



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Daiwa Investment Conference Tokyo 2016

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Sumitomo Mitsui Trust Holdings, Inc.

March 2, 2016

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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

# Highlights of SuMi TRUST Group

## Summary (as of December 2015)

Company Name	Sumitomo Mitsui Trust Holdings, Inc.	
Date of Establishment	February 1, 2002 (Change of the company name: April 1, 2011)	
Paid-in Capital	261.6 billion yen	
Listing	Tokyo, Nagoya	
Security Code	8309	
Number of employees	Approx. 20,000	(Consolidated basis)
Number of shares issued	3,903 million	(Common stock)

Total assets	50.2 trillion yen	(Consolidated basis)
Loans and bills discounted	26.8 trillion yen	(Consolidated basis)
Total liabilities	47.4 trillion yen	(Consolidated basis)
Deposits	25.3 trillion yen	(Consolidated basis)
Total net assets	2.7 trillion yen	(Consolidated basis)
Shareholders' equity	1.9 trillion yen	(Consolidated basis)

Assets under custody	242 trillion yen	(Total trust assets of group companies)
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Net business profit before credit costs	316.7 billion yen	(Results of FY2014)
Net income attributable to owners of the parent	159.6 billion yen	(Results of FY2014)

Common Equity Tier1 capital ratio	10.23%	(Fully-loaded basis)
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## Major group companies

Sumitomo Mitsui Trust Bank
Sumitomo Mitsui Trust Guarantee (Housing loan guarantee business)
Sumitomo Mitsui Trust Club (Credit card business)
Sumitomo Mitsui Trust Panasonic Finance (General leasing business, etc.)
Sumitomo Mitsui Trust Loan & Finance (Money lending business)
Sumitomo Mitsui Trust Realty (Real estate brokerage business)
Sumitomo Mitsui Trust Asset Management (Asset management business)
Nikko Asset Management (Asset management business)

## Rating (Sumitomo Mitsui Trust Bank)

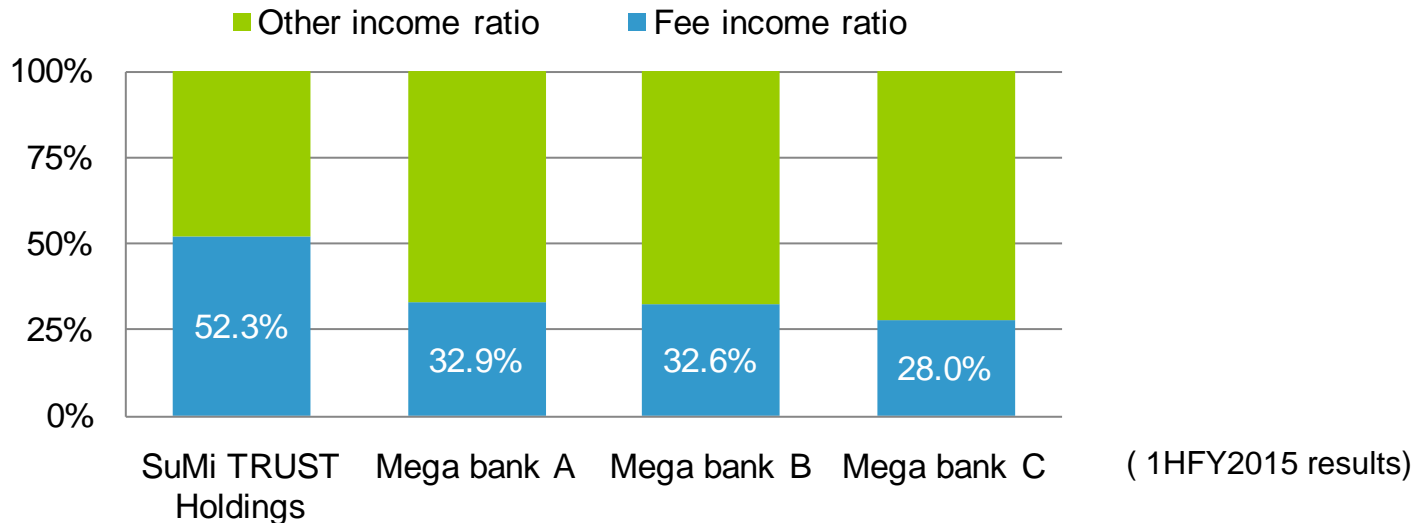
S&P	Moody's	Fitch	JCR	R&I
A/A-1	A1/P-1	A-/F1	AA-	A+/a-1

# Uniqueness of SuMi TRUST

# Uniqueness of SuMi TRUST (1)

## 1. High fee income ratio

✓ SuMi TRUST : 52% ⇔ 3 Mega banks : 28~33%



## 2. Strong market position and solid customer base

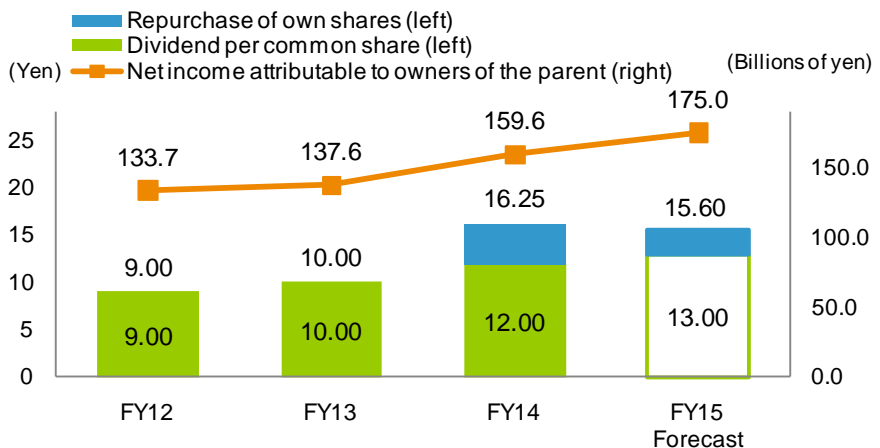
- ✓ Top position in various trust related businesses including corporate pension
- ✓ Sales volume of investment trust and discretionary investment: No.1 among Japanese banks

# Uniqueness of SuMi TRUST (2)

## 3. Steady profit growth

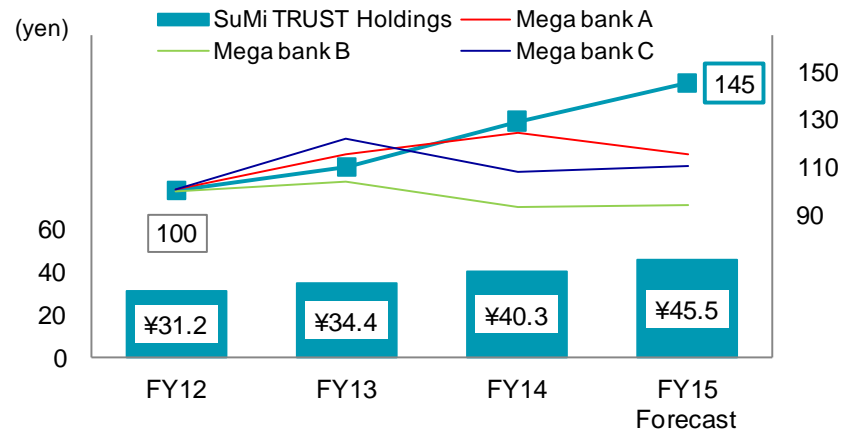
- ✓ Steady growth of net income, dividends and EPS since management integration
- ✓ Diversified 6 businesses in trust and banking with synergy among them

Net income attributable to owners of the parent and shareholder return per share (\*)



(\*) Exclude repurchase of own shares (¥199.5bn) due to repayment of public funds in FY12

Earnings per share (EPS) (Index : FY12=100)



## 4. Non G-SIBs

- ✓ Relatively less regulatory requirement allows for higher degree of freedom in management ~ Flexible choice in strategies

# Current challenges and strategies

# Current challenges and strategies

## 1. Profit growth and risk management

- ✓ Pursue capital efficiency and profit stability ~ Enlarge stable fee income
- ✓ Enhance portfolio quality

## 2. Strengthening market position and expansion of customer base

- ✓ Solidify our leading position in existing business field
- ✓ Organic and inorganic growth strategies

## 3. Management of cross shareholdings ~ since FY2014

- ✓ 1st stage: Reduce risk and protect unrealized gains of stocks
- ✓ 2nd stage: Accelerate shareholdings reduction

## 4. Addressing negative interest rate policy

- ✓ Appropriate liability management ~ Higher term-deposit ratio



# Overview of midterm business strategy

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

## Fee income

Increase of fee income mainly through Retail financial services and Real estate

## Banking income

Increase of net interest income through Wholesale financial services including credit to overseas borrowers

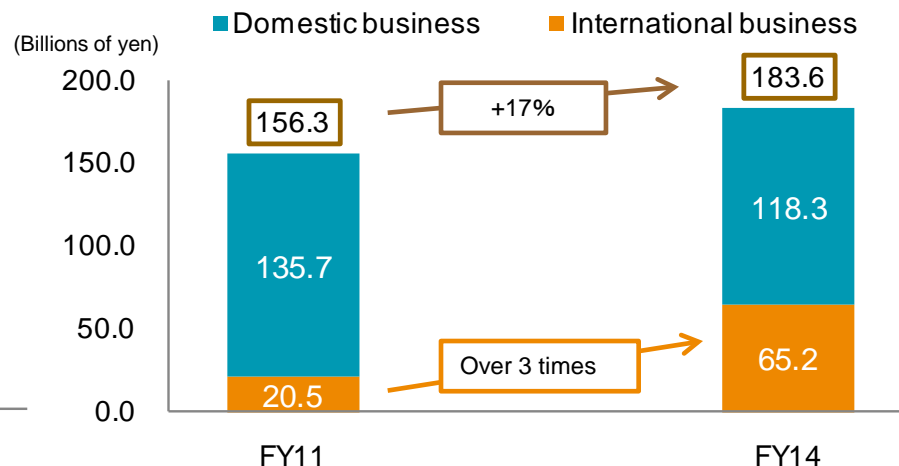
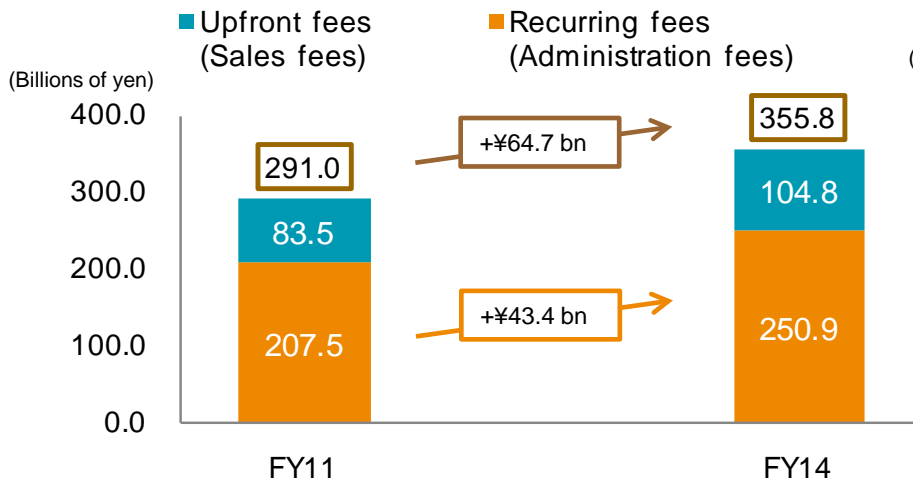
Aim to achieve well-balanced growth through increase of both fee based and banking income

## 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 its decrease in domestic business, and achieved overall growth of loan margin income
- ▶ Ratio of loan margin income of domestic business to gross business profit decreased by approx. 4% to 24% from FY2011



# Progress toward midterm revenue and financial targets

- ▶ FY2015 forecast figures are well within range to achieve midterm targets
- ▶ As for financial targets, most of them reached midterm target levels as of 1HFY2015

	< Consolidated >		FY2015 Forecast (*)			FY2016 Target			
	(Billions of yen)	FY2013 Actual	FY2014 Actual	3Q Actual	Progress ratio	Change from FY 2013	CAGR		
Revenue and profit target	Net business profit before credit costs	285.8	316.7	315.0	227.9	72%	355.0	69.1	7.4%
	Total credit costs	9.1	19.3	(10.0)	(9.2)	92%	(40.0)	(49.1)	
	Net income attributable to owners of the parent	137.6	159.6	175.0	129.2	74%	180.0	42.3	9.3%
	< Non-consolidated >								
	Net business profit before credit costs	211.8	245.7	245.0	172.7	70%	270.0	58.1	8.4%
	Gross business profit	461.5	494.2	485.0	347.6	72%	510.0	48.4	3.3%
	General and administrative expenses	(249.7)	(248.5)	(240.0)	(174.9)	73%	(240.0)	9.7	(1.3%)
	Total credit costs	7.6	18.1	(10.0)	0.0	(1%)	(35.0)	(42.6)	
	Net income	116.0	130.5	140.0	102.9	74%	145.0	28.9	7.7%

(\*) Revised in Nov. 2015 when financial results for 1HFY2015 was released.

	FY2013 Actual	1HFY2015 Actual	FY2016 Target
Return on shareholders' equity (**)	7.8%	9.0%	8.5-9.0%
Fee income ratio (**)	53.0%	52.3%	50% or above
Overhead Ratio (***)	54.1%	49.6%	45-50%

(\*\*) Consolidated  
(\*\*\*) Non-consolidated

# Current challenges and strategies

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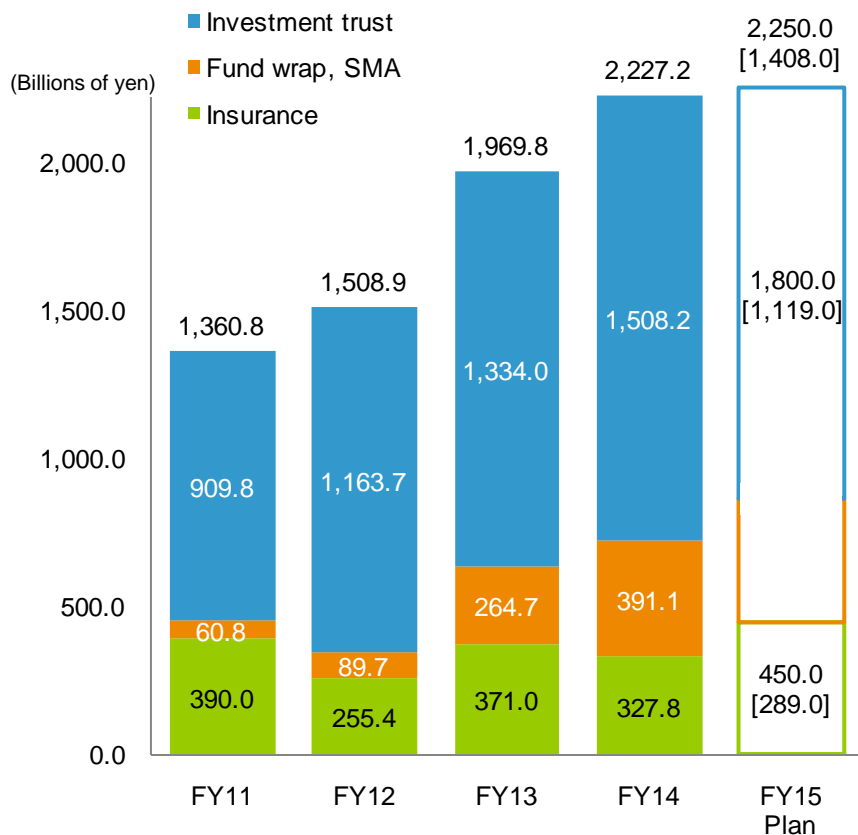
## 4. Addressing negative interest rate policy

- ✓ Appropriate liability management ~ Higher term-deposit ratio

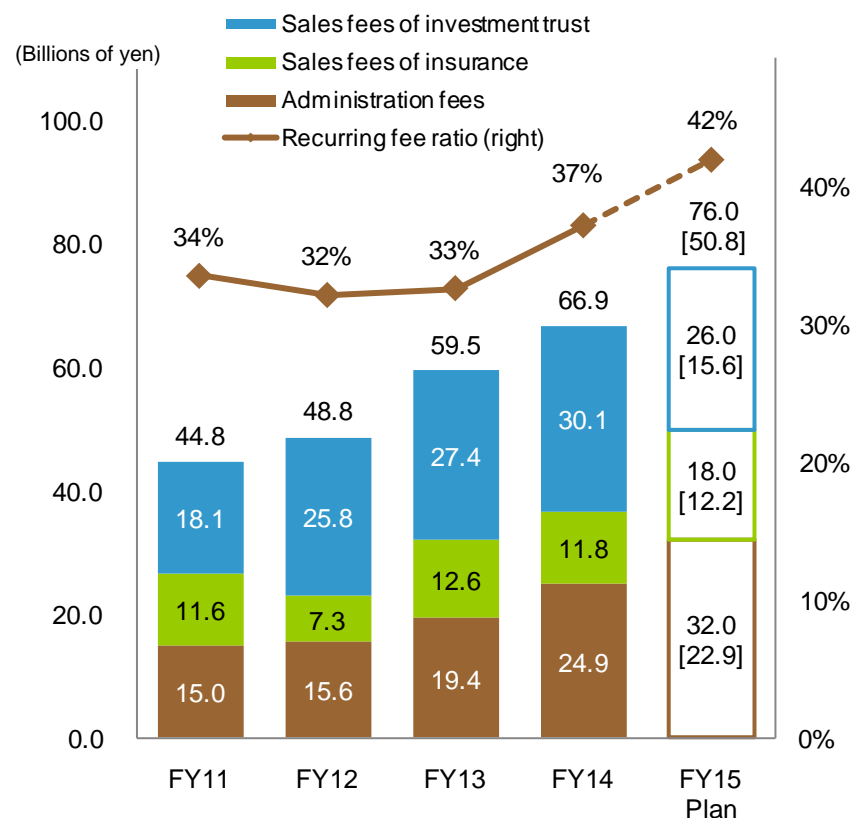
# Focus on growing fee businesses : (1) Investment trust and insurance sales

