



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Investor Meeting on Financial Results for FY2014

Items described below are revised on June 2, 2015  
(Page 21) “Balance of “Wrap Selection””  
(Page 24) “AUM of publicly-offered stock investment trust in Japan (SuMiTAM)”

May 20, 2015

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## Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): “Consolidated “ or “SuMi TRUST Holdings”

Sumitomo Mitsui Trust Bank (Non-consolidated): “Non-consolidated “ or “SuMi TRUST Bank”

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

## About “Net Income”

Line item “Net income” (consolidated ) in and after FY2015 represents “Net income attributable to owners of the parent” in accordance with the revision of accounting standards for business combinations and related standards and implementation guidance issued by Accounting Standards Board of Japan on September 13, 2013.

# Highlights of FY2014

## Consolidated financial results

Exceeded FY2014 forecast, primarily driven by growth of investment trust and insurance sales and overseas credit, and strong market related profit

Net business profit before credit costs

Results  
[ vs. FY2014 forecast ]

¥316.7bn  
[ +¥21.7bn ]

Exceeded forecast due primarily to increase of net business profit before credit costs and improvement of credit costs, absorbing IT system integration costs

Net income

¥159.6bn  
[ +¥9.6bn ]

## Strategic business areas

Achieved record high sales volume, exceeded FY2014 plan of ¥2.1tr. Balance grew steadily, and “Wrap Selection” balance reached ¥1.2 tr at fiscal year end

Investment trust and insurance sales  
(Non-consolidated)

Results  
[ change from FY2013 ]

¥2,227.2bn  
[ +¥257.3bn ]

Increased steadily due to cash-inflow and market appreciation

AUM  
(Group companies total)

¥80.1tr  
[ +¥9.4tr ]

Maintained same level of revenue YoY in a good market environment

Revenue from real estate business  
(Non-consolidated)

¥28.1bn  
[ ¥(0.4)bn ]

## Fundamental Earning power

Steady increase in overseas credit  
Signs of bottoming-out in domestic loan-deposit margin

Net interest income  
(Non-consolidated)

Results  
[ change from FY2013 ]

¥224.4bn  
[ +¥16.4bn ]

## Financial soundness

Significant improvement brought by steady increase of retained earnings and unrealized gains on securities, and introduction of AIRB method in credit risk measurement

Common Equity Tier 1 capital ratio

Results  
[ change from Mar. 2014 ]

10.89% [ +2.45% ]  
Fully-loaded basis (Pro forma)

# Financial results of FY2014

# Financial results FY2014 : Consolidated

- ▶ Net business profit before credit costs: UP ¥30.8bn YoY to ¥316.7bn due primarily to growth of net interest income and related profit of SuMi TRUST Bank
- ▶ Net income: UP ¥21.9bn YoY to ¥159.6bn 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 SuMi TRUST Bank

		FY2013	FY2014	Change
	(Billions of yen)			
Net business profit before credit costs	1	285.8	316.7	30.8
(Contribution of group companies before consolidated adjustments)	2	62.4	63.3	0.9
Gross business profit	3	658.9	690.9	32.0
Net interest income and related profit	4	235.4	251.8	16.4
Net fees and commissions and related profit	5	349.2	355.8	6.5
Net other operating profit	6	49.8	50.8	1.0
General and administrative expenses	7	(396.3)	(398.9)	(2.5)
Net non-recurring profit, etc.	8	(4.5)	0.4	4.9
Ordinary profit	9	258.0	292.4	34.4
Extraordinary profit	10	(11.3)	(59.9)	(48.5)
Income before income taxes	11	246.6	232.5	(14.0)
Total income taxes	12	(91.6)	(60.1)	31.5
Net income	13	137.6	159.6	21.9
Total credit costs	14	9.1	19.3	10.1
Net gains on stocks	15	(3.7)	(2.1)	1.6
Return on shareholders' equity	16	7.84%	8.62%	0.78%
Dividend per common share (Yen)	17	10.00	12.00	2.00
Net assets per common shares (BPS) (Yen)	18	511.02	618.63	107.61

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

- (1) Non-consolidated: ¥245.7bn
  - (2) Group companies: ¥63.3bn
  - (3) Effect of purchase accounting method: ¥(0.1)bn
- (\*) Adjustments, such as elimination of dividends from subsidiaries, were added to sum of (1), (2) and (3)

## < Major factors [change from FY2013] >

- (1) Net business profit before credit costs <1>: +¥30.8bn  
 Non-consolidated: +¥33.8bn [¥211.8bn → ¥245.7bn]  
 Group companies: +¥0.9bn [¥62.4bn → ¥63.3bn]  
 Effect of purchase accounting method: ¥(0.5)bn  
 [¥0.3bn → ¥(0.1)bn]
- (2) Contribution of group companies before consolidated adjustments <2>: +¥0.9bn
  - Nikko Asset Management: ¥(0.8)bn
  - Sumitomo Mitsui Trust Asset Management: +¥1.8bn
  - Sumitomo Mitsui Trust Realty: ¥(1.8)bn
  - SBI Sumishin Net Bank: +¥1.6bn

## < Changes from FY2013 excluding effects of purchase accounting method >

- (1) Net business profit before credit costs: +¥31.4bn  
 [¥285.5bn → ¥316.9bn]
- (2) Ordinary profit: +¥31.6bn [¥250.0bn → ¥281.6bn]
- (3) Net income: +¥20.2bn [¥132.5bn → ¥152.7bn]

# Financial results FY2014 : Non-consolidated

- ▶ Net business profit before credit costs: UP ¥33.8bn YoY to ¥245.7bn  
Net interest income and related profit improved by recovery in loan-deposit income due primarily to growth of overseas loans
- ▶ Net income: UP ¥14.5bn YoY to ¥130.5bn  
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)		FY2013	FY2014	Change
Net business profit before credit costs	1	211.8	245.7	33.8
Gross business profit	2	461.5	494.2	32.6
Net interest income and related profit	3	215.7	233.4	17.6
Net fees and commissions and related profit	4	195.7	201.0	5.3
Net trading profit	5	24.3	32.4	8.0
Net other operating profit	6	25.6	27.2	1.6
Net gains on foreign exchange transactions	7	(4.1)	(0.4)	3.7
Net gains on bonds	8	15.7	63.4	47.6
Net gains from derivatives other than for trading or hedging	9	13.3	(36.7)	(50.1)
General and administrative expenses	10	(249.7)	(248.5)	1.1
Total credit costs	11	7.6	18.1	10.5
Other non-recurring profit	12	(31.0)	(33.7)	(2.7)
Net gains on stocks	13	(2.2)	2.0	4.2
Amortization of net actuarial losses	14	(18.2)	(17.5)	0.7
Net gains on stock related derivatives	15	3.1	(3.2)	(6.4)
Ordinary profit	16	188.4	230.0	41.5
Extraordinary profit	17	(2.4)	(60.0)	(57.5)
IT system integration costs	18	-	(55.8)	(55.8)
Income before income taxes	19	185.9	169.9	(15.9)
Total income taxes	20	(69.9)	(39.4)	30.5
Net income	21	116.0	130.5	14.5

< Major factors [change from FY2013] >

- (1) Net interest income and related profit <3>: +¥17.6bn  
Net interest income +¥16.4bn [¥207.9bn → ¥224.4bn]  
Loan-deposit income +¥19.7bn [¥163.9bn → ¥183.7bn]  
Income from securities ¥(11.9)bn [¥98.4bn → ¥86.5bn]  
Income/expense in swaps +¥4.2bn [¥(11.5)bn → ¥(7.2)bn]
- (2) Net fees and commissions and related profit <4>: +¥5.3bn  
• Investment trust / Insurance related profit +¥7.3bn [¥59.5bn → ¥66.9bn]  
• Real estate brokerage fees ¥(0.0)bn [¥22.0bn → ¥21.9bn]
- (3) Net gains on bonds <8>: +¥47.6bn  
• Domestic bonds ¥(0.6)bn [¥2.2bn → ¥1.6bn]  
• Foreign bonds +¥48.2bn [¥13.4bn → ¥61.7bn]
- (4) Extraordinary profit <17>: ¥(57.5)bn  
Banking IT system integration costs: ¥(55.8)bn
- (5) Total income taxes <20>: +¥30.5bn  
• Positive effect from change in example categories for tax effect accounting: +¥13.4bn  
• Loss on reversal of deferred tax assets triggered by the reduction of Japanese corporate income tax rate: ¥(4.9)bn

## Contribution of major group companies

- ▶ Contribution to net business profit before credit costs: UP ¥0.9bn YoY to ¥63.3bn  
 UP: Sumitomo Mitsui Trust Asset Management and SBI Sumishin Net Bank  
 DOWN: Sumitomo Mitsui Trust Realty and Nikko Asset Management
- ▶ Contribution to net income: UP ¥3.3bn YoY to ¥37.6bn

	Net business profit before credit costs			Net income			Goodwill as of Mar. 2015	
	FY2013	FY2014	Change	FY2013	FY2014	Change	Amortization amount	Outstanding balance
(Billions of yen)								
Consolidation difference	74.0	71.0	(2.9)	21.6	29.1	7.4	(9.2)	86.5
Effect of purchase accounting method	0.3	(0.1)	(0.5)	5.1	6.9	1.8	---	---
Contribution (before consolidated adjustments) (*1)	62.4	63.3	0.9	34.3	37.6	3.3	(9.2)	86.5
Sumitomo Mitsui Trust Asset Management	2.9	4.7	1.8	1.7	3.0	1.2	---	---
Nikko Asset Management (Consolidated)	9.8	9.0	(0.8)	(0.4)	2.5	2.9	(*2) (4.9)	(*2) 48.2
Sumitomo Mitsui Trust Realty	4.3	2.5	(1.8)	2.3	1.5	(0.8)	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	10.4	10.5	0.1	6.2	5.6	(0.6)	(0.2)	-
Sumitomo Mitsui Trust Loan & Finance	8.0	8.6	0.5	8.2	10.5	2.3	(3.8)	38.2
SBI Sumishin Net Bank (Consolidated)	5.9	7.6	1.6	3.5	4.9	1.4	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	11.2	11.4	0.2	5.9	6.8	0.9	---	---

(\*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.)

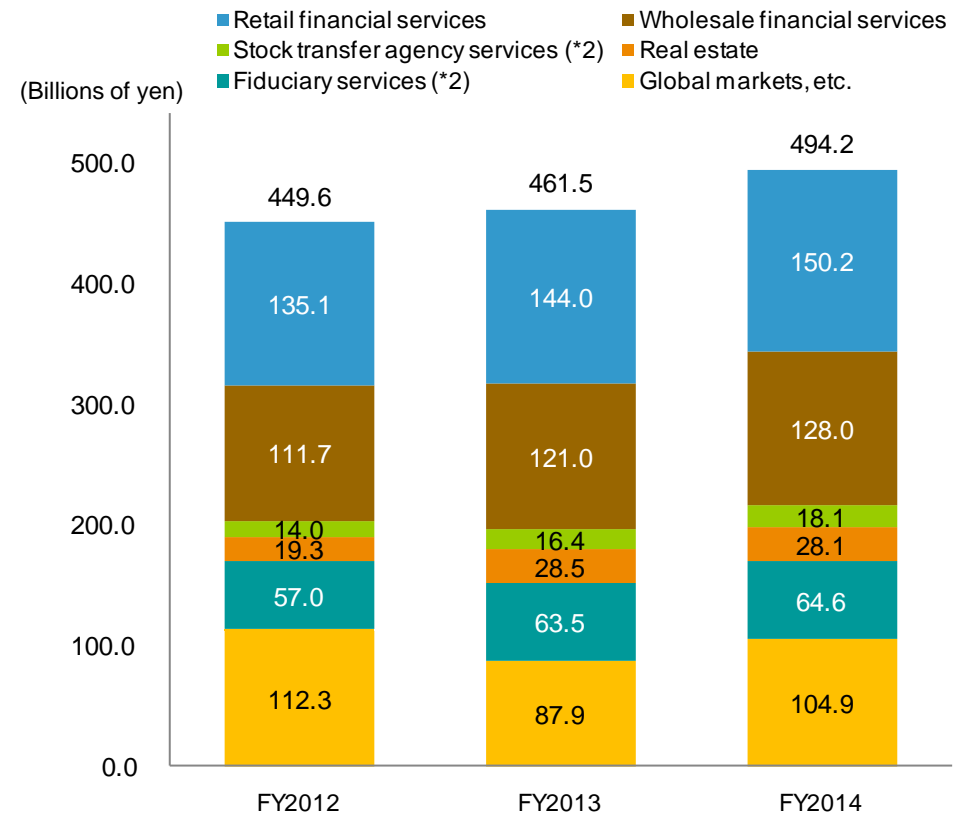
(\*2) Including 1.0 billion yen of amortization amount and 1.8 billion yen of outstanding balance from affiliated companies

# Profit by business: Non-consolidated

- ▶ Gross business profit: UP ¥32.6bn YoY to ¥494.2bn  
Global markets increased profit and both Retail and Wholesale financial services showed steady growth
- ▶ Retail financial services: UP ¥6.2bn YoY due primarily to growth in investment trust and insurance related profit
- ▶ Stock transfer agency services: UP ¥1.6bn YoY due to reduction in fees paid for outsourcing
- ▶ Real estate: Remained almost flat YoY due partly to holding off of brokerage transactions

(Billions of yen)	Gross business profit (Non-consolidated)		
	FY2013	FY2014	Change
Retail financial services	144.0	150.2	6.2
Wholesale financial services	121.0	128.0	7.0
Stock transfer agency services	16.4	18.1	1.6
Gross business profit	29.4	28.4	(0.9)
Fees paid for outsourcing	(12.9)	(10.3)	2.5
Real estate	28.5	28.1	(0.4)
Fiduciary services	63.5	64.6	1.1
Gross business profit	91.3	93.1	1.7
Fees paid for outsourcing	(27.8)	(28.4)	(0.6)
Global markets	85.0	97.0	11.9
Others (*1)	2.8	7.9	5.1
<b>Total</b>	<b>461.5</b>	<b>494.2</b>	<b>32.6</b>

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



(\*2) After deducting fees paid for outsourcing in Stock transfer agency services and Fiduciary services



# Net interest income: Non-consolidated

## ▶ Net interest income: UP ¥16.4bn YoY to ¥224.4bn

The loan-deposit income continuously improved due primarily to growth of loans and bills discounted in international business

## ▶ Domestic loan-deposit margin stayed almost flat despite decline in loan margin in line with market rate as deposit margin also declined

	FY2014					
	Average balance	Change from FY2013	Yield	Change from FY2013	Income/Expense	Change from FY2013
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					224.4	16.4
Domestic business			0.53%	(0.05%)	156.4	(7.6)
Interest-earning assets	29.10	0.94	0.81%	(0.10%)	236.8	(19.7)
Loans and bills discounted	18.29	(0.03)	0.93%	(0.05%)	170.9	(9.1)
Securities	3.13	(0.82)	1.49%	0.05%	46.8	(10.1)
Interest-bearing liabilities	28.64	0.80	0.28%	(0.05%)	(80.3)	12.0
Deposits	20.93	(0.26)	0.25%	(0.04%)	(52.5)	10.4
International business			0.64%	0.15%	67.9	24.1
Interest-earning assets	10.50	1.92	1.24%	0.01%	130.4	24.2
Loans and bills discounted	6.12	1.70	1.30%	0.03%	80.1	23.6
Securities	1.82	(0.01)	2.16%	(0.08%)	39.6	(1.7)
Interest-bearing liabilities	10.35	1.95	0.60%	(0.14%)	(62.4)	(0.0)
Deposits	3.17	0.97	0.46%	0.03%	(14.8)	(5.1)
Loan-deposit margin / income			0.75%	0.02%	183.7	19.7
Domestic business			0.68%	(0.01%)	118.4	1.2
<Reference> Net interest income and related profit					233.4	17.6
Trust fees from principal guaranteed trust a/c					8.9	1.1

### < Major factors [change from FY2013] >

#### (1) Securities : ¥(11.9)bn [¥98.4bn → ¥86.5bn]

JGB: ¥(1.6)bn [¥6.6bn → ¥4.9bn]

Stocks: ¥(0.4)bn [¥24.4bn → ¥23.9bn]

Foreign securities: ¥(1.7)bn [¥41.4bn → ¥39.6bn]

Others: ¥(6.3)bn [¥19.9bn → ¥13.5bn]

Income from cancellation of investment trust: ¥(4.9)bn  
[¥9.7bn → ¥4.7bn]

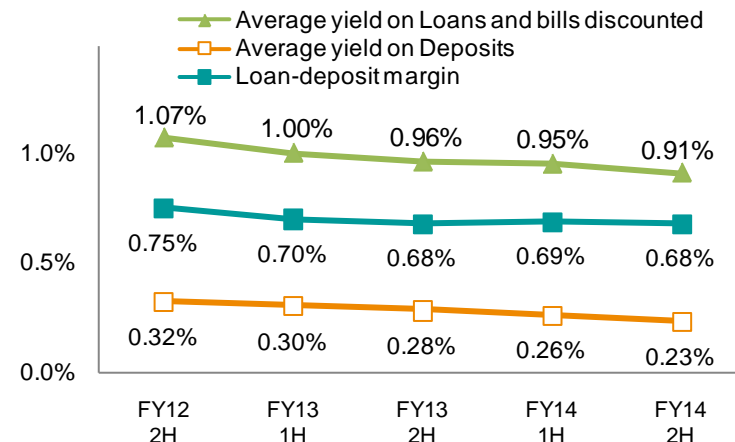
#### (2) Swaps : +¥4.2bn [¥(11.5)bn → ¥(7.2)bn]

Domestic business ¥(1.2)bn [¥8.8bn → ¥7.5bn]

International business +¥5.4bn [¥(20.3)bn → ¥(14.8)bn]

