



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Investor Meeting on Financial Results for FY2013

Items described below are revised on February 6, 2015

(Page 27) "Credit portfolio"

(Page 28) "Balance of credit to non-Japanese / overseas Japanese borrowers"

(Page 54) "Overseas Japanese / Non-Japanese borrowers"

May 21, 2014

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## Definitions of terms in this document

Consolidated : Sumitomo Mitsui Trust Holdings (Consolidated)

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

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

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 costs exceeded the forecast due primarily to the recovery in fee income in strategic business areas

Net business profit before credit costs

Results  
[ comparison with the year forecast ]

¥285.8bn [ +¥15.8bn ]

Total credit costs continued to stay at low level and resulted in the reversal of allowance for loan losses

Total credit costs

¥9.1bn [ +¥19.1bn ]

Net income for FY2013 exceeded the forecast

Net income

¥137.6bn [ +¥7.6bn ]

## Strategic business areas

Total sales volume made steady progress due to the increase in insurance sales despite the market correction phase

Investment trust and insurance sales

¥1,969.8bn  
[ +¥460.9bn from FY2012 ]

Assets under management showed steady increase due to the net cash inflow and the increase in fair value

AUM  
(group companies total)

¥70.6tr  
[ +¥7.2tr from Mar. 2013 ]

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

Revenue from real estate business  
(Non-consolidated)

¥28.5bn  
[ +¥9.2bn from FY2012 ]

## Financial strength

Reduction of shareholdings made steady progress

Reduction of shareholdings  
(Consolidated)

¥57.7bn

Common Equity Tier 1 capital ratio significantly improved through the accumulation of retained earnings and the offering of treasury shares, etc.

Common Equity Tier 1 capital ratio

8.44% [ +1.96Pt. from Mar. 2013 ]  
Fully-loaded basis (Pro forma)

# Financial results and financial condition of FY2013

# Financial results FY2013 : Consolidated

- ▶ Net business profit before credit costs: UP ¥1.2bn YoY to ¥285.8bn  
Contribution from group companies increased steadily and net business profit before credit costs (non-consolidated) increased due primarily to the expansion in net fees and commissions and related profit, while the effects from purchase accounting method decreased.
- ▶ Net income: UP ¥3.9bn YoY to ¥137.6bn due primarily to the improvement in total credit costs in addition to the above.

		(Billions of yen)		
		FY2012	FY2013	Change
Net business profit before credit costs	1	284.6	285.8	1.2
(Contribution of group companies before consolidated adjustments)	2	54.7	62.4	7.6
Gross business profit	3	637.8	658.9	21.1
Net interest income and related profit	4	227.4	235.4	8.0
Net fees and commissions and related profit	5	301.2	349.2	48.0
Net other operating profit	6	85.1	49.8	(35.2)
General and administrative expenses	7	(373.7)	(396.3)	(22.6)
Net non-recurring profit, etc.	8	(8.9)	(4.5)	4.4
Ordinary profit	9	255.0	258.0	2.9
Extraordinary profit	10	(26.7)	(11.3)	15.3
Income before income taxes	11	228.3	246.6	18.3
Total income taxes	12	(75.1)	(91.6)	(16.5)
Net income	13	133.7	137.6	3.9
Total credit costs	14	6.1	9.1	3.0
Net gains on stocks	15	(4.2)	(3.7)	0.4
(Difference from non-consolidated)	16	1.1	(1.5)	(2.7)
Return on shareholders' equity	17	7.81%	7.84%	0.03%
Dividend on common share (Yen)	18	9.00	10.00	1.00
Net assets per common shares (BPS) (Yen)	19	470.71	511.02	40.31

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

- (1) Non-consolidated: ¥211.8bn
  - (2) Group companies: ¥62.4bn
  - (3) Effect of purchase accounting method: ¥0.3bn
- (\*) Adjustments of elimination of dividends from subsidiaries, etc. were added to the sum of (1), (2) and (3)

## < Major factors (change from FY2012) >

- (1) Net business profit before credit costs <1>: +¥1.2bn  
Non-consolidated: +¥1.6bn [¥210.2bn → ¥211.8bn]  
Group companies: +¥7.6bn [¥54.7bn → ¥62.4bn]  
Effect of purchase accounting method: ¥(7.0)bn [¥7.3bn → ¥0.3bn]
- (2) Contribution of group companies before consolidated adjustments <2>: +¥7.6bn
  - Nikko Asset Management: +¥1.9bn
  - Sumitomo Mitsui Trust Realty: +¥3.1bn
  - SBI Sumishin Net Bank: +¥1.9bn, etc.

## < Changes from FY2012 excluding effects of purchase accounting method >

- (1) Net business profit before credit costs: +¥8.2bn [¥277.2bn → ¥285.5bn]
- (2) Ordinary profit: +¥11.6bn [¥238.3bn → ¥250.0bn]
- (3) Net income: +¥11.0bn [¥121.5bn → ¥132.5bn]

# Financial results FY2013 : Non-consolidated

- ▶ Net business profit before credit costs: UP ¥1.6bn YoY to ¥211.8bn  
Net interest income and related profit turned positive and net fees and commissions and related profit increased materially, while market-related profit decreased mostly in net gains on bonds.
- ▶ Net income: UP ¥10.8bn YoY to ¥116.0bn  
Total credit costs and net gains on stocks improved in addition to the above.

	(Billions of Yen)	FY2012	FY2013	Change
Net business profit before credit costs	1	210.2	211.8	1.6
Gross business profit	2	449.6	461.5	11.9
Net interest income and related profit	3	207.2	215.7	8.5
Net fees and commissions and related profit	4	167.6	195.7	28.1
Net fees and commissions	5	85.3	104.2	18.9
Net trading profit	6	24.1	24.3	0.2
Net other operating profit	7	50.6	25.6	(24.9)
Net gains on foreign exchange transactions	8	6.1	(4.1)	(10.2)
Net gains on bonds	9	50.5	15.7	(34.7)
Net gains from derivatives other than for trading or hedging	10	(5.7)	13.3	19.1
General and administrative expenses	11	(239.4)	(249.7)	(10.2)
Total credit costs	12	5.3	7.6	2.2
Other non-recurring profit	13	(24.9)	(31.0)	(6.0)
Net gains on stocks	14	(5.3)	(2.2)	3.1
Amortization of net actuarial losses	15	(21.4)	(18.2)	3.2
Ordinary profit	16	190.6	188.4	(2.2)
Extraordinary profit	17	(31.6)	(2.4)	29.1
Income before income taxes	18	159.0	185.9	26.9
Total income taxes	19	(53.8)	(69.9)	(16.0)
Net income	20	105.1	116.0	10.8

## < Major factors (change from FY2012) >

- (1) Net interest income and related profit <3>: +¥8.5bn
  - Net interest income +¥8.3bn [¥199.5bn → ¥207.9bn]
  - Loan-deposit margin +¥3.3bn [¥160.6bn → ¥163.9bn]
  - Income from securities +¥9.5bn [¥88.8bn → ¥98.4bn]
  - Income/expense in swaps ¥(9.1)bn [¥(2.4)bn → ¥(11.5)bn]
- (2) Net fees and commissions and related profit <4>: +¥28.1bn
  - Investment trust / Insurance related profit +¥10.6bn [¥48.8bn → ¥59.5bn]
  - Real estate brokerage fees +¥10.2bn [¥11.7bn → ¥22.0bn]
- (3) Net gains on bonds <9>: ¥(34.7)bn
  - Domestic bonds ¥(16.9)bn [¥19.1bn → ¥2.2bn]
  - Foreign bonds ¥(17.8)bn [¥31.3bn → ¥13.4bn]
- (4) Costs related to the Management Integration:  
+¥3.8bn [¥(11.3)bn → ¥(7.4)bn]  
Posted as other non-recurring item <13> from FY2013 instead of extraordinary item <17>
- (5) Extraordinary profit <17>: +¥29.1bn [¥(31.6)bn → ¥(2.4)bn]
  - Impairment loss on fixed assets +¥19.3bn [¥(20.9)bn → ¥(1.6)bn]



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

- ▶ Contribution to net business profit before credit costs: UP 14% YoY to ¥62.4bn  
Contribution of Nikko Asset Management, Sumitomo Mitsui Trust Realty and SBI Sumishin Net Bank Ltd, etc. increased.
- ▶ Contribution to net income: DOWN 5% YoY to ¥34.3bn  
Contribution of Nikko Asset Management decreased due primarily to the goodwill impairment loss for its subsidiary.

(Billions of Yen)	Net business profit before credit costs			Net income			Goodwill as of Mar. 2014	
	FY2012	FY2013	Change	FY2012	FY2013	Change	Amortization amount	Outstanding balance
Consolidation difference	74.3	74.0	(0.3)	28.6	21.6	(6.9)	(17.9)	96.8
Effect of purchase accounting method	7.3	0.3	(7.0)	12.2	5.1	(7.1)	---	---
Contribution (before consolidated adjustments) (*1)	54.7	62.4	7.6	36.1	34.3	(1.7)	(17.9)	96.8
Nikko Asset Management (Consolidated)	7.9	9.8	1.9	4.0	(0.4)	(4.4)	(*2) (8.5)	(*2) 52.7
Sumitomo Mitsui Trust Realty	1.1	4.3	3.1	1.0	2.3	1.3	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	11.0	10.4	(0.6)	7.0	6.2	(0.8)	(0.2)	0.2
Sumitomo Mitsui Trust Loan & Finance	7.5	8.0	0.5	7.7	8.2	0.4	(3.8)	42.1
SBI Sumishin Net Bank (Consolidated)	4.0	5.9	1.9	2.4	3.5	1.1	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	10.2	11.2	0.9	6.8	5.9	(0.8)	---	---

(\*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 (0.9 billion yen) and outstanding balance (2.4 billion yen) of affiliated companies

### < Effects on purchase accounting method >

- ◆ Effects on consolidated financial results for FY2013 are 0.3 billion yen at the level of "Net business profit before credit costs" and 5.1 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.

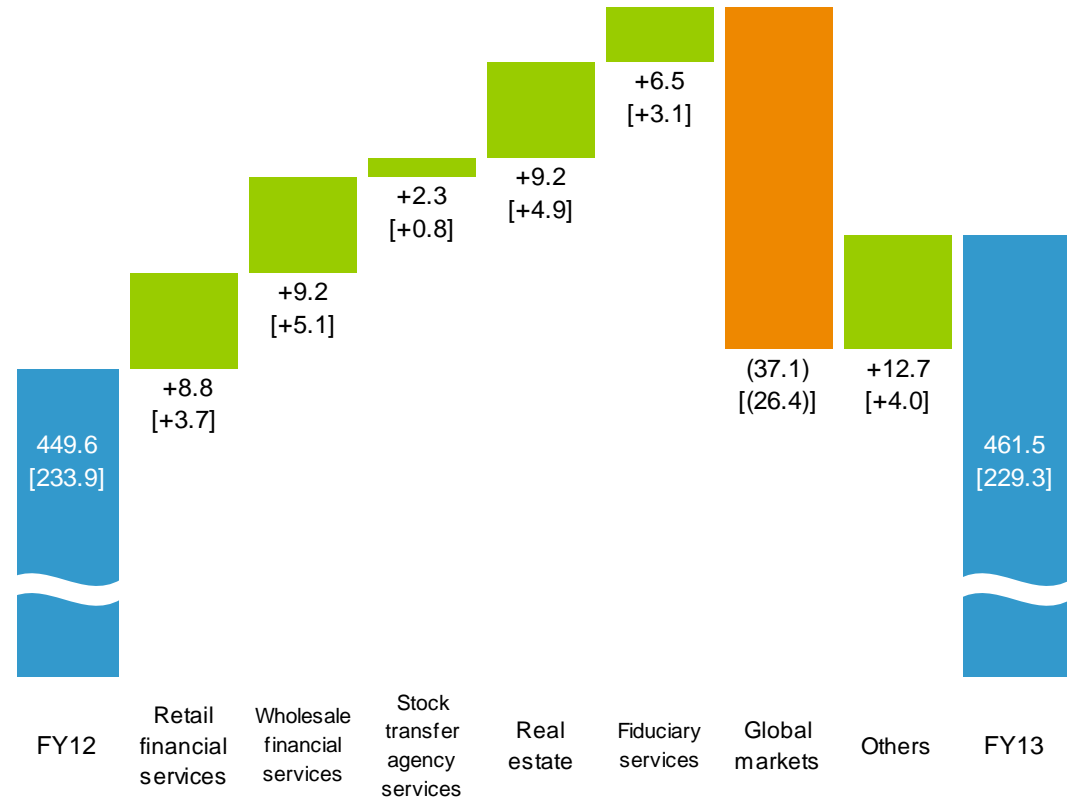
(Billions of Yen)	FY2012	FY2013	Change
Amortization / Accumulation of loans and bills discounted, bonds and deposits, etc.	1.6	0.0	(1.6)
Effects of sales of bonds, etc.	5.7	0.3	(5.4) (*3)
Effect on net business profit before credit costs	7.3	0.3	(7.0)
Cancellation of amortization of net actuarial losses	10.5	12.6	2.0
Effects of sales / cancellation of devaluation of stocks, etc.	(1.1)	(4.9)	(3.7) (*3)
Effect on ordinary profit	16.7	8.0	(8.7)
Effect on extraordinary profit	6.5	0.2	(6.2) (*3)
Effect on income before income taxes	23.2	8.2	(14.9)
Tax effects on the above items	(11.0)	(3.1)	7.8
Effect on net income	12.2	5.1	(7.1)

(\*3) One-time effect

## Breakdown of profit by business: Non-consolidated

- ▶ Gross business profit: UP ¥11.9bn YoY to ¥461.5bn  
The decrease in the profit of Global markets was covered by the increase in the profit from fee businesses, etc.
- ▶ Retail financial services : UP ¥8.8bn YoY with good progress in fees from investment trust and insurance sales.
- ▶ Real estate: UP ¥9.2bn YoY due primarily to the material increase in brokerage fees.

(Billions of yen)	Gross business profit (Non-consolidated)		
	FY2012	FY2013	Change
Retail financial services	135.1	144.0	8.8
Wholesale financial services	111.7	121.0	9.2
Stock transfer agency services	14.0	16.4	2.3
Gross business profit	30.0	29.4	(0.6)
Fees paid for outsourcing	(15.9)	(12.9)	3.0
Real estate	19.3	28.5	9.2
Fiduciary services	57.0	63.5	6.5
Gross business profit	84.0	91.3	7.3
Fees paid for outsourcing	(27.0)	(27.8)	(0.8)
Global markets	122.2	85.0	(37.1)
Others	(9.9)	2.8	12.7
<b>Total</b>	<b>449.6</b>	<b>461.5</b>	<b>11.9</b>



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

Note: Figures in "[ ]" are results of 1H

# Breakdown of net interest income: Non-consolidated

- ▶ Net interest income: UP ¥8.3bn YoY to ¥207.9bn  
The positive effect from the increase in loans and bills discounted and securities in international business exceeded the negative effect from the deterioration in loan yield.
- ▶ Loan-deposit income: UP ¥3.3bn YoY to ¥163.9bn  
The income in international business increased due primarily to the expansion of international loans and bills discounted, while that of domestic business decreased.

	FY2013					
	Average balance	Change from FY2012	Yield	Change from FY2012	Income/Expense	Change from FY2012
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					207.9	8.3
Domestic business			0.58%	(0.09%)	164.1	(11.6)
Interest-earning assets	28.16	2.06	0.91%	(0.14%)	256.6	(18.4)
Loans and bills discounted	18.33	0.23	0.98%	(0.11%)	180.1	(17.4)
Securities	3.95	(1.59)	1.44%	0.42%	57.0	(0.1)
Interest-bearing liabilities	27.84	2.08	0.33%	(0.05%)	(92.4)	6.7
Deposits	21.20	0.40	0.29%	(0.04%)	(62.9)	6.7
International business			0.49%	(0.12%)	43.8	20.0
Interest-earning assets	8.58	2.78	1.23%	(0.09%)	106.2	29.6
Loans and bills discounted	4.41	1.50	1.27%	(0.09%)	56.4	16.9
Securities	1.84	0.26	2.24%	0.24%	41.4	9.6
Interest-bearing liabilities	8.40	2.53	0.74%	(0.16%)	(62.3)	(9.5)
Deposits	2.19	1.00	0.43%	(0.13%)	(9.6)	(2.9)
Loan-deposit margin / income			0.73%	(0.05%)	163.9	3.3
Domestic business			0.69%	(0.07%)	117.1	(10.6)
<Reference> Net interest income and related profit					215.7	8.5
Trust fees from principal guaranteed trust a/c					7.8	0.1

Note: Calculation method for average balance of interest-earning assets in international business has been partially revised from this disclosure. (For details, please refer to "Supplemental material on financial results FY2013")

< Major factors (change from FY2012) >

(1) Securities : +¥9.5bn [¥88.8bn → ¥98.4bn]

Japanese bonds: ¥(3.5)bn [¥10.1bn → ¥6.6bn]

Stocks: +¥2.3bn [¥22.1bn → ¥24.4bn]

Foreign bonds: +¥9.6bn [¥31.7bn → ¥41.4bn]

Others: +¥3.0bn [¥16.9bn → ¥19.9bn]

Income from cancellation of investment trust: +¥1.7bn  
[¥8.0bn → ¥9.7bn]

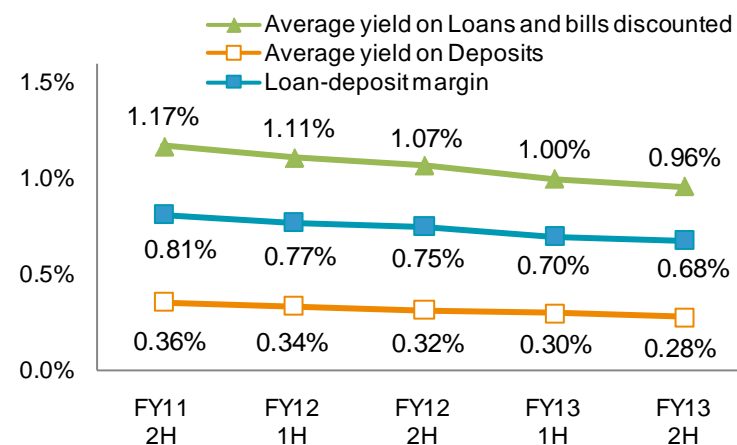
(2) Swaps : ¥(9.1)bn [¥(2.4)bn → ¥(11.5)bn]

Domestic business ¥(3.4)bn [¥12.2bn → ¥8.8bn]

International business ¥(5.6)bn [¥(14.7)bn → ¥(20.3)bn]

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

## Domestic loan-deposit margin



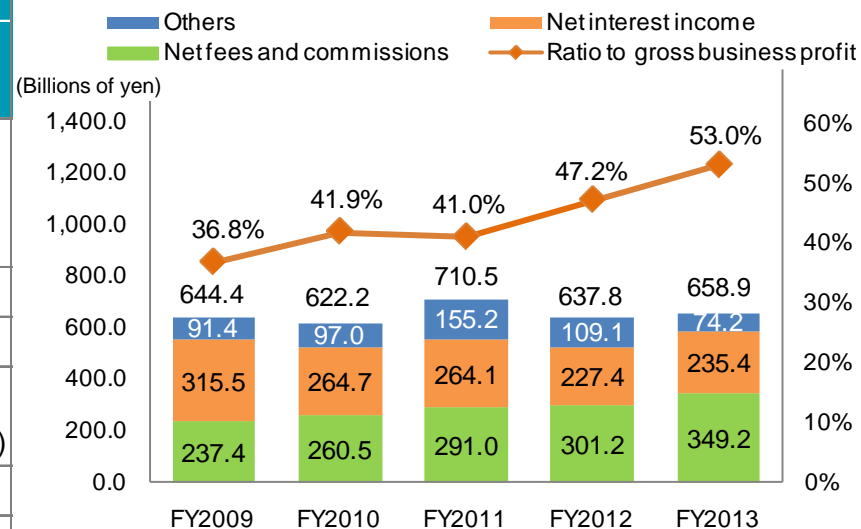
# Breakdown of net fees and commissions and related profit

- ▶ Net fees and commissions and related profit (Non-consolidated): UP ¥28.1bn YoY to ¥195.7bn  
The sales of investment trust and insurance expanded materially, assets under management and assets under custody increased in fiduciary services, and brokerage fees in real estate increased significantly.
- ▶ Fee income to gross business profit ratio (Consolidated): UP 5.8 percentage points to 53.0%  
Net fees and commissions and related profit (Consolidated) increased by ¥48.0bn YoY.

