



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Investor Meeting on Financial Results for 1HFY2013

November 19, 2013

# Table of Contents

---

1. Financial results and financial condition of 1HFY2013
2. Forecast for FY2013
3. Business initiatives in 2HFY2013
4. Balance sheet
5. Status of capital, financial and capital policies
6. <Supplement 1> Credit portfolio
7. <Supplement 2> Financial results and related information
8. <Supplement 3> Performance by Business Sections

## Definitions of terms in this document

Consolidated : Sumitomo Mitsui Trust Holdings (Consolidated)

Non-consolidated : Sumitomo Mitsui Trust Bank (Non-consolidated)

CMTB :Former Chuo Mitsui Trust and Banking, CMAB :Former Chuo Mitsui Asset Trust and Banking , STB :Former Sumitomo Trust and Banking

Figures before FY2010 in consolidated: Former Chuo Mitsui Trust Holdings (Consolidated) + STB (Consolidated)

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

# Overviews

## Consolidated financial results

Net business profit before credit cost exceeded the forecast due primarily to the recovery in fee income in strategic business areas

Total credit costs resulted in the reversal, and net income made steady progress

Net business profit before credit costs

Net income

Results  
[ comparison with 1HFY2013 forecast ]

¥139.4bn [ +¥14.4bn ]

¥69.2bn [ +¥9.2bn ]

## Strategic business areas

Total sales volume made steady progress due to the favorable result of discretionary investments sales despite the market correction phase in addition to the recovery in insurance sales

Asset under management showed steady increases due primarily to the increase in fair value

Revenue from real estate business substantially increased due to the successful measures to enhance the capability to capture buy/sell information along with the market recovery

Net fees and commissions ratio showed further improvement by capturing the favorable condition

Investment trust and insurance sales

AUM  
(group companies total)

Revenue from real estate business  
(Non-consolidated)

Net fees and commissions ratio  
(Consolidated)

Results of 1HFY2013

¥981.9bn  
[ +62% from 1HFY2012 ]

¥67.2tn  
[ +¥3.8tn from Mar. 2013 ]

¥12.9bn  
[ +62% from 1HFY2012 ]

52.7%  
[ +9.4% from 1HFY2012 ]

## Financial strength

Reduction of shareholdings made steady progress

Common Equity Tier 1 ratio significantly improved through the accumulation of retained earnings and the disposal of treasury stocks, etc.

Reduction of shareholdings  
(Consolidated)

Common Equity Tier 1 capital ratio

¥35.0bn

8.24% [ +1.76% from Mar. 2013 ]  
Pro forma (Fully-loaded basis)

# Financial results and financial condition of 1HFY2013

# Financial results 1HFY2013 : Consolidated

- ▶ Net business profit before credit costs: DOWNS ¥8.2bn to ¥139.4bn YoY  
The decrease in market-related profit (non-consolidated) exceeded the contribution of group companies mainly in fee businesses.
- ▶ Net income: UP ¥8.4bn to ¥69.2bn YoY owing mostly to improved net gains on stocks.

(Billions of yen)	1HFY2012	1HFY2013	Change
Net business profit before credit costs	147.7	139.4	(8.2)
(Contribution of group companies before consolidated adjustments)	24.2	31.5	7.2
Gross business profit	323.0	325.5	2.5
Net interest income and related profit	117.9	112.7	(5.2)
Net fees and commissions and related profit	140.1	171.7	31.6
Net other operating profit	60.5	29.2	(31.2)
General and administrative expenses	(184.5)	(196.7)	(12.2)
Net non-recurring profit, etc.	(33.6)	(4.1)	29.4
Ordinary profit	104.8	124.5	19.7
Extraordinary profit	(7.0)	(1.1)	5.9
Income before income taxes	97.7	123.4	25.7
Total income taxes	(26.9)	(44.5)	(17.5)
Net income	60.7	69.2	8.4
Total credit costs	4.3	6.5	2.1
Net gains on stocks	(33.5)	(11.3)	22.1
(Difference from non-consolidated)	10.2	(3.3)	(13.5)
Return on shareholders' equity	6.74%	7.98%	1.24%
Dividend on common share (Interim dividend) (Yen)	4.25	5.00	0.75
Net assets per common shares (BPS) (Yen)	409.76	501.33	91.57

## < Net business profit before credit costs(\*) >

- (1) Non-consolidated: ¥104.5bn
  - (2) Group companies: ¥31.5bn
  - (3) Effect of purchase accounting method: ¥(0.7)bn
- (\*) Adjustments of elimination of dividends from subsidiaries, etc. were added to the sum of (1), (2) and (3)

## < Major factors (change from 1HFY2012) >

- (1) Net business profit before credit costs: ¥(8.2)bn  
Non-consolidated: ¥(9.2)bn [¥113.8bn → ¥104.5bn]  
Group companies: +¥7.2bn [¥24.2bn → ¥31.5bn]  
Effect of purchase accounting method: ¥(5.3)bn  
[¥4.6bn → ¥(0.7)bn ]
- (2) Contribution of group companies before consolidated adjustments: +¥7.2bn  
•Nikko Asset Management: +¥2.3bn  
•Sumitomo Mitsui Trust Realty: +¥2.2bn  
•SBI Sumishin Net Bank: +¥1.5bn, etc.

## < Changes from 1HFY2012 excluding effects of purchase accounting method >

- (1) Net business profit before credit costs: ¥(2.9)bn  
[¥143.1bn → ¥140.1bn]
- (2) Ordinary profit: +¥35.6bn [¥85.1bn → ¥120.7bn]
- (3) Net income: +¥15.5bn [¥51.1bn → ¥66.7bn]

# Financial results 1HFY2013 : Non-consolidated

- ▶ Net business profit before credit costs: DOWN ¥9.2bn to ¥104.5bn YoY  
Net fees and commissions increased by 31%.  
Market-related profit decreased mostly in net gains on bonds.
- ▶ Net income: UP ¥14.7bn to ¥56.2bn YoY  
Net gains on stocks improved and the costs related to the Management Integration decreased.

(Billions of Yen)	1HFY2012	1HFY2013	Change
Net business profit before credit costs	113.8	104.5	(9.2)
Gross business profit	233.9	229.3	(4.5)
Net interest income and related profit	109.0	104.8	(4.2)
Net fees and commissions and related profit	78.2	95.9	17.7
Net fees and commissions	38.9	51.1	12.2
Net trading profit	4.4	11.8	7.3
Net other operating profit	42.2	16.7	(25.4)
Net gains on bonds	38.6	9.8	(28.7)
General and administrative expenses	(120.0)	(124.7)	(4.7)
Total credit costs	3.0	4.0	0.9
Other non-recurring profit	(54.5)	(18.3)	36.2
Net gains on stocks	(43.7)	(8.0)	35.7
Losses on devaluation of stocks	(50.2)	(1.2)	48.9
Amortization of net actuarial losses	(10.7)	(9.1)	1.6
Ordinary profit	62.3	90.2	27.8
Extraordinary profit	(8.5)	(1.2)	7.3
Income before income taxes	53.8	89.0	35.2
Total income taxes	(12.3)	(32.8)	(20.4)
Net income	41.4	56.2	14.7

< Major factors (change from 1HFY2012) >

- (1) Net interest income and related profit: ¥(4.2)bn
  - Net interest income ¥(4.3)bn  
[¥105.2bn → ¥100.9bn]
  - Loan-deposit margin +¥2.4bn  
[¥78.2bn → ¥80.6bn]
  - Income from securities +¥1.6bn  
[¥48.9bn → ¥50.5bn]
  - Income/expense in swaps ¥(9.4)bn  
[¥1.2bn → ¥(8.2)bn]
- (2) Net fees and commissions and related profit: +¥17.7bn
  - Investment trust / Insurance related profit +¥6.9bn  
[¥21.0bn → ¥28.0bn]
  - Real estate brokerage fees +¥5.8bn  
[¥4.0bn → ¥9.8bn]
- (3) Net gains on bonds: ¥(28.7)bn
  - Domestic bonds ¥(7.5)bn [¥6.8bn → ¥(0.7)bn]
  - Foreign bonds ¥(21.1)bn [¥31.8bn → ¥10.6bn]
- (4) Costs related to the Management Integration: +¥3.4bn [¥(6.0)bn → ¥(2.6)bn]  
Posted as other non-recurring item from FY2013 instead of extraordinary item

## Contribution of major group companies / Effects of purchase accounting method

- ▶ Contribution to net business profit before credit costs: UP 30% to ¥31.5bn YoY
- ▶ Contribution to net income: UP 21% to ¥21.2bn YoY
- ▶ Contribution increased by Nikko Assets Management, Sumitomo Mitsui Trust Realty and SBI Sumishin Net Bank Ltd, etc.

(Billions of Yen)	Net business profit before credit costs			Net income			Goodwill as of Sep. 2013	
	1HFY2012	1HFY2013	Change	1HFY2012	1HFY2013	Change	Amortization amount	Outstanding balance
Consolidation difference	33.8	34.8	1.0	19.2	13.0	(6.2)	(4.9)	109.1
Effect of purchase accounting method	4.6	(0.7)	(5.3)	9.5	2.4	(7.1)	---	---
Contribution (before consolidated adjustments) (*1)	24.2	31.5	7.2	17.5	21.2	3.7	(4.9)	109.1
Nikko Asset Management (Consolidated)	3.3	5.6	2.3	1.6	2.7	1.0	(*2) (2.5)	(*2) 58.4
Sumitomo Mitsui Trust Realty	(0.4)	1.7	2.2	0.1	1.0	0.9	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	5.6	5.2	(0.3)	4.0	4.4	0.3	(0.1)	0.3
Sumitomo Mitsui Trust Loan & Finance	3.6	4.0	0.3	3.9	4.3	0.4	(1.9)	44.1
SBI Sumishin Net Bank (Consolidated)	1.4	3.0	1.5	0.8	1.7	0.8	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	4.8	5.5	0.6	3.8	3.1	(0.6)	---	---

(\*1)Contribution of group companies (before consolidated 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 the amortization amount (0.4 billion yen) and outstanding balance (2.9 billion yen) of affiliated companies

### < Effects on purchase accounting method >

- ◆ Effects on consolidated financial results for 1HFY2013 decreased significantly to (0.7) billion yen at the level of "Net business profit before credit costs" and 2.4 billion yen at the level of "Net income"
- ◆ Cost burden of amortization of net actuarial losses is reduced due to the posting of losses at the time of management integration

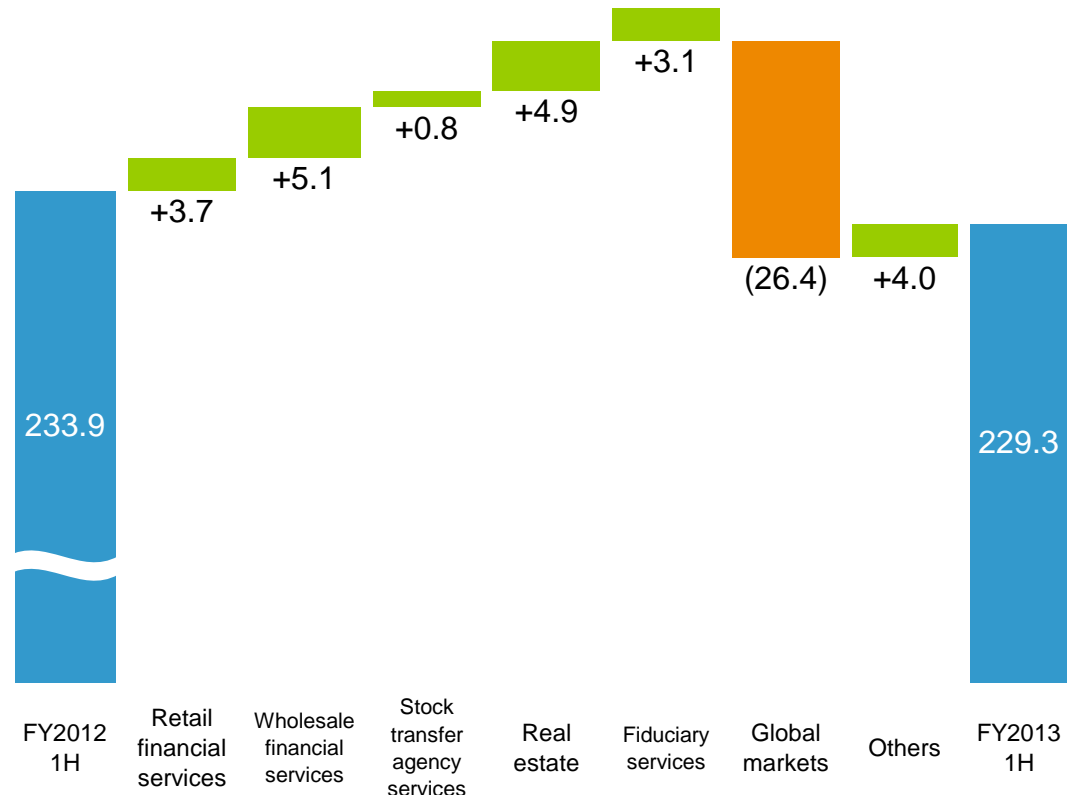
Note: By applying purchase accounting method, differences between consolidated and non-consolidated costs of revaluated (mark to market) assets / liabilities were realized as profit / loss resulting from amortization / accumulation of such assets / liabilities and sales of securities etc.

(Billions of Yen)	1HFY 2012	1HFY 2013	Change
Amortization / Accumulation of loans and bills discounted, bonds and deposits, etc.	0.3	(0.4)	(0.7)
Effects of sales of bonds, etc.	4.2	(0.2)	(4.5) (*3)
Effect on net business profit before credit costs	4.6	(0.7)	(5.3)
Cancellation of amortization of net actuarial losses	5.2	6.3	1.0
Effects of sales / cancellation of devaluation of stocks, etc.	9.8	(1.7)	(11.6) (*3)
Effect on ordinary profit	19.7	3.8	(15.8)
Effect on extraordinary profit	(0.0)	0.0	0.0 (*3)
Effect on income before income taxes	19.7	3.9	(15.8)
Tax effects on the above items	(10.1)	(1.4)	8.7
Effect on net income	9.5	2.4	(7.1)

## Breakdown of profit by business: Non-consolidated

- ▶ Gross business profit: DOWN ¥4.5bn to ¥229.3bn YoY  
Global markets decreased, while revenue from all the other business sections increased.
- ▶ Retail financial services : UP ¥3.7bn to ¥69.8bnYoY  
Sales fees of investment trust / insurance made favorable progress, while the income from deposit decreased according to the decline in interest rate.
- ▶ Real estate business: Approx. 1.6 times of profit YoY  
Significant increase in real estate brokerage fees in 2QFY2013
- ▶ Global markets decreased by ¥26.4bn due primarily to the decrease in net gains on bonds.

(Billions of yen)	Gross business profit (Non-consolidated)		
	1HFY2012	1HFY2013	Change
Retail financial services	66.0	69.8	3.7
Wholesale financial services	55.2	60.4	5.1
Stock transfer agency services	8.3	9.1	0.8
Gross business profit	15.9	15.6	(0.3)
Fees paid for outsourcing	(7.6)	(6.4)	1.1
Real estate	8.0	12.9	4.9
Fiduciary services	28.0	31.2	3.1
Gross business profit	41.2	45.0	3.8
Fees paid for outsourcing	(13.1)	(13.8)	(0.6)
Global markets	71.1	44.6	(26.4)
Others	(2.9)	1.0	4.0
<b>Total</b>	<b>233.9</b>	<b>229.3</b>	<b>(4.5)</b>



Note : Figures for "Others" include costs of capital funding, dividends of shares for cross shareholdings, general and administrative expenses of headquarters, etc.



# Breakdown of net interest income: Non-consolidated

▶ Net interest income: DOWN ¥4.3bn YoY

The deterioration in swaps exceeded the improvement in loan-deposit income and net income from securities.  
Net interest income, excluding one-time effect of the losses from unwinding swaps, etc. stayed almost flat.

▶ Loan-deposit income: UP ¥2.4bn YoY

Positive effect from expansion of loans in international business exceeded the decrease in domestic loan-deposit income

	1HFY2013					
	Average balance	Change from 1HFY2012	Yield	Change from 1HFY2012	Income/Expense	Change from 1HFY2012
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					100.9	(4.3)
Domestic business			0.66%	(0.06%)	89.7	(4.4)
Interest-earning assets	27.13	1.23	1.00%	(0.11%)	136.6	(7.7)
Loans and bills discounted	18.29	0.32	1.00%	(0.11%)	91.9	(8.4)
Securities	4.27	(1.32)	1.61%	0.44%	34.6	1.5
Interest-bearing liabilities	26.89	1.39	0.34%	(0.05%)	(46.9)	3.3
Deposits	21.03	0.28	0.30%	(0.04%)	(32.6)	2.9
International business			0.50%	(0.14%)	11.1	0.0
Interest-earning assets	6.44	2.05	1.38%	(0.18%)	44.7	10.3
Loans and bills discounted	4.00	1.64	1.26%	(0.10%)	25.3	9.1
Securities	1.56	0.07	2.02%	(0.09%)	15.8	0.1
Interest-bearing liabilities	7.58	2.54	0.88%	(0.04%)	(33.6)	(10.2)
Deposits	1.94	0.99	0.41%	(0.18%)	(4.0)	(1.2)
Loan-deposit margin / income			0.73%	(0.06%)	80.6	2.4
Domestic business			0.70%	(0.07%)	59.3	(5.4)
<Reference> Net interest income and related profit					104.8	(4.2)
Trust fees from principal guaranteed trust a/c					3.9	0.0

< Major factors (change from 1HFY2012) >

(1) Securities : +1.6bn [¥48.9bn → ¥50.5bn]

Japanese bonds: ¥(1.7)bn [¥5.4bn → ¥3.6bn]

Stocks: + ¥1.3bn [¥11.6bn → ¥12.9bn]

Foreign bonds: + ¥0.1bn [¥15.7bn → ¥15.8bn]

Others: + ¥3.0bn [¥11.7bn → ¥14.8bn]

Income from cancellation of investment trust: +2.0bn  
[¥7.1bn → ¥9.1bn]

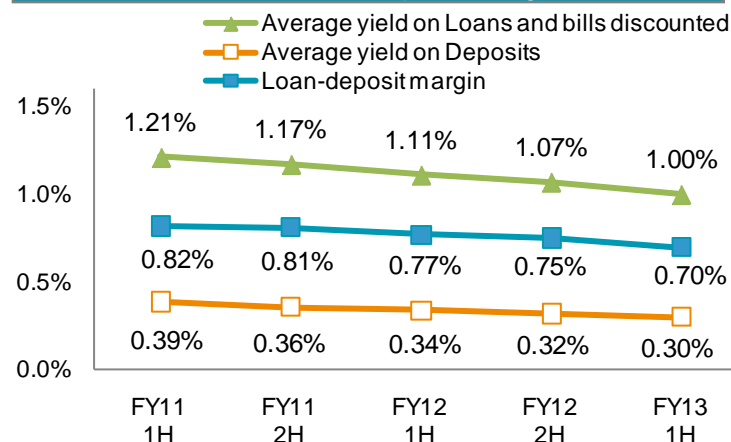
(2) Swaps : ¥(9.4)bn [¥1.2bn → ¥(8.2)bn]

Domestic business ¥(1.3)bn [¥6.7bn → ¥5.3bn]

International business ¥(8.1)bn [¥(5.5)bn → ¥(13.6)bn]

Loss from unwinding swaps related to investment in debt securities ¥(6.0)bn

## Domestic loan-deposit margin



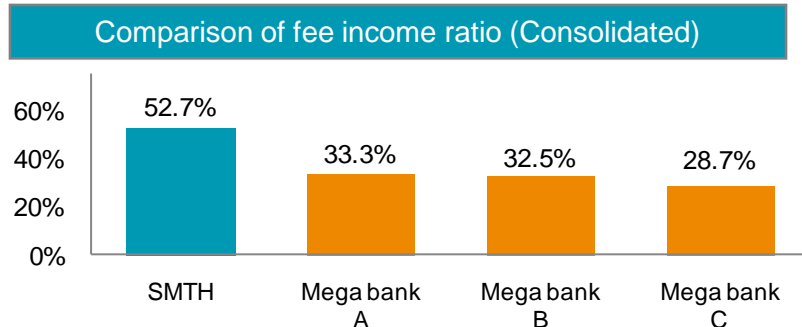
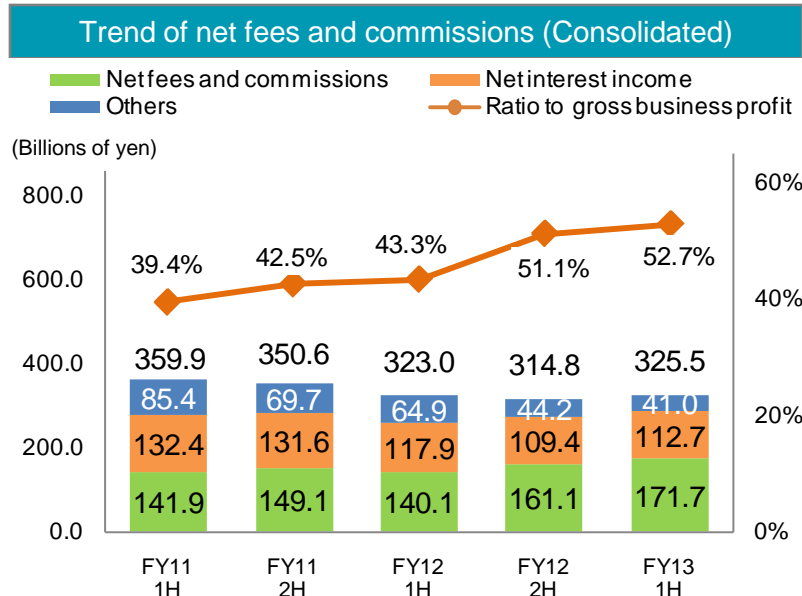
Note: Figures above include only banking a/c, same as the disclosure of 1Q and 3Q.

