



INTERIM FINANCIAL REPORT 2017

(April 1~September 30,2017)

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INTERIM BALANCE SHEET

(Millions of Yen)

	As of September 30, 2016	As of September 30, 2017	as of March 31, 2017
(Assets)			
Cash and due from banks	1,388,072	1,679,237	1,435,076
Call loans	396,053	232,843	281,879
Securities	269,604	288,920	281,762
Loans and bills discounted	400,781	727,974	610,097
Other assets	18,149	27,623	20,012
Tangible fixed assets	4,588	5,528	4,722
Intangible fixed assets	60,775	70,942	66,530
Prepaid pension costs	105	241	–
Deferred tax assets	–	9,044	12,097
Reserve for possible loan losses	(1,324)	(1,430)	(1,337)
Total assets	2,536,805	3,040,926	2,710,842
(Liabilities)			
Deposits	2,298,097	2,556,565	2,467,806
Payables under securities lending transactions	–	251,803	–
Call money	23	–	–
Due to trust accounts	21,820	18,862	20,961
Other liabilities	17,577	23,904	27,947
Income taxes payable	309	350	6,842
Lease obligations	12	9	10
Asset retirement obligations	1,191	1,259	1,261
Other	16,063	22,285	19,833
Reserve for employee bonuses	928	785	1,180
Reserve for executive bonuses	51	27	48
Reserve for retirement benefits	1,669	43	391
Reserve for executive retirement benefits	8	10	9
Reserve for reimbursement of deposits	282	484	484
Deferred tax liabilities	6,397	–	–
Total liabilities	2,346,856	2,852,488	2,518,829
(Net assets)			
Capital stock	87,550	87,550	87,550
Capital surplus	128,350	128,350	128,350
Legal capital surplus	83,350	83,350	83,350
Other capital surplus	45,000	45,000	45,000
Retained earnings	(26,342)	(26,155)	(21,808)
Legal retained earnings	80	80	80
Other retained earnings	(26,422)	(26,235)	(21,888)
Retained earnings brought forward	(26,422)	(26,235)	(21,888)
Total Shareholders' equity	189,557	189,744	194,091
Net unrealized gains (losses) on other securities	(10)	486	231
Net deferred gains (losses) on hedges	402	(1,792)	(2,310)
Total valuation and translation adjustments	392	(1,306)	(2,079)
Total net assets	189,949	188,437	192,012
Total liabilities and total net assets	2,536,805	3,040,926	2,710,842

INTERIM STATEMENT OF INCOME

	As of September 30, 2016	As of September 30, 2017	(Millions of Yen) As of March 31, 2017
Ordinary income	18,763	21,878	39,954
Trust fees	748	792	1,586
Interest income	7,757	11,337	17,634
Interest on loans and discounts	2,412	5,761	6,422
Interest and dividends on securities	161	233	361
Fees and commissions	7,393	7,811	15,249
Other operating income	2,855	1,935	5,158
Other income	8	2	325
Ordinary expenses	27,388	27,416	55,823
Interest expenses	1,086	1,263	2,266
Interest on deposits	1,084	1,245	2,187
Fees and commissions payments	1,162	1,260	2,329
Other operating expenses	79	6	159
General and administrative expenses	24,814	24,742	50,499
Other expenses	245	144	569
Ordinary profit (loss)	(8,624)	(5,538)	(15,869)
Extraordinary gains	—	—	—
Extraordinary losses	8	44	420
Income (loss) before income taxes	(8,632)	(5,582)	(16,289)
Income taxes – current	19	(4,001)	5,408
Income taxes – deferred	23	2,766	(17,557)
Income taxes	42	(1,235)	(12,148)
Net income (loss)	(8,675)	(4,347)	(4,141)

INTERIM STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2016 through September 30, 2016