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

### Domestic loan-deposit margin

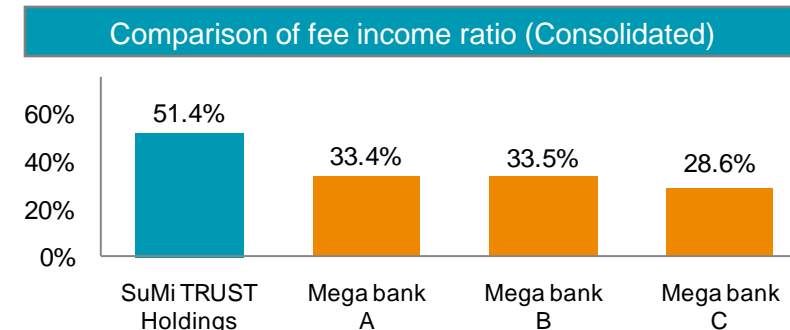
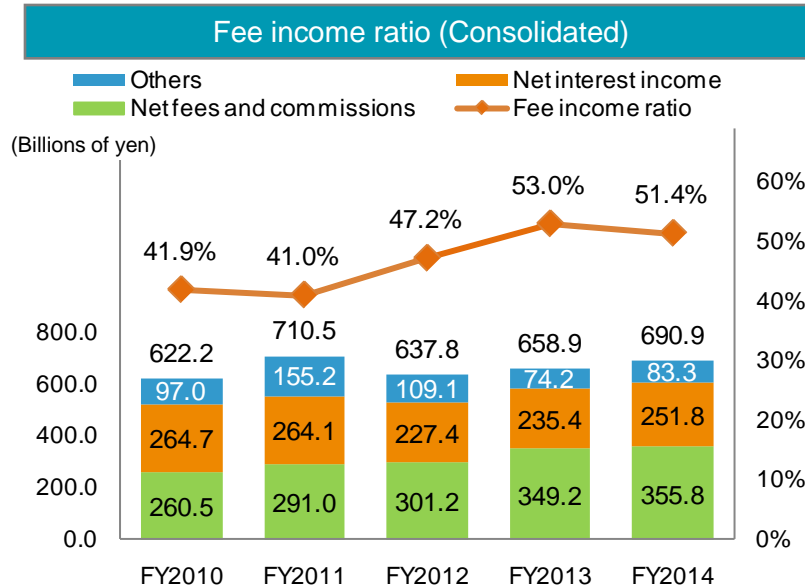


# Net fees and commissions and related profit

- ▶ Net fees and commissions and related profit (Non-consolidated): UP ¥5.3bn YoY to ¥201.0bn  
Significant increase of investment trust and insurance related fees contributed to growth despite flat real estate related fees and decreased loan related fees
- ▶ Fee income to gross business profit ratio (Consolidated): DOWN 1.6 percentage points YoY to 51.4% (above 50%)  
Growth of net interest income exceeded growth of fee income

	Non-consolidated		Consolidated (*1)	
	FY2014	Change from FY2013	FY2014	Change from FY2013
(Billions of yen)				
Net fees and commissions and related profit	201.0	5.3	355.8	6.5
(Net fees and commissions)	110.8	6.5	260.0	7.7
(Other trust fees)	90.2	(1.2)	95.7	(1.2)
Investment trust and Insurance Sales	66.9	7.3	66.9	7.3
Fiduciary services	64.6	1.1	169.3	7.2
Profit	93.1	1.7	179.3	8.1
Fees paid for outsourcing	(28.4)	(0.6)	(10.0)	(0.9)
Stock transfer agency services	18.1	1.6	31.1	(0.9)
Profit	28.4	(0.9)	31.1	(0.9)
Fees paid for outsourcing	(10.3)	2.5	-	-
Real estate	28.2	(0.3)	44.9	(2.2)
Others (Loan arrangement fees, etc.)	23.1	(4.4)	43.4	(4.9)
Fee income ratio (*2)	40.6%	(1.8%)	51.4%	(1.6%)

(\*1) Figures are after eliminations of intra-group transactions



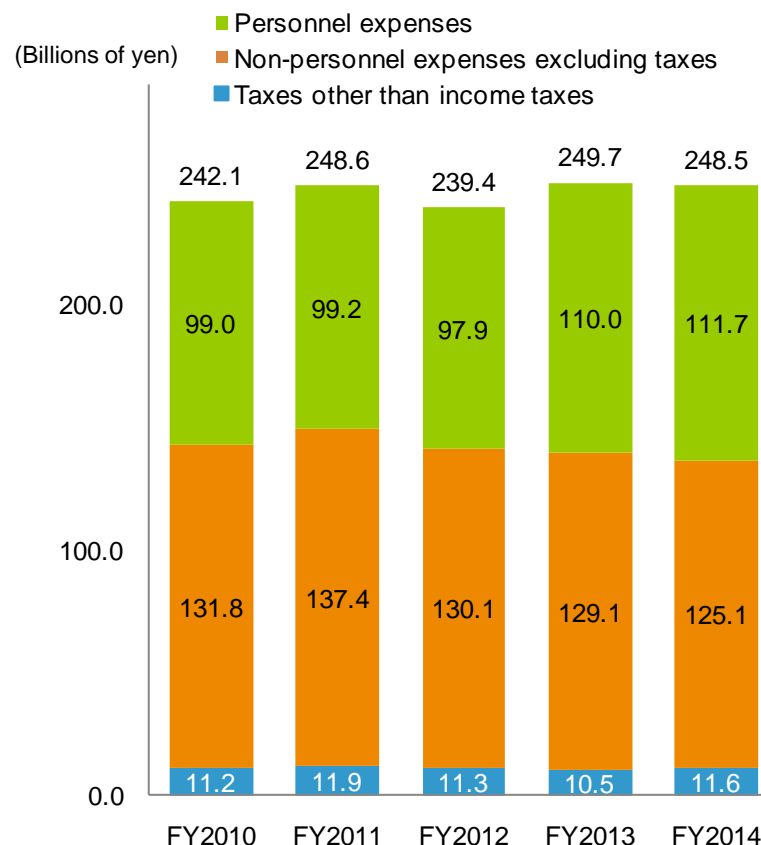
# General and administrative expenses

- ▶ General and administrative expenses (Non-consolidated): DOWN ¥1.1bn YoY to ¥(248.5)bn  
Personnel expenses increased primarily in foreign branches, while non-personnel expenses excluding taxes decreased
- ▶ Overhead ratio (Non-consolidated): DOWN 3.8 percentage points to 50.3% YoY due primarily to increase in gross business profit despite modest reduction of general and administrative expenses

(Billions of yen)	Non-consolidated		
	FY2013	FY2014	Change
Personnel expenses	(110.0)	(111.7)	(1.7)
Salaries etc.	(99.5)	(103.1)	(3.5)
Retirement benefit expenses	5.7	8.3	2.5
Others	(16.1)	(16.9)	(0.8)
Non-personnel expenses excluding taxes	(129.1)	(125.1)	4.0
IT system-related costs	(38.3)	(34.6)	3.7
Others	(90.8)	(90.4)	0.3
Taxes other than income taxes	(10.5)	(11.6)	(1.1)
General and administrative expenses (a)	(249.7)	(248.5)	1.1
Overhead ratio ((a) / gross business profit)	54.1%	50.3%	(3.8%)

(Billions of yen)	(Reference) Consolidated		
	FY2013	FY2014	Change
Personnel expenses	(185.4)	(187.1)	(1.6)
Non-personnel expenses excluding taxes	(198.6)	(198.1)	0.5
Taxes other than income taxes	(12.2)	(13.6)	(1.4)
General and administrative expenses	(396.3)	(398.9)	(2.5)

## General and administrative expenses (Non-consolidated)



# Total credit costs and problem assets

- ▶ Total credit costs (Consolidated) : Reversal ¥19.3bn  
Migration to better categories in addition to decrease of amount of those assets
- ▶ NPL ratio (Non-consolidated): DOWN 0.4 percentage points from Mar. 2014 to 0.6% by decreased Substandard loan balance
- ▶ Coverage ratio to problem assets kept sufficient level of 87.1%. Assets to Other special mention debtors continued to decrease

< Total credit costs > (Billions of yen)	FY2013			FY2014	Major factors (FY2014)
		1H	2H		
Total credit costs (Non-Consolidated)	7.6	13.1	5.0	18.1	Downgraded debtors: Approx. (14.5) Upgraded debtors: Approx. +12.5 Decrease in loan balance, etc. (Including recoveries): Approx. +20.0
General allowance for loan losses	(2.6)	2.9	8.4	11.4	
Specific allowance for loan losses	8.9	9.6	(3.7)	5.8	
Recoveries of written-off claims	1.2	0.6	0.5	1.2	
Losses on sales of claims, written-off	0.0	(0.1)	(0.2)	(0.4)	
Total credit costs (Group companies)	1.5	1.4	(0.2)	1.2	
Total	9.1	14.5	4.7	19.3	

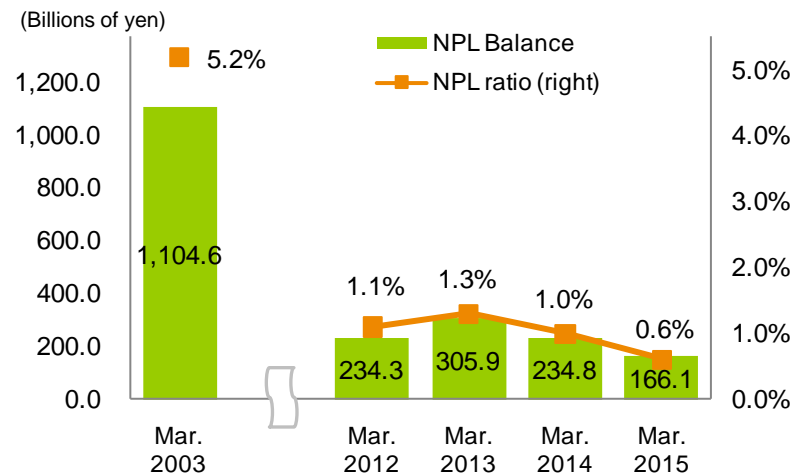
## < Problem assets based on the Financial Reconstruction Act (Non-consolidated) >

(Billions of yen)	Mar. 2015	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2014
Problem assets based on the Financial Reconstruction Act	166.1	87.1%	55.1%	(68.8)
Ratio to total loan balance	0.6%	---	---	(0.4%)
Bankrupt and practically bankrupt	10.4	100.0%	100.0%	(0.2)
Doubtful	81.7	92.5%	72.0%	(19.0)
Substandard	73.9	79.3%	25.3%	(49.6)
Other special mention debtors	381.9	---	---	(138.2)
Ordinary assets	25,906.2	---	---	2,013.0
Total balance	26,454.2	---	---	1,806.0

(\*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



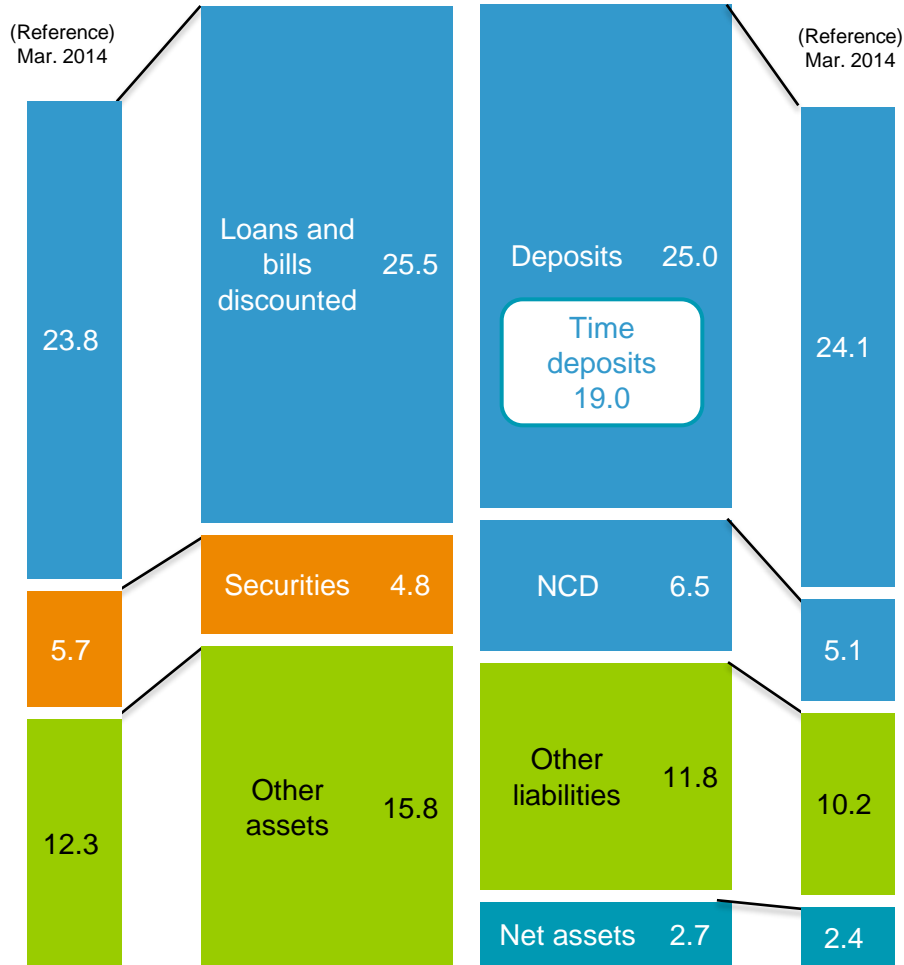
# Balance sheet

For details, please refer to P7 of Data Book

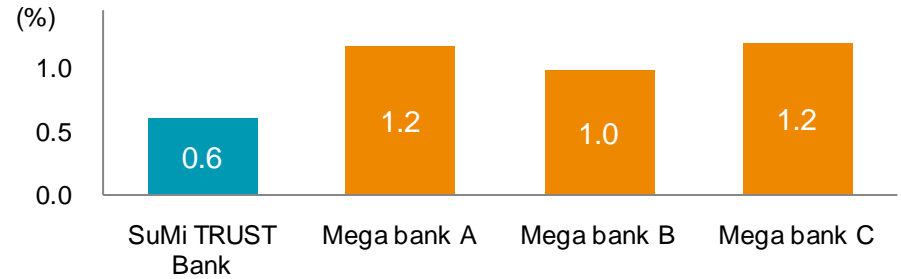
## Balance Sheet (Consolidated) (Mar. 2015)

(Trillions of yen)

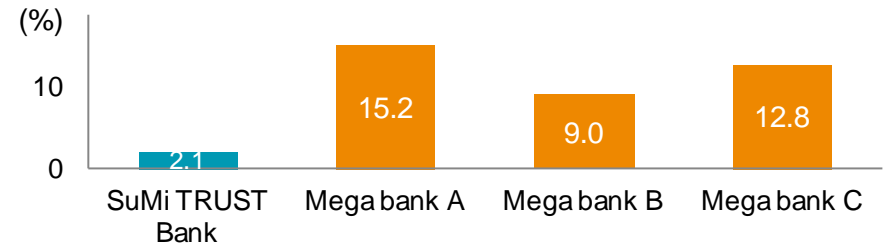
**Total assets : 46.2 trillion yen**



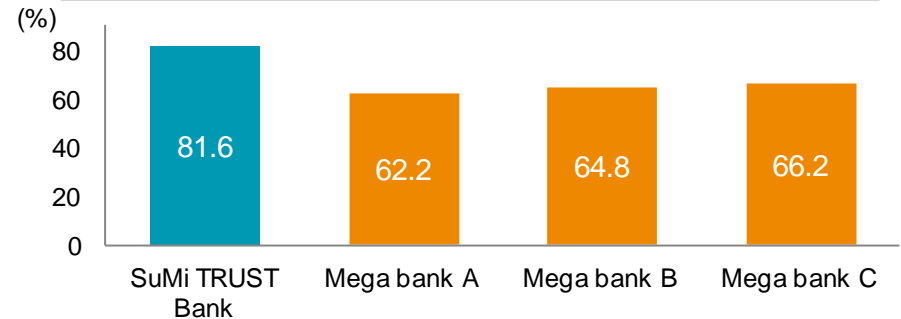
## Comparison of NPL ratio (Non-consolidated) (Mar. 2015)



## Comparison of JGB holding ratio (Non-consolidated, as of Mar. 2015)



## Comparison of loan-deposit ratio (Non-consolidated, as of Mar. 2015)



[Source] Disclosure documents

# Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): DOWN ¥1,387.8bn from Mar. 2014 to ¥3,511.4bn due primarily to decrease in "Others" through sale of US Treasuries as well as decrease in "Japanese Bonds" mostly Treasury Discount Bills
- ▶ Unrealized gains of available-for-sale securities (Consolidated): UP ¥371.5bn from Mar. 2014 to ¥754.2bn due to improvement of Japanese stocks

## <Securities with fair value (Consolidated)>

(Billions of yen)	Costs		Unrealized gains/losses	
	Mar. 2015	Change from Mar. 2014	Mar. 2015	Change from Mar. 2014
Available-for-sale securities	3,511.4	(1,387.8)	754.2	371.5
Japanese stocks	708.3	(22.8)	735.5	359.1
Japanese bonds	1,414.1	(616.3)	4.7	0.7
Others	1,389.0	(748.7)	13.9	11.6
Held-to-maturity debt securities	376.0	(65.1)	40.9	(1.6)

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

(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Mar. 2015	Change from Mar. 2014	Mar. 2015	Change from Mar. 2014
JPY	3.2	(0.0)	3.2	1.2
Others	2.6	(5.6)	5.1	(1.2)

(\*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

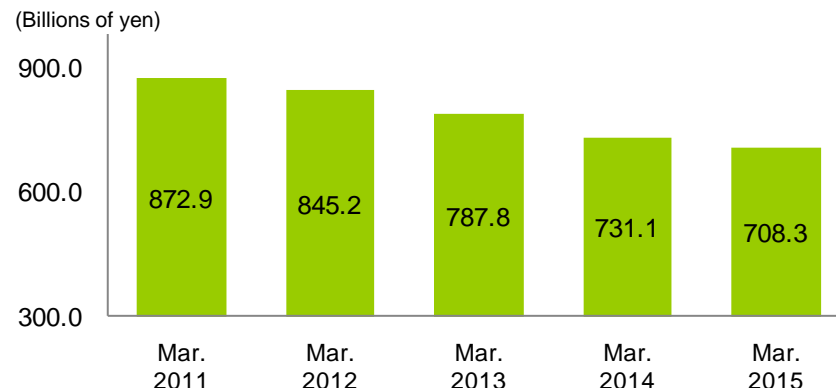
## <Available-for-sale securities with fair value (Non-consolidated)>

Available-for-sale securities	3,297.8	(1,446.4)	778.3	370.2
Japanese stocks	676.6	(21.6)	764.1	357.4
Japanese bonds	1,288.4	(625.8)	4.7	0.7
Government bonds	698.1	(589.9)	2.1	1.9
Others	1,332.7	(798.8)	9.5	11.9
Domestic investment (*1)	163.6	(157.7)	1.7	1.1
International investment (*1)	889.3	(725.2)	16.1	13.7
US Treasury	336.3	(677.8)	5.8	10.0
Others (Investment trust, etc.) (*2)	279.7	84.1	(8.3)	(2.9)
for hedging of cross-shareholdings	177.9	127.0	(14.5)	(6.8)

(\*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"

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



(Billions of yen)	FY2011	FY2012	FY2013	FY2014
Reduction amount of cross shareholdings	55.7	55.6	57.7	27.3

(\*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).