# Breakdown of net fees and commissions

- ▶ Net fees and commissions and related profit (Non-consolidated): UP ¥17.7bn to ¥95.9bn YoY  
Fees related to investment trust / insurance sales, fiduciary services and real estate increased due to the improvement of investors' sentiment by the depreciation of yen, rise in stock price and the recovery in real estate market.
- ▶ Fee income ratio to gross business profit (Consolidated): UP 9.4 percentage points to 52.7%  
¥31.6bn yen increase in net fees and commissions YoY

(Billions of yen)	Non-consolidated		Consolidated (*)	
	1HFY2013	Change from 1HFY2012	1HFY2013	Change from 1HFY2012
Net fees and commissions and related profit	95.9	17.7	171.7	31.6
(Net fees and commissions)	51.1	12.2	124.2	26.4
(Other trust fees)	44.8	5.5	47.5	5.1
Investment trust and Insurance Sales	28.0	6.9	28.0	6.9
Fiduciary services	31.2	3.1	80.2	11.5
Profit	45.0	3.8	84.8	12.8
Fees paid for outsourcing	(13.8)	(0.6)	(4.5)	(1.3)
Stock transfer agency services	9.1	0.8	17.0	3.2
Profit	15.6	(0.3)	17.0	(0.1)
Fees paid for outsourcing	(6.4)	1.1	-	3.4
Real estate	13.1	5.7	21.6	8.2
Others (Loan arrangement fees, etc.)	14.4	1.1	24.6	1.6
Ratio to gross business profit	41.8%	8.4%	52.7%	9.4%

(\*) Figures are after eliminations of intra-group transactions

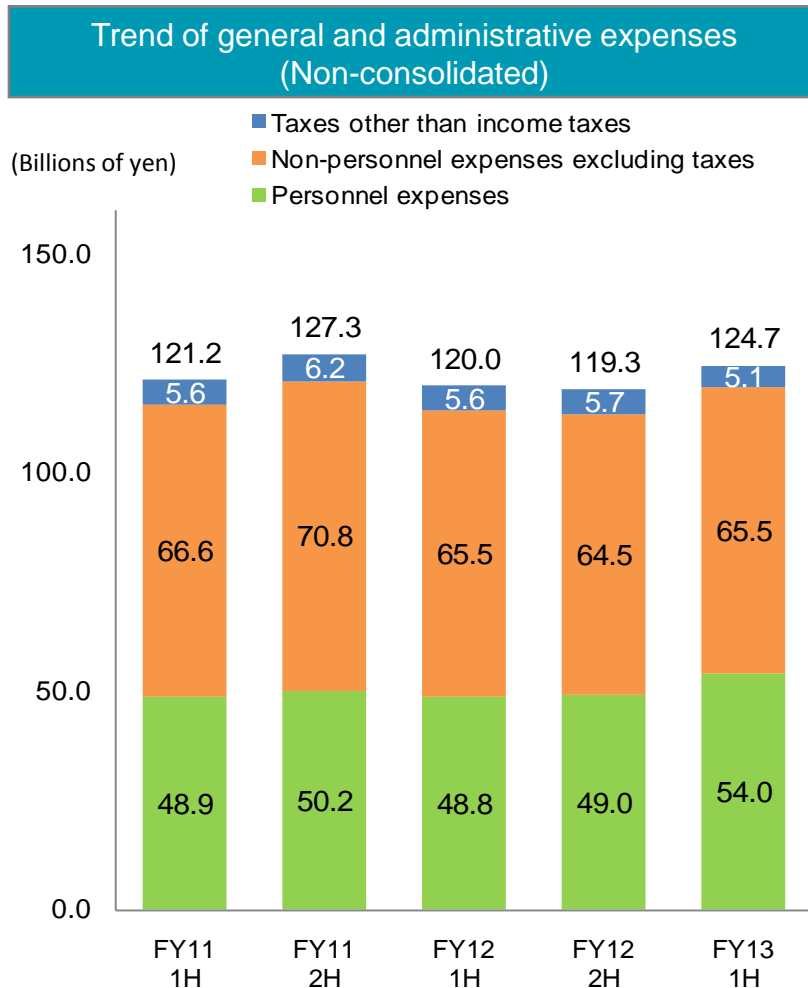


# General and administrative expenses

- ▶ General and administrative expenses (Non-consolidated): UP ¥4.7bn YoY due primarily to the increase in retirement benefit expenses
- ▶ Overhead ratio (Non-consolidated): UP 3.1 percentage points to 54.4% YoY due to the decrease in gross business profit in addition to the above.

(Billions of yen)	Non-consolidated		
	1HFY2012	1HFY2013	Change
Personnel expenses	(48.8)	(54.0)	(5.1)
Salaries etc.	(48.9)	(48.8)	0.0
Retirement benefit expenses	8.0	2.8	(5.2)
Others	(8.0)	(7.9)	0.0
Non-personnel expenses excluding taxes	(65.5)	(65.5)	(0.0)
IT system-related costs	(19.3)	(18.5)	0.7
Others	(46.2)	(46.9)	(0.7)
Taxes other than income taxes	(5.6)	(5.1)	0.4
General and administrative expenses (a)	(120.0)	(124.7)	(4.7)
Overhead ratio ((a) / gross business profit)	51.3%	54.4%	3.1%


(Billions of yen)	(Reference) Consolidated		
	1HFY2012	1HFY2013	Change
Personnel expenses	(85.1)	(91.3)	(6.1)
Non-personnel expenses excluding taxes	(92.7)	(99.3)	(6.5)
Taxes other than income taxes	(6.5)	(6.1)	0.4
General and administrative expenses	(184.5)	(196.7)	(12.2)



# Breakdown of total credit costs and migration analysis

- ▶ Total credit costs (Non-consolidated): reversal of ¥4.0bn  
Posted reversal of allowance for loan losses by the recoveries in clients' financial conditions in addition to the limited occurrence of the new non-performing loans
- ▶ Total credit costs of group companies: reversal of ¥2.5bn  
Posted reversal of allowance for the Great East Japan Earthquake and the recoveries in clients' financial conditions, etc.
- ▶ Loans classified as assets to other special mention debtors or worse decreased by ¥158.7bn from Mar.2013 due to the upgrade of debtors and repayments.

## < Total credit costs >

(Billions of yen)	FY2012		FY2013		Major factors (1HFY2013)
	1H	2H	1H		
Total credit costs (Non-consolidated)	5.3	3.0	2.2	4.0	 Downgrade of debtors: Approx. (1.5) Upgrade of debtors: Approx. +3.0 Decrease in loan balance (including recoveries): Approx. + 2.5, etc.
General allowance for loan losses	7.2	8.1	(0.9)	0.5	
Specific allowance for loan losses	(3.3)	(6.9)	3.5	2.4	
Recoveries of written-off claims	2.9	2.2	0.7	0.8	
Losses on sales of claims, written-off	(1.4)	(0.3)	(1.1)	0.1	
Total credit costs (Group companies)	0.7	1.3	(0.5)	2.5	Sumitomo Mitsui Trust Panasonic Finance : Approx. +2.8, etc.
Total	6.1	4.3	1.7	6.5	

## < Migration analysis (Non-consolidated) >

(Billions of yen)	Mar. 2013	Sep. 2013	Change	Downgrade	Downgrade	Upgrade	Upgrade	Repayment, etc.
	Balance	Balance		(+)	(-)	(+)	(-)	
Bankrupt and practically bankrupt	31.7	11.3	(20.4)	2.1			(16.0)	(6.4)
Doubtful	172.9	135.9	(36.9)	13.5	(1.1)	15.3	(7.8)	(56.9)
Assets to substandard debtors	146.1	142.6	(3.4)	3.6	(2.3)	4.8	(0.9)	(8.7)
Assets to other special mention debtors	588.5	490.6	(97.9)	44.9	(8.8)	4.1	(106.4)	(31.7)
Total	939.1	780.4	(158.7)					

# Forecast for FY2013

# Forecast for FY2013

- ▶ No revision for the forecast of consolidated net business profit before credit costs and net income.
- ▶ The full year dividend on common share is forecasted to be 10 yen per share according to the dividend policy which targets approximately 30% as consolidated dividend payout ratio

< Consolidated >	FY2013		
	1H (Actual)	Full (Forecast)	Change from FY2012
(Billions of yen)			
Net business profit before credit costs	139.4	270.0	(14.6)
Ordinary profit	124.5	230.0	(25.0) (1)
Net income	69.2	130.0	(3.7)
Total credit costs	6.5	(10.0)	(16.1) (2)
Net gains on stocks	(11.3)	(10.0)	(5.7) (3)
Dividend on common share (Yen)	5.00	10.00	+1.00
Consolidated dividend payout ratio	---	31.1%	3.9%

< Non-consolidated >			
Net business profit before credit costs	104.5	205.0	(5.2) (4)
Gross business profit	229.3	455.0	5.3
Retail financial services	69.8	140.0	4.8
Wholesale financial services	60.4	120.0	8.2
Stock transfer agency services	15.6 (*)	30.0	(0.0)
Real estate	12.9	27.0	7.6
Fiduciary services	45.0 (*)	90.0	5.9
Global markets	44.6	90.0	(32.2)
General and administrative expenses	(124.7)	(250.0)	(10.5)
Total credit costs	4.0	(5.0)	(10.3)
Other net non-recurring profit	(18.3)	(25.0)	(0.0)
Ordinary profit	90.2	175.0	(15.6) (5)
Net income	56.2	110.0	4.8 (6)

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

(Stock transfer agency services: 13.0bn yen, Fiduciary services: 28.0bn yen)

## Major factors (Consolidated):

### Change from the initial forecast at the beginning of FY2013

- (1) Ordinary profit : + ¥5.0bn
  - Non-consolidated: + ¥10.0bn [ ¥165.0bn → ¥175.0bn ]
  - Effect of purchase accounting method : ¥(5.0)bn [ ¥15.0bn → ¥10.0bn ]
- (2) Total credit costs: + ¥15.0bn
  - Non-consolidated: + ¥15.0bn [ ¥(20.0)bn → ¥(5.0)bn ]
- (3) Net gains on stocks: ¥(10.0)bn
  - Non-consolidated: ¥(5.0)bn [ ¥0.0bn → ¥(5.0)bn ]
  - Effect of purchase accounting method : ¥(5.0)bn [ ¥0.0bn → ¥(5.0)bn ]

## Major factors (Non-consolidated):

### Change from the initial forecast at the beginning of FY2013

- (4) Net business profit before credit costs : ± ¥0.0bn
  - Gross business profit: + ¥5.0bn [ ¥450.0bn → ¥455.0bn ]
  - Wholesale financial services: + ¥10.0bn [ ¥110.0bn → ¥120.0bn ]
  - Fiduciary services: + ¥2.0bn [ ¥88.0bn → ¥90.0bn ]
  - Global markets: ¥(10.0)bn [ ¥100.0bn → ¥90.0bn ]
  - General and administrative expenses : ¥(5.0)bn [ ¥(245.0)bn → ¥(250.0)bn ]
- (5) Ordinary profit: + ¥10.0bn
  - Total credit costs: + ¥15.0bn [ ¥(20.0)bn → ¥(5.0)bn ]
  - Net gains on stocks: ¥(5.0)bn [ ¥0.0bn → ¥(5.0)bn ]
- (6) Net income: + ¥5.0bn

# Business initiatives in 2HFY2013

# Business initiatives in 2HFY2013

## 1. Enhance the fee-related businesses

Accelerate the restructuring of business model to provide unique added value through enhanced cooperation between business sections

- Enhance the fee-related businesses by strategic personnel reallocation in addition to the product line-up strategy such as expanding discretionary investment (“Wrap”) and insurance-related products, and expanding the future customer base by acquiring NISA clients.
- Enhance Private Banking business and Global investment solutions business as an off-balance sheet business through the cooperation between business sections

## 2. Enhance basic earning power in banking business

Allocate management resources to areas expected to expand profits in the low interest rate environment

- Improve the loan-deposit income by covering the contracting of domestic loan-deposit margins by selective expansion of credit exposure to overseas Japanese companies and non-Japanese companies in addition to the consistent enhancement of residential mortgages
- Improve profitability with efficient risk asset control by providing domestic investors with credit products

## 3. Realize steady integration effects

Steady realization of synergy effects from the merger of subsidiary banks

- Prepare for future cost reduction by the steady progress of banking system integration
- Enhance the sales force by continuous personnel reallocation
- Expand the client base by opening new branches in the uncovered area

## 4. Establish enhanced financial soundness

Control the credit risks and market risks appropriately

Preparation for new Basel regulations

- Control downside risk by maintaining quality of credit portfolio
- Continue ALM operation by considering companywide interest rate risk
- Suppress the volatility risk for capital by further reduction of cross shareholdings
- Control risk weighted assets appropriately and promote suppression of deduction items
- Accelerate the preparations to introduce the Advanced Internal Rating Based approach (AIRB) for the credit risk and the Advanced Measurement Approach (AMA) for the operational risk



# Progress for Management integration

- ▶ Synergy effects in 1HFY2013 : Revenue synergies ¥7.2bn, Cost synergies ¥5.2bn, mostly in line with the initial plan
- ▶ The integration of banking IT system to be completed in FY2014 is progressing smoothly
- ▶ Opening new branches mainly in the uncovered areas along with the reduction of overlapping branches to establish the efficient branch network
- ▶ Reallocated personnel (approximately 260 head counts) in 1HFY2013 mainly to strategic business areas such as Retail financial services. Further enhancing the sales force in 2HFY2013.

## IT system integration

Steady progress toward banking IT system integration in FY2014

Major task for integration

Rehearsal for system migration



Releasing the integrated new system

Branch network strategy

Considering opening new branches in uncovered areas mainly in the metropolitan area



Opening 3 branches (Meguro, Shin-Yurigaoka, Ichikawa)  
→ Expanding the wealthy client base



Integrating the remaining overlapping branches (approximately 20 branches) after the banking IT system integration  
→ Pursuit of the expansion of cost synergies

## Synergy results

(Billions of yen)	1HFY2013 (actual)	FY2013 (plan)
Revenue synergies	7.2	
Retail financial services	2.2	14.0
Wholesale financial services	3.4	
Cost synergies	5.2	11.5

## Status of personnel reallocation

### Status of personnel reallocation in 1HFY2013

[Plan for FY2013]  
Approx. 340 employees to be reallocated  
[Actual in 1HFY2013]  
Approx. 260 employees were reallocated mainly in Retail financial services and Wholesale financial services

### Human resource strategy in 2HFY2013

Reallocating additional approx. 110 head counts mainly to Retail business services or global-related business areas, etc. through the further streamlining of headquarters

Blank

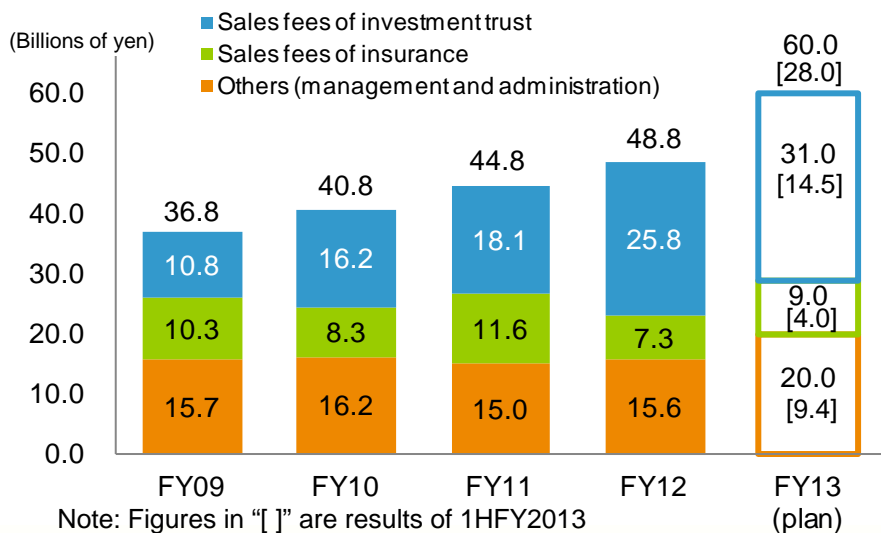
# Strengthen fee businesses 1: Investment trust and insurance sales

- ▶ Sales volume of investment trust and insurance products: UP62% to ¥981.9bn YoY  
Strategic reallocation of personnel and development of products captured the recovery of market condition.
- ▶ Related income: UP ¥6.9bn to ¥28.0bn YoY due primarily to 62% increase in sales fees of investment trust