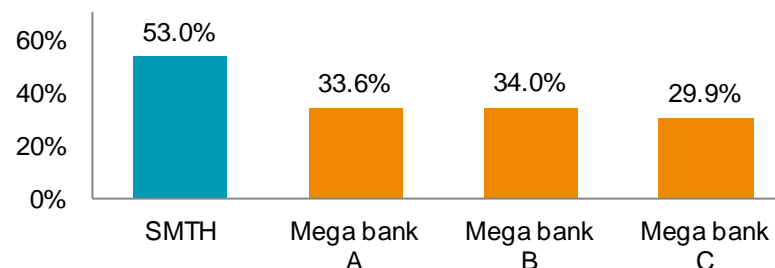
(Billions of yen)	Non-consolidated		Consolidated (*)	
	FY2013	Change from FY2012	FY2013	Change from FY2012
Net fees and commissions and related profit	195.7	28.1	349.2	48.0
(Net fees and commissions)	104.2	18.9	252.3	39.5
(Other trust fees)	91.4	9.1	96.9	8.4
Investment trust and Insurance Sales	59.5	10.6	59.5	10.6
Fiduciary services	63.5	6.5	162.0	19.8
Profit	91.3	7.3	171.2	22.0
Fees paid for outsourcing	(27.8)	(0.8)	(9.1)	(2.1)
Stock transfer agency services	16.4	2.3	32.0	5.9
Profit	29.4	(0.6)	32.0	0.8
Fees paid for outsourcing	(12.9)	3.0	-	5.1
Real estate	28.6	10.0	47.1	15.6
Others (Loan arrangement fees, etc.)	27.6	(1.5)	48.3	(4.1)
Ratio to gross business profit	42.4%	5.2%	53.0%	5.8%

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

## Trend of net fees and commissions (Consolidated)



## Comparison of fee income ratio (Consolidated)



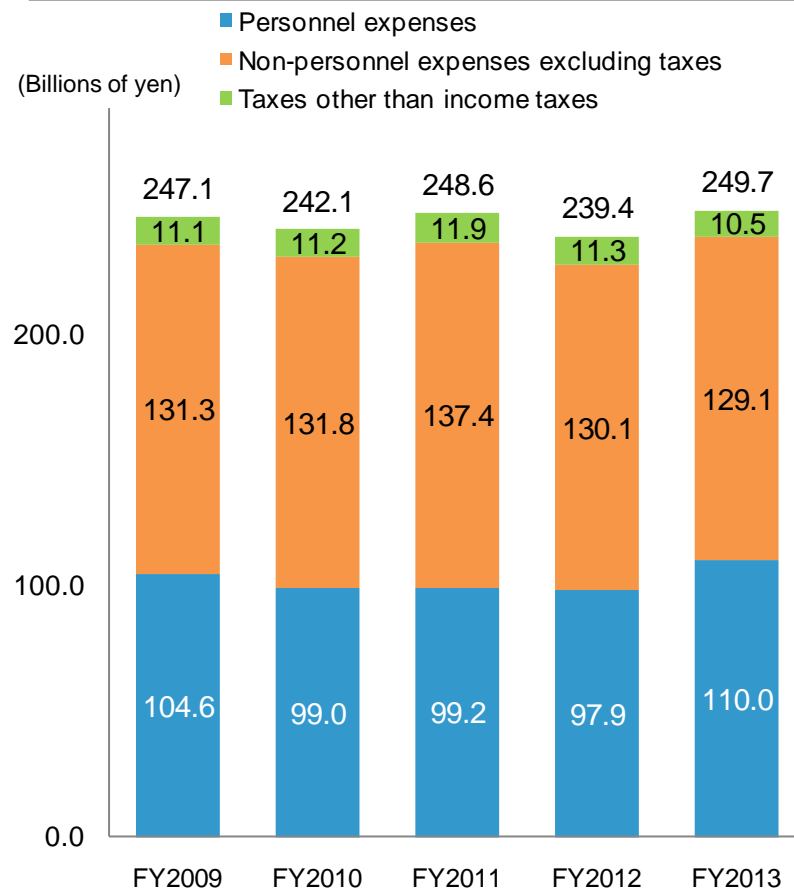
# General and administrative expenses

- ▶ General and administrative expenses (Non-consolidated): UP ¥10.2bn YoY due primarily to the decrease in the expected return on retirement benefit plan assets.
- ▶ Overhead ratio (Non-consolidated): UP 0.9 percentage points to 54.1% YoY due primarily to the above.

(Billions of yen)	Non-consolidated		
	FY2012	FY2013	Change
Personnel expenses	(97.9)	(110.0)	(12.0)
Salaries etc.	(98.0)	(99.5)	(1.5)
Retirement benefit expenses	16.1	5.7	(10.3)
Others	(16.0)	(16.1)	(0.1)
Non-personnel expenses excluding taxes	(130.1)	(129.1)	0.9
IT system-related costs	(38.4)	(38.3)	0.0
Others	(91.6)	(90.8)	0.8
Taxes other than income taxes	(11.3)	(10.5)	0.8
General and administrative expenses (a)	(239.4)	(249.7)	(10.2)
Overhead ratio ((a) / gross business profit)	53.2%	54.1%	0.9%

(Billions of yen)	(Reference) Consolidated		
	FY2012	FY2013	Change
Personnel expenses	(171.3)	(185.4)	(14.1)
Non-personnel expenses excluding taxes	(189.3)	(198.6)	(9.3)
Taxes other than income taxes	(13.1)	(12.2)	0.8
General and administrative expenses	(373.7)	(396.3)	(22.6)


## Trend of general and administrative expenses (Non-consolidated)



# Breakdown of total credit costs and migration analysis

- ▶ Total credit costs (Non-consolidated): reversal of ¥7.6bn  
Posted the reversal of allowance for loan losses by the improvements in clients' financial conditions in addition to the limited occurrence of the new non-performing loans.
- ▶ Total credit costs of group companies: reversal of ¥1.5bn  
Posted the reversal of allowance for the Great East Japan Earthquake and the recoveries in clients' financial conditions.
- ▶ Loans classified as non-performing loans or assets to other special mention debtors decreased by ¥184.2bn from Mar.2013 due to the upgrade of classification of debtors and repayments.

## < Total credit costs >

(Billions of yen)	FY2012			FY2013	Major factors (FY2013)
		1H	2H		
Total credit costs (Non-consolidated)	5.3	4.0	3.5	7.6	 Downgrade of debtors: Approx. (1.9) Upgrade of debtors: Approx. +5.8 Decrease in loan balance (including recoveries): Approx. +3.7, etc.
General allowance for loan losses	7.2	0.5	(3.2)	(2.6)	
Specific allowance for loan losses	(3.3)	2.4	6.5	8.9	
Recoveries of written-off claims	2.9	0.8	0.3	1.2	
Losses on sales of claims, written-off	(1.4)	0.1	(0.0)	0.0	
Total credit costs (Group companies)	0.7	2.5	(0.9)	1.5	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. : Approx. +1.8, etc. Sumitomo Mitsui Trust Guarantee Co., Ltd. : Approx. (0.5), etc.
Total	6.1	6.5	2.5	9.1	

## < Migration analysis (Non-consolidated) >

(Billions of yen)	Mar. 2013	Mar. 2014	Change	Downgrade	Downgrade	Upgrade	Upgrade	Repayment, etc.
	Balance	Balance		(+)	(-)	(+)	(-)	
Bankrupt and practically bankrupt	31.7	10.6	(21.1)	3.0			(12.3)	(11.8)
Doubtful	172.9	100.7	(72.1)	12.3	(1.3)	0.4	(14.3)	(69.3)
Assets to substandard debtors	146.1	154.1	8.0	5.0	(3.0)	17.7	(0.7)	(10.9)
Assets to other special mention debtors	588.5	489.5	(99.0)	66.6	(9.3)	8.5	(114.7)	(50.1)
Total	939.1	754.9	(184.2)					

# Forecast for FY2014



# Forecast for FY2014

- ▶ Net business profit before credit costs: ¥295.0bn (Consolidated), ¥225.0bn (Non-consolidated)  
Forecasting the increase primarily in fees and commissions.
- ▶ Net income: ¥150.0bn (Consolidated), ¥125.0bn (Non-consolidated)  
Forecasting the increase by ¥12.3bn (Consolidated) and ¥8.9bn (Non-consolidated), respectively.  
The forecast takes account of the the posting of banking IT system integration cost.
- ▶ The full year dividend on common share: UP ¥1.0 yen to ¥11.0 per share

## < Consolidated >

(Billions of yen)	FY2013 (Actual)	FY2014		Change
		Full	1H	
Net business profit before credit costs	285.8	295.0	140.0	9.1
Ordinary profit	258.0	260.0	130.0	1.9
Net income	137.6	150.0	80.0	12.3
Total credit costs	9.1	(10.0)	-	(19.1) (4)
Dividend on common share (Yen)	10.00	11.00	5.50	1.00
Consolidated dividend payout ratio	29.3%	29.5%	---	0.2%

## < Non-consolidated >

Net business profit before credit costs	211.8	225.0	110.0	13.1
Gross business profit	461.5	475.0	235.0	13.4
Retail financial services	144.0	150.0	74.0	5.9 (1)
Wholesale financial services	121.0	122.0	61.0	0.9 (2)
Stock transfer agency services	29.4 (*)	30.0	15.0	0.5
Real estate	28.5	35.0	15.0	6.4 (3)
Fiduciary services	91.3 (*)	92.0	46.0	0.6
Global markets	85.0	85.0	42.0	(0.0)
General and administrative expenses	(249.7)	(250.0)	(125.0)	(0.2)
Total credit costs	7.6	(10.0)	-	(17.6) (4)
Other net non-recurring profit	(31.0)	(20.0)	(10.0)	11.0
Ordinary profit	188.4	195.0	100.0	6.5
Net income	116.0	125.0	70.0	8.9

(\*)Before deducting fees paid for outsourcing

(Stock transfer agency services: 10.0bn yen, Fiduciary services: 28.0bn yen).

- (1) Retail financial services: +¥5.9bn from FY2013  
• Increase in fee income from the administration and management of investment trust and insurance is expected.
- (2) Wholesale financial services: +¥0.9bn from FY2013  
• Increase in income due to the continuous expansion of overseas credit is expected.
- (3) Real estate: +¥6.4bn from FY2013  
• Increase in real estate brokerage fees due to the market recovery is expected.
- (4) Total credit costs: Forecast ¥(10.0)bn  
• Estimated to stay at low level.
- (5) Estimated cost of banking IT system integration:  
Forecast ¥(55.0)bn  
(planned to be posted as extraordinary loss)



# Business initiatives in FY2014

# Business initiatives in FY2014

## 1 . Strengthen fee related businesses

Pursue both growth and stability by gaining more transaction fees together with administration and management fees

- Increase administration and management fees mainly through “Wrap Selection” products
- Expand AUM of retail clients through the sales of investment trust and DC as well as AUM from overseas investors
- Increase real estate brokerage fees by strengthening information gathering and processing capabilities as well as strategically allocating personnel

## 2 . Strengthen basic earning power in banking businesses

Increase the net interest income based on the premise of the continuing low interest rate environment and the weak funding demand from domestic corporations

- Compensate the weak funding demand from domestic corporations by expanding the exposure to overseas Japanese borrowers
- Improve loan/deposit income through expanding the exposure to non-Japanese borrowers
- Expand the coverage in loans to individuals (primarily mortgage loans)

## 3 . Further strengthen coordination across business sections

Expand the client base, products and services through organic collaboration of know-how across business sections and group companies

- Expand client base, product/service through organic collaboration of the existing 6 businesses
- Control risk weighted assets through strengthening of investment product offerings to institutional clients
- Expand business offerings to the affluent such as corporate owners through seamless product/service offering by integrating banking/trust/real estate capabilities

## 4 . Further establish higher standard of financial soundness

Control the credit risks and market risks appropriately

- Control downside risk by maintaining high quality credit portfolios
- Continue ALM operations accounting for group-wide interest rate risks

Correspondence to Basel III

- Suppress volatility risk for capital by further reduction of cross shareholdings
- Properly control risk weighted assets and promote suppression of deduction items
- Accelerate preparation to deploy Advanced Internal Rating Based Approach (AIRB) for credit

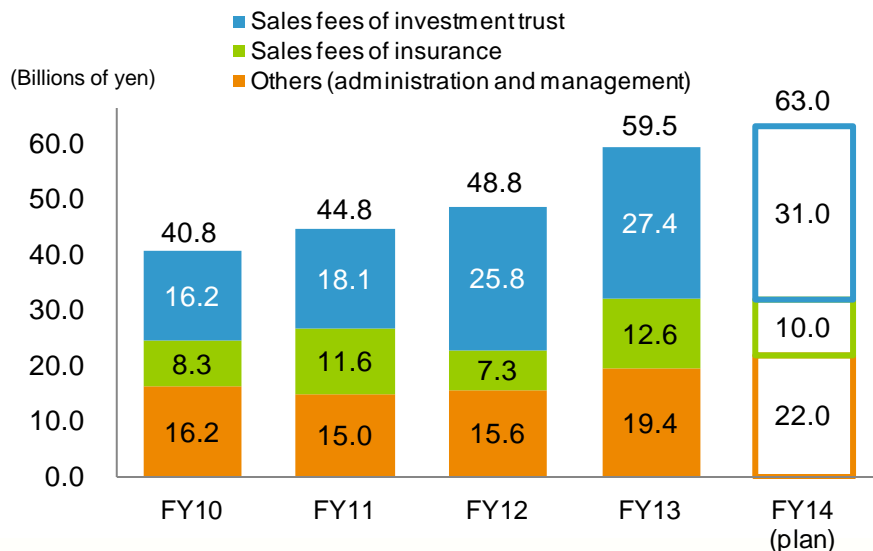
# Strengthen fee businesses 1: Investment trust and insurance sales

- ▶ Sales volume of investment trust and insurance products: UP more than 30% YoY to ¥1,969.8bn  
Strategic reallocation of personnel and development of products led to the good results to keep high sales volume over the fiscal year in the favorable market condition.
- ▶ Administration and management fees increased steadily through the accumulation of the balance in addition to the increase in sales fees.

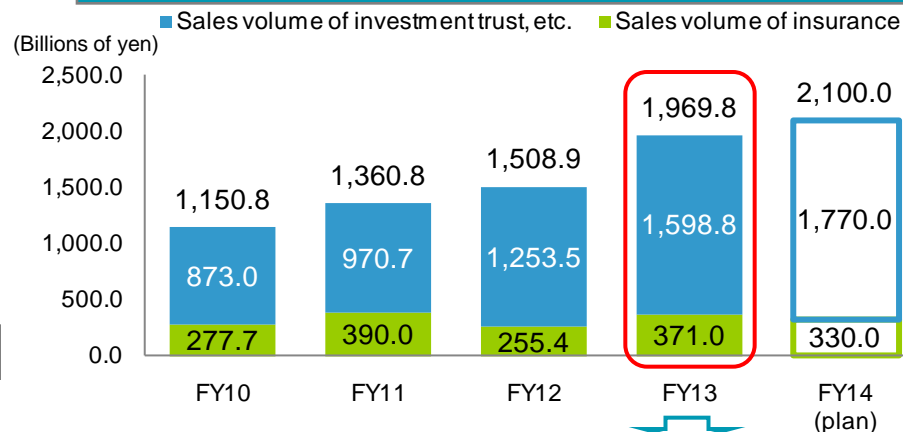
## Income (Non-consolidated)

(Billions of yen)	FY2013	Change from FY2012	FY2014
	Actual		Plan
Total	59.5	10.6	63.0
Sales fees of investment trust	27.4	1.6	31.0
Sales fees of insurance	12.6	5.2	10.0
Others (administration and management)	19.4	3.7	22.0

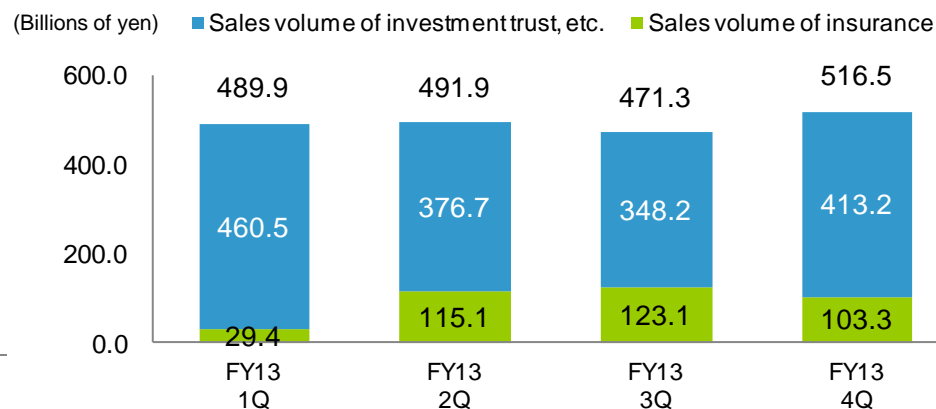
## Trend of Income (Non-consolidated)



## Trend of sales volume



## Trend of sales volume (quarterly)



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

▶ Promote the business model to expand stable earnings as well as the expansion of client base while keeping the existing basic strategy which have obtained the good results, .

## Basic strategy

### “Core & Satellite” strategy

#### Core

→ Stable asset growth

Fund Wrap / SMA

“Core Wrap”

#### Satellite

→ Seek for the excess returns capturing the market movement

Equity fund,  
REIT fund, etc..

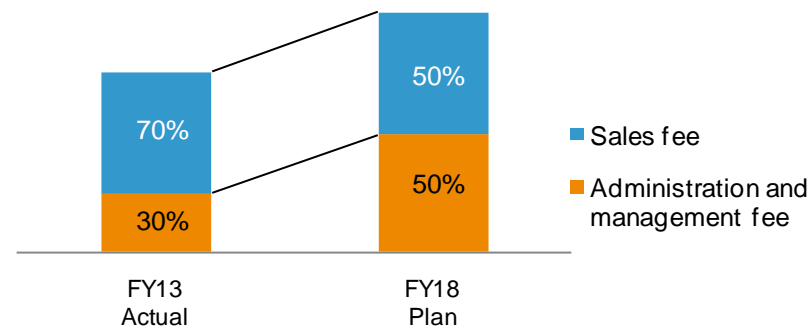
### Human Resource strategy

- Further strategic allocation of personnel after the banking IT system integration
- Continuous enhancement of professional consulting capability mainly by investment product promotion managers.

## Major initiatives

Seeking for the business model to expand stable earnings

→ Maintain high level of upfront fee and seek for the expansion of administration and management fee by accumulating the balance.



