

*Explanatory Material*

*Fiscal Year 2017  
ended on Mar. 31, 2018*



**SUMITOMO MITSUI TRUST HOLDINGS**

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<Definition of terms in this document>

Sumitomo Mitsui Trust Holdings (Consolidated): "SuMi TRUST Holdings" or "Consolidated"

Sumitomo Mitsui Trust Bank (Non-consolidated): "SuMi TRUST Bank" or "Non-Consolidated"

### Legal Disclaimer

Regarding forward-looking Statements contained in this material

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including but not limited to changes in managerial circumstances. By virtue of the aforementioned reasons, Sumitomo Mitsui Trust Holdings, Inc. hereby cautions against sole reliance on such forward-looking statements in making investment decisions.

**Financial figures**

## 1. Status of profit and loss

[Consolidated]

(Millions of yen)

		FY2017	FY2016	Change
Consolidated gross business profit (*1)	1	676,873	625,582	51,291
Consolidated gross business profit (after written-off of principal guaranteed trust a/c) (1 + 19)	2	676,873	625,582	51,291
Net interest income and related profit	3	193,315	232,561	(39,246)
Net interest income	4	180,057	219,083	(39,025)
Trust fees from principal guaranteed trust a/c (before written-off of principal guaranteed trust a/c)	5	13,257	13,477	(220)
Net fees and commissions and related profit	6	397,240	398,604	(1,364)
Net fees and commissions	7	309,906	312,212	(2,305)
Other trust fees	8	87,333	86,392	941
Net trading profit	9	10,035	17,040	(7,004)
Net other operating profit	10	76,282	(22,624)	98,907
Net gains on bonds	11	(5,694)	(97,063)	91,368
Net gains from derivatives other than for trading or hedging	12	9,144	20,803	(11,658)
General and administrative expenses	13	(432,924)	(419,680)	(13,244)
(excluding amortization of goodwill)	14	(423,455)	(410,215)	(13,240)
Personnel expenses	15	(197,406)	(191,386)	(6,020)
Non-personnel expenses excluding taxes	16	(217,780)	(210,957)	(6,823)
Taxes other than income taxes	17	(17,737)	(17,336)	(400)
Provision of general allowance for loan losses	18	-	(29,493)	29,493
Principal guaranteed trust a/c credit costs	19	-	-	-
Banking a/c credit costs	20	(5,122)	(1,871)	(3,250)
Written-off of loans	21	(4,538)	(4,776)	238
Provision of specific allowance for loan losses	22	-	3,173	(3,173)
Losses on sales of loans	23	(584)	(268)	(315)
Reversal of allowance for loan losses	24	5,292	-	5,292
Recoveries of written-off claims	25	2,818	2,813	4
Net gains on stocks	26	6,357	36,488	(30,131)
Losses on devaluation of stocks	27	(44)	(3,848)	3,803
Net income from affiliates by equity method	28	5,781	6,950	(1,168)
Others	29	(26,415)	(24,405)	(2,009)
<b>Ordinary profit</b>	30	<b>232,661</b>	<b>196,383</b>	<b>36,277</b>
Extraordinary profit	31	6,161	(5,247)	11,409
Impairment loss on fixed assets	32	14,038	623	13,415
Impairment loss on fixed assets	33	(7,876)	(5,870)	(2,005)
Income before income tax	34	238,822	191,135	47,687
Total income taxes	35	(73,075)	(56,929)	(16,146)
Income taxes-current	36	(57,646)	(52,274)	(5,371)
Income taxes-deferred	37	(15,429)	(4,654)	(10,774)
Net income	38	165,746	134,206	31,540
Net income attributable to non-controlling interests	39	(11,760)	(12,759)	999
<b>Net income attributable to owners of the parent</b>	40	<b>153,986</b>	<b>121,446</b>	<b>32,540</b>
Total credit costs (18 + 19 + 20 + 24 + 25)	41	2,988	(28,551)	31,540

(\*1) Consolidated gross business profit = Trust fees + (Interest income - Interest expenses) + (Fees and commissions - Fees and commissions payments)  
+ (Trading income - Trading expenses) + (Other operating income - Other operating expenses)

<b>Consolidated net business profit before credit costs (*2)</b>	42	<b>270,558</b>	232,363	38,194
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(\*2) Consolidated net business profit before credit costs = Non-consolidated net business profit before credit costs + Ordinary profits of other subsidiary companies (non-recurring effect adjusted) + Ordinary profits of affiliates (non-recurring effect adjusted) x Ratio of equity holdings - Intra-group transaction (dividends, etc.)

(Reference) Major components of "Consolidated net business profit before credit costs" <42>, in which gross income and expense from the affiliates are taken into consideration for managerial accounting, are shown in the table below.

Substantial consolidated gross business profit	43	705,751	654,566	51,184
Substantial net fees and commissions and related profit	44	405,426	408,321	(2,894)
Substantial general and administrative expenses	45	(435,192)	(422,203)	(12,989)
Consolidated Fee income ratio	46	57.4%	62.3%	(4.9%)

&lt;Difference from non-consolidated financial results (\*3)&gt;

Net business profit before credit costs	47	80,805	81,811	(1,005)
Net income attributable to owners of the parent (*4)	48	36,006	43,783	(7,776)
Total credit costs	49	(4,034)	(3,578)	(455)
Net gains on stocks	50	371	5,188	(4,816)

(\*3) Differences between "Consolidated" and "Non-consolidated".

(\*4) Differences between "Net income attributable to owners of the parent" in "Consolidated" and "Net income" in "Non-consolidated".

&lt;Number of subsidiaries/ affiliates&gt;

	Mar. 2018	Mar. 2017	Change
Consolidated subsidiaries	64	71	(7)
Affiliates (subject to the equity method)	24	23	1

[Non-consolidated]

(Millions of yen)

		FY2017	FY2016	Change
Gross business profit	1	426,852	383,349	43,502
Gross business profit (after written-off of principal guaranteed trust a/c) (1 + 23)	2	426,852	383,349	43,502
Net interest income and related profit	3	176,579	216,729	(40,150)
Net interest income	4	163,321	203,251	(39,930)
Domestic	5	143,430	141,072	2,357
International	6	19,891	62,179	(42,288)
Trust fees from principal guaranteed trust a/c (before written-off of principal guaranteed trust a/c)	7	13,257	13,477	(220)
Net fees and commissions and related profit	8	190,285	196,947	(6,662)
Net fees and commissions	9	108,672	116,135	(7,462)
Other trust fees	10	81,612	80,811	800
Net trading income	11	10,421	17,040	(6,618)
Net other operating profit	12	49,566	(47,368)	96,934
Net gains on foreign exchange transactions	13	45,346	28,608	16,737
Net gains on bonds	14	(5,750)	(96,958)	91,208
Net gains from derivatives other than for trading or hedging	15	9,464	21,181	(11,717)
General and administrative expenses	16	(237,099)	(232,797)	(4,301)
Personnel expenses	17	(109,584)	(106,719)	(2,865)
Non-personnel expenses	18	(114,831)	(112,532)	(2,298)
Taxes other than income taxes	19	(12,683)	(13,545)	862
<b>Net business profit before credit costs (1 + 16)</b>	20	<b>189,752</b>	<b>150,552</b>	<b>39,200</b>
(Excluding Net gains on bonds) (20 - 14)	21	195,503	247,511	(52,007)
Provision of general allowance for loan losses	22	-	(27,957)	27,957
Principal guaranteed trust a/c credit costs	23	-	-	-
Net business profit	24	189,752	122,594	67,158
Net non-recurring profit	25	(16,784)	(5,283)	(11,501)
Banking a/c credit costs	26	(1,635)	1,267	(2,902)
Written-off of loans	27	(1,539)	(378)	(1,161)
Provision of specific allowance for loan losses	28	-	1,913	(1,913)
Losses on sales of loans	29	(96)	(268)	171
Reversal of allowance for loan losses	30	7,809	-	7,809
Recoveries of written-off claims	31	849	1,717	(867)
Net gains on stocks	32	5,985	31,300	(25,314)
Losses on devaluation of stocks	33	(36)	(9,168)	9,132
Others	34	(29,793)	(39,567)	9,773
Amortization of net actuarial losses/ prior service cost	35	(16,312)	(28,596)	12,283
Provision for contingent loss	36	3,145	(131)	3,277
Losses on investment in partnerships	37	(2,140)	(3,076)	936
Net gains on stock related derivatives	38	(2,432)	(4,387)	1,954
<b>Ordinary profit</b>	39	<b>172,967</b>	<b>117,311</b>	<b>55,656</b>
Extraordinary profit	40	(8,312)	(5,985)	(2,326)
Net gains on disposal of fixed assets	41	(534)	(209)	(324)
Impairment loss on fixed assets	42	(7,778)	(5,776)	(2,001)
Income before income taxes	43	164,655	111,325	53,329
Total income taxes	44	(46,675)	(33,662)	(13,012)
Income taxes-current	45	(36,227)	(32,701)	(3,526)
Income taxes-deferred	46	(10,448)	(961)	(9,486)
<b>Net income</b>	47	<b>117,980</b>	<b>77,663</b>	<b>40,316</b>
Total credit costs (22 + 23 + 26 + 30 + 31)	48	7,022	(24,973)	31,996
Overhead ratio (-16/1)	49	55.55%	60.73%	(5.18%)