- ▶ Maintaining sales growth trajectory with varieties of product lineup and high quality consulting services
- ▶ Steady growth in administration fees through promotion to increase customers' balance, in addition to growth of sales fees

Sales volume (Non-consolidated)



Income (Non-consolidated)



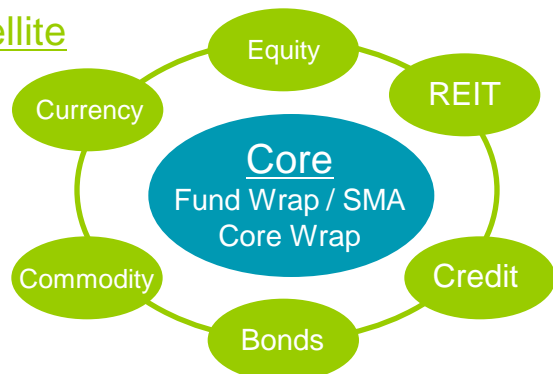
Note: Figures in “[ ]” are results of 3Q

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

## Basic strategy

### “Core & Satellite” strategy

#### Satellite



Client acceptance of “Core” portfolio concept as a sound strategy for asset allocation

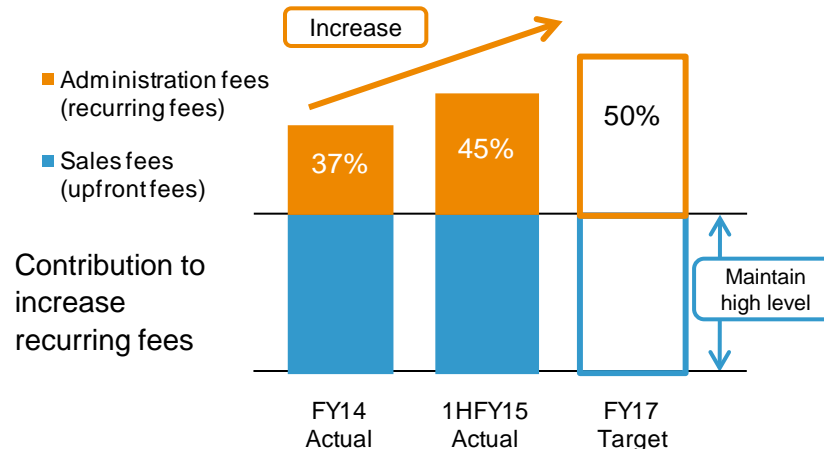
Strengthen proposals for “Satellite” investment strategies to enhance returns

#### Recent Satellite product introductions

June 2015	Satellite Investment Strategy Fund (Equity)
Sep. 2015	Inbound Demand Focus Japanese Equity Fund
Oct. 2015	Japan Post Stock/ Japan Post Group Stocks Fund
Oct. 2015	Japan Selected Value Equity Callable Fund

## Major initiatives

### Increase of stable earnings



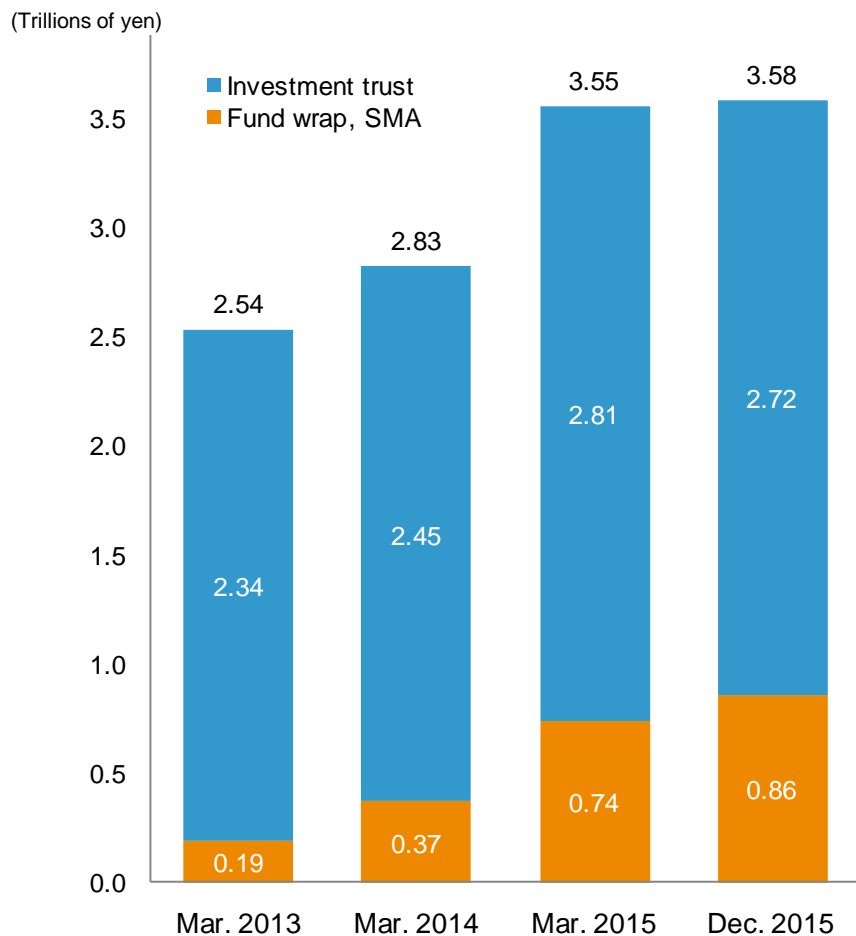
Collaboration among business groups, product development and marketing departments to introduce new products based on client needs in a timely manner

Investment know-how for institutional clients  
Swift deployment of new products

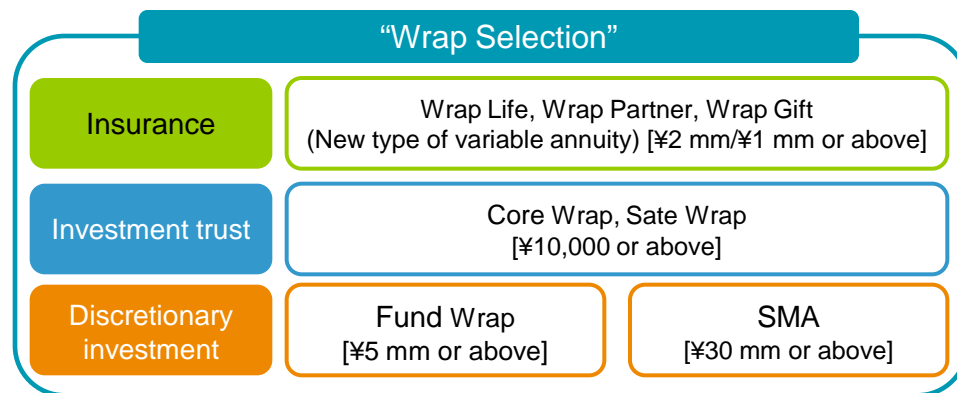
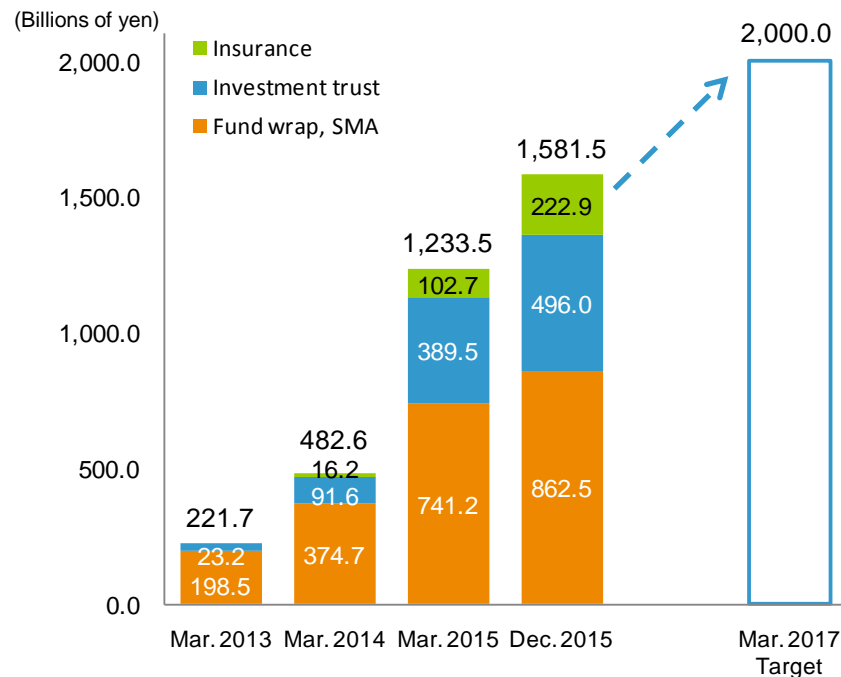


# Focus on growing fee businesses : (1) Investment trust and insurance sales

Balance of investment trust / Fund wrap, SMA



Balance of "Wrap Selection"

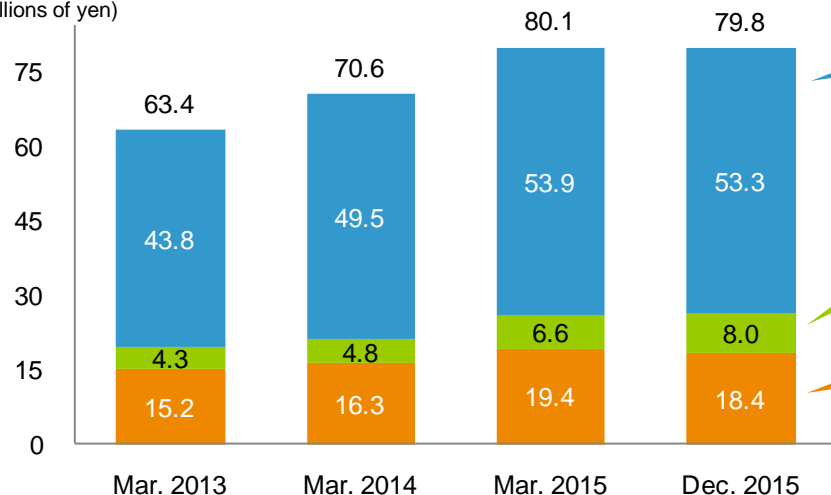


# Focus on growing fee businesses : (2) Fiduciary services

## Assets under management (AUM)

■ SuMi TRUST Bank ■ SuMiTAM ■ NAM

(Trillions of yen)



### SuMi TRUST Bank

No.1 in corporate pension trust market share

### Sumitomo Mitsui Trust Asset Management

No.1 in investment trust AUM for DC

### Nikko Asset Management

No.4 in investment trust AUM

USD/JPY	93.99	102.90	120.18	120.61
TOPIX	1,034.71	1,202.89	1,543.11	1,547.30

## Assets under custody (AUC)

(Trillions of yen)

	Mar. 2014	Mar. 2015	Dec. 2015	Change from Mar. 2015
Domestic entrusted assets (*1)	197	223	242	18

(Billions of USD)

Global custody assets (*2)	270.2	262.1	265.3	3.2
Fund administration	21.6	22.0	22.4	0.3

(\*1) Total trust assets of the group companies

(\*2) Combined figures of Sumitomo Mitsui Trust Bank (U.S.A.) and Sumitomo Mitsui Trust (UK)

## Income

(Billions of yen)	3QFY2015		Change from 3QFY2014	FY2015 Plan
	1H	cumulative total		
SuMi TRUST Bank	32.7	48.9	1.5	64.0
Gross business profit	47.2	70.4	1.5	94.0
Fees paid out for outsourcing	(14.4)	(21.4)	(0.0)	(30.0)
Group companies (Net business profit) (*3)	10.9	14.9	3.5	
Sumitomo Mitsui Trust Asset Management	3.2	4.9	1.5	
Nikko Asset Management	6.5	8.6	2.0	

(\*3) Contribution to consolidated

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

- ▶ Assist wealth management of retail client base by providing investment and consulting know-how acquired from institutional client business
- ▶ Target our client base and DC client base and also expand services to clients of alliance financial institutions

SuMi TRUST Bank  
Retail client base

- ◆ Provide investment and consulting know-how acquired from institutional client business (Wrap Selection, Core & Satellite investment ideas)

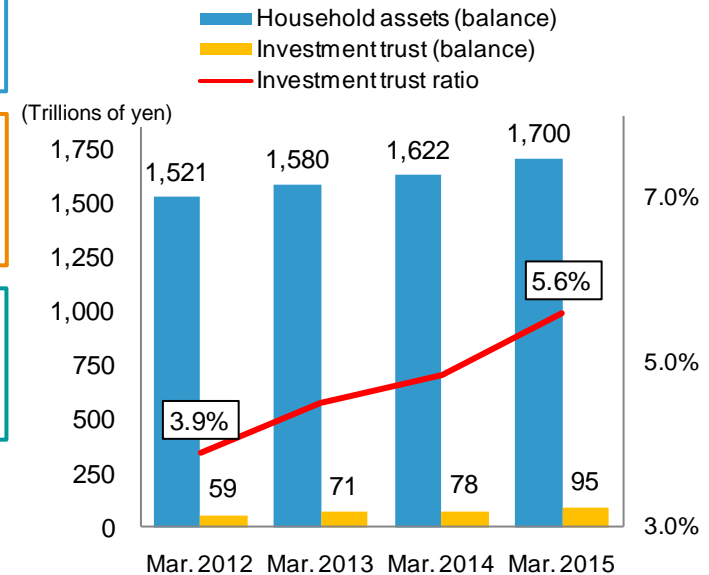
SuMi TRUST Bank  
DC client base

- ◆ Expand client base by providing one-stop DB/DC services
- ◆ Investor education to assist DC plan members (DC investment trusts and Investment trusts designed for specific company plan members)

Financial institutions  
in alliance  
Retail client base

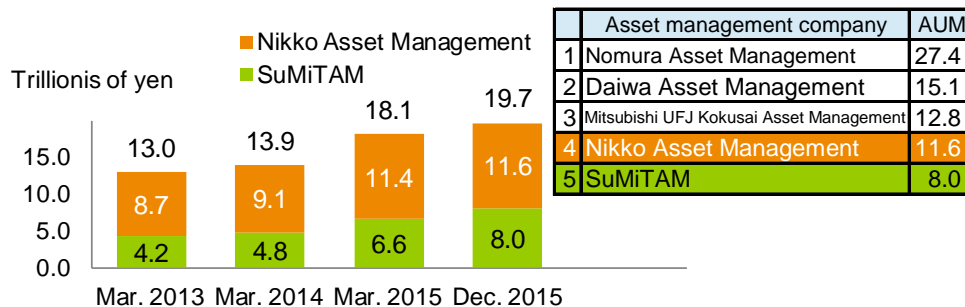
- ◆ SuMi TRUST Bank's alliance with other financial institutions (Investment services through Bank of Yokohama, Japan Post Bank, etc.)
- ◆ Utilize Nikko AM's marketing channel of more than 200 firms

Investment trust holdings as % of household assets



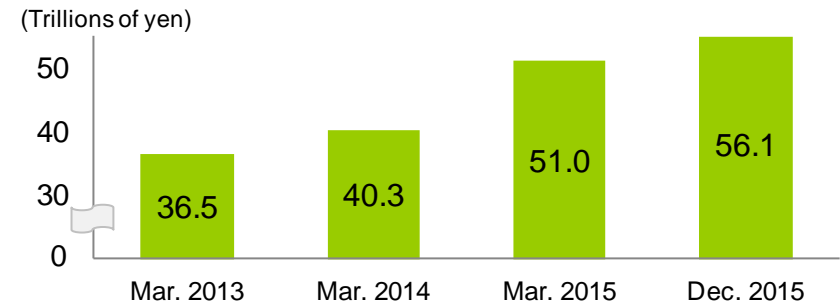
Expand AUM and AUC of SuMi TRUST Group

AUM of investment trust in Japan



Rank	Asset management company	AUM
1	Nomura Asset Management	27.4
2	Daiwa Asset Management	15.1
3	Mitsubishi UFJ Kokusai Asset Management	12.8
4	Nikko Asset Management	11.6
5	SuMiTAM	8.0

Entrusted assets from investment trust (SuMi TRUST Bank)





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

► Total income (Group basis): UP ¥1.1bn YoY to ¥30.4bn

Real estate brokerage fees of SuMi TRUST Bank (commercial properties) decreased by ¥1.0bn YoY with less supply due to sellers' expectation of further price appreciation. However, real estate brokerage fees of Sumitomo Mitsui Trust Realty (residential properties) increased with continuing good performance

