

# Sumitomo Mitsui Trust Holdings, Inc.(SMTH)

## Financial Results for the Nine Months ended December 31, 2011

### [Japanese GAAP] (Consolidated)



January 31, 2012

Stock exchange listings	: Tokyo, Osaka and Nagoya (code: 8309)
URL	: <a href="http://www.smth.jp/en/index.html">http://www.smth.jp/en/index.html</a>
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Filing date of quarterly securities report (Scheduled)	: February 14, 2012
Trading accounts	: Established
Payment date of cash dividends (Scheduled)	: —
Supplementary explanatory material	: Prepared
Information meeting (Scheduled)	: None

(All amounts less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months ended December 31, 2011

### (April 1, 2011 through December 31, 2011)

(1) Consolidated Results of Operations (Cumulative) (%: Change from the same period in the previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine Months ended						
December 31, 2011	944,382	252.8	223,796	192.9	148,771	195.7
December 31, 2010	267,689	(0.3)	76,396	57.9	50,304	88.7

(Note) Comprehensive Income: December 31, 2011 101,126 millions of yen, (—%) December 31, 2010 — millions of yen, (—%)

	Net Income per Common Share	Net Income per Common Share (Fully Diluted)
Nine Months ended	Yen	Yen
December 31, 2011	35.26	-
December 31, 2010	30.33	-

(Note) Net income per common share (fully diluted) for the nine months ended December 31, 2011 is not stated as there are no potential shares that would have a dilutive effect.

(Note) Net income per common share (fully diluted) for the nine months ended December 31, 2010 is not stated as there are no potential shares.

### (2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets to Total Assets Ratio
As of	Millions of Yen	Millions of Yen	%
December 31, 2011	34,427,480	2,250,137	5.0
March 31, 2011	14,231,070	844,130	4.6

(Reference) Net Assets less Minority Interests: December 31, 2011 1,735,560 millions of yen March 31, 2011 656,476 millions of yen

(Note) Net Assets to Total Assets Ratio = (Net Assets - Subscription Rights to Shares - Minority Interests) / Total Assets

## 2. Cash Dividends on Common Share

	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2011	-	4.00	-	4.00	8.00
Fiscal Year ending					
March 31, 2012	-	4.00	-		
Fiscal Year ending					
March 31, 2012 (Forecast)				4.00	8.00

(Note) Revision of the latest dividend forecast announced: None

(Note) The figures above show the cash dividends on common shares. For other classes of SMTH shares with differing rights, please refer to "Cash Dividends on Preferred Shares."

## 3. Consolidated Earnings Forecasts for the Fiscal Year 2011 (April 1, 2011 through March 31, 2012)

(%: Change from the previous fiscal year)

	Ordinary Profit		Net Income		Net Income per Common Share
Fiscal Year ending	Millions of Yen	%	Millions of Yen	%	Yen
March 31, 2012	265,000	212.8	180,000	280.7	42.23

(Note) Revision of the latest consolidated earnings forecast announced: None

#### 4. Other Information

(1) Changes in Important Subsidiaries during the Nine Months ended December 31, 2011: Yes

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Included: 6 companies (The Sumitomo Trust and Banking Co., Ltd., STB Preferred Capital 2 (Cayman) Limited, STB Preferred Capital 3 (Cayman) Limited, STB Preferred Capital 4 (Cayman) Limited, STB Preferred Capital 5 (Cayman) Limited, Japan Trustee Services Bank, Ltd.)

Excluded: — (—)

(For details, please refer to page 2, "1. Other Information" in "Accompanying Materials.")

(2) Specified Accounting Treatments to Preparation of Quarterly Consolidated Financial Statements :Yes

(For details, please refer to page 2, "1. Other Information" in "Accompanying Materials.")

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

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

(4) Number of Shares Issued(Common shares)

1) Number of shares issued (including treasury stock)	December 31, 2011	4,153,486,408 shares	March 31, 2011	1,658,426,267 shares
2) Number of treasury stock	December 31, 2011	748,371 shares	March 31, 2011	411,673 shares
3) Average number of shares issued	December 31, 2011	4,152,808,056 shares	December 31, 2010	1,658,051,908 shares

(for the nine months ended December 31, 2011 and 2010)

#### Statement Concerning the Status of the Quarterly Review Procedures

This summary earnings report is not subject to quarterly review procedures pursuant to Financial Instruments and Exchange Act, and at the time of the release of this summary earnings report quarterly review procedures pursuant to the Financial Instruments and Exchange Act have not been completed.