## 2. Breakdown of profit by business group

### (1) Gross business profit

[Non-consolidated]

	(Billions of yen)		
	FY2017	FY2016	Change
Retail total solution services	<b>132.8</b>	140.2	(7.4)
Wholesale financial services (*1)	<b>128.6</b>	118.5	10.0
Stock transfer agency services	<b>30.0</b>	29.7	0.3
Real estate	<b>32.1</b>	32.0	0.1
Fiduciary services	<b>93.1</b>	90.7	2.3
Global markets	<b>54.4</b>	8.2	46.1
Fees paid for outsourcing	<b>(40.3)</b>	(39.5)	(0.7)
Stock transfer agency services	<b>(9.9)</b>	(10.1)	0.1
Fiduciary services	<b>(30.3)</b>	(29.4)	(0.9)
Others (*2)	<b>(4.1)</b>	3.3	(7.4)
<b>Gross business profit</b>	<b>426.8</b>	383.3	43.5

(\*1) Figures for "Wholesale financial services" are combined total of Wholesale total solution services and Wholesale asset management.

(\*2) Figures for "Others" include costs of capital funding, dividends of shares for cross-shareholdings, general and administrative expenses of headquarters, etc.

### (2) Net business profit before credit costs

[Consolidated]

	(Billions of yen)		
	FY2017	FY2016	Change
Retail total solution services	<b>23.4</b>	33.6	(10.1)
Wholesale financial services (*1)	<b>116.6</b>	104.0	12.6
Stock transfer agency services	<b>17.4</b>	17.1	0.3
Real estate	<b>29.8</b>	29.3	0.4
Fiduciary services	<b>59.1</b>	50.0	9.1
Global markets	<b>39.3</b>	(4.7)	44.1
Others (*2)	<b>(15.4)</b>	2.9	(18.3)
<b>Net business profit before credit costs</b>	<b>270.5</b>	232.3	38.1

(\*1) Figures for "Wholesale financial services" are combined total of Wholesale total solution services and Wholesale asset management.

(\*2) Figures for "Others" include costs of capital funding, dividends of shares for cross-shareholdings, general and administrative expenses of headquarters, etc.

[Non-consolidated]

	(Billions of yen)		
	FY2017	FY2016	Change
Retail total solution services	<b>11.1</b>	15.7	(4.5)
Wholesale financial services (*1)	<b>89.1</b>	78.6	10.5
Stock transfer agency services	<b>16.7</b>	16.2	0.4
Real estate	<b>23.1</b>	23.1	(0.0)
Fiduciary services	<b>35.9</b>	32.5	3.4
Global markets	<b>39.3</b>	(4.7)	44.1
Others (*2)	<b>(25.7)</b>	(10.9)	(14.7)
<b>Net business profit before credit costs</b>	<b>189.7</b>	150.5	39.2

(\*1) Figures for "Wholesale financial services" are combined total of Wholesale total solution services and Wholesale asset management.

(\*2) Figures for "Others" include costs of capital funding, dividends of shares for cross-shareholdings, general and administrative expenses of headquarters, etc.

## 3. Yields and margins

## (1) Domestic banking a/c

[Non-consolidated]

	FY2017	2HFY2017	1HFY2017	FY2016	(%) Change from FY2016
Average yield on interest-earning assets (A)	<b>0.57</b>	<b>0.56</b>	<b>0.58</b>	0.62	(0.05)
Loans and bills discounted (B)	<b>0.70</b>	<b>0.71</b>	<b>0.70</b>	0.73	(0.03)
Securities	<b>1.45</b>	<b>1.44</b>	<b>1.45</b>	1.52	(0.07)
Average yield on interest-bearing liabilities (C)	<b>0.17</b>	<b>0.16</b>	<b>0.18</b>	0.20	(0.03)
Deposits (D)	<b>0.14</b>	<b>0.12</b>	<b>0.15</b>	0.16	(0.02)
Gross margin (A) - (C)	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	0.42	(0.02)
Loan-deposit margin (B) - (D)	<b>0.56</b>	<b>0.59</b>	<b>0.55</b>	0.57	(0.01)

## (2) Domestic banking a/c and principal guaranteed trust a/c combined

[Non-consolidated]

	FY2017	2HFY2017	1HFY2017	FY2016	(%) Change from FY2016
Average yield on interest-earning assets (A)	<b>0.57</b>	<b>0.56</b>	<b>0.58</b>	0.62	(0.05)
Loans and bills discounted (B)	<b>0.70</b>	<b>0.71</b>	<b>0.70</b>	0.73	(0.03)
Securities	<b>1.45</b>	<b>1.44</b>	<b>1.46</b>	1.52	(0.07)
Average yield on interest-bearing liabilities (C)	<b>0.13</b>	<b>0.12</b>	<b>0.14</b>	0.16	(0.03)
Deposits and Trust Principal (D)	<b>0.12</b>	<b>0.11</b>	<b>0.14</b>	0.14	(0.02)
Gross margin (A) - (C)	<b>0.44</b>	<b>0.44</b>	<b>0.44</b>	0.46	(0.02)
Loan-deposit margin (B) - (D)	<b>0.58</b>	<b>0.60</b>	<b>0.56</b>	0.59	(0.01)

## 4. Net gains on securities

[Consolidated]

	(Millions of yen)		
	FY2017	FY2016	Change
Net gains on bonds	<b>(5,694)</b>	(97,063)	91,368
Gains on sales of bonds	<b>23,438</b>	21,656	1,781
Gains on redemption of bonds	<b>1</b>	-	1
Losses on sales of bonds	<b>(29,135)</b>	(118,712)	89,577
Losses on redemption of bonds	<b>(0)</b>	(7)	7
Losses on devaluation of bonds	<b>(0)</b>	-	(0)
Net gains on stocks	<b>6,357</b>	36,488	(30,131)
Gains on sales of stocks	<b>79,464</b>	46,243	33,221
Losses on sales of stocks	<b>(73,062)</b>	(5,906)	(67,155)
Losses on devaluation of stocks	<b>(44)</b>	(3,848)	3,803

[Non-consolidated]

	(Millions of yen)		
	FY2017	FY2016	Change
Net gains on bonds	<b>(5,750)</b>	(96,958)	91,208
Gains on sales of bonds	<b>23,211</b>	21,630	1,580
Gains on redemption of bonds	-	-	-
Losses on sales of bonds	<b>(28,962)</b>	(118,589)	89,627
Losses on redemption of bonds	-	-	-
Losses on devaluation of bonds	<b>(0)</b>	-	(0)
Net gains on stocks	<b>5,985</b>	31,300	(25,314)
Gains on sales of stocks	<b>78,656</b>	46,191	32,464
Losses on sales of stocks	<b>(72,634)</b>	(5,723)	(66,911)
Losses on devaluation of stocks	<b>(36)</b>	(9,168)	9,132

## 5. Unrealized gains/ losses on investment securities

## (1) Securities with fair value

[Consolidated]

