



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for 1HFY2014

Items described below are revised on February 6, 2015

(Page 30) "Credit portfolio"

(Page 31) "Balance of credit to non-Japanese / overseas Japanese borrowers"
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November 19, 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

Highlights of 1HFY2014

Consolidated financial results

Exceeded forecast due primarily to growth of fees related to investment trust and insurance sales and increase of overseas credit and market related profit

Net business profit before credit costs

Results
[v.s.1HFY2014 forecast]

¥147.0bn [+¥7.0bn]

Grew steadily due to increase in net business profit before credit costs, improvement of credit costs and net gains on stocks, absorbing IT system integration costs

Net income

¥83.7bn [+¥3.7bn]

Strategic business areas

Recorded historical high sales volume, over 1 trillion yen, in half fiscal year. "Wrap Selection" balance accelerated accumulation to achieve fiscal year end target in 1HFY2014

Investment trust and insurance sales
(Non-consolidated)

Results of 1HFY2014

¥1,059.3bn
[+¥77.4bn from 1HFY2013]

Increased steadily due to cash-inflow and market appreciation

AUM
(Group companies total)

¥74.7tr
[+¥4.0tr from Mar. 2014]

Decelerated revenue growth due to delay in closing of several commercial property transactions resulting from holding off with expectation of uptrend market

Revenue from real estate business
(Non-consolidated)

¥11.5bn
[¥(1.4)bn from 1HFY2013]

Fundamental Earning power

Contributed by steady increase in overseas credit
Showed signs of bottoming-out in domestic loan-deposit margin

Net interest income
(Non-consolidated)

¥110.0bn
[+¥9.1bn from 1HFY2013]

Financial soundness

Improved continuously due to steady increase in retained earnings and unrealized gain on securities

Common Equity Tier 1 capital ratio

8.66% [+0.22% from Mar. 2014]
Pro forma (Fully-loaded basis)

Financial results of 1HFY2014

Financial results 1HFY2014 : Consolidated

- ▶ Net business profit before credit costs: UP ¥7.6bn YoY to ¥147.0bn due primarily to growth of net interest income and related profit of SMTB
- ▶ Net income: UP ¥14.5bn YoY to ¥83.7bn due to recovery of net non-recurring profit including reversal of credit costs, and positive effect from change in tax accounting status, while costs of banking IT system integration were posted as extraordinary loss in SMTB

		1HFY2013	1HFY2014	Change
	(Billions of yen)			
Net business profit before credit costs	1	139.4	147.0	7.6
(Contribution of group companies before consolidated adjustments)	2	31.5	31.1	(0.4)
Gross business profit	3	325.5	334.1	8.5
Net interest income and related profit	4	112.7	124.5	11.8
Net fees and commissions and related profit	5	171.7	171.5	(0.2)
Net other operating profit	6	29.2	22.9	(6.3)
General and administrative expenses	7	(196.7)	(198.9)	(2.1)
Net non-recurring profit, etc.	8	(4.1)	17.1	21.2
Ordinary profit	9	124.5	152.3	27.7
Extraordinary profit	10	(1.1)	(46.7)	(45.6)
Income before income taxes	11	123.4	105.5	(17.9)
Total income taxes	12	(44.5)	(15.2)	29.2
Net income	13	69.2	83.7	14.5
Total credit costs	14	6.5	14.5	7.9
Net gains on stocks	15	(11.3)	10.9	22.3
Return on shareholders' equity	16	7.98%	8.99%	1.01%
Dividend on common share (Yen)	17	5.00	5.50	0.50
Net assets per common shares (BPS) (Yen)	18	501.33	541.56	40.23

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

- (1) Non-consolidated: ¥111.5bn
 - (2) Group companies: ¥31.1bn
 - (3) Effect of purchase accounting method: ¥1.2bn
- (*) Adjustments of elimination of dividends from subsidiaries, etc. were added to sum of (1), (2) and (3)

< Major factors [change from 1HFY2013] >

- (1) Net business profit before credit costs <1>: +¥7.6bn
 Non-consolidated: +¥6.9bn [¥104.5bn → ¥111.5bn]
 Group companies: ¥(0.4)bn [¥31.5bn → ¥31.1bn]
 Effect of purchase accounting method: +¥1.9bn
 [¥(0.7)bn → ¥1.2bn]
- (2) Contribution of group companies before consolidated adjustments <2>: ¥(0.4)bn
 •Nikko Asset Management: ¥(1.8)bn
 •Sumitomo Mitsui Trust Realty: ¥(1.4)bn
 •SBI Sumishin Net Bank: +¥0.7bn

< Changes from 1HFY2013 excluding effects of purchase accounting method >

- (1) Net business profit before credit costs: +¥5.6bn
 [¥140.1bn → ¥145.7bn]
- (2) Ordinary profit: +¥25.2bn [¥120.7bn → ¥146.0bn]
- (3) Net income: +¥13.8bn [¥66.7bn → ¥80.6bn]

Financial results 1HFY2014 : Non-consolidated

- ▶ Net business profit before credit costs: UP ¥6.9bn YoY to ¥111.5bn
Net interest income and related profit improved by recovery in loan-deposit income due primarily to growth of overseas loans
- ▶ Net income: UP ¥12.1bn YoY to 68.3bn
Reversal of credit costs, net gains on stocks and positive effect from change in tax accounting status contributed, while costs of banking IT system integration were posted

(Billions of Yen)		1HFY2013	1HFY2014	Change
Net business profit before credit costs	1	104.5	111.5	6.9
Gross business profit	2	229.3	236.3	7.0
Net interest income and related profit	3	104.8	115.0	10.2
Net fees and commissions and related profit	4	95.9	95.5	(0.4)
Net trading profit	5	11.8	15.0	3.2
Net other operating profit	6	16.7	10.7	(6.0)
Net gains on foreign exchange transactions	7	(2.6)	0.8	3.5
Net gains on bonds	8	9.8	20.5	10.7
Net gains from derivatives other than for trading or hedging	9	9.3	(11.3)	(20.7)
General and administrative expenses	10	(124.7)	(124.8)	(0.0)
Total credit costs	11	4.0	13.1	9.0
Other non-recurring profit	12	(18.3)	(6.6)	11.6
Net gains on stocks	13	(8.0)	11.3	19.3
Amortization of net actuarial losses	14	(9.1)	(8.7)	0.3
Ordinary profit	15	90.2	117.9	27.7
Extraordinary profit	16	(1.2)	(46.8)	(45.6)
IT system integration costs	17	-	(46.6)	(46.6)
Income before income taxes	18	89.0	71.1	(17.9)
Total income taxes	19	(32.8)	(2.8)	30.0
Net income	20	56.2	68.3	12.1

< Major factors [change from 1HFY2013] >

- Net interest income and related profit <3>: +¥10.2bn
Net interest income +¥9.1bn [¥100.9bn → ¥110.0bn]
Loan-deposit income +¥8.2bn [¥80.6bn → ¥88.8bn]
Income from securities ¥(7.7)bn [¥50.5bn → ¥42.8bn]
Income/expense in swaps +¥5.6bn [¥(8.2)bn → ¥(2.5)bn]
- Net fees and commissions and related profit <4>: ¥(0.4)bn
• Investment trust / Insurance related profit +¥2.9bn [¥28.0bn → ¥31.0bn]
• Real estate brokerage fees ¥(1.3)bn [¥9.8bn → ¥8.5bn]
- Net gains on bonds <8>: +¥10.7bn
• Domestic bonds +¥1.2bn [¥(0.7)bn → ¥0.5bn]
• Foreign bonds +9.4bn [¥10.6bn → ¥20.0bn]
- Extraordinary profit <16>: ¥(45.6)bn
Banking IT system integration cost: ¥(46.6)bn
- Total income taxes <19>: +¥30.0bn
Positive effect from a change in example categories for tax effect accounting: Approx. +¥13.0bn

Contribution of major group companies

- ▶ Contribution to net business profit before credit costs: DOWN ¥0.4bn YoY to ¥31.1bn
- ▶ Contribution to net income: DOWN ¥0.5bn YoY to ¥20.6bn
- UP: Sumitomo Mitsui Trust Asset Management and SBI Sumishin Net Bank
- DOWN: Nikko Asset Management and Sumitomo Mitsui Trust Realty

	Net business profit before credit costs			Net income			Goodwill as of Sep. 2014	
	1HFY2013	1HFY2014	Change	1HFY2013	1HFY2014	Change	Amortization amount	Outstanding balance
(Billions of yen)								
Consolidation difference	34.8	35.4	0.6	13.0	15.4	2.4	(4.6)	92.4
Effect of purchase accounting method	(0.7)	1.2	1.9	2.4	3.1	0.6	---	---
Contribution (before consolidated adjustments) (*1)	31.5	31.1	(0.4)	21.2	20.6	(0.5)	(4.6)	92.4
Sumitomo Mitsui Trust Asset Management	1.4	2.0	0.6	0.8	1.3	0.4	---	---
Nikko Asset Management (Consolidated)	5.6	3.8	(1.8)	2.7	1.7	(1.0)	(*2) (2.4)	(*2) 50.3
Sumitomo Mitsui Trust Realty	1.7	0.3	(1.4)	1.0	0.2	(0.8)	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	5.2	5.3	0.0	4.4	3.5	(0.8)	(0.1)	0.1
Sumitomo Mitsui Trust Loan & Finance	4.0	4.3	0.3	4.3	4.0	(0.3)	(1.9)	40.2
SBI Sumishin Net Bank (Consolidated)	3.0	3.7	0.7	1.7	2.5	0.8	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	5.5	5.7	0.1	3.1	3.7	0.6	---	---

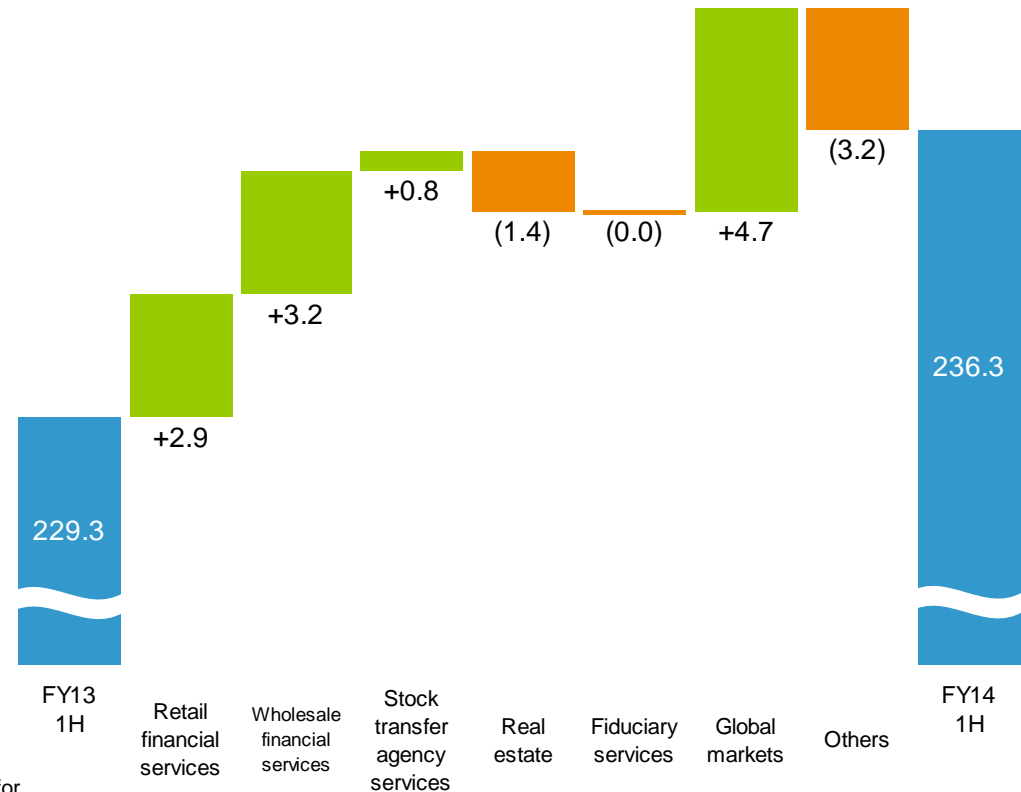
(*1) Contribution of group companies (before consolidated adjustments) is a substantive amount which excludes consolidation adjustments that do not relate directly to the group companies' business results. (Non-consolidated profit/loss of the holding company, elimination of dividend, amortization of goodwill, etc.)

(*2) Including 0.4 billion yen of amortization amount and 1.9 billion yen of outstanding balance from affiliated companies

Profit by business: Non-consolidated

- ▶ Gross business profit: UP ¥7.0bn YoY to ¥236.3bn
Global markets increased profit and the other businesses except for Real estate showed steady growth
- ▶ Retail financial services: UP ¥2.9bn YoY due primarily to growth in profit from investment trust and insurance related profit
- ▶ Stock transfer agency services: UP ¥0.8bn YoY due to reduction in fees paid for outsourcing
- ▶ Real estate: DOWN ¥1.4bn YoY due partly to delay in closing of several transactions

(Billions of yen)	Gross business profit (Non-consolidated)		
	1HFY2013	1HFY2014	Change
Retail financial services	69.8	72.8	2.9
Wholesale financial services	60.4	63.6	3.2
Stock transfer agency services	9.1	9.9	0.8
Gross business profit	15.6	15.4	(0.1)
Fees paid for outsourcing	(6.4)	(5.4)	1.0
Real estate	12.9	11.5	(1.4)
Fiduciary services	31.2	31.1	(0.0)
Gross business profit	45.0	45.5	0.5
Fees paid for outsourcing	(13.8)	(14.4)	(0.5)
Global markets	44.6	49.3	4.7
Others	1.0	(2.1)	(3.2)
Total	229.3	236.3	7.0



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

Net interest income: Non-consolidated

▶ Net interest income: UP ¥9.1bn YoY to ¥110.0bn

The loan-deposit income continuously up due to growth of international loans and improvement of net income from swaps, while income from securities down due to disappearance of income from cancellation of investment trust

▶ Domestic loan-deposit margin showed signs of recovery with 1bp improvement from 2HFY2013 as deposit yield decline

	1HFY2014					
	Average balance	Change from 1HFY2013	Yield	Change from 1HFY2013	Income/Expense	Change from 1HFY2013
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					110.0	9.1
Domestic business			0.53%	(0.13%)	77.4	(12.2)
Interest-earning assets	28.82	1.68	0.82%	(0.18%)	119.1	(17.5)
Loans and bills discounted	18.27	(0.02)	0.95%	(0.05%)	87.3	(4.6)
Securities	3.24	(1.03)	1.34%	(0.27%)	21.9	(12.6)
Interest-bearing liabilities	28.35	1.46	0.29%	(0.05%)	(41.6)	5.3
Deposits	21.07	0.03	0.26%	(0.04%)	(27.7)	4.8
International business			0.66%	0.39%	32.6	21.4
Interest-earning assets	9.71	1.96	1.26%	0.11%	61.7	16.9
Loans and bills discounted	5.51	1.50	1.30%	0.04%	36.0	10.6
Securities	1.89	0.33	2.18%	0.16%	20.8	4.9
Interest-bearing liabilities	9.64	2.05	0.60%	(0.28%)	(29.1)	4.4
Deposits	2.82	0.88	0.47%	0.06%	(6.6)	(2.6)
Loan-deposit margin / income			0.75%	0.02%	88.8	8.2
Domestic business			0.69%	(0.01%)	59.5	0.2
<Reference> Net interest income and related profit					115.0	10.2
Trust fees from principal guaranteed trust a/c					4.9	1.0

< Major factors [change from 1HFY2013] >

(1) Securities : ¥(7.7)bn [¥50.5bn → ¥42.8bn]

Government bonds: ¥(0.9)bn [¥3.6bn → ¥2.7bn]

Stocks: ¥(1.1)bn [¥12.9bn → ¥11.8bn]

Foreign securities: +¥4.9bn [¥15.8bn → ¥20.8bn]

Others: ¥(9.9)bn [¥14.8bn → ¥4.9bn]

Income from cancellation of investment trust: ¥(6.8)bn
[¥9.1bn → ¥2.3bn]

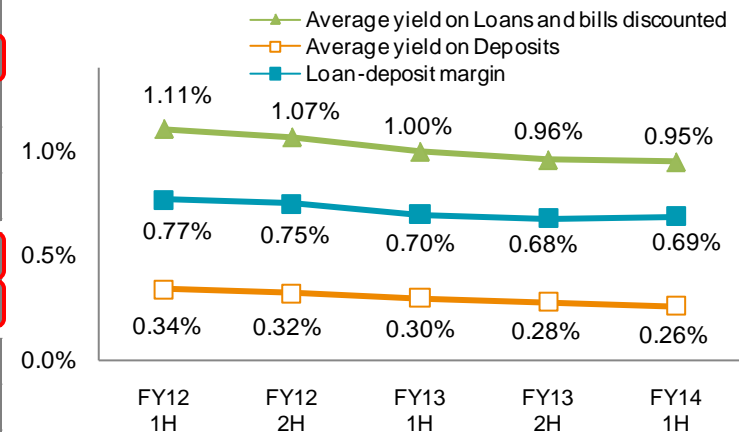
(2) Swaps : +¥5.6bn [¥(8.2)bn → ¥(2.5)bn]