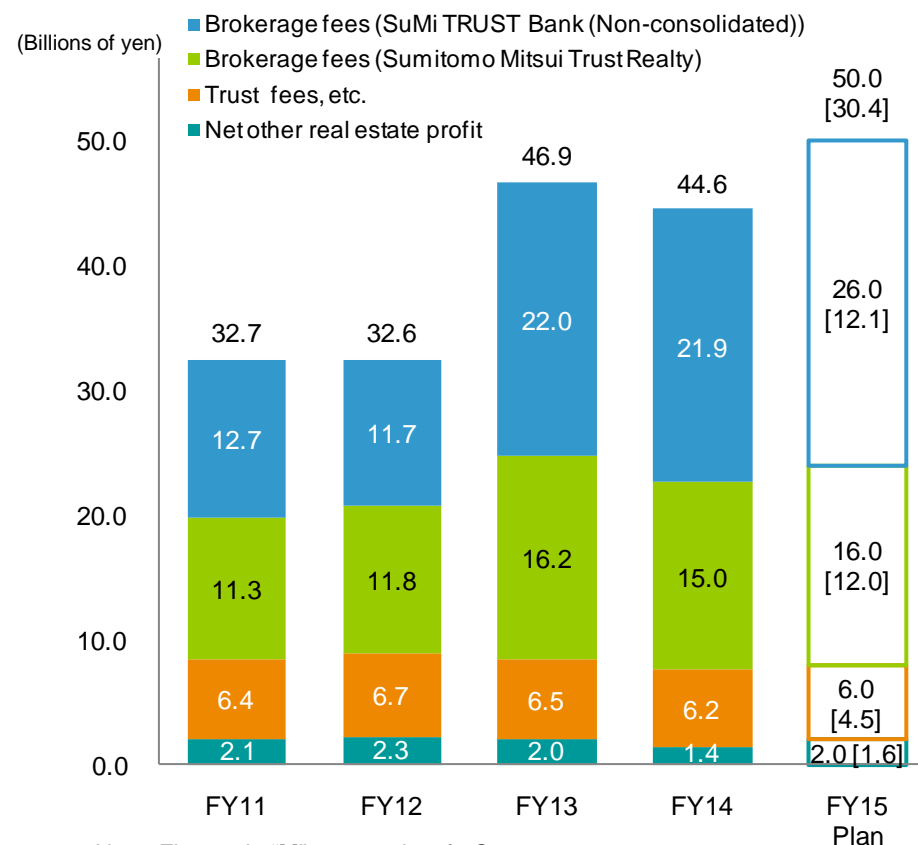
### Income (Group basis)

(Billions of yen)	3QFY2015		Change from 3QFY2014	FY2015 Plan
	1H	cumulative total		
Real estate brokerage fees	17.8	24.1	0.5	42.0
SuMi TRUST Bank	9.9	12.1	(1.0)	26.0
Sumitomo Mitsui Trust Realty	7.9	12.0	1.6	16.0
Real estate trust fees, etc.	3.1	4.5	0.0	6.0
Net other real estate profit	0.7	1.6	0.5	2.0
SuMi TRUST Bank	0.1	0.1	0.2	-
Group companies	0.6	1.5	0.3	2.0
Total	21.7	30.4	1.1	50.0
SuMi TRUST Bank	13.1	16.8	(0.7)	32.0

### Assets under management / administration

(Billions of yen)	Mar. 2015	Sep. 2015	Dec. 2015	Change from Mar. 2015
	Securitized real estate	11,905.0	12,433.3	
Assets under custody from J-REITs	8,793.7	9,468.2	10,208.9	1,415.2
Assets under management	841.3	785.6	797.0	(44.2)
Private placement funds	447.9	384.2	393.9	(53.9)
J-REITs	393.4	401.3	403.1	9.7

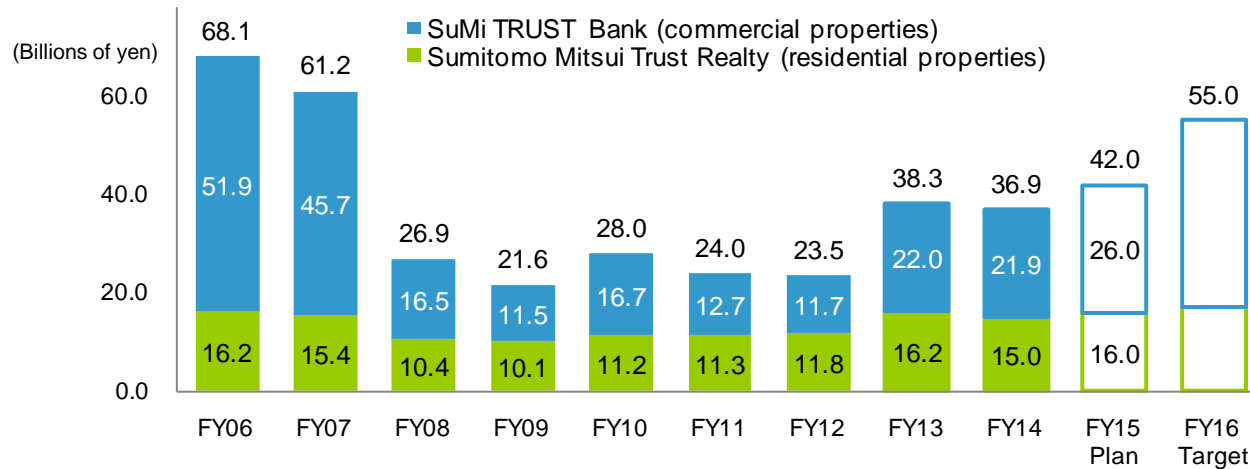
### Real estate related income



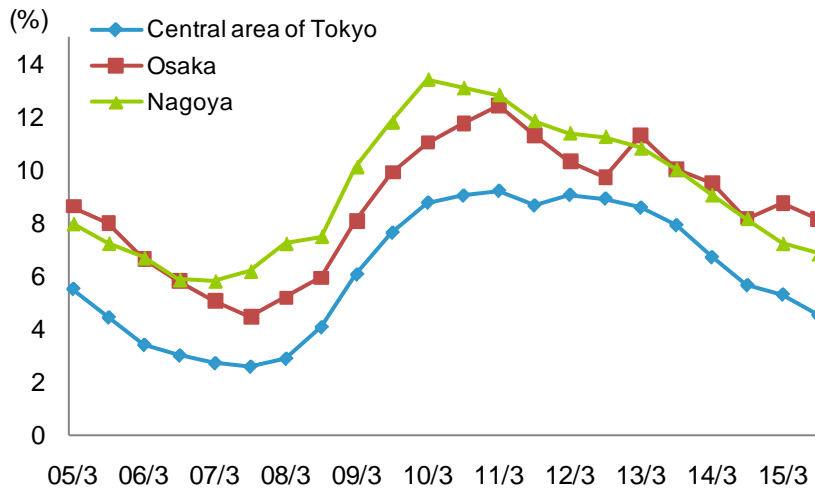
Note: Figures in "[ ]" are results of 3Q

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

## Real estate brokerage fees

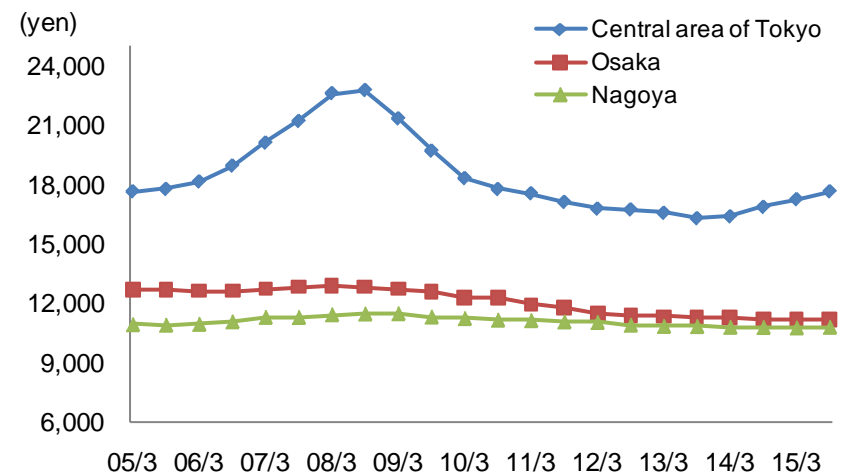


## Average Vacancy Rates (Office market)



[Source] Miki Shoji

## Average Rent (Office market)

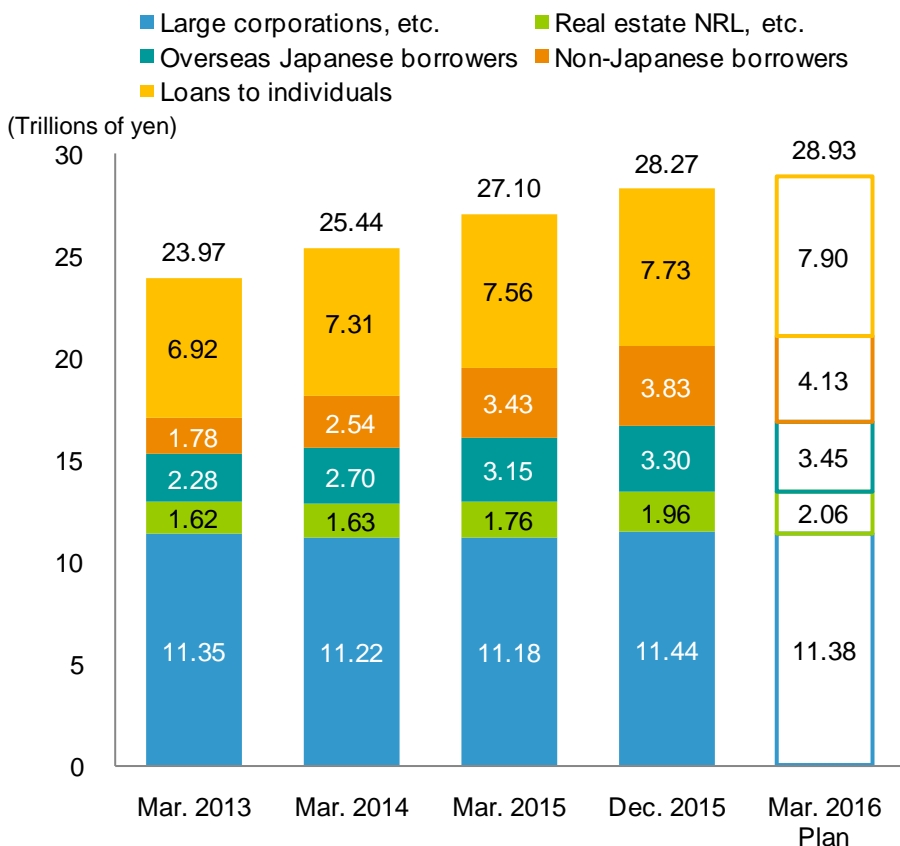


[Source] Miki Shoji

# Enhancement of fundamental earning power: Credit portfolio

▶ Balance of credit portfolio: UP ¥0.68tr from Mar. 2015 to ¥28.27tr, due primarily to increase in credit to non-Japanese borrowers in selective manner and increase in domestic large corporations

## Credit portfolio



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

### Loans to individuals

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

### Non-Japanese borrowers

- ▶ Be vigilant about slowdown of Chinese economy, increase loans with risk profile of the area / term in mind
- ▶ Expand types of transactions
- ▶ Utilize expertise cultivated in domestic market
- ▶ Expand sourcing with/ through major foreign banks

### Overseas Japanese borrowers

- ▶ Extend credit to trading companies, finance subsidiaries of manufacturers
- ▶ Project finances and shipping finances
- ▶ Enhance client base by office expansion in Asia
- ▶ Utilize functions of DBSI/BIDV/Reliance

### Real estate NRL, etc.

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

### Large corporations, etc.

- ▶ Borrowing demand of domestic corporations are still slow
- ▶ Steadily capture loan demand in M&A transactions etc.

# Enhancement of fundamental earning power: Quality of credit portfolio

- ▶ 0.3% of non-performing ratio as of Dec. 2015, maintaining lowest level among major banks
- ▶ Problem assets have come down below ¥100 bn

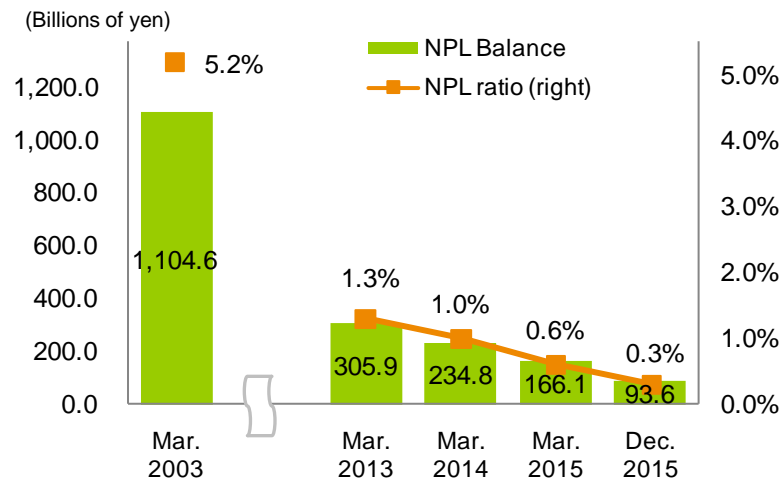
## Problem assets based on the Financial Reconstruction Act (Non-consolidated)

(Billions of yen)	Dec. 2015	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2015
Problem assets based on the Financial Reconstruction Act	93.6	92.7%	60.0%	(72.5)
Ratio to total loan balance	0.3%	---	---	(0.3%)
Bankrupt and practically bankrupt	17.0	100.0%	100.0%	6.6
Doubtful	42.7	97.1%	74.6%	(39.0)
Substandard	33.8	83.6%	22.9%	(40.1)
Other special mention debtors	404.1	---	---	22.2
Ordinary assets	27,066.1	---	---	1,159.9
Total balance	27,563.8	---	---	1,109.6

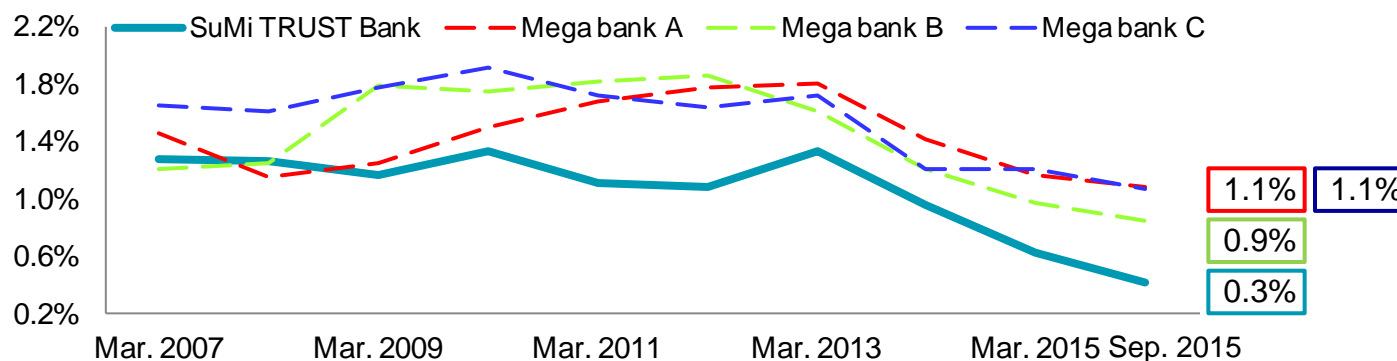
(\*1) (Collateral value + allowance for loan losses) / Loan balance

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

## Balance and ratio to total balance of NPLs



## NPL ratio (Non-consolidated)



# Enhancement of fundamental earning power: Overseas credit

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

(Billions of yen)	Mar. 2015	Dec. 2015		FY2015 Plan
			Change	
Non-Japanese borrowers	3,436.3	3,832.6	396.3	+700.0
Loans	2,924.7	3,419.1	494.4	
Overseas Japanese borrowers	3,151.5	3,307.8	156.3	+300.0
Loans	2,979.6	3,163.1	183.5	
Total	6,587.8	7,140.5	552.7	+1,000.0
Loans	5,904.3	6,582.3	677.9	
USD/JPY	120.18	120.61	0.43	

Note: In addition to the above, there are acceptance and guarantee, etc.  
Dec. 2015: ¥20.9bn [ ¥(14.2)bn from Mar. 2015 ]

## Strategies by asset categories (Non-Japanese)

### Corporates

Selective loans with regional characteristics in mind

### Asset backed finance

- <Real estate non-recourse loans, etc.>
  - Expand portfolio in Europe and enter US market
- <Aircraft finance>
  - Expand direct deal sourcing from prominent airlines and leasing companies
- <Shipping Finance>
  - Expand sourcing capability using own know-how and further collaboration with Credit Agricole

### Project Finance

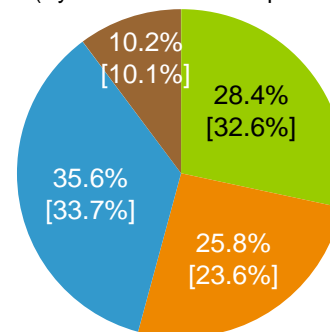
- Cautious expansion with selective sponsors, ECAs and off takers
- Active collaboration with foreign bank partners on infrastructure deals

### Structured Finance

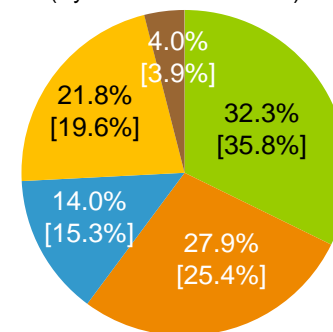
- Mainly invest in high grade US CLO/ABS/RMBS
- Investment grade bonds with attention to liquidity

## Overseas borrowers by location

Non-Japanese borrowers  
(By location of final exposure)



Japanese borrowers  
(By borrower's location)



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

## Developments in Asia - Opening of Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Opened on 28th October, 2015

(Fourth Japanese bank licensed to deal in Thai Baht)

<Japanese Corporate Transactions>

- ▶ Aim to build high quality portfolio centered on strong demand from manufacturers and trading companies

<Non-Japanese Corporates>

- ▶ Target highly rated local firms, multi-nationals and partners of Japanese companies