	Mar. 2018				Sep. 2017		Mar. 2017		Change from Mar. 2017	
	Cost	Net	Unrealized gains	Unrealized losses	Cost	Net	Cost	Net	Cost	Net
Available-for-sale securities	4,362,107	739,288	913,482	(174,193)	4,103,769	709,059	3,969,312	685,647	392,795	53,641
Japanese stocks (*)	630,471	876,220	888,933	(12,713)	654,363	817,601	666,284	730,472	(35,812)	145,747
Japanese bonds	815,888	2,283	2,990	(706)	874,559	2,869	845,788	1,771	(29,900)	512
Government bonds	241,306	165	182	(16)	253,000	52	215,291	(35)	26,014	200
Local government bonds	7,287	(2)	18	(20)	4,824	(15)	4,802	(11)	2,485	8
Corporate bonds	567,295	2,120	2,790	(669)	616,734	2,832	625,694	1,817	(58,399)	303
Others	2,915,747	(139,215)	21,558	(160,773)	2,574,846	(111,411)	2,457,239	(46,596)	458,508	(92,619)
Held-to-maturity debt securities	264,938	21,923	21,923	-	286,513	22,696	344,728	26,917	(79,790)	(4,994)

(\*) Fair value of listed stocks included in "Available-for-sale securities" is determined based on the average quoted market price over the month preceding the consolidated balance sheet date.

[Non-consolidated]

	Mar. 2018				Sep. 2017		Mar. 2017		Change from Mar. 2017	
	Cost	Net	Unrealized gains	Unrealized losses	Cost	Net	Cost	Net	Cost	Net
Available-for-sale securities	4,361,385	754,043	933,245	(179,201)	4,073,553	725,736	3,921,346	704,050	440,039	49,993
Japanese stocks (*)	606,400	897,293	912,940	(15,647)	628,124	840,879	639,704	754,234	(33,304)	143,058
Japanese bonds	887,745	954	2,990	(2,036)	914,876	1,400	879,618	250	8,126	703
Government bonds	241,306	165	182	(16)	218,195	48	170,466	(100)	70,839	265
Local government bonds	7,287	(2)	18	(20)	4,824	(15)	4,802	(11)	2,485	8
Corporate bonds	639,151	791	2,790	(1,998)	691,857	1,367	704,349	362	(65,197)	428
Others	2,867,240	(144,203)	17,314	(161,518)	2,530,552	(116,543)	2,402,023	(50,434)	465,216	(93,769)
Held-to-maturity debt securities	193,583	21,821	21,821	-	208,944	22,607	263,432	26,847	(69,848)	(5,025)

(\*) Fair value of listed stocks included in "Available-for-sale securities" is determined based on the average quoted market price over the month preceding the balance sheet date.

## &lt;Reference 1&gt;

## Breakdown of "Available-for-sale securities (Others)"

[Non-consolidated]

	Mar. 2018		Sep. 2017		Mar. 2017		Change from Mar. 2017	
	Cost	Net	Cost	Net	Cost	Net	Cost	Net
Domestic investment (*1)	82,188	1,777	89,170	1,969	93,783	1,953	(11,595)	(175)
Asset-backed securities	22,334	735	25,896	728	30,004	717	(7,669)	17
Others	59,853	1,042	63,274	1,240	63,779	1,236	(3,925)	(193)
International investment (*1)	1,254,078	(16,876)	1,379,661	(11,078)	1,329,938	(15,880)	(75,859)	(996)
Foreign government bonds	1,240,475	(18,416)	1,365,761	(12,521)	1,309,688	(15,939)	(69,213)	(2,476)
US Treasury	496,102	(18,733)	752,907	(14,252)	782,066	(17,329)	(285,964)	(1,404)
European government bonds (*2)	129,424	1,248	55,954	(396)	26,948	68	102,476	1,179
US agency MBS	112,027	(3,157)	103,081	(924)	85,251	(1,104)	26,775	(2,053)
Corporate bonds, etc. (*3)	479,204	2,327	385,355	2,931	335,729	2,258	143,475	69
Foreign stocks and others	13,603	1,539	13,900	1,443	20,249	58	(6,646)	1,480
Others (Investment trust, etc.) (*4)	1,530,973	(129,104)	1,061,720	(107,434)	978,301	(36,507)	552,671	(92,597)
Total	2,867,240	(144,203)	2,530,552	(116,543)	2,402,023	(50,434)	465,216	(93,769)

(\*1) "Domestic investment" and "International investment" are basically categorized by the countries where final exposure exists.

(\*2) German government bonds (Bunds), UK government bonds (Gilts) and French government bonds (OATs).

(\*3) Corporate bonds which are based on issuer's credit risk.

(\*4) "Investment trust" and investment securities uncategorizable into "Domestic investment" or "International investment".

## &lt;Reference 2&gt;

## Breakdown of "Held-to-maturity debt securities"

[Non-consolidated]

	(Millions of yen)							
	Mar. 2018		Sep. 2017		Mar. 2017		Change from Mar. 2017	
	Cost	Net	Cost	Net	Cost	Net	Cost	Net
Held-to-maturity debt securities	<b>193,583</b>	<b>21,821</b>	208,944	22,607	263,432	26,847	(69,848)	(5,025)
Japanese Government Bonds	<b>119,103</b>	<b>19,832</b>	123,292	19,877	139,988	20,059	(20,884)	(227)
Japanese Local Government Bonds	-	-	-	-	-	-	-	-
Japanese Corporate Bonds	<b>29,000</b>	<b>535</b>	29,000	411	29,141	155	(141)	379
Others	<b>45,480</b>	<b>1,453</b>	56,652	2,318	94,303	6,631	(48,822)	(5,178)
Domestic investment (*)	<b>9,733</b>	<b>22</b>	10,703	25	12,281	25	(2,547)	(3)
International investment (*)	<b>35,746</b>	<b>1,430</b>	45,948	2,293	82,021	6,605	(46,274)	(5,174)

(\*) "Domestic investment" and "International investment" are basically categorized by the countries where final exposure exists.

## (2) Securities with no available fair value

[Non-consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from
		Cost		Mar. 2017
Available-for-sale securities	<b>176,025</b>	151,289	158,010	18,014
Japanese stocks	<b>54,464</b>	54,164	54,173	291
Japanese bonds	-	-	-	-
Others	<b>121,561</b>	97,124	103,837	17,723
Domestic investment (*)	<b>76,129</b>	56,055	65,829	10,299
International investment (*)	<b>45,431</b>	41,069	38,007	7,423

(\*) "Domestic investment" and "International investment" are basically categorized by the countries where final exposure exists.



## 6. Maturity ladder of securities

&lt;"Held-to-maturity debt securities" with fair value and "Available-for-sale securities" with fair value&gt;

[Consolidated]

	Mar. 2018					Mar. 2017				
	Less than 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total	Less than 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total
	Japanese bonds	166,067	359,826	237,287	203,154	966,335	323,668	303,469	194,691	195,110
Government bonds	128,561	75,408	31,380	125,284	360,634	235,853	101	60	119,481	355,495
Local government bonds	-	2,399	4,885	-	7,284	-	1,363	3,427	-	4,790
Corporate bonds	37,505	282,018	201,022	77,869	598,416	87,815	302,004	191,203	75,629	656,653
Others	225,645	1,071,858	976,150	464,673	2,738,328	310,027	869,195	770,752	544,716	2,494,691

Note: Including NCD in "Cash and Due from Banks" and "Monetary Claims Bought", as well as securities.

[Non-consolidated]

	Mar. 2018					Mar. 2017				
	Less than 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total	Less than 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total
	Japanese bonds	166,067	359,826	237,227	273,681	1,036,802	278,587	303,469	194,631	272,310
Government bonds	128,561	75,408	31,320	125,284	360,574	190,771	101	-	119,481	310,354
Local government bonds	-	2,399	4,885	-	7,284	-	1,363	3,427	-	4,790
Corporate bonds	37,505	282,018	201,022	148,396	668,943	87,815	302,004	191,203	152,829	733,853
Others	209,159	1,071,229	974,386	378,295	2,633,070	282,248	868,568	769,827	451,299	2,371,944

Note: Including NCD in "Cash and Due from Banks" and "Monetary Claims Bought", as well as securities.