## <Held-to-maturity debt securities with fair value (Non-consolidated)>

Held-to-maturity debt securities	375.4	(64.1)	40.9	(1.5)
Government bonds	224.7	(20.3)	15.7	4.6
International investment (*1, *3)	121.9	(40.7)	24.7	(5.9)

(\*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Mar. 2015: (24.1)bn yen, Mar. 2014: (31.8)bn yen)

# Forecast for FY2015

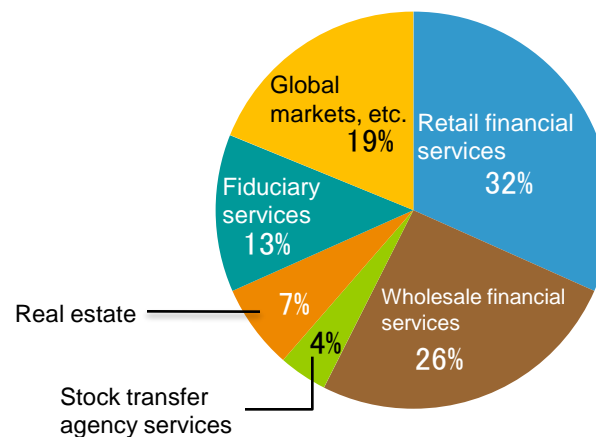
# Forecast for FY2015

- ▶ Net business profit before credit costs: Same level with FY2014  
Forecast takes account of profit growth in Retail financial services and Real estate, while decrease in Global markets to normalized level
- ▶ Net income (Consolidated): UP ¥5.3bn to ¥165.0bn.  
Forecast takes account of certain level of credit cost to arise while one-off banking IT system integration cost to disappear in FY2015
- ▶ Full year dividend on common share: UP ¥1.0 yen to ¥13.0 per share as net income is forecasted to increase

## < Consolidated >

(Billions of yen)	FY2014 (Actual)	Forecast for FY2015		
		1H	Full	Change
Net business profit before credit costs	316.7	150.0	315.0	(1.7)
Ordinary profit	292.4	130.0	270.0	(22.4)
Net income	159.6	80.0	165.0	5.3
Total credit costs	19.3	(10.0)	(20.0)	(39.3) (4)
Dividend on common share (Yen)	12.00	6.50	13.00	1.00
Consolidated dividend payout ratio	29.6%	---	30.4%	0.8%

## (Ref.) Breakdown of Gross business profit (Non-consolidated)



## < Non-consolidated >

Net business profit before credit costs	245.7	115.0	245.0	(0.7)
Gross business profit	494.2	235.0	485.0	(9.2)
Retail financial services	150.2	77.0	155.0	4.7 (1)
Wholesale financial services	128.0	60.0	125.0	(3.0)
Stock transfer agency services	28.4	15.0	(*) 29.0	0.5
Real estate	28.1	14.0	32.0	3.8 (2)
Fiduciary services	93.1	47.0	(*) 94.0	0.8
Global markets	97.0	42.0	85.0	(12.0)
General and administrative expenses	(248.5)	(120.0)	(240.0)	8.5 (3)
Total credit costs	18.1	(10.0)	(20.0)	(38.1) (4)
Other net non-recurring profit	(33.7)	(10.0)	(25.0)	8.7
Ordinary profit	230.0	95.0	200.0	(30.0)
Net income	130.5	65.0	130.0	(0.5) (5)

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

(Stock transfer agency services: (10.0)bn yen, Fiduciary services: (30.0)bn yen)

- (1) Retail financial services: +¥4.7bn from FY2014  
• Increase in administration fees of investment trust and insurance is expected.
- (2) Real estate: +¥3.8bn from FY2014  
• Increase in real estate brokerage fees due to market recovery is expected.
- (3) General and administrative expense: +¥8.5bn from FY2014  
• Assumes lowered deposit insurance rate and cost control
- (4) Total credit costs: Forecast ¥(20.0)bn  
• Estimated to stay at low level (8bp of total credit outstanding)
- (5) Disappearance of lump sum cost of banking IT system integration: +¥55.8bn (posted as extraordinary loss in FY2014)



# Business initiatives in FY2015 and Strategic business areas

# Business initiatives in FY2015

## 1 . Focus on growing fee businesses

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

- Increase recurring fees through growth of investment trust, Fund wrap and SMA balances, 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 proposals as well as expansion of coverage scope

## 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 overseas credit steadily to grow loan-deposit margin
- From domestic Japanese corporate borrowers, proactively capture healthy demands despite limited demand in market
- For loans to individuals, expand loan products and revenue source, and 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 customer base, products/services 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 products/services of banking/trust/real estate

## 4 . Financial soundness and Capital efficiency

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 capital, manage deduction items

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

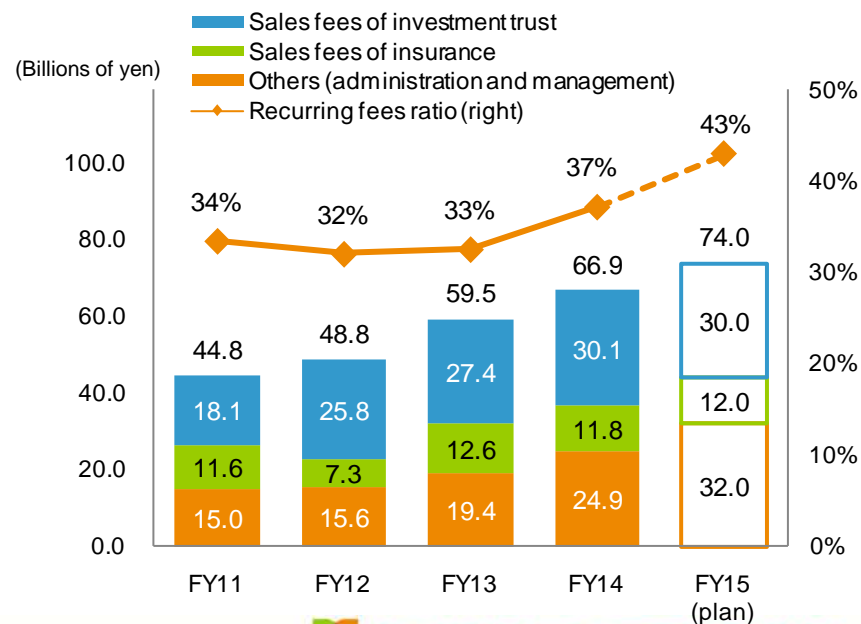
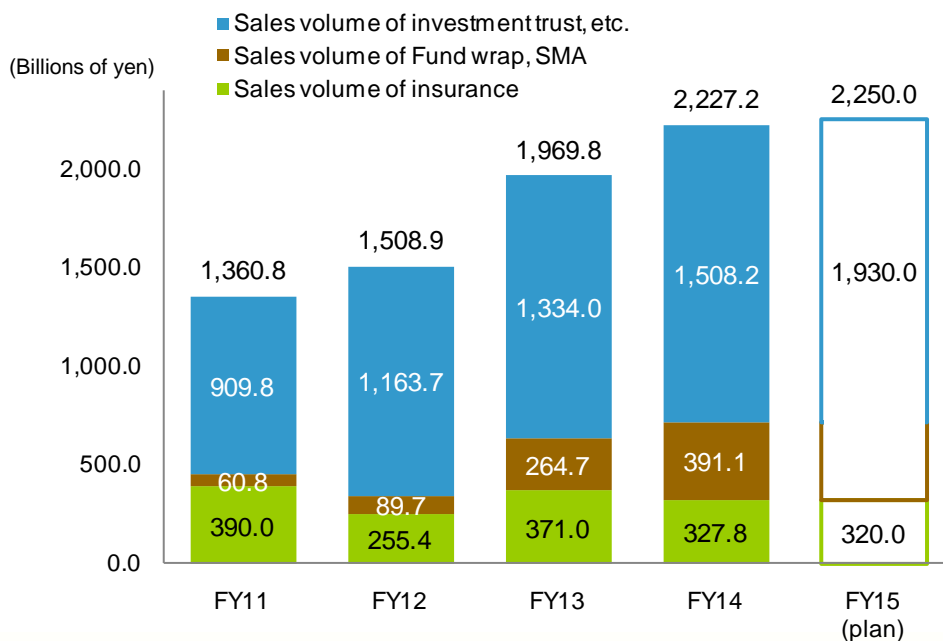
- ▶ Sales volume of investment trust and insurance products: UP ¥257.3bn YoY to ¥2,227.2bn  
Fund wrap, SMA and investment trust sales increased
- ▶ Fee income: UP ¥7.3bn YoY to ¥66.9bn  
Sales fees of investment trust increased in addition to increased administration fees due to steady growth in balance.  
Recurring fee ratio rose steadily as well

### Sales Volume (Non-consolidated)

(Billions of yen)	FY2013	FY2014	Change
Sales volume total	1,969.8	2,227.2	257.3
Investment trust	1,334.0	1,508.2	174.2
Fund wrap, SMA	264.7	391.1	126.3
Insurance	371.0	327.8	(43.2)

### Income (Non-consolidated)

(Billions of yen)	FY2014	Change from FY2013	FY2015 Plan
Income total	66.9	7.3	74.0
Sales fees of investment trust	30.1	2.6	30.0
Sales fees of insurance	11.8	(0.7)	12.0
Administration fees	24.9	5.4	32.0

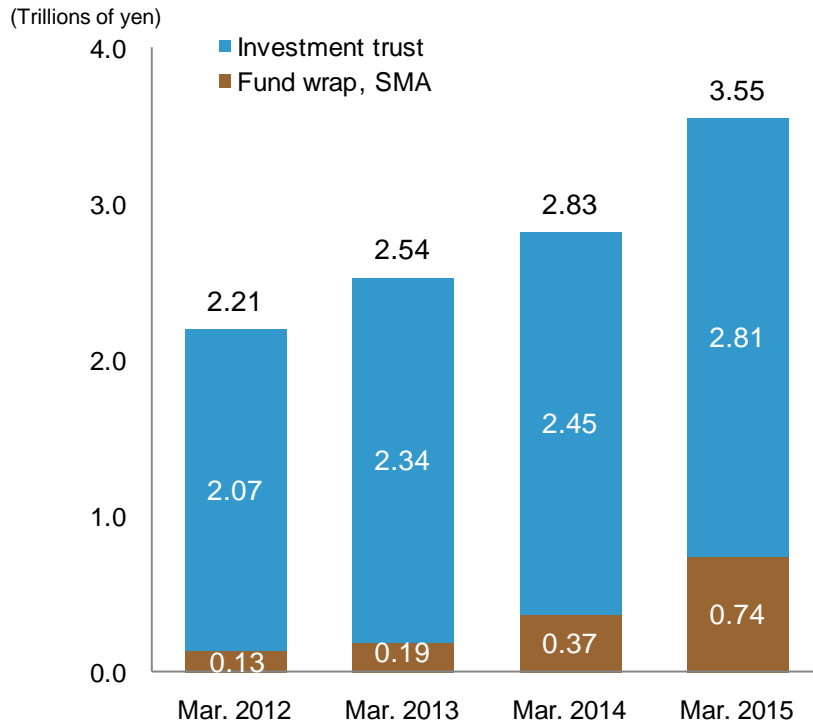


# Focus on growing fee businesses : (1) Investment trust and insurance sales

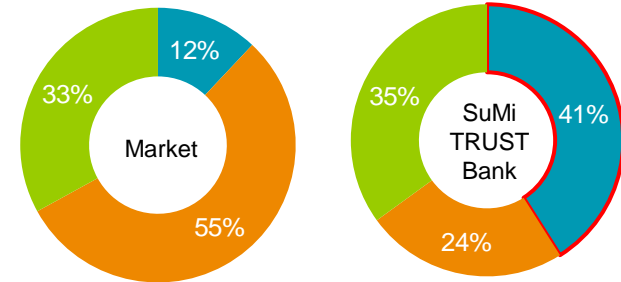
## Balance (Non-consolidated)

(Billions of yen)	Mar. 2014	Mar. 2015	Change
Balance total	5,271.5	5,837.3	565.7
Investment trust	2,455.4	2,814.0	358.6
Fund wrap, SMA	374.7	741.2	366.4
Insurance	2,441.3	2,282.0	(159.3)

## Balance of investment trust / Fund wrap, SMA



## Balance of investment trust / discretionary investment by product type

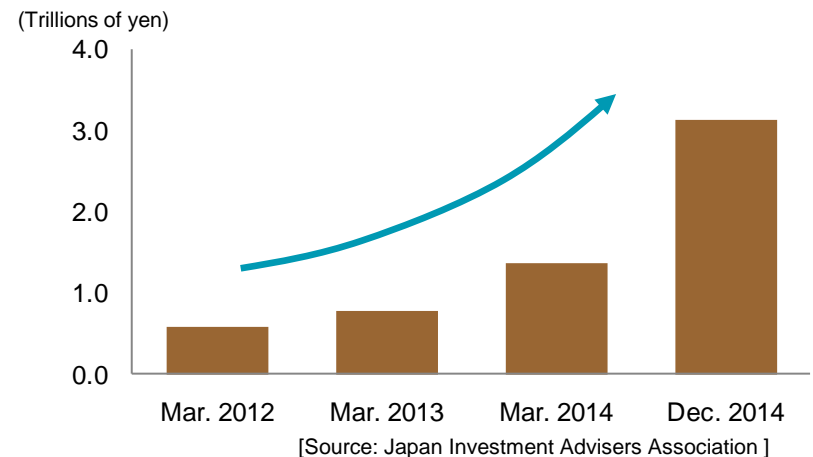


■ Balanced-type ■ Japanese stocks, REIT ■ Bonds, etc.

[Source] The investment Trust Association, Japan, SuMi TRUST Holdings  
Market represents stock investment trusts (publicly offered, contractual type)

Consulting based sales approach considering customers' balanced portfolio management, such as wrap, contributed to steady increase in balance

## Market growth of discretionary investment (Wrap type)

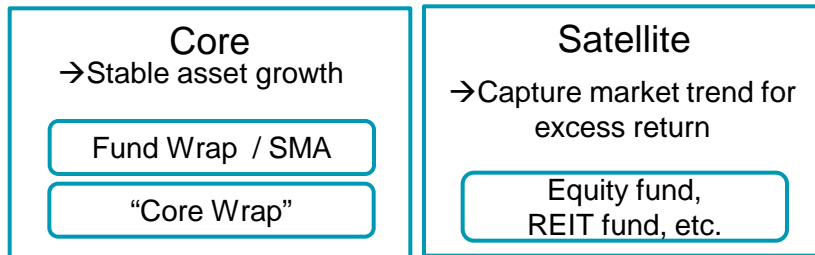


# Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Support clients in building portfolio by wide range of “Core & Satellite” products and consulting based services
- ▶ Increase stable earnings and expand customer base continuously

## Basic strategy

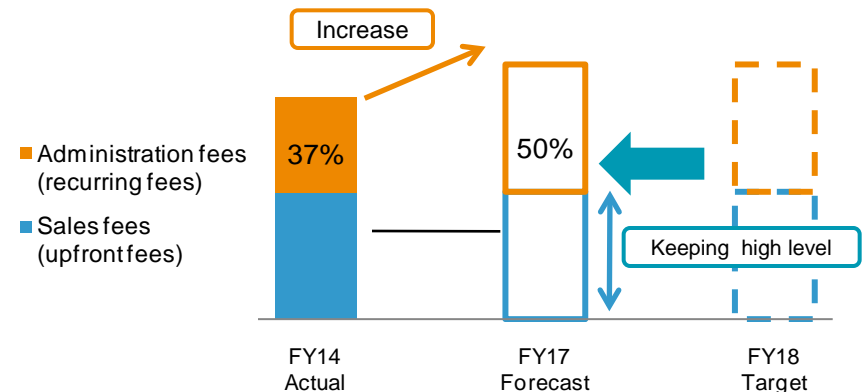
### “Core & Satellite” strategy



Provide consultation based services to build well balanced portfolio (for customers)

