



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Daiwa Investment Conference Tokyo 2017

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Sumitomo Mitsui Trust Holdings, Inc.

March 1, 2017

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Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): “Consolidated “ or “SuMi TRUST Holdings”

Sumitomo Mitsui Trust Bank (Non-consolidated): “Non-consolidated “ or “SuMi TRUST Bank”

Figures before FY2011 in Non-consolidated : CMTB (Non-consolidated) + CMAB (Non-consolidated) + STB (Non-consolidated)

Accounting for Business combination related to Management Integration

Purchase accounting method : Accounting method for business combination related to management integration

Results of applying purchase accounting method : Amount of effect from purchase accounting method

Financial indices per share

Indices regarding financial information per share such as “Net asset per 1 share,” “Dividends per 1 share,” are presented assuming that the consolidation of shares (one (1) share for every ten (10) shares) enacted on October 1, 2016, took place at the beginning of fiscal year ended March 31, 2016, for consistency purposes.

Who we are

Who we are: SuMi TRUST Overview

Summary (as of December 2016)

Company Name	Sumitomo Mitsui Trust Holdings, Inc.	
Date of Establishment	February 1, 2002 (Change of the company name: April 1, 2011)	
Paid-in Capital	261.6 billion yen	
Listing	Tokyo, Nagoya	
Security Code	8309	
Number of employees	Approx. 22,000	(Consolidated)
Number of shares issued	390.3 million	(Common stock)

Total assets	63.9 trillion yen	(Consolidated)
Loans and bills discounted	28.5 trillion yen	(Consolidated)
Total liabilities	61.2 trillion yen	(Consolidated)
Deposits	34.7 trillion yen	(Consolidated)
Total net assets	2.7 trillion yen	(Consolidated)
Shareholders' equity	2.0 trillion yen	(Consolidated)

Assets under custody	254 trillion yen	(Total trust assets of group companies)
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Net business profit before credit costs	318.3 billion yen	(Results of FY2015)
Net income attributable to owners of the parent	166.9 billion yen	(Results of FY2015)

Common Equity Tier1 capital ratio	11.10%	(Fully-loaded basis)
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Major group companies

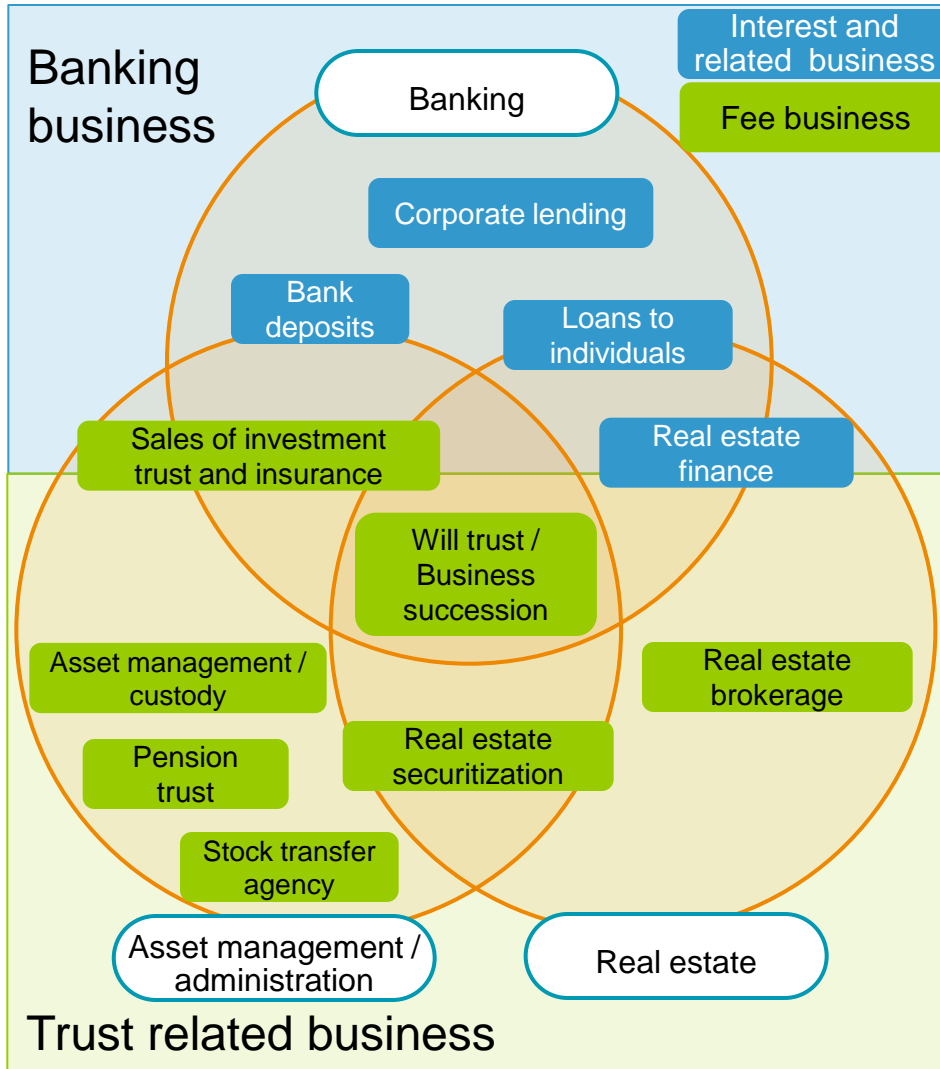
Sumitomo Mitsui Trust Bank
Sumitomo Mitsui Trust Guarantee (Housing loan guarantee business)
Sumitomo Mitsui Trust Club (Credit card business)
Sumitomo Mitsui Trust Panasonic Finance (General leasing business, etc.)
Sumitomo Mitsui Trust Loan & Finance (Money lending business)
Sumitomo Mitsui Trust Realty (Residential real estate brokerage business)
Sumitomo Mitsui Trust Asset Management (Asset management business)
Nikko Asset Management (Asset management business)

Rating (Sumitomo Mitsui Trust Bank)

S&P	Moody's	Fitch	JCR	R&I
A/A-1	A1/P-1	A-/F1	AA-	A+/a-1

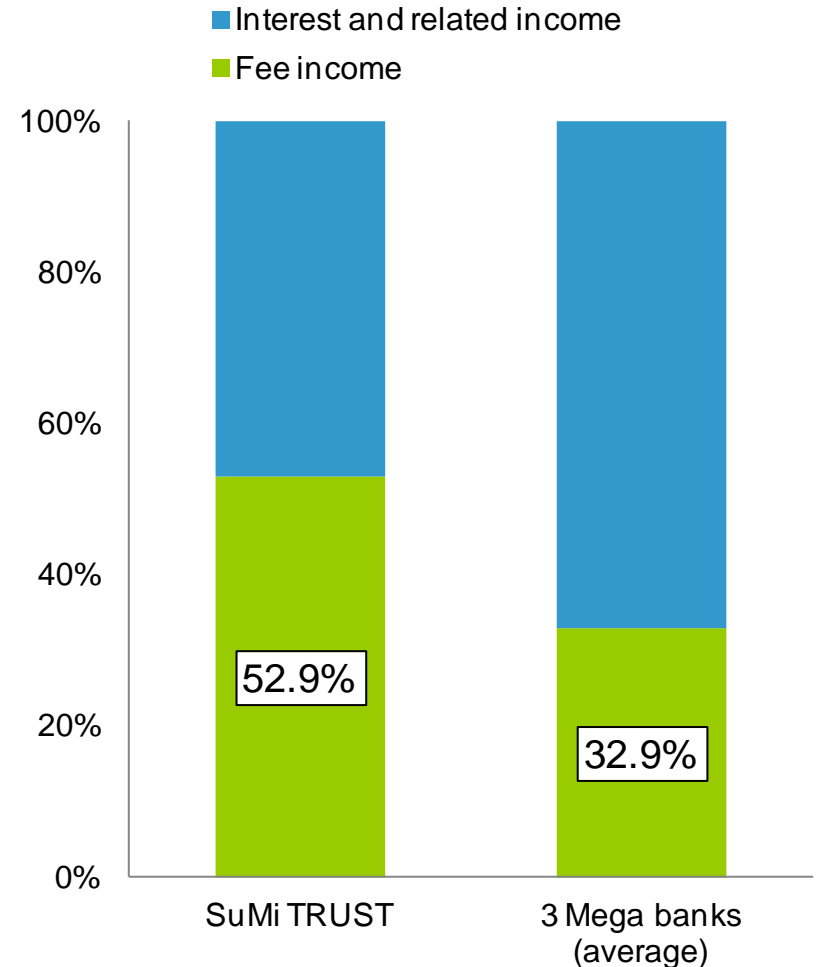
Who we are: Business model

Hybrid business model consisting of banking business and trust related business



High proportion of fee income ratio *1

(Actual results of FY2015)



*1 Net fees and commissions and related profit / Gross business profit

Who we are: Status of SuMi TRUST

Fiduciary services (Asset management and custody)	Assets under management	74 trillion yen	Japanese financial institutions	No. 1
	Assets under custody *1	246 trillion yen	Japanese financial institutions	No. 1
	Balance of corporate pension funds	14 trillion yen	Trust banks	No. 1
	Lead manager for corporated pension funds	1,356	Trust banks	No. 1
	Entrusted balance of investment trusts	58 trillion yen	Trust banks	No. 1
Stock transfer agency services	Number of shareholders under administration (total of the whole group)	25.3 million	Trust banks	No. 1
Real estate	Real estate business related revenue (total of the whole group) *2	46.5 billion yen	Trust banks	No. 2
	Entrusted balance of securitized real estate	13 trillion yen	Trust banks	No. 1
Retail financial services	Sales volume of investment trust and discretionary investment *2	1.3 trillion yen	Japanese banks	No. 1
	Number of will trusts	28,213	Trust banks	No. 2
	Balance of loans to individuals	8 trillion yen	Japanese banks	No. 4
Wholesale financial services	Balance of loans to corporations	18 trillion yen	Japanese banks	No. 4
	Total loan balance	27 trillion yen	Japanese banks	No. 4

Amounts above are approximate figure

*1 Total trust assets of the group companies *2 Actual results of FY2015

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From management integration to date

From management integration to date: Major KPI

Over the last 5 years since management integration, major KPI related to profit and capital have improved steadily

(Consolidated)	<First FY>	<Latest FY>	
	FY2011	FY2015	Change
Net income *1	121.2 billion yen	166.9 billion yen	+45.6 billion yen
Fee income ratio	40.9%	52.9%	+12.0%
OHR (Non-consolidated) *2	51.0%	48.7%	(2.3)%
Common Equity Tier1 ratio *3	Over 6%	11.68%	More than 5%
Return on shareholders equity *1	6.99%	8.72%	+1.73%

*1 For FY2011, net income excluding amortization of negative goodwill from share exchange

*2 General and administrative expenses / Gross business profit

*3 Pro forma figures based on regulatory definition to be applied as of March 2019 (Fully-loaded basis)

(1) Expansion of fee business

(2) Expansion of credit business

(3) Cost reduction

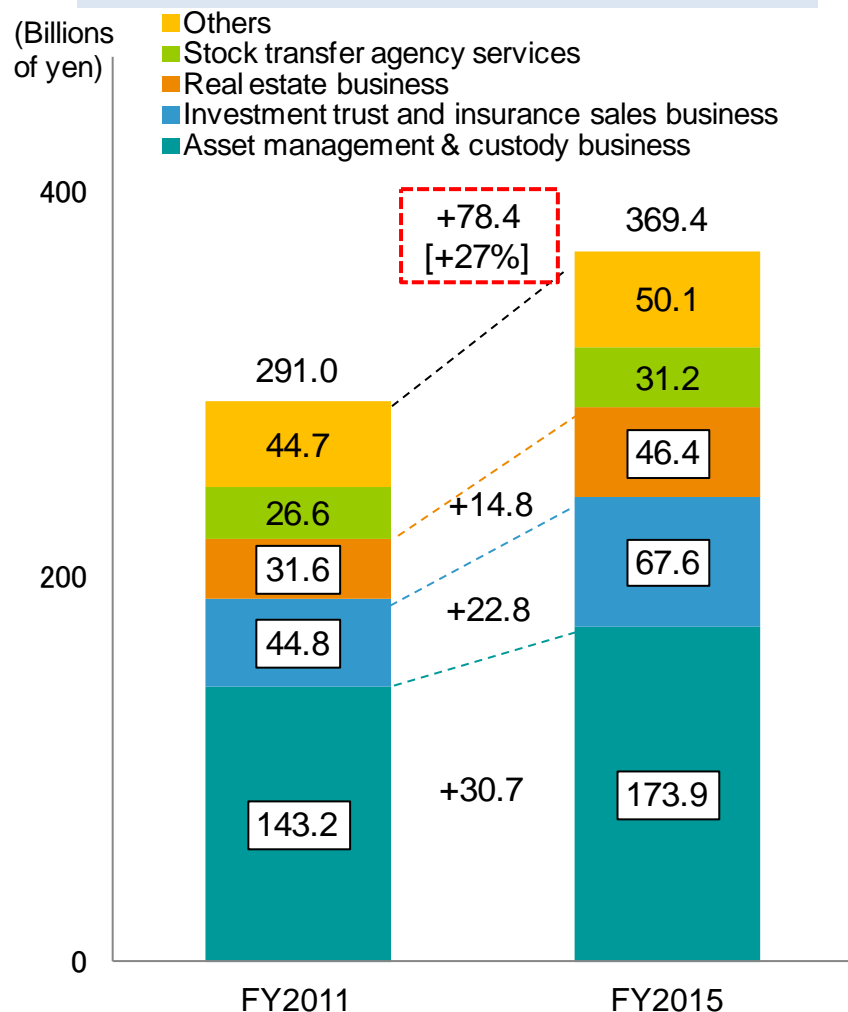
(4) Progress in financial / capital policy