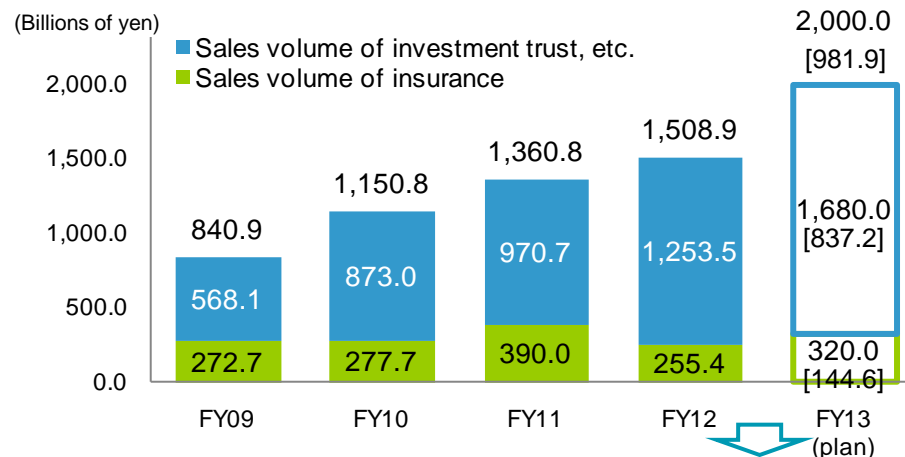
## Income (Non-consolidated)

(Billions of yen)	1HFY2013	Change from 1HFY2012	2HFY2013
	Actual		Plan
Total	28.0	6.9	32.0
Sales fees of investment trust	14.5	5.5	16.5
Sales fees of insurance	4.0	(0.5)	5.5
Others (management and administration)	9.4	1.9	10.0

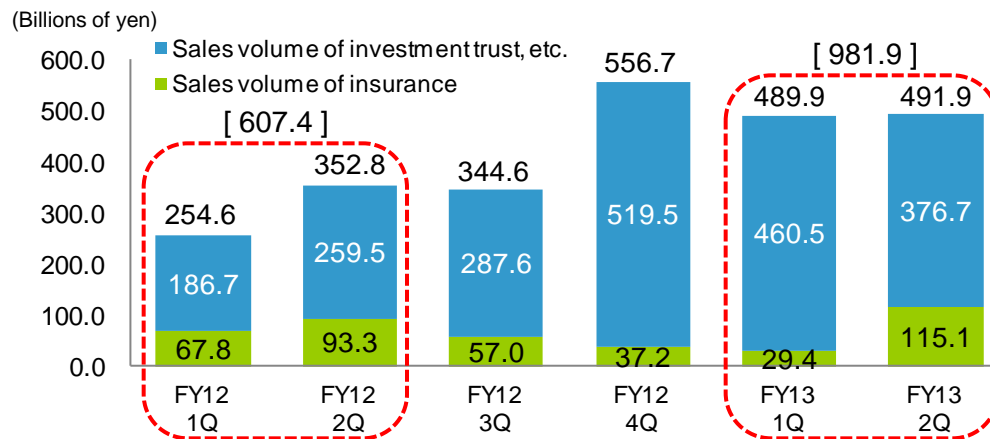
## Trend of Income (Non-consolidated)



## Trend of sales volume



## Trend of sales volume (quarterly)



# Strengthen fee businesses 1: Investment trust and insurance sales (business strategy)

Operating Environment:  
Leaving deflation behind and expecting for inflation, Change in market environment (from risk off to risk on), NISA introduction

## Basic strategy

### “Core & Satellite” strategy

**Core**  
→ Stable asset growth

Fund Wrap / SMA

“Core Wrap”

**Satellite**  
→ Seek for the excess returns capturing the market movement

High yield emerging bond fund, etc.

### Human Resource strategy

- Strategic human resource allocation
- Continuous enhancement of sales know-how mainly by investment product promotion managers

## Measures for 2HFY2013

Expansion of “Wrap Selection”

Expansion of insurance product line-up

“Serenity package”  
Combination of investment and insurance product

Acquisition of NISA clients

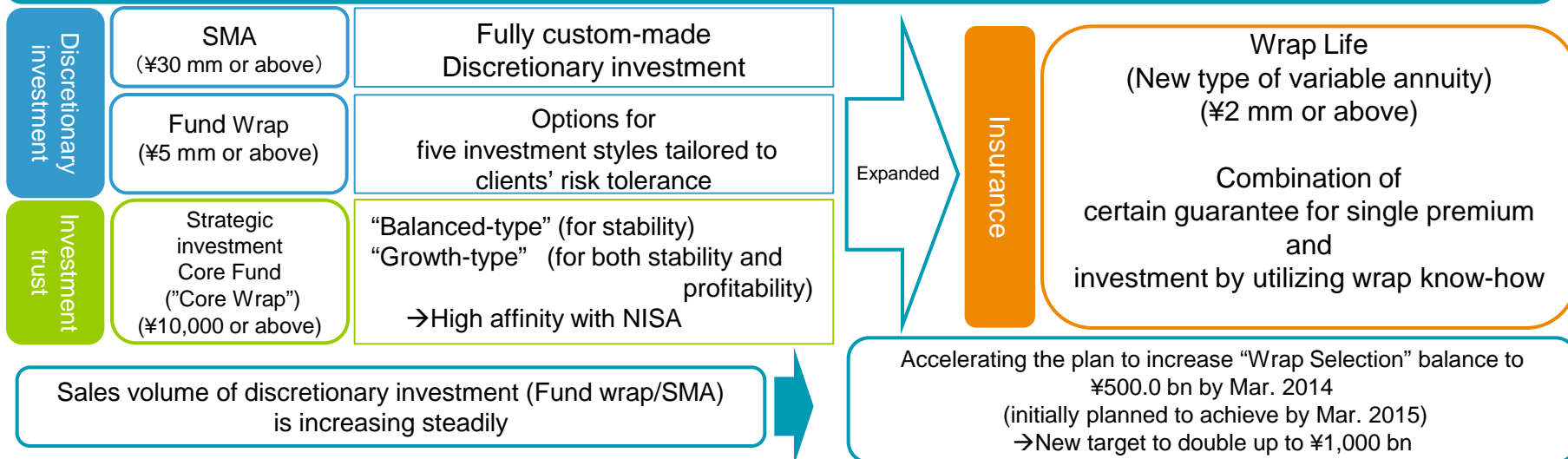
Pursuit of the stable earnings by the increase in balance of investment trust (running fees) in addition to the further expansion of sales volume (up-front fees)

Expansion of client base

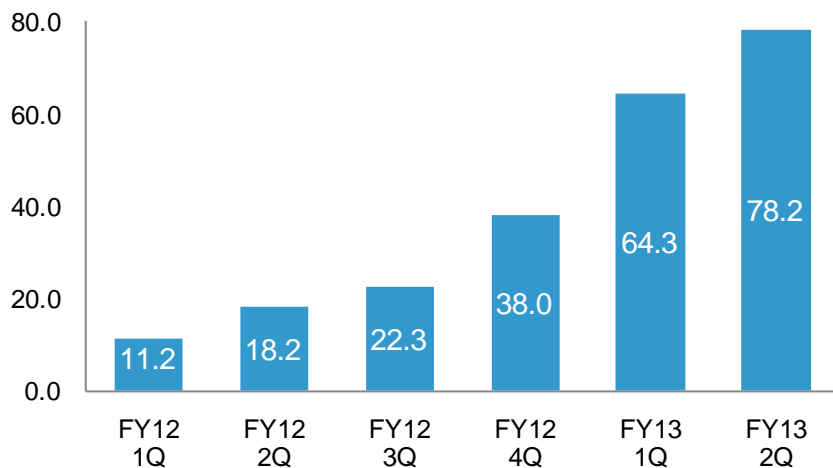
# Strengthen fee businesses 1: Investment trust and insurance sales

(business strategy)

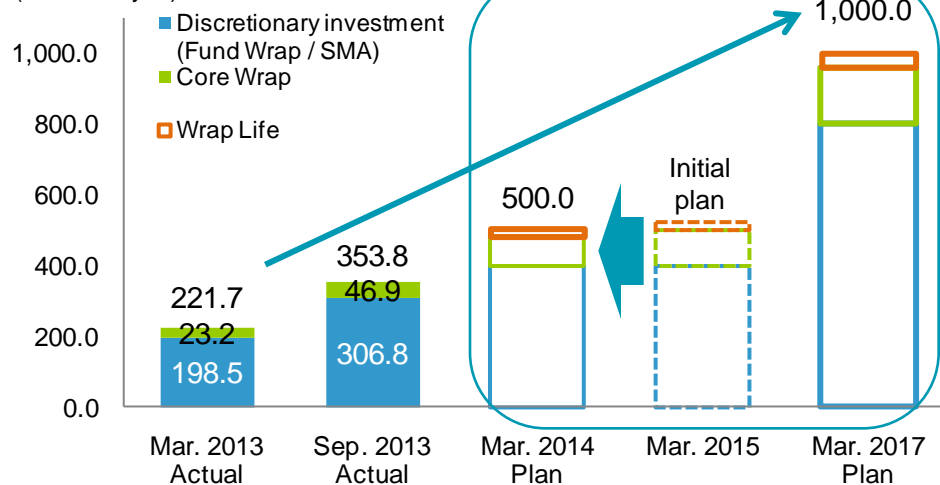
Expansion of "Wrap Selection"  
- Seeking for stable profit by the accumulation of balance -



(Billions of yen) < Sales volume of Fund Wrap / SMA >



(Billions of yen)



# Strengthen fee businesses 1: Investment trust and insurance sales (business strategy)

Expansion of insurance product line-up  
--- Enhancement of the source of stable profit by new products ---

## Current line-up

Variable annuity

Fixed annuity

Lifelong insurance  
(single premium)



Lifelong insurance  
(installment premium)

Starting from  
December 2013

“Serenity package” for investment and insurance product  
--- Acquiring younger client base  
by adding insurance to wrap and NISA accounts ---

## “Lifelong Serenity” package

April 2013

Providing ¥1mm “cancer or care insurance” for each ¥5 mm wrap account

## “Promenade Serenity” package

January 2014

Providing insurance for traffic accident for each ¥500 thousand investment in NISA account

## Acquisition of NISA clients

--- Expansion of client base by acquiring retail clients with no experience in investment ---

## NISA product line-up

### “Core Wrap”

Best for mid-long term investment  
→High affinity with NISA

REIT line-up  
Balanced-type funds  
Cumulative-type funds

Providing various product line-up  
for various client needs

Acquiring clients

## Existing core clients

Clients with  
Investment trust

500 thousand clients  
Investment trust balance:  
¥2 tr

Clients without  
investment trust

1.7 million clients

Utilizing multi-channels:  
website, direct mails,  
seminars

## Non- core clients

Family  
of existing clients  
Campaign for introducing  
new clients

Workplace  
channel

Mortgage loan  
clients

Cross selling for clients  
with other products

## Strengthen fee businesses 2 : Fiduciary services

- ▶ AUM of SMTB and subsidiaries: UP ¥3.8tr from Mar. 2013 due to the increase in fair value and net cash-inflow
- ▶ Related income of SMTB: UP ¥3.1bn YoY due to the increase in fair value of AUM in addition to the increase in AUC such as entrusted investment trust.

### Assets under management (AUM)

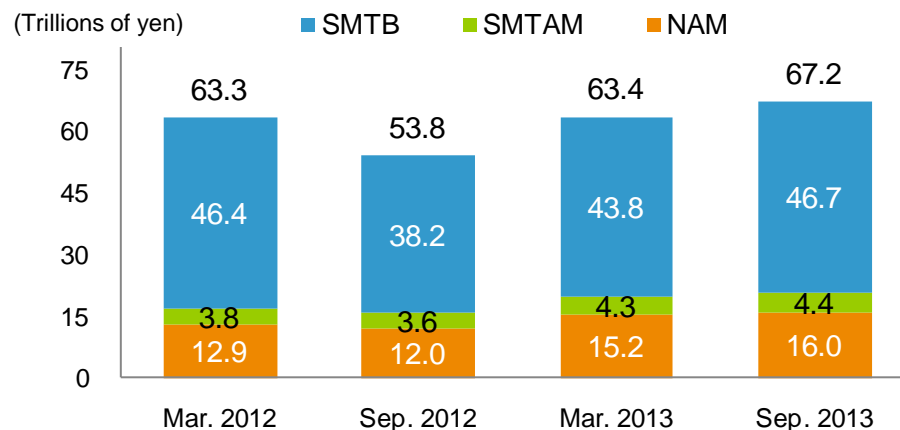
(Trillions of yen)	Mar. 2013 Actual	Sep. 2013 Actual	Change
Assets under management (AUM)	63.4	67.2	3.8
SMTB	43.8	46.7	2.9
Corporate pension trust	14.9	15.5	0.5
Public pension trust	9.5	10.3	0.7
Discretionary investment	19.3	20.9	1.6
Subsidiaries	19.5	20.4	0.9
Sumitomo Mitsui Trust Asset Management	4.3	4.4	0.1
Nikko Asset Management	15.2	16.0	0.7

### Income

(Billions of yen)	1HFY2013 Actual	Change from 1HFY2012	< Reference > FY2012
SMTB	31.2	3.1	57.0
Gross business profit	45.0	3.8	84.0
Fees paid out for outsourcing	(13.8)	(0.6)	(27.0)
Group companies (Net business profit) (*1)	8.0	2.8	12.6
Sumitomo Mitsui Trust Asset Management	1.4	0.8	1.5
Nikko Asset Management	5.6	2.3	7.9

(\*1) Contribution to consolidated

### Assets under management (AUM) by company



USD/ JPY	82.15	77.60	93.99	97.75
TOPIX	854.35	737.42	1,034.71	1,194.10

### Assets under custody (AUC)

(Trillions of yen) (Billions of USD)	Mar. 2013 Actual	Sep. 2013 Actual	Change
Domestic entrusted assets (*2)	180	188	8
Global custody assets (*3)	254.7	258.1	3.4
Fund administration	19.8	18.3	(1.4)

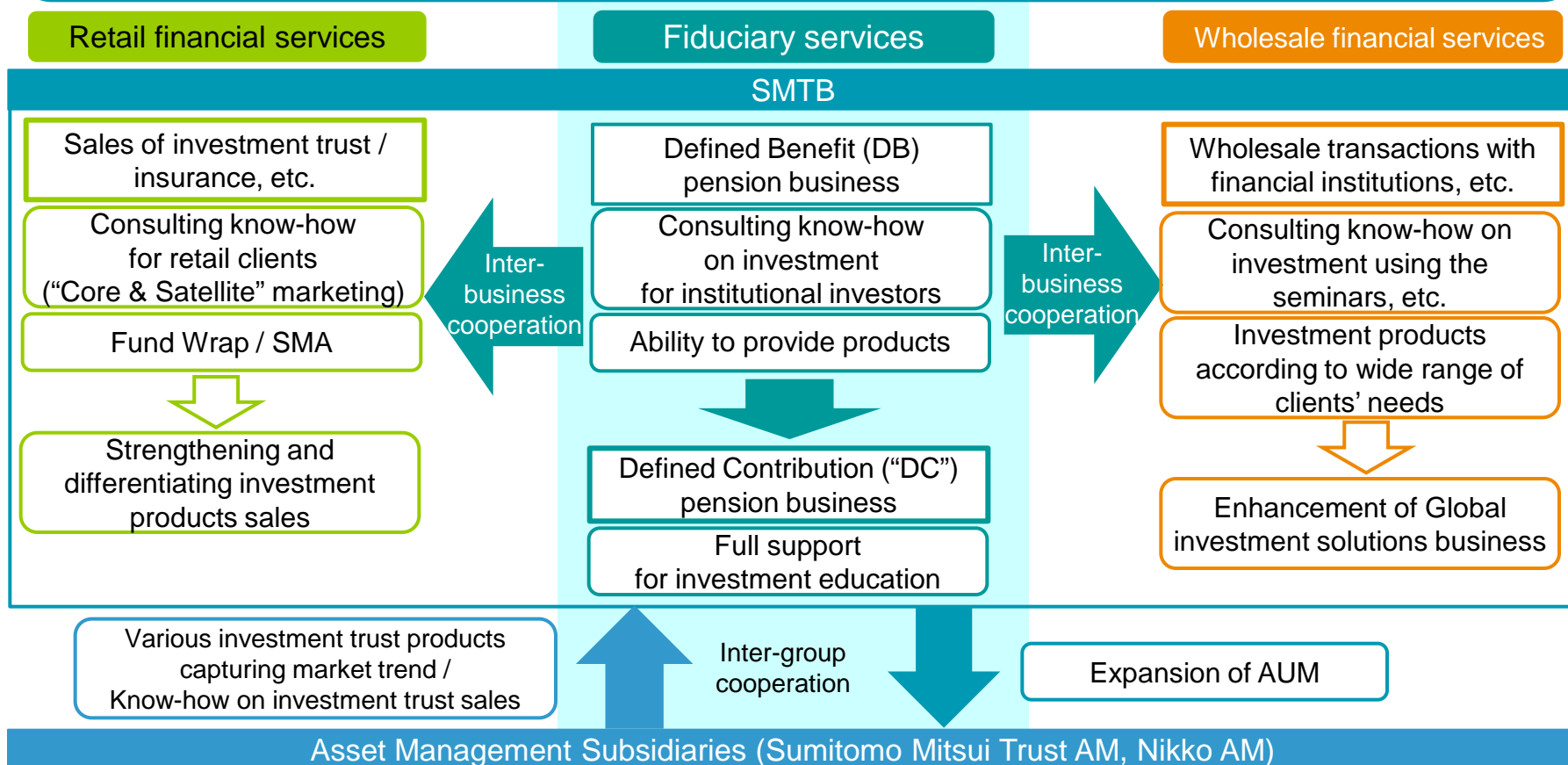
(\*2) Total trust assets of the group companies

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

# Strengthen fee businesses 2 : Fiduciary services (business strategy)

## Cooperation between business sections and group companies

- ▶ Pursuit of growth for the whole group by sharing the know-how in the Defined Benefit (DB) pension business with other business sections and group companies
- <Retail financial services>: differentiating the sales of investment product to expand sales volume for SMTB and AUM at asset management subsidiaries
- <Wholesale financial services>: supporting the asset management of wholesale clients such as financial institutions leads to the strengthening of the Global investment solutions business for corporate clients.