### Expansion of client base

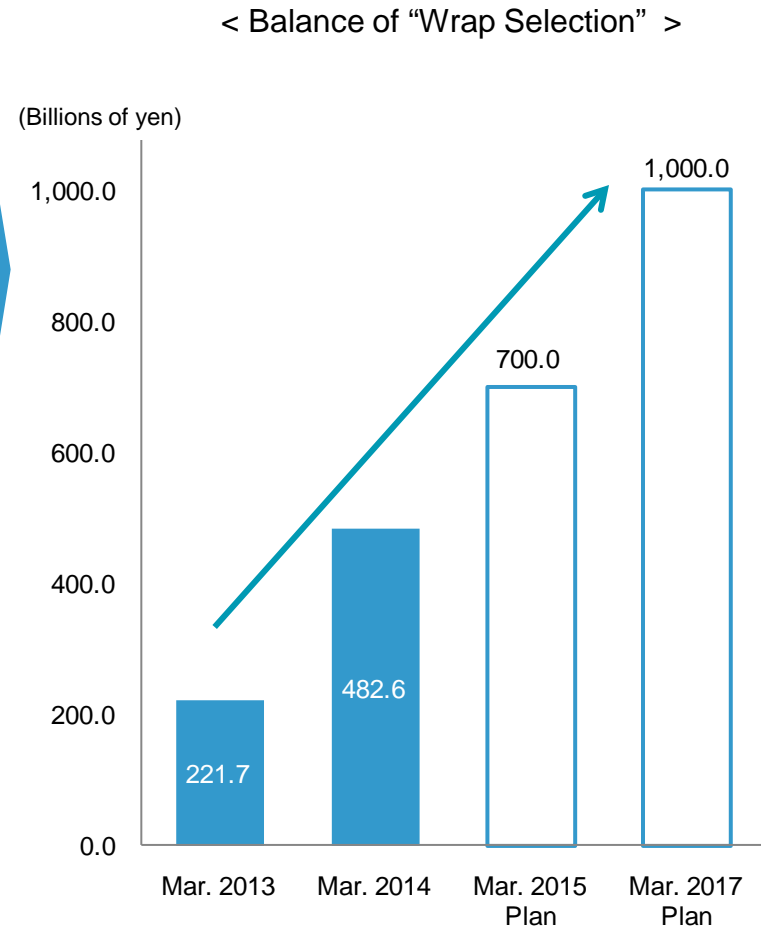
→ Expansion of client base by acquiring NISA accounts, enhancement of product line-up and enhancement of cross-selling

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

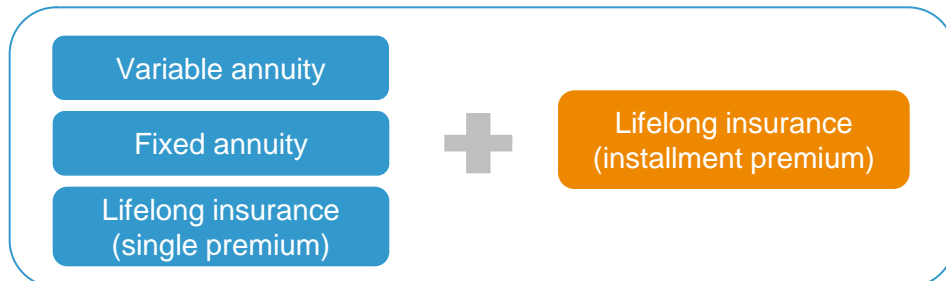
Seeking for the business model to expand stable earnings

Expand administration and management fees as stable earnings by steadily accumulating the balance  
→ Pursuit of ¥1 trillion plan for “Wrap Selection”

Discretionary Investment	SMA (¥30 mm or above)	Fully custom-made Discretionary investment
	Fund Wrap (¥5 mm or above)	Options for five investment styles tailored to clients' risk tolerance
Investment trust	Strategic investment Core Fund ("Core Wrap") (¥10,000 or above)	“Balanced-type” (for stability) “Growth-type” (for both stability and profitability) → High affinity with NISA
Insurance	Wrap Life (New type of variable annuity) (¥2 mm or above)	Combination of certain guarantee for single premium and investment by utilizing wrap know-how



**Strategy of insurance product**  
→ Securing the source of stable earnings by enhancing the installment premium insurance sales

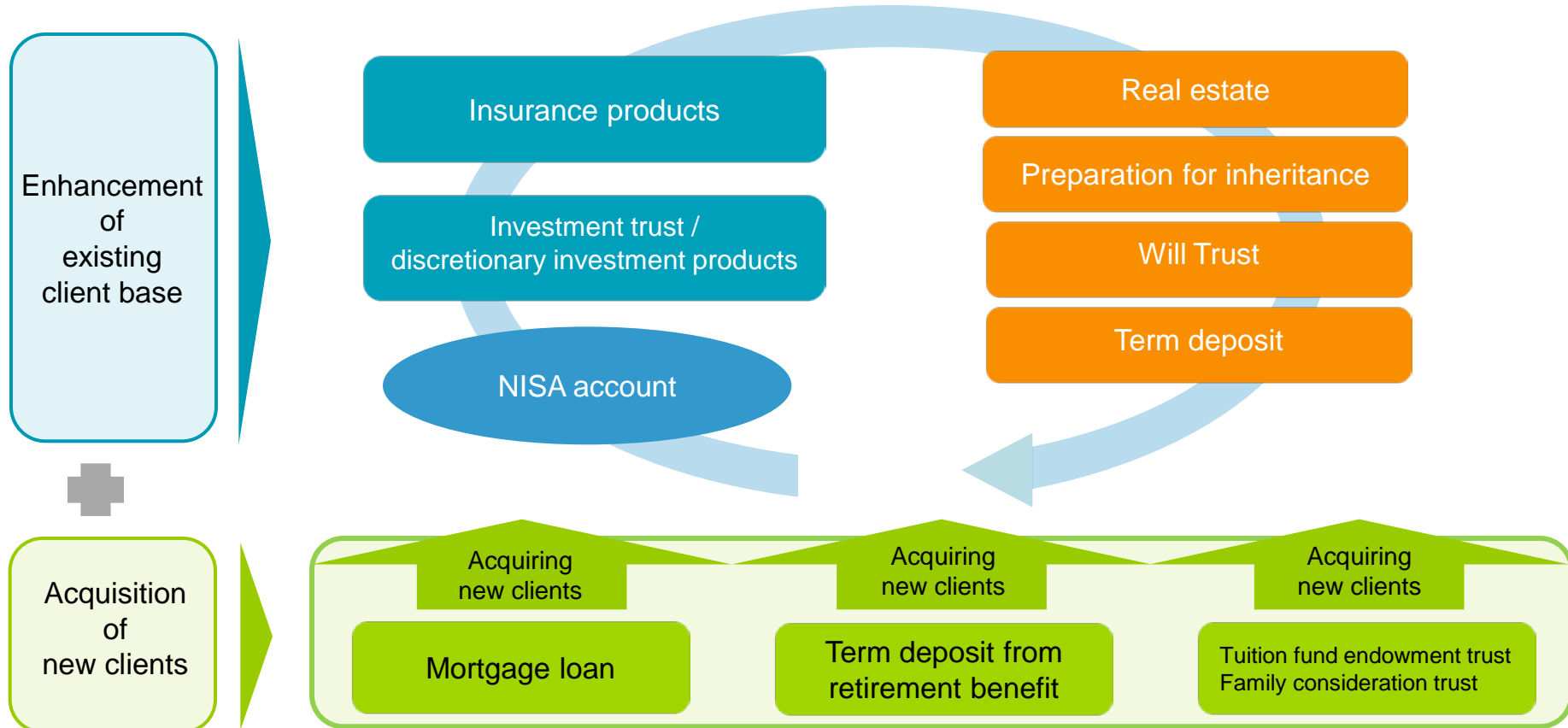


# Strengthen fee businesses 1: Investment trust and insurance sales

(business strategy)

## Expansion of client base

- ▶ Continuously enhance product line-up for wide range of client base according to its life stage.
- ▶ Promote cross-selling through the combination of professional consulting and various products.



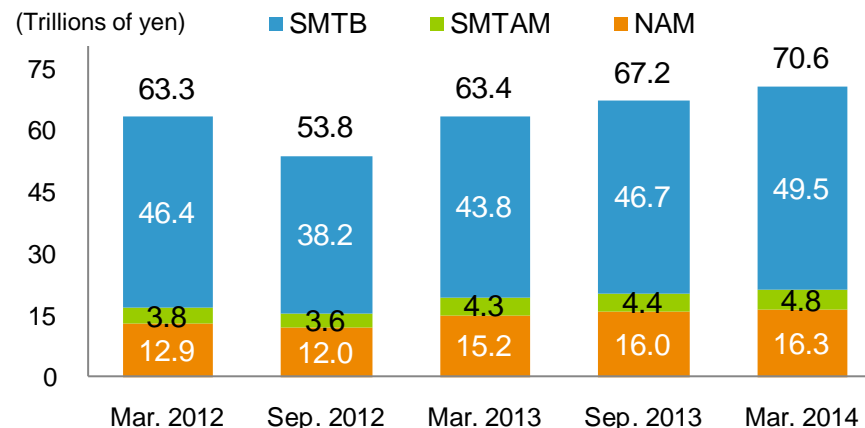
# Strengthen fee businesses 2 : Fiduciary services

- ▶ AUM of SMTB and subsidiaries: UP ¥7.2tr from Mar. 2013 due to the increase in fair value and net cash-inflow
- ▶ Related income of SMTB: UP ¥6.5bn 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	Mar. 2014 Actual	Change from Mar. 2013
Assets under management (AUM)	63.4	67.2	70.6	7.2
SMTB	43.8	46.7	49.5	5.6
Corporate pension trust	14.9	15.5	16.3	1.3
Public pension trust	9.5	10.3	11.1	1.6
Discretionary investment	19.3	20.9	21.9	2.6
Subsidiaries	19.5	20.4	21.1	1.5
Sumitomo Mitsui Trust Asset Management	4.3	4.4	4.8	0.5
Nikko Asset Management	15.2	16.0	16.3	1.0

## Assets under management (AUM) by company



USD/ JPY	82.15	77.60	93.99	97.75	102.90
TOPIX	854.35	737.42	1,034.71	1,194.10	1,202.89

## Income

(Billions of yen)	FY2013 Actual	Change from FY2012	FY2014 Plan
SMTB	63.5	6.5	64.0
Gross business profit	91.3	7.3	92.0
Fees paid out for outsourcing	(27.8)	(0.8)	(28.0)
Group companies (Net business profit) (*1)	14.6	1.9	
Sumitomo Mitsui Trust Asset Management	2.9	1.3	
Nikko Asset Management	9.8	1.9	

(\*1) Contribution to consolidated

## Assets under custody (AUC)

(Trillions of yen) (Billions of USD)	Mar. 2013 Actual	Sep. 2013 Actual	Mar. 2014 Actual	Change from Mar. 2013
Domestic entrusted assets (*2)	180	188	197	17
Global custody assets (*3)	254.7	258.1	270.2	15.5
Fund administration	19.8	18.3	21.6	1.7

(\*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)

## Expansion of asset management business in global market

Global business strategy through the group network and strategic alliances

- ▶ Product development, asset management and distributions by SMTH group
- ▶ Strategic capital participation and business alliances
- Promotion of their products in Japan
- Promotion of SMTB products through their distribution channel

### New Smith

- Co-development and co-management of products
- Collaboration on sales for global investors

### Man FRM, Man

- Holding joint seminars
- Development, management of exclusive product of SMTB

### Standard Life Investments

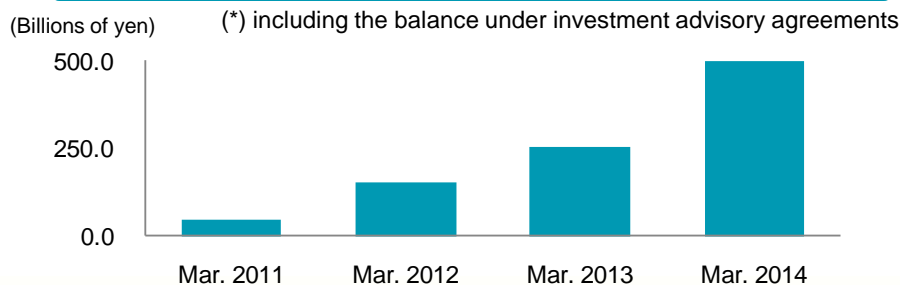
- Introduction of advanced investment product in Japan
- Collaboration in sales for global investors

WELLINGTON  
Mesirow Financial  
INTECH  
NEUBERGER BERMAN  
 Alliance Bernstein  
Octagon  
 • Introduction of products with an edge over the market



Red: Capital participation, alliance etc.  
 Underlined: Exclusive sales of specified products etc.

### AUM entrusted from overseas investors (SMTB) (\*)



## Expansion of asset management business for retail clients

Utilizing know-how in the Defined Benefit (DB) pension business for retail clients

### Defined Benefit (DB) pension business

Consulting on investment for institutional investors

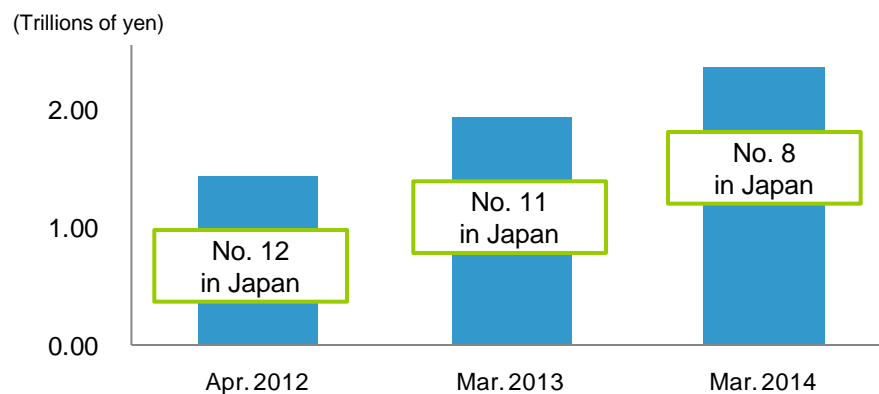
Capability to provide products

Investment trust and insurance sales

Defined Contribution (DC) pension business

## Expansion of AUM managed by Sumitomo Mitsui Trust AM

AUM of publicly-offered stock investment trust (SMTAM)

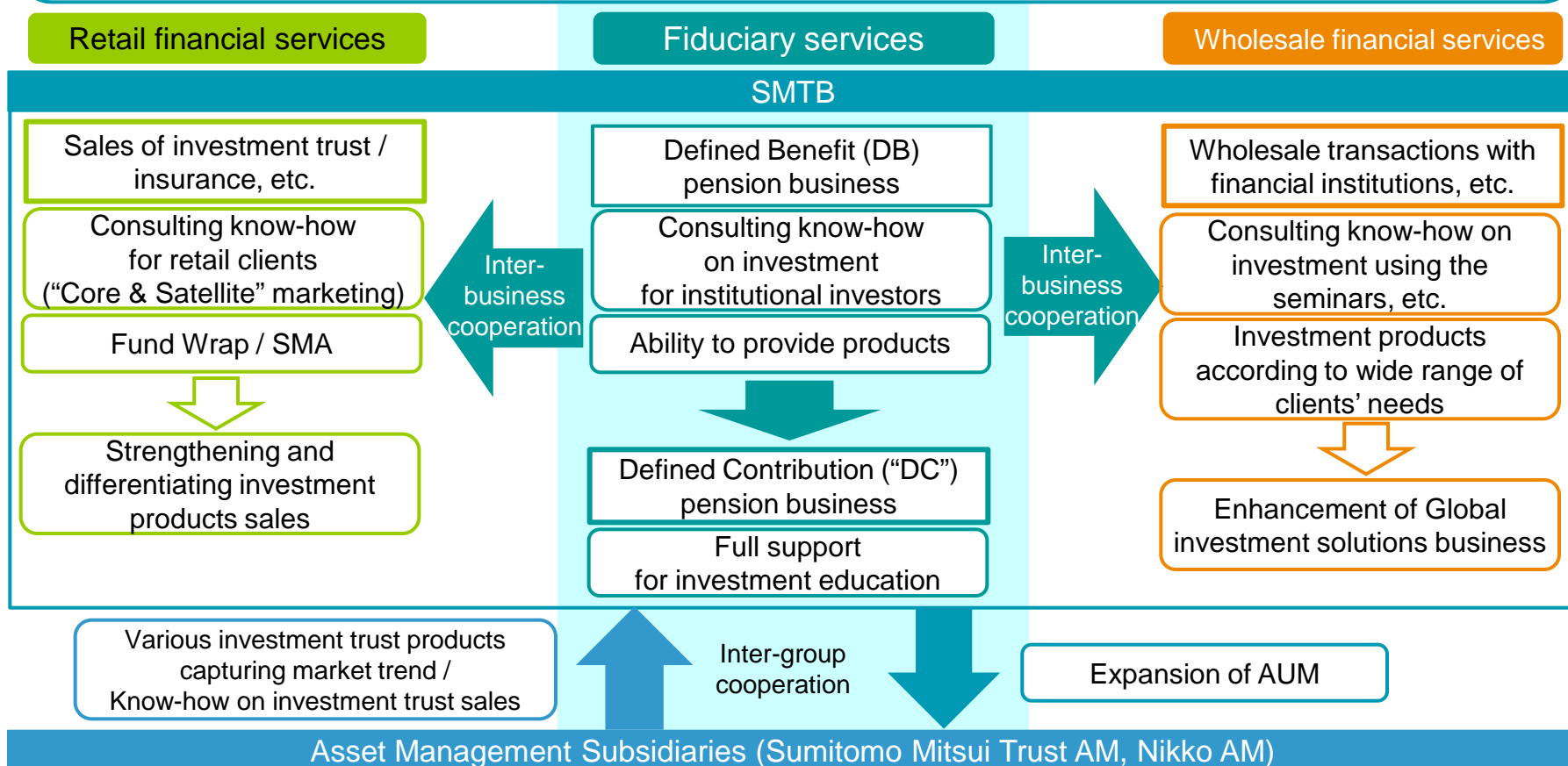




# Strengthen fee businesses 2 : Fiduciary services (business strategy)

## 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.



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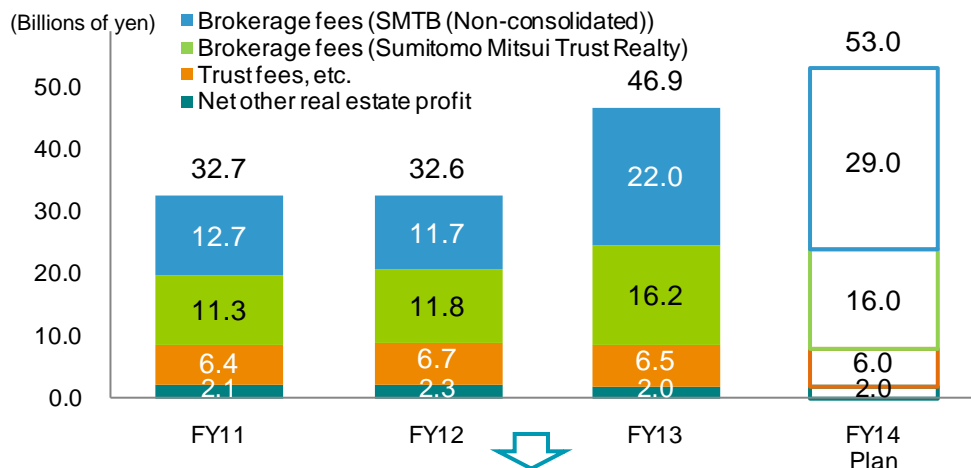
# Strengthen fee businesses 3: Real estate

- ▶ Real estate brokerage fees of SMTB: UP to ¥22.0bn, 1.8 times increase from FY2012  
Brokerage transactions of large properties for institutional clients increased in FY2013.
- ▶ Real estate brokerage fees (Sumitomo Mitsui Trust Realty): UP ¥4.4bn to ¥16.2bn YoY.  
Brokerage transactions for retail clients showed steady result.

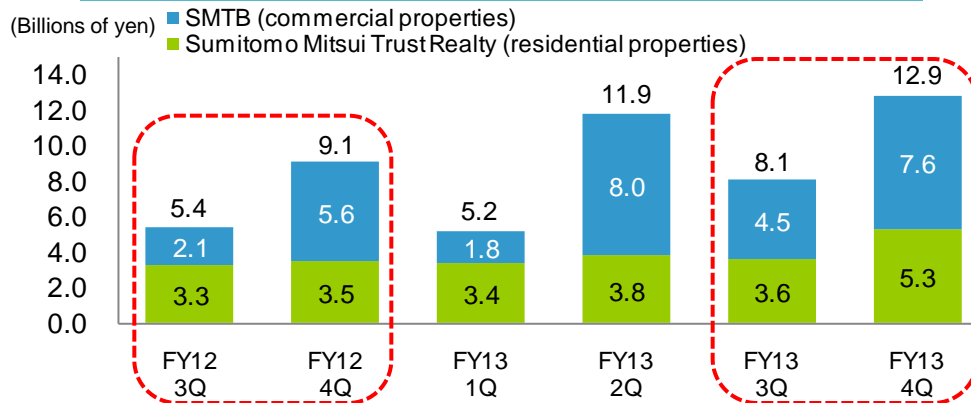
## Real estate business (Group basis)

(Billions of yen)	FY2013 Actual	Change from FY2012	FY2014 Plan
Real estate brokerage fees	38.3	14.7	45.0
SMTB	22.0	10.2	29.0
Sumitomo Mitsui Trust Realty	16.2	4.4	16.0
Real estate trust fees, etc.	6.5	(0.1)	6.0
Net other real estate profit	2.0	(0.3)	2.0
SMTB	(0.0)	(0.8)	-
Group companies	2.0	0.5	2.0
Total	46.9	14.2	53.0
SMTB	28.5	9.2	35.0

## Trend of revenue from real estate business



## Real estate brokerage fees (quarterly)



## Assets under management / Assets under custody

(Billions of yen)	Mar. 2014	Change from Mar. 2013
Securitized real estate	10,236.6	381.2
Asset under custody from J-REITs	7,911.5	1,502.5
Asset under management	733.7	(97.6)
Private placement funds	336.9	(147.8)
J-REITs	396.8	50.1

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

## Real estate market in FY2013

- ▶ Transactions by wholesale clients showed notable increase especially in large properties involving professionals supported by market recovery predominantly in the metropolitan areas
- ▶ Some transactions of land for residential properties are delayed due to the expectation for the future market hikes or higher construction fees.

- ▶ Transactions by retail clients increased steadily with last minute demand before consumption tax raise and those of investment properties with affluent clients, addressing the needs for increasing complicated inheritance and asset succession solutions

- ▶ Overseas investors' needs for investing into Japanese real estate shows signs of increase.
- ▶ Strong appetite from long-term high quality investors such as SWF.