(1) Expansion of fee business

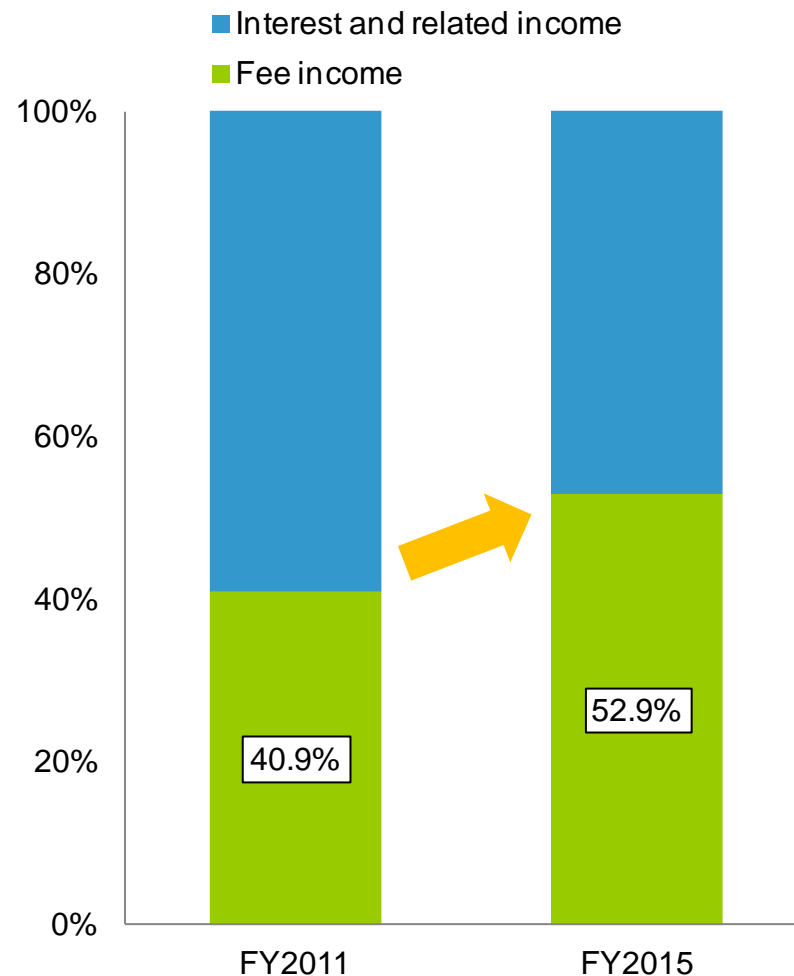
Fee income increased by 27%

Fee income ratio exceeded 50%

Fee income breakdown comparison



Fee income ratio comparison

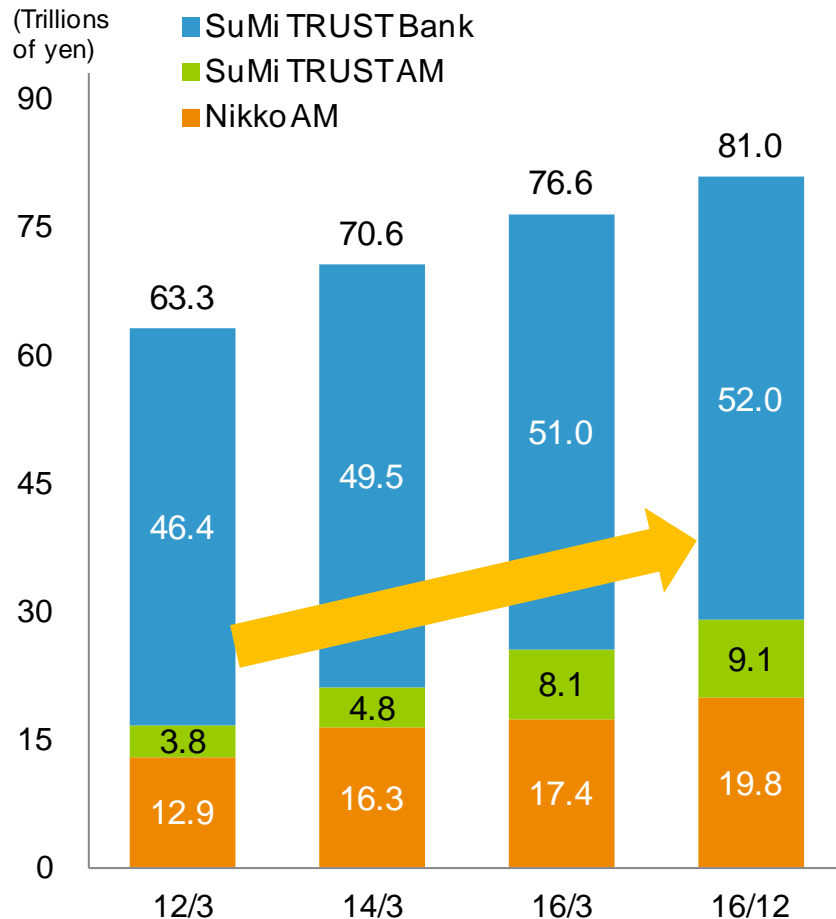


(1) Expansion of fee business: Asset management and custody

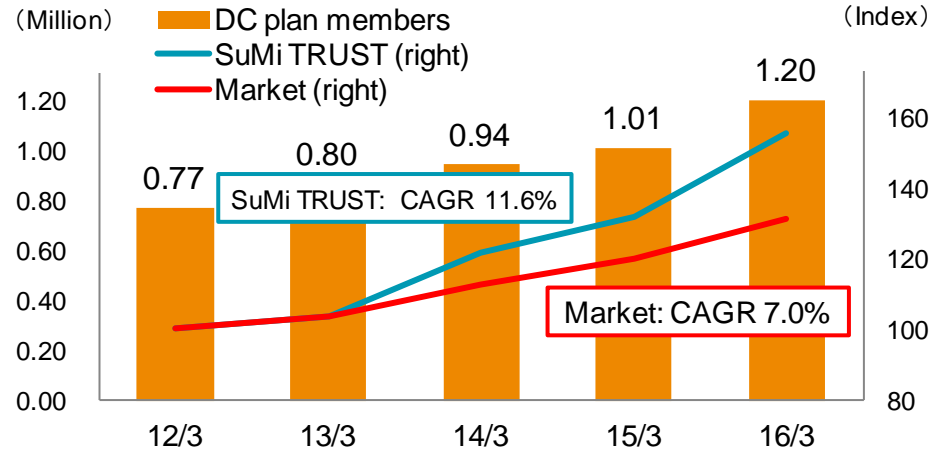
AUM and AUC of SuMi TRUST as a whole group increased

Base for providing asset management services is expanded

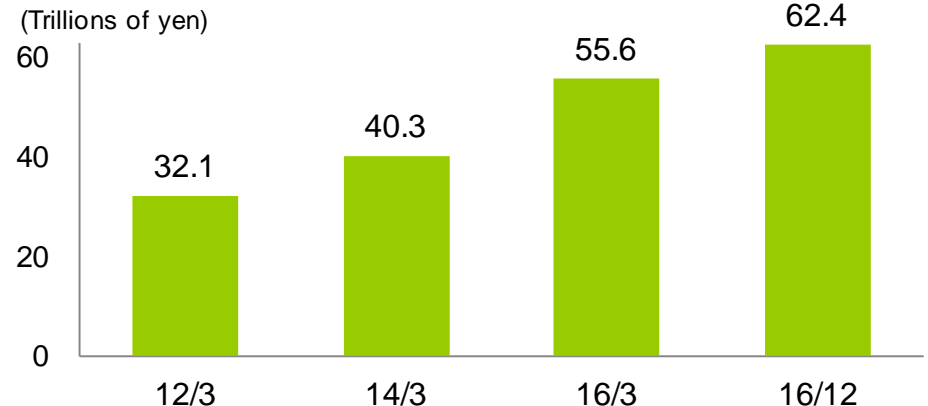
Assets under management



Number of DC plan members



Entrusted balance of investment trust *1

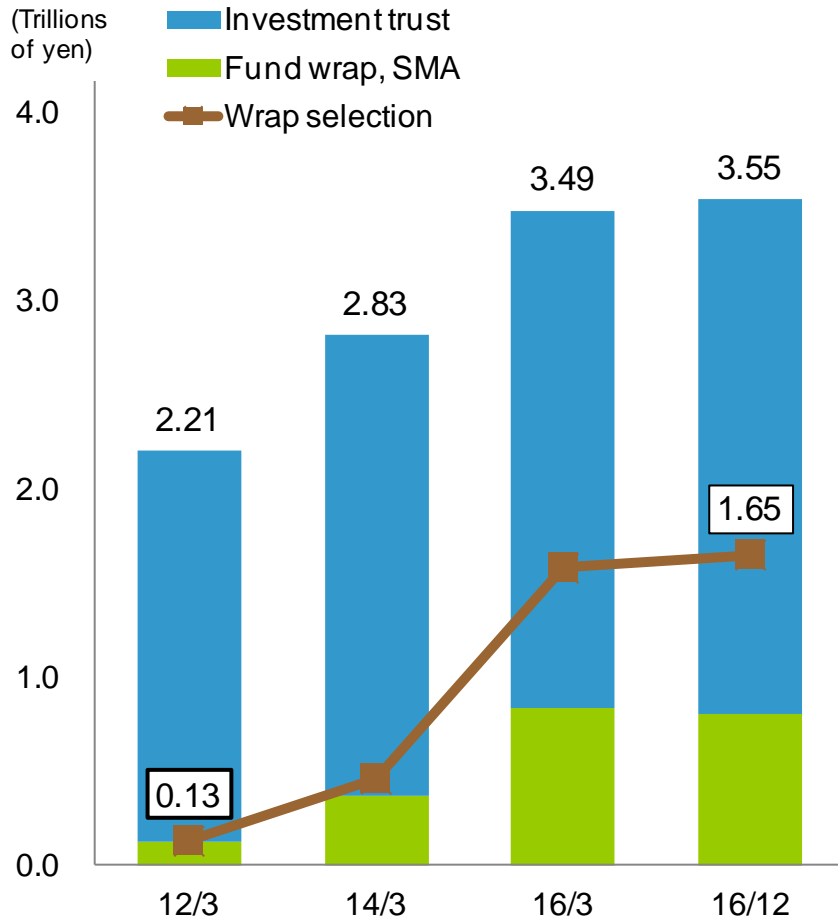


*1 Non-consolidated

(1) Expansion of fee business: Investment trust and insurance sales

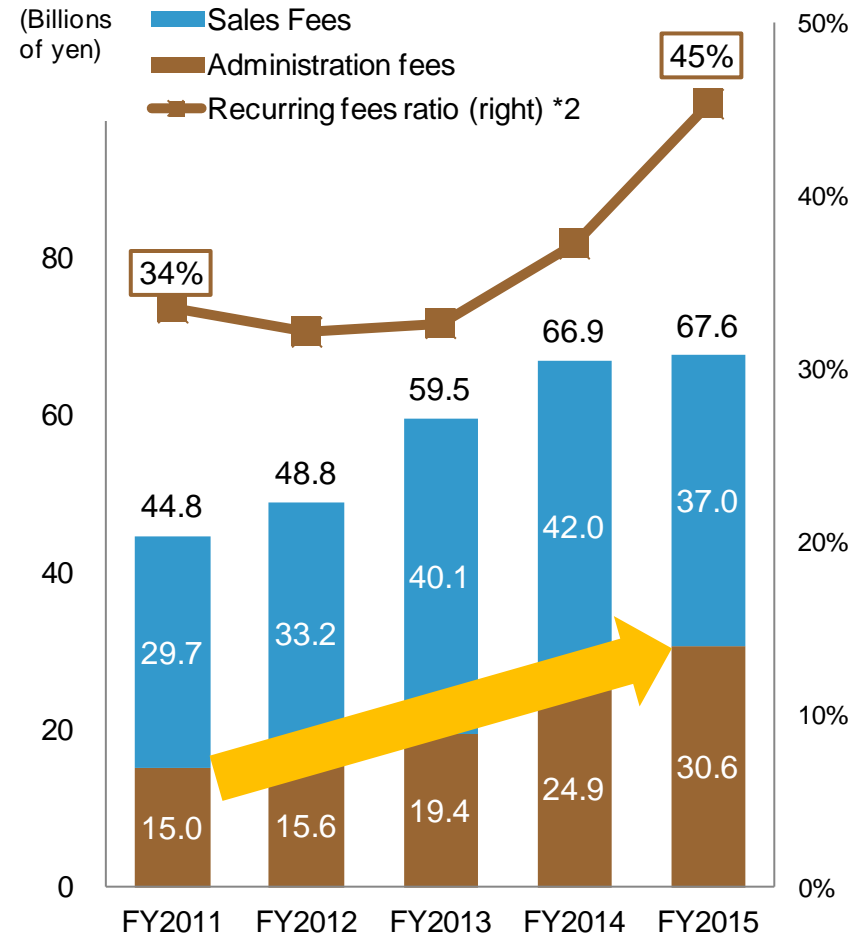
Assets under management increased steadily

Balance of investment trust / fund wrap, SMA *1



Stability of fee income progressed due to increased recurring fee

Composition of fee income *1



*1 Non-consolidated

*1 Non-consolidated

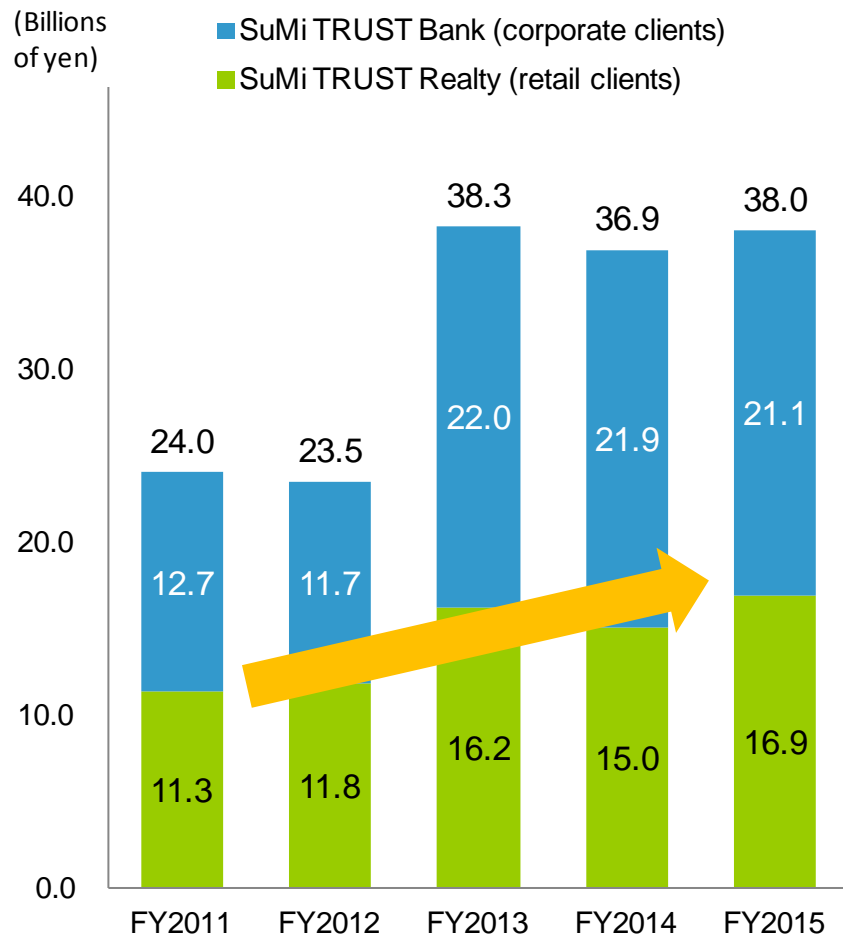
*2 Administration fees / total income on investment trust and insurance sales business

(1) Expansion of fee business: Real estate

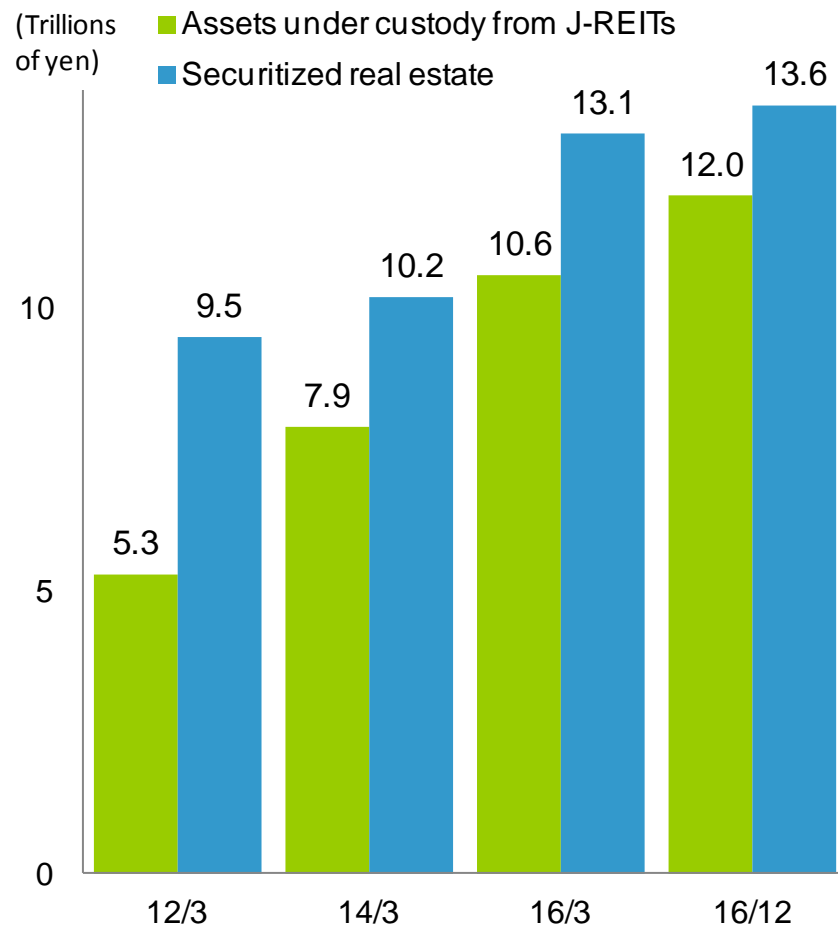
Brokerage fee increased due to market improvement