# Strengthen fee businesses 2 : Fiduciary services (business strategy)

## Global strategy of AUM business

Global business strategy by regions according to their characteristics

< Asia >

Expansion of AUM business by product development, asset management and distributions by SMTH group

< US, Europe >

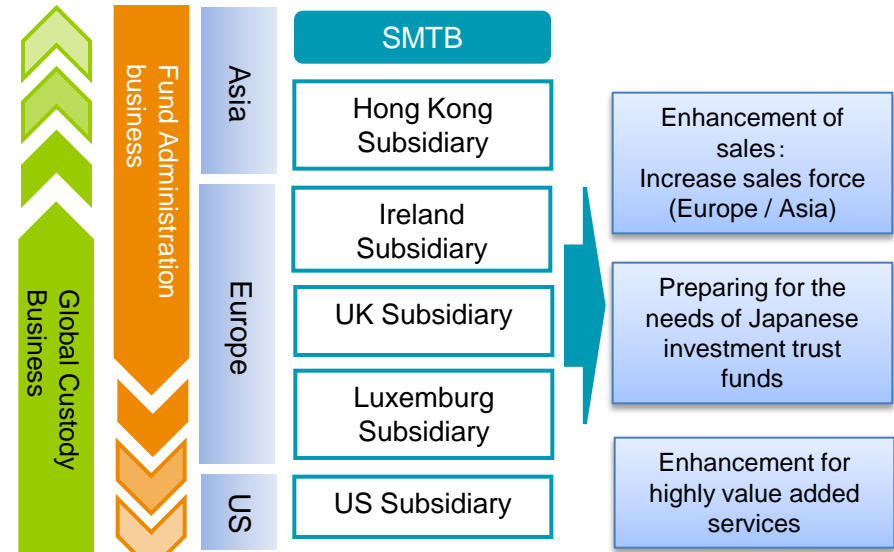
Strategic capital participation and business alliances  
Promoting sales of their products in Japan  
Promoting sales of SMTB products through their sales network



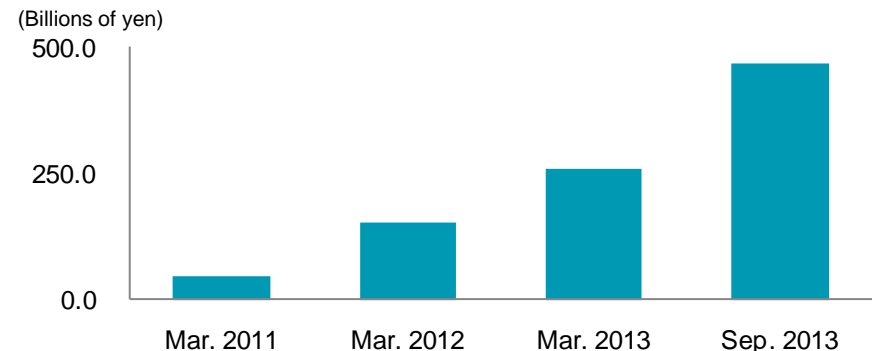
Strengthening the global marketing function

## Global strategy of AUC business

Enhancement of the system and expansion of functions to provide services by SMTH group network



## AUM entrusted from non-Japanese investors (SMTB) (\*)



(\*) including the balance under investment advisory agreements

Blank

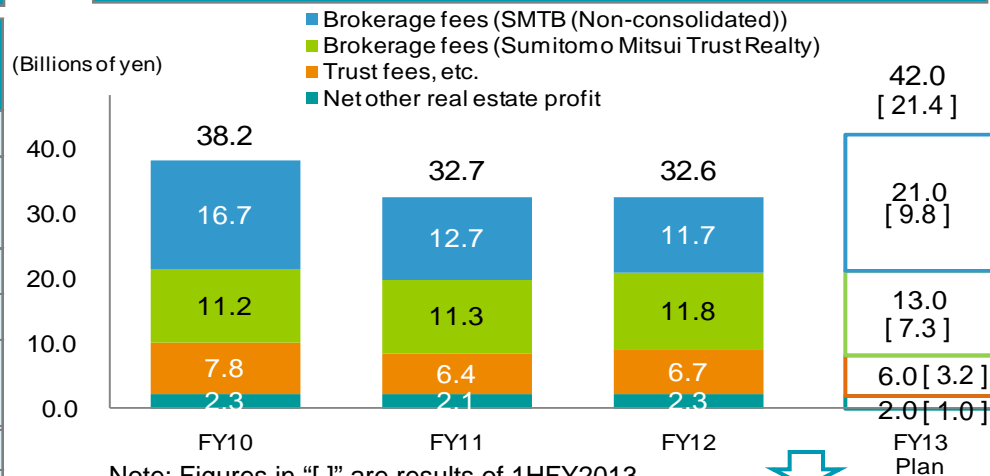
# Strengthen fee businesses 3: Real estate

- ▶ Real estate brokerage fees of SMTB: UP to ¥9.8bn, 2.4 times increase from 1HFY2012  
Brokerage transactions of large properties for institutional clients increased in 1HFY2013
- ▶ Real estate brokerage fees (Sumitomo Mitsui Trust Realty): UP ¥2.4bn to ¥7.3bn YoY.  
Brokerage transactions for retails clients showed steady progress.

## Real estate business (Group basis)

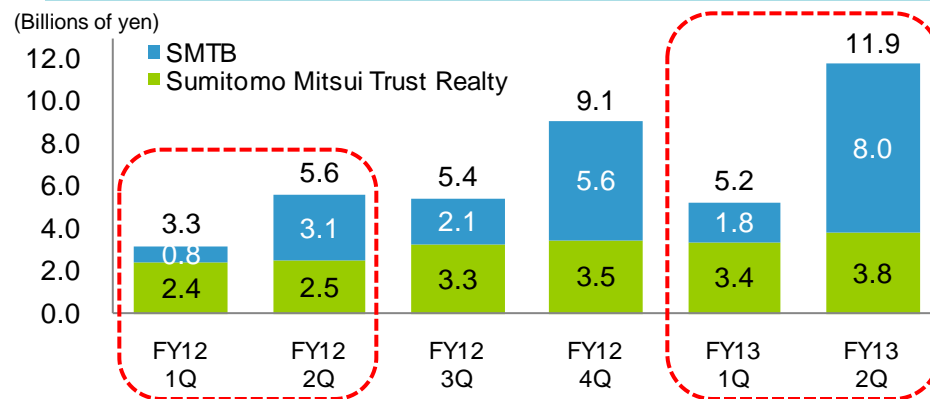
(Billions of yen)	1HFY2013	Change from 1HFY2012	2HFY2013
	Actual		Plan
Real estate brokerage fees	17.2	8.2	16.5
SMTB	9.8	5.8	11.0
Sumitomo Mitsui Trust Realty	7.3	2.4	5.5
Real estate trust fees, etc.	3.2	(0.1)	3.0
Net other real estate profit	1.0	(0.3)	1.0
SMTB	(0.1)	(0.7)	-
Group companies	1.1	0.4	1.0
Total	21.4	7.7	20.5
SMTB	12.9	4.9	14.0

## Trend of revenue from real estate business



Note: Figures in “[ ]” are results of 1HFY2013

## Real estate brokerage fees (quarterly)



## Asset under management / Asset under custody

(Billions of yen)	Sep. 2013	Change from Mar. 2013
	Securitized real estate	
Asset under custody from J-REITs	7,129.1	720.0
Asset under management	754.9	(76.4)
Private placement funds	382.4	(102.2)
J-REITs	372.4	25.8

# Strengthen fee businesses 3: Real estate (Operating environment)

## Real estate market in 1HFY2013

- ▶ Real estate transactions increased mainly for institutional clients (especially by professionals) owing to the market recovery.
- ▶ The number of transactions involving large properties rose in the metropolitan area, showing the sign of full-scale recovery of the market.

- ▶ Retail transactions progressed steadily supported by the enhancement of tax reduction for residential mortgage loans, last-minute demand before the consumption tax raise and the increasing needs for the inheritance and succession support.

- ▶ Signs of increasing demand for investment in Japanese real estate market by global investors.

Breakdown of brokerage fees for institutional clients (by transaction volume) (\*)

## Achievements in 1HFY2013

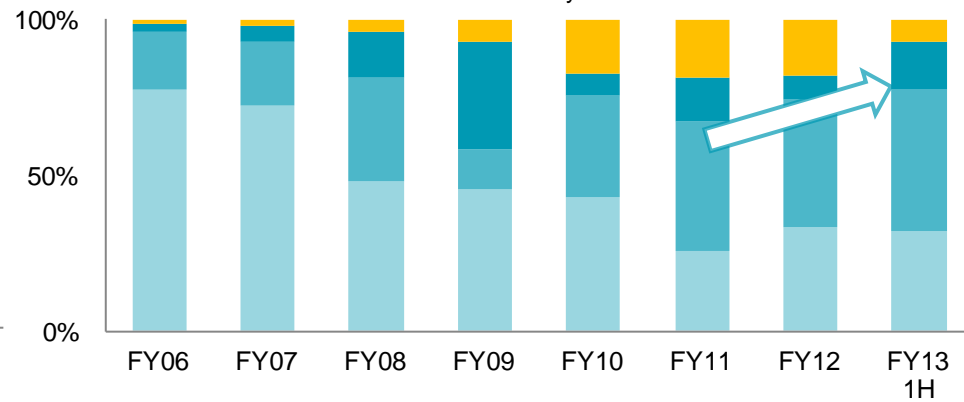
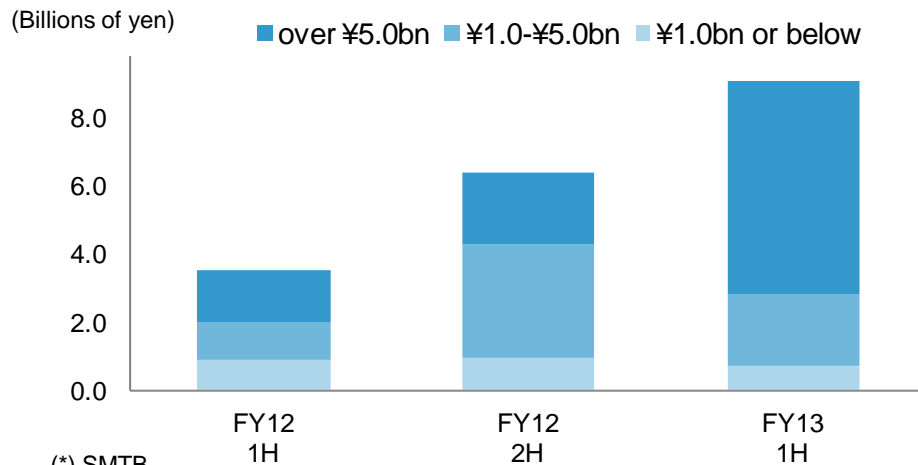
- ▶ Steadily accumulated brokerage fees from institutional clients by capturing market trends timely through the strategic reallocation of personnel
- ▶ Achieved successful results by cooperating with Wholesale financial services and the sourcing of information by the real estate information development team.

- ▶ The profitability of retail brokering improved by expanding transactions with wealthy clients with support from headquarters to branches in the metropolitan area.

- ▶ Seminars for global investors held in Asia led to brokering transactions.

Brokerage transactions with property amount of ¥1.0bn and above (by contractor) (\*)

- Seller: Non professionals - Buyer: Non professionals
- Seller: Professionals - Buyer: Non professionals
- Seller: Non professionals - Buyer: Professionals
- Seller: Professionals - Buyer: Professionals



# Strengthen fee businesses 3: Real estate (Business strategy)

## Corporations (SMTB)

- ▶ Improvement in contract ratio by providing consulting services according to the clients needs
- ▶ Enhancement of sourcing power through cooperation with Wholesale financial services and the real estate information development team

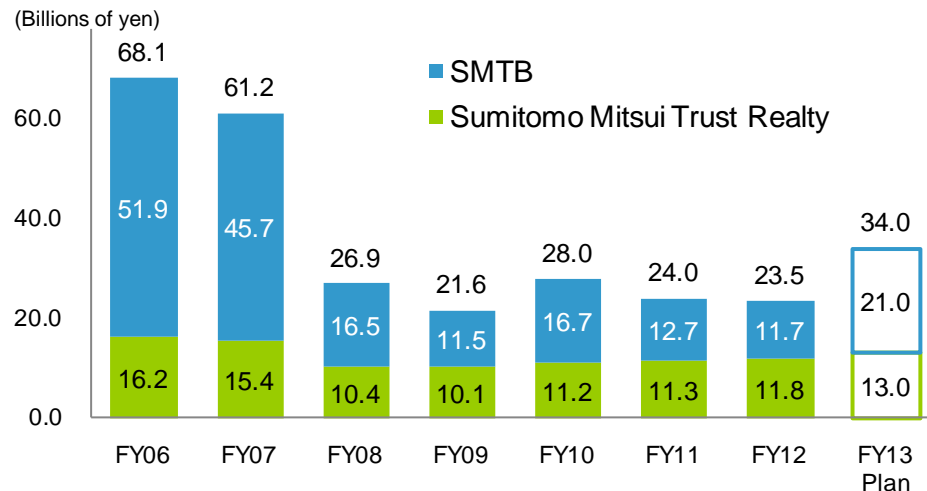
### Global market

- ▶ Prospecting for investors through joint seminars in cooperation with foreign financial institutions
- ▶ Promotion in alliance and cooperation with overseas real estate companies to capture the demand to invest in Japanese real estate by overseas investors

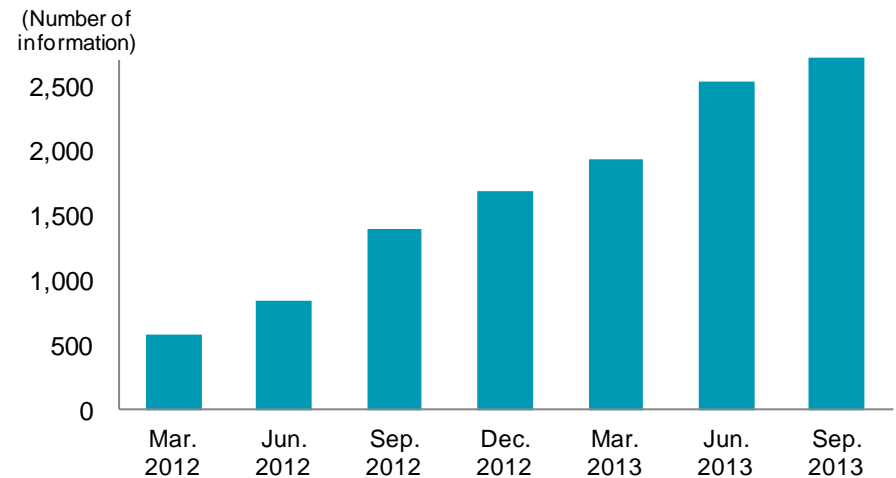
## Retail clients (Sumitomo Mitsui Trust Realty)

- ▶ Promotion of sales to wealthy retail clients with needs for the inheritance and succession support.
- ▶ Promotion of sales to wealthy clients by sourcing information on properties from SMTB clients, and providing exclusive buy/sell information
- ▶ Promotion of co-marketing with SMTB in the Nagoya and Osaka areas where the client base of SMTB is strong and the potential for transactions with wealthy clients is high.

## Real estate brokerage fees



## Number of real estate brokerage-related information

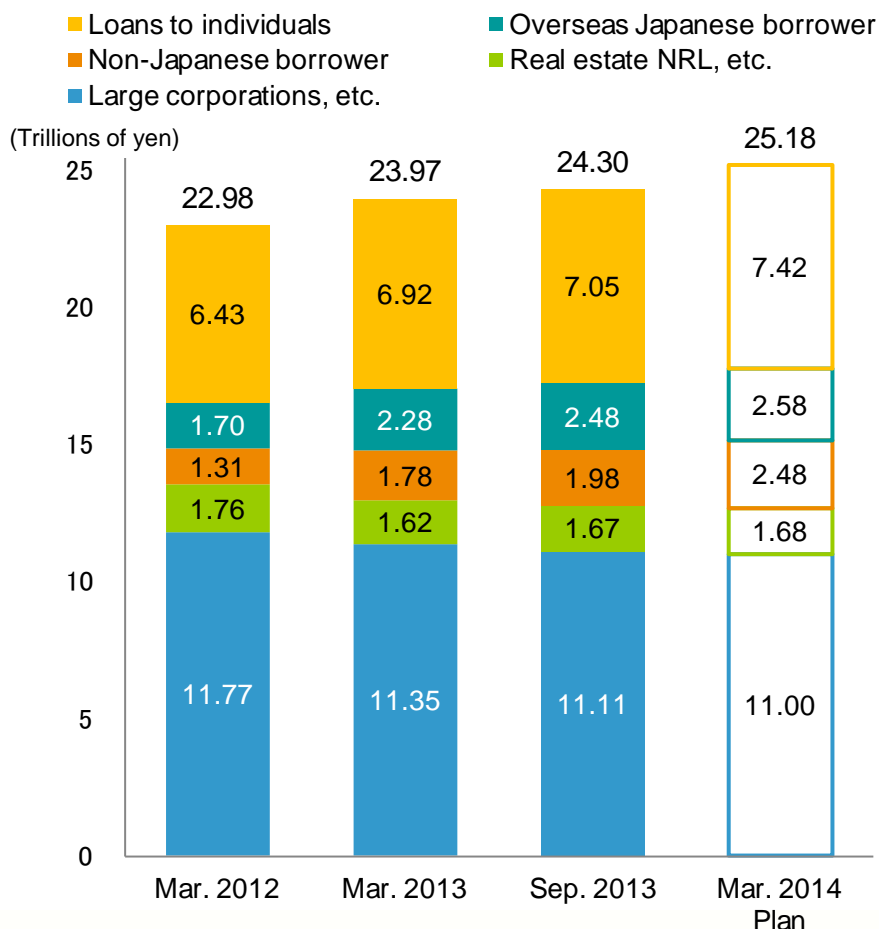


Blank

# Enhancing basic earning power: Credit portfolio strategy (Overview)

- ▶ Balance of overall credit portfolio: UP ¥0.33tr to ¥24.30tr due to the increase in loans to individuals and credit to overseas borrowers.
- ▶ Keeping the strategy to focus on the credit to overseas borrowers and the loans to individuals where steady demand from borrowers can be expected

## Credit portfolio



## Credit portfolio strategy

### (Operating Environment)

- ▶ The domestic low interest rate environment continues
- ▶ Demand from individuals (residential mortgage loans) is stable
- ▶ Estimated to take more time before the full-scale recovery of loan demand from domestic corporations
- ▶ Loan demand from overseas Japanese and non-Japanese borrower is strong and stable.

### Loans to individuals

Accumulating the loan balance by offering competitive loan rates with the efficient sales structure and the low credit costs

### Overseas Japanese borrower

Establishing a stable earning base mainly by credit to trading companies, finance subsidiaries of manufacturers, project finances and ship finances.  
Expanding network and alliances to match conditions in each country or region

### Non-Japanese borrower

Expanding the range of transactions (Real estate NRL to overseas properties/ Non-Japanese project finances)  
Expanding credit investments can lead to the Global investment solutions business

# Enhancing basic earning power: Credit portfolio strategy (Global)

- ▶ Balance of credit to overseas Japanese and non-Japanese borrowers: UP ¥206.0bn, UP¥199.0bn, respectively due to the steady increase in loans in addition to the effect by yen depreciation from the end of FY2012.
- ▶ Expanding the business by loans and investment to the new asset class and by sales promotion according to the characteristics of each region

## Credit to overseas Japanese and non-Japanese borrowers

(Billions of yen)	Sep. 2013 Actual	Change from Mar. 2013	2HFY2013 Plan
Overseas Japanese borrowers	2,487.5	206.0	+100.0
Loans	2,348.8	214.1	
Non-Japanese borrowers	1,980.3	199.0	+500.0
Loans	1,431.6	403.3	

USD/JPY 97.75 3.76

(\*) In addition to the above, there are acceptance and guarantee, etc.  
Sep. 2013: ¥52.9bn (+ ¥1.1bn from Mar. 2013)

## Overseas Japanese borrowers

### Existing type of credit

- ▶ Credit to trading companies and financing subsidiaries of manufacturers
- ▶ Project finances (Japanese companies involved)
- ▶ Ship finances (Sponsored by Japanese companies)



### Accelerating the business promotion strategy according to each region

- ▶ Opening overseas branches, expanding the head counts
- ▶ Alliance/ Cooperation with influential local banks, etc.