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the fiscal year	27,550	23,350	45,000	68,350	80	(17,747)	(17,667)	78,232
Changes in the fiscal year								
Issuance of new shares	60,000	60,000	–	60,000				120,000
Net income (Loss)						(8,675)	(8,675)	(8,675)
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	60,000	60,000	–	60,000	–	(8,675)	(8,675)	111,324
Balance at the end of the fiscal year	87,550	83,350	45,000	128,350	80	(26,422)	(26,342)	189,557

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	16	514	530	78,763
Changes in the fiscal year				
Issuance of new shares				120,000
Net income (Loss)				(8,675)
Net changes in items other than shareholders' equity in the fiscal year	(26)	(111)	(138)	(138)
Net changes in the fiscal year	(26)	(111)	(138)	111,186
Balance at the end of the fiscal year	(10)	402	392	189,949

From April 1, 2017 through September 30, 2017

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the fiscal year	87,550	83,350	45,000	128,350	80	(21,888)	(21,808)	194,091
Changes in the fiscal year								
Issuance of new shares	—	—	—	—				—
Net income (Loss)						(4,347)	(4,347)	(4,347)
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	—	—	—	—	—	(4,347)	(4,347)	(4,347)
Balance at the end of the fiscal year	87,550	83,350	45,000	128,350	80	(26,235)	(26,155)	189,744

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	231	(2,310)	(2,079)	192,012
Changes in the fiscal year				
Issuance of new shares				—
Net income (Loss)				(4,347)
Net changes in items other than shareholders' equity in the fiscal year	255	517	772	772
Net changes in the fiscal year	255	517	772	(3,574)
Balance at the end of the fiscal year	486	(1,792)	(1,306)	188,437

From April 1, 2016 through March 31, 2017

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the fiscal year	27,550	23,350	45,000	68,350	80	(17,747)	(17,667)	78,232
Changes in the fiscal year								
Issuance of new shares	60,000	60,000	–	60,000				120,000
Net income (Loss)						(4,141)	(4,141)	(4,141)
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	60,000	60,000	–	60,000	–	(4,141)	(4,141)	115,858
Balance at the end of the fiscal year	87,550	83,350	45,000	128,350	80	(21,888)	(21,808)	194,091

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	16	514	530	78,763
Changes in the fiscal year				
Issuance of new shares				120,000
Net income (Loss)				(4,141)
Net changes in items other than shareholders' equity in the fiscal year	214	(2,824)	(2,609)	(2,609)
Net changes in the fiscal year	214	(2,824)	(2,609)	113,249
Balance at the end of the fiscal year	231	(2,310)	(2,079)	192,012

The amounts described herein are rounded down to the nearest million yen.

Significant accounting policies

1. Measurement standard and method of securities

Debt securities classified as held-to-maturity are carried at amortized cost (based on the straight-line method) using the moving-average method. Other securities with readily determinable fair value are carried at prevailing market price at the balance sheet date (cost of securities sold is calculated using the moving-average method). However, securities which are extremely difficult to determine fair value are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in “Net assets”.

2. Measurement standard and method of derivatives transactions

Derivatives transactions are carried at fair value.

3. Depreciation of fixed assets

(1) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings:	5 to 20 years
Others:	3 to 20 years

(2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use is depreciated over its estimated useful life (5 years).

(3) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in “Tangible fixed assets,” are depreciated using the straight-line method, assuming that the lease terms are their useful lives and residual values are zero.

4. Treatment of deferred assets

Stock issuance cost is recognized as expense in full when payments are made.

5. Conversion rule for foreign currency assets and liabilities into Japanese Yen

Foreign currency assets and liabilities are converted into Japanese yen by the prevailing foreign exchange rate as of balance sheet date.

6. Basis for recording reserves

(1) Reserve for possible loan losses

The reserve for possible loan losses is provided as detailed below in accordance with the internal standards for write-offs and provisions. For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or borrowers that are regarded as substantially in the same situation, a reserve is provided based on the amount of claims, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to be highly likely to fall into bankruptcy, a reserve is provided at the amount deemed necessary based on an overall solvency assessment of the borrowers, net of the expected amount of recoveries from collateral and guarantees.