#### Explanation for Proper Use of Forecasts and other Comments

Forecasts presented herein are based on the information that is currently possessed by SMTH and certain reasonable assumptions. Actual results may differ materially from those forecasts depending on various future events and conditions.

SMTH conducted a share exchange on April 1, 2011 under which SMTH became the parent company and The Sumitomo Trust and Banking Co., Ltd. ("STB") became the wholly owned subsidiary. Based on the Accounting Standard for Business Combinations, this share exchange is a reverse acquisition wherein SMTH is considered to be the acquired company and STB to be the acquiring company. Therefore, the consolidated assets and liabilities of SMTH were transferred to the consolidated balance sheets of STB at fair value. As a result, the figures for the nine months ended December 31, 2011 changed substantially when compared with those for the nine months ended December 31, 2010 or the fiscal year 2010.

### (Cash Dividends on Preferred Shares)

Cash dividends per share on preferred shares are as below:

The First Series of Class 7 Preferred Shares	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2011					
Fiscal Year ending March 31, 2012	-	21.15	-		
Fiscal Year ending March 31, 2012 (Forecast)				21.15	42.30

(Note) Revision of the latest dividend forecast announced: None

(Note) The First Series of Class 7 Preferred Shares was issued on April 1, 2011 in exchange for the First Series of Class 2 Preferred Shares of STB due to the share exchange.

### (Reference) Cash Dividends on Common Share and the First Series of Class 2 Preferred Shares of STB

STB Common Shares	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2011	-	6.00	-	8.00	14.00

(Note) While all the common shares of STB were acquired by SMTH in the share exchange for common shares of SMTH on April 1, 2011, the year-end dividend for the fiscal year 2010 (from April 1, 2010, to March 31, 2011) was paid by STB based on the last Register of Shareholders as of March 31, 2011.

STB The First Series of Class 2 Preferred Shares	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2011	-	21.15	-	21.15	42.30

(Note) While all the First Series of Class 2 Preferred Shares of STB were acquired by SMTH in the share exchange for the First Series of Class 7 Preferred Shares of SMTH on April 1, 2011, the year-end dividend for the fiscal year 2010 (from April 1, 2010, to March 31, 2011) was paid by STB based on the last Register of Shareholders as of March 31, 2011.

[Accompanying Materials]

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## 1. Other Information

### (1) Changes in Important Subsidiaries during the Nine Months ended December 31, 2011 (Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Details of changes in specified subsidiaries resulting in changes in the scope of consolidation during the nine months ended December 31, 2011 (6 newly included companies) are as below.

Name	Address	Capital Stock (Millions of Yen)	Main Business Area	Share of Voting Rights Held
(Consolidated subsidiaries) The Sumitomo Trust and Banking Co., Ltd.	Chuo-ku, Osaka	342,037	Trust Banking Business	100.00%
STB Preferred Capital 2 (Cayman) Limited	George Town, Grand Cayman, British West Indies	51,500	Financial-related Business	100.00%
STB Preferred Capital 3 (Cayman) Limited	George Town, Grand Cayman, British West Indies	51,500	Financial-related Business	100.00%
STB Preferred Capital 4 (Cayman) Limited	George Town, Grand Cayman, British West Indies	111,600	Financial-related Business	100.00%
STB Preferred Capital 5 (Cayman) Limited	George Town, Grand Cayman, British West Indies	70,900	Financial-related Business	100.00%
Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	51,000	Trust Banking Business	66.66%

### (2) Specified Accounting Treatments to Preparation of Quarterly Consolidated Financial Statements

#### Income Tax Expenses

As for a part of subsidiaries, income tax expenses are calculated by multiplying the income before income taxes by the estimated effective income tax rate, which are reasonably estimated for the whole consolidated fiscal year.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

SMTH conducted a share exchange on April 1, 2011 under which SMTH became the parent company and STB became the wholly owned subsidiary. Based on the Accounting Standard for Business Combinations, this share exchange is a reverse acquisition wherein SMTH is considered to be the acquired company and STB to be the acquiring company. Therefore, the consolidated assets and liabilities of SMTH were transferred to the consolidated balance sheets of STB at fair value. Therefore, there is no continuity from our consolidated financial statements for the fiscal year 2010 to our consolidated financial statements for the nine months ended December 31, 2011.

