
Comprehensive Income:	499,385	59,359
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	486,233	47,474
Comprehensive Income Attributable to Non-Controlling Interests	13,151	11,884

(3) Consolidated Statements of Changes in Net Assets
For the Fiscal Year Ended March 31, 2015

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Year	261,608	754,267	886,491	(591)	1,901,775
Cumulative Effect of Changes in Accounting Policies			(30,729)		(30,729)
Balance at the Beginning of the Year after the Cumulative Effect	261,608	754,267	855,761	(591)	1,871,046
Changes during the Year					
Cash Dividends			(45,582)		(45,582)
Net Income Attributable to Owners of the Parent			159,665		159,665
Purchase of Treasury Stock				(125,494)	(125,494)
Disposal of Treasury Stock		0		22	22
Retirement of Treasury Stock		(109,006)		109,006	—
Reversal of Revaluation Reserve for Land			528		528
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Year	—	(109,005)	114,611	(16,465)	(10,860)
Balance at the End of the Year	261,608	645,261	970,373	(17,057)	1,860,185

	Accumulated Other Comprehensive Income						Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income			
Balance at the Beginning of the Year	229,637	(12,585)	(5,761)	7,343	(15,033)	203,599	47	335,620	2,441,043
Cumulative Effect of Changes in Accounting Policies					—				(30,729)
Balance at the Beginning of the Year after the Cumulative Effect	229,637	(12,585)	(5,761)	7,343	(15,033)	203,599	47	335,620	2,410,313
Changes during the Year									
Cash Dividends									(45,582)
Net Income Attributable to Owners of the Parent									159,665
Purchase of Treasury Stock									(125,494)
Disposal of Treasury Stock									22
Retirement of Treasury Stock									—
Reversal of Revaluation Reserve for Land									528
Net Changes of Items Other Than Shareholders' Equity	275,810	(8,019)	(189)	7,610	50,827	326,039	198	(8,717)	317,519
Total Changes during the Year	275,810	(8,019)	(189)	7,610	50,827	326,039	198	(8,717)	306,659
Balance at the End of the Year	505,448	(20,605)	(5,951)	14,953	35,793	529,638	246	326,902	2,716,973

For the Fiscal Year Ended March 31, 2016

(Millions of Yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Net Cash Provided by (Used in) Operating Activities:		
Income before Income Taxes	232,578	273,136
Depreciation and Amortization	34,174	30,461
Impairment Losses	5,017	4,080
Amortization of Goodwill	8,104	8,416
Gain on Negative Goodwill	—	(874)
Equity in Losses (Earnings) of Affiliated Companies	(5,380)	(7,702)
Increase (Decrease) in Allowance for Loan Losses	(20,274)	(2,535)
Increase (Decrease) in Provision for Bonuses	896	8
Increase (Decrease) in Provision for Directors' Bonuses	(25)	25
Decrease (Increase) in Assets for Retirement Benefits	(64,564)	98,195
Increase (Decrease) in Liabilities for Retirement Benefits	(78)	1,830
Increase (Decrease) in Provision for Points	52	1,216
Increase (Decrease) in Provision for Reimbursement of Deposits	(319)	77
Increase (Decrease) in Provision for Contingent Losses	(266)	(891)
Gain on Fund Management	(369,229)	(372,076)
Financing Expenses	126,347	141,131
Loss (Gain) Related to Securities	(61,602)	(82,002)
Loss (Gain) on Money Held in Trust	(683)	(39)
Foreign Exchange Losses (Gains)	(217,369)	70,463
Loss (Gain) on Disposal of Tangible Fixed Assets	(260)	1,718
Net Decrease (Increase) in Trading Assets	(217,933)	140,672
Net Increase (Decrease) in Trading Liabilities	191,084	46,562
Net Decrease (Increase) in Loans and Bills Discounted	(1,729,107)	(1,966,797)
Net Increase (Decrease) in Deposit	931,617	1,624,350
Net Increase (Decrease) in Negotiable Certificates of Deposit	1,470,388	560,064
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	651,246	(5,135)
Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan)	(992,302)	(91,858)
Net Decrease (Increase) in Call Loans	540,199	(568,738)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(21,429)	(15,650)
Net Increase (Decrease) in Call Money	(531,104)	(268,118)
Net Decrease (Increase) in Foreign Exchange-Assets	(618)	(4,490)
Net Increase (Decrease) in Foreign Exchange-Liabilities	15	118
Net Decrease (Increase) in Lease Receivables and Investment Assets	(6,812)	(47,042)
Net Increase (Decrease) in Short-Term Bonds Payable	69,434	278,889
Increase (Decrease) in Straight Bonds-Issuance and Redemption	107,646	11,511
Net Increase (Decrease) in Borrowed Money from Trust Account	1,041,512	9,711,339
Proceeds from Fund Management	376,655	385,989
Payments for Finance	(160,161)	(151,477)
Other, Net	(1,101)	8,172
Subtotal	1,386,348	9,813,000
Income Taxes (Paid) Refunded	(36,717)	(60,571)
Net Cash Provided by (Used in) Operating Activities	1,349,631	9,752,429

(Continued)