## Achievements in FY2013

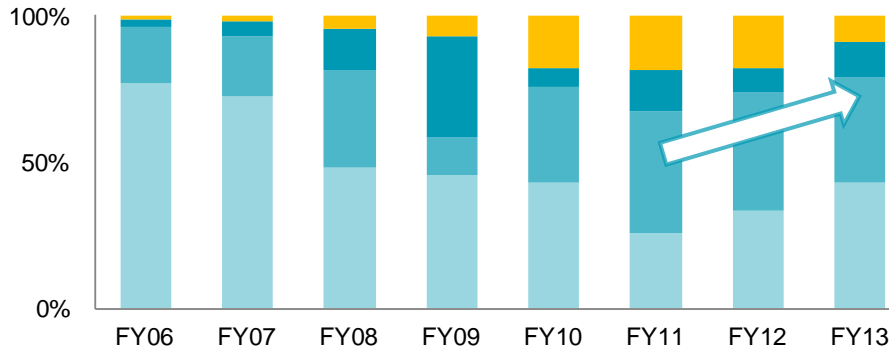
- ▶ Strategic allocation of sales personnel proved to be effective by accurately capturing the changing market trends and contributed especially to steady increase in fees from large scale property transactions
- ▶ Coordination between business sections enhanced the sourcing capability.

- ▶ Profitability in brokerage transactions for retail clients including those with affluent clients improved by the support from bank headquarters to branches in the metropolitan area

- ▶ Enhanced the contact with investors by holding seminars for global investors

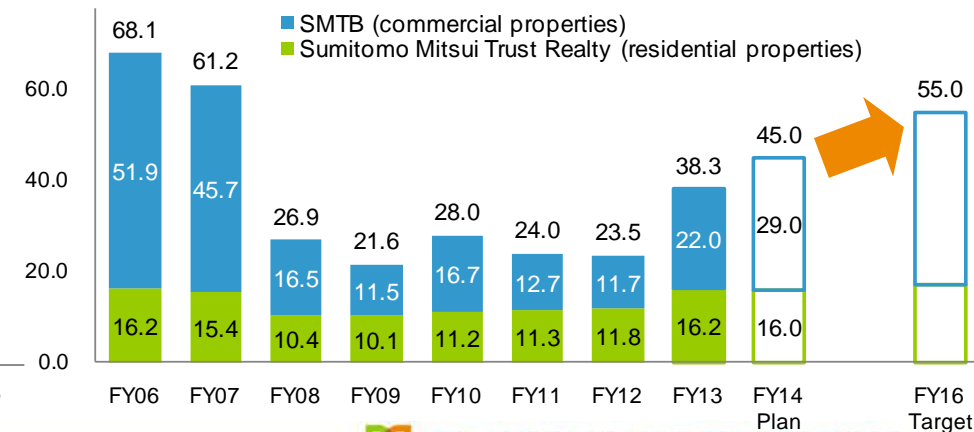
## Brokerage transactions of SMTB with property amount of ¥1.0bn and above (by contractor)

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



## Real estate brokerage fees

(Billions of yen)



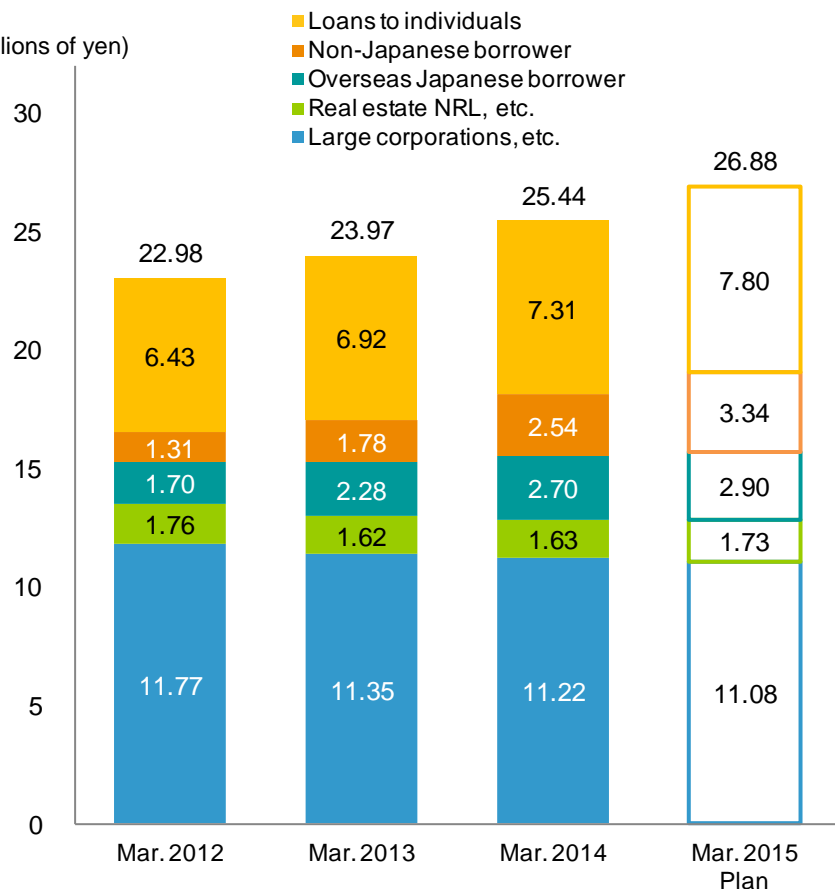
# Enhancing basic earning power: Credit portfolio strategy (Overview)

- ▶ Balance of overall credit portfolio: UP ¥1.47tr from Mar.2013 to ¥25.44tr due to the increase in credit to overseas borrowers and loans to individuals .
- ▶ 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

(Trillions of yen)



Note : Overseas real estate NRL, etc. is included in non-Japanese borrower

< Forecast for loan balance and yield >

	Loans to individuals	Overseas non-Japanese borrower	Overseas Japanese borrower	Real estate NRL, etc.	Large corporations, etc.
balance	→	↗	↗	→	→
Yield	→	→	→	↘	→

Loans to individuals

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

Non-Japanese borrower

Expand the type of transactions (Overseas real estate NRL / trade finances)  
Expansion of credit investments

Overseas Japanese borrower

Enhance credit to trading companies, finance subsidiaries of manufacturers, project finances and ship finances.  
Enhance new type of transactions such as LNG ship finances.

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

- ▶ Balance of credit to non-Japanese and overseas Japanese borrowers: UP ¥767.2bn, UP¥428.4bn, respectively due to the steady increase in loans in addition to the effect by yen depreciation from the end of FY2012.
- ▶ Expecting the increase in balance by ¥800.0bn and ¥200.0bn, respectively, in FY2014 with strategies according to the characteristics of each region and acceleration in growing new business areas.

## Balance of credit to non-Japanese / overseas Japanese borrowers

(Billions of yen)	Mar. 2014		FY2014 to 2016	
	Actual	Change from Mar. 2013	FY2014 Plan	Target
Non-Japanese borrowers	2,548.6	767.2	+800.0	+1,600.0
Loans	1,978.6	950.3		
Overseas Japanese borrowers	2,709.9	428.4	+200.0	+500.0
Loans	2,563.9	429.2		

USD/JPY 102.90 8.91

Note: In addition to the above, there are acceptance and guarantee, etc.  
Mar. 2014: ¥45.4bn [ ¥(6.2)bn from Mar. 2013 ]

## Accelerating the business promotion strategy according to each region

- ▶ Established Hong Kong branch in Aug. 2013
- ▶ Expansion of local footing by setting up subsidiaries and representative offices
- ▶ Expanding the human resources for overseas credit business
- ▶ Alliances and collaboration with strong local banks (DBSI, BIDV, etc.)

### <Major existing measurement>

Non-Japanese borrower

- ▶ Bi-lateral credit to quasi sovereign, top-tier companies mainly in Asia
- ▶ Aircraft finances
- ▶ Syndicated loans
- ▶ Purchasing quality assets from financial institutions in major developed countries
- ▶ ECA guaranteed bonds, bonds issued by overseas issuers with high credit ratings, etc



### <New or enhancing areas>

- ▶ Strengthening alliances and co-investing with financial institutions from developed countries, asset managers and others
- ▶ Overseas real estate NRL
- ▶ Trade finances
- ▶ Project finances / ship finances / aircraft finances
- ▶ North American high yield loan funds (diversified investment)
- ▶ Certain types of securitized products (North American CLO / European RMBS) and others



Overseas Japanese borrower

- ▶ Credit to trading companies and manufacturers (sales financing subsidiaries etc.)
- ▶ Overseas project finances and ship finances

- ▶ Overseas project finances such as LNG ships and petroleum gas / transportation infrastructure
- ▶ Local currency denominated credit utilizing the alliances with local banks

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

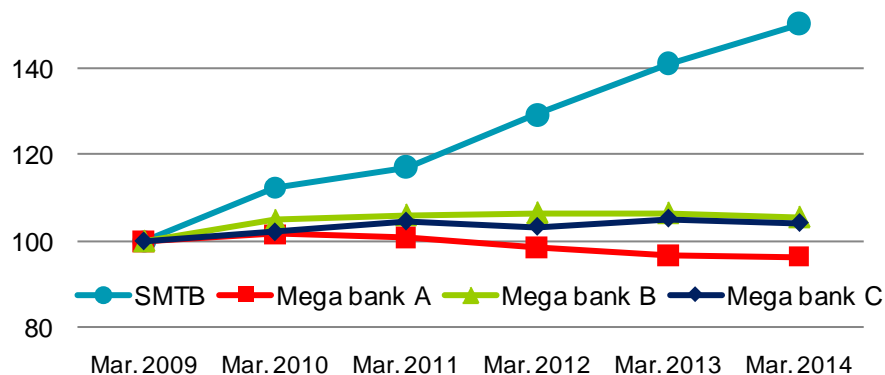
- ▶ Advanced amount of loans to individuals stayed almost flat YoY as ¥1,156.3bn due partly to the slowdown in the market in the 2nd half of the fiscal year.
- ▶ Balance of loans to individuals steadily increased by ¥389.2bn from Mar.2013 despite the increase in pre-payment in the 1st half of the fiscal year.

## Balance and advanced amount (Non-consolidated)

(Billions of yen)	Mar. 2014		Mar. 2015 Plan
	Actual	Change from Mar. 2013	
Balance of loans to individuals	7,316.7	389.2	7,800.0
Residential mortgage loans	6,897.6	419.5	7,400.0

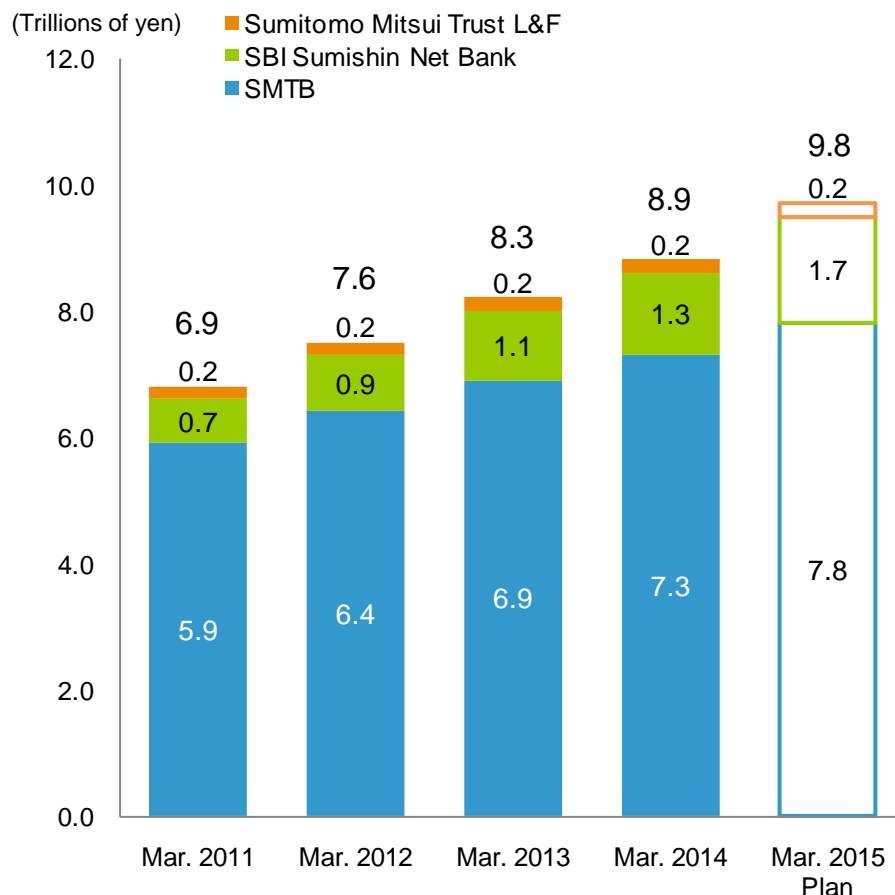
(Billions of yen)	FY2013		FY2014 Plan
	Actual	Change from FY2012	
Advanced amount of loans to individuals	1,156.3	(15.0)	1,150.0
Residential mortgage loans	1,074.0	(53.5)	1,100.0

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



[Source] Disclosure documents of Mar. 2014

## Balance of loans to Individuals



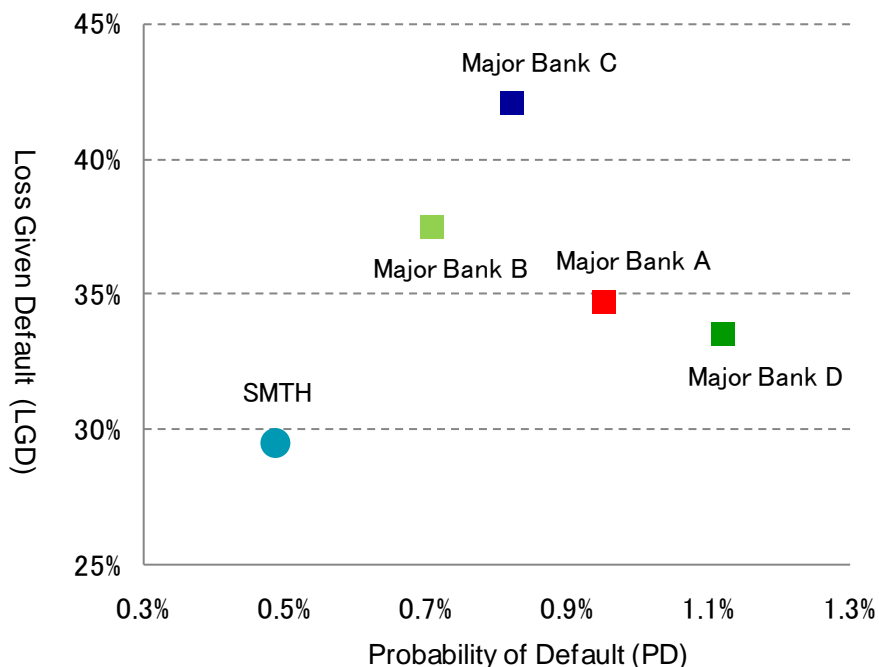
# Enhancing basic earning power: Credit portfolio strategy (Individuals)

► Aim at gaining market share by the expansion of business coverage into broader types of transactions in addition to the acquiring of quality clients through efficient sales structure and the low credit costs which enable us to provide competitive loan rates.

## Acquiring quality clients with low credit costs

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

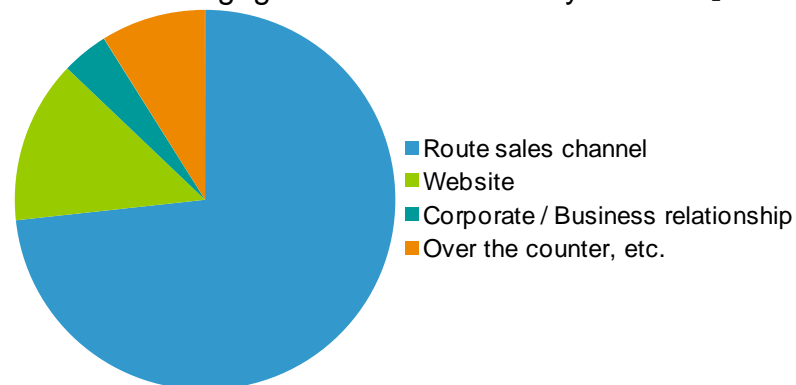
[PD / LGD comparison of residential mortgage loan]



[Source] Disclosure documents of Sep. 2013

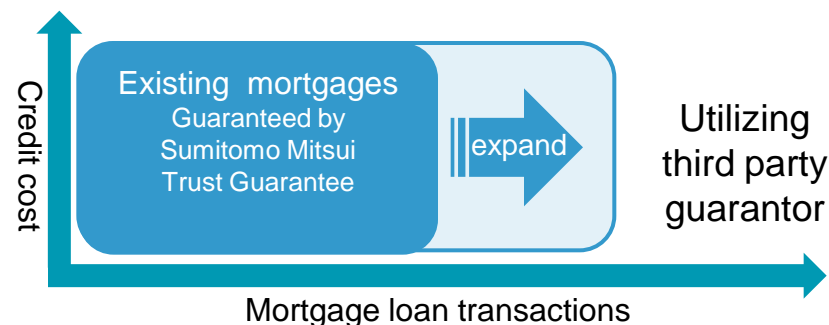
## Efficient sales structure through route sales channel and website

[Residential mortgage loan transactions by channel]



## Expand business coverage into broader types of transactions

Expand business coverage while maintaining current credit cost level





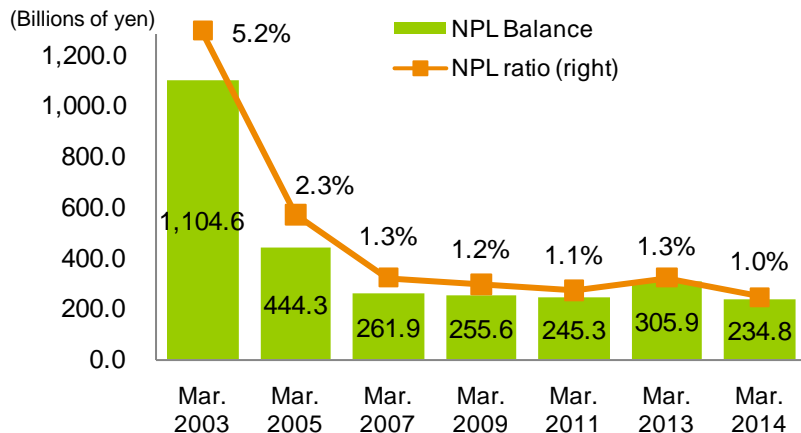
# Balance sheet

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

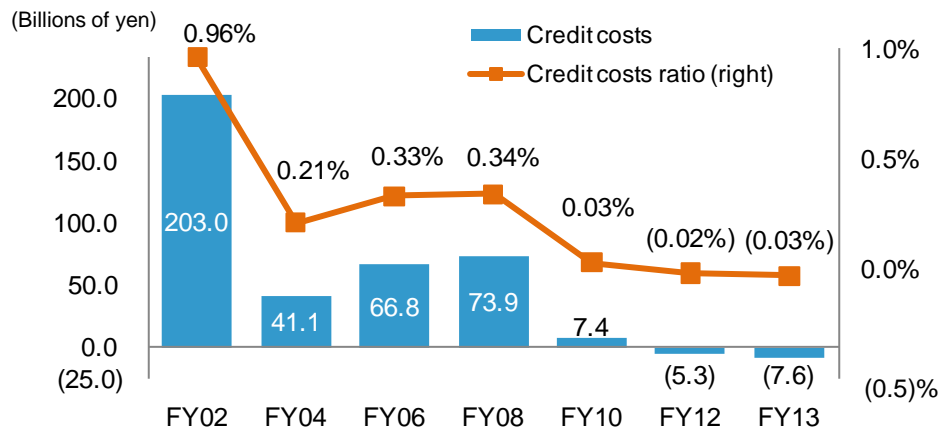
(Banking a/c and principal guaranteed trust a/c combined)

- ▶ 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 83.2%, which represents sufficient level

### NPL Balance and NPL ratio



### Total credit costs and credit cost ratio

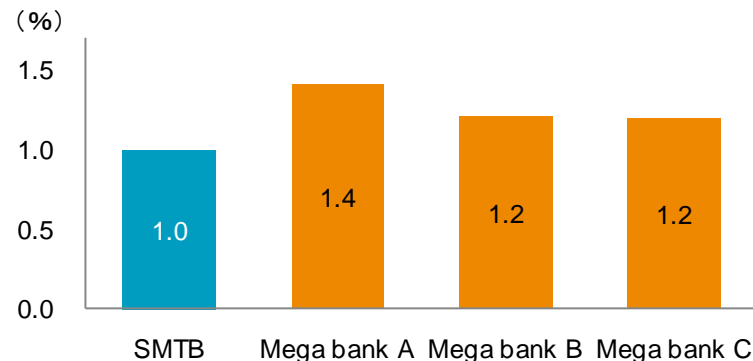


(Billions of yen)	Mar. 2014	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2013
Problem assets based on the Financial Reconstruction Act	234.8	83.2%	42.4%	(71.1)
(Ratio to total loan balance)	1.0%	---	---	(0.3%)
Bankrupt and practically bankrupt	10.6	100.0%	100.0%	(21.1)
Doubtful	100.7	96.0%	70.3%	(72.1)
Substandard	123.5	71.4%	29.3%	22.1
Assets to other special mention debtors	520.1	---	---	(113.1)
Ordinary assets	23,893.2	---	---	1,807.5
Total	24,648.1	---	---	1,623.2