Domestic business ¥(1.1)bn [¥5.3bn → ¥4.2bn]

International business +¥6.8bn [¥(13.6)bn → ¥(6.8)bn]

Disappearance of loss from unwinding swaps related to investment in debt securities +¥6.0bn

Domestic loan-deposit margin

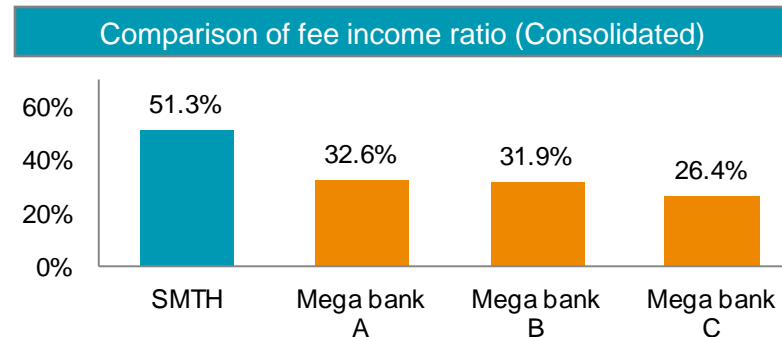
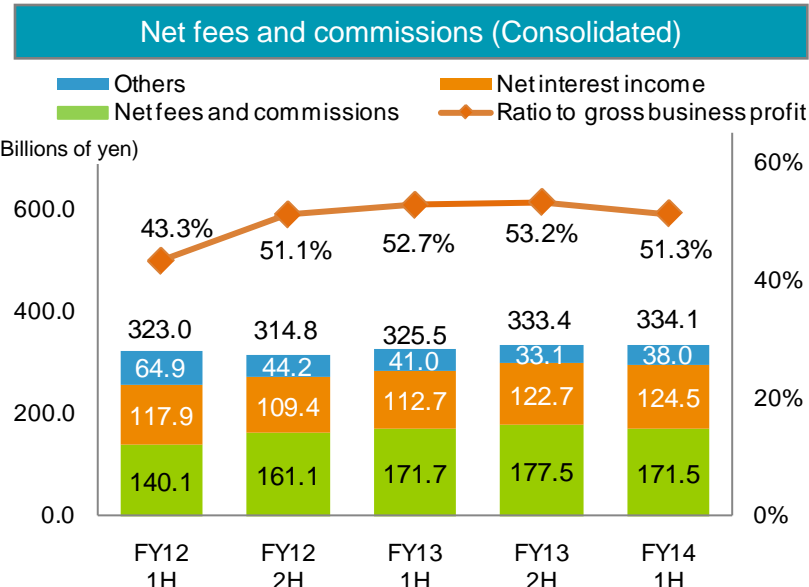


Net fees and commissions and related profit

- ▶ Net fees and commissions and related profit (Non-consolidated): DOWN ¥0.4bn YoY to ¥95.5bn
Real estate brokerage fees and loan arrangement fees decreased, while investment trust and insurance sales fees kept upward trend
- ▶ Fee income to gross business profit ratio (Consolidated): DOWN 1.4 percentage points YoY to 51.3% (above 50%)
Fee income was flat over the same period, while gross business profit increased

	Non-consolidated		Consolidated (*)	
	1HFY2014	Change from 1HFY2013	1HFY2014	Change from 1HFY2013
(Billions of yen)				
Net fees and commissions and related profit	95.5	(0.4)	171.5	(0.2)
(Net fees and commissions)	51.0	(0.0)	124.3	0.1
(Other trust fees)	44.4	(0.3)	47.1	(0.3)
Investment trust and Insurance Sales	31.0	2.9	31.0	2.9
Fiduciary services	31.1	(0.0)	81.7	1.4
Profit	45.5	0.5	86.8	2.0
Fees paid for outsourcing	(14.4)	(0.5)	(5.1)	(0.5)
Stock transfer agency services	9.9	0.8	16.8	(0.1)
Profit	15.4	(0.1)	16.8	(0.1)
Fees paid for outsourcing	(5.4)	1.0	-	-
Real estate	11.4	(1.6)	18.8	(2.8)
Others (Loan arrangement fees, etc.)	11.8	(2.5)	23.0	(1.6)
Ratio to gross business profit	40.4%	(1.4%)	51.3%	(1.4%)

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



General and administrative expenses

- ▶ General and administrative expenses (Non-consolidated): FLAT YoY
Personnel expenses increased primarily in foreign branches, while non-personnel expenses excluding taxes decreased
- ▶ Overhead ratio (Non-consolidated): DOWN 1.6 percentage points to 52.8% YoY due primarily to increase in gross business profit and control of general and administrative expenses

(Billions of yen)	Non-consolidated		
	1HFY2013	1HFY2014	Change
Personnel expenses	(54.0)	(54.9)	(0.9)
Salaries etc.	(48.8)	(50.8)	(1.9)
Retirement benefit expenses	2.8	4.1	1.3
Others	(7.9)	(8.2)	(0.3)
Non-personnel expenses excluding taxes	(65.5)	(64.4)	1.1
IT system-related costs	(18.5)	(18.2)	0.3
Others	(46.9)	(46.2)	0.7
Taxes other than income taxes	(5.1)	(5.4)	(0.2)
General and administrative expenses (a)	(124.7)	(124.8)	(0.0)
Overhead ratio ((a) / gross business profit)	54.4%	52.8%	(1.6%)

(Billions of yen)	(Reference) Consolidated		
	1HFY2013	1HFY2014	Change
Personnel expenses	(91.3)	(92.1)	(0.7)
Non-personnel expenses excluding taxes	(99.3)	(100.2)	(0.9)
Taxes other than income taxes	(6.1)	(6.5)	(0.4)
General and administrative expenses	(196.7)	(198.9)	(2.1)



Total credit costs and problem assets

- ▶ Total credit costs (Consolidated) : Reversal ¥14.5bn
Improvement in clients' financial conditions in addition to decrease of amount of those assets
- ▶ NPL ratio (Non-consolidated): DOWN 0.1 percentage points from Mar. 2014 to 0.9% due to decrease in substandard loan balance
Coverage ratio to problem assets kept sufficient level, 84.0%
Assets to other special mention debtors decreased steadily

< Total credit costs > (Billions of yen)	FY2013		FY2014		Major factors (1HFY2014)
		1H	2H	1H	
Total credit costs (Non-Consolidated)	7.6	4.0	3.5	13.1	Downgraded debtors: Approx. (8.5) Upgraded debtors: Approx. +5.0 Decrease in loan balance, etc. (Including recoveries): Approx. +16.5
General allowance for loan losses	(2.6)	0.5	(3.2)	2.9	
Specific allowance for loan losses	8.9	2.4	6.5	9.6	
Recoveries of written-off claims	1.2	0.8	0.3	0.6	
Losses on sales of claims, written-off	0.0	0.1	(0.0)	(0.1)	
Total credit costs (Group companies)	1.5	2.5	(0.9)	1.4	
Total	9.1	6.5	2.5	14.5	

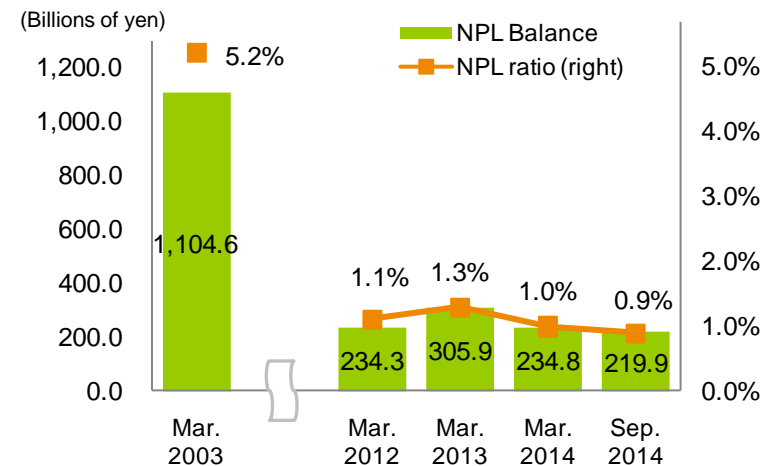
< Problem assets based on the Financial Reconstruction Act (Non-consolidated) >

(Billions of yen)	Sep. 2014	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2014
	Problem assets based on the Financial Reconstruction Act	219.9	84.0%	45.6%
Ratio to total loan balance	0.9%	---	---	(0.1%)
Bankrupt and practically bankrupt	9.4	100.0%	100.0%	(1.2)
Doubtful	101.1	95.9%	75.6%	0.3
Substandard	109.4	71.6%	28.4%	(14.0)
Other special mention debtors	380.5	---	---	(139.6)
Ordinary assets	24,624.9	---	---	731.7
Total balance	25,225.4	---	---	577.2

(*1) (Collateral value + allowance for loan losses) / Loan balance

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

Balance and ratio to total balance of NPLs

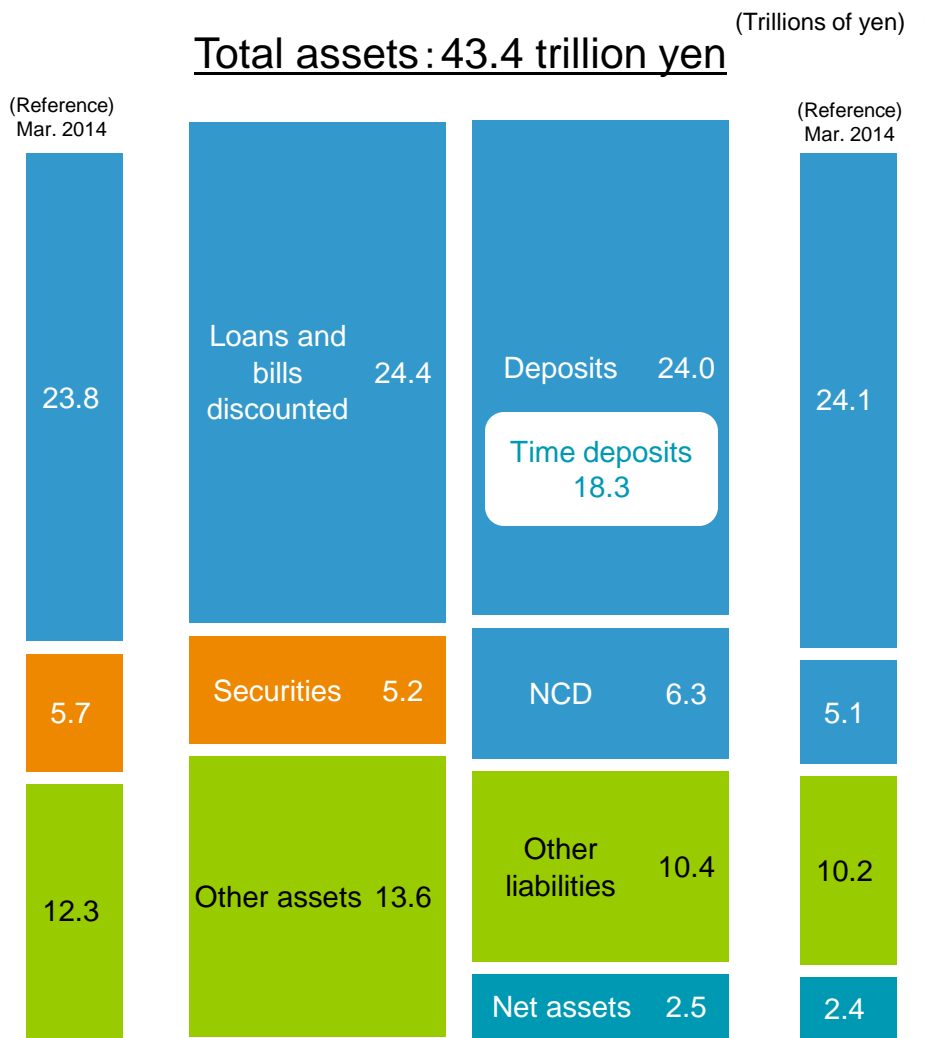


Balance sheet

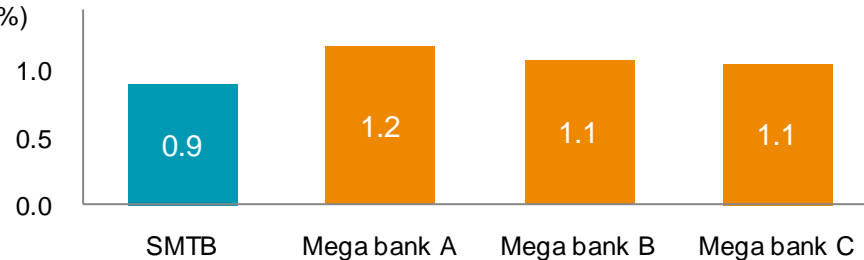
For details, please refer to P7 of Data Book

Balance Sheet (Consolidated) (Sep. 2014)

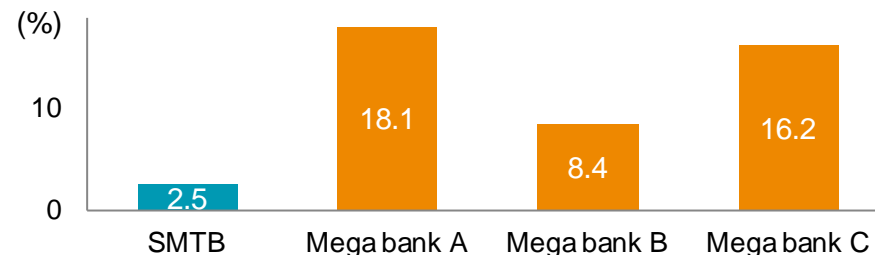
Total assets : 43.4 trillion yen



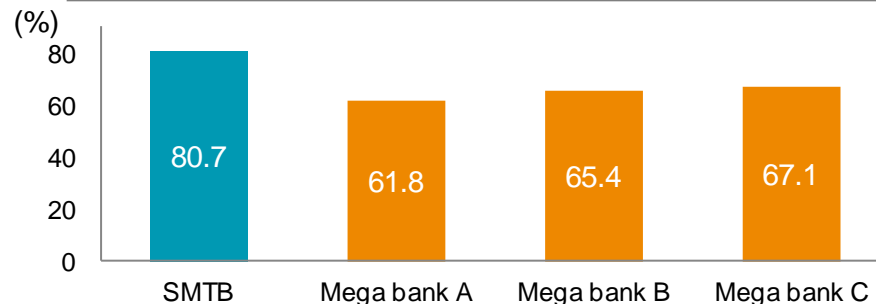
Comparison of NPL ratio (Non-consolidated) (Sep. 2014)



Comparison of JGB holding ratio (Non-consolidated, as of Sep. 2014)



Comparison of loan-deposit ratio (Non-consolidated, as of Sep. 2014)



[Source] Disclosure documents

Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): DOWN ¥734.2bn from Mar. 2014 to ¥4,165.1bn due to decrease in JGB
- ▶ Unrealized gains of available-for-sale securities (Consolidated): UP ¥129.5bn from Mar. 2014 to ¥512.2bn due to improvement of Japanese stocks

<Securities with fair value (Consolidated)>

(Billions of yen)	Costs		Unrealized gains/losses	
	Sep. 2014	Change from Mar. 2014	Sep. 2014	Change from Mar. 2014
Available-for-sale securities	4,165.1	(734.2)	512.2	129.5
Japanese stocks	723.8	(7.3)	512.0	135.6
Japanese bonds	1,507.4	(523.0)	4.7	0.7
Others	1,933.8	(203.8)	(4.5)	(6.8)
Held-to-maturity debt securities	411.0	(30.2)	41.6	(0.8)

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

Available-for-sale securities	4,009.6	(734.6)	538.5	130.3
Japanese stocks	691.2	(6.9)	541.6	135.0
Japanese bonds	1,392.3	(521.9)	4.6	0.7
Government bonds	796.9	(491.1)	1.2	1.0
Others	1,925.9	(205.7)	(7.8)	(5.4)
Domestic investment (*1)	170.5	(150.8)	0.8	0.2
International investment (*1)	1,499.1	(115.4)	7.2	4.8
US Treasury	911.2	(102.9)	(1.1)	2.9
Others (Investment trust, etc.) (*2)	256.2	60.5	(15.9)	(10.4)

(*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	410.3	(29.1)	41.6	(0.8)
Government bonds	234.9	(10.1)	12.9	1.8
International investment (*1, 3)	147.9	(14.7)	28.0	(2.6)

(*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Sep. 2014: (27.9)bn yen, Mar. 2014: (31.8)bn yen)

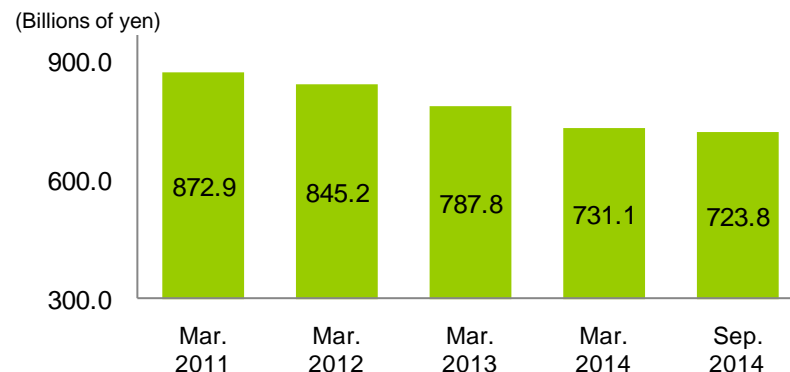
Securities portfolio of Global markets (Non-consolidated) (*4)

(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Sep. 2014	Change from Mar. 2014	Sep. 2014	Change from Mar. 2014
JPY	3.0	(0.2)	2.7	0.7
Others	8.6	0.2	7.1	0.7

(*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	FY2014 1H
Reduction amount of cross shareholdings	55.7	55.6	57.7	8.8

(*6) The above mentioned figures of "cost of shareholdings" are those of listed shares. The figure of Mar. 2011 is combined total of CMTH (Consolidated) and STB (Consolidated).