For other claims, a reserve is provided based on the historical loan-loss ratio calculated using the historical loss experience over a certain period of time in the past and other factors.

The primary credit assessment departments, such as sales departments, assess all claims in accordance with the Standards for Self-Assessment of Asset Quality. The Credit Department, independent from these departments, reviews the assessment results, and the Asset Audit Department audits the assessment results.

(2) Reserve for employee bonuses

The reserve for employee bonuses is provided for payments of bonuses to employees, and recorded at the estimated amount of bonuses which are attributable to the current period.

(3) Reserve for executive bonuses

The reserve for executive bonuses is provided for payments of bonuses to directors, and recorded at the estimated amount of executive bonuses which are attributable to the current period.

(4) Reserve for retirement benefits

The reserve for retirement benefits is provided for payments of retirement benefits to employees, and recorded at the necessary amount estimated based on the projected benefit obligation and plan assets of pension funds at the end of the current period. In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit attributable to the respective periods.

Unrecognized net actuarial gain (loss): Amortized on a straight-line basis over a certain period (primarily 15 years) not longer than the employees' average remaining service period commencing from the following fiscal year in which unrecognized net actuarial gain (loss) occurred.

(5) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payments of retirement benefits to directors, and recorded at the amount deemed accrued at the end of the current period based on the amount of estimated retirement benefits.

(6) Reserve for reimbursement of deposits

The reserve for reimbursement of dormant deposits which were derecognized from liabilities is provided for the possible losses on the future claims of refunds, and recorded at the amount deemed necessary based on possible losses estimated according to the future claims of refunds.

7. Hedge accounting method

Interest rate risk hedge

As for the hedge accounting method applied to interest rate risk arising from financial assets and liabilities, SMBC Trust Bank Ltd. (SMBC Trust) applies deferred hedge accounting stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Statement No. 24). In this hedging, hedged items are identified through grouping on a basis of interest rate indices and certain repricing periods, and interest rate swaps are designated as a hedging instrument. With respect to the assessment of hedge effectiveness, hedge is deemed to be highly effective since it is designated in a way that the critical terms applied to the hedged items and the hedging instruments are mostly identical. The hedge effectiveness testing, therefore, relies on this result. With respect to the hedge for specific item, it has also been evaluated as effective.

8. Method and period of Amortization of goodwill, etc.

Goodwill and intangible fixed assets identified as a result of business acquisition are amortized on a straight-line basis over 20 years.

9. Consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

10. Application of consolidated tax payment system

SMBC Trust applies consolidated tax payment system with Sumitomo Mitsui Financial Group, Inc. for the parent company for tax consolidation from this fiscal year.

Notes

(Notes to the balance sheet)

1. Bankrupt loans and non-accrual loans at September 30, 2017 were nil and 1,074 million yen, respectively.

“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers to which the events defined in Article 96-1-3 (a) to (d) or 96-1-4 of “Order for Enforcement of the Corporation Tax Act” (Cabinet Order No. 97 of 1965) have occurred and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

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2. Past due loans (3 months or more) at September 30, 2017 were nil.

“Past due loans (3 months or more)” are loans on which the principal or interest payment is past due for 3 months or more, excluding “Bankrupt loans” and “Non-accrual loans.”

3. Restructured loans at September 30, 2017 were 6 million yen.

“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (*e.g.* reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”

4. The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at September 30, 2017 were 1,081 million yen.

The amounts of loans presented in Notes 1 to 4 above are the amounts before deduction of reserve for possible loan losses.

5. The amount of principal in loan participation accounted for as loans to the original borrowers based on “Accounting Treatment and Presentation of Loan Participation (JICPA Accounting Practice Committee Statement No. 3)” recorded on the balance sheet were 313,508 million yen at September 30, 2017.