Secured steady income through increased AUM

Real estate brokerage fees



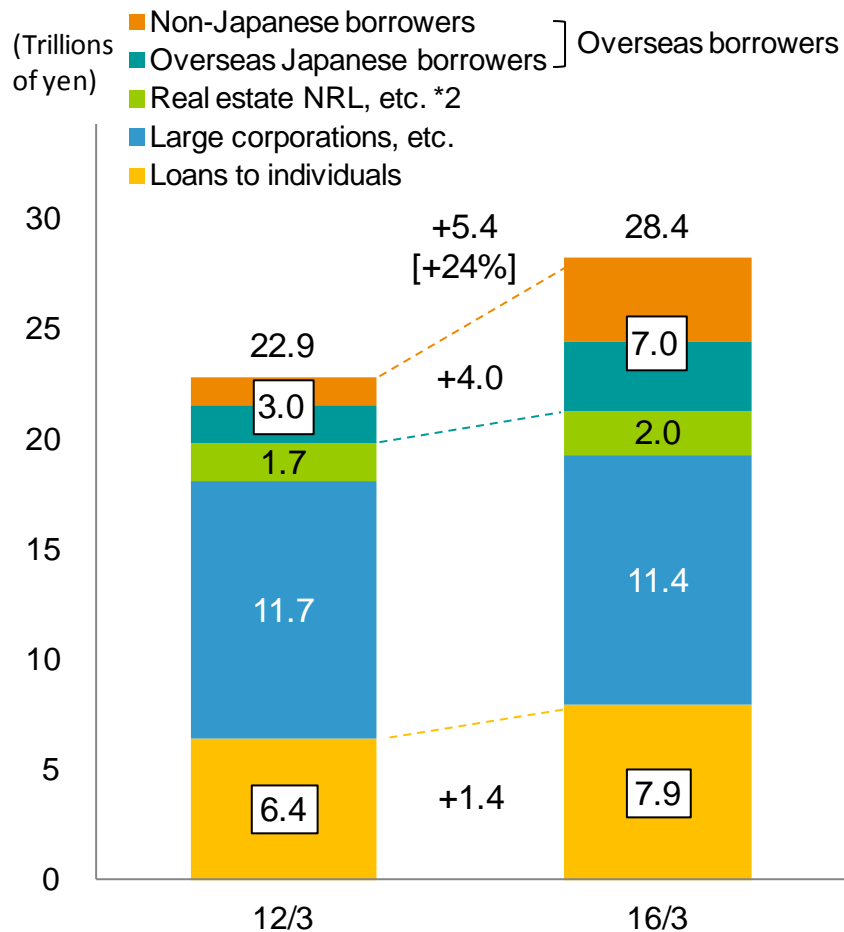
Balance of real estate assets under management



(2) Expansion of credit business: Expansion of overseas credit

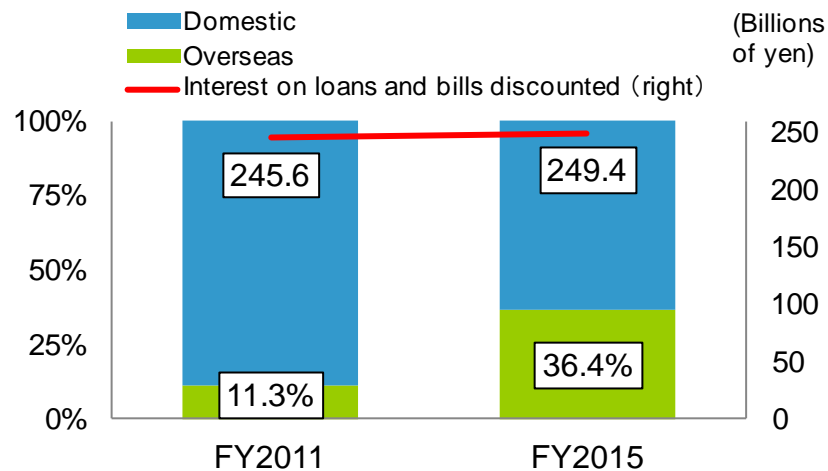
Balance increase mainly driven by overseas loans and loans to individuals

Credit portfolio *1

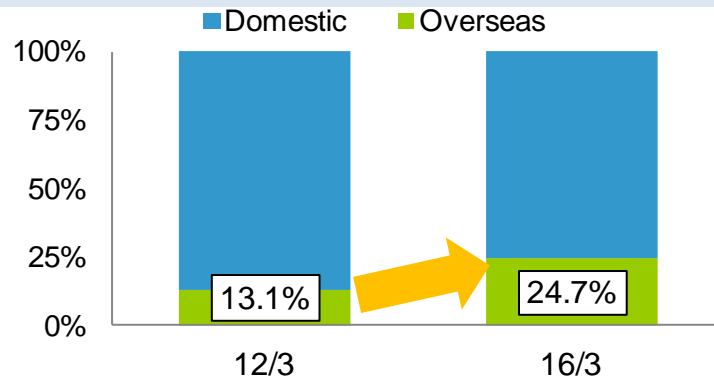


Overseas loans increase covered domestic loans decrease

Proportion of domestic / overseas loan interest income *1



Proportion of domestic / overseas credit *1



*1 Non-consolidated

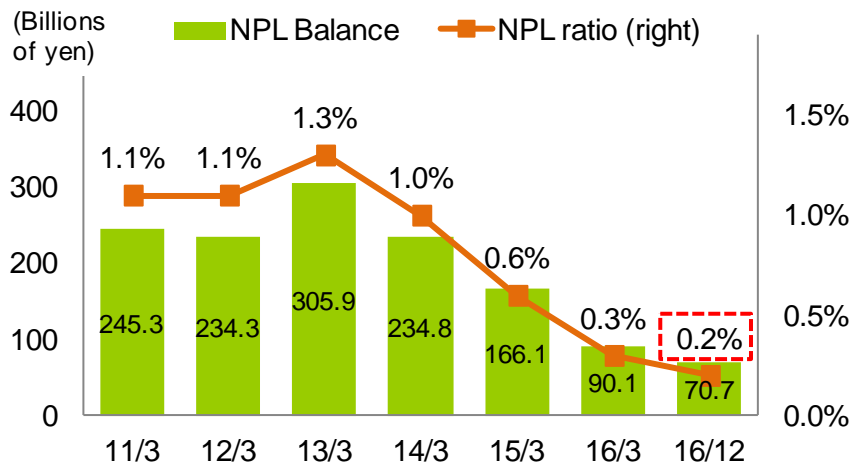
*2 Excluding overseas real estate NRL, etc.

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(2) Expansion of credit business: Maintaining sound credit portfolio

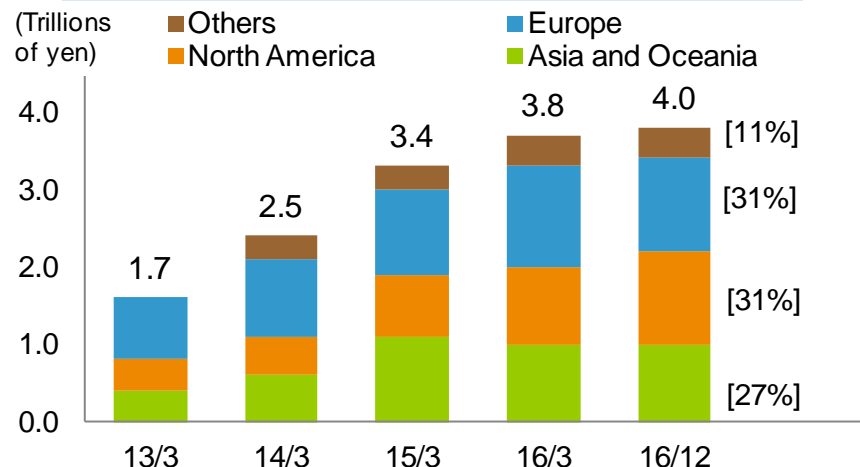
Both NPL ratio and credit cost ratio maintained low level

NPL ratio *1

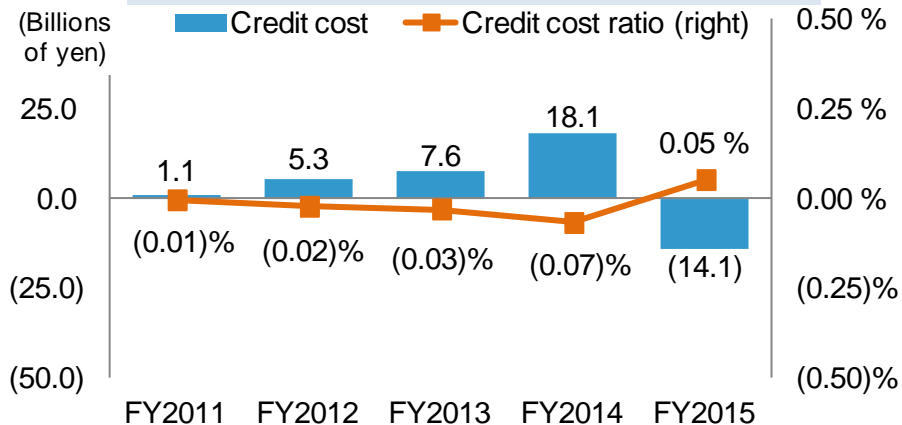


Well diversified overseas credit / high quality residential mortgage loans

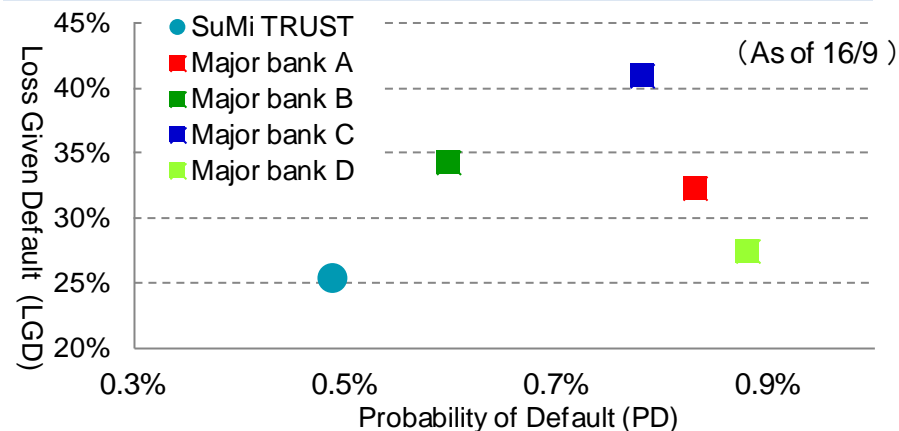
Balance of non-Japanese borrowers *1



Credit cost ratio / total credit costs *1



PD/LGD comparison of residential mortgage loans



*1 Non-consolidated

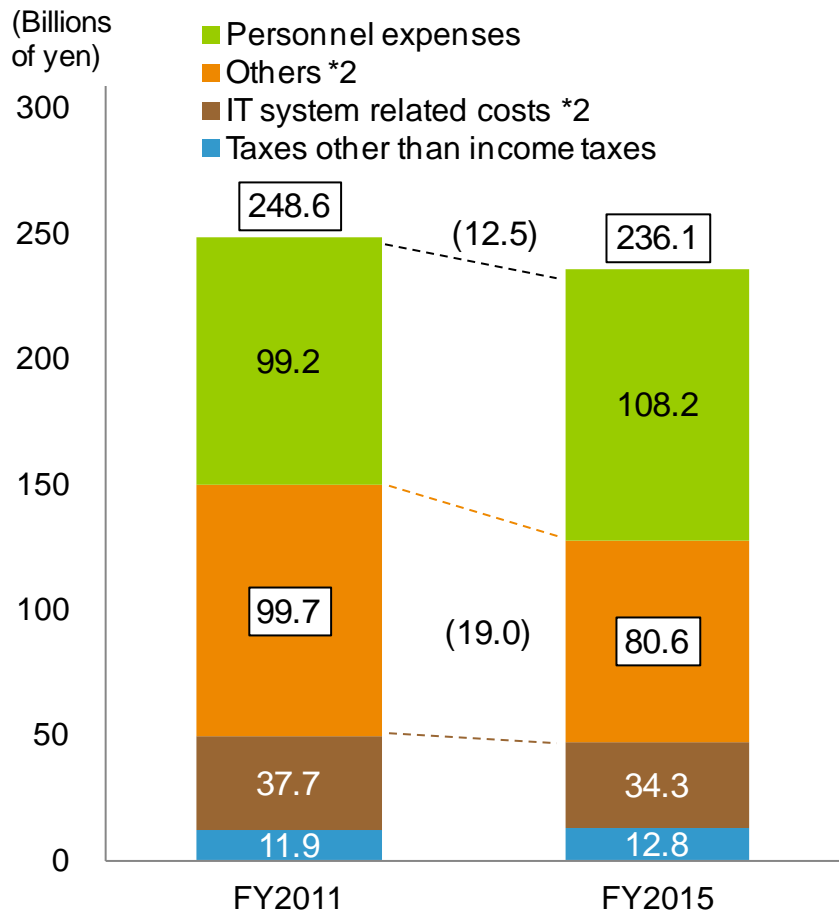
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*1 Non-consolidated

(3) Cost reduction

Cost reduction driven by decrease of non-personnel expenses

General and administrative expenses *1

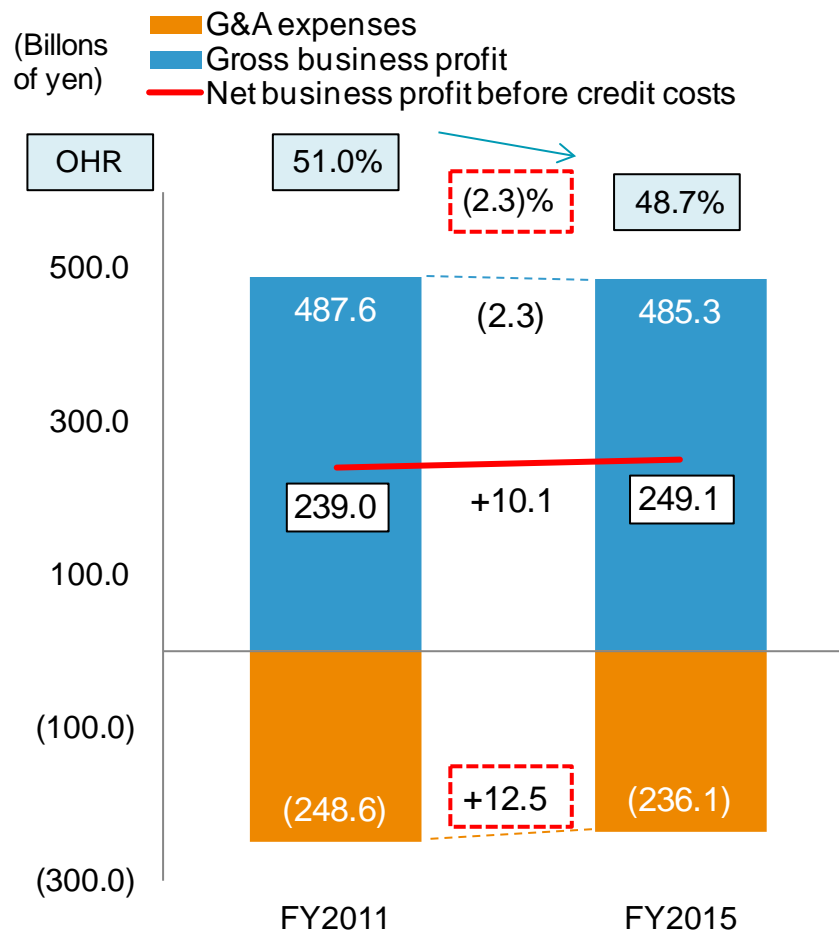


*1 Non-consolidated

*2 Posted as Non-personnel expenses

OHR lowered to late 40% level through cost reduction

Net business profit before credit costs / OHR *1



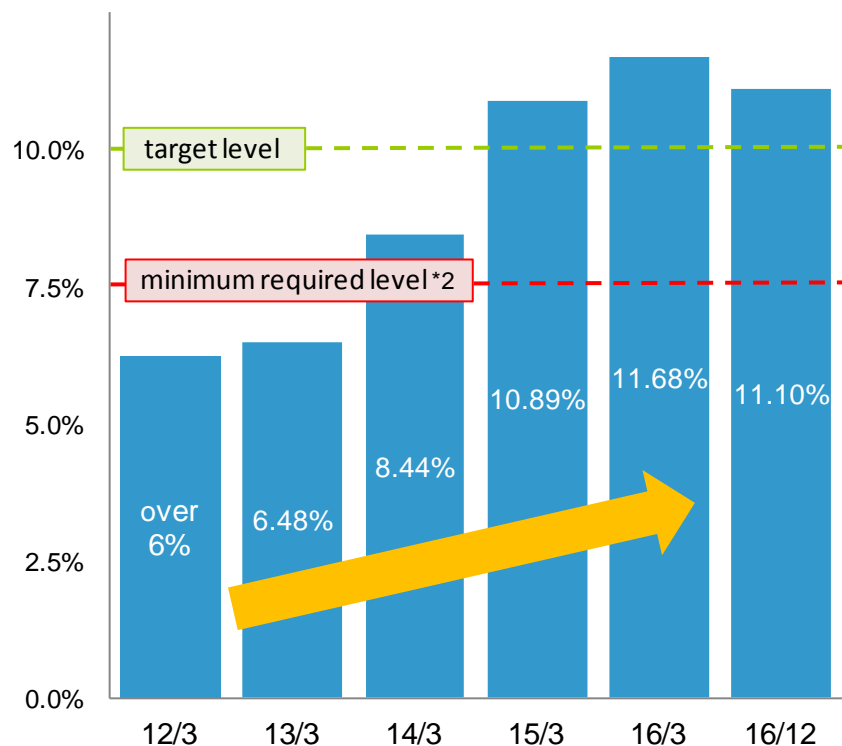
*1 Non-consolidated

(4) Progress in financial and capital policies: Improvement of capital adequacy and efficiency