## 7. Shareholdings

1) Balance of listed stocks

[Consolidated]

	(Billions of yen)	
	Mar. 2018	Mar. 2017
Cost basis	630.4	666.2
Fair value basis	1,506.6	1,396.7

2) Reduction of cross shareholdings

[Consolidated]

	(Billions of yen)			
	FY2017		FY2016	
	Full	1H	Full	1H
Cost basis	35.2	13.3	32.2	5.1

## 8. Deferred unrealized gains/ losses of derivative transactions qualified for hedge accounting

[Consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Interest rate related	(27,989)	(23,300)	(20,507)	(7,481)
Interest rate swaps	(27,989)	(23,300)	(20,507)	(7,481)
Currency related	(106)	(3,588)	(4,151)	4,044
Total	(28,095)	(26,889)	(24,659)	(3,436)

Note: Before considering tax effect accounting.

[Non-consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Interest rate related	(27,529)	(22,809)	(20,004)	(7,524)
Interest rate swaps	(27,529)	(22,809)	(20,004)	(7,524)
Currency related	1,289	(1,537)	(3,127)	4,416
Total	(26,240)	(24,346)	(23,132)	(3,108)

Note: Before considering tax effect accounting.

## 9. BIS capital adequacy ratio (Basel III, international standard)

[Consolidated]

		(Billions of yen)			Minimum requirement (*1) (Mar. 2018)	
		Mar. 2018 (Preliminary)	Mar. 2017	Change		
Common Equity Tier 1 capital ratio	(8) / (21)	1	<b>11.33%</b>	11.04%	0.29%	6.75%
Tier 1 capital ratio	(12) / (21)	2	<b>13.74%</b>	13.54%	0.20%	8.25%
Total capital ratio	(16) / (21)	3	<b>16.31%</b>	16.42%	(0.11%)	10.25%
Directly issued qualifying capital plus retained earnings		4	<b>2,103.0</b>	2,006.7	96.3	
Accumulated Other Comprehensive Income ("OCI")		5	<b>496.8</b>	344.7	152.0	
Instruments and reserves		6	<b>2,602.7</b>	2,360.8	241.9	
Regulatory adjustments		7	<b>(276.9)</b>	(218.9)	(57.9)	
Common Equity Tier 1 capital (CET1)		8	<b>2,325.8</b>	2,141.8	183.9	
Directly issued qualifying Additional Tier 1 instruments		9	<b>290.0</b>	220.0	70.0	
Eligible Tier 1 capital instruments subject to phase-out arrangements		10	<b>193.0</b>	272.5	(79.5)	
Additional Tier 1 capital (AT1)		11	<b>495.5</b>	483.8	11.7	
Tier 1 capital (T1 = CET1 + AT1)		12	<b>2,821.4</b>	2,625.7	195.6	
Directly issued qualifying Tier 2 instruments		13	<b>220.0</b>	140.0	80.0	
Eligible Tier 2 capital instruments subject to phase-out arrangements		14	<b>299.2</b>	361.4	(62.2)	
Tier 2 capital (T2)		15	<b>526.7</b>	560.1	(33.3)	
Total capital (T1 + T2)		16	<b>3,348.1</b>	3,185.8	162.3	
Amount included in credit risk-weighted assets subject to phase-out arrangements		17	-	39.2	(39.2)	
Amount of credit risk-weighted assets		18	<b>18,352.1</b>	17,855.8	496.3	
Amount of market risk equivalents		19	<b>1,163.8</b>	551.4	612.4	
Amount of operational risk equivalents		20	<b>1,006.8</b>	984.6	22.2	
Total risk weighted assets		21	<b>20,522.9</b>	19,391.9	1,131.0	

(\*1) Capital conservation buffer, countercyclical capital buffer and surcharge for domestic systemically important banks are taken into account and added to minimum regulatory requirements for each capital ratio.

## &lt;Reference&gt;Fully-loaded basis (\*2)

[Consolidated]

		(Billions of yen)			
		Mar. 2018 (Preliminary)	Mar. 2017	Change	
Common Equity Tier 1 capital ratio	(23) / (24)	22	<b>11.33%</b>	11.19%	0.14%
Common Equity Tier 1 capital (CET1)		23	<b>2,325.8</b>	2,166.5	159.2
Total risk weighted assets		24	<b>20,522.9</b>	19,352.6	1,170.3

(\*2) Pro forma without considering transitional arrangements concerning "Regulatory adjustments", etc.

## [SuMi TRUST Bank (Consolidated)]

			(Billions of yen)			Minimum requirement
			Mar. 2018 (Preliminary)	Mar. 2017	Change	
Common Equity Tier 1 capital ratio	(4) / (7)	1	<b>10.85%</b>	10.76%	0.09%	4.50%
Tier 1 capital ratio	(5) / (7)	2	<b>12.87%</b>	12.67%	0.20%	6.00%
Total capital ratio	(6) / (7)	3	<b>15.45%</b>	15.58%	(0.13%)	8.00%
Common Equity Tier 1 capital		4	<b>2,218.3</b>	2,076.1	142.2	
Tier 1 capital		5	<b>2,630.4</b>	2,445.7	184.7	
Total capital		6	<b>3,156.6</b>	3,007.0	149.6	
Total risk weighted assets		7	<b>20,427.3</b>	19,291.1	1,136.2	

## [SuMi TRUST Bank (Non-consolidated)]

			(Billions of yen)			Minimum requirement
			Mar. 2018 (Preliminary)	Mar. 2017	Change	
Common Equity Tier 1 capital ratio	(11) / (14)	8	<b>10.60%</b>	10.60%	-%	4.50%
Tier 1 capital ratio	(12) / (14)	9	<b>12.60%</b>	12.60%	-%	6.00%
Total capital ratio	(13) / (14)	10	<b>15.20%</b>	15.55%	(0.35%)	8.00%
Common Equity Tier 1 capital		11	<b>2,121.5</b>	1,998.0	123.5	
Tier 1 capital		12	<b>2,521.5</b>	2,375.1	146.3	
Total capital		13	<b>3,040.7</b>	2,931.2	109.4	
Total risk weighted assets		14	<b>20,004.5</b>	18,844.2	1,160.3	

<Reference> Leverage ratio  
[Consolidated]

			(Billions of yen)		
			Mar. 2018 (Preliminary)	Mar. 2017	Change
Leverage ratio	(16) / (17)	15	<b>3.98%</b>	3.87%	0.11%
Tier 1 capital		16	<b>2,821.4</b>	2,625.7	195.6
Total Exposure		17	<b>70,807.8</b>	67,843.4	2,964.4

## [SuMi TRUST Bank (Consolidated)]

			(Billions of yen)		
			Mar. 2018 (Preliminary)	Mar. 2017	Change
Leverage ratio	(19) / (20)	18	<b>4.59%</b>	4.45%	0.14%
Tier 1 capital		19	<b>2,630.4</b>	2,445.7	184.7
Total Exposure		20	<b>57,273.0</b>	54,937.1	2,335.9

11. Return on equity (ROE)  
[Consolidated]

	FY2017	FY2016	Change
Return (Net income) on shareholders' equity	<b>7.40%</b>	6.07%	1.33%
Return (Net income) on equity	<b>6.05%</b>	5.01%	1.04%

Note1: Return on shareholders' equity (equity)

= Net income attributable to owners of the parents

÷ { (Beginning balance of shareholders' equity (equity) + Ending balance of shareholders' equity (equity) ) ÷ 2 } X 100

Note2: Shareholders' equity = Total net assets - Share purchase warrants - Minority interests - Total accumulated other comprehensive income

Note3: Equity = Total net assets - Share purchase warrants - Minority interests

## 11. Loans and Deposits (Banking a/c and principal guaranteed trust a/c combined)

## (1) Balance of loans and deposits, etc.

[Non-consolidated]

(Millions of yen)