Forecast for FY2014

Forecast for FY2014

- ▶ No revision on forecast of net business profit before credit costs and net income
- ▶ Full year dividend on common share is forecasted to be 11 yen per share, which is +1 yen YoY, following dividend policy which targets approximately 30% as consolidated dividend payout ratio

< Consolidated >

(Billions of yen)	FY2014		
	1H (Actual)	Full (Forecast)	Change from FY2013
Net business profit before credit costs	147.0	295.0	9.1
Ordinary profit	152.3	275.0	16.9
Net income	83.7	150.0	12.3
Total credit costs	14.5	5.0	(4.1)
Dividend on common share (Yen)	5.50	11.00	1.00
Consolidated dividend payout ratio	---	29.1%	(0.2%)

Major factors (Consolidated):

Change from initial forecast at beginning of FY2014

- (1) Ordinary profit: +¥15.0bn [¥260.0bn → ¥275.0bn]
 • Non-consolidated: +¥15.0bn [¥195.0bn → ¥210.0bn]
- (2) Total credit costs: +¥15.0bn [¥(10.0)bn → ¥5.0bn]
 • Non-consolidated: +¥15.0bn [¥(10.0)bn → ¥5.0bn]

< Non-consolidated >

Net business profit before credit costs	111.5	225.0	13.1
Gross business profit	236.3	475.0	13.4
Retail financial services	72.8	150.0	5.9
Wholesale financial services	63.6	122.0	0.9
Stock transfer agency services	15.4	(*) 30.0	0.5
Real estate	11.5	35.0	6.4
Fiduciary services	45.5	(*) 92.0	0.6
Global markets	49.3	85.0	(0.0)
General and administrative expenses	(124.8)	(250.0)	(0.2)
Total credit costs	13.1	5.0	(2.6)
Other net non-recurring profit	(6.6)	(20.0)	11.0
Ordinary profit	117.9	210.0	21.5
Net income	68.3	125.0	8.9

Major factors (Non-consolidated):

Change from initial forecast at beginning of FY2014

- (3) Ordinary profit: +¥15.0bn [¥195.0bn → ¥210.0bn]
 • Total credit costs: +¥15.0bn [¥(10.0)bn → ¥5.0bn]
 • Other non-recurring profit: ±¥0.0bn [¥(20.0)bn → ¥(20.0)bn]
 Net gains on stocks: +¥10.0bn [¥0.0bn → ¥10.0bn]
 Others: ¥(10.0)bn [¥(20.0)bn → ¥(30.0)bn]
- (4) Estimated cost of banking IT system integration:
 ±¥0.0bn [¥(55.0)bn → ¥(55.0)bn]

(*) Fees paid for outsourcing are not deducted.

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

Business initiatives in 2HFY2014 and strategic business areas

Business initiatives in 2HFY2014

1 . Focus on growing fee businesses

Pursue both growth and stability by increasing transaction fees together with administration fees

- Increase recurring fees through balance growth of investment trust and Fund wrap, SMA primarily by accumulating “Wrap Selection” balance
- Grow AUM from retail customers through sales of investment trust and DC and AUM from overseas investors
- Increase real estate brokerage fees through enhancement of sourcing capabilities and value-added processing on transactions as well as strategic allocation of personnel

2 . Enhancement of fundamental earning power in banking business

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

- Increase exposure to overseas Japanese borrowers and complement weak funding demand from domestic corporations
- Improve loan/deposit income through growth of exposure to non-Japanese borrowers
- Expand loan products to individuals, enhance customer base and channel

3 . Synergy across business sections

Expand 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 existing 6 businesses
- Enhance sales capability through strategic human resource allocation and collaborative sales across businesses
- Expand business with the affluent such as owners of corporations through seamless and integrated product/service of banking/trust/real estate

4 . Financial soundness

Control credit and market risks appropriately

- Control downside risk by maintaining high quality credit portfolio
- Handle company-wide interest rate risks with appropriate ALM

Compliance with Basel III

- Reduce cross shareholdings further and control volatility risk for capital
- Control risk-weighted assets and manage deduction items
- Introduce Advanced Internal Ratings-Based Approach (AIRB) for credit successfully

Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Sales volume of investment trust and insurance products: UP ¥77.4bn YoY to ¥1,059.3bn
Fund wrap, SMA and insurance sales increased
- ▶ Fee income: UP ¥2.9bn YoY to ¥31.0bn
Sales fees of investment trust decreased slightly, while sales fees of insurance increased
Administration fees increased due to steady increase in balance

Income (Non-consolidated)

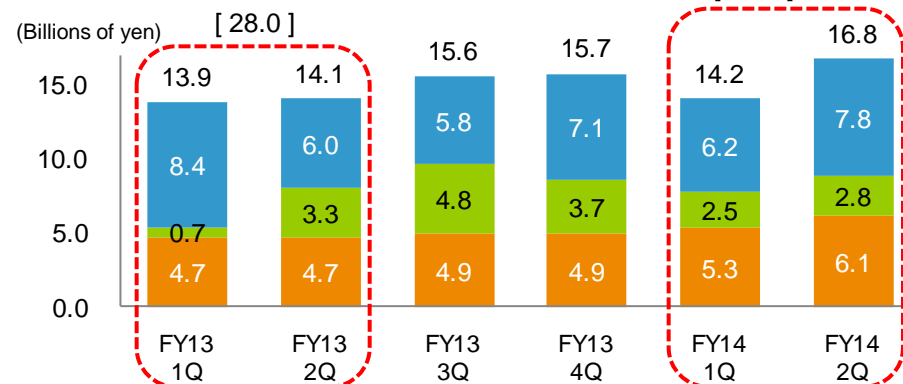
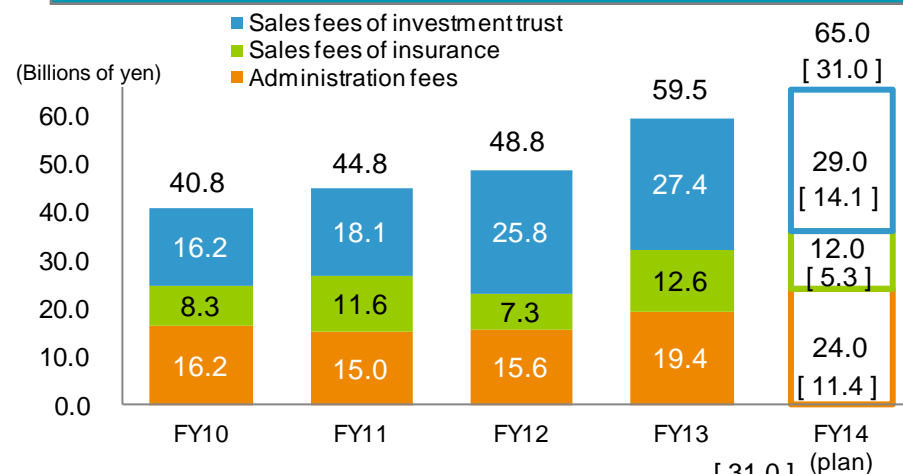
(Billions of yen)	1HFY2014	Change from 1HFY2013	FY2014 Plan
Income total	31.0	2.9	65.0
Sales fees of investment trust	14.1	(0.3)	29.0
Sales fees of insurance	5.3	1.3	12.0
Administration fees	11.4	2.0	24.0

Sales volume/balance (Non-consolidated)

(Billions of yen)	1HFY2013	1HFY2014	Change
Sales volume total	981.9	1,059.3	77.4
Investment trust	694.7	716.8	22.0
Fund wrap, SMA	142.5	186.5	44.0
Insurance	144.6	155.9	11.3

(Billions of yen)	Mar. 2014	Sep. 2014	Change
Balance total	5,271.5	5,609.6	338.1
Investment trust	2,455.4	2,652.5	197.1
Fund wrap, SMA	374.7	558.5	183.7
Insurance	2,441.3	2,398.6	(42.7)

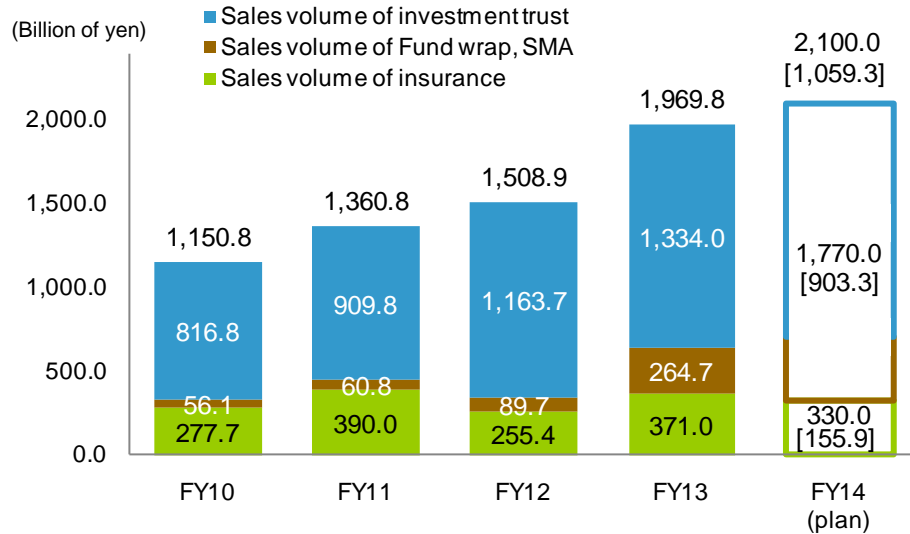
Income (Non-consolidated)



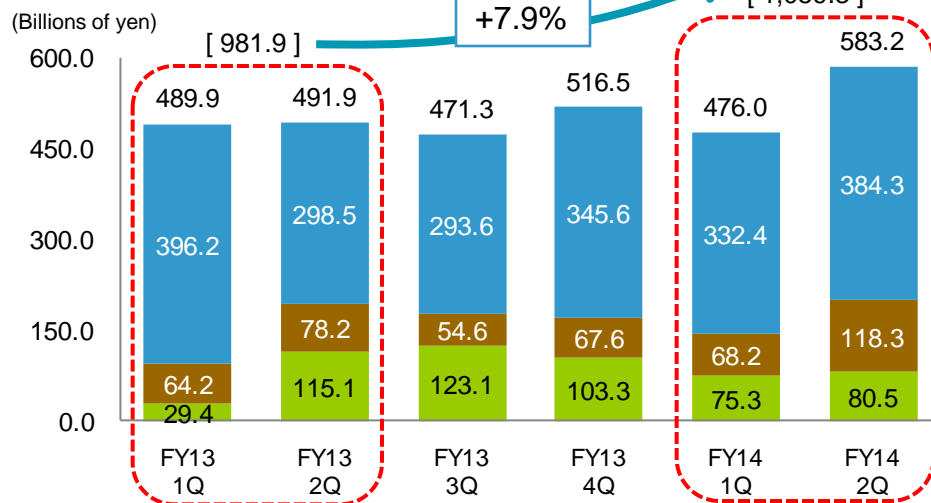
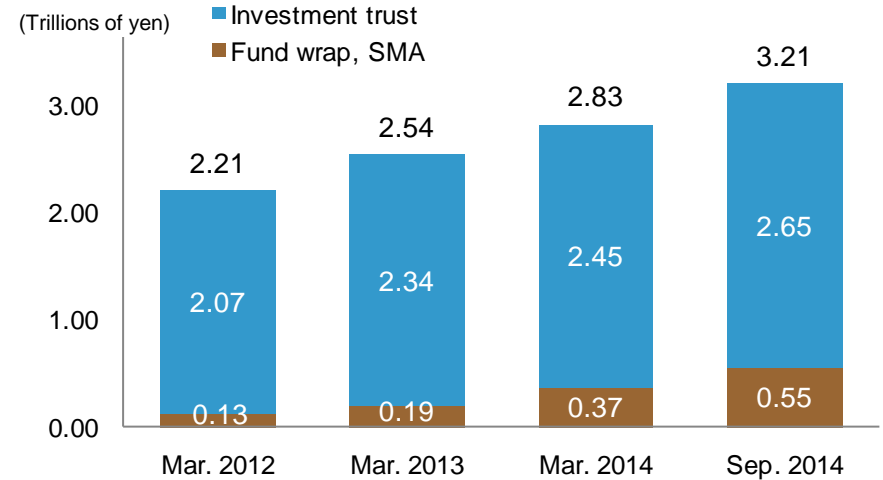
Note: Figures in "[]" are results of 1H

Focus on growing fee businesses : (1) Investment trust and insurance sales

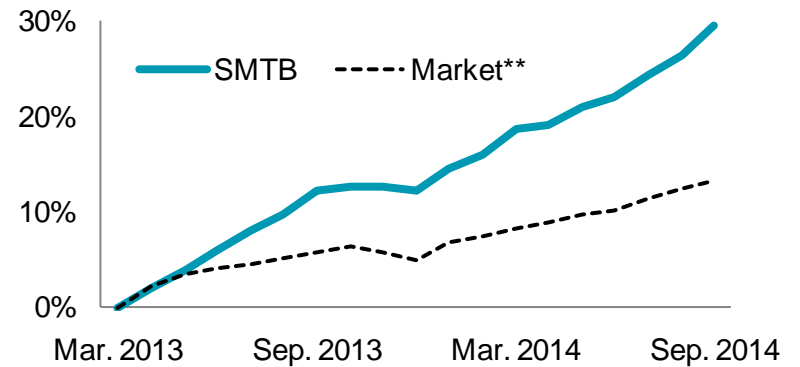
Sales volume



Balance of investment trust / Fund wrap, SMA



Growth rate of Balance* of publicly offered stock investment trust



* (Purchase - Cancel) / Balance as of Mar.2013

** Excluding ETF

Created by SMTH from the statistics of the Investment Trusts Association, Japan

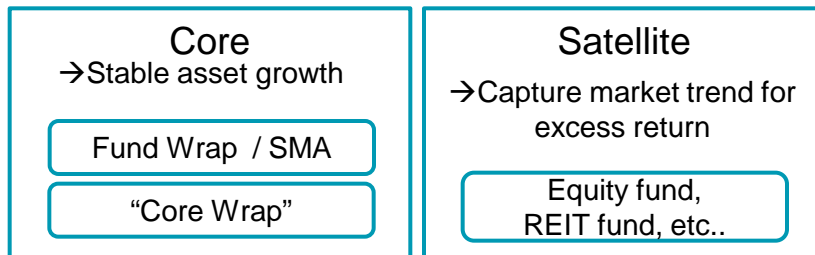
Note: Figures in "[]" are results of 1H

Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Keep “Core & Satellite” strategy with high quality of consulting capability
- ▶ Increase stable earnings and expand client base continuously

Basic strategy

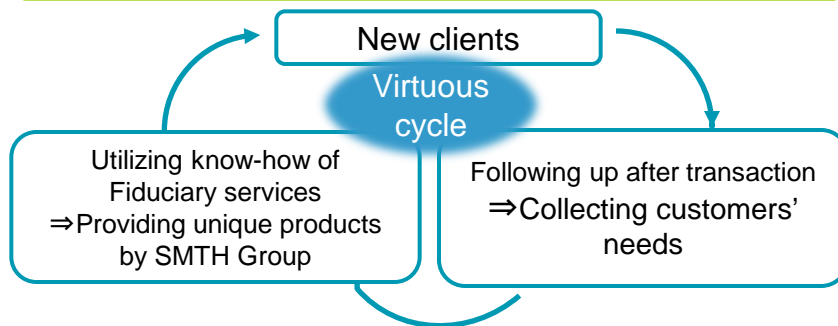
“Core & Satellite” strategy



Human Resource strategy

- Strategic personnel allocation after banking IT system integration
- Continuous enhancement of professional consulting capability, primarily for managers of investment consulting