SMTH adopted ASBJ Statement No.24 "Accounting Standard for Accounting Changes and Error Corrections" (issued by ASBJ on December 4, 2009) and Implementation Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (issued by ASBJ on December 4, 2009) for accounting changes and corrections of past errors at the beginning of the nine months ended December 31, 2011, and we have presented financial data from former Chuo Mitsui Trust Holdings, Inc. ("CMTH") for comparison.

#### (4) Additional Information

##### (Impact of the Change in the Corporate Tax Rate and others)

The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Law No. 114, 2011) and the Law on Special Measures Concerning Securing the Requisite Resources to Implement Measures to Aid Recovery from the Great East Japan Earthquake (Law No. 117, 2011) were publicly distributed on December 2, 2011, and will lower corporate tax rates for consolidated fiscal year beginning from April 1, 2012 and assess a special corporate tax for recovery. The effective statutory tax rate used by SMTH for the calculation of deferred tax assets and deferred tax liabilities will consequently be revised from the current rate of 40.69% to 38.01% for the provisional differences and others, expected to be eliminated from the consolidated fiscal year beginning April 1, 2012 through the consolidated fiscal year beginning on April 1, 2014, and will be 35.64% for provisional differences and others, expected to be eliminated in the fiscal year beginning April 1, 2015 or thereafter.

Similarly, the effective statutory tax rate for The Chuo Mitsui Trust and Banking Company, Limited ("CMTB") will be reduced from 40.63% to 37.95% for provisional differences and others, expected to be eliminated during the period beginning from the consolidated fiscal year beginning on April 1, 2012 through the consolidated fiscal year beginning on April 1, 2014, and the tax rate on provisional differences and others, that are expected to be eliminated from the fiscal year beginning on April 1, 2015 or thereafter will be 35.57%. Please note that the effective statutory tax rate for Chuo Mitsui Asset Trust and Banking Company, Limited ("CMAB") will be reduced from 40.67% to 37.99% on provisional differences and others, expected to be eliminated during the period beginning with the consolidated fiscal year beginning on April 1, 2012 through the consolidated fiscal year beginning on April 1, 2014, and the tax rate on provisional differences and others, expected to be eliminated from the consolidated fiscal year beginning on April 1, 2015 or thereafter will be 35.62%.

Moreover, the effective statutory tax rate for the STB will change from the existing 40.59% to 37.93% for provisional differences and others, expected to be eliminated during the consolidated fiscal year beginning in April 1, 2012 through the consolidated fiscal year beginning on April 1, 2014, and 35.56% for provisional differences and others, expected to be eliminated from the consolidated fiscal year beginning on April 1, 2015 or thereafter.

These changes in tax rates will decrease deferred tax assets by 16,655 million yen, deferred tax liabilities by 263 million yen, and will increase deferred income taxes by 13,068 million yen. Moreover deferred tax liabilities for land revaluation will decline by 635 million, and the revaluation reserve for land will increase by the same amount, the valuation difference on available-for-sale securities will decrease by 2,751 million yen, and deferred gains or losses on hedges will decrease by 571 million yen.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2011	As of December 31, 2011
<b>Assets:</b>		
Cash and Due from Banks	502,160	2,524,196
Call Loans and Bills Bought	6,936	180,548
Receivables under Resale Agreements	—	52,308
Receivables under Securities Borrowing Transactions	9,378	3,013
Monetary Claims Bought	99,921	494,981
Trading Assets	36,568	742,814
Money Held in Trust	2,065	19,247
Securities	3,710,513	7,545,799
Loans and Bills Discounted	8,864,266	19,707,970
Foreign Exchanges	12,259	8,895
Lease Receivables and Investment Assets	—	558,463
Other Assets	393,956	1,395,997
Tangible Fixed Assets	123,584	239,304
Intangible Fixed Assets	56,994	207,031
Deferred Tax Assets	143,055	247,334
Customers' Liabilities for Acceptances and Guarantees	317,098	644,380
Allowance for Loan Losses	(47,690)	(144,806)
<b>Total Assets</b>	<b>14,231,070</b>	<b>34,427,480</b>
<b>Liabilities:</b>		
Deposits	9,292,002	21,825,214
Negotiable Certificates of Deposit	327,020	3,134,498
Call Money and Bills Sold	351,956	221,126
Payables under Repurchase Agreements	—	215,011
Payables under Securities Lending Transactions	1,161,653	538,235
Trading Liabilities	7,716	183,788
Borrowed Money	678,983	1,120,168
Foreign Exchanges	—	155
Short-term Bonds Payable	—	428,743
Bonds Payable	267,247	904,686
Borrowed Money from Trust Account	801,657	1,885,010
Other Liabilities	156,055	1,017,606
Provision for Bonuses	3,133	4,392
Provision for Directors' Bonuses	—	124
Provision for Retirement Benefits	2,859	14,667
Provision for Directors' Retirement Benefits	253	184
Provision for Reimbursement of Deposits	—	6,316
Provision for Contingent Loss	15,335	17,090
Provision for Relocation Expenses	—	9,066
Deferred Tax Liabilities	3,967	2,385
Deferred Tax Liabilities for Land Revaluation	—	4,489
Acceptances and Guarantees	317,098	644,380
<b>Total Liabilities</b>	<b>13,386,939</b>	<b>32,177,342</b>