		Mar. 2018		Sep. 2017	Mar. 2017	Change from Mar. 2017	
		Total	Domestic branches	Total	Total	Total	Domestic branches
Loans and bills discounted	(Ending balance)	<b>28,295,313</b>	<b>24,709,443</b>	28,270,790	28,206,155	89,158	261,509
	(Average balance)	<b>27,838,291</b>	<b>24,217,564</b>	28,104,894	27,339,937	498,353	890,841
Banking account	(Ending balance)	<b>28,259,093</b>	<b>24,673,223</b>	28,226,793	28,158,969	100,124	272,475
	(Average balance)	<b>27,794,452</b>	<b>24,173,725</b>	28,059,441	27,287,649	506,803	899,290
Principal guaranteed trust account	(Ending balance)	<b>36,220</b>	<b>36,220</b>	43,996	47,186	(10,966)	(10,966)
	(Average balance)	<b>43,838</b>	<b>43,838</b>	45,453	52,288	(8,449)	(8,449)
Deposits, Trust principal	(Ending balance)	<b>34,466,562</b>	<b>29,459,852</b>	32,557,602	32,911,754	1,554,808	986,327
	(Average balance)	<b>30,808,863</b>	<b>26,695,269</b>	30,452,767	30,022,353	786,510	(40,045)
Deposits (*)	(Ending balance)	<b>29,392,255</b>	<b>24,385,544</b>	29,202,613	29,019,323	372,931	(195,549)
	(Average balance)	<b>28,216,744</b>	<b>24,103,150</b>	28,233,908	27,426,886	789,858	(36,698)
Time deposits	(Ending balance)	<b>21,207,994</b>	<b>16,478,399</b>	21,749,463	21,508,417	(300,423)	(732,644)
	(Average balance)	<b>20,994,289</b>	<b>17,045,706</b>	21,236,663	20,356,410	637,878	(59,746)
Liquid deposits	(Ending balance)	<b>6,886,270</b>	<b>6,609,502</b>	6,153,614	6,265,806	620,463	484,388
	(Average balance)	<b>6,172,956</b>	<b>6,008,496</b>	6,004,256	5,724,288	448,668	319,513
Trust principal	(Ending balance)	<b>5,074,307</b>	<b>5,074,307</b>	3,354,988	3,892,430	1,181,876	1,181,876
	(Average balance)	<b>2,592,118</b>	<b>2,592,118</b>	2,218,859	2,595,466	(3,347)	(3,347)

(\*) Excluding NCD.

## (2) Ending balance of deposits classified by depositors (Domestic branches)

[Non-consolidated]

(Millions of yen)

	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Individuals	<b>17,447,295</b>	17,658,700	17,606,670	(159,374)
Deposits (*1)	<b>15,924,744</b>	16,133,872	16,107,670	(182,926)
Trust principal (Principal guaranteed)	<b>1,522,551</b>	1,524,827	1,498,999	23,551
Corporations and other organizations (*2)	<b>11,555,741</b>	9,819,350	10,598,037	957,704
Deposits (*1)	<b>8,003,985</b>	7,989,189	8,204,606	(200,620)
Trust principal (Principal guaranteed)	<b>3,551,755</b>	1,830,160	2,393,430	1,158,325
<b>Total</b>	<b>29,003,037</b>	27,478,050	28,204,707	798,329

(\*1) Excluding NCD and offshore accounts

(\*2) "Other organizations" are public organizations and financial institutions.

## 12. Loans (Banking a/c and principal guaranteed trust a/c combined)

## 1) Loans to small and mid-sized enterprises, etc.

[Non-consolidated]

	Mar. 2018	Sep. 2017	Mar. 2017	(Millions of yen, %) Change from Mar.
Loan balance	<b>16,130,489</b>	15,429,687	15,148,025	982,464
Loans to individuals	<b>9,450,458</b>	9,185,013	8,926,939	523,519
Ratio to total loan balance	<b>65.2</b>	63.0	61.9	3.3

## 2) Loans to individuals

[Non-consolidated]

	Mar. 2018	Sep. 2017	Mar. 2017	(Millions of yen) Change from Mar.
Residential mortgage loans	<b>8,874,754</b>	8,619,353	8,378,608	496,146
Loans to individual for business use	<b>515,373</b>	502,386	479,248	36,125
Other consumer loans	<b>60,329</b>	63,274	69,082	(8,752)
Total	<b>9,450,458</b>	9,185,013	8,926,939	523,519

## 3) Loans by industry

[Non-consolidated]

	Mar. 2018	Sep. 2017	Mar. 2017	(Millions of yen) Change from Mar.
Domestic Branches (excluding offshore accounts)	<b>24,709,443</b>	24,465,688	24,447,276	262,167
Manufacturing	<b>2,486,208</b>	2,563,957	2,595,570	(109,362)
Agriculture, forestry, fisheries, mining, quarrying of stone and gravel gathering	<b>12,130</b>	11,602	12,863	(732)
Construction	<b>120,415</b>	115,708	129,886	(9,471)
Electricity, gas, heat supply and water	<b>1,047,733</b>	928,728	891,300	156,432
Information and communications	<b>412,206</b>	407,140	405,065	7,141
Transport and postal activities	<b>1,111,401</b>	1,120,896	1,126,269	(14,867)
Wholesale and retail trade	<b>1,171,868</b>	1,232,039	1,219,736	(47,867)
Finance and insurance	<b>2,805,668</b>	2,719,366	2,977,078	(171,410)
Real estate	<b>3,427,559</b>	3,309,865	3,246,402	181,157
Goods rental and leasing	<b>986,215</b>	959,245	897,508	88,706
Others	<b>11,128,035</b>	11,097,136	10,945,593	182,441
Overseas branches and offshore accounts	<b>3,585,870</b>	3,805,102	3,758,878	(173,008)
Total	<b>28,295,313</b>	28,270,790	28,206,155	89,158

Note: The above table is made based on the categorization of "Survey on loans by industry" of Bank of Japan.

## 13. Problem assets based on the Financial Reconstruction Act (Banking a/c and principal guaranteed trust a/c combined)

## (1) Problem assets based on the Financial Reconstruction Act (After partial direct written-off)

[Consolidated]

	(Millions of yen)					
	Mar. 2018		Sep. 2017	Mar. 2017	Change from Mar. 2017	
	Total	Banking a/c	Total	Total	Total	Banking a/c
Problem assets based on the Financial Reconstruction Act (a)	<b>89,255</b>	<b>88,365</b>	99,216	108,942	(19,686)	(15,545)
Bankrupt and practically bankrupt	<b>16,406</b>	<b>16,395</b>	17,452	12,299	4,106	4,107
Doubtful	<b>46,780</b>	<b>45,948</b>	52,208	59,004	(12,223)	(8,101)
Substandard	<b>26,068</b>	<b>26,020</b>	29,555	37,639	(11,570)	(11,550)
Ordinary assets	<b>29,744,179</b>	<b>29,708,849</b>	29,836,306	29,505,576	238,602	245,426
Total balance (b)	<b>29,833,435</b>	<b>29,797,214</b>	29,935,523	29,614,519	218,915	229,881
Ratio to total balance (a) / (b)	<b>0.3%</b>	<b>0.3%</b>	0.3%	0.4%	(0.1%)	(0.1%)

Note : Partial direct written-off: Mar. 2018: 15,050 million yen, Sep. 2017: 17,318 million yen, Mar. 2017: 19,974 million yen

[Non-consolidated]

	(Millions of yen)					
	Mar. 2018		Sep. 2017	Mar. 2017	Change from Mar. 2017	
	Total	Banking a/c	Total	Total	Total	Banking a/c
Problem assets based on the Financial Reconstruction Act (a)	<b>56,709</b>	<b>55,819</b>	61,796	71,169	(14,459)	(10,317)
Bankrupt and practically bankrupt	<b>12,033</b>	<b>12,022</b>	13,208	7,939	4,094	4,094
Doubtful	<b>27,022</b>	<b>26,190</b>	27,901	35,419	(8,396)	(4,274)
Substandard (b)	<b>17,654</b>	<b>17,606</b>	20,686	27,811	(10,156)	(10,137)
Ordinary assets	<b>28,761,716</b>	<b>28,726,386</b>	28,726,798	28,663,981	97,734	104,559
Assets to substandard debtors (excluding Substandard) (c)	<b>1,333</b>	<b>1,317</b>	1,294	1,231	101	102
Assets to other special mention debtors	<b>547,121</b>	<b>537,197</b>	446,683	554,344	(7,223)	(6,151)
Assets to ordinary debtors	<b>28,213,261</b>	<b>28,187,871</b>	28,278,820	28,108,405	104,856	110,607
Total balance (d)	<b>28,818,426</b>	<b>28,782,205</b>	28,788,594	28,735,150	83,275	94,241
Ratio to total balance (a) / (d)	<b>0.2%</b>	<b>0.2%</b>	0.2%	0.2%	(0.0%)	(0.0%)
Assets to substandard debtors (b) + (c)	<b>18,987</b>	<b>18,923</b>	21,980	29,042	(10,055)	(10,034)