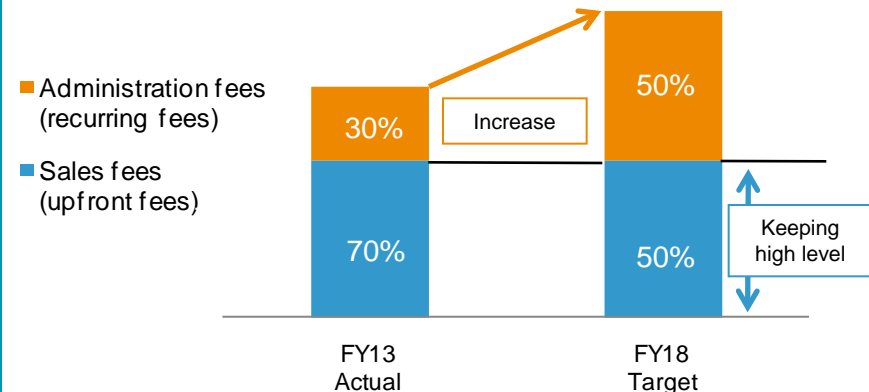
Product strategy



Major initiatives

Increase of stable earnings

Increase recurring fees, while keeping high level of upfront fees
 ⇒Accelerate accumulation of “Wrap Selection” balance



Expansion of customer base

Acquisition of new clients with various products

Working age	Retirees	Seniors
Mortgage loans / Products for employees of corporate clients	Term deposit for retirement payout	Will trust / Tuition fund endowment trust

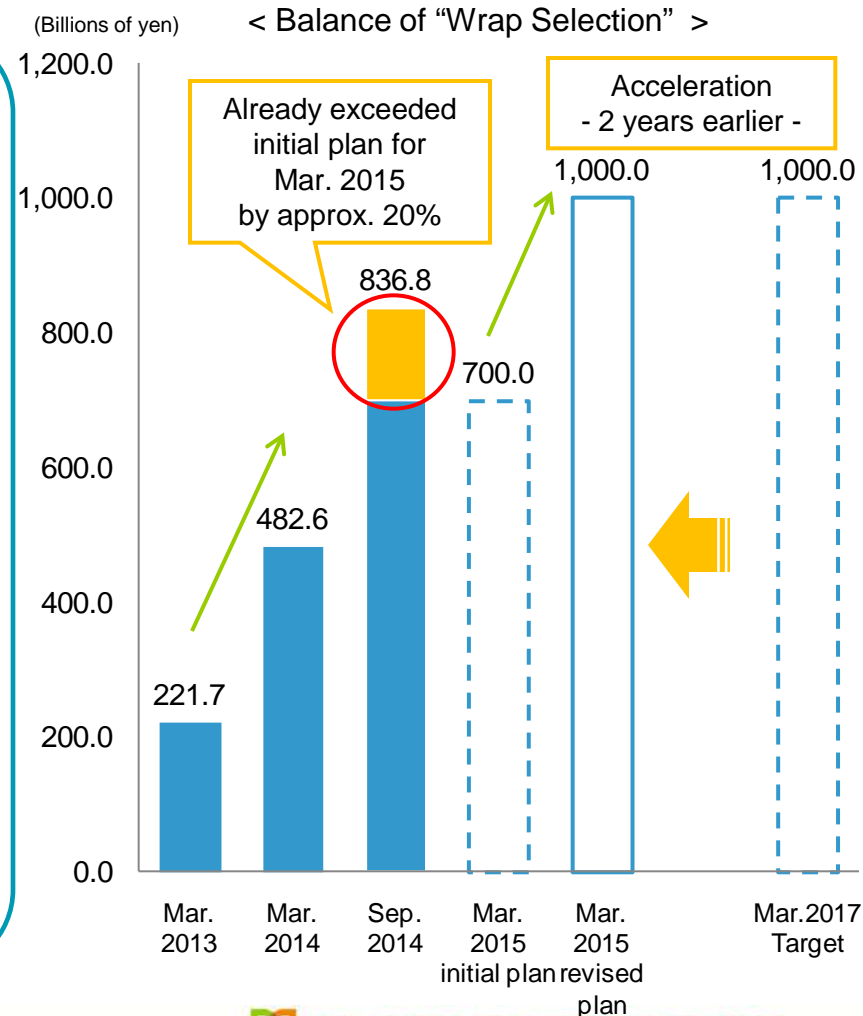
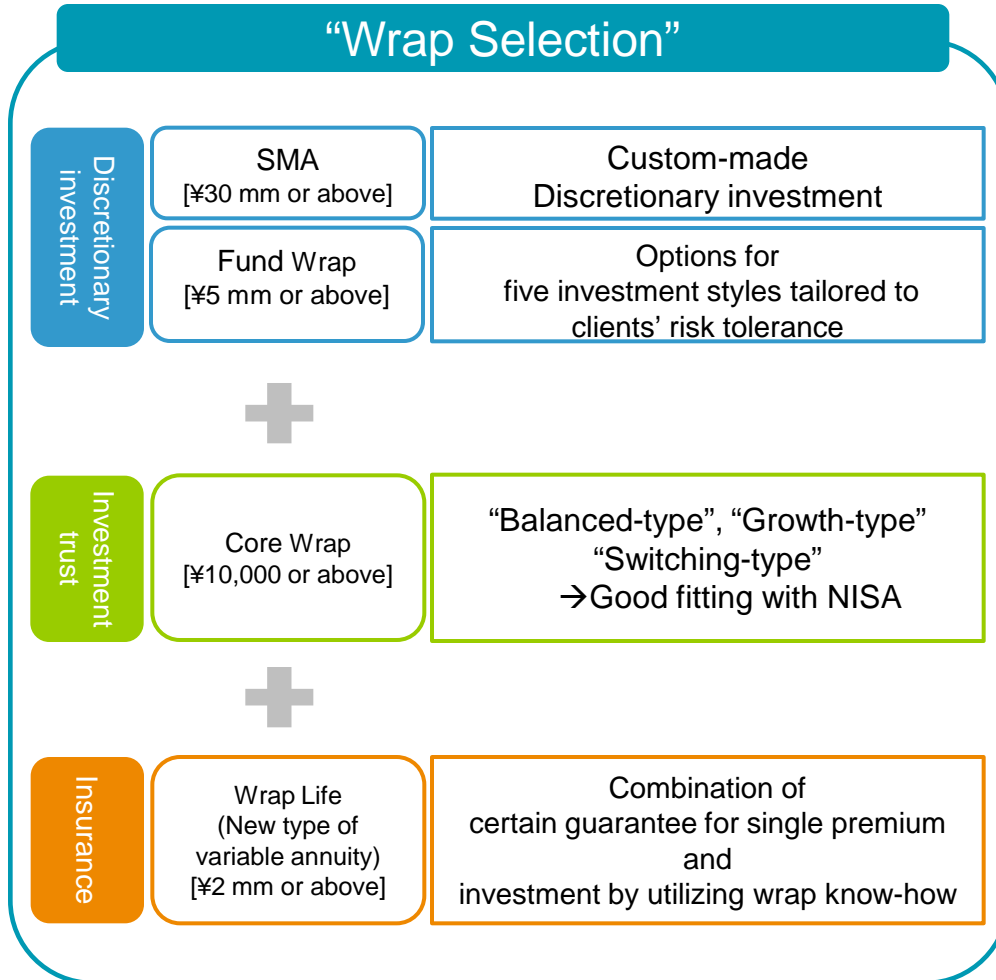
Product line-ups for investment

“Wrap Selection” “NISA Selection” Installment premium insurance

Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Balance of “Wrap Selection” has already exceeded Mar. 2015 initial plan, ¥700bn
New plan for Mar. 2015 is revised UP to ¥1,000bn, accelerating original target 2 years earlier
- ▶ Contributed to increase recurring fees as stable earnings

“Wrap Selection”



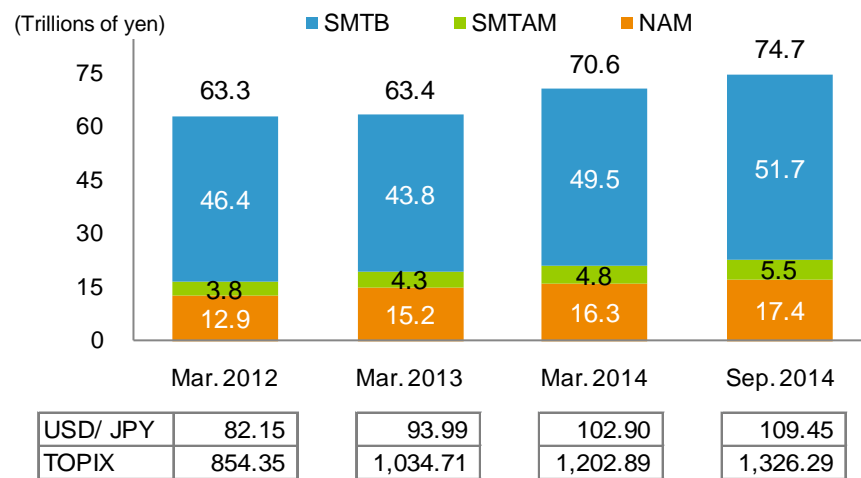
Focus on growing fee businesses : (2) Fiduciary services

- ▶ Assets under management (AUM): UP ¥4.0tr from Mar. 2014 due to increase in fair value and net cash-inflow in subsidiaries
- ▶ Domestic entrusted assets increased due to increase in entrusted investment trust

Assets under management (AUM)

(Trillions of yen)	Mar. 2014	Sep. 2014	Change
Assets under management (AUM)	70.6	74.7	4.0
SMTB	49.5	51.7	2.2
Corporate pension trust	16.3	16.4	0.0
Public pension trust	11.1	12.1	0.9
Discretionary investment	21.9	23.1	1.1
Subsidiaries	21.1	23.0	1.8
Sumitomo Mitsui Trust Asset Management	4.8	5.5	0.6
Nikko Asset Management	16.3	17.4	1.1

Assets under management (AUM) by company



Income

(Billions of yen)	1HFY2014	Change from 1HFY2013	< Reference > FY2013
SMTB	31.1	(0.0)	63.5
Gross business profit	45.5	0.5	91.3
Fees paid out for outsourcing	(14.4)	(0.5)	(27.8)
Group companies (Net business profit) (*1)	7.0	(1.0)	14.6
Sumitomo Mitsui Trust Asset Management	2.0	0.6	2.9
Nikko Asset Management	3.8	(1.8)	9.8

(*1) Contribution to consolidated

Assets under custody (AUC)

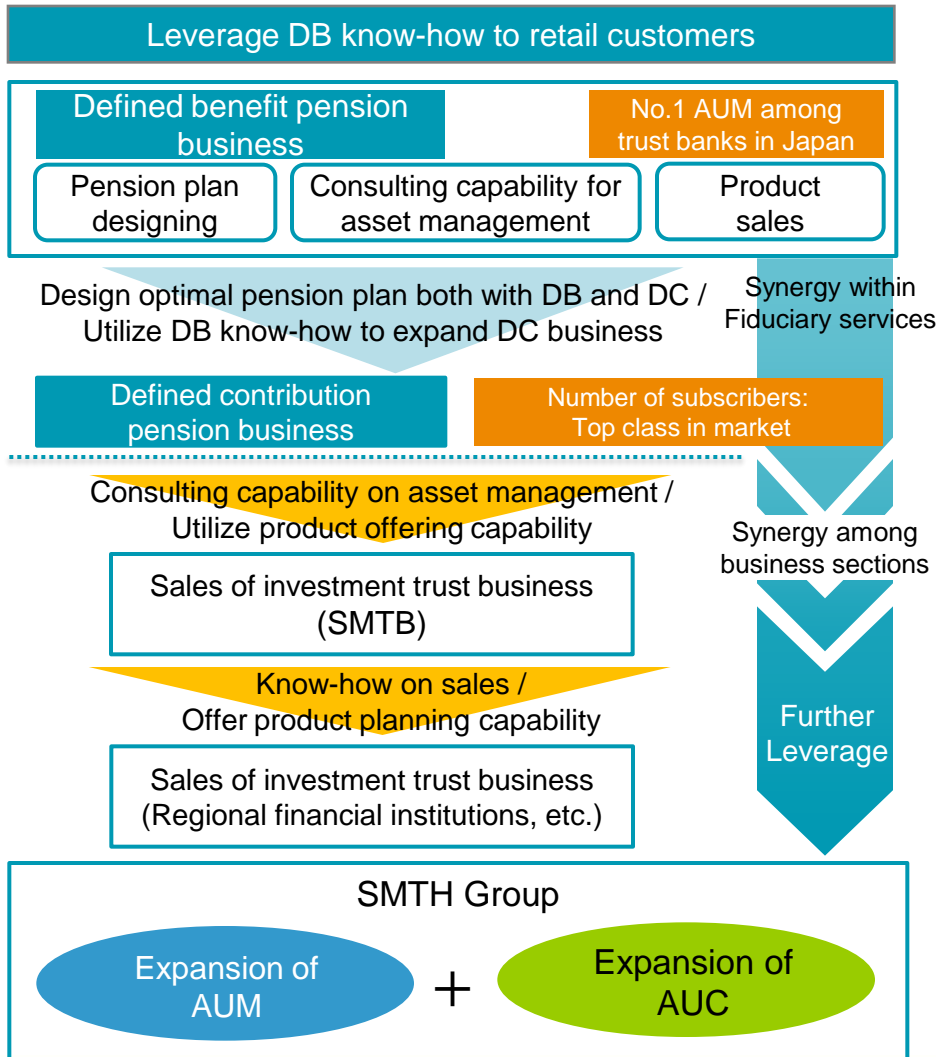
(Trillions of yen)	Mar. 2014	Sep. 2014	Change
Domestic entrusted assets (*2)	197	206	8
(Billions of USD)			
Global custody assets (*3)	270.2	270.9	0.7
Fund administration	21.6	21.2	(0.3)

(*2) Total trust assets of the group companies

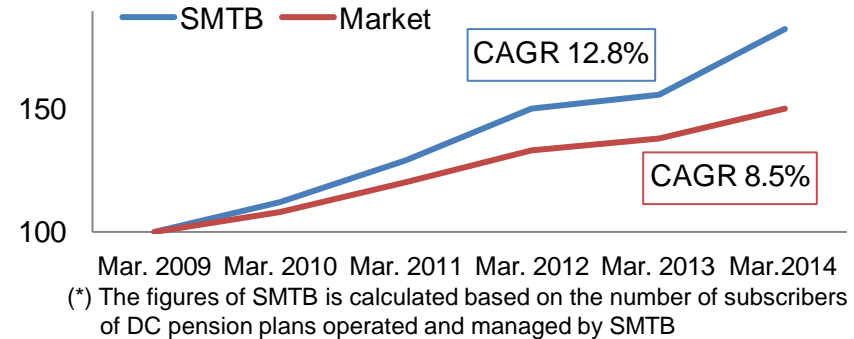
(*3) Combined figures of Sumitomo Mitsui Trust Bank (U.S.A.) and Sumitomo Mitsui Trust (UK)

Focus on growing fee businesses : (2) Fiduciary services

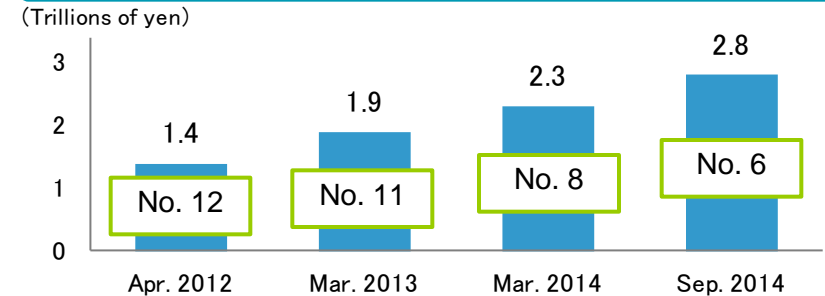
- ▶ Leverage know-how of products and services developed for institutional investors to retail customers
- ▶ Expand assets under management through collaboration with other financial institutions



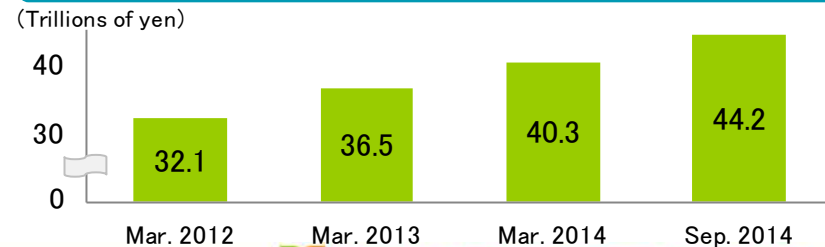
Subscribers of DC pension plans (Index : Mar.2009=100*)



AUM of publicly-offered stock investment trust in Japan (SMTAM)