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Net Cash Provided by (Used in) Investing Activities:		
Purchase of Securities	(6,179,265)	(5,512,916)
Proceeds from Sales of Securities	5,791,402	3,242,654
Proceeds from Redemption of Securities	2,067,558	1,996,948
Increase in Money Held in Trust	—	(250)
Decrease in Money Held in Trust	12,000	—
Purchase of Tangible Fixed Assets	(14,777)	(20,408)
Proceeds from Sales of Tangible Fixed Assets	6,177	4,353
Purchase of Intangible Fixed Assets	(36,109)	(51,259)
Proceeds from Sales of Intangible Fixed Assets	6	0
Purchase of Shares of Subsidiaries		
Resulting in Change in the Scope of Consolidation	—	(39,910)
Proceeds from Sales of Shares of Subsidiaries		
Resulting in Change in the Scope of Consolidation	—	160
Net Cash Provided by (Used in) Investing Activities	1,646,991	(380,627)
Net Cash Provided by (Used in) Financing Activities:		
Decrease in Subordinated Borrowings	(65,000)	(30,000)
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	29,850	178,883
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	(182,000)	(141,269)
Purchase of Shares of Subsidiaries without Change in the Scope of Consolidation	—	(434)
Repayment to Non-Controlling Interests	(10,000)	—
Cash Dividends Paid	(45,575)	(50,102)
Cash Dividends Paid to Non-Controlling Interests	(11,255)	(11,159)
Purchase of Treasury Stock	(125,494)	(10,069)
Proceeds from Sales of Treasury Stock	22	29
Net Cash Provided by (Used in) Financing Activities	(409,452)	(64,122)
Effect of Exchange Rate Change on Cash and Cash Equivalents	34,344	(5,780)
Net Increase (Decrease) in Cash and Cash Equivalents	2,621,514	9,301,898
Cash and Cash Equivalents at the Beginning of the Year	5,400,503	8,022,017
Cash and Cash Equivalents at the End of the Year	8,022,017	17,323,915

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: 73 companies

Principal Company:

SuMi TRUST Bank

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

Sumitomo Mitsui Trust Club Co., Ltd. and two other companies are included in the scope of consolidation from the fiscal year ended March 31, 2016 due to the acquisition of their shares.

Sumitomo Mitsui Trust Capital Co., Ltd. and one other company are excluded from the scope of consolidation from the current fiscal year due mainly to the sale of their shares.

(2) Unconsolidated Subsidiaries

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 37 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are the operators that are engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

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

2. Application of the Equity Method

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

None

(2) Affiliated Companies Accounted for by the Equity Method: 19 companies

Principal Companies:

Japan Stockholders Data Service Company, Limited

SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the fiscal year ended March 31, 2016, are as follows:

SBI Card Co., Ltd. and one other company are included in the scope of application of the equity method due to mainly the acquisition of their shares from the fiscal year ended March 31, 2016.

Aon Hewitt HR One Corporation and one other company are excluded from the scope of application of the equity method from the current fiscal year due mainly to their liquidation.

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

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 37 other companies are excluded from the scope of application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

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

Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies).

3. Balance Sheet Dates of the Consolidated Subsidiaries

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

April 30	2 companies
May 31	1 company
August 31	1 company
September 30	6 companies
November 30	1 company
December 31	10 companies
January 24	3 companies
January 31	2 companies
March 31	47 companies

(2) Subsidiaries are consolidated using the financial statements for the current fiscal year as of the following dates:

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

A subsidiary with a balance sheet date of May 31: Provisionally prepared financial statements as of February 29

A subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 29

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 29

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, 2016, and the above balance sheet dates of subsidiaries have been reflected in the consolidated financial statements.

4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

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

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

Trading income and trading expenses include interest income or expenses, changes in fair value of securities and monetary claims during the current fiscal year, and changes in value of derivatives between the beginning and end of the current fiscal year.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Holdings is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes (Trading Securities), (ii) debt securities intended to be held to maturity (Held-to-Maturity Debt Securities), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories (Available-for-Sale Securities).

Held-to-Maturity Debt Securities are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as Available-for-Sale Securities are valued at the market price during the final month of the current fiscal year. Available-for-Sale Securities other than Japanese stocks are valued at the market price at the balance sheet date. Available-for-Sale Securities for which their fair values are not reliably determinable are carried at cost determined by the moving-average method.

Valuation differences on Available-for-Sale Securities are recorded as a separate component of net assets and reported in the consolidated balance sheets.

- (b) Securities in money held in trust are classified and accounted for in the same manner as those described in 4. (1) and 4. (2) (a) above.
- (3) Financial Derivatives
Financial derivatives, excluding those for trading purposes, are stated at fair value.
- (4) Depreciation and Amortization Methods
- (a) Tangible fixed assets other than lease assets
Tangible fixed assets are depreciated using primarily the straight-line method.
The useful lives of major asset categories are as follows:
- | | |
|------------|---------------|
| Buildings: | 3 to 60 years |
| Others: | 2 to 20 years |
- (b) Intangible fixed assets other than lease assets
Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Holdings or the consolidated subsidiaries, generally five years.
- (c) Lease assets
The lease assets under “Tangible Fixed Assets” and “Intangible Fixed Assets” that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.
- (5) Allowance for Loan Losses
The major domestic consolidated subsidiaries record allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.
For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings (“legal bankruptcy”) and against borrowers that are in substantially similar adverse condition (“virtual bankruptcy”), the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future (“possible bankruptcy”), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers’ solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.
For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the “estimated cash flow method”).
For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.
All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.
As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.
For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥27,075 million for the fiscal year ended March 31, 2016.
- (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 Points
A provision for points is provided for the use of points granted to holders of Diners Club Card and other credit cards in the amount deemed necessary based on the estimated points to be used in the future.

(9) Provision for Reimbursement of Deposits in Dormant Accounts

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

(10) Provision for Contingent Losses

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

(11) Accounting for Retirement Benefits

In determining the retirement benefit obligations, SuMi TRUST Bank and some consolidated subsidiaries apply the method to attribute projected benefits to the periods up to the year ended March 31, 2016, under the plan's benefit formula. Past service cost and actuarial gains or losses are expensed using the following methods:

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

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

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

(12) Foreign Currency Translation

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

(13) Accounting for Leases

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

(14) Hedge Accounting

(a) Interest-related transactions

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

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

Deferred losses on hedges associated with "Macro Hedge Accounting" during the current fiscal year ended March 31, 2016, totaled ¥227 million (before tax effect).