Note : Partial direct written-off: Mar. 2018: 9,292 million yen, Sep. 2017: 11,322 million yen, Mar. 2017: 13,817 million yen

## (2) Coverage ratio and allowance ratio of Problem assets based on the Financial Reconstruction Act

[Non-consolidated]

	(Millions of yen)					
	Mar. 2018		Sep. 2017	Mar. 2017	Change from Mar. 2017	
	Total	Banking a/c	Total	Total	Total	Banking a/c
Problem assets based on the Financial Reconstruction Act	<b>56,709</b>	<b>55,819</b>	61,796	71,169	(14,459)	(10,317)
Coverage ratio	<b>95.8%</b>	<b>95.7%</b>	97.6%	90.7%	5.1%	5.7%
Allowance ratio	<b>78.4%</b>	<b>78.4%</b>	80.1%	62.0%	16.4%	16.4%
Bankrupt and practically bankrupt	<b>12,033</b>	<b>12,022</b>	13,208	7,939	4,094	4,094
Coverage ratio	<b>100.0%</b>	<b>100.0%</b>	100.0%	100.0%	- %	- %
Allowance ratio	<b>100.0%</b>	<b>100.0%</b>	100.0%	100.0%	- %	- %
Doubtful	<b>27,022</b>	<b>26,190</b>	27,901	35,419	(8,396)	(4,274)
Coverage ratio	<b>92.9%</b>	<b>92.7%</b>	96.5%	88.9%	4.0%	5.6%
Allowance ratio	<b>74.6%</b>	<b>74.6%</b>	70.9%	62.8%	11.8%	11.8%
Substandard	<b>17,654</b>	<b>17,606</b>	20,686	27,811	(10,156)	(10,137)
Coverage ratio	<b>97.4%</b>	<b>97.4%</b>	97.5%	90.3%	7.1%	7.1%
Allowance ratio	<b>34.7%</b>	<b>34.7%</b>	43.5%	19.5%	15.2%	15.2%

Note: Other than the above mentioned, there is Reserves for JOMT (Jointly-operated money trust) of 0.0 billion yen as of Mar. 2018.

(3) Problem assets based on the Financial Reconstruction Act by industry  
[Non-consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Domestic Branches (excluding offshore accounts)	51,725	56,078	67,838	(16,113)
Manufacturing	3,076	5,617	13,080	(10,004)
Agriculture, forestry, fisheries, mining, quarrying of stone and gravel gathering	-	-	974	(974)
Construction	3	9	10	(7)
Information and communications	2	2	2	(0)
Transport and postal activities	29	58	379	(350)
Wholesale and retail trade	5,558	864	879	4,678
Finance and insurance	244	228	278	(33)
Real estate	7,854	13,057	15,167	(7,312)
Others	34,956	36,239	37,064	(2,108)
Overseas branches and offshore accounts	4,984	5,717	3,330	1,653
<b>Total</b>	<b>56,709</b>	<b>61,796</b>	<b>71,169</b>	<b>(14,459)</b>

Note: The above table is made according to the categorization of "Survey on loans by industry" of Bank of Japan.

14. Self-Assessment and Problem assets based on the Financial Reconstruction Act  
(Banking a/c and principal guaranteed trust a/c combined)

[Non-consolidated]

(Billions of yen, %)

Borrower classification under the self-assessment	Problem assets based on the Financial Reconstruction Act	Self-assessment				Allowance (*)	Coverage ratio	Allowance ratio
		Not categorized	Category II	Category III	Category IV			
Legal bankruptcy	(1) Bankrupt/ practically bankrupt 12.0	(1) Guarantee and collateral 9.2	Entirely covered by allowances	Entirely written-off or covered by allowances	(1) Specific allowance for loan losses 2.7	100.0	100.0	
Virtual bankruptcy								
Possible bankruptcy	(2) Doubtful 27.0	(2) Guarantee and collateral 19.4	Partially covered by allowances		(2) Specific allowance for loan losses 5.6	92.9	74.6	
Requiring careful monitoring	(3) Substandard 17.7	(3) Guarantee and collateral 16.9			(3) General allowance for loan losses 0.2	97.4	34.7	
	(4) Ordinary assets (A + B + C) 28,761.7	A. Assets to substandard debtors (exc. Substandard) 1.3						
		B. Assets to other special mention debtors (exc. Assets to substandard debtors) 547.1						
Normal	C. Assets to ordinary debtors 28,213.3							
	Problem assets based on the Financial Reconstruction Act (1) + (2) + (3) 56.7	Guarantee and collateral (1) + (2) + (3) 45.7			Allowance for loan losses (1) + (2) + (3) 8.6	95.8	78.4	
Total balance (1) + (2) + (3) + (4) 28,818.4		Not categorized, category II 28,816.5	category III 1.9	category IV -				

(\*) 0.0 billion yen of reserves for loan trust and reserves for JOMT (Jointly-operated money trust) are posted in principal guaranteed trust account.

## 15. Allowance for loan losses

## (1) Balance of allowance for loan losses

(Banking account)

[Consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Allowance for loan losses	<b>102,920</b>	104,181	115,814	(12,894)
General allowance for loan losses	<b>88,579</b>	91,621	97,567	(8,988)
Specific allowance for loan losses	<b>14,340</b>	12,560	18,246	(3,905)
Partial direct written-off	<b>16,705</b>	18,804	20,070	(3,365)

[Non-consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Allowance for loan losses	<b>77,169</b>	79,405	90,030	(12,861)
General allowance for loan losses	<b>68,254</b>	73,281	79,336	(11,082)
Specific allowance for loan losses	<b>8,914</b>	6,124	10,693	(1,778)
Partial direct written-off	<b>9,318</b>	11,349	13,840	(4,521)

(Trust account)

[Non-consolidated]

	(Millions of yen)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Reserves for loan trust	-	50	53	(53)
Reserves for JOMT (Jointly-operated money trust)	<b>89</b>	92	90	(0)
Total	<b>89</b>	142	143	(53)

Note: Trust a/c is principal guaranteed trust a/c

## (2) Reserve ratio for assets to special mention/ ordinary debtors (general allowance for loan losses)

(Banking account)

[Non-consolidated]

	(%)			
	Mar. 2018	Sep. 2017	Mar. 2017	Change from Mar. 2017
Assets to Special mention debtors	<b>6.15</b>	9.38	8.57	(2.42)
Substandard	<b>1.38</b>	1.86	2.39	(1.01)
Against uncovered portion	<b>33.17</b>	39.89	19.04	14.13
Other special mention	<b>6.32</b>	9.75	8.90	(2.58)
Against uncovered portion	<b>16.22</b>	20.42	14.86	1.36
Assets to Ordinary debtors	<b>0.11</b>	0.10	0.10	0.01

Note: The above list indicates the ratio of general allowance for loan losses to each asset.