(Continued)

	(Millions of Yen)	
	As of	As of
	March 31, 2011	December 31, 2011
<b>Net Assets:</b>		
Capital Stock	261,608	261,608
Capital Surplus	—	859,498
Retained Earnings	406,002	680,908
Treasury Stock	(282)	(115)
<b>Total Shareholders' Equity</b>	<b>667,328</b>	<b>1,801,900</b>
Valuation Difference on Available-for-Sale Securities	4,408	(34,965)
Deferred Gains or Losses on Hedges	3,406	(11,415)
Revaluation Reserve for Land	(16,537)	(4,925)
Foreign Currency Translation Adjustments	(2,129)	(15,033)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(10,851)</b>	<b>(66,339)</b>
Subscription Rights to Shares	—	3
Minority Interests	187,653	514,572
<b>Total net Assets</b>	<b>844,130</b>	<b>2,250,137</b>
<b>Total Liabilities and Net Assets</b>	<b>14,231,070</b>	<b>34,427,480</b>



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

(Millions of Yen)

	For the Nine Months Ended December 31, 2010	For the Nine Months Ended December 31, 2011
<b>Ordinary Income:</b>	<b>267,689</b>	<b>944,382</b>
Trust Fees	33,161	73,084
Interest Income:	118,076	284,500
Interest on Loans and Discounts	81,301	184,262
Interest and Dividends on Securities	32,827	88,075
Fees and Commissions	62,225	190,568
Trading Income	2,558	5,509
Other Ordinary Income	36,299	369,023
Other Income	15,368	21,697
<b>Ordinary Expenses:</b>	<b>191,293</b>	<b>720,586</b>
Interest Expenses:	45,525	89,558
Interest on Deposits	31,194	54,917
Fees and Commissions Payments	15,487	45,832
Trading Expenses	329	142
Other Ordinary Expenses	5,942	256,816
General and Administrative Expenses	105,610	285,299
Other Expenses	18,398	42,936
<b>Ordinary Profit</b>	<b>76,396</b>	<b>223,796</b>
Extraordinary Income:	11,802	46,401
Gain on Disposal of Noncurrent Assets	19	340
Gain on Negative Goodwill	—	46,061
Reversal of Allowance for Loan Losses	8,425	
Recoveries of Written-off Claims	3,356	
Extraordinary Loss:	3,750	11,017
Loss on Disposal of Noncurrent Assets	396	360
Impairment Loss	—	7,122
Management Integration Expenses	2,872	
Other Extraordinary Losses	481	3,535
<b>Income before Income Taxes and Minority Interests</b>	<b>84,448</b>	<b>259,180</b>
Income Taxes:	28,134	94,008
Current	5,059	21,104
Deferred	23,074	72,904
<b>Income before Minority Interests</b>	<b>56,314</b>	<b>165,171</b>
<b>Minority Interests in Income</b>	<b>6,009</b>	<b>16,399</b>
<b>Net Income</b>	<b>50,304</b>	<b>148,771</b>