(\*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 ¥369.6bn from Mar.2013 to ¥4,899.3bn  
 “Japanese bonds” decreased due to the decrease in Treasury Discount Bills and the “Japanese stocks” decreased due to the sales.  
 “Others” increased due to the purchase of US Treasuries, etc.
- ▶ Unrealized gains / losses of available-for-sale securities improved to net gains of ¥382.6bn as of Mar.2014 due to the recovery in stock market.
- ▶ Promoting steady reduction of cross shareholdings. Reduction amount in FY2013: ¥57.7bn

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

(Billions of yen)	Costs		Unrealized gains/losses	
	Mar. 2014	Change from Mar. 2013	Mar. 2014	Change from Mar. 2013
Available-for-sale securities	4,899.3	(369.6)	382.6	100.7
Japanese stocks	731.1	(57.3)	376.4	123.9
Japanese bonds	2,030.4	(925.4)	3.9	(5.6)
Others	2,137.7	613.2	2.2	(17.5)
Held-to-maturity debt securities	441.2	(195.0)	42.5	(4.3)

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

Available-for-sale securities	4,744.2	(331.2)	408.1	95.1
Japanese stocks	698.2	(51.1)	406.6	117.9
Japanese bonds	1,914.3	(893.2)	3.9	(5.9)
Government bonds	1,288.0	(834.0)	0.1	(6.1)
Others	2,131.6	613.2	(2.4)	(16.9)
Domestic investment (*1)	321.4	85.9	0.6	1.4
International investment (*1)	1,614.5	653.9	2.4	(27.2)
US Treasury	1,014.1	715.1	(4.1)	(14.9)
Others (Investment trust, etc.) (*2)	195.6	(126.6)	(5.4)	8.8

(\*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 (Non-consolidated)>

Held-to-maturity debt securities	439.5	(194.8)	42.5	(4.5)
Japanese government bonds	245.1	(20.3)	11.0	(1.6)
International investment (*1, 3)	162.7	(155.8)	30.7	(2.8)

(\*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Mar. 2014: (31.8)bn yen, Mar. 2013: (37.9)bn yen)

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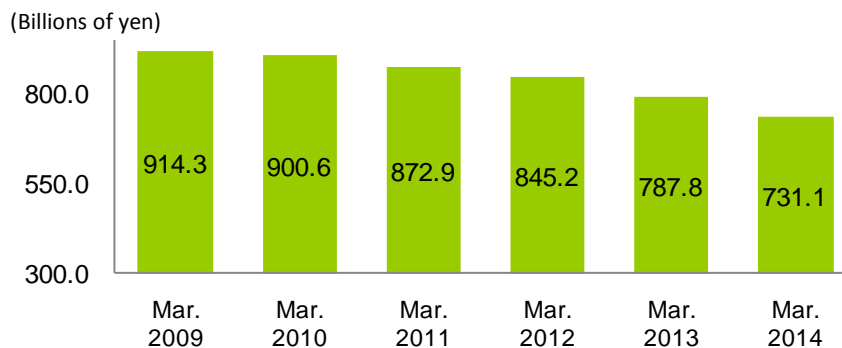
## Securities portfolio of Global markets (Non-consolidated) (\*4)

(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Mar. 2014	Change from Mar. 2013	Mar. 2014	Change from Mar. 2013
JPY	3.2	(2.6)	2.0	(0.3)
Others	8.3	6.0	6.4	2.3

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

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

## Balance of cross shareholdings (Consolidated) (\*6)



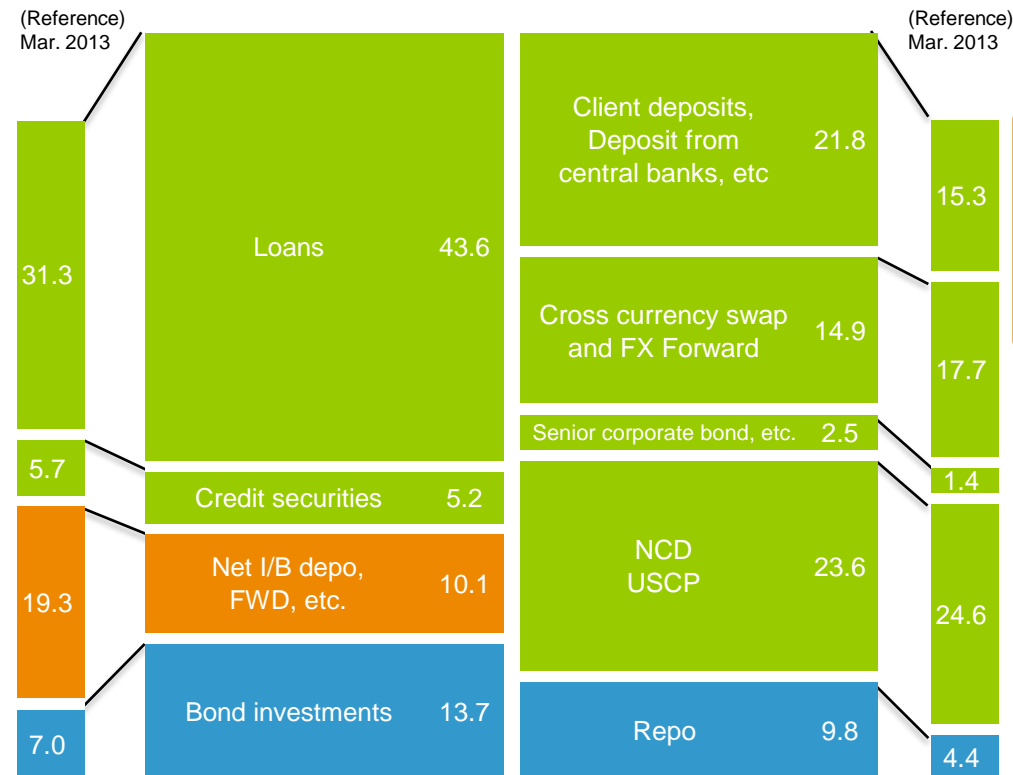
(Billions of yen)	FY2011	FY2012	FY2013
Reduction amount of cross shareholdings	55.7	55.6	57.7

(\*6) The above mentioned figures are costs of listed shares.  
 Figures before Mar. 2011 are combined total of CMTH (Consolidated) and STB (Consolidated).

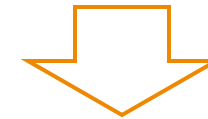
# Foreign currency liquidity

- ▶ Pursuit of the well-balanced structure of liquidity and funding cost through the low cost funding from central banks, USCPs, etc. in addition to the stable funding by cross currency swap (“CCS”) and FX forward.
- ▶ Net position in inter-bank transactions have USD10.0bn of excess cash for investment resulting from the surplus in short term funding

Foreign currency B/S (as of Mar. 2014) (Billions of USD)



- Secure stable funding structure by CCS and the issuance of corporate bonds, etc.
- Expand client deposits from corporations, retail clients and central banks.
- Expand deposits from asset management companies.
- Efficiently utilize low cost funding such as USCP, etc.



Expand the balance sheet in foreign currency primarily through mid-long term stable funding by diversifying the counterparties and enhancing the funding method as well as keeping the balance between liquidity risk and funding cost.

# Status of capital

# Status of capital

- ▶ Common Equity Tier 1 capital ratio (Consolidated) : UP1.02 percentage points to 9.32% from Mar. 2013 due to the accumulation of net income and offering of treasury shares.
- ▶ Common Equity Tier 1 capital ratio (Consolidated, Fully loaded basis, pro forma): UP1.96 percentage points to 8.44% from Mar. 2013

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

(International standard) (Consolidated)

(Billions of yen)	Mar. 2013 Actual	Mar. 2014 Preliminary	Change	Minimum capital requirements
Total capital ratio	14.10%	14.78%	0.68%	8.00%
Tier 1 capital ratio	9.95%	10.83%	0.88%	5.50%
Common Equity Tier 1 capital ratio	8.30%	9.32%	1.02%	4.00%

Total capital	2,738.5	2,791.6	53.0
Tier 1 capital	1,934.0	2,045.8	111.8
Common Equity Tier 1 capital	1,613.7	1,760.1	146.3
Instruments and reserves	1,613.7	1,841.1	227.3
Regulatory adjustments	-	(80.9)	(80.9)
Additional Tier 1 capital	320.2	285.6	(34.5)
Tier 2 capital	804.5	745.8	(58.7)

Total risk weighted assets	19,421.5	18,884.5	(537.0)
Credit risk	17,716.3	17,694.0	(22.2)
Market risk	528.3	369.6	(158.6)
Operational risk	1,176.9	820.8	(356.1)

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

Common Equity Tier 1 capital ratio	6.48%	8.44%	1.96%
Common Equity Tier 1 capital	1,229.6	1,571.8	342.2
Total risk weighted assets	18,947.0	18,621.5	(325.5)

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

## < Major factors of change in capital in FY2013 >

### (1) Common Equity Tier 1 capital: +¥146.3bn

- Net income: +¥137.6bn
- Offering of treasury shares: +¥93.9bn
- Regulatory adjustments: ¥(80.9)bn, etc.

## < Major factors of change in risk weighted assets in FY2013 >

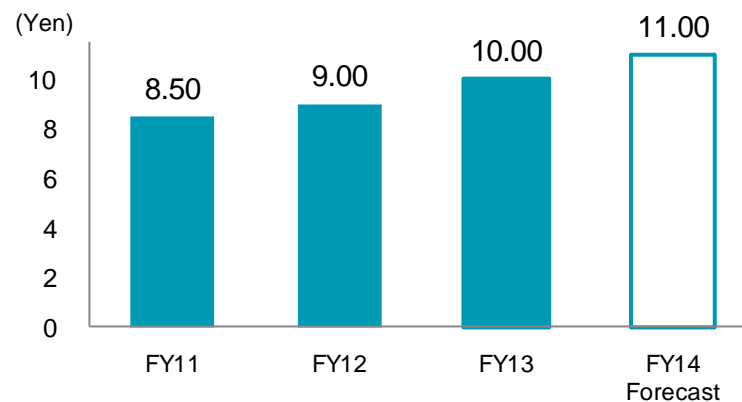
### (2) Market risk: ¥(0.15)tr

- Decrease in foreign exchange position, etc.

### (3) Operational risk: ¥(0.35)tr

- Introduction of the Advanced Measurement Approach(AMA), 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)	Regulatory basis	<Pro forma> Fully-loaded basis
Total capital	2,791.6	
Tier 1 capital	2,045.8	
Common Equity Tier 1 capital	1,760.1	1,571.8
Instruments and reserves	1,841.1	1,976.8
Regulatory adjustments	(80.9)	(404.9)
Additional Tier 1 capital	285.6	
Eligible Tier 1 capital instruments subject to transitional arrangements	395.0	
Tier 2 capital	745.8	
Eligible Tier 2 capital instruments subject to transitional arrangements	686.3	
Total risk weighted assets	18,884.5	18,621.5
Credit risk	17,694.0	17,431.1
Market risk	369.6	369.6
Operational risk	820.8	820.8
Total capital ratio	14.78%	
Tier 1 capital ratio	10.83%	
Common Equity Tier 1 capital ratio	9.32%	8.44%

<Fully-loaded basis>

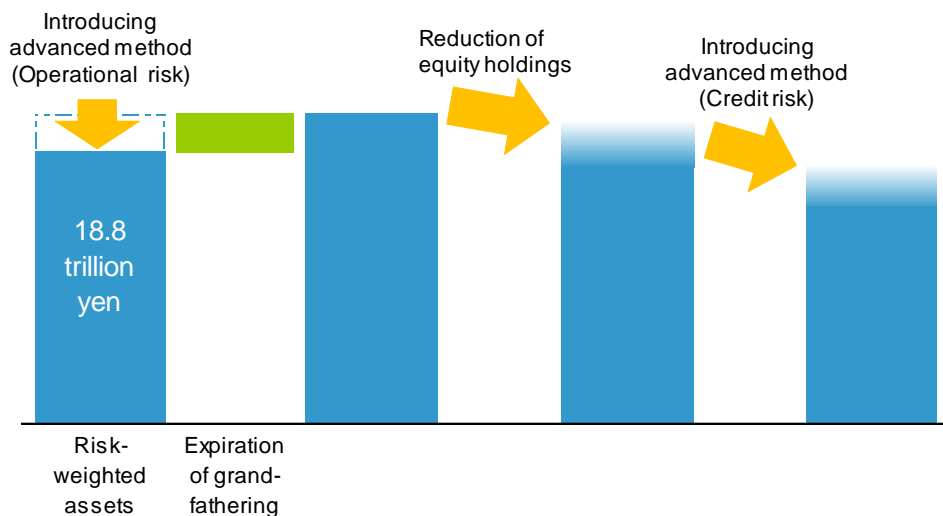
- (1) Without considering transitional arrangements on "Accumulated Other Comprehensive Income", "Common share capital issued by subsidiaries and held by third parties", and "Regulatory adjustments."
- (2) Not including the amount of decrease in eligible capital instruments subject to phase-out arrangements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

(Billions of yen)	Regulatory basis	<Pro forma> Fully-loaded basis
Common Equity Tier 1 capital (CET1)	1,760.1	1,571.8
Instruments and reserves	1,841.1	1,976.8
Directly issued qualifying capital plus retained earnings	1,770.9	1,770.9
Accumulated Other Comprehensive Income	40.7	203.5
Common share capital issued by subsidiaries and held by third parties	29.4	2.2
Amount allowed in group CET1 subject to transitional arrangements	27.2	-
Regulatory adjustments	(80.9)	(404.9)
Intangibles	(34.7)	(173.5)
Deferred tax assets excluding those arising from temporary differences	(0.7)	(3.6)
Shortfall of eligible provisions to expected losses	(19.8)	(99.1)
Assets for retirement benefits	(19.3)	(96.6)
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	(6.4)	(32.2)
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total risk weighted assets	18,884.5	18,621.5
Amount of credit risk-weighted assets	17,694.0	17,431.1
Amount included in credit risk weighted assets subject to transitional arrangements	262.9	-
Amount of market risk equivalents	369.6	369.6
Amount of operational risk equivalents	820.8	820.8

# Correspondence to capital regulations (Basel III)

- ▶ Steady improvement in each capital adequacy ratio through the accumulation of net income and efficient control over the risk weighted asset.
- ▶ Mitigation of the fluctuating factors in capital through the steady reduction of cross shareholdings
- ▶ Pursuit of the further improvement in capital adequacy ratios through the reduction of risk weighted assets by adopting the advanced method (AIRB) .

## Strict control of risk-weighted assets

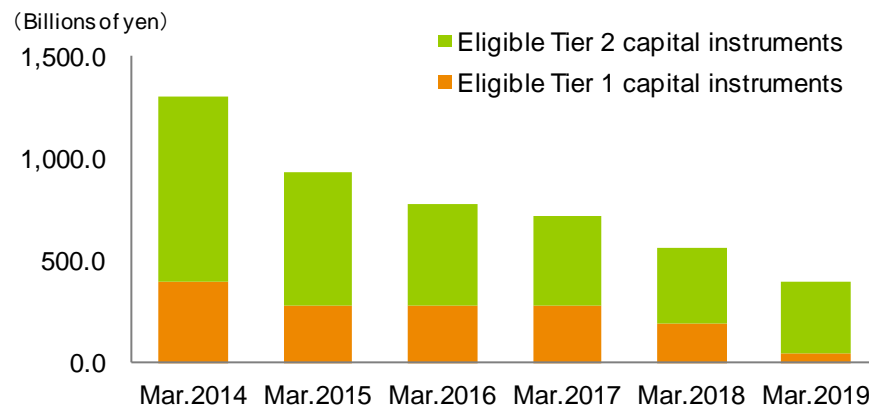


Mitigate the volatility risk for capital and the impact from the increase in risk weighted assets through the steady reduction of shareholdings

Estimated increase in risk weighted assets after expiration of grandfathering

Approximately 300.0 to 400.0 billion yen

Securing a buffer during the transitional period of grandfathering (pro-forma ladder of the Basel II based capital instruments) (\*1,\*2)



(\*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 Mar. 2014)

SMTH	Megabank A	Megabank B	Megabank C
FIRB		AIRB	
45%	38%	38%	34%

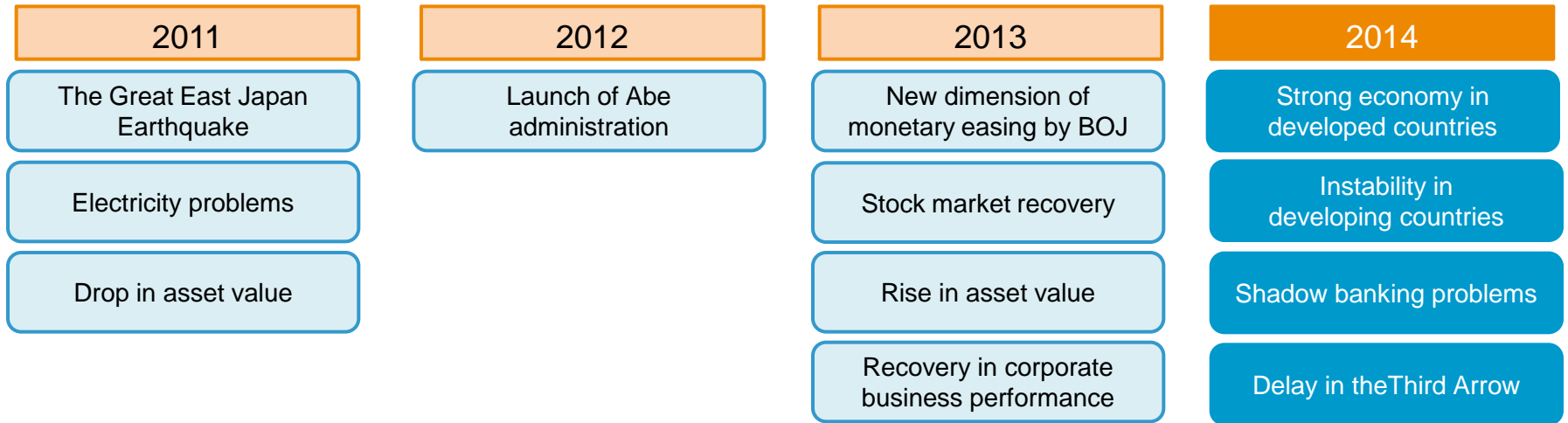


# Midterm Management Plan

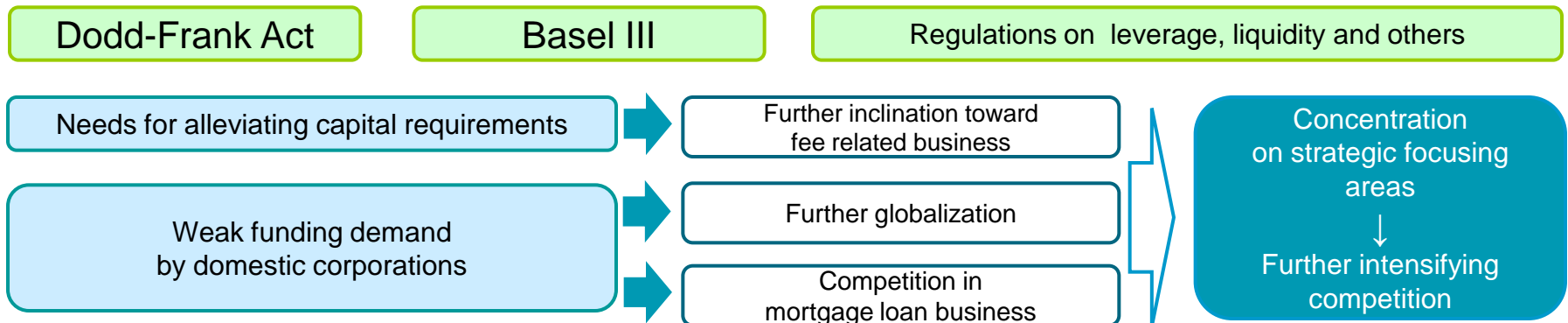
“Challenge & Creation”  
for a lasting trust relationship

# Environment recognition

Uncertainty in macro economy due to the instability in developing countries, while developed countries have strong economy



Severe competition among banks due to the concentration on strategic focusing areas



