

Sumitomo Mitsui Trust Holdings, Inc. (SMTH)

Financial Results for the Three Months Ended June 30, 2014

[Japanese GAAP](Consolidated)



July 31, 2014

Stock exchange listings:	Tokyo and Nagoya (Code: 8309)
URL:	http://www.smth.jp/en/index.html
Representative:	Kunitaro Kitamura, President
Contact:	Kiyomitsu Asahi, General Manager of Financial Planning Department TEL +81-3-3286-8354
Filing date of quarterly securities report (Scheduled):	August 13, 2014
Payment date of cash dividends (Scheduled):	—
Specific trading accounts:	Established
Explanatory material:	Prepared
Briefing on financial results :	Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

(1) Consolidated Results of Operations (Percentages represent changes from the same period in the previous fiscal year)

Three Months Ended	Ordinary Income		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
June 30, 2014	278,331	(15.8)	66,114	0.8	39,324	0.6
June 30, 2013	330,533	11.5	65,614	(14.8)	39,076	(8.9)

(Note) Comprehensive Income: Three months ended June 30, 2014 ¥90,412 million, 101.8% Three months ended June 30, 2013 ¥44,798 million, —%

Three Months Ended	Net Income per Share of Common Stock	Net Income per Share of Common Stock (Fully Diluted)
	Yen	Yen
June 30, 2014	10.07	10.07
June 30, 2013	10.48	10.48

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Net Assets to Total Assets Ratio
	Millions of Yen	Millions of Yen	%
June 30, 2014	41,658,575	2,478,419	5.1
March 31, 2014	41,889,413	2,441,043	5.0

(Reference) Shareholders' Equity: As of June 30, 2014 ¥2,140,106 million As of March 31, 2014 ¥2,105,375 million

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

2. Cash Dividends per Share of Common Stock

	Annual Cash Dividends per Share of Common Stock				
	Three Months Ended	Six Months Ended	Nine Months Ended	Year-End	Total
Fiscal Year Ended March 31, 2014	—	5.00	—	5.00	10.00
Fiscal Year Ending March 31, 2015	—				
Fiscal Year Ending March 31, 2015 (Forecast)		5.50	—	5.50	11.00

(Note) The latest dividend forecast remains unchanged.

(Note) The dividend information above represents the cash dividends on shares of common stock. For dividends on shares of other classes of stock of SMTH (unlisted) with different rights, please refer to "Cash Dividends on Shares of Other Classes of Stock" stated below.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Percentages represent changes from the same periods in the previous fiscal year)

Six Months Ending	Ordinary Profit		Net Income		Net Income per Share of Common Stock
	Millions of Yen	%	Millions of Yen	%	Yen
September 30, 2014	130,000	4.3	80,000	15.6	19.91
Fiscal Year Ending March 31, 2015	260,000	0.8	150,000	9.0	37.84

(Note) The latest consolidated earnings forecast remains unchanged.

On July 31, 2014, SMTH held a meeting of the Board of Directors and resolved to acquire all of the First Series of Class VII Preferred Shares as of October 1, 2014, the acquisition date.

Accordingly, SMTH calculated Net Income per Share of Common Stock in the consolidated earnings forecast for the fiscal year ending March 31, 2015, by reflecting the effects of the acquisition of these preferred shares.

*** Notes**

(1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2014: None

(2) Specific Accounting Treatments for the Preparation of the Quarterly Consolidated Financial Statements: Yes
(For further details, please refer to "2. Matters Relating to Summary Information (Notes)" on page 2 of Accompanying Materials.)

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

- 1) Changes in accounting policies associated with the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(For further details, please refer to "2. Matters Relating to Summary Information (Notes)" on page 2 of Accompanying Materials.)

(4) Number of Shares Issued (Shares of Common Stock)

- 1) Number of shares issued (including treasury stock)
- 2) Number of treasury stock
- 3) Average number of shares issued for the three months ended

June 30, 2014	3,903,486,408 shares	March 31, 2014	3,903,486,408 shares
June 30, 2014	1,378,961 shares	March 31, 2014	1,359,952 shares
June 30, 2014	3,902,120,513 shares	June 30, 2013	3,725,816,462 shares

Statement Concerning the Status of the Quarterly Review Procedures

These consolidated financial results for the three months ended June 30, 2014 are out of the scope of the quarterly review procedures required by the Financial Instruments and Exchange Act. Therefore, the quarterly review procedures on the quarterly consolidated financial statements have not been completed at the time of disclosure of these consolidated financial results for the three months ended June 30, 2014.