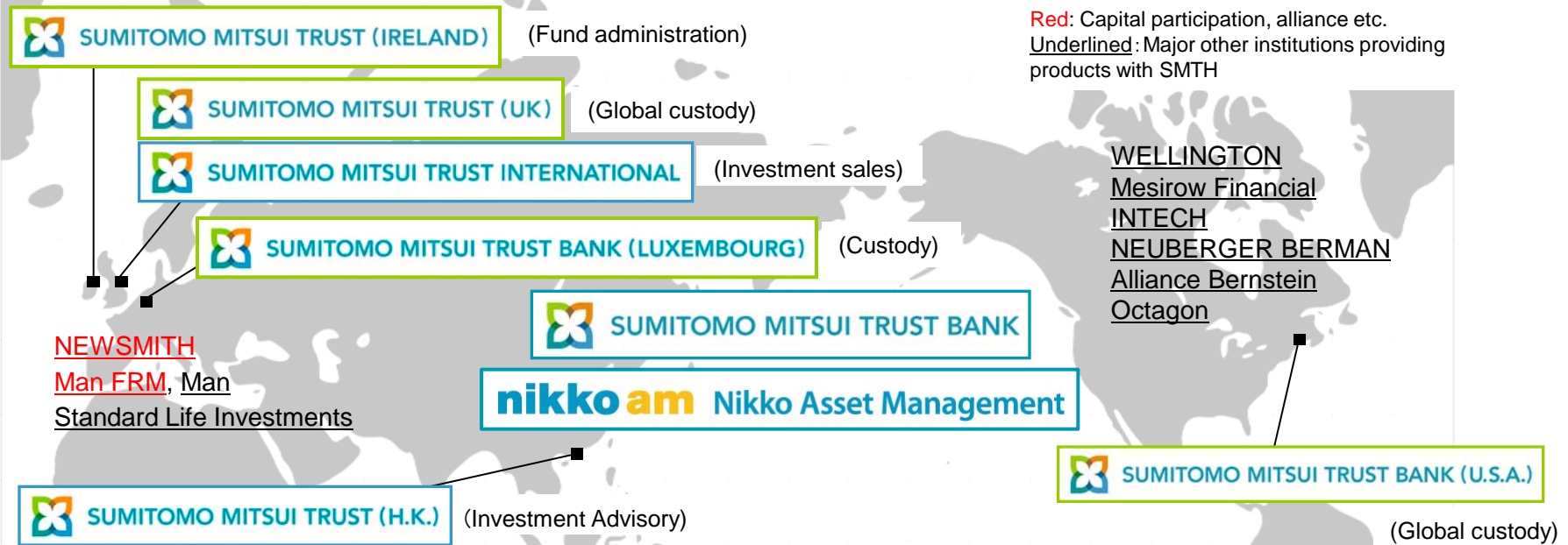
Entrusted assets from investment trust (SMTB)



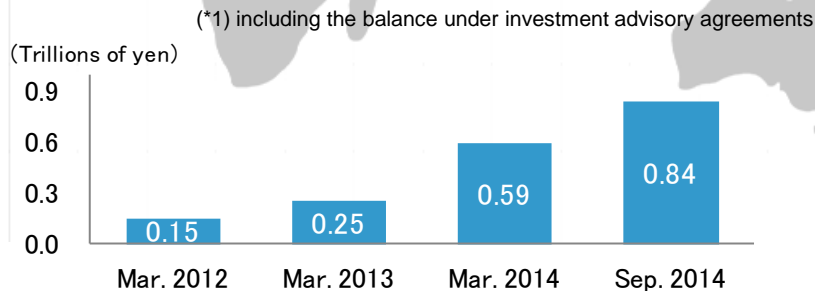
Focus on growing fee businesses : (2) Fiduciary services

- ▶ Promote expansion of client base and further globalization of Fiduciary services such as asset management, custody and administration entrusted from overseas investors by enhancement of product development and distribution capability through group network and collaboration with other financial institutions

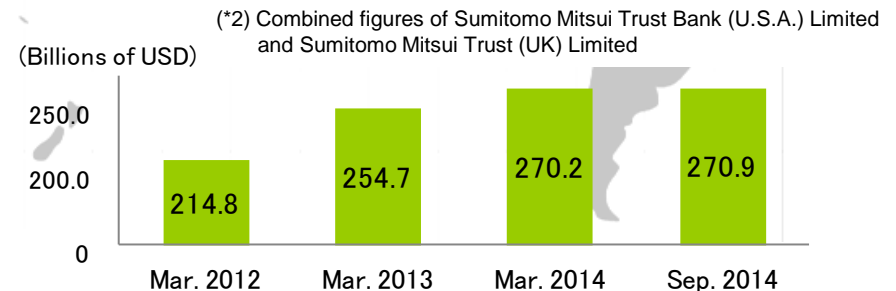
Expansion of Fiduciary services in global market



AUM entrusted from overseas investors (SMTB) (*1)

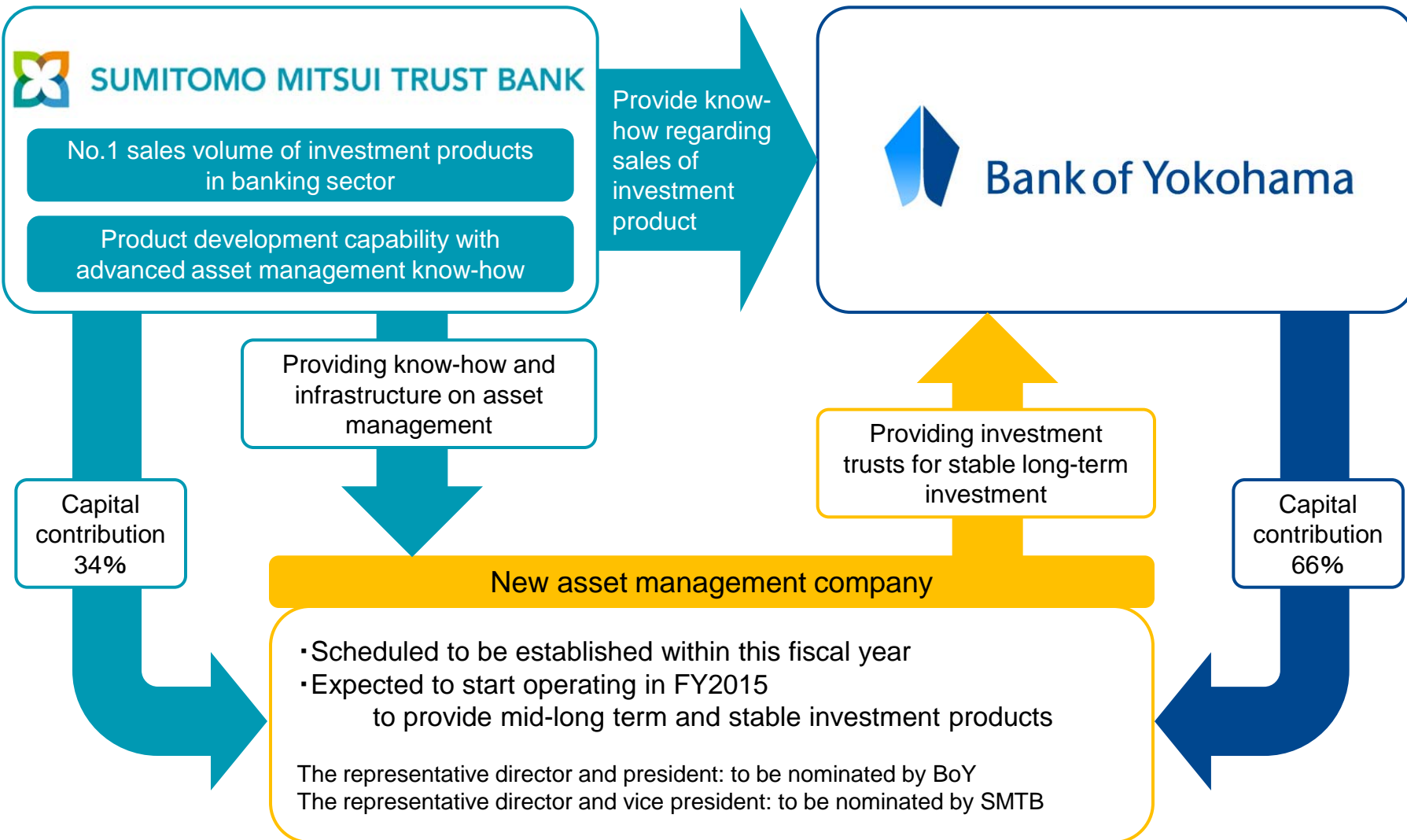


Assets in global custody (*2)



(Reference) Business alliance with Bank of Yokohama

~Business alliance with Bank of Yokohama regarding sales of investment products and asset management for retail customers, including joint establishment of new asset management company ~



Focus on growing fee businesses : (3) Real estate

- ▶ Real estate brokerage fees of SMTB (commercial properties): DOWN ¥1.3bn due partly to delay in closing of several transactions
- ▶ Real estate brokerage fees of Sumitomo Mitsui Trust Realty (residential properties) showed steady strength 2Q showed increase over the same period after down in 1Q following last-minute surge before consumption tax hike in 4QFY2013

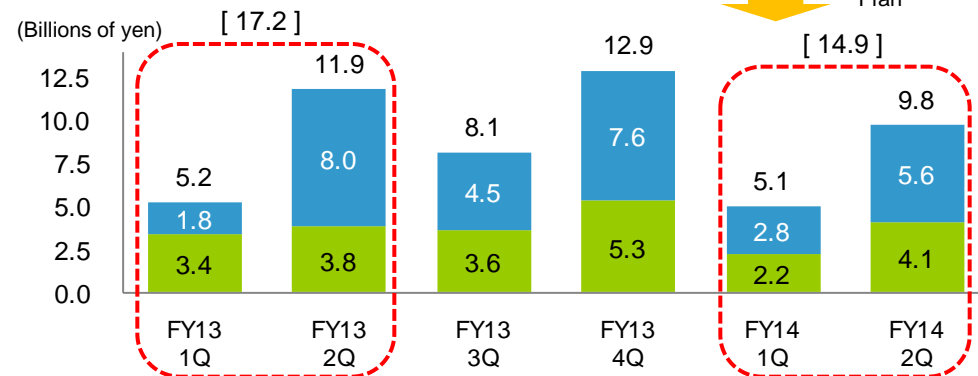
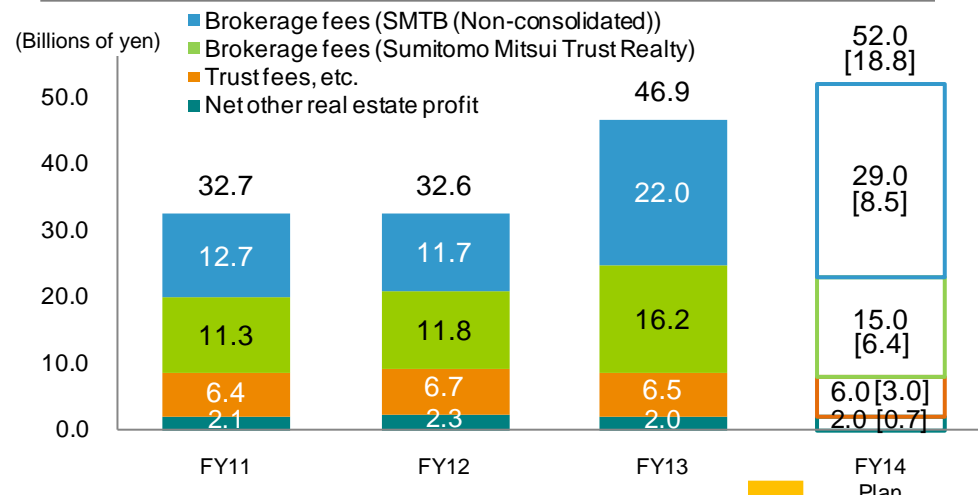
Income (Group basis)

(Billions of yen)	1HFY2014	Change from 1HFY2013	FY2014 Plan
Real estate brokerage fees	14.9	(2.2)	44.0
SMTB	8.5	(1.3)	29.0
Sumitomo Mitsui Trust Realty	6.4	(0.9)	15.0
Real estate trust fees, etc.	3.0	(0.2)	6.0
Net other real estate profit	0.7	(0.2)	2.0
SMTB	(0.0)	0.0	-
Group companies	0.8	(0.3)	2.0
Total	18.8	(2.6)	52.0
SMTB	11.5	(1.4)	35.0

Assets under management / administration

(Billions of yen)	Sep. 2014	Change from Mar. 2014
Securitized real estate	10,882.2	645.6
Assets under custody from J-REITs	8,361.9	450.3
Assets under management	807.4	73.6
Private placement funds	423.2	86.2
J-REITs	384.2	(12.5)

Real estate brokerage fees (quarterly)



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

Focus on growing fee businesses : (3) Real estate - Commercial properties -

Operating environment

- ▶ Large transactions by professional buyers/sellers are increasing primarily in metropolitan area, while some transactions are delayed in closing due to improvement of corporate financial condition and expectation for further market uptrend as well as higher construction costs
- ▶ Continuous strong demand for real estate in Japan from overseas investors

Measures for 2HFY2014

Expansion of information volume

- ▶ Expansion of sourcing capability through synergy with other businesses primarily Retail financial services and Wholesale financial services

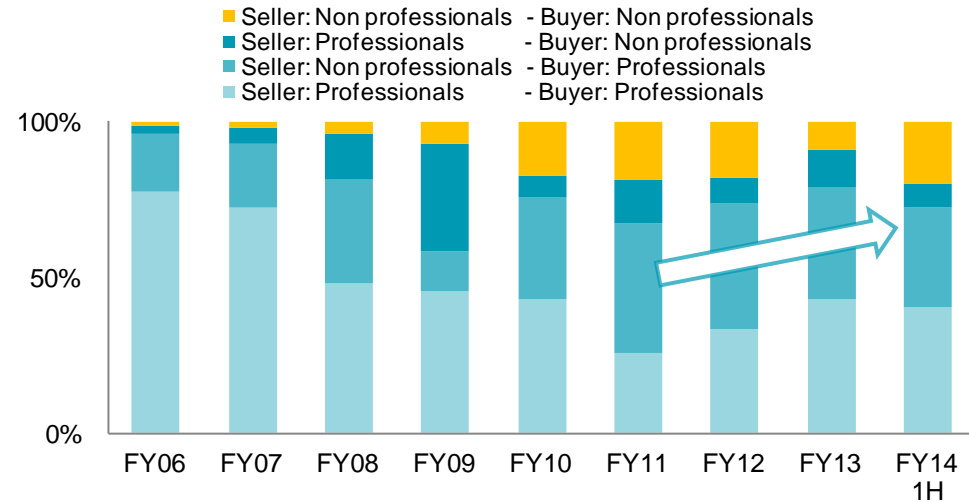
Enhancement of capability for deal closing

- ▶ Promotion by appropriate personnel allocation fitting to client needs
- ▶ Improvement of comprehensive service arrangements through value-added services such as construction consulting, introduction of tenants and finances

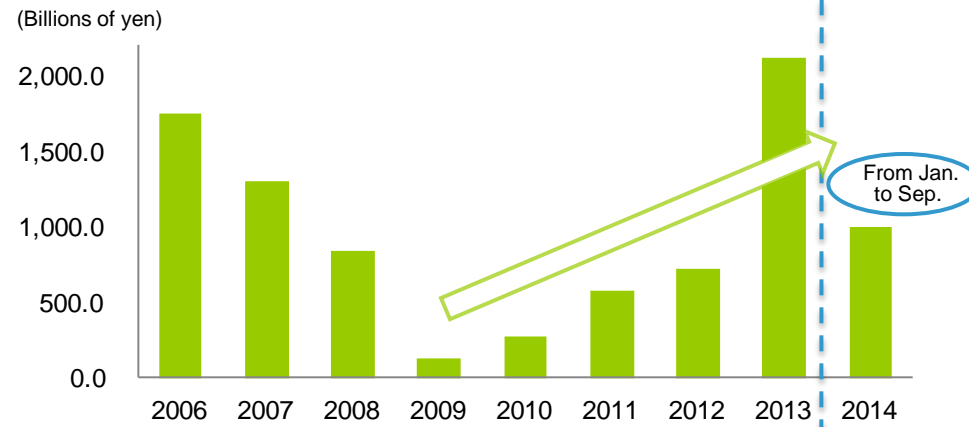
Marketing for overseas investors

- ▶ Offering total solution including asset management, custody and consulting on real estate in addition to brokerage services
- ▶ Efficient marketing by introduction of provisional customers by Knight Frank (UK)

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



Property acquisitions by J-REITs



[Source] The Association for Real Estate Securitization (ARES)

Focus on growing fee businesses : (3) Real estate - Residential properties -

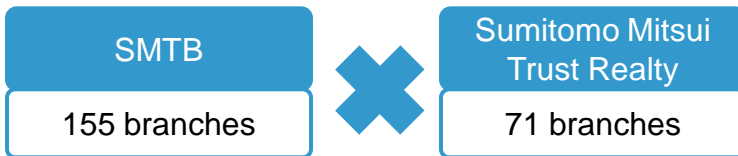
Operating environment

- ▶ Decelerated due to back action following last minute surge in demand before consumption tax hike in 1HFY2014
- ▶ Steadily increasing transactions for income properties driven by affluent clients needs as well as for properties related to asset succession and inheritance

Measures for 2HFY2014

Enhancement of synergy in SMTH group

- ▶ Enhancement of sourcing capability through synergy with Retail financial services
- ▶ Collaboration between SMTB and its subsidiary