6. Assets offered for collateral are as follows;

Assets offered for collateral

Securities 250,469 million

Liabilities secured by the collateral

Payables under securities lending transactions 251,803 million

Securities and Cash and due from banks pledged as collateral for the settlement of foreign exchange transactions were 10,252 million yen and 10 million yen respectively at September 30, 2017. Other assets include financial instrument for collateral of 3,624 million and security deposits of 3,293 million yen.

7. Commitment line contracts on overdrafts and loans are agreements to lend to customers when requested to extend a loan, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments related to these agreements was 89,721 million yen at September 30, 2017. The outstanding of 87,654 million is for remaining contract term of such commitments within one year.

Since many of these commitments are expected to expire without being drawn down, the total amount of unused commitments does not necessarily affect future cash flow requirements. Many of these commitments include clauses under which SMBC Trust can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC Trust needs to secure claims, or other probable events occur. In addition, SMBC Trust may request its customers to pledge collateral such as premises and securities at the time of the contracts as necessary, and take necessary measures such as monitoring customers’ financial positions, revising contracts when such need arises and securing claims after the contracts are entered into.

8. Accumulated depreciation on tangible fixed assets was 1,221 million yen.

(Notes to the statement of changes in shareholders' equity)

Type and the number of shares issued

(Shares in thousands)

Type of shares	Number of shares				Note
	At the beginning of the period	Increase	Decrease	At the end of the period	
Common stock	3,418	—	—	3,418	(Note)
Non-voting stock	900	—	—	900	
Total	4,318	—	—	4,318	

(Notes to financial product)

Fair value of financial instruments

The balance sheet amount, fair value and net unrealized gains (losses) of financial instruments as of September 30, 2017 are as follows:

(Millions of yen)

	Balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks	1,679,237	1,681,051	1,813
(2) Call loans	232,843	232,843	-
(3) Securities			
Bonds classified as held-to-maturity	260,488	261,586	1,097
Other securities	28,432	28,432	-
(4) Loans and bills discounted	727,974		
Reserve for possible loan losses (*1)	(1,426)		
	726,548	726,196	(351)
Total assets	2,927,550	2,930,109	2,559
(1) Deposits	2,556,565	2,556,285	(280)
(2) Payables under securities lending transaction	251,803	251,803	
(3) Due to trust accounts	18,862	18,862	
Total liabilities	2,827,232	2,826,952	(280)
Derivatives transactions (*2)			
Hedge accounting not applied	(1,871)	(1,871)	-
Hedge accounting applied	(2,397)	(2,397)	-
Total	(4,269)	(4,269)	-

(*1) The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses.

(*2) The amounts collectively represent the derivative transactions which are recorded in "Other assets" and "Other liabilities." Receivables and payables arising from derivatives transactions are presented on a net basis, and net payable is shown as ().

(Notes) Fair value calculation methodology for financial instruments

Assets

(1) Cash and due from banks

For cash and due from banks with no maturity, the carrying amount is used as fair value as it is considered to approximate their fair value. For due from banks with maturity, the present value discounted by market rates based on maturity is calculated to determine fair value. With respect to some due from banks embedded with derivatives, when it shall designate the entire hybrid contract as fair value, the fair value is calculated based on the amount of fair value measured and provided by financial institutions to which such deposits are made.

(2) Call loans

For call loans, the carrying amount is used as fair value as their transaction period is short and their carrying amount is considered to approximate their fair value.

(3) Securities

For securities, the value calculated based on prevailing market prices as at the balance sheet date is used as their fair value. With respect to the securities unavailable market price, the value is calculated based on the market interest rate etc.