Explanation Concerning the Appropriate Use of the Forecasts for Results of Operations and Other Special Matters

The forecasts for results of operations presented in this report are based on the information currently available to SMTH and certain reasonable assumptions. Actual results may differ significantly from the forecasts due to various factors.

(Cash Dividends on Shares of Other Classes of Stock)

Cash dividends per share of other classes of stock with different rights from shares of common stock are as follows:

Shares of the First Series of Class VII Preferred Stock	Annual Cash Dividends per Share of Common Stock				
	Three Months Ended	Six Months Ended	Nine Months Ended	Year-End	Total
Fiscal Year Ended March 31, 2014	Yen —	Yen 21.15	Yen —	Yen 21.15	Yen 42.30
Fiscal Year Ending March 31, 2015	—				
Fiscal Year Ending March 31, 2015 (Forecast)		21.15	—	—	21.15

(Note) The latest dividend forecast has changed.

(Revision to the forecast)

Shares of the First Series of Class VII Preferred Stock	Annual Cash Dividends per Share of Common Stock				
	Three Months Ended	Six Months Ended	Nine Months Ended	Year-End	Total
(A) Previous forecast (announced on May 14, 2014)	Yen —	Yen 21.15	Yen —	Yen 21.15	Yen 42.30
(B) Revised forecast	—	21.15	—	—	21.15
(C) Changes (B)-(A)	—	—	—	(21.15)	(21.15)

(Reason for revision)

On July 31, 2014, SMTH held a meeting of the Board of Directors and resolved to acquire all of the First Series of Class VII Preferred Shares as of October 1, 2014, the acquisition date. As a result of the acquisition, SMTH revised the forecast of cash dividends per share of other classes of stock with different rights from shares of common stock for the fiscal year ending March 31, 2015.

For further details, please refer to page 8, "3. Consolidated Financial Statements (5) Note on Significant Subsequent Events" of Accompanying Materials.

[Accompanying Materials]

Table of Contents

<u>1. Qualitative Information Related to the Quarterly Consolidated Financial Statements</u>	-----	2
(1) Qualitative Information Related to the Consolidated Results of Operations	-----	2
(2) Qualitative Information Related to the Consolidated Financial Position	-----	2
(3) Qualitative Information Related to the Consolidated Earnings Forecasts	-----	2
<u>2. Matters Relating to Summary Information (Notes)</u>	-----	2
(1) Specific Accounting Treatments for the Preparation of the Quarterly Consolidated Financial Statements	-----	2
(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements	-----	2
<u>3. Consolidated Financial Statements</u>	-----	3
(1) Consolidated Balance Sheets	-----	3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	-----	5
Consolidated Statements of Income	-----	5
Consolidated Statements of Comprehensive Income	-----	6
(3) Note on Going Concern Assumptions	-----	7
(4) Note on Significant Change in Total Shareholders' Equity	-----	7
(5) Note on Significant Subsequent Events	-----	8

1. Qualitative Information Related to the Quarterly Consolidated Financial Statements

(1) Qualitative Information Related to the Consolidated Results of Operations

For the three months ended June 30, 2014, Net Business Profit before Credit Costs (Note) decreased by ¥15.0 billion year on year to ¥56.0 billion. This was primarily due to a decrease in market-related revenues of Sumitomo Mitsui Trust Bank, Limited (SMTB).

On the other hand, Ordinary Profit increased by ¥0.4 billion year on year to ¥66.1 billion due to improvements in total credit costs and net gains/losses on stocks.

Net Income increased by ¥0.2 billion year on year to ¥39.3 billion, which represents approximately 26% of the consolidated earnings forecasts for the fiscal year 2014. There was a positive effect from a change in the example categories of SMTB under the practical guidelines for tax effect accounting, while SMTB posted banking IT system integration costs as Extraordinary Losses.

(Note) For further details of Net Business Profit before Credit Costs, please refer to the "Explanatory Material / 1st Quarter of Fiscal Year 2014 ended on June 30, 2014."

(2) Qualitative Information Related to the Consolidated Financial Position

As of June 30, 2014, consolidated Total Assets decreased by ¥230.8 billion to ¥41,658.5 billion and consolidated Total Net Assets increased by ¥37.3 billion to ¥2,478.4 billion from the end of the previous fiscal year.

In particular, Loans and Bills Discounted decreased by ¥312.9 billion to ¥23,511.1 billion, Securities decreased by ¥672.8 billion to ¥5,091.5 billion and Deposits increased by ¥131.9 billion to ¥24,255.2 billion from the end of the previous fiscal year.