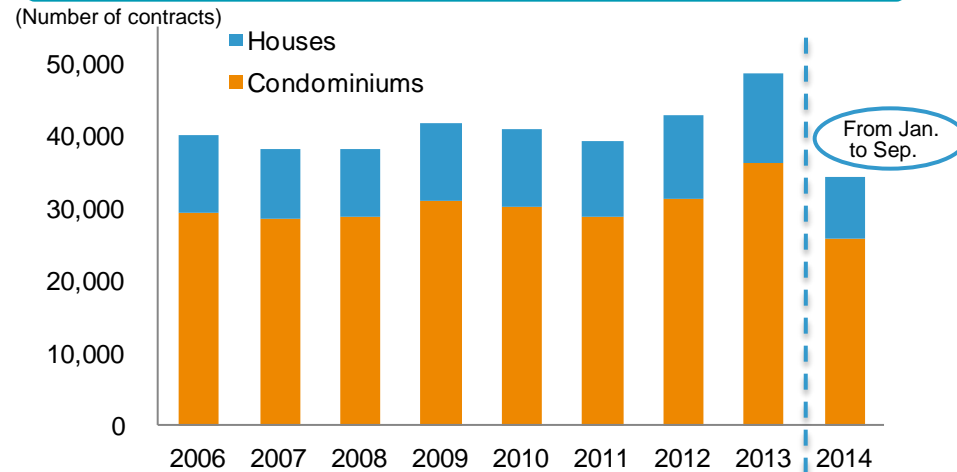
Collaboration with partners

- ▶ Efficient sourcing from developers and housing makers utilizing good business relationship of SMTB in real estate business
- ▶ Introduction of transactions from other business alliance partners is increasing

Marketing for overseas investors

- ▶ Investment seminars in major Asian cities for affluent clients
- ▶ Efficient marketing through overseas financial institutions

Secondary market in metropolitan area



[Source] REINS

Major real estate brokerage firms for residential properties

- ▶ Top ranked among brokerage firms established by trust banks
- ▶ No.5 among major real estate brokerage firms in Japan

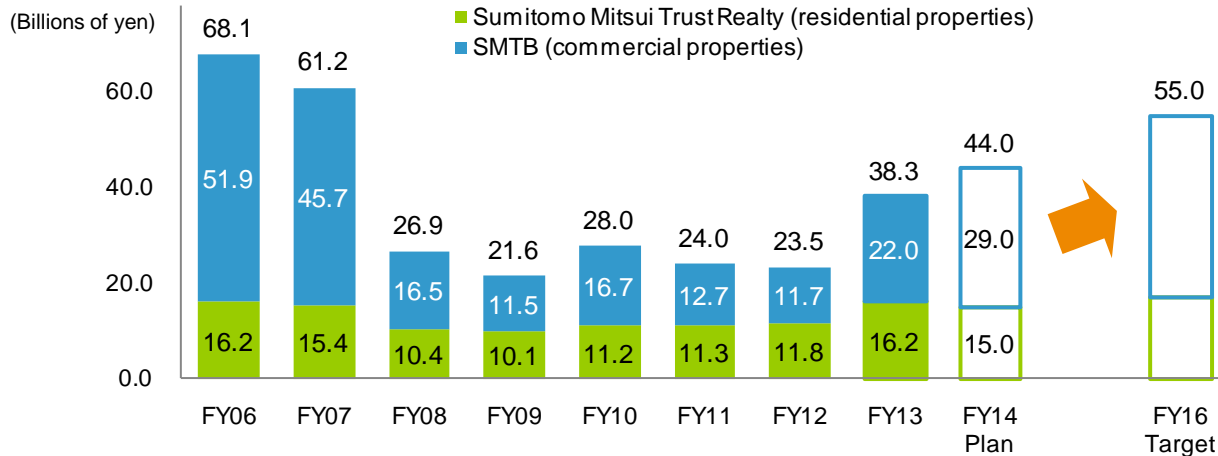
<Brokerage fee revenue (FY2013)>

No.1	Mitsui Fudosan Realty network
No.2	Sumitomo Real Estate Sales
No.3	Tokyu Livable
No.4	Nomura Real Estate Urban Net
No.5	Sumitomo Mitsui Trust Realty

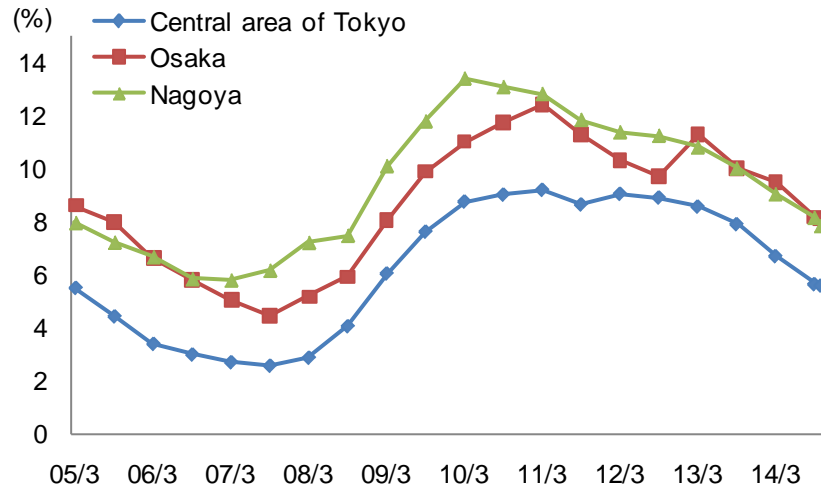
[Source] The Real Estate Transaction Modernization Center

Focus on growing fee businesses : (3) Real estate

Real estate brokerage fees

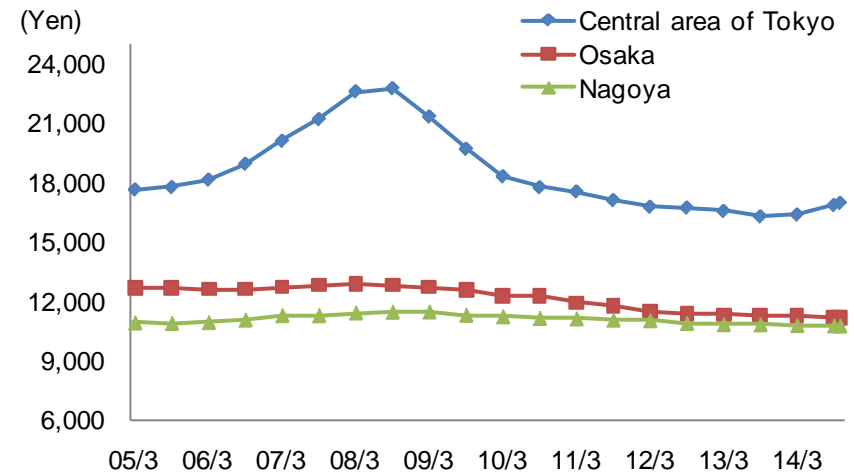


Average Vacancy Rates (Office market)



[Source] Miki Shoji

Average Rent (Office market)

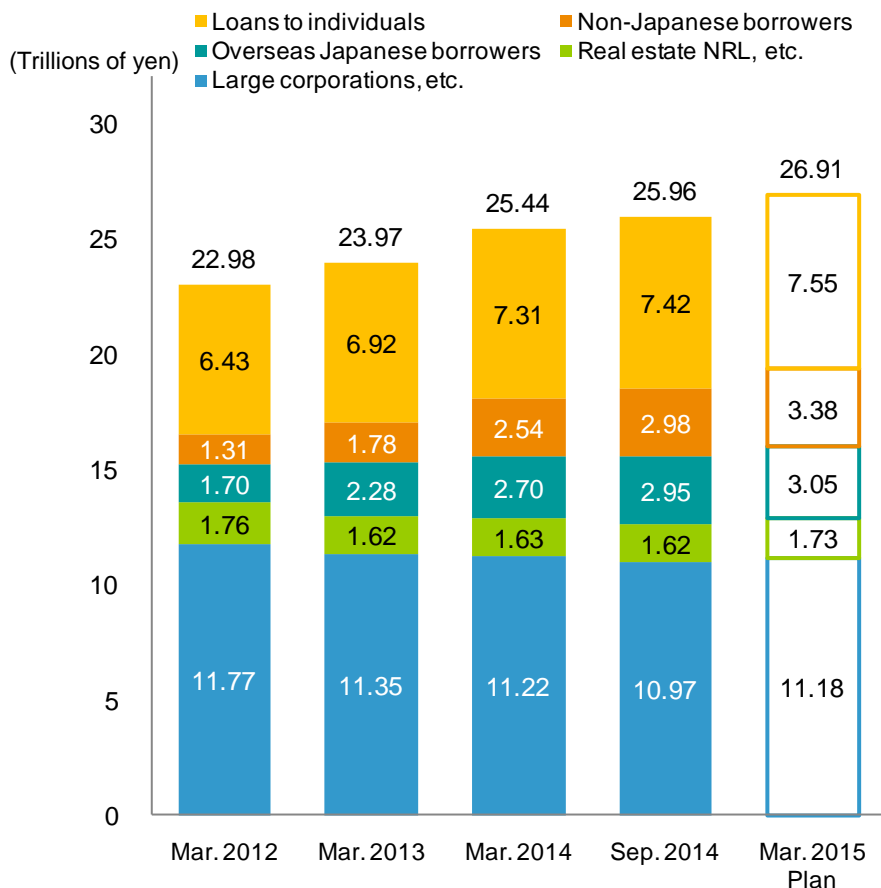


[Source] Miki Shoji

Enhancement of fundamental earning power: Credit portfolio

- ▶ Balance of credit portfolio: UP ¥0.52tr from Mar. 2014 to ¥25.96tr due primarily to increase in overseas credit
- ▶ Focus continuously on growth of overseas credit and loans to individuals expecting steady cash demand

Credit portfolio



Loans to individuals

- ▶ Accumulate loan balance by offering competitive loan rates available through efficient sales structure and low credit costs, in addition to expansion of types of loans

Non-Japanese borrowers

- ▶ Capturing growth of emerging countries
- ▶ Expand types of transactions
- ▶ Utilize expertise cultivated in domestic market
- ▶ Appropriate credit investments with balance of profitability and risk
- ▶ Enhance sourcing with/ through major foreign banks

Overseas Japanese borrowers

- ▶ Credit to trading companies, finance subsidiaries of manufacturers
- ▶ Project finances and ship finances
- ▶ Enhance new types of transactions such as LNG ship finances
- ▶ Expand offices and alliances mainly in Asia

Real estate NRL, etc.

- ▶ Credit spread is decreasing due primarily to fierce competition for quality borrowers
- ▶ Select transactions considering fundamental risk profile

Large corporations, etc.

- ▶ Loan demand of domestic corporation is not recovering
- ▶ Meet proactively to loan demand which can help clients' consistent growth considering profitability

(*) Due to the revision of definition, "Loans to individuals" as of Sep. 2014 increased by 56.9 billion yen, while the balance of "Large corporations, etc." decreased by the same amount compared with the figures under former definition.

(**)Overseas real estate NRL, etc. is included in non-Japanese borrowers

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Enhancement of fundamental earning power: Overseas credit

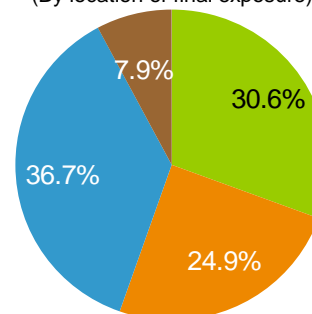
Balance of credit to non-Japanese / overseas Japanese borrowers

(Billions of yen)	Mar. 2014	Sep. 2014		2HFY2014 Target
			Change from Mar. 2014	
Non-Japanese borrowers	2,548.6	2,984.4	435.8	+400.0
Loans	1,978.6	2,445.7	467.0	
Overseas Japanese borrowers	2,709.9	2,954.7	244.8	+100.0
Loans	2,563.9	2,791.7	227.7	
USD/JPY	102.90	109.45	6.55	

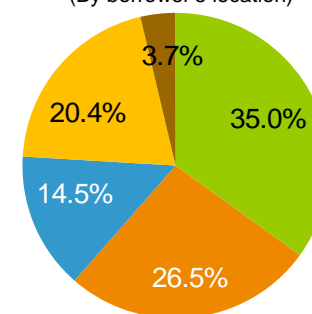
Note: In addition to the above, there are acceptance and guarantee, etc.
 Sep. 2014: ¥29.5bn [¥(15.9)bn from Mar. 2014]

Overseas borrowers by location

Non-Japanese borrowers
(By location of final exposure)



Japanese borrowers
(By borrower's location)



■ Asia and Oceania ■ North America ■ Europe ■ Latin America ■ Others

Europe

Asia/Oceania

North America

Non-Japanese borrowers

- ▶ Expanding bi-lateral loans primarily in Asia/Oceania, benefiting from fast growth in region
- ▶ Embarking on new field such as asset finance as well as leveraging edge developed in Japanese market
- ▶ Collaboration with foreign financial institutions and enhancing sourcing capability

Real estate NRL

Aircraft finance

Commodity finance

Project finance

Quasi-sovereign

Blue chip corporation

Infrastructure finance
(Electric, oil, water, road, etc)

CLO(Senior)

Project finance

North American High Yield Loan

Overseas Japanese borrowers

- ▶ Developing portfolio with geographical diversification, following business growth of Japanese corporations

Credit to financing corporations of manufacturers

Credit to trading companies

Project finance

Ship finance

Enhancement of fundamental earning power: Overseas credit - Asia -

Expansion of credit business in Asia

Hong Kong Branch (established in Aug. 2013)

- ▶ Providing high quality of products and services to clients including Japanese corporations through three branches (Hong Kong, Singapore, Shanghai) in Asia

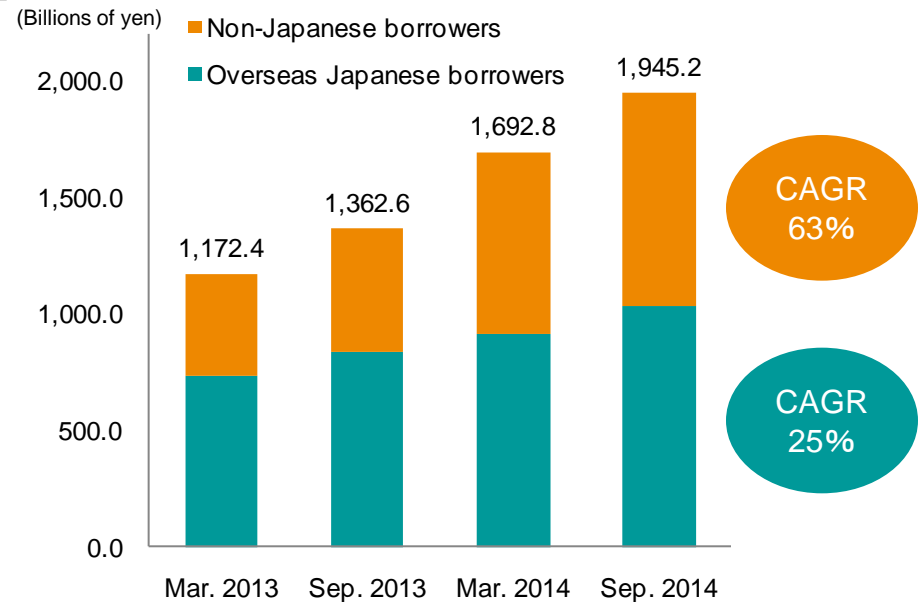
Thai Subsidiary (established in Jul. 2014)

- ▶ Established banking subsidiary in largest manufacturing locations of Japanese companies in South-East Asia (scheduled to start operation in 2015)
- ▶ Benefitting from economic growth as center of Greater Mekong Sub-region in ASEAN Economic Community

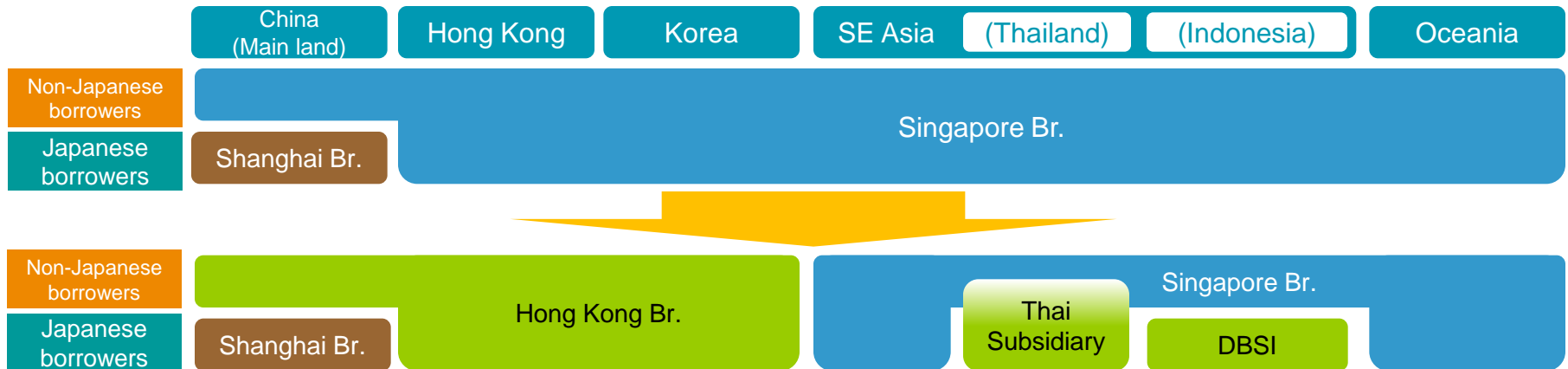
Alliance with leading regional financial institutions