## Major initiatives

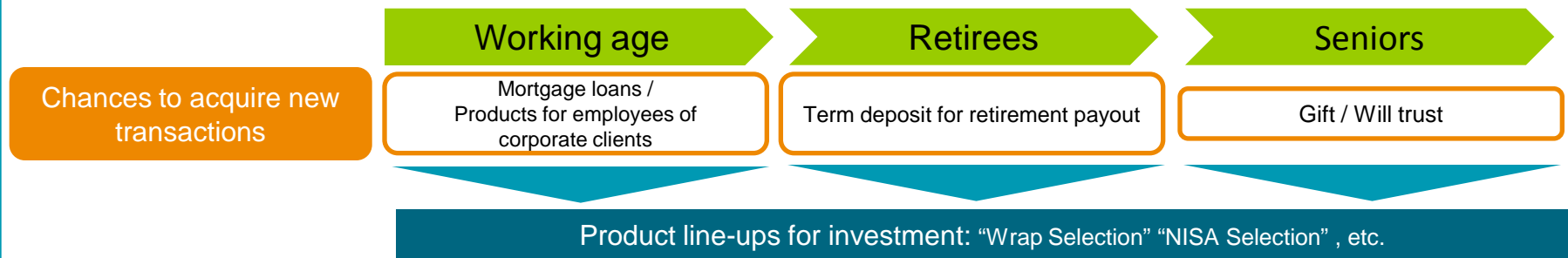
### Increase of stable earnings



Increase in balance accelerated growth of recurring fees, likely to achieve target of recurring fee ratio of 50% a year ahead

## Expansion of customer base

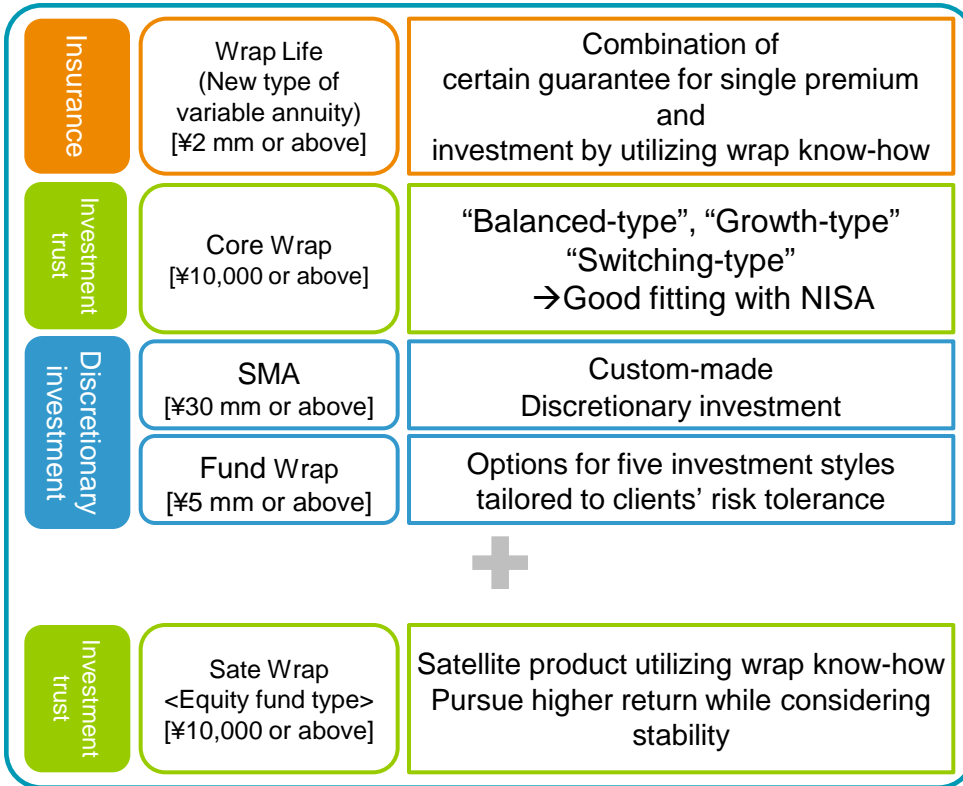
Expansion of customer base by providing various products and services



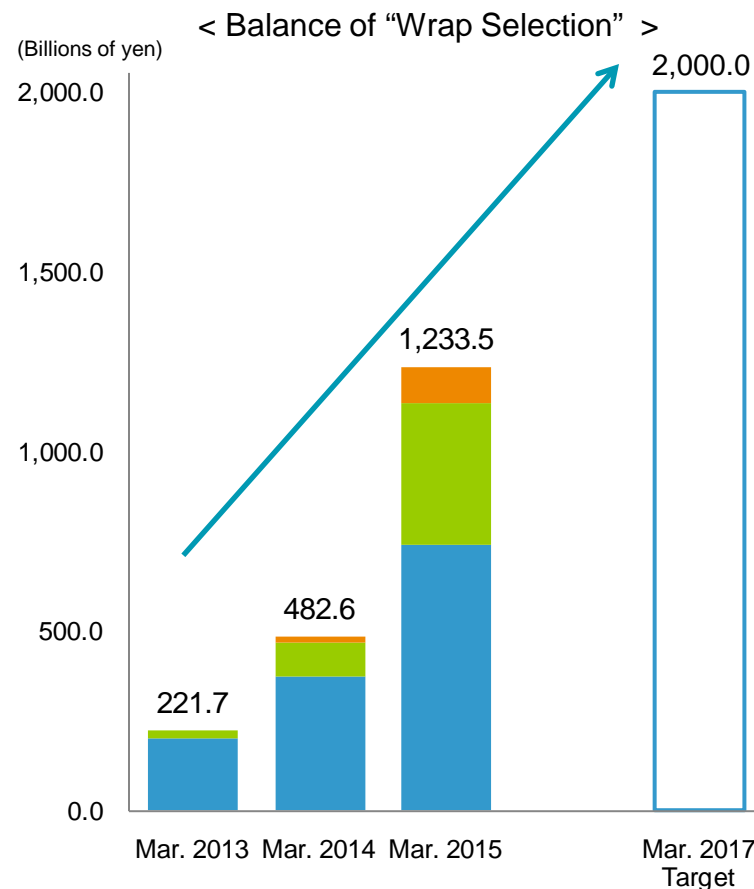
# Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Balance of “Wrap Selection” increased to ¥1,233.5bn as of Mar. 2015. Aim to reach ¥2tr by end of Mar. 2017
- ▶ Introduction of new “Wrap Selection“ product, enhancing further increase of recurring fees as stable income

## “Wrap Selection”



New target for “Wrap Selection”: ¥2tr by Mar. 2017



Further enhance wrap products to meet demands of customers

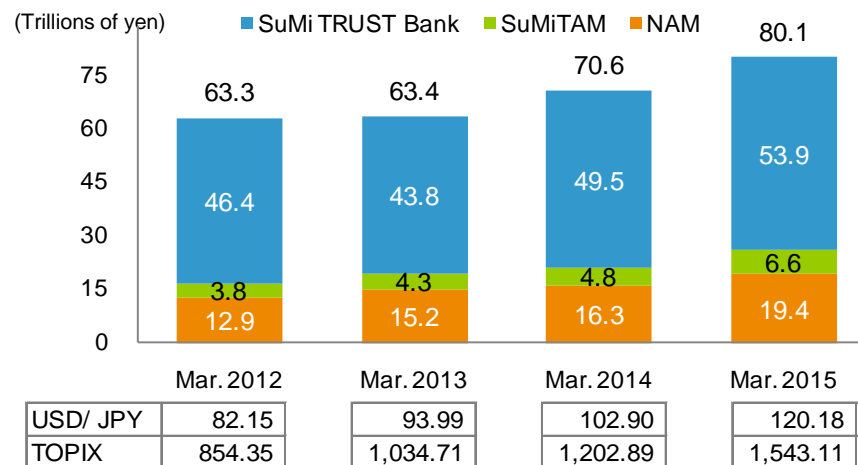
# Focus on growing fee businesses : (2) Fiduciary services

- ▶ Assets under management (AUM): UP ¥9.4 tr 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	Mar. 2015	Change
Assets under management (AUM)	70.6	80.1	9.4
SuMi TRUST Bank	49.5	53.9	4.4
Corporate pension trust	16.3	17.4	1.1
Public pension trust	11.1	14.3	3.1
Discretionary investment	21.9	22.1	0.1
Subsidiaries	21.1	26.1	4.9
Sumitomo Mitsui Trust Asset Management	4.8	6.6	1.8
Nikko Asset Management	16.3	19.4	3.1

## Assets under management (AUM) by company



## Income

(Billions of yen)	FY2014	Change from FY2013
SuMi TRUST Bank	64.6	1.1
Gross business profit	93.1	1.7
Fees paid out for outsourcing	(28.4)	(0.6)
Group companies (Net business profit) (*1)	15.4	0.8
Sumitomo Mitsui Trust Asset Management	4.7	1.8
Nikko Asset Management	9.0	(0.8)

(\*1) Contribution to consolidated

## Assets under custody (AUC)

(Trillions of yen)	Mar. 2014	Mar. 2015	Change
Domestic entrusted assets (*2)	197	223	26
(Billions of USD)			
Global custody assets (*3)	270.2	262.1	(8.1)
Fund administration	21.6	22.0	0.3

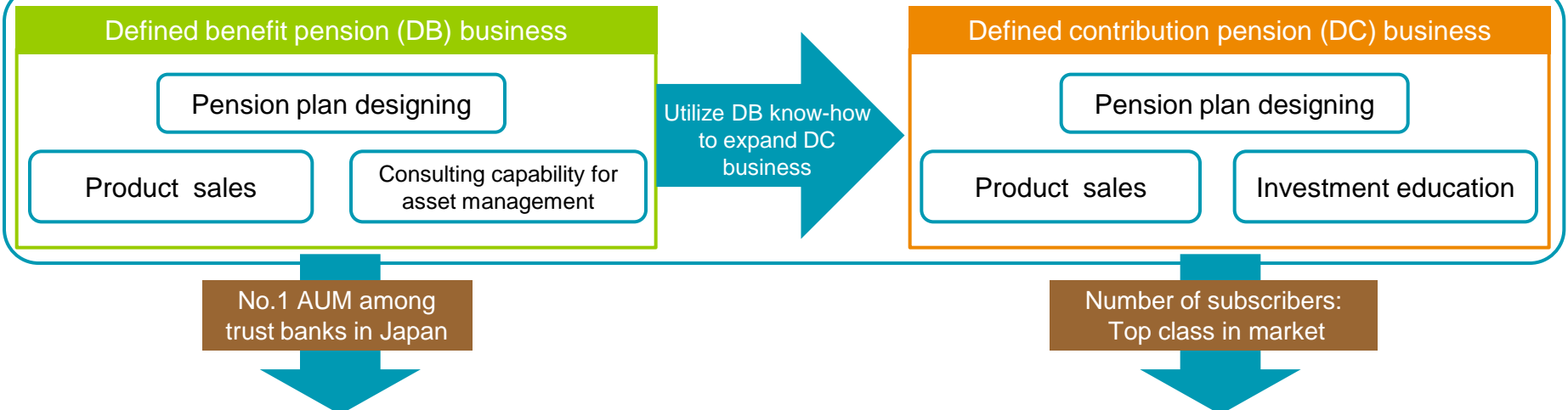
(\*2) Total trust assets of the group companies

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

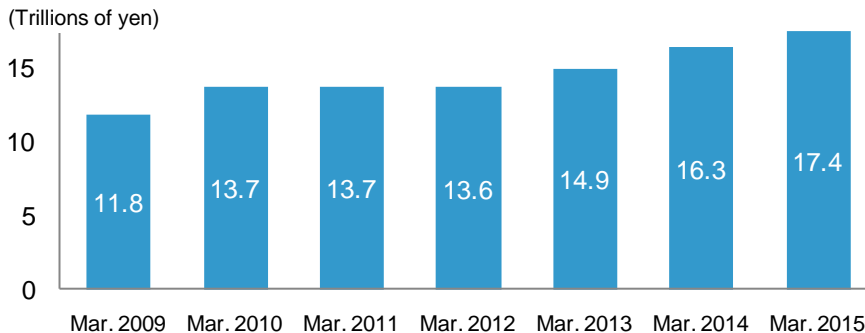
# Focus on growing fee businesses : (2) Fiduciary services

- ▶ Keep No.1 status in DB business field
- ▶ Utilizing know-how accumulated in DB business to develop strong positioning in steadily growing DC market

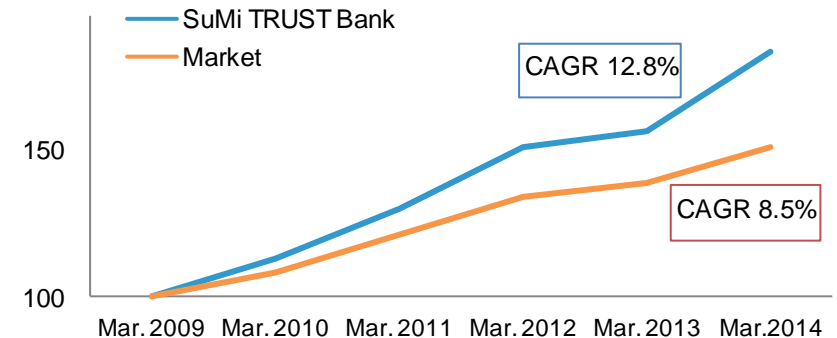
Providing One-stop services in DB / DC business (DC plan administrator / custodian)



AUM of Corporate Pension Trust



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



Mar. 2009 Mar. 2010 Mar. 2011 Mar. 2012 Mar. 2013 Mar. 2014  
 (\*) The figures of SuMi TRUST Bank is calculated based on the number of subscribers of DC pension plans operated and managed by SuMi TRUST BANK



# Focus on growing fee businesses : (2) Fiduciary services

► Increase AUM and AUC of investment trust by utilizing external entities such as regional banks and synergizing Retail services business and Fiduciary business within SuMi TRUST Bank

For customers of SuMi TRUST Bank

Increase AUM and AUC through expansion of product line up, which brings deepening of “Core and Satellite” strategy and enhancing “Satellite” management proposal capability

For customers of external entities such as regional banks

Increase AUM through expansion of sales channel other than SuMi TRUST Group: Expand channel of wrap type investment trusts, widen variety of product line-up and provide sales know-how through strategic alliances

## Business alliance with Bank of Yokohama

【October 2014】

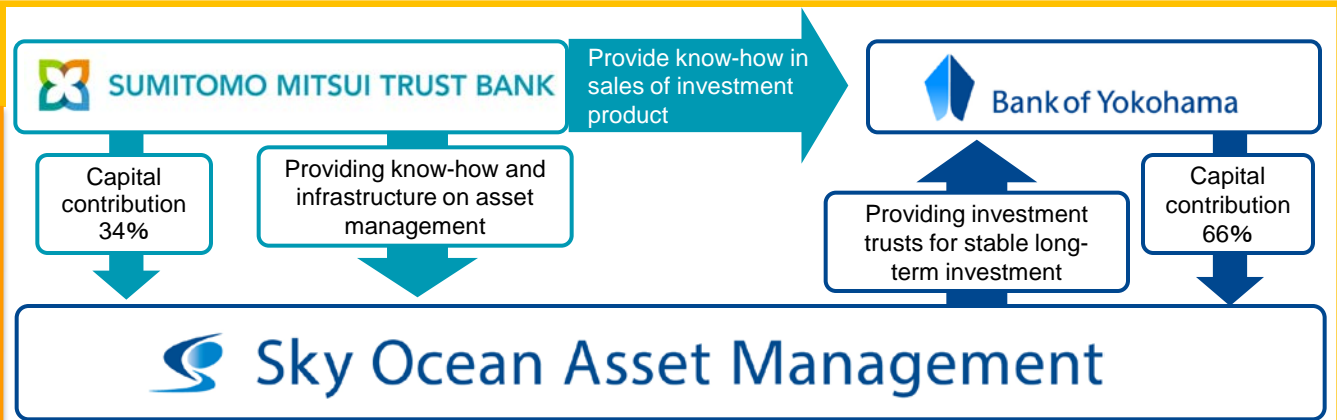
Agreement on business alliance related to asset management and sales of investment products

【April 2015】

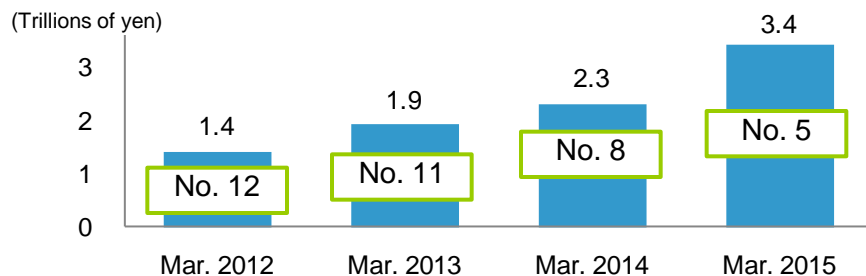
Commenced business operation of jointly established AM

【May 2015】

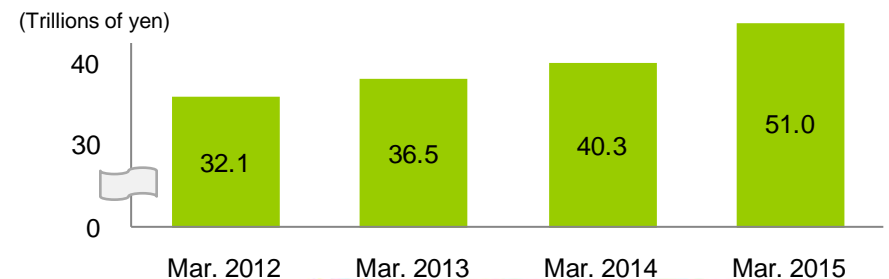
Set up first fund (planned)