16. Final disposal of non-performing loans (Banking a/c and principal guaranteed trust a/c combined)

(1) Loans outstanding in doubtful or worse categories

[Non-consolidated]

(Billions of yen)

	Mar. 2015	Sep. 2015	Mar. 2016	Sep. 2016	Mar. 2017	Sep. 2017	Mar. 2018	Change from Sep. 2017
Total	92.1	74.2	56.9	46.8	43.4	41.1	<b>39.1</b>	(2.1)
Loans outstanding in doubtful or worse categories as of Mar. 2015 and disposal thereafter	92.1	68.6	42.5	29.5	24.5	20.4	<b>14.0</b>	(6.4)
New entry to doubtful or worse categories during 1HFY2015 and disposal thereafter		5.6	3.5	2.5	1.8	1.4	<b>1.3</b>	(0.1)
New entry to doubtful or worse categories during 2HFY2015 and disposal thereafter			10.8	8.8	7.9	1.2	<b>0.7</b>	(0.5)
New entry to doubtful or worse categories during 1HFY2016 and disposal thereafter				6.0	3.5	1.6	<b>1.3</b>	(0.4)
New entry to doubtful or worse categories during 2HFY2016 and disposal thereafter					5.7	3.5	<b>2.6</b>	(0.9)
New entry to doubtful or worse categories during 1HFY2017 and disposal thereafter						13.0	<b>9.6</b>	(3.4)
New entry to doubtful or worse categories during 2HFY2017 and disposal thereafter							<b>9.6</b>	9.6

(2) Progress of final disposal

[Non-consolidated]

(Billions of yen)

Period	Primary amount (A)	Amount as of Mar. 2018 (B)	Quasi final disposal or in the process of final disposal (C)	Amount of final disposal in 2HFY2017	Progress ratio of final disposal (%)	Adjusted progress ratio of final disposal (%) (*)
					(A-B)/A	(A-B+C)/A
Before 2HFY2014	3,532.6	14.0	3.3	6.4	99.6	99.6
1HFY2015	5.6	1.3	0.0	0.1	76.7	77.3
2HFY2015	10.8	0.7	0.1	0.5	93.8	94.3
1HFY2016	6.0	1.3	0.2	0.4	78.5	81.0
2HFY2016	5.7	2.6	0.2	0.9	54.1	57.3
1HFY2017	13.0	9.6	3.8	3.4	26.0	55.5
2HFY2017	9.6	9.6	0.2	-	-	1.9
Total	-----	<b>39.1</b>	7.7	<b>11.7</b>	-----	-----

(\*) Progress ratio of final disposal considering quasi final disposal

## 17. Retirement benefits

[Consolidated]

		(Millions of yen)		
		Mar. 2018	Mar. 2017	Change
Projected benefit obligation	(A)	<b>467,350</b>	467,409	(59)
Discount rate		<b>mainly 0.5%</b>	mainly 0.5%	---
Plan assets	(B)	<b>616,410</b>	572,379	44,031
Liabilities for retirement benefits	(C)	<b>14,159</b>	14,048	110
Assets for retirement benefits	(D)	<b>163,219</b>	119,018	44,201

Note: (A) = (B) + (C) - (D)

· Remeasurements of retirement benefits (before considering tax effect accounting)

		(Millions of yen)		
		Mar. 2018	Mar. 2017	Change
Unrecognized net prior services costs		<b>13</b>	64	(51)
Unrecognized net actuarial loss		<b>(6,819)</b>	30,260	(37,080)
Total		<b>(6,806)</b>	30,325	(37,131)

		(Millions of yen)		
		FY2017	FY2016	Change
Retirement benefit expenses		<b>(4,448)</b>	(7,032)	2,583
Service cost - benefits earned		<b>(14,719)</b>	(15,266)	547
Interest cost on projected benefit obligation		<b>(2,354)</b>	(2,370)	15
Expected return on plan assets		<b>25,746</b>	28,152	(2,405)
Disposal of prior services costs		<b>(51)</b>	(95)	44
Disposal of actuarial loss		<b>(10,062)</b>	(14,319)	4,257
Others		<b>(3,007)</b>	(3,132)	124

[Non-consolidated]

		(Millions of yen)		
		Mar. 2018	Mar. 2017	Change
Projected benefit obligation	(A)	<b>438,658</b>	439,100	(441)
Discount rate		<b>0.5%</b>	0.5%	- %
Plan assets	(B)	<b>600,290</b>	556,790	43,500
Provision for retirement benefits	(C)	<b>724</b>	695	29
Prepaid pension expenses	(D)	<b>161,208</b>	160,295	913
Unrecognized net prior services costs	(E)	<b>320</b>	445	(125)
Unrecognized net actuarial loss	(F)	<b>(1,468)</b>	41,464	(42,932)

Note: (A) = (B) + (C) - (D) + (E) + (F)

		(Millions of yen)		
		FY2017	FY2016	Change
Retirement benefit expenses		<b>(8,289)</b>	(18,876)	10,587
Service cost - benefits earned		<b>(12,974)</b>	(13,519)	545
Interest cost on projected benefit obligation		<b>(2,192)</b>	(2,221)	29
Expected return on plan assets		<b>25,261</b>	27,743	(2,481)
Disposal of prior services costs		<b>(125)</b>	(166)	41
Disposal of actuarial loss		<b>(16,187)</b>	(28,429)	12,242
Others		<b>(2,071)</b>	(2,282)	210

## 18. Deferred tax assets

## (1) Major factors for deferred tax assets and deferred tax liabilities

[Consolidated]

	(Billions of yen)		
	Mar. 2018	Mar. 2017	Change
Deferred tax assets (A)	23.1	23.2	(0.1)
Devaluation of securities	19.2	21.0	(1.8)
Allowance for loan losses (including written-off of loans)	40.2	45.8	(5.6)
Deferred gains/ losses on hedges	8.7	7.5	1.1
Liabilities for retirement benefits	0.2	13.1	(12.8)
Valuation difference due to share exchange	5.1	5.1	(0.0)
Others	68.9	70.7	(1.7)
Valuation allowance	(36.8)	(36.7)	(0.1)
Offset with deferred tax liabilities	(82.5)	(103.5)	21.0
Deferred tax liabilities (B)	181.0	137.5	43.5
Amount related retirement benefits	11.4	10.1	1.2
Valuation difference on available-for-sale securities	230.1	213.1	17.0
Valuation difference due to share exchange	7.7	9.3	(1.6)
Others	14.1	8.3	5.8
Offset with deferred tax assets	(82.5)	(103.5)	21.0
Net deferred tax assets (A) - (B)	(157.9)	(114.2)	(43.6)

[Non-consolidated]

	(Billions of yen)		
	Mar. 2018	Mar. 2017	Change
Deferred tax assets (A)	-	-	-
Devaluation of securities	24.2	26.3	(2.0)
Allowance for loan losses (including written-off of loans)	23.4	28.8	(5.4)
Deferred gains/ losses on hedges	8.0	6.9	1.0
Others	30.6	32.4	(1.7)
Valuation allowance	(13.6)	(14.4)	0.8
Offset with deferred tax liabilities	(72.7)	(80.2)	7.4
Deferred tax liabilities (B)	173.4	147.0	26.3
Amount related retirement benefits	12.0	10.1	1.8
Valuation difference on available-for-sale securities	228.8	212.0	16.8
Others	5.2	5.1	0.1
Offset with deferred tax assets	(72.7)	(80.2)	7.4
Net deferred tax assets (A) - (B)	(173.4)	(147.0)	(26.3)

## (2) Adequacy for calculating and posting net deferred tax assets

[Non-consolidated]

SuMi TRUST Bank applied the category 2 of the Guidance No. 26 of the Accounting Standards (\*) for tax effect accounting and posted net deferred tax assets as a company reporting stable taxable income.