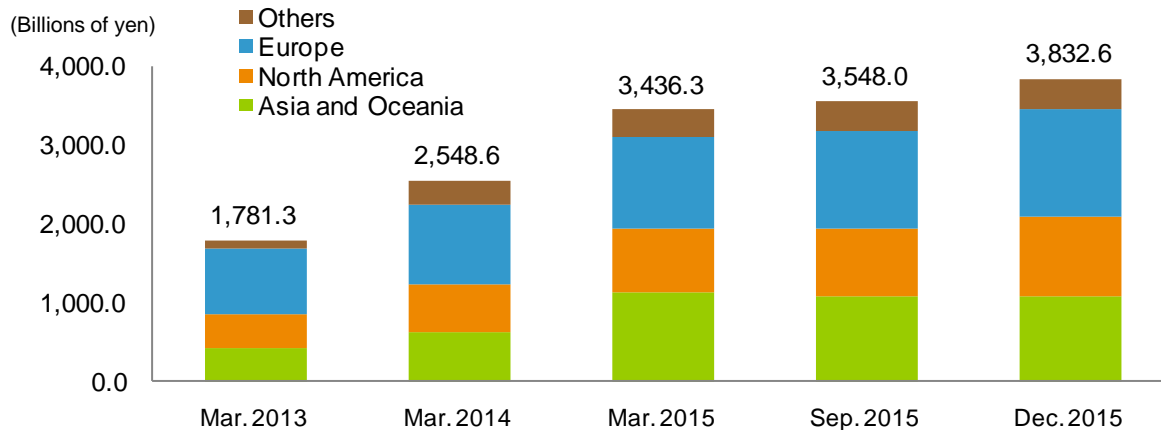
**Plan to build a portfolio of around ¥300bn in 5 years**

Future plans to utilize know-how acquired in Japanese market to commence asset securitization business, and other businesses worthy of a trust bank such as asset management and real estate related businesses

# (Reference) Asset quality of Non-Japanese borrowers

## Trend of balance and Breakdown by location (\*)

<Trend of balance>

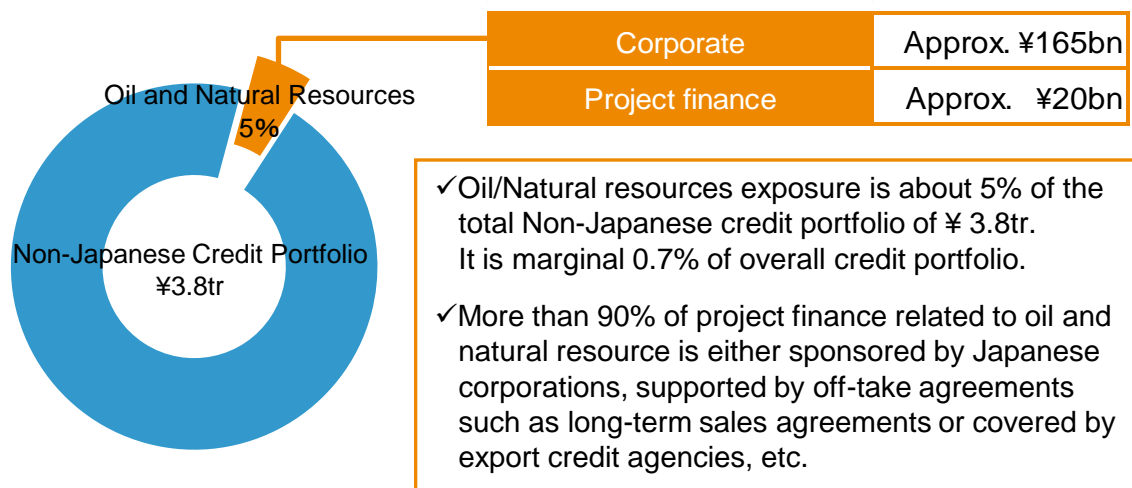


<Location (As of Dec. 2015)>

(Billions of yen)

Location	Value	
Asia-Oceania	Korea	202.1
	Hong Kong	155.1
	Australia	146.0
	China	145.5
	India	112.9
North America	U.S.A.	919.9
Europe	United Kingdom	496.8
	France	318.2
	Switzerland	166.8
	The Netherlands	137.6
	Germany	130.9

## Exposure to Oil and Natural Resources



## Exposure to Russia and GIIPS (\*)

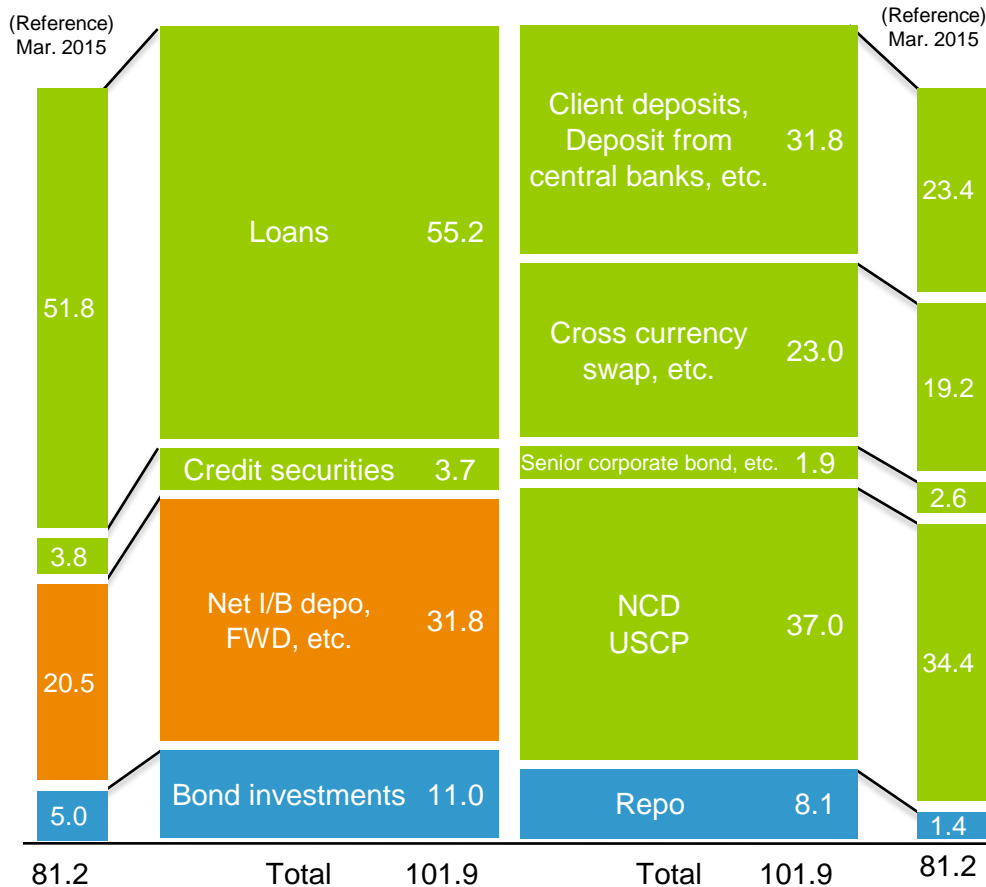
Russia	None
Greece	None
Ireland	None
Italy	Approx. ¥7.5bn
Portugal	None
Spain	Approx. ¥7.0bn

\*By location of the final exposure

# Enhancement of fundamental earning power: Foreign currency liquidity

- ▶ Stable and cost efficient foreign currency funding structure in place through funding from cross currency swaps (“CCS”) and low cost funding from central banks, USCP, NCD, etc
- ▶ Net position in inter-bank transactions has more than USD30.0bn of excess cash for investment resulting from surplus in short term funding

Foreign currency B/S (as of Sep. 2015) (Billions of USD)



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



Expand foreign currency balance sheet primarily through mid-long term stable funding by diversifying counterparties and utilizing diversified funding methods while maintaining balance between liquidity risk and funding cost

<New funding method to diversify funding source>

- A covered bond program was established in October 2015. Inaugural USD covered bond (5years, USD500Mil) was issued in November 2015

# Enhancement of fundamental earning power: Loans to individuals

- ▶ New loans advanced to individuals (Non-consolidated): UP ¥ 62.8bn YoY to ¥673.4bn  
Steady increase at SuMi TRUST Bank, SBI Sumishin Net Bank's loan program as agent also contributed to growth
- ▶ Balance of loans to individuals (Non-consolidated): UP ¥166.2bn from Mar. 2015 to ¥7,730.4bn, keeping an increasing trend

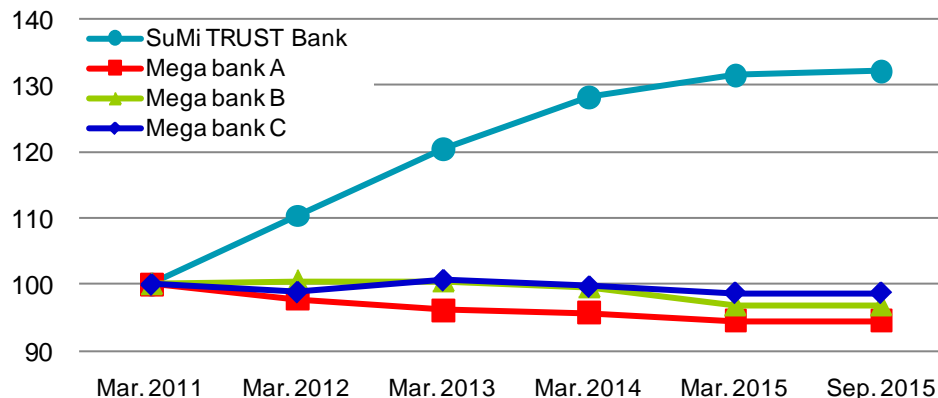
## Advanced amount and balance (Non-consolidated)

(Billions of yen)	3QFY2014	3HFY2015	Change	FY2015 Plan
	Advanced amount of loans to individuals	610.6	673.4	62.8
Residential mortgage loans	537.7	615.8	78.0	1,000.0

(Billions of yen)	Mar. 2015	Dec. 2015	Change	Mar. 2016 Plan
	Balance of loans to individuals	7,564.2	7,730.4	166.2
Residential mortgage loans	7,076.2	7,237.9	161.6	7,400.0

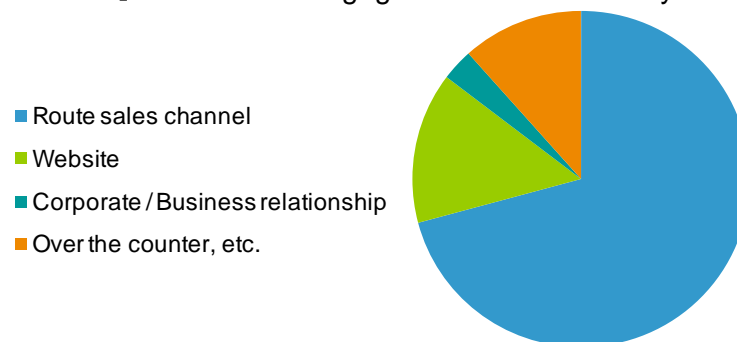
## Balance of residential mortgage loans (Non-consolidated) (Index : Mar. 2011=100)



[Source] Disclosure documents

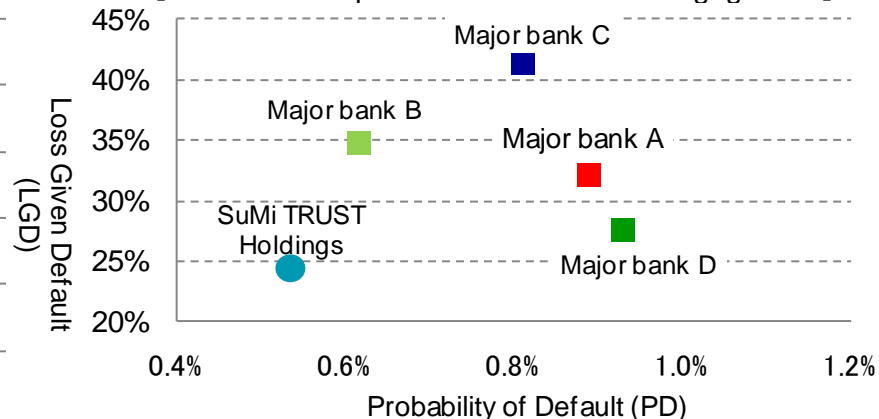
## Efficient sales structure through route sales channel and website

[Residential mortgage loan transactions by channel]



## Acquiring quality clients with low credit costs

[PD / LGD comparison of residential mortgage loan]



[Source] Disclosure documents of Sep. 2015



# Current challenges and strategies

## 1. Profit growth and risk management

- ✓ Pursue capital efficiency and profit stability ~ Enlarge stable fee income
- ✓ Enhance portfolio quality

## 2. Strengthening market position and expansion of customer base

- ✓ Solidify our leading position in existing business field
- ✓ Organic and inorganic growth strategies

## 3. Management of cross shareholdings ~ since FY2014

- ✓ 1st stage: Reduce risk and protect unrealized gains of stocks
- ✓ 2nd stage: Accelerate shareholdings reduction

## 4. Addressing negative interest rate policy

- ✓ Appropriate liability management ~ Higher term-deposit ratio

## Status of SuMi TRUST Group (as of September 2015)

Retail financial services	Sales volume of investment trust and discretionary investment*	1.8 trillion yen	Japanese banks	No. 1
	Number of will trusts	26,300	Trust banks	No. 2
	Balance of loans to individuals	7 trillion yen	Japanese banks	No. 5
Wholesale financial services	Balance of loans to corporations	18 trillion yen	Japanese banks	No. 4
	Total loan balance	26 trillion yen	Japanese banks	No. 4
Stock transfer agency services	Number of shareholders under administration (Total of the whole group)	23.0 million	Trust banks	No. 1
Real estate	Real estate business related revenue* (Total of the whole group)	44.6 billion yen	Trust banks	No. 1
	Entrusted balance of securitized real estate	12 trillion yen	Trust banks	No. 1
Fiduciary services	Assets under management	76 trillion yen	Japanese financial institutions	No. 1
	Assets under custody**	235 trillion yen	Japanese financial institutions	No. 1
	Balance of corporate pension funds	16 trillion yen	Trust banks	No. 1
	Lead manager for corporate pension funds	1,408	Trust banks	No. 1
	Entrusted balance of investment trusts	52 trillion yen	Trust banks	No. 1

\*Actual results of FY2014 \*\*Total trust assets of the group companies

Amounts above are approximate figure

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## Further expansion (enhancement) of our operating and client base

- ▶ Agreed to establish JV companies for asset management business with Bank of Yokohama (Oct. 2014) and with Japan Post Group (July 2015)
- ▶ Acquired credit card company with exclusive rights to issue Diners Club card in Japan (Dec. 2015)

### Jointly established asset management companies

- ▶ Agreed to jointly establish AM companies for retail clients with BOY in Oct. 2014, and with Japan Post Bank, Japan Post Co., and Nomura Holdings in July 2015
- ▶ Aim to expand our operating base through gaining access to client base of alliance financial institutions by utilizing our asset management know-how



Expand and improve our operating base

### Diners Club card

- ▶ Acquired exclusive right to issue Diners Club card, the first credit card issued in Japan with over 50 years' tradition and regarded as synonym for prestige card
- ▶ Aim to grow credit card business, to achieve synergy with existing services, and to acquire high quality client portfolio of over 700 thousand at once



Enhance our brand and client base

Positive to investment opportunities for enhancing operating and client base to achieve sustainable future growth

# Current challenges and strategies

---

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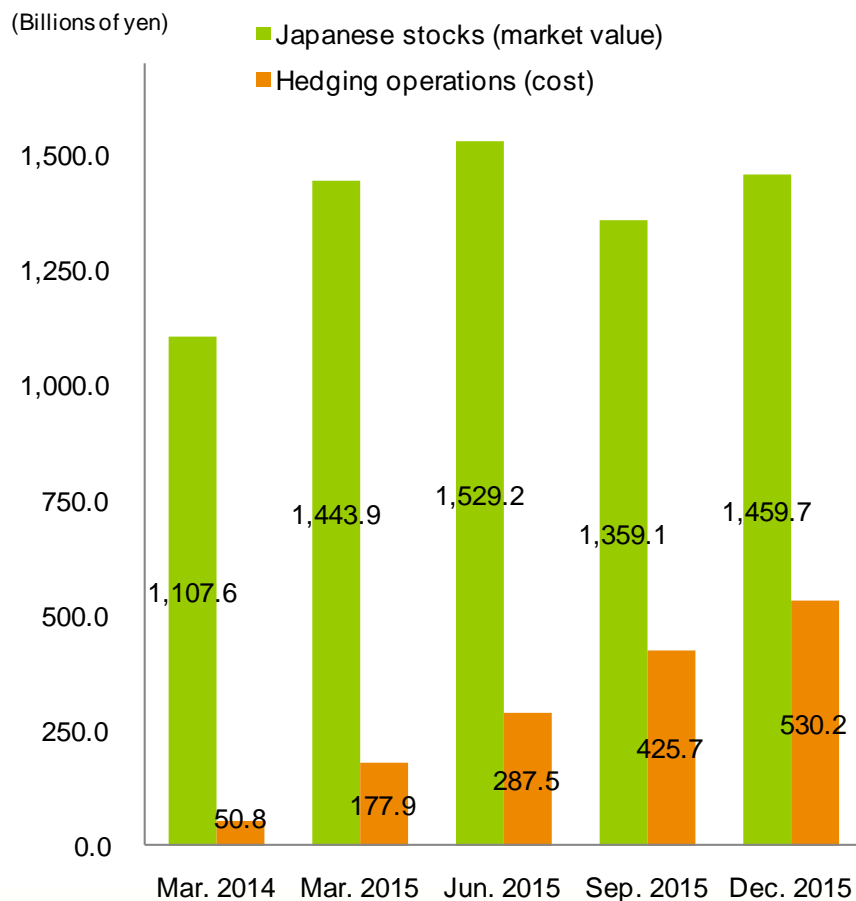
## 4. Addressing negative interest rate policy

- ✓ Appropriate liability management ~ Higher term-deposit ratio

# Hedging Risk of Stock holdings

- ▶ Price volatility risk of stock holdings is economically hedged to mitigate impact on net assets
- ▶ Hedging strategy became fully operational after 2HFY2014, and the hedge was substantially increased in 1HFY2015
- ▶ Policy has been effective in reducing price volatility of unrealized gain of available-for-sale securities