- ▶ Providing local currency loans primarily to Japanese corporations through alliance with DBSI (Indonesia) and BIDV (Vietnam)

Credit balance in Asia



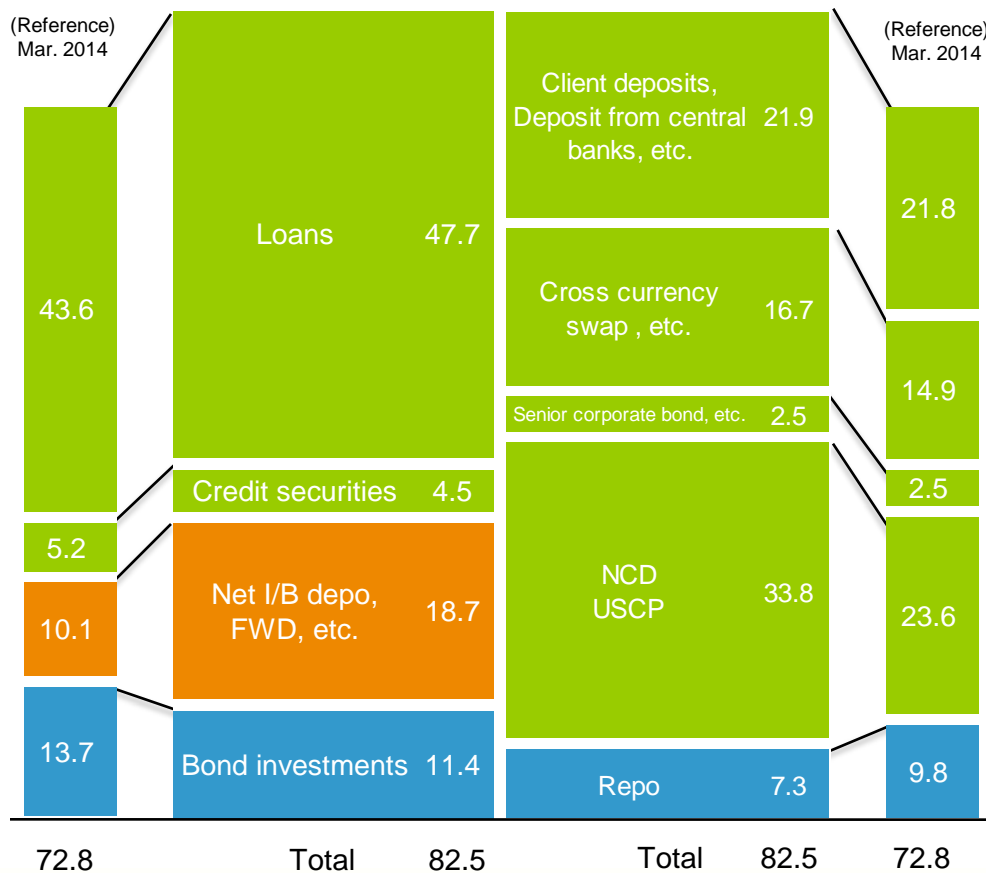
Expansion of business area through branches, subsidiaries and alliance with regional financial institutions



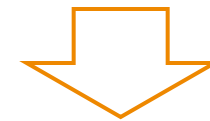
Enhancement of fundamental earning power: Foreign currency liquidity

- ▶ Establish foreign currency funding structure with stability and cost efficiency through stable funding from cross currency swap (“CCS”) and low cost funding from central banks, USCP, NCD, etc
- ▶ Net position in inter-bank transactions has more than USD10.0bn of excess cash for investment resulting from surplus in short term funding

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



- Secure stable funding structure by CCS and issuance of corporate bonds, etc
- Increase client deposits from corporations, retail customers and central banks
- Increase deposits from asset management companies
- Utilize low cost funding such as NCD, USCP, etc



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

Enhancement of fundamental earning power: Loans to individuals

- ▶ Advanced amount of loans to individuals: DOWN ¥ 115.7bn YoY to ¥408.9bn due primarily to back action after rush before consumption tax hike and rise in construction cost
- ▶ Balance of loans to individuals: UP ¥111.7bn affected by decrease in advanced amount

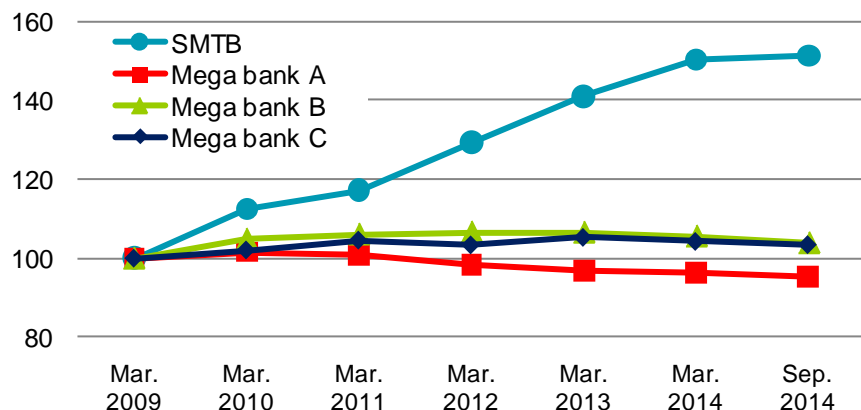
Balance and advanced amount (Non-consolidated)

(Billions of yen)	1HFY2013	1HFY2014	Change	FY2014 Plan
	Advanced amount of loans to individuals	524.7	408.9	(115.7)
Residential mortgage loans	492.3	356.8	(135.5)	850.0

(Billions of yen)	Mar. 2014	Sep. 2014	Change	Mar. 2015 Plan
	Balance of loans to individuals	7,316.7	7,428.5	111.7
Residential mortgage loans	6,897.6	6,946.1	48.5	7,100.0

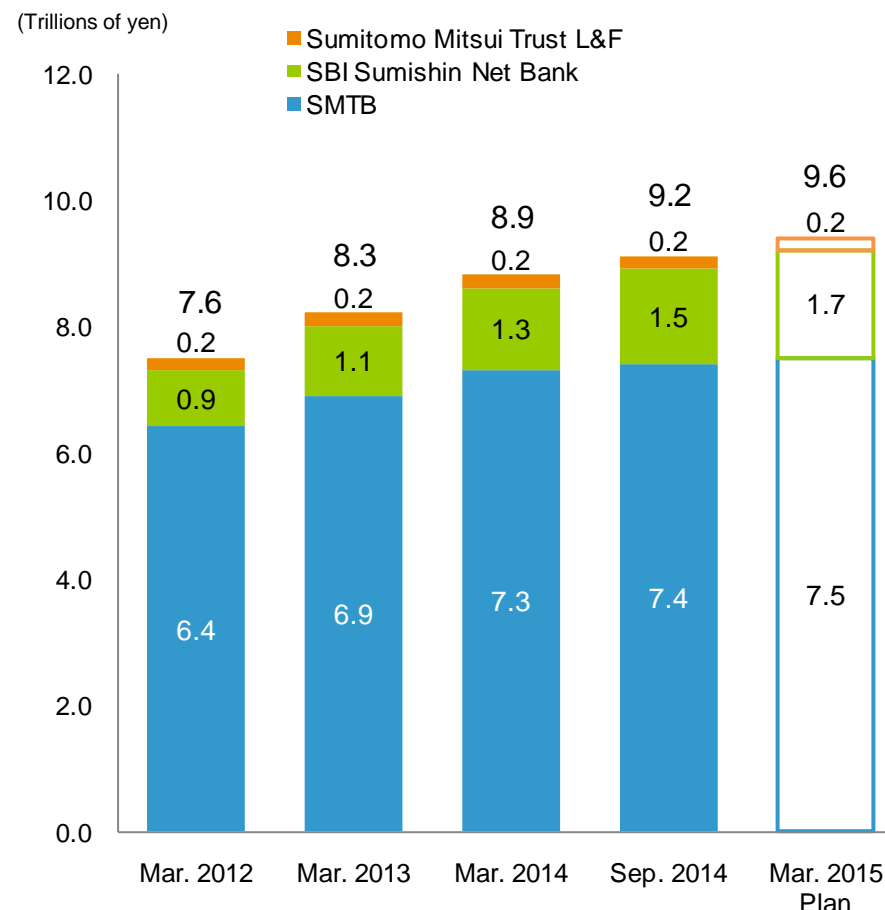
(Note) Due to the revision of definition, "Loans to individuals" as of Sep. 2014 increased by 56.9 billion yen, while the balance of "Loans to corporations" decreased by the same amount compared with the figures under former definition.

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



[Source] Disclosure documents

Balance of loans to individuals



Enhancement of fundamental earning power: Loans to individuals

- ▶ Keep strategy to acquire quality clients through efficient sales structure and to provide competitive loan rate by keeping credit costs low
- ▶ Expand business coverage to broader types of transactions to complement decrease in new constructions of condominiums

Expansion of business coverage

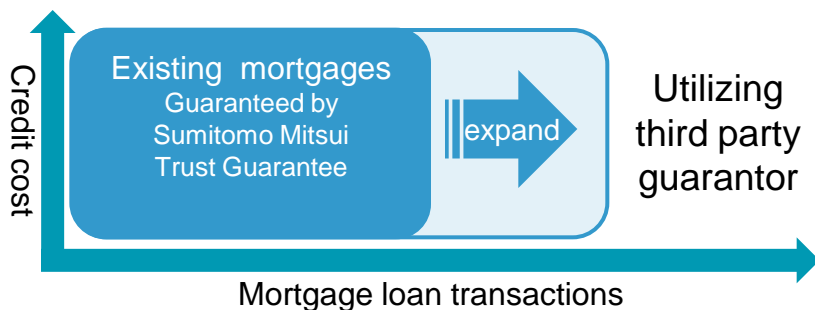
Expand loans in secondary market and renovation

Enhance relationship with brokerage firms and renovation companies



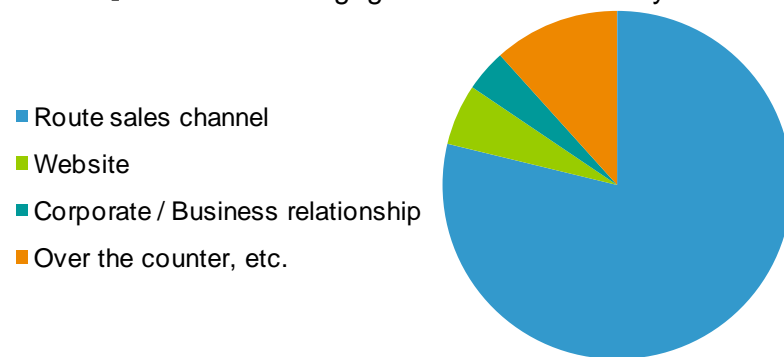
Introduction of electronic application system, etc

Utilizing third party guarantor



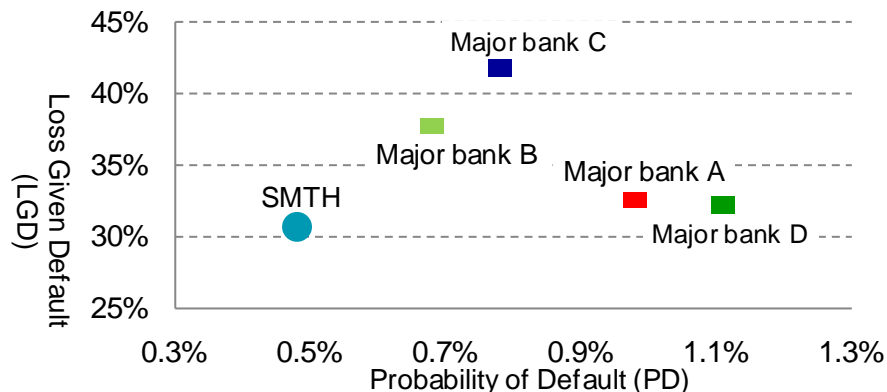
Efficient sales structure through route sales channel and website

[Residential mortgage loan transactions by channel]



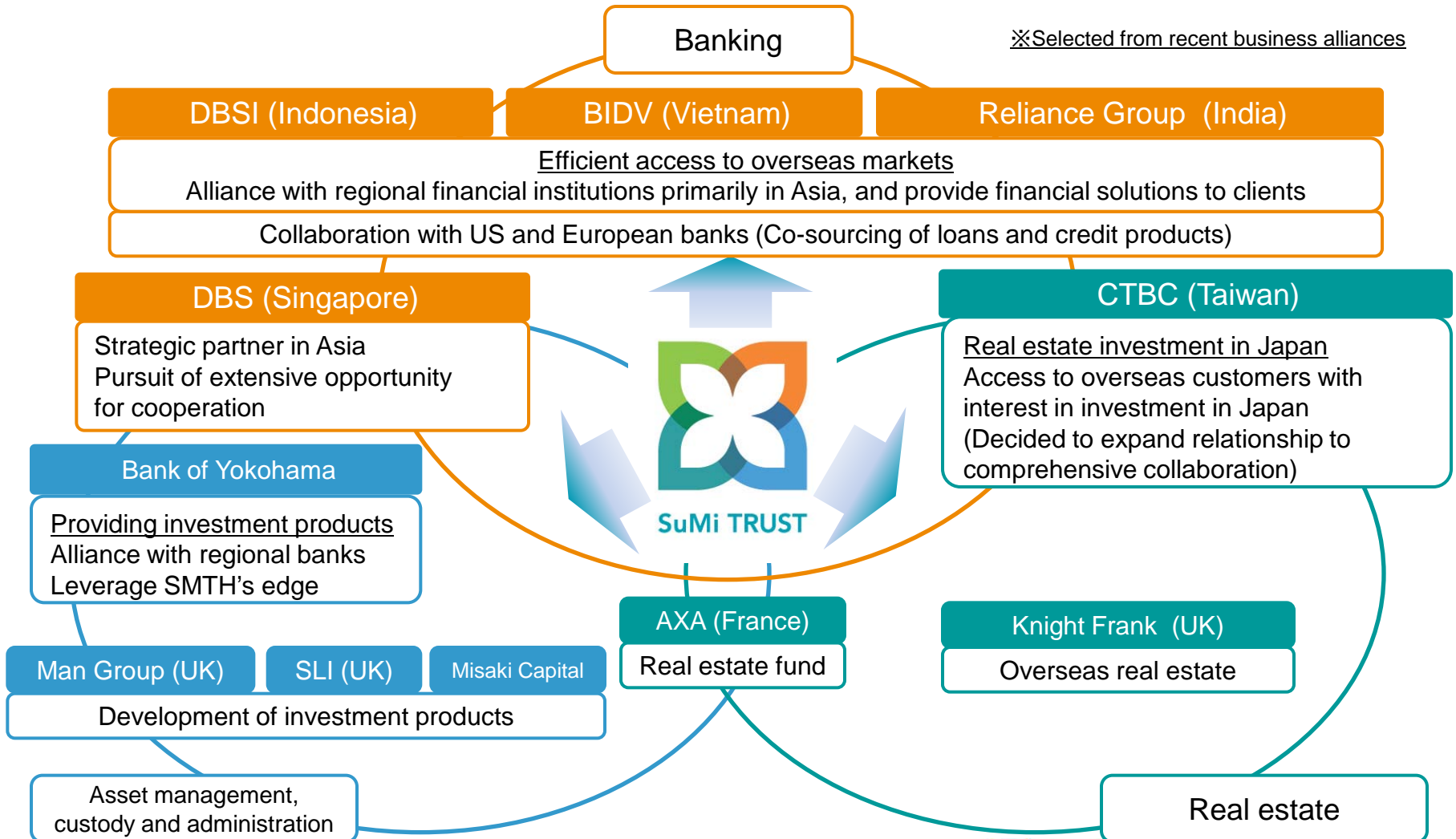
Acquiring quality clients with low credit costs

[PD / LGD comparison of residential mortgage loan]



Expanding business field through business alliance

- ▶ Enhancing product and service development capability and distribution channel through alliance with other financial institutions
- ▶ Efficient access to overseas markets through combination of our overseas offices and alliance and collaboration with foreign institutions



Status of capital, financial and capital policies

Capital

- ▶ Common Equity Tier 1 capital ratio (Consolidated): DOWN 0.44 percentage points from Mar. 2014 to 8.88% due primarily to regulatory floor adjustment applied on risk-weighted assets, while capital increased steadily
- ▶ Common Equity Tier 1 capital ratio (Consolidated, Fully-loaded basis, pro forma): UP 0.22 percentage points from Mar. 2014 to 8.66%

< Capital and total risk-weighted assets >
(International standard) (Consolidated)

(Billions of yen)	Mar. 2014	Sep. 2014 Preliminary	Change
Total capital ratio	14.78%	14.02%	(0.76%)
Tier 1 capital ratio	10.83%	10.24%	(0.59%)
Common Equity Tier 1 capital ratio	9.32%	8.88%	(0.44%)

Total capital	2,791.6	2,878.5	86.8
Tier 1 capital	2,045.8	2,102.0	56.1
Common Equity Tier 1 capital	1,760.1	1,822.5	62.3 (1)
Instruments and reserves	1,841.1	1,889.1	47.9
Regulatory adjustments	(80.9)	(66.5)	14.4
Additional Tier 1 capital	285.6	279.4	(6.2)
Tier 2 capital	745.8	776.5	30.7

Total risk-weighted assets	18,884.5	20,522.0	1,637.4
Credit risk	17,694.0	18,084.4	390.3 (2)
Market risk	369.6	432.1	62.5
Operational risk	820.8	804.6	(16.1)
Floor adjustment	-	1,200.6	1,200.6 (3)

<Reference> Fully-loaded basis (pro forma)

Common Equity Tier 1 capital ratio	8.44%	8.66%	0.22%
Common Equity Tier 1 capital	1,571.8	1,761.9	190.0 (4)
Total risk-weighted assets	18,621.5	20,330.0	1,708.4

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

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< Major factors of change in capital in 1HFY2014 >

(1) Common Equity Tier 1 capital: +¥62.3bn

- Net income: +¥83.7bn
- Valuation on Available-for-Sale Securities: +¥18.1bn
- Changes in accounting policy for retirement benefits: ¥(30.7)bn

< Major factors of change in risk-weighted assets in 1HFY2014 >

(2) Credit risk: +¥0.39tr

- Expiration of transitional arrangement for risk-weighted assets on stocks, etc.