(b) Currency-related transactions

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

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

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

(c) Stock-related transactions

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

(d) Internal hedge transactions and others

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

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

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

(15) Amortization Method and Period of Goodwill

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

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

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

(17) National and Local Consumption Taxes

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

Changes in Accounting Policies

(Application of “Accounting Standard for Business Combinations” and Others)

SuMi TRUST Holdings applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 21 of September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of September 13, 2013) effective from the fiscal year ended March 31, 2016. Under these accounting standards, differences arising from changes in SuMi TRUST Holdings’ ownership interests in its subsidiaries over which it retains control are recognized in Capital Surplus, and acquisition-related costs are expensed as incurred. For business combinations completed on or after the beginning of the fiscal year ended March 31, 2016, the revised allocation of acquisition costs, due to the finalization of the tentative accounting treatment, is reflected in the consolidated financial statements for the period in which the business combination occurred. In addition, SuMi TRUST Holdings changed the presentation of certain accounts, and minority interests are now presented as non-controlling interests. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in the presentation.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, two changes have been made. Cash flows related to the acquisition or sale of shares of subsidiaries that does not lead to a change in the scope of consolidation, are now included in the “Net Cash Provided by (Used in) Financing Activities.” Cash flows related to expenses incurred associated with the acquisition of shares of the subsidiaries that changes the scope of consolidation or expenses incurred associated with the acquisition or sale of shares of the subsidiaries that does not lead to a change in the scope of consolidation, are now included in the “Net Cash Provided by (Used in) Operating Activities.”

For the application of these accounting standards, SuMi TRUST Holdings adopted the transitional provisions in item (4), paragraph 58-2 of the Accounting Standard for Business Combinations; item (4), paragraph 44-5 of the Accounting Standard for Consolidated Financial Statements; and item (4), paragraph 57-4 of the Accounting Standard for Business Divestitures effective from the beginning of the fiscal year ended March 31, 2016.

The effects of these changes to “Ordinary Profit,” “Income before Income Taxes,” and “Retained Earnings” as of and for the fiscal year ended March 31, 2016, are immaterial.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates

SuMi TRUST Bank changed its depreciation method for tangible fixed assets (excluding lease assets) from the declining-balance method to the straight-line method effective from the current fiscal year ended March 31, 2016, except for buildings (excluding their accompanying facilities) acquired on or after April 1, 1998, which are depreciated using the straight-line method.

This change was made as a result of reviewing the depreciation method for tangible fixed assets after the completion of the banking IT system integration, in consideration for future investment plans, such as renovation of clerical centers, opening of new branches, and consolidation of branches with redundant functions. SuMi TRUST Bank’s tangible fixed assets are expected to be used continuously over a long term, leading to a conclusion that the straight-line method, under which expenses are evenly distributed through the assets’ useful lives in line with their actual usage, contributes the appropriate presentation of profit and loss.

The effects of this change to “Ordinary Profit” and “Income before Income Taxes” for the fiscal year ended March 31, 2016, are immaterial.

Notes to the Consolidated Financial Statements

Consolidated Balance Sheets

1. Stocks and Equity Investments in Unconsolidated Subsidiaries and Associated Companies
Stocks and equity investments in unconsolidated subsidiaries and associated companies were ¥93,788 million.
2. Unsecured Borrowed Securities under Lending Agreements and Securities Purchased under Resale Agreements and Borrowing Transactions with Cash Collateral that SuMi TRUST Holdings is Permitted to Sell or Repledge without Restrictions
Securities that are further loaned were ¥886,136 million.
3. Loans in Bankruptcy Proceedings and Other Delinquent Loans
Loans and bills discounted included ¥4,229 million in loans in bankruptcy proceedings and ¥65,692 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 (“non-accrual loans”), due to the reasons as prescribed in Article 96, Paragraph 1,

Items 3 and 4 of the Enforcement Ordinance for the Corporation Tax Act (Cabinet Order No. 97 of 1965).

Other delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

4. Loans Past Due Three Months or More

There were no loans and bills discounted that were 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 included ¥40,999 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 otherwise providing 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 was ¥110,921 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. SuMi TRUST Holdings has a right to freely sell or re-pledge such commercial bills. The total face value of such bills was ¥2,478 million.

8. Assets Pledged as Collateral

Assets Pledged as Collateral

Trading Assets	¥	20,000	million
Securities	¥	877,146	million
Loans and Bills Discounted	¥	1,470,791	million
Lease Receivables and Investment Assets	¥	8,425	million
Other Assets	¥	153	million

Corresponding Liabilities to Assets Pledged as Collateral

Deposits	¥	23,012	million
Payables under Repurchase Agreements	¥	354,071	million
Borrowed Money	¥	1,244,330	million
Acceptances and Guarantees	¥	2,561	million

In addition to the foregoing, ¥692,467 million in securities and ¥733,323 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 included ¥8,435 million in initial margins of futures, ¥31,351 million in security deposits, and ¥486,412 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 ¥11,860,101 million, of which ¥7,856,167 million is attributable to agreements expiring within one year or that may be unconditionally canceled at any time.

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

10. **Revaluation Reserve for Land**
In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use from SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a deferred tax liability on land revaluation in liabilities, and the amount net of such difference was recorded as a revaluation reserve for land in net assets.
Revaluation Date: March 31, 1999
Revaluation method prescribed by Article 3, Paragraph 3 of the Act:
The revaluation was calculated by adjusting the value of land based on the posted prices for benchmark properties as prescribed by Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998) and the land assessments under Article 2, Item 4 of the same order.
The difference between the fair value and revalued book value of the land for commercial use subject to the Article 10 of the Act was ¥5,486 million.
11. **Accumulated Depreciation of Tangible Fixed Assets**
Accumulated depreciation of tangible fixed assets was ¥139,114 million.
12. **Advanced Depreciation**
Advanced depreciation, which is allowed by the tax law in Japan, was ¥26,640 million.
13. **Borrowed Money**
Borrowed money included ¥100,033 million in subordinated borrowings with lower priority for fulfillment of obligation than other debts.
14. **Bonds Payable**
Bonds payable includes ¥611,848 million in subordinated bonds, of which ¥210,000 million is subordinated bonds with a debt relief clause at the contractual point of non-viability.
15. **Guarantee Obligations on Corporate Bonds Placed through Private Securities Offerings**
The bonds presented under “Securities” included ¥134,249 million in guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act).
16. **Principal of Guaranteed Trust Accounts**
The principal amount of the trusts held by SuMi TRUST Bank through guaranteed trust agreements included ¥6,943,283 million in money trusts and ¥11,704 million in loan trusts.