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



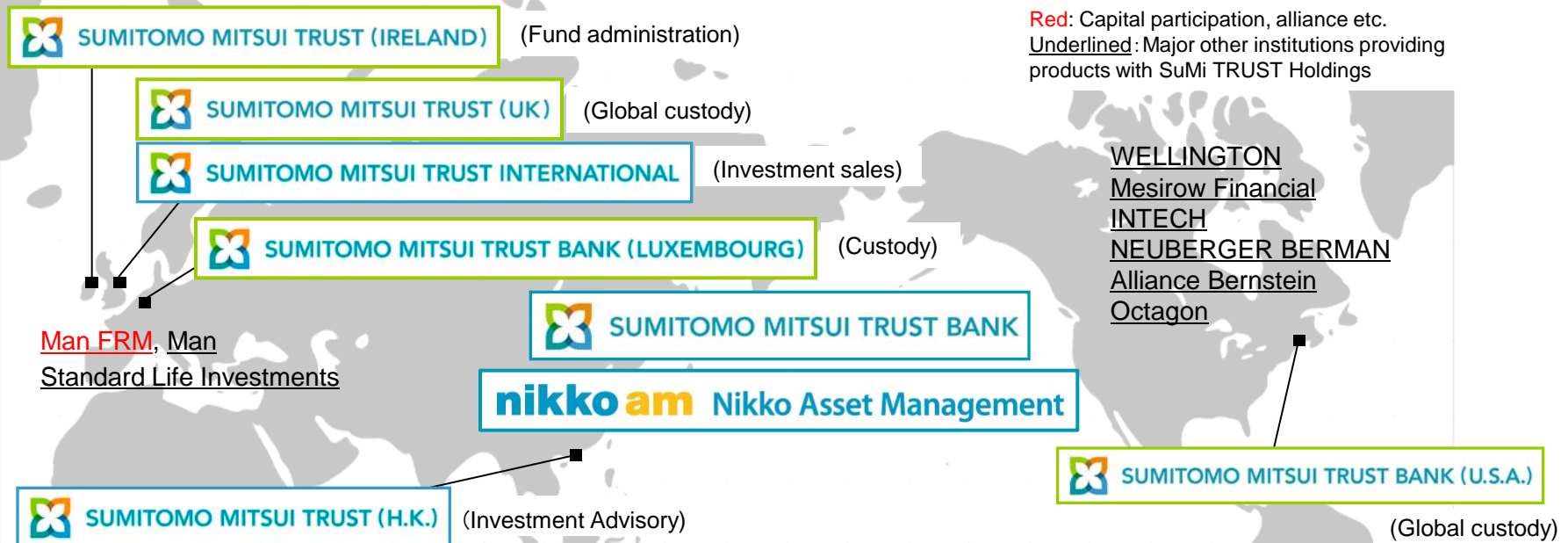
Entrusted assets from investment trust (SuMi TRUST Bank)



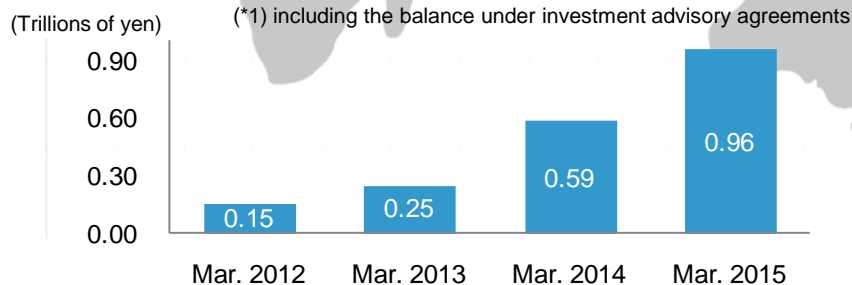
# Focus on growing fee businesses : (2) Fiduciary services

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

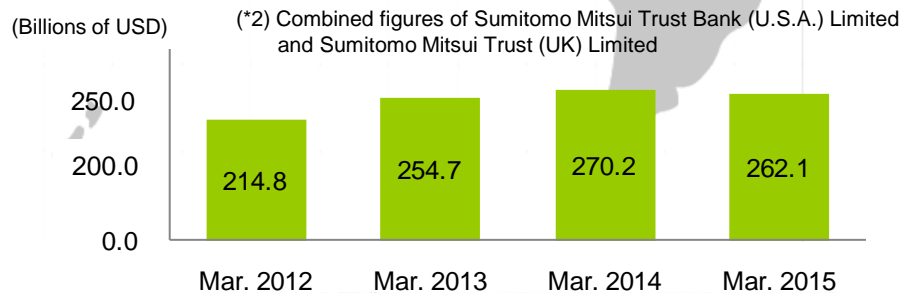
## Expansion of Fiduciary services in global market



AUM entrusted from overseas investors (SuMi TRUST Bank) (\*1)



Assets in global custody (\*2)



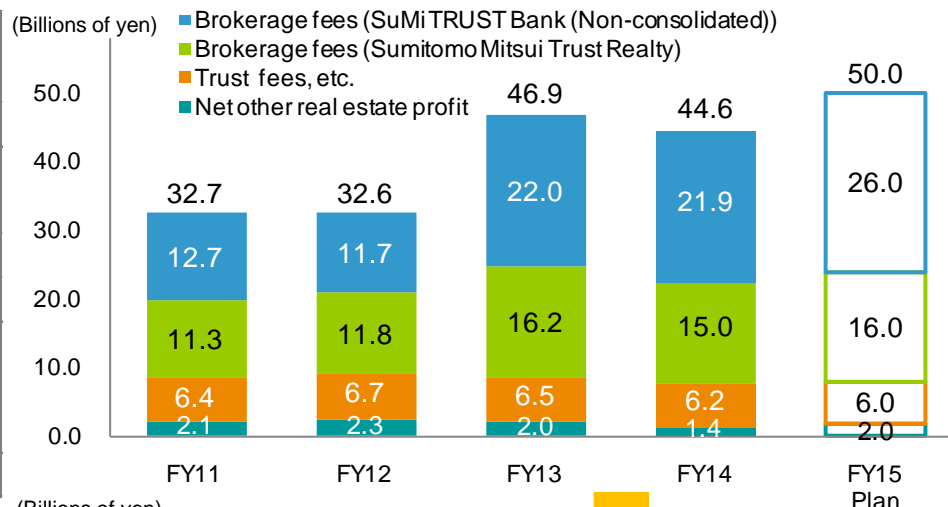
## Focus on growing fee businesses : (3) Real estate

- ▶ Real estate brokerage fees of SuMi TRUST Bank (commercial properties): Remained almost flat YoY due partly to competitions, despite increase in transaction volume
- ▶ Real estate brokerage fees of Sumitomo Mitsui Trust Realty (residential properties) returned to normalized growth trend as negative impact of last-minute surge before consumption tax hike a year ago disappeared

### Income (Group basis)

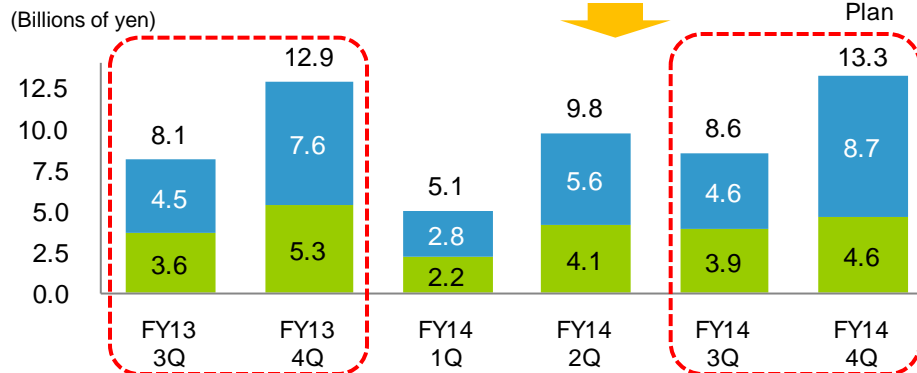
(Billions of yen)	FY2014		FY2015 Plan
		Change from FY2013	
Real estate brokerage fees	36.9	(1.3)	42.0
SuMi TRUST Bank	21.9	(0.0)	26.0
Sumitomo Mitsui Trust Realty	15.0	(1.2)	16.0
Real estate trust fees, etc.	6.2	(0.3)	6.0
Net other real estate profit	1.4	(0.5)	2.0
SuMi TRUST Bank	(0.0)	(0.0)	-
Group companies	1.5	(0.4)	2.0
Total	44.6	(2.2)	50.0
SuMi TRUST Bank	28.1	(0.4)	32.0

### Real estate brokerage fees



### Assets under management / administration

(Billions of yen)	Mar. 2015		Change from Mar. 2014
Securitized real estate	11,905.0	1,668.3	
Assets under custody from J-REITs	8,793.7	882.1	
Assets under management	841.3	107.5	
Private placement funds	447.9	110.9	
J-REITs	393.4	(3.3)	



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

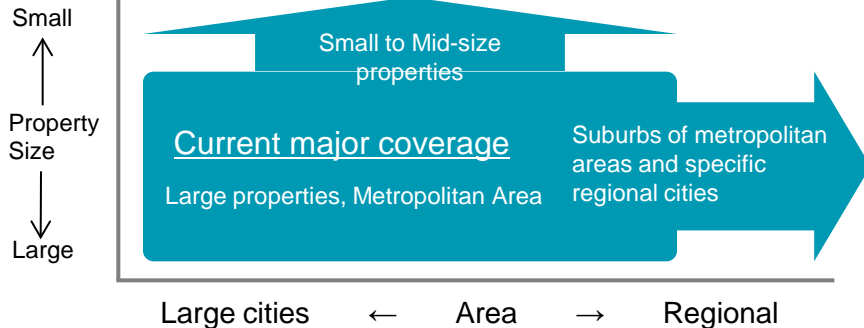
## Operating environment

- ▶ Market size recovered to pre-Lehman levels, due to increasing demand of REIT and overseas investors
- ▶ Property sales by corporations are decreasing as their financial performance improve. Decrease of potential sales properties is observed, mainly in metropolitan areas, as inventory adjustment sales by foreign funds in favorable market condition settle down

## Measures for FY2015

### Expansion of information volume

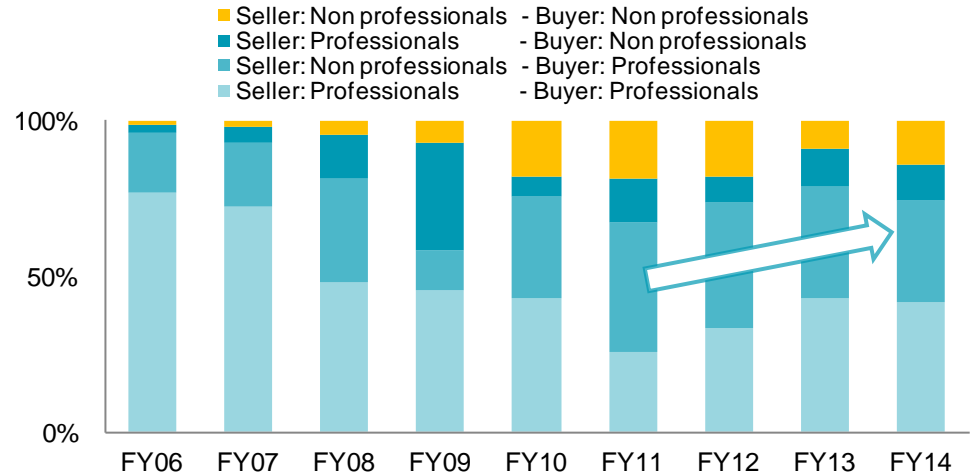
- ▶ Expand corporate customer base through collaboration with Wholesale financial service business
- ▶ Enhance sourcing capability by extending approach to SMEs by shift of sales forces
- ▶ Extend various alliance strategies by region



## Enhancement of capability for execution

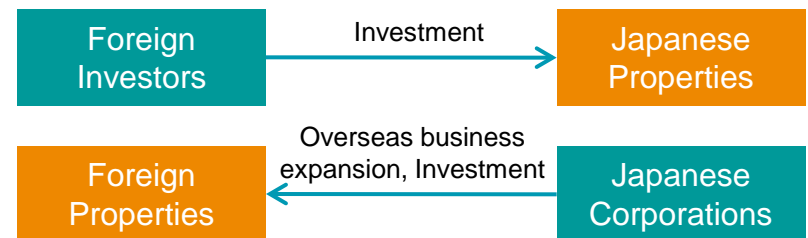
- ▶ Appropriate personnel allocation to fit clients needs
- ▶ Improving comprehensive service arrangement capability through value-added services such as construction consulting, introduction of tenants and finances

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



## Marketing for overseas investors

- ▶ Offering total solution including brokerage, asset management, custody and consulting on real estate utilizing alliance with overseas investors
- ▶ Efficient marketing by introduction of provisional customers by Knight Frank (UK)



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

## Operating environment

- ▶ Transaction volume recovered normal level as negative effects of consumption tax hike faded out in 2HFY2014
- ▶ Transaction needs for saving inheritance tax is strong since taxable persons increased significantly due to inheritance tax reform enforced in January

## Measures for FY2015

### Enhancement of synergy within SuMi TRUST Group

- ▶ Enhance sourcing capability through synergy with Retail financial services of SuMi TRUST Bank
- ▶ Develop collaboration between SuMi TRUST Bank and Sumitomo Mitsui Trust Realty to enhance marketing to current customers of SuMi TRUST Bank
- ▶ Collaborate in branch opening and renovation with SuMi TRUST Bank. 6 new branch expansions planned in FY2015

### Collaboration with partners

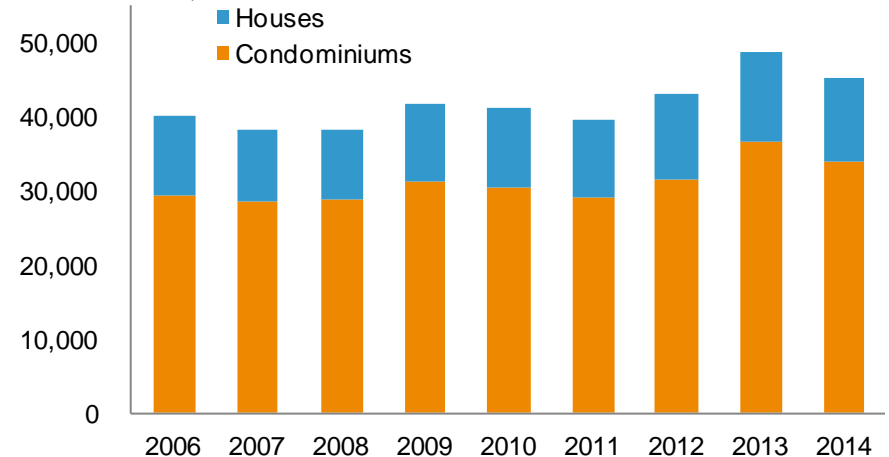
- ▶ Efficient sourcing from developers and housing makers utilizing good business relationship of SuMi TRUST Bank in real estate business
- ▶ Introduction of transactions from other business alliance partners is increasing

### Marketing for overseas investors

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

## Secondary market in metropolitan area

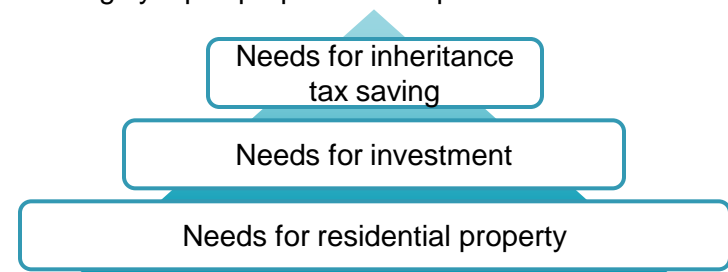
(Number of contracts)



[Source] REINS

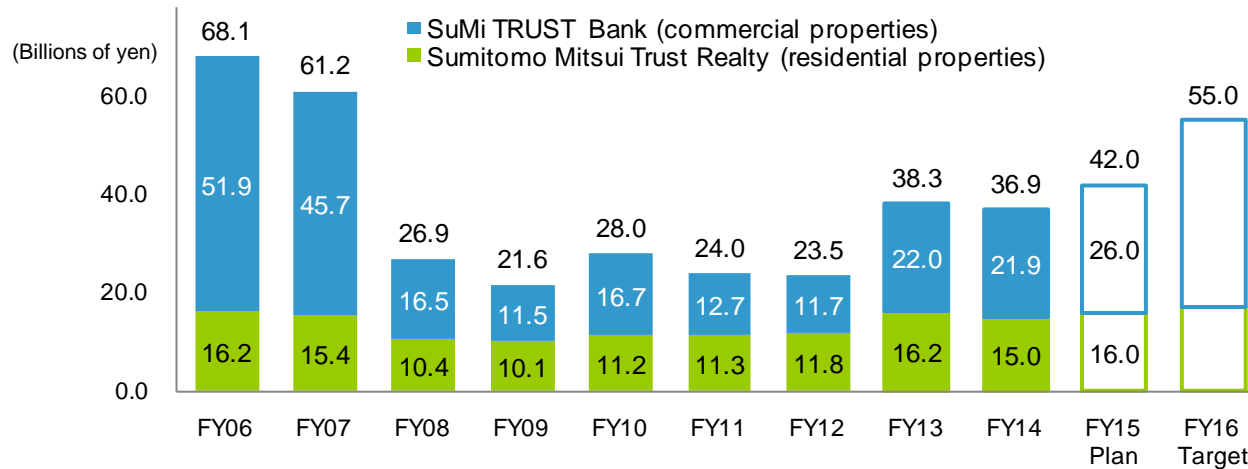
## Expansion of transaction volume originating from investment needs and inheritance tax saving needs

- ▶ Stable demand of individuals to own houses
- ▶ Real estate investment for inheritance tax saving has drawn more attention. Transaction volume of investment and highly liquid properties is expected to increase.