## Stock volume and hedging operation (Consolidated)

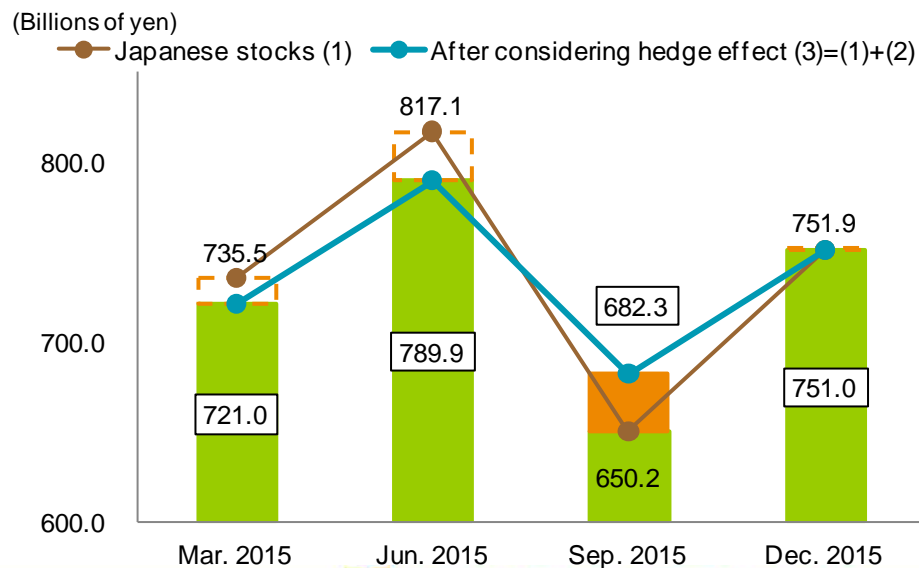


## Unrealized gains/losses of stocks and hedging operations (Consolidated)

(Billions of yen)

		Mar. 2015	Change from Mar. to Dec.			Dec. 2015
			1Q	2Q	3Q	
Japanese stocks	(1)	735.5	81.5	81.5	(166.9)	650.2
Hedging operations	(2)	(14.5)	(12.6)	(12.6)	59.3	32.0
<b>Total</b>	<b>(3)</b>	<b>721.0</b>	<b>68.9</b>	<b>68.9</b>	<b>(107.5)</b>	<b>682.3</b>

Hedging operation has reduced stock price volatility

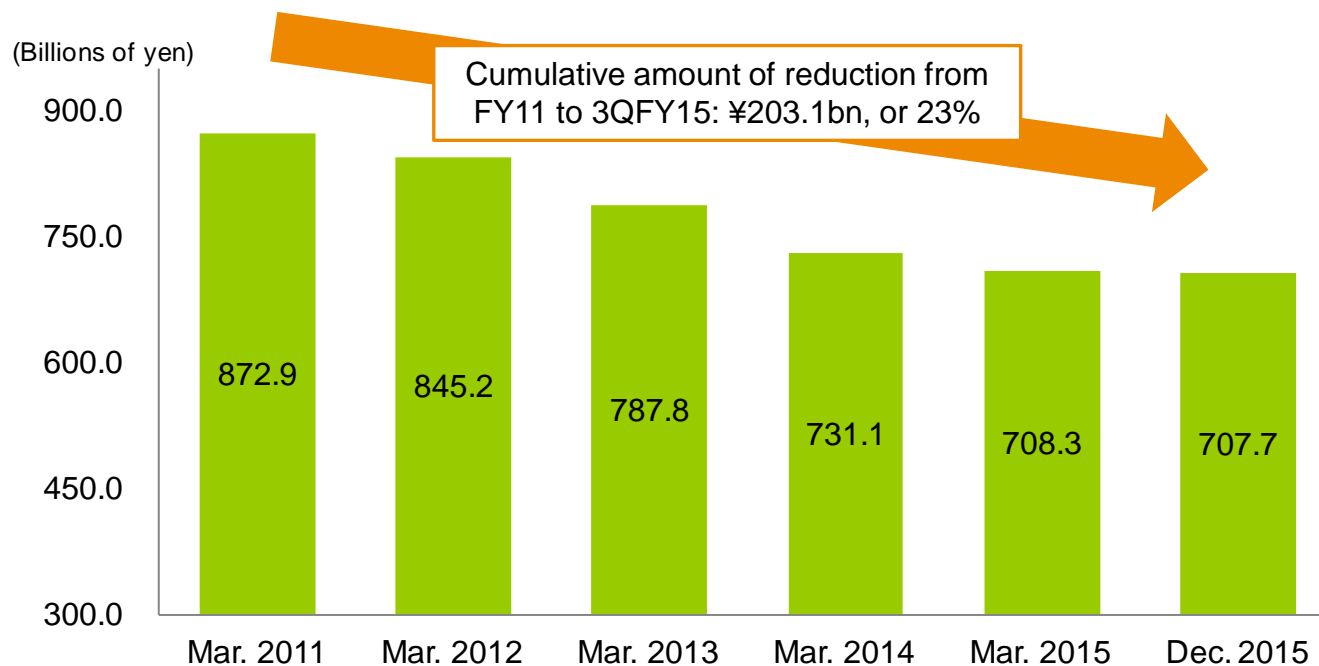


# Reduction of Cross-shareholdings

## Policy regarding Cross-shareholdings

The SuMi TRUST Group shall not acquire and hold the shares, etc. of its business counterparty, except in the case where it is deemed that such acquisition and holding will contribute to medium- to long-term enhancement of the corporate value of the SuMi TRUST Group, from the perspective of, among other things, establishing a stable transactional relationship over the long-term, business alliance, or facilitating or reinforcing collaborative business development with the business counterparty, in principle.

## Balance of cross-shareholdings (Consolidated)



# Current challenges and strategies

---

## 1. Profit growth and risk management

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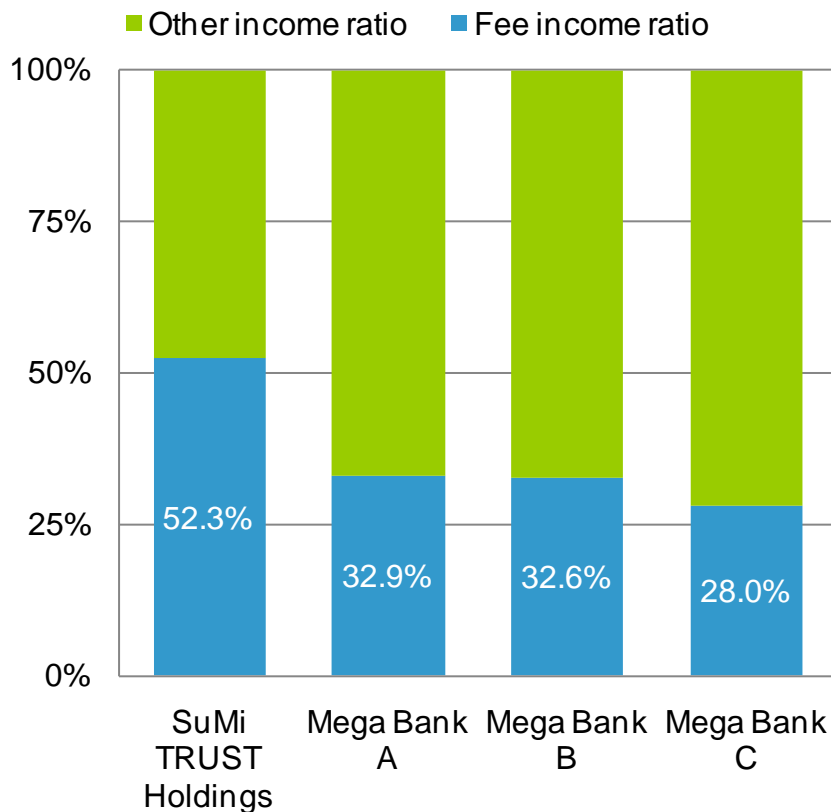
## 4. Addressing negative interest rate policy

- ✓ Appropriate liability management ~ Higher term-deposit ratio

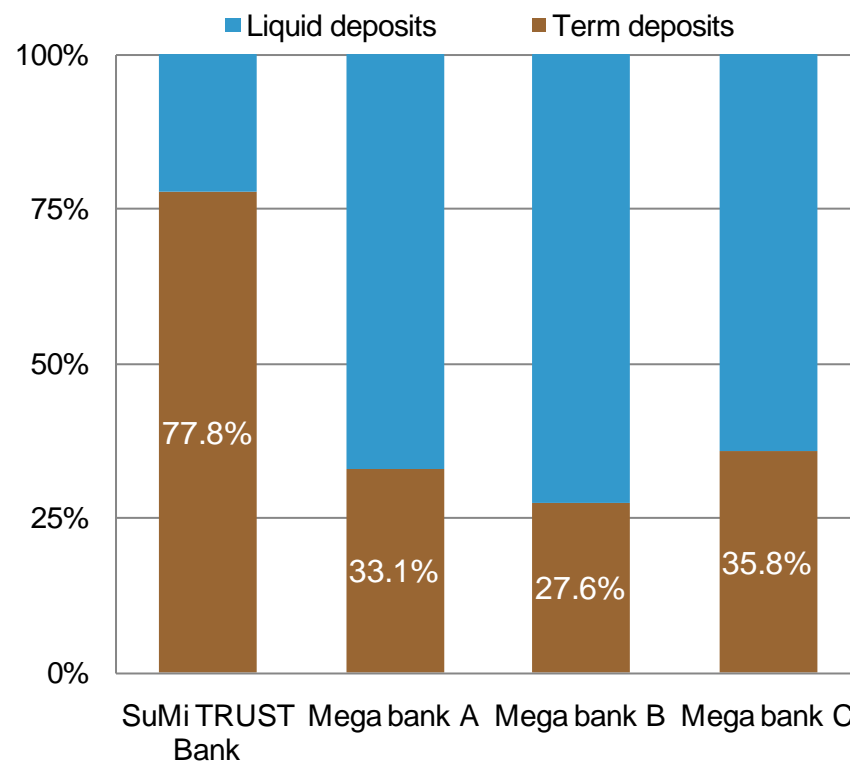
# Addressing negative interest rate policy

- ▶ Higher proportion of fee income gives comparative advantage against negative impact on interest income
- ▶ Higher net interest margin due to higher proportion of term deposit gives relatively flexible room to adjust

Fee income ratio  
(Consolidated, 1HFY2015)



Deposit mix  
(Non-consolidated, as of Sep. 2015)



[Source] Calculated from disclosed documents of Sep. 2015

Avg. yield on deposits

0.21%

0.04%

0.03%

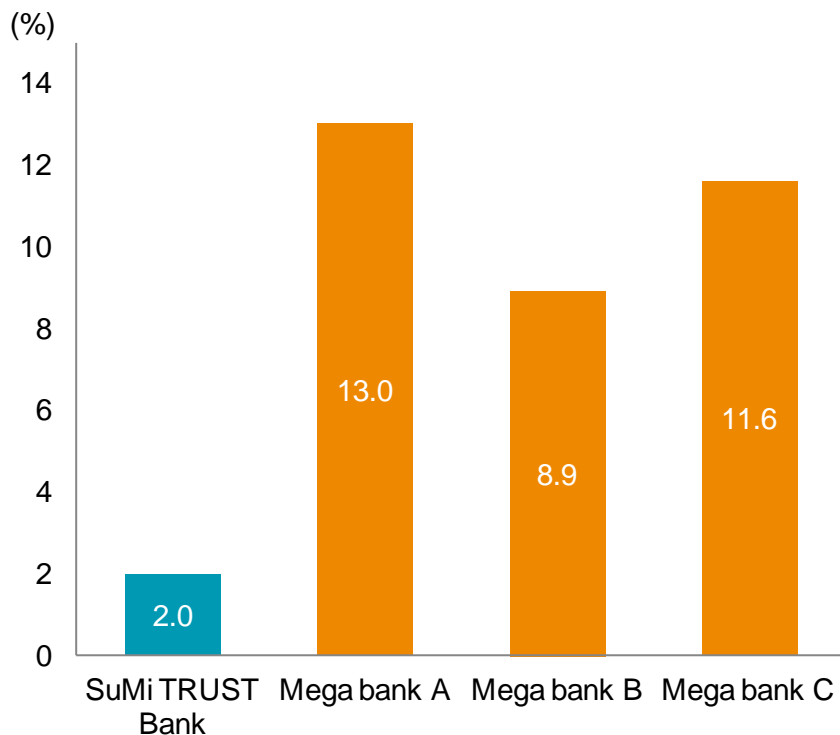
0.03%



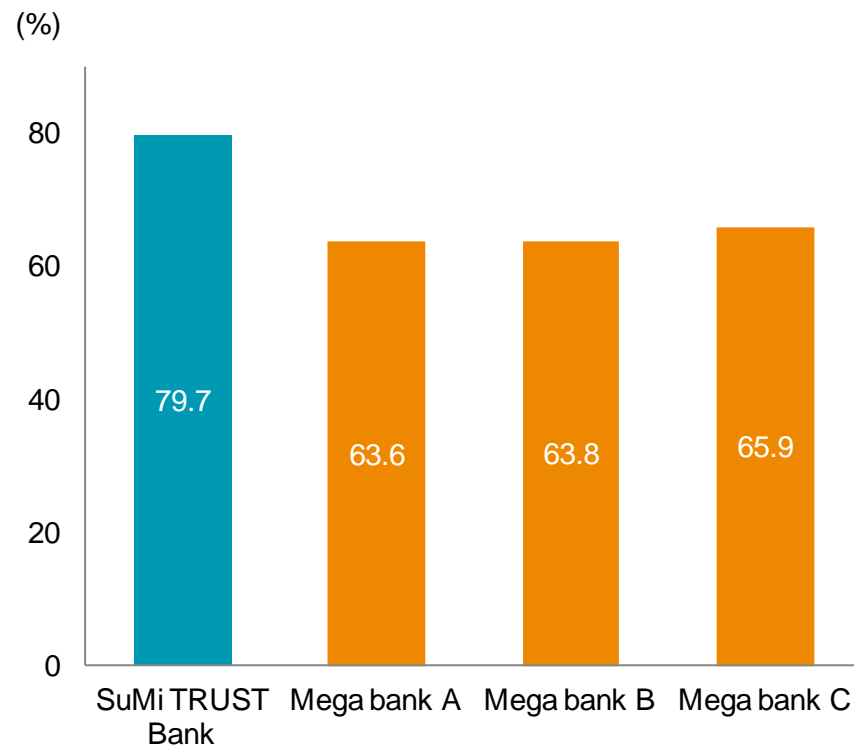
# Addressing negative interest rate policy

- ▶ Lowest level of JGB holdings among major banks
- ▶ Stably maintaining approx. 80% of Loan-deposit ratio

JGB holdings ratio  
(Non-consolidated, as of Sep. 2015)



Loan-deposit ratio  
(Non-consolidated, as of Sep. 2015)



# Status of capital, financial and capital policies

# 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 foundation, and pursuing enhanced capital efficiency

## Capital 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  
Prudent management of volatility risk of economic value through hedging operations

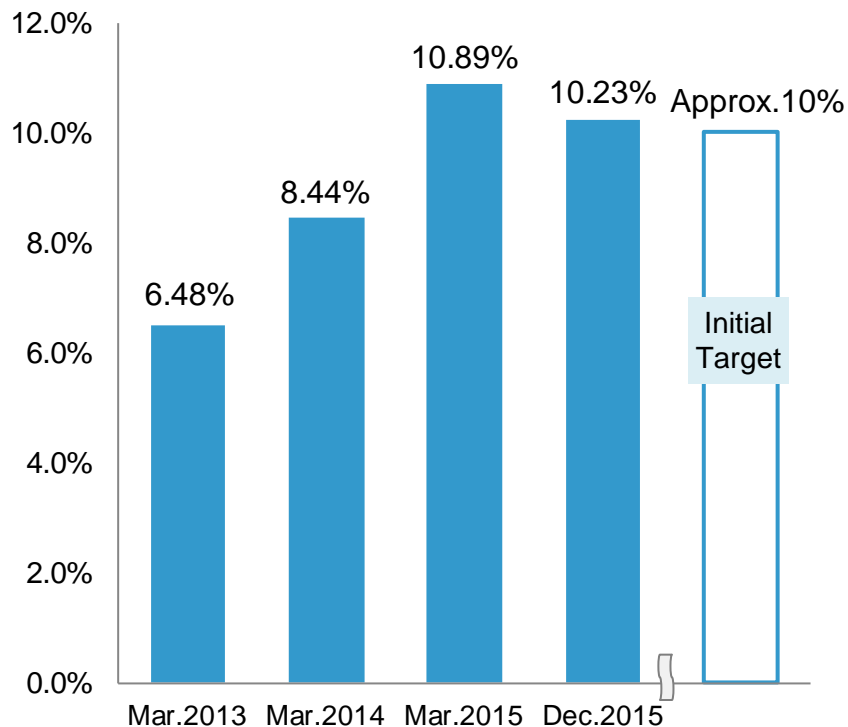
## Policy on shareholder return

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

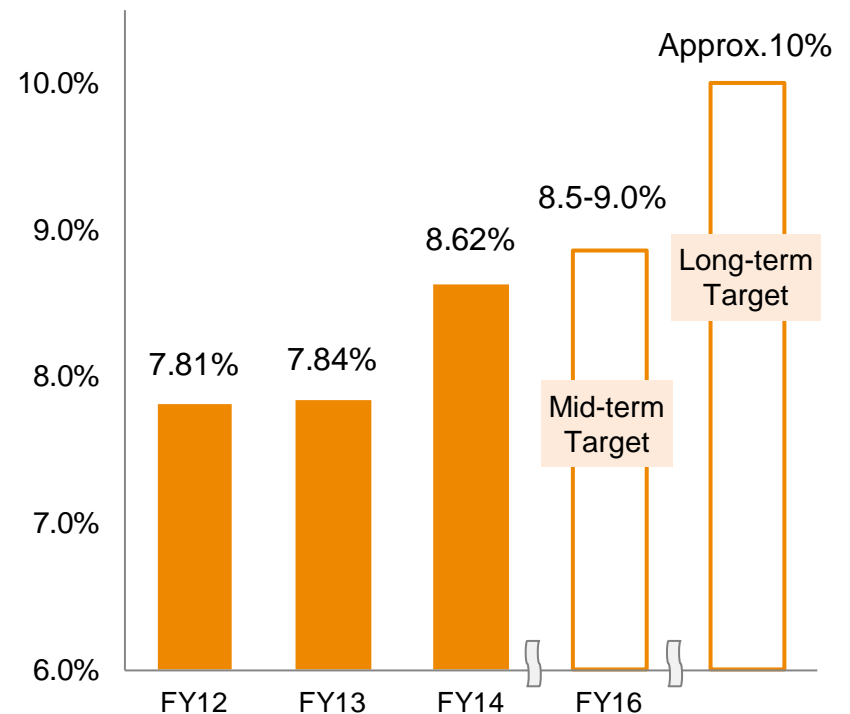
- ▶ Common Equity Tier1 capital ratio (Fully-loaded basis): reached initial target of approximately 10%
- ▶ Return on shareholders' equity has been steadily increasing since management integration