Consolidated Statements of Income

1. **Other Income**
“Other income” for the fiscal year ended March 31, 2016, included ¥42,293 million in gains on sales of stocks and other securities and ¥7,702 million in equity in earnings of affiliated companies.
2. **Other Expenses**
“Other expenses” for the fiscal year ended March 31, 2016, included ¥9,377 million in write-off of loans and bills discounted, and ¥8,731 million in losses from investments in associations.

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, 2016, 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	
Treasury Stock: Common Share	40,446	17,595	50	57,991	Notes 1 and 2

Notes:

- The number of shares of common stock held as treasury stock increased by 124 thousand shares due to purchase of odd-lot or less than one thousand shares and by 17,471 thousand shares due to the acquisition of treasury stock, which was resolved at the meeting of the Board of Directors held on July 30, 2015.
 - The number of shares of common stock held as treasury stock decreased by 7 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders and by 43 thousand shares due to transfer of shares upon exercise of stock option rights.
2. Subscription Rights to Shares
Subscription rights to shares for the fiscal year ended March 31, 2016, consisted of the following:

(Millions of Yen)

Entity	Description	Number of Shares Outstanding at the End of the Fiscal Year
SuMi TRUST Holdings	Subscription Rights to Shares as Stock Options	421
Consolidated Subsidiary (Nikko Asset Management Co., Ltd.)	Subscription Rights to Shares as Stock Options	—

3. Dividends

(1) Dividends paid for the fiscal year ended March 31, 2016, consist of the following:

Resolution	Type of Shares	Millions of Yen	Yen	Record Date	Effective Date
		Total Cash Dividend	Cash Dividend per Share		
June 26, 2015 Ordinary General Meeting of Shareholders	Common Share	25,109	6.50	March 31, 2015	June 29, 2015
November 12, 2015 Board of Directors' Meeting	Common Share	24,995	6.50	September 30, 2015	December 2, 2015

- (2) Dividends with a record date during the current fiscal year ended March 31, 2016, but whose effective date is after March 31, 2016, are as follows:

SuMi TRUST Holdings plans to propose the following at the ordinary general meeting of shareholders to be held on June 29, 2016:

Resolution	Type of Shares	Millions of Yen	Dividend Resources	Yen	Record Date	Effective Date
		Total Cash Dividends		Cash Dividends per Share		
June 29, 2016 Ordinary General Meeting of Shareholders	Common Share	24,995	Retained Earnings	6.50	March 31, 2016	June 30, 2016

Consolidated Statements of Cash Flows

1. Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet as of March 31, 2016.

Cash and Due from Banks	¥	19,924,523	million
Due from Consolidated Subsidiaries in Japan Involving in Trust Banking Business (excluding Due from Bank of Japan)		(2,600,607)	million
Cash and Cash Equivalents	¥	17,323,915	million

2. Major Components of Assets and Liabilities of Subsidiaries Newly Consolidated Due to the Acquisition of their Shares

The following table shows the major components of assets and liabilities, at the time of the acquisition, of two subsidiaries newly consolidated due to the acquisition of their shares and reconciles the share acquisition costs and payment for the purchase of investments in subsidiaries:

Assets	¥	210,147	million
Liabilities		(186,785)	million
Goodwill		23,830	million
Negative Goodwill		(874)	million
Share Acquisition Costs	¥	46,318	million
Cash and Cash Equivalents		6,407	million
Net: Payment for Purchase of Investments in Subsidiaries	¥	39,910	million

Financial Instruments

1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

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

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

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

(2) Description and Risks of Financial Instruments

1) Trading Accounts

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

2) Banking Accounts

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

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

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

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

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

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

(3) Risk Management for Financial Instruments

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

1) Credit Risk Management

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

(a) Risk Management Policy on Credit Risk

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

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

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

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

(b) Risk Management Framework for Credit Risk

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

2) Market Risk Management

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

(a) Risk Management Policy on Market Risk

In managing market risk, SuMi TRUST Group maintains a basic policy to organize an appropriate risk management framework for 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 for Market Risk

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

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

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

(c) Market Risk Management Approach

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

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

(d) Quantitative Information Related to Market Risk

(i) Trading Accounts

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

As of March 31, 2016, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the “Trading Accounts” was ¥4.5 billion.

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profit and loss. The back testing for the fiscal year ended March 31, 2016, resulted in two instances where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking Accounts

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

As of March 31, 2016, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the “Banking Account” was ¥1,153.2 billion.

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

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

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

(a) Risk Management Policy of Liquidity Risk

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

(b) Risk Management Framework and Approaches for Liquidity Risk

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

To reduce liquidity risk, the liquidity 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 in the consolidated balance sheets and fair values of financial instruments as of March 31, 2016, as well as the differences between these values are presented below. The fair values of unlisted shares are excluded from the following table because such fair values are extremely difficult to determine (See Note 2).

(Millions of Yen)

	Carrying Amount	Fair Value	Difference
(1) Cash and Due from Banks (*1)	19,924,433	19,924,433	—
(2) Call Loans and Bills Bought	705,252	705,252	—
(3) Receivables under Resale Agreements	110,377	110,377	—
(4) Receivables under Securities Borrowing Transactions	326,457	326,457	—
(5) Monetary Claims Bought (*1)	853,478	854,108	630
(6) Trading Assets			
Trading Securities	50,301	50,301	—
(7) Money Held in Trust	1,649	1,649	—
(8) Securities			
Held-to-Maturity Debt Securities	318,190	354,795	36,605
Available-for-Sale Securities	4,389,833	4,389,833	—
(9) Loans and Bills Discounted	27,525,862		
Allowance for Loan Losses (*2)	(78,835)		
	27,447,027	27,719,286	272,259
(10) Foreign Exchanges	17,223	17,223	—
(11) Lease Receivables and Investment Assets (*1)	606,306	617,306	10,999
Total Assets	54,750,530	55,071,024	320,493
(1) Deposits	26,701,948	26,742,656	40,708
(2) Negotiable Certificates of Deposit	7,130,632	7,130,632	—
(3) Call Money and Bills Sold	38,968	38,968	—
(4) Payables under Repurchase Agreements	653,456	653,456	—
(5) Borrowed Money	2,580,524	2,590,198	9,673
(6) Foreign Exchanges	259	259	—
(7) Short-Term Bonds Payable	1,253,207	1,253,207	—
(8) Bonds Payable	1,076,118	1,111,355	35,236
(9) Borrowed Money from Trust Account	13,694,600	13,694,600	—
Total Liabilities	53,129,714	53,215,332	85,617
Derivative Transactions (*3)			
Derivative Transactions Not Qualifying for Hedge Accounting	61,945	61,945	—
Derivative Transactions Qualifying for Hedge Accounting	(58,331)	(58,331)	—
Total Derivative Transactions	3,614	3,614	—