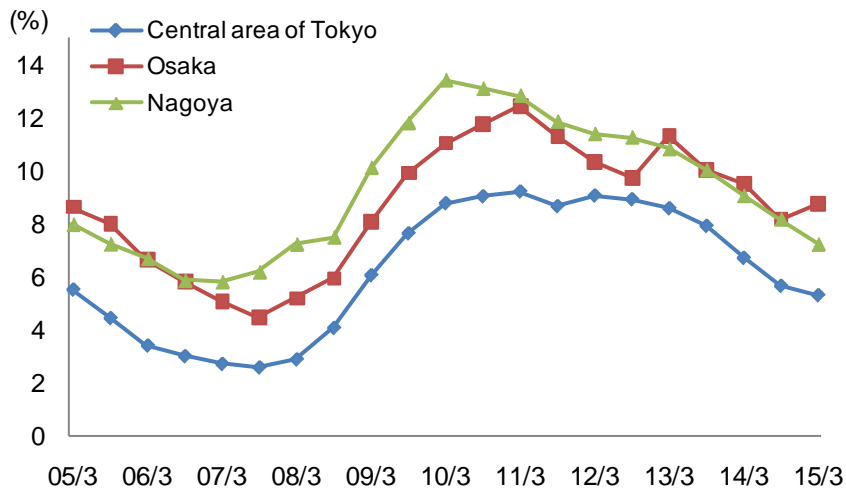


# Focus on growing fee businesses : (3) Real estate

## Real estate brokerage fees

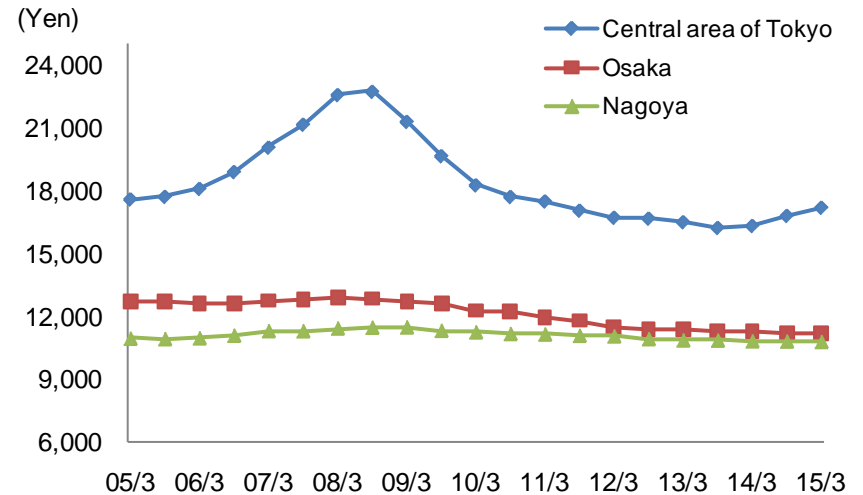


## Average Vacancy Rates (Office market)



[Source] Miki Shoji

## Average Rent (Office market)



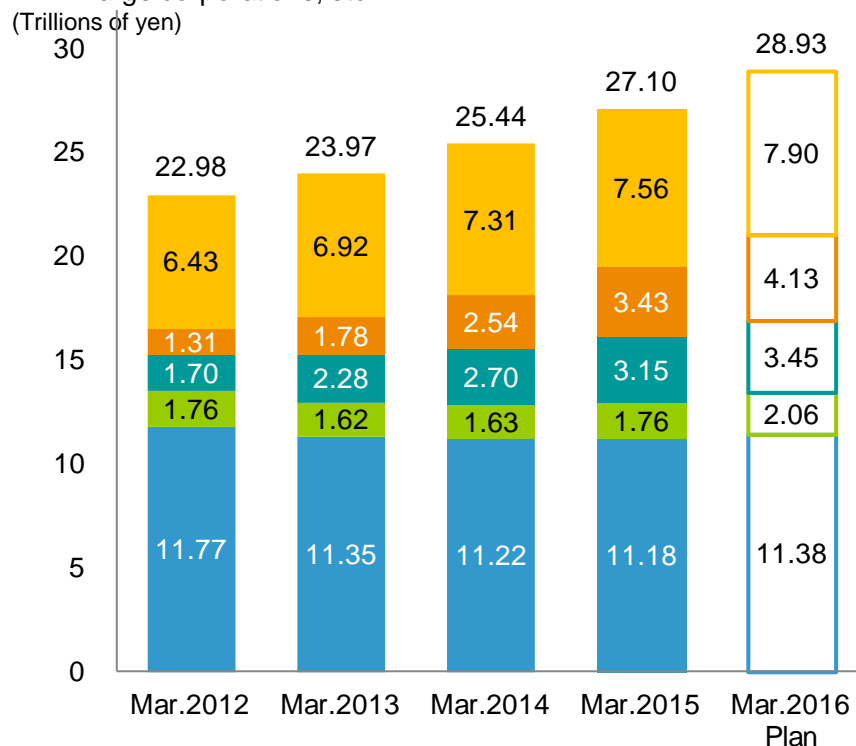
[Source] Miki Shoji

# Enhancement of fundamental earning power: Credit portfolio

- ▶ Balance of credit portfolio: UP ¥1.66tr from Mar. 2014 to ¥27.10tr due primarily to increase in overseas credit
- ▶ Focus on overseas credit and loans to individuals expecting steady cash demands as well as fields where we have expertise

## Credit portfolio

- Loans to individuals
- Overseas Japanese borrowers
- Large corporations, etc.
- Non-Japanese borrowers
- Real estate NRL, etc.



(\*) Due to the revision of definition, "Loans to individuals" as of Mar. 2015 increased by 55.9 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

### 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
- ▶ Enhance sourcing with/ through major foreign banks

### Overseas Japanese borrowers

- ▶ Credit to trading companies, finance subsidiaries of manufacturers
- ▶ Project finances and ship finances
- ▶ Expand offices and alliances mainly in Asia

### Real estate NRL, etc.

- ▶ Selectively increase transactions with foreign entities/funds who are gaining presence
- ▶ Expand REIT transactions under a good REIT market

### Large corporations, etc.

- ▶ Cash demands of domestic corporations are still slow
- ▶ Steadily capture cash demands in M&A transactions etc.

# Enhancement of fundamental earning power: Overseas credit

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

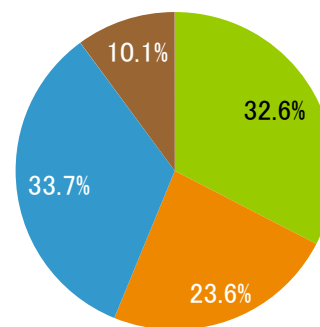
(Billions of yen)	Mar. 2014	Mar. 2015		FY2015 Plan
			Change from Mar. 2014	
Non-Japanese borrowers	2,548.6	3,436.3	887.7	+700.0
Loans	1,978.6	2,924.7	946.0	
Overseas Japanese borrowers	2,709.9	3,151.5	441.5	+300.0
Loans	2,563.9	2,979.6	415.7	
Total	5,258.5	6,587.8	1,329.2	+1,000.0
Loans	4,542.5	5,904.3	1,361.7	

USD/JPY 102.90 120.18 17.28

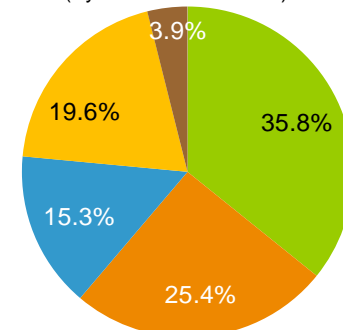
Note: In addition to the above, there are acceptance and guarantee, etc.  
Mar. 2015: ¥35.1bn [ ¥(10.3)bn from Mar. 2014 ]

## Overseas borrowers by location

Non-Japanese borrowers  
(By location of final exposure)



Japanese borrowers  
(By borrower's location)



Legend for both charts:  
■ Asia and Oceania ■ North America ■ Europe ■ Others ■ Latin America

## Strategy for credit expansion to overseas Japanese borrowers

- ▶ Enhancement of support to Japanese corporations' overseas business mainly in Asia, through expansion of our branch and subsidiaries network and alliance with prominent regional banks

### Enhancement of coverage through our expanding network

- ▶ Establishment of bank subsidiary in Thailand (Planned to commence business in 2015)
- Largest manufacturing location of Japanese companies in South-East Asia
- Benefitting from economic growth as center of Greater Mekong Sub-region in ASEAN Economic Community

### Alliance with prominent regional banks and Reliance Group

- ▶ Support to Japanese companies, such as local currency denominated loans and finding M&A opportunities, through alliance with DBSI (Indonesia) and BIDV (Vietnam)
- ▶ Reliance Group: Utilizing financial services of financial conglomerate in India, capture loan needs of Japanese corporations



# Enhancement of fundamental earning power: Overseas credit

## Strategy for credit expansion of non-Japanese borrowers

- ▶ Enhancement of field where we have edge developed in Japanese market, such as project finance, ship finance, aircraft finance, real estate NRL, etc., and area expansion of these products
- ▶ Expansion of bilateral loans to quasi-sovereign and blue chip corp mainly in Asia, benefitting from rapid growth in region
- ▶ Further enhancement of sourcing, utilizing information network of foreign FIs, funds and alliance partners

### Europe

Project finance

Ship finance

Aircraft finance

Real estate NRL

Commodity finance

### Asia/Oceania

Quasi-sovereign

Blue chip corporation

Infrastructure finance  
(Electric, oil, water, etc)

Project finance

Ship finance

Aircraft finance

Real estate NRL

### America

Project finance

CLO(Senior)

High Yield Loan

Credit to funds

Utilize relationship with foreign major financial institutions, and function and network of alliance partners

AXA (France)

Crédit Agricole (France)

DBSI (Indonesia)

BIDV (Vietnam)

CTBC (Taiwan)

DBS (Singapore)

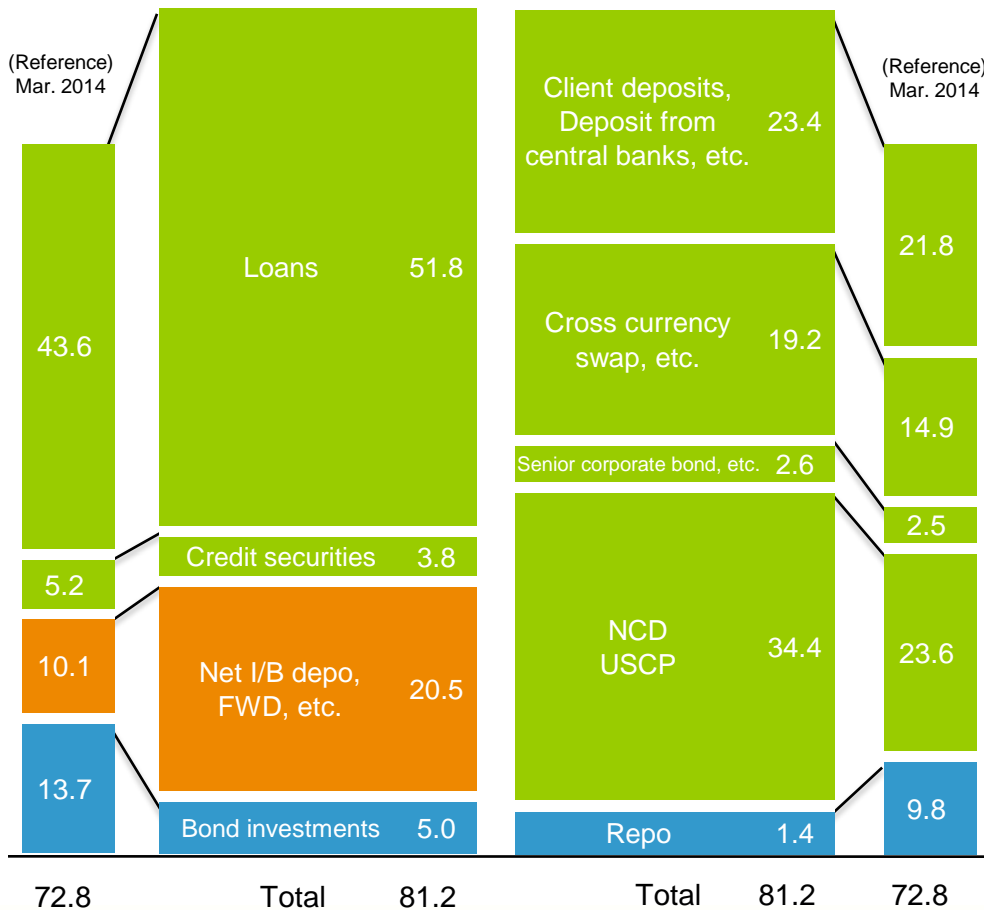
Reliance Group (India)

Hana Financial Group (Korea)

# 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 USD20.0bn of excess cash for investment resulting from surplus in short term funding

Foreign currency B/S (as of Mar. 2015) (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 ¥ 220.5bn YoY to ¥935.7bn  
Negative effect from consumption tax hike decreased but new condominium supply is weak due to rise in construction cost, and overall weak mortgage demand continues
- ▶ Balance of loans to individuals: UP ¥247.4bn affected by decrease in advanced amount and securitization

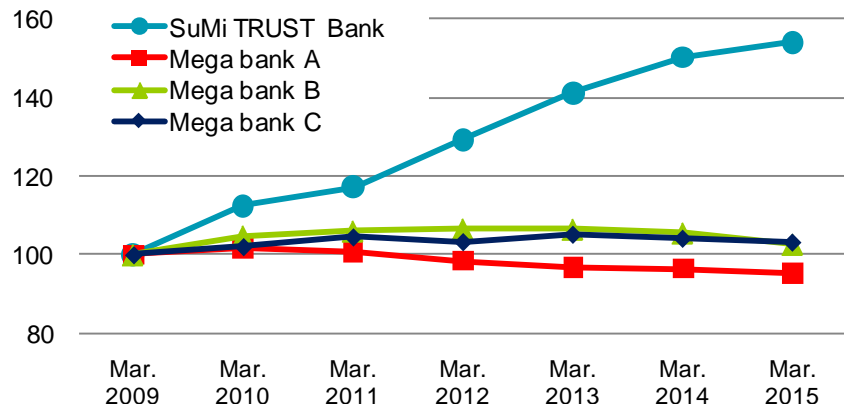
## Balance and advanced amount (Non-consolidated)

(Billions of yen)	FY2013	FY2014	Change	FY2015 Plan
	Advanced amount of loans to individuals	1,156.3		935.7
Residential mortgage loans	1,074.0	832.1	(241.9)	1,000.0

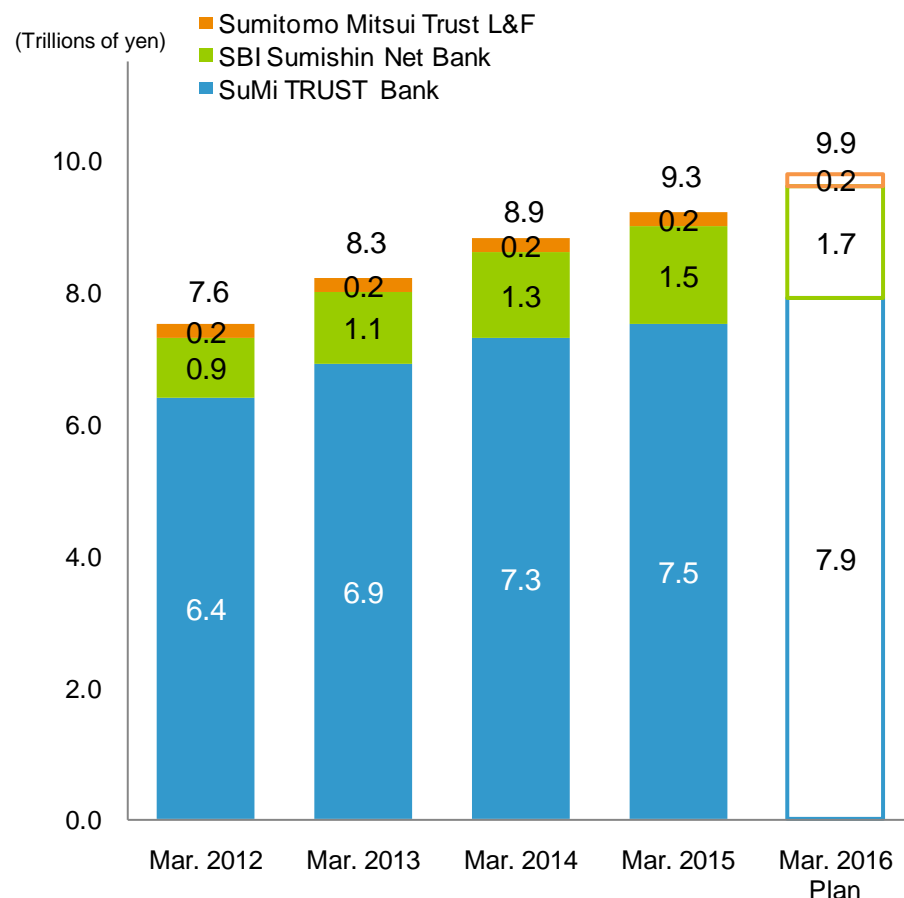
(Billions of yen)	Mar. 2014	Mar. 2015	Change	Mar. 2016 Plan
	Balance of loans to individuals	7,316.7		7,564.2
Residential mortgage loans	6,897.6	7,076.2	178.6	7,400.0

(Note) Regarding the data as of Mar. 2015, the definitions of "Loans to individuals" and "Loans to corporations" were partially revised for the purpose of better description. As a result, the balance of "Loans to individuals" as of Mar. 2015 increased by 55.9 billion yen compared with the figure under the previous definition, while the balance of "Large corporations, etc." decreased by the same amount.