Common Equity Tier1 capital ratio (Fully-loaded basis)



Target: 10% level

Return on shareholders' equity

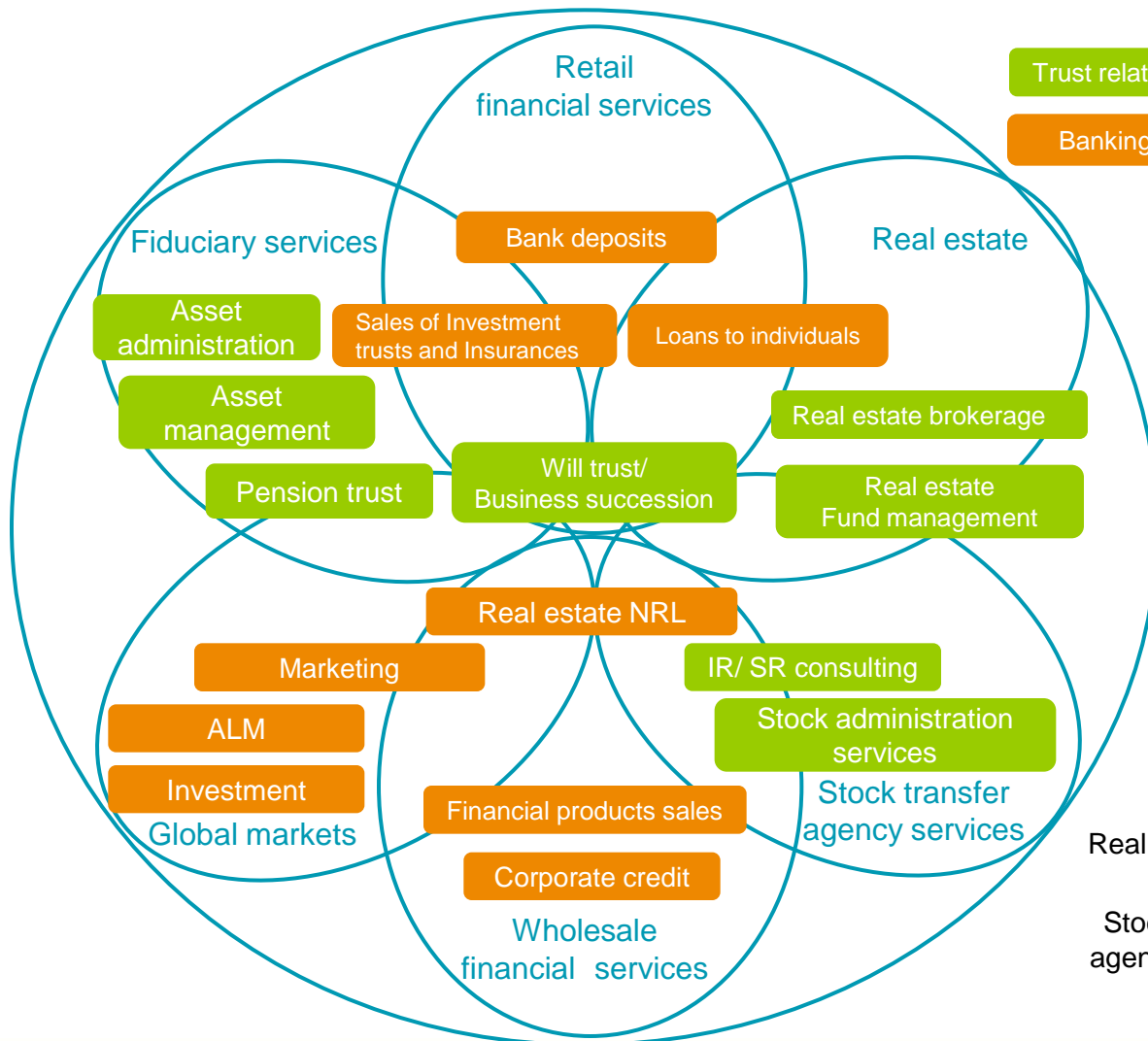


Pursue capital efficiency

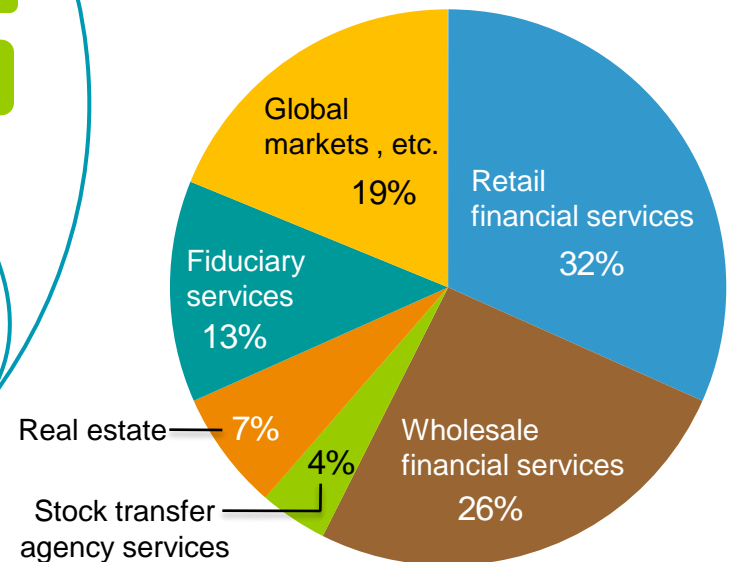
# (Reference 1) Overview of SuMi TRUST

# Business Model of SuMi TRUST

SuMi TRUST Group provides wide range of products and services through synergizing 6 business segments



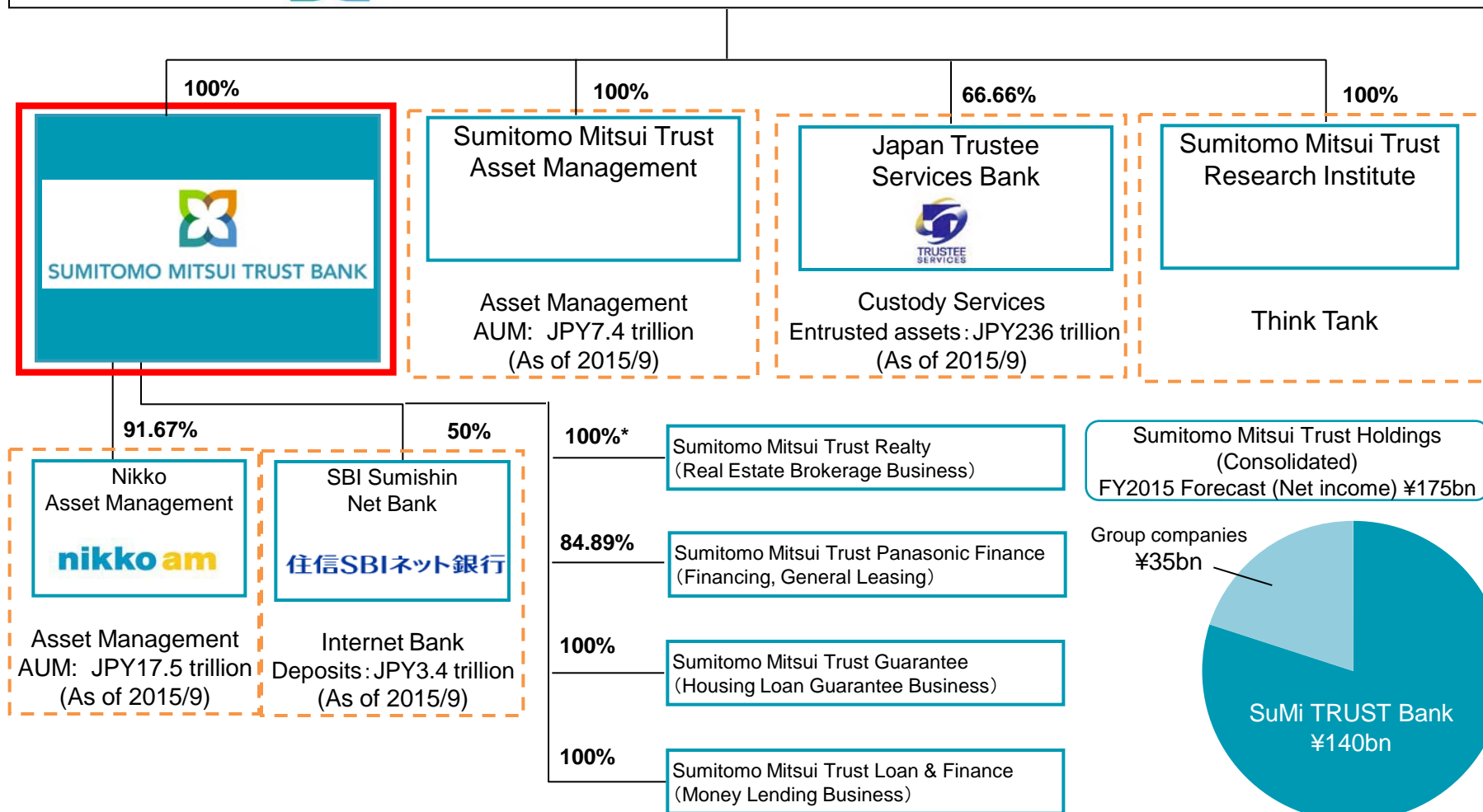
Gross business profit by businesses (FY2015 Forecast, Non-consolidated)



# Group Structure



## SUMITOMO MITSUI TRUST HOLDINGS



\*Ratio Held by SuMi TRUST Group

(Reference 2)  
Financial Results of 3QFY2015



# 3QFY2015 financial results: Consolidated

- ▶ Net business profit before credit costs: DOWN ¥4.9bn YoY to ¥227.9bn, due primarily to decrease in market-related profit (Non-consolidated), whereas net fees and commissions and related profit increased mainly in subsidiaries engaging in asset management and real estate brokerage
- ▶ Net income attributable to owners of the parent: UP ¥2.7bn YoY to ¥129.2bn, due primarily to non-recurrence of costs of banking IT system integration (Non-consolidated) posted in last fiscal year and improvement in net gains on stocks, whereas total credit costs increased due to non-recurrence of profit from credit cost recovery posted in last fiscal year and allowance enhancement in Sumitomo Mitsui Trust Club

	(Billions of yen)	3QFY2014	3QFY2015			FY2015 Full Forecast
		cumulative total	1H	cumulative total	Change from 3QFY2014	
Net business profit before credit costs	1	232.8	156.7	227.9	(4.9)	315.0
(Contribution of group companies before consolidated adjustments)	2	46.9	35.4	52.1	5.1	
Gross business profit	3	512.4	338.5	501.4	(11.0)	
Net interest income and related profit	4	185.7	124.1	180.2	(5.5)	
Net fees and commissions and related profit	5	257.0	177.2	264.4	7.4	
Net other operating profit	6	43.0	28.6	43.2	0.2	
General and administrative expenses	7	(297.0)	(195.1)	(292.6)	4.4	
Net non-recurring profit, etc.	8	17.2	(6.1)	(2.1)	(19.3)	
Ordinary profit	9	232.5	137.2	206.6	(25.8)	280.0
Extraordinary profit	10	(57.0)	(0.1)	(0.8)	56.2	
Income before income taxes	11	175.4	137.1	205.8	30.4	
Total income taxes	12	(39.4)	(44.4)	(67.1)	(27.7)	
Net income attributable to owners of the parent	13	126.5	86.0	129.2	2.7	175.0
Total credit costs	14	20.7	0.0	(9.2)	(29.9)	(10.0)
(Difference from non-consolidated)		1.8	0.1	(9.2)	(11.1)	-
Net gains on stocks	15	9.5	(1.5)	23.9	14.3	15.0
(Difference from non-consolidated)		(5.6)	(0.0)	16.1	21.7	-
Net assets per common shares (BPS) (Yen)	16	568.45	624.82	636.08	67.63	

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

- (1) Non-consolidated: ¥172.7bn
- (2) Group companies: ¥52.1bn
- (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 3QFY2014] >

- (1) Net business profit before credit costs <1>: ¥(4.9)bn  
 Non-consolidated: ¥(7.0)bn [¥179.7bn → ¥172.7bn]  
 Group companies: +¥5.1bn [¥46.9bn → ¥52.1bn]  
 Effect of purchase accounting method: ¥(1.1)bn  
 [¥1.0bn → ¥(0.1)bn]
- (2) Contribution of group companies  
 before consolidation adjustments <2>: +¥5.1bn
  - Nikko Asset Management: +¥2.0bn
  - Sumitomo Mitsui Trust Asset Management: +¥1.5bn
  - Sumitomo Mitsui Trust Realty: +¥1.3bn
- (3) Net non-recurring profit, etc. <8>: ¥(19.3)bn
  - Total credit costs <14>: ¥(29.9)bn
  - Net gains on stocks <15>: +¥14.3bn

## 3QFY2015 financial results: Non-consolidated

- ▶ Net business profit before credit costs: DOWN ¥7.0bn YoY to ¥172.7bn, due to decrease in market-related profit and decrease in net interest income and related profit mainly attributable to increased foreign currencies funding costs, whereas general and administrative expenses, mainly non-personnel expenses, decreased
- ▶ Net income: DOWN ¥4.3bn YoY to ¥102.9bn, due to non-recurrence of net profit from credit cost recovery posted in last fiscal year, decline of net gains on stocks, and non-recurrence of costs of banking IT system integration posted in last fiscal year

		3QFY2014	3QFY2015			FY2015 Full Forecast
		cumulative total	1H	cumulative total	Change from 3QFY2014	
(Billions of Yen)						
Net business profit before credit costs	1	179.7	120.8	172.7	(7.0)	245.0
Gross business profit	2	365.6	239.7	347.6	(17.9)	485.0
Net interest income and related profit	3	171.5	115.6	166.2	(5.3)	
Net fees and commissions and related profit	4	142.3	98.7	142.2	(0.0)	
Net trading profit	5	26.5	8.4	13.3	(13.2)	
Net other operating profit	6	25.1	16.8	25.8	0.6	
Net gains on foreign exchange transactions	7	(0.2)	5.0	7.8	8.0	
Net gains on bonds	8	49.3	13.5	13.6	(35.6)	
Net gains from derivatives other than for trading or hedging	9	(24.5)	(2.0)	3.9	28.5	
General and administrative expenses	10	(185.8)	(118.8)	(174.9)	10.9	(240.0)
Total credit costs	11	18.8	(0.1)	0.0	(18.7)	(10.0)
Other non-recurring profit	12	(12.2)	(19.0)	(21.3)	(9.0)	(25.0)
Net gains on stocks	13	15.1	(1.4)	7.7	(7.4)	
Amortization of net actuarial losses	14	(13.1)	(7.4)	(11.2)	1.9	
Ordinary profit	15	186.3	101.6	151.3	(34.9)	210.0
Extraordinary profit	16	(57.2)	(0.6)	(1.4)	55.8	
IT system integration costs	17	(55.3)	---	---	55.3	
Income before income taxes	18	129.1	100.9	149.9	20.8	
Total income taxes	19	(21.8)	(31.9)	(47.0)	(25.2)	
Net income	20	107.3	69.0	102.9	(4.3)	140.0

< Major factors [change from 3QFY2014] >

- Net interest income and related profit <3>: ¥(5.3)bn  
 Net interest income ¥(5.1)bn [ ¥164.5bn → ¥159.4bn ]  
 Loan-deposit income +¥1.1bn [ ¥138.4bn → ¥139.5bn ]  
 Income from securities +¥1.7bn [ ¥60.1bn → ¥61.8bn ]  
 Income/expense related to swaps ¥(6.5)bn  
 [ ¥(4.9)bn → ¥(11.4)bn ]
- Net fees and commissions and related profit <4>: ¥(0.0)bn  
 Investment trust / Insurance related profit +¥2.4bn  
 [ ¥48.3bn → ¥50.8bn ]  
 Real estate brokerage fees ¥(1.0)bn  
 [ ¥13.2bn → ¥12.1bn ]
- Net gains on bonds <8>: ¥(35.6)bn  
 • Domestic bonds +¥1.0bn [ ¥0.9bn → ¥1.9bn ]  
 • Foreign bonds ¥(36.7)bn [ ¥48.4bn → ¥11.6bn ]
- Extraordinary profit <16>: +¥55.8bn  
 • Non-recurrence of Banking IT system integration costs:  
 +¥55.3bn
- Total income taxes <19>: ¥(25.2)bn  
 Non-recurrence of positive effect from change in example  
 categories for tax effect accounting: Approx. ¥(13.0)bn