## Non-Japanese borrowers

### Existing type of credit

- ▶ Bi-lateral lending to quasi sovereign or top-tier companies mainly in Asia
- ▶ Air finances/ syndicated loans
- ▶ Purchasing quality assets from major foreign banks



### Expansion of the range of credit

- ▶ Overseas real estate NRL (London / Singapore)
- ▶ Project / Ship finances for non-Japanese companies
- ▶ Enhancing the sourcing route through the coordination with major foreign banks

### Expanding the investment to credit assets

- ▶ Bonds guaranteed by ECA or supra-national institution
- ▶ Bonds issued by the overseas issuer with high rating
- ▶ High yield loan funds in North America (diversified investment)
- ▶ Certain kinds of securitization products (North American CLO / European RMBS), etc.



### Application to global investment solutions business

- ▶ Provide investment solutions to domestic investors, etc. Financial institutions (regional banks/ insurance companies) / Non-profit corporations/ Corporations/ Pension funds/ Investment trust (retails)



# Enhancing basic earning power: Credit portfolio strategy (Individuals)

- ▶ Advanced amount: UP ¥38.4bn YoY to ¥524.7bn
- ▶ Balance of loans to individuals increased ¥123.8bn, reached to ¥7tr, despite the increase in pre-payment.

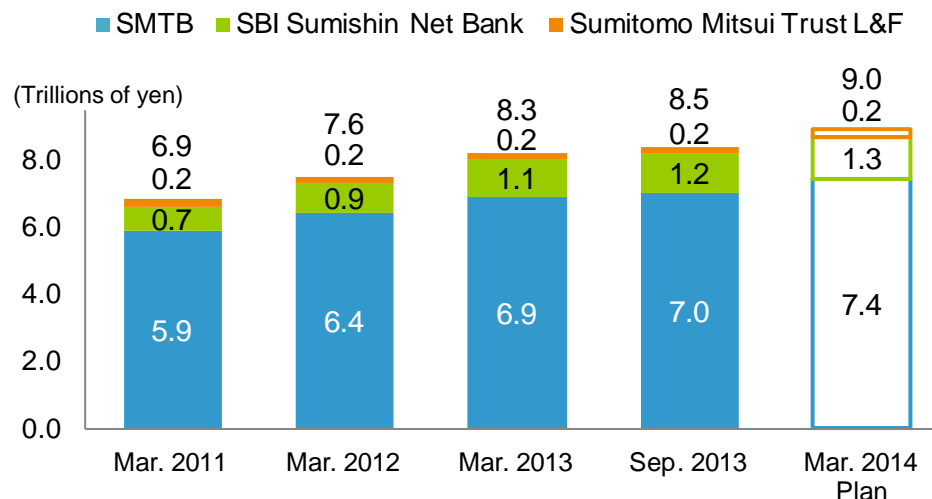
## Balance and advanced amount (Non-consolidated)

(Billions of yen)	1HFY2012	1HFY2013	
	Actual	Actual	Change
Advanced amount of loans to individuals	486.3	524.7	38.4
Residential mortgage loans	468.1	492.3	24.1

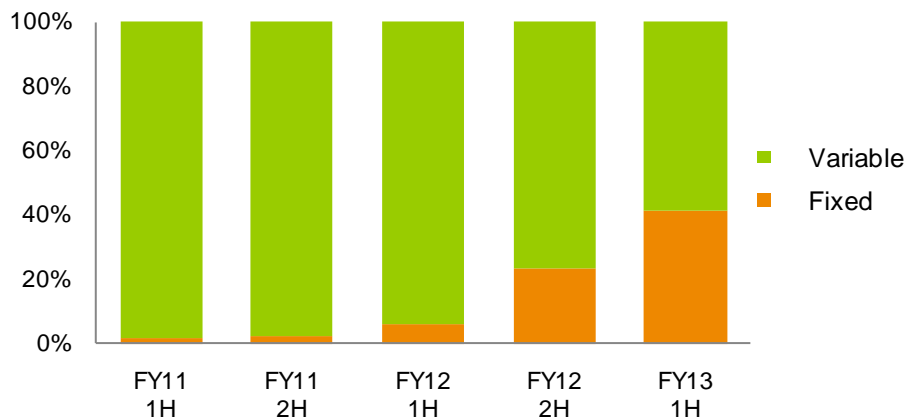
  

(Billions of yen)	Mar. 2013	Sep. 2013	Change
	Actual	Actual	
Balance of loans to individuals	6,927.5	7,051.3	123.8
Residential mortgage loans	6,478.0	6,615.5	137.4

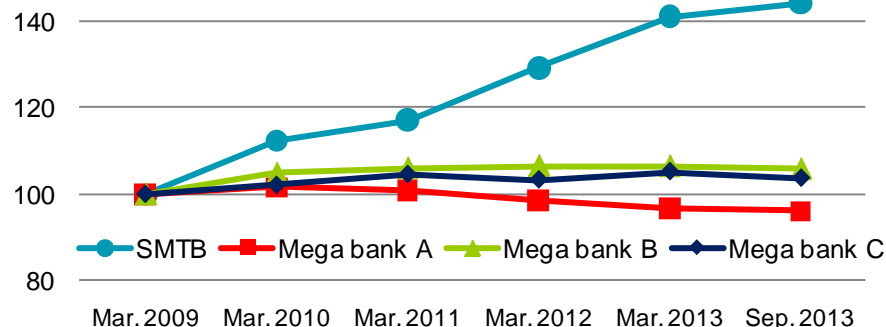
## Balance of loans to Individuals



## Variable/Fixed loan in advanced amount



## Balance of residential mortgage loans (Non-consolidated) (Index : Mar.2009=100)



# Enhancing basic earning power: Credit portfolio strategy (Individuals)

► Gaining market share while securing certain profitability with virtuous circle to acquire quality clients through efficient sales structure, and the low credit costs which enable to provide competitive loan rates.

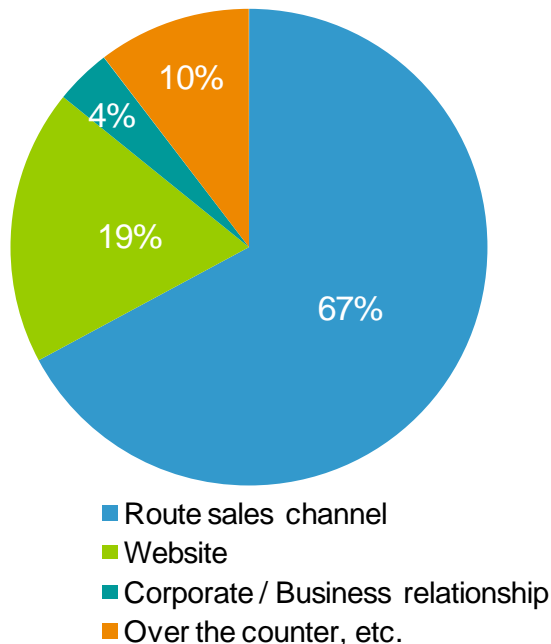
Acquiring client base through route sales channel

Acquiring quality clients with low credit costs

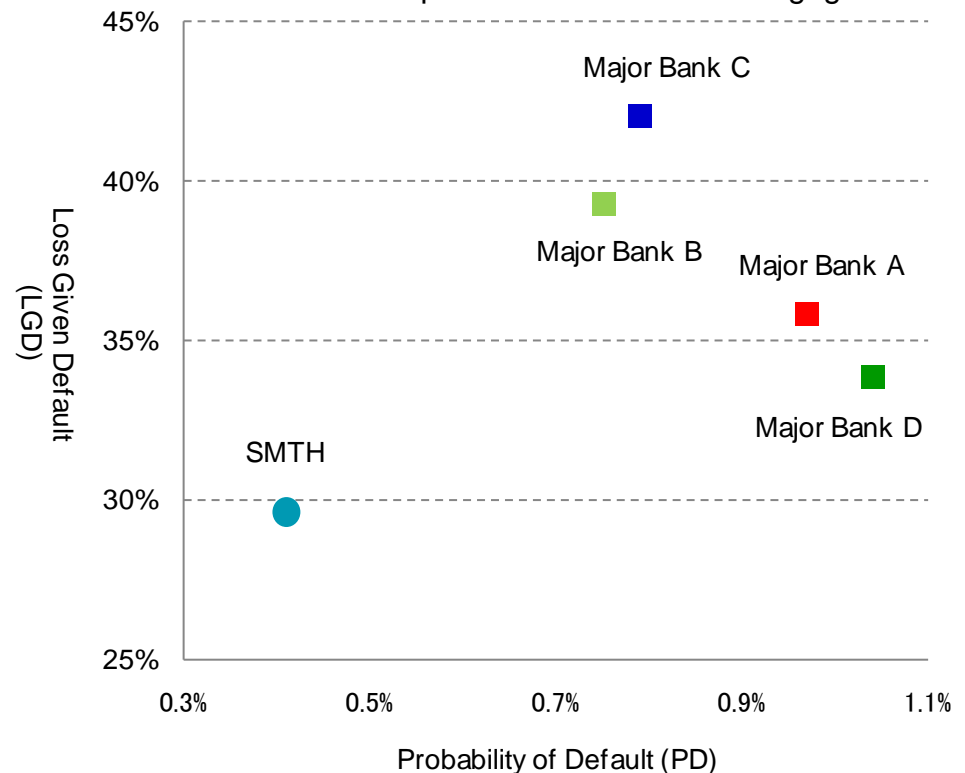
Efficient sales structure through route sales channel and website

Maintaining predominantly low credit cost with quality client base  
→ Achieved competitive loan rates and gaining profit

[ Residential mortgage loan transactions by channel ]



[ PD / LGD comparison of residential mortgage loan ]



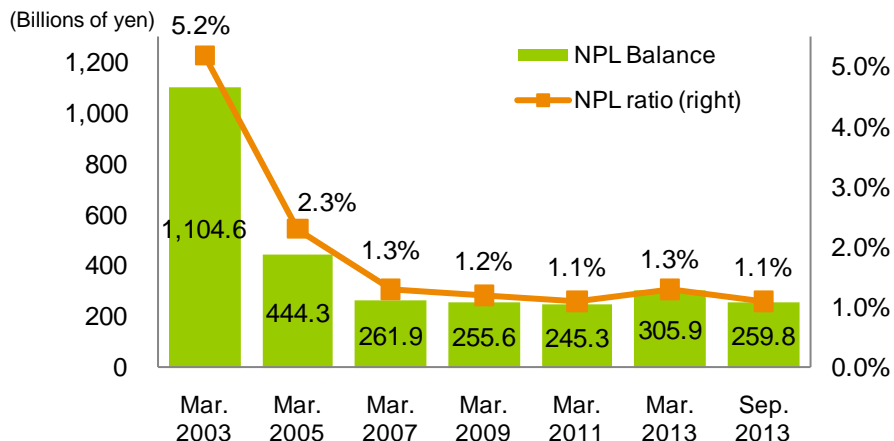
[Source] Disclosure documents of 13/3

# Balance sheet

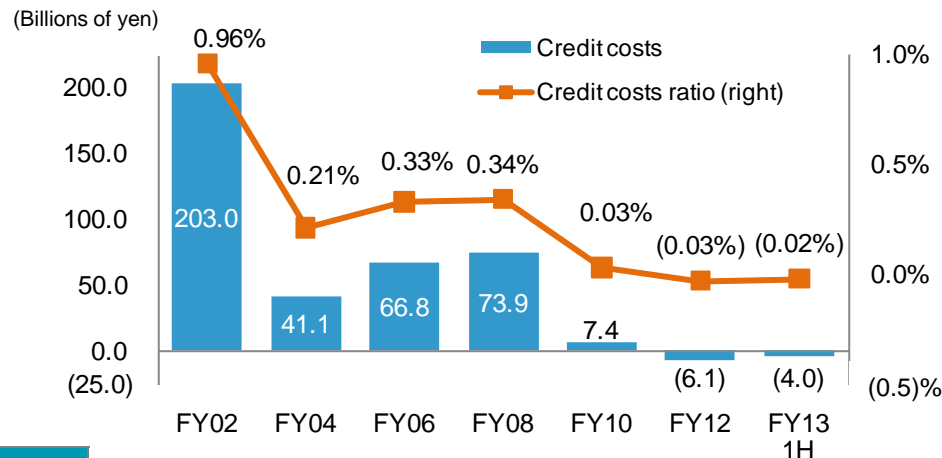
# Problem assets based on the Financial Reconstruction Act: Non-consolidated

- ▶ Ratio of “Problem assets based on the Financial Reconstruction Act” to the total loan balance and credit costs ratio continued to stay at low level due to the high quality credit portfolio.
- ▶ Coverage ratio for “Problem assets based on the Financial Reconstruction Act” stood at 83.4%, which represents sufficient level

### NPL Balance and NPL ratio



### Total credit costs and credit cost ratio

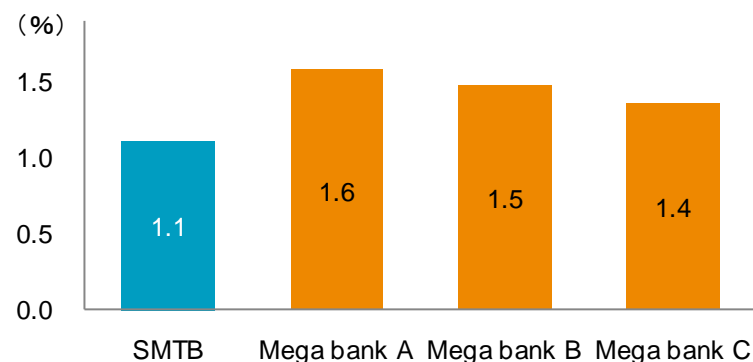


(Billions of yen)	Sep. 2013			Change from Mar. 2013
	Problem assets based on the Financial Reconstruction Act	Coverage ratio (*1)	Allowance ratio (*2)	
Problem assets based on the Financial Reconstruction Act	259.8	83.4%	44.0%	(46.1)
(Ratio to total loan balance)	1.1%	---	---	(0.2%)
Bankrupt and practically bankrupt	11.3	100.0%	100.0%	(20.4)
Doubtful	135.9	93.9%	66.8%	(36.9)
Substandard	112.6	69.1%	26.5%	11.2
Assets to other special mention debtors	520.6	---	---	(112.6)
Ordinary assets	22,829.6	---	---	743.8
Total	23,610.1	---	---	585.1

(\*1) (Collateral value after considering haircuts + allowance for loan losses) / Loan balance

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

### Comparison of NPL ratio (Non-consolidated)



# Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities: DOWN ¥473.0bn to ¥4,795.9bn  
 “Japanese bonds” decreased due to the decrease in Treasury Discount Bills and the “Japanese stocks” decreased due to the sales.  
 “Others” increased from the purchase of US Treasuries, etc.
- ▶ Unrealized gains / losses of available-for-sale securities improved to net gains of ¥381.1bn as of Sep.2013 owing to the recovery in stock market.
- ▶ Promoting steady reduction of cross shareholdings. Reduction amount: ¥35.0bn in 1HFY2013

<Breakdown of securities with fair value (Consolidated)>

(Billions of yen)	Costs			Fair value			Unrealized gains/ losses		
	Mar. 2013	Sep. 2013	Change	Mar. 2013	Sep. 2013	Change	Mar. 2013	Sep. 2013	Change
Available-for-sale securities	5,268.9	4,795.9	(473.0)	5,550.9	5,177.0	(373.9)	281.9	381.1	99.1
Japanese stocks	788.5	754.5	(34.0)	1,041.1	1,123.3	82.2	252.5	368.8	116.2
Japanese bonds	2,955.9	2,389.9	(566.0)	2,965.5	2,394.8	(570.7)	9.6	4.9	(4.6)
Others	1,524.4	1,651.4	127.0	1,544.2	1,658.7	114.5	19.7	7.3	(12.4)
Held-to-maturity debt securities	636.2	468.9	(167.2)	683.1	510.8	(172.3)	46.9	41.8	(5.0)

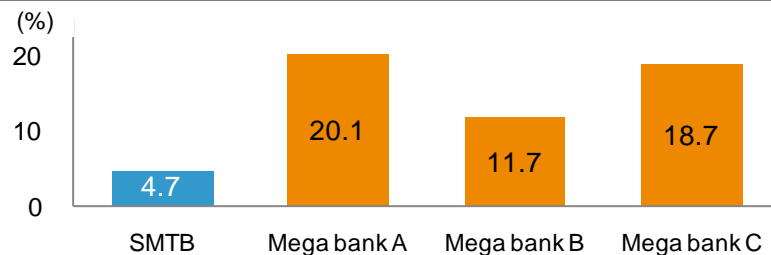
## Securities portfolio of Global markets (Non-consolidated) (\*1)

(Billions of yen)	10BPV (*2)		Duration (*2) (years)	
	Sep. 2013	Change from Mar. 2013	Sep. 2013	Change from Mar. 2013
JPY	4.9	(0.9)	2.6	0.3
Others	5.6	3.4	6.2	2.1

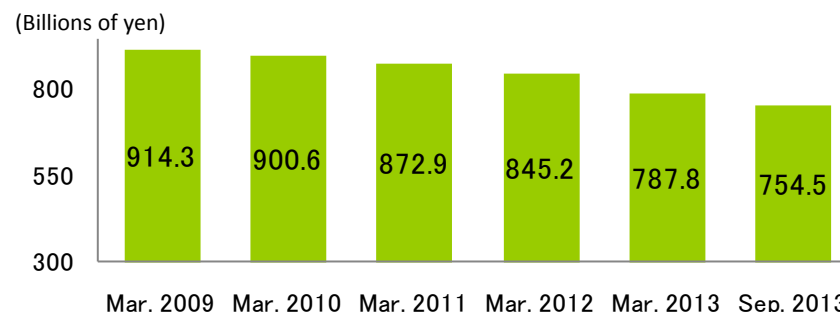
(\*1) Managerial reporting basis; "Held-to-maturity debt securities" and "Available-for-sale securities" are combined

(\*2) In the calculation of 10BPV and duration, investment balance hedged by derivative transactions, etc. were excluded

## JGB holdings ratio in B/S (Non-consolidated)



## Balance of cross shareholdings (Consolidated) (\*3)



(Billions of yen)	FY2011	FY2012	1HFY2013
Reduction amount of cross shareholdings	55.7	55.6	35.0

(\*3) The above mentioned figures of "cost of shareholdings" are those of listed shares.