(3) Floor adjustment: +¥1.20tr

- Change in floor adjustment threshold due to introduction of Advanced Measurement Approach (AMA) for operational risk and decrease in regulatory adjustments

< Major factors of change in fully-loaded basis (pro forma) >

(4) Common Equity Tier 1 capital: +¥190.0bn

- Net income: +¥83.7bn
- Valuation on Available-for-Sale Securities: +¥90.8bn
- Decrease in Intangibles (regulatory adjustments): +¥31.7bn, etc.

(Billions of yen)	Sep. 2014 Pro forma	Ratio to RWA	Change from Mar. 2014
Common Equity Tier 1 capital (CET1)	1,761.9	8.66%	190.0
Instruments and reserves	2,094.6	10.30%	117.8
Directly issued and qualifying capital plus retained earnings	1,800.6	8.85%	29.6
Accumulated Other Comprehensive Income	291.1	1.43%	87.5
Regulatory adjustments	(332.7)	(1.63%)	72.2

Capital: Compliance with Basel III

- ▶ Steadily improve each capital ratio by accumulating retained earnings and controlling risk-weighted assets
- ▶ Control fluctuation of capital through steady reduction of cross shareholdings
- ▶ Pursue further improvement in capital ratio by reducing risk-weighted assets with introduction of AIRB
- ▶ Continue establishing advanced managing structure to pursue most appropriate balance between liquidity risk and funding cost considering implementation of regulatory liquidity requirements

	Regulatory requirement	Sep. 2014
Capital ratio	<u>7.00%</u> (*1) Mar. 2013: Implemented Mar. 2019: to be fully-loaded	8.66%(*2)
Leverage ratio	<u>3.0%</u> Mar. 2015: disclosure to be required Mar. 2018: to be implemented	Approx. 4.6% (*3)

- ▶ Introduction of advanced method for calculating risk-weighted assets
Pursuit of reduction in risk-weighted assets by introduction of AIRB

(Ref) Ratio of Risk-weighted assets to total asset (as of Sep. 2014)

SMTH	Megabank A	Megabank B	Megabank C
FIRB	AIRB		
47%	39%	38%	32%

[Source] Disclosure documents

- ▶ Control of Tier 1 capital level considering both capital ratio and leverage ratio

Liquidity coverage ratio (LCR)	<u>Over 100%</u> Mar. 2015: to be implemented Mar. 2019: to be fully-loaded
Net stable funding ratio (NSFR)	<u>Over 100%</u> Mar. 2018: to be implemented

- ▶ LCR keeps above 120% level, holding certain buffer for regulatory requirement (*3)
- ▶ NSFR exceeds 100% under tentative estimate, expecting to comply regulatory requirement, while detailed calculation method is not determined (*3)
- ▶ Pursue optimal balance between liquidity risk and funding cost
Improve advanced managing structure continuously in addition to periodical monitoring scheme

(*1) Common Equity Tier 1 ratio + Regulatory requirement of Capital conservation buffer (*2) Pro forma of Common Equity Tier 1 ratio (fully-loaded basis)

(*3) Leverage ratio, LCR, NSFR mentioned above are estimated figures

Financial and capital policies

Basic approach to financial and capital policies

Aim to maximize shareholder interests through basic approach of ensuring adequate capital (in terms of both quality and quantity), enhancing sound financial ground, and pursuing enhanced capital efficiency

Financial targets

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

Policy on reduction of cross shareholdings

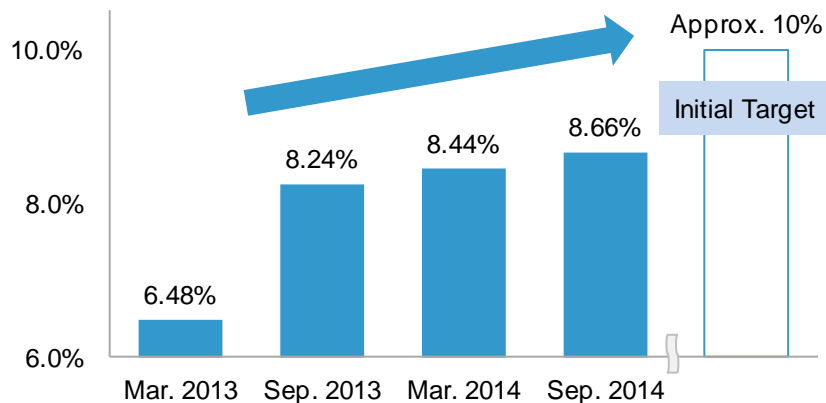
<Reduction target>
Approximately 50 to 100 billion yen in 3 years starting from FY2014

Basic policy on returns for shareholders

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

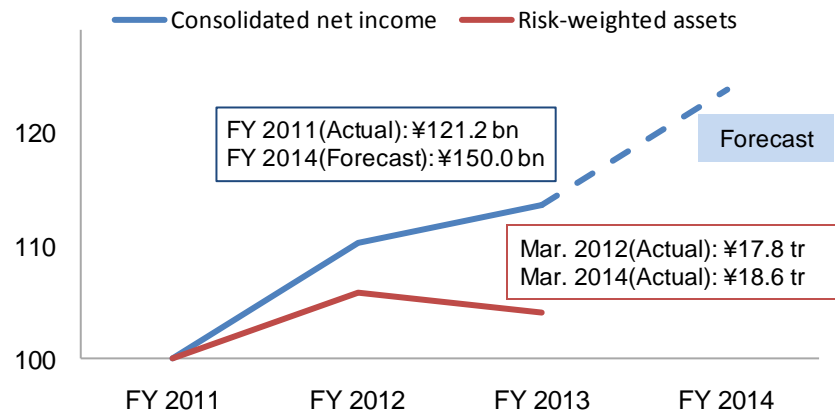
Financial and capital policies: Major indicators

Common Equity Tier 1 capital ratio (Fully-loaded basis)



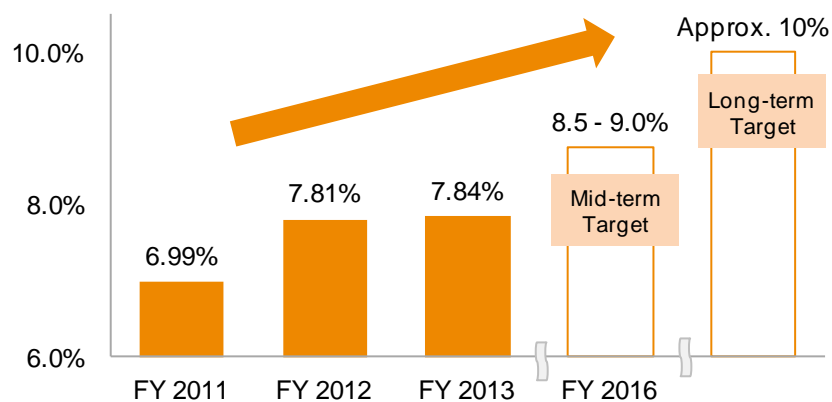
Improve CET1 ratio by accumulation of retained earnings and risk-weighted assets control

Net income and risk-weighted assets (*1) (*2)



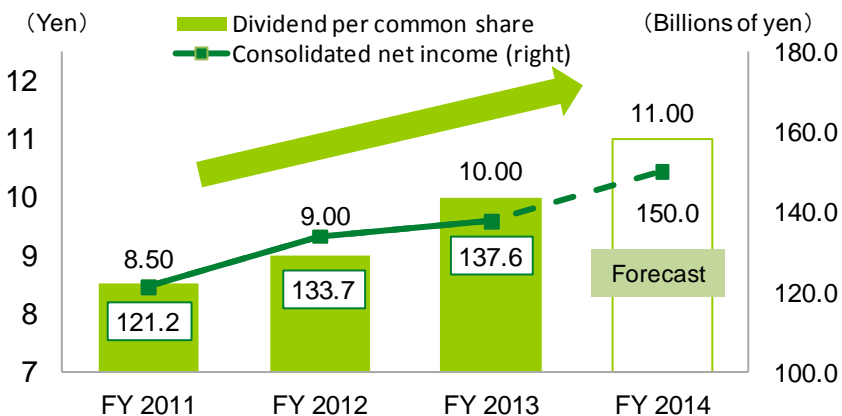
Growth of earnings exceeding expansion of risk-weighted assets

Return on shareholders' equity (*1)



Pursue capital efficiency

Dividend on common share (*1)



Expand shareholders return corresponding to earning growth

(*1) Consolidated net income of FY2011: Excluding negative goodwill resulting from share exchange for management integration

(*2) Index (FY2011=100)

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<Supplement> Summary of Midterm Management Plan

Midterm revenue and financial targets

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

<Consolidated> (Billions of yen)	FY2013	FY2016	Change from FY 2003	CAGR
	Actual	Target		
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%			

Midterm revenue target (details)

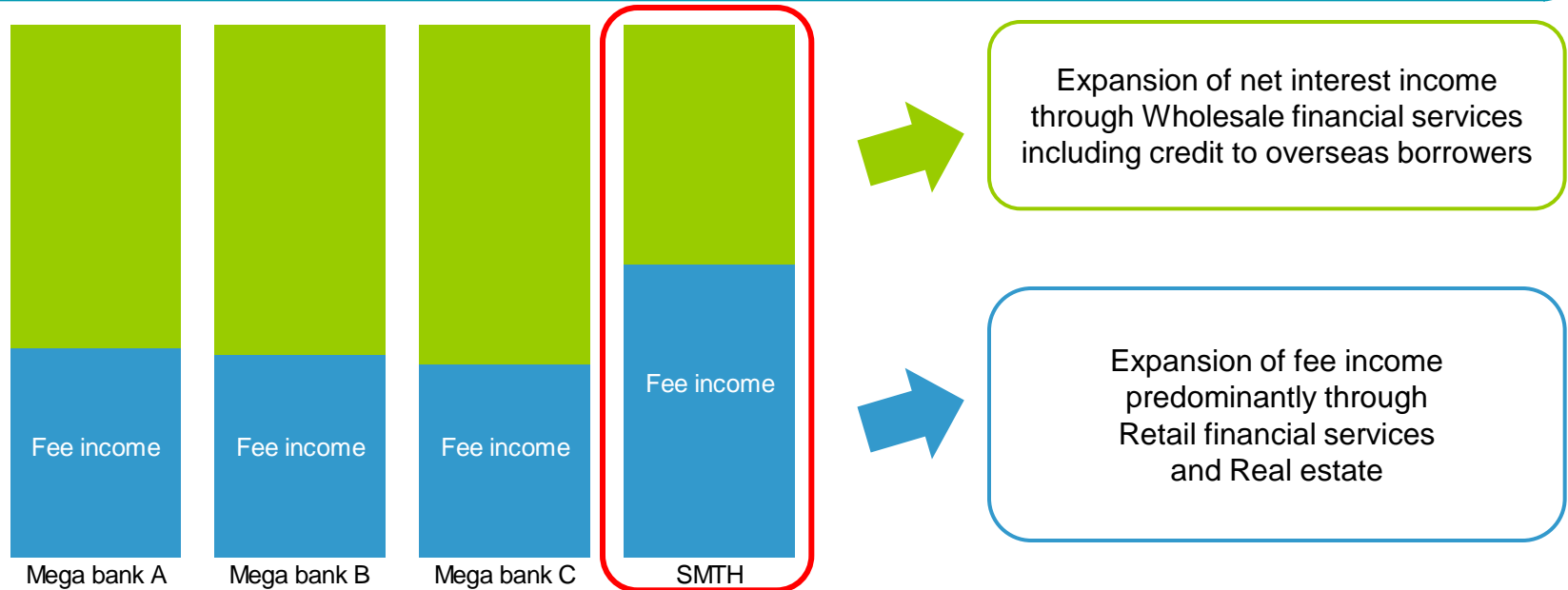
Pursuit of growth of gross business profit through revenue expansion in Retail financial services, Wholesale financial services and Real estate

<Consolidated>	FY2013	FY2016		CAGR
	(Billions of yen) Actual	Target	Change from FY2013	
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: (10.0)bn yen, Fiduciary services: (28.0)bn yen).

Overview of midterm business strategy

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



Pillars for enhancement

1st pillar

Strengthen existing businesses

2nd pillar

Expand coordination across business sections

3rd pillar

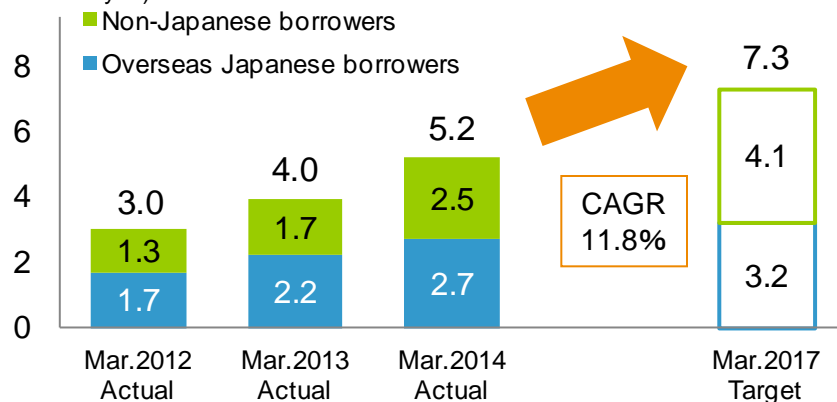
Growth through global business developments

Midterm business strategy –Growth in global businesses-

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

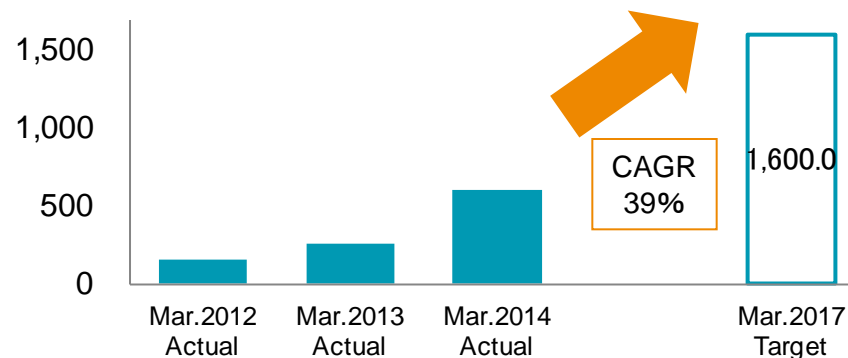
Expansion of overseas credit

(Trillions of yen)



Accumulation of global AUM

(Billions of yen)



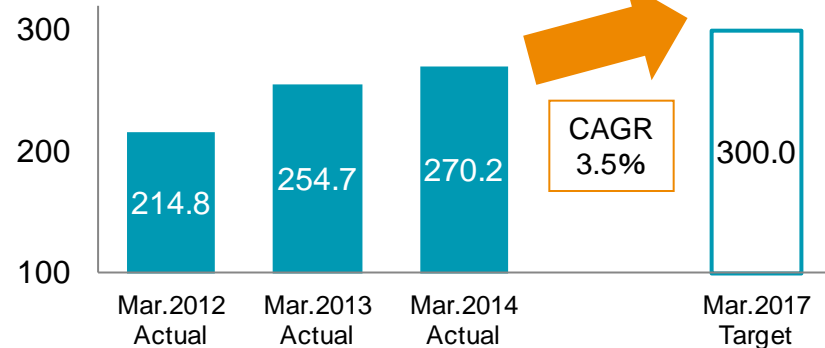
Enhancement of global real estate business

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 accumulation of wrap product balance	Balance	¥ 480.0bn	¥ 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 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 collaboration 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)	¥ 38.0bn	¥ 55.0bn
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	USD270.0bn	USD300bn

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