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

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

(*3) Derivative transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivative transactions are presented on a net basis. 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 fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

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

(6) Trading Assets

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

(7) Money Held in Trust

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

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

(8) Securities

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

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

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

(9) Loans and Bills Discounted

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

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

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

(11) Lease Receivables and Lease Investment Assets

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

Liabilities

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

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

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

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (6) Foreign Exchanges, (7) Short-Term Bonds Payable, and (9) Borrowed Money from Trust Account

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

(5) Borrowed Money

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

(8) Bonds Payable

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

Derivatives

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

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

(Millions of Yen)

	Carrying Amount
Monetary Claims Bought	35,687
Securities	124,423
(1) Unlisted Stocks (*3)	65,429
(2) Investments in Associations	53,108
(3) Others (*3)	5,886
Total	160,111

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

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

(*3) During the current fiscal year, impairment losses of ¥227 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” and loan-backed trust deeds reported under “Monetary Claims Bought.”

1. Trading Securities (as of March 31, 2016)

(Millions of Yen)

	Valuation Difference Reflected in the Consolidated Statements of Income
Trading Securities	45

2. Held-to-Maturity Securities (as of March 31, 2016)

	Carrying Amount	Fair Value	(Millions of Yen) Difference
Securities for which Fair Value Exceeds Carrying Amount			
Government Bonds	190,763	214,999	24,236
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	21,380	21,653	273
Other Bonds	190,032	202,522	12,490
Foreign Bonds	87,825	99,977	12,152
Other	102,207	102,545	338
Subtotal	402,176	439,175	36,999
Securities for which Fair Value Does Not Exceed Carrying Amount			
Government Bonds	—	—	—
Local Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other Bonds	18,397	18,341	(56)
Foreign Bonds	18,221	18,165	(56)
Other	175	175	—
Subtotal	18,397	18,341	(56)
Total	420,574	457,517	36,943

3. Available-for-Sale Securities (as of March 31, 2016)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference
Securities for which Carrying Amount Exceeds Acquisition Cost			
Stocks	1,192,339	565,086	627,252
Bonds	1,017,512	1,012,111	5,401
Government Bonds	596,231	594,783	1,448
Local Government Bonds	3,316	3,283	32
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	417,964	414,044	3,920
Other Securities	1,507,635	1,426,897	80,737
Foreign Stocks	3,210	1,565	1,644
Foreign Bonds	858,239	845,686	12,553
Other	646,185	579,646	66,538
Subtotal	3,717,487	3,004,096	713,391
Securities for which Carrying Amount Does Not Exceed Acquisition Cost			
Stocks	108,164	129,454	(21,290)
Bonds	289,166	292,822	(3,656)
Government Bonds	70,018	70,022	(4)
Local Government Bonds	1,529	1,534	(4)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	217,618	221,265	(3,647)
Other Securities	322,801	335,663	(12,861)
Foreign Stocks	16,222	19,773	(3,551)
Foreign Bonds	210,153	211,003	(849)
Other	96,425	104,886	(8,460)
Subtotal	720,131	757,939	(37,808)
Total	4,437,619	3,762,035	675,583

4. Available-for-Sale Securities Sold during the Current Fiscal Year (from April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Amount Sold	Gain	Loss
Stocks	92,338	41,674	295
Bonds	219,681	3,833	174
Government Bonds	144,776	3,800	67
Local Government Bonds	7,806	9	17
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	67,098	23	88
Other Securities	2,918,213	54,276	10,849
Foreign Bonds	2,737,368	52,709	4,462
Other	180,844	1,567	6,386
Total	3,230,233	99,784	11,319

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

5. Impairment of Securities

Securities other than securities whose fair value are not reliably determinable, or which are trading purpose, 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 ¥6,130 million, ¥6,119 million on stocks and ¥11 million on others, during the fiscal year ended March 31, 2016.

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

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

Money Held in Trust

1. Money Held in Trust for Trading Purposes (as of March 31, 2016)

(Millions of Yen)

	Carrying Amount	Valuation Differences Included in the Current Fiscal Year's Income
Money Held in Trust for Trading Purposes	153	3

2. Held-to-Maturity Money Held in Trust (as of March 31, 2016)

There was no held-to-maturity money held in trust as of March 31, 2016.

3. Other Money Held in Trust (other than those held for trading purposes or held to maturity as of March 31, 2016)

(Millions of Yen)

	Carrying Amount	Acquisition Cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	1,596	1,104	491	491	—

(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	664,270
Other Money Held in Trust	491
Total Valuation Differences	664,762
Amount Equivalent to Deferred Tax Assets (Liabilities)	(201,522)
Total (before Adjustment for Non-Controlling Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies)	463,239
Non-Controlling Interests	(199)
Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies	4,477
Valuation Differences on Available-for-Sale Securities	467,517

(Notes)

- Foreign currency translation adjustments on available-for-sale securities, for which fair values are not reliably determinable, are included in the “Available-for-Sale Securities” under “Valuation Differences.”
- The valuation difference of ¥191 million on available-for-sale securities composing assets held by associates is included in “Available-for-Sale Securities” under “Valuation Differences.”
- The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in “Available-for-Sale Securities” under “Valuation Differences.”