# Foreign currency liquidity

- ▶ Enhanced stable mid-long term funding for foreign currency by the issuance of USD denominated senior corporate bond in addition to the cross currency swap and FX forward.
- ▶ Over 70% of loans are covered by stable funding such as client deposits, cross currency swap and FX forward and USD denominated senior corporate bond, etc.
- ▶ Inter-bank transactions have a large amount of excess net loans resulting from the surplus of short term funding

<Foreign currency B/S (as of Sep. 2013)>

(Billions of USD)

Loans	36.6	Client deposits	7.9
		Cross currency swap and FX forward	16.5
		Senior corporate bond, etc.	2.4
Credit securities	5.3		
Net I/B depo, FWD, etc.	19.7	Deposit from central banks, USCPs, etc.	37.4
Bond investments	11.6	Repo	9.0

<Overview of foreign currency funding >

- (1) Funding for bond investments are basically covered by repo transactions
- (2) Loans are covered by stable funding mainly by cross currency swap and FX forward  
→ Balance of JPY deposits exceeds that of JPY loans by approx. ¥4.9 trillion yen, thus there is sufficient room to convert Japanese yen into foreign currencies
- (3) Deposits from central banks, Deposits from asset management companies, USCPs, etc.  
→ Promoting diversification of fund suppliers and funding methods
- (4) Issuance of USD denominated senior corporate bond  
→ Diversification of mid-long term funding
- (5) Inter-bank transactions have excess net loans

# Status of capital, financial and capital policies

# Status of capital

- ▶ Common Equity Tier 1 capital ratio (Consolidated) : Up 1.20 percentage points to 9.50% (initial implementation), and Up 1.76 percentage points to 8.24% (pro forma on the fully-loaded basis\*) due to the accumulation of net income and offering of treasury stocks.

## < Status of capital and total risk weighted assets >

(International standard) (Consolidated)

(Billions of yen)	Mar. 2013 Actual	Sep. 2013 Preliminary	Change	Minimum capital requirements
Total capital ratio	14.10%	15.83%	1.73%	8.00%
Tier 1 capital ratio	9.95%	11.19%	1.24%	4.50%
Common Equity Tier 1 capital ratio	8.30%	9.50%	1.20%	3.50%

Total capital	2,738.5	2,930.4	191.9
Tier 1 capital	1,934.0	2,071.1	137.1
Common Equity Tier 1 capital	1,613.7	1,758.7	144.9
Instruments and reserves	1,613.7	1,758.7	144.9
Regulatory adjustments	-	-	-
Additional Tier 1 capital	320.2	312.4	(7.7)
Tier 2 capital	804.5	859.3	54.7

Total risk weighted assets	19,421.5	18,506.7	(914.7)
Credit risk	17,716.3	17,071.0	(645.3)
Market risk	528.3	247.1	(281.1)
Operational risk	1,176.9	1,188.5	11.6

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

Common Equity Tier 1 capital ratio	6.48%	8.24%	1.76%
Common Equity Tier 1 capital	1,229.6	1,491.9	262.2
Total risk weighted assets	18,947.0	18,098.6	(848.4)

\* Fully-loaded basis: Calculation without considering transitional arrangements concerning "Regulatory adjustments."

## <Major factors of change in capital during 1HFY2013>

### (1) Common Equity Tier 1 capital: +¥144.9bn

- Net income: +¥69.2bn
- Offering of treasury stocks: +¥93.9bn, etc.

## <Major factors of change in risk weighted assets during 1HFY2013>

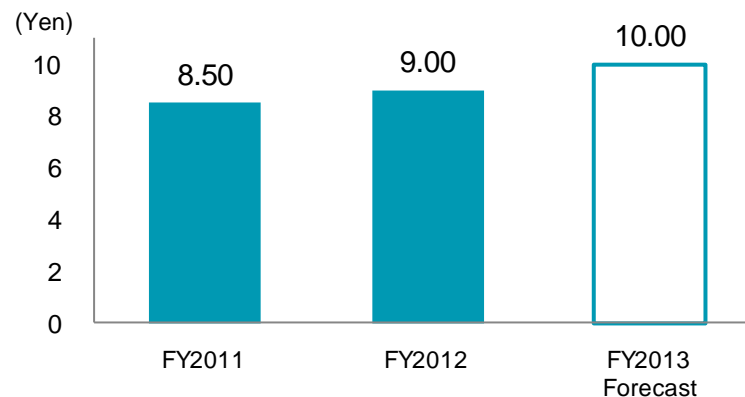
### (2) Credit risk: ¥(0.64)tr

- Advancement of the subsidiaries' calculation method of risk weighted assets to FIRB: ¥(0.25)tr
- Decrease in stock-type investment trust: ¥(0.25)tr, etc.

### (3) Market risk: ¥(0.28)tr

- Decrease in foreign exchange, etc.

## <Reference> Dividend per common share





# (Reference) Status of capital (Details)

< Status of capital and total risk weighted assets >  
(Basel III, International standard) (Consolidated)

(Billions of yen)	Initial implementation	<Pro forma> Fully-loaded basis
Total capital	2,930.4	
Tier 1 capital	2,071.1	
Common Equity Tier 1 capital	1,758.7	1,491.9
Instruments and reserves	1,758.7	1,938.8
Regulatory adjustments	-	(446.9)
Additional Tier 1 capital	312.4	
Eligible Tier 1 capital instruments subject to transitional arrangements	465.0	
Tier 2 capital	859.3	
Eligible Tier 2 capital instruments subject to transitional arrangements	772.1	
Total risk weighted assets	18,506.7	18,098.6
Credit risk	17,071.0	16,662.9
Market risk	247.1	247.1
Operational risk	1,188.5	1,188.5
Total capital ratio	15.83%	
Tier 1 capital ratio	11.19%	
Common Equity Tier 1 capital ratio	9.50%	8.24%

<Fully-loaded basis>

- (1) Without considering transitional arrangements on "Accumulated Other Comprehensive Income", "Common share capital issued by subsidiaries and held by third parties", and "Regulatory adjustments."
- (2) Not including the amount of decrease in eligible capital instruments subject to phase-out arrangements after the expiring of transitional arrangements.

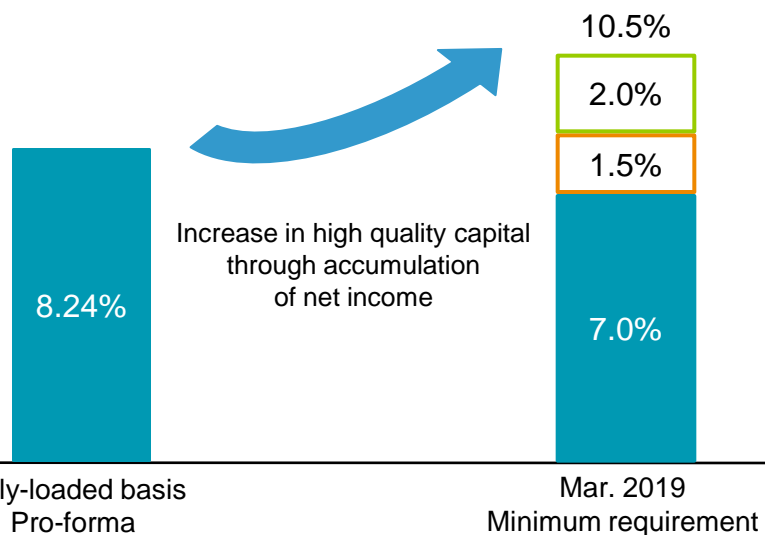
items subject to transitional arrangements

(Billions of yen)	Initial implementation	<Pro forma> Fully-loaded basis
Common Equity Tier 1 capital (CET1)	1,758.7	1,491.9
Instruments and reserves	1,758.7	1,938.8
Directly issued qualifying capital plus retained earnings	1,724.2	1,724.2
Accumulated Other Comprehensive Income	-	212.5
Common share capital issued by subsidiaries and held by third parties	34.4	1.9
Amount allowed in group CET1 subject to transitional arrangements	32.4	-
Regulatory adjustments	-	(446.9)
Intangibles	-	(182.5)
Deferred tax assets excluding those arising from temporary differences	-	(13.5)
Shortfall of eligible provisions to expected losses	-	(93.5)
Defined-benefit pension fund net assets	-	(110.7)
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital	-	(41.9)
Amount above 10% threshold on specified items	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total risk weighted assets	18,506.7	18,098.6
Amount of credit risk-weighted assets	17,071.0	16,662.9
Amount included in credit risk weighted assets subject to transitional arrangements	408.0	-
Amount of market risk equivalents	247.1	247.1
Amount of operational risk equivalents	1,188.5	1,188.5

# Meeting new capital regulations (Basel III)

- ▶ Steady improvement of each of capital adequacy ratio through the accumulation of net income and efficient risk weighted asset control.
- ▶ Steady reduction of cross shareholdings to mitigate the volatility risk for capital
- ▶ Pursuit of the further improvement of capital adequacy ratios through the reduction of risk weighted assets by adopting the advanced method (AIRB and AMA) .

## Improvement of Common Equity Tier 1 capital ratio

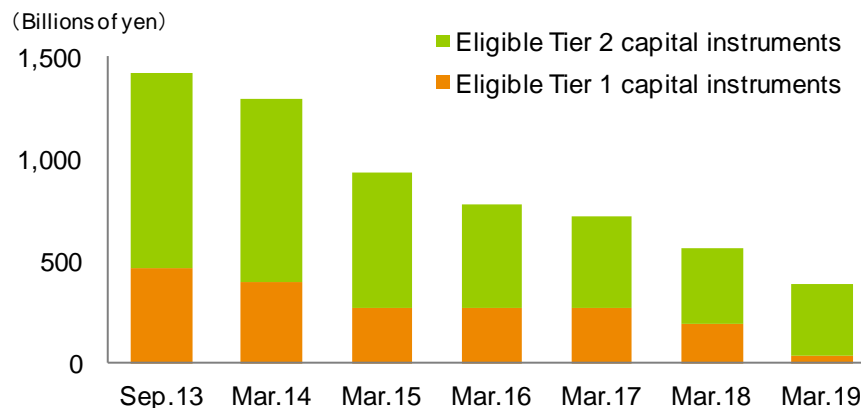


Mitigate the volatility risk for capital and the impact from the increase in risk weighted assets through the steady reduction of shareholdings

Estimated increase in risk weighted assets after expiration of grandfathering

Approximately 500.0 to 600.0 billion yen

## Securing a buffer during the transitional period of grandfathering (maturity ladder of the Basel II based capital instruments)



(\*1) Issued amount basis

(\*2) The first callable date is assumed as an effective maturity date for the instruments with issuer's call option

Pursuit of the reduction of risk weighted assets by adopting the advanced method for the calculation

(Reference) Risk weighted asset / Total assets (as of Sep.2013)

SMTH	Megabank A	Megabank B	Megabank C
FIRB		AIRB	
45%	37%	41%	32%

# Financial and capital policies

## Basic approach to financial and capital policies

We aim to maximize shareholder interests through the basic approach of ensuring adequate capital (in terms of both quality and quantity), enhancing our sound financial base, and pursuing enhanced capital efficiency

## Financial targets

(Medium-term target)

Consolidated ROE: approx. 10%

(Reference)

Estimated Common Equity Tier 1 capital ratio in fiscal year ending Mar. 2016: approximately 8 to 9%

## Policy on reduction of cross shareholdings

Cross shareholding balance (after adjusting hedge effects) as of the end of Mar. 2014:  
approx. 30% of consolidated Tier 1 under Basel II regulation

## Basic policy on returns for shareholders

Our basic policy is to share profits with shareholders in accordance with profit level of each fiscal year  
Dividend policy for common shares is to target approximately 30% as consolidated dividend payout ratio

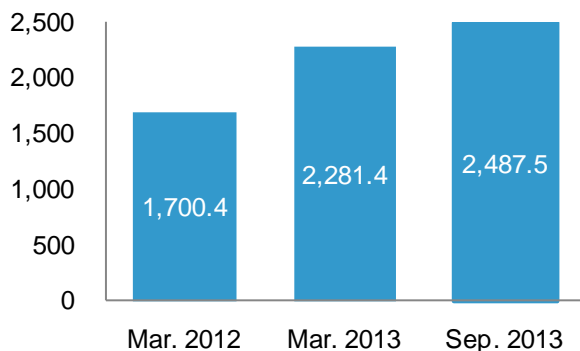
# <Supplement 1> Credit portfolio

# Overseas Japanese/ Non-Japanese borrowers

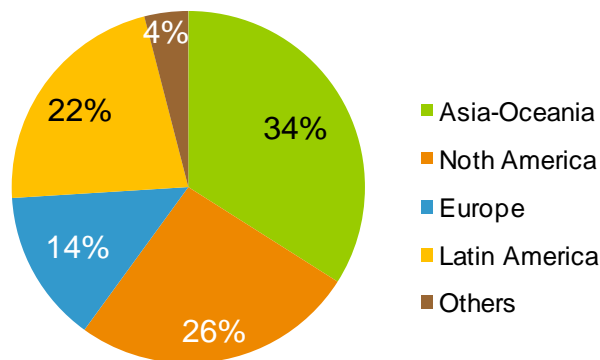
- ▶ Credit to overseas Japanese and non-Japanese borrowers increased by around 10 % in 1HFY2013
- ▶ Credit to overseas Japanese borrowers is mainly in Asia-Oceania and North America.
- ▶ Credit to non-Japanese borrowers is well-balanced in Europe, Asia-Oceania, and North America

## Overseas Japanese borrowers

(Billions of yen) <Trend of balance>



<Location(\*1)>



(Billions of yen)

Region	Country	Balance (Billions of yen)
Asia-Oceania	China	228.3
	Singapore	153.2
	Australia	141.4
	Thailand	134.1
	Indonesia	108.9
North America	U.S.A.	496.4
	Canada	144.5
Europe	United Kingdom	181.1
	Netherlands	94.6
Latin America	Panama	454.4

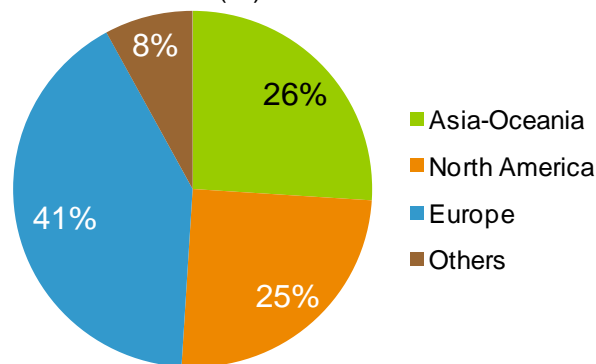
## Non-Japanese borrowers

(Billions of yen)

<Trend of balance>



<Location(\*2)>



(Billions of yen)

Region	Country	Balance (Billions of yen)
Asia-Oceania	Korea	159.2
	Australia	86.4
	India	66.5
North America	U.S.A.	420.1
	Canada	64.4
Europe	France	265.3
	United Kingdom	177.2
	Germany	138.4
	Switzerland	101.7
	Netherlands	67.2

(\*1) Based on borrower's location

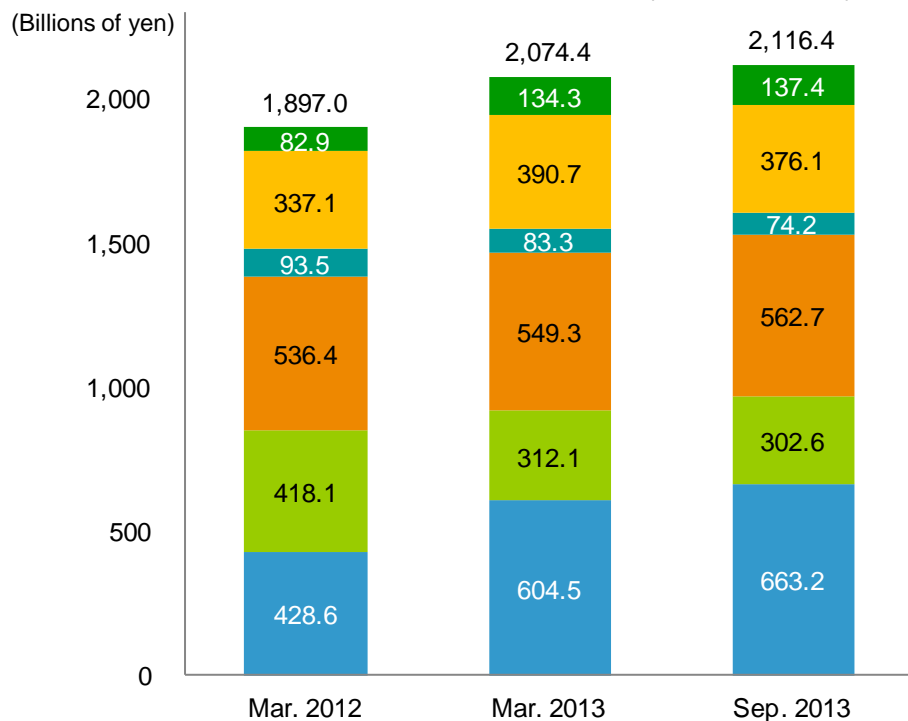
(\*2) Based on the location of the final exposure

# Loans to nonbank financial industry: Non-consolidated

- ▶ Promoting loans mainly to financing subsidiaries of manufacturing companies which take roles of financing in the group and sales finance
- ▶ Balance of loans to consumer finance industry continued to decrease due to the shrinking market

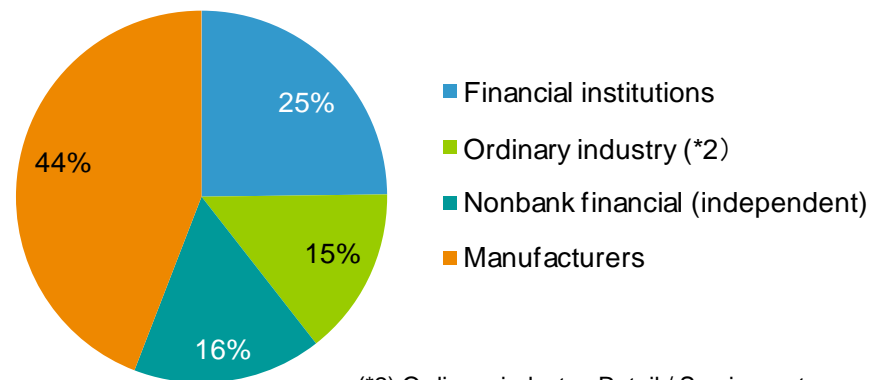
## Outstanding loans to nonbank financial industry (\*1)

- Others
- Financial subsidiaries of corporations, etc.
- Consumer finance
- Leasing
- Credit card & other consumer credit (Other industries)
- Credit card & other consumer credit (Manufacturers)



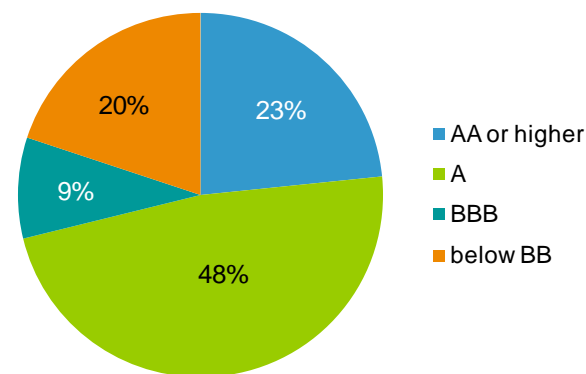
(\*1) Loans to government agency, money market dealer (Tanshi kaisha), etc. are excluded.

## Characteristics of borrowers' parent company by industry



(\*2) Ordinary industry: Retail / Services, etc.