Basic approach to financial and capital policies

Aim to maximize shareholder interests by ensuring adequate capital (in terms of both quality and quantity), enhancing sound financial base, and pursuing enhanced capital efficiency

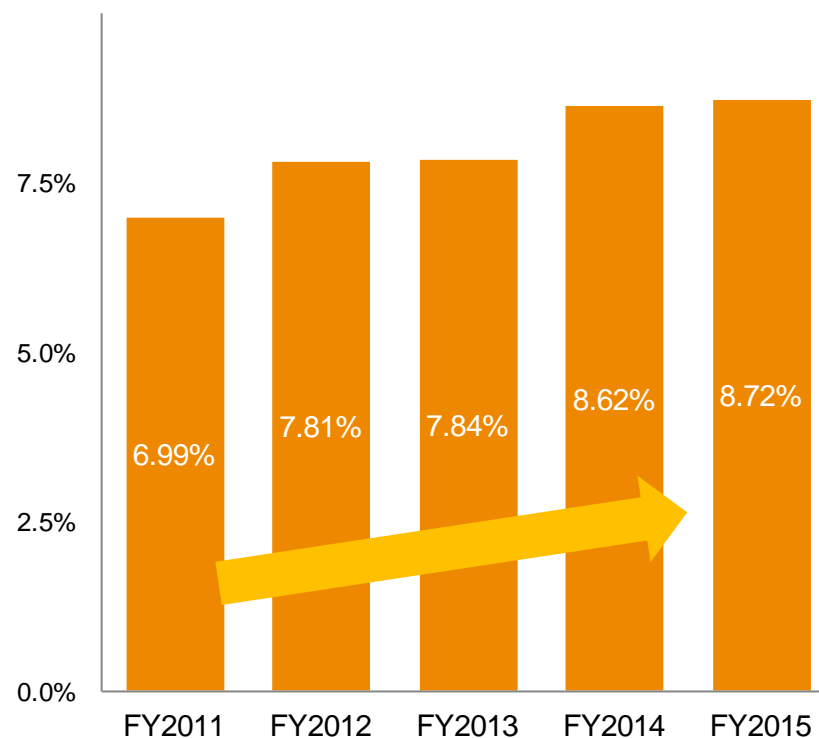
Common Equity Tier 1 ratio *1



*1 Fully-loaded basis

*2 CET1 ratio + Regulatory requirement of capital conservation buffer and additional capital surcharge applicable to D-SIBs

Return on shareholders equity *3



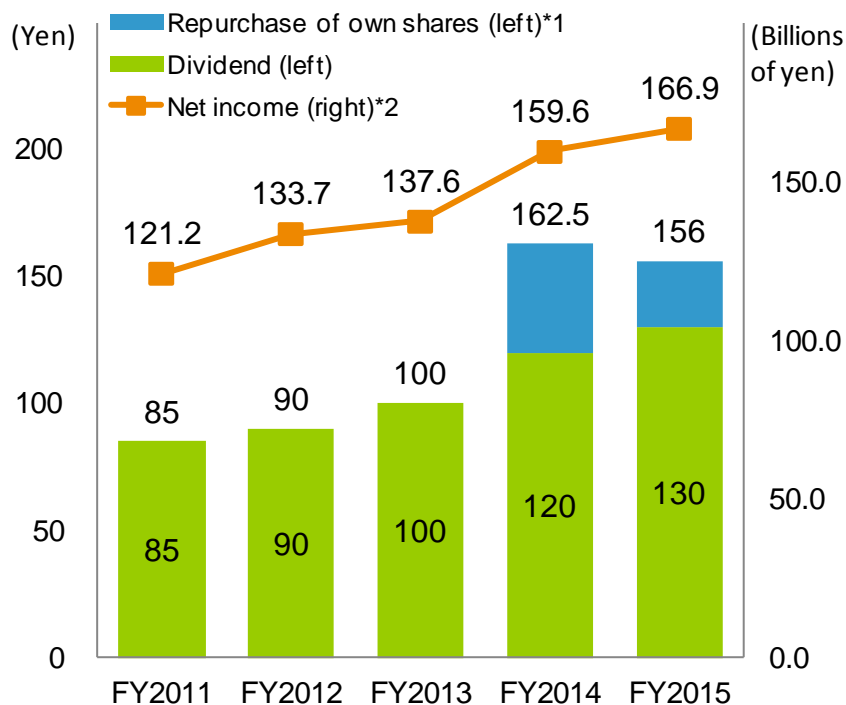
*3 For FY2011, net income excluding amortization of negative goodwill from share exchange

(4) Progress in financial and capital policies: Enhancement of shareholder returns

Basic policy on shareholder returns

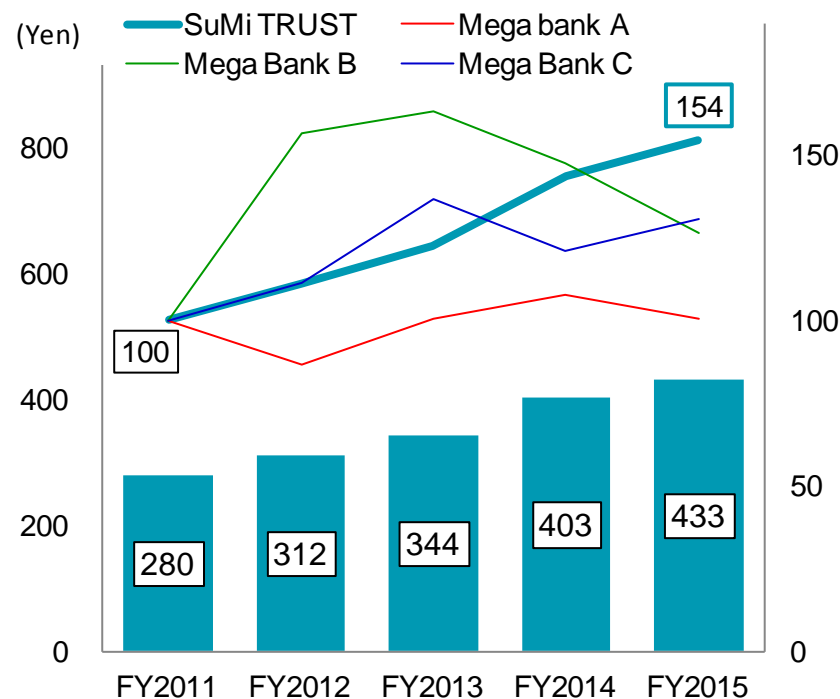
SuMi TRUST Holdings shall share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with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

Net income and shareholder return per share



*1 Shareholder return per share in repurchase of own shares is based on following formula: $(\text{Total amount of repurchase}) / (\text{total number of shares in issue (excluding treasury stock) as of fiscal year end})$

Earnings per share (index: FY11=100) *2



*2 For FY2011, net income excluding amortization of negative goodwill from share exchange

Future direction

Recognition of environment

Continuing domestic low interest
rate environment
Negative interest rate policy

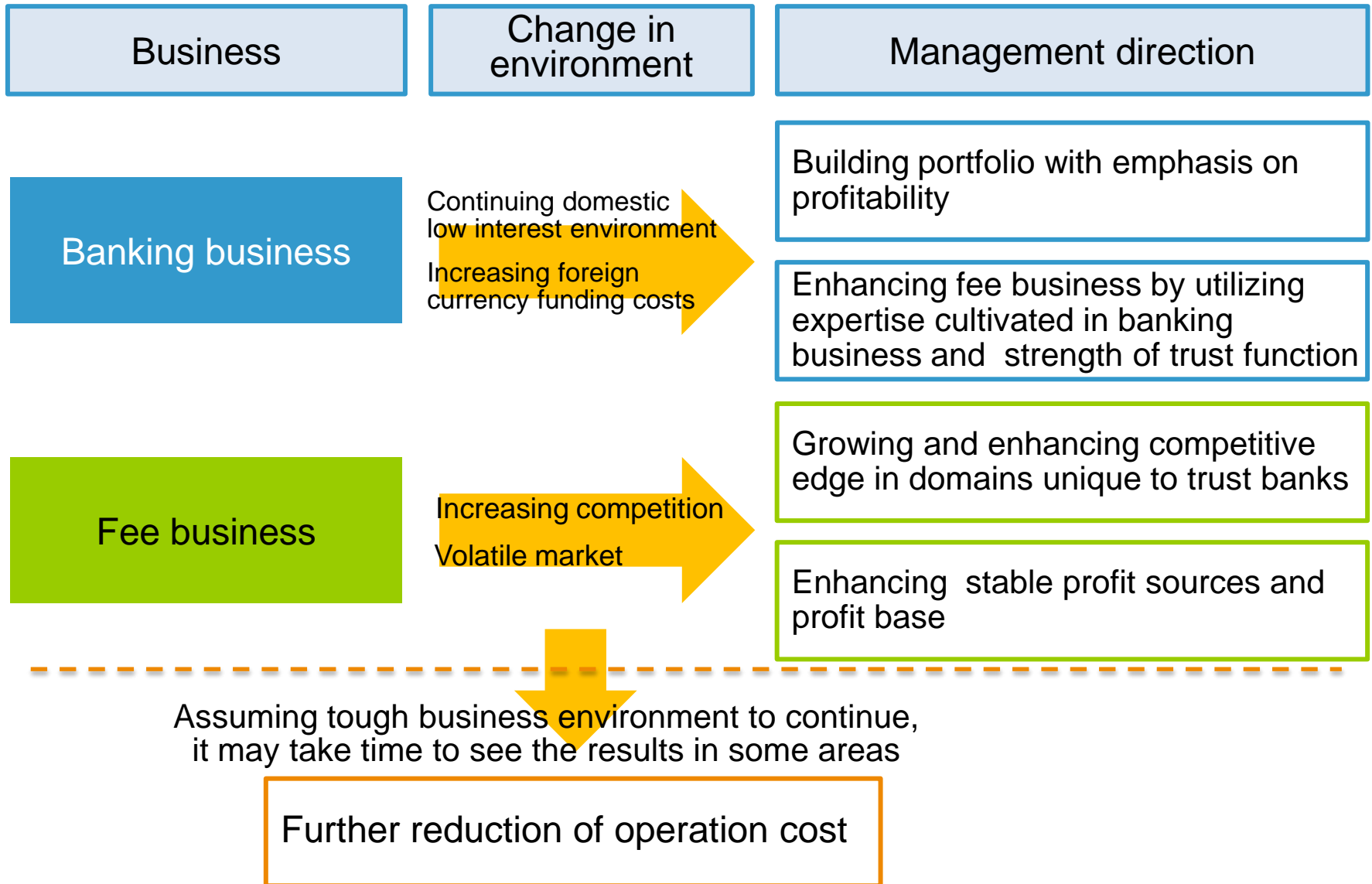
Increasing competition in fee
business

Increasing competition in overseas
credit business
Increasing foreign currency funding
costs

Continuous tightening of global
financial regulations

Changes in competitive environment,
such as Fintech etc.

Management direction



Improving corporate governance

Change to become a company with Three Committees

- Delegate its decision-making regarding business execution to executive officers
- Appoint outside director as chairman of board of directors / three statutory committees



Achieving flexible and versatile business execution

Strengthening supervisory and restraining capabilities

Establishment of advisory committees

- Conflicts of Interest Committee
- Risk Committee



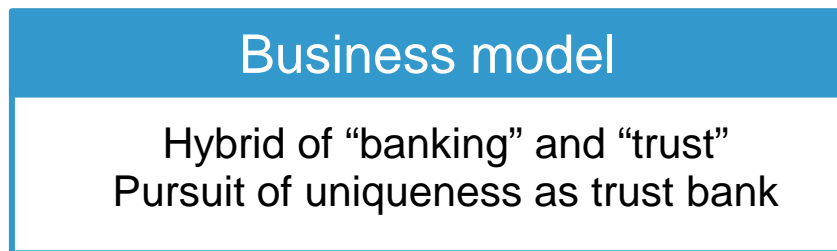
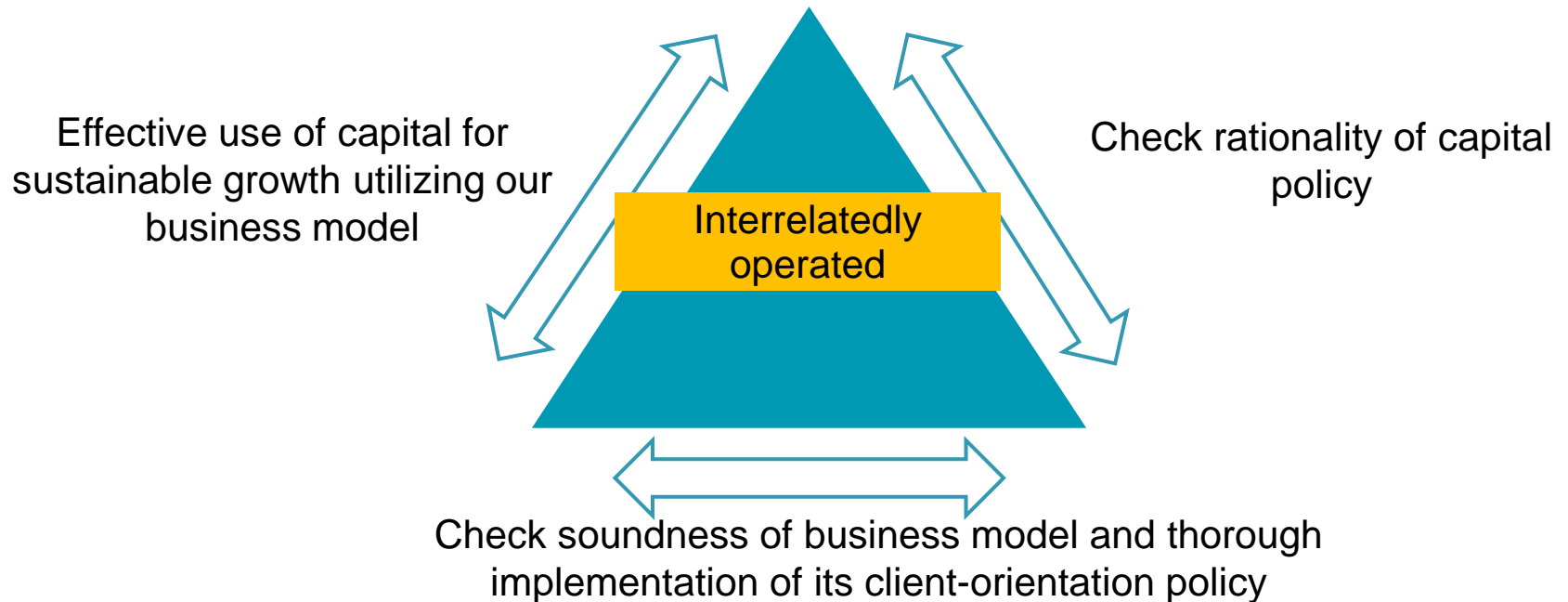
Promoting fiduciary duty

Enhancing management of conflicts of interest

Enhancing risk governance

Further strengthen profit earning capability and enhance corporate governance, while appropriately responding to movements such as rapid changes in the environment surrounding financial business and tightening of financial regulations