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



## Balance of loans to individuals



[Source] Disclosure documents

# 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 transactions through SBI Sumishin Net Bank as agent and Flat 35 to cover broader customer segments, taking into account uncertain market environment

## Strategy for each customer segment

SuMi TRUST Bank

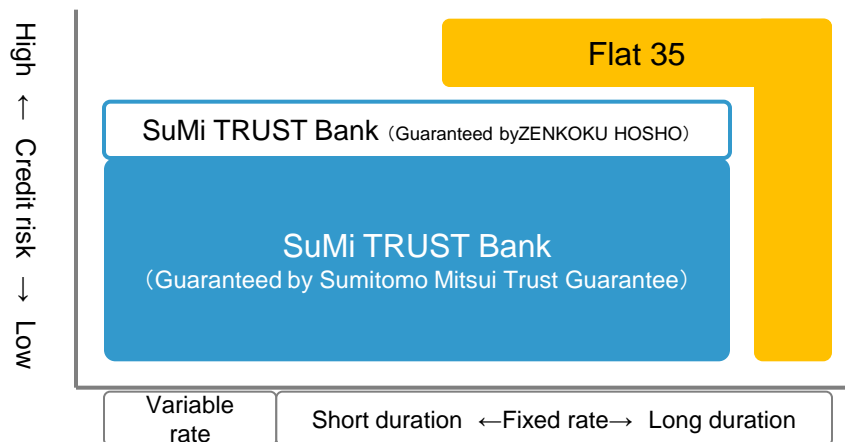
- Expansion of coverage utilizing ZENKOKU HOSHO as third party guarantor
- Enhancement of agency function of SBI Sumishin Net Bank

Flat 35

- Expand coverage to fixed rate and long duration mortgage customers
- Fee income from customers of whom we did not have full coverage

Further growth of mortgage business through expansion of customer base by increased line-up of mortgage services

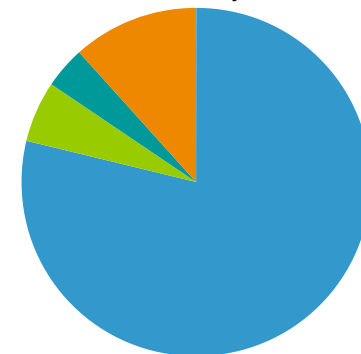
## Image of customer segment coverage in mortgage business



## Efficient sales structure through route sales channel and website

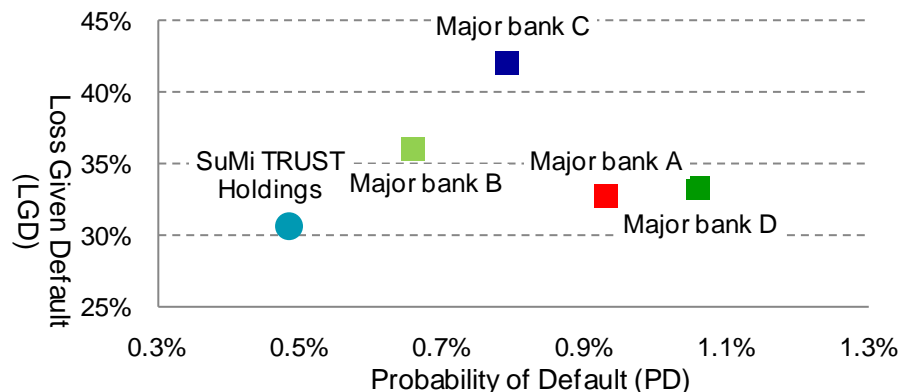
[Residential mortgage loan transactions by channel]

- Route sales channel
- Website
- Corporate / Business relationship
- Over the counter, etc.



## Acquiring quality clients with low credit costs

[PD / LGD comparison of residential mortgage loan]

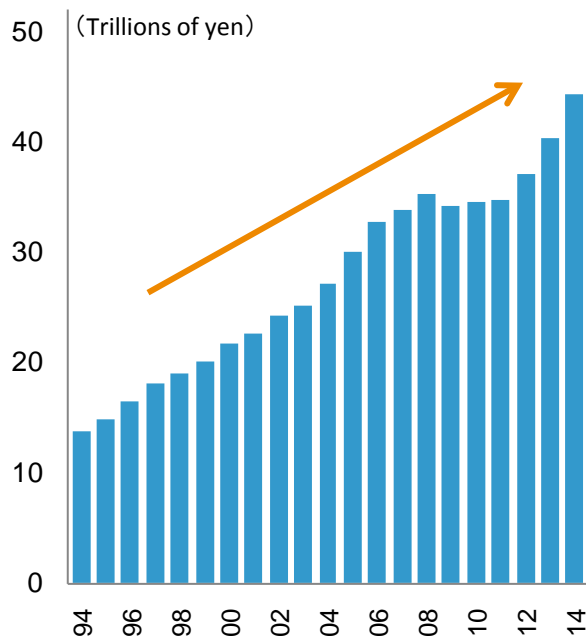


# (Reference) Acquisition of shares of Citi Cards Japan

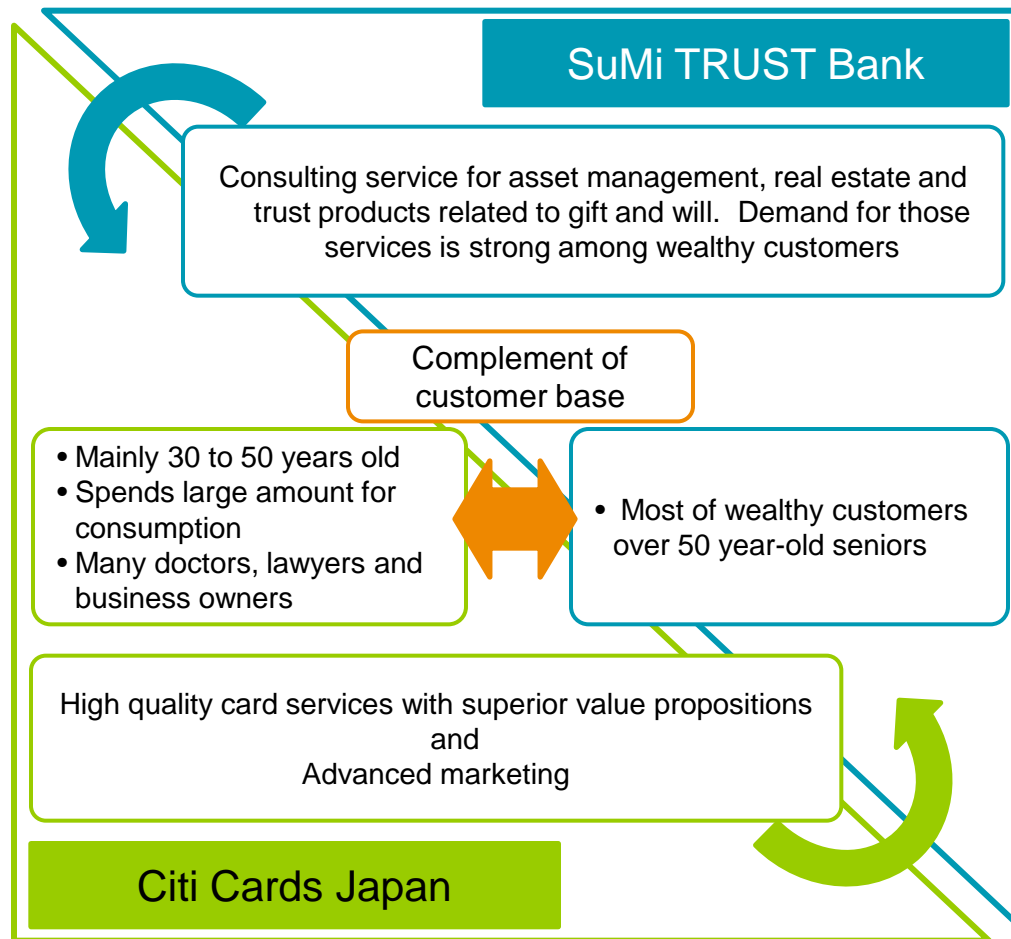
- ▶ Agreed with Citi Group to acquire 100% of issued shares of Citi Cards Japan on March 31, 2015.  
Transfer of the shares is planned by the end of year 2015
- ▶ Enhance credit card business which is expected to show high growth, utilizing “Diners” brand
- ▶ Obtain premier customer base which complements our current one. Aim at synergy effect

**Citi Cards Japan**  
 Approx 743 thousand customer accounts  
 Exclusive issuer of Diners Club cards in Japan

**Handled amount by Credit Card Industry**  
 Over 44 trillion yen in 2014  
 Expanded over 3.2 times in 20 years



【Source】 Ministry of Trade, Economy and Industry



# Status of capital, financial and capital policies

# Capital

- ▶ Common Equity Tier 1 capital ratio (Consolidated): UP 0.96 percentage points from Mar. 2014 to 10.28% due to steady increase of capital and the introduction of AIRB (Advanced Internal Rating-Based approach) for measurement of credit risk, which reduced risk assets to same level as Mar. 2014.
- ▶ Common Equity Tier 1 capital ratio (Consolidated, Fully-loaded basis, pro forma): UP 2.45 percentage points from Mar. 2014 to 10.89%, securing our initial target of approx. 10%

## < Capital and total risk-weighted assets >

(International standard) (Consolidated)

(Billions of yen)	Mar. 2014	Mar. 2015 Preliminary	Change
Total capital ratio	14.78%	15.57%	0.79%
Tier 1 capital ratio	10.83%	11.45%	0.62%
Common Equity Tier 1 capital ratio	9.32%	10.28%	0.96%
Total capital	2,791.6	2,938.2	146.6
Tier 1 capital	2,045.8	2,160.6	114.8
Common Equity Tier 1 capital	1,760.1	1,939.8	179.6 (1)
Instruments and reserves	1,841.1	2,070.2	229.0
Regulatory adjustments	(80.9)	(130.3)	(49.3)
Additional Tier 1 capital	285.6	220.8	(64.8)
Tier 2 capital	745.8	777.5	31.7
Total risk-weighted assets	18,884.5	18,868.4	(16.0)
Credit risk	17,694.0	17,641.5	(52.5) (2)
Market risk	369.6	380.1	10.5
Operational risk	820.8	846.7	25.9
Floor adjustment	-	-	-

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

Common Equity Tier 1 capital ratio	8.44%	10.89%	2.45%
Common Equity Tier 1 capital	1,571.8	2,040.0	468.1
Total risk-weighted assets	18,621.5	18,727.1	105.5

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

## < Major factors of change in capital >

### (1) Common Equity Tier 1 capital: +¥179.6bn

- Net income: +¥159.6bn
- Valuation on Available-for-Sale Securities: +¥156.2bn
- Dividends and repurchase of own shares: ¥(65.3)bn

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

### (2) Credit risk: ¥(0.0)tr

- Introduction of AIRB: ¥(1.9)tr
- Increase in balance of foreign-currency-denominated loan and real estate NRL, etc.: +¥0.9tr
- Expiration of transitional arrangement for risk-weighted assets on stocks, and increase in market value of stocks: +¥0.7tr

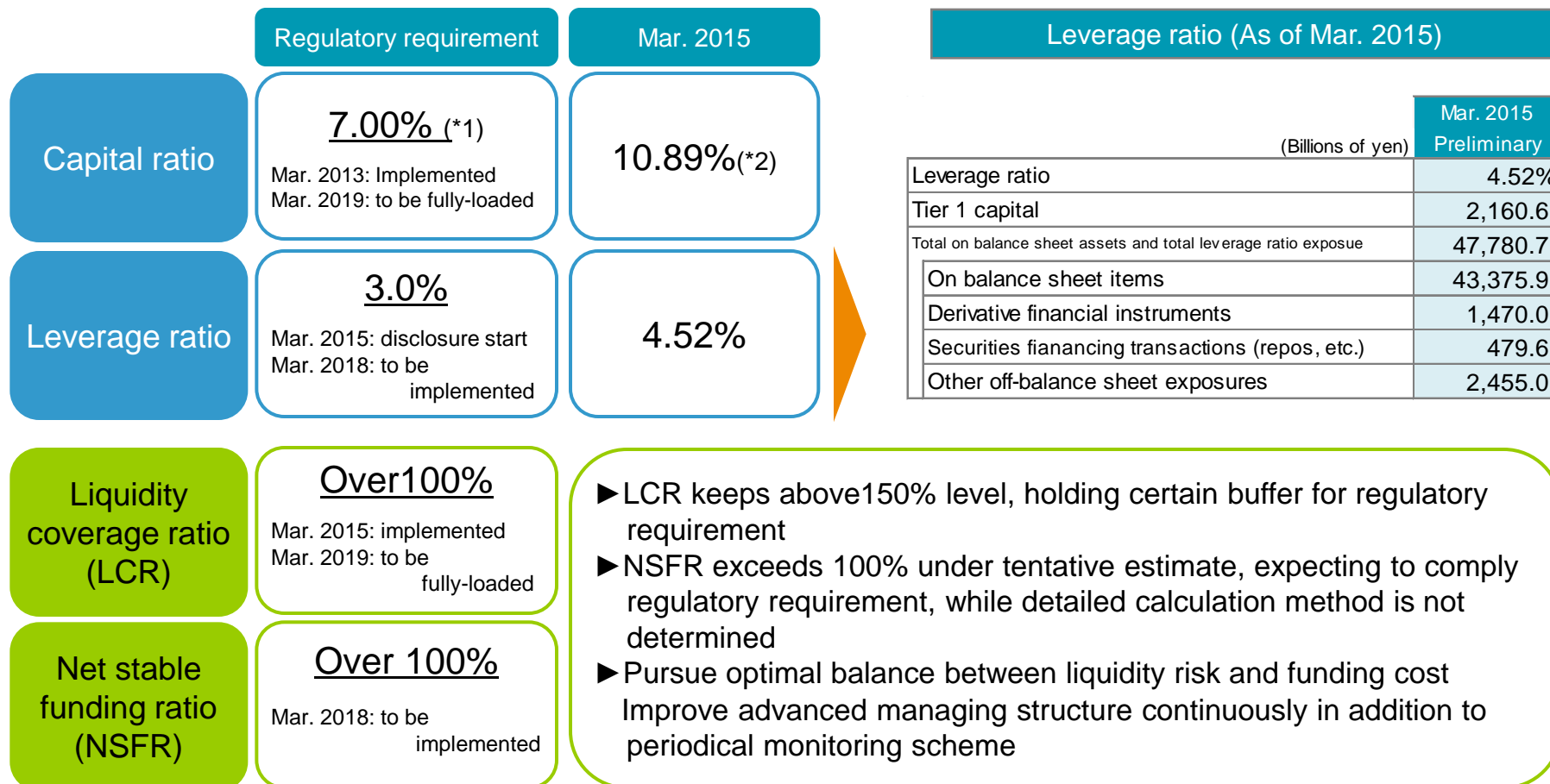
## < Effect of introduction of AIRB > (\*)

- Common Equity Tier 1 capital: +¥33.0bn [+0.18%]
  - Credit Risk: ¥(1.9)tr [+1.02%]
- (\*) Fully-loaded basis (pro-forma)

(Billions of yen)	Mar. 2015 Pro forma	Ratio to RWA	Change from Mar. 2014
Common Equity Tier 1 capital (CET1)	2,040.0	10.89%	468.1
Instruments and reserves	2,365.9	12.63%	389.0
Directly issued and qualifying capital plus retained earnings	1,835.0	9.79%	64.1
Accumulated other comprehensive income	529.6	2.82%	326.0
Regulatory adjustments	(325.9)	(1.74%)	79.0

# Capital: Compliance with Basel III

- ▶ Steadily improve each capital ratio by accumulating retained earnings and efficient control of risk-weighted assets
- ▶ Control fluctuation of capital through steady reduction of cross shareholdings
- ▶ Continue establishing advanced managing structure to pursue most appropriate balance between liquidity risk and funding cost considering implementation of regulatory liquidity requirements



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



# 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

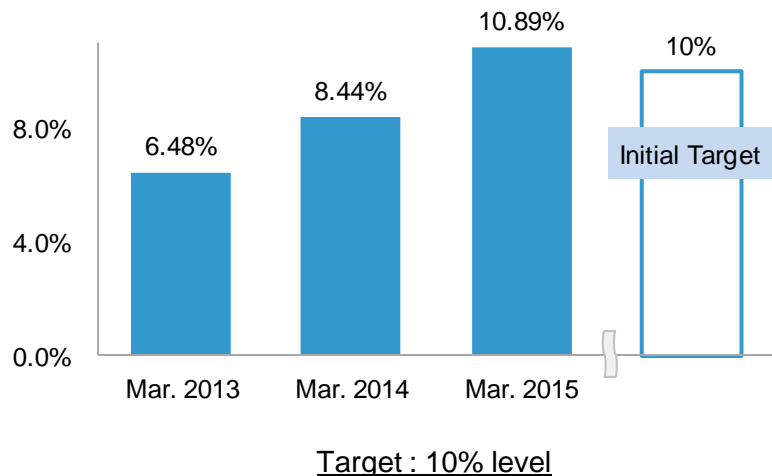
<Reduction target>  
Approximately 50 to 100 billion yen in 3 years starting from FY2014  
  
Appropriately manage volatility risk of economic value with index bear fund

## Policy on shareholder return

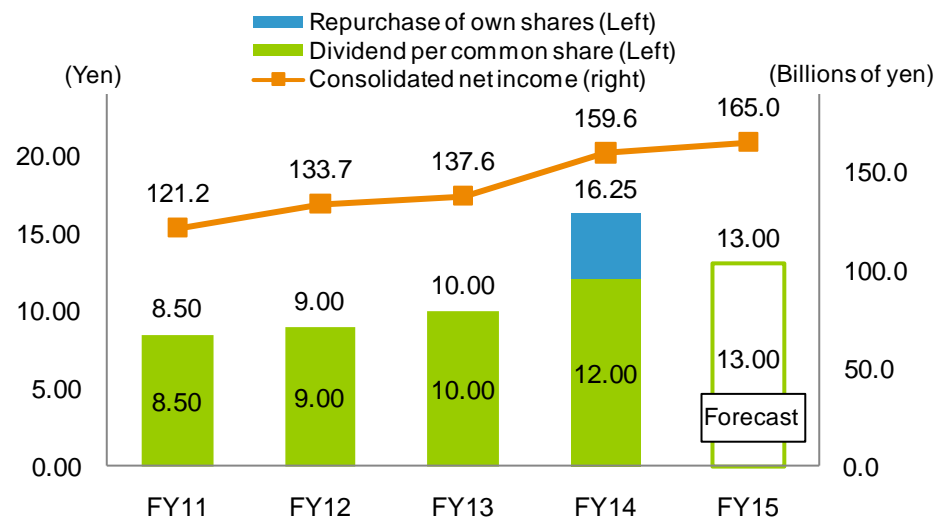
SuMi TRUST Holdings shall share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns

# Financial and capital policies: Major indicators

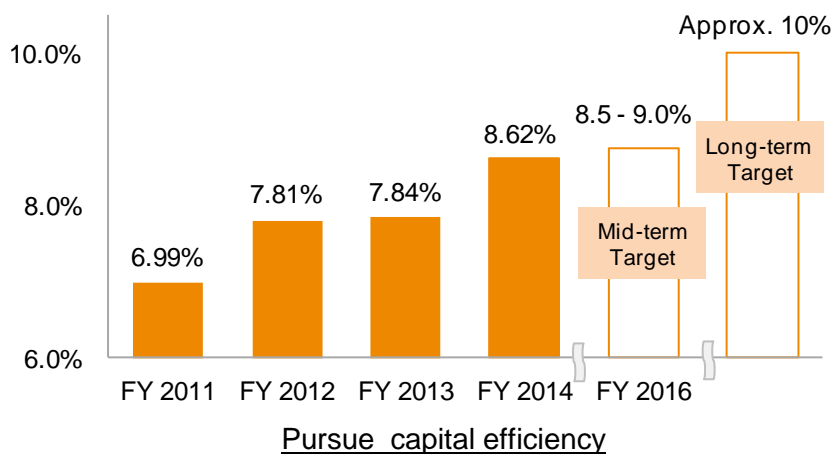
## Common Equity Tier 1 capital ratio (Fully-loaded basis)



## Net income and shareholder return per share (\*1, \*2, \*3, \*4)



## Return on shareholders' equity (\*1)



(\*1) Referring to common shares

(\*2) For FY2011, consolidated net income excluding amortization of negative goodwill from share exchange

(\*3) Exclude repurchase of own shares (¥199.5bn) due to repayment of public funds in FY2012

(\*4) Shareholder return per share in repurchase of own shares is based on following formula:  
 (Total amount of repurchase) / (total number of shares in issue (excluding treasury stock) as of fiscal year end)

## Repurchase/Acquisition of own shares (FY2014)

### Common Stock

39,000,000 shares  
 Repurchased 1% of total number of shares in issue during Jan. and Feb. 2015 to improve shareholder returns as well as capital efficiency  
 (Total amount of repurchase: ¥16.4bn)

### Preferred Stock

First Series of Class VII Preferred Stock  
 109,000,000 shares  
 Repurchased and cancelled all shares in Oct. 2014  
 (Total amount of acquisition ¥109.0bn)  
 Contributed improvement of EPS by reduction of dividend (¥4.6bn)

# Corporate governance

# Initiatives for strengthening corporate governance

## Basic Policy on Corporate Governance

### Raising ratio of external directors on the board and increasing number of external directors

- ▶ Operate in principle with a ratio of independent external directors of at least one third of the members of the board
- ▶ Discuss appointment of two new external directors at an ordinary general meeting of shareholders planned to be held in June

### Establishment of voluntary advisory committees in which external officers participate

- ▶ Establish a “Nominating and Compensation Committee” and an “Audit Committee” voluntarily as advisory bodies to the board
- ▶ Aim to further ensure management transparency and appropriateness of processes when deciding important matters regarding nomination and compensation of directors/corporate auditors and internal audits

#### Nominating and Compensation Committee

- < Main advisory matters >
  - ▶ Nomination of candidates for directors and corporate auditors
  - ▶ Independence standards of independent external officers
  - ▶ Remuneration structure for directors and corporate auditors
  - ▶ Other important matters regarding directors and corporate auditors
- < Members >
  - ▶ In principle, the majority of members will be external directors

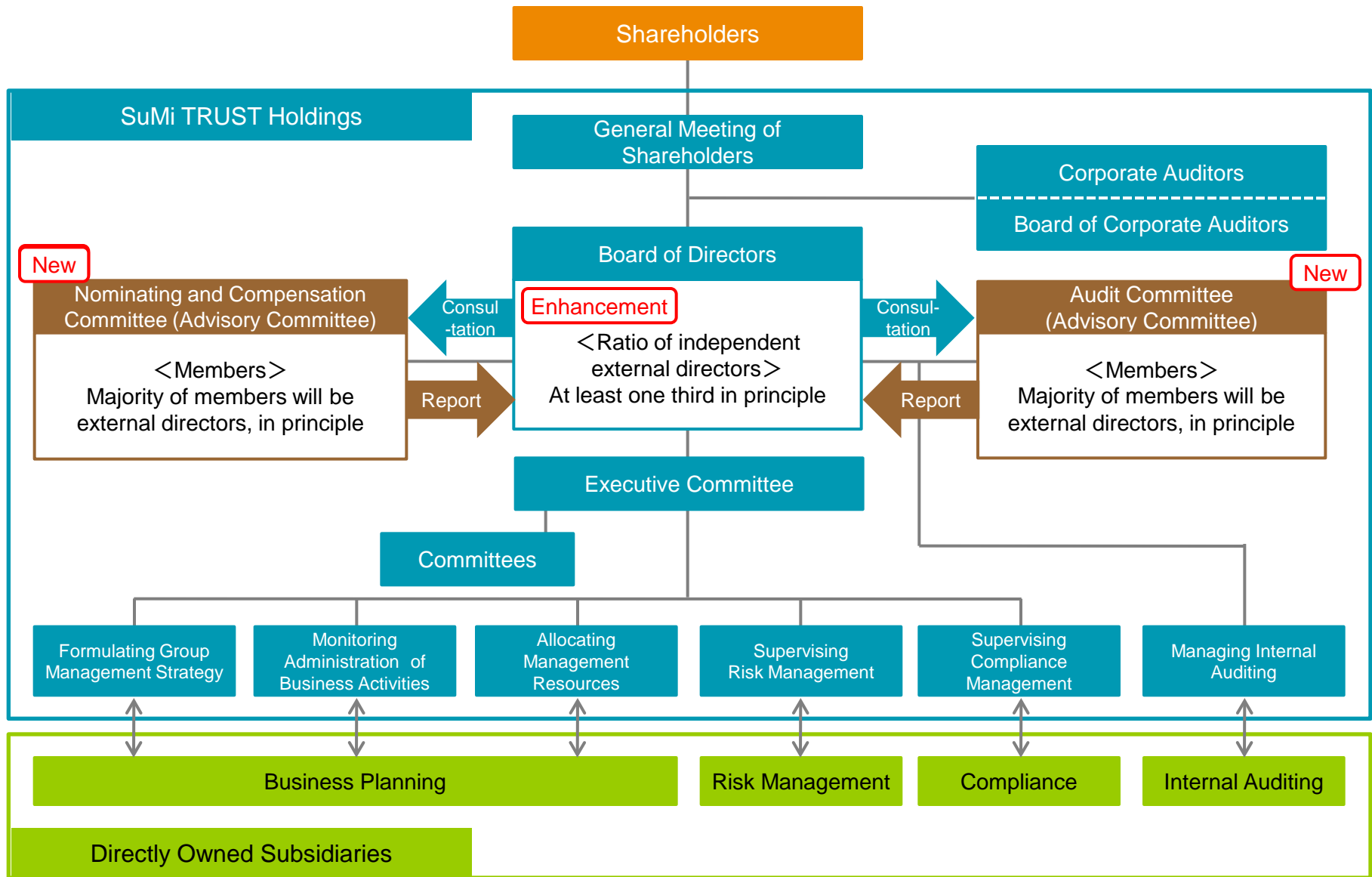
#### Audit Committee

- < Main advisory matters >
  - ▶ Internal audit plans
  - ▶ Other important matters regarding internal audits
- < Members >
  - ▶ In principle, the majority of members will be external directors

### Formulation of independence standards for independent external officers

- ▶ Disclose standards for stakeholders to confirm independence of external officers objectively
- ▶ Incumbent external officers and external officer candidates at ordinary general meeting of shareholders all satisfy these standards

# (Reference) Corporate governance system of SuMi TRUST Group

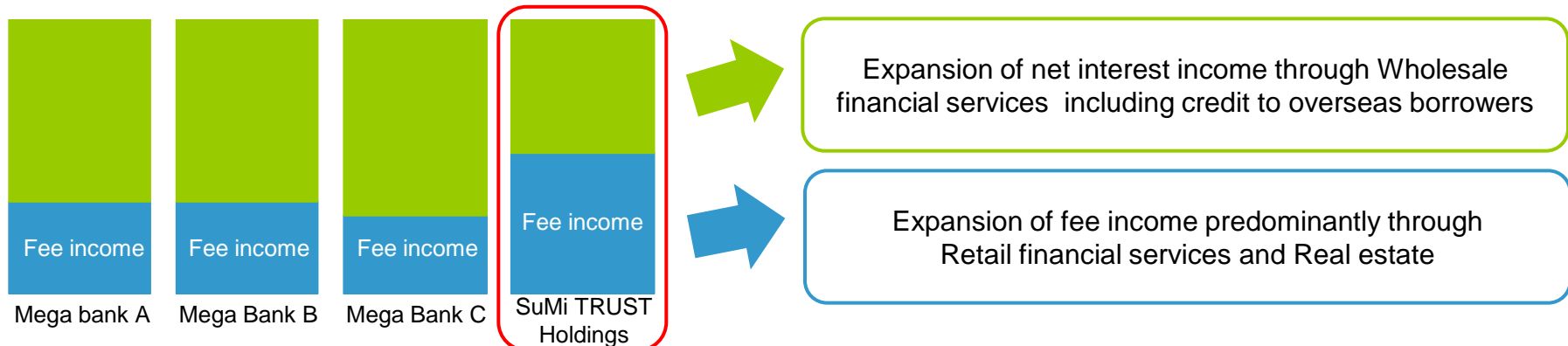


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# Progress of Midterm Management Plan

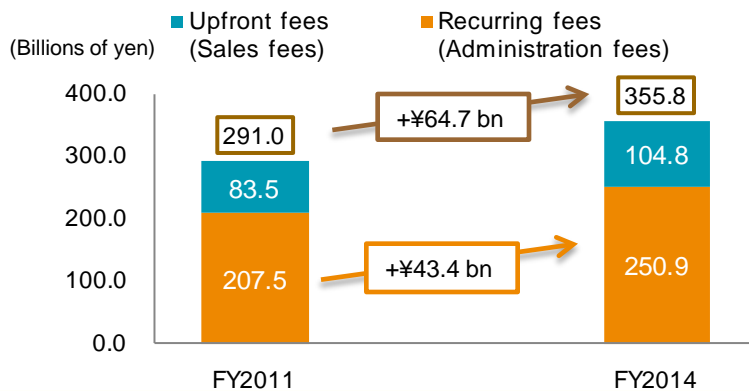
# Overview of midterm business strategy

- ▶ Pursuit of maximization of revenue through expansion of both banking and fee income
- ▶ Made steady progress in both areas compared with FY2011 when management integration was executed, and contributed to stable profit



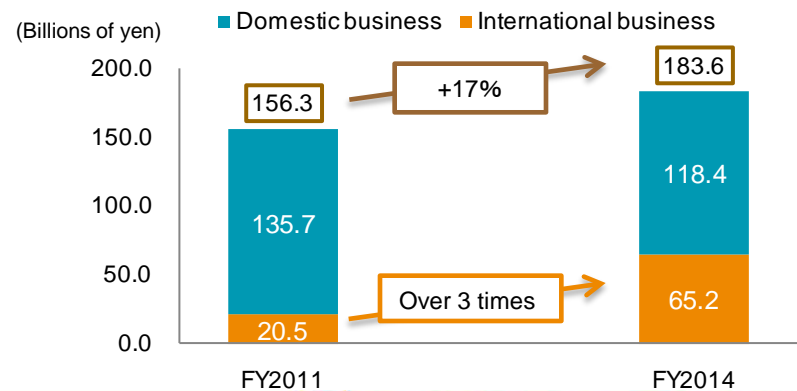
## Expansion of fee income

- ▶ Fee income increased ¥64.7bn from FY2011
- ▶ Growth of recurring fees which are stable earning source exceeded that of upfront fees



## Expansion of banking income (loan-deposit income)

- ▶ Driven by growth of overseas credit, increase in loan-deposit income of international business covered decrease in that of domestic business, and achieved overall growth of loan-deposit income
- ▶ Ratio of loan-deposit income of domestic business to gross business profit decreased by approx. 4% to 24% from FY2011





# Progress toward midterm revenue and financial targets

- ▶ Good start in FY2014 with more than 10% increase from FY2013 both in net business profit before credit costs and net income
- ▶ Kept above 50% fee income ratio and steadily decreased OHR toward target achievement

<Consolidated>	< First year of Midterm Management Plan >			< Final year of Midterm Management Plan >		CAGR		
	FY2013 Actual	FY2014 Actual	Change from FY 2013	FY2015 Forecast	Change from FY 2014		FY2016 Target	Change from FY 2013
(Billions of yen)								
Net business profit before credit costs	285.8	316.7	30.8	315.0	(1.7)	355.0	69.1	7.4%
Net income	137.6	159.6	21.9	165.0	5.3	180.0	42.3	9.3%
Fee income to gross business profit ratio	53.0%	51.6%	(1.4%)			50% or above		Long-term target
Return on shareholders' equity	7.8%	8.6%	0.8%			8.5-9.0%		Approx. 10%
<Non-consolidated>								
Net business profit before credit costs	211.8	245.7	33.8	245.0	(0.7)	270.0	58.1	8.4%
Net income	116.0	130.5	14.5	130.0	(0.5)	145.0	28.9	7.7%
Overhead Ratio (OHR)	54.1%	50.3%	(3.8%)			45-50%		
<Assumption>	Mar. 2014 Actual	Mar. 2015 Actual				Mar. 2017 Assumption		
3M Tibor	0.21%	0.18%				0.25%		
10 year JGB	0.64%	0.40%				1.15%		
Nikkei 225 (yen)	14,827	19,206				16,000		

# Progress toward midterm revenue target (details)

- ▶ Retail financial services: Steady growth due to investment trust and insurance sales
- ▶ Wholesale financial services: Higher growth than expected by increase in overseas credit and yen depreciation
- ▶ Real estate: Kept mid-term growth trend despite rather slow revenue growth in brokerage for commercial properties

<Consolidated>	< First year of Midterm Management Plan >			< Final year of Midterm Management Plan >		CAGR		
	FY2013 Actual	FY2014 Actual	Change	FY2015 Forecast	Change from FY2014		FY2016 Target	Change from FY2013
(Billions of yen)								
Net business profit before credit cost	285.8	316.7	30.8	315.0	(1.7)	355.0	69.1	7.4%
Total credit costs	9.1	19.3	10.1	(20.0)	(39.3)	(40.0)	(49.1)	
Net income	137.6	159.6	21.9	165.0	5.3	180.0	42.3	9.3%
<Non-consolidated>								
Net business profit before credit cost	211.8	245.7	33.8	245.0	(0.7)	270.0	58.1	8.4%
Gross business profit	461.5	494.2	32.6	485.0	(9.2)	510.0	48.4	3.3%
Retail financial services	144.0	150.2	6.2	155.0	4.7	165.0	20.9	4.6%
Wholesale financial services	121.0	128.0	7.0	125.0	(3.0)	130.0	8.9	2.4%
Stock transfer agency services	29.4	28.4	(0.9)	29.0	0.5	30.0	0.5	0.6%
Real estate	28.5	28.1	(0.4)	32.0	3.8	45.0	16.4	16.3%
Fiduciary services	91.3	93.1	1.7	94.0	0.8	93.0	1.6	0.5%
Global markets	85.0	97.0	11.9	85.0	(12.0)	90.0	4.9	1.8%
General and administrative expenses	(249.7)	(248.5)	1.1	(240.0)	8.5	(240.0)	9.7	(1.3%)
Total credit costs	7.6	18.1	10.5	(20.0)	(38.1)	(35.0)	(42.6)	
Net income	116.0	130.5	14.5	130.0	(0.5)	145.0	28.9	7.7%

(\*) Before deducting fees paid for outsourcing (Stock transfer agency services, Fiduciary services)

# Major KPI

## Growth indication

< First year of Midterm  
Management Plan >

< Final year of Midterm  
Management Plan >

		FY2013 Actual	FY2014 Actual	FY2016 Target
"Wrap Selection"	Balance	¥ 480.0bn	¥ 1.23tr	¥ 1tr
Mortgage loan	Balance	¥ 6.8tr	¥ 7.0tr	¥ 8.4tr
Credit to Overseas Japanese borrowers	Balance	¥ 2.7tr	¥ 3.1tr	¥ 3.2tr
Credit to non- Japanese borrowers	Balance	¥ 2.5tr	¥ 3.4tr	¥ 4.1tr
Real estate brokerage fee (*)	Revenue	¥ 38.0bn	¥ 36.9bn	¥ 55.0bn
Asset management for overseas investors	AUM	¥ 0.6tr	¥ 0.9tr	¥ 1.6tr
Global custody	AUC	USD 270bn	USD 260bn	USD 300bn

(\*) Combined total of SuMi TRUST Bank and Sumitomo Mitsui Trust Realty

## Review of FY2014

Exceeded target with tailwind of market expansion  
Set new target, " ¥ 2tr by the end of FY2016"

Sign of improvement near end of FY, after slow start  
earlier this FY due to consumption tax increase and  
decrease in new construction of condominiums

Steady growth of balance by proactively increased  
overseas credit as well as yen depreciation  
Contributed steady growth of loan-deposit income

Revenue from commercial properties was slow due partially to  
competiton despite transaction volume increase / Revenue from  
residential properties returned to expected level in latter half of  
FY after decrease in first half due to consumption tax increase

Continuous interest into Japanese stock by overseas  
investors / Steady increase toward target achievement

Increased in original currency denominated basis (such as JPY),  
despite decrease in USD basis due to USD appreciation

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