(4) Loans and bills discounted

For loans and bills discounted based on the floating rate, the carrying amount is used as fair value as it is considered to approximate their fair value. For loans and bills discounted based on the fixed rate, the present value is used as the fair value, discounted by the rate applied for such new loans and bills discounted. For claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees. Since the balance sheet amounts of these claims minus the reserve for possible loan losses approximate are their fair value, such amounts are considered to be their fair value.

Liabilities

(1) Deposits

For demand deposits, given characteristics of this type of transaction, the amount of payment (i.e. the carrying amount) demanded on the balance sheet date is deemed as the fair value. With respect to time deposits, the present value discounted by market rates, etc. based on the maturity is calculated to determine fair value. For some deposits which are structured deposits embedded with derivatives, when it shall designate the entire hybrid contract as fair value, their fair value is calculated based on the amount of fair value measured and provided by financial institutions which are the counterparty to the covered transaction of the structured deposit.

(2) Payables under securities lending transactions

The carrying amount is used as fair value as the contract tenor is short and fair value is considered to approximate carrying amount.

(3) Due to trust accounts

For due to trust accounts, the amount of payment (i.e. the carrying amount) demanded on the balance sheet date is deemed as their fair value.

Derivatives transactions

Derivatives transactions are comprised of interest rate derivatives (interest rate swaps) and currency derivatives (forward foreign exchange, foreign exchange swaps, and currency options) and their fair value is based on the value calculated using the discounted present value and option valuation models, etc.

(Notes to securities)

1. Bonds classified as held-to-maturity (as of September 30, 2017)

(Millions of yen)

	Type	Balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains	Japanese government bonds	260,488	261,586	1,097
	Subtotal	260,488	261,586	1,097
Bonds with unrealized losses	Japanese government bonds	-	-	-
	Subtotal	-	-	-
Total		260,488	261,586	1,097

2. Other securities (as of September 30, 2017)

(Millions of yen)

	Type	Balance sheet amount	Acquisition cost or depreciable cost	Net unrealized gains (losses)
The carrying amount is beyond the acquisition cost or depreciable cost	Bonds	10,243	10,000	243
	Government bonds	-	-	-
	Corporate bonds	10,243	10,000	243
	Others	10,425	13,556	469
	Foreign bonds	10,425	13,556	469
	Subtotal	24,269	23,556	713
The carrying amount is below the acquisition cost or depreciable cost	Bonds	2,000	2,000	△0
	Government bonds	2,000	2,000	△0
	Corporate bonds	-	-	-
	Others	2,162	2,174	△11
	Foreign bonds	2,162	2,174	△11
	Subtotal	4,162	4,174	△11
Total		28,432	27,730	701

(Notes to deferred tax assets and liabilities)

Significant components of deferred tax assets and liabilities are as follows:

Deferred tax assets

Fair value earnings from consolidated tax payment	15,839 million yen
Asset adjustment account	6,238
Fair value hedge profit loss	737
Loss brought forward from the previous term	895
Other	2,111
Subtotal	25,821
Valuation allowance	(6,098)
Total deferred tax assets	19,723
Deferred tax liabilities	
Intangible fixed assets	(10,192)
Other	(486)
Total deferred tax liabilities	(10,678)
Net deferred tax asset	9,044

(Per share data)

Net assets per share	43,640.00 yen
Net loss per share	1,006.82 yen

DISCLOSURE ITEMS BASED ON PILLAR III OF BASEL III

Disclosure items based on the “items separately stipulated by the Commissioner of the Japanese Financial Services Agency concerning capital adequacy pursuant to Article 19-2, Paragraph 1, item 5, Subsection 2, of the Ordinance for Enforcement of the Banking Act” (Notification No.7 issued by the Japanese Financial Services Agency in 2014).

The non-consolidated capital adequacy ratio is calculated using the method stipulated in “standards for the bank to examine the adequacy of its capital based on assets held by it pursuant to Article 14-2 of the Banking Act” (Notification No.19 issued by the Japanese Financial Services Agency in 2006).