# Summary of former Midterm Management Plan and objectives of the new Midterm Management Plan

## 【Summary of former Midterm Management Plan】

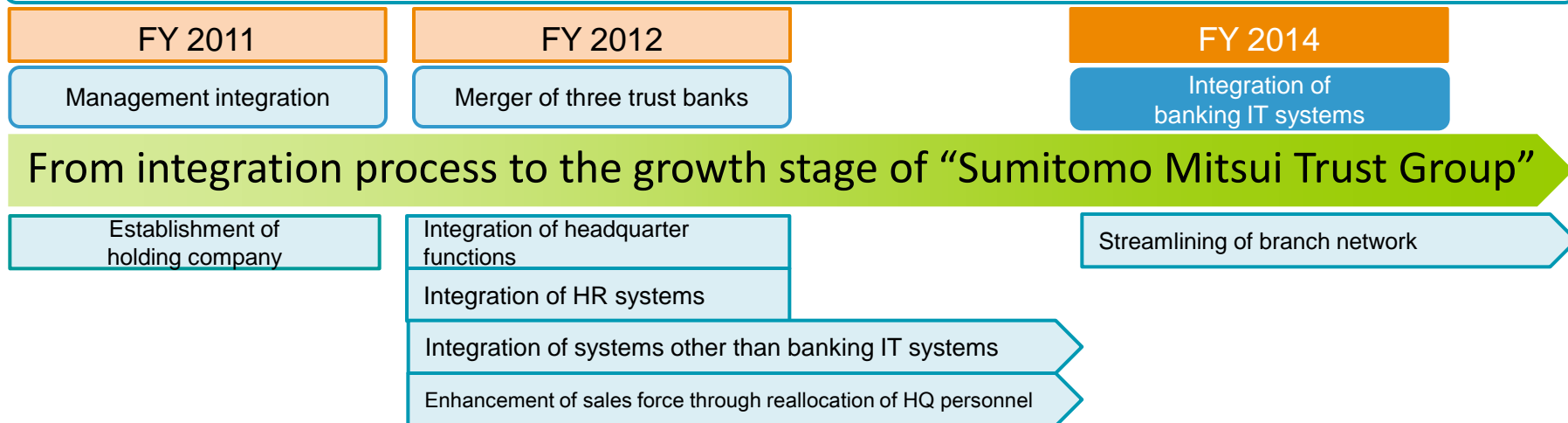
Growth in strategically targeted business areas was materialized, while profit levels stayed at approximately 70% of FY 2015 targets due to the low interest rate environment

	FY2011 Actual	FY2013 Actual	FY2015 Initial Target		FY2013 Actual	FY2015 Initial Target
Investment trust and insurance Sales	¥1.1tr	¥1.9tr	¥1.8tr	Gross business profit before credit cost (Consolidated)	¥285.8bn	¥400.0bn
AUM	¥61.0tr	¥70.0tr	¥63.0tr	Net income (Consolidated)	¥137.6bn	¥200.0bn
Real estate brokerage fee	¥24.0bn	¥38.3bn	¥50.0bn	Return on shareholders' equity (Consolidated)	7.84%	Approx. 9%
Loans to individuals	¥6.4tr	¥7.3tr	¥10.0tr	OHR (Non-consolidated)	54%	43%
Loan balance	¥21.0tr	¥24.0tr	¥28.0tr	Fee income ratio (Consolidated)	53%	50%
Loans to overseas Japanese borrowers	¥1.3tr	¥2.7tr	¥2.0tr	Reduction of cross shareholdings (*)	¥169.1bn	¥190.0bn

(\*) Accumulated reduction amount in three years (FY2011-FY2013)

## 【Objectives of the new Midterm Management Plan】

Transform from integration process to the growth stage after the banking IT system integration



# Vision of Sumitomo Mitsui Trust Group

## Shareholders

Materialize the increase of shareholder interest along with the mid/long term growth



SUMITOMO MITSUI  
TRUST GROUP

## Clients

As a partner, offering long term total solutions according to the changing lifecycle of retail clients and growth stages of corporate clients

## Society

As a requisite financial institution for economy and society, offering distinctive financial solution services through the significant expertise of trust bank group specialized in trust businesses.

Establish a lasting trust relationship with stakeholders (shareholders, clients, society)

## Midterm revenue and financial targets

Establish the foundation of sustainable growth by promoting the business model with stable and sustainable revenues through the expansion of the fee business and global business for a lasting trust relationship with clients

<Consolidated> (Billions of yen)	FY2013	FY2016		CAGR
	Actual	Target	Change	
Net business profit before credit costs	285.8	355.0	69.1	7.4%
Net income	137.6	180.0	42.3	9.3%
Fee income to gross business profit ratio	53%	50% or above		
Return on shareholders' equity	7.8%	8.5~9.0%		
<Non-consolidated>				
Net business profit before credit costs	211.8	270.0	58.1	8.4%
Net income	116.0	145.0	28.9	7.7%
Overhead Ratio (OHR)	54.1%	45~50%		
<Assumption>				
	Mar. 2014 Actual	Mar. 2017 Assumption		
3M Tibor	0.21%	0.25%		
10 year JGB	0.64%	1.15%		
Nikkei 225 (yen)	14,827	16,000		
	Long-term target			
Return on shareholders' equity	Approx. 10%			

## [Reference] Midterm revenue target (details)

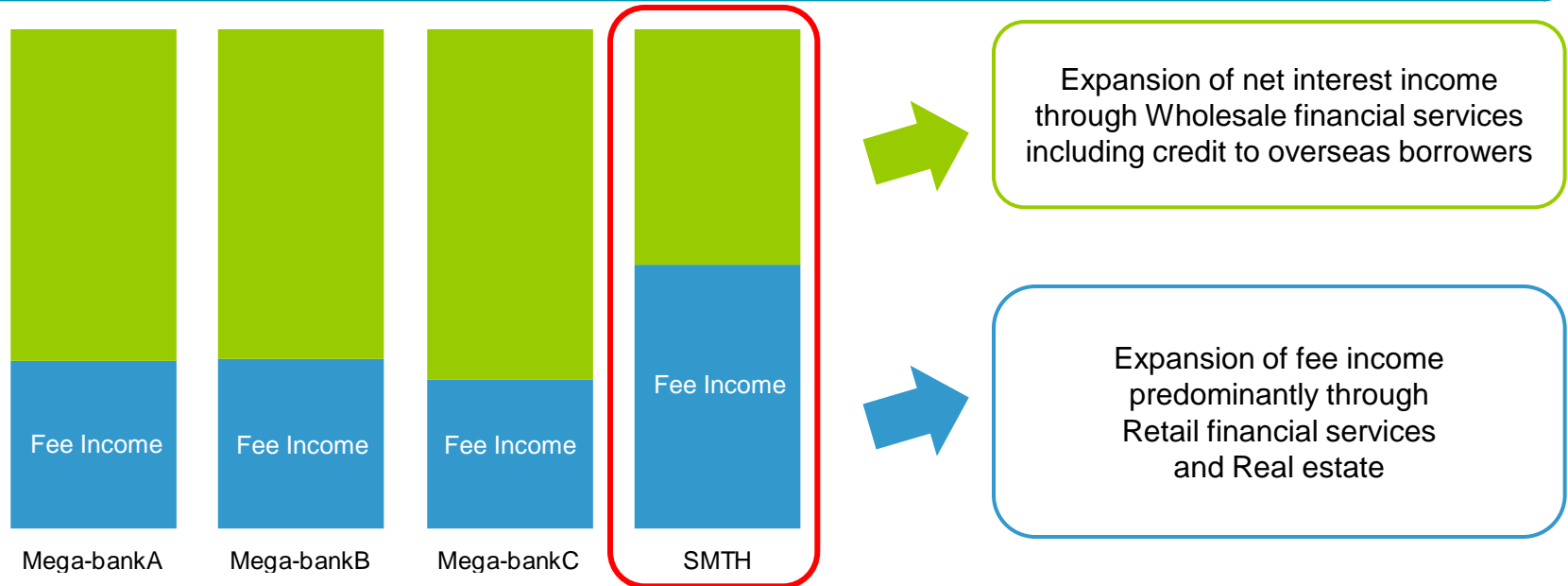
Pursuit of the growth of gross business profit through the revenue expansion in Retail financial services, Wholesale financial services and Real estate

<Consolidated>	FY2013 Actual	FY2016		CAGR
		Target	Change from FY2013	
(Billions of yen)				
Net business profit before credit cost	285.8	355.0	69.1	7.4%
Total credit costs	9.1	(40.0)	(49.1)	
Net income	137.6	180.0	42.3	9.3%
<Non-consolidated>				
Net business profit before credit cost	211.8	270.0	58.1	8.4%
Gross business profit	461.5	510.0	48.4	3.3%
Retail financial services	144.0	165.0	20.9	4.6%
Wholesale financial services	121.0	130.0	8.9	2.4%
Stock transfer agency services	29.4	(*) 30.0	0.5	0.6%
Real estate	28.5	45.0	16.4	16.3%
Fiduciary services	91.3	(*) 93.0	1.6	0.5%
Global markets	85.0	90.0	4.9	1.8%
General and administrative expenses	(249.7)	(240.0)	9.7	(1.3%)
Total credit costs	7.6	(35.0)	(42.6)	
Net income	116.0	145.0	28.9	7.7%

(\*)Before deducting fees paid for outsourcing (Stock transfer agency services: 10.0bn yen, Fiduciary services: 28.0bn yen).

# Overview of midterm business strategy

- ▶ Further enhancement of the strength of unique business model as a dedicated trust bank group with high fee income to gross business profit ratio
- ▶ Pursuit of maximization of revenue through the expansion of both banking and fee income



## Pillars for enhancement

1st pillar	Strengthen existing businesses
2nd pillar	Expand coordination across business sections
3rd pillar	Growth through global business developments

## Enhance client base

- ◆ Deepen / revitalize businesses with existing clients, cultivate new clients
- ◆ Establish a unique and distinctive marketing model as the trust bank group through the coordination across business sections

- Expansion of sales channels
- Expansion of DC subscribers
- Retail client base of Real estate business

etc.

## Enhance sales/consulting capabilities

- ◆ Upgrade frontline sales efforts both in quality and quantity
  - ⇒ Further allocation of personnel to frontline sales
  - ⇒ Enhancement of top sales opportunities
- ◆ Upgrade the quality of consulting services according to growth stage / lifecycle of each company and each individual client

- Reallocation of personnel through the system integration
- Increase the financial consultants
- Enhancement of comprehensive capabilities to provide real estate related product and services

etc.

## Enhance product line-up

- ◆ Further brush-up of existing product line-up
- ◆ Offer package services with the combination of related products
- ◆ Expand product line-up through the introduction of new products

- Enhancement of Wrap type products
- Expansion of inheritance / asset succession product line-up
- Expansion of coverage areas in financing

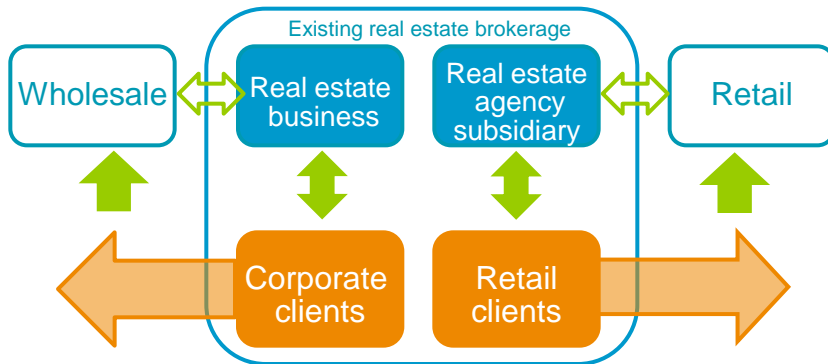
etc.



# Midterm business strategy -Expansion of coordination across business sections-

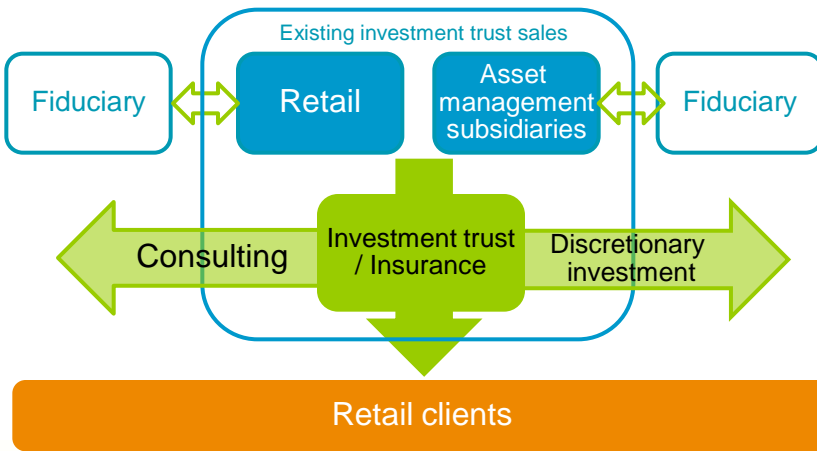
Example of client base expansion through coordination across different business sections

Expand client base through the coordination by RMs in Wholesale and Retail with the brokerage business in Real estate

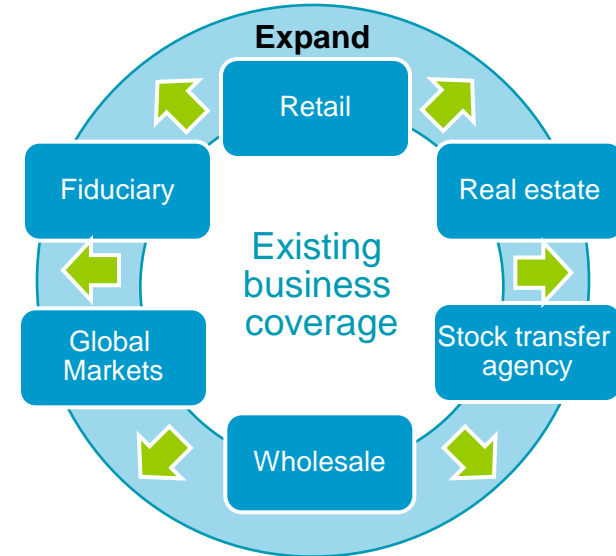


Example of product / service offerings expansion through coordination across different business sections

Apply consulting capabilities and portfolio management product from the fiduciary services to investment trust sales



Further expansion through "organic collaboration" of multiple business sections / know how sharing across groups



Offer unique solutions as the trust bank group specialized in trust banking to meet the diversifying client needs



【Creation of new added value by strengthening / reinforcing coordination across business sections】

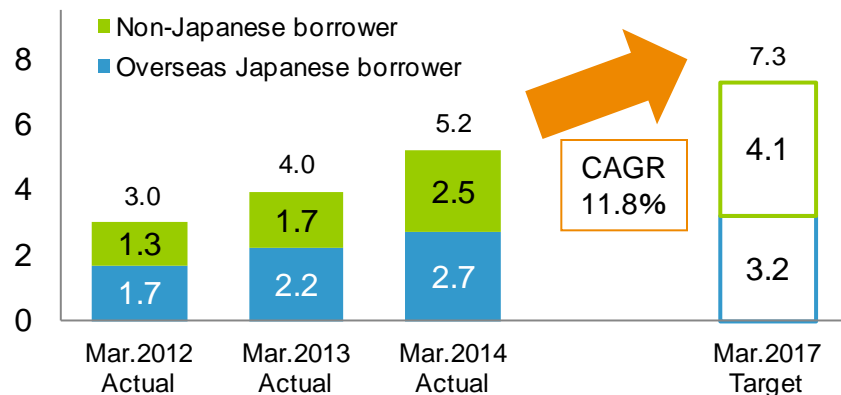
- Offer asset management solutions to corporate clients, institutional investors such as pensions.
- Offer optimal solutions to private banking clients to meet their increasing needs surrounding asset succession
- Offer consulting for systems such as pension systems, and for financial management according to the life-styles and others for companies and its employees depending on their growth stage

# Midterm business strategy –Growth in global businesses-

Consolidated gross business profit from international businesses to total gross business profit  
 FY2013 : 11% ⇒ FY2016 target :15%

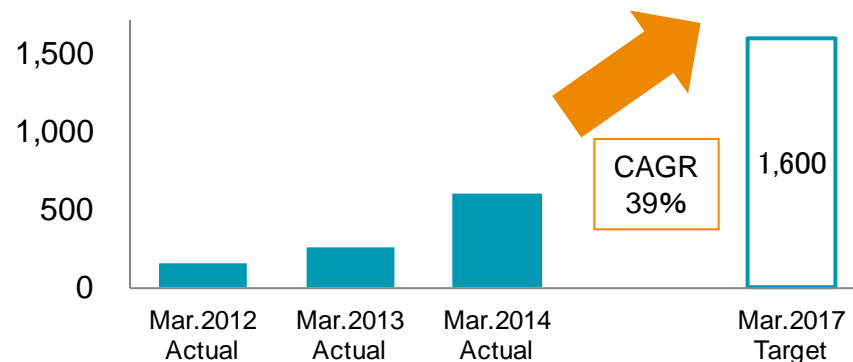
## Expansion of overseas credit

(Trillions of yen)



## Accumulation of global AUM

(Billions of yen)



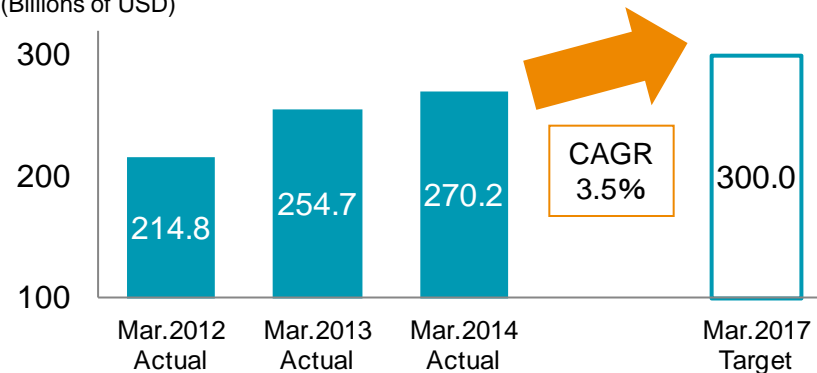
## Enhancement of global real estate business

Supporting investment in domestic real estate by global investors

Supporting investment in global real estate by domestic investors / corporations

## Expansion of global custody business

(Billions of USD)



# Major KPI

	Strategic keywords		Growth indication	
			FY 2013	FY 2016
Retail				
“Wrap Selection”	Increase administration and management fee revenue through the accumulation of wrap product balance	Balance	¥ 480bn	¥ 1tr
Mortgage loan	Build up quality assets with quality clients	Balance	¥ 6.8tr	¥ 8.4tr
Wholesale				
Credit to Overseas Japanese borrowers	Expand credit to overseas Japanese borrowers to cover the weak domestic funding demand	Balance	¥ 2.7tr	¥ 3.2tr
Credit to non-Japanese borrowers	Proactively accumulating assets with good risk and return profile by promoting sourcing capabilities in coordination with overseas financial institutions	Balance	¥ 2.5tr	¥ 4.1tr
Real estate				
Brokerage fee	Increase revenue by enhancing capability to acquire buy/sell information and improving contract closing ratio through strategic allocation of personnel	Revenue (Consolidated)	¥ 38bn	¥ 55bn
Fiduciary				
Asset management for overseas investors	Enhance asset management business for overseas investors including SWFs	AUM	¥ 0.6tr	¥ 1.6tr
Global custody	Build up AUC through expansion of client base and others	AUC	USD270bn	USD300bn

# Optimal use of management resource

Promote the expansion of gross business profit with the optimal strategies for branch network and personnel.

## Integration and streamlining of existing branches

Promote the integration and streamlining of branches after the completion of banking IT system integration in 2HFY2014

## Establishing branch network through the sophisticated marketing

Develop optimal branch network including new branch launches through the marketing capturing the change in life style by aging domestic population

## Enhancement of non-OTC channels

Enhance access to the mass retail market that are the future potential senior clients by strengthening the non-OTC channels such as internet banking functions and call center functions

## Creation of human resource

Creation of human resource through the optimization of banking business operations by the completion of banking IT system integration <Approx. 400 to 500 persons>

## Reallocation of human resource

Reallocation of personnel to the business areas for growth strategy such as global business, private banking business and others

# 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

<Initial target>  
Common Equity Tier 1 capital ratio: approximately 10%

## Policy on reduction of cross shareholdings

<Reduction target>  
Approximately 50 to 100 billion yen in 3 years period.