Tax Effect Accounting

The Diet passed the “Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 15 of 2016), and the “Supplementary Provisions of the Act to Amend the Local Taxation Act, etc.” (Act No. 13 of 2016), on March 29, 2016, to reduce income taxes effective from fiscal years beginning on and after April 1, 2016. As a result of these acts, the effective statutory tax rate for calculating deferred tax assets and liabilities will be reduced from 32.26% to 30.86% and 30.62% on temporary differences that are expected to be realized during the fiscal years beginning on April 1, 2016 and 2017, and on April 1, 2018, respectively. The effects of this change were to decrease “Deferred Tax Liabilities” by ¥9,217 million, increase “Valuation Differences on Available-for-Sale Securities” by ¥10,527 million, “Deferred Losses on Hedges” by ¥177 million, “Adjustments for Retirement Benefits” by ¥1,799 million, and increase Income Taxes—Deferred by ¥2,931 million. “Deferred Tax Liabilities on Land Revaluation” decreased by ¥167 million and “Revaluation Reserve for Land” increased by the same amount.

Stock Option Plans

1. Expenses Recorded and Account Used in Connection with Stock Options during the Current Fiscal Year
General and Administrative Expenses: ¥184 million

2. Description, Volume, and Changes in Stock Options

(1) Description of Stock Options

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of The Chuo Mitsui Trust and Banking Company, Limited: 19 Directors and officers of The Chuo Mitsui Asset Trust and Banking Company, Limited: 7 Directors and officers of The Sumitomo Trust and Banking Co., Ltd.: 24 Total: 72	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 44 Total: 66
Number of Stock Options Granted by Class of Share (Note)	Common stock: 286,000 shares	Common stock: 260,000 shares
Grant Date	July 26, 2011	July 18, 2012
Vesting Conditions	1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.	Same as on the left
Eligible Service Period	July 26, 2011 to July 25, 2013	July 18, 2012 to July 17, 2014
Exercise Period	July 26, 2013 to July 25, 2021	July 18, 2014 to July 17, 2022

(Note) Converted into the number of equivalent shares

	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 22 Directors and officers of SuMi TRUST Bank: 38 Total: 60	Directors and officers of SuMi TRUST Holdings: 23 Directors and officers of SuMi TRUST Bank: 40 Total: 63
Number of Stock Options Granted by Class of Share (Note)	Common stock: 398,000 shares	Common stock: 404,000 shares
Grant Date	July 19, 2013	August 1, 2014
Vesting Conditions	<p>1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason.</p> <p>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.</p>	<p>1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank.</p> <p>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.</p>
Eligible Service Period	July 19, 2013 to July 18, 2015	Not specified
Exercise Period	July 19, 2015 to July 18, 2023	August 31, 2014 to July 31, 2044

(Note) Converted into the number of equivalent shares

	SuMi TRUST Holdings Series 5 Subscription Rights to Shares
Number of Eligible Persons and their Position	Directors and officers of SuMi TRUST Holdings: 19 Directors and officers of SuMi TRUST Bank: 44 Total: 63
Number of Stock Options Granted by Class of Share (Note)	Common stock: 327,000 shares
Grant Date	July 31, 2015
Vesting Conditions	<ol style="list-style-type: none"> 1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank. 2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares.
Eligible Service Period	Not specified
Exercise Period	August 31, 2015 to July 30, 2045

(Note) Converted into the number of equivalent shares

(2) Volume and Changes in Stock Options

1) Number of Stock Options

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares
Unvested Stock Options					
At the Beginning of the Fiscal Year	—	—	398,000	—	—
Granted	—	—	—	—	327,000
Forfeited	—	—	—	—	—
Vested	—	—	398,000	—	327,000
Unvested	—	—	—	—	—
Vested Stock Options					
At the Beginning of the Fiscal Year	245,000	235,000	—	404,000	—
Vested	—	—	398,000	—	327,000
Exercised	11,000	10,000	5,000	17,000	—
Forfeited	—	—	—	—	—
Unexercised	234,000	225,000	393,000	387,000	327,000

2) Unit Price Information

	SuMi TRUST Holdings Series 1 Subscription Rights to Shares	SuMi TRUST Holdings Series 2 Subscription Rights to Shares	SuMi TRUST Holdings Series 3 Subscription Rights to Shares	SuMi TRUST Holdings Series 4 Subscription Rights to Shares	SuMi TRUST Holdings Series 5 Subscription Rights to Shares
Exercise Price (yen)	400	400	519	1	1
Average Stock Price when Exercised (yen)	530	539	489	507	—
Fair Unit Value on the Grant Date (yen)	62	34	146	424	544.7

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

The method used to estimate a fair unit price for SuMi TRUST Holdings Series 5 Subscription Rights to Shares at the end of the current fiscal year is described as below.

(1) Valuation Technique Used: Black-Scholes Model

(2) Principal Parameters and Estimation Method Used

	SuMi TRUST Holdings Series 5 Subscription Rights to Shares
Stock Price Volatility (Note 1)	36.4%
Expected Time to Exercise (Note 2)	2.59 years
Dividend Yield (Note 3)	2.08%
Risk-Free Interest Rate (Note 4)	0.01%

(Notes)

- Stock price volatility was calculated based on the closing prices of common stock of SuMi TRUST Holdings on the final trading day of each week during a past consecutive period corresponding to the expected time to exercise.
- The expected time to exercise the stock option is estimated based on expected tenures of holders of the subscription rights to shares because it is difficult to reasonably estimate the expected time to exercise the

stock options.

3. Dividend yield is based on the actual dividends on common stock paid for the year ended March 2015.
4. The rate represents the Japanese Government Bond yield corresponding to the expected life.

4. **Method for Estimating the Number of Vested Stock Options**
SuMi TRUST Holdings has adopted a method to reflect only the number of stock options that have been actually forfeited because it is difficult to reasonably estimate the number that will be forfeited in the future.