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	<b>For the Nine Months Ended December 31, 2011</b>
<b>Income before Minority Interests</b>	<b>165,171</b>
Other Comprehensive Income:	<b>(64,044)</b>
Valuation Difference on Available-for-Sale Securities	<b>(41,020)</b>
Deferred Gains or Losses on Hedges	<b>(17,593)</b>
Revaluation Reserve for Land	<b>635</b>
Foreign Currency Translation Adjustment	<b>(2,191)</b>
Attributable to Equity Method Affiliates	<b>(3,874)</b>
<b>Comprehensive income:</b>	<b>101,126</b>
Comprehensive Income Attributable to Owners of the Parent	<b>85,151</b>
Comprehensive Income Attributable to Minority Interests	<b>15,975</b>

### (3) Note on Going Concern Assumptions

There is no applicable information.

### (4) Note on Significant Change of Shareholders' Equity

SMTH conducted a share exchange on April 1, 2011, under which SMTH became the parent company, and STB became the wholly owned subsidiary. Based on the Accounting Standard for Business Combinations, as this share exchange is a reverse acquisition, the balance at the beginning of the current period for the consolidated total shareholders' equity is that of STB. Therefore, there is no continuity from the balance of the consolidated total shareholders' equity of SMTH at the end of the fiscal year 2010 to the balance at the beginning of the current period.

Details of the Changes of Shareholders' Equity during the Period are as below.

(Millions of Yen)

	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the Beginning of the Current Period (Note 1)	342,037	297,051	565,908	(482)	1,204,514
Changes of Items during the nine months ended December 31, 2011:					
Increase and Decrease by the Share Exchange (Note 2)	(80,428)	569,542			489,114
Cash Dividends (Note 3)		(6,632)	(34,618)		(41,250)
Net Income			148,771		148,771
Purchase of Treasury Stock				(132)	(132)
Disposal of Treasury Stock		19		16	36
Retirement of Treasury Stock		(482)		482	—
Reversal of Revaluation Reserve for Land			846		846
Total of changes of Items during the nine months ended December 31, 2011:	(80,428)	562,447	115,000	367	597,386
Balance at the End of the Current Period	261,608	859,498	680,908	(115)	1,801,900

(Note1) "Balance at the Beginning of the Current Period" is the balance of STB (Consolidated) at the beginning of the current fiscal year.

(Note2) "Increase and Decrease by the Share Exchange" is an increase and decrease (the acquisition cost of the acquired company and others) by applying the Purchase Method with STB as the acquiring company and SMTH as the acquired company.

(Note3) With share exchange with STB on April 1, 2011, SMTH has succeeded retained earnings of the former CMTH as capital surplus of SMTH. Therefore, 6,632 million yen of cash dividends for SMTH, whose record date is March 31, 2011 and whose effective date of distribution is on and after June 30, 2011 is recorded as "Cash Dividends" of "Capital Surplus."

"Cash Dividends" of "Retained Earnings" is calculated by adding together 15,701 million yen of cash dividends of STB, whose record date is March 31, 2011 and whose effective date of distribution is on and after June 30, 2011, and 18,916 million yen of cash dividends of SMTH, whose record date is September 30, 2011 and whose effective date of distribution is on and after December 2, 2011.

## (5) Note on Business Combination

On August 24, 2010, CMTH concluded a share exchange agreement and a management integration agreement with STB. Subsequent to the approval at the extraordinary general meeting of shareholders held on December 22, 2010, the share exchange was performed on April 1, 2011 as the effective date. CMTH changed its trade name to Sumitomo Mitsui Trust Holdings, Inc. ("SMTH").

### 1. Outline of Business Combination

#### (1) Name and Business Content of Acquired Company

Name of acquired company	Chuo Mitsui Trust Holdings, Inc.
Business content	Bank holding company

#### (2) Main Reasons for Business Combination

CMTH and STB aim to create "The Trust Bank," a new trust bank group that, with a combination of significant expertise and comprehensive capabilities, will provide better and swifter comprehensive solutions to their clients than ever before, by combining their personnel, know-how and other managerial resources and fusing both groups' strengths, such as the diversity of the STB group and the agility of the CMTH group.