## Characteristics of borrowers by rating (parent company basis) (\*3)



(\*3) On internal credit ratings basis (shown by rating marks based on the general correspondence to external credit ratings)

# Real estate-related loans: Non-consolidated

- ▶ Outstanding balance of real estate-related loans: UP ¥35.6bn  
Increase in real estate NRLs and loans to J-REITs
- ▶ The balance of loans to J-REITs: UP ¥20.1bn to ¥509.9bn  
Increase in property acquisition by J-REITs

## Balance of real estate-related loans

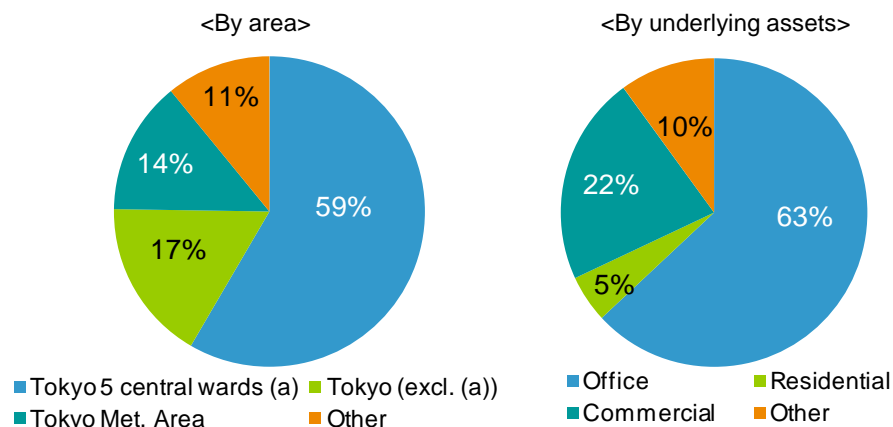
(Billions of yen)	Mar. 2013	Sep. 2013	Change
Real estate-related loans	2,419.9	2,455.6	35.6
Corporate	795.3	778.6	(16.7)
Real estate NRL (*)	1,131.8	1,166.4	34.6
REIT	489.8	509.9	20.1
CMBS	2.9	0.5	(2.3)

(\*) Including bond-type

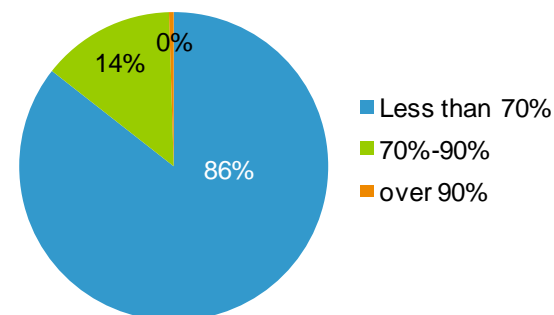
<Reference>

Real estate equity investment	28.7	16.3	(12.4)
-------------------------------	------	------	--------

## Characteristics of real estate NRL



## LTV of real estate NRL (based on external appraisal value)



## Changes in balance of real estate NRL (\*) and loans to REITs

(Billions of yen)	Mar. 2013	Sep. 2013	Change	Advance	Collection
Loan balance	1,621.6	1,676.3	54.7	282.7	(227.9)

(\*) Including bond-type

<Supplement 2>  
Financial results and  
related information



# Contribution of major group companies to consolidated financial results

	Net business profit before credit costs			Net income		
	1HFY2012	1HFY2013	Change	1HFY2012	1HFY2013	Change
(Billions of yen)						
Consolidated difference	33.8	34.8	1.0	19.2	13.0	(6.2)
Effect of purchase accounting method	4.6	(0.7)	(5.3)	9.5	2.4	(7.1)
Contribution (before consolidated adjustments) (*)	24.2	31.5	7.2	17.5	21.2	3.7
Sumitomo Mitsui Trust Asset Management	0.5	1.4	0.8	0.0	0.8	0.8
Nikko Asset Management (Consolidated)	3.3	5.6	2.3	1.6	2.7	1.0
Japan Trustee Services Bank	0.8	0.3	(0.5)	0.3	0.1	(0.1)
Sumitomo Mitsui Trust Bank (U.S.A.)	0.4	0.7	0.3	0.2	0.3	0.1
Sumitomo Mitsui Trust Bank (Luxembourg)	0.1	0.1	(0.0)	0.1	0.1	(0.0)
Tokyo Securities Transfer Agent	0.4	0.5	0.0	0.3	0.3	0.0
Japan Securities Agents	(0.2)	0.0	0.2	(0.2)	(0.0)	0.1
Sumitomo Mitsui Trust TA Solution	0.4	0.2	(0.2)	0.2	0.1	(0.1)
Japan Stockholders Data Service Company	0.1	0.1	0.0	0.1	0.1	0.0
Sumitomo Mitsui Trust Realty	(0.4)	1.7	2.2	0.1	1.0	0.9
Sumitomo Mitsui Trust Real Estate Investment Management	0.3	0.4	0.1	0.3	0.2	(0.0)
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	5.6	5.2	(0.3)	4.0	4.4	0.3
Sumitomo Mitsui Trust Loan & Finance	3.6	4.0	0.3	3.9	4.3	0.4
Sumitomo Mitsui Trust Capital	0.0	0.1	0.1	0.0	0.1	0.1
Zijin Trust	0.1	0.3	0.2	0.1	0.2	0.1
SBI Sumishin Net Bank (Consolidated)	1.4	3.0	1.5	0.8	1.7	0.8
Sumitomo Mitsui Trust Guarantee (Consolidated)	4.8	5.5	0.6	3.8	3.1	(0.6)
Sumitomo Mitsui Trust Card	0.1	0.3	0.2	0.5	0.2	(0.3)

(\*) Excluding the amount of consolidation adjustments such as performance of holding company alone, elimination of dividend and amortization of goodwill, etc.

# Breakdown of profit by business

(Billions of yen)	Gross business profit (Non-consolidated)			Net business profit before credit costs (Non-consolidated) (*2)			Net business profit before credit costs (Consolidated) (*2)		
	1HFY2012	1HFY2013	Change	1HFY2012	1HFY2013	Change	1HFY2012	1HFY2013	Change
	Retail financial services	66.0	69.8	3.7	0.8	4.8	4.0	5.8	8.6
Wholesale financial services	55.2	60.4	5.1	38.2	41.4	3.1	49.2	51.7	2.5
Stock transfer agency services	8.3	9.1	0.8	6.6	7.6	0.9	7.4	8.5	1.1
Gross business profit	15.9	15.6	(0.3)	-	-	-	-	-	-
Fees paid for outsourcing	(7.6)	(6.4)	1.1	-	-	-	-	-	-
Real estate	8.0	12.9	4.9	3.0	8.4	5.3	3.1	11.0	7.9
Fiduciary services	28.0	31.2	3.1	11.9	16.3	4.4	17.1	24.4	7.2
Gross business profit	41.2	45.0	3.8	-	-	-	-	-	-
Fees paid for outsourcing	(13.1)	(13.8)	(0.6)	-	-	-	-	-	-
Global markets	71.1	44.6	(26.4)	66.4	40.0	(26.4)	66.4	40.0	(26.4)
Others (*1)	(2.9)	1.0	4.0	(13.4)	(14.2)	(0.8)	(1.6)	(5.0)	(3.4)
<b>Total</b>	<b>233.9</b>	<b>229.3</b>	<b>(4.5)</b>	<b>113.8</b>	<b>104.5</b>	<b>(9.2)</b>	<b>147.7</b>	<b>139.4</b>	<b>(8.2)</b>

(\*1) Figures of "Others" include costs of capital funding, dividends of shares from cross-shareholdings, general and administrative expenses of headquarters, etc.

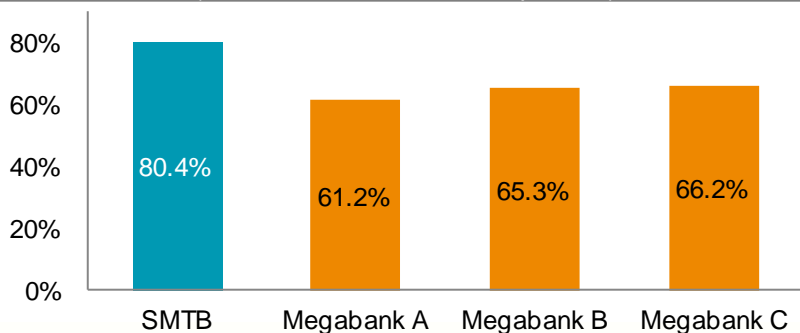
(\*2) Calculation method for profit by business group has been partially revised from FY2013 for the purpose of reflecting actual condition appropriately.

Figures for 1HFY2012 are tentative calculation based on the revised method.

# Consolidated balance sheets

(Billions of yen)	Mar. 2013	Sep. 2013	Change
Cash and due from banks	3,902.3	6,807.7	2,905.3
Call loans and bills bought	514.2	533.2	18.9
Receivables under securities borrowing transactions	207.4	295.8	88.3
Monetary claims bought	491.8	670.7	178.9
Trading assets	716.5	574.5	(142.0)
Securities	6,346.0	5,790.0	(555.9)
Loans and bills discounted	22,391.6	22,845.6	453.9
Lease receivables and investment assets	553.5	536.6	(16.9)
Other assets	1,617.3	1,640.0	22.7
Tangible fixed assets	230.5	230.0	(0.5)
Intangible fixed assets	205.7	213.7	7.9
Deferred Tax Assets	75.6	15.7	(59.9)
Customers' liabilities for acceptances and guarantees	583.9	556.5	(27.3)
Allowance for loan losses	(132.9)	(113.8)	19.1
<b>Total assets</b>	<b>37,704.0</b>	<b>40,596.8</b>	<b>2,892.8</b>

Comparison of loan-deposit ratio of major banks  
(Non-consolidated, as of Sep. 2013)



(Billions of yen)	Mar. 2013	Sep. 2013	Change
Deposits	23,023.8	23,722.4	698.5
Negotiable certificates of deposit	4,103.5	4,687.8	584.3
Call money and bills sold	168.3	182.2	13.9
Payables under repurchase agreements	605.7	1,145.5	539.8
Trading liabilities	233.1	224.2	(8.8)
Borrowed money	1,169.0	1,756.9	587.9
Short-term bonds payable	940.0	1,218.0	278.0
Bonds payable	986.3	1,027.6	41.2
Borrowed money from trust account	2,483.2	2,479.2	(3.9)
Other liabilities	1,074.4	1,113.9	39.5
Deferred tax liabilities	1.8	9.0	7.2
Acceptances and guarantees	583.9	556.5	(27.3)
<b>Total liabilities</b>	<b>35,373.5</b>	<b>38,124.0</b>	<b>2,750.4</b>
Capital stock	261.6	261.6	-
Capital surplus	752.9	754.2	1.2
Retained earnings	790.1	839.7	49.6
Treasury stock	(93.1)	(0.5)	92.6
<b>Total shareholders' equity</b>	<b>1,711.5</b>	<b>1,855.0</b>	<b>143.5</b>
Valuation difference on available-for-sale securities	161.5	228.1	66.6
Deferred gains or losses on hedges	(17.1)	(11.9)	5.2
<b>Total accumulated other comprehensive income</b>	<b>134.4</b>	<b>212.5</b>	<b>78.0</b>
Minority interests	484.4	405.1	(79.2)
<b>Total net assets</b>	<b>2,330.4</b>	<b>2,472.7</b>	<b>142.3</b>
<b>Total liabilities and net assets</b>	<b>37,704.0</b>	<b>40,596.8</b>	<b>2,892.8</b>

# Securities portfolio (Details)

## <Breakdown of securities with fair value (Consolidated)>

(Billions of yen)	Costs			Fair value			Unrealized gains/losses		
	Mar. 2013	Sep. 2013	Change	Mar. 2013	Sep. 2013	Change	Mar. 2013	Sep. 2013	Change
Available-for-sale securities	5,268.9	4,795.9	(473.0)	5,550.9	5,177.0	(373.9)	281.9	381.1	99.1
Japanese stocks	788.5	754.5	(34.0)	1,041.1	1,123.3	82.2	252.5	368.8	116.2
Domestic bonds	2,955.9	2,389.9	(566.0)	2,965.5	2,394.8	(570.7)	9.6	4.9	(4.6)
Others	1,524.4	1,651.4	127.0	1,544.2	1,658.7	114.5	19.7	7.3	(12.4)
Held-to-maturity debt securities	636.2	468.9	(167.2)	683.1	510.8	(172.3)	46.9	41.8	(5.0)

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

Available-for-sale securities	5,075.5	4,547.1	(528.3)	5,388.5	4,956.0	(432.5)	313.0	408.8	95.8
Japanese stocks	749.4	718.9	(30.5)	1,038.1	1,120.3	82.2	288.6	401.3	112.7
Domestic bonds	2,807.5	2,183.6	(623.8)	2,817.4	2,188.6	(628.8)	9.8	4.9	(4.9)
Government bond	2,122.1	1,553.9	(568.1)	2,128.3	1,555.5	(572.8)	6.2	1.5	(4.6)
Others	1,518.4	1,644.5	126.0	1,533.0	1,647.1	114.0	14.5	2.5	(11.9)
Domestic investment (*1)	235.4	218.3	(17.1)	234.6	218.2	(16.3)	(0.8)	(0.1)	0.7
International investment (*1)	960.6	1,209.5	248.8	990.3	1,220.3	229.9	29.6	10.7	(18.8)
US Treasury	298.9	671.9	372.9	309.7	669.6	359.9	10.7	(2.2)	(13.0)
Corporate bonds, etc.	348.6	280.5	(68.0)	354.2	284.7	(69.4)	5.5	4.1	(1.3)
Others (Investment trust, etc.) (*2)	322.2	216.6	(105.6)	308.0	208.5	(99.4)	(14.2)	(8.0)	6.1

(\*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	634.3	467.0	(167.2)	681.4	509.1	(172.3)	47.1	42.0	(5.0)
Japanese government bonds	265.4	255.3	(10.1)	278.2	264.6	(13.6)	12.7	9.3	(3.4)
Foreign bonds (Corporate)	179.1	42.4	(136.7)	181.4	44.3	(137.0)	2.3	1.9	(0.3)
Asset-backed securities (International) (*3)	139.4	132.7	(6.7)	170.6	162.7	(7.8)	31.2	30.0	(1.1)

(\*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008

(Sep. 2013: (35.4)bn yen, Mar. 2013: (37.9)bn yen)

# Deferred tax assets

< Deferred tax assets >

(Billions of yen)	Non-consolidated			Consolidated		
	Mar. 2012	Sep. 2013	Change	Mar. 2012	Sep. 2013	Change
Deferred tax assets (A)	159.5	130.6	(28.9)	218.9	183.5	(35.3)
Devaluation of securities	48.3	43.1	(5.2)	44.4	39.3	(5.1)
Allowance for loan losses (including written-off of loans)	34.6	29.7	(4.9)	46.6	40.6	(5.9)
Loss carry forwards	42.0	29.5	(12.4)	55.3	42.6	(12.6)
Deferred gains/ losses on hedges	4.2	3.3	(0.8)	4.5	3.5	(1.0)
Valuation difference due to share exchange	---	---	---	44.0	39.6	(4.3)
Others	61.2	59.1	(2.1)	77.3	74.3	(3.0)
Valuation allowance	(31.0)	(34.2)	(3.2)	(53.5)	(56.6)	(3.0)
Deferred tax liabilities (B)	124.0	156.9	32.9	145.0	176.8	31.8
Employee retirement benefit trust	25.3	27.0	1.7	25.3	27.0	1.7
Valuation difference on available-for-sale securities	93.4	125.5	32.0	94.7	126.7	31.9
Valuation difference due to share exchange	---	---	---	17.4	16.2	(1.2)
Others	5.2	4.3	(0.8)	7.5	6.8	(0.6)
Net deferred tax assets (A) - (B)	35.5	(26.2)	(61.8)	73.8	6.7	(67.1)

(Billions of yen)	FY2008	FY2009	FY2010	FY2011	FY2012
Taxable income before deduction of loss carry forwards	(81.1)	106.2	120.4	9.5	133.0
Net business profit before credit costs	313.8	284.4	233.3	239.0	210.2

Although there are significant operating loss carryforwards on the tax base, "examples (4) proviso" of Practical Guideline is applied as the loss carryforwards are due to non-recurring factors.

Estimated future taxable income is calculated according to the future income plan by the Mid-term Management Plan.

(Reference) Estimated taxable income for further 5 years	Sum of 5 years
Projected amount of net business profit before credit costs used for the estimation	1,491.4
Projected amount of net income used for the estimation	1,214.5
Estimated amount of taxable income before adjustments	1,272.9

# <Supplement 3> Performance by Business Sections

# Retail financial services / Wholesale financial services / Stock transfer agency services

## Retail financial services / Gross business profit

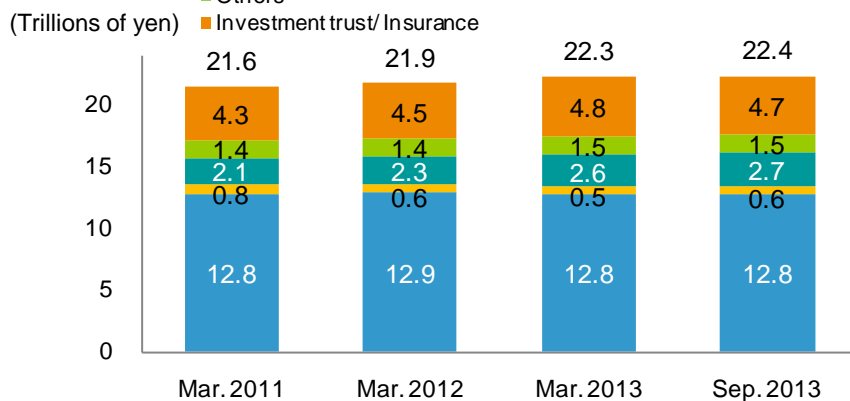
(Billions of yen)	1HFY2012	1HFY2013	Change
Business profit	43.1	49.3	6.2
Net interest income, etc.	23.0	22.6	(0.4)
Loans to individuals	20.3	22.8	2.4
Deposits	1.8	(1.2)	(3.1)
Others	0.8	1.0	0.2
Net fees and commissions	20.1	26.7	6.6
Investment trust / Insurance	21.0	27.9	6.9
Others	(0.8)	(1.2)	(0.3)
Adjustments among businesses	22.8	20.4	(2.4)
Gross business profit	66.0	69.8	3.7

## Wholesale financial services / Gross business profit

(Billions of yen)	1HFY2012	1HFY2013	Change
Business profit	76.0	76.6	0.5
Net interest income, etc.	57.7	56.6	(1.0)
Loans, etc.	55.6	54.8	(0.7)
Deposits	1.0	0.8	(0.2)
Others	1.0	0.9	(0.0)
Net fees and commissions	18.3	19.9	1.6
Real estate NRL	3.3	1.9	(1.3)
Syndicated loans	10.8	11.9	1.0
Securitization	2.1	3.7	1.5
Adjustments among businesses	(20.7)	(16.1)	4.6
Gross business profit	55.2	60.4	5.1

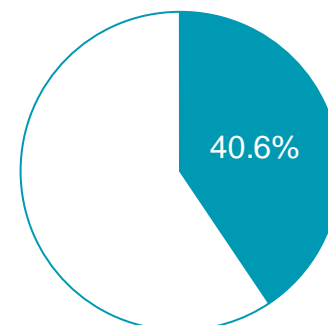
## Total depositary assets from individuals

- Time deposits (Fixed rate)
- Time deposits (Variable rate) + Loan trust, Money trust
- Ordinary deposits
- Others
- Investment trust/ Insurance

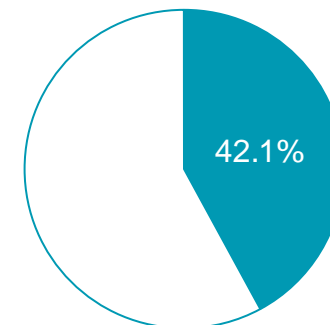


## Market share of stock transfer agency services<sup>(\*)</sup> (as of Sep. 2013)

< Number of listed corporate clients >



< Number of shareholders under administration >



(\*) Combined total of SMTB, Tokyo Securities Transfer Agent, and Japan Securities Agents

# Global markets

## Gross business profit

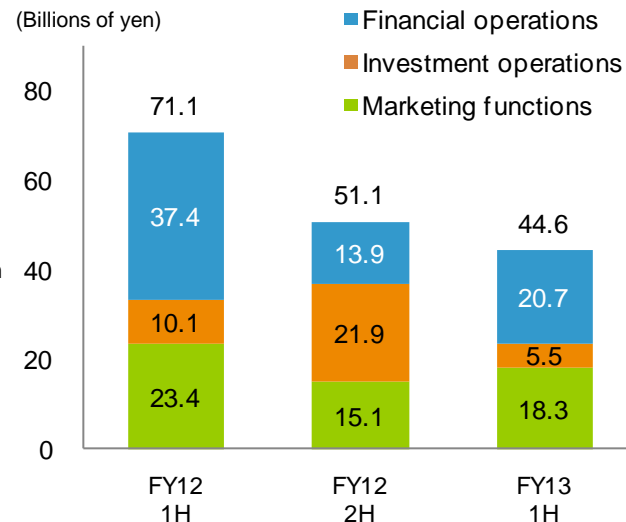
(Billions of yen)	1HFY2012	1HFY2013	Change
Financial operations	37.4	20.7	(16.7)
Investment operations	10.1	5.5	(4.6)
Marketing functions	23.4	18.3	(5.1)
<b>Total</b>	<b>71.1</b>	<b>44.6</b>	<b>(26.4)</b>

<Financial operations> Financial operations managing potential market risks(\*) involved in the overall balance sheet

(\*) Interest rate risk associated with ordinary deposits, equity risk, etc.