Segment Information

1. Reportable Segment Information

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

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

SuMi TRUST Bank: Trust banking business

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

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

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

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

(Millions of Yen)

	Reportable Segment		Others	Total	Adjustment	Reported Amount
	SuMi TRUST Bank	Total				
Ordinary Income						
Unaffiliated Customers	1,146,705	1,146,705	40,901	1,187,606	11,297	1,198,904
Intersegment	16,922	16,922	87,502	104,425	(104,425)	—
Total	1,163,628	1,163,628	128,403	1,292,031	(93,127)	1,198,904
Segment Profit	236,503	236,503	62,585	299,088	(25,952)	273,136
Segment Assets	51,613,282	51,613,282	8,868,856	60,482,139	(2,252,191)	58,229,948
Segment Liabilities	49,070,812	49,070,812	7,178,447	56,249,260	(723,823)	55,525,436
Others						
Depreciation and Amortization	23,386	23,386	7,075	30,461	—	30,461
Amortization of Goodwill	8,915	8,915	—	8,915	(499)	8,416
Interest Income	373,463	373,463	63,581	437,045	(64,968)	372,076
Interest Expenses	143,065	143,065	7,870	150,935	(9,803)	141,131
Equity in Earnings of Affiliated Companies	7,702	7,702	—	7,702	—	7,702
Extraordinary Income	2,722	2,722	—	2,722	(1)	2,720
(Gains on Disposal of Fixed Assets)	1,847	1,847	—	1,847	(1)	1,846
(Gains on Negative Goodwill)	874	874	—	874	—	874
Extraordinary Loss	8,700	8,700	13	8,714	(1,068)	7,645
(Losses on Disposal of Fixed Assets)	3,537	3,537	13	3,551	14	3,565
(Impairment Losses)	5,163	5,163	—	5,163	(1,082)	4,080
Unamortized Balance of Goodwill	104,517	104,517	—	104,517	(4,498)	100,019
Investment in Affiliated Companies Accounted for by the Equity Method	57,581	57,581	—	57,581	—	57,581

(Notes)

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

Related Information

1. Information by Services

(Millions of Yen)

	Trust Banking Business	Leasing Business	Others	Total
Ordinary Income: Unaffiliated Customers	769,743	218,194	210,965	1,198,904

(Notes)

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

2. Geographic Information

(1) Ordinary Income

(Millions of Yen)

Japan	Americas	Europe	Asia and Oceania	Total
1,052,168	57,423	36,172	53,139	1,198,904

(Notes)

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

(2) Tangible Fixed Assets

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

3. Information by Major Customer

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

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

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

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

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

Information Related to Gain on Negative Goodwill of Reportable Segment

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

Related-Party Transactions

There were no material related-party transactions to be disclosed for the fiscal year ended March 31, 2016.

Per Share of Common Stock Information

		Fiscal Year Ended March 31, 2016
Net Assets per Share of Common Stock	Yen	618.12
Net Income per Share of Common Stock	Yen	43.33
Fully Diluted Net Income per Share of Common Stock	Yen	43.32

(Notes)

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

		As of March 31, 2016
Net Assets as Reported	Millions of Yen	2,704,511
Less:	Millions of Yen	327,537
Subscription Rights to Shares	Millions of Yen	421
Non-Controlling Interests	Millions of Yen	327,116
Net Assets Attributable to Common Shareholders	Millions of Yen	2,376,973
The Number of Shares of Common Stock Outstanding	Thousands of Shares	3,845,494

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, 2016
Net Income per Share of Common Stock		
Net Income Attributable to Owners of the Parent	Millions of Yen	166,909
Net Income Not Attributable to Common Shareholders	Millions of Yen	—
Net Income Related to Common Stock that is Attributable to Owners of the Parent	Millions of Yen	166,909
Average Number of Shares of Common Stock Outstanding	Thousands of Shares	3,852,022
Fully Diluted Net Income per Share of Common Stock		
Adjustments to Net Income Attributable to Owners of the Parent	Millions of Yen	—
Effect of Dilutive Securities:	Thousands of Shares	684
Subscription Rights to Shares	Thousands of Shares	684
Summary of the potential shares that were excluded from calculation of fully diluted net income per share of common stock because they have no dilutive effect		<p>SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 393,000 shares</p> <p>Consolidated Subsidiaries Nikko Asset Management Co., Ltd. (NAM): Subscription Rights to Shares (Stock Options) NAM Common Stock 6,675,900 shares</p>

3. Changes in Accounting Policy

As presented in the “Changes in Accounting Policies” section, SuMi TRUST Holdings applied the Accounting Standard for Business Combinations and others and the transitional provisions in item (4), paragraph 58-2 of the Accounting Standard for Business Combinations; item (4), paragraph 44-5 of the Accounting Standard for Consolidated Financial Statements; and item (4), paragraph 57-4 of the Accounting Standard for Business Divestitures. The effects to the net income per share of common stock and fully diluted net income per share of common stock are immaterial.

Significant Subsequent Events

(Repurchase of Own Shares)

SuMi TRUST Holdings held the board of directors meeting on May 12, 2016, and resolved to repurchase its own shares pursuant to the provision of its Articles of Incorporation in accordance with Article 459, Paragraph 1 of the Companies Act of Japan.

- | | |
|---|--|
| 1) Reason for Repurchase | :SuMi TRUST Holdings will repurchase its own shares in order to improve shareholder return as well as capital efficiency |
| 2) Class of shares to be repurchased | :Common stock of SuMi TRUST Holdings |
| 3) Total number of shares to be repurchased | :Up to 20,000,000 shares |
| 4) Total amount of repurchase | :Up to JPY 8,000,000,000 |
| 5) Repurchase period | :From May 13, 2016 to July 29, 2016 |
| 6) Repurchase method | :Market purchases on the Tokyo Stock Exchange based on a discretionary trading contract |

(Share Consideration)

SuMi TRUST Holdings held the board of directors meeting on May 12, 2016, and resolved to submit proposals for a change in the share trading unit, share consolidation, and partial amendments to the Articles of Incorporation at the Ordinary General Meeting of Shareholders for Fifth Fiscal Period to be held on June 29, 2016.