#### (3) Date of Business Combination

April 1, 2011

#### (4) Legal Form of Business Combination

Share exchange, under which CMTH became the parent company, and STB became the wholly owned subsidiary.

#### (5) Name of Company after Business Combination

Sumitomo Mitsui Trust Holdings, Inc.

#### (6) Acquired Voting Rights Ratio

100%

#### (7) Main Grounds for the Determination of the Acquiring Company

SMTH has adopted ASBJ Statement No.21 "Accounting Standard for Business Combinations" (issued by ASBJ on December 26, 2008) and Implementation Guidance No.10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued by ASBJ on December 26, 2008). According to them, shareholders of STB, which is a wholly owned subsidiary company in the share exchange, hold the majority of voting rights of the company following the business combination. Therefore, it was decided that under the Accounting Standard for the Business Combinations, STB would be the acquiring company, with CMTH as the acquired company.

2. Period of Earnings of the Acquired Company included in the Quarterly Consolidated Statements of Income Described at Acquisition

April 1, 2011 through December 31, 2011

3. Acquisition Cost of the Acquired Company

489,114 million yen

4. Share Exchange Ratio by Type of Share, Calculation Method, and Number of Shares Delivered

(1) Share Exchange Ratio by Type of Share

(a) Common Shares

For each common share of STB, 1.49 shares of common share of SMTH have been allotted and delivered.

(b) Preferred Shares

For each First Series of Class 2 Preferred Shares of STB, one share of the First Series of Class 7 Preferred Shares of SMTH has been allotted and delivered.

(2) Calculation Method of the Share Exchange Ratio

(a) Common Shares

In order to support the respective efforts of CMTH and STB to ensure the fairness of the exchange ratio of common shares ("Common Share Exchange Ratio") for this share exchange, CMTH had requested JP Morgan Securities Japan Co., Ltd. and Nomura Securities Co., Ltd. to perform financial analyses, while STB had requested UBS Securities Japan Ltd. and Daiwa Securities Capital Markets Co., Ltd., to perform similar analyses. Referring to the results of those financial analyses, CMTH and STB, on several occasions, conducted careful negotiations and discussions on the Common Share Exchange Ratio, comprehensively taking into consideration factors such as the financial position, assets, and future prospects of each party. As a result, CMTH and STB have reached the conclusion that the above Common Share Exchange Ratio is appropriate.

(b) Preferred Shares

CMTH and STB had agreed that the terms and conditions of the First Series of SMTH Class 7 Preferred Shares shall be substantially the same as those of the First Series of Class 2 Preferred Shares, and reached the conclusion that the above share exchange ratio for preferred shares is appropriate, after comprehensively taking into consideration the "bond-type" nature of those shares and the fact that there is no market price for the First Series of Class 2 Preferred Shares.

(3) Number of Shares Delivered

(a) Common Shares

2,495,060,141 shares

(b) Preferred Shares

109,000,000 shares

5. Amount of Gain on Negative Goodwill and Reason for Recognizing Negative Goodwill

(1) Amount of Gain on Negative Goodwill

43,431 million yen

(2) Reason for Recognizing Negative Goodwill

Negative goodwill was recognized as the shareholders' equity (deducting minority interest from net of assets and liabilities acquired) exceeded the acquisition cost of acquired company.

6. Amount of Assets Acquired and Liabilities Acquired on Date of Business Combination

(1) Assets

Total Assets	14,158,131 million yen
Loans and Bills Discounted	8,855,145 million yen

(2) Liabilities

Total Liabilities	13,437,699 million yen
Deposits	9,326,751 million yen

(6) Note on Significant Subsequent Events

Pension program transition in conjunction with the merger of consolidated subsidiaries

In conjunction with the merger that will take place on April 1, 2012, three SMTH subsidiaries, CMTB, CMAB, and STB, on January 25, 2012, and January 27, 2012, reached agreements with their employees to transition from their current pension programs to a new pension program incorporating a defined-benefit pension plan, a defined-contribution pension plan, and a lump-sum retirement benefit program, and the application for approval was submitted to the Ministry of Health, Labor and Welfare on January 30, 2012.

For accounting purposes, this transition will be treated as prescribed in "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, January 31, 2002) and in "Practical Solution on Accounting for Transfers between Retirement Benefit Plans" (PITF No. 2, February 7, 2007).