# Contribution of major group companies

- ▶ Contribution to net business profit before credit costs: UP ¥5.1bn YoY to ¥52.1bn  
UP: Nikko Asset Management, Sumitomo Mitsui Trust Asset Management, Sumitomo Mitsui Trust Realty
- ▶ Contribution to net income attributable to owners of the parent: DOWN ¥12.0bn YoY to ¥18.3bn, due primarily to increase in allowance in Sumitomo Mitsui Trust Club as a one-time effect with more strict assessment on assets applying SuMi TRUST Bank standard as it became a subsidiary in December 2015

	Net business profit before credit costs			Net income attributable to owners of the parent			Goodwill as of Dec. 2015	
	3QFY2014	3QFY2015	Change	3QFY2014	3QFY2015	Change	Amortization amount	Outstanding balance
	cumulative total	cumulative total		cumulative total	cumulative total			
(Billions of yen)								
Consolidation difference	53.1	55.2	2.1	19.2	26.2	7.0	(7.2)	110.4
Effect of purchase accounting method	1.0	(0.1)	(1.1)	4.6	24.3	19.7	---	---
Contribution before consolidated adjustments (*1)	46.9	52.1	5.1	30.4	18.3	(12.0)	(7.2)	110.4
(excl. Sumitomo Mitsui Trust Club)	46.9	51.7	4.7	30.4	30.9	0.5	(7.0)	84.3
Sumitomo Mitsui Trust Asset Management	3.3	4.9	1.5	2.1	3.2	1.1	---	---
Nikko Asset Management (Consolidated)	6.5	8.6	2.0	2.6	4.3	1.6	(*2) (3.7)	(*2) 44.4
Sumitomo Mitsui Trust Realty	1.6	2.9	1.3	1.0	2.0	1.0	---	---
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	7.7	7.6	(0.1)	5.0	4.2	(0.7)	-	-
Sumitomo Mitsui Trust Loan & Finance	6.4	6.6	0.1	6.5	4.3	(2.1)	(2.9)	35.3
SBI Sumishin Net Bank (Consolidated)	5.2	5.4	0.1	3.5	3.8	0.3	---	---
Sumitomo Mitsui Trust Guarantee (Consolidated)	8.5	8.4	(0.0)	5.5	5.6	0.1	---	---

(\*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 0.7 billion yen of amortization cost and 1.0 billion yen of outstanding balance from affiliated companies

(Reference) Contribution of Sumitomo Mitsui Trust Club

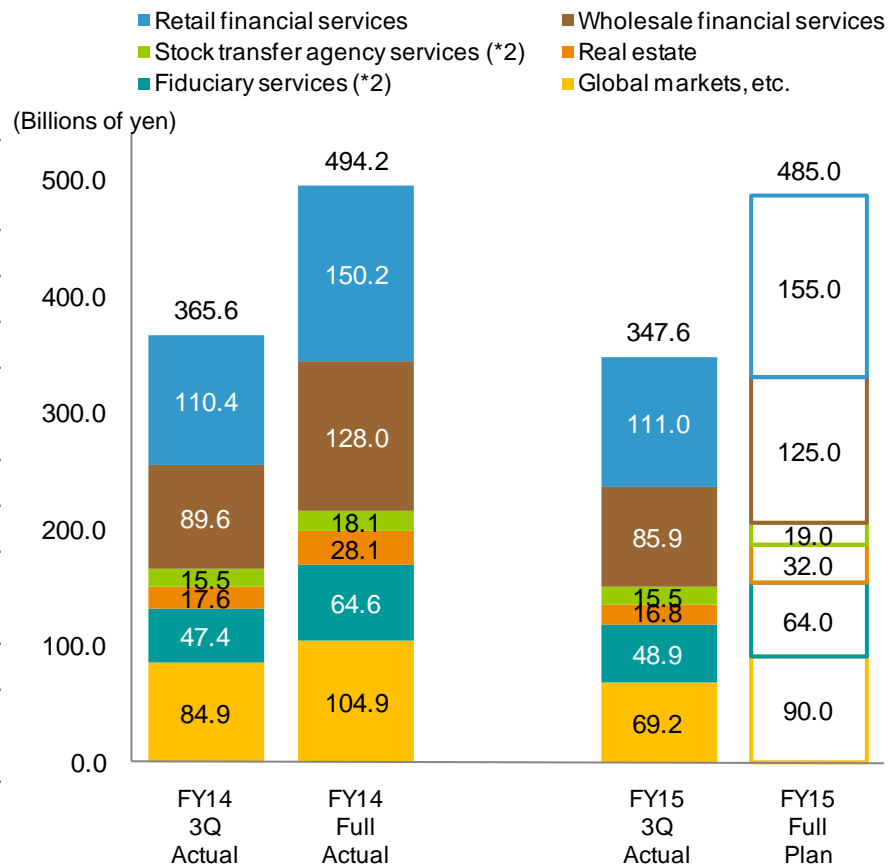
Sumitomo Mitsui Trust Club	---	0.4	0.4	---	(12.6)	(12.6)	(0.1)	26.0
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# Profit by business segment: Non-consolidated

- ▶ Gross business profit: DOWN ¥17.9bn YoY to ¥347.6bn due primarily to decrease in Global markets
- ▶ Retail financial services: UP ¥0.6bn YoY, due to increase in fees from investment trust and insurance related business, offsetting decrease in loan-deposit income
- ▶ Real estate: DOWN ¥0.7bn YoY. Sustained almost same level with 3QFY2014 although growth in 3Q decelerated
- ▶ Fiduciary Services: UP ¥1.5bn YoY, mainly due to increase in investment trust assets under custody

(Billions of yen)	Gross business profit (Non-consolidated)				FY2015 Full Forecast
	3QFY2014 cumulative total	1H	3QFY2015 cumulative total	Change from 3QFY2014	
Retail financial services	110.4	74.1	111.0	0.6	155.0
Wholesale financial services	89.6	61.8	85.9	(3.6)	125.0
Stock transfer agency services	15.5	9.6	15.5	(0.0)	19.0
Gross business profit	23.7	15.0	23.5	(0.1)	29.0
Fees paid for outsourcing	(8.1)	(5.4)	(8.0)	0.0	(10.0)
Real estate	17.6	13.1	16.8	(0.7)	32.0
Fiduciary services	47.4	32.7	48.9	1.5	64.0
Gross business profit	68.8	47.2	70.4	1.5	94.0
Fees paid for outsourcing	(21.3)	(14.4)	(21.4)	(0.0)	(30.0)
Global markets	84.1	44.9	67.0	(17.1)	85.0
Others (*1)	0.7	3.2	2.2	1.4	5.0
<b>Total</b>	<b>365.6</b>	<b>239.7</b>	<b>347.6</b>	<b>(17.9)</b>	<b>485.0</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

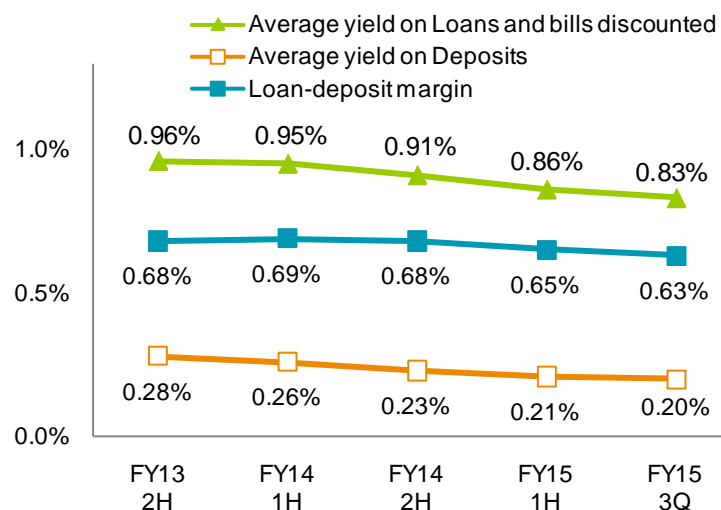
- ▶ Net interest income: DOWN ¥5.1bn YoY to ¥159.4bn. Increase of balance of international loans and bills discounted and decrease in domestic deposit expense continued positive contribution. However, domestic loan-deposit income decreased due to decline of loan yield following market rate and costs from swaps increased
- ▶ Domestic loan-deposit margin for 3QFY15 fell by 2bp from 1HFY15 as fall in loan yield exceeded fall in deposit yield

	3QFY2015 (cumulative total)					
	Average balance	Change from 3QFY2014	Yield	Change from 3QFY2014	Income/Expense	Change from 3QFY2014
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					159.4	(5.1)
Domestic business			0.47%	(0.04%)	110.4	(1.5)
Interest-earning assets	30.40	1.39	0.71%	(0.08%)	164.6	(8.4)
Loans and bills discounted	18.54	0.26	0.85%	(0.09%)	119.3	(10.7)
Securities	3.06	(0.11)	1.38%	0.18%	32.0	3.2
Interest-bearing liabilities	29.82	1.28	0.24%	(0.04%)	(54.2)	6.9
Deposits	21.14	0.18	0.21%	(0.04%)	(33.4)	6.8
International business			0.51%	(0.15%)	48.9	(3.5)
Interest-earning assets	12.26	1.84	1.14%	(0.11%)	106.1	7.4
Loans and bills discounted	7.13	1.13	1.25%	(0.07%)	67.6	7.9
Securities	2.07	0.14	1.90%	(0.24%)	29.7	(1.5)
Interest-bearing liabilities	12.02	1.73	0.63%	0.04%	(57.1)	(10.9)
Deposits	3.91	0.83	0.47%	(0.00%)	(13.9)	(2.9)
Loan-deposit margin / income			0.71%	(0.04%)	139.5	1.1
Domestic business			0.64%	(0.05%)	85.8	(3.8)
<Reference> Net interest income and related profit					166.2	(5.3)
Trust fees from principal guaranteed trust a/c					6.7	(0.2)

< Major factors [change from 3QFY2014] >

- (1) Securities : +¥1.7bn [ ¥60.1bn → ¥61.8bn ]  
 JGB: ¥(0.8)bn [ ¥3.8bn → ¥3.0bn ]  
 Stocks: +¥3.1bn [ ¥13.2bn → ¥16.4bn ]  
 Foreign securities: ¥(1.5)bn [ ¥31.3bn → ¥29.7bn ]  
 Others: +¥1.9bn [ ¥8.2bn → ¥10.1bn ]  
 Investment trust related profit: +¥0.8bn [ ¥3.1bn → ¥3.9bn ]
- (2) Swaps : ¥(6.5)bn [ ¥(4.9)bn → ¥(11.4)bn ]  
 Domestic business ¥(1.2)bn [ ¥6.0bn → ¥4.7bn ]  
 International business ¥(5.2)bn [ ¥(10.9)bn → ¥(16.2)bn ]

## Domestic loan-deposit margin



# Total credit costs and problem assets

- ▶ Total credit costs (Consolidated) : ¥9.2 bn, due primarily to increase in allowance in Sumitomo Mitsui Trust Club as one-time effect as it became a subsidiary, whereas no credit cost was posted in non-consolidated basis
- ▶ NPL ratio (Non-consolidated): DOWN 0.3 percentage points from Mar. 2015 to 0.3% due to decrease in doubtful and substandard loans. Coverage ratio to problem assets was 92.7%, a very prudent level

## < Total credit costs >

(Billions of yen)	FY2014	3QFY2015		Major factors (3QFY2015 (cumulative total))
		1H	cumulative total	
Total credit costs (Non-Consolidated)	18.1	(0.1)	0.0	Downgraded debtors: Approx. (6.0) Upgraded debtors: Approx. +5.0 Decrease in loan balance, etc. (Including recoveries): Approx. +1.0
General allowance for loan losses	11.4	1.9	1.5	
Specific allowance for loan losses	5.8	(0.2)	1.3	
Recoveries of written-off claims	1.2	0.5	1.1	
Losses on sales of claims, written-off	(0.4)	(2.3)	(3.9)	
Total credit costs (Group companies)	1.2	0.1	(9.2)	Sumitomo Mitsui Trust Club: Approx. (7.7) Sumitomo Mitsui Trust Panasonic Finance: Approx. (1.4)
Total	19.3	0.0	(9.2)	

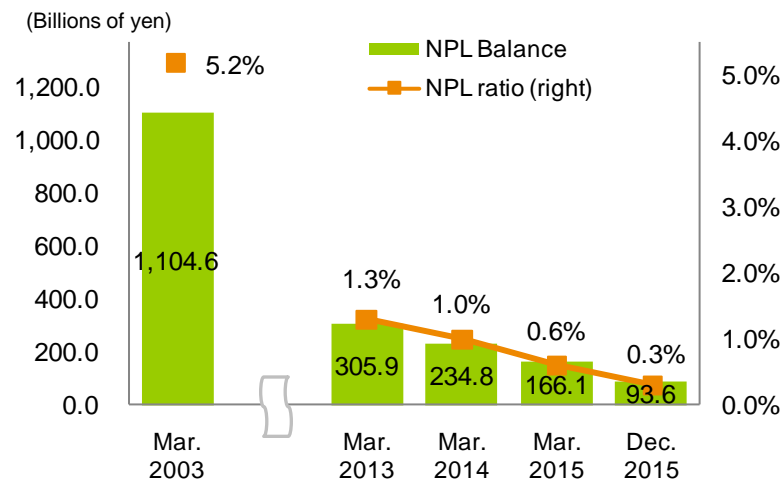
## < Problem assets based on the Financial Reconstruction Act (Non-consolidated) >

(Billions of yen)	Dec. 2015	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2015
	Problem assets based on the Financial Reconstruction Act	93.6	92.7%	60.0%
Ratio to total loan balance	0.3%	---	---	(0.3%)
Bankrupt and practically bankrupt	17.0	100.0%	100.0%	6.6
Doubtful	42.7	97.1%	74.6%	(39.0)
Substandard	33.8	83.6%	22.9%	(40.1)
Other special mention debtors	404.1	---	---	22.2
Ordinary assets	27,066.1	---	---	1,159.9
Total balance	27,563.8	---	---	1,109.6

(\*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





# Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): UP ¥1,643.9bn from Mar. 2015 to ¥5,155.4bn, due primarily to increase in "Others" through purchase of US Treasuries
- ▶ Unrealized gains of available-for-sale securities (Consolidated): DOWN ¥13.7bn from Mar. 2015 to ¥740.5bn due to fall in value of US treasuries, partially offset by improvement of Japanese stocks
- ▶ Risk of cross-shareholdings is planned to be reduced, utilizing hedge transactions as well

## <Securities with fair value (Consolidated)>

(Billions of yen)	Costs		Unrealized gains/losses	
	Dec. 2015	Change from Mar. 2015	Dec. 2015	Change from Mar. 2015
Available-for-sale securities	5,155.4	1,643.9	740.5	(13.7)
Japanese stocks	707.7	(0.5)	751.9	16.3
Japanese bonds	1,517.6	103.4	3.4	(1.2)
Others	2,930.0	1,541.0	(14.8)	(28.8)
Held-to-maturity debt securities	411.4	35.3	32.1	(8.8)

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

Available-for-sale securities	5,003.3	1,705.5	765.6	(12.6)
Japanese stocks	675.7	(0.8)	781.0	16.9
Japanese bonds	1,490.4	202.0	2.9	(1.7)
Government bonds	792.0	93.8	0.7	(1.4)
Others	2,837.1	1,504.3	(18.2)	(27.8)
Domestic investment (*1)	145.5	(18.1)	2.1	0.4
International investment (*1)	2,062.6	1,173.3	(21.9)	(38.0)
US Treasury	1,575.9	1,239.6	(23.8)	(29.6)
Others (Investment trust, etc.) (*2)	628.9	349.1	1.4	9.8
for hedging of cross-shareholdings	530.2	352.2	(0.9)	13.6

(\*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	320.1	(55.2)	32.1	(8.8)
Government bonds	202.9	(21.7)	17.3	1.6
International investment (*1, *3)	93.5	(28.4)	14.4	(10.3)

(\*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Dec. 2015: (13.7)bn yen, Mar. 2015: (24.1)bn yen)

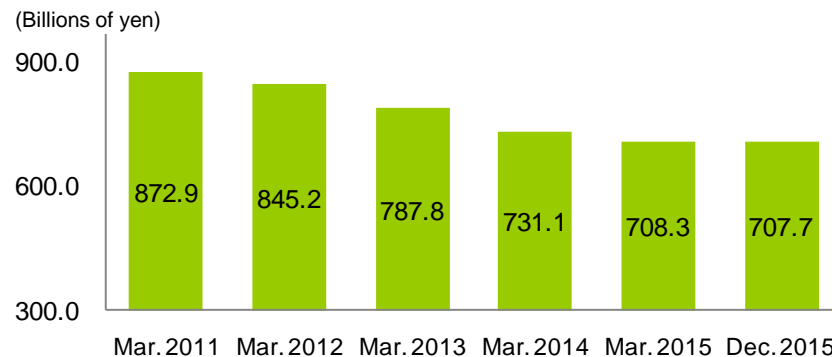
## Securities portfolio of Global markets (Non-consolidated) (\*4)

(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Dec. 2015	Change from Mar. 2015	Dec. 2015	Change from Mar. 2015
JPY	2.4	(0.8)	2.6	(0.6)
Others	16.7	14.0	9.8	4.6

(\*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)	FY2014		3QFY2015	
	1H	2H	1H	cumulative total
Reduction amount of cross-shareholdings	8.8	18.4	27.3	5.3
				6.6

(Note) Accumulated amount of reduction from FY2011 to FY2013: ¥169.1bn

(\*6) Cost of listed shares

## <Reference> Forecast for FY2015 (Disclosed in Nov. 2015)

- ▶ Net business profit before credit costs (Consolidated and Non-consolidated): No change
- ▶ Ordinary profit and Net income attributable to owners of the parent / Net income (Consolidated and Non-consolidated): UP ¥10bn respectively, reflecting improved forecast on total credit costs (Non-consolidated)
- ▶ Full year dividend on common share: No change to forecast of 13.0yen per share