## 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

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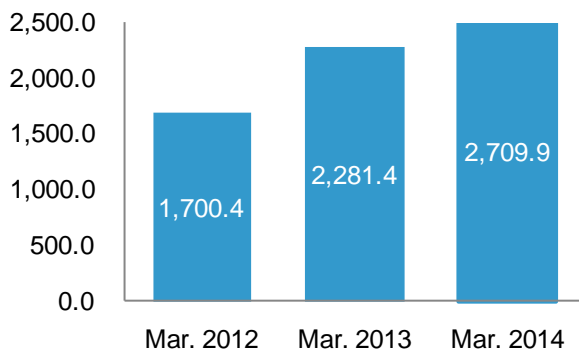
# <Supplement 1> Credit portfolio

# Overseas Japanese / Non-Japanese borrowers

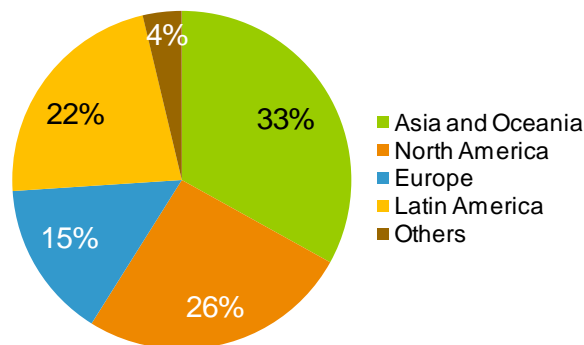
- ▶ Credit to non-Japanese borrowers and overseas Japanese borrowers increased approx. 40% and 20%, respectively, in FY2013.
- ▶ Expand the credit to overseas Japanese borrowers in Asia, Europe, and North America according to the business operations by Japanese companies.
- ▶ Accumulate the balance of credit to non-Japanese borrowers through the collaboration with European financial institutions in addition to the promotion of bi-lateral transaction in Asia.

## Overseas Japanese borrowers

(Billions of yen) <Trend of balance>



<Location(\*1)>



(\*1) Based on borrower's location

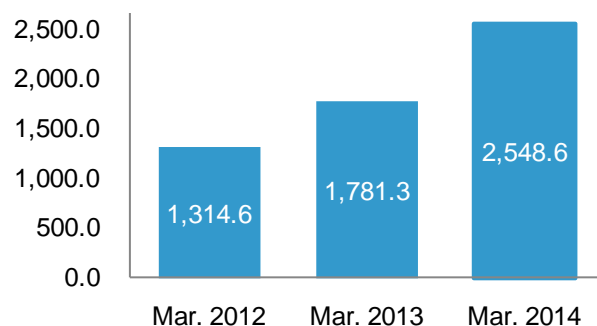
(Billions of Yen)

Region	Country	Balance (Billions of Yen)
Asia-Oceania	China	251.4
	Thailand	155.4
	Australia	154.1
	Singapore	141.7
North America	Indonesia	125.0
	U.S.A.	560.3
Europe	Canada	146.4
	United Kingdom	191.0
Latin America	Netherlands	105.6
	Panama	467.3

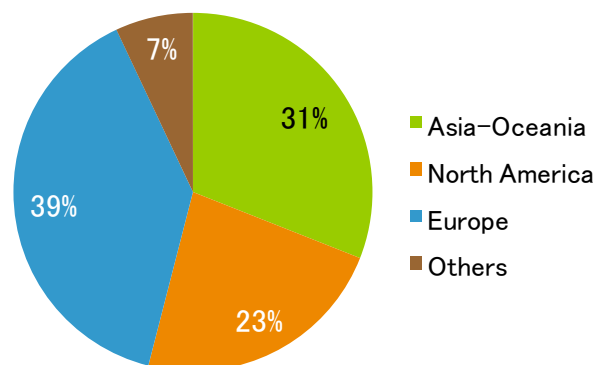
## Non-Japanese borrowers

<Trend of balance>

(Billions of yen)



<Location(\*2)>



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

(Billions of yen)

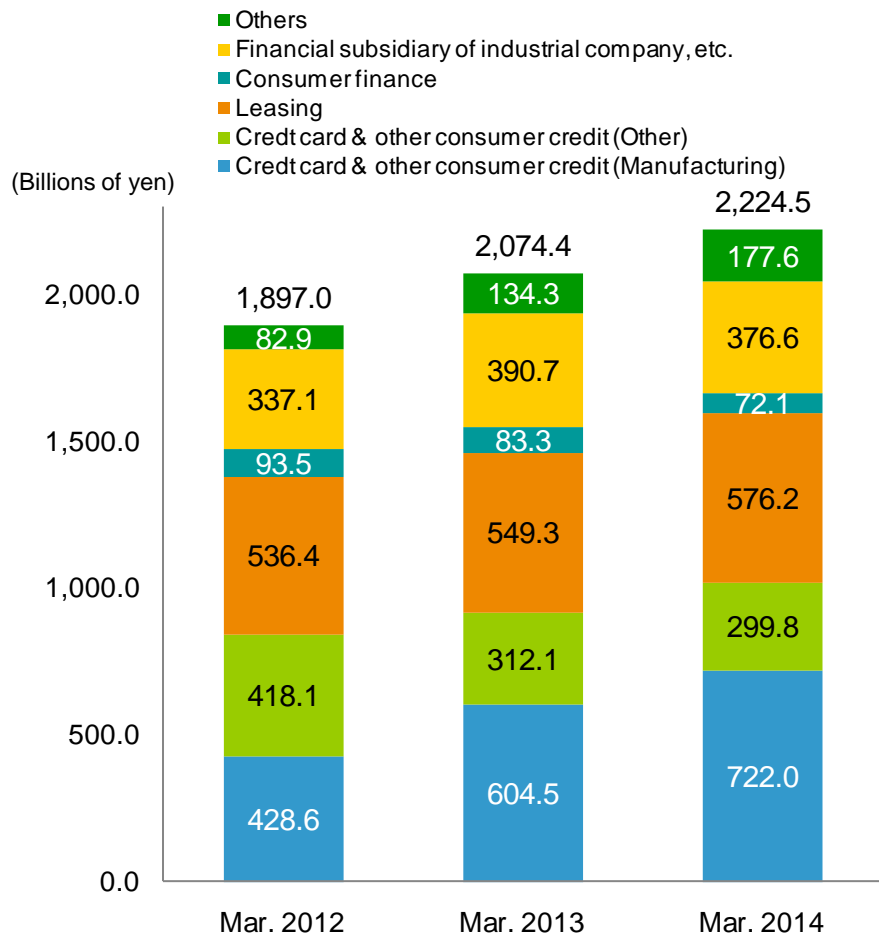
Region	Country	Balance (Billions of yen)
Asia-Oceania	Korea	194.7
	Australia	134.3
	India	87.4
	Hong Kong	84.6
North America	U.S.A.	526.1
	France	265.3
Europe	United Kingdom	177.2
	Germany	146.7
	Switzerland	101.7
	Netherlands	67.2



# Loans to nonbank financial industry: Non-consolidated

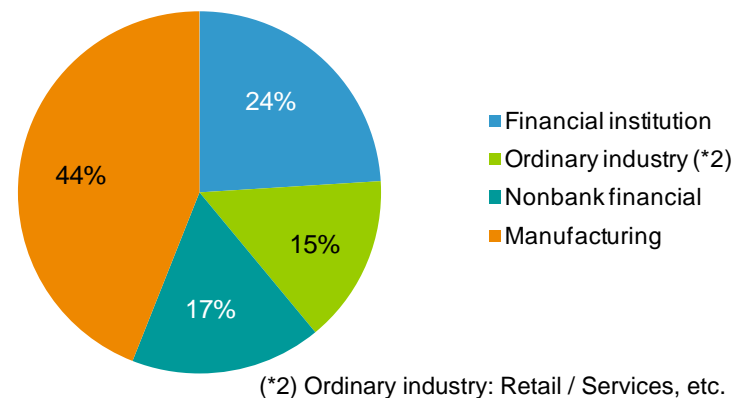
- ▶ Promoting loans mainly to financing subsidiaries of manufacturing companies which take roles of financing in the group and sales finance
- ▶ Balance of loans to consumer finance industry is limited due to the continuing decrease by repayment, etc.

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

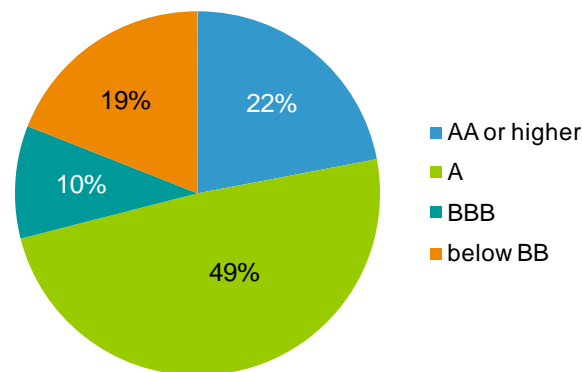


(\*1) Loans to government agency, money market dealer (Tanshi kaisha), etc. are excluded.

## Characteristics of borrowers' parent company by industry



## 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 stayed almost flat from Mar.2013.  
The increase in loans to REIT complemented the decrease in real estate NRL.
- ▶ The balance of real estate NRL continued to decrease due to the severe competition, while loans to REITs increased significantly according to the increase of property acquisitions by J-REITs.

## Balance of real estate-related loans

(Billions of yen)	Mar. 2013	Mar. 2014	Change
Real estate-related loans	2,419.9	2,414.7	(5.1)
Corporate	795.3	775.6	(19.7)
Real estate NRL (*)	1,131.8	1,095.1	(36.6)
REIT(**)	489.8	544.0	54.2
CMBS	2.9	-	(2.9)

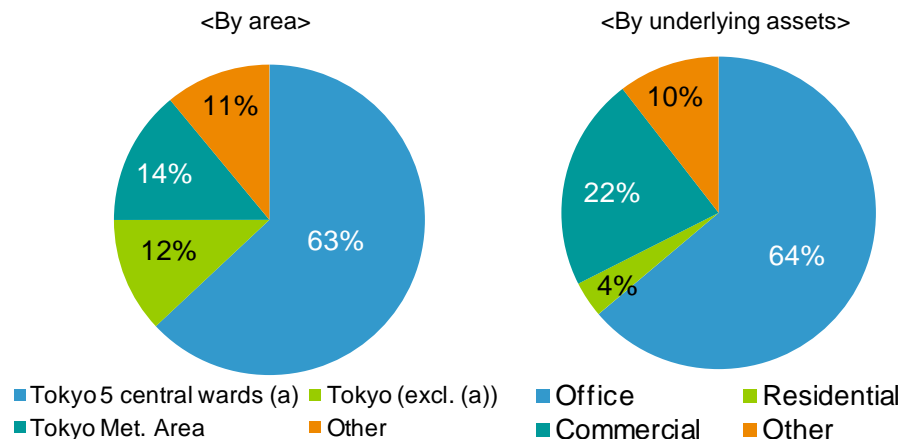
(\*) Including bond-type.Excluding overseas real estate NRL.

(\*\*) Excluding overseas REIT.

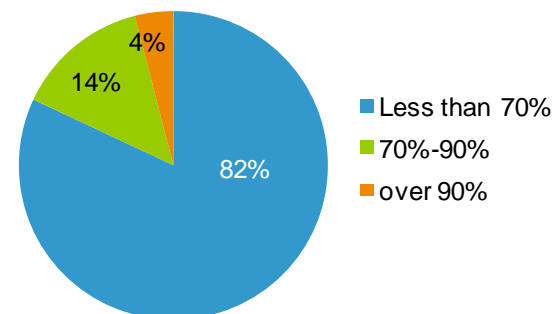
<Reference>

Real estate equity investment	28.7	12.8	(15.8)
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## Characteristics of real estate NRL



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



<Supplement 2>  
Financial results and  
related information

# Contribution of major group companies to consolidated financial results

	Net business profit before credit costs			Net income		
	FY2012	FY2013	Change	FY2012	FY2013	Change
(Billions of yen)						
Consolidated difference	74.3	74.0	(0.3)	28.6	21.6	(6.9)
Effect of purchase accounting method	7.3	0.3	(7.0)	12.2	5.1	(7.1)
Contribution (before consolidated adjustments) (*)	54.7	62.4	7.6	36.1	34.3	(1.7)
Sumitomo Mitsui Trust Asset Management	1.5	2.9	1.3	0.7	1.7	1.0
Nikko Asset Management (Consolidated)	7.9	9.8	1.9	4.0	(0.4)	(4.4)
Japan Trustee Services Bank	2.0	0.6	(1.4)	0.3	0.3	(0.0)
Sumitomo Mitsui Trust Bank (U.S.A.)	0.8	1.6	0.8	0.4	0.8	0.3
Sumitomo Mitsui Trust Bank (Luxembourg)	0.4	0.3	(0.0)	0.2	0.1	0.0
Tokyo Securities Transfer Agent	0.5	0.3	(0.2)	0.4	0.2	(0.1)
Japan Securities Agents	(0.5)	0.0	0.5	(0.4)	(0.0)	0.3
Sumitomo Mitsui Trust TA Solution	0.9	0.6	(0.2)	0.4	0.3	(0.1)
Japan Stockholders Data Service Company	0.2	0.6	0.3	0.2	0.6	0.3
Sumitomo Mitsui Trust Realty	1.1	4.3	3.1	1.0	2.3	1.3
Sumitomo Mitsui Trust Real Estate Investment Management	0.4	0.6	0.1	0.3	0.3	(0.0)
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	11.0	10.4	(0.6)	7.0	6.2	(0.8)
Sumitomo Mitsui Trust Loan & Finance	7.5	8.0	0.5	7.7	8.2	0.4
Sumitomo Mitsui Trust Capital	0.1	1.0	0.9	0.1	0.7	0.5
Zijin Trust	0.4	0.8	0.3	0.3	0.6	0.3
SBI Sumishin Net Bank (Consolidated)	4.0	5.9	1.9	2.4	3.5	1.1
Sumitomo Mitsui Trust Guarantee (Consolidated)	10.2	11.2	0.9	6.8	5.9	(0.8)
Sumitomo Mitsui Trust Card	0.5	0.5	(0.0)	0.9	0.3	(0.5)

(\*) 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)		
	FY2012	FY2013	Change	FY2012	FY2013	Change	FY2012	FY2013	Change
Retail financial services	135.1	144.0	8.8	4.3	15.3	11.0	15.1	22.8	7.7
Wholesale financial services	111.7	121.0	9.2	76.8	83.0	6.1	99.4	104.5	5.0
Stock transfer agency services	14.0	16.4	2.3	10.7	13.4	2.6	11.9	15.1	3.1
Gross business profit	30.0	29.4	(0.6)	-	-	-	-	-	-
Fees paid for outsourcing	(15.9)	(12.9)	3.0	-	-	-	-	-	-
Real estate	19.3	28.5	9.2	9.5	19.3	9.7	11.7	25.3	13.5
Fiduciary services	57.0	63.5	6.5	25.3	34.0	8.7	37.9	48.6	10.7
Gross business profit	84.0	91.3	7.3	-	-	-	-	-	-
Fees paid for outsourcing	(27.0)	(27.8)	(0.8)	-	-	-	-	-	-
Global markets	122.2	85.0	(37.1)	113.0	75.8	(37.2)	113.0	75.8	(37.2)
Others (*1)	(9.9)	2.8	12.7	(29.6)	(29.2)	0.4	(4.7)	(6.4)	(1.7)
Total	449.6	461.5	11.9	210.2	211.8	1.6	284.6	285.8	1.2

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

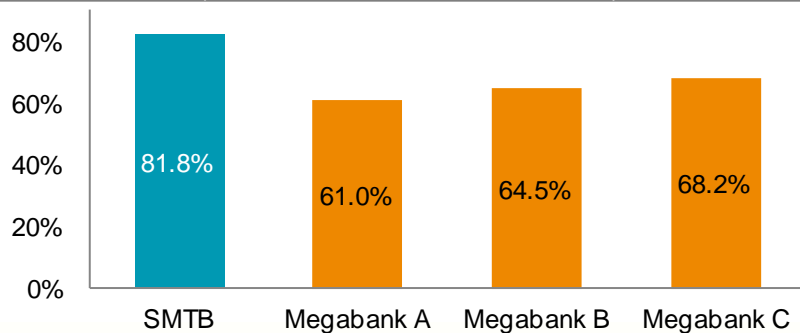
(\*2) Calculation method for profit by business group has been partially revised from FY2013 for the purpose of reflecting actual condition appropriately.

Figures for FY2012 are tentative calculation based on the revised method.

# Consolidated balance sheets

(Billions of yen)	Mar. 2013	Mar. 2014	Change
Cash and due from banks	3,902.3	6,916.9	3,014.5
Call loans and bills bought	514.2	651.5	137.3
Receivables under securities borrowing transactions	207.4	289.3	81.8
Monetary claims bought	491.8	936.4	444.6
Trading assets	716.5	537.0	(179.5)
Securities	6,346.0	5,764.4	(581.5)
Loans and bills discounted	22,391.6	23,824.0	1,432.3
Lease receivables and investment assets	553.5	540.2	(13.3)
Other assets	1,617.3	1,446.8	(170.4)
Tangible fixed assets	230.5	229.5	(1.0)
Intangible fixed assets	205.7	210.5	4.7
Assets for retirement benefits	-	150.1	150.1
Deferred Tax Assets	75.6	17.1	(58.5)
Customers' liabilities for acceptances and guarantees	583.9	485.3	(98.5)
Allowance for loan losses	(132.9)	(110.2)	22.6
<b>Total assets</b>	<b>37,704.0</b>	<b>41,889.4</b>	<b>4,185.3</b>

Comparison of loan-deposit ratio of major banks  
(Non-consolidated, as of Mar. 2014)



(Billions of yen)	Mar. 2013	Mar. 2014	Change
Deposits	23,023.8	24,123.3	1,099.4
Negotiable certificates of deposit	4,103.5	5,100.1	996.6
Call money and bills sold	168.3	200.0	31.6
Payables under repurchase agreements	605.7	1,291.6	685.8
Trading liabilities	233.1	214.1	(19.0)
Borrowed money	1,169.0	1,906.1	737.0
Short-term bonds payable	940.0	904.8	(35.1)
Bonds payable	986.3	1,057.7	71.4
Borrowed money from trust account	2,483.2	2,941.7	458.4
Other liabilities	1,074.4	1,183.4	109.0
Deferred tax liabilities	1.8	39.7	37.8
Acceptances and guarantees	583.9	485.3	(98.5)
<b>Total liabilities</b>	<b>35,373.5</b>	<b>39,448.3</b>	<b>4,074.8</b>
Capital stock	261.6	261.6	-
Capital surplus	752.9	754.2	1.2
Retained earnings	790.1	886.4	96.3
Treasury stock	(93.1)	(0.5)	92.5
<b>Total shareholders' equity</b>	<b>1,711.5</b>	<b>1,901.7</b>	<b>190.2</b>
Valuation difference on available-for-sale securities	161.5	229.6	68.1
Deferred gains or losses on hedges	(17.1)	(12.5)	4.5
<b>Total accumulated other comprehensive income</b>	<b>134.4</b>	<b>203.5</b>	<b>69.1</b>
Minority interests	484.4	335.6	(148.7)
<b>Total net assets</b>	<b>2,330.4</b>	<b>2,441.0</b>	<b>110.5</b>

# Deferred tax assets

## < Deferred tax assets >

(Billions of yen)	Non-consolidated			Consolidated		
	Mar. 2013	Mar. 2014	Change	Mar. 2013	Mar. 2014	Change
Deferred tax assets (A)	159.5	99.1	(60.4)	218.9	149.6	(69.2)
Devaluation of securities	48.3	39.1	(9.2)	44.4	35.6	(8.7)
Allowance for loan losses (including written-off of loans)	34.6	27.5	(7.1)	46.6	37.9	(8.7)
Loss carry forwards	42.0	8.1	(33.8)	55.3	22.3	(33.0)
Deferred gains/ losses on hedges	4.2	3.5	(0.6)	4.5	3.7	(0.8)
Liabilities for retirement benefits	---	---	---	---	27.7	27.7
Valuation difference due to share exchange	---	---	---	44.0	15.7	(28.3)
Others	61.2	55.5	(5.7)	77.3	67.5	(9.7)
Valuation allowance	(31.0)	(34.9)	(3.8)	(53.5)	(61.1)	(7.5)
Deferred tax liabilities (B)	124.0	160.9	36.9	145.0	172.2	27.2
Employee retirement benefit trust	25.3	27.4	2.1	25.3	27.4	2.1
Valuation difference on available-for-sale securities	93.4	128.4	34.9	94.7	129.5	34.8
Valuation difference due to share exchange	---	---	---	17.4	14.6	(2.7)
Others	5.2	5.0	(0.1)	7.5	0.5	(6.9)
Net deferred tax assets (A) - (B)	35.5	(61.7)	(97.3)	73.8	(22.5)	(96.4)

(Billions of yen)	FY2009	FY2010	FY2011	FY2012	FY2013
Taxable income before deduction of loss carry forwards	106.2	120.4	9.5	133.0	111.5
Net business profit before credit costs	284.4	233.3	239.0	210.2	211.8

The evaluation of realizability of deferred tax assets is in accordance with "example (4) proviso" in (5) Item 1 of Japanese Institute of Certified Public Accountants Auditing Committee Report No.66. The period for estimating the future taxable income is 5 years.