* Improvement of corporate governance including change to become a company with Three Committees as stated above are subject to obtaining approval at its ordinary general meeting of shareholders for the sixth fiscal period scheduled for June 2017



(Reference)
Financial results of 3QFY2016

3QFY2016 financial results: Consolidated

- ▶ Net business profit before credit costs: Down ¥20.5bn YoY to ¥207.3bn. Profit contribution from group companies increased, mainly from financial services, but net interest income and related profit decreased at non-consolidated level
- ▶ Net income attributable to owners of the parent: UP ¥0.9bn YoY to ¥130.1bn. Improvement in total credit costs, mainly due to non-recurrence of extraordinary factor in relation to acquisition of Sumitomo Mitsui Trust Club

	(Billions of yen)	FY2015	FY2016		YoY	FY2016 Forecast
		1-3Q	1H	1-3Q		
Net business profit before credit costs	1	227.9	146.1	207.3	(20.5)	300.0
(Contribution of group companies before consolidated adjustments)	2	52.1	37.7	55.1	2.9	
Gross business profit	3	501.4	340.6	499.5	(1.8)	
Net interest income and related profit	4	180.2	97.0	161.2	(18.9)	
Net fees and commissions and related profit	5	264.4	196.1	288.9	24.4	
Net other operating profit	6	43.2	41.0	35.7	(7.5)	
General and administrative expenses	7	(292.6)	(206.8)	(310.7)	(18.1)	
Net non-recurring profit, etc.	8	(2.1)	3.6	12.7	14.8	
Ordinary profit	9	206.6	137.4	201.5	(5.1)	265.0
Extraordinary profit	10	(0.8)	(1.6)	(2.2)	(1.3)	
Income before income taxes	11	205.8	135.8	199.3	(6.5)	
Total income taxes	12	(67.1)	(41.4)	(59.5)	7.5	
Net income attributable to owners of the parent	13	129.2	87.9	130.1	0.9	170.0
Total credit costs	14	(9.2)	0.7	1.4	10.6	(15.0)
Net gains on stocks	15	23.9	9.9	21.0	(2.8)	
Net assets per common shares (BPS) (Yen)	16	6,360.84	6,190.16	6,242.56	(118.28)	

< Components of Net business profit before credit costs (*) >

- (1) Non-consolidated: ¥147.9bn
 (2) Group companies: ¥55.1bn
 (3) Effect of purchase accounting method: ¥(1.9)bn
 (*) Adjustments, such as elimination of dividends from subsidiaries, were added to sum of (1), (2) and (3)

< Major factors [change from 1-3Q FY2015] >

- (1) Net business profit before credit costs <1>: ¥(20.5)bn
 Non-consolidated: ¥(24.7)bn [¥172.7bn → ¥147.9bn]
 Group companies: +¥2.9bn [¥52.1bn → ¥55.1bn]
 Effect of purchase accounting method: ¥(1.7)bn
 [¥(0.1)bn → ¥(1.9)bn]
- (2) Contribution of group companies before consolidated adjustments <2>: +¥2.9bn
- Nikko Asset Management: ¥(1.8)bn
 - Sumitomo Mitsui Trust Asset Management: ¥(0.1)bn
 - Sumitomo Mitsui Trust Realty: +¥0.2bn
 - Sumitomo Mitsui Trust Panasonic Finance (Consolidated): +¥0.0bn
 - Sumitomo Mitsui Trust Loan & Finance: +¥0.7bn
 - SBI Sumishin Net Bank (Consolidated): ¥(0.1)bn
 - Sumitomo Mitsui Trust Club: +¥5.0bn

[Gross business profit: +¥27.2bn, General and administrative expenses: ¥(22.1)bn] (*)

(*) Became a consolidated entity from 3QFY2015

3QFY2016 financial results: Non-consolidated

- ▶ Net business profit before credit costs: Down ¥24.7bn YoY to ¥147.9bn due primarily to decrease in net interest income and related profit and net other operating profit coming from sales losses on foreign bonds, whereas general and administrative expenses decreased
- ▶ Net income: Down ¥0.7bn YoY to ¥102.2bn. Improvement in net gains on stocks, decrease in total credit costs

	(Billions of Yen)	FY2015		FY2016		FY2016 Forecast
		1-3Q	1H	1-3Q	YoY	
Net business profit before credit costs	1	172.7	106.1	147.9	(24.7)	225.0
Gross business profit	2	347.6	221.5	320.7	(26.9)	461.0
Net interest income and related profit	3	166.2	90.3	149.7	(16.4)	
Net fees and commissions and related profit	4	142.2	96.7	139.1	(3.1)	
Net trading profit	5	13.3	6.3	13.5	0.1	
Net other operating profit	6	25.8	28.0	18.2	(7.5)	
Net gains on foreign exchange transactions	7	7.8	14.2	19.2	11.3	
Net gains on bonds	8	13.6	16.9	(22.3)	(35.9)	
Net gains from derivatives other than for trading or hedging	9	3.9	(3.6)	21.3	17.3	
General and administrative expenses	10	(174.9)	(115.4)	(172.7)	2.2	(236.0)
Total credit costs	11	0.0	2.6	4.4	4.4	(10.0)
Other non-recurring profit	12	(21.3)	(7.5)	(5.7)	15.6	(15.0)
Net gains on stocks	13	7.7	10.1	19.9	12.1	
Amortization of net actuarial losses	14	(11.2)	(14.2)	(21.4)	(10.2)	
Ordinary profit	15	151.3	101.2	146.7	(4.6)	200.0
Extraordinary profit	16	(1.4)	(2.4)	(3.0)	(1.6)	(5.0)
Income before income taxes	17	149.9	98.7	143.7	(6.2)	
Total income taxes	18	(47.0)	(28.8)	(41.5)	5.5	
Net income	19	102.9	69.8	102.2	(0.7)	135.0

< Major factors [change from 1-3Q FY2015] >

(1) Net interest income and related profit <3>: ¥(16.4)bn

- Net interest income ¥(20.4)bn [¥159.4bn → ¥139.0bn]
 - Domestic business ¥(13.9)bn [¥110.4bn → ¥96.5bn]
 - Loan-deposit income ¥(2.9)bn [¥85.8bn → ¥82.9bn]
 - Interest paid on borrowings from the trust a/c ¥(3.9)bn [¥(6.6)bn → ¥(10.6)bn]
 - International business ¥(6.4)bn [¥48.9bn → ¥42.5bn]
 - Loan-deposit income +¥4.2bn [¥53.7bn → ¥57.9bn]
 - Interest on securities ¥(7.0)bn [¥29.7bn → ¥22.7bn]
 - Expense on NCDs ¥(10.6)bn [¥(8.6)bn → ¥(19.2)bn] ←
 - Income/expense related to swaps +¥9.4bn [¥(16.2)bn → ¥(6.7)bn] ←
 - Profit from unwinding of swaps +19.8bn [¥0.0bn → ¥19.8bn] ←
- Trust fees +¥4.0bn [¥6.7bn → ¥10.7bn]

(2) Net fees and commissions and related profit <4>: ¥(3.1)bn

- Investment trust/Insurance related profit ¥(7.8)bn [¥50.8bn → ¥42.9bn]
- Real estate brokerage fees +¥1.9bn [¥12.1bn → ¥14.1bn]

(3) Net gains on foreign exchange transactions <7>: +¥11.3bn

- Profit attributable to deployment of surplus foreign currency funds +¥8.1bn [¥1.6bn → ¥9.7bn] ← Offset part of the increase

(4) Net gains on bonds <8>: ¥(35.9)bn

- Domestic bonds ¥(0.2)bn [¥1.9bn → ¥1.7bn] ← Offset part of the decrease
- Foreign bonds ¥(35.7)bn [¥11.6bn → ¥(24.1)bn] ←

Contribution of major group companies

- ▶ Contribution to net business profit before credit costs: UP ¥2.9bn YoY to ¥55.1bn, mainly due to increased profit contribution from financial services subsidiaries, but profit contribution from Nikko Asset Management decreased
- ▶ Contribution to net income attributable to owners of the parent : UP ¥15.7bn YoY to ¥34.0bn, mainly due to non-recurrence of extraordinary factor in relation to acquisition of Sumitomo Mitsui Trust Club in December 2015

(Billions of yen)	Net business profit before credit costs			Net income attributable to owners of the parent			Goodwill as of Dec. 2016	
	FY2015	FY2016	Change	FY2015	FY2016	Change	Amortization amount	Outstanding balance
	1-3Q	1-3Q		1-3Q	1-3Q			
Consolidation difference	55.2	59.3	4.1	26.2	27.9	1.6	(9.0)	105.9
Effect of purchase accounting method	(0.1)	(1.9)	(1.7)	24.3	6.9	(17.3)	---	---
Contribution (before consolidated adjustments) (*1)	52.1	55.1	2.9	18.3	34.0	15.7	(9.0)	105.9
Sumitomo Mitsui Trust Asset Management	4.9	4.7	(0.1)	3.2	3.2	(0.0)	---	---
Nikko Asset Management (Consolidated)	8.6	6.7	(1.8)	4.3	3.6	(0.6)	(*2) (3.4)	(*2) 39.5
Sumitomo Mitsui Trust Realty	2.9	3.2	0.2	2.0	2.3	0.2	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	7.6	7.6	0.0	4.2	3.5	(0.6)	---	---
Sumitomo Mitsui Trust Loan & Finance	6.6	7.4	0.7	4.3	5.0	0.6	(2.9)	31.4
SBI Sumishin Net Bank (Consolidated)	5.4	5.3	(0.1)	3.8	3.4	(0.3)	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	8.4	8.9	0.4	5.6	6.0	0.4	---	---
Sumitomo Mitsui Trust Club	0.4	5.5	5.0	(12.6)	2.4	15.0	(1.1)	22.1

(*1) Contribution of group companies (before consolidation adjustments) is a substantive amount which excludes consolidation adjustments that do not relate directly to the group companies' business results. (Non-consolidated profit/loss of the holding company, elimination of dividend, amortization of goodwill, etc.)

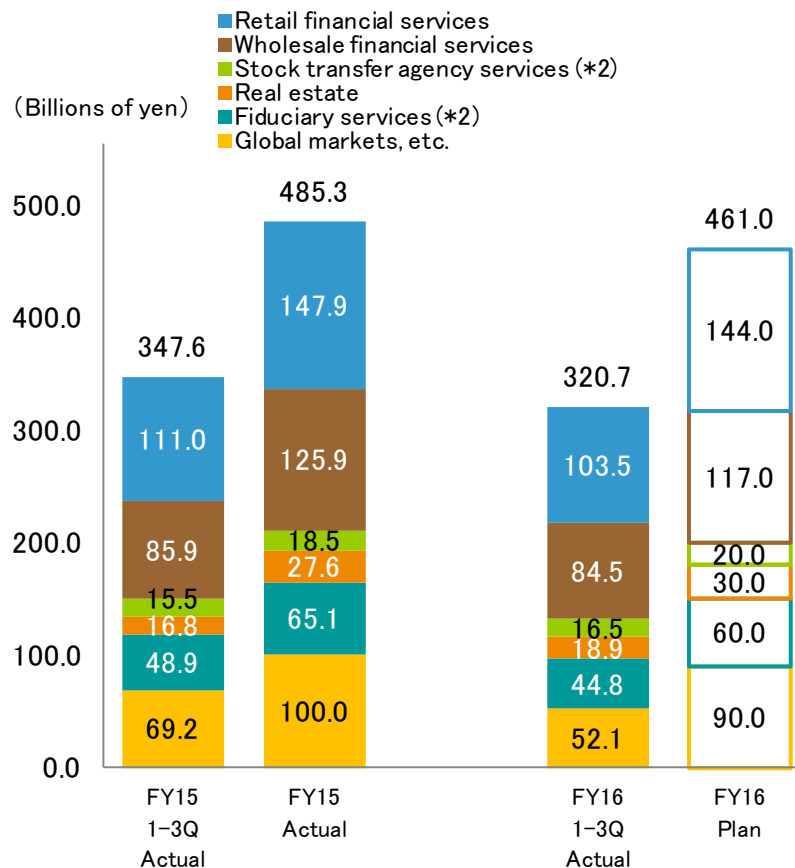
(*2) Including ¥ 0.5bn of amortization amount and ¥0.2bn of outstanding balance from affiliated companies

Profit by business segment: Non-consolidated

- ▶ Retail financial services: DOWN ¥7.5bn YoY, due to decrease in sales volume of investment trust and insurance, and increase in costs related to deposits
- ▶ Real estate business: UP ¥2.1bn YoY, due primarily to increase in the number of deals at 3Q
- ▶ Fiduciary services: DOWN ¥4.1bn YoY, due primarily to decrease of AUM caused by dissolution of company pension plans
- ▶ Global markets: DOWN ¥13.8bn YoY, though client transactions' profits were firm, net gains and losses on bonds decreased

(Billions of yen)	Gross business profit (Non-consolidated)				FY2016 forecast
	FY2015 1-3Q	1H	FY2016 1-3Q	YoY	
Retail financial services	111.0	71.2	103.5	(7.5)	144.0
Wholesale financial services	85.9	62.4	84.5	(1.3)	117.0
Stock transfer agency services	15.5	10.4	16.5	1.0	20.0
Gross business profit	23.5	15.8	24.4	0.9	30.0
Fees paid out for outsourcing	(8.0)	(5.3)	(7.8)	0.1	(10.0)
Real estate	16.8	12.9	18.9	2.1	30.0
Fiduciary services	48.9	29.8	44.8	(4.1)	60.0
Gross business profit	70.4	44.6	67.0	(3.3)	90.0
Fees paid out for outsourcing	(21.4)	(14.7)	(22.1)	(0.7)	(30.0)
Global markets	67.0	35.7	53.2	(13.8)	85.0
Others (*1)	2.2	(1.1)	(1.0)	(3.2)	5.0
Total	347.6	221.5	320.7	(26.9)	461.0

(*1) Figures for "Others" include costs of capital funding, dividends of shares for strategic shareholdings, general and administrative expenses of headquarters, etc.