In addition to the method stipulated in the Notification No. 19 to calculate the non-consolidated capital adequacy ratio (referred to as “Domestic Standard” in the Notification), SMBCTB has adopted the Standardized approach for calculating credit risk-weighted assets and the Basic Indicator approach for calculating operational risk.

Composition of Capital Disclosure

Items	As of September 30, 2016		As of September 30, 2017	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Core Capital Basic Components (1)				
Directly issued qualifying common share or mandatory convertible preference share plus related capital surplus and retained earnings	189,557		189,744	
of which : capital and capital surplus	215,900		215,900	
of which : retained earnings	(26,342)		(26,155)	
of which : treasury stock (-)	—		—	
of which : cash dividends to be paid (-)	—		—	
of which : other than the above	—		—	
Stock acquisition rights to common shares or mandatory convertible preference shares	—		—	
Total of general reserve for possible loan losses and eligible provisions included in Core Capital Basic Components	638		850	
of which : general reserve for possible loan losses	638		850	
of which : eligible provisions	—		—	
Qualifying non-cumulative perpetual preferred stock subject to phase-out arrangements included in Core Capital Basic Components	—		—	
Eligible capital instruments subject to phase-out arrangements included in Core Capital Basic Components	—		—	
Capital instruments issued by public agency under capital enhancement action included in Core Capital Basic Components	—		—	

(Millions of Yen)

Items	As of September 30, 2016		As of September 30, 2017	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
45% equivalent of the difference between the revaluated amount of the land and the book value immediately prior to revaluation included in Core Capital Basic Components	—		—	
Amount of Core Capital Basic Components (A)	190,195		190,594	
Core Capital Adjustments (2)				
Total intangible assets (excluding those relating to mortgage servicing rights)	28,761	22,423	40,131	18,028
of which : goodwill (including those equivalent)	13,812	—	13,088	—
of which : other intangible assets other than goodwill and mortgage servicing rights	14,948	22,423	27,043	18,028
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—
Shortfall of eligible provisions to expected losses	—	—	—	—
Gain on sale on securitization transactions	—	—	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—
Prepaid pension cost	29	44	100	66
Investments in own shares (excluding those reported in the Net assets section)	—	—	—	—
Reciprocal cross-holdings in common equity	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—
Amount exceeding the 10% threshold on specified items	—	—	7,394	4,929
of which : significant investments in the common stock of financials	—	—	—	—
of which : mortgage servicing rights	—	—	—	—
of which : deferred tax assets arising from temporary differences (net of related tax liability)	—	—	7,394	4,929
Amount exceeding the 15% threshold on specified items	—	—	—	—
of which : significant investments in the common stock of financials	—	—	—	—
of which : mortgage servicing rights	—	—	—	—
of which : deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—
Amount of Core Capital Adjustments (B)	28,791		47,626	

(Millions of Yen)

Items	As of September 30, 2016		As of September 30, 2017	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Capital				
Capital amount ((A) - (B))	(C)	161,404	142,967	
Risk weighted assets (3)				
Credit risk weighted assets		520,326	697,780	
of which : total of items in risk weighted assets subject to transitional arrangements		22,467	23,025	
of which : intangible assets (excluding those relating to mortgage servicing rights)		22,423	18,028	
of which : deferred tax assets that rely on future profitability excluding those arising from temporary differences		—	—	
of which : prepaid pension cost		44	66	
of which : investments in the capital of banking, financial and insurance entities		—	—	
of which : other than the above		—	4,929	
Total amount of Market Risk equivalent divided by 8%		—	—	
Total amount of Operational Risk equivalent divided by 8%		68,890	67,300	
Credit risk weighted assets adjustments		—	—	
Operational risk weighted assets adjustments		—	—	
Total amount of Risk weighted assets	(D)	589,217	765,080	
Capital Adequacy Ratio				
Total Capital Adequacy Ratio ((C) / (D))		27.39%	18.68%	