For further details, please refer to the “Notice regarding Change in the Number of Shares Constituting One Unit, Consolidation of Shares and Partial Amendments to the Articles of Incorporation” separately released today.

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Assets:		
Current Assets:		
Cash and Due from Banks	1,101	1,205
Securities	78,500	69,000
Prepaid Expenses	6	6
Income Tax Refunds Receivable	11,378	11,187
Other Current Assets	62	1,164
Total Current Assets	91,049	82,563
Non-Current Assets:		
Tangible Fixed Assets:	0	0
Tools, Furniture and Fixtures	0	0
Intangible Fixed Assets:	1	1
Software	1	1
Investments and Other Assets:	1,561,399	1,741,388
Investment Securities	652	652
Investments in Subsidiaries and Affiliated Companies (Stocks)	1,530,642	1,530,642
Long-Term Loans Receivable from Subsidiaries and Affiliated Companies	30,000	210,000
Other Investments	105	94
Total Non-Current Assets	1,561,400	1,741,389
Deferred Asset:		
Stock Issuance Cost	1,593	227
Total Deferred Asset	1,593	227
Total Assets	1,654,043	1,824,180
Liabilities:		
Current Liabilities:		
Accrued Expenses	868	2,010
Income Taxes Payable	3	7
Unearned Revenue	1,507	251
Provision for Bonuses	70	66
Other Current Liabilities	192	226
Total Current Liabilities	2,642	2,562
Non-Current Liabilities:		
Bonds Payable	148,000	328,000
Other Non-Current Liabilities	351	36
Total Non-Current Liabilities	148,351	328,036
Total Liabilities	150,994	330,598
Net Assets:		
Shareholder's Equity:		
Capital Stock	261,608	261,608
Capital Surplus:		
Legal Capital Surplus	702,933	702,933
Other Capital Surplus	338,539	338,540
Total Capital Surplus	1,041,473	1,041,474
Retained Earnings:		
Other Retained Earnings	216,777	217,175
Retained Earnings Brought Forward	216,777	217,175
Total Retained Earnings	216,777	217,175
Treasury Stock	(17,057)	(27,097)
Total Shareholder's Equity	1,502,802	1,493,160
Subscription Rights to Shares	246	421
Total Net Assets	1,503,048	1,493,582
Total Liabilities and Net Assets	1,654,043	1,824,180

(2) Non-Consolidated Statements of Income

(Millions of Yen)

	Fiscal Year Ended	
	March 31, 2015	March 31, 2016
Operating Income:		
Dividends Received from Subsidiaries	55,667	54,778
Fees and Commissions Received from Subsidiaries	4,251	5,148
Total Operating Income	59,918	59,926
Operating Expenses:		
General and Administrative Expenses	2,368	2,315
Total Operating Expenses	2,368	2,315
Operating Profit	57,550	57,611
Non-Operating Income:	428	2,615
Interest Income	148	2,280
Interest on Securities	54	34
Commission Fee	212	224
Other Non-Operating Income	12	76
Non-Operating Expenses:	6,810	9,722
Interest on Bonds Payable	4,989	7,023
Amortization of Stock Issuance Cost	1,365	1,365
Bonds Issuance Cost	149	1,116
Other Non-Operating Expenses	304	216
Ordinary Profit	51,168	50,504
Extraordinary Income:		
Gains on Sales of Shares of Subsidiaries and Affiliated Companies	6	—
Total Extraordinary Income	6	—
Income before Income Taxes	51,174	50,504
Income Taxes:		
Current	1	1
Total Income Taxes	1	1
Net Income	51,173	50,503

(3) Non-Consolidated Statements of Changes in Net Assets
For the Fiscal Year Ended March 31, 2015

(Millions of Yen)

	Shareholder's Equity					
	Capital Stock	Capital Surplus			Retained Earnings	
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings
Balance at the Beginning of the Year	261,608	702,933	447,545	1,150,479	211,187	211,187
Changes during the Year						
Cash Dividends					(45,582)	(45,582)
Net Income					51,173	51,173
Purchase of Treasury Stock						
Disposal of Treasury Stock			0	0		
Retirement of Treasury Stock			(109,006)	(109,006)		
Net Changes of Items Other Than Shareholder's Equity						
Total Changes during the Year	—	—	(109,005)	(109,005)	5,590	5,590
Balance at the End of the Year	261,608	702,933	338,539	1,041,473	216,777	216,777

	Shareholder's Equity		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholder's Equity		
Balance at the Beginning of the Year	(591)	1,622,684	47	1,622,731
Changes during the Year				
Cash Dividends		(45,582)		(45,582)
Net Income		51,173		51,173
Purchase of Treasury Stock	(125,494)	(125,494)		(125,494)
Disposal of Treasury Stock	22	22		22
Retirement of Treasury Stock	109,006	—		—
Net Changes of Items Other Than Shareholder's Equity			198	198
Total Changes during the Year	(16,465)	(119,881)	198	(119,683)
Balance at the End of the Year	(17,057)	1,502,802	246	1,503,048

For the Fiscal Year Ended March 31, 2016

(Millions of Yen)

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

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

Notes on Going Concern Assumptions

There is no applicable information.

7. Other

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

(a) Changes in representative director

There is no applicable information.

(b) Other changes

(i) Newly Appointed Corporate Auditors (As of June 29, 2016 (planned))

New Position	Name	Current Position
Senior Corporate Auditor	Yasuyuki Yagi	Corporate Adviser of Sumitomo Mitsui Trust Bank, Limited
Corporate Auditor (External Auditor)(*1)	Takashi Yoshida	Certified Public Accountant, Corporate Auditor (External Auditor) of Nippon Seiro Co., Ltd., Outside Director of Cosmos Initia Co., Ltd.

(*1) Mr. Takashi Yoshida satisfies the requirements for external auditor set forth in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.

(ii) Retiring Corporate Auditor (As of June 29, 2016 (planned))

Current Position	Name	Appointed Position after Retirement
Senior Corporate Auditor	Teruhiko Sugita	Corporate Advisor of Sumitomo Mitsui Trust Business Service Co., Ltd.