(*2) After deducting fees paid for outsourcing in Stock transfer agency services and Fiduciary services

Net interest income: Non-consolidated

- ▶ Net interest income: DOWN ¥20.4bn YoY to ¥139.0bn, due primarily to decrease in interest income from securities and increase in foreign currencies funding costs
- ▶ Domestic loan-deposit spread for 3QFY2016 fell by 3bp from 1HFY2016. Decline in yield on loans and bills discounted was partially offset by decline in yield on deposits

	FY2016 1-3Q					
	Average balance	YoY	Yield	YoY	Income/Expense	YoY
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					139.0	(20.4)
Domestic business			0.38%	(0.09%)	96.5	(13.9)
Interest-earning assets	33.12	2.71	0.58%	(0.13%)	146.9	(17.7)
Loans and bills discounted	19.90	1.36	0.74%	(0.11%)	111.0	(8.2)
Securities	3.07	0.01	1.15%	(0.23%)	26.6	(5.4)
Interest-bearing liabilities	32.32	2.50	0.20%	(0.04%)	(50.4)	3.7
Deposits	22.75	1.61	0.16%	(0.05%)	(28.1)	5.3
International business			0.46%	(0.05%)	42.5	(6.4)
Interest-earning assets	12.17	(0.09)	1.33%	0.19%	122.8	16.6
Loans and bills discounted	7.35	0.22	1.58%	0.33%	87.6	20.0
Securities	1.99	(0.08)	1.51%	(0.39%)	22.7	(7.0)
Interest-bearing liabilities	12.21	0.19	0.87%	0.24%	(80.3)	(23.1)
Deposits	4.56	0.64	0.86%	0.39%	(29.7)	(15.8)
Loan-deposit spread / income			0.68%	(0.03%)	140.8	1.3
Domestic business			0.58%	(0.06%)	82.9	(2.9)
<Reference> Net interest income and related profit					149.7	(16.4)
Trust fees from principal guaranteed trust a/c					10.7	4.0

< Major factors [change from 1-3QFY2015] >

(1) Domestic business: ¥(13.9)bn [¥110.4bn → ¥96.5bn]

Loan-deposit income : ¥(2.9)bn [¥85.8bn → ¥82.9bn]

Securities: ¥(5.4)bn [¥32.0bn → ¥26.6bn]

Investment trust related profit: ¥(2.8)bn [¥3.9bn → ¥1.1bn]

Interest paid on borrowings from the trust account: ¥(3.9)bn
[¥(6.6)bn → ¥(10.6)bn]

→ Offset part of decrease by Trust fees from principal guaranteed trust a/c [+¥4.0bn]

(2) International business: ¥(6.4)bn [¥48.9bn → ¥42.5bn]

Securities: ¥(7.0)bn [¥29.7bn → ¥22.7bn]

Expense on NCDs: ¥(10.6)bn [¥(8.6)bn → ¥(19.2)bn]

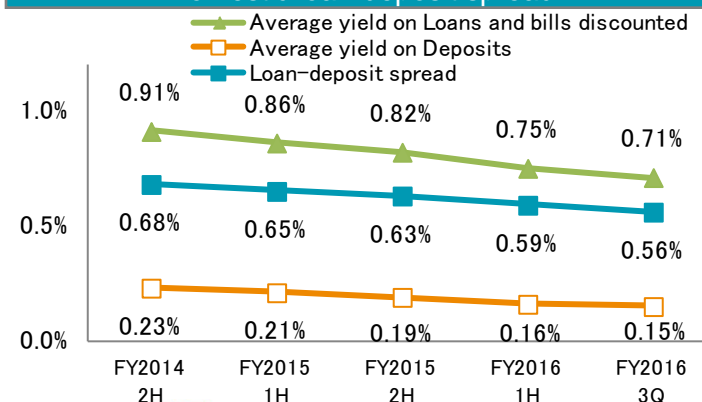
→ Offset part of decrease by Net gains on foreign exchange transactions [+¥8.1bn]

Swaps : +¥9.4bn [¥(16.2)bn → ¥(6.7)bn]

Profit from unwinding swaps: +¥19.8bn [¥0 → ¥19.8bn]

→ Offset part of decrease in Net gains on bonds [¥(17.6)bn]

Domestic loan-deposit spread



(Reference) Additional information regarding net interest income

Effective Interest Related Earnings (Non-consolidated)

(Billions of yen)		FY2015	FY2016	Change
		1-3Q	1-3Q	
Net interest income	1	159.4	139.0	(20.4)
Interest paid on borrowings from the trust account	2	(6.6)	(10.6)	(3.9)
Interest paid on foreign currency NCDs	3	(8.6)	(19.2)	(10.6)
Profit from unwinding of asset swaps (hedge accounting)	4	-	19.8	19.8

< Related profit >

Trust fees from principal guaranteed trust a/c	5	6.7	10.7	4.0
Profit attributable to deployment of surplus foreign currency funds	6	1.6	9.7	8.1
Lossess on sales of bonds (hedged by asset swaps)	7	-	(17.6)	(17.6)

Effective Interest Related Earnings (1+5+6+7) 8 167.8 141.9 (25.9)

[Change from 1-3QFY2015 ¥(25.9)bn : Domestic business ¥(9.9)bn, International business ¥(16.0) bn]

Amount of BoJ current deposits

(Trillions of yen)	SuMi TRUST Bank		JTSB	
	Dec. 2016	Change from Mar. 2016	Dec. 2016	Change from Mar. 2016
Amount of BoJ current deposits	8.7	(2.6)	12.3	6.8
Basic balance [+0.1%]	6.0	0.0	1.5	(0.0)
Macro add-on balance [0%]	2.6	1.2	6.8	6.8
Policy-rate balance [(0.1)%]	-	(3.9)	3.9	0.0

Main inflow channel

Deposits, NCD	34.3	0.6	6.7	6.6
Borrowed money from trust account	2.8	(4.1)	6.2	(0.3)

< Additional commentary about interest paid on borrowings

- from the trust account (2&5) >
- ▶ Funds from trust account clients (trust assets) were lent to the banking account
- ▶ The banking account recognizes cost of these funds as borrowed money from the trust account, but is offset as an internal transaction overall

< Additional commentary about interest paid on foreign currency NCDs (3&6) >

- ▶ Most of funds sourced through foreign currency NCDs were deployed as surplus funds
- ▶ Due to attractive rate differentials, surplus funds were invested in the forward foreign exchange market → As a result, costs were recorded as interest paid, but profits were recognized as net gains on foreign exchange transactions

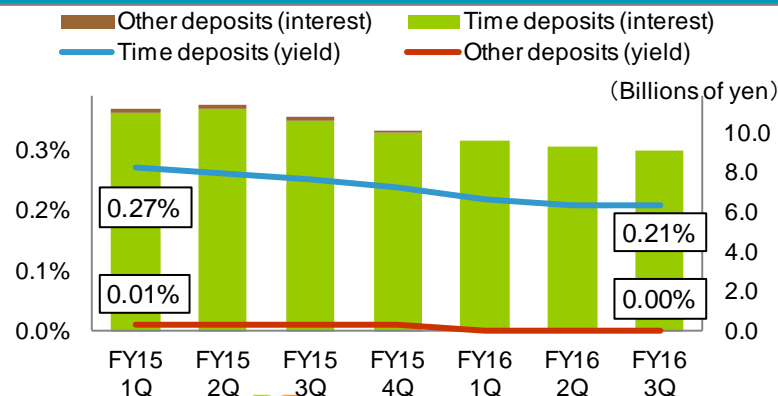
< Additional commentary about profit from unwinding asset swaps (4&7) >

- ▶ Asset swaps (hedge accounting) were unwound, along with sales of foreign currency bonds → As a result, profits from swaps were recorded as net interest income, but losses were recognized as net gains on bonds

Major factors of change

Decrease of interest/dividend income on securities (International Business) approx. ¥7bn
 Deterioration of swap spread (International Business) approx. ¥10bn
 Decrease of investment trust related income (Domestic Business) approx ¥3bn
 Impact of NIRP (Domestic Business) approx. ¥8bn

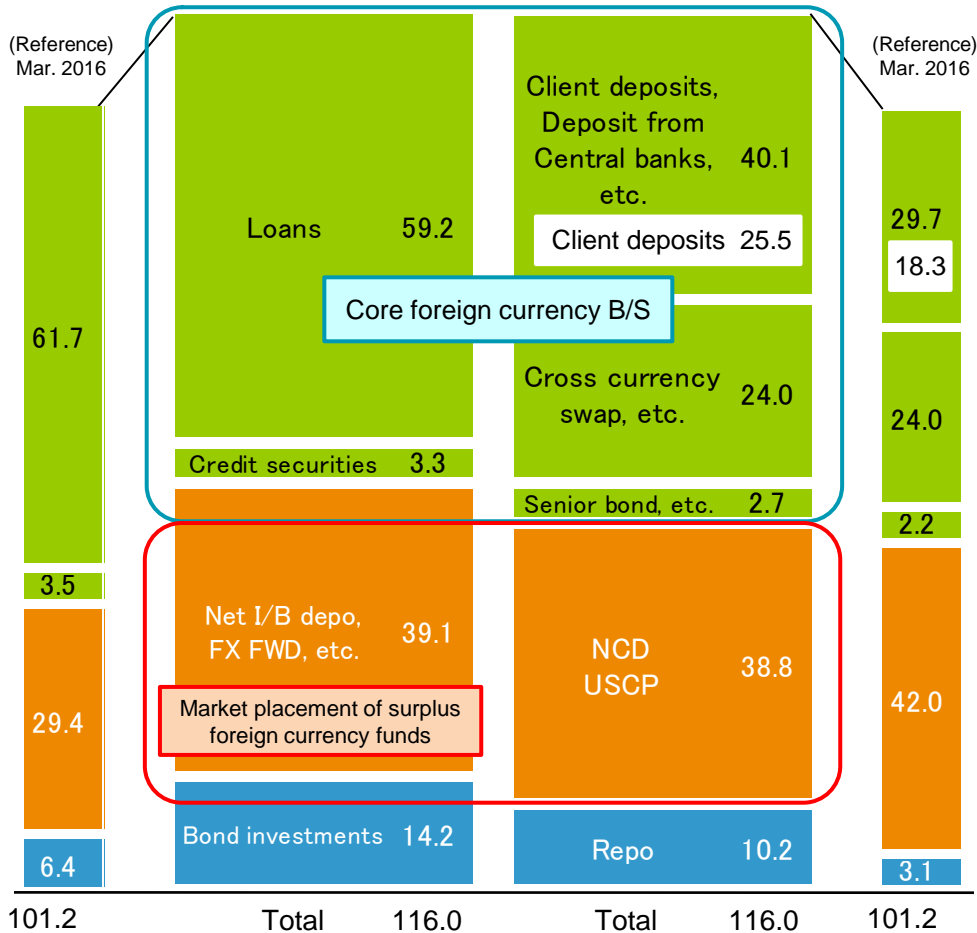
Domestic time deposit rate/interest paid (Non-consolidated)



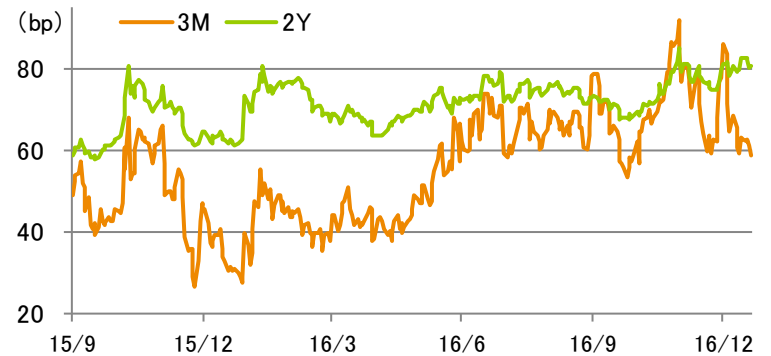
(Reference) Status of Foreign Currency Funding

- ▶ Loans and credit securities constituting core foreign currency denominated assets, are funded by “sticky” client deposits and central bank deposits as well as “long term” yen swaps and senior bonds issuance. (Core foreign currency B/S)
- ▶ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer for foreign currency B/S, and the funds are utilized in the inter-bank or foreign exchange market (Market placement of surplus funds)

Foreign currency B/S (as of Dec. 2016) (Billions of USD)

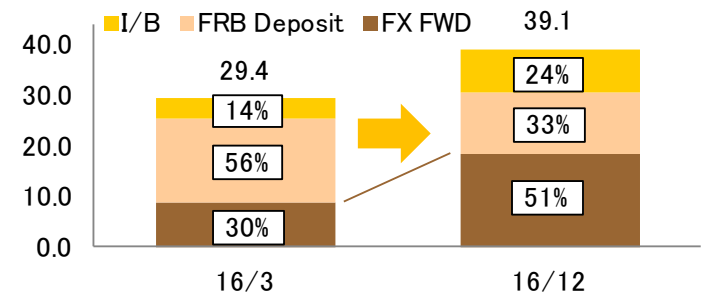


Basis swap spread (CCS) (USD/JPY)




Market placement of surplus foreign currency funds

◆ Share of forward foreign exchange transactions for utilization of US\$ surplus funds increased (2016/3 30%→2016/12 51%)
 → Posted “Gains on foreign exchange transactions” of ¥ 9.7 bn as a result of these transactions



Total credit costs and problem assets

- ▶ Total credit costs (Consolidated): Reversal of ¥1.4bn due primarily to recoveries of written-off claims in addition to decrease in amount of problem assets. Incidence of new problem assets remained at low level
- ▶ NPL ratio (Non-consolidated): 0.2%, slight decrease from Mar. 2016
- ▶ Coverage ratio to problem assets was 90.7%, maintaining a prudent level

< Total credit costs > (Billions of yen)	FY2015	FY2016		Major factors (1-3Q FY2016)
	Full year	1H	1-3Q	
Total credit costs (Non-Consolidated)	(14.1)	2.6	4.4	 Downgraded debtors: Approx. (1.5) Upgraded debtors: Approx. +1.5 Decrease in loan balance, etc. (Including recoveries): Approx. +4.5
General allowance for loan losses	(6.3)	0.3	1.8	
Specific allowance for loan losses	(2.9)	1.4	1.7	
Recoveries of written-off claims	1.8	1.2	1.4	
Losses on sales of claims, written-off	(6.6)	(0.3)	(0.5)	
Total credit costs (Group companies)	(11.7)	(1.8)	(3.0)	Sumitomo Mitsui Trust Club: (1.4) Sumitomo Mitsui Trust Guarantee: (0.6)
Total	(25.9)	0.7	1.4	

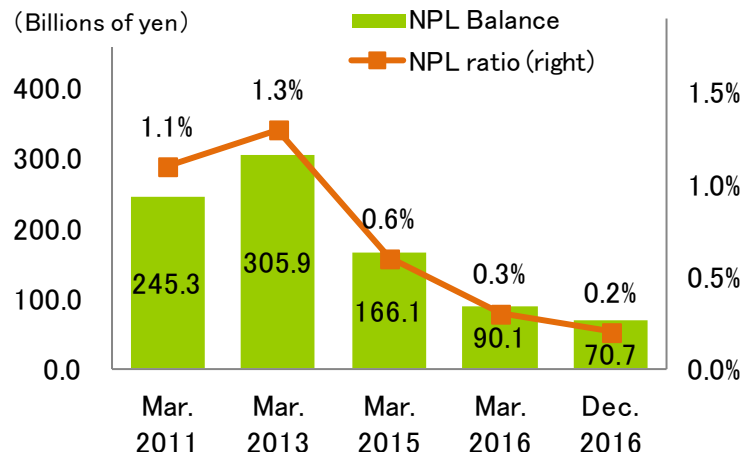
< Problem assets based on the Financial Reconstruction Act (Non-consolidated) >

(Billions of yen)	Dec. 2016	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2016
	Problem assets based on the Financial Reconstruction Act	70.7	90.7%	62.7%
Ratio to total loan balance	0.2%	---	---	(0.1%)
Bankrupt and practically bankrupt	8.6	100.0%	100.0%	(3.4)
Doubtful	36.1	89.4%	63.5%	(8.9)
Substandard	26.1	89.3%	18.7%	(7.1)
Other special mention debtors	387.3	---	---	19.0
Ordinary assets	28,456.0	---	---	1,251.0
Total balance	28,914.0	---	---	1,250.6

(*1) (Collateral value + allowance for loan losses) / Loan balance

(*2) Allowance for loan losses / (Loan balance - Collateral value after considering haircuts)

Total balance and ratio of NPL



Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): UP ¥873.2bn from Mar. 2016 to ¥4,635.2bn due primarily to increase in US Treasuries
- ▶ Unrealized gains of available-for-sale securities (Consolidated): DOWN ¥94.0bn from Mar. 2016 to ¥581.5bn due to decrease in US Treasuries and hedging of strategic shareholdings
- ▶ Strategic shareholdings: Reduced ¥20.3bn in 1-3Q FY2016. Pursue further reduction of stock price volatility risk, while utilizing hedging transactions as well

<Securities with fair value (Consolidated)>

(Billions of yen)	Costs		Unrealized gains/losses	
	Dec. 2016	Change from Mar. 2016	Dec. 2016	Change from Mar. 2016
Available-for-sale securities	4,635.2	873.2	581.5	(94.0)
Japanese stocks	678.3	(16.2)	712.4	106.4
Japanese bonds	940.4	(364.4)	0.9	(0.8)
Others	3,016.4	1,253.8	(131.7)	(199.6)
Held-to-maturity debt securities	382.2	(38.3)	30.0	(6.8)

<Available-for-sale securities with fair value (Non-consolidated)>

Available-for-sale securities	4,596.6	911.0	601.2	(95.4)
Japanese stocks	650.3	(16.8)	737.5	106.5
Japanese bonds	970.9	(344.6)	(0.6)	(1.8)
Government bonds	250.2	(319.6)	(0.0)	(1.2)
Others	2,975.3	1,272.5	(135.5)	(200.1)
Domestic investment (*1)	99.0	(21.2)	1.9	(0.3)
International investment (*1)	1,955.1	998.3	(101.4)	(109.2)
US Treasury	1,350.1	847.1	(96.9)	(103.0)
Others (Investment trust, etc.) (*2)	921.2	295.3	(36.0)	(90.5)
for hedging of strategic shareholdings	669.6	139.3	(19.6)	(72.4)

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

(*2) "Investment trust" and investment securities uncategorizable into "Domestic investment" or "International investment"

<Held-to-maturity debt securities with fair value (Non-consolidated)>

Held-to-maturity debt securities	299.4	(32.7)	29.9	(6.9)
Government bonds	152.5	(37.7)	21.2	(2.9)
International investment (*1, *3)	104.3	4.5	8.4	(3.6)

