

Explanatory Material

*Fiscal Year 2016
ended on Mar. 31, 2017*



SUMITOMO MITSUI TRUST HOLDINGS

<Status of BIS capital adequacy ratio (Basel III, international standard)>

- (1) "Common Equity Tier 1 capital ratio" <1>, "Tier 1 capital ratio" <2> and "Total capital ratio" <3> at the end of March 2017 stood at 11.04%, 13.54% and 16.42%, respectively, all of which exceeded regulatory minimum requirements.
- (2) "Common Equity Tier 1 capital ratio" <8>, Pro forma on fully-loaded basis, decreased by 0.49 percentage points from the end of March 2016 to 11.19% due primarily to increase in "Total risk-weighted assets" <10> mainly from amount of credit risk-weighted assets, whereas "Common Equity Tier 1 capital" <9> increased by the accumulation of retained earnings.

[Consolidated]		Mar. 2017 (Preliminary)	Mar. 2016	Change from Mar. 2016	(Billions of Yen)	Minimum requirement (*)
Common Equity Tier 1 capital ratio	1	11.04%	11.36%	(0.32)%		6.00%
Tier 1 capital ratio	2	13.54%	13.36%	0.18%		7.50%
Total capital ratio	3	16.42%	16.75%	(0.33)%		9.50%
Common Equity Tier 1 capital	4	2,141.8	2,053.8	88.0		
Tier 1 capital	5	2,625.7	2,415.3	210.3		
Total capital	6	3,185.8	3,026.7	159.1		
Total risk-weighted assets	7	19,391.9	18,065.8	1,326.0		

(*) 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.

<Reference> Fully-loaded basis (*)

Common Equity Tier 1 capital ratio	8	11.19%	11.68%	(0.49)%
Common Equity Tier 1 capital	9	2,166.5	2,103.9	62.6
Total risk-weighted assets	10	19,352.6	18,012.7	1,339.8

(*) Fully-loaded basis: Pro forma without considering transitional arrangements concerning "Regulatory adjustments", etc.

3. Forecast for FY2017

[Consolidated]		Forecast for FY2017		FY2016	Change
		1H	Full (A)	Actual (B)	(A) - (B)
Net business profit before credit costs	1	125.0	260.0	232.3	27.6
Ordinary profit	2	110.0	235.0	196.3	38.6
Net income attributable to owners of the parent	3	70.0	150.0	121.4	28.5
Total credit costs	4	(10.0)	(20.0)	(28.5)	8.5
Dividend per common share (Yen) (*1)	5	65.00	130.00	130.00	-
Consolidated dividend payout ratio (*2)	6	-----	33.2%	40.9%	(7.7%)

(*1) As for the actual dividend for the fiscal year 2016, the figures shown on the table are calculated on the assumption that consolidation of shares (at a ratio of 1share for 10 shares), which was conducted on October 1, 2016, became effective at the beginning of the fiscal year.

(*2) Consolidated dividend payout ratio = (Total amount of dividends for common shares / Net income attributable to owners of parent) x100

[Non-consolidated]		Forecast for FY2017		FY2016	Change
		1H	Full (A)	Actual (B)	(A) - (B)
Net business profit before credit costs	7	85.0	180.0	150.5	29.4
Ordinary profit	8	80.0	170.0	117.3	52.6
Net income	9	60.0	125.0	77.6	47.3
Total credit costs	10	(10.0)	(20.0)	(24.9)	4.9

<Reference> Regarding revision of Policy on Shareholder Return

SuMi TRUST Holdings has recognized that sharing profits with shareholders is one of its important management policies and strove to enhance shareholder returns by adopting the dividend policy to share its profits with shareholders in accordance with its profit level and repurchasing its own shares in order to maximize the shareholder value over the medium- to long-term. For further clarifying our management's initiative toward shareholder returns, SuMi TRUST Holdings decided to revise the Policy on Shareholder Return as below, which shall be applied from the fiscal year ending March 2018.

(Policy before the revision)

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.

(Policy after the revision)

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 by increasing a total shareholder return to approximately 40% in a gradual manner.

(*3) Total payout ratio = [(Total amount of dividends for common shares + Total amount of repurchase) / Net income attributable to owners of parent]