<Investment operations> Proprietary investment pursuing absolute return, trading

<Marketing functions> Market-making operations for interest rate and forex products; creation and sales of financial products



## Securities portfolio of Global markets business (\*1)

(Billions of yen)	Cost		Unrealized gains/losses		10BPV (*2)		Duration (*2) (years)	
	Sep. 2013	Change from Mar. 2013	Sep. 2013	Change from Mar. 2013	Sep. 2013	Change from Mar. 2013	Sep. 2013	Change from Mar. 2013
JPY	1,912.7	(626.1)	14.8	(9.1)	4.9	(0.9)	2.6	0.3
Others	926.1	315.6	(1.8)	(17.1)	5.6	3.4	6.2	2.1
USD	737.7	327.3	(1.5)	(13.7)	4.9	3.7	6.8	3.3
EUR, etc.	188.4	(11.6)	(0.3)	(3.3)	0.7	(0.3)	3.9	(1.2)

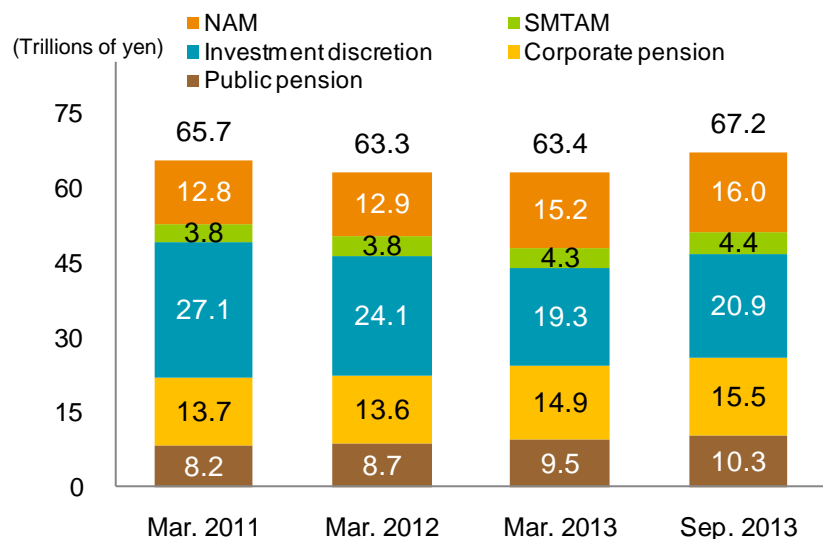
(\*1) Managerial reporting basis; "Held-to-maturity debt securities" and "Available-for-sale securities" are combined.

(\*2) In the calculation of 10BPV and duration, investment balance hedged by derivative transactions, etc. were excluded.

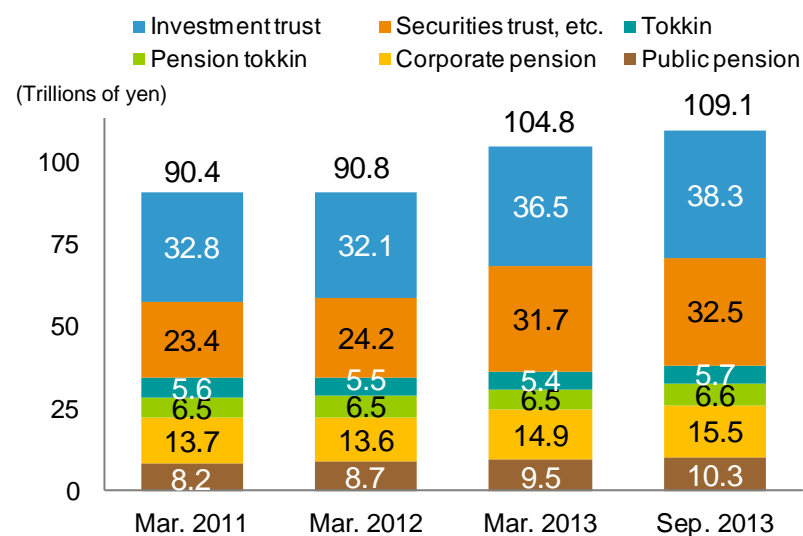


# Fiduciary services business

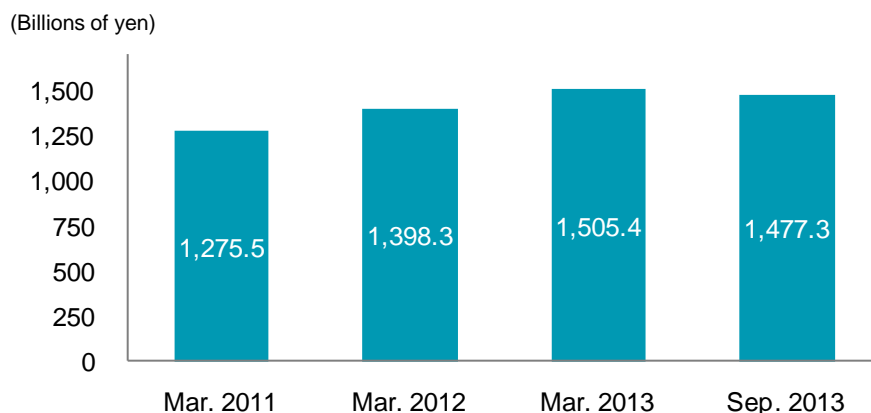
## Assets under management (AUM) (Consolidated)



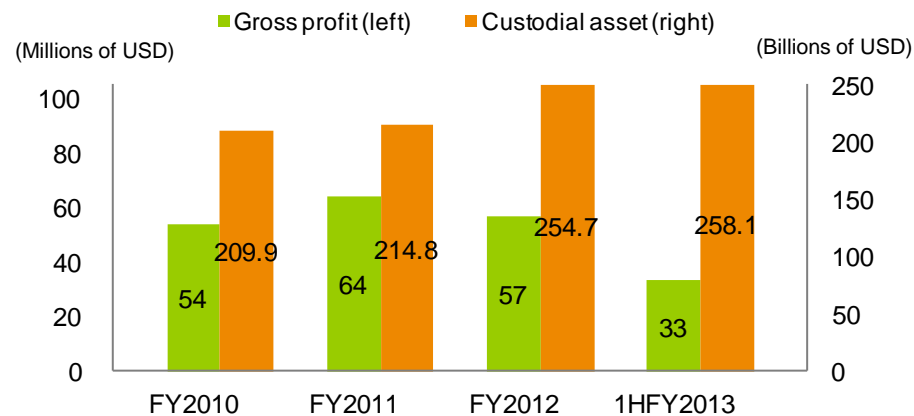
## Entrusted assets (Non-consolidated)



## Balance of alternative investment (Corporate pension) (Non-consolidated)



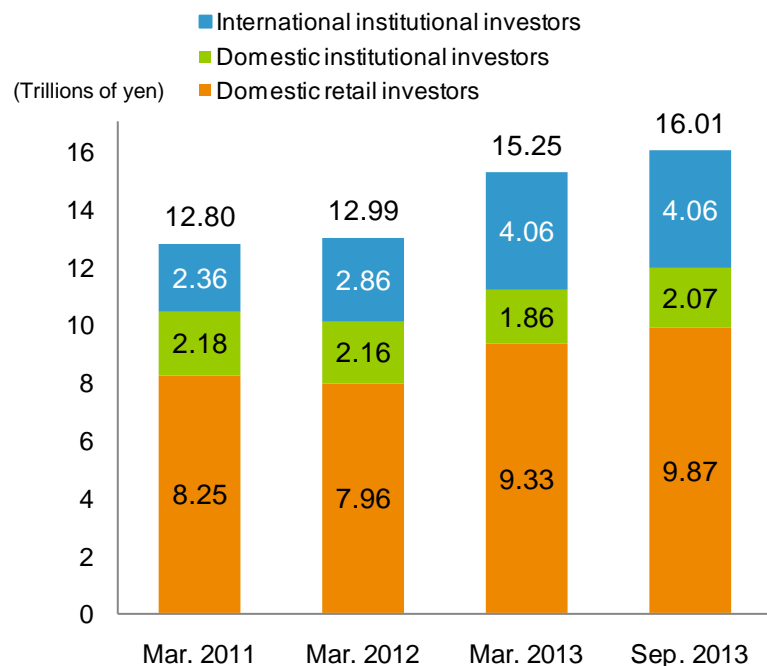
## Global custody business



# Financial related business in group companies 1. Nikko AM (Consolidated)

- ▶ Net income: UP ¥1.1bn YoY due primarily to the increase in the fair value of asset under management in step with the market recovery.
- ▶ By offering training courses to sales companies and providing products and support tools matching market and client needs, aiming for the expansion in volume of domestic retail AUM and the increase in presence on overseas markets through NAM Asia and Tyndall, etc.

## Assets under management (AUM)

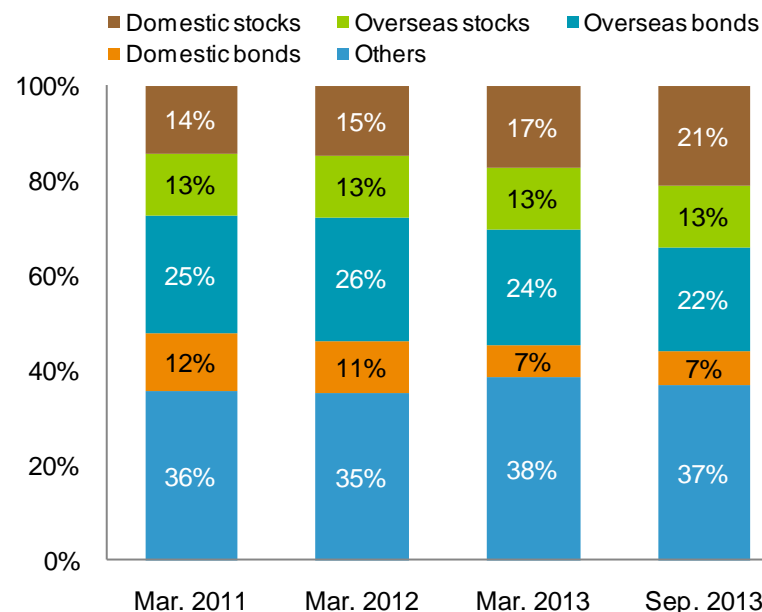


	(Billions of yen)			
	FY2010 Full	FY2011 Full	FY2012 Full	FY2013 1H
Net cash inflow/outflow	262.8	(249.8)	63.4	302.5
International institutional investors	(9.2)	0.3	126.0	(56.5)
Domestic institutional investors	(262.9)	(74.8)	(348.2)	110.4
Domestic retail investors	535.0	(175.2)	285.6	248.6

## P/L

(Billions of yen)	1HFY2012	1HFY2013	Change
Net business profit	2.7	4.5	1.7
Ordinary income	3.2	5.3	2.1
Net income	1.7	2.9	1.1

## Breakdown of AUM by asset type



# Financial related business in group companies

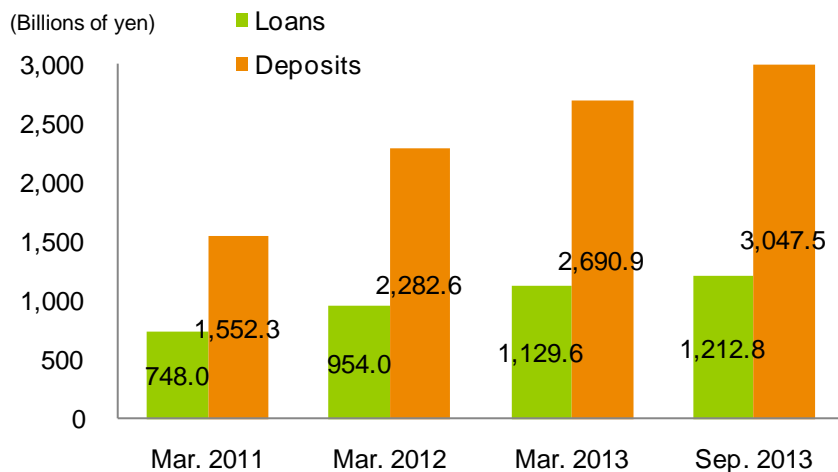
## 2. SBI Sumishin Net Bank (Consolidated)

- ▶ Net business profit before credit costs: UP ¥3.1bn YoY due primarily to the increase in the balance of loans and the fee income related to residential mortgage loans.
- ▶ Plan to diversify the earning sources by strengthening the consumer loan and fee businesses in addition to expanding the agency business for SMTB residential mortgage loans.

### Major business figures

(Billions of yen)	Mar. 2013	Sep. 2013	Change
Number of account (millions)	1.64	1.81	0.16
Deposits	2,690.9	3,047.5	356.5
Loans	1,129.6	1,212.8	83.2

### Balance of loans and deposits



### P/L

(Billions of yen)	1HFY2012	1HFY2013	Change
Net business profit	2.8	6.0	3.1
Ordinary income	2.8	5.7	2.9
Net income	1.7	3.4	1.7

### B/S

(Billions of yen)	Mar. 2013	Sep. 2013	Change
Total assets	2,848.6	3,246.5	397.8
Net assets	41.7	46.9	5.1
Shareholders' equity	52.0	55.4	3.4

# Financial related business in group companies

## 3. Leasing, real estate-related finance, residential mortgage loans

### Sumitomo Mitsui Trust Panasonic Finance (Consolidated)

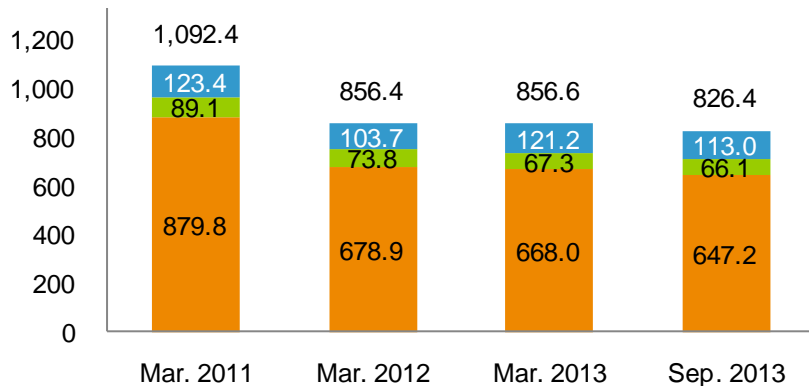
- ▶ Put a break on the decline in business profit by increasing the balance of high-profit vendor lease transactions. Net income increased by ¥0.4bn YoY due to the reversal of allowance for loan losses.
- ▶ By promoting further cooperation with SMTB and utilizing the Panasonic's client base, pursuing the expansion of sales assets, focusing on the area such as the environment, etc.

#### P/L

(Billions of yen)	1HFY2012	1HFY2013	Change
Net business profit	5.8	5.2	(0.5)
Leasing profit	128.6	119.5	(9.1)
Leasing expense	(112.9)	(105.1)	7.7
G&A expense	(9.8)	(9.0)	0.7
Ordinary profit	7.6	8.3	0.6
Net income	4.7	5.2	0.4
Total credit costs	1.5	2.8	1.2

#### Trend of operating assets

(Billions of yen) ■ Financing ■ Card, credit ■ Leasing/installment



### Sumitomo Mitsui Trust Loan & Finance

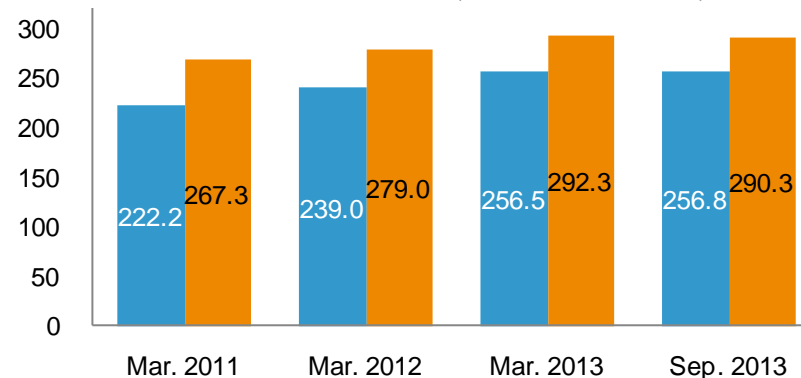
- ▶ Ordinary profit increased by ¥0.7bn YoY due to the increase in interests on loans resulting from the growth in the balance of loans, and the increase in the reversal of total credit costs.
- ▶ Accumulating loan balance in mortgages, etc. by enhancing the cooperation with SMTB and Sumitomo Mitsui Trust Realty, etc.

#### P/L

(Billions of yen)	1HFY2012	1HFY2013	Change
Net business profit	2.4	2.7	0.3
Loan profit	5.8	6.1	0.2
G&A expense	(3.4)	(3.3)	0.0
Ordinary profit	2.5	3.3	0.7
Net income	2.1	1.6	(0.5)
Total credit costs	0.0	0.4	0.4

#### Trend of loan balance

(Billions of yen) ■ Loans ■ Loans (before securitization)



This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in managerial circumstances. Information regarding companies and other entities outside the group in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed. This presentation does not constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any securities.