(*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Dec. 2016: (7.0)bn yen, Mar. 2016: (11.5)bn yen)

Securities portfolio of Global markets (Non-consolidated) (*4)

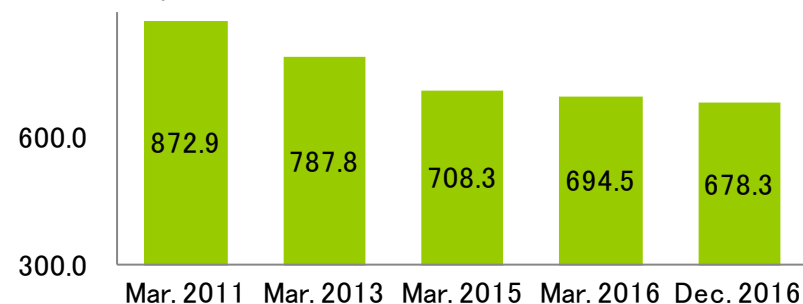
(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Dec. 2016	Change from Mar. 2016	Dec. 2016	Change from Mar. 2016
JPY	2.0	(0.4)	4.8	1.5
Others	9.0	5.8	7.3	1.7

(*4) Managerial reporting basis; "Held-to-maturity debt securities" and "Available-for-sale securities" are combined

(*5) In the calculation of 10BPV and duration, investment balance hedged by derivative transactions, etc. were excluded

Balance of strategic shareholdings (Consolidated) (*6)

(Billions of yen)



(Billions of yen)	FY2015			FY2016	
	1H	2H	FY2015	1H	1-3Q
Reduction amount of strategic shareholdings	5.3	12.3	17.6	5.1	20.3

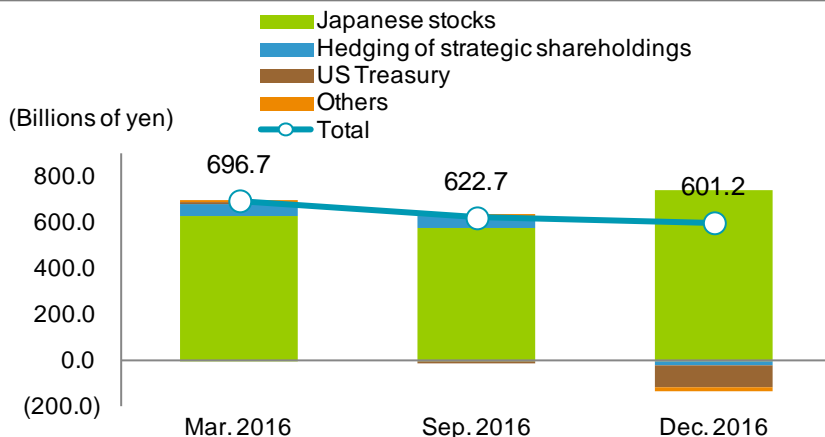
(Note) Accumulated amount of reduction from FY2011 to FY2015: ¥214.1bn

(*6) Cost of listed shares

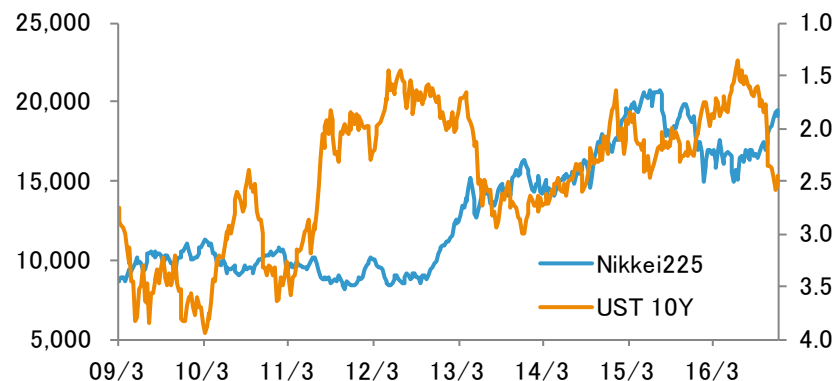
<Reference> Securities portfolio after the rise in US interest rates

- ▶ Unrealized gains of available-for-sale securities: Maintaining unrealized gains of over ¥600bn level, reflecting increase in unrealized losses from US Treasuries was covered by rise in Japanese stocks
- ▶ Risk amount on US interest rates was reduced in 3Q, by utilizing derivative transactions, in addition to sales of US Treasuries

Unrealized gains/losses of AFS securities (Non-consolidated)



< Ref. 1 > Japanese stocks and US Interest rates



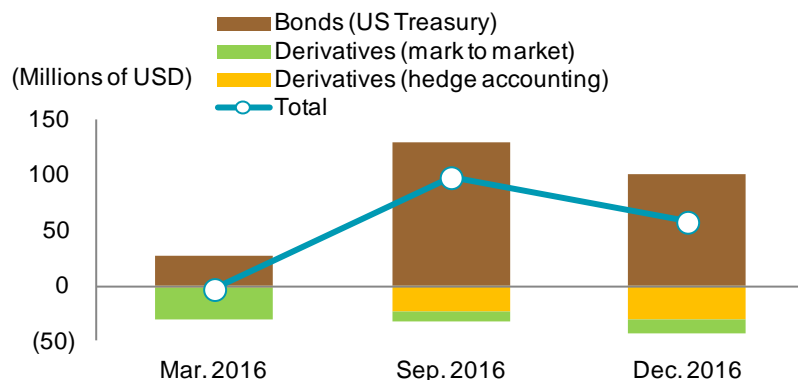
< Ref. 2 > Profit from investment operation on US interest rates (Non-consolidated)

(Billions of yen)	Sep. 2016	Dec. 2016	Change from Sep. 2016
Unrealized gains/losses	(13.1)	(87.2)	(74.1)
Bonds (US Treasury)	(10.3)	(96.9)	(86.6)
Derivatives (hedge accounting)	(2.7)	9.7	12.5

(Billions of yen)	FY2016 1H	FY2016 1-3Q	3Q
Reported profit	17.5	19.3	1.8
Bonds (US Treasury)	18.2	(16.5)	(34.7) (*)
Derivatives (mark to market)	(0.4)	16.8	17.3
Derivatives (hedge accounting)	(0.2)	19.0	19.2 (*)

(*) including carried interest income

Risk amount (10BPV) on US interest rates (Non-consolidated)



Forecast for FY2016 (Disclosed in Nov. 2016)

- ▶ Net business profit before credit costs (Consolidated): DOWN ¥18.3bn to ¥300.0bn. Forecast takes account of decrease in Global markets profit to normalized level and negative impact to net interest income caused by BOJ's negative interest rate policy.
- ▶ Net income attributable to owners of the parent (Consolidated): UP ¥3.0bn to ¥170.0bn. Forecast takes account of decrease in net business profit before credit costs to be offset by non-recurrence of one-off costs posted in FY2015 at subsidiaries
- ▶ Full year dividend on common share: ¥130 per share, in accordance with Policy on shareholder return, aiming to maintain consolidated dividend payout ratio of approximately 30%

< Consolidated >

(Billions of yen)	FY2015 (Actual)	1-3Q (Actual)	FY2016 (Forecast)	Change from FY2015
Net business profit before credit costs	318.3	207.3	300.0	(18.3)
Ordinary profit	278.0	201.5	265.0	(13.0)
Net income attributable to owners of the parent	166.9	130.1	170.0	3.0
Total credit costs	(25.9)	1.4	(15.0)	10.9
Dividend on common share (Yen)	130	---	130	±0
Consolidated dividend payout ratio	30.0%	---	29.3%	(0.7%)

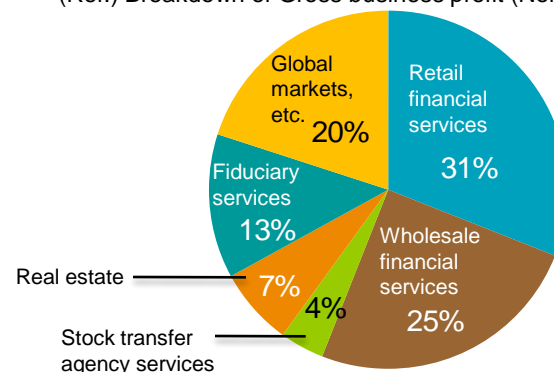
< Non-consolidated >

Net business profit before credit costs	249.1	147.9	225.0	(24.1)
Gross business profit	485.3	320.7	461.0	(24.3) (1)
Retail financial services	147.9	103.5	144.0	(3.9) (2)
Wholesale financial services	125.9	84.5	117.0	(8.9) (3)
Stock transfer agency services	28.8	24.4 (*)	30.0	1.1
Real estate	27.3	18.9	30.0	2.6
Fiduciary services	93.5	67.0 (*)	90.0	(3.5) (4)
Global markets	97.5	53.2	85.0	(12.5)
General and administrative expenses	(236.1)	(172.7)	(236.0)	0.1
Total credit costs	(14.1)	4.4	(10.0)	4.1 (5)
Other net non-recurring profit	(16.1)	(5.7)	(15.0)	1.1 (6)
Ordinary profit	218.8	146.7	200.0	(18.8)
Extraordinary profit	(3.6)	(3.0)	(5.0)	(1.3)
Net income	143.1	102.2	135.0	(8.1)

(*) Fees paid out for outsourcing are not deducted.

(Stock transfer agency services: (10.0)bn yen, Fiduciary services: (30.0)bn yen)

(Ref.) Breakdown of Gross business profit (Non-consolidated)



- (1) Gross business profit: ¥(24.3)bn from FY2015
• Impact of negative interest rate policy ¥(12.0)bn
- (2) Retail financial services: ¥(3.9)bn from FY2015
• Increase in costs related to deposits
- (3) Wholesale financial services: ¥(8.9)bn from FY2015
• Loan portfolio increase is planned, but increase in foreign currency funding cost is expected
- (4) Fiduciary services: ¥(3.5)bn from FY2015
• Dissolution of company employees' pension plan (DB add-on tier, Kosei-nenkin-kikin) to impact profitability
- (5) Total credit costs: Forecast ¥(10.0)bn for FY2016
• Estimated at 10bp on total credit portfolio of ¥27tr (2H)
- (6) Other net non-recurring profit: Forecast ¥(15.0)bn for FY2016
• Net gains on stock +¥20.0bn planned

Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Sales volume of investment trust showed sign of improvement, as investment sentiment of clients improved due to rise in market price
- ▶ Earnings decreased by ¥7.8bnYoY, though administration fees maintained last year's level, fee revenue from sales of new investment trusts and insurances decreased

Income (Non-consolidated)

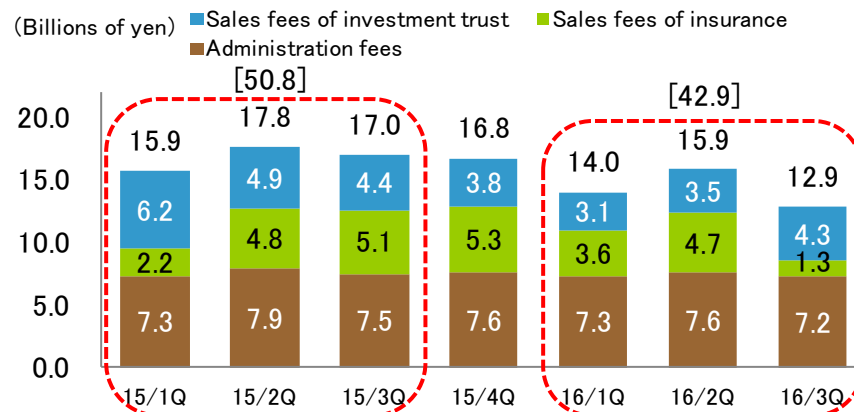
(Billions of yen)	FY2016			FY2016 Plan
	1H	1-3Q	YoY	
Income total	30.0	42.9	(7.8)	61.0
Sales fees of investment trust	6.6	10.9	(4.6)	16.0
Sales fees of insurance	8.3	9.7	(2.5)	15.0
Administration fees	14.9	22.2	(0.6)	30.0

Sales volume/balance (Non-consolidated)

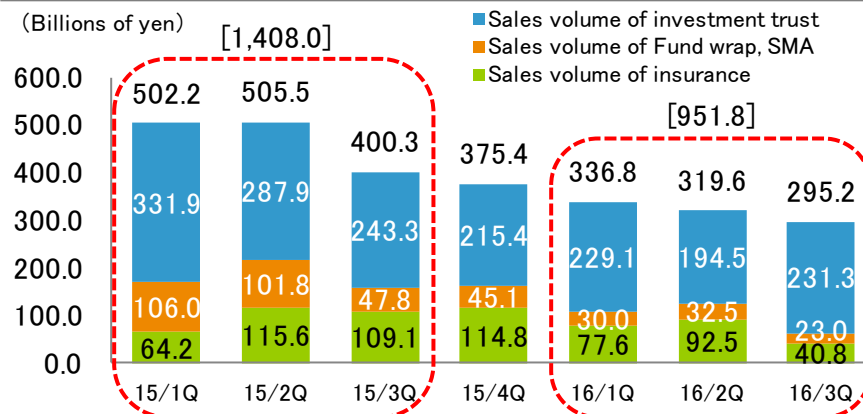
(Billions of yen)	FY2016			FY2016 Plan
	1H	1-3Q	YoY	
Sales volume total	656.5	951.8	(456.2)	1,460.0
Investment trust	423.7	655.0	(208.2)	1,120.0
Fund wrap, SMA	62.6	85.6	(170.0)	
Insurance	170.2	211.0	(77.9)	340.0

(Billions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Change from Mar. 2016
	Balance total	5,803.8	5,754.9	5,996.5
Investment trust	2,649.7	2,610.2	2,735.2	85.5
Fund wrap, SMA	848.3	808.4	818.6	(29.6)
Insurance	2,305.7	2,336.2	2,442.6	136.8
Wrap selection	1,587.0	1,582.5	1,659.7	72.7

Income (Non-consolidated) (quarterly)



Sales volume (Non-consolidated) (quarterly)



Focus on growing fee businesses : (2) Fiduciary services

- ▶ AUM: AUM for the group increased by ¥4.4 tr. To ¥81.0tr. due to continued inflow of new funds in AUM of subsidiaries, yen depreciation, and rise in market value of stocks, whereas AUM of SuMi TRUST Bank fell due to dissolution of company employees' pension funds (DB add-on tier, Kosei-nenkin-kikin)
- ▶ Profit of SuMi TRUST Bank decreased by ¥4.1bn YoY due to fall in AUM in 1H, mainly caused by dissolution of company employees' pension funds

Assets under management (AUM)

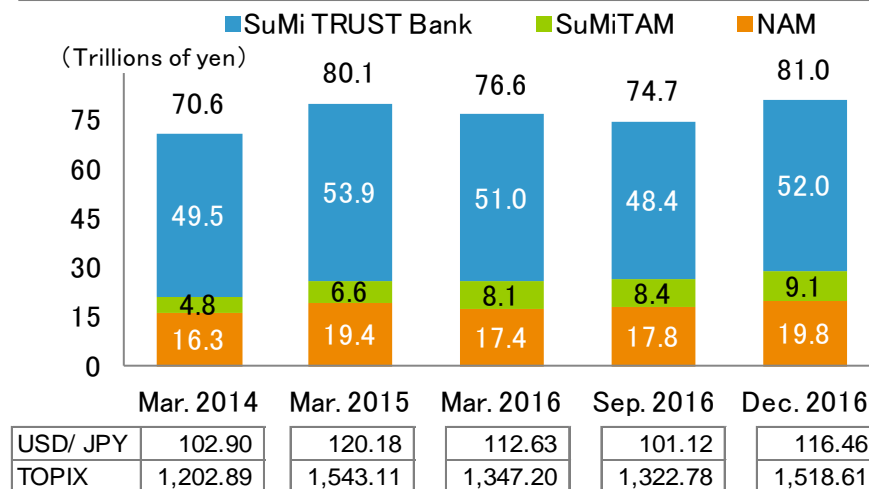
(Trillions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Chg. from Mar. 2016
Assets under management (AUM)	76.6	74.7	81.0	4.4
SuMi TRUST Bank	51.0	48.4	52.0	1.0
Corporate pension trust	15.9	14.5	14.9	(1.0)
Public pension trust	10.4	9.6	10.6	0.1
Discretionary investment	24.6	24.1	26.4	1.8
Subsidiaries	25.6	26.3	29.0	3.4
Sumitomo Mitsui Trust Asset Management	8.1	8.4	9.1	0.9
Nikko Asset Management	17.4	17.8	19.8	2.4