(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	1,226.0
Projected amount of net income used for the estimation	955.2
Estimated amount of taxable income before adjustments	1,007.2

<Supplement 3>  
Performance by  
business sections



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

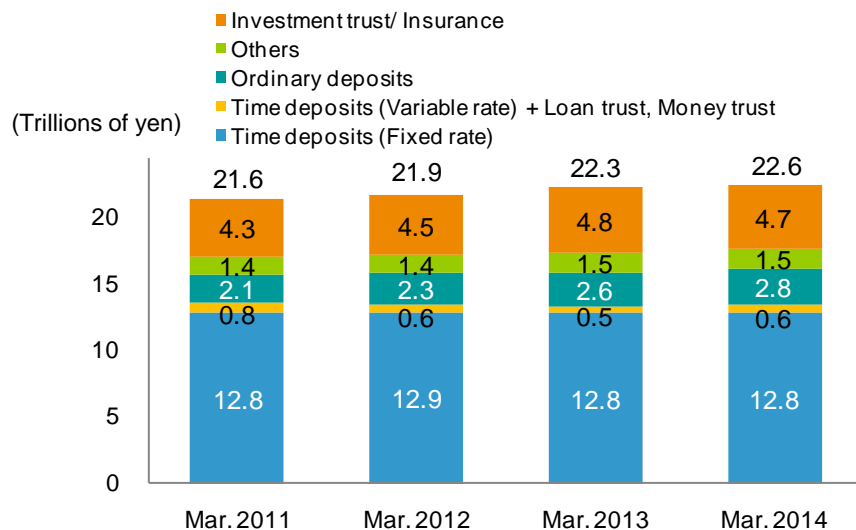
## Retail financial services / Gross business profit

(Billions of yen)	FY2012	FY2013	Change
Business profit	90.2	103.3	13.1
Net interest income, etc.	44.0	46.7	2.6
Loans to individuals	40.4	46.8	6.4
Deposits	2.1	(2.7)	(4.8)
Others	1.4	2.6	1.1
Net fees and commissions	46.2	56.6	10.4
Investment trust / Insurance	48.7	59.4	10.6
Others	(2.5)	(2.7)	(0.1)
Adjustments among businesses	44.8	40.6	(4.2)
Gross business profit	135.1	144.0	8.8

## Wholesale financial services / Gross business profit

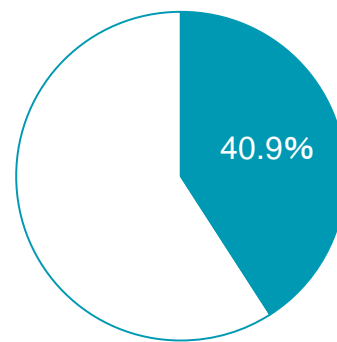
(Billions of yen)	FY2012	FY2013	Change
Business profit	153.1	153.6	0.4
Net interest income, etc.	114.5	114.4	(0.0)
Loans, etc.	109.7	111.9	2.1
Deposits	2.2	1.2	(1.0)
Others	2.5	1.3	(1.2)
Net fees and commissions	38.6	39.1	0.4
Real estate NRL	6.2	4.5	(1.7)
Syndicated loans	23.2	23.2	0.0
Securitization	4.5	6.7	2.2
Adjustments among businesses	(41.3)	(32.5)	8.7
Gross business profit	111.7	121.0	9.2

## Total depositary assets from individuals

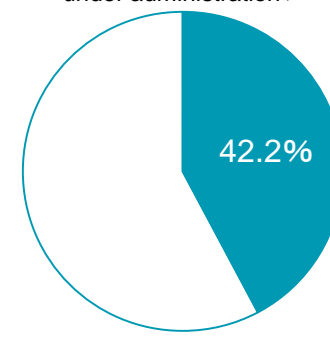


## Market share of stock transfer agency services<sup>(\*)</sup> (as of Mar. 2014)

< 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

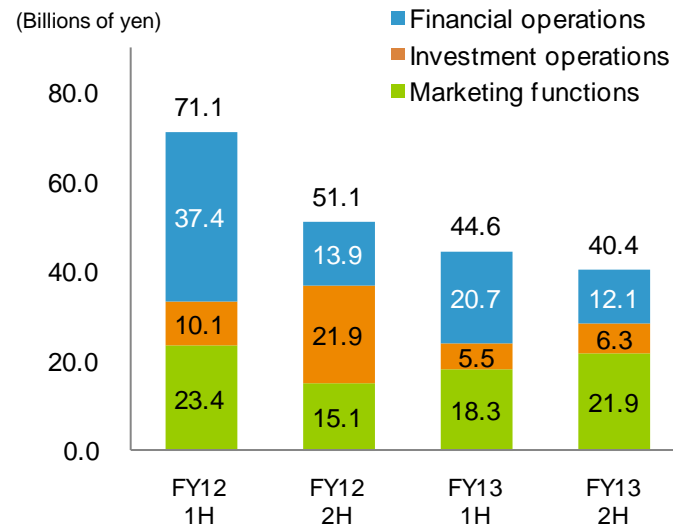
(Billions of yen)	FY2012	FY2013	Change
Financial operations	51.4	32.8	(18.5)
Investment operations	32.0	11.8	(20.2)
Marketing functions	38.6	40.2	1.6
<b>Total</b>	<b>122.2</b>	<b>85.0</b>	<b>(37.1)</b>

<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)

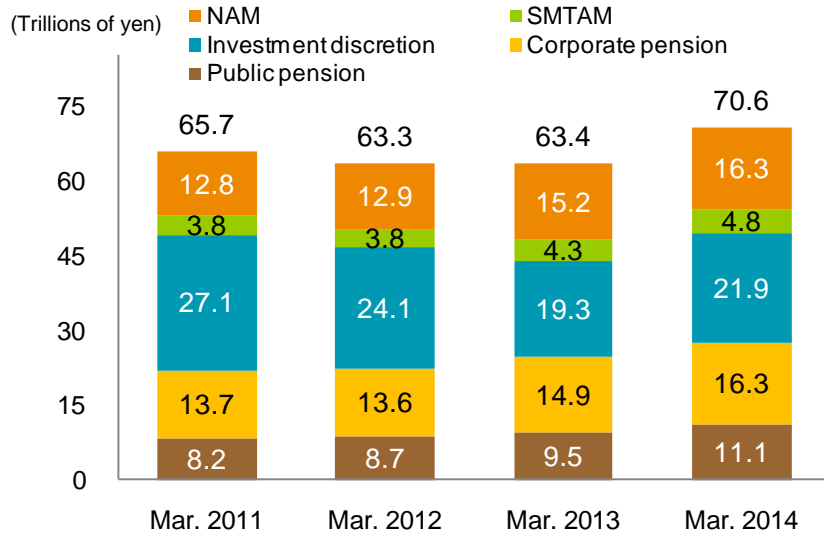
(Billions of yen)	Cost		Unrealized gains/losses		10BPV (*2)		Duration (years) (*2)	
	Mar. 2014	Change from Mar. 2013	Mar. 2014	Change from Mar. 2013	Mar. 2014	Change from Mar. 2013	Mar. 2014	Change from Mar. 2013
JPY	1,629.8	(909.0)	11.6	(12.4)	3.2	(2.6)	2.0	(0.3)
Others	1,299.4	688.9	(1.0)	(16.2)	8.3	6.0	6.4	2.3
USD	1,110.7	700.3	(3.5)	(15.7)	7.4	6.2	6.8	3.2
EUR, etc.	188.7	(11.3)	2.4	(0.5)	0.8	(0.1)	4.7	(0.4)

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

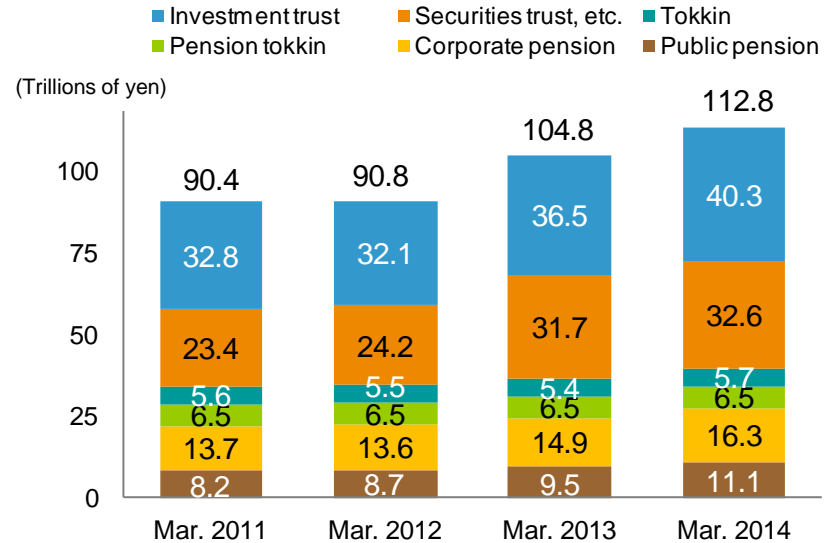
(\*2) In the calculation of 10BPV and duration, investment balance hedged by derivative transactions, etc. were excluded.

# Fiduciary services business

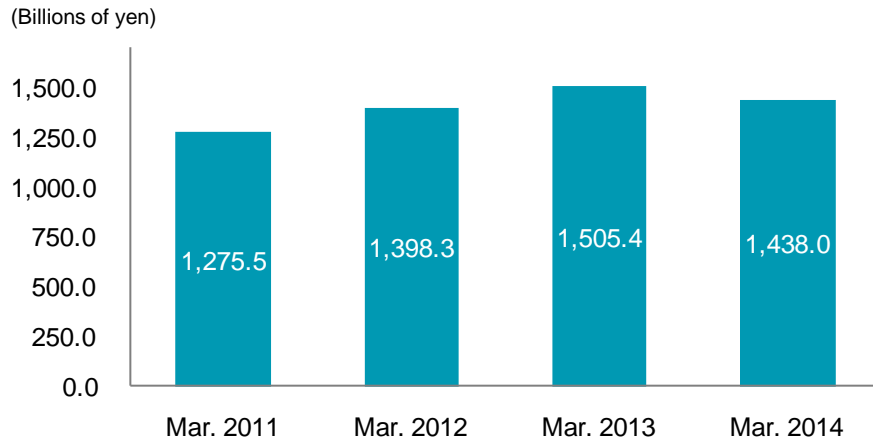
## Assets under management (AUM) (Consolidated)



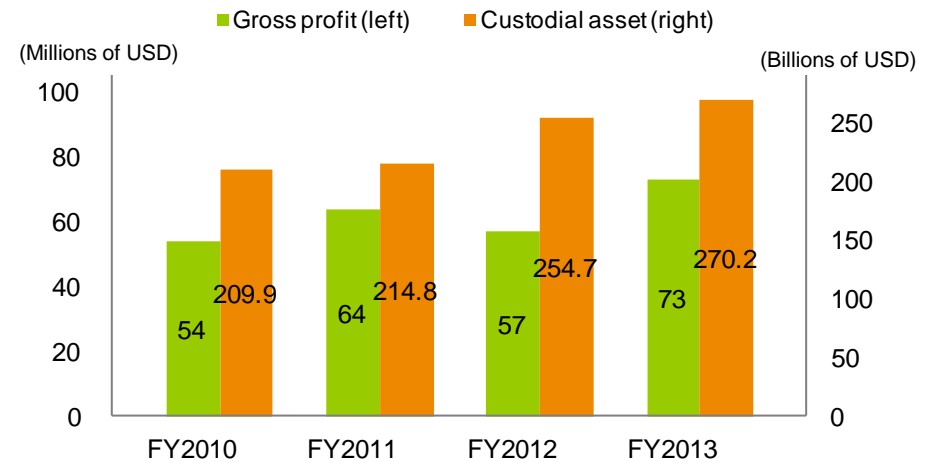
## Entrusted assets (Non-consolidated)



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



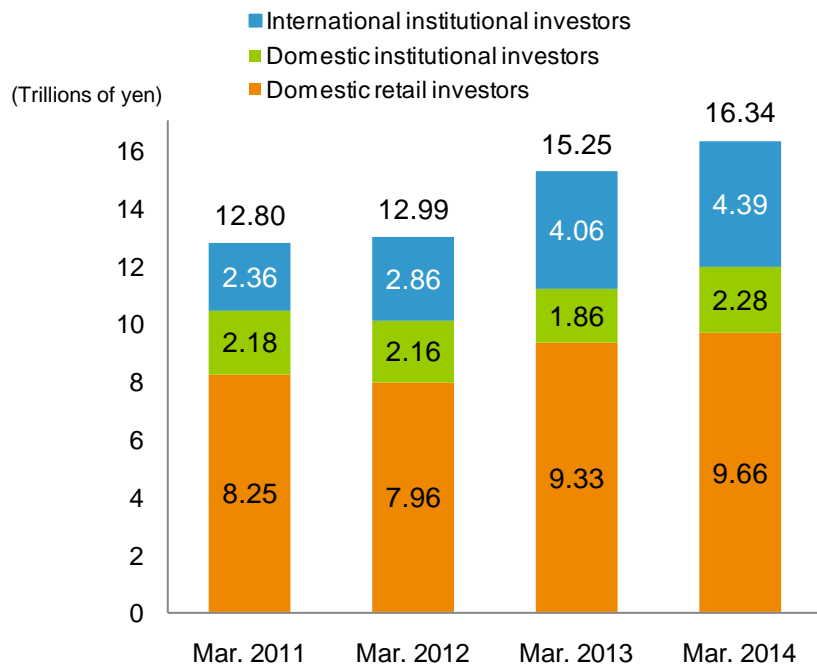
## Global custody business



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

- ▶ Net business profit increased by ¥1.2bn YoY due to the increase in the fair value of assets under management in accordance with the market recovery, while net income decreased by ¥5.0bn YoY due primarily to the goodwill impairment loss posted for an overseas subsidiary.
- ▶ Aiming for the expansion in domestic retail AUM and the increase in presence in the Asian markets along with overseas subsidiaries by holding seminars for sales companies and providing products and support tools to meet the market and client needs.

## Assets under management (AUM)

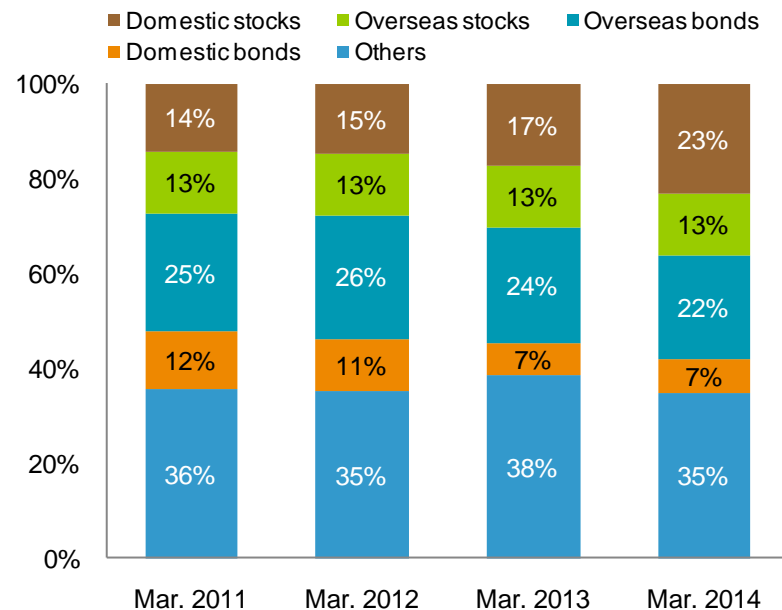


(Billions of yen)	FY2010 Full	FY2011 Full	FY2012 Full	FY2013 Full
Net cash inflow/outflow	262.8	(249.8)	63.4	(200.4)
International institutional investors	(9.2)	0.3	126.0	(66.1)
Domestic institutional investors	(262.9)	(74.8)	(348.2)	243.7
Domestic retail investors	535.0	(175.2)	285.6	(378.0)

## P/L

(Billions of yen)	FY2012	FY2013	Change
Net business profit	6.5	7.7	1.2
Ordinary income	7.7	9.6	1.8
Net income	4.5	(0.4)	(5.0)

## Breakdown of AUM by asset type



# Financial related business in group companies

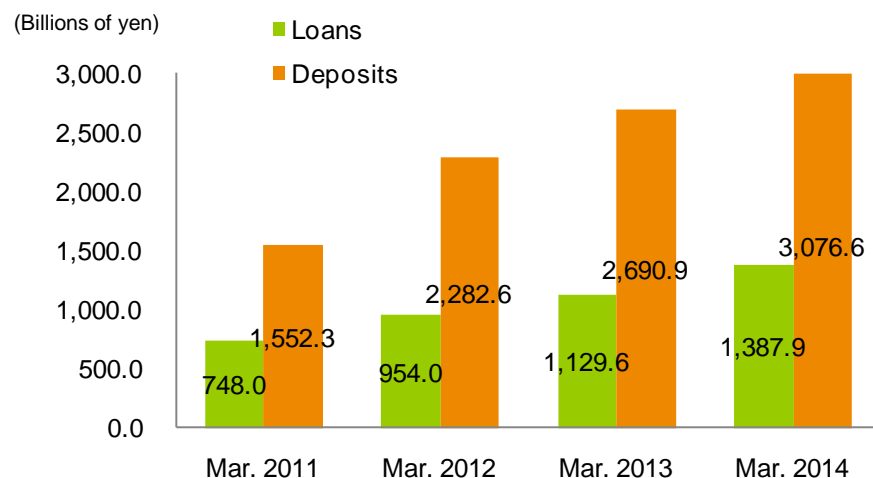
## 2. SBI Sumishin Net Bank (Consolidated)

- ▶ Net business profit increased ¥3.9bn 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 and strengthen the basic earning power by enhancing the consumer loan for retail clients and fee businesses.

### Major business figures

(Billions of yen)	Mar. 2013	Mar. 2014	Change
Number of account (millions)	1.64	1.97	0.32
Deposits	2,690.9	3,076.6	385.6
Loans	1,129.6	1,387.9	258.3

### Balance of loans and deposits



### P/L

(Billions of yen)	FY2012	FY2013	Change
Net business profit	8.0	11.9	3.9
Ordinary income	7.9	11.7	3.8
Net income	4.8	7.1	2.2

### B/S

(Billions of yen)	Mar. 2013	Mar. 2014	Change
Total assets	2,848.6	3,285.9	437.2
Net assets	41.7	49.1	7.3
Shareholders' equity	52.0	59.0	7.0

# Financial related business in group companies

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

### Sumitomo Mitsui Trust Panasonic Finance (Consolidated)

- ▶ Net income decreased by ¥0.8bn YoY due partly to the cost from relocating the offices and branches, while putting a brake on the decline in business profit by increasing the balance of profitable vendor leasing transactions.
- ▶ Pursuing the expansion of sales assets by promoting further cooperation with SMTB, utilizing the Panasonic's client base and focusing on leasing business for SMEs.

#### P/L

(Billions of yen)	FY2012	FY2013	Change
Net business profit	10.4	9.9	(0.4)
Ordinary profit	13.1	12.1	(1.0)
Net income	8.2	7.3	(0.8)
Total credit costs	1.8	1.8	(0.0)

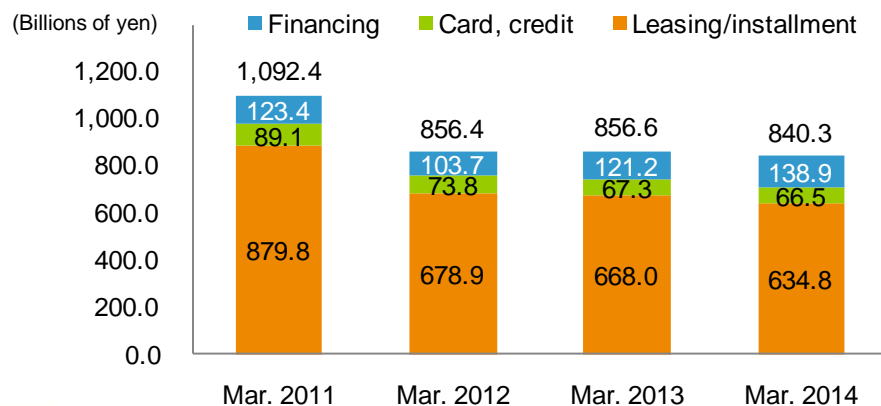
### Sumitomo Mitsui Trust Loan & Finance

- ▶ Ordinary profit increased by ¥0.7bn YoY due to the increase in interests on loans resulting from the growth in loan balance, 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)	FY2012	FY2013	Change
Net business profit	5.2	5.7	0.5
Ordinary profit	5.5	6.2	0.7
Net income	4.9	2.6	(2.2)
Total credit costs	0.1	0.3	0.2

### Trend of operating assets



### Trend of loan balance