### < Consolidated >

(Billions of yen)	3Q (cumulative total)		FY2015 Full	Change from FY2014
	1H	Actual	Forecast	
Net business profit before credit costs	156.7	227.9	315.0	(1.7)
Ordinary profit	137.2	206.6	280.0	(12.4) (1)
Net income attributable to owners of the parent	86.0	129.2	175.0	15.3 (2)
Total credit costs	0.0	(9.2)	(10.0)	(29.3)
Dividend on common share (Yen)	6.50	---	13.00	1.00
Consolidated dividend payout ratio	---	---	28.6%	(1.0%)

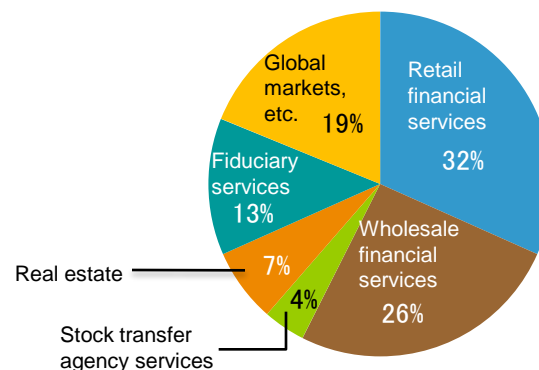
### < Non-consolidated >

Net business profit before credit costs	120.8	172.7	245.0	(0.7)
Gross business profit	239.7	347.6	485.0	(9.2)
Retail financial services	74.1	111.0	155.0	4.7
Wholesale financial services	61.8	85.9	125.0	(3.0)
Stock transfer agency services	15.0	23.5	(*) 29.0	0.5
Real estate	13.1	16.8	32.0	3.8
Fiduciary services	47.2	70.4	(*) 94.0	0.8
Global markets	44.9	67.0	85.0	(12.0)
General and administrative expenses	(118.8)	(174.9)	(240.0)	8.5
Total credit costs	(0.1)	0.0	(10.0)	(28.1)
Other net non-recurring profit	(19.0)	(21.3)	(25.0)	8.7
Ordinary profit	101.6	151.3	210.0	(20.0) (3)
Net income	69.0	102.9	140.0	9.4 (4)

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

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

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



### < Major factors: Change from initial forecast at beginning of FY2015 >

[Consolidated]

- (1) Ordinary profit: +¥10.0bn [ ¥270.0bn → ¥280.0bn ]  
 • Non-consolidated: +¥10.0bn [ ¥200.0bn → ¥210.0bn ]
- (2) Net income attributable to owners of the parent: +¥10.0bn [ ¥165.0bn → ¥175.0bn ]  
 • Non-consolidated: +¥10.0bn [ ¥130.0bn → ¥140.0bn ]

[Non-consolidated]

- (3) Ordinary profit: +¥10.0bn [ ¥200.0bn → ¥210.0bn ]  
 • Total credit costs: +¥10.0bn [ ¥(20.0)bn → ¥(10.0)bn ]  
 • Other non-recurring profit: ±¥0.0bn [ ¥(25.0)bn → ¥(25.0)bn ]  
 Net gains on stocks: +¥15.0bn  
 Others: ¥(15.0)bn
- (4) Net income: +¥10.0bn [ ¥130.0bn → ¥140.0bn ]



# Capital

- ▶ Common Equity Tier 1 capital ratio (Consolidated): DOWN 0.20 percentage points from Mar. 2015 to 10.08% due primarily to increase in credit risk assets
- ▶ Common Equity Tier 1 capital ratio (Consolidated, Fully-loaded basis, pro forma): DOWN 0.32 percentage points from Mar. 2015 to 10.57%

## < Capital and total risk-weighted assets >

(International standard) (Consolidated)

(Billions of yen)	Mar. 2015	Sep. 2015 Preliminary	Change
	Total capital ratio	15.57%	15.38%
Tier 1 capital ratio	11.45%	11.85%	0.40%
Common Equity Tier 1 capital ratio	10.28%	10.08%	(0.20%)
Total capital	2,938.2	3,021.0	82.7
Tier 1 capital	2,160.6	2,328.4	167.7
Common Equity Tier 1 capital	1,939.8	1,980.0	40.1
Instruments and reserves	2,070.2	2,106.3	36.0
Regulatory adjustments	(130.3)	(126.2)	4.0
Additional Tier 1 capital	220.8	348.3	127.5
Tier 2 capital	777.5	692.5	(85.0)
Total risk-weighted assets	18,868.4	19,637.8	769.3
Credit risk	17,641.5	18,316.6	675.0
Market risk	380.1	440.7	60.6
Operational risk	846.7	880.4	33.6
Floor adjustment	-	-	-

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

(Billions of yen)	Mar. 2015	Sep. 2015 Preliminary	Change
Common Equity Tier 1 capital ratio	10.89%	10.57%	(0.32%)
Common Equity Tier 1 capital	2,040.0	2,063.4	23.4
Total risk-weighted assets	18,727.1	19,513.9	786.7

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

## < Major factors of change in capital >

### (1) Common Equity Tier 1 capital: +¥40.1bn

• Net income: +¥86.0bn, Valuation on Available-for-Sale Securities: ¥(17.7)bn

### (2) Additional Tier 1 capital: +¥127.5bn

• Issuance of perpetual subordinated debt: +¥120.0bn

### (3) Tier 2 capital: ¥(85.0)bn

• Subordinated debts: ¥(78.6)bn (Issuance +¥30.0bn, redemption etc. ¥(108.6)bn)

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

### (4) Credit risk: +¥0.6tr

• Increase in lending to corporate, etc.: +¥0.3tr

(Billions of yen)	Sep. 2015 Pro forma	Ratio to RWA	Change from Mar. 2015
Common Equity Tier 1 capital (CET1)	2,063.4	10.57%	23.4
Instruments and reserves	2,379.1	12.19%	13.2
Accumulated other comprehensive income (*1)	491.9	2.52%	(37.7)
Regulatory adjustments	(315.7)	(1.61%)	10.1

(\*1) Valuation differences on Available-for-Sale Securities: ¥461.1bn

## < Other ratios required in prudential regulations >

(Billions of yen)	Sep. 2015	Change from Mar. 2015
Leverage ratio	4.52%	-
Tier 1 capital	2,328.4	167.7
Total exposure	51,425.1	3,644.4
Liquidity coverage ratio (*2)	165.0%	6.0%
Total high-quality liquid assets (*2)	13,203.5	1,705.1
Net cash outflows (*2)	8,043.0	769.5

(\*2) Average of month end figures in 2QFY2015. "Change from Mar. 2015" represents the comparison to the figure for 1QFY2015 calculated in the same manner

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

- ▶ Sales volume: DOWN ¥219.9bn YoY to ¥1,408.0bn, mainly due to decrease in investment trust sales under unstable market condition since summer in 2015
- ▶ Income: UP ¥2.4bn to ¥50.8bn due to increase in insurance sales fees and administration fees driven by balance growth
- ▶ Strategy to increase balance mainly in “Wrap Selection” and to provide timely promotion of insurance products supports fee income

## Income (Non-consolidated)

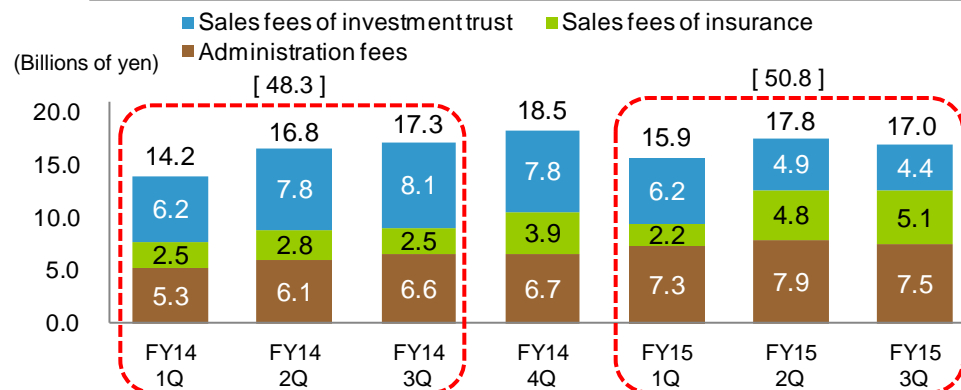
(Billions of yen)	3QFY2015			FY2015 Plan
	1H	cumulative total	Change from 3QFY2014	
Income total	33.7	50.8	2.4	76.0
Sales fees of investment trust	11.2	15.6	(6.6)	26.0
Sales fees of insurance	7.1	12.2	4.3	18.0
Administration fees	15.3	22.9	4.7	32.0

## Sales volume/balance (Non-consolidated)

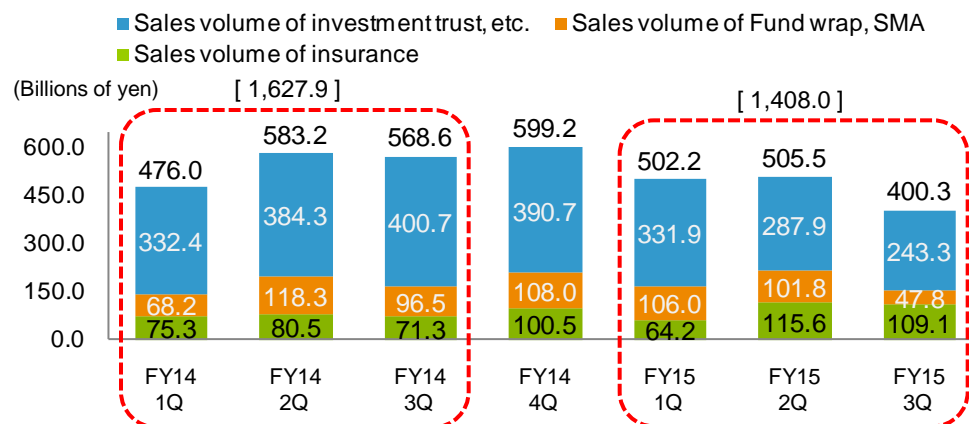
(Billions of yen)	3QFY2015			FY2015 Plan
	1H	cumulative total	Change from 3QFY2014	
Sales volume total	1,007.7	1,408.0	(219.9)	2,250.0
Investment trust	619.9	863.3	(254.2)	1,800.0
Fund wrap, SMA	207.9	255.7	(27.4)	
Insurance	179.9	289.0	61.7	450.0

(Billions of yen)	Mar. 2015	Sep. 2015	Dec. 2015	Change from Mar. 2015
	Balance total	5,837.3	5,653.1	
Investment trust	2,814.0	2,625.4	2,721.5	(92.5)
Fund wrap, SMA	741.2	841.4	862.5	121.3
Insurance	2,282.0	2,186.2	2,270.5	(11.5)

## Income (Non-consolidated) (quarterly)



## Sales volume (Non-consolidated) (quarterly)



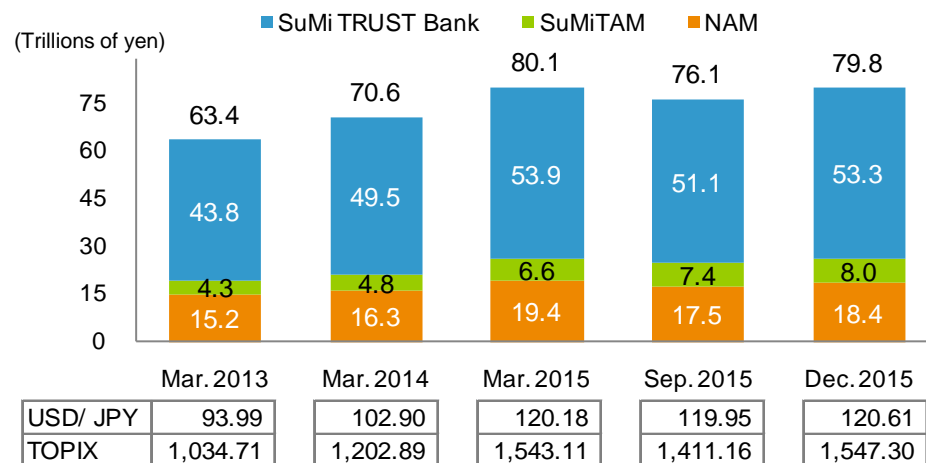
## Focus on growing fee businesses : (2) Fiduciary services

- ▶ Assets under management (AUM): ¥79.8tr, almost the same level with Mar. 2015 due to recovery of market value from Sep. 2015 and increase in asset flow into Sumitomo Mitsui Trust Asset Management
- ▶ Assets under custody (AUC): Increased due to increase in investment trust assets

### Assets under management (AUM)

(Trillions of yen)	Mar. 2015	Sep. 2015	Dec. 2015	Change
Assets under management (AUM)	80.1	76.1	79.8	(0.2)
SuMi TRUST Bank	53.9	51.1	53.3	(0.6)
Corporate pension trust	17.4	16.2	16.2	(1.2)
Public pension trust	14.3	13.2	12.6	(1.7)
Discretionary investment	22.1	21.6	24.4	2.3
Subsidiaries	26.1	24.9	26.5	0.4
Sumitomo Mitsui Trust Asset Management	6.6	7.4	8.0	1.3
Nikko Asset Management	19.4	17.5	18.4	(0.9)

### Assets under management (AUM) by company



### Income

(Billions of yen)	1H	3QFY2015 cumulative total	Change from 3QFY2014	FY2015 Plan
SuMi TRUST Bank	32.7	48.9	1.5	64.0
Gross business profit	47.2	70.4	1.5	94.0
Fees paid out for outsourcing	(14.4)	(21.4)	(0.0)	(30.0)
Group companies (Net business profit) (*1)	10.9	14.9	3.5	
Sumitomo Mitsui Trust Asset Management	3.2	4.9	1.5	
Nikko Asset Management	6.5	8.6	2.0	

(\*1) Contribution to consolidated

### Assets under custody (AUC)

(Trillions of yen)	Mar. 2015	Sep. 2015	Dec. 2015	Change from Mar. 2015
Domestic entrusted assets (*2)	223	235	242	18

(Billions of USD)				
Global custody assets (*3)	262.1	259.2	265.3	3.2
Fund administration	22.0	22.5	22.4	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 : (3) Real estate

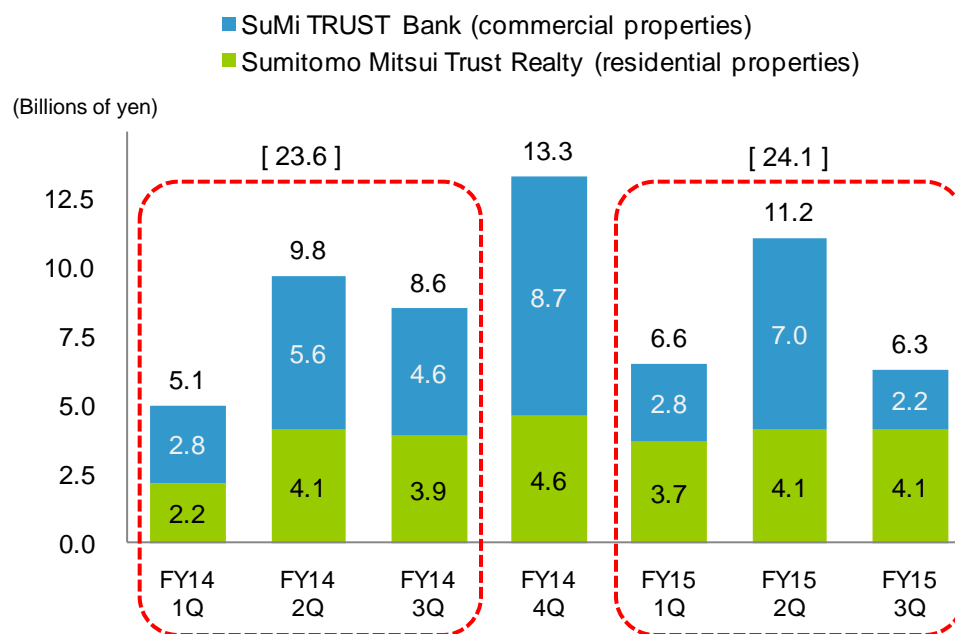
► Total income (Group basis): UP ¥1.1bn YoY to ¥30.4bn

Real estate brokerage fees of SuMi TRUST Bank (commercial properties) decreased by ¥1.0bn YoY with less supply due to sellers' expectation of further price appreciation. However, Real estate brokerage fees of Sumitomo Mitsui Trust Realty (residential properties) increased with continuing good performance

### Income (Group basis)

(Billions of yen)	3QFY2015		Change from 3QFY2014	FY2015 Plan
	1H	cumulative total		
Real estate brokerage fees	17.8	24.1	0.5	42.0
SuMi TRUST Bank	9.9	12.1	(1.0)	26.0
Sumitomo Mitsui Trust Realty	7.9	12.0	1.6	16.0
Real estate trust fees, etc.	3.1	4.5	0.0	6.0
Net other real estate profit	0.7	1.6	0.5	2.0
SuMi TRUST Bank	0.1	0.1	0.2	-
Group companies	0.6	1.5	0.3	2.0
<b>Total</b>	<b>21.7</b>	<b>30.4</b>	<b>1.1</b>	<b>50.0</b>
SuMi TRUST Bank	13.1	16.8	(0.7)	32.0

### Real estate brokerage fees (quarterly)



### Assets under management / administration

(Billions of yen)	Mar. 2015	Sep. 2015	Dec. 2015	Change from Mar. 2015
	Securitized real estate	11,905.0	12,433.3	12,624.8
Assets under custody from J-REITs	8,793.7	9,468.2	10,208.9	1,415.2
Assets under management	841.3	785.6	797.0	(44.2)
Private placement funds	447.9	384.2	393.9	(53.9)
J-REITs	393.4	401.3	403.1	9.7

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