Income

(Billions of yen)	FY2016			FY2016 Plan
	1H	1-3Q	YoY	
SuMi TRUST Bank	29.8	44.8	(4.1)	60.0
Gross business profit	44.6	67.0	(3.3)	90.0
Fees paid out for outsourcing	(14.7)	(22.1)	(0.7)	(30.0)
Group companies (Net business profit) (*1)	8.5	12.8	(2.1)	
Sumitomo Mitsui Trust Asset Management	3.1	4.7	(0.1)	
Nikko Asset Management	4.5	6.7	(1.8)	

(*1) Contribution to consolidated

Assets under management (AUM) by company



Assets under custody (AUC)

(Trillions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Change from Mar. 2016
Domestic entrusted assets (*2)	236	246	254	17

(Billions of USD)	Mar. 2016	Sep. 2016	Dec. 2016	Change from Mar. 2016
Global custody assets (*3)	273.9	309.4	296.5	22.5
Fund administration	26.0	30.3	31.4	5.4

(*2) Total trust assets of the group companies

(*3) Combined figures of Sumitomo Mitsui Trust Bank (U.S.A.) and Sumitomo Mitsui Trust (UK)

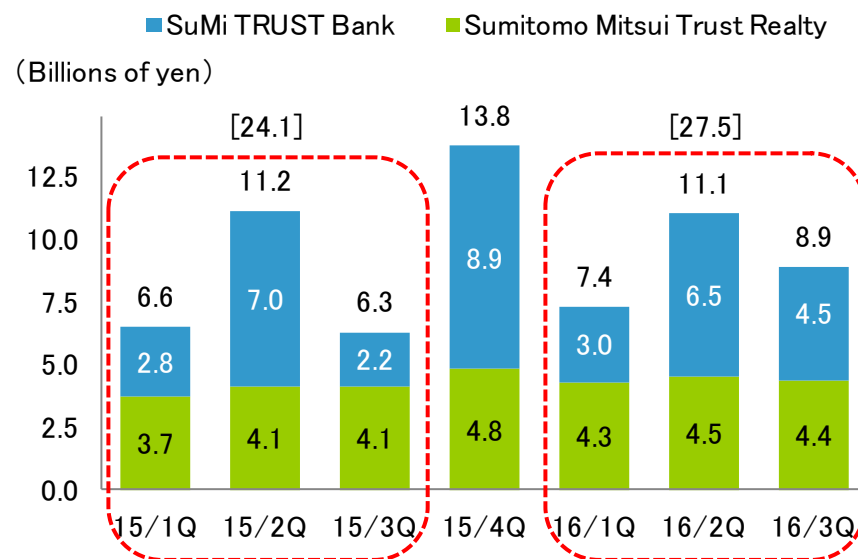
Focus on growing fee businesses : (3) Real estate

- ▶ Real estate brokerage fees from corporate clients (SuMi TRUST Bank): UP ¥1.9bn YoY to ¥14.1bn due primarily to increase in the number of deals at 3Q
- ▶ Real estate brokerage fees from retail clients (Sumitomo Mitsui Trust Realty): UP ¥1.3bn YoY to ¥13.3bn with continuing good performance

Income (Group basis)

(Billions of yen)	FY2016			FY2016 Plan
	1H	1-3Q	YoY	
Real estate brokerage fees	18.5	27.5	3.3	41.5
SuMi TRUST Bank	9.5	14.1	1.9	23.0
Sumitomo Mitsui Trust Realty	8.9	13.3	1.3	18.5
Real estate trust fees, etc.	3.1	4.5	(0.0)	6.5
Net other real estate profit	1.4	1.6	0.0	2.0
SuMi TRUST Bank	0.3	0.3	0.1	0.5
Group companies	1.1	1.3	(0.1)	1.5
Total	23.0	33.7	3.2	50.0
SuMi TRUST Bank	12.9	18.9	2.1	30.0

Real estate brokerage fees (quarterly)



Assets under management / administration

(Billions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Change from Mar. 2016
	Securitized real estate	13,148.6	13,510.9	13,643.1
Assets under custody from J-REITs	10,645.2	11,153.3	12,095.7	1,450.5
Assets under management	839.6	660.5	633.6	(206.0)
Private placement funds	436.5	447.9	421.0	(15.5)
J-REITs	403.0	212.6	212.6	(190.4)

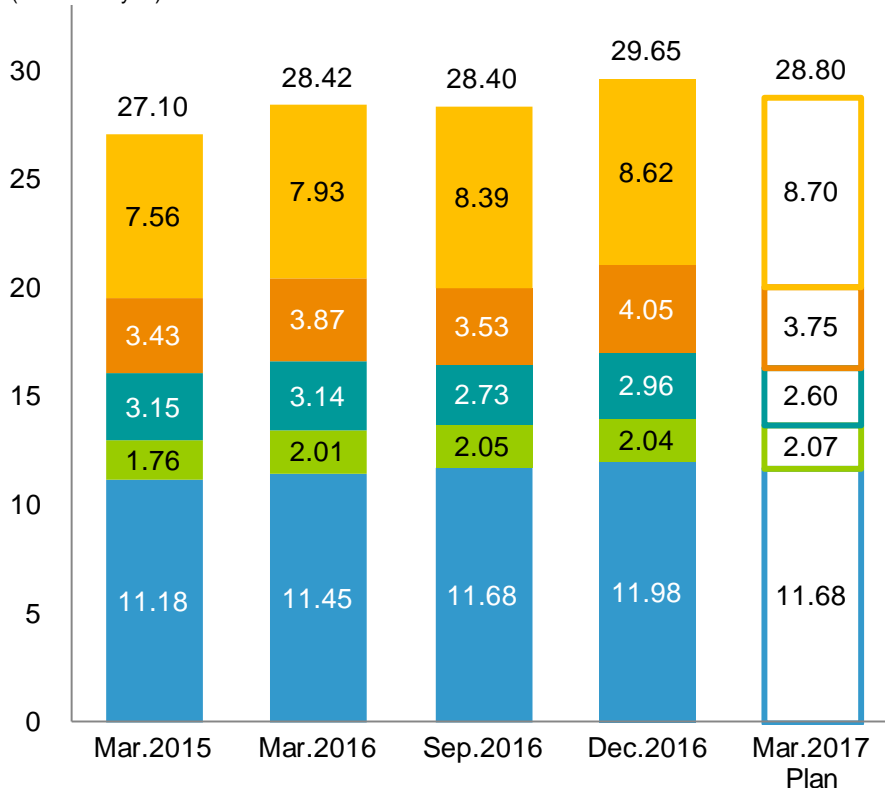
Credit portfolio

- ▶ Balance of overall credit portfolio: UP ¥1.2tr from Mar. 2016 to ¥29.6tr, due primarily to robust growth of residential mortgage in both advanced amount and balance, whereas foreign currency assets are conservatively managed

Credit portfolio

- Loans to individuals
- Overseas Japanese borrowers
- Large corporations, etc.
- Non-Japanese borrowers
- Real estate NRL, etc. (*1)

(Trillions of yen)



(*1) Excluding overseas real estate NRL, etc

Loans to individuals

(Billions of yen)	FY2015	FY2016	Change	FY2016
	1-3Q	1-3Q		Plan
Advanced amount of loans to individuals	673.4	1,332.4	658.9	1,670.0
Residential mortgage loans	615.8	1,249.2	633.3	1,550.0

(Billions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Chg. from Mar. 2016
	Balance of loans to individuals	7,932.1	8,393.1	8,622.2
Residential mortgage loans	7,422.1	7,861.4	8,087.9	665.7

Balance of credit to overseas borrowers (*2)

(Billions of yen)	Mar. 2016	Sep. 2016	Dec. 2016	Chg. from Mar. 2016
	Non-Japanese borrowers	3,877.8	3,532.8	4,050.0
Loans	3,461.4	3,199.9	3,629.9	168.5
Overseas Japanese borrowers	3,146.1	2,738.7	2,960.8	(185.3)
Loans	3,035.7	2,660.8	2,871.0	(164.7)
USD/JPY	112.63	101.12	116.46	3.83

(*2) In addition to the above, there are acceptance and guarantee, etc.
Dec. 2016: ¥30.8bn [+¥10.6bn from Mar. 2016]

Capital

- ▶ Common Equity Tier 1 ratio: DOWN 0.39 percentage points from Mar. 2016 to 10.97% due primarily to decrease in unrealized gains of available-for-sale securities and increase of risk-weighted assets, while accumulated income increased
- ▶ Common Equity Tier 1 ratio (Fully-loaded basis, pro-forma): DOWN 0.58 percentage points from Mar. 2016 to 11.10%

< Capital and total risk-weighted assets >

(International standard) (Consolidated)

(Billions of yen)	Mar. 2016	Dec. 2016	Change
Total capital ratio	16.75%	16.51%	(0.24%)
Tier 1 capital ratio	13.36%	13.39%	0.03%
Common Equity Tier 1 capital ratio	11.36%	10.97%	(0.39%)
Total capital	3,026.7	3,156.5	129.7
Tier 1 capital	2,415.3	2,561.3	146.0
Common Equity Tier 1 capital	2,053.8	2,098.7	44.9 (1)
Instruments and reserves	2,204.2	2,264.8	60.5
Regulatory adjustments	(150.4)	(166.0)	(15.5)
Additional Tier 1 capital	361.5	462.6	101.0 (2)
Tier 2 capital	611.3	595.1	(16.2)
Total risk-weighted assets	18,065.8	19,116.1	1,050.2
Credit risk	16,541.1	17,660.8	1,119.6 (3)
Market risk	573.0	494.2	(78.8)
Operational risk	951.6	961.0	9.4

< Reference > Fully-loaded basis (pro-forma)

Common Equity Tier 1 capital ratio	11.68%	11.10%	(0.58%)
Common Equity Tier 1 capital	2,103.9	2,113.7	9.8
Accumulated other comprehensive income (*1)	410.1	347.9	(62.2)
Total risk-weighted assets	18,012.7	19,038.6	1,025.8

* Fully-loaded basis: Pro-forma figures based on regulatory definition to be applied as of Mar. 2019.

(*1) Valuation differences on Available-for-Sale Securities: ¥403.0bn

< Major factors of change in capital >

(1) Common Equity Tier 1 capital: +¥44.9bn

- Net income: +¥130.1bn
- Dividends and repurchase of own shares: ¥(31.7)bn
- Accumulated other comprehensive income: ¥(37.3)bn
- Valuation differences on Available-for-Sale Securities: ¥(38.6)bn

(2) Additional Tier 1 capital: +¥101.0bn

- Perpetual subordinated debt: +¥100.0bn

< Major factors of change in risk-weighted assets >

(3) Credit risk: +¥1.1tr

- Increase in exposures to domestic large corporations and residential mortgages, etc.

< Other ratios required in prudential regulations >

(Consolidated)

(Billions of yen)	Dec. 2016	Chg. frm. Mar. 2016
Leverage ratio (*2)	3.88%	(0.12%)
Tier 1 capital	2,561.3	146.0
Total exposure	65,999.4	5,616.6
Liquidity coverage ratio (*2, *3)	121.9%	(18.0%)
Total high-quality liquid assets	22,382.6	4,697.3
Net cash outflows	18,398.4	5,298.6

(*2) The ratios decreased due primarily to continuous inflow of surplus fund from trust account at JTSB, which in turn caused JTSB's current account balance with BOJ to increase.

(Reference) SuMi TRUST Bank (consolidated), which does not cover JTSB etc.

Leverage ratio: 4.54% (up 0.32 percentage points from end of Mar. 2016)

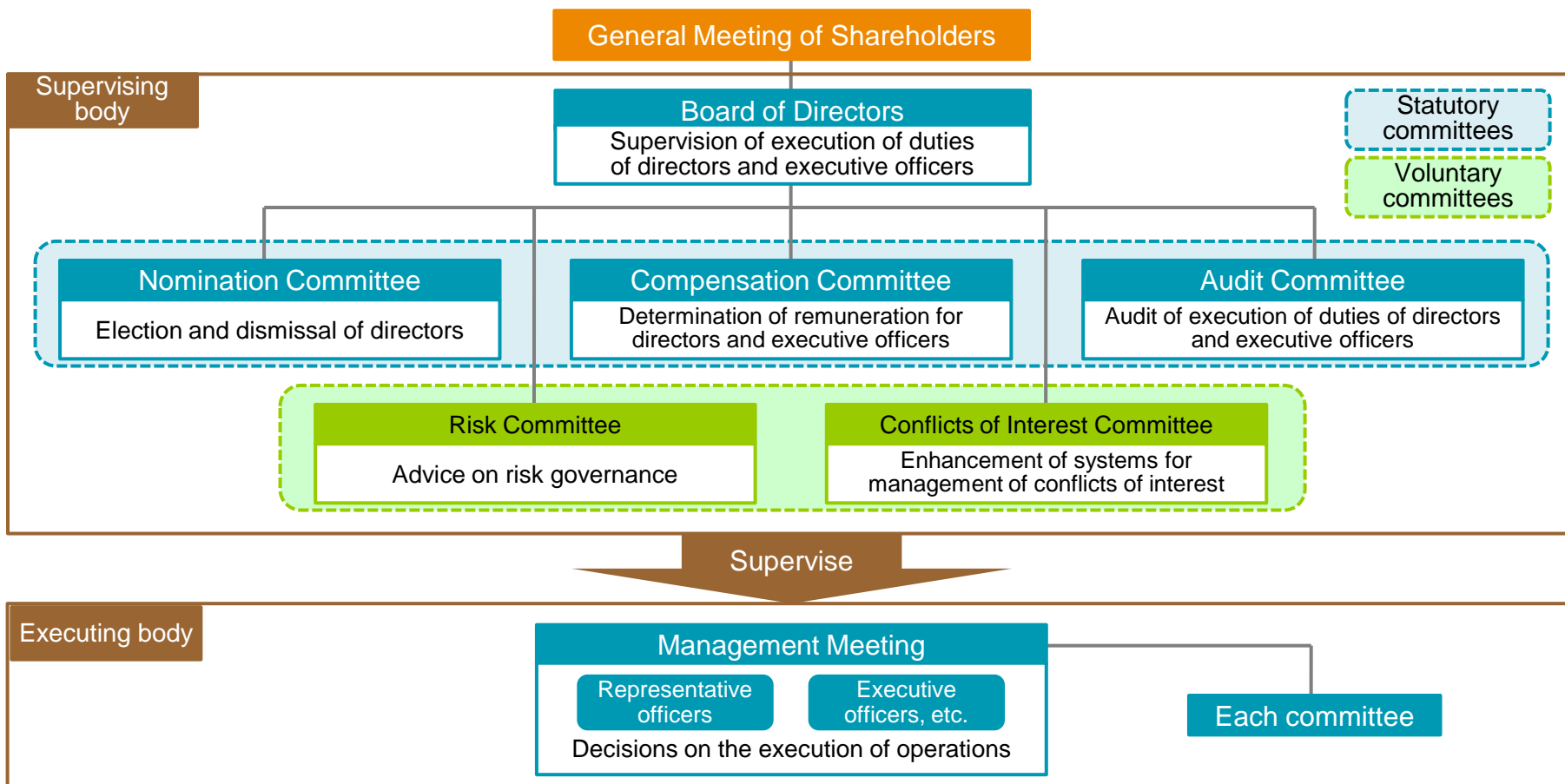
Liquidity coverage ratio: 145.5% (up 2.1 percentage points from 4QFY2015)

(*3) Average of month end figures in 3QFY2016. Change from Mar. 2016 represents the comparison to figure for 4QFY2015 calculated in the same manner.

Strengthening of corporate governance: Appropriate and versatile business execution

- ▶ Plan to change from being a company with a Board of Corporate Auditors to a company with Three Committees, subject to obtaining approval at its ordinary general meeting of shareholders scheduled for June 2017
- ▶ In addition to establishing the three statutory committees (Nominating Committee, Compensation Committee, and Audit Committee), it will establish “Risk Committee,” to coordinate the construction and enhancement of effective risk governance system and “Conflicts of Interest Committee,” to supervise commitment to fiduciary duty, as a voluntary advisory body to the Board of Directors

Corporate governance system after becoming a company with Three Committees



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