(\*) Guidance on Recoverability of Deferred Tax Assets (the Accounting Standards Board of Japan (ASBJ))

## (Reference) Taxable income before deduction of loss carryforwards for the past 5 years

	(Billions of yen)				
	FY2017	FY2016	FY2015	FY2014	FY2013
Taxable income before deduction of loss carryforwards	127.2	106.4	177.5	118.5	107.4
Net business profit before credit costs	189.7	150.5	249.1	245.7	211.8

## &lt;Reference&gt; Other referential financial figures of SuMi TRUST Bank

## (1) Balance Sheets

[Non-consolidated]

(Billions of yen)

	Mar. 2018	Mar. 2017	Change
<b>Assets:</b>			
Cash and due from banks	15,408.1	13,963.7	1,444.4
Call loans	92.9	64.7	28.2
Receivables under resale agreements	63.5	83.8	(20.3)
Receivables under securities borrowing transactions	624.0	464.9	159.0
Monetary claims bought	67.7	92.9	(25.1)
Trading assets	470.8	663.0	(192.1)
Money held in trust	0.0	0.0	-
Securities	5,972.3	5,518.9	453.3
Loans and bills discounted	28,259.0	28,158.9	100.1
Foreign exchanges	25.5	16.1	9.3
Other assets	1,428.8	1,187.8	240.9
Tangible fixed assets	198.3	200.9	(2.6)
Intangible fixed assets	66.9	91.2	(24.2)
Prepaid pension expenses	161.2	160.2	0.9
Customers' liabilities for acceptances and guarantees	398.7	391.4	7.3
Allowance for loan losses	(77.1)	(90.0)	12.8
<b>Total assets</b>	<b>53,161.4</b>	<b>50,969.2</b>	<b>2,192.1</b>
<b>Liabilities:</b>			
Deposits	29,392.2	29,019.3	372.9
Negotiable certificates of deposit	6,758.9	7,523.2	(764.2)
Call money	494.8	400.1	94.6
Payables under repurchase agreements	1,454.8	1,063.7	391.1
Payables under securities lending transactions	41.2	13.6	27.6
Trading liabilities	266.1	366.8	(100.7)
Borrowed money	4,367.1	3,365.2	1,001.9
Foreign exchanges	1.9	2.2	(0.2)
Short-term bonds payable	605.2	418.8	186.4
Corporate bonds	944.9	1,029.0	(84.1)
Borrowed money from trust account	5,172.4	3,973.6	1,198.8
Other liabilities	695.8	920.7	(224.9)
Provision for bonuses	8.9	9.0	(0.0)
Provision for directors' bonuses	0.0	0.0	(0.0)
Provision for retirement benefits	0.7	0.6	0.0
Provision for reimbursement of deposits	3.5	3.5	(0.0)
Provision for contingent loss	4.6	7.7	(3.1)
Deferred tax liabilities	173.4	147.0	26.3
Deferred tax liabilities for land revaluation	3.0	3.0	-
Acceptances and guarantees	398.7	391.4	7.3
<b>Total liabilities</b>	<b>50,789.1</b>	<b>48,659.5</b>	<b>2,129.6</b>
<b>Net assets:</b>			
Capital stock	342.0	342.0	-
Capital surplus	456.2	492.2	(36.0)
Legal capital surplus	273.0	273.0	-
Other capital surplus	183.2	219.2	(36.0)
Retained earnings	1,067.6	1,004.7	62.9
Legal retained earnings	69.0	69.0	-
Other retained earnings	998.6	935.7	62.9
Other voluntary reserve	371.8	371.8	-
Retained earnings brought forward	626.7	563.8	62.9
Shareholders' equity	1,865.9	1,839.0	26.9
Valuation difference on available-for-sale securities	525.8	487.6	38.2
Deferred gains/ losses on hedges	(18.1)	(15.8)	(2.3)
Revaluation reserve for land	(1.4)	(1.0)	(0.3)
Valuation and translation adjustments	506.3	470.7	35.5
<b>Total net assets</b>	<b>2,372.2</b>	<b>2,309.7</b>	<b>62.5</b>
<b>Total liabilities and net assets</b>	<b>53,161.4</b>	<b>50,969.2</b>	<b>2,192.1</b>

(2) Statements of Income  
[Non-consolidated]

	(Billions of yen)		
	FY2017	FY2016	Change
Ordinary income	<b>889.1</b>	809.5	79.5
Trust fees	<b>94.8</b>	94.2	0.5
Interest income	<b>409.5</b>	370.6	38.8
Interest on loans and discounts	<b>291.5</b>	266.4	25.1
Interest and dividends on securities	<b>86.7</b>	82.6	4.0
Fees and commissions	<b>195.1</b>	200.7	(5.5)
Trading income	<b>10.4</b>	18.3	(7.9)
Other ordinary income	<b>79.0</b>	72.1	6.9
Other income	<b>100.0</b>	53.4	46.6
Ordinary expenses	<b>716.1</b>	692.2	23.9
Interest expenses	<b>246.2</b>	167.3	78.8
Interest on deposits	<b>93.6</b>	78.3	15.3
Fees and commissions payments	<b>86.4</b>	84.5	1.9
Trading expenses	<b>-</b>	1.2	(1.2)
Other ordinary expenses	<b>29.4</b>	119.4	(89.9)
General and administrative expenses	<b>254.2</b>	262.4	(8.2)
Other expenses	<b>99.7</b>	57.0	42.7
Ordinary profit	<b>172.9</b>	117.3	55.6
Extraordinary income	<b>0.3</b>	0.6	(0.2)
Extraordinary losses	<b>8.6</b>	6.6	2.0
Income before Income Taxes	<b>164.6</b>	111.3	53.3
Income taxes-Current	<b>36.2</b>	32.7	3.5
Income taxes-Deferred	<b>10.4</b>	0.9	9.4
Income taxes	<b>46.6</b>	33.6	13.0
Net income	<b>117.9</b>	77.6	40.3

(3) Statement of trust account  
[Non-consolidated]

	(Billions of yen)		
	Mar. 2018	Mar. 2017	Change
Loans and bills discounted	1,306.3	1,410.0	(103.7)
Securities	1,834.4	3,077.7	(1,243.3)
Beneficiary rights	153,552.8	143,214.8	10,337.9
Securities held in custody accounts	29.3	29.2	0.0
Money claims	17,142.5	15,065.1	2,077.3
Tangible fixed assets	14,717.2	13,643.4	1,073.8
Intangible fixed assets	205.5	178.1	27.4
Other claims	7,287.6	7,451.1	(163.4)
Loans to banking account	5,172.4	3,973.6	1,198.8
Cash and due from banks	449.6	424.2	25.4
<b>Total assets</b>	<b>201,698.1</b>	<b>188,467.7</b>	<b>13,230.3</b>
Money trusts	31,416.6	30,217.8	1,198.8
Pension trusts	13,720.5	14,828.5	(1,107.9)
Property formation benefit trusts	17.9	17.5	0.3
Loan trusts	-	10.6	(10.6)
Securities investment trusts	74,634.2	69,115.2	5,519.0
Money entrusted, other than money trusts	21,572.4	15,544.8	6,027.5
Securities trusts	19,411.0	20,114.0	(703.0)
Money claim trusts	17,265.8	15,148.5	2,117.3
Land and fixtures trusts	89.4	109.3	(19.9)
Composite trusts	23,570.0	23,361.0	208.9
<b>Total liabilities</b>	<b>201,698.1</b>	<b>188,467.7</b>	<b>13,230.3</b>

Note: The amount of re-trusted assets to Japan Trustee Services Bank, Ltd. for asset administration is included in Beneficiary rights:

Mar. 2018: 152,855.5 billion yen, Mar. 2017: 142,691.7 billion yen

(4) Breakdown of principal guaranteed trust a/c  
[Non-consolidated]

	(Billions of yen)			
	Mar. 2018	Mar. 2017	Change	
Money trusts	Loans and bills discounted	36.2	47.1	(10.9)
	Securities	0.0	0.0	-
	Others	5,038.4	3,835.2	1,203.2
	<b>Total assets</b>	<b>5,074.7</b>	<b>3,882.4</b>	<b>1,192.2</b>
	Principal	5,074.3	3,882.1	1,192.1
	Reserves for JOMT (Jointly-operated money trust)	0.0	0.0	(0.0)
	Others	0.3	0.2	0.1
	<b>Total liabilities</b>	<b>5,074.7</b>	<b>3,882.4</b>	<b>1,192.2</b>
Loan trusts	Loans and bills discounted	-	-	-
	Securities	-	-	-
	Others	-	10.6	(10.6)
	<b>Total assets</b>	<b>-</b>	<b>10.6</b>	<b>(10.6)</b>
	Principal	-	10.2	(10.2)
	Reserves for loan trust	-	0.0	(0.0)
	Others	-	0.3	(0.3)
<b>Total liabilities</b>	<b>-</b>	<b>10.6</b>	<b>(10.6)</b>	