(3) Qualitative Information Related to the Consolidated Earnings Forecasts

There are no changes to the consolidated earnings forecasts for the fiscal year ending March 31, 2015 (Ordinary Profit: ¥260.0 billion, Net Income: ¥150.0 billion), which were announced on May 14, 2014.

2. Matters Relating to Summary Information (Notes)

(1) Specific Accounting Treatments for the Preparation of the Quarterly Consolidated Financial Statements

(Income tax expenses)

Income tax expenses of certain consolidated subsidiaries are calculated by reasonably estimating the effective tax rate based on the expected income before income tax (net of the effects of deferred taxes) for the fiscal year to which the three-month period pertains, and multiplying income before income tax for the three-month period by the estimated effective tax rate.

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

(Changes in Accounting Policy)

(Application of Accounting Standard for Retirement Benefits)

SMTH applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) (the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012) (the "Guidance") at the end of the fiscal year ended March 31, 2014, specifically items prescribed at paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance. In accordance with the Accounting Standard and the Guidance, SMTH reviewed the calculation methods for defined benefit obligations and service cost, and revised the methods to attribute retirement benefits to periods of service under the plan's benefit formula for both SMTB and some consolidated subsidiaries. Previously, SMTB applied a point basis and the consolidated subsidiaries applied a straight-line basis. In addition, SMTB and other consolidated subsidiaries changed the method of determining the discount rate to a method that applies a single weighted average discount rate reflecting the estimated amount of benefit payments, in principle.

For the application of the Accounting Standard and the Guidance, SMTH adopted the transitional provision at paragraph 37 of the Accounting Standard, recording the amounts of the change in the calculation methods for defined benefit obligations and service cost by adjusting Retained Earnings at the beginning of the three months ended June 30, 2014.

As a result, Assets for Retirement Benefits decreased by ¥46,709 million, Liabilities for Retirement Benefits increased by ¥1,036 million, and Retained Earnings decreased by ¥30,729 million as of the beginning of the three months ended June 30, 2014. The effects to Ordinary Profit and Income before Income Taxes and Minority Interests for the three months ended June 30, 2014, are immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
Assets:		
Cash and Due from Banks	6,916,949	8,034,128
Call Loans and Bills Bought	651,552	702,738
Receivables under Resale Agreements	88,069	88,136
Receivables under Securities Borrowing Transactions	289,377	301,685
Monetary Claims Bought	936,435	647,091
Trading Assets	537,029	598,022
Money Held in Trust	13,344	13,336
Securities	5,764,450	5,091,569
Loans and Bills Discounted	23,824,035	23,511,129
Foreign Exchanges	12,114	10,309
Lease Receivables and Investment Assets	540,204	532,387
Other Assets	1,333,355	1,120,687
Tangible Fixed Assets	229,583	227,699
Intangible Fixed Assets	210,536	186,419
Assets for Retirement Benefits	150,153	108,569
Deferred Tax Assets	17,128	16,404
Customers' Liabilities for Acceptances and Guarantees	485,384	564,251
Allowance for Loan Losses	(110,289)	(95,992)
Total Assets	41,889,413	41,658,575
Liabilities:		
Deposits	24,123,328	24,255,287
Negotiable Certificates of Deposit	5,100,179	5,660,725
Call Money and Bills Sold	200,005	163,617
Payables under Repurchase Agreements	1,291,641	823,485
Trading Liabilities	214,104	215,801
Borrowed Money	1,906,117	1,905,971
Foreign Exchanges	124	126
Short-term Bonds Payable	904,882	1,001,044
Bonds Payable	1,057,772	980,005
Borrowed Money from Trust Account	2,941,748	2,644,053
Other Liabilities	1,139,718	882,296
Provision for Bonuses	15,415	4,024
Provision for Directors' Bonuses	255	60
Liabilities for Retirement Benefits	11,311	11,911
Provision for Reimbursement of Deposits	3,917	3,917
Provision for Contingent Losses	8,800	8,911
Deferred Tax Liabilities	39,705	50,707
Deferred Tax Liabilities for Land Revaluation	3,954	3,954
Acceptances and Guarantees	485,384	564,251
Total Liabilities	39,448,370	39,180,155

(Continued)

	(Millions of Yen)	
	As of March 31, 2014	As of June 30, 2014
Net Assets:		
Capital Stock	261,608	261,608
Capital Surplus	754,267	754,267
Retained Earnings	886,491	873,270
Treasury Stock	(591)	(599)
Total Shareholders' Equity	1,901,775	1,888,546
Valuation Differences on Available-for-Sale Securities	229,637	281,620
Deferred Losses on Hedges	(12,585)	(16,310)
Revaluation Reserve for Land	(5,761)	(5,761)
Foreign Currency Translation Adjustment	7,343	5,769
Adjustments for Retirement Benefits	(15,033)	(13,757)
Total Accumulated Other Comprehensive Income	203,599	251,559
Subscription Rights to Shares	47	55
Minority Interests	335,620	338,258
Total Net Assets	2,441,043	2,478,419
Total Liabilities and Net Assets	41,889,413	41,658,575

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

(Millions of Yen)

	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2014
Ordinary Income:	330,533	278,331
Trust Fees	24,618	26,059
Interest Income:	85,748	85,819
Interest on Loans and Discounts	59,431	62,590
Interest and Dividends on Securities	23,205	18,221
Fees and Commissions	75,192	73,514
Trading Income	7,717	4,321
Other Ordinary Income	85,493	67,763
Other Income	51,763	20,851
Ordinary Expenses:	264,918	212,216
Interest Expenses:	37,024	30,203
Interest on Deposits	17,162	16,420
Fees and Commissions Payments	16,815	17,355
Trading Expenses	530	18
Other Ordinary Expenses	61,734	61,412
General and Administrative Expenses	98,699	98,846
Other Expenses	50,114	4,380
Ordinary Profit	65,614	66,114
Extraordinary Income:	218	0
Gains on Disposal of Fixed Assets	218	0
Extraordinary Losses:	240	24,716
Losses on Disposal of Fixed Assets	224	467
Impairment Losses	15	129
Other Extraordinary Losses	—	24,119
Income before Income Taxes and Minority Interests	65,593	41,397
Income Taxes:	21,692	(1,040)
Current	5,454	3,043
Deferred	16,238	(4,083)
Income before Minority Interests	43,900	42,438
Minority Interests in Income	4,823	3,113
Net Income	39,076	39,324

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2014
Income before Minority Interests	43,900	42,438
Other Comprehensive Income (Loss) :	898	47,974
Valuation Differences on Available-for-Sale Securities	(9,081)	51,617
Deferred Gains (Losses) on Hedges	3,364	(1,736)
Foreign Currency Translation Adjustments	3,259	(1,263)
Adjustments for Retirement Benefits	—	1,312
Attributable to Equity Method Affiliates	3,354	(1,955)
Comprehensive Income:	44,798	90,412
Comprehensive Income Attributable to Owners of the Parent	39,895	87,284
Comprehensive Income Attributable to Minority Interests	4,902	3,128

(3) Note on Going Concern Assumptions

There is no applicable information.

(4) Note on Significant Change in Total Shareholders' Equity

There is no applicable information.

(5) Note on Significant Subsequent Events

(Acquisition and Cancellation of the First Series of Class VII Preferred Stock)

The Board of SMTH's Directors resolved at the meeting held on July 31, 2014 to acquire all of the shares of its First Series of Class VII Preferred Stock pursuant to Article 19, paragraph 2 of the Articles of Incorporation of SMTH and section 7 of the terms and conditions of such preferred stock, on the condition that interim dividend (JPY 21.15 per share) will be paid on such shares in advance, and to cancel all of the shares to be acquired, if so acquired, pursuant to the provision of Article 178 of the Companies Act.

1. Details of Acquisition

(1)	Class of Shares to be Acquired	:First Series of Class VII Preferred Stock
(2)	Total Number of Shares to be Acquired	:109,000,000 shares
(3)	Acquisition Price	:JPY 1,000.06 per share (Note)
(4)	Total Amount of Acquisition	:JPY 109,006,540,000
(5)	Acquisition Date	:October 1, 2014

(Note) (i) 1,000 yen + (ii) 0.06 yen

where:

(i) The amount paid in per share of the preferred stock.

(ii) The amount of the deemed accrued dividend (21.21 yen* - 21.15 yen**)

*21.21 yen (calculated as follows: rounded off to the third decimal point):

42.30 yen (the annual amount of preferred dividend per share) x 183 days (the number of days during the period from and including April 1, 2014 up to and including September 30, 2014) / 365 days

**21.15 yen: The amount of interim dividend per share to be paid in advance on the acquisition date.

2. Details of Cancellation

(1)	Class of Shares to be Cancelled	:First Series of Class VII Preferred Stock
(2)	Total Number of Shares to be Cancelled	:109,000,000 shares
(3)	Effective Date	:October 1, 2014
(4)	Cancellation is conditional on SMTH's acquisition of all of the First Series of Class VII Preferred Stock as described in 1. above.	